



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

# **2022 ANNUAL REPORT**

## CONTENTS

(Translation from the Italian original which remains the definitive version)	1
<b>2022 ANNUAL REPORT</b>	<b>1</b>
Chairwoman's letter	4
The Group in short	7
<b>Directors' report</b>	<b>14</b>
Directors' report and Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016	15
Business model	25
2022-2031 industrial plan	27
Report on corporate governance and the ownership structure	28
The Group's financial position and performance	59
Segment reporting	72
FS Italiane S.p.A.'s financial position and performance	82
Investments	86
Research, development and innovation	102
Context and focus on FS Italiane Group	107
Stakeholder engagement	156
Commitment to sustainable development	158
Classification of the Group activities according to the European taxonomy	201
Main events	211
Risk factors	219
Travel safety	231
Other information	232
The parent's treasury shares	244
Related party transactions	245
Outlook	246
<b>Consolidated financial statements of Ferrovie dello Stato S.p.A. at 31 December 2022</b>	<b>248</b>
Consolidated financial statements	249
Notes to the consolidated financial statements	255
Annexes	368
Annex: GRI content index	380
<b>Separate financial statements of Ferrovie dello Stato S.p.A. at 31 December 2022</b>	<b>392</b>
Financial statements	393
Notes to the separate financial statements	399
Proposed allocation of the profit for the year of FS Italiane S.p.A.	460

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

### Board of Directors

**Appointed on 26 May 2021<sup>1</sup>**

Chairwoman

Nicoletta Giadrossi

CEO

Luigi Ferraris<sup>2</sup>

Directors

Pietro Bracco

Stefano Cuzzilla

Alessandra Bucci

Riccardo Barbieri Hermitte

Paola Gina Maria Schwizer<sup>3</sup>

### Board of Statutory Auditors

**Appointed on 3 July 2019<sup>4</sup>**

**Appointed on 3 May 2022<sup>5</sup>**

Chairwoman

Alessandra dal Verme

Rosalba Cotroneo

Standing Statutory Auditors

Susanna Masi

Sergio Duca

Gianpaolo Davide Rossetti

Marino Marrazza

Alternate Statutory Auditors

Letteria Dinaro

Letteria Dinaro

Salvatore Lentini

Francesco Tulimieri

## COURT OF AUDITORS' MAGISTRATE APPOINTED TO AUDIT FERROVIE DELLO STATO ITALIANE S.P.A.<sup>6</sup>

Giovanni Coppola

## MANAGER IN CHARGE OF THE COMPANY'S ACCOUNTING DOCUMENTS PREPARATION

Roberto Mannozi

## INDEPENDENT AUDITORS

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

<sup>1</sup> Following the shareholder's resolution on the same date.

<sup>2</sup> Appointed CEO on 3 June 2021.

<sup>3</sup> Appointed by the shareholder on 6 August 2021.

<sup>4</sup> Following the shareholder's resolution on the same date.

<sup>5</sup> Following the shareholder's resolution on the same date.

<sup>6</sup> During the meeting of 17-18 December 2019, the Court of Auditors appointed Section President Giovanni Coppola to oversee the financial management of the parent as from 1 January 2020 pursuant to article 12 of Law no. 259/1958.

## Chairwoman's letter

*Dear Shareholder,*

the year 2022 was marked by widespread uncertainty, due to the conflict in Ukraine and the escalation of international tensions, as well as the increase in energy and major commodities costs. Inflation grew to unprecedented levels in the last 40 years, triggering a decisive reaction from the European Central Bank and an increase in interest rates.

In Italy, the economic recovery has gained considerable momentum from the progress of the investment plan and the structural reforms based on Italy's National Recovery and Resilience Plan (NRRP), defined within the European framework.

The FS Italiane Group, to which has been assigned a significant share of the NRRP appropriations, fully met all its deadlines. More specifically, with capital expenditure of €11.3 billion, the issue of tenders for a total of €26 billion and the awarding of work contracts worth €15 billion, we laid the foundations for further acceleration of construction sites that will enhance and improve the country's railway and road mobility system in the coming years.

In terms of Group governance and organisation, the year 2022 was marked by the launch of the 2022-2031 Industrial Plan and by the establishment of the four Business Segments, each devoted to its own operating segment, mission and objectives: Infrastructure, Passenger, Logistics, and Urban. The parent company has been entrusted with a clear function of guidance, coordination, strategic and financial control over the companies that head the Business Segments (Rete Ferroviaria Italiana, Trenitalia, Mercitalia Logistics and FS Sistemi Urbani). These companies have been assigned operational oversee of the subsidiaries included in each Business Segment. As we describe in greater detail in the directors' report, the new Group governance structure also includes the companies that offer cross-sectional services, in addition to the reconfigured international department, responsible for coordinating the Group's foreign operations.

In this fiscal year, the Infrastructure Business Segment invested €9.2 billion, making significant progress in the construction projects of major strategic relevance (Third Giovi Pass, the Brennero Base Tunnel, the Brescia-Verona-Vicenza, Naples-Bari and Turin-Lyon railway lines) and, more generally, completing targeted actions – spread throughout the Italian territory – to improve safety, install technological equipment, maintain efficiency and develop the operated roads and railways. It is worth noting the growth in traffic volumes on the railway network (+7% on 2021, returning to pre-pandemic volumes) and on the roads operated by Anas (+ 8%, according to the Detected Mobility Index).

The Passenger Business Segment, benefiting from the general recovery of mobility and the lifting of restrictions imposed to contain the pandemic, recorded significant increases in passenger volumes in the High-Speed (+106% vs. 2021), Intercity (+50%), and Regional (+40%) segments. The volumes of passengers for road public transport services decreased by 12%, reflecting the reduction of the Group's perimeter in Tuscany. In the overall improvement framework of the main customer satisfaction indicators, the priorities for the Passenger Business Segment are improving technical punctuality and service reliability. Significant, in this regard, is the ongoing fleet renewal; in rail transport, we placed into service 81 trains, I would like to mention specifically to the first two "Blues" hybrid trains, which - thanks to triple electric, diesel, and battery power - minimize fuel consumption and emissions, especially along routes that are only partly electrified (e.g., mountainous sections and areas with low population density and sparse traffic).

The Logistics Business Segment recorded traffic volumes that were substantially stable, in line with pre-pandemic levels. Investments to upgrade the fleet, with 155 new carriages and five locomotives, combined with the actions of management and

the development of partnerships, are on track to meet the division's strategic targets for the ten years covered by the Industrial Plan: doubling the share of freight traffic on rails compared to 2019 and evolving the role of the Logistics Business Segment into a multimodal system operator.

The Urban Business Segment is responsible for real estate and urban regeneration projects and for the development of intermodality and logistics solutions. In 2022 it accomplished the final assignment of the Porta Romana hub in Milan: the Olympic Village will be built there to house the athletes at the 2026 Milan-Cortina Olympic Games and will be subsequently used for student housing programmes.

The Group's performance in 2022 includes revenue of €13.7 billion (+€1.4 billion on 2021), with an improvement in the gross operating profit (€2.2 billion, +€0.3 billion), an operating profit of 0.3B€ and profit for the year €0.2 billion, respectively. An analysis of this performance compared to the previous year should take into account that the Covid-19 relief received in 2022 was €786 million less than that received by the FS Italiane Group in 2021 (€172 million, -82%).

The ratings assigned by specialized agencies confirm the financial soundness of the Group's financial statements figures, with the FS Group's consolidated net financial debt down both in absolute terms (-€1 billion, -11%) and as a percentage of equity (0.19% in 2022, compared to 0.21% in 2021).

In the Industrial Plan, we have outlined a vision and a mission for the FS Italiane Group that align our ESG objectives with those of the country, starting from the fundamental objectives of driving the modal shift, reducing inequality amongst territories and increasing interregional connectivity. Referring to the non-financial data and information integrated into the directors' report, as well as the broader and targeted description provided in the Sustainability Report, I would like to recall some important results achieved in 2022.

From an environmental perspective, we are particularly proud of what we have achieved through the application of the European Taxonomy to our activities: 84.2% of our capital expenditure are "environmentally sustainable", along with 60.6% of our revenues, and 44.5% of our operating costs. In 2022, we were able to reduce our absolute emissions, despite the increase in activity volumes, and we improved our key indicators on the consumption, recycling, reuse, and disposal of materials, water, and waste. We prepared the first tenders (issued in January 2023) as part of the plan that will lead us to build photovoltaic plants that will cover 40% of our energy needs by 2027, producing up to 2.6 TWh emission free.

Regarding our commitment to employees and contractors, the significant increase during 2022 (9,687 hires compared to 6,232 outgoing employees) took place according to transparent and merit-based criteria and procedures. We have narrowed the gender gap at all professional levels and, among managers, the number of women has breached 25% (compared to 21% in 2020). The number of training days increased by 24% (building on the growth in 2021) and important union agreements were reached. As for our social commitment, we have continued to support the Help Centres and Reception Centres for vulnerable people that we host in our spaces at 19 stations, as well as the non-profit social, cultural and environmental projects that can take place in the spaces we provide free of charge to local associations and other third sector organizations in 465 stations (189,102 square meters granted in 2022).

With respect to governance, we have now included an explicit reference to sustainability in the articles of association, so that they correspond with what is already deeply rooted in the Group's history and in the mindset of our people. In 2022, we also clarified, both functionally and formally, the relationships between the parent company, the companies that head the business segments and the other Group companies. Furthermore, the internal control and risk management system was

improved, a process supported by, inter alia, open discussion involving senior management and the heads of the assurance functions (anti-corruption, compliance, risk management and internal audit) of the main companies in the Group.

Overall, the initiatives implemented in 2022 have allowed the Group to improve both the rating obtained from Moody's ESG Solutions (which increases from 52/100 points obtained in 2020 to 65/100 in 2022, within the "Advanced" assessment range) and the Carbon Disclosure Project rating (focused on climate issues, which improved our rating from-B to A-).

Sustainability, in a phase of great uncertainty and instability like today, is particularly important because it also means resilience and adaptability. The financial and non-financial results of the 2022 fiscal year strengthen the confidence of all our associates of our ability to implement the path outlined in the Industrial Plan that we presented in May: to be a systemic mobility operator driving the sustainable development of Italy and of all the areas where we operate.

Nicoletta Giadrossi  
Chair

# The Group in short

## The Ferrovie dello Stato Italiane Group's annual report

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

### Disclaimer

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This document and, in particular, the part titled "Outlook" contain forward-looking statements based on current expectations and projections of future events. By their very nature, these statements present inherent risks and uncertainties. They refer to events and depend on circumstances that might, or might not, occur or arise in the future and, as such, cannot be fully relied upon. Actual results may differ, even significantly, from the data in these statements due to myriad factors - such as the impact of the Covid-19 pandemic, which was still a factor in 2022, and the geopolitical turmoil due to the diplomatic and military crisis between the Russian Federation and Ukraine, in addition to the sluggish Chinese economy and the supply chain disruptions. These factors could lead to widely disparate potential future scenarios with many different effects - including, but not limited to, volatile and deteriorating capital and financial markets, changes in raw material and energy prices, changes in macroeconomic conditions and economic growth and other changes in business conditions, changes in legislation and the institutional context (both in Italy and abroad), difficulties in carrying out production and providing services, including restrictions to the use of the infrastructural railway/road network, the use of plants and supplies and many other risks and uncertainties, most of which are exogenous to the Group.

## Key and glossary

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### **Non-GAAP performance indicators**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

### Sustainability glossary

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

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

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

**Enabling activity:** an economic activity that directly enables other activities to make a substantial contribution to an environmental objective;

**Transitional activity:** an aligned economic activity for which there is no technologically and economically feasible low-carbon alternative but that nevertheless has greenhouse gas emission levels that correspond to the best performance in the sector or industry, does not hamper the development and deployment of low-carbon alternatives and does not lead to a lock-in of carbon-intensive assets.

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

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

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

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

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

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

**Turnover and CapEx associated with aligned activities financed with bonds or debt instruments (Adjusted KPI):** this key performance indicator respectively expresses the proportion of revenue and capital expenditure related to taxonomy-aligned activities financed with bonds or debt instruments.

## Glossary

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

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

**ARIS (all-relay interlocking system):** this centralised system has one single button to control routes and routing and automatically shunts each individual body affected by the route.

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

**HS/HC (High speed/High capacity):** this is the system of lines and means specifically developed for high-speed transport and the consequent high-capacity transport.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

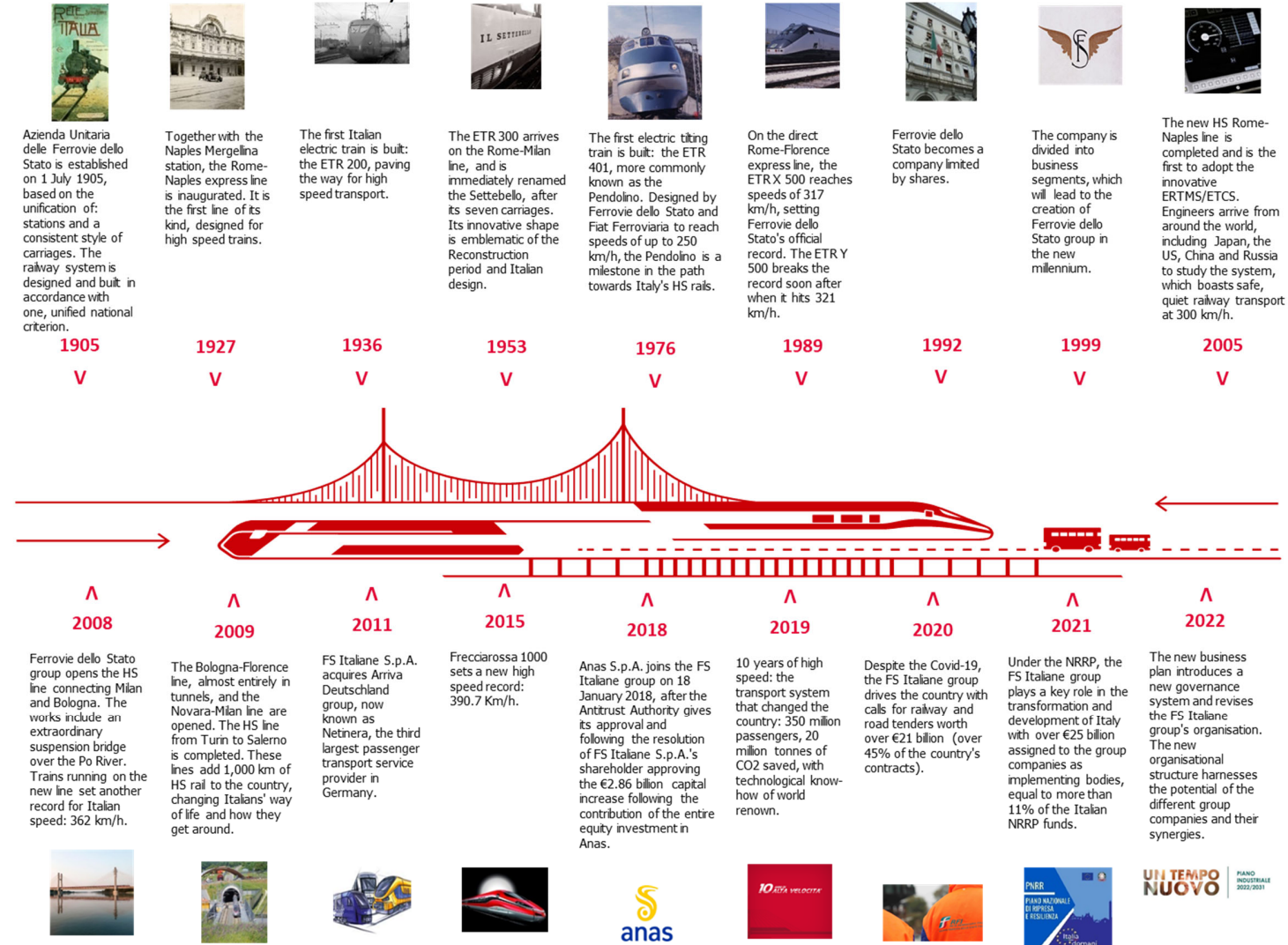
**Intermodal transport:** this is transport using two or more modes of transport (road, rail, sea or river) with the transfer of load units from one mode to another without breaking up the load, i.e., using a roadway vehicle or intermodal transport unit (containers, swap bodies and semitrailers).

**LPT:** local public transport.

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

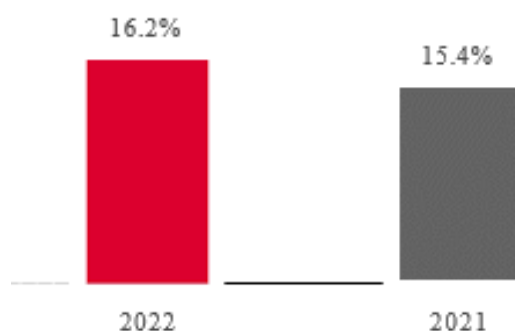
**Passenger-km (pkm):** this is the number of passengers multiplied by kilometres travelled. It therefore reflects the sum of kilometres effectively travelled by all transport service passengers over a given period of time (pkm). It is the commercial performance indicator for passenger transport.

# The future is founded on history

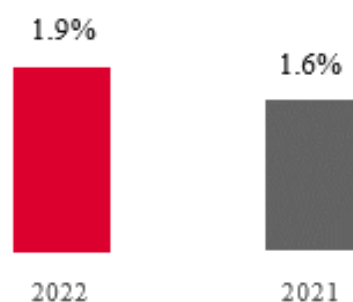


## Consolidated results

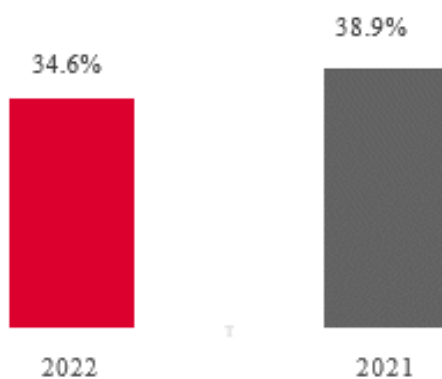
### GROSS OPERATING PROFIT MARGIN



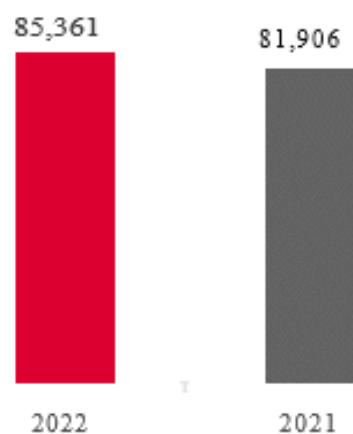
### OPERATING PROFIT MARGIN



### PERSONNEL EXPENSE/REVENUE



### EMPLOYEES



millions of Euros

Financial highlights	2022	2021	Change	%
Revenue	13,664	12,242	1,422	11.6
Operating costs	(11,452)	(10,354)	(1,098)	(10.6)
Gross operating profit	2,212	1,888	324	17.1
Operating profit	262	193	69	35.9
Profit for the year	202	193	9	4.4
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>Change</b>	<b>%</b>
Net invested capital (NIC)	49,707	50,422	(715)	(1.4)
Equity (E)	41,854	41,551	303	0.7
Net financial debt (NFD)	7,853	8,871	(1,018)	(11.5)
NFD/E	0.19	0.21		
Investments of the year	8,115	9,976	(1,861)	(18.7)
Total cash flows	744	850	(106)	(12.5)



## **DIRECTORS' REPORT**

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

## Directors' report - FS Italiane Group

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

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

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

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

In accordance with the Group's longstanding methodological choices in relation to the reporting of non-financial information, the NFS has been prepared in compliance with the "GRI Sustainability Reporting Standards" issued by the Global Reporting Initiative (GRI) and recently updated as indicated further on (the "Standards"). The Group has also applied these Standards in the preparation of the Sustainability Report and they are the standards applied by the majority of large Italian and international Groups to report their non-financial information. The Sustainability Report includes complementary qualitative and quantitative information in addition to that provided in the NFS. The purpose of these two documents is to meet the informational needs of the Group's stakeholders in a thorough timely manner.

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

To ensure comparability, quantitative information relates (where available) to the 2020-2022 three-year period. Any differences with respect to the previous NFS are due to the fine-tuning of the reporting methods and are specifically indicated.

Based on the criteria of materiality (actual or potential impacts with reference to material topics<sup>7</sup> and the nature of the companies' business) and control (direct/indirect), the following topic-specific boundary was identified. Reference should be made to the "GRI Content Index", which constitutes an integral part of the NFS and is attached hereto.

The relevant information was selected considering the various aspects of the Decree, the Group's operations and the consequent impacts. In addition, the Group considered the results of the materiality analysis and the "Guidelines on non-financial reporting" of July 2017 and the "Guidelines on non-financial reporting: supplement on reporting climate-related information" of June 2019,

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<sup>7</sup> The topics covered by Legislative decree no. 254/2016 or shown to be material based on the materiality analysis (as per the GRI standards).

published by the European Commission, as well as the Regulation implementing Legislative decree no. 254/2016, issued by Consob (the Italian commission for listed companies and the stock exchange) on 18 January 2018.

Each year, the Group updates the materiality analysis, an essential tool used to plan and manage sustainability performance and to adequately report the Group's objectives and results. The purpose is to identify social, environmental and economic topics that are priorities (the "materiality analysis") for the Group's significant internal and external stakeholders. The materiality matrix therefore identifies the topics on which the Group must focus its efforts for a clear picture of the challenges and opportunities of creating long-term value.

The Group updated its methodological approach to the materiality analysis in 2022 following the introduction of the new regulatory obligations and reporting standards. The GRI Universal Standards 2021 took effect on 1 January 2023 and applies to the 2022 NFS. In particular, GRI 3: Material Topics requires that organisations adopt an impact materiality approach, i.e., they identify, assess and prioritise the impacts that the organisation generates (or could generate) in its context.

Furthermore, looking forward, the approval of the Corporate Sustainability Reporting Directive (CSRD) will introduce the double materiality concept (starting in 2024). Double materiality is a combination of impact materiality, which focuses on the external impacts that an organisation's activities have, and financial materiality, which determines what specific ESG issues would have the most significant impact on an organisation's finances.

In its NFS, to meet the requirements of the new GRI Standards, which must be applied as from 2023, the Group updated its materiality analysis from an impact materiality standpoint, i.e., adding a process to identify, assess and prioritise the impacts generated.

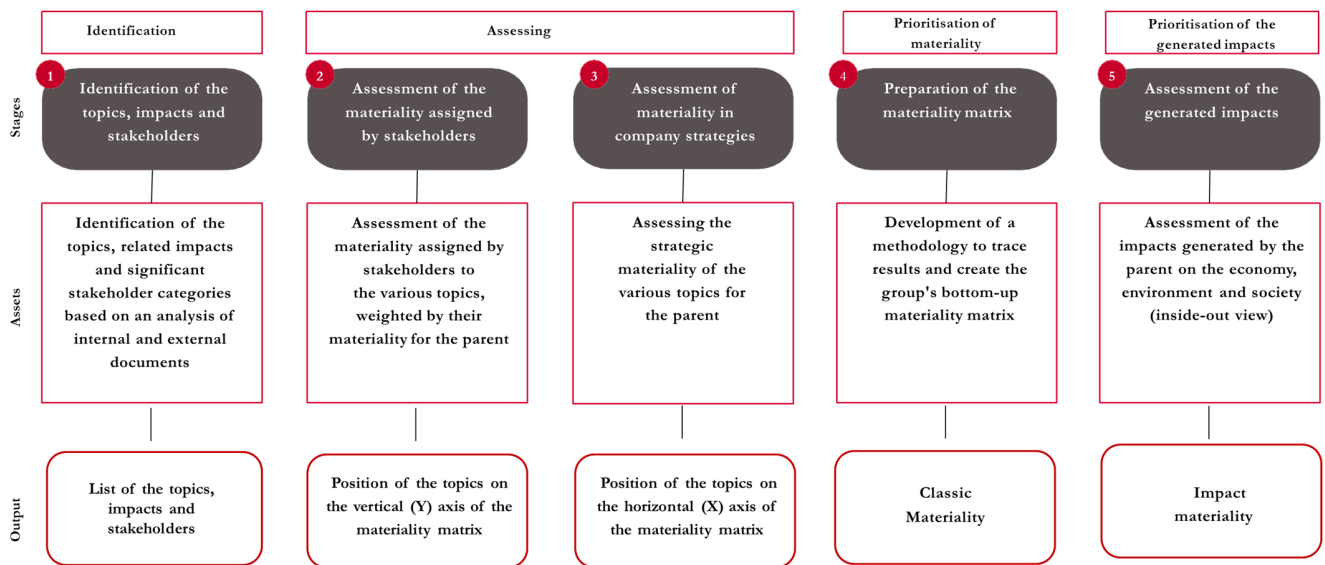
Therefore, the 2022 materiality analysis is based on a review of the materiality matrix prepared in 2021 and a preliminary identification of the impacts generated in connection with the Group's activities and value chain. It takes into account the business strategies and developments in the external context, in line with the concept of dynamic materiality, in order to anticipate emerging topics that will need to be managed if the Group is to remain competitive in the future.

The priority topics for the Group were updated through two lenses:

- **Classic materiality**, which identifies and assesses the priority topics for the company (axis X) and its main stakeholder (axis Y), summarising the Group's materiality matrix;
- **Impact materiality**, which puts emphasis on the potential and actual impacts generated by the organisation. In this case, the material topics are those for which the company generates significant potential or actual impacts on society and the surrounding environment in the short, medium and long term.

In accordance with the guidelines of the most recent publications by international standard setters like the GRI and EFRAG (European Financial Reporting Advisory Group), the process consisted of the following steps:

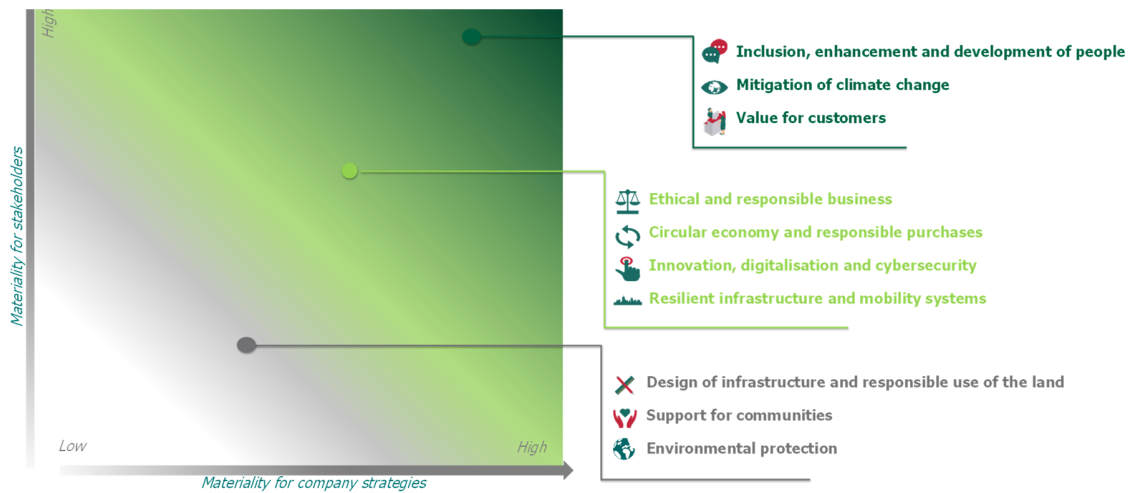




**Classic materiality**, which is illustrated below, was considered from a bottom-up approach, and therefore starting with an analysis of the information gathered by the Group companies in the previous two years<sup>8</sup> and by the Datamaran platform, which analyses the main laws and directives in every country where the FS Italiane Group operates, as well as reports published by peers and comparable companies in Europe and internationally.

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

<sup>8</sup> Trenitalia S.p.A., RFI S.p.A., Anas S.p.A., Polo Mercitalia, Busitalia Sita Nord S.p.A., Sistemi Urbani S.r.l., Italferr S.p.A., Ferrovie del Sud Est e Servizi Automobilistici S.r.l., Ferservizi S.p.A. and FS Italiane S.p.A. contributed to the materiality matrix.





















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





As for **impact materiality**, the sustainability units of the business segment heads and the parent assessed the impacts that the Group generates or could generate on the external context according to their severity or magnitude, or likelihood in the event of potential impacts. Once the significant impacts were identified for each topic, a materiality level was associated with the impact based on an assessment scale, consisting of four levels from low to high. In addition, each positive impact was analysed according to the Group's direct and indirect contribution to the achievement of the Sustainable Development Goals (SDGs) of the UN Agenda 2030 through its operations.

The following table shows the results of the analysis for each topic:


- the main topics with impacts on the external context;
- the main impacts on these topics generated directly and indirectly by the Group in the external context;
- the materiality of the impacts;
- the related SDGs for the impacts that create value added for the community and/or the environment.

Topic	Impact area	Materiality of the impact	SDG
<b>Ethical and responsible business</b>	<ul style="list-style-type: none"> <li>• <b>Reduction and prevention of corruption</b> by adopting the highest ethical standards and basing business practices on the fundamental principles of transparency and fairness, in accordance with the company's vision and values</li> <li>• <b>Reinforcement of the culture of compliance and lawfulness</b> by developing practices and carrying out training and information activities</li> <li>• <b>Integration of ESG aspects in the FS Italiane vision and business strategy</b> through induction activities for the board and management</li> <li>• <b>Contribution to sustainable development and a low-carbon future</b> by promoting and using sustainable financial instruments (sustainable finance)</li> </ul>		
<b>Circular economy and responsible purchases</b>	<ul style="list-style-type: none"> <li>• <b>Focus on materials, to prevent, reuse and recycle the waste</b> produced by the Group's operations by implementing circular business models from procurement - applying environmental and social sustainability criteria in supplier vetting and qualification processes - to efficient use</li> </ul>		
<b>Inclusion, enhancement and development of people</b>	<ul style="list-style-type: none"> <li>• <b>Spread and reinforcement of a culture of inclusion, non-discrimination and respect</b> by promoting diversity (age, gender, knowledge and experience, religion, political views, ethnicity, nationality, sexual orientation, physical abilities, origin, etc.) and equal opportunities in workplaces where everyone feels at ease and is motivated to build positive relationships</li> <li>• <b>Development of workers' professional abilities and experience and acceleration of their professional and career development</b> through merit-based practices and transparent and fair mechanisms that enable all employees to reach their full potential</li> <li>• <b>Safeguarding of employees' well-being and work/life balance</b> through welfare policies, modern and flexible work tools and models and responsible management of organisational changes</li> </ul>		
<b>Innovation, digitalisation and cybersecurity</b>	<ul style="list-style-type: none"> <li>• <b>Contribution to the acceleration of social and economic progress</b> with a focus on infrastructure and services, harnessing digitalisation as a driver to make processes, operations and services more efficient through innovation</li> <li>• <b>Reduction of potential losses of business data and information</b> by creating an environment with constant control over the integrity and confidentiality of data and information and all the Group's stakeholders</li> </ul>		

Topic	Impact area	Materiality of the impact	SDG
<b>Mitigation of climate change</b>	<ul style="list-style-type: none"> <li>• <b>Mitigation of climate change</b> by scaling back energy consumption and greenhouse gas emissions (CO<sub>2</sub>, ozone, methane, etc.)</li> <li>• <b>Mitigation of climate change</b> through energy efficiency by implementing specific technologies with benefits for the environment</li> <li>• <b>Support for the energy transition</b> by promoting renewable sources (e.g., alternative fuels, biofuels, green hydrogen energy, hybrid engines, photovoltaic and wind energy, etc.)</li> </ul>		
<b>Design of infrastructure and responsible use of the land</b>	<ul style="list-style-type: none"> <li>• <b>Development and upgrading of the infrastructure</b> for rail and road transport in accordance with criteria geared towards environmental and social protection, by adopting national and international sustainability protocols and interacting with and continuously listening to stakeholders, safeguarding the natural and historical/archaeological landscape</li> </ul>		
<b>Resilient infrastructure and mobility systems</b>	<ul style="list-style-type: none"> <li>• <b>Reduction of potential service disruptions</b> for customers in connection with infrastructure by improving the resilience and soundness of railway and road infrastructure and of current and future mobility systems to the growing effects of climate change and the fragility of land (e.g., hydro-geological events, earthquakes, floods, etc.), including through a risk-based prevention and control system</li> </ul>		
<b>People's safety: values, technology and culture</b>	<ul style="list-style-type: none"> <li>• <b>Creation and spread of a culture of safety</b> as a Group value at the core of every organisational and production process</li> <li>• <b>Promotion of occupational health and safety</b> by preventing incidents and injuries and protecting people's physical and mental well-being</li> <li>• <b>Customer guarantee of the highest travel safety standards</b> through rail and road infrastructure maintenance, protection in stations and on board trains and buses and safe train, bus and car operation</li> </ul>		
<b>Support for communities</b>	<ul style="list-style-type: none"> <li>• <b>Greater unity and social well-being</b> in the local communities by understanding their needs and promoting initiatives (e.g., help centres, welcome centres, the reuse and redevelopment of assets that can no longer be used in railway operations, etc.) with the support of entities that have a social impact and Group volunteers</li> </ul>		

Topic	Impact area	Materiality of the impact	SDG
<b>Environmental protection</b>	<ul style="list-style-type: none"> <li>• <b>Limitation of soil consumption</b> by including prevention in the design of infrastructure</li> <li>• <b>Reduction of soil pollution</b> by mitigating environmental damage when infrastructure is built</li> <li>• <b>More efficient water consumption and quality guarantee of groundwater and surface water</b> by implementing best practices and policies (e.g., rationalising utility accounts, updating the network and reusing water, etc.)</li> <li>• <b>Improvement in air quality</b> by promoting actions to reduce air pollution (particulates, nitrogen oxides, etc.);</li> <li>• <b>Prevention and reduction of noise and vibrations</b> in the design of new rail and road infrastructure and in the maintenance and upgrading of existing networks and rolling stock</li> </ul>		
<b>Value for customers</b>	<ul style="list-style-type: none"> <li>• <b>Improvement in the travel experience</b> by grasping customers' current and future needs and offering multi-modal mobility services for passengers and freight that are always high quality</li> <li>• <b>Improvement in the integration of all public and soft mobility systems</b> (trains, urban and suburban transport and bicycles) by promoting collective and shared modes of transport</li> <li>• <b>Accessibility and full usability of transport</b> through unobstructed paths and assistance services for people with disabilities and reduced mobility (e.g., Sale Blu, tactile walkways, visual and sound alerts, etc.)</li> </ul>		



The management approaches to these topics are described in this report, in accordance with the Decree and the Standards.<sup>9</sup> To make the information included in the NFS more clearly understandable, a table bridging the information required by the Decree and applicable to the Group and the sections of this report is given below. Moreover, for ease of reading, the chapters or sections that include the information of the NFS are marked with a specific symbol (  ).

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

Bridging table pursuant to Legislative decree no. 254/2016

Areas covered by the Legislative decree	Material topic	Annual report	GRI
		Reference	Code
Article 3.1.a Business model and governance		Chairwoman's letter Business model Report on corporate governance and the ownership structure The Group's economic and financial performance – Directly generated economic value and distributed economic value Dialogue with stakeholders Commitment to sustainable development: - Approach, commitments and policies	2-1 2-6 2-9 2-10 2-11 2-22 2-23 2-28 201-1
Article 3.1.b Practices		Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodological notes Commitment to sustainable development: - Approach, commitments and policies - Environmental sustainability - The travel experience - Sustainable supply chain - Human capital - Commitment to the community Consolidation scope and the Group's equity investments Annex: GRI content index	2-1 2-2 2-3 2-4 2-5 2-6 3-1 3-2 3-3 2-29 2-30
Article 3.1.c Risk management model	Ethical and responsible business	Report on corporate governance and the ownership structure – The internal control and risk management system Risk factors	201-2
Article 3.2.a/c Energy and water resources	Mitigation of climate change; Environmental protection; Circular economy and responsible purchases; Resilient infrastructure and mobility systems	Environmental sustainability	3-3 302-1 303-1 303-2 303-3 303-4
Article 3.2.b/c Greenhouse gas emissions	Mitigation of climate change; Resilient infrastructure and mobility systems	Environmental sustainability	3-3 305-1 305-2 305-3
Article 3.2.d/c Personnel management	Inclusion, enhancement and development of people	Commitment to sustainable development: - Human capital Report on corporate governance and the ownership structure Annex: GRI content index	2-7 3-3 401-1 403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-9 404-1 405-1 406-1
Article 3.2.e Human rights	Ethical and responsible business	Report on corporate governance and the ownership structure Risk factors Annex: GRI content index	3-3 411-1 412-3
Article 3.2.f Transparency and the fight against corruption	Ethical and responsible business	Report on corporate governance and the ownership structure Context and focus on the FS Italiane Group - Transport Authority ("ART") regulations Risk factors	2-27 3-3 205-2 415-1

Areas covered by the Legislative decree	Material topic	Annual report	GRI
		Reference	Code
Article 3.1.c Supply chain	Circular economy and responsible purchases	Commitment to sustainable development: - Sustainable supply chain Annex: GRI content index	3-3 204-1 308-1 407-1 408-1 409-1 414-1
Article 3.2.d/c Community		Commitment to sustainable development: - Commitment to the community	3-3 413-1 413-2
Article 3.3 Methodology and principles		Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information	2-4 2-5 3-1 3-2
Article 10.1.a Diversity policies	Inclusion, enhancement and development of people	Report on corporate governance and the ownership structure - Commitment to sustainable development: - Human capital	3-3 405-1

The table bridging the topics identified during the materiality analysis but not explicitly covered by the Decree is set out below.

Areas covered by the Legislative decree	Annual report	GRI
		Code
Value for customers	Commitment to sustainable development - The travel experience Investments	3-3 203-1 203-2
People's safety: values, technology and culture	Travel safety	3-3 416-1 418-1
Circular economy and responsible purchases; Environmental protection	Commitment to sustainable development - Environmental sustainability	3-3 301-1 303-4 304-1 306-1 306-2 306-3 306-4 306-5
Ethical and responsible business	Scenario and Focus on the FS Italiane Group - Transport Authority ("ART") regulations, Other information	206-1
Innovation, digitalisation and cybersecurity	Research, development and innovation	
Resilient infrastructure and mobility systems	Risk factors	

The GRI Content index is attached hereto as an integral part of this report. The references in the above table are to paragraphs of this report, as shown in the above bridging table.

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

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



## DNF Business model

The aim of the FS Italiane Group's business model is to enhance its various forms of capital (financial, physical, human and interpersonal, intellectual and organisational, natural)<sup>10</sup>, organising activities and processes to create value for all stakeholders in the medium and long-term.

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



<sup>10</sup> In accordance with the IIRC - International Integrated Reporting Council framework

## INPUTS

### Financial capital

resources necessary to finance our activities:

- share capital
- debt capital (bonds, green bonds, bank loans and sustainability-linked facilities)
- government grants (Government Programme Contract, EU funds, etc.)

### Physical capital

material assets necessary to provide high quality services:

- resilient rail and road infrastructure and other assets (stations/workshops)
- train/bus/ferry fleets

### Human capital and relationships

the skills, abilities and experience of our people and relationships with stakeholders

### Intellectual and organisational capital

intangible assets which contribute to creating value:

- patents, rights, etc.
- trademarks
- organisational procedures
- IT systems

### Natural capital

natural resources managed (renewable and finite):

- energy
- soil
- water
- materials

**SUSTAINABILITY**



- planning, assessing and managing investments
- debt capital market
- project finance
- soft financing
- sustainable finance



- innovation
- organisation and administration
- planning and control
- risk management
- internationalisation

**PUTTING PEOPLE FIRST**



- planning new infrastructures
- operation, monitoring and maintenance of rail and road infrastructure, other assets (stations/workshops) and the train/bus/ferry fleets
- defining intermodal transport services
- providing passenger and freight transport services (commercial services<sup>1</sup> and universal services<sup>2</sup>)
- monitoring and investing in travel safety



- energy management
- environmental management systems

**INNOVATION**



- recruiting and managing personnel
- training and development
- people care
- health and safety
- relationships with passengers, customers and suppliers
- relationships with institutions

**SERVICE QUALITY**

## RESULTS



- ✓ regional services
- ✓ high speed services
- ✓ intermodal services
- ✓ integrated logistics services
- ✓ international services
- ✓ engineering services
- ✓ road and rail infrastructure

## IMPACTS

- ✓ putting people's needs first
- ✓ people's safety
- ✓ financial performance and investments
- ✓ value creation and competitiveness for the country
- ✓ punctuality and service regularity
- ✓ digital skills and technological progress
- ✓ attractiveness and satisfaction of the group's people
- ✓ environmental sustainability

**OBIETTIVI  
PER LO SVILUPPO  
SOSTENIBILE**

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

## 2022-2031 industrial plan

The FS Italiane Group's new ten-year industrial plan for 2022-2031, approved by the parent's Board of Directors on 30 March 2022, was presented in May 2022, following the plan for 2019-2023. The new plan includes a major revision of the governance model and establishes a new organisational structure in which FS Italiane has Grouped the subsidiaries into four business segments (or business hub): "Infrastructure", "Passenger", "Logistics" and "Urban". This reorganisation of the Group's operations into four business segments will make it possible to achieve synergies within the Group as well as with the entire national transport network, integrating rail and road mobility and even airports, with a focus on streamlining and digitalising processes. The main targets of the Group's long-term strategic and business vision are: i) bringing certainty to the execution of infrastructural projects according to schedule; ii) encouraging multi-modal collective transport over private transport; iii) increasing - and eventually doubling - railway freight transport compared to 2019; iv) making rail and road infrastructure more sustainable, accessible, effectively integrated and resilient, expanding infrastructure to reduce the gap between the country's north and south; v) increasing the Group's energy autonomy, covering at least 40% of its needs with self-produced energy from renewable sources and contributing to the country's green transition.

The plan's enabling factors, which will support its implementation, are technological innovation, digitalisation, connectivity and seizing on the potential of people. With the 2022-2031 industrial plan, the FS Italiane Group plans to invest over €190 billion, with an estimated impact on the domestic economy equal to 2-3 percentage points of GDP and around 40 thousand new jobs. Investments in infrastructure will account for the largest slice of the pie, with approximately €170 billion earmarked for developing and upgrading the railway network operated by RFI, which currently spans some 17 thousand kilometres, with around 700 kilometres of high-speed track. In addition, over €50 billion will go to development, non-routine maintenance and other activities on the road network operated by Anas, which extends for more than 32 thousand kilometres.

On 6 April 2023, the Board of Directors approved the update of the 2022-2031 industrial plan for 2023-2032. This new plan confirms the strategic stance taken in the previous one, as well as the main assumptions, forecasting higher revenue and profit margins as the commercial business progressively increases its contribution to the profit margin, driven by the greater weight of the Passenger and Logistics business segments. Moreover, the new plan confirms the investment plan of 2022-2031, but according to a different schedule considering the widespread uncertainty across global markets.

# Report on corporate governance and the ownership structure

## Introduction

This section of the directors' report provides a description of the key corporate governance policies that the Ferrovie dello Stato Italiane Group follows and which the parent company, Ferrovie dello Stato Italiane S.p.A. ("FS Italiane S.p.A."), has defined. Furthermore, this section meets the specific disclosure requirements of article 123-bis of Legislative decree no. 58/1998 - Consolidated Finance Act (Report on corporate governance and the ownership structure) with respect to the information required by paragraph 2.b.

In addition, this section includes the information indicated in the directive of the Ministry of the Economy and Finance of 24 June 2013 "regarding the adoption of the criteria and methods for the appointment of members of the Board of Directors and the remuneration policies for senior managers of companies directly or indirectly controlled by the Ministry of the Economy and Finance" with respect to the request addressed to issuers of financial instruments listed on regulated markets in order to illustrate and justify the remuneration policies in place for directors with special powers in the "Report on corporate governance and in the financial statements", based on the recommendations of the Treasury Department.<sup>11</sup>

## The Group

The parent company FS Italiane S.p.A. is wholly owned by the State through the sole shareholder, the Ministry of the Economy and Finance (the "MEF"), which exercises its ownership powers jointly with the Ministry of Infrastructure and Transport (the "MIT"). Article 4 of FS Italiane S.p.A.'s Articles of Association, as last amended by resolution of the shareholders' meeting on May 3, 2022, with effect from June 1, 2022, states:

*"4.1. The company's corporate purpose is the acquisition and management of equity investments and other interests in Italian or foreign companies operating in:*

*a) sectors involving the design, construction and management of infrastructure networks for domestic and international rail, road and motorway transport;*

*b) the Passenger sector, including air transport, domestically and internationally, including the promotion, implementation and management of initiatives and services in the field of Passenger;*

*c) the logistics and freight transport sector, including by air, domestically and internationally, including the promotion, implementation and management of initiatives and services in the field of logistics, mobility and freight transport;*

*d) the field of urban regeneration and intermodality and logistics solutions in urban areas, covering the first and last mile of the supply chain.*

*4.2. The company may also operate in other sectors that are complementary, related or instrumental to the operations carried out in the sectors listed in paragraph 4.1 by setting up investees, acquiring equity investments or entering into business agreements with specialists, in order to improve the use and development, including financially, (i) of the structures, resources, know-how and skills applied in the sectors indicated above or (ii) of the assets owned or used for the purpose of the operations indicated in this article.*

*4.3. The company purpose is pursued by providing general strategic guidance and through the definition and implementation and financial coordination of the business model adopted by the company and the companies that it owns, in which it holds an interest or that it may set up. In particular, the operations in the sectors indicated in paragraph 4.1 are primarily carried out by the separate subsidiaries serving as Hub lead companies and/or the subsidiaries managed and coordinated by the Hub lead companies, which have technical-operational, organisational and risk management decision-making autonomy.*

<sup>11</sup> FS Italiane S.p.A. has issued bonds listed on regulated markets in the EU, with Italy as the originating member state. Consequently, it is considered a public interest entity under article 16 of Legislative decree no. 39/2010 and is subject to the regulatory obligations in place in Italy and the country where the bonds are placed. However, FS Italiane S.p.A. has not issued shares traded on regulated markets or multi-lateral trading systems. Accordingly, it exercises its right under article 123-bis.5 to not publish the information required by points 1 and 2 of said article, except for that required by letter b of point 2, i.e., information on the main characteristics of its risk management system and internal controls over financial reporting.

4.4. The company may carry out all transactions deemed useful or necessary to achieve the corporate purpose, and for this reason, it may, including but not limited to:

- provide services to the investees or subsidiaries in areas of specific business interest, including centralised cash pooling to improve the FS Italiane Group's financial flexibility and efficiency, granting loans, setting up and managing the operations of the same companies with banks and financial institutions;
- perform real estate, securities trading, commercial, industrial and financial transactions - including the issue of guarantees in general, even to third parties - as well as mortgage transactions and sales in any case related to the corporate purpose;
- acquire, considering that they are instrumental to the operations included in its purpose and not for the purposes of placement, equity investments, stakes or interests in other companies, consortia, enterprises or associations of any kind, both Italian and abroad".

As described above, FS Italiane S.p.A.'s corporate purpose is focused on the mission assigned to the parent company, taking into account the Group's organisational structure provided for by the 2022-2031 Industrial Plan. It consists in managing investments in companies operating in the sectors indicated in article 4 of the Articles of Association, providing general strategic guidance, defining and coordinating of the Group's business model.

Specifically, the Group's new organisational structure entails, as from June 1, 2022, the creation of four business hubs, each covering its respective business area:

- Infrastructure Business Hub (consisting of RFI S.p.A. as Hub lead company and its subsidiaries, plus Anas S.p.A., Italferr S.p.A. and the railway infrastructure part of Ferrovie del Sud Est S.r.l.), with the mission of designing, building, operating and maintaining infrastructure networks for railway, road and motorway transport nationally and internationally; Passenger Business Hub (consisting of Trenitalia S.p.A. as Hub lead company and its subsidiaries, plus Busitalia Sita Nord S.r.l. and the transport services part of Ferrovie del Sud Est S.r.l.) with the mission of managing the national and international Passenger segment, including the promotion, implementation and management of services and initiatives in the field of passenger transport, developing an integrated offer of products and services and overseeing an extensive range of distribution channels;
- Logistics Business Hub (consisting of Mercitalia Logistics S.p.A. as Hub lead company and its subsidiaries), managing the national and international logistics and freight transport segment, including the promotion, implementation, management and sale of services and initiatives in the field of logistics, mobility and freight transport;
- Urban Business Hub (consisting of FS Sistemi Urbani S.r.l. as Hub lead company and its subsidiaries, plus Grandi Stazioni Immobiliare S.p.A.), handling real estate activities and handling urban regeneration, intermodal solutions, and logistics in urban areas at the first and last mile of the supply chain.

Furthermore, completing the Group structure are the companies that provide shared services (e.g., Ferservizi S.p.A., Fercredit S.p.A., FSTechnology S.p.A., FS Security S.p.A. and FS International S.p.A.), which do not belong to any specific division and are cross-sectional to all four.

In line with its new structure, as from June 1, 2022, the Group adopted a governance model consisting of two separate levels of management and coordination:

- the first level, in which the parent company provides strategic guidance and financial support (defining and coordinating the implementation of the Group's business model), by managing and coordinating the Hub lead companies (RFI, Trenitalia, Mercitalia Logistics and FS Sistemi Urbani) and the shared service companies;
- the second level, in which the Hub lead companies provide guidance, coordination and technical-operational control (including risk management) over the companies in their division, by managing and coordinating them as owner or on the basis of contracts.

This model is implemented on the basis of:

- i. a Group Regulation, which provides for the two aforementioned levels of governance;

- ii. the adoption of the Group Regulation and the related business Hub Regulations by the Hub lead companies, which have updated their corporate purposes;
- iii. contracts among RFI, Trenitalia, FS Sistemi Urbani and the other companies of the related business hubs.

The corporate governance structure of FS Italiane S.p.A. and its main subsidiaries is organised according to the traditional system: the Shareholders' Meeting appoints a Board of Directors (the parent company's BoD is currently composed of seven directors) and a Board of Statutory Auditors responsible for controls (the parent company's Board of Statutory Auditors is currently composed of three standing Statutory Auditors and two alternate Statutory Auditors). The Shareholders' Meeting also appoints, upon the proposal of the Board of Statutory Auditors, independent auditors, responsible for performing the statutory audit. Pursuant to article 12 of Law no. 259/1958, the Court of Auditors' Magistrate, appointed to control financial management attends the meetings of the Board of Directors and the Board of Statutory Auditors.

According to the Articles of Association, the Board of Directors: (i) appoints the CEO; (ii) can delegate powers to the Chairperson, based on the shareholders' resolutions and with respect to the matters permitted by law; (iii) establishes committees responsible for investigating, consultation and proposals, where necessary; and (iv) appoints the manager in charge of the company's accounting documents preparation as per article 154-bis of the Consolidated finance act.

As of December 31, 2022, FS Italiane S.p.A.'s share capital amounted to €39,204,173,802.00 and was fully paid up. FS Italiane S.p.A.'s corporate governance structure at the reporting date is illustrated below.

## SHAREHOLDERS' MEETING

### BOARD OF STATUTORY AUDITORS <sup>(i)</sup>



### BOARD OF DIRECTORS



### INDEPENDENT AUDITORS

**KPMG SpA**

### SUPERVISORY BODY

**Rocco Blaiotta**  
Chairman

**Maurizio Bortolotto**  
**Umberto La Commara**

### COURT OF AUDITORS' MAGISTRATE APPOINTED TO OVERSEE FINANCIAL OPERATIONS

**Giovanni Coppola**

**Roberto D'Alessandro**  
Delegate

### GOVERNANCE, APPOINTMENT AND REMUNERATION COMMITTEE

**Stefano Cuzzilla**  
Chairman

**Pietro Bracco**  
**Alessandra Bucci**

### REPORTING DIRECTLY TO THE CEO

**Carlo Palasciano**  
**Villamagna**  
Chief Group Transformation Officer

**Marco Fossataro**  
Chief Financial Officer <sup>(iv)</sup>

**Roberto Massi**  
Chief Security & Risk Officer <sup>(vii)</sup>

**Carlo Palasciano**  
**Villamagna**  
Chief International Officer

**Massimo Bruno**  
Chief Corporate Affairs Officer

**Luca Torchia**  
Chief Communication Officer

**Guglielmo Bove**  
Chief Legal Officer

**Roberto Tundo**  
Chief Technology, Innovation & Digital Officer

**Fabrizio Favara**  
Chief Strategy Officer

### CHIEF AUDIT OFFICER

**Sergio Romiti**

### MANAGER IN CHARGE OF THE COMPANY'S ACCOUNTING DOCUMENTS PREPARATION

**Roberto Mannozi**

- <sup>(I)</sup> The composition of the Board of Statutory Auditors is appointed by resolution by the Shareholders' Meeting on May 3, 2022, for the three-year period 2022, 2023 and 2024. The term of office of the Board of Statutory Auditors, appointed by resolution of the Shareholders' Meeting on July 3, 2019 (for the three-year period 2019, 2020 and 2021), whose members were: Alessandra dal Verme (Chairwoman), Susanna Masi and Davide Gianpaolo Rossetti (standing Statutory Auditors), Letteria Dinaro and Salvatore Lentini (alternate Statutory Auditors), ended on that date, with the approval of the financial statements as at and for the year ended 31 December 2021.
- <sup>(II)</sup> The lawyer Guglielmo Bove, Chief Legal Officer, was appointed as Secretary of the BoD by resolution of the Board of Directors on January 13, 2022.
- <sup>(III)</sup> With Organisational Measure no. 222/AD of October 1, 2022, Roberto Massi, as Chief Security & Risk Officer, was named head of the Security & Risk macro department.
- <sup>(IV)</sup> With Organisational Measure no. 217/AD of September 19, 2022, the Administration, Finance & Control macro department was set up, reporting directly to FS Italiane S.p.A.'s CEO. Marco Fossataro, as Chief Financial Officer, was named head of both the Administration, Finance & Control department and the Finance & Investor Relations department.

## Shareholders' Meeting

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The Shareholders' Meeting of FS Italiane S.p.A., composed by the sole shareholder, the MEF, is subject to the provisions of law and the Articles of Association. In 2022, the Shareholder's Meeting was held one, for the ordinary and extraordinary sessions.

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

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### Composition and appointment

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

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

The Articles of Association allows Directors to whom management powers of the BoD have been continuously delegated, pursuant to article 2381 paragraph 2, of the Italian Civil Code to hold the position of Director in no more than two additional Boards of Directors of companies limited by shares (excluding positions in subsidiaries or associates); while for Directors to whom such powers have not been delegated, they may hold the position of Director in no more than five additional boards of directors of companies limited by shares.

The Articles of Association, following their most recent amendment on May 3, 2022, also require that the composition of the BoD ensures a balance of the genders so that at least two-fifths of the members are of the gender with fewer members (rounding up to the next full number, unless the number of members of the BoD to be appointed is three, in which case the number is rounded down to the next full number), without prejudice to compliance with applicable legislation.

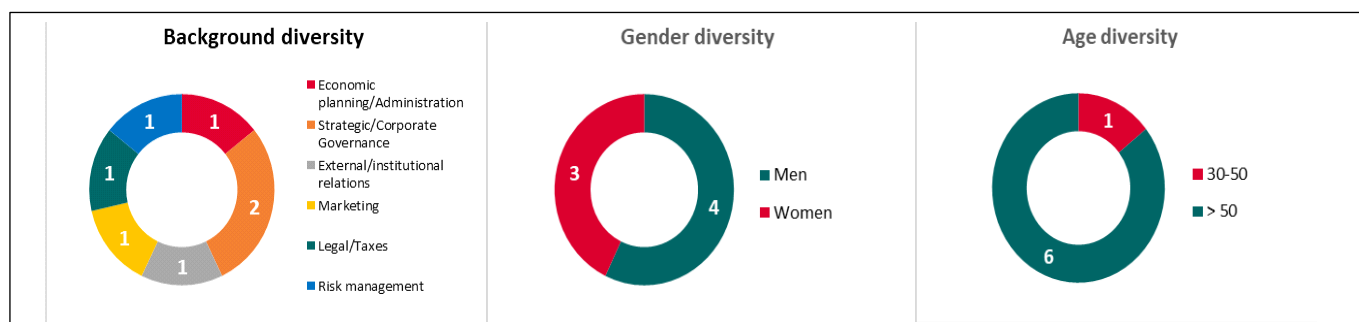
On May 26, 2021, the shareholders appointed the Board of Directors for the three year period 2021, 2022 and 2023 (until the Shareholders' Meeting to be called to approve the 2023 financial statements), consisting of Nicoletta Giadrossi (Chairwoman), Luigi Ferraris (recommended for the position of CEO), Pietro Bracco, Stefano Cuzzilla, Alessandra Bucci and



Riccardo Barbieri Hermitte. Then, to complete the Board of Directors - since the number of members was determined to be seven - Paola Gina Maria Schwizer, was appointed as resolved during the meeting held on August 6, 2021.

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

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



Four of the board members meet the independence requirements based on the most recent assessment conducted by the BoD during the meeting on April 6, 2023.

### Roles and duties

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

The BoD is responsible for managing the company and carrying out all operations necessary to achieve the business object. According to the articles of association (as last amended<sup>12</sup>), FS Italiane S.p.A.'s BoD pursues sustainable business success with the aim of creating long-term value for the shareholder, taking into account the interests of its other key stakeholders. In accordance with the articles of association, FS Italiane S.p.A.'s BoD also resolves on certain matters otherwise reserved to the extraordinary Shareholders' Meeting's meeting (such as mergers and demergers, where provided for by law, establishing and closing branches and updating the articles of association to meet regulatory provisions). In accordance with article 2410 of the Italian Civil Code, FS Italiane S.p.A.'s BoD also approves bond issues.

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

The BoD of FS Italiane S.p.A. (appointed for the three year-period 2021, 2022 and 2023), with the resolution passed on June 3, 2021, confirmed the governance structure that the company had adopted in previous terms of office, and therefore specifically indicated the matters and powers exclusively reserved to the BoD and the special duties to be assigned to the CChairperson (as authorised by the Shareholders' Meeting), so that the CEO is given all the remaining powers of administration.

In particular, in addition to the matters that cannot be delegated under law, the BoD retained exclusive responsibility for economic and strategic decisions such as defining - upon the CEO's proposal - the company's and the Group's strategic guidelines; approving the company's and the Group's annual and long-term business plans and the company's and the Group's budget, which the CEO prepares; resolutions concerning financial transactions for amounts above a certain limit; resolutions, upon the CEO's proposal, on the purchase/sale and lease of companies and business leases, on the

<sup>12</sup> Amendment of article 12 of the articles of association approved by the shareholder of FS Italiane S.p.A. on May 3, 2022, with effect as from June 1, 2022.

purchase/sale of equity investments above a certain percentage of ownership and non-recurring transactions involving the direct subsidiaries of FS Italiane S.p.A. that the same BoD has classified as “strategic companies”; deciding how to vote at the Shareholders’ Meetings’ meetings of the “strategic companies”; and appointing, upon the CEO’s justified and documented proposal, the Boards of Directors and Boards of Statutory Auditors of the “strategic companies”. For details on the reporting flows to the BoD, reference should be made to the paragraph “*Meetings and functioning*” further on.

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

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

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

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

### *Meetings and functioning*

#### ➤ *BoD Regulation*

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

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

The board met 10 times in 2022, with each meeting lasting an average of two hours and 34 minutes and with an overall participation rate of 97.14%.

#### ➤ *Chairperson’s role and information to directors*

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

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

- a) liaises between the CEO and non-executive directors;
- b) defines, having discussed it with the CEO, the proposed calendar of BoD meetings;

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

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

The directors, standing Statutory Auditors and the Court of Auditors' Magistrate receive information not only to discuss the matters for resolution by the BoD but they also receive periodic reporting on the following matters (including but not limited to those below):

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

#### *The secretary of the Board of Directors*

The appointment of the secretary of the Board of Directors is governed by the articles of association and the Regulation which also indicates the secretary's requirements and duties.

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

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

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

### Committees

The Control, Risk and Sustainability Committee and the Governance, Appointments and Remuneration Committee were established with the resolution of 16 June 2021. Their composition, functioning and duties are established in specific regulations approved by the BoD when they were set up.

#### ➤ Control, Risk and Sustainability Committee

The members of the Control, Risk and Sustainability Committee are: Pietro Bracco (non-executive and independent), Chairman; Riccardo Barbieri Hermitte; and Stefano Cuzzilla (non-executive and independent). This Committee is responsible for supporting the BoD's assessments and decisions with respect to:

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

#### ➤ Governance, Appointments and Remuneration Committee

The members of the Governance, Appointments and Remuneration Committee are: Stefano Cuzzilla (non-executive and independent), Chairman; Pietro Bracco (non-executive and independent); and Alessandra Bucci (non-executive and independent).

This Committee supports the board's assessments and decisions regarding:

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

### Directors' fees

Pursuant to the articles of association, the directors receive reimbursement for the expenses incurred in the performance of their duties. The Shareholders' Meeting may also determine an annual fee for the term of office. Furthermore, it is not permitted to pay amounts to the directors for their participation in meetings and there is a limit to the fees that the members of committees that advise and make proposals, where necessary, within the board, may receive (pursuant to article 2389.3 of the Italian Civil Code, the limit is set at not more than 30% of the fee resolved for the office of director).

After considering the opinion of the Board of Statutory Auditors, the BoD determines the amount of the fees pursuant to article 2389.3 of the Italian Civil Code that the Chairman and CEO will receive (including fees due for their position as director), taking into account any guidance from the Shareholders' Meeting.

For FS Italiane S.p.A.'s BoD appointed for the three year period 2021 - 2023: (i) the Shareholders' Meeting established the fees for the directors and the chairwoman of the BoD during the meeting of May 26, 2021 when the Shareholders' Meeting also recommended to the BoD the total maximum fee (including the meeting fee) for the Chairwoman permitted by article 2389, paragraph 3 of the Italian Civil Code, in the event of the assignment of powers; (ii) during the meeting on June 3, 2021, the BoD, following the Shareholders' Meeting decisions, assigned the powers for the matters authorised and determined the total amount of the fee for Ms. Giadrossi's fee as Chairwoman; (iii) during the meeting on June 30, 2021, the BoD resolved on Mr. Ferraris' fee as CEO - after he was appointed CEO of FS Italiane S.p.A. by the BoD during the meeting on June 3, 2021 - (pursuant to article 2389.3 of the Italian Civil Code, including his fee as director). The aforementioned fee resolved upon for Mr. Ferraris includes fixed and variable components, the latter linked to the achievement of objective and specific annual targets which the BoD defined upon the proposal of the Governance, Appointments and Remuneration Committee.

In accordance with the BoD resolution of June 16, 2021, the members of the board's committees receive additional fees equal to 30% of the fees determined by the meeting for directors, in accordance with the articles of association.

The table below, including the note, details the total annual fees approved for FS Italiane S.p.A.'s Chairwoman and CEO in office for the 2021-2023 term.

CHAIRWOMAN <sup>13</sup>	Annual fees for the chairwoman
Fixed remuneration	238,000
Variable component	-
CEO <sup>14</sup>	Annual fees for the CEO
Fixed remuneration	645,000
Variable component	125,000

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

In accordance with the MEF directives and in compliance with current legislation on the gender quotas and following sound management decisions, FS Italiane S.p.A.'s BoD has drafted general criteria for the selection of candidates for positions on the Boards of Directors and the Boards of Statutory Auditors of the Group companies, also to create a balance of diversity on such boards. Specifically, in accordance with the MEF Directive of March 31, 2021, the members of the corporate bodies of the FS Italiane Group companies must be selected and appointed in accordance with the following criteria: identifying the best candidates in terms of professionalism and skills and, except for the specific corporate governance structures, to achieve an optimal mix also considering age and gender, in the pursuit of the companies' sustainable success. The candidates' professionalism and skills are assessed with specific regard to the operating sector, their track record in management and corporate bodies, financial markets, risk management, legal and corporate affairs and ESG aspects; valuing the in-house skills of Group employees; abstaining from appointing the directors of the parent company's, unless they have been assigned ongoing management duties within the same parent company; and establishing that remuneration is all-inclusive, with the appointed members required to return the fees.

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

<sup>13</sup> The total annual gross fees of the chairwoman pursuant to article 2389 of the Italian Civil Code, indicated in the table, include the fee that the shareholder has determined for the office of chairwoman of the BoD (€50,000). In accordance with the clause in the articles of association regarding the directors' expenses for the performance of their duties, the company provides the chairwoman (as she is not a resident of Rome) with a flat in Rome at a monthly maximum cost of €5,000.

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

**Board of Statutory Auditors**

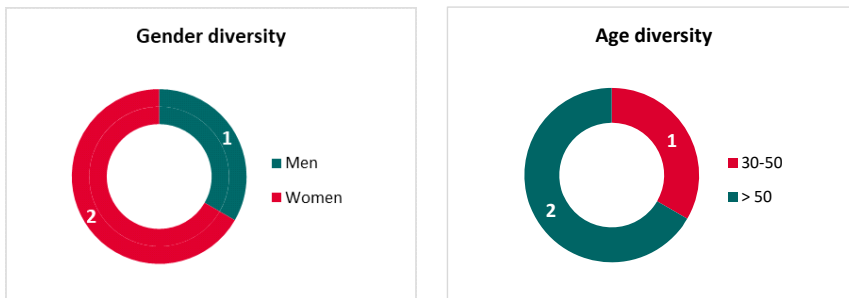
In accordance with the articles of association, the Shareholders’ Meeting appoints a board of Statutory Auditors comprised of three standing Statutory Auditors. The Shareholders’ Meeting is also required to appoint two alternate Statutory Auditors. Following the amendment by resolution of the Shareholders’ Meeting on 3 May 2022, the articles of association explicitly require a balance of the genders on the board of Statutory Auditors, so that at least one standing Statutory Auditor and one alternate Statutory Auditor must be of the gender with fewer members, without prejudice to compliance with applicable legislation.

The term of office of the Board of Statutory Auditors appointed by resolution of the Shareholders’ Meeting on 3 July 2019 and consisting of the standing Statutory Auditors Alessandra dal Verme (Chairwoman), Susanna Masi and Gianpaolo Davide Rossetti and the alternate Statutory Auditors Letteria Dinaro and Salvatore Lentini ended with the Shareholders’ Meeting called to approve the financial statements as at and for the year ended 31 December 2021, held on 3 May 2022.

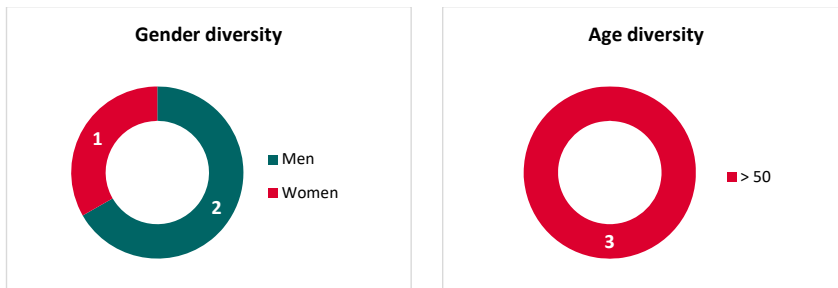
Consequently, by resolution of the Shareholders’ Meeting on May 3, 2022, the standing Statutory Auditors Rosalba Cotroneo as Chairwoman, Sergio Duca and Marino Marrazza and the alternate Statutory Auditors Letteria Dinaro and Francesco Tulimieri were appointed for the three year period 2022, 2023 and 2024 and, in any case, until the Shareholder’s Meeting for the approval of the 2024 financial statements.

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

***Board of Statutory Auditors in office from July 3, 2019 to May 3, 2022***



***Board of Statutory Auditors in office from May 3, 2022***



Based on the appointment deed, the Statutory Auditors have the following qualifications:

- the Board of Statutory Auditors appointed for 2019, 2020 and 2021, in office until May 3, 2022: one standing Statutory Auditor is a manager of the MEF and the other two have solid experience in the professional world. Both alternate

Statutory Auditors are employees of the MEF. All the standing Statutory Auditors and one of the alternate Statutory Auditors hold university degrees in economics and trade. One alternate Statutory Auditor has a university degree in law. All the standing and alternate Statutory Auditors are registered certified auditors.

- the board of Statutory Auditors appointed for 2022, 2023 and 2024 term: one standing Statutory Auditor is a manager of the MEF and the other two have solid experience in professional world. Both alternate Statutory Auditors are employees of the MEF. All the standing and alternate Statutory Auditors hold university degrees in economics and trade and are registered certified auditors.

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

The board of Statutory Auditors met 18 times in 2022, with each meeting lasting an average of two hours and one minute and an average participation rate of 100%. The average participation rate of Statutory Auditors in the 10 BoD meetings of the year was 95.83%. In detail:

- the board of Statutory Auditors in office until the approval of the 2021 financial statements met seven times, with each meeting lasting an average of 1 hour and 39 minutes. The average participation rate of Statutory Auditors in the four BoD meetings was 91.67%;
- the board of Statutory Auditors appointed on May 3, 2022 met 11 times, with each meeting lasting an average of 2 hours and 24 minutes. The average participation rate of Statutory Auditors in the six BoD meetings was 100%.

## The internal control and risk management system

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

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

The ICRMS provides for three levels of control:

- level 1 controls: to ensure the correct performance of operations and an adequate response to the related risks. These activities include periodically checking the effectiveness and efficiency of the design and 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 ordinary operations.
- level 2 controls: to monitor the main risks with the aim of ensuring the effectiveness and efficiency of the related risk management and to monitor the adequacy and functioning of controls (for main risks). Level 2 controls also support level 1 in the definition and implementation of adequate management systems for the main risks and related controls. Management and other specific functions, like Risk management, Compliance and the Manager in charge of the company’s accounting documents preparation.
- level 3 controls: 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.

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

### Internal audit

Sergio Romiti was appointed Chief Audit Officer of FS Italiane S.p.A. by the latter’s BoD, with the prior approval of the parent company’s Control, Risks and Sustainability Committee and its board of Statutory Auditors, as proposed by the BoD Chairperson, in agreement with the CEO. Fixed and variable remuneration of the parent company’s Chief Audit Officer was approved by the parent company’s BoD, as proposed by the BoD Chairperson, in agreement with the CEO and in accordance with the parent company’s remuneration policies as well as with the prior approval of its Control, Risks and Sustainability Committee. Furthermore, as proposed by the BoD Chairperson, in agreement with the CEO and with the prior approval of its Control, Risks and Sustainability Committee, the parent company’s BoD approves the budget of the parent company’s Audit Department in the scope of the parent company’s budget process, ensuring that the Chief Audit Officer has adequate resources to perform his duties. With the prior approval of the parent company’s Control, Risks and Sustainability Committee and that of the Chairperson, the CEO and the board of Statutory Auditors, the parent company’s BoD approved the 2022 audit plan proposed by the Audit Department, prepared by the Chief Audit Officer.

The organisational and operational structure of the Group’s Internal Audit Department provides for an Internal Audit Department at the parent company and at its direct subsidiaries.

For other subsidiaries in the Group, both Italian and foreign, the sub-holding companies’ Internal Audit Departments, jointly with FS Italiane S.p.A.’s Internal Audit Department <sup>15</sup>, decide whether to set up an Internal Audit Department considering:

- their specific characteristics and respective risk profiles;

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<sup>15</sup> that the evaluation of proposed organisational changes is subject to discussion by the head of the parent’s Internal Audit Department, as group process owner, in accordance with the “Professional Family Management Tools” policy.



- efficiency criteria, without prejudice to the objective of effective oversight of the ICRMS and the performance of internal audit activities in accordance with the guidelines and methodologies established by the parent company's Internal Audit Department.

Furthermore, in line with the framework of internal rules and the Group's governance model, the parent company's Internal Audit Department provides guidance, coordination and control over the implementation, from a methodological standpoint<sup>16</sup>, of the internal audit processes adopted by the Internal Audit Departments of all Group companies by:

- defining and updating the guidelines, operating models, audit methodologies and monitoring/control that they are correctly applied;
- selecting the digitalisation requirements of internal audit processes;
- defining continuous improvement programmes and monitoring that they are applied and are correctly aligned with international standards, including through external quality reviews;
- checking the proper methodological application of the monitoring of corrective action taken in response to audit findings by all the companies' Internal Audit Departments; supervising the implementation of the corrective actions for significant findings of the companies' Internal Audit Departments, with the exception of the findings relating to matters that are outside the scope of the parent company's guidance and coordination, as defined in the FS Italiane Group's Regulation;
- methodological oversight and performance of continuous auditing within and in line with the operational scope of the parent company's Internal Audit Department, as previously defined.

The head of the parent company's Internal Audit Department is involved in the assessment and definition of any conflicts of interest involving the heads of the subsidiaries' Internal Audit Department.

The head of the Internal Audit Department reports to the BoD, whose Chairperson ensures a liaison between the Internal Audit Department and the BoD. The company's Control, Risks and Sustainability Committee - where one has been set up - monitors the Internal Audit Department's autonomy, adequacy, efficiency and effectiveness, jointly with the BoD Chairperson.

Internal auditing at Group level is independent and objective, provides assurance and serves an advisory purpose, to improve the company's efficiency and effectiveness. It also helps the company to pursue its targets through a professional and systematic audit approach, which generates added value as it is aimed at assessing and improving control, risk management and corporate governance processes<sup>17</sup>.

Accordingly, the Internal Audit Department is responsible for:

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

All functions, units, processes and/or sub-processes and IT systems (including accounting systems) are subject to internal audits in relation to risks with the consequent objectives of:

- efficiency and effectiveness of business processes (i.e., operational audits);
- reliability of financial reporting (i.e., financial audits);
- compliance with laws, regulations, the articles of association and applicable regulations, with particular regard to, for example, the 231 organisational and management model, the anti-corruption policy and the anti-bribery & compliance (ABC) management system (e.g., compliance audits);
- safeguarding Group assets (the combined effect of the previous types of internal audits).

<sup>16</sup> For the proper adoption of the Internal Audit Standards defined by the department at Group level.

<sup>17</sup> Definition approved by the Board of Directors of the Institute of Internal Auditors on 26 June 1999 and implemented by the current International Standards for the Professional Practice of Internal Auditing.

The Internal Audit Departments provide operational support to the supervisory bodies (SBs) of the companies and subsidiaries without their own Internal Audit Department in the performance of the supervisory activities.

#### Risk management

Within the scope of the internal control and risk management system, the Risk Management & Climate Resilience department, which is part of FS Italiane S.p.A.'s Security & Risk area, defines and monitors the implementation of the Group's risk management strategies, guidelines and policies, including through the design, implementation and governance of the risk management framework, the resulting integrated monitoring process, and reporting to the Group's governance and control bodies. It also guides and coordinates the units in this professional family.

The FS Italiane Group's risk management framework defines the scopes, roles and responsibilities, methodologies and tools of the risk management process supporting risk-based business decisions. Adopting a single Group-wide framework enables the Group to:

- ensure risk governance that is consistent with the FS Italiane Group's governance model;
- make the identification, analysis and representation of risks consistent;
- encourage the spread of a risk management culture;
- foster the development of this professional family.

#### Anti-Corruption Department

As part of the ICRMS level 2 controls, the Anti-Corruption Unit, which is part of FS Italiane S.p.A.'s Security & Risk area, defines and monitors the implementation of the Group's anti-corruption strategies, guidelines and policies, for including through the design, implementation and governance of the anti-corruption framework, the resulting integrated monitoring process, and reporting to the Group's governance and control bodies. It also guides and coordinates the units in this professional family. Internal quality reviews are conducted periodically to check that the work of the Group's Anti-Corruption Department is consistent with its mission and the Group's regulatory framework, as well as the application of the methodologies defined by the parent company.

#### Data Protection Officer

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

Group measure no. 295/AD "Personal Data Protection Management Model" of 9 April 2021 lays out the fundamental data protection principles and describes the roles for their implementation within the FS Italiane Group, along with the structure of macro responsibilities and information flows from and to the BoD, senior management, the units involved in the development of the data protection framework and those involved in the processing of personal data, to protect data subjects as much as possible. All Group companies have implemented this Group measure and, depending on the complexity of their personal data processing, have appointed their own respective Data Protection Officers ("DPO"), responsible for ensuring that the operating methods and information flows indicated in the Group measure are followed.

As required by the GDPR, the Data Protection Officer is responsible for monitoring compliance with the same GDPR and other legal provisions on the protection of data and is, for all intents and purposes, part of the ICRMS.

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

- Controller: the CEO/Sole Director of each company, as appointed by the respective BoD;
- Data Manager: the head of the organisational structure that, in relation to its assigned activities, the Controller has delegated to manage personal data processing;

- External Data Processor: a data processor to which the Controller has outsourced the processing, named whenever the Controller's company has data processed externally, including intraGroup processing;
- DPO of FS Italiane S.p.A.: the person appointed upon the proposal of FS Italiane S.p.A.'s CEO (Controller), to whom the DPO reports, specifically with regard to the DPO's duties under article 39 of the GDPR. In 2022, FS Italiane S.p.A.'s CEO, upon the proposal of the Controller (i.e., the CEO), approved the designation of a professional from outside the company as Data Protection Officer;
- Company DPO: the person appointed for each company, upon the proposal of the CEO (Controller), by the company's BoD, to whom the DPO reports, specifically with regard to the DPO's duties under article 39 of the GDPR and to the application of the data protection framework within the company;
- Data Protection Officer: the contact person for the parent company's DPO with respect to all activities, appointed by the Controller.

For the operational implementation of the principles set forth in Group measure no. 295/AD "Personal Data Protection Management Model", FS Italiane S.p.A. issued Group organisational notice no. 65/GCASC/DPO "Implementation of the personal data protection management model" of 9 April 2021, which the subsidiaries have implemented and which provides detailed guidance on the activities to carry out in order to ensure compliance with the provisions of the Regulation. The organisational notice governs all aspects of data protection by design and by default, the data protection impact assessment, the management of third parties, the handling of data breaches, the definition and application of the personal data retention period and the management of data subjects' rights.

For better oversight of data protection processes, the distributed governance model was fully implemented in 2022, with the designation of the company DPOs for the main subsidiaries of FS Italiane S.p.A.. Moreover, the Group is implementing an IT system for the governance of processes relating to the protection of personal data.

### Compliance

The Compliance department, in the Legal Affairs area, monitors the national and international legislation and best practices applicable which the company and Group rules must reflect, ensuring and providing the necessary support for the definition of actions to take to ensure compliance with new laws and regulations, as well as the resulting organisational, strategic and business implications. It also checks that the company and Group guidelines, requirements and procedures are in line with legislation, proposing areas of improvement for the purpose of correct legal orientation. It also provides specialised support, coordinating with other relevant company units, for the implementation and management of internal control models and compliance programmes relating to the ABC system and the antitrust compliance programme, within which the head of the Compliance Department, along with the head of the Antitrust Department (Corporate Affairs - Regulatory and Antitrust Affairs), serves as the "body responsible for executing the programme". In addition, with the coordination of the 231 Team, it updates FS Italiane S.p.A.'s 231 Model with respect to developments in the application regulations and changes in the organisation and processes. It supports decision-making processes by analysing business and trade compliance profiles with respect to trade development initiatives abroad (business partners, consultants and sales promoters), M&As, sponsorships and other strategic initiatives.

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

In line with the organisational solutions adopted by the other control levels (2 and 3) of the ICRMS, the Group has a decentralised compliance model, which sees the presence of a Compliance structure as Group Functional Manager in the Parent company, and Compliance structures/units in the subsidiaries. This organizational articulation allows adequate specialisation by type of business, gaining advantages from proximity to the business units and enhancing the specific organisational and operating characteristics of the individual companies, while ensuring the definition and adoption of a single Compliance Governance Model.. This compliance model is transposed into the internal governance systems of the Group companies, which issue their own organisational measures in this respect to apply its content to their specific business organisations. Based on the specific nature of their organisations and business and the operational complexity of their

activities, the subsidiaries' compliance units ensure the application of methodologies and operating procedures that are consistent with those outlined in the Group compliance model. To this end, the Compliance Department guarantees specialist and methodological support to the subsidiaries' compliance units/departments on issues related to implementing the Group compliance model.

Furthermore, in line with the FS Italiane Group's governance model, the head of the Compliance Department supports the Chief Legal Officer, as Group process owner, in steering and coordinating the Legal & Compliance professional family. Specifically, the Chief Legal Officer ensures centralised coordination of the professional family through shared managerial levers and the identification and implementation of integration strategies, encouraging the development and application of synergies, promoting the fullest professional integration and overseeing, in a single, consistent manner, the development of skills and expertise, including through common working models and experiences and organised sharing of the know-how available within the Group.

#### *FS Italiane S.p.A.'s Manager in charge of the company's accounting documents preparation*

In 2007, as per the request of the shareholder MEF, FS Italiane S.p.A. created the position of "Manager in charge of the company's accounting documents preparation", 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 Dublin Stock Exchange (EMTN programme), resulting in FS Italiane S.p.A.'s status as a public interest entity pursuant to article 16 of Legislative decree no. 39/2010 as an "Issuer of listed financial instruments".

FS Italiane S.p.A.'s current Manager in charge of the company's accounting documents preparation, most recently appointed by the BoD on June 16, 2021 upon the CEO's proposal and with the approval of the board of Statutory Auditors, is Roberto Mannozi, head of Administration, Planning & Control. His term of office ends with the approval of the financial statements as at and for the year ending 31 December 2023. With respect to the requisites for appointment as the manager in charge of the company's accounting documents preparation, article 16 of FS Italiane S.p.A.'s articles of association establish that the BoD shall appoint the Manager in charge of the Company's accounting documents preparation for a period not less than the term of the BoD's office and not more than six years, with the prior mandatory approval of the board of Statutory Auditors. The articles of association also require the Manager in charge of the Company's accounting documents preparation to be chosen according to criteria of professionalism and skills from among the managers who have adequate experience for the scope and complexity of the position. The parent's BoD approved the regulation for duties of the Manager in charge of the Company's accounting documents preparation on July 28, 2015 to give the manager the appropriate means and powers to be able to carry out the assigned duties and to enable the manager to liaise with the other bodies and departments.

Considering the FS Italiane Group's organisational and operational complexity, in order to reinforce and more effectively implement legislation, FS Italiane S.p.A.'s BoD decided to encourage the appointment of managers of accounting documents preparation by its main subsidiaries, from the beginning.

Currently, the following companies have appointed managers in charge of the company's accounting documents preparation: RFI S.p.A., Trenitalia S.p.A., Mercitalia Logistics S.p.A., Mercitalia Rail S.r.l., Busitalia-Sita Nord S.r.l., Ferservizi S.p.A., Fercredit S.p.A., FSTechnology S.p.A., Ferrovie del Sud Est S.r.l. and FS Sistemi Urbani S.r.l.<sup>18</sup>. Anas S.p.A. and its subsidiaries, Anas International Enterprise S.p.A. (AIE) and Quadriatero Marche Umbria S.p.A. have also appointed managers in charge of the company's accounting documents preparation.

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

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<sup>18</sup> FS Sistemi Urbani S.r.l. appointed the manager in charge of accounting documents for the first time on November 16, 2022.

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

FS Italiane S.p.A.'s manager in charge of the company's accounting documents preparation prepares and updates the financial reporting internal control model (the "262 Model"), in line with the provisions of article 154-bis of the Consolidated finance act and based on the applicable international standards (CoSO Report "Internal Control – Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission).

This model provides for a manager in charge of the company's accounting documents preparation within the parent company and managers in charge of the company's accounting documents preparation in the main subsidiaries as well. FS Italiane S.p.A.'s manager in charge of the company's accounting documents preparation coordinates the definition of the annual plan of activities for Group compliance with Law no. 262/2005 ("262 activities"), supplemented with the Tax Control Framework plan for the participating companies (see below), and submits the plan to the parent company's BoD for approval - and to the subsidiaries' Boards of Directors for their approval of the sections relating to them, where such subsidiaries have managers in charge of the company's accounting documents preparation. The parent company's manager in charge of the company's accounting documents preparation defines and updates the guidelines on the 262 process, including the standards for administrative/accounting procedures and the methodologies for auditing that the controls are adequate and effectively applied, provides instructions for the issuing of attestations on internal controls over financial reporting, supervising the proper implementation of the Group's guidance. The subsidiaries' managers in charge of the company's accounting documents preparation implement and maintain the internal controls over financial reporting, continuously exchanging information with the parent company's manager in charge of the company's accounting documents preparation. Upcoming changes in the model - in line with the Group's current governance model - will lead the sub-holding companies' managers in charge of the company's accounting documents preparation to take on a role of coordinator for the 262 activities of FS Italiane S.p.A.'s indirect subsidiaries.

The main aspects of the Model are:

- the central role of the process owners/control owners, belonging to the various company units, for the purpose of defining and maintaining over time an adequate system of internal controls over financial reporting;
- its risk-based nature, whereby all the stages of the process are prioritised based on the "262 risk" assessment methodology;
- its integration with other control models, also in light of the accurate mapping of 262 controls over processes and their owners;
- its dynamic response to changes in operations, the organisation and the applicable legislative framework, as well as updates and best practices in the scope of the ICRMS.

As mentioned above, the 262 Model is coordinated with the Group's other control models for a more efficient integrated ICRMS. For example, for the companies that have implemented the Tax Control Framework (TCF) or anti-bribery and corruption (ABC) models, the 262 controls that are also considered TCF or ABC risk controls are labelled as such and are included in all stages of the 262 process. As described further on (see the section on the TCF) - precisely to make use of the procedural and monitoring system for controls that has already been extensively implemented for the purposes of compliance with Law no. 262 - 262/fiscal/fiscalized procedures have been introduced with validation by the Manager in charge of the company's accounting documents preparation and the tax manager for the respective aspects that concern them. The administrative/accounting procedures and related controls are also safeguards for the companies' 231 Models. As indicated in Group measure no. 250/AD "FS Italiane Group's financial reporting control model", the financial reporting control process consists of the following stages: identification of the company/process within the 262 scope; process mapping; risk and control assessments; issue/revision of procedures; self-certification of the adequacy and effective functioning of controls by control owners/process owners (i.e., self-assessment mechanism); independent tests; assessment of weaknesses and management of action plans. The individual stages of the process and the respective roles are detailed below.

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

The scope is identified:

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

In addition, an analysis is conducted in this scope - based on quantitative criteria that can be integrated with qualitative considerations - to identify any additional subsidiaries that could require a manager in charge of the company's accounting documents preparation.

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

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

During the risk and control assessment, jointly with the process owners, the staff of the Manager in charge of the company's accounting documents preparation identifies the 262 risks and conducts an assessment following a specific qualitative and quantitative methodology that is tied to impact and probability parameters. The existing controls over such risks are then identified and assessed for adequacy, highlighting any needs to integrate or improve the design of the controls (at the date of this report, over 6,000 controls of the Group procedures had been mapped). This is the stage in which the key and super key procedure controls are identified - in line with the assessment of the underlying risks. The key and super key risks are those that could lead to a more significant risk of incorrect disclosure or misstatement in the financial statements if they are missing or not functioning. The risk assessment is updated at least once a year after the financial statements are published.

When procedures are issued or revised, the administrative/accounting procedures are formalised, which govern the narrative (the document describing the stages of the process) and control matrix (the document indicating the 262 risk controls identified for the process and the related process owners). The administrative/accounting procedures therefore govern the activities and controls pursuant to Law no. 262/2005 for processes with an impact on financial reporting in order to prevent the risk of incorrect or omitted recognition in the separate financial statements, consolidated financial statements and other financial reports to the stakeholders, in addition to monitoring fiscal risks, where applicable (i.e., the fiscal and fiscalized procedures).

The administrative/accounting procedures may apply to the entire Group, in which case they are issued by the parent company's manager in charge of the company's accounting documents preparation, or they may apply to an individual company, in which case they are issued by the relevant company's manager in charge of the company's accounting documents preparation or administrative manager and are validated by the relevant process owners.

Before they are issued, corporate administrative/accounting procedures are subject to quality assurance tests conducted by the parent company's Manager in charge of the company's accounting documents preparation to check that they are consistent and compliant with Group standards and guidelines, resulting in the issue of a quality assurance stamp by the parent company's Manager in charge of the company's accounting documents preparation. At the date of this report, the Group had issued over 400 company and Group administrative/accounting procedures, including the fiscal/fiscalized procedures (validated by the tax managers). In addition, the "single administrative/accounting procedure" model was recently rolled out for processes in which the outsourcer Ferservizi follows a similar procedure for the various Group companies as its clients, also with a monitoring process carried out on a unitary basis.

They are adequately disclosed to the main company departments/subsidiaries, senior management and all control bodies, and are published on the Group's website

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

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

The mechanism for the flows of information described above entails the ongoing involvement of the company departments - and not only the administrative and accounting department - to make it increasingly reliable to source the information and data used for financial reporting. The self-assessment process therefore helps continuously update and improve the system of administrative/accounting procedures on the basis of the information reported by the process owners.

During the independent testing stage, an independent team audits the adequacy of the design and effective operation of these controls on the basis of specific audit standards and methodologies. The testing process is carried out with the coordination and supervision of the parent company's Manager in charge of the company's accounting documents preparation and consists of the following steps: 1) definition of a periodic plan of checks for the Group, identifying a schedule and appointed teams; 2) identification of testing procedures (test scripts); 3) performance of the tests and formalisation of results; and 4) analysis and evaluation of any weaknesses.

The staff of the parent company's Manager in charge of the company's accounting documents preparation may conduct quality assurance checks on the test scripts to check that they comply with the Group standards. The testing is mostly conducted with the support of the Audit Departments and using Ferservizi S.p.A. resources with which the parent company has signed a specific service agreement. In addition, external professionals may also be used. Moreover, the outcome of the tests on the 262 controls that the independent auditors perform to guide the audit strategy is also considered synergistically. Lastly, the Group is proceeding with the application of the combined assurance methodology to integrate - where possible - 262 testing in planned audits to improve, *inter alia*, operational efficiency.

The purpose of the action plan management stage is to, in response to any weaknesses in the design and/or operation of the controls that arise in the various stages of the 262 process (and, in particular, in the independent testing and self-assessment monitoring process), identify the specific actions to be taken, the people responsible and the resolution times. The action plans are defined by the staff of the managers in charge of the company's accounting documents preparation/administration managers with the process owners and their effective implementation is supervised and monitored.

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

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

As for relationships between the Manager in charge of the company's accounting documents preparation and the various control bodies/functions (CEO, BoD, the board of Statutory Auditors, including the Audit Committee, the Control, Risk and Sustainability Committee, the supervisory body, the independent auditors, the Internal Audit Department, the Anti-Corruption department, etc.), the aforementioned Regulation for the Manager in charge of the company's accounting documents preparation defines the inter-relationships and reporting flows.

The Manager in charge of the company's accounting documents preparation collaborates with the other control functions to share planned activities, the outcome of such activities and action plans to create synergies and optimise the Group's control process.

Lastly, to integrate the above-mentioned Law no. 262/2005 compliance model and, more in general, to strengthen the Group's ICRMS, the Group has implemented Group-wide models for the Segregation of Duties (SoD) and Information Technology General Controls (ITGC).

The aim of the SoD model is to activate operational controls over processes with specific focus on those for financial reporting, to ensure that responsibilities are defined and duly assigned without functional overlapping or operational assignments that concentrate critical activities on one single operator. Another purpose of the SoD model is to provide a consistent and coherent view of the entire authorisation system for the management of roles and users in the information systems.

The aim of the ITGC model is to define internal controls over IT processes to ensure the continuous and correct functioning of the business application systems that process the data used in financial reporting. The ITGCs include controls over the stages of development and maintenance of application systems, the purchase of software, logical access security, etc.. The use of the ITGC model, for the main subsidiaries that have implemented it, helps the heads of FS Technology's business units provide the managers in charge of the company's accounting documents preparation/administrative managers with the IT statements on the effective functioning of the financial reporting systems.

#### Tax Control Framework

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

FS Italiane S.p.A.'s and the FS Italiane Group's Tax Control Framework, as outlined in the documents "Ferrovie dello Stato Italiane S.p.A. and FS Italiane Group tax strategy" and "Ferrovie dello Stato Italiane S.p.A. and FS Italiane Group internal control model on the recognition, measurement, management and control of tax risk", provides for a tax risk control framework that, for the purposes of the economy and efficiency of the organisational process, is based on the 262 Model, thereby benefiting from the controls already effectively adopted for compliance with Law no. 262/2005 to ensure the truthfulness of financial reporting. Specifically, this model provides for the integration of the administrative/accounting procedures of the Manager in charge of the company's accounting documents preparation and tax annexes (i.e., fiscalized procedures) and the issue of additional procedures (i.e., fiscal procedures) to govern business processes that typically have a tax impact and were not previously governed. The Tax Control Framework includes the guidelines for the recognition, measurement, management and control of tax risks associated with the proper interpretation of tax law (i.e., interpretation risk). Interpretation risk relates to tax matters of a merely interpretative/assessment nature that could be seen differently by the taxpayer and the tax authorities. It typically arises on transactions that are, by their nature or frequency, beyond the scope of ordinary company activities (i.e., non-routine transactions), although they may also arise in ordinary processes for the fulfilment of tax obligations and in tax consulting to other company departments, especially when new legislation or processes are applied. These guidelines, which also serve for the fulfilment of the disclosure obligations pursuant to article



5.2.b) of Legislative decree no. 128 of August 5, 2015, were implemented by FS Italiane S.p.A. with a specific organisational notice (no. 552/APC of December 21, 2021) and by the other Group companies, RFI S.p.A. and Trenitalia S.p.A., which, together with the parent company, have joined the tax cooperative compliance programme. FS Italiane S.p.A.'s Board of Directors governs and steers the Tax Control Framework, which is managed by the Tax director with the assistance of the Tax Compliance department within the tax department under the Administration, Planning & Control Department.

#### Planning and management control system

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

- the Strategy, Sustainability & Asset Management department, which, to generate economic, environmental and social value for all stakeholders, defines the Group's strategies, strategic positioning and the development of the Group's business both in Italy and abroad;
- Administration, Finance & Control department (AFC):
  - manages, in line with the Group's strategies and strategic guidelines, the medium- to long-term planning process for the definition of the Group's business plan and monitors and checks the latter's implementation. In particular, it ensures the preparation of the parent company's and the Group's business plan by coordinating and supporting the development and consolidation of the proposals/plans of the individual Group units/companies, before they are validated by the CEO, and monitors their implementation;
  - oversees the Group's planning and management control system through the operational implementation of planning (budgeting process) and the calculation and the analysis of actual results; specifically, it ensures the preparation of the parent company's and FS Italiane Group's budget, defining the guidelines for the annual budget and management control process for the Group and supporting the subsidiaries in the preparation of their budgets, and monitors their implementation.

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

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

Short-term and operational management controls - which are based on analysing differences between actual and budgeted/long-term planning figures at the end of each month - allow to verify, with specific focus at the end of each quarter, whether the actions that the structures/companies have taken are consistent with plans and to identify the causes of any discrepancies to take the appropriate corrective action and evaluate the performance of those responsible as part of the management by objectives model.

#### Independent auditors

The engagement for the statutory audit of the financial statements of the parent company and its subsidiaries has been assigned to KPMG S.p.A. since the 2014<sup>19</sup>. In accordance with the special applicable provisions of Legislative decree no. 39/10 (article 16 and subsequent articles), after FS Italiane S.p.A. took on the status of a public interest entity following the 2013 issue of the listed bonds, the term of the engagement for the statutory audit is nine years (2014-2022). This means that KPMG S.p.A.'s engagement with FS Italiane S.p.A. expires with the approval of the financial statements as at and for the year ended December 31, 2022<sup>20</sup> and a call for bids for the statutory audit engagement to be assigned to new independent auditors for the next nine-year period (2023-2031) took place in 2022.

To preserve the independence of the auditfirm, in accordance with EU regulation no. 537/14 and Legislative decree no. 135/2016 on statutory audits, there is a specific procedure (Group measure 246/AD of February 19, 2018) defining the principles and operating methods for the assignment of engagements - particularly those for non-audit services - to

<sup>19</sup> With the exception of the Anas group, which is audited by Ernst & Young (EY)

<sup>20</sup> On March 21, 2023, the shareholder of FS Italiane S.p.A. approved the assignment of the engagement for the statutory audit of FS Italiane S.p.A. for 2023-2031 to the new independent auditors.

independent auditors and/or entities in their network. FS Italiane S.p.A.'s Board of Statutory Auditors expresses a binding prior opinion on whether the respective Group company should assign additional engagements – therefore other than the main audit engagement – to the auditors or entities in the same network.

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

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

As from January 1, 2020, as resolved during the meeting of 17-18 December 2019, the Court of Auditors appointed Section President Giovanni Coppola to oversee the financial management of the parent company. During the meeting of January 1, 2021, as previously resolved during the meeting of November 3, 2020, the Court named the director Roberto D'Alessandro as deputy Magistrate to oversee the financial operations of the parent company.

## Additional information on corporate governance

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### *The Code of Ethics*

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

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

### *Processing of corporate information*

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

In 2022, in accordance with current corporate measures, activities related to the processing of corporate information, has continued. They started in 2016 with the adoption by FS Italiane S.p.A.'s Board of Directors of the "Regulation for the internal management and disclosure of insider information and the processing of confidential information" (the insider dealing regulation) on May 27, 2016, as updated and amended in the meeting of September 13, 2017. This regulation was implemented with Group measure no. 261/AD of January 21, 2019<sup>21</sup>.

The aim of the insider dealing regulation is to prevent the disclosure of insider and/or confidential data and information concerning the Group at an unexpected or premature time to avoid the risk of the company being held liable for conduct by people within it or related to it constituting the crimes covered by current legislation. Accordingly, the regulation defines the principles, mandatory conduct, roles and responsibilities for the processing and management of the Group's insider and confidential information. Parties like directors, Statutory Auditors and employees of FS Italiane S.p.A. and its subsidiaries, consultants, as well as all those who regularly or occasionally have access to privileged/confidential information (so called insider) must comply with the conduct obligations set out in the regulation. In application of the insider dealing regulation and in compliance with the obligations of the market abuse regulation mentioned above, FS Italiane S.p.A. has also implemented a "Procedure for the internal management of the log of people with access to insider information", contained in Group measure no. 261/AD of January 21, 2019, which establishes the operating methods for the compilation of the Insider log. Again, as part of the fight against market abuse, FS Italiane S.p.A.'s Board of Directors has approved the "Code of Ethics for the identification of insiders and the notification of transactions involving FS financial instruments undertaken by them (the "Internal Dealing Code"). Specifically, this code sets out the principles, mandatory conduct, roles and responsibilities of Insiders for the purposes thereof, i.e., the members of the Board of Directors, the standing Statutory Auditors and chief officers of FS Italiane S.p.A., as well as all other parties that were identified previously by FS Italiane S.p.A.'s CEO, that have regular access to insider information directly or indirectly relating to FS Italiane S.p.A., and have the power to make management decisions that affect the company's future direction and outlook. The same obligations

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<sup>21</sup> Replacing group measure no. 239/AD of October 9, 2017.

also apply to persons closely associated with the parties referred to above. The Internal Dealing Code was implemented with Group measure no. 264/AD of March 19, 2019<sup>22</sup>.

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

Group measure no. 306/P/AD of July 20, 2022, which replaced the previous measures introduced since 2002, requires FS Italiane Group companies to adopt organisational, management and control models to prevent unlawful acts covered by Legislative decree no. 231/2001 (231 Models) and establish a supervisory body responsible for monitoring that the models are functional and compliant and propose updates to them. In addition, the measure requires the Group companies to establish whistleblowing channels in accordance with the applicable regulations and internal rules for the management of whistleblowers' reports.

According to the measure, supervisory bodies normally have a collegial form<sup>23</sup>. To ensure the bodies' independence, their members may not hold similar positions with subsidiaries or parent companies nor have interests in or carry out material transactions with the company<sup>24</sup>, subsidiaries or parent companies in the three years preceding their appointment.

On October 26, 2022, FS Italiane S.p.A.'s Board of Directors approved the most recent update to the parent's 231 Model, expanding/updating the types of applicable crimes considering the changes to the legislation and reflecting the main organisational changes involving the parent company. In December 2022, FS Italiane S.p.A. formalised the procedure for the management of information flows to its supervisory body. This procedure replaces the annex to the 231 Model "Standard Information Flows to the Supervisory Body", updating the implementation methods for compliance with article 6.2.d) and the 231 Model. The articles of association of the supervisory body and the related section in the General Part of the 231 Model establish that the supervisory body consists of: (i) at least two members from outside the Group, one of whom - meeting the specific requirements of Legislative decree no. 231/2001 - is named Chairperson; and (ii) another member from outside the Group or, alternatively, the head of the Internal Audit Department. The non-Group member who is not Chairperson may be a member of the board of Statutory Auditors. If all members of the supervisory body are from outside the Group, in order to encourage the integration and synergy of people involved in the internal control system, by resolution of the supervisory body, it establishes whether (i) the head of the Internal Audit Department attends all the meetings to offer advice and support or whether (ii) the supervisory body invites the head of the Internal Audit Department on a case-by-case basis to the individual meetings or to discuss specific matters, again to offer advice and support.

FS Italiane S.p.A.'s supervisory body currently consists of three external members, one of whom has been appointed Chairman.

FS Italiane S.p.A. has set up the 231 Team coordinated by the Compliance Department. The 231 Team's duties include initiating, upon the supervisory body's proposal or recommendation, activities for the updating of FS Italiane S.p.A.'s 231 Model, preparing, following the supervisory body's examination, proposed updates to the model and ensuring regular reporting to the supervisory body. The composition and duties of the 231 Team were last updated with organisational measure no. 242/LEG-COA of December 13, 2022.

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

#### Anti-corruption system

The FS Italiane Group acts ethically and lawfully and with integrity and zero tolerance for corruption when conducting business. To further consolidate its commitment to these principles, which it has upheld for years, moreover with the

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<sup>22</sup> Replacing group measure no. 254/AD of May 17, 2018.

<sup>23</sup> Group measure no. 306/P of July 20, 2022 provides that "small" group companies whose organisations are less complex and/or smaller may set up a body with only one member from outside the group and specific expertise in this respect.

<sup>24</sup> Except those carried out for auditor and/or member of the Board of Auditors.

adoption of a Group-wide Code of Ethics and by joining the United Nations Global Compact, in 2017, the FS Italiane Group voluntarily adopted an Anti-Corruption Framework, which includes:

- the FS Italiane Group's Anti-Corruption policy;
- guidelines on the Anti-Corruption policy, which include the criteria for the development of an effective Anti-Corruption system at FS Italiane S.p.A.;
- the organisational, management and control model pursuant to Legislative decree no. 231/2001, which FS Italiane S.p.A. adopted in 2003;
- the Anti-Bribery & Corruption management system ("ABC system"), which constitutes the corporate Anti-Corruption model and bolsters the Anti-Corruption safeguards by considering both potential crimes of corruption and those of maladministration, i.e., all departures from the rules, including internal rules, that lead to a violation of the aforementioned principles of integrity, ethics and lawfulness.

The anti-corruption framework is consistent with the FS Italiane Group's governance model. Specifically, the Anti-Corruption Units define, implement, monitor and update the ABC system, following the Group methodologies, and provide the parent company's Anti-Corruption Department with feedback and suggestions to continuously improve the ABC system.

According to the guidelines, every FS Italiane Group company must adopt its own Anti-Corruption framework, in line with the company's respective specific organisation and business, in accordance with the applicable regulations, and set up an Anti-Corruption department with operational autonomy and independence, acting in synergy with the other control bodies.

#### *Anti-Corruption policies and whistleblowing mechanisms*

In order to ensure a consistent set of rules and safeguards throughout the FS Italiane Group, in July 2022, FS Italiane S.p.A.'s BoD approved the FS Italiane Group's Anti-Corruption Policy, which is also binding for third parties that interact with the FS Italiane Group companies on the basis of professional and/or business arrangements. It is published in Italian and English on the companies' websites and intranet and is referred to in specific contractual clauses and/or statements guaranteeing that it is known in its entirety and requiring compliance.

The Anti-Corruption Policy contains cross-sectional control principles and rules of conduct for 14 sensitive areas,<sup>25</sup> requiring the individual companies' Anti-Corruption models to adopt and manage the measures protecting specific company processes, about the regulatory, legal and operational context.

In accordance with this framework, the ABC systems identify the prevention, control and organisational tools to address specific risks and the core processes of each company. Specifically, FS Italiane S.p.A.'s ABC system focuses on the processes relating to the following areas: procurement and contracts; assignment of advisory engagements; business development initiatives in international markets; membership fees, sponsorships, co-marketing, gifts and donations; human resources deemed (according to legislation and best practices) as most exposed to the risk of bribery. These areas are analysed by defining and monitoring the standards of conduct (KPIs - key performance indicators) and other indicators of potential irregularities (KRIs - key risk indicators). The ABC system's standards of conduct are included in company measures as a quick reference for the rules of conduct to follow in the performance of duties, making them easier to apply.

The ABC system's main action areas include ongoing training and information. In 2022, training initiatives at FS Italiane S.p.A. consisted of learning capsules, classroom lessons and online courses. In addition, a workshop was offered, "NRRP and FS Italiane Group: challenges and tools for lawfulness". These "vertical" initiatives are in addition to the e-learning course (kicked off between the end of 2019 and the beginning of 2020), which continues to be delivered to new hires at FS Italiane S.p.A.

Each year, a schedule is prepared with a plan of the ABC system implementation activities, which reflects the company's commitment to pursue a truly effective Anti-Corruption policy.

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<sup>25</sup> Relationships with the public authorities; Relationships with third parties; Business partners, promoters and sales agents; Gifts and hospitality; Facilitation and extortion payments; Relationships with political organisations and trade unions; Assignment of specialist and professional advisory engagements; Contracting of works and supplies of goods and services; Corporate finance transactions; Recruitment, hiring, management and development of human resources; Sponsorships, Co-marketing, contributions to associations, bodies, foundations and donations; Obtaining and managing loans and borrowings/government and private grants; Management of real estate assets; Accounting records.

Violations of the principles and standards of conduct in the ABC system are assessed by the relevant units for the application of disciplinary measures.

Under the Group's Code of Ethics updated in February 2018, reports can be made in good faith about potentially illegal or irregular events and conduct in violation of the Code of Ethics through the following channels: email, ordinary post, or other means of communication made available by the company. The confidentiality of the identity of the whistleblower(s) is ensured, as well as their integrity. Moreover, the Group applies a zero-tolerance policy for retaliation.

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

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

The table below shows data on training offered throughout the Group on Anti-Corruption procedures and practices.<sup>26</sup>

<b>Training on Anti-Corruption practices and procedures</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>man/days</b>	<b>2,004.05</b>	<b>418.60</b>	<b>1,309.14</b>	<b>10,367.08</b>	<b>1,475.95</b>
- managers	56.74	45.18	70.61	57.96	211.56
- junior managers	364.09	205.73	320.07	615.59	572.83
- white collars	1,574.54	167.69	746.64	4,506.71	648.87
- blue collars	8.67	-	171.82	5,186.82	42.69

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

#### Antitrust Compliance Plan

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

The FS Italiane Group is committed to analysing and raising employees' awareness of antitrust issues and intends to encourage a culture of preventing antitrust risks and, more in general, competition risks, by developing an Antitrust compliance plan that reflects changes occurred in the relevant sectors in terms of competition, and the antitrust authorities' guidelines and best practices. These were summarised in the AGCM (Italian Antitrust Authority) guidelines for Antitrust Compliance formalised with resolution no. 27356 of September 25, 2018.

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

The Antitrust Compliance Handbook is an integral part of the plan. It describes the limits set by national and European antitrust regulations and outlines the rules of conduct that each Group employee must observe to ensure full compliance.

<sup>26</sup> The data in the table on training refers to the following companies: FS Italiane, RFI, Trenitalia, Italferr, Ferservizi, Grandi Stazioni Rail, Busitalia Sita Nord, Busitalia Campania, Ferrovie Sud Est e Servizi Automobilistici, FSTechnology, Mercitalia Shunting & Terminal, Metropark, Fercredit, FS Sistemi Urbani and Busitalia Veneto.

The handbook is completed with an antitrust Code of Ethics, consisting of an operating manual that simply and clearly lists the main rules of conduct for significant antitrust initiatives, during investigations by an antitrust authority and in the management of competitive procedures as contracting party.

To supplement the Group's Antitrust Compliance tools (i.e., the Antitrust Compliance Handbook and the Antitrust Code of Conduct) and in line with that provided for by the programme's general framework, some of the Group's main companies have set up specific compliance tools, like additional antitrust risk prevention safeguards associated with the particular nature of their businesses (e.g., Trenitalia's and its subsidiaries' antitrust compliance tools: "Big Data" guidelines and "Discounts and purchase obligations" guidelines; RFI: "Non-discrimination obligation guidelines"; Italferr: "Guidelines for participation in tenders"). These additional compliance tools identified that areas requiring more attention for each company, setting out the rules of conduct to follow in order to ensure antitrust compliance and fair competition in their specific areas of operations.

The implementation and updating of the Group's antitrust compliance plan are the responsibilities of the body established, for the parent company, by the FS Italiane Group's Antitrust Policy. This body updates the Antitrust Compliance Plan over time in response to any changes in the context and raises the awareness of Group personnel about antitrust issues by preparing specific training seminars.

#### Related parties

FS Italiane S.p.A.'s Manager in charge of the company's accounting documents preparation has issued a Group-wide administrative/accounting procedure for related party transactions which must be disclosed in the financial statements. This procedure, along with the other corporate procedures that were subsequently issued in line with the parent company's guidelines, also clarify that all transactions with FS Italiane S.p.A.'s and its subsidiaries' related parties must be carried out in accordance with appropriate standards and procedures. In addition, the procedures require that contracts establish the transfer pricing method of the transaction and explicitly evaluate the fairness of transfer prices with respect to market prices for similar transactions, otherwise they must explicitly state how the terms of the transaction differ from market conditions (with justification for such difference). The procedures also state that intraGroup transactions must be carried out on the basis of mutual cost effectiveness and the conditions applied must be defined considering the common objective of creating value for the entire FS Italiane Group. Each FS Italiane Group company's key managers, directors, standing Statutory Auditors and members of the internal control bodies periodically state, through a representation system defined in formal procedures, whether they have directly or indirectly carried out transactions with the company for which they work and/or its subsidiaries, and whether such transactions were concluded under normal market conditions or not.

#### Other committees

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

The Ethics Committee, set up with Group measure no. 50/AD of January 30, 2006 and updated in its composition with organisational measure no. 243/AD of December 15, 2022, carries out advisory activities and sets guidelines within the framework of the principles and rules of the FS Italiane Group's Code of Ethics, as resolved by FS Italiane S.p.A.'s Board of Directors. It is responsible for clarifying, through advisory opinions, the interpretation and application of the Code of Ethics, examining the information that it receives, via defined communication channels, and promoting the most appropriate checks that are consistent with the corporate provisions. It ensures total confidentiality to the whistleblower, using information and documentation management criteria and methods adequate to safeguard their identity and honourableness, except for legal regulations. It supports relevant company structures in defining personnel communication and/or training initiatives on the Code of Ethics or its updates. It examines any need to modify/integrate the Group's Code of Ethics upon proposal of the Ethics Committees of the Group companies. It coordinates and maintains information flows with the company's supervisory body, appointed pursuant to Legislative decree no. 231/2001 for the aspects of mutual interest. It regularly informs the

Board of Directors of the relevant company on the activities carried out with special attention to the management of the information received.

The Capital Allocation Committee, established with Group organisational notice no. 93/AD of August 3, 2022 and updated with organisational measure no. 243/AD of December 15, 2022, has the following duties with respect to the Group's M&As, significant investments/divestments and participation in tenders by the company units and Group companies:

- giving its approval;
- ensuring the initiatives are consistent with the strategies and targets of the FS Italiane Group's business plan;
- ensuring their financial sustainability;
- monitoring their progress.

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

The Credit Committee, set up with Group measure no. 210/AD of June 23, 2016 and updated with organisational measure no. 243/AD of December 15, 2022, has the following duties:

- monitoring the performance of Group assets, highlighting any critical aspects and promoting the necessary corrective action;
- assessing consolidated exposure by counterparty and any possible offsetting.

The Sustainability Committee, set up with Group measure no. 211/AD of July 1, 2016 and updated with organisational measure no. 243/AD of December 15, 2022, to ensure the integration of social and environmental aspects in the Group's economic/financial strategies and promote the values and principles of sustainable development. It has the following duties:

- identifying and updating the Group's strategic goals, corporate values and sustainability principles, as well as the Group's vision and related commitment in each sustainability area for final approval by the Board of Directors;
- identifying the methods to communicate with, listen to and engage stakeholders, as well as the methods to share results and actions to undertake;
- evaluating, together with the relevant departments, the environmental and social repercussions of strategic investment decisions and the related risks that may impact Group performance;
- guarantees alignment and synergies with the other company committees, promoting sustainability principles;
- analysing and assessing the Group materiality matrix, preparing and updating the Group's sustainability policies and drafting the proposed medium- and long-term sustainable goals and targets for the final approval of the Board of Directors;
- analysing and assessing any strategic initiatives supporting the companies;
- evaluating the Group's sustainability performance and the contents of the sustainability report and providing instructions and policies to plan improvement steps.

The Green Bond Working Committee, set up with Group organisational notice no. 2/DCRUO of March 27, 2018 and updated with organisational measure no. 243/AD of December 15, 2022, it has the following duties:

- monitoring that the individual projects continue to meet the green bond financing eligibility criteria under FS Italiane S.p.A.'s Green Bond Framework (GBF);
- evaluating any new eligible projects under the current GBF.

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

The Group Crisis Management Committee, set up with Group organisational notice no. 82/AD of April 4, 2022 and updated with organisational measure no. 243/AD of December 15 2022. It is responsible for:



- guaranteeing the coordinated management of serious crises caused by anthropic or natural events (including, but not limited to: public health emergencies, natural disasters, socio-political events, war events, economic/financial crises, cyber attacks, terroristic attacks, etc.) affecting Italy and/or the international scenario, which could potentially or effectively have a significant impact on the operations and reputation of one or more Group companies;
- activating the resources and information flows necessary to ensure business continuity and ensuring the efficient operation of the networks and customers services and the integrity of the FS Italiane Group's reputation;
- ensuring protection for "significant critical events and incidents" in railway operations, as codified in the subsidiaries' regulatory documents, when they could potentially have negative impacts on more than one Group company;
- managing any crises relating to the safety of Group workers abroad (travel security).

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

The *Sponsorship and Partnership Committee* was set up with Group organisational notice no. 78/AD of January 26, 2022 and updated with organisational measure no. 243/AD of December 15, 2022. It is responsible for:

- assessing communication and/or marketing sponsorships and partnerships proposed by company units or Group companies to make sure they are in line with Group strategies and communication goals and suitably improve the Group's image and help promote the products/services of the parent company and/or relevant Group company;
- approving the proposed sponsorships and partnerships.

#### Protection of human rights

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

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

In 2017, the Group joined the United Nations Global Compact, undertaking to comply with the 10 human rights, labour, environmental and Anti-Corruption principles and integrate them in its business. These principles integrate and reinforce the Group principles previously established in the Group's sustainability policy, the Code of Ethics, the 231 Model, the Anti-bribery and Corruption Management system and the Anti-Corruption policy. By joining the Global Compact, the Group has formally undertaken to:

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

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

- the use of standard and specific contractual human rights<sup>27</sup> clauses in agreements signed with suppliers (including the requirement that suppliers sign the Group's Code of Ethics), and including a scoring criterion that rewards suppliers for their sustainability<sup>28</sup>;
- the pursuit of better methods for supply chain management thanks to the participation in the Responsible works, an initiative that brings together major railway companies and the Group's commitment in the preparation of the "Sustainable procurement management guidelines" to integrate the more recent national and international sustainability standards - including human rights - in the procurement of goods, service and labour;
- protecting the rights of passengers with disabilities and reduced mobility. The Group offers an assistance service at 332 stations to ensure that passengers with physical, sensory, or motor disabilities that temporarily or permanently affect their mobility, have the right to move around easily. The reference point for the organization of the service is the network of Blue Rooms consisting of 15 territorial Blue Rooms present in the most important Italian stations and the new national Blue Room, born during the health emergency. In 2022, six training courses were provided to about 120 Blu Room staff members to improve their technical and soft skills, and a new operating dashboard was developed to monitor in real time how long people were put on hold before they reached a telephone operator in order to optimise waiting times;
- 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 distress<sup>29</sup>.

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<sup>27</sup> In regards of the awarding of contracts and the concessions of works and services in particular, the FS Italiane group applies "social clauses", i.e., provisions that oblige to comply with certain social and labour protection standards in order to promote employment stability.

<sup>28</sup> RFI S.p.A. has had a scoring criterion in tenders since the second half of 2017, which includes the respect for human rights (prevention of child and forced labour, anti-discrimination and support for the fundamental human rights); this inspired the "Supply Chain Sustainable Management" project to improve the sustainability of FS Italiane group's suppliers. Reference should be made to the section on "The commitment to sustainable development - Sustainable supply chain" for additional details.

<sup>29</sup> Reference should be made to the Commitment to sustainable development - Commitment to the community paragraph for further information.

# The Group's financial position and performance

## Introduction

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For the purposes of describing its financial position and performance, the Group has prepared reclassified financial statements (presented on the next pages) in addition to those required by the IFRS adopted by the FS Italiane Group. The reclassified financial statements comprise performance indicators that management has considered useful during the year in monitoring the Group's performance and in presenting the financial results of the business. The methods used to calculate these indicators are also explained in the analysis below to give a better understanding of the Group's financial position and performance in 2022 and are those described in the previous "Key and Glossary" section.

The changes in the consolidation scope are shown separately to allow a better understanding of the comments on the Group's financial performance during the year and the changes compared to the previous year. Specifically, these changes in the consolidation scope are due to the following transactions: a) the sale of the Tuscan local public road transport business unit following the Council of State's ruling no. 47719/2021 of 21 June 2022 (which confirmed the awarding of the tender for the assignment of these services in the Tuscany Region to Autolinee Toscane S.p.A. and established that the personnel and assets of Busitalia Sita Nord S.r.l., Ataf Gestioni S.r.l. and its consortium companies must be transferred to the incoming operator by 1 November 2021); and b) the consolidation of the Spanish company ILSA Intermodalidad de Levante SA, which has operated the passenger transport service on the Iberian Peninsula's main high-speed (HS) railway lines since 25 November 2022.

Moreover, the Group's results for the year reflect the performance of its core businesses against a highly uncertain backdrop with prospects of a global economic downturn due to the conflict in Ukraine, the critical difficulties tied to energy commodities and the sluggish Chinese economy. However, the progressive easing of restrictions on mobility in both Italy and the foreign countries where the Group operates, combined with the Group companies' determination to readily respond when mobility resumed, each in its respective mode of transport, while focusing every possible operational effort on implementing - from day one - the strategies outlined in the new industrial plan, all played a key role in generating the Group's results for the year, and the data show a clear improvement on the previous year, not only in revenue and operating profit, but in the profit for the year as well.

## Reclassified income statement

	millions of Euros						
	2022	2021	Change	%	Change in cons. scope	Change on a like-for-like basis	%
<b>REVENUE</b>	<b>13,664</b>	<b>12,242</b>	<b>1,422</b>	<b>12</b>	<b>90</b>	<b>1,512</b>	<b>12</b>
Revenue from sales and services	13,169	11,835	1,333	11	74	1,407	12
Other income	495	407	88	22	16	104	26
<b>OPERATING COSTS</b>	<b>(11,452)</b>	<b>(10,354)</b>	<b>(1,098)</b>	<b>(11)</b>	<b>(68)</b>	<b>(1,166)</b>	<b>(11)</b>
<b>GROSS OPERATING PROFIT</b>	<b>2,212</b>	<b>1,888</b>	<b>324</b>	<b>17</b>	<b>22</b>	<b>346</b>	<b>18</b>
Amortisation and depreciation, provisions and impairment losses	(1,950)	(1,695)	(255)	(15)	(7)	(262)	(15)
<b>OPERATING PROFIT</b>	<b>262</b>	<b>193</b>	<b>69</b>	<b>36</b>	<b>15</b>	<b>84</b>	<b>44</b>
Net financial income (expense)	(50)	14	(64)	>200		(64)	>200
<b>PRE-TAX PROFIT</b>	<b>212</b>	<b>207</b>	<b>5</b>	<b>3</b>	<b>15</b>	<b>20</b>	<b>10</b>
Income taxes	(10)	(14)	4	30	(2)	2	16
<b>PROFIT FROM CONTINUING OPERATIONS</b>	<b>202</b>	<b>193</b>	<b>9</b>	<b>5</b>	<b>13</b>	<b>22</b>	<b>11</b>
<b>PROFIT FOR THE YEAR</b>	<b>202</b>	<b>193</b>	<b>9</b>	<b>5</b>	<b>13</b>	<b>22</b>	<b>11</b>
<i>Profit for the year attributable to the owners of the parent</i>	<i>204</i>	<i>194</i>	<i>10</i>				
<i>Profit for the year attributable to non-controlling interests</i>	<i>(2)</i>	<i>(1)</i>	<i>(1)</i>				

The Group's **profit for the year** is up €9 million (+5%) to €202 million in 2022, compared to €193 million in the previous year.

The **gross operating profit** of €2,212 million shows an increase of €324 million (+17%) which, net of the effects of the change in the consolidation scope described above, would have been even larger: €346 million (+18%). The improved performance in the gross operating profit is even more meaningful when considered in light of the fact that the FS Group companies received far fewer Covid-19 relief grants than they had in 2021 (for a total of approximately -€634 million).

**Revenue** increased by €1,422 million (+12%) as a result of the rise in revenue from transport services (€996 million), revenue from infrastructure services (€549 million) and other revenue from contracts with customers (€184 million). On the other hand, other revenue and income show an overall drop of €307 million during the year.

Specifically, with respect to the components of revenue from transport services (+€996 million):

- revenue from the HS and Intercity business shows overall growth of €747 million, with the commercial service up €581 million and the Intercity service up €166 million. Revenue from the national HS business rose by €540 million in connection with the 97.3% spike in demand and the elimination of the scattered seating requirement on board trains as from 1 April 2022 (under this requirement, the maximum capacity on board long-haul trains was 50% of available seats). In addition, the increase includes the €37 million in revenue generated by Trenitalia France with the roll-out of Frecciarossa connections between Milan, Lyon and Paris, plus the €4 million generated by Intermodalidad de Levante SA. Revenue from the Intercity business, which expanded in 2022 to include international routes, grew by €156 million as demand surged (+52.6%) and saleable seats per km were back to 100% of capacity on these trains as well starting 1 April 2022. Moreover, the consideration received under the Intercity service contract increased by around €10 million on 2021 to roughly €333 million;
- revenue from the regional railway passenger transport service increased by €215 million, including €99 million relating to domestic transport and €116 million to international transport.

The €99 million increase in the domestic market is the result of the following opposing effects:

- higher revenues from domestic passenger traffic of €310 million, related to the easing of Covid-19 health emergency restrictions, such as social distancing and seat quotas on board trains. The recovery in the use of rail

transport is reflected in a strong increase in demand, represented by traveler-km (+42.2%), almost at the same level of services offered; in fact, output in terms of train-km shows a minimal decrease of 0.2% toward the corresponding fiscal year 2021;

- lower revenues from public service contract fees of €211 million. This change refers, mainly, to the recognition of regulatory liabilities from contracts, a consequence of the State's intervention in Covid-19 contributions pertaining to 2021 and recorded in the closing fiscal year (€151.9 million) under Other Income, having acquired the legislative elements for their recognition.

Foreign revenue increased significantly in nearly all the countries where the Group operates, with rises of €43 million in Greece and €37 million in the United Kingdom, due to the progressive lifting of Covid-19 restrictions, while revenue on the German market grew by €36 million due to the increase in the number of passengers on board trains;

- revenue from passenger road transport decreased by €12 million in the year. However, this was due to the loss of revenue from the Tuscany business (-€71 million). On a like-for-like basis, revenue from passenger road transport would have increased by €59 million, with international and national revenue up by €44 million and €15 million, respectively;
- revenue from railway freight transport increased by €45 million, mostly driven by the Group's foreign companies (+€31 million) which have more than compensated for the many difficulties faced domestically, mostly in connection with the conflict in Ukraine, the shortage of semi-conductors with an impact on the automotive industry, the consequences of the 3 June 2022 derailment near the Rome Tiburtina station and the 23 March 2022 cyber attack on the FS Group's technological infrastructure, which affected, among other things, service regularity, with heavy repercussions on freight transport.
- revenue from water transport is up by €1 million.

**Revenue from infrastructure services** increased by €549 million on the previous year, mainly due to Anas (roughly +507 million), reflecting the trend in service and concession consideration for road traffic, and to RFI S.p.A., which recorded a €57 million increase in access fee revenue following the growth in traffic volumes, especially in the premium and basic segments, and the smaller discount given to the railway companies under the legislation enacted to mitigate the economic impacts of Covid-19.

**Other revenue from services** shows an increase of €184 million, mainly consisting of: greater sales of land and buildings held for trading (+€106 million), including, in particular, the sales of the Milan Porta Romana hub and the former Large Repairs Workshop at Florence Porta al Prato; higher actual revenue on the sale of electrical energy for traction (+€30 million), generated by both the rise in train-km and higher energy prices; higher revenue from processing on behalf of third parties (+€19 million), attributable to the resumption of the construction work on the Palermo metro rail, the work on the Rome Lido railway line and the decommissioning of an area at the Porta Romana hub.

**Other revenue from sales and services** decreased by €395 million, mostly due to the smaller amount of grants received compared to 2021 (-€478 million), while **Other income** shows an €88 million increase at consolidated level.

Specifically, the Group recognised **Covid-19 grants** totalling €324 million in 2022 (€958 million in 2021), which include contributions related to regional business in the amount of €151.9 million, the amount of which, as previously commented, had been recognized in the 2021 financial statement under Revenues from transportation services (to which item please refer for more details); consequently, the net value of "Contributions" related to the 2022 pandemic is €172 million. The 2022 grants mainly relate to the passenger transport business, which accounted for €300 million of the total (€794 million in 2021), including €234 million in Italy and €66 million abroad (respectively €682 million and €112 million in 2021). On the

other hand, the Group received grants of €24 million for the freight business in 2022 (€28 million in 2021), and, due to the fee discount to third-party railway companies, no grants for the infrastructure business were recognised in the year (€135 million in 2021).

**Operating costs** amount to €11,452 million, up by €1,098 million on the previous year. The effect of the above-mentioned change in the consolidation scope had a positive impact of €68 million (greater costs recognised in 2021) on this increase. Consequently, on a like-for-like basis, the increase is greater and equal to €1,166 million (11%). Specifically:

- net personnel expense decreased by €41 million (+€5 million on a like-for-like basis), mainly due to the combined effect of smaller accruals for contractual renewals than in the previous year, releases of previous accruals after the new agreement was signed (-€274 million) and higher personnel expense for employees (+€218 million) and other costs (+€15 million);
- other costs, net increased by €1,139 million (€1,161 million on a like-for-like basis) and mainly related to: (i) greater costs for electrical energy and fuel for traction (+€100 million) and for lighting and driving force (+€102 million) following the rise in the price of electrical energy (which alone generated an increase of €178 million) and the increase in consumption as traffic recovered; (ii) greater costs for maintenance, cleaning, other contracted services and utilities (+€160 million); (iii) greater costs for new works and extraordinary maintenance on the road and motorway network by Anas S.p.A. (+€374 million); (iv) greater costs for real estate services and utilities (+€43 million); (v) greater costs for engineering services as a consequence of the rise in production (+€19 million); (vi) higher agency fees in connection with the larger number of tickets sold (+€15 million); and (vii) sundry other costs, net (+€35 million).

The **operating profit** of €262 million shows an improvement of €69 million (+36%).

Amortisation and depreciation are up in the year (+€61 million) due to the higher depreciation rates (based on trains per km) applied to the railway network as a result of the rebound in traffic. Most of the impairment losses recognised on financial assets (+€172 million) are the result of applying IFRS 9, while total impairment losses on property, plant and equipment and intangible assets are up by €52 million. Provisions, with a nil balance in 2021, decreased by €30 million following the release of the fund for income and employment assistance due to an over-accrual.

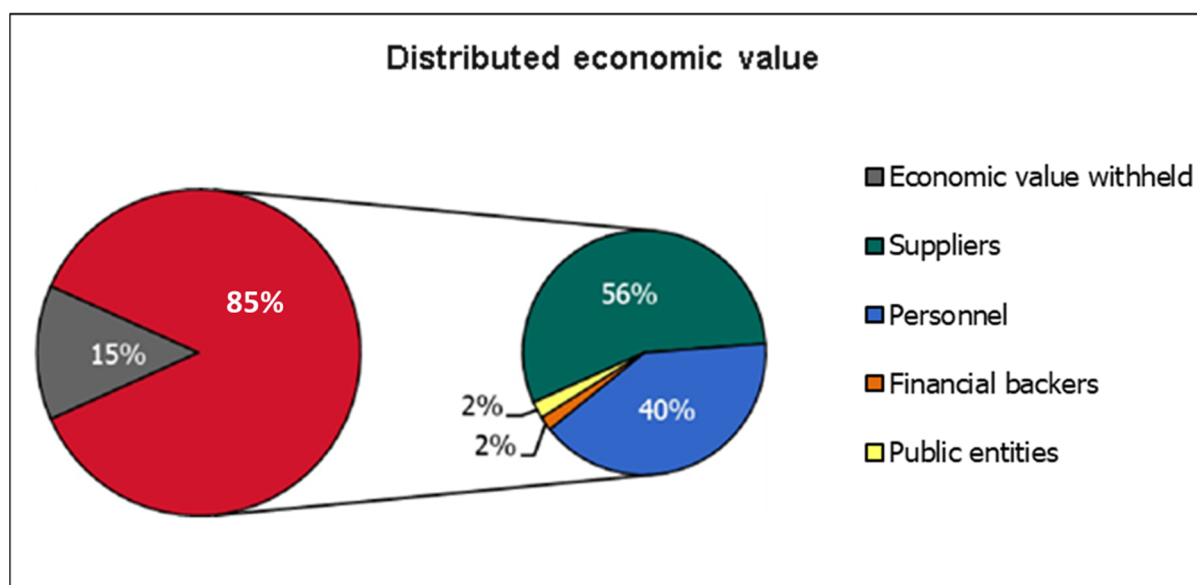
**Net financial expense** amounts to €50 million, an increase of €64 million on the previous year. Financial income is down by €34 million, mainly due to the effect of non-recurring items in 2021 that did not arise in 2022, like the effects of discounting the Covid-19 grants and Trenitalia S.p.A.'s interest income on a 1995 loan relating to the Basilicata region. Financial expense is up by €61 million, mainly due to the higher interest rates on bank loans and borrowings and the newly issued bonds, which include an accrual of €17 million to the provision for risks and financial charges. The Group's share of profits of equity-accounted investees increased by €31 million to €63 million in 2022.

**Income taxes** went from €14 million in 2021 to €10 million in 2022. On a like-for-like basis, the total decrease comes to €2 million and is mainly due to the recognition of greater net deferred taxes (-€6 million) and lower income taxes in Italy and abroad (-€2 million), net of the greater IRAP recognised in the year (+€7 million).

In addition to the above observations and pursuant to Legislative decree no. 254/2016, the following table shows the directly generated economic value and that distributed by the FS Italiane Group, highlighting its redistribution to stakeholders. Although the lingering effects of the pandemic and, to an even greater extent, the uncertainty caused by global geopolitical events made 2022 another difficult year overall, the Group continues to believe in the absolute importance of a balanced distribution of the value generated by its operations to its stakeholders, value that they directly or indirectly contributed to creating. The analysis of the economic value distributed shows the flows allocated to employees, providers of goods, services and capital, the public administration and the communities in which the Group is present and operates.

millions of Euros

Directly generated and distributed economic value	2022		2021		2020	
<b>Directly generated economic value</b>	<b>13,835</b>	<b>100%</b>	<b>12,416</b>	<b>100%</b>	<b>10,941</b>	<b>100%</b>
Revenue from sales and services	13,169		11,835		10,482	
Other sundry income	666		581		459	
<b>Distributed economic value</b>	<b>11,698</b>	<b>85%</b>	<b>10,532</b>	<b>85%</b>	<b>9,621</b>	<b>88%</b>
Operating costs for materials and services	6,495		5,424		4,661	
Personnel expense	4,723		4,764		4,432	
Payments to financial backers	221		160		387	
Payments to public bodies	259		184		141	
<b>Economic value retained</b>	<b>2,137</b>	<b>15%</b>	<b>1,884</b>	<b>15%</b>	<b>1,320</b>	<b>12%</b>
Amortisation and depreciation, provisions and impairment losses	1,950		1,695		1,911	
Other sundry costs and taxes	(15)		(4)		(29)	
<b>Profit (loss) for the year</b>	<b>202</b>		<b>193</b>		<b>(562)</b>	



The value not directly distributed by the Group (over €2 billion in 2022) is equal to 15% of the total value generated, the same as in 2021 when it totalled €1.9 billion. The trend is substantially similar for self-financed investments, which the Group uses indirectly to increase the benefits to the community and stakeholders in general.

The FS Italiane Group has generated an economic impact equal to more than 1.5% of national value added and the equivalent of over 300 thousand jobs through its direct, indirect and induced contribution to the domestic economy with its operations and increasing investments<sup>30</sup>.

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<sup>30</sup> The methodology used to calculate the group's impact on the economy and employment is based on the national Supply & Use table (SUT) developed by the group with the Istituto Regione di Programmazione Economica della Toscana (I.R.P.E.T., the Tuscany regional economic planning institute). This approach uses the hypothetical extraction method (HEM), updated to reflect the group's specific characteristics.



## Reclassified statement of financial position

millions of Euros

	31.12.2022	31.12.2021	Change
<b>ASSETS</b>			
Net operating working capital	(1,019)	(125)	(894)
Other assets, net	1,424	2,331	(907)
<b>Working capital</b>	<b>405</b>	<b>2,206</b>	<b>(1,801)</b>
Net non-current assets	52,876	52,251	625
Other provisions	(3,574)	(4,051)	477
Net assets held for sale		16	(16)
<b>NET INVESTED CAPITAL</b>	<b>49,707</b>	<b>50,422</b>	<b>(715)</b>
<b>COVERAGE</b>			
Net current financial position	(1,873)	(366)	(1,507)
Net non-current financial debt	9,727	9,237	490
<b>Net financial debt</b>	<b>7,854</b>	<b>8,871</b>	<b>(1,017)</b>
<b>Equity</b>	<b>41,853</b>	<b>41,551</b>	<b>302</b>
<b>COVERAGE</b>	<b>49,707</b>	<b>50,422</b>	<b>(715)</b>

The Group's **net invested capital** of €49,707 million decreased by €715 million in the year as a result of the reductions in **working capital** (-€1,801 million) and **net assets held for sale** (-€16 million), offset by the rise in **net non-current assets** (+€625 million) and the drop in **other provisions** (+€477 million).

**Net operating working capital** amounts to -€1,019 million, down by €894 million on the previous year end and is the combined effect of the following main trends:

- greater trade payables (-€1,243 million), mainly related to the increase in works carried out during the year as part of investment projects involving the railway network (-€247 million) and the road and motorway network (-€458 million), larger purchases of rolling stock and maintenance services on leased rolling stock (-€192 million) and on behalf of the Group's foreign railway transport companies (-€122 million), as well as the different timing of payables as a result of the terms of payment with the new providers of outsourced IT services (-€35 million);
- larger amounts due from trading partners (+€324 million), mostly due to:
  - the increase in advances to suppliers (+€179 million), mainly in connection with local bodies for works;
  - the increase in amounts due relating to railway transport activities (+€60 million), primarily the result of the settlement reached with a rolling stock supplier;
  - the rise in amounts due from Italian and foreign third-party railway companies in connection with the contract for the use of railway infrastructure (+€62 million);
  - higher contract assets (+€44 million);
- greater inventories (+€31 million) principally due to: the increase in raw materials and consumables (+€46 million) as purchases exceeded the consumption of rolling stock and materials for infrastructure; the higher unit purchase price of raw materials; the recognition of white certificates earned in the year through energy savings (+€55 million) and the decrease in land held for trading (-€62 million) mainly for sales in the year;

- larger amounts due for the service contracts with the regions (+€2 million) and the Ministry of Economy and Finance (MEF) for consideration accrued during the year and not yet collected (+€33 million).

**Other assets, net** amount to €1,424 million, showing a decrease of €907 million, which is substantially the combined effect of:

- lower net amounts from the MEF, the Ministry for Infrastructure and Transport (MIT) and other government authorities (-€1,052 million), resulting from the recognition of the new government grants on an accruals basis (the grants mostly related to relief provided by the government in response to the Covid-19 emergency) and collections in the year, net of the change in payments on account allocated to projects that have commenced;
- the increase in net VAT assets (+€9 million);
- the increase in deferred tax assets (+€20 million);
- greater other assets and liabilities, net (+€106 million), most notably as a result of the increase in amounts due from CSEA (energy, gas and water settlement fund) for electrical energy as a result of the higher cost of energy compared to the previous year.

**Net non-current assets** of €52,876 million increased by €625 million, substantially due to:

- the €8,115 million increase in the year, offset by the recognition of grants related to assets on an accruals basis (€5,951 million) and amortisation and depreciation of the year (€1,655 million);
- sales of €42 million and impairment losses of €139 million. The impairment losses mostly related to rolling stock used in the freight business, based on the results of impairment testing, and rolling stock that can no longer be used for passenger transport;
- the change in the consolidation scope (+€213 million), i.e., the Spanish company Intermodalidad de Levante SA and the consolidation of the German companies ODEG/ODIG;
- the reclassifications (+€15 million) of the year mainly tied to the new intended use of the areas concerned;
- the increase in equity investments (+€65 million) mostly due to the profits for 2022.

**Other provisions** are down by €477 million due to: the decrease in post-employment benefits and other employee benefits (+€274 million), mainly following the payments to outgoing personnel during the year, advances paid and actuarial gains; the reduction in other provisions for risks (+€270 million), as a result of the accruals of the year totalling €342 million, offset by utilisations of €193 million for the settlement of several lawsuits, and the release of €419 million from the provisions for risks considering the smaller overall requirements for certain pending disputes and the favourable outcome of other cases; the change in deferred tax liabilities (-€66 million) which was mostly due to the change in the consolidation scope with the inclusion of ODEG.

**Net assets held for sale** are down to nil from €16 million at 31 December 2021 when they included, as part of the Netinera sub-Group operating in railway transport in Germany, the railway infrastructure of OHE AG in Lower Saxony and Sippel's headquarters in Hofheim, near Frankfurt, which were sold in 2022.

millions of Euros

<b>Net financial position (debt)</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>Change</b>
<b>Net current financial position</b>	<b>(1,873)</b>	<b>(366)</b>	<b>(1,507)</b>
Cash pooling accounts	(1,606)	(972)	(634)
Fifteen-year grants from the MEF	(10)	0	(10)
Loans and borrowings from other financial backers	23	11	12
Bank loans and borrowings	1,831	2,264	(433)
Bonds	745	499	246
Service concession assets	(2,042)	(1,613)	(429)
Contract advances	482	577	(95)
Financial liabilities recognised in accordance with IFRS 16	168	152	16
Other	(1,464)	(1,284)	(180)
<b>Net non-current financial debt</b>	<b>9,727</b>	<b>9,237</b>	<b>490</b>
Fifteen-year grants from the MEF	(95)	0	(95)
Loans and borrowings from other financial backers	10	22	(12)
Bank loans and borrowings	1,391	1,846	(455)
Bonds	7,758	7,033	725
Service concession assets	(1,479)	(1,554)	75
Contract advances	1,362	1,171	191
Financial liabilities recognised in accordance with IFRS 16	660	572	88
Non-current derivatives	28	(1)	29
Other	92	148	(56)
<b>Total</b>	<b>7,854</b>	<b>8,871</b>	<b>1,017</b>

**Net financial debt** of €7,854 million decreased by €1,017 million on 31 December 2021, essentially the net effect of the following factors:

- the increase in the cash pooling account balance (-€634 million), which comprises the payments made by the MEF in accordance with the Programme Contract for railway infrastructure;
- the increase in the amount due from the MEF (-€105 million), mostly relating to the discounted amount of the grants under article 25.1 of Decree law no. 4 of 27 January 2022, converted with Law no. 25 of 28 March 2022 for relief from the impact of Covid-19 on the railway infrastructure business. The amount recognised is the discounted value of the long-term expenditure commitment (€10 million per year from 2022 to 2034);
- the net decrease in bank loans and borrowings (-€888 million), mainly due to the reduction in current funding (-€306 million) and the repayment of loans used to purchase rolling stock for the medium and long-haul transport and regional transport (-€582 million);
- the increase in bonds (+€971 million), primarily due to the subscription of new bonds as part of the Euro Medium Term Notes Programme, for a total nominal amount of €1,300 million, in July 2022 (€200 million) and September 2022 (€1,100 million).

million), and the new variable-rate bond issue finalised in June 2022 with Eurofima, for a total of €160 million, offset by the repayment of the entire fourth bond (€350 million) and part of the 14th bond (€13 million) in the Euro Medium Term Notes Programme and the 17th bond placement with Eurofima (€120 million);

- the increase in contract advances (+€96 million) due to the portion of grants already collected by Anas S.p.A. for work not yet completed;
- the increase in financial assets for service concession arrangements (-€354 million), which was the net effect of the increase in assets due in connection with production output on the infrastructure operated under concession arrangements and mainly referring to roads, and the decrease due to collections of refunds in the year from the Ministries or authorities;
- the rise in lease liabilities (+€104 million), which was the net effect of new leases, repayments and the measurements of liabilities in the year, in addition to the change in the consolidation scope with the acquisition of control over the German company ODEG and its subsidiary ODIG;
- the net increase in other financial assets and liabilities (-€236 million) mainly due to fair value gains on derivatives.

**Equity** increased by €302 million from €41,551 million to €41,853 million mainly as a result of the following:

- the profit for the year (+€204 million);
- the change in the consolidation scope, mostly due to the consolidation of Intermodalidad de Levante (+€10 million);
- the increase in the actuarial reserve (+€95 million);
- the share capital increases of Tunnel Ferroviario del Brennero – Società di partecipazioni S.p.A. (€10 million) and Intermodalidad de Levante SA (€11 million);
- the dividends paid by ATAF and Cremonesi Workshop to non-controlling owners (-€2 million)
- the fair value gains on hedging derivatives, which generated an increase in the hedging reserve (+€192 million), which should be considered in conjunction with the decrease in derivative assets (-€217 million).

## **Significant financial transactions for the Group**

### **Interest rate hedges**

On 2 February 2022, Trenitalia S.p.A. entered into contracts to hedge the interest rate risk on the parent's private placement with the European Investment Bank (EIB) (series 18) of December 2021 with a notional amount of €350 million. The contracts consisted of three IRS with three banks with investment grade ratings. The start and end dates of the hedges are June 2022 and 2025, respectively. The average payer rate is 0.36%.

### **Resolution authorising new bonds and loans**

On 3 May 2022, FS Italiane S.p.A.'s Board of Directors approved the issue of additional bonds (reserved for institutional investors as part of the EMTN listed on the Dublin stock exchange) and the use of other financial instruments, for a maximum total of €3 billion. The funds raised on debt capital markets in 2022 will finance the purchase of new trains for regional passenger transport and medium and long-haul transport, including international service, as well as for the high speed/high capacity railway infrastructure.

### **Private bond placement with Eurofima**

On 1 June 2022, FS Italiane S.p.A. finalised another private bond placement with Eurofima for €160 million at a variable rate and maturity in October 2034 (twelve years). The trains financed by these bonds meet the requirements of the European taxonomy and positively contribute to environmental and social sustainability as they promote the modal shift to rail.

Using the funds raised with this placement, FS Italiane S.p.A. granted Trenitalia S.p.A. an intraGroup loan to finance the latter's rolling stock used to operate the public transport service.

### **Private bond placement with the EIB**

On 13 July 2022, the EIB subscribed the private placement of green bonds issued by FS Italiane S.p.A. for €200 million at a variable rate and with a 17-year term.

This subscription is the second tranche of €550 million approved by the EIB in 2021 to fund Trenitalia S.p.A.'s purchase of new ETR1000 HS trains for the Italian and Spanish lines.

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

### **Interest rate hedges**

On 19 July 2022, Trenitalia S.p.A. entered into contracts to hedge the interest rate risk on the parent's private placements with Eurofima (bullet repayment of €160 million - series 32) and with the EIB (amortizing repayments of €200 million – EMTN series 19) through four interest rate swaps with three banks with investment grade ratings. The start and end dates of the hedges are in the second half of 2022 and the second half of 2027, respectively and the average payer rates are respectively 1.68% and 1.83%.

On 27 and 28 July 2022, Trenitalia S.p.A. entered into contracts to hedge interest rate risk with a notional amount of around €1.56 billion, extending hedges already in place and expiring in the second half of 2023. These contracts consist of 16 interest rate swaps entered into with eight banks with investment grade ratings and end dates coinciding with the underlying debt or the second half of 2027, for the debt falling due at a later date. The payer rate ranges from a minimum of 1.44% to a maximum of 1.62%.

### **Standard and Poor's confirms the BBB rating and updates its outlook to stable**

On 2 August 2022, the rating agency Standard and Poor's confirmed FS Italiane S.p.A.'s "BBB" Issuer Credit Rating and updated its outlook from positive to stable, in line with the Italian Republic's updated outlook.

Furthermore, S&P confirmed the parent's Standalone Credit Profile of "bbb+", which remains one notch higher than the Italian Republic's.

### **Green bond placement - series 20**

On 7 September 2022 – with settlement date on 14 September 2022 – FS Italiane S.p.A. placed the sixth series of green bonds in its EMTN Programme, which was supplemented on 11 July 2022. At €1.1 billion, this series is the largest issue ever in the programme. The coupon has been set at 3.75% and matures on 14 April 2027.

The bond is meant to fund the Eligible Green Projects according to FS Italiane S.p.A.'s Green Bond Framework, which was updated in June 2022. Specifically, the proceeds will be used to purchase new trains and for maintenance on Trenitalia's rolling stock, as well as – for the first time - investments to complete RFI S.p.A.'s Turin-Milan-Naples HS network. All the investments to be funded meet the criteria of the EU Taxonomy, as confirmed by Sustainalytics' second-party opinion.

FS Italiane S.p.A. used the proceeds of the issue to grant the subsidiaries Trenitalia S.p.A. and RFI S.p.A. intraGroup loans.

### **Fitch rating confirmed**

On 11 November 2022, Fitch issued its annual assessment of FS Italiane S.p.A.'s credit rating, confirming its "BBB" Issuer Default Rating with a stable outlook, reflecting that of the Republic of Italy. Fitch also confirmed the parent's Standalone Credit Profile of "bbb", which is also in line with that of the Republic of Italy.

A new aspect of the agency's rating involved raising FS Italiane S.p.A.'s score according to the government-related entity rating criteria, as the company's standing had improved in the "Socio-Political Implications of Default" category, with an upgrade from "moderate" to "strong" considering the key role that FS Italiane S.p.A. plays in the country's infrastructural growth and green transition.

## Reconciliation as at 31 December 2022 and 2021

Reconciliation as at 31 December 2022 and 2021 and for the years then ended between profit (loss) for the year and equity in the separate financial statements of FS Italiane S.p.A. and the consolidated financial statements.

millions of Euros

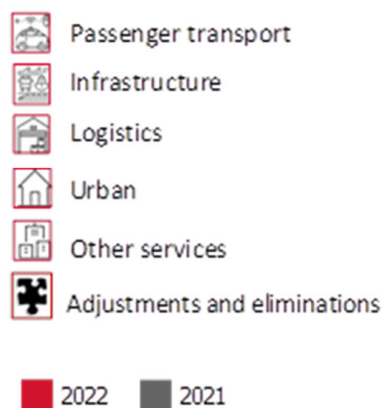
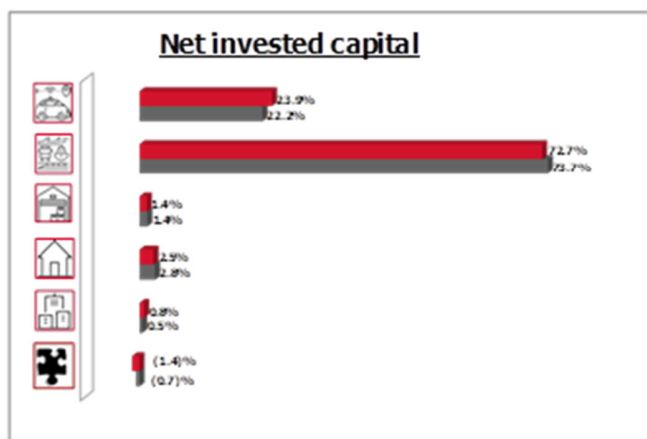
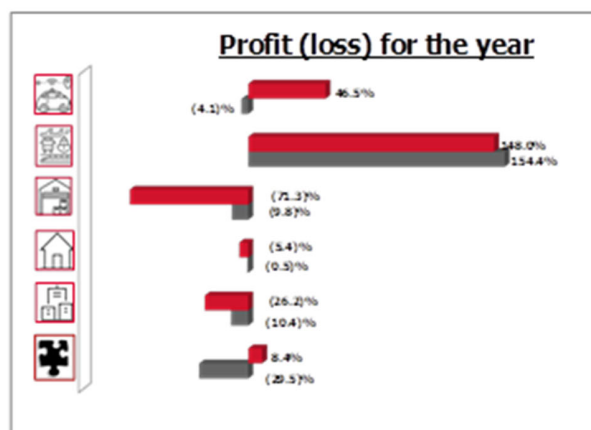
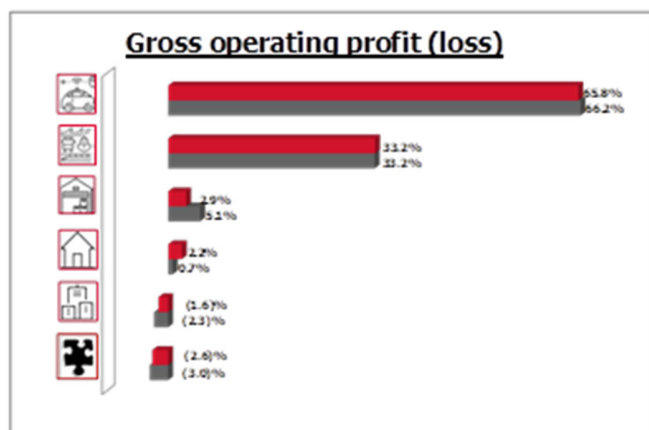
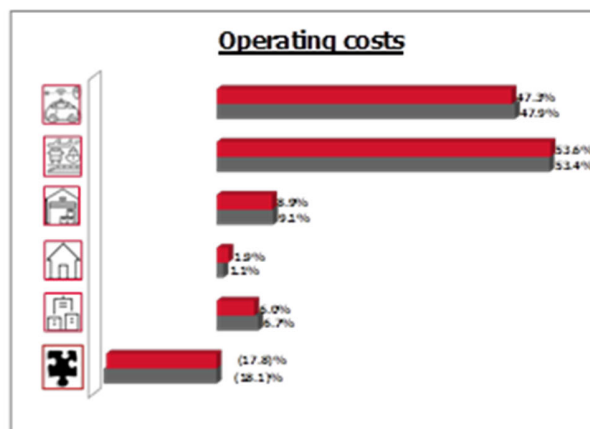
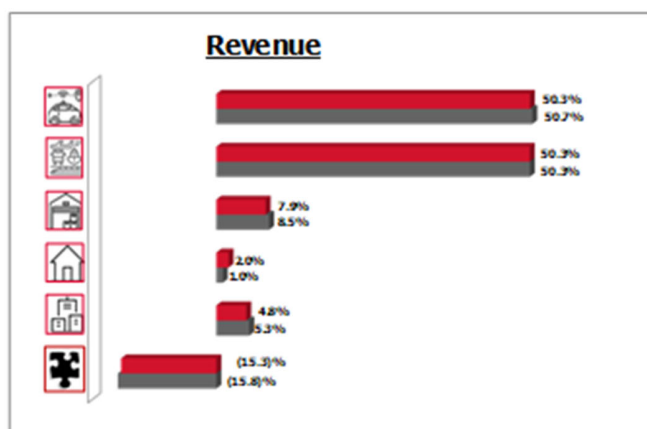
	31 December 2022		31 December 2021	
	Equity	Profit for the year	Equity	Profit for the year
Separate financial statements of FS Italiane S.p.A.	39,991	90	39,900	0
Profits (losses) of consolidated investees since acquisition, net of dividends and impairment losses:				
- portion of current and previous years' profits attributable to the owners of the parent	2,516	390	2,320	305
- elimination of impairment losses on equity investments	466	174	312	54
- reversal of dividends	(4)	(239)	(4)	(77)
<b>Total</b>	<b>2,978</b>	<b>325</b>	<b>2,628</b>	<b>282</b>
Other consolidation adjustments:				
- equity accounting of investments in unconsolidated subsidiaries and associates	129	61	76	30
- reversal of intraGroup profits	(883)	(108)	(775)	(108)
- reversal of taxes arising on tax consolidation	(44)	38	(82)	(11)
- other	(160)	(202)	68	1
<b>Total</b>	<b>(958)</b>	<b>(211)</b>	<b>(713)</b>	<b>(88)</b>
- Valuation reserves	(135)		(423)	
- Translation reserve	(3)		(7)	
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>	<b>41,873</b>	<b>204</b>	<b>41,385</b>	<b>194</b>
- Equity attributable to non-controlling interests (excluding profit for the year)	197		162	
- Profit attributable to non-controlling interests	(2)	(2)	(1)	(1)
<b>EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>	<b>195</b>	<b>(2)</b>	<b>161</b>	<b>(1)</b>
<b>TOTAL CONSOLIDATED EQUITY</b>	<b>42,068</b>	<b>202</b>	<b>41,546</b>	<b>193</b>

## Segment reporting

The Group's new organisational structure outlined in the ten-year FS Italiane industrial plan (2022-2031), is based on four business segments - Passengers, Infrastructure, Logistics and Urban - each of which has its own, clearly defined roles and strategic objectives, in order to develop the potential of the various Group companies to the fullest and make the most of their synergies. The four business segments play a crucial role in creating an increasingly integrated and sustainable infrastructure and mobility system serving the country and, in addition to these, the Group has Other Services, which are common to all four segments and facilitate them in their pursuit of the objectives set out in the plan.

In line with the new 2022-2031 industrial plan and IFRS 8 - Operating segments, the Group's performance is analysed below separately for each of the four business segments which are shown in the chart below with their respective shares of revenue, operating costs, gross operating profit (loss) and profit (loss) for the period in the first halves of 2022 and 2021 and net invested capital at 30 June 2022 and 31 December 2021.





## Passenger

The objective of the Passenger business segment, as enshrined in the Group's new industrial plan to 2032, is to create a multi-modal business offer that has the advantage of exploiting the strengths of each mode for integrated, affordable and sustainable transport services that are increasingly customised and respond to individual passengers' needs in accordance with the principles of environmental, social and governance sustainability.

The Passenger business segment includes the Group companies that operate road, rail and maritime passenger transport. Specifically, the Group's rail transport is mainly operated by Trenitalia S.p.A., the head of this business segment whose mission is to cover the national and international passenger transport sector, including the promotion, implementation and management of initiatives and services in the field of passenger transport, developing an integrated offer of products/services and managing a comprehensive mix of distribution channels. Also contributing to the results of this segment are the German Group Netinera Deutschland, which operates local road and rail transport and German urban mass transit with around 40 investees; Hellenic Train which operates a link between Athens and Thessaloniki in Greece; Trenitalia c2c Ltd, which operates passenger transport on the UK market; and Ferrovie del Sud Est e Servizi Automobilistici S.r.l. (FSE) which holds concessions for road and rail transport services in Puglia, Italy.

The Passenger segment also includes road urban and medium/long-haul passenger transport, offered by the Group consisting of Busitalia-Sita Nord S.r.l. and its investees, including foreign investees (i.e., the Dutch QBuzz BV). The above-mentioned FSE S.r.l. also provides these services.

	millions of Euros			
	2022	2021	Change	%
Revenue from sales and services	6,632	6,058	574	9.5
Other income	244	150	94	62.7
<b>Revenue</b>	<b>6,876</b>	<b>6,208</b>	<b>668</b>	<b>10.8</b>
<b>Operating costs</b>	<b>(5,420)</b>	<b>(4,958)</b>	<b>(462)</b>	<b>9.3</b>
<b>Gross operating profit</b>	<b>1,456</b>	<b>1,250</b>	<b>206</b>	<b>16.5</b>
<b>Operating profit</b>	<b>210</b>	<b>52</b>	<b>158</b>	<b>&gt;200</b>
<b>Segment profit (loss) (attributable to the owners of the parent and non-controlling interests)</b>	<b>94</b>	<b>(8)</b>	<b>102</b>	<b>&gt;200</b>
	31.12.2022	31.12.2021	Change	
<b>Net invested capital</b>	<b>11,895</b>	<b>11,196</b>	<b>699</b>	
<b>Net financial position</b>	<b>9,017</b>	<b>8,441</b>	<b>576</b>	
<b>Equity</b>	<b>2,878</b>	<b>2,755</b>	<b>123</b>	

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

The Passenger segment shows a profit for 2022 of €94 million, up by €102 million on 2021. This reflects the widespread recovery in traffic revenue across all railway transport businesses, partly due to the lifting of the restrictions imposed to contain the

pandemic and to the larger numbers of leisure and weekend travellers. Part of this rise in revenue was offset by the higher operating costs to cover the larger supply of transport services and the increase in raw materials.

**Revenue** in this segment amounts to €6,876 million in the year, up by €668 million (11%) on 2021, mostly attributable to traffic revenue. The transport business saw an overall increase of approximately €1,156 million in traffic revenue mainly due to the growth in volumes, with the HS service showing an increase of €538 million, the regional service up by €307 million and Intercity connections up by €155 million. The surge in demand was closely linked to the easing of the Covid-19 restrictions, such as social distancing and staggered seating on board trains. The recovery in railway transport can be clearly seen in the dramatic rise in traffic recorded, particularly by Trenitalia S.p.A., in terms of train-km (+7%), passenger-km (+62%) and seat-km, which could be sold up to full capacity starting from 1 April 2022. The increase in regional railway transport revenue was also due to the larger number of travel passes and single tickets issued for urban and interregional traffic compared to 2021. International road transport revenue increased on 2021, with growth on the international market (the Netherlands, +€34 million) due to higher ticketing revenue as a result of the progressive easing of Covid-19 restrictions, although this was partly offset by the downturn in the national market (-€34 million), primarily due to Ataf Gestioni S.r.l.'s sale of the Tuscany business on 1 November 2021.

The Passenger segment shows a **gross operating profit** of €1,456 million for 2022, up by €206 million on 2021. The improvement in revenue was eroded by the higher operating costs to cover the larger supply of transport services and the increase in raw materials.

The **operating profit** is €210 million, showing an improvement of €158 million on 2021.

**Net financial expense** amounts to €97 million, having worsened by €26 million mainly due to Trenitalia c2c's prior year income on the non-repayment of the financial liability to FS Italiane S.p.A., which was guaranteed by Trenitalia S.p.A.. The prior year income arose following the conclusion of the service contract in 2021 and the start of the new contract.

**Income taxes** of this segment amount to €19 million in the year, up €30 million on the previous year.

## Infrastructure

The infrastructure segment designs, builds, manages and maintains the infrastructure networks for rail, road and motorway transport in Italy and abroad. It is tasked with maximising industrial synergies and encouraging the specialisation of the different infrastructures while ensuring the complete integration of road and rail transport, including by supporting EU and Italian programmes.

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

	millions of Euros			
	2022	2021	Change	%
Revenue from sales and services	6,665	5,937	728	12.3
Other income	208	222	(14)	(6.3)
<b>Revenue</b>	<b>6,873</b>	<b>6,159</b>	<b>714</b>	<b>11.6</b>
<b>Operating costs</b>	<b>(6,138)</b>	<b>(5,533)</b>	<b>(605)</b>	<b>10.9</b>
<b>Gross operating profit</b>	<b>735</b>	<b>626</b>	<b>109</b>	<b>17.4</b>
<b>Operating profit</b>	<b>308</b>	<b>274</b>	<b>34</b>	<b>12.4</b>
<b>Segment profit (attributable to the owners of the parent and non-controlling interests)</b>	<b>299</b>	<b>298</b>	<b>1</b>	<b>0.3</b>
	31.12.2022	31.12.2021	Change	
<b>Net invested capital</b>	<b>36,149</b>	<b>37,185</b>	<b>(1,036)</b>	
<b>Net financial position (debt)</b>	<b>(585)</b>	<b>911</b>	<b>(1,496)</b>	
<b>Equity</b>	<b>36,734</b>	<b>36,274</b>	<b>460</b>	

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

The infrastructure segment shows a profit for the year of €299 million, in line with 2021.

**Revenue** amounts to €6,873 million in 2022, showing a sharp increase on 2021 (+€714 million, +12%). This improvement is mainly attributable to the following factors:

- the increase in Anas S.p.A.'s revenue (by roughly €515 million), substantially due to the effect of the higher revenue related to capital expenditure (€414 million, with a corresponding increase in costs) and higher toll revenue from motorway operators of €93 million (royalties, income from mobility services or network management);
- the €176 million increase in RFI S.p.A.'s revenue, consisting of:

- access fee revenue (€110 million) as the pandemic gradually improved, driving traffic volumes up by around €24 million train-km. The increase in toll revenue was also due to the smaller component B discount given to the railway companies, with the discount totalling €115 million in 2022, compared to €231 million in 2021;
- revenue from electrical energy for train traction (€71 million), mainly due to the higher energy prices and greater train-km (with a corresponding increase in operating costs that cancels out the impact on the gross operating profit);
- the €77 million decrease in grants as the net effect of fewer Covid-19 grants and more grants under the Government Programme Contract - Services.

The infrastructure segment's **gross operating profit** comes to €735 million in 2022, up by €109 million on 2021, substantially due to the recovery of traffic revenue in both rail and road transport.

The **operating profit** of €308 million shows an increase of €34 million on 2021, reflecting the impact of greater amortisation and depreciation (€33 million) mostly due to RFI S.p.A., as train-km increased with the recovery of traffic on the network (the depreciation rate is variable), and greater credit losses (attributable to RFI S.p.A. and Anas S.p.A.) recognised in accordance with IFRS 9.

**Net financial expense** of €3 million worsened by €34 million on the previous year.

**Income taxes** of this segment amount to €6 million, a €1 million decrease on 2021.

## Logistics

Over the ten years of the industrial plan, the logistics segment's mission is to double the share of freight carried by rail in 2019 and drive the evolution of its position in the logistics chain, so that it does not merely play a role in certain segments only, but can become a genuine player in multi-modal logistics, including through partnerships.

Mercitalia Logistics S.p.A. is the Group's main logistics company and the head of this segment. Its mission is to cover the national and international logistics and freight transport sector, including the promotion, implementation, management and sale of initiatives and services in the field of logistics, mobility and freight transport. This segment consists of seven companies operating nationally and internationally, including Mercitalia Rail, the largest railway freight company in Italy and one of Europe's largest; TX Logistik (operating primarily in Germany, Austria, Switzerland and Denmark) and Mercitalia Intermodal, the largest combined road/rail transport company in Italy and the third largest in Europe.

millions of Euros

	2022	2021	Change	%
Revenue from sales and services	1,036	983	53	5.4
Other income	46	53	(7)	(13.2)
<b>Revenue</b>	<b>1,082</b>	<b>1,036</b>	<b>46</b>	<b>4.4</b>
<b>Operating costs</b>	<b>(1,018)</b>	<b>(939)</b>	<b>(79)</b>	<b>8.4</b>
<b>Gross operating profit</b>	<b>64</b>	<b>97</b>	<b>(33)</b>	<b>(34.0)</b>
<b>Operating loss</b>	<b>(118)</b>	<b>(2)</b>	<b>(116)</b>	<b>(&gt;200)</b>
<b>Segment loss (attributable to the owners of the parent and non-controlling interests)</b>	<b>(144)</b>	<b>(19)</b>	<b>(125)</b>	<b>(&gt;200)</b>

	31.12.2022	31.12.2021	Change
<b>Net invested capital</b>	<b>675</b>	<b>720</b>	<b>(45)</b>
<b>Net financial position</b>	<b>649</b>	<b>598</b>	<b>51</b>
<b>Equity</b>	<b>26</b>	<b>122</b>	<b>(96)</b>

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

The logistics segment shows a loss for the year of €144 million, down €125 million on 2021.

Segment **revenue** amounts to €1,082 million in 2022, up by €46 million (4%), largely due to international transport, since the national market was heavily impacted by the cyber attack on 23 March 2021 (which compromised the IT systems used to configure the trains and organise train drivers' shifts), work being carried out on the infrastructure at borders (which disrupted traffic) and the drop in demand for mobility particularly in the automotive and steel industries.

The logistics segment shows a **gross operating profit** of €64 million, down by €33 million on 2021, mostly because of the greater costs for services incurred by Mercitalia Rail and the TX Group following the war in Ukraine and ANSFISA (national agency for the safety of the railways and road and motorway infrastructure) requirements.

The **operating loss** of €118 million, due to greater amortisation and depreciation, up by €8 million, and the €75 million rise in impairment losses, consisting of the impairment loss on Mercitalia Rail's assets (€47 million) and impairment losses recognised by Mercitalia Logistics (€25 million, of which €7 million on goodwill and the remainder on environmental reclamation assets).

**Net financial expense** of €20 million shows a worsening of €3 million compared to 2021.

**Income taxes** of the segment amount to €6 million, up €6 million on 2021.

## Urban

The Urban segment handles real estate operations as well as urban regeneration and intermodal transport and logistics solutions for the first and last mile of the supply chain. It focuses specifically on developing the potential of the Group's real estate assets through new partnerships and projects that contribute to urban regeneration.

As head of this segment, FS Sistemi Urbani S.r.l. provides assets management, marketing and development services for the Group's non-core business assets. GS Immobiliare and Metropark S.p.A. also operate in this segment.

millions of Euros

	2022	2021	Change	%
Revenue from sales and services	244	113	131	115.9
Other income	23	14	9	64.3
<b>Revenue</b>	<b>267</b>	<b>127</b>	<b>140</b>	<b>110.2</b>
<b>Operating costs</b>	<b>(218)</b>	<b>(113)</b>	<b>(105)</b>	<b>92.9</b>
<b>Gross operating profit</b>	<b>49</b>	<b>14</b>	<b>35</b>	<b>&gt;200</b>
<b>Operating profit (loss)</b>	<b>(15)</b>	<b>2</b>	<b>(17)</b>	<b>(&gt;200)</b>
<b>Segment loss (attributable to the owners of the parent and non-controlling interests)</b>	<b>(11)</b>	<b>(1)</b>	<b>(10)</b>	<b>(&gt;200)</b>

	31.12.2022	31.12.2021	Change
<b>Net invested capital</b>	<b>1,255</b>	<b>1,412</b>	<b>(157)</b>
<b>Net financial debt</b>	<b>(763)</b>	<b>(617)</b>	<b>(146)</b>
<b>Equity</b>	<b>2,018</b>	<b>2,029</b>	<b>(11)</b>

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

The urban segment shows a loss for the year of €11 million, a worsening of €10 million on 2021.

The **gross operating profit** of €49 million is up by €35 million on 2021, essentially due to the sale of the Milan Porta Romana area.



## Other services

The companies that operate in this segment are Ferservizi S.p.A., which manages the activities not directly related to railway operations as outsourcer for the Group's main companies; Fercredit S.p.A., which mainly develops the credit factoring and lease business on the captive market and develops the consumer credit business for the Group's employees; Italcertifer S.p.A., which carries out certification, assessment and testing activities on transport and infrastructure systems; FSTechnology S.p.A., the Group's technology service provider, appointed to manage its ICT strategy; and FS International S.p.A., whose mission is to share the FS Group's extensive know-how with the world.

As the Group's holding company, FS Italiane S.p.A. steers and coordinates the companies that head each segment and provides strategic and financial control.

	millions of Euros			
	2022	2021	Change	%
Revenue from sales and services	629	615	14	2.3
Other income	27	32	(5)	(15.6)
<b>Revenue</b>	<b>656</b>	<b>647</b>	<b>9</b>	<b>1.4</b>
<b>Operating costs</b>	<b>(691)</b>	<b>(690)</b>	<b>(1)</b>	<b>(0.1)</b>
<b>Gross operating loss</b>	<b>(35)</b>	<b>(43)</b>	<b>8</b>	<b>18.6</b>
<b>Operating loss</b>	<b>(94)</b>	<b>(100)</b>	<b>6</b>	<b>6.0</b>
<b>Segment loss (attributable to the owners of the parent and non-controlling interests)</b>	<b>(53)</b>	<b>(20)</b>	<b>(33)</b>	<b>(165.0)</b>
	31.12.2022	31.12.2021	Change	
<b>Net invested capital</b>	<b>413</b>	<b>238</b>	<b>175</b>	
<b>Net financial debt</b>	<b>(341)</b>	<b>(376)</b>	<b>35</b>	
<b>Equity</b>	<b>754</b>	<b>614</b>	<b>140</b>	

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

In 2022, other services show a loss for the year of €53 million, down by €33 million on the previous year.

**Revenue** of €656 million is up by €9 million, substantially due to the greater revenue generated by Ferservizi from hospitality and facilities services.

The **gross operating loss** is €35 million, up by €8 million on 2021.

The **operating loss** amounts to €94 million, showing an improvement of €6 million on 2021.

**Net financial income** totals €26 million in 2022, down by €35 million on 2021 because of greater financial expense.

**Income taxes** show a positive balance of €15 million, down by €4 million on the previous year. This caption reflects the positive effects of the domestic tax consolidation scheme managed by the parent as part of its core activities.

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

## Income statement

	millions of Euros			
	2022	2021	Change	%
Revenue	155	163	(8)	(5)
- Revenue from sales and services	145	153	(8)	(5)
- Other revenue	10	10		
Operating costs	(270)	(268)	(2)	1
<b>GROSS OPERATING LOSS</b>	<b>(115)</b>	<b>(105)</b>	<b>(10)</b>	<b>10</b>
Amortisation and depreciation	(27)	(25)	(2)	8
Net impairment losses	(50)	(2)	(48)	NA
<b>OPERATING LOSS</b>	<b>(192)</b>	<b>(132)</b>	<b>(60)</b>	<b>45</b>
Net financial income	231	99	132	133
<b>PRE-TAX PROFIT (LOSS)</b>	<b>39</b>	<b>(33)</b>	<b>72</b>	<b>(218)</b>
Income taxes	51	33	18	55
<b>PROFIT FOR THE YEAR</b>	<b>90</b>	<b>0</b>	<b>90</b>	<b>NA</b>

The **profit for the year** of €90 million is up on the previous year mainly because of financial income (+€132 million) and income taxes (+€18 million), offset by the downturn in operating costs (-€60 million).

The worsening of the **gross operating loss** (€10 million) reflects the lower revenue (-€8 million) and higher operating costs (-€2 million), as detailed below.

The decrease in **revenue** is due to smaller sales of land and buildings held for trading (€10 million) and the drop in revenue from property management (lease instalments and recharges of condominium expenses) (€16 million), partly offset by the rise in revenue from contracts with customers, thanks to the overall increase of €18 million in revenue on foreign contracts and from services provided by the company to the subsidiaries. The increase in **operating costs** is mainly due to the rise in personnel expense (+€3 million), the larger change in land and buildings held for trading as a result of the higher cost of sales (+7 million), greater fees due to Grandi Stazioni Rail S.p.A. and FS Sistemi Urbani S.r.l. for failure to vacate spaces (+€2 million), larger expenses on the recognition of the variable contribution calculated on gains as per the Milan Programme Agreement (+4 €million) and the Free Travel Cards (+€1 million), offset by smaller costs for services (-€4 million) as the company decreased its use of real estate, administrative and IT services, in turn offset by greater external communications costs, and lower expense incurred for the payment of taxes and duties (-€3 million) and disputes (-€8 million).

The €60 million worsening in the **operating loss** on 2021 is due to that described earlier with respect to the gross operating loss, mainly the result of impairment losses, mostly relating to buildings and less to assets and liquidity (also considering the effects of the application of IFRS 9) and amortisation and depreciation of the year.

The improvement in **net financial income** is mostly due to the increase in dividends distributed by subsidiaries, associates and third parties for a total of €151 million, the €10 million improvement in net gains on financial liabilities, the net increase of €9 million in financial income essentially relating to the cross currency swaps hedging currency risk and the €5 million release of the provision for risks for the tax dispute with Sita S.p.A. in liquidation, offset by the €27 million increase in impairment losses on equity investments in Group companies, the increase of €11 million in net exchange losses of the year and the portion of the interest recognised in 2021 which, following the definitive ruling ordering the Basilicata regional authorities to pay Trenitalia S.p.A. the shortfalls for the years from 1987 to 1993, the latter shall return to FS Italiane S.p.A., amounting to €5 million.

**Income taxes** show an overall increase of €18 million on the previous year, mostly due to the rise in income from the tax consolidation scheme (-€10 million) as a result of the larger IRES (corporate income tax) transferred from the Group companies, and the favourable change in deferred tax assets and liabilities, plus smaller adjustments to taxes relative to prior years (-€8 million).

## Reclassified statement of financial position

millions of Euros

	31.12.2022	31.12.2021	Change
Net operating working capital	446	436	10
Other assets, net	247	228	19
<b>Working capital</b>	<b>693</b>	<b>664</b>	<b>29</b>
Non-current assets	494	552	(58)
Equity investments	38,060	38,056	4
<b>Net non-current assets</b>	<b>38,554</b>	<b>38,608</b>	<b>(54)</b>
Post-employment benefits	(5)	(7)	2
Other provisions	(281)	(318)	37
<b>Post-employment benefits and other provisions</b>	<b>(286)</b>	<b>(325)</b>	<b>39</b>
<b>NET INVESTED CAPITAL</b>	<b>38,961</b>	<b>38,947</b>	<b>14</b>
Net current financial debt	(779)	(629)	(150)
Net non-current financial debt	(250)	(324)	74
<b>Net financial debt</b>	<b>(1,029)</b>	<b>(953)</b>	<b>(76)</b>
<b>Equity</b>	<b>39,990</b>	<b>39,900</b>	<b>90</b>
<b>COVERAGE</b>	<b>38,961</b>	<b>38,947</b>	<b>14</b>

**Net invested capital** of €38,961 million rose by €14 million in the year due to the combined effect of the decrease in **net non-current assets** (-€54 million) and the increases in **other provisions** (+€39 million) and in **working capital** (+€29 million).

**Net operating working capital** of €446 million is up by €10 million in the year due to the combined effect of smaller land and buildings held for trading (-€18 million) and the overall increase in trade receivables from Group companies and third-party customers net of trade payables to Group companies (+€28 million).

**Other assets, net** rose by €19 million, mainly because of: the increase in current assets (+€96 million), mostly consisting of amounts due from Group companies, particularly FS Sistemi Urbani S.r.l. and RFI S.p.A., for commitments under the Programme Agreement pursuant to article 34 of Legislative decree no. 267/2000 in connection with the urban transformation of railway areas in Milan and the increase in current and non-current liabilities (-€79 million), mostly in tax consolidation liabilities, amounts due to employees, amounts due to subsidiaries under the VAT consolidation scheme and VAT liabilities (+€2 million).

**Net non-current assets** of €38,554 million are down by €54 million compared to 2021, as a result of the net increase in equity investments (+€4 million), due to the concurrent increase in and impairment loss on equity investments in subsidiaries, combined with the decrease in investment property (-€58 million).

The **net financial position** improved by €76 million, mainly due to the dividends of €217 million received from subsidiaries, associates and third parties, offset by the non-current loans granted to Trenitalia S.p.A., Mercitalia Intermodal S.p.A., Trenitalia France SAS and Ferrovie del Sud Est e Servizi Automobilistici S.r.l. for a total of €99 million using own liquidity, the subscription and payment of the first tranche (€45 million) of Mercitalia Logistics S.p.A.'s capital increase approved in

December 2022, matching the capital increase of its subsidiary Mercitalia Rail S.r.l. and the €1 million payment provided for by the final liquidation financial statements of Nugo S.p.A..

During the year, the company placed new bond issues and took out bank loans for a total of €1.5 million, which it readily made available to the main Group companies, as detailed in section 21 Non-current and current financial assets (including derivatives) and section 28 Non-current and current loans and borrowings of the annual report. The company repaid bank loans and redeemed bonds for €0.8 million.

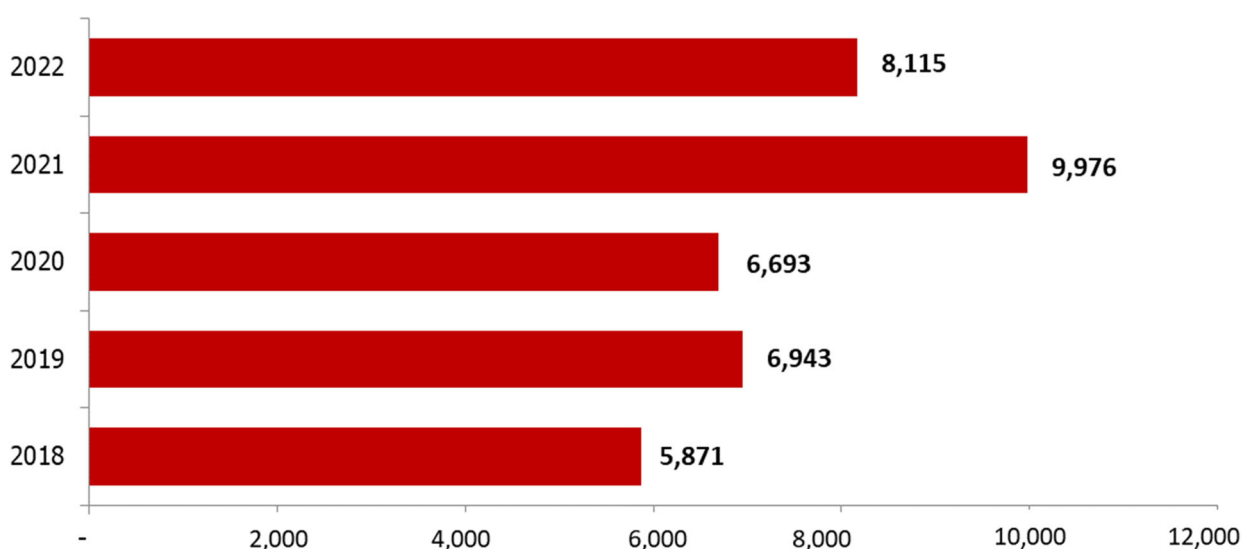
**Equity** increased by €90 million, due to the profit for the year (€90 million).

With respect to the corresponding figures, for the purposes of a better presentation, €3 million relating to the measurement of the company's hedging derivatives was reclassified from "Equity" to "Derivatives" in accordance with IFRS 13.

## Investments

Despite the widespread global economic slowdown triggered by persistently high inflation and worsening financial conditions, which have gradually caused consumption and investments to contract, the FS Italiane Group has managed to continue its investment plan and, in line with the investment trend it kicked off in 2012, has maintained a capital expenditure/depreciation ratio greater than 1 again in 2022, ensuring not only the replacement of assets that become obsolete from one year to the next but also steady growth to support the development and renewal of the transport, infrastructure and logistics sector, proceeding on the same course charted in 2020, despite the pandemic.

Total expenditure for investments by the FS Italiane Group in 2022 amounts to €8,115 million, €2,164 million of which was self-financed and €5,951 million through government grants, down by roughly 19% on the same figure at 31 December 2021.



In 2022, the FS Italiane Group implemented and managed capital expenditure of around €11.3 billion<sup>31</sup>, with a 10% decrease on the previous year mainly due to the reduction in capital expenditure for infrastructure relating to RFI S.p.A., caused by the negative trend in contract advances as the start of certain tenders was postponed. This decrease was offset by the growth in Anas S.p.A.'s investments (both to develop infrastructure and for maintenance) and expenditure on the new Turin-Lyon line. Nevertheless, excluding the trend in contract advances (€2,608 million in 2021 compared to €418 million in 2022), the Group's capital expenditure increased by more than 9%, confirming the Group's place among Italy's largest investors, as it supports the development and renewal of the transport, infrastructure and logistics sector. Capital expenditure, 98% of which is in Italy, can be broken down as follows:

- approximately 82% of capital expenditure refers to the Infrastructure business segment, with RFI S.p.A. investing some €6,260 million (including €6,064 million for the traditional/HC network, €98 million for the HS/HC network between Turin, Milan and Naples and €98 million for net contract advances to suppliers) and the Anas Group investing €2,678 million (including €320 million for contract advances to suppliers);
- around 16% of investments refers to business segment passenger for projects focusing on the transport of passengers by road and rail, both in Italy and abroad. Specifically, Trenitalia S.p.A. invested €1,633 million (including routine

<sup>31</sup> In addition to the consolidated investments described above, capital expenditure includes the investments recognised in accordance with IFRIC 12, mostly attributable to Anas S.p.A. and FSE S.p.A. (approximately €2.7 billion), while the remainder is comprised of the investments of unconsolidated special-purpose entities (e.g., TLF, BBT, etc.).

maintenance), the Busitalia Group invested €38 million and the other Trenitalia subsidiaries operating abroad in this segment invested €170 million (Netinera, Trenitalia c2c, Trenitalia UK, Trenitalia France and Hellenic Train);

- roughly 1% refers to logistics for freight transport projects in Italy and abroad, totalling about €156 million;
- about 1% relates to the urban segment and other services, consisting of investments mainly by FS Sistemi Urbani, Metropark, FS Technology and FS Italiane to maintain and enhance their respective real estate assets and ICT projects.

millions of Euros

	2022	2021	Change	Change %
Infrastructure	9,221.5	10,538.4	(1,316.9)	(12.5)%
Passenger	1,829.7	1,807.0	22.7	1.3%
Logistics	155.6	136.1	19.5	14.3%
Urban	25.2	16.8	8.4	50.0%
Other Services	37.5	38.6	(1.1)	(2.8)%
<b>TOTAL</b>	<b>11,269.4</b>	<b>12,536.9</b>	<b>(1,267.5)</b>	<b>(10.1)%</b>

The data include consolidation adjustments

## Investments in infrastructure

In particular, €6,260 million was invested in RFI S.p.A.'s national railway network, broken down as follows:

- 39% for safety, technology and efficiency, including €155 million (roughly 4% of total spending) for cutting-edge technology;
- 61% for work on national lines, conventional/HC network infrastructure development, the completion of the Turin-Milan-Naples HS line and large construction works, mainly on the HS/HC Verona-Padua line between Verona and Vicenza and on the Milan-Verona line between Brescia and Verona.

Calls for tenders totalling €21 billion were published in 2022, including €16 billion for works and €5 billion for supplies of goods and services, and contracts worth about €10.6 billion were awarded. The main contracts awarded for infrastructure development include:

- Firenze Belfiore hub: execution and completion of works on the HS railway bypass and the HS station;
- Palermo Catania line: executive design and execution of works on the new Enna-Dittaino section (Lot 4B);
- Palermo Catania line: executive design and execution of works on the new Dittaino-Catenanuova section (Lot 5);
- Pescara Bari line: laying of double tracts on the Termoli-Lesina section, Lots 2-3 of Termoli-Ripalta;
- Railway connections to/from the Venice airport;
- Prato Bologna line: updating of the PC/80 loading gauge;
- Palermo-Trapani via Milo: executive design and execution of refurbishment works.

Furthermore, the main infrastructure placed in service in 2022 was:

#### North Italy

- start of phase B2.2 for the connection of the historic Alessandria-Piacenza line to Tortona in the scope of the 3rd Lot of the 3rd Valico dei Giovi project;
- start of the first phase of the electric substation with functioning plant as an electric traction station within the Bramante electric substation as part of project to lay quadruple tracks on the Torino Porta Susa-Stura line;
- roll-out of the ERTMS level 1 (overlapping) in the Stabio-border and Ventimiglia-Bordighera sections;
- the TSCS in the following sections: Corteolona-Casalpusterlengo, Fornaci di Barga-Lucca and Legnago-Rovigo, Piazza Serchio-Fornaci Di Barga, Alano-Montebelluna;
- start of the Chiasso interface and the roll-out of the ERTMS level 2 (overlapping) in the Chiasso-Desio section as part of the technological upgrading of Monza-Chiasso;
- Verona multi-station command and control system (MCCS) as part of the project to upgrade the train distancing system between Bologna and Verona and the reconfiguration of the automatic computerised interlocking system at the Florence hub;
- completion of work on the noise dampening barriers in the HS/HC Turin-Milan section;
- completion or work on the Milan-Chiasso line as part of the distancing systems to increase capacity at the Milan hub;
- reconfiguration of the computerised interlocking system at the Brescia hub to resolve non-conformities;
- opening of the new Milano Tibaldi stop;
- start of functional phase 2 of the Arezzo Sud-Orvieto Sud section as part of the upgrading of the Florence-Rome express line.

#### South Italy

- reconfiguration of the Capua and Pontecagnano computerised interlocking system as part of the work on the Naples hub and a phase of the computerised interlocking system at the Napoli Centrale station.
- computerised interlocking system and TSCS in the Cagliari-Decimomannu section;
- TSCS in the Foggia -Manfredonia section (35.6 km);
- activation of fire emergency evacuation doors in the Ognina tunnel as part of the project to double the tracks in the Messina-Siracusa section.

The main project activities consisted of the following:

- HS/HC Verona-Padua line, Verona–Padua section, 1st functional lot - Verona-Vicenza junction: in February, RFI and the general contractor Iricav Due signed the 1st variation report relating to the definitive project for the 1st functional lot of the Verona-Vicenza junction, which updates the configuration of the jet grouting works to reinforce the GA01 tunnel. The authorisation process began for the approval of the executive project of the localisation variations in March and was concluded in November;
- HS/HC Verona-Padua line, Verona–Padua section, 1st functional lot - Verona hub east entrance: in February, Italferr delivered the plans for the definitive project of the HS/HC Verona hub - east entrance and in June, the extraordinary government commissioner signed order no. 7 authorising the start of the authorisation process for the definitive project, which is still in progress;
- HS/HC Verona-Padua line, Verona–Padua section, 1st functional lot - Verona hub west entrance: the extraordinary government commissioner signed order no. 9, approving the definitive project. In December, the tender process began for the assignment of the contract for the executive design and performance of the works;



- HS/HC Verona-Padua line, Verona–Padua section, 2nd functional lot - Vicenza bypass: the extraordinary government commissioner signed order no. 8 authorising the start of the authorisation process to check compliance of the definitive project, which is still in progress;
- Construction of the Palermo-Catania–Messina railway line: in March, with order no. 13, the commissioner approved the definitive project for Lot 5 of the Catenanuova–Dittaino section within the scope of the larger project for the new Palermo-Catania connection.

The definitive design of the following projects began:

- laying of quadruple tracks outgoing from Brescia Est, by GC, on the HS/HC Milan-Verona line;
- general zoning plan for the Pescara third track and Ronco Scrivia as part of the technological upgrading of the Tortona-Bivio Fegino line;
- Quadrante Europa Verona computerised interlocking system;
- technological completion of the Udine-Ronchi Legionari Nord section;
- conversion of the Catania Fontanarossa stop into a station;
- set-up of the Torino Lingotto central command station and the new Reggio Calabria central command station;
- replacement of the track for stationed trains at the Bari Centrale station as part of the repair of the Bari hub;
- reconfiguration of the Bovino-Cervaro computerised interlocking system interfacing with the Foggia computerised interlocking system as part of the laying of double tracks on the Pescara-Bari section;
- reconfiguration of the computerised interlocking system at Ortona north as part of the laying of double tracks on the Pescara-Bari section;
- Bergamo general zoning plan;
- ERTMS on the Palermo–Catania line.

The definitive design of the following projects were completed:

- technological updates as part of the laying of double tracks on the Lunghezza-Guidonia section;
- Bolzano computerised interlocking system;
- Milano Centrale general zoning plan and computerised interlocking system;
- Modena traffic control-computerised interlocking system as part of the Bologna-Piacenza technological upgrade;
- updating the PC80 track bed on the Emilia side of the Bologna-Prato line;
- new general zoning plan of Vado Ligure phase II;
- technological upgrades as part of the strengthening of the Padua-Castelfranco line;
- noise dampening barriers as part of the strengthening of the railway plants serving the Trieste port;
- new Palermo central command station;
- San Donà shunting yard as part of the upgrading of the Venice-Trieste line;
- phase II of the multi-station command and control system as part the technological upgrade of the HS/HC Rome-Naples lines;
- Maddaloni-Cervaro shunting yard computerised interlocking system 2 in the Apice-Hirpinia lot;
- Cutro tunnel in the electrification of the Catanzaro-Crotone-Sibari section.

RFI has made technological innovation one of its priorities, which will enable it to not only assist with infrastructure development but to anticipate it and make the Italian railway one of the safest in Europe.

Railway technologies include all the electromechanical, electronic and automated plants and systems that, with the supervision of land and train crew, help ensure safe operation across the entire network.

To this end, RFI developed a plan to fast-track the implementation of the ERTMS (European Rail Traffic Management System) proposed to the MIT in 2018 and presented to key stakeholders during a specific workshop in late 2018. In 2022, another multi-technological contract was awarded for the design and development of the ERTMS throughout Italy, covering lines extending for a total of around 4,200 km, in line with the commitments under the National Recovery and Resilience Plan ("NRRP"). The tender was divided into four geographical lots to ensure that the system's technology is consistent: Centre North, Centre South, Centre and South.

The Radio Block Center (RBC) regulatory plan was issued, providing an overview of the jurisdictions of the RBC/train distancing systems that have already been activated or will soon be developed (up to 2027) and the possible strategy for completion of the RBC/train distancing systems across the entire network by 2036, in order to maximise the technological singularity of systems with specific regard to the ERTMS at central command stations.

As part of the land/train integration on lines equipped with ERTMS, a coordination panel was set up with the MIT and the railway companies to harmonise the schedule for the land/train development of the ERTMS fast-track plan. All stakeholders were asked to update the ERTMS plan schedule, in line with the progress of the designs, which began in the fourth quarter of 2022 and which should be issued in the first few months of 2023.

With respect to the work on the road network operated by the ANAS Group, investments totalled €2,678 million in 2022 (including contract advances to suppliers of €320 million). Specifically, about 45% of investments were directed towards the development of infrastructure, 49% towards maintaining the efficiency of the existing road infrastructure and roughly 6% towards other projects on technological and IT equipment.

The main road infrastructure activations related to the following works:

- SS 79 Terni-Rieti line - Section A (without the junction tunnel);
- SS 79 Terni-Rieti line - Lazio section from the Montelungo tunnel to the regional border;
- SS 658 New Potenza-Melfi route - Works to secure the road bed in intermittent sections between km 0+000 and km 48+131 - 1st Section;
- SS 268 del Vesuvio - Works to build the new Madonna dell'Arco junction - Agreement between the Campania regional authorities and Anas.

Calls for tenders totalling €4.6 billion were published in 2022, including €2.2 billion for new works and €1.6 billion for maintenance.

Furthermore, during the year, tenders worth a net €4.3 billion were awarded, of which €1.8 billion for new works and €2.1 billion for maintenance.

## Investments in railway transport

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Trenitalia invested approximately €1,633 million in railway transport in 2022, with 70% of these investments directed towards the purchase of rolling stock, 3% to recondition material already used in operation, 6% to technologically update vehicles, for IT systems and to maintain and develop maintenance plants and the remaining 21% for routine maintenance.

The main investment projects by business area were:

- HS passenger transport (€285 million)  
Five ETR 1000s were delivered in the year. The revamping involved updating the fire prevention system in the ETR 500s (€4 million and seven trains updated) and the ETR 600/610s (€9 million and 20 trains updated).  
Work on the plants entailed reinforcing the Milano Martesana current maintenance plant (€5 million), with the delivery of the new warehouse for HS material maintenance, the Napoli Frecciarossa current maintenance plant (€2 million) and the redevelopment of the HS superstructure (€2 million) to reorganise and strengthen maintenance on the fleet.

About €142 million was invested in cyclical rolling stock maintenance.

- Intercity passenger transport (€114 million)

The revamping of Intercity carriages mainly consisted of updating the fire prevention systems in carriages (€14 million with 241 updated carriages) and restyling with the installation of new air conditioning systems (€6 million and 77 updated carriages). Specifically, Trenitalia France purchased 10 Night carriages (€4 million).

Routine maintenance continued for approximately €82 million.

- Regional passenger transport (€842 million)

29 Pop trains (€273 million), 34 Rock trains (€369 million) and two Blues trains (€48 million) were delivered as part of the updating of the regional transport fleet.

In addition, 14 commuter trains were returned to service after receiving face-lifts to improve comfort on board (€9 million). Work is under way to update the fire prevention system in medium-haul, Vivalto and ALN 663 carriages (€5 million with 24 medium-haul, 14 Vivalto and 32 ALN 663 carriages returned in the year).

Approximately €111 million was invested in cyclical rolling stock maintenance during the year.

- International passenger transport (€332 million)

11 ETR 1000 were delivered in the year to start ILSA's commercial service in Spain, while the ETR 470 fleet was revamped with the last two trains for Greece completed in the year.

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

NEW MATERIAL	no. of vehicles	RECONDITIONED MATERIAL	no. of vehicles
<b>Carriages</b>	<b>10</b>	<b>Carriages</b>	<b>356</b>
HS/Intercity	10	HS/Intercity	318
<i>IC Night carriages</i>	<i>10</i>	<i>Fire prevention system in IC carriages</i>	<i>241</i>
		<i>Revamping of IC carriages</i>	<i>77</i>
		Regional	38
		<i>Fire prevention system in medium-haul carriages</i>	<i>24</i>
		<i>Fire prevention system in Vivalto carriages</i>	<i>14</i>
<b>Trains</b>	<b>81</b>	<b>Trains</b>	<b>75</b>
HS/Intercity	5	HS/Intercity	27
<i>ETR 1000</i>	<i>5</i>	<i>Fire prevention system in ETR 500s</i>	<i>7</i>
		<i>Fire prevention system in ETR 600/610s</i>	<i>20</i>
HS/International service	11	HS/International service	2
<i>ETR 1000 Spain</i>	<i>11</i>	<i>Revamping of ETR 470s (Greece)</i>	<i>2</i>
Regional	65	Regional	46
<i>Rock trains</i>	<i>34</i>	<i>Commuter trains</i>	<i>14</i>
<i>Pop trains</i>	<i>29</i>	<i>Fire prevention system in ALN 663s</i>	<i>32</i>
<i>Blues trains</i>	<i>2</i>		

## Investments in road transport

The following road transport vehicles were delivered for local public transport services operated by the Busitalia Group:

- 3 diesel buses for the services operated by Busitalia Campania;
- 31 buses for the services operated by Busitalia Veneto, including 26 diesel buses and five natural gas buses;
- 13 buses for the services operated in the Netherlands by Qbuzz, including 10 hydrogen buses and three diesel buses;
- 60 diesel buses for the LPT service in Umbria.

## Investments in freight transport and logistics

The ongoing updating of the fleet for freight transport and logistics operated by the Mercitalia Group entailed the following deliveries in the year:

- 104 carriages to Mercitalia Intermodal;
- 51 carriages to TX Logistik for T3000E intermodal transport;
- three D753 locomotives, one CZ741 locomotive and one CZ744 locomotive to Mercitalia Shunting & Terminal.

## Investment funding

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

In accordance with that established by the CIPE in resolution no. 4 of 2012, the railway infrastructure operator (RFI S.p.A.) and the MIT signed two separate contracts, detailed as follows:

- Government Programme Contract – Investments (GPC-I) to regulate the sustainable planning and funding of investments to develop railway infrastructure to improve service quality and ensure compliance with safety levels in line with technological developments, in accordance with new legislation and the national and EU strategic guidelines for financial planning;
- Government Programme Contract – Services (GPC-S) to regulate all funding of ordinary and extraordinary maintenance of the national railway network and safety, security and railway traffic activities.

### **Government Programme Contracts – Investments (GPC-I) and Services (GPC-S)**

During the meeting on 2 August 2022, with resolutions nos. 24 and 25, the CIPESS (interministerial committee for economic planning and sustainable development) respectively approved the Government Programme Contract with RFI S.p.A. for 2022-2026 – Services and the Government Programme Contract with RFI S.p.A. for 2022-2026 – Investments. The contract approval process, pursuant to Decree law no. 152/2021, was completed with publication in the Official Journal in November and the subsequent signing of the contracts by the parties on 20 December 2022.

The GPC-I allocates additional contractual resources of roughly €13 billion, which will contribute to improving the performance and accessibility of the service railway. Specifically, the resources will be used as follows: €642 million to improve resilience to climate change; €463 million for technological development; €260 million for station accessibility; and €1,520 million to develop regional systems. Additionally, €2,261 million will be used to upgrade metropolitan hubs, €452 million to improve accessibility to the rails (ports, airports and terminals) and €7,436 million to extend the HS network.

The approved GPC-S is a crucial stepping stone for the challenges of the next few years, in that it is an indispensable tool for ensuring an adequate flow of resources and financial stability for planning network maintenance.

Financial requirements are estimated to total roughly €16.5 billion in the next five years, and resources of around €10.21 billion have already been allocated, with an increase in the resources for maintenance and services provided by the network operator.

Indeed, the GPC-S for 2022-2026 includes about €1.1 billion per year for operations and ordinary maintenance and about €2.2 billion per year for extraordinary maintenance.

The main new element of this contract is the transfer of a series of projects from the GPC-I to the new GPC-S, as they are closely related to the routine maintenance included in the GPC-S. These projects concern safety, and they were transferred to ensure a more efficient and effective planning and implementation.

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

The Government Programme Contract between the MIT and Anas governs the use of the resources assigned to Anas for the development of infrastructure and to manage network services. In particular, the contract governs:

- the construction, maintenance and operation of the non-toll road and motorway network, directly operated by Anas and the related services;

- the financing of the activities;
- service level agreements, works schedule, penalties and methods for verification by the MIT.

The Government Programme Contract 2016-2020 was extended for 2021-2022. During the meeting on 27 December 2022, the CIPSS approved the rider to the Government Programme Contract 2016-2020 between the MIT and Anas, establishing the allocation of the resources under article 1.397 of Law no. 234 of 2021 (2022 Budget Act), totalling €4.55 billion, including about €2 billion to finance new works in the Government Programme Contract 2016-2020, around €1.8 billion for maintenance, €174 million for the monitoring of bridges and tunnels, €170 million for designs, €167 million for projects included in the 8th stage of the seismic risk prevention plan, in addition to other projects.

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

millions of Euros

	RFI	FS Italiane	Trenitalia	Anas	Grandi Stazioni Rail	Ferrovie del Sud- Est	Netinera Group	Hellenic Train	Mercitalia Logistics	Mercitalia Rail	Mercitalia Intermodal	Mercitalia Shunting & Terminal	TX Group	Busitalia Group	Total
<b>Grants related to income</b>															
Government Programme	1,155.6														1,155.6
Contract Covid-19 grants	15.0		307.4			5.7	70.2							57.1	455.4
Other government grants	106.7				0.9			14.5	3.8	2.4	11.2	0.1	2.3		141.9
EU grants													9.9		9.9
From local public bodies			0.1								1.3			6.3	7.7
Sundry grants from others									0.1		3.0			5.2	8.3
<b>Grants related to assets</b>															
Governments grants	5,012.4	285.9		1,934.2	37.2	2.2									7,271.9
From local public bodies	83.8		126.2	205.4										5.6	421
From the EU	1,771.1		28.6	14.5		122.9									1,937.1
Sundry grants from others															
<b>Total</b>	<b>8,144.6</b>	<b>285.9</b>	<b>462.3</b>	<b>2,154.1</b>	<b>38.1</b>	<b>130.8</b>	<b>70.2</b>	<b>14.5</b>	<b>3.9</b>	<b>2.4</b>	<b>15.5</b>	<b>0.1</b>	<b>12.2</b>	<b>74.2</b>	<b>11,408.8</b>

## **National Recovery and Resilience Plan (NRRP)**

### Highlights of Italy's NRRP

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

NGEU marks a landmark shift for the EU. The vast quantity of resources allocated to ushering in a new era of growth, investments and reforms totals €750 billion, with subsidies constituting over half, €390 billion.

Specifically, NGEU consists of two instruments for member states: React EU, which was designed for the shorter term (2021-2022) to help member states in the initial stage of their economic recovery, with €14 billion assigned to Italy, and the NRRP, which covers a six-year period from 2021 to 2026, with €191.5 billion assigned to Italy.

To date, funds of €236.1 billion have been allocated to Italy, for its NRRP (approximately €191.5 billion), React EU (€14 billion) and the Complementary Fund (€30.6 billion).

Italy's NRRP consists of 16 components that break down into six missions:

- Mission 1: Digitalisation, innovation, competitiveness and culture (€50.7 billion);
- Mission 2: Green revolution and green transition (€70.7 billion);
- Mission 3: Infrastructure for sustainable mobility (€31.5 billion);
- Mission 4: Education and research (€34.1 billion);
- Mission 5: Inclusion and cohesion (€29 billion);
- Mission 6: Health (€20.3 billion);

### The FS Italiane Group's part in the NRRP

The FS Italiane Group has a key role in the NRRP, as the Group has always contributed to the country's transformation and development. At 31 December 2022, €25.89 billion had been allocated to Group companies in connection with the NRRP and the Complementary Fund, including:

- €25.68 billion for the implementation of:
  - Mission 1 Component 3: €0.41 billion for historic trains and cultural itineraries, of which €0.228 billion allocated to RFI and €0.179 billion to Fondazione FS;
  - Mission 2 Component 2: €0.11 billion, of which €0.08 billion allocated to RFI for the upgrade of the ferry fleet for the Messina Strait, €0.02 billion allocated to FSE to update regional trains and €0.01 billion to Busitalia to upgrade the bus fleet;
  - Mission 3 Components 1 and 2: €24.95 billion for work on the national railway infrastructure and regional railways, for the monitoring and digital surveillance of artworks, railway connections and the update of the vehicle fleet, of which: €24.29 billion allocated to RFI, €0.38 billion to FSE, €0.28 billion to Anas and €0.01 to Mercitalia Shunting and Terminal and Terminali Italia;
  - Mission 5 Component 3: €0.21 billion, of which €0.096 billion allocated to RFI for the special economic zones, €0.017 billion to Anas and €0.097 billion to RFI for PiNQua (the innovative programme for quality housing);
- €0.21 billion for projects for which the Group companies are responsible, with the implementing entity named by the extraordinary seismic safety commissioners for 2009-2016, of which €0.03 billion allocated to RFI and €0.18 billion to Anas.

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



### Focus on RFI

RFI's role in the success of the plan is of primary importance, particularly for Mission 3, for which the company has been allocated a total of €24.29 billion, equal to 11% of the entire Italian NRRP.

The €23.856 billion in investments in Italian railway infrastructure include additional resources of €12.66 billion allocated to RFI for projects not included in the portfolio and €11.2 billion for projects in progress that have already been financed and that, consequently, will be released for use in Italy.

Furthermore, projects are planned on the regional lines entailing total investments of €0.325 billion, specifically €0.163 billion for the lines operated by FCU (Ferrovie Centrali Umbria S.r.l.), €0.121 billion for the lines operated by GTT (Gruppo Torinese Trasporti S.p.A.) and €0.041 billion for the lines operated by FUC (Ferrovie Udine Cividale S.r.l.).

In addition, as part of Mission 5 component 3 (M5C3) "Special territorial cohesion projects", approximately €0.096 billion was allocated to RFI for infrastructure work to develop special economic zones in 2021-2026.

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

- €0.08 billion allocated for the area around the Messina Strait to update RFI's fleet of ferries connecting Sicily and Calabria, under the MIT. The assigned funding will enable RFI to implement a plan to update its fleet of ferries that continue the railway line across the strait, including the implementation of hybrid electric systems to reduce gas emissions for an ecological improvement in energy efficiency, and build three new last-generation ferries for passenger transport;
- €0.03 billion for projects to improve the environmental sustainability of railway connections - "Update of rolling stock and railway transport infrastructure" under the MIT's "Raccordi" decree;
- €0.166 billion for the implementation of projects under the strategic investment plan on cultural heritage sites, buildings and natural areas, under the Ministry of Culture.

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

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

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

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

- Measure 1.1 HS railway connections with the south: National Recovery and Resilience Plan funding of approximately €4.6 billion on the following lines:
  - Naples-Bari: under construction, for functional sections covering roughly 90 km. Specifically, the Orsara-Bovino, Canello-Frasso, Frasso-Telese, Telese-Vitulano, Apice-Hirpinia and Naples-Canello lots are in progress;

- Palermo-Catania-Messina, for functional sections covering around 150 km, on which the authorisation process is underway and contracts have been awarded for works on the Bicoocca-Catenanuova (approximately 37 km), Enna-Dittaino (approximately 15 km) and Dittaino-Catenanuova (approximately 22 km) sections;
- Salerno-Reggio Calabria: the project envisaged in the NRRP relates to the priority Battipaglia-Romagnano lot (approximately 33 km), currently being negotiated.

European and national milestones were reached in 2022, including:

- o Accounting recognition in line with the annual rate of progress with respect to total costs financed with the NRRP of 12.36%;
- o Awarding of public contracts for the construction of the high-speed rail on the Naples-Bari and Palermo-Catania lines for the Orsara-Bovino, Catenanuova-Dittaino and Dittaino-Enna sections.

- Measure 1.2 HS lines in the north connecting it with Europe: NRRP funding of approximately €8.6 billion on the Brescia-Verona-Vicenza and Liguria-Alps lines, both under construction. The Liguria-Alps line includes work for the Genoa hub and Third Giovi Pass section (53 km), the Milan-Pieve Emanuele sections (11 km) and the laying of quadruple tracks on Rho-Parabiago and the Y link (9 km), the latter respectively under negotiation and under authorisation. In addition, it includes works that feed into the Verona-Brenner line (15 km), relating to the Trento ring road, for which the contracts have been awarded.

European and national milestones were reached in 2022, including:

- o Accounting recognition in line with the annual rate of progress with respect to total costs financed with the NRRP of 19.3%;
- o Start of the tender procedure for the assignment of Liguria-Alpi works.

- Measure 1.3 Diagonal connections: NRRP funding of approximately €1.6 billion on the following lines:
  - Roma-Pescara: Scafa-Manoppello and Manoppello-Interport priority lots;
  - Orte-Falconara: speeding up the Orte-Falconara sections, laying double tracks on PM228-Albacina and on PM228-Castelplanio;
  - Battipaglia-Potenza-Metaponto-Taranto: Potenza-Metaponto section priority lot.

The works included in the NRRP are in the authorisation process.

- Measure 1.4 Introduction of the European Rail Traffic Management System (ERTMS): NRRP financing of approximately €3 billion. The framework agreements have been awarded for the first 700 km of the ERTMS and on approximately 4,200 km more lines. In connection with these framework agreements, 22 design application contracts and 10 execution application contracts have been signed. Work is in progress for the implementation of the ERTMS on a few priority sections (under the Breakthrough Programme) which will help achieve the 2022 target (implemented on 416 km by 2022).

European and national milestones were reached in 2022, including:

- o the European railway traffic management system has been implemented on 312 km of network;
- o contracts have been awarded for the development of the European railway traffic management system.

- Measure 1.5 Upgrading metropolitan railway hubs and key national connections: NRRP resources of approximately €3 billion. Work is in progress to strengthen the infrastructure and technology of the metropolitan hubs and main lines and 180 km has already been activated.

European and national milestones were reached in 2022, including another 110 km (in addition to the 40 km scheduled for December 2021) of progressive improvement of the hubs and national railway lines (metropolitan hubs and key national connections).

- Measure 1.6 Upgrading regional lines: NRRP resources of approximately 100 million. Work is in progress on the design and start-up of certain projects.

In January 2022, RFI (as implementing entity recognised pursuant to MIMS decree no. 439/2021) signed three agreements with three different regional authorities (as beneficiaries of the financing) and the related regional railway infrastructure operator:

- Piedmont regional authorities and GTT for projects on the Turin-Ceres and Canavesana regional railway lines (€120.5 million);
- Friuli-Venezia Giulia regional authorities and Ferrovie Udine-Cividale for infrastructure and technological projects on the Udine-Cividale line (€41.09 million);
- Umbria regional authorities for infrastructure and technological work on the entire "Ferrovia Centrale Umbra" line, which RFI took over as operator on 1 July 2019 (€163 million).

- Measure 1.7 Upgrading, electrification and improved resilience of the railways in the South: NRRP resources of approximately €2.3 billion. The planning work is in progress. Specifically, after the authorisation processes were completed, negotiations have begun for the following projects: completion of the Ferrandina-Matera section, laying of double tracks on the Codogno-Cremona-Mantova section, 1st phase; completion of the Salerno Arechi-Pontecagnano airport connection; Brindisi airport connection; Catania hub - lengthening the airstrip.

Furthermore, the authorisation processes have begun and are still in progress for the updating and implementation of faster speeds on the Ionian railway line - Sibari-Melito Porto Salvo section and the Lamezia Terme-Catanzaro Lido and the electrification of the Barletta-Canosa section.

- Measure 1.8 Improving railway stations in Southern Italy: NRRP resources of approximately €700 million. Work is in progress on the planning and construction. In detail, work has commenced on the planning of projects on the Acireale, Acquaviva delle Fonti, Brindisi, Crotone, Naples Centrale, Nocera Superiore, Potenza Centrale, Potenza Superiore, Reggio Calabria Lido, Rosarno, Sarno, Siracusa, Teramo, Torre del Greco and Marsala stations.

In addition, six projects were kicked off in 2022 (i.e., work to on the projects for the Scalea S. Domenica Talao, Vibo Valentia-Pizzo, S. Severo, Giovinazzo, Sapri and Milazzo stations).

Definitive national and European milestones were reached in 2022, including the start of planning to improve 12 railway stations (operated by RFI) in Southern Italy.

There were three European milestones for the end of 2022 and they were all reached: the assignment of work on the Naples-Bari line (€0.37 billion), the assignment of the ERTMS work (€3.27 billion) and the assignment of work on the Palermo-Catania line (€1.21 billion).

In addition, three national milestones and five national quantitative targets were reached.

#### Other FS Italiane Group companies

The other Group companies have been assigned €0.89 billion as the implementing entities. The main companies implementing the missions are discussed below.

Anas is the implementing entity for Mission 3 and Mission 5, with total funds (NRRP and Complementary Fund) of approximately €0.292 billion:

- Mission 3 component 1 “Monitoring and digital surveillance of artworks”: Complementary Fund resources of €0.275 billion. The contract for the BMS services was awarded and all the other tenders were called for the project;
- Mission 5 component 3 “Accessibility to the Gioia Tauro port”: NRRP resources of around €0.017 billion. The allocated NRRP funds do not fully meet the financial requirements of either project (€11 million out of €67 million and €6 million out of €20 million), so authorisation has been requested to use the funds in the 2022 Budget Act to cover the residual requirement.

Ferrovie Sud Est is the implementing entity for total NRRP resources of approximately €0.403 billion, of which:

- Mission 3 component 1 Measure 1.6 “Upgrading of regional lines” for €0.382 billion:
  - infrastructural upgrade of the Bari-Taranto line: NRRP resources of approximately €86.5 million. The planned projects cover the superstructure of the Noicattaro-Taranto section (€50 million) and the electrification of the tracks, the completion of the Triggiano and Capurso stations, the update and upgrade of the optical fibre backbone and the technological safety upgrade with the PAI-PL system (€36.5 million), for which the Puglia regional authorities have yet to send the signed specifications after receiving the MIT’s approval;
  - completion of the TSCS/ERTMS equipping on the rest of the network: NRRP resources of approximately €130.8 million, with the plans currently under development;
  - development of intermodal hubs and upgrading of 20 stations: NRRP resources of approximately €165 million, with the definitive design currently in progress;
- Mission 2 component 2 Measure 4.4 “Upgrading of the Green Train and Bus Fleet” for €0.021 billion, to upgrade the regional fleet through the purchase of four electric trains.

Fondazione FS is the implementing entity in Mission 1 component 3, for a total of approximately €0.179 billion of the Complementary Fund - “Strategic investment plan on cultural heritage sites, buildings and natural areas”. The planned investments relate to the construction of maintenance hubs (€0.029 billion), rolling stock projects (€0.072 billion), projects at museum complexes (€0.043 billion) and other initiatives (€0.035 billion). Work has already commenced on some of the projects and contracts are being awarded for others.

#### Governance and monitoring of NRRP projects

With respect to the governance of the NRRP projects, on 25 November 2022, the Prime Minister’s decree was published in the Official Journal (general series no. 276):

- a) assigning the Minister for European Affairs, the South, Cohesion Policies and the NRRP the Prime Minister’s duties regarding Italy’s participation in the preparation and implementation of EU legislation and policies, territorial cohesion policies and projects for the development of Southern Italy, as well as for the NRRP;
- b) assigning (pursuant to article 3.2.p) the Minister for European Affairs, the South, Cohesion Policies and the NRRP the Prime Minister’s duties for presiding over and ensuring the functions of the command centre for the NRRP as per Decree law no. 77 of 31 May 2021.

On 24 February 2023, the Decree law containing "Emergency measures for the implementation of the National Resilience and Recovery Plan (NRRP) and the National Complementary Investment Plan, as well as for the implementation of cohesion policies and shared agricultural policy" was published in the Official Journal (general series no. 47). It is an update of the previous Decree law no. 77/2021 regarding the "Governance of the National Recovery and Resilience Plan and the first measures to strengthen administrative structures and accelerate and streamline procedures", converted with Conversion law no. 108 of 29 July 2021. Specifically, the new Decree law fast-tracks the implementation of the NRRP and the SIP, including through a revision of the governance system for the NRRP and the SIP (articles 1-7).

The governance model updated on the basis of these decrees provides for:

- a command centre within the Prime Minister's office and under the direction of the delegated Minister, acting as the body that provides political guidance, which coordinates and drives the implementation of the NRRP projects; the command centre is supported in its functions by a new mission unit, which will also be the national liaison for the implementation of the NRRP;
- a general inspectorate set up with the government's General Accounting Office (MEF) at general governance level. This general inspectorate is responsible for operationally coordinating the implementation, financial management and monitoring of the NRRP, controlling and reporting to the European Union and managing the Next Generation EU-Italy revolving fund;
- the involvement of the central government administrations that own the projects (e.g., the MIT, the Ministry of Culture, the regional authorities, etc.) and that coordinate the life cycle of the source of funding (management, monitoring, reporting, control and communication) and have the right to identify an oversight mission unit to liaise both the Prime Minister's command centre and with the general inspectorate set up with the MEF.

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

- monitoring the Group's NRRP projects compared to the baseline and by the physical progress of key milestones and targets compared to the NRRP targets;
- scouting and launching of the corporate and cross-sectional NRRP projects that are not yet in the investment pipeline;
- checking the strategic consistency and quantification of the economic, social and environmental impacts of the NRRP projects;
- centralised support for access to the various National Recovery and Resilience Plan financing methods;
- coordination of communications initiatives related to NRRP projects;
- representing the Group, which may be jointly with the involved subsidiaries and the relevant FS Italiane S.p.A. units, in the Italian government's "command centre" which steers, drives and coordinates the implementation of the NRRP and with the various institutional bodies involved, even locally.

## Research, development and innovation

### Development activities

The Group's development activities generated investments of roughly €12 million, mostly by RFI. The table below details investments in technological development by investment area, with around 79% going to traffic safety technologies, 18% for studies and testing on new components and systems and remainder for innovative diagnostics and environmental and land protection.

*millions of Euros*

	2022			2021			Change		
	RFI	Anas	Total	RFI	Anas	Total	RFI	Anas	Total
Safety technologies	9.2	0.3	9.5	9.0	0.2	9.2	0.2	0.1	0.3
Innovative diagnostics	0.0	0.1	0.1	0.0	0.2	0.2	0.0	(0.1)	(0.1)
Studies and testing on new components and systems	2.2	0.0	2.2	4.7	0.0	4.7	(2.5)	0.0	(2.5)
Environmental friendliness	0.2	0.1	0.3	0.2	0.1	0.3	0.0	0.0	0.0
<b>TOTAL</b>	<b>11.6</b>	<b>0.5</b>	<b>12.1</b>	<b>13.9</b>	<b>0.5</b>	<b>14.4</b>	<b>(2.3)</b>	<b>0.0</b>	<b>(2.3)</b>

In 2022, work began to develop a simple method of determining the risk of trains overturning along the line and evaluating the effectiveness of devices to prevent derailments.

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

- post-activation monitoring of the piloting to improve the electromagnetic compatibility of the computerised interlocking systems at the Desio station (Monza-Chiasso line), activated in the year as a provisional shunting yard and the Monza-Chiasso computerised interlocking system;
- development of an information system prototype named RAMSES to predict brief and intense weather events on restricted areas of the infrastructure. Using data from the rain water pluviometric network and radar data from the Italian Civil Protection Agency, this system provides useful information on events on individual sections of the railway network during weather alerts. Specifically, the product was delivered and activities have begun to engineer it and make it usable in operating processes;
- development of an acoustic motor for the acoustic simulation software (INAC 3D) for the European mapping after the preliminary design was completed. In 2022, the "IN agglomerate" and "OUT agglomerate" mapping was prepared, along with the action plan for the "IN agglomerate" map.

### Research

The following activities were kicked off during the year:

- a study of electrolytic corrosion in the railway, consisting of the development of a system to diagnose electrolytic corrosion in direct current electric traction systems based on numerical algorithms in order to model eddy currents in electric traction systems in a variety of scenarios (e.g., single/double track, with imperfect insulation of the track to the ground, unbalancing when there is zero voltage at electric substations).
- a survey of the 5G infrastructure at railway stations to analyse applications based on 5G technology for indoor positioning at stations to support people with disabilities and to establish an architecture model for 5G infrastructure serving railway diagnostics. Electromagnetic measurement campaigns were carried out during the year on an experimental basis at the Rimini station.

The main projects commenced in previous years and continued in 2022 include:

- RFI platform project: this project began in 2018 in response to the need to standardise the control devices in the station (computerised interlocking systems) and to significantly reduce the cost of implementing the ERTMS and the cost of plant maintenance;
- Unmanned railway vehicle (URV) project: the objective of this project is to develop a self-driving railway vehicle with a maximum speed of 200 km/h and two hours of autonomy, which can detect irregularities on the HS lines with a potential impact on infrastructure safety;
- Automatic train operation (ATO) over ETCS: this project is part of the URV project but its objective is to develop an automatic train operation system that meets the Shift2Rail specifications for trains operating on the network. Trials were carried out in 2022 for the integration of Software in the Loop (SIL) and Hardware in the Loop (HIL).;
- IoT sensors for railway infrastructure: this project was launched to develop smart, low-consumption sensors that can easily, reliably and unobtrusively be integrated in the network, applying avant-garde technology in the field of smart materials and optical technology. Both the Smart Rail project, to test the application of optical fibre sensors on the long welded rail to monitor deformation caused by misshaped tracks, and the Low Power ET project, to develop a technological demonstrator to monitor electrical traction infrastructure using sensors and innovative processing techniques that draw on low-cost transducers and sensor nodes with computational capacity for structure monitoring, continued in the year.

Internationally, the Group continued to participate in the “Diagnostic Integrated Networks of Satellite and 5G (DINoS5G)” project with the aim of integrating 5G and satellite technologies to develop predictive maintenance systems.

Two patent applications were filed in 2022:

- one application relates to the development of a software system that displays the status of the computerised interlocking system (i.e., light panel);
- the other relates to the remote mobile interface enabling maintenance workers to safely interact directly with the command device (computerised interlocking system or ARIS) to suspend the line or secure the area where the maintenance work will be carried out.

## Innovation

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In preparation for the challenges and priorities of the industrial plan, the Group has implemented a new governance model and a new organisational structure that creates synergies between the Group companies but also improves their individual performance.

In view of the above, the Technology, Innovation & Digital macro-unit has a new governance model consisting of the operating and innovation relationship model for the management of innovation processes according to:

- an organisational model in which the Group companies constitute the hub and spokes;
- a business-oriented approach towards real value creation for the Group;
- a stage & gate approach for the assessment of the innovation initiatives with the greatest potential.

The operational and innovation relationship model introduces and systematises new methods of selecting and assessing innovation initiatives based on a new indicator, innovation solution grade (ISG), to calculate a solution’s degree of digital, technological and process maturity. The innovation projects are therefore meant to expand the knowledge within the FS Italiane Group and the maturity of the solutions, with the ultimate aim of enabling adoption processes on a large scale and change management.

In this context, change management activities were also kicked off in the intellectual property protection processes to formalise the guidelines and procedures in the management of patents.

It is therefore increasingly essential for the FS Italiane Group to keep a close watch over the innovation ecosystem, which includes partnering with its key players, like startup incubators and accelerators, advisers, observers and research centres, through which it can identify potentially interesting issues/solutions for the Group, in line with its strategic targets.

2022 saw the execution of various open innovation solutions: six calls for ideas, the Challenge & Hackathon, four vertical cases of scouting in response to the specific needs of Group companies and four proofs of concept (PoC) and co-innovation projects.

Specifically, the PoCs related to the following:

- centralised management of infrastructural work sites through real-time information sharing processes and instantaneous reporting tools, signatures and traceability guaranteed by blockchain;
- virtual sensors and machine-learning algorithms to obtain information to help recognise or predict critical events that affect operations and diagnostic maintenance in real time;
- customer relationship management through smart contracts and blockchain technology, with all the potential benefits in terms of efficiency, transparency and the certification of information;
- raising personnel's awareness about sustainability issues through gamification.

Scouting and interaction with startups and innovative SMEs: over 1,400 from 2018 to 2022. Specifically, while the 2018-2020 three-year period was dedicated to boosting the deal flow of innovative solutions from a quantitative viewpoint, in 2021 and 2022, scouting was structured in a manner to improve the quality of potentially interesting innovative solutions, in order to increase the success rate of co-innovation projects rolled out as PoCs.

The FS Italiane Group's innovation hub supported the implementation of innovation processes through:

- an acceleration programme for eight startups as part of the social sustainability challenge organised with other corporate members, accelerators and startups;
- a series of workshops on the citizen experience, digital ethics and new ways of working;
- meetings for the development of proofs of concept with innovative startups as part of the OpenItaly 2022 programme;
- sharing the results of the Safety Innovation Challenge, which was held with the support of the Catania innovation hub, with the Group's logistics companies;
- operational and logistical support for the third edition of the "Innovate" entrepreneurship programme.

Activities were carried out at the Catania innovation hub in relation to:

- co-designs with startups and SMEs to find digital solutions concerning safety in the workplace, with the involvement of 12 Group companies and the subsequent selection day, which resulted in eight winning startups;
- InnoWeb Hack - the first FS Italiane hackathon for creative solutions to design FS Italiane's future innovation website, with the involvement of seven teams of talents, experts in web design and user experience, developers and new technology aficionados;
- innovation manager hub, with the involvement of expert speakers discussing "Innovation for sustainability and people's safety".

In terms of in-house initiatives, as noted earlier, the third edition of "Innovate" was launched in 2022. A Group-wide corporate entrepreneurship programme, it involved the Group's workers, including its international subsidiaries, who were asked to submit ideas on the following aspects:

- connectivity, automation and internet of things;



- energy, fuels and new materials;
- customer experience.

At the end of the idea generation, over 500 FS Italiane Group colleagues had submitted 216 ideas, and 10 were selected for the boot camp, the first of two project selection phases to identify five projects for the accelerator, at the end of which a winning project will be selected (March 2023).

The following ideas advanced to the accelerator:

- Chameleon Bus: a solution that modifies in real time the appearance of a bus throughout the day or based on the route it is operating to optimise fleet management in the Dutch area of Utrecht, Groningen - Drenthe and DAV;
- FreightSharing: a digital platform for SMEs to integrate supply and demand for freight transport services in a single digital environment where it is possible to plan, book and manage shipments;
- FStep: installation of special flooring in strategic places inside large stations. The flooring is made out of piezoelectric material that, when subject to mechanical pressure, generates electrical energy to be used in the station areas;
- Musa: a new way of searching for and planning a journey in which customers receive personalised solutions without needing to enter their destination but by using AI and marketing automation to combine a few parameters selected by the customer with the road and rail passenger transport offer;
- Posto Libero: a service that tells customers which carriages on trains that do not require seat bookings have free seats, using the sensors and technologies already on board the Trenitalia fleet and the wayside systems for real-time passenger information.

The FS Italiane Group is a key player in European research and innovation projects, contributing to the definition of content and its implementation by collaborating with corporate giants and Groups, universities, research bodies, industrial organisations and operators in the sector.

The overall portfolio under the Group's management is mostly focused on developing digital and automation enablers, integrating and optimising the management of the railway system in the broader context of multi-modality, supporting the modal shift to the rails for freight as part of an integrated logistics approach, safety and the use of aerospace technologies to monitor the infrastructure, traffic management and the digitalisation of activities at work sites.

The 32 European research and development projects in which the FS Group companies participated in 2022, along with another 600 organisations, total more than €700 million, of which €396 million financed by European institutions over the duration of the projects, and of this amount, roughly €15.8 million is allocated to the FS Italiane Group.

Since November 2021, the FS Italiane Group is a founding member, together with the European Union and another 24 railway companies, infrastructure operators and industrial companies, of Europe's Rail Joint Undertaking, a public/private partnership<sup>32</sup>.

The partnership, which is part of Cluster 5 "Climate, Energy and Mobility" of Pillar 2 "Global Challenges and European Industrial Competitiveness" of the Horizon Europe research & innovation framework programme will perform research and innovation activities focusing on the digitalisation, automation and decarbonisation of the European passenger and freight railway system for 2022-2031, worth €1,200 million, of which €600 million financed by the European Union and another €600 million in the form of contributions in-kind by founding members according to a master plan<sup>33</sup> divided into seven flagship areas and a series of cross-sectional digital enablers:

- management of the network, traffic, capacity and point-to-point mobility;

<sup>32</sup> <https://rail-research.europa.eu/>

<sup>33</sup> [https://rail-research.europa.eu/wp-content/uploads/2022/03/EURAIL\\_Master-Plan.pdf](https://rail-research.europa.eu/wp-content/uploads/2022/03/EURAIL_Master-Plan.pdf)

- automated train operations;
- smart management of assets and maintenance;
- environmental sustainability and energy management;
- digitalisation of the freight and logistics system;
- innovative low-cost solutions for regional lines;
- new transport systems;
- cross-sectional enablers of digitalisation.

In 2022, the partnership called tenders for the first six flagship areas and for the digitalisation enablers, for total assets of €532 million, including €233 million financed by the European Commission in 2023-2026.

In response to these calls to tender, the FS Italiane Group (FS Italiane, Trenitalia, RFI, Italferr and Ferrovie del Sud Est, the Freight segment and FS Technology), in a consortium with other founding members, presented projects totalling €29.8 million, of which €11.4 million financed by the European Commission and €18.4 million through in-kind contributions by the Group.

The acceptance of the proposals was formalised with the signing of the grant agreement and the projects began in December 2022.

The Group (FS Italiane, RFI and Metropark) sent another two project proposals to the partnership in response to a second tender called in September 2022 by the partnership for flagship area 7 (study of magnetic levitation transport solutions) and another research area prepared by the Group and proposed by the European Parliament in the budget procedure, which was transferred to the partnership (new railway station concept). The proposals are under assessment.

The Group companies conducted a large number of innovation projects in 2022, including:

- Infrastructure projects:
  - RFI's ATMS (Advanced Traffic Management System): development of traffic optimisation functions to support complex systems, based on AI algorithms, in order to improve capacity and service quality;
  - Anas' Tunnel 4.0: a system of sophisticated management measures using existing devices and cutting-edge sensors in tunnels to improve safety, strengthen first response and restore plants remotely, optimising operations while reducing operating costs;
  - Italferr's Rencomatic: a project to test, approve and integrate innovative solutions and tools for the management of demolition and construction waste, with adequate traceability of materials and components along the entire value chain.
- Passenger transport and Urban projects:
  - Qbuzz' driverless parking: driverless bus parking system in depots;
  - Metropark's New Railway Station project: a project to study a station as an energy and circular economy hub, including the self-production of energy.
- Logistics projects:
  - Mercitalia's immersive training: sophisticated training system for operating personnel using augmented reality apps;
  - Mercitalia's optoelectronic assistant: development of an optoelectronic assistance for maintenance (technical inspections of freight trains);
  - Mercitalia's Trans4m-r: roll-out of a European digital freight train with functions enabled by the digital automatic coupler.

# Context and focus on FS Italiane Group

## Macroeconomic context<sup>34</sup>

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After the robust rebound in 2021, the international economy showed signs of a widespread slowdown in major countries in 2022. The main factors for this slump in global growth were persistently high inflation and weakening financial conditions, which gradually led to a downturn in consumption and investments. The global economic cycle was also heavily penalised by other critical aspects, such as the socio-political and economic uncertainty created by the conflict in Ukraine, the weak Chinese economy and supply chain disruptions, which were especially acute in the first half of the year.

The Russo-Ukrainian war that broke out on 24 February 2022 has, in particular, exacerbated the rising inflation trends that began with the cyclical recovery of 2021, after the first year of the pandemic.

The supply of natural gas in Europe, which had relied heavily on Russian suppliers, compressed, and the price of natural gas in Europe reached a record-smashing peak of €236/mwh on average in August, before falling back in recent months thanks to exceptionally favourable weather conditions which made it possible to replenish stocks. By late December, the price of natural gas had fallen below the €100/mwh threshold, where it had stood just before the war. Over the past decade, prices had hovered at around €20/mwh<sup>35</sup>.

Even the Brent price rocketed at the start of the Russian invasion in Ukraine, although more modestly due to the greater diversification of procurement sources compared to natural gas. Starting the year at USD70 per barrel, prices then rose to USD130 in the early days of the conflict, before slipping back to under USD80 in December.

Higher energy prices, combined with the limited supply of other commodities and semi-finished products used further down the production process gradually translated into higher consumer prices and, pushed even higher by consumption, inflation continued to rise in 2022, hitting levels not seen for decades. Near the end of the year, while in the US signs indicated that inflation had stabilised, prices appeared to be still climbing in the EU<sup>36</sup>.

The Euro weakened considerably against the US dollar, constituting yet another driver of inflation in Europe in 2022, although the trend seemed to be turning around in the fourth quarter of the year as the single currency recouped some of its losses against the greenback.

The current inflationary spiral, the strongest we have seen since the 1970s, caused central banks to tighten monetary policy. In line with the Fed's stance, starting in July 2022, the ECB approved three interest rate hikes, the last of which in December, and additional increases are expected in 2023.

China's economic slowdown added another dose of complexity to the international scenario. Widespread lockdowns under the country's zero-Covid policy continued in 2022, wreaking havoc on GDP growth and creating supply chain bottlenecks. Although the Chinese authorities announced a less aggressive pandemic containment policy near the end of the year, it does yet seem sufficient to disperse fears of weak growth.

In this context, according to Prometeia estimates, growth in global GDP and trade respectively came to +3.0% and +3.5% in 2022, down sharply on 2021.

Growth projections for 2023 suggest another sharp decline in the global GDP growth rate (+1.8%), with industrialised nations slowing the most (+0.3%), alongside emerging countries (+2.8).

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<sup>34</sup> Source: Prometeia macroeconomic data, December 2022.

<sup>35</sup> On 19 December 2022, the European Union approved a cap on natural gas prices of €180/mwh effective as from 15 February 2023.

<sup>36</sup> According to the most recent Prometeia estimates, in 2022, the harmonised index of consumer prices (HICP) for the Eurozone showed inflation of 8.6% while the HICP for the US showed price increases of 8.0%.

International economic data	2022	2021
<b>GDP (% change on previous year)</b>		
<b>World</b>	<b>3.0</b>	<b>6.3</b>
<b>Advanced countries</b>	<b>2.6</b>	<b>5.2</b>
USA	2.0	5.9
Japan	1.2	1.7
Eurozone	3.4	5.3
<b>Emerging countries</b>	<b>3.1</b>	<b>6.9</b>
China	3.3	8.1
India	6.7	8.3
Latin America	2.4	6.3
<b>International trade</b>	<b>3.5</b>	<b>9.5</b>
<b>Oil (US\$/barrel)</b>		
Brent	99.3	70.8

Source: Prometeia, December 2022

In the United States, after two consecutive quarters of decline, GDP sped up in the third quarter thanks to exports, while household consumption gradually slowed as inflation eroded purchasing power. A few economic indicators like the manufacturing PMI<sup>37</sup> and consumer confidence are down, but price trends are positive, as, according to the most recent data, they are stabilising, thanks in part to the drop in energy prices. Conditions on the job market are less reassuring; the Federal Reserve does not believe that the growth in hourly wages is consistent with the inflation target for price stability.

In Japan, domestic demand remained stable and only partly offset the negative contribution of net exports, which, despite the heavy depreciation of yen, struggled especially in Asia, where China significantly scaled back demand. PMIs and industrial production declined near the end of the year, highlighting the weak economic situation, despite the Bank of Japan's extremely expansionary monetary policy.

In China, the economic slowdown was evident especially in the second quarter of the year, and was mainly caused by the zero-Covid lockdowns in populous areas of the countries that are crucial for logistics and local production sites. Weak domestic demand reflected on imports, with real imports down in 2022, contributing to the weakening of international trade. PMIs confirm a negative outlook in the months ahead and the risk of another wave of infections remains, in China as in the rest of the world. At the tail-end of the year, following a backlash of protests and uprisings, the Chinese authorities announced the easing of the anti-Covid policy, while vaccines might cover only a small part of the population or be ineffective.

The Eurozone enjoyed a positive economic cycle in the first six months of the year, which remained sound in the third quarter despite the continuous significant increases in prices as a result of the energy crisis. This strong performance was mainly thanks to household spending, as consumers jumped at the opportunity to go out and travel after nearly all the pandemic restrictions had been lifted. A sharp decrease could be seen across all major European countries in construction, probably due to the shortages of materials and lack of skilled labour.

The comparison of European countries shows the growth in economic activity in Italy (+3.9%) exceeding that of France (2.6%), Germany (1.9%) and the EU average (3.4%), but coming in second to Spain (+4.6%).

<sup>37</sup> The composite Purchasing Managers Index is an indicator of the health of manufacturing in a country.

Inflation in the Eurozone was 8.6%, up dramatically on 2021.

<b>Eurozone economic data</b>	<b>2022</b>	<b>2021</b>
<b>GDP (% change on previous year)</b>		
Eurozone	3.4	5.3
Germany	1.9	2.9
France	2.6	6.8
Italy	3.9	6.7
Spain	4.6	5.5
<b>Inflation (% change on previous year)</b>		
Eurozone	8.6	2.6
Germany	8.9	3.2
France	5.9	2.1
Italy	8.1*	1.9
Spain	8.3	3.0

Source: Prometeia, December 2022

\*Source ISTAT (national statistics institute), January 2023

Economic growth in Italy in 2022 far surpassed the forecasts released in the spring after the Russian invasion of Ukraine. The main driver was domestic demand, which surged as a reflection of robust household spending and the positive contribution of capital expenditure. Construction, on the other hand, fell back after six consecutive quarters of strong growth. Foreign demand also contracted in the wake of dynamic imports and weak exports, particularly services.

On the supply side, the growth was almost exclusively due to trade and hospitality and catering services, while manufacturing began to grow sluggish.

In 2022, Italian GDP growth came to 3.9% on the previous year. The consumer price index for all of Italy showed growth of 8.1% on 2021.

<b>Italian economic data</b>	<b>2022</b>			
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>GDP (% change on previous quarter)</b>	<b>0.2</b>	<b>1.1</b>	<b>0.5</b>	<b>0.0</b>
<b>Domestic demand</b>	<b>(0.3)</b>	<b>1.1</b>	<b>1.8</b>	<b>(0.3)</b>
Spending by households and private not-for-profits	(1.2)	2.5	2.5	(0.6)
Public administration spending	0.6	(1.2)	(0.2)	
<b>Gross fixed investments</b>	<b>3.8</b>	<b>1.5</b>	<b>0.8</b>	<b>(1.0)</b>
Construction	4.6	0.8	(1.3)	(0.3)
Other durable goods	3.1	2.2	2.9	(1.1)
<b>Imports of goods and services</b>	<b>3.8</b>	<b>2.1</b>	<b>4.2</b>	<b>(1.5)</b>
<b>Exports of goods and services</b>	<b>5.2</b>	<b>2.1</b>	<b>0.1</b>	<b>(0.6)</b>

Source: Prometeia, December 2022

## Market performance and focus on FS Italiane Group

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### Market performance

All modes of transport saw a clear recovery in demand in 2022 compared to 2021.

Despite the multiple critical events that dominated the scenario during the year (war in Ukraine, energy and economic crisis and the ongoing effects in the aftermath of the pandemic), the lifting of Covid-19 restrictions has driven a progressive rebound in consumption for services related to leisure, eating out and travel. The growth in demand for passenger mobility peaked in the summer months, when many modes of transport reached, and in some instances even exceeded, pre-pandemic levels, clearly indicating that people took their first post-Covid holidays in the summer of 2022.

A breakdown of transport by mode in 2022 confirms the repositioning of modes continuing the 2021 trend, i.e., a return to normal with a few negative aspects for sustainable transport. Indeed, based on the findings of the recent Isfort report on the mobility of Italians

<sup>38</sup>, in 2022, the use of cars as a percentage of all modes of transport grew to 64% (one and a half points higher than before the pandemic), while sustainable modes declined (walking, biking and using public transport).

In the road transport sector, the automatic traffic statistics system "PANAMA", operated by ANAS recorded growth of around 8% in the mobility index for all vehicles compared to 2021, with a peak of over +10% in the Sicilian network and in Northern Italy. On the other hand, the growth in the mobility index for heavy vehicles was down 1.1% nation-wide, with Southern Italy recording the largest decrease (-2.8%).

The most recent data released on Italian motorways operated under concession (AISCAT) show, in the first ten months of 2022, 70.6 billion vehicle-km travelled on Italian toll motorways, up 12.4% on 2021. This positive trend regarded both light vehicles (+15.5% on 2021) and heavy vehicles (+3.9% on 2021).

2022 was one of the most critical years on record for the car market, with car registrations totalling some 1.3 million, down 9.7% on 2021 and down 31.3% on 2019, the year before the pandemic. However, five consecutive monthly increases were recorded starting in August 2022, culminating in growth of 21% in December 2022. This turnaround was due to the improvement in supplies of microchips, which will continue into 2023, with benefits for sales. Nevertheless, a return to normal for the Italian market, i.e., over two million units per year, is still a long way off.

The most recent data on European air transport released by Eurocontrol<sup>39</sup> confirm this sector's resilience. Despite the complex global context (Covid-19, war in Ukraine and economic crisis), a total of around 9.3 million flights took off in 2022, equal to 83% of the 11.2 million flights in 2019, the year before the pandemic. The rebound on 2021 (+3.1 million) came thanks to the performance of low-cost airlines and Southern European destinations. The analysis paper estimates that traffic will grow further in 2023, reaching 92% of pre-Covid volumes, and according to a base scenario that takes into account weak economic growth, inflationary pressure and the ongoing war in Ukraine, including the economic impacts of the conflict, air traffic is expected to fully recover to pre-Covid levels by 2025.

According to data published by Assaeroporti, Italian airports recorded 164.6 million passengers in 2022, more than twice the number of passengers in 2021 (+104.1%), when, due to the pandemic and travel restrictions, there were only 80.7 million.

The variance on 2019, before Covid-19 struck, when Italian airports counted 193 million passengers, is still a decrease (-14.7%) but the gap progressively narrowed in 2022, from -39% in the first quarter, to -12% in the second, then -7%

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<sup>38</sup> Isfort, 19th Report on the mobility of Italians, December 2022.

<sup>39</sup> Eurocontrol, Analysis Paper: Performance 2022 - Outlook 2023, January 2023

thanks to the strong passenger volumes in the summer months, and finally -9% in the last three months of the year. Driving this recovery were small and medium-size airports, many of which exceeded their 2019 passenger numbers. Freight air traffic is also up, showing growth of 1.9% on 2021<sup>40</sup> at levels similar to pre-Covid levels (+0.3% on 2019), with over 70% of freight transiting through the Malpensa hub, which therefore retains its national leadership.

The last few years have presented considerable complexities for logistics in general and the shipping sector in particular. First the pandemic, with the negative repercussions of the forced shuttering of production sites during lockdowns, then the critical global supply chain disruptions, with bottlenecks created by a shortage of containers and container leases reaching record levels at the end of 2021 and finally the tensions generated by the Russian-Ukrainian conflict and the energy crisis. The European sanctions against Russia disrupted the trend in container volumes transiting through Northern European ports as well as ports on the Mediterranean, although to different extents according to the specific routes. In particular, the consequences were especially dire for the port of Rotterdam, Europe's largest port.

Furthermore, starting in spring 2022, global demand began to slow, with a progressive decline in the number of containers shipped from China to Europe and the United States. This contraction was reflected in a sudden drop in ocean freight rates, with the Drewry World Container Index of ocean container spot rates showing a year-end 2022 value equal to less than one-fifth of the rate at year-end 2021, thereby cancelling out nearly all the disruptions caused by Covid-19.

According to the provisional estimates by the terminal operator online publication *Shipping Italy*, container traffic passing through Italian ports in 2022 came to around 11 million TEU (twenty-foot equivalent unit, the standard unit of measure for containers), similar to the 2021 volume.

With approximately 3.4 million Teu (+7% compared to 2021), the Gioia Tauro hub remained Italy's largest by transported volumes in 2022.

Considering the partial data for the first nine months of 2022, the ports of Genoa, Savona and Vado Ligure showed a slight overall downturn in containers moved on the same period of 2021 (-1.2%). Volumes were down at the port of La Spezia as well, with a decrease of -8.2% compared to 2021. As for the Adriatic ports, the data for the ports of Trieste, Venice and Ravenna show growth in TEU of 16%, 3.9% and 9.4%, respectively, on 2021, while the Ancona port is slightly down (-1% on 2021).

Thanks to the outstanding performance in the summer, the cruise ship sector definitively recovered in 2022.

Based on the data reported by Risposte Turismo, a research and consulting company,<sup>41</sup> passenger traffic grew by +257% compared to 2021 and ports of call received 220% more stops. Cruise ship passengers to Italy totalled 9.3 million in 2022, with close to 4,900 ship stops at 57 ports.

According to Risposte Turismo, 2023 will mark the definitive return to pre-pandemic levels with an estimated volume of roughly 12.4 million passengers and nearly 5 thousand ship stops more than in 2022.

### **Focus on infrastructure management**

The FS Italiane Group manages approximately 50 thousand km of railway and road network infrastructure evenly distributed throughout Italy, connecting and integrating the country by improving quality and safety standards.

At 31 December 2022, the domestic railway infrastructure operated by Rete Ferroviaria Italiana S.p.A. (RFI S.p.A.), belonging to the FS Italiane Group, based on Ministerial decree no. 138T of 31 October 2000, covers 16,829 km. Based on the classification used to calculate the railway network use fee, pursuant to Ministerial decree no. 43/T of 21 March 2000, the network is comprised as follows at year end:

<sup>40</sup> Source: Assaeroporti, the change is net of postal services. The overall cumulative change to December 2022 is +1.7%.

<sup>41</sup> "Cruise ship traffic in Italy in 2022 and forecasts for 2023", Risposte Turismo, February 2023.

- fundamental lines with high traffic density, covering 6,464 km;
- complementary lines, which make up a dense network of regional connections and interconnections with the main lines, covering a total distance of 9,415 km;
- hub lines, which are located in major metropolitan areas for a total distance of 950 km.

Of these lines, double tracks account for 7,731.3 km (45.9% of the total), while 12,184.2 km (72.4%) of lines are electrified. The total track length is 24,560.2 km, including 1,467.2 km of HS/HC network lines.

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

2022	2021
16,829	16,832

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

2021	2022
24,560	24,564

All the RFI network lines are equipped with a complete, preventive maintenance system and equipped with one or more innovative train speed protection systems, which makes RFI S.p.A.'s railway infrastructure one of the safest in Europe. At 31 December 2022, a train speed control system (TSCS) has been installed on 13,324 km - including 57 km of lines with dual systems (CCS and TSCS) - which monitors braking space and train performance to determine the safe distance between trains. The high-speed lines are equipped with the sophisticated level-2 ERTMS/ETCS (European Rail Traffic Management System/European Train Control System), which is based on a European standard and makes train traffic safe and interoperable at speeds of up to 300km/h with the use of functions and avant-garde technologies. In particular, the ERTMS is a digital signalling system that controls the distance between trains, causing them to automatically brake when the distance between them narrows. It is currently installed on approximately 878.4 km HS lines.

The FS Italiane Group's Infrastructure business segment, consisting of RFI, Ferrovie del Sud-Est, Anas and Italferr (the Group's engineering company) and their subsidiaries, plays a leading role in the implementation of the infrastructural and technological projects provided for by the NRRP. The objective is to shorten the distances and close the gap between the Northern and Southern parts of the country and between urban and isolated areas in the country, boosting the railway's capacity and connectivity and improving service quality along the main national and regional connections.

In 2022, RFI and Anas respectively awarded contracts of approximately €10.6 billion and €4.3 billion. Due to the extra costs generated by rising prices of raw materials and energy, the contracting stations adjusted the costs of the work and rescheduled the planned tenders. The main infrastructural investments were for HS lines (Terzo Valico, Brescia-Verona-Padua, Naples-Bari and Palermo-Catania-Messina).

The NRRP funds also cover projects to update existing safety and signalling systems, enabling an increase in the productivity of the railway infrastructure itself. Most of these technological projects consist of extending ERTMS to the entire railway network, which will not only improve operating safety but also expand line capacity, increasing the number of trains operating and improving punctuality.

At year end, the "operating" railway companies authorised to carry out rail transport operations by the licence issued by ANSFISA or the European Railway Agency (ERA) under the fourth railway package (Directive (EU) no. 2022/798, implemented in Italy by Legislative decree no. 50 of 14 May 2019) are as follows<sup>42</sup>:

- 20 for freight transport alone;

<sup>42</sup> ERADIS database managed by ERA



- 12 for passenger transport alone;
- 9 with a licence for both passenger and freight transport.

An average of over 9,500 trains travelled on the national railway network per day in 2022, with a total annual volume of approximately 371 million km travelled, up by around 7% on 2021 and showing an increase in absolute terms on pre-Covid 2019.

In addition to the network operated by RFI, the FS Italiane Group operates roughly 474 km of Ferrovie del Sud Est lines in Italy. The FSE network, 48 km of which is electrified and which is almost entirely single track, crosses the provinces of Puglia, with eight lines: Bari-Taranto (113 km), Mungivacca-Putignano (44 km), Martina Franca-Lecce (103 km), Novoli-Garigliano (75 km), Casarano-Gallipoli (23 km), Lecce-Gallipoli (53 km), Zollino-Garigliano (47 km) and Maglie-Otranto (19 km), offering approximately 3.6 million train-km in 2022.

Abroad, through its subsidiary Netinera, the FS Italiane Group operates lines spanning roughly 300 km with 60 stations set up to serve passengers. Production totalled approximately 37.5 million train-km in the year.

As for road infrastructure, the FS Italiane Group manages approximately 32,400 km of state roads through its subsidiary Anas, including motorways and motorway connectors extending for around 1,575 km.

The centralised monitoring system named PANAMA detected a positive trend in total vehicle traffic throughout the main Anas roadway network, with growth of around 8% in the annual mobility index for all vehicles compared to 2021, whereas the mobility index for heavy vehicles showed a downturn of 1.1%.

### **Focus on the Group's passenger and freight traffic**

Growth in demand for all types of mobility, including railways, consolidated in 2022. The recovery in demand for railway services began to be substantial between February and March 2022 when, after a wave of infections at the start of the year due to the extremely contagious Omicron variant, the Covid-19 pandemic was no longer an emergency. In the summer months, with domestic and international tourist flows back to normal, demand for railway services were restored to the pre-Covid values of 2019, stabilising at strong levels near the end of the year. Nevertheless, passenger-km volumes in 2022 are still down on the pre-pandemic figures for 2019. Considering the railway services offered by Trenitalia, the variance is approximately -23% for commercial long-haul services, -9% for universal long-haul services and -28% for short-haul services.

In 2022, not only did the FS Italiane Group confirm its commitment to the health and safety of its passengers and employees, but it also continued updating the regional train fleet – which is poised to become the youngest and most modern in Europe – and freight fleet. In addition, it has kicked off new initiatives to reinforce its domestic and international offer. Specifically, the FS Italiane Group expanded its presence in France with new pairs of Frecciarossa 1000 trains between Lyon and Paris (in addition to the round-trip connections between Paris and Milan) and launched its first HS connections in Spain on 25 November 2022, between Madrid, Barcelona and Saragozza, followed by connections between Madrid, Valencia and Cuenca. Furthermore, the FS Italiane Group has shown its support for the emergency in Ukraine, organising two special Mercitalia Rail trains set up for the transport of humanitarian aid and the fire prevention vehicles which the Italian fire brigade donated to their Ukrainian peers.

Overall railway transport passenger data show significant growth in collective demand (+60.8% on 2021 in terms of passenger-km), while freight traffic volumes are at the same levels of 2021 (+0.4% on 2021 in terms of tonne-km).

Railway passenger traffic volumes in 2022 came to 34.6 billion passenger-km, approximately 86% of which relate to Trenitalia S.p.A., Italian leader in mobility services and one of Europe’s top railway operators. Ferrovie del Sud Est e Servizi Automobilistici S.r.l. also contributed to domestic volumes. The remainder, achieved across Europe, was generated by the Netinera Group, which operates rail and road transport on the local and metropolitan transport market in Germany, Hellenic Train, which operates in Greece, Trenitalia c2c Limited, which operates transport services in Great Britain between London and Essex, Trenitalia France, active in France with connections between Milan, Turin, Lyon and Paris and ILSA which began operating in Spain in late November 2022.

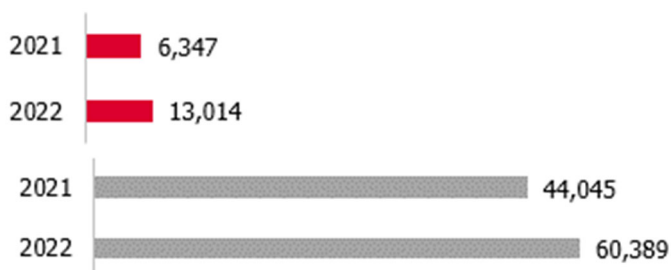
In detail, the long-haul service segment saw a considerable bump in the volumes of transported passengers. The 89.6% increase on 2021 was thanks to the recovery in demand for commercial services (+106.5%), driven by the general recovery of mobility and the near complete lifting of restrictions on travel and limitations on capacity, which in 2021 still heavily penalised this type of service. The universal service – which is provided according to the model defined with the government as its customer – showed a dramatic jump in the volumes of transported passengers (+50.3% on 2021).

The production of long-haul services totalled 88.8 million train-km, up 24.7% on 2022, thanks to the strong recovery in the offer of commercial services (+37.1%).

**Long-haul transport - Universal service\***



**Long-haul transport - Commercial service\***



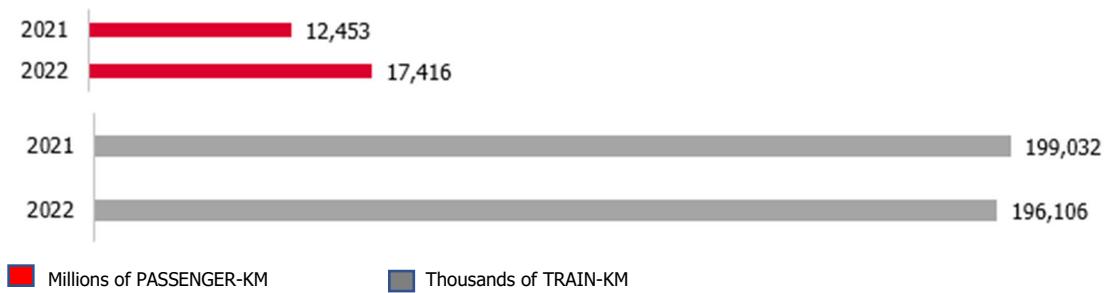
■ Millions of PASSENGER-KM      ■ Thousands of TRAIN-KM

(\*) Includes the Group subsidiaries’ traffic abroad

In 2022, satisfied demand for regional railway transport approximated 17.4 billion passenger-km in Italy and abroad, up 39.9% on the previous year, with production down slightly (-1.5%).

As for long-haul services, the positive trend in demand for regional transport was a consequence of the rebound in mobility, whereas the restrictions on travel and limitations on train capacity remained highly penalising factors for travel on regional trains in 2021.

### Short-haul transport\*



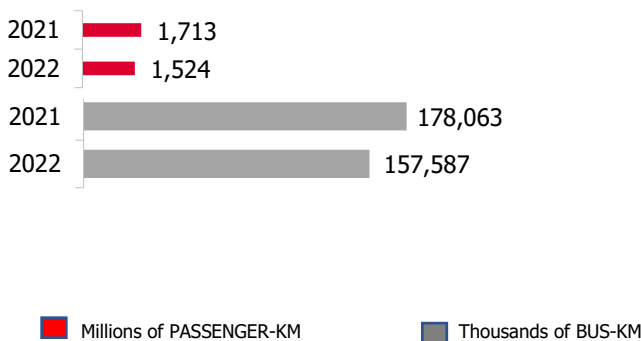
(\*) Includes the Group subsidiaries' traffic abroad

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

As for urban local public transport, the FS Italiane Group satisfied total demand of approximately 1.5 billion passenger-km in 2022 (-12.1% compared to 2021), with an offer of around 158 million bus-km (-11.5% compared to 2021). This decline was due to the change in the scope of the services offered (following the sale of Tuscany business).

The scope of the road LPT business is mostly concentrated in the subsidiary Busitalia-Sita Nord S.r.l., which directly and indirectly manages urban and suburban transport in various regions of Italy and LPT in the Netherlands through Qbuzz. The overall offer is supplemented by Ferrovie del Sud Est's bus services in Puglia, the Netinera Group in Germany and the bus connections on certain routes managed by Hellenic Train in Greece.

### Road Transport\*

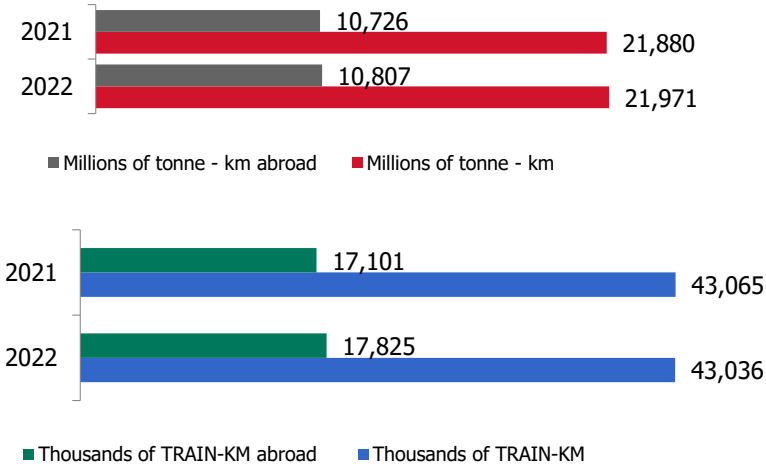


(\*) Includes the Group subsidiaries' traffic abroad

As for freight traffic, in 2022, international connections were affected by the instability created by the Russia-Ukraine conflict and the sluggish Chinese economy.

Driven by domestic demand, growth in economic activity in Italy nevertheless far exceeded expectations and supported the freight traffic volumes achieved by the FS Italiane Group companies in Italy and abroad, which showed a trend in line with 2021, coming in at just under 22 billion tonne-km, with production of 43,000 train-km.

### Freight Transport\*

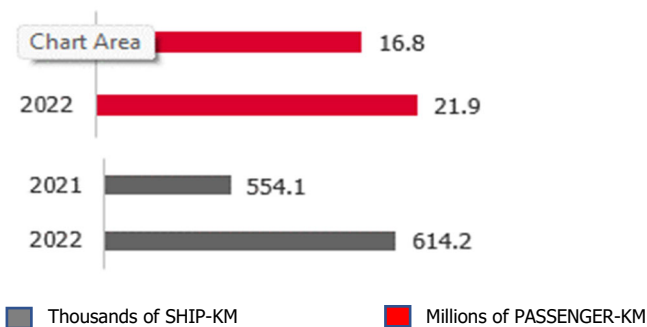


(\*) Includes the Group subsidiaries' traffic abroad

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

In 2022, the FS Italiane Group satisfied demand of approximately 21.9 million passenger-km in this specific segment, up 30.4% on 2021, with a supply of approximately 614.2 thousand ship-km.

### Water transport



## Traffic of main European railway companies

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In 2022, the conflict in Ukraine and electricity prices were the two key aspects that drew the most attention of European railway system.

Since the Russian invasion of Ukraine, European railways have provided humanitarian aid and issued over 3.5 million free tickets for refugees. The CER (Community of European Railway and Infrastructure Companies) has repeatedly expressed its solidarity with the refugees and offered tangible support with shipments of humanitarian packages from its member countries, particularly from PKP (the Polish railways). The FS Italiane Group has also participated in this initiative through Mercitalia Rail, which organised two freight trains to offer on-site support last April.

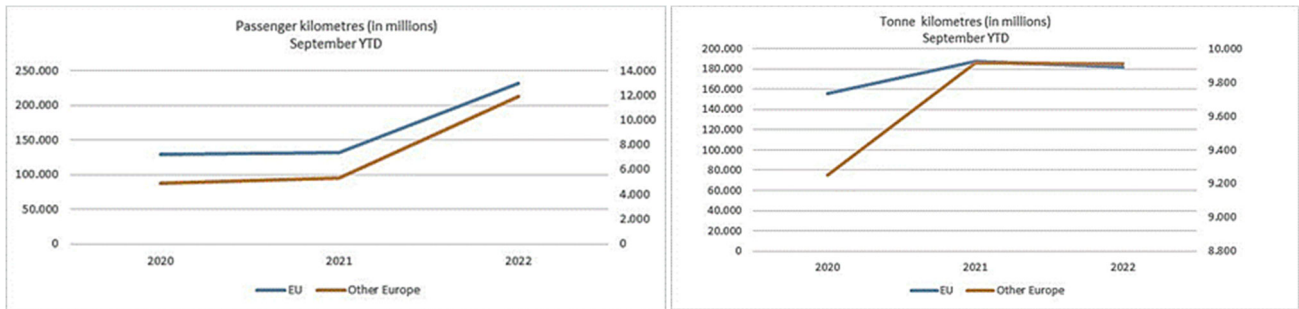
As for the rising price of electricity, in the last few months of 2022, the CER repeatedly made clear to the <sup>43</sup>European Commission that European railways have suffered significantly from the higher energy prices as modes of transport are extensively electrified and they have had to face substantial additional annual costs estimated to be in the range of €10 billion for the sector. If the member states do not take action and without sufficient relief for railway companies, the high energy prices could distort the modal distribution, encouraging transport based on high-emission fuel.

On 14 December 2022, the Council and European Parliament reached a provisional agreement on the REPowerEU proposal, the plan to strengthen the Union's strategy autonomy by diversifying its energy sources. It provides for support for zero-emission transport and the related infrastructure, including railways, responding favourably to the CER's requests.

According to provisional data released by the UIC (Union Internationale des Chemins de Fer), in the first nine months of 2022, passenger traffic volumes in the EU showed clear growth on the same period of 2021 (+75.7% vs January-September 2021). This trend is in line with the rebound in overall mobility and with the now definitive lifting of mobility restrictions, and was mostly due to the excellent performance of DB, RENFE and SNCF which, in the first nine months of 2022, saw growth in passenger-km volumes of 84.5%, 63.9% and 40.4%, respectively, on the same period of 2021.

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<sup>43</sup> Open letter from the CER to the European Commission, October 2022; Appeal of the CER to the Ministers of Energy, December 2022



Note: Other Europe passenger-km and tonne-km are shown on the right  
 Source: UIC – data relating to the associated railway companies

As for freight traffic, based on the last update released by the UIC for January to September 2022, tonne-km transported in the EU showed a slight decrease (-3.2%) on the same period of 2021.

The top performers compared to the same period of 2021 were the German DB (+1.4%) and the Czech CD Cargo (+7%), while SNCF suffered a drop of 7.7%.

## Developments in European legislation

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Developments in European legislation and the regulatory context affecting the Group are summarised below.

**Council Decision 2022/264 and Council Regulation 2022/262 of 23 February 2022 concerning the ban on trading new securities and financial instruments with Russia, its government, the Russian Central Bank and any entity acting on its behalf or at its direction.** These sanctions put restrictions on access to capital markets and, in particular, ban financing for Russia, the Russian government and the Russian Central Bank, as well as providing financing and purchasing, selling, providing investment services or assisting in the issuance of, or any other dealing with transferable securities and money-market instruments issued after 9 March 2022.

**Regulation (EU) 2022/312 of the European Parliament and of the Council of 24 February 2022 amending Regulation (EU) 2020/1429 as regards the duration of the reference period for the application of temporary measures concerning the levying of charges for the use of railway infrastructure** to extend the reference period of the emergency measures to June 2022, with retroactive effect as from 1 January 2022, and to extend the Commission's power to adopt delegated acts relating to emergency Covid-19 aid in the railway sector until 31 December 2023.

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

**Communication from the Commission of 24 March 2022 on the Temporary Crisis Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia.** This communication is meant to address the repercussions of the geopolitical crisis on the internal market and supply chains. Its purpose is to specify the criteria for the assessment of the compatibility with the internal market of State aid measures that Member States may take to remedy the economic effects following the aggression against Ukraine by Russia and the following sanctions imposed by the EU and international partners and the counter measures taken, for example by Russia. It defines a coordinated economic response of Member States and EU institutions to preserve economic activities and jobs and to facilitate the structural adjustments needed in response to the new economic situation created by the Russian military aggression against Ukraine.

**Document published in the Official Journal of the European Union C 162 of 13 April 2022 containing the statement of revenue and expenditure of the European Union Agency for Railways for the financial year 2022** which lays out in detail the statement of revenue and expenditure of the European Union Agency for Railways, EU grants, income from services provided for a fee and expenditure of the Agency for 2020, 2021 and 2022.

**Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 12 May 2022 on an action plan for EU-Ukraine Solidarity Lanes** to facilitate Ukraine's agricultural export and bilateral trade with the EU for the creation of alternative logistics routes using all modes of transport to connect the EU with Ukraine.

**Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 18 May 2022 on the REPowerEU Plan**, which - in response to the Ukraine crisis - is about rapidly reducing Europe's dependence on Russian fossil fuels by fast forwarding the clean transition and joining forces to achieve a more resilient energy system and a true Energy Union.

**Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 22 May 2022 on a contingency plan for transport** – in response to the ongoing effects of the Covid-19 crisis and the crisis resulting from the war in Ukraine, the Communication presents a toolbox for dealing with any type of transport crisis, and responds to the Council's call on the Commission to draw up a European freight transport contingency plan for pandemics and other major crises.

**Delegated Regulation of the European Commission (EU) 2022/1036 of 29 June 2022 amending Regulation (EU) 2020/1429 of the European Parliament and of the Council, as regards the extension of the reference period** and lays down temporary rules on the levying of charges for the use of railway infrastructure as set out in Chapter IV of Directive 2012/34/EU, extending the reference period until 31 December 2022.

**Council Regulation (EU) 2022/1369 of 5 August 2022 on coordinated demand-reduction measures for gas** which the Commission presented in the framework of the REPowerEU plan with the aim to end the Union's dependence on Russian fossil fuels as soon as possible, and at the latest by 2027. The Regulation establishes rules to address a situation of severe difficulties in the supply of gas and improve the coordination, monitoring of and reporting on national gas demand-reduction measures and the possibility for the Council to declare, on a proposal from the Commission, a Union alert as a Union-specific crisis level, triggering a mandatory Union-wide demand-reduction obligation.

**Council Regulation (EU) 2022/1854 of 6 October 2022 on an emergency intervention to address high energy prices** through exceptional, targeted and time-limited measures to introduce a cap on market revenues that certain producers receive from the generation of electricity and redistribute to final electricity customers in a targeted manner. The measures also enable Member States to apply measures of public intervention in the price setting for the supply of electricity for household customers and SMEs, and to establish rules for a mandatory temporary solidarity contribution from Union companies and permanent establishments with activities in the crude petroleum, natural gas, coal and refinery sectors to contribute to the affordability of energy for households and companies.



**Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act)** to contribute to the proper functioning of the internal market by laying down rules to ensure contestability and fairness for the markets in the digital sector in general, and for business users and end users of core platform services provided by gatekeepers in particular. The Regulation contrasts unfair practices by such gatekeepers and the disparities in the conditions of competitors in the EU to the detriment of the integration of the internal market. The Regulation therefore lays down harmonised rules ensuring for all businesses, contestable and fair markets in the digital sector across the Union where gatekeepers are present, to the benefit of business users and end users.

**Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No. 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148 (NIS 2 Directive)** aims to remove divergences among Member States in the implementation of cyber risk management obligations, in particular by setting out minimum rules regarding the functioning of a coordinated regulatory framework, by laying down mechanisms for effective cooperation among the responsible authorities in each Member State, by updating the list of sectors and activities subject to cybersecurity obligations and by providing effective remedies and enforcement measures which are key to the effective enforcement of those obligations.

**Directive (EU) 2022/2557 of the European Parliament and of the Council of 14 December 2022 on the resilience of critical entities and repealing Council Directive 2008/114/EC**, and creates a harmonised, overarching framework that addresses the resilience of critical entities in respect of all hazards, whether natural or man-made, accidental or intentional to ensure the provision of essential services in the internal market. The new directive establishes a broader set of sectors involved and establishes mechanisms to improve cross-border cooperation between the competent authorities for the protection of infrastructure and services managed by critical entities.

**Regulation (EU) 2022/2496 of the Council of 15 December 2022 amending Regulation 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027** to ensure support for Ukraine in light of the extreme instability caused by the war with Russia, consisting of structured financial assistance to Ukraine for the years 2023 and 2024 to guarantee ongoing financial assistance by extending the existing mechanism in the form of a Union budget guarantee to cover short-term financial relief to Ukraine for an amount of up to €18 billion.

**Decision 2/2021 of the Community/Switzerland Inland Transport Committee of 21 December 2022 amending Annex 1 to the Agreement between the European Community and the Swiss Confederation on the Carriage of Goods and Passengers by Rail and Road** extends to 31 December 2023 the term of the effects of decision 2/2019 on the transitory provisions on the implementation of technical specifications for interoperability (Directives of the European Parliament and of the Council 2016/297 and 2016/798) and the non-application of the uniform procedures for checks on the transport of dangerous goods by road (Directive (EU) 2022/1999 and Directive 2008/68/EC).

**Council Regulation (EU) 2022/2577 of 22 December 2022 laying down a framework to accelerate the deployment of renewable energy**, to ease the required reduction in energy demand by replacing natural gas supplies with energy from renewable sources and to increase security of supply. The Regulation introduces a series of urgent and targeted measures to reduce price volatility and demand for natural gas without constraining the overall energy demand; accelerate the permit-granting processes, with regard to solar energy equipment on artificial structures as it is appropriate

to promote and accelerate the deployment of small-scale solar installations, including for renewables self-consumers and collective self-consumers.

**Regulation (EU) 2023/435 of the European Parliament and of the Council of 27 February 2023 amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulations (EU) No 2021/1060 and 2021/2115, and Decision (EU) 2015/1814 (COM (2022)0231**, on the inclusion of the chapters in the national recovery and resilience plans to increase the share of sustainable and renewable energies in the energy mix and to address energy infrastructure bottlenecks. The Regulation provides for the use of the resources generated by the implementation of Directive ETS 2003/87/EC, in addition to resources from European programmes like the European Regional Development Fund (ERDF) to strengthen the energy independence of the EU and Member States.

**Communication from the Commission (EU) 2023/63 of 1 February 2023 to the European Parliament, the European Council, the EU Council, the European Economic and Social Committee and the Committee of the Regions on A Green Deal Industrial Plan for the Net-Zero Age** introduces a series of strategic initiatives to boost the international competitiveness of European industry and manufacturing in light of the targets set forth in the Green Deal in the scope of streamlining administrative processes, access to funds, know-how and the free market for resilient supply chains.

**Communication from the Commission (EU) 2023/99 of 22 February 2023 to the European Parliament and the Council on the Recovery and Resilience Facility: Two years on** to describe the progress of the implementation of the Recovery and Resilience Facility, highlighting the necessary practices to ensure its successful implementation in forthcoming years and explain the methods that will be used in the event of the revision of the plan or payment suspensions.

## Developments in proceedings initiated by the EU or other European authorities

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

**European Commission Decision of 2 March 2022, case SA.62394 – authorisation of the scheme granting compensation for damages incurred due to the Covid-19 pandemic to providers of commercial rail passenger services.** On 2 March 2022, the European Commission adopted the decision published on 11 May 2022, authorising expenditure of €687 million to compensate providers of commercial (open access) rail passenger services, i.e. not subject to public service obligations for the damage incurred due to the Covid-19 pandemic in the period from 1 July 2020 to 30 April 2021. In the decision, the aid scheme was declared compatible with the internal market in accordance with article 107(2) of the Treaty on the Functioning of the European Union (TFUE), which permits aid to make good the damage caused by natural disasters or other exceptional events. The measure subject to the decision – which follows another similar scheme already authorised for the period from 8 March to 30 June 2020 – was implemented nationally in Italy with the following legislation:

- article 214.3-7 of Decree law no. 34 of 19 May 2020, converted with amendments by Law no. 77 of 17 July 2020, for the period from 1 July to 31 December 2020;
- article 1.675-678 of Law no. 178 of 30 December 2020 (the 2021 Budget law), for the period from 1 January to 30 April 2021.

**Decision of the European Commission of 8 June 2022, case SA.101273 – authorisation of the aid scheme to facilitate the purchase of handling equipment used in interports and intermodal terminals.** On 8 June 2022, the European Commission adopted this decision, which was published on 13 June 2022, authorising expenditure of €55 million to finance part of the costs incurred by interport and intermodal terminal operators for the purchase of intermodal freight handling equipment (transtainers/cranes, reach stackers and rail tractors). In the decision, the aid was declared compatible with article 93 of the TFUE, according to which aid granted to meet transport coordination needs is compatible. The measure subject to the decision was implemented nationally in Italy with article 1.2.c).4 of Decree law no. 59 of 6 May 2021.

**Decision of the European Commission of 17 June 2022, case SA.102270 – authorisation of the Italian aid scheme providing for the reduction of track access charges for rail freight and commercial rail passenger services.** On 17 June 2022, the European Commission adopted this decision, which was published on 20 July 2022, authorising expenditure of €130 million to reduce track access charges from 1 January to 31 March 2022 for rail passenger services not subject to the public service obligation and rail freight services. In the decision, the aid was declared compatible with article 93 of the TFUE, according to which aid granted to meet transport coordination needs is compatible, and with the guidelines of the Commission for state aid to railway companies, as well as with the provisions of Regulation (EU) 2020/1429. The measure subject to the decision refers to article 25.1-2 of Decree law no. 4/2022 and comes in the wake of similar measures that were previously implemented for the period from 10 March 2020 to 30 September 2021, which the European Commission previously authorised.

**Decision of the European Commission of 20 June 2022, case SA.63174 – authorisation of the Italian aid scheme consisting of Covid-19 damage compensation to rail freight operators.** On 20 June 2022, the European Commission adopted this decision, which was published on 29 July 2022, authorising expenditure of €374 million to compensate rail freight companies and other logistics operators (holders/lessors of freight wagons, shipping agents and multimodal transport operators) for the damage suffered as a result of the Covid-19 emergency between 12 March and 31 May 2020. In the decision, the aid was declared compatible with article 107.2 of the TFUE, which permits the indemnification of damage caused by natural disasters and other exceptional events. The measure subject to the decision was implemented nationally in Italy by the following legislation:

- article 214.3-7 of Decree law no. 34 of 19 May 2020, converted with amendments by Law no. 77 of 17 July 2020, with respect to the authorised indemnity for freight railway companies;
- article 1.671 of Law no. 178 of 30 December 2020 (2021 Budget Act), with respect to the indemnity for logistics operators.

**Decision of the European Commission of 31 October 2022, case SA.103155 – authorisation of the Italian aid scheme to support rail freight transport.** On 31 October 2022, the European Commission adopted this decision, which was published on 16 December 2022, authorising expenditure of €500 million (€100 million per year) between 1 January 2023 and 31 December 2027 to support railway freight transport in the form of subsidies offsetting the infrastructure costs incurred in Southern Italy and lower external costs throughout the country. In the decision, the aid was declared compatible with article 93 of the TFUE, according to which aid granted to meet transport coordination needs is compatible, and with the guidelines of the Commission for state aid to railway companies. The measure subject to the decision was implemented nationally in Italy by article 25.2-bis of Decree law no. 4/2022 and is a further extension of the aid scheme introduced by article 1.294 of Law no. 190 of 23 December 2014, as amended and supplemented.

**Decision of the European Commission of 7 December 2022, case SA.104518 – authorisation of the Italian Covid-19 aid scheme for the reduction of track access charges for rail freight and commercial rail passenger service.** On 7 December 2022, the European Commission adopted this decision, which was published on 21 December 2022, authorising expenditure of €15 million to reduce track access charges from 1 April to 31 December 2022 for rail freight services. In the decision, the aid was declared compatible with article 93 of the TFUE, according to which aid granted to meet transport coordination needs is compatible, and with the guidelines of the Commission for state aid to railway companies, as well as with the provisions of Regulation (EU) 2020/1429. The measure subject to the decision was implemented nationally in Italy by article 9.6 of Decree law no. 115/2022 and comes in the wake of similar measures that were previously authorised by the European Commission.

**Decision of the European Commission of 19 December 2022, case SA.103856 – authorisation of the aid scheme to support intermodal freight transport.** On 19 December 2022, the European Commission adopted this decision, which was published on 22 February 2023, authorising expenditure of €110 million (€22 million per year) from 1 January 2023 to 31 December 2027 to support companies that use intermodal and/or transborder railway transport services and multimodal transport operators with incentives to promote intermodality ("Ferrobonus"). In the decision, the aid was declared compatible with article 93 of the TFUE, according to which aid granted to meet transport coordination needs is compatible, and with the guidelines of the Commission for state aid to railway companies. The measure subject to the decision was implemented nationally in Italy by article 1.673 of Law no. 178 of 30 December 2020 and is a further extension of the aid scheme introduced by article 1.648 of Law no. 208 of 23 December 2015, as amended and supplemented.

## Developments in Italian legislation

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Developments in Italian legislation affecting the Group are summarised below.

### **Decree law no. 228 of 30 December 2021, containing "Emergency provisions regarding legislative terms".**

This decree law, which was converted with amendments by Law no. 15 of 25 February 2022, contains the following measures affecting the Group:

- article 3.1 extends to 31 July 2022 the applicability of the simplified legislation on how the general meetings of companies, bodies, associations and foundations are held pursuant to article 106 of Decree law no. 18 of 2020;
- article 3.4 on the liquidity of the contracting companies extends to 31 December 2022 the provision of article 207.1 of Decree law no. 34/2020 which raises the percentage of advances for contracts pursuant to article 35.18 of the public contracting code (Legislative decree no. 50/2016), bringing it from 20% to 30%;
- article 9.8 extends to 2022 the term for the implementation of the projects financed by the new skills fund<sup>44</sup>;
- article 10.2/3/3-bis. Paragraph 2 extended the term for the assignment of resources (€5 million annually from 2021 to 2034), authorised by article 1.671 of Law no. 178/2020 (2021 Budget Act) to compensate companies that own and lease freight railway carriages, as well as forwarding agents and multimodal transport operators (from 23 February 2020 to 31 December 2020). In particular, it extended to 15 March 2022 the deadline for the adoption of the MIT decree jointly with the MEF; it extended until 30 April 2022 the deadline for reporting by the beneficiary companies; and it extended to 30 June 2022 the deadline for the assignment of the resources to the beneficiary companies. Paragraph 3 extended the term for the assignment of resources (€30 million annually from 2021 to 2034) authorised by article 1.675 of the 2021 Budget Act, to compensate providers of commercial passenger and freight transport services (1 January 2021 to 31 April 2021). Specifically, the deadline for the reporting by the beneficiary companies was extended to 30 January 2022 and the deadline for the adoption of the MIT decree assigning the resources to the beneficiary companies was extended to 31 March 2022. Paragraph 3-bis extended to 31 December 2026 the possibility for the FS Italiane Group companies to enter into agreements with other Group companies with an exemption from the public contracting code and for Anas to use the contracts signed by the FS Italiane Group companies to purchase non-operating goods and services jointly;
- article 12.2-quater extended from 24 to 30 months from the date of issue the period of validity of vouchers given as an alternative to refunds for non-use of air, rail, maritime, inland waterway or land transport contracts, hospitality contracts or tour package contracts for reasons due to the pandemic;
- article 13.3 extended to 30 April 2022 the activities of the Cortina D'Ampezzo commissioner (article 61.9 of Decree law no. 50/2017) to ensure the completion of the activities for the settlement of existing assets and liabilities and the residual liquidation activities;
- article 17 extended to 31 December 2022 the government's special powers in sectors of strategic importance, with specific regard to the national cyber security perimeter pursuant to article 4-bis.3-bis/3-quater of Decree law no. 105/2019;
- article 20 contains several extensions of the legislative terms for the governance framework of state aid.

### **Decree law no. 4 of 27 January 2022, containing "Emergency measures to support companies and economic, labour and healthcare operators and local services in connection with the Covid-19 emergency"**

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<sup>44</sup>The new skills fund is an active policy instrument co-financed by the European Social Fund (ESF). Set up with Decree law no. 34/2020 (converted with amendments by Law no. 77 of 17 July 2020) and managed by the national agency for active labour policies (ANPAL), the new skills fund has the objective of supporting companies and workers in the aftermath of the Covid pandemic by developing their skills and providing personalised training. It enables companies to update workers' skills, using part of their work hours for training. The wages for the hours used for training are paid by the fund, thanks to the government grants and the national operating programme for active employment policies (SPAO), financed by the ESF.

**and to contain the effects of price increases in the electrical sector”.** This decree law was converted with amendments into Law no. 25 of 28 March 2022 and contains the following provisions affecting the Group:

- article 18.1 eliminates the reduction of the excise tax for fuel used in passenger and freight railway transport as per Table A, point 4 of the unified text of legislative provisions concerning taxes on production and consumption approved with Legislative decree no. 504 of 26 October 1995, which establishes a rate equal to 30% of the ordinary rate;
- article 24.1 provides for an accrual of €80 million for additional local public transport services until the end of the state of emergency (31 March 2022); paragraph 3, establishes that the regions may report to the MIT the assigned resources by 15 May 2022, certifying that the additional services were executed to an extent not exceeding needs considering the limitations on vehicle load capacity and that such additional services were effectively used; paragraph 4 indicates that any residual amounts may be used in 2022 to strengthen control activities in order to ensure that the local public transport vehicles are used in compliance with the measures to contrast the epidemic and to compensate the loss of revenue incurred by local public transport companies pursuant to article 200.1 of Decree law no. 34/2020. The regions must report the use of the resources by 31 January 2023;
- article 25: measures for the railway sector authorising expenditure of €10 million for RFI S.p.A. annually from 2022 to 2034 (€130 million in all), in order to provide for, in the first quarter of 2022, a reduction in the fee to use the railway infrastructure for passenger services not subject to public service obligations and for freight railway services. Furthermore, the provision requires any residual resources to be allocated to compensating RFI S.p.A. for loss of income from the railway infrastructure access fee in the same period;
- article 25: paragraph 2-bis provides for an increase of €5 million annually from 2022 to 2027 in the resources pursuant to article 1.294 of Law no. 190 of 23 December 2014, to be paid to the railway companies for freight transport in order to support freight railway transport companies, also considering the ongoing Covid-19 epidemiological emergency and the price increases in the electrical sector. These resources will be assigned as governed by a MIMS decree issued jointly with the MEF, in accordance with the guidelines for state aid to railway companies adopted by the European Commission. The incentives are meant to offset the additional costs to use the national railway infrastructure, including the costs of railway ferries for freight trains and the related activities, incurred by the railway companies instead of using other less environmentally-friendly means to transport freight from or to the Abruzzo, Lazio, Molise, Campania, Puglia, Basilicata, Calabria and Sicily regions. The resources to be allocated to the railway companies as per the above shall be allocated, up to the limits of the available allocations, as a grant to the railway companies that transport freight by rail on the entire national railway infrastructure, not exceeding €2.5 per train-km. This grant, which takes into account the lower external costs than road transport, shall be allocated to the eligible companies in proportion to their train/km;
- article 25: 2-ter authorises, for Anas S.p.A., expenditure of €3.9 million for 2027 and €25 million annually from 2028 to 2031, in order to compensate the company for loss income due to the reduction in motorway traffic in 2021 as a result of the Covid-19 epidemic and greater expenses due to the increase in costs incurred by Anas S.p.A. for the public lighting of roads in 2021.

**Decree law no. 17 of 1 March 2022, containing “Emergency measures to contain electricity and natural gas prices, develop renewable energies and relaunch industrial policies”.** This decree law, which was converted, with amendments, into Law no. 34 of 27 April 2022, contains the following provisions affecting the Group:

- article 9 “Simplifications for the installation of renewable-source plants”, which establishes that the installation of solar power and photovoltaic plants on buildings and other constructions above ground are considered ordinary maintenance and do not require permits or authorisation, other than the exceptions set forth in the article (including those provided for by the Code of cultural and landscape assets). During the parliamentary examination, the following, *inter alia*, was added;

- paragraph 1 amending article 5 (single authorisation) of Legislative decree no. 28/2011, which establishes that (i) if a non-substantial change made to renewable energy plants creates an increase in installed capacity and the need to build additional related works without an increase in the occupied surface area, the related works are authorised via the simplified procedure pursuant to article 6-bis of Legislative decree no. 28/2011 (the simplified procedure being on the basis of a sworn start-of-work report); (ii) for the areas affected by changes to plants that were not previously assessed for archaeological protection, the provisions of article 25 of Legislative decree no. 50/2016 concerning the advance check apply. Furthermore, paragraph 1 also updates the definitions of “wind farm site” and “maximum height of new wind turbines”, respectively found in paragraphs 3-bis and 3-quater of article 5 of Legislative decree no. 28/2011, for the purposes of the simplified reporting rules for unrestricted construction;
- paragraphs 1-bis and 1-quinquies, which simplify the rules for the installation of photovoltaic plants in suitable and unsuitable areas. Specifically, paragraph 1-bis establishes that the simplified authorisation procedure (pursuant to article 6.9-bis of Legislative decree n. 28/2011) also applies to new photovoltaic plants to be built in the suitable areas with capacity of 10 MW, and paragraph 1-quinquies establishes that photovoltaic plants with modules on the ground whose capacity is under 1 MW are to be built on the basis of sworn start-of-work reports if they meet certain requirements;
- paragraph 1-sexies simplifies the procedure for the construction of electrochemical power plants;
- article 10 “Definition of a single model for 50-kW to 200-kW plants”, with the adoption of a Ministerial decree, to extend the simplified single model under Legislative decree no. 199/2021 to plants with capacity of over 50 kW and up to 200 kW build on buildings and other above-ground structures;
- article 10-bis “Installation of renewable-source plants in areas zoned for industrial use”, included in the Parliamentary examination, which establishes that in areas zoned for industrial use, photovoltaic and thermal power plants can be installed on up to 60% of the relevant industrial area;
- article 10-ter “Measures for the development of renewable sources and the containment of energy prices”, included in the Parliamentary examination, which in paragraph 1 changes the criteria for the qualification of self-consumption of renewable energy (article 30 of Legislative decree no. 199/2021). Paragraph 2 provides that general system expenses are applied to the plants directly connected to end users at the same rate applied for the sharing of energy produced by renewable source plants on the existing distribution network. ARERA (the energy regulator) establishes how the general expenses for self-consumed energy are divided if the plants are directly connected to end users;
- article 12 “Simplification for renewable plants in suitable areas”, which streamlines the authorisation procedures for the suitable areas, establishing that the competent landscape authority must express a mandatory but not binding opinion on the authorisation procedures for renewable-source electrical power plants in suitable areas, including those for the adoption of the environmental impact assessment measure. The following provisions were included during the Parliamentary examination:
  - paragraph 1, which provides for a specific decree of the MITE in concert with the MIC, following a unified conference understanding to update the guidelines for the authorisation of renewable-source plants (article 18);
  - paragraph 2, which provides for the inclusion of industrial, trade, services and logistics areas among the privileged areas to be considered suitable (article 20.3);
  - paragraph 3, which supplements the list of suitable areas, including, for photovoltaic plants only, farming areas, areas inside industrial plants and areas adjacent to motorway networks (article 20.8);
  - paragraph 1-bis, which modifies, in the suitable areas, the authorisation schemes for the construction and operation of newly built photovoltaic plants and the related works, as well as, without a change in the affected area, for the upgrading, revamping and complete reconstruction of existing photovoltaic plants and related works;
  - paragraphs 1-ter and 1-quater, which contain transitory rules to fast-track the simplifications provided for by the

article, even for procedures in progress;

- article 16-bis "Stable integration of renewable sources in the power market with the transfer of the resulting efficiencies to customers", included in the Parliamentary examination, which governs GSE's offer of a service to withdraw and purchase electrical energy from renewable sources produced by plants in national territory, by entering into long-term contracts with at least three-year terms;
- article 18, which establishes that the sites and plants available to the FS Italiane Group companies and railway infrastructure operators, as well as the motorway operators (the latter two were included in when it was converted into law), are considered suitable areas for the installation of renewable-source plants with total capacity at least equal to that identified as necessary by the Integrated National Plan for Energy and Climate 2030 for the achievement of the renewable source development goals. The work on these Group areas and the related works to connect them to the national electrical energy transmission and distribution grid are declared to be of public utility and the authorisation terms are subject to article 22 of Legislative decree no. 199/2021, without prejudice to the jurisdiction of the competent authorities for landscape and archaeological matters. During the Parliamentary examination, paragraph 2-bis was added, which permits railway infrastructure operators to enter into long-term renewable energy trading agreements as provided for by article 28 of Legislative decree no. 199/2021.

**Decree law no. 21 of 21 March 2022, containing "Emergency measures in response to the economic and humanitarian consequences of the Ukraine crisis"**. This decree law, which was converted, with amendments, into Law no. 51 of 20 May 2022, contains, *inter alia*, the following provisions affecting the Group:

- article 1-bis, introduced during the conversion of the legislation into law, transposes the content of Decree law no. 38 of 2022 (excise taxes and VAT on fuel), cited further down, which it therefore repeals, with a grandfather clause for deeds and measures taken and the effects produced and the legal arrangements that arose in the period when the decree law was in force;
- article 2 provides that, for 2022, the petrol vouchers or similar benefits that private companies give their employees for free to purchase fuel are not considered in the calculation of taxable income for up to €200 per worker;
- article 3 introduces a tax credit equal to 12% of the outlay to procure energy effectively used in the second quarter of 2022 for non-energy-intensive companies equipped with meters with available power greater than or equal to 16.5 kW. Companies are eligible for the tax credit if the price per kWh, calculated considering the average price for the first quarter of 2022, is more than 30% higher than the corresponding average price for the same quarter of 2019.
- article 7-bis contains simplification measures to encourage the construction of renewable energy production plants;
- article 7-quater establishes that the environmental impact assessment of photovoltaic plant projects with capacity of over 10 MW, the applications for which were presented to the competent regional authorities before 31 July 2021, remain with the same regions even if, during the regional assessment procedure, the project undergoes substantial changes;
- article 7-quinquies updates the authorisation procedures for the installation of renewable-source power plants, in particular by raising the capacity threshold above which government authorisation - in addition to an environmental impact assessment - is required from 10 to 20 MW.
- article 7-sexies fast-tracks the development of renewable sources by updating the rules for the identification of surfaces and areas suitable for the installation of photovoltaic plants;
- article 10-septies extends for one year the deadline for certain administrative authorisations in the private construction sector and the deadlines of urban planning agreements, considering the consequences of the difficulties faced in the procurement of materials and the exceptional increases in their prices;
- article 12-ter introduces another possible type of benefits for the bilateral solidarity funds set up with INPS (the Italian



Social Security Institute). With this option, the fund offers monthly social security payments to workers who are close to becoming eligible to receive their pension if, at the same time, the employers opting for this type of payment hire workers who are 35 or younger for at least three years;

- article 13 provides for the refinancing of the grants referred to as the “marebonus” and the “ferrobonus”, which encourage freight transport by water and rail, supporting intermodal transport. Specifically, for the water transport grant (marebonus), the article allocates another €19.5 million for 2022 and for the railway transport grant (ferrobonus), another €19 million for 2022;
- article 13-bis allows the port authorities to reduce the operators’ fees to promote railway traffic of freight to and from ports;
- article 23 contains measures to rapidly obtain a 50% advance on the offsetting for which holders of public contracts are eligible due to the higher price of materials. In response to the exceptional increases in the prices of certain construction materials, the fund for public works established by article 7.1 of Decree law no. 76/2020 and the fund for price adjustments under article 1-septies.8 of Decree law no. 73/2021 were increased by a total of €320 million for 2022. When the decree law was converted into law, paragraph 3-bis was added, extending the price adjustments of materials in public contracts to general contractors as well.

**Decree law no. 24 of 24 March 2022, containing “Emergency measures to lift the measures to contain the spread of the Covid-19 epidemic following the end of the state of emergency.”** This decree law, which was

converted, with amendments, into Law no. 52 of 19 May 2022, considering the end of the state of emergency (31 March 2022), eases the restrictions in place in a series of transition measures. It includes the following provisions affecting the Group:

- article 5.1 extends until 15 June 2022 the rule that FFP2 face masks must be worn on board the most common public transport vehicles, including medium- and long-haul trains and vehicles used for local and regional public transport;
- article 6 (gradual elimination of the basic green pass requirement) establishes, in paragraph 8, that as from 1 April 2022, anyone, including people over the age of 50, may access the workplace with a basic green pass. This obligation was lifted as from 1 May;
- article 10 (extension of the terms of measures relating to the Covid-19 pandemic) extends until 31 August 2022 the emergency work-from-home measures for workers in the private sector. Additionally:
  - paragraph 1-bis extends until 30 June 2022 the temporary rule whereby, for the prescribed period of absence from work, employees in the public and private sectors who meet the conditions of the Ministerial decree of 4 February 2022, receive the illness benefits equivalent to a hospital stay; this benefit is subject to the condition that the employment service cannot be performed remotely;
  - paragraph 1-ter extends until 30 June 2022 the temporary rule whereby the work performed by employees in the public and private sectors who have protected status is normally performed remotely. The use of this work model, provided that it is compatible with the characteristics of the employee’s duties, is extended until 31 July 2022 for the categories of workers protected under article 10.2 and number 2 of appendix B to this decree, as amended during the examination;
  - paragraph 2-bis extends until 31 August 2022 the provisions concerning the possibility, for employers in the private sector, to apply a work-from-home model on a streamlined basis, regardless of the individual agreements generally required by current regulations;
  - paragraph 5-quinquies extends until 30 June 2022 the provisions that allow, if certain conditions are met, parents of at least one child with a serious disability or of children with special needs to work from home, even without individual agreements.

**Order of the Ministry of Health of 1 April 2022, for the adoption of "Guidelines for updating users and organisational approaches to contain the spread of Covid-19 in public transport".**

The new guidelines were adopted based on that recommended by the scientific/technical committee during the meeting on 30 March 2022. The order was effective from 1 April 2022 to 31 December 2022, without prejudice to the specific provisions of law in this respect. This ordinance substantially confirmed the measures established in previous provisions, namely:

- lifting of the requirement to have a green pass to board buses and underground trains;
- that people must have a basic green pass obtained through vaccination, having recovered from Covid-19, or a negative Covid-19 test in order to board planes, trains (inter-regional, Intercity, Intercity Night and HS) and ships;
- that a FFP2 face mask must be worn on all public transport vehicles.

Furthermore, the following requirements must be met:

- it is recommended to install vending places and machines with personal protective equipment like FFP2 masks in stations and places where tickets are purchased;
- service operators should provide information on every vehicle about the need for and correct use of personal protective equipment like FFP2 masks in closed spaces;
- the sanitising and disinfecting of spaces, transport vehicles and service vehicles must cover all the areas used by passengers and/or workers, including toilets, and be carried out according to the methods defined in the specific circulars of the Ministry of Health and the Higher Institute of Health, such as using the most generally accepted biocides and medical devices;
- the disinfecting must be carried out at least once a day and the sanitising must be carried out based on the specific company needs as provided for by public health requirements and published protocols;
- hand gel dispensers must be installed for use by passengers in railway stations, bus stations, airports, ports and on long-haul vehicles;
- specific dispensers containing alcohol-based solutions for the frequent disinfecting of hands must be installed in underground trains, on buses and on all regional and local public transport vehicles;
- information and dissemination systems must be adopted in places of transit explaining to users how to properly use personal protective equipment and how they should behave inside railway and bus stations, airports, ports and waiting areas, when boarding and disembarking transport vehicles and during transport;
- organisational measures should be adopted to regulate access to the main railway and bus stations, airports and ports to prevent crowding;
- where the structure permits, specific technical work should be carried out for the maximum natural ventilation of transport vehicles.

In addition, specific measures were established for each transport sector (including the national and commercial railway sector).

**Decree law no. 36 of 30 April 2022, containing "Additional emergency measures for the implementation of the National Recovery and Resilience Plan (NRRP)".**

This measure, converted with amendments into Law no. 79 of 29 June 2022, speeds up the achievement of specific NRRP targets regarding the public administration, universities and research with respect to financing and taxes, the environment, renewable sources, energy efficiency and health, the digital transition, infrastructure, cultural assets, special economic zones and streamlined logistic zones, tourism, justice and education. The provisions with the most effects on the Group include:

- article 23, which exempts green hydrogen consumption from payment of general expenses and, if not used as a fuel, from the excise taxes. Paragraph 5-bis amends Legislative decree no. 199 of 8 November 2021 on the use of energy from renewable sources, extending the authorisation procedures for the construction and operation to electrolytic cells to the infrastructure related to the production of hydrogen and the infrastructure connecting to distribution and transmission networks. Paragraph 5-ter includes specifications on the request for the simplified certification procedure pursuant to Legislative decree no. 28 of 3 March 2011 and on the competent administration if the plant to be built falls into more than one municipality;
- article 23-bis, which extends to biomass power plants with capacity of up to MW the regulations currently permitting full use of the installed technical capacity for the generation of electrical energy from biogas by plants that were already operating at 21 May 2022 (when Law no. 51/2022 went into force) through production beyond the plant's nominal capacity but within the limits of the technical capacity of the plants and the technical capacity of the network connection, in addition to the previously contractualised input connection capacity, in accordance with current regulations on environmental impact assessments and integrated environmental authorisation;
- article 33, which contains simplifications for the implementation of Mission M3C2-4, Reform 1.3 "Simplification of authorisation procedures for cold ironing plants";
- article 33-bis, which authorises until 2036 - up to €75 million - the provision of financing for LPT projects that are considered admissible and submitted by the autonomous provinces of Trento and Bolzano by 31 August 2022. The determination of the amount of the permitted financing and the disbursement model falls under the remit of the MIMS, which will determine them in one or more decrees;
- article 35, which amends article 48.1 of Decree law no. 77/2021 (Simplifications regarding the assignment of public contracts financed by the NRRP and the Supplementary National Plan), specifying that the simplified procedures on the assignment of public contracts financed by the NRRP, the Supplementary National Plan and programmes co-financed by the EU structural funds apply to the same investments even if they are divided into functional lots; paragraph 1-bis amends article 6 of Decree law n. 76/2020 with respect to the fees of the members of the technical advisory panel of the contracting stations;
- article 48, which repeals all of article 13-bis of Legislative decree no. 112/2015 regarding the common integrated information and ticketing system.

**Decree law no. 38 of 2 May 2022, containing "Emergency measures on excise taxes and VAT levied on fuel".**

Article 1 of this decree law confirms the adjustment of the excise tax rates in attachment I to the Consolidated excise tax code (Legislative decree no. 50/1995) until 8 July 2022, as follows:

- petrol: €478.40 per thousand litres;
- gas oil or diesel used as fuel: €367.40 per thousand litres;
- liquefied petroleum gas (PLG) used as fuel: €182.61 per thousand kg;
- natural gas used for vehicle traction: zero per cubic metre;

Furthermore, article 1.2 specifies that the reduction in the excise tax on commercial diesel used as fuel as per point 4-bis of table A of the Consolidated excise tax act does not apply during the reference period. The decree, with a specific government amendment, was absorbed by Decree law no. 21 of 21 March 2022, mentioned earlier.

**Decree law no. 50 of 17 May 2022, containing "Emergency measures on the national energy policy, business productivity and attraction of investments, in addition to social policies and the Ukraine crisis".** This decree law was converted into Law no. 91 of 15 July 2022 and contains the following provisions specifically affecting the Group:

- article 26 (Emergency provisions regarding public contracts), amended when converted, establishing that the same

provisions (with the same exceptions) provided for by article 26 also apply to entities operating in the special sectors - provided that regional price lists are not applied - and in the defence and security sectors, as they are compatible. The purpose of this legislation was to, *inter alia*, ensure the development of projects financed wholly or partly using NRRP and the National Complementary Investment Plan resources. Furthermore, paragraph 5-bis was added, authorising expenditure of €1 million for 2022 for work on state road 36 "del lago di Como e dello Spluga", in connection with the Milan-Cortina 2026 Olympic Games.

Furthermore, during the Parliamentary examination, the following amendments were made to additional articles of the decree law which affect the Group:

- article 2.3 (increase in the corporate tax credit for the purchase power natural gas), in paragraph 3-bis, approved during the examination by the Chamber of Deputies, specifies that, in order to use the tax credit for non-energy intensive companies equipped with meters with available power greater than or equal to 16.5 kW, if the company buys power from the same seller as in the first quarter of 2019, such seller is required to inform the company of the cost increases in the energy component and the tax credit for which the company is eligible.
- article 3 (tax credit for road transport operators and benefits for companies operating passenger transport services via bus), in paragraph 6-bis, introduced during the examination by the Chamber of Deputies, provides for aid of €1 million for companies that operate passenger transport using buses that meet Euro V and Euro VI emission standards;
- article 6 (provisions regarding the authorisation procedures for renewable-source power plants):
  - paragraph 1.a).2, as supplemented by the Chamber of Deputies, amends the provision that categorises the sites of existing photovoltaic plants as suitable areas when substantial changes have been made with the addition of energy accumulation systems, raising the capacity of such plants from 3 MW to 8 MW;
  - paragraph 2-septies, added by the Chamber of Deputies, permits, for a period of 24 months from when the conversion law went into force and according to the administrative procedure based on a sworn start-of-works report, the construction of new photovoltaic plants with modules on the ground and capacity of up to 1,000 kW, located in the areas available to tourism or thermal facilities, for self-produced energy to meet the needs of the facilities, provided that such areas are not situated in historical centres and are not protected under the Code of cultural and landscape assets (Legislative decree no. 42/2004);
- article 7 (simplification of authorisation procedures for renewable-source power plants):
  - paragraph 3-bis, approved by the Chamber of Deputies, establishes that, for the construction of power plants other than biomass and photovoltaic power plants, when submitting the application for authorisation, applicants may request a declaration of public utility and the application of the constraint for the expropriation of the areas where the plant and related works will be built;
  - paragraph 3-ter amends the rule establishing the simplified certification procedure for the construction and operation of photovoltaic plants of up to 20 MW located in quarries or quarry lots that will not be subject to further exploitation; the amendment specifies that the rules may also apply to plants located in "portions of quarries", it being understood that such quarries may not be subject to further exploitation;
  - paragraph 3-quater amends the rule that considers quarries and mines that have been shut down, abandoned, unreclaimed or presenting environmental deterioration as legally suitable areas for the installation of renewable-source power plants; again in this case, "portions of quarries or mines that will not be subject to further exploitation" are also specified as suitable areas;
- article 7-bis (extension of the term of building permits) amends paragraph 2 of article 15 of Presidential decree no. 380/2001 (Consolidated building code) to extend the deadline by which works must be on renewable-source power plants authorised pursuant to article 12 of Legislative decree no. 387/2003 to three years from the date when the building permit was issued;

- article 10 (provisions on the environmental impact assessment), during the examination by the Chamber of Deputies, the aforementioned verification methods were updated and additional changes were made to the code, particularly in relation to the documentation to be included in the environmental impact assessment and the calculation of the capacity of wind and photovoltaic power plants to be considered when evaluating whether they are subject to the environmental impact assessment procedure;
- article 27 (emergency provisions on works contracting), amended by the Chamber of Deputies, permits the operators pursuant to article 142.4 of the previous Public contracts code and article 164.5 of the Public contracts code to update, using the most recent price list, the economic framework or per-metre calculation of an executive project under approval or that has been approved when the decree goes into force and whose assignment procedures are slated to begin by 31 December 2023, in order to account for the exceptional price increases in construction materials, fuel and energy in 2022, in addition to the serious international crisis in Ukraine;
- article 42 (support for the NRRP targets in large cities), which lowered the threshold of 600,000 residents to 500,000.

In addition, the following provisions laid down in the original text were substantially confirmed:

- article 28 (local agreements for advanced training for companies), whereby the universities that promote “local agreements for advanced training for companies” with businesses, bodies or public or private research institutions, public authorities and state-owned companies, are eligible to receive grants totalling €290 million. Only universities based in regions with certain parameters below the national average, as specified in the article, may propose these agreements;
- article 31 (one-time indemnity for employees) establishes an indemnity of €200 (in the month of July 2022) for employees with income of under €35,000. Employers, acting as withholding agent, will offset the indemnity paid with a tax credit;
- article 35 (emergency provisions to support households for the use of public transport services) establishes a fund of €79 million to provide vouchers for the purchase of passes for LPT services and regional, inter-regional and national railway transport services (as from the date of publication of the implementation decree in the Official Journal and until 31 December 2022). The voucher covers 100% of the cost up to €60. People with a total income not exceeding €35,000 in 2021 are eligible. An interministerial decree of the Minister of Labour, with the MEF and MIMS, will establish the ways in which to apply for the voucher, how it will be issued and the reporting by transport companies on the vouchers used to purchase passes;
- article 36 (local public transport services) allocates another €50 million for 2022 to increase the fund pursuant to article 1.816 of Law no. 178 for the provision of the additional scheduled LPT services in the period between 1 April and 30 June 2022, in line with the outcome of the prefect calculations. By 15 September 2022, the regions must report to the MIMS and the MEF on the effective use of the assigned resources. Any residual resources may be used to cover expenses incurred by the regions and autonomous provinces for the additional services operated in the first quarter of 2022;
- article 52 (measures regarding state-owned companies) contains provisions on Società Infrastrutture 2020-2026 Milano-Cortina S.p.A.;
- article 54 (emergency provisions for transport of exceptional loads) extends to 31 July 2022 the deadline for the adoption of an MIMS decree on the guidelines for the classification and risk management of exceptional load transport;
- article 56 (provisions on the Development and cohesion fund) contains, *inter alia*, an increase of €1,500 million in the fund for expenditure of 2025.

Lastly, when the decree law was converted into law, it repealed (with a grandfather clause), Decree law no. 80 of 2022, transposing articles 3, 1, 2, 4 and 5 respectively into articles 1, 1-ter, 1-quater, 5-bis and 15-ter of the law.

**Interministerial decree no. 170 of 6 June 2022 supplementing the procedure for the compensation of lost fee revenue due to Covid-19 under Decree no. 340 of 11 August 2020.** To prevent over-compensating, this decree provides for the verification that contracts are balanced by 31 October 2022 by the contracting body for 2020 and 2021 together, taking into account the service contract fees and compensation for lost fee revenue paid to local and regional transport companies. Where the contracting body exercises this option, the concerned companies may be paid an advance equal to 90% of the total resources assigned in Interministerial decrees nos. 489 and 546 of 2021. The residual amount of the grant may only be paid after verifying that the contract is balanced (paragraph 3).

**Interministerial decree no. 171 of 6 June 2022 on the allocation of the resources (€80 million) under article 24 of Decree law no. 4/2022.** The resources are allocated for the performance of additional LPT services until 31 March 2022 and, secondly, to reinforce controls on compliance with public health measures. The decree provides for the disbursement of the resources only after the regions have reported - by 15 May 2022 - the additional services operated between 1 January 2022 and 31 March 2022. The resources not used for the additional services will be used to offset the loss of fee revenue in 2021.

**Decree law no. 68 of 16 June 2022, containing "Emergency measures for the safety and development of infrastructure, transport and sustainable mobility, and concerning significant events and the functioning of the Ministry of Infrastructure".** This decree law, which was converted, with amendments, into Law no. 108 of 5 August 2022, contains the following measures affecting the Group:

- during the conversion into law, article 6-bis was added, which enables synergies within the FS Italiane Group, favouring Anas in particular, including through models with a single customer and departures from the public contracts code (Anas-FS Italiane Group synergies).

Furthermore, the draft conversion law included the text of Decree law no. 85/2022 (on motorway concessions), published in the Official Journal no. 157 of 7 July 2022, which was repealed as from the entry into force of the conversion law, with a grandfather clause for the medium-term effects. Specifically, the following articles refer to the content of Decree law no. 85/2022, with amendments:

- article 7-bis contains a series of emergency provisions on concessions and motorway infrastructure, with specific regard to certain aspects of the rules on revoking motorway concessions. Paragraph 1 establishes that, if a motorway concession is terminated because of breach by the operator, the amount of the indemnity is determined following an appropriate audit of the financial statements captions with asseveration by a leading audit company. Under paragraph 2, the grantor is authorised to withhold from the operator the amount due to Anas S.p.A. as the operator's fee for the concession from the amount determined pursuant to paragraph 1. Paragraph 3 establishes a specific fund for the purposes of paragraph 1, included in the budget of the Ministry of Infrastructure, amounting to €500 million. Paragraph 4 establishes certain provisions to enable the development of a series of infrastructure projects. Specifically, this paragraph extends for another two years the declarations of public utility relating to a series of road infrastructure projects in the Lazio region. In particular, these projects consist of completing the intermodal connection between Rome and Latina and the motorway connection between Cisterna and Valmontone;
- article 7-ter, introduced by the Senate, contains provisions to ensure, following the termination of the concession agreement dated 18 November 2009 between Anas S.p.A. and Strada dei Parchi S.p.A. for the operation of the motorway network comprised of the A24 and A25 motorways, the continuity and traffic safety along such motorways, as well as projects to restore and secure (including seismic safety) the same motorways. The differences to article 2 of Decree law no. 85 include:

- eliminating the possibility of non-registration with the Court of Auditors for concession revocation decrees;
- that employees hired by Anas receive the economic and regulatory conditions of the national collective bargaining agreement applied by Strada dei Parchi S.p.A., Parchi Global Service S.p.A. or Infraengineering S.r.l. with the safeguarding, for all economic and regulatory effects, of their position and seniority at such companies.
- establishing an institutional panel for the revision of tolls;
- article 7-quater governs how the costs of this transaction are covered;
- article 12-bis contains rules on the fast-tracking of administrative rulings on projects financed by the NRRP.

Finally, during the Parliamentary examination, the following amendments were made to additional articles of the decree law which affect the Group:

- article 1 introduces provisions on the one-time grant for the start of coordination and other activities by the company Giubileo 2025, as well as rules on the use of the tenders procedure, projects and the procurement of goods and services to ensure the hosting and functioning of the 2025 Jubilee;
- article 6, paragraph 3-bis includes among the areas considered suitable for the installation of renewable energy plants pursuant to article 20.8 of Legislative decree no. 199/2021 the sites and plants that are available to the companies operating airports within the perimeter of the airports on the smaller islands;
- article 6, paragraph 3-ter extends from 31 December 2022 to 31 March 2023 the deadline for the fulfilment of the requirements of the financing decree for projects relating to the road bridge connecting the motorway to Fiumicino and EUR with the Florence and Salerno airports;
- article 7, paragraphs 4-sexies to 4-octies assign resources to complete the road connecting Via Aurelia and the Versilia motorway exit (€500 million for 2022 allocated to the Lucca municipality) and to secure the road previously known as 3-bis Tiberina (€5 million for 2022 to the operators);
- article 7-sexies extends the suspension of the co-financing obligation of the regions, local bodies and local and regional public transport service bodies in the purchase of vehicles for LPT;
- article 8, paragraph 9 specifies that, in the event of delayed or non-performance of maintenance, before directly performing the work and applying the pecuniary fine, the grantor must give the operator another 90 days to perform the maintenance;
- article 10, paragraphs 5-septies to 5-decies assign financing to RFI for the redevelopment and urban regeneration of the areas in Genoa affected by the "Genoa-Campasso Upgrade" railway project.

The following measures laid down in the original text were confirmed:

- article 9: paragraph 1, which reorganises the long-term expenditure authorisations for the following projects: mass rapid transit in the cities of Genoa, Milan, Naples, Rome and Turin; promotion of high-speed, high-capacity (HS/HC) transport on the Adriatic railway line (RFI); RFI's GPC-I 2022-2026; paragraph 2, which authorises certain reorganisations of expenditure on Anas' GPC (see attachment I to the draft decree law); and paragraph 4, which repeals the rule the established the company Italia Infrastrutture S.p.A.;
- article 11 extends until 30 September 2022 the rule that FFP2 face masks must be worn on trains, buses and other public transport vehicles, excluding planes.

**Decree of the Ministry of Infrastructure of 17 June 2022, containing the methods for the use of the price adjustment fund pursuant to article 26.4.a) of Decree law no. 50 of 17 March 2022, converted with amendments by Law no. 91 of 15 July 2022.** This decree governs the operational model and terms of access to the price adjustment fund set up in the MIT budget. The provisions relating to this fund apply, if the resources pursuant to paragraph 1 of article 26 of Decree law no. 50/2022 do not suffice, to public works contracts, including those awarded to

general contracts, based on bids, with the final deadline for presentation of the bid by 31 December 2021, fully or partly financed by the NRRP or in relation to which extraordinary commissioners have been appointed. The methods for accessing the resources are governed in article 3, while the terms for the disbursement of resources are defined in article 4.

**Law no. 78 of 21 June 2022, containing the “government mandate regarding public contracts”.** This law, consisting of two articles, defines the scope of the mandate, sets the term for its exercise at six months and lays down the directive criteria and principles that the government must follow in implementation.

With respect to the directive criteria established by the government mandate law:

- letter b) requires that it revise the duties of the national anti-corruption authority with respect to public contracts in order to reinforce its supervisory functions on the sector and with respect to support for the contracting stations;
- letter c) establishes that it reform the rules for the qualification of the contracting stations for both ordinary sectors and special sectors (gas, thermal energy, electricity, water, transport, postal services, exploitation of geographical areas) to reduce their number;
- letter e) establishes the criterion of simplification of the rules applicable to public contracts with a value under the European materiality threshold;
- letter f) simplifies the procedures for investments in green and digital technologies and innovation and research;
- letter g) introduces the obligation for contracting stations to include in tenders, notices and invitations, according to the various types of public contracts, a mandatory price revision scheme in the event of specific, objective conditions that are unforeseeable when the bid is prepared, establishing that any costs arising from this price revision mechanism will be covered using the available resources in the economic framework of projects and any other available resources for the contracting station to be used in accordance with the expenditure accounting procedures. Furthermore, the contracting stations’ tenders must include information on the cost of renewing the national collective bargaining agreement signed by employers’ and workers’ associations which are comparatively most representative nationally, applicable to the scope of the contract and most of the services to be performed;
- letter l) prohibits the provision of professional activities for free, except in exceptional cases and with adequate justification;
- letter n) requires the streamlining and simplification of the bases of exclusion in order to make the rules for participation clear and certain, identifying situations that are considered professional crimes;
- letter o) simplifies the primary rules for planning and localising public works, with specific regard to public debate;
- letter q) relates to the simplification of the procedures for the approval of public works projects , including through the redefinition of planning levels in order to lower them and to streamline the project verification validation procedures;
- letter s) reviews and simplifies the operator qualification system;
- letter t) requires the mandated government to identify the circumstances in which automated bid assessment mechanisms may be used and to typify the cases in which contracting stations may award contracts solely on the basis of price or cost;
- letter u) requires the redefinition of the rules on variations while a project is in progress in terms of modifying the contracts during project execution;
- letter cc) revises the system of sureties guaranteeing the participation in and execution of public contracts, laying down consistent rules for the ordinary and special sectors and establishing the possibility of replacing performance bonds for contracts with withholdings in proportion to the amount of the contract when progress payments are made;
- letters dd) and ee) require the government to specify in the delegated acts the public contracts excluded from the scope of application of the European directives and the situations in which the contracting stations may use an



integrated contract;

- letter ff) prohibits the extension of concession contracts, except for those governed by European standards for in-house contracting;
- letter gg), also relating to concession contracts, formulates a specific criterion for the delegation of duties in order to streamline the rules on the assignment of contracts by operators, with the aim of introducing specific rules for concession arrangements relating to the operation of services of general economic interest;
- letter hh) identifies the penalty and bonus mechanism to encourage timely execution of contracts by the contractor;
- letter ii) refers to the simplification of the procedures for the contracting stations' payment of the contractual consideration, with a reduction in the administrative costs borne by the companies;
- letter ll) sets the criterion for the reinforcement of alternative dispute resolution methods outside the courts.

**Decree of the Minister of Infrastructure no. 241 of 28 July 2022, concerning how the fund pursuant to article 1-septies.8 of Decree law no. 73 of 25 May 2021, as amended and supplemented (price adjustment fund) is used.** This decree establishes the guidelines for the use of the fund for the projects (not financed by the NRRP) pursuant to article 26.4.b) of Decree law no. 50 of 17 May 2022, converted with amendments into Law no. 91 of 15 July 2022 based on the percentage of completion of work performed and accounted for by and under the responsibility of the director of works in the ledger from 1 January 2022 to 31 July 2022.

**Law no. 110 of 5 August 2022, "General statement of the government administration for fiscal year 2021" and Law no. 111 of 5 August 2022, "Provisions for the adjustment of the government budget for fiscal year 2022".** The 2022 adjustment law increases the initial budget forecasts for 2022 by a total of roughly €734.3 million for the MIT's expenditure for commitments of the year (approximately +4%), almost entirely attributable to the changes made with administrative acts (+€713 million).

The 2022 adjustment law provides for adjusted expenditure of approximately €18,014.5 million overall for the MIT for commitments of the year.

The differences between the forecasts in the budget act and the adjusted forecasts result from two types of changes:

- those due to administrative acts adopted between January and May 2022, introduced into the budget and totalling approximately €713 million, in relation to the various decree laws issued in the reference period. The changes due to administrative acts are merely for recognition purposes, as they reflect changes (which exclusively relate to accruals and cash) in budget data;
- those due to the draft 2022 adjustment law, which amount to approximately €21 million. Only these changes are subject to Parliamentary approval and are assigned to the aspects to be voted on in the 2022 Budget Act and in the chapters to which such aspects to be voted on are allocated, as defined by decree of the MEF on 31 December 2021, in accordance with Law no. 196/2009.

**Law no. 118 of 5 August 2022 (Annual market and antitrust law 2021).** This law is part of the legislation relating to the 2022-2024 budget and is one of the reforms indicated in the NRRP.

As for the provisions specifically affecting the Group:

- article 8 gives the government mandate to reorganise - within six months - local public services, including by adopting a consolidated act (paragraph 1). This provision includes in the directive criteria and principles the adequate consideration of the differences between network services of general economic interest (electrical energy, natural gas, integrated water service, urban waste and local public transport) and other local public services of economic interest. The choice to use an in-house model is permitted but must be justified by a specific reason;

- article 9 governs local public transport (LPT). This article was significantly amended during the Parliamentary examination. The original text had been framed to fully implement the system of assignment by public tender in the LPT sector. The published text permits, as an alternative to publishing a call to tender, the obligation for the regions to provide information on the type of award and the services and territories potentially affected by the award;
- article 10 strengthens the dispute resolution mechanisms between the economic operators that operate networks, infrastructure and transport services and consumers, establishing that jurisdictional recourse may be taken only after having attempted conciliation, to be defined within 30 days of the submission of the application to the Transport Authority (ART), which must identify simple, non-burdensome procedures for this purpose, and they may be online;
- article 11, regarding the updated rules on controls over state-owned companies, provides that the Court of Auditors must express an opinion on a public authority's resolution to set up a company or acquire a direct or indirect investment in an existing company:
  - this provision covers the subject and methods of the opinion and the related disclosure obligations. The public authority is required to publish the Court of Auditors' opinion and, should it decide to proceed according to its own resolution despite a negative or partly negative opinion, justify this decision;
  - the provision also amends the penalty scheme, applying a penalty in the form of automatic cancellation of state-owned companies from the company register for failure to file financial statements or non-performance of operations for more than two consecutive years (rather than the current three).

**Decree law no. 115 of 9 August 2022, containing "Emergency measures regarding energy, the water emergency and social and industrial policies"**. This decree law, which was converted, with amendments, into Law no. 142 of 21 September 2022, addresses a series of crucial issues, including the rising cost of energy and the water emergency, support for local bodies, strengthening social policies to protect purchasing power and the relaunching of investments.

As for the significant provisions, article 9 (emergency provisions regarding transport) was not substantially changed during the conversion into law. It includes the following paragraphs addressing the exceptional increase in the cost of energy:

- paragraph 1, which establishes a fund of €40 million for 2022 for a government grant to offset the higher cost of fuel (net of VAT) incurred in the second four-month period of 2022 compared to the same period of 2021 to power local and regional public transport vehicles used to operate road, lake, sea or railway transport services under a public service obligation;
- paragraph 6, which authorises expenditure of €15 million for 2022 to RFI to reduce the freight transport fee. RFI will deduct the amount allocated to it from the "total net costs relating to the minimum access package services in order to create, from 1 April 2022 to 31 December 2022", within the maximum limit of the allocation, a reduction in the fee "for the use of the railway infrastructure of up to 50% of the amount of the fee exceeding the coverage of the cost directly related to the service" consisting of the transport of freight by railway. The infrastructure access fee on which to calculate the reduction will be determined based on the current settlement measures defined by the ART.

During the Parliamentary examination, the following amendments were made:

- introduction of article 9-bis (measures regarding the transport of exceptional loads and the procurement of energy on the smaller islands), which extends the suspension of the rules under article 7-bis of Decree law no. 146/2021 (transport of exceptional loads). Furthermore, to ensure the procurement of energy on the smaller islands, for domestic travel of between two and three hours, the Maritime Authority may authorise, pursuant to article 10.6 of the decree of the President of the Republic no. 134 of 6 June 2005, the boarding of tanker trucks and rail tank cars that do not meet the standards of the same article 10, as long as they are at least compliant with the national regulations in place for road or rail transport and that the journeys are carried out in favourable weather conditions. When issuing this

authorisation, the Maritime Authority sets the necessary additional requirements to ensure that the necessary safety standards are met during the transport.

- amendment of article 11 (energy services manager and additional measures regarding electricity) with the introduction of a new paragraph, 4-bis, which establishes that for the installation of renewable-source power plants in urban centres protected by article 136 of Legislative decree no. 42/2004, the simplified certification procedure report (article 6 of Legislative decree no. 28/2011) must be accompanied by a notary deed in which the designer certifies that the plants are not visible from the surrounding open public spaces;
- introduction of article 16-bis (register of permanent occupation of the subsoil), which requires that the municipal authorities transmit the data on the permanent occupation of the subsoil to the information system that surveys concessions of public assets as required by the antitrust law;
- introduction of article 23-bis (extension of work-from-home for protected-status workers and parents with children under the age of 14), which extends until 31 December 2022 the possibility to work from home for protected-status workers and parents with children under the age of 14;
- introduction of article 25-bis (extension of work-from-home for private-sector workers), which extends the provisions of paragraphs 3 and 4 of article 90 of Decree law no. 34/2020, thereby extending until 31 December 2022 the term of the obligation for employers in the private sector to electronically notify the Ministry of Labour and Social Policies the names of workers and date when they stopped working from home, using the documentation published on the website of the Ministry of Labour and Social Policies (article 90.3); and extending to 31 December 2022 the possibility for employers in the private sector to apply the work-from-home model to all subordinated employment relationships in accordance with the principles of the current legislation, even without the individual agreements provided for in such legislation (article 90.4);
- introduction of article 27-bis (emergency provisions for the development of the Alessandria shunting hub) for the development of the design of the Alessandria shunting hub. To promote the reinforcement of freight traffic in the Savona and Genoa ports and the intermodality of the areas behind the ports, according to the provision, the extraordinary commissioner (article 4.12-octies of Decree law no. 32 of 18 April 2019, converted, with amendments, by Law no. 55 of 14 June 2019) may prepare, within the limit of the resources available under current legislation for such freight hub, a master plan for the entire "Alessandria shunting" area in order to identify the main areas where the work will be performed in the framework of public/private development, along with specific environmental reclamation, economic and social development, urban improvement and regeneration measures;
- introduction of article 34-bis (provisions for the adjustment of prices in works contracts for electric power plants), which contains measures regarding the revision of prices in the energy sector. Specifically, in response to the exceptional increases in the prices of construction materials, fuel and energy for works contracts signed between 1 January 2019 and 31 December 2021 for the construction, greater efficiency or strengthening of power plants with capacity over 300 MW thermal, authorised under Decree law no. 7 of 7 February 2002, which are also necessary to increase the electric power generation capacity under Legislative decree no. 379 of 19 December 2003, the customers adjust the prices of construction and production materials, with an increase equal to the difference between the results of the main commodities prices recorded by industry bodies or by the national statistics institute when the work was accounted for or noted, and the prices recorded when the contracts were signed, with a 20% cap. This adjustment applies to the work performed and accounted for, based on the issue of the related purchase orders, at the date when the decree law goes into force, plus the work performed or noted up to 31 December 2022;
- introduction of article 37-quater (amendment to article 1 of Decree law no. 105 of 21 September 2019, converted, with amendments, by Law no. 133 of 18 November 2019), regarding cybersecurity and requiring the entities that fall within the national cybersecurity perimeter to meet certain disclosure obligations with respect to cyber incidents.

The following articles in the decree law remain substantially the same:

- article 8 (provisions on excise taxes and VAT on certain fuels), which extends the reduction in the excise tax on fuel until 20 September 2022;
- article 20 (partial exemption of social security contributions borne by employees), which reduces the tax wedge in employees' favour for payroll periods from 1 July to 31 December 2022, including 13th month salaries;
- article 22 (extension of the one-time indemnity pursuant to articles 31 and 32 of Decree law no. 50 of 17 May 2022 to other worker categories), which extends the "€200 payment" to workers not currently covered;
- article 27 (refinancing of the transport voucher fund), which increases the fund for the payment of vouchers for LPT (art. 35 of Decree law no. 50/2022) by €101 million, bringing the total amount of financial resources assigned for these vouchers to €180 million;
- article 34 (Complementary Fund for price adjustments - Milan-Cortina Olympics), which refines the fund for the start of urgent works by 31 December 2022 for a total of €1.3 billion.

**Interministerial decree no. 277 of 14 September 2022, which definitively assigns the resources allocated for additional local public transport services to be operated until 31 December 2021 in connection with the Covid-19 pandemic.** The definitive assignment of resources for additional services shows a requirement of €326.9 million and resources that may be assigned to compensate lost fee revenue in 2021 of €513.1 million.

**Interministerial decree no. 289 of 20 September 2022 which definitively assigns the resources to be used to compensate lost fee revenue relating to 2020 following the corrections and calculation of the total amount of the advance for the compensation of lost fee revenue in 2021.** Total assigned resources to compensate lost fee revenue for 2020 is €1,626 million, drawing on a total allocation of €1,837 million. Therefore, the residual resources of €211 million may be used as an advance on the compensation for lost revenue in 2021, in addition to the €513.1 million not used for additional LPT services in 2021, also allocated to compensate lost fee revenue in 2021. The total amount of the advance to compensate lost revenue in 2021 is therefore €724 million. The deadline for the reporting of the audited data is 30 September 2022 (extended to 10 October 2022 in an MIT circular) and any over-compensating will be verified by 10 October 2022, pursuant to article 1.1 of MIT/MEF Decree no. 170 of 6 June 2022.

**Decree law no. 144 of 23 September 2022, containing "Additional emergency measures on the national energy policy, business productivity, social policies and the implementation of the National Recovery and Resilience Plan (NRRP)".** This decree law, which was converted, with amendments, into Law no. 175 of 17 November 2022, contains the following provisions affecting the company:

- article 1, which restores certain tax credits under the earlier decreases of 2022 as relief to companies for the higher cost of electricity and natural gas, extending them to cover the costs incurred by companies in October and November 2022 and raising the amount of these credits. In particular:
  - the tax credit for energy-intensive companies is 40% of the cost incurred for the energy component purchased and effectively used in October and November 2022;
  - the tax credit for natural-gas-intensive companies is 40% of the cost incurred to purchase natural gas consumed in October and November 2022 for use other than generating thermoelectric energy;
  - the tax credit for non-energy-intensive companies with metres with specific available power greater than or equal to 4.5 kW is 30% of cost incurred to purchase energy effectively used in October and November 2022;
  - the tax credit for non-gas-intensive companies to purchase natural gas is 40% of the cost incurred to purchase the natural gas consumed in October and November 2022 for uses other than generating thermoelectric power;

- article 4, which confirms until 18 November 2022 the previously implemented reduction in the excise taxes on fuels and the application of a reduced VAT rate (5%) on supplies of natural gas used for vehicle traction. In the original text, the extension was until 31 October 2022; as a result of the amendments made by the Parliamentary commission during the preliminary examination, whereby the content of the later Decree law no. 153 in 2022 was included in the measure, the relief was further extended in time. The draft conversion law concurrently repeals Decree law no. 153 of 2022 with a grandfather clause;
- article 6, which increases the resources of the fund established by article 9.1 of Decree law no. 115/2022, adding another €40 million to the previously allocated €100 million to pay operators of local public transport and regional transport services by road, lake, sea or rail a grant calculated on the basis of costs incurred in the same period of 2021, to offset the increase in the cost, net of VAT, incurred in the last four months of 2022 to purchase fuel;
- article 12, which increases the fund for the payment of 2022 transport bonuses by €10 million;
- article 14, which authorises total expenditure of €100 million for 2022, to be used to support the road freight and passenger sector;
- article 26, which reorganises, via delegating regulations, the advanced technical education system, specifically to align the curricula and learning pathways with the digital innovation targets in the national Industry 4.0 plan and in response to socio-economic demand for digital skills, as well as to promote continuity with the ITS Academy pathway;
- article 29, which introduces, for the local bodies implementing the projects in the complementary plan an automatic pre-assignment mechanism of financial resources for each project, an additional amount on top of that assigned with the assignment measure, equal to 15% of the amount already assigned;
- article 30, which contains provisions on the use of economies resulting from public contracts or government grants for NRRP projects, requiring that unused assigned resources may be used by administrations responsible for projects in the scope of the same public contracts or government grants to cover greater expenses due to the higher prices of commodities, materials, equipment, processing, fuel or energy;
- article 32, which makes Invitalia S.p.A. responsible for promoting the definition of specific framework agreements for the assignment of technical services and construction work using flexible, aggregate procedures for the awarding of public contracts in order to accelerate the start of investments.

With the amendments made in Parliament, article 4 of the decree law now includes the content of article 1 of Decree law no. 153 of 2022 (decree law regarding excise taxes and VAT on fuel), which was repealed with a grandfather clause protecting its effects.

**Interministerial decree no. 299 of 26 September 2022, which allows the grant pursuant to article 214.5-bis of Decree law no. 34 of 19 May 2020, converted, with amendments, by Law no. 77 of 17 July 2020.** The total amount of resources assigned to Trenitalia as compensation of the economic effects suffered directly as a result of the Covid-19 pandemic from 1 July 2020 to 31 December 2020 is € 279,870,245.17. The MIT issued subsequent executive decrees allocating resources for every year up to 2034 and the resources for the first three years were paid (2020-2022).

**Interministerial decree no. 314 of 3 October 2022, which allows the grant pursuant to article 1.675 of Law no. 178 of 30 December 2020.** The total amount of resources assigned to Trenitalia as compensation of the economic effects suffered directly as a result of the Covid-19 pandemic from 1 January 2021 to 30 April 2021 is € 213,756,779.03. The MIT issued subsequent executive decrees allocating resources for every year up to 2034 and the resources for the first two years were paid (2021-2022).

**Decree law no. 176 of 18 November 2022, containing “Emergency relief measures in the energy and public finance sector”.** This decree law, which was converted, with amendments, into Law no. 6 of 13 January 2023, contains the following provisions affecting the Group:

- article 2, which extends the repeated reduction of the excise tax rates applicable to certain energy products used as fuel. The article was amended during the Parliamentary examination in order to transpose in this decree law the content of Decree law no. 179 of 2022, article 1 of which changes the terms and amounts of the excise tax rates. In particular:
  - the reduced excise tax rates in effect from 22 March 2022 remain in place until 30 November 2022 (rather than 31 December 2022, as per the original text of the provision);
  - these rates increase slightly between 1 December 2022 and 31 December 2022, but still remain lower than the rates in place up to 21 March 2022.

The application of the reduced VAT rate (5%) on the supply of natural gas used for vehicle traction is extended to 31 December 2022;

- Article 3, which in:
  - paragraph 10 amends a transitory rule on the 2022 tax period, which provides for a more advantageous system regarding the IRPEF (income tax) exemption of goods and services sold to employees and for certain specific amounts paid thereto;
  - paragraph 14 reduces by €50 million the allocation of the transport bonus fund, whose resources therefore decrease from €190 million to €140 million;
- article 3-bis, with specific regard to local and regional public transport, which in paragraphs 2 and 3, assigns another €320 million for 2022 to the fund set up under article 9.1 of Decree law no. 115 of 2022 to provide relief to the sector following the exceptional increases in the price of electrical energy and fuel due to the currently unfolding international crisis. Paragraphs 5 and 6 authorise expenditure of €176 million for Anas S.p.A. in 2022 to compensate the greater costs incurred for public street lighting in 2022 and, more generally, for road maintenance on routes of national interest. The total amount of €176 million for 2022 includes €125 million to compensate the greater costs incurred for public street lighting on roads operated by Anas S.p.A. and €51 million for other activities;
- article 7-bis, which amends article 27 of Decree law no. 50/2017 regarding local public transport. Specifically, it replaces paragraph 2 of article 27, establishing new methods for the allocation of the LPT fund and adding paragraph 2-ter to specify that, following the allocation as determined in letters a) and b) of paragraph 2, i.e.: 50% considering standard costs and 50% considering the service level agreements, no region may in any case receive resources that fall short of the LPT fund’s allocation, net of the changes in the railway network access fee introduced by RFI S.p.A. and any penalties. Lastly, paragraph 6 was replaced to establish that a MIT decree, adopted jointly with the MEF and based on a prior understanding reached in the unified conference, will establish the indicators to determine adequate service levels and how they are applied for the purposes of allocating the fund;
- article 10, which in paragraph 1, supplements the provisions in Decree law no. 32/ 2019 to specify that the obligation of municipalities that are not the capitals of their province must use, for the allocations relating to the NRRP and the Supplementary National Plan, qualified contracting stations or even Groups of municipalities, provinces, metropolitan cities and the capitals of provinces when the amount of the allocation is greater than or equal to €150,000 for works and €139,000 for services and supplies, including engineering, architectural and planning services. Paragraph 2 establishes the conditions for the grants to the contracting stations receiving financing under the NRRP or the Supplementary National Plan to offset the increases as a result of the updating of price lists. Paragraph 2-bis extends to 31 March 2023 the terms for the assignment of public works to secure buildings and land expiring between 1 July 2022 and 31 December 2022. Paragraph 2-ter specifies that, to safeguard the assignment procedures used at 31

December 2022 by the municipalities that are not the capitals of their province and which did not use qualified contracting stations or supra-municipal bodies, such as Groups of municipalities, provinces, metropolitan cities and the capitals of provinces. Paragraph 3 adds another article to Decree law no. 77 of 2021 to provide for a special, fast-track procedure for the approval of certain projects relating to projects on roads and motorways that are of priority interest for the country. They are individually named and detailed in attachment IV-bis to the decree;

- article 14, which in paragraph 1 establishes an increase of €1,080 million for 2022 in the authorised expenditure for the financing granted to the national railway infrastructure operator to cover investments in the traditional network, including extraordinary maintenance as per article 1.86 of Law no. 266 of 23 December 2005;
- article 14-quinquies, which establishes in the Ministry of the Interior's budget an urban regeneration investment fund for municipalities with populations of under 15,000 residents, with total resources of €235 million for 2025 and 2026, and requires a ministerial decree to establish the criteria for the allocation of the fund and the use of the resources.

**Decree law no. 179 of 23 November 2022, containing "Emergency measures regarding excise taxes and VAT on fuel and support for the local bodies and areas of the Marche region affected by the exceptional weather events".**

This decree law, in article 2.5/6, allocates resources of €176 million for 2022 to Anas, as noted earlier.

It also includes:

- article 1, which amends Decree law no. 176/2022 and, in particular, restructures the soft excise tax rates as from December;
- article 2.2, which increases by another €320 million the fund set up with the MIT to address the price increases in fuel and energy products for the local and regional public transport of passengers by road, lake, sea and rail;
- article 3, which includes measures benefiting the areas of the Marche region affected by the exceptional weather events that began on 15 September 2022, to develop, through civil protection orders and within the limits of the available resources, projects that, *inter alia*, restore public services and strategic network infrastructure to working order.

As indicated above, this decree went out of force when its content was transposed in the text of Decree law no. 176/2022.

**Interministerial decree no. 389 of 7 December 2022 which provides for the allocation and remodulation of the resources allocated for the additional local public transport services under article 24 of Decree law no. 4/2022 (€80 million for 1 January 2022 - 31 March 2022) and under article 36 of Decree law no. 50/2022 (€50 million for 1 April 2022 - 30 June 2022).** This decree notes the complete use of the €80 million allocated for additional services under Decree law no. 4/2022 (which provided for the use of any residual amounts to compensate lost revenue).

**Legislative decree no. 201 of 23 December 2022, containing the "Reorganisation of regulations on local public services of economic importance".** This legislative decree contains general provisions on the identification, assignment, organisation and operation of local public services of economic importance. In particular:

- article 4 establishes that the provisions of this legislative decree apply to all services of general economic interest provided at local level and include sector regulations or otherwise prevail over them, in accordance with EU law and unless this legislative decree provides for specific safeguard or prevail clauses with respect to sector regulations;
- article 32 contains provisions for the coordination of local public transport which take into account the regulations (issued by the EU) that currently apply to the LPT sector and that, in certain cases, overlap.

**Law no. 197 of 29 December 2022, containing the “Government budget for 2023 and the three-year budget for 2023-2025”.**

The provisions affecting the Group are contained in one article divided into paragraphs, summarised as follows:

- paragraph 63 (reduction of the substitute tax applicable to employee productivity bonuses). This provision reduces from 10% to 5% the substitute tax rate on amounts paid to private-sector employees as performance bonuses or profit participation in 2023;
- paragraph 281 (partial exemption of social security contributions paid by employees). This paragraph reintroduces, for payroll periods between 1 January 2023 and 31 December 2023, an exemption for the portion of social security contributions due from employees in the public and private sectors, with the exception of domestic workers, already established for 2022. This exemption is equal to 2% if the worker’s monthly taxable remuneration does not exceed €2,692 and equal to 3% if the monthly taxable remuneration does not exceed €1,923;
- paragraphs 283-285 (early pension provisions). These paragraphs introduce, on an experimental basis for 2023, another possibility – referred to as a flexible early pension, in addition to – as a possible alternative – the possibilities in which, under the current legislation, people have the right to receive early pension payments. To be eligible for this flexible early pension, workers must be at least 62 years old and have paid contributions for at least 41 years (for a sum of 103). It has been introduced for pension schemes applicable to employees in the public and private sectors or, solely for those whose pensions are managed by INPS, for freelance and para-subordinate workers;
- paragraph 306 (work-from-home for protected-status workers). This provision provides that, for the first quarter of 2023, employees in the public and private sectors who are protected under the Ministerial decree of 4 February 2022 continue working from home;
- paragraphs 369-379 (measures to address the increase in the cost of materials for public works). These are provisions in response to, in the public works contracting sector, the exceptional increases in the prices of construction materials, fuel and energy. They provide for an increase in the available financial resources in order to, *inter alia*, ensure the completion of the projects financed wholly or partly by the NRRP and the Supplementary National Plan;
- paragraph 383 (motorway concessions). This paragraph supplements the rules for the following motorway infrastructure: A22 Brennero-Modena, A4 Venice-Trieste, A28 Portogruaro-Pordenone and Villesse-Gorizia connector. It makes it possible, should in-house companies be used to operate the infrastructure, to carry out certain corporate transactions. Under this provision, in order to coordinate the A22 Brennero-Modena, A4 Venice-Trieste, A28 Portogruaro-Pordenone and Villesse Gorizia connector motorway infrastructure, the 30-year concession agreements are signed by the Ministry of Infrastructure with the regional authorities and the local bodies that signed the aforesaid memoranda of understanding on 14 January 2016 and may also use in-house companies - whether they are existing or are set up for this purpose - that are entirely state owned. If an in-house company is specifically set up, the provisions of article 14.5.1 of Legislative decree no. 175 of 2016 do not apply until it receives the concession;
- paragraph 458 (price adjustment provisions). On one hand, these provisions are meant to simplify the payment procedures of amounts due as a result of the higher price of materials and, on the other hand, to govern a new offsetting mechanism for the contracting stations that, as they are required to apply price adjustment clauses, are forced to pay amounts increased by over 10% of the contract value. In particular, for projects other than those financed using the NRRP or Complementary National Fund resources, to access the price adjustment fund resources, solely for progress billing of work performed and accounted for by and under the responsibility of the director of works between 1 January 2022 and 31 December 2022, the contracting statements must send, instead of the copy of the works progress report and by 31 January 2023, the calculation of the greater amount of the work progress over the work progress calculated according to the contractual conditions, signed by the director of works and approved by the procedure officer. Furthermore, in response to the exceptional increases in the prices of construction materials, fuel



and energy for public works contracts, including those assigned to general contractors, and framework agreements, awarded based on bids, setting 31 December 2021 as the final deadline for submission, the works progress report for work performed or accounted for by the works director or noted, under the director's responsibility, in the ledger between 1 January and 31 December 2023 is used, even in a departure from the specific contractual clauses, applying the regional price lists;

- paragraphs 459-470 (unification of the residual infrastructure planning and scheduling tools according to yield-based criteria). These paragraphs govern the planning and scheduling procedures according to criteria of consistency, measurement of the expected yield and the certainty of the amount of time needed for completion for infrastructure that is not considered a priority for the country's development, is not financed using the Development and Cohesion Fund or European funds, is not included in the NRP or the Supplementary National Fund and is not covered by the government programme contracts with RFI and Anas (paragraph 459). Moreover, it establishes (in paragraph 460) that a MIT decree, issued jointly with the MEF, will determine the country's infrastructure development goals to be allocated over the macro-geographical areas and identifies the indicators for the measurement of the yield to be used as the criteria for access to the high-yield infrastructure fund set up pursuant to 461 with initial resources of €100 million for 2023 and €60 million for 2024. When first implemented, the MIT will issue one or more decrease jointly with the MEF by 30 June 2023, revising the tools for the planning and financing of non-priority infrastructure and for the revocation of resources allocated to projects that do not meet the yield-based criteria. As from 2024, the MIT may issue additional decrees for the same purposes. Paragraphs 462, 463 and 464 govern the procedure for the allocation of the fund resources. Paragraph 465 contains a provision on the financing of studies and analyses to identify the infrastructure to be financed using the high-yield infrastructure fund resources, while paragraphs 466-469 lay down provisions regarding the allocation of the high-yield infrastructure fund resources for specific purposes (securing bridges and viaducts and redeveloping urban infrastructure). Paragraph 470 authorises the MEF to make the necessary changes to the budget and to transfer back to the high-yield infrastructure fund any amounts that are revoked;
- paragraphs 471 and 472 (port safety fund). A fund to encourage the qualification of port work is set up in the MIT's budget;
- paragraphs 473-476 (Rome-Latina intermodal connection). These paragraphs establish that a commissioner pursuant to Law no. 32 of 2019 will manage the works on the Rome-Latina intermodal connection, with the allocation of €20 million for 2023 for this purpose;
- paragraphs 477 and 478 (local public transport and mass rapid transit). These paragraphs refinance the fund set up under article 200 of Decree law no. 34 of 2020 and authorise expenditure of €100 million for 2023 and €250 million for 2024, to compensate regional and local passenger public transport service operators subject to a public service obligation for lost revenue as a result of the pandemic. Paragraph 478 allocates resources for the completion of the Rome underground's C line. Total spending between 2023 and 2032 is expected to be €2.2 billion. To receive the resources, the extraordinary commissioner must submit, by 28 February 2023, an up-to-date overview of the progress of the work and a schedule.
- paragraphs 479 to 482 (intermodal urban cycle path fund). A fund is set up for the development of intermodal cycle paths with €2 million for 2023 and €4 million for 2024 and 2025 each;
- paragraph 484 (Naples transport network). Expenditure of €15 million is authorised per year from 2023 to 2027 to extend lot 1, stage 2.3 of the Afragola underground connection in Naples and for the supply of trains for the same underground;
- paragraphs 487-493 (stable road and rail connection between Sicily and the continent). These provisions provide for the resumption of the design and development activities on the stable road and rail connection between Sicily and continent (i.e., Messina Strait bridge), confirming that the project is a priority and, therefore, eligible for a departures

for infrastructure of priority national interest. Moreover, in order to support the development programmes and reinforce equity, RFI and Anas are authorised to subscribe capital increases in proportion to the percentage of ownership up to a total amount not exceeding €50,000,000;

(For further details, in particular for the subsequent Decree Law No. 35 on "Urgent provisions for the realization of the stable connection between Sicily and Calabria," issued on March 31, 2023, see Note 51 to the Consolidated Financial Statements - Events after the reporting date);

- paragraphs 498-502 (2026 Milan-Cortina winter Olympics). These are measures to ensure the development of the overall works plan for the winter Olympic and Paralympic Games to be held in Milan and Cortina in 2026. They amend article 3.2 of Decree law no. 16/2020, establishing, unlike the previous rules, that the overall works plan includes the works identified in the decree of the Minister of Policies for the Young and Sports, as per article 1.774 of Law no. 178/2020 and that the Prime Minister's decree approving the total works plan is approved on the proposal of the MIT, jointly with the MEF. They also include a provision regarding the financing of the residual requirements of the overall works plan pursuant to the Prime Minister's decree of 26 September 2022. Expenditure of €400 million is authorised for 2024, 2025 and 2026 to finance the residual requirements of the overall works plan for the Olympics and to finance the additional works under paragraph 1 of this article. The increase in the fund for the start of urgent works set up by article 26.7 of Decree law no. 50/2022 is reduced by €400 million with the consequent reorganisation of the additional resources for each individual year up to 2027. Furthermore, for the performance of the duties assigned to the company Infrastrutture Milano Cortina 2020-2026 S.p.A. in 2022, 2023 and 2024, the MIT is authorised to transfer to the same company an amount not exceeding half of the maximum amount of €14 million per year for 2022, 2023 and 2024.
- paragraph 506 (financing of construction lot no. 3 of the Turin-Lyon railway line). Under this provision, by 31 March 2013, the CIPESS must authorise, with a resolution, the start of construction on the third lot of the "New Turin-Lyon railway line, the international – Italian-French part – cross-border section" pursuant to article 2.232/233 of Law no. 191 of 2009 (2010 Finance Act). Lot no. 3 consists of completing the base tunnel and the civil works for the base tunnel in France and Italy, with expected financial requirements of €1,274.32 million
- paragraphs 507 and 508 (financing of national sections to access the base tunnel of the Turin-Lyon railway line). These paragraphs authorise the financing of the national sections of certain access works to the Turin-Lyon base tunnel, relating to the "Turin belt" and the update of the historic Turin-Modane line along the Bussoleno-Avigliana section. Specifically, paragraph 507 authorises expenditure of €50 million for 2024; €100 million for 2025; €150 million per year for 2026 to 2029, in order to enable access to the EU grants for the following railway works on the national sections accessing the Turin-Lyon base tunnel: a) the "Turin belt and connection to the Turin-Lyon priority works"; b) "Update of the historic Turin-Modane line along the Bussoleno-Avigliana section". Paragraph 508 refers to the Government Programme Contract between the MIT and RFI for the separate indication of financing for the aforesaid works. Paragraph 508 also requires that the EU grants paid to RFI for these projects are refinanced in the scope of the Government Programme Contract in place between MIT and RFI;
- paragraphs 511-513 (financing of roads). Total expenditure of €3,000 million is authorised for 2023 to 2037 for the construction of the functional lots of the new Sibari - Catanzaro section of State Road 106 Jonica. These paragraphs also provide for the adoption of a MIT decree by 30 April 2023 for the identification of the sections - functional lots - to be financed with the aforesaid resources, the disbursement methods and the conditions for revocation of the financing. Paragraph 513 regards the acquisition of the state-owned assets of the motorway connector infrastructure in the Abruzzo region; authorises expenditure of €7 million for 2023 and 2024 each to complete the necessary transactions to acquire the state-owned assets and subsequently operate, through Anas, the Abruzzo region's motoway connector infrastructure;
- paragraph 514 (2009 and 2016 earthquake damage to state roads). Total expenditure of €400 million is authorised

for 2023-2027 for work on state roads in the areas affected by collapse following the earthquakes of 2009 (Abruzzo) and 2016 (Central Italy);

- paragraphs 515 and 516 (Salaria state road no. 4). Paragraphs 515 and 516 authorise expenditure of €50 million for 2023, €100 million for 2024 and 2025 each and €50 million for 2026 for the reinforcement, redevelopment and upgrade of the SS4 Salaria and call for an MIT decree, jointly with the MEF for the identification of the sections to be financed and the methods of disbursement and revocation of the resources, upon the extraordinary commissioner's presentation of a complete and up-to-date overview of the lots in progress and those to be built;
- paragraph 517 (Rhine-Alps corridor). Expenditure of €22 million is authorised for 2023, allocated to RFI for the design of the Chiasso-Monza line along the European Rhine-Alps corridor;
- paragraph 518 (Piedmont development project). The amount allocated for the "Joint Piedmont development project", which is part of the single Terzo Valico dei Giovi – Genoa hub project, is increased by another €15 million for 2023, in respect to the higher cost of materials;
- paragraph 521 (extraordinary grant to the Calabria region for public works). The Calabria region is assigned an extraordinary grant totalling €36 million for 2023-2025 for public works;
- paragraph 694 (reclamation of the Trento North area). Expenditure of €1 million per year is authorised for 2023 and 2024 for certain reclamation projects in the area north of the city of Trento. Specifically, this financing is for the design and execution of the geognostic survey campaign to precisely identify the extension and depth of pollutants in the railway areas between the "former and former Carbochimica" sites of national interest and those affected by the development of the Trento railway bypass, which have been polluted with lead, tetraethyl lead and other pollutants;
- paragraph 898 (leadership position or secondment of employees of state-owned companies and non-economic public bodies to the public administration). Paragraph 898 provides for, on a transitional basis, that employees of state-owned companies and non-economic public bodies may be placed in leadership positions at or seconded to bodies of the public administration. The duration of these positions or secondment cannot exceed one year and, in any case, may not extend past 31 December 2026.

Furthermore, the tables (section II) in the Law contains the following refinancing:

- refinancing of the RFI Government Programme Contract - Services (extraordinary maintenance) by €2,800 million;
- refinancing of the Genoa-Terzo Valico dei Giovi upgrade (RFI) by €125 million;
- refinancing of the Anas Government Programme Contract by €2,250 million;
- refinancing of TELT by €1,231 million.

**Decree law no. 198 of 29 December 2022, containing "Emergency provisions regarding legislative terms".**

This decree law, which was converted with amendments by Law no. 14 of 24 February 2023, contains the following measures affecting the Group:

- In article 9:
  - paragraph 3 extends to 30 June 2023 the deadline for the bilateral and inter-sector funds already existing at 1 June 2022 to comply with the new regulations on the welfare benefits, as amended by the 2022 Budget Act;
  - paragraphs 4-ter, 4-quater and 5-ter extend to 30 June 2023 the right of employees in the public and private sectors to work from home, if they meet the conditions for protection under the Ministerial decree of 4 February 2022 or are more vulnerable to the risk of infection as determined by the company doctors, as well as employees in the private sector who have at least one child under the age of 14;
- In article 10:
  - paragraph 2 extends by one year, i.e., from 31 December 2022 to 31 December 2023, the term for the conclusion of the project finance procedures for the assignment of the concession for the A22 Brennero-Modena motorway.

At the same time, this paragraph provides for the payment of an advance on the amounts due in relation to the new operator taking over. Paragraph 3 governs the coverage of the consequent charges. The amendments made during the conversion into law consist of the addition of further points to govern the payment for 2022;

- paragraph 4-bis, introduced during the conversion into law, extends to 2023 the possibility (already in place for 2022), for operators pursuant to article 142.4 of the previous Public Contracts Code and those pursuant to article 164.5 of the Public Contracts Code to update the economic framework of an executive project under approval or that has been approved when Decree law no. 50/2022 goes into force (18 May 2022) and whose assignment procedures are slated to begin by 31 December 2023, using the most up-to-date price list. This measure is meant to address the exceptional increases in the prices of construction materials, fuel and energy products;
- paragraphs 11, 11-*sexies* and *septies* extend to 31 December 2023 the obligation of operators of waterway navigation services on the Maggiore, Garda and Como Lakes to pay the profits from operation to the government. Furthermore, it extends from three to five years the operator's mandate. During the examination for the conversion into law, an amendment to article 1.1 of Law no. 614 of 1957 was approved, and consequently the operator's mandate is no longer three years but five and this extension applies to the mandate already in place;
- paragraph 11-duodecies, introduced during the conversion into law, extends from 31 December 2022 to 31 December 2023 the term provided for under article 26.8.1 of Decree law no. 50/2022 regarding the application of price lists to public contracts;
- paragraphs 11-quinquiesdecies and 11-sexiesdecies, introduced during the examination for conversion into law, extend to 30 June 2024 the terms for the awarding of the contracts financed by Decree law no. 148/2017 (containing a series of urgent projects) and work financed using the resources under article 1.891 of Law no. 145/2018 to secure existing bridges and build new bridges to replace those presenting structural problems in the Po valley;
- paragraph 11-septiesdecies, introduced during the conversion into law, amends article 15.6-bis of Law no. 166/2002 to require that the motorway operators send their respective economic-financial plans to the competent Parliamentary commissions;
- Article 11, which in:
  - paragraph 5 extends by one year the term pursuant to article 17-bis of Decree law no. 152/2021 for the surveying and delimitation of the contaminated sites currently classified as of natural interest;
  - paragraph 6 extends a series of deadlines set by Legislative decree no. 194/2005 and relating to the processing and transmission of information on environmental sound, particular the action plants for the management of noise pollution, in line with the EU's updated deadlines.

**Decree law no. 5 of 14 January 2023, containing "Emergency provisions on the transparency of fuel prices and strengthening of the Antitrust authority's control powers to monitor prices, with support for the use of public transport".** This decree law extends to 31 December 2023 the end of the period in which the value of the petrol vouchers that private-sector employers give employees is not considered as income. The limit of petrol vouchers is €200 per employee (article 1). Furthermore, to mitigate the impact of the higher energy prices on households, a fund is set up with resources of €100 million for 2023 in the budget of the Ministry of Labour and Social Policies to provide vouchers (which are in the beneficiary's name and non-transferable) for the purchase of passes for local, regional and inter-regional public transport or for national railway transport services. The voucher covers 100% of the cost up to €60. People with a total income not exceeding €20,000 in 2022 are eligible. An interministerial decree of the Ministry of Labour and Social Policies, jointly with the MEF and MIT, will establish the ways in which to apply for the voucher, how it will be issued and the reporting by transport companies on the vouchers used to purchase passes (article 4);

**Decree law no. 13 of 24 February 2023, containing “Emergency measures for the implementation of the National Resilience and Recovery Plan (NRRP) and the Complementary National Investment Plan, as well as for the implementation of cohesion policies and shared agricultural policy”.** This decree law, which has been sent for examination by the Senate for conversion into law, contains the following provisions affecting the Group:

- article 2 (NRRP mission unit under the Prime Minister), establishing under the Prime Minister and until 31 December 2026 an NRRP mission unit composed of four general departments and run by a coordinator and indicating the unit’s duties. The duties and responsibilities of technical secretary pursuant to article 4 of Decree law no. 77 of 31 May 2021 (technical secretary under the Prime Minister) are transferred to the NRRP mission unit;
- article 14 (additional measures regarding the simplification of the awarding of public contracts under the NRRP and Supplementary National Plan and administrative procedures), containing amendments to Decree law no. 77 of 31 May 2021. Specifically, paragraph 1.c) adds article 18-ter, which provides that, in the exceptional cases requiring urgent government intervention as per the NRRP and the Supplementary National Plan, the Ministry responsible for the project may ask the Ministry of the environment and energy security to allow an exemption from the requirements of title III (environmental impact assessment) of part 2 (procedures for the strategic environmental assessment, environmental impact assessment and integrated environmental authorisation under Legislative decree no. 152 of 3 April 2006, according to the procedure under article 6.11 of the same decree; whereas letter d). 2) replaces paragraph 5 of article 48 by adding paragraphs 5-bis, 5-ter, 5-quater and 5-quinquies. This provision is meant to reduce, in accordance with the NRRP, the time to complete infrastructure or construction projects other than railway infrastructure and court and prison construction and the related supporting infrastructure. In particular, it establishes that the works can even be designed and executed on the basis of technical and economic feasibility studies provided that these are prepared in accordance with the methods and instructions in article 48.7.4 of Decree law no. 77/2021; letter e) amends article 53-bis of Decree law no. 77 of 31 May 2021. Specifically, point 1) replaces paragraph 1 of article 53-bis, establishing that, in order to shorten, in accordance with the NRRP, the time to complete railway infrastructure and court and prison construction projects and the related infrastructure, including projects financed using resources other than the funding under the NRRP and the Supplementary National Plan and the programmes co-financed by the EU structural funds, the provisions of article 48.5/5-bis/5-ter/5-quater/5-quinquies apply;
- article 19 (provisions regarding the functioning of the technical commission verifying the environmental impact and strategic environmental assessments and the NRRP-PNIEC technical commission, as well as the environmental impact check), which eliminates letter g-ter) of article 23.2 of Legislative decree no. 152/2006 regarding the prior verification of archaeological interest. Moreover, it adds paragraph 2-sexies to article 25 of Legislative decree no. 152/2016 establishing that the adoption of the environmental impact assessment opinion and measure are not subject to the completion of the prior verification of archaeological interest pursuant to article 25 of Legislative decree no. 50 of 18 April 2016 or the performance of the prior archaeological samples required by law;
- article 20 (provisions regarding the functioning of the special superintendency for the NRRP), which establishes that the special superintendency will perform the functions of the protection of cultural and landscape assets affected by the projects under the NRRP, in place of the archaeological, fine arts and landscape superintendency. This power had already been established but only when necessary and to ensure the timely implementation of the NRRP;
- article 32 (simplification of the procedures for the development of railway projects for which commissioners have been appointed pursuant to Decree law no. 32 of 18 April 2019), which amends article 4.2 of Decree law no. 32 of 2019 regarding the approval of the technical and economic feasibility study for railway works. This amendments provides that, for railway works, the extraordinary commissioners, appointed pursuant to the same article 4 of Decree law no. 32/2019 may directly approve the technical and economic feasibility studies call tenders for their performance. This is

a fast-track procedure for the implementation of projects under commissioners, as the rules of the NRRP apply to contracts subject to Legislative decree no. 50 of 18 April 2016;

- article 33 (simplification of the procedures for projects under the MIT), which introduces a measure to simplify and speed up the application of the procedure pursuant to article 44 of Decree law no. 77 of 31 May 2021, converted, with amendments, by Law no. 108 of 29 July 2021, to all projects for which the MIT is responsible, where they are partly or entirely financed using the resources of the NRRP, the Supplementary National Plan and programmes co-financed by the EU structural funds. Furthermore, it updates with various amendments the simplification of the procedures for public works that are particularly complex or high impact pursuant to article 44 of Decree law no. 77/2021, including the amendment in point 8), which supplements paragraph 7 of article 44 regarding the rules for the approval of variations to projects included in the NRRP by the contracting stations or by the extraordinary commissioners;
- article 41 (simplification for the development of green and renewable hydrogen) which, in implementation of Mission 2, Component 2-20, Reform 3 of the NRRP, introduces provisions for the simplification of the environmental assessment procedures to promote green and renewable hydrogen;
- article 47 (provisions on the installation of renewable-source plants), which contains specific amendments to Legislative decree no. 199 of 8 November 2021, containing: "Implementation of Directive (EU) 2018/2001 of the European Parliament and the Council of 11 December 2018 on the promotion of the use of energy from renewable sources", including that in paragraph 7 which adds, in article 1.193 of Law no. 190 of 23 December 2014, after a), the following: "a-bis) the high-voltage barriers between the infrastructure pursuant to point a) that are directly necessary for the powering of the railway network's electric substations may be used by Ferrovie dello Stato Italiane S.p.A. or one of its subsidiaries to connect renewable-source energy production plants as per article 16 of Legislative decree no. 210 of 8 November 2021»;
- article 48 (provisions for the governance of excavated soil and rock) which, in paragraph 1, establishes that in order to ensure compliance with the implementation deadlines of the NRRP for the construction of the plants, works and infrastructure provided for thereby, as well as for the construction of the necessary plants to ensure energy security, within 180 days of when the conversion law of this decree goes into force, the Minister of the environment and energy security will adopt, jointly with the Minister of infrastructure and transport and after having consulted the Minister of health, a decree pursuant to article 17.3 of Law no. 400 of 23 August 1988 establishing the simplified rules for the management of excavated soil and rock.

## Regulation by the transport regulator (ART)

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The content of the main Transport Authority ("ART") decisions in 2021 affecting the Group is summarised below.

**ART decision no. 181/2021.** On 16 December 2021, with decision no. 181 published on 9 February 2022, the ART established the amount and method of payment of the contribution for 2022. In particular, the ART confirmed the rate of the contribution equal to 0.6 per thousand of turnover as reported in the most recent approved financial statements at the publication date of the decision. However, the ART increased the threshold for exemption from the contribution obligation from €1,800 in 2021 to €3,000 and raised the turnover threshold from €3 million to €5 million above which companies are required to report company information and financial data to the ART. The entities required to pay the contribution include, *inter alia*, the transport infrastructure operators, the operators of railway plants, companies that operate rail and road transport services (passengers and freight), logistics operators and providers of shipping agency and freight forwarding services. To determine the turnover considered for the purposes of calculating the contribution, according to the decision, the items to deduct from total revenues include, *inter alia*: (i) revenue generated by operations abroad; (ii) grants related to assets or investments received and taken to profit or loss; (iii) grants related to income up to a maximum amount corresponding with the coverage of costs to maintain the national and railway infrastructure in full

working order; (iv) gains and non-recurring income from the trading of real estate; (v) releases of the provision for risks; (vi) in the event of a single transport contract, revenue from the charging of the same type of services to another operator required to pay the contribution; and (vii) transport vehicle lease and hire revenue. Furthermore, the decision allows additional exclusions for the following transport sectors: operation of freight movement hubs (interports and logistics operators); operation of port infrastructure; port operations and services; road freight transport services connected to motorways, ports, rail freight hubs, airports and interports; shipping agency/freight forwarding services. One-third of the contribution must be paid by 29 April 2022 and the remaining two-thirds by 28 October 2022.

**ART decision no. 17/2022.** On 27 January 2022, with Decision no. 17, the ART began a check of the impact of the regulation introduced with ART decision no. 96/2015 ("Criteria for determination of charges for access and use of the railway infrastructure"). The ART began this check since the first fee period (2016-2021) had ended and possible corrective action could be taken, also considering the effects of the epidemiological emergency and the investments under Decree law no. 152/2021 ("Emergency provisions for the implementation of the National Recovery and Resilience Plan and the prevention of mafia infiltration").

**ART decision no. 20/2022.** On 9 February 2022, with decision no. 20, the ART commenced proceedings against Trenitalia S.p.A. and RFI S.p.A. jointly, in order to potentially take disciplinary action, following their non-compliance with the ART's measures regarding passengers's rights and, in particular, the cancellation of a train and the notification of adequate information on the availability of alternative means for continuing the journey (measures 3.4 and 4.5 of annex A to decision no. 106/2018). The penalty that Trenitalia S.p.A. and RFI S.p.A. faced was an administrative fine of up to 10% of their respective turnover. In the scope of the proceedings, RFI submitted a proposal of commitments (implementing a training programme for personnel involved in the activities with an impact on public information), while Trenitalia presented defence briefs and additional clarifications during the hearing called by the ART. With decision no. 106/2022, the ART dismissed the proceeding against Trenitalia and approved RFI S.p.A.'s proposed commitments, without any assessed violations.

**ART decision no. 21/2022.** On 9 February 2022, with decision no. 21, the ART began a proceeding against RFI S.p.A. concerning the assignment method of the allocations pursuant to article 73.4 of Decree law no. 73 of 25 May 2021, converted, with amendments, by Law no. 106 of 23 July 2021. These allocations, totalling €150 million for 2021, are earmarked - for 1 May 2021 to 30 September 2021 - to reduce component B of the railway infrastructure use fee by up to 100%, for passenger services not subject to public service obligations and for freight services. In this respect, after monitoring the assignment, the ART noted how the assignment method of these allocations applied by RFI (consisting of applying a 100% discount on component B until all the expenditure provided for by Decree law no. 73/2021 had been depleted) led to unequal assignments among the various transport segments and, in particular, among the individual railway companies receiving Covid-19 relief. On the other hand, a different method, with a less than 100% discount applied to component B and established in a way that covers the entire period of time indicated in the decree law would have led to: (i) a €474,843.00 increase in the amounts received in the Open Access passenger market segment; (ii) a €474,843.00 reduction in the amounts received across almost the entire freight segment. The aim of this proceeding - which must be completed within 180 days of notification of the decision - is therefore to redefine the method applied by RFI and, consequently, to apply a new method for the assignment of the allocations under the decree law. The proceeding ended with decision no. 113/2022 described further down.

**ART decision no. 29/2022.** On 24 February 2022, with decision no. 29, the ART expressed its opinion in favour of the proposed catalogue of routes for the application of the promotional fees for the 2022-2023 and 2023-2024 schedules submitted by RFI, provided that, for the incentive scheme proposed for the Open Access Premium passenger market

segment, additional provisions are considered for operators of HS passenger transport service extensions on the Salerno-Taranto via Potenza route, providing documentary evidence of any financing by the regional authorities, and that RFI applies the aforesaid fees, estimates an acceptable rate of return for the market and consequently estimates any change in the level of the incentive scheme, within the deadline for publication of the route schedule catalogue.

**ART decision no. 32/2022.** On 24 February 2022, following a complaint filed by NTV alleging that RFI's calculation of the amounts due from the railway companies for access to the HS/HC network for the period from 6 November 2014 to 31 December 2015, pursuant to decision no. 88/2021 was incorrect, with decision no. 32, the ART resolved to not follow up on the report, since RFI had recalculated the adjustment in the meantime. Therefore, the ART ordered RFI to inform the railway companies of how the adjustment would be allotted.

**ART decision no. 35/2022.** On 10 March 2022, with decision no. 35, the ART set the rate of return on net invested capital for the period from 12 March 2022 to 11 March 2023 at 5.86% for local public transport services by rail (compared to 5.41% in the previous period) and 5.52% for those by road (5.24% in the previous period). This rate (per-tax real WACC) must be applied as the reasonable profit margin when preparing the simulated economic and financial plan for the assignment of service contracts and when contracts are revisited, with the consequent updating of the economic and financial plan.

**ART decision no. 43/2022.** On 23 March 2022, with decision no. 42, the ART admitted the national railway infrastructure operator's proposal to postpone for one year the presentation of the proposed fees for infrastructure access and use (minimum access package) and the services not included in the minimum access package due to the uncertainty of traffic volume estimates and the government grant and to the market context. In particular, the decision provides for:

- the transitory application for 2024, as for 2022 and 2023, of the minimum access package fees applied in 2021 plus an annual increase according to the planned inflation rate;
- the transitory application for 2023, as for 2022, of the 2021 fees for the services not included in the minimum access package plus an annual increase according to the planned inflation rate;
- the new fee period of five years (2024-2028, using 2022 as the baseline year and 2023 as the bridge year) for the preparation of the new fee proposals;
- with respect to the non-minimum access package fees, the requirement that the new proposal for 2024 be prepared and sent to the ART (for the compliance check) by 30 September 2022. Alternatively, RFI may apply the 2021 fees increased according to the planned inflation rate for 2024, provided that it notifies the ART and the concerned parties by 30 June 2022.

**ART decision no. 105/2022.** On 30 June 2022, as it needed more time to better analyse the results of the check conducted by the ART's offices, with decision no. 105, the ART further extended the deadline for the impact check of the regulation introduced with decision no. 96/2015 (criteria for the determination of fees to access and use the railway infrastructure) under decision no. 17/2022 until 5 August 2022 (it had previously been postponed to 30 June 2022 with decision no. 45/2022).

**ART decision no. 106/2022.** On 30 June 2022, with decision no. 106, the ART ordered the dismissal - without an assessment of a violation - the disciplinary proceedings against RFI S.p.A. and Trenitalia S.p.A., which it had commenced with decision no. 20/2022, as described earlier.

**ART decision no. 113/2022.** On 14 July 2022, with decision no. 113, the ART concluded the procedure commenced with decision no. 21/2022, described earlier, on the assignment method of the allocations under article 73.4 of Decree



law no. 73 of 25 May 2021, converted, with amendments, by Law no. 106 of 23 July 2021. Specifically, the ART issued a peremptory measure requiring RFI S.p.A. to use a new assignment method for the aforementioned allocations (pursuant to Decree law no. 73/2021). It therefore ordered RFI S.p.A. to: a) apply method "B" (recognition of a discount of less than 100%, determined so that the discount covers the entire time period indicated by Decree law no. 73/2021, possible with an adjustment, as shown in the schedule attached to ART protocol no. 10189/2022 of 13 April 2022); b) update the fee data for the period between May and September 2021, applying the adjustments established by ART decisions nos. 58/2021 and 175/2021. Within 60 days of notification of the decision, RFI S.p.A. must implement the requirements of such decisions and send the ART adequate documentary evidence of implementation.

**ART decision no. 141/2022** . On 8 September 2022, with decision no. 141, the ART required certain regional railway infrastructure operators, including Ferrovie del Sud Est e Servizi Automobilistici S.r.l. - which, pending the positive outcome of the compliance check on the proposed fees for the 2021-2022 schedule, had been instructed to use RFI S.p.A.'s infrastructure and service access fees for the same schedule - to use, as the infrastructure and service access fees for the 2022-2023 schedule, the same infrastructure and service access fees used by RFI S.p.A. for that schedule, as published in RFI S.p.A. 2023 Network Prospectus – June 2022 version (already updated for inflation). These amounts must be included in an extraordinary update of the 2023 Network Prospectus, to be published within 15 days of the date of the decision, with notification to the market and to ART.

**ART decision no. 147/2022**. On 8 September 2022, with decision no. 147, the ART commenced a disciplinary procedure against RFI S.p.A. for the alleged violation of article 23.3 of Legislative decree no. 112/2015 due to non-compliance with the framework capacity assignment caps under paragraph 4.4.2.1 of the 2023 Network Prospectus ("The capacity that can be assigned with a framework agreement or set of framework agreements may not exceed 85% of total capacity per route and per time slot"). The procedure must be concluded within 180 days of notification of the decision. It could result in an administrative fine of up to 1% of turnover but not, in any case, more than €1,000,000.

**ART decision no. 190/2022**. On 20 October 2022, with decision 109, the ART concluded the procedure commenced with decision no. 97/2021 following the complaint filed by Italo regarding the fees for access to the spaces to be used for passenger welcoming and assistance services in the railway stations operated by Grandi Stazioni Retail S.p.A.. Specifically, Italo's complaint alleged that such fees were inconsistent with the costing/pricing criteria laid down in decision no. 96/2015, whereby the fees could not exceed the cost of the supply plus a reasonable mark-up. In particular, the ART acknowledged (given the changes that Grandi Stazioni Retail S.p.A. had in the meantime made to the fee calculation methodology during the preliminary process) some of the initial complaints, including those concerning the allocation of the concession fee to the regulated activities, the assignment of the pertinent shares of the recognised costs to the regulated activities and the related allocation criteria. Nevertheless, as the grounds for the other complaints subject to the procedure were no longer in place, the ART ordered Grandi Stazioni Retail S.p.A. to submit, within three months of the adoption date of the decision, the fees for the spaces to be used for passenger welcoming and assistance services in the railway stations operated by it for 2020 and 2021, establishing that such fees may not exceed the cost for their supply, plus a reasonable mark-up, in accordance with the criteria and methods as per the current legislative and regulatory framework. In this respect, the ART also reiterated the following principles, *inter alia*: i) goodwill is to be excluded from these costs; ii) to allocate costs other than goodwill and the concession fee, the criterion to be used is that relating to the percentage of the floor area pursuant to ART decision no. 84/2016, or a criterion or set of alternative criteria based on the "parameters/estimates" indicated in the last paragraph of measure 55 ART decision no. 96/2015 that, unlike the "weighting of square meters based on the ERV" criterion adopted until then by GS Retail, suitably reflects the actual incidence of the activities on the consumption of company resources; iii) the parameters to be used to calculate WACC

are beta equity and equity risk premium as per measure 20 of ART decision no. 96/2015, respectively 0.7 and 5%.

**ART decision no. 226/2022.** On 21 November 2022, with decision no. 226, the ART approved the start of the procedure for the examination of the economic balance of the public service contract that Trenitalia S.p.A. signed with the Liguria regional authorities, in relation to the new Milan-Nice railway services operated by SNCF Voyages Italy S.r.l.. The Liguria regional authorities sent the request to examine whether the economic balance of the public service contract between the Liguria regional authorities and Trenitalia for 2018-2032 is compromised by the performance - by SNCF Voyages Italy S.r.l. - of the new rail passenger service on the Milan-Nice via Genoa route. The initial deadline for the conclusion of the procedure was 31 January 2023, and it was extended by decision no. 14/2023 to 31 March 2023 (in any case, within six weeks of when all the necessary information is received).

**ART decision no. 242/2022.** On 6 December 2022, with decision no. 242 published on 27 January 2023, the ART established the amount and method of payment of the contribution for 2023. The main changes since the 2022 contribution include: (i) reduction of the rate of the contribution to 0.5 per thousand of turnover based on the most recent approved financial statements at the publication date of the decision (it was previously 0.6 per thousand); (ii) an adjustment of the threshold for the exemption from the contribution obligation from €3,000 to €2,500; (iii) additional items excluded from total revenue to calculate the contribution: all prior year income (regardless of whether they are releases from the provision for risks, considering their general nature as non-recurring income); compensation for damage referring exclusively to company assets; the amounts due as repayment of advances paid in the name and on behalf of the counterparty (given their neutrality with respect to core revenue), provided that they are regularly documented and excluded from the calculation of the VAT base. No changes were made to the entities required to pay the contribution. However, it was noted that, for rail freight transport services, shunting operators, truck drivers and tank drivers are required to pay the contribution for their respective revenue. Two-thirds of the amount of the contribution must be paid by 28 April 2023, and the remaining third by 31 October 2023.

**ART decision no. 243/2022.** On 14 December 2022, with decision no. 243, the ART approved the regulation regarding the *"Implementation of article 9.3 of Law no. 118/2022 (Annual antitrust law for 2021) for the areas under the Transport Authority"*. This regulation lays down the procedure for the compliance check of the LPT service tender procedures by the ART. The results of the checks that tender procedures comply with the ART's decisions are also considered for the purposes of the MIT's curtailment of resources from the national LPT fund, pursuant to article 27.2.d) of Decree law no. 50 of 24 April 2017, converted, with amendments, by law no. 96 of 21 June 2017.

**ART decision no. 245/2022.** On 14 December 2022, with decision no. 245, the ART dismissed the procedure commenced with decision no. 130/2021. In accordance with the Piedmont regional administrative court ruling no. 646/2021, the purpose of this decision was to review, through an adequate supplement to the preliminary investigation, the part of Italo-Nuovo Trasporto Viaggiatori S.p.A.'s complaint of 14 October 2019 in which the company alleged it had been discriminated against by RFI and Grandi Stazioni Rail in the assignment of spaces inside the Roma Termini, Firenze Santa Maria Novella and Verona Porta Nuova railway stations. Specifically, the Piedmont regional administrative court found there to be certain gaps in the ART's preliminary investigation and arguments with respect to the application of the principle of equal visibility and accessibility and the parameters defined in decision no. 130/2019 regarding the allotment of available spaces and services in the station. The reasons for this dismissal are found in the Council of State's ruling no. 10198/2022 which, having quashed the regional administrative court's previous ruling no. 646/2021, eliminated the factual and legal bases for the procedure under decision no. 130/2021 to continue.

**ART decision no. 249/2022.** On 22 December 2022, with decision no. 249, the ART declared inadmissible the

commitments that RFI S.p.A. submitted in the scope the procedure commenced with decision no. 147/2022 following RFI S.p.A.'s non-compliance with the framework capacity assignment caps under paragraph 4.4.2.1 of the 2023 Network Prospectus ("The capacity that can be assigned with a framework agreement or set of framework agreements may not exceed 85% of total capacity per route and per time slot"). According to the ART, the proposed commitments would, from the outset, prevent the competitiveness meant to ensure optimal infrastructure operation and would instead serve as an ex-post remedy by "freezing" capacity and possibly result in compensation for those deprived of a portion of the capacity already assigned to them. As the proposed commitments were not accepted, the procedure commenced with decision no. 147/2022 continues.

**ART decision no. 11/2023.** On 27 January 2023, with decision no. 11, the ART began a consultation on the outline of the regulatory act named "*Review of the criteria for the determination of access fees and use of the railway infrastructure approved with decision no. 96/2015 and extension of the same to the interconnected regional railways*". At the end of the first fee period (2016-2021), the ART noted the need to update/supplement the criteria laid down in decision no. 96/2015 ("*Criteria for the determination of access fees and use of the railway infrastructure*"), in order to maintain its operational effectiveness in light of the developments in the railway transport market and the regulatory framework that had, in the meantime, taken shape. Pending the review, it ordered the transitory application of the fees applied in 2021. Then, with this decision, it began a procedure whose deadline for completion is 5 May 2023. By 30 June 2023, RFI S.p.A. must send the new fee system to the ART, which will check its compliance by 30 November 2023. The outline of the regulatory act subject to the consultation, which will apply to the new five-year regulatory period (2024-2028) provides for, *inter alia*:

- RFI's adoption of an econometric/engineering model to determine direct costs;
- a provisional scheme in the first year of the fee period (2024) with the application of the 2023 fee increased at the planned inflation rate, and the recovery of greater/smaller proceeds in 2025-2028;
- operating cost efficiency targets calculated annually by the ART;
- annual increase in fees during the fee period to take account of new legislation and regulations, investments, annual planned inflation and changes in traffic levels in excess of  $\pm 10\%$ ;
- the obligation for RFI to implement forward-looking models to predict passenger and freight transport demand based on prior year statistics and trends;
- the obligation for RFI to implement a mathematical transport simulation model to provide all possible information on the various railway transport services' potential contribution, including multi-modal solutions;
- the mandatory application of the C1 sub-component of the fee in force for limited-capacity or saturated routes (in the underground and at high service levels) for trains whose commercial speeds are slower than speeds for optimal use of capacity;
- the introduction of a new, mandatory sub-component, C5, which must be negative, indexed to the optimisation of travel times for scheduled hourly routes, applied separately for freight and passenger service with threshold values;
- limits on the maximum variability of the average access fee (the 2015 HS fee; the 2022 fee for transport subject to a public service obligation; and the 2022 freight service fee);
- the extension of the regulatory act to the interconnected regional networks, but according to simplified criteria.

**ART decision no. 15/2023.** On 27 January 2023, with decision no. 15, the ART amended decision no. 120/2018 ("methodologies and criteria to ensure the efficiency of regional railway services operations"). Specifically, with respect to the regulatory accounting obligations, this decision eliminates the requirement whereby the audit company or legal auditor of the accounts must be independent of the auditor of railway companies' financial statements and, consequently specification of the three-year time limit of the engagement.



# Stakeholder engagement

The FS Italiane Group is committed to maintaining a transparent and collaborative relationship with its stakeholders <sup>45</sup>via active engagement and ongoing dialogue, as it firmly believes that understanding their expectations and satisfying their interests guarantee the creation of long-lasting value.

## Main channels of communication with stakeholders



## The FS Italiane Group's Sustainability Day 2022

On 4 October 2022, at Palazzo delle Esposizioni, the FS Italiane Group organised the first Sustainability Day, coinciding with the opening of the Festival of Sustainable Development 2022 promoted by ASVIS (Italian alliance for sustainable development). The event was an opportunity for dialogue between FS Italiane's managers and academic stakeholders, institutions and social organisations, with the aim of gathering feedback, ideas and observations to address rapidly evolving scenarios.

<sup>45</sup> The criteria used to identify stakeholders are as follows: responsibility, dependence, materiality, influence, degree of interest/impact/knowledge.

After the Group's strategic plan was introduced, the event focused on three issues: the energy transition of transport and logistics, the sustainable development of infrastructure, development and urban regeneration. The event was broadcast live on FSnews and the Festival of Sustainable Development 2022.



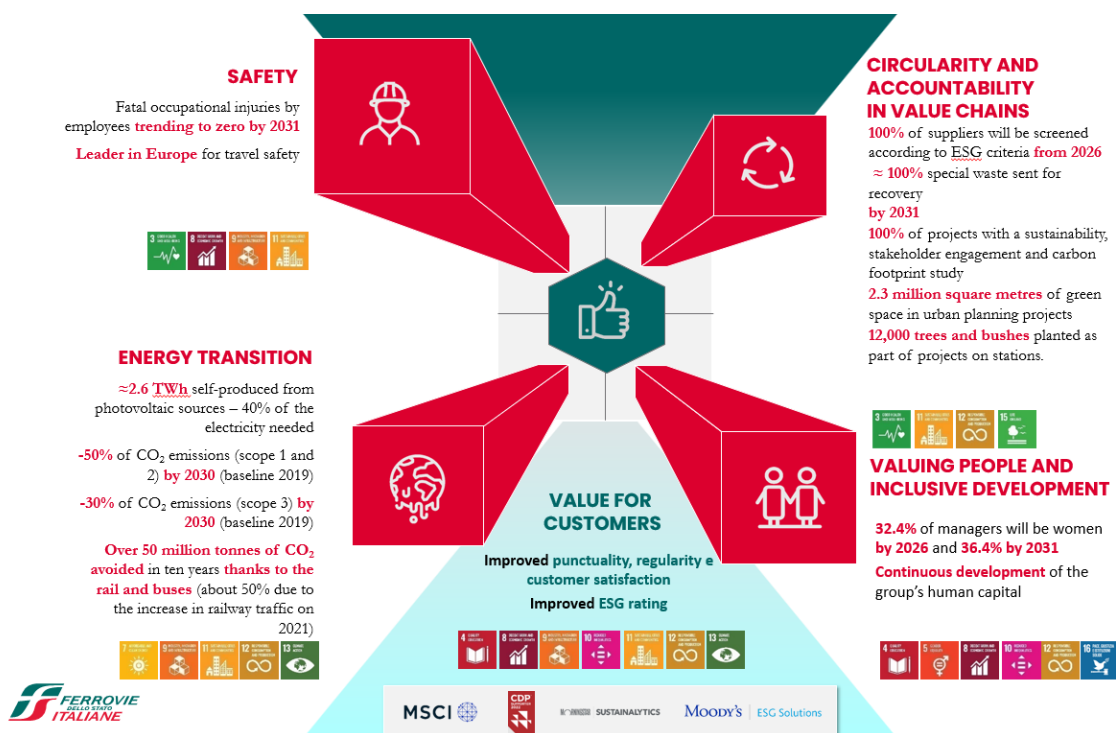
On the same day as FS Italiane's Sustainability Day, the CEO of Trenitalia presented the Frecciarossa train with its carriage decorated with the 17 targets the United Nations Agenda 2030, symbolising the Group's path to sustainability.

# Commitment to sustainable development

## Approach, commitment and practices

The new 2022-2031 strategic plan approved by the Board of Directors in March 2022 provides for investments totalling €190 billion, through which the FS Italiane Group will accelerate its commitment to serving the country in the development of a sustainable mobility and integrated logistics ecosystem that can count on interconnected and resilient infrastructure. Rising to the challenge set by the United Nations' Agenda 2030 for Sustainable Development and aware of the urgency of the currently delicate economic scenario, marked by geopolitical and economic crisis, with the need to reshape the corporate governance of its new organisational structure based on four business areas, the Group plans to centre its strategic commitment on the principles of sustainability.

The new strategic plan defines five big challenges tied to specific targets:



The Group has also made itself accountable to all internal and external stakeholders through the code of conduct, which establishes the rights and obligations of company officers, management, employees, freelancers, business partners, suppliers and everyone dealing with the Group. The Group has also demonstrated this by joining the UN Global Compact network and in the commitments it made in the 2019 sustainability policy.

## Sustainability policy

To make sustainability a guiding principle in the definition of strategic and operating choices and to ensure sustainable growth in the medium and long term, the FS Italiane Group has identified the principles at the heart of its operations in the sustainability policy. This document, which was approved on 16 April 2019 by the Board of Directors and is inspired by the sustainable development goals and the UN Global Compact principles, is based on seven principles:



### Shared value creation

*Balance economic targets with social and environmental goals, creating value for the business, stakeholders and all the areas in which the group operates*



### Community and stakeholder engagement

*Initiate systematic stakeholder engagement processes*



### Passenger and employees safety

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



### Service quality

*Improve the customer experience, with a close focus on delivered and perceived quality*



### Employee value

*Actively contribute to caring for and nurturing people, preventing any form of discrimination*



### Efficient use of resources and environmental protection

*Promote the efficient use of energy resources and encourage an LCA approach in all processes*



### Respect for human rights

*Protect human rights in its operations and with suppliers and business partners, helping to create a responsible value chain*

## Environmental sustainability

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The FS Italiane Group's environmental policy and strategies are part of the industrial plan and are geared towards reducing the transport sector's environmental footprint. This approach is based on two pillars: maximising the environmental benefits of collective and railway transport by moving people and freight towards more sustainable modes of transport and minimising the negative environmental impacts through the rational use of natural resources across the chain, from a perspective focused on the complete life cycle of the managed products and services.

Railway transport, the FS Italiane Group's core business, is the starting point for this approach. It is one of the most efficient and environmentally friendly modes of transport with the smallest impact on the land, and it is the linchpin of passenger and freight transport today and tomorrow. This linchpin is essential for the development of an entire integrated mobility system serving people across the country and in cities.

The 2022-2031 industrial plan has accentuated the Group's commitment to pursuing environmental sustainability, with both actions to improve infrastructure and mobility services and substantial investments in the self-production of energy from renewable sources. At the same time, the Group has bolstered its carbon neutrality target, highlighting its commitment to the green transition. The FS Italiane Group will achieve net carbon zero by 2040 and reducing by 50% the emissions direct and indirect (scope 1 and scope 2) by 2030, and reducing the emissions of the value chain by 30% (scope 3).

The four business segments – infrastructure, Passenger, logistics and urban transport – reflect the drivers that the FS Italiane Group intends to harness to create an integrated, low-environmental impact transport system. The key concepts underlying the FS Italiane Group companies' actions will be designing and operating innovating and efficient collective rail and road transport services and enhancing urban areas through the sustainable regeneration of cities.

The FS Italiane Group is actively involved in protecting the environment, and its processes and activities are analysed to improve their environmental performance, holding the value of natural capital in the highest regard and devoting particular attention to greenhouse gas and polluting emissions, energy and water consumption and soil degradation.

### Energy and emissions

The post-pandemic period has seen consumption continue to rise, as it began recovering in 2021 after the emergency in 2020. As in previous years, energy consumption is one of the largest components of the FS Italiane Group's environmental impact.

The Group's energy consumption in 2022 of 27,237 TJ<sup>46</sup> is up 1.6% on the previous year, mainly due to the rise in its electricity consumption: for railway traction (+7%) and other uses (+3.3%). Electricity consumption accounts for the lion's share of total energy consumption, and approximately 81% is for railway traction, whose environmental impact is mitigated by the large expanse of electrified network for service operation (over 70% of the RFI network is electrified). The impact of the consumption of electricity for uses other than railway traction benefits from the purchase of guarantees of origin for energy produced from renewable sources: in 2022, the Group companies purchased guarantees of origin for roughly 64% of the electricity for these uses (compared to 37% in 2020 and 61% in 2021).<sup>47</sup>

Diesel consumption accounts for nearly all other energy consumption (roughly 21% of the total, down on previous years), while natural gas (4.1%), biodiesel (0.9%) and other sources (0.4%) make up the rest.

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<sup>46</sup> A joule is the International System (SI) unit of measurement of energy, work and heat. One terajoule (TJ) equals 1,000 gigajoules and one gigajoule equals one billion joules.



Terajoules

Energy consumed by source <sup>(*)</sup>	2022	2021	2020
Electricity for railway traction	16,268	15,198	14,350
Electricity for other uses	2,589	2,505	2,409
Electricity for roads and tunnels	1,265	1,245	1,266
Diesel	5,650	6,145	5,865
Natural gas	1,127	1,398	1,237
Biodiesel	240	229	241
Other <sup>(**)</sup>	98	87	63
<b>Total energy consumed within the FS Italiane Group</b>	<b>27,237</b>	<b>26,807</b>	<b>25,431</b>
<i>of which %:</i>			
<i>Passenger</i>	<i>68.0%</i>	<i>68.2%</i>	<i>68.1%</i>
<i>Infrastructure</i>	<i>24.1%</i>	<i>23.7%</i>	<i>23.7%</i>
<i>Logistics</i>	<i>7.7%</i>	<i>7.9%</i>	<i>8.0%</i>
<i>Urban</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>
<i>Other services</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>

(\*) Internal processing in accordance with the reference guidelines. The conversion factors used refer to year "n-2" and are: National Inventory Report - Italian Greenhouse Gas Inventory 1990-2020 (Istituto Superiore per la Protezione e la Ricerca Ambientale - ISPRA), 2022; Energy Statistics Manual (International Energy Agency - IEA), 2005; Fiche 330 (Union Internationale des Chemins de fer - UIC), 2008; Conversion factors (Department for Environment, Food & Rural Affairs - DEFRA UK), 2022; JEC Well-to-Tank report v5 (Joint Research Center - JRC), 2020.

(\*\*) District heating, district cooling, fuel oil, petrol, LPG, hydrogen, pellets and solar thermal energy.

The Passenger companies account for roughly two-thirds of the energy consumed, while the Infrastructure and Logistics business segments use the remainder.

Energy consumption translates into greenhouse gas emissions. Nevertheless, despite the increase in energy consumption reported above, the Group generated lower emissions than in the previous year: 2.01 million tonnes of CO<sub>2</sub> equivalent<sup>48</sup> compared to 2.09 million tonnes in 2021. This is due to the updating of the railway fleet with more energy efficient vehicles and the better mix of electricity production, combined with the decrease in the use of fossil fuels.

<sup>48</sup> CO<sub>2</sub> equivalent (CO<sub>2</sub>e) is a necessary unit of measure to express in a standardised manner the impact of various greenhouse gases on the climate. In addition to the main greenhouse gas (CO<sub>2</sub>), it includes methane gas (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) generated by anthropic activities.

<b>Greenhouse gas emissions (GHG) of the FS Italiane Group<sup>1 2 3</sup></b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Total direct GHG emissions (Scope 1)	0,51	0,56	0,53
Total indirect GHG emissions from energy consumption (Scope 2)	1,50	1,53	1,59
<b>Total greenhouse gas emissions (GHG) of the FS Italiane Group</b>	<b>2,01</b>	<b>2,09</b>	<b>2,12</b>
<i>of which %:</i>			
<i>Passenger</i>	<i>68.00%</i>	<i>68.2%</i>	<i>67.90%</i>
<i>Infrastructure</i>	<i>23.60%</i>	<i>23.0%</i>	<i>22.70%</i>
<i>Logistics</i>	<i>8.20%</i>	<i>8.60%</i>	<i>9.20%</i>
<i>Urban</i>	<i>0.10%</i>	<i>0.10%</i>	<i>0.10%</i>
<i>Other services</i>	<i>0.10%</i>	<i>0.10%</i>	<i>0.10%</i>
Total other indirect emissions (Scope 3)	5,30	5,34	4,01

1. A location-based calculation approach is used to calculate emissions in accordance with the "GHG Protocol Corporate Accounting and Reporting Standard". The conversion factors used refer to year "n-2". The conversion factor sources are National Inventory Report - Italian Greenhouse Gas Inventory 1990-2019 (NIR) and Common Reporting Format (CRF) (Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA), 2021), SINAnet - Rete del Sistema Informativo Italy Ambientale - "Fattori di emissione per le sorgenti di combustione stazionarie In Italy" (Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA), 2019, DEFRA UK - Conversion factors.

2. The 100-year Global Warming Potential (GWP) of CH<sub>4</sub> (28) and N<sub>2</sub>O (265) was used to calculate tonnes of CO<sub>2</sub> equivalents. These factors are given in the Fifth Assessment Report "Climate Change 2013: The Physical Science Basis" (Intergovernmental Panel on Climate Change (IPCC), 2013).

3. Scope 1 - Emissions from the direct combustion of fossil fuels purchased for heating, to generate electricity and thermal energy and to fuel transport vehicles; the emission sources classified as Scope 1 are generally owned and controlled directly by the organisation.

Scope 2 - Emissions from the generation of electricity withdrawn and consumed by the organisation for electrical devices, heating and lighting in buildings; companies are indirectly responsible for the emissions generated by the supplier to produce the electricity requested.

Scope 3 - Emissions from the impacts that occur in the organisation's value chain, including both upstream and downstream and other than the direct and indirect GHG emissions from energy consumption. Scope 3 includes the significant emissions that an organisation can quantify and influence. FS Italiane Group's Scope 3 emissions are calculated as the sum of the following categories indicated in the GHG Protocol: purchased goods and services and capital goods (categories 1 and 2), fuel- and energy-related activities (3), waste generated in operations (5), business travel (6), employee commuting (7), use of sold products (11) and downstream leased assets (13).

## Land development and protection

A large infrastructure is normally part of the socio-cultural context, affecting people's individual and collective fates, family plans, social Groups and even the local and national structures.

Placing highly complex engineering projects in the land, such as railway and roadway infrastructure, requires an integrated assessment of the environmental, social and economic impacts over the infrastructure's entire life cycle. It is therefore necessary to ensure systematic dialogue with stakeholders in the construction process, from the initial design stages to infrastructure construction and operation.

In environmental assessments, significant attention is devoted to analysing the context of the land where the infrastructure will be built, assessing the temporary impacts on the land in connection with the start-up and management of the work site, as well as the permanent impacts after the infrastructure is completed, identifying the necessary mitigation and compensation measures to take.

Archaeological studies and explorations are carried out prior to the design stage. The results of these studies and activities enable the competent local archaeological superintendent to express an opinion on the studied projects and dictate instructions for construction stage.

In order to minimise the impacts in the construction and operation of new infrastructure or in the upgrading of existing infrastructure, steps are taken to reduce the residual environmental impact, such as: landscaping and green engineering in the areas along roads and tunnel entrances; maintaining connectivity with wildlife crossings; treatment of work site water; reducing air pollution caused by dust and particulates by using particulate filter systems and installing green barriers to capture dust, which also mitigate, *inter alia*, the impact on the landscape.

In 2022, as in the previous year, based on the "Guidelines for drafting technical and financial feasibility projects as a basis for public works contracts funded by the National Resilience and Recovery Plan and complementary national investment

plan” the Group worked on sustainability projects, studies and reports related to the works planned under the National Recovery and Resilience Plan in order to provide a clear overview of the potential of the infrastructure works to generate value for the community.

Using sustainability indicators, the analyses have shown the benefits of infrastructural projects in terms of economic, environmental, social and tourism development, without any critical downsides, thanks to, among other things, the specific characteristics of the areas affected by the projects. Specific attention is paid to projects that directly or indirectly involved protected areas (e.g., nature parks, special protection zones, sites of interest to the European Community, etc.).

Studies and reports have also shown, during the development of projects, the focus on finding solutions that improve the regional cohesion, environmental protection, efficient use of resources for a circular economy, greater resilience of infrastructure, creating new connections for sustainable mobility and value for the development of local areas. Furthermore, for the technical and economic feasibility projects under the NRRP, the Group also carried out specific assessments considering the environmental objectives as per the EU Taxonomy Regulation 852/2020, such as climate change mitigation; climate change adaptation; the sustainable use and protection of water and marine resources, etc.. These assessments consider the entire life cycle of the infrastructure and apply the “do no significant harm” (DNSH) principle. They form the basis for a specific certification that the infrastructure upholds the DNSH principle.

In the construction of the infrastructure, the FS Italiane Group acts as the customer and contracts the work out to third party companies, mainly assigning the Group companies a technical role and, as needed and according to the specific contractual structure, works management and/or supervision. The main environmental impacts of this stage vary depending on the number of active work sites and their progress during the year. These impacts are illustrated in the following tables.

	tonnes		
Materials used by weight or volume	2022	2021	2020
<b>Non-renewable materials</b>	<b>7,793,118</b>	<b>6,909,546</b>	<b>4,225,577</b>
Earth - procurement	51,937	205,401	436,489
Concrete	4,679,316	4,473,439	2,676,502
Inert material	2,875,035	1,973,892	964,240
Steel for railway superstructure	115	2,216	777
Steel for railway technology systems	5,786	2,792	5,745
CAP sleepers	1,821	37,550	4,909
Iron	178,879	213,875	136,780
Aluminium	29	73	11
Copper	200	308	124
<b>Renewable materials</b>	<b>9,933,588</b>	<b>8,088,261</b>	<b>7,368,805</b>
Earth - reuse	4,720,860	2,400,368	1,723,284
Earth - reuse through environmental redevelopment	5,212,728	5,687,893	5,645,521

Recycled raw materials (sites)	2022	2021	2020
Percentage of materials used that are recycled input materials	56.0%	53.9%	63.6%
Percentage of earth reused	99.5%	97.5%	94.4%

mega-litres

Water withdrawn by source (work sites)	2022	2021	2020
Civil use	256	130	110
<i>from aqueducts</i>	256	129	107
<i>from underground water (water table and sources)</i>	0	1	1
<i>from bodies of water</i>	0		2
Industrial use	2,196	1,886	1,955
<i>from aqueducts</i>	197	448	322
<i>from underground water (water table and sources)</i>	1,769	1,357	1,393
<i>from bodies of water</i>	230	81	240
<b>Total water withdrawn by work sites</b>	<b>2,452</b>	<b>2,016</b>	<b>2,065</b>

mega-litres

Water discharge by quality and destination (work sites)	2022	2021	2020
<b>Domestic wastewater</b>	<b>252</b>	<b>125</b>	<b>104</b>
sent to sewers	151	40	32
sent elsewhere	101	85	72
<b>Industrial wastewater</b>	<b>1,564</b>	<b>975</b>	<b>888</b>
sent to sewers	123	12	0.1
- <i>water treated beforehand</i>	100.0%	100.0%	100.0%
sent elsewhere	1,441	963	888
- <i>water treated beforehand</i>	100.0%	98.7%	99.9%
<b>Total wastewater</b>	<b>1,816</b>	<b>1,100</b>	<b>992</b>

tonnes

Waste produced by type (work sites)	2022	2021	2020
Non-hazardous special waste	1,491,834	1,462,731	1,202,465
Hazardous special waste	44,412	20,268	25,841
<b>Total waste produced</b>	<b>1,536,246</b>	<b>1,482,999</b>	<b>1,228,306</b>

tonnes

Waste sent for treatment (work sites)	2022	2021	2020
Non-hazardous special waste sent for treatment	1,377,729	1,378,751	1,172,206
<i>sent for recycling</i>	92.4%	82.0%	90.5%
<i>sent for disposal</i>	7.6%	18.0%	9.5%
Hazardous special waste sent for treatment	37,591	12,754	25,826
<i>sent for recycling</i>	86.3%	40.4%	1.4%
<i>sent for disposal</i>	13.7%	59.6%	98.6%
<b>Total waste sent for treatment</b>	<b>1,415,320</b>	<b>1,391,505</b>	<b>1,198,032</b>

The development of transport infrastructures plays a delicate role with respect to biodiversity as well, as it can cause the transformation or deterioration of habitats, the fragmentation of ecosystems, an increase in mortality for certain species and other negative repercussions.

The development of infrastructure with respect for biodiversity includes the following actions:

- prevention: abstaining from building unnecessary infrastructures and not involving protected areas;
- mitigation: minimising the impacts in the appropriate ways (underpasses, overpasses, fencing and sound barriers);
- offsetting: restoring the overall balance of biodiversity lost due to the construction of the infrastructure by re-establishing ecosystems through the recreation of alternative habitats elsewhere.

The FS Italiane Group is aware of the complexity and the fragility of the ecosystems where it conducts its activities and, for this reason, has made safeguarding biodiversity a top priority.

The table below provides a summary of projects directly affecting protected sites carried out in 2022:

Operating sites affecting protected areas (2022)						
Operating site	Geographical area	Protected area	Type of protection	Size of operating site <sup>49</sup> (km <sup>2</sup> )	Activity	Value of biodiversity
Upgrade of the Orte-Falconara railway line (PM228-Castelplanio section; km 1+665 and km 7+110)	Marche	Special protected zone – IT5320017 "Gola della Rossa e di Frasassi" Regional Nature Park "della Rossa e di Frasassi"	Natura 2000 Protected area	0.093 <sup>50</sup>	Railway infrastructure	Priority habitats: 6210 Semi-natural dry grasslands and scrubland facies on calcareous substrates, 91AA Eastern white oak woods
Upgrade of the Orte-Falconara railway line (PM228-Castelplanio section; km 3+395 and km 7+110)	Marche	Site of EC interest/special protected zone – IT5320004 "Gola della Rossa" Regional Nature Park "della Rossa e di Frasassi"	Natura 2000 Protected area	-	Railway infrastructure	Priority habitats: 6210 Semi-natural dry grasslands and scrubland facies on calcareous substrates, 91AA Eastern white oak woods
Upgrade of the Orte-Falconara railway line (PM228-Castelplanio section; the track skims the eastern perimeter)	Marche	Site of EC interest/special protected zone – IT320003 "Gola di Frasassi" Regional Nature Park "della Rossa e di Frasassi"	Natura 2000 Protected area	-	Railway infrastructure	Priority habitats: 6210 Semi-natural dry grasslands and scrubland facies on calcareous substrates, 91AA Eastern white oak woods
Salerno-Reggio Calabria HS/HC line (Battipaglia-Potenza C.le)	Campania	Special protected zone - IT8050049 "Fiumi Tanagro e Sele" <sup>™</sup>	Natura 2000	0.005	Railway infrastructure	Habitat: 3250 Constantly flowing Mediterranean rivers with Glacium lavum, 3270 Rivers with muddy banks, 6220 Pseudo-steppe with grasses and annuals, 92A0 Salix alba and Populus alba galleries
Salerno-Reggio Calabria HS/HC line (Battipaglia-Potenza C.le)	Campania	Special protected zone – IT8050021 "Medio corso del fiume Sele Persano"	Natura 2000	0.005	Railway infrastructure	Habitat: 3250 Constantly flowing Mediterranean rivers with Glacium lavum, 3270 Rivers with muddy banks, 92A0 Salix alba and Populus alba galleries
Salerno-Reggio Calabria HS/HC line (Doubling of the Cosenza-Paola/S. Lucido tracks)	Calabria	Site of EC interest/special protected zone - IT9310056 "Bosco di Mavigliano"	Natura 2000	0.003	Railway infrastructure	92A0 Salix alba and Populus alba galleries

<sup>49</sup> Area permanently protected from the construction of the infrastructure

<sup>50</sup> The special protected zone includes the "Gola di Frasassi" and "Gola della Rossa" sites of EC interest.

Operating sites affecting protected areas (2022)						
Operating site	Geographical area	Protected area	Type of protection	Size of operating site <sup>49</sup> (km <sup>2</sup> )	Activity	Value of biodiversity
State road 389 Tronco Villanova-Lanusei-Tortoli (Villagrande junction – Arzana exit)	Sardinia	Special protected zone - ITB022215 "Riu Sicaderba"	Natura 2000	0.005	Road infrastructure cat. C1	Habitat: 5330 Thermo-Mediterranean and pre-desert scrub, 91E0 Alluvial forests with <i>Alnus glutinosa</i> and <i>Fraxinus excelsior</i>
Variation of state road 115 "Sud Occidentale Sicula" from the "Birgi" exit on the A29 motorway towards state road 115	Sicily	Special protected zone - ITA010014 "Sciare di Marsala"	Natura 2000	0.041	Road infrastructure cat. C1	Habitat: 5330 Thermo-Mediterranean and pre-desert scrub, 6220 Pseudo-steppe with grasses and annuals of the Thero-Brachypodietea
SS 675 - Umbro Laziale - Infrastructure system for the connection between the Civitavecchia Port with the Orte intermodal hub. Monte Romano est - Civitavecchia section	Lazio	Special protected zone - IT6030005 "Comprensorio Tolfetano-Cerite-Manziate"	Natura 2000	0.0008	Road infrastructure cat. B	n.a.
S.S. 4 "Salaria" - Tratto Trisungo-Acquasanta	Marche	Site of EC interest - IT5340006 Lecceto di Acquasanta Site of EC interest - IT5340018 Tronto River between Favalanziata and Acquasanta	Natura 2000	0.0009	Road infrastructure cat. C1	Habitat: 91AA Eastern white oak woods, 92A0 <i>Salix alba</i> and <i>Populus alba</i> galleries, 9340 <i>Quercus ilex</i> and <i>Quercus rotundifolia</i> forests, 91E0 Alluvial forests with <i>Alnus glutinosa</i> and <i>Fraxinus excelsior</i>

The Group has always devoted utmost attention to raising contractors' awareness of the importance of safety at railway infrastructure sites and holding them accountable for site safety.

The main safety indicators are reported below:

	unit		
Injuries to employees of contractors <sup>1</sup>	2022	2021	2020
Injuries	174	202	214
<i>fatalities</i>	<i>1</i>	<i>0</i>	<i>2</i>

Accident rate of employees of contractors <sup>1</sup>	2022	2021	2020
Frequency rate <sup>2</sup>	13.19	18.09	26.21
Severity rate <sup>3</sup>	1.34	0.77	3.23

<sup>1</sup> The data refer to sites for civil and technological contracts in which Italferr is involved as works manager/coordinator during performance and for the contracts for new HS/HC lines awarded to general contractors in which Italferr provides works management and safety oversight. The data also refer to general contracts in which Italferr provides oversight for both works management and safety.

<sup>2</sup> Frequency rate: [number injuries/hours worked]\*1,000,000.

Hours worked are calculated by multiplying the number of daily working hours (conventionally 8h/day) by the number of man days for blue collar workers.

<sup>3</sup> Severity rate: [(days of prognosis + conventional days for the fatalities)/hours worked] x 1,000.

Conventional days for fatalities are calculated by multiplying the number of fatalities by 7,500. Hours worked are calculated by multiplying the number of daily working hours (conventionally 8h/day) by the number of man days of blue collars.

In 2022, the frequency rate is lower than that recorded in 2021 (F= 13.19), while the severity rate shows an increase due to the fatality that occurred in 2022 as opposed to none in 2021.

The number of hours worked increased by approximately 17% in 2022, a clear sign of the ongoing investments in the railway sector and the Group's commitment to continue updating the country's railway infrastructure network as much by laying new sections as by equipping existing sections with last-generation technologies.

Alongside this increase in the number of hours worked, the number of injuries dropped both in absolute terms (174 injuries compared to 202 in 2021) and in relative terms, as demonstrated by the lower frequency index.

## Waste management

Applying the principles of the circular economy, the FS Italiane Group takes steps to adopt production models that are geared towards the prevention and reduction of waste, the reuse of assets and the recycling of waste and to ensure that its contractors and, where possible, the entire value chain adopt these models as well. Sustainable procurement and the continuous improvement of waste cycle management are top priorities for the Group and objectives in the industrial plan for all Group companies. <sup>51</sup>

Around 94% of all waste generated by the Group, by weight, derives from industrial, construction, demolition and excavation activities - mainly ferrous and non-ferrous materials, discarded equipment, waste from the train toilets, demolition debris, excavated earth and rocks, wood sleepers and gravel from the railway embankments - and only a small part is urban waste (both unsorted waste and the recyclable waste resulting from sorted waste collection). Approximately 71% of urban waste results from waste collection at stations, i.e., waste produced by third parties in public areas.

Less special waste was produced in 2022 than in previous years. Moreover, the percentage of waste sent for recycling out of all waste produced improved to more than 95%. On the other hand, the volume of urban waste collected at stations has grown over the past three years, and this could be due to the gradual recovery of transport services, now operating at full capacity, as the Covid-19 restrictions were relaxed, then lifted.

An analysis of waste quantities produced by business segment shows that the Infrastructure business segment accounts for approximately 79% of the Group's waste, followed by Passenger with 17%. This waste is due to the indispensable maintenance and cleaning of the network infrastructure and railway and road vehicles to keep them in working order.

<sup>51</sup> Waste is classified by origin as special and urban waste. Special waste is generated by industry and crafts, construction and demolition, commercial activities and services and is considered either hazardous or non-hazardous based on the concentration of dangerous substances that it contains or the categories provided for by lawmakers. Urban waste is domestic waste or other non-hazardous waste generated by other non-domestic activities (e.g., offices, canteens, etc.), which is similar to domestic waste and, therefore, can be recycled or disposed of in plants that were originally designed to treat urban waste.

tonnes

Waste produced by type (Group)*	2022	2021	2020
Urban waste	6,054	7,190	5,736
<i>sorted waste</i>	35.5%	30.6%	30.9%
Urban waste at stations	14,821	10,439	9,420
<i>sorted waste</i>	30.7%	30.9%	31.3%
Non-hazardous special waste	266,458	323,465	274,981
<i>sent for recycling</i>	95.8%	96.0%	96.0%
<i>sent for disposal</i>	4.2%	4.0%	4.0%
Hazardous special waste	51,853	60,660	61,092
<i>sent for recycling</i>	95.7%	93.2%	96.0%
<i>sent for disposal</i>	4.3%	6.8%	4.0%
<b>Total waste produced</b>	<b>339,186</b>	<b>401,754</b>	<b>351,229</b>
of which %:			
<i>Passenger</i>	17.0%	14.9%	16.4%
<i>Infrastructure</i>	79.3%	78.5%	77.9%
<i>Logistics</i>	3.6%	6.6%	5.7%
<i>Urban</i>	0.1%	0.0%	0.0%
<i>Other Services</i>	0.0%	0.0%	0.0%

(\*) The amount of special waste produced is calculated based on the amounts reported in the waste identification formulations. The amounts related to urban waste are based on the waste's weight on a scale or the average weight of bags of waste produced.

As for waste transported by the Group, in 2022, the Logistics business segment moved approximately 1,190,000 tonnes of waste across borders and 182,900 tonnes nationally.

## Water management

The efficient use of water resources, the treatment of wastewater, the protection of water quality, controls and grid management are some of the main activities performed by the FS Italiane Group companies for proper water management. The FS Italiane Group consumes limited amounts of water because of its type of core business - mainly for civil use (approximately 85% of consumption is for offices, toilets and showers in the workshops, canteens and drinking fountains at stations and to replenish the tanks for toilets on board trains) and residually for industrial purposes (around 15% for cleaning and sanitising trains and buses, washing the exteriors of vehicles and parts, etc.).

The Group companies hold frequent awareness campaigns to inform passengers, suppliers and workers about the responsible use of this resource and, with respect to industrial use, these campaigns mostly focus on reducing consumption, increasing the reuse of water and the effective collection and treatment<sup>52</sup> of the wastewater. Consumption in 2022 decreased, substantially due to the reduced use of water for civil use. The analysis of water withdrawals shows that, in 2022, for its operations, the Infrastructure business segment used 81% of the total amount of water withdrawn by the Group.

<sup>52</sup> Water withdrawn for industrial use undergoes a different treatment (chemical-physical) from that for civil use (biological treatment), considering the specific characteristics of the pollutants.



mega-litres

<b>Water withdrawn by use and source (Group)</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Civil use*</b>	<b>14,227</b>	<b>15,974</b>	<b>16,093</b>
- from aqueducts	8,100	8,562	8,608
- from underground water (water table and sources)	6,075	7,363	7,477
- from bodies of water	52	49	8
<b>Industrial use</b>	<b>2,537</b>	<b>2,390</b>	<b>2,336</b>
- from aqueducts	1,629	1,488	1,426
- from underground water (water table and sources)	871	859	863
- from bodies of water	37	43	47
Total water withdrawn by the Group	16,764	18,364	18,429
of which %:			
<i>Passenger</i>	<i>17.8%</i>	<i>16.3%</i>	<i>17.2%</i>
<i>Infrastructure</i>	<i>80.7%</i>	<i>82.2%</i>	<i>81.4%</i>
<i>Logistics</i>	<i>0.7%</i>	<i>0.8%</i>	<i>0.8%</i>
<i>Urban</i>	<i>0.6%</i>	<i>0.6%</i>	<i>0.5%</i>
<i>Other services</i>	<i>0.2%</i>	<i>0.1%</i>	<i>0.1%</i>

\* includes withdrawals for civil use in stations.

mega-litres

<b>Water discharge by quality and destination (Group)*</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Wastewater sent to sewers	14,866	15,308	13,963
<i>% of water treated beforehand</i>	<i>8.00%</i>	<i>8.90%</i>	<i>6.80%</i>
Wastewater sent elsewhere	789	870	743
<i>% of water treated beforehand</i>	<i>25.40%</i>	<i>25.70%</i>	<i>37.50%</i>
Total wastewater discharged by the Group	15,655	16,178	14,706
of which %:			
<i>Passenger</i>	<i>13.8%</i>	<i>13.1%</i>	<i>14.2%</i>
<i>Infrastructure</i>	<i>85.0%</i>	<i>85.4%</i>	<i>84.3%</i>
<i>Logistics</i>	<i>0.4%</i>	<i>0.7%</i>	<i>0.7%</i>
<i>Urban</i>	<i>0.6%</i>	<i>0.6%</i>	<i>0.6%</i>
<i>Other services</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>

(\*) Discharge resulting from the Group use is mainly classified as domestic wastewater (in 2021, domestic wastewater accounted for roughly 88% of total wastewater). This water is discharged by being sent to the municipal sewage system in accordance with the requirements of Legislative decree no. 152/2006.

As water risk is progressively becoming a global challenge requiring urgent attention, the Group has rolled out monitoring of the volumes of water it withdraws and discharges in water-stressed areas according to the instructions provided by the World Resources Institute. The process, currently undergoing consolidation, was launched for the first time for the 2022 report. The analysis shows how 61 operating sites in water-stressed areas were identified at Group level. Specifically, over 80% of these sites are in the Passenger and Infrastructure business segments.

The Group companies' industrial, work site and transport operations could cause accidental spills of liquids containing potentially dangerous substances, in emergency conditions. In 2022, there were four significant spills with a total volume of approximately 100 m<sup>3</sup>, mainly in the storage and use of diesel for traction. These accidental spills were mostly contained and absorbed immediately (thanks to the adoption of procedures for the management of environmental emergencies and periodic simulations prepared and conducted in the scope of the implemented environmental management systems) and, where necessary, were subject to environmental reclamation by a specialised firm.

### Management of noise pollution

The Group companies endeavour to prevent and reduce their acoustic impact, specifically in the design and operation of infrastructure and by using technological solutions for rolling stock and buses.

	cumulative km		
Acoustic barriers built	2022	2021	2020
<b>Total</b>	<b>694</b>	<b>682</b>	<b>661</b>
Rail	482	475	468
Road	212	207	193

## The travel experience

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To offer quality services to passengers and industrial customers, the Group has had a monitoring process for customer care in place for some time, based on the parameters established in the service charters, and customer satisfaction surveys to analyse the expectations and satisfaction levels of passengers and customers.



### Infrastructure

The Infrastructure segment includes:

- railway network/stations;
- road and motorway network.

In respect of the railway network and the stations, the Group monitors the objectives set out in the service charter (required by legislation covering public services in the transport sector - Decree of the Prime Minister of 27 January 1994 and Decree of the Prime Minister of 30 December 1998). In 2022, although the extraordinary context created by the pandemic continued into the first half of the year, all the objectives were achieved, both as relates to the quality offered, which is assessed via internal and third-party monitoring, and perceived quality, which is measured through customer satisfaction surveys conducted by the market observatory.

Railway network/stations		2022 target	2022 result
Indicator			
Focus on the environment	Double the portion of electricity from renewable sources for internal use by RFI acquired under a specific supply contract (bids for tender)		Achieved ✓
Safety at the station	Number of thefts in stations below the 2016-2018 three-year average number*		Achieved ✓
Accessibility of stations	Works carried out to improve accessibility (raising platforms to height of 55cm, lifts) – at least 125 operations		Achieved ✓

\*Data is monitored by Polfer (the railway police). There has been constant improvement since 2007 thanks to effective actions over time and long-term plans defined by the Group for the safety of its customers and assets carried out in collaboration with the railway police under agreements signed from 2007 onwards with the Ministry of the Interior. Accordingly, the target figure is compared to the average three-year figure from this year on.

Railway network/stations		2022 result	2021 result	Change (percentage points)
Indicator				
Travel comfort in station areas (overall perception of the station)		98.7%	98.2%	+0.5
Modal integration (perception of ease and convenience of arrival at the station)		98.1%	97.9%	+0.2
Security at the station (overall perception of security)		95.5%	95.4%	+0.1

The percentage of passengers satisfied (scores of 6 to 9) with the services offered at stations is monitored by RFI's market observatory by conducting more than 180,000 interviews with departing passengers at the 760 stations in the network where 94% of all passengers transit.

For a better understanding of the 2022 results, the percentage of fully satisfied passengers (scores of 7 to 9) should be considered although it is not used in the Service Charter. In this case, compared with the previous year, overall station quality increased further (from 89.3% in 2021 to 90.8% in 2022).

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

Road and motorway network		2022 target	2022 result
Indicator			
Service regularity (Amount of time road closed for unexceptional snowfall and/or not due to scheduled closing on sample sections)		Standard <12h	Achieved ✓
Travel safety (When an event affecting roads occurs, the time between the verification of the alert in the control room and its publication on user information systems (VAI, PMV, Anas website)		Standard max 30 minutes	Achieved ✓
Definitive response to customers within 30 calendar days of the request for information, complaints, suggestions		80%	93% ✓

The customer satisfaction survey carried out in the year to collect feedback on the opinions and satisfaction of customers who contacted the customer care office showed a satisfaction score of 7.6 out of 10 (for the first nine months of the year).

## Railway passenger transport

Railway passenger transport can be split into two main areas:

- medium and long-haul transport;
- regional.

Italy<sup>53</sup>

Trenitalia

Train traffic is monitored in real time and, in the event of critical events, the crew on board is notified in order to inform customers. The output of the key service elements (punctuality, traffic irregularities, etc.) is analysed each day and discussed in periodic meetings, where necessary, even with the infrastructure operator, to address recurring issues (e.g., the schedule, employee and rolling stock shifts) to achieve continuous improvement.

With respect to punctuality, the performance of the three service types worsened (losing between 0.8 and 5.5 p.p.). In the first few months of the year, punctuality was, overall, positive and in line with the previous year. A generalised downwards trend in performance began to take shape in March, due to the increase in traffic volumes and, in the summer, the heat waves across the country which caused certain faults whose management and resolution affected train punctuality.

Punctuality in Italy****	2022	2021	Change (percentage points)
(consolidated data January 2023)			
Commercial services (Freccie)*	77.0%	82.5%	-5.5
Universal service (Day and Night Intercity)**	86.2%	88.5%	-2.3
Regional service***	92.2%	93.0%	-0.8

(\*) % of trains arriving within 10 minutes of the scheduled time

(\*\*) % of trains arriving within 15 minutes of the scheduled time

(\*\*\*) % of trains arriving within 5 minutes of the scheduled time

(\*\*\*\*) All trains arriving after the indicated time limit are considered as late (no exceptions).

Perceived quality is measured through periodic surveys of passengers aged 14 years and up about their experience on trains managed by the Group (medium/long haul<sup>54</sup> and short haul journeys and local/regional transport<sup>55</sup>). Surveys are conducted using face-to-face and telephone interviews<sup>56</sup>.

In 2022, 97.7% of medium- and long-haul passengers were satisfied with the "overall journey", an improvement of 0.6 p.p. on 2021. Overall, all the main aspects improved on the previous year, particularly cleanliness, which improved by 1.5 p.p..

<sup>53</sup> The railway passenger transport scope includes the services offered by Trenitalia and Ferrovie del Sud-Est e Servizi Automobilistici.

<sup>54</sup> Surveys are conducted once every two months for a total of six surveys per year and entail 5,800 interviews with a sample of passengers selected using a probability-based procedure in connection with three different aspects: traffic, station and brand.

<sup>55</sup> Surveys are conducted every two months for a total of six surveys per year and entail 8,870 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.

<sup>56</sup> Face-to-face interviews were carried out at the station at a train's departure/arrival. 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 one corresponds with the lowest level of satisfaction and nine with the highest. Passengers who report a satisfaction rate equal to or greater than six are considered satisfied.

Medium and long haul	2022	2021	Change (percentage points)
Overall journey*	97.7%	97.1%	+0.6
Cleanliness	96.4%	94.9%	+1.5
Punctuality	92.5%	91.4%	+1.1
Comfort	97.4%	96.8%	+0.6

\*Satisfaction with the "overall journey" refers to the entire travel experience (door-to-door).

The regional transport survey results also show higher customer satisfaction. 91.8% of passengers were satisfied with the "overall journey", up 1.4 p.p. on 2021. Overall, all the main aspects improved on the previous year, particularly "comfort" and "punctuality".

Regional	2022	2021	Change (percentage points)
Overall journey*	91.8%	90.4%	+1.4
Cleanliness	82.2%	81.1%	+1.1
Punctuality	83.5%	82.0%	+1.5
Comfort	92.5%	90.7%	+1.8

\*Satisfaction with the "overall journey" refers to the entire travel experience (door-to-door).

#### Ferrovie del Sud-Est e Servizi Automobilistici (FSE)

FSE monitors and reports on the quality targets set out in the service charter to strive for constant improvement. Specifically, the main targets and results of the railway service are summarised below:

Railway service quality	2022 target	2022 result
<b>Indicator</b>		
Travel safety - Accident rate (no. of accidents due to the company per 1,000,000 km)	0	Achieved ✓
Travel comfort – Accessibility of vehicles (% of trains fitted with lower floors)	73%	Achieved ✓
Passenger information – On board information (% of trains with spoken destination and next stop announcements)	73%	Achieved ✓

FSE monitors customer satisfaction through questionnaires, sample interviews and surveys. Customers score each variable on a scale of one to nine, where a score of nine means they are fully satisfied and one means they are not satisfied at all. A score of six means the passenger is satisfied with the variable.

In 2022, 84.6% of the respondents said they were satisfied overall with the railway transport service.

### United Kingdom

The FS Italiane Group operates in the UK through Trenitalia c2c Limited, which offers passenger transport services between London and Essex.

Surveys were carried out in 2022 through "Wavelength", which gathered 1,700 responses, showing an improvement in customer satisfaction. In 2021, overall satisfaction was 77/100 and in 2022 it increased to 78/100.

### Greece

Hellenic Train measures passenger satisfaction quarterly (e.g., surveys and mystery customers). An independent entity carries out the analysis. The sample analysed amounted to 2,000 passengers (including all business segments: long haul, interurban, regional). Although customer satisfaction with the overall journey improved in 2022, there was a general decline in customer satisfaction with, in particular, punctuality and service reliability, which in most cases was a result of issues related to the management of infrastructure (which is carried out by another party).

Greece	2022*	2021	Change (percentage points)
Satisfaction with the journey (overall)	78.0%	73.3%	+4.7
Punctuality	59.7%	67.2%	-7.5
Reliability	64.4%	66.7%	-2.3
Cleanliness on board trains	73.7%	75.5%	-1.8

\*The 2022 data refer to third quarter analyses.

### Germany

To monitor punctuality and passenger satisfaction, the Netinera Group uses a methodology established by the Public Transport Authority on a regional basis and on the basis of the type of service offered. Accordingly, Group and company indicators are not currently available.

## **Road passenger transport**

### Italy<sup>57</sup>

#### Busitalia – Sita Nord and subsidiaries

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

Customer satisfaction with service punctuality (measured as the ratio of recorded delays to monitored journeys) declined slightly in the year as a result of the progressive return to normal, i.e., full operating volumes, following the service cuts dictated by the pandemic. This return to normal entailed an increase in traffic, which impacted traffic conditions and caused potential delays in the departures/arrivals of the public service. However, customer satisfaction with punctuality in 2020 was higher than before the pandemic (2019).

<sup>57</sup> The road passenger transport scope includes the LPT services offered by the Busitalia group companies and Ferrovie del Sud-Est e Servizi Automobilistici.

Road passenger transport	2022	2021	Change (percentage points)
Punctuality (urban) (% of arrivals within five minutes of the scheduled time)	93.8%	95.0%	-1.2
Punctuality (suburban) (% of arrivals within 15 minutes of the scheduled time)	93.3%	95.3%	-2

Customer satisfaction monitoring continued in 2022<sup>58</sup>. Field surveys were used for this purpose, i.e., directly interviewing customers while they are using the services to gather satisfaction data in real time. Thus, the surveys were carried out via face-to-face interviews for both urban and suburban services. The sampling was stratified by customer pool and line, with random extraction of statistics.

In addition to socio-behavioural data, the survey gathered data on customer satisfaction, using a score of one to ten. Customer satisfaction is gauged on both the service overall and individual aspects of the service.

Passenger urban road transport	2022	2021	Change (percentage points)
Overall score	91%	90.6%	+0.4
Service regularity and organisation	80.5%	79.4%	+1.1
Cleanliness	81.5%	80.5%	+1.0
Comfort	82.3%	82.5%	-0.2

Passenger suburban road transport	2022	2021	Change (percentage points)
Overall score	88.6%	88.7%	-0.1
Service regularity and organisation	77%	77.4	-0.4
Cleanliness	78.6%	79.3%	-0.7
Comfort	83.5%	82.8%	+0.7

#### *Ferrovie del Sud-Est e Servizi Automobilistici (FSE)*

The main targets and results of the road services operated by FSE are summarised below:

Bus service quality	2022 target	2022 result	
<b>Indicator</b>			
Travel safety – Average age of buses (Total age of buses/no. of buses)	12.3	Achieved	✓
Travel comfort – Air conditioning on vehicles (% of buses with air conditioning)	93%	100%	✓
Services for people with reduced mobility – Buses with seating/platforms for wheelchairs (% of specially-equipped buses)	21%	52%	✓

<sup>58</sup> The 2022 customer satisfaction surveys covered the urban and suburban road services operated by Busitalia and its subsidiaries and the railway service operated in Umbria. In addition, data was gathered on customers' satisfaction with the replacement services offered by Busitalia Rail Service, the waterway navigation services on Trasimeno Lake and, to a lesser extent, the transport service in Tuscany to and from The Mall. The findings of the LPT surveys conducted in May and November were consolidated, weighting the figures for each individual pool by the corresponding number of transported passengers.



In 2022, the customer satisfaction scores, measured using the same method described above for the railway service, showed that 88.7% of respondents were fully satisfied.

### The Netherlands

The "OV Barometer" is used nationally to measure passenger satisfaction for Qbuzz BV, for all routes and operators.<sup>59</sup>

### **Freight transport**

Again in 2022, the logistics companies conducted a customer satisfaction survey, using a shared methodology and adjustments to reflect the specificities and different needs of each business.

Customer centrality is a fundamental value for all Logistics companies.

Specifically, customer satisfaction with the services was assessed via an online questionnaire organised so that customers can score the essential aspects of the service on a scale of one to ten.

The overall customer satisfaction score with the Logistics business segment's services, calculated as the average of all the scores given to the companies, was in line with the previous year, reflecting an appreciation for the services offered.

Total customer satisfaction with Mercitalia Rail's freight transport by rail, calculated as the ratio of all scores divided by the highest possible score, is 66.4% in 2022, showing an improvement on 2021 (63.3%).

## Sustainable supply chain

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The FS Italiane Group companies conduct negotiations in accordance with the antitrust principles in the EU Treaty and the "FS Italiane Group companies negotiations regulation".

The Group's relationships with suppliers (including external contractors, consultants, intermediaries, sub-contractors, sub-suppliers and, in general, all parties in the supply chain) and business partners are based on upholding the principles of honesty, integrity, impartiality and sustainability.

As reiterated in the Code of Ethics, all our actions and conduct are characterised by the greatest honesty and we only operate with reliable, honourable individuals and companies of good repute.

Responsible management of the Group's supply chain begins with the inclusion of rules (labour and social security laws with the application of national labour agreements, occupational health and safety, Code of Ethics, etc.) in standard contractual clauses and continues, in certain instances as part of the Group companies' management systems, with a process to improve the environmental and social performance of their suppliers.

In line with the rules of the Public Contracts Code (Legislative decree no. 50/2016), suppliers are vetted on the basis of assessments relating to quality, price and other corporate pre-requisites (the supplier's location and nationality are not part of the vetting criteria). Based on the sustainable procurement guidelines issued by the parent, the Group companies include sustainability criteria in their calls for tender based on the materiality of the environmental and social aspects applicable to the main categories of goods, for example:

- having environmental, social, health and safety and quality certifications (e.g., ISO 14001, ISO 9001, ISO 45001, etc.);

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<sup>59</sup> "OV-Klantbarometer" is the name of the national survey conducted by an independent party to gather feedback from public transport passengers (urban and regional). Passengers may score the various aspects of the service. The survey is conducted quarterly on buses, trams, underground trains, regional trains and ships in most of the areas covered by public transport service operators. At the preparation date of this report, the 2022 survey had not yet been published.

- the use of ecological materials and product certification (e.g., Ecolabel, Blauer Engel, etc.);
- energy efficiency and the procurement and use of energy from renewable sources;
- measures for the protection of health and safety in the workplace;
- amplifying diversity and inclusion (e.g., % of women in project teams).

The Group awarded contracts worth over €16.8 billion in 2022 (and more than 90% of the tenders included environmental and social criteria).

In 2022, the Group companies paid suppliers over €17.7 billion. Of this amount, roughly 58% was for the performance of contracts and 89% was paid to suppliers based in Italy.

Percentage of expenses for direct local suppliers	Unit of measure	2022	2021	2020
Italy	%	89	92	89
Abroad	%	11	8	11

The monitoring of the environmental and social impacts of the supply chain continued in the year. The survey was comprised of around 100 questions broken down into six sections (general information, human rights, the environment, the company, occupational health and safety and continuous improvement). In 2022, 62 strategic suppliers of the main Group companies responded to the survey.

In addition, RFI S.p.A. assessed 712 suppliers (14% or 101 of which were new suppliers assessed for the first time in 2022) based on the environmental and social criteria provided by the EcoVadis monitoring platform.

In 2022, the Group implemented the Sustainable Supply Chain Management project to ensure the progressive roll-out of ESG assessments of the economic operators/suppliers of all the Group companies on a specific IT platform.

The 2022-2031 industrial plan requires that, starting in 2026, all economic operators interested in working with the FS Italiane Group undergo ESG assessments on the IT platform implemented by FS Italiane.

As part of Railsponsible, an initiative that Groups together the main companies in the railway sector with the aim of promoting sustainable purchases, work continued on the development of actions in two significant areas:

- the due diligence of the supply chain, entailing the definition and development of the minimum common requirements of the railway sector;
- the decarbonisation of the supply chain, with the assessment of methodologies and tools to calculate GHG emissions (scope 3).

## Human capital

The number of Group employees went from 81,906 at 31 December 2021 to 85,361<sup>60</sup> at 31 December 2022, with a net increase of 3,455. The Group moved forward with its generational change project, hiring 9,687 new employees (including 370 new employees due to the change in consolidation scope), while 6,232 left the Group companies. The average number of employees increased (+1,633).

<b>NO. OF EMPLOYEES AT 31.12.2021</b>	<b>81,906</b>
Incoming (*)(**)	9,687
Outgoing (*)	6,232
<b>NO. OF EMPLOYEES AT 31.12.2022</b>	<b>85,361</b>
<b>2021 AVERAGE</b>	<b>81,365</b>
<b>2022 AVERAGE (*)</b>	<b>82,998</b>

(\*) Incoming and outgoing employees include those with fixed-term contracts.

(\*\*) The change in the consolidation scope led to a net increase of 370 employees, as follows: 369 employees of Intermodalidad de Levante S.A. (subsidiary of Trenitalia) and one of FS Italian Railways US Inc..

Breakdown of personnel by gender and professional level	Units		
	2022	2021	2020
<b>Managers</b>	<b>1,070</b>	<b>998</b>	<b>1,004</b>
	<b>1.3%</b>	<b>1.2%</b>	<b>1.2%</b>
- women	271	237	215
- men	799	761	789
<b>Junior managers</b>	<b>12,936</b>	<b>12,285</b>	<b>11,896</b>
	<b>15.2%</b>	<b>15.0%</b>	<b>14.6%</b>
- women	3,091	2,743	2,503
- men	9,845	9,542	9,393
<b>White collars</b>	<b>41,692</b>	<b>39,934</b>	<b>38,829</b>
	<b>48.8%</b>	<b>48.8%</b>	<b>47.7%</b>
- women	11,141	10,386	9,829
- men	30,551	29,548	29,000
<b>Blue collars</b>	<b>29,663</b>	<b>28,689</b>	<b>29,680</b>
	<b>34.8%</b>	<b>35.0%</b>	<b>36.5%</b>
- women	2,528	2,261	2,291
- men	27,135	26,428	27,389
<b>Total workforce (at 31 December)</b>	<b>85,361</b>	<b>81,906</b>	<b>81,409</b>
- women	<b>17,031</b>	<b>15,627</b>	<b>14,838</b>
- men	<b>68,330</b>	<b>66,279</b>	<b>66,571</b>
<b>Women</b>	<b>20.0%</b>	<b>19.1%</b>	<b>18.2%</b>
<b>Men</b>	<b>80.0%</b>	<b>80.9%</b>	<b>81.8%</b>
<b>Average number of the year</b>	<b>82,998</b>	<b>81,365</b>	<b>81,838</b>

The total number of FS Italiane Group employees at 31 December 2022, compared with the two previous year ends and broken down by region, is given below:

<sup>60</sup> The group is compliant with current regulations regarding protected groups of people.

Units

Personnel by region	2022	2021	2020
<b>Personnel by region</b>	<b>85,361</b>	<b>81,906</b>	<b>81,409</b>
<b>Italy</b>	<b>75,281</b>	<b>72,577</b>	<b>72,087</b>
- North	29,144	28,724	28,196
- Centre	23,944	22,675	23,273
- South and islands	22,193	21,178	20,618
<b>Abroad</b>	<b>10,080</b>	<b>9,329</b>	<b>9,322</b>
<b>Italy</b>	<b>88.2%</b>	<b>88.6%</b>	<b>88.5%</b>
- North	38.7%	39.6%	39.1%
- Centre	31.8%	31.2%	32.3%
- South and islands	29.5%	29.2%	28.6%
<b>Abroad</b>	<b>11.8%</b>	<b>11.4%</b>	<b>11.5%</b>

The total number of FS Italiane Group employees at 31 December 2022, compared with the two previous year ends and broken down by age and professional level, is given below:

Units

Breakdown of personnel by age and professional level	2022	2021	2020
<b>Managers</b>	<b>1,070</b>	<b>998</b>	<b>1,004</b>
<i>Under 20 years</i>	0%	0%	0%
<i>Between 21 and 30 years</i>	0%	0%	0%
<i>Between 31 and 40 years</i>	5%	4%	4%
<i>Between 41 and 50 years</i>	37%	40%	38%
<i>Between 51 and 60 years</i>	46%	44%	45%
<i>Over 60 years</i>	12%	12%	12%
<b>Junior managers</b>	<b>12,936</b>	<b>12,285</b>	<b>11,896</b>
<i>Under 20 years</i>	0%	0%	0%
<i>Between 21 and 30 years</i>	4%	3%	1%
<i>Between 31 and 40 years</i>	18%	16%	14%
<i>Between 41 and 50 years</i>	32%	32%	30%
<i>Between 51 and 60 years</i>	30%	34%	38%
<i>Over 60 years</i>	16%	16%	17%
<b>White collars</b>	<b>41,692</b>	<b>39,934</b>	<b>38,829</b>
<i>Under 20 years</i>	1%	1%	0%
<i>Between 21 and 30 years</i>	26%	24%	22%
<i>Between 31 and 40 years</i>	25%	25%	23%
<i>Between 41 and 50 years</i>	21%	21%	21%
<i>Between 51 and 60 years</i>	18%	21%	25%
<i>Over 60 years</i>	9%	9%	9%
<b>Blue collars</b>	<b>29,663</b>	<b>28,689</b>	<b>29,680</b>
<i>Under 20 years</i>	1%	1%	1%
<i>Between 21 and 30 years</i>	28%	25%	22%
<i>Between 31 and 40 years</i>	21%	21%	21%
<i>Between 41 and 50 years</i>	19%	20%	22%
<i>Between 51 and 60 years</i>	22%	25%	26%
<i>Over 60 years</i>	10%	8%	9%

There were 9,687 newly hired FS Italiane Group employees at 31 December 2022, as shown below in the breakdown by gender and contract type, compared to the two previous year ends:

	Units		
Hires by gender/contract type	2022	2021	2020
<b>Total hires by gender/contract type</b>	<b>9,317 (*)</b>	<b>8,680</b>	<b>6,100</b>
<b>apprenticeship</b>	<b>3,296</b>	<b>3,121</b>	<b>1,911</b>
	<b>35.4%</b>	<b>36.0%</b>	<b>31.3%</b>
- women	718	620	343
- men	2,578	2,501	1,568
<b>fixed-term</b>	<b>2,469</b>	<b>1,969</b>	<b>2,055</b>
	<b>26.5%</b>	<b>22.7%</b>	<b>33.7%</b>
- women	470	374	393
- men	1,999	1,595	1,662
<b>permanent</b>	<b>3,520</b>	<b>3,572</b>	<b>2,068</b>
	<b>37.8%</b>	<b>41.2%</b>	<b>33.9%</b>
- women	978	809	523
- men	2,542	2,763	1,545
<b>other contracts</b>	<b>32</b>	<b>18</b>	<b>66</b>
	<b>0.3%</b>	<b>0.2%</b>	<b>1.1%</b>
- women	0	4	4
- men	32	14	62

(\*) The change in the consolidation scope led to a net increase of 370 employees, as follows: 369 employees of Intermodalidad de Levante S.A. (subsidiary of Trenitalia) and one of FS Italian Railways US Inc.

The following tables contain details on personnel in the reporting period. <sup>6162</sup>

	Units		
Employees by contract type and gender	2022	2021	2020
<b>Total</b>	<b>64,599</b>	<b>62,301</b>	<b>59,363</b>
<b>Permanent</b>	<b>64,531</b>	<b>62,256</b>	<b>59,283</b>
- women	12,608	11,700	10,828
- men	51,923	50,556	48,455
<b>Fixed-term</b>	<b>65</b>	<b>44</b>	<b>78</b>
- women	7	1	4
- men	58	43	74
<b>Other</b>	<b>3</b>	<b>1</b>	<b>2</b>
- women			
- men	3	1	2

<sup>61</sup> The data refer to the following companies: FS Italiane S.p.A., RFI, Trenitalia, Ferservizi, Italferr, FS Sistemi Urbani, Mercitalia Logistics, Mercitalia Rail, Mercitalia Intermodal, Busitalia Veneto, Busitalia Rail Service, Busitalia Campania, Grandi Stazioni Rail, Grandi Stazioni Immobiliare, Terminali Italia, Italcertifer, Nugo, FS Technology, Cremonesi Workshop, FS International and Ferrovie del Sud-Est. The total number of employees in this scope of analysis is 64,559, approximately 76% of the group's total workforce.

<sup>62</sup> The following formula was used to calculate employee turnover:  $[(\text{incoming} + \text{outgoing}) / \text{average number of employees}] \times 100$ .

Units

<b>Employees by contract type and region</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total</b>	<b>64,599</b>	<b>62,301</b>	<b>59,363</b>
<b>Permanent</b>	<b>64,531</b>	<b>62,259</b>	<b>59,283</b>
<i>North</i>	26,748	26,354	25,919
<i>Centre</i>	19,499	18,424	17,831
<i>South and islands</i>	18,010	17,246	15,369
<i>Abroad</i>	274	235	164
<b>Fixed-term</b>	<b>65</b>	<b>41</b>	<b>78</b>
<i>North</i>	2	3	8
<i>Centre</i>	15	5	7
<i>South and islands</i>	48	33	63
<i>Abroad</i>	0		
<b>Other</b>	<b>3</b>	<b>1</b>	<b>2</b>
<i>North</i>			
<i>Centre</i>	1		
<i>South and islands</i>			
<i>Abroad</i>	2	1	2

Units

<b>Employees by type of employment and gender</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total</b>	<b>64,599</b>	<b>62,301</b>	<b>59,363</b>
<b>Full time</b>	<b>64,059</b>	<b>61,742</b>	<b>58,703</b>
- <i>women</i>	12,221	11,296	10,346
- <i>men</i>	51,838	50,446	48,357
<b>Part time</b>	<b>537</b>	<b>558</b>	<b>658</b>
- <i>women</i>	394	405	486
- <i>men</i>	143	153	172
<b>Other</b>	<b>3</b>	<b>1</b>	<b>2</b>
- <i>women</i>			
- <i>men</i>	3	1	2

Units

Hires by age	2022	2021	2020
<b>Total hires by age</b>	<b>5,910</b>	<b>5,889</b>	<b>3,168</b>
<b>Under 20 years</b>	<b>623</b>	<b>579</b>	<b>234</b>
	<b>10.5%</b>	<b>9.8%</b>	<b>7.4%</b>
- women	112	83	27
- men	511	496	207
<b>Between 21 and 30 years</b>	<b>3,971</b>	<b>3,864</b>	<b>2,218</b>
	<b>67.2%</b>	<b>65.6%</b>	<b>70.0%</b>
- women	985	884	496
- men	2,986	2,980	1,722
<b>Between 31 and 40 years</b>	<b>840</b>	<b>939</b>	<b>393</b>
	<b>14.2%</b>	<b>15.9%</b>	<b>12.4%</b>
- women	245	203	131
- men	595	736	262
<b>Between 41 and 50 years</b>	<b>328</b>	<b>343</b>	<b>189</b>
	<b>5.5%</b>	<b>5.8%</b>	<b>6.0%</b>
- women	68	69	33
- men	260	274	156
<b>Between 51 and 60 years</b>	<b>122</b>	<b>141</b>	<b>115</b>
	<b>2.1%</b>	<b>2.4%</b>	<b>3.6%</b>
- women	14	14	4
- men	108	127	111
<b>Over 60 years</b>	<b>26</b>	<b>23</b>	<b>19</b>
	<b>0.4%</b>	<b>0.4%</b>	<b>0.6%</b>
- women	1		
- men	25	23	19

Units

Hires by region	2022	2021	2020
<b>Total hires by region</b>	<b>5,910</b>	<b>5,889</b>	<b>3,168</b>
<b>Italy</b>	<b>5,804</b>	<b>5,794</b>	<b>3,113</b>
- North	2,030	2,358	1,147
- Centre	2,016	1,610	957
- South and islands	1,758	1,826	1,009
<b>Abroad</b>	<b>106</b>	<b>95</b>	<b>55</b>
<b>Italy</b>	<b>98%</b>	<b>98%</b>	<b>98%</b>
- North	35%	41%	37%
- Centre	35%	28%	31%
- South and islands	30%	32%	32%
<b>Abroad</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>

Units

<b>Outgoing employees by age</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total outgoing employees by age</b>	<b>3,612</b>	<b>4,244</b>	<b>4,535</b>
<b>Under 20 years</b>	<b>21</b>	<b>9</b>	<b>7</b>
	<b>0.6%</b>	<b>0.2%</b>	<b>0.2%</b>
- women	2	4	2
- men	19	5	5
<b>Between 21 and 30 years</b>	<b>421</b>	<b>285</b>	<b>141</b>
	<b>11.7%</b>	<b>6.7%</b>	<b>3.1%</b>
- women	76	57	32
- men	345	228	109
<b>Between 31 and 40 years</b>	<b>285</b>	<b>226</b>	<b>113</b>
	<b>7.9%</b>	<b>5.3%</b>	<b>2.5%</b>
- women	58	41	17
- men	227	185	96
<b>Between 41 and 50 years</b>	<b>159</b>	<b>130</b>	<b>120</b>
	<b>4.4%</b>	<b>3.1%</b>	<b>2.6%</b>
- women	16	13	6
- men	143	117	114
<b>Between 51 and 60 years</b>	<b>610</b>	<b>852</b>	<b>986</b>
	<b>16.9%</b>	<b>20.1%</b>	<b>21.7%</b>
- women	66	69	87
- men	544	783	899
<b>Over 60 years</b>	<b>2,116</b>	<b>2,742</b>	<b>3,168</b>
	<b>58.6%</b>	<b>64.6%</b>	<b>69.9%</b>
- women	287	326	338
- men	1,829	2,416	2,830

Units

<b>Outgoing employees by region</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Outgoing employees by region</b>	<b>3,612</b>	<b>4,244</b>	<b>4,535</b>
<b>Italy</b>	<b>3,542</b>	<b>4,217</b>	<b>4,517</b>
- North	1,602	1,861	1,967
- Centre	874	971	1,020
- South and islands	1,066	1,385	1,530
<b>Abroad</b>	<b>70</b>	<b>27</b>	<b>18</b>
<b>Italy</b>	<b>98%</b>	<b>99%</b>	<b>100%</b>
- North	45%	44%	44%
- Centre	25%	23%	23%
- South and islands	30%	33%	34%
<b>Abroad</b>	<b>2%</b>	<b>1%</b>	<b>0%</b>



Turnover by age	2022	2021	2020
<b>Total turnover</b>	<b>15.1%</b>	<b>16.6%</b>	<b>12.9%</b>
Under 20 years	1.0%	1.0%	0.4%
Between 21 and 30 years	7.0%	6.8%	3.9%
Between 31 and 40 years	1.8%	1.9%	0.8%
Between 41 and 50 years	0.8%	0.8%	0.5%
Between 51 and 60 years	1.2%	1.6%	1.8%
Over 60 years	3.4%	4.5%	5.3%

Turnover by gender	2022	2021	2020
<b>Total turnover</b>	<b>15.1%</b>	<b>16.6%</b>	<b>12.9%</b>
Women	3.1%	2.9%	2.0%
Men	12.0%	13.7%	10.9%

Turnover by region	2022	2021	2020
<b>Total turnover</b>	<b>15.1%</b>	<b>16.6%</b>	<b>12.9%</b>
Italy	14.8%	16.4%	12.7%
- North	5.8%	6.9%	5.2%
- Centre	4.6%	4.2%	3.3%
- South and islands	4.5%	5.3%	4.2%
Abroad	0.3%	0.2%	0.1%

## **Relationships with trade unions, labour law and welfare**

### **Changes in labour law affecting the FS Italiane Group**

Employees are covered by national collective bargaining agreements.<sup>63</sup> The agreement for nearly all the Group's non-managerial personnel is that for the mobility/rail sector<sup>64</sup>, supplemented by the Group's employment contract of 22 March 2022.

With respect to labour legislation and contracts, guidance and opinions on the application of the contractual and legal provisions were provided in 2022, offering the usual support to the relevant Group units.

Observations were issued on gender equality, considering the new legislation in this respect (e.g., legislation on gender equality certification), following up on the implementation process being carried out by the competent units within FS Italiane S.p.A.. Additional observations were issued with respect to the legislative changes regarding maternity and paternity

<sup>63</sup> The data refer to the following companies: FS Italiane S.p.A., RFI, Trenitalia, Ferservizi, Italferr, FS Sistemi Urbani, Mercitalia Logistics, Mercitalia Rail, Mercitalia Intermodal, Busitalia Veneto, Busitalia Rail Service, Busitalia Campania, Grandi Stazioni Rail, Grandi Stazioni Immobiliare, Terminali Italia, Italcertifer, Nugo, FS Technology, Cremonesi Workshop, FS International and Ferrovie del Sud-Est. The total number of employees in this scope of analysis is 64,559, approximately 76% of the group's total workforce.

<sup>64</sup> The other national collective bargaining agreements applied are: the agreement for bus, rail, tram and ship workers (Mobility-LPT) applied by Busitalia Campania, Busitalia Rail, Busitalia Veneto and Ferrovie del Sud Est; that for the logistics, freight transport and shipping sector, applied by Mercitalia Intermodal; and that for the service sector, applied by GS Rail and GS Immobiliare). The national collective bargaining agreement applied for managers is that for managers of companies that produce goods and services.

leave, again with a view to ensuring gender equality and a healthy work/life balance. Furthermore, the Group updated its information systems to ensure compliance with the legislation applicable to maternity leave.

In terms of equal opportunities, the biannual report on men's and women's satisfaction in 2021 and 2022 was prepared, providing guidelines for companies on how to fill out the survey and then sending it to the trade unions.

Instructions were provided on how to apply the transparency regulations on working conditions and technical-legal assistance was also given to the management unit in the preparation of the new contractual templates and to the Group companies in the adaptation of the templates to their specific situations and in clarifying any questions about their interpretation.

Guidelines were issued on the extension of mileage reimbursement for employees who use their own cars for business travel, with special incentives for those who drive electric or hybrid cars. In addition, instructions were given to all the companies that apply the FS Italiane Group's employment contract of 22 March 2022 to extend the scope of Free Travel Card beneficiaries to the domestic partners of employees, providing the necessary assistance to implement this added benefit. Furthermore, a working Group was set up to revise the layout of the Free Travel Card and provide regulatory information to help identify the characteristics and requirements that the Free Travel Card must have in accordance with the contractual provisions.

As usual, the labour law unit was given support in the interpretation of contracts/the law and in the definition of defence briefs and the related lines of defence.

#### **Breakdown of disputes pending with employees at 31 December 2022, compared with the previous two years**

<b>Disputes with employees</b>	<b>Unit of measure</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Litigation notified during the year	no.	1,348	1,656	1,865
Pending disputes	no.	1,925	2,603	2,926
Economic value of the disputes	€	57,847,263	50,752,546	48,894,570

The work of the Equal Opportunities Committee included liaising and coordinating the companies with respect to informational and training activities on sexual harassment and preventing gender-based violence.

As for international activities, the FS Italiane Group took part in the European social discussion by participating in the CER (Community of European Railway and Infrastructure Companies), the revision of the train drivers directive as part of the working Groups, drafting common positions with the technical units of the Group companies affected and providing ongoing updates to the Institutional and International Affairs Office of the European Union. In addition, it continued activities in the STAFFFER (Skill Training Alliance For the Future European Rail System) project and, with respect to the FIP (international free pass), the FS Italiane Group ensured its interests were represented in the 2022 working Group and in the FIP plenary session (2022)

## **Updates, if any, to the national labour agreement applied to the FS Italiane Group**

In 2022, various trade union agreements were signed relating to the FS Italiane Group companies.

On 22 March 2022, in addition to the renewal of the national collective bargaining agreement for the mobility/railway sector signed by Agens and the trade unions, the Group companies that apply this agreement also signed the agreement for the renewal of the FS Italiane Group's employment contract, with specific changes to remuneration and welfare benefits.

Specifically, the parties agreed to increase, as from 1 January 2023, the company's contribution for employees who voluntarily decide to participate in the Eurofer pension fund (2% of the total) and the company's contribution to the supplementary healthcare plan (€300 in total). In addition, an agreement was reached to set up a bilateral observatory for the development of welfare benefits and initiatives to encourage a healthy work/life balance. The observatory will serve as a venue for the monitoring, consultation, discussion and proposal of welfare tools.

With the signing of the agreement for the FS Italiane Group's employment contract on 22 March 2022, the Group companies and the trade unions also agreed on the need to recognise and reward - through remuneration and welfare benefits - workers who, even in the emergency situation that persisted into 2021, continued providing their qualified contribution, ensuring the continuity of company services.

Furthermore, on 14 July 2022, an agreement was signed for the 2022 and 2023 performance bonus. To reward the achievement of economic, productivity, quality and competitiveness targets, the employees of the companies that apply the FS Italiane Group's employment contract will be eligible to receive variable bonuses.

To rapidly respond to the difficulties faced by workers and their families as a result of the increase in energy and fuel costs and the consequent erosion of their purchasing power with an effective, concrete action, the FS Italiane Group companies and the trade unions have signed understandings to give employees additional welfare credits to use for the welfare benefits available on the company platform.

On 12 December 2022, the Group companies concerned signed specific agreements to access the national new skills fund which will, in 2023, launch development programmes for workers' skills as part of the digital and green transition.

The 2022 absenteeism rate was 9.3%<sup>65</sup>, compared to 7.9% in 2021 and 9.5% in 2020.

## **Training**

The Group's training volumes grew by 24% on 2021 in terms of man/days. The main Group companies delivered a total of 815,613 man/days<sup>66</sup> of training to:

- retain and refresh specialised technical skills in all jobs and professional roles comprising the Group's ability to achieve results;
- develop the managerial culture and skills among the Group's people with increasingly widespread, ongoing training;
- ensure the integration of new hires in the production system with increasingly engaging and interesting programmes tailored to the needs of the Group's people;
- develop a stronger culture of safety in the workplace and in transport operations throughout the Group's various business units;

In 2022, as the Covid-19 emergency progressively improved, training gradually returned to being held in person, especially training for employee certification and refresher courses. However, blended training continued to be offered.

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<sup>65</sup> The data refer to the following companies: FS Italiane S.p.A., RFI, Trenitalia, Ferservizi, Italferr, FS Sistemi Urbani, Mercitalia Logistics, Mercitalia Rail, Mercitalia Intermodal, Terminali Italia, Busitalia Veneto, Busitalia Rail Service, Busitalia Campania, Grandi Stazioni Rail, Grandi Stazioni Immobiliare, Terminali Italia, Italcertifer, Nugo, FS Technology, Cremonesi Workshop, Ferrovie del Sud Est and FS International.

<sup>66</sup> The data on the hours of training per year are in man-days (an average of 7.60 hours per day).

In 2022, the parent's training, which was delivered cross-sectionally to the Group companies in pilot and consolidation projects, mainly concerned:

- the introduction of a new programme for the Group's university graduates, called Young Talent and focused on meeting the needs of the younger generations;
  - leadership programmes for the development of the Group's managerial team;
  - the development of an international leadership team with the Group's first International Induction programme for the new hires of the foreign subsidiaries who were, for the first time, brought together for a knowledge-sharing training course with their Italian counterparts;
  - management engagement and communications activities to advance the industrial plan, with the leadership breakfasts to encourage and reinforce networking and strengthen relationships with industry experts and institutional representatives on one hand and public speaking training to spread a common culture of communication on the other;
  - the distribution of the parent's internal catalogue to support the development of the soft skills of all the Group's professionals;
  - refresher training for professionals on the Group's know-how with initiatives devoted to professional training on core or cross-sectional issues, designed together with the parent's professional families. The training covered sustainability issues, reflecting and supporting the importance that the Group's industrial plan places on sustainability goals, in line with the European Agenda 2030;
  - training courses to encourage inclusiveness, including the train the trainer programme called "Know and manage passengers with disabilities and reduced mobility" and the Women in Motion project;
  - occupational health and safety training to explore these legal issues in accordance with current regulations;
  - a repeat of the Innovate programme, calling on multidisciplinary teams of differing seniority and from different FS Italiane Group to develop, promote and launch new business ideas and test new technologies.
- 
- Delivered directly by the parent, the training focuses on: technical-professional areas so trainees learn and maintain the technical skills and certifications typical of their operating duties;
  - development of technical and interpersonal skills to ensure employee and passenger safety, in line with similar training in previous years, and to reinforce a culture of safety;
  - support for change management, in line with company needs to achieve business targets;
  - development of customer centricity and market orientation skills;
  - consolidation and development of skills to support internationalisation processes;
  - innovation and digitalisation, including training on advanced survey and design tools and training on BIM (Building Information Modelling) and enabling platforms.

The Group continued to invest significantly in advancing digital learning in 2022 to drive the development of know-how in other areas of expertise. Certain training pathways were redesigned and new ones were created in line with the people strategy, using more engaging, interactive and social solutions more closely tailored to the needs of the Group's people, to better meet their upskilling and reskilling requirements.

The number of digital training courses activated in the year grew by approximately 80% on 2021. In-house authoring skills also expanded in the year, with a 21% increase in the number of courses that were self-produced compared to 2021, as the Group strives for continuous development.

In line with the development of in-house authoring skills for the creation of a learning factory, work continued to produce digital content like tutorials and ebooks.

The number of active course participants also grew in the year, but only modestly, from around 155,000 course enrolments in 2021 to some 158,000 in 2022. This growth is even more significant considering that in 2021, due to the pandemic, all classroom training was replaced with remote training, which led to a spike in online course participation. Therefore, in 2022, not only did online training remain at the extraordinarily high levels of this peculiar time in history, but it was increased further, consolidating the growth up to 2022 and expanding it.

Many digital learning courses were delivered during the year, covering the organisational culture, compliance and raising awareness, including the FS Italiane Group's data protection framework (GDPR), the 231 Model, the ABC system, labour law, the work-from-home information and the confidential female counsellor.

Furthermore, around 20,330 man-days of training were provided to non-Group personnel belonging to supplier companies in order to ensure compliance with consistent standards of expertise and safety.

The total cost of training days solely for employees amounted to over €8.2 million, up 30.2% on 2021 due to the increase in training provided. Funding for training generated revenue of over €7.5 million.

man-days of training by professional level and gender*	man-days		
	2022	2021	2020
<b>Total training days</b>	<b>815,613.18</b>	<b>659,530.07</b>	<b>517,854.68</b>
Managers	3,661.80	3,442.01	2,203.05
- women	1,138.04	1,084.84	589.52
- men	2,523.76	2,357.16	1,613.53
Junior managers	52,182.77	47,395.18	33,816.46
- women	10,043.70	9,085.47	5,702.42
- men	42,139.07	38,309.71	28,114.04
White collars	400,370.34	325,645.88	276,574.26
- women	111,107.46	89,984.72	76,310.84
- men	289,262.88	235,661.16	200,263.42
Blue collars	359,398.27	283,047.00	205,260.92
- women	9,662.22	8,525.00	7,911.57
- men	349,736.05	274,522.00	197,349.35
<b>Total women</b>	<b>131,951.42</b>	<b>108,680.03</b>	<b>90,514.35</b>
<b>Total men</b>	<b>683,661.76</b>	<b>550,850.03</b>	<b>427,340.34</b>
<b>average days of training per employee</b>	<b>13.42</b>	<b>11.13</b>	<b>8.76</b>

\* The scope of analysis includes: RFI, Trenitalia, Ferrovie dello Stato, Italferr, Ferservizi, Busitalia Sita Nord, FSTechnology, FS Sistemi Urbani, Mercitalia Logistics, Mercitalia Rail, Fondazione FS

## **Recruitment**

In 2022, the Group ramped up its commitment, with significant volumes of new hires, in all recruitment activities, upholding the principles of meritocracy, transparency and equal opportunities.

To continue promoting the diversification of professionals and developing human resources within the Group, each recruitment process to fill job openings for target professionals and middle managers involved preliminary job postings with 271 recruitment campaigns.

Again in 2022, recruitment on the market was geared towards digitalisation and finding and testing innovative solutions. In all, there were 1,507 recruitment processes carried out throughout the Group for a variety of targets. In particular, 40 online events were held to recruit recent university graduates (recruiting days and assessments), mostly to recruit engineers (90%), and 1,557 candidates were interviewed, 65% of whom were found to be in line with the job requirements. Over 85,000 candidates were pre-screened throughout the entire Group, and approximately 23,000 candidates were interviewed.

The database holds over 570,000 CVs and 23,000 of these were evaluated in response to campaigns launched within the Group.

In the external recruitment of professional and operational personnel, each company followed its own specific procedures while upholding the Group's principles and guidelines.

The development of online recruitment saw a series of smart recruiting optimisations, meeting needs along with the companies to adapt recruitment tools to the complex context, significantly facilitating activities.

The Group has over 40 agreements and partnerships with academic, training and research bodies for work experience arrangements, university and post-graduate theses under the NRRP and strategic business projects (69 work experience arrangements and nine post-graduate theses).

The digital professional opportunity channels were managed to consolidate talent attraction and recruitment for all targets: "FSitaliane.it/Work with us" with an average of 279,258 visitors per month uploading or updating their CVs, in seven languages, looking up current job opportunities; the FS Italiane Group's Facebook "FS Careers" and LinkedIn pages with roughly 21,795 and 426,444 followers, respectively. With "FirSt", the Group's first chatbot for recruiting, thanks to machine learning, responses were sent to 5,555 requests for information and support from potential candidates.

To redefine the Group's position as an employer, FS Italiane has created its own employee value proposition, establishing its strategy and planning actions to pursue it in 2023.

Once again, FS Italiane placed first in the online Talent Communication ranking by Potential Park, for the best online job search experience. It was also one of the top companies in the "Italy's best employer" survey by *Corriere della Sera* and *Statista*. In addition, at the "Universum Awards Italy 2022 - Students and Young Professionals" organised by Universum, the FS Italiane Group won the "Women in STEM" award for being the number one ideal place for STEM students to work. These results were made possible by ongoing investment in promoting and implementing employer branding and employee attraction initiatives, partly through relationships with universities, including:

- Master in Infrastructure and Transport System Engineering with La Sapienza University in Rome;
- School of Advanced Training in Integrated Mobility System Engineering with Alma Mater Studiorum in Bologna;
- Master's degree programme in Transport System Engineering with La Sapienza University in Rome;
- Master's degree programme in Transport System Engineering with Politecnico University of Milan;
- Strategic partnership between the FS Italiane Group and La Sapienza University on topics like: recruitment, job orientation and employability;
- 17 virtual career days and job meetings: opportunities to listen to feedback and provide job and recruitment orientation;
- 12 conferences, advising sessions and institutional presentations in academic settings.

### **HR development & performance management**

In 2022, the Group leveraged the HR development process to help it achieve the objectives of its People Strategy, working in three key directions: building a widespread development network, improving the quality of processes in order to return value to our people and implementing actions throughout the system to develop the leadership pipeline for the future.

Furthermore, from the standpoint of the development process, 2022 can be considered the first post-pandemic year. The benefits of the digitalisation driven by the public health emergency were consolidated in methodologies that are already being used in the development process, especially with the aim of harnessing the capacity to reach large numbers of people across the country, creating communication teams and large, diversified, widespread working Groups. In this context, 2022

saw the Group work to restore the appeal of togetherness as a natural part of the interpersonal relationships and interaction that characterise the quality and intensity of human relationships. Without losing the effectiveness and efficiency of digital technologies, all development processes were redesigned to find the right mix, restoring in-person activities and maintaining them for the parts of the process that most demand relational and physical contact.

**A widespread development network.** The 2022 People Strategy lays the foundation for the creation of a mindset and shared culture of developing each person's skills, professionalism and how well they can be used within the Group, even before it is a set of tools and practices. To achieve this goal, the Group has forged a widespread community to share the value of hard work in developing others and the importance of harnessing specific, shared know-how and methodologies. A training and certification course was launched to expand the in-house coaching team, create an extensive Group of mentors and set up communities of buddies to welcome young graduates into the fold of the different Group companies' operating contexts. The training is structured with both upskilling activities for in-house coaches who have already been trained and new, dedicated certification courses, taking an integrated approach for both the continuity and evolution of these three positions focused on caring and the development of others. The coach and mentor community has more than doubled in number since 2021, and 150 buddies have been trained. Their numbers will continue to grow in 2023.

**Improving the quality of processes.** In this context, the Group worked on various fronts. Two of the areas included devoting specific attention to engaging and motivating young people, through both the Group's employer branding on the external job market and the creation of a stimulating and gratifying environment for the young graduates who are hired. Another key area was the Young Talent policy, which outlined a single path for the Group companies (national collective bargaining agreement for the mobility/railway sector) establishing the hiring and reward practices that are extremely competitive with the top offers on the market for the same target, including ongoing development, training, experience and diversification initiatives over the first five years of employment. The Young Talent policy gives young graduates a clear view of their development path and the growth that they can achieve, based on their commitment, merit and curiosity. As for the internal assessment process, steps were taken to shorten the amount of time before feedback is given and the subsequent development plans are prepared, in order to make the most of the tool for the development of potential, first and foremost as a service available to people and supervisors for the creation of growth actions every day, professional credentials and improvement.

At year end, 918 young graduates, 150 senior managers, 302 middle managers and 1,037 front line managers had received assessments. In accordance with the process governance, the Group companies conducted these assessments using methodologies and tools in line with the Group guidelines. Accordingly, there were 2,407 assessments of potential, approximately 72% more than in 2021.

These numbers reflect the Group's ongoing investment in activities carried out to help the talent of its people emerge and grow.

In addition, work was devoted to the upskilling of the in-house assessor community and the creation of guidelines that enhance professionalism, for the constant development of skills. The team of in-house assessors has grown significantly, doubling in number thanks to a specific, updated certification and qualification process.

**Systemic actions to build a managerial pipeline.** The 2022 People Strategy is designed with a deep focus on building the future. In this frame of mind, the Group's ability to implement solid practices that feed the pool and improve the quality of future managers is a key success lever supporting the Group's transformation and its achievement of the objectives in the new industrial plan. The evolution of the succession planning process began in 2022, geared towards significantly digitalising the ways in which information is gathered – making it possible to work on human capital cross-sectionally across the various Group companies – and updating the process – which drove a bottom-up approach in the proposal of successions

and projects to engage all the Group's managers and encourage accountability. In 2023, these advancements will be further refined and implemented.

The annual performance assessments conducted by the supervisors on the integrated assessment platform involved 17,349 people, approximately 2,200 people more than in 2021.

Training and awareness raising continued to promote a widespread culture and practices of dialogue, discussion and mutual development of leadership between supervisors and workers.

### **People care**

In 2022, the People Care unit implemented projects to support the Group's people and reinforce corporate social responsibility, with an approach focused on maximising the reach and value of the activities for internal caring initiatives, social policies, diversity & inclusion and engagement, which the unit promotes for everyone. The key actions carried out in 2022 are summarised below.

- **Wecare:** recruiting space for all the Group's people, offering caring services and webinars on personal and interpersonal well-being, corporate social responsibility and inclusion, which people may voluntarily sign up for: in 2022, over 31,000 people enrolled in the webinars designed to improve work/life balance, life skills (mindfulness, stress management, kindness, authenticity and positive thinking), primary prevention and a healthy lifestyle, communication techniques for children and grandchildren (how to know when there is a problem, how to handle it, how to educate children about bullying and cyberbullying, etc.), building individual and interpersonal resources to live a happy life alone, the inclusion of people with disabilities and a focus on gender-based violence. Over 50 events were held with more than 60 experts from universities, hospitals, research and training bodies, etc. Video capsules were also created on caring issues so all personnel can learn practical tips whenever is most convenient for them. All the videos were designed to be accessible to everyone. About 80 HR managers of the Group companies received caring training to spread the caring offer more extensively among the Group's people.
- **cultural accessibility for deaf people in educational activities:** participants could enrol in any of the seminars of their own initiative with the guarantee of sign Italian language interpreting services for all the seminars.
- **4weeks4inclusion:** a diversity & inclusion marathon, the result of over 300 partners sharing 190 digital events over four consecutive weeks, broadcast live and on demand, with over 3 million views of the content produced, a total of 190 hours of live streams and thousands of interactions on social media. In collaboration with Intesa San Paolo, FS Italiane developed a webinar on gender-based violence in all its forms, even the less obvious (e.g., psychological and economic abuse, etc.), and participated with its senior management in talks to share the best practices of its inclusion strategy with other companies.
- **25 November together to eliminate violence against women:** an internal campaign in which everyone in the Group was asked to send a photograph with an orange object or background. Over 190 photos were received and used to create an internal and external awareness campaign launched on 25 November. An ETR500 train was branded orange, the official colour of the UN anti-gender-based violence campaign, and bears the message "Take action for a strong network" with the code to ask for help in order to spread awareness outside the Group about this issue.

participation in external events, sponsorships and accolades relating to inclusion: FS Italiane is the main sponsor of the Women's Supercup and sponsors the Fundraising Festival, Diversity Brand Award 2022, Minerva Award, Universum Award as the number one ideal company for STEM students and Differenza Donna Award as the Ambassador of women's rights.

- **publication of the DEI (Diversity, Equity and Inclusion) policy:** the Group has published principles and guidelines for diversity, equality and inclusion at the FS Italiane Group to encourage the integration and implementation of a DEI culture in processes and the daily actions of all our people and all organisational processes.



- publication of the GEP (gender equality plan): FS Italiane published this plan on its social media and it is a systemic, strategic tool establishing the concrete priorities and objectives and specific KPIs to monitoring, measure and implement gender equality policies in the FS Italiane Group.
- Valore D membership: in line with the Group's strategies of valuing diversity and promoting female leadership, the FS Italiane Group has been a supporting member of the Valore D association since 2016. To date, nearly 400 employees have participated in the national and international training courses, advanced learning pathways and mentoring promoted by the association. Since 2022, FS Holding represents the FS Italiane Group on the association's executive board, helping define Valore D's guidelines and priorities.
- Code of Conduct and the female counsellor: to ensure the effective application of the Code to prevent sexual harassment in FS Italiane's workplaces and awareness of the female counsellor's duties, in 2022, a training campaign on sexual harassment was held for everyone - all the Group's men and women - with access to the Group's learning platform and a live webinar for managers, held by the female counsellor, to which approximately 800 people were invited, to clarify the position and the scope of action in the prevention of and fight against sexual harassment.
- Women in motion: social innovation and school orientation campaign to inform students about STEM careers at the FS Italiane Group. It was created in 2017 to dismantle gender stereotypes according to which the technical professions are exclusively for men. In 2022, the Group launched a refresher course for all female mentors involved in the campaign who will speak about gender equality with the male mentors beginning in 2023. 56 mentors were trained, including six men.
- train the trainer Know and manage passengers with disabilities and reduced mobility: this trains the trainer programme is for the HS, IC and Regional instructors responsible for training 5,300 train managers for a travel experience that meets the specific needs of people with disability through awareness, proper information and listening. The course was designed in collaboration with the Training & Development units and FS associations and Trenitalia's HS, IC, Regional and Central training, with instructors from FISH&FAND, federations whose members include the associations of disabled people in Italy.
- support for the people strategy: material and KPIs relating to the people strategy were shared on the company intranet and six events were held to discuss the industrial plan, the new governance, the organisational update, the change of management and the HR family of the four business segments, with over 3,500 managers participating in the events.
- kick-off of the company volunteering programme: a webinar was held to kick off the awareness raising about corporate social responsibility at FS Italiane and encourage people to volunteer in collaboration with the help centres and non-profit organisations that the Group already supports throughout Italy.
- fundraising: funds were raised to build the first paediatric palliative care centre at the Bambino Gesù Paediatric Hospital in Passoscuro. Two fundraisers were held (Caritas and Save the Children) for Ukraine and two annual fundraising campaigns were held to support Insuperabili Onlus, a non-profit for the inclusion of teens with disabilities through sports. In addition, two help centres were opened in Cagliari and Grosseto.
- All roads start in Rome: this is the FS Italiane Group's call to action to Italian startups and SMEs to help support vulnerable people with innovative projects and solutions. For years, the FS Italiane Group has offered its support, starting from the stations in Rome, Roma Termini and Tiburtina.

### **Occupational health and safety**

Occupational health and safety are fundamental growth factors in the new 2022-2031 industrial plan and distinctive elements in the Group's commitment to spread a culture of safety and well-being integrated in principles of environmental,

social and economic sustainability. These are core values for the Group which form the bedrock of the Code of Ethics and drive the actions and conduct of all personnel and the management models applied to production processes and relationships with the Group's contractors for works and services.

On the basis of these assumptions, with organisational communication no. 95/COA of 30 September 2022 - Occupational health and safety of the FS Italiane Group companies - 2022-2026 General guidelines - the Group defined, in line with previous communications and based on the positive results already achieved, the new prevention guidelines for the Group companies, reiterating the objective of ensuring increasingly higher levels of safety for every activity performed by personnel and consolidating a culture in which everyone is engaged and responsible for safety. The long-term goal is zero workplace injuries and promoting safe conduct with the Group's partners, up to the best standards of prevention, to consolidate the FS Italiane Group's position in Europe among the top companies for occupational health and safety. The improvement in safety performance, measured as a reduction in the number of injuries and their frequency requires: technological and organisational investments; the digitalisation of all business areas to improve workplace safety and employees' quality of life; the cultivation of a leadership style that encourages a culture of safety fostering trust between staff and company; sharing experiences and knowledge with contractors and suppliers of goods and services for a shared culture of accident prevention.

The Group has formal agreements in place with the trade unions protecting health and safety, to promote projects that foster a culture of safety and prevention among workers by constantly updating employee training and through the introduction of new equipment and new technologies.

The Group signed a protocol with INAIL (Italian national labour insurance institution) on 7 April 2022 to strengthen occupational health and safety prevention and protection policies, prevent the risk of higher injury rates and, in particular, heighten its capacity to design and develop innovative technological, organisational and regulatory solutions that guarantee workers' health and safety in the construction of the large infrastructure under the NRRP for which the Group is a key player in its development.

The common project areas mainly relate to:

- the spread and experimentation of best practices for accident prevention in work sites for infrastructure construction and maintenance;
- piloting the digital technologies applied to people, equipment, machines and infrastructure for risk prevention;
- communications, information and training initiatives to promote a strong culture of occupational health and safety and to reinforce personnel's risk management skills.

The Safety Innovation project was carried out during the year to develop digital innovation projects focused on occupational health and safety at the Group companies, with the participation of digital startups selected with a challenge launched on the Group's innovation hub in Catania. Safety Innovation Day 2022 was held on 15 November at the Rome auditorium, in which the eight winners of the challenge presented their innovation projects to the Group companies' heads of occupational health and safety, human resources and innovation.

In October and November, in conjunction with the European Week for Safety and Health at Work, the Group companies held the fourth annual Safety Day, dedicated to projects to improve prevention and engage personnel. These initiatives, in which the all companies' CEOs take part, have focused on digital and technological innovation to improve prevention, the implementation of work-from-home working models, safe driving and sustainable development in companies. Industry

experts, speakers sharing their experiences and INAIL representatives have been invited to speak on these topics. During the events, over 370 artistic prizes have been awarded to Group company employees who have stood out during the year for their virtuous conduct with respect to safety and to plant managers who have achieved zero injuries at their plants.

Furthermore, occupational health and safety training was provided in the year. The main courses related to:

- general and specific course on health and safety for workers;
- course on health and safety for managers.

Moreover, to promote worker health, the Group organised:

- 10 webinars held by doctors and university professors on the potential of primary prevention and a healthy lifestyle to prevent cancer and the importance of early diagnosis for everyone in the Group. These seminars targeted men, women and children/teens, reaching 2,872 participants;
- a secondary breast cancer prevention campaign for the Group's female employees in Bari, Cagliari, Naples, Palermo, Reggio Calabria and Salerno. The eight-day campaign consists of 800 free mammograms to promote early diagnosis. The first stop was in Salerno in 2022: 58 employees received mammograms.

Based on the data on indemnified injuries provided by INAIL, including those related to the Covid-19 epidemic, still under definition, the following table shows the amounts for 2020-2022.<sup>67</sup>

The estimated overall results highlight an increase in injuries after Anas was included in the reporting scope and a decrease in their frequency compared to 2021.

In this context, estimates for the railway sector only suggest a reduction of approximately 1.6% in injuries (despite the increase of around 3% in the average number of employees) and a 4.6% decrease in the frequency rate on 2021.

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<sup>67</sup> All data refer to INAIL statistics which, to calculate the days lost due to injury, consider that compensation is paid for all calendar days from the third day of absence. INAIL's severity index does not provide for a breakdown of data by gender.

<b>Injuries indemnified by INAIL***</b>	<b>2022*</b>	<b>2021*</b>	<b>2020*</b>	unit
Injuries in the workplace	655	909	835	
- <i>women</i>	106	132	108	
- <i>men</i>	549	777	727	
Fatal injuries	3	2	6	
- <i>women</i>				
- <i>men</i>	3	2	6	
Serious injuries in the workplace	181	274	250	
- <i>women</i>	28	33	28	
- <i>men</i>	153	241	222	
Injuries in transit	153	236	199	
- <i>women</i>	39	39	43	
- <i>men</i>	114	197	156	
Frequency - overall**	9.63	15.28	13.98	
- <i>injuries - women</i>	7.93	12.03	10.11	
- <i>injuries - men</i>	10.05	16.02	14.82	
Severity - overall	415	591	613	

\*2022 INAIL data at 31/12/2022 are provisional. 2021 and 2020 INAIL data consolidated at 31/12/2022

\*\*Frequency: [no. of occupational injuries/average number of employees] \*1000 employees

\*\*\* The 2022 reporting scope includes: FS Italiane S.p.A., RFI S.p.A., Trenitalia S.p.A., Italcertifer S.p.A., FS Sistemi Urbani S.r.l., Ferservizi S.p.A., Italferr S.p.A., Busitalia Sita Nord S.p.A., Mercitalia Logistics S.p.A., Mercitalia Rail S.r.l., Anas and FSTechnology;  
The 2021 and 2020 reporting scope includes: FS Italiane S.p.A., RFI S.p.A., Trenitalia S.p.A., Italcertifer S.p.A., FS Sistemi Urbani S.r.l., Ferservizi S.p.A., Italferr S.p.A., Busitalia Sita Nord S.p.A., Mercitalia Logistics S.p.A., Mercitalia Rail S.r.l. and FSTechnology;

## Management systems

FS Italiane S.p.A. and the main Group companies remain committed to implementing, certifying and maintaining their management systems, including the occupational health and safety system, in order to continue improving the Group's performance. Integrated management systems are used to strengthen the ICRMS with respect to its environmental and occupational health and safety components.

	Quality	The environment	Occupational health and safety
		✓	✓
	✓	✓	✓
	✓	✓	✓
	✓	✓	✓
	✓	✓	✓
	✓	✓	✓
	✓	✓	✓
		✓	
	✓		✓
	✓		

Trenitalia renewed its Biosafety Trust Certification. Trenitalia was the world's first railway company to receive this certification, developed by RINA to recognise the best practices adopted for the prevention and control of infections in crowded spaces managed by the company, on board railway vehicles and in plants, to ensure the highest levels of safety for passengers, employees and suppliers.

The employers identified within each Group company are responsible for preparing the occupational health and safety system risk assessment document required by Legislative decree no. 81/08, which contains an assessment of all risks and the necessary actions to minimise them. It is an essential part of the occupational safety management systems that the Group companies have implemented and which they use to provide workers with the tools needed to report and manage any dangerous situations and to define corrective actions following any incidents for the continuous improvement of the system.

## Commitment to the community

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In recent years, the Ferrovie dello Stato Italiane Group has distinguished itself for its deep commitment to initiatives to relieve social distress in railway areas and redevelop the land for communities.

### Help Centres

The help centres are meant to welcome and shelter those who are most in need in our society and help begin their rehabilitation with the city's social services and institutions.

The help centres offer different types of assistance according to the socio-economic characteristics of the local context, the available space, the composition of the partnership networks and the legal form of the help centre operators. The activities they perform refer to five macro-areas: primary needs, night shelter, day shelter, assistance and admittance office and guidance. Based on the vulnerabilities noted in the railway environment, each help centre initiates joint processes that feed into the local community and resident network, forming systemic connections to create strategic local partnerships and pooling resources (human, professional, institutional, social, financial and infrastructural resources) to resolve critical situations. In this way, the station as a system connects with the local community system, forging relationships that are more and more specialised and help enhance the social programmes dynamically in response to changes within the various local environments, pooling the resources of local, national and European players and bodies, resources that differ in nature, intensity and scope.

Municipalities and third sector bodies have provided spaces and buildings inside or in the immediate vicinity of stations and this has been a crucial enabler for the creation and development of the help centres, as well as a driver for strategic projects with a high impact on the local area, financed by private and public local, national and European institutional partners. The network currently counts help centres in 19 railway stations in Northern and Southern Italy, with the surface area granted for these activities totalling <sup>68</sup>4,399 square metres, for a commercial value of €6,598,500 (assuming an average of €1,500 per square metre). In 2022, help centres in Cagliari and Grosseto joined the network. The Cagliari help centre spans 400 square metres and offers, in addition to the general counselling and guidance services, a day and night shelter for 50 people, with separate areas reserved specifically for women and mothers with children. The Grosseto help centre is managed by CoeSo, a healthcare company operating in the social and healthcare services district of the Amiata Grossetana mountain community. This help centre constitutes a central hub of the institutional programmes that finance the railway station social service system, whose spokes reach out to the different regional railway stations, including the centres that are already operating in Florence and Pisa, and the soon-to-open centres in Livorno and Viareggio.

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<sup>68</sup> The total surface area granted on free loan for the help centres in Bari and Chivasso is not included because the network partners use premises that they own near the railway stations.

## Active help centres



The Group collaborates closely with ONDS (the national observatory of solidarity at stations), so the help centres can work in synergy. ONDS, which is managed by the social cooperative Europe Consulting Onlus, coordinates the centres, handles training for help centre workers and performs detailed analyses of social distress. In 2022, the Group committed roughly €125,000 to activities and projects to help socially disadvantaged people.

## Welcome centres

In addition to the help centres, many shelters in railway premises are managed by major Italian non-profit associations, particularly in Rome and Milan:

- the "Don Luigi Di Liegro" Caritas shelter in Rome;
- the "Rifugio Caritas" shelter in Milan;
- the "Binario 95" day shelter in Rome;
- the Arca onlus project in Milan;
- the "Pedro Arrupe" shelter in Rome for those seeking asylum and political refugees, managed by the "Centro Astalli" association. The centre has operated in the former Rome shunting site Ferrotel since 2002.

These are multi-functional facilities for offering support, opportunities to socialise and spend time together and assistance to all users. They offer cultural, educational, recreational and sports activities, in addition to occupational therapy, all meant to encourage social integration.

A total surface area of 11,016 square metres has been granted on free loan for social activities in welcome centres, with an estimated value of €16,524,000 (average value of €1,500 per square metre).

A total surface area of 15,415<sup>69</sup> square metres was granted in 2022 on free loan for social activities (help centres and shelters), with an estimated value of €23,122,500 (average of €1,500 per square metre).

### **Reuse for social purposes of idle real estate assets and railway lines**

In addition to the assets functional to the operation of its core business, the FS Group owns real estate assets that include areas that cannot be used for commercial purposes: these are portions of unmanned stations, former cellar houses and other buildings. In 465 stations - in agreement with institutions, local authorities and associations - these spaces have been earmarked for social, cultural and environmental activities, particularly for the enhancement of the territory and for services for the benefit of citizens. A total value of around 189,102<sup>70</sup> m<sup>2</sup> of space has been allocated for such purposes. The institutions, local authorities and non-profit organizations involved undertake to maintain the spaces allocated to them and at the same time to provide services to the community, thus contributing to making the unmanned stations and other Group real estate covered by the agreements safer and more lively.

Idle railway lines that can potentially be used for social purposes and soft mobility span approximately 1,170<sup>71</sup> kilometers. At present, roughly 537 kilometers of idle lines have been converted into tourist lines, cycling paths and greenways.

Another initiative to use the Group's railway assets for social purposes has involved using railway routes for historic/tourist train journeys. This reuse preserves the infrastructure's function as a railway and the role of secondary lines, for which there is little demand for commercial transport.

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<sup>69</sup> The surface area includes the help centre network (4,399 square metre) and the shelters (11,016 square metre). 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 square metre at Milano Centrale).

<sup>70</sup>The number refers to buildings granted on free loan for use inside and outside the station; as for yards outside stations and/or land, about 4,424,001 m<sup>2</sup> was granted by the Group.

<sup>71</sup> The figure for the heritage of disused lines does not include disused lines earmarked for reactivation as tourist rail routes (185 km).4



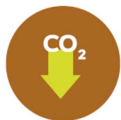
## Classification of the Group activities according to the European taxonomy

This section describes the FS Italiane Group's activities in light of the classification of economic activities introduced by Regulation (EU) 2020/852 "on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088" (the "EU Taxonomy").

The EU Taxonomy fits into the broader scope of the Action Plan on Financing Sustainable Growth<sup>72</sup> adopted by the European Commission in March 2018, to finance sustainable and inclusive growth, mainly by reorienting capital flows. With the approval of the Green Deal<sup>73</sup> in 2019, the EU substantially laid down the roadmap for more sustainable investments. The objective is to achieve a climate-neutral Union by 2050, with a 55% reduction in emissions by 2030 using 1990 emissions as the baseline. The EU has adopted the European Green Deal to transition to a more sustainable economic and financial system. Within the next few years, all companies will be subject to detailed climate change reporting requirements under European sustainability standards, with the understanding that the general expectation among both users and regulators is that of greater transparency on climate change topics. One especially important disclosure will be that relating to the transition plans, which will help users grasp if and how a company plans to move its business model towards a course more compatible with the most recent climate change and environmental sustainability recommendations.

The EU Taxonomy, which was introduced with the EU Taxonomy Regulation (Regulation 852/2020), establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable and applies to, *inter alia*, the undertakings that currently fall within the scope of application of the Non-Financial Reporting Directive (Directive 2014/95/EU), transposed into Italian law with Legislative decree no. 254/2016, which will be replaced by the new Corporate Sustainability Reporting Directive (CSRD) as from reporting periods ending 31 December 2024.

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



climate change mitigation;



climate change adaptation;



sustainable use and protection of water and marine resources;



the circular economy;



pollution prevention and control;



the protection and restoration of biodiversity and ecosystems;

and, at the same time:

- does no significant harm to any of the environmental objectives (DNSH);
- is carried out in compliance with the minimum safeguards.

As established by the same Regulation, the technical screening criteria for determining the environmental sustainability of each individual activity covered by the Taxonomy are laid down in specific delegated acts issued by the European Commission.

<sup>72</sup> "Action Plan: Financing Sustainable Growth", Communication from the Commission of 8 March 2018.

<sup>73</sup> "The European Green Deal", Communication from the Commission of 11 December 2019.

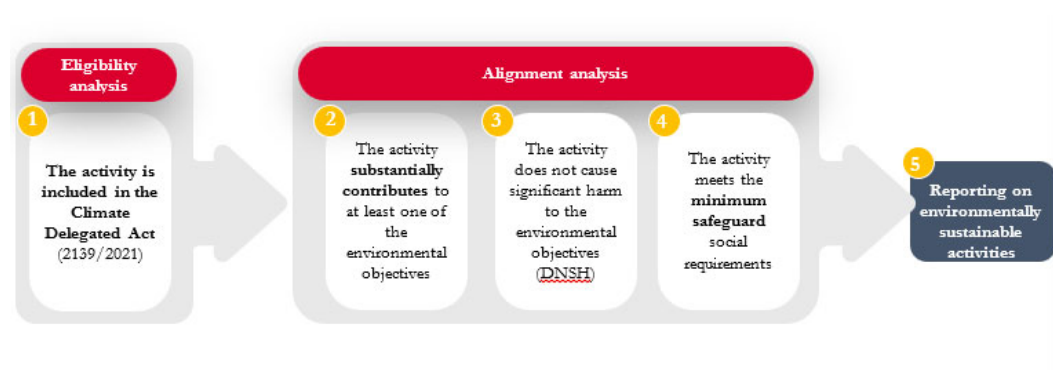
## Adopting the EU Taxonomy

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

In 2021, with Commission Delegated Regulation no. 2139/2021 (the "Climate Act"<sup>74</sup>), the European Commission defined the activities and technical screening criteria for only the first two objectives of the Taxonomy (**climate change mitigation** and **climate change adaptation**), while work on the other four objectives is still in progress. Accordingly, the Group companies focused their analysis on these two objectives. Similarly, with respect to the content, methodology and presentation of the information, the Regulation gave the Commission the power to adopt one or more delegated acts to instruct the companies on how to reclassify and present the disclosures on activities. In particular, this act was adopted on 6 July 2021 (Commission Delegated Regulation no. 2178/2021, i.e., "Article 8 Delegated Act"). It is on the basis of the requirements laid down thereby that the FS Italiane Group has prepared the qualitative and quantitative disclosures presented in the paragraphs below.

In the year ended 31 December 2021, as required, FS Italiane Group reported the portion of turnover, operating expenditure (OpEx) and capital expenditure (CapEx) relating exclusively to the eligible activities, i.e., those that can be strictly considered within the scope of operations covered by the Regulation as they are specifically listed in the Climate Act. However, it did not verify whether they were effectively aligned with the screening criteria and, therefore, whether they were effectively environmentally sustainable. Indeed, although eligibility is a necessary condition, it is not sufficient to demonstrate the actual environmental sustainability of an activity. In other words, eligibility merely indicates that a given activity could potentially be aligned with the Taxonomy. On the other hand, in 2022, in accordance with the timing established by the Regulation, in light of new information and a better understanding, the Group companies completely reviewed the eligible activities that had been identified in 2021 and applied the technical screening criteria, conducted a Do No Significant Harm (DNSH) analysis and checked compliance with the minimum safeguards, in order to establish whether their activities can be considered aligned, i.e., whether they perfectly meet the sustainability requirements.

The figure below illustrates the screening process followed to determine the environmental sustainability of activities:



<sup>74</sup> On 9 March 2022, the European Commission presented Commission Delegated Regulation no. 2022/1214 as regards economic activities in certain energy sectors and complementary to the Climate Act, which amends Commission Delegated Regulation no. 2139/2021, including specific activities in the nuclear energy and natural gas sector in the list of economic activities covered by the Taxonomy.

The following is a brief description of the process underlying the EU Taxonomy reporting in this report:

### 1) Identification of activities

Each Group company analysed its eligible activities to verify whether they correspond with one or more of the activities listed in the Climate Act on the basis of its actual characteristics.

All the eligible activities identified by the FS Group companies are listed in the table below:

ELIGIBLE FS ITALIANE GROUP ACTIVITIES	
<b>3. Manufacturing activities</b>	3.3. Manufacture of low carbon technologies for transport
<b>6. Transport</b>	6.1 Passenger interurban rail transport 6.2. Freight rail transport 6.3. Urban and suburban transport, road passenger transport 6.6. Freight transport services by road 6.7. Passenger transport by internal waterway 6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities 6.11. Sea and coastal passenger water transport 6.14 Infrastructure for rail transport 6.15 Infrastructure enabling low-carbon road transport and public transport
<b>7. Construction and real estate</b>	7.2. Renovation of existing buildings 7.3. Installation, maintenance and repair of energy efficiency equipment 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) 7.6. Installation, maintenance and repair of renewable energy technologies 7.7. Acquisition and ownership of buildings

### 2) Alignment check

Each Group company checked the **alignment** of each eligible activity, i.e., whether each activity **substantially contributes** to the achievement of one or more of the sustainability objectives, climate change mitigation or adaptation, distinguishing between **transition activities** (activities for which there are no technologically and economically feasible low-carbon alternatives, but whose performance reflects the best performance in the sector and that nevertheless do not prevent the development and widespread adoption of low-carbon alternatives nor entail dependence on high-carbon assets) and **enabling activities** (activities that directly enable other activities to make a substantial contribution to an environmental objective).

### 3) DNSH checklist

To verify compliance with the “Do No Significant Harm” (DNSH) principle, **the Group has identified for each economic activity**, based on its substantial contribution to the mitigation and adaptation targets, a checklist of **documentation and elements that constitute sufficient evidence of a lack of negative impacts on the other environmental objectives**, such as:

- management systems and certifications (ISO14001, ISO50001, etc.);
- climate risk analyses and asset vulnerability assessments;
- environmental impact assessments;
- environmental product declarations (EPD);
- minimum environmental criteria (MEC) and/or other sustainability criteria included in negotiation procedures and contracts;
- waste management procedures;
- measurement of the carbon footprint.

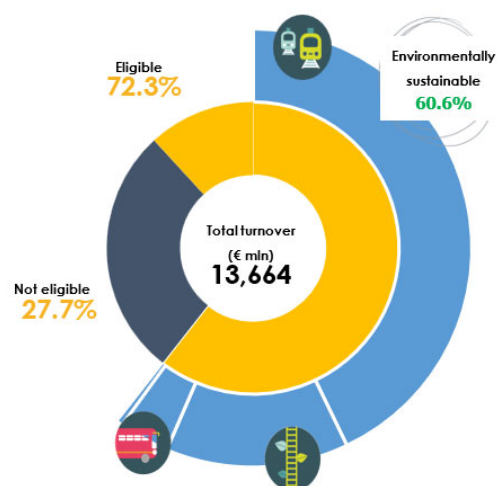
### 4) Minimum safeguards

With respect to compliance with the minimum safeguards, **the FS Italiane Group guarantees and promotes the protection of human rights** in the framework of the United Nations’ Universal Declaration of Human Rights and the International Labour Organisation’s fundamental conventions.

### 5) Reporting

In 2022, the degree of alignment of the FS Italiane Group’s economic activities with the EU Taxonomy, considering their substantial contribution to the climate change mitigation and adaptation objectives and compliance with both the principle of Do No Significant harm (DNSH) to the other environmental objectives and the minimum safeguards, is illustrated in the tables and charts below:

ECONOMIC ACTIVITY	TURNOVER KPI		DNSH	MINIMUM SAFEGUARDS	of which transition activities %	enabling activities %
	€	%				
	millions					
<b>A1) Eligible and aligned activities</b>	<b>8,274</b>	<b>60.6</b>				
3.3. Manufacture of low carbon technologies for transport	2	0.0	✓	✓		100.0
6.1 Passenger interurban rail transport	5,076	37.1	✓	✓	0.1	
6.2. Freight rail transport	789	5.8	✓	✓		
6.3. Urban and suburban transport, road passenger transport	509	3.7	✓	✓	68.1	
6.14 Infrastructure for rail transport	1,844	13.5	✓	✓		99.8
6.15 Infrastructure enabling low-carbon road transport and public transport	54	0.4	✓	✓		100.0
<b>A2) Eligible and unaligned activities</b>	<b>1,607</b>	<b>11.8</b>				
6.1 Passenger interurban rail transport	982	7.2				
6.2. Freight rail transport	68	0.5				
6.3. Urban and suburban transport, road passenger transport	131	1.0				
6.6. Freight transport services by road	2	0.0				
6.7. Passenger transport by internal waterway	2	0.0				
6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	27	0.2				
6.11. Sea and coastal passenger water transport	3	0.0				
6.14 Infrastructure for rail transport	289	2.1				
7.2. Renovation of existing buildings	1	0.0				
7.7. Acquisition and ownership of buildings	102	0.7				
<b>A) Turnover from eligible activities A1)+A2)</b>	<b>9,880</b>	<b>72.3</b>				
<b>B) Turnover from ineligible activities</b>	<b>3,784</b>	<b>27.7</b>				
<b>TOTAL TURNOVER</b>	<b>13,664</b>	<b>100.0</b>				



Railway transport 

Road transport 

Railway infrastructure 

Road infrastructure 

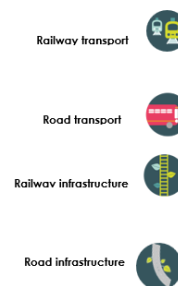
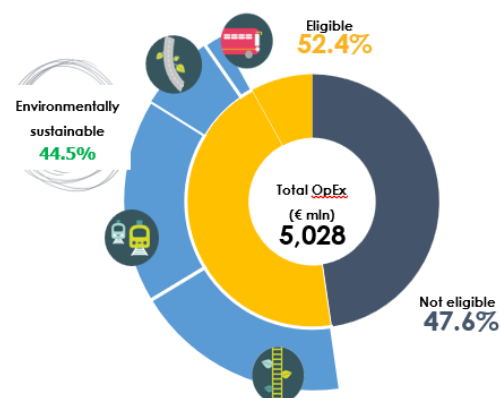
The turnover KPI was calculated as the ratio between the proportion of revenue from products or services associated with taxonomy-aligned economic activities to total consolidated revenue ("Revenue and income" in the consolidated financial statements).

Turnover was allocated the different activities in the KPI numerator by directly associating, where possible or using drivers, every figurative revenue item to one or more activities in the Taxonomy, without counting of any items twice. The numerator of the turnover KPI does not include revenue from products and services associated with the economic activities aligned with the climate change objectives.

Over 60% of the Group revenue is generated from environmentally sustainable activities, with rail passenger and freight transport activities (42.9%) and railway infrastructure operation (13.5%) contributing the most to this percentage. Road transport contributes approximately 3.7% and road infrastructure and real estate activities contributing residually with approximately 0.4%.

The percentage of revenue generated from aligned activities financed with bonds or debt instruments is 27.1%, 26% of which generated by rail passenger transport activities, approximately 1.1% by freight transport and only 0.01% by railway infrastructure (0.01%). Therefore, the adjusted turnover KPI, calculated by deducting from the numerator of the turnover KPI the amount of revenue generated by aligned activities financed with the proceeds from green bonds or, in any case debt instruments, is 44.2%.

ECONOMIC ACTIVITY	OPEX KPI		DNSH	MINIMUM SAFEGUARDS	of which transition activities %	enabling activities %
	€	%				
	millions					
<b>A1) Eligible and aligned activities</b>	<b>2,236</b>	<b>44.5</b>				
3.3. Manufacture of low carbon technologies for transport	9	0.2	✓	✓		100.0
6.1 Passenger interurban rail transport	769	15.3	✓	✓		
6.2. Freight rail transport	108	2.1	✓	✓		
6.3. Urban and suburban transport, road passenger transport	74	1.5	✓	✓	70.5	
6.14 Infrastructure for rail transport	940	18.7	✓	✓		100
6.15 Infrastructure enabling low-carbon road transport and public transport	336	6.7	✓	✓		16.0
<b>A2) Eligible and unaligned activities</b>	<b>398</b>	<b>7.9</b>				
6.1 Passenger interurban rail transport	116	2.3				
6.2. Freight rail transport	23	0.5				
6.3. Urban and suburban transport, road passenger transport	18	0.4				
6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	3	0.1				
6.11. Sea and coastal passenger water transport	4	0.1				
6.14 Infrastructure for rail transport	175	3.5				
7.2. Renovation of existing buildings	1	0.0				
7.7. Acquisition and ownership of buildings	59	1.2				
<b>A) Operating costs of eligible activities A1)+A2)</b>	<b>2,634</b>	<b>52.4</b>				
<b>B) Operating costs of ineligible activities</b>	<b>2,394</b>	<b>47.6</b>				
<b>TOTAL OPERATING COSTS</b>	<b>5,028</b>	<b>100.0</b>				



The OpEx KPI was calculated as the ratio of operating costs as per Regulation 852, as described below, incurred for the aligned activities to the total of operating costs as per Regulation 852 in the consolidated financial statements (numerically a sub-caption of total operating costs in the consolidated financial statements). The operating costs to include in the OpEx KPI were first established in the Delegated Regulation <sup>75</sup>and then more clearly defined in the clarifications provided by the EU Commission<sup>76</sup>. Consequently, in the FS Italiane Group, the most common types of costs considered are direct, uncapitalised costs in connection with maintenance and repairs, short-term leases and building renovations.

The operating costs were allocated the different activities in the KPI numerator by directly associating, where possible or using drivers, every figurative cost item to one or more activities in the Taxonomy, without counting of any items twice.

44.5% of these costs relate to aligned activities. The railway infrastructure and railway transport activities respectively account for 18.7% and 17.4% of the environmentally sustainable costs, while road infrastructure makes up approximately 6.7%, road transport 1.7% and real estate assets the remainder.

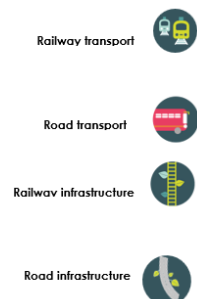
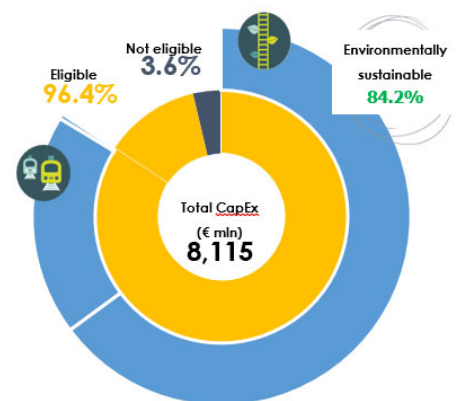
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<sup>75</sup> Direct, uncapitalised costs for research and development, building renovations, short-term leases, maintenance and repairs and any other direct costs relating to the day-to-day maintenance of property, plant and equipment, carried out by the company or third parties to which such work is outsourced and necessary to ensure that the assets function continuously and efficiently.

<sup>76</sup>In particular, Commission Notice (2022/C 385/01) on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation.



ECONOMIC ACTIVITY	CAPEX KPI		DNSH	MINIMUM SAFEGUARDS	of which transition activities %	enabling activities %
	€	%				
	millions					
<b>A1) Eligible and aligned activities</b>	<b>6,830</b>	<b>84.2</b>				
6.1 Passenger interurban rail transport	1,439	17.7	✓	✓	2.3	
6.2. Freight rail transport	100	1.2	✓	✓		
6.3. Urban and suburban transport, road passenger transport	33	0.4	✓	✓	71.8	
6.14 Infrastructure for rail transport	5,254	64.7	✓	✓		95.7
7.3. Installation, maintenance and repair of energy efficiency equipment	3	0.0	✓	✓		100.0
<b>A2) Eligible and unaligned activities</b>	<b>990</b>	<b>12.2</b>				
6.1 Passenger interurban rail transport	228	2.8				
6.3. Urban and suburban transport, road passenger transport	11	0.1				
6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	1	0.0				
6.11. Sea and coastal passenger water transport	1	0.0				
6.14 Infrastructure for rail transport	738	9.1				
7.2. Renovation of existing buildings	9	0.1				
7.3. Installation, maintenance and repair of energy efficiency equipment	1	0.0				
7.7. Acquisition and ownership of buildings	1	0.0				
<b>A) Capital expenditure for eligible activities (A1)+A2)</b>	<b>7,821</b>	<b>96.4</b>				
<b>B) Capital expenditure for ineligible activities</b>	<b>294</b>	<b>3.6</b>				
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>8,115</b>	<b>100.0</b>				



The CapEx KPI was calculated as the ratio of capital expenditure as per Regulation 852, as described below, incurred for the aligned activities to the total increases in capital expenditure as per Regulation 852 in the consolidated financial statements (notes 21, 23 and 24 to the consolidated financial statements). The capital expenditure as per Regulation 852 to include in the CapEx KPI was first established in the Delegated Regulation <sup>77</sup> and refers to the gross increases in property, plant and equipment and intangible assets in the year, before amortisation and depreciation, impairment losses and any revaluations, including those resulting from restatements and impairment. The denominator includes increases due to business combinations (none for the FS Italiane Group in 2022). Capital expenditure was allocated to the different activities in the numerator of the KPI by directly associating, where possible or using drivers, every figurative CapEx item to one or more activities in the Taxonomy, without counting any items twice.

Over 84% of the Group's capital expenditure is for investments in environmentally sustainable activities, demonstrating its commitment to developing a sustainable mobility system. In detail, 64.7% of aligned capital expenditure relates to the operation of the railway infrastructure, while approximately 19% relates to railway transport and the remainder (roughly 0.5%) relates to road transport and real estate activities.

In addition, Anas S.p.A.'s capital expenditure contributing to climate change adaptation (recognised in accordance with IFRIC 12), amounts to approximately €282 million.

Investments in Taxonomy aligned activities financed with bonds or debt instruments account for around 22% of capital expenditure, with 20.7% relating to rail passenger transport and 1.3% to rail transport infrastructure. Therefore, the Adjusted CapEx KPI is 65.7% and is calculated by deducting the amount of investments in Taxonomy aligned activities financed with the income from green bonds or, in any case, debt instruments, from the CapEx KPI numerator.

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<sup>77</sup> Capital expenditure, determined for the purposes of calculating the CapEx KPI, includes costs recognised in accordance with:

- IAS 16 Property, plant and equipment;
- IAS 38 Intangible assets;
- IAS 40 Investment property - fair value model (not applicable to the FS Italiane group);
- IAS 40 Investment property - cost model;
- IAS 41 Agriculture (not applicable to the FS Italiane group);
- IFRS 16 Leases.

## Main events

### **FS Italiane Group: the European railway pact is signed in Paris**

During the European Railway Summit held in Paris on 21 February 2022 and organised by SNCF - the French national railway company, which marked the official end of the European Year of Rail while launching Europe's Rail Joint Undertaking, which counts the FS Italiane Group as one of its founding members, the new European railway pact was presented, with the aim of making the continent's railways more attractive, sustainable, innovative and inclusive. The pact was signed by 33 railway companies and infrastructure operators from 24 European countries, including the FS Italiane Group and commits the top railway sector players in all of Europe to achieving the shared goal of increasing the share of transport by rail and, therefore, significantly contributing to the achievement of carbon neutrality by 2050. Specifically, the members' manifesto includes the commitment to reduce by 30% the greenhouse gas emissions of trains by 2030 compared to 2015, and to increase energy efficiency by 25%, thereby reaching carbon neutrality by 2050 with a significant increase in the recycling of equipment by 2030.

### **Russia-Ukraine conflict**

The Russian Federation's armed forces began a military offensive on 24 February 2022 with the invasion of Ukrainian territory. Italy declared another state of emergency four days later on 28 February, originally set to expire on 31 December 2022, but then extended to 3 March 2023, and rolled out new emergency measures in response to the geopolitical tensions caused by the diplomatic and military crisis between Russia and Ukraine, in order to give Ukraine assurance of its utmost solidarity. This humanitarian emergency did not overlap with the public health emergency as a result of the Covid-19 pandemic, the declaration of which had in any case been set to end on 31 March 2022. With its complex, diversified domestic and international operations, the FS Italiane Group is exposed to various risk factors in connection with the possible repercussions of the conflict between Russia and Ukraine. Reference should be made to the section on Risk factors for additional details. As Ukrainian refugees made their way into the European Union, many railway companies joined forces to provide additional carriages on trains and allow Ukrainians to travel for free, so they could reach their relatives across the continent. FS Italiane S.p.A., a partner of CER (Community of European Railways and Infrastructure Companies) immediately sprang to action, offering the refugees fleeing the war the chance to travel for free on its trains and sponsoring various solidarity projects, like the freight train that left Tuscany for Eastern Europe carrying aid and essential goods, two buses that transported fifteen quintals of food from the Umbria region in Italy to Poland for the Krakow charity collection centre for Ukrainian refugees, the special convoy of 45 fire fighting vehicles donated by the Italian fire brigade to their Ukrainian counterparts, which departed Cervignano in the Friuli region for Slovakia, and the fundraising by the FS Italiane Group's people for support through Save the Children and the Italian Caritas for the humanitarian emergency that the Ukrainian people are facing.

### **Ferrovie Del Sud Est – Renewal of the infrastructure service contract**

With regional council resolution no. 324 of 11 March 2022, in order to acknowledge the need to guarantee the ongoing operation and the safety and efficiency of the regional railway networks and ensure the implementation of the infrastructure investments already launched and to be launched, the Puglia regional authority approved a rider with seamless validity and effectiveness until 31 December 2026 to the original service contract, already extended by regional council resolution no. 2254/2021.

### **Cyber attack on the Group's corporate network**

On 23 March 2022, the FS Italiane Group was hit by a ransomware cyber attack, making the company network unavailable. The competent cyber security and information systems units acted promptly and the disruptions were due to the activities carried out to contain and control the event. All the units involved carried out security analyses and checks of the entire system, resulting in a gradual and controlled return to the full functionality of the corporate network.

The administrative and accounting systems supporting the preparation of the 2021 financial statements were not affected, thereby ensuring the correctness, completeness and truthfulness of the data submitted for approval. Furthermore, within the span of a few weeks, these systems were restored to normal, guaranteeing the reliability of the companies' individual and the Group's administrative and accounting information for 2022.

### **The FS Italiane Group and the Italian Military Police (Carabinieri) sign a memorandum of understanding on lawfulness, the environment and occupational safety**

On 10 May 2022, the FS Italiane Group and the Carabinieri signed a memorandum of understanding at the Official Carabinieri School in Rome to begin a structured, long-term partnership on lawfulness, preventing criminal infiltrations and safety in the workplace and infrastructure work sites managed by the Group, to guarantee more extensive prevention and control, reinforcing the initiatives in which the FS Italiane Group, including through its subsidiaries, is already committed.

This understanding falls within the context of the investments under the NRRP and the Supplementary National Plan to develop and update infrastructure and the Group's train fleet. Specifically, the agreement provides for: the monitoring of compliance with regulations on the employment of workers, social security and occupational safety; preventing and countering criminal infiltration, including checking the Group's infrastructure work sites; preventing and countering environmental crimes, including those related to the infiltration of organised crime in the construction of works that could constitute forms of environmental pollution. Furthermore, within the scope of this understanding, the FS Italiane Group may promote and organise meetings, seminars and training courses for its employees with the collaboration of experts in the Carabinieri.

### **Presentation of the FS Italiane Group's new 2022-2031 industrial plan**

On 16 May 2022, Chairwoman Nicoletta Giadrossi and CEO Luigi Ferraris presented the FS Italiane Group's industrial plan for 2022-2031, which provides for investments topping €190 billion over 10 years, a sweeping revision of the Group's governance structure and a new organisational model based on four business segments - Infrastructure, Passenger, Logistics and Urban - each with its own clearly defined strategic targets.

Addition information is given in the section on the *2022-2031 industrial plan*.

### **FS Italiane releases the third green bond report**

On 30 May 2022, FS Italiane S.p.A. published its third green bond report. The purpose of this report is to inform investors about how the proceeds from the green bonds issued in July 2019 (Series 10) and March 2021 (Series 17) are being used and the positive impacts that these investments have had in terms of environmental sustainability.

Furthermore, the report includes useful details on the financed assets in light of the EU Taxonomy (EU Regulation 2020/852), like recycling and noise pollution. KPMG expressed a third party opinion on this report.

### **Derailment of a HS train near the Roma Prenestina station**

Service on the HS line between Rome and Naples was suspended on the afternoon of Friday 3 June 2022 when the locomotive at the end of a HS train derailed near Roma Prenestina. The recovery was carried out in two stages, with the

first beginning on Sunday afternoon after part of the area affected had been released from seizure. The second stage began on the evening of Monday 6 June 2022 when the Judicial Authorities allowed the removal of the derailed locomotive, which had been blocking the tunnel. RFI's engineering teams and vehicles completed the recovery in approximately 48 hours. On 7 June 2022, service on the line was restored and train traffic resumed, including commuter trains on the traditional lines at the Rome and Naples railway hubs. Trains were running according to the regular schedule between Rome and Naples and in the two cities' railway hubs by the morning of 8 June 2022.

### **Infrastructure: RFI publishes the call to tender for the railway link with the Venice airport, worth €467 million**

On 17 June 2022, RFI published in the Official Journal of the European Union the call to tender for the construction of the railway link to the Marco Polo airport in Venice. The project is worth €467 million and will be partly financed with NRRP funds. Its purpose is to encourage the modal shift to rail for passengers headed to the Venice airport and is part of RFI's and the FS Italiane Group's strategy of strengthening railway connections with airports, driving intermodality and a surge in tourism. Furthermore, the work will be completed in time for the start of the 2026 Milan-Cortina Winter Olympics.

The MIT has appointed RFI's Investments Director as extraordinary commissioner for the completion of the work.

The project entails the construction of a new double-track railway line extending for approximately 8 km, including 3.4 in tunnels, which will connect Venice to the Marco Polo airport. The line will branch off from the Mestre-Trieste line, run alongside the motorway to the airport and, in a tunnel, arrive at the Marco Polo airport, where an underground pass-through station will be built with direct access to the airport terminal. A single track leaving the station will reconnect with the section above the ground, reducing stationing times in the terminal and ensuring greater capacity for both regional and HS trains.

### **FS Italiane releases the new Green Bond Framework: for the first time the eligible green projects include investments in the HS network**

On 17 June 2022, FS Italiane S.p.A. released the new Green Bond Framework, an updated version of the prior release of 2019. This new framework expands the range of eligible green projects that can be financed using green bonds, which now includes investments for the completion of RFI's HS railway infrastructure and expenditure for the maintenance of Trenitalia's and the Mercitalia Group's rolling stock.

Accordingly, with this updated framework, the FS Italiane Group has achieved the key objective of extending the use of ESG finance to the Group's largest investments in the railway business.

Sustainalytics expressed another second party opinion on the Green Bond Framework, certifying that it meets the Green Bond Principles established by the International Capital Market Association and the EU Taxonomy (EU Regulation 2019/852).

### **RFI publishes a call to tender for two dual fuel speed boats for the Messina Strait, worth €52 million**

On 21 June 2022, RFI S.p.A. published the call to tender in the Official Journal of the European Union for the supply of two dual fuel speed boats for the Messina Strait, in order to offer greener ferry services. The contract is worth €52 million. The new ferry boats will run on both diesel/gas and electric power and harness high-energy efficiency technologies for zero CO<sub>2</sub> and greenhouse gas emissions, both in the port and when entering and exiting. Each boat will be approximately 50 metres long with the capacity to transport 350 people.

The tender falls under Mission 2 of the projects financed with NRRP funds. Reference should be made to the section on *Investments* for additional details.

### **Anas S.p.A. takes over the Autostrada dei Parchi motorway concession**

On 7 July 2022, with Decree law no. 85 (later transposed into article 7-ter of Decree law no. 68/2022, converted with amendments by Law no. 108/2022), the Council of Ministers ordered the revocation of the Autostrada dei Parchi (the A24 Rome - L'Aquila - Teramo and A25 Torano - Pescara motorways) concession to Strada dei Parchi S.p.A. and its immediate transfer to Anas S.p.A., specifying that Anas would take over operation of the motorways as from the date when the decree law goes into force and until 31 December 2023. Additional details are provided in the section on *Developments in Italian legislation*.

The MIT announced that, to ensure the continuity of motorway operations and safety, Anas may use all the human resources and instrumental equipment currently used (including toll collectors, personnel directly assigned to operations and equipment, vehicles and machinery necessary to provide the service) and, in particular, shall carry out ordinary maintenance and, within the limits of the resources identified for this purpose, carry out any other work deemed necessary by the MIT. The measure also states that Anas “*shall apply and collect the tolls*” and the related income “*shall be allocated to covering operating costs and performing the work*”.

Specifically, the revocation following the operator’s failure to prepare an economic-financial plan (i.e., the instrument that secures the infrastructure from the risk of earthquakes and updates it for compliance with European and national regulations) and the government’s claim of serious breach by the operator (the Group company Toto had requested early termination of the contract as it was unable to obtain the funds necessary to carry out the works to secure the infrastructure). An appeal was lodged against the measure and the Lazio regional administrative court confirmed the suspension of the revocation of Strada dei Parchi as operator of the Lazio and Abruzzo motorways (A24 and A25).

At the end of the hearing on the merits held on 20 September 2022, the Lazio regional administrative court reserved the right to decide on the revocation of the concession described above. The claimants, Strada dei Parchi and the solicitor general representing the government, the MIT and Anas (which took over operations on 1 August 2022 pursuant to Decree law no. 85), lodged the briefs and documentation that will be examined by the administrative court judges. Furthermore, during the same hearing, Strada dei Parchi filed another appeal based on an appraisal certified by a leading company, according to which there are no grounds for the revocation of the concession. With order no. 5993 of 25 September 2022, the Lazio regional administrative court denied the precautionary motion filed by Strada dei Parchi, thereby maintaining the concession with Anas based on the consideration that “*given the transfer of the operating functions of the motorway infrastructure to Anas – with effect, since the start of August, pursuant to the aforesaid decree issued by a single body – in the current situation, no need to maintain operational continuity by Strada dei Parchi can be considered because, since for over a month and a half, such duties are no longer performed by the latter*”. The regional administrative court also denied the additional motion filed by Strada dei Parchi “*subordinately, where taking over the concession is not considered possible*”, whereby the company had asked the regional administrative court to enable “*Strada dei Parchi to retain the revenue from Anas’ operation of the infrastructure, even on a provisional basis, after deducting the costs*”: the denial was justified by a reference to the law, which exclusively allocates the revenue from operation to covering the operating costs and carrying out ordinary maintenance work.

Following the hearing on the merits held on 7 December 2022, with decision no. 17819 of 29 December 2022, the Fourth Section of the Lazio regional administrative court declared relevant and not manifestly without grounds the challenges that article 2 of Decree law no. 85/2022 (transposed, as mentioned, in article 7-ter of Decree law no. 68/2022) was not constitutional under articles 77 and 3, 24, 25, 101, 102, 103, 111 and 113 of the Italian Constitution and therefore suspended the case and remitted the acts to the Constitutional Court. In the meantime, Anas has continued to operate both motorway sections.

### **Infrastructure: RFI called the €970 million tender for the Trento railway bypass financed with NRRP funds**

On 23 September 2022, RFI S.p.A. published a call to tender in the Official Journal of the European Union for the executive

design and construction of the Trento railway bypass. The tender is worth approximately €970 million, of which €930 million financed with NRRP funds.

The project is meant to encourage the modal shift of freight transport to the railway, especially considering the expected growth in freight flows over the next few years with the opening of the Brenner railway tunnel. The work, which is part of the European Scandinavian-Mediterranean corridor, is one of the priority lots in the upgrade of the Verona - Franzensfeste railway line, south entrance to the Brenner tunnel. The publication of the call to tender came after the positive conclusion of the authorisation process, which included public debate, a crucial opportunity for discussion with all stakeholders, including local ones, which made it possible to optimise the design solutions. The project provides for the construction of a new double-track railway line of around 13 km, of which approximately 11 in dual-tube tunnels. The new infrastructure will start at the existing Verona - Brenner railway line at Roncafort, and will reconnect farther south in the Acquaviva area. The environmental observatory set up by the Autonomous Province and Municipality of Trento will follow the construction.

The tender falls within the scope of Mission 3 of the projects financed with NRRP funds. Mission 3 is structured in Trentino with component 1 (investments in the railway network and road safety), receiving the NRRP resources allocated for the European North-South Verona-Brenner railway included as one of the country's strategic railway works. Additional details are provided in the section on *Investments*.

### **Europe's Rail finances six research and innovation projects**

Europe's Rail<sup>78</sup> will finance six research and innovation projects worth approximately €568.4 million. The tender for the first long-term contract for railway research and innovation was awarded in September 2022 to FS Italiane Group and specifically RFI, Trenitalia, Mercitalia, Intermodal, Mercitalia Rail, Mercitalia Shunting & Terminal, Ferrovie del Sud Est, Italferr and FSTechnology. The Europe's Rail co-financing will total €232.8 million and the operating, technological and innovation solutions subject to the tender will apply to the operation of the European railway network, the automation and digitalisation of railway operations, resilient, sustainable systems, freight rail transport and regional and local lines. Additional details are provided in the section on *Research, development and innovation*.

### **Railway hub agreement: the Lombardy regional administrative court confirms the legitimacy of the programme agreement, denying the appeal**

On 17 October 2022, the court definitively declared legitimate the former railway hub regeneration programme agreement signed on 20 June 2017 by the Milan municipal authorities, the Lombardy regional authorities FS Italiane S.p.A., FS Sistemi Urbani, RFI and Savills and ratified by the Milan municipal authorities on 13 July 2017.

Finding that it was unfounded, the Council of State denied the appeal lodged on February 2020 against the Lombardy administrative court's ruling that, in 2019, had already denied the appeal filed by third parties requesting the annulment of the agreement. Specifically, in its decision on the appeal, the Council of State found the claim that the public assets and standards, i.e., the green spaces, systems serving the area and residential buildings, were insufficient to be unfounded, confirming the regional administrative court's ruling of 2019.

The agreement was therefore found to be legitimate, and likewise the entire procedure that led to its approval. With the agreement, seven decommissioned railway areas totalling roughly 1,250 million square metres will be recovered and redeveloped for other public uses.

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<sup>78</sup> Europe's Rail Joint Undertaking (EU-Rail), established by Council Regulation (EU) 2021/2085, is the new European partnership for research and innovation in the railway sector as part of the Horizon Europe programme (2020-2027).

### **Anas publishes a call to tender for a project worth approximately €100 million to upgrade plants and reduce energy consumption**

On 31 October 2022, a call to tender was published in the Official Journal. The project, worth around €100 million is for scheduled maintenance work on plants in tunnels, at junctions and along roads to improve road safety, encourage electric mobility and reduce energy consumption. Anas' use of technologies and tools to reduce energy consumption as part of the FS Italiane Group's plan to fast forward the EU's plan to achieve carbon zero by 2050.

### **The FS Italiane Group moves forward with a €3.2 billion plan to extend the ERTMS to all national railway network lines by 2036**

ERTMS (European Rail Transport Management System) technology, which is already in use on national HS railway lines, will be progressively extended to the traditional railway lines used for regional and Intercity transport. To this end, in 2022, RFI S.p.A. awarded two multi-technological contracts following calls to tender. The contracts are for €500 million and €2.7 billion, respectively and framework agreements were also entered into with the companies that won the contracts, thereby beginning the stage for the design and construction of the technical infrastructure, which will cover 4,800 km of railway lines, to meet the NRRP objective of equipping 3,400 km of railway networks with ERTMS technology by 2036. ERTMS is the most advanced system for supervising and controlling the distance between trains and the related systems (digital devices in stations and telecommunications). It facilitates interoperability between railway operators from the different countries and improves performance, increasing reliability and allowing more trains to move through the network at the same time, for better punctuality as well. It is an interoperable radio technology that, until now, has only been applied to the HS network but that was designed to adapt to lines and trains of all types, so it will now be implemented on regional and other lines through a coordinated, parallel equipping of trains. This should also have a positive effect on both the landscape - thanks to the elimination of the signalling systems that now run alongside the tracks - and on the environment - thanks to the energy savings that this system generates by better regulating train speed, acceleration and braking. The tender falls within the scope of Measure 1.4 Introduction of the European Rail Traffic Management System (ERTMS) financed with NRRP funds. Additional details are provided in the section on *Investments*.

### **Through FS Sistemi Urbani S.p.A., head of the Urban business segment, the FS Italiane Group sells the former Porta Romana railway hub in Milan**

On 24 November 2022, FS Sistemi Urbani S.p.A., head of the FS Italiane Group's Urban business segment, sold the former Milan railway hub named Porta Romana for €180 million to the Porta Romana Fund managed by COIMA S.G.R. and owned by Covivio, Prada Holding and the COIMA ESG City Impact Fund, which had been awarded the asset following a public tender.

After the asset was awarded, the Porta Romana Fund called a competition for the design and masterplan of the former FS Italiane hub. About 20 of the top names in the industry in Italy and abroad participated, and the Parco Romana project submitted by the team led by OUTCOMIST was named the winner. This project entails the construction of the Olympic and Paralympic Village in the areas occupied by the former hub, where the athletes competing in the Milan-Cortina 2026 Winter Olympics will be hosted. After the games, the village will be reconverted into environmentally sustainable student housing with benefits for the community. The masterplan is therefore in line with the programme agreement signed in 2017 by the Milan municipal authorities, the Lombardy regional authorities, FS Italiane S.p.A., FS Sistemi Urbani S.p.A., RFI S.p.A. and Savills to redevelop seven decommissioned railway hubs in Milan (Farini, Porta Romana, Porta Genoa, Greco-Breda, Lambrate, Rogoredo and San Cristoforo), for urban regeneration and the concurrent creation of natural areas and gathering places for the community.



### **RFI S.p.A. launches a €121 million tender for a new connection to the Orio al Serio airport**

On 30 November 2022, RFI S.p.A. published a call to tender in the Official Journal of the European Union for the construction of a new railway link between the Bergamo railway station and the Orio al Serio airport, with a contract value of €121 million, financed with NRRP funds and following approval of the definitive project by the extraordinary government commissioner for the work. The project will take passengers from the city to the airport in 10 minutes and will strengthen the connections with Milan. The work consists of a new double-track line extending for approximately 5.3 km, the first kilometre of which leaving the Bergamo station alongside the existing Bergamo-Montello line. The future station at the airport will have four stationing tracks and covered passenger platforms that are 250 metres long and 55 cm high. It will connect directly to the airport via an underground tunnel.

### **With RFI S.p.A., head of its Infrastructure business segment, FS Italiane Group has called tenders worth €2.4 billion**

In December 2022, through RFI S.p.A., head of the Infrastructure business segment, the FS Italiane Group upheld its commitment to develop new strategic works in the NRRP, with calls to tender totalling €2.4 billion to reshape transport in a way that is sustainable and to help narrow the infrastructural gap between Northern and Southern Italy.

### **The FS Italiane Group signed a memorandum of understanding with the Brescia municipal authorities for the "la Piccola velocità" terminal, for a total investment of around €60 million**

On 1 December at the Brescia city hall, the memorandum of understanding between the municipal authorities and Mercitalia Logistics S.p.A., head of the FS Italiane Group's Freight business segment, was signed to establish the details of public mitigation and compensation works related to the development of the terminal in Brescia named "la Piccola velocità", with an investment of approximately €60 million. The permit to build the infrastructure measuring some 100,000 square metres is expected to be issued by spring 2023, with the start of works in 2024 and completion in 2026. The environmental mitigation work is first step: €4.5 million to improve mobility around the terminal, both to the city and outside the city, with Mercitalia Logistics S.p.A. granting an area of 30,000 square metres for the terminal. Another 10,000 square metres will be used for public park areas with landscaping. The project entails the development of a swap system equipped with five platforms extending for 750 metres, five lanes for the temporary stationing of the intermodal transport units like containers and swap bodies, another three support platforms, three electric gantry cranes, parking for semi-trailers, operating offices, bathrooms for employees and a warehouse for spare parts/small maintenance equipment.

The Brescia terminal is one of three terminals in which Terminal Alp Transit S.r.l. ("Teralp"), a FS Italiane Group company in which Hupac, a Swiss intermodal player holds an equity interest, are focusing their operators. Indeed, work is in progress on the Milan shunting plant, the first lot of which will be delivered by 2025, and on the Piacenza terminal, which will be up and running by 2024. The terminals will make it possible to manage traffic volumes of approximately 800,000 intermodal transport units per year, with considerable benefits in terms of sustainability.

With these projects, the FS Italiane Group plans to develop new advanced-technology and low-environmental impact terminals to manage the rising volumes of freight transferred from the road to the rail in the journey to and from Switzerland, thanks to the new Gotthard Base Tunnel.

## Internationalisation initiatives

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### **Frecciarossa connections between Paris and Lyon with Trenitalia France**

In the wake of the launch of the Milan-Paris service on 18 December 2021, Trenitalia inaugurated its first HS connection completely within French borders on 5 April 2022, with a Frecciarossa 1000 linking the cities of Paris and Lyon, in response to the needs of a large number of French travellers who choose to travel by train for medium- and long-haul journeys. This makes Trenitalia the first foreign player to enter the French HS market, thanks to the deregulation under the European Fourth Railway Package.

### **Trainose and the Greek government sign the service contract for Greece**

On 14 April 2022, Trainose (now Hellenic Train), the FS Italiane Group company under Trenitalia's direct control, signed a service contract with the Greek Ministry of Infrastructure and Transport and the Minister of Finance in Athens. The 10-year contract may be extended for another five years and covers passenger services on all Greek railway lines. The contract enshrines the public service obligations and provides for an annual fee of €50 million for the services offered.

### **The Frecciarossa service goes live in Spain**

On 18 September 2022, through Iryo, Trenitalia's Spanish subsidiary, the FS Italiane Group began selling Frecciarossa tickets for railway connections between Madrid, Barcelona and Zaragoza. Iryo's first Frecciarossa 1000 journeys left the Madrid Atocha station on 25 November 2022 at 6:45 am. On 16 December 2022, Iryo launched the service from Madrid to Valencia and Cuenca and the routes are slated to expand further in 2023. On 31 March 2023, Iryo will begin operating trains between Seville, Malaga, Antequera and Cordova, and on 2 June 2022, it will reach Alicante and Albacete as well. Once the service is fully up and running, there will be 20 Frecciarossa 1000s in Spain operating 70 connections per day. Built by Hitachi with the same features as those already operating in Italy, these trains are the fastest and most sustainable with the lowest environmental impact in Europe.

### **New ÖBB and Trenitalia night trains begin operating in Austria-Germany-Italy**

In December, the FS Italiane Group launched new ÖBB and Trenitalia night trains connecting Austrian and German cities to the Cinque Terre area in Italy. Departing La Spezia, the trains stop in Genoa and Milan, then Lake Garda before heading towards Salzburg, Austria, where it will split, with one section of the train continuing on to Vienna and the other to Munich.



## Risk factors

### Internal controls and risk management system

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Under the internal control and risk management system (ICRMS), the organisational unit responsible for risk management and climate resilience under the Security & Risk Department, coordinates the Group's risk management process by designing, implementing and governing the risk management framework<sup>79</sup>, integrated risk monitoring and reporting to the governance and control bodies. It also coordinates the methodology of the Group companies' risk management functions and units.

In line with the FS Italiane Group's governance model, the risk governance model clearly distinguishes between the role of the Risk Management & Climate Resilience unit, which defines and monitors the implementation of Group strategies, guidelines and practices, and the role of the Group companies' functions/units, which, by implementing the strategies, guidelines and practices laid down by the parent, execute the operational model, monitoring business and operational risks. Furthermore, the business segment heads coordinate and verify that the framework is effectively implemented in their business segment.

Again in 2022, via a single coordination methodology, the main Group companies (Trenitalia, RFI, Anas, Italferr, the Mercitalia Group, etc.) conducted a risk assessment campaign focused mainly on the risks typical of their operations and business as part of the broader enterprise risk management framework.

### Business and strategic risks

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The Group's operating context is characterised by transformation and uncertainty, mainly in connection with:

- the management of disruptions caused by the recent pandemic;
- changes in habits and production and consumption models;
- the changing legislative framework;
- the opening of the railway market to new players;
- the persistent imbalance between public and private transport;
- the lack of connectivity between the different mobility systems;
- the differing performance levels of the infrastructure network in the various areas of the country;
- the ongoing Russia-Ukraine conflict;
- the increase in the cost of certain commodities, especially energy;
- the digital transformation;
- the energy transition;
- climate change;
- land fragility.

In this complex scenario, the FS Italiane Group stands out as a strategic company for the country's economic and social development, which it drives through investment plans and projects to improve efficiency and strengthen the mobility system, implementing these plans and projects in a way that contributes to the green transition and digitalisation. The Group's key objectives are satisfying passenger and freight mobility needs, sustainable development and building the single European railway space.

This rapidly evolving, complex context makes it necessary to carefully identify the risks and opportunities that could arise in the Group's business areas. For example, the surging inflation and consequent rise in prices throughout the EU countries

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<sup>79</sup>The group's risk management framework is based on the requirements of the Corporate Governance Code applied by listed and national and international best practices (including the COSO Enterprise Risk Management Framework – Integrating with Strategy and Financial and UNI ISO 31000:2018 Risk Management - Principles and Guidelines).

have significantly affected consumers' purchasing power, which could potentially reduce demand. On the other hand, the higher price of fuel could induce consumers to leave their cars at home and travel by train.

For a variety of reasons, including the pandemic, the passenger transport market, has seen growth in the leisure segment over business, and this has required a rapid adjustment in response to the change in customers' needs. In this market segment, the critical success factors remain maintaining/improving service quality, especially in terms of punctuality and regularity and a complete range of accessible information and customer assistance services. This is why the service indicators are constantly monitored and a series of different initiatives has been rolled out (new app, self check-in and ticketing in passengers' names) to improve the customer experience. In this way, the HS trains and related services have enabled the railway sector to remain competitive with respect to other modes of transport (air and car), above all with the reduction in travel times, travel comfort and the fact that trains take passengers directly to the centre of large cities being the key factors for this competitive edge. The fleet upgrades and updates are key attractions for potential new customers, as are the technological development and integration of ticket selling channels, securing competitive advantages that help mitigate some business risks.

At legislative level, the EU has introduced the Fourth Railway Package, which ushers in a series of profound changes to the regulatory framework, encouraging greater competitiveness in the passenger railway transport market and therefore giving rise to the potential risk of losing market share to any new competitors on the national HS market. At the same time, this legislation has created new opportunities for the Group to enter other European markets, as it has recently done in Spain and France.

In general, the Group is in constant contact with the competent institutions to discuss legislation, providing its technical support in the preparation of new regulations.

As for regional railway transport, the financial stress affecting certain Italian regions' budgets could prolong the uncertainty of their ability to meet the contractual due dates for payment of the service contract fees, even though the situation has improved substantially on previous periods. The Group mitigates this risk by continuously monitoring credit positions in general and especially with the public sector, evaluating, on a case-by-case basis, what actions to take to ensure regular cash inflows. Moreover, given the nature of the Group's receivables and its credit rating, it obtains financing at competitive interest rates for its invested capital, enabling it to cover any delays in collections, with the cost of such financing mostly transferred to the regions under the contracts in place.

In recent years, the freight transport market has seen the arrival of newcomers as existing players gain a stronger foothold by adjusting and strengthening their ownership structures. This has entailed considerable investments in updating and expanding commercial fleets. A few large logistics Groups have also set up in-house railway companies and their own multimodal transport operators, insourcing a large portion of transport operations. To mitigate these risks, the companies in the Group's Logistics business segment are taking steps to increase customer loyalty, refining their commercial offer, increasing their terminal capacity - including through partnerships aimed at strengthening the geographical reach and service level of the services offered - recovering competitive edge and sustainability by carefully managing costs, including personnel expense. Furthermore, sizeable investments have begun to upgrade/update the rolling stock, focusing on improving the offer and the efficiency of operating and maintenance processes.

National and European policies encouraging a modal shift in the green transition are particularly important considering this scenario. The FS Italiane Group constantly monitors developments in legislation and regulations, playing an active role in talks with Italian and European institutions.

The Russia-Ukraine conflict has generated additional uncertainties/risks, due to the deep geopolitical instability it has triggered across the continent.

## Operational risks

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The FS Italiane Group uses third-party suppliers for the maintenance and construction of new rolling stock, the maintenance and construction of the railway and road networks and the spare parts used for maintenance.

Certain suppliers' resilience, which had already been seen in previous years, has been affected by the ongoing financial crisis exacerbated by the Covid-19 pandemic, followed by a contraction in lending. The FS Italiane Group mitigates this risk with structured supplier qualification procedures. Moreover, it has changed its material procurement criteria with the revision of internal procedures and, in accordance with the regulations applicable to public contracts, has decided to use only original equipment manufacturers for the procurement of safety components, while it calls tenders for the supply of all other components.

In this context, to limit potential situations in which it is dependent on builders/suppliers and to improve its railway know-how, in addition to taking steps to establish a general supplier risk assessment model, RFI S.p.A. has begun progressively insourcing critical infrastructure maintenance and construction, technological plant design and operation and railway component production processes.

The risk of not being able to find assets/services on the market (e.g., electronic components) has worsened in the passenger transport segment as well, with repercussions on the availability of rolling stock for the commercial service and on rolling stock suppliers' delivery times. To mitigate these risks, the Group has improved its procurement planning, while also taking action on the contractual side by entering into long-term contracts, with more flexible management of operations in response to any needs expressed by suppliers.

With respect to investments in infrastructure, to increasingly increase efficiency in the use of public resources, the Group is continuing the redesign of its procurement process to make it faster, simpler, traceable and paperless, ensuring the continuity of particularly important objectives for work sites considering the objectives of the NRRP.

In addition to the supply chain, many different events could occur with an impact on the completion of works according to the schedule/expected costs and on the quality, efficiency and availability of the railway and road infrastructure, resulting in potential adverse effects on results. In general, these events could be:

- drawn out project authorisation processes by the government ministries/bodies;
- ineffective management of personnel (insufficient numbers/skills);
- inadequate IT instruments supporting processes;
- difficulties in coordinating and monitoring projects and technical changes in the programmes;
- technical/organisational weaknesses in the contractors/general contractors and/or technical parties;
- possible increase in corruption and criminal infiltration given the substantial resources allocated by the NRRP.

To mitigate these risks, the Group implements management and control procedures enabling it to constantly monitor the physical, economic and financial progress of infrastructural investments and trigger mechanisms for the definition of improvement or corrective actions. The Group remains committed to updating its investment management approach by defining new guidelines and optimising the IT tools used for operational management and, more generally, to support the whole-life asset management model and facilitate reporting flows to external stakeholders.

Taking a risk-based approach in the project monitoring process is an objective of the intraGroup NRRP task force for which risk management - with the application of project risk management (PRM) methods - is of primary importance. In 2022, a risk analysis began on the main projects covered by the NRRP, according to a plan to analyse the infrastructure projects presenting a whole-life cost of €300 million or more.

Railway infrastructure is sensitive to faults in plant and technologies, natural disasters and vandalism, which could affect the operating service offer. In response to these risks, the Group has adopted avant-garde security, control and monitoring systems and carries out specific cyclical maintenance on the network, following procedures for the management of

irregularities and emergencies. To optimise and strengthen the infrastructure resilience, it is carrying out a climate change project and reviewing the planning, scheduling and rescheduling process for infrastructure maintenance.

To improve railway service quality, the FS Italiane Group has kicked off the following projects:

- implementation and technological upgrades of systems for the optimised train service scheduling;
- evolved diagnostics and predictive maintenance;
- extension of the CCS to the entire railway network;
- to expand network capacity, performance and accessibility through work to make traffic more fluid and increase traffic capacity in large urban hubs across the entire network.

With respect to the stations and related services, the development and management organisational model was redefined to better support the pursuit of the Group's strategic objectives of enhancing and reinforcing the role that stations play (additional and complementary services in line with the new single concept of the station, as a transport hub and local attraction and service hub) to guarantee the highest standards of sustainability and quality for all stakeholders.

Anas S.p.A. is exposed to risks related to the design and performance of work on the road infrastructure, as well as risks related to the planning of economic resources and their allocation (e.g., non-implementation of the Smart Road project). It is also exposed to risks related to the operation of the road network and the return roads, as well as the consequent gap in network maintenance. The risks related to design mainly consist of unexpected situations which create a difference between the contractually-agreed cost and the effective cost of the works or that increase expenses (e.g., changes in the work, longer execution times, challenges in expropriation or tender procedures). To control these risks, work site monitoring by the relevant people has been reinforced. Risks related to the ordinary maintenance of the road infrastructure relate to the development of specific programmes to reinforce oversight and inspections. Moreover, there are risks related to the management of licences and concessions, advertising, including credit risk, which is complicated to manage given the large number of debtors and is mitigated through continuous monitoring of positions, with an assessment of the best approach to take on a case-by-case basis.

## Procurement risks

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Prices for services, raw materials, energy and transport could vary as a result of market trends and currently rising inflation due, in part, to the geopolitical context (the sanctions that Europe has imposed on Russia). In 2022, the prices of key raw materials rose significantly (e.g., gas and steel), leading to the need to revise contract estimates.

For procurement to operate the business, especially in regulated sectors like electricity, legislative changes due to laws and decisions by Arera (Italy's energy, networks and environment regulator) can have economic repercussions on the Group companies. As occurred in the last few months of 2021, again in 2022, energy markets were highly volatile with a sharp rise in prices. Most of the price increases for electrical energy on the 3 kV network were covered by the offset provided by the CSEA (Energy and environmental service fund) under special rate regime.

The Group has departments and units that continuously monitor price trends for raw materials and services essential to its business operations and any regulations applicable to them. This enables it to pursue procurement management policies that mitigate risks or to take steps – including legal action – to protect the interests of all Group companies.

## Country risk

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International commercial operations continued in 2022 amidst a complex global context as the pandemic persisted, although some critical aspects had waned compared to previous years, and as international tension rose after war broke out between Russia and Ukraine.

The mitigation of country risk is one of the objectives at the foundation of the FS Italiane Group's industrial plan, in which it has established a two-prong international strategy: a) develop operations for passenger or freight transport services

exclusively in Europe; b) streamline the Group's presence outside Europe, limiting commercial activities in these areas to exporting know-how (such as engineering, consultancy and certification services).

In 2022, in line with the new Group governance model, as process owner, FS Italiane S.p.A.'s international department guides and coordinates the international business. In this context, in-house regulatory safeguards were strengthened with the issuing of measures to define processes, roles and responsibilities in the management of initiatives for technical investments and divestments, M&As and participation in tenders. The procedures also introduce the Group's materiality criteria for these transactions and establish the Capital Allocation Committee's role with respect to the objective of improving the monitoring and oversight of operations abroad through a targeted authorisation process for key initiatives.

## Human resources management risks

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The risk factors of human resources management are one of the most critical issues, as they could have negative impacts on the Group's operations and preclude the achievement of its objectives.

There were no particularly important collective conflicts in 2022, mostly thanks to the agreements and understandings reached (e.g., the renewal of the national collective bargaining agreement for Mobility workers/Railway operations and FS Italiane Group's employment contract, the agreement for access to financing under the new skills fund for training on digitalisation and environmental sustainability, the bilateral observatory for the development of corporate welfare and initiatives to encourage a healthy work/life balance), the result of the fruitful pursuit of the new People Strategy supporting the Group's updated industrial plan with a focus on five key objectives: simplifying, accelerating, dialogue at all levels, networking and building the future.

Additional drivers that could constitute critical issues and therefore must be adequately managed include: the presence of key resources, specialist skills that are difficult to find, motivation and professional development.

The Group's new talent development system recognises and, in a targeted manner, seizes on the motivations and aspirations of people involved in the development processes, as well as the various professional skills and know-how rooted in our personnel's work experience. The psychometric tools used for the potential assessment are also free from gender and cultural bias to ensure equal treatment and opportunities for all.

In terms of personnel development, in 2022, the Group focused on introducing elements that would speed up the process (to ensure it is transparent), improve the efficiency of development measures and devote attention to people's needs, while at the same time meeting the companies' requests to accelerate the Group's ability to offer learning opportunities and experience to its workers.

While maintaining the degree of digitalisation acquired as a lesson learned during the pandemic, the Group companies restored blended working models for certain operations, highlighting in-person collaboration as a way of socialising and bringing people together. This proved to be a safeguard against a loss of interest or motivation, also considering how people socialise less than they did before Covid.

To improve its ability to attract and retain young talents, in 2022, the Group released the Group's new policy for young university graduates, with an offer encompassing remuneration, training, experience and diversification. The purpose of this initiative is, *inter alia*, to ensure the Group retains the production capacity it needs to meet the objectives of the new industrial plan and the NRRP. Furthermore, the policy is meant to be a way of more closely meeting the particular motivations of the younger generations who have, more than the generations that came before, extremely specific needs and expectations for their jobs.

The development and optimisation of the tools and methodologies supporting recruitment processes, taking an approach geared towards continuous improvement and innovative research, enable the Group to effectively recruit its targets, while also reducing costs and time and creating pools of candidates, including for new professions.

The Group has rolled out more accessible, more agile training tools that are also more in line with its people's learning needs, improving the training process and the instruments as a lever to generate value for the company and people, driving innovation and ushering in change, excellence and the continuous development of skills throughout workers' entire career. The Group continues to develop digital learning, redesigning training pathways and creating new ones in line with the people strategy, using more engaging, interactive and social solutions to better meet their upskilling and reskilling requirements.

Through the Code of Ethics, the Group has formally and substantially undertaken to never discriminate based on gender, physical and/or intellectual ability, ethnicity, language, religion, political opinion or personal and social condition. Furthermore, the HR units have taken actions and the Equal Opportunities Committee has promoted initiatives to steadily intensify the Group's commitment to creating inclusive environments that value all types of diversity and promote women workers for women's leadership and a better work/life balance.

In 2022, projects were carried out to support the Group's people and maximise presence and value of internal caring activities, social policies, diversity and inclusion and engagement for everyone. The Group also implemented its diversity and inclusion plan by publishing the first FS Italiane Group D&I policy and the first Group GEP (gender equality plan).

Furthermore, during the year, the Group consolidated its corporate responsibility to people, with an unwavering commitment both inside and outside the organisation, by sponsoring social caring events, promoting internal volunteering programmes, holding internal and external fundraisers, expanding the help centre network with the opening of two new centres and launching calls to action to support vulnerable people with innovative solutions and projects.

## Compliance, legal and contractual risks

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Given the complexity of its business and the diversification of its activities, the Group is exposed to risks of non-compliance generally arising from a potential failure to comply with the legislative and regulatory framework, which is, in certain sectors, constantly evolving. Any such violations could result in consequent penalties of a judicial or administrative nature, financial losses and damage to reputation. The management of relationships and information flows with the government bodies and regulators (sector authorities and independent administrative authorities), even in the event of disputes, always represents an opportunity for discussion and dialogue, particularly on the merits, and is characterised by transparency, collaboration and proactiveness.

To further strengthen its control system, a specific organisational structure has been set up, responsible for checking that company and Group guidelines, provisions and procedures are compliant with the relevant legislation and national and international best practices. Furthermore, a Group compliance model provides for, *inter alia*:

- analysis and monitoring of the changes in the internal and external context (i.e., regulatory, organisational, strategic, market), in coordination with the other departments involved (legal, specialised controls, such as the DPO, Anti-corruption, Organisation & people development), in order to identify any impacts;
- specialised and methodological support provided to process owners in the identification and assessment of compliance risk with an impact on the business originating from new and/or updated laws and regulations;
- monitoring the implementation of policies by the Group companies through periodic assessments;
- specialised support for the Group business lines in relation to commercial or business development initiatives (business and trade compliance), sponsorships (partnerships and/or co-marketing), M&As and innovative strategic initiatives requiring preventive compliance analyses;
- direct control or specialised support in the management of corporate compliance programmes (the organisational, management and control model pursuant to Legislative decree no. 231/2001, the antitrust compliance programme, the ABC management system, the data protection framework, etc.) and the promotion of internal and external training, information and communication campaigns in order to spread a culture of compliance.



With respect to the business & trade compliance risk management, the FS Italiane Group has established a series of principles and rules of conduct for compliance with the applicable regulations, the main international frameworks and the Group companies' commitments with third parties concerning economic and financial sanctions and trade compliance measures.

Given the advanced stage of the deregulation of markets on which the FS Italiane Group companies operate, the Group has also set up an antitrust compliance programme that respects the autonomy and independence of the individual companies (the railway infrastructure operator's in particular). A body has been appointed to implement the programme. It has organised and held seminars on the antitrust issues affecting local public transport, abuse of dominant positions, understandings in violation of antitrust regulations and unfair commercial practices.

Considering the high levels of penalties and, more generally, the financial and reputation risks of non-compliance with Regulation (EU) 679/2016 (General Data Protection Regulation – GDPR), the Group has established a framework for personal data protection based on three levels of control. Those Group companies that are required to do so have appointed a Data protection officer (DPO), who monitors compliance with the regulation within the individual companies. Lastly, a computerised register of data processing was set up, various assessments have been made of the impact on data protection, and the rights of the data subjects regarding their data ensured, both by improving and updating the disclosure on processing and responding to specific requests.

Since 2003, FS Italiane S.p.A. has had its own Organisational, management and control model pursuant to Legislative decree no. 2003/2001 (the 231 Model), which it has progressively updated to reflect changes in the organisation and applicable legislation with an impact on the company over the years, in the pursuit of continuous improvement. The periodic updates are carried out by mapping the risks of crimes and conducting the related gap analysis with the internal rules and control system. During its meeting on 26 October 2022, the parent's Board of Directors approved the update to the 231 Model, which was published on the company intranet for employees and on the FS Italiane S.p.A.'s Ethics, Compliance and Integrity web page for people outside the company. Specific training was held for the entire company population as well. In addition to compliance risks, the Group is exposed to legal and contractual risks mainly deriving from litigation pending between Group companies and various parties, such as suppliers, customers and employees. Specific company structures currently monitor and mitigate such risks and any necessary accruals are recognised after the risks are assessed in accordance with IFRS to determine the probability that they will occur. Residual risks, after the appropriate mitigation actions and accruals, fall within the tolerance limits considering business operations.

## IT and cyber risks

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Certain macro-trends have arisen in recent years in the technology and digital sector (e.g., applied AI, automation, virtualisation and connectivity) and will have significant repercussions on society and the global economy. Even digitalisation in the transport and mobility sector have sparked a human and industrial transformation process across this entire sector. In this context of fast-paced, sweeping change, the parent has been made responsible for governing the Group's technological, digital and cyber security strategies and its data governance model with the establishment of its Technology, Innovation & Digital unit. Within the Cyber Security Solutions unit, under FS Italiane S.p.A.'s Security & Risk department, a single function has been named responsible for the operational management of all cyber security activities. FS Technology, as the Group's in-house digital factory, is tasked with implementing the Group systems plan, which FS Italiane S.p.A. defines with the Group companies.

The adoption of new technologies, such as Blockchain, AI and IoT (Internet of things) is not just the landscape where the offer of more efficient mobility services will be developed, but it is also the battleground where cyber criminals will launch attacks to steal confidential information or block the provision of essential services, potentially for terrorist purposes. The recent Directive (EU) - NIS (Network and Information Security) on cyber security, implemented in Italy with decree no. 65

of 18 June 2018, requires the FS Italiane Group, in its capacity as an operator of essential services (OSE), to adopt technical and organisational measures that strengthen cyber risk management and prevent IT incidents in the context of a national and European model. Furthermore, Legislative decree no. 105 of 21 September 2019 established the national cyber security perimeter within which both public and private entities may be considered strategic players whose protection is essential for the functioning of the country. They are required to apply adequate technical and organisational security measures and report any security breaches. Moreover, it has been necessary to set up an unequivocal interface with the police, the Prime Minister's office, the MIT and, more generally, the bodies and institutions responsible for security, as well with the similar units of railway companies in Italy and abroad.

From an operational standpoint, the Cyber Security Operation Centre (C-SOC) is now active and protects the Group's fixed and mobile Group workstations throughout the country and the information systems supporting business processes and transport operation services harnessing the most innovative technologies on the market capable of exploiting the analytical potential of big data and AI to detect and repel cyber attacks. It conducts threat analysis (to prevent attacks by identifying new threats and specific attack pathways) and malware analysis (studying how malware acts in order to identify new threats and calculate indicators of compromise).

In terms of resilience, to meet high security and service continuity standards, the C-SOC has a Lampertz room for disaster and recovery operations and uses technologies for remote operations enabling analysts to do all their work remotely without any impacts on operations or security.

To identify and mitigate the threats arising from the online exposure of its business services, the Group protects itself from DDoS (Distributed Denial of Service) attacks using Anti-DDoS and WAF (Web Application Filtering) tools. And, as work from home has become increasingly widespread, the Group has set up an encrypted VPN access service delivered via a dedicated cloud service that, completing the ADDoS and WAF tools, helps reduce the Group IT perimeter's area of cyber threat exposure.

To reduce the risk of business information being used improperly, whether intentionally or accidentally, the Group has implemented an information classification framework and operating tools for the classification of such information. The framework has currently been implemented at 30 Group companies in Italy, covering more than 25,000 users, with the use of a specific platform that highlights the elements that characterise the information classification process.

## Environmental and climate risks

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The FS Italiane Group believes that environmental protection is a strategic element in the development of its business. This conviction translates into maximising the environmental advantages of collective passenger transport - by rail, road and waterways - and freight railway transport, as well as minimising the adverse impacts on the environment.

As it assigns contracts for the construction of infrastructure and operates the transport of freight that could potentially be hazardous for the environment, the Group is also exposed to environmental risks or the risk of non-compliance with environmental laws and regulations. To monitor environmental risks, the Group has implemented a widespread organisational and procedural system and both the parent and the main Group companies are committed to implementing and certifying their environmental management systems in accordance with ISO 14001:2015, promoting the inclusion of the environment among the organisation's strategic elements for the continuous improvement of its performance. Another way in which the Group controls this risk is the contractual obligation for the companies to which the Group has assigned contracts for the construction of infrastructure to adopt, for the entire duration of the work, an environmental management system (in accordance with ISO 14001:2015) for the work site activities.

In addition to environmental risks, the risks related to climate change are of particular, specific and separate importance, both in terms of the physical impact (i.e., chronic and acute events) and changes in the market structure due to decarbonisation, as well as the progressive adoption of national and intergovernmental public policy to contain greenhouse

gas emissions, in line with the objectives of the Paris agreement. The risks of climate change could have significant consequences for the Group's assets and its business. Furthermore, as per the definition of the European Commission's communication of June 2019, these risks are classified as:

- transition risks, comprising:
  - risks related to policies and changes in the regulatory framework (e.g., imposing energy efficiency requirements, a carbon tax etc.);
  - legal risks (e.g., risk of litigation for failing to adopt measures to minimise adverse impacts on the climate, etc.);
  - market risks (e.g., when the choices of consumers shift toward services that are less damaging to the climate);
  - technology risks (e.g., if a technology with a less damaging impact on the climate replaces a technology that is more damaging to the climate);
  - reputational risks (e.g., risks related to the difficulty of attracting and retaining customers, employees, business partners and investors if a company has a reputation for damaging the climate);
- physical risks, comprising:
  - acute physical risks, related to extreme weather events such as hurricanes, floods, droughts, whose increasing frequency and intensity are connected to global warming. These events may disrupt our activities and damage the infrastructure;
  - chronic physical risks, which arise from longer-term changes in the climate (temperature changes, reduced water availability, rising sea levels, less stability in land, etc.) with significant consequences for rail and road infrastructures.

Transition risk is controlled through continuous monitoring of regulations and practices in Italy and Europe to mitigate the risk of climate change, making use of the internal governance, compliance and reporting system for these issues. The Group is also actively involved in transitioning to a low-carbon economy by defining long-term goals connected with, among other things, reducing CO<sub>2</sub> emissions and driving the modal shift towards collective mobility for passengers and railway transport for freight.

In terms of the physical risks arising from climate change, the Group's Risk Management Department has developed methodologies to establish an approach for adapting to climate change that is consistent and synergistic across the various Group businesses. In this context, intraGroup working Groups are in place to ensure the necessary coordination of analyses, methodologies and tools and company "panels" to explore the identification and assessment of future climate threats and changes in the climate, the assets most exposed to the identified threats and the intrinsic vulnerabilities.

The Group monitors expected climate and transition trends (which includes participating in sector work Groups promoted by the UIC and the PIARC-World Road Association) through a scenario analysis based on the Representative Concentration Pathway (RCP) scenarios defined by the Intergovernmental Panel on Climate Change (IPCC).

The purpose of risk modelling and assessment is to adequately catalogue adaptation measures, which must be established in order for operating processes to function properly, and to support the preparation of an organic risk adaptation plan, the end aim being to equip the Group with increasingly climate-resilient infrastructure. Climate resilience is one of the most material aspects of infrastructure networks and a strategic long-term goal to pursue through concrete actions in the short and medium term.

In 2021, the Group developed a structured programme in response to the physical risk from climate change in order to improve service performance and reliability, reduce emerging costs generated by climate change and boost train travel safety. The approach of the climate resilience programme is based on three enabling factors: i) scientific awareness of future climate dangers, ii) the digitalisation of infrastructural assets and technology for monitoring current climate, and iii) structural adaptation works.

## Social risks and risks related to human rights protection

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FS Italiane Group has formalised its commitment to responsible conduct in line with the ten principles endorsed by the UN in the Global Compact. In particular, with respect to human rights, the Group has formally undertaken to:

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

The Code of Ethics is a charter of fundamental rights and responsibilities whereby the FS Italiane Group establishes and clarifies its ethical and social responsibilities and commitments to all internal and external stakeholders. The principles are constantly, carefully monitored and promoted in ongoing awareness campaigns within the Group. As described earlier in the section on *Human resources management risks*, in 2022, a Diversity and Inclusion plan was implemented with the publication of the Group's first D&I policy. Demonstrating the effectiveness of these safeguards, there were no incidents of discrimination during the year (related to ethnicity, nationality, political opinions, religion, gender, age, ability, sexual orientation and personal or social conditions) involving internal and/or external stakeholders.

As the Group is aware of the importance of suppliers in mitigating social risks and those related to the protection of human rights, it applies standard contractual clauses requiring that contractors comply with labour and social security laws, occupational health and safety obligations and the rules in the Group's Code of Ethics. Furthermore, the Group has structured a supply chain assessment process to improve its ability to identify and manage the impacts of suppliers. In tender procedures, particularly those called by RFI, the Group has introduced the CSR rating, which rewards economic operators that undergo sustainability assessments using the EcoVadis certification service. The EcoVadis assessment is based on the main ESG topics (management of human resources, human rights, corruption, environmental and social performance, impacts on operations, etc.) and the questionnaire given to economic operators varies according to their activities, size (number of employees) and geographical location. Economic operators are also asked to provide documentation supporting their claims in the ESG assessment. Starting in 2023, the ESG assessment will be progressively applied to economic operators/suppliers of all Group companies using an IT system managed directly by the FS Italiane Group.

Furthermore, the Group is promoting a path of continuous improvement in the management of its supply chain thanks to its participation in Railponsible, an initiative that brings together major railway companies. Reference should be made to the "Commitment to sustainable development - Sustainable supply chain" section for more information.

As described in the paragraph on country risk assessments, respect for human rights is a key focus point in the overall assessment of investments. Furthermore, for large projects, in order to optimise the impacts on the local area and the community, the Group makes it a priority to use tools that engage the local community (e.g., social and environmental impacts assessment, the service conference, the Conference of Regions and Autonomous Provinces, the Unified Government and Regions Conference), which help it respond to the legitimate requests of stakeholders.

## Corruption risks

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The FS Italiane Group acts with integrity, ethics, lawfulness and zero tolerance for corruption when conducting business. Confirming its commitment to these principles, a path on which the parent embarked years ago by, among other things, adopting the Code of Ethics and joining the UN Global Compact, in 2017, FS Italiane S.p.A. voluntarily adopted an anti-corruption framework which includes, alongside the 231 Model, the anti-bribery and corruption (ABC) management system, and, constituting an integral part of the framework, the anti-corruption policy guidelines, containing the directive criteria for the creation of an effective anti-corruption system within FS Italiane S.p.A..

The ABC system bolsters the anti-corruption safeguards by considering both potential crimes of corruption and those of maladministration, i.e., all departures from the rules, including internal rules, that lead to a violation of the aforementioned principles of integrity, ethics and lawfulness.

To ensure a consistent set of rules and safeguards throughout the FS Italiane Group, in July 2022, FS Italiane S.p.A.'s BoD approved the FS Italiane Group's Anti-Corruption Policy, which is also binding for third parties that interact with the FS Italiane Group companies on the basis of professional and/or business arrangements. It is published in Italian and English on the company website and is referred to in specific contractual clauses and/or statements guaranteeing that it is known in its entirety and requiring compliance.

The Anti-Corruption Policy contains cross-sectional control principles and rules of conduct for 14 sensitive areas,<sup>80</sup> requiring the individual companies' anti-corruption models to adopt and manage the measures protecting specific company processes, with regard to the regulatory, legal and operational context.

In line with this approach, FS Italiane S.p.A.'s ABC system identifies the prevention, control and organisational tools to address company's specific risks and core processes and to define and monitor key financial indicators (KPIs, standards of conduct) and key risk indicators (KRIs, possible anomaly indicators).

The ABC system's main action areas include ongoing training and information. In 2022, FS Italiane S.p.A. published two learning capsules on "Traceability" and the "Person appointed to prepare the specifications". In addition, two specific training courses were held: i) "Gifts and Hospitality", with digital content; ii) classroom training on the Group's governance model with respect to engaging and monitoring consultants and similar professionals. These "vertical" initiatives are in addition to the e-learning course (kicked off between the end of 2019 and the beginning of 2020), which continues to be delivered to new hires.

As for anti-corruption training, within the FS Italiane Group:

- a workshop on FSTechnology's ABC system was organised by the same company's ABC unit with the support of the parent's Anti-Corruption unit;
- three learning capsules on the procurement and contracting process (contract management officer, conflicts of interests, collaborative supervisory agreements) were revised and made available to the FS Italiane Group's ABC units so they can be delivered to the subsidiaries.

Furthermore, a workshop was held on "NRRP and the FS Italiane Group: challenges and tools for lawfulness", promoted by FS Italiane S.p.A.'s Security & Risk Department as part of the initiatives related to the implementation of the parent's ABC system. It included speeches by the CEOs of the main Group companies that have received NRRP funds, as well as by prestigious representatives of institutions and the police.

With respect to communications, FS Italiane S.p.A. published the possible anomaly indicators, an interactive feature on the intranet, and the anti-corruption policy in both Italian and English on the intranet and online.

The ABC system also provides for a three-year internal quality review to verify that the work of the Group's ABC units is compliant with their mission and the Group's rules and that the ABC system management, implementation and improvement processes are effective. In 2022, the ABC internal quality review was performed on the ABC units of two subsidiaries, indicating that all examined areas were compliant (training and communications, reporting, scheduling and other improvement tools).

In 2021, FS Italiane S.p.A. had updated the procedure to manage whistleblowing reports in implementation of Law no. 179/2019 (the whistleblowing law). This procedure governs the reception, analysis and processing of reports (including anonymous reports) sent by third parties or people within the FS Italiane Group about events that could constitute crimes, irregularities violations of i) the 231 Model and the procedures implementing it and/or the ABC system; ii) the Code of

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<sup>80</sup> Relationships with the public authorities; Relationships with third parties; Business partners, promoters and sales agents; Gifts and hospitality; Facilitation and extortion payments; Relationships with political organisations and trade unions; Assignment of specialist and professional advisory engagements; Contracting of works and supplies of goods and services; Corporate finance transactions; Recruitment, hiring, management and development of human resources; Sponsorships, Co-marketing, contributions to associations, bodies, foundations and donations; Obtaining and managing loans and borrowings/government and private grants; Management of real estate assets; Accounting records.

Ethics; iii) laws or regulations or internal rules or the authorities' measures, and/or that could in any case cause damage or harm to the FS Italiane Group, even only to its image or reputation. A copy of the procedure was delivered to employees when they were hired. This procedure is published in its entirety on the company intranet and as a summary on the FS Italiane website in the FAQs section.

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

## Travel safety

In EU countries, railway accidents are monitored by the European Railway Agency ("ERA"), the regulatory body established with EC Directive 2004/881 to create a borderless European railway space, increase the interoperability of railway systems and develop a common culture of railway safety. To monitor accidents, the ERA refers to the regulations of EC Directive no. 2004/49 and EU Directive no. 2014/88, which updated Attachment I of the former Directive concerning the common safety indicators and methods used to calculate the costs of accidents.

Under the principles of EU Directives, an accident is considered significant when at least one moving railway vehicle is involved and if it causes at least one death or serious injury or damage exceeding €150,000 to the tracks, plants or environment, or if it stops traffic for six or more hours. Accidents that occur on tracks that have been taken out of service, even temporarily, accidents in traffic operations (depots, workshops) and those caused voluntarily (suicides or vandalism) are not considered significant.

In Italy, the body with responsibility for the entire national railway network, which performs the duties under EC Directive 2004/49 is the ANSFISA (national agency for the safety of the railways and road and motorway infrastructure). It was established by Law no. 130 of 16 November 2018 and became fully operational with the Prime Ministerial decree no. 520 of 20 November 2020. After this new agency became fully operational, it took over the responsibilities of the ANSF, which was eliminated.

The overview of railway accidents on the national railway infrastructure operated by RFI S.p.A. is based on a preliminary analysis of provisional data.

There were 114 accidents in 2022, with one significant accident for every 3.2 million km travelled by trains, detailed as follows:

- 4 train collisions, compared to five in 2021;
- 1 derailment, as in 2021;
- a total of 12 level crossings accidents, including pedestrians on closed crossing, compared to 7 in the previous year;
- 93 serious accidents to people caused by moving rolling stock, compared to 61 in the previous year. This type of accident includes: people falling from moving railway vehicles (either passengers or railway personnel) and people being hit by vehicles (railway personnel and third parties);
- 3 accidents which, as they do not fall into any of the other categories, are classified as "other", compared to 12 in 2021;
- 1 accident due to a fire involving rolling stock with consequences, compared to none in 2021.

In 2022, there was an increase in the number of serious accidents compared to 2021. This was mainly due to the "Accidents to people caused by moving rolling stock" (+32), which however includes possible suicides/suicide attempts that the authorities have not yet declared to be such. This type of event was the cause of 81% of all accidents. To improve network safety, as in previous years, in 2022, RFI continued carrying out its plan of eliminating public and private level crossings based on an assessment of the efficiency of pedestrian/vehicle traffic near the railway areas and an identification of the most critical points where accidents could occur due to the undue presence of pedestrians.

# Other information

## Introduction

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This section details the most significant criminal proceedings and proceedings before the national and EU authorities pending at the reporting date. Up to the date of preparation of this report, no information had arisen that would indicate that the companies, including FS Italiane S.p.A., or the Group are exposed to contingent liabilities or losses of any amount, different than those disclosed in Note 45 - Contingent assets and contingent liabilities of the consolidated financial statements, nor is any information known with a potentially material impact on the relevant companies' financial position, performance or cash flows. Furthermore, where appropriate, the companies have joined the criminal proceedings as aggrieved party.

In 2022, following criminal proceedings initiated by the public prosecutors against former or current Group company representatives, there were no definitive rulings against senior management (company officers or general directors) for any of the following:

- particularly serious fraudulent crimes entailing significant damage to the companies, including FS Italiane S.p.A., or that gave rise to the application of restrictive measures;
- fraudulent crimes covered by Legislative decree no. 231/2001;
- additional fraudulent crimes covered by Law no. 190/2012.

Furthermore, litigation and significant proceedings pending with employees, third party service providers and/or contractors, the tax authorities, regions, etc., for which, where the relevant conditions are met, accruals have been made to specific provisions for risks and charges, are detailed in the notes to the financial statements, to which reference should be made. Similarly, reference should also be made to the note to contingent assets and contingent liabilities, as indicated above and defined by Group policies.

### **Criminal proceedings pursuant to Legislative decree no. 231/01**

- Hearings are underway in criminal proceedings no. 2554/2013 in the general register of crimes at the Foggia Court against RFI S.p.A. pursuant to Legislative decree no. 231/01 concerning the fatal workplace accident on 5 March 2010 at Agro di Cerignola, in which an employee of Fersalento S.r.l. died;
- with respect to criminal proceedings no. 1430/2014 in the general register of crimes at the Gela Court regarding the incident in which three maintenance workers of RFI S.p.A. were fatally hit by regional train 12852 from Gela heading towards Caltanissetta on 17 July 2014 near km 217+728 between the Falconara and Butera stations, at the hearing on 7 October 2021, the judge decided with the grounds filed on 26 October 2021. Six of the eight people charged were acquitted for not having committed the crime, including RFI's pro-tempore CEO. The company was also acquitted pursuant to Legislative decree no. 231/2021 for "lack of evidence". In particular, the judge found a lack of specific information based on which RFI S.p.A. could be charged with administrative liability, deeming there to be: (i) no economic benefit gained by the company from the managers' conduct; (ii) no liability of the organisation; (iii) a suitable organisation model in line with British Standard OHSAS 18001:2007, which exempts the entity from being held liable. However, the Section Head and Central Operating Manager were sentenced to two years of imprisonment (the punishment was suspended) because, for both generic and specific guilt, they failed to have the work on the track carried out while traffic was suspended. The court deemed inadmissible the joining of the criminal proceedings by an aggrieved party (ANMIL), meaning that no provisions were ordered against the company for damages. Following the appeal against the ruling (relating to the acquittal of the company for liability under Decree law no. 231/2001, the pro-



tempore CEO, the manager of local production in Palermo, the manager of the Caltanissetta local unit and the works division plant head in Agrigento) in 2022 by the Public Prosecutor and employees who had been found guilty, the case is pending on appeal before the Caltanissetta Court of Appeal;

- criminal proceedings no. 3566/2015 in the general register of crimes with the Public Prosecutor's Office of Rimini concerning Trenitalia S.p.A. were commenced in relation to the accident that occurred on 5 March 2015 in which an employee of A.T.S. Costruzioni was injured while working at OMC Locomotive (ordinary maintenance workshop for trains) in Rimini. The charges were made against the former manager in charge of the Rimini OMC, together with the employer and A.T.S.'s safety supervisor, for the crime covered by article 590.1/2 of the Italian Criminal Code. The manager was also charged with violation of article 26.2 of Legislative decree no. 81/2008 for having failed to prepare a single risk assessment document with adequate prevention and protection measures. Trenitalia S.p.A. was allegedly liable for the administrative violations covered by article 25-septies.3 of Legislative decree no. 231/2001, as the crime of negligence causing bodily injury had allegedly been committed in violation of occupational health and safety regulations. The proceedings ended on 27 September 2021 with a favourable outcome for both the Trenitalia S.p.A. manager, acquitted for not having committed the crime, and the company, which was not found liable. No appeals have been lodged with respect to the charges against the manager of Trenitalia S.p.A. and the company, therefore the acquittals may be considered definitive;
- criminal proceedings no. 20765/2014 and no. 2565/2017 in the general register of crimes with the Public Prosecutor's Office at the Florence Court relate to the accident that occurred on 12 January 2014 during rolling stock shunting operations injuring an employee of the Tuscany regional division of Trenitalia S.p.A.. The first-level proceedings before the Florence Court against the employer, the head of the Tuscany regional division production unit, the CEO and manager in charge of the company's accounting documents preparation, as well as Trenitalia S.p.A. for the administrative violations covered by article 25-septies of Legislative decree no. 231/2001, ended with the decision announced on 1 March 2021 and filed on 28 May 2021, whereby, upon the parties' joint request, all those charged were acquitted - including the company - for "lack of evidence". No appeals have been lodged; therefore the acquittals may be considered definitive;
- criminal proceedings no. 1525/2008 with the Public Prosecutor's Office of Trani relate to multiple charges of negligent manslaughter against five blue-collar workers of the subcontractor company Truck Center with the indictment of, among others, the CEO at the time and a former officer of FS Logistica S.p.A. - the Cargo Chemica S.p.A. business unit (the customer), now Mercitalia Logistics S.p.A. (formerly FS Logistica S.p.A.), and the company as the party liable for damages pursuant to article 25-septies of Legislative decree no. 231/2001. Following the first-level proceedings, on 19 July 2017, the Bari Court of Appeal acquitted the employees of the company then known as FS Logistica S.p.A. (now Mercitalia Logistics S.p.A.) and the company itself. Consequently, this second-level ruling nullified the administrative fine of €1.4 million that Mercitalia Logistics S.p.A. had been ordered to pay in the first-level proceedings for the administrative violation due to the crime. The prosecution appealed against the decision before the Court of Cassation. In the hearing of 8 February 2019, the Court of Cassation annulled the acquittal, referring the case to a different section of the Bari Court of Appeals. The reasons for the ruling were lodged on 25 March 2019. In the new appeal, the employees of the company then known as FS Logistica S.p.A. requested a plea bargain. Once the feasibility of settling the legal matter had been evaluated - with the opinion of external counsel and considering the court context - also considering the possibility of a reduction in the fine, Mercitalia Logistica S.p.A. decided to request a plea bargain as well. This decision had been submitted to the company's Board of Directors and explicitly decided upon before a

reduction in the administrative fine was agreed with the Public Prosecutor from €1.4 million to €900 thousand. At the hearing on 21 December 2020, section II of the Bari Court of Appeals read the ruling whereby it admitted the plea bargains for the charges against Mercitalia Logistics S.p.A. and: (i) found the pro-tempore CEO and manager of the former FS Logistica S.p.A. – Cargo Chemical S.p.A. business unit guilty, redetermined the sentences respectively to one year and six months of imprisonment and two years of imprisonment, granting the generic attenuating circumstances and probation with revocation of the accessory sentence of a temporary five-year ban on the holding of public office; (ii) reduced the administrative fine to €900 thousand for the administrative liability pursuant to article 25-septies of Legislative decree no. 231/2001 to be paid by Mercitalia Logistics S.p.A., also revoking the civil court provisions adopted against it as the party liable for damages. In addition, the court admitted the other plea bargains requested by non-FS Italiane Group parties and confirmed the first-level rulings against the contracting company and the company that purchased the liquid sulphur pursuant to Legislative decree no. 231/2001. On 10 March 2021, the reasons for the ruling, confirming that indicated above, were filed. The Bari Court of Appeal has yet to commence the execution stage of the decision against Mercitalia Logistics S.p.A., consisting of enforcing payment of the fine imposed on it;

- with respect to criminal proceedings no. 6769/2015 with the Public Prosecutor's Office at the Perugia Court regarding alleged irregularities committed by Busitalia Sita Nord S.r.l. in the transmission of data to the National Observatory of LPT policies under the MIT in order to disburse part of the Fund for local public transport financing pursuant to article 16 of Decree law no. 95/2012 and the Prime Minister's decree of 11 March 2013, on 11 June 2018, the preliminary hearing judge indicted the parties under investigation and the company, reclassifying the crime covered by article 640 bis of the Criminal Code (aggravated fraud for the purpose of obtaining public funds) to the less serious one covered by article 640.2.1 (aggravated fraud to the detriment of the State). The indictment was issued against Busitalia Sita Nord S.r.l. for its alleged administrative crime under articles 5, 24 and 25 of Legislative decree no. 231/2001 covering the crime under article 640.2.1 of the Criminal Code. The first-level hearing is currently pending before the Perugia Court.
- criminal proceedings no. 18773/2009 pending before the Bari Court involve Ferrovie del Sud Est e Servizi Automobilistici S.r.l. for administrative liability pursuant to Legislative decree no. 231/2001, in relation to aggravated fraud for the purpose of obtaining public funds (originally considered a transnational crime which was subsequently excluded by the Judge), with charges also made against the company's former sole director. The facts relate to the purchase of railway carriages in Poland at higher than market price. Following the first-level ruling, on 22 November 2022, the Bari Court, having ordered the revocation of the remaining testimonies after the arguments between the parties had been heard – during which the Public Prosecutor had asked the Court to dismiss the case under the statute of limitations – acquitted those charged pursuant to article 530 of the Italian Code of Criminal Procedure for lack of evidence (specifically the former sole director of FSE S.r.l., a former manager of FSE S.r.l. and a few third-party suppliers) and consequently declared that FSE S.r.l. had no administrative liability with respect to the charged crime. No appeals have been lodged; therefore the decision may be considered definitive;
- in relation to criminal proceedings no. 3651/2018 in the general register of crimes with the Milan Public Prosecutor relating to a railway accident that occurred on 25 January 2018 in Seggiano di Pioltello, involving the railway company Trenord S.r.l.'s regional train no. 10452 (operating the commercial service on the section between Cremona and the Milano Porta Garibaldi station), causing the death of three passengers and injuries to others, managers and employees of RFI S.p.A. have been indicted and RFI S.p.A. is also charged with administrative liability pursuant to Legislative decree no. 231/01. The notice of completion of the preliminary investigation indicated that the pro-tempore director of

ANSF (now ANSFISA) and an official had also been charged. Upon the Public Prosecutor's request, the charges against Trenord S.r.l. and ANSF were dropped. The preliminary hearing before the preliminary investigation judge of the Milan Court ended on 21 June 2021 with the indictment of all the accused, including the company, for all the alleged crimes (negligence causing a train crash, negligent manslaughter, injuries due to negligence, intentional failure to take precautions to prevent occupational injuries). The first-level arguments are being heard before the Milan Court. RFI S.p.A. appeared as party liable for damages and about 60 people and the association FILT CGIL were admitted in the proceedings as the aggrieved parties. One of the accused, the site specialist, settled by agreeing to four years of imprisonment;

- criminal proceedings no. 6224/2016 pending in the general register of crimes with the Parma Public Prosecutor's Office, refer to the call for tenders to award the road local public transport in the Parma area, in relation to which a former CEO (no longer in office since April 2021) and one manager of Busitalia-Sita Nord S.r.l. and others are charged with, *inter alia*, illegal bid rigging (article 353 of the Italian Criminal Code), revealing the content of secret documents (article 621 of the Italian Criminal Code) and corruption between private parties (article 2635.2 and 3 of the Italian Criminal Code). On 28 August 2019, the company was served the notice of completion of preliminary investigations as per article 415-bis of the Italian Code of Criminal Procedure. The notice confirmed the charges as per Legislative decree no. 231/2001 against Busitalia Sita Nord S.r.l. for administrative liability pursuant to article 25-ter.1.s-bis in connection with corruption between private parties. On 22 December 2020, the Parma Court's Preliminary Hearing Judge issued the decree ordering proceedings against the company for administrative liability pursuant to article 25-ter.1.s-bis in connection with corruption between private parties and as liable party for the conduct ascribed to the former CEO and the head of the Strategic Planning and Market Development unit. The arguments are currently being heard;
- criminal proceedings no. 3518/2009 in the general register of crimes with the Salerno Public Prosecutor's Office relate to Anas S.p.A. following the fatal accident in the construction of the "S. Angelo" tunnel at the work site for the upgrading of the A2 motorway in which an employee of the company performing the work suffered serious injuries on 18 March 2009 leading to his death on 20 April 2009. Anas S.p.A. was charged pursuant to articles 5.1.B) and 25-septies.2 of Legislative decree no. 231/01 in connection with the crime under article 589.2 of the Italian Criminal Code, "because it had not effectively adopted organisational models to prevent the committing of crimes and had not given a body within the entity autonomous powers of initiative and control, the duty to supervise compliance with the models and have them updated, which, although one was in place, did not perform supervision or did so insufficiently, and for having violated the obligations of management and supervision of the safety officer". The first level of the case is currently pending;
- with respect to criminal proceedings no. 3556/2019 in the general register of crimes with the Public Prosecutor's Office at the Brindisi Court, which are currently pending in the preliminary investigation stage, on 23 January 2020, Italferr S.p.A. was served a "Notice of investigation for an administrative violation due to a crime" in relation to the fatal workplace accident on 9/10 July 2019 in Brindisi, during works carried out by the sub-contractor HI.TEC Italia S.r.l., the victim's employer, as part of a contract awarded to RFI S.p.A.. HI.TEC Italia S.r.l. and Italferr S.p.A., which were engaged by RFI S.p.A. to perform, *inter alia*, works management, works oversight and safety coordination in the performance of the works, were charged with an administrative violation due to a crime as per article 25-septies.2 of Legislative decree no. 231/2001. Next, the Public Prosecutor indicted Italferr S.p.A.'s Works coordinator and two of the subcontractor's people (the first level of the criminal proceedings are currently pending), while the Public Prosecutor filed a motion to acquit the managers of Italferr S.p.A. and the company itself with respect to the charges of

administrative liability pursuant to Legislative decree no. 231/2001, against which the aggrieved party appealed. With the order filed with the court clerk on 20 October 2022, the preliminary investigation judge allowed the Public Prosecutor's motion and ordered the acquittal of the managers of Italferr S.p.A. and the company, among others;

- criminal proceedings no. 524/2020 in the general register of crimes with the Public Prosecutor's Office at the Lodi Court related to the derailment of the HS train 9595 in Livraga on 6 February 2020 as a result of which two train drivers lost their lives, are currently pending before the preliminary hearing judge at the Lodi Court against the former pro-tempore CEO and a manager of RFI S.p.A., as well as a few members of Alstom S.p.A. charged with the crimes of negligence causing a train crash, manslaughter and negligence causing injury. The original charge of aggravated violation of worker safety laws for accident prevention was dropped. Another three employees of RFI S.p.A. facing the same charges asked for a fast-track trial, which is pending. As for the other original charges, following the preliminary investigation, on 3 June 2022, the preliminary investigation judge agreed with the Public Prosecutor's arguments on the lack of evidence for criminal measures and ordered the acquittal of RFI S.p.A. and Alstom, and some of the initially investigated managers and employees which had previously been charged with administrative liability pursuant to Legislative decree no. 231/01;
- with respect to criminal proceedings no. 710/2010 in the general register of crimes with the Public Prosecutor's Office at the Palmi Court, the first-level case is currently pending before the Palmi Court in relation to the fatal workplace accident that occurred on 27 February 2010 during work to update the Fifth Macro-lot of the SA-RC motorway, in which an employee of the firm performing the work on behalf of Anas S.p.A. died. The proceedings are pending against Anas S.p.A.'s head of works oversight and other third parties, for negligent manslaughter aggravated by violation of occupational health and safety regulations. The company is charged with administrative liability pursuant to article 5.1.a)/b) and article 25-septies.2 of Legislative decree no. 231/2001. Anas S.p.A. has also been charged with damages under article 83 of the Italian Code of Criminal Procedure.

#### **Other significant criminal court proceedings**

- with respect to criminal proceedings no. 6305/2009 in the general register of crimes relating to the railway accident in Viareggio on 29 June 2009, on 20 September 2022, the reasons for the ruling by the Florence Court of Appeal, as referring judge, were lodged during the hearing on 30 June 2022. The new decision on appeal came after the Court of Cassation remitted the case to be decided on appeal with its decision of 8 January 2021, filing its reasons on 6 September 2021. As far as the FS Italiane Group is concerned, the Court of Appeal: (i) acquitted the pro-tempore Director of Trenitalia S.p.A.'s Cargo Division for "not having committed the crime" (who was, however, found guilty as the former CEO of Cargo Chemical) along with another two managers, one in service at RFI S.p.A. and the other at Trenitalia S.p.A. when the events occurred; (ii) reduced the previous sentences as follows: for the former CEO of FS Italiane S.p.A., charged also as former CEO of RFI S.p.A., to five years of imprisonment; for the former CEO of RFI S.p.A., to four years, two months and 20 days of imprisonment; for the former CEO of Trenitalia S.p.A. to four years, two months and 20 days of imprisonment; for the former CEO of Cargo Chemical, who was then manager of the Industry, Chemicals and Environment B.U. of FS Logistica S.p.A., to four years of imprisonment. Furthermore, the panel also confirmed and reduced the sentences of the nine defendants outside the Group and the acquittal of a foreign defendant. The previous judges' decisions in favour of the two associations that joined the criminal proceedings as aggrieved parties (Dopo Lavoro Ferroviario and Medicina Democratica) were also quashed and those in favour of the municipality of Viareggio were revoked, as it waived joining the criminal proceedings as an aggrieved party. The FS Italiane Group's defence – in the interests of natural persons still involved in the proceedings and the companies liable

for damages – appealed against the decision of the Court of Appeal with the Court of Cassation. To date, the Public Prosecutor has not appealed the acquittals, but one of the associations (Medicina Democratica) has appealed against the civil law decisions. The Group is therefore waiting for the new case to be scheduled before the Court of Cassation. Moreover, after the extraordinary appeals were allowed due to a material error in the Court of Cassation ruling of 2021, which had been lodged pursuant to article 625-bis of the Italian Code of Criminal Procedure by Trenitalia S.p.A. and Mercitalia Logistics S.p.A. as parties liable for damages, which led to the quashing of the civil law measures in favour of the aggrieved parties Codacons and Cittadinanza Attiva Onlus, remitted to appeal, the new case before the Florence Court of Appeal is yet to be scheduled with respect to these two matters;

- criminal proceedings no. 503034/2012, initially with the general register of crimes with the Public Prosecutor's Office of Rossano and subsequently transferred to the Castrovillari Public Prosecutor's Office, relate to a fatal accident in which a train hit a car with six people inside it at the private level crossing at km 155+849 of the Rossano Calabro - Mirto Crosia section. RFI S.p.A. managers and employees (some of whom retired) and other parties not related to the FS Italiane Group are accused, jointly, with negligent manslaughter and negligence causing a train crash. During the preliminary hearing, five natural persons appeared who were related to the victims. During the same hearing, FS Italiane S.p.A. was found liable, and RFI S.p.A. appeared in its place, with the charges against FS Italiane S.p.A. dropped. At the preliminary hearing on 21 May 2021, the preliminary investigation judge acquitted the holder of the concession for the railway crossing and remitted all other accused parties (including 13 employees of RFI S.p.A. and the holder of the keys to the private level crossing) for judgement for the crime of negligence causing a train crash before the Castrovillari court. When the parties appeared in the hearing, the court acknowledged the waiver of all aggrieved parties that had joined the proceedings and declared the claims for damages null and void. Arguments are being heard;
- criminal proceedings no. 2615/2018 in the general register of crimes with the Public Prosecutor's Office at the Ivrea Court involving Trenitalia S.p.A. in relation to a railway accident that occurred on 23 May 2018 on the Chivasso/Ivrea line when regional train no. 10027 hit a lorry (oversized load) that had driven through the level crossing barriers, and got stuck on the tracks. The train driver and the driver of the lorry escort vehicle died and many other people were injured, including the train manager. The Public Prosecutor had issued an indictment request against the six parties investigated: the legal representative of the transport company (based in Lithuania), identified as an employer; the legal representative of the company authorised to carry the oversized load; the legal representative of the firm responsible for the technical escort service, identified as an employer; the head of the technical escort service; and two drivers. The charges are negligence causing a train crash, vehicular manslaughter, serious or very serious vehicular personal injury and negligence causing bodily injury, as well as (against the two employers) violation of occupational health and safety regulations pursuant to Legislative decree no. 81/2008 for failure to adopt a risk assessment document and for not having ensured workers had been properly informed of the specific risks of the activity. The preliminary hearing is pending before the Ivrea preliminary hearing judge. Trenitalia S.p.A. has appeared as the injured party with respect to all the accused. The preliminary hearing judge allowed all the aggrieved parties and ordered the companies to be summonsed as liable for damages. Trenitalia S.p.A. had all the companies involved and the Lithuanian insurer of the transport company summonsed as liable for damages;
- criminal proceedings no. 6662/2017 in the general register of crimes and no. 23758/2019 in the regional register of crimes of the Court of Naples involving Trenitalia S.p.A. in relation to a fatal accident involving a maintenance worker at the Naples ETR Maintenance plant (IMC) on 7 August 2016. Some of the company's managers/employees are being

investigated for negligent manslaughter due to the violation of health and safety in the workplace regulations. Arguments are being heard;

- criminal proceedings no. 4153/2016 in the general register of crimes at the Bari Court were commenced by the Public Prosecutor's Office against FSE S.r.l.'s former sole director and other persons. The allegations relate to several instances of document, corporate company and fraudulent bankruptcy which put the company in distress and resulted in the need for FSE S.r.l. to access the procedure for a composition with creditors. FSE S.r.l. and FS Italiane S.p.A. have also joined the proceedings as aggrieved parties. The hearing of arguments is currently underway. During the preliminary hearing, two matters were removed from the main proceedings no. 4153/2016 in the general register – Bari Public Prosecutor for alleged nullity. Accordingly, the proceedings against the aforesaid defendants (no. 6463/2018 in the general register with the preliminary investigation judge) were removed and arguments are being heard;
- criminal proceedings no. 4877/2018 in the general register of crimes constitute the separation of the main criminal proceedings for bankruptcy no. 4153/2016 in the general register of crimes against the former sole director of FSE S.r.l., the pro-tempore CEO of BNL, the head of the Central Administration Department for the public market of BNL in Rome and other officers of the BNL bank for "fraudulent bankruptcy in favour of the creditor BNL" and "fraudulent bankruptcy due to illicit transactions". In the indictment motion, FSE S.r.l. and FS Italiane S.p.A., together with the MIT and the Puglia region, were identified as the aggrieved parties. Arguments are being heard before the Bari Court with a panel of judges. One of the defendants, the officer of BNL, has filed a request for a fast-track trial and the judgement is pending;
- criminal proceedings no. 8790/2016 in the general register of crimes with the Public Prosecutor's Office at the Lecce Court relate to vehicular manslaughter (article 589 bis of the Italian Criminal Code) and road personal injuries (article 590 bis of the Italian Criminal Code) against an employee of FSE S.r.l. in relation to the accident that occurred on 1 August 2016 while the employee was driving the company's public bus. The company and the insurance company were summoned as the parties liable for damages. On 5 June 2019, the judge acquitted the defendant and consequently dismissed any liability on FSE S.r.l.'s part because the event is not a crime. After the aggrieved party appealed against the first-level decision, the appeal is pending;
- criminal proceedings no. 5926/2015 in the general register of crimes, anti-mafia department, with the Public Prosecutor's Office of Reggio Calabria refer to two tenders, the first of which was awarded to Anas S.p.A. for "non-routine maintenance works on the Via Casa Savoia overpass in Gallico (former SS 184 Gamberie) at km 438+000 of the Salerno-Reggio Calabria motorway" and the second of which was awarded to RFI S.p.A. for "construction work on the Pentimele stop of the surface metro". Several of the companies performing the work and six employees of Anas S.p.A. were accused of mafia-related criminal conspiracy (articles 416 and 416-bis of the Italian Criminal Code), bribery, undue soliciting (articles 319 and 319-quater of the Italian Criminal Code), abuse of power and fraud (articles 323 and 640 of the Italian Criminal Code). On 12 March 2020, the preliminary hearing began, in which Anas S.p.A., identified as the injured party, appeared in court as such, and five natural persons of the 20 defendants requested the fast-track trial procedure. The preliminary hearing before the judge was completed on 22 January 2021 with the indictment of 15 defendants. The first hearing of first-level arguments is now pending. The fast trial procedure ended on the same date as the hearing with two guilty rulings against parties outside Anas S.p.A. and four acquittals, including one for an employee of Anas S.p.A., according to the various charges against the five defendants who had requested such procedure.

### **Proceedings before national and community authorities**

**K2 Discount pursuant to Ministerial decree no. 44T/2000.** This dispute is one of the disputes relating to the application of the "K2 Discount" - introduced by Ministerial decree no. 44/T of 22 March 2000 and consisting of a temporary discount on the fee to use the railway infrastructure provided that the conditions for a single train driver are not met - in which the MIT had ordered could not be applied as there were no government grants (Ministerial decree no. 92/T of 11 July 2007). Following the lawsuit by several railway companies, the Council of State definitively nullified Ministerial decree no. 92/T with ruling no. 1110/2013. The civil action taken by Trenitalia S.p.A. is currently pending before the Rome Civil Court in order to have RFI S.p.A. pay the amounts due for the "K2 Discount" following the annulment of Ministerial decree no. 92/T. As part of these proceedings, the judge allowed RFI S.p.A. to implead the MIT and the MEF to guarantee and indemnify the amounts related to the K2 Discount which may be paid to Trenitalia S.p.A.. Both Ministries appeared as per standard procedure and jointly before the court. RFI S.p.A., inter alia, objected lack of standing to bring the suit and, however, Trenitalia S.p.A.'s lack of eligibility to receive the K2 Discount in relation to services provided for freight transport, due to the demerger of Trenitalia S.p.A. and Mercitalia Rail S.r.l. and the assignment of the freight business unit to the latter effective from 1 January 2017. Mercitalia Rail S.r.l., as per the writ served in 2019, appeared in court. On 1 March 2023, the favourable first-level ruling was issued in which the Rome Court admitted Trenitalia S.p.A. request for RFI S.p.A. to return the amounts that Trenitalia S.p.A. had unduly paid and ordered RFI S.p.A. to pay, as reimbursement for the amount unduly paid, €144,517,283.00 to Trenitalia S.p.A., plus interest and legal fees. In addition, the court decided on the legal question relating to Mercitalia Rail S.r.l.'s part (which had initially been combined with Trenitalia S.p.A.'s), ordering RFI S.p.A. to pay €91,315,687.00 plus interest and legal fees. In addition to taking all the appropriate actions in court against this ruling, RFI S.p.A. will begin formal talks to establish a process for the recovery of the resources from the government for any amounts due.

**Appeals relating to the tender for the assignment of services for the Tuscany region.** With an appeal lodged on 15 April 2016, the consortium company Mobit Scarl (consisting of Busitalia-Sita Nord S.r.l. and other local public transport incumbents operating in Tuscany) appealed before the Tuscany regional administrative court against the region's regulation ordering the definitive awarding of the tender to the only other participant, Autolinee Toscane S.p.A. ("AT"). The tender related to the assignment in a single lot of local public transport services for nine years, which may be extended for another two years, worth approximately €4 billion. AT, which also took legal action, presented a counterclaim to have the consortium Mobit Scarl excluded from the tender. With ruling no. 1548/2016 of 28 October 2016, the Tuscany regional administrative court admitted the two appeals, cancelled the awarding of the tender and found that neither of the claimants had presented offers that met the region's guidelines for the preparation of the economic/financial plan. Mobit Scarl, AT and the Tuscany region itself appealed against ruling no. 1548/2016 before the Council of State. The latter, with an order issued on 6 April 2017, submitted the issues relating to the interpretation of certain provisions of Regulation (EC) 1370/2007 to the EU Court of Justice, as they were relevant to the case. Immediately after notification of the two appeals against the ruling of the Tuscany regional administrative court, in December 2016, the Tuscany region had reopened the tender, asking the two participants to submit a new economic/financial plan accompanying their previously submitted bids. Mobit Scarl appealed before the Tuscany regional administrative court. With its ruling of 14 June 2017, the Tuscany regional administrative court denied the appeal. This ruling was appealed before the Council of State. With decision no. 8411 of 11 December 2020, the Council of State denied Mobit Scarl's appeals against the two Tuscany regional administrative court rulings of 28 October 2016 and 14 June 2017. Pending the judgements indicated above, the Tuscany regional authorities assigned another definitive contract to AT. Again, Mobit Scarl appealed against it before the Tuscany regional administrative court, which denied the appeal with ruling no. 344/2020 of 19 March 2020. Mobit Scarl appealed against the ruling before the Council

of State, which, with decision no. 4779/2021 of 21 June 2021, denied the appeal, confirming the awarding of the contract to AT. Mobit Scarl then appealed against this decision, petitioning for revocation pursuant to article 106 of the Italian Code of Administrative Procedure with an appeal before the Court of Cassation pursuant to article 111 of the Constitution, article 110 of the Italian Code of Administrative Procedure and article 362 of the Italian Code of Civil Procedure. With decision no. 5174 of 23 June 2022, the Council of State declared the appeal asking for revocation inadmissible. On 6 December 2022, a hearing was held in the council chamber of the Court of Cassation to discuss the appeal. The decision is pending.

**Antitrust Authority proceedings A536.** With the decision of 3 June 2020, the Antitrust Authority began a preliminary procedure against the consortium ONE Scarl, consisting of 26 operators, including Busitalia Sita-Nord S.r.l. and Ataf Gestioni S.p.A., claiming the alleged violation of article 102 of the Treaty on the Functioning of the European Union for abuse of a dominant position through an alleged obstructionist and dilatory strategy, i.e., failing to share the necessary information and data and failing to take the preliminary steps for the transfer of essential assets for the new operator to take over management of the LPT services covered by the tender called by the Tuscany regional authorities. Given the urgency of these proceedings, the Antitrust Authority took precautionary measures without hearing the other party and thereby requested the incumbent operators to send, each insofar as it is concerned, the data and information necessary for the transfer of the essential assets, which the Authority noted was missing, in order to enable the new operator of the services to take over on the date scheduled by the regional authorities. With its decision of 21 June 2022, the Antitrust Authority announced the conclusion of the proceedings, finding that most of the companies involved had abused a dominant position and imposing administrative fines on them. The administrative fines imposed on Busitalia Sita Nord S.r.l, its subsidiary Ataf Gestioni S.r.l. and their respective consortium companies, had a total negative impact of €0.9 million. The fined companies appealed against the measure before the Lazio regional administrative court. The hearing of arguments has not yet been scheduled.

**Appeals against ART decision no. 70/2014.** Reference should be made to the previous reports for detailed description of these appeals. The first-level appeals against ART 70/2014 were all rejected and the appeals lodged by RFI S.p.A., Italo-NTV S.p.A., GS Rail S.p.A. and GS Retail S.p.A. are currently pending. The appeal lodged by Grandi Stazioni S.p.A. was rejected with decision no. 5534/2019 of the Council of State. However, on 9 September 2019, with decision no. 6108, the Council of State allowed the appeal by RFI S.p.A. and, reforming the Piedmont regional administrative court's ruling, partly quashed ART decision no. 70/2014. The judge for the appeal, admitting all of RFI S.p.A.'s arguments, expressly noted that the unit value of the infrastructure access fee indicated in the decision (€8.2 per train-km) did not completely include the remuneration of risk capital within invested capital. Following this decision, on 31 October 2019, Italo-NTV S.p.A., notified RFI S.p.A. of an appeal to have Council of State ruling no. 6108/2019 revoked due to a "factual error" allegedly made by the judge in believing that the entire remuneration of invested capital was not included in the fee for the period in which ART decision no. 70/14 was in force. Taking the same position, even ART joined the aforementioned proceedings, notifying RFI S.p.A., on 26 November 2019, of an appeal for secondary revocation with a "motion for suspension" of the effects of the Council of State ruling for reasons that were somewhat similar to those argued by Italo-NTV S.p.A.. After RFI S.p.A. and the ART had lodged the "hearing notes" in the case, the Council of State declared that there was no need to decide on the request for an injunction order and combined it with the ruling on the merits. Furthermore, on 28 November 2019 Trenitalia S.p.A. also notified RFI S.p.A. of a separate appeal requesting revocation of the same decision, along with an "economic report" prepared by a consulting company, which also highlights a "factual error" allegedly made by the judge. On 12 November 2020, the hearing was held for arguments in the appeals requesting revocation lodged by Italo-NTV, Trenitalia and the ART. With decision no. 1262 of 12 February 2021, after a meeting, the Council of State rejected the aforesaid appeals requesting revocation of decision no. 6108/19. In particular, the judge agreed with RFI S.p.A.'s arguments



and declared all the reasons for revocation inadmissible. With Decision no. 39 of 25 March 2021, the ART began the regulatory proceedings, with the calling of a consultation, to redetermine the fee to access the HS/HC railway infrastructure in the period from 6 November 2014 to 31 December 2015, setting 30 April 2021 as the end of the consultation. Decision no. 88 was published on 17 June 2021, whereby the ART concluded the procedure, setting the criteria for the redetermination of the HS/HC railway infrastructure access fee for the period from 6 November 2014 to 31 December 2015. Italo-NTV appealed against this decision in an extraordinary petition to the President of the Italian Republic on 15 October 2021, which was subsequently referred to the Piedmont regional administrative court following the challenges notified by RFI S.p.A. and the ART. On 23 December 2019, the ART filed an appeal before the Joint Sections of the Court of Cassation on the Council of State's ruling no. 6108/2019 on the alleged grounds that it went beyond the outer bounds of the ART's scope of activities through the exercise of informed decision powers not established by law. Trenitalia S.p.A. and Italo-NTV joined ART's appeal by filing secondary appeals. With Decision no. 88/21, the ART expressly established that compliance with the Council of State's decision no. 6108/2019 does not entail acquiescence and that *"if the highest court quashes the decision, the ART's executive measure would also lapse along with its economic effects produced until that time."* On 15 November 2021, the Public Prosecutor of the Court of Cassation submitted its conclusions, asking the court to reject the appeals by the ART, Italo-NTV and Trenitalia, claiming they were inadmissible and in any case groundless. Following the hearing on 14 December 2021, with order no. 5627 of 21 February 2022, the court declared ART's appeal and Trenitalia's and NTV's appeals inadmissible. In particular, the Court of Cassation highlighted how the reason for the ART's appeal translated into *"a critique of the Council of State's decision-making process"* that, even if it were to lead to erroneous conclusions, this would have resulted in an *error in iudicando*, which was not disputable before the court, where the checks of the Joint Sections must be exclusively the *"verification that the outer bounds of jurisdiction are respected and does not extend to alleged violations of the substantial or pleading law, both of which relate to the way in which special jurisdiction is exercised"*. Therefore, in the court's opinion, no legitimate replacement of jurisdictional power was found in the specific case, especially considering the types of activities carried out by the independent authorities, which entail high levels of technical discretion in the exercise of their functions. The principle enshrined in the Council of State ruling no. 6108/2019 was therefore confirmed, along with the economic effects of the application of the principles of ART decision no. 88/2021. The appeal by Italo-NTV S.p.A. is still pending before the Council of State against the regional administrative court's decision no. 1239/2017, which rejected its original appeal against ART decision no. 70/14. In this case, a preliminary order was recently issued in which an assessment was ordered on the amount of the infrastructure access fee. After the council chamber hearing held on 16 December 2021, the Council of State appointed the Director of the Corporate Engineering Department at the Tor Vergata University of Rome, with the power to appoint another instructor in the department. During the hearing on 2 February 2023, as the assessor had not completed the assignment, the Council of State revoked order no. 5535/2019 (with which it had ordered the assessment) and ordered, in lieu thereof, a court-appointed expert report. The court-appointed expert must answer the same questions previously listed in order no. 5535/2019 and submit the final expert report by 31 July 2023.

**Appeals relating to ART decision no. 96/2015.** Reference should be made to previous reports for additional details. On 7 January 2020, with rulings nos. 19, 23 and 25, the Piedmont regional administrative court settled the appeals filed by the international railway companies OBB, SNCF and DB Bahn against ART decisions no. 96/2015, 72/2016 and 75/2016 (and subsequent decisions). Specifically, the regional administrative court denied the grounds for the appeal to challenge the determination of component A) of the fee (for the calculation of the operator's direct costs) and the ART's jurisdiction for determining component B) of the fee (for the mark-ups). The administrative judge found the challenges to be justified and declared there to be a weakness in the preliminary analysis of the ART's decision to apply a higher fee (to component B) for the international open access networks. In substance, it is not clear on what preliminary basis and for what reasons

the ART assumed that international open access could generally bear a mark-up over the national fee. Consequently, the ART ordered the start of another round of regulatory proceedings (Decision no. 28 of 30 January 2020), to gather the necessary information to justify the application of a surcharge for the international open access segment. With Decision no. 175 of 16 December 2021, the ART completed these proceedings, establishing that the difference between component B) of the fee that RFI S.p.A. had set for the international open access segment and that for the national open access basic segment was unjustified. RFI S.p.A. was therefore ordered to meet a series of requirements:

- recalculate the non-MAP fee for 2018-2021, setting the same rate for B1 component of such fee, applied to passenger railway transport in the international Open Access market segment, as that for the same component of the national open access basic market segment;
- following this recalculation, apply the consequent adjustments to the parties to commercial relationships affected by the Piedmont regional administrative court rulings nos. 19, 23 and 25 of 7 January 2020, agreeing the related implementation methods with the eligible parties.

With respect to the non-MAP fee, as from 1 January 2022, it is necessary to categorise every train in the international open access segment operating on sections of the network with speeds of over 250 km/h in the open access premium segment for the calculation of component B) of the fee, whereas all other trains must be classified in the open access basic segment. As for the need to ensure that the infrastructure operator's accounts are balanced, pursuant to article 16 of Legislative decree no. 112/2015, under normal operating conditions and over a reasonable period of time not exceeding five years, RFI S.p.A. was ordered to establish a specific figurative caption equal to the difference in revenue arising from the application of the above adjustments, as well as the revision of the fees, to be allocated to component B) of the unit fee that will be applied to passenger railway transport services operating under the open access market regime on the entire national railway network in the 2023-2027 regulatory period, based on overall traffic volumes forecast for these transport services in the same period. The railway companies Trenitalia S.p.A. and Italo-Nuovo Trasporto Viaggiatori S.p.A. appealed against decision no. 175/2021.

**Appeals relating to ART decision no. 43/2019.** Decision no. 43/2019, published on 18 April 2019, completed the procedure commenced with decision no. 138/2017 relating to compliance with the Piedmont regional administrative court rulings nos. 1097 and 1098 of 2017 concerning the revision of RFI S.p.A.'s fees. Decision no. 43/2019 was appealed before the Piedmont regional administrative court by Group of freight railway companies (notified to RFI S.p.A. on 17 June 2019) and by Trenitalia S.p.A. in an extraordinary appeal with the President of the Italian Republic (notified to RFI S.p.A. on 14 June 2019) and subsequently transferred to the Piedmont regional administrative court following the ART's challenge. As for the appeal lodged by the freight railway companies, with an order issued on 29 June 2021, the Piedmont regional administrative court ordered an assessment and, with another order issued on 27 January 2022, appointed the Engineering Department of the University of Parma as the assessor with which "*there are no conflicts of interest arising from professional engagements in place between the parties in question*". The assessment began on 30 May 2022. The Piedmont regional administrative court rejected Trenitalia S.p.A.'s appeal following the hearing held on 8 June 2021 with decision no. 1136 of 6 December 2021, finding it groundless. On 4 March 2022, Trenitalia S.p.A. appealed against this decision before the Council of State.

**Antitrust proceedings A551.** In the measure dated 19 July 2022, the Antitrust Authority began proceedings against Trenitalia S.p.A. for an alleged violation of article 102 of the TFUE regarding abuse of a dominant position for conduct relating to the sale of regional and/or Intercity services that are financed with government grants in relation to Frecce/HS services. The proceedings were based on reports by competitors on the HS service market following specific requests and the outcome of a complex negotiation (which was concluded on 28 June 2022 with the signing of an agreement with

Trenitalia S.p.A.), the continued impossibility of replicating the Trenitalia offer on their sale systems (except at higher costs) – namely, the bundled offer of services that are financed with government grants in connection with Italo services – with the consequent damage to HS market competitors. According to the authority’s initial assessments, Trenitalia S.p.A. allegedly “constructively refused” to negotiate, unjustifiably delaying negotiations with the competitor first, then setting unreasonable conditions for access to the sale of the services subject to government grants, which are managed exclusively under public service contracts. The deadline for the conclusion of the proceeding is currently set for 31 October 2023. However, on 2 November 2022, Trenitalia S.p.A. proposed a set of commitments pursuant to article 14-ter of Law no. 287/1990 – and they were subsequently included in the outcome of the standard market test currently under evaluation – to remove any antitrust concerns that had arisen during the start of the proceedings. If the authority deems these commitments adequate to remedy the critical issues it initially found, it will make them binding and conclude the proceedings without assessment of a violation.

**Procedure of the Greek Antitrust Authority against Trainose.** On 31 March 2021, the Greek Antitrust Authority sent Trainose (now Hellenic Train) a request for information on the report filed by Rail Cargo Logistics Goldair complaining of certain conduct - some of which regarding the company’s sales policy and pricing - constituting alleged abuse of a dominant position on the rail freight transport market. On 2 June 2022, the Authority conducted an inspection assessment at the Trainose offices. The preliminary process is in progress.

**EU cases SA 32179 and SA 32953.** On 28 March 2014, the European Commission’s Directorate-General for Competition notified Italy of a decision to begin a formal investigation in connection with two potential state aid programmes relating to:

1. intraGroup asset allocations (SA 32179); and
2. compensation for a public service obligation in the rail freight sector (SA 32953).

The first aid measure being investigated relates to four asset allocation operations within FS Italiane Group, in which assets were allocated to Trenitalia S.p.A. and FS Logistica S.p.A. (now Mercitalia Logistics S.p.A.), respectively. In particular, these transfers include assets that do not constitute railway infrastructure (they are mainly workshops) and are, in any case, no longer functional for the infrastructure operator. The second measure being investigated relates to the fees from Italy to Trenitalia S.p.A. for rail freight transport from 2000 to 2014 under three consecutive service contracts. After 2015 and 2016, in which there were no further developments, near the end of 2017, the European Commission resumed the examination of both dossiers. Accordingly, considering the current stage of the cases and their complexity, in line with previous evaluations, and based on the opinions of independent legal experts, with respect to both cases it is still impossible to objectively identify a contingent liability. Moreover, with respect to case SA 32179, the effects of any negative development would solely relate to assets within the FS Italiane Group; while with respect to case SA 32953, it is still impossible to reliably estimate any amount that might be paid.

## The parent's treasury shares

At 31 December 2022, FS Italiane S.p.A. neither owns treasury shares directly or through trustees or nominees nor has it acquired or sold treasury shares directly or through trustees or nominees in 2022.

## Related party transactions

Transactions between FS Italiane S.p.A. and the Group companies and their transactions with other related parties are carried out correctly in terms of substance and to the parties' mutual financial benefit based on normal market conditions which are defined with the assistance of independent experts, when necessary.

The shared objective of intraGroup transactions is to promote efficiency and, therefore, create value for the entire Group. To this end, in line with FS Italiane Group's industrial plan, a more rational reallocation of Group assets and resources is underway, to enable each company to focus on its core business, to improve the use of assets not directly related to the core activities of the Group companies, transferring these activities to specialised entities, including through demergers and contributions, and to increase intraGroup synergies. These processes and transactions are carried out in accordance with sector regulations, the Italian Civil Code and tax laws, in line with the guidelines issued by the relevant ministries and the Group's administrative/accounting procedures and considering the specific characteristics of the activities performed by many Group companies.

Assets and liabilities, income and expense arising on transactions during the year with parents and other Group companies and information on related party transactions are presented in the notes to the separate and consolidated financial statements, to which reference should be made.

# Outlook

## FS Italiane Group

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The conflict in Ukraine - how it will evolve, the duration of the war and its intensity - continues to affect the macroeconomic context, as it remains a factor of significant instability, with critical effects on commodities, especially in terms of the cost of energy, diesel and raw materials and the procurement of materials, creating two key vulnerabilities for the global economy: high inflation and volatility on financial markets.

The Italian and European context, which, after the sharp expansion of 2021, experienced sluggish GDP growth in 2022 and a slowdown in the growth rate in 2023, combined with a robust surge in inflation in 2022 followed by a downturn in 2023, has demanded a profound reflection on the outlook of the Group's operating segments. And, after having identified recovery actions, the Group outlined the role it could play for the country to drive the mobility of people and things over the next decade: putting the FS Italiane Group at the centre of the mobility ecosystem, with the aim of "enabling a system of resilient infrastructure, sustainable mobility and integrated logistics" and creating value for the country.

The FS Italiane Group's ten-year industrial plan (2023-2032) has been updated in light of the scenarios described above and how they are expected to evolve. The updated plan charts a course to make the Group a more effective force in the domestic mobility system, making it more sustainable and integrated and encouraging a modal rebalancing in favour of the green transition and social sustainability, the enabling factors being technological and digital innovation and people, alongside all stakeholders. By updating the Group's governance and establishing the four business segments (Infrastructure, Passenger, Logistics and Urban), the Group companies will work together more synergistically in the scope of rail and road transport services in the design, operation and maintenance of rail and road infrastructure and the related services, thanks to the strong boost of the NRRP.

A shared objective is to guide the strategic and operational efforts of all the Group companies, reinforcing their operating and financial synergies, ensuring the execution of railway and road infrastructure works according to certain schedules, to make infrastructure increasingly sustainable, accessible, efficient, reliable, integrated and resilient.

Another priority objective is to encourage multimodal collective transport over private transport, while also dramatically reducing CO<sub>2</sub> emissions and, with respect to the Logistics business segment, expanding railway freight transport which, combined with the progressive modal shift, has ambitions to double the share of freight transported by rail over the next decade.

A cross-sectional, yet priority, objective is to increase the FS Italiane Group's energy independence by ramping up production from renewable sources, improving energy efficiency, developing innovative solutions (e.g., energy storage, smart solutions/microgrids, etc.), to meet part of the Group companies' energy requirements autonomously, and thereby contributing to the green transition.

The Group plans to leverage two enabling factors to achieve all these objectives: digital infrastructure and innovation (in order to develop a centre of excellence to support the businesses with platforms for the interconnection of people and freight, putting Italy at the cutting edge of technological development applied to sustainable mobility) and valuing and caring for people (with skill enhancement, talent development, change management and leadership strengthening targets).

The railway sector is a leading player in the creation of a more connected, digital and sustainable transport system. In this context, the FS Italiane Group is confirming its key role in the definition and implementation of the NRRP, with specific regard to the investments in Mission 3 "Infrastructure for sustainable mobility", 80% of which are directed at developing and strengthening the national and regional railway network. The current phase is a strategic stepping stone in the country's green transition and social, environmental and economic sustainability, thanks to the forceful momentum of the NRRP, a tool that tracks the objectives, reforms and investments that Italy plans to make using Next Generation EU funds. These

resources will help relieve the economic and social impact of the pandemic and make Italy a more equitable, environmentally sustainable and inclusive country, with a more competitive, dynamic and innovative economy.

Internationally, the FS Italiane Group plans to expand its operations, with a focus on generating further value, in countries where it is already present (France, Spain, Germany, Greece, the Netherlands and the United Kingdom) with the Ten-T corridors, the development of the HS network and the full interoperability of European networks thanks to the expansion of ERTMS, both on the infrastructure and trains, while exporting its know-how across new borders and into other European countries (from Eastern Europe to the Balkans and the Eastern Mediterranean). In light of the post-war technological and industrial agreement signed in January 2023 between Italy and Ukraine, the FS Italiane Group plans to play a leading role in the reconstruction and updating of Ukrainian infrastructure.

### **Ferrovie dello Stato Italiane S.p.A.**

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As envisaged by the new governance system introduced with the industrial plan to 2031, the parent – which reports a profit for the year – will increasingly focus its operations on managing and coordinating the Group processes to support the pursuit of its strategic and financial vision.



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**(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)**

## **Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018**

*To the board of directors of  
Ferrovie dello Stato Italiane S.p.A.*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5.1.g) of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2022 consolidated non-financial statement of the Ferrovie dello Stato Italiane Group (the "group") prepared in accordance with article 4 of the decree, presented in the specific section of the directors' report and approved by the board of directors on 6 April 2023 (the "NFS").

Our procedures did not cover the information set out in the "Classification of the group activities according to the European taxonomy" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

### ***Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Ferrovie dello Stato Italiane S.p.A. (the "parent") for the NFS***

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.





**Ferrovie dello Stato Italiane Group**

*Independent auditors' report*

*31 December 2022*

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

### ***Auditors' independence and quality control***

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### ***Auditors' responsibility***

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
  - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
  - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
  - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.



**Ferrovie dello Stato Italiane Group**

*Independent auditors' report*

*31 December 2022*

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the parent's management personnel and personnel of Busitalia Veneto S.p.A., Trenitalia S.p.A., Rete Ferroviaria Italiana S.p.A., Qbuzz BV and Netinera Deutschland GmbH. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the DNF.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at group level,
  - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
  - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we visited, including remotely, Ferrovie dello Stato Italiane S.p.A., Busitalia Veneto S.p.A., Trenitalia S.p.A., Rete Ferroviaria Italiana S.p.A., Qbuzz BV and Netinera Deutschland GmbH, which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

## **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2022 consolidated non-financial statement of the Ferrovie dello Stato Italiane Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Our conclusion does not extend to the information set out in the "Classification of the group activities according to the European taxonomy" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Rome, 28 April 2023

KPMG S.p.A.

(signed on the original)

Marco Maffei  
Director of Audit



Consolidated financial statements  
of the Ferrovie dello Stato Italiane Group  
at 31 December 2022



## Consolidated financial statements

## Income statement

millions of Euros

	Note	2022	2021
<b>Revenue</b>		<b>13,664</b>	<b>12,242</b>
Revenue from sales and services	8	13,169	11,835
Other income	9	495	407
<b>Operating costs</b>		<b>(13,402)</b>	<b>(12,049)</b>
Personnel expense	10	(4,723)	(4,764)
Raw materials, consumables, supplies and goods	11	(1,852)	(1,582)
Services	12	(6,340)	(5,616)
Other operating costs	13	(239)	(206)
Internal work capitalised	14	1,702	1,814
Amortisation and depreciation, provisions and impairment losses	15	(1,950)	(1,695)
<b>Operating profit</b>		<b>262</b>	<b>193</b>
<b>Net financial income (expense)</b>		<b>(50)</b>	<b>14</b>
Financial income	16	108	142
Financial expense	17	(221)	(160)
Share of profits of equity-accounted investees	18	63	32
<b>Pre-tax profit</b>		<b>212</b>	<b>207</b>
Income taxes	19	(10)	(14)
Profit from discontinued operations, net of taxes			
<b>Profit from discontinued operations, net of taxes</b>			
<b>Profit for the year (attributable to the owners of the parent and non-controlling interests)</b>		<b>202</b>	<b>193</b>
<i>Profit for the year attributable to the owners of the parent</i>		204	194
<i>Profit for the year attributable to non-controlling interests</i>		(2)	(1)

## Statement of comprehensive income

millions of Euros

	Note	2022	2021
<b>Profit for the year (attributable to the owners of the parent and non-controlling interests)</b>		<b>202</b>	<b>193</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Net actuarial gains	34	95	(48)
of which: equity-accounted investees		1	
Items reclassified to profit or loss	34	4	8
<b>Items that will or may be reclassified to profit or loss:</b>			
Cash flow hedges - effective portion of changes in fair value	34	188	30
of which: equity-accounted investees		26	8
Net exchange gains	34	4	(12)
<b>Other comprehensive income (expense)</b>		<b>291</b>	<b>(22)</b>
<b>Comprehensive income (attributable to the owners of the parent and non-controlling interests)</b>		<b>493</b>	<b>171</b>
<i>Comprehensive income attributable to:</i>			
Owners of the parent		495	172
<i>Non-controlling interests</i>		(2)	(1)

\*Net of the tax effect, where applicable

## Statement of financial position

millions of Euros

	Note	31.12.2022	31.12.2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	21	47,619	47,049
Investment property	23	1,414	1,477
Intangible assets	24	2,608	2,560
Equity-accounted investments	26	833	751
Service concession assets	27	1,479	1,554
Financial assets (including derivatives)	28	1,289	993
Deferred tax assets	25	566	546
Trade receivables	29	5	5
Other assets	30	4,609	4,254
<b>Total</b>		<b>60,422</b>	<b>59,189</b>
<b>Current assets</b>			
Inventories	31	2,282	2,251
Service concession assets	27	2,042	1,613
Financial assets (including derivatives)	28	315	170
Cash and cash equivalents	32	2,859	2,145
Tax assets	33	97	100
Trade receivables	29	3,092	2,957
Other assets	30	5,668	5,662
<b>Total</b>		<b>16,355</b>	<b>14,898</b>
<b>Assets held for sale and disposal Groups</b>	<b>20</b>		<b>16</b>
<b>Total assets</b>		<b>76,777</b>	<b>74,103</b>
<b>Total equity and liabilities</b>			
<b>Equity</b>			
Share capital	34	39,204	39,204
Reserves	34	(71)	(363)
Retained earnings	34	2,536	2,350
Profit for the year	34	204	194
<b>Equity attributable to the owners of the parent</b>	<b>34</b>	<b>41,873</b>	<b>41,385</b>
Profit attributable to non-controlling interests	35	(2)	(1)
Share capital and reserves attributable to non-controlling interests	35	197	162
<b>Non-controlling interests</b>	<b>35</b>	<b>195</b>	<b>161</b>
<b>Total</b>		<b>42,068</b>	<b>41,546</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	36	9,159	8,901
Employee benefits	37	756	1,030
Provisions for risks and charges	38	2,128	2,410
Contract advances	39	1,362	1,171
Financial liabilities (including derivatives)	40	1,410	1,304
Deferred tax liabilities	25	665	599
Trade payables	41	7	15
Other liabilities	42	126	124
<b>Total</b>		<b>15,613</b>	<b>15,554</b>
<b>Current liabilities</b>			
Loans and borrowings and current portion of non-current loans and borrowings	36	2,599	2,774
Current portion of provisions for risks and charges	38	25	13
Contract advances	39	482	577
Financial liabilities (including derivatives)	40	201	213
Tax liabilities	43	10	6
Trade payables	41	7,696	6,445
Other liabilities	42	8,083	6,975
<b>Total</b>		<b>19,096</b>	<b>17,003</b>
<b>Liabilities held for sale and disposal Groups</b>	<b>20</b>		
<b>Total liabilities</b>		<b>34,709</b>	<b>32,557</b>
<b>Total equity and liabilities</b>		<b>76,777</b>	<b>74,103</b>

## Statement of changes in equity

Equity											
Reserves											Total equity
Share capital	Legal reserve	Translation reserve	Hedging reserve	Actuarial reserve	Total reserves	Retained earnings	Profit for the year	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests		
<b>Balance at 1 January 2021</b>	<b>39,204</b>	<b>65</b>	<b>5</b>	<b>(39)</b>	<b>(374)</b>	<b>(343)</b>	<b>2,956</b>	<b>(570)</b>	<b>41,247</b>	<b>162</b>	<b>41,409</b>
Profit for the year								194	194	(1)	193
Net losses recognised directly in equity			(12)	38	(48)	(22)			(22)		(22)
<b>Comprehensive income</b>			<b>(12)</b>	<b>38</b>	<b>(48)</b>	<b>(22)</b>		<b>194</b>	<b>172</b>	<b>(1)</b>	<b>171</b>
Coverage of loss for the previous year		2				2	(572)	570			
Dividend distribution											
Capital increase (share capital decrease)										2	2
Change in consolidation scope							1		1		1
Other changes							(35)		(35)	(2)	(37)
<b>Balance at 31 December 2021</b>	<b>39,204</b>	<b>67</b>	<b>(7)</b>	<b>(1)</b>	<b>(422)</b>	<b>(363)</b>	<b>2,350</b>	<b>194</b>	<b>41,385</b>	<b>161</b>	<b>41,546</b>
<b>Balance at 1 January 2022</b>	<b>39,204</b>	<b>67</b>	<b>(7)</b>	<b>(1)</b>	<b>(422)</b>	<b>(363)</b>	<b>2,350</b>	<b>194</b>	<b>41,385</b>	<b>161</b>	<b>41,546</b>
Profit for the year								204	204	(2)	202
Net gains recognised directly in equity			4	192	95	291			291		291
<b>Comprehensive income</b>			<b>4</b>	<b>192</b>	<b>95</b>	<b>291</b>		<b>204</b>	<b>495</b>	<b>(2)</b>	<b>493</b>
Allocation of profit for the previous year							194	(194)			
Dividend distribution										(2)	(2)
Capital increase (share capital decrease)										21	21
Change in consolidation scope				1		1	(10)		(9)	19	10
Other changes							2		2	(2)	
<b>Balance at 31 December 2022</b>	<b>39,204</b>	<b>67</b>	<b>(3)</b>	<b>192</b>	<b>(327)</b>	<b>(71)</b>	<b>2,536</b>	<b>204</b>	<b>41,873</b>	<b>195</b>	<b>42,068</b>



## Statement of cash flows

millions of Euros

	2022	2021
<b>Profit for the year</b>	<b>202</b>	<b>193</b>
Income taxes	10	14
Net financial expense	113	18
Amortisation and depreciation	1,655	1,594
Share of losses of equity-accounted investees	(63)	(32)
Accruals to provisions and impairment losses	489	580
Net gains on sales	(108)	(126)
Change in inventories	(11)	162
Change in trade receivables	(130)	(420)
Change in trade payables	1,183	846
Change in other liabilities	1,113	1,785
Change in other assets	(346)	(1,611)
Utilisation of the provisions for risks and charges	(605)	(515)
Payment of employee benefits	(225)	(198)
Change in assets/liabilities held for sale	15	
Financial income collected/financial expense paid	(73)	(59)
Income taxes paid, net of reimbursed tax assets	(1)	(14)
<b>Net cash flows generated by operating activities</b>	<b>3,218</b>	<b>2,217</b>
Increases in property, plant and equipment	(7,580)	(9,561)
Increases in investment property	(41)	(24)
Increases in intangible assets	(312)	(275)
Increases in equity investments	(429)	(191)
<b>Investments, before grants</b>	<b>(8,361)</b>	<b>(10,051)</b>
Grants for property, plant and equipment	5,952	7,646
Grants for investment property		9
Grants for intangible assets		182
Grants for equity investments	426	
<b>Grants</b>	<b>6,379</b>	<b>7,837</b>
Decreases in property, plant and equipment	141	84
Decreases in investment property	7	6
Decreases in intangible assets	1	
Decreases in equity investments and profit-sharing arrangements	13	19
<b>Decreases</b>	<b>162</b>	<b>109</b>
<b>Net cash flows used in investing activities</b>	<b>(1,820)</b>	<b>(2,105)</b>
Finance lease payments	(235)	(177)
Disbursement and repayment of non-current loans	395	1,090
Disbursement and repayment of current loans	(359)	(984)
Change in service concession assets/liabilities	(256)	238
Grants relating to assets (for loans)	(105)	504
Change in financial assets	(129)	55
Change in financial liabilities	30	12
Dividends	(2)	
Changes in equity and cash from non-recur. trans.	6	
<b>Net cash flows generated by (used in) financing activities</b>	<b>(655)</b>	<b>738</b>
<b>Total cash flows</b>	<b>744</b>	<b>850</b>
<b>Opening cash and cash equivalents</b>	<b>2,108</b>	<b>1,258</b>
<b>Closing cash and cash equivalents</b>	<b>2,852</b>	<b>2,108</b>
of which intraGroup current account	(6)	(37)



## Notes to the consolidated financial statements

## 1. Ferrovie dello Stato Italiane Group's business and structure of the consolidated financial statements

Ferrovie dello Stato Italiane S.p.A. (the "company" or "FS Italiane S.p.A.") was set up in accordance with Italian law and is based in Italy. Its registered office is in Piazza della Croce Rossa 1, Rome.

The parent and its subsidiaries ("Ferrovie dello Stato Italiane Group", "FS Italiane Group" or the "Group") provide passenger transport, freight transport and logistics services, both in Italy and abroad and manage an extensive railway and road network. FS Italiane Group's structure is shown in Annex 5.

## 2. Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS (which include the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect at the reporting date ("IFRS"). Specifically, the Group consistently applies the IFRS to all periods presented in these financial statements.

The consolidated financial statements have been prepared and presented in Euro, which is the FS Italiane Group's functional currency, i.e., the currency of the primary economic environment in which the FS Italiane Group operates. All amounts included in the financial statements and the tables and comments of the following notes are expressed in millions of Euros.

The financial statements format applied and the related classification criteria adopted by the FS Italiane Group in accordance with the options provided for in IAS 1 Presentation of financial statements are set out below:

- the statement of financial position has been prepared by classifying assets and liabilities as "current/non-current";
- the income statement has been prepared by classifying operating costs by nature;
- the statement of comprehensive income includes the profit for the year, as well as any other changes in equity captions, specifically actuarial gains or losses on employee benefits, fair value gains or losses on hedging instruments and gains and losses on the translation of the financial statements of foreign operations;
- the statement of cash flows has been prepared by reporting cash flows arising from operating activities using the indirect method.

These consolidated financial statements have been prepared on a going-concern basis, as the directors established that there are no financial or operational indicators or any other indications of critical issues with respect to the FS Italiane Group's ability to meet its obligations in the foreseeable future and, specifically, in the next twelve months. Reference should be made to the note to "Financial and operational risk management" for a description of the Group's financial risk management procedures, including those applicable to the liquidity risk.

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets and liabilities, including derivatives, which are measured at fair value.

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements, except for that set out below in respect of the newly-applied accounting policies. The reclassifications of certain captions in the year to better present the Group's financial position, also affected the prior year corresponding balances.

On 6 April 2023, the directors approved the separate financial statements at 31 December 2022 and their submission to the shareholder pursuant to article 2429 of the Italian Civil Code. These consolidated financial statements will be

subsequently presented for the shareholder's approval within the terms set by law and will be filed within the terms established by article 2435 of the Italian Civil Code. The shareholder is entitled to make changes to these consolidated financial statements. For the purposes of IAS 10.17, the directors authorised these consolidated financial statements for issue on 6 April 2023, which is the date when they approved them.

KPMG S.p.A. was assigned the engagement to carry out the statutory audit for the 2014-2022 period pursuant to Legislative decree no. 39/2010.

### 3. Consolidation scope

The consolidation policies applied by the FS Italiane Group to define the consolidation scope and, specifically, subsidiaries, joint arrangements and associates, and the related consolidation criteria, are described below.

#### *i) Subsidiaries*

The consolidated financial statements comprise the financial statements of the parent and those of the companies directly and indirectly controlled by the parent, from the date it gains control until the date when control ceases. Control can be exercised through direct or indirect holding of the majority of voting rights or through the right to variable returns from its involvement with the investees and the ability to affect those returns through its power over the investee, including regardless of shareholding relationships. The existence of potential voting rights exercisable at the reporting date is considered when determining control.

When non-controlling interests are acquired, goodwill is recognised only to the extent that it is attributable to the parent. Non-controlling interests are calculated based on the percentage of investment held by third parties in the identifiable net assets of the acquiree.

With respect to business combinations achieved in stages, when control is acquired, the previously held equity interest in the acquiree is remeasured at fair value, recognising the resulting gain or loss, if any, in profit or loss.

When non-controlling interests are acquired, once control is obtained, the positive difference between the acquisition cost and the carrying amount of the non-controlling interests acquired is recognised as a decrease in the parent's equity. Conversely, when control over an entity is retained despite the sale of a portion of equity interests, the difference between the consideration received and the carrying amount of the portions transferred is recognised directly as an increase in equity.

The Group recognises business combinations under common control, which are not covered by IFRS 3 or other standards, in accordance with IAS 8 in order to reliably and fairly present the transaction in accordance with OPI 1 (Assirevi's preliminary guidance on the IFRS).

The reporting date of the financial statements of subsidiaries, joint arrangements and associates included in the consolidation scope is 31 December, which is the reporting date of the consolidated financial statements. These financial statements have been specifically prepared and approved by the Boards of Directors of each company and duly adjusted, where necessary, to comply with the accounting policies of the FS Italiane Group.

Subsidiaries have been consolidated as follows:

- the assets and liabilities, income and expense of these companies are consolidated on a line-by-line basis, allocating, where necessary, the relevant portion of equity and profit or loss for the year to non-controlling interests. Equity and profit or loss for the year attributable to non-controlling interests are presented separately in consolidated equity and the consolidated income statement;

- business combinations of entities not under common control, whereby control of an entity is acquired, are recognised using the purchase method. The acquisition cost is the acquisition-date fair value of transferred assets, liabilities assumed and equity instruments issued. Identifiable acquired assets and identifiable assumed liabilities are recognised at their acquisition-date fair value. If positive, the difference between the acquisition cost and the fair value of identifiable acquired assets and identifiable assumed liabilities is recognised under intangible assets as goodwill; if negative, after having remeasured the fair values of the above assets and liabilities and the acquisition cost, said difference is recognised directly in profit or loss, as income. When the fair value of the identifiable acquired assets and identifiable assumed liabilities assets can only be determined provisionally, the business combination is recognised using such provisional amounts. Any adjustments related to the completion of the measurement process are recognised within twelve months of the acquisition date, recalculating comparative figures;
- profits and losses, including the related tax effects, from transactions among consolidated companies and not yet realised with third parties, are eliminated, except for unrealised losses when the transaction reflects an impairment loss on the transferred asset. Assets and liabilities and costs and revenue are also eliminated, as well as financial income and expense;
- with respect to the acquisition of non-controlling interests in companies already controlled, any difference between the acquisition cost and the related portion of the acquiree's equity is recognised in equity.

All subsidiaries are consolidated from the date the Group acquires control and are excluded from the consolidation scope on the date the Group no longer retains control.

*ii) Joint arrangements and associates*

Joint arrangements can be classified as joint operations or joint ventures based on the underlying rights and contractual obligations. Specifically: (i) a joint operation is a joint arrangement whereby the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement. In this case, individual assets and liabilities and the related costs and revenue are recognised in the financial statements of the parties based on their individual rights and obligations, regardless of the interest held; (ii) a joint venture is a joint arrangement whereby the parties have rights to the net assets of the arrangement.

Associates are those companies over which the FS Italiane Group exercises significant influence, being the power to govern the financial and operating policies of the investee, without having control or joint control thereof. When assessing the existence of significant influence, potential substantive voting rights are considered.

Interests in joint ventures and associates are initially recognised at cost and subsequently measured using the equity method, whereby:

- the carrying amount of interests in joint ventures and associates is aligned to their equity, adjusted, where necessary, to comply with the accounting policies of the FS Italiane Group; it includes the greater amounts allocated to assets and liabilities and goodwill, if any, identified upon acquisition;
- the associates' profits or losses attributable to the FS Italiane Group are recognised from the date significant influence begins to the moment it ceases, while those of joint ventures from the date the rights to the net assets of the arrangement begin to the moment they cease. If, because of the losses incurred, the companies have a net deficit, the carrying amount of the investment is eliminated and any excess amount pertaining to the FS Italiane Group, where the latter is committed to fulfil the investee's legal or constructive obligations, or to cover their losses, is recognised in a specific provision. The statement of comprehensive income items of equity-accounted investees are recognised in specific equity reserves;

- unrealised profits and losses on transactions between the parent/subsidiaries and the equity-accounted investee are eliminated based on the amount of the interest held by the FS Italiane Group in the investee. Unrealised losses are eliminated, except for impairment losses.

Interests in joint operations are accounted for by recognising the assets/liabilities and the costs/revenue related to the arrangement based on the relevant rights/obligations, regardless of the interest held.

Subsidiaries, joint arrangements and associates, whose consolidation or recognition in the consolidated financial statements using the equity method does not generate significant effects on the Group's financial position and results of operations, are excluded from the consolidation scope and recognised at fair value, where available, or at cost, net of any impairment losses.

#### 4. Change in consolidation scope and non-recurring transactions

##### Purchase price allocation of acquired assets

###### ODEG Ostdeutsche Eisenbahn GmbH

On 11 December 2022, through an agreement without the transfer of consideration, the Group acquired control of ODEG Ostdeutsche Eisenbahn GmbH, a railway company that manages several transport contracts in East Germany, and its wholly-owned subsidiary ODIG Ostdeutsche Maintenance Company mbH, which operates workshops for the maintenance of railway vehicles, mainly serving the parent. Both companies were already consolidated under the equity method.

Control was obtained by means of a shareholder agreement, whereby the Group alone assumed all risks and benefits of the Netz-Elbe-Spree Los 1 transport contract, which is a significant part of ODEG's operations. Consequently, the requirements for consolidation in accordance with IFRS 10 were met from the date on which the above transport contract became effective (11 December 2022).

By controlling ODEG, the Group extended and strengthened its foothold in north-east Germany.

The table below shows the fair value of the assets acquired and the liabilities assumed as a result of the business combination, in accordance with IFRS 3 Business combinations (business combination achieved in stages under IFRS 3.41-42A and business combination achieved without the transfer of consideration under IFRS 3.43-44).

millions of Euros

<b>Identifiable net assets at fair value</b>	
<b>Assets</b>	
Property, plant and equipment	132
Intangible assets	66
Deferred tax assets	34
Inventories	14
Trade receivables	22
Financial assets	8
Cash and cash equivalents	45
Other assets	16
<b>Total assets</b>	<b>337</b>
<b>Liabilities</b>	
Loans and borrowings	31
Financial liabilities	113
Provisions for risks and charges	15
Deferred tax liabilities	52
Trade payables	67
Other liabilities	6
<b>Total liabilities</b>	<b>284</b>
<b>Total identifiable net assets at fair value</b>	<b>53</b>

Property, plant and equipment mainly comprise right-of-use assets relating to railway vehicles, measured in accordance with IFRS 16. The other categories of property, plant and equipment were measured based on the market prices for similar items where available and, where applicable, depreciated replacement costs.

Accordingly, an order backlog of €65 million and a provision for onerous contracts of €5 million were recognised under intangible assets and liabilities, respectively. These items were measured using the cash flow method for the medium-term planning of the contracts of the acquired companies. Specifically, the order backlog was considered excluding the extension

options based on the agreed contractual terms. It is depreciated on a straight-line basis over the corresponding residual term of the contracts. The related provision is remeasured at each reporting date in subsequent years.

Inventories consist mainly of vehicle spare parts and other equipment and were measured at the estimated purchase prices in the ordinary course of business.

Most of the assets acquired derive from transport services provided and most creditors belong to the public sector (public bodies, transport associations, etc.). For this reason, a satisfactory credit rating is assumed and no contractual cash flows are expected to be unrecoverable.

Goodwill of €9 million refers to the excess fair value of the investment in ODEG over the carrying amount of the net identifiable assets. This fair value amounts to €51 million and was based on future cash flows, calculated on the basis of the acquired company's medium-term planning and market-dependent discount factors. Following the fair value revaluation of the pre-combination investment in the acquired company, a gain of €47 million was recognised under "Other income".

Non-controlling interests amount to €11 million.

The resulting goodwill was recognised in accordance with the full goodwill method as follows:

	millions of Euros
<b>Goodwill</b>	
Fair value of the investment formerly held in ODEG	51
Non-controlling interests	11
Total identifiable net assets at fair value	-53
<b>Total goodwill</b>	<b>9</b>

Goodwill arises from the acquiree's ability, in collaboration with the Group, to fulfil the existing contracts after the end of the contractual period and to expand the scope of the company's operations by winning other similar tenders.

It is not tax deductible.

Because of the considerable technical difficulties involved in preparing the companies' income statement for the period from 11 to 31 December and relative immateriality and insignificance of an income statement for such period, no income statement was prepared, and ODEG and ODIG have been regularly consolidated as of 31 December 2022. Consequently, neither the revenue nor the profits or losses of the acquirees have been included in the consolidated income statement. Instead, the profits of the two companies were recognised using the equity method until the date of the business combination.

### Non-recurring transactions

In their extraordinary meeting of 17 January 2022, the shareholders of Tunnel Ferroviario del Brennero - Società di partecipazioni S.p.A. approved a further capital increase up to €150 million, to be carried out by 31 December 2022 by issuing new ordinary shares to be offered as an option to shareholders. During the year, thanks to RFI S.p.A.'s capital payments totalling €140 million, the FS Italiane Group obtained control of 90.34% of the share capital, also considering the subscriptions by the other shareholders.

On 3 February 2022, the subsidiary Prignitzer Eisenbahn GmbH, part of the Netinera Group, sold its residual investment in Ostmecklenburgische Bahnwerk GmbH (49%) to a third party. Consequently, as of this date, the company is no longer part of the Group.



The winding up and liquidation of FS Italian Railways Thailand Ltd were approved on 10 March 2022.

The liquidation of Anas Concessioni Autostradali S.p.A. was approved on 18 July 2022.

The merger of Sippel Travel GmbH into Autobus Sippel GmbH became effective on 5 September 2022.

On 28 October 2022, the shareholders of Nugo S.p.A. in liquidation approved the final liquidation financial statements and the plan which allocates the residual assets to FS Italiane S.p.A.. On 29 December 2022, the company was struck from the company registrar.

FS Security S.p.A. (wholly owned by Ferrovie dello Stato Italiane S.p.A.) was set up as per the deed dated 9 November 2022 to provide private security and surveillance services. The partial demerger of the security/corporate protection business units of Trenitalia S.p.A. and RFI S.p.A. to FS Security S.p.A. became effective on 1 January 2023.

During the year, the shareholders of Intermodalidad de Levante SA approved four capital increases totalling €44.95 million, of which €300 thousand as share capital and the remainder to the share premium reserve. As a result of these transactions, the company's share capital totals €1.86 million. On 23 September 2022, Globalvia Inversiones SAU acquired 24% of Intermodalidad de Levante SA from the shareholder Operador Ferroviario De Levante S.L.. Consequently, the capital of Intermodalidad de Levante SA is owned by OFL (31%), Globalvia SAU (24%) and Trenitalia S.p.A. (45%). On 25 November 2022, the company began operating in Spain. Therefore, as of that date, it has been consolidated in the financial statements of the FS Italiane Group. Indeed, under the shareholder agreements governing its management, this company qualifies as a subsidiary in accordance with IFRS 10.

In their extraordinary meeting of 20 December 2022, the shareholders of Mercitalia Logistics S.p.A. approved a €482.5 million capital increase to be carried out in one or more tranches by 31 December 2027, aimed at recapitalising the subsidiary Mercitalia Rail S.r.l.. At the same time, the sole shareholder, FS Italiane S.p.A., subscribed and paid in the first tranche of the capital increase (€45 million) which Mercitalia Logistics S.p.A. used in its entirety to increase the capital of Mercitalia Rail S.r.l.. Consequently, the approved share capital of Mercitalia Logistics S.p.A. amounts to €667 million, of which €230 million is subscribed and paid up, while €497 million of the quota capital of Mercitalia Rail S.r.l. is approved and €59 million is paid up, respectively.

## 5. Translation of foreign operations' financial statements

The financial statements of subsidiaries, joint arrangements and associates have been prepared using their functional currency, being the currency of the primary economic environment in which they operate. Foreign operations' financial statements expressed in a functional currency other than the Euro are translated as follows:

- assets and liabilities are translated using closing rates;
- goodwill and fair value adjustments related to the acquisition of a foreign operation are considered as assets and liabilities of the foreign operation and translated using closing rates;
- revenue and expense are translated at the average exchange rate of the year;
- the translation reserve, recognised under consolidated equity captions, includes both exchange gains and losses arising from the translation of amounts, using rates other than closing rates, and those arising from the translation of opening equity applying a rate other than the closing rate. This reserve is released to profit or loss when the related equity investment is sold.

The following exchange rates were applied to translate the financial statements of foreign operations prepared in a functional currency other than the Euro:

€	Average exchange rate for		Closing rate at 31 December	
	2022	2021	2022	2021
Swiss franc	1.00	1.08	0.98	1.03
Pound sterling	0.85	0.86	0.89	0.84
Danish krone	7.44	7.44	7.44	7.44
Swedish krona	10.62	10.15	11.12	10.25
Serbian dinar	117.42	117.55	117.32	117.62
Saudi riyal	3.94	4.43	4.00	4.25
Turkish lira	17.29	10.26	19.96	15.23

### Translation of foreign currency amounts

Any transactions in a currency other than the functional currency are recognised at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in a currency other than the Euro are subsequently adjusted at the closing rate. Non-monetary assets and liabilities denominated in a currency other than the Euro are recognised at historical cost using the exchange rate prevailing at the date of initial recognition. Exchange differences are taken to profit or loss.

## 6. Accounting policies

The most significant accounting policies applied to the preparation of these consolidated financial statements are described below.

### Property, plant and equipment

#### General criteria

Property, plant and equipment are recognised at purchase or production cost, net of accumulated depreciation and impairment losses, if any. The purchase or production cost includes any charges that are directly incurred to make assets available for use, as well as dismantlement and removal charges, if any, that will be incurred as a result of contractual obligations that require the asset to be returned to its original conditions. Any financial expense that is directly attributable to the acquisition, construction or production of qualifying assets is capitalised and depreciated on the basis of the useful life of the asset to which it refers. Leasehold improvements or costs to upgrade and transform property, plant and equipment are recognised under assets.

Any charges incurred for ordinary maintenance and repairs are directly charged to profit or loss when incurred. Costs to expand, upgrade or improve the structural elements owned or used by third parties are capitalised when they meet the requirements for separate recognition as assets or as parts of an asset, applying the component approach, whereby a component must be accounted for separately if its useful life can be measured independently.

Depreciation is charged on a monthly straight-line basis using rates that reflect the assets' useful life. When the depreciable asset comprises separately identifiable items with a useful life that is significantly different from that of the other items comprising the asset, depreciation is charged separately using the component approach.

#### Trenitalia S.p.A.'s calculation of rolling stock depreciation

Under the component approach, rolling stock was broken down into similar clusters based on the relevant technology level. Four classes of components were identified for each cluster:

1. components to be reconditioned: these are serialised items of a high economic value which are regularly reconditioned at set travelling/time intervals;
2. worn components: these are fully replaced with the spare parts in stock;
3. components to be restyled for obsolescence/technical ageing/safety reasons;
4. components which are not altered throughout the life of the rolling stock.

These components are depreciated over the following periods: 5/6.5 years for classes 1 and 2; 12.5 years for driving material and 10 years for hauled stock under class 3, and 23/30 years for class 4 components.

Rolling stock maintenance over the asset's useful life can be broken down into three macro-types:

- ordinary maintenance which ensures rolling stock efficiency; it is recognised in profit or loss;
- second-level maintenance which mainly involves replacing/repairing rolling stock components subject to wear and tear (classes 1 and 2); it is recognised in profit or loss;
- revamping activities which mainly increase the asset's performance, efficiency or useful life (class 3); it is recognised in profit or loss.

Based on the current structure of the entire maintenance process, second-level maintenance usually takes place every 5/6.5 years. These activities mainly refer to parts subject to wear and tear and replacement thereof.

Investments in revamping activities, i.e., all activities which increase the asset's performance, efficiency or useful life, provide for three main types of activities:

- activities that dramatically change the characteristics of the rolling stock and require CESIFER's re-approval, resulting in a new serial number. In this case, the useful life of the rolling stock is generally around 18 years and the depreciation rate applied is equal to 5.5%;
- technological activities which, in accordance with the provisions of the Supervisory Authority, ensure safety by adjusting the operating fleet, or part thereof. Again, these activities take place approximately every 18 years and are depreciated using a 5.5% rate;
- all other revamping activities which are not part of the above categories fall under class 3 and are therefore depreciated using an 8% or 10% depreciation rate, depending on whether the asset is a driving or hauled part.

#### RFI S.p.A.'s calculation of depreciation of property, plant and equipment

Depreciation is calculated on a straight-line basis at variable rates based on train-km production volumes. "Train-km" means the total number of kilometres travelled by trains on a railway infrastructure expressed in millions/year. Specifically, depreciation is calculated based on the ratio of quantities generated in the year to total production expected throughout the concession term, applied to the depreciable cost of the infrastructure at the reporting date. In this regard, with respect to the infrastructure, the circumstance in which future investments (limited to those which guarantee a sufficient efficiency and security level of the infrastructure equal to that of the current year, specifically, extraordinary maintenance and renewals) are considered when determining the infrastructure's total production capacity, as they are fully covered by grants and are fully financed by the government. Consequently, they contribute to confirming the infrastructure's current production over the term of the concession, its useful life, and because of this profile, have an impact on the calculation of the depreciation rate. If the government had not provided any grants, the depreciation would have been calculated based on the ratio of quantities generated in the year to total production expected throughout the concession term, without considering those related to the future costs necessary to ensure the infrastructure's efficiency in the same period (specifically, extraordinary maintenance and renewals), applied to the depreciable cost of the railway infrastructure at the reporting date.

The depreciable cost of investments is the sum of all costs incurred not yet amortised, including any interest expense accrued during or for the development of assets, net of grants related to assets, excluding the expected residual carrying amount of the railway infrastructure at the end of the concession, in order to consider the related transferability against consideration.

Property, plant and equipment which, together with intangible assets and investment property, make up the railway infrastructure, comprise seven lines as shown in the table below.

For each line, RFI S.p.A. uses the number of train-km actually sold during the year and resulting from the company's specific monitoring system, as the indicator of the quantity generated during the year.

The depreciation rates applied in 2022 and 2021 are as follows:

Line	Production indicator	
	2022	2021
<b>HS/HC NETWORK</b>	<b>2.40%</b>	<b>1.71%</b>
<b>Traditional network</b>		
Po Plain line and international transits	2.40%	2.03%
North Tyrrhenian line and branch lines	2.40%	2.25%
Backbone and branch lines	2.40%	1.99%
South Tyrrhenian line	2.40%	2.19%
Adriatic line and Apennines lines	2.40%	2.20%
Secondary network	2.40%	2.20%

The useful life of property, plant and equipment and their residual value are updated, where necessary, at least at each reporting date. Land is depreciated to the extent related to site reclamation costs. Property, plant and equipment are derecognised when they are sold or when no future economic benefit is expected to arise from use; any gain or loss (calculated as the difference between the sale price, less costs to sell, and the carrying amount) is recognised in profit or loss in the year the asset is derecognised.

The depreciation rates used by the FS Italiane Group for the other categories of property, plant and equipment are as follows:

Class	Depreciation rate
Buildings	2% - 5%
Plant and machinery	5% - 10%
Rolling stock	3.3% - 20%
Industrial and commercial equipment	7.5% - 25%
Other assets	8% - 25%

## Leased assets

### Identification

At the inception date of the lease (i.e., the earlier of the date of a lease agreement and the date of commitment by the parties to the principal terms and conditions of the lease) and, subsequently, the Group reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

In particular, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract, which are accounted for in accordance with other standards.

The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee. It is determined by assessing the length of the non-cancellable period of a lease, i.e., the period in which the contract is enforceable, including any rent-free periods provided to the lessee by the lessor. In addition to this term, the Group considers:

- the period covered by the option to renew the lease if the Group is reasonably certain to exercise the renewal option;
- periods after the termination option if the Group is reasonably certain not to exercise the option.

Options to terminate the lease held only by the lessor are not considered.

## Recognition

At the commencement date of a lease, the Group recognises the right-of-use asset under intangible assets/property, plant and equipment and/or investment property, depending on the nature of the asset subject to each lease contract and the lease liability in current and non-current financial liabilities.

The right-of-use asset is initially measured at cost, including the amount of the initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date, plus any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

The Group measures the lease liability at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate if it cannot. The lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate, any residual value guarantees, the exercise price of a purchase option (if the Group is reasonably certain to exercise that option), the exercise price of an extension option (if the Group is reasonably certain to exercise that option) and payments of penalties for terminating the lease (if the lease term reflects the lessee exercising an option to terminate the lease).

The right-of-use asset is subsequently depreciated on a straight-line basis over the entire term of the contract, unless the contract provides for the transfer of ownership at the end of the lease or the cost of the lease reflects the fact that the purchase option will be exercised. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are calculated using the same depreciation requirements as those for the relevant intangible assets or property, plant and equipment. Furthermore, the right-of-use asset is recognised net of any impairment losses on the cash-generating unit (CGU) to which it has been allocated and is adjusted to reflect the remeasurement of the lease liability.

The lease liability is subsequently measured at amortised cost using the effective interest method and is remeasured whenever there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, a change in the amount that the Group expects to be payable under a residual value guarantee or when the Group changes its assessment of an option to purchase the underlying asset or extend or terminate the lease. If the lease liability is remeasured, the Group adjusts the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, any remaining amount is recognised in profit or loss.

In the statement of financial position, the Group includes right-of-use assets within the same captions as that within which the corresponding assets would be presented if they were owned, and the lease liabilities in other financial liabilities. In the income statement, interest expense on the lease liability is a component of financial expense and is presented separately from the depreciation charge for the right-of-use asset.

The Group has opted not to recognise the right-of-use assets and lease liabilities for short-term leases (i.e., those with a term of 12 months or less) or leases for low-value assets (i.e., assets that, when new, are worth €10,000 or less and leases with a total contractual value of €10,000 or less). The Group recognises the lease payments associated with these types of leases as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

As lessor, at the inception date of the lease, the Group classifies each of its leases as a finance lease or an operating lease. In order to do so, it assesses, in general, whether the lease transfers substantially all the risks and rewards incidental to

ownership of an underlying asset. The Group recognises lease payments from operating leases as income on either a straight-line basis or another systematic basis over the term of the lease.

With respect to subleases, as the intermediate lessor, the Group classifies its share in the head lease separately from the sublease. In order to do so, it classifies the sublease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease that the Group has recognised electing to apply the exception under IFRS 16, the sublease is classified as an operating lease. If a lessee subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

### Applicable before 1 January 2019

The Group continues to apply the measurement and recognition criteria of IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement contains a Lease to leases signed before 1 January 2019 (the FS Italiane Group's initial application date for IFRS 16 Leases, in accordance with the requirements of the standard). Therefore, with respect to the comparative data at 31 December 2018, property, plant and equipment held under finance leases, through which the risks and rewards incidental to ownership are substantially transferred to the FS Italiane Group, are recognised as assets of the FS Italiane Group at their fair value on the date the lease was signed or, if lower, at the present value of minimum lease payments, including the amount to be paid to purchase the asset, if any. The corresponding liability to the lessor is recognised under financial liabilities. Assets are depreciated using the above rates and criteria, unless the term of the lease is below that of the useful life reflected by said rates and there is no reasonable certainty that ownership of the leased asset will be transferred at the natural expiry of the lease. In this case, depreciation reflects the lease term. Leases whereby the lessor substantially retains the risks and rewards associated to ownership of the assets are classified as operating leases. Operating lease costs are recognised on a straight-line basis in profit or loss over the term of the lease.

### Investment property

Investment property is property held to earn rentals and/or for capital appreciation rather than for sale in the ordinary course of business. Furthermore, investment property is not used in the production or supply of goods or services or for administrative purposes. The accounting policies applied to recognise this caption comply with those applied to "Property, plant and equipment" described earlier.

When a development project for the future sale of a property begins, the property is reclassified to inventories following its change in use. The carrying amount at the date of change in use is the property's cost for subsequent accounting under inventories and depreciation ceases.

Since 1 January 2018, the Group companies have recognised reclassifications from/to "Investment property" applying IASB's amendments to IAS 40 endorsed by Regulation (EU) no. 400 of 14 March 2018. Consequently, these reclassifications are made only when there is evidence of a change in use in the property, considering that a change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

### Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance, that can be controlled and can generate future economic benefits. They are recognised at purchase and/or production cost, including any directly-attributable expenses incurred to make the asset available for use, net of accumulated amortisation (except for intangible assets with an indefinite useful life) and impairment losses, if any. Interest expense, if any, that accrues during and for the development

of intangible assets, is considered part of the purchase cost. Amortisation begins when the asset is available for use and is charged on a straight-line basis over its estimated useful life. Specifically, the FS Italiane Group has the following main intangible assets:

*a) Concessions, licenses and trademarks*

They are amortised on a straight-line basis over their term.

Costs of software licences, including any expenses incurred to make the software available for use, are amortised on a straight-line basis and on the basis of the licence term.

Any costs relating to software maintenance are expensed when incurred.

*b) Industrial patents and intellectual property rights*

They are amortised on a straight-line basis over their useful life.

*c) Goodwill*

Goodwill is the difference between the cost incurred to acquire an asset and the fair value of the related identifiable assets and liabilities acquired. It is classified as an asset with an indefinite useful life and, consequently, is not amortised on a straight-line basis, but tested for impairment at least every year to identify any impairment losses. Impairment losses on goodwill are not reversed.

*d) Research and development expenditure*

Research expenditure is recognised in profit or loss when incurred, while development expenditure is recognised under intangible assets when all the following conditions are met:

- the project is clearly identified and any costs referred thereto are identifiable and can be measured reliably;
- the technical feasibility of completing the project can be demonstrated;
- the intention to complete the project and to sell the generated intangible assets can be demonstrated;
- there is a potential market or, in case of internal use, it is demonstrated that the intangible asset is useful for the production of the intangible assets generated by the project;
- technical and financial resources are available which are necessary to complete the project.

The amortisation of development expenditure, if any, recognised under intangible assets begins from the date when the result generated by the project can be used and is carried out in a period of five years.

If the research phase of an identified internal project to create an intangible asset cannot be distinguished from the development phase, the expenditure on that project is fully charged to profit or loss as if it had been incurred in the research phase only.

The gain or loss arising from the derecognition of an intangible asset is equal to the difference between the net disposal proceeds and the carrying amount of the asset. It is recognised in profit or loss when the asset is derecognised.

## Service concession arrangements

Service concession arrangements, where the grantor is a public sector entity and the operator is a private sector entity (public-to-private) fall under the scope of IFRIC 12 only when the requirements for service regulation and control of the residual interest are met. This interpretation is applied when the infrastructure is essential to provide the public with services and the arrangement establishes that the grantor:



- controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- controls - through ownership or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

The Group does not recognise infrastructure for concessions under the scope of IFRIC 12 as property, plant and equipment but rather recognises at fair value either alternatively or jointly: the intangible asset, if the operator has the right to charge users of the public service for the construction or upgrading of the infrastructure; and the financial asset when its construction or upgrade generate an unconditional contractual right to receive cash from or at the direction of the grantor and the grantor has little, if any, discretion to avoid payment. The operator recognises revenue and costs in line with the contractual terms and the stage of completion as provided by construction contracts. Revenue from the prices paid by users continues to be recognised in line with that set out in the subsequent paragraph on revenue recognition. Any intangible assets are amortised over the concession term using a method that reflects the estimated consumption of the economic benefits embedded in the right and the manner of consumption. Accordingly, amortisation is calculated considering the concession term. Provisions for concession commitments include accruals made for the operator's obligation to restore the infrastructure to a specified condition or replace the infrastructure to return it to its normal state of use. They are made when the concession arrangement includes these obligations and the grantor does not receive additional financial benefits.

## Impairment losses on intangible assets and property, plant and equipment

### *a) Intangible assets and property, plant and equipment with a finite useful life*

At each reporting date, a test is carried out to check if there is any evidence that property, plant and equipment and intangible assets may be impaired. For this purpose, account is taken of both external and internal sources of information. With respect to internal sources of information, the following must be considered: the obsolescence of or physical wear and tear of the asset, significant changes, if any, in the use of the asset and the economic performance of the asset with respect to expectations. As regards external sources of information, the following must be considered: the trend in the market prices of the assets, negative changes, if any, in technology, markets or laws, the trend in market interest rates or in the cost of capital used to measure investments.

If any such indication exists, the Group estimates the recoverable amount of the asset, recognising the impairment loss in profit or loss. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use, i.e., the present value of the future cash flows expected to be derived from the asset. The cash flows consider the overall financial performance and the relevant sector, the cash flows generated by the CGU in the past few years and the expected growth rates. In calculating value in use, the expected future cash flows are discounted using a discount rate which reflects the time value of money, compared to the investment period and risks specific to the asset. The recoverable amount of an asset that does not generate largely independent cash flows is calculated in relation to the cash-generating unit to which this asset belongs.

Impairment losses are recognised in profit or loss when the carrying amount of the asset, or of the related cash-generating unit to which the asset is allocated, exceeds its recoverable amount. Impairment losses on cash-generating units are first allocated to reduce the carrying amount of the goodwill, if any, allocated to the cash-generating unit and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit and within the limits of the related recoverable amount. If the reasons for a previously recognised impairment loss no longer apply, the carrying amount of the asset is reversed in profit or loss without exceeding the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years and had the related amortisation or depreciation been charged.

*b) Goodwill and intangible assets not yet available for use*

The recoverable amount of goodwill and intangible assets not yet available for use is tested for impairment every year or more frequently if there is an indication that the asset may be impaired. However, should the reasons behind the impairment loss cease to exist, the original amount of goodwill is not reversed.

For impairment test purposes, goodwill acquired in a business combination is allocated to individual cash-generating units (CGUs) or Groups of CGUs which are expected to benefit from the synergies of the combination, in line with the minimum level at which goodwill is monitored within the Group. Goodwill related to unconsolidated subsidiaries or associates is included in the carrying amount of the equity investment.

## Financial instruments

### Classification and measurement of financial assets

The Group's financial assets are classified and measured considering both the business model used to manage such assets and the characteristics of their cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group performs SPPI (Solely Payment of Principal and Interest) tests on each instrument to determine whether these contractual cash flows are solely payments of principal and interest (in which case the SPPI test is passed).

Financial assets are classified in one of the following categories at initial recognition:

- at amortised cost (AC)
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVTPL)

*a) Financial assets measured at amortised cost*

This category includes all financial assets that meet both of the following conditions:

- the financial asset is held solely to collect contractual cash flows (HTC - Held To Collect -business model); and
- the contractual cash flows are solely payments of principal and interest (SPPI test passed).

In this category, financial instruments are initially recognised at fair value, inclusive of transaction costs, and subsequently measured at amortised cost. Interest, calculated using the effective interest method, impairment losses (impairment gains), exchange gains (losses) and gains (losses) on derecognition are recognised in profit or loss.

*b) Financial assets at fair value through other comprehensive income (FVTOCI)*

This category includes all financial assets that meet both of the following conditions:

- the asset is held to collect not only contractual cash flows but also the cash flows generated from its sale (HTC&S model); and
- the contractual cash flows are solely payments of principal and interest (SPPI test passed).

In this category, the financial assets are initially measured at fair value, inclusive of transaction costs. Interest (calculated using the effective interest method), impairment losses (impairment gains), exchange gains (losses) and gains (losses) on derecognition are recognised in profit or loss. Other fair value gains or losses are recognised in OCI. Upon derecognition, all cumulative gains or losses previously recognised in OCI will be reclassified to profit or loss.

#### c) Financial assets at fair value through profit or loss (FVTPL)

This category includes all financial assets not classified as measured at amortised cost or fair value through other comprehensive income.

Financial instruments classified under this category are initially and subsequently measured at fair value. Transaction costs and fair value gains and losses are recognised in profit or loss.

#### Classification and measurement of financial liabilities

Loans and borrowings, trade payables and other financial liabilities are initially recognised at fair value, net of directly-attributable costs, and are subsequently measured at amortised cost, applying the effective interest method. When there is a change in the estimated expected cash flows, the carrying amount of the liabilities is recalculated to reflect this change on the basis of the present value of the new expected cash flows and of the effective internal rate as initially determined. Loans and borrowings, trade receivables and other financial liabilities are classified under current liabilities, except for those with a contractual term of more than twelve months after the reporting date and those for which the Group has an unconditional right to defer their settlement for at least twelve months after the reporting date. Loans and borrowings, trade receivables and other financial liabilities are derecognised when repaid and when the Group has transferred all risks and charges related to the instrument.

#### Classification and measurement of derivatives

The Group has opted to continue applying hedge accounting to derivatives, as permitted by IAS 39 until the IASB completes the macro-hedging project to simplify the accounting treatment of hedges.

The Group uses derivatives as part of its hedging strategies to mitigate the risk of fair value gains or losses on recognised assets or liabilities or firm commitments (fair value hedges) or changes in cash flows expected from firm commitments or highly probable transactions (cash flow hedges). Reference should be made to note 28 for details on the recognition of currency risk hedges on long-term contracts. The effectiveness of hedges is documented and tested since the inception of the transaction which is periodically (at least at each annual or interim reporting date) measured by comparing the fair value gains or losses on the hedge to those on the hedged item (dollar offset ratio) or, with respect to more complex financial instruments, through statistical analyses based on risk changes.

Fair value hedges: fair value gains or losses on derivatives designated as fair value hedges and which qualify as such are recognised in profit or loss, similarly to fair value gains or losses on hedged assets or liabilities attributable to the hedged risk.

Cash flow hedges: fair value gains or losses on derivatives designated as cash flow hedges and which qualify as such are recognised, only to the extent of the effective portion, in other comprehensive income in the hedging reserve. They are subsequently reclassified to profit or loss when the underlying hedged item affects profit or loss. Fair value gains or losses related to the ineffective portion are immediately recognised in profit or loss. Should the underlying transaction no longer be considered highly probable, the related portion of the hedging reserve is immediately reclassified to profit or loss. Conversely, should the derivative be sold, expire or no longer qualify as an effective hedge of the risk for which the transaction was created, the related portion of the hedging reserve is maintained until the underlying item affects profit or loss. Recognition of the hedge as a cash flow hedge is discontinued prospectively.

#### Subsequent measurement: impairment losses

The Group applies the expected credit loss (ECL) model to determine impairment losses, which entails a significant assessment level of the impact of the changes in economic factors on the ECL, which are probability-weighted.

Loss allowances are measured using the general deterioration method and the simplified approach. Specifically:

- under the general deterioration method, the financial instruments are to be classified in three stages which reflect the level of deterioration from the moment the financial instrument is acquired and provide for a different ECL calculation method;
- under the simplified approach, some simplifications may be applied to trade receivables, contract assets and lease assets so that the entities are not required to monitor credit risk changes, as required instead by the general approach. Under the simplified approach, lifetime expected credit losses are recognised, therefore, no stage allocation is necessary. Losses are calculated over the residual life of the asset or receivable, which does not generally exceed 12 months.

As mentioned earlier, when the general deterioration method applies, financial instruments are classified into three stages based on the deterioration of credit quality between initial recognition and the measurement date:

- Stage 1: includes all financial assets under assessment on the date of initial recognition regardless of qualitative indicators (e.g., ratings) and except for situations with objective evidence of impairment. Upon subsequent measurement, all financial instruments whose credit risk has not increased significantly since the date of initial recognition or whose credit risk at the reporting date is low, remain in Stage 1. For these exposures, 12-month ECL are provided for that represent the ECL that result from default events that are possible within the 12-months after the reporting date. Interest on Stage 1 financial instruments is calculated on the gross carrying amount (without deducting the loss allowance);
- Stage 2: includes the financial instruments whose credit risk has increased significantly since the date of initial recognition, which, however, do not show objective evidence of impairment. For these assets, only lifetime ECL are provided for, i.e., ECL that result from all possible default events over the expected life of a financial instrument. Interest on Stage 2 financial instruments is calculated on the gross carrying amount (without deducting the loss allowance);
- Stage 3: includes financial assets with objective evidence of impairment at the reporting date. For these assets, only lifetime ECL are provided for, i.e., ECL that result from all possible default events over the expected life of a financial instrument.

In order to identify the methodological approach to be applied to the assets that are in the scope of the impairment requirements and, specifically, the correct probability of default, the Group defined a conventional cluster segmentation based on counterparty and credit risk:

- Public administration: all loans and receivables with the government, regions, provinces, municipalities, the EU or related bodies;
- IntraGroup: all loans and receivables with subsidiaries;
- Deposits: all deposits with banks;
- Amounts from third parties: loans and receivables other than those above, with non-financial companies, producers and consumers.

Furthermore, the Group opted to apply the low credit risk exemption allowed by IFRS 9 to assets other than trade receivables with Investment Grade rating between AAA and BBB-. Accordingly, there is no stage allocation: in fact these assets are directly allocated to Stage 1 with a one-year provision.

Therefore, the application of the impairment model entails the following steps:

- separation between loans and trade receivables: this distinction isolates the scope of the assets subject to the stage allocation criteria, i.e., all loans. Conversely, these criteria do not apply to trade receivables following the application of the simplified approach whereby expected credit losses are always classified on a lifetime basis;

- calculation of expected credit losses - Loans: the expected credit loss is calculated for each cluster, once the relevant stage has been identified;
- calculation of expected credit losses - trade receivables: for each cluster, trade receivables are broken down by due date (specifically, falling due, past due by up to one year, past due by up to two years, past due by more than two years). The expected credit losses are then calculated accordingly.

The impairment of financial assets is calculated based on public providers' information to determine the probability of default (PD), applying a loss given default which is in line with the scenario analysed as part of the most comparable competitors and considering the supervisory bodies' recommendations for entities with listed financial instruments. The exposure at default usually coincides with the carrying amount of the financial asset, except when lifetime ECL apply, in which case the repayment plan and instalments of the loan asset at the maturity dates are considered.

## Fair value estimates

The fair value of instruments quoted on an active market is calculated based on the bid price at the reporting date, while that of instruments not quoted on an active market is determined using financial valuation techniques: specifically, the fair value of interest rate swaps is measured by discounting expected cash flows, while that of currency forwards considers closing rates and the expected differentials of the relevant currencies. Financial assets and financial liabilities measured at fair value are classified using the following three levels of the fair value hierarchy, based on the relevance of the inputs used to determine fair value. Specifically:

- Level 1: financial assets and financial liabilities whose fair value is calculated based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: financial assets and financial liabilities whose fair value is calculated based on inputs other than quoted prices included within Level 1 that are observable directly or indirectly;
- Level 3: financial assets and financial liabilities whose fair value is calculated based on unobservable inputs.

## Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and available bank deposits and any other forms of short-term investment, with an initial maturity of three months or less, net of impairment losses calculated in accordance with IFRS 9. At the reporting date, current account overdrafts are classified in the statement of financial position as loans and borrowings under current liabilities. Cash and cash equivalents are measured at fair value through profit or loss.

## Inventories

Inventories are recognised at the lower of purchase and/or production cost and net realisable value. Cost is calculated using the weighted average cost method.

The net realisable value of finished products and property is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The net realisable value of raw materials, consumables and supplies is replacement cost.

Purchase cost includes additional charges, while production cost comprises directly-attributable costs and a portion of indirect costs that are reasonably attributable to the products.

Obsolete and/or slow-moving inventories are written down to reflect their estimated possible use or future sale, through the recognition of a specific allowance for inventory write-down. The write-down is derecognised in subsequent years if the reasons therefor no longer apply.

Properties held for trading are recognised under this caption at the lower of purchase cost and fair value, calculated by an independent appraiser. They are recognised net of the allowance for inventory write-down, while costs that enhance the assets are capitalised. The write-down is reversed in subsequent years if the reasons therefor cease to exist.

## Employee benefits

Short-term benefits comprise wages, salaries, related social security contributions, holidays paid and incentives paid out in the form of bonuses payable in the twelve months after the reporting date. These benefits are accounted for as personnel expense components in the period in which the employees provide their service.

## Post-employment benefits and other employee benefits

The companies of the FS Italiane Group have both defined benefit and defined contribution plans in place. The defined contribution plans are managed by third-party fund managers, in relation to which there are no legal or any other obligations to pay additional contributions if the fund does not have sufficient assets to meet the commitments with employees. With respect to the defined contribution plans, the FS Italiane Group pays contributions, either voluntarily or as required by contract, into public and private insurance pension funds. Contributions are recognised as personnel expense on an accruals basis. Advance payments for contributions are recognised as an asset that will be repaid or offset against future payments, if due.

A defined benefit plan is a plan that cannot be classified as a defined contribution plan. Under defined benefit plans, the amount of the benefit to be paid to the employee can be quantified only after the termination of the employment relationship, and is linked to one or more factors, such as age, years of service and remuneration. Therefore, defined benefit obligations are determined by an independent actuary using the projected unit credit method. The present value of defined benefit plans is determined by discounting future cash flows at an interest rate equal to that of (high-quality corporate) bonds issued in the foreign currency in which the liability will be settled and that takes account of the term of the related pension plan. Actuarial gains and losses are fully recognised in equity in the relevant year, taking account of the related deferred tax effect.

Specifically, the FS Italiane Group manages a defined benefit plan that consists of post-employment benefits (Italian "TFR"). Italian companies are required to accrue a provision pursuant to article 2120 of the Italian Civil Code, which is treated as deferred remuneration and is based on employees' duration of service and the remuneration they receive during that time. Starting from 1 January 2007, Law no. 296 of 27 December 2006 (the "2007 Finance Act") and subsequent decrees and regulations introduced significant amendments to TFR regulations, including the employees' right to choose to transfer the TFR being accrued either to supplementary pension funds or to the "Treasury Fund" managed by INPS (the Italian Social Security Institute). Consequently, the obligation to INPS and the contributions paid into supplementary pension funds are now treated, pursuant to IAS 19 Employee benefits, as defined contribution plans, while the amounts recognised under post-employment benefits at 1 January 2007 are still treated as defined benefit plans.

Some FS Italiane Group companies also have a defined benefit pension plan in place, the "Free Travel Card" (Carta di Libera Circolazione, CLC) that gives current and retired employees and their relatives, the right to use – free of charge or, in some cases, for an admission fee – the trains managed by Trenitalia.

Consequently, in accordance with the above-mentioned actuarial techniques, a provision is recognised which reflects the discounted charge for retired employees entitled to benefits, and the benefits accrued for employees in force to be disbursed at the end of the employment.

The same accounting treatment is applied to the Free Travel Card benefits and the effects arising from actuarial gains and losses as for post-employment benefits.

## Provisions for risks and charges

Provisions for risks and charges are recognised to cover specific liabilities that are certain or probable, but whose amount and/or due date is unknown at the reporting date. A provision is recognised when there is a present obligation (legal or constructive), as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation. The discount rate used to determine the present value of the liability reflects current market values and considers the risk specific to each liability.

Where the effect of the time value of money is material and the settlement dates of obligations can be estimated reliably, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the time value of money is recognised as interest expense.

Risks for which a liability is only possible are disclosed in the specific section on contingent liabilities without accruing any provisions.

## Revenue from contracts with customers

### Initial recognition and subsequent measurement

The Group recognises revenue in order to state the transfer of the promised goods and/or services to customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognised using the five step model, which entails: i) identifying the contract with the customer, ii) identifying the performance obligations in the contract, iii) determine the transaction price, iv) allocate the transaction price to the performance obligations in the contract and v) recognising revenue.

Revenue is measured considering the contract terms and the commercial practices usually applied to transactions with customers. The transaction price is the amount of consideration (which may include fixed or variable amounts, or both) to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. Control refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset (good/service). The total consideration of contracts for the provision of services is allocated among all services based on the selling prices of the related services as if they had been sold separately. For each contract, the reference element for the recognition of revenue is the single performance obligation. For each performance obligation, the Group recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. For performance obligations satisfied over time, revenue is recognised over time, assessing the progress towards complete satisfaction of the performance obligation at each reporting date. The Group measures progress in accordance with an input method (cost-to-cost method). Accordingly, revenue is recognised based on the inputs used to satisfy the obligation up to the reporting date, compared to the total inputs assumed to satisfy the entire obligation. When the inputs are distributed consistently over time, the Group recognises the corresponding revenue on a straight-line basis. In some circumstances, when the Group is unable to reasonably measure

the outcome of a performance obligation, revenue is recognised only to the extent of the costs incurred. The nature and timing of performance obligations and the significant terms for the satisfaction of performance obligations are summarised below for the Group's main contracts with customers:

*a) Revenue from transport services*

Revenue from transport services arises from passenger and freight transport in Italy and abroad. This caption includes revenue from commercial services (e.g., high speed services) and public service contract fees (MIT, the regions, etc.).

Revenue from rail/road transport services is governed by the General terms of transport applicable to several types of services: regional or long haul throughout Italy. Revenue from freight transport services, both rail and road, are governed by specific contracts agreed with the customer which generally provide for free at destination deliveries. The contract with customers generally coincides with their ticket which also grants access to a number of services (e.g., transport, lounge, complementary drink, wi-fi, etc.). However, these services are considered as a single performance obligation which customers may benefit from, except for reward points. Freight transport services are governed by standard contracts which substantially provide for the obligation to transport the goods to destination.

Revenue is recognised from the moment the customer starts using the service. In the case of partial services (delays, cancellations, etc.), the current terms and conditions provide for reimbursements and bonuses which are recognised as a direct adjustment to revenue. During the year, the Group companies offer discounts and promotions to enhance customer loyalty. Reward points, which entitle customers to buy the Group's products in the future, qualify as a performance obligation and their amount has never been significant. Revenue is recognised as the reward points are redeemed or expired. Because of the nature of the business, amounts are collected in advance. However, the timing of this advance does not have a significant impact.

Since customers enjoy the benefits at the time of their transfer, the revenue is recognised over time.

Revenue from public transport services consists of revenue from the rail transport services governed by the long-term service contracts signed with the regions, autonomous provinces and the ministries (MIT and MEF) for local and national rail transport services covered by a public service arrangement, and also includes regional services and day and night intercity trains.

The transport services are performance obligations. Revenue is recognised on an accruals basis in accordance with the contract. If the contractually-agreed services are not provided in the agreed quantities (e.g., cancellations), the contract provides for adjustments to the consideration. It also provides for penalties when quality targets (delays, cleanliness, etc.) are not met. In this respect, an estimate is made and an accrual is recognised in the risk provision to be used when the adjustments are finalised. Since customers enjoy the benefits at the time of their transfer, revenue is recognised over time.

*b) Revenue from infrastructure services*

Revenue from infrastructure services related to the rail/road/motorway infrastructure arises from management of this infrastructure. This caption includes revenue from fees, service concession arrangements and, to a lesser extent, revenue from ferrying services. This is the amount paid by railway companies to use the train paths necessary to carry out the long and short haul domestic passenger rail transport and for freight transport. Therefore, only one performance obligation exists. Revenue is recognised over time based on contract amounts; every quarter, it is adjusted to reflect the actual number of trains in operation. This figure is calculated for each train by pricing the train paths under the contract and those actually used by each railway company. With respect to road infrastructure, tolls are the amount paid by third-party companies assigned road and motorway construction, operation and maintenance under specific concession arrangements. A single performance obligation is identified. The price is set by the law and is equal to a percentage of the net proceeds from tolls received from operators. The revenue is recognised over time.



#### *Variable consideration*

If the consideration promised in a contract includes a variable amount (e.g., because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or because the consideration is contingent on the occurrence or non-occurrence of a future event), the Group companies estimate the amount of consideration to which they will be entitled. The Group companies estimate variable considerations consistently for similar items, using the expected value or the most likely amount method. They subsequently include in the transaction price the amount of variable consideration estimated, only to the extent that it is highly probable.

#### *Existence of a significant financing component*

When a significant financing component exists, revenue is adjusted, both when companies are financed by their customer (advance collection) and when they finance it (deferred collection). The existence of a significant financing component is identified when the contract is signed by comparing expected revenue against the payments to be received. It is not recognised if the period between when the Group company transfers a promised good or service and when the customer pays for that good or service is one year or less.

#### *Incremental costs of obtaining a contract and costs to fulfil a contract*

The incremental costs of obtaining a contract are those costs that a Group company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission), which it expects to recover. Conversely, if no contract is obtained, they are recognised provided that they are explicitly chargeable to the customer. A Group company recognises the costs incurred to fulfil a contract only when they relate directly to a contract, generate or enhance resources that will be used in satisfying performance obligations in the future and are expected to be recovered.

## Government grants

Government grants, when formally assigned and, in any case, when the right to their disbursement is deemed definitive as it is reasonably certain that the FS Italiane Group will comply with any conditions attached to the grant and that the grants will be received, are recognised on an accruals basis in direct correlation with the costs incurred.

#### *a) Grants related to assets*

They refer to amounts paid by the government and other public authorities to the FS Italiane Group for the implementation of initiatives aimed at the construction, reconditioning and expansion of property, plant and equipment. They are recognised as a direct reduction in the cost of the assets to which they refer and decrease the depreciation rates.

#### *b) Grants related to income*

They refer to amounts paid by the government or other public authorities to the FS Italiane Group to offset costs and charges incurred. They are recognised under "Revenue from sales and services" and "Other income", as a positive component of income.

## Dividends

They are recognised in profit or loss when the shareholders' right to receive payment thereof arises. The latter usually coincides with the shareholders' resolution approving dividend distribution.

Dividends distributed to FS Italiane S.p.A.'s shareholders are presented as a change in equity and recognised under liabilities when their distribution is approved by the shareholders.

## Cost recognition

Costs are recognised when they relate to goods and services acquired or consumed in the year or by systematic allocation.

## Income taxes

Current taxes are calculated based on estimated taxable profit and in accordance with ruling tax legislation.

Deferred tax assets, related to prior tax losses, are recognised when it is probable that future taxable profit will be available against which these losses can be recovered. Deferred tax assets and liabilities are calculated using the tax rates that are expected to be applied in the years in which the differences will be realised or settled.

Current taxes, deferred tax assets and liabilities are recognised in profit or loss, except for those relating to items recognised under other comprehensive income and directly taken to equity. In the latter cases, deferred tax liabilities are recognised under the "Tax effect" caption under other comprehensive income or directly in equity, respectively. Deferred tax assets and liabilities are offset when they are levied by the same tax authorities, there is a legally enforceable right to set off the recognised amounts and settlement on a net basis is expected.

Taxes other than income taxes, such as indirect taxes and duties, are included in profit or loss under "Other operating costs".

## Assets and liabilities held for sale and disposal Groups

Non-current assets and liabilities (or disposal Groups) whose carrying amount will be recovered principally through a sale transaction rather than through continuing use are classified as held for sale and recognised separately from other assets and liabilities in the statement of financial position. The corresponding prior year statement of financial position figures are not reclassified. A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;  
or
- is a subsidiary acquired exclusively with a view to resale.

Profits or losses of discontinued operations – either disposed of or classified as held for sale and being divested – are recognised separately in profit or loss, net of tax effects. Prior year corresponding figures, where present, are reclassified and presented separately in the separate income statement, net of tax effects, for comparative purposes. Non-current assets and liabilities (or disposal Groups) classified as held for sale, are firstly recognised in accordance with the specific standard applicable to each asset and liability and, subsequently, are recognised at the lower of carrying amount and fair value, less costs to sell. Subsequent impairment losses are recognised directly as an adjustment to non-current assets (or disposal Groups) classified as held for sale through profit or loss.

Impairment losses are reversed for any subsequent increase in fair value less costs to sell of an asset, and may not exceed the cumulative impairment loss that has been previously recognised.

## New standards

### **First-time adoption of standards, amendments and interpretations**

The following new standards are effective for annual periods beginning on after 1 January 2022.

### **Amendments to IFRS 3, IAS 16, IAS 37, Annual improvements 2018-2020**

On 14 May 2020, the IASB issued amendments to the following standards:

- IFRS 3 Business combinations: the amendment updates IFRS 3 so that it refers to the revised Conceptual framework, without affecting the provisions of this standard;
- IAS 16 Property, plant and equipment: the amendment prohibits a company deducting from the cost of an item of PPE any proceeds from selling items produced while making that item of PPE available for its intended use. Consequently, a company would recognise such sales proceeds directly in profit or loss;
- IAS 37 Provisions, contingent liabilities and contingent assets: the amendment clarifies what is included as the cost of fulfilling a contract when assessing whether a contract is onerous;
- Annual improvements 2018-2020: the amendments refer to IFRS 1 First-time adoption of International Financial Reporting Standards, IFRS 9 Financial instruments, IAS 41 Agriculture and the illustrative examples accompanying IFRS 16 Leases.

The amendments are all effective for annual periods beginning on or after 1 January 2022. Given their nature, these amendments, where applicable, had no material impacts on these financial statements.

## **Standards, amendments and interpretations recently endorsed by the European Union not yet applied**

### **Amendments to IAS 1 Presentation of financial statements and IFRS practice statement 2: disclosure of accounting policies and Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors: definition of accounting estimates**

On 12 February 2021, the IASB issued amendments to the following standards:

- Disclosure of accounting policies - amendments to IAS 1 and IFRS practice statement 2;
- Definition of accounting estimates - amendments to IAS 8.

The amendments improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements and distinguish changes in accounting estimates from changes in accounting policies.

These amendments are effective from 1 January 2023.

### **Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)**

On 7 May 2021, the IASB issued amendments to IAS 12 Income taxes clarifying how companies should account for deferred tax on certain transactions such as leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

## **Standards, amendments and interpretations not yet endorsed by the European Union**

### **Amendments to IAS 1 Presentation of financial statements: classification of liabilities as current or non-current and classification of liabilities as current or non-current – Deferral of effective date**

On 23 January 2020, the IASB issued amendments to IAS 1 Presentation of financial statements: classification of liabilities as current or non-current which clarify how to classify liabilities as current or non-current.

The amendments were initially meant to go into force as from 1 January 2022, but the IASB postponed the effective date to 1 January 2024 with the issue of a second document on 15 June 2020.

### ***Lease liability in a sale and leaseback (Amendments to IFRS 16)***

On 22 September 2022, the IASB issued Lease liability in a sale and leaseback (Amendments to IFRS 16) which clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements of IFRS 15 to be accounted for as a sale.

These amendments are effective from 1 January 2024.

## Use of estimates and judgements

In preparing the consolidated financial statements, the directors applied standards and methods, which in some circumstances rely on difficult and subjective valuations and estimates based on past experience and on assumptions that are considered reasonable and realistic at a given time. Therefore, the actual amounts of certain financial statements captions calculated according to the above estimates and assumptions may differ in the future, even materially, from those reported in the consolidated financial statements, because of the uncertainty that characterises the assumptions and conditions on which the estimates are based - including, at present, the impact of the Covid-19 pandemic, which continued in 2022, the geopolitical tensions due to the diplomatic and military crisis between the Russian Federation and Ukraine, the weakening of China's economy and the supply disruptions along the value chains, which may trigger scenarios with varied and diverse effects. Estimates and assumptions are reviewed periodically and the effects of any changes are recognised in profit or loss when they affect the year only. If the revision affects both current and future years, the change is recognised in the year the revision is made and in the related future years.

Therefore, actual results may differ, even materially, from these estimates following possible changes in the factors considered in the determination of these estimates.

The following accounting policies require the most subjectivity from the directors in the preparation of estimates and would have a material impact on the financial figures if there were a change in the conditions underlying the assumptions used:

### **i) Impairment losses - non-financial assets**

In accordance with the FS Italiane Group's accounting policies, property, plant and equipment and intangible assets with a finite life are tested for impairment. Impairment losses are recognised when there is evidence that it will be difficult to recover the related carrying amount through the use of the asset. Impairment tests require the directors to make subjective valuations based on the information available within the Group and in the market, as well as from past experience. Furthermore, when a potential impairment loss exists, the Group calculates such loss using suitable valuation techniques. The correct identification of impairment indicators and the estimates for calculating them depend on factors that may vary over time, thus affecting valuations and estimates made by the directors.

### **ii) Impairment losses - financial assets**

According to the Group's impairment model, an expected loss is the sum of the expected losses that result from possible default events on a financial instrument over a specific time horizon; this results in the recognition of a loss using both past and present figures and forward looking information. The estimate of expected losses, especially when the financial assets are deteriorated or show objective evidence of impairment, requires the directors to make subjective valuations based on the information available within the Group (e.g. the financial asset's estimated cash flows) and in the market, as well as from past experience. The correct identification of impairment indicators and the estimates for calculating them depend on factors that may vary over time, thus affecting valuations and estimates made by the directors.

### **iii) Extension/termination options in leases**

Leases that contain extension/termination options require the directors to, at the inception of the lease, to assess whether it is reasonably certain to exercise an extension option or not to exercise a termination option, upon occurrence of either a significant event or a significant change in circumstances that is within the Group's control. The assessment of extension options may require the directors to make subjective judgements based on the information available at the assessment date and past experience.

#### **iv) Amortisation and depreciation**

Amortisation and depreciation are a significant cost for the Group. The cost of property, plant and equipment and intangible assets with a finite useful life and of investment property is depreciated and amortised, respectively, over the estimated useful lives of the assets, except for RFI S.p.A. which applies the production unit.

Calculating the amortisation/depreciation of these assets entails a complex accounting estimate that is, by its nature, subjective, as it is influenced by a number of factors, including:

- the estimated production volumes expressed as train-km for the railway infrastructure (for further details, see the paragraph on “RFI S.p.A.’s calculation of depreciation of property, plant and equipment”);
- the identification of each component of rolling stock with a significant cost in proportion to the total cost of the item to be depreciated separately (component approach) and the estimated useful life (for further details, see the paragraph on “Trenitalia S.p.A.’s calculation of rolling stock depreciation”);
- the estimated residual value. In accordance with IAS 16, 38 and 40, the depreciable cost of the railway infrastructure and rolling stock is calculated by subtracting their residual value. The residual value of an asset is the estimated amount that an entity could obtain at the time of disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of the concession or the useful life of the rolling stock. The subsidiaries RFI S.p.A. (which operates the railway infrastructure) and Trenitalia S.p.A. (which owns the rolling stock), periodically review the residual value of assets and measure their recoverability using the best information available at that date. Periodic updates may cause changes in the depreciation rate for future years;
- the impacts of any changes to the regulatory framework.

The directors determine the useful lives of the Group’s assets when the assets are purchased. They are based on past experience for similar assets, market conditions and forecasts concerning future events that may have an impact on the useful life. Therefore, the actual economic life may differ from the estimated useful life. The FS Italiane Group assesses any technological and sector changes to update residual useful lives on a regular basis. These updates may entail a change in the amortisation and depreciation period and in the amortisation and depreciation rates of future years.

#### **v) Provisions for risks and charges**

Provisions are accrued against legal and tax risks which represent the risk of a negative outcome. The recognised provisions relating to these risks reflect the best estimate made by the directors at the reporting date. This estimate entails the adoption of assumptions that depend on factors which may vary over time and which may have significant effects compared to the current estimates made by the directors for the preparation of the FS Italiane Group’s consolidated financial statements.

#### **vi) Taxes**

Deferred tax assets are recognised based on the income expected in future years. The valuation of any expected income for the purposes of the recognition of deferred taxes depends on factors that may vary over time and determine significant effects on the measurement of deferred tax assets.

#### **vii) Fair value of derivatives**

The fair value of derivatives that are not quoted on active markets is measured using valuation techniques. The FS Italiane Group applies valuation techniques that use inputs that can be observed in the market, either directly or indirectly, at the reporting date, and that are connected to the assets and liabilities being measured. Even if the estimates of the above fair

values are considered reasonable, any possible changes in the estimate factors on which the calculation of the aforesaid amounts is based may generate different valuations.

## 7. Reporting by operating segment

The financial highlights of the Group's operating segments for 2022 and 2021 are shown below:

millions of Euros

2022	Infrastructure	Passenger	Logistics	Urban	Other services	Adjustments and inter-segment eliminations	Ferrovie dello Stato Italiane Group
Revenue from third parties	5,490	6,618	931	211	43	1	13,294
Inter-segment revenue	1,383	258	151	56	613	(2,091)	370
<b>Revenue</b>	<b>6,873</b>	<b>6,876</b>	<b>1,082</b>	<b>267</b>	<b>656</b>	<b>(2,090)</b>	<b>13,664</b>
<b>Operating costs</b>	<b>(6,138)</b>	<b>(5,420)</b>	<b>(1,018)</b>	<b>(218)</b>	<b>(691)</b>	<b>2,033</b>	<b>(11,452)</b>
<b>Gross operating profit (loss)</b>	<b>735</b>	<b>1,456</b>	<b>64</b>	<b>49</b>	<b>(35)</b>	<b>(57)</b>	<b>2,212</b>
Amortisation and depreciation, provisions and impairment losses	(427)	(1,246)	(182)	(64)	(59)	28	(1,950)
<b>Operating profit (loss)</b>	<b>308</b>	<b>210</b>	<b>(118)</b>	<b>(15)</b>	<b>(94)</b>	<b>(29)</b>	<b>262</b>
Net financial income (expense)	(3)	(97)	(20)		26	44	(50)
Income taxes	(6)	(19)	(6)	4	15	2	(10)
<b>Segment profit (loss) (attributable to the owners of the parent and non-controlling interests)</b>	<b>299</b>	<b>94</b>	<b>(144)</b>	<b>(11)</b>	<b>(53)</b>	<b>17</b>	<b>202</b>

millions of Euros

31.12.2022	Infrastructure	Passenger	Logistics	Urban	Other services	Adjustments and inter-segment eliminations	Ferrovie dello Stato Italiane Group
Working capital	(887)	270	3	782	451	(214)	405
Net non-current assets	39,288	12,395	813	619	190	(429)	52,876
<i>of which: equity-accounted investees</i>	<i>942</i>	<i>180</i>	<i>3</i>			<i>(292)</i>	<i>833</i>
Other provisions	(2,252)	(770)	(141)	(146)	(228)	(37)	(3,574)
Net assets held for sale							
<b>Net invested capital</b>	<b>36,149</b>	<b>11,895</b>	<b>675</b>	<b>1,255</b>	<b>413</b>	<b>(680)</b>	<b>49,707</b>
<b>Net financial position (debt)</b>	<b>(585)</b>	<b>9,017</b>	<b>649</b>	<b>(763)</b>	<b>(341)</b>	<b>(123)</b>	<b>7,854</b>
<b>Equity</b>	<b>36,734</b>	<b>2,878</b>	<b>26</b>	<b>2,018</b>	<b>754</b>	<b>(557)</b>	<b>41,853</b>



millions of Euros

2021	Infrastructure	Passenger	Logistics	Urban	Other services	Adjustments and inter-segment eliminations	Ferrovie dello Stato Italiane Group
Revenue from third parties	4,905	5,954	883	82	41	(10)	11,855
Inter-segment revenue	1,254	254	153	45	606	(1,925)	387
<b>Revenue</b>	<b>6,159</b>	<b>6,208</b>	<b>1,036</b>	<b>127</b>	<b>647</b>	<b>(1,935)</b>	<b>12,242</b>
<b>Operating costs</b>	<b>(5,533)</b>	<b>(4,958)</b>	<b>(939)</b>	<b>(113)</b>	<b>(690)</b>	<b>1,879</b>	<b>(10,354)</b>
<b>Gross operating profit (loss)</b>	<b>626</b>	<b>1,250</b>	<b>97</b>	<b>14</b>	<b>(43)</b>	<b>(56)</b>	<b>1,888</b>
Amortisation and depreciation, provisions and impairment losses	(352)	(1,198)	(99)	(12)	(57)	23	(1,695)
<b>Operating profit (loss)</b>	<b>274</b>	<b>52</b>	<b>(2)</b>	<b>2</b>	<b>(100)</b>	<b>(33)</b>	<b>193</b>
Net financial income (expense)	31	(71)	(17)		61	10	14
Income taxes	(7)	11		(3)	19	(34)	(14)
<b>Segment profit (loss) (attributable to the owners of the parent and non-controlling interests)</b>	<b>298</b>	<b>(8)</b>	<b>(19)</b>	<b>(1)</b>	<b>(20)</b>	<b>(57)</b>	<b>193</b>

millions of Euros

31.12.2021	Infrastructure	Passenger	Logistics	Urban	Other services	Adjustments and inter-segment eliminations	Ferrovie dello Stato Italiane Group
Working capital	718	453	50	914	286	(215)	2,206
Net non-current assets	39,033	11,643	816	675	198	(114)	52,251
<i>of which: equity-accounted investees</i>	<i>604</i>	<i>144</i>	<i>3</i>				<i>751</i>
Other provisions	(2,566)	(916)	(146)	(177)	(246)		(4,051)
Net assets held for sale		16					16
<b>Net invested capital</b>	<b>37,185</b>	<b>11,196</b>	<b>720</b>	<b>1,412</b>	<b>238</b>	<b>(329)</b>	<b>50,422</b>
<b>Net financial position (debt)</b>	<b>911</b>	<b>8,441</b>	<b>598</b>	<b>(617)</b>	<b>(376)</b>	<b>(86)</b>	<b>8,871</b>
<b>Equity</b>	<b>36,274</b>	<b>2,755</b>	<b>122</b>	<b>2,029</b>	<b>614</b>	<b>(243)</b>	<b>41,551</b>

Reference should be made to the directors' report for information on the performance of the individual segments.

## 8. Revenue from sales and services (€13,169 million)

The table and comments below give a breakdown of changes in revenue from sales and services.

	millions of Euros				
	2022	2021	Change	Change in consolidation scope	Change on a like-for-like basis
<b>Revenue from transport services</b>	<b>6,860</b>	<b>5,864</b>	<b>996</b>	<b>67</b>	<b>1,063</b>
Passenger traffic products	3,188	2,029	1,159	10	1,169
Freight traffic products	841	796	45		45
<b>Commercial revenue</b>	<b>4,029</b>	<b>2,825</b>	<b>1,204</b>	<b>10</b>	<b>1,214</b>
Public service contracts and other contracts	478	491	(13)		(13)
Fees from the regions	2,353	2,548	(195)	57	(138)
<b>Service contract fees</b>	<b>2,831</b>	<b>3,039</b>	<b>(208)</b>	<b>57</b>	<b>(151)</b>
<b>Revenue from infrastructure services</b>	<b>3,603</b>	<b>3,054</b>	<b>549</b>		<b>549</b>
<b>Other service revenue</b>	<b>604</b>	<b>407</b>	<b>197</b>		<b>197</b>
<b>Revenue from contract work in progress</b>	<b>30</b>	<b>43</b>	<b>(13)</b>		<b>(13)</b>
<b>Total revenue from contracts with customers</b>	<b>11,097</b>	<b>9,368</b>	<b>1,729</b>	<b>67</b>	<b>1,796</b>
<b>Other revenue</b>	<b>2,072</b>	<b>2,467</b>	<b>(395)</b>	<b>(5)</b>	<b>(400)</b>
<b>Total</b>	<b>13,169</b>	<b>11,835</b>	<b>1,334</b>	<b>62</b>	<b>1,396</b>

**Revenue from contracts with customers** rose by €1,796 million, net of the effects of the change in the consolidation scope (€67 million), following the inclusion of the Spanish-based Intermodalidad de Levante SA (1 December 2022) and the sale of the local public transport business in Tuscany (1 November 2021).

Revenue from passenger traffic products grew by €1,169 million, essentially as a result of the recovery of mobility following the easing and subsequent elimination of the restrictions adopted by the competent authorities to contain the Covid-19 public health emergency. The increase in this revenue may be broken down as follows:

- medium- and long-haul transport (€732 million), domestic transport (+€695 million), including both commercial services (+€539 million) and the universal services (+€156 million), and transport abroad (+€37 million), essentially as a result of the new high speed train connections between Milan-Paris and Paris-Lyon;
- regional transport revenue increased by a total of €401 million as a result of the growth in the domestic (+€310 million) and foreign markets (+€91 million), of which €49 million in UK, €14 million in Germany and €28 million in Greece, also following the launch of the new express services linking Athens and Thessaloniki in May;
- revenue from road transport increased (+€36 million, of which +€12 million in the domestic market and +€24 million abroad, mainly due to the Dutch market).

Revenue from freight traffic products increased by €45 million as a result of the gradual recovery of traffic both on the foreign (+€31 million) and the domestic markets (+€14 million) despite the ongoing war in Ukraine, which caused a shortage of semiconductors for transport in the automotive sector.

Revenue from public service contracts decreased by €151 million as a result of the rise in the commercial revenue following the recovery of railway traffic and the 2021 compensation received in connection with the regional business, net of the effects of the change in the consolidation scope (€57 million). The decrease is mainly attributable to the performance of public service contracts (-€211 million) as well as a reduction in the fees paid by the UK Department of Transport (-€12 million), partly offset by an increase in the fees paid by the contracting authorities on the domestic market for Intercity business (+€10 million) and on the foreign market (+€60 million, of which €23 million on the German market, €22 million on the Dutch market and €15 million on the Greek market).

The table below gives a breakdown of fees for public service contracts with the government:

	millions of Euros		
	2022	2021	Changes
Rate and service obligations: for passenger transport	333	348	(15)
<b>Total</b>	<b>333</b>	<b>348</b>	<b>(15)</b>

Revenue from infrastructure services increased by €549 million mainly as a result of the following:

- the rise in work on the road and motorway network under concession during the year (+€396 million);
- the increase in revenue due to the rise in the integration of the annual fee (+€46 million) and the fee pursuant to paragraph 1020 of Law no. 296/2006 (+€2 million), resulting from the increase in motorway traffic compared to the previous year;
- toll collection (+€45 million) for the temporary takeover of the operation of the A24 and A25 motorways as of 1 August 2022 pursuant to Law no. 108 of 5 August 2022 "Emergency provisions for the safety and development of infrastructures, transport and sustainable mobility, and for major events and the functionality of the Ministry of Infrastructure and Sustainable Mobility";
- the increase in the discounting effect on concession assets and contract advances (+€10 million) and in revenue from grants for disputes in connection with works of the same amount compared to the accrual of the year to the related risk provision (+€8 million);
- higher revenue from fees (+€57 million) due to both the increase in traffic volumes during the year (+€63 million) and the lower discount granted to the railway companies (+€30 million) in 2021 under the legislation enacted to mitigate the economic impacts of Covid-19, partly offset by the recognition of lower revenue from the railway companies for adjustments arising from the reimbursement of the fees to access the HS/HC infrastructure compared to the previous year (-€29 million) and the negative net balance (-€7 million) of penalties paid/received for the performance regime;
- lower revenue from ancillary services under concession (-€10 million) due to the decrease in construction and improvement works performed on the Umbrian rail network under concession.

The €197 million increase in other service revenue is mainly due to the following:

- an increase in revenue from land and buildings held for trading, following the rise in sales in 2022 compared to 2021 (+€105 million) which include, inter alia, the sale of the Milano Porta Romana hub and the former Large Repairs Workshop at Firenze Porta al Prato;

- an increase in revenue from services to railway companies and traffic-related services due to the sale of electrical energy for traction (+€30 million) linked to the greater volume of train-km travelled and the hike in energy prices and the increase in rolling stock maintenance services (+€8 million);
- an increase in revenue from processing on behalf of third parties (+€19 million) attributable to the resumption of the construction work on the Palermo metro rail, the work on the Roma Lido railway line and the decommissioning of an area at the Porta Romana hub;
- an increase in revenue from sundry services (+€36 million) essentially due to the rise in the lease of rolling stock with SBB, the Swiss railways (+€10 million), the provision of health services (+€3 million), and greater revenue due to the contract renewal and settlement of assets/liabilities with several phone operators (+€10 million) and an increase in actual revenue on the Riyadh metro contract (+€11 million).

The €13 million decrease in revenue from contract work in progress is essentially due to the different progress of contract work between 2022 and 2021.

	2022	2021	Change	Change in consolidation scope	Change on a like-for-like basis
Leases	140	127	13		13
Recharging of condominium expenses and income tax	33	32	1		1
Sale of advertising spaces	11	4	7		7
<b>Revenue from property management</b>	<b>184</b>	<b>163</b>	<b>21</b>		<b>21</b>
<b>Revenue from white certificates</b>	<b>55</b>		<b>55</b>		<b>55</b>
<b>Sundry revenue</b>	<b>132</b>	<b>125</b>	<b>7</b>		<b>7</b>
<b>Revenue from grants</b>	<b>1,701</b>	<b>2,179</b>	<b>(478)</b>	<b>(5)</b>	<b>(483)</b>
<b>Total</b>	<b>2,072</b>	<b>2,467</b>	<b>(395)</b>	<b>(5)</b>	<b>(400)</b>

The €400 million decrease in **other revenue**, net of the effects of the change in the consolidation scope (-€5 million), is essentially due to the reduction in revenue from grants (-€483 million), partly offset by the rise in revenue from property management (+€21 million), greater releases (+€10 million) of prior year excess accruals to the risk provision and the recognition of white certificates (or energy efficiency certificates; +€55 million) earned through energy savings.

The decrease in revenue from grants is mainly attributable to:

- the reduction in the grants for the railway infrastructure (-€77 million) due to the difference (-€185 million) between the total Covid-19 grants recognised in 2021 (2021 budget act and Decree law no. 73/2021) and the total grants recognised in 2022 (Decree law no. 4/2022), partly offset by the greater MEF grants allocated under the Government Programme Contract renewed in 2022 (+€92 million), the increase in grants to mitigate the effects of the increase in energy cost pursuant to Decree law no. 115/2022 (+€16 million), and the one-time grant disbursed in the second half of 2022, as a tax credit, to purchase electricity and natural gas (+€1 million);
- the decrease in grants for the railway transport sector (-€408 million) essentially due to the non-recognition of Covid-19 grants (-€549 million) and the recalculation, following the final certifications sent to the MIT, of the grants previously recognised in connection with the HS business (-€13 million), partly offset by the recognition, in 2022, of more grants for compensation pertaining to 2021 and earmarked for the regional business (+€152 million);

- the decrease in the grants disbursed in Germany (-€25 million) due to the net effect of lower Covid-19 grants (-€35 million) and higher grants (+€10 million) following the introduction by the German government of a monthly subsidised season ticket, the “€9 ticket”, valid on all urban and suburban public transport and regional trains;
- the reduction in grants related to the road transport sector (-€12 million; of which: -€2 million pertaining to the domestic market and -€10 million attributable to the Dutch market) to offset the effects of the Covid-19 pandemic;
- the increase in the grants disbursed by the MIT (+€14 million) to support businesses that provide freight railway transport services not subject to public service obligations pursuant to article 214.3-7 of Decree law no. 34/2020;
- the increase in grants related to the road and motorway network (+€21 million), following the amounts recognised pursuant to article 2 of Decree law no. 179/2022 (+€97 million) and disbursed by the MIT for recurring maintenance on the road and motorway network in response to price increases (+€3 million), partly offset by the lower grants recognised during the year compared with 2021 as a result of Decree law no. 73/2021 (-€13 million) and Decree law no. 4/2022 (-€66 million);

## REVENUE BROKEN DOWN UNDER IFRS 15

In the table below, revenue from contracts with customers is broken down by geographical segment, product line and moment of recognition:

millions of Euros												
	Transport		Logistics		Infrastructure		Real estate		Other services		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Geographical segment</b>												
Italy	4,962	4,265	523	526	3,907	3,283	144	32	37	35	9,573	8,141
Europe	1,125	897	221	206	9	8					1,355	1,111
Non-EU	39	15	103	79	24	21			3	1	169	116
<b>Total revenue from contracts with customers</b>	<b>6,126</b>	<b>5,177</b>	<b>847</b>	<b>811</b>	<b>3,940</b>	<b>3,312</b>	<b>144</b>	<b>32</b>	<b>40</b>	<b>36</b>	<b>11,097</b>	<b>9,368</b>
<b>Moment of recognition</b>												
At a point in time	292	243	46	16	70	56	129	7	(4)	1	533	323
Over time	5,834	4,934	801	795	3,870	3,256	15	25	44	35	10,564	9,045
<b>Total revenue from contracts with customers</b>	<b>6,126</b>	<b>5,177</b>	<b>847</b>	<b>811</b>	<b>3,940</b>	<b>3,312</b>	<b>144</b>	<b>32</b>	<b>40</b>	<b>36</b>	<b>11,097</b>	<b>9,368</b>
<b>Total other revenue from sales and services</b>	<b>426</b>	<b>811</b>	<b>58</b>	<b>42</b>	<b>1,537</b>	<b>1,573</b>	<b>52</b>	<b>39</b>	<b>(1)</b>	<b>2</b>	<b>2,072</b>	<b>2,467</b>
<b>Total revenue from sales and services</b>	<b>6,552</b>	<b>5,988</b>	<b>905</b>	<b>853</b>	<b>5,477</b>	<b>4,885</b>	<b>196</b>	<b>71</b>	<b>39</b>	<b>38</b>	<b>13,169</b>	<b>11,835</b>

## CONTRACT ASSETS AND LIABILITIES

The table below provides information about contract assets and liabilities:

		millions of Euros	
		<b>31.12.2022</b>	<b>31.12.2021</b>
Contract assets classified under current/non-current trade receivables		1,757	1,555
Contract assets classified under other current assets/non-current assets			17
Other assets not included in the above categories		3,514	3,150
Contract assets		1,320	1,202
Contract liabilities		(140)	(60)

## BREAKDOWN OF CHANGES IN CONTRACT ASSETS AND LIABILITIES

The table below shows the significant changes in contract assets and liabilities for the year:

millions of Euros

	31.12.2022	
	Contract assets	Contract liabilities
<b>Balance at 1 January 2022</b>	<b>1,202</b>	<b>(60)</b>
Revenue recognised during the year which was included in the opening balance of contract liabilities	28	44
Increases in contract liabilities, net of the amounts recognised during the year	(20)	(130)
Reclassifications from contract assets recognised at the beginning of the year	(440)	
Increases in contract assets due to the provision of services	598	6
Increases in contract assets due to changes in the assessment of the percentage of completion		
Business combinations		
Other changes	(48)	
<b>Balance at 31 December 2022</b>	<b>1,320</b>	<b>(140)</b>

### 9. Other income (€495 million)

Net of the effects of the change in the consolidation scope (€16 million) due to the inclusion of the Spanish-based Intermodalidad de Levante SA on 1 December 2022 and the sale of the local public transport business in Tuscany on 1 November 2021, this caption increased by a total of €104 million, mainly as a result of the recognition of a gain (+€47 million) arising from the consolidation of the German-based ODEG, as discussed in more detail in paragraph 4. Change in consolidation scope, higher penalties arising from rolling stock purchase contracts (+€42 million) and the enforcement of guarantees (+€18 million) following the completion of the bankruptcy proceedings that involved service providers in the rail transport sector.

## 10. Personnel expense (€4,723 million)

This caption may be analysed as follows:

	millions of Euros				
	2022	2021	Change	Change in consolidation scope	Change on a like-for-like basis
Wages and salaries	3,525	3,374	151	33	184
Social security charges	856	828	28	10	38
Other expense for employees	58	25	33		33
Post-employment benefits	204	199	5	2	7
Post-employment benefits/Free Travel Card service costs	1		1		1
Accruals and releases	(85)	189	(274)		(274)
<b>Employees</b>	<b>4,559</b>	<b>4,615</b>	<b>(56)</b>	<b>45</b>	<b>(11)</b>
Wages and salaries	8	7	1	(1)	
Social security charges					
Other costs	(1)		(1)		(1)
<b>Consultants and freelancers</b>	<b>7</b>	<b>7</b>		<b>(1)</b>	<b>(1)</b>
<b>Other costs</b>	<b>157</b>	<b>142</b>	<b>15</b>	<b>2</b>	<b>17</b>
<b>Total</b>	<b>4,723</b>	<b>4,764</b>	<b>(41)</b>	<b>46</b>	<b>5</b>

Net of the effects of the change in the consolidation scope (€46 million) due to the inclusion of the Spanish-based Intermodalidad de Levante SA on 1 December 2022 and the sale of the local public transport business in Tuscany on 1 November 2021, personnel expense increased by a total of €5 million.

Specifically, the €184 million increase in wages and salaries is due to the combined effect of the rise in per-head labour costs following the renewal of the contract, the growth in the workforce - though the impact of the latter is smaller than that of the former, and the increase in ancillary remuneration as a result of the easing and subsequent elimination of the Covid-19 restrictions adopted.

The €274 million decrease in accruals and releases is due to the higher releases of the year (-€105 million) and smaller accruals recognised (-€130 million) for reduced contractual requirements, combined with the net effect of higher releases and lower provisions (-€37 million) for leaving incentives.

The table below gives a breakdown of the FS Italiane Group's average number of employees by category:

	2022	2021	Changes
Managers	1,029	1,000	29
Junior managers	12,528	12,148	380
Other	69,441	68,217	1,224
<b>TOTAL</b>	<b>82,998</b>	<b>81,365</b>	<b>1,633</b>



## 11. Raw materials, consumables, supplies and goods (€1,852 million)

	millions of Euros				
	2022	2021	Change	Change in consolidation scope	Change on a like-for-like basis
Raw materials and consumables	940	962	(22)	2	(20)
Electrical energy and fuel for traction	602	502	100	7	107
Lighting and driving force	196	94	102		102
Change in land and buildings held for trading	112	21	91		91
Accruals and releases	2	3	(1)		(1)
<b>Total</b>	<b>1,852</b>	<b>1,582</b>	<b>270</b>	<b>9</b>	<b>279</b>

Net of the effects of the change in the consolidation scope (€9 million) due to the inclusion of the Spanish-based Intermodalidad de Levante SA on 1 December 2022 and the sale of the local public transport business in Tuscany on 1 November 2021, raw materials, consumables, supplies and goods increased by a total of €279 million, essentially as a result of the following:

- raw materials and consumables (-€20 million): the decrease is mainly due to the combined effect of lower consumption (-€59 million) of frogs, switches, glued insulation joints and equipment by the national workshops, following the streamlining of stocks, and the rise in costs to purchase inventories and consumables as a consequence of the hike in the price of raw materials (+€38 million);
- electrical energy and fuel for traction (+€107 million) and lighting and driving force (+€102 million): the increase is essentially due to the significant rise in the cost of electricity and fuel on both the domestic and international markets.

The increase in the change in land and buildings held for trading (+€91 million) is essentially due to the different carrying amounts of the assets sold during the year compared to those sold in the previous year. These include, in particular, the sale of the Milano Porta Romana hub. Reference should be made to note 31 for further details about the sales of the year.

## 12. Services (€6,340 million)

This caption can be analysed as follows:

	millions of Euros				
	2022	2021	Change	Change in consolidation scope	Change on a like-for-like basis
Other transport-related services	135	110	25	2	27
Tolls	325	280	45	(5)	40
Shunting services	24	27	(3)		(3)
Freight transport services	346	321	25		25
Accruals/releases for transport services					
<b>Transport services</b>	<b>829</b>	<b>738</b>	<b>91</b>	<b>(3)</b>	<b>88</b>
Contracted services and work	59	44	15		15
Cleaning and other contracted services	512	520	(8)	2	(6)
Maintenance and repair of intangible assets and property, plant and equipment	956	902	54	5	59
Accruals/releases for maintenance	3		3		3
Ordinary maintenance on the road and motorway network	327	273	54		54
<b>Maintenance, cleaning and other contracted services</b>	<b>1,857</b>	<b>1,739</b>	<b>118</b>	<b>7</b>	<b>125</b>
<b>Property services and utilities</b>	<b>152</b>	<b>110</b>	<b>42</b>	<b>2</b>	<b>44</b>
<b>Administrative and IT services</b>	<b>416</b>	<b>435</b>	<b>(19)</b>		<b>(19)</b>
<b>External communications and advertising expense</b>	<b>67</b>	<b>43</b>	<b>24</b>		<b>24</b>
<b>Costs for new works and extraordinary maintenance of the road and motorway network</b>	<b>2,221</b>	<b>1,847</b>	<b>374</b>		<b>374</b>
<b>Use of third-party assets</b>	<b>122</b>	<b>110</b>	<b>12</b>	<b>3</b>	<b>15</b>
Professional services and consultancies	62	53	9		9
Prize competitions and fees to other railway companies	5	5			
Insurance	92	86	6	2	8
Sleeping carriages and catering	126	126			
Agency fees	61	46	15	1	16
Engineering services	74	55	19		19
Other costs for services, accruals/releases	(38)	23	(61)		(61)
Other	294	200	94	(1)	93
<b>Other sundry services</b>	<b>676</b>	<b>594</b>	<b>82</b>	<b>2</b>	<b>84</b>
<b>Total</b>	<b>6,340</b>	<b>5,616</b>	<b>724</b>	<b>11</b>	<b>735</b>

Net of the effects of the change in the consolidation scope (€11 million) due to the inclusion of the Spanish-based Intermodalidad de Levante SA on 1 December 2022 and the sale of the local public transport business in Tuscany on 1 November 2021, services increased by €735 million, essentially as a result of the combination of following factors:

- higher costs for transport-related services (+€88 million), mainly due to the rise in fees and commissions paid to foreign railways (+€18 million), the increase in access fees on the foreign market (+€50 million) and higher costs for freight transport services (+€22 million) due to the recovery in international traffic and the launch of new businesses abroad;
- higher costs for new works and non-recurring maintenance of the road and motorway network (+€374 million), closely related to the increase in revenue from infrastructure services;
- higher costs for ordinary maintenance on the road and motorway network due to the significant increase in costs for lighting in tunnels and the road network (+€55 million), as a result of the hike in energy prices, higher costs on the regional network, pursuant to the agreements entered into with local bodies (+€24 million) and higher costs related to the temporary operation of the A24 and A25 motorways (+€20 million), pursuant to Law no. 108 of 5 August 2022 “Emergency provisions for the safety and development of infrastructures, transport and sustainable mobility, and for major events and the functionality of the Ministry of Infrastructure and Sustainable Mobility”;
- higher costs for the maintenance and repair of rolling stock and movable assets (+€58 million) mainly related to the full resumption of railway traffic and maintenance activities (+€72 million), offset by lower reclamation costs due to the provision accrued in the previous year in connection with the Milan shunting plant (-€14 million);
- higher costs for services and contract services to third parties (+€15 million) mainly due to the works for the construction of the Palermo metro rail and the decommissioning of the Milano Porta Romana hub;
- higher property services and utility costs (+€43 million), mainly due to the rise in gas and electricity prices;
- higher costs for external communication services (+€25 million), due to the increase in commercial operations and sponsorships;
- higher costs for engineering services (+€19 million), due to the increased production of the year;
- higher agency fees (+€15 million) in connection with the increase in revenue from the sale of tickets;
- higher costs for the use of third-party assets (+€15 million), mainly attributable to short-term leases of rolling stock;
- lower accruals (-€61 million) mainly related to the effect of the change in the estimate of the litigation compared to the previous year due to the progress of the pending disputes;
- lower costs incurred for IT services and hardware and software maintenance services (-€19 million) as a consequence of the slowdown in IT project services provided, also following the cyber attack on the Group in the first few months of the year.

### 13. Other operating costs (€239 million)

This caption may be analysed as follows:

	millions of Euros				
	2022	2021	Change	Change in consolidation scope	Change on a like-for-like basis
Other costs	116	93	23	4	27
Losses	5	4	1		1
Accruals and releases	14	10	4	2	6
Local taxes and duties	104	99	5		5
<b>Total</b>	<b>239</b>	<b>206</b>	<b>33</b>	<b>6</b>	<b>39</b>

Net of the effects of the change in the consolidation scope (€6 million) due to the sale of the local public transport business in Tuscany on 1 November 2021, the €39 million increase is essentially a result of greater costs for local taxes and duties (+€5 million) and Trenitalia c2c's different accounting treatment of deferred costs (+€16 million) as per the new contractual agreements reached with the Department for Transport in the UK. In the past, these costs were capitalised and remunerated based on the relevant amortisation rates, while under the new agreement, they are remunerated in full when incurred.

### 14. Internal work capitalised (€1,702 million)

Internal work capitalised mainly refers to the cost of materials, personnel expense, IT and transport services capitalised in 2022 for work on the infrastructure, maintenance increasing the value of rolling stock at FS Italiane Group workshops and technological upgrades. This caption amounts to €1,702 million (€1,814 million in 2021) and is down by €112 million on the previous year mainly as a consequence of the smaller use of materials (-€106 million), lower costs for routine maintenance and revamping of rolling stock compared to the previous year (-€24 million), and smaller investments projects for IT services (-€38 million), offset by higher design, work site maintenance and monitoring costs (+29 million) and greater personnel and indirect costs (+€32 million) for work carried out on the railway infrastructure.

## 15. Amortisation and depreciation, provisions and impairment losses (€1,950 million)

This caption may be analysed as follows:

	millions of Euros				
	2022	2021	Change	Change in consolidation scope	Change on a like-for-like basis
Amortisation	260	254	6		6
Depreciation	1,395	1,340	55	4	59
Impairment losses on intangible assets	8	16	(8)		(8)
Impairment losses on property, plant and equipment	132	72	60		60
Adjustments and impairment gains on financial assets	185	13	172	3	175
Impairment losses on cash and cash equivalents					
Provisions	(30)		(30)		(30)
<b>Total</b>	<b>1,950</b>	<b>1,695</b>	<b>255</b>	<b>7</b>	<b>262</b>

Net of the effects of the change in the consolidation scope following the sale of the local public transport business in Tuscany (€4 million), the higher depreciation of property, plant and equipment (+€59 million) is mainly due to the change in the rates applicable to the railway infrastructure based on trains per km as a result of the rebound in traffic.

Impairment losses on property, plant and equipment, rose by €60 million essentially as a result of the impairment losses recognised by Mercitalia Rail on its rolling stock based on the results of impairment testing (€46 million) and rolling stock that can no longer be used for passenger transport (€10 million). For additional information, reference should be made to note 21 Property, plant and equipment.

Net of the effects of the change in the consolidation scope following the sale of the local public transport business in Tuscany (€3 million), the €175 million increase in adjustments on financial assets essentially refers to the adoption of IFRS 9, which increased the loss allowance.

Provisions decreased by €30 million as a result of the release of the provision for income and employment assistance due to an over-accrual.

## 16. Financial income (€108 million)

This caption can be analysed as follows:

	millions of Euros				
	2022	2021	Change	Change in consolidation scope	Change on a like-for-like basis
Financial income from non-current loans and securities	11	37	(26)		(26)
Financial income from derivatives	12	5	7		7
Other financial income	83	89	(6)		(6)
Exchange gains	2	11	(9)		(9)
<b>Total</b>	<b>108</b>	<b>142</b>	<b>(34)</b>		<b>(34)</b>

This caption decreased by €34 million, essentially as the effect of the following:

- the decrease in financial income from non-current loans and securities due to the recognition, in 2021, of certain non-recurring items linked to the completion of factoring Covid relief grants for the HS business (€17 million) and the reduced effect of the discounting of the Covid-19 grants related to the road infrastructure (€8 million);
- the increase in financial income from derivatives as a result of interest rate fluctuations in connection with the hedging transactions carried out by the Group (€7 million);
- the €9 million decrease in exchange gains caused by the fewer foreign currency transactions carried out by the Group than in the previous year;
- the €6 million decrease in other financial income as a net result of the following:
  - recognition of the 2007-2017 dividends of the associate Traforo del Monte Bianco, distributed to the shareholders as "super-benefits" and collected in January 2023 (€31 million) following the settlement agreement reached in December 2022;
  - lower interest income totalling €37 million, of which €24 million for non-recurring items recognised in 2021 (interest on the asset due from the Basilicata region and the effect of discounting the assets recognised pursuant to ART decision no. 88/2021) and €12 million for lower interest accrued from Strada dei Parchi due to the effect of the instalment plan for the concession price. Compared to the previous year, the latter was calculated for only seven months, until the date of the regulation that revoked the concession to operate the A24 - A25 motorways, temporarily entrusting it to Anas, came into force.

## 17. Financial expense (€221 million)

This caption may be analysed as follows:

	millions of Euros				
	2022	2021	Change	Change in consolidation scope	Change on a like-for-like basis
Interest on financial liabilities	140	96	44		44
Financial expense on employee benefits	25	5	20		20
Financial expense on derivatives	5	17	(12)		(12)
Financial expense on leases	24	23	1		1
Impairment losses on financial assets	1	10	(9)		(9)
Exchange loss	9	3	6		6
Accruals/releases	17	6	11		11
<b>Total</b>	<b>221</b>	<b>160</b>	<b>61</b>		<b>61</b>

The €61 million increase is essentially due to the following:

- the €44 million increase in interest on financial liabilities due to the rise in the cost of debt following the higher interest rates on mortgages, bank loans and bonds, as described in more detail in note 36 Current and non-current loans and borrowings (€34 million) and the updated estimate of interest on late payments on disputes over works on roads under concession (€10 million);
- the €20 million increase in financial expense linked to the discounting of employee benefits following interest rate fluctuations;
- higher net provisions (€11 million), due to the discounting of the net amount due from Strada dei Parchi (€13 million) and the release of the provision for risks related to the tax dispute with Sita S.p.A. in liquidation (€5 million);
- the €12 million decrease in financial expense on derivatives related to interest rate fluctuations of interest rate swaps, collars and cross currency swaps entered into by the Group;
- the €9 million decrease in impairment losses on financial assets substantially related to the adjustment of the relevant allowance as a result of the adoption of IFRS 9;
- the €6 million increase in exchange losses on foreign currency transactions carried out by the Group.

## 18. Share of profits of equity-accounted investees (€63 million)

This caption, which shows the net balance of the profits and losses of the Group's associates and jointly controlled companies recognised using the equity method, amounts to €63 million, up by €31 million on the previous year mainly as a consequence of the results achieved by the following investees: Concessioni Autostradali Venete CAV S.p.A. (+€10 million), Sitaf S.p.A. (+€6 million), Autostrada Asti-Cuneo S.p.A. (+€6 million) and FNM S.p.A. (+€11 million).

For additional information, reference should be made to note 26 Equity-accounted investments.

## 19. Income taxes, current and deferred (€10 million)

Income taxes may be analysed as follows:

	millions of Euros				
	2022	2021	Change	Change in consolidation scope	Change on a like-for-like basis
IRAP	18	11	7		7
IRES	5	6	(1)	1	
Income from the tax consolidation scheme					
Foreign current taxes	4	5	(1)		(1)
Deferred taxes	(8)	(5)	(3)		(3)
Foreign deferred taxes	(6)		(6)	3	(3)
Accruals/releases for taxes					
Adjustments to prior year income taxes	(3)	(3)		(1)	(1)
<b>Total</b>	<b>10</b>	<b>14</b>	<b>(4)</b>	<b>3</b>	<b>(1)</b>

Net of the effects of the change in the consolidation scope (€3 million) due to the inclusion of the Spanish-based Intermodalidad de Levante SA on 1 December 2022 and the sale of the local public transport business in Tuscany on 1 November 2021, this caption decreased by €1 million essentially as a result of the increase in net deferred taxes (-€6 million) and lower income taxes (both in Italy and abroad) (-€2 million), net of the greater IRAP for the year (+€7 million).

The Group's IRES is net of the Income from the tax consolidation scheme of €44 million recognised on the tax losses transferred to the Group over the years and used during the year, as their subsequent remuneration was not deemed probable.

In 2022, deferred taxes, including foreign ones, amount to -€14 million. For additional information about changes in deferred taxes, reference should be made to note 25 Deferred tax assets and deferred tax liabilities.

## 20. Assets and liabilities held for sale and disposal Groups (€0 million)

At 31 December 2022, this caption has a nil balance. At the previous reporting date, it amounted to €16 million and mostly consisted of the railway infrastructure of OE AG in Lower Saxony and Sippel's headquarters in Hofheim, near Frankfurt, which were sold in the first half of 2022.



## 21. Property, plant and equipment (€47,619 million)

The opening and closing balances of property, plant and equipment and changes therein are shown in the table below. The assets' estimated useful lives did not change during the year.

millions of Euros

	Land, buildings, railway and port infrastructure	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost	107,308	22,458	1,342	1,430	26,015	158,553
Depreciation and impairment losses	(24,978)	(12,413)	(618)	(941)	(1,563)	(40,513)
Grants	(49,644)	(1,118)	(518)	(143)	(20,157)	(71,580)
<b>Balance at 31.12.2020</b>	<b>32,686</b>	<b>8,927</b>	<b>206</b>	<b>346</b>	<b>4,295</b>	<b>46,460</b>
Investments	32	143	16	27	9,457	9,675
Placement in service	6,700	1,533	115	45	(8,393)	
Depreciation	(155)	(1,102)	(19)	(55)		(1,331)
Impairment losses	(53)	(11)			(7)	(71)
Exchange differences		4		2		6
Disposals and divestments	(12)	(45)	(1)	(2)	5	(55)
Increases and placement in service of subsidised assets during the year	(6,117)	(189)	(108)	(77)	(1,155)	(7,646)
Other reclassifications	(266)	(5)	3	(3)	296	25
<b>Total changes</b>	<b>117</b>	<b>328</b>	<b>6</b>	<b>(63)</b>	<b>201</b>	<b>589</b>
Historical cost	113,418	23,500	1,471	1,486	27,215	167,090
Depreciation and impairment losses	(24,775)	(12,971)	(633)	(983)	(1,577)	(40,939)
Grants	(55,841)	(1,274)	(625)	(220)	(21,142)	(79,102)
<b>Balance at 31.12.2021</b>	<b>32,802</b>	<b>9,255</b>	<b>213</b>	<b>283</b>	<b>4,496</b>	<b>47,049</b>
Investments	49	209	12	21	7,472	7,763
Placement in service	4,178	1,841	134	38	(6,191)	
Depreciation	(181)	(1,133)	(21)	(51)		(1,386)
Impairment losses	(7)	(60)			(1)	(68)
Exchange differences		(1)				(1)
Disposals and divestments	(4)	(29)	(1)			(34)
Change in consolidation scope	10	115	2	2	5	134
Increases and placement in service of subsidised assets during the year	(4,039)	(178)	(126)	(31)	(1,577)	(5,951)
Other reclassifications	(42)	47	1	4	103	113
<b>Total changes</b>	<b>(36)</b>	<b>811</b>	<b>1</b>	<b>(17)</b>	<b>(189)</b>	<b>570</b>
Historical cost	117,569	24,771	1,616	1,576	28,575	174,107
Depreciation and impairment losses	(24,880)	(13,254)	(650)	(1,018)	(1,578)	(41,380)
Grants	(59,923)	(1,451)	(752)	(292)	(22,690)	(85,108)
<b>Balance at 31.12.2022</b>	<b>32,766</b>	<b>10,066</b>	<b>214</b>	<b>266</b>	<b>4,307</b>	<b>47,619</b>

The increase in investments recognised as assets under construction and payments on account (€7,472 million) is mainly due to:

- the costs incurred to complete high speed network infrastructures and to design and construct HS/HC and traditional network facilities in progress (€5,761 million);
- the costs incurred to purchase, revamp and redevelop rolling stock, particularly to continue updating both the high-speed fleet - with the placement in service of 5 new ETR 1000 trains, thereby expanding the HS offer, and the delivery of 11 ETR 1000 trains to launch ILSA's commercial service in Spain - and the regional transport fleet - with the delivery of 65 trains, including 29 "Pop", 34 "Rock" and two "Swing" trains (€1,153 million);
- maintenance increasing the value of rolling stock and revamping/restyling of rolling stock (€391 million);
- the costs incurred to update plant, workshop buildings and technical equipment (€73 million);

- the capitalisation of internal and external costs mainly related to designs and external works covered by Law no. 443/2001 and for video surveillance works carried out within stations, in addition to non-routine maintenance (€16 million);
- the costs incurred to purchase new buses in Italy (€20 million) and abroad (€10 million);
- the capitalisation of costs incurred for routine maintenance on freight rolling stock (€48 million).

The placement in service of land, buildings, railway and port infrastructure mainly refers to the railway infrastructure (€4,116 million), non-routine maintenance and upgrading of rolling stock maintenance workshops (€23 million) and the works carried out at stations under Law no. 443/2001 (€29 million). The placement in service of plant and machinery principally relates to new locomotives and new buses (€1,752 million), ferries (€53 million) and parking areas to encourage access to large railway stations (€17 million).

Impairment losses principally relate to Mercitalia Rail's rolling stock following impairment testing (€46 million) and rolling stock that can no longer be used for passenger transport (€10 million), in addition to impairment losses on land and buildings that can no longer be used in the industrial process (€7 million).

The change in the consolidation scope (€134 million) refers to the inclusion of Intemodalidad de Levante SA (€1 million) and the consolidation of the German-based ODEG and its subsidiary ODIG (€133 million).

The reclassifications in the year mainly refer to areas whose use was changed in the year and therefore reclassified to property, plant and machinery, intangible assets, investment property and inventories to give a true and fair view.

### **Government grants**

During the year, in line with the progress of work on property, plant and equipment, intangible assets and investment property, the following grants related to assets, totalling €5,951 million, were disbursed. They may be analysed as follows:

- €4,601 million related to the advances for grants from the MEF and the MIF for investments in the railway infrastructure;
- €6 million related to work in progress concerning complementary works for stations, approved as part of the strategic infrastructure programme (Law no. 443/2001);
- €113 million related to grants from the regional authorities for the purchase of rolling stock;
- other grants (€1,231 million) mainly related to the European Union and local bodies.

At 31 December 2022, there are no mortgages or privileges on property, plant and equipment, except for part of Trenitalia S.p.A.'s rolling stock worth €2,125 million, which was pledged to Eurofima SA to secure non-current loans and borrowings agreed through the parent.

Finally, contractual constraints, with an average term of 12 years, apply to the grants received in connection with the investments in the bus fleet for the operation of LPT services. The repayment obligation, in the event of early sale of the asset subject to the grant, is replaced with the possibility of using the residual grant to purchase a new asset, of the same type and for the same use, replacing the previous asset.

### **Impairment test – Mercitalia Rail (MIR)**

MIR's results for the year and the update of the 2023-2032 industrial plan, which is part of the broader industrial plan covering the logistics business segment and the entire FS Italiane Group, required an analysis of the company's business and the net investments made, in accordance with the provisions of IAS 36.

For the purposes of impairment testing, MIR identified a single cash-generating unit (CGU), whose value in use, in accordance with IAS 36, was estimated by discounting cash flows based on the forecasts in the 2023 budget and the 2023-2032 plan, approved by the Board of Directors on 6 March 2023, which, at present, represents the best estimate of the evolution of MIR's business and financial projections for the subsequent years of the plan period.

Based on the outcome of the test, determined using commonly measurement techniques applicable to this case, the cash flows and the expected future returns of freight transport operations, discounted using a rate which represents the risk specific to this business, do not fully remunerate the company's net invested capital, resulting in the need to impair operating assets by €46 million.

The terminal value was estimated by applying the perpetual capitalisation of cash flow method using the forward-looking cash flows in the last explicit forecast year, based on normalised growth rates. In calculating the terminal value, reference was also made to "normalised" investments, assuming stable conditions on the basis of long-term forecasts. In order to determine the terminal value defined on the basis of the forward-looking cash flows of the last forecast year, average growth rates equal to the rates that could be inferred from the long-term forecast of the inflation rate of 1.7% were considered. A WACC (weighted average cost of capital) of 7.04% was used as the discount rate.

## 22. Right-of-use assets (€835 million)

The table below shows changes in right-of-use assets in the year.

millions of Euros

	Land, buildings, railway and port infrastructure	Plant and machinery	Industrial and commercial equipment	Other assets	Total
Historical cost	191	830	4	42	1,067
Depreciation and impairment losses	(39)	(244)	(2)	(18)	(303)
<b>Balance at 31.12.2020</b>	<b>152</b>	<b>586</b>	<b>2</b>	<b>24</b>	<b>764</b>
Investments	16	86	1	12	115
Depreciation	(26)	(116)	(1)	(11)	(154)
Exchange differences		4			4
Remeasurement and contract termination	(2)	(3)			(5)
<b>Total changes</b>	<b>(12)</b>	<b>(27)</b>			<b>(39)</b>
Historical cost	189	856	3	50	1,098
Depreciation and impairment losses	(49)	(299)	(1)	(25)	(374)
<b>Balance at 31.12.2021</b>	<b>140</b>	<b>557</b>	<b>2</b>	<b>25</b>	<b>724</b>
Investments	37	141	2	4	184
Depreciation	(28)	(125)	(2)	(11)	(166)
Change in consolidation scope	1	115			116
Exchange differences		(1)			(1)
Remeasurement and contract termination	3	(26)		1	(22)
<b>Total changes</b>	<b>13</b>	<b>104</b>		<b>(6)</b>	<b>111</b>
Historical cost	210	1,002	4	47	1,263
Depreciation and impairment losses	(57)	(341)	(2)	(28)	(428)
<b>Balance at 31.12.2022</b>	<b>153</b>	<b>661</b>	<b>2</b>	<b>19</b>	<b>835</b>

At the reporting date, right-of-use assets amounted to €835 million, up by €111 million on the previous year end (31 December 2021: €724 million). The increase is mainly attributable to the ordinary trend of the new contracts (€184 million), depreciation (€166 million), remeasurements and contract termination (€22 million) as well as the consolidation of the German-based ODEG and its subsidiary ODIG (€116 million).

Lease liabilities and the related changes of the year are shown below.

millions of Euros

<b>Changes in lease liabilities</b>	<b>2022</b>
<b>Opening balance</b>	<b>724</b>
Recognition of new right-of-use assets	184
Recognition of financial expense	23
Payments	(233)
Other changes	130
<b>Closing balance</b>	<b>828</b>

At the reporting date, lease liabilities amounted to €828 million, up by €104 million compared to €724 million at 31 December 2021. The increase is mainly due to new investments (€184 million), offset by right-of-use assets, the recognition of financial expense (€23 million) and payments made during the year (€233 million). The other changes amount to €130 million and

essentially relate to the effects of the above-mentioned consolidation of the German-based ODEG and its subsidiary ODIG (€116 million) and remeasurements and early contract terminations (€15 million).

The following table shows the impacts on profit or loss:

	millions of Euro
<b>Impacts on profit or loss</b>	<b>2022</b>
Depreciation of right-of-use assets	165
Interest expense on lease liabilities	23
Lease liabilities outside the scope of IFRS 16	116
<b>Total impacts on profit or loss</b>	<b>304</b>

The table below includes an ageing analysis of payments to be received in future years for assets that the Group has given under operating lease:

	millions of Euro						
	Within one year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
Undiscounted payments to be received for operating leases	183	180	175	175	177	179	1,069

Finally, there are no extension options on leases that the Group reasonably expects to exercise.

## 23. Investment property (€1,414 million)

The following table shows the opening and closing balances of investment property at 31 December 2022 and 2021.

	millions of Euros	
	<b>Land</b>	<b>Buildings</b>
Historical cost	2,142	1,462
Grants	(20)	(222)
Accumulated depreciation		(489)
Loss allowance	(1,301)	(179)
<b>Balance at 1.1.2021</b>	<b>821</b>	<b>572</b>
<b>Changes of the year</b>		
Acquisitions/Increases	1	23
Reclassifications	47	29
Depreciation		(9)
Disposals and divestments	(5)	(2)
<b>Total changes</b>	<b>43</b>	<b>41</b>
Historical cost	2,210	1,683
Grants	(20)	(272)
Accumulated depreciation		(563)
Loss allowance	(1,326)	(235)
<b>Balance at 31.12.2021</b>	<b>864</b>	<b>613</b>
Historical cost	2,210	1,683
Grants	(20)	(272)
Accumulated depreciation		(563)
Loss allowance	(1,326)	(235)
<b>Balance at 1.1.2022</b>	<b>864</b>	<b>613</b>
<b>Changes of the year</b>		
Acquisitions/Increases	22	19
Reclassifications	(7)	(18)
Amortisation and depreciation		(9)
Impairment losses	(49)	(14)
Disposals and divestments	(6)	(1)
<b>Total changes</b>	<b>(40)</b>	<b>(23)</b>
Historical cost	2,214	1,615
Grants	(24)	(212)
Accumulated depreciation		(557)
Loss allowance	(1,366)	(256)
<b>Balance at 31.12.2022</b>	<b>824</b>	<b>590</b>

Investment property includes land and buildings not used in operations and measured at cost, areas to be enhanced and several buildings, workshops and properties leased to third parties.

The reclassifications of the year of both land and buildings are mainly due to a change in the use of certain areas and a better representation thereof under property, plant and equipment and inventories.

## 24. Intangible assets (€2,608 million)

millions of Euros

	Develop. expend.	Industrial pat. and intellect. property rights	Concess., licen., trademarks and similar rights	Assets under develop. and payments on account	Concessio n assets	Other	Goodwill	Total
Historical cost	140	5	1,727	724	1,914	29	190	4,729
Amortisation and impairment losses	(98)	(4)	(955)	(6)	(550)	(9)	(67)	(1,689)
Grants	(22)		(331)	(19)				(372)
<b>Balance at 1.1.2021</b>	<b>20</b>	<b>1</b>	<b>441</b>	<b>699</b>	<b>1,364</b>	<b>20</b>	<b>123</b>	<b>2,668</b>
Investments				275	2			277
Placement in service	3		118	(138)	14	3		
Amortisation			(127)		(122)	(5)		(254)
Disposals and divestments								
Impairment losses				(2)			(14)	(16)
Increases in grants	(3)		(19)	14				(8)
Other reclassifications			9	(117)		1		(107)
<b>Total changes</b>			<b>(19)</b>	<b>32</b>	<b>(106)</b>	<b>(1)</b>	<b>(14)</b>	<b>(108)</b>
Historical cost	143	5	1,804	757	1,930	31	190	4,860
Amortisation and impairment losses	(98)	(4)	(1,033)	(7)	(672)	(12)	(81)	(1,907)
Grants	(25)		(349)	(19)				(393)
<b>Balance at 31.12.2021</b>	<b>20</b>	<b>1</b>	<b>422</b>	<b>731</b>	<b>1,258</b>	<b>19</b>	<b>109</b>	<b>2,560</b>
Investments			11	298	2			311
Placement in service			98	(111)	13			
Amortisation	(1)		(128)		(125)	(6)		(260)
Disposals and divestments			(1)					(1)
Change in consolidation scope	1		4			65	9	79
Impairment losses				(1)			(7)	(8)
Increases in grants			(25)	25				
Reclassifications			(1)	(73)		1		(73)
<b>Total changes</b>			<b>(41)</b>	<b>137</b>	<b>(110)</b>	<b>60</b>	<b>2</b>	<b>48</b>
Historical cost	144	5	1,886	894	1,945	97	199	5,170
Amortisation and impairment losses	(99)	(4)	(1,131)	(7)	(797)	(18)	(88)	(2,144)
Grants	(25)		(374)	(19)				(418)
<b>Balance at 31.12.2022</b>	<b>20</b>	<b>1</b>	<b>381</b>	<b>868</b>	<b>1,148</b>	<b>79</b>	<b>111</b>	<b>2,608</b>

Concession assets include €994 million related to Anas S.p.A.'s concession.

For additional information about the initial recognition and subsequent measurement of the concession, reference should be made to that

described in the 2021 annual report. Below are the changes of the year.

Specifically, with respect to the planned extension of the concession term and the possibility of identifying a stable basis for the measurement of assets that ensure Anas' economic and financial sustainability, during the year, the MIT began discussions with the Permanent representation of Italy to the European Union in order to obtain a ruling on the consistency of the operating model applicable to Anas with the European regulatory framework. In this respect, in October 2022, the European Commission's Directorate General for Competition (DG COMP) clarified, inter alia, some aspects regarding the redetermination of the term of Anas's concession. In light of the above discussions, the technical discussions required to update the Anas Programme Contract were consequently resumed.

Based on the above, at the reporting date, the concession was tested for impairment to take into account the impact of the Infrastructure Decree law in the estimates of expected cash flows and the updated actual and forecast economic and financial data of Anas' 2023-2032 industrial plan. The impairment test did not identify any impairment indicators and, consequently, no impairment losses were recognised.

Should the developments resulting from the ongoing discussions with supranational institutions lead to considerations and results that differ from expectations, the carrying amount of the concession will be decreased based on the cash flows indicated by the economic and financial plan, revised accordingly.

In case developments, which may arise from the ongoing interlocutions also with supranational institutions, lead to considerations and results different from the expected ones, the carrying value of the investment will have to be reduced on the basis of the cash flows expressed by a reworked economic and financial plan accordingly.

The concession is amortised systematically over the term of the current concession (i.e., until 2032) and, consequently, the amortisation charge of the year amounts to €99 million.

Investments in assets under development and payments on account and placement in service refer to the software development and implementation costs, measures to improve the efficiency of production processes and the increase in the efficiency and streamlining of sales channels for the Group's business.

The €79 million change in the consolidation scope refers to the consolidation of the Spanish-based Intermodalidad de Levante SA and the German-based ODEG/ODIG, as described in detail in note 5. Change in the consolidation scope.

Other reclassifications mainly relate to the portion pertaining to software for sundry investment projects which was duly reclassified to the relevant caption when it was reclassified out of assets under development.



## Impairment testing

In accordance with IAS 36 – Impairment of assets, impairment tests were performed on goodwill and non-current assets with an indefinite useful life or on other non-current assets where necessary (i.e., if there were trigger events).

Specifically, in addition to that highlighted in the above paragraph, we tested the goodwill allocated to the Netinera Deutschland GmbH Group and that arising from Mercitalia Logistics S.p.A., Busitalia - Sita Nord S.r.l. (the latter having received the goodwill of Umbria Mobilità Esercizio S.r.l., which was merged into Busitalia Sita Nord S.r.l. as of 1 December 2015), Busitalia Campania S.p.A., Cremonesi Workshop and Hellenic Train, each representing an independent cash-generating unit (CGU).

With respect to these CGUs, the test was carried out using 2023 forecast figures and the amounts included in the latest industrial plan prepared by their management.

With respect to the above companies, the test was carried out by comparing net invested capital with the recoverable amount of each CGU, being the higher of a CGU's fair value and its value in use. The terminal value was estimated using the perpetual capitalisation of prospective cash flows in the last year of the explicit projection period, using growth rates similar to those included in the long-term forecasts of the inflation rate (1.0%-1.7%). The discount rate used is the weighted average cost of capital ("WACC") for each CGU.

The following table shows the main figures of the test:

CGU	Goodwill (millions of Euros)	Discount rate (WACC)	Growth rate
Netinera Deutschland	78	4.99%	1.00%
Mercitalia Logistics		7.22%	1.70%
Busitalia - Umbria CGU	10	6.67%	
Busitalia Campania	2	6.53%	
Cremonesi Workshop	7	7.78%	0.50%
Hellenic Train	2	4.52%	

The tests showed that Mercitalia Logistics goodwill was impaired by €7 million. Consequently, this goodwill was written off.

Except for the results of the test with a negative impact, which showed a recoverable amount in line with the carrying amount of the related CGU and, consequently, any change in the input parameters could affect recoverability, the sensitivity analysis applied to the discount rate and the growth rate (+/- 50 basis points) showed no significant effects on the outcome of the assessments made.

## 25. Deferred tax assets (€566 million) and deferred tax liabilities (€665 million)

The table below shows deferred tax assets and deferred tax liabilities at 31 December 2022 and changes of the year due to the main temporary differences.

	millions of Euros				
	31.12.2021	Incr. (decr.) through profit or loss	Incr. (decr.) through OCI	Other changes	31.12.2022
<b>Deferred tax assets</b>	<b>546</b>	<b>(22)</b>		<b>42</b>	<b>566</b>
Assets	97	9			106
Inventories	54	1			55
Provisions	38	(1)			37
Tax losses	37	(2)			35
Financial instruments					
Post-employment benefits	2	1			3
Financial assets and financial liabilities	143				143
IFRS 16	90	(3)		34	121
Other	85	(27)		8	66
<b>Deferred tax liabilities</b>	<b>599</b>	<b>(36)</b>	<b>50</b>	<b>52</b>	<b>665</b>
Assets	230	(8)		18	240
Inventories	48	(2)			46
Provisions		2			2
Financial instruments			50		50
Post-employment benefits	1	5			6
Financial assets and financial liabilities	143				143
IFRS 16	81	(3)		34	112
Other	96	(30)			66

The changes in the year reflect new temporary differences and releases by the Group companies in the year as well as the increases shown in the Other changes column, arising from the change in the consolidation scope related to ODEG (+€34 million in deferred tax assets and +€52 million in deferred tax liabilities) and Intermodalidad de Levante SA (+€8 million in deferred tax assets).

## 26. Equity-accounted investments (€833 million)

They include the carrying amount of investments in joint arrangements and associates.

The following table gives a breakdown of the carrying amount of equity investments at 31 December 2022, together with the percentage of investment and the related carrying amount, net of callable shares, with prior year corresponding figures.

The following table gives a breakdown of equity investments, Grouped by category, and changes therein:

millions of Euros

	Closing balance at 31.12.2021	% of investment	Decrease due to dividends	Change in the consolidation scope	Income statement impact	Other	Closing balance at 31.12.2022	% of investment
<b>Investments in joint arrangements</b>								
B.B.T. SE S.p.A.	146	50				10	156	50
ODEG Ostdeutsche Eisenbahngesellschaft mbH	5	50		(5)				50
Trenitalia TPER Scarl	4	70			(1)		3	70
Trenord S.r.l.	38	50			(5)	1	34	50
TELT Sas	95	50					95	50
Verkehrsbetriebe Osthannover GmbH*	2	57					2	57
Other**	8		(1)		4	(1)	10	
<b>Investments in associates</b>								
Autostrada Asti-Cuneo S.p.A.	22	35			9		31	35
Concessioni Autostradali Venete CAV S.p.A.	90	50			11		101	50
Ferrovie Nord Milano S.p.A.	25	15			13	2	40	15
Metro 5 S.p.A.	53	37			8	18	79	37
Quadrante Europa Terminal Gate S.p.A.	7	50					7	50
SITMB S.p.A. Società Italiana per il Traforo del Monte Bianco	67	32	(4)		5		68	32
Sitaf	174	32			14	7	195	32
Other**	15		(5)		5	(3)	12	
<b>Total</b>	<b>751</b>		<b>(10)</b>	<b>(5)</b>	<b>63</b>	<b>34</b>	<b>833</b>	

\* Despite holding more than 50% of Verkehrsbetriebe Osthannover GmbH and more than half of the related voting rights, through the subsidiary Netinera Deutschland GmbH, the Group does not control this entity in accordance with an agreement entered into with the other shareholders.

\*\* "Other" investments in associates and joint arrangements include similar situations which are not broken down as they are not significant.

"Other" investments in associates essentially refer to TFB S.p.A.'s subscription of BBT SE's share capital (€150 million), which was partially offset by the grants related to assets from the MEF to RFI S.p.A. under chapter 7122 for financial investments (€140 million). These amounts were recognised as an adjustment to the carrying amount of the investment.

With respect to investments in joint arrangements, TELT Sas carried out a €286 million capital increase, fully offset by the increase in the grants related to assets disbursed by the MIT in connection with the financial investments under chapter 7532.

The income statement impact mainly refers to the profits/losses for 2022.

### *Investments in joint arrangements*

The following financial information is provided about the most significant investments in joint arrangements. The following tables also include a reconciliation between the investment's summarised financial information, for the year shown in the table, and its consolidated carrying amount.

Trenord S.r.l.'s business object is the operation of railway local public transport in Lombardy and the various areas defined in the relevant public service contracts.

<b>Trenord S.r.l.</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	millions of Euros	
<b>% of investment</b>	<b>50%</b>	<b>50%</b>
Cash and cash equivalents	52	53
Current financial assets		
Other current assets	277	331
Non-current financial assets	3	3
Other non-current assets	472	430
Current financial liabilities	(252)	(311)
Other current liabilities	(343)	(314)
Non-current financial liabilities	(93)	(62)
Other non-current liabilities	(36)	(42)
<b>Equity</b>	<b>80</b>	<b>88</b>
<b>Equity attributable to the owners of the parent</b>	<b>40</b>	<b>43</b>
Elimination of gain on business unit contribution	(9)	(9)
Other adjustments	3	4
<b>Carrying amount of the equity investment</b>	<b>34</b>	<b>38</b>
Revenue	832	764
Operating costs	(672)	(614)
Amortisation, depreciation and impairment losses	(175)	(176)
Provisions		
<b>Operating loss</b>	<b>(15)</b>	<b>(26)</b>
Financial income		1
Financial expense	(3)	(2)
<b>Pre-tax loss</b>	<b>(18)</b>	<b>(27)</b>
Net tax income	9	27
<b>Loss for the year</b>	<b>(9)</b>	
Other comprehensive income (expense)		
<b>Comprehensive expense</b>	<b>(9)</b>	
<b>Comprehensive expense attributable to the owners of the parent</b>	<b>(5)</b>	
<b>Dividends received from the Group</b>		

The business object of Tunnel Euralpin Lyon Turin Sas – TELT (formerly LTF - Lyon Turin Ferroviarie Sas) is the construction of the new Turin-Lyon railway line and the performance of studies, surveys and preliminary works in the Italian-French area of the international section.

<b>TELT Sas (formerly LTF Sas)</b>	millions of Euros	
	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>% of investment</b>	<b>50%</b>	<b>50%</b>
Cash and cash equivalents	116	27
Current financial assets		
Other current assets	181	151
Non-current financial assets		
Other non-current assets	2,497	2,014
Current financial liabilities		
Other current liabilities	(299)	(150)
Non-current financial liabilities		
Other non-current liabilities	(2,494)	(2,041)
<b>Equity</b>	<b>1</b>	<b>1</b>
<b>Equity attributable to the owners of the parent</b>		
Difference arising from the different accounting treatment of grants related to assets*	95	95
<b>Carrying amount of the equity investment</b>	<b>95</b>	<b>95</b>
Revenue	16	10
Operating costs	(14)	(8)
Amortisation, depreciation and impairment losses	(2)	(2)
<b>Profit (loss) for the year</b>		
<b>Comprehensive income</b>		
<b>Comprehensive expense attributable to the owners of the parent</b>		
<b>Dividends received from the Group</b>		

\* Reclassification of the governments grants related to assets disbursed to the former parent RFI S.p.A. up to 2006 and reclassified in accordance with the Group's accounting policies (as per IAS 20.27). These grants are used to finance the studies and preliminary works for the construction of the international section of the Turin-Lyon railway line. They are presented in equity in accordance with French GAAP.

B.B.T. SE focuses on the development and design of a railway tunnel under the Brenner mountain between Innsbruck and Fortezza.

millions of Euros

B.B.T. SE	31.12.2022	31.12.2021
<b>% of investment</b>	<b>50%</b>	<b>50%</b>
Cash and cash equivalents	108	143
Current financial assets		
Other current assets	111	111
Non-current financial assets		
Other non-current assets	3,558	3,097
Current financial liabilities		
Other current liabilities	(263)	(207)
Non-current financial liabilities		
Other non-current liabilities	(1,316)	(1,146)
<b>Equity</b>	<b>2,198</b>	<b>1,998</b>
<b>Equity attributable to the owners of the parent</b>	<b>1,099</b>	<b>999</b>
Effect of grants on consolidated carrying amount of equity investment*	(954)	(864)
Other adjustments	11	11
<b>Carrying amount of the equity investment</b>	<b>156</b>	<b>146</b>
Revenue	24	23
Operating costs	(24)	(23)
Amortisation, depreciation and impairment losses		
<b>Profit (loss) for the year</b>		
<b>Comprehensive income</b>		
<b>Comprehensive expense attributable to the owners of the parent</b>		
<b>Dividends received from the Group</b>		

\* Reclassification of the grant as a shareholder injection, offset against the equity investment's carrying amount in the consolidated financial statements

## Investments in associates

The following tables provide summarised financial information about the Group's investments in associates which are deemed individually material. Furthermore, they include a reconciliation between the summarised financial information and the consolidated carrying amount of each investment.

Sitaf is the operator of the A32 motorway and the Frejus tunnel. The figures used and shown herein refer to the consolidated financial statements of the Sitaf Group at 31 December 2022.

	millions of Euros	
<b>Sitaf Group</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>% of investment</b>	<b>31.74%</b>	<b>32%</b>
Cash and cash equivalents	27	29
Current financial assets	54	42
Other current assets	110	172
Non-current financial assets	10	12
Other non-current assets	1,632	1,581
Current financial liabilities	(107)	(65)
Other current liabilities	(161)	(175)
Non-current financial liabilities	(211)	(259)
Other non-current liabilities	(839)	(881)
<b>Equity</b>	<b>515</b>	<b>456</b>
<b>Equity attributable to the owners of the parent</b>	<b>163</b>	<b>145</b>
Fair value adjustment	32	32
Other adjustments		(3)
<b>Carrying amount of the equity investment</b>	<b>195</b>	<b>174</b>
Revenue	354	356
Operating costs	(214)	(237)
Amortisation, depreciation and impairment losses	(53)	(44)
Provisions	(3)	
<b>Operating profit</b>	<b>84</b>	<b>75</b>
Financial income		
Financial expense	(27)	(38)
<b>Pre-tax profit</b>	<b>57</b>	<b>37</b>
Tax expense	(14)	(14)
<b>Profit for the year</b>	<b>43</b>	<b>23</b>
Other comprehensive income (expense)		
<b>Comprehensive income</b>	<b>43</b>	<b>23</b>
<b>Comprehensive expense attributable to the owners of the parent*</b>	<b>14</b>	<b>7</b>
<b>Dividends received from the Group</b>		

Ferrovie Nord Milano S.p.A. ("FNM") negotiates and manages investments in companies, including, but not limited to, those operating in the transport and real estate sectors.

At 30 December 2022, its price per share was €0.4245. The following figures are taken from the FNM Group's consolidated financial statements at 30 September 2022 while the corresponding figures are those at 30 June 2021 since data updated to 31 December 2022 are not yet available.

millions of Euros

Ferrovie Nord Milano Group	30.09.2022	30.06.2021
<b>% of investment</b>	<b>14.74%</b>	<b>14.74%</b>
Cash and cash equivalents	306	385
Current financial assets	8	52
Other current assets	612	255
Non-current financial assets	68	61
Other non-current assets	1,100	1,081
Current financial liabilities	(104)	(869)
Other current liabilities	(736)	(381)
Non-current financial liabilities	(820)	(236)
Other non-current liabilities	(161)	(153)
<b>Equity</b>	<b>273</b>	<b>195</b>
<b>Equity attributable to the owners of the parent</b>	<b>40</b>	<b>29</b>
Other adjustments		(4)
<b>Carrying amount of the equity investment</b>	<b>40</b>	<b>25</b>
Revenue	513	269
Operating costs	(356)	(201)
Amortisation, depreciation and impairment losses	(70)	(36)
Provisions		
<b>Operating profit</b>	<b>87</b>	<b>32</b>
Financial income	5	2
Financial expense	(10)	(12)
Share of losses of equity-accounted investees	(21)	(27)
<b>Pre-tax profit (loss)</b>	<b>61</b>	<b>(5)</b>
Tax expense	(24)	(6)
<b>Profit (loss) for the year</b>	<b>37</b>	<b>(11)</b>
Other comprehensive income	7	1
<b>Comprehensive income (expense)</b>	<b>44</b>	<b>(10)</b>
<b>Comprehensive income (expense) attributable to the owners of the parent</b>	<b>7</b>	<b>(1)</b>
<b>Dividends received from the Group</b>		



Metro 5 S.p.A.'s business object is the definitive and executive design, expropriation, work supervision, performance of civil and technological works, supply of rolling stock and subsequent management of the new line 5 of the Milan metro (the "purple line").

millions of Euros

Metro 5 S.p.A	31.12.2022	31.12.2021
<b>% of investment</b>	<b>36.70%</b>	<b>36.70%</b>
Cash and cash equivalents	40	55
Current financial assets		
Other current assets	67	69
Non-current financial assets	625	606
Other non-current assets	1	(1)
Current financial liabilities	(24)	(19)
Other current liabilities	(65)	(56)
Non-current financial liabilities	(386)	(437)
Other non-current liabilities	(56)	(86)
<b>Equity</b>	<b>202</b>	<b>131</b>
<b>Equity attributable to the owners of the parent</b>	<b>74</b>	<b>48</b>
Goodwill	5	5
<b>Carrying amount of the equity investment</b>	<b>79</b>	<b>53</b>
Revenue	25	22
Operating costs	(29)	(27)
Amortisation, depreciation and impairment losses		
Provisions		
<b>Operating loss</b>	<b>(4)</b>	<b>(5)</b>
Financial income	53	51
Financial expense	(19)	(22)
<b>Pre-tax profit</b>	<b>30</b>	<b>24</b>
Tax expense	(8)	(8)
<b>Profit for the year</b>	<b>22</b>	<b>16</b>
Other comprehensive income	49	17
<b>Comprehensive income</b>	<b>71</b>	<b>33</b>
<b>Comprehensive income attributable to the owners of the parent</b>	<b>26</b>	<b>12</b>
<b>Dividends received from the Group</b>		

Concessioni Autostradali Venete CAV S.p.A.'s business object is the completion and performance of all activities, deeds and relationships related to the operation, including ordinary and extraordinary maintenance, of the motorway link between the A4 motorway - Venice-Trieste section, and ancillary works, and the Venice-Padua motorway section. The following figures are taken from the company's financial statements at 30 June 2022 as Autostrada Asti-Cuneo S.p.A. had not provided data updated to 31 December 2022 at the preparation date of these notes.

millions of Euros

<b>Concessioni Autostradali Venete CAV S.p.A.</b>	<b>30.06.2022</b>	<b>30.06.2021</b>
<b>% of investment</b>	<b>50%</b>	<b>50%</b>
Cash and cash equivalents	111	110
Current financial assets		
Other current assets	48	43
Non-current financial assets	65	64
Other non-current assets	503	542
Current financial liabilities	(61)	(61)
Other current liabilities	(41)	(34)
Non-current financial liabilities	(405)	(466)
Other non-current liabilities	(19)	(19)
<b>Equity</b>	<b>201</b>	<b>179</b>
<b>Equity attributable to the owners of the parent</b>	<b>101</b>	<b>90</b>
<b>Carrying amount of the equity investment</b>	<b>101</b>	<b>90</b>
Revenue	87	77
Operating costs	(36)	(34)
Amortisation, depreciation and impairment losses	(24)	(24)
Provisions	(8)	(8)
<b>Operating profit</b>	<b>19</b>	<b>11</b>
Financial income		
Financial expense	(6)	(7)
<b>Pre-tax profit</b>	<b>13</b>	<b>4</b>
Tax expense	(4)	(1)
<b>Profit for the year</b>	<b>9</b>	<b>3</b>
Other comprehensive income		
<b>Comprehensive income</b>	<b>9</b>	<b>3</b>
<b>Comprehensive income attributable to the owners of the parent</b>	<b>5</b>	<b>1</b>
<b>Dividends received from the Group</b>		

Autostrada Asti-Cuneo S.p.A.'s business object is the design, construction, maintenance and operation of the motorway link between Asti and Cuneo, acting as the MIT's operator.

The following figures are taken from the company's financial statements at 30 June 2022 as, at the preparation date of these notes, Autostrada Asti-Cuneo S.p.A. had not made available the figures updated to 31 December 2022.

	millions of Euros	
<b>Autostrada Asti-Cuneo S.p.A.</b>	<b>30.06.2022</b>	<b>30.06.2021</b>
<b>% of investment</b>	<b>35%</b>	<b>35%</b>
Cash and cash equivalents	52	60
Current financial assets	10	4
Other current assets	61	330
Non-current financial assets	56	35
Other non-current assets	69	113
Current financial liabilities	(1)	(381)
Other current liabilities	(51)	(20)
Non-current financial liabilities	(99)	
Other non-current liabilities	(11)	(79)
<b>Equity</b>	<b>86</b>	<b>62</b>
<b>Equity attributable to the owners of the parent</b>	<b>30</b>	<b>22</b>
<b>Carrying amount of the equity investment</b>	<b>30</b>	<b>22</b>
Revenue	82	33
Operating costs	(61)	(20)
Amortisation, depreciation and impairment losses	(2)	(1)
Provisions		(1)
<b>Operating profit</b>	<b>19</b>	<b>11</b>
Financial income	1	
Financial expense	(1)	
<b>Pre-tax profit</b>	<b>19</b>	<b>11</b>
Tax expense	(5)	(4)
<b>Profit for the year</b>	<b>14</b>	<b>7</b>
Other comprehensive income		
<b>Comprehensive income</b>	<b>14</b>	<b>7</b>
<b>Comprehensive income attributable to the owners of the parent</b>	<b>5</b>	<b>3</b>
<b>Dividends received from the Group</b>		

SITMB S.p.A. Società Italiana per il Traforo del Monte Bianco's business object is the construction and operation, or only the operation, of the motorways and tunnels covered by the relevant concession.

The following figures are taken from the company's financial statements at 30 June 2022 as, at the preparation date of these notes, SITMB S.p.A. Società Italiana per il Traforo del Monte Bianco had not made available the figures updated to 31 December 2022.

	millions of Euros	
<b>SITMB S.p.A. Società Italiana per il Traforo del Monte Bianco</b>	<b>30.06.2022</b>	<b>30.06.2021</b>
<b>% of investment</b>	<b>32.12%</b>	<b>32.12%</b>
Cash and cash equivalents	173	187
Current financial assets	7	7
Other current assets	37	36
Non-current financial assets	197	166
Other non-current assets	179	178
Current financial liabilities	(42)	(42)
Other current liabilities	(152)	(126)
Non-current financial liabilities		
Other non-current liabilities	(188)	(199)
<b>Equity</b>	<b>211</b>	<b>207</b>
<b>Equity attributable to the owners of the parent</b>	<b>68</b>	<b>67</b>
<b>Carrying amount of the equity investment</b>	<b>68</b>	<b>67</b>
Revenue	30	27
Operating costs	(16)	(19)
Amortisation, depreciation and impairment losses	(2)	(1)
Provisions	(4)	10
<b>Operating profit</b>	<b>8</b>	<b>17</b>
Financial income		
Financial expense	(1)	(1)
<b>Pre-tax profit</b>	<b>7</b>	<b>16</b>
Tax expense	(2)	(5)
<b>Profit for the year</b>	<b>5</b>	<b>11</b>
Other comprehensive income		
<b>Comprehensive income</b>	<b>5</b>	<b>11</b>
<b>Comprehensive income attributable to the owners of the parent</b>	<b>2</b>	<b>4</b>
<b>Dividends received from the Group</b>		

## 27. Service concession assets - current and non-current (€3,521 million)

Service concession assets - current and non-current, total €3,521 million (the current portion amounts to €2,042 million) and relate to the production output generated on the infrastructure under concession, mainly motorways, whose reimbursement by the relevant ministries or bodies is pending. At 31 December 2021, this caption amounted to €3,167 million (current portion: €1,554 million).

These assets mainly refer to:

- the agreements entered into with the regions and local bodies (€958 million);
- the measures covered by the programme contracts from 2007 to 2016-2020 (€757 million);
- the measures financed by long-term grants, CIPE (the Interministerial committee for economic planning) resolutions and the development and cohesion funds (€537 million);
- the measures financed by the 2014-2020 Development and Cohesion Fund (€130 million);
- the measures covered by EU projects (€93 million);
- the measures covered by the three "Bridges", "Viaducts" and "Sblocca Italia" schemes (€101 million);
- the measures financed by the post-earthquake funds and the infrastructure fund (€606 million);
- the measures financed by the Plan for the South funds (€99 million);
- the measures financed by the 2021 Budget Act (€123 million);
- the Quadrilatero contract (€52 million);
- the measures financed by the Umbria region (€7 million);
- other smaller financed measures (€58 million).

The amount, shown net of the IFRS 9 loss allowance (€95 million), substantially comprises the costs incurred by Anas S.p.A., whose reporting and claim for reimbursement has already been submitted to the competent ministries and bodies, and those incurred by said company which will be recognised in the future as they refer to production completed, but not yet paid to contractors. The provision decreased by a net €1 million, following the elimination of potential impairment losses on certain concession assets with local authorities.

The €354 million increase on 2021 is mainly due to the net effect of the production output of the year (€1,712 million) and the collections and reclassifications of the year (€1,358 million).

Service concession financial assets are discounted using a 3% rate, which reflects the current borrowing costs of Anas S.p.A.'s loans. The discounted effect is taken to profit or loss as cost.

## 28. Financial assets (including derivatives) (€1,604 million)

The following table gives a breakdown of financial assets at the 2022 and 2021 year ends:

millions of Euros

	Carrying amount								
	31.12.2022			31.12.2021			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Hedging derivatives	167	56	223	6		6	161	56	217
Other equity investments	406		406	434		434	(28)		(28)
Securities and loans	51		51	37		37	14		14
Fifteen-year grants from the MEF	95	10	105				95	10	105
Loans	91	12	103	116	11	127	(25)	1	(24)
Loans with Strada dei Parchi (pursuant to article 7 of Law no. 178/02)	755		755	564	180	744	191	(180)	11
Other loans		240	240		110	110		130	130
<b>Gross financial assets</b>	<b>1,565</b>	<b>323</b>	<b>1,888</b>	<b>1,157</b>	<b>301</b>	<b>1,458</b>	<b>408</b>	<b>22</b>	<b>430</b>
Loss allowance	(276)	(8)	(284)	(164)	(131)	(295)	(112)	123	11
<b>Total financial assets</b>	<b>1,289</b>	<b>315</b>	<b>1,604</b>	<b>993</b>	<b>170</b>	<b>1,163</b>	<b>296</b>	<b>145</b>	<b>441</b>

This caption rose by €441 million mainly as a result of the changes described below.

Following the fair value measurement carried out at 31 December 2022, hedging derivatives increased by €217 million, due to the trend in hedged rates during the reporting period.

Securities and loans increased by €14 million, mainly due to new loans granted mostly to the Trenitalia TPER joint arrangement for the purchase of Pop and Rock regional trains, totalling €39 million, offset by repayments for the year.

The €105 million increase related to the fifteen-year grants from the MEF is entirely attributable to the discounted amount due in connection with the grants provided for by article 25.1 of Decree law no. 4 of 27 January 2022, converted by Law no. 25 of 28 March 2022, as relief for the effects of Covid-19 and linked to the railway infrastructure business. The recognised amount represents the discounting of the long-term expenditure commitment (€10 million for each of the years from 2022 to 2034), net of the collection for the year. For additional information, reference should be made to the note to other current and non-current assets.

Loans to the concession operator Strada dei Parchi amount to €755 million and are recognised in accordance with the agreement between Anas S.p.A. and Strada dei Parchi S.p.A. and Decree law no. 50/2017 containing emergency financial and earthquake safety measures for the A24 and A25 motorways.

On 16 June 2022, Decree law no. 68, converted into Law no. 108 of 5 August 2022, was issued, providing, inter alia, for the revocation of the concession to Strada dei Parchi S.p.A. and the temporary takeover by Anas S.p.A. starting from the coming into force of the above decree until 31 December 2023, i.e., until the transfer of the concession to the in-house company set up for this purpose. Based on the above, the amount was adjusted to take into account both the interest on the loan (+€24 million), calculated up to the date the concession was revoked, and the time effect resulting from the foreseeable takeover of the aforementioned in-house company (-€13 million).

Other loans and loans, which grew by a total of €106 million, essentially include short-term deposits agreed with the former Central Guarantee Fund, and the unavailable amounts on bank accounts as a result of attachments made by third party suppliers for unhonoured orders to pay/writs of execution.

Other equity investments, which include the fair value of non-controlling interests, i.e., equity investments over which control or significant influence is no longer held, amount to €397 million and decreased by €28 million, mainly as a result of the consolidation of Intermodalidad de Levante SA, as described in more detail in note 5. Change in consolidation scope.

	31.12.2022		31.12.2021	
	% of investment		% of investment	
Stretto di Messina S.p.A. in liquidation	367	95	367	95
Intermodalidad de Levante SA			17	45
Eurofima	15	14	15	14
Other	24		35	
<b>Gross other equity investments</b>	<b>406</b>		<b>434</b>	
Loss allowance	9		20	
<b>Total other equity investments</b>	<b>397</b>		<b>414</b>	

The loss allowance amounted to €284 million at 31 December 2022 and mainly includes the estimated potential impairment of the loan with Strada dei Parchi (€268 million). It decreased by €11 million on the previous year due to utilisations for the year relating to other equity investments.

## 29. Current and non-current trade receivables (€3,097 million)

millions of Euros

	31.12.2022			31.12.2021			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Ordinary customers	3	1,815	1,818	3	1,643	1,646		172	172
Government authorities and other public authorities	2	206	208	2	198	200		8	8
Public service contracts:									
- regions		882	882		880	880		2	2
- government		386	386		353	353		33	33
Group companies		311	311		351	351		(40)	(40)
Contract assets for contract work in progress		233	233		189	189		44	44
Other trade receivables		43	43		40	40		3	3
<b>Gross trade receivables</b>	<b>5</b>	<b>3,876</b>	<b>3,881</b>	<b>5</b>	<b>3,654</b>	<b>3,659</b>		<b>222</b>	<b>222</b>
Loss allowance		(784)	(784)		(697)	(697)		(87)	(87)
<b>Total trade receivables</b>	<b>5</b>	<b>3,092</b>	<b>3,097</b>	<b>5</b>	<b>2,957</b>	<b>2,962</b>		<b>135</b>	<b>135</b>

Current and non-current trade receivables net of the loss allowance amount to €3,097 million, up €135 million on the previous year end.

Those from ordinary customers are up €172 million mainly due to the following factors: i) the increase in amounts due from ordinary customers in the rail transport sector (+€60 million), specifically following the settlement of a dispute with a rolling stock provider (+€40 million); ii) higher invoices issued (+€83 million) essentially to domestic and foreign railway companies for their use of the railway infrastructure (+€62 million) and to mobile phone and energy transmission operators (+€18 million) partly offset by the reduction in invoices to be issued (-€53 million); iii) the increase in trade receivables for commercial activities connected with the Riyadh Metro contract abroad and funded training (+€13 million); iv) the increase in revenue from leases (+€17 million); v) the increase in amounts due from the consolidation of the German-based ODEG (+€6 million); and vi) the increase in amounts related to the logistics sector (+€24 million) as part of the collection trends of the year.

Amounts due under service contracts show an overall increase of €35 million, mainly due to the portion of the year not yet collected from the MEF (+€33 million) and the regions (+€2 million).

Amounts due from Group companies decreased by €40 million, mainly as a result of the lease of rolling stock by the associate TPER (-€28 million) and the collection of the amounts related to the construction of sound barriers along the Brennero motorway by the associate B.B.T. SE (-€4 million).



Contract assets for contract work in progress of €233 million reflect the gross amount due from customers for work in progress on contracts for which it incurred costs, plus recorded profits (and less recorded losses), exceeding progress billing. The increase in the year (+€44 million) is substantially due to the rise in the costs incurred for works on roads that are not under concession, pending reimbursement by the granting bodies (+€25 million) and the decrease in progress billing based on the progress of work on the railway infrastructure (+€19 million).

The following table gives a breakdown of non-current and current trade receivables, including contract assets for contract work in progress, by geographical segment:

	millions of Euros		
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>Changes</b>
Italy	3,616	3,446	170
Eurozone countries	199	134	65
United Kingdom	20	21	(1)
Other European countries (non-Euro EU)	7	2	5
Other non-EU European countries	15	21	(6)
United States			
Other countries	24	35	(11)
<b>Total</b>	<b>3,881</b>	<b>3,659</b>	<b>222</b>

### 30. Other non-current and current assets (€10,277 million)

They can be analysed as follows:

millions of Euros

	31.12.2022			31.12.2021			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Other assets from Group companies	10	36	46	44	4	48	(34)	32	(2)
VAT assets	24	38	62	24	18	42		20	20
MEF	3,045	639	3,684	2,664	726	3,390	381	(87)	294
MIT	772	2,581	3,353	668	3,070	3,738	104	(489)	(385)
Grants related to assets from the EU, other Ministries		96	96		110	110		(14)	(14)
Government for litigation	704		704	719		719	(15)		(15)
Other government authorities	24	797	821		422	422	24	375	399
Sundry assets and prepayments and accrued income	41	1,669	1,710	147	1,407	1,554	(106)	262	156
<b>Gross other assets</b>	<b>4,620</b>	<b>5,856</b>	<b>10,476</b>	<b>4,266</b>	<b>5,757</b>	<b>10,023</b>	<b>354</b>	<b>99</b>	<b>453</b>
Loss allowance	(11)	(188)	(199)	(12)	(95)	(107)	1	(93)	(92)
<b>Total other assets</b>	<b>4,609</b>	<b>5,668</b>	<b>10,277</b>	<b>4,254</b>	<b>5,662</b>	<b>9,916</b>	<b>355</b>	<b>6</b>	<b>361</b>

The assets with the MEF and the MIT, totalling €7,037 million, are mainly related to:

- grants earmarked for FS Italiane S.p.A. (€2,040 million) for the Tunnel Euralpin Lyon Turin - TELF (formerly Lyon Turin Ferroviarie - LFT) project;
- MIT grants earmarked for Ferrovie del Sud Est e Servizi Automobilistici - FSE S.r.l. to ensure its business continuity (€70 million) pursuant to article 1.867 of Law no. 208 of 28 December 2015 (the "2016 Stability Act");
- MIT grants earmarked for Grandi Stazioni Rail S.p.A. for the "Grandi Stazioni" scheme and to redevelop and improve the safety and accessibility of large railway stations and enhancing interchange between the rail and other transport systems (€74 million);
- MIT grants earmarked for Mercitalia Intermodal S.p.A. (€4 million) pursuant to Decree law no. 34/2020, converted by Law no. 77 of 17 July 2020 (Incentives to promote intermodality - Ferrobonus);
- MEF grants earmarked for Anas S.p.A. (€105 million) of which €48 million to guarantee road safety and coverage of the costs of monitoring, surveillance, management, supervision, infomobility and maintenance of the roads included in the network of national interest, transferred from the Piedmont, Lombardy, Veneto, Emilia Romagna and Tuscany regions to Anas S.p.A. pursuant to Decree law no. 73/2021, converted into Law no. 106 of 23 July 2021, and €97 million

earmarked pursuant to Decree law no. 179/2022 for excise duties on fuels and support to local authorities and the areas in the Marche region hit by exceptional weather events;

- grants earmarked for RFI S.p.A. (€4,032 million);
- one-time grants disbursed by the MEF and the MIT in favour of the FS Italiane Group for the epidemiological emergency caused by Covid-19 (€672 million), of which €571 million related to prior years and €192 million recognised in 2022 (of which €68 million has already been collected).

Specifically, the amount recognised in 2022 may be analysed as follows:

- grants earmarked by the MIT to MIR (€14 million) to support companies that provide rail freight transport services not subject to public service obligations pursuant to article 214.3-7, of Decree law no. 34/2020. These grants were recognised after the European Commission's adoption of Decision C (2022) 4312 of 20 June 2022;
- MIT grants earmarked for the Busitalia Group (€23 million) to support the local and regional public passenger transport sector subject to public service obligations pursuant to Decree law no. 34/2020, Decree law no. 104/2020, Decree law no. 137/2020, the 2021 Budget Act (Law no. 178/2020), Decree law no. 41/2021 and Decree law no. 73/2021. Grants are transferred through the regions and, consequently, are shown under other government authorities;
- additional grants of €152 million related to the Covid-19 emergency pertaining to 2021 and related to the regional business;
- recognition of the reversal of the grants previously recognised by Anas S.p.A. (€3 million).

The table below shows the changes in total grants (including the portion related to the epidemiological emergency):

					millions of Euros
Grants to the FS Italiane Group	31.12.2021	Increases	Decreases	Other changes	31.12.2022
<b>Grants related to income:</b>					
MEF	259	1,274	(1,206)		327
MIT	635	292	(407)		520
<b>Total grants related to income</b>	<b>894</b>	<b>1,566</b>	<b>(1,613)</b>		<b>847</b>
<b>Grants related to assets:</b>					
MEF	3,131	5,153	(4,927)		3,357
MIT	3,033	119	(389)		2,763
<b>Total grants related to assets</b>	<b>6,164</b>	<b>5,272</b>	<b>(5,316)</b>		<b>6,120</b>
<b>Capital injections:</b>					
MIT	70				70
<b>Total grants to the FS Italiane Group</b>	<b>7,128</b>	<b>6,838</b>	<b>(6,929)</b>		<b>7,037</b>

### Grants related to income

The following were recognised in 2022:

- €1,156 million from the MEF, mainly in relation to the Government Programme Contract. These amounts were granted using the chapter 1541 funds according to the allocations in the 2021 Budget Act (Law no. 178 of 30 December 2020). The recognised grants have been collected in full;
- €18 million from the MEF to guarantee road safety and cover the costs of monitoring, surveillance, operation, supervision, infomobility and maintenance of the roads included in the network of national interest, transferred from the Piedmont, Lombardy, Veneto, Emilia Romagna and Tuscany regions pursuant to Decree law no. 73/2021, converted into Law no. 106 of 23 July 2021;
- €97 million from the MEF pursuant to article 2.5 of Decree law no. 179 of 23 November 2022 for excise duties on fuels and support to local authorities and the areas in the Marche region hit by exceptional weather events;
- €126 million from the MIT relating to the grant for freight for 2021 (€100 million), the funds allocated for passenger transport in the Messina Strait (€7 million), the funds allocated under Decree law no. 115/2022 to mitigate the negative economic impact on the rail freight sector of the spike in the cost of energy (€15 million) and the Ferrobonus (€4 million);
- additional €3 million and €166 million from the MEF and the MIT, respectively, relating to grants earmarked for Group companies to deal with the Covid-19 epidemiological emergency as described in detail in this section. During the year, €293 million was collected from the MIT.

### Grants related to assets

The following grants were recognised in 2022:

- €5,153 million from the MEF, mainly in relation to the Government Programme Contract. These amounts were granted for investments and extraordinary maintenance to develop and update railway infrastructure, as established by the 2013 and the 2014 Stability Act, the 2022 Budget Act, Decree law no. 59/2021 (converted with Law no. 108/2021) and refinanced under the 2015 Stability Act. This caption also includes the additional allocations for operating plans 2, 4, 10, 12 and 13 under chapter 7122;
- €119 million from the MIT to renew the fleet, buses and green ships, for works on railway bypasses, infrastructure works planned in view of the Milan-Cortina 2026 Winter Olympics (upgrades, elimination of level crossings and modernisation of stations) and for the fund for the price adjustment of construction materials.

With respect to the MIT's capital injections, the amount which ensures the business continuity of Ferrovie del Sud Est e Servizi Automobilistici – FSE S.r.l., equal to €70 million, is unchanged in 2022.

During the year, €6,929 million was collected in total.

The grants related to assets recognised as amounts due from the MEF and the MIMS as per the Government Programme Contract mostly refer to work not yet performed. Accordingly, they have a balancing entry in liabilities under payments on account.

Grants related to assets from the EU, other Ministries and other of €96 million include grants received from the European Union, other Ministries and other bodies. The €14 million decrease is essentially due to the redetermination of the grants disbursed by the Puglia region for investment projects in favour of FSE S.r.l..

The amounts from the government for disputes of €704 million cover disputes in connection with works that are deemed probable and relate to projects financed by grants for which, unlike investments against a consideration, the risk of additional costs no longer lies with Anas S.p.A.. The €15 million decrease refers to an adjustment following the annual estimate of the dispute and the amounts collected from the government to ease the dispute (€22 million).

Amounts due from other government authorities increased by €399 million on the previous year, mainly due to higher amounts from the Cassa per i Servizi Energetici e Ambientali (CSEA, energy, gas and water settlement fund) following the rise in energy prices during the year (€325 million), greater amounts from the regions and local bodies related to the road infrastructure (€23 million) and from foreign authorities (€16 million), in addition to the amounts recognised as part of the transport bonus pursuant to Decree law no. 50/2022, for the purchase of passes for public transport services (€15 million), and greater amounts from the Liguria region and the Bolzano public authorities relating to grants to purchase rolling stock (€18 million). This caption also includes the portion not yet collected of the above-mentioned one-time grants allocated to Busitalia Group companies as relief for the ongoing epidemiological emergency.

Sundry assets and prepayments and accrued income rose by €156 million on 2021 mainly due to higher advances to suppliers (€179 million), relating, in particular, to local bodies for works, higher prepayments and accrued income related to IT projects (€21 million), lower amounts from Trenitalia c2c relating to the reimbursement of pension assets (-€71 million) and the net increase in other sundry assets (€27 million).

The following table gives a breakdown of other non-current and current assets by geographical segment:

	millions of Euros		
	31.12.2022	31.12.2021	Changes
Italy	10,144	9,755	389
Eurozone countries	290	157	133
United Kingdom	29	97	(68)
Other European countries (non-Euro EU)	1	1	
Other non-EU European countries	6	6	
Other countries	6	7	(1)
<b>Total</b>	<b>10,476</b>	<b>10,023</b>	<b>453</b>

### 31. Inventories (€2,282 million)

This caption can be analysed as follows:

	millions of Euros		
	31.12.2022	31.12.2021	Changes
Raw materials, consumables and supplies	1,718	1,672	46
Work in progress and semi-finished products	2	2	
Finished products and goods	1	1	
Retired assets to be sold	1	1	
Land and buildings held for trading	944	1,006	(62)
White certificates	55		55
<b>Gross inventories</b>	<b>2,721</b>	<b>2,682</b>	<b>39</b>
Loss allowance	(439)	(431)	(8)
<b>Total inventories</b>	<b>2,282</b>	<b>2,251</b>	<b>31</b>

Raw materials, consumables and supplies comprise the inventories to be used in investments, superstructure material, electrical systems, navigation equipment and maintenance materials. The €46 million increase is the combined effect of higher purchases, and the corresponding consumption, of rolling stock and materials for infrastructure and the rise in the unit purchase price of raw materials, partly offset by the spare part and component disposal/scraping campaign (+€32 million) and the consolidation of the German-based ODEG GmbH (+€14 million).

Land and buildings held for trading refer to the properties held by the Group which will be sold. The €62 million decrease is due to the sales of the year (-€104 million), including those relating to the Milano Porta Romana, Agrigento, Cava dei Tirreni, the former Large Repairs Workshop at Firenze Porta al Prato, Rimini, Milan Certosa, Ragusa, Taranto and Trieste areas. This decrease is offset by the increases in the costs incurred in connection with the projects to redevelop these areas, specifically the Milan areas, as provided for by the Programme Agreement signed in 2017 and which only became enforceable in 2022 following the ruling of the Council of State that resolved the lawsuit commenced by some residents of the Milan properties who requested its cancellation (+€42 million).

White certificates comprise the energy efficiency certificates accrued by Group companies at the reporting date following the achievement of energy savings through the application of technologies and efficient systems (+€55 million).

### 32. Cash and cash equivalents (€2,859 million)

They can be analysed as follows:

	31.12.2022	31.12.2021	Changes
			millions of Euros
Bank and postal accounts	1,151	1,109	42
Cheques		2	(2)
Cash and cash on hand	103	63	40
Cash pooling accounts	1,606	972	634
<b>Gross balance</b>	<b>2,860</b>	<b>2,146</b>	<b>714</b>
Loss allowance	(2)	(1)	(1)
<b>Total cash and cash equivalents</b>	<b>2,859</b>	<b>2,145</b>	<b>714</b>

The €714 million increase in this caption is essentially due to the greater collections recognised in the year on cash pooling accounts (€634 million). These include the payments made by the MEF as part of the Government Programme Contract and those for other EC grants, while the residual balance refers to the increase in bank and postal accounts (€42 million) relating to the companies' cash pooling scheme.

For a breakdown of the changes in the balance, reference should be made to the statement of cash flows.

### 33. Tax assets (€97 million)

Tax assets amount to €97 million at 31 December 2022 (31 December 2021: €100 million) and relate to prior year income tax assets and foreign withholding taxes.

### 34. Equity attributable to the owners of the parent (€41,873 million)

Changes in the main equity captions in 2022 and 2021 are shown in the statement of changes in equity.

#### **Share capital**

At 31 December 2022, the parent's share capital, fully subscribed and paid up by the sole shareholder, the MEF, was made up of 39,204,173,802 ordinary shares, with a par value of €1 each, for a total of €39,204 million.

#### **Legal reserve**

The legal reserve amounts to €67 million and is unchanged.

#### **Translation reserve**

The translation reserve is negative by €3 million and reflects the changes in exchange rates during the year (+€4 million on the previous year end).

#### **Hedging reserve**

The hedging reserve includes the effective portion of the cumulative net change in the fair value of cash flow hedges relating to transactions that have not yet arisen and the portion of the accumulated reserve with previous financial instruments in relation to which, in 2012, the counterparties exercised the contractually-permitted early termination option. At 31 December 2022, this reserve was positive by €192 million (negative by €1 million at 31 December 2021) essentially due to the fair value measurement of hedging instruments at the reporting date (increase of €187 million) and the release of the portion of the year following the above-mentioned early termination of contracts (increase of €4 million). Finally, following the consolidation of the German-based ODEG and its subsidiary ODIG, these reserves increased by €1 million.

#### **Actuarial reserve**

The actuarial reserve, which includes the effects of actuarial gains and losses on post-employment benefits and the Free Travel Card, is a negative €327 million at the reporting date (31 December 2021: negative by €422 million).

#### **Retained earnings**

Retained earnings of €2,536 million substantially refer to the retained earnings and losses carried forward of the consolidated companies and prior year consolidation adjustments. The €10 million decrease in the consolidation scope essentially relates to the consolidation of Intermodalidad de Levante.

#### **Other comprehensive income (net of the tax effect)**

The statement of comprehensive income, to which reference should be made, shows other comprehensive income net of the tax effect.

### 35. Non-controlling interests (€195 million)

The following table shows the financial highlights of each subsidiary with significant non-controlling interests for the Group, before intraGroup eliminations. Consequently, these figures match the information provided by these companies in their financial statements.

millions of Euros

	Gran di Stazioni Immobiliare S.p.A.	Intermodalidad de Levante	Terminal Alptransit S.r.l.	Mercitalia Intermodal S.p.A.	Tunnel Ferroviario del Brennero S.p.A.	Other subsidiaries which are individually immaterial	Eliminations/Adjustments	Total
<b>Balances at 31.12.2022</b>								
Non-controlling interests (%)	40%	55%	42%	46.72 %	9.66 %			
Current assets	6	32	4	67	58			
Non-current assets	49	414	18	71	1,110			
Current liabilities	(21)	(28)	(7)	(97)				
Non-current liabilities	(1)	(392)		(15)				
Net assets	33	26	15	26	1,168			
<b>Net assets pertaining to non-controlling interests</b>	<b>13</b>	<b>14</b>	<b>6</b>	<b>12</b>	<b>113</b>	<b>36</b>	<b>1</b>	<b>195</b>
Revenue	7	4		212				
Loss for the year	(1)	(9)	(1)	(4)				
Other comprehensive income								
Comprehensive expense	(1)	(9)	(1)	(4)				
<b>Profit (loss) attributable to non-controlling interests</b>		<b>(5)</b>		<b>(1)</b>		<b>4</b>		<b>(2)</b>
Other comprehensive income attributable to non-controlling interests								
Total net cash flows for the year	(4)	18	3		50			
Dividends paid to non-controlling interests								



	Grandi Stazioni Immobiliare S.p.A.	Terminale Alptransit S.r.l.	Mercitalia Intermodale S.p.A.	Tunnel Ferroviario del Brennero S.p.A.	Other subsidiaries which are individually immaterial	Eliminations/ Adjustments	Total
<b>Balances at 31.12.2021</b>							
Non-controlling interests (%)	40%	42%	46.72%	10.14%	0%		
Current assets	9	6	68	8			
Non-current assets	51	17	61	1,010			
Current liabilities	(21)	(7)	(95)				
Non-current liabilities	(5)		(4)				
Net assets	33	16	30	1,018			
<b>Net assets pertaining to non-controlling interests</b>	<b>13</b>	<b>7</b>	<b>13</b>	<b>103</b>	<b>25</b>		<b>161</b>
Revenue	6	2	194				
Profit (loss) for the year	(1)	1	(3)				
Other comprehensive income							
Comprehensive income (expense)	(1)	1	(3)				
<b>Loss attributable to non-controlling interests</b>			<b>(1)</b>				<b>(1)</b>
Other comprehensive income attributable to non-controlling interests							
Total net cash flows for the year			(6)		(9)		
Dividends paid to non-controlling interests							

The balance of €195 million at 31 December 2022 shows a €34 million increase on the previous year end (€161 million), mainly due to the capital increases of Tunnel Ferroviario del Brennero – Società di Partecipazioni S.p.A. (€10 million) and Intermodalidad de Levante SA (€11 million), the effect of the consolidation of Intermodalidad de Levante SA and ODEG/ODIG (€8 million and €11 million, respectively), the dividends paid by ATAF and Cremonesi Workshop (-€2 million) and the loss for the year (€2 million).

### 36. Non-current and current loans and borrowings (€11,758 million)

This caption totals €11,758 million and can be analysed as follows:

millions of Euros

Non-current loans and borrowings, net of the current portion	Carrying amount		
	31.12.2022	31.12.2021	Changes
Bonds	7,758	7,033	725
Bank loans and borrowings	1,391	1,846	(455)
Loans and borrowings from other financial backers	10	22	(12)
<b>Total</b>	<b>9,159</b>	<b>8,901</b>	<b>258</b>

millions of Euros

Current loans and borrowings and current portion of non-current loans and borrowings	Carrying amount		
	31.12.2022	31.12.2021	Changes
Bonds (current portion)	745	499	246
Bank loans and borrowings (current portion)	1,831	2,264	(433)
Loans and borrowings from other financial backers (current portion)	23	11	12
<b>Total</b>	<b>2,599</b>	<b>2,774</b>	<b>(175)</b>
<b>Total loans and borrowings</b>	<b>11,758</b>	<b>11,675</b>	<b>82</b>

“Bonds” at 31 December 2022 comprise:

- thirteen bonds issued by the parent and fully subscribed by the Swiss investee, Eurofima SA (private placement), totalling €2,015 million. The aim of these bonds is to finance rolling stock. Repayment will take place in one instalment at the maturity date. Coupons accrue every six months at the variable interest rate for all thirteen bonds. They are not listed on “official markets”, domestic or foreign stock exchanges, cannot be traded and will remain in Eurofima’s financial statements as the sole holder. They may be analysed as follows:

millions of Euros

EUROFIMA series	Currency	Date of issue	Amount of the issue	Carrying amount at 31.12.2022	Date of maturity
13	€	15/05/2006	190	190	15/05/2026
14	€	15/05/2006	100	100	15/05/2026
15	€	23/04/2007	129	129	30/03/2027
16	€	19/04/2007	116	116	15/05/2026
18	€	22/05/2007	122	122	22/05/2024
19	€	22/05/2007	66	66	30/03/2027
26	€	20/12/2012	43	43	08/07/2025
27	€	19/12/2019	200	200	10/10/2034
28	€	12/03/2020	200	200	10/10/2034
29	€	30/06/2020	200	200	20/05/2030
30	€	31/07/2020	240	240	10/10/2034
31	€	19/04/2021	250	250	23/04/2041
32	€	07/06/2022	160	160	10/10/2034
<b>Total</b>			<b>2,015</b>	<b>2,015</b>	

- seventeen bonds related to the Euro Medium Term Notes Programme placed by FS Italiane S.p.A. on the Dublin Stock Exchange with a nominal amount of €6,510 million and a carrying amount of €6,474 million, as described below. Specifically, tranches 7, 10, 17, 18, 19 and 20 are green bonds issued as part of the Green Bond Framework set up by FS Italiane S.p.A. in 2017 and tranches 3, 8, 14, 18 and 19 are private placements entirely subscribed by the European Investment Bank.

millions of Euros

EMTN series	Currency	Date of issue	Amount of the issue	Carrying amount at 31.12.2022	Coupon	Date of maturity
3	€	12/01/2016	300	300	6M Euribor + 1.15%	31/12/2025
5	€	25/07/2016	50	50	1.65%	25/07/2031
6	€	28/06/2017	1,000	999	1.50%	27/06/2025
7	€	07/12/2017	600	600	0.88%	07/12/2023
8	€	21/12/2017	100	100	6M Euribor + 0.78%	21/12/2025
9	€	26/03/2018	200	200	6M Euribor + 0.982%	26/03/2030
10	€	09/07/2019	700	700	1.12%	09/07/2026
11	€	07/08/2019	100	100	1.04%	07/08/2029
12	€	23/12/2019	140	140	6M Euribor + 0.90%	23/12/2029
13	€	23/12/2019	190	190	6M Euribor + 0.52%	23/06/2024
14*	€	31/07/2020	150	125	6M Euribor + 0.984%	31/07/2032
15	€	04/12/2020	250	250	0.64%	04/12/2030
16	€	15/12/2020	80	80	0.00%	15/12/2023
17	€	25/03/2021	1,000	995	0.38%	25/03/2028
18*	€	16/12/2021	350	350	6M Euribor + 0.304%	23/12/2038
19*	€	20/07/2022	200	200	6M Euribor + 0.673%	20/07/2039
20	€	14/09/2022	1,100	1,095	3.75%	14/04/2027
<b>Total</b>			<b>6,510</b>	<b>6,474</b>		

\* amortising repayment plan.

- the accruals on the above bonds recognised in 2022 for a total of €41 million.

This caption decreased as a result of the periodic measurement of the FVH which, during the year, generated a differential of €28 million.

In 2022, the amount of bonds (both current and non-current) increased by €971 million as the combined effect of the two new tranches of the bonds related to the Euro Medium Term Notes Programme (€1,300 million) and the new Eurofima bond (€160 million), offset by the repayments of the fourth and fourteenth bond issues under the Euro Medium Term Notes Programme for €362 million and the seventeenth bond issue of the EUROFIMA series (€120 million).

Bank loans and borrowings (both current and non-current) decreased by €888 million mainly as the combined and opposing effect of the following:

- the €306 million decrease in current funding;
- the €64 million decrease in current account overdrafts;
- the repayments of loan principal (€582 million), financed by the EIB and Intesa Sanpaolo, to purchase new rolling stock for medium and long-haul transport and regional transport;
- the repayments of loan principal (€14 million), financed by Banco di Sardegna, related to the compensation for the termination of the agreement in place with Tunnel Gest S.p.A;
- the €60 million increase for the ordinary performance of the loan transactions carried by the Group;
- the €34 million increase due to factoring and confirming transactions.

Loans and borrowings from other financial backers (both current and non-current) are essentially unchanged.

The table below analyses net financial debt at the reporting date compared to that at 31 December 2021, in line with ESMA guidance no. 39 issued on 4 March 2021 applicable as of 5 May 2021 and Consob warning notice no. 5/2021 dated 29 April 2021, and reconciled with the net financial debt prepared in accordance with the Group's presentation approach.

millions of Euros

		31.12.2022	31.12.2021	Change
A)	Cash	2,846	2,145	701
B)	Cash equivalents	13		13
C)	Other current financial assets	254	170	84
<b>D)</b>	<b>Liquidity (A + B + C)</b>	<b>3,113</b>	<b>2,315</b>	<b>798</b>
E)	Current financial debt (including debt instruments and excluding the current portion of non-current financial debt)	2,032	2,476	(444)
F)	Current portion of non-current financial debt	768	509	259
<b>G)</b>	<b>Current financial debt (E+F)</b>	<b>2,800</b>	<b>2,985</b>	<b>(185)</b>
<b>H)</b>	<b>Net current financial debt (G-D)</b>	<b>(313)</b>	<b>670</b>	<b>(983)</b>
I)	Non-current financial debt (excluding the current portion and debt instruments)	10,568	10,194	374
J)	Debt instruments			
K)	Trade payables and other non-current liabilities			
<b>L)</b>	<b>Non-current financial debt</b>	<b>10,568</b>	<b>10,194</b>	<b>374</b>
M)	Concession assets and contract advances	(1,677)	(1,420)	(257)
	of which: current portion	(1,560)	(1,036)	(524)
<b>N)</b>	<b>Total financial debt as per ESMA guidance (H+L+M)</b>	<b>8,578</b>	<b>9,444</b>	<b>(866)</b>
O)	Non-current loans and securities*	725	573	152
<b>P)</b>	<b>Total net financial debt (N-O)</b>	<b>7,853</b>	<b>8,871</b>	<b>(1,018)</b>

In accordance with the amendments to IAS 7, the reconciliation between the total changes in financial assets and liabilities broken down by monetary and non-monetary items is given below:

millions of Euros

Cash flows generated by/(used in) financing activities	31.12.2021	Monetary items (statement of cash flows)	Non-monetary items			31.12.2022
			Change in consolidation	Effects of IFRS 16	Hedging reserve	
Disbursement and repayment of current and non-current loans	11,674	36	23		25	11,758
Change in other financial assets	(1,162)	(234)	17		(211)	(1,604)
Change in other financial liabilities	1,480	(205)	114	224	(9)	1,604
Change in service concession assets/liabilities	(1,420)	(256)			(1)	(1,677)

<b>Total</b>	<b>10,572</b>	<b>(659)</b>	<b>154</b>	<b>224</b>	<b>(220)</b>	<b>10</b>	<b>10,081</b>
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### 37. Post-employment benefits and other employee benefits (Free Travel Card) (€756 million)

millions of Euros

	<b>2022</b>	<b>2021</b>
Present value of post-employment benefit obligations	698	887
Present value of Free Travel Card obligations	43	55
Present value of other employee benefit obligations	15	88
<b>Total present value of obligations</b>	<b>756</b>	<b>1,030</b>

Changes in the present value of liabilities for defined benefit obligations are shown in the table below.

millions of Euros

	<b>2022</b>	<b>2021</b>
Defined benefit obligations at 1 January	1,030	1,073
Service costs	1	2
Interest cost (*)	24	1
Actuarial (gains) losses recognised in equity	(95)	48
of which: from changes in demographic assumptions	(1)	14
of which: from changes in financial assumptions	(143)	7
of which: based on past experience	49	27
Advances, utilisations and other changes	(204)	(94)
<b>Total defined benefit obligations</b>	<b>756</b>	<b>1,030</b>

(\*) through profit or loss

## Actuarial assumptions

The main assumptions for the actuarial estimate process are described below:

	2022	2021
Discount rate (post-employment benefits)	3.57%	0.38%
Discount rate (Free Travel Card)	3.77%	0.98%
Annual increase rate of post-employment benefits	3.23%	2.81%
Inflation rate (post-employment benefits)	2.30%	1.75%
Inflation rate (Free Travel Card)	2.30%	1.75%
Expected turnover rate for employees - post-employment benefits	3.38%	3.38%
Expected turnover rate for employees - Free Travel Card	3.07%	3.10%
Expected rate of advances	1.96%	1.96%
Probability of death	RG48 mortality rate published by the General Accounting Office	
Disability	INPS tables broken down by gender and age	
Retirement age	100% upon meeting the compulsory general insurance requirements	

The following sensitivity analysis shows the effects that would have been recorded in terms of changes in the present value of liabilities for defined benefit obligations, following reasonably possible changes in actuarial assumptions.

The last table shows the average duration of the defined benefit obligations and the disbursements provided by the plan.

	Post-employment benefits	Free Travel Card	Other employee benefits
millions of Euros			
Inflation rate +0.25%	715	25	
Inflation rate -0.25%	703	43	
Discount rate +0.25%	699	42	
Discount rate -0.25%	719	43	
Turnover rate +1%	711		
Turnover rate -1%	707		
	4,255	153	
Plan duration			
Payment - first year	97	4	
Payment - second year	89	4	
Payment - third year	90	4	
Payment - fourth year	83	4	
Payment - fifth year	29	3	
	389	19	

## 38. Provisions for risks and charges (€2,153 million)

The opening and the closing balances of, and changes in, the provisions for risks and charges for 2022 are given below, indicating the current and non-current portions.

Provisions for risks and charges	31.12.2021	Accruals	Utilisations and other changes	Release of excess provisions	31.12.2022
Tax provision	12				12
Litigation with employees	73	34	(28)	(3)	76
Litigation with third parties	1,559	235	(100)	(229)	1,465
Reclamation	61	19	(1)		79
Bilateral fund for income assistance	127			(30)	97
Leaving incentives	39		(6)	(12)	21
Provision for losses on assets	19		(2)		17
Contractual risks	231	48	(16)	(16)	247
Other sundry provisions	302	6	(40)	(129)	139
<b>Total provisions for risks and charges</b>	<b>2,423</b>	<b>342</b>	<b>(193)</b>	<b>(419)</b>	<b>2,153</b>
Of which: current portion	13	22	(8)	(2)	25
Of which: non-current portion	2,410	320	(185)	(417)	2,128

The provision for litigation with employees, which covers the probable charges arising from pending disputes and cases brought before the competent courts in respect of economic and career claims and compensation for occupational illness, amounts to €76 million. In 2022, a total of €34 million was accrued. A total of €28 million was used to cover the social security contribution charges and costs related to disputes with personnel. €3 million was released.

The provisions for litigation with third parties of €1,465 million were accrued to cover probable charges arising from the pending disputes with suppliers for subcontracting, services and supplies, the potential dispute for suppliers' claims and the charges prudently provided for probable disputes with the regions and the government about the quality of the transport services rendered as part of the public service contracts. These provisions, with several income statement balancing entries and the caption amounts due from the government for litigation, as shown in note 30 - Other current and non-current assets, were adjusted by approximately €235 million in the year; specifically, they were used to settle disputes with an unfavourable outcome for the Group and pay penalties to customers and the regions (approximately €100 million), and released to reflect the smaller needs related to some pending disputes and the favourable outcome of some disputes (roughly €229 million).

The provision accrued to cover the charges related to the reclamation of polluted sites and the enhancement of works to be sold amounts to €79 million. €1 million was used during the year to cover the reclamation charges incurred. The charges accrued during the year amount to €19 million and refer to environmental reclamation activities following the identification and removal of explosive remnants of war, to be carried out on the Milan shunting plant and the Brescia and Novara sites.

The bilateral fund for income assistance, set up for income and employment assistance, amounts to €97 million and was released for €30 million during the year based on future needs.

Other provisions of approximately €139 million include accruals mainly for maintenance, workshop expense, contractual obligations and expense related to buildings held for trading and disputes with agents. During the year, the Group accrued €6 million for probable future risks and charges. It also released €129 million to profit or loss due to smaller-than-expected



requirements for pending contractual disputes and used €40 million essentially to cover charges related to contractual obligations.

### 39. Contract advances -- non-current and current (€1,844 million)

Contract advances - non-current and current, totalling €1,844 million (current portion: €482 million; 31 December 2021: €1,748 million and current portion: €577 million), refer to the portion of grants already collected for works still to be performed related to Anas S.p.A..

This caption mainly comprises advances on prior year grants, such as the residual amounts pursuant to article 7 of Law no. 178/2002, 2003-2005 capital injections, former FAS and development and cohesion funds, which were not required to be reported prior to collection. The advances relate to works not yet performed and scheduled over the next few years and works in progress which resulted in bidding discounts and economies pending their utilisation in the work or their use in other programmes, after discussion with the competent ministries. The caption also includes extraordinary maintenance yet to be performed and financed using the portion of revenue from fee integration as per article 19.9 bis of Law no. 102/09, which was deferred until 2016 (€66 million).

The €96 million increase on the previous year end is essentially due to new advances received (€258 million), the increase in the reversal of prior year discounting (net of prior year discounting) (-€22 million) and the decrease in prior year advances due to the production of the year, net of collections (-€140 million).

#### 40. Other non-current and current financial liabilities (including derivatives) (€1,611 million)

millions of Euros

	Carrying amount								
	31.12.2022			31.12.2021			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
<b>Financial liabilities</b>									
Hedging derivatives	28		28	9	2	11	19	(2)	17
Lease liabilities	660	168	828	572	152	724	88	16	104
Other financial liabilities	722	33	755	723	59	782	(1)	(26)	(27)
<b>Total financial liabilities</b>	<b>1,410</b>	<b>201</b>	<b>1,611</b>	<b>1,304</b>	<b>213</b>	<b>1,517</b>	<b>106</b>	<b>(12)</b>	<b>94</b>

Hedging derivatives essentially reflect the fair value of derivatives recognised under liabilities classified as hedges. Specifically, based on the nature of the risks hedged, the Group has cash flow and fair value hedging relationships. Following the measurement carried out at 31 December 2022, this caption increased by €17 million, mainly due to the trend in interest rates during the year.

Lease liabilities amount to €828 million and are up by €104 million on the previous year end. For additional information, reference should be made to note 22. Right-of-use assets.

The €27 million decrease in other financial liabilities is mainly due to the decrease in the intraGroup current accounts with the Trenitalia TPER Scarl joint venture.

#### Fair value measurement

The hedging derivatives included in the Group's portfolio are OTC and fall under Level 2 of the fair value hierarchy. Financial instruments have been measured at fair value using financial models based on market standards. Specifically, this entailed:

- determining the net present value of future flows for swaps;
- calculating option contracts (cap and collar) using market value calculation models.

The inputs used to feed the above models reflect observable market parameters which are available with the main financial info providers.

Specifically, the swap vs. 3M Euribor curve figures were used, as well as those related to the swap vs. 6M Euribor curve, the Basis USD vs. EUR and the Basis USD vs GBP curves, the 6M LIBOR GBP post-cessation (fallback rate), the Eur interest rate volatility curve and the credit default swap (CDS) curve of the parties to the derivative contract, which reflect the input widely accepted by market operators to calculate non-performance risk. This risk is calculated using adequate financial valuation techniques and models which include, inter alia, the following factors: i) the risk exposure, being the potential mark-to-market exposure throughout the life of the financial instrument and ii) adequate CDS curves to reflect their probabilities of default (PD).

#### 41. Non-current and current trade payables (€7,703 million)

They can be analysed as follows:

millions of Euros

	31.12.2022			31.12.2021			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Suppliers	3	7,270	7,273	11	6,132	6,143	(8)	1,138	1,130
Advances	4	177	181	4	124	128		53	53
Group companies		224	224		168	168		56	56
Contract liabilities for contract work in progress		25	25		21	21		4	4
<b>Total trade payables</b>	<b>7</b>	<b>7,696</b>	<b>7,703</b>	<b>15</b>	<b>6,445</b>	<b>6,460</b>	<b>(8)</b>	<b>1,251</b>	<b>1,243</b>

Overall, non-current and current trade payables increased by €1,243 million on the previous year end mainly as a result of the rise in amounts due to suppliers (+€1,130 million) and Group companies (+€56 million).

The suppliers balance increased mainly as a consequence of the greater works performed in the previous year on the HS/HC and conventional network (+€247 million) and the road and motorway network (+€458 million), in addition to the rise in purchases of rolling stock and maintenance services for leased rolling stock (+€192 million), the effect of the consolidation of the German-based ODEG (+€52 million), the rise in the amounts due from the operator of the Greek railway infrastructure (+€70 million), greater cyber security costs (+€10 million) and the ordinary settlement trend for the year (+€73 million).

The Group companies balance includes the amounts due to the companies consolidated using the equity method, specifically TPER and Trenord, for tickets pertaining to these companies sold by Trenitalia. The €56 million increase on the previous year end is mainly due to a larger commercial offer compared to the previous year, which was affected by the Covid-19 pandemic.

## 42. Other non-current and current liabilities (€8,209 million)

They can be analysed as follows:

millions of Euros

	31.12.2022			31.12.2021			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Advances for grants		5,854	5,854		4,854	4,854		1,000	1,000
Advances to customers					2	2		(2)	(2)
Social security charges payable	12	304	316	18	283	301	(6)	21	15
VAT liabilities		15	15		5	5		10	10
Other liabilities with Group companies		54	54		4	4		50	50
Other liabilities and accrued expenses and deferred income	114	1,856	1,970	106	1,827	1,933	8	29	37
<b>Total other liabilities</b>	<b>126</b>	<b>8,083</b>	<b>8,209</b>	<b>124</b>	<b>6,975</b>	<b>7,099</b>	<b>2</b>	<b>1,108</b>	<b>1,110</b>

Advances for grants are mainly related to:

- additional accruals (€2,040 million) for FS Italiane S.p.A. in connection with the Tunnel Euralpin Lyon Turin Sas – TELT Sas (formerly Lyon Turin Ferroviarie Sas – LTF Sas) project, as already described in the note to Other non-current and current assets to which reference should be made;
- the advances mainly recognised by RFI S.p.A. on the grants related to assets from the government (MEF and MIT), the EU and other bodies, for infrastructural investments (€3,640 million).

The table below shows the changes in advances for grants related to the FS Italiane Group:

millions of Euros

	31.12.2021	Increases	Decreases	Other changes	31.12.2022
<b>Advances for grants:</b>					
- MEF	744	5,196	(4,557)	(167)	1,216
- MIT	3,868	141	(342)		3,667
- European Regional Development Fund	31	152	(180)		3
- Trans-European Network	22	45	(8)		59
- National recovery and resilience plan		1,255	(675)		580
- Other	189	505	(365)		329
<b>Total advances for grants</b>	<b>4,854</b>	<b>7,294</b>	<b>(6,127)</b>	<b>(167)</b>	<b>5,854</b>

The increases in advances for grants from the MEF and the MIMS include the new amounts related to grants allocated during the year, as described in the notes to other non-current and current assets and Financial assets.

The decrease in advances refer to the recognition of grants under property, plant and equipment, intangible assets and equity investments to which reference should be made for additional information.

The other changes refer to the net decrease (€140 million) related to the capital increase of Tunnel Ferroviario del Brennero S.p.A., as better described in the note to equity investments, to which reference should be made for further details.

Other liabilities and accrued expenses and deferred income of €1,970 million include amounts due to personnel (€471 million), partly in connection with the fund for income and employment assistance (€12 million), guarantee deposits (€115 million), amounts due to operators (€264 million), tax liabilities (€149 million), accrued expenses and deferred income (€179 million) and other sundry liabilities (€792 million).

#### 43. Tax liabilities (€11 million)

The balance at 2022 year end, equal to €11 million (€6 million at 2021 year end), includes €5 million due by the Group companies included in the tax consolidation scheme, for IRAP purposes, and by the other Group companies not included in the scheme, for IRES and IRAP purposes, as well as €6 million related to the income taxes of foreign companies.

#### 44. Financial and operational risk management

The FS Italiane Group is exposed to the following risks arising from the use of financial instruments:

- credit risk;
- liquidity risk;
- market risk, specifically, interest rate and currency risks.

This section provides information on the Group's exposure to each of the risks listed above, the objectives, policies and processes for the management of these risks and the methods used to assess them, as well as capital management. These consolidated financial statements also include additional quantitative information.

The FS Italiane Group's risk management focuses on the volatility of financial markets and is aimed at minimising potential undesired effects on its financial position and results of operations.

Financial assets and financial liabilities measured in accordance with IFRS 9 may be analysed as follows:

	millions of Euros	
	<b>2022</b>	<b>2021</b>
Trade receivables at amortised cost	3,097	2,962
Cash and cash equivalents at amortised cost	2,859	2,145
Other assets at amortised cost	10,175	9,839
Service concession assets at amortised cost	3,521	3,167
Other financial assets:	1,604	1,163
- <i>At amortised cost</i>	984	742
- <i>Derivatives at FVOCI</i>	223	5
- <i>Derivatives at FVTPL</i>		2
- <i>Other assets measured at FVOCI</i>		
- <i>Other assets measured at FVTPL</i>	397	414
<b>Total financial assets (*)</b>	<b>21,256</b>	<b>19,276</b>
Loans and borrowings at amortised cost	11,758	11,675
Trade payables at amortised cost	7,701	6,460
Other liabilities at amortised cost	8,045	6,956
Contract advances at amortised cost	1,844	1,748
Other financial liabilities:	1,611	1,517
- <i>At amortised cost</i>	1,582	1,506
- <i>Derivatives at FVOCI</i>	1	11
- <i>Derivatives at FVTPL</i>	28	
- <i>Other liabilities measured at FVOCI</i>		
- <i>Other liabilities measured at FVTPL</i>		
<b>Total financial liabilities (*)</b>	<b>30,959</b>	<b>28,356</b>

(\*) Does not include all tax assets and liabilities

To complete financial risk information, the table below gives a reconciliation between financial assets and liabilities as reported in the consolidated statement of financial position and the categories of financial assets and liabilities identified pursuant to IFRS 7. The figures shown in the statement of financial position match the financial assets and liabilities identified pursuant to IFRS 7, net of tax assets and equity investments. Furthermore, financial assets and liabilities include the respective hedging derivatives.

### Credit risk

Credit risk is the risk that a customer or one of the counterparties of a financial instrument may cause a financial loss by not meeting an obligation. It mainly arises from trade receivables, loans with the public administration, derivatives and the financial investments of the FS Italiane Group.

With regard to credit risk deriving from investing activities, the Group applies a liquidity investment policy which is centrally managed by the parent and which defines:

- the minimum requirements of the financing counterparty in terms of creditworthiness and the related concentration thresholds; and
- the types of financial products that can be used.

With respect to the derivatives used for hedging purposes and which can potentially generate credit exposure to counterparties, the Group applies specific policies that define concentration thresholds by counterparty and credit rating.

With respect to the assessment of customers' credit risk, each Group company manages and analyses the risk of all new significant customers, regularly checks their commercial and financial exposure and monitors the collection of receivables from the public administration within the contractually agreed timeframe.

The following tables show the FS Italiane Group's exposure to credit risk at 31 December 2022, compared with that at 31 December 2021. **For information about the gross balance and the loss allowance, reference should be made to the notes to the relevant captions.**

millions of Euros

	31.12.2022				
	Public administration	Third party customers	Financial institutions	Group companies	Total
Trade receivables	1,364	1,658		74	3,096
Other current and non-current assets	8,553	1,563		3	10,119
Financial assets	3,626	811	278	14	4,729
Cash and cash equivalents			2,756		2,756
<b>Total financial assets (*)</b>	<b>13,543</b>	<b>4,032</b>	<b>3,034</b>	<b>91</b>	<b>20,700</b>

(\*) Does not include prepayments and accrued income, tax assets, cash in hand and equity investments.

millions of Euros

	31.12.2021				
	Public administration	Third party customers	Financial institutions	Group companies	Total
Trade receivables	1,365	1,493		104	2,962
Other current and non-current assets	8,367	1,383		53	9,803
Financial assets	3,167	655	81	13	3,916
Cash and cash equivalents			2,080		2,080
<b>Total financial assets (*)</b>	<b>12,899</b>	<b>3,531</b>	<b>2,161</b>	<b>170</b>	<b>18,761</b>

(\*) Does not include prepayments and accrued income, tax assets, cash in hand and equity investments.

A significant portion of trade receivables and loan assets relates to government and public authorities, such as the MEF and the regions.

The amount of financial assets whose recoverability is uncertain is negligible. However, an adequate loss allowance was accrued in this respect.

The maximum exposure to credit risk, broken down by counterparty and past due brackets, at 31 December 2022 is shown below:

millions of Euros

31.12.2022						
	Not past due	Past due by				Total
		0-180	180-360	360-720	More than 720 days	
Public administration (gross)	11,966	131	69	885	804	13,855
Loss allowance	(105)		(1)	(9)	(197)	(312)
<b>Public administration (net)</b>	<b>11,861</b>	<b>131</b>	<b>68</b>	<b>876</b>	<b>607</b>	<b>13,543</b>
Third party customers (gross)	3,846	209	142	90	779	5,066
Loss allowance	(319)	(20)	(13)	(20)	(662)	(1,034)
<b>Third party customers (net)</b>	<b>3,527</b>	<b>189</b>	<b>129</b>	<b>70</b>	<b>117</b>	<b>4,032</b>
Financial institutions (gross)	3,018	6	8	2	1	3,035
Loss allowance	(1)					(1)
<b>Financial institutions (net)</b>	<b>3,017</b>	<b>6</b>	<b>8</b>	<b>2</b>	<b>1</b>	<b>3,034</b>
Group companies (gross)	77	4	5	6	5	97
Loss allowance				(6)		(6)
<b>Group companies (net)</b>	<b>77</b>	<b>4</b>	<b>5</b>		<b>5</b>	<b>91</b>
<b>Total financial assets</b>	<b>18,482</b>	<b>330</b>	<b>210</b>	<b>948</b>	<b>730</b>	<b>20,700</b>

millions of Euros

31.12.2021						
	Not past due	Past due by				Total
		0-180	180-360	360-720	More than 720 days	
Public administration (gross)	11,265	136	182	791	700	13,074
Loss allowance	(15)			(3)	(157)	(175)
<b>Public administration (net)</b>	<b>11,250</b>	<b>136</b>	<b>182</b>	<b>788</b>	<b>543</b>	<b>12,899</b>
Third party customers (gross)	2,974	601	78	130	739	4,522
Loss allowance	(198)	(142)	(12)	(32)	(607)	(991)
<b>Third party customers (net)</b>	<b>2,776</b>	<b>459</b>	<b>66</b>	<b>98</b>	<b>132</b>	<b>3,531</b>
Financial institutions (gross)	1,684	457	19	3		2,163
Loss allowance	(1)					(1)
<b>Financial institutions</b>	<b>1,683</b>	<b>456</b>	<b>19</b>	<b>3</b>		<b>2,161</b>
Group companies (gross)	160	3	1	7	5	176
Loss allowance				(6)		(6)
<b>Group companies (net)</b>	<b>160</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>5</b>	<b>170</b>
<b>Total financial assets</b>	<b>15,869</b>	<b>1,054</b>	<b>268</b>	<b>890</b>	<b>680</b>	<b>18,761</b>

The total exposure and the impairment of each category was reclassified by risk class at 31 December 2022, as per the Standard & Poor's rating, shown below:



	31.12.2022				
	FVTPL	FVOCI		Amortised cost	
			12-month expected credit losses	12-month expected credit losses	Lifetime - not impaired
from AAA to BBB-		221	9,509	7,402	311
from BB to BB+			2,149	810	567
from B to CCC			21	182	66
from CC to C			14	755	47
D					
<b>Gross carrying amount</b>		221	11,693	9,149	991
Loss allowance			(45)	(589)	(720)
<b>Carrying amount</b>		221	11,648	8,560	271

	31.12.2021				
	FVTPL	FVOCI		Amortised cost	
			12-month expected credit losses	12-month expected credit losses	Lifetime - not impaired
from AAA to BBB-	2	(2)	8,797	6,731	417
from BB to BB+			1,560	666	194
from B to CCC			152	248	411
from CC to C			14	744	
D					
<b>Gross carrying amount</b>	2	(2)	10,523	8,389	1,022
Loss allowance			(53)	(442)	(678)
<b>Carrying amount</b>	2	(2)	10,470	7,947	344

Changes in the loss allowance may be analysed as follows.

	<b>31.12.2022</b>			
	12-month expected credit losses	Lifetime-not impaired	Lifetime-impaired	Total
<b>Balance at 1 January 2022</b>	<b>53</b>	<b>442</b>	<b>678</b>	<b>1,173</b>
Net impairment loss		148	65	213
Transfer to lifetime - impaired				
Transfer to lifetime - not impaired				
Repaid financial assets	(9)	(7)	(9)	(25)
New assets acquired	1	7	5	13
Utilisation of the allowance		(1)	(19)	(20)
<b>Balance at 31 December 2022</b>	<b>45</b>	<b>589</b>	<b>720</b>	<b>1,354</b>

### Liquidity risk

Liquidity risk is the risk that an entity may have difficulties in complying with the obligations associated with financial liabilities to be settled by delivering cash or another financial asset. Cash flows, cash requirements and the liquidity of Group companies are generally monitored and centrally managed by the finance division of the parent's Central finance and asset department to ensure efficient and effective management of financial resources.

The parent adopts asset liability management techniques in collecting debt and loan principal from the Group companies.

The Group's objective is the prudent management of the liquidity risk arising from ordinary operations.

In order to meet potential and temporary cash requirements, the parent agreed a revolving and committed sustainability linked back-up facility (€3 billion) for general purposes expiring on 25 June 2024.

Furthermore, the Group has numerous uncommitted credit lines granted by banks.

The following tables show the due dates of contractual cash flows and financial liabilities at 31 December 2022 and 2021, including interest to be paid:

millions of Euros

31 December 2022	6 months or less	6-12 months	1-2 years	2-5 years	After 5 years	Total
<b>Non-derivative financial liabilities</b>						
Bonds	87	788	566	4,461	3,945	9,847
Bank loans and borrowings	1,538	329	917	272	312	3,368
Loans and borrowings from other financial backers	6	6	6	7	3	28
Finance lease liabilities						
Loans and borrowings from Group companies						
Financial liabilities	28	8		1	718	755
Lease liabilities	68	114	78	292	370	922
<b>Non-derivative financial liabilities</b>	<b>1,727</b>	<b>1,245</b>	<b>1,567</b>	<b>5,033</b>	<b>5,348</b>	<b>14,920</b>
<b>Trade payables</b>	<b>3,466</b>	<b>4,099</b>	<b>18</b>	<b>12</b>		<b>7,595</b>
<b>Derivative financial liabilities</b>						
<b>Total financial liabilities</b>	<b>5,193</b>	<b>5,344</b>	<b>1,585</b>	<b>5,045</b>	<b>5,348</b>	<b>22,515</b>

millions of Euros

31 December 2021	6 months or less	6-12 months	1-2 years	2-5 years	After 5 years	Total
Bonds	145	375	750	3,097	3,540	7,907
Bank loans and borrowings	1,356	909	561	1,031	340	4,197
Loans and borrowings from other financial backers	6	7	13	4	2	32
Loans and borrowings from Group companies						
Financial liabilities	58	2	1	1	720	782
Lease liabilities	63	141	115	172	321	812
<b>Non-derivative financial liabilities</b>	<b>1,628</b>	<b>1,434</b>	<b>1,440</b>	<b>4,305</b>	<b>4,923</b>	<b>13,730</b>
<b>Trade payables</b>	<b>2,224</b>	<b>4,112</b>	<b>16</b>			<b>6,352</b>
<b>Derivative financial liabilities</b>	<b>6</b>	<b>3</b>	<b>(1)</b>	<b>(4)</b>	<b>1</b>	<b>5</b>
<b>Total financial liabilities</b>	<b>3,858</b>	<b>5,549</b>	<b>1,455</b>	<b>4,301</b>	<b>4,924</b>	<b>20,087</b>

The contractual flows from variable-rate loans have been calculated using the forward rates estimated at the reporting date. The amounts include both principal and interest.

The following table shows the repayments of non-derivative financial liabilities and trade payables within one year, 1-5 years and after five years.

millions of Euros

31 December 2022	Carrying amount	Within one year	1-5 years	After 5 years
Bonds	8,503	717	4,335	3,451
Bank loans and borrowings	3,222	1,813	1,120	289
Loans and borrowings from other financial backers	33	23	7	3
Loans and borrowings from Group companies				
Financial liabilities	755	36		719
Lease liabilities	828	166	328	334
<b>Non-derivative financial liabilities</b>	<b>13,341</b>	<b>2,755</b>	<b>5,790</b>	<b>4,796</b>
<b>Trade payables</b>	<b>7,703</b>	<b>7,669</b>	<b>34</b>	

millions of Euros

31 December 2021	Carrying amount	Within one year	1-5 years	After 5 years
Bonds	7,532	501	3,668	3,363
Bank loans and borrowings	4,110	2,252	1,553	305
Loans and borrowings from other financial backers	33	13	18	2
Loans and borrowings from Group companies				
Financial liabilities	782	60	1	721
Lease liabilities	724	167	246	311
<b>Non-derivative financial liabilities</b>	<b>13,181</b>	<b>2,993</b>	<b>5,486</b>	<b>4,702</b>
<b>Trade payables</b>	<b>6,460</b>	<b>6,436</b>	<b>24</b>	

Non-derivative financial liabilities due within six months mostly consist of trade payables for HS/HC contracts and works which are mainly repaid through government grants. The residual part is repaid using cash flows from operations.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate following changes in market prices, due to changes in exchange rates, interest rates or prices of equity instruments.

As part of its operations, the Group is exposed to several market risks, specifically interest rate risk and, to a lesser extent, currency risk. The objective of market risk management is to manage and keep the Group companies' exposure to these risks within acceptable levels, while optimising returns on investments. The Group uses hedging transactions to manage the volatility of the results.

### Interest rate risk

The Group is mainly exposed to interest rate risk relating to non-current loans indexed to variable rates. The Group companies which are mainly exposed to this risk (including Trenitalia and RFI) decided to enter into hedging transactions based on specific risk management policies approved by the relevant Boards of Directors and implemented with the technical and operational support of the parent's Finance & Investor Relations function.

Despite the various customisations due to the financial and business characteristics of each company, the common objective of the applied policies is to limit cash flow fluctuations in financing transactions in place and, where possible, to exploit the opportunities to optimise borrowing costs offered by the indexing of variable-rate debt.

In accordance with the above policies, the Group only uses plain vanillas, such as interest rate swaps, interest rate collars and interest rate caps.

The table below shows variable and fixed rate loans and borrowings:

	millions of Euros					
	Carrying amount	Contractual cash flows	Current portion	1 - 2 years	2 - 5 years	after 5 years
Variable rate	6,030	7,491	1,809	1,359	1,630	2,693
Fixed rate	7,311	7,429	1,163	208	3,403	2,655
<b>Balance at 31 December 2022</b>	<b>13,341</b>	<b>14,920</b>	<b>2,972</b>	<b>1,567</b>	<b>5,033</b>	<b>5,348</b>
Variable rate	6,670	7,573	1,933	1,133	2,222	2,285
Fixed rate	6,511	6,157	1,129	307	2,083	2,638
<b>Balance at 31 December 2021</b>	<b>13,181</b>	<b>13,730</b>	<b>3,062</b>	<b>1,440</b>	<b>4,305</b>	<b>4,923</b>

The table below shows the impact of variable and fixed rate loans and borrowings, before and after hedging derivatives, which convert variable rates into fixed rates, i.e., which hedge against rises in variable rates beyond the maximum levels defined.

	31.12.2022	31.12.2021
<b>Before hedging with derivatives</b>		
Variable rate	45%	51%
Fixed rate	55%	49%
<b>After hedging with derivatives</b>		
Variable rate	22%	24%
Hedged variable rate	8%	11%
Fixed rate	70%	65%

The following sensitivity analysis shows the effects that would have been recorded in terms of changes in interest expense had an increase or a decrease of 50 basis points in the Euribor interest rates affected loans in 2022:

	millions of Euros	
	+ 50 bps	- 50 bps
Greater/(lower) interest expense on variable-rate debt	25	(20)
Net cash flow from hedges	(14)	12
<b>Total</b>	<b>11</b>	<b>(8)</b>

The following sensitivity analysis shows the effects of an increase or decrease of 50 basis points in the swap rates curve recognised at the reporting date on the fair value of hedging derivatives:

	+ 50 bps	- 50 bps
Fair value of hedging derivatives	35	(35)
<b>Total</b>	<b>35</b>	<b>(35)</b>

### Currency risk

The Group is mainly active in Italy. Therefore, the risk arising from the different currencies in which it operates is limited and substantially relates to the contracts agreed by Italferr.

In February 2017, Trenitalia UK Ltd, a British company set up in 2016 and wholly-owned by Trenitalia S.p.A., acquired NXET Trains Limited. The liquid funds necessary for the acquisition were provided by the parent which granted an intraGroup loan to Trenitalia UK Ltd (GBP60 million), while the residual amount was raised by means of a capital increase carried out by Trenitalia S.p.A. in favour of Trenitalia UK Ltd (GBP13 million). Cross currency swaps hedging the currency risk were agreed in respect of FS Italiane S.p.A.'s intraGroup loan to Trenitalia UK Ltd.

### **Capital management**

The FS Italiane Group's main objective with respect to capital risk management is to safeguard its ability to continue as a going concern, while ensuring returns for shareholders and benefits for the other stakeholders. The FS Italiane Group also intends to maintain an optimal capital structure in order to reduce the cost of debt.

### 45. Contingent assets and contingent liabilities

The FS Italiane Group is a party in civil and administrative proceedings and legal actions related to its normal business activities. In addition to the provisions already set up in the consolidated financial statements, the Group may incur additional liabilities, currently deemed improbable and/or unquantifiable. The main contingent assets and liabilities are described below.

- Appeal against the transfer of the investment in FSE S.r.l. to FS Italiane S.p.A.: with ruling no. 6417/2017, the Lazio regional administrative court rejected the appeal filed by Arriva Italia S.r.l., Ferrotramviaria S.p.A. and COTRAP (the "claimants") to repeal MIT decree no. 248/2016 which identified FS Italiane S.p.A. as the party to receive the investment in FSE S.r.l. which, at the time, was held by said Ministry, thereby confirming its lawfulness. As part of the appeal to overturn the first-level ruling, the claimants indicated the failure to comply with the requirements applicable to government assistance as the first ground of appeal, in relation to: i) the granting of €70 million to FSE S.r.l. pursuant to article 1.867 of Law no. 2018/2015, as amended by article 47 of Decree law no. 50/2017 and ii) FSE S.r.l.'s transfer to FS Italiane S.p.A. with no competitive procedure and no consideration. The Council of State decided to refer the issue to the European Court of Justice, pursuant to article 267.1.a) of the Treaty on the Functioning of the European Union ("TFUE") (decision to refer no. 3123/2018). The Court of Justice pronounced its resolution on 19 December 2019 (case C-385/18) stating that – except for the checks that the referring judge (i.e., Council of State) shall make – article 107 of the TFUE must be interpreted in a way that both the accrual of a sum in favour of a public entity and the transfer of the entire investment held by a member state in the share capital of the same entity to a different public entity, without

compensation, but with the obligation for the latter to compensate the former capital imbalance, may be classified as government assistance. Following the interpretative resolution of the Court of Justice, the consequent decisions were referred to the Council of State - before which, on 3 February 2020, the claimants reinstated the case. On 22 October 2020, the hearing was held before the Council of State, after which the judge, considering the provisions of the European Code of Justice and to complete the knowledge of the facts that could not be easily inferred from the arguments, ordered the commencement of the assessment procedure to be carried out in adversary proceedings, on the following query: *"the assessor shall determine whether the value of Ferrovie del Sud Est e Servizi S.r.l. at the date of this transfer, as increased, where necessary, by the €70 million granted to it by the Italian government, exceeds the amount of the investment that Ferrovie dello Stato Italiane S.p.A. must make to honour its obligation of removing FSE's capital imbalance"* (ordinance no. 6537/2020). At the public hearing on 30 March 2021, during which the assessment was to have taken place, FS Italiane S.p.A. and FSE S.r.l. petitioned for the exclusion of third parties that had filed motions to participate in the case from this stage (including the former sole director of FSE). With non-definitive ruling no. 6556 published on 30 September 2021, the Council of State announced its decision on this preliminary matter and judged admissible ANAV's motion only, meaning ANAV may participate in the assessment, whereas the other potential applicants were excluded. With respect to the assessment procedure, after hearing the parties, the assessor informed them that the assessor had requested the Council of State to rule on the identification of the "transfer date" referred to in the request included in order no. 6537/2020. Following the hearing in the council chamber held on 7 April 2022, the Council of State, by order no. 3184/2022, deemed it *"necessary for the technical assessment entrusted to the assessor to cover both the dates of 4 August 2016 (which coincides with the date of adoption of Ministerial decree no. 264/2016) and 25 October 2016 (the date of adoption of the resolution by FS Italiane S.p.A.'s Board of Directors authorising the publication, pursuant to article 2.4 of Ministerial decree dated 4 August 2016, of the statement in which FS Italiane S.p.A. would have expressed its willingness to honour its obligation of remedying FSE's net deficit, and take the steps necessary to transfer the entire investment in FSE to FS Italiane), as indicated by the appellants, and of 28 November 2016 (the date the notary deed of transfer of the investment was signed, after checking the requirements of the above Ministerial decree)"*. The assessment procedure is still ongoing and, following the assessor's request for an extension of deadline, the Council of State, in order no. 08047/2022, set the deadline for the final assessment report as 13 February 2023 and the date for the hearing (initially 26 May 2022 and then November 2022) as 23 March 2023. Finally, the assessor requested another extension of the deadline for the assessment procedures. The Council of State scheduled the hearing in the council chamber for 23 February 2023 to discuss the request to postpone the deadline. In its order dated 7 March 2023, the Council of State ordered a 90-day extension (as of 7 March 2023) of the deadline for the assessor to submit the final assessment report (5 June 2023) and schedule the hearing to discuss the appeal on 30 November 2023. The Group believes that the outcome of the dispute could potentially be adverse, considering the opinion of a respected expert specifically appointed for this purpose, despite there being serious, consistent arguments supporting the groundlessness of the appeal pending before the Council of State, as confirmed by the ruling of the first-level court.

- RFI S.p.A./COSIAC Group: in 2011, Gruppo COSIAC S.p.A. brought a legal action before the Rome Civil Court claiming compensation for damage (roughly €1,039 billion) following the alleged violation of rules of integrity, impartiality and good faith in the performance of the integrated service concession for the laying of double tracks on the Tommaso Natale – Carini railway line, and the connection to the Punta Raisi airport. With ruling no. 9769/2015, the Rome Court, admitting all RFI's arguments, ordered COSIAC S.p.A. to pay all legal fees, declared that it did not have jurisdiction, while the administrative judge did, and denied all claims of liability (contractual, pre-contractual and non-contractual). COSIAC S.p.A. appealed against the ruling. With ruling no. 1477 of 1 March 2019, the Rome Court of Appeal partially

admitted COSIAC S.p.A.'s appeal and transferred the case to the Court, recognising the ordinary judge's jurisdiction on the assumption that COSIAC S.p.A. claim in the case was an expression of its subjective right arising from a contract subject to private law. RFI S.p.A. appealed against this ruling before the Court of Cassation and requested its revocation before the Court of Appeal, as it was in contrast with the cases already pending in civil and administrative court, including with respect to jurisdiction. With summons notified on 3 May 2019, COSIAC S.p.A. reinstated the case before the Rome Civil Court. RFI S.p.A. appeared in court and requested a stay of the proceedings pending the decisions of the Court of Cassation and the Court of Appeal for revocation on the matters of jurisdiction and conflicting cases. The judge postponed any decision until reading of the parties' briefs. After granting the terms pursuant to article 183.6 of the Code of Civil Procedure, at the hearing held on 31 March 2021 for the admission of evidence, the judge, having read the parties' briefs and considering the case of an evidentiary nature, adjourned it to the hearing for the closing arguments on 26 May 2022. During that hearing, the judge agreed to hear the case pursuant to article 190 of the Code of Civil Procedure, reserving "*any decision on the request to postpone the deadline for filing the documentation made in writing by RFI*" to the ruling. Meanwhile, with ruling no. 28388/2020 of 14 December 2020, the Court of Cassation rejected RFI's appeal, confirming the decision of the appeal judge. RFI S.p.A. appealed against the ruling before Italy's highest court: the case was settled with order no. 8469/2022, which declared the appeal inadmissible. In addition, the above-mentioned revocation request before the Court of Appeal is still pending, being in contrast with the cases already pending in civil and administrative court, including with respect to jurisdiction (the hearing, which has been postponed several times, has been set for 13 April 2023). However, notwithstanding the pending revocation proceedings, after submitting the closing arguments at the hearing of 26 May 2022, the Rome court issued a favourable ruling (no. 15336/2022) on 20 October 2022, rejecting all the claims filed by COSIAC and Hera S.p.A. under extraordinary administration and ordering them jointly and severally to reimburse the costs, set at €350,000 (in addition to overheads and legal charges). On 28 November 2022, COSIAC appealed against ruling no. 15336/2022. RFI formally entered an appearance in the proceedings under GR 6449/2022 by filing a response with a conditional cross-appeal. The evidentiary hearing was held on 20 March 2023. The Court of Appeal reserves the right to announce whether a hearing for closing arguments will be scheduled or whether a decision will be made. At present, it is not possible to predict the timing of the Court of Appeal;

- Disputes with a supplier: Trenitalia S.p.A. has two large disputes pending with one of its main rolling stock suppliers. The first-level rulings in 2019 were favourable for the company. The supplier appealed against both rulings. One appeal ended in favour of the company with ruling no. 1430/2021 of 4 November 2021, and was subsequently appealed before the Court of Cassation, while the other one was settled with ruling no. 110/2023 of 10 January 2023. Any costs that should arise as a result of the definitive ruling will substantially be accounted for as higher costs for the investments in rolling stock;
- Anas S.p.A./Strada dei Parchi (SdP): at present, the following proceedings are currently pending with Strada dei Parchi S.p.A., the operator of the A24 and A25 motorways:
  - a) two cases commenced before the Court of Rome (GR no. 33007/2016 and GR no. 77217/2017) in which SDP claimed damages for the alleged deterioration of the motorways under concession (approximately €550 million). The two combined cases were settled with ruling no. 16036 published on 16 November 2020, whereby the Court of Rome rejected all SDP's claims for damages, ordering it to pay the legal fees. With summons notified on 17 December 2020, SDP appealed against this ruling pending before the Rome Court of Appeal, section I, GR no. 6914/2020. The Court issued an order on 22 December 2021, whereby it held that it could not declare the appeal



inadmissible pursuant to article 348 bis of the Code of Civil Procedure and ordered the case to be adjourned to the hearing of 26 April 2023 for the final briefs;

- b) the dispute originates from the order to pay obtained by Anas S.p.A. relating to the 2017 and 2018 instalments due, the ninth and the tenth instalments of the amount due to the former Central Guarantee Fund and the concession assets accrued at the end of March 2019 (GR no. 75938/2019). The two instalments were subject to legislative intervention which, with article 9 tricies semel of Decree law no. 123/2019, converted into Law no. 156/2019, ordered the suspension of SDP's obligation to pay the 2017 and 2018 instalments of the concession consideration, each amounting to €55,860,000, including default interest. In its order of 12 November 2020, the judge granted the provisional enforceability of the order, pursuant to article 648 of the Code of Civil Procedure, for up to €29,050,321.30 plus legal interest, declaring that the amounts invoiced as concession fees (2017 and 2018 instalments) and the related additions, and the ninth and tenth instalments of the amount due to the former Central Guarantee Fund, were due. In its ruling dated 9 September 2022, the Court ordered SDP to pay Anas S.p.A. €29,050,321.30 plus interest (at the conventional interest rate of 4.8% to discount the instalments of the Guarantee Fund, and interest at the legal rate, pursuant to article 1282.II of the Italian Civil Code on the other items) and to pay the following legal fees: €51,618.00 plus a lump-sum reimbursement of overheads and legal charges to Anas S.p.A., and €37,451.00 plus an all-inclusive lump-sum reimbursement of general expenses to the Ministry. Anas S.p.A. fully recovered €29,050,321.30 plus interest up to 5 May 2021 (for a total amount of €30,421,919.80) following the notification of the writ of execution referred to in paragraph c) below;
- c) based on the aforementioned order of 12 November 2020, on 26 January 2021, Anas S.p.A. served a writ of execution against which SDP filed an objection by means of a writ of summons served on 5 February 2021, initiating judgement GR no. 9684/2021. The hearing for closing arguments is scheduled for 3 July 2023;
- d) proceedings under GR 47339/2020 commenced by Anas S.p.A. before the Court of Rome to obtain payment of the 2019 instalment, the eleventh instalment of the Central Guarantee Fund and the concession assets for the period April 2019 - July 2020, for a total of €82.59 million, plus interest. Anas S.p.A. obtained the issue of order to pay no. 16723/2020 - not provisionally enforceable -, opposed by SDP with summons notified on 27 November 2020 (GR 67037/2020). In its order of 28 March 2022, the judge rejected the application for the provisional enforcement of the order to pay pursuant to article 648 of the Code of Civil Procedure, setting the hearing for 29 September 2022. This hearing was subsequently postponed to 18 October 2022. During the hearing, the Court set the deadlines for filing the briefs pursuant to article 183.6 of the Code of Civil Procedure, scheduling the next hearing for 28 September 2023;
- e) on 22 June 2021, an appeal for an order to pay was filed with the Court of Rome to obtain payment of the 2020 instalment, the twelfth instalment of the Central Guarantee Fund and the concession assets up to the balance at 31 March 2021 (for a total of €74.85 million). The appeal was registered on 29 June 2021 and, on 13 July 2021, the order to pay no. 13091/2021 - not provisionally enforceable - was issued against SDP, which opposed it with a writ of summons served to Anas S.p.A. on 24 September 2021 (GR 58561/2021). The first appearance hearing indicated in the summons was set for 7 March 2022. On 10 March 2022, the President of the Court allowed the request for optional period of leave of the previously designated judge and referred the documents to the President of the second Civil Division for reassignment of the case. Following reassignment to another judge, the first appearance hearing and the hearing of the case were postponed to 9 September 2022. At the end of the above hearing, the judge did not disclose the decision on Anas S.p.A.'s request for the provisional enforceability of the opposed order to pay or on the summons of the MIT, granting SDP a 30-day term from the hearing to produce a brief and a subsequent 30-day term to Anas S.p.A. to reply. In its order dated 21 November 2022, the Court

withdrew its reservation and authorised the MIT to appear before the Court, granting the opposing party a 30-day term to serve the summons. In addition, it rejected the application for the provisional enforcement of the opposed order to pay and scheduled the hearing for the appearance of the parties for 29 March 2023;

- f) on 30 March 2021, Plus S.r.l. brought an appeal before the Lazio regional administrative court against Anas and SDP for the annulment of the silence of the respondent administrations with respect to the application notified via certified email on 2 February 2020, with which the appellant requested to have building areas owned by it officially expropriated against consideration, pursuant to article 42 bis of Presidential decree no. 327/2001, and to validate the obligation to proceed with the same request, by adopting an express measure, pursuant to article 42 bis of Presidential decree no. 207/2001 (GR 3469/2021). On 9 April 2021, the hearing in Council Chamber was held and the Board adjourned for discussion to the Chamber hearing of 20 October 2021. The appellant, by means of an appeal for additional grounds notified on 22 July 2021, reiterated the same claims, supplementing the cross-examination against the MIT, which took over Anas S.p.A.'s role of grantor of the A24 motorway with respect to SDP. At the hearing held on 20 October 2021, the Lazio regional administrative court, with an interlocutory order published on 21 December 2021, ordered an expert's report to ascertain the accurate identification and boundary of the land subject to alleged unlawful occupation and to identify the expropriation procedures, which involved said properties, adjourning the hearing for the subsequent preliminary investigations to the Council Chamber of 6 July 2022. By order no. 6755/2022, the Lazio regional administrative court, in light of the complexity of the tasks assigned to the court-appointed expert, postponed the hearing for discussion and extended the terms already ordered by the order no. 13210/2021, adjourning the case to the council chamber on 21 December 2022. During this council chamber, the board, after an in-depth discussion of the salient features of the dispute, introduced the case for decision. The risk level was assessed by the counsel remotely;
- g) an appeal for an order to pay served on 19 April 2022 by Anas S.p.A. to obtain payment of the 2021 instalment (€62,721,621.87) of the concession consideration pursuant to article 3.c) of the Concession arrangement, the instalments relating to the integration of the annual fees pursuant to article 19.9 bis of Law no. 102/2009 (advance and final balance payment) as envisaged by article 12 of the Single Agreement of 2009 for January 2021 - December 2021 (€13,978,272.93), the portion of the annual fee pursuant to article 1.1020 of Law no. 296/2006 as envisaged by article 12 of the Single Agreement of 2009 and article 3.6.2 of Annex E of the economic and financial plan (€908,566.80), for a total of €77,608,461.60. The appeal was registered on 6 June 2022 and, on 14 June 2022, the order to pay no. 10667/2022 - provisionally enforceable pursuant to article 642 of the Code of Civil Procedure - was issued against SDP, which opposed it, also requesting the cancellation of its provisional enforceability. In its precautionary order dated 13 August 2022, the Court of Rome - August section - rejected said request. The first hearing on the merits of the opposition was held on 28 November 2022. On 15 December 2022, lifting the reservation made at the above hearing, the Court rejected the request for modification of the order due to supervening facts pursuant to article 649 of the Code of Civil Procedure of 13 August 2022. The next hearing for the admission of evidence is set for 29 May 2023;
- h) a writ of execution was served for the recovery of the amounts settled by the provisionally enforceable order to pay no. 10667/2022 issued by the Court of Rome on 14 June 2022 (GR 34102/2022) covering the concession fees for 2021. The order to pay could not be served with the writ of execution since SPD, by means of an appeal pursuant to article 44 of the Business crisis and insolvency code, availed of protective measures aimed at defining a crisis settlement and debt restructuring plan which, at present, make it impossible (at least for four months) to bring enforcement actions against it;

- Anas S.p.A. and Quadrilatero Marche Umbria S.p.A./Val di Chienti and consortium members: the two Group companies sued Val di Chienti and its consortium members - general contractor for the construction of the First Maxilot (completion works on the SS 77 Val di Chienti Civitanova Marche - Foligno through the construction of the Collesentino II - Foligno section and completion works) for €300.49 million for charges due to non-conformity in the construction of tunnels, as a penalty for delayed completion of the works; greater damage for increased maintenance costs; greater damage to Quadrilatero's structure and damage to its image. The defendants entered an appearance on 13 February 2017 with a counterclaim against Anas S.p.A. and Quadrilatero Marche Umbria S.p.A. for both their damage to the image and the greater charges as per the recognised claims. With respect to the claims for which a counterclaim was filed also against Anas S.p.A. (€1,129 million), a charge of €16 million was estimated, equal to the claims determined by the court-appointed expert in favour of Val di Chienti. At the hearing held on 21 September 2021, the case was pending. However, with an order dated 30 June 2022, the judge put the case back on the register, summoning the court-appointed experts for clarifications and integration of questions. Pending the hearing, Val di Chienti filed a request for recusal of one of the three appointed court-appointed experts. At the hearing of 18 July 2022, the judge invited the parties to come to an agreement based on the court-appointed expert's filed report. With an order on the same date, the judge allowed the request for recusal. After replacing the recused court-appointed expert, the judge scheduled the hearing for 19 September 2022 for the possible conciliation or, failing that, the swearing in of the new court-appointed expert with integration of the questions and request for clarifications. Following the parties' failure to conciliate, the new court-appointed expert was sworn in on 12 December 2022. The case was adjourned, to the hearing of 20 June 2023 for the parties' appearance;
- The claimant requested the release of the amount accrued by SALT S.p.A. in its financial statements. With respect to this amount, the operator requested that the respondent administrations be sanctioned jointly and severally, given the joint nature of the concession; however, only a part (€32.71 million) is attributed directly to Anas S.p.A., whose liability - for the purposes of the internal allocation of the joint and several compensation for damage - is limited to the period prior to the MIT' becoming the grantor on 1 October 2012. Anas S.p.A. appeared in court. At the end of the first hearing on 12 January 2022, the judge, given the need to immediately define the preliminary and prejudicial objections, adjourned the case to the hearing for the closing arguments on 11 April 2022. Consequently, the judge ordered that the acts be referred to the President of the Court to decide on the jurisdiction of the Ordinary or Specialised Sections. The President of the Court assigned the case to the second civil section, and a hearing for the conclusions was set for 14 March 2023. At the outcome of the hearing, the judge granted the terms pursuant to article 183.6 of the Code of Civil Procedure and adjourned the hearing to 14 July 2023 for the admission of evidence;
- Anas S.p.A./As.co.sa.: with a writ of summons served on 5 July 2019, As.co.sa. brought Anas S.p.A. before the Court of Naples to obtain the return of an amount equal to the economic equivalent of the work carried out (€247 million) as part of the construction of the road link road between the main road and the support road. This claim follows the termination for Anas' non-performance of the agreement signed in 1981. Indeed, in this respect, with ruling no. 11464 of 30 September 2013, the Court of Naples, having confirmed Anas's liability, declared the termination of the agreement and ordered Anas to pay, for various reasons, significant amounts (approximately €12 million). Anas filed an appeal, but the Court of Appeal also confirmed the termination of the agreement, ordering Anas to pay damages. This ruling is now before the Court of Cassation, where the appeal is still pending with a hearing set for 28 April 2023. Therefore, should the Court of Cassation confirm the termination of the agreement, Anas might be ordered to return an amount equal to the economic equivalent of the work carried out. In this respect, in this proceeding, Anas objected to the State's

indemnification of any amounts paid to the As.co.sa Consortium based on the favourable case law of the Court of Cassation that affirms the principle of the assumption *ex lege* by the State of the costs of litigation related to the execution of works under Title VIII of Law no. 219/81 and deriving from facts and acts prior to the transfer to the addressee entities (including Anas, which took over in 1996). Anas's statement of defence also objected to the inadmissibility of the claim, its limitation and the quantum of the claim. Based on the above, this dispute, pending before the Court of Naples, may be resumed by the counterparty only after the Court of Cassation's decision on the legitimacy or otherwise of the contractual termination of the 1981 agreement, as it depends on the latter. For the sake of completeness, it is noted that the counterparty's lawyer has recently informally expressed their intention of beginning talks for a possible amicable settlement of all the pending disputes.

#### 46. Audit fees

Pursuant to article 37 of Legislative decree no. 39/2010 and letter 16-bis of article 2427 of the Italian Civil Code, in 2022, the total fees due to the independent auditors and their network companies amount to €4,604 thousand and include the fees paid for non-audit services (€1,289 thousand).

#### 47. Directors' and Statutory Auditors' fees

The following fees were paid to directors and Statutory Auditors for the performance of their duties:

	2022	2021	Change
Directors	1,212	1,178	34
Statutory Auditors	116	157	(41)
<b>TOTAL</b>	<b>1,328</b>	<b>1,335</b>	<b>(7)</b>

(€'000)

Directors' fees include the amounts envisaged for the positions of Chairman and chief executive officer, as well as any amounts envisaged for the remaining board members. In addition to the above fees, the external members of the supervisory body received €109 thousand (2021: €109 thousand). The fees to the representatives of the MEF (directors and Statutory Auditors) are transferred to such Ministry when the related parties are employees thereof.

#### 48. Related parties

Related parties were identified in accordance with IAS 24.

##### **Transactions with key managers**

The general conditions that govern transactions with key managers and the parties related to them are not more favourable than those applied, or that could have been reasonably applied, to similar transactions with managers other than key managers associated with the same entities at market conditions.

Key managers' fees are as follows:

millions of Euros

	<b>2022</b>	<b>2021</b>
Short-term benefits	29	27
Post-employment benefits	2	2
Termination benefits	1	3
<b>Total</b>	<b>32</b>	<b>32</b>

The benefits relate to the fees paid to the above parties. In addition to short-term benefits of €29 million paid out in 2022, a variable portion is to be paid in 2023, for an amount not exceeding €7.6 million (€6.2 million in 2021).

During the year, the key managers did not carry out any transactions, directly or through close family members, with the FS Italiane Group, Group companies or other related parties.

### Related party transactions

The main transactions between FS Italiane Group and its related parties, which were all carried out on an arm's length basis, are described below.

### Trade and other transactions

millions of Euros

	<b>Assets</b>	<b>Liabilities</b>	<b>Purchases for investments</b>	<b>Guarantees</b>	<b>Revenue</b>	<b>Costs</b>
Enel Group	13	23		20	4	47
Eni Group	6	8			13	14
Leonardo Group		2				8
Invitalia Group		2				
Cassa Depositi e Prestiti Group	31	530		3,583	6	429
GSE Group		47			1	1,846
Poste Italiane Group	1	1			1	5
SO.G.I.N. Group		1			2	
IPZS						2
EUROFER		16				16
PREVINDAI		5				6
Other pension funds	9	16				50
Other related parties	16	2			52	24
<b>Total</b>	<b>76</b>	<b>654</b>		<b>3,603</b>	<b>79</b>	<b>2,448</b>

## Financial transactions

millions of Euros

	Assets	Liabilities	Guarantees	Expense
Enel Group			8	
Cassa Depositi e Prestiti Group		19		
Poste Italiane Group	2			1
<b>Total</b>	<b>2</b>	<b>19</b>	<b>8</b>	<b>1</b>

The nature of the main transactions with non-Group parties is described below.

Assets with the Enel Group and Eni Group mainly refer to lease payments and material transport costs, while liabilities relate to sundry utility payments.

Liabilities with the Leonardo Group mainly refer to sundry maintenance (rolling stock, lines, software) and the purchase of materials.

Liabilities with the GSE Group mainly relate to the purchasing of electrical energy for train traction.

Assets with the Cassa Depositi e Prestiti Group mainly relate to lease and easement payments for land, while liabilities relate to loans and borrowings and electrical energy with Terna S.p.A..

Assets with the Poste Italiane Group mainly relate to lease payments, while liabilities principally relate to postal charges.

### 49. Guarantees and commitments

Guarantees given mainly refer to:

- collateral on Trenitalia S.p.A.'s rolling stock, issued by the parent in favour of Eurofima SA, guaranteeing non-current loans and borrowings granted through FS Italiane S.p.A. (the liability with Eurofima SA at 31 December 2022 amounts to €2,015 million);
- bank guarantees issued on behalf of Trenitalia S.p.A., including in connection with the service contracts signed with the regions (€259 million);
- parent guarantees issued on behalf of Group companies to the tax authorities (€64 million);
- guarantees issued on behalf of RFI S.p.A. and in favour of Terna S.p.A. for the service contract governing electrical energy dispatching by withdrawal points which feed rail traction and for other uses (€24.2 million), parent and bank guarantees issued on behalf of RFI S.p.A. and in favour of Areti S.p.A., e-distribuzione S.p.A., Unareti S.p.A., Inrete Distribuzione Energia S.p.A. and Edyna S.r.l. for contracts regulating energy transport services for rail traction and other uses (approximately €39 million) and a guarantee for the procurement of electricity on the free market in favour of GSE S.p.A. (for a total of €150 million);
- parent and bank guarantees as part of projects abroad, issued mainly on behalf of Trenitalia c2c Ltd (approximately €12 million), Trenitalia UK Ltd (€13 million), Italferr S.p.A. (€1.6 million), Ostdeutsche Eisenbahn GmbH, on behalf of Netinera Deutschland GmbH (approximately €23 millions) and Hellenic Train S.A. (€2 million);
- parent guarantees issued on behalf of Netinera Deutschland GmbH, mainly in favour of lease companies and banks (€165 million);
- bank guarantees issued on behalf of the parent: projects abroad include a bank counter-guarantee for an amount corresponding to €48 million and relating to the performance bond issued in favour of the Royal Commission for Riyadh City (RCRC);

- bank sureties issued to other parties such as bid bonds, performance bonds and advance payment bonds);
- a comfort letter (€420 million) issued for the 2004 loan from OPI (now Intesa Sanpaolo) granted to Trenitalia S.p.A.;
- sureties issued in favour of third parties by Anas (€51 million), of which €17 million related to the contracts in Algeria and Libya and €8 million in favour of Enel S.p.A. as compensation for direct and indirect damage caused by the performance of works;
- sureties issued in favour of AIE S.p.A. by Anas S.p.A. related to the Russian contract (€26 million).

For additional information about the parent's guarantees and commitments issued on behalf of Group companies, reference should be made note 40 of the notes to the separate financial statements.

## 50. Information pursuant to Law no. 124/2017

Reference should be made to Annex 6 for the information required by article 1.125 of Law no. 124/2017 about consolidated Italian investees, as shown in the financial statements of such investees.

## 51. Events after the reporting date

### **Approval of new bonds, loans and borrowings and the commercial paper programme for 2023**

On 28 February 2023, the Board of Directors of FS Italiane approved the issue of new EMTNs and the use of other funding instruments for a total maximum amount of €3.1 billion in order to cover the FS Italiane Group's medium- and long-term financial requirements. It also approved raising the limit of the EMTN up to €12 billion, from the previous €9 billion. The issues, under the EMTN listed on the Dublin stock exchange, will be reserved for institutional investors. As part of the new EMTN issues, FS Italiane S.p.A. is also planning new green bonds to finance the investments of its subsidiaries. Furthermore, it approved a commercial paper programme for a maximum amount of €2 billion.

### **Train accident in Greece**

On the night of 28 February 2023, a train accident occurred between a passenger train and a freight train at Tempi in central Greece, on the route between Athens and Thessaloniki. A total of 57 people lost their lives and 164 were injured. At the time of the accident, 351 people were on board the passenger train, including 342 passengers, seven employees of Hellenic Trains and two employees of the company operating the restaurant car, while two crew members were on the freight train. Investigations by the competent authorities are currently underway; however, to date, no liability has been attributed to the company. Indeed, at present, Hellenic Train and its employees are not formally party to any criminal proceedings. In Greece, the network is operated by the Greek state company, Ose. A few days after the accident, the station manager (an Ose employee) was arrested.

### **K2 Discount pursuant to Ministerial decree no. 44T/2000**

On 1 March 2023, a favourable first-instance ruling was issued in which the Court of Rome upheld the claim filed by Trenitalia S.p.A. against RFI S.p.A. for the reimbursement of amounts unduly paid by the company and ordered RFI S.p.A. to pay, by way of recovery of the undue payment in favour of Trenitalia S.p.A., €144,517,283.00 plus interest, as well as payment of the legal fees. The Court came to a similar conclusion in respect of the claim relating to Mercitalia Rail S.r.l.'s share (initially combined with that of Trenitalia S.p.A.), ordering RFI S.p.A. to pay €91,315,687.00 plus interest and legal fees. In addition to taking all the appropriate legal actions against the ruling, RFI S.p.A. will commence formal talks aimed at finding government resources for the amount possibly due. For more information, reference should be made to "Other information" section of the directors' report.

### **2023-2032 industrial plan**

On 6 April 2023, the Board of Directors approved the 2023-2032 industrial plan, updating the 2022-2031 plan. The structure of the plan confirms the previous strategy and main assumptions, focused on enabling a multimodal, smart, integrated and sustainable mobility system for the interconnection of people and goods: integrated and resilient physical infrastructure and engineering services to accelerate technical investments, integrate the modal shift of passenger transport to increase the level of customer service and create value, increasingly integrated and sustainable logistics services and urban regeneration with intermodal and first- and last-mile logistics solutions in urban areas. Despite its development in a context characterised



by the general uncertainty surrounding the fundamentals of global markets, the updated 2023-2032 industrial plan envisages incremental revenue and margins compared to the 2022-2031 plan through a progressive increase in the profit margin of the market businesses driven by the greater weight of the Passenger the logistics business segments, and confirms the 2022-2031 investment plan, albeit with a different schedule in response to the above-mentioned market trends. For more information, reference should be made to the "2022-2031 industrial plan" section in the directors' report.

### **Stretto di Messina S.p.A.**

Decree Law No. 35 "Urgent provisions for the construction of the stable connection between Sicily and Calabria," issued on March 31, 2023, is part of a series of legislative initiatives aimed at enabling the construction of the Bridge over the Strait of Messina and the related rail and road connection works.

In particular, the regulatory intervention is aimed at restarting the construction process of the work through the continuation of the concessionary relationship with the company Stretto di Messina, in accordance with what has already been envisaged by Article 1, paragraphs 487-493, of Law No. 197 of December 29, 2022 ("Budget Law 2023"), as previously mentioned in the paragraph dedicated to the evolution of national legislation in the Report on Operations. Among the various aspects of the above-mentioned Decree Law, the following are highlighted:

- Corporate structure and governance of Stretto di Messina S.p.A. (Art. 1): RFI, Anas, the regions of Sicily and Calabria participate in the construction of the stable road and rail link, as well as, to an extent of no less than 51 percent, the MEF, which exercises shareholder rights in agreement with the MIT, which is assigned functions of direction, control, technical and operational supervision over the company with regard to the activities covered by the concession. Stretto di Messina S.p.A. constitutes an "in house" company pursuant to Article 16 of Legislative Decree No. 175 of August 19, 2016. The MIT provides oversight of the activity and defines suitable guidelines to ensure that a decisive influence is exercised by the same Ministry on strategic objectives and significant decisions. For these functions, MIT makes use of the Technical Mission Structure for Strategic Guidance, Infrastructure Development and High Supervision.
- Concession relationship (Art. 2): from the date of revocation of the state of liquidation of Stretto di Messina SpA referred to in Art. 1, Paragraph 491, of Law 179 of December 29, 2022, the Concession entrusted to it, having as its object the construction and management of the stable link between Sicily and Calabria, resumes. The MIT is authorized to sign with the concessionaire company one or more additional acts to the Convention stipulated pursuant to art. 7 Law 1158 of 1971, aimed at regulating: the duration of the concession, it being understood that this is established in 30 years starting from the entry into operation of the work, the timetable for the realization of the work, with the expectation of approving the executive project by July 31, 2024, as well as the new PEF of the Concession. In addition, Anas is authorized to transfer to the MEF a portion of its shareholding in the company's capital stock, free from charges, seizures, attachments or other encumbrances, for which an allocation is established in the following Article 4, paragraph 9, up to a maximum limit of 320 million euros in total.
- Restart of the planning and design activities of the work (Art. 3): the work is included in the Infrastructure Annex of the Economy and Finance Document, with an indication of the estimated cost, the financial coverage available under current legislation, or granted by the entities and public administrations involved, and the residual requirement. The final design of the work, drawn up pursuant to DL of August 20, 202 No. 190 and approved by the company's Board of Directors on July 29, 2011, is supplemented by a report by the designer, certifying compliance with the preliminary design and any prescriptions dictated at the time of its approval. The report also indicates the additional requirements to be developed in the executive project in order to bring it in line: (a) to the NTC2018 technical standards for construction and the consequent changes to the geotechnical characterization; (b) to current safety regulations; (c) to the specific design rules set forth in the design manuals currently in use, subject to exceptions; (d) to environmental

compatibility; (e) to any further design adjustments deemed indispensable also in relation to technological evolution and the use of construction materials; (f) to the experimental tests required by the opinion expressed by the Scientific Committee referred to in Article 4, paragraph 6, of Law no. 1158 of 1971 on the final project approved by the Board of Directors of the company on July 29, 2011.

- Final Provisions (Art. 4): The provision establishes that the costs incurred by the company up to the date of entry into force of the decree for services rendered in connection with the construction of the work, if functional to its restart, are considered in the update of the Concession's economic and financial plan. Finally, at the time of the annual update of the program contract with RFI and at the time of signing the new program contract with Anas, the complementary and adduction works functional to the complete operation of the work are identified.

In this context, based on the above rule, with reference to the value of the shareholding in the company Stretto di Messina, the following is considered:

- The entire structure of Decree Law no. 35/2023 is inspired by the continuity of the status quo ante, in fact: (i) the concession resumes life as it was; (ii) the same applies to contracts with the General Contractor and other contractors (subject to certain conditions); (iii) for the purposes of the declaration of public utility, the constraints imposed with the approval of the preliminary project of the work have been reiterated; and (iv) the final project of the work, approved by Stretto di Messina on July 29, 2011, is placed at the basis of the approval process at the Interministerial Committee for Economic Planning and Sustainable Development; so that the costs incurred to date must be considered functional to the restart of a "Project" that starts again exactly where it was suspended;

- the sale to the MEF of part of the shareholding held by Anas will take place at values not exceeding the book value and the consideration will be determined after the MEF appoints one or more appraisers who will proceed to prepare a sworn appraisal report. In this regard, the allocation of public resources envisaged for this expense, as anticipated above, is in line with the book value of the registered shareholding.

In conclusion, therefore, only downstream of the completion of the activities of technical analysis referring to the final project of the work, provided for in Article 3 of the decree, also taking into account the provisions of Article 4, paragraph 6, will it be possible to assess the possible need, as of today not determinable, to adjust the value of the shareholding held by Anas in the company, with the related consequent repercussions in the financial statements of FS SpA and the Group.

# Annexes

## Consolidation scope and the Group's equity investments

### 1. PARENT AND LIST OF SUBSIDIARIES

	Registered office	Country	Share capital	Currency	Sector	Investor	Investment %
Ferrovie dello Stato Italiane S.p.A.	Rome	Italy	39,204,173,802		Other services		

#### Subsidiaries

	Registered office	Country	Share/ quota capital	Currency	Sector	Investor	Investment %
Ataf Gestioni S.r.l.	Florence	Italy	5,927,480	€	Passenger	Busitalia - Sita Nord S.r.l.	70.00
Autobus Sippel GmbH	Hofheim am Taunus	Germany	50,000	€	Passenger	NETINERA Deutschland GmbH	100.00
Anas International Enterprise S.p.A.	Rome	Italy	3,000,000	€	Infrastructure	Anas S.p.A.	100.00
Anas S.p.A.	Rome	Italy	2,269,892,000	€	Infrastructure	FS Italiane S.p.A.	100.00
Blu Jet S.r.l.	Messina	Italy	200,000	€	Infrastructure	RFI S.p.A.	100.00
Bluferries S.r.l.	Messina	Italy	20,100,000	€	Infrastructure	RFI S.p.A.	100.00
Busitalia - Sita Nord S.r.l.	Rome	Italy	73,000,000	€	Passenger	FS Italiane S.p.A.	100.00
Busitalia Campania S.p.A.	Salerno	Italy	5,900,000	€	Passenger	Busitalia - Sita Nord S.r.l.	100.00
Busitalia Rail Service S.r.l.	Rome	Italy	3,497,788	€	Passenger	Busitalia - Sita Nord S.r.l.	100.00
Busitalia Veneto S.p.A.	Padua	Italy	20,500,000	€	Passenger	Busitalia - Sita Nord S.r.l.	78.78
Cremonesi Workshop S.r.l.	Brescia	Italy	100,000	€	Infrastructure	Italferr S.p.A.	80.00
Die Länderbahn CZ s.r.o.	Ústí nad Labem	Czech Republic	500,000	CZK	Passenger	Die Länderbahn GmbH DLB	100.00
Die Länderbahn GmbH DLB (formerly Vogtlandbahn-GmbH)	Viechtach	Germany	1,022,584	€	Passenger	Regentalbahn GmbH	100.00
erixx GmbH	Celle	Germany	25,000	€	Passenger	Osthannoversche Eisenbahnen Aktiengesellschaft	87.51
erixx Holstein GmbH	Lübeck	Germany	25,000	€	Passenger	Osthannoversche Eisenbahnen Aktiengesellschaft	87.51
Fercredit S.p.A.	Rome	Italy	32,500,000	€	Other services	FS Italiane S.p.A.	100.00
Ferrovie del Sud Est e Servizi Automobilistici S.r.l.	Bari	Italy	4,682,830	€	Passenger	FS Italiane S.p.A.	100.00
Ferservizi S.p.A.	Rome	Italy	8,170,000	€	Other services	FS Italiane S.p.A.	100.00
Firenze City Sightseeing S.r.l.	Florence	Italy	200,000	€	Passenger	Ataf Gestioni S.r.l.	42.00
FS International S.p.A.	Rome	Italy	6,830,000	€	Other services	FS Italiane S.p.A.	100.00
FS Sistemi Urbani S.r.l.	Rome	Italy	532,783,501	€	Urban	FS Italiane S.p.A.	100.00
FSI Saudi Arabia for Land Transport LLC	Riyadh	Saudi Arabia	10,030,000	SAR	Other services	FS Italiane S.p.A.	100.00
FSTechnology S.p.A.	Rome	Italy	27,578,244	€	Other services	FS Italiane S.p.A.	100.00
Grandi Stazioni Immobiliare S.p.A.	Rome	Italy	4,000,000	€	Urban	FS Italiane S.p.A.	60.00
Grandi Stazioni Rail S.p.A.	Rome	Italy	4,304,201	€	Infrastructure	RFI S.p.A.	100.00
Hellenic Train - Railway Company SA - formerly TrainOSE SA	Athens	Greece	34,406,509	€	Passenger	Trenitalia S.p.A.	100.00
Infrarail Firenze S.r.l.	Florence	Italy	5,500,000	€	Infrastructure	RFI S.p.A.	100.00
Infrastructure Engineering Services doo Beograd	Belgrade	Serbia	39,626,684	€	Infrastructure	Italferr S.p.A.	100.00
Intermodalidad de Levante SA	Valencia	Spain	1,860,000	€	Passenger	Trenitalia S.p.A.	45.00

	Registered office	Country	Share capital	Currency	Sector	Investor	Investment %
Italcertifier S.p.A.	Florence	Italy	480,000	€	Other services	FS Italiane S.p.A.	55.67
Italferr S.p.A.	Rome	Italy	14,186,000	€	Infrastructure	FS Italiane S.p.A.	100.00
Mercitalia Intermodal S.p.A.	Milan	Italy	7,000,000	€	Logistics	Mercitalia Logistics S.p.A.	53.28
Mercitalia Logistics S.p.A.	Rome	Italy	229,611,372	€	Logistics	FS Italiane S.p.A.	100.00
Mercitalia Maintenance S.r.l.	Milan	Italy	12,000,000	€	Logistics	Mercitalia Rail S.r.l.	100.00
Mercitalia Rail S.r.l.	Rome	Italy	59,057,081	€	Logistics	Mercitalia Logistics S.p.A.	100.00
Mercitalia Shunting & Terminal S.r.l.	Genoa	Italy	5,000,000	€	Logistics	Mercitalia Logistics S.p.A.	100.00
Metronom Eisenbahngesellschaft mbH	Uelzen	Germany	500,000	€	Passenger	NiedersachsenBahn GmbH & Co. KG	74.76
Metropark S.p.A.	Rome	Italy	3,016,463	€	Urban	FS Sistemi Urbani S.r.l.	100.00
Neißeverkehr GmbH	Forst	Germany	1,074,000	€	Passenger	Prignitzer Eisenbahngesellschaft mbH	80.00
NETINERA Bachstein GmbH	Celle	Germany	150,000	€	Passenger	NETINERA Deutschland GmbH	100.00
NETINERA Deutschland GmbH	Viechtach	Germany	1,025,000	€	Passenger	Trenitalia S.p.A.	100.00
NETINERA Immobilien GmbH	Berlin	Germany	240,000	€	Passenger	NETINERA Deutschland GmbH	100.00
NiedersachsenBahn GmbH & Co. KG	Celle	Germany	100,000	€	Passenger	Osthannoversche Eisenbahnen Aktiengesellschaft	87.51
NiedersachsenBahn Verwaltungsgesellschaft mbH	Celle	Germany	25,000	€	Passenger	Osthannoversche Eisenbahnen Aktiengesellschaft	52.50
ODEG Ostdeutsche Eisenbahngesellschaft mbH	Parchim	Germany	500,000	€	Passenger	Prignitzer Eisenbahngesellschaft mbH	50.00
ODIG Ostdeutsche Instandhaltungsgesellschaft mbH	Eberswalde	Germany	250,000	€	Passenger	ODEG Ostdeutsche Eisenbahngesellschaft mbH	50.00
Osthannoversche Eisenbahnen Aktiengesellschaft	Celle	Germany	21,034,037	€	Passenger	NETINERA Bachstein GmbH	87.51
Prignitzer Eisenbahngesellschaft mbH	Berlin	Germany	200,000	€	Passenger	NETINERA Deutschland GmbH	100.00
Qbuzz BV	Amersfoort	The Netherlands	400,000	€	Passenger	Busitalia - Sita Nord S.r.l.	100.00
Qbuzz Groningen-Utrecht BV	Amersfoort	The Netherlands	18,000	€	Passenger	Qbuzz BV	100.00
Qbuzz Mobility Service BV	Utrecht	The Netherlands	18,000	€	Passenger	Busitalia - Sita Nord S.r.l.	100.00
Qbuzz Multimodaal BV	Amersfoort	The Netherlands	100	€	Passenger	Qbuzz BV	100.00
Qbuzz Taxi BV	Amersfoort	The Netherlands	100	€	Passenger	Qbuzz BV	100.00
Quadrilatero Marche-Umbria S.p.A.	Rome	Italy	50,000,000	€	Infrastructure	Anas S.p.A.	92.38
Regentalbahn GmbH	Viechtach	Germany	2,444,152	€	Passenger	NETINERA Deutschland GmbH	100.00
RFI S.p.A.	Rome	Italy	31,528,425,068	€	Infrastructure	FS Italiane S.p.A.	100.00
Rom Rail Transport S.r.l.	Bucharest	Romania	385,943	€	Logistics	Mercitalia Rail S.r.l.	93.00
Savit S.r.l.	Terni	Italy	1,000,000	€	Passenger	Busitalia - Sita Nord S.r.l.	100.00
sei mobil on demand GmbH	Sendenhorst	Germany	25,000	€	Passenger	sei mobil Verkehrsgesellschaft GmbH	100.00
sei mobil Verkehrsgesellschaft mbH	Sendenhorst	Germany	26,000	€	Passenger	Verkehrsbetriebe Bils GmbH	100.00
Südbrandenburger Nahverkehrs GmbH	Berlin	Germany	1,022,584	€	Passenger	NETINERA Deutschland GmbH	100.00
Terminal Alptransit S.r.l.	Milan	Italy	15,000,000	€	Logistics	Mercitalia Logistics S.p.A.	58.00
Terminali Italia S.r.l.	Rome	Italy	7,345,686	€	Infrastructure	RFI S.p.A.	100.00
Trenitalia c2c Limited	London	United Kingdom	100,000	GBP	Passenger	Trenitalia UK Limited	100.00
Trenitalia France SAS - formerly Thello SAS	Paris	France	1,500,000	€	Passenger	Trenitalia S.p.A.	100.00
Trenitalia S.p.A.	Rome	Italy	1,607,137,500	€	Passenger	FS Italiane S.p.A.	100.00

	Registered office	Country	Share capital	Currency	Sector	Investor	Investment %
Trenitalia UK Limited	London	United Kingdom	13,000,100	GBP	Passenger	Trenitalia S.p.A.	100.00
Tunnel Ferroviario del Brennero - Società di partecipazioni S.p.A.	Rome	Italy - Austria	1,165,790,910	€	Infrastructure	RFI S.p.A.	90.34
TX Consulting GmbH	Troisdorf	Germany	25,000	€	Logistics	TX Logistik AG	100.00
TX Logistik A/S	Padborg	Denmark	500,000	CKK	Logistics	TX Logistik AG	100.00
TX Logistik AB	Helsingborg	Sweden	2,240,238	SEK	Logistics	TX Logistik AG	100.00
TX Logistik AG	Troisdorf	Germany	286,070	€	Logistics	Mercitalia Logistics S.p.A.	100.00
TX Logistik GmbH	Basel	Switzerland	50,000	CHF	Logistics	TX Logistik AG	100.00
TX Logistik Transalpine GmbH	Schwechat	Austria	35,000	€	Logistics	TX Logistik AG	100.00
TX Service Management GmbH	Troisdorf	Germany	50,000	€	Logistics	TX Logistik AG	100.00
Verkehrsbetriebe Bils GmbH	Sendenhorst	Germany	25,000	€	Passenger	NETINERA Deutschland GmbH	100.00
Vlexx GmbH	Mainz	Germany	25,000	€	Passenger	Regentalbahn GmbH	100.00

## 2. LIST OF JOINT VENTURES

### Joint arrangements

	Registered office	Country	Share/quota capital	Currency	Sector	Investor	Investment %
Berchtesgardener Land Bahn GmbH	Freilassing	Germany	25,000	€	Passenger	Die Länderbahn GmbH DLB	50.00
Kraftverkehr - GMBH - KVG Lüneburg	Lüneburg	Germany	25,565	€	Passenger	KVG Stade GmbH & Co. KG	31.02
Kraftverkehr Celle Stadt und Land GmbH	Celle	Germany	1,099,300	€	Passenger	Verkehrsbetriebe Osthanover GmbH	27.42
KVG Stade GmbH & Co. KG	Stade	Germany	4,600,000	€	Passenger	Verkehrsbetriebe Osthanover GmbH	31.02
KVG Stade Verwaltungs GmbH	Stade	Germany	25,000	€	Passenger	Verkehrsbetriebe Osthanover GmbH	26.97
Operation Alliance OPS Co	Riyadh	Saudi Arabia	100,000	SAR	Infrastructure	FSI Saudi Arabia for Land Transport LLC	50.00
SWS Italferr Adi Ortakligi	Ankara	Turkey	1,000	TRL	Infrastructure	Italfer S.p.A.	50.00
Trenitalia TPER Scarl	Bologna	Italy	11,000,000	€	Passenger	Trenitalia S.p.A.	70.00
Trenord S.r.l.	Milan	Italy	76,120,000	€	Passenger	Trenitalia S.p.A.	50.00
Tunnel Euralpin Lyon Turin - TELT SaS (formerly Lyon-Turin Ferroviarie - LTF Sas)	Le Bourget du Lac	Italy - France	1,000,000	€	Infrastructure	FS Italiane S.p.A.	50.00
Verkehrsbetriebe Osthanover GmbH	Celle	Germany	600,000	€	Passenger	Osthannoversche Eisenbahnen AG	44.95

### 3. LIST OF ASSOCIATES

#### Associates

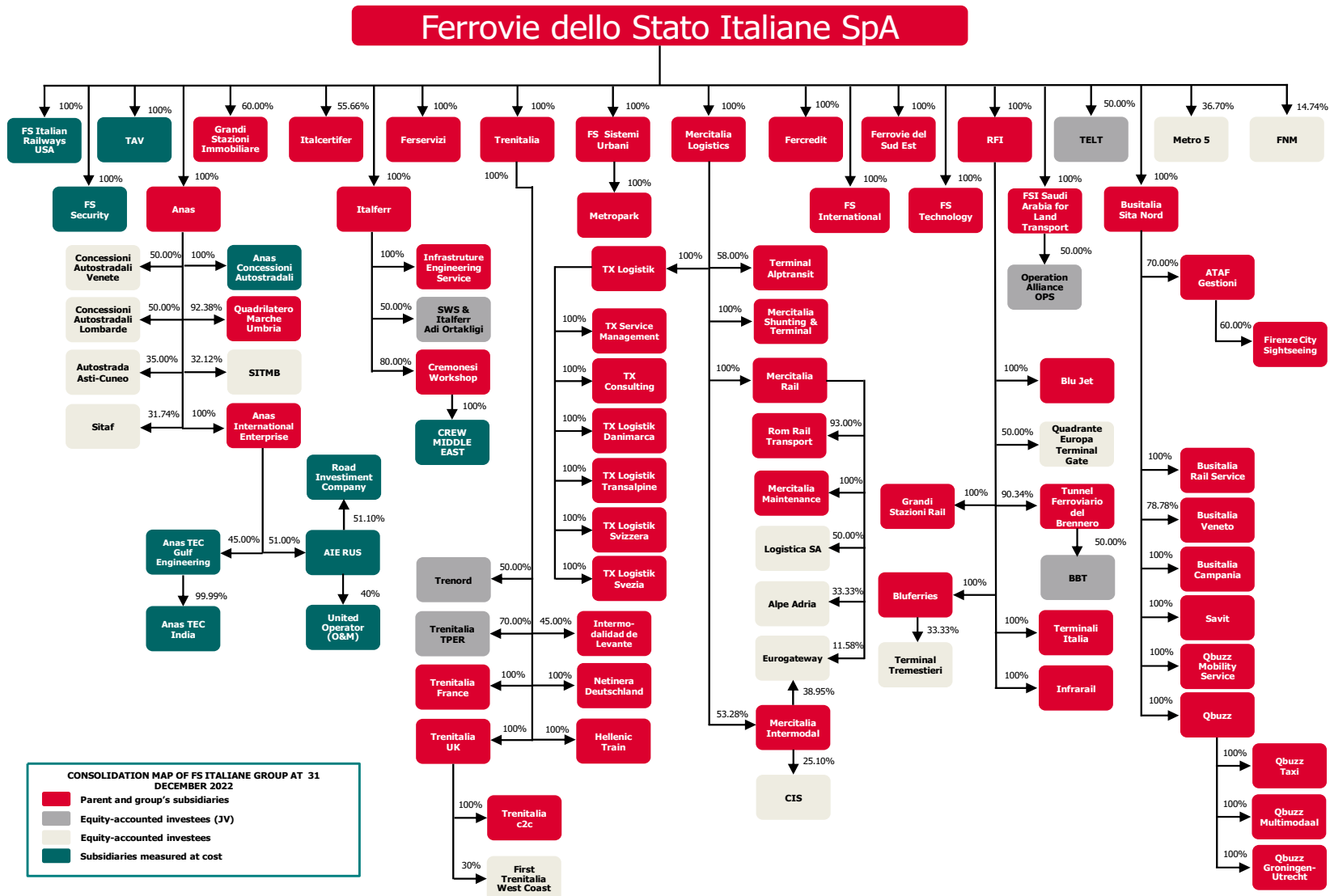
	Registered office	Country	Share/quota capital	Currency	Sector	Investor	Investment %
Alpe Adria S.p.A.	Trieste	Italy	120,000	€	Logistics	Mercitalia Rail S.r.l.	33.33
Autostrada Asti - Cuneo S.p.A.	Rome	Italy	50,000,000	€	Infrastructure	Anas S.p.A.	35.00
CeBus GmbH & Co. KG	Celle	Germany	25,000	€	Passenger	Kraftverkehr Celle Stadt und Land GmbH Celler Straßenbahngesellschaft mbH	9.46
CeBus Verwaltungsgesellschaft mbH	Celle	Germany	25,000	€	Passenger	Kraftverkehr Celle Stadt und Land GmbH Celler Straßenbahngesellschaft mbH	9.43
Celler Straßenbahngesellschaft mbH	Celle	Germany	572,680	€	Passenger	Kraftverkehr Celle Stadt und Land GmbH	9.52
Cesar Information Services - CIS Scrl	Brussels	Belgium	100,000	€	Logistics	Mercitalia Intermodal S.p.A.	13.37
Concessioni Autostradali Lombarde - CAL S.p.A.	Milan	Italy	4,000,000	€	Infrastructure	Anas S.p.A.	50.00
Concessioni Autostradali Venete - CAV S.p.A.	Venice	Italy	2,000,000	€	Infrastructure	Anas S.p.A.	50.00
Eurogateway S.r.l.	The HS	Italy	600,000	€	Logistics	Mercitalia Intermodal S.p.A.	32.33
EVG Euregio - Verkehrsgesellschaft mbH & Co. KG	Münster	Germany	84,000	€	Passenger	Mercitalia Rail S.r.l. Verkehrsbetriebe Bils GmbH	29.67
EVG Euregio Verwaltungs- und Beteiligungs GmbH	Münster	Germany	36,000	€	Passenger	Verkehrsbetriebe Bils GmbH	29.67
First Trenitalia West Coast Limited	London	United Kingdom	100	GBP	Passenger	Trenitalia UK Limited	30.00
FNM S.p.A. (formerly Ferrovie Nord Milano S.p.A.)	Milan	Italy	230,000,000	€	Passenger	FS Italiane S.p.A.	14.74
Brenner base tunnel – Brenner Basistunnel BBT SE	Bolzano	Italy - Austria	10,240,000	€	Infrastructure	Tunnel Ferroviario del Brennero S.p.A.	44.87
Hafen Lüneburg GmbH	Lüneburg	Germany	1,750,000	€	Passenger	Osthannoversche Eisenbahnen AG	26.25
Logistica SA	Levallois	France	37,000	€	Logistics	Mercitalia Rail S.r.l.	50.00
METRO 5 S.p.A.	Milan	Italy	53,300,000	€	Passenger	FS Italiane S.p.A.	36.70
Quadrante Europa Terminal Gate S.p.A.	Verona	Italy	16,876,000	€	Infrastructure	RFI S.p.A.	50.00
Società Italiana Autostradale del Frejus - Sitaf S.p.A.	Susa	Italy	65,016,000	€	Infrastructure	Anas S.p.A.	31.74
Società Italiana per il Traforo del Monte Bianco S.p.A.	Prè Saint Didier	Italy	198,749,000	€	Infrastructure	Anas S.p.A.	32.12
Terminal Tremestieri S.r.l.	Messina	Italy	78,363	€	Infrastructure	Blufferies S.r.l.	33.33

#### 4. LIST OF OTHER UNCONSOLIDATED EQUITY INVESTMENTS

##### Other equity investments

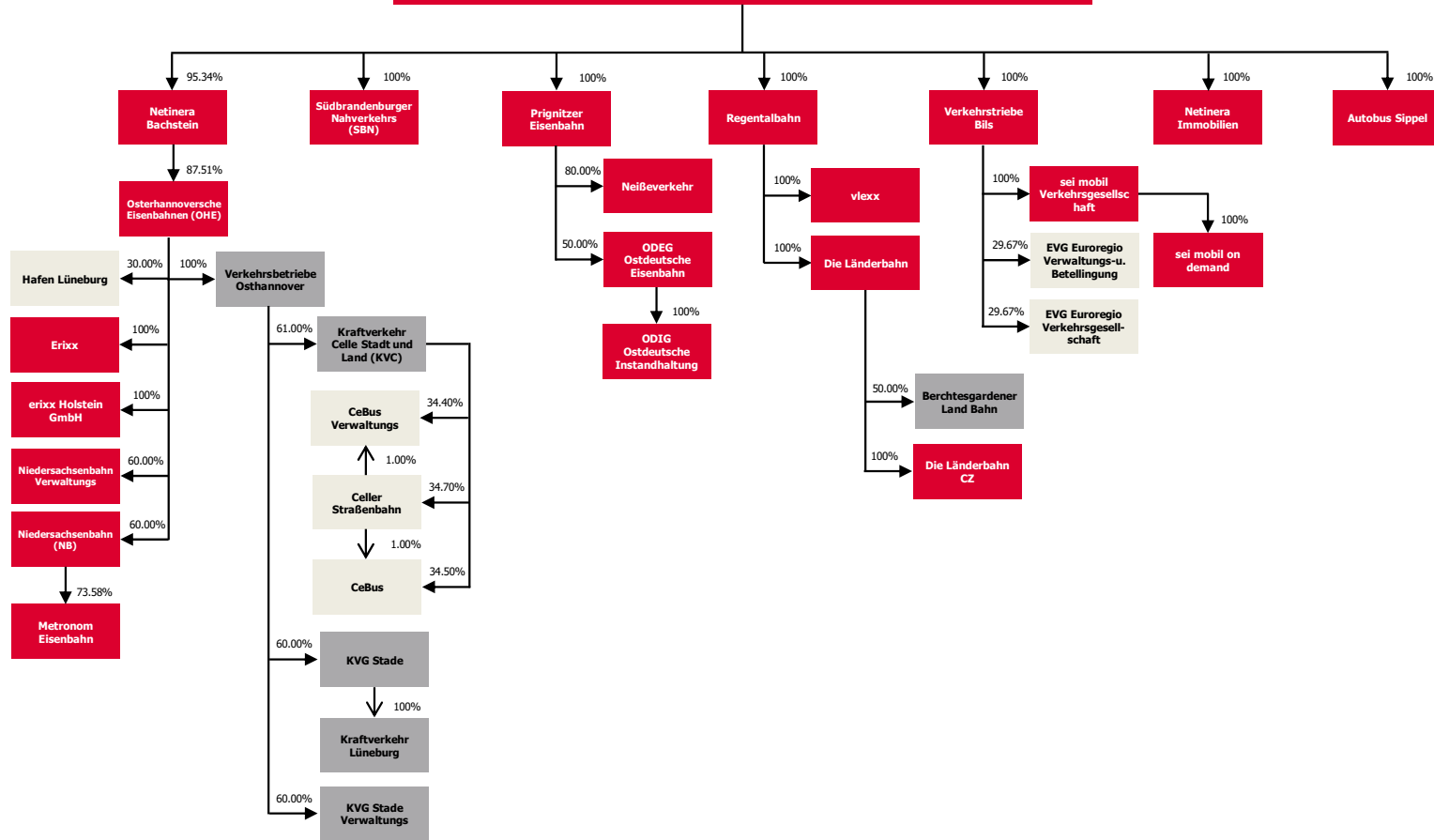
	Registered office	Country	Share/quota capital	Investor	% of voting rights
Anas Concessioni Autostradali S.p.A. in liquidation	Rome	Italy	1,000,000	Anas S.p.A.	100.00
Anas International Enterprise RUS LLC	Moscow	Russia	63,000	Anas International Enterprise S.p.A.	51.00
Anas Tec Gulf Engineering LLC	Doha	Qatar	50,000	Anas International Enterprise S.p.A.	45.00
Anas Tec India Private Limited	Vijaywada, Krishna, State of Andhra Pradesh (India)	Vijaywada, Krishna, State of Andhra Pradesh (India)	235,282,002	Anas Tec Gulf Engineering LLC	99.99
Autostrade del Lazio S.p.A. in liquidation	Rome	Italy	350,164	Anas S.p.A.	50.00
Crew Middle East DMCC	Dubai	United Arab Emirates	25,220	Cremonesi Workshop S.r.l.	100.00
Li-Nea S.p.A. in liquidation	Scandicci (Florence)	Italy	450,000	Ataf Gestioni S.r.l.	23.80
FS Italian Railways Thailand Ltd in liquidation	Bangkok	Thailand	2,415,923	FS International S.p.A. Grandi Stazioni Rail S.p.A. FSTechnology S.p.A.	99.00 0.50 0.50
FS Italian Railways US Inc	New York City	New York	100,000	FS Italiane S.p.A.	100.00
FS Security	Rome	Italy	450,000	FS Italiane S.p.A.	100.00
Road Investment Company (RIC) LLC	Moscow	Russia	500,000	Anas International Enterprise RUS LLC	51.10
Sita S.p.A. in liquidation	Rome	Italy	200,000	FS Italiane S.p.A.	55.00
Stretto di Messina S.p.A. in liquidation	Rome	Italy	383,179,794	Anas S.p.A. RFI S.p.A. Non-controlling interests	81.85 13.00 5.15
TAV S.r.l.	Rome	Italy	50,000	FS Italiane S.p.A.	100.00
United Operator (O&M)	Moscow	Russia	10,000	Anas International Enterprise RUS LLC	40.00

## 5. CONSOLIDATION MAP OF FERROVIE DELLO STATO ITALIANE GROUP





# Netinera Deutschland GmbH



CONSOLIDATION MAP OF FS ITALIANE GROUP AT 31 DECEMBER 2022

- Parent and group's subsidiaries
- Equity-accounted investees (JV)
- Equity-accounted investees
- Subsidiaries measured at cost

## 6. DISCLOSURE PURSUANT TO LAW NO. 124/2017

### FERROVIE DELLO STATO ITALIANE

Provider	Amount in €
MIT to TELT Sas	Chapter 7532 285,860,000

### TRENITALIA

Provider	Amount in €
Lazio region	compensation for loss of regional traffic revenue 71,727,559
Liguria region	compensation for loss of regional traffic revenue 23,632,385
Marche region	compensation for loss of regional traffic revenue 7,437,929
Sardinia region	compensation for loss of regional traffic revenue 1,022,179
Infrastrutture Venete	compensation for loss of regional traffic revenue 16,143,708
Molise region	compensation for loss of regional traffic revenue 111,253
Friuli-Venice-Giulia region	compensation for loss of regional traffic revenue 6,495,107
Tuscany region	compensation for loss of regional traffic revenue 83,882,497
Trento region	compensation for loss of regional traffic revenue 1,327,201
Aosta Valley Region	compensation for loss of regional traffic revenue 17,984
Abruzzo region	compensation for loss of regional traffic revenue 249,929
Puglia region	compensation for loss of regional traffic revenue 6,162,892
Campania region	compensation for loss of regional traffic revenue 7,488,922
Sicily region	compensation for loss of regional traffic revenue 241,642
Agenzia della Mobilità Piemontese	compensation for loss of regional traffic revenue 17,827,403
MIT	compensation for loss of HS traffic revenue 63,677,457

### RETE FERROVIARIA ITALIANA

Provider	Amount in €
MEF	Grants related to assets 4,927,682,329
MIT	Grants related to assets 370,878,882
Prime Minister's Office	Grants related to assets 33,408,979
EU	Grants related to assets 1,452,800,272
Local bodies	Grants related to assets 79,409,125
MIT	Grants related to income 27,440,000
MEF	Grants related to income 1,155,556,791
Ministry of Infrastructure and Transport – Chapter 1274/7302/1300 Incentive for freight transport	Pass-through grants* 114,300,751
CSEA	Pass-through grants* 1,203,117,857
Fondimpresa	Aid for training (article 31) 515,358
ANAS	

Provider		Amount in €
MIT	Grants related to assets	1,920,696,000
Local bodies	Grants related to assets	205,419,000
Local bodies - EU (POR programmes)	Grants related to assets	14,491,000
Grants collected by Quadrilatero on behalf of Anas	Grants related to assets	13,513,000

#### GRANDI STAZIONI RAIL

Provider		Amount in €
MIT	Grants for the redevelopment and construction of large stations complementary infrastructure	25,197,055
MIT	Grants for the redevelopment and accessibility of large railway stations	11,850,704
MIT	Fund for the revision of prices for materials in public contracts	172,558

#### ITALFERR

Provider		Amount in €
HADEA (European Health and Digital Executive Agency)		271,838,000
ESA (European Space Agency)	Grants related to income	8,100,000

#### METROPARK

Provider		Amount in €
Municipality of Albano	Lease of spaces	25,000
Municipality of Aversa	Lease of spaces	24,000
Municipality of Certaldo	Lease of spaces	20,000
Municipality of Legnano	Lease of spaces	17,000
Municipality of Abbiategrasso	Lease of spaces	14,000

#### MERCITALIA LOGISTICS

Provider		Amount in €
Electricity Services Operator (GSE)	Photovoltaic grants	109,489
MIT	Incentives to promote intermodality (Ferrobonus)	3,788,423
2020 tax credit for sanitisation and PPE	Tax credit	14,914
2021 tax credit for sanitisation and PPE	Tax credit	2,910
IRAP 2019 benefit	Exemption under article 24 of Decree law no. 34/2020	24,729
Lugo Terminal S.p.A.	Re-crediting of Ferrobonus incentives	1,636
CFI Intermodal S.r.l.	Re-crediting of Ferrobonus incentives	6,057
Mercitalia Intermodal S.p.A.	Re-crediting of Ferrobonus incentives	130

#### MERCITALIA SHUNTING & TERMINAL

Provider		Amount in €
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Tax authorities	Tax relief for non-energy-intensive enterprises (article 3 of Decree law no. 21/2022)	1,222
Tax authorities	Covid-19 sanitisation grant (article 32 of Decree law no. 73/2021)	60,000
GSE	Renewable energy grant	2,351

#### MERCITALIA RAIL

Provider		Amount in €
MIT	Grants related to income - road vehicles	1,984,544
MIT	Grants related to income - freight	48,658,144
MIT	Grants for training	446,586

#### MERCITALIA INTERMODAL

Provider		Amount in €
MIT	Incentives to promote intermodality (Ferrobonus)	8,494,495
MIT	Incentives to promote intermodality (Ferrobonus)	2,329,411
Swiss Federal Transport Office (OFT)	Freight grant	2,961,122
Autonomous province of Bolzano	Freight grant	829,896
Autonomous province of Bolzano	Freight grant	376,212
MIT	Article 6.9 of Decree no. 1/2019 carriage retrofit – 2020	228,016
MIT	Article 6 of Decree no. 1/2019 carriage retrofit – 2021	151,703
Lombardy region	“Dote merci Ferroviaria” grant pursuant to article 4 of Regional law no. 42/2017 - 2021	98,419
Service public fédéral Mobilité et Transports	Law of 20 May 2022 on aid for carriage retrofit to reduce noise pollution in rail freight transport in Belgium	24,451

#### BUSITALIA CAMPANIA

Provider		Amount in €
Campania region	Covid-related grants for lost traffic revenue - 2021	4,977,683
Ministry of Labour	Grants for illness costs - 2021	45,255

#### BUSITALIA VENETO

Provider		Amount in €
Veneto region	grants related to income - Veneto regional decision no. 1657/2022 Ann A - FNT finan.	1,755,368,17
Veneto region	grants related to income DDR (regional decree) no. 528/2022 Finan. for lower fee revenue - 2021	5,470,807
Veneto region	grants related to income DDR 1659/2022 Financ. for non-recurring additional loans and borrowings - 2022 (net of VAT)	2,172,386
	grants for illness costs - 2022	51,700,49

## ATAF GESTIONI

Provider		Amount in €
Tuscany region – One scarl	DGRT (decision of the regional executive of the Tuscany region) no. 12257 of 10 June 2022	4,104,526
Tuscany region – One scarl	DGRT no. 11958 of 10 June 2022	670,373
Tuscany region – One scarl	DGRT no. 13323 of 5 July 2022	4,506,242
Tuscany region – One scarl	DGRT no. 25484 of 19 December 2022	1,657,698

## BUSITALIA SITA NORD

Provider		Amount in €
Ministry of Labour	Grants for national labour agreement -2022- Umbria region	6,143,195
Ministry of Labour	Estimated illness costs - 2022 - 10%	101,929
Tuscany region - via Scarl	Grants for Covid-19	3,151,271
Ministry of Labour	Adjustments to prior year national labour agreement	(29,205)
Umbria region Ministry of Labour	Transport bonus	1,728,802

## FERROVIE DEL SUD EST

Provider		Amount in €
Puglia region	Level crossing automation - Salento area - First lot (request to increase the loan pending)	125,374
Puglia region	Triggiano - Capurso undergrounding and doubling of the Mungivacca - Noicattaro rail link south-east of the Bari area	2,940,400
Puglia region	Triggiano - Capurso undergrounding and doubling of the Mungivacca - Noicattaro rail link south-east of the Bari area	873,188
Puglia region	Adelfia railway overpass	512,181
Puglia region	Installation of rail structure at the Bari ring	45,500,000
Puglia region	Martina/Lecce/Gagliano LRT. Automation and elimination of level crossings	690,339
Puglia region	Automation of 26 level crossings	7,015,673
Puglia region	Level crossing technological update	23,536,330
Puglia region	One electric train	798,000
Puglia region	Five electric trains	4,193,000
Puglia region	CA18/2020 superstr. upgrade Noicatt. section km31	1,700,000
Puglia region	Strengthening the railway superstructure on the Bari - Taranto line - stage 5	3,300,000
Puglia region	Construction of 20 intermodal hubs	16,500,000
Puglia region	Manduria-Lecce IS/TSCS	4,382,500
Puglia region	Salento ERTMS	13,080,000
Puglia region	Covid-19 grant	1,920,402
Puglia region	Covid-19 grant	3,747,605

## FSTECHNOLOGY

Provider		Amount in €
European Commission	Ride2Rail Project	126,225
European Commission	Project 5GEVE	20,945

QUADRILATERO MARCHE UMBRIA

Provider		Amount in €
MIT	Provision for the revision of the price of materials Law no. 73/2021	4,108,000
Umbria chamber of commerce	Agreement entered into with the Perugia chamber of commerce on 8 November 2008	1,969,000
Marche region	Framework Programme Agreement signed with the Marche region and covering the financing of the first functional section of the Pedemontana delle Marche	6,994,000
Marche chamber of commerce, industry, the trades and agriculture	Agreement entered into with the Macerata chamber of commerce on 7 November 2007	442,000

## Annex: GRI content index

### Introduction to the GRI Content Index (boundary)

Based on the materiality (actual or potential impacts with reference to material topics and the nature of the companies' business) and control (direct/indirect), the following topic-specific boundary was identified:

- Group profile and compliance: Ferrovie dello Stato Italiane S.p.A. (the Group's parent) and consolidated companies (see the 2022 Annual Report, annex "Consolidation scope and the Group's equity investments");
- Governance: Ferrovie dello Stato Italiane S.p.A.;
- Financial figures: Ferrovie dello Stato Italiane S.p.A. (the Group's holding company) and consolidated companies (see the 2022 Annual Report, Annex "Consolidation scope and the Group's equity investments");
- Customer data ("Focus on people and customer needs"): consolidated companies that offer services to the public and conduct customer satisfaction surveys:

Business Segment	Direct subsidiaries	Indirect subsidiaries
<b>Infrastructure</b>	Rete Ferroviaria Italiana S.p.A.	
	Anas S.p.A.	
<b>Passenger (passengers by rail)</b>	Trenitalia S.p.A.	Hellenic Train SA Netinera Group Trenitalia c2c Limited
	Ferrovie del Sud Est e Servizi Automobilistici S.r.l.	
<b>Passenger (passengers by road)</b>	Busitalia - Sita Nord S.r.l.	Busitalia Campania S.p.A.
	Ferrovie del Sud Est e Servizi Automobilistici S.r.l.	Busitalia Veneto S.p.A. Qbuzz BV
<b>Logistics (freight by rail)</b>	Mercitalia Logistics S.p.A.	Mercitalia Rail S.r.l.
		Mercitalia Shunting & Terminal S.r.l.

- Security data ("Promoting security", "Security, information security and privacy", "Sustainable infrastructure"): companies responsible for traffic safety on the rail and road network; work contracts on railway infrastructure; security on core assets functional to railway operations; companies offering services to the public:

Business Segment	Direct subsidiaries	Indirect subsidiaries
<b>Infrastructure</b>	Rete Ferroviaria Italiana S.p.A.	
	Anas S.p.A.	
	Italferr S.p.A. <sup>81</sup>	
<b>Passenger (passengers by rail)</b>	Trenitalia S.p.A.	Hellenic Train SA Netinera Group Trenitalia c2c Limited Trenitalia France SAS
	Ferrovie del Sud Est e Servizi Automobilistici S.r.l.	
<b>Passenger (passengers by road)</b>	Busitalia - Sita Nord S.r.l.	Busitalia Campania S.p.A. Busitalia Veneto S.p.A. Qbuzz BV
	Ferrovie del Sud Est e Servizi Automobilistici S.r.l.	
<b>Logistics (freight by rail)</b>	Mercitalia Logistics S.p.A.	Mercitalia Rail S.r.l. Mercitalia Shunting & Terminal S.r.l.

- Data relating to personnel ("Our people and their value"): they relate to Ferrovie dello Stato Italiane S.p.A. and consolidated companies (see the 2022 Annual Report, annex "Consolidation scope and the Group's equity investments"). Generally speaking, the scope of the detailed analyses required by the standards applied to prepare the non-financial statement (NFS) (e.g., turnover, personnel distribution, remuneration, training, etc.) encompasses approximately 76% of the Group's total workforce.<sup>82</sup>In addition to the parent, Ferrovie dello Stato Italiane S.p.A., this information covers:

Business Segment	Direct subsidiaries	Indirect subsidiaries
<b>Infrastructure</b>	Rete Ferroviaria Italiana S.p.A.	Terminali Italia S.r.l. Grandi Stazioni Rail S.p.A.
	Italferr S.p.A.	Cremonesi Workshop S.r.l.
<b>Passenger (passengers by rail)</b>	Trenitalia S.p.A. Ferrovie del Sud Est e Servizi Automobilistici S.r.l.	
<b>Passenger (passengers by road)</b>		Busitalia Campania S.p.A. Busitalia Veneto S.p.A. Busitalia Rail Service S.r.l.
<b>Logistics (freight by rail)</b>	Mercitalia Logistics S.p.A.	Mercitalia Rail S.r.l. Mercitalia Intermodal S.p.A.
<b>Urban</b>	FS Sistemi Urbani S.r.l.	
	Grandi Stazioni Immobiliare S.p.A.	
<b>Other services</b>	Ferservizi S.p.A.	
	Italcertifer S.p.A.	
	Nugo S.p.A.	
	FSTechnology S.p.A.	
	FS International S.p.A.	

- Environmental data<sup>83</sup> ("Energy and emissions", "Other environmental aspects"): in addition to the parent, the environmental data cover the consolidated companies over which FS Italiane S.p.A. exercises direct control (excluding those that carry out financial and certification/inspection activities in the rail transport sector, whose impact is not considered material) and those which it controls indirectly, with more than 100 employees:

Business Segment	Direct subsidiaries	Indirect subsidiaries
<b>Infrastructure</b>	Rete Ferroviaria Italiana S.p.A.	Terminali Italia S.r.l. Blufferies S.r.l. Blu Jet S.r.l. Grandi Stazioni Rail S.p.A.
	Anas S.p.A.	

<sup>81</sup> These data refer to civil and technological contracts in which Italferr S.p.A. is in charge of work management and/or coordination during the performance of works, to contracts relating to new HS/HC lines entrusted to general contractors in which Italferr S.p.A. is in charge of work management and safety supervision and, finally, to contracts with general contractors in which Italferr S.p.A. is in charge of work management and safety supervision. The data are available in the paragraph "Responsible purchasing".

<sup>82</sup> The information pertaining to a different scope is indicated in the relevant note.

<sup>83</sup> Unlike 2020 and 2021, the 2022 consolidated environmental data do not include those of Ataf Gestioni as the company left the group scope.



Business Segment	Direct subsidiaries	Indirect subsidiaries
	Italferr S.p.A. <sup>84</sup>	
	Ferrovie del Sud Est e Servizi Automobilistici S.r.l.	
<b>Passenger (passengers by rail)</b>	Trenitalia S.p.A.	Hellenic Train SA Netinera Group Trenitalia c2c Limited Trenitalia France SAS
	Ferrovie del Sud Est e Servizi Automobilistici S.r.l.	
<b>Passenger (passengers by road)</b>	Busitalia - Sita Nord S.r.l.	Busitalia Campania S.p.A. Busitalia Veneto S.p.A. Qbuzz BV
<b>Logistics (freight by rail)</b>	Mercitalia Logistics S.p.A.	Mercitalia Rail S.r.l. Mercitalia Shunting & Terminal S.r.l. TX Logistik AG
<b>Urban</b>	FS Sistemi Urbani S.r.l.	
<b>Other services</b>	Ferservizi S.p.A.	

- Data on suppliers ("Responsible purchasing"): these data refer to external companies with which the Group companies included in the environmental boundary carry out direct transactions.

The bridging table below matches the identified material topics, the associated GRI topic and the related reporting boundary. The actual or potential impacts, either internal or external to the Group's boundary, of each GRI aspect related to the identified material topics have been considered.

<sup>84</sup> The environmental impacts of the work sites in which Italferr is in charge of work management are presented separately in order to eliminate from the annual changes in indicators the effects of the trend of work site activities which, by their very nature, are not characterised by continuous and regular volumes.

MATERIAL TOPICS FOR THE FS ITALIANE GROUP	INTERNAL BOUNDARY	EXTERNAL BOUNDARY	GRI STANDARDS AND DISCLOSURES	NOTES
<b>Circular economy and responsible purchases</b>	<i>Ferrovie dello Stato Italiane Group</i>	<i>Supply chain</i>	Materials Water and water discharge Waste Environmental compliance	GRI 301 GRI 303 GRI 306 GRI 307  For the external boundary, the assessment of impacts relates to work site and supplier assessment activities
<b>Climate change mitigation</b>	<i>Ferrovie dello Stato Italiane Group</i>	<i>Supply chain</i>	Energy Emissions	GRI 302 GRI 305  For the external boundary, the assessment of impacts relates to work site and supplier assessment activities and complies with the GHG protocol guidelines (see "The Corporate Value Chain (Scope 3) Accounting and Reporting Standard"), based on the volume of invoices issued by the suppliers to FS Italiane Group companies during the year
<b>Ethical and responsible business</b>	<i>Ferrovie dello Stato Italiane Group</i>	<i>Supply chain The country</i>	Economic performance Anti-corruption Anti-competitive behavior Taxes Security practices Customer privacy Public policy Socioeconomic compliance	GRI 2 GRI 201 GRI 205 GRI 206 GRI 207 GRI 410 GRI 418 GRI 415
<b>Circular economy and responsible purchases</b>	<i>Ferrovie dello Stato Italiane Group</i>	<i>Supply chain</i>	Procurement practices Supplier environmental assessment Non-discrimination Freedom of association and collective bargaining Child labor Forced or compulsory labor Human rights assessment Supplier social assessment	GRI 204 GRI 308 GRI 406 GRI 407 GRI 408 GRI 409 GRI 412 GRI 414
<b>Innovation, digitalisation and cybersecurity</b>	<i>Ferrovie dello Stato Italiane Group</i>	<i>Customers The country</i>	-	-
<b>Value for customers</b>	<i>Ferrovie dello Stato Italiani Group</i>	<i>Customers The country</i>	Local communities	GRI 413
	<i>FS ITALIANE GROUP</i>	<i>Customers</i>	Approach to stakeholder engagement	GRI 2
<b>People's safety: values, technology and culture</b>	<i>FS Italiane Group Employees</i>	<i>Customers' supply chain</i>	Occupational health and safety Customer health and safety	GRI 403 GRI 416  For the supply chain, the assessment of impacts relates to work site and

				supplier assessment activities
<b>Inclusion, enhancement and development of people</b>	<i>FS Italiane Group Employees</i>		Employment Labor/management relations Training and education Diversity and equal opportunity Non-discrimination	GRI 401 GRI 402 GRI 404 GRI 405 GRI 406
<b>Resilient infrastructure and mobility systems</b>	<i>Fs Italiane Group</i>	<i>Customers The country</i>	-	-

## GRI Content Index

GRI INDICATORS		CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16)	COMMENTS/DIRECT ANSWERS
<b>GRI 2: General disclosures</b>			
<b>The organization and its reporting practices</b>			
2-1	Organizational details	<ul style="list-style-type: none"> <li>✓ The Group in short</li> <li>✓ Report on corporate governance and the ownership structure</li> <li>✓ Segment economic performance</li> <li>✓ Context and focus on the Ferrovie dello Stato Italiane Group - Market performance and focus on the Ferrovie dello Stato Italiane Group</li> <li>✓ Note - Ferrovie dello Stato Italiane Group's business and structure of the consolidated financial statements</li> <li>✓ Annexes – Consolidation scope and the Group's equity investments</li> </ul>	
2-2	Entities included in the organization's sustainability reporting	<ul style="list-style-type: none"> <li>✓ Annexes – Consolidation scope and the Group's equity investments</li> </ul>	
2-3	Reporting period, frequency and contact point		The reporting period is 2022. The reporting cycle is one year. Email: <a href="mailto:rapportostenibilita@fsitaliane.it">rapportostenibilita@fsitaliane.it</a> Fax: 06 644102077
2-4	Restatements of information	<ul style="list-style-type: none"> <li>✓ Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information</li> </ul>	Any restatements and reclassifications are indicated in this document.
2-5	External assurance	<ul style="list-style-type: none"> <li>✓ Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information</li> </ul>	
<b>Activities and workers</b>			
2-6	Activities, value chain and other business relationships	<ul style="list-style-type: none"> <li>✓ The Group in short</li> <li>✓ Business model</li> <li>✓ Segment economic performance</li> <li>✓ Context and focus on the Ferrovie dello Stato Italiane Group - Market performance and focus on the Ferrovie dello Stato Italiane Group</li> <li>✓ Commitment to sustainable development <ul style="list-style-type: none"> <li>- Human capital</li> <li>- Sustainable supply chain</li> </ul> </li> <li>✓ Annexes – Consolidation scope and the Group's equity investments</li> </ul>	There were no significant changes in the organisation and supply chain in 2022.
2-7	Employees	<ul style="list-style-type: none"> <li>✓ Commitment to sustainable development <ul style="list-style-type: none"> <li>- Human capital</li> </ul> </li> </ul>	The Group's significant activities are carried out by employees. There were no significant changes in the workforce in 2022.
<b>Governance</b>			
2-9	Governance structure and composition	<ul style="list-style-type: none"> <li>✓ Report on corporate governance and the ownership structure</li> </ul>	In the reporting period (2022), FS Italiane S.p.A.'s Board of Directors consisted of seven directors: the chairwoman, a CEO (a man) with extensive management duties, and five non-executive and independent directors (two women and three men) as determined by said board based on the representations

GRI INDICATORS		CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16)	COMMENTS/DIRECT ANSWERS
			<p>and information provided by the above directors and taking into account - although there is no formal obligation - the provisions of the Code of conduct for listed companies approved by Borsa Italiana.</p> <p>The members of FS Italiane S.p.A.'s Board of Directors did not hold any other offices in Group bodies. They held a total of xx other offices and other types of commitments outside the Group during the year, xx of which entailed corporate positions in companies, while the remaining mainly consisted of positions/commitments with other entities, including universities, academic organisations, trade associations, non-profits and local organisations. There are no non-controlling investors or Groups of shareholders.</p>
2-10	<b>Nomination and selection of the highest governance body</b>	✓ Report on corporate governance and the ownership structure: FS Italiane S.p.A.'s Board of Directors	
2-11	<b>Chair of the highest governance body</b>	✓ Report on corporate governance and the ownership structure: FS Italiane S.p.A.'s Board of Directors	
2-22	<b>Statement on sustainable development strategy</b>	<ul style="list-style-type: none"> <li>✓ Chairwoman's letter</li> <li>✓ Commitment to sustainable development <ul style="list-style-type: none"> <li>- Approach, commitment and practices</li> </ul> </li> </ul>	
2-23	<b>Practices and commitments</b>	<ul style="list-style-type: none"> <li>✓ Report on corporate governance and the ownership structure – Additional information on corporate governance</li> <li>✓ Commitment to sustainable development <ul style="list-style-type: none"> <li>- Approach, commitment and practices</li> <li>- Sustainable supply chain</li> </ul> </li> </ul>	<a href="https://www.fsitaliane.it/content/fsitaliane/it/il-Group-fs/governance/il-codice-etico-.html">https://www.fsitaliane.it/content/fsitaliane/it/il-Group-fs/governance/il-codice-etico-.html</a>
2-27	<b>Compliance with laws and regulations</b>	<ul style="list-style-type: none"> <li>✓ Context and focus on FS Italiane Group - Transport Authority ("ART") regulations</li> <li>✓ Other information</li> </ul>	<p>In 2022, the main Group companies' most significant disputes in terms of potential financial costs related to:</p> <ul style="list-style-type: none"> <li>- Requests for classification to higher positions;</li> <li>- Requests for acknowledgement of subordinated employment relationships submitted to companies alleging breach of current regulations prohibiting fraud in provision of labour;</li> <li>- Joint obligation;</li> <li>- Recruitment contracts in the maritime sector: conversion of fixed-term and/or voyage employment contracts into permanent employment contracts;</li> <li>- Asbestos;</li> <li>- Remuneration of weekdays;</li> <li>- recalculation of post-employment benefits;</li> <li>- dispute about apprenticeship contracts;</li> <li>- rest periods pursuant to EC Regulation 561/2006;</li> <li>- dispute about "damage compensation".</li> </ul>
2-28	<b>Membership associations</b>	✓ Stakeholder engagement	
<b>Stakeholder engagement</b>			
2-29	<b>Approach to stakeholder engagement</b>	✓ Stakeholder engagement	
2-30	<b>Collective bargaining agreements</b>	<ul style="list-style-type: none"> <li>✓ Commitment to sustainable development <ul style="list-style-type: none"> <li>- Human capital</li> </ul> </li> </ul>	

GRI INDICATORS		CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16)	COMMENTS/DIRECT ANSWERS
<b>GRI 3: Material topics</b>			
3-1	Process to determine material topics	✓ Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information	
3-2	List of material topics	✓ Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information	Any restatements and reclassifications are indicated in this document.
3-3	Management of material topics	<ul style="list-style-type: none"> <li>✓ Directors' report and non-financial information – Consolidated non-financial statement pursuant to Legislative decree no. 254 of 30 December 2016 - Methodology for reporting non-financial information</li> <li>✓ Report on corporate governance and the ownership structure – The internal control and risk management system</li> <li>✓ Commitment to sustainable development <ul style="list-style-type: none"> <li>- Approach, commitment and practices</li> <li>- Environmental sustainability</li> <li>- The travel experience</li> <li>- Sustainable supply chain</li> <li>- Human capital</li> <li>- Commitment to the community</li> </ul> </li> </ul>	GRI content index (available online). The Group assesses and manages the economic, environmental and social risks using an approach based on the prudence principle.
<b>GRI 200: Economic</b>			
<b>GRI 201: Economic performance</b>			
201-1	Direct economic value generated and distributed	✓ Introduction – Income statement	
201-2	Financial implications and other risks and opportunities due to climate change	✓ Risk factors	
<b>GRI 203: Indirect economic impacts</b>			
203-1	Infrastructure investments and services supported	✓ Investments	
203-2	Significant indirect economic impacts	✓ Investments	
<b>GRI 204: Procurement practices</b>			
204-1	Proportion of spending on local suppliers	Commitment to sustainable development – Sustainable supply chain	
<b>GRI 205: Anti-corruption</b>			
205-2	Communication and training about anti-corruption policies and procedures	✓ Report on corporate governance and the ownership structure	
<b>GRI 206: Anti-competitive behavior</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<ul style="list-style-type: none"> <li>✓ Context and focus on FS Italiana Group - Transport Authority ("ART") regulations</li> <li>✓ Other information</li> </ul>	All employees and directors of the Group companies operate strictly in compliance with the limits imposed by antitrust law and carefully observe the requirements set out in the antitrust compliance handbook and the antitrust code of conduct consisting of an operating manual/guide that summarises, for quick and immediate reference, the main rules of conduct when

GRI INDICATORS		CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16)	COMMENTS/DIRECT ANSWERS
			one of the following circumstances is identified or has to be dealt with: (i) possible initiatives in violation of anti-trust regulations, (ii) investigations of the antitrust authority, (iii) the management of competitive procedures as a contractor.
<b>GRI 300: Environmental</b>			
<b>GRI 301: Materials</b>			
301-1	Materials used by weight or volume	Commitment to sustainable development – Environmental sustainability	
<b>GRI 302: Energy</b>			
302-1	Energy consumption within the organization	Commitment to sustainable development – Environmental sustainability	
<b>GRI 303: Water and effluents</b>			
303-1	Interactions with water as a shared resource	Commitment to sustainable development – Environmental sustainability	
303-2	Management of water discharge-related impacts	Commitment to sustainable development – Environmental sustainability	
303-3	Water withdrawal	Commitment to sustainable development – Environmental sustainability	
303-4	Water discharge	Commitment to sustainable development – Environmental sustainability	
<b>GRI 304: Biodiversity</b>			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Commitment to sustainable development – Environmental sustainability	
<b>GRI 305: Emissions</b>			
305-1	Direct (Scope 1) GHG emissions	Commitment to sustainable development – Environmental sustainability	
305-2	Energy indirect (Scope 2) GHG emissions	Commitment to sustainable development – Environmental sustainability	
305-2	Other indirect (Scope 3) GHG emissions	Commitment to sustainable development – Environmental sustainability	
<b>GRI 306: Waste</b>			
306-1	Waste generation and significant waste-related impact	Commitment to sustainable development – Environmental sustainability	
306-2	Management of significant waste-related impacts	Commitment to sustainable development – Environmental sustainability	
306-3	Waste generated	Commitment to sustainable development – Environmental sustainability	
306-4	Waste diverted from disposal	Commitment to sustainable development – Environmental sustainability	
306-5	Waste directed to disposal	Commitment to sustainable development – Environmental sustainability	
<b>GRI 308: Supplier environmental assessment</b>			

GRI INDICATORS		CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16)	COMMENTS/DIRECT ANSWERS
308-1	New suppliers that were screened using environmental criteria	Commitment to sustainable development – Sustainable supply chain	
<b>GRI 400: Social</b>			
<b>GRI 401: Employment</b>			
401-1	New employee hires and employee turnover	Commitment to sustainable development – Human capital	With respect to the breakdown of personnel by age Group, a more detailed representation than required by the standard was used as it was considered more meaningful.
<b>GRI 403: Occupational health and safety (2018)</b>			
403-1	Occupational health and safety management system	Commitment to sustainable development – Human capital Human capital - Management systems	
403-2	Hazard identification, risk assessment, and incident investigation	Commitment to sustainable development – Human capital Human capital - Management systems	
403-3	Occupational health services	Commitment to sustainable development – Human capital	
403-4	Worker participation, consultation, and communication on occupational health and safety	Commitment to sustainable development – Human capital	
403-5	Worker training on occupational health and safety	Commitment to sustainable development – Human capital	
403-6	Promotion of worker health	Commitment to sustainable development – Human capital	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		The indicator is not applicable as the Group has control over both workers and the workplace.
403-9	Work-related injuries	Commitment to sustainable development – Human capital Human capital – Management systems Commitment to sustainable development – Environmental sustainability	The other information required by the standard (403-9a and 403-9b) is currently not available due to the lack of the necessary data. In this respect, an in-depth analysis is underway to structure a data collection process in the medium to long term.
<b>GRI 404: Training and education</b>			
404-1	Average hours of training per year per employee	Commitment to sustainable development – Human capital	
<b>GRI 405: Diversity and equal opportunity</b>			
405-1	Diversity of governance bodies and employees	Commitment to sustainable development – Human capital Report on corporate governance and the ownership structure - FS Italiane S.p.A.'s Board of Directors - Composition and appointment	With respect to the breakdown of personnel by age Group, a more detailed representation than required by the standard was used as it was considered more meaningful.
<b>GRI 406: Non-discrimination</b>			
406-1	Incidents of discrimination and corrective actions taken		There were no incidents of discrimination in 2022.
<b>GRI 407: Freedom of association and collective bargaining</b>			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Commitment to sustainable development – Human capital Sustainable supply chain	There are no risks to the freedom of association and bargaining within the FS Italiane Group. The Group has established a system of relationships with the trade unions based on information and bargaining at various national and local levels with trade union representatives (national and local offices, unit representatives and company representatives). In



GRI INDICATORS		CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16)	COMMENTS/DIRECT ANSWERS
			addition, the FS Italiane Group applies all inter-confederation agreements, including those on trade union representation. All Group contracts require the full acceptance of the Code of Ethics. There are no suppliers or activities in which the right to freedom of association and collective bargaining is exposed to significant risk.
<b>GRI 408: Child labor</b>			
<b>408-1</b>	<b>Operations and suppliers at significant risk for incidents of child labor</b>	Commitment to sustainable development – Sustainable supply chain	All Group contracts require the full acceptance of the Code of Ethics. There are no suppliers or activities with significant risk of child labour.
<b>GRI 409: Forced or compulsory labor</b>			
<b>409-1</b>	<b>Operations and suppliers at significant risk for incidents of forced or compulsory labor</b>	Commitment to sustainable development – Sustainable supply chain	All Group contracts require the full acceptance of the Code of Ethics. There are no suppliers or activities with significant risk of forced labour.
<b>GRI 412: Human rights assessment</b>			
<b>412-3</b>	<b>Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening</b>	Commitment to sustainable development – Sustainable supply chain	To date, no agreements and/or contracts have been formalised with the inclusion of specific human rights clauses or that are subject to the evaluation of the effective implementation of human rights protection policies The Group joined the UN's Global Compact network, undertaking to comply with the 10 human rights, labour, environmental and anti-corruption principles and integrate them in its business  On 16 April 2019, FS Italiane S.p.A.'s Board of Directors approved the Group's sustainability policy based on the SDGs and the principles of the UN Global Compact.
<b>GRI 414: Supplier social assessment</b>			
<b>414-1</b>	<b>New suppliers that were screened using social criteria</b>	Responsible purchasing - Sustainable infrastructure – Our suppliers, Responsible management and value creation Commitment to sustainable development – Sustainable supply chain	
<b>GRI 415: Public policy</b>			
<b>415-1</b>	<b>Political contributions</b>		The Group does not make any direct or indirect contributions to political parties, movements, committees and political and trade union organisations, or to their members and candidates, except for those due under specific regulations. The relations with political and trade union parties, movements, committees and organisations are maintained exclusively by the formally-delegated corporate functions (article 5.5 of the FS Italiane Group's code of ethics).
<b>GRI 416: Customer health and safety</b>			
<b>416-1</b>	<b>Assessment of the health and safety impacts of product and service categories</b>	Travel safety	
<b>GRI 418: Customer privacy</b>			
<b>418-1</b>	<b>Substantiated complaints concerning breaches of customer privacy and losses of customer data</b>		In 2022, there were seven data breaches within the scope customer privacy and losses of customer data. In all cases, the level of seriousness of the data breach was deemed "low". However, the Data Protection Authority was notified of the following two cases: <ul style="list-style-type: none"> <li>On 28 January 2022, a customer reported a breach of confidentiality of customers' personal data on the trenitalia.com website due to the incorrect handling</li> </ul>

GRI INDICATORS		CONSOLIDATED NON-FINANCIAL STATEMENT (pursuant to Legislative decree no. 254/16)	COMMENTS/DIRECT ANSWERS
			<p>of the preview function in the web form for submitting reimbursement requests, which failed to delete the documents attached to the file. Although the function has been active for customers since October 2021, Trenitalia has received only one report. Based on the analysis of file access logs for January, it can be assumed that the IDs of no more than ten data subjects were potentially improperly viewed. The severity was identified as low, also considering the feedback received from FSTechnology;</p> <ul style="list-style-type: none"> <li>on the morning of 23 March 2022, the FS Italiana Cyber Security team detected several concurrent security events, notified by the antivirus platform, which indicated suspicious workstation activity. At the same time, several FS Italiana Group employees began reporting that files within their PCs were encrypted and unreadable. As soon as the Cyber Security team identified the nature of the event, it took all necessary steps to stop the malware from spreading and analyse the virus. As a precautionary step, to stop the spread of the malware, all compromised workstations were isolated, the authentication system to the company services and systems accessible through the intranet was deactivated and users were instructed not to connect their PCs to the company network (wired, wifi, vpn), but to use only the company services available on the Internet. In addition, the relevant bodies and the postal police were immediately informed for the relevant investigations, in order to determine who was responsible for the breach and how it was executed. This breach did not lead to a loss of confidentiality or data integrity but, to the extent of the compromised workstations only, it resulted in a loss of availability of the data saved on the local memory of the PCs (files that were encrypted); the data, in many cases, were retrieved without significant inconvenience to those concerned. As a preliminary step, the Data protection authority was notified of the data breach on 31 March 2022, and additional information was provided on 27 April 2022. The severity was deemed low, also considering that the data subjects experienced insignificant and temporary inconveniences.</li> </ul>

**Certification of the Chief Executive Officer and the Manager in charge of the company's accounting documents preparation of the consolidated financial statements of Ferrovie dello Stato Italiane Group at 31 December 2022 pursuant to article 154-bis, paragraph 5, of Legislative decree no. 58/1998**

1. The undersigned Luigi Ferraris and Roberto Mannozi, respectively as Chief Executive Officer and Manager in charge of the company's accounting documents preparation of Ferrovie dello Stato Italiane SpA, also considering the provisions of the article 154-bis paragraphs 3 and 4 of Legislative decree no. 58 of 24 February 1998, certify:

- the adequacy with regard to the characteristics of Ferrovie dello Stato Italiane Group and
- the effective application

of the administrative and accounting procedures in preparing the consolidated financial statements at 31 December 2022.

2. In this regard, we report that:

- a. the evaluation of the adequacy and effective application of the administrative and accounting procedures used to prepare the consolidated financial statements of the Ferrovie dello Stato Italiane Group was based on the internal control model, consistent with the "Internal Controls – Integrated Framework" issued by the "Committee of Sponsoring Organizations of the Treadway Commission" which represents an internationally-accepted framework for the internal control system;
- b. this evaluation did not identify any significant issues.

3. In addition, we certify that:

3.1. the consolidated financial statements:

- a. have been prepared according to the International Financial Reporting Standards endorsed by the European Community pursuant to regulation (CE) 1606/2002 of European Parliament and Council of 19 July 2002;
- b. correspond to the entries in the books and accounting records;
- c. provide a true and fair view of the financial position and results of operations of Ferrovie dello Stato Italiane SpA and the companies included in the Ferrovie dello Stato Italiane Group's consolidation scope.

3.2. the Directors' Report includes a reliable analysis of the financial position, performance and results of operations of Ferrovie dello Stato Italiane SpA and the consolidated companies as a whole, together with a description of the main risks and uncertainties to which they are exposed.

April 6<sup>th</sup>, 2023

Luigi Ferraris  
Chief Executive Officer



Piazza della Croce Rossa, 1 - 00161 Roma

Ferrovie dello Stato Italiane S.p.A. – Società con socio unico

Sede legale: Piazza della Croce Rossa, 1 - 00161 Roma

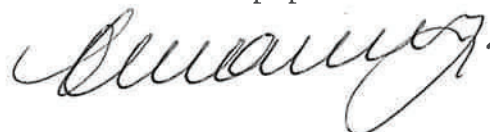
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Cod. Fisc. e P. Iva 06359501001 – R.E.A. 962805

Roberto Mannozi

Manager in charge of the company's accounting documents preparation





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**(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)**

## **Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014**

*To the sole shareholder of  
Ferrovie dello Stato Italiane S.p.A.*

### **Report on the audit of the consolidated financial statements**

#### **Opinion**

We have audited the consolidated financial statements of the Ferrovie dello Stato Italiane Group (the "group"), which comprise the statement of financial position as at 31 December 2022, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Ferrovie dello Stato Italiane Group as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of Ferrovie dello Stato Italiane S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Ferrovie dello Stato Italiane Group

Independent auditors' report

31 December 2022

## Recoverability of non-current assets

Notes to the consolidated financial statements: note 3 "Consolidation scope", note 6 "Accounting policies" paragraphs "Impairment losses on intangible assets and property, plant and equipment", "Subsequent measurement: impairment losses" relating to financial instruments and "Use of estimates and judgements", note 21 "Property, plant and equipment", note 24 "Intangible assets", note 28 "Financial assets (including derivatives)" and note 51 "Events after the reporting date"

Key audit matter	Audit procedures addressing the key audit matter
<p>The consolidated financial statements at 31 December 2022 include property, plant and equipment of €47,619 million, intangible assets of €2,608 million, comprising Anas S.p.A.'s concession assets of €994 million, and goodwill of €111 million under non-current assets. Non-current assets also contain financial assets (including derivatives) of €1,289 million, which comprise the investment in Stretto di Messina S.p.A. held by Anas S.p.A. (€367 million).</p> <p>The directors tested the cash-generating units (CGUs) to which goodwill is allocated or that include other non-current assets for which indicators of impairment had been identified for impairment.</p> <p>The directors tested the Anas S.p.A.'s concession assets for impairment. They did not identify any impairment loss. In note 24 "Intangible assets", the directors explain that, should the developments resulting from the ongoing discussions with supranational institutions lead to considerations and results that differ from expectations, the carrying amount of the concession will be decreased based on the cash flows indicated by the business plan, revised accordingly.</p> <p>They estimated the recoverable amount based on value in use, calculated using the discounted cash flow model, which is very complex and entails the use of estimates.</p> <p>Lastly, on 31 March 2023, Decree law no. 35 containing urgent measures for the construction of a stable connection between Sicily and Calabria (the "decree") was issued, resuming the procedure for the construction of the infrastructure by continuing the concession arrangement with the group company Stretto di Messina S.p.A.. The carrying amount of this equity investment is €367 million. The above decree provides, inter alia, that the costs incurred by Stretto di Messina S.p.A. up to the effective date of the decree for services rendered in connection with the construction project and necessary to restart it shall be considered in the updating of the concession's business plan. Therefore, in note 51 "Events after the reporting date", the directors state that only after the technical analysis of the definitive project for the construction has been completed will it be possible to assess the need, if any, to impair the carrying amount of Anas' investment in Stretto di Messina S.p.A..</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"><li>• understanding the impairment testing procedure;</li><li>• obtaining the 2023-2032 business plan approved by the directors on 6 April 2023 (the "business plan");</li><li>• analysing the criteria used to identify the CGUs and tracing the amount of the CGUs' assets and liabilities to the relevant carrying amounts in the consolidated financial statements;</li><li>• assessing the consistency of the cash flows used for impairment testing with the cash flows forecast in the business plan;</li><li>• analysing the most significant discrepancies between past years' estimates and actual figures, in order to check the accuracy of the estimation process;</li><li>• involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing model and related assumptions, including by means of a comparison with external data and information;</li><li>• analysing the legislation applicable to the project for the construction of a stable connection between Sicily and Calabria (the bridge across the strait) and assessing the accounting implications;</li><li>• analysing the opinions of the specialists involved by the parent in the assessment of the recoverability of the design costs incurred by Stretto di Messina S.p.A.;</li><li>• assessing the appropriateness of the disclosures provided in the notes about non-current assets and the related impairment tests.</li></ul>



**Ferrovie dello Stato Italiane Group**

Independent auditors' report

31 December 2022

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Estimating the recoverable amount of the investment in Stretto di Messina S.p.A. was very complex, entailed the use of estimates and was based on the provisions of the decree and the analysis performed by the group, which also involved its specialists.

For the above reasons, we believe that the recoverability of non-current assets is a key audit matter.

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### **Calculation of amortisation and depreciation of railway infrastructure**

*Notes to the consolidated financial statements: note 6 "Accounting policies" paragraphs "RFI S.p.A.'s calculation of depreciation of property, plant and equipment" and "Use of estimates and judgements", note 21 "Property, plant and equipment", note 23 "Investment property" and note 24 "Intangible assets"*

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<b>Key audit matter</b>	<b>Audit procedures addressing the key audit matter</b>
<p>The consolidated financial statements at 31 December 2022 include assets relating to railway infrastructure under property, plant and equipment, investment property and intangible assets.</p> <p>Calculating the amortisation and depreciation of these assets entails a complex accounting estimate that is, by its nature, subjective, as it is influenced by a number of factors, including:</p> <ul style="list-style-type: none"><li>• the estimated production volumes expressed as train-km;</li><li>• the estimated residual value;</li><li>• the impacts of any changes to the regulatory framework.</li></ul> <p>Calculating amortisation and depreciation, therefore, requires a significant level of judgement by directors. For the above reasons and due to the materiality of the relevant captions, we believe that the calculation of amortisation and depreciation of railway infrastructure is a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"><li>• analysing the process for the calculation of depreciation of railway infrastructure and the related IT environment and assessing the design and implementation of controls and procedures to assess the operating effectiveness of material controls;</li><li>• analysing the reasonableness of estimates of total production volumes expressed as train-km;</li><li>• analysing historical figures to check the directors' ability to make reliable estimates of production volumes expressed as train-km based on any discrepancies between forecast and actual figures;</li><li>• analysing the reasonableness of the estimates made by the internal departments involved in the calculation of the residual value;</li><li>• assessing the appropriateness of the disclosures provided in the notes about the amortisation and depreciation of railway infrastructure.</li></ul>

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### **Provisions for risks and charges - claims from suppliers for additional consideration**

*Notes to the consolidated financial statements: note 6 "Accounting policies" paragraphs "Provisions for risks and charges" and "Use of estimates and judgements" and note 38 "Provisions for risks and charges"*

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<b>Key audit matter</b>	<b>Audit procedures addressing the key audit matter</b>
<p>The Ferrovie dello Stato Italiane Group's business is exposed to claims from suppliers for additional consideration.</p> <p>The consolidated financial statements at 31 December 2022 include accruals to the provision for litigation with third parties also for these claims under "Provisions for risks and charges".</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"><li>• understanding the process for the measurement of the provisions for risks and charges relating to claims from suppliers for additional consideration and assessing the design and implementation of controls and procedures to assess the operating effectiveness of material controls;</li><li>• analysing the discrepancies between past years' estimates of the provisions for risks and charges</li></ul>

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**Ferrovie dello Stato Italiane Group**

Independent auditors' report

31 December 2022

<b>Key audit matter</b>	<b>Audit procedures addressing the key audit matter</b>
<p>Measuring provisions for risks and charges entails directors' estimates about the outcome of claims which are complex and of an uncertain nature and required a high level of judgement by directors.</p> <p>For the above reasons and due to the materiality of the relevant captions, we believe that the measurement of the provisions for risks and charges relating to claims from suppliers for additional consideration is a key audit matter.</p>	<p>relating to claims from suppliers for additional consideration and actual figures resulting from their subsequent settlement, in order to check the accuracy of the estimation process;</p> <ul style="list-style-type: none"><li>• sending written requests for information to the legal advisors assisting the group about the assessment of the risk of losing pending claims from suppliers for additional consideration and the quantification of the related liability;</li><li>• for the main claims from suppliers for additional consideration, analysing the assumptions used to calculate the provisions for risks and charges through discussions with the relevant internal departments and analysis of the supporting documentation;</li><li>• discussing assumptions or scenarios alternative to those used to calculate the provisions for risks and charges relating to claims from suppliers for additional consideration and the reasons for their rejection with the relevant internal departments;</li><li>• analysing the events after the reporting date that provide information useful for an assessment of the provisions for risks and charges relating to claims from suppliers for additional consideration;</li><li>• assessing the appropriateness of the disclosures provided in the notes about the provisions for risks and charges.</li></ul>

### **Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements**

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

### **Auditors' responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material



**Ferrovie dello Stato Italiane Group**

*Independent auditors' report*

31 December 2022

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

### ***Other information required by article 10 of Regulation (EU) no. 537/14***

On 4 November 2014, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2014 to 31 December 2022.





**Ferrovie dello Stato Italiane Group**

*Independent auditors' report*

*31 December 2022*

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

## **Report on other legal and regulatory requirements**

### ***Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98***

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2022 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

### ***Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16***

The directors of Ferrovie dello Stato Italiane S.p.A. are responsible for the preparation of a non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Rome, 28 April 2023

KPMG S.p.A.

(signed on the original)

Gabriele de Gennaro  
Director of Audit



Separate financial statements of  
Ferrovie dello Stato Italiane S.p.A.  
at 31 December 2022



## Financial statements

## Income statement

Euros

	Note	2022	2021
<b>Revenue</b>		<b>155,092,526</b>	<b>162,869,285</b>
Revenue from sales and services	4	145,341,259	153,011,925
Other income	5	9,751,267	9,857,360
<b>Operating costs</b>		<b>(346,934,158)</b>	<b>(294,256,801)</b>
Personnel expense	6	(67,990,655)	(65,162,303)
Raw materials, consumables, supplies and goods	7	(22,138,333)	(14,824,735)
Services	8	(152,820,594)	(155,325,484)
Other operating costs	9	(28,069,936)	(33,471,685)
Internal work capitalised	10	531,008	872,619
Amortisation and depreciation, provisions and impairment losses	11	(76,445,648)	(26,345,213)
<b>Operating loss</b>		<b>(191,841,632)</b>	<b>(131,387,516)</b>
<b>Net financial income</b>		<b>231,313,951</b>	<b>98,874,227</b>
Gains on equity investments	12	216,429,866	65,209,726
Other financial income	12	155,751,939	139,137,779
Losses on equity investments	13	(43,111,139)	(16,100,583)
Other financial expense	13	(97,756,715)	(89,372,695)
<b>Pre-tax profit (loss)</b>		<b>39,472,319</b>	<b>(32,513,289)</b>
<b>Income taxes</b>	14	<b>50,677,703</b>	<b>32,650,282</b>
<b>Profit for the year</b>		<b>90,150,022</b>	<b>136,993</b>

## Statement of comprehensive income

		Euros	
	Note	2022	2021
<b>Profit for the year</b>		<b>90,150,022</b>	<b>136,993</b>
<b>Items that will not be reclassified to profit or loss:</b>			
Net actuarial gains (losses)	27/29	887,961	(262,158)
Tax effect on actuarial gains/losses	27/29	(243,071)	60,759
<b>Other comprehensive income (expense), net of the tax effect</b>		<b>644,890</b>	<b>(201,399)</b>
<b>Comprehensive income (expense)</b>		<b>90,794,912</b>	<b>(64,406)</b>

## Statement of financial position

Euros

	Note	31.12.2022	31.12.2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	54,747,980	48,358,406
Investment property	17	391,689,120	449,837,629
Intangible assets	18	48,002,261	53,533,929
Equity investments	20	38,059,837,535	38,055,974,521
Financial assets (including derivatives)	21	8,736,030,767	8,358,805,216
Deferred tax assets	19	173,683,173	174,427,259
Trade receivables	24	3,782,117	3,529,017
Other assets	22	24,303,335	24,595,193
<b>Total</b>		<b>47,492,076,288</b>	<b>47,169,061,170</b>
<b>Current assets</b>			
Inventories	23	340,649,442	358,567,396
Financial assets (including derivatives)	21	2,706,451,344	2,196,118,793
Cash and cash equivalents	25	626,221,660	675,660,694
Tax assets	26	84,908,211	84,133,190
Trade receivables	24	196,706,328	178,745,741
Other assets	22	2,193,216,449	2,359,082,120
<b>Total</b>		<b>6,148,153,434</b>	<b>5,852,307,934</b>
<b>Total assets</b>		<b>53,640,229,722</b>	<b>53,021,369,104</b>
<b>Total equity and liabilities</b>			
<b>Equity</b>			
Share capital	27	39,204,173,802	39,204,173,802
Reserves	27	67,235,002	66,583,262
Retained earnings	27	628,992,464	628,862,321
Profit for the year	27	90,150,022	136,993
<b>Total</b>		<b>39,990,551,290</b>	<b>39,899,756,378</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	28	8,466,485,317	8,029,992,583
Employee benefits	29	5,363,697	7,294,604
Provisions for risks and charges	30	111,986,122	149,520,312
Financial liabilities (including derivatives)	31	19,374,668	4,895,039
Deferred tax liabilities	19	168,540,657	167,844,702
Other liabilities	32	26,090,486	27,003,070
<b>Total</b>		<b>8,797,840,947</b>	<b>8,386,550,310</b>
<b>Current liabilities</b>			
Loans and borrowings and current portion of non-current loans and borrowings	28	1,551,562,201	1,610,768,511
Financial liabilities (including derivatives)	31	1,002,445,197	631,849,985
Trade payables	33	96,401,758	106,268,988
Other liabilities	32	2,201,428,329	2,386,174,932
<b>Total</b>		<b>4,851,837,485</b>	<b>4,735,062,416</b>
<b>Total liabilities</b>		<b>13,649,678,432</b>	<b>13,121,612,726</b>
<b>Total equity and liabilities</b>		<b>53,640,229,722</b>	<b>53,021,369,104</b>

**Statement of changes in equity**

Euros

	Equity								
	Share capital	Reserves			Valuation reserves	Total reserves	Retained earnings	Profit for the year	Total equity
		Legal reserve	Extraordinary reserve	Other reserves					
<b>Balance at 1 January 2021</b>	<b>39,204,173,802</b>	<b>64,806,665</b>			<b>(69,955)</b>	<b>64,736,710</b>	<b>589,951,253</b>	<b>40,959,019</b>	<b>39,899,820,784</b>
Capital increase									
Dividend distribution									
Coverage of loss for the previous year		2,047,951				2,047,951	38,911,068	(40,959,019)	
Other changes									
Comprehensive income of which:									
Profit for the year								136,993	136,993
Net gains recognised directly in equity					(201,399)	(201,399)			(201,399)
<b>Balance at 31 December 2021</b>	<b>39,204,173,802</b>	<b>66,854,616</b>			<b>(271,354)</b>	<b>66,583,262</b>	<b>628,862,321</b>	<b>136,993</b>	<b>39,899,756,378</b>
Capital increase									
Dividend distribution									
Allocation of profit for the previous year		6,850				6,850	130,143	(136,993)	
Comprehensive income of which:									
Profit for the year								90,150,022	90,150,022
Net gains recognised directly in equity					644,890	644,890			644,890
<b>Balance at 31 December 2022</b>	<b>39,204,173,802</b>	<b>66,861,466</b>			<b>373,536</b>	<b>67,235,002</b>	<b>628,992,464</b>	<b>90,150,022</b>	<b>39,990,551,290</b>

## STATEMENT OF CASH FLOWS

Euros

	2022	2021
<b>Profit for the year</b>	<b>90,150,022</b>	<b>136,993</b>
Income taxes	(50,677,703)	(32,650,282)
Net financial income	(231,313,951)	(98,874,227)
Amortisation and depreciation	26,375,757	24,585,028
Accruals to provisions and impairment losses		3,151,104
Impairment losses	49,241,150	178,048
Accruals for employee benefits		9,017
<b>Accruals to provisions and impairment losses</b>	<b>49,241,150</b>	<b>3,338,169</b>
Net losses on sales	78	
Change in inventories	21,460,127	13,912,760
Change in trade receivables	(22,011,525)	16,930,127
Change in trade payables	(9,867,230)	(26,357,864)
Change in other assets	167,952,533	(1,758,474,247)
Change in other liabilities	(189,303,246)	1,827,472,727
Utilisation of the provisions for risks and charges	(25,377,590)	(1,806,211)
Payment of employee benefits	(1,147,794)	(220,352)
Financial income collected/financial expense paid	259,691,535	102,343,476
Change in tax assets/liabilities	53,426,878	28,712,756
<b>Net cash flows generated by operating activities</b>	<b>138,599,041</b>	<b>99,048,853</b>
Increases in property, plant and equipment	(2,560,744)	(1,181,685)
Increases in investment property	(8,146,424)	(12,559,975)
Increases in intangible assets	(11,989,220)	(18,958,913)
Increases in equity investments	(332,504,394)	(164,496,725)
<b>Investments, before grants</b>	<b>(355,200,782)</b>	<b>(197,197,298)</b>
Grants for equity investments	285,860,000	153,576,725
<b>Grants</b>	<b>285,860,000</b>	<b>153,576,725</b>
Decreases in property, plant and equipment		
Decreases in investment property	658,229	119
Decreases in intangible assets		
Decreases in equity investments	1,144,394	9,750,000
<b>Decreases</b>	<b>1,802,623</b>	<b>9,750,119</b>
<b>Net cash flows used in investing activities</b>	<b>(67,538,159)</b>	<b>(33,870,454)</b>
Disbursement and repayment of non-current loans	672,738,513	1,478,185,757
Disbursement and repayment of current loans	(304,538,403)	(922,401,136)
Change in lease liabilities	(188,432)	(171,505)
Change in financial assets	(859,883,560)	(562,417,439)
Change in financial liabilities		2,931,130
<b>Net cash flows used in financing activities</b>	<b>(491,871,882)</b>	<b>(3,873,193)</b>
<b>Total cash flows</b>	<b>(420,811,000)</b>	<b>61,305,206</b>
Opening cash and cash equivalents	46,539,523	(14,765,683)
Closing cash and cash equivalents	(374,271,477)	46,539,523
of which intraGroup current account	(1,000,493,137)	(629,121,171)



## Notes to the separate financial statements

## 1. Company business

Ferrovie dello Stato Italiane S.p.A. (the "company" or "FS Italiane S.p.A.") was set up in accordance with Italian law and is based in Italy. Its registered office is in Piazza della Croce Rossa 1, Rome.

The directors approved these financial statements on 6 April 2023 and they will be made available to the shareholder for approval and subsequent filing within the terms established by law. The shareholder has the power to make changes to these financial statements.

Due to its significant controlling investments and in compliance with IFRS 10 - Consolidated financial statements, the company prepares consolidated financial statements which show equity and profit attributable to the owners of the parent of €41,873 million and €204 million, respectively.

KPMG S.p.A. was appointed independent auditor for the 2014-2022 three-year period.

## 2. Basis of preparation

These separate financial statements have been prepared in accordance with IFRS (which include the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Union pursuant to EC Regulation no. 1606/2002 and in effect at the reporting date ("IFRS"). Specifically, the company consistently applies the IFRS to all periods presented in these financial statements.

Furthermore, these separate financial statements have been prepared on the basis of the best knowledge of the IFRS and considering best practices in this respect. Any future guidance and interpretations will be applied in future years, as established by the standards over time.

The separate financial statements have been prepared and presented in Euro, which is the company's functional currency, i.e. the currency of the primary economic environment in which the company operates. All amounts included in the tables of the following notes, except as otherwise specified, are expressed in thousands of Euros.

The financial statements format applied and the related classification criteria adopted by the company in accordance with the options provided for in IAS 1 Presentation of financial statements are set out below:

- the statement of financial position has been prepared by classifying assets and liabilities as "current/non-current";
- the income statement has been prepared by classifying operating costs by nature, indicating the profit (loss) from continuing operations separately from any profit (loss) from discontinued operations;
- the statement of comprehensive income includes the profit for the year, as well as any other changes in equity captions attributable to transactions that are not carried out with owners in their capacity as owners;
- the statement of changes in equity shows the profit (loss) for the year separately from any other changes not through profit or loss;
- the statement of cash flows has been prepared by presenting cash flows from operating activities using the indirect method.

- The annual report also includes the directors' report accompanying the separate financial statements.

These separate financial statements have been prepared on a going-concern basis, as the directors established that there are no financial or operational indicators or any other indications of critical issues about the company's ability to meet its obligations in the foreseeable future and, specifically, in the next twelve months. Reference should be made to note 4 - Financial risk management for a description of the company's financial risk management procedures.

The separate financial statements have been prepared on the historical cost basis, except for those items which are measured at fair value, as required.

Furthermore, "current" refers to the 12 months immediately after the reporting date, while "non-current" refers to periods more than 12 months after the reporting date.

These separate financial statements have been prepared using the same accounting policies applied when drawing up the financial statements at 31 December 2021, except for that set out below in respect of the newly-applied accounting policies.

For the purposes of IAS 10.17, the directors authorised these separate financial statements for publication on 6 April 2023, which is the date when they approved them.

### **3. Accounting policies**

The accounting policies are the same as those applied for the preparation of the consolidated financial statements, to which reference should be made, except for the recognition and measurement of investments in subsidiaries, jointly controlled entities and joint ventures, which are recognised at acquisition or incorporation cost. If there is an indication of impairment, the recoverability of their carrying amount is checked by comparing the carrying amount and the higher of the investment's value in use, calculated by discounting forecast cash flows, where possible, and its fair value, less costs to sell. The amount of loss exceeding the carrying amount is recognised in a specific provision under liabilities to the extent that the company deems necessary to meet legal or constructive obligations to cover the loss and/or restore the share capital required by the law. Should the subsequent performance of the impaired investment improve to the point that the reasons for the impairment losses no longer apply, such losses are reversed within the limits of the impairment recognised in previous years, under "Gains (losses) on equity investments". Other equity investments, other than subsidiaries, jointly controlled entities and associates not listed in an active market and for which a suitable measurement model would not be reliable, are measured at cost.

Dividends from investees are taken to profit or loss in the year they are resolved.

#### **New standards**

Reference should be made to the consolidated financial statements.

#### **Use of estimates and judgements**

Reference should be made to the consolidated financial statements.

#### 4. Revenue from sales and services (€145,341 thousand)

Revenue from sales and services, recognised in accordance with IFRS 15, which governs the recognition of revenue from contracts with customers, is broken down in the following tables and notes.

	2022	2021	Changes
			(€'000)
<b>Revenue from contracts with customers</b>	<b>97,488</b>	<b>88,622</b>	<b>8,866</b>
Services provided by the parent	58,213	50,843	7,370
Sundry services	25,535	14,611	10,924
Sale of land and buildings held for trading	13,496	23,038	(9,542)
Sundry sales	244	130	114
<b>Other revenue from sales and services</b>	<b>47,853</b>	<b>64,390</b>	<b>(16,537)</b>
Revenue from property management	47,834	64,158	(16,324)
Revenue from grants	19	232	(213)
<b>Total</b>	<b>145,341</b>	<b>153,012</b>	<b>(7,671)</b>

Revenue from sales and services decreased by €7,671 thousand on 2021, mainly due to the combined effect of the following:

- greater revenue from the recharges that FS Italiane S.p.A. applied to Group companies (€7,370 thousand), mainly in relation to the following services provided during the year: human resources (€30,063 thousand), external relations (€10,175 thousand), tax and accounting (€5,889 thousand), institutional affairs (€3,328 thousand), corporate affairs (€2,180 thousand), brokerage (€1,790 thousand), strategy and sustainability (€1,395 thousand), data protection (€1,087 thousand) and international affairs (€719 thousand);
- the €10,924 thousand increase in sundry services mainly due to the progress of the Riyadh metro contract;
- the sale of land and buildings held for trading totalling €13,496 thousand during the year, generating a net gain of €7,944 thousand (-€496 thousand on the previous year). Revenue from property sales is down by €9,542 thousand due to the market's response to the property portfolio offered for sale;
- sundry sales, which entirely refer to revenue from the La Freccia magazine sales, up by €114 thousand on 2021;
- the €16,324 thousand decrease in revenue from property management, which mainly consists of leases, recharges of condominium expenses and revenue from the commercial use of stations, substantially due to the commencement of the lease of the real estate business to FS Sistemi Urbani S.r.l. on 1 July 2022, generating lease revenue of €6,616 thousand, less adjustments.

The table below gives a breakdown of revenue from contracts with customers by category:

(€'000)

	Real estate		Other services		Total	
	2022	2021	2022	2021	2022	2021
Geographical segment						
Italy	13,496	23,038	83,975	65,247	97,472	88,284
Europe			14	32	14	32
Non-EU			3	305	3	305
<b>Total revenue from contracts with customers</b>	<b>13,496</b>	<b>23,038</b>	<b>83,992</b>	<b>65,584</b>	<b>97,488</b>	<b>88,622</b>
<b>Moment of recognition*</b>						
Over time	13,496	23,038	83,992	65,584	97,488	88,622
<b>Total revenue from contracts with customers</b>	<b>13,496</b>	<b>23,038</b>	<b>83,992</b>	<b>65,584</b>	<b>97,488</b>	<b>88,622</b>
<b>Total other revenue from sales and services</b>	<b>47,834</b>	<b>64,308</b>	<b>19</b>	<b>82</b>	<b>47,853</b>	<b>64,390</b>
<b>Total revenue from sales and services</b>	<b>61,330</b>	<b>87,346</b>	<b>84,011</b>	<b>65,666</b>	<b>145,341</b>	<b>153,012</b>

Information about contract assets and liabilities is given below:

(€'000)	31.12.2022	31.12.2021
Contract assets classified under "Current/non-current trade receivables"	22,938	57,265
Contract assets classified under "Other current assets/Non-current assets"		
Other assets not included in the above categories		
Contract assets	68,065	34,079
Contract liabilities		

The table below shows the significant changes in contract assets and liabilities for the year:

(€'000)	31 December 2022
	Contract assets
Revenue recognised during the year which was included in the opening balance of contract liabilities	
Increases in contract liabilities due to collections, net of the amounts recognised during the year	
Reclassifications from contract assets recognised at the beginning of the year	(11,828)
Increases in contract assets due to the provision of services	45,814
Increases in contract assets due to changes in the assessment of the percentage of completion	
Business combinations	
Other changes	

### **Other revenue from sales and services**

As shown above, other revenue from sales and services include lease income of €38,160 thousand in 2022 as described in more detail in note 16 Right-of-use assets.

## 5. Other income (€9,751 thousand)

This caption can be analysed as follows:

	(€'000)		
	2022	2021	Changes
<b>Surety fee income</b>	<b>1,041</b>	<b>4,239</b>	<b>(3,198)</b>
<b>Repayments</b>			
Managers' fees as corporate officers at FS Italiane Group companies	534	445	89
Other repayments	125	55	70
<b>Total repayments</b>	<b>659</b>	<b>500</b>	<b>159</b>
<b>Other sundry income</b>	<b>8,051</b>	<b>5,118</b>	<b>2,933</b>
<b>Total</b>	<b>9,751</b>	<b>9,857</b>	<b>(106)</b>

The €106 thousand decrease is mainly due to the combined effect of:

- the €2,163 thousand and €715 thousand reductions in surety fee income to Group companies (particularly RFI S.p.A.) and Trenitalia S.p.A., respectively;
- the €2,933 thousand increase in other sundry income, mostly related to the amounts due from RFI S.p.A. (€3,782 thousand) and FS Sistemi Urbani S.r.l. (€3,393 thousand) as a result of the equalisation of the gain on the sale of the Porta Romana hub by FS Sistemi Urbani S.r.l. as per the memorandum of understanding related to the programme agreement for the Milan areas.

## 6. Personnel expense (€67,991 thousand)

	(€'000)		
	2022	2021	Changes
Wages and salaries	49,827	45,198	4,629
Social security charges	14,422	12,733	1,689
Other expense for employees	(4,107)	307	(4,414)
Post-employment benefits	3,145	2,768	377
Accruals and releases	(1,192)	322	(1,514)
<b>Employees</b>	<b>62,095</b>	<b>61,328</b>	<b>767</b>
Wages and salaries	137	88	49
Social security charges	78	90	(12)
<b>Consultants and freelancers</b>	<b>215</b>	<b>178</b>	<b>37</b>
Temporary workers, seconded employees and trainees	2,028	1,173	855
Other costs	3,653	2,483	1,170
<b>Other costs</b>	<b>5,681</b>	<b>3,656</b>	<b>2,025</b>
<b>Total</b>	<b>67,991</b>	<b>65,162</b>	<b>2,829</b>

Personnel expense, which totals €67,991 thousand, increased by €2,829 thousand on the previous year.

The increase is mainly due to:

- a €767 thousand increase in wages, salaries and social security charges (+€6,318 thousand) following the rise in fixed remuneration and INPS (Italy's social security institution) contributions (+€5,473 thousand), the increase in welfare costs (+€351 thousand) and personnel management costs relating to Group companies (€148 thousand) offset by lower leaving incentives in the year (-€2,844 thousand), an increase in reimbursements for personnel seconded by the company to Group companies and third parties (-€2,131 thousand) and greater releases of provisions for labour and third-party disputes (-€1,515 thousand);
- a €37 thousand increase in costs for consultants and freelancers following the reduction in collaboration agreements;
- a €2,025 thousand increase in other costs, mainly due to higher training costs (+€965 thousand), luncheon vouchers and canteens (+€156 thousand) and temporary workers (+€855 thousand).

The table below gives a breakdown of the company's average number of employees by category:

	2022	2021	Changes
<b>Personnel</b>			
Managers	128	115	13
Junior managers	263	223	40
Other	319	315	4
<b>Total</b>	<b>710</b>	<b>653</b>	<b>57</b>

## 7. Raw materials, consumables, supplies and goods (€22,138 thousand)

They can be analysed as follows:

	2022	2021	Changes
Raw materials and consumables	186	226	(40)
Lighting and driving force	1	1	
Change in land and buildings held for trading	21,951	14,598	7,353
<b>Total</b>	<b>22,138</b>	<b>14,825</b>	<b>7,313</b>

The €7,313 thousand increase is mainly due to the change in land and buildings held for trading, following the €16,398 thousand impairment loss recognised on assets held for trading, offset, in part, by the reduction in the cost of goods sold (€9,045 thousand).



## 8. Services (€152,820 thousand)

This caption can be analysed as follows:

	(€'000)		
	2022	2021	Changes
<b>Transport services</b>	<b>3</b>	<b>4</b>	<b>(1)</b>
Freight transport services	3	4	(1)
<b>Maintenance, cleaning and other contracted services</b>	<b>6,466</b>	<b>7,888</b>	<b>(1,422)</b>
Contracted services and work	1,868	869	999
Cleaning and other contracted services	373	608	(235)
Maintenance and repair of intangible assets and property, plant and equipment	5,089	7,762	(2,673)
Accruals/releases for maintenance	(864)	(1,350)	486
<b>Property services and utilities</b>	<b>17,782</b>	<b>23,894</b>	<b>(6,112)</b>
<b>Administrative and IT services</b>	<b>55,427</b>	<b>58,249</b>	<b>(2,822)</b>
<b>External communications and advertising expense</b>	<b>15,840</b>	<b>11,310</b>	<b>4,530</b>
<b>Use of third-party assets</b>	<b>4,444</b>	<b>2,608</b>	<b>1,836</b>
<b>Other sundry services</b>	<b>52,858</b>	<b>51,372</b>	<b>1,486</b>
Professional services	3,952	3,346	606
Insurance	1,588	1,463	125
Consultancies	6,746	1,675	5,071
Facility management	7,732	16,231	(8,499)
Travel and accommodation	769	442	327
Other administrative services	1,523	1,727	(204)
Other services	30,548	26,488	4,060
<b>Total</b>	<b>152,820</b>	<b>155,325</b>	<b>(2,505)</b>

The overall decrease in services is mainly due to:

- higher consultancies and professional services (€5,677 thousand), higher insurance costs (€247 thousand) and greater other minor services (€4,060 thousand), mainly attributable to the increase in the costs relating to the Riyadh metro contract (+€3,597 thousand) with total contract costs amounting to €25,371 thousand and matching with the contract revenue, generating a contract profit of €2 thousand. These increases are offset by lower facility management costs (-€8,499 thousand), mostly paid to Grandi Stazioni Rail S.p.A. and entirely recharged to Grandi Stazioni Retail S.p.A. for maintenance and to ensure the efficiency of the properties of Italy's main train stations; greater external communication costs for events, exhibitions and trade fairs (€4,530 thousand); greater costs for the use of third-party assets (€1,836 thousand), mainly in connection with the lease payments and condominium expenses for Villa Patrizi from FS Sistemi Urbani S.r.l. (€2,423 thousand), partially offset by a €484 thousand decrease in spaces leased in large stations. Both effects relate to the lease of the real estate business;

- these increases are offset by lower IT services (€2,822 thousand), mainly provided by FSTechnology S.p.A., smaller costs paid to Ferservizi S.p.A. for the management of the company's properties, maintenance, cleaning and utilities (totalling €7,534 thousand) and lower facility management costs (€8,499 thousand), mostly paid to Grandi Stazioni Rail S.p.A. and entirely recharged to Grandi Stazioni Retail S.p.A. for maintenance and to ensure the efficiency of the properties of Italy's main train stations.

## 9. Other operating costs (€28,070 thousand)

This caption can be analysed as follows:

	2022	2021	Changes
			(€'000)
Membership fees and contributions	12,528	11,832	696
Other sundry expense	1,981	(2,512)	4,493
Other costs, accruals/releases	(6,086)	1,562	(7,648)
Local taxes and duties	19,647	22,589	(2,942)
<b>Total</b>	<b>28,070</b>	<b>33,471</b>	<b>(5,401)</b>

The €5,401 thousand decrease is essentially due to:

- higher membership fees and contributions paid, in particular to Fondazione FS (+€349 thousand);
- greater other sundry expense, mainly attributable to the recognition of the variable contribution calculated on gains as per the Milan programme agreement (€4,233 thousand), the increase in the contributions to Trenitalia S.p.A. for the Free Travel Cards (+€1,383 thousand) and greater reimbursements of membership fees to Group companies (-€1,186 thousand);
- the risk provision released during the year following the settlement of disputes with third parties (-€7,648 thousand);
- lower taxes paid, specifically IMU (municipal property tax) (-€1,020 thousand) and VAT not deductible on a pro rata basis (-€1,321 thousand).

## 10. Internal work capitalised (€531 thousand)

Internal work capitalised, amounting to €531 thousand (2021: €873 thousand), refers to personnel expense attributable to the production and development of software recognised under intangible assets.

## 11. Amortisation and depreciation, provisions and impairment losses (€76,446 thousand)

This caption may be analysed as follows:

	2022	2021	Changes
Amortisation	17,288	15,572	1,716
Depreciation	9,088	9,013	75
Impairment losses on property, plant and equipment	50,133		50,133
Adjustments and impairment gains on financial assets	171	1,582	(1,411)
Impairment losses on cash and cash equivalents	(234)	178	(412)
<b>Total</b>	<b>76,446</b>	<b>26,345</b>	<b>50,101</b>

The €50,101 thousand increase on the previous year is due to normal trends in amortisation and depreciation resulting from investments of the year, while impairment losses rose by €48,310 thousand on 2021 mainly as a result of the impairment losses recognised following the updates of the appraisals of the real estate assets (€50,133 thousand) and those recognised based on analytical estimates of the estimated realisable value, including the adjustment of the allowance for impairment following the adoption of IFRS 9 (the total balance for the year is -€417 thousand).

## 12. Financial income (€372,182 thousand)

This caption can be analysed as follows:

	2022	2021	Changes
Gains on equity investments	216,430	65,210	151,220
<b>Total gains on equity investments</b>	<b>216,430</b>	<b>65,210</b>	<b>151,220</b>
Financial income from non-current loans and securities	120,823	103,961	16,862
Other financial income	34,388	28,921	5,467
Exchange gains	541	6,256	(5,715)
<b>Total other financial income</b>	<b>155,752</b>	<b>139,138</b>	<b>16,614</b>
<b>Total</b>	<b>372,182</b>	<b>204,348</b>	<b>167,834</b>

Financial income increased by €167,834 thousand on 2021, mainly due to:

- the €151,220 thousand increase in dividends distributed by subsidiaries, associates and non-controlling interests essentially due to the greater dividends received from RFI S.p.A. (€150,000 thousand), Italferr S.p.A. (€22,556 thousand), FS Sistemi Urbani S.r.l. (€1,000 thousand) and Hit Rail BV (€14 thousand), offset by lower dividends received from Ferservizi S.p.A. (-€16,500 thousand), Sita S.p.A. in liquidation (-€5,225 thousand) and Fercredit shareholder (-€625 thousand);
- greater interest accrued on non-current loans (€16,862 thousand), primarily relating to Trenitalia S.p.A. (€28,029 thousand), essentially as a combined effect of the issue, during the year, of two green bonds to renew rolling stock and the new bond placement with Eurofima as described in note 21, in addition to the increase in benchmark rates (Euribor). These increases are offset by the repayment of the second tranche of the EMTN bond in 2021, the interest

accrued from Qbuzz BV (€2,058 thousand), Trenitalia UK (€898 thousand), Trenitalia France Sas (€784 thousand) and TX Logistik AG (€589 thousand) for the loans they received from Ferrovie dello Stato Italiane S.p.A. during the year and the change in market rates. These increases are offset by the decrease in interest accrued from RFI (€16,631 thousand) substantially due to the repayment of the loans with the EIB and Cassa Depositi e Prestiti and the repayment of the second tranche of the EMTN bond in 2021;

- other financial income, which increased by a total of €5,467 thousand, mostly because of the €6,011 thousand increase in interest on current loans to subsidiaries, mainly Trenitalia S.p.A. and RFI S.p.A., financial income (€4,085 thousand) relating to the cross currency swaps hedging currency risk on the loan granted to Trenitalia UK, as described in note 34 - Financial risk management, interest on the backup facility (€2,740 thousand), interest on bank current accounts (€1,117 thousand) and interest income on deposits (€460 thousand). These increases are mainly offset by the portion of interest (€5,482 thousand) accrued from 1995 to 2000 and recognised in 2021, which, following the definitive ruling ordering the Basilicata regional authorities to pay Trenitalia S.p.A. the shortfalls for the years from 1987 to 1993, the latter shall return to FS Italiane S.p.A., and lower interest accrued on Eurofima loans (€3,543 thousand);
- the €5,715 thousand decrease in exchange gains due to the combined effect of lower gains related to the recognition of current and non-current loans and bank current accounts (€7,602 thousand), mainly as a result of the settlement of the amounts due from Trenitalia c2c in 2021, offset by the year-end translation of trade receivables (€1,887 thousand).

### 13. Financial expense (€140,868 thousand)

This caption can be analysed as follows:

	2022	2021	Changes
			(€'000)
<b>Impairment losses on financial assets</b>	<b>43,111</b>	<b>16,101</b>	<b>27,010</b>
Impairment losses on Group equity investments	42,781	16,580	26,201
Other expense for impairment losses on financial assets	330	(479)	809
<b>Total other financial expense</b>	<b>97,757</b>	<b>89,372</b>	<b>8,385</b>
Interest on financial liabilities	96,664	83,956	12,708
Financial expense on employee benefits	199	53	146
Financial expense on leases	4	2	2
Other financial expense	820	5,302	(4,482)
Exchange loss	5,020	59	4,961
Accruals/releases	(4,950)		(4,950)
<b>Total</b>	<b>140,868</b>	<b>105,473</b>	<b>35,395</b>

Financial expense increased by €35,395 thousand on the previous year, mainly due to:

- greater impairment losses on Group equity investments, up by €26,201 thousand, essentially related to the complete impairment of Mercitalia Logistics S.p.A. (€41,637 thousand) and the injection to cover losses resolved when approving the liquidation financial statements of Nugo S.p.A. (€1,107 thousand) made during the year and described in note 20 "Equity investments", as opposed to the impairment losses on Nugo S.p.A. (€9,750 thousand) and FS International S.p.A. (€6,830 thousand), in 2021. Furthermore, impairment losses increased by €809 thousand as a result of applying IFRS 9;
- greater bank interest and commissions paid on Eurofima loans (€6,968 thousand), bank loans (€6,585 thousand), backup facility interest and commissions (€3,751 thousand), interest on intraGroup current accounts (€2,288

thousand) and bank commissions on bank current accounts (€455 thousand), offset by lower charges on Cassa Depositi e Prestiti and EIB loans (€7,680 thousand) to settle residual payables in 2021;

- the €4,961 thousand increase in exchange losses, mainly recognised on current and non-current loans and bank current accounts (€4,130 thousand), following the settlement of trade amounts due to Trenitalia c2c in 2021 as described in note 12;
- the €4,482 thousand decrease in financial expense relating to cross currency swaps classified as cash flow hedges and interest rate swaps classified as fair value hedges, which were entered into for the purpose of hedging currency risk reflected in greater financial income, as described in note 12;
- accruals/releases include the release of the provision for risks related to the tax dispute with Sita S.p.A. in liquidation as described in note 30 Provisions for risks and charges.

Financial expense on leases of €4 thousand includes interest accrued following the initial application of IFRS 16.

With respect to the corresponding figures, for the purposes of a better presentation, €582 thousand relating to charges on derivatives, was reclassified from interest on financial liabilities to other financial expense.

#### 14. Current and deferred taxes (€50,678 thousand)

Income taxes can be analysed as follows:

	2022	2021	Changes
IRES		4	(4)
Income from the tax consolidation scheme	(44,180)	(33,684)	(10,496)
Deferred taxes	(7,158)	39	(7,197)
Adjustments to prior year income taxes	660	991	(331)
<b>Total</b>	<b>(50,678)</b>	<b>(32,650)</b>	<b>(18,028)</b>

The positive net balance of income taxes decreased by €18,028 thousand overall on 2021, mainly due to the combined effect of the following factors:

- the increase in the tax income from the tax consolidation scheme (€44,180 thousand, -€10,496 thousand on 2021), mainly due to the higher IRES transferred by the Group companies over the year;
- the €4 thousand decrease in the IRES (corporate income tax) paid abroad;
- the €7,197 thousand increase in deferred tax assets and liabilities (see note 19 Deferred tax assets and deferred tax liabilities);
- lower adjustments on previous year income taxes (-€331 thousand).

## Reconciliation of the actual tax rate

	2022		2021	
	€	%	€	%
Profit for the year	90,150		137	
Total income taxes	50,678		(32,650)	
Pre-tax profit (loss)	39,472		(32,513)	
<b>IRES theoretical tax (national tax rate)</b>		<b>24.0%</b>		<b>24.0%</b>
<b>Lower taxes:</b>				
Dividends from investees	(205,608)		(61,949)	
Utilisation of provisions	(38,858)		(1,834)	
Other decreases	(9,859)		(21,088)	
<b>Higher taxes:</b>				
Accruals	894		3,231	
Impairment losses on equity investments	42,781		16,580	
Prior year expense	297		11,594	
Exchange difference	441		7,470	
Amortisation and depreciation	6,826		5,739	
Non-deductible taxes	14,087		15,546	
Other increases	106,460		41,514	
<b>Total IRES taxable profit</b>	<b>(43,067)</b>		<b>(15,710)</b>	
<b>Foreign taxes</b>	<b>(660)</b>		<b>(995)</b>	
<b>Total deferred taxes</b>	<b>7,158</b>		<b>(39)</b>	
<b>Income from the tax consolidation scheme</b>	<b>44,180</b>		<b>33,684</b>	
<b>TOTAL</b>	<b>50,678</b>		<b>32,650</b>	

## 15. Property, plant and equipment (€54,748 thousand)

The opening and closing balances of property, plant and equipment and changes therein are shown in the table below. The assets' estimated useful lives did not change during the year.

	Land and buildings	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
(€'000)					
Historical cost	63,930	56	7,544	1,079	<b>72,609</b>
Depreciation and impairment losses	(18,207)	(56)	(3,544)		<b>(21,807)</b>
Grants			(14)		<b>(14)</b>
<b>Balance at 1.1.2021</b>	<b>45,723</b>		<b>3,986</b>	<b>1,079</b>	<b>50,788</b>
Investments	654			1,182	<b>1,836</b>
Placement in service	645		903	(1,548)	
Depreciation	(1,074)		(1,179)		<b>(2,253)</b>
Disposals and divestments					
Other changes	4				<b>4</b>
Other reclassifications	(2,011)			(6)	<b>(2,017)</b>
<b>Total changes</b>	<b>(1,782)</b>		<b>(276)</b>	<b>(372)</b>	<b>(2,430)</b>
Historical cost	62,248	56	8,447	707	<b>71,458</b>
Depreciation and impairment losses	(18,307)	(56)	(4,723)		<b>(23,086)</b>
Grants			(14)		<b>(14)</b>
<b>Balance at 31.12.2021</b>	<b>43,941</b>		<b>3,710</b>	<b>707</b>	<b>48,358</b>
Investments	175			2,561	<b>2,736</b>
Placement in service	1,444		752	(2,196)	
Depreciation	(1,257)		(1,299)		<b>(2,556)</b>
Other changes					
Other reclassifications	6,040		15	155	<b>6,210</b>
<b>Total changes</b>	<b>6,402</b>		<b>(532)</b>	<b>520</b>	<b>6,390</b>
Historical cost	72,291	56	9,145	1,227	<b>82,719</b>
Depreciation and impairment losses	(21,948)	(56)	(5,953)		<b>(27,957)</b>
Grants			(14)		<b>(14)</b>
<b>Balance at 31.12.2022</b>	<b>50,343</b>		<b>3,178</b>	<b>1,227</b>	<b>54,748</b>

Land and buildings refer to a section of the Villa Patrizi building where the company has its registered office. The remainder of the building is included under investment property as it is leased to Group companies. The €6,390 thousand increase in the year is mostly due to the €6,210 thousand reclassification (of which €6,127 thousand relates to another portion of building which the company used directly for the first time in 2022) and the €2,736 thousand increase due to extraordinary maintenance at Villa Patrizi (€1,342 thousand), maintenance mostly on hardware (€1,219 thousand) and the recognition of new right-of-use assets under IFRS 16 (€175 thousand). These increases are offset by the depreciation of the year (€2,556 thousand).

## 16. Right-of-use assets (€509 thousand)

Changes in right-of-use assets (IFRS 16) may be analysed as follows:

	(€'000)		
<b>RIGHT-OF-USE ASSETS</b>	<b>Land, buildings</b>	<b>Other assets</b>	<b>Total</b>
Historical cost	794	69	863
Depreciation and impairment losses	(174)	(61)	(235)
<b>Balance at 31.12.2021</b>	<b>620</b>	<b>8</b>	<b>628</b>
Investments (new leases)	175		175
Depreciation	(166)	(17)	(183)
Other reclassifications*	(126)	15	(111)
<b>Total changes</b>	<b>(117)</b>	<b>(2)</b>	<b>(119)</b>
Historical cost	646	15	661
Depreciation and impairment losses	(143)	(9)	(152)
<b>Balance at 31.12.2022</b>	<b>503</b>	<b>6</b>	<b>509</b>
<b>Other reclassifications*</b>			
Historical cost	(323)	(54)	(377)
Depreciation	197	69	266
<b>Total other changes</b>	<b>(126)</b>	<b>15</b>	<b>(111)</b>

Lease liabilities and the related changes of the year are shown below:

	(€'000)
<b>Changes in lease liabilities</b>	<b>2022</b>
<b>Opening balance</b>	<b>692</b>
Recognition of new right-of-use assets	175
Recognition of financial expense	4
Payments	(188)
Other reclassifications	(111)
<b>Closing balance</b>	<b>572</b>

The following table shows the impacts on profit or loss:

	(€'000)
<b>Impacts on profit or loss</b>	<b>2022</b>
Depreciation of right-of-use assets	183
Interest expense on lease liabilities	4
Lease liabilities outside the scope of IFRS 16	4,444
<b>Total impacts on profit or loss</b>	<b>4,631</b>



The table below shows potential future lease payments:

(€'000)

Recognised lease liabilities	Potential future lease payments	Rate at which lease extension/termination options have been historically exercised
572	926	50%

## 17. Investment property (€391,689 thousand)

Investment property at 31 December 2022 and changes therein are shown in the table below. The assets' estimated useful lives did not change during the year.

(€'000)

	2022		2021	
	Land	Buildings	Land	Buildings
<b>Balance at 1 January</b>				
Cost	367,375	449,786	368,788	437,411
Accumulated depreciation	(38,775)	(232,876)	(38,775)	(226,146)
Loss allowance	(81,068)	(14,604)	(83,338)	(15,537)
<b>Carrying amount</b>	<b>247,532</b>	<b>202,306</b>	<b>246,675</b>	<b>195,728</b>
<b>Changes of the year</b>				
Increases		8,146	188	12,373
Reclassifications	(5,474)	(4,156)	669	965
Depreciation		(6,532)		(6,760)
Impairment losses	(34,822)	(15,311)		
<b>Total changes</b>	<b>(40,296)</b>	<b>(17,853)</b>	<b>857</b>	<b>6,578</b>
<b>Balance at 31 December</b>				
Cost	358,657	451,671	367,375	449,786
Accumulated depreciation	(37,152)	(233,397)	(38,775)	(232,876)
Loss allowance	(114,269)	(33,821)	(81,068)	(14,604)
<b>Carrying amount</b>	<b>207,236</b>	<b>184,453</b>	<b>247,532</b>	<b>202,306</b>

Investment property includes the land and buildings leased to Group companies and third parties or not used by the company, but not held for sale. The net decrease of €58,149 thousand in the year is mainly due to the impairment losses recognised in order to bring the carrying amount of the assets into line with their market value following the recurring measurement and analysis of the company's assets. This is due to the current economic context and, specifically, the downturn in the real estate sector (€50,133 thousand), depreciation of €6,532 thousand and reclassifications (€9,630 thousand), offset by increases of €8,146 thousand.

The increases of the year total €8,146 thousand and mainly refer to upgrades for compliance with regulations and the renovation of Grandi Stazioni areas (€4,627 thousand), non-routine maintenance work on the Villa Patrizi building (€3,177 thousand) and the renovation of the former MIT areas (€283 thousand).

Reclassifications essentially refer to the transfer of a portion of the Villa Patrizi building now used directly by the company to property, plant and equipment (€6,127 thousand), as described in note 15, while the residual €3,542 thousand refers to the reclassification of buildings held for sale to inventories.

## 18. Intangible assets (€48,002 thousand)

This caption exclusively comprises costs incurred for software development related mainly to the Group's IT systems. Opening and closing balances are shown in the table below.

			(€'000)
	Concessions, licences, trademarks and similar rights	Assets under development and payments on account	Total
Historical cost	210,445	6,800	217,245
Amortisation and impairment losses	(157,008)		(157,008)
Grants	(10,090)		(10,090)
<b>Balance at 1.1.2021</b>	<b>43,347</b>	<b>6,800</b>	<b>50,147</b>
Investments		18,959	18,959
Placement in service	16,807	(16,807)	
Amortisation	(15,572)		(15,572)
<b>Total changes</b>	<b>1,235</b>	<b>2,152</b>	<b>3,387</b>
Historical cost	227,252	8,952	236,204
Amortisation and impairment losses	(172,580)		(172,580)
Grants	(10,090)		(10,090)
<b>Balance at 31.12.2021</b>	<b>44,582</b>	<b>8,952</b>	<b>53,534</b>
Investments		11,989	11,989
Placement in service	15,592	(15,592)	
Amortisation	(17,288)		(17,288)
Other reclassifications		(233)	(233)
<b>Total changes</b>	<b>(1,696)</b>	<b>(3,836)</b>	<b>(5,532)</b>
Historical cost	242,844	5,116	247,960
Amortisation and impairment losses	(189,868)		(189,868)
Grants	(10,090)		(10,090)
<b>Balance at 31.12.2022</b>	<b>42,886</b>	<b>5,116</b>	<b>48,002</b>

During the year, investments and placement in service amounted to €11,989 thousand and €15,592 thousand, respectively. They mainly relate to the acquisition and development of Group IT applications in the commercial, administrative, management and cyber security fields.

## 19. Deferred tax assets (€173,683 thousand) and deferred tax liabilities (€168,541 thousand)

The table below shows deferred tax assets and deferred tax liabilities at 31 December 2022 and changes of the year due to the main temporary differences between carrying amounts and the related tax amounts.

					(€'000)
	31.12.2021	Incr. (decr.) through profit or loss	Other changes		31.12.2022
<b>Deferred tax assets</b>					
Assets and inventories	124,978	9,209			134,187
Provision for risks	41,022	(10,522)			30,500
Post-employment benefits	296	342	(244)		394
Other	8,131	471			8,602
<b>Total deferred tax assets</b>	<b>174,427</b>	<b>(500)</b>	<b>(244)</b>		<b>173,683</b>
<b>Deferred tax liabilities</b>					
<b>Provision for deferred tax liabilities</b>					
Assets and inventories	75,228	(7,379)			67,849
Other	1,360	(279)			1,081
<b>Total provision for deferred tax liabilities</b>	<b>76,588</b>	<b>(7,658)</b>			<b>68,930</b>
- Provision for IRES consolidation scheme	91,257	8,354			99,611
<b>Total</b>	<b>167,845</b>	<b>696</b>			<b>168,541</b>

Deferred tax assets and liabilities mainly relate to the misalignment between the carrying amount and the tax value of property, plant and equipment, investment property and intangible assets on which depreciation and amortisation are calculated, and buildings held for trading, in addition to the deferred deductibility applied to provisions for risks and charges and the effects of IFRS 9 FTA.

The changes in the year refer to the net effect (€7,158 thousand) of the decrease in deferred tax assets and the decrease in deferred tax liabilities, mostly due to the differences between the carrying and tax amounts of amortisation and depreciation in the year, accruals and utilisations of the provision for risks and charges and impairment losses on loans and equity investments of the year, in addition to other amounts recognised in equity (€244 thousand) which reflect the changes in the actuarial reserves.

The provision for the IRES consolidation scheme includes the tax losses transferred by the Group companies and used to offset taxes related to the parent and other subsidiaries that participate in the tax consolidation scheme. The provision also reflects the utilisations to remunerate the same companies for the tax losses previously transferred and offset against their taxable income during the year.

## 20. Equity investments (€38,059,838 thousand)

The tables below show the opening and closing balances of equity investments, broken down by category, and changes therein in 2022 and 2021.

	Carrying amount 31.12.2022	Carrying amount 31.12.2021	Cumulative loss allowance
			(€'000)
<b>Investments in:</b>			
Subsidiaries	37,895,578	37,891,715	246,147
Associates	53,369	53,369	
Joint arrangements	95,120	95,120	
Other companies	15,771	15,771	
<b>Total</b>	<b>38,059,838</b>	<b>38,055,975</b>	<b>246,147</b>

## Changes in 2022

(€'000)

	Changes of the year					Carrying amount 31.12.2022	Cumulative loss allowance
	Carrying amount 31.12.2021	Acquisitions/ Subscriptions	Disposals/ Decreases	Impairment losses/ gains	Reclassifications		
<b>Investments in subsidiaries</b>							
Anas S.p.A.	2,863,741					2,863,741	
Fercredit S.p.A.	31,413					31,413	
Ferservizi S.p.A.	8,378					8,378	
Mercitalia Logistics S.p.A.	219,265	45,000		(41,637)		222,628	202,169
FS Sistemi Urbani S.r.l.	534,094					534,094	
Grandi Stazioni Immobiliare S.p.A.	616					616	
Italcertifer S.p.A.	738					738	
Italferr S.p.A.	8,047					8,047	
RFI S.p.A.	32,463,899					32,463,899	
Trenitalia S.p.A.	1,607,137					1,607,137	
Busitalia - Sita Nord S.r.l.	48,226					48,226	37,148
Nugo S.p.A.		1,107		(1,107)			
TAV S.r.l.	50	37		(37)		50	
FSTechnology S.p.A.	27,578					27,578	
Ferrovie del Sud Est e Servizi Automobilistici - FSE S.r.l.	73,300					73,300	
FS Italian Railways USA Inc	3,034					3,034	
FS Saudi Arabia for Land Transport LLC	2,199					2,199	
FS International S.p.A.							6,830
FS Security S.p.A.		500				500	
	<b>37,891,715</b>	<b>46,644</b>		<b>(42,781)</b>		<b>37,895,578</b>	<b>246,147</b>
<b>Investments in associates</b>							
Metro 5 S.p.A.	30,308					30,308	
Ferrovie Nord Milano S.p.A	23,061					23,061	
	<b>53,369</b>					<b>53,369</b>	
<b>Investments in joint arrangements</b>							
T.E.L.T. Sas (formerly L.T.F. Sas)	95,120	285,860			(285,860)	95,120	
	<b>95,120</b>	<b>285,860</b>			<b>(285,860)</b>	<b>95,120</b>	
<b>Other companies</b>							
BCC Bureau Central de Clearing	6					6	
Eurofima SA	14,584					14,584	
Hit Rail B.V.	97					97	
Isfort S.p.A.	61					61	
Treccani S.p.A.	1,000					1,000	
Italiacamp S.r.l.	23					23	
	<b>15,771</b>					<b>15,771</b>	
<b>Total</b>	<b>38,055,975</b>	<b>332,504</b>		<b>(42,781)</b>	<b>(285,860)</b>	<b>38,059,838</b>	<b>246,147</b>

The changes during the year relate to:

- **FS Security S.p.A.** – this company (wholly owned by FS Italiane S.p.A.) was set up with a deed dated 9 November 2022 (registered with the company registrar on 10 November 2022 and, therefore, effective from that date). Its share capital amounts to €500,000 and its business object includes the provision of security and private security services. The partial demergers for the transfer of the Security/Corporate Protection business units of Trenitalia S.p.A. and RFI S.p.A. to FS Security S.p.A. were completed on 1 January 2023.
- **FS Sistemi Urbani S.r.l.** – on 26 May 2022, this company’s quotaholders approved the change of business object as a result of the company’s new role as business segment head in the Group’s new organisational model.
- **FS International S.p.A.** – on 25 July 2022, as the company fell under the provisions of article 2446 of the Italian Civil Code (share capital down by more than one third, without falling below the legal minimum threshold) and based on the financial position as at 30 April 2022, the shareholders decided to postpone all appropriate measures within the terms allowed by article 2446.2 of the Italian Civil Code, pending the analysis of the merits of the business developments related to the company;
- **Ferservizi S.p.A.** – on 22 November 2022, in their extraordinary meeting, the shareholders resolved to change the company’s business purpose. Accordingly, the company will be able to pursue the promotion, study, design, financing, construction, purchase, sale, maintenance and operation, including under concession, of works and plants in the photovoltaic, wind, hydroelectric, cogeneration and waste and scrap recovery sectors, in addition to processing residues and energy production processes. The company may also carry out investment projects in alternative renewable technologies, experimental projects with advanced technologies, energy efficiency initiatives and upgrading of existing infrastructure. In this respect, it may also carry out feasibility studies, consulting, plant design and maintenance services.
- **Mercitalia Logistic S.p.A.** - on 26 May 2022, the shareholders resolved to change the business object set out in article 5 of the articles of association, due to the company’s new role as business segment head in the Group’s new organisational model. On 20 December 2022, in their extraordinary meeting, the shareholders approved to increase the share capital by €482,500,000, to be carried in one or more tranches by 31 December 2027, aimed at recapitalising the subsidiary Mercitalia Rail S.r.l.. At the same time, the sole shareholder, FS Italiane S.p.A., underwrote and paid in the first tranche of the capital increase (€45 million). Consequently, the approved share capital of Mercitalia Logistics S.p.A. amounts to €667,111,372 of which €229,611,372 is subscribed and paid up.
- **RFI S.p.A.** – on 26 May 2022, the shareholders resolved to change the business object due to the company’s new role as business segment head in the Group’s new organisational model. On 18 November 2022, in their extraordinary meeting, the shareholders approved the plan for the partial demerger of RFI S.p.A.’s Security business unit to FS Security S.p.A..
- **Trenitalia S.p.A.** – on 26 May 2022, the shareholders approved the change to the business object due to the company’s new role as business segment head in the Group’s new organisational model. On 18 November 2022, in their extraordinary meeting, the shareholders approved the plan for the partial demerger of Trenitalia S.p.A.’s Security business unit to FS Security S.p.A..
- **TAV S.r.l.** – on 19 April 2022, the shareholders decided to cover the previous year loss of €37,575.51, by reducing quota capital from €50,000 to €12,249.49 and recapitalising in one transaction against payment up to the original amount of €50,000. The capital increase is to be offered for subscription, at par, to the sole quotaholder.
- **Nugo S.p.A.** – on 28 October 2022, the shareholders of Nugo S.p.A. in liquidation approved the final liquidation financial statements and the plan which allocates the residual assets to FS Italiane S.p.A.. On 29 December 2022, the company was struck from the company registrar.

- **Istituto della Enciclopedia Italiana fondata da Giovanni Treccani S.p.A.** – Following the entry of three new shareholders on 18 March and 22 December 2022, and the consequent subscription of new shares, FS Italiane S.p.A.'s percentage of investment in Treccani S.p.A. decreased from 1.238% to 1.166%.
- **TELT SaS** – the carrying amount of this investment increased by €285,860 thousand, entirely offset by the increase in the grants related to assets received from the MIT for financial investments as per section 7532.

Reference should be made to the next few pages of this note for information about the impairment losses on equity investments in new companies recognised during the year.

## Changes in 2021

(€'000)

	Changes of the year						Carrying amount 31.12.2021	Cumulative loss allowance
	Carrying amount 31.12.2020	Acquisitions/ Subscriptions	Disposals / Decreases	Impairment losses/ gains	Reclassifications	Other changes		
<b>Investments in subsidiaries</b>								
Anas S.p.A.	2,863,741						2,863,741	
Fercredit S.p.A.	31,413						31,413	
Ferservizi S.p.A.	8,378						8,378	
Mercitalia Logistics S.p.A.	219,265						219,265	160,533
FS Sistemi Urbani S.r.l.	534,094						534,094	
Grandi Stazioni Immobiliare S.p.A.	616						616	
Italcertifer S.p.A.	738						738	
Italferr S.p.A.	8,047						8,047	
RFI S.p.A.	32,463,899						32,463,899	
Trenitalia S.p.A.	1,607,137						1,607,137	
Busitalia - Sita Nord S.r.l.	48,226						48,226	37,148
Nugo S.p.A.		9,750		(9,750)				11,400
TAV S.r.l.	50						50	
FSTechnology S.p.A.	27,578						27,578	
Ferrovie del Sud Est e Servizi Automobilistici - FSE S.r.l.	73,300						73,300	
FS Italian Railways US Inc	3,034						3,034	
FS Saudi Arabia for Land Transport LLC	2,199						2,199	
FS International S.p.A.	5,660	1,170		(6,830)				6,830
	<b>37,897,375</b>	<b>10,920</b>		<b>(16,580)</b>			<b>37,891,715</b>	<b>215,911</b>
<b>Investments in associates</b>								
Metro 5 S.p.A.	30,308						30,308	
Ferrovie Nord Milano S.p.A	23,061						23,061	
Italiacamp S.r.l.	23				(23)			
	<b>53,392</b>				<b>(23)</b>		<b>53,369</b>	
<b>Investments in joint arrangements</b>								
T.E.L.T. Sas (formerly L.T.F. Sas)	95,120	153,577				(153,577)	95,120	
	<b>95,120</b>	<b>153,577</b>				<b>(153,577)</b>	<b>95,120</b>	
<b>Other companies</b>								
BCC Bureau Central de Clearing	6						6	
Eurofima SA	14,584						14,584	
Hit Rail B.V.	97						97	
Isfort S.p.A.	61						61	
Treccani S.p.A.	1,000						1,000	
Italiacamp S.r.l.						23	23	
	<b>15,748</b>					<b>23</b>	<b>15,771</b>	
<b>Total</b>	<b>38,061,635</b>	<b>164,497</b>		<b>(16,580)</b>		<b>(153,577)</b>	<b>38,055,975</b>	<b>215,911</b>

The following table compares the carrying amounts of investments in subsidiaries, associates and joint arrangements with the corresponding shares of equity.

(€'000)

	Site	Share/quot a capital	Profit (loss) for the year	Equity (deficit) at 31.12.2022	% of investment	Share of equity (a)	Carrying amount at 31.12.2022 (b)	Difference (b) - (a)
<b>Investments in subsidiaries</b>								
Busitalia - Sita Nord S.r.l.	Rome	73,000	6,398	69,294	100.00%	69,294	48,226	<b>(21,068)</b>
Anas S.p.A.	Rome	2,269,892	4,836	2,449,477	100.00%	2,449,477	2,863,741	<b>414,264</b>
Fercredit S.p.A.	Rome	32,500	6,334	93,856	100.00%	93,856	31,413	<b>(62,443)</b>
Ferservizi S.p.A.	Rome	8,170	20,037	38,289	100.00%	38,289	8,378	<b>(29,911)</b>
Mercitalia Logistics S.p.A.	Rome	229,611	(157,823)	91,304	100.00%	91,304	222,628	<b>131,324</b>
FS Sistemi Urbani S.r.l.	Rome	532,784	29,022	590,091	100.00%	590,091	534,094	<b>(55,997)</b>
Grandi Stazioni Immobiliare S.p.A.	Rome	4,000	(505)	32,952	60.00%	19,771	616	<b>(19,155)</b>
Italcertifer S.p.A.	Florence	480	2,116	15,149	55.66%	8,432	738	<b>(7,694)</b>
Italferr S.p.A.	Rome	14,186	56,447	130,188	100.00%	130,188	8,047	<b>(122,141)</b>
RFI S.p.A.	Rome	31,528,425	262,965	34,095,219	100.00%	34,095,219	32,463,899	<b>(1,631,320)</b>
FSTechnology S.p.A.	Rome	27,578	4,026	39,366	100.00%	39,366	27,578	<b>(11,788)</b>
Sita S.p.A. in liquidation (*)	Florence	200	45	14,290	55.00%	7,859	0	<b>(7,859)</b>
FS Security S.p.A.	Rome	500		500	100.00%	500	500	<b>0</b>
Trenitalia S.p.A.	Rome	1,607,137	82,137	3,066,783	100.00%	3,066,783	1,607,137	<b>(1,459,646)</b>
TAV S.r.l.	Rome	50	(8)	42	100.00%	42	50	<b>8</b>
Ferrovie del Sud Est e Servizi Automobilistici - FSE S.r.l.	Rome	4,683	1,377	28,135	100.00%	28,135	73,300	<b>45,165</b>
FS Saudi Arabia for Land Transport LLC	Riyadh	2,187	475	2,607	100.00%	2,607	2,199	<b>(408)</b>
FS Italian Railways US Inc	San Francisco	3,001	(115)	3,227	100.00%	3,227	3,034	<b>(193)</b>
FS International S.p.A.	Rome	6,830	(397)	3,556	100.00%	3,556	0	<b>(3,556)</b>
<b>Total</b>						<b>40,737,996</b>	<b>37,895,578</b>	<b>(2,842,418)</b>
<b>Investments in associates</b>								
Metro 5 S.p.A.	Milan	53,300	21,769	201,686	36.70%	74,019	30,308	<b>(43,711)</b>
Ferrovie Nord Milano S.p.A. (*)	Milan	230,000	5,408	405,025	14.74%	59,701	23,061	<b>(36,640)</b>
<b>Total</b>						<b>133,720</b>	<b>53,369</b>	<b>(80,351)</b>
<b>Investments in joint arrangements</b>								
T.E.L.T. Sas**	Le Bourget du Lac	1,000	0	1,901,865	50.00%	950,932	95,120	<b>(855,812)</b>
<b>Total</b>						<b>950,932</b>	<b>95,120</b>	<b>(855,812)</b>
<b>TOTAL</b>						<b>41,822,648</b>	<b>38,044,067</b>	<b>(3,778,581)</b>

(\*) Figures are drawn from the 2021 financial statements (\*\*) Reclassification of the governments grants related to assets disbursed to the former parent RFI S.p.A. up to 2006 and reclassified in accordance with the Group's accounting policies (as per IAS 20.27). These grants are used to finance the studies and preliminary works for the construction of the international section of the Turin-Lyon railway line. They are presented in equity in accordance with French GAAP.



The table below shows the methodology and discount rates used for impairment testing purposes:

CGU	Carrying amount 31.12.2022 (€'000)	Discount rate (WACC)	Growth rate
Anas S.p.A.	2,863,741	4.70%	
Ferrovie del Sud Est S.r.l.*	73,300	5.11%	
Mercitalia Logistics S.p.A.	222,628	7.22%	1.70%

\*WACC is the average of the WACC used for the three CGUs (infrastructure, rail, road).

The following companies have been recognised at carrying amounts above the corresponding portion of equity:

- for Anas S.p.A., given the changes, including regulatory ones, affecting Anas' concession rights that occurred in 2022 - and described in detail in note 24 of the consolidated financial statements, to which reference should be made - the directors decided to test the investment for impairment which did not show any impairment losses; in case developments, which may arise from the ongoing interlocutions also with supranational institutions, lead to considerations and results different from the expected ones, the carrying value of the investment will have to be reduced on the basis of the cash flows expressed by a reworked Economic and Financial Plan accordingly;
- Mercitalia Logistics S.p.A. was tested for impairment in 2022. Accordingly, it was impaired by €41.6 million;
- the differences between the carrying amounts of Ferrovie del Sud Est S.r.l. and the corresponding portion of equity were tested for impairment and showed no impairment. Furthermore, considering the company's forecast performance in the industrial plan, these differences are not considered to be permanent.

The following table summarises the main statement of financial position and income statement captions of associates and joint arrangements. Figures are drawn from the 2022 and 2021 financial statements.

(€'000)											
<b>Investments in associates and joint arrangements 31.12.2022</b>	<b>% of investment</b>	<b>Current assets</b>	<b>Non-current assets</b>	<b>Assets held for sale</b>	<b>Total assets</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>Total liabilities</b>	<b>Revenue</b>	<b>Costs</b>	<b>Profit (loss)</b>
<b>Investments in associates</b>											
FNM S.p.A. (*)	14.74%	137,204	1,110,029		1,247,233	186,506	655,702	842,208	82,946	77,538	5,408
Metro 5 S.p.A.	36.70%	107,197	625,687		732,884	88,656	442,542	531,198	78,148	56,380	21,768
<b>Investments in joint arrangements</b>											
T.E.L.T. Sas (formerly L.T.F. Sas)	50.00%	296,611	2,497,493		2,794,104	298,947	2,494,290	2,793,237	15,908	15,908	

(\*) These figures are drawn from the 2021 financial statements

(€'000)											
<b>Investments in associates and joint arrangements 31.12.2021</b>	<b>% of investment</b>	<b>Current assets</b>	<b>Non-current assets</b>	<b>Assets held for sale</b>	<b>Total assets</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>Total liabilities</b>	<b>Revenue</b>	<b>Costs</b>	<b>Profit (loss)</b>
<b>Investments in associates</b>											
FNM S.p.A. (*)	14.74%	164,087	577,265		741,352	283,457	58,269	341,727	90,018	66,126	23,892
Metro 5 S.p.A.	36.70%	123,503	604,217		727,720	74,492	522,388	596,880	72,117	55,994	16,123
<b>Investments in joint arrangements</b>											
T.E.L.T. Sas (formerly L.T.F. Sas) **	50.00%	157,267	2,006,963		2,164,230	123,892	2,039,471	2,163,363	11,644	11,644	

(\*) The figures are drawn from the 2020 financial statements (\*\*) These figures are drawn from the approved 2021 financial statements

## 21. Non-current and current financial assets (including derivatives) (€11,442,482 thousand)

The following table gives a breakdown of financial assets at the 2022 and 2021 year ends:

(€'000)

	Carrying amount								
	31.12.2022			31.12.2021			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Hedging derivatives		2,460	2,460					2,460	2,460
Loans and borrowings	8,735,051	1,260,678	9,995,729	8,355,966	914,551	9,270,517	379,085	346,127	725,212
Current loans		1,441,080	1,441,080		1,279,267	1,279,267		161,813	161,813
Other loans	980	2,233	3,213	2,839	2,301	5,140	(1,859)	(68)	(1,927)
<b>Total</b>	<b>8,736,031</b>	<b>2,706,451</b>	<b>11,442,482</b>	<b>8,358,805</b>	<b>2,196,119</b>	<b>10,554,924</b>	<b>377,226</b>	<b>510,332</b>	<b>887,558</b>

Financial assets increased by €887,558 thousand overall in 2022.

Hedging derivatives include the asset deriving from the remeasurement of the cross currency swap (cash flow hedge) in accordance with IFRS 13.

Non-current loans and borrowings at 31 December 2022 refer to the loans granted to Group companies, mainly to the subsidiaries RFI S.p.A. and Trenitalia S.p.A. for a total of €8,988,542 thousand, including €6,125,198 thousand in connection with the Euro Medium Term Notes Programme. The balance is net of the loss allowance of €6,300 thousand, recognised in accordance with IFRS 9.

The most significant financial transactions carried out in the year are described below:

- on 1 June 2022, FS Italiane S.p.A. finalised another private bond placement with Eurofima for €160,000 thousand at a variable rate and expiring in October 2034. The proceeds were used for an intraGroup loan to Trenitalia S.p.A. to finance the rolling stock used to operate the public transport service;
- on 13 July 2022, the EIB subscribed a private placement of a green bond issued by FS Italiane S.p.A. for €200,000 thousand at a variable rate and with a 17-year duration. The proceeds were used for an intraGroup loan to Trenitalia S.p.A. to finance new purchases of ETR 1000 high-speed trains to be used in Italy and Spain;
- on 7 September 2022, FS Italiane S.p.A. placed the sixth series of green bonds of €1,100,000 thousand, making it the largest issue ever for an EMTN bond of FS Italiane S.p.A.. The coupon has been set at 3.75% and matures on 14 April 2027. The proceeds were used for an intraGroup loan to Trenitalia S.p.A. and RFI S.p.A. to finance both the purchase of new trains and the maintenance costs of Trenitalia S.p.A.'s rolling stock and, for the first time, the investments necessary to complete RFI S.p.A.'s Turin-Milan-Naples high-speed network.

FS Italiane S.p.A. also granted non-current loans to Trenitalia S.p.A., Mercitalia Intermodal S.p.A., Trenitalia France Sas, Ferrovie del Sud Est e Servizi Automobilistici S.r.l. for a total of €99,326 thousand, using its own liquidity.

These increases are offset by the repayment of loans by Group companies during the year. The repayments total €855,725 thousand and mainly refer to Trenitalia S.p.A. (€784,450 thousand), Qbuzz BV (€25,350 thousand), Metro 5 S.p.A. (€14,724 thousand) and Busitalia Sita Nord S.r.l. (€7,273 thousand).

The €161,813 thousand increase in current loans during the year is essentially due to the increase in loans granted to Mercitalia Rail S.r.l. (€45,000 thousand), Italferr S.p.A. (€35,000 thousand), Fercredit S.p.A. (€30,000 thousand), Hellenic Train SA (€25,000 thousand), Busitalia Veneto S.p.A. (€10,000 thousand) and Busitalia Rail Service S.r.l. (€7,000 thousand).

The €1,927 thousand decrease in other loans is mainly due to the reduction in the back-up facility, (-€1,624 thousand) and lower loans to Trenitalia UK Limited (€225 thousand) and Fercredit S.p.A. (€55 thousand).

## 22. Other non-current and current assets (€2,217,520 thousand)

	31.12.2022			31.12.2021			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Other assets from Group companies	1	140,873	140,874	1	48,684	48,685		92,189	92,189
VAT assets	23,882	1,961	25,843	23,882		23,882		1,961	1,961
MIT		2,040,255	2,040,255		2,304,377	2,304,377		(264,122)	(264,122)
Other government authorities	14	11	25	14	2	16		9	9
Sundry assets and prepayments and accrued income	1,480	11,477	12,957	1,771	7,596	9,367	(291)	3,881	3,590
<b>Total</b>	<b>25,377</b>	<b>2,194,577</b>	<b>2,219,954</b>	<b>25,668</b>	<b>2,360,659</b>	<b>2,386,327</b>	<b>(291)</b>	<b>(166,082)</b>	<b>(166,373)</b>
Loss allowance	(1,074)	(1,360)	(2,434)	(1,073)	(1,577)	(2,650)	(1)	217	216
<b>Total other assets</b>	<b>24,303</b>	<b>2,193,217</b>	<b>2,217,520</b>	<b>24,595</b>	<b>2,359,082</b>	<b>2,383,677</b>	<b>(292)</b>	<b>(165,865)</b>	<b>(166,157)</b>

The increase in other assets from Group companies is due to:

- the rise in the Group's VAT assets (€11,192 thousand), the increase in assets from subsidiaries (€79,203 thousand), mainly related to RFI S.p.A. and FS Sistemi Urbani S.r.l. for the implementation of commitments related to the programme agreement pursuant to article 34 of Legislative decree no. 267/2000, the urban transformation of decommissioned railway areas and areas being decommissioned, located in Milan, in connection with the upgrading of the railway system in the Milan area;
- the increase in assets arising from the tax consolidation scheme (€1,795 thousand).

The amounts due from the MIT for chapter 7532 grants for the transfers to TELT Sas, to build the Turin – Lyon railway line decreased by €264,122 thousand. The MIT payment of €285,860 thousand to TELT Sas is detailed in note 20 - Equity investments, while €21,738 thousand refers to the recognition of new commitments by the MIT in favour of FS Italiana S.p.A. authorised by Decree no. 32/2022.

Sundry assets increased following the greater contract advances paid (€534 thousand), including abroad, and the increase in tax assets (€2,987 thousand) for foreign tax reimbursements.

The loss allowance is down by a total of €216 thousand on the previous year end as a result of the losses on other assets in accordance with IFRS 9.

Assets broken down by geographical segment are as follows:

	(€'000)		
	31.12.2022	31.12.2021	Changes
Italy	2,218,060	2,384,086	(166,026)
Eurozone countries	1,555	941	614
United Kingdom	163	1,132	(969)
Other non-EU European countries	11	3	8
United States	151	151	
Other countries	14	14	
<b>Total</b>	<b>2,219,954</b>	<b>2,386,327</b>	<b>(166,373)</b>

### 23. Inventories (€340,649 thousand)

	(€'000)		
	31.12.2022	31.12.2021	Changes
Land and buildings held for trading	513,413	516,150	(2,737)
Loss allowance	(172,764)	(157,583)	(15,181)
<b>Total inventories</b>	<b>340,649</b>	<b>358,567</b>	<b>(17,918)</b>

Inventories comprise buildings held for trading. The net decrease of €17,918 thousand on the previous year end is due to the write-downs of the year (€16,399 thousand) recognised in order to bring the carrying amount of the assets into line with their market value following the recurring measurement and analysis of the company's assets. This is due to the current economic context and, specifically, the downturn in the real estate sector, the sales of the year (€10,983 thousand), net of utilisation of the related allowance for inventory write-down (€3,856 thousand). These decreases are offset by the repurchase of the building complex located in Falconara Marittima, following the cancellation of the sale that took place in 2006 by Ferrovie Real Estate S.p.A. (now FS Italiane S.p.A.) to Api Raffineria di Ancona S.p.A. (€830 thousand), the capitalisation of the portion of the fixed contribution paid in advance to the Milan municipality (€36,000 thousand), based on the methodological notes approved by the supervisory body of the programme agreement on 17 November 2022 (€705 thousand) and the increases in extraordinary maintenance carried out on the buildings (€531 thousand).

As already disclosed in note 17 to Investment property, during the year, the company reclassified €3,542 thousand related to buildings covered by sales plans from that caption to inventories.

### 24. Non-current and current trade receivables (€200,488 thousand)

	(€'000)								
	31.12.2022			31.12.2021			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Ordinary customers	3,798	87,375	91,173	3,544	74,381	77,925	254	12,994	13,248
Government authorities and other public authorities		4,547	4,547		5,054	5,054		(507)	(507)
Group companies		128,942	128,942		123,302	123,302		5,640	5,640
<b>Total</b>	<b>3,798</b>	<b>220,864</b>	<b>224,662</b>	<b>3,544</b>	<b>202,737</b>	<b>206,281</b>	<b>254</b>	<b>18,127</b>	<b>18,381</b>
<b>Loss allowance</b>	<b>(16)</b>	<b>(24,158)</b>	<b>(24,174)</b>	<b>(15)</b>	<b>(23,991)</b>	<b>(24,006)</b>	<b>(1)</b>	<b>(167)</b>	<b>(168)</b>
<b>Total trade receivables</b>	<b>3,782</b>	<b>196,706</b>	<b>200,488</b>	<b>3,529</b>	<b>178,746</b>	<b>182,275</b>	<b>253</b>	<b>17,960</b>	<b>18,213</b>

Trade receivables increased by €18,213 thousand in the year as a result of the combined effect of:

- the €13,248 thousand increase in trade receivables from ordinary customers mainly in connection with the foreign contract for the Riyadh metro, Grandi Stazioni Retail S.p.A. and funded training;
- the €5,640 thousand increase in trade receivables from commercial operations with intraGroup customers.

Trade receivables from Group companies essentially refer to the contract for the supply and management of services, the repayment of membership fees, IT services, surety fees, welfare, the foreign contract for the Riyadh metro and real estate items mainly relating to FS Sistemi Urbani S.r.l., Grandi Stazioni Rail S.p.A. and RFI S.p.A..

The loss allowance increased by a total of €168 thousand on the previous year end. The loss allowance relates to both current trade receivables (€24,158 thousand) and non-current trade receivables (€16 thousand) and includes the loss allowance recognised in accordance with IFRS 9, €33 thousand of which on trade receivables at 31 December 2022.

The maximum exposure to credit risk, broken down by geographical segment, is as follows:

	(€'000)		
	31.12.2022	31.12.2021	Changes
Italy	212,234	188,657	23,577
Eurozone countries	1,369	1,123	246
United Kingdom	41	1,579	(1,538)
Other countries	11,018	14,922	(3,904)
<b>Total</b>	<b>224,662</b>	<b>206,281</b>	<b>18,381</b>

## 25. Cash and cash equivalents (€626,222 thousand)

They can be analysed as follows:

	(€'000)		
	31.12.2022	31.12.2021	Changes
Bank and postal accounts	584,905	635,704	(50,799)
Cash and cash on hand	28	28	
Cash pooling accounts	41,681	40,555	1,126
<b>Total</b>	<b>626,614</b>	<b>676,287</b>	<b>(49,673)</b>
Loss allowance	(392)	(626)	234
<b>Total net of the loss allowance</b>	<b>626,222</b>	<b>675,661</b>	<b>(49,439)</b>

FS Italiane S.p.A.'s financial intermediation generated cash outflows of approximately €115,000 thousand, which it covered using the funds in bank and postal accounts and cash pooling accounts (roughly €50,000 thousand). The remainder was covered by net intermediation inflows (i.e., the positive balance between flows due to third-party lenders and flows received from the financed companies for interest and commissions).

## 26. Tax assets (€84,908 thousand)

Tax assets amount to €84,908 thousand, down by €775 thousand on the balance of €84,133 thousand at 31 December 2021, and mainly relate to IRES assets from the tax consolidation scheme and Group withholdings.

## 27. Equity (€39,990,551 thousand)

Changes in the main equity captions in 2022 and 2021 are shown in the statement of changes in equity.

### Share capital

FS Italiane S.p.A.'s share capital at 31 December 2022 is entirely subscribed and paid up and consists of 39,204,173,802 ordinary shares with a nominal amount of €1 each, for a total of €39,204,173,802.

### Legal reserve

This reserve amounts to €66,861 thousand at the reporting date, up by €7 thousand after allocation of part of the 2021 profit pursuant to article 2430 of the Italian Civil Code.

### Actuarial reserve

The actuarial reserve includes the effects of actuarial gains and losses on post-employment benefits and the Free Travel Card. An actuarial loss of €374 thousand, net of the tax effect, was recognised in 2022.

### Retained earnings

This caption of €628,992 thousand refers to the allocation of part of the 2021 profit and prior year profits.

### Profit for the year

2022 ended with a profit of €90,150 thousand.

The origin, availability and distributability of equity captions are shown below.

Origin	Balance at 31.12.2022 (a+b)	Unavailable portion (a)	Possibility of use	Available portion (b)
<b>Share capital</b>	39,204,174	<b>39,204,174</b>		
<b>Income-related reserves:</b>				
Legal reserve	66,861	66,861	B	
<b>Valuation reserves</b>				
Actuarial reserve	374		A,B	374
Retained earnings	628,992		A,B,C	628,992
<b>Total</b>	<b>39,900,401</b>	<b>39,271,035</b>		<b>629,366</b>

Key:

A: capital increase

B: coverage of losses

C: dividends

## 28. Non-current and current loans and borrowings (€10,018,047 thousand)

Details on the amounts and terms and conditions of the company's loans measured at amortised cost are as follows:

(€'000)

Non-current loans and borrowings, net of the current portion	Carrying amount		
	31.12.2022	31.12.2021	Changes
Bonds	7,767,078	7,031,178	735,900
Bank loans and borrowings	699,407	998,815	(299,408)
<b>Total</b>	<b>8,466,485</b>	<b>8,029,993</b>	<b>436,492</b>

(€'000)

Loans and borrowings and current portion of non-current loans and borrowings	Carrying amount		
	31.12.2022	31.12.2021	Changes
Bonds (current portion)	744,619	499,069	245,550
Bank loans and borrowings (current portion)	806,943	1,111,023	(304,080)
Loans and borrowings from Group companies (current portion)		677	(677)
<b>Total</b>	<b>1,551,562</b>	<b>1,610,769</b>	<b>(59,207)</b>
<b>Total loans and borrowings</b>	<b>10,018,047</b>	<b>9,640,762</b>	<b>377,285</b>

The €377,285 thousand increase in this caption on the previous year end is primarily due to the subscription of new bonds as part of the Euro Medium Term Notes Programme, for a total nominal amount of €1,300,000 thousand, in July 2022 (€200,000 thousand) and September 2022 (€1,100,000 thousand), and the new variable-rate private placement bond issue finalised in June 2022 with Eurofima, for a total of €160,000 thousand. For additional information about the bond issues, reference should be made to note 21 - Non-current and current financial assets.

These increases are offset by the repayment of the fourth bond issue for €350,000 thousand and the partial 14<sup>th</sup> bond issue for €12,500 thousand, both under the Euro Medium Term Notes Programme, the reduction in current funding (€305,845 thousand), the repayments of the bank loan with Banca Intesa SanPaolo (€300,000 thousand) and the 17<sup>th</sup> bond issue with Eurofima (€120,000 thousand).

Furthermore, this caption decreased due to the fair value gain of €16,906 thousand on the interest rate swap designated as a fair value hedge and increased by €22,536 thousand as a result effect of amortised-cost accounting.



The terms and conditions of all non-current loans and borrowings, including the current portion, are summarised in the table below:

(€'000)

Creditor	Currency	Nominal interest rate	Year of maturity	31.12.2022		31.12.2021	
				Nominal amount	Carrying amount	Nominal amount	Carrying amount
EUROFIMA - Series 13	€	6M Euribor - spread	2026	190,000	190,556	190,000	190,112
EUROFIMA - Series 14	€	6M Euribor - spread	2026	100,000	100,292	100,000	100,059
EUROFIMA - Series 15	€	6M Euribor - spread	2027	128,700	129,039	128,700	128,847
EUROFIMA - Series 16	€	6M Euribor - spread	2026	116,000	116,605	116,000	116,067
EUROFIMA - Series 17	€	6M Euribor - spread	2022			120,000	120,154
EUROFIMA - Series 18	€	6M Euribor - spread	2024	122,200	122,509	122,200	122,264
EUROFIMA - Series 19	€	6M Euribor - spread	2027	65,700	66,011	65,700	65,773
EUROFIMA - Series 26	€	6M Euribor + spread	2025	42,500	42,616	42,500	42,500
EUROFIMA - Series 27	€	6M Euribor + spread	2034	200,000	200,946	200,000	200,000
EUROFIMA - Series 28	€	6M Euribor + spread	2034	200,000	200,898	200,000	200,000
EUROFIMA - Series 29	€	6M Euribor + spread	2030	200,000	200,585	200,000	200,000
EUROFIMA - Series 30	€	6M Euribor + spread	2034	240,000	241,169	240,000	240,000
EUROFIMA - Series 31	€	6M Euribor + spread	2041	250,000	251,084	250,000	250,000
EUROFIMA - Series 32	€	6M Euribor + spread	2034	160,000	160,719		
EMTN PROGR. TR. 3	€	6M Euribor + spread	2025	300,000	300,065	300,000	300,005
EMTN PROGR. TR. 4	€	6M Euribor + spread	2022			349,894	350,196
EMTN PROGR. TR. 5	€	fixed rate 1.65%	2031	49,860	50,222	49,846	50,208
EMTN PROGR. TR. 6	€	fixed rate 1.50%	2025	998,848	1,006,574	998,442	1,006,168
EMTN PROGR. TR. 7	€	fixed rate 0.87%	2023	599,899	600,258	599,808	600,167
EMTN PROGR. TR. 8	€	6M Euribor + spread	2025	100,000	100,103	100,000	100,007
EMTN PROGR. TR. 9	€	6M Euribor + spread	2030	200,000	201,480	200,000	200,243
EMTN PROGR. TR. 10	€	fixed rate 1.12%	2026	699,612	703,409	699,519	703,317
EMTN PROGR. TR. 11	€	fixed rate 1.03%	2029	99,871	100,288	99,854	100,271
EMTN PROGR. TR. 12	€	6M Euribor + spread	2029	140,000	140,124	140,000	140,012
EMTN PROGR. TR. 13	€	6M Euribor + spread	2024	190,000	190,150	190,000	190,000
EMTN PROGR. TR. 14	€	6M Euribor + spread	2032	125,000	126,008	137,500	137,918
EMTN PROGR. TR. 15	€	fixed rate 0.64%	2030	250,000	250,123	250,000	250,123
EMTN PROGR. TR. 16	€	fixed rate 0.00%	2023	80,087	80,087	80,179	80,179
EMTN PROGR. TR. 17	€	fixed rate 0.37%	2028	995,639	998,537	994,830	997,727
EMTN PROGR. TR. 18	€	6M Euribor + spread	2029	350,000	350,286	350,000	350,006
EMTN PROGR. TR. 19	€	6M Euribor + spread	2038	200,000	201,698		
EMTN PROGR. TR. 20	€	fixed rate 3.75%	2039	1,095,243	1,107,561		
				<b>8,489,159</b>	<b>8,530,002</b>	<b>7,514,972</b>	<b>7,532,323</b>

(€'000)

Creditor	Currency	Nominal interest rate	Year of maturity	31.12.2022		31.12.2021	
				Nominal amount	Carrying amount	Nominal amount	Carrying amount
TLTRO (ISP)	€	6M Euribor + spread	2022			299,877	299,877
TLTRO (ISP)	€	6M Euribor + spread	2024	199,802	199,999	199,668	199,673
TLTRO (ISP)	€	6M Euribor + spread	2024	49,923	50,015	49,878	49,878
TLTRO (Unicredit)	€	6M Euribor + spread	2023	199,953	200,497	199,849	199,865
TLTRO (Unicredit)	€	6M Euribor + spread	2023	99,977	100,251	99,927	99,937
TLTRO (Unicredit)	€	6M Euribor + spread	2024	199,852	200,121	199,754	199,754
TLTRO BPM	€	6M Euribor + spread	2024	99,950	99,986	99,917	99,917
TLTRO CAIXA	€	6M Euribor + spread	2024	149,880	150,031	149,822	149,822
<b>Total loans and borrowings (*)</b>				<b>9,488,496</b>	<b>9,530,902</b>	<b>8,813,664</b>	<b>8,831,046</b>

(\*) The carrying amount of loans and borrowings at 31 December 2022 excludes current funding of €505,451 thousand and the €18,306 thousand adjustment to financial liabilities for fair value hedges. The balance at 31 December 2021 excluded current funding of €811,115 thousand and the -€1,399 thousand adjustment to financial liabilities for fair value hedges.

The table below analyses the net financial position, shown in the reclassified statement of financial position, as presented in the 2022 directors' report compared with 31 December 2021:

(€'000)

Net financial position (debt)	31.12.2022	31.12.2021	Change
<b>Current net financial debt</b>	<b>(778,665)</b>	<b>(629,161)</b>	<b>(149,504)</b>
Cash pooling accounts	(41,655)	(40,527)	(1,128)
Derivatives	(2,175)		(2,175)
Bank loans and borrowings	804,737	1,109,053	(304,316)
Bonds	742,463	496,544	245,919
IntraGroup current account	1,000,493	629,121	371,372
Loans to Group companies	(2,698,047)	(2,188,320)	(509,727)
Bank and postal accounts	(584,539)	(635,105)	50,566
Other	58	73	(15)
<b>Net non-current financial position (debt)</b>	<b>(250,171)</b>	<b>(323,917)</b>	<b>73,746</b>
Derivatives	18,306	3,024	15,282
Bank loans and borrowings	698,428	995,976	(297,548)
Bonds	7,767,078	7,031,178	735,900
Loans with Group companies	(8,734,135)	(8,354,262)	(379,873)
Other	152	167	(15)
<b>Total</b>	<b>(1,028,836)</b>	<b>(953,078)</b>	<b>(75,758)</b>

With respect to the comparative figures, for the purposes of a better presentation, €3,024 thousand relating to the measurement of the derivatives hedging the company's financial risk, was reclassified from equity to derivatives in accordance with IFRS 13, as described in the section on FS Italiane S.p.A.'s financial position and performance in the directors' report.

Pursuant to the amendments to IAS 7, the reconciliation between the total changes in financial assets and liabilities broken down by monetary and non-monetary items is given below.

(€'000)

Cash flows generated by/ (used in) financing activities	31.12.2021	Monetary items (statement of cash flows)	IntraGroup current account	Non-monetary items			31.12.2022
				New leases	IFRS 9	Other	
Disbursement and repayment of current and non/current loans	9,640,761	368,200				9,086	10,018,047
Change in other financial assets	(10,554,924)	(859,884)	305		83	(28,062)	(11,442,482)
Change in other financial liabilities	636,745	(188)	371,067	179		14,017	1,021,820
<b>Total</b>	<b>(277,418)</b>	<b>(491,872)</b>	<b>371,372</b>	<b>179</b>	<b>83</b>	<b>(4,959)</b>	<b>(402,615)</b>

## 29. Employee benefits (€5,364 thousand)

(€'000)

	31.12.2022	31.12.2021
Present value of post-employment benefit obligations	5,150	7,005
Present value of Free Travel Card obligations	214	287
Present value of other employee benefits		3
<b>Total present value of obligations</b>	<b>5,364</b>	<b>7,295</b>

Changes in the present value of liabilities for defined benefit obligations for post-employment benefits and the Free Travel Card (excluding other employee benefits) are shown in the table below.

(€'000)

	2022	2021
Defined benefit obligations at 1 January	7,292	7,636
Service costs	6	6
Interest cost (*)	199	11
Actuarial (gains) losses recognised in equity (**)	(889)	294
Advances, utilisations and other changes	(1,244)	(652)
<b>Total defined benefit obligations</b>	<b>5,364</b>	<b>7,295</b>

(\*) through profit or loss

(\*\*) net of the tax effects

The decrease in the provision for post-employment benefits and the Free Travel Card (approximately €1,931 thousand) mainly refers to:

- the benefits paid to personnel who left the company during the year (€862 thousand) and transfers of employees to and from other Group companies (€382 thousand);
- the difference between the expected accrued amount at the end of the observation period and the expected present value of the benefits payable in the future as recalculated at the end of the period and considering the updated valuation assumptions, which represents the actuarial gains/losses. This calculation generated an actuarial gain of €889 thousand during the year, compared to the actuarial loss of €294 thousand in 2021.

## Actuarial assumptions

The main assumptions for the actuarial estimate process are described below.

	2022	2021
Discount rate (post-employment benefits)	3.63%	0.44%
Discount rate (Free Travel Card)	3.77%	0.98%
Annual rate of increase in post-employment benefits (Year x+1)	3.23%	2.81%
Inflation rate (post-employment benefits) (Year+1)	2.30%	1.75%
Inflation rate (Free Travel Card) (Year+1)	2.30%	1.75%
Expected turnover rate for employees	3.00%	3.00%
Expected rate of advances	2.00%	2.00%
Probability of death	RG48 mortality rate published by the General Accounting Office	
Disability	INPS tables broken down by gender and age	
Retirement age	100% upon meeting the Compulsory general insurance requirements	

The following table shows the results of the sensitivity analysis performed to assess the effects that would have been recorded in terms of changes in the present value of liabilities for defined benefit obligations, following reasonably possible changes in actuarial assumptions.

The last table shows the average duration of the defined benefit obligations and the disbursements provided by the plan.

	Post-employment benefits	Free Travel Card
Inflation rate +0.25%	5,201	220
Inflation rate -0.25%	5,099	209
Discount rate +0.25%	5,070	209
Discount rate -0.25%	5,231	221
Turnover rate +1%	5,170	
Turnover rate -1%	5,127	
Service cost		5
Plan duration	7	13
Payment - first year	855	17
Payment - second year	608	16
Payment - third year	449	15
Payment - fourth year	388	15
Payment - fifth year	187	15

### 30. Provisions for risks and charges (€111,986 thousand)

The opening and the closing balances of, and changes in, the provisions for risks and charges in the year are given below. (€'000)

	31.12.2021	Accruals	Utilisations	Other changes	Release of excess provisions	31.12.2022
Bilateral fund for income assistance	8,721			71		8,792
Litigation with employees	367		(65)		(210)	92
Litigation with third parties	7,315		(1,688)		(1,117)	4,510
Other sundry provisions	133,117		(23,625)		(10,900)	98,592
<b>Total</b>	<b>149,520</b>		<b>(25,378)</b>	<b>71</b>	<b>(12,227)</b>	<b>111,986</b>

The **bilateral fund for income assistance** mainly covers the probable estimated charges to be incurred for managers involved in the change management process. The €71 thousand variation is due to the reclassification of the bilateral fund for income assistance (Interministerial decree of 9 January 2015 and Legislative decree no. 148/2015D and INPS circular of 29 December 2015) to other current and non-current liabilities, in relation to projects launched during the year.

The **provision for litigation with employees** was accrued to cover probable expenses due to litigation with employees. €65 thousand of the provision was used in 2022 to settle disputes and €210 thousand was released a precise update of the assessment of the risk of an unfavourable outcome in the case.

The **provision for litigation with third parties** was accrued to cover probable expenses due to the third-party litigation related to sales contracts (price reductions, compensation for damage suffered during sales negotiations), non-compliance with agreements or disputes about leases, claims for ownership rights assessments, pre-emption rights, etc.. €1,688 thousand of the provision was used in 2022, mainly due to the settlement of certain proceedings relating to real estate management, while €1,116 thousand was released following a precise update of the assessment of the risk of an unfavourable outcome in the case.

**Other sundry provisions** mainly cover the probable contractual costs borne by the former Ferrovie Real Estate S.p.A. connected to specific sales, called "high income and tall building package", reclamation costs for certain sites and other contractual and tax risks.

Utilisations and releases of the provisions for risks in the year (€34,525 thousand) refer to the expenses incurred to meet the contractual obligations of the former Ferrovie Real Estate S.p.A., other property management expenses (€1,539 thousand), the expenses incurred for the Ceska arbitration award following the settlement of the dispute with Grandi Stazioni Retail S.p.A. (€26,769 thousand), the payment of one-off amounts relating to the renewal of the national collective bargaining agreement (€1,267 thousand) accrued in 2020 and the release of the provision for risks for the tax dispute with Sita S.p.A. in liquidation (€4,950 thousand).

### 31. Non-current and current financial liabilities (including derivatives) (€1,021,820 thousand)

(€'000)

	Carrying amount								
	31.12.2022			31.12.2021			Change		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Financial liabilities									
Financial instruments	18,306	285	18,591	3,024		3,024	15,282	285	15,567
Lease liabilities	412	160	572	511	181	692	(99)	(21)	(120)
Other financial liabilities	657	1,002,000	1,002,657	1,360	631,669	633,029	(703)	370,331	369,628
<b>Total financial liabilities</b>	<b>19,375</b>	<b>1,002,445</b>	<b>1,021,820</b>	<b>4,895</b>	<b>631,850</b>	<b>636,745</b>	<b>14,480</b>	<b>370,595</b>	<b>385,075</b>

The increase in other financial liabilities is mainly due to the greater liability for the intraGroup current accounts, mostly with RFI S.p.A. (€271,499 thousand), FS Sistemi Urbani S.r.l. (€179,052 thousand), Mercitalia Rail S.r.l. (€41,943 thousand), FSTechnology S.p.A. (€17,289 thousand) and Ferrovie del Sud Est e Servizi Automobilistici S.r.l. (€12,490 thousand), offset by the decrease in the liabilities with Trenitalia S.p.A. (€125,150 thousand), Trenitalia TPER Scarl (€25,698 thousand) and Nugo S.p.A. (€5,022 thousand).

Financial instruments include the greater liability deriving from the measurement of derivatives hedging financial risk in accordance with IFRS 13. At the measurement date, the company's derivatives consisted of cross currency swaps (cash flow hedges) and interest rate swaps (fair value hedges) related to the EMTN series 11 bond issue.

Lease liabilities of €572 thousand consist of the financial liability recognised in accordance with IFRS 16.

### 32. Other non-current and current liabilities (€2,277,518 thousand)

(€'000)

	31.12.2022			31.12.2021			Changes		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Advances for grants		2,040,255	2,040,255		2,304,378	2,304,378		(264,123)	(264,123)
VAT liabilities					539	539		(539)	(539)
Social security charges payable		5,800	5,800		5,006	5,006		794	794
Other liabilities with Group companies	19,957	103,478	123,435	19,957	24,841	44,798		78,637	78,637
Other liabilities and accrued expenses and deferred income	6,133	51,895	58,028	7,046	51,411	58,457	(913)	484	(429)
<b>Total other liabilities</b>	<b>26,090</b>	<b>2,201,428</b>	<b>2,227,518</b>	<b>27,003</b>	<b>2,386,175</b>	<b>2,413,178</b>	<b>(913)</b>	<b>(184,747)</b>	<b>(185,660)</b>

Advances for grants are entirely related to the resources allocated to the construction of the Turin - Lyon railway line. The decrease on the previous year end mirrors the decrease in the amounts due from the MEF and MIT (see note 22).

At the reporting date, the accounting balance for VAT appears to be in credit during the year.

The increase in liabilities with Group companies is principally due to the tax consolidation scheme (€3,715 thousand) and the rise in the amounts due to Group companies, specifically RFI S.p.A. (€77,407 thousand) as per the programme agreement (article 34 of Legislative decree no. 267/2000), as described in note 22 Other assets. The increase is offset by the €10,130 thousand decrease in liabilities with Group companies mainly as a result of the transfer of net VAT assets/liabilities during the year by the companies participating in the VAT consolidation scheme.

The €429 thousand decrease in other liabilities and accrued expenses and deferred income is mainly due to the combined effect of the reductions related to the adjustment of the fund for income assistance (-€1,500 thousand; reference should be made to note 30 Provision for risks and charges for additional details), guarantee deposits (-€1,264 thousand) attributable to the real estate sector, offset by the increase in the amounts due to employees, mainly comprised of leaving incentives formalised during the year, the payment of which will be recognised in the subsequent year, bonuses for employees and managers seconded to other Group companies, the welfare scheme and accrued untaken holidays (+€1,777 thousand) and other liabilities (+€754 thousand), tax liabilities (+€373 thousand) and trade deferred income (€548 thousand).

### 33. Current trade payables (€96,402 thousand)

They can be analysed as follows:

	31.12.2022	31.12.2021	Changes
			(€'000)
Suppliers	54,240	40,530	13,710
Advances	5,423	8,499	(3,076)
Group companies	36,739	57,240	(20,501)
<b>Total</b>	<b>96,402</b>	<b>106,269</b>	<b>(9,867)</b>

Trade payables mainly consist of amounts due to non-Group suppliers for invoices received, mainly in connection with the Riyadh metro, cyber security and external communication activities and liabilities with Group companies, specifically RFI S.p.A., Ferservizi S.p.A., Trenitalia S.p.A., Grandi Stazioni Rail S.p.A. and FS Sistemi Urbani S.r.l.. Liabilities with related parties are described in note 39 Related party transactions.

Advances amount to €5,423 thousand and mainly refer to amounts received for expropriations not yet completed.

The fair value measurement of trade payables had no significant effect considering the short period of time between the moment the payable arises and its due date.

## 34. Financial risk management

The activities that the company carries out expose it to various types of risks arising from the use of financial receivables, that include market risk (interest rate and currency risk), liquidity risk and credit risk.

Financial assets and financial liabilities measured in accordance with IFRS may be analysed as follows.

	31.12.2022	31.12.2021
	(€'000)	
Trade receivables at amortised cost	200,488	182,275
Cash and cash equivalents at amortised cost	626,222	675,661
Other assets at amortised cost	2,165,985	2,338,898
Service concession assets at amortised cost		
Other financial assets:	11,442,482	10,554,924
- At amortised cost	11,440,022	10,554,924
- Derivatives at FVOCI	2,460	
- Derivatives at FVTPL		
- Other assets measured at FVOCI		
- Other assets measured at FVTPL		
<b>Total financial assets (*)</b>	<b>14,435,177</b>	<b>13,751,758</b>
Loans and borrowings at amortised cost	10,018,047	9,640,762
Trade payables at amortised cost	96,402	106,269
Other liabilities at amortised cost	2,188,759	2,377,967
Contract advances at amortised cost		
Other financial liabilities:	1,021,820	636,745
- At amortised cost	1,003,229	633,721
- Derivatives at FVOCI	285	3024
- Derivatives at FVTPL	18,306	
- Other liabilities measured at FVOCI		
- Other liabilities measured at FVTPL		
<b>Total financial liabilities (*)</b>	<b>13,325,028</b>	<b>12,761,743</b>

(\*) Does not include all tax assets and liabilities

This section provides information on the company's exposure to each of the risks listed above, the objectives, policies and processes for the management of these risks and the methods used to assess them, as well as capital management.

Risk management focuses on the volatility of financial markets and is aimed at minimising potential undesired effects on the company's financial position, performance and cash flows.

To complete financial risk information, the table below gives a reconciliation between financial assets and liabilities as reported in the statement of financial position and the categories of financial assets and liabilities identified pursuant to IFRS 7. The figures shown in the statement of financial position match the financial assets and liabilities identified pursuant to IFRS 7, net of tax assets and equity investments. Furthermore, financial assets and liabilities include the respective hedging derivatives.

### Credit risk

Credit risk is the risk that a customer or one of the counterparties of a financial instrument may cause a financial loss by not complying with an obligation. It mainly arises from loans with the public administration, trade receivables and the financial investments of the company.

With regard to credit risk deriving from investing activities, the company applies a liquidity investment policy which is centrally managed by the parent and which defines:



- the minimum requirements of the financing counterparty in terms of creditworthiness and the related concentration thresholds; and
- the types of financial products that can be used.

With respect to the derivatives used for hedging purposes and which can potentially generate credit exposure to counterparties, the company applies a specific policy that defines concentration thresholds by counterparty and credit rating.

With respect to the assessment of customers' credit risk, the company manages and analyses the risk of all new significant customers, regularly checks their commercial and financial exposure and monitors the collection of receivables from the public administration within the contractually agreed timeframe.

The following tables shows the company's exposure to credit risk at 31 December 2022, compared with that at 31 December 2021. For information about the gross balance and the loss allowance, reference should be made to the notes to the relevant captions.

(€'000)					
<b>31.12.2022</b>					
	<b>Public administration</b>	<b>Third party customers</b>	<b>Financial institutions</b>	<b>Group companies</b>	<b>Total</b>
Trade receivables	324	71,308		128,856	200,488
Other assets	2,039,092	3,137		140,812	2,183,041
Financial assets		5,343	2,460	11,434,679	11,442,482
Cash and cash equivalents			626,194		626,194
<b>Total financial assets (*)</b>	<b>2,039,416</b>	<b>79,788</b>	<b>628,654</b>	<b>11,704,347</b>	<b>14,452,205</b>

\*Tax assets and equity investments are not included

(€'000)					
<b>31.12.2021</b>					
	<b>Public administration</b>	<b>Third party customers</b>	<b>Financial institutions</b>	<b>Group companies</b>	<b>Total</b>
Trade receivables	565	58,497		123,213	182,275
Other assets	2,302,878	2,091		48,671	2,353,640
Financial assets		7,334		10,547,590	10,554,924
Cash and cash equivalents			675,633		675,633
<b>Total financial assets (*)</b>	<b>2,303,443</b>	<b>67,922</b>	<b>675,633</b>	<b>10,719,474</b>	<b>13,766,472</b>

\*Tax assets and equity investments are not included

The tables below gives a breakdown of financial assets at 31 December 2022 and 2021 by overdue amounts, net of the loss allowance.

(€'000)

31.12.2022						
Past due by						
	Not past due	0-180	180-360	360-720	More than 720 days	Total
Public administration	2,042,748	9	101	37	2,030	2,044,925
Loss allowance	(3,572)	(12)	(10)	(28)	(1,887)	(5,509)
<b>Public administration (net)</b>	<b>2,039,176</b>	<b>(3)</b>	<b>91</b>	<b>9</b>	<b>143</b>	<b>2,039,416</b>
Third party customers	71,089	996	1,045	2,883	24,727	100,740
Loss allowance	(1,352)	(52)	(470)	(1,216)	(17,862)	(20,952)
<b>Third party customers (net)</b>	<b>69,737</b>	<b>944</b>	<b>575</b>	<b>1,667</b>	<b>6,865</b>	<b>79,788</b>
Financial institutions	629,046					629,046
Loss allowance	(392)					(392)
<b>Financial institutions</b>	<b>628,654</b>					<b>628,654</b>
Group companies	11,679,540	23,039	5,134	702	3,290	11,711,705
Loss allowance	(7,352)	0	0	0	(6)	(7,358)
<b>Group companies (net)</b>	<b>11,672,188</b>	<b>23,039</b>	<b>5,134</b>	<b>702</b>	<b>3,284</b>	<b>11,704,347</b>
<b>Total financial assets</b>	<b>14,409,755</b>	<b>23,980</b>	<b>5,800</b>	<b>2,378</b>	<b>10,292</b>	<b>14,452,205</b>

(€'000)

31.12.2021						
Past due by						
	Not past due	0-180	180-360	360-720	More than 720 days	Total
Public administration	2,306,804	62	302	29	2,292	2,309,489
Loss allowance	(3,852)	(15)	(13)	(23)	(2,143)	(6,046)
<b>Public administration (net)</b>	<b>2,302,952</b>	<b>47</b>	<b>289</b>	<b>6</b>	<b>149</b>	<b>2,303,443</b>
Third party customers	48,558	10,652	1,783	7,990	19,452	88,435
Loss allowance	(1,304)	(524)	(504)	(1,155)	(17,026)	(20,513)
<b>Third party customers (net)</b>	<b>47,254</b>	<b>10,128</b>	<b>1,279</b>	<b>6,835</b>	<b>2,426</b>	<b>67,922</b>
Financial institutions	676,259					676,259
Loss allowance	(626)					(626)
<b>Financial institutions (net)</b>	<b>675,633</b>					<b>675,633</b>
Group companies	10,708,767	8,180	1,688	2,721	5,344	10,726,700
Loss allowance	(7,221)				(5)	(7,226)
<b>Group companies (net)</b>	<b>10,701,546</b>	<b>8,180</b>	<b>1,688</b>	<b>2,721</b>	<b>5,339</b>	<b>10,719,474</b>
<b>Total financial assets</b>	<b>13,727,385</b>	<b>18,355</b>	<b>3,256</b>	<b>9,562</b>	<b>7,914</b>	<b>13,766,472</b>

The total exposure and the impairment of each category, determined by risk class at 31 December 2022 and 2021, as per Fitch's rating, are shown below:

(€'000)

	31.12.2022				
	FVTPL	FVOCI		Amortised cost	
		12-month expected credit losses	12-month expected credit losses	Lifetime - not impaired	Lifetime - impaired
from AAA to BBB-			14,361,231		2,988
from BB to BB+			116,125		6,072
from B to CCC					
from CC to C					
D					
<b>Gross carrying amount</b>			14,477,356		9,060
Loss allowance			34,211		
<b>Carrying amount</b>			14,443,145		9,060

(\*) Fair value through profit and loss; (\*\*) Fair value through other comprehensive income

(€'000)

	31.12.2021				
	FVTPL (*)	FVOCI (**)		Amortised cost	
		12-month expected credit losses	12-month expected credit losses	Lifetime - not impaired	Lifetime - impaired
from AAA to BBB-			13,685,544		5,308
from BB to BB+			73,279		20,712
from B to CCC			16,040		
from CC to C					
D					
<b>Gross carrying amount</b>			13,774,863		26,020
Loss allowance			34,411		
<b>Carrying amount</b>			13,740,452		26,020

(\*) Fair value through profit and loss; (\*\*) Fair value through other comprehensive income

Changes in the loss allowance may be analysed as follows:

	2022			Total
	12-month expected credit losses	Lifetime-not impaired	Lifetime-impaired	
<b>Balance at 1 January 2022</b>	<b>34,411</b>			<b>34,411</b>
Net revaluation of the loss allowance	474			474
Transfer to lifetime - impaired				
Transfer to lifetime - not impaired				
Repaid financial assets				
New assets acquired				
Utilisation of the allowance	(674)			(674)
<b>Balance at 31 December 2022</b>	<b>34,211</b>			<b>34,211</b>

## Liquidity risk

Liquidity risk is the risk that an entity may have difficulties in complying with the obligations associated with financial liabilities to be settled by delivering cash or another financial asset. Cash flows, cash requirements and the liquidity of Group companies are generally monitored and centrally managed by the parent to ensure efficient and effective management of financial resources.

The company adopts asset liability management techniques in collecting debt and loan principal from the Group companies.

The company's objective is the prudent management of the liquidity risk arising from ordinary operations.

In order to meet potential and temporary cash requirements, the company has agreed a sustainability-linked back-up facility of €3 billion to meet general purposes. This revolving and committed backup credit facility expires on 25 June 2024.

Furthermore, the company has numerous uncommitted credit lines granted by banks.

The following tables shows the due dates of financial liabilities, including interest to be paid, and trade payables:

(€'000)

31 December 2022	6 months or less	6-12 months	1-2 years	2-5 years	After 5 years	Total
<b>Non-derivative financial liabilities</b>						
Bonds	95,722	788,093	566,612	4,460,550	3,945,529	9,856,506
Bank loans and borrowings	820,959	14,820	718,220			1,553,999
Financial liabilities	1,002,657					1,002,657
Lease liabilities	90	83	167	265		605
<b>Non-derivative financial liabilities</b>	<b>1,919,428</b>	<b>802,996</b>	<b>1,284,999</b>	<b>4,460,815</b>	<b>3,945,529</b>	<b>12,413,767</b>
<b>Trade payables</b>	<b>96,402</b>					<b>96,402</b>
<b>Derivative financial liabilities</b>	<b>285</b>					<b>285</b>
<b>Total financial liabilities</b>	<b>2,016,115</b>	<b>802,996</b>	<b>1,284,999</b>	<b>4,460,815</b>	<b>3,945,529</b>	<b>12,510,454</b>

(€'000)

31 December 2021	6 months or less	6-12 months	1-2 years	2-5 years	After 5 years	Total
<b>Non-derivative financial liabilities</b>						
Bonds	144,814	374,710	749,727	3,096,964	3,539,851	7,906,066
Bank loans and borrowings	1,111,641	628	303,243	702,764		2,118,276
Financial liabilities	633,705					633,705
Lease liabilities	96	86	173	321	20	696
<b>Non-derivative financial liabilities</b>	<b>1,890,256</b>	<b>375,424</b>	<b>1,053,143</b>	<b>3,800,049</b>	<b>3,539,871</b>	<b>10,658,743</b>
<b>Trade payables</b>	<b>106,269</b>					<b>106,269</b>
<b>Derivative financial liabilities</b>	<b>766</b>	<b>(24)</b>	<b>102</b>	<b>621</b>	<b>1,348</b>	<b>2,813</b>
<b>Total financial liabilities</b>	<b>1,997,291</b>	<b>375,400</b>	<b>1,053,245</b>	<b>3,800,670</b>	<b>3,541,219</b>	<b>10,767,825</b>

### Derivative and non-derivative financial liabilities

The contractual flows of variable-rate loans have been calculated using the forward rates estimated at the reporting date. The amounts include both principal and interest.

The following table shows the repayments of financial liabilities within one year, 2-5 years and after five years.

(€'000)

31 December 2022	Carrying amount	Within one year	1-5 years	After 5 years
Bonds	8,511,697	726,313	4,334,287	3,451,097
Bank loans and borrowings	1,506,350	806,943	699,407	0
Financial liabilities	1,002,657	1,002,657	0	0
Lease liabilities	572	160	412	0
<b>Non-derivative financial liabilities</b>	<b>11,021,276</b>	<b>2,536,073</b>	<b>5,034,106</b>	<b>3,451,097</b>
<b>Trade payables</b>	<b>96,402</b>	<b>96,402</b>		

(€'000)

31 December 2021	Carrying amount	Within one year	1-5 years	After 5 years
Bonds	7,530,247	499,069	3,667,680	3,363,498
Bank loans and borrowings	2,109,838	1,111,023	998,815	
Financial liabilities	633,705	633,705		
Lease liabilities	692	181	491	20
<b>Non-derivative financial liabilities</b>	<b>10,274,482</b>	<b>2,243,978</b>	<b>4,666,986</b>	<b>3,363,518</b>
<b>Trade payables</b>	<b>106,269</b>	<b>106,269</b>		

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate following changes in market prices, due to changes in exchange rates, interest rates or prices of equity instruments. The objective of market risk management is to keep the company's exposure to these risks within acceptable levels, while optimising returns on investments. The company's exposure to interest rate and currency risk is limited.

#### Managing the interest rate benchmark reform for the determination of interest rates and any risks arising therefrom

Following the Financial Conduct Authority (FCA) announcement on 5 March 2021 about the cessation of the publication of the 35 LIBOR (London InterBank Offer Rate) benchmarks, with effect from 1 January 2022, the benchmarks relating to some major international currencies, including the pound sterling, are no longer published by info-providers.

The interest rate benchmark reform had no impact on assets or liabilities at 31 December 2022 at consolidated level in the preparation of the 2022 annual report.

Indeed, almost all the financial transactions involving the FS Italiane Group companies are expressed in euros and variable rate loans are indexed to Euribor rates (not affected by the above reform). FS Italiane S.p.A. and Trenitalia UK hold a few positions in pound sterling that are indexed to the GBP Libor rate.

In particular:

- in 2017, FS Italiane S.p.A. used its liquidity to provide the indirect subsidiary Trenitalia UK with a GBP60 million loan in order to acquire NXET, now Trenitalia c2c. This intraGroup loan, which matures on 31 December 2023, is indexed to the GBP LIBOR rate and was amended in 2022, providing for the application of the same fallback rates that are applied to the existing hedging instruments (see below);
- in 2017, FS Italiane S.p.A. negotiated two cross currency swaps (CCSs) for a total of GBP60 million in order to hedge the exposure to the currency risk generated by the above-mentioned loan. The two contracts provide for the payment to the respective counterparties of the 6-month GBP Libor plus a spread (different for each contract) and the collection of the 6-month Euribor plus a fixed spread.

The CCSs were negotiated based on FS Italiane S.p.A.'s ISDA master agreements which have already been amended with the signing of a specific ISDA Protocol (ISDA 2020 IBOR Fallback Protocol) that provides for the automatic replacement of the GBP LIBOR with specific fallback rates. As of 1 January 2022, the fallback rates calculated and published by Bloomberg have been automatically applied to the CCSs.

Consequently, the derivative hedging relationship remains fully effective.

### Interest rate risk

Based on asset-liability management practices, whereby FS Italiane S.p.A. raises debt on the market and lends almost all of it to Group companies, the company is not generally exposed to the interest rate risk on non-current loans and borrowings indexed to the variable rate. Indeed, the interest rate risk is almost entirely reversed through intraGroup loans.

Consequently, the Group companies which are mainly exposed to this risk (including Trenitalia and RFI) decided to enter into hedging transactions based on specific risk management policies approved by the relevant Boards of Directors and implemented with the technical and operational support of the parent's Finance & Investor Relations function. Despite the various customisations due to the financial and business characteristics of each company, the common objective of the applied policies is to limit cash flow fluctuations in financing transactions in place and, where possible, to exploit the opportunities to optimise borrowing costs offered by the indexing of variable-rate debt.

The table below shows the company's variable and fixed rate current and non-current financial liabilities.

	(€'000)					
	Carrying amount	Contractual cash flows	Current portion	1 - 2 years	2 - 5 years	after 5 years
Variable rate	6,440,582	7,875,742	2,589,203	1,214,486	1,487,152	2,584,901
Fixed rate	4,580,694	4,538,025	133,221	70,513	2,973,663	1,360,628
<b>Balance at 31 December 2022</b>	<b>11,021,276</b>	<b>12,413,767</b>	<b>2,722,424</b>	<b>1,284,999</b>	<b>4,460,815</b>	<b>3,945,529</b>
Variable rate	6,487,723	7,380,414	2,236,417	943,880	2,027,261	2,172,856
Fixed rate	3,786,759	3,278,329	29,263	109,263	1,772,788	1,367,015
<b>Balance at 31 December 2021</b>	<b>10,274,482</b>	<b>10,658,743</b>	<b>2,265,680</b>	<b>1,053,143</b>	<b>3,800,049</b>	<b>3,539,871</b>

The following sensitivity analysis shows the effects that would have been recorded in terms of changes in interest expense had an increase or a decrease of 50 basis points in the Euribor interest rates affected loans in 2022:

	(€'000)	
	+ 50 bps	- 50 bps
Interest expense on variable-rate debt	(22,860)	18,916
Interest income from loans	24,773	(21,131)
<b>Total</b>	<b>1,913</b>	<b>(2,215)</b>

### **Currency risk**

In February 2017, Trenitalia UK Ltd, a British company set up in 2016 and wholly-owned by Trenitalia S.p.A., acquired NXET Trains Limited. The liquid funds necessary for the acquisition were provided by the parent which granted an intraGroup loan to Trenitalia UK Ltd (GBP60 million), while the residual amount was raised by means of a capital increase carried out by Trenitalia

S.p.A. in favour of Trenitalia UK Ltd (GBP13 million). Cross currency swaps hedging the currency risk were agreed in respect of FS Italiane S.p.A.'s intraGroup loan to Trenitalia UK Ltd.

### **Capital management**

The company's main objective with respect to capital risk management is to safeguard its ability to continue as a going concern, while ensuring returns for the shareholder and benefits for the other stakeholders. The company also intends to maintain an optimal capital structure in order to reduce the cost of debt.

### **35. Contingent assets and contingent liabilities**

At the reporting date, there were no contingent assets or liabilities.

### **36. Other information**

As in previous years, at the preparation date of these financial statements, the share capital of Eurofima SA with registered office in Basel, and in which the company holds a 13.50% investment, was not entirely called up. Consequently, based on the following observations, this represents a financial commitment by the company:

- the callable shares were last approved in 1997;
- the Swiss legislation allows callable shares to never be called up.

The callable share capital that FS Italiane S.p.A. holds amounts to CHF280,800,000 (€285,163 thousand at the exchange rate ruling on 30 December 2022). Its payment would increase the carrying amount of the equity investment by the same amount.



### 37. Audit fees (€694 thousand)

Pursuant to article 37.16 of Legislative decree no. 39/2010 and letter 16-bis of article 2427 of the Italian Civil Code, the total fees due to the independent auditors and its network companies amount to €694 thousand, of which €280 thousand related to the statutory audit and €414 thousand to services other than the statutory audit.

### 38. Directors' and Statutory Auditors' fees (€1,312 thousand)

	2022	2021	Changes
Directors <sup>(1)</sup>	1,212	1,161	51
Statutory Auditors	100	100	
<b>Total</b>	<b>1,312</b>	<b>1,261</b>	<b>51</b>

<sup>(1)</sup> Includes the fees of the CEO, Chairperson and director and the variable remuneration of the CEO

Directors' fees include the amounts envisaged for the positions of Chairperson and CEO, as well as any amounts envisaged for the remaining board members. In addition to the above fees, the external member of the supervisory body received €109 thousand. The fees to the representatives of the MEF (directors and Statutory Auditors) are transferred to such Ministry when the related parties are employees thereof.

### 39. Related parties

#### Transactions with key managers

	2022	2021
Short-term benefits	5,080	5,414
Post-employment benefits	336	378
<b>Total</b>	<b>5,416</b>	<b>5,792</b>

The benefits relate to the sundry remuneration paid to parties indicated.

In addition to short-term benefits of €5,416 thousand paid out in 2022, a variable portion is to be paid in 2023 for an amount not exceeding €1,750 thousand, once checks have been made on whether objectives have been reached.

No other long-term benefits were paid to key managers.

During the year, the key managers did not carry out any transactions, directly or through close family members, with the Group, Group companies or other related parties.

#### Related party transactions

The main transactions between FS Italiane S.p.A. and its related parties, which were all carried out on an arm's length basis, are described below.

Subsidiaries	ASSETS	LIABILITIES
Rete Ferroviaria Italiana S.p.A.	<ul style="list-style-type: none"> <li>Services provided by the parent</li> <li>Company officers</li> <li>Staffing services</li> <li>Insurance reimbursements</li> <li>Utility reimbursements</li> <li>Reimbursements for health services</li> <li>Reimbursements for claims management</li> <li>Training</li> <li>Recharge of IT services</li> <li>Recharge of public relation services</li> <li>Lease of land, offices and workshops</li> <li>Recharge of the service cost for the bilateral fund for income assistance</li> </ul>	<ul style="list-style-type: none"> <li>Technical party - property maintenance</li> <li>Staffing services</li> <li>Health services</li> <li>Funded training</li> <li>Leases and related costs</li> </ul>
Ferservizi S.p.A.	<ul style="list-style-type: none"> <li>Services provided by the parent</li> <li>Company officers</li> <li>Insurance reimbursements</li> <li>Staffing services</li> <li>Recharge of IT services</li> <li>Lease and sub-lease of offices</li> <li>Recharge of condominium expenses</li> <li>Recharge of the service cost for the bilateral fund for income assistance</li> <li>Services provided by the parent</li> </ul>	<ul style="list-style-type: none"> <li>Property management (contract services and works)</li> <li>Recharge of condominium expenses for asset protection</li> <li>Seconded employees</li> <li>Ticket purchase fees</li> <li>Asset enhancement fees</li> <li>Technical administration management services</li> <li>Personnel management</li> <li>Accounting and treasury</li> <li>Facilities management</li> <li>Administrative services</li> <li>Funded training</li> <li>Station area management</li> <li>Manager in charge of the company's accounting documents preparation</li> <li>Maintenance, conservation and protection fees</li> <li>Catering services</li> </ul>
Fercredit S.p.A.	<ul style="list-style-type: none"> <li>Services provided by the parent</li> <li>Staffing services</li> <li>Company officers</li> <li>Insurance reimbursements</li> <li>Recharge of IT services</li> <li>Recharge of condominium expenses</li> <li>Lease and sub-lease of offices</li> </ul>	<ul style="list-style-type: none"> <li>Other Group services</li> </ul>
Grandi Stazioni Rail S.p.A.	<ul style="list-style-type: none"> <li>Services provided by the parent</li> <li>Staffing services</li> <li>Concession fee</li> <li>Insurance reimbursements</li> </ul>	<ul style="list-style-type: none"> <li>Facilities management</li> <li>Fees for the use of spaces</li> <li>Condominium expenses</li> <li>Management of non-core buildings</li> <li>Events, exhibitions, trade fairs and meetings</li> </ul>
FS Sistemi Urbani S.r.l.	<ul style="list-style-type: none"> <li>Services provided by the parent</li> <li>Company officers</li> <li>Insurance reimbursements</li> <li>Staffing services</li> <li>Lease and sub-lease of offices</li> <li>Lease payments</li> <li>Recharge of condominium expenses</li> <li>Recharge of IT services</li> </ul>	<ul style="list-style-type: none"> <li>Asset enhancement fees</li> <li>Lease payments</li> <li>Condominium expenses</li> <li>Recharge of funded training</li> </ul>
Mercitalia Shunting & Terminal S.r.l.	<ul style="list-style-type: none"> <li>Services provided by the parent</li> <li>Insurance reimbursements</li> </ul>	<ul style="list-style-type: none"> <li>Transport services</li> </ul>
TX Logistik AG	<ul style="list-style-type: none"> <li>Services provided by the parent</li> <li>Insurance reimbursements</li> </ul>	
Trenitalia S.p.A.	<ul style="list-style-type: none"> <li>Services provided by the parent</li> <li>Insurance reimbursements</li> <li>Staffing services</li> <li>Health services</li> <li>Recharge of IT services</li> <li>Recharge of professional services</li> <li>External communication services</li> <li>Recharge of the service cost for the bilateral fund for income assistance</li> <li>Lease of premises, offices and land</li> <li>Recharge of condominium expenses</li> </ul>	<ul style="list-style-type: none"> <li>Staffing services and seconded personnel</li> <li>Passenger transport costs</li> <li>Costs for tickets</li> <li>Recharge of funded training</li> <li>Contribution for Free Travel Card</li> </ul>
Italferr S.p.A.	<ul style="list-style-type: none"> <li>Services provided by the parent</li> <li>Company officers</li> <li>Staffing services</li> <li>Recharge of training</li> <li>Insurance reimbursements</li> <li>Recharge of IT services</li> <li>External communication services</li> </ul>	<ul style="list-style-type: none"> <li>Recharge of funded training</li> <li>Seconded employees</li> </ul>
Mercitalia Logistics S.p.A.	<ul style="list-style-type: none"> <li>Services provided by the parent</li> <li>Company officers</li> <li>Staffing services</li> <li>Insurance reimbursements</li> </ul>	<ul style="list-style-type: none"> <li>Recharge of funded training</li> </ul>

	<b>ASSETS</b>	<b>LIABILITIES</b>
	Recharge of IT services Office leases Recharge of condominium expenses	
Busitalia Sita Nord S.r.l.	Services provided by the parent Company officers Staffing services Insurance reimbursements Recharge of IT services External communication services Office leases Recharge of condominium expenses	Seconded employees Recharge of funded training
Italcertifer S.p.A.	Services provided by the parent Staffing services Insurance reimbursements Recharge of IT services	Seconded employees Recharge of funded training
Mercitalia Intermodal S.p.A.	Services provided by the parent Company officers Insurance reimbursements	Recharge of funded training
Metropark S.p.A.	Services provided by the parent Insurance reimbursements Lease and sub-lease of offices Recharge of condominium expenses	
Netinera Deutschland GmbH	Services provided by the parent	
Ataf Gestioni S.r.l.	Services provided by the parent Insurance reimbursements	
FSTechnology S.p.A.	Services provided by the parent Company officers Seconded employees Insurance reimbursements, personnel management, health services and training Recharge of IT services Leases Recharge of condominium expenses	IT services Seconded employees Facilities management Recharge of funded training
Terminali Italia S.r.l.	Services provided by the parent Insurance reimbursements	
Ferrovie del Sud Est e Servizi Automobilistici FSE S.r.l.	Services provided by the parent Seconded employees Recharge of IT and insurance services Sundry repayments	
Trenitalia France SAS	Services provided by the parent Reimbursements for external communication activities	
Busitalia Rail Service S.r.l.	Services provided by the parent Insurance reimbursements	
Busitalia Veneto S.p.A.	Services provided by the parent Insurance reimbursements	Transport services
Busitalia Campania S.p.A.	Services provided by the parent Insurance reimbursements	
Bluferries S.r.l.	Services provided by the parent Insurance reimbursements	
Grandi Stazioni Immobiliare S.p.A.	Services provided by the parent Insurance reimbursements Building leases Recharge of condominium expenses	
Savit S.r.l.	Services provided by the parent Insurance reimbursements	
Mercitalia Rail S.r.l. (formerly FS Telco S.r.l.)	Services provided by the parent Company officers Insurance reimbursements Staffing services Repayments of professional services Lease and sub-lease of offices Recharge of condominium expenses Leases	Recharge of funded training

ASSETS		LIABILITIES
Anas S.p.A.	Services provided by the parent Seconded managers Company officers	Seconded employees
Nugo S.p.A. in liquidation	Services provided by the parent Seconded employees Company officers Insurance recharges Staffing services Leases Recharge of condominium expenses	
Qbuzz BV	Services provided by the parent Company officers	
Blu Jet S.r.l.	Services provided by the parent Insurance reimbursements	
Trenitalia c2c	Services provided by the parent	
Trenitalia UK	Services provided by the parent	
Trenitalia TPER Scarl	Services provided by the parent Insurance reimbursements, for personnel management and external communication activities	
Firenze City Sightseeing S.r.l.	Services provided by the parent	
Cremonesi Workshop S.r.l.	Services provided by the parent Insurance reimbursements Staffing services	
Tunnel Ferroviario del Brennero S.p.A.	Sundry repayments	
Infrarail Firenze S.r.l.	Services provided by the parent Insurance reimbursements	
FSI Saudi for Land Transport LLC	Services provided by the parent Seconded employees	Seconded employees
FS Security S.p.A.	Reimbursements for professional services and consultancies	
FS International S.p.A.	Services provided by the parent Company officers Staffing services Recharge of training Repayments for sundry services Leases	Seconded employees
<b>Associates</b>		
Metro 5 S.p.A.	Company officers	
<b>Joint arrangements</b>		
Operation Alliance Saudi Co		Riyadh metro
TELT Sas (formerly L.T.F. Sas)	Seconded employees	
Hellenic Train SA	Services provided by the parent	
Trenord S.r.l.	Services provided by the parent Company officers Lease payments for buildings	
Autostrade Asti-Cuneo S.p.A.	Services provided by the parent Seconded employees Company officers	
<b>Other related parties (*)</b>		
ENEL Group	Land easement instalments Leases Pedestrian crossings	Electrical energy supply Software maintenance Station operation
Cassa Depositi e Prestiti Group	Pedestrian crossings Leases Recharge of condominium expenses	Legal fees for policies Training courses Costs for legal disputes

ASSETS		LIABILITIES
ENI Group	Land easement instalments Pedestrian crossings	Gas supply
POSTE Group	Operating buildings lease instalments Land lease instalments	Insurance policies
Invitalia		Participation in costs for consortia and foundations
Eurofer	Company officers	Grants
Other pension funds	Leases	Insurance policies
Previdai		Grants
Rai		Tax
Fondazione FS	Staffing services Provision of services Reimbursements of insurance premiums Leases Recharge of condominium expenses	Membership fees Events, exhibitions and trade fairs
Cooperatives, associations, EEIGs and partnerships	Company officers	Sponsorships Membership fees to the railway recreational association
ENAV Group		Multimedia productions

(\*) Companies with the same parent, i.e., the MEF.

## OTHER RELATED PARTIES

TAX CONSOLIDATION SCHEME	VAT UNDER THE VAT CONSOLIDATION SCHEME	INTRAGROUP BANK AND POST OFFICE CURRENT ACCOUNTS	LOANS GRANTED	OVERDRAFTS AND LOANS RECEIVED	ISSUE OF SURETIES TO	SUPPLEMENTARY PENSION FUNDS
RFI S.p.A.	RFI S.p.A.	RFI S.p.A.	RFI S.p.A.		RFI S.p.A.	
Fercredit S.p.A.	Fercredit S.p.A.	Fercredit S.p.A.	Fercredit S.p.A.			
Ferservizi S.p.A.	Ferservizi S.p.A.	Ferservizi S.p.A.			Ferservizi S.p.A.	
Trenitalia S.p.A.	Trenitalia S.p.A.	Trenitalia S.p.A.	Trenitalia S.p.A.		Trenitalia S.p.A.	
Italferr S.p.A.	Italferr S.p.A.	Italferr S.p.A.	Italferr S.p.A.		Italferr S.p.A.	
Grandi Stazioni Rail S.p.A.	Grandi Stazioni Rail S.p.A.	Grandi Stazioni Rail S.p.A.	Grandi Stazioni Rail S.p.A.		Grandi Stazioni Rail S.p.A.	
Bluferries S.r.l.	Bluferries S.r.l.	Bluferries S.r.l.	Bluferries S.r.l.			
Metropark S.p.A.	Metropark S.p.A.	Metropark S.p.A.				
Mercitalia Logistics S.p.A.	Mercitalia Logistics S.p.A.	Mercitalia Logistics S.p.A.	Mercitalia Logistics S.p.A.		Mercitalia Logistics S.p.A.	
FS Sistemi Urbani S.r.l.	FS Sistemi Urbani S.r.l.	FS Sistemi Urbani S.r.l.				
Mercitalia Rail S.r.l.	Mercitalia Rail S.r.l.	Mercitalia Rail S.r.l.	Mercitalia Rail S.r.l.		Mercitalia Rail S.r.l.	
Italcertifer S.p.A.		Italcertifer S.p.A.	Italcertifer S.p.A.		Italcertifer S.p.A.	
Mercitalia Intermodal S.p.A.	Mercitalia Intermodal S.p.A.	Mercitalia Intermodal S.p.A.	Mercitalia Intermodal S.p.A.		Mercitalia Intermodal S.p.A.	
Busitalia Rail Service S.r.l.	Busitalia Rail Service S.r.l.	Busitalia Rail Service S.r.l.	Busitalia Rail Service S.r.l.			
Busitalia Veneto S.p.A.		Busitalia Veneto S.p.A.	Busitalia Veneto S.p.A.			
Busitalia Campania S.p.A.		Busitalia Campania S.p.A.	Busitalia Campania S.p.A.			
Mercitalia Shunting & Terminal S.r.l.	Mercitalia Shunting & Terminal S.r.l.	Mercitalia Shunting & Terminal S.r.l.	Mercitalia Shunting & Terminal S.r.l.		Mercitalia Shunting & Terminal S.r.l.	
Terminali Italia S.r.l.	Terminali Italia S.r.l.	Terminali Italia S.r.l.	Terminali Italia S.r.l.		Terminali Italia S.r.l.	
Tunnel Ferroviario del Brennero S.p.A.						
Busitalia Sita Nord S.r.l.	Busitalia Sita Nord S.r.l.	Busitalia Sita Nord S.r.l.	Busitalia Sita Nord S.r.l.		Busitalia Sita Nord S.r.l.	
					TX Logistik AG	
					Netinera	
					Deutschland GmbH	
TAV S.r.l.		Grandi Stazioni Immobiliare	Grandi Stazioni Immobiliare		Trenitalia France SAS	
			Trenitalia France SAS		Trenitalia c2c	
			Trenitalia c2c		Trenitalia UK	
			Trenitalia UK		Ferrovie Sud-Est	
		Ferrovie Sud-Est	Ferrovie Sud-Est		Qbuzz	
		Qbuzz	Qbuzz			
			Savit			
		Nugo S.p.A. in liquidation				
		ATAF Gestioni				
FSTechnology S.p.A.	FSTechnology S.p.A.	FSTechnology S.p.A.	FSTechnology S.p.A.		FSTechnology S.p.A.	
		FS International				
		Trenitalia TPER Scarl	Trenitalia TPER Scarl		TELT	
			Florence City Sightseeing		Trenitalia TPER Scarl	
			FSI Saudi for Land Transport			
			Cremonesi Workshop		Cremonesi Workshop	
					Terminal Alptransit	
					Operation Alliance Saudi	

TAX CONSOLIDATION SCHEME	VAT UNDER THE VAT CONSOLIDATION SCHEME	INTRAGROUP BANK AND POST OFFICE CURRENT ACCOUNTS	LOANS GRANTED	OVERDRAFTS AND LOANS RECEIVED	ISSUE OF SURETIES TO	SUPPLEMENTARY PENSION FUNDS
			Mercitalia Maintenance			
		FS Security S.p.A.				
			Hellenic Train SA		Hellenic Train SA	
						<b>Other related parties</b>
						Eurofer
						Previndai

The tables below summarise statement of financial position amounts at 31 December 2022 and the income statement figures for the year then ended.

## Trade and other transactions

(€'000)

	2022		2022		
	Assets	Liabilities	Guarantees and commitments	Costs	Revenue
<b>Subsidiaries</b>					
Anas	2,131			(2,304)	(1,311)
Autostrada Asti-Cuneo S.p.A.				10	
Ataf Gestioni S.r.l.	40			1	(1)
Bluferries S.r.l.	90	85		6	
Blu Jet	2			1	
Busitalia Campania S.p.A.	84			46	(1)
Busitalia Rail Service S.r.l.	613	4		7	3
Busitalia Veneto S.p.A.	188	8		98	(16)
Busitalia - Sita Nord S.r.l.	3,272	2,924	36,604	4,028	(238)
Cremonesi Workshop	22		66	5	(1)
Fercredit S.p.A.	234	56		216	(628)
Ferservizi S.p.A.	1,640	2,957	2,523	3,018	18,970
FSE S.r.l. Infrastructure	1,748		22,311	815	(1,430)
FSE S.r.l. – Rail transport	2				
FSE S.r.l.– Road transport		95			
FS International S.p.A.	1,362			205	1
FS Saudi for Land Trasport	179			2	(567)
FSTechnology S.p.A.	15,366	1,523	36,270	1,619	50,521
FS Security S.p.A.	53				(53)
FS Sistemi Urbani S.r.l.	88,653	2,689		10,694	4,492
Grandi Stazioni Immobiliare S.p.A.	20			10	
Grandi Stazioni Rail S.p.A.	2,708	3,437	7,694	4,282	9,030
Hellenic Train SA	108		2,000	11	2
Italcertifer S.p.A.	332	143	3,835	154	(48)
Italferr S.p.A.	5,571	3,066	2,959	1,530	(730)
Infrarail Firenze S.r.l.	6	7,794		2	(2)
Mercitalia Intermodal S.p.A.	40	822	136	13	6
Mercitalia Logistics S.p.A.	20,135	452	17,685	10,951	(752)
Mercitalia Rail S.r.l. (formerly FS Telco S.r.l.)	31,826	43	19,502	686	130
Mercitalia Shunting & Terminal S.r.l.	3,475	1,878	16,087	56	(35)
Metropark S.p.A.	1,052			123	(8)
Netinera Deutschland GmbH	749		23,760	29	
Nugo S.p.A. in liquidation				21	(4)
Qbuzz BV	214		20,021	154	
Rete Ferroviaria Italiana S.p.A.	36,686	95,357	250,878	26,938	(6,244)
Savit	2			1	
Sita S.p.A. in liquidation					1
Terminal Alptransit S.r.l.	5		3,088	5	
Terminali Italia S.r.l.	516	15	3,115	34	(8)
Trenitalia France SAS	117		13,113	32	(70)
Trenitalia S.p.A.	43,136		246,022	27,190	(8,766)
Trenitalia c2c	8		11,653	36	
Trenitalia UK Ltd	33		5,641	10	
Tunnel Ferroviario del Brennero S.p.A.		129			(2)
TX Logistik AG	106		2,550	47	
<b>Total</b>	<b>262,524</b>	<b>123,477</b>	<b>747,513</b>	<b>90,782</b>	<b>62,241</b>
<b>Associates</b>					
Ferrovie Nord Milano S.p.A.	1,410				
Metro 5	3			10	
<b>Total</b>	<b>1,413</b>			<b>10</b>	
<b>Joint arrangements</b>					
Operation Alliance Saudi	5,090		34,489	236	24,546
T.E.L.T. Sas (formerly L.T.F. Sas)	534		10	54	(1,587)
Trenitalia TPER Scarl	105		41	19	(35)
Trenord S.r.l.	495			432	
<b>Total</b>	<b>6,224</b>		<b>34,540</b>	<b>741</b>	<b>22,924</b>
<b>Associates of subsidiaries</b>					
First Trenitalia West Coast Rail Limited	6				
Logistica SA	46				
Sitaf S.p.A.	8				
<b>Total</b>	<b>60</b>				
<b>TOTAL</b>	<b>270,221</b>	<b>123,477</b>	<b>782,053</b>	<b>91,533</b>	<b>85,165</b>



(€'000)

	2022		2022		
	Assets	Liabilities	Guarantees and commitments	Costs	Revenue
<b>Other related parties</b>					
Cassa Depositi e Prestiti Group				13	51
ENEL Group				667	14
ENI Group				148	14
INVITALIA Group				300	
POSTE Group				408	1
Eurofer				168	35
Other pension funds				1,328	11
Cooperatives, associations, EEIGs and partnerships				36	4
Fondazione FS				6,613	695
Previndai				1,166	
<b>Total</b>				<b>10,847</b>	<b>825</b>

### Financial transactions

	2022		2022		
	Assets and current accounts	Liabilities	Guarantees and commitments	Expense	Income
<b>Subsidiaries</b>					
Ataf Gestioni		14,438		47	
Blufferies S.r.l.	9,002	490		5	54
Busitalia Campania	9,057	688		8	140
Busitalia - Sita Nord S.r.l.	34,259	13,137		30	918
Busitalia Rail Service S.r.l.	10,003	1,300		11	111
Busitalia Veneto	10,094	2,429		27	155
Cremonesi Workshop	600				6
Fercredit S.p.A.	30,011	10		21	6,447
Ferservizi S.p.A.		30,450		120	12,000
Firenze City Sightseeing S.r.l.	172				5
FSE S.r.l. Infrastructure		65,298		246	
FSE S.r.l. – Rail transport	87,407			7	2,692
FS International S.p.A.		118		1	
FSTechnology S.p.A.	28,009	89,334		248	757
FS Sistemi Urbani S.r.l.		233,016		494	1,000
Grandi Stazioni Immobiliare S.p.A.	14,116	936			427
Grandi Stazioni Rail S.p.A.	41,070	14,890		19	581
Hellenic Train SA	57,441			12	600
Italcertifer S.p.A.		2,297		4	1
Italferr S.p.A.	44,254	14,514	15,000	63	45,914
Metropark S.p.A.		947		4	
Mercitalia Logistics S.p.A.	139,227	3,104		41,658	3,617
Mercitalia Rail S.r.l. (formerly FS Telco)		58,922	7,458	101	7,596
Mercitalia Shunting & Terminal	11,916	623		6	210
Mercitalia Intermodal	55,392			11	1,077
Mercitalia Maintenance	332,552				1
Netinera Deutschland GmbH			165,079		656
Nugo S.p.A. in liquidation				1,107	
Qbuzz	247,365	27,335	10,702	36	5,901
RFI S.p.A.	2,086,677	420,080		421	173,253
Savit	1,211				25
Sita S.p.A. in liquidation				(4,950)	1,100
TAV S.r.l.				38	
Trenitalia France SAS	48,006			17	869
Terminali Italia S.r.l.	2				
Trenitalia S.p.A.	7,964,246	(8,692,398)	445,832	2,350	86,548
Trenitalia c2c		34			
Trenitalia UK Ltd	86,329		7,610	(7)	2,893
TX Logistik AG	61,713			(6)	1,937
<b>TOTAL</b>	<b>11,410,131</b>	<b>(7,698,008)</b>	<b>651,681</b>	<b>42,149</b>	<b>357,491</b>
<b>Associates</b>					
Metro 5	3,719			(10)	572
<b>Total</b>	<b>3,719</b>			<b>(10)</b>	<b>572</b>
<b>Joint arrangements</b>					
Trenitalia TPER Scarl	28,036	6,355		82	286
<b>Total</b>	<b>28,036</b>	<b>6,355</b>		<b>82</b>	<b>286</b>
<b>TOTAL</b>	<b>11,441,886</b>	<b>(7,691,653)</b>	<b>651,681</b>	<b>42,221</b>	<b>358,349</b>

## 40. Guarantees

The table below details the guarantees issued by the company on behalf of subsidiaries, third parties or other subsidiaries, broken down by financial and non-financial.

	(€'000)	
Issued on behalf of	Financial	Non-financial
Rete Ferroviaria Italiana S.p.A.		250,878
Trenitalia S.p.A.	445,832	246,022
Trenitalia TPER Scarl		41
Netinera Deutschland GmbH	165,079	23,760
Busitalia - Sita Nord S.r.l.		36,604
Cremonesi Workshop		66
Grandi Stazioni Rail S.p.A.		7,694
Hellenic Train SA		2,000
FSTechnology S.p.A.		36,270
FSE Infrastructure		22,311
Italferr S.p.A.	15,000	2,959
Ferservizi S.p.A.		2,523
Mercitalia Logistics S.p.A.		17,685
TX Logistik AG		2,550
Italcertifer S.p.A.		3,835
Trenitalia France SAS		13,113
Mercitalia Rail S.r.l.	7,458	19,502
Mercitalia Shunting & Terminal (formerly Serfer)		16,087
Mercitalia Intermodal S.p.A.		136
Trenitalia c2c		11,653
Trenitalia UK Ltd	7,610	5,641
Terminal Alptransit S.r.l.		3,088
Qbuzz	10,702	20,021
Terminali Italia		3,115
TELT		10
OPS		34,489
<b>Total</b>	<b>651,681</b>	<b>782,053</b>

Financial guarantees are mainly comprised of guarantees and counter-guarantees issued to banks for loans. Non-financial guarantees are comprised of bid bonds, performance bonds, commercial guarantees and commitments in favour of the tax authorities.

The main non-financial parent guarantees were issued to the tax authorities (€64,478 thousand) to guarantee reimbursements of tax credits to the following subsidiaries: RFI S.p.A., Trenitalia S.p.A., Mercitalia Logistics S.p.A, Mercitalia Intermodal S.p.A., Ferservizi S.p.A., Grandi Stazioni Rail S.p.A., Italferr S.p.A., FSTechnology S.p.A., Trenitalia France Sas and Ferrovie del Sud Est e Servizi Automobilistici S.r.l..

The non-financial parent guarantees also include one to GSE guaranteeing the service contract for energy supply signed with RFI S.p.A. (€150,000 thousand) and the guarantees issued to Terna for the contracts signed by RFI S.p.A. for the electrical energy dispatching service for withdrawal points which power rail traction and for other uses (guarantees of €22,400 thousand and €1,800 thousand, respectively).

The financial guarantee issued to banks for the loan granted is as follows:

- from Unicredit S.p.A. to Mercitalia Rail S.r.l. (guarantee of €6,458 thousand).

Furthermore, a strong comfort letter (€420,000 thousand) was issued for the 2004 loan from OPI (now Intesa Sanpaolo) granted to Trenitalia S.p.A..

The guarantees relating to projects abroad were issued mainly on behalf of Trenitalia c2c Ltd (€11,653 thousand), Trenitalia UK Ltd (€13,251 thousand), Italferr S.p.A. (€1,565 thousand) and Ostdeutsche Eisenbahn GmbH, on behalf of Netinera Deutschland GmbH (approximately €23 millions).

The parent guarantees issued on behalf of Netinera Deutschland GmbH amount to €165,079 thousand.

Guarantees issued on behalf of the parent for projects abroad mainly include a bank counter-guarantee of SAR189,318 thousand (€47,331 thousand) relating to the performance bond issued in favour of the Royal Commission for Riyadh City (RCRC).

#### 41. Information pursuant to Law no. 124/2017

Law no. 124 of 4 August 2017 on the market and competition introduced, inter alia, new reporting requirements on public funds for subsidiaries controlled directly or indirectly by the state. Specifically, article 1.125-129 provides for the inclusion of some information about the "funds disbursed" and "received from" the specific parties identified in the same articles.

The table below summarises the information required by the above law for 2022 about the funds disbursed:

	€
	<b>Amount</b>
<b>CONFINDUSTRIA ASSOCIATIONS</b>	
AGENS	678,096
FONDAZIONE CENTRE NAZ.LE MOBILITA' SOSTENIBILE	400,000
UNINDUSTRIA	315,274
ASSOCIAZIONE INDUSTRIAL USE TERRITORIALI	276,822
ASSOLOMBARDA	240,282
ASSONIME	207,045
ASSOCIAZIONE DEGLI INDUSTRIALI DELLE PROVINCE BARI - FIRENZE	182,196
FOND.CENTRE STUDI DIVULGA COLDIRETTI	150,000
CONFINDUSTRIA EMILIA CENTRO	147,861
UNIONE INDUSTRIALE - TURIN	139,167
UNIONE INDUSTRIALI - NAPLES	124,047
SICINDUSTRIA CENTRO SICILIA PA - ME - RG - TP	119,700
UNINDUSTRIA - CALABRIA REGION	102,312
CONFINDUSTRIA - VERONA	89,775
CONFINDUSTRIA - VENICE AND ROVIGO	81,459
CONFINDUSTRIA - ANCONA	54,621
ASSOCIAZIONE ITALIADECIDE	50,000
FEDERTURISMO	50,000
FONDAZIONE R&I	50,000
CONFINDUSTRIA - UMBRIA	44,996
UNIONE INDUSTRIALI - ALESSANDRIA	44,226
ASSOCIAZIONE INDUSTRIALI NOVARA VERCELLI	43,029
CONFINDUSTRIA ALTO ADRIATICO FVG	40,131
CONFINDUSTRIA CENTRALE	37,500
FONDAZIONE VENEZIA CAPITALE MONDIALE SOSTENIBILITA'	34,000
COTEC FONDAZIONE PER L'INNOVAZIONE TECNOLOGICA	30,000

	<b>Amount</b>
SCUOLA POLITICA FONDAZIONE NUOVO MILLENNIO	30,000
CONFINDUSTRIA - ROMAGNA AREA FC - RA - RN	29,358
CONFINDUSTRIA - LIVORNO AND MASSA CARRARA	29,232
CONFINDUSTRIA - UDINE	27,720
FONDAZIONE VITTORIO OCCORSIO	25,000
ASSINDUSTRIA - CENTRAL VENETO REGION	24,822
UNIONE INDUSTRIALI - PISA	23,814
ASSOCIAZIONE INDUSTRIALE - BRESCIA - TARANTO	23,121
UNIONE INDUSTRIALI - SAVONA	21,798
CONSUMERS' FORUM	21,000
CONFINDUSTRIA - CUNEO	18,459
CONFINDUSTRIA - LA SPEZIA	17,892
TRACE INTERNATIONAL, INC	17,018
CONFINDUSTRIA - VICENZA	15,939
COUNCIL FOR THE UNITED STATES AND ITALY	15,000
FONDAZIONE OTTIMISTI & RAZIONALI	15,000
GLOBAL REPORTING INITIATIVE	14,000
CONFINDUSTRIA - CHIETI PESCARA	13,482
CONFINDUSTRIA - CASERTA	13,167
CONFINDUSTRIA - L'AQUILA	13,104
UNIONE DEGLI INDUSTRIALI BERGAMO - VARESE	12,915
CONFINDUSTRIA - BENEVENTO	10,836
ASSOCIAZIONE AMICI DELL'ACCADEMIA DEI LINCEI	10,000
CONFINDUSTRIA - BASILICATA	9,072
AGICI FINANZA D'IMPRESA	9,000
CONFINDUSTRIA - IMPERIA	8,946
CONFINDUSTRIA TOSCANA NORD - LU - PT - PO	8,253
APRE – Agenzia per la Promozione della Ricerca Europea	7,437
UNIONE INDUSTRIALE - ASTI	7,245
CONFINDUSTRIA CENTRO NORD Sardegna - SS - OR	7,182
ASSOCIAZIONI INDUSTRIALI PESARO URBINO - MOLISE	6,741
UNIONE PARMENSE DEGLI INDUSTRIALI	6,237
CONFINDUSTRIA - LECCO AND SONDRIO	5,796
CONFINDUSTRIA - SIRACUSA	5,166
ASSOCIAZIONE ANIMA PER IL SOCIALE	5,000
<b>INTERNATIONAL ASSOCIATIONS</b>	
UIC	313,000
CER	263,449
UITP	83,822
INTERNATIONAL CAPITAL MARKET	22,467
H&Z UNTERNEHMENSBERATUNG - RAILSPONSIBLE	12,000
CARBON DISCLOSURE PROJECT	6,000
<b>OTHER ASSOCIATIONS</b>	
FONDAZIONE FS ITALIANE	6,547,000
ITALIACAMP S.R.L.	300,000
FONDAZIONE CENTRO NAZ. HPC, BIG DATA AND QUANTUM COMPUTING	250,000
ACCADEMIA NAZIONALE SANTA CECILIA	170,000
ASPEN INSTITUTE ITALIA	35,000
FONDAZIONE ISTITUTO GRANDI INFRASTRUCTURE - IGI	30,000

	<b>Amount</b>
ASSOCIAZIONE CIVITA	22,000
FONDAZIONE RETURN PE3	20,000
ISTITUTO PER GLI STUDI POLITICI INTERNAZIONALI - ISPI	20,000
THE TRILATERAL COMMISSION	20,000
VALORE D	20,000
FONDAZIONE PER LO SVILUPPO SOSTENIBILE	15,000
UPA - UTENTI PUBBLICITA'	15,000
ASSOCIAZIONE ITALIA-INDIA	10,000
KYOTO CLUB	10,000
FONDAZIONE GLOBAL COMPACT NETWORK	8,500
S.I.PO.TRA. SOCIETÀ ITALIANA POLITICA DEI TRASPORTI	5,000
TRANSPARENCY INTERNATIONAL	5,000
<b>Total</b>	<b>12,464,529</b>

The table below summarises the information required by the above law about the funds received in 2022:

<b>Provider</b>	<b>Description</b>	<b>Amount</b>
MIT to Telt Sas	Chapter 7532	285,860,000

## 42. Events after the reporting date

For information about the events after the reporting date, reference should be made to paragraph 51 of the consolidated financial statements.

## Proposed allocation of the profit for the year of FS Italiane S.p.A.

Since the legal reserve has not yet reached the minimum provided for by article 2430 of the Italian Civil Code, we propose allocating the profit for the year of €90,150,022.27 as follows:

- 5%, equal to €4,507,501.11, to the legal reserve;
- and carrying forward the remaining €85,642,521.16.

Rome, 6 April 2023

The Board of Directors

The Chairwoman

The CEO

**Certification of the Chief Executive Officer and the Manager in charge of the company's accounting documents preparation of the separate financial statements of Ferrovie dello Stato Italiane SpA at 31 December 2022 pursuant to article 154-bis, paragraph 5, of Legislative Decree no. 58/1998**

1. The undersigned Luigi Ferraris and Roberto Mannozi, respectively as Chief Executive Officer and Manager in charge of the company's accounting documents preparation of Ferrovie dello Stato Italiane S.p.A., also considering the provisions of the article 154-bis paragraphs 3 and 4 of Legislative decree no. 58 of 24 February 1998, certify:
  - the adequacy with regard to the characteristics of Ferrovie dello Stato Italiane SpA and
  - the effective applicationof the administrative and accounting procedures in preparing the separate financial statements at 31 December 2022.
2. In this regard, we report that:
  - a. the evaluation of the adequacy and effective application of the administrative and accounting procedures used to prepare the separate financial statements of Ferrovie dello Stato Italiane SpA was based on internal control model, consistent with the "Internal Controls – Integrated Framework" issued by the "Committee of Sponsoring Organizations of the Treadway Commission" which represents an internationally-accepted framework for the internal control system;
  - b. this evaluation did not identify any significant issues.
3. In addition, we certify that:
  - 3.1. the separate financial statements of Ferrovie dello Stato Italiane SpA:
    - a. have been prepared according to the International Financial Reporting Standards endorsed by the European Community pursuant to regulation (CE) 1606/2002 of European Parliament and Council of 19 July 2002;
    - b. correspond to the entries in the books and accounting records of the company;
    - c. provide a true and fair view of the financial position and results of operations of Ferrovie dello Stato Italiane SpA.
  - 3.2. the Directors' Report includes a reliable analysis of the financial position, performance and results of operations of Ferrovie dello Stato Italiane SpA, together with a description of the main risks and uncertainties to which it is exposed.

April 6<sup>th</sup>, 2023

Luigi Ferraris

Chief Executive Officer



Piazza della Croce Rossa, 1 - 00161 Roma

Ferrovie dello Stato Italiane S.p.A. – Società con socio unico

Sede legale: Piazza della Croce Rossa, 1 - 00161 Roma

Cap. Soc. Euro 39.204.173.802,00

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Cod. Fisc. e P. Iva 06359501001 – R.E.A. 962805

Roberto Mannozi

Manager in charge of the company's  
accounting documents preparation





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**(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)**

## **Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014**

*To the sole shareholder of  
Ferrovie dello Stato Italiane S.p.A.*

### **Report on the audit of the separate financial statements**

#### **Opinion**

We have audited the separate financial statements of Ferrovie dello Stato Italiane S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2022, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Ferrovie dello Stato Italiane S.p.A. as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the separate financial statements" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





**Ferrovie dello Stato Italiane S.p.A.**  
Independent auditors' report  
31 December 2022

### **Recoverability of the carrying amount of investments in subsidiaries**

Notes to the separate financial statements: note 3 "Accounting policies" and note 20 "Equity investments"

<b>Key audit matter</b>	<b>Audit procedures addressing the key audit matter</b>
<p>The separate financial statements at 31 December 2022 include investments in subsidiaries of €37,895,578 thousand recognised at acquisition or incorporation cost.</p> <p>At each reporting date, the directors check whether there is evidence that these equity investments may be impaired. If indicators of impairment are identified, the directors check the recoverable amount of the equity investments by comparing their carrying amount to their value in use, calculated using appropriate valuation methods under the circumstances. Based on their analyses, the directors identified indicators of impairment in certain investments in subsidiaries and recognised impairment losses totalling €42,781 thousand during the year.</p> <p>The directors tested the investment in Anas S.p.A. of €2,863,741 thousand for impairment taking into account the changes, including to the law, affecting Anas S.p.A.'s concession assets and introduced in 2022. They did not identify any impairment loss. In note 20 "Equity investments", the directors explain that, should the developments resulting from the ongoing discussions with supranational institutions lead to considerations and results that differ from expectations, the carrying amount of the equity investment will be decreased based on the cash flows indicated by the economic and financial plan, revised accordingly.</p> <p>For the above reasons, we believe that the recoverability of the carrying amount of investments in subsidiaries is a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"><li>• understanding the process adopted to measure equity investments in subsidiaries and to identify any related indicators of impairment;</li><li>• checking, also involving our own valuation specialists, the analyses made by the directors and the reasonableness of the conclusions reached, including in the light of available information and the knowledge acquired through our audit of the separate and consolidated financial statements;</li><li>• assessing the appropriateness of the disclosures provided in the notes about the measurement of investments in subsidiaries.</li></ul>

### **Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements**

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.



**Ferrovie dello Stato Italiane S.p.A.**

*Independent auditors' report*

31 December 2022

### ***Auditors' responsibilities for the audit of the separate financial statements***

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.



**Ferrovie dello Stato Italiane S.p.A.**  
*Independent auditors' report*  
31 December 2022

### **Other information required by article 10 of Regulation (EU) no. 537/14**

On 4 November 2014, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2014 to 31 December 2022.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

### **Report on other legal and regulatory requirements**

#### **Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98**

The company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 31 December 2022 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 31 December 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Rome, 28 April 2023

KPMG S.p.A.

(signed on the original)

Gabriele de Gennaro  
Director of Audit

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

*The board of statutory auditors*

**REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDER'S MEETING OF FERROVIE DELLO STATO ITALIANE S.p.A. SINGLE-MEMBER COMPANY PURSUANT TO ARTICLE 2429.2 OF THE ITALIAN CIVIL CODE**

To the sole shareholder of Ferrovie dello Stato Italiane S.p.A.

***INTRODUCTION***

Dear Shareholder,

The current composition of the board of statutory auditors appointed for three years and, in any case, until the shareholder's meeting called to approve the 2024 financial statements, is the result of the shareholder's resolution passed on 3 May 2022 appointing the standing statutory auditors Rosalba Cotroneo (chairwoman), Sergio Duca and Marino Marrazza and the alternate statutory auditors Letteria Dinaro and Francesco Tulumieri. Until then, the board of statutory auditors was composed of the standing statutory auditors Alessandra dal Verme (chairwoman), Gianpaolo Davide Rossetti and Susanna Masi and the alternate statutory auditors Letteria Dinaro and Salvatore Lentini.

When the parent acquired the status of public interest entity, pursuant to article 19 of Legislative decree no. 39/2010, its board of statutory auditors also became the "Audit committee", with responsibility for monitoring financial reporting, the efficacy of the internal control, internal audit and risk management systems, the statutory audit and the independence of the independent auditors, particularly with respect to the type of any non-audit services they provide to the audited company.

During the year, the group continued implementing its new organisational model based on divisions, with a new structure for management and coordination by the parent and the companies heading each division under the new business plan to 2031.

The draft separate financial statements of Ferrovie dello Stato Italiane S.p.A. - single-member company ("FS Italiane S.p.A.") as at and for the year ended 31 December 2022, which have been submitted for your examination, were approved by the board of directors in its meeting of 6 April 2023.

The independent auditors, KPMG S.p.A., issued their report on FS Italiane S.p.A.'s separate financial statements at 31 December 2022, as per article 14 of Legislative decree no. 39 of 27 January 2010 and articles 10 and 39 of Regulation (EU) no. 537 of 16 April 2014, expressing an unqualified opinion

on their compliance with the IFRS endorsed by the European Union and on the fact that the financial statements give a true and fair view of the company's financial position, financial performance and cash flows. In the same report, the independent auditors state that the directors' report and some specific information on corporate governance and the ownership structure, required by article 123-bis.4 of Legislative decree no. 58/98, are consistent with the separate financial statements of FS Italiane S.p.A. at 31 December 2022 and have been prepared in compliance with the applicable law.

### ***1. Report of the board of statutory auditors***

During the year, we met 18 times and 11 of those meetings were held after the shareholder's meeting resolving on the board's new composition. The Court of Auditors' Magistrate appointed pursuant to article 12 of Law no. 259 of 21 March 1958 to control financial management was invited to all our meetings. The board of statutory auditors in its previous composition - or certain members representing the previous board - also attended the shareholder's meeting of 3 May 2022, ten meetings of the board of directors (including six after the shareholder's meeting of 3 May 2022), six meetings of the Control, Risk and Sustainability Committee (including three after the shareholder's meeting of 3 May 2022) and four meetings of the Governance, Appointments and Remuneration Committee (including three after the shareholder's meeting of 3 May 2022). The board also participated in the directors' and statutory auditors' induction sessions.

Specifically, when the new board took office, it held an induction session with the support of the main function heads for a briefing on the company's governance structure. Furthermore, it received the articles of association (in effect as from 1 June 2022), information on the power structure of the board of directors, the regulations of the board of directors and its committees (the Control, Risk and Sustainability Committee and the Governance, Appointments and Remuneration Committee), the group regulation, the code of ethics, the insider dealing regulation and the internal dealing code. All the documentation was made available to the board of statutory auditors in the virtual data room (VDR), which is the customary document sharing tool that company and the company officers use.

With respect to the main safeguards, we were provided with: FS Italiane S.p.A.'s 231 Model, the 2022 audit plan, the internal audit charter, the group order on monitoring the corrective actions arising from internal audits, the whistleblowing procedure, the anti-bribery and corruption system ABC model, the FS Italiane group's compliance model, the group financial reporting internal control model (262 Model) and the tax control framework.

The company also provided the board of statutory auditors with the 2022-2031 business plan, the annual report at 31 December 2021, including the reports of the board of statutory auditors, the independent auditors (KPMG) and the manager in charge of the company's accounting documents preparation, the 2021 sustainability report, the EMTN programme prospectus and the decision of

the Court of Auditors on the audit of financial operations in 2019 (decision no. 40/2021).

## ***2. Supervisory activities pursuant to article 2403 and subsequent articles of the Italian Civil Code***

During the year, we performed our supervisory duties as required by law and in compliance with the code of conduct for boards of statutory auditors recommended by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

Along with the parent's other corporate officers, the statutory auditors systematically check that the corporate governance principles are applied and they also oversee compliance with the law, the articles of association and the principles of sound administration, particularly with respect to the adequacy of the organisational, administrative and accounting system adopted by FS Italiane S.p.A. and that it is effectively working.

We report the following with respect to the activities we performed.

The board of directors' and the board committees' meetings in which we participated (see paragraph 1) were held in compliance with the relevant legislation, regulations and articles of association. During the board of directors' meetings, we met our obligations to periodically report to the board of directors and the board of statutory auditors as per article 2381 of the Italian Civil Code. We received from the board of directors, with adequate prior notice and even during the meetings held, information on the general performance of operations and outlook and on the company's and its subsidiaries' most significant transactions in terms of size or characteristics.

We met with the statutory auditors of the strategic subsidiaries and the companies heading the divisions, from which we acquired assessments of the general adequacy of their internal control system and no relevant facts or information were noted which should be disclosed in this report.

We promptly shared data and information relevant for our supervisory activities with the independent auditors, KPMG.

With respect to the supervisory activities concerning the independence of the auditors entrusted with the statutory audit, in our role as Audit committee, we:

- check and monitored the independence of the company entrusted with the statutory audit pursuant to articles 10, 10-bis, 10-ter, 10-quater and 17 of Legislative decree no. 39 of 27 January 2010 and article 6 of Regulation (EU) no. 537 of 16 April 2014, also with specific reference to the adequacy of the provision of non-audit services;
- approved the non-audit engagements to the company entrusted with the statutory audit and its network and we received periodic reports from the company units monitoring compliance with the limits on the fees that can be paid for non-audit engagements under the applicable internal procedures;

- noted that, in the additional communication provided pursuant to article 11 of Regulation (EU) no. 537 of 16 April 2014, KPMG S.p.A. confirmed its independence under article 6.2.a) of the same Regulation.

Consequently, based on the documentation and information received, we have nothing to report with respect to the independence of the company entrusted with the statutory audit, KPMG S.p.A..

We met with the heads of the company functions that make up the internal control and risk management system (ICRMS) and, based on the information gathered, we refer to that indicated in the annual report and have nothing to disclose in this report.

We also met with the head of the internal control system and monitored the financial reporting system, receiving reports on the related activities that were carried out. No relevant data or information arose that should be disclosed in this report.

We met with the Supervisory Body and read its periodic reports on examinations carried out, with specific regard to cybersecurity issues affecting the internal control system and risk management. With specific respect to the organisational, management and control model adopted pursuant to Legislative decree no. 231/2001 and the procedural safeguards in place under the same legislative decree, we were adequately informed, including from the concerned company units, of the activities carried out during the year and on the updated organisational, management control model approved by the board of directors on 26 October 2022.

We gathered information and monitored the adequacy of the organisational, administrative and accounting system and that it is effectively working. This included gathering information from the function heads-

We also gathered information and monitored, insofar as we are concerned, the adequacy of the company's administrative/accounting system and that it is functioning, as well as its reliability in fairly representing operations through the information and documents obtained during the meetings with the function heads and the examination of company documents.

Neither during the year nor after the reporting date did we identify any atypical and/or unusual transactions with third and/or related parties. Specifically, the ordinary transactions carried out on an arm's length basis with group companies and other related parties, which are described in the annual report, reflect and are in line with, the company's interests.

The non-recurring transactions of the year include, in particular:

- Mercitalia Logistics S.p.A.'s capital increase of €482.5 million, as resolved by the shareholders during their extraordinary meeting on 20 December 2022, which may be divided into several tranches by 31 December 2027, to recapitalise its subsidiary Mercitalia Rail S.r.l. At the same

time, the sole shareholder FS Italiane S.p.A. subscribed and paid up the first tranche of €45 million of the capital increase, which Mercitalia Logistics S.p.A. used in its entirety for Mercitalia Rail S.r.l.'s capital increase. As a result, Mercitalia Logistics S.p.A.'s approved share capital totals €667 million, €230 million of which is subscribed and paid up, while Mercitalia Rail S.r.l.'s approved quota capital amounts to €497 million, €59 million of which is paid up;

- the four capital increases approved in 2022 by the shareholders of Intermodalidad de Levante SA, for a total of €44.95 million, including €300 thousand as share capital and the remainder as a share premium; as a result of these transactions, the company's share capital totals €1.86 million. As described in the annual report, on 23 September 2022, Globalvia Inversiones SAU acquired a 24% stake in Intermodalidad de Levante SA from Operador Ferroviario De Levante S.L.; following this transaction, Intermodalidad de Levante SA's ownership is as follows: 31% OFL, 24% Globalvia SAU and 45% Trenitalia S.p.A.. On 25 November 2022, the company began operating in Spain. Therefore, it is consolidated in the FS Italiane group's financial statements as of that date, as it qualifies as a subsidiary under IFRS 10 due to the shareholders' agreements governing its management;
- the establishment of FS Security S.p.A. (wholly owned by FS Italiane S.p.A.) with deed of incorporation dated 9 November 2022, with the purpose of providing private security services. The Security and Corporate Protection business units of Trenitalia S.p.A. and Rete Ferroviaria Italiana S.p.A. were partially demerged into FS Security S.p.A. with effect as from 1 January 2023;
- the approval of the final liquidation financial statements and asset allocation plan with the assignment of residual amounts to the sole shareholder FS Italiane S.p.A., resolved by the shareholders of Nugo S.p.A. in liquidation on 28 October 2022. The company was struck from the company register on 29 December 2022;
- the merger of Sippel Travel GmbH into Autobus Sippel GmbH with effect as from 5 September 2022;
- the liquidation of Anas Concessioni Autostradali S.p.A., approved on 18 July 2022;
- the winding up and liquidation of FS Italian Railways Thailand Ltd, approved on 10 March 2022;
- the FS Italiane group's exit from ownership of Ostmecklenburgische Bahnwerk GmbH on 3 February 2022 following the Netinera group subsidiary Prignitzer Eisenbahn GmbH's sale of its 49% stake to third parties;
- the capital increase of a maximum of €150 million, to be carried out by 31 December 2022, through the issue of new ordinary shares to be optioned to shareholders, approved by the



shareholders of Tunnel Ferroviario del Brennero – Società di partecipazioni S.p.A. during their extraordinary meeting on 17 January 2022. RFI S.p.A. made capital injections totalling €140 million in the year. As a result, through its subsidiary RFI S.p.A., the FS Italiane group now owns 90.34% of this company following the other shareholders' different subscriptions.

In 2022, we received information on the main disputes in which the parent and group are involved and we further analysed those that were the most significant with the support of the competent company functions.

In 2022, we gathered information from the heads of the relevant company units, either directly during their meetings or by participating in the meetings of the board committees.

During the year, we did not receive any complaints pursuant to article 2408 of the Italian Civil Code, nor did we take any action as a result of omissions by the board of directors pursuant to article 2406 of the Italian Civil Code.

During the year, we did not express any opinions or observations pursuant to law, except for that reported in paragraph 3 in connection with the engagement for the statutory audit.

Furthermore, for 2022, we note that:

- we did not make any reports to the board of directors pursuant to article 15 of Decree law no. 118/2021 or article 25-*octies* of Legislative decree no. 14 of 12 January 2019;
- we did not receive any reports from public creditors pursuant to article 25-*novies* of Legislative decree no. 14 of 12 January 2019 or article 30-*sexies* of Decree law no. 152 of 6 November 2021, converted into Law no. 233 of 29 December 2021 and subsequent amendments.

Based on our supervisory and monitoring activities, we have nothing to report.

### **3. Appointment of statutory auditors**

As KPMG S.p.A.'s appointment as statutory auditor for the 2014-2022 nine-year period by the shareholder on 4 November 2014 has reached an end and may not be renewed pursuant to article 17.1 of Legislative decree no. 39 of 27 January 2010, in 2022, FS Italiane S.p.A. began the procedure for the selection of other statutory auditors to appoint for the 2023-2031 nine-year period.

As Audit committee responsible for selecting the statutory auditors under article 16 of the Regulation for public interest entities, we (both the current and previous boards):

- discussed with the offices the type of procedure to be followed, the various stages and the tender documentation (invitation to bid, letter of invitation and attachments, including, in particular, the standard framework agreement);
- discussed with the offices the pre-requisites to bid and the scoring model for the assessment

of bids;

- discussed with the offices how to respond to bidders' requests for clarifications;
- participated in the procedure for the appointment of the commission to judge the bids;
- examined and approved the results of the assessment of bids by the commission and the ranking, validating it;
- consequently prepared a duly justified recommendation to be submitted to the shareholder.

Pursuant to article 16 of Regulation (EU) no. 537/2014, we prepared the duly justified recommendation for the shareholder concerning the appointment of the statutory auditor for the separate and consolidated financial statements between 2023 and 2031 to either PricewaterhouseCoopers S.p.A. or EY S.p.A., according to their respective bids and in accordance with the standard framework agreement, expressing our duly justified preference for PricewaterhouseCoopers S.p.A.'s bid, as it received a higher overall score based on the above.

We then attended the shareholder's meeting of FS Italiane S.p.A. on 21 March 2023, in which the shareholder resolved to appoint PricewaterhouseCoopers S.p.A. as FS Italiane S.p.A.'s statutory auditors for the 2023-2031 nine-year period.

#### **4. Separate and consolidated financial statements**

We have examined the draft separate financial statements as at and for the year ended 31 December 2022, which show a profit for the year of €90,150,022 and equity of €39,990,551,290, including the profit for 2022. As we are not required to perform the statutory audit, we supervised the general presentation of the financial statements, their compliance with law and their preparation and structure, and we have nothing to report. We also checked their compliance with the provisions of law regarding the preparation of the directors' report, and again in this regard we have nothing to report. In the annual report, the board of directors has detailed the captions that contributed to the profit for the year and the underlying events. We have checked that the financial statements are consistent with the facts and information known to us.

In this respect, as indicated in the independent auditors' report:

- the financial statements have been prepared in accordance with the IFRS (which include the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect at the reporting date ("IFRS");
- the independent auditors, KPMG S.p.A., have checked that operations are recognised

properly in the accounting records and are presented in the financial statements in accordance with the IFRS.

Based on that indicated in the independent auditors' report, "the separate financial statements give a true and fair view of Ferrovie dello Stato Italiane S.p.A. as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05".

In their report, the independent auditors have indicated as a key audit matter the recoverability of the carrying amount of investments in subsidiaries, with specific respect to the changes to the law affecting the subsidiary Anas S.p.A.'s concession assets.

To the extent of our knowledge, during the preparation of the separate financial statements, the directors did not apply any of the waivers permitted by article 2423.5 of the Italian Civil Code.

Pursuant to article 154-bis of Legislative decree no. 58/1998, in a specific report attached to the draft separate financial statements and the consolidated financial statements for 2022, the CEO and the manager in charge of the company's accounting documents preparation have attested to:

- the adequacy and effective application of the administrative and accounting procedures for the preparation of the aforesaid financial statements;
- the compliance of the financial statements with the IFRS endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002;
- the consistency of the financial statements with the accounting ledgers and entries and their adequacy in giving a true and fair view of the financial position and financial performance of the company and the consolidated companies; and
- the fact that the directors' report, which accompanies the financial statements, provides a reliable analysis of the performance, results of operations and financial position of the company and the consolidated companies, along with a description of the main risks and uncertainties to which they are exposed.

Although we are not required to issue a report or express a formal opinion on the consolidated financial statements, which is the responsibility of the independent auditors, we report that:

- the consolidated financial statements show a profit for the year of €202 million (€204 million attributable to the owners of the parent);
- based on that indicated in the independent auditors' report, the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Union pursuant to Regulation

(EC) no. 1606/2002 and applicable as of the reporting date (these standards and interpretations are collectively referred to as the “IFRS”);

- KPMG S.p.A.’s report pursuant to article 14 of Legislative decree no. 39/2010 is not qualified and contains no emphasis of matter paragraphs.

We have acknowledged the recognition of €111 million as Goodwill in the consolidated financial statements only, which was shown to be impaired in the test performed by the directors.

The independent auditors highlighted the following key audit matters in their report on the consolidated financial statements:

- Recoverability of non-current assets
- Calculation of amortisation and depreciation of railway infrastructure
- Provisions for risks and charges - claims from suppliers for additional consideration

The following significant events occurred after 31 December 2022 and are disclosed in the annual report:

- *Approval of new bonds, loans and borrowings and commercial paper programme for 2023*

On 28 February 2023, the board of directors of FS Italiane S.p.A. approved the issue of new EMTNs and the use of other funding instruments for a total maximum amount of up to €3.1 billion in order to cover the FS Italiane group’s medium- and long-term financial requirements. It also approved raising the limit of the EMTN up to €12 billion from the previous €9 billion. The issues, under the EMTN, listed on the Dublin stock exchange, will be reserved for institutional investors. As part of the new EMTN issues, FS Italiane S.p.A. is also planning new green bonds to finance the investments of its subsidiaries. Furthermore, it approved a commercial paper programme for a maximum of €2 billion.

- *Train accident in Greece*

On the night of 28 February 2023, a train accident occurred between a passenger train and a freight train at Tempi in central Greece, on the route between Athens and Thessaloniki. A total of 57 people lost their lives and 164 were injured. At the time of the accident, 351 people were on board the passenger train, including 342 passengers, seven employees of Hellenic Trains and two employees of the company operating the restaurant car, while two crew members were on the freight train. Investigations by the competent authorities are currently underway; however, to date, no liability has been attributed to the company. Indeed, at present, Hellenic Train and its employees are not formally party to any criminal proceedings. As described in the report, in Greece, the network is operated by the Greek state company, Ose. A few days after the accident, the station manager (an Ose employee) was arrested.

- *K2 Discount pursuant to Ministerial decree no. 44T/2000*

On 1 March 2023, the favourable first-level ruling was issued in which the Rome Court admitted

Trenitalia S.p.A. request for RFI S.p.A. to return the amounts that Trenitalia S.p.A. had unduly paid and ordered RFI S.p.A. to pay, as reimbursement for the amount unduly paid, €144,517,283.00 to Trenitalia S.p.A., plus interest and legal fees. In addition, the court decided on the legal question relating to Mercitalia Rail S.r.l.'s part (which had initially been combined with Trenitalia S.p.A.'s), ordering RFI S.p.A. to pay €91,315,687.00 plus interest and legal fees. In addition to taking all the appropriate actions in court against this ruling, RFI S.p.A. will begin formal talks to establish a process for the recovery of the resources from the government for any amounts due.

- *2023-2032 business plan*

On 6 April 2023, FS Italiane S.p.A.'s board of directors approved the 2023-2032 business plan, which updates the 2022-2031 plan. The plan confirms the strategic rationale of the previous plan as well as the main assumptions, geared around enabling a smart, integrated and sustainable intermodal mobility system to connect people and freight: integrated and resilient physical infrastructure and engineering services to fast-track capital expenditure, the integration of the modal shift in passenger transport to improve the service level for the customer and value creation, more highly integrated and sustainable logistics services and urban regeneration with first and last mile intermodal and logistics solutions in urban settings. Although the 2023-2032 business plan was drawn up considering the widespread uncertainty of fundamentals across global markets, it forecasts higher revenue and profit margins than the 2022-2031 plan, which will be achieved through a progressive increase in the portion of the profit margin generated by the commercial business, driven by the larger weight of the passenger transport and logistics divisions. It confirms the 2022-2031 investment plan, but modifies the timing of investments in response to the aforementioned market trends.

- *Stretto di Messina S.p.A.*

Decree law no. 35 containing urgent measures for the construction of a stable connection between Sicily and Calabria, issued on 31 March 2023, is part of a series of legislative measures for the construction of a bridge across the Messina Strait and the connected railway and road accesses.

Specifically, the purpose of the decree law is to resume the procedure for the construction of the infrastructure by continuing the concession arrangement with Stretto di Messina S.p.A., in accordance with that already provided for in article 1.487-493 of Law no. 197 of 29 December 2022 (the "2023 Budget Act").

In conclusion, as indicated in the 2022 annual report, only after the technical analysis of the definitive project for the construction provided for by article 3 of the decree, also considering article 4.6, has been completed, will it be possible to assess the need, if any, to impair the carrying amount of Anas' investment in the company and any related effects on the separate and consolidated financial statements.

## **5. Non-financial statement**

The FS Italiane group must comply with Legislative decree no. 254 (the “decree”), which implemented Directive 2014/95/EU, amending Directive 2013/34/EU with respect to the disclosure of non-financial information by certain large companies and groups. In accordance with the decree, as in previous years, the group has included a non-financial statement (NFS) in the directors’ report. Based on the independent auditors’ report dated 28 April 2023, the NFS has been prepared in accordance with the GRI Sustainability Reporting Standards, defined by the Global Reporting Initiative (GRI).

## **6. Conclusions**

In conclusion, considering the results of the activities performed and the opinion expressed in the independent auditors’ report, insofar as we are concerned, we agree with the proposed approval of the draft financial statements FS Italiane S.p.A. as at and for the year ended 31 December 2022, as they stand.

Rome, 28 April 2023

### THE BOARD OF STATUTORY AUDITORS

Rosalba Cotroneo	(chairwoman)
Sergio Duca	(standing statutory auditor)
Marino Marrazza	(standing statutory auditor)