

FERROVIE DELLO STATO ITALIANE GREEN BOND FRAMEWORK

SECOND-PARTY OPINION BY SUSTAINALYTICS

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SUSTAINALYTICS

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1. INTRODUCTION

Ferrovie dello Stato Italiane SpA (Ferrovie), together with its subsidiaries (Ferrovie Group), provides transportation, infrastructure, real estate services, and other services in Italy and internationally. The Italy-based company was founded in 1905 and operates in four segments:

- Transport for passenger and cargo through rail, road and sea;
- Infrastructure, including operation, maintenance, development, and use of railway network infrastructure; engineering services and construction of tunnels;
- Real estate services, to manage and redevelop railway stations and sell land and buildings;
- Other services, including credit factoring, leasing, and consumer credit services; and certification, validation, and testing services on transport and infrastructure systems.

Ferrovie Group's transportation segment operates in total 24,435 km of tracks, with 16,788 km of operational railway lines.

Ferrovie has developed a Green Bond Framework under which it will issue multiple green bonds. The proceeds will be used to finance and refinance expenditures with the goal of improving the environmental performance of its operations and the attractiveness of trains for passenger transport in Italy.

The net proceeds of each green bond will be used to finance or refinance, in whole or in part, new projects or existing projects (refinancing may apply to projects dated back a maximum of two years) to renew the firm's Public Transport Rolling Stock. The Framework defines eligibility criteria in two areas:

1. New Electric Multiple Unit trains for regional passenger transport
2. New High-Speed Trains "ETR 1000"

A list of eligible projects for the 2017 Green Bond issuance is provided in Appendix 1.

Ferrovie engaged Sustainalytics to review its Green Bond Framework and to provide a second-party opinion on the alignment of the Framework with the Green Bond Principles 2017 (the "GBP"), as administered by the International Capital Market Association (the "ICMA").¹

As part of this engagement, Sustainalytics held conversations with various members of Ferrovie Group's sustainability, finance and procurement teams to understand the sustainability impact of their business processes and planned use of proceeds, as well as the management of proceeds and the reporting aspects of Ferrovie's Green Bond Framework. Sustainalytics also reviewed relevant public documents and non-public information. Following this engagement between Ferrovie and Sustainalytics, some elements of the Green Bond Framework were clarified to ensure alignment with the expectations for disclosure reflected in the Green Bond Principles.

This document contains Sustainalytics' opinion of the Ferrovie Green Bond Framework and should be read in conjunction with that framework.

¹ ICMA's Green Bond Principles 2017

<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/GreenBondsBrochure-JUNE2017.pdf>

2 SUSTAINALYTICS' OPINION

Section 1: Summary of Sustainalytics' Opinion on the Ferrovie Green Bond Framework

- The eligible categories for the use of proceeds are aligned with those recognized by ICMA's Green Bond Principles. Ferrovie disclosed a comprehensive level of detail for eligible projects for each category. In Sustainalytics' opinion the use of proceeds provides a clear environmental benefit through the development of clean transportation and the accompanying reduction in GHG emissions from Italy's public transport sector. Additional details on impact are provided in Section 3.
- Following the assessment of Ferrovie's sustainability strategy and the use of proceeds, Sustainalytics is of the opinion that the use of proceeds from the Green Bond will contribute to Ferrovie's sustainability strategy and overall strategy to make trains, as a sustainable means of passenger transport, more attractive in Italy. For further details please see Section 2.
- Ferrovie has a dedicated green bond working committee for project evaluation and selection, including members of Ferrovie's finance and sustainability teams and will be chaired by the company's Head of Finance. On a semi-annual basis, the committee will review eligible projects to identify projects that meet the eligibility criteria. This is in line with recommended market practice.
- Ferrovie will report on its website, on an annual basis, the allocation of the bond proceeds by eligible project category. In addition, an external auditor will verify the allocated proceeds to "Eligible Green Projects" and the remaining balance of unallocated proceeds on an annual basis. This information will be reported in Ferrovie's annual report review. These reporting practices are in line with market best practice.
- Regarding impact reporting, Ferrovie will report to the extent possible on relevant impact metrics, such as GHG reduction, energy reduction and hazardous emission reduction. The reporting will be conducted for each eligible project category on an annual basis and will be made available on Ferrovie's website. Since the trains eligible for the use of proceeds are provided with energy measurement systems,² Sustainalytics believes that the company is well positioned to report on relevant metrics.

Alignment with Green Bond Principles 2017: Sustainalytics has determined that the Ferrovie Green Bond aligns to the four pillars of the Green Bond Principles 2017. For detailed information please refer to Appendix B: Green Bond/Green Bond Programme External Review Form.

² Regional EMUs will have energy meters; the ETR 1000 has a non-meter-based measurement system using voltage and current measurement sensors present on the train.

Section 2: Assessment of Ferrovie's sustainability strategy

Contribution of the eligible projects to Ferrovie's corporate and sustainability strategy

As a provider of railway systems, passenger and cargo rail transport in Italy and internationally, Ferrovie Group plays an important part to improve the environmental performance of transport in Italy and the EU. Ferrovie integrated sustainability into its 2017-2026 business plan. The company also implemented an environmental policy and environmental management system, committing to reduce its environmental footprint regarding natural resources, energy efficiency, greenhouse gas emissions, biodiversity and other environmental impacts of its business, such as noise, electromagnetic and atmospheric emissions³. The company reports that in 2016, it started the process to fully integrate environmental management into its business model and intends to improve its sustainability performance and overall sustainability of transport through the following means:

- **Reducing its own consumption of natural capital by** renewing the vehicle fleet, making buildings more energy efficient, building plants powered by renewable sources and purchasing certified green energy.
- **Synergies between operators and technologies to promote a shift towards more efficient modes of transport.** The company aims to decrease the amount of travel by private car and increase the use of mass transport by road, rail or both by offering a door to door service through combining different modes of transport, infrastructure, partnerships for car/ scooter/ bike sharing schemes and technology, such as an app that combines different modes of transport.

Furthermore, Ferrovie is signatory of the UIC Declaration on Sustainable Mobility & Transport. The declaration provides guideline for reporting on sustainability progress and includes 18 commitments on sustainable development, including environmental, social and ethical business topics.

Sustainalytics believes that the "Eligible Green Projects" under the company's Green Bond Framework will contribute to the sustainability objectives and commitments made by Ferrovie in its 2017-2026 business plan and policies, thus contributing to Ferrovie's sustainability strategy.

Well positioned to address common environmental and social risks associated with the projects

Main risks associated with the renewal of regional rolling stock and the use of high-speed trains for passenger transfer are the potential negative impacts of noise on settlements and the environment, the degradation of biodiversity from land use for rail infrastructure, as well as the safety of passenger, persons crossing railroads and personnel on the trains.

Environmental risk management

To minimize negative environmental impacts of its operations, Ferrovie uses environmental impact assessments (EIA) and requires its contractors to have an environmental management system that aligns with ISO 14001 standards. For construction projects, contractors also need to carry out environmental

³ Ferrovie Environmental Policy, <https://www.fsitaliane.it/content/fsitaliane/en/Sustainability/environmental-commitment/environmental-policy.html>

analysis and identify material environmental impacts. Environmental inspections and periodic supervisory audits are conducted by the subsidiary Italferr, which serves as a technical supervisor. Ferrovie also reports on an analysis of habitats to protect biodiversity and commits to mitigate noise from sites and stations, to implement permanent sound reduction fixtures and to explore other solutions to reduce the noise generated by train/track contact.

Given Ferrovie's use of environmental impact assessments, its own environmental management standard and environmental requirements for its contractors, Sustainalytics believes that the company is well positioned to manage environmental risks associated with the construction of new railways and renewal of existing rolling stock.

Safety management

Ferrovie Group conducts social impact assessments, continuous community engagement and consultation throughout complex projects, providing adequate measures to minimize negative impact on local communities.

Regarding the safety of passenger services, Ferrovie Group has a Safety Management System that includes the following elements:

- Ferrovie Group invested 78% of its 2016 R&D spending⁴ in traffic safety, and conducts accident analysis.
- Ferrovie Group's Safety Management System includes train speed protection technologies and regular maintenance of railway infrastructure. The company improves rail track safety through decreasing the number of railroad crossings and improving safety of rail road crossings, including new integrative automatic protection devices to detect obstacles on crossings.
- Ferrovie's subsidiary Rete Ferroviaria Italiana - the infrastructure manager and the concessionarie of the Italian railway network - revised its quality and safety management procedures related to the maintenance of railway infrastructure in March 2016, to optimise decision-making, communication and information flows within these units.
- Ferrovie's subsidiary Trenitalia – the incumbent railway passenger transport operator -which will purchase the trains from the proceeds of the bonds, and both infrastructure subsidiaries RFI and Italferr, obtained external ISO 9001 certification for its quality management system⁵ management.
- The new regional EMUs, as well the HS ETR 1000, comply to the latest EU Technical Specification for Interoperability⁶ (TSI) and are provided with modern and advanced signalling and control systems, ensuring a reasonably high level of safety.

Based on the above, Sustainalytics is of the opinion that Ferrovie Group has an adequate Safety Management System to mitigate safety related risks.

⁴ Overall R&D spending accounted for 0.51% of FY2016 revenues.

⁵ ISO 9001 is a certification for quality management systems for product or programmes. The standard ensures continuous quality improvement and that products and services meet customer's requirements. <https://www.iso.org/iso-9001-quality-management.html>

⁶ The EU Technical Specification for Interoperability aim to foster the interoperability of the national networks by implementing a common rail safety approach to facilitate market access, while maintaining a reasonably high level of safety. Source: <http://www.era.europa.eu/Document-Register/Pages/TSI-Application-Guide-general-part.aspx>

Additionally, as per FerrovieGroup 2016 Sustainability Report the number of safety incidents⁷ that occurred in 2016 demonstrate a downward trend in these incidents from previous years⁸, as well as some of the best performances in terms of number of safety incidents since 2006.⁹ As well, the Sustainability Report also mentions that roughly 94% of these events in 2016 were due to reasons outside the scope of the railway system.¹⁰ Given this percentage and the adequate Safety Management System described above, Sustainalytics is of the opinion that Ferrovie Group is well positioned to mitigate risks moving forward.

Section 3: Impact of Use of Proceeds

Ferrovie intends to use the proceeds for investments in renewal of its rolling stock including (i) the purchase of new Electric Multiple Unit trains for regional passenger transport and (ii) the purchase of “ETR 1000” high-speed trains. The use of proceeds categories are recognized as impactful by the GBP. In the following Sustainalytics will explain the local context.

Impact of electric rail transit on greenhouse gas (GHG) reduction

In addition, advancing rail transportation is closely linked to achieving climate targets and to the EU-wide reduction targets for GHG emissions from transportation outlined in the “Roadmap to a Single European Transport Area.”¹¹ The Commission aspires to meet these targets by prioritising modes of transportation that can easily carry large numbers of passengers, such as rail, over cars. Advancing the rail transit is also likely to contribute to the Italy’s GHG emission target of 40% reduction by 2030 compared to 1990 levels, given that the transportation sector in Italy contributed 27.95% of Italy’s GHG emissions in 2012.¹²

Sustainalytics is of the opinion that improving long distant rail traffic, including an increase in speed, provides an incentive for passengers to travel by train instead of car or plane, which are the main competing forms of transport for Trenitalia’s regional and high-speed trains. Given that, according to the European Environmental Agency, trains are the most energy efficient mode of passenger transport¹³

⁷ As per Sustainalytics controversy research, the last significant railway accident in which Ferrovie was involved occurred in 2009. The legal proceedings are still ongoing. For further information, Ferrovie directs investors to see also the FS’ EMTN Programme Base Prospectus, section “Judicial Investigations and Proceedings (Arbitration, Antitrust Proceedings and Proceedings before the Public Contracts Supervisory Authority; Administrative Litigation)” available via the Irish Stock Exchange website.

⁸ Page 103, https://www.fsitaliane.it/content/dam/fsitaliane/en/Documents/commitment/sustainability-report/archive/2016_FSitaliane_Sustainability_Report.pdf

⁹ Page 103 https://www.fsitaliane.it/content/dam/fsitaliane/en/Documents/commitment/sustainability-report/archive/2016_FSitaliane_Sustainability_Report.pdf

¹⁰ For example, people crossing the tracks inappropriately attempts. Page 104, https://www.fsitaliane.it/content/dam/fsitaliane/en/Documents/commitment/sustainability-report/archive/2016_FSitaliane_Sustainability_Report.pdf

¹¹ The Roadmap envisages a reduction from the transport sector of at least 60% of GHG by 2050 with respect to 1990, and an interim target for 2030 of reducing GHG emissions to around 20% below 2008 levels. Roadmap to a Single European Transport Area. 2011 White Paper. Accessed September 9, 2016: <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52011DC0144>

¹² https://unfccc.int/files/ghg_emissions_data/application/pdf/ita_ghg_profile.pdf

¹³ <https://www.eea.europa.eu/publications/ENVISSUENo12/page027.html>

Sustainalytics is of the opinion that the advancement of the regional and high-speed trains in Italy can have a great contribution to achieving the EU and Italian GHG reduction targets.

Energy efficiency improvements compared to previous models

While rail transport is the most energy efficient mode of passenger and freight transport in the EU, efficiency improvements of trains and the use of electric trains can contribute to further reduce GHG emissions by the transport sector. The eligible projects for regional and high-speed trains both demonstrate energy efficiency improvements compared to previous models. For the regional trains, Trenitalia in its tenders included energy efficiency into its selection criteria and selected trains with improved energy performance compared to train models currently used in Italy and by Trenitalia through lightweight materials, energy efficient ventilation, cooling systems and interior electronic equipment, such as lighting. Furthermore, the ETR 1000 high-speed train has shown an average energy efficiency improvement of about 18% compared to the previous model ETR 500. In addition, the ETR 1000 has a recyclability rate of 94.4% and a recoverability rate of 95.8%¹⁴, reducing the life-cycle impact of the trains. The regional trains have a minimum recyclability and recovery rate of 92% and 95%, respectively.

While the energy efficiency improvements declared by the train manufacturers still need to be proven once the trains are in operation, given the declared energy improvements of the new electric trains compared to previous models, as well as recyclability of the trains, Sustainalytics is of the opinion that the use of proceeds contributes to increased sustainability and energy efficiency of Ferrovie Group’s operations and the mobility system in Italy.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. These goals are widely considered the next step to the Millennium Development Goals (MDG), which were time-bound to 2015. The bond’s use of proceeds contributes to the following SDGs:

Use of Proceeds Category	SDG	SDG target
<ul style="list-style-type: none"> • Electrical regional trains • High-Speed trains “ETR 1000” 	11. Sustainable Cities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
<ul style="list-style-type: none"> • Electrical regional trains • High-Speed trains “ETR 1000” 	12. Ensure sustainable consumption and production patterns	12.2 By 2030, achieve the sustainable management and efficient use of natural resources

¹⁴ <http://environdec.com/en/Detail/epd453>

Conclusion

Ferrovie dello Stato Italiane SpA (Ferrovie), which provides through its subsidiaries transportation and infrastructure services in Italy and internationally, intends to issue green bonds to finance or refinance, in whole or in part, investments to develop clean transportation and reduce GHG emissions from the transportation sector. Proceeds of the bonds may be directed towards the following “Eligible Green Projects”: (i) purchase and put into commercial operation of Electric Multiple Unit trains for regional transport; and (ii) purchase and put into commercial operation of the ETR 1000 high-speed train.

Having reviewed Ferrovie’s Green Bond Framework and sustainability strategy, Sustainalytics believes that the use of proceeds is well aligned with the company’s aim to promote clean transportation and that they will contribute to the GHG reduction targets set by Italy and in the EU Roadmap to a Single European Transport Area, as well as SDG 11 and 12. The eligible categories for the use of proceeds are also aligned with those recognized by the Green Bond Principles.

The company’s management of the bond proceeds and reporting are aligned with market practices. To manage the bond’s proceeds, Ferrovie has a dedicated green bond working committee, including members of Ferrovie Group finance and sustainability teams, which will evaluate and select projects on a semi-annual basis. The allocation of the bond proceeds by eligible project category will be reported on an annual basis on Ferrovie’s website. An external auditor will verify the allocated proceeds to “Eligible Green Projects” and the remaining balance of unallocated proceeds on an annual basis, disclosed in Ferrovie’s annual report review. Furthermore, Ferrovie will disclose relevant impact metrics on an annual basis per eligible category. Sustainalytics believes that the company’s effort to measure and disclose impact metrics are also in line with market best practice.

Based on the above, Sustainalytics is confident that Ferrovie is well positioned to issue green bonds, and that the Ferrovie Green Bond Framework is robust and transparent and in alignment with the four pillars of the Green Bond Principles 2017.

APPENDICES

Appendix 1: Eligible Projects

Regional trains:

- 1) **Purchase and put into commercial operation of the new regional electric train Medium Capacity:** the latest generation product by Alstom called New EMU Alstom (named "Pop")

The main features of the new Alstom convoy that contribute to the reduction of energy consumption are:

- **best weight/ space ratio** thanks to a wide use of aluminium;
- **improved torque characteristics** both in traction and in electric braking;
- **internal lighting based on LED technology;**
- **low energy consumption during parking;**
- **use of natural ventilation for cooling (engines, braking resistance, etc).**

In addition, to optimize the energy consumption of auxiliary services of the traction, the following technological solutions have been implemented:

- **engines with natural ventilation**, with consequent elimination of the consumption produced by the forced ventilation system;
- **braking system cooled by natural convection**, with consequent elimination of the power consumption of the forced ventilation system;
- **cooling of the power modules of each traction unit with a forced ventilation system:** the heat sink of the power modules is invested by a current of air sucked by the fan installed on board the cash drives the traction converter; the same air flow is used to cool down the mains filter inductor adjacent to the drive case; **it is thus possible to use a single fan for cooling of each traction units**, with benefit in terms of energy consumption;
- using **decoupling inductances to natural ventilation.**

- 2) **Purchase and put into commercial operation of the new regional electric train High Capacity:** latest generation of electric traction product from Hitachi (named "Rock").

The main technical adaptations for the reduction of energy consumption of the new Hitachi convoy are:

- **reduction of the tare weight of the vehicle** using "light" materials and optimizing the sizing of the main structures and components;
- **maximization of usable space;**
- **CO₂ sensors for optimal regulation of heating and cooling ventilation based on vehicle actual occupation;**
- **materials with thermic insulation** or, with reduced dimensions and weights;
- **low energy consumption during parking;**
- **internal lighting based on LED technology;**

With regard to the traction chain:

- **engines with natural ventilation**, with consequent elimination of the consumption produced by the forced ventilation system;
- **traction inverter single-stage IGBT**, with benefit in terms of energy consumption and efficiency;
- **efficient cooling systems for converter**;
- **dual cooling system speed** to reduce standstill consumption.

High-speed train ETR 1000 (named “Frecciarossa 1000”):

The Frecciarossa 1000 has introduced a series of technological improvements over the ETR 500 targeted **to minimize the consumption of energy** such as: a significant recourse to the use of light alloys, which allow to significantly reduce the overall weight, the use of transformers and more efficient converters and an aerodynamic design also optimized to the smallest details.

Appendix 2 Green Bond Programme External Review Form

Green Bond/Green Bond Programme External Review Form

Green Bond / Green Bond Programme External Review Form

Section 1. Basic Information

Issuer name: Ferrovie dello Stato Italiane

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: Ferrovie dello Stato Italiane
Green Bond Framework

Review provider's name: Sustainalytics

Completion date of this form: 16 November 2017

Publication date of review publication:

Section 2. Review overview

SCOPE OF REVIEW

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Green Bond Framework and Second-Party Opinion Document above.

Section 3. Detailed review

1. USE OF PROCEEDS

Overall comment on section:
The net proceeds of each Green Bond will be used to refinance or finance, in whole or in part, existing (refinancing) and future projects to renew the Public Transport Rolling Stock of which the issuance of notes dates back maximum two years. The Framework defines eligibility criteria in two areas:
(i) purchase and put into commercial operation Electric Multiple Unit trains for regional passenger transport; and
(ii) purchase and put into commercial operation the ETR 1000 high-speed train.

Use of proceeds categories as per GBP:

- | | |
|--|---|
| <input type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Sustainable management of living natural resources |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient products, production technologies and processes | <input type="checkbox"/> Other (<i>please specify</i>): |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section:
Ferrovie has a dedicated green bond working committee for project evaluation and selection, including members of Ferrovie’s finance and sustainability teams and chaired by the company’s Head of Finance. The committee will review eligible projects to identify projects that meet the eligibility criteria on a semi-annual basis. An external auditor will verify the compliance of the allocated proceeds with the “Eligible Green Projects” categories. This is in line with recommended market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|---|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section:

Ferrovie's Treasury will allocate, via intercompany loan, the bond proceeds from the Treasury to projects recorded in the Green Bond Register. The Register will include a full list of eligible projects (as approved in the Process for Project Selection and Evaluation section), and the amount of allocation made.

Unallocated proceeds will be invested in accordance with Ferrovie's liquidity management policies and guidelines in money market products, such as cash and/or cash equivalents and/or bank deposits.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in a systematic manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section:

Ferrovie will report on an annual basis, the allocation of the bond proceeds by eligible project category, which will be made available on Ferrovie's website. An external auditor will verify the allocated proceeds to "Eligible Green Projects" and the remaining balance of unallocated proceeds on an annual basis, disclosed in Ferrovie's annual report review.

Regarding impact reporting, Ferrovie will report to the extent possible on relevant impact metrics, for each eligible project category on an annual basis. The reporting will be made available on Ferrovie's website. Since the trains eligible for the use of proceeds have energy measurement systems installed, the company is well positioned to provide relevant metrics.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information reported:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> GB financed share of total investment |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other <i>(please specify)</i> : |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Information reported (expected or ex-post):

- | | |
|--|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input checked="" type="checkbox"/> Other ESG indicators <i>(please specify)</i> : | Polluting emissions avoided |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other <i>(please specify)</i> : Company website |
| <input type="checkbox"/> Reporting reviewed <i>(if yes, please specify which parts of the reporting are subject to external review)</i> : | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://www.fsitaliane.it/content/fsitaliane/en/investor-relations.html>
<https://www.fsitaliane.it/content/fsitaliane/en/Sustainability.html>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input checked="" type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

- (i) Consultant Review: An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second opinions" may fall into this category.
- (ii) Verification: An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- (iii) Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- (iv) Rating: An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

Disclaimer

All rights reserved. No part of this second party opinion (the "Opinion") may be reproduced, transmitted or published in any form or by any means without the prior written permission of Sustainalytics.

The Opinion was drawn up with the aim to explain why the analyzed bond is considered sustainable and responsible. Consequently, this Opinion is for information purposes only and Sustainalytics will not accept any form of liability for the substance of the opinion and/or any liability for damage arising from the use of this Opinion and/or the information provided in it.

As the Opinion is based on information made available by the client, Sustainalytics does not warrant that the information presented in this Opinion is complete, accurate or up to date.

Nothing contained in this Opinion shall be construed as to make a representation or warranty, express or implied, regarding the advisability to invest in or include companies in investable universes and/or portfolios. Furthermore, this Opinion shall in no event be interpreted and construed as an assessment of the economic performance and credit worthiness of the bond, nor to have focused on the effective allocation of the funds' use of proceeds.

The client is fully responsible for certifying and ensuring its commitments' compliance, implementation and monitoring.

SUSTAINALYTICS

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