
ANTI BRIBERY & CORRUPTION MANAGEMENT SYSTEM



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Definitions

For the purposes of this document, the following terms and definitions apply:

Process exposed to corruption risks: The Company's operational fields in which there is the likelihood for one or more conducts to be exposed to risks associated with corruption (in a broad sense).

Authorities: Public Administrations, Public companies and organizations, public bodies (e.g. members of legislative assemblies), bodies with jurisdictional functions, national and foreign, and Independent Administrative Authorities.

Beneficial Owner: a natural person who owns some form of property or controls a legal person (e.g. shareholder of a company, member with a senior control over a group of companies, beneficiary of a trust, trustee of a trust, actual beneficiary of a fictitious heading of holdings, etc.) or who enjoys the economic benefits of such ownership or control.

Business Partners: relevant third parties hired to support a new business initiative or the expansion of the business abroad, including Intermediaries, Business Consultants and Joint Venture Partners.

Code of Ethics: the document which, also with the aim to prevent and combat breaches of the law, sets out the values and standards of conduct for the corporate bodies, the management, the personnel and all those who, directly or indirectly, permanently or temporarily, establish relationships and relations with TRAINOSE S.A.

Collaborators: all the natural persons who collaborate with TRAINOSE S.A., by virtue of an autonomous, coordinated and continuative collaboration relationship or through other similar forms of non-subordinate collaboration.

CRSA: Control Risk Self Assessment

Business Consultant: a natural or legal person that provides TRAINOSE S.A. with business consultancy services with regard to policies, strategies or business activities abroad relating to a single transaction/project or several transactions/projects in a specific country or in a specific geographical area.

Delegation: an act through which a subject (delegator) designates another subject (delegatee) to conduct activities falling within the former's competence.

Employees: all those in a subordinate employment relationship with the Company.

Due Diligence: a verification process aimed at analyzing and assessing risks relating to third parties, also in terms of reputation and reliability, as well as the relationships that the Company has entered into or intends to enter into with such parties.

Ferrovie dello Stato Italiane (FS SpA) and the FS Italiane Group: Ferrovie dello Stato Italiane SpA and all of FS SpA's direct and indirect subsidiaries forming the Ferrovie dello Stato Italiane Group.

Group Directives (DdG): directives issued by FS SpA that apply throughout the Group in order to formalize and communicate: i) general rules of Group governance, guidelines and policies; ii) operating models, process guidelines/policies.

Information flow: a systematic collection of documents, data and information prepared by and shared with the structures involved, with the aim to cyclically and analytically monitor the activities of the structures operating within the scope of the so-called “processes exposed to risk” as identified in the Anti Bribery & Corruption management system.

Intercompany Organisational Communication (Ioc): inter-company organisational document issued by the Trenitalia subsidiaries to its sub-subsidiaries to formally announce and communicate: i) inter-company guidelines and policies; ii) inter-company procedures; iii) the establishment, modification, or suppression of inter-company bodies and committees; iv) the establishment of strategic inter-company working groups; v) communications with inter-company relevance.

Suppliers: natural and legal persons that perform work, supply goods and provide services in favour of TRAINOSE S.A, and their collaborators (meaning subjects that support the supply of goods, services or work).

Single Anticorruption Framework: a single self-regulatory system aimed at preventing corruption, in a broad sense, according to modalities as complete and extended as possible.

Indicators of possible anomalies: specific prevention instruments provided for by the Anti Bribery & Corruption management system.

Intermediary: a natural or legal person: i) in a functional Relation with TRAINOSE S.A. with the aim to promote TRAINOSE S.A business interests abroad; or ii) appointed by TRAINOSE S.A to support the entry into and/or the execution of contracts abroad with third parties.

ISO 37001:2016 “Anti-Bribery management systems”: the first international standards on anti-bribery management systems, which set out requirements and provide guidance for a management system designed to help organizations prevent, detect and respond to bribery and comply with anti-bribery laws and voluntary commitments applicable to their activities. It is possible to certify the organization’s adoption of these standards.

Guidelines on Anti Bribery and Corruption Policy of TRENITALIA S.p.A: the document adopted by TRENITALIA SpA’s Board of Directors containing the principles that inspired the Single Anticorruption Framework and the guidelines for the relevant definition and implementation.

Guidelines on Anti Bribery and Corruption Policy of TRAINOSE S.A: the document adopted by TRAINOSE S.A.’s Board of Directors containing the principles that inspired the Single Anticorruption Framework and the guidelines for the relevant definition and implementation.

Corporate Bodies: TRAINOSE S.A Board of Directors (also “BoD”), President, Chief Executive Officer.

Administrative-Accounting Procedure (PAC): the procedure relating to administrative-accounting controls to be carried out on corporate processes that mostly affect the accounts.

Process Owners: persons in charge of the process who, among other functions, are also “Anti-Bribery Persons of Reference” with regard to the processes falling within their respective competences.

Legality Protocols or integrity Agreements: agreements between TRAINOSE S.A. and all the subjects participating in the calls for tenders for the appointment of work, services and supplies, mutually obliging the parties to conform their conducts to the principles of integrity, loyalty and fairness with the aim to prevent corruption. The acceptance of such agreements is a necessary condition to be able to participate in the calls for tenders.

Risk: the uncertainty of the correct pursuit of objectives due to the occurrence of a specific event with a level of likelihood in a specific timeframe. Risk categories include: market, reputational, strategic, organizational, operational, financial, and criminal risks.

SCIGR: the corporate Internal Control and Risk Management System, that is the set of instruments, organizational structures, corporate rules and regulations that provide for the Company's sound, fair and consistent management in accordance with the corporate objectives defined by the Board of Directors. Its process allows to appropriately identify, calculate, manage and monitor the main risks, and its structure enables a suitable flow of information aimed at guaranteeing the relevant circulation.

Disciplinary system: the system of sanctions to be imposed on employees in the event of non-compliance with TRAINOSE S.A internal directives and regulations. The system being referred to herein assumes a particular level of compulsoriness.

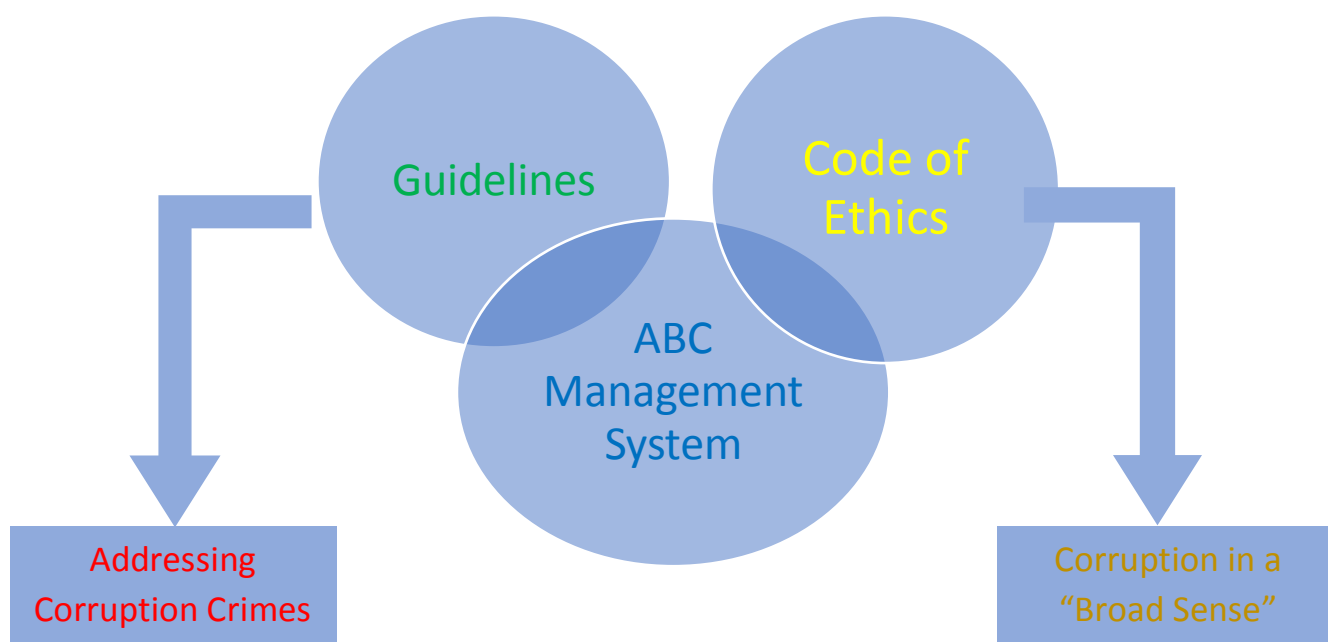
Standards of conduct: specific prevention instruments provided for by the Anti Bribery & Corruption management system.

Senior Management: TRAINOSE S.A.'s President and Chief Executive Officer.

Introduction and Objectives

This document analyses the Anti Bribery & Corruption management system (defined onwards as "ABC System") which is a core element of the Single Anticorruption Framework (defined onwards as the "Framework"), provided by Trainose SA as single self-regulatory instrument for the prevention of corrupt practices. It comprises of the following elements:

- i) Code of Ethics
- ii) This document, for the hypothesis of corrupt practices in a "broad sense", meaning acts and conducts, also not related to specific types of crimes, that constitute cases deviating from internal regulations and procedures and which can prejudice the good functioning and general interest of the Company;
- iii) The Guidelines on Anti-Bribery and Corruption Policy.



SINGLE ANTICORRUPTION FRAMEWORK

Such approach draws inspiration from the most up-to-date positions on the matter and is based on the approach applied by FS Group which takes into consideration “active” policies that overcome corruption, not only repressing these illegal actions, but also creating an unfavorable humus for them, by promoting “good conducts” and by raising awareness toward a culture of integrity.

The ABC system was laid down implementing the “Guidelines on Anti Bribery and Corruption Policy” (defined onwards as the “Guidelines”), approved by TRAINOSE S.A Board of Directors in the meeting of June 19th 2020, being an integral part of the Framework providing the guiding criteria for grounding an effective anti-corruption system within TRAINOSE S.A.

This initiative is voluntary and further consolidates TRENITALIA SpA’s commitment and aligns TRAINOSE S.A with FS Group commitment to overcome corruption and breaches of the law, assuring thus the continuity of the corporate path already set out with the adoption of the Group’s Code of Ethics Moreover, it has led FS Group to join the United Nations Global Compact and uphold its tenth principle that commits enterprises “to work against corruption in all its forms”.

The Framework guides business towards the creation of sustainable social value and strengthens the establishment of a solid and trustworthy corporate external reputation towards internal regulation compliant with specific anti-corruption standards and with international best practices on the matter (among which UNI ISO 37001:2016).

The ABC system - a fundamental element of the SCIGR - aims to enhance the transversal range of the control instruments already existent in the Company through a process of progressive optimization and operational/documental synergy between the different control models.

The ABC system focuses the analysis on the risks inherent in the processes laid down in the Guidelines, since regulations and best practices of reference consider such processes as the most exposed to corruption risks. These processes are:

- Procurements and Contracting
- Appointment of Consultants
- Membership fees
- Sponsorships
- Co-marketing or Partnerships
- Charity donations and gifts, and
- Human Resources

In particular, for each of the processes considered, the ABC system identifies and puts at the management's disposal a set of instruments ("specific prevention instruments") based on rules of conduct ("standards of conduct") and other analysis and monitoring measures ("indicators of possible anomalies") that promote a continuous improvement while supporting aware and responsible decisional processes.

Management plays a central role in the implementation and monitoring of the system in its whole. In order to enhance this role and related competences and prerogatives, and in order to define standards of conduct that are operatively sustainable, the specialist and business corporate structures – as well as the Senior Management – are directly involved in all phases of the ABC system (from its architecture to the making of the specific prevention instruments). Moreover, the management's strategic role is also based on disseminating an anti-corruption culture, promoting thus a culture based on suitable and ethical modes of conduct. Moreover, the management's strategic role is also based on its dissemination of an anti-corruption culture, which it promotes through a conduct based on suitable models of behavior. In order to raise awareness at all levels on the values of integrity and fairness – a key element for an effective implementation of any anti-corruption policy – the ABC system, among its main lines of intervention aims to provide the personnel with continuous training and communication activities on issues related to prevention and legality, as well as to the contents of the system. This enables all the players involved to be fully aware of and-consequently- responsible for risk management, and the prevention instruments provided.

The ABC system will be gradually enhanced with the experiential and information patrimony that will be acquired also through specific Control Risk Self-Assessment campaigns. This will allow an increasing closeness to the business realities and the emerging operational needs, helping to focus more and more on the operativeness and predictive ability of the ABC system in its whole and of its instruments.

Consistently with the approach suggested by the most consolidated positions on the matter, the document refers to the SCIGR best practices¹, which in turn refer to risk based and process-oriented methodologies.

¹ To this regard, TRAINOSE S.A complies with the CoSO Report - the internationally recognized framework – with regard to the understanding, analysis and integrated assessment of the effectiveness of the SCIGR.

The ABC system concludes with a timeline, which defines the activities for implementing what expected from the document and relevant players, as well as the timeframe for their realization. The timeline - integral part of the ABC system and approved by the Board of Directors on an annual basis - represents the Company's commitment to pursue an anti-corruption policy that may be truly effective and not a mere fulfilment of obligations.

The objectives, the structure and the characteristics of the ABC system highlight the dynamic nature of the process on the basis of the document. Therefore, it is more than a simple anti-corruption model: it is the Company's actual management system with regard to anti-corruption issues.

Trenitalia S.p.A. as Parent Company of TRAINOSE SA adopted the ABC system also within its scope of activities relating to the guidance and coordination of its subsidiaries.

Therefore, each subsidiary was required to adopt the ABC system, adjusting it to its organizational and business specificities and, in any case, respecting all regulatory obligations in force.

All the recipients must comply with the ABC system. Therefore, it will be available through the Company's communication channels.

SECTION I:

TRAINOSE S.A. Anti Bribery & Corruption management system

CHAPTER I – TRAINOSE S.A. Anti-Bribery & Corruption management system

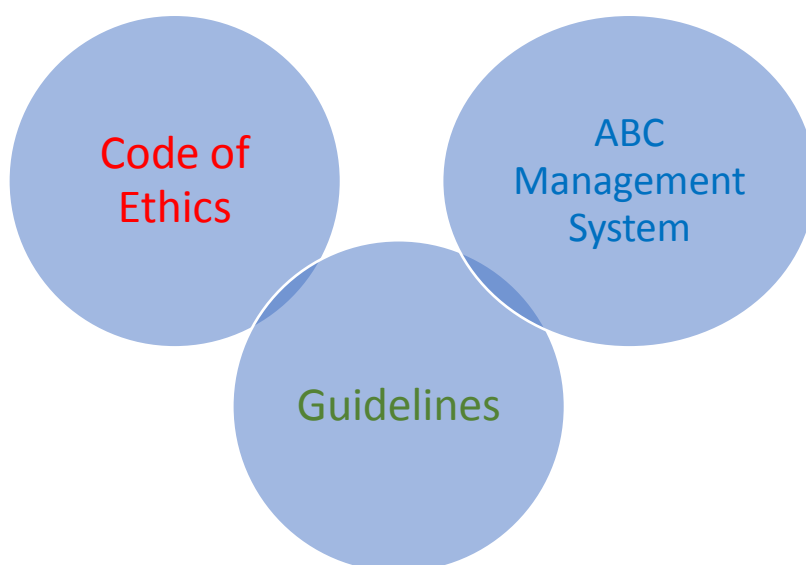
1. TRAINOSE S.A. Single Anticorruption Framework

TRAINOSE S.A. Single Anticorruption Framework (onwards Framework) defines the architecture of the Company's entire anti-corruption system, satisfying the need, according to a systematic and standardized path, to prevent corruption in its whole, promoting synergies among the various anti-corruption instruments.

The Framework represents a constitutive element of TRAINOSE S.A. Internal Control and Risk Management System (SCIGR), which is integrated in the Company's more general organizational, administrative, financial and corporate governance structures. Moreover, it operates alongside the other managerial and corporate compliance models, mutually strengthening the preventive range.

As already stated, the Framework is based on the following documents:

- *Guidelines on Anti Bribery and Corruption Policy*²: the document lays down the principles of reference and the directive criteria established by the Board of Directors for the organization and implementation of an effective anti-corruption system in TRAINOSE S.A.;
- *Code of Ethics* : the document describes the ethical values of TRAINOSE and is based on those followed by FS Group (February 2018 edition). The Code became effective in December 2018.
- *Anti-Bribery & Corruption management system (ABC system)*: the document was drawn up by TRAINOSE S.A. in line with FS Group approach which was developed on a voluntary basis for the prevention of corrupt practices in a “broad sense”, meaning acts and conducts that, even if not related to specific types of crimes, constitute cases deviating from regulations and procedures, thus capable of prejudicing the proper function and general interests of the Company.



² Approved by TRAINOSE S.A Board of Directors in the meeting held on 19.06.2020

SINGLE ANTICORRUPTION FRAMEWORK

The common basis of the “conducts exposed to risk” taken into consideration in the applicable Legislation and the ABC system, fosters logical-operational synergies between the two systems and their respective control instruments, optimizing their efficiency and broadening their overall preventive range. Likewise, these synergies enable to progressively optimize the information flows provided for in the mentioned documents, the verifications on their function, the processes related to risk identification, assessment and monitoring (risk assessment), and the training and communication initiatives addressed to the corporate personnel.

The coordination between the National Legislation and the ABC system will be facilitated by the collocation of the Anti-Bribery & Corruption Unit in the Audit Department.

The optimization process described may progressively involve other corporate control models characterized by a consistent contiguity: this will require the concomitant development of a consistent organizational and procedural framework capable over time to adopt anti-corruption instruments, facilitating the recipients’ relevant consultation and implementation (the so-called embedded compliance). This will generate further positive effects in terms of efficiency in the control/assurance activities and in the activities aimed at the continuous improvement of the system.

2. The concept of corruption in the Anti-Bribery & Corruption management system

The delimitation of the conducts considered from an anti-corruption viewpoint represents a particularly delicate moment in the development of any risk management policy, as it constitutes the instrument for broadening or reducing the range of corporate risk mitigation initiatives. On the other hand, combating corruption is one of the instruments (if not the main one) for preventing corruption practices.

Therefore, in accordance with the consolidated orientations on the matter, TRAINOSE SA decided to move beyond the criminal approach, centred only on cases connected to criminal profiles, considering it less effective when the perspective of the analysis is aimed at preventing corruption and not (only) at repressing it.

Definition of Bribery and Corruption according to Legislation and TRAINOSE ABC system scope:

Pursuant to Article 2 of the Council of Europe Convention on Civil Procedure on Corruption («Civil Law Convention on Corruption») which was signed on November 4, 1999 in Strasbourg and ratified in our country by law 2957/2001 (Government Gazette 260 A /12.11.2001), the term corruption means any pursuit, offer, provision or acceptance, directly or indirectly, of an illegal supply or other non-due benefit, which affects the proper exercise of a function or the expected behavior of the beneficiary.

Therefore, corruption cases are mainly those related to the exploitation of power assigned to a person serving in the public or private sector for personal gain (or third-party benefit) and occurs mainly in the form of:

- bribery, either in the public or private sector;

- breach of duty, when the employee intends to harm the citizen or the state or to offer himself or another illegal benefit;
- abuse of power;
- unfair influence

However, TRAINOSE S.A. being in line with FS Group approach, develops an ABC system which aims not to limit its scope from a general “breach of the law” perspective. More specifically, TRAINOSE S.A. being in line with FS Group approach, broadened their delimitation to the scope of “integrity”. This allowed to intervene in those grey areas that, although are not breaches of the law, emerge nonetheless as potentially prejudicial with regard to the *mala gestio* of the company.

TRAINOSE S.A. made this methodological decision with the aim to enhance the “change in direction” carried out over the last years by anti-corruption strategies. In other words, the aim is to strengthen instruments based on fair conducts, according to an “active” approach in the fight against corruption, raising integrity to a model of reference on which to build effective prevention policies.

In this perspective, TRAINOSE S.A. Anti-Bribery & Corruption management system establishes and promotes the inspiring principle of “regularity of conducts”. This also considering in abstract terms the experiences matured in public law, is significant with regard to the specificities that characterize the Company.

Therefore, the ABC system is based on a concept of corruption viewed in a “broad sense”, that also does not only take into account actions and conducts not related to specific types of crimes, but also those that could lead to “abuses” aimed at obtaining a private benefit (for oneself or for a third-party) and/or to *mala gestio* situations, and thus against the principles of fairness, legality and integrity.

Consistently with such methodology, the ABC system also provides the management with operational instruments to increase awareness in managing business processes, with the aim to prevent a *mala gestio* situation.

3. Objectives and founding Elements of the Anti-Bribery & Corruption management system

The ABC system is not a static document, rather a dynamic process that gradually adapts itself to the Company’s transformations on the assumption that prevention measures act according to a logic of close integration with any other policy aimed at organizational improvement.

The Anti-Bribery & Corruption management system has the following general objectives:

- i) to prevent and mitigate corruption risks considered in a “broad sense”, providing the Company with suitable measures and instruments;
- ii) to promote the proper function of the internal processes through the Management’s and the employees’ full awareness of the risks inherent in corruption practices;
- iii) to strengthen in the Management the principles of legality, integrity, fairness and transparency with regard to corporate activities and resources;

- iv) to enhance the progressive rationalization, simplification, optimization and operational and documental synergy of the control instruments already existent in the Company, avoiding excesses and fostering coordination among the subjects involved.

The ABC system is based on a series of *founding elements* that, through their practical implementation and mutual integration, provide the system with operational consistency and standardization.

Top-level commitment/Tone at the top

The direct and proactive participation of the governance bodies and top management – the first subjects appointed to promote corporate compliance, integrity and ethics - represents a strategic element also for the dissemination of an anti-corruption culture at all levels. The more the values such as integrity and ethics are respected from the top, the more the rest of the organization is motivated to comply with such values. The top management communicates periodically in a clear, decisive and unequivocal manner the obligation to comply with the principles of integrity and ethics and with “zero tolerance for corruption”. The allocation and assignment of the resources necessary for the effective cooperativeness of the ABC system further expresses the corporate governance body’s commitment.

The management’s sense of responsibility

The management plays a crucial role in the continuous development and improvement of the ABC system and attendant instruments. To this end, within the scope of its functions and with the aim to achieve relevant objectives, it provides specific control instruments within the scope of the processes falling within its competence, it monitors their suitability, and adopts all necessary measures to ensure the improvement over time of the effectiveness and efficiency of the corruption prevention instruments.

Process based approach

Resources and activities are managed as a set of correlated and interacting elements, regardless of their collocation in the organizational and corporate structure. Analogously, the control instruments placed over such activities and resources act transversally to the organizational structures, widening their implementation effectiveness beyond operational boundaries and increasing their efficiency. Each corporate process, in fact, is an element of the Company’s value chain and is linked to further corporate processes and objectives (end-to-end approach). Consequently, the risk generated in a process can have impacts that go beyond the process boundaries and produce further risks in other corporate activities. In this view, the analysis of corruption risks must extend beyond the operational boundary of the single process and assess the actual range of the risk within the corporate context in its whole.

Risk based approach

The ABC system is based on the identification, assessment, management and monitoring of the main corruption risks. It is defined and implemented based on the type and relevance of risk, and guides also intervention priorities.

The “integrated” corporate regulatory framework – The anti-corruption by design & compliance embedded approach

An effective implementation of the ABC system can be obtained through a clear, usable and standardized internal regulatory framework. To this end, the anti-corruption instruments are included directly in the corporate regulatory and organizational instruments, so as: i) to design *ab origine* each process (the so-called anti-corruption by design), as the instrument logically ingrained in the process

does not restrict operativeness; ii) to define more quickly the rules of conduct with which to comply in executing corporate activities and therefore facilitate their implementation

The culture of prevention

TRAINOSE S.A. disseminates at all levels a mentality oriented to the identification, assessment, handling and monitoring of risks.

The management and the entire personnel, within the scope of their respective processes of competence, promote and foster a positive attitude towards risk analysis and controls. These, in fact, are considered instruments for managing and developing corporate activities and protecting corporate assets, especially through forecasting modalities that strengthen their preventive range.

Continuous improvement

TRAINOSE S.A. pursues the continuous improvement on the suitability, adequacy and effectiveness of the ABC system, in order to guarantee a constant update of the same with regard to best practices (national and international), to the regulatory framework and to the development of the economic and social context of reference.

These objectives must be achieved by the entire personnel that participates in the continuous improvement of the system providing indications, suggestions and feedback.

In the presence of deviations from what provided for by the ABC system, the management will activate all which is necessary to prevent relevant repetitions.

Range and characteristics of the controls

❖ Maximization of effectiveness and efficiency

The ABC system provides for the adoption of selective controls aimed at a direct risk protection. Therefore, such controls are neither superfluous nor merely formal. This allows to provoke in the personnel the necessary participation and culture, avoiding to reduce the control system to a mere bureaucratic fulfilment;

❖ Transversality

The potentiality of each control to operate transversally is promoted, enabling the single operational delimitation not to be focused exclusively on a single risk category. This allows the preventive range to be extended to several and different risks, and operational areas at the same time;

❖ Discretionary power of the decisions

In order to respect (and legitimize) the distinction of roles and responsibilities, the assessments related to merit and suitability or the technical/discretionary assessments fall within the manager's prerogative since he/she is provided with the necessary expertise and sector/activity knowledge. Therefore, controls do not extend to such assessments since they are the management's prerogatives, if not within the limits of manifesting irrationality and illogicality.

Reliability of controls

The final assessment of the ABC system and of the relevant components assumes that over time the controls carried out by each player of the SCIGR at each level of responsibility are reliable and adequate, without prejudice to the cases of explicit reporting of deficiencies in the system's planning and/or operability. A sample of such activities is monitored independently within the scope of Audit interventions.

Anti-corruption corporate policy – Continuous training and communication

The clear definition and dissemination of an anti-corruption corporate policy, as well as training and communication activities (both internal and external), represent key instruments within the Framework, through which TRAINOSE SA, Trenitalia S.p.A. and FS S.p.A. disseminate the culture of anti-corruption, integrity, ethics and legality at all levels. It also raises an adequate and appropriate awareness of the relevance of the pursuit of such values for TRAINOSE S.A and respectively for the FS Group to be able to carry out suitable business.

Violations reporting and reporting subject's protection - Whistleblowing

Violations reporting constitutes one of the main instruments to overcome corruption, as it allows for facts and conducts of potential *malagestio* to emerge.

The process for managing reporting is under development and adjustment with regard to the principles and requirements as provided by the national Legislation and will provide, in line with the aforementioned laws, an additional reporting channel, to strengthen, through IT means, the protection of the reporting party's identity and, more generally, information security and privacy. TRAINOSE S.A. undertakes to ensure the implementation over time of the measures for protecting the reporting subject, in line with the developments of the regulatory framework of reference.

Documental coordination

This ABC system, besides being integral part of the corporate SCIGR, is coordinated with the training plan and with further initiatives aimed at transparency and integrity.

Sanctions

Providing a suitable sanctioning system ensures the practical implementation and functioning of the ABC system.

Therefore, the infringement of the principles and standards of conduct laid down in the ABC system will be evaluated for the purpose of the application of adequate and proportionate sanctions.

4. The recipients of the Anti-Bribery & Corruption management system

The effectiveness of the ABC system is linked to the full involvement of the entire corporate organization, in the persuasion that, besides the Corporate Bodies (and their component members) and the management, the employees, collaborators and more in general all the subjects that establish relations with TRAINOSE participate in risk management and are required to collaborate in the implementation of the prevention measures.

For the applicable parts, adequate instruments are set up to inform the third parties of the principles and rules established by the ABC system.

5. Approval, entry into force and updating of the Anti-Bribery & Corruption management system

The ABC system enters into force following its approval by the Board of Directors of TRAINOSE S.A., upon the proposal of the Chief Executive Officer.

The ABC system will be constantly monitored and periodically updated, so as to guarantee its adjustment for any needs relating to:

- the accordance with possible amendments of laws and regulations that may modify the institutional objectives, powers, activities or organization of TRAINOSE S.A.;
- the meeting of specific requests coming from the Corporate Bodies or the Senior Management and the Control/Supervisory Bodies;
- the assessment of new risk factors that were not considered when drawing up the ABC system, identified following activities related to the Control Risk Self-Assessment, the analysis of judicial proceedings and the ascertainment of infringements of the provisions therein contained, without prejudice to the immediate update in case of significant infringements;
- the alignment to the evolution of regulations on anticorruption and best practices of reference, any changes or integrations of practices relating to corruption prevention and indications of the competent Authorities;
- the management of any criticalities resulting from internal analyses, verifications and monitoring activities (Audit, Reporting and statements of Process Owners).

On the basis of these activities and of the operational experiences learned upon the application of the ABC system, the instruments and measures for strengthening prevention will be progressively enhanced with:

- i) standards of conduct on new processes exposed to risk;
- ii) any additional standards of conduct on processes already provided for;
- iii) adjustment of the standards of conduct/existing protection instruments, with the aim to contribute toward an increasingly virtuous management of corporate initiatives.

All of the players of the ABC system are involved in this definition process and promote its updating over time.

All formal adjustments, not relating to the principles or other substantial elements of the ABC system, will be carried out directly by the Anti Bribery & Corruption Unit. Such adjustments will be object of an information document submitted to the Board of Directors, the President and the Chief Executive Officer.

CHAPTER II – Governance of the Anti-Bribery & Corruption management system

1. Introduction

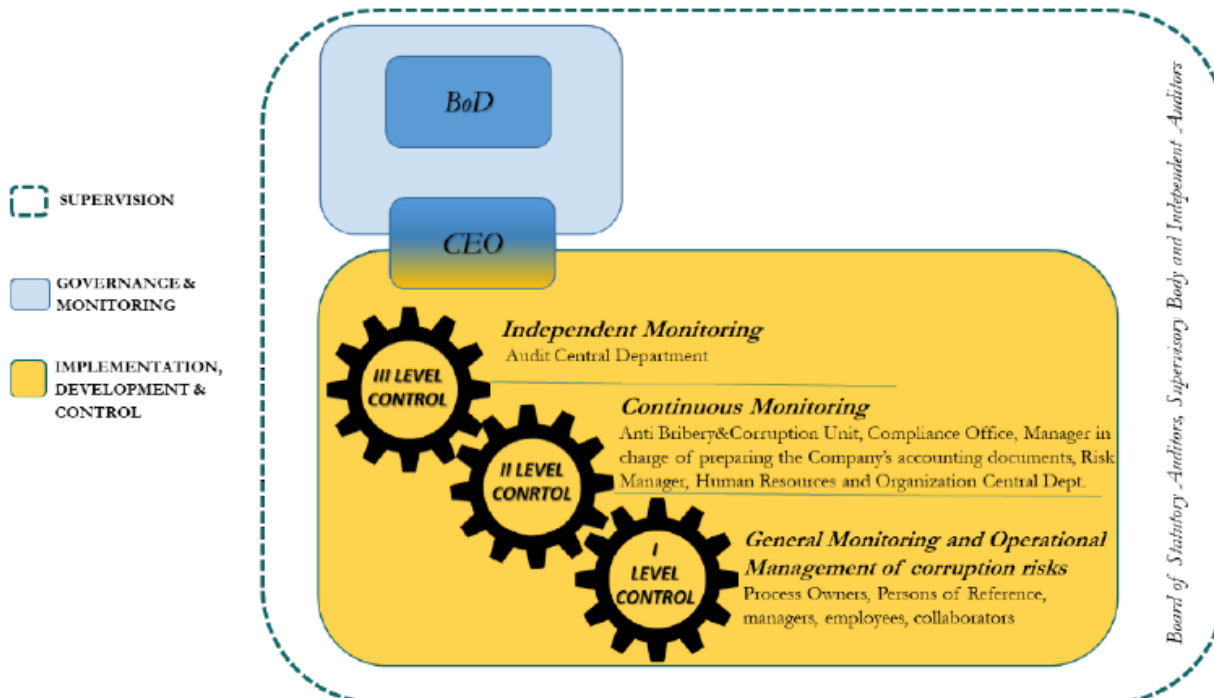
Within the scope of TRAINOSE S.A.'s Control Governance and Internal Control and Risk Management System (SCIGR) - of which the ABC system constitutes integral part - all the relevant players participate in the corruption prevention process and act in a coordinated and synergic manner. The activities and interventions of each player are, therefore, indispensable for the good functioning of the system aimed at managing the overall corporate performances (the so-called cross-functional approach).

The mentioned subjects operate within the scope of three different areas of functional competence:

- Governance and monitoring
- Implementation, development and control
- Supervision

which jointly characterize the governance of the ABC system.

The role of each player is specific, contiguous and interconnected and contributes concomitantly in the good functioning of the ABC system.



2. Governance and monitoring of the Anti-Bribery & Corruption management system

This area refers to the strategic guidelines and the monitoring activities that, in the ABC system, are under the responsibility of the following players:

Board of Directors

Within the scope of the Framework, the Board of Directors:

- issues the *Guidelines on Anti Bribery and Corruption Policy* defining the ratio, strategic lines, inspiring principles and directive criteria of the Framework and of the ABC system;
- approves the ABC system upon the proposal of the Chief Executive Officer, and the relevant updating;
- supervises the activities of the Anti-Bribery & Corruption Unit with reference to the appointed responsibilities and objectives through meetings and periodical information documents.

Chief Executive Officer

The Chief Executive Officer submits the ABC system to the Board of Directors for the relevant approval and supervises its application, giving execution to the provisions and measures therein contained through the competent corporate functions and structure.

In such context, the Chief Executive Officer, through the competent corporate structures, establishes and promotes coordination and monitoring activities with regard to the corporate processes and the organizational and governance structures.

The governing and monitoring of the ABC system is carried out by TRAINOSE S.A. Board of Directors within the scope of functions aimed at submitting proposals and taking appropriate decisions..

3. Implementation, development and control of the Anti-Bribery & Corruption management system

This area refers to the practical implementation of the measures and instruments provided for by the ABC system. It also refers to the relevant monitoring and improvement activities. These activities are carried out by the following players:

Chief Executive Officer

Besides the functions abovementioned, the Chief Executive Officer carries out, through the competent corporate structures, verifications on the implementation of the ABC system and on the overall suitability of the effectiveness and efficiency of the corruption prevention measures, promoting relevant initiatives.

The other subjects that participate in the implementation, development and control of the ABC system are organized according to **three levels of control**, as highlighted below, each with specific implementation and/or development functions:

a) First Level:

The personnel that carry out direct operational activities on processes exposed to risk (the so-called risk owners) represent the *First Level Control*. They are responsible for the identification, assessment, operational management and monitoring over time of risks, and of the suitability and effective functioning of their controls (general monitoring).

These subjects carry out a monitoring activity with a frequency adequate to the level of risk exposure and the modalities with which the controls are executed. Moreover, they must communicate to the Process Owner any variations of the risks falling within their competence/weak points emerged. They are also required to promote, in coordination with the competent structures, the continuous improvement of the relevant control instruments (relating to planning and functionality), fostering, where applicable, the integration and rationalization of controls in their respective operational activities, the preventive effectiveness being equal.

The players within the First Level Control are as follows:

Process Owner

The Process Owners are a fundamental and unavoidable part of the governance and implementation of this ABC system and, more in general, of the corruption prevention process in TRAINOSE S.A.

The role of Process Owner is carried out by the managers of the Departments (first persons of reference of the Chairman of the Board of Directors and the Chief Executive Officer) and by the CEOs of the FS Italiane Group's Companies, which manage TRAINOSE SA's processes through specific contracts.

Each Process Owner acts as "Anti-corruption Person of Reference" and, for the processes of competence, supervises the identification, assessment, operational management and monitoring of corruption risks and related structures.

In general, the Process Owner works in coordination with the Anti-Bribery & Corruption Unit so that the latter may be provided with elements and periodical information on the implementation of the ABC system within the scope of the structures and processes of reference, as well as on any adjustment interventions considered necessary for an effective prevention action.

To this end, the Process Owner must:

- verify the compliance of the structures and subjects that refer to his/her process/structure of reference with what laid down in the ABC system;
- inform the Anti-Bribery & Corruption Unit of any anomalies or new risks detected during his/her monitoring, communicating also the solutions to be adopted/adopted for a correct protection from risks, monitoring the relevant implementation;
- facilitate information flows from/to the structures/Departments involved in the processes under his/her responsibility;
- identify, within the scope of the corporate procedures of competence, the points of control that the Anti-Bribery & Corruption Unit selected as relevant for anti-corruption; should he/she detect any need for updating/amendments (for example in the case of changes in the work of

the structures of reference, the so-called organizational changes), the Process Owner submits relevant reporting to the Anti- Bribery & Corruption Unit;

- ensure, in collaboration with the Human Resources and the Head of the competent department, the adoption of the “standards of conduct” of the ABC system in the procedural framework of competence, verifying periodically their overall consistency;
- operate in coordination with the Anti-Bribery & Corruption Unit for needs relating to training and awareness-raising in the structures of reference, asking for specific interventions where necessary;
- carry out guidance and coordination activities toward the Group’s counterpart structures, also acting as anti-corruption Person of Reference;
- draw up and submit to the Anti-Bribery & Corruption Unit the periodical certifications required.

Moreover, the Process Owner communicates to the Anti-Bribery & Corruption Unit any further information obtained from the information flows activated by the ABC system.

The Process Owner maintains his/her responsibilities even if he/she makes use of the operational support of his/her structures.

TRAINOSE S.A. employees and collaborators

All the employees (managers and not) and, for what pertinent and applicable, TRAINOSE SA’s collaborators are responsible within the scope of their activities, duties and responsibilities, for the occurrence of corrupt practices deriving from an ineffective protection of their activities and/or from elusive conducts and/or not in line with the corporate provisions.

TRAINOSE S.A. personnel and collaborators at any title are required to be familiar with the ABC system and comply with it, and to attend to its implementation and continuous improvement, as for what falling within competence, also reporting any anomalies to the Process Owner of reference.

b) Second Level:

The functions of the Second Level Control support the players of the First Level in their assessments by monitoring activities and other initiatives of competence, without prejudice to the autonomous responsibilities of each player belonging to the First Level Control.

The players of the Second Level are as follows:

Anti-Bribery & Corruption Unit

Within the framework of the mission assigned, it carries out a methodological coordination of the overall prevention corruption process through the following activities:

- it monitors the development of the regulations and best practices of reference in coordination with the Law and Compliance Services Department;

- it draws up the ABC system proposal for the Senior Management to be submitted to the Board of Directors, and relevant updating;
- it monitors the ABC system and in particular the “*standards of conduct*” and the “*indicators of possible anomalies*” with the aim to promote their continuous improvement, reporting any need for updating. It also proposes initiatives to be adopted with a risk-based approach, even on the basis of the outcomes of activities relating to the Internal Audit, the Manager in charge of preparing the Company’s accounting documents, the Human Resources and the Process Owners. To that end, it prepares and manages specific information flows with such structures;
- it supports the Process Owners in identifying risks and defining relevant anti-corruption prevention instruments;
- it monitors the Process Owners’ adoption and compliance with the measures provided for by the ABC system within the scope of the processes of competence; to that end, the Anti Bribery & Corruption Unit also makes use of the Process Owners’ periodical statements, and provides the Audit Department with useful elements for the annual planning of audit interventions relating to anti-corruption;
- it verifies the consistency of the instruments provided for by the ABC system with regard to the corporate directives to be issued;
- it analyses the content of the audit reports issued by the Audit Department in an anti- corruption view. It also analyses the content of the reporting submitted to TRAINOSE SA affecting the ABC system, with the aim to structure possible further prevention instruments and/or carry out adjustments to the ABC system. The Unit can participate in audit teams for specific in-depth audit activities.
- it draws up the periodical reporting for TRAINOSE SA’s Senior Management, Board of Directors and Control and Supervisory Bodies. The ascertainment of the infringements of the principles and standards of conduct provided for by the ABC system may be communicated also apart from the periodical reporting;
- it detects training needs, in coordination with the Human Resources and the Process Owners, the Internal Audit and the Manager in charge of preparing the Company’s accounting documents; jointly with the Human Resources, it defines the appropriate procedures for training the personnel - also on the basis of the specific profiles and with a risk based approach - and plans the training and communication events

Every three years, the activity carried out by the Anti Bribery & Corruption Unit is object of independent verifications by one of the Internal Audit structures of the Subsidiaries (the so-called quality review). The outcomes of such verifications are communicated to TRAINOSE SA’s Senior Management and Control/Supervisory Bodies.

The Company identifies, in accordance with the internal organizational modalities, the profiles and competences of the subjects belonging to the Anti-Bribery & Corruption Unit, guaranteeing over time their adequate training on the themes of reference.

Manager in charge of preparing the Company's accounting documents

The Manager in charge of preparing the Company's accounting documents participates in the development and strengthening of the ABC system, within the scope of the activities of competence relating to accounting administrative matters and without prejudice to the prerogatives of law; specifically, the Manager in charge is required:

- to associate³ the “anticorruption” codification to the instruments contained in the PACs (relating to the corporate processes indicated by the ABC system) each time selected by the Anti-Bribery & Corruption Unit as relevant for anti-corruption purposes, and to communicate to the Unit any following modifications;
- to assess the periodical information documents drawn up by the Anti-Bribery & Corruption Unit in order to detect any impacts on the National Legislation and on the PACs of reference and on their suitability;
- to submit to the Anti-Bribery & Corruption Unit the periodical reports on the outcomes of the verifications carried out on the PACs for the parts referring to the control instrument structures codified as relevant for anti-corruption purposes.

All the above without prejudice to the other activities carried out in coordination with the Anti-Bribery & Corruption Unit and implementing the ABC system.

Human Resources Department

The Human Resources Department carries out the following activities:

- it contributes, through instruments for organizing and managing the personnel, toward the most effective definition and implementation of the Framework in its whole and of the ABC system;
- it ensures the realization and supports the Anti-Bribery & Corruption Unit and the Process Owners with regard to training and communication initiatives with the aim: to increase the corporate culture on anti-corruption themes, to guarantee the implementation and monitoring of instruments, and to communicate effectively, inside and outside, the commitment of the Company and Senior Management toward themes relating to integrity and anticorruption;
- it supports the Process Owners in the process relating to the adoption of the instruments provided by the ABC system within the corporate regulatory and organizational framework of competence;
- it exercises the power to impose sanctions in case of non-compliance with the principles and instruments laid down in the ABC system;
- It facilitates and encourages appropriate training required, as mentioned above.

All the above without prejudice to the other activities carried out in coordination with the Anti-Bribery & Corruption Unit and implementing the ABC system.

³ Where possible, within the IT system in use.

c) Third level:

The Third Level Control provides independent assurance on the overall planning and functioning of the SCI GR, through the separate evaluations carried out by the Internal Audit Department, consistently with the best practices relating to the assessment of the SCI GR.

Internal Audit Department

The Internal Audit, through Audit interventions, verifies the proper operation and suitability of the SCI GR with regard to the corruption prevention process or its substantial parts, also analyzing the functionality of the First and Second Level Controls.

The verifications can be included in the Annual Audit Plan. The scope and frequency are defined on the basis of the relevant level of exposure to risks (risk-based approach). Consistently with what mentioned above, the Internal Audit Department carries out a series of functions supporting the Framework, among which:

- it verifies the compliance with the applicable legislation and the ABC system (the so-called compliance verifications) through independent audit interventions. To this regard, it structures the audit interventions provided for by the Annual Plan⁴ – the operational scope being equal – with the aim to verify compliance with the standards of conduct of the ABC system applicable to the process of reference;
- it plans audit interventions also keeping into account the level of exposure to corruption risks with regard to corporate processes;
- it ensures that the Anti Bribery & Corruption Unit undergoes, every three years, independent verifications carried out by one of the Internal Audit structures of the Group's Companies; the outcomes of the quality reviews are submitted to the Board of Directors of reference;
- it ensures information flows on the outcomes of the audit activities in order to monitor the ABC system and identify any consequent need for updating/adjustment of the same.

All the above without prejudice to the other activities carried out in coordination with the Anti-Bribery & Corruption Unit and implementing the ABC system.

All the information relating to the activities carried out by the players of the ABC system are adequately filed and documented.

⁴ The specific focus on anti-corruption will concern the processes provided for by the ABC system

CHAPTER III – Corruption risk management and monitoring

1. Introduction

Risk management is the set of coordinated activities aimed at guiding and keeping under control the exposure to corruption risks with regard to several corporate conducts.

An effective risk management:

- i) is carried out by the management and is integral part of each corporate process, of which it proactively fosters continuous improvement;
- ii) is adherent to the Company's organizational and business reality;
- iii) is based on the best information available;
- iv) is reactive to change.

Moreover, risk management is based on the principles of transparency, inclusiveness and dynamicity.⁵

The corruption risk management model is the one followed by FS S.p.A. and Trenitalia S.p.A. and is organized according to the following activities:

- i) *Identification of the processes exposed to risk;*
- ii) *Risk Treatment;*
- iii) *Monitoring & Reporting.*

These activities, jointly with the elements described in Chapter II (implementation and development of the ABC system and architecture of the relevant controls), constitute Risk Governance.

⁵ Cf. Regulation UNI ISO 31000:2010, that in particular provides as follows:

- a) risk management is an integral part of all organizational processes: risk management is not independent and separate from the business processes and activities of the organization. Risk management is one of the responsibilities of the top management and the risk management process should be an integral part of the organizational processes. Risk management should be part of the core of all strategic, tactical and operational processes;
- b) risk management facilitates continual improvement of the organization: organizations should develop and implement permanent strategies to continuously improve risk management alongside all the aspects of the organization;
- c) risk management is personalized: risk management should be customized to be aligned with the facts of internal and external context, as well as the risk profile of the organization;
- d) risk management is based on the best available information: the inputs to the process of risk management should be based on established sources of information, such as historical data, experiences, information feedback from stakeholders, information based on observations, forecasts and expert opinions. However, the people responsible for decision making must be aware about the limitations of the data or models used or the possibility of divergence of the judgments of experts;
- e) risk management is transparent and inclusive: appropriate and timely involvement of stakeholders and, in particular, of those responsible for deciding on all levels of the organization, ensures that risk management remains relevant and up to date. The involvement of stakeholders can also be adequately represented and it helps to have their points of view in determining the risk criteria;
- f) risk management is dynamic: risk management senses and responds to change. With the occurrence of events in the external and internal context and with the monitoring and review of the risks, often discover that there are still new risks, some of these change over time and others disappear.

PROCESSES EXPOSED TO CORRUPTION RISKS

RISK GOVERNANCE



2. Detection of processes exposed to corruption risks

Having considered the first implementation phase of the ABC system and the need to monitor TRAINOSE SA's adjustment to the new system, both in operational and in temporal terms, the applicative scope of the ABC system focuses on the corporate processes identified by the Guidelines, since the national and international main positions on the matter consider them particularly exposed to corruption risks. Such processes are as follows:

- i) Procurements and contracting;
- ii) Appointment of consultants;
- iii) Membership fees, sponsorships, co-marketing,⁶ charity donations and gifts;
- iv) Human resources.

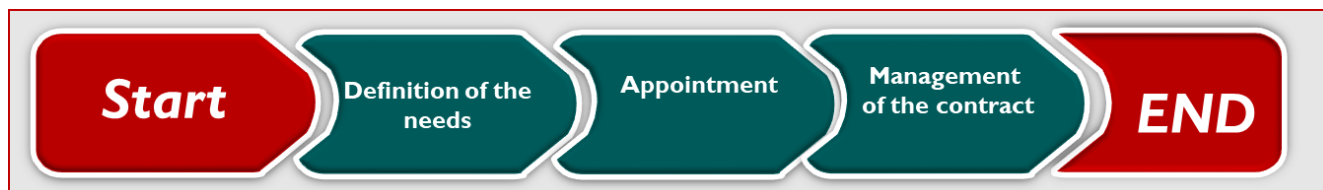
With regard to each of the mentioned processes exposed to risk, the phases or sub-processes for which, at present, the ABC system provides for specific prevention instruments are described below (cf. Section II):

⁶ "Co-Marketing" or "Partnerships"

Procurements and Contracting



Appointment of Consultants



Human Resources



Membership Fees, Sponsorships, Co-Marketing, Charitable Donations



Gift Giving and Hospitality



Gift Reception



Further processes exposed to risk may reasonably emerge from the more complete and structured Anti-corruption Control Risk Self Assessment campaign that will be launched by TRAINOSE SA with the aim to map sensible activities and relevant assessment.

This will allow to identify the most suitable control measures to be implemented and ensure an aware and responsible decisional process.

The Control Risk Self Assessment process is managed by the Anti Bribery & Corruption Unit that provides methodological assistance to Process Owners in the identification and assessment of risks relating to the corporate processes of competence.

Risk Management supports the Anti Bribery & Corruption Unit in defining the methodology for identifying and assessing risks as well as in defining the results aggregation and representation model, in order to ensure overall consistency with the more general Group Risk Management Framework.

The Process Owners are responsible for the correct identification and assessment of the risks and relevant controls of competence. In carrying out such activity, the Anti-Bribery & Corruption Unit aggregates the risks on the basis of their priority and relevance (on the basis of their likelihood to occur and their impact) and launches the process for defining risk strategies, activating the Process Owners for their respective assessments and initiatives.

Such activity is updated on the occasion of relevant organizational and process changes (communicated to the Anti-Bribery & Corruption Unit by the Human Resources and/or by the Process Owners) and is periodically re-examined in its whole. With the aim to enhance information synergies and to optimize analogous initiatives carried out within the Company with regard to Risk Assessment, integration is promoted with the other appointed corporate structures.

On the basis of the outcomes of such activities and of the operational experiences that will mature implementing the Framework, the ABC system will be able to accurately and precisely focus the interventions on the processes more exposed to risk. At the same time, the instruments may be progressively enhanced with additional specific prevention measures and adjustment initiatives compared to those existing, with the aim to contribute toward an increasingly virtuous management of corporate activities.

3. Risk Treatment: prevention instruments

A core element of risk management is the provision and implementation, carried out by the recipients of the ABC system, of several instruments that contribute in disseminating and respecting best practices for the prevention of corruption risks.

Objective

In order to realize an integrated SCIGR, the outcomes of those controls “codified” in advance as “anti-corruption controls” and carried out by one of the players of the SCIGR can be shared also with the Anti-Bribery & Corruption Unit. This generates a maximization of the level at which the control activities are carried out and a minimization of duplications (the so-called combined assurance).

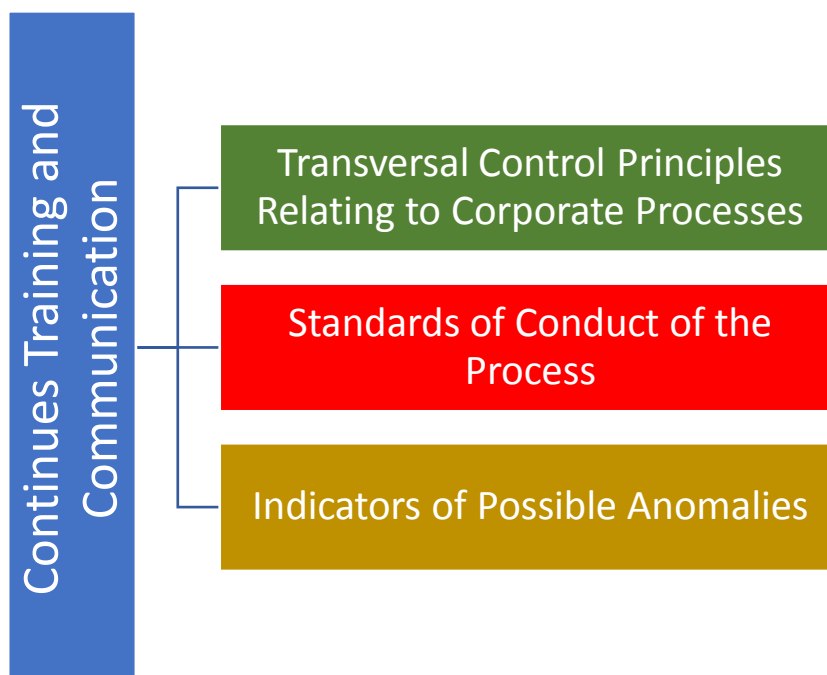
The integration and progressive alignment of the assurance processes will also allow, in prospect, to obtain an overall view of the risks and relevant controls present in the single corporate processes, to increase the effectiveness of the controls and optimize the information provided to the management and surveillance bodies; through such approach, the reports and information documents with superimposed scopes of action will be reasonably reduced, intercepting in time possible conflicting results.

Typologies

The prevention instruments are distinguished as follows:

- a) **transversal control principles**, applicable to all of the processes exposed to risk detected in the ABC system;
- b) **specific prevention instruments**, organized for each of the processes exposed to risk as follows:
 - i. *standards of conduct*;
 - ii. *indicators of possible anomalies*

The content of the prevention instruments is object of specific training and communication initiatives, in order to ensure the recipients' full knowledge on the matter and to maximize the dissemination of the culture of integrity.



Transversal control principles

The ABC system requires the systematic adoption of the following transversal control principles:

Segregation of duties and responsibilities

While carrying out any activity, various subjects are involved - in the implementation, management, authorization and control phases – provided with the adequate competences. This instrument is functional in its whole to mitigate managerial discretionary power in the activities and single processes. The segregation of duties among the players involved in each sensible corporate process can be implemented, among other measures, also through organizational instruments.

Traceability of processes and activities

While carrying out the activities, the management proceeds with care to guarantee the traceability, verification and reconstruction over time of the fundamental aspects of the decisional and control path that inspired the managerial and authorization phase, also through the use of adequate documentation and IT supports; the documentation produced must be filed adequately by the competent organizational units.

This instrument is functional in guaranteeing transparency and verifying the correct management of each process.

Respect of process roles and responsibilities

The identification of suitable organizational instruments, the clear and formal identification of the responsibilities assigned to the personnel in the operational management of the activities, as well as the internal authorizing powers and the powers that represent the Company externally, allow to guarantee that each activity is carried out according to competence and in compliance with the appointed delegations and powers.

Provision of process rules

The operational and managerial modalities deemed suitable for carrying out the processes have been codified. This principle supports the standardization of conducts through guidelines, also managerial, defined by the Company.

Absence of conflicts of interest

A conflict of interest is when a subject, while executing or due to the execution of a specific function, finds himself/herself in a situation in which a secondary interest, also on behalf of a third party, interferes or could interfere with his/her ability to act in compliance with the relevant duties and responsibilities that summarize the Company's primary interest.

The subject that is in such a situation must give prompt communication for the determinations of the case to his/her person in charge and, meanwhile, refrain from participating in the adoption of decisions or activities that may involve either personal interests or those of a third party.⁷

When establishing a relationship with TRAINOSE S.A., all third parties must formally communicate to his/her corporate interface any situations of conflicts of interest, also potential, and report the possible arising of the same throughout the relationship.

Non-disclosure

Without prejudice to compliance with the principle of transparency and information fulfilments imposed by the laws in force, all the employees and those who, directly or indirectly, permanently or temporarily, have relationships with TRAINOSE S.A., must ensure the non-disclosure of information, documents and data belonging to the Company which, as such, cannot be used, communicated and disseminated without specific authorization.

⁷ Third parties are: spouses, cohabitants, subjects related through civil union, relatives, relatives by marriage within the second degree.

Transparent and collaborative relationships with Public Institutions/Authorities

TRAINOSE S.A. cooperates actively and fully with Public Institutions/Authorities. The relationships with public bodies of any kind must be transparent and consistent with the Company's policies and must be held by the corporate functions formally delegated to such relations. In no case can such relations contemplate promises or the giving of money or other items of value, the granting of goods in nature to obtain benefits, to promote the Company's activity or to defend its market positions or to improperly influence the decisions of said bodies/authorities. Consequently, it is forbidden for TRAINOSE S.A. personnel to request or accept similar utilities.

The relationships with Public Institutions/Authorities must draw inspiration from the most rigorous compliance with the principles of integrity, fairness, transparency and traceability and with the applicable laws and regulations.

It is expressly forbidden to carry out Facilitation Payments, that is, a non-due or unofficial⁸ payment of sums of money of any amount and /or the giving of other utilities, directly or indirectly, in favor of public officials or public service officers, both in Greece and abroad, with the aim to accelerate, favor or assure the execution of services within the scope of their duties (e.g. payments to accelerate custom operations, the obtainment of documents, permits, licenses, providing services for public utility, etc.).

Said prohibition is extended to the acceptance of Facilitation Payments by TRAINOSE S.A. personnel in the context of activities in which it may perform the function of public official or public service officer.

Specific prevention instruments

As mentioned, each process exposed to risk considered in the ABC system has been provided with specific prevention instruments that are distinguished in:

- a) *standards of conduct*;
- b) *indicators of possible anomalies*.

The specific prevention instruments introduced in the ABC system represent a sort of “toolbox” at the management's disposal, functional for increasing awareness toward risk management and in strengthening the centrality of the role. In fact, to specific conduct regulations (*standards of conduct*) has been drawn up alongside – in a complementary logic – an additional instrument (*indicators of possible anomalies*) in order to strengthen the managerial actions and sensitize the management to adopt operational/managerial initiatives for a more effective protection of corporate processes with the aim to produce continuous improvement.

In order to formulate the *standards of conduct*, a preliminary analysis was carried out of the internal context (corporate directives, control system, places and sectors of potential future development for the Company) and the external one (regulatory framework and best practices).

With reference to the internal context, among the directives and communications issued by FS SpA and Trenitalia SpA the analysis was focused on Group Directives (DdG), on Intercompany Organisational

⁸ “non-due” payment means the payment not foreseen by the applicable legal provisions and “unofficial” the one not paid in the manner prescribed by law.

Communication (IOC) and Administrative- Accounting Procedures (PAC), divided on the basis of the related processes of reference, as well as on the analysis of the Code of Ethics.

Upon the outcome of such analysis, several anti-corruption instruments and measures already adopted by TRAINOSE SA were enhanced with the aim to simplify them and make them even more usable and effective from an operational viewpoint, and to maximize the level of control covering. In TRAINOSE S.A.'s regulatory framework and organizational structure, different instruments operate and work together in all corporate areas also preventing corruption, such as for example:

- Applicable National Legislation;
- Code of Ethics;
- the Process Owner's responsibilities;
- the mapping of corporate processes, thus identifying the management's objectives, risks and responsibilities;
- corporate procedures that, illustrating activities, processes, duties and responsibilities, define the points of control for risk management and mitigation;
- Administrative-Accounting Procedures (PAC) according to L.262/2005
- the structure of powers and delegations;
- the disciplinary system.

Moreover, new points of control were provided so as to align the internal regulatory framework with the best practices identified in advance.

The specific prevention instruments can be enhanced in the light of: i) the development of the regulations and best practices; ii) investigations carried out on infringements of standards of conduct; iii) documental analyses carried out on information flows and internal verifications and monitoring (Audit, Reporting and Certification documents of the Process Owners); iv) Control Risk Self-Assessments; v) analyses of legal cases; vi) ascertained infringements of the ABC system.

Standards of conduct

The standards of conduct represent the formalization of a sequence of conducts aimed at standardizing the execution of several sensible activities.

The standards of conduct can be derogated with regard to specific and exceptional needs, but such derogation entails: i) a detailed formalization of the specific reasons requiring the derogation; ii) the authorization by the hierarchically highest position of the competent structure; iii) adequate information flows.

Apart from these cases, infringements of the standards of conduct give place to liabilities and are assessed by the competent structures for the imposition of disciplinary measures.

The management implements standards of conduct with the aim to promote and/or provide prevention measures in the process/activity of reference and carries out an effective and constant monitoring of their preventive effectiveness, communicating to the Anti-Bribery & Corruption Unit any situations of potential malfunctioning of the same, along with the relevant initiatives undertaken/to be undertaken.

Infringements of the standards of conduct give place to liabilities and are assessed by the competent structures for the imposition of disciplinary measures.

The content of the standards of conduct is further activated in corporate directives and procedures: the Process Owners ensure the implementation of the standards of conduct in the internal procedural framework (where not already envisaged) consistent with the process of reference and with the applicable laws.

Indicators of possible anomalies

The Indicators of possible anomalies are not control instruments themselves. They represent “typical” situations of potential malfunctioning – mostly drawn from case histories or legal cases – that spur the management to raise the level of attention when executing activities of competence in order to verify, with the necessary diligence, whether or not there is an actual malfunctioning.

On the basis of the outcomes of such verification, the management responsibly activates the necessary protection actions, monitoring the relevant development.

The specific prevention instruments identified for each of the risk processes considered by the ABC system (“Procurements and Contracting”; “Appointment of consultants”; “Membership fees, sponsorships, co-marketing,⁹ charity donations and gifts”; “Human Resources”) are specified in Section II of this document.

4. Monitoring & Reporting

Monitoring

The monitoring process plays a central role in the path for improving the ABC system.

Monitoring activities are carried out concomitantly, within the scope of the mentioned three levels of control, with the modalities and prerogatives illustrated in Chapter II, also taking into account the level of exposure to corruption risks in corporate processes, through the following four lines of intervention:

- fieldwork activities (Audit interventions by the Internal Audit Department and First and Second level monitoring);
- documental analysis (reporting, audit reports and outcomes of the First and Second level monitoring);
- the Process Owners’ periodical certifications;
- information flows (periodical and reporting of anomalies).

Within the scope of the mentioned monitoring activities, coordinated and mutual information flows are essential also because they foster the participation of all the subjects involved, strengthening awareness and commitment.

Therefore, the information flows between the main players of the ABC system and the Anti- Bribery & Corruption Unit have been specifically organized, with the aim:

⁹ “Co-Marketing” or “Partnerships”

- to acquire useful information in order to detect possible anomalies;
- to support methodologically the Process Owner in order to manage/solve anomalies;
- to contribute methodologically in structuring the monitoring systems;
- to detect any deficiencies in the points of control and consequently propose adjustments.

The definition of such flows and the identification of the relevant contents and characteristics are provided in the timeline, integral part of this ABC system.

Reporting

A systematic, structured and mandatory reporting system has been drawn up with regard to the topics/events at risk, whose identification and analysis constitutes the element that can spur actions for improving the ABC system to detect and analyze in depth any anomalous situations.

In particular, it provides for the assurance of mutual information flows between the players of the three levels of control. Moreover, the Anti-Bribery & Corruption Unit ensures, on a periodical basis, an information flow toward the Senior Management with regard to:

- i) the outcomes of the activities carried out in the period of reference;
- ii) the possible anomalies detected/communicated;
- iii) the new actions to carry out.

Any communications of particular relevance and/or urgency are to be transmitted in addition to the periodical information flows.

CHAPTER IV – Elements supporting the correct implementation of the Anti-Bribery & Corruption management system

1. Training and communication

Knowledge concerning the set of rules governing corporate behaviors and the dissemination of a culture of integrity, constitute an essential condition for an aware implementation of provisions relating to corruption prevention.

In such context, training – managed in coordination between the structures involved – represents a key instrument through which employees can be provided with an adequate knowledge of the internal regulatory framework of reference and of the prevention measures laid down. Moreover, it enables them to be informed on the methodology for an effective implementation of the Framework, and to learn about themes related to legality and integrity fostering the sharing of experiences and best practices and creating opportunities for debate.

As provided for by paragraph 3, Chapter II, the Anti Bribery & Corruption Unit in coordination with the Human Resources, the Process Owners, the Internal Audit, the Manager in charge of preparing the Company's accounting documents identifies training needs, defines the suitable procedures for training the personnel, also on the basis of the appointed profiles and with a risk based approach, and plans the training and communication events.

However, training must not be a mere formal fulfilment, neither for the company providing it nor for the recipients. Therefore, the initiatives to be activated need to spur the ability to put into practice the mechanisms for preventing corruption in TRAINOSE S.A. initiatives.

In particular, training must be aimed at explaining how to practically apply the standards of conduct and the anomaly indicators. This can be carried out through a methodology aimed at experiencing situations that require the redrawing up, organization and implementation of the ABC system (identification of sensible processes, analysis of context, identification of risk events and significant anomalies, connection between fact-finding analyses and identification of measures).

Training is mandatory and organized also taking into account the recipients' roles and exposure to corruption risks.

With regard to the different categories of recipients, a general module may be provided, the same for all, as well as a specific module, focused on the process at risk. The Structure competent for activities relating to the provision of training ensures the maintenance and filing of the documentation, certifying the participation of each recipient.

The ABC system is made available through the organization's communication channels.

2. Liability and disciplinary system

The infringements of the principles and standards of conduct provided for by the ABC system are assessed by the structures competent for imposing disciplinary sanctions or however, any other further initiative to protect the interests of the company.

The assessment of the seriousness of the infringements, in particular for the disciplinary sanctions, is based on the following elements:

- the practical modalities according to which the infringement was realized;
- the intentionality of the conduct and the degree of the offence;
- the functions/mansions of the author of the infringement within the Company;
- the conduct of the author of the infringement before and after the realization of the same;
- the circumstance whether the infringement caused serious damage to the Company;
- other specific circumstances that accompany the infringement.

The sanctions are divided into the following categories of subjects:

Managers and Statutory Auditors

In compliance with the powers provided for by law and/or the Statute, the measures provided are as follows:

- statement in the minutes of the meetings;
- formal warning;
- revocation of the powers delegated by the Board of Directors or of the appointment entrusted;
- convocation of the Shareholders' Meeting with on the agenda the adoption of suitable provisions against the subjects responsible for the infringement, including the exercise of legal actions aimed at the recognition of the director's responsibility toward the Company and compensation of the damage suffered.

Employees

The disciplinary measures provided for by the pro tempore Disciplinary Regulation and depending on the seriousness of the infringement are as follows:

- a) a verbal or written reprimand;
- b) a fine;
- c) suspension from service and salary;
- d) dismissal with or without notice.

In case of a Director's infringement, the disciplinary measures applicable in compliance with the principle of proportionality, having regard to the seriousness of the infringement carried out, are as follows:

- reprimand: for infringements of minor seriousness;
- dismissal with or without notice: where the seriousness of the infringement of one or more provisions is such to damage the fiduciary relationship.

Other subjects

Infringements carried out by third parties (e.g. collaborators, independent auditors, suppliers, Business Partners, etc.) are examined with the aim to evaluate the adoption of provisions, as provided for in specific contractual clauses such as termination for breach, and any further initiative to protect TRAINOSE S.A., including judicial action.

Of course, all the above without prejudice to the sanctioning system relating to infringements of rules of conduct provided for by other corporate provisions.

Further elements supporting the correct implementation of the ABC system are represented by the reporting management system and the Audit activities mentioned in the previous chapters.

SECTION II:

Specific Prevention Instruments

Procurements and Contracting

The Procurement corporate procedure (“Regulation for the conclusion of works contracts, procurement contracts, service contracts and study contracts of TRAINOSE S.A.”) applied by TRAINOSE S.A. since May 15th, 2018, determines specific steps and rules in order to mitigate the risk for Bribery. Such rules entail the classification of contracts depending on their value/size, duration, urgency, and type. In all procurement cases the following phases are provided below, with reference to which specific standards of conduct have been laid down:



1. Planning of needs and procurement requests

Objectives

To limit urgent procedures or other modalities of direct procurement through a correct analysis and planning of needs.

Standards of conduct

- a) Managers of the Department Requesting Facilities are required to plan their annual requirements for the purchase of goods, services, jobs, and to send notice to Management structures responsible for the development of the year's budget and for the activities of consolidation, analysis and rationalisation of the needs;
- b) the Department Requesting Facilities must notify the Procurement department in a timely manner needs to change or integrate with that planning;
- c) The single company structures submit their respective needs through the issue of Procurement Requests (hereafter PR);
- d) The PRs are drawn up consistently with: i) the actual needs and the level of quality requested; ii) the timeframe envisaged for the consumption or the commitment of the supplies (supplies, services and works) to be acquired; iii) the limits of powers and proxies of the requesting subjects/structures;
- e) It is prohibited to fraction the needs through multiple procurement requests relating to contractual operations objectively unitary with regard to the subject-matter and/or the economic operator

Any exceptions to the abovementioned operational indications must be object of a detailed request and specifically reasoned and authorized by the hierarchically highest position of the competent structure unless the corporate directives provide for higher level authorizations.

In the view of a continuous improvement of the prevention measures, the Departments/competent corporate structures ensure a constant monitoring of the standards of conduct with regard to compliance and suitability over time and communicate to the Anti Bribery & Corruption Unit situations of potential malfunctioning, along with relevant initiatives undertaken/to be undertaken.

Indicators of possible anomalies

- a) non-delay or delayed forwarding to the Purchasing facilities of the annual requirement planning or PR in the course of the year, complete with the technical documentation in preparation for the start of the negotiating activities;
- b) systematic issuing of procurement requests in conditions of urgency or right before the beginning of the supply;
- c) systematic issuing of procurement requests in conditions of urgency against supplies significantly delayed over time (not urgent);
- d) frequent resort to single appointments of the same nature, where these can be objectively planned also on the basis of historical data;
- e) frequent resort to single appointments of the same nature to the same contracting party.

2. Definition of the subject-matter of the contract

Objectives

To manage the activity with the aim to prevent the risk of conducts not compliant with the rules and to achieve the utmost objectivity and non-discrimination.

Standards of conduct

- a) definition in the notice of the call for tenders, or in the invitation letter, of subject-matter parameters and criteria for the exclusion and selection of tenderers or candidates, with regard to, for example, requirements of integrity and their technical – professional and economic – financial skills and taking into account the technical and dimensional profile of the supply object of the contract;
- b) in order to realize a call for tenders as competitive as possible (avoiding deserted calls or, anyway, scarcely competitive) a dialogue with the economic operators may be carried out, before the call, aimed at acquiring full knowledge of the market conditions; such dialogue (the so-called “preliminary market consultations”) must be transparent and documented;
- c) in the cases where the requesting structure expresses the need for the call for tenders to provide specific situations of non-fungibility and/or potentially restrictive environmental and social conditions, the requesting structure indicates the lack of equivalent solutions from a functional and supply viewpoint. Such indication must be specifically and adequately reasoned in the PR and authorized by the hierarchically highest position of the requesting structure, consistently with powers and proxies;
- d) the value of the contract must be estimated at the moment of the launching of the appointment procedure and must take into consideration also possible options, renewals, as well as possible bonuses and/or payments foreseen in favor of candidates or bidders; in exceptional cases, for

example where there are no objective criteria for an estimate, it is necessary to provide the motivation, path and criteria at the basis of the estimate;

- e) unique identification of the person in charge of the preparation of the specifications and technical/functional specifications, on the basis of the organizationally assigned responsibilities.
- f) unequivocal identification and formal appointment – by the hierarchically highest position of the central department/structure of reference – of the subjects in charge of drawing up the tender specifications and the technical/functional specifications; the appointment must be indicated in the Procurement Request (PR). The person in charge may resort to other subjects for the drawing up of the tender specifications, without prejudice to the univocity of his/her appointment also with regard to relevant responsibilities;
- g) absolute prohibition, for the persons in charge of drawing up the acts of the calls for tenders, to communicate and/or disseminate documents, data or information referred to the appointment procedures (and related activities) with regard to works, services and supplies: i) outside of the company; ii) within the company if not necessary;
- h) in case of tenders for the sourcing of the materials needed to maintain the rolling stock, the selection of suppliers to be invited to tender will be made on the basis of the characteristics of the materials itself

Any exceptions to the abovementioned operational indications must be object of a detailed request and specifically reasoned and authorized by the hierarchically highest position of the competent structure, unless the corporate directives provide for higher level authorizations.

In the view of a continuous improvement of the prevention measures, the Central Departments/competent corporate structures ensure a constant monitoring of the standards of conduct with regard to compliance and suitability over time and communicate to the Anti-Bribery & Corruption Unit situations of potential malfunctioning, along with relevant initiatives undertaken/to be undertaken.

Indicators of possible anomalies

- a) frequent resort to non-fungible products/services and/or restrictive performance/functional requirements;
- b) reiterated impugment of calls for tenders by excluded tenderers for the definition of illegitimate and discriminatory participation requirements or more in general of anomalous requirements and/or anomalous technical specifications that can benefit a specific tenderer;
- c) autonomous purchase of goods and services included in conventions or framework agreements.

3. Appointment procedure

Objectives

To ensure the correct execution of the selection procedures.

Standards of conduct

- a) the appointing Company identifies one or more Persons in charge of the procedure for the appointment phase, whose duty is to ensure the correct execution of the procedure in choosing the contracting party;
- b) evaluate if legality protocols or integrity agreements must be provided in the cases foreseen by the law or in cases considered relevant considering the nature and the amount of the job order to be appointed; if laid down, it is necessary to insert in the notices, calls for tenders or invitation letters, the provision according to which the failure to comply with the clauses contained in the mentioned protocols/agreements, constitutes a cause for exclusion from the call for tenders or rescission of the contract;
- c) considering the characteristics of the object of the contract the use of open lists of economic operators per business sector, in compliance with, where possible, the principle of rotation and upon prior setting of general criteria with regard to the registration, cancellation, monitoring over time of the maintenance of the requirements for remaining in the lists, and the management of the feedback on the quality of the service;
- d) the selection of the members of the commissions must take place among the subjects in possession of the necessary requirements;
- e) signing up the contract only in case of verification of the actual possession of the requirements declared in the tender and revoking the award in the event of a found non-possession;
- f) inclusion in all contracts of the name of the person responsible for the contractual management, to whom all the contractual documentation must be made available to allow him to fulfil his monitoring obligations.
- g) absolute prohibition, for the parties involved in the assignment procedure, to communicate and / or disclose documents, data or information referring to the assignment procedures (and related activities) of works, services and supplies:
 - i) outside the company;
 - ii) within the company where not necessary.

Any exceptions to the abovementioned operational indications must be object of a detailed request and specifically reasoned and authorized by the hierarchically highest position of the competent structure, unless the corporate directives provide for higher level authorizations.

In the view of a continuous improvement of the prevention measures, the competent corporate structures ensure a constant monitoring of the standards of conduct with regard to compliance and suitability over time and communicate to the Anti-Bribery & Corruption Unit situations of potential malfunctioning, along with relevant initiatives undertaken/to be undertaken.

Indicators of possible anomalies

- a) a very limited timeframe between the date of publication of the call for tenders and the deadline for submitting offers;
- b) a high percentage of renunciations to formulate offers and/or the reception of a single offer for a call for tenders or in a defined period of time;
- c) the awarding of contracts relating to procedures previously annulled;

- d) detection of indicators symptomatic of suspicious anticompetitive conducts such as: few competitors; continuous participation in calls for tenders of the same enterprises¹⁰ and/or repeated – rotating – awarding, in particular where the offers presented are characterized by amounts that are clearly too high; minimum abatements or close margins within the call for tenders (suspect of cartel); withdrawal of the offer by a competitor who is subsequently the beneficiary of a subcontract;
- e) participation in procedures for the appointment of works, services and supplies of a temporary association of companies, formed by a number of participants totally disproportionate compared to the economic value and the services object of the contract, especially if the single participant is united, associated or pooled;
- f) reiterated appointment to the same subject, especially if in a short timeframe unless it is justified by the need to avoid solutions of continuity of a service in the default of the calling or the completion of the call procedure;
- g) high number / value of contracts awarded through non-competitive procedures compared to the total number / value of procedures activated in a defined period.

Indicators to be used in the single call for tenders and related to the uniqueness of the decisional center

- a) concurrence of the following elements or of most of them: i) coincidence of the day on which the documents are sent from the same post office and with the same modalities; ii) coincidence of the same company for the guarantee policy and close progressive numbering; iii) the identity of the date of issue and legalization of signatures; iv) contiguity of premises; etc.;
- b) the tendering companies are characterized by a strong personalist aspect (for example connected due to crossed relationships of kinship and marriage between the members of the company and for the joint participation in a third company);
- c) the tendering documents of a company contain explicit references to the offers of other enterprises, or the fax number or the address and e-mail of another participant or the letters of different companies contain identical errors, for example typing errors; last minute changes, such as erasures or other physical alterations, or the use of identical stationary or forms;
- d) high number/value of contracts awarded through non-competitive procedures (direct relipositions or negotiated procedures without prior publication of the tender) compared to the total number/value of procedures activated in a defined time frame.

In the presence of the mentioned elements, it is necessary to carry out in-depth investigations and verify their significance, in compliance with the obligations of law.

¹⁰ In particular, reference is made to markets characterized by the presence of numerous operators with the minimum requisites required for participation in the tender. In such contexts, participation in tenders by a few and always the same subjects could hide anticompetitive aims, for example because the (potential) competitors have agreed to "divide up" the order by resorting to subcontracting.

Indicators of possible anomalies related to the case of illicit labour interposition

- a) the amount of the contract is not commensurate with the production result but with the simple provision of the work services and / or the hours or days actually worked by the contractor's workers, with consequent loss of business risk for the contractor;
- b) failure to provide in the contract for financial and insurance instruments for the contractor (sureties, insurance policies, etc.) in cases of failure or inexact fulfilment of the obligations towards the workers of the contractor or subcontractor;
- c) the awarding of instruments and means by the Client for the execution of the contract is such as to cast doubt on the organizational contribution provided by the contractor;
- d) activities are indicated in the contract in a generic manner.

4. Management of the contract

Objectives

To manage the execution of the contract in order to prevent the risk of conducts not compliant with the laws.

Standards of conduct

- a) insertion in all the contracts of the name of the person in charge of managing the contract, who must have access to the contractual documentation necessary to fulfil his/her monitoring obligations and must verify the actual correspondence between the supply/performance provided and what provided for by contract, for the correct exercise of the relevant responsibilities;
- b) launching of the execution subject to the finalization of the contract; in exceptional cases, adequately reasoned by the requesting structure, and compatibly with what provided for by law, the launching of the supply is subject to the communication of a request for anticipated execution signed by the hierarchically highest position of the requesting structure, consistently with powers and proxies;
- c) the contractor has to disclose the enterprises, also with reference to the administration and property, directly and indirectly involved in the performance of the service as subcontractors as well as any change, subsequently intervened;
- d) certification, by the person in charge of managing the contract, in coordination with the unit that will make use of the supply – if not coincident- of the occurred execution of the supplies/services in accordance with the contractual terms provided;
- e) should there be any need for variations or extensions, these must be adequately reasoned by the requesting structure and in accordance with the regulations and within the legal limits provided; the person in charge of managing the contract verifies with the Company's legal department the compliance with the abovementioned requirements; variations and extensions must be approved by the hierarchically highest position of the requesting structure, consistently with powers and proxies;
- f) the insertion of a clause in the tendering contracts, concerning the traceability of financial flows also of subcontractors and subjects included in the chain with regard to the performance, as well as the adhesion of the contractual counterparty to the principles of the Code of Ethics and of the Anti Bribery & Corruption management system;

- g) it is prohibited to totally subcontract and to enter into “second level” subcontracts and following. The corporate structures verify, also with the support of the legal offices, the compliance with the regulations on subcontracts and, in particular, if the subcontracts entered into by the contractor actually constitute subcontracts; should the outcome of the verification identify such relationship as a subcontract, the relevant motivation must be formalized and the obligations of law must be fulfilled;
- h) it is prohibited to guide the contractors toward the name of the preferred subcontractors;
- i) the user structure must not exercise an executive, organizational, control and management power towards the contractor's workers;
- j) it is prohibited to enter into transactions that substantially alter the nature of the tendering contract (that is the activity to be carried out, or the parties' rights and obligations);
- k) within the scope of the contracts awarded through a public call for tenders, the structure making use of the service, work or product must communicate to the legal department the legal evaluations of competence, the reasons for which an amicable agreement or a transaction should be activated and, in particular, the circumstances that advise not to launch legal proceedings.

Any exceptions to the abovementioned operational indications must be object of a detailed request and specifically reasoned and authorized by the hierarchically highest position of the competent structure, unless the corporate directives provide for higher level authorizations.

In the view of a continuous improvement of the prevention measures, the Departments/competent corporate structures ensure a constant monitoring of the standards of conduct with regard to compliance and suitability over time and communicate to the Anti Bribery & Corruption Unit situations of potential malfunctioning, along with relevant initiatives undertaken/to be undertaken.

Indicators of possible anomalies

- a) a high number of appointments which during execution undergo variations/extensions compared to the total number of appointments awarded in a specific timeframe;
- b) suspicious sidestepping of the legal limits to the contractual appointments in course of execution through the entering into new contracts appointed to the contractor through direct negotiations and correlated to the original contract;
- c) the issuing/acceptance of invoices lacking adequate indications of the services provided;
- d) payments made to different subjects/not corresponding to the personal data of the supplier and/or on a different place to the one where the supply/service was provided or different from the supplier's premises;
- e) absence of formal notices and non-imposition of penalties where applicable;
- f) documents lacking dates and/or signature or signed only by one of the contracting parties, without cases of finalization through an exchange of business letters, allowed by applicable laws in the case of negotiation procedures;
- g) systematic absence of disputes and non-enforcement of penalties where they can be activated;
- h) the frequent payment of penalties (to suppliers or Companies) against a unilateral rescission;
- i) absence of probative documentation of the services/supplies received and lack of traceability of the verifications carried out, or the issue of a certificate of regular execution of services not actually provided;

- j) excessive and not adequately reasoned delays in the issue of inspections/approval of payments;
- k) modifications of contractual conditions during execution, consisting in a variation of the original services, the extension of the terms for completing the works, services or supplies, renewals or postponements, outside of the cases provided for by law, or a significant increase of the contractual amount;
- l) execution of the activities appointed to the general contracting party, directly or through third parties, lacking adequate experience, qualification, technical-implementation and financial organizational skills;
- m) the value of the contracts, in course of execution or once executed, exceed the threshold values prescribed by the regulations, the authorized powers and proxies and/or by the law.

Indicators of possible anomalies related to the case of illicit labor interposition

- a) lack of a clear and effective distinction between the workers of the Client and those of the contractor, with the risk of mix and interfere with the activities carried out. Examples of situations that may integrate the aforementioned risk:
 - i) the contractor's workers do not have specific distinctive signs or have signs of recognition similar or equal to the Client's workers and tend to be confused with the latter;
 - ii) the workers of the Client and the workers of the contractor carry out promiscuous shifts, same duties, even partial, or have the same working schedule and the same articulation of shifts;
 - iii) the organization, the directives and the performance checks of the contractor's employees are issued by the Client, for example through: direct communications to the contractor's workers, even partial supply of means, use of forms (with logo and letterhead) of the Client, exercise of disciplinary power following checks, holiday authorization, leave and acceptance of absence proofs;
 - iv) the Client alone assesses the time required and the number of contractor's workers for the realization of a service, intervening in the selection phase of the contractor's personnel;
 - v) the contractor's workers are employed in activities that are out of the scope of the contract or to replace the Client's workers.

Appointments of consultants and equivalent professional services (not falling within the category of services contracts)

This chapter does not include services that must be entrusted to natural or legal persons in possession of specific qualifications, certifications, etc.¹¹ as well as the services provided by other Companies of FS Group as regulated by inter-company contracts / agreements.

Objectives

To avoid for the management of consultants and equivalent professional services, or with a greater *intuitu personae* relevance, to cause exposure to risks.

Standards of conduct

- a) The organizational positions in charge of managing consultants and equivalent professional services (hereafter only “consultant” or “consultants”) are formally identified – in such a way to guarantee an adequate segregation of duties and responsibilities (e.g. between who manifests the need, who authorizes it and who controls it) – and are provided with suitable powers with regard to the organizational and managerial responsibilities appointed;
- b) All resorts to consultants must take place upon prior verification of their actual usefulness and instrumentality with regard to the company objectives and taking into account that, as a rule, the stable and permanent needs must be met recurring to the employed personnel;
- c) The structure responsible for proposing the appointments of external service must carry out a preliminary investigation of the professional competence already existing within the Company unless the use of consultancy is motivated by the need to obtain an independent or specialized assessment. Should the need for a consultant involve more than one structure, all the competent corporate structures should be involved;
- d) The activities necessary for the selection of the adequate figures on the market are launched, in the case in which, upon an adequate and traced assessment, the hierarchical position appointed should find the qualitative and / or quantitative shortage of the internal workforce in relation to the activity of the consultancy.
- e) The relations – with specific reference to appointments - between the structure that launched the procurement and the consultant/professional involved in the selection procedure must be held through formal and transparent channels;
- f) For each candidate is evaluated the possible existence of situations that may generate conflicts of interest: such evaluations must be tracked and archived. Moreover, each candidate is assessed objectively and in a traceable manner with regard to the possession of the professional and qualification requirements inherent in the appointment or to his/her presence on the register, as well as to skills and experiences, and the lack of convictions for crimes that affect professional morality;

¹¹ For instance in accordance with the requirements of a EU Regulation, the law or a judicial or administrative body (patronage in litigation, judicial and extrajudicial proceedings relating to technical expertise, notary services, legal advice equated to patronage under the Code of Public Contracts) and for the release of mandatory certifications by third parties.

- g) without prejudice to compliance with the applicable law relating to the selection of the consultant and in the respect of the prerogatives and powers assigned, the consultants requested by TRAINOSE SA's President and/or Chief Executive Officer must be formally appointed and consistent with the budget;
- h) In particular the appointments:
 - 1) must be established in advance with regard to duration, object, place of the appointment (if relevant) and remuneration (in case as an amount at the basis of the competitive procedure) proportioned to the activity requested;
 - 2) cannot provide for privileged positions to consultants or professionals that currently offer their services within the Group;
 - 3) cannot be artificially fractioned if they are organic with regard to the object;
- i) Contracts or engagement letters are signed by subjects provided with valid proxy, formalized before the beginning of the execution of the service and, where applicable, regulated in compliance with the Group's General Contractual Conditions, with the exception of excluded and extraneous contracts, with regard to which reference is made to their respective contracts;
- j) The payment of the established compensations is carried out after: i) the provision of the service; ii) the submission of documental proof certifying the execution of the service according to what provided for by contract;
- k) It is prohibited to appoint as consultants members of bodies that carry out control and surveillance activities towards TRAINOSE and towards the members of the Board of Directors.

These standards of conduct apply to consultants and equivalent professional services appointed both in Greece and abroad.

Any exceptions to the abovementioned operational indications must be object of a detailed request and specifically reasoned and authorized by the hierarchically highest position of the competent structure unless the corporate directives provide for higher level authorizations.

In the view of a continuous improvement of the prevention measures, the Central Departments/competent corporate structures ensure a constant monitoring of the standards of conduct with regard to compliance and suitability over time and communicate to the Anti Bribery&Corruption Unit situations of potential malfunctioning, along with relevant initiatives undertaken/to be undertaken.

Indicators of possible anomalies

- a) proof concerning the lack of need for the supply of consultancies/services;
- b) impossibility to reconstruct from a documental viewpoint the selection procedure;
- c) appointments to professionals that appear not qualified and/or not in possession of the necessary experience within the scope of the appointment;
- d) frequent collaboration appointments in the absence of a competitive selection;
- e) appointments with generic motivations and doubtful causes;
- f) refunds of expenses not provided for by contract, that exceed the allowed threshold or not documented;
- g) payments abnormally high or payments that seem excessive and not reasonable with regard to the service;
- h) appointments despite the presence of internal competent and available resources.

Membership Fees, Sponsorships, Co-Marketing, Charity Donations and Gifts

1. Sponsorships, Co-Marketing, Membership and Contributions to Associations, Entities, Foundations and Charity Donations

Objectives

To guarantee the utmost transparency, the compliance with the principle of segregation, and the specific authorization processes in order to avoid that such activities may be referred - also indirectly - to an activity at risk, to a conflict of interest or aimed, or perceived as being aimed, to wrongly influence a public or private subject.

Standards of conduct

- a) the internal regulatory framework clearly identifies the nature, object and purposes of such initiatives so as to ensure their clear definition and unequivocal processing;
- b) the organizational positions qualified to carry out such initiatives are formally identified – so as to guarantee a clear and adequate segregation of duties and responsibilities (e.g. between who proposes them, who authorizes them and who controls them) – and are provided with suitable powers with regard to the appointed organizational and managerial responsibilities;
- c) the initiatives must be formally reasoned with regard to their purposes indicating, with the exception of charity donations, the benefit expected in terms of information and communication and enhancement of the company's image; they must result consistent with the business in which the company operates and with the approved budget, and be authorized in advance by the subjects in charge, in compliance with the powers and responsibilities provided for by internal directives. These authorization processes are differentiated on the basis of the value of the operations;
- d) the initiatives must not breach any imperative laws which are in force in Greece;
- e) the initiatives must be addressed to well-known subjects, of verified reliability, honorableness, integrity and excellent reputation as well as in possession of the necessary requirements of professionalism and competence; the maintenance of such requirements, for private subjects, must be monitored periodically over time for the duration of the initiative;
- f) the execution and realization of the project or of the event object of the initiative must be compliant with the contractual conditions and be object of specific reporting certifying the actual execution;
- g) for each subject with whom there is an intention to start an initiative must be evaluated the possible existence of situations that may generate conflicts of interest: such evaluations must be tracked and archived;
- h) are expressly prohibited contributions to:
 - i) political parties
 - ii) committees, movements, political-trade union organizations.

Any exceptions to the abovementioned operational indications must be object of a detailed request and specifically reasoned and authorized by the hierarchically highest position of the competent structure, unless the corporate directives provide for higher level authorizations.

In the view of a continuous improvement of the prevention measures, the departments/competent corporate structures ensure a constant monitoring of the standards of conduct with regard to compliance and suitability over time and communicate to the Anti-Bribery & Corruption Unit situations of potential malfunctioning, along with relevant initiatives undertaken/to be undertaken.

Indicators of possible anomalies

- a) existence of relationships (for example business relationships) with the recipients of the charity donations;
- b) failure to find the documentation approving the initiative;
- c) payments having generic motivations concerning the purposes and recipients;
- d) transactions on current accounts, in the names of associations or entities, of a higher amount to the established membership fee.

2. Giving and Receiving of Gifts and Hospitality

Objective

To avoid that such activities may have an object or a purpose exposed to risk, including corruption or influence peddling.

Standards of conduct

Given or received Gifts and Hospitality:

- a) must not to compromise the integrity, independence, impartiality and/or the reputation of one of the parties;
- b) must not be able to be interpreted as improper influence/ aimed to influence peddling in order to obtain a treatment of favour or an illegal service or any other illegal purpose;
- c) must always be reasoned with regard to the needs or purposes; carried out with regard to institutional activities or however relating to the business activities; compliant with the standards of business courtesy and not opposed to the local laws; consistent with the approved budget;
- d) gifts cannot consist in giving/receiving – and promising – money, and must be of small value, or not exceed the value commonly perceived individually and/or in aggregate of 150.00 Euros;
- e) must not be requested or motivated by the expectation of reciprocity;
- f) whoever is offered gifts that do not comply with the requirements must: i. refuse them and formally inform the head of the structure they belong to; ii. or, when advisable (for example, in the light of institutional or diplomatic courtesy), accept them specifying that by policy they will be put at the company's disposal so that they may be destined to purposes of assistance, charity, training, education, study or research;
- g) hospitality offered by third parties must be related and instrumental to company's activities (for example, business lunches) and comply with the requirements: otherwise, those who receive the offer must reject it and formally inform the head of the structure they belong to.

Any exceptions to the abovementioned operational indications must be object of a detailed request and specifically reasoned and authorized by the hierarchically highest position of the competent structure, unless the corporate directives provide for higher level authorizations.

In the view of a continuous improvement of the prevention measures, the departments/competent corporate structures ensure a constant monitoring of the standards of conduct with regard to compliance and suitability over time and communicate to the Anti-Bribery & Corruption Unit situations of potential malfunctioning, along with relevant initiatives undertaken/to be undertaken.

Indicators of possible anomalies

- a) reception/supply of the offer or reception/offering of the gift consisting in hospitality for holidays or amusement activities in general;
- b) reception of gifts or hospitality: (a) during, or immediately before or after, negotiations for the awarding of contracts or job orders; (b) by the subjects that have decisional power within the scope of the awarding of contracts, approval of payments or provision of authorizations or permits;
- c) detection of activities, direct or even through a third party, that may be considered aimed at influencing independent opinions or at ensuring benefits for the Company;
- d) refunds of hospitality expenses carried out by non-authorized subjects;
- e) reporting of expenses born not reconciled with the accounting ledgers;
- f) expenses not reported or lacking of justifications fiscally valid;
- g) excessive hospitality expenses, in particular with regard to expenses born to establish relationships with the Government, Public Officials, Greek or foreign.

Human Resources

1. Recruitment

Objectives

To avoid that the launching, management, conclusion of procedures relating to recruitment of the personnel, also internal, may be an instrument for carrying out illicit or irregular activities.

Standards of conduct

- a) the organizational positions qualified for the research and selection, as well as employment of the personnel are formally identified - in such a way to guarantee an adequate segregation of duties (e.g. between who manifests the need for personnel, who carries out the selection and who carries out controls) – and are provided with suitable powers with regard to the organizational and managerial responsibilities appointed;
- b) the recruitment process takes place: i) in accordance with the principles of transparency, impartiality and recognition of the merit; ii) through the use of instruments that guarantee effectiveness, efficiency, documentability and such to ensure uniformity and systematicity;
- c) the recruitment of personnel takes place for objective, clear and traced needs of the Company, through formalized and reasoned requests submitted by the requesting structure;
- d) the internal procedures indicate in detail the responsibilities, the activities to carry out and the documental proof deemed necessary so that the phases of internal and external exploration and relevant outcomes are traced and adequately archived;
- e) the selection of personnel must be based on the job requirements previously identified for the position to be covered, adequately documented, specific and objective, connected to the actual needs expressed by the Company;
- f) the recruitment phase is implemented by privileging the research for personnel within the Company, depending on the types of roles to be searched. The internal research is carried out through job posting and / or drawing directly on the company's information assets;
- g) the recruitment phase aimed at hiring external personnel must be implemented guaranteeing: i) the adoption of pre-established and objective selection criteria, such to enable the verification of the candidates' actual competences; ii) individuation of the candidate among a plurality of candidatures; iii) documental proof of the actual participation of the corporate structures involved with regard to the profiles of competence;
- h) the motivation of the choice concluding the selection must be adequate and documented, highlighting the close correlation between the need manifested and the professional qualities of the resource identified, especially in the presence of one single candidate;
- i) the possible existence of situations that can generate conflicts of interest must be assessed for the candidates, as well as between the candidate and the person making the selection or taking part at a phase of the selection; such evaluations must be tracked and archived;

Adequate contractual formats are defined with which the utilizing structures comply in drawing up the employment contracts, providing for, moreover, a specific clause committing to comply with the Code of Ethics, the Anti Bribery & Corruption management system and the labour legislation. Any exceptions to the abovementioned operational indications must be object of a detailed request and specifically

reasoned and authorized by the hierarchically highest position of the competent structure, unless the corporate directives provide for higher level authorizations.

In the view of a continuous improvement of the prevention measures, the HR department as well as the competent corporate structures ensure a constant monitoring of the standards of conduct with regard to compliance and suitability over time and communicate to the Anti-Bribery & Corruption Unit situations of potential malfunctioning, along with relevant initiatives undertaken/to be undertaken.

Indicators of possible anomalies

- a) selection of personnel that appears lacking of the requirements and/or professional competences requested/necessary;
- b) refusal and/or reticence to state the existence of situations that could generate conflicts of interest;
- c) failure to search for vacant managerial positions for a considerable amount of time with a consequent prolonging of *ad interim* appointments or proxies.

2. Development of the personnel

Objectives

To promote the neutrality and lawfulness of the procedures for the development of the personnel.

Standards of conduct

- a) the organizational positions qualified for the development of the personnel are formally identified - in such a way to guarantee an adequate segregation of duties (e.g. between who proposes, who authorizes and who controls) – and are provided with the adequate powers with regard to the organizational and managerial responsibilities appointed;
- b) professional and compensation levels must be defined, and promotions must be regulated;
- c) the Company adopts an integrated system of development of human resources, fit to offer to all the personnel, at equal conditions, the same opportunities of professional improvement and development;
- d) the condition for assigning responsibilities within the corporate organization and for a progressive career development, consists in the assessment of the potential and performance, through structured, objective, traced and confidential methodologies, consistent with the current and future needs of the TRAINOSE S.A.;
- e) career advancement and appointments are organized on the basis of pre-established, objective, transparent and measurable criteria, founded on competence and on the ability expressed by the employee, and on the basis of a preliminary investigation conducted in line with the responsibilities provided for by the internal directives and adequately archived;
- f) in the procedures for assigning positions of responsibility also managerial, the possible existence of situations that could generate conflicts of interest must be assessed. Such evaluations must be tracked and archived.

Any exceptions to the abovementioned operational indications must be object of a detailed request and specifically reasoned and authorized by the hierarchically highest position of the competent structure, unless the corporate directives provide for higher level authorizations.

In the view of a continuous improvement of the prevention measures, the HR department and the competent corporate structures ensure a constant monitoring of the standards of conduct with regard to compliance and suitability over time and communicate to the Anti-Bribery & Corruption Unit situations of potential malfunctioning, along with relevant initiatives undertaken/to be undertaken.

Indicators of possible anomalies

- a) career advancements in the absence of formalized assessments or in the presence of contradicting assessments;
- b) career advancements of personnel object of serious disciplinary measures and/or involved in legal proceedings affecting the Company;
- c) granting of indemnities not justified by service reasons;
- d) career development based on non-objective assessment criteria.

3. Compensation

Objectives

To ensure a compensation consistent with the responsibilities of the role covered and the results achieved, promoting the continuous improvement of professionalism and performance and of company's results.

Standards of conduct

- a) the organizational positions qualified to manage the compensation and rewarding system are formally identified – in such a way to guarantee an adequate segregation of duties (e.g. between who proposes the names of the employees to whom to correspond incentives, who assesses the proposal and who authorizes it) – and are provided with adequate powers with regard to the organizational and managerial responsibilities appointed;
- b) the compensation must be authorized by the hierarchically highest position of the competent structure, and the documentation supporting the decisions adopted must be duly filed;
- c) the promotion and development programs for managers and middle managers who hold positions of particular relevance for the corporate mission and for the Group must be connected to the achievement of pre-established, clear and achievable objectives;
- d) the variable remuneration of managers and middle managers who hold positions of particular importance for the corporate mission is based on the level of achievement of predefined company objectives (based on the annual planning of the MBO system);
- e) the parameters and criteria for assessing the employees' performance for assigning bonuses (*Una Tantum*) must be identified in advance;
- f) the traceability of the activities carried out and the decisions made must be ensured through instruments that allow relevant monitoring.

Any exceptions to the abovementioned operational indications must be object of a detailed request and specifically motivated and authorized by the hierarchically highest position of the competent structure, unless the corporate directives provide for higher level authorizations.

In the view of a continuous improvement of the prevention measures, the HR department and the competent corporate structures ensure a constant monitoring of the standards of conduct with regard to compliance and suitability over time and communicate to the Anti-Bribery & Corruption Unit situations of potential malfunctioning, along with relevant initiatives undertaken/to be undertaken.

Indicators of possible anomalies

- a) allocations for severance pay are not calculated according to the rules of the relevant legislation and corporate practice;
- b) recurring awarding of bonuses to the same subject;
- c) assignment of objectives not proportionate with the professional position and role covered and not adequately reasoned;
- d) definition of objectives not corresponding to the criteria of efficiency, effectiveness and inexpensiveness aimed at achieving the corporate mission but at rewarding particular interests;
- e) assignment of incentives in the absence of a formalized assessment or motivation against conflicting or negative assessments;
- f) assignment of bonuses, incentives to personnel object of serious disciplinary measures and/or involved in legal proceedings affecting the Company;
- g) non-formalization of the bonuses granted.

Timeline

Along with the approval of this ABC system, the following timeline – integral and constituting part hereof - is approved on an annual basis and highlights the activities for implementing the relevant provisions. Such activities concur, from an operational viewpoint, to the achievement of the organizational objectives laid down in the ABC system and commit to comply with the relevant implementation modalities and timeframe, unless reasoned re-planning and/or integrations are deemed necessary.

The timeline is updated and/or integrated by the Anti Bribery & Corruption Unit on the basis of the state of implementation of the initiatives indicated therein and/or of any further initiatives that may arise during the year.

The activities indicated below are realized with the involvement of the corporate structures competent in the processes of reference.

The adoption of a formal ABC system for TRAINOSE S.A. is deemed critical since such adoption will generate the need of revisiting of the most significant processes of the Company in terms of exposure to corruption and bribery risks.

This ABC system constitutes a dynamic process and is based on FS S.p.A and Trenitalia S.p.A. relevant framework.

Along with the approval of this ABC system, the following actions and timeline are proposed:

ACTIONS	BODY OF APPROVAL / PROCESS OWNERS	ESTIMATED COMPLETION TIME
Establishment of an ABC Unit in the Internal Audit Department	<i>TRAINOSE S.A.'s CEO</i>	October 2020
Membership Fees, Sponsorships, Co-Marketing, Charity Donations and Gifts: Completion of standard adoption in the corporate regulatory framework	<i>External Relations / Financial Department</i>	November 2020
Appointments of consultants and equivalent professional services procedure: completion of standard adoption in the corporate regulatory framework	<i>Financial Department</i>	November 2020
HR Recruitment : completion of standard adoption in the corporate regulatory framework	<i>Human Resources Department</i>	November 2020
Procurement completion of standard adoption in the corporate regulatory framework	<i>Procurement Department</i>	November 2020

Development of the ABC Legislation Guide	<i>Law and Compliance Services Department</i>	December 2020
Structuring of the Training and Communication Plan 2021/2022	<i>Internal Audit Department / Human Resources Department</i>	June 2021
Update of TRAINOSE's S.A. Disciplinary system	<i>Law and Compliance Services Department / Human Resources Department</i>	July 2021
Development of CRSA through the appointment of a Risk Manager	<i>TRAINOSE S.A.'s CEO</i>	July 2021
Activation of Process Owners' periodical certification documents	<i>Process Owners</i>	July 2021
Biannual / annual report on the status of implementation of the ABC system and its update / adaptation proposals	<i>ABC Unit</i>	December 2021

Annex I - Explanatory Tables of information flows and activities of the players belonging to the Governance

Board of Directors

Flow Category			From the ABC Unit
Monitoring	Reporting	Spot	It receives communications of particular relevance and/or urgency
		Periodical	It receives periodical reporting

Further activities:

- It issues the Guidelines on TRAINOSE SA's Anti-Bribery & Corruption Policy defining the *ratio*, strategic lines, basic principles and directive criteria of the Framework and ABC system;
- It approves the ABC system upon the Chief Executive Officer's proposal and relevant updating;
- It monitors the activities of the ABC Unit with regard to its responsibilities and objectives through meetings and periodical information documents.

Chief Executive Officer

Flow Category			From the ABC Unit
Monitoring	Reporting	Spot	He/she receives communications of particular relevance and/or urgency
		Periodical	He/she receives periodical reporting (in the context of reporting to the Board of Directors)

Further activities:

- He/she proposes the ABC system to the Board of Directors for its approval and monitors its functionality, giving execution to the directives and measures contained therein;
- Through the competent corporate structures, he/she establishes and promotes coordination and monitoring activities in the corporate processes and in the organizational and governance structures;
- Through the competent corporate structures, he/she verifies the implementation of the ABC system and of the overall adequacy of the effectiveness and efficiency of the corruption prevention measures, promoting all correlated initiatives.

Process Owner

Flow Categories			To the ABC Unit	In coordination with the ABC Unit
Monitoring	Reporting	Spot	He/she transmits timely notices of particular urgency	
		Periodical	He/she draws up and transmits periodical certifications and sends information flows	
	Improvement & Updating		He/she ensures the reporting of any need for updates/modifications with regard to the points of control that the ABC Unit selected as relevant from an anti-corruption point of view (e.g. In case of changes occurred in the work of structures of reference, the so-called organisational changes)	He/she identifies risks and defines the relevant anti-corruption prevention instruments
	Training		He/she identifies training and awareness-raising needs within the structures of reference and requests specific interventions if necessary	He/she performs training events, with the involvement of the structures interested from time to time.

Further activities:

- He/she verifies the compliance with what provided for by the ABC system, by all the structures and the subjects in charge of his/her process/structures of reference;
- He/she facilitates information flows from/to the structures/Departments involved in the processes under his/her responsibility;
- He/she ensures, in collaboration with the Human Resources, the adoption of the “standards of conduct” of the ABC system in the procedural framework of competence, certifying periodically their overall consistency;
- He/she guides and coordinates the Company’s homologous structures also acting as anti-corruption person of reference.

Manager in Charge of preparing the Company's accounting documents

Flow Categories			To the ABC Unit	Done by the ABC Unit
Monitoring	Reporting	Spot	<p>He/she transmits timely notices of particular urgency.</p> <p>He/she transmits the Administrative-Accounting Procedures (PAC) to be issued for the verification of consistency with regard to the instruments provided for by the ABC system.</p>	
		Periodical	He/she transmits the periodical reports on the outcomes of the verifications carried out on the PACs for the parts related to the controls labeled as relevant for anti-corruption purposes.	He/she receives the periodical information documents with the aim to detect any impacts on the 262 Model and on the PACs of reference and on their suitability.
	Improvement & Updating			He/she associates in the IT system in use the anti-corruption label to the controls contained in the PACs (referred to the company processes indicated by the ABC system) for the selected by the ABC Unit and communicates any possible following modifications.
	Training		He/she realizes training events, with the involvement of the structures interested from time to time (in coordination with the ABC Unit)	He/she identifies training and awareness-raising needs within the structures of reference and requests specific interventions if necessary.

Human Resources department

Flow Categories			To the ABC Unit	In coordination with the ABC Unit
Monitoring	Reporting	Spot	It transmits the corporate Directives to be issued -for the areas covered by the ABC system - so as to verify the consistency with the instruments provided for by the same.	
		Periodical	It submits periodical information documents on disciplinary measures carried out in compliance with the instruments contained in the ABC system.	
	Training		It identifies training and awareness-raising needs within the structures of reference and requests specific interventions if necessary.	It performs training events, with the involvement of the structures interested from time to time.

Further activities:

- It contributes, through the organizational and managerial instruments relating to the personnel, toward a more efficient definition and implementation of the Framework in its whole and of the ABC system;
- It supports the Process Owners in the adoption of the instruments provided for by the ABC system in the corporate regulatory and organizational framework of competence;
- It executes disciplinary powers in cases of non-compliance with the instruments contained in the ABC system.

Internal Audit department

Flow Categories			From the ABC Unit	To the ABC Unit	In coordination with the ABC Unit
Monitoring	Reporting	Spot		It transmits Audit reports.	
		Periodical	It receives periodical reporting	It submits periodical information documents on disciplinary measures carried out in compliance with the	

				instruments contained in the ABC system.	
	Training			It identifies training and awareness-raising needs within the structures of reference and requests specific interventions if necessary.	It performs training events, with the involvement of the structures interested from time to time.

Further activities:

- It verifies the compliance with the applicable laws and the ABC system (the so-called compliance verifications) through independent audit interventions. To this regard, it structures the audit interventions provided for by the Annual Plan – operational scope of intervention being equal – in such a way to provide for the verification of compliance with the standards of conduct of the ABC system applicable to the process of reference;
- It plans the audit interventions also taking into account the level of exposure to corruption risks of the corporate processes;
- every three years, it carries out independent verifications (the so-called quality review) on the anti-corruption “unit” established within the Subsidiaries. The outcomes of the quality reviews are submitted to the Board of Directors of reference.

Ethics Committee

Flow Category			From the ABC Unit	To the ABC Unit
Monitoring	Reporting	Spot	It receives communications of particular relevance and/or urgency.	
		Periodical	It receives periodical reporting.	It submits information and coordination flows. Especially with reference to the reporting received (as foreseen by the procedure to be issued)

Annex II – TRAINOSE S.A Control Governance and Internal Control System

1. TRAINOSE S.A. governance instruments

TRAINOSE S.A.'s corporate governance is based on a series of instruments and rules (circulars, communications, procedures, powers, etc.) that identify subjects, scopes of action and prerogatives within the Company's activities with regard to guidance, management and control aimed at a correct balancing of powers and the good functioning of the Company.

The Internal Control and Risk Management System (SCIGR), which encloses a great part of the mentioned instruments, concurs to the definition of the governance structure in its whole.

The main instruments are as follows:

Articles of Association

The Articles of Association is the regulatory act that governs TRAINOSE S.A. organization and functioning, in compliance with the provisions of Company law. Moreover, it defines the Company's corporate purpose, capital, actions and obligations, the powers of attorney as well as the corporate bodies and dissolution. In particular, the Statute defines the administration and control model adopted and describes the fundamental lines for the composition of the corporate bodies, the division of powers, as well as the relations between them. The Articles of Association and its variations, according to what established by the regulations of reference, are resolved by the Board of Directors and approved subsequently by the Shareholders' Extraordinary Meeting.

Code of Ethics

The Code of Ethics constitutes the "charter of fundamental rights and duties" through which the Company states and clarifies its ethical/social responsibilities and commitments toward the various internal and external stakeholders. The Code is based on the Code of Ethics of FS Group and was released in November 2018 and collects the values and standards of conduct with which FS Group complies in executing its activity. It is based on the most rigorous ethics, integrity and respect of legality, highlighting the Company's clear position of intolerance toward illegal conducts. The principles and rules of conduct laid down in the Code must be complied with by all those that operate for the achievement of the Company's objectives (i.e. all the Corporate Committees, the Management, personnel and all those that, directly or indirectly, permanently or temporarily, establish relations and relationships with the Company).

Powers and delegations

The authorization system of TRAINOSE S.A. is based on the principle according to which only subjects formally appointed with powers of representation can stand for and undertake commitments toward third parties, in the name and/or on behalf of the Company. The general power to represent the Company, both from a formal and a procedural viewpoint, is appointed – separately – to the Chairman of the Board of Directors and the Chief Executive Officer.

Implementing the resolutions of the Board of Directors, the CEO is appointed with powers of permanent representation, among which: implicit powers for representation in proceedings and powers of organizational managerial autonomy and of expenditure.

The Managers' compensation

The General Assembly, pursuant to relevant legislation approves the compensations owed to the Chairman of the Board of Directors, the Chief Executive Officer and members of the Board of Directors. Management compensation is disclosed in the audited Annual Financial Statements of the Company which are prepared in accordance with International Financial Reporting Standards and Company's policies.

2. TRAINOSE S.A. Internal Control and Risk Management System (SCIGR)

The Internal Control and Risk Management System is the set of instruments, organizational structures, rules and regulations aimed at enabling a sound and correct management of the enterprise consistent with the corporate objectives defined by the Board of Directors.

The SCIGR concurs to ensuring compliance with the laws, the Articles of Association and the applied processes and procedures, the protection of corporate assets, an efficient and effective management of the activities and reliable and complete accounting and financial data.

The SCIGR is integrated in the organizational structures and the corporate governance and it has the aim to identify, assess, measure and mitigate risks as much as possible through their management – as well as to eliminate the risks inherent in each managerial and control process – and to identify and suggest possible corrective and/or improvement actions.

Players of the SCIGR

The main players of TRAINOSE S.A SCIGR, appointed with specific roles and responsibilities, are described below.

Board of Directors and Chairman of the Board of Directors

The Board of Directors plays an absolute central role in the SCIGR as it defines the guidelines of the organizational, administrative and accounting structure, besides being responsible for the fulfilment of all the operations necessary for the implementation of the corporate purpose; for the execution of the mentioned functions, it also makes use of Committees.

The Chairman is in charge, among other things, of supervising and coordinating the works of the Board of Directors, operating within the powers provided for by law, by the Articles of Associations, by the corporate governance system and by the delegations entrusted. The Chairman is given specific delegation by the Board of Directors to coordinate the Internal Auditing.

Chief Executive Officer

The Chief Executive Officer is in charge of supervising the functionality of the SCIGR, implementing the guidelines defined by the Board of Directors.

Moreover, he/she is in charge of planning, organizing, realizing and managing the SCIGR, constantly verifying, through competent corporate structures, the overall adequacy with regard to the nature of the activities carried out by the Company and the size of the same, as well as the relevant effectiveness and efficiency.

The Ethics Committee

The Ethics Committee is composed of *pro tempore* Managers in charge of the following Departments:

- Human Resources Department;
- Law and Compliance Services Department;
- Financial Department;
- Audit Central Department, acting as the Committee's Secretariat;

This body plays a consultative and guidance role within the framework of the principles and regulations of the Code of Ethics which is formulated in accordance with that of FS Group. It was established with Board resolution of the 20th of December 2018.

The Ethics Committee has the task to: clarify the meaning and application of the Code of Ethics through advisory opinions; examine the reports and news received, promote the most appropriate checks; support the competent corporate structures in the definition of communication and / or training initiatives for personnel on the matter; propose any need for changes / additions to the Code of Ethics.

The duties of the Ethics Committee are described in the Code of Ethics and the 1st Committee Minutes of January 21st 2020.

Manager in charge of preparing the Company's accounting documents

The Manager in charge of preparing the Company's accounting documents monitors the compliance with Law No. 262/2005 and the relevant legislation applied in Greece. In particular, the Manager in charge of preparing the Company's accounting documents is the person called to certify, together with the Chief Executive Officer, the adequacy of the internal control system on financial reporting, the truthfulness of the information, as well as the compliance with the accounting standards of reference.

Internal Audit

Internal auditing is an independent and objective activity of assurance and consultancy, aimed at improving the effectiveness and efficiency of the organization. It helps the organization pursue its objectives through a systematic professional approach that generates added value, as it is aimed at assessing and improving the processes related to control, and Corporate Governance.

The Internal Audit, therefore, has the following duties:

- to verify, within the limits of the investigation instruments at disposal, the operativeness and adequacy of the SCIGR, both on a continuous basis and with regard to specific needs, and to provide assessments and recommendations with the aim to promote efficiency and effectiveness;

- to provide the management with specialist support with regard to the SCIGR with the aim to foster the effectiveness, efficiency and integration of controls in corporate processes, and to promote the constant improvement of the governance and risk management.

With regard to the verification of the operativeness and suitability of the SCIGR, the Chief Audit Executive refers functionally to the Chief Executive Officer, as the latter is appointed by TRAINOSE S.A Board of Directors for the establishment and maintenance of an effective SCIGR.

Management Planning and Control

Consistently with the strategic guidelines and objectives defined by the Board of Directors, the Management Planning and Control System supports the process relating to the Company's long-term planning, operational implementation of strategies (budget process) and final balance, and the analysis of outcomes.

The Strategies, Planning, Investment and Sustainability Department ensures the definition of the Company's industrial and market strategies and the relevant process relating to planning, monitoring and strategic control. More specifically:

- Supervises, in accordance with the FS Group and Trenitalia S.p.A. strategic framework, the definition of the Company's industrial and market strategies and the related process of planning, monitoring and strategic control;
- Ensures the investments evaluation and planning process, as well the optimization and development of the portfolio of the Company's business, with the purpose to create value within the Company and the Group;
- Ensures, in agreement with the Commercial Department, the coordination in the PSO evaluation activities, as well as the verification of consistency with the objectives of the Business Plan and the sustainability of investments;
- Guarantees the evaluation, planning and monitoring of Company's investments, with particular reference to the economic- financial sustainability and to the verification of consistency with the strategic objectives defined within the Business Plan;
- Guarantees the arrangement of proposals for participation in research projects on the basis of assessments of technical-economic impact provided by the competent Departments.

The Administration, Budget Tax and Control Department is in accordance with the Company and the Trenitalia S.p.A. guidelines, policies and Control Model, interfacing with the relevant Trenitalia S.p.A. organizational structure:

- Guarantees the definition and respect of the budget (including performance standards and KPIs) and ensures the process of budget and economic control of the Company for the development of the Business;
- Ensures technical support and information relating to the specific requests by the various stakeholders (Authority, Ministries), as well as the analysis of the Economic and Financial Plans relating to the services subject to public service obligations in order to evaluate their economic-financial sustainability;

- Periodically analyzes industrial processes in terms of economic results and production output deviations from standards, providing support for the identification and implementation of corrective actions;
- Provides technical support in relation to economic / financial and asset impact assessments on the occasion of business choices (e.g. make or buy), negotiation activities and contractual on rolling stock and / or projects to improve production processes;
- Ensures the definition of proposals to reduce the Company's costs, with particular reference to the containment of the structure and operating costs of the assets, identifying possible areas of intervention and by periodically monitoring their progress, also by accessing information relating to costs, excluding work.

Management

The Management, within the scope of its functions and the achievement of relevant objectives, guarantees the correct planning and effective operation of the SCIGR over time.

To this end, it is responsible, for what of competence, to identify, assess, manage and monitor risks. Moreover, on the basis of the risks managed, it defines and implements specific control activities and monitoring processes capable of ensuring the effectiveness and efficiency of the SCIGR and of preventing and identifying irregularities and/or fraudulent acts. The Management, with the support of the competent corporate functions, also ensures, through adequate training initiatives and suitable assessment and compensation systems, the protection and development of competences and, in general, the enhancement of the personnel, as key elements for achieving the objectives of the SCIGR. For the same purposes, it promotes conducts based on the principles of integrity and fairness through the communication and dissemination of the latter at all organizational levels and the adoption of conducts increasingly in line with such principles.