

Sustainability report 2017

NON-FINANCIAL CONSOLIDATED DISCLOSURE pursuant to Legislative Decree
254/2016



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Letter to stakeholders

The 2017 Sustainability Report, which contains the information required by the Consolidated Non-Financial Disclosure pursuant to Legislative Decree no. 254/2016, confirms for the fourth consecutive year the desire to present the Group's approach and performance, in a transparent and shared manner.

The drafting of this document is not a formal act; rather, it is a synthesis of TPER's commitment to integrate information on industrial and economic performances with the themes of social and environmental sustainability, with a view to responsible business management.

Indeed, sustainable development is a very topical issue worldwide, in a context of change that affects many fronts, but principally from an environmental point of view: considering the overall impact of transport in the use of fossil fuels and the reduction of CO₂ production and other emissions, the collective and shared mobility guaranteed by TPER represents an ecological and convenient alternative to mobility needs.

We are, therefore, committed to defining and measuring TPER's environmental impact, without forgetting the industrial aspects. It is essential to maintain effectiveness, efficiency and economy in management, to act with innovative and structured tools, keep in mind future scenarios in terms of innovation and competitiveness and stay in the market with all the additional and challenging potentialities that a public company can bring.

The 2017 Sustainability Report clearly shows the results achieved, not only at economic level, but also with regard to the projects developed, focus on the environment and the activities undertaken to improve services for the benefit of users and territories in which TPER operates.

In particular, the effort made in the field of human resources is highlighted when, as of 2017, some important agreements were signed with regional and company trade unions, which saw the renewal of second tier bargaining in July 2017, concluding a process launched in 2016.

TPER also continued with the implementation and launch of an important investment plan, which provides for more than EUR 200 million worth of measures to update vehicles and the technology used, in addition to resources for projects in which TPER is the implementing party.

In order to sustain this significant amount of investments, in 2017 TPER issued bonds on the regulated market in Dublin

The data presented highlights a path of performance growth in the various areas to demonstrate the complexity of TPER's action range, and at the same time, a willingness to act in an ethical and responsible manner and to make an important contribution to a future of genuine sustainability, focusing on the effects of our activities on the environment and communities.

Indeed, our social values are part of our identity, that is, the importance attributed to human relations and relations with the relevant institutions and the community, as well as respect for the rules, also understood as the principles to which TPER has decided to commit itself, in particular, in 2017, by signing up to membership of the United Nations Global Compact and obtaining a legality rating from the Market and Competition Authority.

Our commitment takes into account the environmental value, i.e. the commitment to reducing emissions, the sustainable use of energy, the definition of a new transport culture in support of a more balanced development of the territories, as well as the economic and industrial value, that is, the investment to maintain and renew available assets, the responsible creation of value and relative commitment, through the redistribution of the generated economic wealth.

Chairperson of TPER

Giuseppina Gualtieri

Note about the methodology

The Consolidated Non-Financial Disclosure (hereinafter also "DNF") of TPER - Passenger Transport Emilia Romagna SpA and its subsidiaries (hereinafter also 'TPER or the' Group 'or the' TPER Group ') has been drawn up in accordance with articles 3 and 4 of Legislative Decree 254/2016 (hereinafter also the "Decree"), implementing the Directive 2014/95/EU, and contains information on environmental, social, personnel-related issues, respect for human rights and the fight against corruption, useful for guaranteeing an understanding of the activities carried out by the TPER Group, its progress, results and the impact it has.

The DNF was drafted in accordance with the 'G4 Sustainability Reporting Guidelines' published in 2013 by the GRI - Global Reporting Initiative, according to the 'Core' option.

The general principles applied for the preparation of the Non-Financial Disclosure are those established by the 'G4 Sustainability Reporting Guidelines': relevance, inclusiveness, sustainability context, completeness, balance between positive and negative aspects, comparability, accuracy, timeliness, reliability and clarity. The performance indicators used are those required by the reporting standards adopted, representative of the various areas of sustainability and consistent with the activity performed and the impacts produced by it. In particular, the choice of these indicators was made on the basis of the materiality analysis and the issues referred to in Legislative Decree 254/2016.

The selection of indicators to be included to present the performance of TPER, focused primarily on the data currently managed directly within the Group's perimeter, both for monitoring performance in relation to the Service Contract, and for fulfilling the requirements of certificate management. The quantitative information for which estimates have been used are indicated directly in this document.

For the purposes of drafting the Non-Financial Disclosure, the following sources were also considered:

- Regional Planning on sustainable mobility and air quality (PRIT, PAIR);
- Urban Metropolitan City planning on urban strategies (PSM);
- Planning by the Bologna City Council on sustainable urban mobility (PUMS);
- Guidelines for the preparation of the Sustainability Report for local public transport companies, published by ASSTRA - Transport Association;
- Regulatory references governing the activities of local public transport companies.

The scope of reporting on the qualitative and quantitative data and information contained in TPER's Consolidated Financial Disclosure refer to the performance of the parent company TPER SpA and its fully consolidated subsidiaries, as they stand in the TPER Group's consolidated financial disclosure closed as of December 31st, 2017.

In the first application of the Legislative Decree 254/2016, unless otherwise specified, data referring to the previous year 2016 is presented, for comparative purposes only, as published in the Sustainability Report for this period.

This document, as required by the G4 Sustainability Reporting Guidelines, contains a summary index of the information related to the various areas covered (GRI Content Index), so as to allow the traceability of indicators and other quantitative and qualitative information presented within the Non-Financial Disclosure.

The process of preparing the Non-Financial Disclosure saw the involvement of the managers from the various Group facilities. The validation of the issues to be reported and the identification of the contents are the result of a process of sharing with the Chairperson and all the company Departments.

This document was approved by TPER SpA's Board of Directors on 20 April 2018 and, pursuant to Legislative Decree no. 254/2016, is subjected to checks by the independent auditing firm Ria Grant Thornton SpA.

The Non-Financial Disclosure is published on the Company's corporate website at the address www.tper.it in the company transparency area. To request further information, please contact the following address: sostenibilita@TPER.it.

TPER

TPER - Trasporto Passeggeri Emilia Romagna SpA is a public capital company that provides local automotive and railway transport services and other related activities, both directly and through subsidiaries and investee companies, representing itself as a mobility company in broad terms, with the aim of developing public transport and boosting effective mobility in the areas in which it operates.

Since September 2017, TPER has been set up as an Body of Public Interest, having issued bonds listed on regulated markets (Irish Stock Exchange).

The TPER Group covers various segments of the transport sector, from the automotive sector, to the trolleybus and railway sector, becoming one of the few large-scale Italian companies to deal with collective transport by road and rail, a service that is carried out in partnership with other entities through public-private consortia.

Indeed, TPER manages local public road transport in the provincial areas of Bologna and Ferrara with other private companies and passenger transport in the regional railway sector, in partnership with Trenitalia. All the activity is carried out thanks to specific service contracts that regulate assignments acquired following the awarding of the tender. In these areas, thanks to arranged development plans, TPER aims to enhance the intermodal approach with regards to local public transport.

As of May 2014, TPER also manages the parking service (roadside and parking lots), the issuing of receipts, car sharing and bike sharing.

Furthermore, TPER handles and implements the most important mobility development initiatives in the metropolitan area of Bologna, such as the guided assisted public road transport system and the completion of the Intermodal trolleybus and rail service. This is why it is involved in activities of planning and contracting authority.

TPER is one of the leading passenger transport operators in Italy and is the largest company in the Emilia-Romagna region for numbers and volumes of service in the public passenger transport industry. The consolidated revenues of the Group that employs 2,500 employees - were EUR 282 million in 2017.

The TPER Group provides passenger transport every year for around 50 million kilometres, of which 43.9 million local public road transport and over 5.3 million in the railway sector.

About 380,000 journeys are carried out every day on TPER buses and trolleybuses, while around 15,000 daily journeys are made on TPER trains on the regional rail transport network.

Key data

Operational indicators

The vehicles	Number of buses	1,153
	Number of trains	17
Traffic, network and infrastructures		
Road distance covered	Millions of Km	43.9
Distance travelled on the railway network	Millions of Km	5.9
Seats managed	Number	More than 52,000 ⁽¹⁾
Passengers - Customers		
Passengers - road	Millions	144
Passengers - train (FER-RFI network)	Millions	10.6
Journeys by trolleybus and bus/day	Number	380,000
Journeys by train/day	Number	15,000
Passenger increase - total	% compared to 2016	+2.6% ⁽²⁾
Monthly travel passes	% compared to 2016	+4.7%
Annual travel passes	% compared to 2016	+6%
Receipts	Number	45,000
Controls - Legality		
Passengers checked	% compared to 2016	+32%
Sanctions (tickets and fines)	% compared to 2016	+12%
Other services		
Registered for the bike sharing service	Number	Over 6,300
Registered for the car sharing service	Number	Over 1,500

(1) Data provided by the Bologna city council - of which 1,336 for those with reduced mobility

(2) +2.66% Bologna, + 3.35% Ferrara, +1.2% railway

Economic and financial indicators

Generated income	Millions of Euros	305
Consolidated Net Profit	Millions of Euros	9
Retained earnings	Millions of Euros	287
Investments	Millions of Euros	62

Social indicators

Staff		
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Employees	Number	2,689
Number of hours of training	Number	30,720
The customer and service		
Average customer satisfaction index	Indicator	7.15

Environmental indicators

Journey in km with methane gas vehicles	Overall Impact % of total	30%
Journeys in km with electric trains	Overall Impact % of total	68%
less CO2 produced compared to the previous year	%	-3%
Less energy consumption than the previous year	%	-2%
Drop in the average bus age compared to the previous year	%	-4%
CO2 saved thanks to the use of LPT compared to the use of a private car	Tons	145,122

Vision and Mission

Tper's vision is to improve the quality of life and the environment, to the benefit of passengers and, more generally, of the area in which it operates.

Their mission is to encourage and expand the use of public transport services, presenting itself as a sustainable, competitive, innovative and transparent mobility company. Expanding its services across the region, responding effectively, efficiently and economically to users' needs.

To pursue its mission and achieve the objectives of sustainability and quality, TPER has set its strategic position in an industrial perspective, by creating a company structured from the point of view of assets, resources and organisation and aiming at effectiveness and management efficiency as well as quality of services for travellers.

Sustainability scenarios, strategies and policies

The European scenario

Since 2011, the European Commission has envisaged the adoption of specific initiatives to build a competitive transport system aimed at improving mobility, removing key obstacles, and stimulating growth and employment, with the aim of guaranteeing mobility integrated at European level, attentive to the needs of the population, to environmental policy and competitiveness.

The main aim is to reduce oil dependency and transport carbon emissions by 60% compared to 1990 levels by 2050. So in order to achieve this, by 2030, the use of vehicles conventionally powered in urban transport should be reduced by 50% and the use of the railway for mid-distance journeys should be encouraged.

The EU strategy also includes social objectives, such as the possibility of approaching zero deaths in road transport accidents by 2050, or tripling the amount of the high-speed rail networks by 2050.

Achieving these objectives requires the development of a new generation of sustainable transport technologies, in particular for integrated traffic management systems, low-emission transport, greater energy efficiency of vehicles and the rational and organised management of demand for transport.

Prit - The integrated regional transport plan

The following objectives are set by the Emilia Romagna Regional Council: a) to implement the use of public transport for environmental reasons and render it efficient and sustainable, taking into account the fact that natural resources are limited; b) to guarantee the economic and financial soundness of the system, to continue to create value at local level; c) to encourage innovation and service for the benefit of users, by encouraging integrated pricing systems and electronic ticketing, as well as improving travel comfort and overall quality of service, including the renewal of vehicles.

These are challenging and complex, but necessary objectives, as they reflect the socio-cultural dynamics and environmental needs. These objectives are simultaneously based on a development model capable of maintaining and developing an industrial management system in the medium-long term that can grow and generate value, shared with the area in question.

Pums - The Urban Plan for Sustainable Mobility

The PUMS is a strategic plan that directs mobility in a sustainable sense with a medium-long term time span, but with checks and monitoring at predefined intervals, which develops a system vision of mobility, corrected and coordinated with sectoral plans and urban planning on a superordinate and municipal scale. The guiding principles of PUMS are therefore integration, participation, evaluation and monitoring. The PUMS for the metropolitan city of Bologna has the entire metropolitan area as its reference territory and deals with the relations between the transversal and radial city councils, carefully analysing movements to and from the capital considering its high attraction pull and that of Imola.

General objectives

- Guarantee a high level of accessibility
- Complying with the objectives of the Paris Climate Agreement 2015 - COP 21
- Observing the objectives for healthy air - PAIR 2015 - Emilia Romagna Regional Council
- Reduce road accidents to a minimum

Specific objectives

- Efforts to be made before 2020 will focus on the respect established by PAIR (Regional Integrated Air Plan - Emilia Romagna). The leading objective that will determine the overall complexity of the measures and projects, is to bring about a 20% reduction in the flow of traffic in built-up areas.

- It is the Paris Climate Agreement (COP21) driving the objectives to be achieved by 2030. Even if not explicitly defined in the Agreement, with the adoption of the PUMS, the Administrations commit to reducing "climate-changing" emissions, including in the mobility sector by at least 40% by 2030 and to creating the conditions that will aid their continuous reduction until they reach minimum levels by 2050.

PSM - The Metropolitan Strategic Plan

The Strategic Metropolitan Plan (PSM) is approved in accordance with legal provisions and the Metropolitan Statute, as well as the "Guidelines" approved on 11 May 2016 by the Metropolitan Council, as an act of extraordinary administration of the vast area, whose purpose is to provide precise and coherent indications on how to implement the Metropolitan City of Bologna's facilities as well as those of the Municipal Unions and the City councils that fall within in the metropolitan area. The PSM, therefore, intends to provide an identity and unified direction to the action of all metropolitan local authorities by defining:

- the general and transversal objectives to which the administrative action of the metropolitan area must tend as a whole;
- the actions and priorities for intervention in individual matters pertaining to the metropolitan city.

The PSM is, therefore, also the fundamental act of direction for the implementation of those municipal functions that can find a promotion, coordination and support factor in the metropolitan area, leaving institutions with full autonomy over all other future resolutions.

The PSM must, therefore, be considered hierarchically superior and logically prioritised with respect to the directives, plans, programmes, instructions, circulars and every act of the Metropolitan City and local administrations which generally command the organisation, functions, objectives and administrative proceedings.

The strategic objective on mobility in the metropolitan area of Bologna is to achieve a 20% reduction in private traffic flows by 2020 and the progressive reduction of climate-changing emissions by up to 40%, by 2030.

The objectives of the PSM, consistent with the guidelines given in previously illustrated plans, are based on a new way of planning mobility: the PSM is the first integrated plan of mobility that focuses its attention not only on travel but also on improving the quality of life in cities and the local area. This is why it is a transversal plan, and addresses the critical issues in coherence and coordination with the policies and instruments of intervention envisaged for other sectors (such as urban planning, environment, economic activities, tourism, social services, health, safety, energy and education) available to the various authorities. With this in mind, we must carefully focus on maintaining a virtuous balance, which relates the effectiveness and efficiency of the mobility system with the structure and the urban and territorial developments. In particular, the PSM dictates that:

- any urban planning intervention is only possible if an adequate supply of sustainable mobility is guaranteed, and in particular of public transport directly serving the settlement;
- urban planning implementations (residence, trade, functional centres) must be preceded by the necessary infrastructures that guarantee sustainable mobility and the identification of the necessary economic coverage for the realisation of the services;
- the action to counter the settlement dispersion is a priority, and the consistency between the mobility system, the structure and the development of the territory is pursued; in particular, recoveries that do not exceed the loads given by the existing types are allowed in rural areas;
- the aim must be to constantly improve the quality of the existing road and urban space.

The role of TPER

TPER, aware of the importance of the objectives indicated by the European Union and its role, is structuring its action with a view to providing a significant contribution to improving urban and extra-urban mobility: the reduction of consumption from fossil fuels and the consequent reduction of CO2 emissions and other

substances harmful to health and the environment, the reduction of road congestion and the possibility of accidents, improved passenger comfort, the guarantee of a sustainable service for everyone, even for those who could not afford alternative means of movement are at the root of the TPER strategy.

In this scenario, it is very important to overcome the well consolidated collective image of public transport being a compulsory choice, if not, a fallback solution for those who cannot afford a car or cannot drive. Overcoming this approach requires the definition of quality and effectively "replaceable" services and being able to demonstrate first and foremost what are the benefit for the users, followed by the numerous benefits to the local area and the environment. So this way, alongside the "social" value of public transport, as a right to mobility (for economic or physical reasons), it is essential to bring the service closer to the people and improve quality, in order to make this choice an effective opportunity in terms of safety, timing, convenience, effectiveness and comfort. The improvement of road safety, thanks also to the use of public transport, can produce a steady reduction in the number of road accidents and deaths and injuries caused by accidents.



TPER aims to make its contribution to achieve these goals, with the added use of communication, promoting a 'smart' lifestyle, where collective transport becomes the preferred mobility solution, a conscious choice, coherent with a responsible, flexible and innovative approach.

Tper respects all the reference standards and adopts plans in line with the international and local sustainable development objectives. So, with a focus on sustainable development, it already plans to introduce, at the planning stage, the objectives of sustainable development (SDG or Sustainable Development Goals) created and promoted by the United Nations Organisation as global goals of sustainable development.

There are a total of 17 objectives and 169 specific targets; detailed below are the objectives relating to the specific group activities.



Two SDG objectives are directly related to transport:

-  **3.11** – To halve the number of killed and injured in road accidents on a global scale within 2020.
-  **11.2** – To provide everyone with access to safe, sustainable and accessible transport systems within 2030, improving road safety, in particular expanding public transport with particular attention to persons in vulnerable situations: women, children, disabled and elderly.

Regulatory framework

General context

The various activities managed by TPER refer to a complex system of rules relating to services of general economic interest and based on the EU initiatives, as acknowledged by national and regional legislation.

The legislation takes into account both aspects related to national and international policies on competition and management methods, as well as the service sustainability and accessibility criteria for users. Considering the significant impact of the transport sector on the environment, the policies also concern the reduction of the environmental impact in terms of production of CO₂ and other greenhouse gases, through an incentive to the use of collective or shared transport compared to private transport and switching to cleaner energy sources.

Tper complies with all relative regulations and adopts plans in line with the international and local sustainable development objectives.

National legislation

The specific regulatory framework for the TPL sector saw specific forecasts in 2017 with the 96/2017 conversion law of Legislative Decree no. 50/2017 (so-called "Manoeuvre"), which includes:

- → the setting up of the Fund referred to in Article 16-bis, paragraph 1, of the Decree of 6 July 2012, no. 95, converted with amendments by the law of 7 August 2012, no. 135, for the year 2017 and with a starting date in 2018
- the subdivision of the aforementioned fund among the regions, taking into account (a) a 10% share, to be increased over the years up to 20%, based on the total traffic proceeds and the recorded increase, and (b) a 10% share, to be increased up to 20%, on the basis of compliance with standard costs (as per article 1 paragraph 84 of Law 147/2013). For the remaining portion, an annual reduction of 15% of the value of the contracts which by 31 December of the previous year are not awarded by tender (or where the relative call for applications has not been published) is expected.

The law also discourages the circulation of old polluting Euro 0 or Euro 1 category buses, run on petrol or diesel, allocates resources to rail transport safety and introduces systems for counting passengers and electronic ticketing

With regard to railway matters, the 2017 decree brings local railways under the jurisdiction of Ansf (Italian National Railway Safety Agency), with subsequent speed-limitation measures due to significantly impact certain lines and sections not equipped with the so called SCMT system, new procedures relating to level crossings and specific ways of managing the service. In full compliance with the new regulatory system, the company in agreement with the agency, the infrastructure handler and the institutions has re-organised the service and management method.

The relative regulation principles for the tpl sector, in particular the Legislative Decree no. 44 of 18 November 1997 and subsequent amendments (the so called Burlando Decree) and the European Regulation 1370/2007, as well as current regional standards, remain valid.

Regional legislation

Specifically, Regional Law no. 30 of 1998 comprehensively regulates the system of regional and local public transport in compliance with the competences attributed under the Constitution. Among other things, the principles that inspire the regional rules included the containment of energy consumption, a reduction in the causes of environmental pollution and the protection of air quality from atmospheric pollution to protect the health of citizens.

The regional principles also tend to provide citizens and businesses with the best accessibility and usability of the services provided in the area, promote a central role of regional public transport (TPL) as an engine for civil and economic development and social cohesion, stimulate a rational organisation of traffic and circulation and promote the culture of sustainable mobility.

With the same Law 30/1998, the implementation of the delegations provided for by the Legislative Decree no. 422 of 1997 and the subsequent transfer from the State to the Regional Council of the railway lines formerly run by Government Commissions, attributing the railway services to the Emilia-Romagna Regional Council for which it is responsible.

With specific guidelines, the Emilia-Romagna Legislative Assembly establishes lines of action on the planning and administration of regional public transport, which regulate the car-transport sector and urban mobility. The most recent is the 2016-2018 guideline of 03 August 2015 on the planning and administration of regional and local public transport, pursuant to art. 8 of Regional Law no. 30 of 1998. These guidelines establish the main sources of financing for the sector, providing for:

- 1) regional resources deriving mainly from the National Fund for the State financial assistance to the costs of local public transport, including rail transport;
- 2) regional and other resources (European, state, provincial, council and even private) for investments and infrastructural interventions, which are aimed at the purchase of buses and trolleybuses, bicycle and pedestrian mobility and, more generally, sustainable mobility promoting air quality.

The division between the provincial councils of services and contributions was approved by the Regional Council with the "Resolution of minimum TPL services for 2016-2018" of 16 May 2016.

Governance and corporate structure

The parent company TPER is a public limited company, based in Bologna and operating in the Emilia Romagna region.

In 2017, the Parent Company issued bonds listed on a regulated market (Irish Stock Exchange), thus acquiring, pursuant to art. 16, paragraph 1 of Legislative Decree no. 39/2010, the status of Public Interest Body (EIP).

The governing bodies and the TPER structure

Shareholders	Share %
Emilia-Romagna Region	46.13%
Bologna city council	30.11%
Metropolitan City of Bologna	18.79%
ACT Reggio Emilia	3.06%
Province of Ferrara	1.01%
City Council of Ferrara	0.65%
Province of Parma	0.04%
Ravenna Holding	0.04%
Treasury shares	0.16%
	100.00%

TPER is not subject to control by a reference shareholder. In 2017 the Provinces of Mantua, Modena, Reggio Emilia and Rimini - formerly TPER Members - exercised their right of withdrawal pursuant to and for the purposes of Law 190/2014 and the Shareholders' Meeting authorised the purchase of their own shares by TPER S.p.A.

Composition of the Board of Directors, in office for the three-year period 2015 - 2017:

- Giuseppina Gualtieri - Chairman and Chief Executive Officer
- Francesco Badia - Director
- Giovanni Neri - Director

Gender diversity Board of Directors	Women		Men		Total	
	No.	%	No.	%	No.	%
Board of Directors	1	33%	2	67%	3	100%

Composition of the Board of Directors for age groups	Under 30		Between 30 and 50		Over 50	
	No.	%	No.	%	No.	%
Board of Directors	-	-	1	33%	2	67%

The Board of Directors is the body vested with the widest powers for ordinary and extraordinary administration. Indeed, it is responsible for defining the company management direction, evaluating the

adequacy of the organisational structure and the general management trend. The managerial staff is chosen by the Board of Directors.

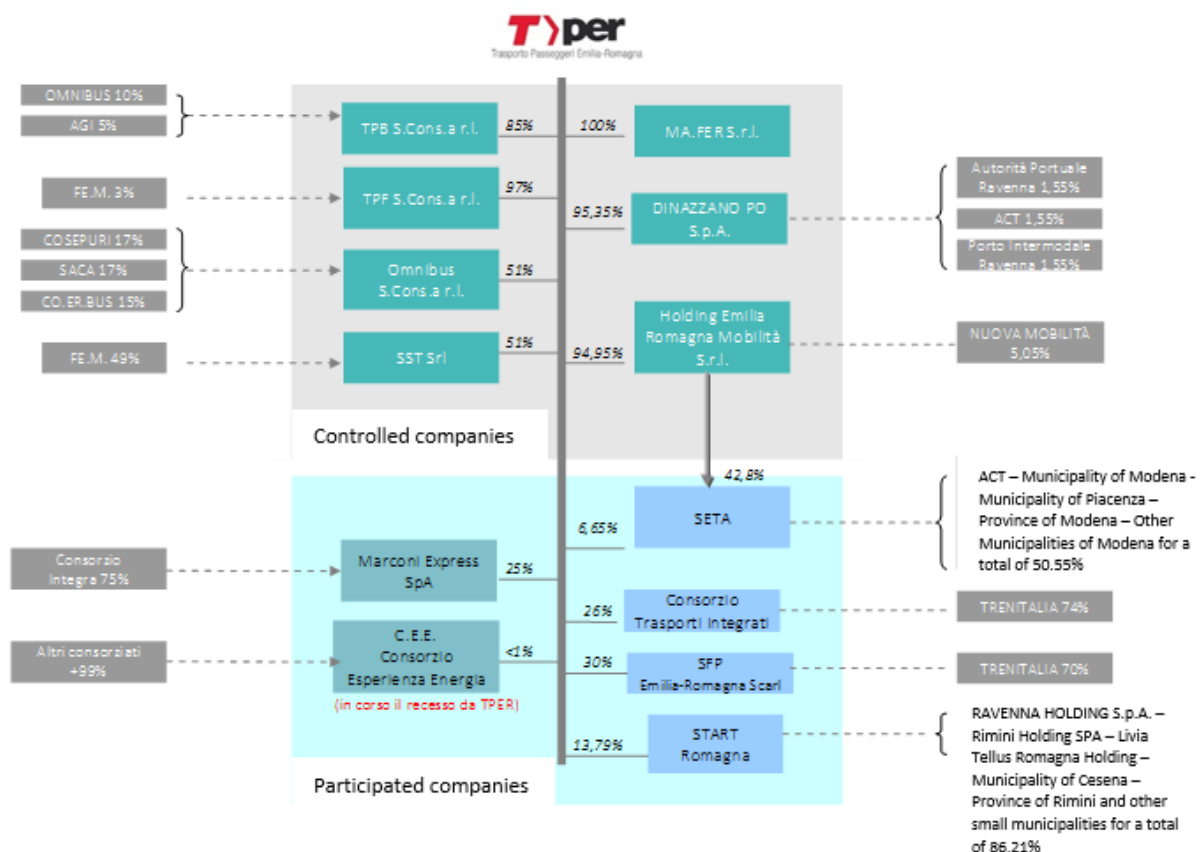
The Board of Auditors supervises in compliance with the law and the Statute, and respect for the principles of proper administration. The Board of Auditors consists of:

- Sergio Graziosi - President
- Fabio Ceroni - Statutory Auditor
- Monica Manzini - Statutory Auditor

The TPER Group structure

The TPER Group is made up of the Parent Company TPER S.p.A., which holds investments in 13 companies, of which 7 are subsidiaries, 4 are associated (including the SFP Emilia-Romagna Scarl - Provisional Railway Company of Emilia-Romagna, established on 06/18/2016 and whose launch is not scheduled until January 1, 2019) and 2 participated.

TPER S.p.A. is, therefore, an operating holding company and, through Group companies, carries out more specialised activities relating to the managed services (typically maintenance) or extends its own area of transport services in the region. The current structure of the TPER Group is consistent with the role of aggregator of the public transport activity, at the root of the creation of TPER.



It is, therefore, possible to distinguish different operating areas of investee companies:

- In the automotive transport sector, the acquisition or retention of shareholdings stems from the need to achieve industrial and financial synergies, which are preparatory to an operational strengthening to take part in tenders for the awarding of public transport services. In the Ferrara and Bologna areas, TPER

consequently decided to operate in partnership with private entities, giving rise to the Omnibus and TPB consortium companies for the Bologna basin and SST and TPF for the Ferrara one.

- In the regional railway transport sector, TPER operates in a consortium (CTI) with Trenitalia, in partnership for the tender launched by the Emilia Romagna Regional Council in 2008.
- Again in the railway sector, TPER controls the entire capital of MA.FER Srl, which deals with rolling stock maintenance, and holds 95.35% of Dinazzano Po SpA, a company dedicated to rail freight transport and the provision of rail freight services, in addition to the management of railways and intermodal terminals.
- TPER is the main shareholder, both directly and indirectly through Herm, of SETA, a company that provides local public road transport services in the provinces of Modena, Reggio Emilia and Piacenza, though a company that is not consolidated as conditions of control are not resorted to. TPER is also a shareholder of START, operating in the Romagna area. The holding of these companies is linked to industrial logics as well as operational and financial synergies.

Company offices

The Company carries out its activities in the following locations: Bologna (BO), Ferrara (FE), Castel di Casio - Prati (BO), Imola (BO), Casalecchio di Reno (BO), Codigoro (FE), Comacchio (FE), Sermide (MN), Modena (MO), Reggio Emilia (RE) and Guastalla (RE).

Associations

TPER is a member of the ASSTRA Transport Association (National Association of Enterprises, their consortia and/or their groupings, owned by local authorities, regional councils and private companies that operate local public transport services or complementary and/or collateral services instrumental to their production), stemming from the merger between the two associations Federtrasporti (the federation of municipal companies) and Fenit (the federation of the railways granted).

TPER is also associated with Aipark, the Italian Association of Operators in the Parking and Car Park Sector, which aims to foster a professional connection and growth of an industry culture that represents the most important operators in the sector at national level...

TPER is also a member of the international association UITP, an international association of public transport, and, following the choice in Confservizi Emilia Romagna not to represent public transport services, TPER adheres, at local level, to Confindustria (Unindustria Emilia Romagna) as well as sitting on a coordination board with other companies in the Emilia Romagna region involved in the transport industry.

Finally, TPER is a member of Club Italia, a non-profit association that, among other things, aims to promote the use of payment systems based on smart cards (contactless microchips) in Italy.

Membership of organisations and international agreements

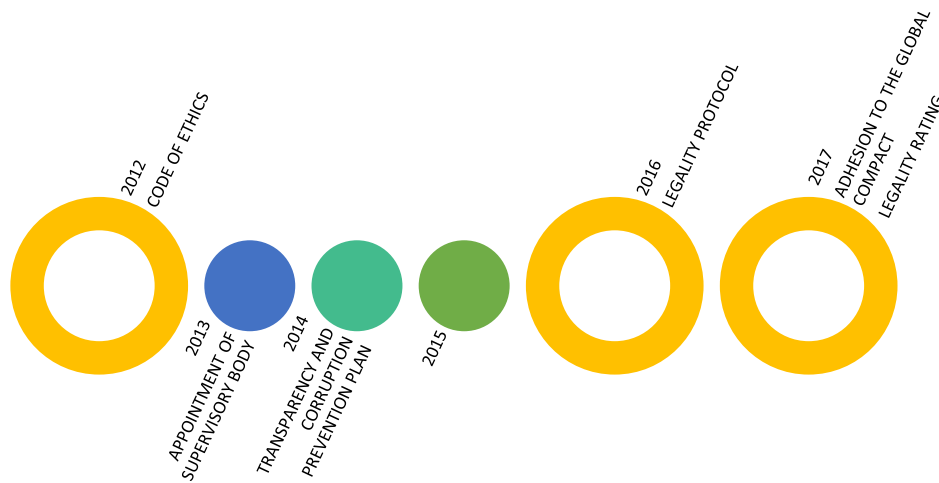
United Nations Global Compact

In 2017, the company joined the United Nations Global Compact, an international initiative that encourages companies all over the world to adopt sustainable policies, observe corporate social responsibility, and publish the results of its work for human rights, labour, environmental sustainability and the prevention of corruption.

Legality protocol

As of 2017, with a process launched in 2016, TPER joined the Protocol of Legality established by Confindustria and the Ministry of the Interior, with a view to combatting criminal infiltration into the economy. It is, therefore, registered in the list of companies adhering to the Legality Protocol published on the Confindustria Emilia website.

The control model and measures to combat corruption



The organisation, management and control model Legislative Decree 231/2001

The Legislative Decree 231/01, containing the "*Protocol of the administrative responsibility of legal bodies, companies and associations even without juridical standing*", has adapted the internal legislation on the liability of legal persons to international conventions. TPER has adopted an organisation, management and control model (MOGC) pursuant to Legislative Decree 231/2001 which contains all the preventative and disciplinary measures and procedures to reduce the risk of crimes being committed within a company organisation.

The adoption of an organisation, management and control model external to the *Decree*, as well as representing a reason for the Company to be exempt the responsibility with regard to committing certain types of crimes and administrative offenses, this Decree is an act of social responsibility by TPER, from which benefits derive for a multiplicity of subjects: *stakeholders*, managers, employees, creditors and all other subjects whose interests are linked to the life of the company. The Model has been prepared taking into account the Guidelines drawn up by ASSTRA, the relevant trade association. ASSTRA has drawn up the set of values that the Association and the associated companies recognise, accept and share and all the responsibilities that the Association and partner companies have internally and externally. The Model is intended for company personnel and third parties, who enter into relations with the company, and contains rules of conduct aimed at preventing the committing of certain crimes in favour of the company, that are identified in the Legislative Decree 231/2001.

TPER intends to proceed with the formalisation of its Model of organisation, management and control (hereinafter the "Model") after conducting an analysis of the entire organisational structure of the company and its internal control system, in order to verify its adequacy in preventing significant offenses. TPER has adopted its own Model which complies with the requirements of the Decree and is consistent with the relevant standard and regulatory context, with principles already rooted in its own governing culture.

The descriptive document of the model, together with the Code of Ethics, is published on the Company's website at the address <https://www.tper.it/azienda/come-lavoriamo>. In 2017 there were no cases reported to the Supervisory Body.

TPER has appointed a Supervisory Body. This Body is responsible for monitoring the functioning, effectiveness, adequacy and compliance with the TPER Organisation, Management and Control Model.

The code of ethics

As an integral part of the Model pursuant to former Legislative Decree no. 231 and the overall governance structure, TPER has adopted a Code of Ethics, with a view to identifying and defining a set of values,

fundamental principles and behavioural standards that represent an indispensable prerequisite for the correct implementation of corporate activities. The Code of Ethics constitutes a guide to *policy* and the requirements of legality that govern TPER's conduct. The Code of Ethics conforms to the principles indicated both in CONFINDUSTRIA's Guidelines and ASSTRA's Code of Conduct.

The Code defines the reference principles and behavioural rules for TPER, proposing a means to prevent irresponsible or illegal behaviour from those who work in the name of and on behalf of the Company and represents a set of adequate preventative and disciplinary measures and procedures for reducing the risk of committing crimes within the company organisation.

During the drafting, periodical updating and approval of the Code of Ethics, TPER has introduced and implemented adequate organisational and management measures to prevent corruption pursuant to Law 190/2012 and the National Anti-Corruption Plan (PNA) and with reference to the provisions of Law n.68 of 22 May 2015 and Law 69 of 27 May 2015 (provisions relating to environmental crimes, false accounting, crimes against the public administration and mafia-type associations) and from the criminal offense of self-laundering (Article 648-ter 1 of the Criminal Code). It should be noted that, in order to avoid unnecessary redundancies, private law bodies under public control, as well as non-controlling public companies that have already adopted risk organisation and management models on the basis of Legislative Decree no. 231/2001 - in order to prevent corruption, can rely on the same models, by extending the scope of application not only to offenses against the public administration envisaged by Legislative Decree no. 231 of 2001, but also to all those considered in Law 190 of 2012.

The provisions of the Code apply, without exception, to the members of the Board of Directors and the Board of Statutory Auditors, senior managers, middle managers and employees at TPER, as well as to all those who, directly or indirectly, permanently or temporarily, under whatever title, interact, collaborate or work in the interest of TPER. Each recipient is required to comply with the provisions in the Code. Within the scope of their activities, all *TPER stakeholders* (employees, shareholders, customers, suppliers, communities, commercial and financial partners, institutions, trade associations, trade union representatives, etc.) act in compliance with the Code and with current laws and regulations. Each recipient is asked to familiarise themselves with the rules contained in the Code and the reference standards that regulate the work done within the boundaries it covers.

PPCT - Transparency and Corruption Prevention Plan

TPER is a publicly owned company, not subject to public control (pursuant to and in accordance with Legislative Decree 175/2016) and, having issued bonds listed on regulated markets, is a body of public interest.

TPER has voluntarily chosen to adopt and maintain the PPCT over the two-year period 2016/2017 to appoint the RPCT - Head of corruption prevention.

TPER is currently carrying out preliminary studies on how to obtain ISO 37001 certification, as an additional measure to ensure corruption prevention. The new guidelines of the National Anti-corruption Authority - ANAC provide specific regulations for investee companies. TPER will proceed to take the actions required, also taking into account the ISO37001 certification, once it has been obtained.

The Annual Report from the RPCT for 2017 is published on the website <https://www.tper.it/azienda/altri-contenuti-corruzione>. The report, in the form of a fact sheet, is drawn up by the RPCT of public administrations regarding the enforcement of the PTPC.

Legality rating

In 2017, TPER obtained the "Legality rating", an ethical recognition developed by the Italian Competition Authority (AGCM), in agreement with the Ministries of the Interior and Justice, which rewards companies that operate in line with the principles of legality, transparency and social responsibility. The set of rules re-connects, in particular, advantages in the granting of public funding and favourable terms for accessing bank

credit, to the recognition of legality ratings - conventionally measured in "stars". Tper's current rating is ★★ ++.

The process certification system

TPER is equipped with management systems according to international standards and has obtained the Certificate of Excellence from Certiquality, an accredited body for the certification of company management systems for quality, environment, safety and product certification. This important recognition is given to those companies that have shown a responsible voluntary commitment in their corporate governance, after obtaining the three certificates of international quality standards (ISO 9001), the environment (ISO 14001) and health and worker safety (British Standard OHSAS 18001).

TPER has implemented an integrated management system of quality and environmental protection that is compliant and certified according to the new UNI EN ISO 9001: 2015 and UNI EN ISO 14001: 2015 standards. The integrated management system is applied to all the services provided and includes the local public road transport service in the Bologna and Ferrara basins, the regional passenger rail transport service, the management of pay parking in the City of Bologna and other services supporting mobility.

TPER has also extended its international certificates to railway operations and parking management, as well as to the automotive one. As a railway company, TPER has a Safety Certificate issued by the National Railway Safety Agency (ANSF). The Safety Management System codifies and controls the operation of all TPER structures involved in safety activities related to railway operations.

Maintenance services on industrial vehicles and fleet management are also certified (in particular, buses and trolleybuses), activities carried out both on buses that are owned and in favour of third parties. The TPER workshops have, in fact, been recognised as workshops authorised by the main bus manufacturers.

TPER has also obtained the service certification in compliance with the UNI EN 13816: 2002 standard of three of the main urban TPL lines in Bologna (Line 13, 27 and 35).

Quality

TPER S.P.A. is currently certified in line with ISO 9001: 2015 (9001 "Quality Management Systems", which replaces ISO 9001: 2008), certificate issued by Certiquality on 09/02/2017. The standard provides a more precise and detailed focus on the control of processes, products and services provided by external suppliers. This is to meet with the current day reality in which companies operate in an increasingly complex environment. The main updates foreseen under the new edition are:

- The revision follows a "high level" structure, developed for use as a common basis for all other standards, improving compatibility and integration with other certification strategies. The creation of an integrated management system is made easier.
- Risk analysis: rather than using standard requirements for everyone, risks will be analysed for each individual company, in order to plan a management system that satisfies the needs of each company. The new approach identifies the risks in business processes and appropriate measures to be taken to deal with them, in addition to identifying opportunities, i.e. possible solutions and countermeasures to address them.
- Greater involvement of senior management.
- "Bureaucratic" simplification of the system's documentation. Greater flexibility is foreseen for companies, which are free to choose the depth and detail they intend to use for their written documentation, a choice that can be made based on various factors such as the complexity of the processes, staff expertise etc.
- a more immediate applicability for the tertiary sector and services
- Process management focused on the development, implementation and improvement of the QMS. Each process must be defined and contain clear specifications for the measurement of performance parameters and definition of roles and responsibilities.

Environment

UNI EN ISO 14001: 2015 certification - The ISO 14001, the most widespread environmental management systems standard in the world, is based on the principles of a management system that includes the stages of planning, implementation, control and improvement actions; the application of ISO 14001 defines the most important requirements to identify, control and monitor the environmental aspects of any organisation with an environmental policy. The immediate advantages of adopting an ISO 14001 Environmental Management System are:

- greater trust from customers, investors, the public and community, thanks to the guarantee of reliability for the proven commitment;
- better control of costs and savings on raw materials and energy consumption;
- clarity in management and ease in applying for permits and environmental authorisations;
- reduction in insurance premiums linked to the possibility of environmental accidents;
- reduction in the financial guarantees where required under current legislation.

TPER has signed up to the new edition of the ISO 14001 standard published on September 15th 2015, acquiring the relative certification with certificate issued by Certiquality on 09/02/2017. The revision of the standard falls within the parameters of significant change, which involves the family of ISO standards on Management Systems and whose primary objective is to create a common "High Level Structure" among the standards. The new edition of ISO 14001, which has remained virtually unchanged since its publication in 1996, introduces important changes that set the standard in line with the times and current day environmental challenges.

Health and safety in the workplace

TPER is currently certified under the OHSAS 18001: 2007 standard. Compliance with the OHSAS 18001 international standard (Occupational Health and Safety Assessment Specification) ensures compliance with the requirements for Occupational Health and Safety Management Systems. The OHSAS 18001 certification is based on the management of health and safety at work and requires continuous improvement from the Organisations, thus providing all those involved with a guarantee of compliance to specified safety policies.

The benefits deriving from the application of an OHSAS management system can be summarised as follows:

- The OHSAS 18001 certification represents an effective tool for maximising risk management for the health and safety of workers. INAIL provided reassuring data that saw a 27% drop in the frequency index and 35% in the accident severity index in certified companies.
- The OHSAS 18001 certification is recognised as a possible system that exempts from the serious levels of liability introduced by Legislative Decree 231/01 (as required by Legislative Decree no. 81/08 in article 30, paragraph 5).
- INAIL grants reduced insurance premiums to companies that have made improvements or have taken accident prevention measures to safeguard workers' health and safety conditions. Interventions that allow access to these reductions are those foreseen by the OT 24 Model (oscillation of the prevention rate). Of these interventions, the certification in line with the OHSAS 18001 standard is the one that allows you to achieve the maximum score for obtaining a discount on the premium.
- It requires greater attention from all the organisational units in the company on matters of safety, with positive repercussions on the organisation at poor levels.

The first draft of the new ISO 45001 was drawn up by the ISO Committee in October 2013. The new standard is based on the OHSAS 18001 and will be in line with recent revisions of the ISO 9001 and ISO 14001 standards, the update of which focuses considerable attention on risk management. The new ISO 45001 meets the growing need for companies to implement their own Safety Management System in a constantly evolving scenario. The objectives of the ISO 45001 standard are as follows:

- creation of an ISO standard that becomes the international reference for occupational health and safety management systems;
- use a simple language;

- setting out requirements that are effectively flexible and adaptable in different ways to small and large companies;
- favouring "management" without necessarily increasing the "documentation"
- allow for the management of the requirements (including legal ones) for health and safety at work, without additional resources to manage the system.

Approval of the text for the new law, initially scheduled for the end of 2016, was placed on hold due to a failure to agree on some points in the standard within the Committee in charge of drafting and approval.

The regulations

With the implementation of regulatory measures and to ensure fairness and transparency towards third parties, TPER's board of directors has also adopted the following regulations:

- Staff recruitment regulation
- Regulation for the assignment of tasks
- Regulations for the execution of works and acquisition of goods and services at an amount lower than the EU thresholds for TPER SPA
- Safety policy
- Regulation for access to documents
- European regulation 1371/2007

Risk management

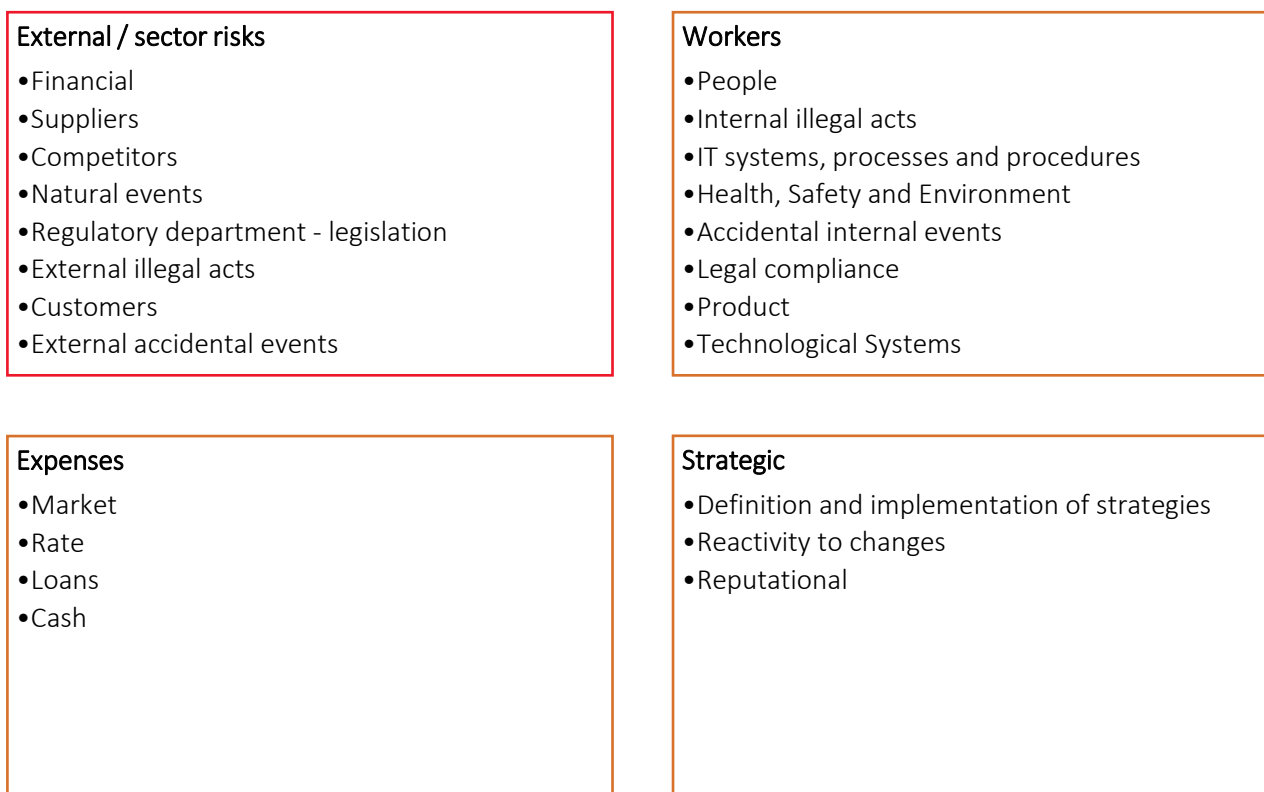
Tper has developed its own control model and adopts various Governance and organisational measures to guarantee the management of current and future risks, to which it is potentially exposed. The Group is active in monitoring the quality of services offered, controlling its facilities and plants and guaranteeing the health and safety of its employees.

In 2017, Tper developed a specific Risk Assessment project, with the aim of launching the implementation of a structured Risk Management process within the Group (Enterprise Risk Management - ERM). The first stage involved identifying and listing the risks at Group level, with the aim of consolidating the corporate culture on risk management and thus increasing awareness of its potential impacts on Tper.

The analysis examined the Tper context with regard to the Group's internal/external specifications, in order to then identify, analyse and assess the risks (internal and external) to which the Group is potentially exposed, together with the methods and plans for dealing with them.

Tper - The risk model

The general risk model of Tper can be summarized in relation to the identified risk areas:



The specific risks identified to which Tper attributes the greatest importance are highlighted below:

Category	Description
Competitors	The risk in question is perspective. On the grounds of specific service contracts, TPER manages local public transport by road in the Bologna and Ferrara provincial areas (service contract expiring in 2019) and passenger transport in the regional railway sector (for a duration of 22 years starting from 2019), in partnership with Trenitalia. Activity areas are complementary to

	the development of Bologna's mobility, such as parking (1 Highway code - extension), car and bike sharing (1 Highway code).
Financial	<ul style="list-style-type: none"> • Risks of delayed/non-payment/reimbursement by the Region of the amount due based on Service Contracts • Difficulty in meeting company objectives due to causes that can be traced back to the external context • Adoption of unfavourable pricing policies by the Regional council with a consequent fall in revenues • Substantial cuts to State-Region transfers <p>These events can lead to possible negative repercussions on the Group's business/operations due to a worsening of evolutionary dynamics in the macroeconomic context. In particular, there is a risk that the company's operations, provision of services or achievement of objectives set with the Regional council/Agencies for mobility, may be compromised due to the long delay in making funds available. These aspects also include the implementation and realisation of the investment plan envisaged in the service contracts.</p>
Rail and Trolleybus safety	<p>The area includes operational risk cases within the Group and not arising solely from external causes, such as:</p> <ul style="list-style-type: none"> • Physical safety of vehicles and facilities - the first guarantee of safety is given by proper maintenance of the goods, that is, adequate and regular maintenance. • Traffic safety "on the driver's side" includes all the devices that control the driver's work and avoid errors. • Minimisation of damage from external events and accidental injury to passengers and other citizens <p>The area of transport safety is highly regulated in significant detail both at national and EU level. Tper has effectively implemented the processes and controls needed to comply with existing legislation and to update it for future modifications. These risks are, therefore, mitigated primarily by the set of requirements established by regulatory bodies that provide contextual guarantees and support in carrying out activities safely, and secondly by the adoption of appropriate operating procedures and instructions.</p>
Legal and compliance	Tper operates within a sector subjected to strict regulation at national, European and international levels. Local public transport is also subject to a number of regulations at local and regional level. The risks refer to the possible consequences arising from a failure to comply with the rules and regulations to which Tper is subject.
Environment - Health and safety	<p>The transport sector is subject to environmental regulations, especially features of means of transport in relation to CO2 emissions and other pollutants, and health and safety.</p> <p>The regulatory framework could register a rapid and not always predictable evolution, involving stricter requirements. These circumstances could change the reference scenario, significantly influencing the investment plan for the necessary adjustment.</p>
	Risks arising from adverse and/or accidental natural/atmospheric events that damage: either methane refuelling plants or technological systems of the trolley bus (power supply, telecom.) or electrical installations and fixed trolley bus system or structures

	Damage/unavailability of server room or server resulting in prolonged unavailability of information systems, computer data and/or connectivity, with the subsequent interruption of business activities. Tper has adopted a control model for issues linked to the protection of corporate assets.
Reputational risks	<p>Reputational risks arise from Tper's negative perception in the eyes of customers, suppliers and supervisory bodies due to the spreading of detrimental news. The Group is particularly exposed to this type of risk, due to the nature of the services offered but it has a good reputation for the quality of the service offered and for its efforts in making improvements.</p> <p>The Group is continually improving the physical safety of employees, passengers and their perception. Furthermore, there are facilities and procedures for gathering and dealing with complaints and customer service.</p>

The precautionary approach

Introduced in 1992 at the United Nations Conference on Development and the Environment (*United Nations in Principle 15 of 'The Rio Declaration on Environment and Development'*) in the context of environmental protection and biodiversity, this principle is based on the '*better safe than sorry*' assumption and has been implemented and used at various levels of government and put into practice in areas related to consumer protection and health.

The application of this principle implies, as an integral part of the risk management strategy, a preliminary assessment of the potential negative environmental and social effects that could arise from decision-making and/or strategic choices regarding products and processes. If the existence of a risk of serious or irreversible damage is identified, appropriate and effective measures must be considered, also in relation to benefits and costs, aimed at preventing and/or mitigating the negative impact.

The policies implemented and the methods for managing its own processes and provision of services by TPER take these principles into account.

Stakeholder

TPER has, among its objectives, the strengthening of the Group's sustainability, both by guaranteeing economic and financial equilibrium and patrimonial solidity, and by dedicating its resources to overseeing environmental and social impacts, responding to the needs and expectations of its stakeholders, with particular reference to those in situations of fragility, and the promotion of public transport and sustainable mobility.

The comparison with various stakeholders is very important for the continuous improvement of activities carried out and for fostering a development process. Thanks to interaction with the various stakeholders, the correct consideration of their legitimate expectations and collaboration with local actors, it is possible to listen to and respond to the quality requirements of services, correctness of relationships, development and growth, redefining objectives, developing new projects and building a dialogue with the region where it operates.

TPER has identified the stakeholders involved in engagement activities and defined the level of involvement taking into account the functions involved, the tools for comparison and dialogue. The mapping foresees 8 categories of stakeholders and in the diagram below the comparison and exchange levels are highlighted.

Stakeholder	Facilities involved	Expectations	Engagement		
			Number of activities	Instruments	Answer
Shareholders	Management, general affairs, commercial area, communications and PR	Standard quality sharing, service planning and comparison of results	Several meetings in a year	Assemblies, meetings, presentations, exchange of communications	Presentation of projects, plans, reports and financial statements
Mobility agencies and other regulatory bodies, state administrations, other bodies	Management	Respect for rules and regulations, respect for contracts and service cards	Periodical meetings	Meetings and exchange of communications	Reports and quality surveys
Universities and research institutes	Management	Research development	Periodical collaborations	Periodical meetings	Promotional events, research projects
Users, customers and trade associations	Sales department	Greater awareness of expectations	At least 12 meetings with each CCU - Users Advisory Committee per year	Customer satisfaction surveys, mystery clients, CCU meetings	Presentation of the results of the investigation
Workers (employees and non-employees) and union representatives	Human Resources	Sharing values and objectives	Multiple meetings and activities	Assemblies, training sessions, dedicated meetings, intranets and refreshment areas	Code of Ethics

Local communities and general public	communication and public relations	Creating shared value	Various analysis and comparison activities	Communication campaigns	Exhibitions competitions events
Industry operators	Management	Sharing common goals and benchmarking	Meetings with trade associations	Assemblies, work groups, conference calls, one-to-one	Production of joint documents
Providers of goods, services and works	Purchases	Wide application warranty	Several meetings and contacts in a year	Selection procedures, exchange of documentation, meetings	Contracts, DB suppliers
Sponsors	Management	Economic, financial and equity solidity and sustainability	Not periodic but aimed at specific projects	Meetings and exchange of communications	Analysis reports, trade agreements

Materiality Analysis

For TPER, the analysis of materiality is a tool for refining its internal reporting processes and to allow for support to be given over time to the planning of sustainability activities.

TPER's materiality analysis is carried out by identifying the priorities for analysis, reporting and intervention, identifying the priorities and issues for the Group and for the various categories of stakeholders.

In order to identify the issues of interest to the company and the stakeholders, the GRI guidelines of the reporting standards adopted (G4) were taken into account. The areas in relation to which TPER can have a more or less significant impact in the industrial/operational economic field and the social and environmental field have been identified.

Identification of stakeholders, matters of interest to TPER and the stakeholders themselves was made on the basis of a specific analysis when the previous Sustainability Reports were being drafted. The results of this analysis have been reviewed and confirmed by TPER for the preparation of this Non-Financial Statement.

The stakeholders were divided into categories and for each of them, different methods of analysing the topics to be included in the reporting were used. With reference to shareholders, mobility agencies and other regulatory bodies, state administrations and other bodies, a documentary survey was carried out which took into account external documents representative of the scenario in question, in particular, European and national legislation and regulation, local documents (PRIT, PUMS guidelines, PGU, Metropolitan Strategic Plan, DUP, PAIR) and the priorities defined in the matters deliberated upon by the bodies.

With reference to customers, consumer associations or other representative associations, user advisory committees and local communities, the analysis is carried out taking into account customer quality surveys, mystery client analysis, complaints analysis, front office reports and press material. Company management was involved for the workers and collaborators and trade union representation, which allowed them to identify issues and priorities. As far as suppliers are concerned, as part of the analysis of indirect and induced direct value generated by TPER, a survey was carried out in 2017 (aimed at all suppliers with annual totals exceeding 11 thousand Euro). Compared to other sector operators, observations were gathered at meetings or as emerged from document analysis (in particular, in circulars and reports of trade associations to which the company adheres). Observations and priorities indicated by research institutes, study centres and universities were gathered during meetings and conversations.

In order to identify relevant aspects and define the materiality matrix, internal document analysis was taken into account, in particular, the code of ethics, risk analysis, business plan, corruption prevention plan and previous sustainability reports. Benchmarking analyses were also carried out compared to similar operators.

Senior management was involved in the process of materiality analysis to identify the process objectives and the analysis direction, the identification of the issues to be analysed and the priorities for TPER as well as the formal approval of the result of the analysis.

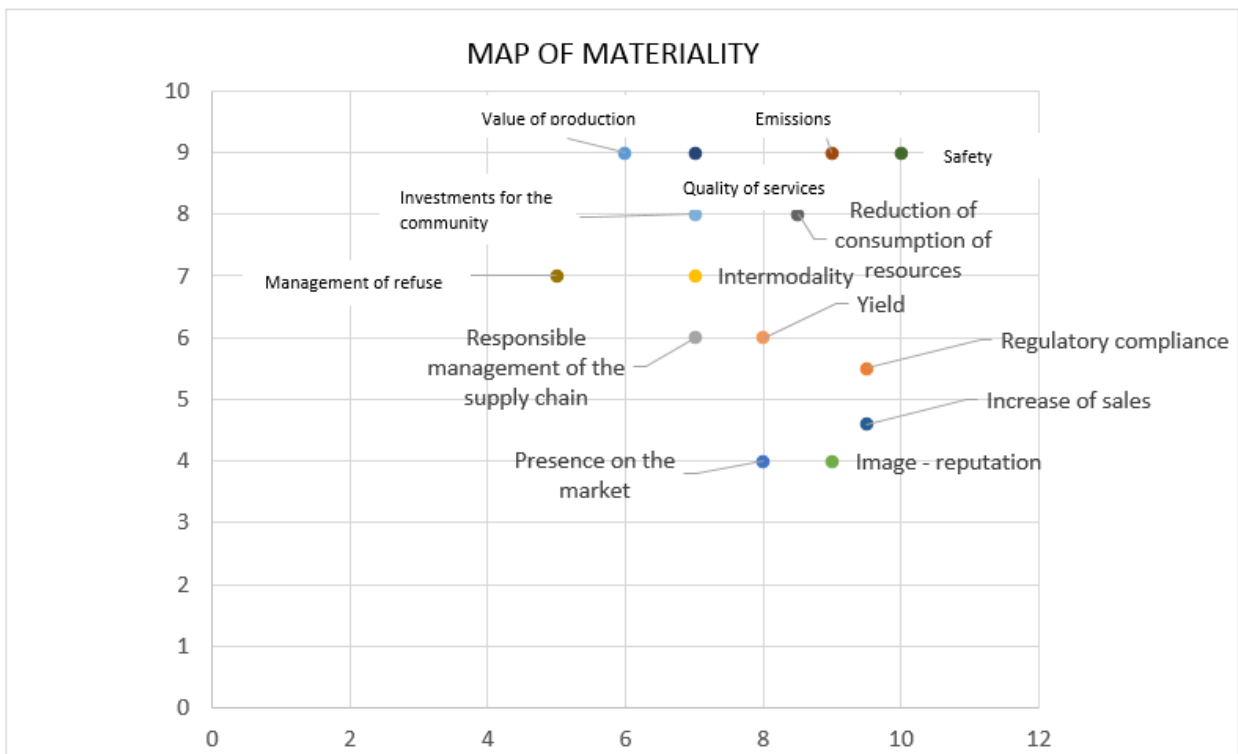
In total, 14 topics were identified, with regard to 5 categories: economic (2 topics) industrial/operational (6 topics), environmental (3 topics) and social (3 topics).

Following the analysis of materiality, or more generally as part of the sustainability report drafting process, company focus on certain topics has been increased (for example with the implementation of an ad hoc project for the measurement of levels of CO2 and use of fossil fuels based on changes in the vehicle fleet).

Areas	Relevant aspects
Financial	Cost Effectiveness
	Value production
Industrial/operational	Regulatory compliance

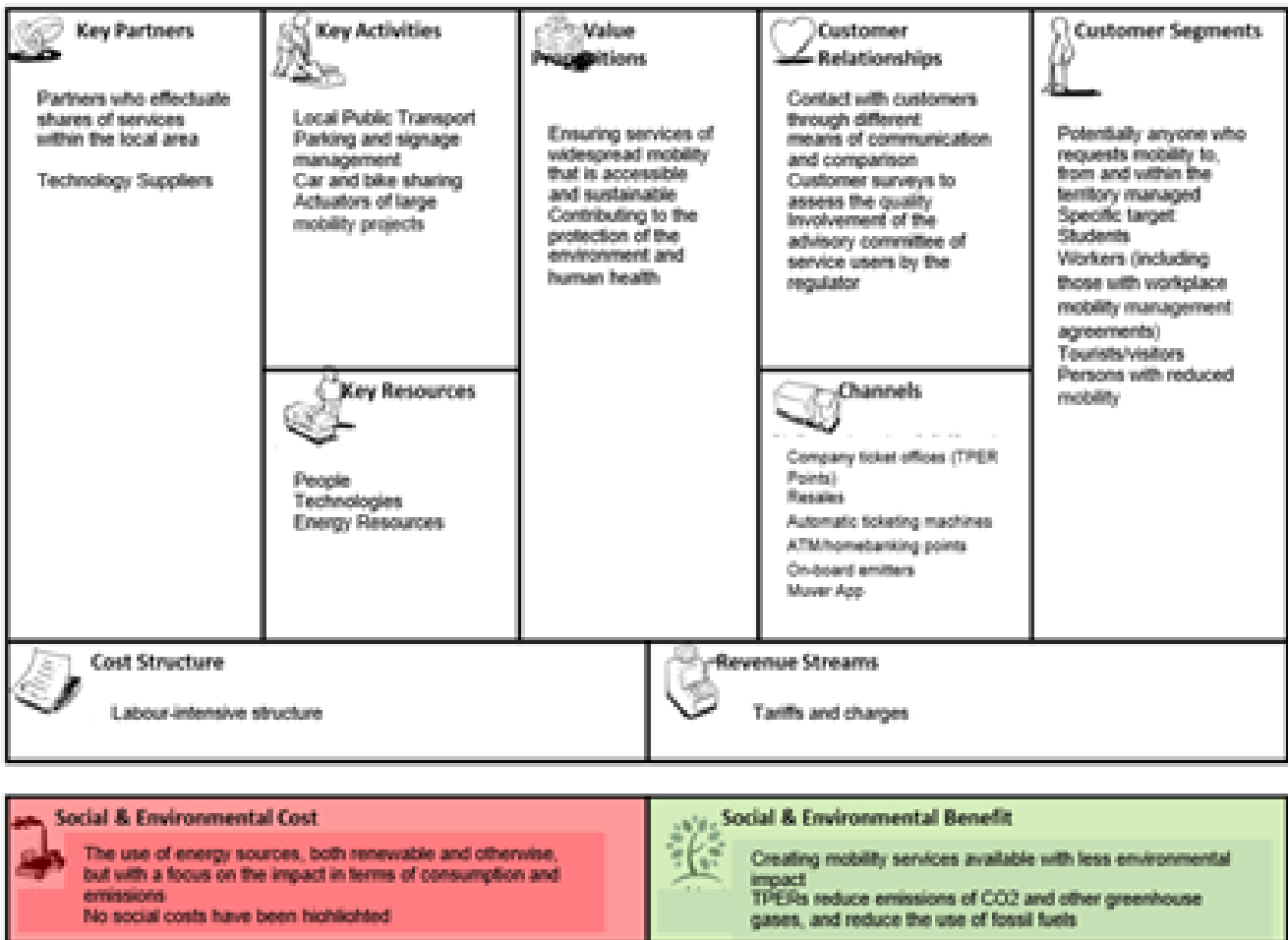
	Management in charge of the supply chain
	Intermodal freight transport
	Market presence
	Image - reputation
	Sales increase
Environmental	Emissions
	Resource consumption reduction
	Waste management
Social	Quality of services
	Security
	Investments for the community

Below is the map as given from the results of the survey.



Responsible management of the business

The TPER business model can be represented as follows:



Services offered

TPER operates in the field of local public road transport services in the Bologna and Ferrara basins, both at urban and extra-urban level; it provides the public railway transport service on the regional network in partnership with Trenitalia; from May 2014, it has managed the parking and relative control service in the City of Bologna as well as the car sharing service within the "Io Guido" consortium and bike sharing service.

TPER is also the subject of the implementation of the main mobility projects in the Bologna area, specifically the TPGV (restricted guided fast mass public transport) projects and PIMBO (an integrated project of Bologna's mobility for the completion of the metropolitan railway service and for the creation of trolley bus services on urban public transport lines).

Road transport service

The total number of passengers carried by TPER in 2017 exceeded 144 million. The number of passengers has been rising since 2012 (+ 14% from 2012 to 2017), with a further + 2.72% in the last year (2017 over 2016).

The road transport network covered by TPER in the provinces of Bologna and Ferrara equates to 4,413 kilometres, of which 576 of the urban network. Approximately 43.9 million km were covered in 2017.

Urban and extra-urban area of Bologna

In order to guarantee the public road transport service in the Bologna area (through the subsidiary TPB), the vehicles have covered more than 35 million kilometres of urban, extra-urban and suburban routes.

Public Transport Service by road in the Bologna Basin

Km offered

Bologna urban service	17,600,410
Urban service in other local councils	705,712
Suburban and extra-urban service in Bologna	16,689,077
<i>(of which prontobus (ready bus) call service)</i>	1,217,325
Reserved specialised lines and rentals	56,060
Total Km offered	35,051,259

In 2017, TPER transported over 131 million passengers in the Bolognese basin, managing a total of 88 urban lines, 22 suburban, 134 extra-urban, of which 13 were called Prontobus (ready-bus).

Urban and extra-urban area of Ferrara

In order to carry out the local road public transport service in the Ferrara area, the subsidiary TPF covered more than 8.8 million kilometres in 2017, of which more than 1.1 through the services called Taxibus.

Public Transport Service by road in the Ferrara Basin

Km offered

Urban service in Ferrara	2,179,697
Ferrara extra-urban service	6,639,792
<i>(of which extra-urban Taxibus call service)</i>	1,132,775
Reserved specialised lines and rentals	5,231
Total Km offered	8,824,720

In 2017, the company transported over 13 million passengers in the Ferrara area. In the urban area of Ferrara, there are a total of 22 lines, divided into 11 urban, 9 urban schools, 1 Taxibus and a line for the industrial district. There are 55 extra-urban lines, of which 14 with the Taxibus call service.

Rail freight service

In partnership with Trenitalia, TPER manages passenger transport in the railway sector for the Emilia-Romagna region, on regional and national lines. TPER operates 30% of the regional service, compared to 70% provided by the partner. In 2017, 5.9 million kilometres were covered and over 10 million passengers were carried. Data on the kilometres covered are given below, split between diesel and electric.

	2017			2016		
	At regional level	Other	Km Total	At regional level	Other	Km Total
Diesel	2,251,644	117,902	2,369,545	2,368,410	136,618	2,505,028
Electrical	3,362,470	189,956	3,552,427	3,155,955	154,435	3,310,390
Km Total	5,614,114	307,858	5,921,972	5,524,366	291,053	5,815,418

The data shows a progressive rise in the incidence on the total number of km covered with electric vehicles compared to that of the km with diesel vehicles.

Car sharing

Thanks to the diffusion of the Internet, the significant phenomena of demographic evolution and urban development have been accompanied, in recent years, by changes in social behaviour and the formation of new habits and needs.

These changes, partly accelerated by the economic crisis in recent years, meet with the global logic on a change in the approach to the use of goods and services, as well as a greater awareness of issues such as traffic congestion problems, environmental impact and efficient, economical and comfortable travel solutions. From a general sharing economy point of view, in particular, car sharing is expected to gain even greater significance in the mix of available forms of transport.

TPER, within the "Io Guido" consortium, has been running this service since May 2014 in the Bologna area. In order to use the service, you must register via the website and the vehicle is booked from the App, website or specific Call Centre. There are 46 parking lots with reserved stalls where the cars can be collected and dropped off and the cost is proportional to the time of use and kilometres travelled.

The fleet is currently composed of 60 dual power methane-gpl/petrol vehicles. As of December 31, 2017, there were 1,544 subscribers who completed 8,988 trips for a total distance of approximately 285 thousand kilometers.

	2017	2016
Automotive	60	60
Subscribers	1544	1332
Car-sharing parking spaces	46	46
Completed trips	8,988	7,953
Usage hours	35,463	34,208
Kilometers travelled	284,570	272,258

Bike sharing

Since 2014, TPER has been running the "C'entro in bici" cycle mobility service, which offers citizens 216 bicycles for free, placed in 22 reserved racks located around the city. A daily monitoring service ensures bicycles are properly used.

Service registration provides for the payment of a deposit to release the personal identification key, which must be presented when collecting the bicycle from the rack. Moreover, service regulations provide for penalties upon improper bicycle use. In December 2017, the system had 6,630 subscribers, slightly but steadily up from previous years.

	2017	2016
Bicycles	211	173
stalls	216	216
racks	22	22
Subscribers	6,630	6,171

Parking

TPER manages the parking of the Municipality of Bologna and verifies over 50 thousand urban stalls. Penalties issued by TPER for parking irregularities amounted to approx. 120 thousand in 2017, down compared to 2016.

As part of its activities, TPER has issued/renewed over 44 thousand residents' tags, access permits to ZTL areas for disabled people, and parking in the 1,367 spaces reserved for them, medical services at home and school support, free movement to electric vehicles or hybrids.

To guarantee an efficient service and use the available resources in an optimal way, TPER uses the internal operational capacity to manage tags, modifying the choice towards outsourcing previously assumed by the Municipality. This led to an improvement in service quality, which then stabilised over time. The improvement is also due to the opening of a new office to issue tags in the San Donato district, in a central position between the city centre and the suburbs.

The services card will be produced (with the related customer survey) also for activities related to the parking service and other mobility services.

Parking Assessment	2017	2016
Expected Average Daily Checks	12,240	12,240
Annual Checks	3,347,661	3,911,781
Assessment Days	301	304
Average daily checks	11,122	12,868
Warnings/Proceedings	119,796	169,199
Total Stalls	52,308	52,173
Stalls except for Motor Vehicles	41,088	41,109
Stalls H	1,367	1,336

Tags	2017	2016	2015

Issued/Renewed Tags*	44,695	45,570	54,630
of which H	3,176	3,630	3,988

** net of automatic extensions of operational tags*

Over time, the parking sector has also experienced an increase in revenues whilst penalties shrank due to the progressive reduction of fare evasion. The management of the TPL and parking service contract also takes place through the participation in so-called "control rooms". For the parking business, these meetings are usually attended by the Municipality of Bologna and the SRM mobility agency, but also by the Local Police.

Distribution chain

TPER offers its customers different ways to purchase individual tickets and travel passes for the transport service.

Corporate ticket offices: TPER Points

TPER points are available to customers in Bologna, Ferrara and Imola. At TPER points, customers can answer any request related to public transport and different forms of mobility: information, travel and parking tickets, passes and much more.

Ticket sales

A network of over 1500 established shops can sell TPER travel tickets.

Self-service automatic ticket machines - automatic distributors

TPER provides its users with a network of automatic ticket distributors to expand even further its ticket distribution area.

Counters, ATMs, and Homebanking

With the introduction of smart cards for pass holders, TPER provides further pass renewal options. You can top up your smart card i.e. your pass at any ATM of the Unicredit and Carisbo / Intesa Sanpaolo network, or by using the respective home banking of the banks' websites.

Web site

Since 2012, smart cards can be requested from the TPER website (new issues) and can be recharged directly from home

On-board sales - on-board issuing

As a general rule, travel tickets must be purchased before boarding. Tickets purchased on board are issued at extra cost.

Muver

Muver is the TPER, SETA, START and TEP app to purchase and use travel tickets through Android smartphones with NFC technology. At present, Muver can be used to buy urban tickets. Once the ticket has been purchased with the smartphone, this can be used to validate them through on-board devices or to open any turnstiles.

Other operators

For the purchase of travel tickets for services that TPER has subcontracted, or that lie outside the appropriate areas of operation, users must buy the right tickets. For example, to travel on trains of the RFI lines, users must acquire Trenitalia tickets. Similarly, to travel on the Reggio railway lines, users must acquire tickets issued by SETA. The fares page describes where to buy tickets by network or operator.

Sector positioning and benchmarking (road services)

In Italy, the Local Public Transport sector is managed by both public and private companies. Public companies, together with a few other private companies, hold almost all public transport services in urban areas, and the lion's share (75%) of extra-urban transport.

In this section, with the aim of better understanding the market positioning of TPER, we report some key sector figures, as reported in the ASSTRA research, conducted in collaboration with Ifel (ANCI Foundation) and Intesa Sanpaolo of February 2018 "*The companies of TPL: yesterday, today, tomorrow*". Please note that these data refer to 2016.

The Local Public Transport market employs over 124,500 people, offers over 2 billion vehicle/kilometers per year, and transports 5.3 billion passengers annually, with a turnover of about 12 billion Euro. This percentage includes over 1,000 companies, of which 114 belong to the Public Administrations.

TPER falls into the category of public companies with direct participation that perform the transport service via concession in competition with other organisations, or following a public tender. With consolidated revenues of 282 million, the TPER Group achieves a significantly higher result than the industry average (EUR 75 million).

Companies owned by Public Administrations carry out the majority of the service, since they account for 91% of passengers transported, 78% of total trips, 87% of employees, and 84% of sector revenues. In recent years, however, the sector has seen a notable strengthening and consolidation, which has moved from 160 companies in 2010 to the current 114.

	Number of operators	Total trips	Passengers carried	Employees	Revenue
TPL investees	114	81%	91%	87%	84%
Mobility agencies and other investee companies	44				
Private companies in the sector	862	19%	9%	13%	16%
TPL companies	1,020				

Overall, 5.3 billion passengers were transported in Italy in 2016. The total turnover of the sector amounted to 12 billion Euro (about 0.75% of the national GDP), with total employees exceeding 124 thousand, over 49,000 vehicles, 1.9 billion road vehicle/km, and 220 million of trains/km. Given its turnover, TPER is ranked among the top 10 public transport companies at the national level, and among the top 15 companies with turnover of over 100 million euros.

In Italy, fare policies are decided by local mobility agencies. The following tables show data on average public transport fares (source: Asstra Research, which reviews the main metropolitan areas for each of the countries mentioned). As noted, the average Italian fare is lower than that of other European countries.

Country	Average TPL fares (Euros)
GERMANY	2.9
SPAIN	1.72
FRANCE	1.85

UNITED KINGDOM	4.9
ITALY	1.52

Source: ASSTRA data

For TPER, the average fare of 1.30 Euro is lower than the national figure highlighted by the study, but the TPER figure is to be understood as a time-limited ticket valid for 75 minutes. On a national scale, a comparison including more than just large metropolitan areas (source Asstra) highlights the following:

(Amounts in Euro)	national average ⁽¹⁾	TPER	
One-way	1.14	-	One-way ticket not provided - time-limited ticket
Time-limited ticket	1.39	1.30	75 min
On-board ticket	1.74	1.50	Sold by ticket distributor or conductor
Day ticket	4.68	5	Valid for 24 hours from validation
Weekly pass	16.57	12	Citypass - 10 trips of 75min
Monthly pass	36.25	36	Impersonal and transferable
Annual pass	301	300	Personal pass

(1) Source: ASSTRA survey Feb2018

Investments, projects and innovation

The TPER investment plan concerns the purchase of new vehicles for the road and railway sectors and the realisation, as an implementing entity, of works aimed at developing more efficient and sustainable mobility, technological development and information technology.

The investments described refer to the 2016-2018 plan and respond to local national and international targets on sustainable development.

Investment	Amount (million Euro)	Goals of the Metropolitan Strategic Plan and the PUMS ()	Goals of the Urban Agenda for sustainable development	Goals of United Nations sustainable development program (SDGs)
ACQUISITION OF RAILWAY ROLLING STOCK	46.5	Protection of the territory (air quality and climate change), city enhancement, and accessible and sustainable mobility	Adaptation to climate change and reduction of risk of disasters Urban mobility Air quality	Building a resilient infrastructure, promoting innovation and fair, responsible and sustainable industrialisation Making cities and human settlements inclusive, safe, resilient and sustainable Take urgent measures to combat climate change and its consequences
ACQUISITION OF NEW VEHICLES FOR THE LOCAL ROAD PUBLIC TRANSPORT SERVICE	56.5			
PROJECT TPGV - CREALIS	182 (of which 72.7 for Crealis)			
PIMBO -PROJECT OF TROLLEYBUS INTRODUCTION AND METROPOLITAN RAILWAY NETWORK	255	Metropolitan Bologna: Positioning and governance A true tourist destination		
ICT AND MODERNISATION	4.9	Bologna Regional Hub: Economic development and the role of large functional and productive centres Territory, city and mobility. Towards the integrated first level of metropolitan mobility Metropolitan development for good employment		

Emilio - The TPGV project (Guided Person Transport)

The Guided People Transport (In Italian: TPGV or Trasporto Persone a Guida Vincolata) is a system of mass transport of guided trolley cars between the Bologna and San Lazzaro's downtowns. Crealis Neo vehicles will circulate on the new lines; thanks to cameras with recognition of the optical guide traced on the pavement, they will stop nearly flush - 1 and 5 cm gap - with the platform. The TPGV system will start operating by September 2018, with the activation of the first line: San Lazzaro-Piazza XX Settembre.

Once works have been completed, local public transport by road will rely on new vehicles (49 overall), which will enhance the service flexibility and usability for passengers, especially those with reduced mobility, and reduce the time and effort needed to access the vehicles.

The new system will have a positive impact on the efficiency of the service, which will be made more streamlined by the reduction of passengers' on-boarding time and thus, spent at the stops. For the company, the effect lies in an higher "commercial speed" and consequent cost reduction.

The project also allowed a major urban redevelopment: thanks to the State funds, roads were improved and repaired, resulting in lower vibrations and lower noise when passing vehicles.

Overall, the investment stood at 182 million Euro. Pending completion of the civil works of the TPGV Project, scheduled for the summer of 2018, the new Crealis Neo vehicles are used as ordinary vehicles on the trolley lines 13 and 14.

Following a competition organised by the company ("chiama il bus" [call the bus]), in agreement with the Municipality of Bologna, Bologna's elementary school children renamed "Emilio" the new trolleybus.

The PIMBO project

PIMBO is the acronym of Progetto Integrato della Mobilità Bolognese [Bologna's integrated mobility project] for the completion of the Metropolitan Railway Service, and for the conversion of the main lines of urban public transport, which TPER manages and executes.

By implementing the planned interventions, it will be possible to guarantee a strong and widespread connection system for public electric transport, with important consequences in terms of reduction of road congestion, air pollution and noise pollution, in line with the planning tools of all local authorities involved in the project.

The project envisages:

- The reorganisation and strengthening of the urban public transport network through the development of the existing trolleybus system, and the integration with the railway system.
- The completion of the Metropolitan Railway Service (SFM), with the construction of the last four stops inside the Municipality of Bologna, (Prati di Caprara, Zanardi, Borgo Panigale Scala, San Vitale-Rimesse), with the enhancement of the San Ruffillo and Fiera stops, and the multi-modal connection with the urban fabric, through the realisation of a series of works to improve accessibility.
- The "branding" of SFM stations and modernisation and completion of the network.

The original project also envisaged the acquisition of 7 train convoys dedicated to passenger transport of the SFM service at the Bologna hub. Thanks to the access to the 2014-2020 FSC funds, rolling stock has become part of the co-financing of local authorities, particularly the Emilia Romagna Region. Thus, we were able to acquire seven ETR 350 trains with the 2014-2020 Development and Cohesion Funds. The request for funding was approved by CIPE Resolution No. 54/2016, published in the Official Gazette no. 88 of 14/04/2017.

Since the acquisition of railway rolling stock no longer falls within the PIMBO project, the Economic Framework of the Project included a funding request of € 40.18 million against the funds made available under the Objective Law, for the burial of the urban section of the Bologna-Portomaggiore railway line. The total value of the burial intervention is 45.66 million Euro.

The project thus revised entails a total investment of 254.8 million euro, net of VAT, and relates, succinctly, to

1. the stops of the Metropolitan Railway Service (SFM)
2. accessibility works on SFM stops
3. the SFM station branding project
4. completion of the urban section of the SFM2 Bologna-Portomaggiore line
5. completion of the Bologna urban railway network, with the construction of road works and electricity supply, including substations, and the supply of rolling stock.

State resources made available under the Objective Law amount to 235.9 million Euro.

The People Mover project

The People Mover is the mode of transport chosen for the Marconi Express, which is the direct connection between the Central Railway Station and Bologna Guglielmo Marconi Airport.

The People Mover is a guided, fully electric and automatic, ie driverless, mass transit system with dock doors to protect passengers. It is essentially a monorail shuttle that will connect the city center and the airport in about 7 and a half minutes, making a single intermediate stop, corresponding to an urban area undergoing redevelopment, destined to host a new housing and university area.

The completion of the works is expected by the end of 2018, while the start of the service is expected by March 2019. TPER is involved in the construction work as a minority shareholder of MARCONI EXPRESS. Once the work is completed, TPER will manage the new system.

Innovation

TPER has embarked on a widespread application of new information technologies, with a view to increasing customer focus and the development of modern communication systems. The goal is to facilitate accessibility to the many local services delivered, increasing the effectiveness of information and the utilisation of the services themselves. The push into the digital field and the introduction of electronic tickets is beginning to give significant results in terms of operations and user satisfaction.

Open data

By publishing its data of public interest through the open data policy, TPER was among the first passenger transport companies in Italy to follow the guidelines drawn up by UITP, the international association of public transport, for an increasingly open and integrated approach between citizens and city users, on the one hand, and service providers for the community, on the other hand. The decision to provide a large volume of open data related to its service has allowed the creation of different free apps, which are downloaded by thousands of people and widely used today. Every day about 10,000 information requests on TPER services are handled via smartphone, telephone or web, so in a completely independent and convenient manner.

On the TPER website, at www.TPER.it/TPER-open-data, people can access open data provided by the company in an open and easily readable format, which facilitates their consultation and encourages their use in creative ways.

Ten apps

Would you like to know which bus passes through the street you are on? When will the bus arrive at the stop? What is the nearest ticket office, the traffic status on the main roads or the street cleaning schedule? If so, you can find the answers on the "apps" presented on the TPER website. These are ten free applications for mobile devices, developed at no cost to the company thanks to its decision to favour an "open data" policy. Bologna and Ferrara followed suit with London: open and free data, collaboration with developers and full availability of apps on different platforms (Android, Windows, Apple), downloadable from the stores.

Web and mobile world

TPER takes care of the updating of data and the release of new versions and further promotes its free use, making access also available through web services for data in real time. Developers who have put open data to good use today see their product, presented and ready to be downloaded, on the TPER website at <http://www.TPER.it/app>, which offers the current 10 apps. Publishers range from the Municipality of Bologna and the Emilia-Romagna Region to a young Bolognese student, to a few companies specializing in information technology, which decided to invest their skills to expand the range of services offered to their audience, some even by leveraging innovative augmented reality technology.

Information at stops and aboard buses

Real-time information delivered via panels at the stops has been a consolidated reality for a part of the territory for years. In 2017, we will 40 extra installation to the 185 equipped urban stops (150 in Bologna and

35 in Ferrara) that are already equipped. At present, display messages of the "smart" bus shelters also indicate whether the next bus provides a wheelchair-access platform for non-ambulant people, an important information already present on the app and service Hellobus messaging. Urban buses are equipped with a system that announces the next stop and, for some months, of variable utility messages (limitations on travel, detours, other announcements) with programmable frequencies. In support of blind and visually impaired people, urban and suburban buses are equipped with an external loudspeaker that communicates the line number and the direction once at the stop.

Real-time info: Hellobus and Chiamatreno

Real-time information services on the location of TPER buses and trains on the regional FER network, which have been operating for years as telephone notifications by short message, are now also available on the TPER website, on the page showing real-time services of the Routes and Timetable section. The average number of requests for information through the Hellobus service is 2,500 text messages per day and 200,000 requests via web services.

Information to pass-holders and users registered on the site

TPER reserves to its annual pass-holders a SMS-based information system that allows receiving news on critical events affecting services (strikes, closures for scheduled work on important roads), as well as promotional or convenience messages. Today, already 55,000 annual pass-holders have asked to be updated to receive SMS news. On average, over 600,000 SMS messages are sent every year.

Similar information is sent via an infomail system to users who register on the TPER website: to date, there are approximately 20,000 users registered.

Website

TPER ensures the constant updating of its website, extending its content gradually with the new services managed by the company. Website is completely responsive and receives about 13,000 visited on average every day.

Online services portal

On the TPER online services portal, at <https://solweb.TPER.it>, which consists of about 20,000 registered users (private individuals, companies and TPER retailers), people can carry out online transactions in an easy way at any time. For example: Top up their passes or buy new ones, pay fines, renew the operative tag for for the holder business, book the Prontobus service on call, request information, provide reports, subscribe to car sharing, and much more. The site is being re-styled and re-engineered, and will become fully responsive by the end of 2018.

On Bologna's parking meters, there is QR Code that says it all

All parking meters managed by TPER feature a QR code. When framed with your mobile phone camera, they show the nearest bus stops with real-time trip information, tickets sales, and the nearest car and bike sharing stations.

Recharge of electronic passes

Without a doubt, the annual pass is the most convenient travel ticket, mainly used by those who use public transport on a regular basis and become loyal to the service. This category of users can now purchase or renew their pass without displacement and avoiding any queues at the ticket office. The purchase can also be made with a credit card on TPER's website, where it is also possible to "top up" the pass once it has expired. Passes can also be renewed at the ATMs of Unicredit and Intesa San Paolo. Last year, 10,000 users topped up their passes electronically via ATM, 25,000, via the web, and the same number via resellers equipped with a fast-load device. Last but not least, 12,000 did so under mobility management contracts with affiliated companies.

Purchase of tickets at the Aerobus and Fico special lines

The area of mobile ticketing is under development. People can visit the websites <https://aerobus.bo.it> and <https://www.ficobus.it> to buy tickets for the BLQ Aerobus service in Bologna, which connects the Central Railway Station to the Marconi Airport, and that to reach the FICO Agri-food Centre from the Station, receiving an electronic travel ticket with a QR Code that is validated by the driver. The Aerobus ticket can be converted

into an equivalent magnetic ticket at the ticket machines found at the airport and railway station. These tickets can be used on the entire urban service, within its 75 minutes validity period.

Travel ticket validation: Today, it is easier to pay a fine.

On all TPER transport services, both on road and rail, ticket validation is carried out with a tablet-based application; fines can be issued electronically and collected directly by the conductor through a POS terminal. Barcode-equipped fines can be paid on board and at the company's ticket offices, but also on TPER's website via credit card, with the home banking of the main banks, through the "Cbill" channel, and at all post offices.

Applications to help operating staff on bus and train services

In recent years, TPER has developed applications to support its personnel working on operational services. Today, through the tablet provided, operational staff responsible for controlling bus traffic on the road can access real-time information - the same available at the operations centre - regarding line status and vehicle location, so as to be able to manage corrective actions earlier upon delays, traffic blockages and other incidents that may affect the bus line schedule. Likewise, railway operating staff - train drivers and conductors - avail of similar tools to facilitate train operation, through electronic documents and information flows always updated on their devices.

Mobile ticketing

During 2017 TPER, together with the companies Seta, Start and Tep, managers of the TPL in Emilia Romagna launched a project to allow purchasing bus tickets - to be validated then on board - with a single app, which is fully compatible with MiMuovo technological systems operating on all buses of the Emilia-Romagna public transport companies.

The project will be completed and become operational in 2018, ensuring ease and immediacy of use, user safety in the management of their data and lower risk of counterfeiting, as well as simplicity for on-board mandatory validation. Once loaded on the smartphone, tickets will allow validation at every vehicle access, the opening of bus turnstiles if any, and their validation via handheld device by the conductor, just like any other travel ticket used today in the MiMuovo regional system.

With this new system, which helps users "load" bus tickets with just a few clicks on their mobile phone, the range of purchasing options in Bologna grows beyond the over a thousand, authorised local sale points, as well as the sale of time-limited tickets aboard urban buses through automatic ticketing machines. The new application was presented at the beginning of 2018 at the world conference on transport technologies of the International Union of Public Transport in Karlsruhe, Germany.

Internal organisation - Human Resources

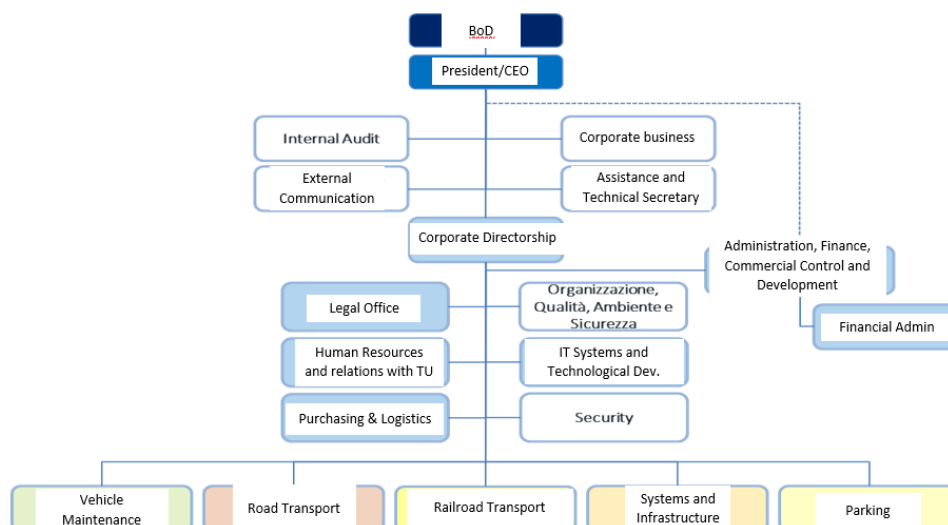
The current organisation of TPER is the result of the integration process of pre-existing structures following the merger operations and changes adopted in 2015 in terms of Governance. Following the merger of 2012, which led to the incorporation of the branches of road and rail public transport companies ATC and FER, the management undertook a major effort to bring homogeneity and integration between the different parts of the merging companies, with the aim of creating simplification, synergies and economy over time.

Besides its investments and strategic alliances, TPER continuously verifies the adequacy of the company's organisation to redefine its macro and micro-structure in line with the Strategic Plan goals, as well as with those linked to the evolution of the reference market. Furthermore, TPER seeks to seize new business opportunities arising from its participation in and implementation of new initiatives around mobility, in an integrated and innovative perspective. Responsibility for the appointment of managers lies with the Board of Directors. In 2015, the board appointed the director of the company, Mr Paolo Paolillo, and the Director of Finance, Administration and Control, Mr Fabio Teti, who remain in their offices.

During 2017, some organisational interventions were carried out to redefine the operating mechanisms of the micro-structure, particularly connected to the Road Transport Unit and the Administration, Finance, Control and Commercial Development Department. In particular, activities entrusted to the Organisational Unit (OU) were split. Sales Network, with the creation of two new, less complex OUs called respectively Securities Management (placed under the control of Accounting) and Sales Network Management (placed under the control of Commercial Relations). At the same time, TPER deemed it appropriate to place the Call Center under the control of the Commercial Relations Unit.

In addition, the Traveling Personnel Unit was merged into a newly created unit called Road Transport Management, reporting directly to the Head of the Road Transport sector, to which the Management Unit PV Bologna, the Management Unit Bologna Operations, and the Management Unit Ferrara shall report. At the same time, we decided to include the activities carried out by the Planning Office under the control of the Planning Unit, now known as Planning and Design. Lastly, the responsibility for the Human Resources and Trade Union Relations structure was directly covered by the Corporate Affairs Department.

The current organisation is as follows. The system of proxies at the top is consistent with the provisions of the company by-laws.



Labour practice

Companies are made of people This is particularly true for local public transport services, the most human-intensive among all public services. The Company, since its inception, committed itself to guaranteeing its people a stable employment, accompanied by relevant training projects.

In fact, the fundamental goal is the enhancement of people's skills through training and the "personalisation" of labour relations. Communication with staff takes place through multiple channels, contributing to increase the dissemination of information and horizontal knowledge about the organisation.

As regards recruitment, TPER follows internal regulations based on the principles of equal treatment, non-discrimination and transparency. For the road operator category, for example, we used a special classification that we defined following a public selection process.

For TPER, people are the "most important corporate assets". Values underlying our people management processes include:

- Diversification, appreciation of differences
- Consistency and example
- Leadership
- Presence, listening, feedback
- Responsibility (TPER is me)
- Sharing (TPER is not just me)
- Merit-based assessments
- Respect for rules
- Relationship personalisation
- Belonging

From this framework, we designed the desired behavioural model, on which, at every level in the organisation, TPER seeks to focus the cultural change and the development of professional skills. In particular:

- Take responsibility for leadership, consistency and example;
- Commit, each in his/her role, to people's appreciation and the diversification of treatments
- Consider communication, relationship management, listening and feedback as fundamental elements of every role and every business activity
- Exhibit courage and creativity in the personalisation of the relationship with employees, overcoming the alibi of "it's can be done ", of cultural resistance, of the "we've always done it this way"

In 2017, the project to assess the individual skills possessed by company resources continued, adding 100 additional people relative to the 2016 edition in the area under analysis. All this with the aim of having useful data for a targeted management of professional skills relative to organisational needs, allowing thereby the design of:

- personnel recognition tools and policies, in full alignment with company needs and goals;
- development actions to improve both specific and horizontal skills for various job roles.

Remuneration and incentive system

Remuneration policies are aimed at guaranteeing equity, adequacy to the role, as well as to the professional and individual skills of each employee. The remuneration system and the structure of bonuses and incentives comply with the relevant legal and regulatory provisions, and are consistent with the principles of effectiveness, efficiency and economy. All employees work under contracts covered by level I and II collective bargaining agreements.

Enhancing human resources

At TPER, remuneration progression is regulated, for the majority of the personnel, by the national and corporate contractual rules, often based on service seniority. This approach, largely consisting of automatism, can adversely affect employees' motivation to develop their professional and horizontal skills. Intervention guidelines focus on the cultural, organisational and system level to introduce new management tools, able to support a merit-based assessment, to provide different responses based on employees' expectations, and to develop engagement and a sense of belonging.

Corporate quality of life - the corporate welfare system

The Corporate Welfare System

Great attention is paid to corporate welfare measures to respond positively to workers' needs, these being understood in a broad sense thus also relating to people's overall life conditions (family, children, health, but also leisure), trying to achieve true diversification and personalisation, both at the regulatory and organisational level.

Among the main actions undertaken to boost corporate quality of life, we may highlight parenting support, further flexibility when choosing shifts to favour work-life balance, and a wide diffusion of part-time options.

Further to the above initiatives, in the level II agreement of 11 July 2017, and together with the rationalisation of the overall corporate reward system, we introduced a corporate welfare plan to all employees of the TPER Group, with a broad and varied offer of goods and services aimed at improving the quality of life of workers and their family members.

To further facilitate access and use of the services of this platform, TPER is expected to increase - with an additional 5% - the sums of bonuses converted into welfare goods and services. This also considering that, by converting productivity-related compensation into welfare goods and services, the company enjoys significant economic saving compared to the payment of the corresponding remuneration amounts.

The company also supports the Dozza Club, the recreational club of employees, which for about 80 years has promoted numerous sporting and cultural events.

Finally, among the goals and interests of TPER, there is also the policy of relocation and effective use of personnel unfit for driving, which remains substantially stable at 120 people.

Catering

TPER's main office features a bar and a corporate restaurant with an in-house kitchen that serves a variety of locally prepared food, which allow employees to enjoy daily hot and cold catering and a wide variety of foods to favour a balanced diet from a nutritional point of view.

Intranet

To facilitate the transfer and sharing of internal information, TPER established a corporate intranet for its employees to communicate in a timely and continuous manner.

Industrial relations

With reference to the Industrial Relations policy, the Company aims to establish a constructive dialogue amongst Parties, respecting the roles and reciprocal requirements. In 2017, we achieved various key agreements with the regional and corporate trade unions, including the one on apprenticeship.

The most important agreement, concluded in July 2017, saw the renewal of Level II bargaining for the remaining company staff, the result of a structured and positive negotiation with regional and corporate trade unions, which we started in 2016.

In this regard, the salient points of the agreement can be summarised as follows:

- Overall economic sustainability;
- Updating and definition of numerous contract terms to favour corporate consolidation and integration (e.g., industrial relations, RLS, trade union permits, etc.);
- Updating of the regulations of Road Traveling Personal with a view to greater organisational efficiency and integration between the Bologna and Ferrara areas;
- Development of the maintenance area to provide greater service coverage and integration with the Road Operations area (e.g., RSP supervisors at the Operations Centre);
- Enhancement of the role and increased efficiency of operating departments in the Bologna and Ferrara area;
- Introduction of efficiency measures in the Railway sector;
- Updating and simplification of the current bonus systems, and introduction of new company-wide bonus;
- Introduction of innovative elements for corporate culture (smart-working, resource assessment and development);
- Plans for a structured and innovative corporate welfare system.

Compliance with company regulations and codes of conduct

TPER's management of disciplinary matters seeks to direct individual behaviour towards the excellence in work and proper internal and external relationships.

In the Road sector, with a view to overseeing compliance with the standards - at company and national level, we have established an advisory body (so-called Disciplinary Counsel), which formulates opinions for the Company Management regarding suitable measures. Further to a company manager, an official of the Regional Labour Office must participate in this Body.

This relevance of this participation cannot be understated, as it increases the Body's authoritativeness towards all internal and external actors (workers, trade unions, labor magistrates, property, public opinion). Furthermore, trade union representatives may participate as observers. The discussion among Counsel members on suitable sanctions, even the most serious ones, takes place with an advertising character and is taken down in minutes.

The most important cases (for which there are sanctions ranging from suspension to disciplinary dismissal) are all examined, while the less serious ones (those that provide for sanctions ranging from censorship to fines) are only examined only should the worker ask to be heard.

To favour an open discussion, the Company provides trade unions with a annual report that shows the type of shortcomings, number of claims issued, the relationship between these and the sanctions actually imposed, in addition to the commendations to staff who distinguished themselves for their professionalism in the service.

Since 2013, TPER has adopted the Code of Ethics in application of Legislative Decree 231 of 2001, highlighting the general ethical principles and reference values in the company's activities, establishing behavioural rules and implementation and control mechanisms for Code compliance, also from a continuous improvement perspective.

Employment

TPER especially values personnel management and employment protection, goals that the company pursues with increased focus even after the reorganisation processes of the last few years, which sought to increase corporate efficiency.

Employees as of December 31st	2017			2016		
	U	D	TOTAL	U	D	TOTAL
Managers	12	1	13	11	2	13
Management	42	12	54	45	11	56
White collar workers	190	128	318	192	124	316
Blue collar workers	1,911	344	2,255	1,992	342	2,334
Apprentices	41	3	44	7	-	7
Staff	5	0	5	6	-	6
Total	2,201	488	2,689	2,253	479	2,732

The workforce consists of 84% blue collar workers and 12% white collar workers. Executives represent 0.5% and managers around 2% of the workforce. The employment figure is essentially stable.

Nearly the entire personnel (99.8%) has been hired on an permanent contract, while the remaining 0.2% works under an apprenticeship one. 89% are full-time contracts. The portion of part-time contracts mainly refers to female personnel.

Below we reproduce the number of employees by age group and turnover data.

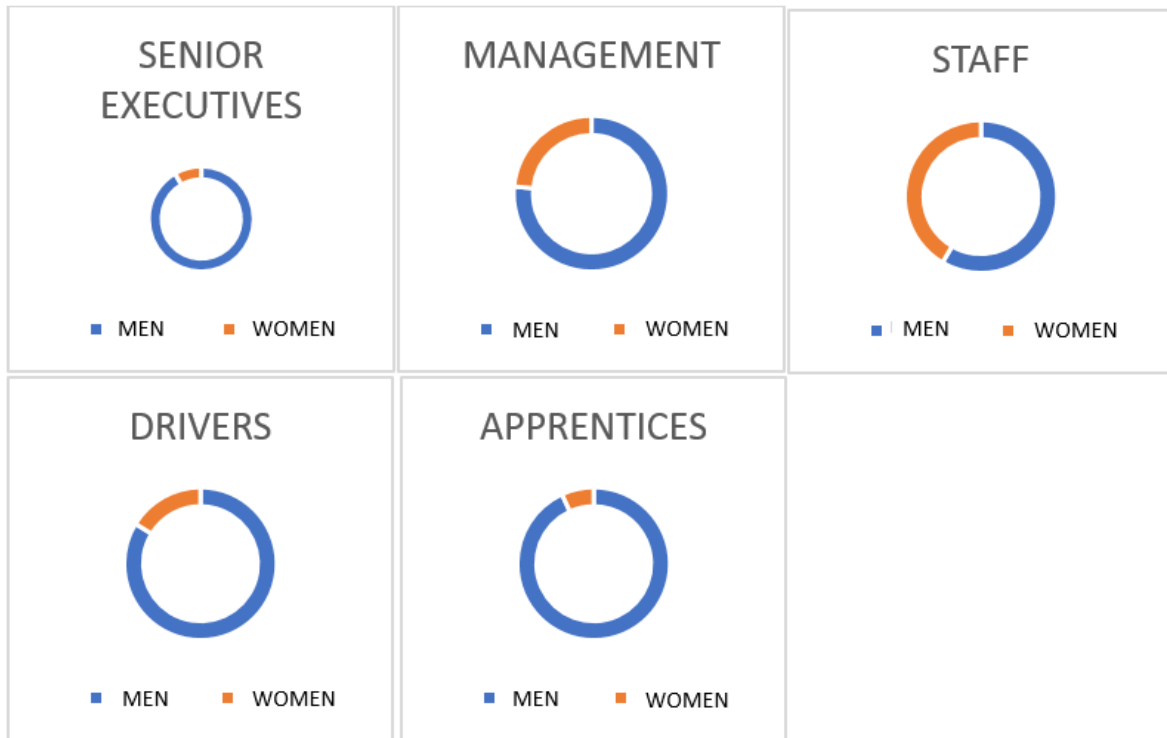
Age group	Employees			% of total
	Men	Women	Total	
Up to 30 years of age	125	14	139	5%
From 31 to 50 years of age	1,268	388	1,656	62%
More than 50 years of age	809	85	894	33%
TOTAL	2,202	487	2,689	100%

Turnover	New hires		Terminations	
	Men	Women	Men	Women
Up to 30 years of age	38	4	7	1
From 31 to 50 years of age	18	10	22	6
More than 50 years of age	2	1	95	1
TOTAL	58	15	124	8

In 2017, there were 73 new hires (15 women and 58 men) and 132 terminations (8 women and 124 men) overall. The entry turnover rate was 2.7% against an 4.8% exit rate, with a negative ratio of 55.3%.

Diversity and equal opportunities

Female personnel amounts to 488 people and represents about 18% of the total workforce, distributed in all company areas. Below is the gender breakdown by category:



Female service operators represent 16% of the total, with a slight increase in the last two years. This is a substantial percentage, given that women have only gained access to this profession a few decades ago. At the end of the 90s, the trend was favoured by the Company, on the one hand by opening selection procedures also to people lacking the necessary qualifications for driving and, on the other hand, by allocating a portion of selection tests to women for a few years. This action has had particularly positive effects in terms of female employment, while allowing TPER to use part-time work to improve the employees' work-life balance, as well as the use of certified professional standards for front-line roles.

As regards pay, there are no wage differences between men and women with equal roles and seniority, nor different criteria for defining or assigning company bonuses. The relationship between women's and men's salaries is shown in the following table:

Average earnings	%
Managers	87
Management	107
White collar workers	75
Drivers/blue collar workers	82
Apprentices	105

Health and safety

Occupational accidents mainly concern falls or accidental collisions when travelling personnel enter or leave the driver's seat, as well as injuries suffered by conductors during ticket validation (due to aggressions or shoves by users lacking a valid travel ticket). Just over 20% of accidents involve road accidents.

The frequency index (44.0 accidents per million working hours) decreased further in 2017, continuing the positive trend seen in previous years. The severity index of these accidents stands at 6.63 days lost for every 10,000 days worked, and the average duration of injuries was 26.61 days.

	UoM	2017	2016
Accidents-frequency index	No. of injuries occurred for every million hours worked	32.03	33.46
Accidents-severity index	No. of days lost on average due to injury for every 1000 days worked	5.00	14.16
Accidents - average duration	Average duration of accidents in calendar days (total days lost, including holidays).	26.61	22.8
Accidents while travelling	Percentage	11%	10%

The percentage of days lost is reported on total workable days, broken down by main types of absence.

By type	2017	2016
Accidents	0.55%	0.53
Diseases	5.01%	5.34
Leave (maternity - parental)	2.00%	2.20
Other	2.67%	3.74
TOTAL	11.23%	11.81%

**Other: Expectation, Law 104, blood donation, trade union authorisation, strike, other.*

Training and education

The 2017 training plan was arranged around areas of specific relevance:

- Managerial training for executives and middle managers
- Middle management training
- Front-line staff training
- New hire training
- Mandatory training on issues of safety at work pursuant to Legislative Decree 81/2008.

In fact, TPER promotes actions for the health, accident prevention and well-being of workers, both inside and outside the work environment. The research project "TPERpiù" took place in the first semester of 2017 in collaboration with the Department of Psychology of the University of Bologna. The project aimed at determining the status of "Psychosocial wellbeing of front-line personnel". The company conducted qualitative and quantitative surveys on a sample of about 200 employees.

In the course of 2017, the company delivered a significant training volume (over 30,000 hours overall, of which over 3,200 concerned occupational safety training programs). The training activity involved 1,647 employees, with an average of 19 hours of training per head. Training initiatives have been designed and defined to enhance the human capital and improve their professional skills, a priority goal for the company's personnel management policies. Key figures for the company's training activity are presented below.

Training 2017	Men	Women	total
No. of participants	1,468	356	1,824
No. of training hours	37,050	6,568	43,618
Of which mandatory health and safety training	3,224	482	3,706
No. courses			450
Average hours of training over total workforce	17	13	16

Number of hours per training area	2017	2016
Managerial training	2,272	1,688
Functional training for technical roles (drivers, maintenance technicians, etc.)	32,724	40,634
of which multi-purpose	5,207	14,108
Other training	4,872	7,666
Total excluding security	39,868	49,988
Security	3,706	7,118
Total including security	43,574	57,106

Number of people trained by qualification and gender (ORGANIC CHART AS AT 31/12/2017)				
	UoM	2017	of which M	of which F
Managers	No.	12	11	1

Management	No.	50	39	11
White collar workers	No.	262	159	103
Blue collar workers	No.	1,497	1,256	241
Total	No.	1,821	1,465	356

Approximately 2,000 of the employees involved are operational workers, train drivers and conductors, roles that require a significant amount of technical training, usually instrumental to the performance of their tasks, as well as courses to acquire behavioural skills for front-line roles.

Total training hours	UoM	2017	2016
Total training hours	Hours/year	43,618	57,106

Safety training	UoM	2017	2016
Total training hours	Hours/year	3,706	7,118
No. of training sessions	No.	436	431

TPER's training places a strong focus on compliance with the law and corporate compliance, in particular with transparency and anti-corruption rules.

Training on policies and anti-corruption procedures			
UoM		2017	2016
Hours/year		1,430	292
No. of training sessions		6	1

Number of employees who received specific training on lawfulness, transparency and anti-corruption:

	2017	2016
Managers	13	8
Management	49	53
White collar workers	212	21
Drivers / other	287	0

Environmental sustainability

Mobility phenomena, both of goods and people, impact all aspects of human activities, from residence to work and leisure.

From an environmental impact perspective, transport is the sector most responsible for the emissions of greenhouse gases into the atmosphere after the energy production and transformation industries.

Indeed, transport is responsible for around 20% of the EU's GHG emissions. Between 1990 and 2007, the sector's greenhouse gas emissions increased by 26.4%, whilst emissions in other economic sectors (e.g., in the agricultural and energy sectors) declined. Since 2007, the growth of greenhouse gas emissions by transport has begun to slow down, mainly due to lower mobility on the back of economic crises from 2008 onwards.

In transport, the main source of greenhouse gas emissions is the road transport of goods and passengers, with a share of around 94% of greenhouse gases produced by the transport sector, and 23% of total greenhouse gases (not just CO₂ but also CH₄, N₂O, CO, SO₂, NMVOC). However, the reduction of greenhouse gas emissions in the transport sector has been lower compared to other industries. Moreover, total EU emissions have fallen 10.9% from 2007 compared to 9.7% in the transport sector.

The environmental impact itself is worsened by noise pollution, which has a strong impact on people's lives and on the environment. Such is its relevance, that the EU has decided to address the issue of noise as a priority in the immediate future, since excessive noise levels often cause adverse effects on quality of life and health.

Studies on the exposed population show that, in urban areas, the prevalent noise source is vehicular traffic, confirming that noise, in particular that produced by road traffic, constitutes a key sustainability consideration.

In this situation, it is extremely important to define transport optimisation goals, mainly by reducing private vehicle mobility and by encouraging alternative options involving shared or collective mobility. For this reason, it is paramount to boost efficiency and safety levels, to guarantee the use of more sustainable transport modes, to increase the public railway and road transport, to renew the rolling stock and road fleet, as well as to develop technological innovation, logistics and a new culture of movement.

In light of the notable impact of transport on the environment and on people's quality of life, it is necessary to pursue a sustainable mobility goal, which on the one hand allows citizens to move freely and comfortably and, on the other hand, reduces the negative impact of private traffic, mainly as regards harmful gases emitted by the vehicle fleet into the atmosphere.

In this sense, strengthening public transport appears as the most sensible lever, in particular in medium and large cities, where high population density would make it impossible for all citizens to use their own vehicles.

With the increase in vehicle efficiency and the improvement of road infrastructure (reduction of congestion) it is possible to achieve a significant drop in emissions of air pollutants produced by road transport. In fact, the use of vehicles powered by less polluting technologies and traction systems (electric, hybrid and methane vehicles) offers a major reduction in atmospheric emissions, noise generated and vibrations.

TPER's environmental policy

In recent years, as regards the reduction of road congestion and accidents, improving air quality through the use of cleaner energy sources, and the overall reduction of CO₂ produced, TPER has launched a series of initiatives and implemented plans to develop the service, both with a view to creating a viable alternative to private transport, and through efficiency improvements in its fleet consumption levels.

Service quality and efficiency

Improving the quality and efficiency of the service is a strategic element to encourage the choice of public over private transportation means. TPER has tried to ensure cleanliness, punctuality and a frequency commensurate to specific routes, expanding the offer of alternative solutions, as well as car sharing or bike sharing schemes. As for railway services, further to replacing rolling stock with newer and more comfortable vehicles, we focused on intermodality, both through the Stimer ticketing system and solutions to carry bicycles on the train to move between cities, or the further demolition of architectural barriers for people with reduced mobility. On all transport means, we strove to convey, through the increased checks of multifunctional personnel, a feeling of greater safety, whilst the cleaning aboard vehicles helped to improve the experience quality perception during the trip. Innovation applied to ticket purchasing, as well as the promotion and information campaigns on the service sought to increase the general awareness and encourage the use of public (trains or buses) or shared transport solutions (car or bike). Through quality surveys and a more effective access measurement, it will finally be possible to design and deliver a service effectively oriented towards consumers and their needs, with the aim not only of providing quality service to regular customers, but also of acquiring new customers among people who do not regularly use public or shared services as their first, optimal choice.

Environmental impact - means of transport

TPER seeks to reduce the environmental impact of its fleet by reducing pollutants and CO₂ production. More specifically, the company has started the renewal of its vehicle fleet, through the purchase of new vehicles and the use of less polluting energy sources, such as electricity or methane. With regard to the latter source, TPER commissioned the first methane buses in 2001. In 2004, it built and commissioned the first high-speed methane filling station in Italy, an investment necessary to manage efficiently a large fleet of methane-powered buses. Today, TPER operates three methane gas supply facilities (two in Bologna, one in Ferrara) to refuel its vehicles.

In recent years, TPER has also started a project for the construction of an innovative system to supply LNG-powered buses. This particular fuel will allow exceeding the distance ranges connected to natural gas (CNG), favouring the use of methane buses also for suburban and extra-urban services.

The impact analysis of the noise produced by TPER can help check overall compliance with noise limits established by the law, in particular following the investments in the vehicle fleet of recent years.

TPER believes that, through the widespread use of public or shared transport, it can contribute to reducing traffic and improving circulation.

In 2017, 49 new Crealis vehicles - articulated electric trolleys - were definitively commissioned, even if circulating for now along the existing tramway network, with their innovative optical guide system disabled.

In 2017, new electric trains were put into operation to ensure a service delivery with qualitative and environmental standards far superior to those of diesel oil, which is gradually being replaced.

TPER fleet

Fleet - road vehicles

The fundamental lever of TPER's environmental sustainability consists of activities to reduce - in line with the available resources - the environmental impacts of its fleet, according to three guidelines:

- Urban transport: Use of electric vehicles
- Suburban transport: Use of methane-powered vehicles (CNG)
- Extra-urban transport: Use of liquid methane vehicles (LNG)

The strategy for the acquisition of natural gas vehicles (CNG) was launched back in 2001. We are currently planning the conversion of vehicles from diesel oil to liquid methane with dual fuel mode, diesel-LNG, or pure LNG, which has lower emissions also compared to the Euro 6 standard because it does not produce "particulate". As a result of the constant investments in this direction, TPER today has around 268 natural-gas buses on the road, with a carrying capacity of 27,328 passengers.

As of 31/12/2017, the TPER group had 1,154 vehicles

Breakdown of vehicles by power type and service

	Hybrid	Diesel	Electrical	Methane	Overall total
Interurban	-	348	-	-	348
Interurban taxibus	-	26	-	-	26
Suburban	-	180	-	33	213
Urban	48	183	101	235	567
Overall total	48	737	101	268	1,154

The main power type is diesel fuel. TPER uses a diesel fuel with very low sulfur content (10 parts per million), which limits the emissions of sulfur dioxide and sulphates. Especially for urban services, the company uses zero-emission trolleybuses (2,419,755 kw/h annual) and methane buses. Methane, in particular, does not release benzene, sulfur dioxide and particulate matter (PM10) and its emissions of anhydride carbon dioxide and nitrogen oxides are lower by 25% and 90% respectively to those of traditional fuels.

Breakdown of vehicles by power type and emission class

	Hybrid	Diesel	Electrical	Methane	Overall total
EEV ⁽¹⁾				229	229
Euro 0		5			5
Euro 1		40			40
European emission standards		325			325
Euro 3	25	219		15	259
Euro 4		7		15	22
Euro 5	2	73		1	76
Euro 6	21	68		8	97
ZEV ⁽²⁾			101		101
Overall total	48	737	101	268	1,154

Total %	4%	64%	9%	23%	
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(1) EEV - Enhanced Environmentally Friendly Vehicles

(2) ZEV - Zero Emission Vehicle

Further to 268 natural gas vehicles, of which 229 are Enhanced Environmentally Friendly buses, there are 101 electric vehicles (95 trolley buses and 6 electric buses), with ZEV characteristics - zero emission vehicles, 48 hybrid buses, 97 Euro 6 buses, and 76 Euro 5 buses. Almost all buses (with the exception of the new Euro 5, Euro 6, Zero Emission Vehicle and EEV, which have a reduced or no impact) equip devices to reduce emissions.

20% of TPER's vehicle fleet is therefore classified as very low emissions or EEV (Enhanced Environmentally Friendly Vehicles), whilst 9% (trolley buses and electric vehicles with batteries) can be considered to be zero emissions.

23% of the vehicles are powered by methane, being mainly used in urban and suburban areas, where the entire trolleybus fleet also circulates. To meet the needs of the natural gas fleet, TPER has equipped itself with supply stations in two Bologna and Ferrara depots. TPER is the only company in Italy to use three methane supply stations for its own fleet. As said, methane does not release benzene, sulfur dioxide and particulate matter (PM10), and its carbon dioxide and nitrogen oxides emissions are lower by 25% and 90% respectively.

Breakdown of vehicles by emission class and service type

	EEV	Euro 0	Euro 1	European emission standards	Euro 3	Euro 4	Euro 5	Euro 6	ZEV	Total
Interurban		5	5	127	125	7	66	39		374
Suburban	27		1	81	71	5	8	20		213
Urban	202		34	117	63	10	2	38	101	567
Total	229	5	40	325	259	22	76	97	101	1,154

TPER investments for urban routes are aimed at increasing the number of electric vehicles. The Bologna railways network was already present in the 60s and 70s and, although unused for several years, it has always been maintained, and recently restructured. The current electric fleet consists of 95 trolley buses, of which 49 are of the Crealis Neo type.

TPER is also equipping itself with new hybrid transport vehicles, most of which carry a hybrid engine, which uses a diesel engine to charge a battery so that the vehicle can cover some sections in electrical mode. In particular, the 9 new, 18-metre Urbanway Euro 6 articulated units are equipped with the innovative Hi-SCR nitrogen oxides reduction system. The reduced consumption and lightening of the vehicle lowers CO2 emissions per km by 33% and of NOx per km by 40% compared to diesel.

TPER also operates 2 hybrid buses equipped with a super-capacitor (50% financed by the European Mimosa project), with a diesel engine (Euro 5) and a system to recover and store energy on slowing down, which is then released as the vehicle regains speeds and generally throughout the trip, making them particularly efficient in urban routes with numerous stops. The adoption of this technology allows fuel savings of about 25%.

For a company with a large fleet such as TPER, its huge renewal cost makes it necessary to also rely on other, less costly interventions to reduce CO2 emissions. A considerable part of the service delivered by the company is thus carried out using buses equipped with Euro 3 diesel engines, whose environmental impact has been significantly reduced by equipping 250 of them with particulate filter that uses the HJS - CRT system, thanks also to regional funding.

As for the future, TPER's goal is to further increase its commitment to fleet renewal, a necessary investment to grow environmental sustainability and quality of service. TPER also understands that, to tackle this challenge effectively, it would require resources unlike those provided to such end by the public system.

In 2017, TPER purchased an additional 68 interurban and suburban diesel-powered vehicles (namely 43 12-meter, 4 14-meter and 4 18-meter vehicles); 12 urban 12-meter hybrids; 5 diesel oil minibuses.

Regarding the type of vehicles used, there are 85 short buses, 115 buses of medium length (9-10 meters), 614 long buses, 48 14-15 meter buses, and 284 articulated buses.

Breakdown of vehicles by size and service

	SHORT (7.5 MT)	LONG (12 MT)	MEDIUM (9 MT)	NORMAL (10 MT)	ARTICULATED (18 MT)	SUPER-LONG (15MT)	ULTRA-LONG (14 MT)	Total
Interurban	35	235	10	15	32	12	35	374
Suburban		157			56			213
Urban	51	231	44	47	194			567
Overall total	86	623	54	62	282	12	35	1,154

With regards to "architectural barriers", 748 buses are equipped with a platform for people with reduced mobility to use the vehicle.

		Equipped with elevator platform	Not equipped with a platform	Total
Interurban	Lowered platform	96	49	145
	Standard platform	8	247	229
Suburban	Lowered platform	173	31	204
	Standard platform		9	9
Urban	Lowered platform	466	82	546
	Standard platform	5	16	19
Total		748	434	1,152

Vehicles - Railway transport

TPER's railway service is also managed by means of new technologies that favour sustainability. In recent years, the railway vehicle fleet has undergone a significant renovation: The number of electric trains, eight in 2007, has more than tripled and today 35% of the kilometers covered by TPER on regional routes uses electric traction, which will grow again thanks to the intermodal development project.

In March 2017, 3 new ETR 350 (new series) were commissioned, and a further 4 were put into service in May 2017. These are added to the 19 ETR 350 already in service (including 7 of the new series). Each ETR has around 270 seats, but can carry a total of around 600 passengers. Among the service improvement elements in the new 14 new ETR trains, there is the additional toilet on board.

TPER avails of 15 electric and 2 diesel trains, and delivers service with 7 additional trains made available by the Emilia Romagna Region. The average life of trains owned by TPER is 1.5 years.

TOTAL Final balance 2017

Total service kilometers	5.3 mln
Km of service (Diesel)	1.7 mln
Km of service (Electric)	3.6 million

Materials

TPER material purchases refer mainly to spare parts and others relating to vehicle maintenance. With regards to business characteristics, these purchases are not particularly relevant for the purposes of this document. Purchases are managed according to the company policy - including the selection of local suppliers, bearing in mind the nature of TPER as a company owned by Public Administrations.

The percentage of recycled materials purchased is not significant. Given the type of purchases , their use, and TPER's activity, there are no relevant issues related to the recall of products or similar situations.

Energy consumption

The company policy of reducing environmental impacts is positively reflected in the levels of consumption of electricity, diesel and methane.

For TPER, energy consumption (and therefore environmental impacts), like for other public transport companies, is predominantly determined by the uses for vehicles that, on average, represent from 75% to 90% of consumption and the resulting emissions (Source ASSTRA).

For many public transport companies of a local nature, overall energy consumption has increased over the last few years, as the service offered gradually expanded. As the scope of services grows, the challenge lies in increasing energy efficiency by reducing fuel consumption while improving the company's own competitive standard. Please see below the breakdown of overall consumption by scope of use.

Data presented refer to direct energy consumption. Data on indirect consumption, relating to energy consumed mainly by suppliers delivering part of the transport services provided by TPER, are not currently included. The data in question derive from sources outside TPER's control, which made their collection for reporting purposes unfeasible.

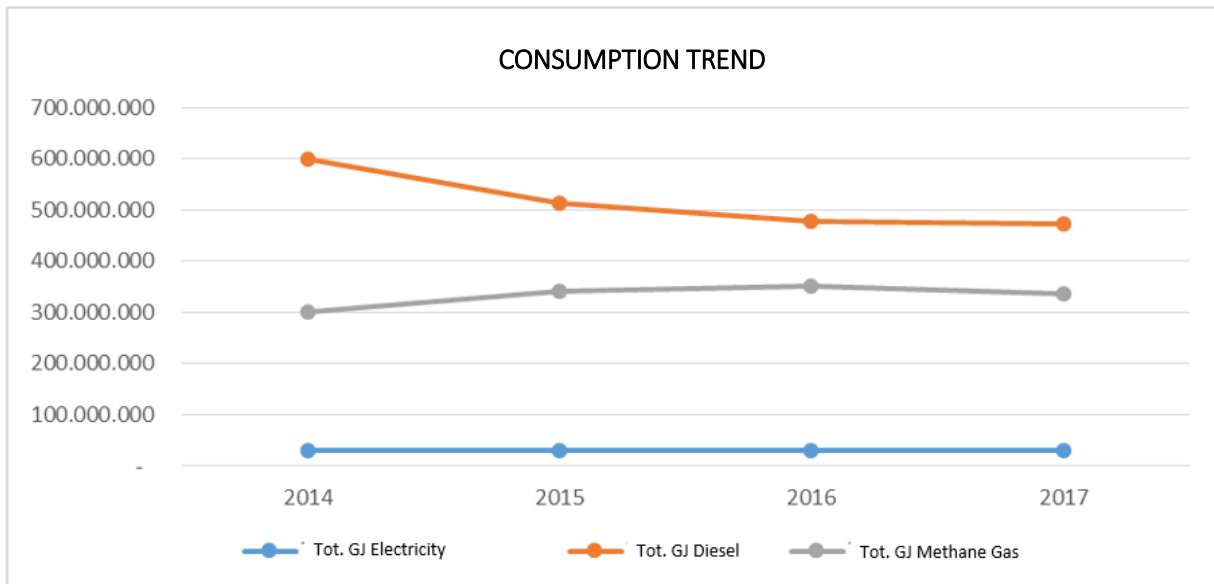
Electricity consumption (Kwh)	2014	2015	2016	2017
Transportation (bus)	2,601,492	1,451,322	2,419,755	3,311,292
Transportation (trains)	485,587	520,295	556,773	612,515
Thermal kwh - offices and terminals	923,495	1,183,275	1,127,127	1,008,703
Offices and other	8,838,447	9,983,827	9,002,826	8,433,429
Mafer	1,085,158	1,085,158	1,085,158	1,085,158
Dinazzano Po	-	-	-	-
Total	13,934,179	14,223,877	14,191,639	14,451,097

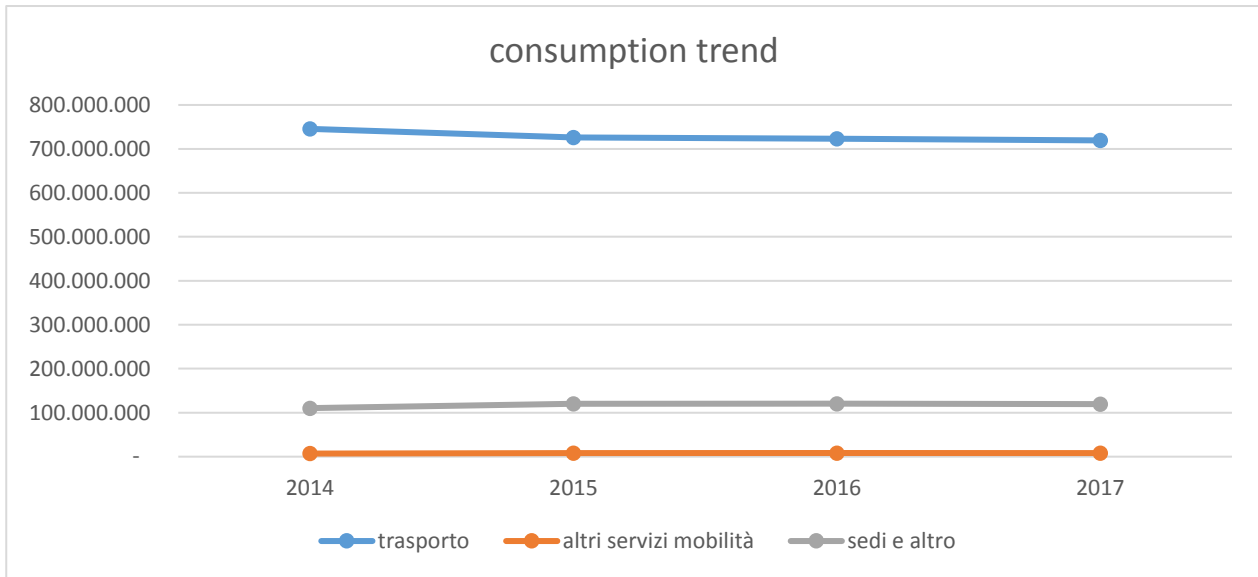
Electricity is not purchased under a safeguard scheme. During 2017, TPER started purchasing "clean" electricity, i.e produced from renewable sources, participating in the Intercenter project "Energia Elettrica 11". Using this source entailed a (limited) surcharge for each purchased Mw, albeit still within budget and still supporting the company's sustainability efforts. Therefore, starting from January 1st, 2018, trolley buses and TPER systems operate 100% with energy from renewable sources.

Diesel consumption (Tons)	2014	2015	2016	2017
Transportation (bus)	10,602	9,524	8,954	9,022
Transportation (trains)	2,970	2,105	1,650	1,313
Other mobility services	50	60	60	56
Dinazzano Po	1,362	1,362	1,390	1,413
Total	14,984	13,050	12,054	11,803

Methane consumption (mc)	2014	2015	2016	2017
Transport	7,760,193	8,705,713	9,007,534	8,535,220
Other mobility services	7,798	12,592	18,451	16,516
Offices and other	923,784	1,140,326	1,172,090	1,155,819
	8,691,775	9,858,631	10,198,075	9,707,555

Total total energy consumed - (Data in Gjoule)	2014	2015	2016	2017
Transport	727,955,137	711,978,512	700,405,746	689,143,304
Other mobility services	7,022,043	8,201,142	8,273,261	7,788,219
Offices and other	110,392,249	120,506,580	120,572,136	119,653,112
Total	845,369,429	840,686,234	829,251,143	816,584,635





Energy consumption intensity index

The following are the intensity indexes related to the reduction of energy consumption

		2014	2015	2016	2017
Overall index	GJ/KM	17.55	17.39	17.33	17.22
Of which only TPL	GJ/KM	14.81	14.48	14.24	14.02

The reference parameter corresponds to the total kilometers traveled by TPER vehicles.

	Relative to 2016	in the three years
Overall energy consumption reduction	-2%	-3%
Of which for TPL	-2%	-5%

Waste management

In 2017, TPER produced a total of around 1,462 tonnes of waste, of which around 927 were classified as non-hazardous.

Overall, in 2017 about 65% of the waste produced by TPER was sent to recovery activities (paper and cardboard, oil, batteries, ferrous and non-ferrous materials, demolition of vehicles, etc.), about 1% remained in stock at the producer, while the remaining part was disposed of according to the regulatory provisions in force.

As a trend, waste produced over several years depends on the number of vehicles demolished, which affects the total quantity of waste produced.

Waste produced (Ton)	2017	2016
from Total Waste Management	1,462	2,015
of which recyclable waste	961	1,370
of which disposed of	489	672
of which dangerous	927	1,376

There are no classifiable events such as spills. Moreover, TPER does not transport hazardous waste nor produces discharges into watersheds that can be classified as relevant (i.e. discharged volumes representing at least 5% of the total volume of the watershed), or flowing into reservoirs within high value areas in terms of biodiversity (protected areas).

Water resources

Water consumption stands at around 49 thousand cubic meters of water in 2017, down compared to 2016 (52,710 cubic meters). Water used derives from the local water distribution network.

cubic metres

Water consumed	2014	2015	2016	2017
Offices and other	58,325	66,584	52,710	49,156

Larger depots are equipped with water treatment plants before discharge, as well as systems that allow the reuse of a significant water volume after treatment, specifically for vehicle washing.

TPER has also endeavoured to ensure greater sustainability of water discharges. Today, as a result of various interventions that have been mostly implemented at depots, all water discharges are monitored and authorised to discharge in public sewerage under current regulations.

Biodiversity

Biodiversity represents the variety of living things that inhabit the Earth, and is measured as the level of genes, species, populations and ecosystems. A variety of organisms, beings, plants, animals and ecosystems, all intertwined, all being equally indispensable. Thanks to biodiversity, Nature provides food, water, energy and resources for our daily life. Biodiversity guarantees the survival of life on Earth and every organisation has a duty to preserve the environment and the resources on Earth for future generations (*Source: WWF Italia*).

Bearing in mind the requirements of the specific GRI-G4 Standards on this area, the issues inherent to biodiversity, so important for a truly sustainable development at global level, do not have specific and particular relevance for the TPER Group's activity.

Emissions

Tables show, for the significant types, data relating to direct emissions (Scope 1 GHG - GreenHouse Gas) together with the indirect data associated with the consumption of electricity purchased from the network (Scope 2 - GHG).

Quantitative data presented, determined on the basis of estimates, refer specifically to the quantities of motor fuel and to the electricity used by the TPER fleet (both road and and railway transport). Data on emissions from electricity purchased for the offices are not currently included, as are data on indirect emissions (Scope 3). The latter relates to energy consumed mainly by suppliers delivering part of the transport services provided by TPER. The data in question derive from sources outside TPER's control, which made their collection for reporting purposes unfeasible.

TPER fleet - Direct (Scope 1) and indirect (Scope 2) emissions

Emissions data relating to the TPER's activities are summarised below in equivalent Kg.

CO2 Carbon dioxide		Nmhc Non-methane hydrocarbons		nox Nitrogen Oxides		pm Particulates	
2016	2017	2016	2017	2016	2017	2016	2017
52,436,202	51,080,065	42,077	39,401	862,898	779,275	20,095	17,116

Sources ISSPRA, ECOPASSENGER

However, it is evident that the activities of public transport companies can have a positive impact on the environment. In fact, TPER provides a service that proposes transport options with lower impact regarding quantity of energy used and the energy mix (considering the gradual transition to cleaner sources, such as methane and electricity). This helps to mitigate the overall effects on global warming, thanks to lower CO2 emissions and reduced impact on air quality with less particulate emissions, nitrogen oxides, and unburnt hydrocarbons.

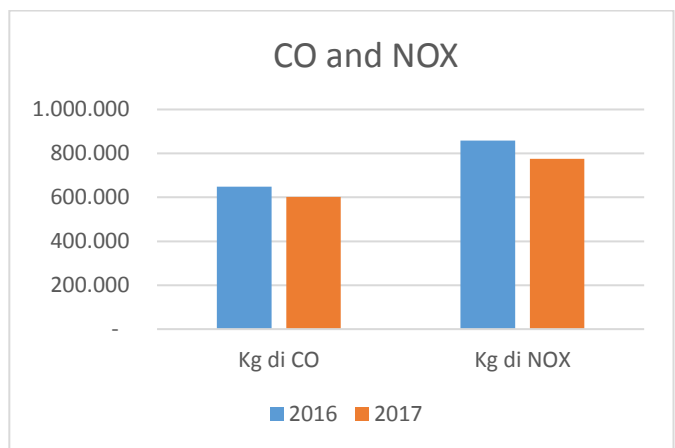
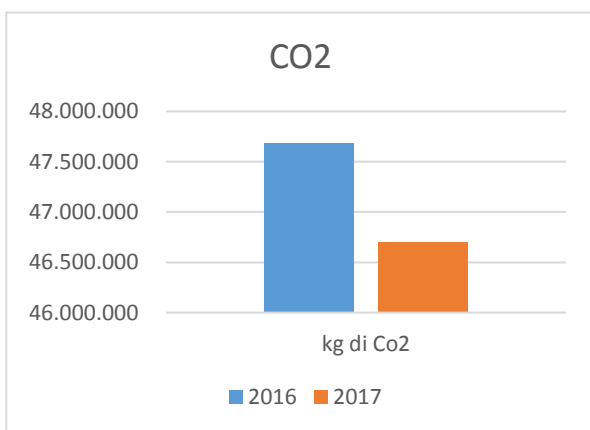
Focus Autobus

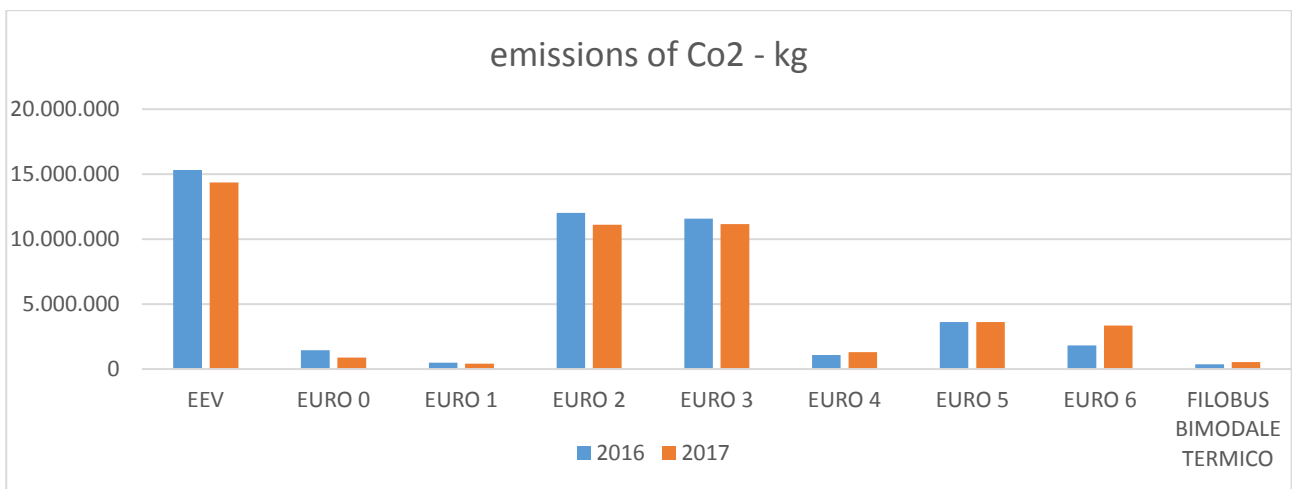
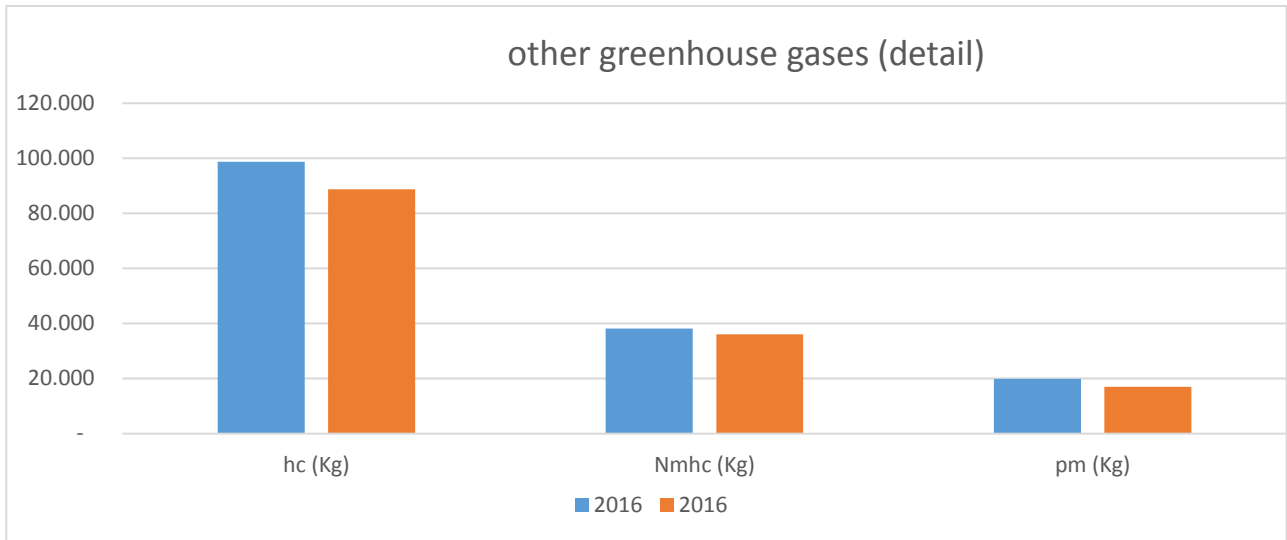
Quantity (Kg) / Substances	2016	2017
CO2 - Carbon dioxide	47,686,916	46,702,759
CO - Carbon monoxide	648,025	601,351
HC - Hydrocarbons	98,770	88,769
NMHC - Non-methane hydrocarbons	38,191	36,046
NOx - Nitrogen oxides	858,058	775,076
PM - Particulate	19,914	16,963

ENVIRONMENTAL CAT.	CO2 Carbon dioxide (Kg)		CO Carbon monoxide (Kg)	
	2016	2017	2016	2017
EEV	15,313,661	14,353,446	232,736	215,418
EURO 0	1,455,897	892,827	49,446	30,322

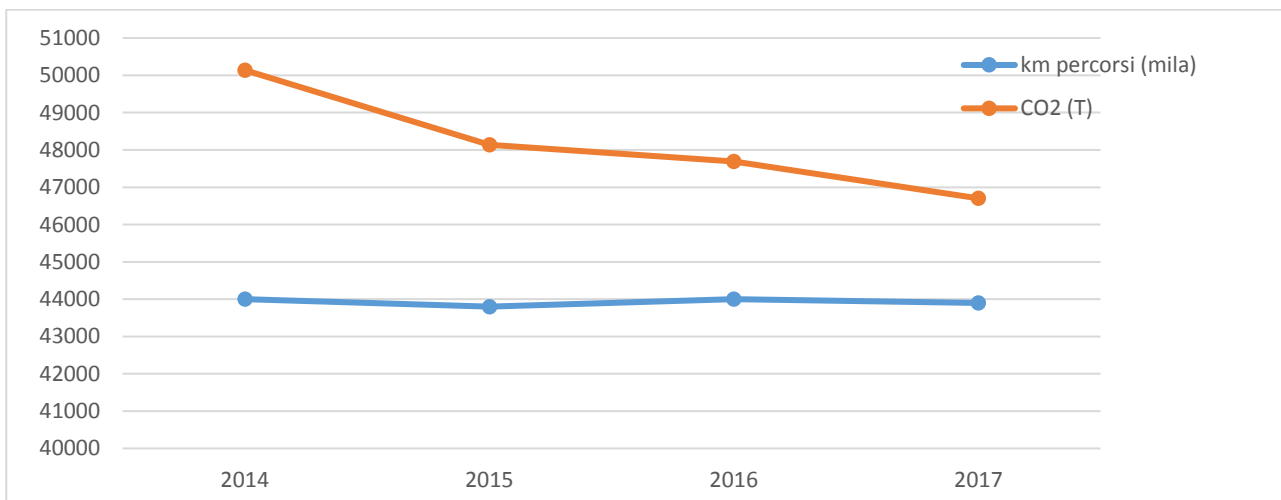
EURO 1	476,812	406,221	8,097	6,898
EURO 2	12,019,178	11,099,859	181,422	167,545
EURO 3	11,562,913	11,155,520	110,440	104,780
EURO 4	1,076,912	1,300,847	21,383	25,993
EURO 5	3,604,570	3,624,749	20,403	20,532
EURO 6	1,821,597	3,340,145	18,736	26,868
TROLLEYBUS	355,375.6	529,144.05	5,364.16	2,995.155
Overall total	47,686,916	46,702,759	648,025	601,351

ENVIRONMENTAL CAT.	hc (Kg) Hydrocarbons		Nmhc (Kg) Non-methane hydrocarbons		nox (Kg) Nitrogen Oxides		pm (Kg) Particulates	
	2016	2017	2016	2017	2016	2017	2016	2017
EEV			31,031	28,722	155,157	143,612	1,552	1,436
EURO 0	12,087	7,412			87,903	53,907	3,956	2,426
EURO 1	1,979	1,686			14,394	12,263	648	552
EURO 2	49,891	46,075			317,488	293,204	11,339	10,472
EURO 3	26,418	25,674	3,776	3,304	224,343	215,686	1,575	1,456
EURO 4	52	5	2,917	3,572	18,959	22,766	161	195
EURO 5	6,257	6,290		3	27,204	27,359	272	273
EURO 6	611	1,366	468	444	3,223	5,481	76	133
TROLLEYBUS	1,475	259			9,387	798	335	19
Total	98,770	88,769	38,191	36,046	858,058	775,076	19,914	16,963





For CO2 alone, it should be noted that, for roughly the same mileage, the vehicle fleet has evolved towards a general level of greater efficiency in terms of environmental emissions, which fell by about 7% in just 4 years.



The choice towards more sustainable transport options, based on collective transport (train, bus, trolleybus) or shared transport (bicycle and car sharing) would contribute significantly to the overall improvement of energy resources, the reduction of CO2 produced, and the improvement of air quality. The TPER mobility

proposal seeks to guarantee an environmentally conscious choice and aims to favour communication and promote consumer-oriented services. A more significant contribution of mobility styles and habits rests on focusing primarily on the service quality and comfort, making thereby the public service an effective alternative to private means, which are the prevailing option in Italy today.

Emissions intensity index

	2016	2017	over the previous year
CO2/km produced	1.07	1.04	-3%
Of which from TPL	0.99	0.97	-2%

Similarly to data related to the energy intensity index, these data takes Km Traveled as the reference parameter.

Environmental performance. TPER's contribution to emission abatement

To counter dangerous climate changes, the EU leaders adopted the Energy and Climate Policy Framework 2030 in October 2014, which envisaged a CO2 reduction target of at least 40% by 2030 over 1990 figures. This objective is also part of the EU's commitment to the Paris Climate Change Agreement.

With regard to the industrial sector, the EU emission trading scheme aims to reduce carbon emissions by the industry by 43% compared to 2005 levels by 2030.

Compared to other sectors, 60% of total EU emissions come from transport (over 20%), agriculture, construction and waste management. For these areas, the reduction target is 30% by 2030 compared to 2005 levels.

Hence, emission reduction in Transportation represents a crucial effort in lowering overall emissions.

And in this, collective and shared mobility represent a great opportunity to achieve the goals above.

In addition to improving its performance over the years by reducing fossil fuel consumption and the corresponding emissions, TPER provides an economic and ecological alternative to private transport.

In fact, people save money when using TPER public transport as an alternative to their own vehicle.

- 136,921 tonnes of CO2 in the Bologna basin
- 2,344 tons of CO2 in the Ferrara basin
- Tons of CO2 for regional rail transport.

Responsible management of the Supply Chain

Suppliers are a fundamental part of the production process and TPER engages with them in a transparent manner, enhancing where possible the technical and innovative contribution.

At a high level, relationships with suppliers are regulated by the Code of Ethics, which TPER shares with the former through initiatives envisaged in the communication and dissemination program of the Code itself. Breaches of the general principles of the Code may entail the immediate termination of the supplier relationship as per the supply contract, which also includes statements regarding the knowledge of the principles contained in the Code, and the assumption of the obligation to comply with these principles.

As a Public Company operating in special sectors, TPER applies the national reference standards (Code of public contracts relating to works, services and supplies) for business-related purchases, oversees purchasing strategies and the relationship with the supply chain through the Tenders and Supplier Qualification Function. TPER has also drawn up Regulation to govern the procurement of works, supplies and services for amounts under the EU threshold.

Selection procedures provide for publicity of notices and information on the tender outcome. Publicity requirements depend on the amount and nature of the tender and, pursuant to national and EU regulations, procedures are utterly streamlined to meet economy, effectiveness, and efficiency criteria.

The selection of suppliers takes place through clear and certain procedures based on objective criteria such as the quality of the products and services offered and the competitiveness of the proposal, paying attention to equitable remuneration of the services requested. For the awarding of the contract, TPER uses two criteria:

- maximum discount is used in cases where the company provides the technical specifications of the good or service to be purchased in detail, and in this case the offer with the lowest financial impact is considered;
- awarding the contract to the most financially advantageous offer occurs in cases where the company's attention is focused on the technical contribution that the supplier can offer. In this case, the skill requirements that companies must have in order to participate are defined first; then the technical aspects of the offer are taken into consideration, while the financial content is the last aspect to be evaluated.

The second approach is preferred in all cases where it is considered that the supplier can offer a specialist provision giving added value to the company.

Below the thresholds indicated, the regulation envisages the application of simplified commitment procedures in relation to the modest value of the contract which anticipates for the call for at least three or five companies.

A peculiarity of TPER's activity in this area is determined by the procedures for the purchase of fuels, which represent the most important item in costs for supplies. At the beginning of each year, a supplier pre-qualification phase takes place, allowing new operators to start a collaboration with TPER. The qualified suppliers are those that the company contacts to make their offer requests, which are almost daily in this area, to adapt to the continuous changes in the price of fuel. The suppliers' proposals arrive the day after the request and the supply is activated the following day with the chosen supplier on the basis of financial convenience.

In the process of choosing the means to be purchased for several years, TPER adopts a "life cycle costing" logic, which allows it to consciously plan investments and the use of resources over the long term, with particular attention to vehicle spare parts.

The commitment of the Supplier Qualification and Competition Function is currently aimed at structuring a real register of suppliers to systematise the information and support the qualification phase of the suppliers.

TPER has also adopted internal rules for the assignment of professional appointments, based on the same objectives of efficiency, transparency and facilitation of competition.

TPER is a member of INTERCENT-ER, the regional agency for the development of telematic markets that plays the role of purchasing centre.

In the case of some specific investments financed with public resources, TPER has assumed the role of "purchasing centre" with regard to other local TPL companies. Specifically, TPER coordinated the purchase of new rolling stock for the transport companies of the other basins of Emilia-Romagna as well.

With specific reference to social and environmental aspects, the TPER Code of Ethics provides that contractual clauses are introduced in contracts with suppliers which, depending on the case, may include:

- declarations by the supplier and / or contractor regarding the possession of the necessary personnel and organisational requirements, as well as the *expertise* and resources appropriate to the needs and image of TPER, as well as related to the existence and effective implementation of adequate corporate quality systems and compliance with the obligations in the field of labour law and confidentiality;
- the possibility of carrying out inspections at the production units or the operational headquarters of the supplier and / or contractor, in order to verify that these requirements are fulfilled.

Within the supply chain of TPER there are no cases of suppliers with significant problems in terms of freedom of trade union association, child labour, conditions of forced labour or respect for human rights.

Customers

In the public services sector, we have been talking for years about the transformation from users to customers, or from subjects who use the public service provided to subjects who choose that service. The goal is to provide more and more say and awareness to the consumer, with, therefore, an active role in the provision of the service and modelling the service according to quality expectations to make it consistent with existing service contracts.

However, we must not forget the social nature of the public service, and it is therefore necessary to ensure that, through the correct dialogue between regulators and managers, we can guarantee not only the highest quality, but also the right price.

TPER aims to ensure efficiency and effectiveness to current or potential users of the services offered, and for this it talks to the organisations that represent these users in an associated form, such as consumer associations and environmental associations, to protect people in vulnerable situations. In its journey, TPER is committed to:

- intensifying the channels through which it provides information to users and collects feedback;
- improving its ability to respond to different stresses.

The TPER Group considers meetings with associations representing users to be particularly effective and for this it collaborates on a permanent and ongoing basis with the User Advisory Committees (provided by law as a body active at the Mobility Agencies to discuss local public transport issues) and with associations that represent the interests of particular categories of people, such as voluntary associations and those specifically dedicated to people with different types of disability. With everyone, a comparison was made regarding the choices made in recent years by the company to improve the users' awareness of the rules and as an opportunity to gather comments, suggestions and opinions from them.

Quality of services

A quality service for local public transport is made up of different aspects, to which TPER pays constant attention and in which it invests to operate in compliance with the quality standards presented in the Service Charter and compatible with the objective of economic sustainability. It is necessary not only to ensure compliance with the quality laid down in the service standards, as agreed with the mobility agency, but also to deal with the quality perceived by users, measuring appreciation and satisfaction through customer satisfaction or mystery customer surveys.

To ensure maximum visibility to the quality of the services provided, TPER annually updates the service card, which shows users their rights and minimum guaranteed services. Surveys, on the other hand, monitor the quality actually perceived with reference to aspects such as the comfort of the vehicles, regularity, punctuality, accessibility of the service, transparency and completeness of the information provided.

Service Charter

The Service Charter is the means by which any subject providing a public service identifies the standards of its performance, declaring its objectives and recognising specific rights for the citizen-user. The Charter thus supports the quality of services and encourages greater participation by recipients. The TPER service charter was prepared in accordance with Article 16 of the Constitution, taking into account the national rules and the principles established by the European Green Charter.

The principles with which the provision of public services must comply and on which the Charter must provide information are those of:

- equal rights of users;
- impartiality of the providers;
- continuity of the service provided;
- user participation;
- efficiency and effectiveness of the service.

The commitments set forth in the Service Charter are determined in part by the contents identified by the service contract between the concession body and the manager, which defines the guidelines and characteristics of the public service. The aim of TPER is to structure the Service Charter more and more as a tool for relations with users and the community, so as to start up a comparison and on-going communication.

Quality of public transport, comfort, cleanliness

In 2017, the average age of the fleet was 13.1 years, down in comparison with the previous year. The investments in progress and those planned will contribute to further improving this indicator, while continuous maintenance of the vehicles keeps the equipment in a state of good quality and functionality.

The public railway transport managed by TPER is also operated with vehicles of a certain age. The investments made with the purchase of new trains, including in 2017, have made a significant improvement to the quality of the rolling stock available.

Constant maintenance guarantees the safety of the service and a good level of reliability. TPER also ensures the vehicles are subject to ordinary internal cleaning at least daily, periodic sanitising and scheduled first and second level thorough cleaning.

Regularity and punctuality

The regularity of the road transport service exceeds 99% both in Bologna and in Ferrara. The punctuality of the routes has been improving constantly in recent years. In Bologna in 2013 the routes on time out of the total of those run were 85.37%, against 81.16% in 2012 and 76.56% in 2011.

Accessibility

Accessibility testifies to the company's ability to take care of users with special needs. 70% of TPER vehicles (including rail transport) have solutions to facilitate access to passengers with walking difficulties or those accompanying children. In particular, 69% of buses have a lowering platform.

It is possible to request a vehicle equipped to transport passengers with disabilities on a specific route on all urban and suburban lines 48 hours in advance, without any kind of surcharge compared to the normal rates.

In 2017, meetings were held with the Users Committee and with associations representing disabled citizens to identify together the best solutions to promote the use of public transport. On the basis of an agreement signed with the Italian Blind Union, for example, in recent years, TPER has fitted braille labelling at bus stops that favour free access to the Hellobus system and 750 vehicles announce the next stop internally and the line and destination externally.

Support for travellers with reduced mobility

A series of measures have been adopted to facilitate travel for passengers with reduced mobility. The measures concern the vehicles themselves, which have been made more user-friendly, and the information provided. The measures include:

- buses with platform:
- trains without barriers:
- information at stops via electronic poles, providing information on the arrival of the buses as well as information about the presence of the platform;
- provision of applications that give information about the arrival of buses and also about the presence of a platform on the arriving buses (for details of the applications <http://www.TPER.it/apps>).

All investments in rolling stock take into account users' mobility and accessibility needs.

Communication, information, listening

In recent years, TPER has been committed to improving its channels for listening to users and providing them with information, in particular by structuring digital channels that allow users to be reached in a widespread and timely manner.

The TPER website receives approximately 13,000 hits a day, thanks to the quantity of content offered, the updating of information on lines in real time and accessibility via mobile. The company has also developed its own app that allows you to top up subscriptions for the road transport service and one for the train service, and which indicates, among other things, stops and connections.

TPER makes open data available on its website, which can be used freely for application development. All information can also be consulted on smartphones using various Apps available on the company website and usable on Apple, Android and Windows phones.

The Hellobus service is available at all stops and allows users who request it to receive information via SMS about the arrival time of the bus and the level of accessibility of the vehicle arriving at the stop.

Security

The safety of public transport users is ensured by a considerable investment in technological equipment. In particular, the remote control system is extended to the entire company fleet, allowing the monitoring of the vehicles in service and communication between the Operations Centre and drivers via the on-board radio system. The availability of this system allows better management of the service in the event of disturbing events, ensuring an overview and the possibility for the operations centre to communicate instructions to individual buses or groups of vehicles to regularise the service. The system also allows the collection of valuable data for planning.

All city buses are also equipped with a video camera located in the driver's area that allows the Operations Centre to see in real time what is happening on the bus, when it is activated by the driver in case of emergency.

On the whole fleet there is an external and internal recovery device system for the bus in case of accidents with third parties, called "Road-Scan", which activates automatically to provide a record of the road dynamics of the last minute before sudden braking by the driver or the collision.

In order to provide adequate tools to personnel involved in safety issues, 3,227 hours of safety training courses were held in 2017.

TPER has signed a Memorandum of Understanding with the Prefecture and the Municipality of Bologna concerning the safety of the service personnel and users of public transport, with which the Company has committed itself to providing future buses with the necessary components for the installation of video surveillance systems that allow the continuous monitoring on the vehicles (wiring, provision for new technology). TPER's investment plans also include the supply of on-board components to progressively equip the entire fleet with video surveillance systems.

The Prefecture and the Municipality of Bologna undertook to coordinate Police Forces and Municipal Police for the optimal use of the resources necessary to provide extraordinary monitoring services aimed at ensuring the safety of personnel and users of public transport, to counteract the committing of crimes and prevent episodes of verbal and physical aggression against inspectors and drivers.

Users' Advisory Committee

The User's Advisory Committees (UAC) are established pursuant to Art. 17 of Regional Law 30/98 to set up a channel of continuous communication between local public transport users and the subjects involved in the provision of services, with particular reference to the organisation and operation of the public transport service, safety and quality of services. The committee also deals with information initiatives, correct publicity, transparency and simplification of forms of access to services, fairness, transparency and fairness in contractual relationships, proposals to improve transport services and their better integration with private mobility and opinions on the main transport service reorganisation projects.

The Users' Advisory Committee is a democratic institution, made up of members representing consumer associations, pensioners' union associations, environmental and social promotion associations and associations for invalids, immigrants and public transport users with season tickets.

The Committee consists of:

- a) four "permanent" members selected among the members of the Consumer Associations and users of the Regional Register pursuant to Art. 3, paragraph 3, of Regional Law 45/92
- b) a "permanent" member appointed by the Bologna Section of the ONLUS Italian Union for the Blind and Visually Impaired
- c) a "permanent" member appointed by the Provincial Council for overcoming handicaps
- d) a "permanent" member appointed by the Provincial Immigration Observatory
- e) a "permanent" member appointed in agreement between the President of the Association of School Heads and the President of the Association of Autonomous Schools
- f) an "annual" member nominated each year by the Secondary Students' Council
- g) three "annual" members selected each year in January from users holding annual season tickets for the Bologna public transport service who have explicitly requested to be included

Customer satisfaction

Buses

A customer satisfaction survey is carried out on a yearly basis in relation to the service offered by TPER, this is done separately for the Bologna and Ferrara basins. This survey makes it possible to assess the perception of citizens / customers in relation to the public transport service in Bologna and Ferrara, check satisfaction with the improvement processes undertaken and keep the Service Charter up-to-date.

For the Bologna basin, the last survey took place in January and February 2016, in which a sample of users were surveyed through telephone interviews carried out with CATI (Computer Assisted Telephone Interviewing) methodology by the company Pragma, which was assigned call management by SRM.

The sample consisted partly of annual season ticket holders, taken by TPER from its season ticket database, with stratified sampling, and partly of residents in the Province of Bologna, randomly selected by the company in charge of the survey, in order to have the opinions of both regular customers and occasional users.

The survey questionnaires were prepared differently for the two groups: the season ticket holders were only asked the "Customer" section, while the sample extracted from the general population was also asked other sections of a more general nature, relating to travel habits and stops. However, the Customer section was the same for both groups, and therefore the results are completely similar and have been combined with each other using specific weighting procedures. The evaluation required consisted of expressing a vote from 1 to 10, in addition to an overall evaluation of the service, based on the experience of use made by the interviewee during the previous 12 months, for each of the services offered in the traffic area considered: urban, suburban / extra-urban, in the Bologna, Imola and Ferrara areas.

The data collected were then processed, calculating average values for each of the aspects assessed, for each of the three services surveyed. On examination of the data that emerged, we noted that all the items obtained positive average ratings, well above "satisfactory", with the sole exception of "route crowding".

For the urban service in Bologna the evaluation average was 6.72, while the overall rating for the service offered was 7. For the Bologna basin extra-urban service, the average of the items recorded was 6.76, with an average for the service of 6.96. For the urban service in Imola the overall average was 7.16 while the general service rating was 7.42.

For Ferrara's urban service, except for the price, the average ratings range from 6.57 ("vehicle operation") to 7.32 ("regarding routes and stops"), with an average of 6.92; the overall assessment expressed by the interviewees was even higher when they were asked to give an overall mark for the service offered by TPER, it was 7.04. For the extra-urban service of the Ferrara basin, assessments ranged from 6.30 ("ticket price") to 7.17 ("driver driving behaviour"); the average was 6.77, while the average rating for the service was 6.92.

	BOLOGNA				IMOLA		Ferrara			
	urban		sub / extra urban		urban		urban		extra urban	
Service aspect	Year 2017	Year 2016	Year 2017	Year 2016	Year 2017	Year 2016	Year 2017	Year 2016	Year 2017	Year 2016
<i>AVERAGE of the marks collected</i>	6.72	7.05	6.76	7.25	7.16	7.54	6.92	6.89	6.77	6.60
Overall rating for the service	7.00	7.16	6.96	7.19	7.42	7.68	7.09	7.04	6.92	7.00

Railway

In 2017, a survey on the Emilia-Romagna regional railway service was carried out on behalf of TPER SpA, with the aim of measuring the level of satisfaction on the part of users. The survey was carried out on board the

trains, by distributing a paper questionnaires, on weekdays from 28 to 30 November 2017, in the early morning and afternoon runs, when the number of system users is highest. To appropriately define user targets and specific needs, account was taken of:

- passenger's socio-demographic information
- departure and arrival stations
- inflow and outflow modes
- frequency of use
- use and method of purchasing travel tickets
- information acquisition methods

The issues investigated by the survey via the questionnaire mainly concerned the following aspects:

- customer satisfaction and overall rating
- advantages and disadvantages of travelling by train
- validation campaign
- misconduct

Overall, 1,400 complete or partially completed questionnaires were collected¹, from a minimum of 36 (Ferrara-Codigoro section) to a maximum of 315 (Bologna-Portomaggiore section).

The share of loyal users is over 42% (passengers for whom the train is the preferred means of transport and thus viewed as irreplaceable). For 28%, the choice is an obligation that they could do without it. Taking into account the 27% who are indifferent (it is a means of transport like any other) the field of potential customers won over appears to be very broad. High levels of loyalty are found on the Bologna lines (above all Vignola) with average levels on Ferrara-Codigoro and Modena-Sassuolo. The highest levels of constraint were recorded on the Reggio lines (Ciano and Sassuolo sections).

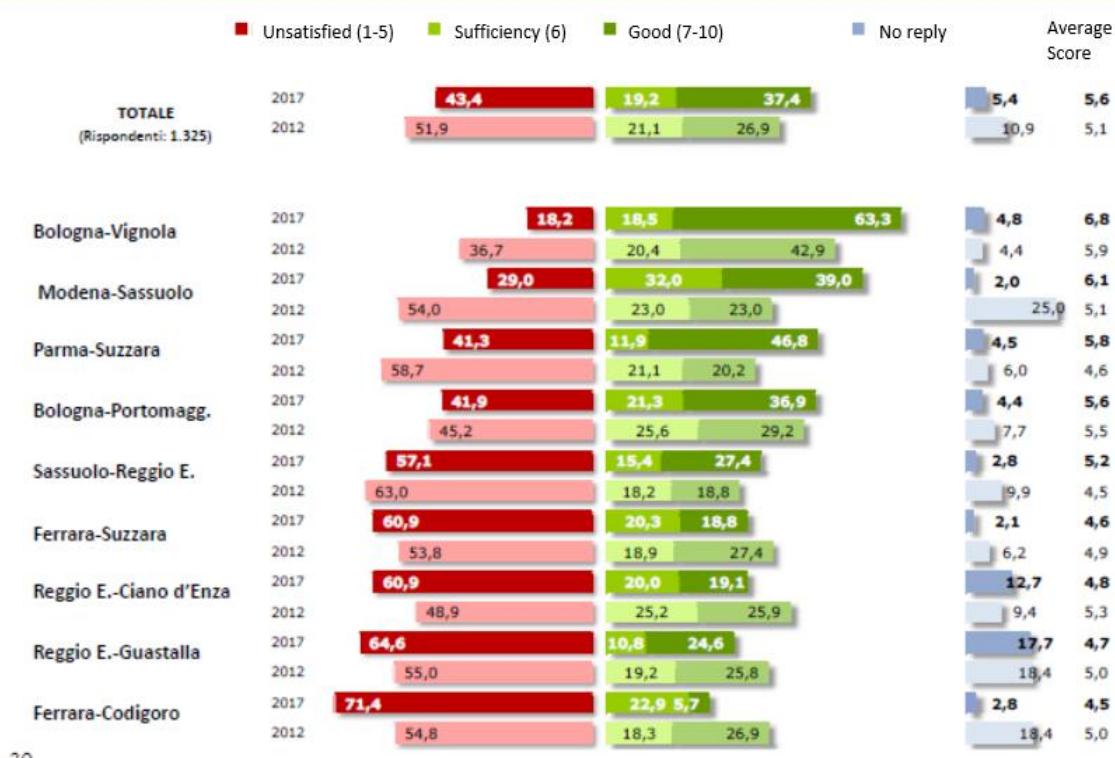
Benefits - Tranquillity, low stress, relaxation are the main advantages of the train (42%), together with a feeling of convenience linked to the use of travel time to work or study (31%) and the convenience of the trip itself (27%). Speed of the trip was another competitive advantage (18%).

Disadvantages - The disadvantages mainly addressed the age-old problem of delays (57% of indications), but with levels reaching 70% for some lines. All in all, the other disadvantages were limited to lower levels, including the longer time needed to complete the journey (24%) and the lack of autonomy or freedom of movement (12.7%).

The overall assessment of regional rail transport is positive: over 56% of users gave a satisfactory (6) or a good to excellent (7-10) mark to the service. This reversed the trend in 2012, when 52% of users attributed a negative mark (from 1 to 5). Pass marks are increasing +39% and failures are going down -16%.

The 2017 result is strengthened by the share of those who do not express an opinion being halved, down from 11% in 2012 to 5.4%. The average mark assigned to regional rail transport in 2017 was 5.6, up from 5.1 in 2012.

REGIONAL RAILWAY SERVICE – Overall satisfaction of the service (%)



Complaint mechanisms

In case of complaints, TPER undertakes to provide an answer within 30 days and involves the interested business contacts on the basis of the specific topic, to provide the most correct information but also to define the necessary action to be taken.

		2016	2017
Total complaints		3,167	3,658
of which	TOTAL ROAD TRANSPORT COMPLAINTS	2,701	3,022
	TOTAL RAILWAY COMPLAINTS	466	636

In particular related to

		2016	2017
SERVICES	FREQUENCY OR SCHEDULE NOT RESPECTED	612	705
	RUNS MISSED	336	371
STAFF	STAFF RUDE	236	259
	INAPPROPRIATE DRIVING	193	209
	FAILURE TO STOP AT BUS STOP	241	301
FARE DODGING CLAMP DOWN		6	11

OBLIGATORY VALIDATION	-	-
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Average response time of 21 days. The areas mainly concerned were punctuality and the behaviour of the staff.

There were 3,658 user complaints in relation to road transport in 2017, of which 3,022 were about the automotive sector and 636 the railway sector. The complaints mainly concern the service (frequency of runs and respect of timetables), but in some cases the behaviour of staff was also complained about, in terms of courtesy, appropriate driving and stopping at stops.

Over time, TPER has also recorded an increase in positive reports, which are a strong indicator of user retention and which provides a very gratifying spontaneous contribution, certainly useful for perfecting the level of service in the right direction.

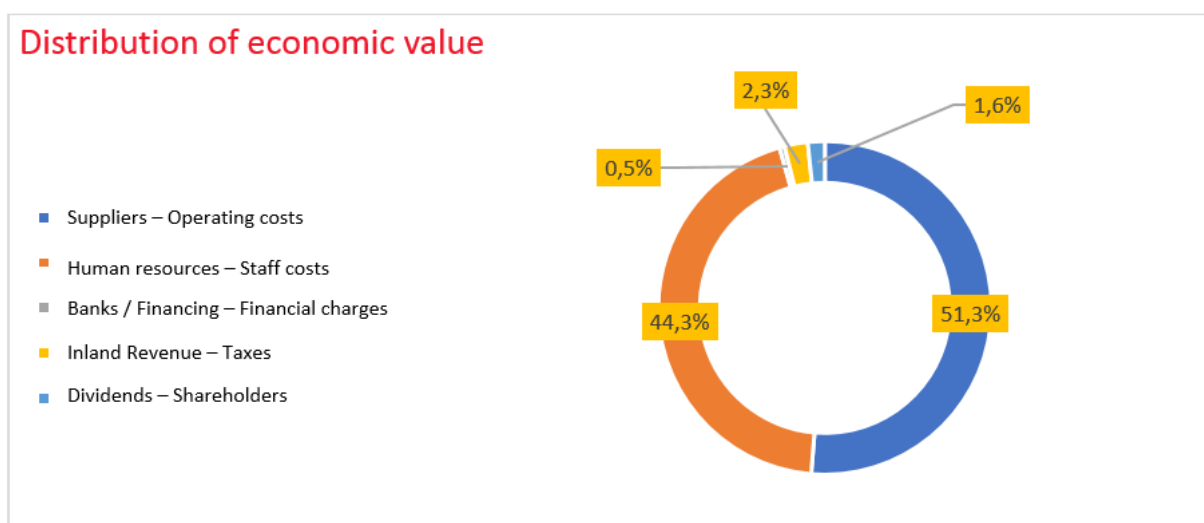
Financial performance

Distributed economic value

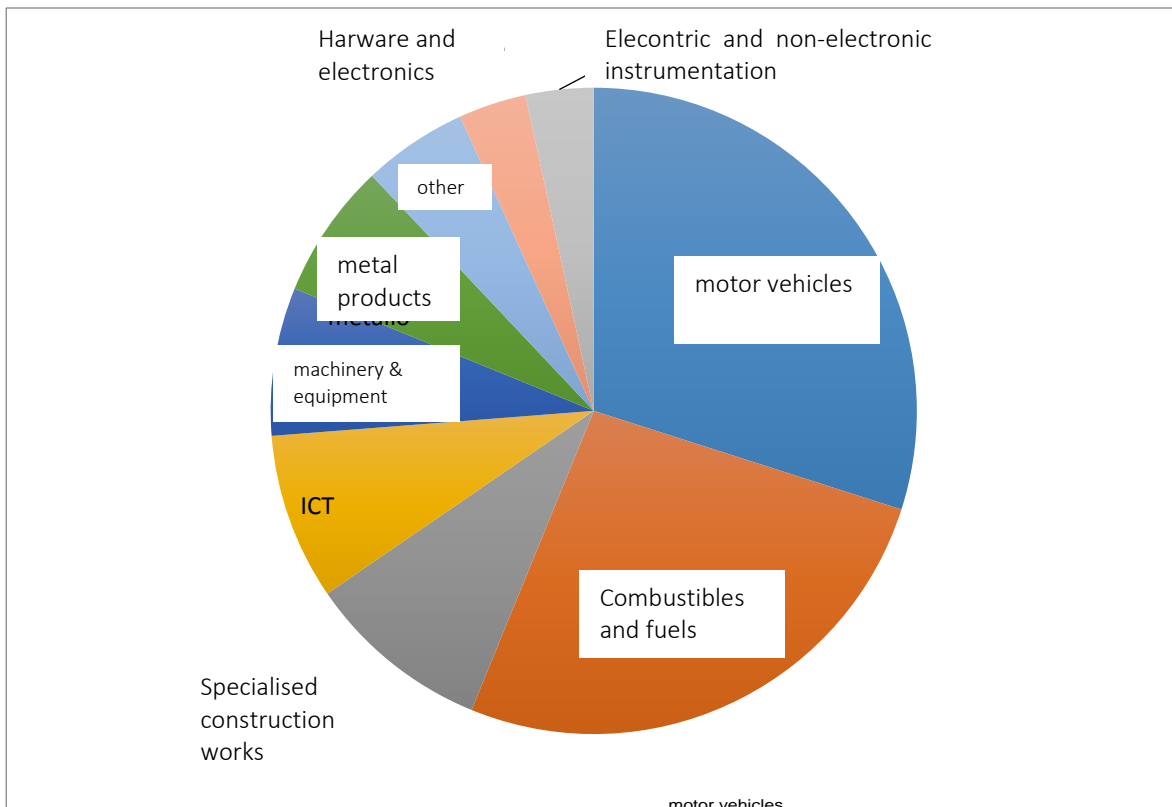
	2017	2016
Generated economic value	304,996	307,232
Suppliers - Operating costs	(147,112)	(149,005)
Human resources - Staff costs	(126,939)	(126,656)
Banks and other financiers - Financial charges -	(1,412)	(424)
Tax office - Taxes -	(6,488)	(8,178)
	(281,951)	(284,263)
Dividends paid - Shareholders	(4,712)	(53)
Distributed economic value	(286,663)	(284,316)
Retained Economic Value	18,333	22,916

Compared to the total economic value generated, the value distributed is approximately 94%, while the remaining 6% refers to the amortisation for the reconstruction of assets, provisions, extraordinary items and undistributed profits.

With regard to the value distributed, 44.3% is allocated to human resources (staff) by TPER. This circumstance relates to the nature of the managed activity, which can be defined as "labour intensive". Most of the employees reside in the area where TPER operates. The distribution of value to employees therefore also indirectly contributes to the creation of value for the local community, as this wealth is then redistributed in the form of further consumption and purchases always in the reference area. Suppliers are allocated a 51.3% share of the value distributed, while smaller shares are respectively allocated to taxation through the payment of corporate income taxes (2.3%), to shareholders for the re-investment of resources in the area (1.6%) and lenders for loan payments (0.5%).



With regard to the type of raw materials purchases, these refer mainly to motor vehicles and related spare parts, followed by fuels.



Government grants

TPER does not receive government grants to run the service.

During the 2017 financial year, TPER received € 14.8 million from the Emilia Romagna region for charges deriving from the contractual provisions. In the same year, TPER was paid grants of Euro 14.4 million for investments made.

The issue of bonds listed on the regulated market

In 2016 the directors had already resolved to turn to regulated financial markets to find resources to support the investment plan. Following this decision, in 2017 the formal process was launched for the issue of medium-term bonds on regulated markets, which ended on September 15, 2017, when TPER finalised the issue of an unsecured bond loan for an amount of 95 million euros, listed on the Dublin Stock Exchange (Irish Stock Exchange), the world's first market place for the regulated corporate and government bond market.

The non-convertible bonds, with a maturity of 7 years and amortising repayment starting from the fifth year, have a fixed annual coupon of 1.85% and have been fully placed with institutional investors. Benefiting from a market context with particularly low interest rates, Tper seized an important opportunity to diversify its sources of financing. This will give further impetus to the important scheduled investment plan in relation to services and projects for road transport in the areas of Bologna and Ferrara and to the railway in the regional area.

With this transaction, which received a significant response from the operators, TPER made its debut on the international capital market, confirming the ability of the company and the Group of subsidiaries to attract the interest of new categories of investors to support their development plans.

Analysis of the economic impact on the area

In general, the development of a mobility company for public or collective transport in the area has significant impacts of both a direct and indirect nature. This impact concerns the created and distributed wealth, the effect on the environment, on traffic congestion, on the reduction of road accidents, as well as on the development of knowledge and skills, the possibility of contributing to innovation and the creation of networks and relationships.

The increase in company size and its strengthening in terms of the industrial group ensures a stable or growing demand for supplies and services on favourable terms. While demand is guaranteed, favouring the maintenance of suppliers and service providers, on the other hand the definition of purchasing methods oriented to more economically advantageous offers means the suppliers also develop more efficiently, as they are thus called on to grow and focus on innovation and specialisation, thus creating a virtuous driving force in terms of maintaining employment and increasing specialisation and training.

The possibility of ensuring workers and families have an alternative and economic travel solution that frees up resources, which can be used on other things or put aside for savings, contributes, in both cases, to the welfare of consumers. In the event that the savings made by using public transport are used for other purchases, these purchases can have a direct and indirect impact on the area.

A first important effect can be seen on companies, which should be understood not only as suppliers but also as "customers" of transport services able to ensure consistent and comfortable transfers with regard to locations, this also includes their workers.

On this topic, with a view to territorial planning with the competent bodies and dialogue with companies, it is possible to work to provide a widespread and timely service that does not hinder, but rather advances, the development of industries that are located in the area served.

At the same time it is possible to envisage promotion / agreement initiatives for the workers of these companies, working to ensure sustainable traffic flows, suitable connections and therefore an effective network between the workplace and housing, in other words convenient and timely proposals for workers.

The use of local public transport systems represents an ecological alternative to the use of private cars powered by fossil fuels, contributing to an improvement in the ecological footprint, reduction of CO₂ and other greenhouse gases released into the atmosphere, reduction in road traffic congestion and the number of serious accidents.

A capillary transport network can facilitate and provide incentives for companies to locate strategically with regard to traffic flows and thus have a positive impact on real estate values, especially near the hubs of this network.

In light of all these aspects, investment, innovation, technology development and seeking quality in the public transport sector are key elements for economic strategies both at national level and at the level of regional, provincial and local administrations. In fact, investments and development in this sector have a real multiplier effect that benefits a wide range of subjects.

The extended value of TPER (direct, indirect, induced)

TPER directs its business model towards the principles of innovation and sustainability, taking care to create a "superior" value for its stakeholders, contributing to the sustainable development of the company and the territory, understood in a broad sense.

The indicators taken into consideration for assessing the impact of TPER are:

- The added value, i.e. the difference between the value of production and the costs incurred for the purchase of inputs from outside the company (Economic Value Added, EVA), or the value that the inputs used by the company, capital and labour, have 'added' to the inputs purchased from outside and which thus remunerate the internal production factors
- Taxation, or the share of wealth generated that will then be redistributed as public goods to the community
- The number of workers employed directly and indirectly as a result of the Group's industrial activities.

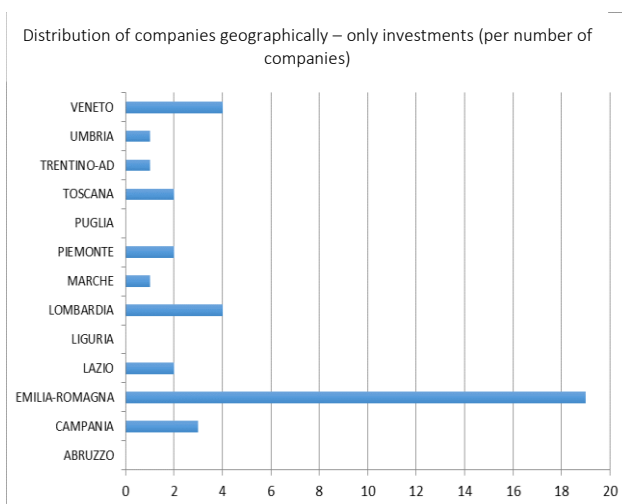
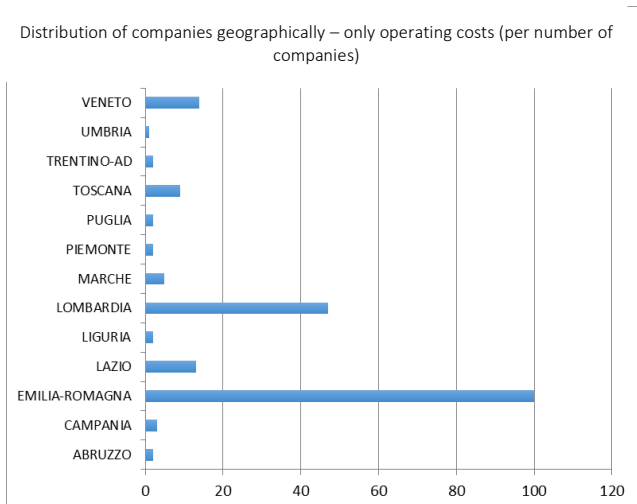
It is therefore a matter of determining the direct economic impact due to the activity of the company, the indirect ones generated firstly by suppliers, and finally the induced value, which, when combined, can contribute to the estimate of the value extended to the various social and economic layers.

In particular, the direct impact of the business generated by TPER and its subsidiaries is defined as the impact that has a direct effect on households, businesses and the Public Administration, while indirect impact is that generated by the parties belonging to the TPER value chain, specifically the first line of TPER suppliers.

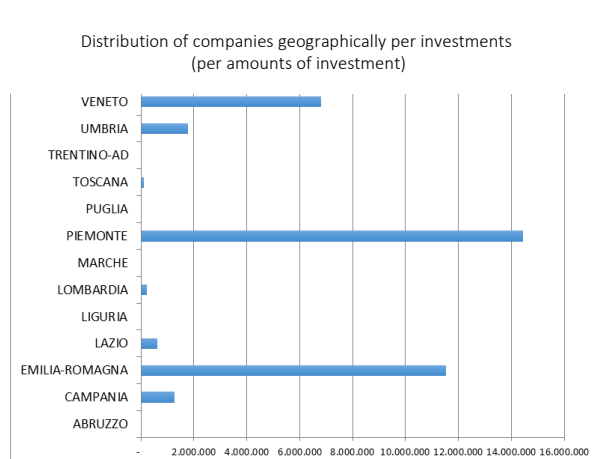
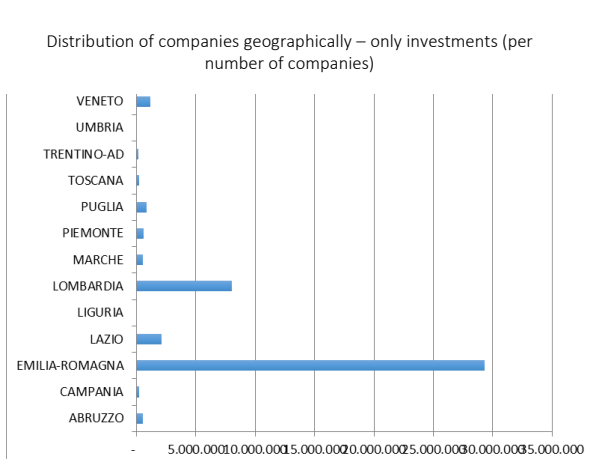
With reference to direct impact, the analysis is aimed at determining the economic impact due to the company's activity and was carried out taking into account the consolidated financial statements, taking into account both the operating management, that is the income statement data, and investments.

The indirect impact is the one generated by the subjects belonging to the TPER value chain, specifically considering the TPER first supply line. For the assessment of indirect impacts, the information contained in the suppliers' company balance sheets collected in the AIDA - Bureau Van Dick database was analysed. For the remaining suppliers, on the other hand, projections were made starting from the data assessed for the suppliers on which the highest percentage of cost is concentrated. The suppliers were divided according to product category and services carried out, in order to better represent the type purchases made by TPER. The survey was carried out on a representative sample of companies, i.e. a number of suppliers representing about 40% of TPER expenditure for operating costs. Overall, the balance sheets of around 250 companies were analysed.

The analysis carried out shows the distribution of the main Tper suppliers in the area by number of suppliers and by amounts spent, taking into consideration both operating costs and investments. The data considered is that of the registered office as retrieved from the Aida - Bureau Van Dick data.



Many suppliers are located in the region, this is true regarding the number (about 50% of the sample analysed for operating costs, about 45% for investments) and the amount of expenditure, but as a result of public procedures followed for higher amounts (investments) the distribution of businesses changes (67% of the sample analysed is located in the region for the operating costs and around 31% for investments).



In light of the direct and indirect impact, the induced value was estimated, i.e. the increase in production connected to the increase in income for which those who contributed to the direct and indirect impact are beneficiaries. The final objective of the analysis was to provide a direct, indirect and induced assessment of the Added Value, Employment and Taxation items. A portion of this income is likely spent on the purchase of other goods and services, and therefore translates into consumption / new production. To calculate the induced, a cautious estimate of 5% of the total direct and indirect value was made.

The importance of assessing the extended value is given by identifying the company as one of the potential drivers of growth in the region, as its activity moves other sectors of the economy, distributing wealth for its stakeholders. In this context, the analysis of the extended value generated by the activities of a company, calculated in terms of direct, indirect and induced impacts effectively responds to the current need to provide broader reporting, no longer limited solely to economic-financial performance.

Direct impact

Added value AV (euro)	Tax charges (euro)	Number of employees (num)
161,376,000	6,423,000	2,689

Indirect impact

	incidence VA (euro)	Tax charges (euro)	num employees (num)
Ordinary management	45,845,260	1,583,396	1,040
Investment management	29,778,456	446,767	930
Total	75,623,716	2,030,164	1,971

Induced impact

incidence VA (euro)	Tax charges (euro)	num employees (num)
3,781,186	101,508	99

Extended value of TPER

Impact	incidence VA (euro)	Tax charges (euro)	num employees (num)
Direct	161,376,000	6,423,000	2,689
Ordinary Indirect	45,845,260	1,583,396	1,040
Indirect investments	29,778,456	446,767	930
Induced	3,781,186	101,508	99
Total extended value	240,780,902	8,554,672	4,758

TPER's commitment to the region

TPER is attentive to the development of the region and the community in which it operates and promotes accessibility to the service and the most widespread coverage possible, with the aim of improving choice of travel options.

Some accessibility choices are of a financial nature and are defined as policies by local regulators, in dialogue with the company. Others concern the culture of mobility and the diffusion of the service and are carried out by TPER directly or in partnership with other subjects, some as single initiatives, others on an ongoing basis.

As regards economic accessibility, it is clear, above all that the cost of the public service is lower than using private means of transport, since it does not involve an initial investment (such as buying a car or a scooter) or maintenance costs (insurance, maintenance, tax, custody) and guarantees a service at a moderate price (total cost coverage is guaranteed by government grants to ensure users are not burdened with excessive costs). Right from the start, the choice of public transport is, therefore, a choice that is surely cheaper than others.

In any case, local regulators define ticket pricing systems that take into account the different needs of users. In fact, in accordance with the relevant institutions, the ticket pricing system provides subsidised or even free solutions for people who are unable to purchase the normal travel ticket. The lower income resulting from such subsidies are, however, offset by public resources to cover social costs. To take account of the most typical social needs, discount rates are provided for those under the age of 27 or over 70.

In the municipalities of Bologna, Casalecchio and San Lazzaro di Savena, use of the bus is free for young primary school students (children under 10 years). In Bologna, specifically, thanks to a contribution from the Municipality, students from lower secondary schools also travel free. Moreover, for people who use the transport system constantly, different solutions are provided that further reduce the cost of the single journey (daily ticket, city pass, eco pass, monthly and annual passes).

The choice of the ticket prices to be applied is not a lever that can be managed independently by the company: they are determined, in fact, by the Service Contract which aims to protect the interests of the user against the provision of a public utility service.

The service contracts currently applied provide for periodic ticket price adjustments. In 2013, both in Bologna and Ferrara, a single urban fare of € 1.30 was set for the next three years, leaving the monthly and annual passes unchanged, to increase sales and retain passengers. No further increase was made in 2017.

Furthermore, in Bologna and Ferrara there is full fare integration for the services managed road and rail network services managed by TER, as well as with SETA tickets in the Seta basins of Modena and Reggio Emilia. In fact, the integrated regional fare system "Mi Nuovo" allows the use of a single travel document for TPB road and on railway services on the regional network. The project involves the use of magnetic and microchip travel tickets throughout the regional territory and the subdivision of the territory into zones for the purpose of fare control, which is determined on the basis of the number of zones crossed during the trip. The route agreed with the institutions for fare integration is in progress.

In terms of physical accessibility, it must be considered that an individual who is disabled, elderly or with a stroller must have the freedom to move within the region, in order to exercise their right to free stay and free movement. To uphold this right, it was therefore fundamental to make the service accessible and usable by all users.

Local communities

Local communities are composed of the population that lives in the areas in which it operates and its associated forms. As a local public company that operates in competition for the market, TPER carries out a business that has a strong impact on the region, it highly visible and can have a strong impact both on the quality of life and on the development or modification of behaviours.

For this reason, TPER's first commitment is to a transparent and responsible approach, highlighted through its various communication channels, including the website. In addition, TPER has relationships with organisations of different types that represent citizens to better understand the needs and constantly improve their ability to provide effective answers.

Impact on the region

Local Public Transport (LPT) is a sector of absolute importance for the national economy, since it is part of the more general transport industry, which in turn is the 5th sector by economic size in Italian industry.

Approximately 5.3 billion passengers are transported annually, i.e. over 14 million people moving daily. It is therefore an important industry, which generates total revenues of 10.6 billion euros; moreover, the current public expenditure for LPT, equal to about 7.2 billion euro, is the second item of expenditure for the regions, after health.

The public transport sector has a strategic nature that goes beyond the mere economic size of the industry, since quality local transport systems can affect the overall competitiveness of a country, not counting the positive external effects in terms of protecting the environment and general quality of living conditions.

In addition to having an important economic impact, transport systems play a fundamental role in the daily lives of citizens: they ensure the fundamental right to mobility and contribute to improving the competitiveness of the economy as a whole.

Greater use of public transport as an alternative to the use of private vehicles would also produce a series of positive effects of an economic nature, as well as possibly improve the quality of life and the environment. The benefits could be summarised as follows:

- Reduction of road congestion and traffic
- Improvement in air quality
- Reduction in noise pollution
- Guarantee of the right to mobility for the disabled, the elderly and students
- Possible "stress-free" alternative to the private car
- Stimulation of economic growth
- Economic convenience for families, businesses and the community
- Safety
- Guaranteed availability
- Saves money
- Lower cost of living

Season ticket holders

TPER rewards the loyalty of its season ticket holders with the Validate and Win competition. To participate, it is sufficient to validate your season ticket when getting on TPER vehicles and be registered with the TPER Web Club.

Safety for over 65s

Together with the Municipality of Bologna, TPER promotes a grant for people aged 65 and over in the municipal region of Bologna, with which they are compensated in cash, for valuables, personal items, clothing, jewellery that have been taken during a theft, robbery, extortion, petty theft or theft resulting from an accident or illness of the passenger.

The grant provides for the maximum coverage of 100 euros per claim, raised to 500 on the day of pension payments.

The involvement of citizens over 65 is implemented through information at the local Social Services, with the support of the San Bernardo association and the retired workers' organisations, involved in collecting and

sending useful information practices and in promoting and disseminating initiatives among their own members.

"Open doors" for citizens

The company has maintained the possibility for users to find out directly the activities that support the normal delivery of the transport service. For anyone who wants more information on the operation of public transport in their region, TPER promotes specific appointments, so-called "Open Doors", for presenting the company and its activities. At certain times, it is therefore possible to visit the depots where the operations of bus refuelling, repair and cleaning are carried out, as well as the control centre where the staff follows the fleet of vehicles via GPS in order to manage and resolve any critical issues.

TPER ensures its participation in the main events concerning the mobility of the city and the illustration of the projects at the Urban Center, organising exhibitions, competitions and related awards.

Support for the associative and cultural life of the cities

TPER's interest in the community and the organisation of cultural activities is demonstrated through partnerships with local cultural institutions. In particular, holders of annual season tickets have advantages and reductions on admission for all permanent and temporary exhibitions of the Bologna Musei institution, the Duse and Europa Auditorium theatres and projections of the Fondazione Cineteca Bologna. TPER supports the activities of the Teatro Comunale di Bologna and cultural initiatives in the city of Ferrara with a financial contribution.

TPER also actively participates in all initiatives related to public transport and sustainable mobility, as well as to appointments where it is particularly effective to develop awareness actions on good rules, the correct use of the service and environmental sustainability.

Recently an agreement was signed with the Italian Paralympic Committee Emilia-Romagna in order to encourage ever greater social integration of people with disabilities. The partnership was formalised with the delivery of a special canoe destined for a Paralympic athlete enrolled at the Canoa Club Ferrara and member of the relative Italian National team.

TPER also supports a team in the 5-a-side football league organised by the Italian Paralympic Sports Federation for the visually impaired and the blind.

Public shareholders - Local institutions in the areas of operation - Mobility agencies

For a public transport and mobility company, the local institutions of the regions in which it operates have multiple roles. In fact, they may be shareholders of the company, with certain expectations regarding its results including an economic point of view. At the same time they also play a role in planning and defining service guidelines and, lastly, representing the needs and interests of the regions, thanks to the mandate received from the voters (who are themselves Users of the TPL services).

The management of relations with Local Authorities is therefore very complex, precisely because they hold different functions: in addition to being shareholders, or holders of share capital, public shareholders play a stakeholder role, that is, of wider interests with impact on the community.

The Mobility Agencies, enacted by Local Authorities, on the other hand, have a service regulation role and represent the interlocutors with which the public transport company consults to define the characteristics of the service and monitor the activities carried out in compliance with the signed service contract, once the contract has been awarded by tender.

TPER interacts with the shareholders regarding corporate trends and business development strategies, while it consults government bodies on the construction of mobility development plans in the area. Finally, it

maintains continuous relationships with the Agencies to meet the transport needs of the region and for the necessary monitoring of the activities.

The Leaders and Management of TPER frequently interact with these stakeholders on individual planning and monitoring actions, providing answers to questions and queries, and presenting responses to all the questions on the subjects for which they are responsible, on a weekly basis. Many joint initiatives with the institutions are also reflected in the press conferences organised together.

Training and education

The culture of mobility

Daily meeting place, favoured space for gathering stories and characters, a public square condensed into a few square metres where, above all, respect for the rules and neighbours must prevail: a public means of transport is this and much more. To foster dialogue and culture on mobility, TPER has launched a series of initiatives in the region, aimed at the different users of the service, in different ways.

Small students

To educate on collective mobility, respect for the rules and care of the environment, TPER promotes initiatives for elementary school students, in particular educational activities and classroom meetings with company operators, exhibitions, prize competitions, guided visits at the operations centre and the depots.

In media stat bus

"In media stat bus" is a project-competition created for secondary school students to promote an active awareness on the issues of compliance with the rules and the importance of public transport. Students and teachers of all the middle school classes in Bologna receive the manifesto and the publication "Lines of Respect" at school, an opportunity to discuss the rules of travelling on public transport. Alongside the publications, the schools are also the scene of some special meetings with the sporting champions in Bologna. Starting from the story of their sporting achievements, the students are invited to discuss with them the role of the rules in the field and in everyday life, on their *raison d'être* and on the consequences of following and infringing the rules.

In 2017, the Olympic swimmer, Martina Grimaldi, who recently entered the Hall of Fame of cross-country swimming, the world figure skating champion, Rebecca Tarlazzi, and the players of the teams of women's Serie A and men's Serie B Rugby Bologna 1928 took part; the 2018 edition also saw the participation of the city baseball team, Fortitudo Baseball 1953, and the vice world champion and European swimming champion, Marco Orsi.

"In media, stat bus" ends each year with a special competition, a click-day in which schools are invited to connect to the Tper website to respond directly to questions on the subject of good rules.

Young students: the community-to-community bus

Since 2013, TPER has created an initiative for discussion and growth on the themes of sustainable mobility and respect for the rules in collaboration with the Antarctic Centre, which deals with social and environmental communication and training. Debate has developed on the topics of the correct use of public transport, compliance with the rules of conduct in the dynamics that are created every day, from ticket validation, to collaboration in the maintenance of cleanliness. A student blog has been set up, confirming the success of the project that during the second year was extended to middle schools in the Bologna area. In particular, meetings were held with middle and high school students from Bologna and Ferrara, involving a group of drivers and inspectors who participated on a voluntary basis.

Thus over 1200 students in the metropolitan areas of Bologna and Ferrara, more than 50 middle and high school classes have met TPER drivers and inspectors, in an exchange on the approach and visions of the

common good that is "public transport", the good performance of which depends on the contribution and the ability to collaborate of the staff and users of the bus and the road.

Company growth

Respecting the rules by TPER

TPER has established some internal rules for staff who interface with users. Specifically, all staff in contact with the public is required to demonstrate willingness to listen and not to impede the exercise of rights, to respond to requests for information with courtesy and to avoid discussions while maintaining a correct and available attitude.

As far as the journey is concerned, the driver does not smoke in the car and is obliged not to use telephones or other devices for personal reasons. /she avoids any behaviour that could reduce attention to driving and safety. If passengers are waiting at the stop, he/she is required to slow down in order to stop safely even without specific signs or in the event that passengers show their intention to get off at the last minute. At the stop the driver opens all the entrance doors of the bus and during the service maintains a correct posture, in keeping with the safety of the service and the image of the company.

With regard to the management of the service, the driver is expected to turn off the engine when at the terminus, properly update the line and destination indicators, properly use the devices and on-board systems, such as air conditioning, access ramps, signs on operation of the ticket machines, etc.

In addition to these rules regarding staff behaviour, TPER is committed to ensuring standards of quality, accessibility, regularity and punctuality and service safety as provided for by the contract and service charter, with the aim of improving the guaranteed standards over time and the overall perceived quality.

Compliance with the rules for passengers

In combating fare evasion, TPER has identified a fundamental activity to strengthen the economic sustainability of the company and promote the culture of public transport as a common good to be used in compliance with the rules and with a civic sense. To counter fare evasion, TPER also continued the "Io vado e non evado" [I go but I don't evade the fare] project in 2016. The aim is to contribute to the establishment of a positive and loyal relationship between company and users, which can strengthen the ability to listen on the one hand and raise awareness of compliance with the rules on the other. On several occasions, the project has involved all the company staff who on a voluntary basis can support their inspector colleagues, in order to directly understand the operational context and potential critical issues and strengthen the sense of belonging to the company.

The project was supported by a series of communication campaigns focused in particular on:

- Validity of ticket (2012)
- Respect for other passengers and role of the inspector (2013)
- Getting on and off and mandatory validation (2014)
- Extension of project to the railway sector and driver involvement (2015)
- Introduction of the turnstiles (2016)

In order to guarantee compliance with the rules, the monitoring activity was also acted upon. Since 2014, a group of selected inspectors, the Multipurpose Unit, has been set up, involved in training courses aimed at providing the tools to effectively deal with different situations. To reinforce cohesion, following performance monitoring, the productivity bonus is attributed to the team as a whole.

The use of the uniform was introduced to support the authority of the inspectors, with the aim of reducing conflict and protests. Technological equipment has been improved, replacing paper blocks with tablets, in order to make data immediately available for analysis, avoiding data entry, and equipping the group with a POS system with the purpose of facilitating the payment of the penalties on board the vehicle.

The internal inspectors were joined by an external company, selected through a European tender, also carrying out checking activities and which contributes to checks with 10 teams of three people in the field every day, who are trained on courses similar to those of internal inspectors.

Io vado e non evado

One of the special features of the anti-evasion campaign put in place by TPER was that of involving all the employees in the project of checking travel documents, by accompanying and supporting the ticket inspectors.

This experience implemented by TPER, in addition to having produced concrete results in the anti-evasion campaign, can be considered in effect a team building activity. The staff involved, regardless of the normal roles and body of company rules, was stimulated to collaborate in an activity totally different from the usual. It involved people of different business backgrounds who "worked as a team" to help improve the relationship between the company and its users.

To prepare the activity in the field, the company activated staff sensitisation actions on the messages to be conveyed, providing information and technical and behavioural information. The teams employed day by day take part in an initial briefing for the setting up of the activity and a de-briefing meeting to compare what was found and experienced directly.

In 2017 the number of checks increased by 32%, but the number of reports increased by less than 12%, showing that possessing a validated correct travel ticket has become a well-established habit for users.

Marketing communication

A message that travels: TPER's choices for communication on means of transport

Despite having entrusted the management of advertising activities on its vehicles to an external concessionaire for several years, TPER carries out a check on the relevance and nature of the promotional activities present on its vehicles via its Communications Office. In particular, TPER has adhered to a memorandum of understanding with the Department of Security of the Municipality of Bologna, assuming the commitment - also with the advertising concessionaire - to avoid the promotion of gambling or images that could harm the image of women or minors on buses.

Among the various spaces dedicated to advertising on the company means of transport, TPER reserves the space behind the driver for promoting activities and events linked to institutional, cultural and non-profit initiatives, bearing witness to its commitment to deserving initiatives of the community.

In 2016, TPER decided to provide some stops with a double name, to remind people of the Museum, Theatre or centre of cultural or institutional interest in the vicinity. The stops that have a double name include Opificio Golinelli, Mast, Teatri di Vita, Mambo, Genus Bononie, AVIS, Piazza dei Colori.

Other initiatives

Cultural Initiatives

"In the right place": an initiative promoted by MIBACT, the Municipality of Bologna and TPER in memory of Rosa Parks, with the theatre company Cantieri Meticci which recites some pieces on board 4 TPER lines

"Street Art": on the occasion of an exhibition organised by Genus Bononie on graffiti, TPER provided some vehicles for "graffiti" that were to have been scrapped within a few months

Museums Card: collaboration with the Municipality of Bologna for the promotion of the new Card

"Against bullying, for equality and integration": Collaboration with the Associazione Nuovamente and supply of TPER Gadgets as a prize for the educational workshops carried out with the students of schools in Bologna

"OBLIGATORY STOP" on the occasion of ARTE FIERA and COSMOPROF, collaboration with Serendippo and the Municipality of Bologna for temporary exhibitions with installations at CABINA LAME and CABINA FIERA CONSTITUTION and window sticker applications.

Conference on the topic of Cyber bullying at the TPER conference hall, aimed at primary and secondary schools
BOLOGNA EXPERIENCE Exhibition at Palazzo Belloni

Events and festivals

Participation in MIPIM - the world's leading property market, an event that involves the main international and local players for the enhancement of heritage, including through the transport sector

Participation in European Mobility Week 2017

Participation in FaRete 2017, Meeting Point of companies to develop collaborations and excellence

Mini-Olympic Games at Villa Pallavicini. Big memorial event involving more than 4000 families and many schools in the region. TPER was represented with the trolleybus Emilio and a bus stop set up for the occasion with synthetic grass covered with Tper logo, umbrellas, a table and loungers.

Strabologna, free ticket for sportsmen who come on board with the event bib free for the first time also for their 4-legged friends with the Strabologna "bandana"

Move yourself - AUSL, Event in Piazza VIII Agosto, our bus was present, the theme was safety in the workplace - preview presentation to schoolchildren of the entire region and citizens of the system patented by Tper together with the Fire Brigade to facilitate the shutdown of vehicles in case of engine fire

G7 on the ENVIRONMENT - a major event with the Metropolitan City and the Emilia Romagna Region at Rocchetta Mattei in the presence of celebrities and institutions

BOLOGNA SUMMER review support in terms of visibility, logistical support to the City of Bologna for the program of events and summer shows (example Burattini at Palazzo d'Accursio)

Participation in the event "Do not forget - August 2, 1980"

Participation in the 2016 Franciscan Festival.

Participation in the event for raising awareness Race for the Cure 2016 of Komen, an association that is involved in the fight against breast cancer.

Participation in the Dieci Colli event, with the Circolo Autoferrotranvieri

Other events and festivals

Inauguration of the "IMPREVEDIBILE" exhibition at Opificio Golinelli

RESPECT TPER accessibility project in Piazza Maggiore together with the Paralympic Commitment, the Municipality, the region, the World of Sports and the Curia to promote respect and accessibility for all.

ALL One more point with Velasco at the MAST

European Day of Awakenings The Friends of Luca De Nigris

EV SHOW at the IMOLA AUTODROME with our vehicles promoting public transport for students of Imola schools and "Elettrico" conference a historic challenge to build change and innovation for the future

Fondazione Cirulli - SIMON GAVINA new museum complex in the municipality of San Lazzaro

Solidarity Contribution - collaboration with the Emilia Romagna Region to give visibility to a project of greater awareness for a sensitive issue like that of poverty

Open day in the company for schools and weekends for Bologna citizens

Collaborations

Availability of former Re Enzo Ticket Office in Piazza Maggiore for the Street Lawyer Association, charity sales activity.

Continuation of the activities envisaged within the Collaboration Pacts between citizens and the Administration for the care and regeneration of urban communal property.

Collaboration with LaiMomo Cooperative, involved in the reception of asylum seekers and in emergency management on behalf of the Prefecture of Bologna.

Partnership in the SPAR Project - 2016 Bologna Cares Campaign, which led to the identification of a new solution for the most convenient and effective method of buying tickets.

Granting of personalised spaces to recognised, high profile associations for awareness raising and fund raising activities (AIL, ANT, KOMEN).

Collaboration pact with the Municipality of Bologna for ArteCittà - educational path at the elementary schools of the quartiere navile with the theme of the history and future of public transport, with final award ceremony

In collaboration with the Dopo di noi Foundation, TPER became a co-star in a video shot on board a bus with the referee Rizzoli as celebrity endorsement and the disabled children who struggle every day to gain their own independence as actors. Video broadcast nationally and locally at the stadium during BOLOGNA FOOTBALL matches and included in the monitor schedule of our Lame Marconi ticket office.

Index of GRI Indicators

Below is the index of contents envisaged by the GRI-G4 Guidelines - Global Reporting Initiative - "In Accordance-core" option. Any omissions are reported as notes to individual indicators, where provided.

GENERAL STANDARD DISCLOSURES		Chapter - Paragraph / Notes
Strategy and analysis		
G4-1	Statement of the highest decision-making authority on the importance of sustainability for the Group and its strategy	Letter to stakeholders
G4-2	Main impacts, risks and opportunities	TPER - Risk Management
Profile of the organisation		
G4-3	Group Name	TPER
G4-4	Main brands, products and other services	Responsible management of the business
G4-5	Head Office	TPER - Governance and corporate structure
G4-6	Countries in which the Group operates	Responsible management of the business
G4-7	Ownership structure and legal form	TPER - Governance and corporate structure
G4-8	Markets served	Responsible management of the business
G4-9	Group Size	Responsible management of the business
G4-10	Features of the workforce	Internal organisation - Human resources
G4-11	Percentage of employees covered by collective bargaining agreements	Internal organisation - Human resources
G4-12	Description of the Group supply chain	Management responsible for the supply chain
G4-13	Significant changes in the Group's size, structure, ownership structure or supply chain during the reporting period	<i>No significant changes have occurred</i>
G4-14	Application of the cautious approach to risk management	TPER - Risk Management
G4-15	Subscription or adoption of codes of conduct, principles or cards developed by external bodies / associations relating to economic, social and environmental performance	TPER - Governance and corporate structure
G4-16	Participation in trade associations	TPER - Governance and corporate structure
Material included and limits of the Report		
G4-17	Entities included in the consolidated financial statements and details of companies not included in the sustainability report	Note about the method
G4-18	Process for defining the contents of the Sustainability Report	Note about the method

G4-19	Identified material aspects	TPER - Materiality Analysis
G4-20	Material aspects within the Group	TPER - Materiality Analysis
G4-21	Material aspects external to the Group	TPER - Materiality Analysis
G4-22	Changes in information compared to the previous Sustainability Report	<i>Comparative 2016 data presented on a consolidated basis (2016 Sustainability Report for the Parent Company only)</i>
G4-23	Significant changes in terms of objectives and scope with respect to the previous Sustainability Report	<i>2016 Sustainability Report referred only to the Parent Company</i>
Stakeholder Engagement		
G4-24	Categories and groups of stakeholders involved in the Group	TPER - Stakeholders
G4-25	Stakeholder identification process	TPER - Stakeholders
G4-26	Approach to stakeholder engagement	TPER - Stakeholders
G4-27	Key aspects emerging from stakeholder engagement	TPER - Stakeholders
Report Profile		
G4-28	Reporting period of the Sustainability Report	Note about the method
G4-29	Date of publication of the previous Sustainability Report	Note about the method
G4-30	Reporting cycle	Note about the method
G4-31	Contacts and addresses	Note about the method
G4-32	GRI Table of contents	Index of GRI Indicators
G4-33	External assurance	Report by the external auditors
Governance		
G4-34	Group governance structure	TPER - Governance and corporate structure
Ethics		
G4-56	Values, principles, standards and rules of behaviour of the Group	TPER - The control model and measures to combat corruption

SPECIFIC STANDARD DISCLOSURES		Chapter - Paragraph / Notes
Management Approach		
G4-DMA	Information on general management policies	TPER - Sustainability scenarios, policies and strategies
		TPER - The control model and measures to combat corruption
		Internal organisation - Human resources
		Environmental sustainability
		Management responsible for the supply chain

		Customers
Economic indicators		
Economic performance		
G4-EC1	Generated and distributed direct economic value	Economic performance
G4-EC2	Potential financial effects and other risks and opportunities arising from 'Climate change'	TPER - Sustainability scenarios, strategies and policies Responsible management of the business
G4-EC3	Policies on pension plans	<i>As per the relevant legislation</i>
G4-EC4	Funding / significant contributions received from the Public Administration	Economic performance
Presence in the market		
G4-EC5	Ratio between gender pay levels compared to the minimum wage in the reference area	Internal organisation - Human resources
G4-EC6	Recruitment procedures for people residing where the activity is predominantly carried out and percentage of senior managers employed in the local community	Internal organisation - Human resources <i>(Not relevant)</i>
Indirect economic impacts		
G4-EC7	Development and impact of infrastructure investments and services supported	Responsible management of the business
G4-EC8	Significant indirect economic effects, including their scope	Economic performance
Procurement policies		
G4-EC9	Percentage of spending focused on local suppliers in relation to the important operating offices	Economic performance
Environmental indicators		
Materials		
G4-EN1	Purchase of materials	Environmental sustainability - materials
G4-EN2	Percentage of recycled materials purchased	Environmental sustainability - materials
Energy		
G4-EN3	Energy consumption within the Group	Environmental sustainability - Energy
G4-EN4	Consumption of energy outside the Group	Environmental sustainability - Energy <i>(data not available)</i>
G4-EN5	Energy intensity	Environmental sustainability - Energy
G4-EN6	Reduction of energy consumption	Environmental sustainability - Energy
G4-EN7	Reduction of energy needs for the production or provision of services	Environmental sustainability - Energy
Water		
G4-EN8	Water samples	Environmental sustainability - Water resources

G4-EN9	Water sources significantly affected by withdrawals	<i>There are no cases</i>
G4-EN10	Percentages and volumes of use of recycled water	Environmental sustainability - Water resources
Biodiversity		
G4-EN11	Production facilities located within or near protected natural areas and areas of great value for biodiversity, not within protected areas	Environmental sustainability - Biodiversity <i>(Non-material aspect)</i>
G4-EN12	Description of the significant impacts of activities on protected areas or areas of great value for biodiversity	<i>There are no significant impacts</i>
G4-EN13	Environmental cleaning activities	<i>Not applicable / not applicable cases</i>
G4-EN14	List of species includes in the lists of endangered species (IUCN Red List or national lists) present in areas affected by the Group's activities	<i>There are no applicable situations</i>
Emissions		
G4-EN15	Direct emissions of greenhouse gases (GHG - Scope 1)	Environmental sustainability - Emissions
G4-EN16	Indirect emissions of greenhouse gases generated by electricity consumption (GHC - Scope 2)	Environmental sustainability - Emissions
G4-EN17	Other indirect emissions (GHG - Scope 3)	Environmental sustainability - Emissions <i>(data not available)</i>
G4-EN18	Emission intensity index	Environmental sustainability - Emissions
G4-EN19	Reduction of emissions of greenhouse gas	Environmental sustainability - Emissions
G4-EN20	Emissions of other ozone-depleting substances	Environmental sustainability - Emissions
G4-EN21	Other significant emissions	Environmental sustainability - Emissions
Effluents and waste		
G4-EN22	Waste water	Environmental sustainability - Water resources
G4-EN23	Waste by category and disposal method	Environmental sustainability - Waste management
G4-EN24	Significant spills	Environmental sustainability - Waste management
G4-EN25	Hazardous waste in accordance with the International Conventions for transported, imported, exported waste	Environmental sustainability - Waste management
G4-EN26	Water basins and their habitats significantly influenced by the Group's waste water discharges	Environmental sustainability - Waste management
Products and services		
G4-EN27	Environmental impact of products and services (mitigation limit)	TPER - Business scenarios, strategies and policies

		Responsible management of the business
G4-EN28	Percentage of products sold and their packaging materials collected	<i>Not applicable</i>
Compliance		
G4-EN29	Amount of significant penalties and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	<i>In 2017, no penalties were given</i>
Transport		
G4-EN30	Significant environmental impacts on the transport of products and other goods and materials used for the Group's activities and the impact of employee mobility	<i>Transportation of products - not applicable</i> <i>Employee mobility - impacts not yet assessed (moving own house-work vehicles - indirect emissions - see)</i>
General		
G4-EN31	Expenses and investments for environmental protection	<i>Non-supported specific investments - see also</i> TPER - Business scenarios, strategies and policies Responsible management of the business
Environmental assessment of suppliers		
G4-EN32	Percentages of new suppliers evaluated by adopting environmental parameters	Management responsible for the supply chain
G4-EN33	Potential significant negative environmental effects in the supply chain and measures taken	Management responsible for the supply chain <i>(No cases were found)</i>
Environmental complaints management mechanisms		
G4-EN34	Number of complaints about environmental impact received, addressed and solved through formal procedures to manage complaints	<i>No complaints were received in 2017</i>
Social indicators		
Employment policies and working conditions		
Employment		
G4-LA1	Total number of new hires and turnover by age, gender and geographical areas	Internal organisation - Human resources
G4-LA2	Benefits provided for full-time employees, but not for part-time workers	Internal organisation - Human resources Labour practice <i>(No significant situations are reported)</i>
G4-A3	Indices of re-entry and keeping the job following parental leave	Internal organisation - Human resources <i>(Practically - re-entry)</i>

Industrial relations		
G4-LA4	Minimum notice period in case of operational changes	<i>National labour contract and internal agreements applied</i>
Health and Safety in the Workplace		
G4-LA5	Formal representation of workers in health and safety committees	<i>Committee not provided for in internal agreements</i>
G4-LA6	Type and indices of accidents, occupational illnesses, lost work days and absenteeism	Internal organisation - Human resources - Health and safety
G4-LA7	Workers with a high rate of risk of contracting occupational illnesses	<i>There are no cases reported</i>
G4-LA8	Health and safety aspects included in contracts and labour agreements	<i>National labour contract and internal agreements applied</i>
Training		
G4-LA9	Average hours of training	Internal organisation - Human resources - Training and education
G4-LA10	Programs for management and support for employees at the end of their career	Internal organisation - Human resources Labour practice
G4-LA11	Percentage of employees who receive regular reports on career development and results	Internal organisation - Human resources Labour practice
Diversity and equal opportunities		
G4-LA12	Composition of the governing bodies of the Group and subdivision of employees by gender, age and other indicators of diversity	TPER - Governance and corporate structure Internal organisation - Human resources - Diversity and equal opportunities
Equal pay		
G4-LA13	Ratio of payment for women / men	Internal organisation - Human resources Diversity and equal opportunities
Evaluation of suppliers for employment policies		
G4-LA14	Percentage of new suppliers that have been assessed on the basis of their employment policies	Management responsible for the supply chain
G4-LA15	Significant potential negative effects deriving from employment policies in the supply chain	Management responsible for the supply chain
Employment policies and complaint mechanisms		
G4-LA16	Number of complaints related to employment policies addressed and resolved through formal mechanisms	<i>No complaints were made in 2017</i>
Human rights		
Investments		
G4-HR1	Investments and contracts that include clauses on respect for human rights	<i>(Non-material aspect)</i>

G4-HR2	Employee training on significant human rights policies for the Group's activities	<i>(Non-material aspect)</i>
Non-discrimination		
G4-HR3	Discrimination events and corrective actions taken	<i>No events occurred in 2017</i>
Freedom of association		
G4-HR4	Identified operations and suppliers with risks of violations in terms of free association and collective bargaining	<i>In 2017 no cases were detected</i>
Child labour		
G4-HR5	Operations with a high risk of recourse to child labour	<i>(Non-material aspect)</i>
Forced labour		
G4-HR6	Operations with a high risk of recourse to forced labour	<i>(Non-material aspect)</i>
Security policies		
G4-HR7	Security personnel trained in human rights policies or procedures	<i>(Non-material aspect)</i>
Rights of indigenous peoples		
G4-HR8	Incidents of violations of rights of indigenous peoples and actions taken	<i>(Non-material aspect)</i>
Assessments		
GH4-HR9	Operations assessed in relation to respect for human rights	<i>(Non-material aspect)</i>
Assessment of suppliers based on human rights		
G4-HR10	Percentages of new suppliers selected using assessment criteria with regard to human rights	Management responsible for the supply chain
G4-HR11	Significant actual or potential negative effects on human rights in the supply chain and actions taken	<i>(Non-material aspect)</i>
Mechanisms for complaints concerning human rights		
G4-HR12	Number of complaints related to respect for human rights, managed and resolved through formal procedures to manage complaints	<i>No complaints were made in 2017</i>
Company		
Local communities		
G4-SO1	Operations involving the local community, impact assessments and development programs	<i>(Non-material aspect)</i>
G4-SO2	Operations with significant real or potential negative effects on local communities	<i>(Non-material aspect)</i>
Anti-corruption		
G4-SO3	Operations analysed for risks related to corruption and significant risks identified	<i>In 2017 no cases occurred</i>
G4-SO4	Communication and training on anti-corruption policies and procedures	Internal organisation - Human resources - Training and education
G4-SO5	Cases of corruption and actions taken	<i>In 2017 no cases occurred</i>
Political contributions		

G4-SO6	Total amount of political contributions by country and recipient	<i>Not applicable - Code of Ethics</i>
Anti-competition behaviour		
G4-SO7	Legal actions for anti-competitive, anti-trust behaviour and monopoly practices	<i>In 2017 no cases occurred</i>
Compliance		
G4-SO8	Amount of fines and significant penalties received for non-compliance with the law (laws and regulations)	<i>In 2017 no cases occurred</i>
Supplier assessments based on social impacts		
G4-SO9	Percentage of new suppliers that have been assessed on the basis of their social impact	Management responsible for the supply chain
G4-SO10	Significant real and potential negative effects deriving from the supply chain and actions taken	<i>In 2017 no cases occurred</i>
Complaints mechanisms for social impacts		
G4-SO11	Number of complaints related to social impact addressed and resolved through formal complaint mechanisms	<i>In 2017 no cases occurred</i>
Product Liability		
Health and safety of the customer		
G4-PR1	Percentage of product and service categories for which health and safety impacts are assessed for improvement	Customers - Safety
G4-PR2	Cases of non-compliance with rules and regulations regarding the impact on health and safety of products and services during their life cycle	<i>In 2017 no cases occurred</i>
Products and services labelling		
G4-PR3	Products and services information	Customers - The quality of services
G4-PR4	Cases of non-compliance with the legislation on information and labelling of products and services	<i>In 2017 no cases occurred</i>
G4-PR5	Results of surveys and research on customer satisfaction	Customers - The quality of services
Marketing communications		
G4-PR6	Prohibited or controversial product sale	<i>In 2017 no cases occurred</i>
G4-PR7	Cases of non-compliance with regulations concerning marketing activities	<i>In 2017 no cases occurred</i>
Privacy		
G4-PR8	Complaints regarding privacy violations and loss of customer data	<i>In 2017 no cases occurred</i>
Compliance		
G4-PR9	Amount of penalties for non-compliance with legislation on products and services	<i>In 2017 no cases occurred</i>

Report by the external auditors

Independent auditor's report

on the consolidated non-financial disclosure

pursuant to Art. 3, paragraph 10 of the Legislative Decree no. 254 of 30 December 2016

and Art. 5 of the Consob Regulation no. 20267

Board of Directors

TPER S.p.A.

Pursuant to Article 3, paragraph 10, of Legislative Decree no. 254 of 30 December 2016, (hereinafter "Decree") and Article 5 of the CONSOB Regulation no. 20267, we have been assigned the task of carrying out the limited examination ("limited assurance engagement") of the consolidated non-financial statement of TPER SpA and its subsidiaries (hereinafter the "Group") for the year ended 31 December 2017 prepared pursuant to Art. 4 of the Decree, and approved by the Board of Directors on 20 April 2018 (hereinafter "DNF").

Responsibility of the Directors and the Board of Statutory Auditors for the DNF

The Directors are responsible for drafting the DNF in compliance with the requirements in articles 3 and 4 of the Decree and the "G4 Sustainability Reporting Guidelines" defined in 2013 by the GRI - Global Reporting Initiative (hereinafter "GRI G4 Guidelines"), selected as specified in the "Methodological Note".

The Directors are also responsible, within the terms established by law, for that part of the internal control deemed necessary to allow for the preparation of a DNF that contains no significant errors due to fraud or unintentional behaviour or events.

The Directors are also responsible for identifying the contents of the DNF, within the themes mentioned in article 3, paragraph 1, of the Decree, taking into account the Group's activities and characteristics and to the extent necessary to ensure the understanding of Group activities, its performance, its results and impact generated.

Lastly, the Directors are responsible for defining the business model for the management and organisation of the Group's activities, as well as, in reference to the issues identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or to which it is subjected.

The Board of Statutory Auditors is responsible for supervising, in accordance with the law, the compliance with the provisions established in the Decree.

Independence of the auditing company and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behaviour. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented directives and procedures on compliance with ethical principles, professional principles and legal provisions as well as applicable regulations.

Auditor's responsibility

Based on the procedures followed, it is our responsibility to draw a conclusion on the conformity of the DNF with regard to the requirements of the Decree and the GRI G4 Guidelines. Our work was carried out in accordance with the standard of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance positions. This principle requires the planning and execution of procedures in order to acquire a limited level of guarantee that the DNF does not contain significant errors. Therefore, our examination resulted in a work extension lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, consequently, does not guarantee us the assurance that we are aware of all the facts and significant circumstances that could be identified with the performance of this examination.

The procedures performed on the DNF were based on our professional judgment and included interviews, mainly with company staff in charge of preparing information presented in the DNF, as well as the analysis of documents, recalculations and other procedures aimed at obtaining evidence deemed useful.

In particular, we have implemented the following procedures:

1. analysis of the relevant issues in relation to the activities and characteristics of the company reported in the DNF, in order to evaluate the reasonableness of the selection process, followed in light of the provisions in Art. 3 of the Decree and keeping in mind the standard of reporting used;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to ascertain its compliance with the provisions set out in the Decree;
3. comparison between the data and the economic-financial information included in the DNF and the data and information included in the Consolidated Financial Statements of the TPER Group;
4. understanding the following aspects:
 - corporate model for the management and organisation of the Group's activities, with reference to the management of topics indicated in Art. 3 of the Decree;
 - policies practiced by the company relating to topics indicated in Art. 3 of the Decree, results achieved and relative key performance indicators;
 - main risks, either generated or suffered, relating to the topics indicated in Art. 3 of the Decree.

With regard to these aspects, the findings were also made with the information contained in the DNF and the checks described in the following point 5, letter a) were carried out.

5. Understanding of the processes that underlie the generation, detection and management of significant qualitative and quantitative information included in the DNF.

In particular, we have conducted interviews and discussions with Management staff at TPER SpA, and we have carried out limited documentation checks, in order to gather information surrounding the processes and procedures that support the collection, aggregation, processing and transmission of data and information of a non-financial nature to the facility in charge of setting up the DNF.

Furthermore, for significant information, we have taken into account the Group's activities and characteristics:

- at Group level;
 - a) as far as the qualitative information contained in the DNF is concerned, and in particular on the business model, on the policies applied and on the main risks, we have conducted interviews and acquired supporting documentation to verify consistency with the available evidence;
 - b) as far as the quantitative information is concerned, we have performed both analytical procedures and limited checks to ascertain the correct aggregation of data on a sample basis.
- for the following companies, MA.FER Srl and Dinazzano Po SpA, which we have selected based on their activities, their contribution to the performance indicators at a consolidated level and their location, we have

obtained documentary evidence about the correct application of the procedures and calculation methods used for the indicators.

Conclusions

On the basis of the work carried out, we have received nothing to indicate that the DNF of the TPER Group for the year ended December 31, 2017 has not been drafted, in all its significant aspects, in compliance with the requirements in articles 3 and 4 of the Decree and the GRI G4 Guidelines selected as specified in the "Methodological Note".

Other aspects

The comparative data presented in the DNF in relation to the financial year ended 31 December 2016, has not been verified.

Bologna, 11 May 2018

Ria Grant Thornton SpA

Sandro Gherardini

Shareholder