

# Sustainability report 2018

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



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# Letter to stakeholders

GRI 102-14

The 2018 Sustainability Report, which contains the information required by the Consolidated Non-Financial Disclosure pursuant to Italian Legislative Decree no. 254/2016, again confirms the desire to present the Group's approach and performance in a transparent and shared manner.

In fact, this document is a synthesis of TPER's commitment to integrate information on industrial and economic performances with not only economic reporting themes, and in particular social and environmental sustainability, with a view to responsible business management.

The 2018 Sustainability Report therefore clearly shows the results achieved in relation to the projects developed, a focus on the environment and the activities undertaken to improve services for the benefit of the users and territories in which TPER operates.

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 CO<sub>2</sub> production and other emissions, the collective and shared mobility guaranteed by TPER represents an ecological and convenient alternative to mobility needs.

Our commitment was to define and measure TPER's environmental impact, while also considering industrial aspects. In fact, 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 development and competitiveness and stay in the market with all the additional and challenging potentialities that a public company can bring.

The Group's efforts in the field of human resources are especially noteworthy. In fact, in 2018 at Group level 177 people were hired (35 women and 142 men), compared to 135 terminations (13 women and 122 men). The group employs a total of 2810 workers; a group of companies consisting of people who represent the core value of the results achieved in recent years and for the objectives to be pursued.

In 2018, TPER also continued to implement the important three-year investment plan initiated in 2016, with which its industrial plan has provided 211 million euros for interventions, of which 156 are funded with its own resources, for the renewal of means and technologies and the creation of important mobility projects for which TPER is the implementing party.

The performance growth path in the various sectors in which TPER's various mobility work develops is highlighted by the data provided in this document, which also highlights its actions and desire to act ethically and responsibly and to make an important contribution to the pursuit of real social and environmental sustainability goals, with particular attention to the level of the quality of life in the territories served.

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 by signing up to membership of the United Nations Global Compact and obtaining a legality rating from the Market and Competition Authority.

Each component of TPER is aware that the Company, together with the industrial Group of which it is the leader, is an important player for the harmonious growth of the territories and mobility opportunities, with a culture inspired by environmental compatibility and the efficiency of services. Our commitment is based on these values and addresses every investment for the maintenance, enhancement and development of its available assets in a modern and effective key: the responsible creation of value and economic wealth generated are simultaneously a goal and a strength of our daily actions.

Chairperson and Chief Executive Officer of TPER

Giuseppina Gualtieri

## Summary data

GRI 102-7

### Operational indicators

		2018
<b>The vehicles</b>		
TPER Buses	Number	1,150
TPER partner buses in TPB - TPF	Number	207
TPER Trains	Number	17
Trains assigned for service management	Number	77
<b>Traffic, network and infrastructures</b>		
Road distance covered	Millions of Km (TPB and TPF)	44.2
Road distance covered	Millions of Km (TPER Group)	32.8
Distance travelled on the railway network	Millions of Km	5.2
Seats managed	Number	More than 52,000 <sup>(1)</sup>
<b>Passengers - Customers</b>		
Passengers - road	Millions	149
Passengers - train (FER-RFI network)	Millions	13.5
Passenger increase - total	% compared to 2017	+4.96% (2)
Monthly travel passes	% compared to 2017	+5.4%
Annual travel passes	% compared to 2017	+16%
Receipts	Number	44,769
<b>Controls - Legality</b>		
Passengers checked	% compared to 2017	+22%
Sanctions (tickets and fines)	% compared to 2017	+17%
<b>Other services</b>		
Registered for the bike sharing service	Number	Over 6,800
Registered for the car sharing service "io guido"	Number	Over 1,500
Registered for the car sharing service "corrente"	Number	More than 5,900 <sup>(3)</sup>

(1) Data provided by the Bologna city council - of which 1402 for those with reduced mobility

(2) +3.40% Bologna, + 2.65% Ferrara, +27.2% railway

(3) Only two months of 2018

### Economic– financial indicators

		2018
Group turnover	Millions of euros	303
Consolidated Net Profit	Millions of euros	13
Group Value Added	Millions of euros	165
Extended value	Millions of euros	215
Investments	Millions of euros	32

### Social indicators

		2018
<b>Staff</b>		
Employees	Number	2,717 <sup>(4)</sup>
Number of hours of training	Number	49,065
<b>The customer and the service</b>		
Average customer satisfaction rating (Bologna urban bus)	Indicator	7.38
Average customer satisfaction rating (Imola urban bus)	Indicator	7.33
Average customer satisfaction rating (Ferrara urban bus)	Indicator	7.21
Average customer satisfaction index (trains)	Indicator	5.3

### Environmental indicators

(Refers to the whole Group, including partners of the Bologna and Ferrara areas)

		2018
Journey in km with methane gas vehicles	Overall Impact % of total	24%
Mileage km with electric and hybrid vehicles	Overall Impact % of total	11%
Journeys in km with electric trains	Overall Impact % of total	69.5%
Less CO2 produced compared to the previous year	%	-3.35%
Less particulate emissions compared to the previous year	%	-23%
Less hydrocarbon emissions compared to the previous year	%	-13%
CO2 saved thanks to the use of LPT compared to the use of a private car	Tons	161,457

(4) Also considering the number of SST employees, currently outside the scope of the analysis, the total number of employees of the group is equal to 93, for a total of 2810 employees.

## Note about the method

GRI 102-45 GRI 102-46 GRI 102-50 GRI 102-51 GRI 102-52 GRI 102-53 GRI 102-54

The Consolidated Non-Financial Disclosure (hereinafter also "DNF") of TPER - Trasporto Passeggeri Emilia Romagna S.p.A. 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 Italian Legislative Decree 254/2016 (hereinafter also the "Decree"), implementing Directive 2014/95/EU, and contains information on environmental, social and 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.

As the issuer of a bond loan of 95 million euros, financial assets listed in 2017 on a regulated market in the European Union (Irish Stock Exchange), starting from the last year 2017, TPER has the regulatory obligation to prepare the Non-Financial Disclosure, pursuant to Italian Legislative Decree 254/2016, taking into account the measurement parameters laid down by that Decree.

The Non-Financial Disclosure refers to the year 2018 and has been prepared according to the methods and principles laid down by the GRI Sustainability Reporting Standards (In accordance - core options) established in 2016 by the Global Reporting Initiative (GRI Standards), which are the most widespread and internationally recognised standards today for non-financial information reporting.

The general principles applied for the preparation of the Non-Financial Disclosure are those established by the GRI Standards: 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 Italian Legislative Decree 254/2016.

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);
- Metropolitan City of Bologna and Province of Ferrara planning relating to 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 Non-Financial Disclosure refer to the performance of the parent company TPER - Trasporto Passeggeri Emilia Romagna S.p.A. and its fully consolidated subsidiaries, as they stand in the TPER Group's consolidated financial disclosure closed as of 31 December, 2018. In order to allow a comparison of the data in time and the evaluation of the progress of TPER's activities, the comparative data relating to previous periods have been entered where available. In the various sections of the Non-Financial Disclosure, quantitative information is reported which makes use of estimates.

The Non-Financial Disclosure 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 has been approved by the TPER - Trasporto Passeggeri Emilia Romagna S.p.A. Board of Directors on 20 May 2019, pursuant to Italian Legislative Decree 254/2016, and has been audited by the appointed auditor PricewaterhouseCoopers S.p.A. in accordance with the principles and instructions given in ISAE3000 (International Standard on Assurance Engagement 3000 - Revised) of the International Auditing and Assurance Standard Board (IAASB). PricewaterhouseCoopers S.p.A. is also the company assigned to audit the Consolidated Financial Disclosure of the TPER Group.

The Non-Financial Disclosure is published on the TPER corporate website at the address [www.Tper.it](http://www.Tper.it), in the transparent company area. To request further information, please contact the following address: [sostenibilita@Tper.it](mailto:sostenibilita@Tper.it).



TPER - Trasporto Passeggeri Emilia Romagna S.p.A. 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 a 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 inter-modal 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.

In October 2018 TPER initiated the CORRENTE service, that is, a free-flowing car sharing service with electric cars, accessible through a downloadable application from the Apple and Android stores.

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 Inter-modal 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 - which employs 2,700 employees - were over 13 million euros in 2018.

The TPER Group provides passenger transport every year for around 50 million kilometres, of which 44.2 million local public road transport and over 5.2 million in the railway sector.

## Vision and Mission

GRI 102-2

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.

Its 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

GRI 102-2 GRI 102-15 GRI 103-2 GRI 103-3 GRI 206-1

## The transport and environment system

### 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 conventionally-powered vehicles 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 length of the high-speed rail network 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 Emilia Romagna Regional Council has set the following objectives: a) to implement the use of public transport for environmental reasons and to make 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 prioritise innovation and services that benefit users, incentivising integrated pricing systems and electronic ticketing, as well as improving travel comfort and the overall quality of the service, also by renewing fleets.

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

### Pums - The Urban Plan for Sustainable Mobility

#### Metropolitan City of Bologna

The PUMS is a strategic plan that manages mobility in a sustainable way over the medium-long term, but with checks and monitoring at predefined intervals, and develops a systemic vision of mobility, correlated and coordinated with overarching and municipal sectoral and urban plans. 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 transversal and radial relations between city councils, carefully analysing movements to and from the capital, considering its high level of attraction, as well as Imola.

#### General objectives

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

#### Specific objectives

- Efforts before 2020 will focus on respecting the PAIR (Regional Integrated Air Plan - Emilia Romagna). The main objective, which forms the basis of the various 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 make it possible to reduce emissions to the minimum levels by 2050.

#### **Province of Ferrara**

The PUMS of the Province of Ferrara is inspired by the principles of integration, participation and value over time, has a medium-long term time span (10 years), develops a systemic vision of mobility and is correlated and coordinated with overarching and municipal sectoral and urban plans.

This Plan represents an import transition from transport planning to sustainable mobility as it goes beyond the previous approach, which saw traffic as a critical element requiring action, to focus on people's mobility requirements and the relative offer of sustainable transport methods.

The objectives:

- Guarantee all citizens transport options that enable them to access key destinations and services
- Improve safety conditions
- Reduce atmospheric and noise pollution, greenhouse gas emissions and energy consumption
- Improve the efficiency and affordability of people and goods transport
- Contribute to improving the attractiveness of the province and the quality of the urban environment and the city in general, for the benefit of citizens, the economy and society as a whole.

#### **MSP - The Metropolitan Strategic Plan**

The Metropolitan Strategic Plan (MSP) aims to provide precise and consistent indications for the operation of the functions of the Metropolitan City of Bologna, the Municipal Unions and the City Councils that fall within in the metropolitan area, defining:

- The general and transversal objectives to which the administrative action of the metropolitan area must tend as a whole
- The actions and priority action areas in the individual areas overseen by the Metropolitan City.

The MSP must, therefore, be considered hierarchically superior and logically more important than the directives, plans, programmes, instructions, circulars and every act of the Metropolitan City and the local administrations on organisational and functional matters, objectives and administrative proceedings.

The strategic mobility objective in the metropolitan area of Bologna is the 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 MSP, consistent with the guidelines given in previously illustrated plans, are based on a new way of planning mobility: the MSP is the first integrated mobility plan that focuses not only on travel but also on improving the quality of life in cities and the local area. For this reason it is a transversal plan which addresses critical consistency and coordination issues with the policies and intervention tools designed for other sectors (such as urban planning, environment, economic activities, tourism, social services, health, safety, energy and education) that are available to the various authorities. With this in mind we must carefully focus on maintaining a virtuous balance between the effectiveness and efficiency of the mobility system and the layout and urban and territorial developments. In particular, the MSP rules that:

- Urban planning activities are only possible if an adequate supply of sustainable transport is guaranteed, and in particular public transport directly serving the site
- Urban planning actions (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
- Action to counter urban sprawl is a priority, and consistency between the mobility system, the layout and the development of the territory is pursued; in particular, redevelopment that does not exceed the footprint of existing structures is permitted;
- The constant improvement of the quality of the existing road and urban space must be a goal.

## Regulatory framework

### General context

The various activities managed by TPER refer to a complex system of European-based laws relating to services of general economic interest, as transposed into national and regional legislation.

The legislation takes account of both aspects related to national and international policies on competition and management methods, and service sustainability and accessibility criteria with regard to users. Considering the significant impact of the transport sector on the environment, the policies also concern the reduction of environmental impact in terms of the production of CO<sub>2</sub> and other greenhouse gases, incentivising the use of collective or shared transport over private transport and the switch to cleaner energy sources.

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

### National legislation

The main reference laws for the local public transport sector remain in force and unchanged, in particular Legislative Decree no. 422 of 18 November 1997 as amended (the Burlando Decree), European Regulation 1370/2007, and regional regulations.

With reference to resources allocated to transport, Law 228/2012 (article 1, paragraph 301) set up the National Fund for State financial contributions to the cost of local public transport (TPL Fund), including rail transport, in regions with ordinary statute.

Since 2018 the TPL Fund has been regulated by the provisions of Decree Law no. 50 of 2017, which modified both the Fund's funding criteria, ahead of the reorganisation of the regional tax system, and its allocation criteria. More specifically, as well as the provisioning of the fund this law also provided for its subdivision among the regions, taking account (a) of a 10% share, to be increased up to 20% over the years, based on the total income from traffic 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 discouraged 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.

The 2018 budget law (Law no. 205/2017) subsequently made two modifications to the size of the Fund. In fact, a reduction of 58 million euros was imposed for the years 2019 and 2020, as well as for 2021 and the subsequent years of the Fund, which will therefore be reduced as of 2019. At the same time resources were allocated (500,000 euros for 2018, 2 million euros for 2019 and 1 million euros for 2020) to guarantee that passenger trains are equipped with suitable equipment to provide passengers with first aid in the event of emergencies.

The same 2018 budget law (art. 1 paragraph 71) also established the possibility of using up to 100 million euros of the Fund to finance experimental and innovative sustainable mobility projects, consistent with the sustainable urban mobility plans (PUMS) where established by the laws in force, for the introduction of alternatively-fuelled modes of transport and the relative supporting infrastructure. A third of the Fund's resources are allocated to administrative councils of metropolitan cities and administrative councils of the provinces with high levels of PM<sub>10</sub> particulate and nitrogen dioxide emissions, who are required to adopt structural actions to reduce their atmospheric pollution levels.

Again with the aim of revamping bus fleets, various other regulations have been introduced to gradually limit the possibility of purchasing and using the oldest and most environmentally harmful vehicles. In particular, the circulation of Euro 0 vehicles has been banned since 1 January 2019 (art. 1, paragraph 232, Law no. 190 of 2014).

## 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 seek to guarantee citizens and businesses optimum access to the services provided in the area, promote the central role of regional public transport as an engine for civil and economic development and social cohesion, incentivise the streamlined organisation of traffic and circulation and promote the culture of sustainable mobility.

The same Law (30/1998) implemented the powers established by Italian Legislative Decree no. 422 of 1997 and the subsequent transfer of the railway lines formerly run by government-appointed commissions from the State to the Region, assigning the Emilia-Romagna Region with the railway services for which it is responsible.

With specific guidelines, the Emilia-Romagna Legislative Assembly establishes lines of action for the planning and administration of regional public transport which regulate the car-trolleybus sector and urban mobility. The most recent is the 2016-2018 guideline of 3 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 State financial contributions to the cost of local public transport, including rail transport
- 2) Regional and other resources (European, state, provincial, council and even private) for investments and infrastructural interventions, aimed at the purchase of buses and trolleybuses, bicycle and pedestrian mobility and, more generally, sustainable mobility promoting air quality.

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

## The Mobility Pact

The "Regional and local public transport pact for the three-year period 2018-2020", signed in December 2017 by the president of the Emilia-Romagna Region and representatives of public entities, the Metropolitan City of Bologna, public and private management companies and social stakeholders, holds the signatories to a series of commitments and investments in order to redesign both the rail and the urban bus transport sectors.

In addition to the upgrade of rolling stock and bus materials, the pact also aims to introduce integrated rail and bus fares, electronic ticketing and a new Governance reform project.

The Pact aims to upgrade 600 buses by 2020 thanks to a 160 million euro investment, 80 million euros of which taken from the regional budget. In this way the most obsolete vehicles in the fleet will be replaced. The Pact also allocates 1 billion euros of investments to the technological upgrading and safety of trains over a 10-year period.

## Sustainability strategy

### Tper's role and Sustainable Development Goals (SDGs)

Conscious of the importance of its role, impact and action areas for the achievement of the Sustainable Development Goals set by the UN 2030 Agenda and the objectives of the European Union, Tper defines its strategy, business plans and subsequent actions with the aim of making a significant contribution to improving urban and extra-urban mobility.

The sustainability map is best represented by the **17 Sustainable Development Goals** defined in 2015 by the United Nations 2030 Agenda.

# SUSTAINABLE DEVELOPMENT GOALS



For Tper's contribution to sustainable development to be effective it is first of all essential to dispel the idea that public transport is only chosen out of necessity by those that can't afford a car or who can't drive. At the same time, it is equally imperative to define quality services that are actually able to guarantee efficient mobility and generate benefits for users, the local area and the environment.

Alongside the "social" value of public transport, i.e. the right to mobility (for economic or physical reasons), it is essential to bring the service closer to the people and improve its quality in order to make choosing public transport a valid option in terms of safety, journey times, convenience, effectiveness and comfort. The improvement of road safety, also through the use of public transport, can also lead to a steady reduction in road accidents and the number of victims they cause.

Tper's commitment also involves communication, promoting a smart lifestyle where collective transport becomes the preferred mobility solution, a conscious choice consistent with a responsible, flexible and innovative approach.

## Integrating sustainability in business plans

The content of the business plan was developed on the basis of the premise that sustainable development requires concrete action and that the UN 2030 Agenda is a tool that makes it possible to verify the consistency of the sustainability strategy and measure it over time. The 3-year Plan will be characterised, in every business area, by relevant change factors that will significantly impact on the company's development prospects.

The pursuit of safety and economic, environmental and social sustainability goals is therefore transversal to the Business plan and impacts on all business areas, first of all through investments in more sustainable vehicles and the continuation of infrastructure projects. More specifically, sustainability is closely connected with technological development, supporting the efficiency and competitiveness of the company, but also new market opportunities and the development of innovative business lines, such as the fully electric car-sharing service launched in late 2018.











The strategic objectives of the TPER business plan can be broken down into six main macro areas.

Strategic objectives	
Technological development	Being drivers of technological innovation as a tool to support existing businesses but also as a means of developing new opportunities
Quality	Pursuing high quality standards in all activities for the benefit of all external and internal stakeholders
Sustainability	Carrying out our role in the communities in which we operate with respect for the law and the environment
Economic balance	Striving for business continuity and development, always seeking to maintain the economic and financial balance
Increasing competitiveness	Developing strengths and improving weaknesses in the context of tenders, also through partnerships and the management of innovative forms of mobility
Efficiency	Continuously improving internal processes in order to achieve high levels of efficiency

These objectives encapsulate the company's specific sustainability goals, to which the relevant Sustainable Development Goals have been associated:

- **Access to all / Accessibility** - Improved comfort for travellers and the guarantee of a sustainable service for all, including those who can't afford alternative modes of transport;
- **Efficiency** - Maintaining high levels of affordability, profitability and productivity with the aim of respecting the company's goals by making the best possible use of available resources, therefore also guaranteeing economic sustainability in the process;
- **Safety** - Reduction in the likelihood of accidents, safety on board transport and for company personnel;
- **Environment** – Optimisation of energy consumption, reduction in the use of fossil fuels and a consequent reduction in emissions of CO<sub>2</sub> and other harmful substances to human health and the environment.

These action areas have been associated with the SDGs identified as priorities for Tper:



Area /goal	SDG				
Access to all (Social sustainability)					
Efficiency (Economic sustainability)					
Safety					











The consistency of the drivers and the action areas of the Business Plan with the Sustainable Development Goals (SDGs) and the underlying targets associated with Tper's priority SDGs is outlined in the following graphic. The same table also highlights those topics regarded as material for the drafting of the Non-Financial Disclosure, as per the reporting criteria adopted (the GRI Standards), more information on which can be found in the specific paragraph (Stakeholders and materiality analysis).

With regard to the sustainable development goals, two objectives (**SDG3 - SDG11**) are directly connected with transport: the reduction of deaths and injuries due to road accidents and access for all to sustainable, safe and comfortable transport systems.

SDG	Target	Macro areas of business plan / Plan actions	Non-financial disclosure material topics (GRI Standards)
	<b>Ensure healthy lives and promote wellbeing for all at all ages</b> 3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being	<b>Contracting out services:</b> The effective and efficient management of services in the context of existing contracts  <b>Mobility innovation factors:</b> Launch of Crealis service - Launch of People Mover service - Development of car-sharing business - Introduction of full-electric lines	Governance and ethical business conduct  Realisation of investment plan  Emissions and air quality - mitigating climate change  HR management, training and development
	3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents		
	3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	<b>Fleet:</b> Development in urban areas - Development in extra urban area - Medium to long-term developments  <b>Business and organisational structure:</b> Increase levels of efficiency - Introduction of new technologies - New personnel policies  <b>New technologies:</b> Realisation of ongoing projects - Maintenance 4.0 - Exploiting know-how –  <b>Quality and social:</b> Quality commitments - Social commitments	Health and safety in the workplace  Accessibility and quality of services  Customer safety (Security & Safety)  Image - reputation / Community relations  Responsible management of the supply chain
	<b>Ensure access to affordable, reliable, sustainable and modern energy</b> 7.1 By 2030, ensure universal access to affordable, reliable and modern energy services	<b>Mobility innovation factors:</b> Launch of Crealis service - Launch of People Mover service - Development of car-sharing business - Introduction of full-electric lines	Financial balance, creation and distribution of economic value  Realisation of investment plan
	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix	<b>Fleet:</b> Development in urban areas - Development in extra urban area - Medium to long-term developments	Efficient use of natural resources: sustainable management of resources
	7.3 By 2030, double the global rate of improvement in energy efficiency	<b>New technologies:</b> Realisation of ongoing projects - Maintenance 4.0 - Exploiting know-how	Emissions and air quality - mitigating climate change  HR management, training

			and development Responsible management of the supply chain
	<b>Build resilient infrastructure, promote sustainable industrialization and foster innovation</b>  9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all	<b>Contracting out services:</b> The effective and efficient management of services in the context of existing contracts - Preparation for tenders - Development of Group synergies - Maintenance of additional businesses  <b>Mobility innovation factors:</b> Launch of Crealis service - Launch of People Mover service - Development of car-sharing business - Introduction of full-electric lines  <b>Fleet:</b> Development in urban areas - Development in extra urban area - Medium to long-term developments  <b>Business and organisational structure:</b> Increase levels of efficiency - Introduction of new technologies  <b>New technologies</b> - Realisation of ongoing projects - Maintenance 4.0 - Exploiting know-how	Financial balance, creation and distribution of economic value  Realisation of investment plan  HR management, training and development  Accessibility and quality of services  Intermodality and integration of services  Customer safety (Security & Safety)  Responsible management of the supply chain  Development of local public transport - Sustainable urban development and mobility  Presence and competitive profile - Diversification of geographical catchment area
	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities		
	9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending		
	<b>Reduce inequality within and among countries</b>  10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average	<b>Mobility innovation factors:</b> Launch of Crealis service - Launch of People Mover service - Development of car-sharing business - Introduction of full-electric lines - Rate integration  <b>Business and organisational structure:</b> Increase levels of efficiency - Introduction of new technologies - New personnel policies  <b>Quality and social:</b> Quality commitments - Social commitments	Governance and ethical business conduct  Financial balance, creation and distribution of economic value  HR management, training and development  Accessibility and quality of services  Intermodality and integration of services  Responsible management of the supply chain  Development of local public transport - Sustainable urban development and mobility
	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status		
	10.7 Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies		
	<b>Make cities inclusive, safe, resilient and sustainable</b>  11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	<b>Contracting out services:</b> The effective and efficient management of services in the context of existing contracts - Preparation for tenders - Development of Group synergies - Maintenance of additional	Financial balance, creation and distribution of economic value  Realisation of investment plan

	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons	businesses <b>Mobility innovation factors:</b> Launch of Crealis service - Launch of People Mover service - Development of car-sharing business - Introduction of full-electric lines - Rate integration	Efficient use of natural resources: sustainable management of resources Emissions and air quality - mitigating climate change Waste management
	11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries	<b>Fleet:</b> Development in urban areas - Development in extra urban area - Medium to long-term developments <b>Business and organisational structure:</b> Increase levels of efficiency - Introduction of new technologies - New personnel policies	HR management, training and development Accessibility and quality of services Intermodality and integration of services
	11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage		Customer safety (Security & Safety)
	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	<b>New technologies:</b> Realisation of ongoing projects - Maintenance 4.0 - Exploiting know-how	Responsible management of the supply chain Development of local public transport - Sustainable urban development and mobility
	11.a Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning	<b>Quality and social:</b> Quality commitments - Social commitments	Presence and competitive profile - Diversification of geographical catchment area
	11.b By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels		
	<b>Ensure sustainable consumption and production patterns</b> 12.1 Implement the 10-year framework of programmes on sustainable consumption and production, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries	<b>Contracting out services:</b> The effective and efficient management of services in the context of existing contracts - Preparation for tenders - Development of Group synergies - Maintenance of additional businesses <b>Mobility innovation factors:</b> Launch of Crealis service - Launch of People Mover service - Development of car-sharing business - Introduction of full-electric lines	Financial balance, creation and distribution of economic value Realisation of investment plan Efficient use of natural resources: sustainable management of resources Waste management
	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	<b>Business and organisational structure:</b> Increase levels of efficiency - Introduction of new technologies	HR management, training and development Accessibility and quality of services Intermodality and integration of services
	12.C Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the	<b>New technologies:</b> Realisation of ongoing projects - Maintenance 4.0 - Exploiting know-how <b>Quality and social:</b> Quality commitments - Social commitments	Responsible management of the supply chain Development of local public transport - Sustainable urban development and mobility

	possible adverse impacts on their development in a manner that protects the poor and the affected communities		
	<p><b>Take urgent actions to combat climate change and its impacts</b></p> <p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	<p><b>Mobility innovation factors:</b> Launch of Crealis service - Launch of People Mover service - Development of car-sharing business - Introduction of full-electric lines</p>	<p>Financial balance, creation and distribution of economic value</p> <p>Realisation of investment plan</p>
	13.2 Integrate climate change measures into national policies, strategies and planning	<p><b>Fleet:</b> Development in urban areas - Development in extra urban area - Medium to long-term developments</p> <p><b>New technologies:</b> Realisation of ongoing projects - Maintenance 4.0 - Exploiting know-how</p>	Emissions and air quality - mitigating climate change
	<p><b>Revitalize the global partnership for sustainable development</b></p> <p>17.14 Enhance policy coherence for sustainable development</p>	<p><i>SDG 17 is transversal to the various drivers of the Tper business plan.</i></p> <p><i>Partnerships, of different levels, are essential components in the pursuit of the goals of the plan and related actions.</i></p>	<p><i>SDG 17 is also transversal to the material topics. Only the most specific ones are indicated below:</i></p> <p>Governance and ethical business conduct</p> <p>Image - reputation / Community relations</p> <p>Responsible management of the supply chain</p> <p>Development of local public transport - Sustainable urban development and mobility</p> <p>Presence and competitive profile - Diversification of geographical catchment area</p>
	17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries		
	17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships		

## Governance and corporate structure

GRI 102-5 GRI 102-12 GRI 102-13 GRI 102-18 GRI 103-2 GRI 103-3 GRI 405-1

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 Italian Legislative Decree no. 39/2010, the status of Public Interest Body.

### TPER governance bodies and structure

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

TPER is not subject to controls by a principal 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 buyback of their shares by TPER S.p.A.

### Composition of the Board of Directors, in office for the three-year period 2018-2020:

- Giuseppina Gualtieri - Chairperson 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 by age	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 management is chosen by the Board of Directors.

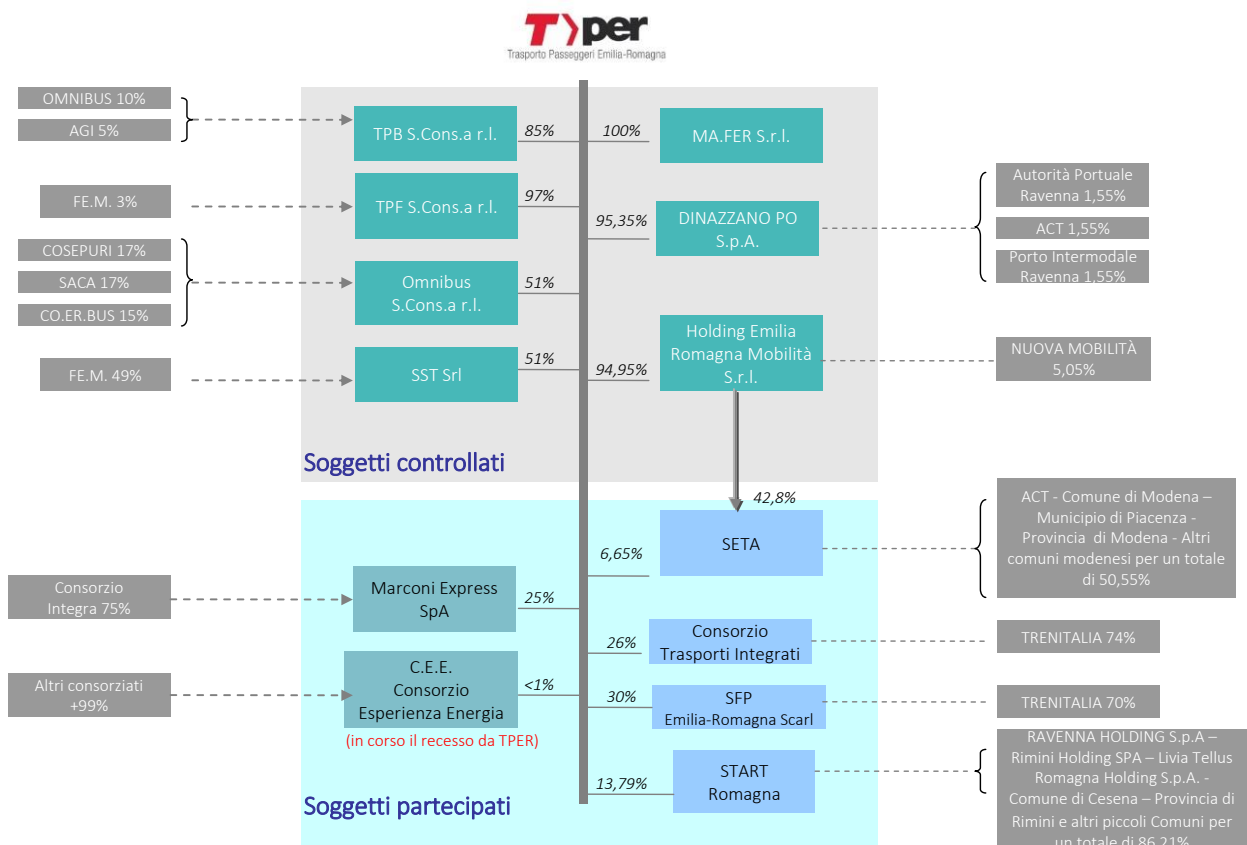
The Board of Auditors monitors compliance with the law and the Statute, and respect for the principles of proper administration. The Board of Auditors consists of:

- Sergio Graziosi - Chairperson
- Fabio Ceroni - Statutory Auditor
- Patrizia Preti - Statutory Auditor

## 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 associates (including SFP Emilia-Romagna Scarl - Società Ferroviaria Provvisoria Emilia-Romagna, established on 18/06/2016, whose launch is not scheduled before 1 January 2019) and 2 are affiliates.

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



It is, therefore, possible to distinguish the 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 area and SST and TPF for Ferrara.

- In the regional railway transport sector TPER operates in a consortium (CTI) with Trenitalia, its partner in the tender launched by the Region of Emilia Romagna in 2008.
- Also in the railway sector, TPER controls the entire capital of MA.FER S.r.l., active in the area of rolling stock maintenance, and has a 95.35% holding in Dinazzano Po S.p.A., a company dedicated to rail freight transport and the supply of rail freight services, in addition to the management of railway stations 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; however, this company is not consolidated as controlling conditions do not exist. TPER is also a shareholder of START, which provides its services in the Romagna area. The possession of these company shareholdings is linked to industrial logic as well as operational and financial synergies.

## Sites

The Company carries out its activities at the following sites: 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).

## 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 development), stemming from the merger between the two industry associations, Federtrasporti (the federation of municipal companies) and Fenit (the federation of licensed railways).

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

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

Tper is also a member of Confindustria Emilia Area Centro, the business association stemming from the integration of Unindustria Bologna, Unindustria Ferrara and Confindustria Modena which represents and protects businesses from Emilia.

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 corporate social responsibility policies and to publish the results of their activities in the areas of human rights, labour, environmental sustainability and the prevention of corruption.

### Legality protocol

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

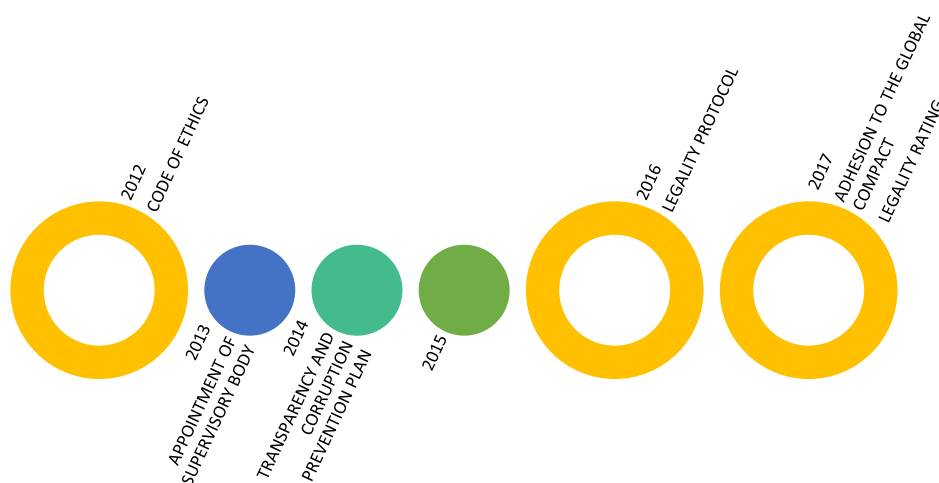
### **Impronta Etica**

Impronta Etica is a not for profit association founded to promote and develop sustainability and corporate social responsibility (CSR), and to encourage sustainability-oriented processes, providing support for its associate companies in this field. The association is a partner of the CSR Europe network.



## Control model and measures to combat corruption

GRI 102-16 GRI 102-17 GRI 103-2 GRI 103-3 GRI 205-1 GRI 206-1



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

Italian Legislative Decree 231/01, containing “Provisions on the administrative liability of legal entities, companies and associations without legal personality”, adapted national legislation on the liability of legal entities to international conventions. TPER has adopted an organisation, management and control model pursuant to Italian Legislative Decree 231/2001 which contains all the preventative and disciplinary measures and procedures to reduce the risk of crimes being committed within the company organisation.

As well as exempting the Company from responsibility for these types of crimes, the adoption of an organisation, management and control model pursuant to the Decree is an act of social responsibility by TPER which generates benefits for multiple parties: stakeholders, managers, employees, creditors and all other parties 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 defined the series of values that the Association and its associated companies recognise, accept and share, and all the responsibilities that the Association and its associated companies assume internally and externally. The Model is applicable to company personnel and third parties who enter into relations with the company, and contains codes of conduct aimed at preventing the committing of specific crimes, identified by Italian Legislative Decree 231/2001, to the benefit of the company.

TPER decided to proceed with the formalisation of its Model of organisation, management and control (hereinafter also the "Model") following an analysis of the entire organisational structure of the company and its internal control system in order to verify its adequacy as regards the prevention of offences. TPER has adopted a Model which complies with the requirements of the Decree and is consistent with the reference regulatory context and the principles already rooted in its Governance culture, subject to subsequent regulatory updates and adjustments to the changes in the company's organisational structure.

The descriptive document of the model, together with the Code of Ethics, is published on the Company website at <https://www.tper.it/azienda/come-lavoriamo>. In 2017 no relevant cases were reported to the Supervisory Body as regards MOGC 231.

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

During the drafting, periodical updating and approval of the MOGC 231, 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), also with reference to the provisions of Law no. 68 of 22 May 2015 and Law no. 69 of 27 May 2015 (provisions relating to environmental crimes, false accounting, crimes against public administration and mafia-type associations) and the criminal offense of self-laundering (Article 648-ter 1 of the Criminal Code). It should be noted that, in order to prevent corruption, private law bodies under public control and non-controlling public companies that have already adopted organisation and risk management models on the basis of Italian Legislative Decree no. 231/2001 can use the same models by extending the scope of application not only to the offenses against public administration envisaged by Italian Legislative Decree no. 231 of 2001 but also to all those considered in Law 190 of 2012.

## The code of ethics

As an integral part of the Model pursuant to Italian Legislative Decree no. 231 and the overall Governance structure, TPER has adopted a Code of Ethics with a view to identifying and defining the series of values, fundamental principles and behavioural standards that represent an indispensable prerequisite for the correct performance of its business activities. The Code of Ethics constitutes a guide to company policies and the legal requirements 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 TPER's reference principles and codes of conduct, represents a means of preventing irresponsible or illegal behaviour on the part of those who work in the name and on behalf of the Company, and constitutes a series of preventative and disciplinary measures and procedures for reducing the risk of crimes being committed within the company organisation.

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, form working relationships or work in the interests of TPER. Every 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. Every recipient is asked to familiarise themselves with the rules contained in the Code and the reference standards that regulate their working activities.

## Application of ANAC guidelines in the area of the Prevention of Corruption and Transparency (extension MOD 231 and Supervisory Body duties)

TPER is a publicly owned company, not subject to public control (pursuant to and in accordance with Italian 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 PTPC - Three-Year Corruption Prevention Plan - also over the two-year period 2016/2017, and to appoint an RPCT - Corruption Prevention and Transparency Manager. In 2017 TPER, as a publicly owned company not subject to public control and no longer obliged to adopt the PTPC, aligned with the indications contained in the new ANAC/2017 guidelines (ruling no. 1134 of 8/11/2017) and extended the scope of application of MOGC 231 with the introduction of corruption prevention measures, also pursuant to Law 190/2012, expanding the duties of the Supervisory Body and eliminating the figure of Corruption Prevention Manager.

## 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 ★★++.

In 2019 TPER will request an update of its legality rating.

## Integrated management system, policies and certification

GRI 103-2 GRI 103-3

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 demonstrated a responsible voluntary commitment in their corporate governance, having obtained the three international quality standard certificates:

- Quality (ISO 9001:2015)
- Environment (ISO 14001:2015)
- Occupational Health and Safety (British Standard OHSAS 18001).

TPER has implemented an integrated quality and environmental protection management system compliant and certified according to the 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 areas, the regional passenger rail transport service, the management of paid 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 automotive.

As a railway company, TPER also 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.

Industrial vehicle maintenance and fleet management services (bus and trolleybus fleets in particular), activities carried out both on proprietary and third-party buses, are also certified. The TPER workshops have, in fact, been recognised as authorised workshops by the main bus manufacturers.

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

### Quality - ISO 9001:2015

TPER S.P.A. is currently certified in line with the ISO 9001: 2015 standard (9001 - Quality Management Systems), a 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 in order to respond to the complexities of the environment in which businesses operate. The main aspects are outlined below:

- 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 systems. 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 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 combat them
- Greater involvement of senior management
- The "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.
- More immediate applicability for the tertiary sector and services

- Process management focused on the development, implementation and improvement of the QMS/Quality Management System: each process must be defined and contain clear specifications for the measurement of performance parameters and the definition of roles and responsibilities.

## Environment - ISO 14001:2015

TPER adhered to the new edition of the ISO 14001:2015 standard published on 15 September 2015, acquiring the relative certification with a certificate issued by Certiquality on 09/02/2017. The Environmental Management Systems standard falls under the ISO standards on Management Systems, the primary objective of which is to create a common "High Level Structure" among the standards. The standard involves planning, execution and control phases 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 the community, thanks to the guaranteed reliability of the commitment demonstrated
- Better control of costs and savings on raw materials and energy consumption
- Transparent management and facilitation in obtaining environmental permits and authorisations
- Reduction in insurance premiums linked to the possibility of environmental accidents
- Reduction in the financial guarantees required under current legislation.

## Occupational safety - BS OHSAS 18001

TPER is currently certified according to the BS 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. OHSAS 18001 certification is based on the management of workplace health and safety and requires continuous improvement from organisations, thus providing all stakeholders with guarantees over compliance to the specified safety policies.

The most relevant aspects of an OHSAS management system can be summarised as follows:

- OHSAS 18001 certification represents an effective tool for optimising risk management for the health and safety of workers. INAIL has provided data that shows a 27% drop in the frequency index and a 35% drop in the injury severity index in certified companies.
- OHSAS 18001 certification is recognised as a possible system that exempts from the serious levels of liability introduced by Italian Legislative Decree 231/01 (as required by Italian Legislative Decree no. 81/08, 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. The measures that permit access to these reductions are those foreseen by the OT 24 Model (oscillation of the prevention premium rate). Of these measures, OHSAS 18001 standard certification allows you to achieve the maximum score for the 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 various levels.

In terms of health and safety, the new ISO 45001 standard has been published and meets companies' growing need to implement their own Safety Management System in a constantly evolving scenario. The objectives of the ISO 45001 standard are as follows:

- To create an ISO standard that becomes the international benchmark for occupational health and safety management systems
- To use a simple language
- To set out requirements that are flexible and adaptable in different ways to small and large companies
- To favour "management" without necessarily increasing "documentation"

- To allow the management of occupational health and safety requirements (including legal ones) without additional resources being required to manage the system.

## Anti-Bribery Management – ISO 37001

In 2018 TPER continued to carry out the groundwork for the attainment of ISO 37001 anti-bribery certification as an additional measure to prevent corruption.

The ISO 37001 standard is an anti-bribery instrument and is designed to increase the culture of transparency and define effective measures for combating corruption phenomena. The ISO 37001 Anti-Bribery Management system also integrates with the other standards in the company in the area of quality, the environment and workplace safety. TPER will proceed to take the necessary measures once it has obtained ISO37001 certification.

The preliminary phase concluded in May 2019 with Certiquality awarding the company the certification.

## Internal regulations

In compliance with regulatory measures and to ensure fairness and transparency in relations with third parties, TPER, through its Board of Directors, has also adopted the following regulations:

- Staff recruitment regulation
- Regulation for the execution of works and the acquisition of goods and services at a lower price than the EU thresholds
- Safety policy
- Regulation for access to documents

## Stakeholders and materiality analysis

GRI 102-40 GRI 102-42 GRI 102-43 GRI 102-47 GRI 102-49 GRI 103-1

### Stakeholders

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

Dialogue with its various stakeholders is very important for the continuous improvement of its activities and for fostering a development process. Through interaction with its various stakeholders, the correct consideration of their legitimate expectations and collaboration with local actors, it is possible to listen to and respond to requirements in terms of service quality, honest relationships, development and growth, redefining its objectives, developing new projects and building a dialogue with the areas in which it operates.

TPER has identified its stakeholders and relative engagement activities, defining the level of involvement taking into account the functions involved and the tools for interaction and dialogue. The mapping process identified 8 categories of stakeholders.

Stakeholder	Functions involved	Expectations	Engagement		
			Activities	Instruments	Response
Shareholders	Management, general affairs, commercial area, communications and PR	Sharing of quality standards, service planning and discussion of results	Several meetings in a year	Assemblies, meetings, presentations, exchanges 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 charters	Periodical meetings	Meetings and exchange of communications	Reports and quality surveys
Universities and research institutes	Management	R&D	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 (User Advisory Committee) per year	Customer satisfaction surveys, mystery clients, CCU meetings	Presentation of survey results
Workers (employees and non-employees) and union representatives	Human Resources	Sharing of 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 dialogue 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	Procurement	Guarantee of broad demand	Several meetings and contacts in a year	Selection procedures, exchange of documentation, meetings	Contracts, supplier DB

Sponsors	Management	Economic, financial and capital solidity and sustainability	Not periodic but aimed at specific projects	Meetings and exchange of communications	Analysis reports, trade agreements
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## Materiality Analysis

The materiality analysis is the assessment of aspects of particular relevance to the business and its stakeholders. This process makes it possible to identify sustainability topics that have material (positive and negative) impacts on both Tper and its stakeholders. For TPER, the materiality analysis is a tool for refining its internal reporting processes and, in time, supporting the planning of sustainability activities.

The materiality analysis is carried out by identifying the priorities for analysis, reporting and intervention, identifying the priorities of the topics for the Group and for the various categories of stakeholders and their materiality.

The materiality analysis was carried out in accordance with the GRI Standards, adopted as the reporting methodology for this Sustainability Report / Non-Financial Disclosure, and was updated compared with the previous period, 2017. This updating process did not produce any particular changes but a streamlining and an activity designed to improve the definition of material topics. To complete the analysis, aspects regarded as material for the “Transportation – Rail / Road” sector by the Sustainability Accounting Standards Board (SASB), as identified in the SASB Materiality Map, were also analysed. The identification of potentially relevant aspects was carried out according to an approach based on documentary analysis, external engagement and internal engagement. The identification process also took account of the UN Sustainable Development Goals (SDGs).

The process of identifying material topics is structured as follows:

- Mapping of stakeholders. Divided into categories, for each one different methods of analysing the topics to be included in the report 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 and, in particular, European and national legislation and regulations, local documents (PRIT, PUMS guidelines, PGTU, Metropolitan Strategic Plan, DUP, PAIR) and the priorities defined in the guidelines approved 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. For workers and collaborators and trade union representatives the company management was involved, making it possible to identify issues and priorities.
- As far as suppliers are concerned, as part of the analysis of the direct and indirect value and induced economic impacts generated by TPER, a survey was carried out in 2017 (aimed at all suppliers with annual totals exceeding 11,000 euros). Compared to other sector operators, observations were gathered at meetings or from documentary analysis (in particular, in circulars and reports of trade associations of which the company is a member). The 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, the analysis of internal documents was taken into account and in particular the code of ethics, risk analysis, business plan, corruption prevention plan and previous sustainability reports. Benchmarking analyses compared with similar operators were also carried out.

At the end of this process the Tper management made an assessment and shared the material topics and their priority scale.



## Material topics: reasons, scope of impact and reporting standards

The reasons that led to the identification of the material topics, for the various dimensions and areas of sustainability, are summarised in the following table, which also provides evidence of the scope of impact of the different issues bearing in mind Tper's sector and operating model.

The same table also highlights the reference areas of Italian Legislative Decree 254/2016, which regulates the drafting of the Non-Financial Disclosure, and the Indicators (GRI Standards) used for the accountability of the material topics.

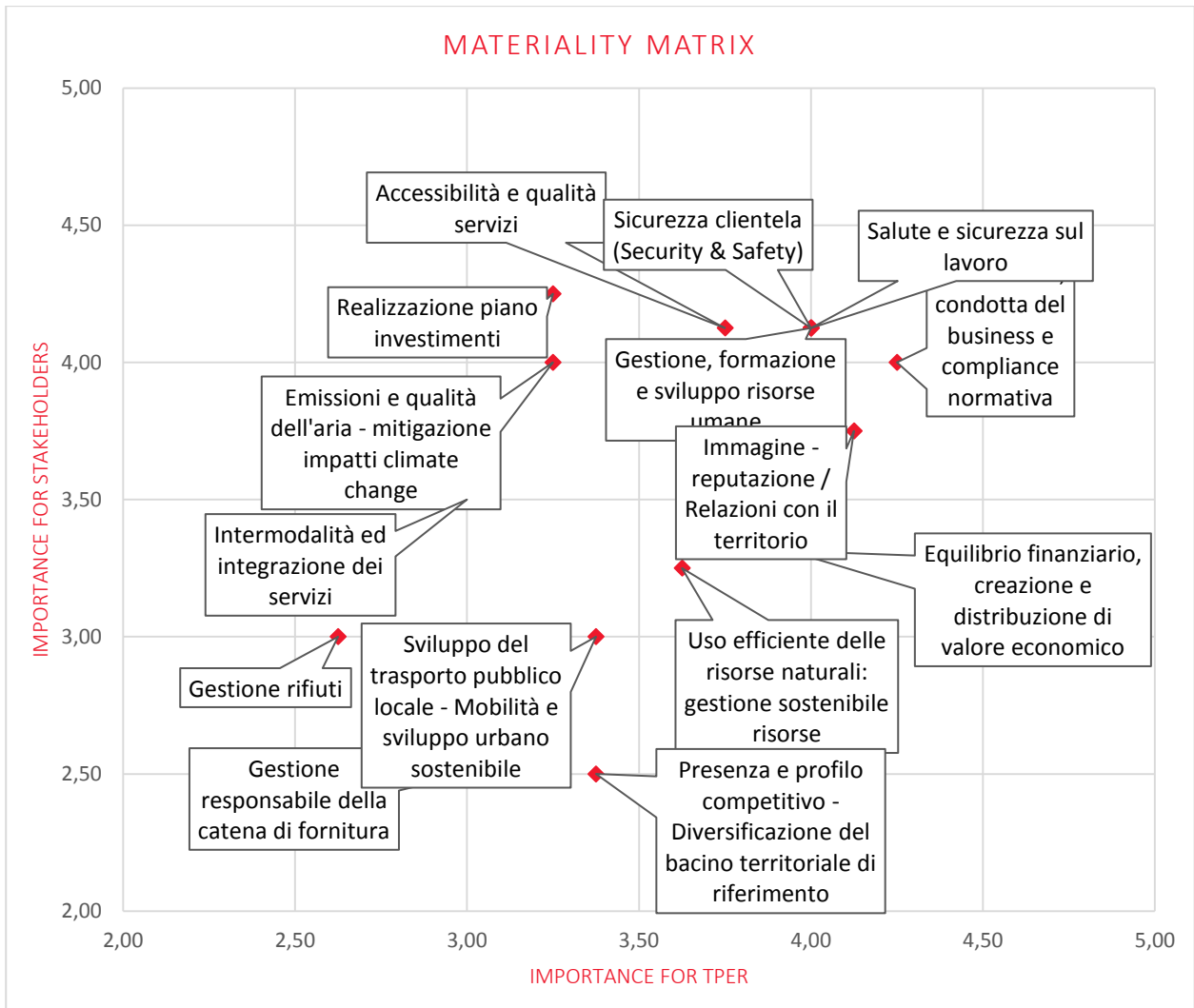
Material topic	Why (The reasons)	Reference areas Italian Legislative Decree 254/2016	GRI Standards General Disclosure / Topic Specific Standards	Scope – impact
<b>Governance and compliance</b>				
Governance and ethical business conduct	This topic is transversal and integral to the Tper operating and organisational model: an essential condition for the business	Respect for human rights Combating active and passive corruption	GRI 102-2 GRI 102-6 GRI 102-15 GRI 102-16 GRI 102-17 GRI 102-18  GRI 205-1 GRI 205-3 GRI 206-1 GRI 307-1 GRI 416-2 GRI 417-2 GRI 417.3 GRI 419-1	Tper  Direct impact
<b>Economic sustainability and value generation</b>				
Financial balance, creation and distribution of economic value	Economic sustainability is essential for present and future operations  TPER's ability to generate value also produces a major impact in terms of the distribution of the value generated	Social	GRI 102-2 GRI 102-6  GRI 201-1 GRI 201-4 GRI 203-2 GRI 204-1	Tper Direct impact
Realisation of investment plan	The realisation of investments is an essential and strategic condition for TPER and is transversal to the various dimensions of sustainability: economic - environmental - social.  The plan goes hand-in-hand with technological improvement and the ability to introduce innovations to services and the way services are supplied, with major direct and indirect impacts on the community/area served.	Environment Social	GRI 102-2 GRI 102-6 GRI 102-15  GRI 201-4 GRI 203-1 GRI 204-1	Tper/users, customers/mobility agencies and other regulatory bodies, state administrations, other bodies/local communities and general public Direct/indirect impact
<b>Environment</b>				
Efficient use of natural resources: sustainable management of resources	Tper processes require the significant use of energy and water resources with the subsequent generation of emissions (GHG/CO2 and other types)	Environment	GRI 302-1 GRI 302-2 GRI 302-4 GRI 302-5	Tper/Local communities and general public Direct/indirect impact
Emissions and air	The reduction of emissions is one of	Environment	GRI 305-1	Tper/Local

quality - mitigating climate change	TPER's main action areas (direct as regards the means of transport used and indirect in terms of the reduction of private transport in favour of public transport)		GRI 305-2 GRI 305-4 GRI 305-5 GRI 305-6 GRI 305-7	communities and general public Direct/indirect impact
Waste management	Tper's processes generate significant quantities of waste	Environment	GRI 306-2	Tper/Local communities and general public Direct/indirect impact
<b>Human resources</b>				
HR management, training and development	The training, development and maintenance of professional skills and expertise are transversal topics common to the entire organisation, the operating model and the other material topics	Personnel	GRI 102-8  GRI 401-1 GRI 401-2 GRI 401-3 GRI 404-1 GRI 405-1 GRI 405-2	TPER/Human resources  Direct impact
Health and safety in the workplace	The protection of the health and safety of human resources is a transversal topic common to the entire organisation, the operating model and the other material topics	Personnel Respect for human rights	GRI 403-2	TPER / Workers (employees and non-employees) Direct impact
<b>Customer Relations - Operations</b>				
Accessibility and quality of services	Strategic priority and integral part of the corporate mission: Tper's performance and its achievement of its strategic objectives depend heavily on the high quality standards of its service, which must also be accessible and efficient.  The satisfaction of customers requires the management of customer activities to ensure suitable monitoring	Social	GRI 102-2 GRI 102-6 GRI 102-15  GRI 417.1 GRI 417-2 GRI 417-3	TPER / Users, customers Direct impact
Intermodality and integration of services	The TPER strategy attributes significant importance to the diversification and intermodality of its services (road - rail - mobility - electric – car sharing - partnerships), one of the main drivers for improving the overall quality of the transport system and the quality and healthiness of life in urban areas and among the general public	Environment Social	GRI 102-2 GRI 102-6 GRI 102-15  GRI 203-1 GRI 203-2	TPER / Users, customers Direct/indirect impact
Customer safety (Security & Safety)	Transport safety is a key aspect of a public transport service	Social Respect for human rights	GRI 102-2 GRI 102-6 GRI 102-15  GRI 416-1 GRI 416-2 GRI 417-1 GRI 417-2	TPER / Users, customers Direct impact
Image - reputation / Community relations	The sector and the relevance of the service provided require great attention to be focused on upholding the company reputation, an essential factor for the performance of TPER and	Social	GRI 102-2 GRI 102-6 GRI 102-15  GRI 413-1	Tper / Users, customers and trade associations  Direct/indirect

	its ability to meet the strategic objectives of the public transport service			impact
<b>Suppliers</b>				
Responsible management of the supply chain	The sustainability and accountability of the supply chain is important for guaranteeing the necessary quality and efficiency of the service	Environment Social Combating active and passive corruption Respect for human rights	GRI 102-9  GRI 204-1 GRI 308-2 GRI 412-1	Tper/ Suppliers/Local communities and general public  Direct/indirect impact
<b>Community and region - Industrial</b>				
Development of local public transport - Sustainable urban development and mobility	The growth of urban public transport, a form of transport that allows for sustainable urban growth, is one of TPER's strategic guidelines, aimed at improving the quality and healthiness of life in urban areas and among the general public.	Environment Social	GRI 102-2 GRI 102-6 GRI 102-15  GRI 203-1 GRI 413-1	Tper/Local communities and general public Direct/indirect impact
Presence and competitive profile - Diversification of geographical catchment area	Strengthening its presence on the national local transport market, widening its user base and operating area, is an integral part of the TPER strategy.	Social	GRI 102-2 GRI 102-6 GRI 102-15  GRI 203-1 GRI 413-1	Tper/Local communities and general public Direct/indirect impact

### The materiality matrix

The materiality matrix provides a concise graphical representation and an overall snapshot of the most relevant topics in terms of actual and potential effects on TPER's ability to create shared value for its stakeholders, and with regard to their decision-making processes, and maintain it over time.



## Risk management

GRI 102-11 GRI 102-15 GRI 103-2 GRI 103-3

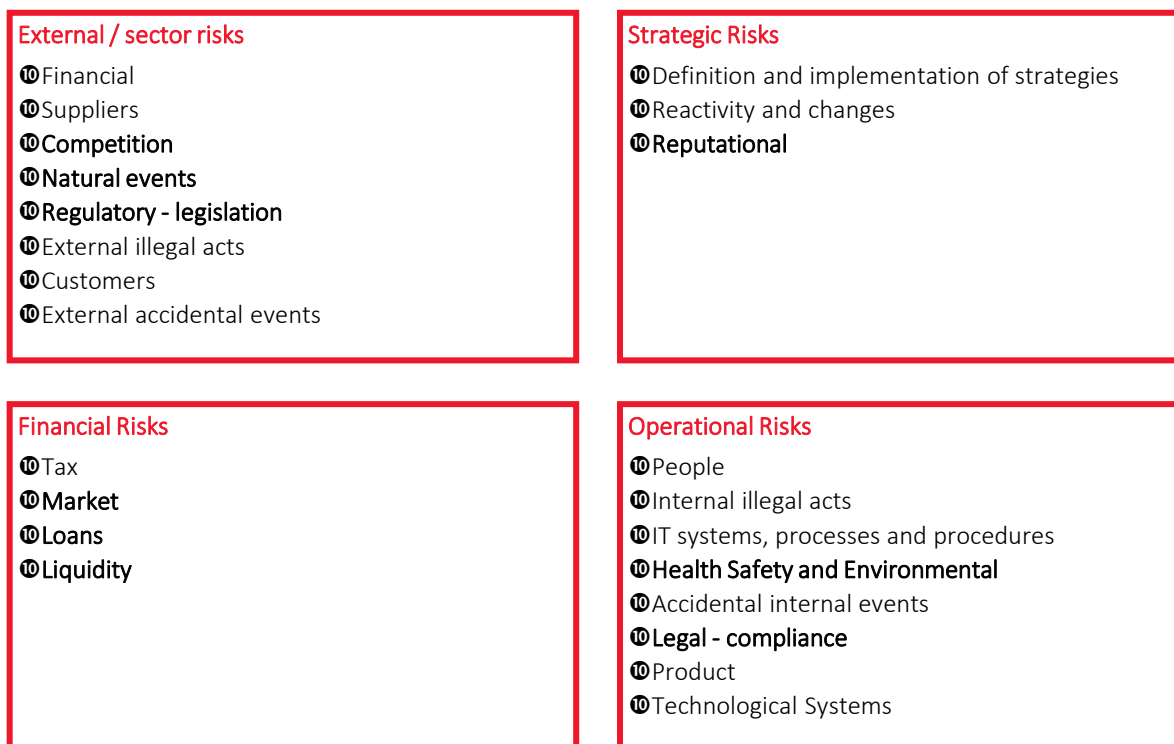
Tper's organisational structure and control model were designed and are managed like Governance tools created to guarantee the identification, monitoring and management of potential risks, both current and prospective, with particular focus on the quality of its services, the monitoring of structures and plants, and the protection of worker health and safety.

Tper has 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 specific internal/external conditions in order to then identify, analyse and assess the types of risks to which the Group is potentially exposed, together with the methods and plans for dealing with them.

## Tper - The risk management model

Tper's general model can be summarised as follows, in relation to the risk areas identified:



The specific identified risks to which Tper attributes greatest importance are highlighted below, together with a brief outline of the relative management methods (processes and procedures for responding to/mitigating the risk).

Category/Description of risk	Underlying material topic	Management method
<b>External/sector risks</b>		
<p><b>Competition/Deregulation of the sector</b> - This risk is by nature prospective and regards in particular the core “regulated/licensed” local public transport business activities. On the basis of specific service contracts, TPER manages local public road transport in the Bologna and Ferrara provincial areas and passenger transport in the regional railway sector (for a duration of 22 years starting from 2019), in partnership with Trenitalia. The definition of the methods of licensing public transport services was initially regulated by Italian Legislative Decree 422/1997 and subsequently integrated by European Regulation 1370/2007. In Italy a transitory period is in force, as defined by Law 99/2009; as of 2019 it will mandatory to apply European law, whose objective of</p>	<p>Financial balance, creation and distribution of economic value</p> <p>Realisation of investment plan</p> <p>Accessibility and quality of services</p> <p>Intermodality and integration of services</p> <p>Development of local public transport - Sustainable urban development and mobility</p>	<p>TPER’s strategic approach as regards market position and correlated risks consists of four main actions defined by the Guidelines of the Business Plan:</p> <ul style="list-style-type: none"> <li>▪ Participation in tenders - Participation in tenders for the acquisition of local public transport services in areas of interest (also outside the region), developing partnerships;</li> <li>▪ Development of group synergies - TPER as an aggregator of mobility through the strengthening of synergies with subsidiaries and affiliates;</li> </ul>

<p>accelerating the process of putting the services out to tender was anticipated by Law Decree 50/2017.</p>	<p>Presence and competitive profile - Diversification of geographical catchment area</p>	<ul style="list-style-type: none"> <li>▪ Development of additional businesses/diversification - Control of passenger rail transport market in Emilia Romagna through affiliate SFP, maintenance of businesses connected with parking and car-sharing and development in the rail freight transport sector through Dinazzano Po.</li> </ul>
<p><b>Regulatory - legislation: environmental legislation</b> - The transport sector is subject to environmental regulations, especially the features of means of transport in relation to CO2 emissions and other pollutants, and health and safety. Public transport companies are required to renew their fleets in order to ensure they are increasingly sustainable and have reduced environmental impact. The European Union (Directive 2009/33/CE) promotes the spread of efficient forms of transport fuelled by clean energies.</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>	<p>Emissions and air quality - mitigating climate change</p> <p>Efficient use of natural resources: sustainable management of resources</p> <p>Waste management</p>	<p>The renewal of fleets has shown an international convergence towards rolling stock fuelled by renewable sources.</p> <p>To align the company's strategies with the goals established by the PUMS and the MSP, TPER plans to launch a series of projects aimed at improving the quality of its services and reducing their environmental impact. The renewal of the fleet, which falls under the environmental, quality and sustainability and increased competitiveness goals defined by TPER, consists of three main action plans:</p> <ul style="list-style-type: none"> <li>▪ Urban area - Short-term investments in hybrid vehicles in the urban areas of Bologna and Ferrara, dedicated exclusively to specific lines and, in the mid-term, investments in electric vehicles in the urban areas of Bologna, Ferrara and Imola;</li> <li>▪ Exurban area - Valuation of liquid methane and methane-fuelled hybrid vehicles to add to the fleet of intercity vehicles;</li> <li>▪ Mid-long term - Development of a plan aimed at creating, in the mid- to long-term, an infrastructure that enables full-electric vehicles to be added to the service.</li> </ul> <p>For the implementation of sustainable transport technologies and the renewal of existing infrastructure (Depot Workshops), TPER has launched processes to review the network and service model in order to improve their quality and environmental sustainability aspects in the Bologna</p>

		and Ferrara areas.
<p><b>Environmental / Natural Events</b> - Risks arising from adverse and/or accidental natural/atmospheric events that damage the methane refuelling plants or technological trolleybus systems (power supply, telecoms), electrical systems and the fixed trolleybus system or its structures.</p>	<p>Efficient use of natural resources: sustainable management of resources</p>	<p>TPER has adopted a control model for issues linked to the protection of corporate assets and has adopted control processes and procedures for issues regarding the protection of company assets and accident prevention.</p>
<b>Strategic</b>		
<p><b>Reputational risk</b> - Reputational risks arise from Tper's negative perception in the eyes of customers, suppliers and supervisory bodies due to the external spread of negative news.</p> <p>TPER is exposed to this type of risk due to the nature of the services it provides.</p>	<p>Financial balance, creation and distribution of economic value</p> <p>HR management, training and development</p> <p>Accessibility and quality of services</p> <p>Image - reputation / Community relations</p> <p>Responsible management of the supply chain</p>	<p>TPER has a good reputation for the quality of the service it provides and for its efforts in making widespread improvements.</p> <p>The Group strives to continuously improve the physical safety of employees and passengers and their perception of this issue. Furthermore, there are facilities and procedures for gathering and dealing with complaints and providing customer services.</p>
<b>Financial</b>		
<p><b>Financial risks</b></p> <ul style="list-style-type: none"> <li>• Risks of delayed/non-payment/reimbursement of amounts due based on Service Contracts</li> <li>• Difficulty in meeting company objectives due to causes that can be traced to the external context</li> <li>• Adoption of unfavourable pricing policies by the Regional council with a consequent fall in revenues</li> <li>• Substantial cuts to State-Region transfers</li> </ul> <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.</p> <p>In particular, there is a risk that the company's operations, services or ability to meet the objectives set with the Regional council-Mobility agencies may be compromised due to the long-term inaccessibility of funds. These aspects also include the implementation and realisation of the investment plan envisaged in the</p>	<p>Financial balance, creation and distribution of economic value</p> <p>Development of local public transport - Sustainable urban development and mobility</p> <p>Presence and competitive profile - Diversification of geographical catchment area</p>	<p>Economic and financial planning represents a primary strategic tool for monitoring the resources to access and use to support company activities.</p> <p>The appropriate management of relations with investors guarantees the punctual availability of the liquidity required by the business. More specifically, TPER monitors the balance of the financial structure (investments and working capital with equity capital and long-term and short-term loans), identifying the most suitable counterparties for the specific requirements.</p> <p>TPER also monitors and internally manages the balance of assets and current liabilities (management of loans, payables and inventory)</p>

<p>service contracts.</p> <p>All in all, these risks regard liquidity, credit and the market.</p>		
<b>Operational Risks</b>		
<b>Health Safety and Environmental</b>		
<p><b>Rail and Trolleybus safety</b> - This area includes operational risk cases within the Group and not arising solely from external causes, such as:</p> <ul style="list-style-type: none"> <li>Physical safety of vehicles and facilities - the first guarantee of safety is the proper maintenance of the assets, i.e. adequate and regular maintenance.</li> <li>Traffic safety "on the driver's side": includes all the devices that control the driver's work and prevent errors.</li> <li>Minimising of damage from external events and accidental injury to passengers and other citizens</li> </ul>	<p>Customer safety (Security &amp; Safety)</p>	<p>The area of transport safety is highly regulated in significant detail, both at national and EU level. These risks are therefore mitigated primarily by the set of requirements established by regulatory bodies that provide guarantees and support for the safe performance of activities, and secondly by the adoption of appropriate operating procedures and instructions.</p> <p>TPER has implemented the processes and controls needed to comply with existing legislation and to adapt to its future modifications.</p>
<p><b>Health and safety in the workplace</b> - This risk mainly refers to</p> <ul style="list-style-type: none"> <li>Injuries or wounds suffered by personnel that work in depots, buildings and offices - the work in the road transport service - that work in the rail passenger and freight transport services</li> <li>Third-party aggression towards ticket inspectors</li> </ul>	<p>Health and safety in the workplace</p>	<p>This risk is primarily overseen by the Health and Safety Management System certified according to British Standard OHSAS 18001 (NFD ref: TPER / Integrated management systems and policies).</p>
<b>Legal - compliance</b>		
<p>Tper operates within a sector subject to strict regulations at national, European and international level. Local public transport is also subject to a number of regulations at local and regional level.</p> <p>The risks refer to the possible consequences arising from a failure to comply with the rules and regulations to which Tper is subject.</p>	<p>Governance, business conduct and legal compliance</p>	<p>Compliance with regulations is an integral part of decision-making processes.</p> <p>More specifically, TPER has adopted an organisation, management and control model pursuant to Italian Legislative Decree 231/2001 which defines and establishes duties, roles and responsibilities with the aim of identifying and managing potential conflicts or sensitive areas (NFD ref: TPER / The control model and measures to combat corruption)</p> <p>Periodic compliance checks are carried out, also with regard to authorisation procedures.</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



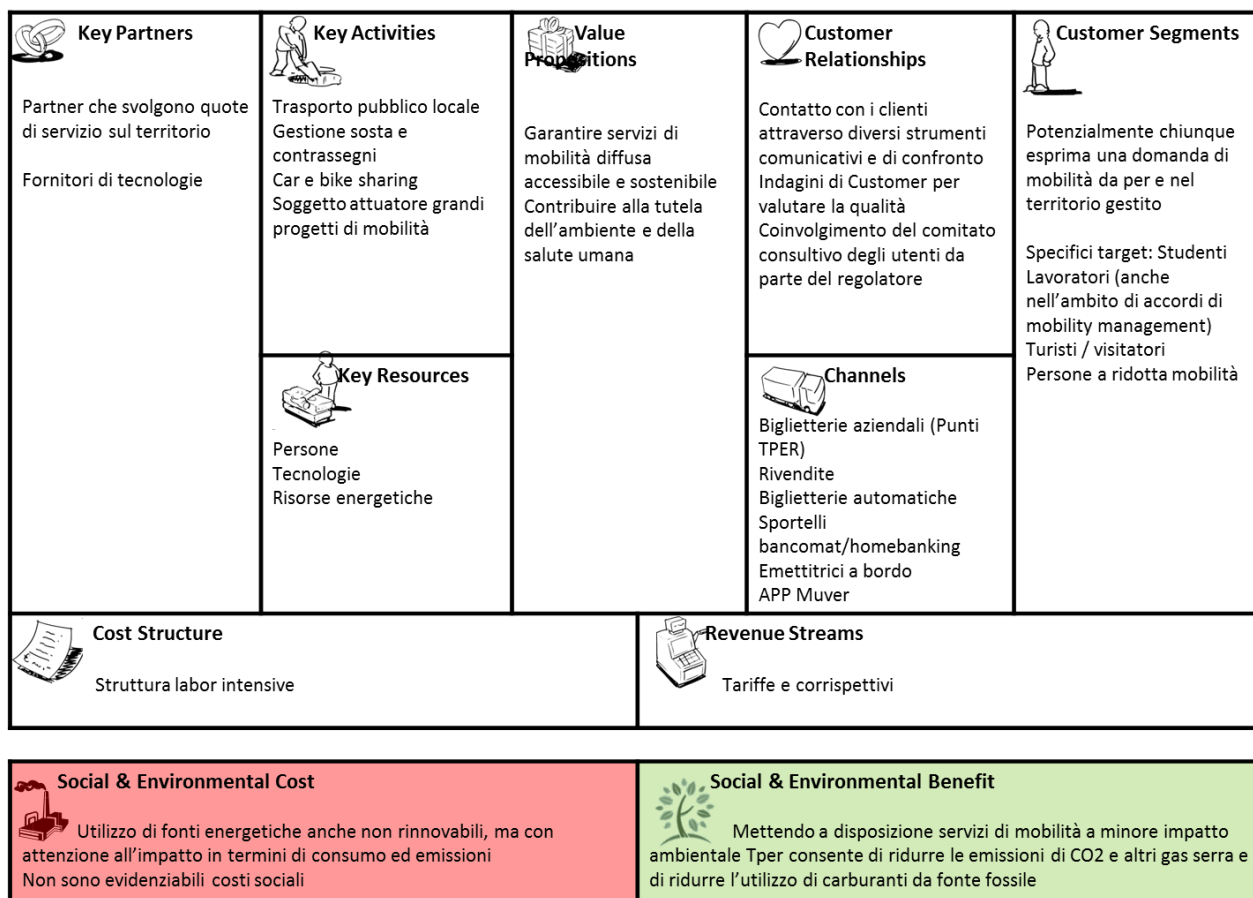
protection and biodiversity, this principle is based on the 'better safe than sorry ' assumption and has been implemented and used at various levels of government and put into practice in areas related to consumer protection and health.

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.

# Responsible management of the business

The TPER business model can be represented as follows:



## Services provided

GRI 102-2 GRI 102-4 GRI 102-6

TPER operates in the field of local public road transport services in the Bologna and Ferrara areas, both at urban and exurban level; it provides the public railway transport service on the regional network in partnership with Trenitalia; since May 2014 it has managed the parking and relative control service in the City of Bologna as well as the car sharing service and the bike sharing service.

TPER also implements the main mobility projects in the Bologna area, specifically the TPGV (guided fast mass public transport) and PIMBO projects (integrated Bologna mobility project for the completion of the metropolitan railway service and for the creation of trolleybus services on urban public transport lines).

### Road transport service

The total number of passengers carried by TPER in 2018 exceeded 149 million. Between 2012 (the year TPER was launched) and 2018 there was a 17% increase in the overall number of passengers with a 3.33% increase in 2018 compared with 2017.

The road transport network covered by TPER in the provinces of Bologna and Ferrara equates to 4,427 kilometres, including an urban network of 561 km. In 2018 the Tper Group and its partners covered approximately 44.2 million km in the Bologna and Ferrara areas.

### Urban and exurban area of Bologna

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

Public Road Transport Service in the Bologna area	km covered
Bologna urban service	17,893,240
Urban service in other local councils	712,831
Suburban and exurban service in Bologna	16,778,031
<i>(of which the prontobus call bus service)</i>	1,235,339
Reserved and specialised lines and rentals	59,578
<b>Total km covered</b>	<b>35,443,680</b>

In 2018, TPER transported over 135 million passengers in the Bologna area, managing a total of 88 urban, 22 suburban and 134 exurban lines, 13 of which Prontobus call bus lines.

### Urban and exurban area of Ferrara

In order to provide the local public road transport service in the Ferrara area, the subsidiary TPF covered more than 8.8 million kilometres in 2018, over 1.1 million of which via the Taxibus call service.

Public Road Transport Service in the Ferrara area	km covered
Urban service in Ferrara	2,154,571.9
Ferrara exurban service	6,649,956.9
<i>(of which the exurban Taxibus call service)</i>	1,132,910.4
Reserved and specialised lines and rentals	2,343.6
<b>Total km covered</b>	<b>8,806,872.4</b>

In 2018 over 13 million passengers were transported in the Ferrara area. In the urban area of Ferrara there are a total of 22 lines: 11 urban lines, 9 urban school services, 1 Taxibus service and a line for the industrial district. There are 55 exurban lines, 14 of which 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 2018, 5.2 million kilometres were covered and 13.5 million passengers carried. Data on the kilometres covered is given below, subdivided between diesel and electric.

	2018			2017		
	Regional	Other	Total km	Regional	Other	Total km
<b>Diesel</b>	1,479,167	126,098	1,605,265	1,572,025	117,525	1,689,550
<b>Electric</b>	3,405,481	179,140.90	3,584,622	3,413,442	189,584.60	3,603,027
<b>Total km</b>	4,884,648	305,239	5,189,887	4,985,467	307,110	5,292,577

The data shows a gradual increase in the proportion of km covered with electric vehicles as compared 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, respond to global changes in the approach to using 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, car sharing in particular is expected to gain even greater significance in the mix of available forms of transport.

### “io Guido” Car Sharing service

As part of the "io Guido" consortium, TPER ran this service from May 2014 through to the end of 2018 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 spaces where the cars can be collected and dropped off and the cost is proportional to the amount of time it is used and the number of kilometres travelled.

The fleet is currently composed of 59 dual-power methane-lpg/petrol vehicles. At 31 December 2018, 1539 people were signed up to the service and had completed 7836 trips for a total distance of over 254,000 km.

	2018	2017	2016
Cars	59	60	60
Registrants	1539	1544	1332
Car-sharing car parks	42	46	46
Completed trips	7836	8988	7953
Hours used	38,554	35,463	34,208
Kilometres travelled	254,246	284,570	272,258

### “Corrente” Car Sharing service

*Corrente*, a new free-floating car sharing service with completely electric cars, was launched on 27 October 2018. All of the cars are 5-seater automatic Renault Zoes with 250 kilometres of power.

Initially launched with 120 cars, in 2019 the full service will extend to 240 cars.

Through the *Corrente* website or the App it is possible to see a map of the closest cars, turn off the car alarm and start driving. The cars can enter the restricted traffic zones in the City of Bologna, with the exception of pedestrianised areas, and park for free in parking bays and along the reserved lanes in the municipal area.

	2018 (2 months)
Cars	120
Registrants	5,924
Completed trips	20,341
Hours used	10,776
Kilometres travelled	190,886

## Bike sharing

Between 2014 and 2018 TPER managed the "C'entro in bici" cycle mobility service, which offers citizens 216 bicycles for free, placed in 26 reserved racks located around the city. A daily monitoring service ensures

bicycles are properly used. Registering with the service involves the payment of a deposit in order to receive the personal identification key necessary to take a bicycle from the rack. As per the regulations, fines are imposed for the improper use of the bicycles. In December 2018, 6,831 people were registered with the scheme, a gradual increase compared with previous years.

	2018	2017	2016
Bicycles	211	211	173
Bays	216	216	216
Racks	26	22	22
Registrants	6,831	6,630	6,171

## Parking

TPER manages parking in the Municipality of Bologna and supervises over 50,000 urban parking bays. The fines issued by TPER for parking violations amounted to approx. 124,000 euros in 2018, slightly up compared to 2017. As part of its activities, TPER has issued/renewed around 45,000 permits for residents, for the access of restricted areas by disabled people and parking in the 1,402 spaces reserved for them, for medical services at home and school services, and for the free circulation of electric vehicles or hybrids.

To guarantee an efficient service and use the available resources in an optimal way, TPER manages permits internally as opposed to sourcing them out as the City Council did previously. This has led to an improvement in service quality, which has been consolidated over time. This improvement is also due to the opening of a new office to issue permits in the San Donato district, strategically located between the city centre and the suburbs. The services charter (with related customer survey) will also take account of activities related to the parking service and other mobility services.

Parking Controls	2018	2017	2016
Annual Controls	3,053,703	3,347,661	3,911,781
Days of Checks	301	301	304
Average daily checks	10,145	11,122	12,868
Notices/Proceedings	124,047	119,796	169,199
Total Bays	52,637	52,308	52,173
Total bays excluding motor vehicles	41,321	41,088	41,109
H bays	1,402	1,367	1,336

Permits	2018	2017	2016
Permits Issued/Renewed*	44,769	44,695	45,570
Of which H	3,170	3,176	3,630

\* net of automatic extensions of operational permits

The management of local public transport service contracts and parking also takes place through participation in so-called "control rooms". In terms of parking, these meetings are usually attended by the City of Bologna and the SRM mobility agency, but also by the Local Police.

## Projects

GRI 203-1

### Emilio - The TPGV project (Guided Person Transport)

The Guided People Transport project (In Italian: TPGV or Trasporto Persone a Guida Vincolata) is a system of mass transport via guided trolleybuses between the centres of Bologna and San Lazzaro. Crealis Neo vehicles will circulate on the new lines and, thanks to cameras that recognise the optical guide traced on the pavement, will stop flush with the platform at a distance of between 1 and 6 cm. The TPGV system will launch in July 2019 with the activation of the first line, San Lazzaro-Piazza XX Settembre.

Once work has been completed, the local public road transport system will be able to count on new vehicles (49 overall) and will provide new levels of flexibility and accessibility for passengers, especially those with reduced mobility who will find it quicker and easier to access the vehicles.

The new system will have a positive impact on the efficiency of the service, which will be more streamlined by reducing passenger boarding times and therefore the amount of time spent at stops. The company will be able to benefit from a faster "commercial speed" and consequent cost reductions.

The project has also allowed for the implementation of a major urban redevelopment plan: thanks also to the receipt of State financial resources, roads have been completely re-laid reducing the vibrations and noise produced by passing traffic.

Overall, the total value of the investment is around 182 million euros. Pending the authorisation for their public use, the process for which is currently ongoing, the new Crealis Neo vehicles are being in the traditional way on trolleybus lines 13 and 14.

Following a competition ("chiama il bus") launched by the company together with the Municipality of Bologna, Bologna's elementary school children have renamed the new trolleybus "Emilio".

### The PIMBO project

PIMBO is the acronym of Progetto Integrato della Mobilità Bolognese, the integrated Bologna mobility project for the completion of the Metropolitan Railway Service and the creation of trolleybus services on urban public transport lines. TPER is the manager and executor of the project.

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 the reduction of road congestion, air pollution and noise pollution, in line with the planning tools of all local authorities involved in the project (PUMS).

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 adaptation 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 the modernisation and completion of the network.

The original project also envisaged the acquisition of 7 train convoys dedicated to the transport of SFM service passengers 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 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 euros against the funds made available under the Obiettivo Law, for the conversion of the urban section of the Bologna-Portomaggiore railway line into an underground section. The total value of underground conversion work is 45.66 million euros.

The project thus revised entails a total investment of 254.8 million euros, net of VAT, and relates, in summary, 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 underground conversion of the urban section of the SFM2 Bologna-Portomaggiore line
5. Completion of the Bologna urban trolleybus network with roadwork and electrification works, including substations, and the supply of rolling stock.

State resources made available under the Obiettivo Law therefore amount to 235.9 million euros.

### 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, i.e. driverless, mass transit system with dock doors to protect passengers. It is essentially a monorail shuttle that will connect the city centre and the airport in about 7 and a half minutes, making a single intermediate stop in an urban area undergoing redevelopment and destined to host a new housing and university area.

The service is expected to be launched in 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

GRI 203-1

TPER has embarked on a process for the widespread application of new information technologies with a view to focusing increasing attention on its customers and the development of 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 produce significant results in terms of operations and user satisfaction.

In particular, work on the digitalisation of processes intensified in 2018, taking two different directions:

- the automation of internal procedures
- the dematerialisation of local public transport and parking ticket systems

Of particular note was the agreement signed with the *Polo archivistico dell'Emilia Romagna* (the Archive Hub of Emilia-Romagna, ParER) regarding the electronic archiving service, which makes it possible to archive and conserve strategic company documents in accordance with legal requirements. In 2018, 60,000 tickets were topped-up digitally (online, via cashpoints or mobility management).

Below is a summary of the innovative projects adopted according to type.

### Company interface and user information

#### 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. 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](http://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.

#### 13 apps

Would you like to know which bus goes down the street you are on? When the bus will 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 adopted the same solution as London: open and free data, collaboration with developers and full availability of apps on different platforms (Android, Windows, Apple), downloadable from the stores.

In 2018 TPER made 3 of its own proprietary applications available in stores, providing this kind of service to users through the Region of Emilia-Romagna for the first time. 'Chiamatreno', developed in collaboration with the user committees, makes it possible to get detailed real-time information on the status of trains on lines managed by TPER. MUVER enables users to purchase and validate the main urban and intercity tickets directly on Android NFC smartphones. ROGER, the most recent app, is a genuine travel assistant which allows you to plan your journey, buy all the bus and train tickets you need, monitor delays in real time and, finally, pay for parking in many municipalities across the region (there are more details on MUVER and ROGER in the Mobile Ticketing paragraph).



## 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 Region of Emilia-Romagna to a young Bolognese student and a number of companies specialising in information technology, which have decided to use their skills to expand the range of services offered to their public, some even by leveraging on 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 served for years. In 2019, we will add 40 extra installations to the 185 urban stops (150 in Bologna and 35 in Ferrara) that are already equipped with these panels. At present, the display messages at "smart" bus shelters also indicate whether the next bus provides a wheelchair-access platform for non-ambulant people, an important piece of information already present on the app and Hellobus messaging service. 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

As well as via the applications, the real-time information services on the location of TPER buses and trains on the regional FER network, which for years have taken the form of telephone notifications by short message, are now also available on the TPER website, on the page dedicated to real-time services in the Routes and Timetables section. Chiamatreno also has its own website ([www.chiamatreno.it](http://www.chiamatreno.it)).

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 its annual pass-holders an SMS-based information system that allows them to receive news on critical events affecting services (strikes, closures for scheduled work on important roads), as well as promotional or service-related 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 33,000 users registered.

## Website

TPER ensures the constant updating of its website, extending its content gradually with the new services managed by the company. The site is completely responsive and boasts over 15,000 sessions a day.

## Online services portal

On the TPER online services portal at <https://solweb.tper.it>, which boasts around 33,000 registered users (private individuals, companies and TPER retailers), people can carry out online operations in an easy way at any time. For example, they can top up their tickets or buy new ones, pay fines, renew permits for businesses, book the Prontobus call service, request information and send communications to the company.

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

On all parking meters managed by TPER there is a QR code. When you take a picture of it with your mobile phone camera it shows the nearest bus stops with real-time trip information, ticket outlets, and the nearest car and bike sharing stations.

## Services for travellers

### Topping up passes digitally

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 passes without moving or queuing at ticket offices. 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. In the last year over 10,000 top-ups were made at cashpoints and over 30,000 online, with the same number made at outlets with fast top-up devices. Last but not least, 15,000 were made under mobility management contracts with affiliated companies.

### **Purchase of tickets for the special Aerobus and Fico lines**

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 the service 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-minute validity period.

### **Travel ticket validation and paying fines**

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.

### **Video surveillance system on board buses**

In 2018 a contract was awarded for the creation of an onboard bus video surveillance system and the development phase began.

The prototypes have already been developed. By 2019 urban buses will be equipped with a security system consisting of a TV camera, video recorder, movement sensors and 4G/WiFi router that is able to dialogue with a video surveillance operations centre in order to reduce pickpocketing and vandalism on buses and increase the perception of safety of all users.

This activity is financed by POR FESR 2014-2020 regional funds and developed in collaboration with companies TEP, START and SETA.

## **Mobile ticketing**

TPER, together with the companies Seta, Start and Tep, managers of local public transport in Emilia Romagna, have launched a project for the purchase of bus tickets via smartphones which is fully compatible with the MiMuovo technology systems already used on all buses run by the Emilia-Romagna public transport companies.

The aim is to guarantee quick and easy use, user security in terms of the management of their data and less risk of counterfeiting, as well as facilitating the on-board mandatory ticket validation process. Once downloaded onto smartphones, the tickets will allow access to all buses and open bus turnstiles if present, and can be controlled via the handheld devices used by conductors, just like any other travel ticket used today on the MiMuovo regional system.

These new systems, which enable users to "download" bus tickets onto their mobile phones with just a few clicks, expand the range of purchasing options in Bologna which already includes over 1000 authorised local sale points and the sale of time-limited tickets aboard urban buses via automatic ticket machines.

### **MUVER**

Designed by Tper and produced in partnership by the four public transport companies of Emilia-Romagna, Tper, Seta, Start and Tep, the MUVER app is integrated with the regional MiMuovo system. A major challenge taken on together with the Region of Emilia-Romagna, also using POR FESR European funds.

The aim was to enable users to purchase and validate tickets using their smartphones, at the same time combining the security of online purchasing transactions with compatibility with the existing systems in the region, particularly with regard to validating travel. As well as purchases, Muver is one of the first

applications in Europe and the first in Italy to enable NFC ticket validation at regional level, but it represents just one step in the dematerialisation of travel tickets.

The Muver app was named best international project in the electronic ticketing field at the Trustech digital technology show in Cannes. The “Best Customer Service Award” recognises services of exceptional value for users. The reasons given: For the first time in Italy, Muver permits interoperability at regional level with regard to the purchase and validation of travel tickets via smartphones.

### **ROGER**

Again in collaboration with the public transport companies of Emilia-Romagna, 2018 also saw the launch of the Roger application which makes it possible to buy tickets and season tickets and to transform mobile phones into a technological substitute for the ticket itself (or the Mi Nuovo pass). In fact, with Roger customers can validate their tickets on board using their phones. Roger works with all Android smartphones, NFC or not, and also with Apple phones, and can be viewed as a kind of virtual mobility assistant.

You can use the app’s navigation system to plan your journey, integrating the various forms of public transport: by bus as far as the train station, then the train and then the bus again afterwards. In fact, Roger proposes all possible combinations and once you have chosen your travel solution also proceeds to purchase all the necessary tickets.

Roger can also be used by those travelling by car, enabling you to pay for parking.

In 2019 there are plans to integrate Roger with the Corrente Bolognese car sharing service, enabling users not only to book and unlock vehicles but also to figure out which bus they can take to get to the nearest free car and where it is best to get off the bus to take the car to their destination, if this is not well served by traditional public transport. They can also use the app to park their own car (and pay for parking) so they can then use Corrente to go into the city centre, taking advantage of the reserved lanes and passing through restricted traffic areas.

### **EMV ticketing system**

This project aims to further develop the public transport electronic ticketing system to permit the use of EMV contactless credit cards. The system allows customers with contactless credit cards to access the transport service just by using their cards, without any need to purchase a ticket beforehand. The project and tender specifications were developed in 2018. The system is expected to be launched in the second half of 2020.

### **Applications to help operating staff**

In recent years, TPER has developed applications to support its operating staff. Today, by using the tablet provided, operational staff responsible for monitoring bus traffic on the road can access real-time information - the same available at the operations centre - regarding the status of lines and the location of vehicles across the territory so they are able to take prompt corrective measures in the event of delays, traffic jams and other problems that may affect the regularity of the bus service. Likewise, railway operating staff - train drivers and conductors - are equipped with similar tools to facilitate train operations, through up-to-date electronic documents and information on their devices.

### **E-procurement system**

In 2018 a system was launched for the issuing of Electronic Tenders through the use of the Economic Operators Register. More specifically, the Tenders Portal was published for the creation of the register of Supplies, Works and Services and the management procedures for electronic tenders were activated.

This platform also provides the service for the publication of contracts in accordance with Law 190/2012 on the Tper spa website and generates the files in xml format for the annual statement to ANAC.

## Sector positioning and benchmarking (road services)

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

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

With the aim of illustrating the market position of TPER this paragraph provides some key sector figures, mainly taken from the February 2019 ASSTRA study conducted in collaboration with Ifel (ANCI Foundation) and Intesa Sanpaolo: *"Local public transport companies: finding the right path"*. Please note that this data refers to 2017.

The Local Public Transport market employs over 124,300 people, provides over 1.9 billion vehicle/kilometres per year, transports 5.4 billion passengers annually and has a turnover of about 12 billion euros. The market comprises around 900 companies, 112 of which with public ownership. The sector consists of over 49,000 vehicles, producing 1.9 billion vehicle-km, and 220 million train-km.

TPER falls under the category of directly-owned public companies that provide transport services via public procurements, i.e. following a public tender. With consolidated revenues of 303 million euros, the TPER Group's turnover is significantly higher than the industry average.

Companies owned by Public Administrations carry out the majority of the service, transporting 90% of passengers, covering 93% of total trips, employing 87% of the workforce and generating 85% of the sector's revenues. In recent years, however, the sector has undergone a consolidation process with the number of companies falling from 160 in 2010 to the current figure of 112.

	Number of operators	Total trips	Passengers carried	Employees	Production value
Local public transport investees	112	93%	90%	87%	85%

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

City	Local public transport fare (Euro)
London	5.5
Hamburg	3.3
Cologne	2.9
Munich	2.9
Berlin	2.8
Barcelona	2.2
Paris	1.9
Lyon	1.9
Turin	1.7
Naples	1.6
Madrid	1.5
Valencia	1.5
Rome	1.5
Milan	1.5
<b>Bologna</b>	<b>1.3</b>

Source: CDP data local public transport fares in the main European cities (2018, €)

For TPER, the average fare of 1.30 Euro is lower than the national figure highlighted by the study. The TPER figure is to be understood as a time-limited ticket valid for 75 minutes. On a national scale, a comparison including not only large metropolitan areas (source Asstra) highlights the following:

(Amounts in Euro)	National average	TPER	
One-way ticket	1.58	-	One-way ticket not provided - time-limited ticket
Time-limited ticket	1.44	1.30	75 min
On-board ticket	1.74*	1.50	Sold by ticket machine or conductor
Day ticket	4.68*	5	Valid for 24 hours from validation
Weekly pass	16.57*	12	City pass - 10 trips of 75min
Monthly pass	36.61	36	Impersonal and transferable
Annual pass	301*	300	Personal pass

Source: ASSTRA survey Feb 2019

\*Source: ASSTRA survey Feb 2018

## 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 ensure 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 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, with a focus on integration and innovation. Responsibility for the appointment of managers lies with the Board of Directors. In 2018, the Board confirmed the appointment of company director Paolo Paolillo, and director of Finance, Administration and Control, Fabio Teti.

In 2018 a number of organisational changes were made, as summarised below:

1) creation of a new CAR SHARING business unit, reporting to the director of the company. In the interim this business unit will be overseen by the Department of Finance, Administration and Control and Commercial Development.

A new business unit, Car Sharing Operations Management, will be created within the CAR SHARING BU.

All of this is geared towards maximising efficiency and integrating the new service in the commercial department, managing administrative aspects and interaction with the other Omnibus partners, as per the respective roles established by the CORRENTE project.

2) creation of a new PEOPLE MOVER business unit, reporting to the Systems and Infrastructure Sector.

3) appointment of the Data Protection Officer (DPO), reallocating the Privacy and Transparency BU to the company director

Finally, between 2018 and 2019 the following organisational measures were decided:

4) creation of a new Strategic Planning and New Initiative Development business unit, which will report to the director of the company. Forming part of the Strategic Planning and New Initiative Development business unit, on 1 February 2019 the Management Control Department and the newly-created Planning and New Initiatives Office came into being.

5) effective as of 1 February 2019, the Procurement and Logistics BU was eliminated with the Logistics Department reallocated to Automobile Maintenance.

6) effective as of 1 February 2019, the Tenders and Supplier Qualification Department was renamed Tenders and Procurement and now reports to the company director. Two new BU's, the Tenders Office and the Procurement Office, have been created as part of the Tenders and Procurement Department.

The system of powers at the top of the company is consistent with the provisions of the articles of association.

## Labour practice

GRI 102-41 GRI 103-2 GRI 103-3 GRI 401-2 GRI 402-1 GRI 406-1

Companies are made up of people. This is particularly true for local public transport services, the most human-intensive of all public services. The Company, since its inception, has been committed to guaranteeing its people 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. To this end, for the Bus Drivers category and for recruiting ideal candidates for the Maintenance Department we have used a special classification defined following a public selection process.

In 2018 company turnover was managed with recourse to professional apprenticeship contracts which, as well as lowering the age of the workforce, also produced significant labour cost savings. In this regard, at 31 December 2018 apprentice staff numbered 143 units (28 of whom female) with 104 employed during the year.

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

- Diversification, promotion of differences
- Consistency and setting an example
- Leadership
- Presence, listening, feedback
- Responsibility (I am TPER)
- Sharing (TPER is not just me)
- Merit-based assessments
- Respect for rules
- Relationship personalisation
- Belonging
- Equal opportunities.

On the basis of these management drivers we have designed our code of conduct which, at every level of the organisation, forms the basis for cultural change and the development of professional skills. In particular:

- Taking responsibility for leadership, consistency and acting as role models;
- A commitment, each in his/her role, to developing people and diversifying conditions
- Considering communication, relationship management, listening and feedback as fundamental elements of every role and every business activity
- Exhibiting courage and creativity in the personalisation of relationships with employees, consigning the excuses of "it can't be done", of cultural resistance, of "we've always done it this way" to the past

In this context, the project to assess the individual skills possessed by company resources continued in 2018 through the assessment methodology. This project, to which specific economic and organisational resources were dedicated, involved a further 130 units from both the staff areas and the business areas.

The goal was to provide a series of elements and data that could be used to:

- Determine the map of company skills as is
- Plan training activities aimed at bridging any gaps between the skills possessed and those required by the company

- Plan horizontal and vertical development paths to manage turnover in some professional and management coordination positions regarded as strategic by the company
- Plan personnel recognition tools and policies, correlating them with the company's needs and goals.

#### **Remuneration and incentive system**

Remuneration policies are aimed at guaranteeing equality and acknowledging the professional and individual skills of each employee and their suitability for their role. 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.



## Developing human resources

GRI 103-2 GRI 103-3 GRI 401-2 GRI 402-1 GRI 406-1

At TPER, remuneration progression is regulated, for the majority of the personnel, by national and company contractual regulations, often based on seniority. This approach, largely automatic in nature, can adversely affect employees' motivation to develop their professional skills.

Nevertheless, in 2018 the first “pay for performance” models were launched, until now only applied to managerial staff. This first trial aims to establish the possibility of gradually extending the model to other homogeneous clusters of company resources.

The aim is to introduce new management tools which are able to promote merit, to provide different responses to the different expectations of employees, and to develop engagement and a sense of belonging with the goal of implementing a clear and transparent system of rules.

### Quality of life in the company - the corporate welfare system

#### The Corporate Welfare System

Great attention is focused on corporate welfare measures to respond positively to workers' needs, also in the broader sense of people's overall life conditions (family, children, health, but also leisure), trying to achieve true diversification and personalisation both at regulatory and organisational level.

The main actions to boost quality of life in the company include support for parents, particular flexibility when choosing shifts in order to favour the work-life balance, and the extensive number of voluntary part-time roles.

2018 saw the continuing use of the “TperForYou” company welfare platform which, aimed at all employees of the TPER Group, offers a broad and varied range of services aimed at improving the quality of life of workers and their family members.

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

Finally, TPER's goals and interests also include the policy of the redeployment and effective use of personnel no longer fit to drive, which remains largely stable at around 120 units in all.

#### Catering

TPER's head office has a self-service company restaurant and bar, both of which run by the Elior Group, with an internal kitchen that guarantees a wide variety of hot and cold foods prepared onsite to favour a balanced diet from a nutritional point of view.

At the other sites - Bologna “Ferrarese”, Bologna “Due Madonne” and Bologna “Battindarno” - the company canteens are located in three depots and are all self-service with a bar.

Finally, at the Imola depot there is a meal delivery service managed by a central kitchen also coordinated by the Elior Group.

The company has also developed partnerships with other catering companies in Bologna city centre in order to meet the various working requirements connected, above all, to the hours of travelling staff and their movements all across the city.

#### Intranet

A specific project to redesign the company intranet in terms of both layout and content was launched in 2018 with the aim of improving the transfer and sharing of information with all staff, not just from a top down perspective but above all from a bottom up point of view.

With this in mind, the project involved around 60 resources from all company sites and areas in the phase of identifying requirements and designing the new company intranet. The new intranet platform is expected to be launched on a trial basis at the end of 2019.

## Industrial relations

GRI 103-2 GRI 103-3

With reference to the Industrial Relations policy, the Company aims to establish a constructive dialogue amongst Parties, respecting roles and reciprocal requirements.

In 2018, various key agreements were made with the regional and corporate trade unions, producing the following results:

- The introduction of a specific regulatory/economic ruling regarding apprentices in the road transport sphere in the Ferrara area
- The introduction of resources on apprentice contracts, as well as the regulatory/economic ruling, in the Bologna “Parking Management and Mobility Support” department to manage turnover and support generational change
- Certification, by the Essential Public Services Regulatory Authority, that the Bologna “Parking Management and Mobility Support” department carries out activities that are complementary to local public transport services. As such, the relative essential services to guarantee in the event of strikes were therefore established to provide guarantees to users and the City of Bologna.
- The updating of the bonus system for ticket inspectors (Multipurpose Unit) in order to maintain the excellent result achieved in terms of combating evasion.

## Compliance with company regulations and codes of conduct

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

In the Road sector, with a view to overseeing compliance with company and national standards we have established an advisory body (the ‘Disciplinary Council’) that issues opinions on measures that the Company Management should adopt. As well as a company manager, an official of the Regional Labour Office must also sit on this Council.

The relevance of this participation cannot be understated as it increases the body's authoritativeness with regard to all internal and external actors (workers, trade unions, labour magistrates, ownership, public opinion). Trade union representatives may also participate as observers. Discussions among Council members on suitable sanctions, even the most serious ones, therefore have a public character and minutes are taken down.

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

To favour an open discussion, the Company provides trade unions with an 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 have distinguished themselves for their professionalism.

Since 2013 TPER has adopted a Code of Ethics in application of Italian Legislative Decree 231 of 2001, highlighting the general ethical principles and reference values pursued by the company, and establishing rules of conduct and implementation and control mechanisms for compliance with the Code, also with an eye on continuous improvement.

## Employment

GRI 102-8 GRI 401-1

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

The figures that follow refer to the TPER Group with the exception of company SST, for which it was not possible to acquire the data in the necessary depth. The 2717 employees on which the in-depth survey was performed are therefore joined by a further 93 employees for a total of 2810 employees.

Employees at 31 December	2018			2017		
	Women	Men	Total	Women	Men	Total
Senior managers	1	12	13	1	12	13
Middle managers	13	43	56	12	42	54
White collar workers	131	190	321	128	190	318
Blue collar workers	336	1,848	2,184	344	1,911	2,255
Apprentices	28	115	143	3	41	44
Associates	-	-	-	0	5	5
	509	2,208	2,717	488	2,201	2,689

The workforce consists of 80% blue collar workers and 12% white collar workers. Senior managers represent 0.5% and middle managers around 2% of the workforce. The employment figure is essentially stable.

Almost all staff (99.85%) are on permanent contracts. 90.4% of contracts are full-time. The majority of part-time contracts (56.3%) are held by female staff.

Total number by contract type / gender			
Permanent contract	507	2,206	2,713
Fixed-term contract	2	2	4
	509	2,208	2,717

Total number by form of employment / gender			
Full-time	362	2,094	2,456
Part-time	147	114	261
	509	2,208	2,717

Below is an outline of the number of employees by age group and turnover data.

Age group	Employees			% of total
	Women	Men	Total	

Up to 29	27	184	211	7.77%
30 to 50	373	1,201	1,574	57.93%
Over 50	109	823	932	34.30%
<b>TOTAL</b>	<b>509</b>	<b>2,208</b>	<b>2,717</b>	<b>100%</b>

In 2018, there were 177 new hires (35 women and 142 men) and 135 terminations (13 women and 122 men) overall.

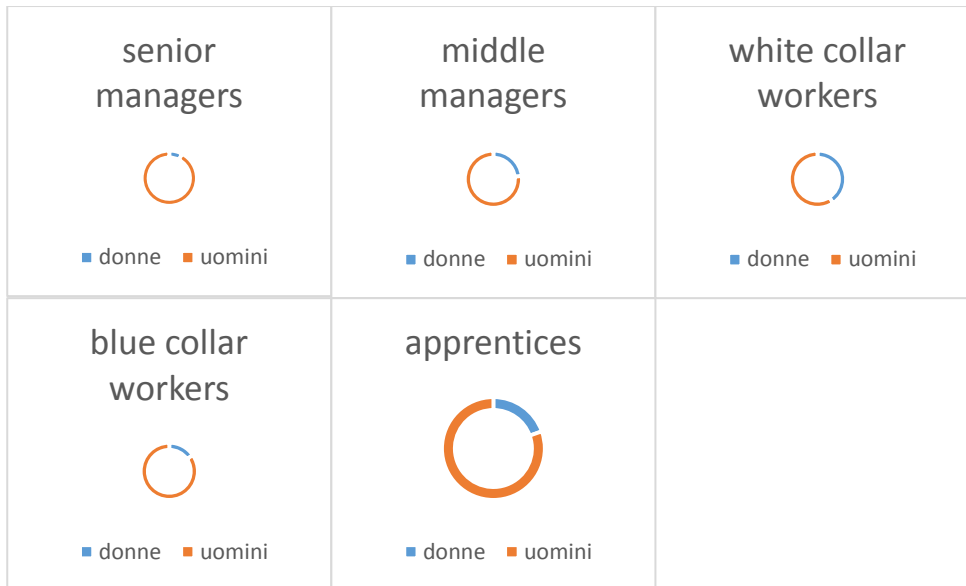
	Women	Men	Total
<b>New hires</b>			
Up to 29	25	108	133
30 to 50	9	32	41
Over 50	1	2	3
	<b>35</b>	<b>142</b>	<b>177</b>
<b>Terminations</b>			
Up to 29	3	17	20
30 to 50	7	22	29
Over 50	3	83	86
	<b>13</b>	<b>122</b>	<b>135</b>
<b>Reason for termination</b>			
Resignation	10	103	113
Retirement	-	-	-
Dismissal	2	13	15
Other (e.g. end of fixed-term contract)	1	6	7
	<b>13</b>	<b>122</b>	<b>135</b>

<b>Turnover rate by gender</b>	<b>Women</b>	<b>Men</b>	<b>Total</b>
Positive turnover	7%	6%	7%
Negative turnover	3%	6%	5%
Overall turnover	9%	12%	11%
<b>Turnover rate by age group</b>	<b>Women</b>	<b>Men</b>	<b>Total</b>
Up to 29	11%	9%	9%
30-50	2%	2%	2%
Over 50	3%	10%	9%

## Diversity and equal opportunities

GRI 401-2 GRI 405-2

As reported in the previous paragraph, there are 509 female staff, representing about 19% of the total workforce, distributed in all company areas. Below is the gender breakdown by category:



Female bus drivers represent around 16% of the total, a figure that has risen slightly in the last two years. This is a significant percentage given that women only started doing this job a few decades ago. At the end of the 90s the company promoted this trend by opening the recruitment procedure also to people not yet in possession of the necessary driving qualifications and, for a number of years, by reserving a number of places in the recruitment tests to women. This has had particularly positive effects in terms of female employment while at the same time allowing TPER to use part-time roles to improve the work-life balance and employ 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 are there different criteria for defining or awarding company bonuses. The relationship between women's and men's salaries is shown in the following table:

Average salary	%
Senior managers	86%
Middle managers	100%
White collar workers	97%
Drivers/blue collar workers	80%
Apprentices	99%

## Parental leave

Parental leave	2018		
	Women	Men	Total
<b>Parental leave</b>			
No. employees	105	349	454
Days	5,169	4,379	10,026
No. employees that returned to work	105	349	454
No. employees that returned after 12 months and remained	104	345	449

## Health and safety

GRI 403-2

There were no occupational diseases.

Occupational diseases		2018
<b>Occupational diseases</b>	<b>No.</b>	
Fatalities		-
Other recordable work-related ill health		-
Total		-

Occupational injuries mainly consist of falls or accidental collisions when travelling personnel get on or off the driver's seat, and injuries suffered by conductors when checking tickets (due to aggression or violence by passengers without valid travel tickets). Just over 20% of injuries derive from road accidents.

Work-related injuries	2018
<b>Work-related injuries</b>	
Fatalities	-
Serious work-related injuries	2
Other work-related injuries	106
Total injuries	108
<b>Hours - days</b>	

Days of absence due to injuries	3,032
Total days of absence	72,039

The frequency index (27.61 accidents per 1 million working hours) decreased further in 2018, continuing the positive trend seen in previous years. The severity index of these accidents stands at 0.78 days lost for every 1000 days worked, and the average duration of injuries was 28.07 days.

In 2018 the absenteeism rate was 1.48% while the percentage of days of work missed due to injury was 4.21%.

	UoM	2018	2017	2016
Accidents-frequency index	No. injuries per million hours worked	27.61	32.03	33.46
Accidents-severity index	No. days lost on average due to injury per 1000 days worked	0.78	5.00	14.16
Injuries - average duration	Average duration of injuries in calendar days (total days lost, including holidays).	28.07	26.61	22.8



## Training and education

GRI 404-1

The 2018 training plan was structured around various areas of specific relevance:

- Managerial training for senior and middle managers
- Middle management training
- Front-line staff training
- New hire training
- Mandatory training on workplace safety issues pursuant to Italian Legislative Decree 81/2008.
- Legal training.

In the course of 2018 the company provided a significant amount of training (over 49,000 hours overall, of which over 9,500 concerning occupational safety training programmes). Training activities involved 1,734 employees, with an average of 28 hours of training per head. Training initiatives were designed and defined to develop human capital and improve their professional skills, a priority goal of HR management policies.

Key figures on the company's training activities are presented below.

Average training hours provided per employee	2018		
	Women	Men	Total
<b>Total training hours</b>			
Senior managers	4	166	170
Middle managers	368	1,100	1,467
White collar workers	1,201	2,255	3,456
Blue collar workers	1,184	22,023	23,207
Apprentices	4,258	16,507	20,765
Associates			-
Total	7,015	42,050	49,065
<b>No. employees</b>	Women	Men	Total
Senior managers	1	11	12
Middle managers	13	43	56
White collar workers	89	132	221
Blue collar workers	208	1,090	1,298
Apprentices	29	118	147
Associates	-	-	-
Total	340	1,394	1,734
<b>Average training hours</b>			
Senior managers	4	15	14
Middle managers	28	26	26

White collar workers	13	17	16
Blue collar workers	6	20	18
Apprentices	147	140	141
Associates			
Total	21	30	28

Approximately 1,300 of the employees involved in training activities are bus drivers, train drivers and conductors, figures that are provided with a significant number of technical training courses, which are joined by courses for the acquisition of behavioural skills for front-line roles.

<b>Total safety training hours</b>			
Senior managers	-	56	56
Middle managers	52	203	255
White collar workers	298	839	1,137
Blue collar workers	436	6,257	6,693
Apprentices	324	1,108	1,432
Associates	-	-	-
Total	1,110	8,463	9,573

<b>No. employees given safety training</b>			
Senior managers	-	9	9
Middle managers	1	24	25
White collar workers	21	72	93
Blue collar workers	59	749	808
Apprentices	26	87	113
Associates	-	-	-
Total	107	941	1,048

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

<b>Total legal training hours (anti-bribery, transparency)</b>			
Senior managers	4	40	44
Middle managers	95	354	449
White collar workers	190	303	493
Blue collar workers	193	292	485

Apprentices	-	-	-
Associates	-	-	-
Total	483	989	1,471

Number of employees who received specific training on legal issues, transparency and anti-bribery:

<b>No. employees given legal training</b>			
Senior managers	1	10	11
Middle managers	13	40	53
White collar workers	56	81	137
Blue collar workers	65	98	163
Apprentices	-	-	-
Associates	-	-	-
Total	135	229	364

# Economic sustainability

## Economic value generated and distributed

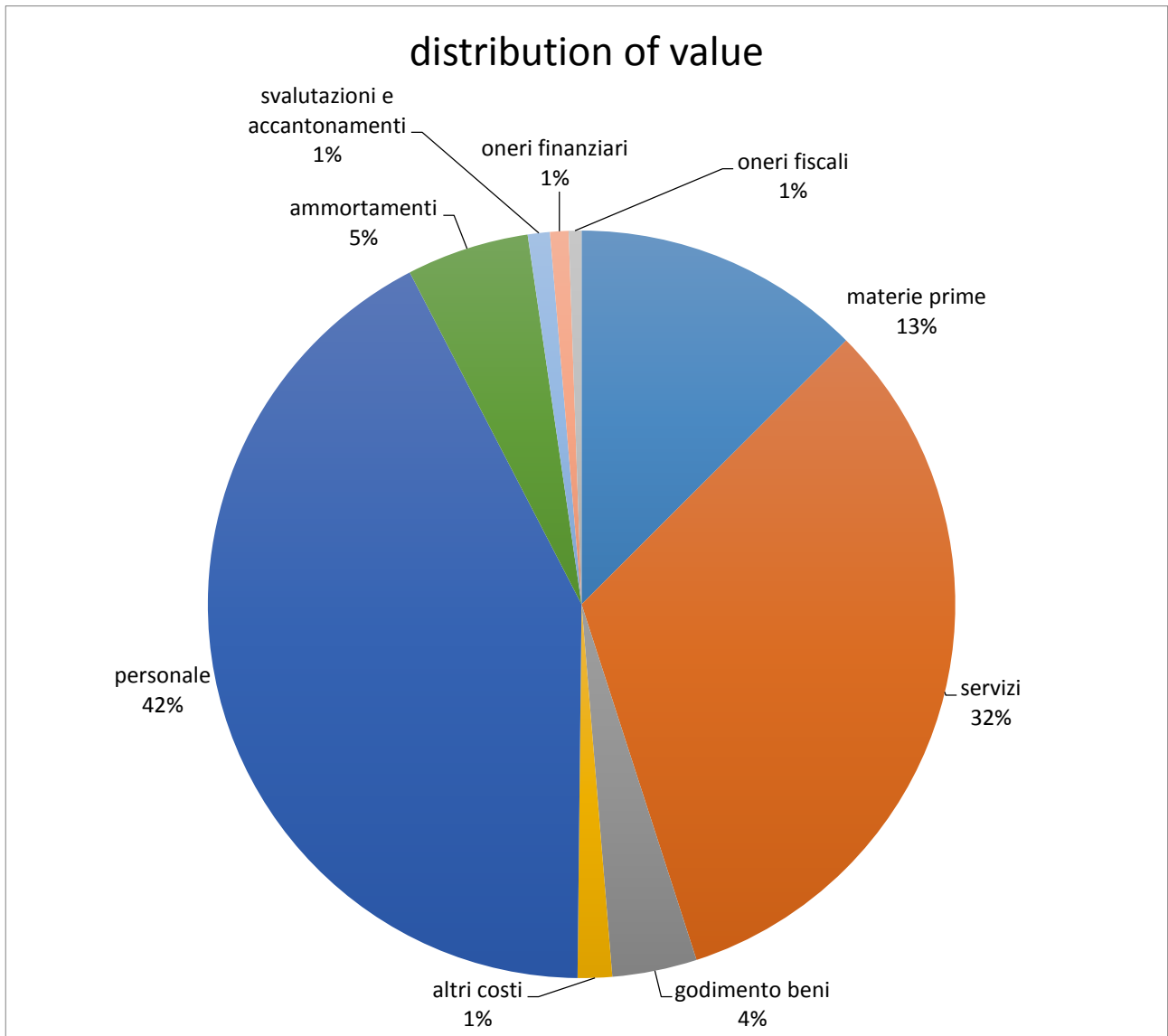
GRI 201-1 GRI 201-4

Below are the results from the Group's financial statements.

MIGLIAIA DI EURO	NOTE	2018	2017
<b>Ricavi</b>		<b>303.586</b>	<b>294.598</b>
Servizi linea TPL	15	198.366	195.034
Servizi linea ferrovia	16	89.143	83.418
Parcheggi e car sharing	17	16.078	16.146
<b>Altri proventi</b>	<b>18</b>	<b>13.764</b>	<b>13.890</b>
<b>Costi operativi</b>		<b>280.645</b>	<b>274.051</b>
Costo del personale	19	128.160	126.939
Costo per servizi	20	98.645	98.799
Materie prime e materiali	21	38.208	36.427
Godimento beni di terzi	22	11.128	8.779
Altri costi operativi	23	4.505	3.107
<b>Ammortamenti</b>		<b>16.075</b>	<b>12.794</b>
Ammortamenti attività materiali	1	15.062	11.947
Ammortamenti attività immateriali	2	1.013	847
<b>Svalutazioni / (ripristini) di valore</b>	<b>24</b>	<b>2.903</b>	<b>4.550</b>
<b>Variazione dei fondi per accantonamenti</b>	<b>25</b>	<b>1.545</b>	<b>608</b>
Variazione fondo per ripristino e sostituzione materiale rotabile		0	0
Variazione altri fondi		1.545	608
<b>Risultato operativo</b>		<b>16.182</b>	<b>16.485</b>
<b>Proventi finanziari</b>	<b>26</b>	<b>421</b>	<b>208</b>
Altri proventi finanziari		421	208
<b>Oneri finanziari</b>	<b>27</b>	<b>2.424</b>	<b>1.412</b>
Oneri da prestiti obbligazionari		1.973	574
Oneri da finanziamenti		301	582
Altri oneri finanziari		150	256
<b>Totale proventi / (oneri) finanziari</b>		<b>(2.003)</b>	<b>(1.204)</b>
<b>Quota dell'utile / (perdite) delle partecipazioni contabilizzate con il metodo del patrimonio netto</b>	<b>28</b>	<b>843</b>	<b>134</b>
<b>Risultato prima delle imposte</b>		<b>15.022</b>	<b>15.415</b>
<b>Oneri fiscali</b>	<b>29</b>	<b>1.673</b>	<b>6.423</b>
Imposte correnti sul reddito		726	6.488
Imposte anticipate e differite		946	(65)
<b>Risultato netto d'esercizio (Gruppo e Terzi)</b>		<b>13.349</b>	<b>8.992</b>

With regard to distributed value, 42% 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 in the reference area. External suppliers account for 50% of the distributed value (which includes raw materials, services, lease and rental costs and other costs), while

5% of the value goes towards the reconstruction of invested capital (depreciation and amortisation expenses). Smaller proportions go towards taxation (1%) and lenders for loan payments (1%).



## Government grants

TPER does not receive government grants for current expenses to run its services. However, it does receive the compensation established by service agreements to carry out its activities.

During the 2018 financial year TPER received 12.8 million euros from the Region of Emilia Romagna in grants related to assets for capital expenditure. It also received 13,000 euros and 1.2 million euros respectively from the local councils of San Lazzaro di Savena and Bologna for the development of the Bologna Central – San Lazzaro di Savena guided transport system. For the same project TPER received 5.1 million euros from the Ministry of Infrastructure and Transport.

TPER also received another 191,000 euros from Bologna City Council as a contribution to mobility in the metropolitan areas, pursuant to Law 472/1999.

## Analysis of the economic impact on the area

GRI 203-2 GRI 204-1

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 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 as an industrial group ensures a stable or growing demand for supplies and services on favourable terms. Whereas demand is guaranteed, favouring the retention of suppliers and service providers, on the other hand the definition of purchasing methods oriented to more economically advantageous offers means suppliers also become more efficient and are thus required to grow and focus on innovation and specialisations, 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 economical travel solution frees up resources which can be used on other things or put aside for savings, in both cases contributing to the welfare of consumers. In the event that the savings made by using public transport are used for other expenses, these expenses can have a direct and indirect impact on the area.

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

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

At the same time it is possible to envisage promotion / agreement initiatives for the workers of these companies, collaborating to ensure sustainable traffic flows, suitable connections and therefore an effective network between the workplace and housing, in other words convenient and punctual solutions 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, the reduction of CO2 and other greenhouse gases released into the atmosphere, the reduction in road traffic congestion and the number of serious accidents.

A widespread transport network can facilitate and provide incentives for companies to locate themselves strategically with regard to traffic flows, generating a positive impact on real estate values, particularly near the hubs of this network.

In light of all these aspects, investment, innovation, technology development and the quest for 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 stakeholders.

## Investments

GRI 203-1

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 sustainable development targets.

Investment	Amount (millions of euro)	Goals of the Metropolitan Strategic Plan and the PUMS	Goals of the Urban Agenda for sustainable development	UN Sustainable Development Goals (SDGs)
ACQUISITION OF RAILWAY ROLLING STOCK AND SYSTEMS	89.5	Protection of the territory (air quality and climate change), city enhancement, and accessible and sustainable mobility	Adaptation to climate change and reduction of disaster risk	Building a resilient infrastructure, promoting innovation and fair, responsible and sustainable industrialisation
ACQUISITION OF NEW VEHICLES FOR THE LOCAL PUBLIC ROAD TRANSPORT SERVICE AND RELATIVE INFRASTRUCTURE	69.8			
TPGV - CREALIS PROJECT	182			
PIMBO - TROLLEYBUS CREATION AND METROPOLITAN RAILWAY NETWORK PROJECT	255	Metropolitan Bologna: Positioning and governance A true tourist destination	Urban mobility	Making cities and human settlements inclusive, safe, resilient and sustainable
ICT AND MODERNISATION	6.6	Bologna Regional Hub: Economic development and the role of large functional and production centres Territory, city and mobility. Towards the first integrated metropolitan mobility plan	Air quality	Take urgent measures to combat climate change and its consequences
PEOPLE MOVER AND DEVELOPMENT OF SOCIETY	17	Metropolitan development for good employment		

With regard to the TPGV Crealis and PIMBO projects, work began in the three-year period even if the investment will be completed and produce its results in later years.

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

GRI 203-2 GRI 204-1

TPER directs its business model towards the principles of innovation and sustainability, taking care to create "superior" value for its stakeholders, contributing to the sustainable development of the company and the territory in the broadest 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 production input from outside the company (Economic Value Added, EVA), i.e. the value that the production factors 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 business activities.

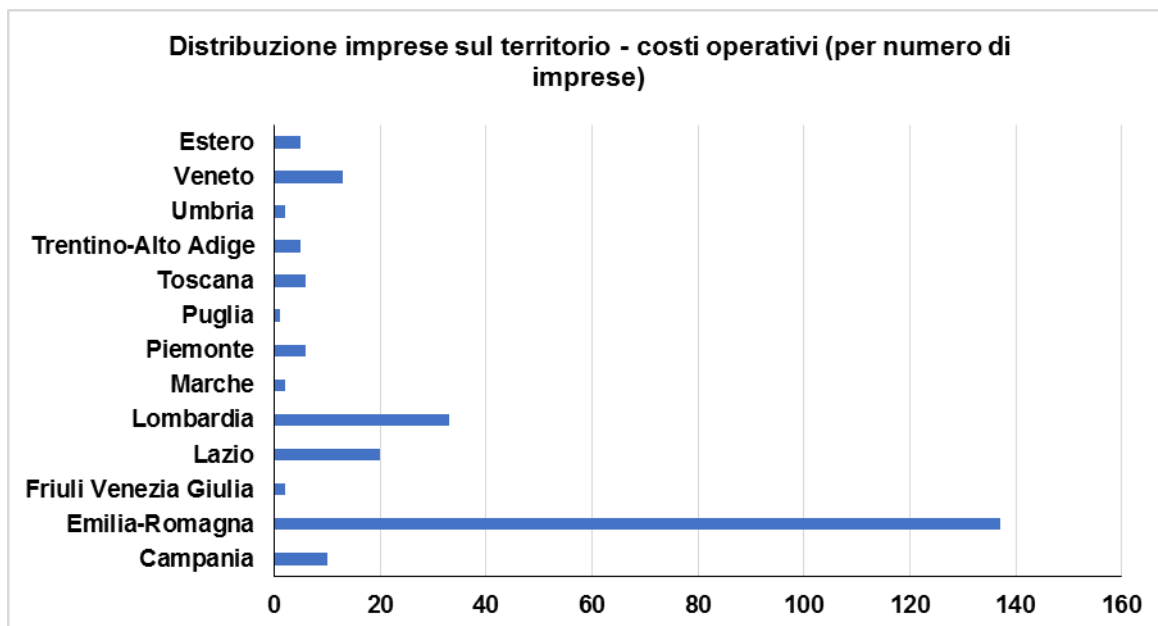
It is therefore a matter of determining the direct economic impact due to the activity of the company, the indirect impact generated by lead suppliers, and finally the induced value, which, when combined, can contribute to the estimate of the value extended to the various social and economic players.

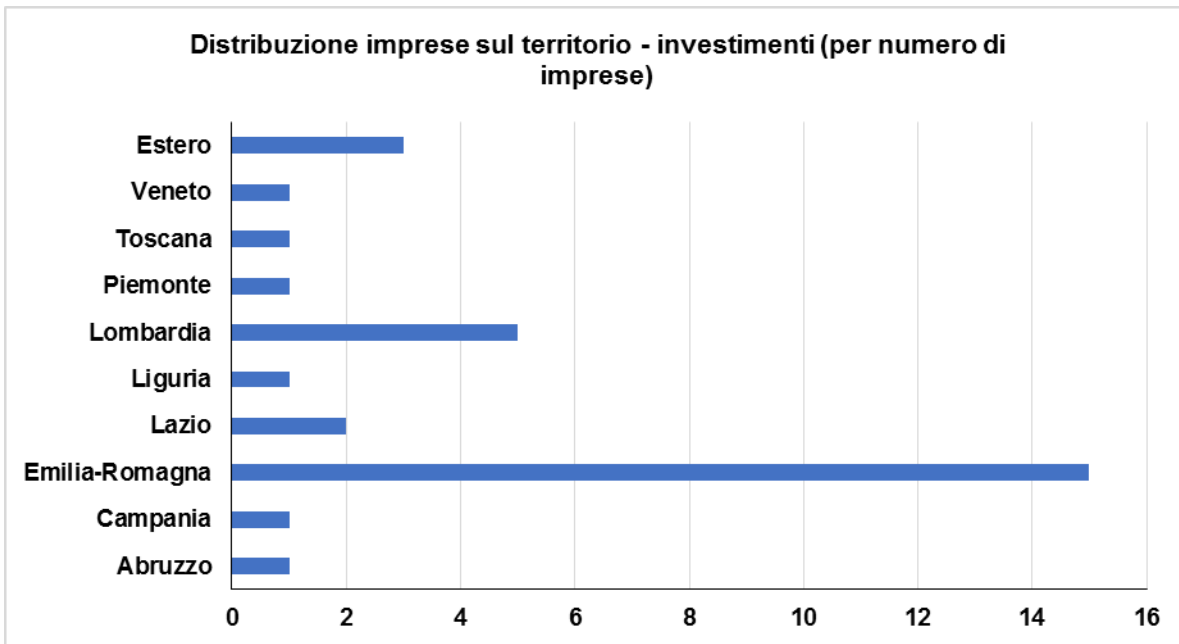
In particular, the direct impact of the business generated by TPER and its subsidiaries is defined as the impact that has a direct effect on households, businesses and the Public Administration, while indirect impact is that generated by the parties belonging to the TPER value chain, specifically TPER's lead 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, considering both operations, i.e. income statement data, and investments.

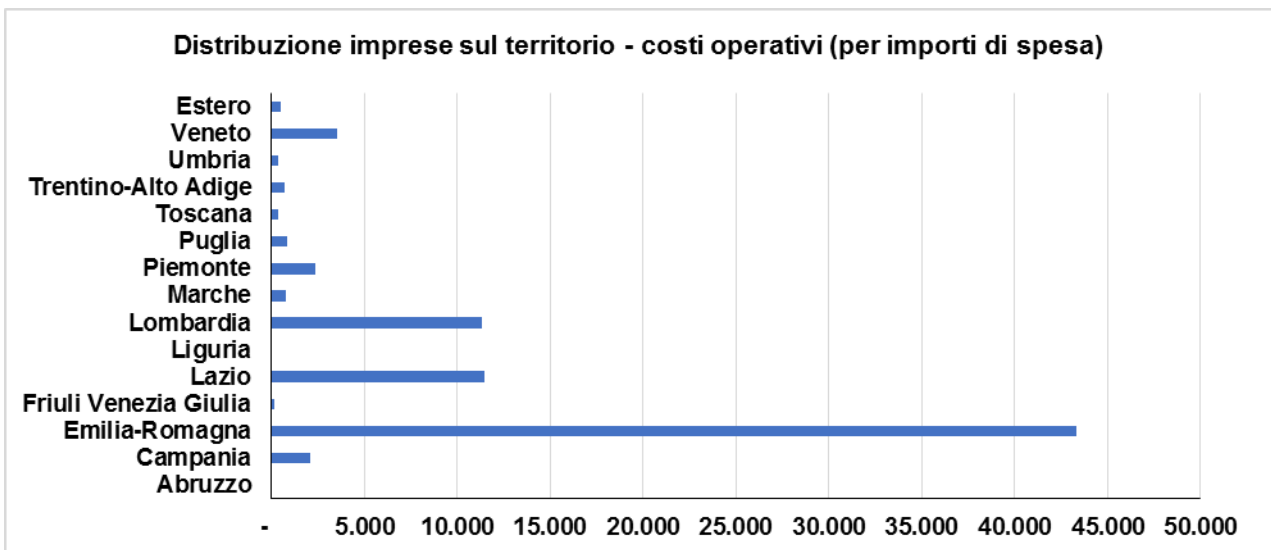
Indirect impact is generated by the subjects belonging to the TPER value chain, and more specifically TPER's first line of suppliers. For the assessment of indirect impacts, the information contained in the sustainability reports of suppliers collated in the AIDA - Bureau Van Dick database was analysed. For the remaining suppliers projections were made starting with the data measured for 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 of purchases made by TPER. The survey was carried out on a representative sample of companies, i.e. a number of suppliers representing over 50% of TPER's operating expenses (the companies analysed represented overall costs of 78 million euros, 1.7 million euros of which for lease and rental costs, 29.8 million euros of which for raw materials and 46.3 million euros of which for services) and over 70% of investment costs (the companies analysed represented overall costs of 23 million euros out of a total of 32 million euros of investments). Overall, the annual reports of the first 255 companies in terms of expenses were analysed.

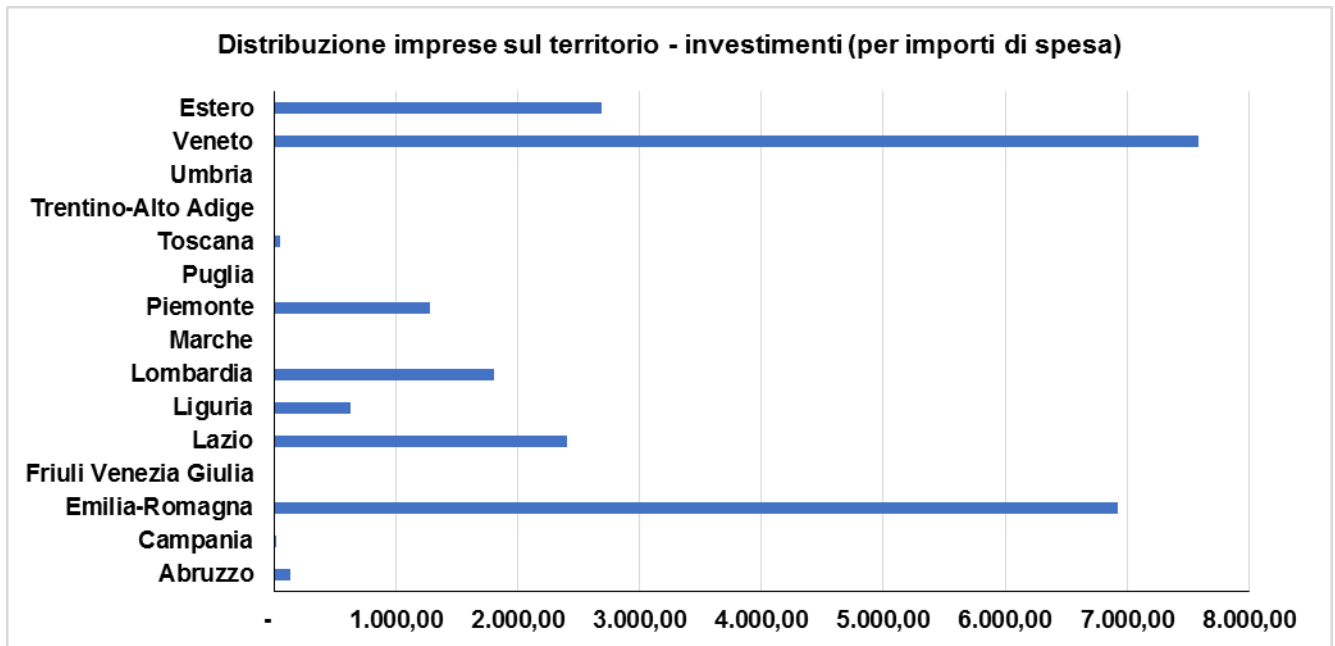
The analysis carried out shows the distribution of the main Tper suppliers in the area by number of suppliers and by amounts spent, taking into consideration both operating costs and investments. The data considered is that of the registered office as retrieved from the Aida - Bureau Van Dick data.





Many suppliers are located in the region both in terms of numbers (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 (around 67% of the sample analysed is located in the region for 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 of 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 value, a cautious estimate of 5% of the total direct and indirect value was made.

Measuring the extended value is very important because the company is one of the potential drivers of growth in the region, its activities having a knock-on effect on other sectors of the economy and distributing wealth to 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 expand the scope of reporting, going beyond purely economic-financial performances.

#### Direct impact

Thousands of euros

Value added VA (euro)	Tax charges (euro)	Number of employees (no.)
164,885	1,673	2,717

#### Indirect impact

Thousands of euros

	Incidence VA (euro)	Tax charges (euro)	Num employees (no.)
Ordinary operations	42,721	1,201	736
Investment management	5,481	378	55
Total	48,202	1,579	791

### Induced impact

Thousands of euros

Incidence VA (euro)	Tax charges (euro)	Num employees (no.)
2,410	79	40

### Extended value of TPER

Impact	Incidence VA (euro)	Tax charges (euro)	Num employees (no.)
Direct	164,885	1,673	2,717
Ordinary Indirect	42,721	1,201	736
Indirect investments	5,481	378	55
Induced	2,410	79	40
<b>Total extended value</b>	<b>215,497</b>	<b>3,331</b>	<b>3,547</b>

## Environmental sustainability

GRI 103-2 GRI 103-3

The transportation of both goods and people impacts on all aspects of human activities, from our homes 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.

In the transport sector, the main source of greenhouse gas emissions is the road transport of goods and passengers, accounting for around 94% of the greenhouse gases produced and 23% of total greenhouse gases (not just CO<sub>2</sub> but also CH<sub>4</sub>, N<sub>2</sub>O, CO, SO<sub>2</sub>, NMVOC). However, the reduction of greenhouse gas emissions in the transport sector has been lower than in other industries. Total EU emissions have fallen by 10.9% since 2007, but only by 9.7% in the transport sector.

Environmental impact 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 strengthen public railway and road transport, to renew rolling stock and road fleets, and 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, reduces the negative impact of private traffic, mainly as regards harmful gases emitted by the fleet into the atmosphere.

In this regard, strengthening public transport is the most sensible approach, in particular in medium-sized 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, the evolution of technology and the improvement of road infrastructure (reduction of congestion), it is possible to achieve a significant drop in the emissions of air pollutants produced by road transport. 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

GRI 103-2 GRI 103-3

As regards the reduction of road congestion and accidents, improving air quality through the use of cleaner energy sources and the overall reduction of CO<sub>2</sub> 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 in incentivising people to choose public transport over private forms of transport. TPER has tried to ensure cleanliness, punctuality and suitable frequency for specific routes, expanding the offer of alternative solutions such as car sharing and bike sharing.

As for railway services, in addition to replacing rolling stock with newer and more comfortable vehicles, we have focused on intermodality, both through the Stimer ticketing system and solutions such as taking bicycles on the train to move between cities or the further elimination of architectural barriers for people with reduced mobility. On all transport means we have strived to guarantee, through increased checks by our multi-purpose personnel, a feeling of greater safety, whilst the cleaning programmes aboard vehicles have helped to improve people's perception of quality during their travels.

The introduction of innovative ways of purchasing tickets and the promotion and information campaigns on the service have the additional goal of raising awareness and encouraging the use of public transport (trains or buses) and shared transport solutions (car or bike). Through quality surveys and more accurate measurements of transport use, it is possible to design and deliver a service effectively oriented towards consumers and their needs, with the aim not only of providing quality services to regular customers, but also of acquiring new customers who do not regularly use public or shared services as a first choice.

### Environmental impact - means of transport

TPER seeks to reduce the environmental impact of its fleet by reducing pollutants and CO<sub>2</sub> production.

More specifically, the company has started to renew 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 efficiently manage 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.

TPER has developed a project for the construction of an innovative system to refuel LNG-powered buses. This particular fuel will make it possible to exceed the range of CNG buses, enabling methane buses to be used also for suburban and exurban services.

The impact analysis of the noise produced by TPER can help check overall compliance with the noise limits established by 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.

## TPER fleet

GRI 102-2 GRI 102-6 GRI 302-5 GRI 305-3

### Fleet - road vehicles

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

- Urban transport: use of electric vehicles
- Suburban transport: use of methane (CNG)-powered vehicles
- Exurban transport: use of liquid methane (LNG) vehicles

The strategy for the acquisition of natural gas vehicles (CNG) was launched back in 2001. We are currently planning to convert vehicles from diesel 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 "particulates". As a result of our constant investments in this area, TPER today has around 311 natural-gas buses on the road, with a carrying capacity of 30,904 passengers.

As of 31/12/2018, the TPER Group had 1,150 vehicles

In the areas managed by subsidiaries TPB and TPF the vehicles of its partners are also used, a total of 207 vehicles.

Partner	No. of vehicles
AGI	28
Coerbus	42
Cosepuri	61
SACA	76
<b>Total partner buses</b>	<b>207</b>

Below is a detailed analysis of Tper Group vehicles only.

#### Breakdown of vehicles by fuel type and service

	Diesel	Electric	Hybrid	Methane	Overall total
Interurban	378				378
Suburban	172			55	227
Urban	143	101	45	256	545
Overall total	693	101	45	311	1,150

The main source of fuel is still diesel. TPER uses a diesel fuel with very low sulphur content (10 parts per million) which limits emissions of sulphur dioxide and sulphates.

Particularly for urban services, TPER uses zero-emission trolleybuses (2,419,755 kw/h per year) and buses run on methane, a fuel that does not release benzene, sulphur dioxide or particulate matter (PM10) and whose carbon dioxide and nitrogen oxide emissions are, respectively, 25% and 90% lower than those of traditional fuels.

#### Breakdown of vehicles by fuel type and emission class

	Diesel	Electric	Hybrid	Methane	Overall total
EEV (1)				229	229
EURO1	20				20
EURO2	270				270
EURO3	228		22	15	265
EURO4	12			15	27
EURO5	75		2	3	80
EURO6	88		21	49	158
ZEV (2)		101			101
Overall total	693	101	45	311	1,150

(1) EEV - Enhanced Environmentally Friendly Vehicles

(2) ZEV - Zero Emission Vehicles

In addition to 311 natural gas vehicles, of which 229 are Enhanced Environmentally Friendly buses, there are 101 ZEV electric vehicles (95 trolleybuses and 6 electric buses), 45 hybrid buses, 158 Euro 6 buses and 80 Euro 5 buses. Almost all buses (with the exception of the new Euro 5, Euro 6, Zero Emission Vehicles and EEV, which have a reduced impact or no impact) are equipped with devices to reduce emissions.

Considering the EEV (Enhanced Environmentally Friendly Vehicles) and ZEV vehicles, which are emission-free, 28% of the vehicles in the TPER fleet therefore have very low emissions.

27% of the vehicles are powered by methane. These vehicles are mainly used in urban and suburban areas. To meet the needs of the natural gas fleet, TPER has equipped itself with fuelling stations at two depots in Bologna and at the Ferrara depot. TPER is the only company in Italy to use three refuelling stations for its fleet that supply methane, which does not release benzene, sulphur dioxide and particulate matter (PM10), and has carbon dioxide and nitrogen oxides emissions that are lower by 25% and 90% respectively.

#### Breakdown of vehicles by emission class and service

	EEV	EURO1	EURO2	EURO3	EURO4	EURO5	EURO6	ZEV	Overall total
Interurban		3	124	122	6	64	59		378
Suburban	29	1	59	81	6	10	41		227
Urban	200	16	87	62	15	6	58	101	545
Overall total	229	20	270	265	27	80	158	101	1,150

TPER investments for urban routes are aimed at increasing the number of electric vehicles. The Bologna trolleybus network was already present in the 60s and 70s and, although unused for several years, was always maintained and has recently been restructured. The current electric fleet consists of 101 trolleybuses, 49 of which are the Crealis Neo type.

Regarding the type of vehicles used, there are 86 short buses, 294 buses of medium length, 449 long buses and 321 super-long and articulated buses.

#### Breakdown of vehicles by size and service

	Short	Regular	Long	Articulated/super-long	Total
Interurban	22	179	112	65	378



Suburban		21	154	52	227
Urban	64	94	183	204	545
Total	86	294	449	321	1,150

With regards to architectural barriers, 771 buses are equipped with a platform to facilitate access for people with reduced mobility. 919 buses have a lowered platform

		Without platform	With elevator platform	Overall total
Interurban	Standard platform	217	1	218
	Lowered platform	33	127	160
Interurban Total		250	128	378
Suburban	Standard platform	6		6
	Lowered platform	54	167	221
Suburban Total		60	167	227
Urban	Standard platform	2	5	7
	Lowered platform	67	471	538
Urban Total		69	476	545
<b>Overall total</b>		<b>379</b>	<b>771</b>	<b>1,150</b>

In 2018 TPER continued to make new investments to improve the efficiency of the fleet and improve the quality of its services.

In particular, in 2018 Tper purchased 16 of the fleet of 28 Mercedes Citaro Hybrids it has agreed to buy. The Citaro hybrid system consists of a disc-shaped electric engine positioned between the engine and the automatic transmission. When the bus slows down, the engine functions like a generator that produces electricity stored in the rechargeable batteries, mounted on the back of the roof in order to minimise the bus's footprint. The batteries have a high power density and make the diesel engine more efficient, i.e. able to save resources. These buses were first used on the suburban 90 and 96 lines and will gradually replace all of the buses on these two important services between Bologna city centre and the metropolitan belt. In fact, the 90 serves Bellaria Hospital, San Lazzaro di Savena and Ozzano, while the 96 goes to Rastignano, Pian di Macina and Pianoro. The development of the "suburban" network - a cross between the exclusively city-based lines and the longer exurban services - is a distinctive trait of Bologna, which has succeeded in anticipating the trends of the area, facilitating its metropolitan growth. Today, thanks to this new supply of buses, an increasing number of services on these lines can guarantee the complete accessibility and the advanced environmental compatibility that already distinguishes the service in the urban area.

Tper has also purchased 29 Citymood IIA CNG buses. These buses have in-built air conditioning for comfortable journeys in all seasons, an in-built lowered platform to facilitate access on and off the bus, and two reserved areas, one equipped for the transportation of people in wheelchairs and the other for open pushchairs, which can be accessed from the central doors via a manual fold-down ramp. The buses have a wide internal corridor with 21 seats - four of which reserved and suitably indicated for people with mobility difficulties, expectant mothers or adults with small children - as well as two fold-down seats: a layout that gives the bus a capacity of over 100 sitting and standing passengers and makes these vehicles particularly suitable for inter-municipal lines that serve both the immediate suburban area and the urban area.

Tper has also acquired 20 new methane-fuelled articulated Lion's City buses manufactured by MAN: 14 will be used for the urban lines and 6 for the suburban lines. These buses were purchased as part of a European tender issued by Tper, the leading transport company in the Emilia-Romagna region for the supply of different lots of buses, also using the POR FESR European funds made available by the Region of Emilia-Romagna for the renewal of public fleets. The 4-door model, suitable for urban use, has 2 specially-equipped spaces, one dedicated to the transportation of people in wheelchairs and the other for open pushchairs, and seats 38 with 124 standing; the 3-door model, meanwhile, which has more seats, 52, one of which equipped to accommodate wheelchairs, is used on suburban services. The new MAN Lion's City buses have in-built air conditioning with the automatic adjustment of the temperature according to the settings of the control unit and the external temperature to guarantee comfortable travel in every season, a manual fold-down ramp at the central door and an in-built lowered platform to facilitate access on and off the bus. The vehicle's suspension has a "kneeling" system which enables the driver to lower the bus at stops by 8 cm to make it even easier to get on board.

For a company with a large fleet such as TPER, the huge renewal costs also make it necessary to employ other less costly measures 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 a particulate filter that uses the HJS - CRT system, thanks also to regional funding. Tper has also purchased

As for the future, TPER's goal is to double down on its commitment to renewing its fleet, a necessary investment to further improve the environmental sustainability and quality of its service. That said, TPER is also aware that to tackle this challenge effectively far greater resources are required than those provided to this end by the public system.

## Vehicles - Rail transport

TPER's rail service is also managed using new technologies that favour sustainability. In recent years, the railway vehicle fleet has undergone a significant renewal process: the number of electric trains, eight in 2007, has more than tripled and currently 69% of the kilometres covered by TPER uses electric traction, which will continue to grow thanks to the intermodal development project.

Seven new ETR 350 (from the new series) have been in service since 2017, in addition to the 19 ETR 350 (including 7 from the new series) already in service. Each ETR has around 270 seats but can carry a total of around 600 passengers. The service improvements made to the 14 new-series ETR trains include an additional toilet on board.

TPER has 15 electric and 2 diesel trains. The average life of trains owned by TPER is 4 years.

TPER also provides its services using an additional 77 trains made available by the Region of Emilia-Romagna. Below are the details on the trains provided under concession by the Region:

- 25 diesel 2-piece ALn railcars (of which 14 ALn 663, 17 ALn 668, 19 Ln trailer cars)
- 16 diesel ALn 72422
- 10 diesel Pesa ATR220
- 12 electric Stadler ETR 350
- 2 electric ALe 054
- 2 electric ALe 228
- 1 electric ALe 088
- 9 Vivalto railcars (10 E 464 locomotives with 20 carriages and 9 Vivalto control cars)

## Environmental sustainability and circular economy

In 2018 the TPER Group and the Hera Group collaborated on a circular economy project for the production and use by TPER of the biomethane produced in the Hera Group plant in S. Agata Bolognese.

The biomethane produced in this plant is a 100% renewable fuel, generated by processing prunings, residues and organic waste. At full capacity the plant is able to produce 7.5 million m<sup>3</sup> of methane (as well as 20,000 tonnes of quality compost mainly destined for agriculture) and introduce it into the electricity grid, generating savings of 6,000 tonnes of oil equivalent.

This circular process, which begins with the general public correctly sorting their waste and finishes by providing the region a renewable fuel, will have a transparent and certified supply chain.

The project is scheduled to launch by April 2019.

## Materials

TPER's material purchases mainly comprise spare parts and other materials relating to vehicle maintenance. In terms of its activities, these purchases are not particularly relevant for the purposes of this document. Purchases are managed according to the company policy - also in terms of the selection of local suppliers - bearing in mind TPER's nature as a company owned by Public Administrations. The percentage of recycled materials purchased is not significant.

## Energy consumption

GRI 302-1 GRI 302-3

The company policy of reducing its environmental impact is positively reflected in its consumption of electricity, diesel and methane.

Like other public transport companies, TPER's energy consumption (and therefore environmental impact) mainly stems from its running of transport which, on average, represents between 75% and 90% of its consumption and resulting emissions (Source ASSTRA).

The overall energy consumption of many local public transport companies has increased over the last few years as they have gradually expanded their services. The challenge lies in increasing energy efficiency by reducing fuel consumption while nonetheless becoming more competitive. Below is a breakdown of overall consumption by type of use.

The data presented refer to direct energy consumption. Data on indirect consumption, relating to the energy consumed mainly by suppliers, particularly when delivering part of the transport services provided by TPER, are not currently included. The data in question derive from sources outside TPER's control and, for the purposes of this document, it was not possible to collect this information, which is available outside TPER's reporting boundary.

With regard to its partners, the data refer to the supply of the public transport service and do not include general consumption for workspaces or other purposes.

The below data include TPER's subsidiaries, including SST, and the partners that operate the service in the Bologna and Ferrara areas through subsidiary consortium companies TPB and TPF, in the scope of analysis.

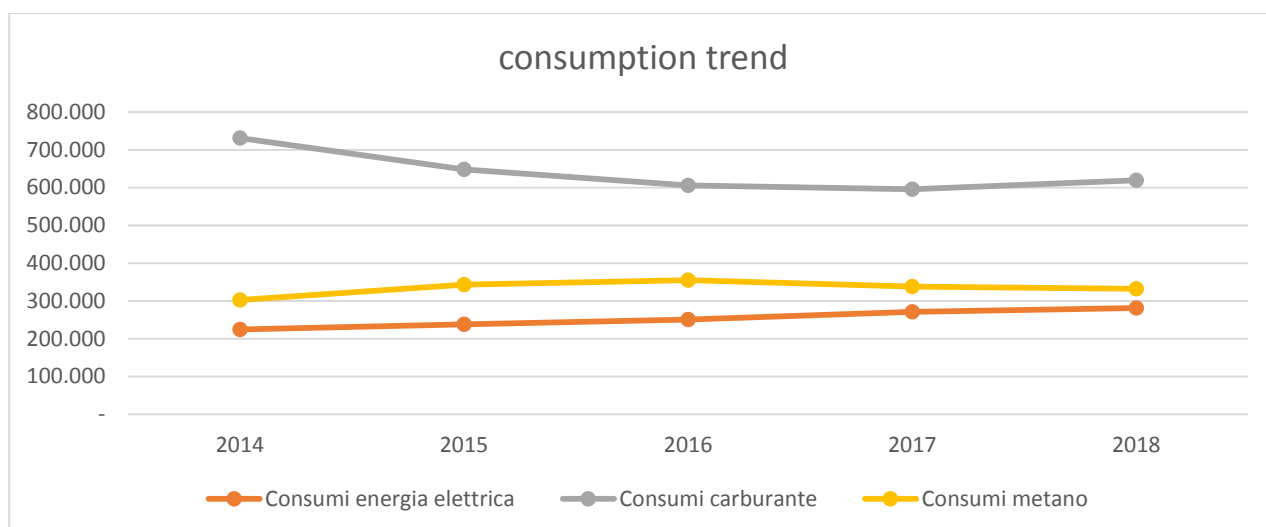
Electricity kWh	2018	2017	2016	2015	2014
Transport (buses)	5,039,544	3,311,292	2,419,755	1,451,322	2,601,492
Transport (trains)	60,902,720	61,251,453	55,677,275	52,029,533	48,558,691
Thermal kWh - offices and terminals	1,028,292	1,008,703	1,127,127	1,183,275	923,495
Offices and other	9,386,815	8,433,429	9,002,826	9,983,827	8,838,447
SST	-	-	-	-	-
Mafer	1,461,665	1,085,158	1,085,158	1,085,158	1,085,158
Dinazzano Po	383,204	383,204	383,204	383,204	383,204
Partners	-	-	-	-	-
<b>Total</b>	<b>78,202,240</b>	<b>75,473,239</b>	<b>69,695,345</b>	<b>66,116,319</b>	<b>62,390,487</b>
<i>Of which from renewable sources</i>	<b>19,672,083</b>	<b>662,258</b>	<b>483,951</b>	<b>290,264</b>	<b>520,298</b>

Electricity is not purchased under a safeguard scheme. Back in 2017 TPER began a process for the purchase of "clean" electricity, i.e. electricity produced from renewable sources, by participating in the IntercentER "Energia Elettrica 11" project. Using this source entailed a (limited) surcharge for each MW purchased, albeit still within the budget and in line with the company's sustainability efforts. As such, since 1 January 2018 TPER trolleybuses and systems have been 100% powered by energy from renewable sources.

Transport fuel (tonnes)	2018	2017	2016	2015	2014
Transport (buses)	9,192	9,022	8,954	9,524	10,602
Transport (trains)	1,517	1,313	1,650	2,105	2,970
Other mobility services (VAZ)	52	56	60	60	50
SST	99	99	99	99	99
Mafer	-	-	-	-	-
Dinazzano Po	1,511	1,413	1,390	1,362	1,362
Partners	2,144	2,039	2,039	2,039	2,039
<b>Total</b>	<b>14,515</b>	<b>13,941</b>	<b>14,193</b>	<b>15,188</b>	<b>17,122</b>

Methane (m <sup>3</sup> )	2018	2017	2016	2015	2014
Transport (buses)	8,389,978	8,535,220	9,007,534	8,705,713	7,760,193
Other mobility services (includes VAZ)	14,432	16,516	18,451	12,592	7,798
Offices and other	1,140,529	1,155,819	1,172,090	1,140,326	923,784
SST	37,077	37,077	37,077	37,077	37,077
Mafer					
Dinazzano Po	18,631	18,631	18,631	18,631	18,631
Partners	21,391	18,351	18,351	18,351	18,351
<b>Total</b>	<b>9,623,038</b>	<b>9,782,614</b>	<b>10,273,134</b>	<b>9,933,690</b>	<b>8,766,834</b>

Overall energy consumption (Gj)	2018	2017	2016	2015	2014
Transport	984,535	968,611	973,184	989,874	1,031,857
Other mobility services (includes Mafer)	7,984	6,879	7,092	6,890	6,309
Offices and other	147,677	140,511	142,596	144,008	131,470
<b>Total</b>	<b>1,140,196</b>	<b>1,116,001</b>	<b>1,122,872</b>	<b>1,140,772</b>	<b>1,169,636</b>



### Energy consumption intensity index

The following are the intensity indexes related to the reduction of energy consumption. The data do not include the km travelled with the car sharing service.

		2018	2017	2016	2015	2014
<b>Local public transport intensity index</b>						
Energy consumption	GJ	984,535	968,611	973,184	989,874	1,031,857
Total km travelled	km	49,865,865	49,168,556	49,168,556	49,168,556	49,168,556
<b>Intensity index</b>	<b>Gj/km</b>	<b>0.0197</b>	<b>0.0197</b>	<b>0.0198</b>	<b>0.0201</b>	<b>0.0210</b>
<b>Overall intensity index</b>						
Energy consumption	GJ	1,140,196	1,116,001	1,122,872	1,140,772	1,169,636
Total km travelled	km	49,865,865	49,168,556	49,168,556	49,168,556	49,168,556
<b>Intensity index</b>	<b>Gj/km</b>	<b>0.023</b>	<b>0.023</b>	<b>0.023</b>	<b>0.023</b>	<b>0.024</b>

The reference parameter corresponds to the total kilometres travelled by TPER vehicles.

## Emissions

GRI 305-1 GRI 305-2 GRI 305-4 GRI 305-6 GRI 305-7

As with the consumption analysis, the reporting scope for emissions comprises the subsidiaries, SST included, and partners.

The tables show, for the most significant types, the data relating to direct emissions (Scope 1 GHG - Greenhouse Gas) and indirect emissions associated with the consumption of electricity purchased from the grid (Scope 2 - GHG).

The quantitative data presented, determined on the basis of estimates, refer specifically to the quantities of transport fuel and electricity used by the TPER fleet (road and rail transport). The data include emissions relating to the energy consumed by partners particularly when delivering part of the transport service provided by TPER (Scope 3).

The reduction in emissions between 2017 and 2018 was mainly due to the fact that all the electricity acquired by TPER for road transport, its work sites and other services derives from renewable sources. This has led to a significant fall in emissions as the calculation does not consider indirect emissions, i.e. those produced at source for the production of electricity.

Tper does not manage the purchase of electricity in the railway sector. In the railway sector local emissions deriving from electric transport are also zero. However, the calculation considered the fact that not all of this energy comes from renewable sources and so the calculation method used refers to the total emissions of the entire supply chain.

### CO2 emissions

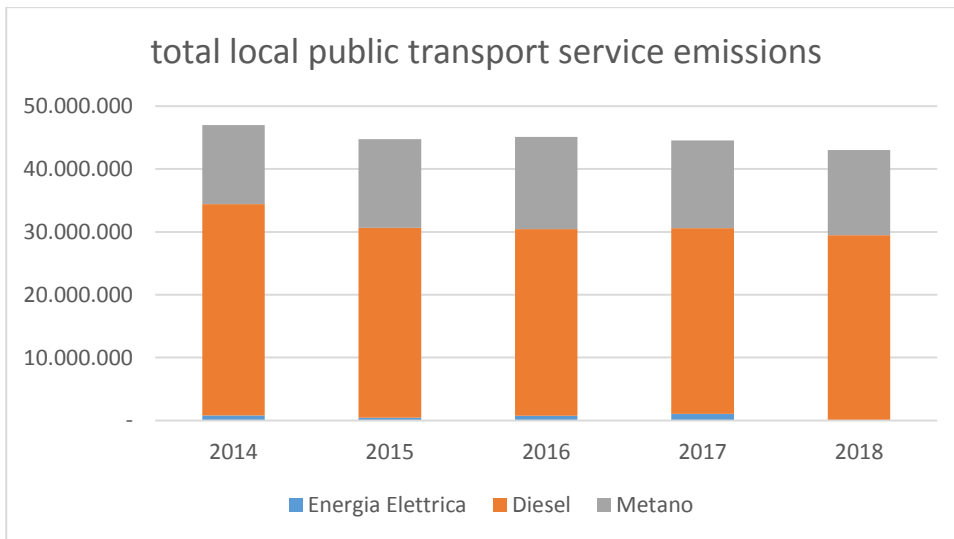
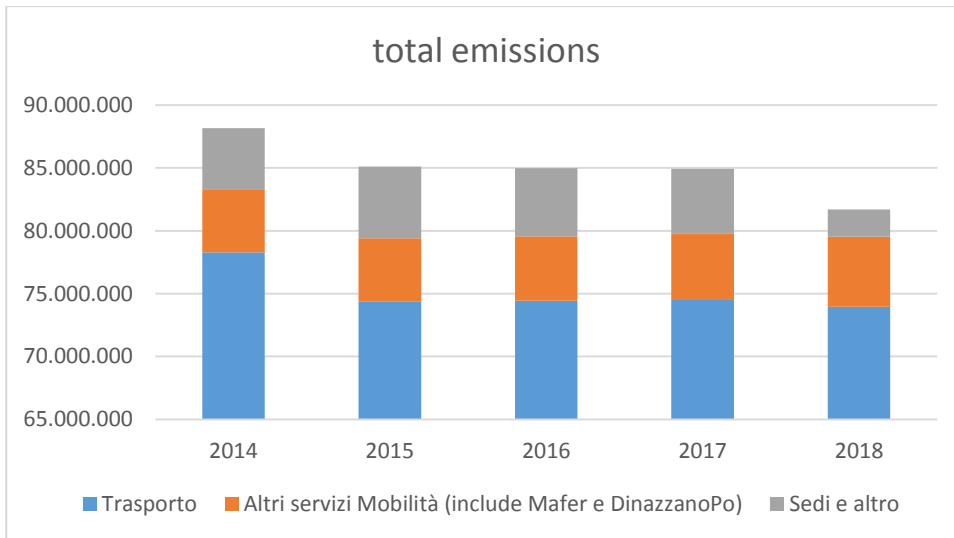
Total emissions	2018	2017	2016	2015	2014
Transport	73,953,206	74,576,411	74,430,341	74,911,731	80,336,503
Other mobility services	5,905,240	5,177,062	5,120,327	5,020,031	4,981,387
Offices and other	2,224,058	5,177,166	5,421,244	5,697,998	4,902,155
	82,082,504	84,930,639	84,971,912	85,629,760	90,220,045
<b>Emissions trend</b>	<b>-3.35%</b>	<b>-0.05%</b>	<b>-0.77%</b>	<b>-5.09%</b>	

In the 3-year period overall CO2 emissions fell by 3.4%.

The following trend relates only to buses.

Local public transport service (bus)	2018	2017	2016	2015	2014
Electricity	-	1,048,024	765,852	459,343	823,372
Diesel	29,448,429	29,536,626	29,681,597	30,182,566	33,601,511
Methane	13,591,764	13,953,479	14,639,636	14,115,791	12,582,687
	43,040,193	44,538,128	45,087,086	44,757,700	47,007,570
<b>Emissions trend</b>	<b>-3.36%</b>	<b>-1.22%</b>	<b>0.74%</b>	<b>-4.79%</b>	

Regarding only the bus service, in the 3-year period overall CO2 emissions fell by 4.54%.



## Harmful environmental emissions

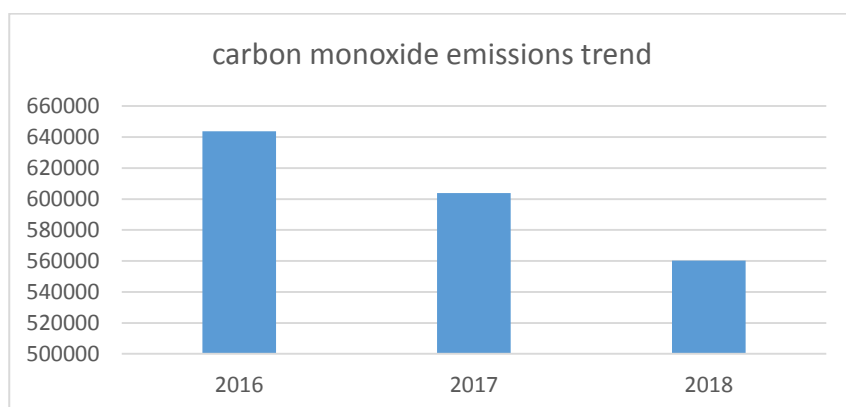
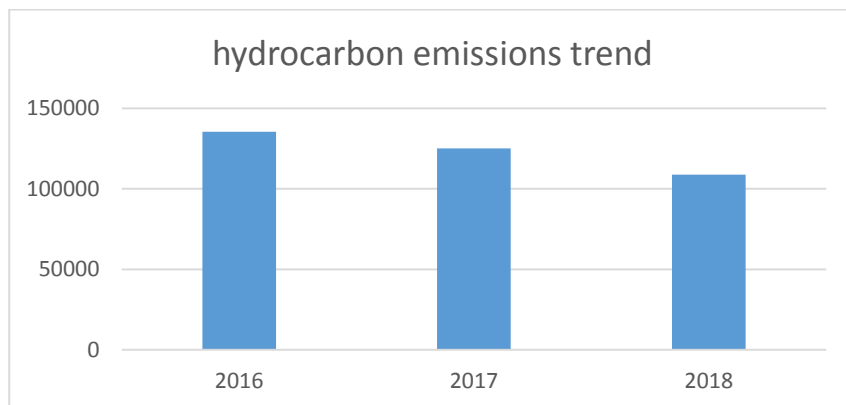
(in kg)

	2018	2017	2016
<b>Total hydrocarbon emissions</b>	<b>108,891.96</b>	<b>125,143.29</b>	<b>135,528.24</b>
<b>Not including methane</b>	<b>34,320.02</b>	<b>36,374.69</b>	<b>38,058.79</b>
TREND	-13%	-8%	
In the three-year period	-20%		

	2018	2017	2016
<b>Total carbon monoxide emissions</b>	<b>560,277.15</b>	<b>603,867.82</b>	<b>643,658.77</b>
TREND	-7%	-6%	



In the three-year period	-13%		
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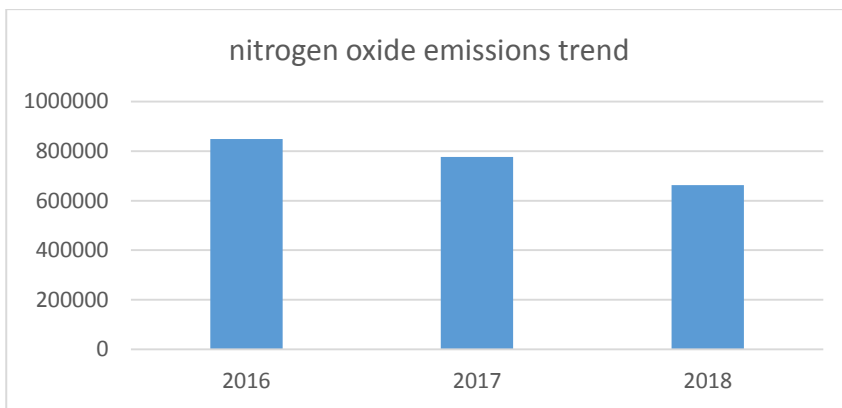
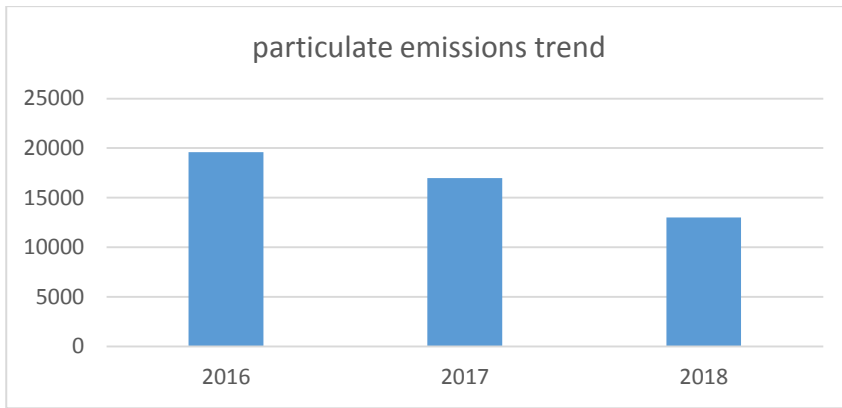


### Harmful emissions to human health

(in kg)

	2018	2017	2016
<b>Total particulate emissions</b>	<b>13,014.41</b>	<b>16,984.01</b>	<b>19,583.14</b>
TREND	-23%	-13%	
In the three-year period	-34%		

<b>Total nitrogen oxide emissions</b>	<b>662,978.78</b>	<b>776,799.82</b>	<b>848,515.39</b>
TREND	-15%	-8%	
In the three-year period	-22%		



### Emission intensity index

Local public transport intensity index		2018	2017	2016
Local public transport CO2 emissions	kg CO2e	73,953,206	74,576,411	74,430,341
Total km travelled	km	49,865,865	49,168,556	49,168,556
<b>Intensity index</b>	<b>CO2/km</b>	<b>1.483</b>	<b>1.517</b>	<b>1.514</b>
Index trend		-2%	0.2%	-0.6%
IN THE THREE-YEAR PERIOD		-2%		

Overall intensity index		2018	2017	2016
Total CO2 emissions	kg CO2e	81,707,745	84,930,639	84,971,912
Total km travelled	km	49,865,865	49,168,556	49,168,556
<b>Intensity index</b>	<b>CO2/km</b>	<b>1.6386</b>	<b>1.727</b>	<b>1.728</b>
Index trend		-5.1%	0.0%	-0.2%
IN THE THREE-YEAR PERIOD		-5.2%		

As with the data related to the energy intensity index, these data use km travelled as the reference parameter.

## Environmental performance. TPER's contribution to reducing emissions

GRI 302-4 GRI 302-5 GRI 305-5

The issue of environmental sustainability is extremely relevant for the EU.

Back in 2007 the Green Paper “Towards a new culture for urban mobility” identified five challenges to address in order to solve the critical issues in urban transport systems: the fluidity of traffic, improving air quality, incentivising the spread of Smart Mobility, improving accessibility and reducing road accidents.

The subsequent Action plan on urban mobility (2009) included 20 specific measures for the creation of an efficient transport system and the improvement of social cohesion.

These goals and actions were consolidated by the European Commission White Paper of 2011 “Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system”, which defined the European transport strategy for 2050, making particular reference to the use of sustainable fuels and harmful emissions to the environment (in terms of global warming and pollution) and human health.

To combat dangerous climate change, the EU leaders subsequently adopted the Energy and Climate Policy Framework 2030 in October 2014, which envisaged a CO2 reduction target of at least 40% by 2030 over the 1990 figures.

This objective is also part of the EU's commitment to the Paris Climate Change Agreement. The Paris Agreement in particular identifies the targets and deadlines to meet in terms of reducing harmful emissions in order to achieve the climate change goals.

These necessitate a new global approach to development and transport habits. The 196 signatory countries declared their intention to limit global warming to less than 2°C compared with pre-industrial levels in order to achieve zero greenhouse gas emissions by 2050. Following the stipulation of the Agreement, EU Member States set the binding target of reducing greenhouse gas emissions by 40% compared to 1990 by 2030.

As such, the reduction of emissions in the transport sector is crucial to lowering overall emissions.

And in this regard, collective and shared mobility represent a great way of achieving the above goals.

TPER's activities are geared towards respecting the sustainability goals established by the PUMS in the areas in which it provides public bus services, and more generally those of the regional PRIT. The company therefore plays an active role in achieving the goals that have been set.

In addition to improving its performances over the years in terms of reducing its fossil fuel consumption and emissions, TPER provides an economical and environmentally-friendly alternative to private transport. In fact, people save money when using TPER public transport as an alternative to their own vehicles.

- 145,076 tonnes of CO2 in the Bologna area
- 8,724 tonnes of CO2 in the Ferrara area
- 7,657 tonnes of CO2 for the regional rail transport service it manages.

## Waste management

GRI 306-2

In 2018, TPER produced a total of around 1,567 thousand tonnes of waste, around 594,000 of which was classified as non-hazardous.

Overall, in 2018 around 68% of the waste produced by TPER was sent for recycling (paper and cardboard, oil, batteries, ferrous and non-ferrous materials, demolition of vehicles, etc.), around 1.8% was stored at the producer's premises, while the remaining part was disposed of according to the regulations in force.

Waste production trends over the years depend on the number of vehicles demolished, which affects the total quantity of waste produced.

Waste by category and method of disposal (tonnes)	2018	2017	2016
<b>Hazardous waste</b>			
Recycled - recovered	617,805	610,209	848,388
Disposed	355,207	316,598	529,852
	<b>973,012</b>	<b>926,807</b>	<b>1,378,240</b>
<b>Non-hazardous waste</b>			
Recycled	449,656	454,115	512,871
Disposed	115,439	81,339	139,400
Stored	28,980	-	-
Other	-	184	-
	<b>594,075</b>	<b>535,638</b>	<b>652,271</b>
<b>Total</b>	<b>1,567,087</b>	<b>1,462,445</b>	<b>2,030,511</b>

Waste produced (tonnes)	2018	2017	2016
From Total Waste Management	1,567	1,462	2,015
Of which recycled	1,067	961	1,370
Of which disposed of	471	489	672
Of which hazardous	973	927	1,376

TPER does not transport hazardous waste nor does it dispose of relevant quantities of waste in water bodies (i.e. discharges representing at least 5% of the total volume of the basin) or in drainage basins in valuable areas of high biodiversity (protected areas).

## Water resources

GRI 303-1

TPER consumed around 46,000 m<sup>3</sup> of water in 2018, down compared to 2017 (49,000 m<sup>3</sup>). The water used comes from the local water distribution network.

Water withdrawals (by source - m <sup>3</sup> )	2018	2017	2016	2015
Public water networks	45,542	49,156	52,710	66,584
<b>Total</b>	45,542	49,156	52,710	66,584
Total in megalitres	46	49	53	67

Larger depots are equipped with plants that treat the water before discharge as well as systems that allow the reuse of significant volumes of water after treatment, specifically for washing vehicles. TPER has also endeavoured to improve the sustainability of its water discharges. Today, as a result of various measures that have been mostly implemented at depots, all water discharges are monitored and authorised for discharge in public sewers in accordance with current regulations.

## Biodiversity

Biodiversity is the variety of living things that inhabit the Earth, and is measured in terms of genes, species, populations and ecosystems. A variety of organisms, beings, plants, animals and ecosystems, all interdependent, all equally indispensable. Thanks to biodiversity, Nature provides food, water, energy and resources for our daily lives. 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 topic, the issues inherent to biodiversity, so important for truly sustainable development at global level, do not have any specific or particular relevance for the TPER Group's activities. TPER's role with regard to the aspects connected with climate change (see the paragraph on emissions) also contributes indirectly to influencing the protection of biodiversity.

# Suppliers

GRI 102-9 GRI 102-10 GRI 103-2 GRI 103-3 GRI 308-1 GRI 412-1 GRI 414-1

## 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 Regulations 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 areas of Emilia-Romagna as well.

With specific reference to social and environmental responsibility, it expressly requires suppliers to adhere to the TPER Code of Ethics.

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

GRI 103-2 GRI 103-2

In the public services sector, the transformation from users to customers is central, 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, it is important not to forget the social nature of the public service, and it is therefore necessary to ensure that, through the correct dialogue between regulators and managers, it is possible to 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 disabilities. 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.

## Ticket distribution

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

### 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 for a widespread ticket distribution area.

### ATM's - Home banking

With the introduction of smart cards for pass holders, TPER provides further pass renewal options. It is possible to top up subscriptions at any ATM of the Unicredit and Carisbo / Intesa Sanpaolo network, or by using the respective home banking options of the banks' websites.

### Website

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.

## Quality of services

GRI 416-1 GRI 416-2 GRI 417-1 GRI 417-2 GRI 417-3

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 dialogue and on-going communication.

## Quality of public transport, comfort, cleanliness

In 2018 the average age of the fleet was 12.8 years, lower than in 2017 (8.9 years for trolleybuses), down from the previous year. The investments underlay 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.

In the railway public transport sector operated by TPER, there was a very low average age (equivalent to 4 years) for the vehicles owned by TPER. The investments made with the purchase of new trains have allowed 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.

## Accessibility

Accessibility testifies to the company's ability to take care of users with special needs. Most TPER vehicles have solutions to facilitate access to passengers with walking difficulties or those accompanying children. In particular, 80% 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 2018, 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

GRI 416-1 GRI 416-2 GRI 417-1 GRI 417-2 GRI 417-3

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 over 15,000 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 topping 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

GRI 416-1 GRI 416-2 GRI 417-1 GRI 417-2 GRI 417-3

The safety of public transport users is guaranteed both by a series of procedures that allow a reduction in emergency/rescue time, and by significant investments in technological equipment, carried out as early as the mid-90s. In particular, the remote control system (AVM - Automatic Vehicle Monitoring) 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. As for the management of vehicle fleets in the scheduled public transport service, the features of this system allow service optimisation in case of disruptive events, providing an overview of the overall actual operating conditions, a better definition of strategies for any regulatory interventions, and the possibility of the Operations Centre to communicate the consequent operating instructions to individual buses or groups of vehicles. Similarly, the system allows the best prevention and management of mechanical damage to vehicles in service. The system also allows the collection of valuable data for planning services.

All urban buses are equipped with a video camera with microphone, built in to the remote control system and placed in the driver's seat area, activated by the driver in an emergency, allowing the Operators of the Operations Centre to see and hear what is happening aboard a bus in real time; the Operators of the Centre can then assess the situation in little time, sending support staff or requesting help from the police.

Furthermore, a system of external and internal video recording devices is installed on the entire fleet in the case of accidents with other vehicles, referred to as "Road-Scan"; it can be activated either automatically (collisions, sudden braking etc.) or manually. The device allows the recording, which lasts about ten seconds before and after the event that caused the activation, of images taken just in front of the bus area and much of the front interior of the bus, useful both for reconstructing the dynamics of road accidents and the effects of the same on passengers.

Lastly, 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 to providing future buses with the necessary components for the installation of video surveillance systems (wiring, provisions for new technology) that allow taking high-definition images of the entire area of the vehicle intended for passengers. TPER's investment plans also include the supply of on-board components to progressively equip the entire fleet with video surveillance systems. The collection and processing of images is carried out in compliance with applicable privacy laws.

On the basis of that Memorandum of Understanding, the Prefecture and the Municipality of Bologna are themselves committed to the coordination between the Police (State Police and Carabinieri) and Local Police for the optimal use of resources aimed at both the provision of extraordinary control services to ensure the safety of staff and users of public transport, and to counter the commission of those offences which are most frequently mentioned as typical of public transport services (pick-pocketing, assaults, harassment), and lastly to prevent incidents of verbal and physical assault on inspectors and drivers.

An identical Memorandum of Understanding was signed for the Ferrara area with the Prefecture and the Municipality of Ferrara.

## Users' Advisory Committee

GRI 416-1 GRI 416-2 GRI 417-1 GRI 417-2 GRI 417-3

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

GRI 416-1 GRI 416-2 GRI 417-1 GRI 417-2 GRI 417-3

### 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 areas. 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.

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 requested 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, it was 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 7.12, while the overall rating for the service offered was 7.38. For the Bologna area extra-urban service, the average of the items recorded was 7.10, with an average for the service of 7.16. For the urban service in Imola the overall average was 7.36 while the general service rating was 7.33.

For the Ferrara area, the urban service is rated with an overall average of 7.28 and the general assessment of service of 7.21. The extra-urban average and overall assessment are as follows: 7.15

Service aspect	BOLOGNA				URBAN IMOLA		Ferrara			
	Urban		SUB/EXTRAURB		Year 2018	Year 2017	Urban		Extra-urban	
	Year 2018	Year 2017	Year 2018	Year 2017			Year 2018	Year 2017	Year 2018	Year 2017
Compliance with routes and planned stops	7.51	7.41	7.48	7.46	7.78	7.77	7.62	7.32	7.68	7.14
Punctuality (schedule adherence)	7.05	6.68	6.86	6.54	7.36	7.25	7.24	6.92	7.16	6.87
Frequency of lines (adequate number of passages at the stops)	7.34	7.15	6.68	6.18	7.47	7.32	7.34	7.23	7.25	7.00
Speed of travel (link speed, travel time)	7.50	7.21	7.24	7.00	7.85	7.55	7.45	7.16	7.43	6.90
Convenience of stops and connections	7.75	7.62	7.36	7.25	7.61	7.74	7.63	7.11	7.48	6.92
Convenience and compliance with connections	7.36	6.90	7.11	6.73	7.59	6.88	7.38	6.74	7.02	6.65
Comfort on the vehicle (ease of access, air conditioning, etc.).	6.93	6.37	7.13	6.77	7.10	6.96	7.21	6.70	7.04	6.71
Uncrowded lines	5.02	4.79	5.22	4.95	5.19	5.14	6.37	6.57	5.90	6.18
Operation of the vehicles and on-board facilities (doors, ticket machines, etc.).	7.31	6.98	7.49	7.18	7.60	7.61	7.57	7.11	7.39	6.91
Vehicle cleanliness	6.62	6.15	6.86	6.31	7.27	6.96	6.64	6.73	6.50	6.55
Comfort of the stops (shelters, luminous displays, etc.).	7.02	6.54	6.82	6.44	7.07	7.02				



Infrastructure cleanliness (shelters, bus stops, information offices)	<b>6.92</b>	6.32	<b>6.94</b>	6.39	<b>7.08</b>	6.64	<b>6.67</b>	6.70	<b>6.44</b>	6.60
Driving conduct of drivers	<b>7.31</b>	6.78	<b>7.56</b>	7.26	<b>7.73</b>	7.23	<b>7.68</b>	7.17	<b>7.70</b>	7.17
Security in terms of theft, pickpocketing or harassment	<b>6.81</b>	6.47	<b>7.48</b>	7.29	<b>7.78</b>	7.81	<b>7.42</b>	6.69	<b>7.63</b>	6.75
Dissemination and clarity of information (schedules, informative material, etc.)	<b>7.45</b>	7.08	<b>7.50</b>	7.32	<b>7.78</b>	7.70	<b>7.69</b>	7.09	<b>7.81</b>	6.85
Ability to find tickets and passes	<b>7.63</b>	7.39	<b>7.31</b>	7.12	<b>7.36</b>	7.24	<b>7.51</b>	6.96	<b>7.57</b>	6.73
Level of responses to requests or complaints about the service	<b>7.16</b>	6.53	<b>7.15</b>	6.61	<b>7.33</b>	7.03	<b>7.12</b>	6.70	<b>6.53</b>	6.44
Courtesy, manners and appearance of staff (drivers, inspectors, etc.)	<b>7.60</b>	7.20	<b>7.62</b>	7.40	<b>7.65</b>	7.55	<b>7.76</b>	7.16	<b>7.71</b>	7.09
Commitment to respect for the environment	<b>7.24</b>	6.83	<b>7.38</b>	6.95	<b>7.54</b>	7.29	<b>7.29</b>	6.95	<b>7.18</b>	6.87
Suitable price of tickets and passes	<b>6.80</b>	5.95	<b>6.72</b>	6.11	<b>6.98</b>	6.41	<b>6.82</b>	6.42	<b>6.46</b>	6.30
<b>AVERAGE of the scores collected</b>	<b>7.12</b>	<b>6.72</b>	<b>7.10</b>	<b>6.76</b>	<b>7.36</b>	<b>7.16</b>	<b>7.28</b>	<b>6.92</b>	<b>7.15</b>	<b>6.77</b>
<b>Overall rating for the service</b>	<b>7.38</b>	<b>7.00</b>	<b>7.16</b>	<b>6.96</b>	<b>7.33</b>	<b>7.42</b>	<b>7.21</b>	<b>7.09</b>	<b>7.15</b>	<b>6.92</b>

## Railway

In 2018 a survey was carried out on the regional rail service in Emilia-Romagna by the Research and Statistics Department for Strategic Planning - General Directorate of the Metropolitan City of Bologna on behalf of TPER, in order to measure users' degree of satisfaction.

The survey was carried out on board the trains, by distributing paper questionnaires to all passengers present on the train in question, on weekdays from 27 November to 3 December 2018, 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.

The reference pool is made up of passengers over 15 years of age on the following routes:

- Bologna - Portomaggiore
- Bologna - Vignola
- Ferrara - Codigoro
- Ferrara - Suzzara
- Modena - Sassuolo
- Sassuolo - Reggio Emilia
- Reggio Emilia - Guastalla
- Reggio Emilia - Ciano D'Enza
- Parma - Suzzara

For each of the nine lines, a round trip was carried out (excluding the Sassuolo-Reggio Emilia route), except for sections of Bologna and the Modena-Sassuolo lines, for which two convoys were offered questionnaires to assess different types of users. The total overall routes are 12.

Overall, 1,256 complete or partially completed questionnaires were collected, from a minimum of 74 (Ferrara-Codigoro line) to a maximum of 259 (Bologna- Vignola line).

Most of the lines surveyed featured the overwhelming presence of youth (over 90%), mainly students. Only on the Bologna and Modena-Sassuolo lines was there a more varied combination of ages. Systematic study (68%) and work (24%) travel were the main reasons for travelling on regional lines. The foreign component was stable compared to 2017, with an average of around 9% of respondents.

The predominant method of reaching the departure station was on foot compared to using an automobile. More than half of the passengers then reach their final destination on foot and about 25% use a bus.

The share of loyal users is over 37% (passengers for whom the train is the preferred means of transport and thus viewed as irreplaceable). For 32%, the choice is an obligation that they could do without it. For 27%, the train is a vehicle equal to any another (indifferent).

A higher level of loyalty was detected on the Bologna-Vignola line, which is also the line with the best perceived quality index. On the other hand, the service is carried out with new, recently acquired vehicles on this line, and this impacts the quality of the trip. A high level of loyalty was also detected on the Modena-Sassuolo line. The highest levels of constraint were recorded on the Reggio and Parma-Suzzara lines.

In relation to the indication of advantages and disadvantages of using a train, the following aspects emerged:

#### ADVANTAGES

Tranquillity, low stress, relaxation (36% of respondents), sense of comfort connected both to the use of travel time to work or study (30%) and the convenience of the trip itself (26%), and finally the travel speed (16%).

#### DISADVANTAGES

Delays (61% of indications but with levels that exceed 75% for some lines), the travel times, or the need for extended longer times (26%), the lack of autonomy or freedom of movement (14%).

51% of the users gave an overall positive assessment (sufficiency and full promotion) to the regional rail transport. The average score assigned to regional rail transport in 2018 was 5.3.

Virtuous lines generally receive positive assessments. Among these are the two Bologna lines with flattering assessments and an increase compared to 2017: Bologna-Vignola received 84% of scores between 6 and 10 and an average of 7; Bologna-Portomaggiore, which is more stable, received 58% of scores between 6 and 10 and an average rating of 5.7. While receiving a positive performance evaluation, the Parma-Suzzara line had a sharp drop of 7 percentage points over the previous year: the average score fell from 5.8 to 5.3.

The Modena-Sassuolo line dropped from 6.1 to 5.3 in 2018.

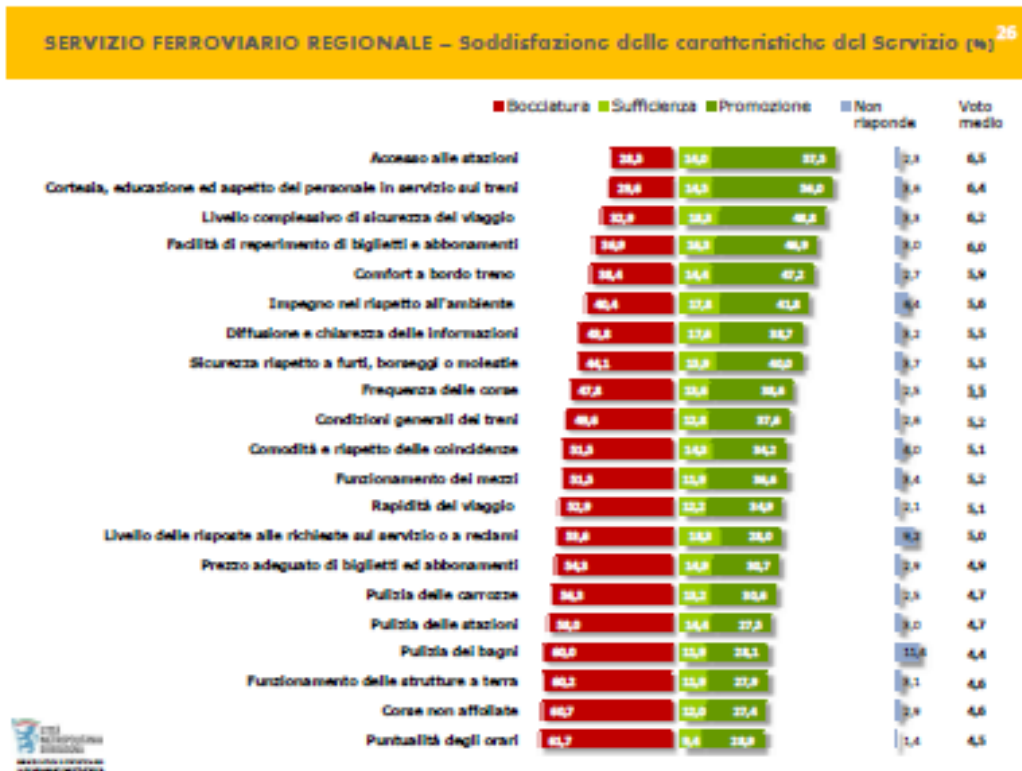
The Ferrara-Suzzara, Ferrara-Codigoro and Reggio Emilia-Guastalla lines, although they received poor assessments ranging between 60-63%, recovered somewhat from 2017. The Reggio Emilia-Ciano d'Enza and Sassuolo-Reggio Emilia lines lastly had a higher level of low scores (72-75%), in continuity with the previous year.

The service strengths given the highest scores over the entire sample, are:

- Access to stations: good evaluation in general on all lines. Reduced satisfaction on the Reggio Emilia-Guastalla line. Excellent on the Bologna-Vignola line.
- Service staff: always positive assessments aside from the Reggio Emilia-Ciano d'Enza line. The lines par excellence are Bologna-Vignola and Modena-Sassuolo.
- Travel security: good overall ratings with a drop on the Sassuolo-Reggio Emilia line. Excellent on the Bologna-Vignola line.
- Obtaining tickets: average positive assessments. A particularly negative situation was highlighted on the Parma-Suzzara line.
- Comfort: overall improved assessments except for the Reggio Emilia-Ciano d'Enza and Ferrara lines. The Bologna-Vignola line stands out for its positive feedback.

The weaknesses of the service, with the highest concentration of negative scores, are (from most serious to least serious):

- Punctuality: marked and diffuse negative scores. The worst lines for this service: 90% on the Reggio Emilia lines and still significant on the others. Once again the Bologna-Vignola is in obvious contrast.
- Crowding: clear general negative scores. Particularly problematic on the lines of Reggio Emilia, Ferrara and Bologna-Portomaggiore. Good feedback on the Modena-Sassuolo line.
- Operating ground structures: Worrying situation on the Reggio-Emilia-Ciano line, but also Parma-Suzzara. Only the Bologna-Vignola line obtained positive scores.
- Cleanliness of wagons and bathrooms: partial adequacy only noted on the Bologna lines, in particular towards Vignola, and on the Modena-Sassuolo line.
- Price of tickets and passes: poor scores on the rate level of tickets, with prevailing negative scores. The only exceptions to these negative scores were on the Bologna lines and less on the Modena-Sassuolo line.



## 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	2018
<b>Total complaints</b>		<b>3,167</b>	<b>3,658</b>	<b>4,036</b>
Of whom	TOTAL ROAD TRANSPORT COMPLAINTS	2,701	3,022	<b>3,328</b>
	TOTAL RAILWAY COMPLAINTS	466	636	<b>708</b>
IN PARTICULAR RELATED TO				
SERVICES	FREQUENCY OR SCHEDULE NOT RESPECTED	612	705	<b>811</b>
	RUNS MISSED	336	371	<b>457</b>
STAFF	STAFF RUDE	236	259	<b>358</b>
	INAPPROPRIATE DRIVING	193	209	<b>214</b>
	FAILURE TO STOP AT BUS STOP	241	301	<b>283</b>
FARE DODGING CLAMP DOWN		6	11	<b>15</b>
OBLIGATORY VALIDATION		-		<b>8</b>
POSITIVE REPORTS		45		<b>47</b>

AVERAGE RESPONSE TIMES TO COMPLAINTS

21

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

There were 4,036 user complaints in relation to road transport in 2018, of which 3,328 were about the automotive sector and 708 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.

## TPER's commitment to the region

GRI 103-2 GRI 103-3

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 accordance with the reference institutions, in fact, the rate system provides reductions for certain categories of users, or even free use. The lower income resulting from such subsidies is, 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 di Reno, Granarolo nell'Emilia and San Lazzaro di Savena, use of the bus is free for young primary school students (generally 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). Since September 2018, the students in their last year of secondary school residing in Ferrara travel free in the urban area of the city thanks to a contribution from the same.

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 in relation to 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 euros 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 2018.

Furthermore, in Bologna and Ferrara there is full fare integration for the services managed by TPER on the road and rail network, as well as with SETA tickets in the Seta areas of Modena and Reggio Emilia. In fact, the integrated regional fare system "Mi Muovo" allows the use of a single travel document for TPB road and 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 travel 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. Starting in September 2018, on the initiative of the Emilia-Romagna region, those who subscribe to a monthly or annual pass for a railway line can use the urban transport of the departure/arrival city.

## Local communities

GRI 413-1

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, is 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 in Italy, 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 euros, 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
- Security
- Guaranteed availability
- Economic saving
- Lower cost of living

### Subscribers and loyalty

In recent years, TPER has consolidated the methods for rewarding its subscribers' loyalty in two ways. The first is to offer advantages in terms of leisure and consumption: the TPER subscription incorporates value in itself by allowing discounts, rebates and deals in the main theatres of Bologna, its museums, its cinemas and major classical and contemporary music events. The second is to reward subscribers who regularly validate their travel document through a competition reserved for those who register in the TPER Web Club. The

Web Club aims to promote loyalty with its most frequent users, reserving special offers from company partners for them, as well as online information partners on more "personalised" mobility.

There are currently about 3,000 TPER users subscribed to the Web Club. During 2018 the competition reserved for subscribers, "Validate and Win", allowed the company to distribute 600 prizes to subscribers.

The prizes were divided into three groups: Theatre and Exhibitions, Sports and Classical Music.

For the Theatre and Exhibitions group the following were involved: Teatro Arena del Sole, Teatro Duse, Teatro Europa Auditorium, Teatro delle Celebrazioni, Palazzo dei Diamanti in Ferrara and Palazzo Fava - Genus Bononiae. For the Sports group, the partners were Bologna FC and Spal in Ferrara. Finally for the music lovers, winners were given the opportunity to attend scheduled shows in the calendars of the Teatro Comunale, Teatro Manzoni and Teatro EBE Stignani in Imola.

Any prizes which were not claimed or assigned (not including those which were refused), were donated to the non-profit association GRD BOLOGNA for children with Down's syndrome.

## Safety for over 65s

TPER financially contributes to an initiative of the City of Bologna in favour of over 65s who are victims of scams and theft. The project entails the direct transfer of lump sum contributions by the municipality (until December 2020).

Alongside the contributions, through collaboration with Anteas, Bologna Volunteers and the Revivere Association, free one-stop psychological support is available to provide support in dealing with the trauma resulting from theft, fraud and deception.

The grant provides for the maximum coverage of 100 euros per claim, raised to 500 on the day of pension payments. When theft occurs with or without break-ins that leads to a need to restore doors, locks and windows, a refund can be obtained up to a maximum of 300 euros with the presentation of an invoice/professional receipt for the intervention.

Reports must be submitted to the desks of SPI-CGIL, CISL-FNP, UIL-UILP, CNA Pensionati and San Bernardo Association, active within the area of the Municipality of Bologna.

## "Open doors" for citizens

The company has maintained the possibility for users to find out directly about the activities that support the normal provision 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 follow 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 Centre, 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

GRI 413-1
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### The culture of mobility

A 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 secondary 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'etre* and on the consequences of following and infringing the rules.

In 2018, 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 secondary schools in the Bologna area. In particular, meetings were held with secondary 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 secondary 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 which depends on the contribution and the ability to collaborate of the staff and users of the bus and the road.

## Company growth

GRI 413-1
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### TPER compliance with rules

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. He/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 has defined the "Io vado e non evado" [I go but I don't evade the fare] project in the last few years. 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:

- Ticket validity (2012)
- Respect for other passengers and role of the inspector (2013)
- Getting on and off and mandatory validation (2014)
- Extension of the project to the railway sector and driver involvement (2015)
- Introduction of 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 Multi-purpose 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 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 with 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 a true team-building activity. The staff involved, regardless of the normal roles and body of company rules, were 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 2018 TPER confirmed its commitment to the fight against tax evasion, and indeed almost 3,000,000 passengers were controlled.

## Marketing communication

GRI 417-1 GRI 417-2 GRI 417-3

### 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 recent years, TPER has 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. In 2018 Fondazione Cirulli di San Lazzaro di Savena was added to the agencies to promote, as a new museum complex of the Bologna metropolitan area.

### Other initiatives

GRI 413-1

### Promotion of institutional activities

In view of the dialogue with public stakeholders, TPER has supported local and regional authorities and other institutions in implementing major projects in the social area. Below is a list of the main initiatives.

- URBAN INNOVATION FOUNDATION - communication and awareness raising campaigns on sustainable mobility in Bologna
- LONELY PLANET Bo Welcome - provided TPER transport network map - Lonely insert
- WE MEET You Youth Policies Department - visibility for a training and career guidance campaign aimed at young people (18-25 years) of the City of Bologna
- MOBI - Ferrara Initiative Agency - Conferences and exhibitions on sustainable mobility in Ferrara
- GENUS BONONIAE - 50 YEARS STURMTRUPPEN EXHIBITION Visibility with posters on bus shelters and customisation with window stickers at the Fair ticket office
- RER - Visibility for the communication campaign of the Region on income solidarity
- Continuation of the activities envisaged within the Collaboration Pacts between citizens and the Administration for the care and regeneration of urban communal property.
- Collaboration pact with the Municipality of Bologna for Arte Città - educational path at the elementary schools of the Navile District with the theme of the history and future of public transport, with a final award ceremony
- 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

### Circolo Dozza Activity Promotion

TPER supports the Autoferrotranvieri Circolo, collaborating in activities that involve employees and members. The initiatives concern the world of sports, including Paralympic sports, culture and school.

The initiatives of 2018 include:

- A canestro con i Bradipi [Basketball with Sloths] - visibility for the basketball team tournaments for wheelchair athletes
- Libero Merighi Trophy - Race in memory of the Founder of Acacis Circolo Dozza Orienteering - organised by Polisportiva del Circolo, running section
- Dieci Colli [Ten Hills] - cycling event in its 34th edition that includes the entire city of Bologna and its province

## Cultural and Sporting Initiatives

Some of the main initiatives in the cultural and sporting sector are listed below, with details of the organisations with which TPER has collaborated:

- ANTARCTICA UNIVERSITÀ VERDE - media stat bus school project, from community to community
- BOLOGNA SUMMER 2018- Calendar of events from June to October which included the distribution of informative material, also relating to the Subscribers Campaign. Among the events: Puppets at Palazzo d'Accursio, Social state concert at Estragon
- BOOKCROSSING - DAY FOR READING - TPER Project for the construction of 3 stations/libraries with opportunities for employees and guests to leave or take the books exhibited, registered with a TPER stamp and sticker
- IO NON RISCHIO [I DON'T TAKE RISKS], in collaboration with the Civil Protection - Demonstration aimed at citizens and school children and more on road safety, bus displays with TPER patented fire-prevention device with the Fire Department
- FAIR PLAY communication campaign
- OBSERVATORY ON RER ROAD SAFETY - site inspection and bus and driver provision for video shoot
- In collaboration with CIP FERRARA (Italian Paralympic Committee), to provide support for athletes with disabilities with structures and tools to play sports and attend sporting events
- RUN TUNE UP - bus service offered with free paid travel tickets
- STRABOLOGNA - bus service offered with free paid travel tickets
- MINI-OLYMPIC GAMES at Villa Pallavicini. Big memorial event involving more than 4000 families and many schools in the region.

## Events and festivals

Below are the main demonstrations and events in which TPER participated:

- 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 the commemoration event "Not to forget - 2 August 1980" with the restoration and refurbishing of the historic bus service with photographic and commemorative panels
- Participation in FaRete, Meeting Point of companies to develop collaborations and excellence
- BOLOGNA SUMMER: support in terms of visibility, logistical support to the City of Bologna for the program of events and summer shows
- Participation in the event for raising awareness Race for the Cure - Bellaria Hospital section - of Komen, an association that is involved in the fight against breast cancer.
- Participation in the Dieci Colli event, with the Circolo Autoferrotranvieri
- Fondazione Cirulli - SIMON GAVINA new museum complex in the municipality of San Lazzaro
- Open day in the company for schools and weekends for Bologna citizens

## Support for non-profit associations

The institutions and associations TPER supported in various ways are listed below.

- RIVESTITI -TERRA EQUA - Fair Trade Festival
- FRIENDS OF WE LOVE FOOTBALL - Social promotion association through sports and cultural events, promoting the culture of sport and solidarity in Africa with We love Rwanda
- ASSOCIATION DOPODINOI - Foundation which leads more than 500 families in the gradual construction of a life project for families with disabilities, providing legal and patrimonial assistance
- Franciscan Festival - Conference, shows and educational activities related to the Franciscan themes
- Casa di Risvegli Amici di Luca - innovative facility dedicated to rehabilitation, training and research in the field of severe brain injury
- AMOA - ophthalmologists association for Africa - specialist ophthalmology and optical services, with glasses supply
- UDI - Union of Italian Women - support for organised campaigns against violence against women and media visibility with posters for the dissemination of Drop-in Centres
- WOMEN AGAINST VIOLENCE - support for organised campaigns against violence against women and media visibility with posters for the dissemination of Drop-in Centres
- ANTONIANO BOLOGNA - Visibility for the Campaigns of one of the most important Bologna institutions that deals with social solidarity, entertainment and communication. Support and contribution during the Holiday Season by purchasing Christmas CDs of the Piccolo Coro dell'Antoniano, distributed on request to employees
- MOZART14 - Visibility for the Mozart14 Association initiatives, created to carry on the social and educational projects desired by Claudio Abbado. TPER supports and contributes to the implementation of the Association's main project, which is to bring music to prisons and hospitals, to adults and adolescents, including through the purchase of tickets for all events, distributed to employees or subscribers, as in the case of charity concert in memory of the great maestro Claudio Abbado
- AIL - Association that has been promoting and supporting scientific research into the treatment of leukaemia, lymphoma and myeloma for 50 years. It assists the sick and their families, and raises awareness on the fight against blood diseases. Support and visibility for AIL campaigns, providing space for posters on board vehicles and the possibility to sell products in solidarity at TPER terminals
- ANT - ANT Foundation is the largest non-profit in Italy for free home, social and health care to cancer patients. Support and visibility for ANT campaigns, providing space for posters on board posters vehicles and the possibility to sell products in solidarity at TPER terminals
- TELETHON - TV marathon created in 1965 in the United States on the initiative of the famous actor Jerry Lewis with the aim of raising funds for research on muscular dystrophy support and visibility for TELETHON campaigns. Contribution during holiday season
- DOCTORS WITHOUT BORDERS - International Non-Governmental Organisation, founded 22 December 22, 1971 in Paris by doctors and journalists, including Bernard Kouchner. It aims to bring health care and medical aid to areas of the world where the right to care is not guaranteed. Contribution during holiday season
- SAVE THE CHILDREN - the largest independent international organisation that since 1919 has fought to improve the lives of children, working in 120 countries. Contribution during holiday season
- KOMEN - volunteer organisation at the forefront in the fight against breast cancer. In addition to the contribution during the holiday season, TPER participates with its corporate team led by the president of the sporting event that takes place in the centre of the city of Bologna, with high citizen participation
- BIMBO TU NGO - Association which offers psychological support to children and their families, to bring the warmth of home to the hospital: a serene care path towards a future free from the disease. Contribution during holiday season

# GRI Content Index

GRI 102-55		
GRI Sustainability Reporting Standard		Chapter / Paragraph Reference
<b>GRI 100 - GENERAL DISCLOSURE</b>		
<b>PROFILE OF THE ORGANISATION</b>		
102-1	Name of the organisation	<b>TPER</b>
102-2	Activities, brands, products and services	<b>TPER:</b> Vision and Mission - Sustainability scenarios, strategies and policies  <b>Responsible management of the business:</b> Services offered - Sector positioning and benchmarking (road services)  <b>Environmental sustainability:</b> TPER fleet
102-3	Company headquarters	<b>TPER:</b> Governance and corporate structure
102-4	Countries of operation	<b>Responsible management of the business:</b> Services offered - Sector positioning and benchmarking (road services)
102-5	Ownership structure and legal form	<b>TPER:</b> Governance and corporate structure
102-6	Markets served	<b>Responsible management of the business:</b> Services offered - Sector positioning and benchmarking (road services)  <b>Environmental sustainability:</b> TPER fleet
102-7	Size of organisation	<b>Summary data</b> <b>TPER:</b> Sector positioning and benchmarking (road services)
102-8	Employee information and other workers	<b>Internal organisation - Human resources:</b> Employment -
102-9	Supply Chain	<b>Suppliers:</b> Responsible management of the Supply Chain
102-10	Changes in the organisation and its supply chain	<b>Economic sustainability:</b> Economic impact analysis on the territory - The extended value of TPER (Direct - Indirect - induced)
102-11	Precautionary Approach	<b>TPER:</b> Risk management
102-12	Subscription to codes of conduct, principles and charters published by external bodies / associations	<b>TPER:</b> Governance and corporate structure
102-13	Belonging/Participation in trade associations (unions)	
<b>STRATEGY</b>		
102-14	Letter to Stakeholders	<b>Letter to stakeholders</b>
102-15	Main impacts, risks and opportunities	<b>TPER:</b> Sustainability scenarios, strategies and policies - Risk management
<b>ETHICS AND INTEGRITY</b>		
102-16	Values, principles, standards and rules of behaviour	<b>TPER:</b> The control model, measures to combat corruption
102-17	Mechanisms to provide support on ethical conduct	
<b>GOVERNANCE</b>		
102-18	Governance System	<b>TPER:</b> Governance and corporate structure
<b>STAKEHOLDER ENGAGEMENT</b>		
102-40	Group Stakeholders	<b>TPER:</b> Stakeholders and materiality analysis
102-41	Number of staff covered by collective bargaining agreements	<b>Internal organisation - Human resources:</b> Labour practice
102-42	Identification and selection of stakeholders	<b>TPER:</b> Stakeholders and materiality analysis

102-43	Approach to stakeholder engagement	
102-44	Key aspects emerging from stakeholder engagement	
<b>REPORTING PRINCIPLES</b>		
102-45	Consolidation perimeter: Companies included in the Sustainability Report	<b>Note about the method</b>
102-46	Process for defining the contents of the report and perimeter	
102-47	List of material themes	<b>TPER: Stakeholders and materiality analysis</b>
102-48	Changes in information compared to the previous Sustainability Report	<i>The indications are directly reported in the respective chapters - at the data tables (if applicable )</i>
102-49	Significant changes in the material themes and their perimeter compared to the previous Sustainability Report	<b>TPER: Stakeholders and materiality analysis</b>
102-50	Reporting period	<b>Note about the method</b>
102-51	Date of last report published	
102-52	Frequency of the report	
102-53	Contacts and addresses for information on the Sustainability Report	
102-54	Reporting Option "in accordance" choice	
102-55	GRI content index	<b>GRI Content Index</b>
102-56	External assurance	<b>Report of the Independent Auditors</b>
<b>MANAGEMENT APPROACH</b>		
103-1	Explanation of material themes and their perimeter	<b>TPER: Stakeholders and materiality analysis</b>
103-2	Management approach and its components	<i>The Management Approach (The policies put in action) are reported in the different chapters of reference of the DNF, which deal with general and specific themes. In particular and for the most important aspects:</i>
103-3	Management approach rating	<ul style="list-style-type: none"> <li>▪ <b>TPER: Sustainability scenarios, strategies and policies - Governance and corporate structure - The control model, law enforcement measures to combat corruption - The integrated management system, policies and certifications - Risk management</b></li> <li>▪ <b>Internal organisation - Human resources</b></li> <li>▪ <b>Environmental sustainability</b></li> <li>▪ <b>Suppliers</b></li> <li>▪ <b>Clients</b></li> <li>▪ <b>TPER's commitment to the region</b></li> </ul>
<b>GRI 200 - ECONOMIC TOPICS</b>		
<b>ECONOMIC PERFORMANCE</b>		
201-1	Direct economic value generated and distributed	<b>Economic sustainability: Distributed economic value</b>
201-4	Financial assistance received from the Government and subsidies received	
<b>PRESENCE ON THE MARKET</b>		
202-1	Relationship between standard basic wage by gender compared to local minimum wage	<i>TPER applies the conditions laid down by national work contract for the industry. No major issues observed</i>
<b>INDIRECT ECONOMIC IMPACTS</b>		
203-1	Investments in infrastructure and services for the community	<b>Responsible management of the business: Projects - Innovation</b>



		<b>Economic sustainability:</b> Investments
203-2	Main indirect economic impacts	<b>Economic sustainability:</b> Economic impact analysis on the territory - The extended value of TPER (Direct - Indirect, induced)
<b>SOURCING POLICIES</b>		
204-1	Share of purchases from local suppliers	<b>Economic sustainability:</b> Economic impact analysis on the territory - The extended value of TPER (Direct - Indirect, induced)
<b>ANTI-CORRUPTION</b>		
205-1	Operations evaluated for corruption risks	<b>TPER:</b> The control model, measures to combat corruption
205-3	Cases of corruption and actions taken	
<b>ANTI-COMPETITION BEHAVIOUR</b>		
206-1	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	<b>TPER:</b> Sustainability scenarios, strategies and policies - Risk management (the regulatory framework) - The control model, law enforcement measures against corruption
<b>ENVIRONMENTAL TOPICS</b>		
<b>MATERIALS</b>		<i>Non-material aspect</i>
<b>ENERGY</b>		
302-1	Direct energy consumption	<b>Environmental sustainability:</b> Energy consumption
302-3	Energy intensity index	
302-4	Energy Savings	<b>Environmental sustainability:</b> TPER Vehicles - Environmental performance. TPER's contribution to emission abatement
302-5	Reducing energy consumption of products and services	
<b>WATER (GRI STANDARDS 2016)</b>		
303-1	Water consumption by source	<b>Environmental sustainability:</b> Water resources
<b>BIODIVERSITY</b>		<i>Non-material aspect</i>
<b>EMISSIONS</b>		
305-1	Direct GHG emissions (Scope 1)	<b>Environmental sustainability:</b> Emissions
305-2	Direct GHG emissions (Scope 2)	
305-4	GHG emission intensity	<b>Environmental sustainability:</b> TPER Vehicles - Environmental performance. TPER's contribution to emission abatement
305-5	Reduction of GHG emissions	
305-6	Emission of ozone depleting substances	<b>Environmental sustainability:</b> Emissions
305-7	Emissions of NOx, SOx and other significant air emissions	
<b>EFFLUENTS AND WASTE</b>		
306-2	Waste by category and disposal method	<b>Environmental sustainability:</b> Waste management
<b>COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS</b>		
307-1	Non-compliance with environmental laws and regulations	
<b>ENVIRONMENTAL ASSESSMENT OF SUPPLIERS</b>		
308-1	New suppliers subjected to screening using environmental criteria	<b>Suppliers:</b> Responsible management of the Supply Chain
<b>SOCIAL TOPICS</b>		
<b>EMPLOYMENT</b>		
401-1	New hires and employee turnover	<b>Internal organisation - Human resources:</b> Employment -
401-2	Employee benefits	<b>Internal organisation - Human resources:</b> Labour practice - Enhancing human resources
401-3	Leave, Parental	<b>Internal organisation - Human resources:</b> Diversity and equal opportunities
<b>LABOUR RELATIONS</b>		



402-1	Minimum notice period in case of operational changes	<b>Internal organisation - Human resources:</b> Labour practice - Enhancing human resources (not significant)
<b>HEALTH AND SAFETY AT THE WORKPLACE</b>		
403-2	Accidents at work, occupational diseases, absenteeism and work-related deaths	<b>Internal organisation - Human resources:</b> Health and safety
<b>TRAINING AND EDUCATION</b>		
404-1	Average hours of training per person	<b>Internal organisation - Human resources:</b> Training and education
<b>DIVERSITY AND EQUAL OPPORTUNITIES</b>		
405-1	Composition of the governing bodies and staff by indicators of diversity	<b>TPER:</b> Governance and corporate structure
405-2	Ratio of basic salary and remuneration of women compared to men	<b>Internal organisation - Human resources:</b> Diversity and equal opportunities
<b>NON-DISCRIMINATION</b>		
406-1	Detected episodes of discrimination and actions taken	<b>Internal organisation - Human resources:</b> Labour practice - Enhancing human resources (not significant)
<b>HUMAN RIGHTS</b>		
412-1	Operations that have been subject to review of human rights impacts or assessments	<b>Suppliers:</b> The responsible management of the supply chain (The policies take into consideration possible and potential social and environmental issues)
<b>LOCAL COMMUNITIES</b>		
413-1	Activities that require the involvement of local communities	<b>TPER's commitment to the region:</b> Local Communities - Training and education - Social Growth - Other initiatives
<b>ENVIRONMENTAL ASSESSMENT OF SUPPLIERS</b>		
414-1	New suppliers subjected to screening using social criteria	<b>Suppliers:</b> Responsible management of the supply chain
<b>HEALTH AND SAFETY OF THE CUSTOMER</b>		
416-1	Products / Services evaluated for the impacts on health and safety	<b>Customers:</b> The quality of services - Communication, information, listening - Security - The Advisory Committee of Users - Customer satisfaction
416-2	Non-compliance of occupational health and safety products and services	
<b>MARKETING AND LABELLING</b>		
417-1	Requirements of information on products and services and labelling	<b>Customers:</b> The quality of services - Communication, information, listening - Security - The Advisory Committee of Users - Customer satisfaction
417-2	Non-compliance in information and labelling of products / services	
417-3	Non-compliance of marketing communications	<b>TPER's commitment to the region–</b> Marketing communication
<b>CUSTOMER PRIVACY</b>		
418-1	Number of documented complaints related to privacy breaches and loss of consumer data	
<b>SOCIO-ECONOMIC COMPLIANCE</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	

## Report by the external auditors

GRI 102-56
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**TPER S.P.A.**

**INDEPENDENT AUDITORS' REPORT ON THE NON  
FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,  
PARAGRAPH 10 OF LEGISLATIVE DECREE 254/2016  
AND TO ARTICLE 5 OF CONSOB REGULATION 20267**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



## ***Independent auditors' report on the consolidated non-financial statement***

**pursuant to article 3, paragraph 10 of Legislative Decree 254/2016 and to article 5 of Consob regulation 20267**

To the Board of Directors of Tper S.p.A.

Pursuant to article 3, paragraph 10 of the Legislative Decree 254 of 30 December 2016 (the "Decree") and article 5 of Consob Regulation 20267, we have performed a limited assurance engagement on the consolidated non-financial statement of Tper S.p.A. and its subsidiaries (hereafter the "Group") for the year ended 31 December 2018, in accordance with article 4 of the Decree, and approved by the Board of Directors on 10 May 2019 (hereafter the "NFS").

### ***Responsibility of the Directors and of Those Charged with Governance for the NFS***

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Sustainability Reporting Standards", defined in 2016 by the GRI-Global Reporting Initiative (hereafter "GRI Standards"), as indicated in paragraph "Note about the method" of the NFS, identified by them as the reporting standard.

The Directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFS is free from material misstatement, whether due to fraud or unintentional errors.

The Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1 of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure the understanding of the Group activities, its trends, its results and related impacts.

The Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

Those Charged with Governance are responsible for overseeing compliance with the Decree in the terms prescribed by the law.

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#### ***PricewaterhouseCoopers SpA***

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### ***Auditors' independence and quality control***

We are independent in accordance with the principles of ethics and independence disclosed in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board of Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, privacy and professional behaviour. Our audit firm adopts the International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for the compliance with ethical and professional principles and with applicable laws and regulations.

### ***Auditors' responsibility***

We are responsible for expressing, on the basis of the work performed, a conclusion regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with "International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain a limited assurance that the NFS is free of material misstatements. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised and, therefore, do not provide us with a sufficient level of assurance to become aware of all significant facts and significant circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS are based on our professional judgement and consisted in interviews, primarily with company personnel responsible for the preparation of the information presented in the NFS, in the analysis of documents, recalculations and other procedures aimed at obtaining evidence as appropriate.

In particular, we have performed the following procedures:

- 1 analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and the with the reporting standard adopted;
- 2 analysis and assessment of the criteria used to identify the consolidation area, in order to assess its compliance with the Decree;
- 3 comparing the financial information reported in the NFS with the information reported in the Group consolidated financial statements;
- 4 understanding of the following matters:
  - business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
  - policies adopted by the Group with reference to the matters specified by article 3 of the Decree, actual results and related key performance indicators;



- main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.

With reference to such matters, we have carried out some validation procedures on the information presented in the NFS and some controls as described under point 5 a) below;

- 5 understanding of the processes underlying the preparation, collection and management of the qualitative and quantitative material information included in the NFS. In particular, we have held meetings and interviews with the management of Tper S.p.A. and with the personnel of the subsidiaries Ma.Fer S.r.l., Dinazzano Po S.p.A. and we have performed limited analysis and validation procedures to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a Group level,
  - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
  - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the consolidation of the information
- for the following Companies, Tper S.p.A., Ma.Fer S.r.l., Dinazzano Po S.p.A., TPB S. Cons.a r.l., TPF S.Cons.a r.l., Omnibus S. Cons.a r.l., SST S.r.l., which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out site visits, at Tper S.p.A. registered office, during which we met local management and gathered supporting documentation regarding the correct compliance with procedures and calculation methods used for the key performance indicators.



### ***Conclusions***

Based on the work performed, nothing has come to our attention that caused us to believe that the NFS of Tper S.p.A. for the year ended 31 December 2018 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards.

Bologna, 12 June 2019

PricewaterhouseCoopers S.p.A.

*Signed by*

Roberto Sollevanti  
(Partner)

*Signed by*

Paolo Bersani  
(Authorised signatory)

*This report has been translated from the original, which was issued in Italian, solely for the convenience of international readers. We have not performed any verification procedures on the English translation of the NFS of Tper S.p.A. as of 31 December 2018.*