

Integrated Report

Consolidated Non-Financial Statement
pursuant to the Italian D.Lgs. 254/2016

ATM Group

2020



ATM

ATM

Indice

1. MESSAGE TO STAKEHOLDERS	7
2. METHODOLOGY	9
3. ATM GROUP PROFILE	11
3.1 Mission and values.....	11
3.2 The Reference Context and Main Services Offered by ATM	11
3.3 ATM's Value Creation Model.....	13
3.4 Corporate Structure of ATM Group.....	15
3.5 ATM Group Corporate Governance Model	16
3.6 Internal Control System and Risk Management	17
4. SUSTAINABILITY IN ATM GROUP	21
4.1 The Group's Stakeholders	21
4.2 Materiality Analysis	23
4.3 Risks, Opportunities and Management Methods.....	27
4.4 The ATM's Sustainability Strategy and the Environmental Transition.....	33
4.5 ATM and the Sustainable Development Goals	33
5. FINANCIAL CAPITAL	36
5.1 Main results related to the Group's Financial Capital	36
5.2 The Financial Capital of ATM Group.....	37
i. Public health emergency impacts on financial capital..	37
ii. Investments	37
iii. Economic Performance.....	38
iv. Fees and Contributions from the Public Administration	38
v. Generation and distribution of value.....	39
vi. Fiscal transparency.....	40
6. MANUFACTURED CAPITAL	42
6.1 Main results related to the Group's Manufactured Capital	42
6.2 The Manufactured Capital of ATM Group	44
i. Public health emergency impacts on manufactured capital.....	44
ii. Modernization of the fleet.....	44
iii. Upgrading transportation as a means for improving environmental performance	45
iv. Management and development of infrastructure.....	46
7. INTELLECTUAL CAPITAL	50
7.1 Main results related to the Group's Intellectual Capital ..	50
7.2 The Intellectual Capital of ATM Group.....	53
i. Public health emergency impacts on intellectual capital	53
ii. Approach to Service Innovation.....	53
iii. Compliance with Relevant Regulations	54
iv. Protection of Human Rights	58

8. HUMAN CAPITAL	60
8.1 Main results related to the Group's Human Capital	60
8.2 The Group's Human Capital	62
i. Public health emergency impacts on human capital	62
ii. People in ATM	63
iii. Protecting Employee Health and Safety	69
iv. Training Initiatives	73
9. SOCIAL AND RELATIONSHIP CAPITAL	76
9.1 Main results related to the Group's Social and Relationship Capital	76
9.2 What is Social and Relationship Capital?	78
i. Public health emergency impacts on social and relationship capital	78
ii. The relationship with customers and citizens	79
iii. ATM's relationships with its suppliers	83
iv. Labour relations	84
v. Relations with the Local Community	85
10. NATURAL CAPITAL	88
10.1 Main results related to the Group's Natural Capital	88
10.2 The Natural Capital of ATM Group	89
i. Public health emergency impacts on natural capital	90
ii. Management of energy consumption and environmental impacts	90
iii. Responsible management of water resources	93
iv. Responsible management of sand use	95
iv. Responsible waste management	96
11. GRI - TYPE AND SCOPE OF IMPACTS	100
12. GRI CONTENT INDEX	102
13. INDEPENDENT AUDITOR'S REPORT	106

LETTER TO STAKEHOLDERS

The Coronavirus pandemic gave rise to a 2020 that was entirely dedicated to addressing the health emergency. The mission of ATM Group was lived out to the fullest every single day through the constant commitment of our employees to guarantee the indispensable public transport service, which citizens never had to go without.

ATM reacted promptly to the new scenario, implementing concrete actions right from the start, with an action plan that became a point of reference for other operators in Europe, in a context of intense collaboration with international stakeholders.

During the two months of lockdown, in the face of a 95% reduction in passengers, 75% of the service was always provided: the company played a central role in the mobility of people who necessarily had to move for work or health reasons. Subsequently, for the second phase of gradual reopening of activities, ATM prepared to provide service at full capacity, putting into play all the vehicles both on the surface transportation system and on the underground network and deploying all personnel of the various company areas.

In the following phase of the pandemic, ATM played a decisive role in managing relations with institutions, organizations, associations, companies and other interlocutors for the planning and organization of the best conditions that would allow for the safe reopening of schools: public transport services were further enhanced, thanks to dedicated shuttle bus services for students, operated with tourist buses. A fruitful work of dialogue and discussion with stakeholders, which represented the foundations of a broad communication campaign to raise awareness among citizens and clients on the necessity of new ways of traveling, based on the shifting of timetables.

The sense of responsibility and professionalism of our 10,000 people were fundamental, for which our heartfelt thanks go to our employees, who have guaranteed and guarantee today a new mobility in safety for clients and employees. In a short time, operational processes were reorganized and new projects were developed: day and night sanitation of over 170 trains, 113 stations and over 1,600 surface vehicles, thanks to the daily work of 400 people; passenger assistance carried out by a team of over 350 people spread over the entire network; development of technological applications for the management and control of flows; ad hoc signage positioned inside the vehicles, at surface stops and on the subway, with guided routes in 40 stations.

The continuous succession of the different phases of the emergency, with frequent regulatory changes, has also led the Group to greater dynamism, thanks to the ability to plan and adapt its strategies. The new approach was based on the acceleration of digital and technological evolution, on a reprogrammable, flexible service brought to the highest sustainable levels, strongly integrated with all the stakeholders of the Milan system.

Despite the extraordinary nature of this year, the activities progressed in the implementation of the Sustainability Policy, which identifies the environmental transition as one of the priorities. In this context, in order to gradually reduce the environmental impacts deriving from business conduct, the Full Electric Project was continued. The project envisages the transition to a zero-impact fleet in 2030. In 2020, 70% of the total kilometers traveled were powered by electricity from renewable sources, with an increase of approximately 3% compared to the previous year.

ATM decided to involve the Group's stakeholders for the second consecutive year in updating the definition of the priority aspects of sustainability. For the first time entirely remotely, the stakeholders expressed themselves through an online survey. Naturally, there was a greater focus on issues related to the impacts of the health emergency and a tendency to confirm the priorities regarding the remaining issues of sustainability previously identified. In addition to being instrumental in identifying the areas of intervention of the Group, the results expressed by the stakeholders served as a guiding theme in the preparation of this document.

If in 2019 ATM sought to "re-read" its strategic objectives in the light of the United Nations SDGs, in 2020 a further step was taken by outlining a Sustainability Policy that defines the Group's commitment to the environmental and social impacts of its activities. From 2021, this commitment will take on even more importance with the implementation of a sustainability plan, which the Group has already begun to define. This plan will determine for the next few years the specific objectives to be achieved in order to improve the Group's performance in terms of the environment, supply chain and people.

ATM presents the Consolidated Non-Financial Statement (NFS) 2020 in the form of the Integrated Report, according to the indications of the International Integrated Reporting Framework and in the reporting criteria of the GRI Standards, to communicate in an ever more complete way the value generated or transformed by the Group. This value is described and measured on the basis of the Group's ability to achieve its strategic objectives regarding the six capitals defined by the <IR> Framework (Financial, Manufactured, Intellectual, Human, Social Relational and Natural), each of which has been dedicated a chapter that highlights the related inputs, outputs and outcomes and how the Group has managed any impacts due to the health emergency.

Aware of the central role played by ATM Group for its stakeholders, these pages report the efforts, results and next steps identified to demonstrate the ability to accompany the local public transport system in the Milan area - the densest and most vital to the economic and social life of the country - towards the new frontier of increasingly sustainable mobility, integrated and in line with the expectations of the entire metropolitan community.

Chairperson

Gioia Maria Ghezzi

METHODOLOGY

This report constitutes the Consolidated Non-Financial Statement (the "NFS") of ATM Group. It was drafted pursuant to Legislative Decree 254 of December 30, 2016 (the "Decree") by parent company Azienda Trasporti Milanesi S.p.A. ("ATM S.p.A.") and reflects its wholly owned subsidiaries. As required by Art. 5 of Legislative Decree 254/16, this document constitutes a separate report, marked with a specific wording in order to correspond provisions required by law.

This report has been prepared in accordance with the GRI Standards: Core option, and refers to the period between January 1 and December 31, 2020. In line with the provisions of the GRI Standards, the ATM Group defined the content of the report according to the principles of materiality, stakeholder inclusiveness, sustainability context and completeness for the definition of contents and the principles of balance, clarity, accuracy, timeliness, comparability and reliability, to ensure the quality of the information and the adequacy of the presentation methods. The appendix of the NFS contains the "GRI Content Index" which details the contents reported in accordance with the GRI. In this NFS, for the first time, the new disclosures "GRI 207: Taxes" (2019) and "GRI 405-2: Ratio of basic salary and remuneration of women to men" are reported.

In addition, it should be noted that in order to meet the new reporting requirements defined by the GRI Standards in the field of worker health and safety (GRI 403 - 2018), Water and waste water (GRI 303 - 2018) and Waste (GRI 306 - 2020), the data relating to these disclosures for the years 2019 and 2018 have been restated with respect to that published in the previous NFS according to the new calculation methods applied to the data reported for the year 2020. Any further restatements, if present, have been appropriately indicated in this document. With reference to waste and accidents at work, it should be noted that the data relating to 2018 are not available at the time of reporting.

As part of the process of progressive and continuous development of non-financial reporting, it should be noted that this NFS has been prepared in line with the International "IR" Framework guiding principles of the International Integrated Reporting Council (IIRC), updated in January 2021.

In addition, this NFS covers the issues provided for in Articles 3 and 4 of Legislative Decree 254/16 and those deemed relevant by the Group and its stakeholders. In particular, the Group selected the sustainability performance indicators in accordance with the provisions of the guidelines used for reporting and materiality analysis, which has been updated during 2020. The materiality matrix, based on the result of the materiality analysis, was presented to the Board of Directors of ATM S.p.A. on December 21, 2020, and approved together with this document on April 21, 2021. The degree of depth with which the various topics are discussed in the report was determined based on their relative weight in relation to the Group's objectives and strategies, as well as the relevance for the identified stakeholders. Thus, the structure and content of the document were prepared according to the results of the materiality analysis.

To ensure a comprehensive understanding of the Group's business, performance, results and the impact it produces, the perimeter of the economic data is the same as that of the Group's Consolidated Financial Statements at December 31, 2020. The perimeter of the social and environmental information and data reported within the NFS refer to the parent company and the companies controlled and wholly consolidated by it at December 31, 2020. Any perimeter limitations with respect to what is reported are expressly indicated in the text.

Where possible, the information within the NFS presents a comparison to the 2019-2018 two-year period to provide an overall assessment of the Group's performance in the three-year period 2020-2018. Where analytical detail of the indicators is lacking for some of the subsidiaries, the relative data are reported separately, for each request of the guidelines mentioned above.

Where quantitative data were not possible to obtain with the reporting tools available to the Group, the report resorts to estimates, based on the best available methods to ensure the reliability of the information reported and appropriately indicated in the text.

In continuity with previous years, the Group worked to continuous strengthening of the non-financial reporting process through the strengthening of the IT systems in the area of human resource management for the Italian perimeter of the Group and greater involvement of the Metro Service A/S structures which led to a further improvement in the definition of roles, responsibilities and information flow. ATM Group strives to further deepen its risk analysis in the context of Climate Change, in line with the priorities defined by the European Securities and Markets Authority (ESMA) and based on the evolution of the relevant legislation.

This NFS has been approved by the Board of Directors of ATM S.p.A. on April 21, 2021.

The document is subject to a judgment of conformity ("Limited assurance engagement" according to the criteria indicated by the principle ISAE 3000 Revised) by the auditing company Deloitte & Touche S.p.A.. The verification was carried out according to the procedures indicated in the "Independent Auditor's Report" presented at the end of the document.

The NFS is published on an annual basis together with the Group's Consolidated Financial Statement, in accordance with the provisions of the Decree.

For further information on the publication of the consolidated non-financial statement, please write to ATMsostenibile@atm.it. The document is also available on the ATM Group website www.atm.it.

For more information on the initiatives developed by ATM Group, the main risks that it generates or is subjected to, including their management methods, and the objectives set in these areas, please refer to the relevant sections contained in this document.

ATM GROUP PROFILE

Mission and values

The ATM Group designs and provides services both in the field of public transportation and the commercial and leisure sectors through technologically advanced transport systems that promote sustainable mobility of the city of Milan and other 95 municipalities in Lombardy. The Group is responsible for the management and maintenance of the Copenhagen automated metro through Metro Service A/S since 2008.

Since its foundation in 1931, the Milanese Transport Company (the ATM Group from January 2007) seeks to be a decisive factor and a reference point in the system of integrated mobility, and from this year onward:

- **to be nationally and internationally recognized** for excellence and sustainable management of integrated mobility, and for providing a service characterized by the centrality of the consumer, and that is technologically advanced, efficient and resilient;
- **to become a promoter of change and the rise of Milan**, of its evolution into a more liveable, sustainable, safe and smart city;
- **to promote and value its people and assets** through the development of new skills and the attraction and growth of talents by promoting a culture open to diversity and inclusion.

The Group's daily activities are guided by its value system:

- **Quality of Life for the Community:** Our daily activities are always guided by an aspiration to improve the quality of life of people living and travelling within our territory;
- **Professional Growth:** We strive to offer all of our employees the opportunity to fulfil their potential through a constant process of professional growth;
- **Ethics, Transparency and Loyalty:** All our activities are governed by respect for the principles of lawfulness, transparency, fairness and loyalty;
- **Constant Pursuit of Excellence:** Each one of us remains open to change, ready to put ourselves on the line and think ahead in search of improved solutions.

The Reference Context and Main Services Offered by ATM

ATM Group has always been committed to responding to the needs of the public transport sector by intercepting the demand of citizens by providing intermodal subway, bus, tram and trolleybus transportation services.

The surface network is widespread and serves the whole city of Milan, the municipalities of the urban area and part of the Province. The underground railway network spans the City of Milan with 96.8 km of railway line. Both transportation networks are integrated into the Trenord railway lines, completing an intermodal system that allows customers to easily move around the area by public transport.

the Group manages sophisticated control and maintenance systems to run the Copenhagen automated metro abroad, which operates continuously for 24-hour service from Monday to Sunday with 4 railway lines, spanning 38.7 km and 39 stations. The commercial and operating activities of Copenhagen's fourth metro line, the M4, were inaugurated in March 2020.

In addition to managing public transit via the underground, buses, trams and trolley buses, the Group's services also include the following complementary services:

- light rail, specially designed for patients, staff and students, connecting the Cascina Gobba station on Line 2 to the San Raffaele Hospital via automated underground train

- Como-Brunate funicular which, since 1894, has been the fastest way to connect the two locations;
- BikeMi bike sharing service in the city of Milan;
- management of 24 parking lots available to the public in the city of Milan, with control of parking areas and payment systems, easing traffic within the city by promoting the use of public transport;
- on-call transportation services;
- ancillary activities: such as the circulation of travel tickets and dissemination of information to customers and the control of tariff evasion;
- management of Milan's Area C payment and control system, the congestion charge introduced in the city centre, which involves the management of purchase transactions and daily accesses;
- management of the control system and adaptation of the IT system for managing the transit of Area B, a restricted traffic area with a ban on access and circulation of the most polluting vehicles, since 25 February 2019.

In 2020, the TPL sector was severely affected by the global health emergency. At national level, demand has been down by up to 90% compared to the previous year, as a result of users' choice to use other modes of transport at the expense of public transport services.

With the adoption on March 8 of the first lockdown, which involved the Lombardy Region area and 14 other Italian Provinces, a period of restrictions began gradually extended to the entire national territory. The travel bans introduced by these measures have led to a sharp decline in demand in the transport sector, with values reaching 95% for certain modes of transport, including the Milan subway. With the beginning of phase 2, characterized by a relaxation of the containment measures, demand has slowly resumed to grow, reaching, with the reopening of further economic activities, values close to 25/30% of those recorded the previous year. With the further reduction of the restrictions, demand, at national average level, reached shares of the order of 35/40% of pre-COVID-19 levels. The restart of training activities in September has temporarily allowed to reach 50/60% of passengers transported compared to the same pre-pandemic period, but in October the country was hit by the so-called "second wave." An exponential increase in the number of cases of infection that led the government to impose new prohibitions and restrictions that ended in November with the reintroduction of the 50% capacity limit on the means. This new period of travel restraint and restraint has once again hit a sector already proven by the losses of the "first wave," with obvious repercussions in terms of a sharp contraction in demand and revenues as operational complexity increases.

The transport companies and agencies have had to rapidly reorganize the services, in line with the requirements of the Italian Government, having to cope, on the one hand, with complex applications of the government directions, while on the other hand, there was the need to maintain the service, even if there is a significant decrease in transport demand. However, maintaining public transport in operation has proved to be essential for ensuring connections for essential workers and for all those workers who have not been able to interrupt their activities during the crisis. All connections to hospitals and health and care facilities have always been ensured, while reducing service and frequency on other less essential lines. In Italy, a sector, which in the pre-pandemic period moved more than 14 million people a day, totaling almost 5.4 billion passengers per year, suddenly faced a loss of almost 400 million trips a month (-90% of passengers).

As can be guessed, the contraction affecting demand has also directly affected tariff revenues, causing considerable turnover losses for the various operators in the sector: with losses of up to 90% in April and further declines in the last few months of the year, lower revenues for the year 2020 amounted to around €2 billion. This dramatic situation has necessarily involved reforming the criteria for the annual funding granted by the State to the regions, and has accelerated the introduction of sector support measures, both for service managers, local authorities and users as described in paragraph "The ATM Group and the COVID-19 emergency" of the 2020 Management Report of ATM Group. The National Strategic Plan of Sustainable Mobility has been approved and additional funding has been granted to local authorities for the renewal of the fleet. Other funds, for the same purposes, are expected in the Recovery Fund.

At the same time, the megatrends that will impact mobility in the coming years will mainly concern consumer behaviour (e.g. new modes of transportation such as micro-mobility), technological advancement (e.g. Mobility-as-a-Service tools and e-commerce) and the regulatory environment (e.g. the availability of funds at European level linked to specific sustainability objectives).

In this context, innovation will play a critical role, constituting an element that will impact and accelerate transversally the development of the main initiatives and projects that ATM will put in place. At the same time, all strategic choices will be made according to the framework of the values of social and environmental sustainability shared by the Group. ATM will continue its investment policy on ecological vehicles, mainly “full electric”, implementing a system that will gradually become a point of reference also thanks to increasingly efficient innovative and high-performing technologies.

In order to consolidate and develop the Group’s business, ATM will engage in further calls for the LPT services that will be launched in Italy, including in the suburban area. Furthermore, considering the excellent results achieved abroad through the Danish subsidiary Metro Service A/S, and in order to further develop its business abroad, ATM will look to seizing opportunities for diversification and extension of activities in select international markets, in corporate partnership with high-profile companies.

As per the impacts of the Coronavirus (Covid-19) pandemic, the repercussions felt by the Group in conducting its business activities and the measures implemented to limit them are explored in detail in each of the following chapters.

ATM’s Value Creation Model

Precisely because of the primacy of the role it plays in the public transportation sector, the importance of establishing and maintaining positive relationships with all stakeholders is self-evident. It also puts the Group in a unique position to create not only economic, but also social and environmental value on a scale that extends past the metropolitan cities in which it operates, reaching the various surrounding communities reached.

Thanks to the conviction that the business strategy must be directed towards an increasingly sustainable future of public transport, ATM continues to create value with the precise objective of facilitating increasingly efficient and sustainable mobility for the people residing in the areas serviced and to improve the quality of life for all those who belong to local communities, both in the present and in the medium-long term. In addition to the economic value distributed, in fact, the Group creates value in the local community by engaging in projects, initiatives, partnerships and other activities that have the greatest positive impact possible on society and the environmental.

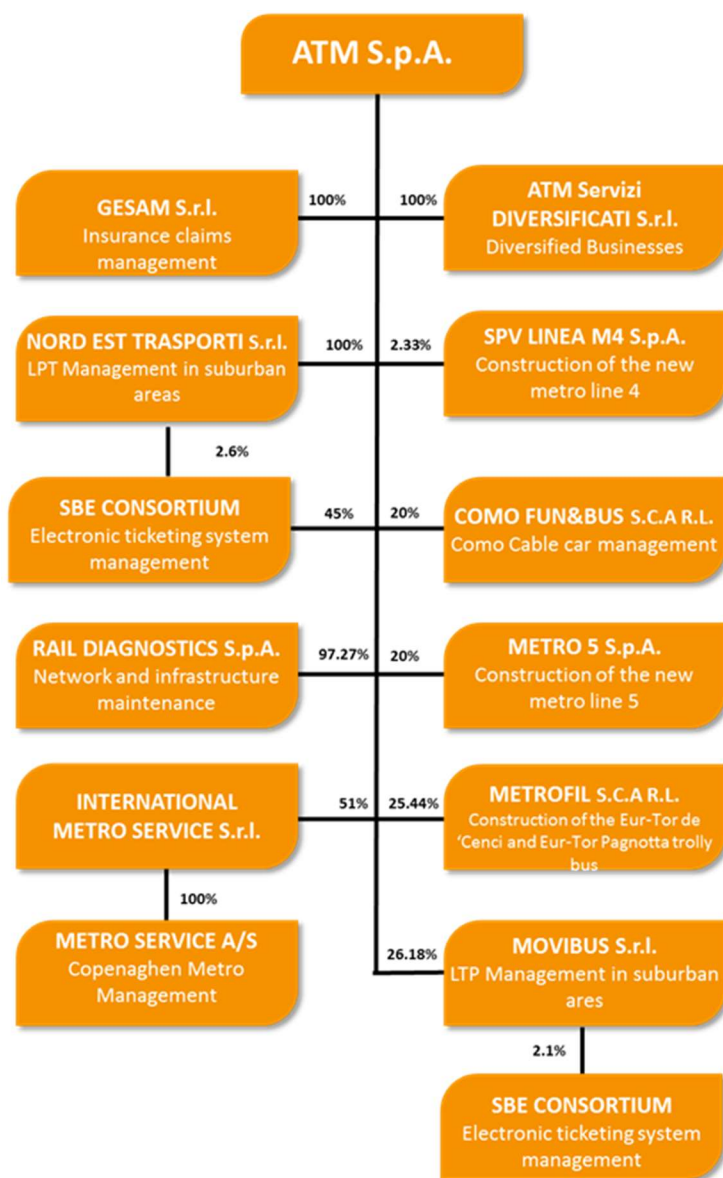
In the following pages, the value created by the Group is measured on the basis of ATM's ability to achieve its strategic objectives and the impact generated by the business activities on the six capitals defined by the International <IR> Framework, or on the basis of the increase or decrease in the value stocks of Financial, Productive, Intellectual, Human, Social Relational and Natural Capital. The processes that involve the transformation of capital are illustrated in ATM Group's value creation model in the following page. In conducting its business activities, the Group uses inputs – key elements for company operations (resources, skills, etc.) – to obtain outputs, i.e. the results of the activities (services, by-products, etc.) and outcomes, i.e. the impacts generated and perceived both within the Group and outside the context in which it operates.

The Group's value creation model, implemented through the conduct of its business, can be summarized as follows:



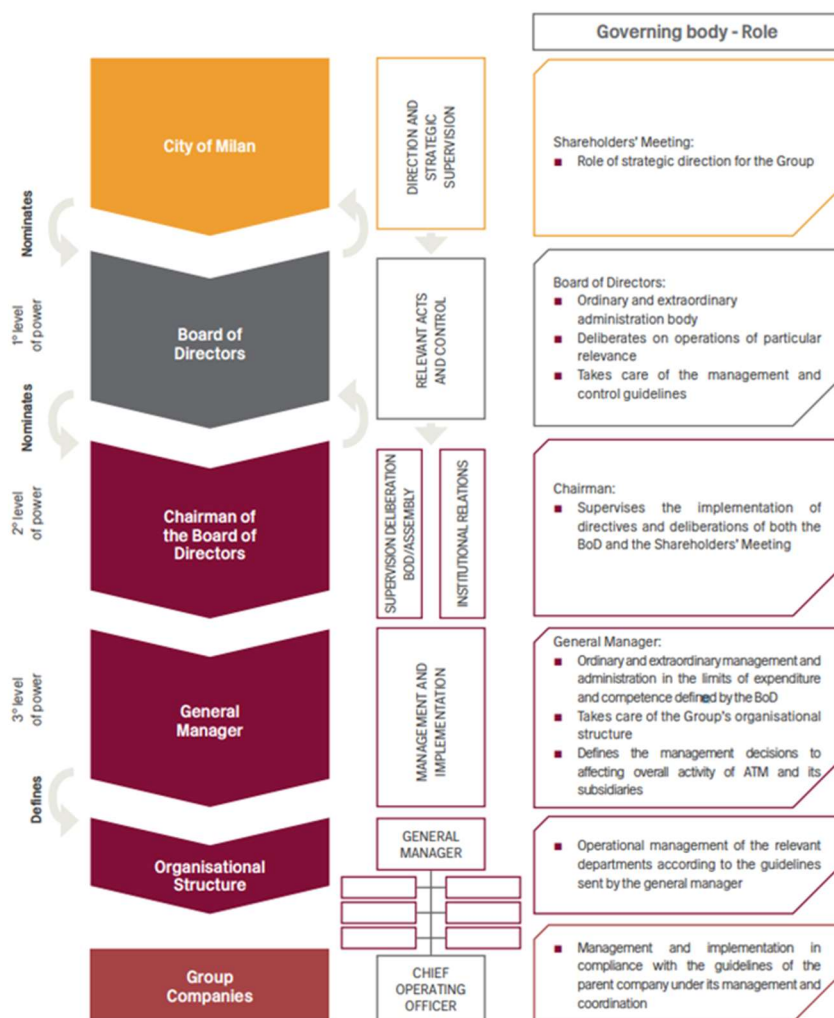
Corporate Structure of ATM Group

At December 31, 2020, the Group was structured as follows:



ATM Group Corporate Governance Model

As a company totally under public control¹, and in light of the importance it holds for its stakeholders, ATM has adopted a governance structure in line with best market practices.



ATM's corporate governance system, based on principles of integrity, transparency and fairness, is fundamental for the proper functioning of the company. It allows for defining clear rules for the implementation of the strategic guidelines approved by the Shareholders and supports the relationship of trust with stakeholders, contributing to the achievement of medium-long term business results.

The values that ATM recognizes as fundamental for carrying out business activity, and which it shares at all levels of the organization, are explained in its Code of Ethics, the Anti-corruption and Transparency Model, and in the Organizational Model ex Legislative Decree no. 231 of ATM S.p.A. and its subsidiaries (both the Anti-corruption and Transparency Model and the Organizational Model are set to be updated next year). In this structure, the parent company coordinates activities - in full respect of the autonomy of the individual subsidiaries' management - pursuing a unitary management policy, through the application and integration of the rules, principles and values that characterize the Group².

¹ The Parent Company ATM S.p.A. is wholly owned by the municipality of Milan.

² These topics are discussed at length in the Group's Regulations.

The model, which assumes the traditional form, attributes strategic management to the Board of Directors under the supervision of the shareholders.

Table 1. *Composition of the Board of Directors of ATM S.p.A. at 31.12.2020*

Title	Name
Chairman	Gioia Maria Ghezzi
Directors	Oliviero Baccelli
	Stefano Pareglio
	Elisabetta Pistis
	Fabio Spinelli

Table 2. *Composition (%) of the Board of Directors of ATM S.p.A. at 31.12.2020, divided by gender and age.*

Age Group	Men	Women	Total
30-50	20%	20%	40%
>50	40%	20%	60%
Total	60%	40%	100%

Internal Control System and Risk Management

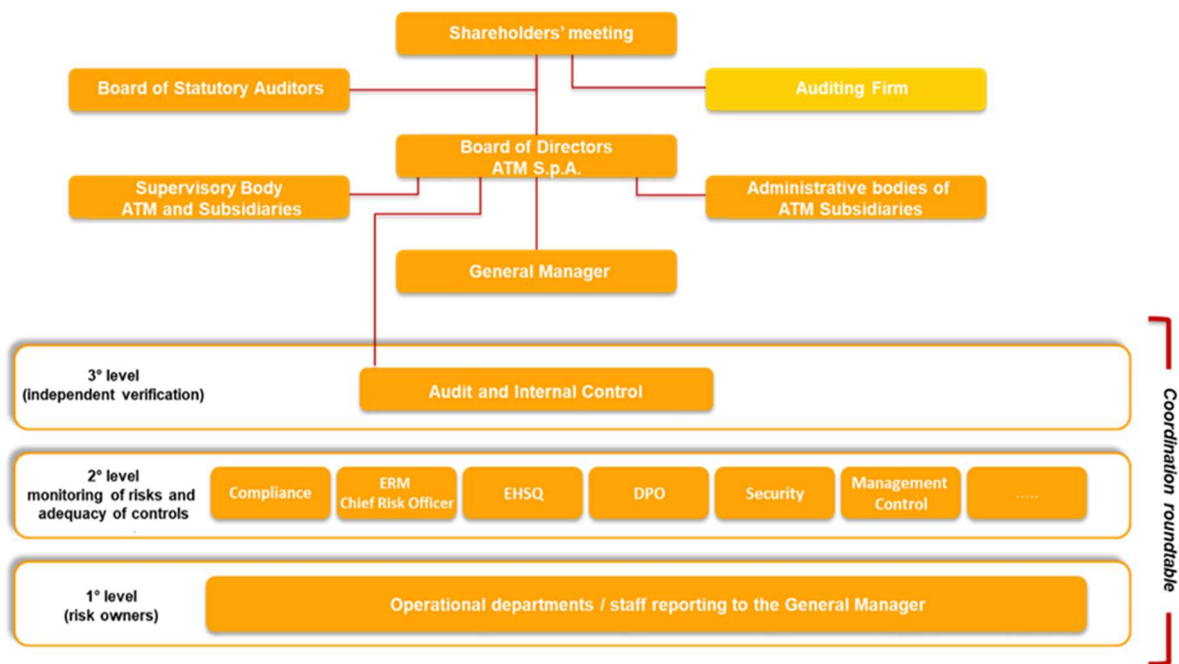
ATM's Internal Control and Risk Management System (ICRMS) represents a fundamental element of Corporate Governance. The ICRMS is made up of the rules, procedures and organizational structures that enable the identification, measurement, management and monitoring of the main risks facing the Group, so as to contribute to its sustainable success.

An effective ICRMS ensures the protection of the company's assets, the efficiency and effectiveness of corporate processes, the reliability of the information provided to the corporate bodies and the market, compliance with laws and regulations as well as the company by-laws and internal procedures.

ATM also has adopted an operational ICRMS to guarantee reliable and accurate financial and non-financial reporting. It functions to protect corporate values of the Group and ensure the pursuit of the objectives defined by the Board of Directors, which is the entity responsible for this system.

The ICRMS is an integrated system that engages the entire organizational structure. Both corporate bodies and corporate structures are called upon to contribute in a coordinated manner, to ensure that the Company and its subsidiaries' main risks are correctly identified, and adequately measured, managed and monitored according to the Group's strategic objectives.

Each actor in the corporate governance structure has specific tasks and responsibilities relevant for the purposes of the ICRMS. In line with current best practice and regulations, the system allocates a clear position, within three lines of defence, to all company functions, coordinating the various subjects involved in the ICRMS to maximize the efficiency of the system itself.



The Audit and Internal Control Department, Risk Management, all the departments that perform a specific control activity (called "assurance suppliers"), the Audit Firm and the Supervisory Body collaborate with each other for the performance of their respective tasks. These entities ensure adequate collaboration, including the sharing of information with the Board of Directors and the Board of Statutory Auditors, for the fulfilment of their respective duties and responsibilities.

The components of ATM's Internal Control and Risk Management System are coordinated and interdependent, while the System involves the administrative bodies, the supervisory and control bodies, corporate management, with different roles according to collaboration and coordination logic. The assignment of roles and responsibilities in coherence with functional segregation, the procedural body, the information systems and flows, the monitoring activities regulate ATM's Internal Control and Risk Management System are all aimed at ensuring compliance with laws, regulations, the Group's articles of association and internal disciplines, and criteria of efficiency and effectiveness, as well as the reliability, accuracy, and timeliness of the information provided to the corporate bodies and the market.

Furthermore, in 2020, ATM continued the process of progressive and continuous improvement of its internal control and risk management system, including the assurance system, (i) establishing a specific Compliance Function with the appointment of the relevant manager, (ii) appointing the Anti-Money Laundering Contact and (iii) implementing the Tax Control Framework, the latter adopted on a voluntary basis. More information is contained in this report and in the 2020 Management Report of ATM Group.

Audit and Internal Control

The process of verifying that the internal control and risk management system is functioning, adequate and consistent with the guidelines defined by the Board of Directors, is the responsibility of the Internal Audit and Control Department (IACD). The IACD verifies the function and suitability of the internal control and risk management system through an audit plan approved by the Board of Directors of the parent company that is valid for the entire Group and is based on a structured process of analysis and prioritization of the main risks. IACD performs these controls on an ongoing basis and both in relation to specific needs and in compliance with international standards.

The audit plan developed by the IACD This risk-based audit plan is developed and submitted on an annual basis and updated, if necessary, during the year. It integrates the operational, security and

reliability needs of the information and monitoring systems with respect to the Organizational Models ex Legislative Decree 231/2001 of the parent company and its direct subsidiaries as well as the Group's Anti-corruption and Transparency Model.

IACD's mission is to "protect and increase the value of the organization, providing objective and risk-based assurance, advice and expertise" both for ATM S.p.A. and the Group's subsidiaries, through direct and continuous communication, and constructive and collaborative interaction with the General Manager and senior management.

IACD's main objectives are:

- assess the adequacy of the ICRMS with regards to specific assurance interventions;
- provide support to the President and the General Manager of ATM S.p.A., through "on call" consultancy activities and/or to specific projects;
- manage compliance activities in the context of Legislative Decree 231/01 and Anti-corruption, and as defined in the ICRMS Guidelines;
- manage activities of the Coordination Table;
- coordinate activities with the Supervisory Body and/or with the President and/or with the General Manager and/or with any other recipients to ensure adequate management of reports (whistleblowing).

Management in support of Sustainability

During 2020, the Group worked on further developing the strategic pillars that define its approach to sustainability - an analytical path that took into account all the operational, institutional, social and environmental aspects linked to the company's core business and its involvement in the context in which it operates.

ATM's Board of Directors considers these five pillars to be a priority in the Group's approach to sustainability: Zero-emission transport, Responsible consumption, Sustainable Supply Chain, Inclusive mobility, Great Workplace. Each pillar constitutes an internal or external area of competence in which the company operates and must be accompanied by a set of KPIs to take account of the Group's progressive growth through measurable and certifiable results. More information is available in the paragraph "The Sustainability Strategy and the Environmental Transition" of this Report. The following main objectives are central to the five pillars: the reduction of CO₂ emissions; the annual increase in the number of relevant initiatives in terms of inclusive mobility, such as MaaS (Mobility-as-a-Service) tools; the annual increase in the number of relevant initiatives to minimize the resources used, such as plastics; progressive gender equality and narrowing of the wage gap between genders; expansion of the network of responsible suppliers that are sensitive to environmental issues.

All the initiatives are part of the more comprehensive project aimed at strengthening the Group's policies useful for achieving the "Sustainability Development Goals" of the 2030 Agenda for sustainable development, defined in the context of the United Nations.

SUSTAINABILITY IN ATM GROUP

For the Group, the sustainability of its services is founded on the Group's consideration of stakeholder needs and expectations, representing strategic leverage of fundamental importance in the positioning of ATM in the local public transport market (LPT). The Group's constant attention to environmental, social and governance aspects linked to its business makes ATM more attentive, and more inclined, to respond promptly to changes in the legislative context in which it operates and to changes in customer behaviour.

Thus, the Group has adopted a structured approach to management of sustainability issues, based on analyses carried out with respect to emerging trends in the sector and in the structured investigation of the areas deemed of greatest interest by its stakeholders.

The Group's Stakeholders

Aware of the role that the Group plays in the areas in which it operates and the significant impacts its business activities have for those communities, ATM has mapped out the main stakeholders who are influenced, directly and indirectly, by its business, and which, in turn, may influence the Group's activities.

This process identified 9 categories of key stakeholders for the Group.

Stakeholder Map



In conducting its activities, the Group implements multiple engagement initiatives with stakeholders, establishing and maintaining relationships based on principles of transparency, listening and collaboration, better described in the table below.

Table 3. Main stakeholders and engagement activities

Stakeholders	Engagement activities
Employees and their Families	There are multiple channels available to ensure constant interaction between the Group and its employees, in order to analyse and resolve problems of the employees. Among these channels are a whistleblowing channel and boxes to signal SA8000 discrepancies for certified companies.
Public Administration of the City of Milan	Multiple round tables ensure continuous discussion and collaboration between ATM Group, the City of Milan and the other PA institutions.
Investors	Investor relations are managed through the normal channels, established by the Group for this purpose (e.g. conference call, website, periodic financial reports).
Suppliers and Commercial Partners	ATM engages with suppliers through normal business relations and the procedures identified by the SA8000 management system.
Local Community and NGOs	Every year ATM organizes initiatives to include local communities in corporate activities, stimulating the discussion between the Group and the surrounding area. An example is the <i>ATM Porte Aperte</i> initiative, aimed at showing the community "behind the scenes" of public transport management and shining a spotlight on the people who dedicate themselves to providing the services offered every day.
Clients	Clients can interact with the Group by communicating suggestions and complaints through the multiple channels, both physical and digital. ATM monitors the clients' perception of quality through periodic customer satisfaction surveys and considers these to be an important tool for constantly improving service.
Universities and Research Centres	ATM shares its LPT management know-how with the various research centres and universities it collaborates with, through educational partnerships, such as: the "Mobility: Infrastructures & Services" course, taught in collaboration with Politecnico di Milan; lectures and scholarships for the Master "Management of Local Public Transport" of the University of Bicocca; the Master Management of Local Public Transport at the La Sapienza University of Rome. In addition, ATM collaborates with various universities by sponsoring curricular internships and student internships within the company.
Media	ATM engages with the media through press conferences, corporate events and public and institutional meetings.
Union Groups	The engagement of trade union representatives is continuous and is developed through the normal relations with the trade unions present within ATM Group.

Materiality Analysis

The materiality analysis is the process aimed at identify and evaluate the most relevant environmental, social and economic topics for a company from the point of view of both its governance and its stakeholders. In this context, during 2020 ATM updated its materiality analysis in order to understand and address potential changes in stakeholders' needs and expectations in relation to the events that transpired during the year. In line with the reporting standards adopted, the methodology used to identify and prioritize material sustainability topics consisted of the following phases:

- **PHASE 1:** stakeholder engagement activities, including the Group Top Management and the Board of Directors;
- **PHASE 2:** strategic evaluation of the material topics and approval of the results by the Board of Directors.

PHASE 1: In the first phase, the significant sustainability topics previously identified were reassessed by internal and external stakeholders, as well as members of the Group's Top Management and Directors. Through dissemination of specific questionnaires, the analysis involved over 460 external stakeholders including clients, suppliers, commercial partners, representatives of research centres and universities, the media, the public administration representatives from the city of Milan and other public institutions. All stakeholders were asked to provide an assessment of the sustainability topics present in the online surveys, as well as propose any new issues that they deemed relevant for the Group. The 13 material issues are described in the following pages of this document.

PHASE 2: The assessments were collected and analysed; the results were calibrated to identify the values to be used in the construction of the materiality matrix. In particular, the **relevance of the material topics for ATM Group and its stakeholders** were defined based on the results obtained from the surveys administered to Top Management and Directors, as well as to external stakeholders.

The relevance of the sustainability topics in the matrix for the ATM Group's stakeholders was calculated taking into account the average of the votes received by each category of stakeholder for each topic and subsequently weighting the averages in order to give greater emphasis to the opinion of the category of stakeholder that could most influence and/or be influenced by the management of that specific topic. This analysis made it possible to position the 13 sustainability topics identified within the materiality matrix presented below. The materiality matrix was presented to the Board of Directors of ATM S.p.A. on 21 December 2020 for strategic evaluation and subsequently approved together with this document on 21 April 2021.

Other than dictating which issues the Group should give particular attention to in its approach to sustainability, the material topics identified through the analysis described above were also useful as a starting point for identifying the content of this document and the foundations on which the Group has drawn up its own sustainability plan.

Table 4. ATM Group's Material Topics

Topic Area pursuant to D.Lgs 254/2016	Material Topics	Description of material topics
Environmental Matters	Energy consumption and environmental impacts	Responsible management of energy consumption through efficiency measures (e.g. technological innovation, fleet renewal) and the use of renewable sources, in order to reduce the greenhouse gas emissions generated and the level of fine dust, improving the quality of the air of local communities.

	Responsible management of resources and waste	Responsible withdrawal of water used for cleaning the fleet and other daily activities, as well as reduction of waste; monitoring of wastewater quality and responsible waste management.
Social Matters	Intermodality and integration of services	Initiatives aimed at making customers' transit more efficient and flexible through the integration of services offered both within the ATM Group and in partnership with other operators in the sector.
	Quality and accessibility of services	The Group's ability to engage customers and respond quickly to their needs, ensuring greater accessibility in economic and service terms, especially for the most vulnerable categories of users.
	Security & safety	Security, monitoring and surveillance systems that promote the physical safety of people in stations and on-board transit, and the prevention of vandalism.
	Community relations and local development	Community development and improvement of urban conditions through partnerships with local administrations and community members.
	Economic and financial performance	Transparency and effectiveness in the use of the economic resources generated by the supply of transportation services, according to the Service Contract, and distribution of value to the Group's stakeholders.
	Noise and vibration mitigation	Specific actions aimed at monitoring and mitigating noise and vibrations generated by public transportation services.
Employee-related Matters	Diversity, inclusion and welfare	Elimination of all forms of discrimination; promotion of diversity and inclusion of employees through welfare policies in favour of their well-being, in offices and on-board vehicles, while respecting the balance between private life and professional life.
	Training and professional development	Career development paths and training plans for employees, aimed at increasing and consolidating the technical, managerial and organizational skills of the staff and attracting and retaining talent.
	Protection of employee health and safety	Protection of the health and safety of employees while carrying out their work activities, both on board vehicles and at stations and in offices, through management systems, adequate tools for monitoring accidents and spreading a culture of prevention among employees.
Respect for human rights and anti-corruption	Ethics, integrity and compliance	Compliance with current regulations and with the principles of transparency, fairness, loyalty and good administration in conducting business and in managing relationships with stakeholders; respect for human rights and fight against active and passive corruption.

Transversal Matters	Responsible management of the supply chain	Fair and transparent selection of suppliers, collaborators and commercial partners, through qualification processes that include environmental, social and governance criteria, as well as respect for human rights.
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ATM Group's Materiality Matrix



The positioning of some of the Group's material topics has seen significant changes within the materiality matrix in comparison to the matrix published in 2019. For ATM Group, the importance of issues relating to business continuity has increased, such as “Responsible management of the supply chain” and “Economic and financial performance”, as well as issues relating to relations with local communities and institutions and issues relating to health and safety of both employees and passengers. There is a seemingly clear connection between these changes and recent developments related to the health emergency in the context in which the Group conducts its business activities.

With regard to changes in the assessments made by stakeholders, greater attention was paid to environmental issues, such as “Responsible management of resources and waste” and “Energy consumption and environmental impacts”, highlighting the growing sensibility and awareness regarding the environmental impacts of the Group.

Risks, Opportunities and Management Methods

Risk management is an integral part of the Internal Control and Risk Management System (“ICRMS”) and is part of the wider corporate governance process.

The Group’s Enterprise Risk Management (“ERM”) system contributes to improving the efficiency and effectiveness of business processes, with its main objective being the safeguarding of the Group’s assets. Adequate identification and evaluation, even prospectively, as well as risk management and mitigation, in line with strategic guidelines, work to promote the pursuit of short and medium-long term objectives.

As established by the ERM Guidelines, which are also applicable to subsidiaries when suitably adapted to the context of each: “ATM SpA pursues a model of sustainable growth that respects people, the environment and communities, which aims at creating value through three main levers: sustainability, investments, and operational and financial efficiency. With the aim of maintaining a limited risk profile, ATM considers the management of risks of primary importance, undertaking to promote a structured and systematic approach based on the following principles:

- to promote and spread ethical values oriented to the culture of correct and transparent risk management to all ATM people;
- to conduct and manage all company activities to prevent risk, in compliance with the law, the Code of Ethics and company directives and procedures;
- to ensure effective, efficient and consistent risk management in all company processes, consistent with the strategic objectives of the company and with the guidelines of the Internal Control and Risk Management System (“ICRMS”), as approved by the Board of Directors;
- to guarantee that the risks are effectively identified, assessed, managed, periodically monitored and communicated through transparent reporting and through adequate organizational, management and procedural systems;
- to promote the continuous improvement of the risk governance system according to the evolution of the external context, company strategies, as well as the interests of stakeholders.”

In 2020, ATM continued to implement its Enterprise Risk management process, strengthening the process of identification of safeguards put in place for risk management and assessment of their adequacy, or the definition of further plans to improve the risk control system. The Group also continued its update of the risk register in relation to sustainability risks, and risks with “ESG” implications.

The classification “ESG” was attributed to the risks surveyed within the various classes (strategic, financial, external context, operational, legal and compliance risks), in consideration of the materiality matrix resulting from the stakeholder engagement activity.

For each of the topics discussed in the Legislative Decree 254/2016, environmental matters, social matters, personnel-related matters, and matters related to human rights and the fight against active and passive corruption, the main risks are shown in the table below. Within the table, the risk areas associated with material topics are related to the areas defined by Legislative Decree 254/2016 and the related management methods.

As for the risk areas related to the Group’s Economic and Financial Performance, please refer to the Management Report for further details.

Table 5. Correlation between areas of Legislative Decree 254/2016, material topics, main risk areas and summary of management methods.

Summary of the main sustainability risks and opportunities				
Area of D.Lgs. 254/2016	Material topic	Risk area	Opportunities	Summary of management methods
Environmental matters	Energy consumption and environmental impacts	Air pollution: atmospheric emissions from the performance of the Group's activities	Better standing of the corporate image in the field of effective energy management and environmental protection Reduction of costs associated with lower consumption of diesel and energy efficiency	ATM Group's Integrated Quality, Safety and the Environment Policy (ISO 14001 and 45001) Action Plan for Sustainable Energy Strategy for the Environmental Transition Energy efficiency operations
		Management of the environmental transition plan/implementation of the Full Electric project	Greater user satisfaction with regard to the environmental impacts associated with the Group's activities Continuity of service in the face of emerging regulatory requests	Purchase of certified green energy from the free market in Italy In Italy, appointment of an Energy Manager certified Expert in Energy Management pursuant to UNI-CEI 11339
	Responsible management of resources and waste	Soil and water pollution from the Group's activities	Efficiency of production processes thanks to innovation Diffusion of green education among users	ATM Group's Integrated Quality, Safety and the Environment Policy (ISO 14001) Action Plan for Sustainable Energy Strategy for the Environmental Transition
		Management of waste from the performance of the Group's activities		
		Maintenance of quality and environmental management systems certifications		
	Employee-related matters	Diversity, inclusion and welfare	Welfare and industrial relations management	Improvement of reputation and corporate image in the field of Diversity & Inclusion Greater well-being for its employees Improvement of the ability to exploit and attract resources Improvement of stakeholders' value

	Training and professional development	Finding human resources on the market that meet corporate needs	Improvement in employee performance Professional growth of personnel	Integrated toolkit for selection of personnel (interviews, tests/assessments based on specific qualities sought) Procedure for Selection and Hiring of Personnel
		Core skills in line with the strategic plan		Identification and definition of key competences and development of Talent Management programs
		Loss of key skills		Development plans with a view to both the continuous growth of skills and the retention of people with key skills Substitution Groups
	Protection of employee health and safety	Health and safety management: accidents and/or occupational diseases occurring in the context of operational management	Improvement of the corporate reputation in terms of a protective and safeguarded work context Maintenance of high standards in the field of health and safety, as well as continuous improvement in the management of these aspects	ATM Group's Integrated Quality, Safety and the Environment Policy (ISO 45001) Metro Service A/S "Health Policy" Training in health and safety Assessment and proactive management of health and safety risks, in line with legal requirements
		Health and safety management: Attacks on staff		Security staff and equipment Continuous collaboration with Law and the Prefecture of Milan
		Health and safety management: Covid-19 health emergency		Incident Response Plan aziendale
Social matters	Noise and vibration mitigation	Management of vibrational and acoustic pollution from the performance of the Group's activities	-	Vibro-acoustic Laboratory Rolling Stock Maintenance Plan Noise Mitigation Maintenance Plan for the M2 underground line Installation of friction moderating systems

	Economic and financial performance	For risks related to the Group's economic and financial performance, please consult the 2020 Annual Report - Risk factors and uncertainty - Financial Risks	-	Ref. Annual report 2020 - Risk factors and uncertainty - Financial risks
	Quality and accessibility of services	Management of information flow to and from customers	Improvement of company reputation and image in the area of quality and accessibility of services Improvement of the quality and accessibility of the service Improvement of Stakeholders' value Increase in the offer of innovative products	Infoline service Official ATM App Website and social networks Stakeholder engagement surveys Reports, Mobility Charter and other reference documents Procedure for handling complaints and reports received from customers
		Planning of the TPL service		Sustainable Urban Mobility Plan (PUMS) Triennial Works Program Biennial Supply Program Service Contract
		Group's Customer Satisfaction		Management procedure "Customer satisfaction survey" (monitoring the quality perceived by the customer) Stakeholder engagement surveys
		Obsolescence/reduced functionality of infrastructures and data systems entrusted by third parties/companies		Constant monitoring of quality of infrastructure, plants and transportation services
		Obsolescence of ATM-owned infrastructure, plants and rolling stock		ATM Group's Integrated Quality, Safety and the Environment Policy (ISO 14001 and ISO 45001)

		Accessibility of the stations		
Security & safety		Accidents made by third parties during events organized by the Company	Accident prevention Close coordination and collaboration with law enforcement and city realities	Sharing area-specific information on risks companies involved
		Derailment and/or collisions		Engagement of location managers to ensure safety
		Functionality of electrical and/or mechanical safety systems		For events of more than 200 people, enactment of the procedure for obtaining the Public Entertainment License by the Municipality of Milan, which includes the Risk Assessment Document
		Accidents made by people inside metro stations		Maintenance Plans
		Fires		Personnel training, especially to vehicle operators and maintenance workers
		Accidents along vehicle routes caused by personnel		Redundancies and compensatory solutions such as the adoption of wheeled fire extinguishers and personnel controls
				Training for intervention at various levels
			ATM Group's Integrated Quality, Safety and the Environment Policy	
			Security staff and equipment	
			Service Contract	
			Rolling Stock Maintenance Plan	
			Continuous monitoring of driver behavior during driving and in general during the service	

				Training pursuant to the Technical Operating Commission
		Terrorist attack		Implementation of cameras in stations and on vehicles
		Robbery/Pickpocketing		Security staff and equipment Continuous collaboration with Law and the Prefecture of Milan
Matters related to human rights and the active and passive fight against corruption	Ethics, integrity and compliance	Compliance with the Code of Ethics, the body of Legislative Decree 231 and HSE regulations	Continuous improvement of the stakeholder culture with respect to ethical and compliance issues	Anti-corruption Model and Organizational Model ex D.Lgs. 231/2001
		Labor law compliance		Code of Ethics of Italian companies and Metro Service A/S Code of Ethics
		Personal data management pursuant to the GDPR		Social Accountability Policy (SA 8000)
		Data security management		ATM Group's Integrated Quality, Safety and the Environment Policy (ISO 14001 and ISO 45001) Personal Data Protection Officer Compliance Officer Anti-Money Laundering Representative Voluntary Tax Control Framework
Transversal matters	Responsible management of the supply chain	Suppliers' respect of the principles adopted by the Group regarding sustainability issues	Spread of the culture of sustainability along the supply chain	Regulation for the Awarding of Contracts Evaluation procedure for suppliers of works, goods and services

Further information regarding the management methods of the sustainability risks is presented later in the document.

The ATM's Sustainability Strategy and the Environmental Transition

Since the beginning, ATM has sought to contribute positively to the development of cities and play a central role in the communities where it operates, gradually positioning itself as a point of reference in terms of institutional, operational (mobility services), economic, social and environmental sustainability.

In fact, for several years, ATM has been integrating sustainability topics into its organizational model, showing its commitment to responding actively and effectively to the evolution of the context in which it operates. Given the vital role it plays within the communities in which it offers its services, ATM understands the importance of mobility in metropolitan cities and essential role it plays in contributing to sustainable development and urban planning that meets the needs and requirements of citizens.

In that regard, the Group defined a business strategy that incorporates the principles of sustainability, allowing for the creation of value for the Group and its stakeholders. The strategy is laid out in the 2021-2025 Strategic Business Plan, which was shared and approved by the parent company's Board of Directors and was developed in consideration of the specificities of the Group, as well as the evolution of market trends.

The business strategy is divided into three directions pursuing objectives related to the economic-financial performance, as well as the development of an increasingly sustainable mobility service, especially from the point of view of the protection of environmental resources.

Thus, the Group developed strategically important initiatives with the aim of making the Group a point of reference in the field of digital innovation, increasing the service for passengers, and becoming an industry leader in the operational management, extracting the full potential from all the non-core assets of the company and finally to attract, develop and enhance the company's human resources.

In addition to the Industrial Plan, and in line with the "Milano Mix" environmental transition promoted by the Municipality of Milan, the Group has followed up on the refinement of its sustainability strategy, which is implemented in the Sustainability Policy. The Policy outlines the sustainability commitments undertaken by the Group through five intervention pillars, summarized below:

1. Zero-emission transport - as the name suggests, this pillar has the goal of achieving net-zero emissions from transport activities and reducing local air pollutants;
2. Responsible consumption - the Responsible Consumption pillar provides for the use of the bare minimum in terms of materials and the efficiency of resource consumption;
3. Sustainable Supply Chain - this pillar aims to raise awareness and endorse the Group's commercial partners who share the same values in environmental, social and ethical terms;
4. Inclusive mobility - The purpose of this pillar is to ensure the social inclusion of all members of the community by offering sustainable, multimodal and innovative mobility services;
5. Great Workplace - "Excellent workplace" in Italian, this pillar aims to promote a positive work environment for all employees that attracts and enriches people and values diversity.

The Group concluded the activities for the elaboration of the specific objectives of the Sustainability Policy in the first months of 2021.

ATM and the Sustainable Development Goals

The SDGs (Sustainable Development Goals) consist of 17 objectives whose achievement contribute to sustainable global development. The targets were approved by the United Nations in 2015 as part of the

2030 Agenda for Sustainable Development. The 17 objectives are in turn divided into 169 targets to be reached by 2030.



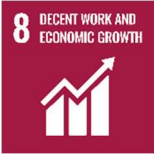
Achievement of the SDGs requires the action of all parts of society: businesses, the public sector, civil society, non-profit institutions, universities and research centers as well as information and cultural drivers.

SUSTAINABLE DEVELOPMENT GOALS



For this reason, ATM has identified which of the 17 SDGs are most aligned with its own strategy, thus, identifying the goals to which the Group can make a more significant contribution.

The identification and association of the SDGs identified with the strategic objectives of the Group makes it possible to further highlight the effort undertaken by ATM, through its strategy and business activities, in addressing the sustainability challenges in favor of the community it serves. The Group has refined the analyzes launched last year to arrive at a series of targets relating to 5 SDGs to which it provides or could provide a more significant contribution:

	<p>Achieve gender equality and empower all women and girls</p>
	<p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>
	<p>Promote sustained inclusive and sustainable economic growth, full and productive employment and decent work for all</p>



Make cities and human settlements inclusive, safe, resilient and sustainable



Take urgent action to combat climate change and its impacts

The Group contributes to the achievement of the SDGs through initiatives and investments made according to its Strategic Industrial Plan, since they seek to enhance human resources through the development of new skills, to attract and grow talents, and to guarantee access to a safe and accessible public transport system, especially for the most vulnerable. These activities generate clear benefits in terms of employment and the creation of economic value at the direct level for the Group, indirect for suppliers and customers-citizens and induced for the local economy.

FINANCIAL CAPITAL

Main results related to the Group's Financial Capital

Table 6. Highlights of results obtained related to the Group's Financial Capital

€ 25.6 million Net Financial Position		€ 139.9 million Investments	
€ 957.9 million Revenues	€ 61.2 million Gross Operating Margin	€ 64.5 million Loss	
€ 968.6 million Value Generated	€ 924.5 million Value Distributed	€ 44.1 million Value Retained	
€ 2.5 million Corporate Income Tax Paid on a Cash Basis			

What is Financial Capital

Financial capital is the set of owned and third-party financial resources that are necessary and functional for the correct financial management and coverage of investments. It also consists of cash flows generated by ordinary operations, third-party resources disbursed in the form of public grants, financial debt, represented by bank loans (EIB, European Investment Bank and Cassa Depositi e Prestiti) and the use of the capital market.

Material Topics related to Financial Capital

Energy consumption and environmental impacts	Responsible management of resources and waste	Intermodality and integration of services	
Quality and accessibility of services	Security & safety	Community relations and local development	
Economic and financial performance	Noise and vibration mitigation	Diversity, inclusion and welfare	
Training and professional development	Protection of employee health and safety	Ethics, integrity and compliance	Responsible management of the supply chain

As provided for by the International <IR> Framework for the preparation of the Integrated Report, the following table shows the main inputs, outputs and outcomes as well as the main business activities pertaining to the Financial Capital.

INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
<ul style="list-style-type: none"> Capital structure (mix of equity and debt capital) 	<ul style="list-style-type: none"> Financial management 	<ul style="list-style-type: none"> Active Net Financial Position for euros Revenues Gross Operating Margin Profits and Losses Personnel Costs Financial obligations Taxes Reclassified Operating Costs Donations, sponsorships and collaborations 	<ul style="list-style-type: none"> Financing dedicated to projects that increase the quality and regularity of service Distribution of the economic value created in society

The Financial Capital of ATM Group

For ATM, the correct management of the financial capital is fundamental to guarantee continuity and sustainability of its business. The Group's economic sustainability depends on the effective management of financial capital and debt capital and provides the means through which to create value through other capitals, since choice of investment has a substantial impact on other capitals (such as through investments).

Through the use of financial capital inputs, such as government grants, liquidity reserves and bank loans, ATM provides continuity to the Group's operations, transforming financial capital into input elements for other capitals and ensuring financial stability in the short, medium and long term.

Public health emergency impacts on financial capital

In 2020, ATM's financial capital was impacted by the health emergency, due to the inevitable drop in revenues from users for the services provided. During the first phase of the health emergency, given the reduced work activities, ATM S.p.A. and Net S.r.l. requested the support - starting from March 16, 2020 - of the Bilateral Public Transport Solidarity Fund ("Fondo Bilaterale di Solidarietà Trasporto Pubblico") and were able to provide the financial support provided by the Fund to staff in advance. The Bilateral Public Transport Solidarity Fund provides income support for the staff of public transport companies in cases of reduced or temporarily suspended work by providing regular payment. In the subsequent phases, following the various ministerial decrees in support of the local public transport sector, from the "Relaunch Decree" to the "Ristori Bis", ATM was able to access additional resources for the restoration of the lower income received but also for the financing, within a certain limit, of additional local and regional public transport services.

Investments

Based on the long-term vision of the business plan, in 2020 the Group invested € 139.9 million in activities to improve its service, with the aim of positioning itself as the best-player in the sustainable mobility sector. In fact, in following with the Group's strategic commitment, outlined in this Report within the section dedicated to the Environmental Transition, € 132.1 million, or 94% of the total investments, were destined for modernization activities of the infrastructure and upgrade of the fleet.

Table 7. Investments managed by ATM Group (in millions of euros)

MACRO CATEGORY	<i>2020</i>	<i>2019</i>	<i>2018</i>
<i>Upgrade of the fleet</i>	112.6	133.5	152.3
<i>Extraordinary building maintenance</i>	1.9	2.9	2.6
<i>Modernization and upgrade of plants and infrastructures</i>	19.5	11.2	101
<i>New technologies for payment and information mobility</i>	6.0	7.8	8.1
TOTAL	139.9	155.4	173.1

For more details on the Group's financial results, refer to the Group's 2020 Consolidated Financial Statements.

Economic Performance

Due to the emergency situation that characterized 2020, ATM recorded a 2.4% decrease in revenues and other operating income compared to 2019 and an increase in operating costs and charges of 29.6 million euros compared to the previous year³. Therefore, the 2020 operating result was € -47.4 million with a loss for the year amounting to € 64.5 million.

Table 8. Main economic indicators (in millions of euros)

Main economic indicators	<i>2020</i>	<i>2019</i>	<i>2018</i>
<i>Revenues and other operative income</i>	957.9	980.7	962.7
<i>Costs and other operating obligations</i>	896.8	867.2	838.6
<i>Gross Operating Margin</i>	61.2	113.6	124.1
<i>Operating income</i>	-47.4	6.3	36.9
<i>Net income</i>	-64.5	9.2	18.5

Revenues for 2020 are made up as follows: 84.73% for revenue attributable to local public transport activities, 1.63% for parking, parking and removal activities and 13.64% from different sources (82.38%, 3.03% and 14.59% respectively in 2019).

For more details regarding the Group's economic results, refer to the Group's 2020 Consolidated Financial Statements.

Fees and Contributions from the Public Administration

ATM and the Municipality of Milan have signed a Service Contract which regulates local public transport services as well as related and complementary services. As required by the Contract, the

³ Please refer to the Report on Operations for more information.

Municipality pays ATM Group a fee for the provision of LPT services, which constitutes approximately 69% of the Group's total revenues for the year 2020.

To better manage the contractual and economic aspects relating to the Service Contract, ATM has established an internal Service Contract Unit, which manages all the documents relevant to the Contract. The unit is tasked with analyzing and reporting data relating to minimum quality standards and calculating any deviations between the services provided and what is required by the contract. To that end, the Group has adopted a specific procedure that ensures:

- contractual relationships are correctly channelled;
- contract objectives are shared with the heads of the departments responsible for performing the contractual services;
- management problems with contractual interpretations are shared between the various ATM internal departments;
- flow of information to and from the Municipality are managed and archived correctly;
- any changes to contractual commitments are approved;

In addition, the Service Contract provides for the establishment of a Technical Committee composed of representatives from each of the parties involved for the regulation of various aspects, such as monitoring activities, the evaluation of contractual variations or the evaluation of the management of the system of any penalties and premiums paid.

Generation and distribution of value

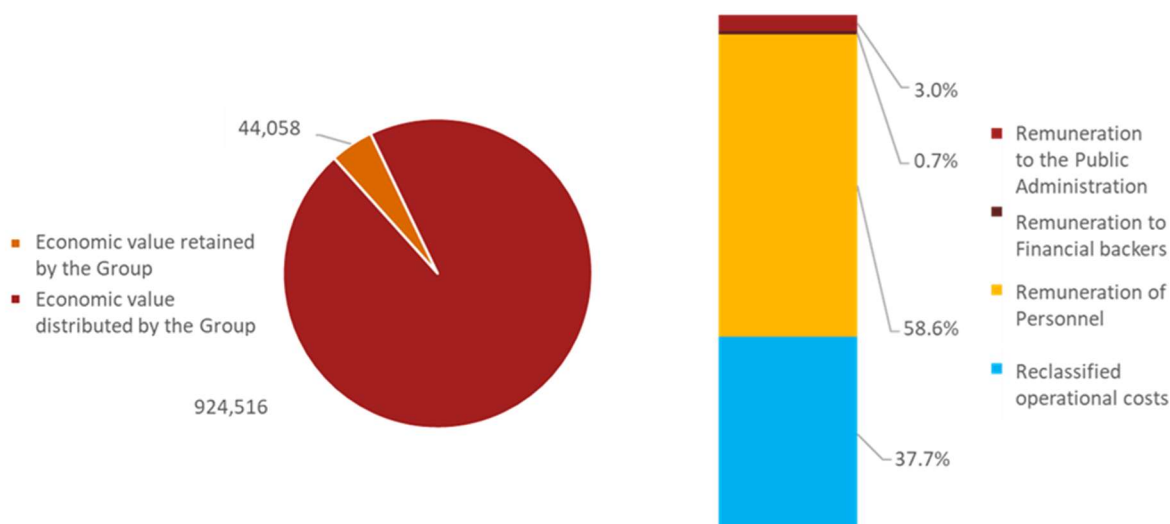
The “economic value generated and distributed” - the wealth produced by the ATM Group and distributed among the various stakeholders in various forms - represents the impacts created by the Group's provision of services, generating macroeconomic benefits.

In 2020, the economic value generated by the Group was € 968.6 million. The Group distributed €541.6 million to staff in the form of remuneration for the activities carried out during the year, while €348.7 million was allocated to suppliers to cover operating costs from the purchase of services, raw materials, consumables and goods. The Group distributed €34.2 million in the form of payment of financial charges, taxes and donations, sponsorships and collaborations. Lastly, €44.1 million was allocated by the Group⁴ to depreciation, write-downs and profits destined for reserves.

Figure – ATM Group's distribution of economic value in 2020⁵

⁴ These values are to be considered gross of realized profit distributions in 2020 dividends were distributed to third-party Hitachi Rail STS S.p.A. for € 3,920,000.

⁵ The value of donations, sponsorships and collaborations, or the economic value distributed in the community, is equal to 0.01% of the economic value distributed by the ATM Group.



Fiscal transparency

The function that presides over corporate taxation provides for the correctness and compliance of the declaration form for the determination of taxes. From an organizational point of view, management of the corporate tax system is allocated to a specific organizational structure. The task of managing and monitoring tax risk resides with the departments of the individual business processes.

The Group has adopted regulations and procedures that govern tax compliance as part of the specific processes. In relation to the tax risk control system, ATM operates in compliance with the following objectives, to be pursued continuously, also applicable to companies subject to management and coordination:

- **Tax obligations:** Properly manage the tax obligations related to its activities, in compliance not only formally but also substantially with all the laws and obligations required and with the principles and purposes of the tax system of the competent jurisdiction.
- **Risk management:** Control and manage tax risks and protect the Company's reputation through adequate processes, procedures, organizational solutions and tools fully integrated at the level of the Internal Control and Risk Management System ("ICRMS").
- **Tax Compliance:** Ensuring the integrity of tax compliance and the correct amount of taxes, in compliance with the timing and requirements associated with them, minimizing disputes with the tax authorities.
- **Sharing of values:** Promote awareness at all company levels of the importance attributed by the company to the values of transparency, honesty, fairness and compliance with the law.
- **Making the best use of resources:** Develop and strengthen the personal and professional skills of the resources involved in the tax process and in the management of the risks associated with them, ensuring the correct level of experience and understanding of the business in order to guarantee the appropriate professional diligence in reaching conclusions adequately motivated.

The company, as established by the Risk Appetite Statement approved by the Board of Directors, has an adverse propensity to tax risk and the assessment of tax risks also takes into account the potential ESG-related issues.

The approach to tax risks was adopted from the corporate Enterprise Risk Management model, adapted to the specificity of the subject, and is fully integrated in the framework of the ICRMS.

During 2020, ATM voluntarily adopted the Tax Control Framework ("TCF") as a corporate governance and supervision tool for the detection, measurement, management and control of tax risk, in line with the provisions of Legislative Decree 128/2015. The tool is jointly governed by the Risk Management

function and Corporate Taxation department, the latter with the role of competence center and is widespread at all levels of the organization for the respective areas of competence.

ATM provides the whistleblowing process, which is also open to this type of reporting, as a mechanism for reporting critical issues related to unethical or illegal behavior and the integrity of the organization in tax matters.

The assurance on tax information is guaranteed by an external tax advisor in charge of verifying and checking compliance, as well as by an appointed auditor.

The Group interacts with its stakeholders on tax aspects thanks to the External Relations, Communication and Marketing Department, which coordinates activities at company level.

Table 9. Reporting of financial, economic and tax information for each jurisdiction in which ATM operates (Italy) - data as of 31/12/2019⁶.

Italy	Revenues from third-party sales (including related parties)	Revenues from intragroup transactions with other tax jurisdictions (Denmark)	Profit / loss before taxes	Tangible assets other than cash and cash equivalents	Corporate income tax paid on a cash basis	Corporate income tax accrued on profit/losses
Total - Italy	891,733,000	-	2,879,000	1,274,341,000	2,557,163	94,000

The difference between the amount on the income of the company accrued on the profits/losses and the tax due is due to tax withholdings and different payment deadlines.

Table 10. Reporting of financial, economic and tax information for each jurisdiction in which ATM operates (Denmark).

Denmark	Revenues from third-party sales (including related parties)	Revenues from intragroup transactions with other tax jurisdictions (Italy)	Profit / loss before taxes	Tangible assets other than cash and cash equivalents	Corporate income tax paid on a cash basis	Corporate income tax accrued on profit/loss
Total - Denmark	89,014,000	-	8,445,000	2,127,000	1,464,231	2,033,000

The amount on the income of the companies accrued on the profits / losses refers to the advances paid in 2019 while the tax due is the total amount due for 2019. The difference between the two was paid in full balance in 2020.

⁶ Regarding the information reported in this table, this information is published annually in November of the year following the financial year in question.

MANUFACTURED CAPITAL⁷

Main results related to the Group's Manufactured Capital

Table 11. Highlights of results obtained related to the Group's Manufactured Capital

94.2% buses with video surveillance systems	6 new friction moderating systems implemented along the network
More than 190 million kilometers travelled ⁸	More than 1,245 km² of territory served ⁹
More than 422 million passengers transported ¹⁰	70.2% stations with elevators and/or stairlifts ¹¹

What is Manufactured Capital

Manufactured Capital refers to the infrastructure, owned or leased, used to provide public transportation services. This includes the machinery related to rolling stock, plants used for operation of transportation services, land and buildings used as deposits for material, office buildings, industrial and commercial equipment for upkeep of auxiliary vehicles, as well as essential assets for the regular performance of the service.

In order to ensure that performance is adequate and constantly in line with the new needs of clients and citizens, ATM is committed to reaching ever higher levels of environmental sustainability, safety, accessibility and comfort, guaranteeing increasingly "smart" infrastructures.

Material Topics related to Manufactured Capital

Energy consumption and environmental impacts	Responsible management of resources and waste	Intermodality and integration of services	
Quality and accessibility of services	Security & safety	Community relations and local development	
Economic and financial performance	Noise and vibration mitigation	Diversity, inclusion and welfare	
Training and professional development	Protection of employee health and safety	Ethics, integrity and compliance	Responsible management of the supply chain

⁷ Unless otherwise specified, this chapter refers exclusively to the data of the Italian companies of the ATM Group.

⁸ This figure includes Metro Service A/S.

⁹ This figure includes Metro Service A/S.

¹⁰ This figure includes Metro Service A/S.

¹¹ This figure considers the M1, M2 and M3 metro lines, as required by the Service Contract.




As provided for by the International <IR> Framework for the preparation of the Integrated Report, the following table shows the main inputs, outputs and outcomes as well as the main business activities pertaining to the Manufactured Capital.


INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
<ul style="list-style-type: none"> Rolling stock Mobility infrastructure -Infrastructure in support of integrated mobility 	<ul style="list-style-type: none"> Integrated mobility management Design, engineering and maintenance Management of complex ICT systems for mobility 	<ul style="list-style-type: none"> Passengers transported KM travelled Territory served Implementation of new technologies Integrated service provided for the local area Accessible transportation for all 	<ul style="list-style-type: none"> Smart mobility Efficient, safe and sustainable mobility Social inclusion Satisfactory public service provision

Main Sustainability Objectives

The table below shows the main sustainability objectives pertaining to the Group's Manufactured Capital and the progress made in relation to those objectives as of December 31, 2020.

Table 12. Sustainability objectives related to the Group's Manufactured Capital

Objectives	Status at December 31, 2020
<ul style="list-style-type: none"> Achieve 100% electric rolling stock 	 <p>In 2020, 70.1% of the total kilometers traveled by the Group's rolling stock were powered electrically, compared to 29.9% powered by diesel.</p>
<ul style="list-style-type: none"> Achieve the following automotive fleet composition: 60% of diesel buses; 25% of hybrid buses; 15% of electric buses 	 <p>At the end of 2020 the composition of the bus fleet was:</p> <ul style="list-style-type: none"> Diesel: 83.2% Hybrids: 11.6% Electric: 5.0% Hydrogen: 0.2% <p>Hydrogen-powered buses are part of an EU-funded testing project.</p>
<ul style="list-style-type: none"> Gradual improvement of the main KPIs for quality and accessibility of the service, through the redevelopment and/or reconstruction of stops and stations, as well as the acquisition of new rolling stock and/or vehicle revamping Definition of a new security plan and progressive increase of dedicated resources and video surveillance systems installed on vehicles and infrastructures: 	 <p>94.2% of buses are equipped with video surveillance systems.</p> <p>To make service increasingly accessible, comfortable and sustainable, as part of the plan for upgrading the fleet, in the coming years, 100 new bidirectional low-floored trams, 60 new 18 meter trolley busses, 21 M1 trains, 1 M2 train e 25 M3 trains, 150 12-meter hybrid buses, 210 electric buses and 14 minibuses will be added to the fleet.</p>

<ul style="list-style-type: none"> - Achievement of 100% of buses equipped with video surveillance systems (83.7% in 2017) 		
<ul style="list-style-type: none"> • Reduction of the recorded noise level 		<p>In 2020, the following friction moderating systems were installed:</p> <ul style="list-style-type: none"> • 3 in Rozzano; • 2 in Mercato Tivoli; • 1 in Sempione at the corner of via Domodossola.

The Manufactured Capital of ATM Group

As a public transportation service provider, the modernization and maintenance of production capital represents a fundamental element for ATM Group - maintenance of corporate assets, specifically in reference to the average age of the fleet, is subject to regulation by European directives and the provisions of the Service Contract stipulated with the Municipality of Milan. However, it is a key factor in the sustainability of the business for the Group not only because it ensures compliance with the regulatory requirements but also because it guarantees a consistently high level of service over time.

For that reason, the Group upgrades the company fleet on an ongoing basis and to develop a modern and efficient support infrastructure to achieve ever higher levels of performance in terms of the environment, accessibility and comfort.

Public health emergency impacts on manufactured capital

In relation to COVID-19, during the lockdown period there were business interruptions mainly in the field of plant and infrastructure construction sites, where the companies involved had to reduce their activities.

As part of the framework agreement with Hitachi Rail Italy for the supply of Leonardo trains, the health emergency impacted the supply, delaying the delivery of 4 trains, causing the completion of the order to be postponed to 2021. Throughout 2020, 11 of the 12 contracted trains were delivered.

Modernization of the fleet

During 2020, the ATM Group allocated approximately 112.6 million euros to the renewal of the company fleet. With regard to the M1 and M3 metro lines, in 2020 the procedures for the purchase of 21 trains for the M1 line were initiated, replacing the trains categorized for "revamping" (for the restyling that took place in the past) and 25 trains for the line metro M3 that can be used, with minimal modifications and with the upgrade of the on-board signaling system, also on the M2 line.

The Group makes these investments in order to generate positive repercussions for the performance of transport services and in terms of customer experience - thanks to the improvement of the quality of the service and the relative levels of comfort and accessibility - but also to improve environmental performance and vehicle safety levels.

Upgrading transportation as a means for improving environmental performance

In order to upgrade and improve the performance of the public transport network, the fleet renewal plan, which provides for the replacement of older vehicles with more modern and efficient vehicles, will allow the ATM Group to lower emissions into the atmosphere deriving from the fleet.

Following the Full Electric plan, the change of surface vehicles towards a zero-emission bus fleet that began in 2018, ATM has begun transitioning to hybrid buses, taking into account that the market is not yet able to meet the large requests for electric buses and that the regulations provide for time limits on the use of older vehicles. Hybrid buses allow for significant reductions in both fuel consumption and CO₂ emissions. The tender for a framework agreement for 150 hybrid buses is in the process of being awarded. It includes full maintenance service extended to the entire life of the vehicle. Upon signing the framework agreement, the first application contract for 60 buses will also be signed with deliveries scheduled for the end of 2021.

Also part of the Full Electric renewal plan, after the two contracts for the first 25 electric vehicles, which were supplied by the beginning of 2019, in the same year a framework agreement was signed for the supply of 250 electric buses, including full maintenance service extended to the entire life of the vehicle, and of the traction batteries, which will replace those installed in the original system, whose performance is expected to decline at approximately half of the vehicle's life. Together with the aforementioned framework agreement, the first contract was signed for 40 buses whose deliveries were completed in the second half of 2020.

The second contract was also signed, which provides for the supply of 100 buses with enhanced batteries, which became partially available at the end of 2020 and will be completed by the summer of 2021.

To implement the Full Electric project, in addition to the supply of vehicles, it is also necessary to adapt the depots used for housing and recharging the vehicles. To this end, a 5-year framework agreement was signed for the installation of the recharging columns in the warehouses of Sarca, Giambellino and San Donato. In the course of 2020, the installation activities for the columns in the Sarca depot began and are scheduled to be concluded by March 2021. In addition, 2 opportunity charges are expected to be set up respectively at the Zara bus terminus whose works began in the second half of 2020 and the plant which is expected to be installed in 2021.

As regards the bus fleet of the subsidiary NET, the Group completed the plan for renewal of 44 12- and 18-meter buses, divided between the suburban service lot 3 and the urban service of Monza, the last of which entered into service in January 2020. These investments, made in view of the tender for the assignment of the service, have allowed a rejuvenation of 32% of the NET vehicle fleet, while allowing for the disposal of obsolete vehicles with Euro 3 engines.

Taking up the theme of electric mobility, the framework agreement was signed in the second half of 2020 for the supply of 80 25-meter long bidirectional trams, with a lowerable floor in the area of the access doors, to be used on the urban and interurban network. Together with the framework agreement, the first application contract was also stipulated for 30 trams with delivery of the prototype scheduled for March 2022 and subsequently, for the first 10, from September 2022.

As part of the framework agreement for the supply of 80 articulated 18-meter trolley buses, delivery of the 30 vehicles referred to in the first contract were completed in the first half of 2020. For the second contract of the next 50 trolleybuses, the authorization process for the allocation of loans through the Municipality of Milan by the Ministry was concluded at the end of 2020, for which the request for stipulation of the contract was initiated in January 2021 for the spring with delivery of the vehicles starting from mid-2022.

With these investments, the average age of the ATM trolleybus fleet will drop to about 4 years, thus allowing for disposal of all the old trolleybuses, especially the older 12- and 18-meter vehicles. The new trams and trolley buses arriving will offer passengers better quality of service, in terms of comfort and accessibility. They will be updated with the most modern safety requirements, and the trams will be

equipped with an anti-collision system. The new vehicles will provide for the mitigation of noise pollution, they will be equipped with technological systems to allow passengers to connect to the wireless network once on board and will ensure energy savings thanks to the braking energy recovery system.

Finally, in the context of the renewal of the vehicle fleet and in promotion of the Group's sustainability, ATM continued to replace diesel service cars with electric rental cars, to be used for assistance to vehicles, control of operation and maintenance of metro and tram systems. At the time of publication, there are 97 cars are fully operational, 10 cars have recently been ordered and will be delivered in 2021.

In 2020, 70.1% of the distances of all ATM public transport were electrically powered, in particular as of 31.12.2020 the ATM endowment included 66 electric buses and 132 trolleybuses, in addition to metro trains and trams.

Continuous improvement of security

In order to improve the levels of security experienced by the passengers, ATM maintains a constant presence, both in the stations and on board its vehicles, offering safer and better quality of services, thanks to a close collaboration with the police and city authorities of Milan and the implementation of technological solutions for monitoring activities on board vehicles and in stations. The continuous modernization of the fleet also allows for continuous improvement of the security of passengers on board the vehicles.

The upgrade of the technologies used by the Security Operations Center (SOC) was completed in 2019. The SOC was moved to the Operations headquarters where it works in synergy with the Operations Centers of the metro and surface lines, maintaining disaster recovery in its previous location. The SOC is active 24 hours a day, 7 days a week and three specialized Security operators work there, responsible for monitoring and managing the over 6,000 cameras and over 4,000 alarms that guarantee the necessary remote support to Security ATM employees.

In 2020, the Group continued to equip the buses with video surveillance cameras, reaching 94.2% of the entire fleet. Consequently, also in consideration of the lockdown periods, in 2020 there was a significant reduction in the number of attacks on ATM personnel (-37% compared to 2019). With regard to vandalism of underground trains and on surface transportation infrastructure, the Group recorded a reduction in the number of cases by 30%, taking into consideration the lockdown periods.

Management and development of infrastructure

The infrastructure that supports the services offered by ATM, from the underground network, to the stations and offices of the Group, make it possible to provide adequate service performance, and allow for the provision of services that are constantly in line with client-citizen needs and that reflect their expectations.

To ensure the satisfaction of citizens and all those who use the service, providing maintenance of a modern and efficient infrastructure that guarantees high accessibility to the public transport service for everyone is essential.

Guaranteeing accessibility of transportation services

In light of the impact ATM has on the relationship between the citizen and the city, the Group plans the routes of the bus lines and plans the construction of new metro lines, offering a greater level of accessibility to all citizens, especially the vulnerable.

Planning of mobility services in the metropolitan area of Milan is directed by the Urban Plan of Sustainable Mobility (PUMS), which sets the guidelines of the strategies for infrastructure

management, as well as safety, reliability and flexibility towards the customer and his needs. The Triennial Construction Program and the Biennial Supply Program define the short-medium term operational elements of the Municipality for the development of interventions.

In addition, ATM has implemented specific tools which are periodically updated to evaluate the progress, the request and the mobility flows for each means of transportation. Directions for the operations to be carried out - extraordinary maintenance, improvements, modifications - are also implemented through the additional channels set up for this purpose (institutional channels, customers and maintainers).

Safe movement and distancing of trains on the four metro lines operating in Milan are managed via signaling systems capable of sending and managing information on the position of the trains and the conditions of the line. These systems are equipped with a variety of protection technology with different degrees of automation. Safety in circulation of surface vehicles is mainly managed through punctual implementation and maintenance of the technology installed in the vehicles to ensure they continue to function correctly.

As part of the renewal of the M2 line, the Group has planned a complete overhaul of the signaling system. The complete refurbishment of the signaling system, fully financed by ministerial contributions and by the Municipality of Milan, will guarantee a safer and more efficient management of service, allowing an increase in the frequency of passage of the trains and consequently an increase in the transport capacity of passengers transported per hour. In close association with the intervention on the signaling systems, it will be necessary to carry out the timely refurbishment of the armament system. The improvements will be carried out on the sections of the line in which the armament has suffered a decline in the performance of the mechanical components or carried out with technical solutions that do not allow for the increase from 70 km/h to 85 km/h while running.

Accessibility of payment services

Of these types of projects, ATM is the leader in the ticketing revolution taking place in Local Public Transport, facilitating the digital transformation of the public transport in Milan, which today is at a turning point when it comes to ticketing practices. In fact, the Group is committed to guaranteeing accessibility to the services offered, through the implementation of new automatic ticket machines that facilitate ticket purchase, or through the offer of *smart* services that provide for ticket purchase through SMS or App. These *smart* services make it possible to use transportation services without printing tickets through the use of a QR code and, in the near future, NFC technology.

During 2020, the number of turnstiles updated with the new *smart* technology was increased while the catalog of types of tickets able to be sold without printing was extended to the entire range of tickets provided in the Integrated Tariff System of the Mobility Basin (STIBM).

Thanks to this *smart* technology, in 2018 ATM launched an experiment that allows the sale of the ticket directly at the metro turnstiles, implementing payment systems capable of detecting contactless bank cards of the EMV circuit (Europay Mastercard & Visa). This innovative payment system allows access all 4 lines of the entire metro network, guaranteeing the passenger the application of the most convenient rate (best-fare logic) based on the number and type of trips made within 24 hours of the first ticket validation of the day. After two years of operation in the subway, the contactless payment system has also landed on the first bus lines 56, 70 and 73 is planned to be extended also to paid parking lots.

Accessibility of services for people with disabilities

The Group works to guarantee full accessibility to the services offered to the highest possible number of users, paying particular attention to passengers with motor, visual and hearing impairments. To this end, the Group is working to increase the percentage share of stops, stations and accessible means of transport, putting in place specific initiatives:

- Implementation of Infoline, a program that updates the accessibility status of surface and underground lines in real time and provides tools to support people with visual or hearing difficulties
- Installation of tactile routes and protective measures, like LOGES (Guidance and Safety Orientation Line) and automatic doors that protect against the risk of falling, ensuring accessibility of services to passengers with visual impairments
- Redevelopment or reconstruction of bus, tram and trolleybus stops
- Acquisition of trams, buses and trolleybuses equipped with a lowering platform, and revamping of some vehicle segments through the installation of an elevator for the entry and exit of people in wheelchairs
- Installation of elevators and stairlifts in metro lines with systems compliant with the new regulations in force. The replacement of 68 stairlifts, which began in 2019, is almost complete, with the installation and opening to the public of 65 new systems.

The "Information Without Barriers" web platform is under construction, designed to improve information on accessibility to underground and surface transport and to provide it in real time. For this project the company carried out, together with a Group of passengers with motor disabilities and with LEDHA (League for the rights of people with disabilities), an experimentation for the development of the system's functionality starting from the travel experience of the customer.

Table 13. KPI's for the accessibility of ATM transit¹²

% of surface vehicles equipped with a folding platform				
Means of transport	Target 2020	2020	2019	2018
Surface lines	75%	84.7	84.0	86.2

% Metro stations equipped with elevators and/or stairlifts				
Means of transport	Target 2020	2020	2019	2018
Metro stations	75%	70.2	70.2	69.2

% Metro stations with sensitive floors in the center of the platform				
Means of transport	Target 2020	2020	2019	2018
Metro stations	100%	95.7	95.7	95.7

Reduction of noise and vibration pollution

ATM Group has an internal structure, the Vibro-acoustic Laboratory, that is dedicated to measuring and evaluating noise and vibration disturbances from both the company's operating locations and from the public transport (tram, subway, bus and trolleybus) systems managed by the Group.

The measures put into place by the Group's team of technicians over the years have allowed for a more precise analysis of the indicators used to monitor of the vibrational and acoustic impact of the daily activity of the infrastructure, in compliance with the current legislative framework. Based on the results

¹² These indicators do not include the vehicles managed by Nord Est Trasporti S.r.l.

of the analysis, the team began an ongoing collaboration with other technical functions, starting programs to upgrade the fleet of rolling stock and of the components of network systems, as well as provide specific forms of maintenance for rolling stock and metro equipment, in order to prevent disturbance and improve the quality of life of the community.

To that end, in 2020 the Group:

- continued to install new friction moderating systems and update existing systems, to eliminate the screech produced by wheel-rail contact generated by tram cars on tight curves. In total, 6 new friction moderating systems were installed;
- performed an experimental plan for temporary construction activity in 19 sections of the tram network of the Municipality of Milan, concerning grinding and ordinary maintenance of tram tracks with the Man Meccanica - Speno RLT16-EVO road-rail grinding machine of Rail Diagnostics SpA. The results of the evaluation of the effectiveness of the projects were the satisfactory reduction of noise and vibrations produced by the operation of the tram lines present, thus the project will be continued in the future.

The team also continued to manage the structural processes from an environmental protection point of view, in observance of the specific obligations dictated by current legislation, as well as the company's own volition to continue improving its environmental performance.

Among these structural processes is the control of vibrations of train carriages through fixed systems in the underground tunnels. The data from the surveys of these systems are processed and classified, detecting the level of wear of the wheels of the trolleys and scheduling any necessary maintenance work. Since This detection and maintenance process creates significant advantages in terms of reduction of the vibro-acoustic disturbances perceived by the buildings located near the layout of the metropolitan lines, in 2020 a performance improvement plan, consisting of the migration of the vehicle recognition mode from the barcode reading system to the TAG-RFID system, was launched.

For the future, ATM is developing an action plan that sets the objective of acoustic remediation for four areas exposed to the noise of metro line M2. As a whole, the plan provides for sound mitigation by installing acoustic barriers along the route of noise propagation, to be developed over a 12-year period. The Municipality of Milano, which owns the infrastructure, in 2020 approved the project for the first intervention area referring to the M2 section along via Palmanova.

The main projects at a glance

During 2020, the following infrastructure maintenance activities, financed by the Municipality of Milan, were launched and/or continued:

- renovation of the tunnel between Piola and Lambrate (2nd phase) ;
- extraordinary upgrading of tram equipment (4th, 4th bis, 6th and 7th phases);
- T lines and fast lines - adaptation of tram stops and traffic light technologies of line 24;
- Supply and installation of platform stairlifts for the Milan metro;
- Redevelopment of M2 metro stations (Gessate branch);
- Extraordinary escalator maintenance (lots 11,12,13 and 14);
- Modernization of the underground data network power supply;
- Escalator replacement;
- Renewal of M2 metro line equipment.

INTELLECTUAL CAPITAL

Main results related to the Group's Intellectual Capital

Table 14. Highlights of results obtained related to the Group's Intellectual Capital

6 Group Companies adopted the 231 Organizational Model	267 hours of training provided regarding human rights and SA8000
4 Group companies ISO 9001 certified	0 significant sanctions in the environmental or social fields

What is Intellectual Capital

Intellectual capital consists of the set of intangible assets that contribute to the creation of value. These skills translate into corporate functions dedicated to the development of ideas and innovations in the way of designing and delivering the services offered.

Material Topics related to Intellectual Capital

Energy consumption and environmental impacts	Responsible management of resources and waste	Intermodality and integration of services
Quality and accessibility of services	Security & safety	Community relations and local development
Economic and financial performance	Noise and vibration mitigation	Diversity, inclusion and welfare
Training and professional development	Protection of employee health and safety	Ethics, integrity and compliance
		Responsible management of the supply chain

As provided for by the International <IR> Framework for the preparation of the Integrated Report, the following table shows the main inputs, outputs and outcomes as well as the main business activities pertaining to the Intellectual Capital.


INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
<ul style="list-style-type: none"> • Know-how in management of complex mobility systems • <i>Competence center</i> in process design and management 	<ul style="list-style-type: none"> • Development of innovative and smart systems for mobility management • Measurement of the level of customer satisfaction • Conducting internal climate surveys • Implementation of operational management and governance tools and systems 	<ul style="list-style-type: none"> • Certified management systems: ISO 9001, ISO 14001, OHSAS 18001, SA8000 • High levels of Customer Satisfaction and Internal Climate • Zero cases of significant environmental or socio-economic non-compliance • Business ethics management • Offer of innovative services 	<ul style="list-style-type: none"> • Quality of the service provided • Process efficiency and control along the chain of value creation • Protection of rights for employees and customers

Sustainability objectives related to the Group's Intellectual Capital

The table below shows the main sustainability objectives pertaining to the Group's Intellectual Capital and the progress made in relation to those objectives as of December 31, 2020. The table also identifies new targets planned in 2020.

Table 15. Sustainability objectives related to the Group's Intellectual Capital

Objectives	Status at December 31, 2020
<ul style="list-style-type: none"> • By 2019, update and first adoption of the Organization, Management and Control models pursuant to Legislative Decree 231/01 ("231 Models") of the companies directly controlled by ATM, following the implementation of risk assessment activities in consideration of the most recent regulatory and organizational changes. 	<p>Both ATM S.p.A. and the directly controlled companies have adopted the 231 Model. In this regard, all the Models, following specific Risk Assessment and Gap Analysis, will be updated in the first half of 2021, according to:</p> <ul style="list-style-type: none"> • the evolution of Legislative Decree 231/01 mainly impacting the case of predicate offenses (for example new tax offenses), • internal organizational changes and/or the evolution of the business and business model. <p>Below is the status of the 231 Models of each company, pending the completion of the aforementioned update project:</p> <ul style="list-style-type: none"> • ATM S.p.A. has adopted a 231 Model, which was most recently updated on December 17, 2018 (with reference to the catalog of 231 predicate offenses up to November 2018); • Rail Diagnostics S.p.A. and GESAM S.r.l. each have their own 231 Model, most recently updated

		<p>on June 25, 2019 (with reference to the catalog of 231 predicate offenses up to November 2018);</p> <ul style="list-style-type: none"> • Nord Est Trasporti S.r.l. updated its 231 Model on June 26, 2019, followed by a subsequent integration of sensitive activities and related protocols on 9 March 2020 (again with reference to the catalog of 231 predicate offenses until November 2018); • ATM Servizi Diversificati S.r.l. approved the adoption of its 231 Model on June 26, 2019, which was followed on March 9, 2020 by a subsequent integration, which concerned the descriptions of sensitive activities and related protocols (again with reference to the catalog of 231 predicate offenses until November 2018); • International Metro Service S.r.l. approved the adoption of its 231 Model on October 14, 2019 (again with reference to the catalog of 231 predicate offenses until November 2018).
<ul style="list-style-type: none"> • Integration of sustainability risks related to ATM's activities and operations within the Group risk assessment process 		<p>In 2019, ATM implemented the new Enterprise Risk management process, which revisited the logic used to identify and assess risk scenarios, update the metrics for assessing probability, impacts and adequacy of controls. The first application of the new model was completed, as well as the update of the risk register, identifying and assessing the risks related to sustainability with "ESG" implications (Environmental, Social and Governance).</p> <p>With respect to the ESG objectives, for those related to "S" ("Social") and "G" ("governance") topic areas, objectives were integrated into the Group risk assessment process, also through a timely reconciliation of the ERM risk scenarios to specific 231 and anti-corruption risks, as well as the mapping of the related sensitive areas. This reconciliation will also be aligned with the updating of the 231 Models and the Group Anti-Corruption Model, adopted on a voluntary basis, carried out in the first half of 2021, referred to in the previous objective.</p> <p>The ATM Group undertakes to further deepen its risk analysis in the context of Climate Change, in line with the priorities defined by the European Securities and Markets Authority (ESMA), and on the basis of the evolution of the relevant legislation.</p>

The Intellectual Capital of ATM Group

The Intellectual Capital, made up of the knowledge and skills that the Group has built and developed in nearly 90 years of service, is manifested via the Group's regulations, procedures and systems for operational management and governance. These tools, in addition to ensuring compliance with the reference standards, optimize the value generated both in monetary terms, through performance of the service, and in terms of innovations and flexibility of the offering of services in response to the needs of stakeholders. These elements contribute to guaranteeing the integrity, transparency, loyalty, responsibility and virtue when the Group performs its business activities and promote ATM's leadership in the local public transport sector.

Public health emergency impacts on intellectual capital

The onset of the health emergency in Italy gave rise to the need to establish (pursuant to Article 13 of the *Protocollo di Intesa* of March 14, 2020) an Internal Crisis Management Committee within the Group, in order to implement rules to protect the health and safety of employees, collaborators and customers as well as the regular performance of the public transport service throughout the emergency (currently extended to April 2021). The Committee promptly analyzed the provisions of the Authorities and put in place emergency measures to protect the health and safety of passengers and employees. Through continuous dialogue with the authorities, the Committee created a set of rules consisting of safety guidelines for the management of the COVID-19 emergency, Grouping the various preventive actions implemented by the Group.

Furthermore, ATM found itself operating in a new and complex scenario that required the introduction of new organizational measures and technological tools suitable to meet the new needs. This included measures aimed at guaranteeing interpersonal distancing, avoiding crowding, increasing information to users to reduce inconvenience and, finally, monitoring in real time the presence of clients both on board the vehicles and at the points of sale.

Approach to Service Innovation

The pursuit of increasingly sustainable service offering is a fundamental principle of the Group's strategic plan, and thus necessarily involves all levels of the Group and all aspects of its business. In order to achieve the objectives laid out in the plan, the Group launched an internal program to find innovative and technological strategic solutions, including professional development programs for employees and actions to improve the quality of the working environment.

In 2020, in response to the urgencies and changing mobility needs dictated by the health emergency, the Group accelerated development of digital innovation projects that were already underway. In particular, during 2020, numerous projects were launched for the purposes of technological innovation such as:

- **New features in the field of ticket distribution and sale**, increasingly aimed at creating digital and easily accessible solutions and moving away from the use of physical travel tickets. These include subscription renewal through the ATM App, the issuance of digital tickets (Smart Tickets) from "third-party" apps, the Tessa self-service machine for printing the electronic cards on which subscriptions are loaded.
- **New booking systems**, i.e. systems that eliminate queues and allow clients to book the time slots at the points of sale or access points for services.
- **Monitoring systems** to forecast overcrowding of trains and subway stations, which count the number of clients passing through the turnstiles of subway stations.

Compliance with Relevant Regulations

In line with ATM S.p.A.'s ICRMS Guidelines¹³, to encourage compliance with the regulations and relevant internal and external standards, as well as protect against risks related to judicial or administrative sanctions, potential loss or damage the Groups adopted a compliance system that includes a Code of Ethics and specific organizational tools that are described in the following pages. This system guards against potential losses or reputational damage as a result of the failure to comply with directly applicable European laws, regulations and standards, or provisions of supervisory authorities or elements of self-regulation such as statutes, codes of conduct or other self-regulating codes. In 2020, as part of its ICRMS, the ATM Group adopted, in addition to the existing specialist controls, at each relevant company level, a specific Compliance Function (also "Compliance") which is defining its own Guidelines or framework methodological.

The Code of Ethics: principles, values and social responsibility

Transparency, ethics/fairness, loyalty, quality of life of the communities and a continuous search for excellence are just some of the guiding principles of ATM as it adopts a governance structure appropriate to its nature, size and operating structure. These principles are laid out in value areas to guide the actions of ATM's people.

The values that ATM recognizes as fundamental in carrying out its business activities, and which it shares at all organizational levels, are explained in the Code of Ethics, introduced in 2007 and last updated on September 24, 2018, in alignment with the Anticorruption and Transparency Model adopted by ATM on a voluntary basis and which entered into force on September 15, 2018.

The Code of Ethics summarizes the set of values and behavior that make up the identity of ATM and sets out the ethical and social responsibilities, engaging the corporate bodies, management, staff, external collaborators, suppliers and all those who have relationships with Group companies. The Code of Ethics applies to the parent company ATM S.p.A., to the Group companies subject to the direction and coordination of the parent company and, together with the Code of Conduct 231 and the Organizational, Management and Control models pursuant to Legislative Decree 231/01, forms an integral part of the general Internal Control and Risk Management System.

Certified Management Systems

In certifying the Group's ethical approach, ATM appoints independent and accredited third parties, which provide feedback on the compliance of the Group's companies with relevant standards, while suggesting improvements based on their periodic checks.

As for Quality and Environmental certifications, all the processes of ATM S.p.A., ATM Servizi DIVERSIFICATI S.r.l., Nord Est Trasporti S.r.l., and Rail Diagnostics S.p.A. have obtained confirmation of their continued adequacy in relation to the international technical standards UNI EN ISO 9001 and 14001 of 2015. As shown in the table, ATM S.p.A. has completed the process for the recognition of the Health and Safety Management System in the workplace, pursuant to the BS OHSAS 18001 standard (now ISO 45001), thus obtaining the appropriate certificate. In addition, at the end of 2020, the ATM S.p.A., GESAM S.r.l., Nord Est Trasporti S.r.l. and Rail Diagnostics S.p.A. were also SA8000 certified¹⁴.

¹³ Appropriately implemented by subsidiaries if compatible.

¹⁴ In 2020 a non-compliance was found and reported to ATM regarding the concentration of surfactants from the discharges into the public sewer at the headquarters in Via Teodosio in Milan. ATM has taken steps to implement the interventions aimed at ensuring compliance with the emission limit values when discharging into the public sewer, in line with the requirements of the Area Office of the Metropolitan City of Milan (ATO).

As evidence of the Group's commitment to proper management of environmental and social issues, no significant sanctions were filed for non-compliance to environmental and socio-economic laws and regulations during 2020.

Table 16. Organizational models pursuant to Legislative Decree 231/01, Anti-corruption and Transparency Model and certified management systems

ATM Group Company	Organizational Model ex D.Lgs. 231/01	Group Anti-corruption and Transparency Model voluntarily adopted ¹⁵	SA8000 Certification	ISO 14001 Certification	ISO 9001 Certification	OHSAS 18001 Certification
ATM S.p.A.	X	X	X	X	X	X
ATM Servizi DIVERSIFICATI S.r.l.	X	X	X ¹⁶	X	X	-
GESAM S.r.l.	X	X	X	-	-	-
Nord Est Trasporti S.r.l.	X	X	X	X	X	-
Rail Diagnostics S.p.A.	X	X	X	X	X	-
International Metro Service S.r.l.	X	X	-	-	-	-
Metro Service A/S	NA	NA	-	Adoption expected by the end of 2021	Adoption expected by the end of 2021	Adoption expected by the end of 2021

The Anti-corruption and Transparency Model

ATM expects rigorous ethics of legality and transparency in all its operations. To this end, on September 15, 2018, it voluntarily adopted an Anti-corruption and Transparency Model ("ACT Model"). The parent company also delegated the role of Anti-corruption Contact Person ("RAC"), who works on behalf of the company and for all the subsidiaries of the Group, to the Internal Audit and Control Director. All employees are involved in the corruption risk management process, having to observe the measures and prescriptions contained in the ACT Model, reporting any offenses and personal situations of conflict of interest, ultimately maintaining their level of responsibility for the occurrence of corruption in relation to the tasks actually performed.

¹⁵ The Anti-corruption and Transparency Model was adopted on a voluntary basis on September 15, 2018 and is under review in 2021.

¹⁶ The SA8000 certification was renewed for the entirety of ATM Servizi Diversificati, since its activities are located within the Commercial and Marketing Department of ATM S.p.A. with a small number of employees. It was deemed appropriate to extend the SA8000 certification of the parent company to this branch of activity rather than renew the certification for all of ATM Servizi DIVERSIFICATI S.r.l..

The ATM ACT Model is currently being revised by Group management (also with a specific focus on transparency) to include risk assessment and gap analysis processes, in coordination with the update of the 231 Models of the parent company and the company's directly controlled subsidiaries. The objective of the ACT Model ensuring the Group's conduct is aligned with the rationale and the inspiring principles of the rules on transparency and anti-corruption (including Legislative Decree No. 33/2013 and Law No. 190/2012)while ensuring their implementation.

Through the corporate structure and specific organizational units of the Audit and Internal Control Director, who was appointed as the RAC of the Group, the Director:

- Monitors the adoption of the ACT Model and the implementation, in the internal anti-corruption regulatory instruments, of the principles and contents of the ACT Model itself;
- Promotes and supervises the training of personnel in ACT matters;
- Promotes the review and updating of the ACT Model;
- Submits a periodic report within the Internal Audit Report on the activities performed as the RAC to the ATM Board of Directors.

Management of reports

Reports of suspected violations of the Anti-corruption Model are managed by the RAC in coordination with the Supervisory Body and/or the Chairman and/or the General Director and /or others on a "need to know" basis. The process is governed by the "Integrated management of reports" procedure involving the figures mentioned above, except for exclusions due to potential conflict of interest for any specific reports.

Flow of information

In the procedure for the collection of information flows to the Supervisory Body, specific reference is made to the flow of information. According to the ACT Model, information flows are established once the formal coordination between the RAC and Supervisory Body has been established. The information flow provided for by the Model makes it possible to optimize the received information (this already happens in substance since the RAC is also the internal component of the Supervisory Body of the Group companies; express traceability is also favored in this sense).

Training

The RAC promotes and supervises the training of the Group's staff on the ACT Model and in this context supports the training Campus, the training academy within ATM Group. In 2020, it provided ACT training aimed at raising awareness and empowerment of company staff, together with specific specialized suppliers and with the participation of teachers/moderators from DACI in each session. For the three-year period 2020-2022, this training is harmonized and coordinated with that of the field of 231 and Business Ethics and is also based on ethical dilemmas, practical cases and role playing, in order to be more engaging and effective, in line with the leading emerging practices in this regard.

On June 23, 2020, Guardia di Finanza (the Italian Financial Police) carried out an order for the application of precautionary measures in the context of an investigation by the Public Prosecutor's Office of the Republic of Milan, also carried out at some ATM offices. The investigation was conducted, among others, to some employees of ATM and other third-party companies who would have committed crimes against the Public Administration. ATM is qualified in the criminal proceedings as an offended person as the conduct of which its employees has not been considered such as to bring advantage to the Company where instead some third companies of primary importance – suppliers of ATM – are being investigated for administrative responsibility ex D.Lgs. 231/01 by reason of the conduct of its employees and/or consultants. ATM has taken measures to sterilize the effects of the conduct contested on its employees, in particular by providing for the suspension of the employees investigated and the suspension of payments relating to the contractual relationships investigated, by providing for the termination of all the contracts currently in place or in any case not to formalize any contracts for which the aforementioned companies were awarded as a result of tendering procedures. In addition, ATM decided to strengthen the line of controls by introducing a new element in the area of corporate compliance, with the provision of a second level control system with the introduction of the figure of

the compliance officer directly reporting to the General Manager. For further information on this case, please refer to the Management Report of the ATM Group.

Organizational Models pursuant to Legislative Decree 231/2001 (231

Models)

The 231 Model is an integral part of the ICRMS of ATM and its subsidiaries. The parent company ATM S.p.A. adopted a 231 Model starting from 2008 and, subsequently, the wholly controlled subsidiaries also gradually adopted 231 Models. Since 2019, all wholly controlled subsidiaries have adopted 231 Models.

The 231 Models of the parent company and subsidiaries, along with their underlying risk assessment and gap analysis processes, are currently being updated, in coordination with the update of the Group ACT Model. This update takes into account both regulatory changes and internal organizational changes.

The 231 Model, a founding part of ATM's set of rules, includes the following elements:

- process of identifying corporate activities in which the crimes referred to in Legislative Decree no. 231/2001 could be committed;
- provision of control standards in relation to the sensitive activities identified;
- process of identifying the methods for managing financial resources suitable for preventing the perpetration of crimes;
- management of the flow of information to and from the supervisory body and specific informational obligations in that regard;
- disciplinary system to sanction the violation of the provisions contained in the Model;
- training and communication plan for employees and other subjects who interact with the company;
- updating and adopting criteria of the 231 Model for the evolution of regulations and in line with organizational changes.

The Supervisory Body ("SB") of each Group Company, equipped with 231 Model, supervises the operation, update and compliance with the Model and defines the annual program of supervisory activities.

The Supervisory Body of ATM S.p.A. is made up of two external components, selected from among academics and professionals of proven competence and experience in the fields of economics, business organization and corporate responsibility and an independent internal component, selected in compliance with the 231 Model to be the Audit Director and Internal control. For the sake of optimizing the flow of information and the effectiveness of the supervisory action, considering ATM Group's operating model, each administrative body of the directly controlled companies has chosen to appoint the same three components for each SB as identified above. The Audit and Internal Control Department, under the role of the SB Secretariat, and in agreement with the training structure of the ATM Group (Campus), promoted the mandatory three-year training project (2020-2022) on the 231 Model, Anti-corruption and the Code of Ethics. The project, in line with leading practices, paired an innovative and engaging training based on practical cases, ethical dilemmas and role playing. Its design phase took place in spring 2020 (starting from March 9, 2020) and were subsequently updated (most recently, meeting on 15 December 2020).

The Audit and Internal Control Department supported (and will continue to support throughout the entire three-year plan) the teachers in all sessions to provide examples and answers to any questions from the participants, adjusted to the specificities and risk profile of ATM and its subsidiaries.

Training on the 231 Model in the ATM Group was therefore differentiated according to whether it was addressed to employees/middle management operating in specific risk areas, executives, corporate bodies and the technical secretariat of the SB / DACI . In the latter case, external specialist meetings were also held to be prepared while continuously managing the evolution of the "231 crime catalog" and the related jurisprudence.

The Whistleblowing System

ATM has adopted an integrated and systematic approach to managing reports of suspected/alleged violations and/or offenses, governed by a specific "integrated report management" procedure, which is regularly updated. The procedure provides for the coordination of report management with the appropriate structures in charge of other reports excluded from the scope of application (e.g. SA8000, IT incidents, security incidents).

The Group has defined a process for tracing and managing all reports, understood as any information concerning alleged findings, irregularities, violations, behaviors and reprehensible facts. The system detects behaviors that are not compliant with the provisions of the Anti-Corruption Model, the Code of Ethics and the 231 Models or which may cause damage to the company, or even the image of ATM. According to the whistleblowing system, these behaviors may be reported by employees, members of the corporate bodies, supervisory bodies, auditing companies and third parties (partners, customers, suppliers, consultants, collaborators).

ATM adopts suitable and effective measures so that confidentiality of the identity of the whistleblower that identified the behavior that differs from the provisions of the legislation and the Group's ICRMS is always guaranteed, without prejudice to legal obligations and the protection of rights of the parent company and its subsidiaries or persons accused erroneously and/or maliciously.

In this regard, the ATM Group has equipped itself with a specific IT tool for the management of reports in accordance with current legislation (Article 2 of Law 179/2017 and Article 6, paragraph 2-bis, letter b of Legislative Decree no. 231/01). This legislation establishes the obligation to manage reports through the use of at least one alternative digital channel in relation to the main channel in use, and that is suitable to guarantee the confidentiality and identity of the reporting party in accordance with the law.

The "integrated report management" procedure, drawn up in 2018 and most recently updated in 2021 in order, among other things, to facilitate the use of the IT tool, provides for coordination with the appropriate structures in charge of other reports excluded from the scope of application (e.g. SA8000, IT incidents, security incidents).

Protection of Human Rights

The Group is committed to guaranteeing the protection of human rights, in full compliance with the requirements of the SA8000 standard. This rule was born as an aggregation of principles established by the declarations issued by the United Nations. It outlines the virtuous practices to be respected regarding freedom of expression, the abstention from the use of forced or child labor, equality of treatment and the fight against discrimination and harassment, both within the Group and through suppliers. The SA8000 standard defines the following 9 requirements:

- do not engage in or support the use of child labor;
- do not engage in or support the use of forced or compulsory labor, do not retain original identification papers and do not require personnel to pay 'deposits' to the organisation upon commencing employment;

- provide a safe and healthy workplace environment and take effective steps to prevent potential health and safety incidents and occupational injury or illness arising out of, associated with or occurring in the course of work;
- respect the right to form, join and organize trade union(s) of their choice and to bargain collectively on their behalf with the organisation. Effectively inform personnel that they are free to join a worker organisation of their choosing without any negative consequences or retaliation from the organisation;
- not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on race, national or territorial or social origin, caste, birth, religion, disability, gender, sexual orientation, family responsibilities, marital status, union membership, political opinions, age or any other condition that could give rise to discrimination;
- treat all personnel with dignity and respect, do not engage in or tolerate the use of corporal punishment, mental or physical coercion or verbal abuse of personnel;
- comply with applicable laws, collective bargaining agreements (where applicable) and industry standards on working hours, breaks and public holidays;
- respect the right of personnel to a living wage and ensure that wages for a normal work week, not including overtime, always meet at least legal or industry minimum standards, or collective bargaining agreements (where applicable);
- establish and continuously improve the SA8000 Management System.

In order to continuously monitor the performance of SA8000 certified companies, the Group makes use of multiple tools to ensure ethical management of the business along the entire value chain. Management systems have been adopted for the treatment of any cases of discrimination, harassment and stalking. As far as suppliers are concerned, the Group has implemented selection criteria on the basis of compliance with SA800 requirements, carrying out long-term internal audits the supply chain.

As for respect of human rights within the bounds of the Company, ATM uses specific reporting mechanisms such as the SA8000 boxes where reports and complaints may be submitted. Similarly, any reports can be communicated through the appropriate Online Form and sent to the corporate email (sa8000@atm.it), by physical mail, or in person, directly addressing the members of the Social Performance Team.

Furthermore, training courses relating to respect for human rights are periodically held for all professional categories. For the Group companies in Italy, specific training hours on the subject of respect for human rights refer to the SA8000 certification, while for Metro Service, training courses are provided on Corporate Social Responsibility issues, which include issues related to human rights.

At the end of 2020, 85% of Metro Service employees completed the CSR e-learning program. CSR training is mandatory, and the program is regularly updated.

In 2020, around 400 employees were trained on SA8000 and human rights. The decrease in the number of training hours provided on SA8000 and human rights is due to the suspension of classroom training activities during the year.

Table 17. Hours of training provided and % of employees trained on SA8000 and human rights matters

ATM Group	2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Hours of training	213	54	267	673	88	761	482	46	528
% employees trained	3%	9%	4%	8%	11%	8%	7%	8%	7%

HUMAN CAPITAL

Main results related to the Group's Human Capital

Table 18. Highlights of results obtained related to the Group's Human Capital

10,364 employees at December 31, 2020	622 new hires during 2020	190,676 hours of training provided
6% incoming turnover	5.1% outgoing turnover	
101% Ratio of remuneration of women to men for managers in Italy	-25% work-related injuries	

What is Human Capital?

Human capital is made up of the people who contribute to the Group's activities every day, through their know-how, their expertise, loyalty and commitment to creating a collaborative atmosphere that optimizes organizational processes.

Material Topics related to Human Capital

Energy consumption and environmental impacts	Responsible management of resources and waste	Intermodality and integration of services	
Quality and accessibility of services	Security & safety	Community relations and local development	
Economic and financial performance	Noise and vibration mitigation	Diversity, inclusion and welfare	
Training and professional development	Protection of employee health and safety	Ethics, integrity and compliance	Responsible management of the supply chain



The following table shows the main inputs, outputs and outcomes as well as the main business activities pertaining to the Human Capital, as provided for by the International <IR> Framework for the preparation of the Integrated Report.




INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
<ul style="list-style-type: none"> The know-how of each person in the Group Investment in training Welfare and worklife balance projects 	<ul style="list-style-type: none"> Staff selection and management Continuous training of staff at all levels Management of employee health and safety Employee career path management processes Assessment of skills Internal Climate analysis 	<ul style="list-style-type: none"> Staff hired Training hours provided Turnover Accidents Support for employees' personal needs Employee's health e wellbeing 	<ul style="list-style-type: none"> Motivation and satisfaction of ATM's people Enhancement of skills Consolidation of the culture of safety Internal cohesion and empowerment Employment Social inclusion

Sustainability objectives related to the Group's Human Capital

The table below shows the main sustainability objectives pertaining to the Group's Human Capital and the progress made in relation to those objectives as of December 31, 2020.

Table 19. Sustainability objectives related to the Group's Human Capital

Objectives	Status at December 31, 2020
<ul style="list-style-type: none"> Progressive development and extension of the current diversity management policies 	 <p>In 2020, two "pink" bathrooms were created, reaching 61 bathrooms, spanning warehouses, the underground network and all over the city. A communication campaign is planned for the first semester of 2021 along with the handover of the "pink keys".</p> <p>In 2020, two coaching projects were completed remotely, due to the pandemic.</p>
<ul style="list-style-type: none"> Gradual creation of co-working stations in the corporate offices and experimentation in the use of smart working 	 <p>After the pilot project carried out in September 2019 and in the context of Covid-19 emergency, smart working was introduced as a work modality for over 1,200 employees until the 31st of July, and until the 14th of September for parents of children under 14 years of age to allow more flexibility and better work-life balance. Then, it was reintroduced from December 2020 due to new movement restrictions.</p> <p>In the Zara, Monte Rosa and San Donato headquarters, 4 new coworking sites were created to allow employees to work from there so as to attend meetings or other work-related activities, reducing home-work commutes and maximising time.</p>

<ul style="list-style-type: none"> • Development and implementation of age management policies 		<p>In the context of active aging, a Report of skills was created as a project on employability and self-branding.</p> <p>It supports people in developing their own skills and abilities to efficiently and proactively face present and future challenges.</p> <p>Offering employees and companies the support to comprehend and come to terms with changes and necessities that may emerge and encourage self-awareness: skills possessed and put in practice, their potential and possible career paths.</p> <p>19 operative managers were involved.</p>
<ul style="list-style-type: none"> • Employee counseling service for support from a multidisciplinary team in both critical personal and business situations 		<p>327 cases addressed in 2020 with more than 2,200 interviews.</p>
<ul style="list-style-type: none"> • Financial Support and Development Committee 		<p>In 2020, 839 scholarships were awarded for employees and deserving children of employees and TFR requests were processed.</p>

The Group's Human Capital

The growth and development of ATM's people have always been fundamental to achieving the Group's objectives. The Group is committed to offering its employees a work environment that favours inclusiveness and creates a sense of belonging to a large community of professionals. The Group realizes this commitment through implementation of procedures and policies in favour of meritocracy, leadership and inclusion, which effectively involve all levels of the Group's management in the development and management of human resources.

Public health emergency impacts on human capital

ATM Group immediately addressed the new complications created by the pandemic, ensuring continuity of services from the beginning of the first phase, until the "the new" normality. This was made possible thanks to the efforts of its employees at all levels of the Group, from organisational aspects of managing the emergency to those operational of employees in the field. Thanks to the undertaking of various measures and initiatives, ATM ensured the operativity of its services during 2020, protecting and supporting its employees in several aspects. Other than the measures primarily related to employees' safety and security, like sanitisation of working environments and the distribution of personal protection kits, even when they were scarce (further information is available in the paragraph "Protecting Employee Health and Safety") ATM promptly enhanced remote working options and offered workers psychological help desks and interactive webinars on smart working, health, wellbeing and parenthood. Considering that social distancing represented one of the most important measures established by the authorities to counter the risk of contagion, the Group reviewed the means of execution of work, adaptation of employee workstations, rescheduling of hours of operation and the implementation of measures to limit the pandemic. In order to reduce the physical presence of employees in corporate places, "Agile work", a pilot project that was started in 2019 with 12 people, was extended to 1,200 workers, depending on the type of activity to be performed. The starting time for administrative workers was stretched by up to 3 hours in the morning to improve flexibility, according to the level of emergency. Work management and planning of shifts for maintenance workers were adapted to reduce interpersonal contact.

People in ATM

As of December 31, 2020, ATM's workforce consisted of 10,364 people, an increase of around 1% compared to that of 2019. Of these, 9,782 reside in Italy and 582 in Denmark¹⁷. In Copenhagen, the number of employees increased by about 5% compared to the previous year. Nearly all the employees have established a stable working relationship with the Group. In fact, roughly 97% of the workforce is employed with open-ended contracts, slightly up on the previous year. The company population is made up as follows:

Table 20. Number of ATM Group employees at December 31, by gender and contract type (fixed-term/ open-ended)

Region	Contract Type	31.12.2020			31.12.2019 ¹⁸			31.12.2018		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
ATM GROUP (WORLD)	Open-ended contract	9,114	909	10,023	8,978	847	9,825	8,849	804	9,653
	Fixed-term contract	294	47	341	385	65	450	210	21	231
	TOTAL	9,408	956	10,364	9,363	912	10,275	9,059	825	9,884
in ITALY	Open-ended contract	8,681	776	9,457	8,561	725	9,287	8,525	708	9,233
	Fixed-term contract	282	43	325	377	60	436	210	21	231
	Sub-total Italy	8,963	819	9,782	8,938	785	9,723	8,735	729	9,464
Abroad ¹⁹	Open-ended contract	433	133	566	417	122	539	324	96	420
	Fixed-term contract	12	4	16	8	5	13	0	0	0
	Sub-total Abroad	445	137	582	425	127	552	324	96	420

Table 21. Number of ATM Group employees at December 31, by gender and contract (full-time/part-time)

ATM GROUP	31.12.2020			31.12.2019			31.12.2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time employees	8,976	797	9,773	9,121	776	9,897	8,827	694	9,521
Part-time employees	432	159	591	242	136	378	232	131	363
TOTAL	9,408	956	10,364	9,363	912	10,275	9,059	825	9,884

With reference to full-time and part-time contracts, there was a significant increase in employees with part-time contracts, + 56% compared to 2019 (representing almost 6% of ATM's workforce). The increased number of part-time contracts was intended to allow employees to meet their needs in terms of work-life balance as well as the need for greater organisational flexibility and optimal coverage of planned services, especially during the phase of employee onboarding.

The large growth in ATM's workforce is due to 622 new hires which took place in 2020, of which 100 were women and 522 men, compared to 533 outgoing employees (478 men and 55 women). The incoming turnover rate for the entire Group is equal to 6% in 2020 while the outgoing turnover is 5.1%.

¹⁷ The data refers only to Group employees (expressed in head count). External collaborators represent a residual component in relation to the total number of employees.

¹⁸ In line with the continuous improvement of the monitoring and data collection systems, the values as at 31.12.2019 have been updated with respect to what is reported in the 2019 NFS in order to reflect the identification of an employee of the company Gesam S.r.l. with a fixed-term contract, previously categorized as having a permanent contract. The application of this improvement does not involve significant changes.

¹⁹ The figure includes two male employees of the company ATM S.p.A. posted at Metro Service A / S.

Table 22. Number of new hires and incoming employee turnover rates, divided by age range and gender

Age Range	2020				2019				2018			
	Men	Women	Total	Turnover rate	Men	Women	Total	Turnover rate	Men	Women	Total	Turnover rate
<30	216	32	248	33.1%	246	38	284	38.2%	188	21	209	32.1%
30-50	294	60	354	6.1%	396	82	478	8.2%	285	37	322	5.7%
>50	12	8	20	0.5%	45	9	54	1.5%	34	13	47	1.3%
TOTAL	522	100	622	6.0%	687	129	816	7.9%	507	71	578	5.9%
Incoming turnover rate	10.5%	5.5%	6.0%		7.3%	14.1%	7.9%		5.6%	8.6%	5.9%	

Table 23. Number of terminations and outgoing turnover, divided by age range and gender

Age Range	2020				2019				2018			
	Men	Women	Total	Turnover rate	Men	Women	Total	Turnover rate	Men	Women	Total	Turnover rate
<30	55	14	69	9.2%	47	4	51	6.9%	38	1	39	6.0%
30-50	111	23	134	2.3%	123	25	148	2.5%	122	16	138	2.4%
>50	312	18	330	8.8%	215	18	233	6.3%	305	10	315	8.9%
TOTAL	478	55	533	5.1%	385	47	432	4.2%	465	27	492	5.0%
Outgoing Turnover rate	5.1%	5.8%	5.1%		4.1%	5.2%	4.2%		5.1%	3.3%	5.0%	

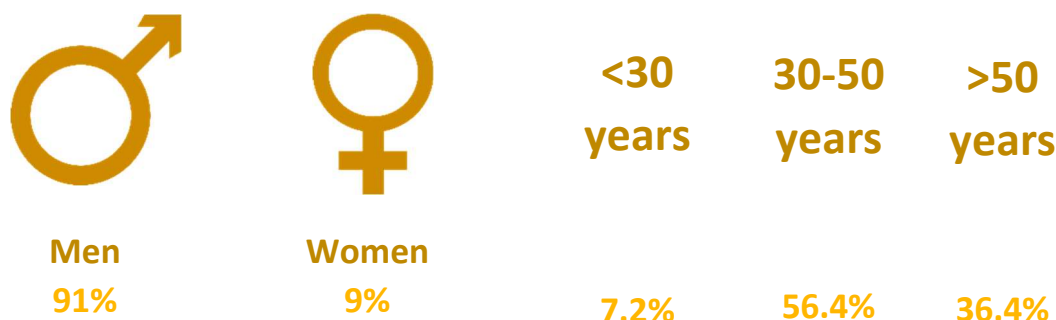
The Diversity of ATM's People

For ATM Group, the diversity of its employees represents is an element of strength. The Group works to promote employee diversity and inclusion, establishing a sense of belonging and organizational cohesion and a corporate culture in which the different individual experiences are enhanced.

The Group hosts managerial workshops covering diversity management and has appointed a Diversity Manager, in charge of supervising, coordinating and monitoring projects that promote these issues. In addition, ATM is a signatory of the *Charter of Equal Opportunities and Equality in the workplace* promoted by Assolombarda and the Sodalitas Foundation.

The Group's composition is predominantly male workers, in line with previous years (approximately 90.8%). The female presence in professional areas is overall constant compared to last year, though it increased in the area of mobility operations (5.5% in 2020 compared to 5.0% in 2019) and among the administration and services (33.2% in 2020 compared to 32.1% in 2019). Employees aged between 30 and 50 represent the majority of the company population, approximately 56.4%, followed by those over 50 (approximately 36.4%) and finally by under 30, approximately 7.2%, in line with 2019.

Percentage Composition of the workforce at December 31, 2020, divided by gender and age range



As of December 31st, the Group's composition was made up as follows, divided by gender, professional category and age Group:

Table 24. *Percentage Composition of the workforce, divided per professional category and gender²⁰*

ATM GROUP	at 31.12.2020			at 31.12.2019			at 31.12.2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Top Line Management	75.7 %	24.3 %	0.4 %	75.7%	24.3%	0.4%	77.1%	22.9%	0.4%
Functional Management	78.1 %	21.9 %	3.5 %	78.5%	21.5%	3.4%	79.7%	20.3%	3.6%
Mobility operations	94.5 %	5.5 %	59.6 %	95.0%	5.0%	59.0%	95.5%	4.5%	58.5%
Administration and services	66.8 %	33.2 %	8.8 %	67.9%	32.1%	8.9%	68.0%	32.0%	8.7%
Maintenance and repair	99.7 %	0.3 %	18.7 %	99.7%	0.3%	19.4%	99.7%	0.3%	19.9%
Auxiliary mobility services	76.3 %	23.7 %	9.0 %	75.2%	24.8%	8.9%	77.2%	22.8%	8.9%

Table 25. *Percentage Composition of the workforce, divided by professional category and age range²¹*

ATM GROUP	at 31.12.2020				at 31.12.2019				at 31.12.2018			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Top Line Management	0.0%	40.5 %	59.5 %	0.4 %	0.0%	43.2 %	56.8 %	0.4%	0.0%	37.1 %	62.9 %	0.4%
Functional Management	0.3 %	46.0 %	53.7 %	3.5 %	0.3%	45.9 %	53.8 %	3.4%	0.3%	46.9 %	52.9 %	3.6%
Mobility operations	7.8 %	61.5 %	30.7 %	59.6 %	7.7%	62.1 %	30.1 %	59.0 %	7.0%	63.5 %	29.5 %	58.5 %
Administration and services	6.6 %	48.5 %	45.0 %	8.8 %	6.5%	48.2 %	45.3 %	8.9%	5.7%	48.6 %	45.8 %	8.7%
Maintenance and repair	8.0 %	51.1 %	40.9 %	18.7 %	7.8%	50.8 %	41.5 %	19.4 %	7.5%	51.4 %	41.0 %	19.9 %

²⁰ With a view to continuous improvement, to offer a more accurate representation, the percentages relating to the composition of the workforce by professional category, gender and age Group have been calculated in relation to the total by professional category to which they belong, replacing the total by gender. For this reason, a display of the data referring to 2018 and 2019 is offered in accordance with the previously reported calculation method.

²¹ See the previous note.

Auxiliary mobility services	5.8 %	46.2 %	48.0 %	9.0 %	6.7%	45.5 %	47.9 %	8.9%	5.3%	45.1 %	49.6 %	8.9%
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The Group pays particular attention to the needs of people with disabilities and other special needs, in addition to the legal requirements. In 2020, the number of people with disabilities and/or legally protected in the Group reached 219 people, of which 36 women e 183 men. Through continuous investments in its buildings, ATM seeks to give everyone access to the workplace, whether they are ATM workers or any visitors, regardless of any motor disability.

Moreover, even in absence of uncovered positions, in 2020 an agreement was reached with the competent offices of Metropolitan City of Milan for hiring 12 workers with disabilities by 2027.

Table 26. Number of legally protected employees and employees with disabilities

ATM GROUP	31.12.2020			31.12.2019			31.12.2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Legally protected employees	8	3	11	6	3	9	7	4	11
Disabled employees	175	33	208	174	33	207	166	30	196
TOTAL	183	36	219	180	36	216	173	34	207

Employee Retribution

The Group pays attention to aspects of diversity also in terms of remuneration. ATM Group implements a management policy for guaranteeing that the remuneration system is sustainable, aligned to business goals, market context, and stakeholders' interests in the long run.

Means and measures of remuneration are constantly monitored according to norms and contracts. Through these, the company is able to:

- Guarantee a fair remuneration for all workers, in relation to the everyday skills expressed in reaching professional goals;
- Attract, retain and motivate highly skilled employees, and able to offer relevant support to the maintenance and improvement of operative standards;
- Ensure sustainable performance in the long run;
- Create an inclusive working environment for all people, able to foster the expression of individual potential.

It follows the rate of remuneration of women over men by professional areas and relevant operational sites, those in Italy and abroad.

Table 27. Ratio of the basic salary of women to men for each professional area, by significant location of operation.²²

ATM GROUP	2020		
	Italy	Abroad	Group ²³
Top Line Management	101%	80%	96%
Functional Management	89%	101%	90%

²² The processes underlying the data collection made it possible to collect only the data relating to the reporting year 2020 since it is the first year of application.

²³ The Group ratio between basic annual salary for men / women by professional areas was calculated as a weighted average on the number of employees by professional area of the operating offices.

<i>Mobility operations</i>	79%	89%	80%
<i>Administration and services</i>	91%	94%	91%
<i>Maintenance and repair</i>	97%	105%	98%
<i>Auxiliary mobility services</i>	89%	n.a.	89%

Table 28. Ratio of the average remuneration of women to men for each professional area, by significant location of operation.²⁴

ATM GROUP	2020		
	Italy	Abroad	Group²⁵
<i>Top Line Management</i>	101%	72%	95%
<i>Functional Management</i>	87%	101%	88%
<i>Mobility operations</i>	71%	86%	72%
<i>Administration and services</i>	85%	95%	86%
<i>Maintenance and repair</i>	96%	104%	97%
<i>Auxiliary mobility services</i>	80%	n.a.	80%

Welfare Programs

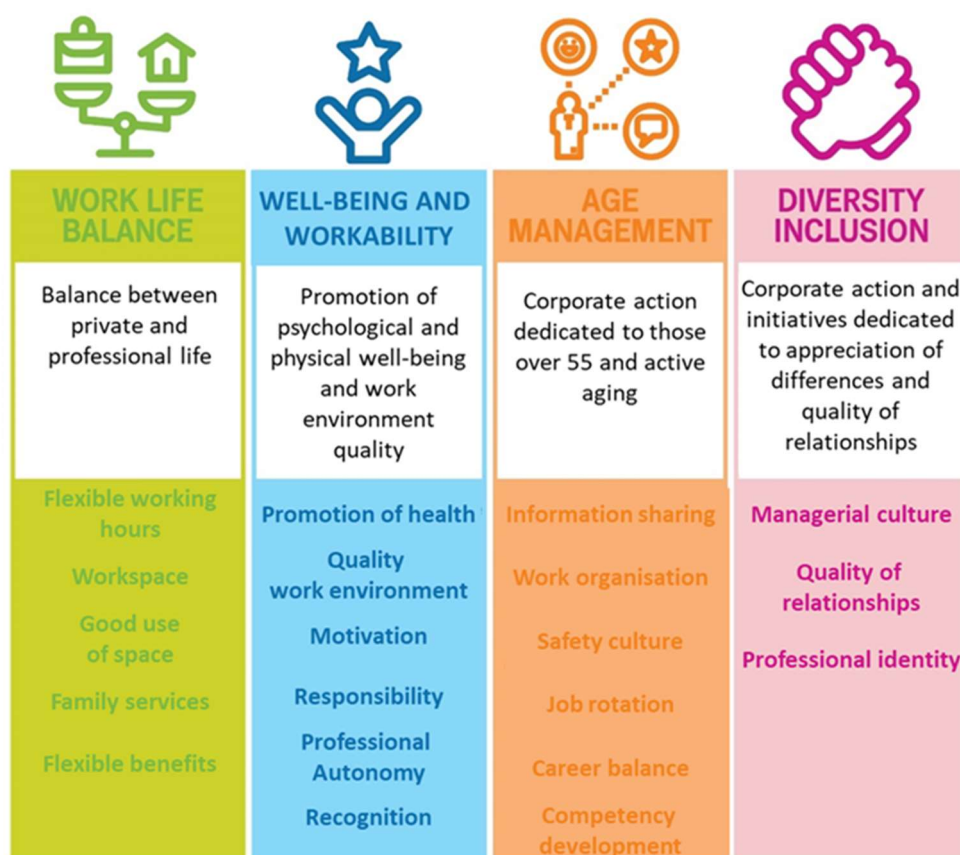
The Group has always been committed to investing in welfare programs that promote a good quality of life and work environment. In fact, ATM activated a welfare system to promote employee satisfaction and establish a peaceful and participatory "internal climate". There are many dimensions: motivation, collaboration, involvement, participation, circulation of information, flexibility and trust between people, conflict and dispute prevention, and health prevention.

The ATM Welfare system is for all employees with the goal of promoting their mental, physical and social well-being. The mission is to improve their quality of life and, in parallel, the quality of the environment in which they work. This system, promoted by the Welfare Function of the Human Resources Department, offers concrete answers to the needs of its employees who guarantee the quality and safety of the service provided by ATM every day.

²⁴ The processes underlying the data collection made it possible to collect only the data relating to the reporting year 2020 since it is the first year of application.

²⁵ The Group ratio between overall annual remuneration for men / women by professional areas was calculated as a weighted average on the number of employees by professional area of the operating offices.

Structured in synergy with the ATM Foundation, the Welfare system works in four areas:



In the course of 2020, 812²⁶ employees requested parental leave. Of these, 83.6% were men and 16.4% were women. During 2020, in addition to traditional parental leave other measures were added to assist parents during the pandemic, especially during the interruption of the activities in schools and in case of children's quarantine. Overall, parental leave (ordinary/ extraordinary) increased by 83% compared to 2019.

Moreover, after the introduction of smart working for 1,200 employees until July 2020, this work option was extended until the 14th of September to parents with children aged 14 year or younger to improve flexibility and work-life balance. This option was restored in December 2020 due to the new restrictions to mobility.

The main welfare activities and projects offered to employees and their families are listed below:

- employee counseling service, offering support through a multidisciplinary team on both personal and work issues. There were **327 employees** that took part in 2020, making more than **2,200 projects and interviews** conducted by the specialized corporate welfare team.
- activation of two specific help desks to support employees for the management of the COVID-19 emergency: ProntoWelfare online for personal and social needs and Psychological Helpdesk (EMDR) for post-traumatic rehabilitation from COVID-19, for employees and family members; a total of **105 people were helped**, 95 by the ProntoWelfare and 10 by the EMDR psychological help desk

²⁶ The value includes paid and unpaid parental leave with full and split day use. The data refers to the companies ATM S.p.A., ATM Servizi Diversificati S.r.l. and NET S.r.l.

- Parenting support through the Parent School via Teams and maternity coaching, carried out remotely one-to-one, with the **participation of 20 people**.
- Disability support in the COVID-19 era, through coaching for employees registered in protected categories, their manager and colleagues (peers) with the activation of **2 coaching projects**.
- Creation of a new area on the Group’s intranet called “Wellbeing and Smart working” with weekly publication of e-learning sessions and podcasts on the topics: psychological wellbeing, dietary wellbeing, physical activity and sport, parenting and family, smart working and work life balance; in total **77 e-learning sessions** were published.
- Launch of 2 cycles of webinars, visible in live and record versions (intranet area “Wellness and Smart working”). The first cycle covered health and wellbeing: emotions, resilience, digital wellbeing, sleep, sport, nutrition, caregivers, parenting. The second, from December 2020 onwards, on work and a healthy brain. In total, **687 people attended the webinars**.
- “Skills balance” course dedicated to **19 managers** over 50 with the aim of empowering and reinvigorating skills.
- Opening of company nurseries as summer centers at our facilities in the months of July and August, hosting **19 children**.
- Regular reopening of company nurseries for 70 children and grandchildren of employees, reorganized into “bubbles”, according to specific Covid-19 procedures.
- Granting of scholarships for children and student employees through a Financial Support and Development Committee, which in 2020 recognized **839 scholarships and 15 employee severance indemnity advances**. The latter concerned socio-economic situations which, with the provision of severance pay, allowed a rebalancing of the financial situation of the personnel who made the request.
- Training on "nutrition, posture and lifestyles" within the worker safety refresher courses according to Italian Decree 81, carried out online with the participation of **396 workers and 25 supervisors**.

Each year, the Group publishes all the welfare policies adopted, the quantitative and qualitative data of the projects and activities performed, and analysis of emerging needs in the WELFARE Report, intended for Group managers who manage relations with employee families in ATM.

Protecting Employee Health and Safety

The protection of the health and safety of its employees is of fundamental importance for ATM. In the year of the pandemic emergency more than ever, to protect the wellbeing of its employees, the Group is committed to spreading a culture of prevention in its workplaces and to increasing the quality of life at work, not only to comply with the increasingly numerous legal obligations. Full compliance with current regulations on safety and hygiene at work is an essential social commitment towards ATM workers and the territory in which the Group operates.

In 2020, the evolution of the pandemic linked to the spread of COVID-19 led to new health and safety needs for workers. Since Phase 1 of the emergency, ATM Group established an Internal Crisis Committee (pursuant to Article 13 of the Memorandum of Understanding of 14 March 2020), which implemented rules to ensure the health and safety of employees, collaborators and clients, as well as the regular performance of the public transportation service. There was constant dialogue with the trade unions through meetings with the RSU Coordination and with the RLS, in compliance with the provisions issued by the authorities. The Committee promptly analyzed the provisions of the authorities and put emergency measures in place on two main levels: the protection of passengers and the safety of employees.

Since the beginning of the health emergency, to protect the health of their people, the Italian companies that manage local public transport implemented numerous measures in the following areas:

- **Internal coordination:** management of working Groups aimed at minimizing the possibility of contagion;
- **Protection in the workplace:** cleaning and sanitizing of buildings and vehicles, prohibiting access to the front doors of surface vehicles, in order to guarantee the distancing for the drivers of the vehicles and supply to the latter of kits containing the individual protection aimed at minimizing the possibility of contagion;
- **Remote working:** promotion of smart working methods for all employees whose activities can be managed remotely, in order to reduce physical presence and consequently hinder the spread of the infection, and provide flexibility of access to services for employees at the company premises;
- **Guarantee insurance coverage:** stipulation of additional insurance coverage for all employees;
- **Support in management of out of the ordinary conditions:** implementation of emergency support services, such as psychological support desks, distance learning via e-learning and interactive webinars on topics such as health, parenting, physical activity and nutrition.

With the evolution of the emergency situation, ATM adapted these measures according to the emerging needs of workers and other Group stakeholders. Within the 2020 annual financial report and on the Group's website²⁷, all the measures taken by the Group and by the individual companies are reported, step by step, throughout the year.

As every year, with regard to the services provided and integrated mobility in the area, ATM wants to be a point of reference, ensuring a quality, safety and competitiveness of service for all. The Group acts to constantly prevent accidents and occupational diseases of its staff and to guarantee efficiency and effectiveness in its monitoring processes. Therefore, the adequacy of management of risks and opportunities in this regard is fundamental for ATM.

ATM pays constant attention to identifying health and safety hazards, assessing any residual risks and implementing adequate prevention measures. Prior to the deadlines set by the responsible bodies, ATM S.p.A. decided to anticipate the transition from the BS OHSAS 18001 standard to ISO 45001, obtaining the new certification of the health and safety management system during the year. The ISO45001 standard covers approximately 94% of the ATM Group staff²⁸.

Certification is a significant determining factor, which highlights the priority of pursuing defined objectives, placing attention to all interested parties in the foreground, including the performance of its suppliers.

The processes available to workers to report issues relating to safety in the workplace are defined by a specific procedure. The various channels such as the "Whistleblowing" IT tool or the e-mail addresses of the Supervisory Body guarantee the confidentiality of the parties involved in various capacities.

During 2020, the Group continued the activities confirming the state of compliance with the voluntary international standards ISO 9001:2015, ISO 14001:2015. The audits carried out by the certification body found that ATM was able to respond to the requests of the context and of the interested parties, as well as on the occasion of all the extraordinary events in corollary, implementing strategic planning, timely monitoring and guaranteeing the quality parameters planned. The third-party certification body has verified the substantial alignment of the organization, processes and work environments with the requirements of the standards.

The protection of employee health and safety and attention to environmental sustainability are in fact the focal point in the identification, design and implementation of each process or project carried out during the 2020 financial year, in continuity with previous years. In general terms, in the face of

²⁷ https://www.atm.it/it/AtmNews/AtmInforma/Pagine/ATM_emergenza.aspx

²⁸ The Group will further the analysis with respect to the significant non-employees, in order to assess the need to collect data from the employers of external collaborators and suppliers who operate at the Group's construction sites and/or under the control of the Group, evaluating the quality and accuracy of the data over which it does not exercise direct control.

situations that are dangerous for the health and safety of workers, highlighted by injuries or accidents, ATM provides an analysis based on four categories:

- Organization (e.g. working methods, shifts, operational sequences, etc.)
- Personnel (e.g. information, education and training)
- Environment (work environment, workstation layout, etc.)
- Equipment (equipment for personnel, departments, etc.)

In line with these principles and with attention to corporate responsibility for workplace and environmental safety offenses covered by Legislative Decree 231/2001, in 2020 ATM continued the process of continuous improvement of its quality, environmental and safety management systems, maintaining a high degree of environmental and social responsibility.

This was implemented in 2020, through the complex set of activities aimed at:

- identifying any health and safety hazards at work by assessing their degree of risk and related prevention and protection measures to be taken to mitigate their potential impact;
- strengthening safety training programs, with the involvement of all staff, from each of the various organizational levels, ensuring that responsibilities and operating procedures are precisely defined, and communicated appropriately and correctly applied;
- guaranteeing the constant and correct flow of information regarding health, safety at work and the environment, to internal and external stakeholders.

Metro Service has developed its own "health policy", based on a model prescribed by the Danish National Health Service "Sundhedsstyrelsen". The model consists of five phases that focus on the following topics: diet, smoking, alcohol, exercise and stress.

Accidents, occupational diseases and injury are just some of the outcomes of incomplete or inadequate assessments of health and safety risks. The Group pays the utmost attention to monitoring these risks, setting the reduction of the number of accidents and illnesses as its constant objective. This objective is achieved through the provision of training to personnel, guaranteeing a healthy and safe working environment. The company health service, guaranteed to all Group staff, is a fundamental element to ensure the achievement of the objective through management of health surveillance activities. A special contract, stipulated with structures of the Italian National Health Service, provides all the services of Occupational Medicine and the activities of Doctors required by the relevant legislation. Furthermore, the Group considers legislative compliance, the fulfillment of the requirements issued by the control bodies (such as ATS) and the succession/rotation of the figures or roles required by the OHS regulations to be fundamental.

BOX: Policy on Quality, Safety and the Environment

The Group's Policy on Quality, Safety and the Environment confirms its commitment to becoming a reference point for integrated mobility, guaranteeing quality, safety and competitiveness of services, in full respect of the environment and sustainability.

During 2020, the ATM Group recorded 167 accident reports, 157 relating to male employees and 10 to female employees. Among the events recorded, the main types of accidents found were cases of aggression, road accidents and falls, slips and trips, all decreasing compared to the previous year, and 5 cases of contagion from Covid-19 recognized by INAIL. In 2020, the number of accidents decreased by about 25% compared to 2019, not only due to the different working context due to the health emergency, but also as a demonstration of the continuous commitment to the protection of workers. The Group is committed to preventing accidents at all levels and in all Group companies, through the multiple forms of prevention and protection implemented in the last five years, with a significant

“profit” in terms of availability, productivity and efficiency of the resources involved in the various processes.

the accident rate at work is equal to 2.25 (2.28 for men and 1.82 for women), down from the rate recorded last year, 2.61. As there have been no cases of death due to accidents and serious injuries (resulting in more than 180 days of absence) throughout the year, the rate of deaths due to accidents at work and the rate of injuries with serious consequences are equal to zero, down compared to 2019 (0.02, resulting from 2 injuries with serious consequences). For the two-year period 2020-2019, no fatal accidents in the workplace were recorded ²⁹.

With regard to occupational diseases, in 2020 the Group received two reports of deaths due to occupational diseases (malignant pleural mesothelioma) and one report of occupational disease due to a tendinopathy in the shoulders. These cases have been indicated as events for which ATM has filed a complaint with INAIL at the request of the authority itself³⁰. The Group is not given evidence of any acceptances or other actions taken by the entity or of any other information relating to the state of the employee.

As for those working in particularly tiresome and cumbersome positions - the so-called demanding jobs - in the work carried out by ATM Group, vehicle drivers with a total capacity of not less than 9 places used for public transport and night workers, as regulated by the Legislative Decree 67/2011 fall into this category. In addition, as part of the recognition of the benefit that most favors the accrual of the pension right, the INPS circular no. 99 of 16/6/2017 includes train drivers among the figures conducting particularly "onerous" activities. The positions of metropolitan train driver and tram driver were excluded (Inter-ministerial Decree 5 February 2018).

In terms of health and safety in the workplace, the involvement of staff at all levels in promotion of a health and safety culture, centered around the issues of prevention and protection from risks and increasing awareness of the influence their own behavior plays on their health and safety, resulted in a decrease in the number of accidents. Despite the health emergency, during the year, the Group continued with safety training for newly hired personnel, defined according to the job role of the individual employee. In addition, the provision of the five-year training update on workplace safety continued, lasting 6 hours, in which didactic modules relating to lifestyles, healthy eating, addictions and environmental sustainability were integrated. In addition to the regulatory update to the corporate safety organization, it was decided to address technical issues in the workplace and on the equipment supplied (Noise / Vibration Risk, Electromagnetic Fields (EMF) Risk, Artificial Optical Radiation Risk - ROA) and to invest in training sessions (correct use of protective equipment, risk from confined environments).

The Prevention and Protection Service, in addition to staff training and the necessary support for the various corporate functions, conducted various improvement initiatives, such as:

- Drafting new work procedures and operating instructions for the safe performance of the activities carried out in company and citizen contexts;
- Verification of workplaces, with particular reference to VDT environments and workstations;
- Update of specific risk assessments.

²⁹ Starting from this year, the reporting of employee injury data was carried out in line with the new GRI 403 standard, published by the Global Reporting Initiative (GRI) in 2018, replacing the version published in 2016. For this reason, the data for 2019 have been restated with respect to what is required by the new indicator. The injury rates are calculated as follows:

- Rate of deaths resulting from accidents at work: number of deaths resulting from accidents at work / number of hours worked * 200,000;

- Rate of accidents at work with serious consequences (excluding deaths): (number of accidents at work with serious consequences (excluding deaths) / number of hours worked * 200,000;

- Recordable workplace injury rate: number of recordable workplace injuries / number of hours worked * 200,000.

³⁰ The data on cases of occupational disease does not include the Metro Service Company as it is not available.

Training Initiatives

ATM has always been committed to supporting the continuous improvement of the quality of customer service through numerous training initiatives for each professional role.

The training is provided daily to enrich and enhance the skills of people both at a technical, behavioral and managerial level, as well as to fulfill obligations deriving from national regulations, contracts and/or company agreements. In addition, the development levers are managed with the aim of ensuring that people are empowered to fully express their potential by optimizing performance.

In order to ensure maximum transparency in training and development of its human capital, ATM has developed a site dedicated to training and has laid out specific internal procedures published on its corporate site.

The activities are carried out in the training center, the ATM Campus, accredited by the Region of Lombardy for its design and delivery of training and orientation activities. The campus is ISO 9001 certified and has recently been renovated with the most modern digital teaching tools.

In 2020, the Group provided approximately 190,676 hours of training, recording a decrease of approximately 36% compared to 2019. This difference in the number of hours of training, which still stands above the overall targets established for company personnel, is mainly due to the suspension of activities imposed by the various national and local regulatory interventions aimed at containing the pandemic. The passage of a large part of the training to Distance Learning only partially compensated for this trend, given that it was necessary to redesign all the contents to adapt them to the new training format and the training modules for online training are shorter (about 25%) and distributed over time, thus also requiring a greater organizational burden for the management of individual courses.

In a second phase of management of the pandemic, in-person training was resumed for some training activities, for example concerning professional qualifications and safety, albeit with extensive limitations on the use of space due to social distancing regulations. All the activities for technical and managerial training were continued via Distance Learning.

In May 2020, the first distance learning catalog in the history of the company was published, with 20 course options including relational, managerial and technical-specialist training. The catalogue also contains several novel works such as a Public speaking for webinar program or a workshop dedicated to the effective management of their personal and work resources with respect to the Covid-19 emergency.

In June, an innovative eLearning platform atm.goodlearning.it was also introduced, which significantly expanded the potential participation of all company personnel, both in remote work and in the remote connection of various classrooms and company offices. This allowed ATM to experiment with formats such as the virtual Escape Room, new courses dedicated to Trust and Effective Delegation, remote management events and cross-cutting courses for New Managers, induction course for new graduates "Leader of the Future in ATM", a course for the role of Personnel Manager and one for Security Coordinators.

Thanks to the introduction of the platform, important training courses have also been launched on the subject of Ethics and updates on 231, anti-corruption and transparency. These courses constituted the initial activity of a three-year training program dedicated to these issues, and in 2020, 154 people, from functional managers and Contract Execution Directors (DEC) participated in the "ATC and Transparency, 231 and Ethics" training. A workshop on the development of the culture of integrity was also proposed for the first time, for 88 employees operating in the commercial areas and in direct and indirect sales channels.

Furthermore, compulsory and non-compulsory training on health and safety at work continued throughout the year in compliance with current regulations. An online mandatory refresher course on safety for workers and supervisors (Legislative Decree 81/2008) was introduced, making it possible to

maintain a constant level of training in this area also for people continuously employed in remote activities.

The use of inter-professional training funds, "Fonservizi" and "Fondirigenti", through a rigorous internal discipline in the administrative field provided for the coverage of training costs also in 2020.

Table 29. Average hours of training provided per employee Group, divided by professional category and gender

ATM GROUP	2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Average Training Hours	17.6	25.8	18.4	28.0	38.1	28.9	35.4	30.0	34.9
<i>Top Line Management</i>	12.7	26.1	16.0	20.2	36.1	24.0	28.0	23.8	27.0
<i>Functional Management</i>	22.6	23.7	22.9	33.2	29.8	32.5	35.6	31.6	34.8
<i>Mobility Operations</i>	21.2	51.0	22.9	30.9	81.1	33.4	46.7	65.9	47.6
<i>Administration and Services</i>	9.6	11.8	10.3	27.0	15.8	23.4	16.9	15.7	16.5
<i>Maintenance and Repair</i>	12.8	30.9	12.8	25.4	14.5	25.3	17.3	10.0	17.3
<i>Auxiliary Mobility Services</i>	6.8	6.9	6.8	11.1	13.4	11.7	11.6	3.1	9.7

BOX: TRAINING FOR RELATIONS WITH THE CUSTOMER AND DISABILITY

In 2020, despite the limitations posed by the health emergency, training continued for front-line ATM staff regarding the correct and effective relationship with customers. In particular, 342 employees were involved including security personnel, station operators, automatic metro line agents, line tutors, operating staff, service operators, ATM Point employees, train drivers and emergency response operators.

Issues such as anger/aggression management, and more generally the management of potentially critical situations, were also addressed. The staff in the classroom were also trained on managing relations with disabled clients, also through informational brochures and an app with further information and videos.

Finally, during the year, an initiative was introduced that involved 136 volunteers, including executives, functional managers and staff to operate within the metro stations, in support of Customer Assistance activities. This project has saw 987 hours of coaching, offering a useful contribution in terms of customer service, but also serving as testament to the people who are committed to guaranteeing the provision of public transportation services even in the most difficult moments of the year, all the proximity and support of every member of the ATM team.

Metro Service also provides education, training and requalification courses on safety-related activities and the specific work performed. The employees in Copenhagen are also supported in conducting

further studies not directly related to the job they currently hold, but which may be relevant for future work and personal development.

In Copenhagen, requirements were established to ensure compliance with the railway safety certification required by the Danish Transport, Building and Construction Agency. This requires that employees performing safety-related activities undergo training programs with periodic tests to ensure that relevant skills are maintained. To promote further professional and personal development of employees, Metro Service manages all administrative work in connection to education relevant to the business, including government training grants, and offering flexible working hours. In addition, the Company established three education committees, representing stewards, technicians and control room personnel. The purpose of the committees is to promote the development and training of this Group of employees.

Finally, highlighting the central role that safety training plays for Metro Service, the Company dedicated a total of 30,660 hours to training in 2020. This represents a slight decrease compared to the hours spent in 2019, which is the result of hiring fewer new employees between 2019 and 2020 and the optimization of the use of the training simulator activated in 2019 for stewards. The hours devoted to safety training vary from year to year due to retraining intervals.

Professional Development

ATM works with the constant objective of creating a work environment made up of valuable people, aware of their own value and role, who are motivated to contribute to the quality of the service and to the satisfaction of the clients.

Actions to achieve this goal are pursued at every stage of the career cycle and accompany ATM people as they move within the Group.

Such actions therefore start right from the selection process: the company works to ensure effective coverage of external turnover and the strengthening of key competence areas.

Great attention is paid to mapping the skills necessary for each individual role, which are then used to identify the best candidates. This is achieved through a well-structured selection process, which uses a set of integrated tools - from interviews, tests, assessment courses, and technical-practical tests, etc. These tools are used according to the specific characteristics desired.

In 2020 this process led to the selection and onboarding of 617 people in Italy. The search was conducted mainly for professionals to be inserted in operations: namely drivers of buses, trams and trolleybuses, station agents, security staff, other support figures for operational management. These hires were made both with full-time contracts and - in specific areas of the organization - with part-time contracts, due to the need for organizational flexibility and optimal coverage of the scheduled services.

In parallel, new hires were added to the maintenance departments, in the Information Technology area, and specific staff roles.

Once they were inserted into the company structures, ATM made efforts to demonstrate appreciation of these resources. This was done through an integrated model of development initiatives: performance evaluation, skill evaluation, position weighing, benchmark and remuneration management, development of substitution tables, as well as appropriate management of organizational changes and individual career paths.

To better target the company's development programs and enhance the self-development capacity of individuals, a program was launched to analyse professional and personality profiles of a wide range of Group resources, based on the use of advanced assessment tools and one-to-one return meetings.

SOCIAL AND RELATIONSHIP CAPITAL

Main results related to the Group's Social and Relationship Capital

Table 30. Highlights of results obtained related to the Group's Social and Relationship Capital

38.000 surveys realized on the "new mobility" topic	99.3 the average regularity ³¹ index of ATM transit	99.5 the average punctuality index ³² of ATM transit
268 security employees	About 1,800 suppliers	

What is Social and Relationship Capital?

Social and Relationship Capital is made up of the relations with all the Groups involved in ATM's operations (both shareholder and stakeholder), which are managed to maximize the quality of the service offered through a presence rooted in the territory.

Material Topics related to Social and Relationship Capital

Energy consumption and environmental impacts	Responsible management of resources and waste	Intermodality and integration of services	
Quality and accessibility of services	Security & safety	Community relations and local development	
Economic and financial performance	Noise and vibration mitigation	Diversity, inclusion and welfare	
Training and professional development	Protection of employee health and safety	Ethics, integrity and compliance	Responsible management of the supply chain

The following table shows the main inputs, outputs and outcomes as well as the main business activities pertaining to the Social and Relationship Capital, as provided for by the International <IR> Framework for the preparation of the Integrated Report.

³¹ The service regularity indicator includes only the data relating to ATM S.p.A. and represents the percentage ratio between the trips made and the trips scheduled in the day.



³² The Punctuality of the Service indicator only includes data relating to ATM S.p.A. and represents the percentage of journeys arriving at the terminus (including subcontracted lines) with delays of less than 10 'for surface lines and 3' for underground lines


INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
<ul style="list-style-type: none"> • Collaboration with public bodies, institutions, research bodies, citizens, media and sector associations • Communication channels • Commitment for local communities 	<ul style="list-style-type: none"> • Constant dialogue with stakeholders • Focus Group and stakeholder engagement activities • Customer satisfaction survey • Information mobility, press office, social media and public relations activities 	<ul style="list-style-type: none"> • Constant interaction with the local authorities • Partnership with universities on specific projects • Sponsorship of events and local development projects • Understanding of clients' and territory's needs • Customer Satisfaction 	<ul style="list-style-type: none"> • Improvement of the perception of the company's image, in line with the Group's vision, values and mission. • Consolidation of relations with stakeholders. • Spread of sustainability culture

Sustainability objectives related to the Group's Social and Relationship Capital

The table below shows the main sustainability objectives pertaining to the Group's Social and Relationship Capital and the progress made in relation to those objectives as of December 31, 2020. The table also identifies new targets planned in 2020.

Table 31. Sustainability objectives related to the Group's Social and Relationship Capital

Objectives	Status at December 31, 2020
<ul style="list-style-type: none"> • Conclusion of the project related to the new MaaS ecosystem (Mobility as a service), allowing timely exchange of service information with stakeholders while gradually including all mobility operators 	 <p>Currently the ecosystem consists of SEA, Fiera, Trenitalia, DriveNOW, Share'nGO, UBEEQ, Car2GO, Enjoy, Clear Channel, Trenord and Nugo (integrated operator of the FS Group) and Agi for the sale of tickets.</p> <p>Bike sharing has been integrated not only at the information level but also for reservations with the itinero card. A test was also conducted with the Veneranda Fabbrica del Duomo, resulting in a positive outcome.</p> <p>In 2020, a selling system for Trenord "digital" tickets was introduced together with Mi1-Mig and in addition to AGI and other tickets than 30-day tickets. Furthermore, it was undertaken by Telepass the possibility to pay the subscription in instalments.</p>
<ul style="list-style-type: none"> • Reduction of the recorded noise level 	 <p>Implementation of a maintenance plan: in 2020 the following new friction moderating systems were installed: 3 in Rozzano, 2 in</p>

		<p>Mercato Tivoli e 1 in Sempione (Domodossola Street).</p> <p>More information can be found in the paragraph "Reduction of vibro-acoustic pollution"</p>
<ul style="list-style-type: none"> • Progressive review of the purchasing procedures, assigning specific scores for the evaluation of suppliers based on SA8000 requirements 		<p>In July 2019, a new revision of the "REGULATION FOR THE AWARDING OF CONTRACTS" was published.</p> <p>In the paragraph "ATM's relationship with its suppliers" of this chapter, reference is made to the SA8000 requirement for suppliers.</p>

What is Social and Relationship Capital?

The Group's Social and Relationship Capital refers to the relationships that ATM maintains with all the stakeholders involved or impacted through its business conduct including, customers/citizens, suppliers, employees and the local community in which it also operates, so as to spread a culture increasingly oriented towards integrated and sustainable mobility at all levels.

Public health emergency impacts on social and relationship capital

With the spreading of the first cases of Coronavirus in February 2020, public transport in Italy experienced a rapid and sharp reduction. However, since the beginning of the emergency, it was emphasized that public transportation was an essential service for all those people involved in the emergency management and for all passengers with crucial need to travel. Since the beginning, ATM Group promptly reacted through wide-ranging measures thanks to a successful dialogue with institutions, not only at local level: Municipality of Milan, Prefecture, Ministry of Infrastructures and Transport, and national and international associations of categories:

- **Integrated communication plans to clients:** about new rules to travel safely on public services and for inviting clients for a responsible collaboration; extraordinary sanitation of infrastructures, vehicles, BikeMi stations, air treatment;
- **Communication to all stakeholders,** institutions, hospitals, health units, to share, at all levels and clearly, the new way to travel;
- **Integration of new options in ATM's App** with the clear intent to guarantee the shortest staying in stations, limiting as much as possible travels and speed up processes;
- **Surveys online to intercept new trends** about mobility: 38,000 forms completed by clients about new habits and needs in travelling.

Health emergency had an impact also on relationship with Group's suppliers, which had to postpone or interrupt their supply of products and services, both assets and, particularly, rolling stock. Supplies of rolling stock (metro, buses, tram, trolley bus) were subjected to such delay that delivery plans for the future, according to ongoing contracts or contracts in the process of being signed, were rescheduled.

The relationship with customers and citizens

ATM manages relationships with customers and citizens through a variety of tools to promote the integration and intermodality of LPT services, guarantee the quality of the customer experience and ensure high levels of safety for all users of the vehicles.

As translated from the Group's Code of Ethics, *"relations with customers must be continuously strengthened through the quality, reliability and efficiency of the service provided, as well as through timely, precise, clear, easily accessible and truthful information. on the services and services offered."*

Intermodality and integration of services

To better respond to the needs of customers and the communities in which it operates, ATM Group is committed to the development and innovation of transport services. Its intent is to make travel across the territory seamless and efficient in terms of intermodality and integration of services, regardless of the mode of transport chosen, thanks to the collaboration between the companies that provide the service. To this end, the integration of information and fares, as well as travel documents available to passengers, are essential.

In 2020, given the exceptionality of events that radically influenced the needs of ATM's service users, particular attention was paid to ensuring transportations services in all emergency phases. At the beginning of phase 2, in the process toward the "new mobility", a working Group was set up with other operators in the sector to coordinate control rooms and manage passenger flows.

Furthermore, with the aim of guarantee social distancing and avoiding gatherings, a project was undertaken to emit digital tickets (Smart Tickets) from third party Apps, namely web services offered by external supplier selling tickets also from other App (at the moment Trenord and AGI) in order to extend the number of users.

Informative offering

In order to ensure effective and complete communication with the client, it is essential to maintain and extend active communication channels with the various partners, in support of an even greater integration of services.

In 2020, in response to the urgencies and changing needs related to the new mobility dictated by the health emergency, the development of digital innovation projects already underway was significantly accelerated, making ATM's information offer to customers even wider. and diversified through updates and additions to information channels.

BOX: Communication channels with the clients

ATM communicates to its clients through a wide and diverse variety of channels and tools, including:

- the **website** www.atm.it on which information relating to tickets, fares, timetables and service schedules, the state of circulation of the underground lines and ATM initiatives are published. The site also offers the possibility of recharging season tickets and allows travel planning through the GiroMilano feature, which has been optimized with the indication of the presence of lifts or stairlifts at the metro stops; In addition, the site has been integrated with the "stazione.atm.it" function to check the turnout in the underground stations on the basis of the different time slots and the procedure for requesting compensation for subscriptions not used during the lockdown in March and April.

- the **ATM Milano App**, which in 2020 became even more central to organizational processes, proposing new features for the client, such as the possibility of purchasing any type of ticket for all areas of the fare system, booking turns at the ATM Points and be able to check in real time the turnout in the underground stations according to the different time slots;
- the **new NET app**, also developed in collaboration with Autoguidovie, which was launched in 2020 to make available to travelers the consultation of the timetables and routes of the lines from their smartphone, the purchase of tickets and the free seat reservation (in relation to the NET service it is being tested on some routes of the Z301 line that connects Milan and Bergamo);
- the **communication campaigns** that in 2020 focused on spreading awareness of how important it was to comply with the rules to prevent and limit the transmission of the infection, inviting everyone to responsible collaboration and travel planning to avoid the busiest times;
- the **signs at the station, at stops and on board the vehicles** which in the various phases of the emergency and the variation of the prevention measures adopted during 2020, saw massive and continuous interventions to inform customers during their movements;
- communication via **social networks**, which has evolved to constitute a set of principals with diversified planning, integrated and consistent with the communication strategy: Twitter is the real-time service, Instagram is the company's travel diary and of its passengers, LinkedIn is a window to the future that presents the projects that make the company attractive as a leading player in the Industry and enhances its professionalism through employer branding;
- Lineadiretta, **ATM's online magazine** on the Medium platform, in which this year guides were published on the travel rules that have become central to communication related to COVID-19.
- The **ATM's Brochure** for specific client targets, such as families, young people, companies, municipalities and schools, to which the brochure Tariffe ATM was added.

Quality and Accessibility of Services

ATM Group, by nature of its business, places the client at the centre of all its activities. To this end, to ensure an ever-higher level of service quality and a comfortable travel experience, the Group is committed to actively listening to its clients, their needs and their expectations, in order to understand emerging issues and consequently, offer increasingly efficient, effective, technologically advanced and sustainable solutions.

Since the beginning of the emergency, ATM Group, through the Client Relations Function, has maintained constant oversight of its relationships with passengers, through a prompt response strategy to requests and reporting, management of the call centre (reception messages, 1,000 outbound phone calls) and mass submission of direct mails to clients (4,000). A new approach was implemented to substitute a physical presence with personalized direct contact, taking advantage of available communication channels. The need to inform clients about new rules for traveling and about the 360-degree organisational effort of the entire Group characterized the relationships with clients during lockdown and in the post-emergency phase through integrated activities from all internal marketing and communication functions.

Customer experience

The Municipality of Milan, by way of the Service Contract and transportation policies, defines and plans the public transport service in the City and in the hinterland by establishing precise quantitative and

qualitative standards that ATM's performance must meet. These standards are measured through a series of indicators³³ selected on the basis of their relevance from the client's point of view.

Table 31. Regularity of ATM transit (trams, buses, trolley buses, metro)

REGULARITY³⁴				
Transit line	Target 2020	2020	2019	2018
Tram	97.5	99.1	98.9	99.0
Trolley bus	97.7	98.7	98.4	98.7
Bus	98.2	99.5	99.4	99.2
Metro	99.6	99.7	99.6	99.8

Table 32. Punctuality of ATM transit (trams, buses, trolley buses, metro)

PUNCTUALITY³⁵				
Transit line	Target 2020	2020	2019	2018
Tram	97.6	99.5	98.4	98.9
Trolley bus	97.8	99.4	98.0	98.9
Bus	97.2	99.6	98.8	99.1
Metro	99.5	99.8	99.7	99.8

Table 33. Overcrowding of ATM transit (above ground, underground)

OVERCROWDING³⁶				
Transit Line	Target 2020	2020	2019	2018
Above ground	70%	26.9%	42.7%	42.4%
Underground	80%	October 17.1%	April 49.3%; November 50.9%	April 46.8% November 54.9%

³³ Unless otherwise specified, the quantitative data relating to the quality of the metro service in the Municipality of Milan refer to lines M1, M2 and M3.

³⁴ The Punctuality of Service indicator includes only ATM S.p.A and represents the percentage ratio between journeys completed over journeys planned per day by ATM, the requirements of the Service Contract stipulated with the Municipality of Milan.

³⁵ The data include only ATM S.p.A and represents the percentage of journeys that reach the end of the line with delays of less than 10' for the ground transportation network and 3' for the underground transportation network, in line with the requirements of the Service Contract stipulated with the Municipality of Milan. The parameter is calculated monthly based on the values registered each day.

³⁶ The indicator includes only ATM S.p.A and represents the ratio between the number of passengers carried and the number seats offered per line. It is obtained both for the surface lines and for the underground lines 1, 2 and 3, in line with the requirements of the Service Contract stipulated with the Municipality of Milan.

It should be noted that the trend in overcrowding indexes for above underground and underground between 2019 and 2020 is motivated mainly by the normative restrictions to free movement imposed by law and measures to manage the flow of passengers in order to address the emergency.

To best meet the needs of clients and other stakeholders, ATM Group has adapted its corporate management system according to the highest international standards. Through its managerial procedure "Survey of customer satisfaction", ATM constantly monitors the level of quality perceived and the relative level of customer satisfaction.

The Group believes that monitoring the level of quality perceived - that is, customer satisfaction - is an important factor in listening to its clients and constantly improving its services. The annual survey was released between October and November 2020, on a sample of 3,278 units through face-to-face interviews around bus stops and/or metro stations. The survey confirms the positive result of October 2019's survey: the general satisfaction with ATM service was expressed in an average score 7.3 (on a scale from 1 to 10), higher than 7.1, registered in October 2019. Likewise, ATM attained a 95% in the area of satisfaction, i.e. those who declare themselves to be very or fairly satisfied (the percentage of those who express a rating between 6 and 10).

In 2020, the entire monitoring activity was carried on the ground (at stops/stations) complying with a specific health security protocol as required by the general regulations.

This year, besides the survey on quality indicators, interviews were scheduled about the quality of services offered to essential workers during lockdown and the measures implemented in favour of clients throughout the emergency (e.g. communication campaign on new travelling rules and the use of face mask, signs, presence of service personnel).

Complaints and reports received from customers are managed through a special procedure by the Customer Relations Office, which in 2020, guaranteed an average annual response time of approximately 5.65 days. The standard required by the "Public Relations - Complaints" indicator provides for a response time of 10 days, as established in the Service Contract with the Municipality of Milan. The procedures for submitting complaints are available to passengers on the website www.atm.it and on the Mobility Charter.

Security and Safety

The issue of passenger health and safety is of fundamental importance for ATM Group. It is essential for maintaining a relationship built on trust with clients, as well as for conducting business.

ATM involves certified sworn security guards, to be used in subsidiary security services including surveillance of the main subway stations, on board trains and vehicles along the surface lines, especially those considered sensitive, and in company locations. During 2020 29 new Sworn Private Guards, who have obtained the certification to work in security by the Milan Police Headquarters, were hired and trained in line with the turnover increasing the number of employees.

The ATM Security Committee met with all the locally active institutional components during the first two months of 2020: Local Police, State Police, and the Carabinieri. The Committee analysed the problems expressed in the reports that come from the various company sectors, planning joint activities to solve repeating, critical issues or monitoring potentially critical cases. The activity went on all year, thanks to the direct contact of Security with Police Force and Prefecture, examining the most significant problems in order to obtain concrete and immediate support in finding solutions. Since December 2020, the Security Function has acquired the process for managing penal demands in the property sector of ATM Group, intensifying the relationship with local police force with the aim of being able to guarantee further promptness in prevention actions, controls, prosecution of illicit at the expense of ATM. Also in 2020, The security benchmarking activity continued, involving the main public transportation providers around the globe, through participation in work Groups on specific projects

and meetings between company managers in the sector, in which the practices adopted during the course of the pandemic were shared.

Over the past few years, ATM has increased the number of security staff, reaching 268 operating units (+2.7% compared to 2019). In particular, there is a 13% increase in armed personnel compared to 2019.

Table 34. Security Personnel

SECURITY PERSONNEL ³⁷			
Type	at 31.12.2020	at 31.12.2019	at 31.12.2018
Armed	119	129	128
Unarmed	149	132	132
TOTAL	268	261	260

Metro Service A/S also set up a management system for safety issues to guarantee compliance with applicable laws, regulations and contractual provisions. The company records and assesses risks related to security and annually defines quantitative and qualitative objectives subject to review during the annual management review.

BOX: Mitigation of noise and vibrations

ATM Group is aware of the impact that the noise and vibrations generated by its vehicles has on the community and on its relationship with citizens. It is actively committed to reducing vibrational and noise pollution, improving services and responding in the best way possible to the needs of clients/citizens exposed to this type of pollution so that the quality of life of those residing in affect areas improves.

To this end, various actions have been implemented to monitor and manage this issue, both through active collaboration with the operational technical functions of the Municipality of Milan and through the Group's dedicated internal structure (Vibro-acoustic Laboratory).

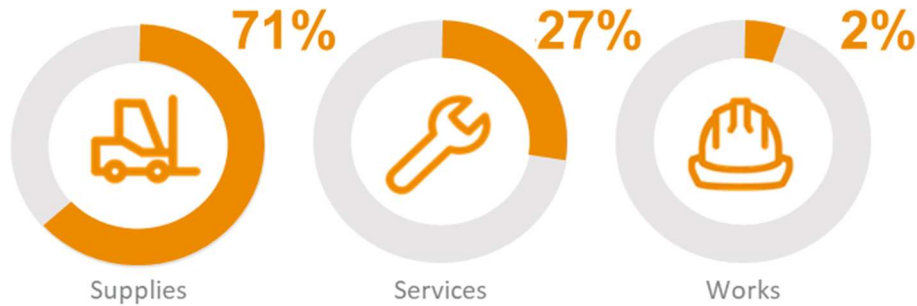
For further information, see the chapter dedicated to the Group's Manufactured Capital.

ATM's relationships with its suppliers

The ATM Group maintains relationships with a wide supply chain, made up of around 1,800 suppliers, mainly divided into the categories of supplies, services and works. The expenses for "supplies" represent approximately 71% of total supplier expenditure and are mainly related to the purchase of rolling stock, spare parts for maintenance and energy. The "services" category represents approximately 27% of total supplier expenditure, and mainly includes the maintenance of vehicles and plants, as well as maintenance services related to Information Technology (IT). Finally, approximately 2% of the expenditure relates to the "works" category with particular reference to extraordinary interventions on the network and infrastructure.

³⁷ The table refers to security personnel of ATM S.p.A., ATM Servizi DIVERSIFICATI S.r.l. and NET S.r.l.

Composition of ATM Group's supply chain and % expenditure



The management of relations with suppliers is an important issue for the Group. The supply chain expenditure spent in Italy is characterized by a majority of Italian suppliers (around 97%), which translates to nearly 62% of the value of total expenses from local suppliers³⁸, compared to 91% registered last year. The decrease in 2020 is due to the emission of economically significant purchase orders (buses and trams), requested from international companies, in line with the pluriannual plan for replacing superficial fleet. With reference to Metro Service, the percentage of local expenditure out of total supply chain expenses is 88%.

Responsible management of the supply chain, sanctioned by the Group's Code of Ethics and its Quality, Safety and Environment Policy, is an essential component of the Group's strategy. It represents a means of guaranteeing the highest quality of the products and services purchased, in compliance with the technical, environmental and social criteria established by the tender documents, contractual provisions and ATM Group regulations.

For these reasons, the company's Regulation for the Awarding of Contracts governs the authorization process for expenses, signing of orders and contracts and, for procedures under a certain defined purchasing threshold, the methods of assignment.

ATM's ongoing commitment in the training process for those involved in the purchasing process is equally essential for ensuring the pursuit of responsible procurement principles.

In ATM S.p.A., the procedure for evaluating suppliers of works, goods and services promotes and supports the suppliers by suggesting actions to improve their service and environmental impact and evaluate their overall performance with respect to the Group Policy for the Quality, Safety and the Environment.

In compliance with the requirements of the SA8000 Standard, the ATM Group companies collaborate exclusively with suppliers and partners who adopt and practice the same operating logic of respect for the employee and the customer: the suppliers, in fact, before receiving an order from the SA8000 certified companies of the Group, must produce the same certification or a self-certification in which they subscribe to fulfil the obligations established by the standard.

Labour relations

Relations with union representatives were developed in compliance with the provisions of the CCNL and with the specific agreements/company protocols which outline a model for labor relations. The model is based on ensuring the involvement, dialogue and participation of workers through mutual

³⁸ Local suppliers are suppliers who have their registered offices in Italy and Denmark, respectively for the Italian companies of the ATM Group and for Metro Service.

agreement, in achieving the Group's objectives, thereby preventing the emergence of conflicts.

This method was successfully applied for the management of the pandemic that deeply impacted the events of the year 2020. Since the beginning of the emergency, a committee for the implementation and verification of the pandemic containment was constituted, fully engaging trade union representatives, in accordance with protocols undertaken at national level. Moreover, with the implementation of social safety net ("Fondo Bilaterale"), both in March and in November, the joint exam took place with OO.SS. and RSU Coordination, and the Trade Union's consultation procedures ended successfully.

The following are some of the various, particularly relevant agreements reached during the year related to the pandemic:

- the "A.A. April 27, 2020 - Covid Framework Agreement "(including norms about: employment safety, fixed-term personnel confirmation, institution of a solidarity bank to support workers with social safety nets, anticipation of the payment deadlines of the 2019 PdR and 14-a conditions of better favor related to the social buffer, smart working, possibility of exceptionally assigning different tasks as an alternative to the use of the social shock absorber);
- the A.A. 2.5.2020 - "Guidelines for the management of the COVID emergency", (subsequently updated in relation to the evolution of the health situation and the reference legislation) which collected the measures and organizational conditions, effective at the state of technical-scientific knowledge , to allow safe working activities to be carried out in accordance with the regulations from time to time
- the A.A. 2.5.2020 "Working hours" relating to temporary changes to working hours, in particular of maintenance personnel in order to reduce the number of overlap in presence at the workplace and favoring social distancing

Finally, the Agreement relating to the performance bonus for the year 2020, through which the Parties redefined/adjusted calculation indicators – which otherwise would no longer be significant - due to the measures adopted for the pandemic, making it possible to recognition of the Award also with reference to a year characterized by exceptional and extraordinary conditions.

During 2020, the percentage of workers enrolled in a trade union with respect to the total number of employees in force remained substantially unchanged compared to the previous year, settling at approximately 65% (-0.1% compared to 2019).

This further confirms that, even in exceptional conditions such as those registered in 2020, the rights of workers and their representatives have been ensured, first of all the freedom of union membership.

Relations with the Local Community

The ATM Group, as an integral part of the community in which it operates, encourages local development also through adherence to social and cultural initiatives.

To this end, ATM adopted specific regulations governing the adherence of the Group companies to these types of projects. The regulations define the purposes of the initiatives in which ATM can participate, making sure they are consistent with and functional to the pursuit of the Group's mission.

These initiatives include projects, activities or events, promoted or implemented by the Municipality of Milan or implemented with its patronage, as well as activities that enhance the local communities of Milan and the metropolitan city. The means of collaboration are also governed by an internal procedure that governs the management of the entire process.

In 2020, the activity normally dedicated to local communities were highly impacted by the pandemic emergency. This year, ATM put its commitment toward the community at the forefront of its activities, with integrated communication plans and initiatives aimed at spreading the knowledge of prevention measures and spreading awareness on how to respect the right behaviours to travel safely. In particular, in the context of the "**Patto Milano per la scuola**" (Milan Pact for the schools) established by the

Prefecture of Milan and the Municipality of Milan and backed by all social parties (public institutions, transport operators, traders, companies and associations of professionals), ATM implemented an integrated communication plan for students, educational institutions and other stakeholders, with all the necessary information rescheduled timing of activities in the city and the reinforced public transport service in view of the restarting of school activities in presence during January 2021.

Although in the state of emergency, ATM Group continued promoting public debate on sustainable mobility, strengthening its efforts during all the emergency phases, participating in many events, mainly online, such as:

- Mobility Conference Exhibition
- Citytech Live
- Mobility Innovation Tour
- IBE International Bus Expo
- E_mob – Fourth National Conference on Electric Mobility

Moreover, ATM actively took part in the most relevant initiatives for urban development, sponsored by institutions such as Fare Milano and Milan 2046.

There are also several initiatives that the ATM Group supported during 2020 in the context of Corporate Social Responsibility:

- **Bus degli Angeli:** for the 10th consecutive year, ATM continued its collaboration with the "Bus degli Angeli" project promoted by the City Angels Volunteer Association, which provides assistance to the homeless population of Milan during the winter months. In February, the project had to stop due to the beginning of the pandemic emergency.
- **Etiquette campaigns:** the Group has put relevant effort on promoting community awareness through specific campaigns for limiting the spread of the pandemic, such as:
 - ✓ **"Covid Phase 2"**, an institutional campaign that focuses on the concept of collaboration for new mobility, which is combined with "Following the rules is a healthy habit" dedicated to the rules and behaviors to be followed for the safe use of public transport.
 - ✓ **"Different times for a common goal"** which aims to urge customers who do not need to travel at specific times to collaborate avoiding moving to the most critical time slots, and to inform them of the enhancement of the service, through direct mail for customers and a specific information addressed to all those who contact the Infoline.

Finally, since interaction with the local area is increasingly influenced by the use of digital tools, the Group has a special commitment to encourage digital literacy, introducing citizens to the opportunities offered by technological innovation, also as a preventive measure during the health emergency, such as the "Reload subscription from app" campaign organized to promote the renewal of the weekly, monthly and annual subscription through the ATM app.

NATURAL CAPITAL

Main results related to the Group's Natural Capital

Table 35. Highlights of results achieved related to the Group's Natural Capital

Around 85,000 tCO₂ avoided (Scope 2 – market based) ³⁹	70% of waste recovered in Italy	12% reduction of direct emissions from 2018 to 2020
In Italy, 100% of purchased electricity from the free market is certified green	5% reduction of energy consumption from 2018 to 2020	

What is Natural Capital?

Natural capital is the set of natural resources (e.g. water and sand) and energy sources (e.g. electricity, methane, gasoline) that ATM uses to carry out its activities.

Material Topics related to Natural Capital

Energy consumption and environmental impacts	Responsible management of resources and waste	Intermodality and integration of services	
Quality and accessibility of services	Security & safety	Community relations and local development	
Economic and financial performance	Noise and vibration mitigation	Diversity, inclusion and welfare	
Training and professional development	Protection of employee health and safety	Ethics, integrity and compliance	Responsible management of the supply chain

The following table shows the main inputs, outputs and outcomes as well as the main business activities pertaining to the Natural Capital, as provided for by the International <IR> Framework for the preparation of the Integrated Report.


³⁹ Thanks to the purchase in Italy of only Green certified electricity with guarantee of origin.

INPUT	BUSINESS ACTIVITIES	OUTPUT	OUTCOME
<ul style="list-style-type: none"> Set of natural resources (e.g. water, sand) Set of energy sources 	<ul style="list-style-type: none"> Energy management Vehicle washing and sanitation Sandblasting of tram rails Application of energy efficiency measures to the heating system Fleet management and renewal Services Digitalisation Discouraging the use of single-use plastic (Italy) 	<ul style="list-style-type: none"> CO2 emissions generated Waste produced Water discharged produced Use of polluting materials reduced 	<ul style="list-style-type: none"> Higher local air quality Lower impact on environmental quality, locally and not

Sustainability objectives related to the Group's Natural Capital

The table below shows the main sustainability objectives pertaining to the Group's Natural Capital and the progress made in relation to those objectives as of December 31, 2020.

Table 36. Sustainability objectives related to the Group's Natural Capital

Objectives	Status at December 31, 2020
<ul style="list-style-type: none"> By 2020, achieve a 20% reduction in CO2 emissions generated, (compared to 2005 baseline values), following adherence to the Sustainable Energy Action Plan (SEAP), also thanks to the progressive increase in use of systems for generating energy from renewable sources 	 <p>With regards to the activities carried out by the Group in Italy, direct emissions (Scope 1), attributable to the energy consumption of Methane, Diesel, LPG, recorded a decrease of 12% in the last three years. More information in chapter "The Natural Capital of ATM Group".</p>

The Natural Capital of ATM Group

ATM has always sought to position itself as a point of reference when it comes to integrated and sustainable mobility. The move towards offering a low/zero environmental-impact mobility service is an integral part of the Group's strategy, as described in the "Zero emissions transportation" and "Responsible Consumption" pillars. To follow up on this objective, the Group designs and develops various initiatives to reduce its impact on the environment.

As discussed in the chapter on Intellectual Capital, companies ATM S.p.A., ATM Servizi DIVERSIFICATI S.r.l., Rail Diagnostics S.p.A., and NET S.r.l. have an environmental management system that complies with the UNI EN ISO 14001: 2015 environmental standard. In order to maintain this standard certification, companies adopt specific organizational documents (e.g. manuals, work instructions and procedures) that cover practices for good management of environmental resources, and specifically, the management of environmental emergencies and assessment of the significance of environmental impacts.

Public health emergency impacts on natural capital

The public health emergency had impacts on all ATM's capitals. Despite some intervals of interruption of ordinary activities over the year, ATM, as an essential service provider, never ceased to provide mobility services. Therefore, with reference to creation and management of value in terms of natural capital, COVID-19 pandemic caused substantial variations.

In order to guarantee service continuity during the most critical periods of the emergency, ATM strengthened sanitation of vehicles, registering a slight increase in water consumption. Moreover, these sanitation practices also affected the quantity of water discharged, and to a lesser extent, its quality. As per energy consumption, the Group registered a decrease of 3 million of litres of diesel used for transportation, partially caused by traffic reduction in the city, but also by a greater use of electric buses suppling transportation services (+69 % km travelled by e-bus compared to 2019).

As for waste production, during the entire state of emergency (currently extended until 30th of April 2021), personal protective equipment (surgical masks, industrial masks, gown, gloves, goggles) were classified as medical waste with risk of infection, as a precautionary practice. Consequently, the quantity of this class of waste showed an increase, compared to previous years, when the components were exclusively waste produced by the company's infirmaries (e.g. syringes, gauze, tourniquets, etc.) present at all sites. The total quantity for this waste category in 2020 is equal to a 530 Kg, while in 2019 was 10 Kg.

Management of energy consumption and environmental impacts

ATM achieves its commitment to reduce the adverse effects that its activities may have on the environment through initiatives for improving efficiency and upgrading its bus fleet to entirely electric vehicles, reducing greenhouse gas emissions. In that regard, the Group is committed to progressively upgrading the fleet, aiming to achieve a fleet of 100% full-electric buses by 2030, and consequently eliminating related emissions.

ATM Group involves its employees, as well as external stakeholders, in carrying out these initiatives. Pursuant to law 10/91, and for the purpose of periodic control and monitoring of energy consumption and emissions, the Group has appointed an Energy Manager, certified as an Expert in Energy Management pursuant to the UNI-CEI 11339 standard. The Energy Manager is responsible for spreading good practices for efficient use of energy, as well as carrying out periodic checks on consumption, monitoring and data collection regarding energy consumption and production (electricity, diesel, gas, etc.). Timely communication of energy consumption through primary sources is sent to FIRE (Italian Federation for Energy Efficiency) for all Italian Group companies. In the same way, ATM sends an Energy Diagnosis both for the "Public Transport" service and for the Group's production sites to ENEA (National Agency for new technologies, energy and sustainable economic development).

During 2020, energy consumption was recorded for a total of approximately 4,137 TJ, in line with the decreasing trend recorded over the last three years. The gradual replacement of diesel vehicles and implications of the pandemic emergency led to a lower consumption of diesel used for transportation. With regards to electricity and district heating, the higher consumptions registered in 2020 are mainly due to the opening of Metro Service's new metro lines, which came into operation in the first quarter of 2020 in Copenhagen.

Table 37. ATM Group's total energy consumption in TJ⁴⁰ for 2020.

Energy source ⁴¹	2020	2019	2018
Total energy consumption from renewable sources	2,437	2,630	2,768
Electrical energy purchased from the free market (Italy)	2,423	2,616	2,755
Electrical energy purchased from photovoltaics	11	13	12
Electrical energy self-produced from photovoltaics and consumed	3	1	2
Total energy consumption from non-renewable sources	1,700	1,531	1,563
Electrical energy purchased from the free market (Denmark)	502	235	241
Energy purchased from co-generation plants	150	159	117
<i>electricity</i>	<i>85</i>	<i>94</i>	<i>67</i>
<i>heating</i>	<i>65</i>	<i>64</i>	<i>49</i>
Diesel	868	983	1,015
<i>used for transportation</i>	<i>868</i>	<i>980</i>	<i>1,012</i>
<i>used for heating</i>	<i>0.4</i>	<i>2</i>	<i>3</i>
Methane	165	144	180
LPG	0.3	0.3	0.1
District heating	14	11	11
Total energy consumption	4,137	4,161	4,331

As for the emissions that result directly from the Group's activities, ATM undertakes to carefully monitor the greenhouse gas emissions released into the atmosphere. With regards to the indirect emissions generated by the consumption of the Group's garages and storage depots, ATM ensures that its authorizations are kept up to date, and monitors the parameters laid out by the authorities through external laboratories, such as total dust and nitrogen and carbon oxides produced.

The emissions deriving from the vehicle fleet are monitored according to the legislation on combustion efficiency and anti-pollution devices. In 2020, the Group continued several projects for reduction of energy consumption and GHG emissions, described in detail in the chapter on Manufactured Capital:

⁴⁰ The energy consumption expressed in TJ was calculated using the conversion factors indicated by the Ministry of Economic Development (MISE) Circular of 18 December 2014, which corresponds to that presented to FIRE through annual communication: 1 kWh electric = 0.000187 toe; 1 M liters diesel = 858.3 toe; 1Sm³ methane = 0.000836 toe 1 GWht - district heating = 103 toe; 1 t vegetable oil = 0.88 toe; 1 M litres LPG = 549.5 toe; toe / TJ = 0.042. (except for heating from co-generation plants. The conversion factors used were specific for each plant considered).

⁴¹ With a view to continuous improvement, it was deemed appropriate to revise the methodology for classifying energy consumption in order to highlight in greater detail the consumption from renewable and non-renewable sources, as well as the data relating to electricity and heat from cogeneration managed by third parties. Therefore, the data relating to 2019 and 2018 have been restated in line with the new classification methodology. Consequently, the relative values of atmospheric emissions reported below have also been updated.

- Replacement of lamps with LED technology in the stations and along the sections of the underground network. During 2019 and 2020, the replacement of lights with LED was completed in all metro stations and operative places of M1 metro line.
- Upgrade of the fleet with less polluting buses (electric buses).
- Continuation of the train braking energy recovery project: fulfilment of the new underground Gramsci that, operating since 2020, reinforces the architecture of energy conduction for M1 metro line and gives the possibility to recover train braking energy, unless it is used by accelerating trains in the same line, introducing it into the underground auxiliary circuits and, if in surplus, into the power grid of the metro line auxiliary systems, in order to supply energy to the gallery and/or station operations.
- Renewed and reinforced underground station through the implementation of a voltage regulating system for metro line M2, allowing lower energy loss and impacts from breakdowns.

As for the consumption of electricity supplied from free market and consumed in Italy, all of it is produced from renewable sources and is certified "Green Energy" with a Guarantee of Origin (pursuant to AEEGSI ARG/elt resolution no. 104/11). Thanks to the purchase of such "Green Energy" with Guarantee of origin, the Group managed to avoid the emission of approximately 85,000 tons di CO₂ in 2020.

The Group's goal is to power 100% of rolling stock with electricity by 2030, with the consequent reduction of CO₂ and atmospheric particulate matter (PM10).

In this regard, direct emissions (Scope 1), attributable to the energy consumption of methane, diesel and LPG, decreased by approximately 7% compared to the previous year.

Table 38. Direct Emissions (Scope 1) – ATM Group – tonnes of CO₂ equivalent⁴²

ATM GROUP	2020	2019	2018
CO ₂ e emissions	71,065	76,186	80,420

Indirect emissions (Scope 2), attributable to the Group's electricity and district heating consumption, decreased by approximately 9% according to the location-based calculation method, as reported in detail in the table below. According to the market-based calculation method, the Group registered a relevant increase due to the opening of new metro lines in Copenhagen, where was not possible to contract the provision of energy exclusively from renewable sources.

Table 39⁴³. Indirect Emissions (Scope 2) – ATM Group – tonnes of CO₂

ATM GROUP	2020	2019	2018
Location-based CO ₂ emissions	116,939	127,254	131,231
Market-based CO ₂ emissions	38,501	24,593	22,482

⁴² To calculate Scope 1 emissions for 2020 conversion factors reported in the 2020 UK Government GHG Conversion Factors for Company Reporting were used. See note 41 for further information.

⁴³ To calculate Scope 2 emissions for 2020, the emission factors reported in the table in the next page were used. Scope 2 (location-based) emissions are expressed in tons of CO₂, however the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO₂ equivalent) as deduced from the technical literature of reference.

Table 40. Emission factors used

Electrical Energy (location-based) Italy	gCO ₂ /kWh	277.6	Source: Terna Confronti internazionali 2018
Electrical Energy (market based) Italy	gCO ₂ /kWh	466.0	Source: AIB, European Residual Mixes 2019 (version 1.0 2020)
Electrical Energy (location-based) Denmark	gCO ₂ /kWh	374.0	Source: Terna Confronti internazionali 2019
Electrical Energy (market-based) Denmark	gCO ₂ /kWh	465.2	Source: AIB, European Residual Mixes 2019 (version 1.0 2020)
Diesel for transportation	kgCO ₂ e/l	2.546	Source: DEFRA 2020
Diesel for heating	kgCO ₂ e/l	2.758	Source: DEFRA 2020
Natural Gas	KgCO ₂ e/m ₃	2.023	Source: DEFRA 2020
Heating from Co-generation	tCO ₂ /kWh	0.171	Source: DEFRA 2020
District heating	kgCO ₂ /kWh	0.171	Source: DEFRA 2020
LPG	KgCO ₂ e/L	1.555	Source: DEFRA 2020

BOX: Eco-canopy

In addition to the commitment to upgrade the fleet, making energy consumption more efficient, in 2020, the Group continued its energy efficiency plan by implementing further initiatives. At the bus stop for the 63 and 76 bus lines in the Valsesia district, the first of the solar-powered canopies equipped with a photovoltaic system were installed, which illuminates the bus stop with LED light and powers the information displays. In total, there will be 60 of the so-called “eco-canopies” which will be gradually placed in different areas of the city. This initiative is part of the energy sustainability path that ATM has undertaken over the past several years, with the installation of photovoltaic systems in its depots.

Responsible management of water resources

The Group manages the use of water resources efficiently and responsibly, in full compliance with current sector regulations. The use of water is monitored and managed through the Ecology Department, a structure specialized in the analysis and management of environmental processes.

Water is mainly used for both civil (cafeterias and changing rooms) and industrial (washing company vehicles) purposes. The trend in water consumption is related to operational needs and depends directly on the number of vehicles, plants and employees of ATM.

Responsible use of water resources

The water used is sourced directly from the public aqueduct of the municipalities where the various company plants are located, except in Palmanova’s depot, where water is sourced from a well, solely for the bus washing structure, which is currently not in use. In addition to the industrial and civil water use, rainwater runoff from the yards of most of the company depots, especially those housing the Group’s automotive vehicles, is also managed.

ATM carries out periodic controls on water discharge, monitoring the main parameters indicated by the regulations, which mainly refer to the activities carried out on site. With respect to the limits established by law, if the concentration of contaminant exceeds the threshold of 80% of the legal limit, prevention measures and monitoring controls are implemented in order to intercept possible source "pollutants" and solve the problem by bringing the concentration below this threshold. These checks, in addition to assessing the quality of the water, allow to establish the effectiveness and efficiency of the purification processes.

Regarding the efficient use of water resource, the Group is committed to the goal of reducing megalitres of water consumption per served by 10%.

Monitoring and impacts prevention on water resources

All types of water (civil, industrial and rainwater) are drained into public sewer systems, except in the case of the Famagosta depot, where they are discharged into a surface water body (Southern Lambro-Olona River), after being treated. ATM has water treatment plants to guarantee that the quality of water discharge into surface water is in line with the receiving body of water. In case of surface water, the depot water treatment plants guarantee the fulfilment with environmental standards, detecting variations in the ecosystem. In case of water discharge to the public sewer system, ATM's water treatment plants guarantee that substances in discharged water may be treated according to the standards of the municipal water treatment plants receiving the sewage.

With reference to industrial water and rainwater, the main impact to consider is the potential introduction of pollutants into the receiving body of water. To mitigate this possibility, water treatment plants are present at all sites, removing polluting substances which are monitored and maintained through periodic analyses of the quality of the wastewater, in full compliance with regulations (Part III, Legislative Decree 152/06 and subsequent amendments).

All company offices have discharge quality requirements, since without them the water cannot be discharged into the various receiving bodies of water. Industrial discharge must be authorized by the competent local authorities in order to be performed. Should conditions arise in which the discharge requirements are not met, the water is conveyed to special tanks (through the sewer line inside the plant) and instead of being discharged, in the absence of the necessary authorizations, they are removed and disposed of as waste by means of companies authorized to transport waste to plants for treatment.

Water consumption as of December 31, 2020 may be subject to adjustments communicated after the date of publication of this document. The trend of water discharge volumes is directly related to that of withdrawals.

Table 41. Water withdrawal from municipal water supply by type and supply area.

ATM GROUP Water withdrawal	UM	2020	2019	2018
Water withdrawal from third party	ML	2,784	2,244	1,548
<i>freshwater</i>	ML	2,784	2,244	1,548
<i>from areas of water stress⁴⁴</i>	ML	0	0	0
Total water withdrawal	ML	2,784	2,244	1,548

⁴⁴ The Aqueduct tool was used to identify the water stress sites, which revealed that none of the Group's sites are located in areas with water stress.

Table 42. Water drainage by type and destination⁴⁵

ATM GROUP Water discharge by destination	UM	2020	2019	2018
Water discharge destination	ML	6	7	4
Total surface water	ML	6	7	4
<i>freshwater</i>	ML	6	7	4
<i>to areas of water stress⁴⁶</i>	ML	0	0	0
Water discharge to third-party	ML	2,767	2,229	1,545
Total water discharge to Public Sewer System	ML	2,767	2,229	1,545
<i>freshwater</i>	ML	2,767	2,229	1,545
<i>to areas of water stress⁴⁷</i>	ML	0	0	0
Total water discharge	ML	2,773	2,236	1,550

To improve the quality of the wastewater, ATM is launching a revamping campaign of the existing plants, starting from the tram stations. The campaign will integrate ion-exchange resin systems to remove heavy metals. These systems will be added to the chemical and physical filtration systems as well as the pre-existing final filtration system. Volanization tanks will be added to these at the end of the treatment process to accumulate water before being discharged into the receiving body of water, in order to check its quality more precisely. There are also ongoing campaigns to reduce water consumption for air conditioning, replacing the machines that require the use of disposable water where possible.

Responsible management of sand use

To improve the safety and adhesion of rail surface transportation during adverse weather conditions, the Group sandblasts the tracks. This operation is considered strictly necessary for the safety of passengers onboard, though it inevitably generates dust pollution.

Starting from its 2020 Integrated Report, the amount of sand used also includes the sand consumed by Metro Service for the new operating metro lines in Copenhagen, M3 (since the end of 2019) and M4 (since the beginning of 2020). Metro Service also uses sand for safe functioning of the braking systems in the vehicles. Over the past 3 years, the sand used has amounted to:

⁴⁵ The figure does not include the water discharges of Metro Service A / S

⁴⁶ See note 44.

⁴⁷ See note 44.

Table 43. Tonnes of sand used ⁴⁸

Year	Tonnes of sand used
2018	1,144
2019	1,243
2020	1,126

The reduction in sand consumption that occurred during 2020 is due to its decreased operational necessity with the tramways, stemming from fewer kilometres travelled and the weather and temperatures of the winter season, and also to the reduced transport service for restrictions of free movement in response to the COVID-19 pandemic.

Responsible waste management

As for the management of waste, ATM Group strictly complies with the current legislation on the matter and guarantees transparency and efficiency in the registration and issue of related disclosures. To this end, the Group prepares the Single Environmental Declaration Model (MUD) with which it reports its production of waste in the calendar year.

Management of waste-related impacts

Waste produced through operational activities can generate environmental impacts if not properly managed. In the specific case of ATM, impacts from waste production are characterized as follows:

- *Actual impact:* operational activities generate waste, up to their transportation offsite: any type of waste generation has an impact on the environment when it is produced;
- *Potential impact:* any type of waste generation has a “potential pollution risk” impact, in the case of negligence in waste management;
- *Direct impact:* the generation of industrial waste has this impact on the production site and surrounding area. Such an impact is perceived in the short term, especially when waste is stored onsite, from a minimum of three months to a maximum of one year (according Legislative Decree 152/06 and subsequent integrations);
- *Indirect impacts:* such impact is perceived when waste is directed to disposal and/or recovery operations in authorized sites, generating indirect impacts to the environment as a consequence those activities. This type of indirect impacts can be perceived in the long term.

In general, ATM is committed to purchasing eco-friendly, biodegradable and/or low-impact products, in order to improve the waste separation and collection process as much as possible. In addition, the Group works to recover as much waste as possible rather than sending it for disposal.

As for ordinary waste (e.g. paper, cardboard, wood, food waste, plastic and mixed waste), ATM disposes of waste via municipal differentiated waste collection services.

Industrial waste, divided in hazardous and non-hazardous solid waste, is managed through a three-year contract, renewed through a tender.

⁴⁸ 2019 and 2018 data does not include Metro Service A/S.

Other special types of waste, including metal waste (Fe, Al, Cu, etc.), batteries, oils and tires, are recovered by authorized specialist operators.

The table below shows the total waste produced in 2020. The net total waste produced in 2020 is equal to 8,101.7 tonnes, a decrease compared to the 2019 value of 10,233.2 tonnes⁴⁹.

Table 44. Breakdown of waste produced by type and method of disposal (Gruppo ATM)

Type	2020			2019 ⁵⁰		
	Produced (t)	Recovered (t)	Disposed (t)	Produced (t)	Recovered (t)	Disposed (t)
Hazardous	3,401.6	3,204.2	197.4	4,730.1	4,682.8	47.3
Non-Hazardous	4,700.0	2,309.1	2,390.9	5,503.0	2,696.5	2,806.5
TOTAL	8,101.6	5,513.3	2,588.3	10,233.2	7,379.3	2,853.8

Table 45. Breakdown of waste produced by recovery operations (Gruppo ATM)

Recovery operations	2020	2019
	Recovered by third party (t)	Recovered by third party (t)
Hazardous waste	3,204.2	4,682.8
<i>Recycled</i>	8.9	0
<i>Sent to storage facility prior to landfilling</i>	3,195.3	4,682.8
Non-Hazardous waste	2,309.1	2,696.5
<i>Recycled</i>	136	0
<i>Sent to storage facility prior to landfilling</i>	2,173.1	2,696.5
TOTAL	5,513.3	7,379.3

Table 46. Breakdown of waste produced by disposal operations (Gruppo ATM)

Disposal operations	2020			2019		
	Onsite (t)	Offsite (t)	Total	Onsite (t)	Offsite (t)	Total
Hazardous waste	0	197.4	197.4	0	47.3	47.3
<i>Sent to storage facility prior to landfilling</i>	0	197.4	197.4	0	47.3	47.3
Non-Hazardous waste	1,550.0	840.9	2,390.9	1,855.2	951.3	2,806.5
<i>Incineration with energy recovery</i>	0	114.2	114.2	0	0	0
<i>Sent to storage facility prior to landfilling</i>	1,550.0	726.7	2,276.7	1,855.2	951.3	2,806.5
TOTAL	1,550.0	1,038.3	2,588.3	1,855.2	998.6	2,853.8

⁴⁹ It should be noted that the processes underlying the data collection made it possible to collect only the data relating to the reporting years 2020 and 2019. To consult the previously published data, please refer to the 2019 Consolidated Non-Financial Statement of the ATM Group.

⁵⁰ With reference to 2019, values do not include waste generated by Metro Service A/S.

In addition, in the context of employee's health and safety and upgrading work environment, in 2018 a new contract was awarded for the removal of 10,000 linear meters of insulation and about 650 square meters of asbestos-containing panels at the company headquarters over the three-year period. In 2020, over 2,620 linear meters of asbestos-containing insulation were removed from the company's headquarters (including 420 meters of bolts in Trezzo) along with 400 square meters of asbestos-containing cement slabs. A new tender was launched to for the removal of 7,600 meters of asbestos-containing insulation (including 3,200 m of bolts in Novara) and around 1,850 square meters of panels and various other industrial objects (stucco and flooring).

GRI - TYPE AND SCOPE OF IMPACTS

Material Topic	GRI Standards	Scope of Impact	ATM Group Role
Quality and accessibility of services	GRI 103 (2016): Management Approach GRI 203 (2016): Indirect economic impacts	ATM Group	Direct – Caused by ATM Group
Economic and financial performance	GRI 103 (2016): Management Approach GRI 201 (2016): Economic performance GRI 207 (2019): Tax	ATM Group	Direct – Caused by ATM Group
Community relations and local development	GRI 103 (2016): Management Approach GRI 203 (2016): Indirect economic impacts	ATM Group	Direct – Caused by ATM Group
Security & Safety	GRI 103 (2016): Management Approach	ATM Group Law Enforcement	Direct – Caused by ATM Group Indirect – ATM Group contributes to this impact
Intermodality and integration of services	GRI 103 (2016): Management Approach	ATM Group Other public transportation and mobility companies	Direct – Caused by ATM Group Indirect – Connected to the activities of the Group through its business relations
Noise and vibration mitigation	GRI 103 (2016): Management Approach	ATM Group	Direct – Caused by ATM Group
Energy consumption and environmental impacts	GRI 103 (2016): Management Approach GRI 302 (2016): Energy GRI 305 (2016): Emissions	ATM Group Electrical energy supplier	Direct – Caused by ATM Group Indirect – Connected to the activities of the Group through its business relations
Responsible management of resources and waste	GRI 103 (2016): Management Approach GRI 303 (2018): Water and Effluents GRI 306 (2020): Waste	ATM Group Water and waste disposal suppliers	Direct – Caused by ATM Group Indirect – Connected to the activities of the Group through its business relations
Ethics, integrity and compliance	GRI 103 (2016): Management Approach GRI 412 (2016): Human Rights assessment GRI 205 (2016): Anti-corruption GRI 307 (2016): Environmental Compliance GRI 419 (2016): Socioeconomic Compliance	ATM Group	Direct – Caused by ATM Group
Diversity, inclusion and welfare	GRI 103 (2016): Management Approach GRI 405 (2016): Diversity and equal opportunity GRI 401 (2016): Employment	ATM Group	Direct – Caused by ATM Group
Training and professional development	GRI 103 (2016): Management Approach GRI 404 (2016): Training and education	ATM Group	Direct – Caused by ATM Group
Protection of employee health and safety	GRI 103 (2016): Management Approach GRI 403 (2018): Occupational Health and Safety	ATM Group	Direct – Caused by ATM Group
Responsible management of the supply chain	GRI 103 (2016): Management Approach GRI 204 (2016): Procurement practices	ATM Group	Direct – Caused by ATM Group

GRI CONTENT INDEX

The following is a table of GRI indicators, in accordance with the GRI Standards: Core option. Any omissions are reported as notes for the individual disclosures.

GRI Standard	Disclosure	Page number and notes
GRI 101 FOUNDATION (2016)		
GRI 102 GENERAL DISCLOSURES (2016)		
Organizational profile		
GRI 102: General Disclosures (2016)	102-1 Name of the organization	9
	102-2 Activities, brands, products and services	11-13
	102-3 Location of headquarters	11
	102-4 Location of operations	11-12
	102-5 Ownership and legal form	15
	102-6 Markets served	11-12
	102-7 Scale of the organization	37, 42, 61
	102-8 Information on employees and other workers	62
	102-9 Supply chain	82-84
	102-10 Significant changes to the organization and its supply chain	82-84
	102-11 Precautionary Principle or approach	17-19, 27-31
	102-12 External initiatives	33-34, 84-85
	102-13 Membership of associations	UITP International Public Transportation association AGENS Confederal Transport and Services Agency
Strategy		
GRI 102: General Disclosures (2016)	102-14 Statement from senior decision-maker	7-8
Ethics and integrity		
GRI 102: General Disclosures (2016)	102-16 Values, principles, standards, and norms of behaviour	11
Governance		
GRI 102: General Disclosures (2016)	102-18 Governance structure	16-17
Stakeholder engagement		
GRI 102: General Disclosures (2016)	102-40 List of stakeholder Groups	21-22
	102-41 Collective bargaining agreements	In 2020, nearly 99% ATM Group employees were covered by collective bargaining contracts. Of these, 100% in Italy and roughly 79% in Denmark.

	102-42 Identifying and selecting stakeholders	21-22
	102-43 Approach to stakeholder engagement	22-23
	102-44 Key topics and concerns raised	23-24
Reporting practice		
GRI 102: General Disclosures (2016)	102-45 Entities included in the consolidated financial statements	9-10
	102-46 Defining report content and topic Boundaries	9-10
	102-47 List of material topics	23-24; 99
	102-48 Restatement of information	9-10
	102-49 Changes in reporting	9-10, 22-24
	102-50 Reporting period	9-10
	102-51 Date of most recent report	9-10
	102-52 Reporting cycle	9-10
	102-53 Contact point for questions regarding the report	9-10
	102-54 Claims of reporting in accordance with the GRI Standards	9-10
	102-55 GRI content index	101-104
102-56 External assurance	10	
MATERIAL TOPICS		
Economic and financial performance		
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its boundary	23-24, 99
	103-2 The management approach and its components	36-40
	103-3 Evaluation of the management approach	9-10, 35-39
GRI 201: Economic performance (2016)	201-1 Direct economic value generated and distributed	37
	201-4 Financial assistance received from the government	37-38
GRI 207: Tax (2019)	207-1 Approach to tax	39-40
	207-2 Tax governance, control, and risk management	39-40
	207-3 Stakeholder engagement and management of concerns related to tax	39-40
	207-4 Country-by-country reporting	40
Quality and accessibility of services		
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its boundary	24-25, 99
	103-2 The management approach and its components	41-49, 79-80
	103-3 Evaluation of the management approach	9-10, 41-49, 79-80
GRI 203: Indirect economic impacts (2016)	203-1 Infrastructure investments and services supported	36-37
Responsible management of the supply chain		
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its boundary	23-24, 99
	103-2 The management approach and its components	82-84
	103-3 Evaluation of the management approach	9-10, 82-84
GRI 204: Procurement practices (2016)	204-1: Proportion of spending on local suppliers	83

Ethics, integrity and compliance		
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its boundary	23-24, 99
	103-2 The management approach and its components	53-58
	103-3 Evaluation of the management approach	9-10, 53-58
GRI 205: Anti-corruption (2016)	205-3 Confirmed incidents of corruption and actions taken	55
GRI 412: Human Rights assessment (2016)	412-2 Employee training on human rights policies or procedures	58
GRI 307: Environmental Compliance (2016)	307-1 Non-compliance with environmental laws and regulations	53
GRI 419: Socioeconomic Compliance (2016)	419-1 Non-compliance with laws and regulations in the social and economic area	53
Energy consumption and environmental impacts		
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its boundary	23-24, 99
	103-2 The management approach and its components	53-54, 87-92
	103-3 Evaluation of the management approach	9-10, 53-54, 87-92
GRI 302: Energy (2016)	302-1 Energy consumption within the organization	90
GRI 305: Emissions (2016)	305-1 Direct (Scope 1) GHG emissions	91-92
	305-2 Energy indirect (Scope 2) GHG emissions	91-92
	305-5 Reduction of GHG emissions	44-45, 87, 90-91
Responsible management of resources and waste		
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its boundary	23-24, 99
	103-2 The management approach and its components	53-54, 92-97
	103-3 Evaluation of the management approach	9-10, 53-54, 92-97
GRI 303: Water and Effluents (2018)	303-1 Interactions with water as a shared resource	92-93
	303-2 Management of water discharge-related impacts	92-93
	303-3 Water withdrawal	94
	303-4 Water discharge	94
GRI 306: Waste (2020)	306-1 Waste generation and significant waste-related impacts	95-96
	306-2 Management of significant waste-related impacts	95-96
	306-3 Waste generated	96-97
	306-4 Waste diverted from disposal	96-97
	306-5 Waste directed to disposal	96-97
Diversity, inclusion and welfare		
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its boundary	23-24, 99
	103-2 The management approach and its components	59-68
	103-3 Evaluation of the management approach	59, 59-68
GRI 401: Employment (2016)	401-1 New employee hires and employee turnover	63
	405-1 Diversity of governance bodies and employees	17, 64-65

GRI 405: Diversity and equal opportunity (2016)	405-2 Ratio of basic salary and remuneration of women to men	65-66
Protection of employee health and safety		
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its boundary	23-24, 99
	103-2 The management approach and its components	53-54, 59, 68-72
	103-3 Evaluation of the management approach	9-10, 53-54, 59, 68-72
GRI 403: Occupational Health and Safety (2018)	403-1 Occupational health and safety management system	53-54, 68-72
	403-2 Hazard identification, risk assessment, and incident investigation	68-72
	403-3 Occupational health services	68-72
	403-4 Worker participation, consultation, and communication on occupational health and safety	68-72
	403-5 Worker training on occupational health and safety	71-72
	403-6 Promotion of worker health	71-72
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	68-72
	403-8 Workers covered by an occupational health and safety management system	53-54, 59, 68-72
Training and professional development		
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its boundary	23-24, 101
	103-2 The management approach and its components	72-74
	103-3 Evaluation of the management approach	9-10, 72-74
GRI 404: Training and education (2016)	404-1 Average hours of training per year per employee	73
Community relations and local development		
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its boundary	23-24, 99
	103-2 The management approach and its components	84-85
	103-3 Evaluation of the management approach	9-10, 84-85
GRI 203: Indirect economic impacts (2016)	203-2 Significant indirect economic impacts	14, 38, 45-47, 84-85
Security & Safety		
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its boundary	23-24, 99
	103-2 The management approach and its components	83-84
	103-3 Evaluation of the management approach	83-84
Intermodality and integration of services		
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its boundary	23-24, 99
	103-2 The management approach and its components	81-82
	103-3 Evaluation of the management approach	81-82
Noise and vibration mitigation		
GRI 103: Management Approach (2016)	103-1 Explanation of the material topic and its boundary	23-24, 99
	103-2 The management approach and its components	47-48, 82
	103-3 Evaluation of the management approach	48-49, 82

INDEPENDENT AUDITOR'S REPORT

**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267/2018**

**To the Board of Directors of
Azienda Trasporti Milanese S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Azienda Trasporti Milanese S.p.A. and its subsidiaries (hereinafter "ATM Group" or "Group") as of December 31, 2020 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on April 21, 2021 (hereinafter "NFS").

Responsibility of the Directors and the Board of Statutory Auditors 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 *Global Reporting Initiative Sustainability Reporting Standards* established by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 ("ISQC Italia 1") and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of article 3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the ATM Group;
4. understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a);

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Azienda Trasporti Milanesi S.p.A. and with the employees of Metro Service A/S, and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for Azienda Trasporti Milanesi S.p.A. and Metro Service A/S, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out remote meetings, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the ATM Group as of December 31, 2020 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.

DELOITTE & TOUCHE S.p.A.

Signed by
Matteo Bresciani
Partner

Milan, Italy
May 28, 2021

*This report has been translated into the English language solely
for the convenience of international readers.*