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Via Bari, 20
00161 Roma
Italy

Rome, March 24, 2020

Alphabet Inc.
1600 Amphitheatre Parkway
Mountain View, California 94043 – USA

To the kind attention of:
Investor Relations Department

ESG engagement letter

Dear Investor Relations Team,

Fondo Pensione EUROFER is the pension fund for employees of the Italian State Railways, established in March 2002 as a non-profit organization with the goal of ensuring the associated workers their standard of living during retirement, thanks to an additional contribution pension plan, complementary to the public one.

As of December 31st, 2019, over 75,000 active workers from 117 companies were members of the fund with assets under management of €1,153,779,296 a portion of which is invested in shares of your Company.

EUROFER integrates the principles of sustainability and ESG (i.e. environmental social and governance) in its investment strategies, coupled with investment principles of a typical pension fund, which require a non-speculative investment approach, a long-term time horizon, a low portfolio turnover, and a stable relationship with its members. All investments (both equity and debt) of EUROFER follow a social responsibility policy.

With this letter, we bring to your attention specific aspects of the ESG profile the Company with the aim of creating a positive, constructive and long-term dialogue to foster a progressive improvement



FONDO PENSIONE NAZIONALE A CAPITALIZZAZIONE
PER I LAVORATORI DELLE FERROVIE DELLO STATO

of the management of business risks, including non-financial risks, to whom EUROFER pays special attention in the interest of its beneficiaries.

The requests we would like to ask with this letter are:

- **Publish a Report on actual and potential impacts of Censored Google Search in China**
- **Report on Gender and Racial Pay Gap**
- **Establish the One Vote Per Share principle**

Publish a Report on actual and potential impacts of Censored Google Search in China

EUROFER, in line with a similar request from the ICCR investors' network¹, invites the Company to publish a Human Rights Impact Assessment (at reasonable cost, omitting proprietary or legally privileged information), examining the actual and potential impacts of censored Google search in China. EUROFER recommends the assessment refer to the United Nations Guiding Principles on Business and Human Rights.

In March 2010, Google announced it would stop censoring search services on its Chinese search site and would redirect users to a site offering uncensored search. Google's David Drummond said, "It is good for our business to push for free expression."

In August 2018, however, the Intercept reported that Google was developing a censored search engine — codenamed Dragonfly — for the Chinese market that would comply with China's repressive censorship laws and "blacklist websites and search terms about human rights, democracy, religion, and peaceful protest."

Google CEO Sundar Pichai subsequently confirmed the Company is considering a censored search product. In congressional testimony, Pichai noted "internal efforts" but would not provide any detail.

Human rights organizations and lawmakers have called on Google to end work on Dragonfly. U.S. senators wrote to Pichai that Dragonfly "risks making Google complicit in human rights abuses related to China's rigorous censorship regime." Google employees have quit to avoid working on products that enable censorship; 1,400 current employees have signed a letter protesting Dragonfly. Employees said: "Currently we do not have the information required to make ethically-informed decisions about our work, our projects, and our employment"². Some employees have threatened to strike. Dragonfly may also be inconsistent with Google's AI Principles.

Dragonfly could further enable surveillance by allowing the Chinese government to monitor individuals' Google searches by tying search results to phone numbers. Uighurs in China reportedly already face draconian measures, which require them to install tracking apps on their smartphones

¹ See <http://www.iccr.org/about-iccr>

² See <https://www.washingtonpost.com/technology/2018/10/16/google-really-is-trying-build-censored-chinese-search-engine-its-ceo-confirms/> ; <https://www.nytimes.com/2018/08/16/technology/google-employees-protest-search-censored-china.html>



FONDO PENSIONE NAZIONALE A CAPITALIZZAZIONE
PER I LAVORATORI DELLE FERROVIE DELLO STATO

that monitor everything they do online. Similar practices could put Google users in China at risk of interrogation or detention. Patrick Poon, China expert for Amnesty International, has asked: "Would Google rollover and hand over personal data should the Chinese authorities request it?"³

As a member of the Global Network Initiative, joined in 2008, Google has committed to conduct human rights due diligence to identify, prevent, evaluate, mitigate and account for risks to the freedom of expression and privacy rights that are implicated by the company's products, services, activities and operations.

EUROFER is concerned that a growing gap between Google's stated values and actions could generate global controversy and present significant reputational risk.

Report on Gender and Racial Pay Gap

EUROFER, in line with a similar request from the ICCR investors' network, request that the Company report on its global median gender pay gap⁴, including associated policy, reputational, competitive, and operational risks, and risks related to recruiting and retaining female talent. The report should be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information.

A report adequate for investors to assess company strategy and performance would also include the percentage global median pay gap between male and female employees across race and ethnicity, including base, bonus and equity compensation.

The World Economic Forum estimates the gender pay gap costs the economy 1.2 trillion dollars annually. The median income for women working full time in the United States is 80 percent of that of their male counterparts. This disparity can equal nearly half a million dollars over a career. The gap for African American and Latina women is 60 percent and 55 percent. At the current rate, women will not reach pay parity until 2059.

United States companies have begun reporting statistically adjusted equal pay for equal work numbers, assessing the pay of men and women performing similar jobs, but mostly ignore median pay gaps. Regulation in the United Kingdom now mandates disclosure of median gender pay gaps. And while Google reported a 16 percent median hourly pay gap and 27 percent median bonus pay gap for its United Kingdom operations, it has not published median information for its global operations.

³ See <https://www.amnesty.org.uk/press-releases/google-acceptance-chinas-extreme-censorship-would-be-dark-day-internet-freedom>

⁴ The gender pay gap is defined as the difference between male and female median earnings expressed as a percentage of male earnings (Organization for Economic Cooperation and Development).



FONDO PENSIONE NAZIONALE A CAPITALIZZAZIONE
PER I LAVORATORI DELLE FERROVIE DELLO STATO

On July 31, 2017, the S&P Dow Jones Indices announced that the S&P Composite 1500 and its component indices will no longer add companies with multiple share class structures⁶. This change reflects a toughening stance by index firms and the investors they represent who increasingly emphasize the importance of corporate governance rights.

In reaction to the change at the S&P, the executive director of the Council of Institutional Investors (CII) stated: "Multi-class structures...rob shareholders of the power to press for change when something goes wrong, which happens sooner or later at most if not all companies...Shareholders at such companies have no say in electing the directors who are supposed to oversee management." CII recommends a seven year phase-out of dual class share offerings. The International Corporate Governance Network supports CII's recommendation "to require to a time-based sunset clause for

dual class shares to revert to a traditional one-share/one-vote structure no more than seven years after a company's IPO date."

We trust you would take into consideration our requests as a stimulus towards achieving greater consensus from all your stakeholders.

We look forward to your kind reply to our requests. We are keen to analyze carefully any further documentation that you may provide us concerning the highlighted points.

Thanking you for your attention and waiting for your kind reply.

Kind regards,

Avv. Antonella D'Andrea, Chairman
Fondo Pensione EUROFER

⁶ See <https://www.prnewswire.com/news-releases/sp-dow-jones-indices-announces-decision-on-multi-class-shares-and-voting-rules-300496954.html>