



2021 SUSTAINABILITY REPORT



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SUSTAINABILITY
REPORT

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LETTER TO ST



Gianbattista La Rocca
Chief Executive Officer

Dear Stakeholders

We are very proud to publish our 2021 Sustainability Report, setting out Italo's performance over the last year.

Our commitment to support the drive to 'Net Zero' through the adoption of sustainable transport has been at the core of our strategy since Italo's inception in 2006. Our fleet is fully electric and best-in-class in the railway sector which is already characterized by having an environmental cost 87% lower than cars and 81% lower than planes. Italo has attracted customers to rail through its focus on customer service, quality and value for money.

The impacts of the Covid-19 pandemic have been significant. Nevertheless, Italo has maintained vital connections even in the most critical months of the emergency, ensuring health and safety for both our passengers and our employees.

We have put in place initiatives and investments of approx. €50 million aimed at mitigating the consequences of the pandemic on staff and customers such as HEPA filters on all our trains fleet. Italo is the first Company in the world to install HEPA filters on trains. The commitment of the Italo team to sustainability is stronger than ever, and we are proud, despite the difficult circumstances of 2021 to have refreshed our Sustainability Plan. Our new Sustainability Plan, updated for the 2022-2024 period formalizes our commitments. It is aligned around 6 key pillars,

TAKEHOLDERS



with 13 clear goals and targets for the next 3 years, with concrete actions and KPIs to monitor progress. Moreover, it links the delivery of the plan to the UN Sustainable Development Goals, and underpins Italo's €1 billion green loan, the largest green loan in the transport sector, linked to key environmental and social KPIs, which has enabled the renewal of Italo's fleet and improving its already leading environmental performance. The path has been set out and I know that everyone at Italo, including our Shareholders, are committed to our continued improvement and to our being a sustainability leader in Italy.

Despite the difficulties and uncertainties in 2021 we have continued to act and invest in our key sustainability initiatives including funding grants for scientific research, participating in green recycling projects, analyzing our Scope 3 GHG emissions, reducing our Scope 1 GHG emissions and prioritizing the safety and training for our employees. Moreover, we have taken action to further contribute to sustainability disclosure and in this latest report are published for the first time our climate change risk analysis, carried out according to internationally acknowledged TCFD guidelines, to map climate-related risks and

opportunities. We have also voluntarily adopted new EU transparency reporting requirements, which confirm **Italo as 100% aligned with the EU's classification for green sustainable businesses.**

The Company is proud of its contribution to the community and is committed more than ever to implementing its sustainability strategy. I would like to thank all our employees and collaborators, and the stakeholders who daily demonstrate their support and that make our effort towards the future of mobility possible.

Our achievements represent a starting point, not a finishing line. Italo and its people strongly believe in this project and want to create an example of how transport can become more sustainable.

Gianbattista La Rocca
Chief Executive Officer



HIGHLIGHTS

COMPANY PROFILE

101 million passengers served since 2012

51 trains in fleet

49 towns reached

56 stations linked

€488 million total Operating Revenues

€1.9 billion equity

€58 million investments

€104 million Profit for 2021

SAFETY

ISO

45001 occupational health and safety management system

100% of trains equipped with HEPA filters

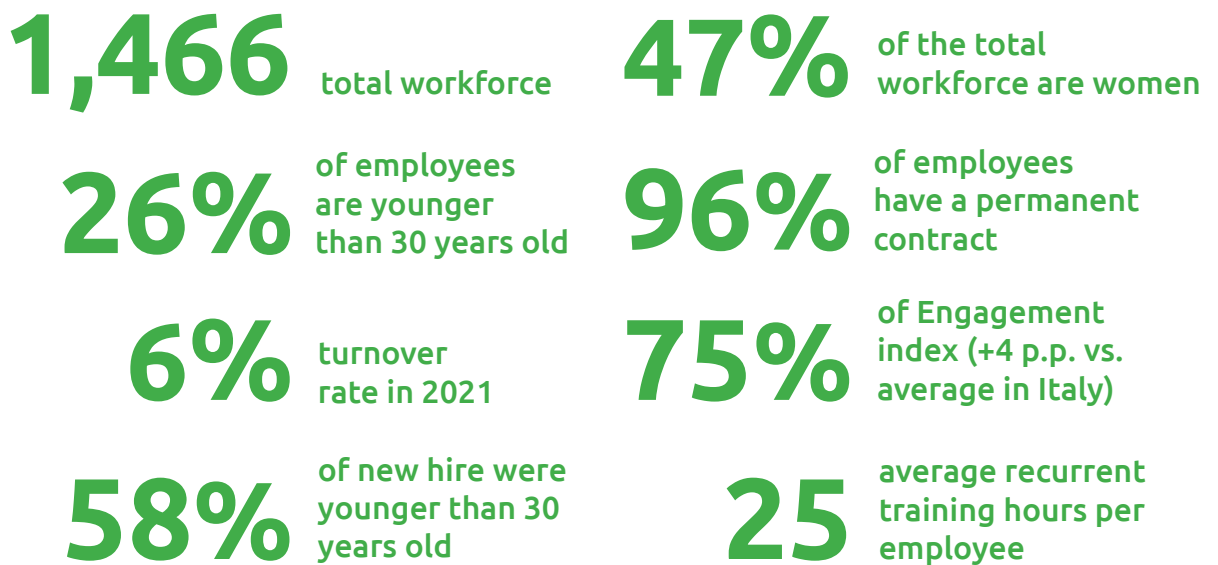
0 non-compliance with customers health and safety law

10,000 hours of Health and Safety training

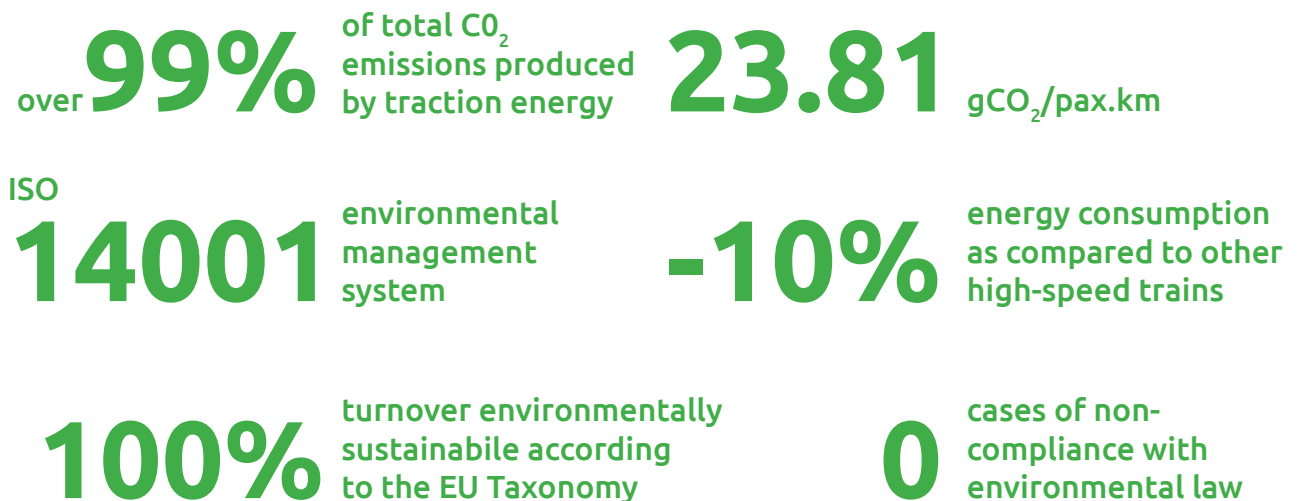
0 significant rail accidents



PEOPLE



ENVIRONMENT



CUSTOMERS

90.9% overall satisfaction index in 2021

97.4% Italo punctuality rate

9.4 the perceived quality of Italo's assistance services to people with reduced mobility
OUT OF TEN

1.46 million followers on social media

GOVERNANCE

0 cases of non-compliance in the field of business ethics

2 bodies dedicated to sustainability governance

SOCIETY

95% of total purchase spending on domestic suppliers

5 new routes assessed in terms of social and economic impact

€316.9 million expenditure on domestic suppliers

1st YEAR of a 3-year scholarship for a researcher financing





THE FUTURE

WORLDWIDE COMMITMENT TO SUSTAINABLE DEVELOPMENT

2021 saw an increased focus on climate action. In November 2021, the Glasgow Global Climate Summit (Conference of Parties 26, so called COP 26) has accelerated action towards global net zero emissions by 2050 requiring a shift from commitments to real actions. Moreover, COP 26 set targets about protection of natural habitats and communities, mobilization of investments towards global net zero and partnering for environmental goals.

This goal is a key one in understanding current trend in global commitment to climate change, strongly focused on mitigating and adapting to changing climate by reducing GHG emissions and assessing possible climate-related risks and opportunities.

Governments and institutions have worked on long-term strategies and issued increasingly stricter rules to disincentive carbon intensive activities and make environmental reporting more transparent.

The European Union has continued to be a pioneer, and continues to lead the way to a comprehensive set of rules for achieving its ambitious Union-wide net-zero target by 2050¹. Among the most significant strategic frameworks, the **European Green Deal**² marks a fundamental watershed in the EU commitment to sustainable development, with its cross-sector approach to realize the transition to a sustainable society.

At the same time, other important actions have been taken to favor such transition. One crucial aspect concerns the **EU Action Plan on Sustainable Finance**, which aims to accelerate transition by channeling investments to sustainable business. This Action Plan led to the **EU Taxonomy**, described in the “EU Taxonomy” paragraph of this Report, providing the framework for investors and stakeholders to identify green sustainable sectors and businesses.

THE ROLE OF RAIL TRANSPORTATION

In this context, the **railway sector must play a central role**, representing a ready-to-use clean means of transportation.

The rail sector has been changing fast with the aim of becoming safer, more efficient, more inclusive, and more sustainable.

1 https://ec.europa.eu/clima/eu-action/climate-strategies-targets/2050-long-term-strategy_en

2 https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_it

OF MOBILITY



According to UIC forecasts³, 15% of world freight traffic and 12% of passenger traffic will switch to the railways by 2030. Cars and trucks will be used less as well as short-haul flights, all replaced by train travels. This is an important change considering that, according to the European Environment Agency⁴, the train is the means of transport characterized by the lowest environmental costs as compared with cars and airplanes. In fact, a journey by high-speed train has an environmental cost 87% lower than an average car and 81% lower than air transportation according to this study⁵.

Changes in the rail sector will also affect workers by creating millions of new skilled jobs. Railways will be sourced from an increasingly sustainable supply chain and will always have greater access to sustainable finance and its tools. Eventually, the sector will increasingly reduce its GHG emissions and achieve climate neutrality well before 2050.

All of this will be possible by integrating the railway sector with technological development and smart cities that will connect them. The increasing electrification, the phase-out of diesel, the use of green hydrogen, the digitalization and development of new technological systems - such as regenerative braking systems or permanent magnet synchronous traction systems - will allow Italo to reach increasingly challenging goals. In addition, increasingly aware and demanding customers will find themselves choosing the train as a more sustainable alternative. The railway stations will become public spaces serving the community where, in addition to being able to take the train, customers can enjoy a whole new series of public and private services such as hotels, public libraries, coworking and recreational spaces. In 2030 everyone will benefit from an innovative and more inclusive rail transport service. A service with these standards will make cities safer by reducing traffic, road accidents and improving local air quality. Finally, the supply of energy from renewable sources will make it possible to offer an efficient and impact-free mobility service.

Following those trends and as seen before, institutions have endorsed the commitment to a new and more sustainable mobility worldwide, as the EU has done with its **European Green Deal**. Indeed, "Transport" represents one of the 8 major action areas to reach its 2050 goals and is in turn based on a strategy aiming at strongly expanding cross-border and long-distance rail traffic, in partial replacement of cars and planes. 2021 marked a sign of this strong commitment as it was celebrated as the **European Year of Rail**, an acknowledgment of the central role of rail transport in the ecological transition.

³ UIC-International Union of Railways, *Vision of rail 2030*, November 2021

⁴ European Environment Agency, Report No 19/2020. In the report, the EEA compares the environmental costs of a trip by car, train or plane (A320 Aircraft).

⁵ Environmental costs refer to five different categories: climate (non-CO₂), climate (well-to-tank), climate (tank-to-wheel), air pollution, noise.

This role is supported by development plans and national funds made available by many European States, including Italy. In the NRRP⁶, the national plan adopted for the recovery from the pandemic in Italy, more than €24 billion have been made available for the development of the rail transportation, with more than €14 billion for the development of the rail network across the national territory only. In the wake of large national investments, Italo firmly believes that expanding its business by offering new services gives a decisive contribution to the national transportation and economic system as a whole. Since 2012 Italo has expanded its network from 5 to 49 cities reached and committed to evaluate the impact of such expansion on local communities.

Through its Sustainability Plan and several initiatives launched in recent years, and detailed over the following paragraphs, Italo has set ambitious goals in line with the global, European and national objectives and policies described above. Among such goals, the voluntary anticipated disclosure on the EU Taxonomy, the analysis of climate risks and reporting of Scope 3 emissions represent some of the major efforts.

ITALO'S ROAD TO SUSTAINABLE BUSINESS

Italo is aware of its role in the transition towards a new mobility. Therefore, it has structured a management system that is aware of the ambitious goal set by the EU, the climate-energy package "20-20-20"⁷ and cooperates for a unique Global Sustainable Goal with other rail companies through the adoption of the "Declaration for sustainable mobility"⁸, that is an agreement supported by the United Nations including more than 200 rail companies globally. The declaration aims at producing positive impacts and improvements in three key areas: meeting the expectations of society, meeting the expectations of customers, and ensuring a responsible leadership.

More in general, Italo has been working steadily on integrating sustainability into its corporate strategy. Over the years, Italo has progressively expanded its commitment to build a fully sustainable business and has embarked on a path that will lead the company to further integrate sustainability into its business strategy and developing its Corporate Social Responsibility ("CSR").

With these goals in mind, the company achieved several milestones in 2021:

- Strengthened its corporate governance by identifying new bodies responsible for managing ESG issues (the ESG Steering Committee and the ESG Team)

6 Piano Nazionale di Ripresa e Resilienza, 2021, <https://www.governo.it/sites/governo.it/files/PNRR.pdf>

7 https://ec.europa.eu/clima/policies/strategies/2020_en

8 https://uic.org/IMG/pdf/uic_sustainability_declaration_final.pdf

- Achieved the targets set for in the Sustainability-Linked Loan
- Worked on its first Climate Change Risk Assessment (activity started in 2021 and completed in early 2022)

Moreover, in confirming its corporate character strongly connected to the expectations of the various stakeholders, and its commitment to maintain its sustainability leadership not only at sector but also at national level within, Italo continued to enhance its commitment to a transparent and engaging sustainability reporting. Indeed, in the first months of 2022 Italo worked on:

- The update and improvement of its Materiality Analysis to identify issues that reflect ESG impacts significant for the company or that may influence stakeholder assessments and decisions.
- The drafting of 2021 Sustainability Report, based on the widespread GRI Sustainability Standards and involving new disclosures about business social impact and climate-related risk assessment.
- The voluntary adoption of the EU Taxonomy.
- The launch of a Scope 3 Emission mapping and a Life Cycle Assessment (LCA) study on cleaning service, which will be carried out in 2022.
- The development of an impact assessment tool to be applied to current and new routes in order to evaluate the economic, social and environmental impacts of Italo's rail services.

Sustainable financing: Green Loan and Sustainability-linked loan

In 2019, the Company obtained the largest ever Green Loan in the global transport sector: a €1.1 billion loan marking an unprecedented turning point in green financing for the sector. The loan, which was provided by a syndicate of Italian and international banks, was used to re-finance Italo's green investments and to further expand its modern and efficient fleet.

Italo has proven to be a mass transport operator that uses a fleet of best-in-class eco-friendly trains and a leader in environmental sustainability in the high-speed rail market. This qualifies the Company as a "pure player" by Second Party Opinion, whose revenues are generated entirely by activities that involve a low level of CO₂ emissions and that is therefore able to combat climate change.

Sustainable finance puts environmental, social and governance (ESG) concerns at the heart of the Company's decision-making and investment planning. Italo believes that this will have a positive impact on society and the environment without sacrificing financial returns.

To further strengthen its commitment to sustainable finance, in 2020, the Company successfully exercised the Sustainability Linked Option, linking the loan to concrete sustainable performance goals tested/measured on an annual basis. The loan agreement is classified as "green" and "sustainable".

In 2021 Italo achieved all the targets set out in agreement with the lenders.

Eu taxonomy

The **EU Regulation No. 2020/852 of 18 June 2020** (hereinafter also “Regulation” or “EU Taxonomy”) defines the taxonomy of economic activities that can be considered sustainable, or a unified system of classification of economic activities that contribute to at least one of the environmental objectives identified by the legislation.

In particular, in order to qualify as environmentally sustainable, that is aligned with the EU taxonomy, Article 3 of the Regulation requires that an activity:

- **contributes substantially to the achievement of one or more of the environmental objectives;**
- **does not significantly harm (DNSH criterion) any of the remaining environmental objectives;**
- **is carried out in compliance with minimum social safeguards; and**
- **complies with technical screening criteria laid down by the Commission.**

Although Italo is not among the organizations for which reporting such disclosure is mandatory – as defined by article 8 of the Regulation – it has **voluntarily decided to implement the Taxonomy** in the first year of applicability.

The Company has gone **beyond the regulatory requirements** for the reporting year 2021. Indeed, the Company has chosen to report not only the eligibility⁹ but also the alignment of its business to the Taxonomy, that is how and to what extent its activities are considered environmentally sustainable according to the Regulation.

This level of disclosure has required additional analyses that Italo has carried out in the pursuit of a more transparent disclosure one.

In particular, the Regulation requires communication of the share of turnover, capital expenditure and operating expenditure considered aligned or not aligned to the EU Taxonomy, by reporting whether the relevant economic activities are described in the delegated acts related to the Regulation and whether it fulfills one or all of the technical screening criteria laid down in those delegated acts.

Italo has determined that its economic activities refer to the “**Passenger interurban rail transport**” category as reported by the delegated acts, which covers 100% of its business. After analyzing the technical screening criteria, Italo has focused its analysis on the “**Climate change mitigation**” objective, reaching the conclusions reported in the following table:

KPI	Taxonomy aligned proportion (%)	Taxonomy not aligned proportion (%)
Turnover	100%	0%
Capital Expenditure	100%	0%
Operating Expenditure	100%	0%

⁹ An eligible activity is an activity listed in the delegated acts related to the Regulation 852/2020, irrespectively of the fulfilment of technical screening criteria reported by the delegated acts themselves.



As already mentioned in the previous paragraphs, Italo's core business is characterized by an environmentally sustainable nature. Indeed, as shown in the table, Italo's core activity, covering 100% of its revenue¹⁰, is completely aligned to the requirements of the EU Taxonomy as fulfilling all the technical screening criteria reported therein. In particular, according to the delegated acts, Italo substantially contributes to one of the six environmental objectives – the climate change mitigation – by **carrying out its operations entirely through electric trains, with no direct CO₂ emissions**, while complying with the minimum social safeguards and doing no significant harm to the remaining environmental objectives, by using recovery locomotives that respect emission limits set by EU law, managing its waste with appropriate procedures, and taking into account climate risks in its business. Indeed, as described in the "Environment" chapter and as mentioned above, in early 2022 Italo has completed its first climate risk assessment, which also maps physical climate risks and related possible adaptation solutions, according to the criteria set by the EU Taxonomy for climate change adaptation.

Given that 100% of its business is considered to be aligned to the EU Taxonomy, Italo has defined that both capital and operating expenditures are related to assets or processes associated with Taxonomy-aligned economic activities as well, as required by the Regulation and its delegated acts.

Sustainability plan

In 2021, the Company updated its three-year plan and reorganized its objectives and priorities in order to make it consistent with the materiality analysis' results carried out during the year.

By reinforcing its commitment in the areas covered by the plan, the Company will be able to bring its attitude to innovation in the field of corporate sustainability and thus confirm the long tradition that has made it an international best in class in the field of green mobility.

Italo's Sustainability Plan is focused on the key pillars of the business and aims to consolidate its long-term direction on a sustainable track. It presents ambitious goals that the Company is committed to achieving and that pursues with clear actions and quantitative and qualitative targets.

It rests on 6 pillars: **Safety, People, Environment, Customers, Governance, and Society** and consists in **13 goals and 30 actions, including the related metrics and targets to be achieved**. The Plan aims to link Italo's targets to 10 of the 17 goals (above all SDGs 11.2¹¹ on safe and sustainable transport) defined by the United Nations 2030 Agenda, through concrete strategies and actions.

The integration of the SDGs into Italo's sustainability plan is a direct consequence of the Company's belief that its commitment to sustainability should actively contribute to a new and more sustainable world. That is why each macro area of the plan, as well as each chapter of this Report, is linked to specific SDGs on which the Company aims to directly impact, as reported in detail in the following sections.

¹⁰ Residual revenue-generating activities and operations are not significant as compared to the train-related ones and currently considered strictly related to the passenger railway transport activity.

¹¹ UN SDGs 11 – Target 11.2: By 2030, provide access to safe, sustainable, and affordable transportation systems for all, improve road safety, particularly by expanding public transportation, with particular attention to the needs of those in vulnerable situations, women, children, people with disabilities, and the elderly.

6 PILLARS



10 SDGS 2030 UN AGENDA



Sustainability Report: materiality and stakeholder engagement

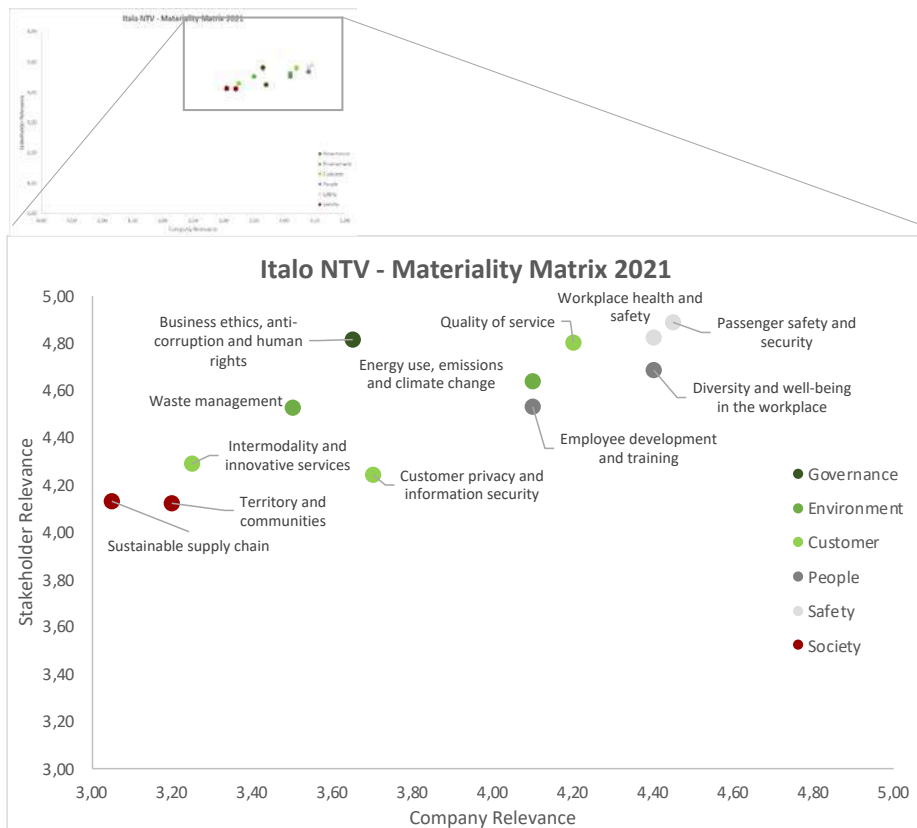
A priority element of this long-term journey is transparent and constant reporting, both as a channel for dialogue with stakeholders and as a tool to monitor performance and possible improvement areas. Each year, Italo publishes its Sustainability Report, whose contents are defined by the materiality analysis process. Indeed, as defined by the GRI Standards, Italo considers the Materiality Matrix as a fundamental process for identifying topics that reflect the significant economic, environmental and social impact of the organization or that influence the assessments and decisions of its main stakeholders. This year, the company has upgraded the materiality analysis by involving a larger number of stakeholder categories, as envisaged by one of its Sustainability Plan's activities.

Based on industry benchmarking and rail transportation sector-specific materiality map issued by the Sustainability Accounting Standards Board (SASB), in 2020 Italo identified 12 focus topics toward its road to a more sustainable business: Passengers Safety & Security; Workplace Health & Safety, Energy Use, Emissions and Climate Change; Waste Management; Quality of Service; Intermodality & Innovative Services; Diversity & Well-being in the workplace; Employee Development & Training; Territory & Communities; Sustainable Supply Chain; Cybersecurity, Customer privacy and Information security; Business Ethics, Anti-corruption and Human Rights.

The above topics have been confirmed by the 2021 materiality analysis process. This process involved the internal cross-functional team which defined the level of relevance of the topics and six of the



ten stakeholder categories identified in 2020 in order to gather their perspective on relevant topics. Through an online survey the Company engaged the three stakeholder categories already involved for 2020 materiality analysis – Customers, Employees, Suppliers – and three new key categories: Shareholders, Financial Institutions, Associations and NGOs. The result of the above process is detailed in the Sustainability Matrix reported below.





COMPANY PRO

101

million passengers served since 2012

49

towns reached

€488

million Total Operating Revenues

€58

million investments

51

trains in fleet

56

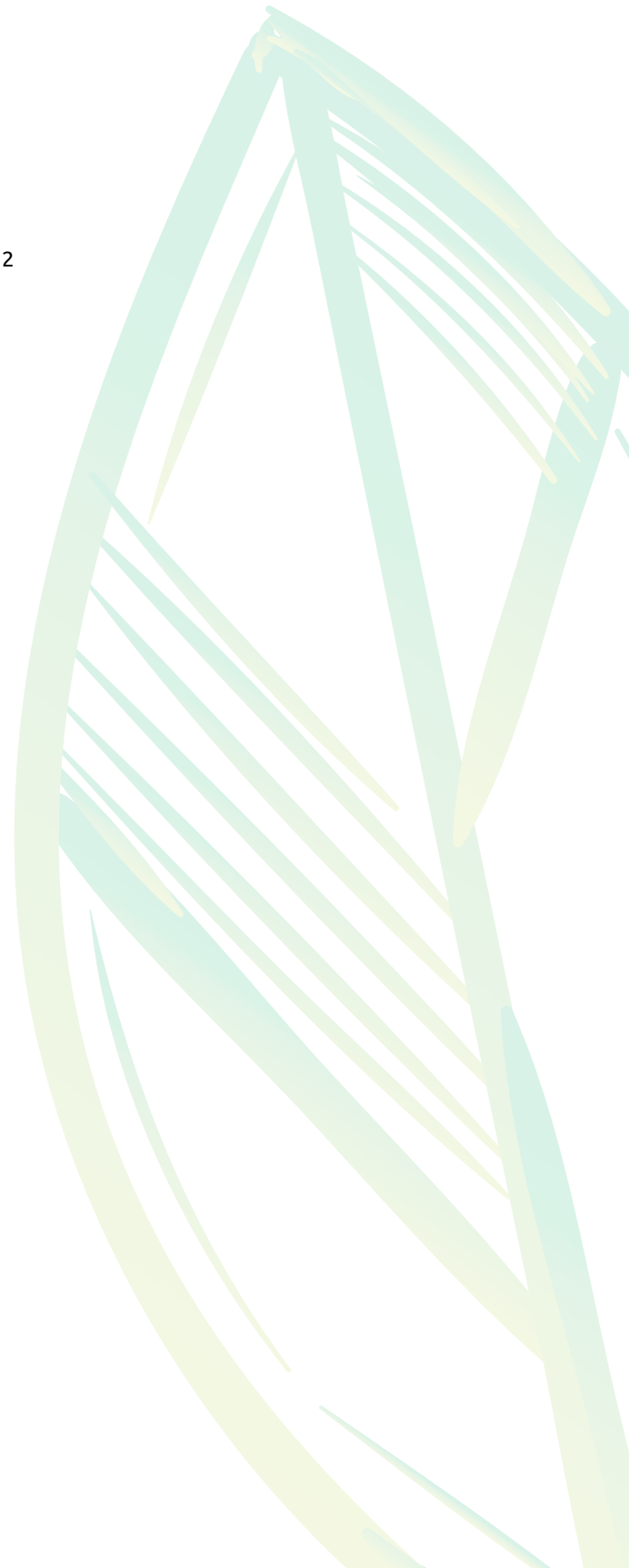
stations linked

€1.9

billion equity

€104

million profit for 2021



PROFILE

HISTORY

Italo is Italy's first and only private high-speed rail operator. It is a sector leader in Europe and today Italo and Italian deregulation are a case study.

Italo has proven to be a unique example of private excellence in the rail transport sector. It was founded in 2006, with the first commercial services in 2012. After a start-up phase, in 2015 Italo began a positive phase of business consolidation which ended in 2018 with the acquisition by Global Infrastructure Partners (GIP).

The company has always been strongly committed to respecting and protecting the environment: from the choice of its fleet of electric trains, the best in their category, built with 95% of recyclable materials, to its approach to environmental protection, which includes participation in initiatives aimed at raising awareness of the best ways to save energy.

Sustainability has always accompanied Italo's growth since its founding - the strong environmental performance has been one of the distinctive traits that differentiates the company and the railway sector as a whole, allowing a 81% saving of environmental costs as compared to air transportation¹² – but, over the years, the Company has progressively expanded its commitment to build a 360° sustainable business taking an interest in all ESG issues and making its commitment to sustainable transport stronger every day.

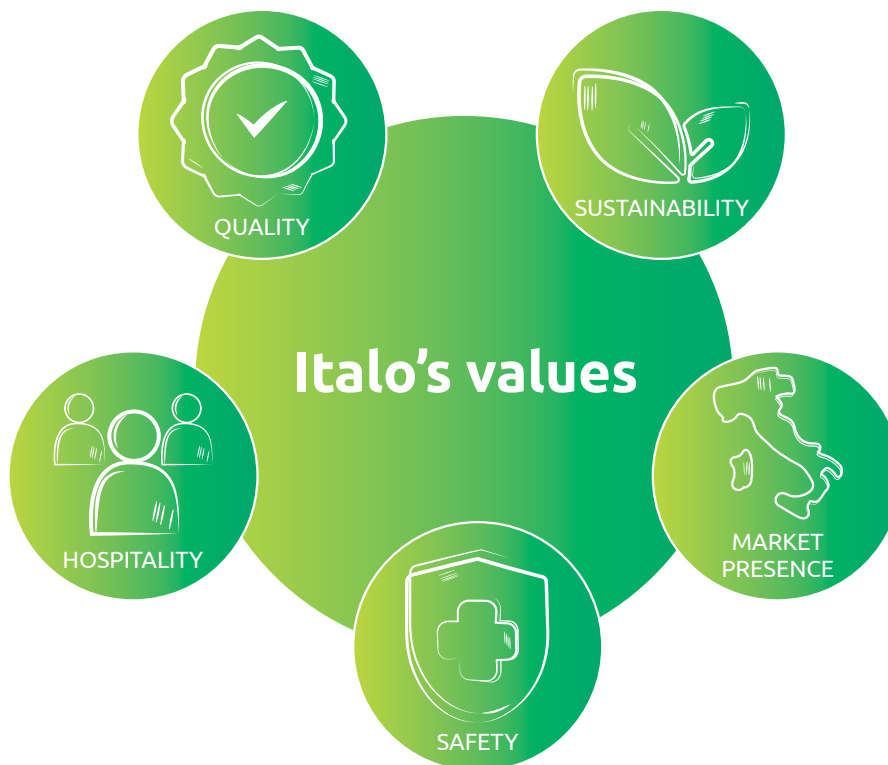


¹² European Environment Agency, Report No 19/2020. In the report, the EEA compares the environmental costs of a trip by car, train or plane (A320 Aircraft). Environmental costs refer to five different categories: climate (non-CO₂), climate (well-to-tank), climate (tank-to-wheel), air pollution, noise.



MISSION

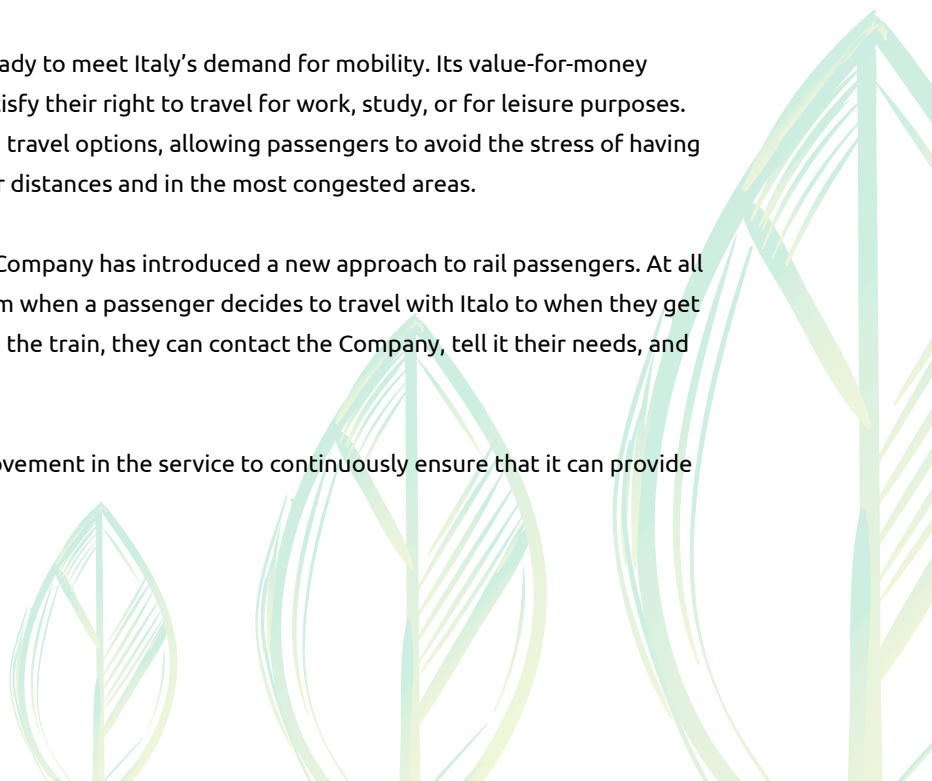
Italo's mission is to provide passengers safe, reliable and technologically advanced high-speed rail services, so its strategy is focused on safety, hospitality, quality, market presence and sustainability.



Italo, with its high-quality services, is ready to meet Italy's demand for mobility. Its value-for-money offering aims to enable everyone to satisfy their right to travel for work, study, or for leisure purposes. Italo provides comfortable and relaxing travel options, allowing passengers to avoid the stress of having to take their cars, especially over longer distances and in the most congested areas.

With its station and onboard staff, the Company has introduced a new approach to rail passengers. At all stages of the customer experience, from when a passenger decides to travel with Italo to when they get to their departure station, and while on the train, they can contact the Company, tell it their needs, and obtain the right solution.

Italo's mission envisages ongoing improvement in the service to continuously ensure that it can provide what its customers are looking for.



Safety

Italo pursues the maximum levels of safety and security for its travelers, workers and rail traffic as the basic standard of its services. Dedicated training to its personnel, train structural features, Polfer (railway police) agents onboard and first aid kits are some of the tools used to guarantee a safe service.

Hospitality Italo is committed to adapting its services to the needs of each traveler, constantly innovating and improving the service offered.

Quality Availability and courtesy of the staff are always ready to satisfy the needs of passengers in a professional and careful manner.

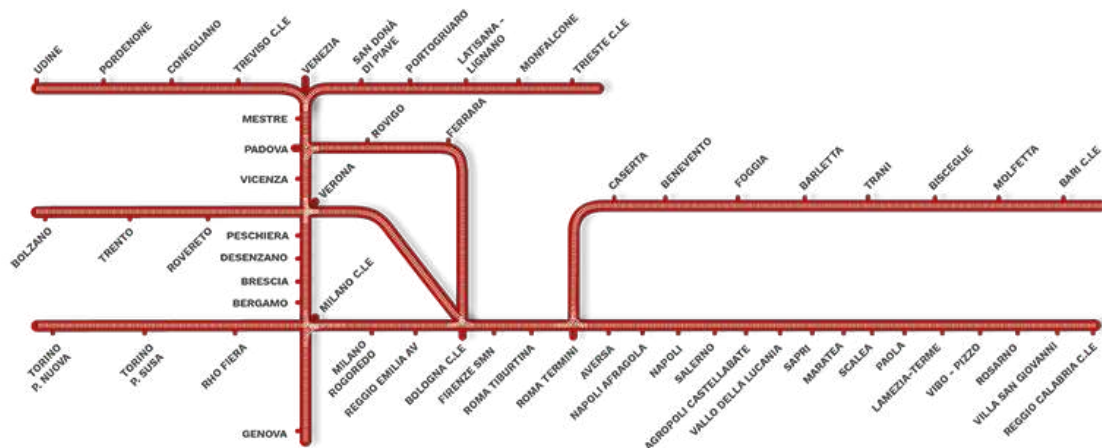
Market presence The importance of connecting people is reinforced through the ever-growing network of stations served (56 in 2021 which is +37% over 2020).

Sustainability Sustainability issues are of primary importance for Italo. In 2019 a €1.1 billion Green Loan was allocated to investments aimed at reducing environmental impact, and subsequently linked to Company’s sustainability performance.

NETWORK

Italo has expanded its routes and it now connects 49 cities through 56 stations¹³ adding 14 cities and 15 stations as compared to 2020, and 10 more cities and 11 stations as compared to 2019. Since its foundation, with 5 connected cities in 2012, Italo’s network has grown by almost ten times to date.

Moreover, Italo is not just about trains but is also a strong believer in intermodal forms of transportation. In order to give a further contribution to a sustainable lifestyle, the Company offers integrated travel solutions that make it easier and cheaper for people to move about.



13 Service Hour 2021-2022.

Thanks to a series of initiatives with other transport providers, Italo enables travel to destinations not served by the high-speed rail network by connecting it with cities without high-speed services. This promotes the use of collective forms of transport to reach destinations without rail infrastructure.

FLEET

Italo's fleet consists of 25 high speed trains (AGV Fleet) and 26 Pendolino trains (EVO Fleet). The first model has a capacity of 462 seats over 11 coaches, while the second provides 472 seats distributed over 7 coaches.

AGV trains (Automotrice à Grand Vitesse) use the same traction system as the train that, on 3 April 2007, set the world rail speed record of 574.8 km per hour.

The trains, built at the Savigliano (near Cuneo) and La Rochelle (FRA) plants, first took to the rails of the Italian railway network in April 2012. Since its inception, Italo has invested in an advanced-conception, innovative and sustainable train, which is 95% made of such recyclable materials as aluminum, steel, copper and glass.

The AGV combines technology, safety, energy savings and respect for the environment.

Starting from 2015, the Company has purchased also 26 EVO trains from Alstom, making a total fleet of 51 trains. Italo's EVO trains are the latest version of the "Pendolino" range, of which more than 500 trainsets are in circulation around the world. Since its foundation, Italo has thus more than doubled its fleet.

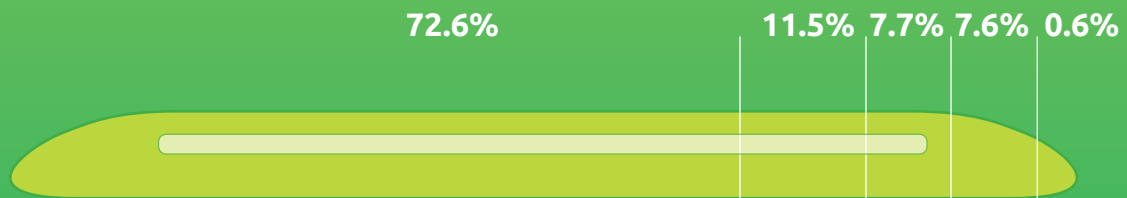
This "evolution" aims to improve the comfort for passengers. In addition, this particular train is fully compatible with the latest Technical Specifications for Interoperability, and complies with all European and Italian safety and environmental regulations.

Like those in the AGV fleet, the EVO trains are also "green", as they are manufactured with recyclable materials and are designed in accordance with eco-sustainability criteria to reduce CO₂ emissions. The distributed traction system improves efficiency and recovers energy by regenerative braking.



Shareholding structure

Italo’s shareholder structure reflects the acquisition of a majority interest by GIP - Global Infrastructure Partners fund. As part of the transaction, several former shareholders reinvested in Italo (the “Reinvesting Shareholders”). The following infographic reports the current shareholder structure:



72.6%
GIP III GLOBAL INVESTMENT Sàrl

11.5%
ALLIANZ Spa
of which 10% held through Allianz Infrastructure Luxembourg II Sàrl

7.7%
REINVESTING SHAREHOLDERS
Luca Cordero di Montezemolo through MCG HOLDING Srl
Flavio Cattaneo through PARTIND TRE Srl
Giovanni Punzo through MDP TRE Srl
Isabella Seragnoli through MAIS Spa
Alberto Bombassei through NEXT INVESTMENT Srl
Peninsula Capital through PII1 Sarl

7.6%
IP INFRA INVESTORS LP

0.6%
MOLAGERS



1. SAFETY



ISO 45001

occupational health and safety management system

0

non-compliances with customers health and safety law

10,000

hours of Health and Safety training

100%

of trains equipped with HEPA filters

0

significant rail accidents



1.1 SAFE TRAVEL

2020 was a difficult year and 2021 placed additional effort on the Company in order to ensure passenger safety. Italo introduced a series of measures to guarantee the safety of travelers and employees, also through the installation of HEPA (high-efficiency particulate air) filters on all the trains of the fleet.

Italo is the first railway company in the world to install HEPA filters with innovative ventilation system aligned to EN1822-1 certification, requiring a €50 million investment, and demonstrating the Company's ongoing readiness to put the safety of our passengers and employees first.

Before introducing the HEPA filters, which are a technical re-adaptation of the solution already used on aircraft, the Company consulted rail industry and health experts from Milan's Polytechnic University and the San Raffaele Research Hospital, identifying the HEPA filters as the most innovative solution for improving airflow on trains. This has brought benefits in terms of cuts in the presence of particles and aerosols, because the filters contain multiple layers of microfiber, providing a highly effective barrier to every kind of agent, not just the SARS-CoV-2 virus, but any form of airborne virus or influenza.



RESPONSE TO COVID-19

Italo has adopted all the necessary safety measures in order to offer customers a safe travel experience. Traveling aboard Italo is now even safer, thanks to the innovative air filtering system adopted by installing HEPA Filters. The full compliance with the requirements imposed by Italian law allowed Italo to remove social distancing on board of the trains, permitting all the seats to be occupied safely. In addition, starting from 1st September 2021 and until 1st May 2022, having Green Pass has been mandatory to travel on board of Italo, which was checked by the on-board team in compliance to Ministerial provisions, both train manager and hostess/steward. To cope with the pandemic emergency from Covid-19, the Company has adopted numerous security measures, including encouraging smart-working, providing safety kits to all workers and body temperature measurement, and implementing specific protocols to fight the spread of Covid-19, shared and agreed with the Workers' Safety Representatives.

Italo thus became best-in-class for safety on our trains, with the HEPA filters continuously and fully changing the air in carriages: the filtered air is mixed with air drawn from outside, resulting in fully purified airflow every 3 minutes. In addition, vertical airflows block the dispersion of any type of particle. All of this takes place in a far larger space than on an aircraft, with 20% more space between seats and up to double the volume of air available to each passenger. In this way, it was thus possible to best meet demand for transport, gradually increasing load factors on trains and fully guaranteeing the safety of both passengers and employees.

New measures have been implemented alongside all those adopted by Italo at the outbreak of the pandemic, in full compliance with all the Government regulations introduced over time. These have ranged from the sanitization of all surfaces (before, during and after journeys) to the placement of disinfectant gel dispensers in every coach, named tickets and specific doors to get on and off the train to name just a few of the main initiatives.

For its commitment in the field of safety and response to Covid-19 through the innovative use of HEPA

filters, Italo has been selected among the finalists of the UIC International Sustainable Railway Awards 2022 in the “Best Contribution to COVID Emergency” category who will be awarded in June 2022. As regards safety, Italo also participated actively in preparing the survey conducted by the European Union Agency for Railways (ERA), which gauged how safety is perceived among rail operators.

Moreover, during 2021, Italo has promoted various information and educational initiatives for travelers on safety issues. In particular, an awareness campaign was launched with the creation of a video on the risks in railway areas and on-board trains that was spread on social channels, at the stations and on board. Finally, in 2021 Italo recorded **no significant rail accidents**, confirming its long-standing performance since its foundation.

1.2 SAFE WORKPLACE

As stated in the Environment section of this document, Italo has voluntarily adopted a system for Occupational Health and Safety Management and Environmental Protection (hereinafter “Management system”), in accordance with the UNI ISO 14001 and UNI ISO 45001 international voluntary standards for environmental and health and safety management.

According to the strong Company awareness that health and safety at work are an integral part of the overall management of the company, “Guaranteeing the Company’s employees or any cooperating third party increasing levels of protection of health and safety at work, by focusing on the prevention of accidents and occupational diseases” is one of the three main corporate goals. In order to achieve such a goal, Italo has developed a procedure regulating the risk management process in the field of workers’ health and safety. The procedure aims to define responsibilities, criteria and modalities for the risk assessment’s execution and the identification of the control measures to be adopted in case of hazards.

The presence of hazards and the related risks, as well as the possible related impacts, are subject to periodical assessments by the company and are aimed at:

- **Highlighting critical operations and components related to occupational health and safety aspects;**
- **Managing and minimizing the operational impact on health and safety at work, in order to reduce risks according to the acceptability threshold established by Italo as well;**
- **Indicating responsibilities and implementation modalities regarding risk mitigation measures;**
- **Supporting the strategy for achieving minimum values for accidents and work-related diseases;**
- **Providing indications on the objectives, frameworks and improvement actions together with the related implementation priorities.**

In relation to the responsibilities of Italo as an Employer, the management system provides for the identification of hazards, risk assessment and identification of measures for the safety and health of the workplace. For such a purpose, Italo benefits from the technical support of the Head of the Prevention and Protection Service, the collaboration of the Competent Doctor and the Workers’ Safety Representative¹⁴ who are involved during the risk assessment process.

Operational activities, occasional, ancillary and service activities (e.g. maintenance, cleaning, etc.) are all included in the assessment process. The Health and Safety Director is in charge of the Health and

¹⁴ The number of the Workers’ Safety Representatives has been raised from 1 to 8 during the COVID-19 emergency, in order to allow a better monitoring and prevention of the related risks for the occupation health and safety.

Safety area and holds specific responsibilities in relation to the implementation and maintenance of the Management system. He is also a member of ESG Steering Committee.

Therefore, among the responsibilities of the Health and Safety Director, he has to ensure the application of the Management system, report to the Top Management in order to guarantee a continuous improvement and track the goal achievements of the area. The task is carried out through periodical audits on the workplaces and a constant monitoring of the performance, which after the COVID-19 emergency aim to verify the correct implementation of related protocols as well.

The Director is also supported by an Occupational Health and Safety leader (that is Head of the Prevention and Protection Service), who helps spread the Management system in the company and ensures its application is known and respected by all the employees. In 2021 training, Health & Safety topics were a priority for Italo, with nearly 10,000 training hours of professional update and specific training modules organized within first training or qualification programs with more than 5,000 hours delivered. Finally, in 2021 Italo recorded 14 injuries with an injury rate of 8.32 (+22% vs 2020 and -39% vs 2019). The increase in the injury rate in 2021 in comparison with the previous year is partly due to the pandemic which has caused a reduction in the number of journeys and trains in circulation.

1.3 SAFETY GOVERNANCE

Safety is Italo's number one priority. It entails both guaranteeing a safe workplace for employees and collaborators, and a safe journey for passengers, contributing to minimize risks. Italo has decided to set two goals in this area in its sustainability plan, as priorities of its sustainability strategy: guaranteeing safety for workers and passengers.

Italo's Board of Directors granted to the CEO the role of Representative of the High Directorate of Railway Safety. In turn, in line with the requirements of the ANSFISA Decree 4/2011, he has identified the Health & Safety Director as the "Responsible for Safety Management System" (RSMS), giving him all necessary powers of representation, organization, management and control for Health and Safety topics. The RSMS is in charge of a safety management system, that is one of the cornerstones of the safety regulatory framework that helps to ensure a high level of railway safety, whose compliance with European standards is assessed by the ANSFISA through the issue of the Single Safety Certificate. The certificate gives evidence that the railway undertaking has established its safety management system and is able to comply with its legal obligations. In terms of on-board direct responsibility, Italo has identified the Driver and the Train Manager as responsible to deliver safety instructions and conditions to be met.

In order to identify railway safety risks, assess their significance and prepare adequate mitigation measures, Italo has defined the methods and results of risk analysis related to all the direct or indirect activities exercised by the Company. Furthermore, during 2019, "Passenger injuries on board" was introduced among the monitored dangerous events in order to manage passenger injuries in a more structured way. For instance, in order to improve safety and reduce risks, Italo is promoting a passenger education project aiming to improve the passengers' awareness of safety regulations and consequently reduce the accident risk for people. For correctly ensuring the safety and security procedures to be respected and constantly improved, Italo built a monitoring system in full compliance with the European regulation 1078/2012.



2. PEOPLE

1,466
total workforce

47%
of the total workforce are women

26%
of employees are younger than 30 years old

96%
of employees have a permanent contract

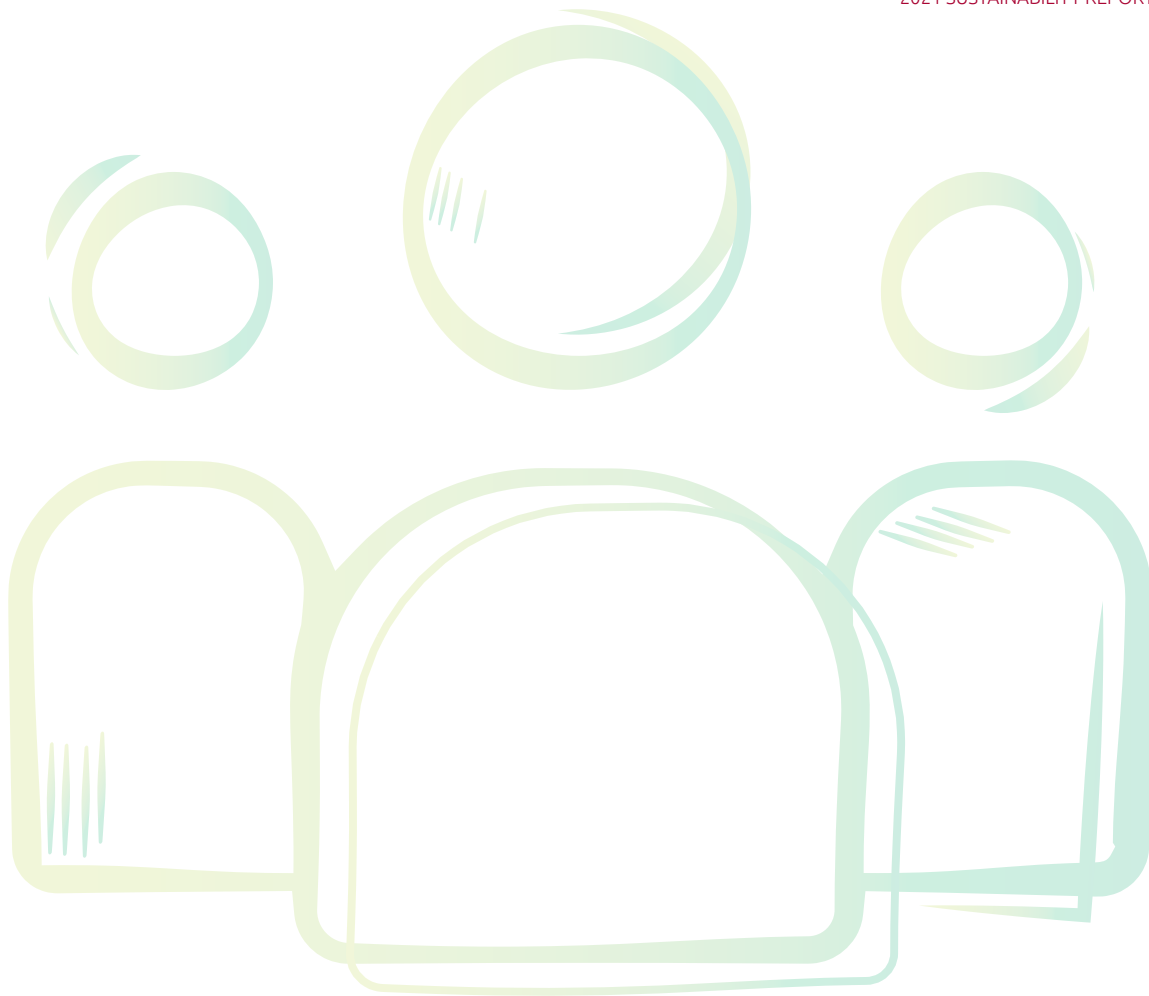
6%
turnover rate in 2021

75%
of Engagement Index (+4 p.p. vs average in Italy)

58%
of new hire were younger than 30 years old

25
average recurrent training hours per employee





2.1 HUMAN RESOURCES

Service excellence is a key success factor and the staff is the driving force of such feature. Thus, employees are at the center of Italo's corporate strategy and represent one of the major strengths that differentiates the Company from its competitors.

In 2021, Italo structured a HR Strategy aiming to create an inclusive and "positive" work environment leading to a condition of organizational well-being and to excellent performances.

Every project or activity was inspired to these purposes: continued and systemic cooperation between HR Departments and Line Managers was the mechanism to ensure coherence between strategies, values, vision and final implementation.

As a matter of fact training, development, communication, welfare were the key words to keep in touch with Italo's people and to be next to each employee, for a prompt re-start after Covid emergency peaks.

In particular, **internal communication** was designed and adapted to promote and enhance moments of engagement, direct dialogue between Italo's people and ensuring timely and transparent information on Company and business news through new digital channels and on-field communication.



NEW INTRANET - MYITALO

A re-designed platform where staff can access company communications, documents and tools



ITELL NEWSLETTER

The monthly newsletter channelling corporate news about welfare, training, development, etc



WEBINARS WITH PERSONNEL

Opportunities for a stronger engagement of employees



ON FIELD MEETINGS WITH PERSONNEL

Monthly interactive meeting between top management and operational staff

On 31 December 2021, Italo had a total workforce of 1,466 people (+97 workers vs 2020 and +46 workers vs 2019). 1,345 were directly employed by the company (-15 employees vs 2020 and +52 employees vs 2019), of which 1,300 full-time and 45 part-time.

Employee Engagement Survey

In March 2021, a **engagement analysis** was launched aimed to know the needs of employees and identify improvement actions to further foster talent retention and company’s growth. It analyzed several dimensions, such as culture and values, level of trust, engagement, innovation, and employees experience. About **1,100 people** (81%) responded to the survey showing willingness to give their contribution.

The analysis showed that Italo’s employees are more engaged than those of the major Italian and European companies and the transport operators in the world, taken as benchmark, with an **Engagement Index of 75%** (+2% vs transportation sector average, +4% vs average in Italy and +3% vs average in Europe).

The results have been shared with all the Corporate functions and employees and were used to identify possible corrective actions.

A new Employee Engagement Survey will be carried out in 2022 to assess the progress and possible improvement.

2.2 TALENT ATTRACTION

The selection processes are carried out partly online, through tests, questionnaires and video interviews aimed at assessing the minimum competences for accessing the candidacy, and through in-depth individual interviews with the line managers.

In 2021, Italo received a total of 63,000 applications from its corporate website, which led to hiring 72 employees in 2021. Employee growth was represented by 56 male and 16 female hires, 7 in Northern Italy and 65 in Central-Southern Italy. One of the new employees is a foreign national. As a distinctive feature of Italo’s workforce, most new hires are young employees, whose average age is around 35. About 26% of the employees are under 30 years old.

The company has also defined a recruitment plan for the period 2020-2022, which includes about 230 new hires that will help consolidate the quality of Italo’s team and services. To date, in the period 2020-

2021, Italo has hired 199 people. Constant expansion of the workforce has also been made possible by an excellent performance in terms of low turnover rates (6%) which is largely exceeded by new recruits. These results are a direct consequence of Italo's effort to pursue talent retention, achieved through fair reward mechanisms, a rich welfare system and an overall good working environment based on diversity, respect and career opportunities.

2.3 DIVERSITY AND WELFARE

Italo recognizes equal dignity for all those involved in its activities, not admitting any form of discrimination. The aspects of diversity the company is most active in are gender and salary equality. Italo's efforts have led to great results in gender representation across the organization in 2021, especially in roles traditionally held by men. 45% of the personnel, in line with 2020 and -1 p.p. vs 2019, (and 47% of the total workforce, +2 p.p. vs 2020 and -1 p.p. vs 2019) is represented by women, a percentage that rises up to 68% for the apprentices, a sign of the great attention Italo pays to giving development and training opportunities to young female talents. The total ratio of women's pay to men's pay is 75.4% in 2021.

Italo against violence on women and children

Telefono Rosa: Italo supports Telefono Rosa in an initiative to raise awareness about violence on children and women and spread a message of equality and mutual support.

Italo and ActionAid: a partnership to spread a change culture linked to female empowerment and women's rights. As a result of its commitment in the field of gender equality, Italo has decided to increase its collaboration with ActionAid through this 12-month journey about awareness on violence against women.

Finally, diversity also implies a heterogeneous workforce in terms of both geographical origin and age. With this in mind, as of 31st December 2021 Italo employed 69 persons born outside of Italy, representing 36 different countries, with a balanced distribution across national macro-areas within its workforce. Besides guaranteeing an increasingly inclusive workplace, Italo believes that corporate welfare has a strategic role in employee retention and engagement as well.

Itales is the corporate welfare program, which is predominantly addressed to operational staff and aims to spread the culture of prevention, health, environment, work-life balance and employee branding through four main cornerstones: Culture, Care, Balance and Engagement.

Culture includes all activities relating to physical and mental well-being. This area included the support to the researchers of the Italian Association for Cancer Research – AIRC.

Care includes all activities relating to health and prevention, such as the activation of a life insurance and a disability insurance.

Balance focused on activities relating to work-life balance.

Engagement includes activities to strengthen corporate identity and the sense of belonging of Italo employees, such as "Itales for a better World" who wants to promote projects with a strong social impact.

2.4 TRAINING AND EMPLOYEE DEVELOPMENT

The importance of people as a fundamental asset of a company's success and the nature of rail industry, requiring a constant technical update of the operators, render training one of the most critical aspects of Italo's business.

Despite the difficulty to organize in-person training during 2021, Italo developed new formats based on digital interaction. As a result, in 2021, Italo's employees undertook 102 hours of per-capita training on average, with a peaking value of 126 for operational staff, with an increase vs 2020 due to the industrial re-boot and other training initiatives aimed to upskill and reskill employees for an effective restart.

More in detail, employees attended in 2021 almost 77 hours per-capita of first training or qualification programs (train drivers, train managers, new qualifications needed to sustain network evolution), while 25 hours per-capita were dedicated to recurrent training or professional update extended to all the operational and staff professional figures. The programs have been aimed at the whole workforce, including leased staff, collaborators and interns, which undertook an average of 92 per-capita hours of training, with a great increase vs 2020 mainly due to re-activation leased staff contracts and a particular focus on first training programs. In particular, Italo has not focused only on training operational staff, but has included programs aiming at preserving people engagement during the pandemic period and substituting days off for furlough scheme/solidarity contracts with training days, thanks to a project that involved more than 700 employees with more than 11,000 training hours.

In addition, during the last months of 2021 an e-learning program about ESG issues, with a specific focus on Italo's commitment, and about Diversity & Inclusion was set up to be launched to all the employees in early 2022.

Italo's Employees were also committed on training concerning 231 model, with a focus on tax crimes and corruption prevention, with a 79% of employees involved and nearly 1,200 hours of training overall. Last but not least, during 2021, Italo was committed to increase the awareness of employees on IT security matters delivering different awareness training units (almost 200 hours of training overall) to be attended online.

Alongside the attraction of new talents, a strong focus is placed on the development of employees through the provision of clear opportunities for career advancement. According to its Training and Development internal policy, Italo fosters internal growth through job rotation. During 2021, 17 job postings were launched for internal staff only.

Nonetheless, development is strictly dependent on evaluation, which is a pillar of company's HR management approach. The evaluation process is integrated with performance management system, together with a set of corporate, functional and individual yearly targets, including ESG issues. Performance evaluation processes related to 2021 has been completed, covering all the eligible staff in the Company.





ENVIRONMENT

over **99%**
of total CO₂ emissions produced
by traction energy

-10%
energy consumption as compared
to other high-speed trains

0
cases of non-compliance
with environmental law

100%
turnover environmentally
sustainable
according to the EU

23.81
gCO₂/pax.km

ISO **14001**
environmental management system





Italo has always put environmental sustainability at the core of its business model, as proved by its outstanding energy and emission reduction performance over the years. The Company adopts a System for Occupational Health and Safety Management and Environmental Protection (hereinafter “Management system”), which has been established, implemented and continuously improved by following UNI ISO 14001 and UNI ISO 45001 international voluntary standards for environmental and health and safety management. Thanks to this system, Italo works on three main corporate goals in the field of environment, health and safety:

- Ensuring that future generations will have an intact environmental heritage thanks to resources saving and pollution prevention;
- Achieving and demonstrating a good level of environmental performance by keeping under control Italo’s operating impacts on the environment and staying consistent with the corporate Policy;
- Guaranteeing the Company’s employees or any cooperating third party increasing levels of protection of health and safety at work, by focusing on the prevention of accidents and occupational diseases.

Thanks to its effective management system, Italo has reported no incidents of non-compliance with environmental laws and regulations in 2021.



3.1 CLIMATE CHANGE

Between 2021 and early 2022, Italo has undertaken a wide climate risk assessment to identify, prioritize, and report their main climate risks and opportunities. The climate change scenarios utilized in the study are based on the Greenhouse Gas (GHG) emissions concentration pathways designed by the Intergovernmental Panel on Climate Change¹⁵, as well as additional resources¹⁶. The outcomes of the analysis provide Italo with a review of the major physical and transitional climate exposures, and form the basis to inform an effective risk financing strategy to transfer these risks, for example by embedding climate risk assessment into its Environmental Risk Management (ERM) and strategic decision-making. The analysis is in close alignment to the requirements of the Task Force for Climate-related Financial Disclosures (TCFD) and it is structured in two assessments:

- **Physical Climate Risk Assessment** of Italo's portfolio of assets (owned and not owned) based on current climate conditions as well as projections of climate change impact in the long-term, as a function of different time horizons and climate scenarios. The analysis covered a total of 14 critical perils, ranging between acute hazards (event-driven), chronic hazards (longer-term shifts in climate patterns) and other natural catastrophes (geological risks), assessing three Time Horizons (2030, 2050 and 2100) and three benchmark climate scenarios (+1.5°C, +2.0°C and + 4.0°C).

The assets and railway network assessed in this analysis were found to be exposed to several physical climate exposures, which might further increase in the future. Among the main findings, climate models predict that extremely hot weather and 'wetter winters' will become increasingly frequent, often correlated with track temperatures exceeding normal operating thresholds and winter storms respectively. This could mean higher potential for frequent reduction in rail operating speeds – also due to increased restoration requirements – and operational disruptions for the high-speed infrastructure assets.

Climate change will likely increase the frequency of rainfall and windstorm associated to flooding as well. These risks will likely cause higher physical damage and associated disruptions, triggered by flooding of track infrastructure, landslides, overhead line electrification, track and physical assets caused by wind gusts and secondary perils such as falling trees or flying debris.

Eventually, for Italy, it is estimated that sea levels could rise up to 1.2 meters by the end of the century, leading to further coastal erosion and greater coastal flood risks, including flooding protected assets and causing operational disruptions.

- **Transition risks & opportunities Assessment**, to identify and articulate Italo's transition risks and opportunities associated with a stringent transition scenario (i.e., a world where we limit temperature rise to either 1.5°C or 2°C) and time horizon (2030). Aligned to the TCFD, this transition analysis focuses on 16 transition risk drivers under 4 main thematic areas: policy, technology, market, reputation.

Italo is considered to have a low level of residual transition risk exposure in the medium term (2030). Italo's risk exposure is largely driven by projected increased costs of raw materials due to possible carbon taxes on electricity, which forms the majority of its Scope 2 emissions. Enhanced climate

¹⁵ IPCC AR5/AR6 Reports

¹⁶ For example, Network for Greening the Financial System, Socio-Economic Pathway and the International Energy Agency NZE2050 / SDS.

reporting requirements and investments on low emission technology projects to improve fleet energy efficiency and building efficiency could require additional resources as well. On the contrary, the transition to a low carbon economy presents several opportunities for Italo. This includes green financing options to fund the development of an ever more efficient and environmentally sustainable fleet, the possibility of increased revenue from infrastructure growth which opens up new domestic markets and a potential increase in more eco-friendly domestic tourism. The sale of white certificates, thanks to the great environmental performance of its trains, will also provide a steady income stream. More in general and as displayed in the previous paragraphs, the EU and the Italian Government have embraced a modal shift to rail as part of their climate transition, which fosters opportunity for access to both private and public financing.

Beside monitoring and mitigating climate risk, Italo is aware of the importance of correctly reporting it to its stakeholders. That is why the Company has carried out a gap analysis to assess and enhance its current alignment to the Task Force on Climate-related Financial Disclosure ('TCFD') recommendations for reporting, covering the topics of Governance, Strategy, Risk Management, and Metrics and Targets. In order to further improve its commitment to an effective approach and a transparent disclosure of climate risk management and based on the outcomes of its climate risk analysis, Italo is working on designing and implementing a climate strategy and structuring a governance system to manage climate-related risks and opportunities effectively.

3.2 ENERGY AND EMISSIONS

Since 2014, the Ministry of Economic Development in collaboration with the Ministry of the Environment has admitted Italo's fleet to a program aimed at encouraging energy efficiency which provides for the assignment of Energy Efficiency Certificate (so called White Certificates). The purchase and circulation of the Italo fleet has produced annual savings of 140 million kWh compared to the certified baseline. The policy adopted by Italo in the selection of AGV trains has been followed for the purchase of the EVO train fleet as well, the most sustainable product currently available on the market, which has been admitted to the energy savings incentive program as well.

Italo's major environmental initiatives

Reduce digital pollution - awareness campaign to make its employees and passengers reduce digital pollution through simple and day-by-day actions.

M'illumino di Meno 2021 - Italo participated in M'illumino di Meno 2021 (Less Light) campaign. The Company has now been involved for some years in the energy saving and sustainable lifestyle day launched by the radio programme Caterpillar and Radio2.

Italo participates to Italy Goes Green - The goal of Italy Goes Green is to involve young people in order to find shared solutions on Climate Change, but, first of all, to involve them in constructive and collaborative considerations on the correct issues required to face the ecological challenge in a suitable manner.

The investment in the expansion of the fleet, which has been granted the biggest Green Loan ever in the transportation sector, represents a milestone in Italo's strategy for climate change action, given that train energy consumption and related emissions cover over 99% of the Company's total emissions. EVO fleet allowed Italo to achieve emissions around 23.81 gCO₂ / pkm in 2021 (+20% vs 2020), affected

by the decrease in operating capacity and the load factor imposed by law during certain months of 2021 in response to the COVID-19 emergency¹⁷.

At the same time, Italo is working to improve its energy efficiency and reduce emissions through other initiatives as well. For example, Italo has issued a new policy to its staff that encourages the replacement of conventional cars with electric or hybrid ones for carrying out company activities. As for office energy consumptions, the company has carried out a complete re-lamping of the headquarters, introducing more efficient LED lamps. Programmable thermostats for heating and cooling systems and energy-saving office equipment, such as Energy Star-certified printers and photocopiers, with automatic stand-by, have also been installed.

In order to enable further efficiency and reduction of its environmental impacts, Italo has planned to carry out a study to measure company carbon footprint, including Scope 3, according to the Greenhouse Gas Protocol (GHG Protocol). In particular, Italo will divide and analyze its direct and indirect energy emissions. Taking into account greenhouse gas emissions throughout the whole production chain will allow the Company to define a carbon management system aimed at identifying and implementing measures to reduce them. The study will be conducted according to the application of the UNI EN ISO 14064 methodologies - Part 1: Specifications and guidance, at the organization level, for the quantification and reporting of greenhouse gas emissions and their removal (Organization Carbon Footprint).

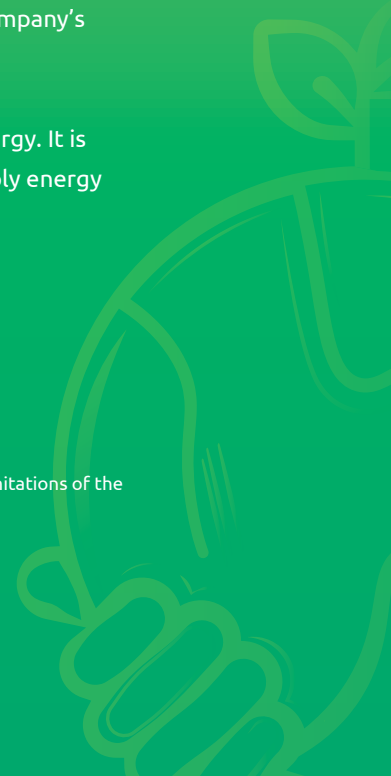
Moreover, Italo has decided to quantify the environmental impact of cleaning services using the comparative Life Cycle Assessment analysis according to the UNI EN ISO 14040:2006 Environmental management - Life cycle assessment - Principles and reference framework and UNI EN ISO 14044:2006 Environmental management - Life cycle assessment - Requirements and guidelines (comparative LCA). Through the comparative LCA study of cleaning and waste management services, it will be possible to quantify the potential environmental impacts of the company system itself.

The studies will be carried out by 2022 and used to enhance the environmental excellence of products and services offered by Italo on the market and will provide information such as methods for calculating GHGs for each of the 15 Scope 3 categories, which are assessments of the inventory phases of the impacts, in order to draw conclusions and recommendations and implement the Company's sustainability index.

However, the largest part of its energy-related impact is related to the trains' traction energy. It is supplied by the infrastructure manager and is sourced according to the Italian power supply energy mix, in which renewable energy sources account for 41% of the total supply.¹⁸

¹⁷ The calculation uses estimates to make the figures for 2020 and 2021 comparable to 2019 with regard to the limitations of the load factor and the operating capacity.

¹⁸ IEA, Energy accountability section of RFI's website.



3.3 WASTE MANAGEMENT

To better manage waste production, Italo has adopted a code system from the European Waste Catalogue (EWC), which unambiguously identifies the waste type. Each waste is then described according to the following four dimensions: waste category, waste description, CER Code (EWC), and gathering modality.

Italo carries out all activities relating to waste management in compliance with current and applicable legislation. Italo treats non-remarkable amounts of predominantly non-hazardous waste, due to the nature of its business.

The Company is committed to support waste reduction across all its operations. The structural features of its new trains are the primary source of waste reduction and a best practice of recycling: most of its components are made of recyclable materials such as aluminum, steel, copper and glass. In addition, using of low-degradable materials during all phases of train construction allows a 15% longer life than other rolling-stock (i.e. more than 30 years).

As for waste production, plastic and non-recyclable materials have been reduced on board and thanks to the partnership with Italo's supplier IVS ITALIA, the packaging used for the food products on board are in FSC-certified paper and bio-plastic coming from corn, completely natural, biodegradable and compostable. Similar extents are reserved also at the headquarters.

Waste collection, instead, focuses on the development of recycling. Recycling bins for plastic are already present on all trains. In all Italo sites the separate collection of waste, a **key focus in the new sustainability** strategy, is already a well-established habit so that the 30% of the waste produced in the headquarters is recyclable.

3.4 NOISE POLLUTION

Environmental legislation on noise emissions from infrastructure requires a series of noise exposure limits that regulate outdoor environments, demanding the periodic updating of the processes for the assessment and measurement of noise emissions resulting from operations. In addition, Italo carries out all necessary analyses and measures in order to limit its acoustic impact within the threshold established by law. In case the company has to operate extraordinary and temporary interventions, Italo applies for an authorization at the local competent institution and makes sure a supplementary derogation is provided if the noise limits cannot be respected. In 2021, there were **no incidents of non-compliance with applicable laws**.



CUSTOMERS

90.9%

overall satisfaction index in 2021

97.4%

Italo punctuality rate

9.4 out of ten

the perceived quality of Italo's assistance services to people with reduced mobility

1.46

million followers on social medias

During 2021, services linking northern and southern Italy were extended, with an increase in connections, the introduction of new services and the addition of new destinations; services along the Adriatic line were increased; connections with Calabria were tripled; new services connecting with Puglia were introduced; new stops in Basilicata and Campania were added; the city of Genoa joined the network; direct services between Udine and Milan were introduced; and cross-country services in the north-east connecting Venice and Milan were increased, with a number of them extended to include Treviso, Conegliano, Pordenone and Udine. Thanks to agreements with ferry operators, Sicily and the Eolian islands were also connected to Italo's network.

The number of permanent stations linked by Italo raised up to 56 – and 62 through the summer services – representing a significant increase - almost ten times – as compared to 2012, the year in which Italo started business and only provided service along the Naples, Rome, Florence, Bologna and Milan routes. Italo's goal is to provide its customers the best possible journey experience. Moreover, Italo constantly looks for improving the quality of its services and keeping to be commended as an "excellence" in terms of technical competences and customer-oriented culture.

4.1 QUALITY ON BOARD AND AT THE STATION

With the aim to meet the different needs of its passengers, Italo offers four journey ambiances on board of its trains: Club Executive, Prima, Comfort and Smart. The broad offer of Italo's on-board services allows the guests to pick different traveling experience while never compromising on quality.

The pandemic and the related food safety standards imposed by the Health Authority have caused the suspension of some on-board services, such as the provision of soft drinks and fresh products. Despite that, Italo has been able to keep a high quality of its service for example with a bi-monthly diversified food offering. Italo Station Staff contributes to enhance the quality of Italo's services by constantly assisting travelers in offering timely assistance and information. Station Hostess and Stewards are trained and skilled to customize the service according to travelers' needs. Moreover, it is possible to find Italo Club Lounges at the main stations of the network, ideal spaces designed for Italo's customers to relax, read, and work while waiting for departures. The area is provided with Wi-Fi.

Even during the pandemic period, in 2021, Italo offered assistance and information through his selling points all over the main stations of the network. In July 2021, after the closure due to the Covid restrictions, Italo has reactivated its Lounge Services in Rome and Milan Central Station – which have been upgraded with new food offerings - and, starting from October, in Florence, Turin and Naples.

4.2 PUNCTUALITY

Italo deems punctuality a key factor for the quality of transport service and is deeply focused on monitoring it for guaranteeing a quality and on-time service.

Since 2020, besides the indicator at 15 minutes, the National Railway Infrastructure Manager introduced an additional on-time indicator at 5 minutes, so that the company measures and monitors - for both 5 and 15-minutes indicators – 3 different KPIs:

- **Italo punctuality (5' and 15')**: this measures the percentage of trains reaching their destination with a delay of less than or equal to 5/15 minutes, excluding trains arriving beyond this threshold due to reasons not attributable to the Company.
- **Standard punctuality B1 (5' and 15')**: this measures the percentage of trains reaching their destination with a delay of less than or equal to 5/15 minutes, excluding trains arriving beyond this threshold due to external causes (for example: weather events, public order, etc.). This standard is laid down in Ministerial Decree 146/2000.
- **Overall punctuality without exclusions (5' and 15')**: this measures the percentage of trains arriving at their destination with a delay of less than or equal to 5/15 minutes without exclusion of cause. Therefore, this parameter also includes external causes and is representative of the delay actually perceived by the passengers.

In 2021, Italo reported the following results:

KPI	2021		2020	
	On-time 5'	On-time 15'	On-time 5'	On-time 15'
Italo punctuality	97.4%	98.3%	97.3%	98.4%
Standard B1	80.8%	91.4%	75.4%	86.1%
Real punctuality	77.0%	89.2%	76.1%	88.4%

4.3 ACCESSIBILITY

Italo's ability to adapt its offer to the needs of passengers and its culture of diversity also means ensuring the best possible access to travel for people with disabilities and reduced mobility.

All Italo trains are built in accordance with the Technical Specifications for Interoperability of rolling stock, in compliance with the provisions of Regulation (EC) no. 1371/2007 and other regulations relating to persons with reduced mobility on the trans-European conventional and high-speed railway system.

Two seats for wheelchair users are provided on board AGV and EVO trains. The seats are located near the



toilet suitable for people with mobility disabilities, and near the snack area, where vending machines are designed for maximum accessibility. In addition to wheelchair spaces, passengers may also choose priority seating. The use of these seats is not restricted, but the elderly, disabled, pregnant and injured passengers have priority to take these seats. All toilets and seats on board are also equipped with audible and Braille signals for blind people.

The Control Room monitors every day the health status of the toilets suitable for passengers with reduced mobility (PRM). In case of toilet's unavailability, Coordinators arrange prompt maintenance interventions. The Train Manager is the person in charge to support passengers with reduced mobility along his journey. In case of needs and issues (delays, transfer from a train to another, platform lift to get on and off-board of the train), the Control Room will provide for assistance. All passengers with disabilities or reduced mobility are given the opportunity to book free assistance services during the time slots established by the State Railways operator, in relation to the scheduled departure time of the chosen train. Passengers with reduced mobility can contact the Pronto Italo Contact Center to book the assistance services. Within 30 minutes from the request, the back-office operator will contact the customer by phone to confirm the booking.

Out of a total of 21,974 assistance services provided to persons with reduced mobility in 2021, Italo has not received any complaints. The quality of service perceived by customers who called Pronto Italo, detected through the CAWI (Computer Assisted Web Interviewing) technique, stands at an average score of 9.4 out of 10.

4.4 INTERMODALITY AND INTEGRATED MOBILITY

Since its foundation Italo has focused on integrated mobility working with various partners to widen its offer through many different ancillary services, such as local partnerships with companies that offer local public transportation services.

2021 saw the introduction of integrated solutions for travel by train and hydrofoil and by train and high-speed ferry to the Eolian islands and Sicily, with the chance to directly purchase a single ticket on Italo's website (valid for the train and the hydrofoil or high-speed ferry). The Eolian islands have been connected to the rest of Italo's network, making them reachable from the cities of Turin, Milan, Reggio Emilia, Bologna, Florence, Rome, Naples and Salerno. Sicily has also been connected with the rest of the network, linking it to the whole country and connecting Messina with Villa San Giovanni, Rosarno, Vibo Pizzo, Lamezia Terme, Paola, Scalea, Maratea, Sapri, Vallo della Lucania, Agropoli Castellabate, Salerno, Naples, Rome, Florence, Bologna, Reggio Emilia, Milan and Turin. Other examples of intermodal solutions useful to reach destinations out of Italo's network are the partnership with Travelmar, which operates ferry routes from the port of Salerno to the Amalfi coast, and Autostradale, which links many stations to airports by bus.

For Italo, integrated mobility is not only about intermodality. Indeed, Italo aims to provide a very complete travel experience by offering related services, such as hotel booking, car rental, car parking,





Customers can book one of these services on Italo website, in the section “Italo Go”. Booking.com for hotels, and Hertz for the car rental are some of Italo’s partners. Partners offer discounted rates, loyalty points and other special conditions to Italo and ItaloPiù customers.

During the pandemic, Italo has also worked to offer greater guarantees to travelers. For this reason, an agreement was signed with Allianz Global Assistance (AWP P&C S.A.), leader in the insurance market, to offer insurance policies to travel safely through a 24-hour daily health assistance service, the payment or reimbursement of medical expenses, a medical tele-consultation or video-consultation, reimbursement in the event of travel interruption and roadside assistance with continuation of the trip in case of unforeseen events with the chosen means of transport. Even through the purchase of these services, the accumulation of ItaloPiù points is guaranteed to members of the loyalty program.

4.5 EVALUATING QUALITY AND CUSTOMER CARE

Italo is deeply aware of the importance to identify potential areas of improvement as well as to define an action plan based on quality perceived by its customers.

This is the reason why Italo implemented a customer satisfaction service, which includes different types of engagement activities with Italo’s customers and employees.

			
Customer satisfaction surveys	Tutoring and instructing programs on-board to support the crew	Auditing programs for internal controls	Reporting activities

In addition to an efficient customer care service, Italo has designed a fundamental tool to monitor and control the quality provided. This **daily measurement activity involved 141,925 passengers** during 2021.

The aspects of Italo’s services and the related KPIs monitored through the survey concern several areas, such as overall satisfaction, ticket purchase experience, quality/price ratio, professionalism of the on-board staff, punctuality, comfort environments, quality of the wi-fi connection and the reception service on board, and quality of the station services (offices and waiting rooms). Furthermore, as a consequence of the Covid-19 pandemic, the satisfaction measurement about “Safety and hygiene measures

guaranteed on board (Air change and HEPA filters, Sanitization of the train before, during and after the trip, Disinfectant gel dispenser, Mask obligation)” was introduced.

In order to plan improvement actions, every month the customer satisfaction data are analyzed in collaboration with the Marketing Department within the Quality Table Committee. In 2021, the number of travelers has declined again due to the persistent Covid emergency period and the presence of travel restrictions for the second consecutive year. Thus, surveys have been held only in eight months (from May to December) and have recorded a lower level of satisfaction (-0.8 pp vs 2020 on the Overall Satisfaction), partly due to the continued Covid-related limitations and traffic issues on the network. Despite this, 2021 closed with a positive performance of the Overall Satisfaction on the travel experience on board Italo: 90.9% of customers declared themselves satisfied with the quality of the service¹⁹.

The good results achieved so far have fueled Italo’s ambition to continue improving its performance in the coming years at a rate of 0.4 pp per year starting in 2022, to reach the goal of 92.1% of travelers fully satisfied with the quality of service in 2024.

4.6 INNOVATION AND DIGITALIZATION OF SERVICES

The spread of smartphones has revolutionized the needs of users, who increasingly demand tailored services, making the transportation offering progressively user-centric. This transformation of the way in which users approach transport services has prompted innovation in pricing and the digitalization of payments.

Moreover, Italo’s commitment to cybersecurity in recent years has led to the inclusion of challenging cybersecurity target into the Sustainability Plan 2022-2024. In particular, aspects directly related to guaranteeing the security of websites through constant monitoring, enhancing booking systems and ensuring the protection and security of sensitive customer information through increased protection of databases are part of this improvement.

During 2021, in confirmation of Italo’s sensitivity to issues relating to innovation, cybersecurity and antifraud, numerous initiatives were carried out and Cyber Security Program continued, aiming at protecting the business with evolving threats scenario.

¹⁹ This result refers to customers scoring 3 (neutral), 4 (satisfied) or 5 (highly satisfied) to the “Overall satisfaction” of the travel experience. As far as only high satisfaction scores (4 and 5) are considered, the percentage is 78.2.

ITALO INNOVATIVE SERVICES

CUSTOMER RELATIONSHIP IMPROVEMENTS

- Campaign management evolution, fully migration to Adobe
- New corporate sales channel deployed in “beta version”
- New services on digital channels

ENHANCING SYSTEMS

- New Device Management by using Microsoft Intune
- New Intranet
- pilot project for testing Robotic Process Automation (RPA)
- New Data Right Management system on board
- Improve real time monitoring
- QR Code access

ERP PROCESS IMPROVEMENTS

SAP S4 Hana implementation, project scope as follow: New Controlling model

- Enhancement of the Accounting model
- Introduce new Asset Inventory process
- Manage in a structured procurement process additional purchases
- Review procurement release strategies



4.7 CUSTOMER DATA AND INFORMATION SECURITY

Italo recognizes the strategic value and the importance of ensuring data security and confidentiality. In line with Italo’s Code of Ethics, the purpose of personal data protection is to protect the fundamental rights of persons that are related to that data.

Regarding its customers, Italo mainly processes common personal and contact data. The methods of processing, the purposes of the processing activities, the duration and the criteria used to determine the retention period of personal data are defined within each specific privacy policy notice regarding the treatment of personal data given to data subjects.

Italo aims to ensure that personal data processing is carried out with care and according to structured mechanisms based on a specific governance model and on adequate organizational and technological security measures. During 2021, Italo has defined its Data Privacy Model appointing internal supervisors. Italo’s Data Protection Officer (DPO) supervises compliance within the company and provides advice to ensure that business processes are compliant with data protection applicable laws.

Italo’s Privacy Department oversees several data protection management and monitoring activities:

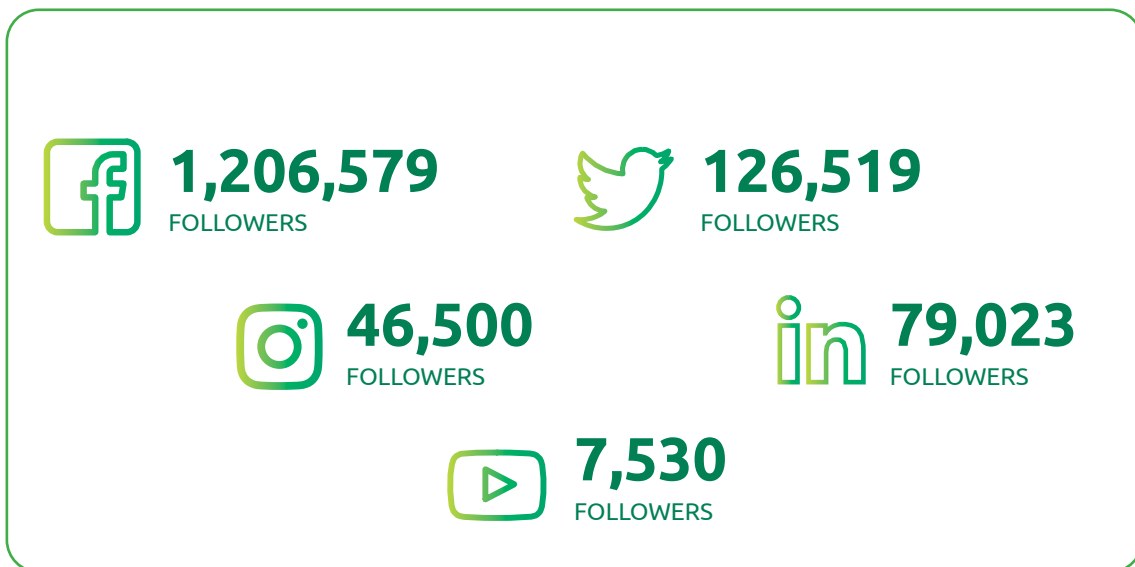
- **Security and Data Privacy Governance:** define and document policies for the management of the security of information and personal data. For this purpose, Italo adopted a general procedure defining Data privacy governance Model, and specific procedures focused on the management of Data Breaches, Data subject rights, Data Protection Impact Assessment (DPIA), Privacy management in relations with third parties.

- **GDPR Implementation and Awareness:** data protection management system is involved in a continuous improvement of processes, including training. Italo's Privacy Department is involved in defining implementations in order to ensure compliance and provides advice to other business areas to improve the processes related to the data protection management system²⁰.

Italo's Privacy Department also leads Security Audit activities aiming at evaluating the organizational and technical measures adopted by suppliers to protect information and personal data. A security audit methodology has been adopted by Italo with a specific audit checklist based on the main international standards, applicable laws with regard to Information Security & Data Protection, and Italo's policies and guidelines.

Finally, the activities are executed in cooperation with Italo IT Security Department with the purpose to maintain appropriate security measures, in order to prevent personal data from accidental or unlawful destruction, loss, alteration, unauthorized disclosure, and, in particular where the processing involves transmitting data over a network, from any other illegal form of processing.

4.8 COMMUNICATION CHANNELS



4.9 RESPONSIBLE COMMUNICATION

The importance of sharing and communicating effectively has led Italo to design a holistic approach for transparent and truthful external communication.

²⁰ For further details about Italo's Privacy Department's function please see page 34 of "2020 ITALO's Sustainability Report".

Italo's communication approach

Institutional Relationship & Studies Office: The complex normative and administrative environment regulating rail operations makes an attentive management and monitoring of public affairs vital for the Company. Italo contributes to the enhancement of a direct and effective communication channel with institutions through a periodical reporting activity to the competent Italian and European institutions. At a more technical level, Italo has always been proactive in fostering sector-specific studies in order to support business initiatives with scientific elements and promoting the benefits of railway transportation and of competition within it.

Institutional and Product Communication & Events: Financial press releases, conferences, top management desk interviews and corporate events are fundamental tools for Italo to convey the essence of its business to customers and stakeholders more in general and to engage them into its mission of innovation and sustainability. Traditional and social media, instead, rather focus on product: new offers, routes, services and commercial initiatives are announced in a timely and clear manner in order to let travelers be always informed about new opportunities.

Magazine & Social Media: On-board magazine and, since 2017, the corporate website www.Italospa contribute to describe Italo's world, including its cultural distinctive features, to a heterogeneous public of passengers and potential customers. At the same time, the constant monitoring of feedbacks and comments provided by the interactive communication of social media is a great tool for improving communication and overall corporate strategy.

Corporate Social Responsibility and Sustainability: Through the corporate website and social media, Italo constantly engages its stakeholders about the topics of social and cultural activism, attention to its people, and, of course, the environmental protection. The fast-growing centrality of sustainability within corporate strategy renders the constant communication of such aspects to stakeholders a fundamental tool to correctly disclose Italo's great achievements and goals in this ambit, such as the transparent reporting and the pioneering use of sustainable finance.





GOVERNANCE

0

cases of non-compliance
in the field of business ethics

2

Bodies dedicated
to Sustainability Governance





5.1 MANAGEMENT BODIES & ORGANIZATIONAL STRUCTURE

Pursuant to the corporate by-laws, Italo is currently managed by a Board of Directors and an Executive Committee. The Board of Directors and Executive Committee in charge in 2021 were composed as follows.

Board of Directors

Luca Cordero di Montezemolo - Chairman
Flavio Cattaneo - Executive Deputy Chairman
Gianbattista La Rocca - CEO
Lucy Chadwick - Director
Ines Gandini - Director
Philip Marc Iley - Director
Christoph Holzer - Director
Michael McGhee - Director
Virasb Vahidi - Director

Executive Committee

Flavio Cattaneo - Chairman
Gianbattista La Rocca - Member
Philip Marc Iley - Member
Michael McGhee - Member
Lucy Chadwick - Member

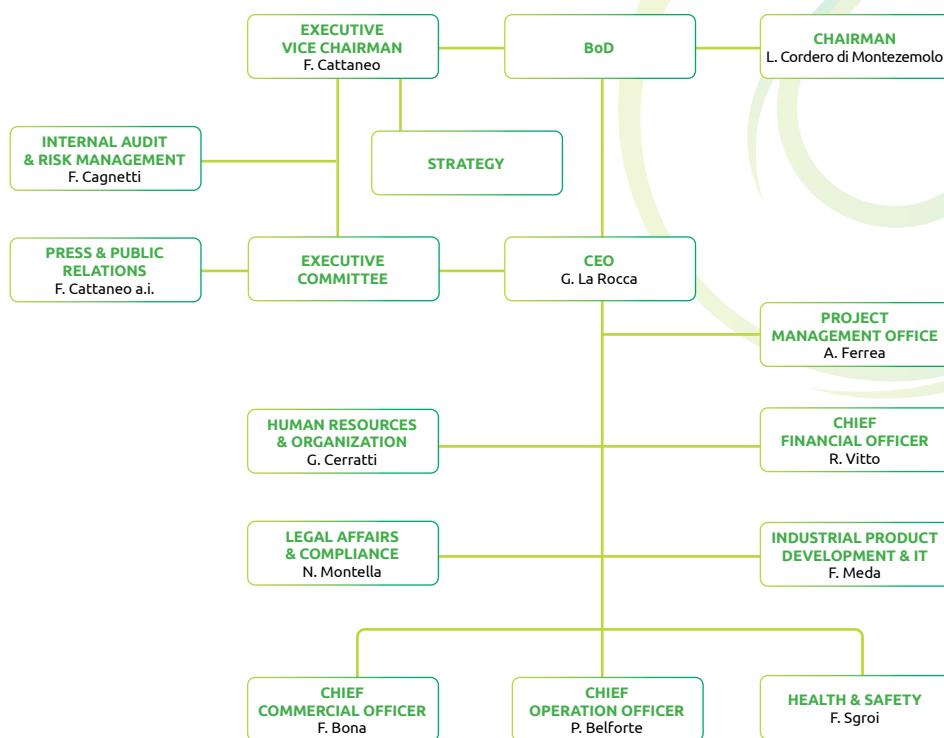
The Directors remain in charge for the period determined by the appointment deed – which may not exceed three years in any case – and may be re-elected. The Shareholders' meeting has appointed both a Board of Statutory Auditors and an Independent Auditor.

5.2 ORGANIZATIONAL STRUCTURE

The Organizational structure identifies operating divisions with technical-functional autonomy, financial autonomy and specificity of production processes.

The Manager of each Production Unit is provided with all the decision-making, management, strategic,

organizational, financial and control powers – and the consequent responsibilities – necessary for the autonomous management of the related Production Unit, including the role of Employer and Environmental Manager of the latter.



5.3 SUSTAINABILITY GOVERNANCE

The growing importance and integration of sustainability into Italo’s business strategy has led to the evolution of the Company’s governance. In June 2021, the sustainability governance was revised and new responsibilities were designed for existing and new bodies, aimed to strengthen and streamline decision-making on environmental, social and governance (ESG) aspects. The bodies currently in charge are:

- **ESG Steering Committee:** chaired by the CEO, it defines and promotes Italo’s ESG policy and decision-making mechanisms, harmonizing them with corporate strategy. It oversees the approval processes of ESG programs and initiatives and ensures coordination with the departments responsible for assessing technical and economic feasibility. In particular, the ESG Steering Committee is in charge of issuing the Sustainability Report, the Sustainability Plan and the related KPIs. It gathers on a quarterly basis.

- **ESG Team:** gathers at least once a month and proposes programs that aim at strengthening and spreading ESG corporate values and culture according to the Steering Committee's guidelines. In particular, it:
 - programs related to environmental protection, emissions and energy reduction, and health and safety. It supervises the implementation of these programs and monitors environmental KPIs, ensuring their alignment with corporate objectives;
 - proposes and oversees social programs for employees and their family, and the community, ensuring their alignment with corporate objectives;
 - promotes the awareness about ESG issues through internal communication initiatives.

ESG Steering Committee

G. La Rocca - Chairman

R. Vitto - Deputy

G. Cerratti - Member

F. Sgroi - Member

I. Gandini - Member

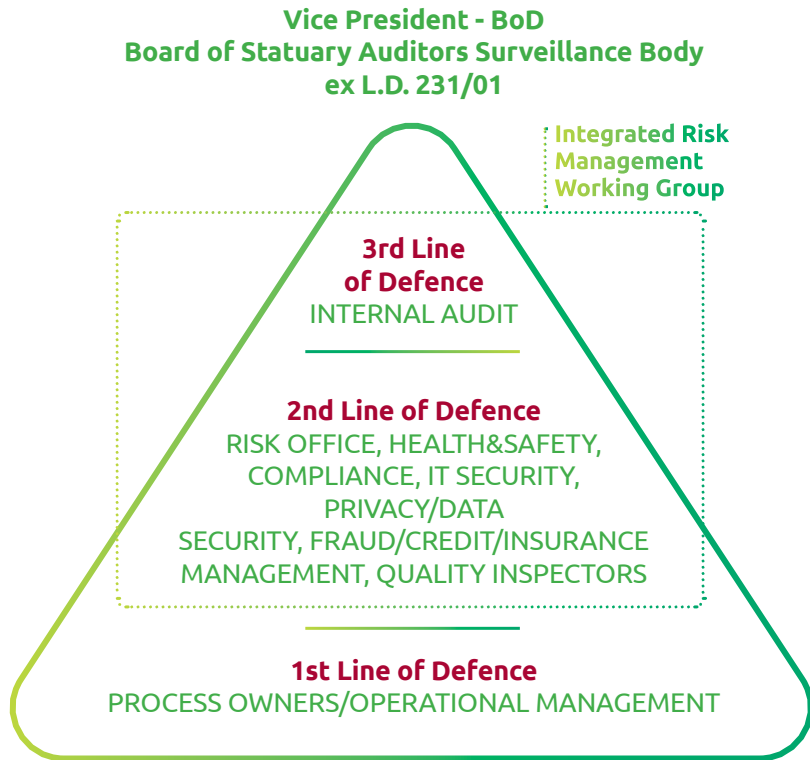
5.4 INTERNAL AUDIT AND RISK MANAGEMENT

Italo's risk management and internal control system has been implemented taking as a reference the CoSO²¹ Frameworks (CoSO Report – CoSO ERM) and the IIA's²² Three Lines Model. Its adequacy is constantly monitored and action plans are defined for a continuous improvement of its efficiency and operating effectiveness.

On these premises, Italo has adopted an integrated approach and internal procedures to foster information sharing and coordination within the organization. A Working Group with delegates from 2nd/3rd Line Functions was set up to discuss relevant evidence of each one's activities, to harmonize operating plans and to provide a periodical reporting on internal control and risk management to senior management.

²¹ Committee of Sponsoring Organizations of the Treadway Commission.

²² The Institute of Internal Auditors.



At the time of reporting, Italo’s main risks are represented by:

- **Strategic / Business Risks:** risks of failure to achieve business objectives, including market and social factors;
- **Financial Risks:** risks that may compromise Italo’s ability to meet its financial obligations (e.g. credit risk, liquidity risk, funding risk, interest rate risk);
- **Operational Risks:** risks of incorrect performance of process activities, due to the inadequacy and malfunction of internal procedures, system malfunction and/or external events, including environmental factors;
- **Compliance Risks:** risks of incurring legal or administrative sanctions or reputational damage.

In 2021 Italo has formally adopted an internal procedure to regulate its integrated risk management and internal control system.

During 2021 the Internal Audit & Risk Management Function performed a benchmark analysis and shared with the Top Management a mid-term roadmap (2022 – 2024) to gradually innovate the process through the implementation of tools able to:

- automate recurrent activities and reduce manual efforts of analysis integration among functions;
- increase data analysis, timeliness and precision of monitoring /testing activities;
- increase quality and insightfulness in periodic reporting.

5.5 BUSINESS ETHICS AND ANTI-CORRUPTION

Italo understands the importance of business ethics, correct competitive practices, and compliance with the applicable laws.

To ensure strict compliance with the principle of legality and to prevent all forms of corruption, the company has adopted:

- A Code of Ethics
- The 231 Model, pursuant to Legislative Decree 231/01, which was updated in 2020 in order to include December 2019 amendment of the Decree as regards tax crimes and again in July 2021 to include the latest regulatory updates introduced by the Legislative Decree 75/2020 as regards fraud and other illegal activities affecting the EU's financial interests²³
- A Whistleblowing Policy, implemented in accordance with the regulatory requirements of Law no. 179/2017.

In 2021, 79% of employees received compulsory training in the above-mentioned topics, and no non-compliance incidents were found during the reporting period.

²³ The Legislative Decree 75/2020 transposes the EU Directive 1371/2017 in Italy and establishes minimum rules concerning sanctions and protection against criminal offences such as fraud and other illegal activities affecting the Union's financial interests.



SOCIETY

95%

of total purchase spending on domestic suppliers

1st year

of a 3-year scholarship for a researcher financing

€316.9

million expenditure on domestic suppliers

5

new routes assessed in terms of social and economic impact

6.1 SUSTAINABLE SUPPLY CHAIN

Ethical, social and environmental issues have been gaining increasing relevance for Italo in selecting its business partners.

In order to allow an adequate level of transparency of the procurement processes and to guarantee the maximum reliability of strategic supplies, Italo has defined an internal selection and qualification process of the suppliers.

To this end, Italo has upgraded its e-procurement portal, that reports the financial and credit reliability of suppliers, which is an important element for preserving company's business continuity, and the relevant certifications held by the business partners. This information is obtained through an ad hoc survey submitted to suppliers during the selection phase, which requires disclosure about environmental performance, energy efficiency, quality, safety, and social accountability certifications, about health and safety management system, about waste management, and ethics and anti-corruption. In addition to the latter, during the selection phase each supplier is informed about Italo's Ethical Code through dedicated contractual clauses. The contracts envisage also the possibility for Italo to perform on-site inspections in order to check the information declared. Furthermore, in order to strengthen its risk management and monitoring system, in 2022 Italo will implement a tool for the identification and assessment of third parties' risks. This tool will allow corporate process owners to know and monitor possible damaging situations, including ESG-related ones.

In addition to this standardized selection procedure, for the most significant and strategic suppliers Italo issues calls for tender in order to guarantee transparency and favor a more informed choice of the best candidate.

Italo holds business relations **with 420 partners in total, of which 93% are based in Italy**. In particular, provision and maintenance of rolling stock and costs for acceding the network are by far the most relevant categories of supplies, covering over 66% of Italo's procurement total spending and attributable to the most strategic assets for Italo's business continuity, as a feature of the high-speed railway sector as a whole.

6.2 ITALO'S SOCIAL AND ENVIRONMENTAL IMPACT ON LOCAL COMMUNITIES

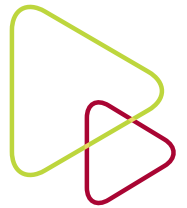
The company strongly believes in the positive impact rail transport delivers to local communities, from both an environmental, social and economic perspective. In this sense, Italo not only works on enhancing the quality, safety, and efficiency of its services, but has been constantly expanding them, by adding new routes. Indeed, Italo firmly believes that high-speed train transportation shall gradually replace alternative transportation modes, at least on short-haul routes, such as national ones, thus benefitting the national system on a larger scale.

For this purpose, in 2021, Italo designed and developed an Impact Assessment model to estimate social and economic impact of its activities, aimed to calculate the impact generated on the territory by

its routes in terms of:

- the **environmental benefits**: GHG and pollutants avoided in comparison with other means of transportation;
- the **economic impact** on the territory: induced local GDP growth through tourism and monetary value for passengers as compared to other transportation modes;
- the **higher safety** of rail transportation: number of accidents and lives saved.

The tool allows to assess the whole Italo network, existing and to be implemented, in terms of economic and social impact. Once again this reflects the strongly commitment of the company on the path of its sustainability maturity since impact assessment plays an important role in integrating social and environmental matters into the corporate strategy.



6.3 SOCIAL AND CULTURAL EVENTS

Beside the great social and environmental impact of its growing business, Italo actively supports initiatives aimed at preserving and enhancing Italy's artistic heritage. Italo's initiatives are based on the protection and enhancement of cultural heritage, and the creation of partnerships and synergies with museums, exhibitions and musical events. Italo is also active in promoting initiatives that raise awareness about social sustainability by supporting, on its own or in partnership with other entities, initiatives that improve equity, accessibility, participation and cultural identity.

In 2021, Italo has been committed in such **social and cultural initiatives**. Beyond the projects already mentioned in the previous chapters, the main initiatives are reported below:

- **AISG**: initiative to raise awareness about glaucoma disease through the on-board magazine.
- **Italo and Fondazione Italia Sociale**: membership of a cross-cutting network aimed to promote corporate social action.
- **Italo and the Italian Heart and Resuscitation Association "Lorenzo Greco" NPO**: Italo supports the organization, focused on healthcare and promoting a healthy life. The company has installed over 100 defibrillators on its trains and given the best training to on board staff.
- **Civic Places**: support to the project by raising awareness on these community-building areas.
- **Italo and Telethon**: support by hosting Telethon representatives on-board and promoting campaigns through corporate channels.
- **Italo and Agis**: relaunching entertainment by promoting events made by members of AGIS - (the Italian General Association for Entertainment).
- **Italo and Corti di Viaggio 2021**: support to the competition promoted by the business travel magazine MISSION's editorial office, with 3 awards: Best business short story, Best holiday short story and Best travel photo.
- **Collaboration with cultural events**: support and provision of discounted tickets to passengers for several events such as the Ferrara Film Festival 2021, Modigliani exhibition organized by Fondazione Modigliani, the Ferrara in Jazz 2021 – 2022, the Robert Doisneau exhibition and selected exhibitions in DART museum in Milan.

.Itales for a better world challenge – Support to AIRC

Italo's commitment to promote projects with a great social impact and thus make a great change continues with "Itales for a better world challenge". This ambitious project is part of .Itales, a project aimed at improving not only the workers' quality of life and wellbeing, but also their families' and society's one. The goal of the first edition of Itales for a better world challenge was to get all together workers, families and friends and make them participate with **Fondazione AIRC** for cancer research to initiatives to collect funds and **finance a 3-year scholarship for a researcher working on child cancers**. This project is just the first step of a long path involving Italo to support other socially committed organizations. Italo is proud to support such an important project for both its workers and the entire community.





METHODOLOGICAL

This document represents Italo's third Sustainability Report in accordance with the GRI Standards, and reports the most significant activities and impacts as regards governance, environment, customers, human resources and society as a whole.

The projects in progress and planned during the year are highlighted in the document, in order to promote an open and transparent dialogue with the company's stakeholders.

This report has been prepared in accordance with the GRI Standards: Core Option that were defined by the Global Reporting Initiative, identified as internationally recognized framework thus allowing a complete, clear and comparable reporting.

The information included in the Sustainability Report reflects the principle of materiality or relevance, an element provided for by the relevant legislation and that characterizes the GRI Standards: the topics dealt with in the Sustainability Report are those that have been considered relevant for their ability to reflect the social and environment impacts of the Company's activities or to influence the decisions of its stakeholders, as described in the section "Sustainability Report: materiality and stakeholder engagement" of this document.

The main methodological upgrade of this Report refers to the update and enhancement of the 2020 materiality analysis, reported in detail in the dedicated paragraph "Sustainability Report: materiality and stakeholder engagement".



AL NOTE



Detailed information about the indicators reported is provided in the “GRI Content Index” table. Moreover, Italo voluntarily disclosed information about the alignment of its activities to the criteria set by the EU Regulation 852/2020 and the Delegated Act related to article 8 of the Regulation, also referred to as the “EU Taxonomy”.

In order to provide a fair representation of performance and to ensure the reliability of the data, the use of estimates has been limited as much as possible and, where present, they are reported appropriately, as well as any restatement of the data published in 2020 Sustainability Report is.

The information contained in this Sustainability Report relates to the reporting period January 1, 2021 - December 31, 2021. The frequency of non-financial reporting and the publication of Sustainability Reports are established on an annual basis.

Any forward-looking statements in this report are subject to the uncertainty caused by the outbreak and persistence of Covid-19 pandemic. This document is available to the public at: <https://italospa.italotreno.it/>. The Sustainability Report was also subject to a limited assurance (“limited assurance engagement” according to the criteria indicated by the ISAE 3000 Revised standard) by Deloitte & Touche S.p.A. which, at the end of the work carried out, issued a specific report.

Any question regarding the 2021 Sustainability Report may be reported to the ESG Committee by contacting esg@ntvspa.it.



COMPANY PROFILE

2021 MEMBERS OF THE BOARD OF DIRECTORS

Gender	2021							
	<30		30-50		>50		Total	
	Number	%	Number	%	Number	%	Number	%
Men	-	-	2	22%	5	56%	7	78%
Women	-	-	-	-	2	22%	2	22%
Total	-	-	2	22%	7	78%	9	100%

Gender	2020							
	<30		30-50		>50		Total	
	Number	%	Number	%	Number	%	Number	%
Men	-	-	3	33%	4	45%	7	78%
Women	-	-	-	-	2	22%	2	22%
Total	-	-	3	33%	6	67%	9	100%

Table 1 Paragraph 5.4. "Organizational structure" – GRI 405-1.a Number and percentage of individuals within the organization's governance bodies, by gender and age group.

ENVIRONMENT

ENERGY CONSUMPTION BY TYPE²⁴ (GIGAJOULE)

Energy Consumption	2020 Total GJ	2021 Total GJ
Natural gas	2,235	1,932
Electricity	721,813	878,372
Diesel	263	219
Total	724,311	880,523

Table 2 Paragraph 6.2. "Energy and emissions" – GRI 302-1. Total energy consumption within the organization in GJ from 1 January to 31 December, by consumption type.

CO₂ EMISSIONS²⁵ (KG)

CO ₂ Footprint	2020	2021	Variation
Scope 1	144,404	127,868	-13%
Scope 2 ²⁶	52,090,857	63,559,960	22%
Total	52,235,261	63,687,828	21,9%

Table 3 Paragraph 6.2. "Energy and emissions" – GRI 305-1 Total direct and indirect GHG emissions in kg from 1 January to 31 December.

WASTE - TRAINS

Disposal methods	Unit of measurement	2020				2021			
		Dangerous	Non-dangerous	Total	%Total	Dangerous	Non-dangerous	Total	%Total
Recycle	t	0	11	11	4%	0	34	34	11%
Landfill	t	0	236	236	96%	0	268	268	89%
Total	t	-	247	247	100%	-	302	302	100%

Table 4 Paragraph 6.3 "Waste management" - GRI 306-2 Tons of waste produced and disposed from 1 January to 31 December, by type and disposal method.

24 The source of conversion factors into GJ is "Tabella parametri standard nazionali 2021 - Ministero dell'Ambiente". In particular: natural gas = 0.034287 GJ/smc; electricity = 0.0036; diesel = 0.042780 GJ/kg.

25 CO₂ emissions are based on the "Location-based method". However, Scope 2 CO₂ emissions have been determined using both the methodologies envisaged in GRI Sustainability Reporting Standards. As for the "Market-based method", Total Scope 2 emissions amount to 111.992.406 kg for 2021, and to 93.434.717 kg for 2020. The source of emission factors for the calculation of Scope 2 Location-based is "ISPRA 2020 - Atmospheric emission factors of greenhouse gases in the national electricity industry and in the main European countries", while for the Market-based is "AIB_Residual Mix 2020 v.1.0".

26 2020 Location-based CO₂ emissions have been restated due to the update of emission factors. In particular, for Scope 2 Location-based emissions the source used is "ISPRA 2020 - Atmospheric emission factors of greenhouse gases in the national electricity industry and in the main European countries".

PEOPLE

TOTAL NUMBER OF WORKERS BY EMPLOYMENT CONTRACT
(PERMANENT, TEMPORARY, APPRENTICESHIP), BY GENDER AND REGION

Employment contract	2020			2021			Variation		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Northern Italy	286	199	485	276	242	518	-3%	22%	7%
<i>Permanent</i>	263	164	427	247	179	426	-6%	9%	0%
<i>Temporary</i>	1	0	1	0	0	0	-100%	0%	-100%
<i>Apprenticeship</i>	21	33	54	2	6	8	-90%	-82%	-85%
Total employees	285	197	482	249	185	434	-13%	-6%	-10%
<i>Staff leasing</i>	0	2	2	26	57	83	2600%	2750%	4050%
<i>Internship</i>	0	0	0	0	0	0	0%	0%	0%
<i>Other collaborators</i>	1	0	1	1	0	1	0%	0%	9%
Total external workers	1	2	3	27	57	84	2600%	2750%	2700%
Central, Southern Italy and Island	461	423	884	502	446	948	9%	5%	7%
<i>Permanent</i>	437	368	805	470	401	871	8%	9%	8%
<i>Temporary</i>	2	2	4	7	4	11	250%	100%	175%
<i>Apprenticeship</i>	18	51	69	10	19	29	-44%	-63%	-58%
Total employees	457	421	878	487	424	911	7%	1%	4%
<i>Staff leasing</i>	0	2	2	9	22	31	900%	1000%	1450%
<i>Internship</i>	2	0	2	2	0	2	0%	0%	0%
<i>Other collaborators</i>	2	0	2	4	0	4	100%	0%	100%
Total external workers	4	2	6	15	22	37	275%	1000%	517%
Total employees	742	618	1360	736	609	1345	-1%	-1%	-1%
Total external workers	5	4	9	42	79	121	740%	1875%	1244%
Total workforce	747	622	1369	778	688	1466	4%	11%	7%

Table 5 Paragraph 8.1 "Human resource management" – GRI 102-8.a – b. Total number of employees by employment contract (permanent and temporary) on 31 December, by gender and geographic area.

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE (FULL-TIME AND PART-TIME), BY GENDER

Employment type	2020			2021			Variation		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	740	588	1,328	733	567	1300	-1%	-4%	-2%
Part-time	2	30	32	3	42	45	50%	40%	41%
Total	742	618	1,360	736	609	1345	-1%	-1%	-1%

Table 6 Paragraph 8.1 "Human resource management" – GRI 102-8.c. Total number of employees by employment type (full-time and part-time) on 31 December, by gender.

Number of people	2020 New Employee hires				2021 New Employee hires				Variation			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Northern Italy	32	9	-	41	2	4	1	7	-94%	-56%	100%	-83%
<i>Men</i>	24	8	-	32	1	3	1	5	-96%	-63%	100%	-84%
<i>Women</i>	8	1	-	9	1	1	-	2	-88%	0%	0%	-78%
Central, Southern Italy and Island	65	20	1	86	40	23	2	65	-38%	15%	100%	-24%
<i>Men</i>	41	15	1	57	34	16	1	51	-17%	7%	0%	-11%
<i>Women</i>	24	5	-	29	6	7	1	14	-75%	40%	100%	-52%
Total	97	29	1	127	42	27	3	72	-57%	-7%	200%	-43%
<i>Men</i>	65	23	1	89	35	19	2	56	-46%	-17%	100%	-37%
<i>Women</i>	32	6	-	38	7	8	1	16	-78%	33%	100%	-58%

Number of people	2020 New Employee hires				2021 New Employee hires			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Northern Italy	17%	3%	0%	9%	2%	1%	13%	2%
<i>Men</i>	22%	5%	0%	11%	1%	2%	20%	2%
<i>Women</i>	10%	1%	0%	5%	2%	1%	0%	1%
Central, Southern Italy and Island	27%	3%	4%	10%	18%	4%	7%	7%
<i>Men</i>	33%	5%	4%	12%	27%	5%	4%	10%
<i>Women</i>	21%	2%	0%	7%	6%	2%	33%	3%
Total	23%	3%	3%	9%	12%	3%	8%	5%
<i>Men</i>	28%	5%	4%	12%	18%	4%	6%	8%
<i>Women</i>	16%	1%	0%	6%	5%	2%	17%	3%

Table 7 Paragraph 8.2 "Talent attraction" – 401-1.a Total Number and rate of new employee hires from 1 January to 31 December, by geographic area, gender and age group. The rate of new employee hires in the ratio between the number of new hires and the number of employees.

Number of people	2020 Employee Turnover				2021 Employee Turnover				Variation			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Northern Italy	13	5	1	19	13	16	-	29	0%	220%	-100%	53%
<i>Men</i>	7	5	1	13	7	8	-	15	0%	60%	-100%	15%
<i>Women</i>	6	-	-	6	6	8	-	14	0%	800%	0%	133%
Central, Southern Italy and Island	12	24	5	41	25	29	4	58	108%	21%	-20%	41%
<i>Men</i>	9	16	5	30	20	23	4	47	122%	44%	-20%	57%
<i>Women</i>	3	8	-	11	5	6	-	11	67%	-25%	0%	0%
Total	25	29	6	60	38	45	4	87	52%	55%	-33%	45%
<i>Men</i>	16	21	6	43	27	31	4	62	69%	48%	-33%	44%
<i>Women</i>	9	8	-	17	11	14	-	25	22%	75%	0%	47%

Number of people	2020 Employee Turnover				2021 Employee Turnover			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Northern Italy	7%	2%	17%	4%	11%	5%	0%	7%
<i>Men</i>	6%	3%	25%	5%	10%	5%	0%	6%
<i>Women</i>	8%	0%	0%	3%	12%	6%	0%	8%
Central, Southern Italy and Island	5%	4%	19%	5%	11%	4%	14%	6%
<i>Men</i>	7%	5%	21%	7%	16%	7%	15%	10%
<i>Women</i>	3%	3%	0%	3%	5%	2%	0%	3%
Total	6%	3%	19%	4%	11%	5%	11%	6%
<i>Men</i>	7%	4%	21%	6%	14%	6%	13%	8%
<i>Women</i>	5%	2%	0%	3%	7%	3%	0%	4%

Table 8 Paragraph 8.2 "Talent attraction" - GRI 401-1.b. Total Number and rate of employee turnover from 1 January to 31 December, by age group, gender and region. The rate of employee turnover is the ratio between the number of terminations and the number of employees.

PERCENTAGE OF TOTAL EMPLOYEES WHO RECEIVED A REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEW DURING THE REPORTING PERIOD

Number of employees	2021		
	Men	Women	Total
Staff	91%	87%	89%
Operational staff	98%	90%	94%
Total	96%	89%	93%

Number of employees	2020		
	Men	Women	Total
Staff	98%	95%	96%
Operational staff	93%	92%	92%
Total	94%	92%	93%

Table 9 Paragraph 8.5 "Training and Employee development" – GRI 404-3.a. Percentage of employees receiving regular performance and career development reviews, from 1 January to 31 December.

PARENTAL LEAVE

Number of employees	2021		
	Men	Women	Total
Total number of employees that were entitled to parental leave	244	214	458
Total number of employees that took parental leave	90	112	202
Total number of employees that returned to work in the reporting period after parental leave ended	90	112	202
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	76	79	155
Return to work rate	100%	100%	100%
Retention rate	100%	100%	100%

Number of employees	2020		
	Men	Women	Total
Total number of employees that were entitled to parental leave	241	206	447
Total number of employees that took parental leave	78	83	161
Total number of employees that returned to work in the reporting period after parental leave ended	76	79	155
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	74	118	192
Return to work rate	97%	95%	96%
Retention rate	96%	97%	96%

Table 10 Paragraph 8.4. "Diversity" – GRI 401-3 Parental leave from 1 January to 31 December, by gender.

Number of Employees	2020 Number of employees per employee category, gender and age group				2021 Number of employees per employee category by gender and age group				Variation			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Staff	25	226	24	275	33	241	25	299	32%	7%	4%	9%
<i>Men</i>	12	112	22	146	17	117	22	156	42%	4%	0%	7%
<i>Women</i>	13	114	2	129	16	124	3	143	23%	9%	50%	11%
Operational staff	401	676	8	1.085	316	718	12	1.046	-21%	6%	50%	-4%
<i>Men</i>	220	370	6	596	181	390	9	580	-18%	5%	50%	-3%
<i>Women</i>	181	306	2	489	135	328	3	466	-25%	7%	50%	-5%
Total	426	902	32	1.360	349	959	37	1.345	-18%	6%	16%	-1%
Total Men	232	482	28	742	198	507	31	736	-15%	5%	11%	-1%
Total Women	194	420	4	618	151	452	6	609	-22%	8%	50%	-1%

Table 11 Paragraph 8.4 "Diversity" – GRI 405-1.b Number and percentage of employees on 31 December, for employee category, gender and age group.

PERCENTAGE OF EMPLOYEES PER EMPLOYEE CATEGORY BY GENDER AND AGE GROUP

Percentage of employees	2021			
	<30	30-50	>50	Total
Staff	2%	18%	2%	22%
<i>Men</i>	1%	9%	2%	12%
<i>Women</i>	1%	9%	0%	11%
Operational staff	23%	53%	1%	78%
<i>Men</i>	13%	29%	1%	43%
<i>Women</i>	10%	24%	0%	35%
Total	26%	71%	3%	100%
<i>Total Men</i>	15%	38%	2%	55%
<i>Total Women</i>	11%	34%	0%	45%

Percentage of employees	2020			
	<30	30-50	>50	Total
Staff	2%	16%	2%	20%
<i>Men</i>	1%	8%	2%	11%
<i>Women</i>	1%	8%	0%	9%
Operational staff	30%	50%	0%	80%
<i>Men</i>	17%	27%	0%	44%
<i>Women</i>	13%	23%	0%	36%
Total	31%	66%	2%	100%
<i>Total Men</i>	17%	35%	2%	55%
<i>Total Women</i>	14%	31%	0%	45%

Table 12 Paragraph 8.4 "Diversity" – GRI 405-1.b Number and percentage of employees on 31 December, for employee category, gender and age group.

Number of Employees	2020 Number of employees belonging to vulnerable categories			2021 Number of employees belonging to vulnerable categories			Variation		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Staff	8	8	16	11	7	18	-38%	-13%	13%
Operational staff	7	2	9	3	1	4	-57%	-50%	-56%
Total	15	10	25	14	8	22	-7%	-20%	-12%

Table 13 Paragraph 8.4 "Diversity" – GRI 405—1.b. Number and percentage of employees belonging to vulnerable groups, by employee category and gender.

PERCENTAGE OF EMPLOYEES BELONGING TO VULNERABLE CATEGORIES, BY EMPLOYEE CATEGORY AND GENDER BY EMPLOYEE CATEGORY AND GENDER AND AGE GROUP

Number of employees	2021		
	Men	Women	Total
Staff	7%	5%	6%
Operational Staff	1%	0.2%	0.4%
Total	2%	1%	2%

Number of employees	2020		
	Men	Women	Total
Staff	4%	6%	5%
Operational Staff	1%	0%	1%
Total	2%	2%	2%

Table 14 Paragraph 8.4 "Diversity" – GRI 405—1.b. Number and percentage of employees belonging to vulnerable groups, by employee category and gender.

RATIO OF THE REMUNERATION OF WOMEN TO MEN FOR EACH EMPLOYEE CATEGORY, BY SIGNIFICANT LOCATIONS OF OPERATION

Per capita average basic salary	2020 Ratio women/men (%)	2021 Ratio women/men (%)
Northern Italy	80,3%	72,0%
<i>Staff</i>	<i>63,7%</i>	<i>53,2%</i>
<i>of which Top Management</i>	<i>0,0%</i>	<i>0,0%</i>
<i>of which Middle Management</i>	<i>0,0%</i>	<i>0,0%</i>
<i>of which Employees</i>	<i>94,4%</i>	<i>77,6%</i>
<i>Operational staff</i>	<i>81,9%</i>	<i>73,6%</i>
Central, Southern Italy and Island	74,5%	76,6%
<i>Staff</i>	<i>68,9%</i>	<i>74,0%</i>
<i>of which Top Management</i>	<i>87,3%</i>	<i>75,1%</i>
<i>of which Middle Management</i>	<i>97,3%</i>	<i>99,5%</i>
<i>of which Employees</i>	<i>88,3%</i>	<i>93,8%</i>
<i>Operational staff</i>	<i>78,9%</i>	<i>78,2%</i>
Total	77,1%	75,4%

Table 15 Paragraph 8.4 "Diversity" – GRI 405-2 Ratio of the remuneration of women to men for each employee category, by significant locations of operation.

AVERAGE HOURS OF TRAINING THAT THE ORGANIZATION'S EMPLOYEES HAVE UNDERTAKEN DURING THE REPORTING PERIOD, BY GENDER AND EMPLOYEE CATEGORY

Hours of training	2020			2021			Variation		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Staff	8.7	6.6	7.7	18.2	16.2	17.2	109%	145%	124%
Operational staff	166.6	53.0	115.4	166.3	77.1	126.6	-0.2%	45%	10%
Total	135.6	43.3	93.6	134.9	62.8	102.3	-0.5%	45%	9%

Table 16 Paragraph 8.5 "Training and Employee Development" – GRI 404-1 Average hours of training that the organization's employees have undertaken from 1 January to 31 December, by gender and employee category.

WORK-RELATED INJURIES²⁷

Number of injuries	2020	2021
Fatalities as a result of work-related injury	-	-
High-consequence work-related injuries (excluding fatalities)	-	-
The number recordable work-related injuries	9	14

Table 17 Paragraph 9.1 "Health and safety" – GRI 403-9 Number and rate of work-related injuries of the workforce recorded from 1 January to 31 December.

RATE OF WORK-RELATED INJURIES

Rate of injuries	2020	2021
Fatalities as a result of work-related injury	-	-
High-consequence work-related injuries (excluding fatalities)	-	-
The rate of recordable work-related injuries	6.68	8.55

Table 18 Paragraph 9.1 "Health and safety" – GRI 403-9 Number and rate of work-related injuries of the workforce recorded from 1 January to 31 December.

²⁷ The number of worked hours was 1,638,136 in 2021 and 1,346,699 in 2020

BUDGET EXPENDITURE

Product / Service category	2021							
	Italy		EU		Extra-EU		Total	
	Spending (Mio. €)	%	Spending (Mio. €)	%	Spending (Mio. €)	%	Spending (Mio. €)	%
Provision and maintenance of rolling stock	119,4	35,9%	-	-	-	-	119.4	35.9%
Network access costs	101,5	30,5%	-	-	-	-	101.5	30.5%
Facility Management	12,5	3,8%	-	-	-	-	12.5	3.8%
Information Technology	23,5	7,0%	2.4	0.7%	2.0	0.6%	27.9	8.4%
Miscellaneous	60,0	18,1%	0.1	0.04%	11.2	3.4%	71.4	21.5%
Total	316,9	95,3%	2.5	0.8%	13.2	4.0%	332.6	100%

Product / Service category	2020							
	Italy		EU		Extra-EU		Total	
	Spending (Mio. €)	%	Spending (Mio. €)	%	Spending (Mio. €)	%	Spending (Mio. €)	%
Provision and maintenance of rolling stock	121.1	42.4%	-	-	-	-	121.1	42.4%
Network access costs	75.6	26.5%	-	-	-	-	75.6	26.5%
Facility Management	8.6	3.0%	-	-	-	-	8.6	3.0%
Information Technology	20.3	7.1%	3.2	1.1%	1.9	0.7%	25.4	8.9%
Miscellaneous	46.0	16.1%	0.4	0.2%	8.3	2.9%	54.7	19.2%
Total	271.6	95.2%	3.6	1.3%	10.2	3.6%	285.4	100%

Table 19 Paragraph 10.1 “Sustainable supply chain” – GRI 204-1 Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).



COMPARATIVE TABLE

Topic	Topic specific disclosures	Impact boundary	Type of impact
Business ethics, anti-corruption and human rights	Anti-corruption Environmental compliance	Italo; Supplier; Other stakeholder	Caused by Italo S.p.A.
Customer privacy and information security	Customer privacy	Italo; Customers	Caused by Italo S.p.A. and directly connected to its operations
Energy use, emissions and climate change	Energy; Emissions	Italo; Supplier	Caused by Italo S.p.A. and directly connected to its operations
Waste management	Effluents and waste	Italo	Caused by Italo S.p.A.
Quality of service	N/a	Italo; Supplier; Customers	Caused by Italo S.p.A. and directly connected to its operations
Intermodality and innovative services	N/a	Italo; Customers	Caused by Italo S.p.A. and directly connected to its operations
Employee development and training	Training and education; Labour / Management relations	Italo; Employees; Trade unions	Caused by Italo S.p.A.
Diversity and well-being in the workplace	Employment; Diversity and equal opportunities	Italo; Employees	Caused by Italo S.p.A.
Passenger safety and security	Customer Health and safety	Italo; Supplier; Customers	Caused by Italo S.p.A. and directly connected to its operations
Workplace health and safety	Occupational Health and safety	Italo; Employees	Caused by Italo S.p.A. and directly connected to its operations
Sustainable supply chain	Procurement Practices	Italo; Suppliers	Caused by Italo S.p.A. and directly connected to its operations
Territory and communities	N/a	Italo; Communities	Caused by Italo S.p.A.



GRI CONTENT INDEX

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102-2	Primary brands, products, and services	21	[•]
102-3	Location of the headquarters	84	[•]
102-4	Geographic areas of operations	21	[•]
102-5	Nature of ownership and legal form	23	[•]
102-6	Markets served	19, 21	[•]
102-7	Scale of the organization	6-8	[•]
102-8	Information on employees and other workers	28-32, 64	[•]
102-9	Supply chain	56-58	[•]
102-10	Significant changes to the organization and its supply chain	No significant changes occurred during the reporting year	[•]
102-11	Precautionary principle or approach	53-54	[•]
102-12	External initiatives	12-13, 31, 37, 58-59	[•]
102-13	Membership of associations	Allrail (Alliance of Passenger Rail New Entrants in Europe) UIC (Union Internationale des Chemins de Fer)	[•]
<i>Strategy</i>			
102-14	Statement from senior decision-maker	4-5	[•]
<i>Ethics and integrity</i>			
102-16	Values, principles, standards, and norms of behavior	20-21	[•]
<i>Governance</i>			
102-18	Governance structure	51-53	[•]
102-20	Executive-level responsibility for economic, environmental, and social topics	52-53	[•]
102-32	Highest governance body's role in sustainability reporting	52-53	[•]

Stakeholder engagement			
102-40	List of stakeholder groups	16-17	[•]
102-41	Collective bargaining agreements	100% of the personnel is covered by collective bargaining agreements. The Company's Collective Labor Agreement (CCAL) is applied to all employees, with the exception of the executive personnel. The National Collective Labor Contract (CCNL) for the tertiary, distribution and services sector is applied to executive personnel	[•]
102-42	Identifying and selecting stakeholders	16-17	[•]
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102-45	Entities included in the consolidated financial statements	60-61	[•]
102-46	Defining report content and topic Boundaries	16-17, 73	[•]
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103-2	The management approach and its components	57	[•]
103-3	Evaluation of the management approach	57, 72	[•]

GRI 204: Procurement practices (2016)			
204-1	Proportion of spending on local suppliers	72	[•]
<i>Topic: Anti-corruption</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	16-17	[•]
103-2	The management approach and its components	55	[•]
103-3	Evaluation of the management approach	32, 55, 76	[•]
GRI 205: Anti-corruption (2016)			
205-2	Communication and training about anti-corruption policies and procedures	32	[•]
205-3	Substantiated incidents of corruption	No incidents of corruption in 2021	[•]
300 – ENVIRONMENTAL SERIES (2016)			
<i>Topic: Energy</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	16-17	[•]
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103-3	Evaluation of the management approach	37-38, 62	[•]
GRI 302: Energy (2016)			
302-1	Energy consumption within the organization	62	[•]
<i>Topic: Emissions</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	16-17	[•]
103-2	The management approach and its components	36-38	[•]
103-3	Evaluation of the management approach	36-38, 63	[•]
GRI 305: Emissions (2016)			
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305-2	Energy indirect (Scope 2) GHG emissions	63	[•]
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GRI-103: Management approach (2016)			

103-1	Explanation of the material topic and its boundary	16-17	[•]
103-2	The management approach and its components	39	[•]
103-3	Evaluation of the management approach	39, 63	[•]
GRI 306: Waste (2020)			
306-1	Waste generation and significant waste-related impacts	39	[•]
306-2	Management of significant waste-related impacts	39	[•]
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GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	16-17	[•]
103-2	The management approach and its components	34-39	[•]
103-3	Evaluation of the management approach	34-39	[•]
GRI 307: Environmental compliance (2016)			
307-1	Non-compliance with environmental laws and regulations	35	[•]
<i>Topic: Supplier environmental assessment</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	16-17	[•]
103-2	The management approach and its components	57	[•]
103-3	Evaluation of the management approach	57	[•]
GRI 308: Supplier environmental assessment (2016)			
308-1	New suppliers that were screened using environmental criteria	57	Evaluation tool has been upgraded and will be implemented over the next months. Qualitative description of the system is provided.
400 – SOCIAL SERIES (2016)			
<i>Topic: Employment</i>			
GRI-103: Management approach (2016)			

103-1	Explanation of the material topic and its boundary	16-17	[•]
103-2	The management approach and its components	28-32	[•]
103-3	Evaluation of the management approach	28-32, 65-66	[•]
GRI 401: Employment (2016)			
401-1	New employee hires and employee turnover	65-66	[•]
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	31	[•]
401-3	Parental leave	67-68	[•]
<i>Topic: Occupational health and safety</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	16-17	[•]
103-2	The management approach and its components	26-27	[•]
103-3	Evaluation of the management approach	26-27, 71	[•]
GRI 403: Occupational health and safety (2018)			
403-1	Occupational health and safety management system	26-27	[•]
403-2	Hazard identification, risk assessment, and incident investigation	26-27	[•]
403-3	Occupational health services	26-27	[•]
403-4	Worker participation, consultation, and communication on occupational health and safety	26-27	[•]
403-5	Worker training on occupational health and safety	26-27	[•]
403-6	Promotion of worker health	26-27	[•]
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	26-27	[•]
403-9	Work-related injuries	71	[•]
<i>Topic: Training and education</i>			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	16-17	[•]
103-2	The management approach and its components	32	[•]
103-3	Evaluation of the management approach	32, 67, 71	[•]
GRI 404: Training and education (2016)			

404-1	Average hours of training per year per employee	71	[•]
404-3	Percentage of employees receiving regular performance and career development reviews	67	[•]
Topic: Diversity and equal opportunities			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	16-17	[•]
103-2	The management approach and its components	31, 51	[•]
103-3	Evaluation of the management approach	31, 51, 62, 69-70	[•]
GRI 405: Diversity and equal opportunities (2016)			
405-1	Diversity of governance bodies and employees	62, 69-70	[•]
405-2	Ratio of basic salary and remuneration of woman to man	70	
Topic: Supplier social assessment			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	16-17	[•]
103-2	The management approach and its components	57	[•]
103-3	Evaluation of the management approach	57	[•]
GRI 416: Supplier social assessment (2016)			
414-1	New suppliers that were screened using social criteria	57	Evaluation tool has been upgraded and will be implemented over the next months. Qualitative description of the system is provided.
Topic: Customer privacy			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	16-17	[•]
103-2	The management approach and its components	46-47	[•]
103-3	Evaluation of the management approach	46-47, 79	[•]
GRI 418: Customer privacy (2016)			

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During 2021, Italo has reported no substantiated complaints received concerning breaches of customer information. The Company has identified only one case of loss of customer data in 2021, timely communicated and solved.	[•]
Topic: Quality of service			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	16-17	[•]
103-2	The management approach and its components	40-42, 44-45	[•]
103-3	Evaluation of the management approach	40-42, 44-45	[•]
Topic: Passenger safety and security			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	16-17	[•]
103-2	The management approach and its components	25-26	[•]
103-3	Evaluation of the management approach	25-26	[•]
Topic: Intermodality and innovative services			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	16-17	[•]
103-2	The management approach and its components	43-46	[•]
103-3	Evaluation of the management approach	43-46	[•]
Topic: Territory and community			
GRI-103: Management approach (2016)			
103-1	Explanation of the material topic and its boundary	16-17	[•]
103-2	The management approach and its components	57-59	[•]
103-3	Evaluation of the management approach	57-59	[•]



INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

**To the Board of Directors of
Italo Nuovo Trasporto Viaggiatori S.p.A.**

We have carried out a limited assurance engagement on the Sustainability Report of Italo Nuovo Trasporto Viaggiatori S.p.A. (hereinafter "Italo") as of December 31, 2021.

We did not perform limited assurance procedures on the information included in the paragraph "EU taxonomy" of the Sustainability Report, voluntarily disclosed, based on the European Regulation 2020/852.

Responsibility of the Directors for the Sustainability Report

The Directors of Italo are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – *Global Reporting Initiative* ("GRI Standards"), as stated in the chapter "Methodological Note" of the Sustainability Report.

The Directors are also responsible, for such internal control as they determine is necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the definition of the Italo's objectives in relation to the sustainability performance, for the identification of the stakeholders and the significant aspects to report.

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.

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Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Sustainability Report with 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 Sustainability Report 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 the Sustainability Report are based on our professional judgement and included inquiries, primarily with Company personnel responsible for the preparation of information included in the Sustainability Report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

- 1) analysis of the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
- 2) comparison between the economic and financial information included in the Sustainability Report with those included in the Company's Financial Statements;
- 3) understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainability Report.

In particular, we carried out interviews and discussions with the management of Italo 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 Sustainability Report.

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

- with regards to qualitative information included in the Sustainability Report, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
- 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.
- moreover, we carried out remote meetings, during which we have met the management and have gathered supporting documentation on a sample basis with reference to the correct application of procedures and calculation methods used for the indicators.

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Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Italo Nuovo Trasporto Viaggiatori S.p.A. as of December 31, 2021 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph "Methodological Note" of the Sustainability Report.

Our conclusion on the Sustainability Report does not extend to the information included in the paragraph "EU taxonomy" based on the European Regulation 2020/852.

DELOITTE & TOUCHE S.p.A.




Monica Palumbo
Partner


Milan, Italy
July 12, 2022



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