

Integrated report 2021



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Integrated Report on Operations

Letter to stakeholders



TPER is 10 years old and on the occasion of this important anniversary the dialogue with stakeholders is enriched with a new tool. In fact, 2021 is the first year in which the company will present integrated financial statements, combining in a single document both the economic-financial information, defined according to the reference standards and principles, and the non-financial statement (NFS) and aspects related to sustainability issues.

The decision to integrate the sustainability reporting with the corporate and consolidated financial statements is not a mere formality, but the natural result of the strategic choices made by the company in its business plan in recent years, choices that have accompanied TPER on its path to growth as a sustainable mobility group.

The new integrated financial statements include the Integrated Report on Operations, which in turn includes the NFS and sustainability issues in accordance with the procedures set out in Italian Legislative Decree no. 254/2016 as well as in compliance with the international GRI standards, the consolidated financial statements of the Group and finally the financial statements of TPER S.p.A.

It is therefore a document which represents the Group as a whole and is intended to address not only shareholders, analysts and investors, but all stakeholders.

The importance given to ESG (Environmental, Social, Governance) factors within the text indicates, on the one hand, a strong focus on these issues from the point of view of reporting, and on the other hand, that all activities related to the environment, the social dimension and management are the subject of strategic and operational planning by the company, in the logic of creating long-term value, also in terms of risk management, not only financial but also related to the human, ecological and management business.

Again in 2021, TPER has confirmed the selection of 9 SDGs out of the 17 identified by the United Nations, to which it intends to contribute with its service and business activities. The SDGs, together with the material goals, were also considered in the planning phase, also establishing specific assessment objectives based on sustainability issues.

These issues are important, and perhaps even more relevant, in today's evolving health, economic, financial and geopolitical situation. In a scenario still characterised by the pandemic challenge, which has produced and is producing throughout the mobility sector significant consequences both from an economic point of view and with reference to service organisation and corporate objectives, there are now also prospects of serious international uncertainty and growing tensions culminating, in February 2022, with the start of the war in Ukraine. In particular, the sharp increase in prices in the energy sector as of summer 2021 has imposed and will continue to impose the need to develop short- and long-term actions to ensure diversification and security of supply and to counteract rising costs.

The challenges that the company faces are therefore manifold.

This financial statements, despite the difficulties of a 2021 still strongly affected by the pandemic situation and commodity price increases, show positive economic results thanks to the company's stability, the sound and prudent management undertaken and made stable over the years, the skills developed in the company to manage and implement long-term programmes, as well as the relief provided by the regulations adopted in recent years, and the availability of financing and co-financing provided by public policies.

This allows not only to guarantee the company's solidity, but also to maintain an important plan of tangible and intangible investments. For the time being, in fact, the difficult situation has not had negative repercussions on the planning strategies and the amount of investments themselves, which have been, despite everything, very substantial and in line with pre-pandemic commitments. Likewise, maximum attention was paid to the issue of employment and personnel management, a crucial aspect in companies which, like TPER, are labour intensive. In fact, the planned hiring plan was maintained, welfare policies were confirmed and, albeit with necessary differences and as dictated by health and safety requirements, training activities were guaranteed.

Difficulties and uncertainties should therefore not distract us from the objectives of prudent business management and resilient and sustainable development: we are all called upon to play our part in laying the foundations for a transition that is as fair and effective as possible.

In this regard, the company has taken an active role alongside the competent institutions for innovative projects and investments to be financed also through the funds available for sustainable mobility or the resources provided for by the National Recovery and Resilience Plan.

With reference to investments for the future, TPER has approved an ambitious action plan for the period 2022-2024 for a value already defined for over Euro 220 million. The investments concern the technological innovation of transport systems (from liquid methane to biomethane, electricity and hydrogen), the renewal of vehicles with a view to improving both the quality of transport services and environmental parameters in the area, and technological and digital innovation, which, in agreement with the institutions, has already been proactively launched by the company with respect to the national planning panorama in the sector, with achievements that are gaining favour with users and will be further implemented with a view to "mobility as a service" (MaaS).

For these important challenges, the productive collaboration with shareholders and institutions in pursuing the achievement of shared objectives will be fundamental, just as the contribution of the women and men working in the TPER Group, whom, also on behalf of the Board of Directors, I would like to thank, has been essential and will be even more so in the future.

TPER will continue to pursue the objective of proper and efficient management of activities in the interest of the communities it serves, with a commitment inspired by inclusiveness and transparency, internally as well as towards all external stakeholders. This document, which combines accounting and social reporting aspects for the first time, is intended to be a further and, I trust, useful tool.

Chairperson and Chief Executive Officer of TPER

Giuseppina Gualtieri

TPER summary data



Operational indicators

		2020	2021
The vehicles			
TPER Buses	Number	1,187	1,199
TPER partner buses in TPB - TPF	Number	219	277
TPER Trains	Number	16	16
Traffic, network and infrastructures			
Km covered - road	Millions of km (TPER Group)	42.7	45.9
Passengers - Customers (Millions of trips)		101.7	106.3
Registered for the "Corrente" car-sharing service	Number	29,585	46,752

Economic-financial indicators

The KPIs (*Key Performance Indicators*) for the period and the main changes that characterised the Group's performance are shown below.

Economic KPIs (in millions of Euro)		2020	2021
Revenues and other operating income		266	288
Costs and other operating expenses		234	250
Gross operating margin - EBITDA		32	39
	<i>% on "Revenues and other income"</i>	12%	13%
Operating margin - EBIT		4	14
	<i>% on "Revenues and other income"</i>	2%	5%
Net result		4	7
	<i>% on "Revenues and other income"</i>	1%	2%

Equity KPIs (in millions of Euro)	2020	2021
Tangible assets	162	178
Intangible assets	17	19
Assets for rights of use	11	8
Shareholders' equity	165	172
Net financial position	31	53

Financial KPIs (in millions of Euro)	2020	2021
<i>ROI</i>	2%	6%
Net invested capital	196	225
Operating margin - EBIT	4	14
<i>ROE</i>	2%	4%
Shareholders' equity	165	172
Net result	4	7

Social indicators

		2020	2021
Staff			
Employees	Number	2,487	2,320
Number of hours of training	Number	45,525	66,145

Environmental indicators

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

		2020	2021
Journey in km with methane gas vehicles	Overall impact % of total	25%	28%
Journeys in km with electric vehicles	Overall impact % of total	8%	4%
Lower CO2 produced compared to the previous year (overall, excluding railway services in 2019)	%	-6.11%	-4.64%

Reduction in particulate emissions compared to the previous year	%	-32.85%	-15.1%
Reduction in nitrogen oxide emissions compared to the previous year		-22.17%	-3.4%
Reduction in hydrocarbon emissions compared to the previous year	%	-20.71%	-2.1%
Reduction in carbon monoxide emissions compared to the previous year		-16.3%	+3.25%*
			(*slight increase compared to the previous year due to the exceptional year 2020, in which fewer km were delivered and lower consumption was recorded. Compared to the three-year period, the indicator is equal to -13%)
CO2 saved thanks to the use of LPT compared to the use of a private car	Tonnes	-96 thousand tonnes of which 200 for the Corrente service	-108 thousand T of which 255 for the Corrente service

Presentation of the integrated financial statements and methodological note **NFS**



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Integrated reporting aims to present to all stakeholders a document that gives an account (accountability) of a company's performance, following an approach to corporate reporting based on aspects related to strategy and objectives, governance and the economic, environmental and social performance of a company, capable of creating shared value that lasts over time.

This approach is confirmed by a rapidly evolving legislative and regulatory framework, characterised by the proposal for the EU CSRD Corporate Sustainability Reporting Directive currently being discussed in the legislative context and soon to come into force, which in particular provides for the integration of the sustainability disclosure within the Report on Operations to the Consolidated Financial Statements.

The Report on Operations to the 2021 Financial Statements ("Integrated Report on Operations") of TPER - Trasporti Passeggeri Emilia-Romagna SpA and its subsidiaries (hereinafter the "TPER Group", "Group" or also "TPER") was prepared by taking into account the "International Integrated Reporting Framework" guidelines (<IR> Framework), updated by the Value Reporting Foundation. The <IR> framework's reference principles are strategic focus and a forward-looking approach, the connectivity of information, relations with stakeholders, materiality, conciseness, reliability and completeness, consistency and comparability. The <IR> framework also indicates the main elements of the content of integrated reporting: presentation of the Organisation and the external environment, governance, business model, risks and opportunities, strategy and allocation of resources, performance, perspectives, preparation and presentation basis.

NFS - NON-FINANCIAL STATEMENT pursuant to Italian Legislative Decree no. 254/2016

This Integrated Report on Operations, together with the information required by the Italian Civil Code and the reference legislation, includes the Consolidated Non-Financial Statement (hereinafter also the "Non-financial Statement" or "NFS") of TPER, drawn up in accordance with articles 3 and 4 of Italian Legislative Decree no. 254/2016 (hereinafter also the "Decree"), implementing Directive 2014/95/EU, whose contents refer to environmental, social and personnel-related issues, respect for human rights and the fight against corruption, useful for guaranteeing an understanding of the activities carried out by the TPER Group, its performance, results and the impact it has.

As the issuer of a bond, a financial instrument listed in 2017 on a regulated market in the European Union (Irish Stock Exchange), TPER is obligated to prepare the Non-Financial Statement.

The sustainability information contained in the Integrated Report on Operations and which constitutes the NFS is prepared annually, in compliance with the methodologies and principles set out in the GRI Sustainability Reporting Standards (option "In accordance - core"), published by the Global Reporting Initiative ("GRI Standards"). These are the GRI Standards defined in 2016, taking into account subsequent updates.

The quantitative data and information that make up TPER's NFS are contained in the paragraphs of the Integrated Report on Operations identified in the following reconciliation table. The contents relating to the NFS are indicated by the **NFS** infographics to make them more easily identifiable. The GRI Standards indicators subject to reporting  [indicator no./GRI Standards] are also referred to in the various paragraphs of the text.

NFS reconciliation table		NFS - Consolidated Non-Financial Statement	
Integrated Report on Operations			
Chapter	Paragraph		
Methodological note - Presentation of the Integrated Report	-	Drafting criteria	
TPER	TPER	Profile of the organisation	
Context, strategies and impacts	Materiality Analysis	Materiality Analysis	
GRI Content Index	-	GRI Content Index	
Chapter	Paragraph	Contents referring to specific areas of Italian Legislative Decree no. 254/2016 - Art. 3	Reference areas Italian Legislative Decree no. 254/2016
Economic and financial sustainability	Distributed economic value/ Analysis of the economic impact on the area	Direct economic value generated and distributed Proportion of spending on local suppliers	
Corporate governance	Governance and corporate structure	Business model of management and organisation of the company's activities.	Combating active and passive corruption Social
Corporate governance	Governance and corporate structure/control model, measures to combat corruption - Integrated management system and policies/Responsible management of the supply chain	Policies applied by the company.	Respect for human rights Combating active and passive corruption
Infrastructure, innovation and investments	TPER fleet/Projects/Innovation		Environment
Services for the territory	The quality of services/Communication, information, listening/Security/Customer satisfaction		Social
Environmental sustainability	TPER's contribution/Waste management/Waste production and value chain/Water resources		Environment
Internal organisation/Human resources	Labour practices/Valuing human resources/Training and education		Personnel
TPER's commitment to the territory	Territory and local communities/Local communities/Public shareholders - Local institutions of the		Social

	territory/Training and education/Social growth/Marketing communication/Other initiatives		
Corporate governance	Risk management	Main risks, generated or suffered, associated impacts and related management methods.	Combating active and passive corruption
Environmental sustainability	Climate change/TPER's contribution/Water resources/Waste management	Environment - energy resources, water resources.	Environment
Environmental sustainability	Climate change/TPER's contribution	Environment - Greenhouse gas emissions and polluting emissions into the atmosphere.	Environment
Corporate governance	Responsible management of the supply chain	Social Aspects.	Social Respect for human rights
	Respect for the rules - regulatory compliance		
Services for the territory	The services offered/The distribution of travel tickets/The quality of services/Communication, information, listening/Security/Customer satisfaction		
TPER's commitment to the territory	Territory and local communities/Local communities/Public shareholders - Local institutions of the territory/Training and education/Social growth/Marketing communication/Other initiatives		
Internal organisation - Human resources	Labour practice/Valuing human resources/Diversity and equal opportunities/Health and safety/Training and education	Aspects relating to personnel management.	Human rights Personnel
Internal organisation - Human resources	Labour practices	Respect for human rights	Human rights
Corporate governance	Control model and measures to combat corruption	Combating active and passive corruption.	Combating active and passive corruption

The Integrated Report on Operations contains a summary index (attached) of the information related to the various areas covered (GRI Content Index), which forms an integral part of the NFS, so as to allow the traceability of indicators and other quantitative and qualitative information presented within the document.

The general principles applied for the preparation of the Non-Financial Statement are those established by the GRI Standards: relevance, inclusiveness, sustainability context, completeness, balance between positive and negative aspects, comparability, accuracy, timeliness, reliability and clarity.

The performance indicators used are those required by the reporting standards adopted, representative of the specific areas of sustainability and consistent with the activity performed by TPER and the impacts produced by it. These indicators were selected on the basis of the analysis of relevance ("materiality") required by the GRI Standards, and of the

issues referred to by Italian Legislative Decree no. 254/2016, as described in the chapter *Context, strategies, impacts*, paragraph *Materiality analysis*. The material topics identified are consistent with what is indicated by the <IR> guidelines, which define as material those aspects that significantly affect the ability of an organisation to create value in the short, medium and long term.

The GRI Standards allow companies to report information on the most significant impacts of their activities and commercial relationships on the economy, the environment and people. These impacts, which are in many cases financial (or which may have financial impacts over time) are of primary importance for sustainable development and for the stakeholders of the organisations and are at the heart of sustainability reporting. Therefore, the impacts are also important for those interested in the financial performance of the company and its performance and ability to last over the long term. Sustainability reporting is therefore essential for financial reporting and company value. The information made available through sustainability reporting provides input for identifying financial risks and opportunities relating to the impact of the company and for its financial assessment.

The Non-Financial Statement takes account of the European Commission Communication published in June 2019 "Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01)", supplementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board. The TCFD recommendations include four thematic areas: governance, strategy, risk management, metrics and objectives.

The scope of reporting on the qualitative and quantitative data and information contained in TPER's Consolidated Non-Financial Statement refers to the performance of the parent company TPER - Trasporto Passeggeri Emilia Romagna S.p.A. and its subsidiaries, as they stand in the TPER Group's consolidated financial statements for the year ended as of 31 December 2021.

The quantitative information for which estimates have been used are indicated in the different sections of this document.

With reference to environmental issues (energy and emissions), the data presented also include those referring to the operating partners of the bus service in the two areas of Bologna and Ferrara.

In order to allow a comparison of the data over time and the evaluation of the progress of TPER's activities, the comparative data relating to the two previous years have been entered.

The NFS includes the information required by Article 8 of EU Regulation 2020/852, relating to the taxonomy of the European Union in the field of sustainable activities. The EU Taxonomy establishes the conditions that an economic activity must satisfy to be considered sustainable. This information is reported in the Chapter *Context, strategies, impacts*, paragraph *The taxonomy of the European Union - sustainable activities*.

The contents of the NFS were also defined on the basis of the following sources: a) Regional Planning for sustainable mobility and air quality (PRIT, PAIR); b) Planning of the Metropolitan City regarding urban strategies (PSM, PTM) c) Planning of the Metropolitan City of Bologna and the Province of Ferrara regarding sustainable urban mobility (PUMS); d) "Social and environmental responsibility for public transport companies - Guidelines and

indicators for drafting the Sustainability Report", published in 2019 by ASSTRA - Transport Association, the association of local public transport companies in Italy; e) Regulatory references that regulate the activities of local public transport companies.

The information and data relating to the extended value of TPER (direct, indirect, induced) and the analyses and definitions of the shared value reported in the chapter *Economic and financial sustainability*, paragraphs *The extended value of TPER* and *The creation of shared value*, are not attributable to specific indicators of the GRI Sustainability Reporting Standards. These are proprietary indicators defined through economic-statistical models, which do not fall within the scope of the limited audit activities. An exception is the data relating to the location of suppliers, according to GRI 204-1, which refers to the proportion of spending on local suppliers.

Managers from the various Group functions were involved in the process of preparing the Non-Financial Statement. The validation of the issues reported and the identification of the contents are the result of a process of sharing with the Chairperson and all company departments.

This document has been approved by the TPER - Trasporto Passeggeri Emilia Romagna S.p.A. Board of Directors on 27 May 2022. Pursuant to Italian Legislative Decree no. 254/2016, the NFS has been subject to a limited scope audit by the appointed auditor PricewaterhouseCoopers S.p.A. in accordance with the principles and instructions given in ISAE3000 (International Standard on Assurance Engagement 3000 - Revised) of the International Auditing and Assurance Standard Board (IAASB). PricewaterhouseCoopers S.p.A. is also the company assigned to audit the Consolidated Financial Statements of the TPER Group.

The separate financial statements and consolidated financial statements, as indicated in the related Explanatory Notes, to which reference should be made, have been prepared in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board and approved by the European Commission.

This document is published on the TPER corporate website at the address www.tper.it, in the "Transparent Company" area. To request further information in this regard, please contact the following address: sostenibilita@tper.it.



TPER - Trasporto Passeggeri Emilia Romagna S.p.A. is a public capital company based in Bologna that provides local automotive and railway transport services and other related activities, both directly and through subsidiaries and investee companies, representing itself as a mobility company in broad terms, with the aim of developing public transport and boosting effective mobility in the areas in which it operates. Since September 2017, TPER has been a Public Interest Entity, having issued bonds listed on regulated markets, more specifically, placed on the Irish Stock Exchange.

The TPER Group is one of the leading passenger transport operators in Italy and is the Parent Company of the largest company in the Emilia-Romagna region in terms of numbers and volumes of service in the public passenger transport sector.

The Group operates on the basis of an industrial approach according to market rules as defined by the regional Italian law for the sector and as required by the company's founders. It is structured with an organisation that stems from specific needs for the performance and development of services and the choice to operate through industrial agreements with private and public partners, geared towards the development of Mobility.

The Group's business areas cover different segments of the transport sector: automotive, trolley bus, rail goods transport. TPER manages road-based LPT (local public transport) in the provincial areas of Bologna and Ferrara and passenger transport in the regional railway domain, in partnership with Trenitalia through the associate Trenitalia Tper (TT), based on specific service contracts, stipulated as a result of the awarding of the relevant public tender procedures. TPER remains the owner of the rolling stock functional to the performance of the service.

The services provided, and in particular local public transport, satisfy general-interest needs that require a combination of sustainable management from an economic and financial point of view with the utmost attention to quality, social impact and environmental sustainability objectives. In order to pursue the objectives of sustainability and quality, the TPER Group has set its strategic position in an industrial and competitive perspective, carefully structured from the point of view of assets, resources and organisation, while at the same time focusing on management efficiency and quality of services for passengers, with the aim of expanding in terms of services and coverage.

In October 2018, TPER initiated the CORRENTE service, that is, a free-flowing, car-sharing service with electric cars, accessible through a downloadable application from the Apple and Android stores. It is the only car sharing service in Italy with a fleet of exclusively electric cars, enabling users to start their journey in one city and complete it in another. The service is currently provided in the cities of Bologna, Ferrara, Casalecchio di Reno and Rimini, but the possibility of expanding the service to other cities as well is currently being evaluated.

The development of intermodality is pursued both by developing specific transport services and by focusing on innovative services for users.

TPER also fulfils the role of implementing entity for important mobility development initiatives in the Bologna metropolitan area, such as the completion of the trolleybus conversion of the main bus lines and of the Metropolitan Railway Service, in addition to the

road-based assisted driving public transport system, which involves the use of Crealis trolley vehicles.

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

The mission is to encourage and expand the use of public transport services and other activities in this field, positioning itself as a sustainable, competitive, innovative and transparent mobility group, and to expand in terms of services and coverage area, responding effectively and efficiently to the needs of users in cost-effective way.

To pursue its mission to realise its sustainability and quality objectives, TPER has strategically positioned itself in an industrial perspective, proceeding to build a structured business from the point of view of assets, of resources and organisation, aiming at management effectiveness and efficiency and at quality services for passengers.

Context, strategies and impacts

Reference context and scenarios

Considering the global picture, 2021 was still characterised by the impacts of the Covid-19 pandemic. At the beginning of the year, the continuation of vaccination campaigns and support from economic policies were reflected in an improvement in global prospects, while uncertainties linked to the evolution of the pandemic and its repercussions on the economy remained, in some cases considering the delays in vaccination campaigns and the spread of new variants.

After a widespread slowdown in economic activity in the third quarter, signs of a return to a more sustained recovery emerged at the end of 2021. Inflation further increased almost everywhere, mainly affected by the rise in the prices of energy goods, those of intermediate inputs and the recovery of domestic demand. At the end of 2021, the recovery strengthened in the United States and other advanced countries, while it slowed down in the Euro area, due to the rise in infections and the persistence of tensions on the supply chains that hinder manufacturing production. Inflation reached its highest value since the launch of the monetary union, due to the exceptional increases in the energy component, in particular gas, which in Europe is also affected by geopolitical factors. The situation worsened further in early 2022 and global economic activity showed signs of slowing due to the spread of the Omicron variant of the coronavirus and, subsequently, to the invasion of Ukraine by Russia. The immediate effects of the conflict on global financial market prices were significant. The prices of raw materials, especially energy, for which Russia holds a significant share of the world market, have increased further. Overall, the war exacerbates downside risks to the global business cycle and upside risks to inflation. In fact, in the Euro area, in March, according to preliminary data, consumer price inflation would have risen to 7.5%.

With reference to GDP, at the beginning of 2021, growth in Italy is higher than expected. The extension of vaccination coverage and the increase in mobility made it possible for families to resume the consumption of services, which was associated with the recovery of investments. The confidence of households and businesses has improved, however caution still remains in the outlook for spending, especially among the less well-off households. The growth of Italy's exports, which in the second quarter was robust and higher than that of global trade, continued in the third. At the end of the year, however, GDP recorded a sharp slowdown, due to the weakening in both industry and the service sector due to the stagnation of consumption and the negative contribution of net foreign demand.

In 2021, the Government, as part of the financial instrument for the recovery of the European Union (Next Generation EU), prepared the National Recovery and Resilience Plan (PNRR).

On 25 April 2021, the Draghi government sent the text of the PNRR to Parliament, which was officially sent to the European Commission on 30 April 2021. The Italian PNRR was approved on 22 June by the European Commission and on 13 July 2021 by the Economy and Finance Council (Ecofin).

The Italian PNRR makes provision for investments totalling Euro 222.1 billion: Euro 191.5 billion are financed by the European Union through the Recovery and Resilience Facility (Euro 68.9 billion in non-repayable grants and Euro 122.6 billion in loans), and a further

Euro 30.6 billion of national resources are part of a complementary fund, financed through the multi-year budget variance approved in the Council of Ministers on April 15 and authorised by Parliament, with an absolute majority, in the session of 22 April.

The largest share of resources is intended for the implementation of the projects included in mission 2 (green revolution and ecological transition) which will receive just under Euro 60 billion. About Euro 40.7 billion are assigned to mission 1 (digitisation, innovation, competitiveness and culture), while nearly Euro 31 billion are allocated to mission 4 (education and research). Roughly Euro 25 billion will then be allocated to infrastructure, almost Euro 20 billion to cohesion and inclusion and approximately Euro 15 billion to the health mission. Overall, 25% of the resources in the PNRR are dedicated to the digital transition, 37.5% to investments to combat climate change. It should also be noted that the Plan allocates Euro 82 billion to Southern Italy of the Euro 206 billion that can be distributed according to the territorial criterion, corresponding to a share of 40%.

All the planned initiatives will be carried out within 5 years.

Alongside the PNRR, the Euro 13 billion of the EU React, the Recovery Assistance Package for Cohesion and the Territories of Europe, another instrument of the EU Next Generation, must be added, financial resources that are spent in the years 2021-2023. We are therefore talking about a total of Euro 235.12 billion of financial resources. Italy is the first beneficiary in Europe of the two instruments of the EU NextGeneration.

According to estimates by the Bank of Italy at the end of 2021, GDP should have stabilised at the pre-pandemic level during 2022, and inflation should have eased over the course of the year, returning to a modest level in the next two years. However, uncertainty remains high, with downside risks to growth, due to the geopolitical events at the beginning of 2022.

Growth prospects are therefore now subject to multiple risks, mainly oriented to the downside. In the most favourable scenario, which assumes a rapid resolution of the conflict and a significant reduction of the tensions associated with it, GDP growth would be around 3% in 2022 and 2023; inflation would rise to 4.0% and 1.8% respectively. In the intermediate scenario, formulated assuming a continuation of hostilities, GDP would increase by around 2% in both years; inflation would be 5.6% and 2.2%. In the most severe scenario - which also presumes an interruption in Russian gas flows only partially offset by other sources - GDP would decrease by almost half a percentage point in 2022 and 2023; inflation would approach 8% in 2022 and drop to 2.3% the following year. This wide range of estimates does not take into account possible new economic policy responses that will be essential to counter the recessionary and price pressures stemming from the conflict.

The regulatory and legislative context

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

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

TPER respects all the reference standards and adopts plans in line with the international and local sustainable development objectives.

Relevant legislation

The main reference regulations for the local public transport sector are set forth in Italian Legislative Decree no. 422 of 18 November 1997 as amended (the “Burlando Decree”) and European Regulation 1370/2007, as well as the regional implementing regulations.

With reference to resources allocated to transport, Italian Law no. 228/2012 (article 1, paragraph 301) set up the National Fund for State financial contributions to the cost of local public transport (LPT Fund), including rail transport, in regions with ordinary statute. Since 2018 the LPT Fund has been regulated by the provisions of Italian Decree Law no. 50 of 2017, which modified both the Fund’s funding criteria, ahead of the reorganisation of the regional tax system, and its allocation criteria. More specifically, in addition to the provisioning of the Fund, this law also provided for its subdivision among the regions, taking account of (a) a 10% share, to be increased up to 20% over the years, based on the total income from traffic and the recorded increase, and (b) a 10% share, to be increased up to 20%, on the basis of compliance with standard costs (as per article 1 paragraph 84 of Italian Law no. 147/2013). For the remaining portion, an annual reduction of 15% of the value of the contracts which by 31 December of the previous year are not awarded by tender (or where the relative call for applications has not been published) is expected.

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

The law also discouraged the circulation of old polluting Euro 0 or Euro 1 category buses, run on petrol or diesel, which was subsequently extended to Euro 2 and Euro 3 category buses, allocates resources to rail transport safety and introduces systems for counting passengers and electronic ticketing.

The 2018 Budget Law (Italian Law no. 205/2017) subsequently made two modifications to the size of the Fund. Indeed, provision was made for a reduction of the Fund by Euro 58 million for the years 2019 and 2020, as well as for the year 2021 and beyond. At the same time, resources were also allocated (Euro 500,000 for 2018, Euro 2 million for 2019 and Euro 1 million for 2020) to ensure that passenger trains are equipped with adequate measures to ensure first aid to passengers in the event of an emergency.

That same 2018 Budget Law (art. 1, paragraph 71) also envisaged the possibility of using up to Euro 100 million of the Fund’s resources to finance experimental and innovative sustainable mobility projects, consistent with the Urban Plan for Sustainable Mobility (PUMS) where required by governing regulations, to introduce vehicles powered by alternative energy sources and the related supporting infrastructure. A third of the Fund’s resources are allocated to administrative councils of metropolitan cities and administrative councils of the provinces with high levels of PM10 particulate and nitrogen dioxide emissions, who are required to adopt structural actions to reduce their atmospheric pollution levels.

Italian Decree Law no. 183 of 2020 provided for the Fund allocation criteria prior to the reform to continue to apply also for the year 2021.

Measures for the post-Covid-19 transport sector.

Article 92 of the "Cura Italia" (Heal Italy) Decree Law (Italian Decree Law no. 18/2020 converted into Italian Law no. 27/2020), paragraphs from 4-bis to 4-quater, lays out provisions intended to protect companies that provide local and regional public transport services, with a view to limiting the negative effects of the COVID-19 epidemiological emergency and the measures to combat the spread of the virus. Specifically, paragraph 4-bis directly impacts the relationship between local public transport operators and the assigning parties, expressly prohibiting the reduction of fees or the application of penalties or sanctions, even if set forth in the contract, due to the decrease in trips made.

With article 200 of the Relaunch Decree Law (Italian Decree Law no. 34 of 2020), a fund was established at the Ministry of Infrastructure and Transportation, with an initial endowment of Euro 500 million for the year 2020, intended to provide compensation for the reduction in fare revenues (period 23 February 2020 - 31 January 2021) with respect to the average of passenger fare revenues recorded in the same period in the previous two years. (Originally the deadline was 31 December 2020, later modified by Italian Legislative Decree no.137 of 2020).

The amount of the Fund was increased by a further Euro 400 million by Italian Legislative Decree no. 104 of 2020 (Article 44) and it was established that it can also be used, within the limit of Euro 300 million, to finance additional services of local and regional public transport, also intended for students, needed to meet the transport needs resulting from the implementation of the containment measures deriving from the application of the Guidelines for information to users and the organisational methods for containing the spread of Covid-19 on public transport and the Guidelines for dedicated school transport.

For the allocation of the Fund's resources, the Interministerial Decree no. 340 of 2020 was issued which ordered the assignment to the Regions, as an advance, of a total of Euro 412 million out of a total of Euro 500 million allocated, to compensate for the loss of income for companies of local public transport in the lockdown period, while Euro 6.245 million are attributed to governmental operations overall.

Italian Decree Law n. 104 of 2020 has provided in this regard that, if the share assigned as an advance to each region from the fund is higher than the amount due as an adjustment, the excess must be paid to income of the State budget, in order to be reallocated to a specific expenditure chapter of the forecast of the Ministry of Infrastructure and Transport for the subsequent attribution to the other Regions for the same purposes. The calculation of the reduction in revenues is made with respect to the average fare revenues relating to passengers recorded in the same period of the previous two-year period.

It is also envisaged that each Region and Autonomous Province be authorised to activate additional services, within the limits of 50% of the resources attributable to it, applying the same distribution percentages set out in the Fund allocation decree to the expenditure indicated above.

Italian Decree Law no. 137 of 2020 (the so-called "Ristori decree") made provision (art. 1) for a non-repayable grant to companies in difficulty, including taxis, NCC, management of funiculars, ski lifts and chairlifts, later extended by Italian Decree Law no. 149/2020 (so-called "Ristori-bis decree") to other types of activities.

In addition, a fund aimed at providing additional local and regional public transport services was established in the MIMS budget law 2021 (Italian Law No. 178 of 2020, art. 1, paragraph 816) also to students, in the Regions and Autonomous Provinces of Trento and Bolzano, to compensate for the effects deriving from the limitations placed on the filling coefficient of LPT vehicles.

Resources have also been allocated in the field of school transport to support the losses resulting from the Covid-19 pandemic. Significant resources are also allocated by various measures to the financing of additional school transport services (including the use of part of the resources of the Fund described above).

The 2021 budget law (paragraph 649) then provided support for the bus transport sector also for 2021 through a fund of Euro 20 million, intended to compensate the reduction of revenues in the sector of line passenger transport services provided via road by bus.

The budget law for 2021 (paragraph 816) also established financing for the additional local and regional public transport services, in the Regions and the Autonomous Provinces of Trento and Bolzano, setting up a dedicated fund of Euro 200 million for the year 2021, then increased by Euro 450 million for the year 2021 by art. 51 of Italian Decree Law no. 73/2021, which also set forth that part of the fund's resources, up to the limit of Euro 45 million, may be used as compensation for the higher costs incurred for the disinfection and sanitisation of vehicles.

The initial endowment of the fund of Euro 200 million, then increased by 450 million by Italian Decree Law no. 73 of 2021 (art. 51, par. 1), was refinanced for Euro 80 million for 2022 by Italian Decree Law no. 4 of 2022, converted with Italian Law no. 25 of 28 March 2022, (art. 24, paragraphs 1-5).

Italian Decree Law no. 4 of 2022 (article 24, paragraphs 6-10), then established a fund of Euro 15 million for 2022 to compensate companies in the bus transport sector not subject to public service obligations for the consequent reduction in revenues to the COVID-19 epidemic, and increased the fund for the reimbursement of loan instalments or lease instalments for the purchase of new vehicles by the same companies by Euro 5 million for 2022.

The same Italian Decree Law no. 4 of 2022 also provided (paragraph 5-bis of article 24) for the possibility of extending the public service contracts held by local and regional public transport companies by up to 50% of the duration pursuant to article 4, paragraph 4, of Regulation (EC) no. 1370 of 2007.

Temporary suspension of provisions in force relating to the acquisition of rolling stock

Paragraph 7 of article 200 of the Relaunch Decree Law introduced measures to limit the negative effects of the Covid-19 emergency and to favour the development and prompt and rapid implementation of investments for the renewal of rolling stock, establishing

- that the provisions calling for co-financing on the part of beneficiaries in the acquisition of vehicles do not apply until 31 December 2024, given the current financial difficulties of the Regions, Local authorities and the businesses providing services;
- that the provisions relating to the obligation to use vehicles employing alternative fuels do not apply until 30 June 2021, if suitable infrastructure is not present for the use such vehicles.

Use of resources to set up rolling stock to limit epidemiological risks for passengers and travelling personnel

With paragraph 8 of article 200 of the Relaunch Decree Law, it was established that until 30 June 2021 the state resources for the renewal of the fleet of LPT vehicles may be used, up to the limit of 5%, to limit epidemiological risks for passengers and for travelling personnel.

Suspension of assignment procedures under way and extension of assignments in force

Paragraph 4-ter, art. 92 of the “Cura Italia” Decree Law suspended all procedures under way relating to the assignment of local public transport services until the end of the measures limiting the COVID-19 virus, establishing the extension of assignments in force at 23 February 2020, for up to twelve months after the state of emergency is lifted.

Reimbursement of tickets

With article 215 of the Relaunch Decree Law, in derogation of the ordinary rules for which reimbursements are not required in the case of natural disasters, strikes and other unforeseeable emergencies, a form of relief has been established in favour of commuters who use public transport services and were unable to use their tickets as a result of the containment measures established for the Covid-19 emergency.

Use of the Development and Cohesion Fund to combat the Covid-19 emergency

Article 241 of the Relaunch Decree Law established that starting from 1 February 2020 and for the years 2020 and 2021, the resources of the Development and Cohesion Fund should be allocated to initiatives intended to handle the health, economic and social emergency ensuing from the COVID-19 pandemic.

Regional legislation

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

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

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

With specific guidelines, the Emilia-Romagna Legislative Assembly establishes lines of action for the planning and administration of regional public transport which regulate the car-trolleybus sector and urban mobility. More recently, the administration issued its 2016-2018 guidelines of 3 August 2015 on the planning and administration of regional and local

public transport, pursuant to art. 8 of Regional Law no. 30 of 1998. These guidelines establish the main sources of financing for the sector, providing for:

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

The division of services and contributions between the provincial councils was approved by the Regional Council with the "Resolution of minimum local public transport services for 2016-2018" of 16 May 2016, subsequently updated with the addendum to the 2019-2020 guidelines.

National legislation

With reference to the regulation of the sector, the Italian Transport Regulatory Authority (ART) has broadened its scope and, pursuant to art. 37 of Italian Decree Law no. 201/2011, must ensure, according to methodologies that encourage competition, the production efficiency of the management and the containment of costs for users, businesses and consumers. To this end, ART defines the conditions of fair and non-discriminatory access to infrastructures and passenger mobility, verifies the consistency of service areas with respect to sector regulations, establishes minimum conditions of service quality and minimum content of specific rights, prepares the schedules of calls for tenders for the assignment of services and conventions. In 2020, there were no significant changes in regulations in force.

Local planning

Consistent and in compliance with international and local provisions and plans on energy, climate, sustainability and the quality of life of residents, even at local level plans and programmes are created laying out actions over the coming years, taking into account the reference context and scenarios. The main local planning documents are described below.

The regional energy plan (REP)

The Regional Energy Plan establishes the strategy and objectives of the Emilia-Romagna Region for climate and energy until 2030 regarding the strengthening of the green economy, energy saving and efficiency, the development of renewable energy, interventions on transportation, research, innovation and training.

In particular, the Plan adopts the European objectives at 2020, 2030 and 2050 on climate and energy as drivers of regional economic development. Therefore, the reduction in climate-altering emissions by 20% in 2020 and 40% in 2030 compared to 1990 levels, the increase to 20% in 2020 and 27% in 2030 of the share of consumption covered by renewable sources, and the increase in energy efficiency to 20% in 2020 and 27% in 2030, become strategic for the region.

The priority action for the Emilia-Romagna Region is dedicated to decarbonisation measures, where regional intervention may be more effective, therefore in particular in the mobility, decentralised industry (SMEs), residential, tertiary and agriculture sectors. In particular, the main areas of intervention will be energy savings and efficient energy use in

the various sectors, production of electricity and heat from renewable sources and energy streamlining in the transportation sector.

The REP is carried out through Three-year implementation plans (TIP). After the 2017-2019 TIP was concluded, the shared path towards the 2021-2023 Three-year implementation plan was initiated.

Labour and climate pact

In December 2020, even with the difficulties connected to the second wave of Covid-19, in Emilia-Romagna the Labour and climate pact, founded on environmental, social and economic sustainability, was signed. The objective is to create quality work, govern the ecological transition, combat inequalities and reduce distances between people, communities and local areas, also taking into account the difficulties deriving from the crisis provoked by the pandemic. The Pact aims to reach carbon neutrality by 2050 and 100% renewable energy by 2035.

The Labour and climate pact was signed by the Emilia-Romagna Region and by another 55 signatories: local authorities, trade unions, businesses (industry, crafts, trade, cooperation), the four regional universities (Bologna, Modena e Reggio Emilia, Ferrara, Parma), the Regional education office, environmental associations (Legambiente, Rete Comuni Rifiuti Zero), Third sector and volunteer organisations, professional associations, the Chamber of Commerce and the banks (ABI - Italian Banking Association).

The Regional Mobility Pact

In May 2022, the Pact for regional and local public transport and sustainable mobility 2022-2024 was signed. The Pact was signed, as well as by TPER, by the regional councillor for Infrastructures and Transport and by the representatives of the Provinces and Metropolitan City of Bologna, Municipalities - with more than 50 thousand inhabitants -, associations of Local Authorities, Local Mobility Agencies, other LPT companies, business associations, regional trade union confederations, trade unions, regional railway service users 'committee and provincial users' advisory committees.

The new agreement provides for investments of over Euro 320 million, including the purchase of 700 new buses. The agreement also provides for the allocation of resources dedicated to digitisation and tariff integration (approximately Euro 35 million, to be also allocated to the Grande initiatives, free under 14 subscription, and Salta su, free subscription for under 19 with family ISEE equal or lower to Euro 30 thousand).

An important chapter of the Pact concerns the protection of work with the enhancement of professionalism and the safeguarding of the employment levels of the personnel employed in the local public transport services.

The most challenging objectives of the Pact also include the creation, over the next few years, of a regional transport holding, a structured system capable of keeping up with global challenges.

As part of the commitments made by the European Union in 2015 with the Paris Agreement on climate change, to reduce CO₂ emissions by at least 40% by 2030, and in implementation of the "European strategy for low-emission mobility", the European Commission presented a package of measures in 2018 related to the "Europe on the move" initiative.

The overall objective is to create the right conditions and the right incentives to develop an industry that is competitive at the global level, innovative and capable of increasing employment, especially in the transport sector, considered one of the main culprits for the deterioration in air quality in urban areas.

PRIT - The integrated regional transport plan

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

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

Metropolitan agenda for sustainable development

The Metropolitan Agenda for Sustainable Development is a voluntary document that the Metropolitan City has drafted on the basis of the commitment made on sustainable development. The Agenda is connected with the documents attributed by law to the Metropolitan Cities, such as the Metropolitan Strategic Plan, in addition to sector planning instruments and entity programming documents such as the Single Programming Document (SPD).

The document contains a detailed guide for the various steps of a circular planning, implementation and monitoring process which is considered a useful basis for the implementation of the Metropolitan Agenda for Sustainable Development.

PSM - The Metropolitan Strategic Plan

The Metropolitan Strategic Plan (PSM) aims to provide precise and consistent indications for the operation of the functions of the Metropolitan City of Bologna, the municipal unions and the city councils that fall within in the metropolitan area, defining:

- General and transversal objectives that must guide the administrative action of the metropolitan area as a whole;
- Actions and priorities for intervention in the individual matters overseen by the metropolitan city.

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

The strategic mobility objective in the metropolitan area of Bologna is 20% reduction in private traffic flows by 2020 and progressive reduction of climate-changing emissions by up to 40% no later than 2030. The objectives of the PSM, consistent with the guidelines given in previously described plans, are based on a new way of planning mobility: the PSM

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

- Urban planning activities are only possible if an adequate supply of sustainable transport is guaranteed, and in particular public transport directly serving the site
- Urban planning actions (residence, trade, functional centres) must be preceded by the necessary infrastructures that guarantee sustainable mobility and the identification of the necessary economic coverage for the realisation of the services
- Initiatives to counter urban sprawl is a priority, and consistency between the mobility system, the layout and the development of the territory is instead pursued. In particular, recoveries that do not exceed the loads given by the existing types are allowed in the rural area.
- The constant improvement of the quality of the existing road and urban space must be a goal.

Metropolitan territorial plan (MTP)

In the course of 2020, the Metropolitan City of Bologna worked to define the first Metropolitan Territorial Plan in Italy, for all intents and purposes inaugurating an unprecedented urban planning season focusing on regeneration and equalisation.

The challenges identified by the new metropolitan planning instrument: protection of the soil (combating fragmented settlement patterns and safeguarding ecosystems), safety (for people and for the territory, considering the effects of the climate crisis), inclusion and liveability (combating social, economic and demographic fragility), sustainable attractiveness (strengthening and qualifying metropolitan networks and nodes from the sustainable perspective to attract investments), the Apennines, via Emilia and the Plains just one territory (territorial cohesion and equalisation fund).

The MTP was approved by the council in May 2021.

PUMS - The Urban Plan for Sustainable Mobility

Metropolitan City of Bologna

The PUMS is a strategic plan that manages mobility in a sustainable way over the medium-long term, but with checks and monitoring at predefined intervals, and develops a systemic vision of mobility, correlated and coordinated with overarching and municipal sectoral and urban plans. The guiding principles of PUMS are therefore integration, participation, evaluation and monitoring. The PUMS for the Metropolitan City of Bologna has the entire metropolitan area as its reference territory and addresses the transversal and radial relations between city councils, carefully analysing movements to and from the capital, considering its high level of attraction, as well as Imola.

The objectives:

- Guarantee a high level of accessibility

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

The objectives to be achieved by 2030 are driven by the Paris Climate Agreement (COP21). Though not explicitly defined in the Agreement, with the adoption of the PUMS the Administrations commit to reducing "climate-changing" emissions, including in the mobility sector, by at least 40% by 2030 and to creating the conditions that will make it possible to reduce emissions to the minimum levels by 2050.

Province of Ferrara

The PUMS of the Province of Ferrara is inspired by the principles of integration, participation and value over time, has a medium/long-term horizon (10 years), develops a systemic vision of mobility and is correlated and coordinated with overarching and municipal sectoral and urban plans. This plan represents a transition from transport planning to sustainable mobility, going beyond the ex-post approach, which saw traffic as the critical element requiring action, instead assessing people's mobility requirements and the relative offer of sustainable transport methods.

The objectives:

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

Municipality of Bologna SECAP

After the 2018 Paris conference, the community of the united nations sounded a new alarm due to the worsening of climate change and the need to reduce climate-altering emissions by at least 40% by 2030 and achieve carbon neutrality by 2050. Therefore, in April 2019, the Municipality of Bologna became a signatory to the Covenant of Mayors for energy and climate, launching work to monitor and draft the new Action plan (SECAP). The Plan will also contain the monitoring of the inventory of emissions and the assessment of vulnerabilities and climate risks.

Strategy and objectives

Transport system and sustainable mobility

The global mobility system is in a phase of significant transformation. Technologies enable innovative related activities and the promotion of smarter, cleaner and more inclusive mobility (World Economic Forum [Strategic Intelligence \(weforum.org\)](https://www.weforum.org)).

The transport system is essential for people. The sector is essential for sustainable development and has the potential to meet the needs to improve people's lives and the

expectations of future generations. Transport gives people access to what they need: jobs, markets and goods, social interaction, culture, education.

Sustainable mobility entails a decision to use public transport as the means of transport that is of high quality, more efficient and safe, effectively able to guarantee better mobility and generate benefits for users, the community and the environment. The value and social function of public transport, which enables the public to exercise their right to mobility (both in economic and physical terms), is fully reflected in the strategic objective entailing the necessary extension of its use and enabling people to take advantage of the actual opportunity, in terms of safety, time, convenience, effectiveness and comfort. The use of public transport makes it practically feasible to strengthen road safety and reduce the numbers of accidents and fatalities.

Sustainable mobility is a safe, economic, fair and accessible, efficient system, capable of contributing to mitigating the impacts of climate change in terms of emissions reduction and adaptation, minimising any other type of environmental impact.

Italy/PNRR - National Recovery and Resilience Plan

The PNRR is the economic relaunch project forming part of the EU Next Generation European Plan. The PNRR, guided by transversal priorities (New generations, gender equality and reduction of the citizenship gap) is divided into 6 Missions (main thematic areas) consistent with the 6 pillars of the Next Generation EU, including the mission defined as the Green Revolution and ecological transition that directly affects the renewal of fleets (*renewable energy component, hydrogen, grid and sustainable mobility*) and under various profiles, including the development of rapid mass transport, the development of biomethane, the experimentation of hydrogen for road transport. Renewal of green bus and train fleets, installation of electric charging infrastructures, electric buses-industrial chain.

Un profondo cambiamento per realizzare la transizione verde, ecologica e inclusiva del Paese favorendo l'economia circolare, lo sviluppo di fonti di energia rinnovabile e un'agricoltura più sostenibile.

Totale destinato alla Missione

€ 59,46 mld

31,05 %

dell'importo totale del PNRR

European Union - Green Deal

The transport sector contributes around 5% to the EU's GDP and employs over 10 million people in Europe. At the same time, transport has a significant cost in terms of greenhouse gas emissions and pollutants, noise, road accidents and traffic congestion. The transport sector contributes 25% of the greenhouse gas emissions of the countries of the European Union.

The European goal is to reduce greenhouse gas emissions from the transport sector by 90% by 2050. Urban mobility is responsible for 23% of European transport emissions. A total of 70% of European citizens live in cities, a percentage that will rise to 84% by 2050. By 2050, the number of fatal accidents related to transport activities must be close to zero in all EU

countries. Today, 38% of fatal accidents occur in cities and 70% concern the most vulnerable road users (such as children and cyclists). [[Transport and the Green Deal | European Commission \(europa.eu\)](https://ec.europa.eu/transport/main.php?lang=en)].

EU Mobility strategy (abstract)	
	<p>1 Sustainable mobility</p> <p>Reduce its dependence on fossil fuels By 2030, there will be at least 30 million zero-emission cars in operation</p> <p>By 2030, there will be at least 100 climate-neutral cities in Europe. Planned collective journeys of less than 500 km are expected to be carbon neutral by 2030 within the EU.</p> <p>Make alternative choices available All large and medium-sized cities implement their sustainable urban mobility plans by 2030.</p> <p>2 Smart mobility By 2030, integrated electronic ticketing will facilitate seamless multimodal passenger transport. Freight transport will be dematerialised.</p> <p>3 Resilient mobility</p> <p>Building a strong and resilient market Investments in transport infrastructure in all EU Member States. By 2050, a fully operational multimodal trans-European transport network for sustainable and intelligent transport with high-speed connectivity.</p> <p>Creating a fair and just mobility system for all Making mobility accessible and affordable in all regions and for all passengers Improve conditions for transport workers.</p> <p>Guarantee the highest standards of safety and security in European transport By 2050, the death toll for all modes of transport in the EU will be close to zero.</p>

Integrating sustainability in TPER's business plans

TPER’s business plan was designed based on an approach by which sustainable development requires concrete actions. The strategic guidelines for the different business areas have been defined to have a significant impact on the prospects for business development and contribute to the pursuit of economic, environmental and social sustainability objectives.

The Plan’s targets are focussed on **investments in transport methods with higher sustainability** as well as implementing and completing **infrastructure projects**. The pursuit of sustainable development requires capacity for innovation and technological development, to improve the efficiency and quality of the services offered. The realisation of investments and a business plan that meets the environmental and social needs linked to mobility must be supported and accompanied by the development of the knowledge and skills of the people/organisational structure.

Business Plan - Strategic objectives	
Technological development	Drivers of technological innovation, in support of businesses and development of new opportunities
Quality	High quality standards in all activities for the benefit of all stakeholders
Sustainability	Carrying out our role in the communities in which we operate, with respect for the law and the environment
Economic balance	Business continuity and development, always seeking to maintain the economic and financial equilibrium
Increasing competitiveness	Developing strengths and improving weaknesses, including through partnerships and the management of innovative forms of mobility
Efficiency	Constant improvement of internal processes - high levels of efficiency

Business Plan - Sustainability objectives	
Environment	Optimisation of energy consumption, reduction in the use of fossil fuels and a consequent reduction in emissions of CO2 and other substances that are harmful to human health and the environment
Efficiency and quality	Maintaining high levels of affordability, profitability and productivity with the aim of respecting the company's goals by making the best possible use of available resources, also guaranteeing economic sustainability in the process
Accessibility	Improved comfort for travellers and the guarantee of a sustainable service for all, including those who can't afford alternative modes of transport
Safety	Reduction in the likelihood of accidents, safety on board and for company personnel

TPER's commitment to the SDGs



The objective of TPER's business plan is to make a significant contribution achieving the Sustainable Development Goals (SDGs), an integral part of the United Nations Agenda 2030 and the European Union's objectives for sustainable mobility policies.

TPER has identified 9 of the 17 SDGs as part of the objectives of its Business Plan, considered to be priorities in terms of contribution and commitment to achieving them.

Two SDGs (**SDG3** - **SDG11**) include specific targets that are directly connected with transport: the reduction of deaths and injuries due to road accidents (SDG 3.6) and access for all to sustainable, safe and comfortable transport systems (SDG 11.2).

TPER's specific commitments with respect to the SDGs and related areas of impact and actions in the business plan are represented hereunder. The plan's actions and the related impact areas are transversal and closely linked.

SDG	SDG Target - (extract)	Impact areas/TPER targets	Plan actions
	<p>Ensure healthy lives and promote wellbeing for all at all ages</p> <p>3.4 Non-communicable diseases: prevention, treatment and promotion of mental health and well-being.</p> <p>3.6 Halve the number of global deaths and injuries from road traffic accidents.</p> <p>3.9 Deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.</p>	<p>Environment</p> <p>Safety</p>	<p>Mobility innovation factors</p> <ul style="list-style-type: none"> Replacement of buses with new trolleybuses for specific routes People-Mover Service - monorail service connecting Bologna Central Station with the airport in 7 minutes Increase the "Corrente" car-sharing fleet Full-electric lines - 100% use of electricity from renewable sources for electric vehicles <p>Fleet</p> <ul style="list-style-type: none"> Renewal of the fleet (urban/exurban development) <p>Business and organisational structure</p> <ul style="list-style-type: none"> Integration of the ticket pricing system of road-to-road services (Free integration of urban transport services for subscribers to exurban bus routes)
	<p>Ensure access to affordable, reliable, sustainable and modern energy</p> <p>7.1 Ensure access to affordable, reliable and modern energy services.</p> <p>7.2 Increase the share of renewable energy in the global energy mix.</p> <p>7.3 Improve energy efficiency.</p>	<p>Environment</p> <p>Efficiency - Quality</p>	<p>Mobility innovation factors</p> <ul style="list-style-type: none"> Replacement of buses with new trolleybuses for specific routes People-Mover Service - monorail service connecting Bologna Central Station with the airport in 7 minutes Increase the "Corrente" car-sharing fleet Full-electric lines - 100% use of electricity from renewable sources for electric vehicles <p>Fleet</p> <ul style="list-style-type: none"> Renewal of the fleet (urban/exurban development) <p>New technologies</p> <ul style="list-style-type: none"> Development of innovative technologies to support maintenance processes (automation and process measurement - data collection tools) Technological development - Innovative parking management Biomethane Hydrogen
	<p>Promote inclusive and sustainable economic growth, employment and decent work for all</p> <p>8.2 Higher levels of economic productivity through diversification, technological upgrading and innovation.</p> <p>8.5 Full and productive employment.</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers.</p>	<p>Efficiency and quality</p> <p>Safety</p>	<p>Mobility innovation factors</p> <ul style="list-style-type: none"> Replacement of buses with new trolleybuses for specific routes People-Mover Service - monorail service connecting Bologna Central Station with the airport in 7 minutes Increase the "Corrente" car-sharing fleet Full-electric lines - 100% use of electricity from renewable sources for electric vehicles <p>Business and organisational structure</p> <ul style="list-style-type: none"> Organisation and processes: more efficient organisational model, adapting it to sector developments and innovations Human resource development policies - Corporate welfare agreements



Build resilient infrastructure, promote sustainable industrialisation and foster innovation

9.1 Quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being (affordable and equitable access for all).

9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean technologies and industrial processes.

9.5 Scientific research, improving the technological capabilities of the industrial sector - encouraging innovation.

Environment

Efficiency and quality

Accessibility

Mobility innovation factors

- Replacement of buses with new trolleybuses for specific routes
- Use of liquid methane
- People-Mover Service - monorail service connecting Bologna Central Station with the airport in 7 minutes
- Increase the "Corrente" car-sharing fleet
- Full-electric lines - 100% use of electricity from renewable sources for electric vehicles

Fleet

- Renewal of the fleet (urban/exurban development)

New technologies

- Development of innovative technologies to support maintenance processes (automation and process measurement - data collection tools)
- Technological development - Innovative parking management
- Biomethane
- Hydrogen



Reduce inequality within and among countries

10.1 Progressively achieve and sustain income growth of the bottom 40% of the population.

10.2 Empower and promote the social, economic and political inclusion of all.

10.7 Facilitate orderly, safe, regular and responsible mobility of people.

Efficiency and quality

Accessibility

Mobility innovation factors

- Replacement of buses with new trolleybuses for specific routes
- People-Mover Service - monorail service connecting Bologna Central Station with the airport in 7 minutes
- Increase the "Corrente" car-sharing fleet
- Full-electric lines - 100% use of electricity from renewable sources for electric vehicles

Fleet

- Renewal of the fleet (urban/exurban development)

Business and organisational structure

- Integration of the ticket pricing system of road-to-road services (Free integration of urban transport services for subscribers to exurban bus routes)

Quality and social

- Quality commitments - Social commitments

Mobility innovation factors

- Crealis Project - replacement of buses with new trolleybuses for specific routes
- People-Mover Service - monorail service connecting Bologna Central Station with the airport in 7 minutes
- Increase the "Corrente" car-sharing fleet
- Full-electric lines - 100% use of electricity from renewable sources for electric vehicles

Fleet

- Renewal of the fleet (urban/exurban development)

New technologies

- Digitisation



Make cities inclusive, safe, resilient and sustainable

11.2 Ensure access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

11.3 Enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and

Environment

Efficiency and quality

Accessibility

management in all countries.

11.4 Protect and safeguard the world's cultural and natural heritage.

11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality.

11.a Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.

11.b By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and that develop and implement holistic disaster risk management.

- Technological development - Innovative parking management

Quality and social

- Quality commitments - Social commitments



Ensure sustainable consumption and production patterns

Accessibility

12.1 Programmes on Sustainable Consumption and Production.

12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle.

Fleet

- Renewal of the fleet (urban/exurban development)

New technologies

- Development of innovative technologies to support maintenance processes (automation and process measurement - data collection tools)
- Digitisation
- Technological development - Innovative parking management



Take urgent actions to combat climate change and its impacts

Environment

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.

13.2 Integrate climate change measures into national policies, strategies and planning.

Business and organisational structure

- Organisation and processes: more efficient organisational model, adapting it to sector developments and innovations

Mobility innovation factors

- Replacement of buses with new trolleybuses for specific routes
- People-Mover Service - monorail service connecting Bologna Central Station with the airport in 7 minutes
- Increase the "Corrente" car-sharing fleet
- Full-electric lines - 100% use of electricity from renewable sources for electric vehicles
- Digitisation

Fleet

- Renewal of the fleet (urban/exurban development)

Business and organisational structure

- Integration of the ticket pricing system of road-to-road services (Free integration of urban transport services for subscribers to exurban bus routes)

New technologies

- Digitisation
- Technological development - Innovative parking management



Revitalize the global partnership for sustainable development

17.14 Enhance policy coherence for sustainable development.

17.17 Effective public, public-private and civil society partnerships.

SDG 17 is transversal to the various drivers of the TPER business plan. Partnerships, at different levels, are essential components in the pursuit of the goals of the plan and related actions.

The taxonomy of the European Union - sustainable activities

Objectives and EU Regulation 2020/852

The European Commission has placed at the base of the action plan for the financing of sustainable growth, a harmonised system of classification of economic activities, the Taxonomy of the European Union. The aim is to encourage and direct investments towards sustainable projects and activities, adopting a common language for this purpose, defining what is sustainable.

The EU Regulation 2020/852 on Taxonomy, which entered into force on 12 July 2020, establishes the conditions that an economic activity must meet to be considered sustainable from an environmental and social point of view, according to an Agenda that should be fully defined by 2022. At the moment, six environmental objectives have been defined by the Taxonomy:

- Climate change mitigation
- Adaptation to climate change
- Sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems.

The Delegated Regulation (act) of the European Commission of 6 July 2021 supplemented the EU 2020/852 regulation, specifying the content and information that companies must communicate regarding eco-sustainable economic activities and specifying the methodology to comply with this information obligation.

The Delegated Regulation EU 2021/2130 of the Commission of 4 June 2021, which supplements the EU regulation 2020/852, approved in December 2021 by the Council of the European Union, established the technical screening criteria that make it possible to determine under which conditions an economic activity can be considered to contribute substantially to climate change mitigation or climate change adaptation and if it does not cause significant harm to any other environmental objective.

Information on EU taxonomy (Article 8 of the Regulation)

The information required for the 2021 financial year (climate objectives)

The taxonomy provisions in force at the date of this NFS 2021 require disclosure of the percentage of eligible activities with respect to the first two environmental objectives (climate change mitigation and adaptation) for the following indicators: Revenues (Turnover) - Investments (Capex) - Operating costs (Opex). Eligible activities are those activities included in the current taxonomy, regardless of whether or not these activities meet one or all of the technical screening criteria indicated in the taxonomy, which must then be taken into account starting from the reporting for the year 2022 to provide information on the alignment of the activities with respect to the technical criteria.

Accounting principles

For the purposes of reporting pursuant to Article 8 of the Taxonomy Regulation 2020/852, revenues (Turnover), investments (Capex) and operating costs (Opex) are defined as follows. Please refer to the Consolidated Financial Statements for more specific information on accounting principles:

- Revenue - Net revenue from products or services.
- Capex - Increases in intangible and tangible assets, including capitalised research and development costs, in the balance sheet items property, plant and machinery, intangible assets, before any changes for fair value adjustment and gross of depreciation and any write-downs.
- Opex - Non-capitalised research and development costs, building renovation costs, costs for short-term leases, maintenance and repair costs and other indirect costs for the daily maintenance of owned assets, plants and equipment.

TPER: eligible activities

To be considered eligible, an economic activity must meet certain requirements: a) generate or have the objective of generating revenues from third parties; b) fall within the descriptions/list of activities referred to in the Regulations and delegated regulations, and c) have associated applicable technical screening criteria.

The identification of the economic activities eligible or not for TPER takes into account the complexity and uncertainties regarding the application of what is currently envisaged by the EU Taxonomy. These interpretations are expected to evolve over time, in parallel with the completion of the publication of the reference regulations (four environmental and social objectives remain), with application cases and reporting practices.

In order to report the information on the economic activities suitable for this disclosure in 2021, TPER has examined the activities of the Group and carried out a detailed analysis of the individual economic activities suitable for the taxonomy in close collaboration with the

key departments of the Group (Management Control, Consolidated, Internal Audit and Risks).

In order to carry out the screening in line with the requirements of the Regulations and the delegated acts, the descriptions of the individual activities included in Annexes I and II were subsequently analysed in detail, comparing them with the business activities of the Group which constituted Revenues, Investments and Operating costs in 2021, determining what is entered in the table below.

Key Performance Indicators (KPIs)

TPER Business segments	% Revenues from the business sector compared to the total	Activities eligible for EU Taxonomy		Percentage of eligible turnover for each business sector (Taxonomy eligible)		
		Sector	Economic activities	Revenue	Investments	Operating costs
Local public transport	88%	6. Transport	6.3. Urban and suburban transport, road passenger transport	100%	100%	100%
Other services for urban mobility	8.2%		6.3. Urban and suburban transport, road passenger transport	100%	100%	100%
Transport of goods	3.8%		6.14. Infrastructure for rail transport 6.2 Rail freight transport	100%	100%	100%
	100%					

In particular, the table shows the items that correspond to the business sectors. The percentages identified refer to the incidence on revenues.

The column % Revenues from the business sector with respect to the total shows the Turnover as a percentage as per the Group's Annual Financial Report 2021.

The eligible sectors and economic activities as per the Regulations and related annexes are shown in the column Activities eligible for the EU Taxonomy.

The percentages of taxonomy-eligible economic activities are reported in the column Percentage of eligible turnover for each sector of activity.

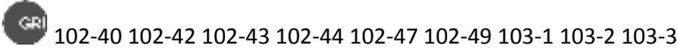
To identify the items, TPER's areas of activity were considered starting from the aggregate accounting (consolidated financial statements), in order to verify the possible correspondence of TPER's services with the sectors and economic activities covered by the taxonomy. For more details on the information used, please refer to the table of the consolidated financial statements, chapter other financial information, paragraph Operating segments.

It should be noted that, during the verification and application of the technical screening criteria (for the purposes of reporting for the next financial year 2022), it is possible that a

lower number of activities may meet the substantial contribution criteria outlined in the taxonomy. It is highly reasonable to believe that the share of activities that will be aligned with the taxonomy may then increase in subsequent years, in relation to the process of improving projects and actions aimed at reducing the environmental impact of TPER.

Plans are in place to draw up an operational procedure in the future.

Materiality Analysis NFS



Stakeholders

The ability to understand and assess the needs and expectations of stakeholders, for an entity managing a local public transport services that promotes sustainable mobility, takes on particular importance. Dialogue is important for improving the impact, quality, efficiency and accessibility of services and for fostering a development process. Through these interactions with various stakeholders, listening to their expectations and collaborating with local entities, the conditions can be created to meet their needs, while respecting the propriety of relationships. This dialogue helps to guide the strategies and define objectives, developing new projects and building a dialogue with the local communities in which the entity operates. TPER has identified its stakeholders and relative activities, defining the level of involvement taking into account the functions and the tools for interaction and dialogue.

Stakeholders	Facilities involved	Expectations	Engagement		
			Activities	Instruments	Answer
Shareholders	Management, general affairs, commercial area, communications and PR	Sharing of quality standards, service planning and discussion of results	Several meetings during the year	Shareholders' meetings, other meetings, presentations, exchanges of communications	Presentation of projects, plans, reports and financial statements
Mobility agencies and other regulatory bodies, state administrations, other bodies	Management	Respect for rules and regulations, respect for contracts and service charters	Periodic meetings	Meetings and exchange of communications	Reports and quality surveys
Universities and research institutes	Management	R&D	Periodic collaborations	Periodic meetings	Promotional events, research projects
Users, customers and trade associations	Sales department	Greater awareness of expectations	At least 12 meetings with each UAC (User's Advisory Committee) per year	Customer satisfaction surveys, mystery clients, CCU meetings	Presentation of survey results
Workers (employees and non-employees)	Human Resources	Sharing of values and objectives	Multiple meetings and activities	Assemblies, training sessions, dedicated meetings, intranet	Code of Ethics

and union representatives				and refreshment areas	
Local communities and general public	Communication and public relations	Creating shared value	Various analysis and dialogue activities	Communication campaigns	Exhibitions, competitions, events
Industry operators	Management	Sharing common goals and benchmarking	Meetings with trade associations	Assemblies, working groups, conference calls, one-to-one meetings	Production of joint documents
Providers of goods, services and works	Procurement	Guarantee of broad demand	Several meetings and contacts in a year	Selection procedures, exchange of documentation, meetings	Contracts, supplier DB
Banks and lenders	Management	Economic, financial and capital solidity and sustainability	Not regular, but in relation to specific projects	Meetings and exchange of communications	Analysis reports, trade agreements

Material topics

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

The European Commission integrated the definition of material issues, introducing the concept of double materiality, in the proposal of the new CSRD Directive (*Corporate Sustainability Reporting Directive* - April 2021) and previously in the Guidelines published in June 2019 on information on climate change (NFRD/*Non-Financial Reporting Directive* - Directive 95/2014). According to this approach, the material issues are a) aspects that can have significant impacts on the development, performance and, consequently, on the financial value of a company (Financial Materiality); b) areas and issues of a social and environmental nature on which the company, through its business, has a significant impact (Impact Materiality). The two directions of materiality are interconnected.

This analysis is carried out by identifying the most relevant aspects for reporting, identifying the priorities and relative importance of the issues for TPER and for the various categories of stakeholders.

The materiality analysis was carried out in accordance with the GRI Standards and was updated from the previous period, 2020. This updating process did not involve structural changes, rather an improvement in the definition of material issues, to be more consistent with business planning.

The process of identifying material topics is structured as follows:

- Mapping of stakeholders, broken down into categories, each of which used different methods of analysing the topics to be included in the report
- Critical review of the material issues identified in the previous Report (2020 NFS)

- Benchmarking analysis of national and international operators
- Analysis of business plan drivers and related goals and commitments connected to SDGs
- SASB (Sustainability Accounting Standards) - Materiality Finder
- Assessment of management/function managers
- Documentary analysis of the reference local public transport scenario: national/regional legislative and regulatory activities - local guidance documents (PRIT - PUMS - PGTU - Metropolitan Strategic Plan, etc.) - priority of entities and shareholders
- Results of periodic customer satisfaction surveys and user/community advisory committees - analysis of complaints - media materials
- Issues that emerged from discussions with employee representatives/trade unions
- Validation of issues and the materiality matrix by top management (Chairperson/General Manager).

The analysis of the SASB - Sustainability Accounting Standards - Materiality Finder - SASB

The SASB Materiality Finder tool is a tool provided by the SASB - Sustainability Accounting Standards Board. Divided into sectors and material topics, the tool allows for the identification of sector issues that could affect the financial conditions or operational performance of companies. The analysis was carried out with the main purpose of verifying the consistency of the material topics identified with the results of the SASB Materiality Finder. The analysis focused on the Transportation - Rail/Road sector, together with the Car rental & leasing segment.

Material topics: reasons, scope of impact and reporting standards

The reasons that led to the identification of the material topics, are summarised in the following table. The same table also highlights the reference areas of Italian Legislative Decree no. 254/2016, which regulates the drafting of the Non-Financial Statement, and the Indicators (GRI Standards) used for the accountability of the material topics. The various material topics identified have a different scope of impact, but are generally transversal to all stakeholders. The impacts of the issues are generated by TPER, through relations with the various stakeholders (internal and external).

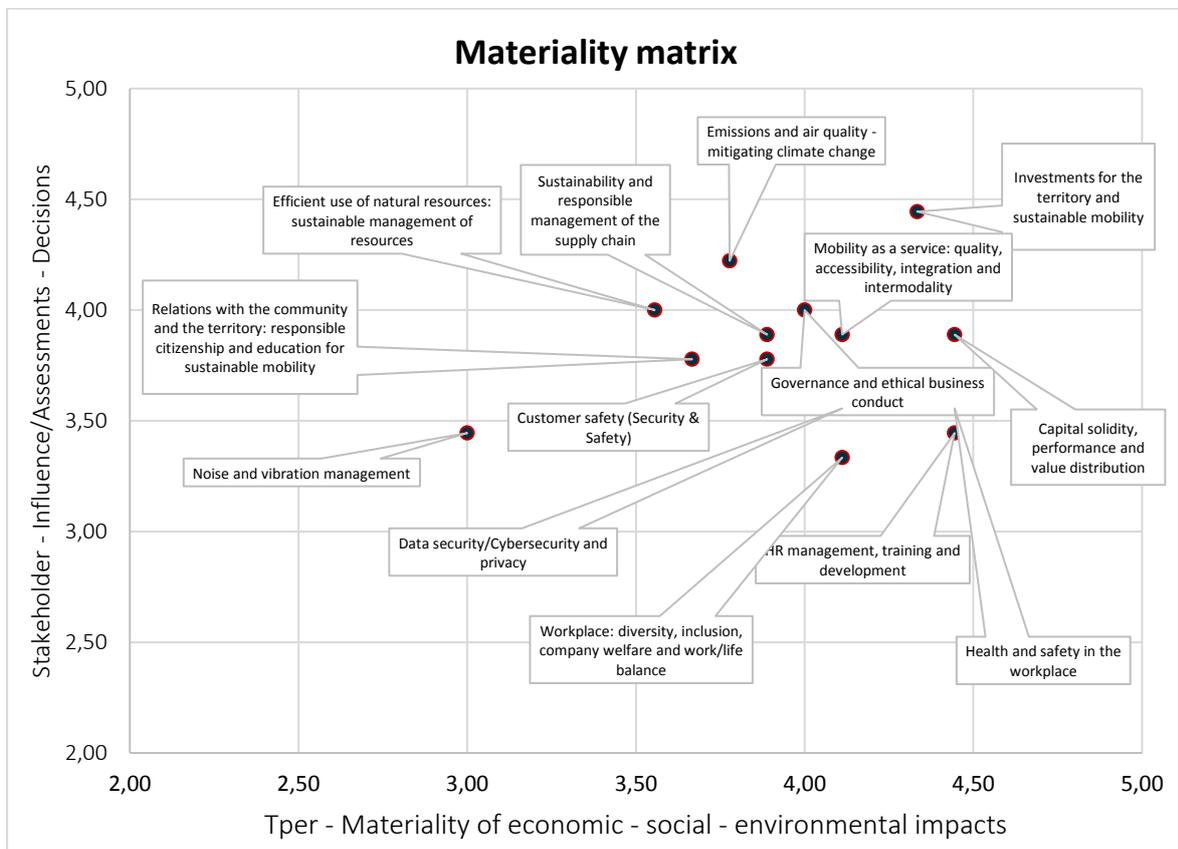
Material topic	Why (The reasons)	Reference areas Italian Legislative Decree no. 254/2016	GRI Standards Topic-Specific Standards
Governance and compliance			
Governance and ethical business conduct	This topic is transversal and integral to the TPER operating and organisational model: an essential condition for the business The sector and the relevance of the service provided require great attention to be focused on upholding the company reputation, an essential factor for the performance of TPER and its ability to meet the strategic objectives of the public transport service.	Respect for human rights Combating active and passive corruption	GRI 205 Anti-corruption GRI 206 Anti-competitive behaviour GRI 207 Taxes GRI 307 Environmental Compliance GRI 419 Socio-economic Compliance
Data security/Cybersecurity and privacy	In an increasingly interconnected world, where careful and effective data management becomes crucial, it is essential to protect companies, people or networks from cyber attacks. At the same time, the protection of privacy and the correct management of	Respect for human rights Social	GRI 418 Customer Privacy

	information are considered very important, in compliance with the reference standards		
Capital solidity, performance and value distribution	Economic sustainability is essential for present and future operations TPER's ability to generate value also produces a major impact in terms of the distribution of the value generated	Social	GRI 201 Creation and distribution of value GRI 203 Indirect Economic Impacts GRI 204 Procurement Practices
Business model - operational issues - services			
Investments for the territory and sustainable mobility	The realisation of investments is an essential and strategic condition for TPER and is transversal to the various dimensions of sustainability: economic - environmental - social. The plan goes hand-in-hand with technological improvement and the ability to introduce innovations to services and the way services are supplied, with major direct and indirect impacts on the community/area served.	Environment Social	GRI 201 Creation and distribution of value GRI 203 Indirect Economic Impacts
Mobility as a service: quality, accessibility, integration and intermodality	Strategic priority and integral part of the corporate mission: TPER's performance and its achievement of its strategic objectives depend heavily on the high quality standards of its service, which must also be accessible and efficient. The satisfaction of customers requires the management of customer activities to ensure suitable monitoring. The TPER strategy attributes considerable importance to the diversification and intermodality of its services, one of the main drivers for improving the overall quality of the transport system and the quality and healthiness of life in urban areas and among the general public.	Social	GRI 417 Marketing and labelling
Customer safety (Security & Safety)	Transport safety is a key aspect of a public transport service.	Social Respect for human rights	GRI 416 Health and safety of customers
Sustainability and responsible management of the supply chain	The sustainability and accountability of the supply chain is important for guaranteeing the necessary quality and efficiency of the service.	Environment Social Combating active and passive corruption Respect for human rights	GRI 308 Environmental assessment of suppliers GRI 414 Social assessment of suppliers
Human resources			
HR management, training and development	The training, development and HR maintenance of professional skills and expertise are transversal topics common to the entire organisation, the operating model and the other material topics.	Personnel	GRI 401 Employment GRI 404 Training and Education GRI 405 Diversity and equal opportunities
Workplace: diversity, inclusion, company welfare and work/life balance	Protecting and encouraging diversity and inclusion is part of the international goals of the United Nations. TPER undertakes to ensure that this objective is promoted and guaranteed, also with a view to equal pay for equal roles. TPER also undertakes to guarantee adequate initiatives to promote corporate welfare and work-life balance	Social	GRI 401 Employment GRI 405 Diversity and equal opportunities
Health and safety in the workplace	The protection of the health and safety of human resources is a transversal topic common to the entire organisation, the operating model and the other material topics.	Personnel Respect for human rights	GRI 403 Health and safety in the workplace

Environment			
Efficient use of natural resources: sustainable management of resources	TPER processes require the significant use of energy and water resources with the subsequent generation of emissions (GHG/CO2 and other types).	Environment	GRI 302 Energy GRI 303 Water and water discharges GRI 306 Waste
Emissions and air quality - mitigating climate change	The reduction of emissions is one of TPER's main action areas (direct as regards the means of transport used and indirect in terms of the reduction of private transport in favour of public transport).	Environment	GRI 305 Emissions
Noise and vibration management	The potential impact of noise pollution deriving from the use of vehicles, as well as the vibrations produced, represent a condition for improving services and meeting the needs of customers, citizens and TPER personnel.	Environment	GRI 307 Environmental Compliance
Community and region - Industrial			
Relations with the community and the territory: responsible citizenship and education for sustainable mobility	The growth of urban public transport, a form of transport that allows for sustainable urban growth, is one of TPER's strategic guidelines, aimed at improving the quality and healthiness of life in urban areas and among the general public.	Environment Social	GRI 203 Indirect Economic Impacts GRI 413 Local communities

The materiality matrix

The materiality matrix provides an overall view of the most relevant issues. Among the material topics, it is possible to distinguish a hierarchy between the most priority topics for TPER and its stakeholders. The themes considered to be a priority, among all the material themes, can be distinguished in the area at the top right of the graph below.



Economic and financial sustainability

Operational management and main events of 2021

Also in 2021, the operational activity of the TPER Group was influenced by the problems related to the Covid-19 emergency.

The methods of providing the public service were conditioned by the regulatory provisions regarding gatherings and distancing on public transport and by the changing needs in terms of frequency of the service, punctuality and safety. In addition, for 2021, additional services implemented on opening of the schools have been put in place to meet the safe mobility needs of students and workers.

By contrast, the technical and administrative staff continued to have the possibility of accessing smart working, facilitating the reduction of attendance in the offices - albeit regularly sanitised - and maintaining the operations necessary to carry out the service and related practices unchanged.

Compared to 2020, 2021 has seen an increase in the number of passengers, even if overall there has been a drastic drop in passengers transported compared to the pre-pandemic situation.

The economic and operational impacts of the Covid-19 emergency on the Group's activities were considered on the basis of what was defined at the time of the financial statements by the national regulations regarding 'Ristori' (relief) and considering all the organisational and operational aspects impacting on 2021.

For the sake of completeness, a comment is provided below on the main events that affected the Group in the year 2021.

EMV

The EMV system (acronym for Europay, MasterCard and VISA) is a real revolution in the world of public road transport because it allows passengers to pay for the journey directly by placing their bank card - credit card or debit card - on the validator as long as it is contactless. The easiest and most intuitive solution for those who use public transport on an occasional basis and also a particularly smart option for tourist users which, it is hoped, will return in large numbers after this serious health crisis.

On board the vehicles, therefore, an additional validator, emerald green, reserved exclusively for bank cards, will appear alongside the existing ones. All current payment systems, including those with magnetic stripe paper tickets, with microchip cards or with coins on urban lines actually remain in force.

Bologna was the first metropolitan city to adopt this system in a widespread and extensive way on an urban fleet of over 500 buses. In fact, starting from March 2021, the vehicles were equipped with the new payment system. This new addition, the result of months of work by the TPER team, together with Tep, Seta, Start Romagna and the suppliers that won the tender, further enhances the options available to users, making paying for the journey as hassle-free as possible.

Using a bank card to pay for public transport is not only fast and safe and does not involve price increases compared to the ordinary fare (the urban ticket costs Euro 1.50 and is valid for 75 minutes), but also guarantees an additional advantage: the system software

automatically calculates the amount due at the end of each service shift, charging the "best rate" possible. As for travel on the Bologna TPER urban network, for example, from 2.00 am to 2.00 am the following night, the maximum charge will be Euro 6, regardless of the number of journeys made.

The service became fully operational in October 2021, while it was also extended to Ferrara in November.

Parking service in the Municipality of Bologna

From 1 November 2021, the services relating to parking and the issue of badges and permits in the territory of the Municipality of Bologna have been entrusted to BomoB, which has taken over from TPER in managing the aforementioned services.

Corrente in Rimini

After Bologna, Ferrara and Casalecchio di Reno, the municipality of Rimini with its precious coastline has also become a pick-up and drop-off area for 100% electric Renault Zoe that can be booked and driven by simply downloading an app.

In fact, from June 2021 Corrente started its service in Rimini with 50 fully electric Zoe cars. The extension area in Rimini is quite large and covers the historic centre, the south coast and the main parking areas on the north and south coasts. Also for the Rimini area, payment of the service is envisaged based on actual use with a per-minute rate that provides a flat rate for one hour of rental and for one or two days and, with the Corrente Plus formula, even for a week and for one month (in the last two cases the charging cable is also provided). A welcome voucher has been provided for residents in the province of Rimini at the time of registration, while all other customers can count on the advantageous Corrente rates, the same in the entire area of activity.

Energy cost increase in the last quarter of 2021

Starting from the last quarter of 2021, the cost of energy has heavily impacted entrepreneurial and industrial activities in every sector, also significantly affecting public transport. The item "fuels", in fact, is - together with the cost of personnel - the one with the biggest impact on the financial statements of transport companies, committed to this predicament to balance the books.

The energy alarm is a highly critical element that adds to the economic sacrifice that public mobility has already had to contend with and continues to incur due to the pandemic phase, with services always kept active to transport people to local areas, as well as with additional services established at round-table planning groups set up locally to guarantee an enhanced offer to commuters and students, also compensating for the reduced bus carrying capacity due to the emergency regulations.

Compared to other industrial sectors, however, transport companies cannot pass increases onto the prices of services, as they are required to comply with a tariff system that does not provide for automatic adjustments. For this reason, the issue of raw material price increases at unusual levels was brought to regional and national attention by TPER and other public transport companies, in order to identify the possibility of compensatory measures to cope with a situation that, if it should persist, would have a significant impact on company accounts. On this front, the contents of government policies regarding support due to energy price increases are also important.

Obviously, the company is committed not only to guaranteeing the necessary supplies, but also to monitoring any economic impact.

In this difficult context, if nothing else, the systematic use of the bus today can become an even more advantageous choice than usual for the daily mobility needs of citizens, due to fares that have been frozen for some time.

National Recovery and Resilience Plan

In December 2021, the Decree was published which defines the methods of use of the share of the resources referred to in measure M2C2 - 4.4.1 of the PNRR equal to a total of Euro 1,905 million, for the years 2022 to 2026 assigned by table A of the decree of the Ministry of Economy and Finance of 6 August 2021 to the Ministry of Infrastructure and Sustainable Mobility for "Renewal of green bus and train fleets - BUS sub investment".

The resources are earmarked for the purchase of zero-emission buses powered by electric or hydrogen and the construction of the related power supply support infrastructures, for the renewal of the vehicle fleet of local public transport services, in the municipal capitals of the Metropolitan City, in the municipal capitals of the region or autonomous provinces and in municipalities with a high rate of PM 10 and nitrogen dioxide pollution.

Nationally, the renewal of the electric and hydrogen bus fleet includes 3,200 electric/hydrogen buses in urban areas and 2,000 methane buses for extra-urban transport.

TPER's investment strategies are consistent with the guidelines of the Ministry.

Circular economy, the project with Hera continues, with the participation of Marconi Airport

"Together for a circular city": this is the slogan chosen by Bologna Airport, Hera and TPER to give visibility to a project started in 2021 and completed in 2022, and which also makes it possible to value food waste produced at the airport to transform it into biomethane to be used for urban mobility on buses in the TPER methane fleet, one of the largest in Europe.

The 3 Bologna-based companies have developed, with a series of agreements and an entirely local supply chain, a circular economy project that makes it possible to eliminate the consumption of fossil fuels, alternatively using biomethane - 100% renewable fuel produced starting from the separated collection of organic waste - to power a significant part of the methane vehicles that today circulate in the Bologna and Ferrara areas, with particular reference to the urban areas of Bologna: a green vehicle fleet that is continuously being renewed and growing.

This important agreement provides for the supply of over 450,000 cubic meters of biomethane, which are added to the share of this fuel already present in the distribution network that supplies the TPER fleet with methane, with subsequent significant environmental benefits: for example, a biomethane vehicle produces emissions equivalent to an electric one powered entirely by wind energy, if we take into account the impacts of all phases from the extraction/production of the fuel to its use in propulsion (source: analysis on Dena data - Deutsche Energie- Agentur - and JRC - European Commission Joint Research Centre).

The joint project between Bologna Airport, Hera and TPER represents an important step towards the decarbonisation of the city of Bologna, also in view of the candidacy that the

municipal administration has successfully presented to include the Emilian capital among the 100 European cities with zero climate impact by 2030 (the "100 Climate-neutral cities by 2030" as part of the Mission Horizon Europe).

This circular supply chain is encapsulated through a new green decoration on eleven TPER urban vehicles used for the 944 Hospital Maggiore - Airport connection and on other urban lines, as well as through posters on about a hundred bus shelters throughout the city.

The design incorporates a waste collection vehicle, a bus and an airplane to symbolise the three companies brought together by a huge infinity symbol which aims to serve as a testament to the three entities' ecological commitment. Thanks to this collaboration, no fossil sources are used for the biomethane that will fuel these vehicles, opting instead for renewable sources, towards a low-carbon economy based on sustainability and the circularity of local resources.

At its S. Agata Bolognese plant - thanks to the treatment of mowing, pruning and organic waste from the separated collection of citizens and exemplary partners such as Marconi Airport - Hera annually produces about 8 million cubic meters of biomethane and over 20 thousand tons of quality compost bound primarily for agriculture, for a saving equivalent to 6,000 tons of oil and a significant reduction in CO2 emissions, equal to about 14,600 tons.

This circular process, which begins with the daily efforts of the general public in correctly sorting their waste and ends with providing the region with a renewable fuel - that can be used by public transport but also by private individuals who fill up at authorised distributors in the local area - is tracked by a transparent and certified supply chain.

The virtuous choice made over time by TPER to also focus on methane now makes it possible to exploit the benefits of bio-based gas without the need for further investments in infrastructures and vehicles. TPER's strategies are actually characterised by change factors, capable of significantly and transversally affecting the prospects for business development with respect to the pursuit of environmental and social sustainability objectives. On this front, investments in vehicles are of particular importance, diversified for each segment of the service, through a balanced energy mix suitable for different contexts with a strategic approach that is not ideological, aimed at maximising environmental sustainability in every area. This partnership, which actually solidifies the production of clean energy with a short supply chain that runs throughout the metropolitan area of Bologna, is part of the logic of the "fossil free" objective that TPER pursues in an urban context with a horizon of 2030, an important step towards the complete decarbonisation of public transport.

Actions for health and safety

With reference to the protection of health and the minimisation of the risk of infection from Covid-19, the overall planning, implemented by TPER and by the SRM and AMI mobility agencies for the respective catchment areas of Bologna and Ferrara and agreed with the educational institutions at the prefectorial coordination round-table groups, guaranteed that tens of thousands of students were able to travel from home to school thanks to additional buses (56 in the Bologna catchment area, 16 in the Ferrara catchment area) and additional journeys active every day. Additional runs are planned for 60 lines in the Bologna catchment area and 23 in the Ferrara catchment area.

In general, especially during peak hours, significant passenger numbers were recorded but in almost all cases, however, within the bus carrying capacity limits set by the national legislation in force at the time, at 80% of the maximum indicated in the registration certificate of each vehicle: which means for a bus of 12 meters also over 80 people between seated and standing and over 130 for some models of articulated buses.

In public transport, since the beginning of the pandemic emergency, stringent measures have been adopted for the prevention and containment of the Covid-19 virus. The vehicles are sanitised in accordance with the provisions of the Ministry of Health and the Higher Institute of Health and equipped with a dispenser with hydro-alcoholic solution to ensure passenger hand hygiene.

The complete air change inside the vehicles is fundamental, guaranteed on average every 2-3 minutes thanks to the ventilation systems.

Due to the air conditioning systems, the air on the bus must be completely changed every three stops which translates, in an urban context, into a further renewal of the air 15 times per hour. For these reasons, therefore, a bus should not be considered a "closed" system.

Since the beginning of the Covid emergency, TPER, together with the Alma Mater has carried out studies and verified the many possible options, acquiring experience that may prove useful even after the pandemic.

In particular, on the filter front, the company teamed up with the University of Bologna - Departments of Biomedical Sciences and Engineering - to carry out analyses and investigations, and an experiment was conducted, initially on 100 buses, and which has now been gradually rolled out to the entire fleet.

The beginning of the 2021-2022 school year also saw the unveiling of an upgrade to the air filtering system on the vehicles. The TPER vehicles were therefore all equipped with a double air filtration system.

Doubling the filtering of the recirculated air actually further enhances the air quality. These conclusions were certified by the University of Bologna and this convinced TPER to invest in double filtration on all vehicles, albeit without having registered any critical issues and without having to comply with legal obligations. As mentioned, the installation will remain in place beyond the current health emergency as an additional tool for improving the quality of the travel environment.

The effectiveness of the measures taken was confirmed by the national campaign of checks carried out last spring by the Carabinieri of the NAS, also in the service catchment areas of Bologna and Ferrara, where the buses were checked with no evidence of any discrepancies, as proof that, thanks to the careful work of TPER and compliance with the rules by those who use the service - mainly including the mandatory use of a mask - the bus journey respects the necessary hygiene and safety rules.

Reclassified Group income statement

IN THOUSANDS OF EURO	2021	2020	change
LPT line services	200,399	180,915	19,484
Railway line services	26,821	26,521	299
Parking and car sharing	12,362	13,125	(763)
Other income	48,751	45,200	3,551

Operating revenues	288,332	265,761	22,572
Personnel costs	102,665	107,439	(4,774)
Cost for services	93,151	81,285	11,866
Raw materials and materials	40,192	33,934	6,258
Use of third-party assets	7,776	7,258	518
Other operating costs	5,966	4,240	1,726
Operating costs	249,750	234,157	15,593
Gross operating margin - EBITDA	38,582	31,604	6,979
Amortisation/depreciation	21,552	21,070	482
Value write-downs/(reversals)	6	1,158	(1,151)
Change in funds for provisions	3,185	5,018	(1,833)
Operating margin - EBIT	13,839	4,358	9,481
Total financial income/(charges)	(768)	(1,572)	804
Share of profit (loss) on investments accounted for using the equity method	(595)	(831)	236
Profit before taxes	12,475	1,955	10,521
Tax charges	5,534	1,600	(7,134)
Net profit/(loss) for the year	6,941	3,555	3,387
of which:			
Profit/(Loss) attributable to the Group	6,721	3,615	3,106
Profit/(Loss) attributable to minority interests	220	(61)	281

Reclassified Group Statement of Financial Position

IN THOUSANDS OF EURO	31/12/2021	31/12/2020	change
Tangible assets	178,176	161,712	16,464
Intangible assets	18,616	17,319	1,297
Assets for rights of use	8,206	11,372	(3,167)
Equity investments	16,504	16,202	302
Financial assets and other non-current assets	34,388	32,754	1,634
Deferred tax assets	2,711	7,372	(4,660)
A. Non-current assets	258,601	246,731	11,870
Inventories	23,395	24,895	(1,500)
Trade receivables	82,368	77,566	4,802
Trade liabilities	(63,402)	(64,139)	737
Assets for contributions and other current assets	30,341	14,454	15,887
Other current liabilities	(31,036)	(28,960)	(2,076)
Current funds for provisions	(7,931)	(4,906)	(3,025)
B. Working capital	33,735	18,910	14,825

C. Gross invested capital (C = A + B)	292,336	265,641	26,695
Trade liabilities	(1,173)		(1,173)
Non-current funds for provisions	(43,286)	(47,442)	4,156
Other non-current liabilities	(23,004)	(21,782)	(1,222)
D. Non-current non-financial liabilities	(67,463)	(69,224)	1,761
E. Net invested capital (E=C+D)	224,873	196,417	28,456
Bonds	63,441	94,878	(31,437)
Non-current bank loans	67	77	(10)
Derivatives and other non-current financial liabilities	880	454	427
Long-term liabilities for leased assets	6,032	6,841	(809)
Non-current financial debt	70,421	102,250	(31,829)
Bonds	31,667	0	31,667
Medium/long-term loans	20		20
Other financial liabilities	31		31
Long-term liabilities for leased assets - short-term portion	1,851	4,289	(2,439)
Other current financial assets	(1,714)	(1,164)	(551)
Cash and cash equivalents	(49,311)	(74,346)	25,035
Current net financial debt	(17,456)	(71,220)	53,764
F. Net financial position	52,964	31,029	21,935
G. Shareholders' equity	171,909	165,387	6,521
H. Coverage of net invested capital (H=F+G)	224,873	196,417	28,456

Reclassified income statement of the Parent Company

IN THOUSANDS OF EURO	2021	2020	Change
LPT line services	149,721	142,172	7,548
Railway line services	6,144	6,418	(273)
Parking and car sharing	11,207	12,427	(1,219)
Other operating revenues	46,780	41,363	5,418
Operating revenues	213,853	202,380	11,473
Personnel costs	89,159	93,720	(4,560)
Cost for services	56,416	49,761	6,654
Raw materials and materials	29,512	26,122	3,390
Use of third-party assets	5,942	5,850	91
Other operating costs	4,107	3,506	602
Operating costs	185,136	178,959	6,177
Gross operating margin - EBITDA	28,717	23,420	5,296

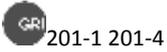
Amortisation/depreciation	16,630	15,839	791
Value write-downs/(reversals)	(731)	249	(980)
Change in funds for provisions	2,335	4,485	(2,149)
Net operating margin - EBIT	10,482	2,847	7,635
Total financial income/(charges)	(597)	(1,365)	768
Profit before taxes	9,885	1,482	8,403
Income taxes	4,766	(1,699)	6,465
Net profit/(loss) for the year	5,119	3,181	1,938

Reclassified Statement of Financial Position of the Parent Company

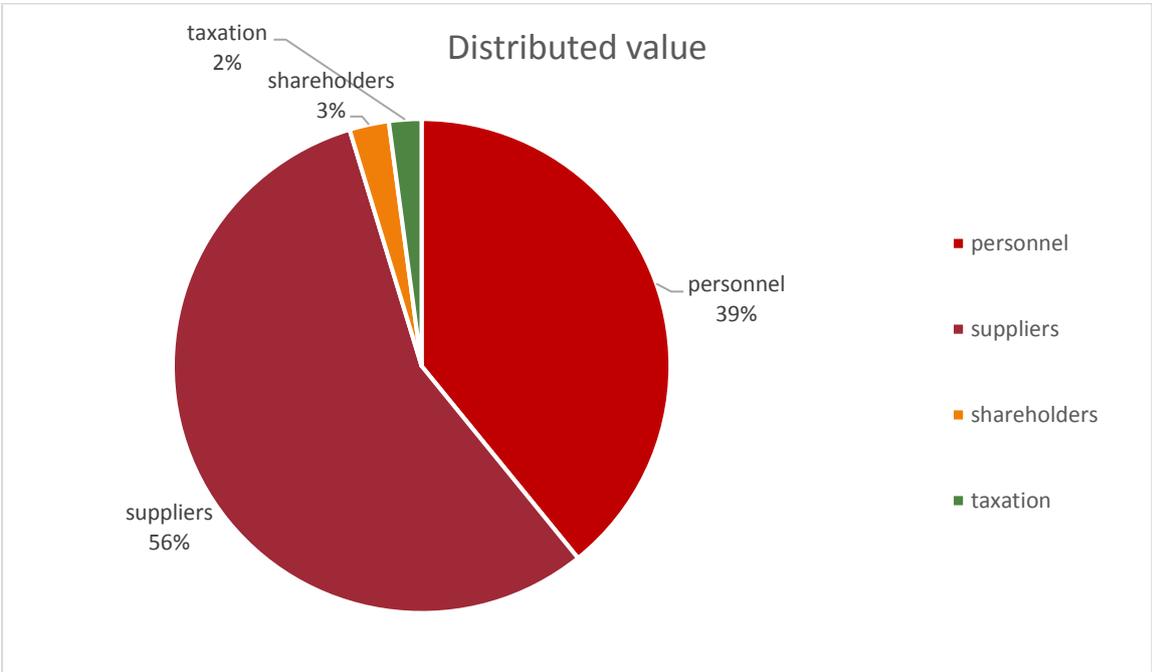
IN THOUSANDS OF EURO	31/12/2021	31/12/2020	change
Non-current assets			
Tangible assets	162,230	142,422	19,807
Intangible assets	401	661	(260)
Assets for rights of use	3,213	4,667	(1,454)
Equity investments	57,429	56,829	600
Financial assets and other non-current assets	34,778	42,256	(7,478)
Deferred tax assets	0	5,102	(5,102)
A. Non-current assets	258,050	251,936	6,114
Working capital			
Inventories	12,313	11,887	426
Trade receivables	72,649	61,485	11,164
Trade liabilities	(55,907)	(61,406)	5,499
Assets for contributions and other current assets	27,888	19,069	8,819
Other current liabilities	(28,396)	(26,915)	(1,481)
Current funds for provisions	(7,931)	(4,906)	(3,025)
B. Working capital	20,615	(787)	21,402
C. Gross invested capital (C = A + B)	278,665	251,149	27,516
Bonds	63,441	94,878	(31,437)
Derivatives and other non-current financial liabilities	347	413	(66)
Long-term liabilities for leased assets	1,911	4,161	(2,250)
Non-current financial debt	65,700	99,453	(33,753)
Bonds	31,667	0	31,667
Long-term liabilities for leased assets - short-term portion	1,851	3,144	(1,294)
Other current financial assets	(1,714)	1,143	(571)
Cash and cash equivalents	(38,450)	(67,042)	28,593
Current net financial debt	(6,647)	(65,041)	58,394

F. Net financial position	59,053	34,412	24,641
G. Shareholders' equity	158,267	153,818	4,449
H. Coverage of net invested capital (H=F+G)	217,320	188,230	29,091

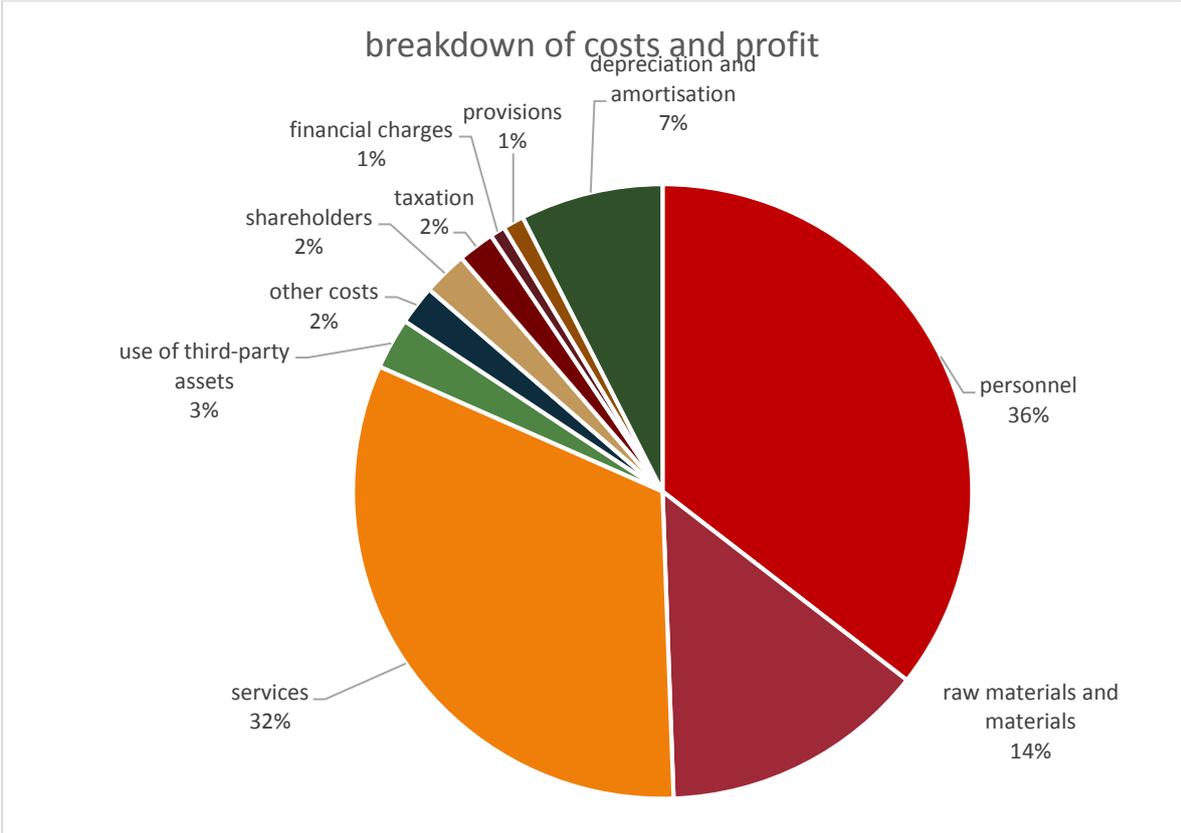
Distributed economic value **NFS**



With reference to the distributed value pursuant to GRI 201-1, which considers shareholders, personnel, suppliers and public administration, note that 39% is distributed to employees, 56% to suppliers, 3% to shareholders and 2% to taxation.



Extending the analysis to consider all TPER's employees, considering specifically all costs of the consolidated income statement and the corporate profit, it can be demonstrated that 36% is distributed by TPER to human resources (personnel). This circumstance relates to the nature of the managed activity, which can be defined as "labour intensive". Most of the employees reside in the area where TPER operates. The distribution of value to employees therefore also indirectly contributes to the creation of value for the local community, as this wealth is then redistributed in the form of further consumption and purchases in the reference area. Suppliers account for 51% of the distributed value (which includes raw materials, services, lease and rental costs and other costs), while 7% of the value goes towards the reconstruction of invested capital (depreciation and amortisation expenses). Smaller proportions go towards taxation and lenders for loan payments.



Note: unlike the distributed value by recipient, the analysis of the distributed value based on the cost deriving from the income statement also takes into account depreciation and amortisation, write-downs, financial charges and the change in provisions.

Government grants

During the 2021, TPER received grants for capital expenditures totalling Euro 0.9 million from the Region of Emilia-Romagna and Euro 177 thousand from the Ministry of Infrastructure and Transport (MIT).

Again for investments, it received Euro 1.2 million from SRM and Euro 348 thousand from AMI, the mobility agencies of Bologna and Ferrara respectively.

Partly current, TPER received from the mobility agencies SRM and AMI about Euro 11.6 million as compensation for the lost revenues due to Covid-19 and about Euro 10.56 million as a contribution to the higher costs of the NCLA (national collective labour agreement). TPER also received Euro 5.4 million from the Ministry of Labour as a grant for illness charges (Italian Law no. 266/2005). Minor contributions were disbursed by different bodies (AMI, INPS, Revenue Agency) for needs related to Covid.

For more details on the public grants received, please refer to the paragraph Subsidies, grants, paid assignments and economic benefits pursuant to Italian Law no. 124/2017.

Analysis of the economic impact on the area **NFS**



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

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

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

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

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

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

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

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

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

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



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

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

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

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

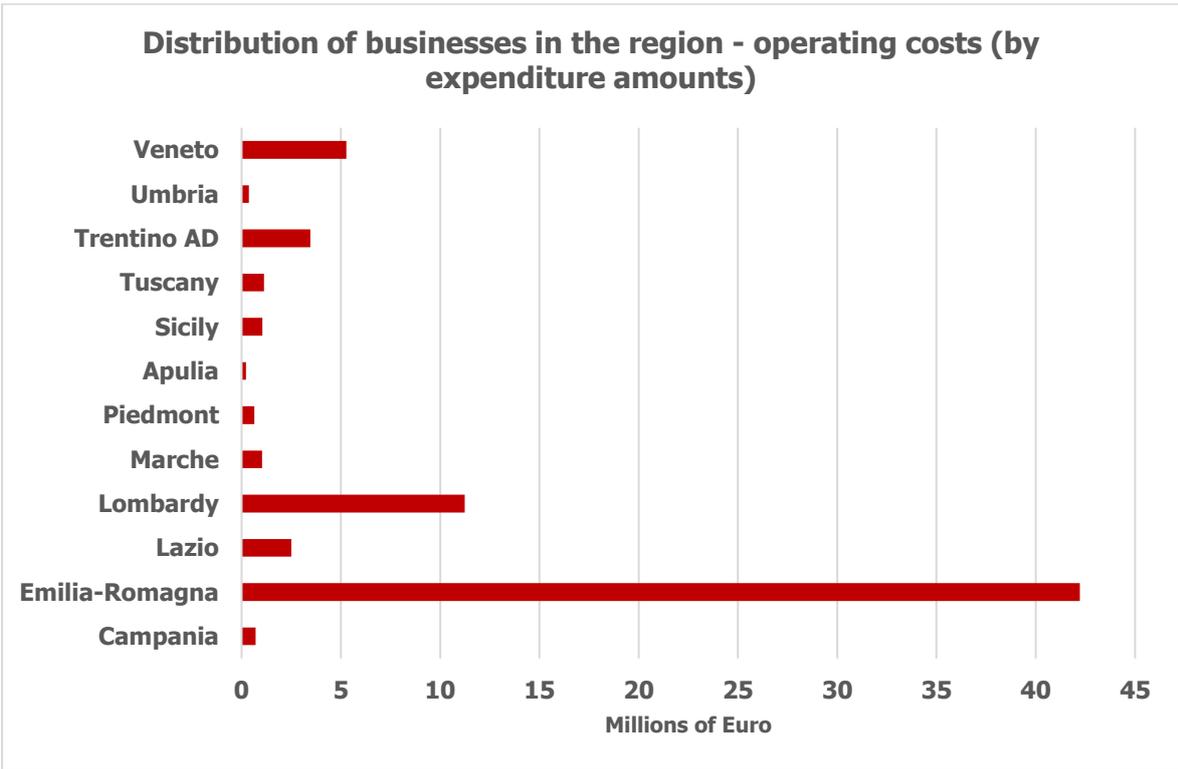
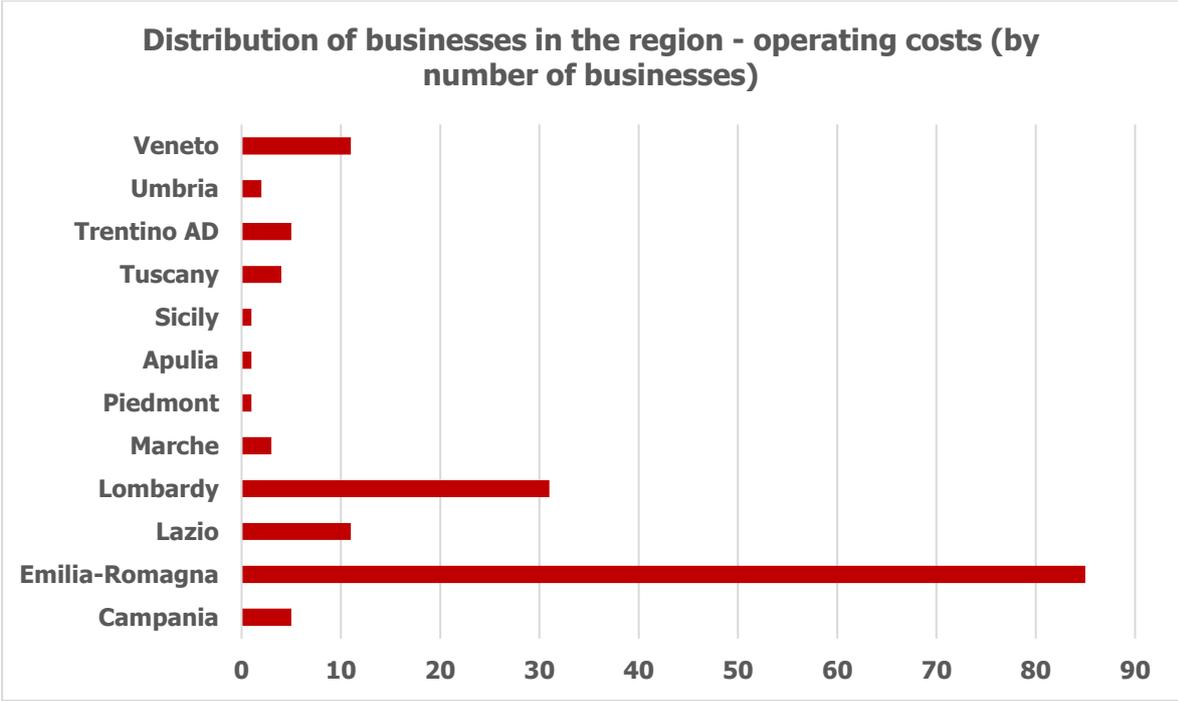
In particular, the direct impact of the business generated by TPER and its subsidiaries is defined as the impact that has a direct effect on households, businesses and the Public Administration, while indirect impact is that generated by the parties belonging to the TPER value chain, specifically TPER's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

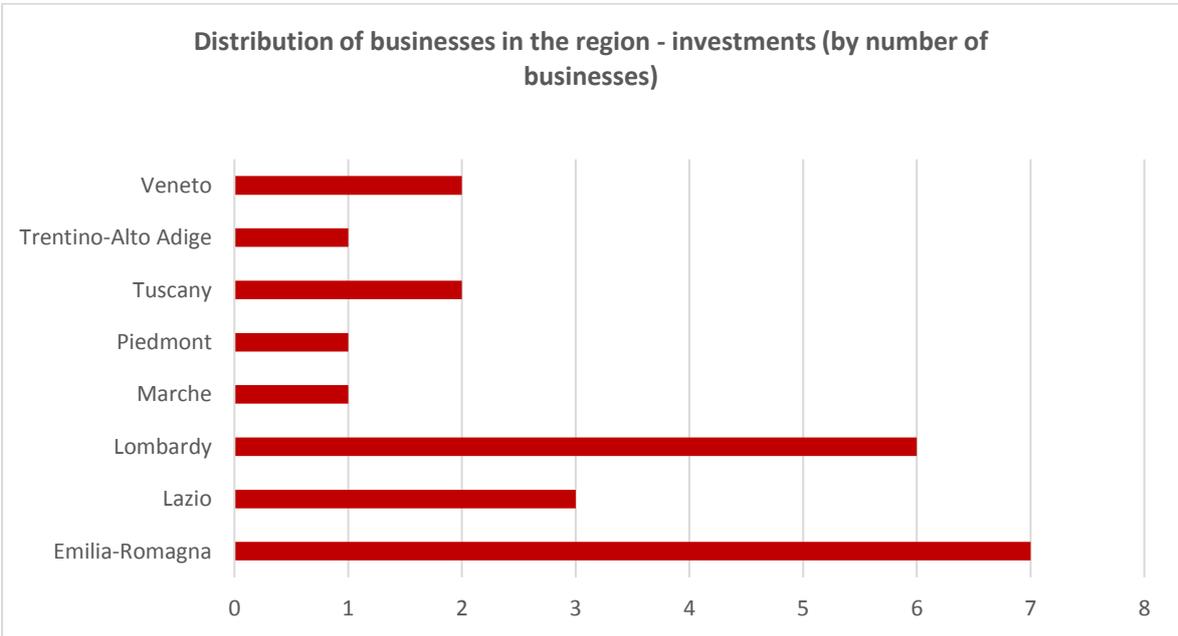
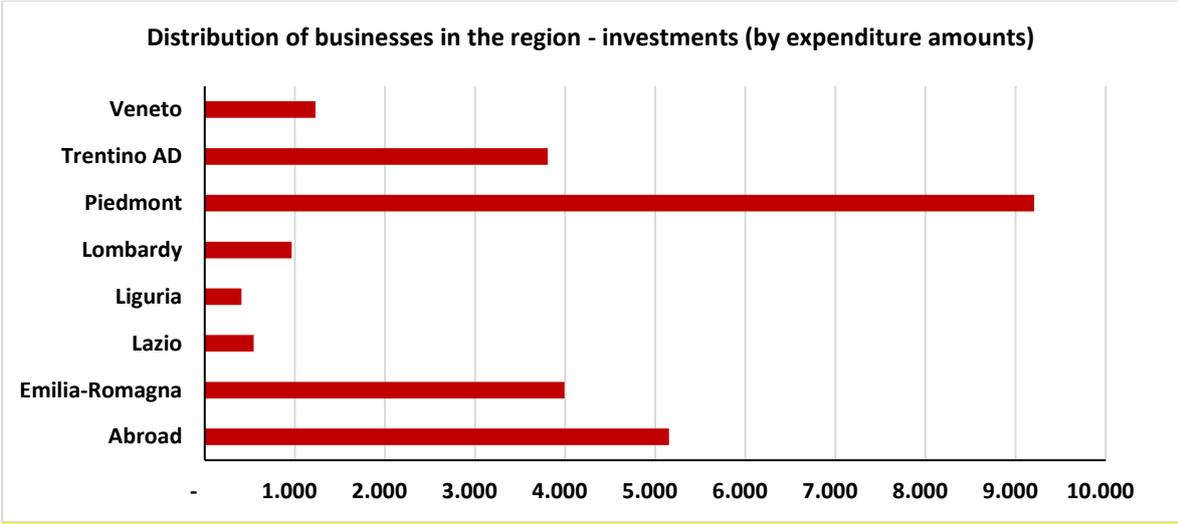
With reference to direct impact, the analysis is aimed at determining the economic impact due to the company's activity and was carried out taking into account the consolidated financial statements, considering both operations, i.e. income statement data, and investments.

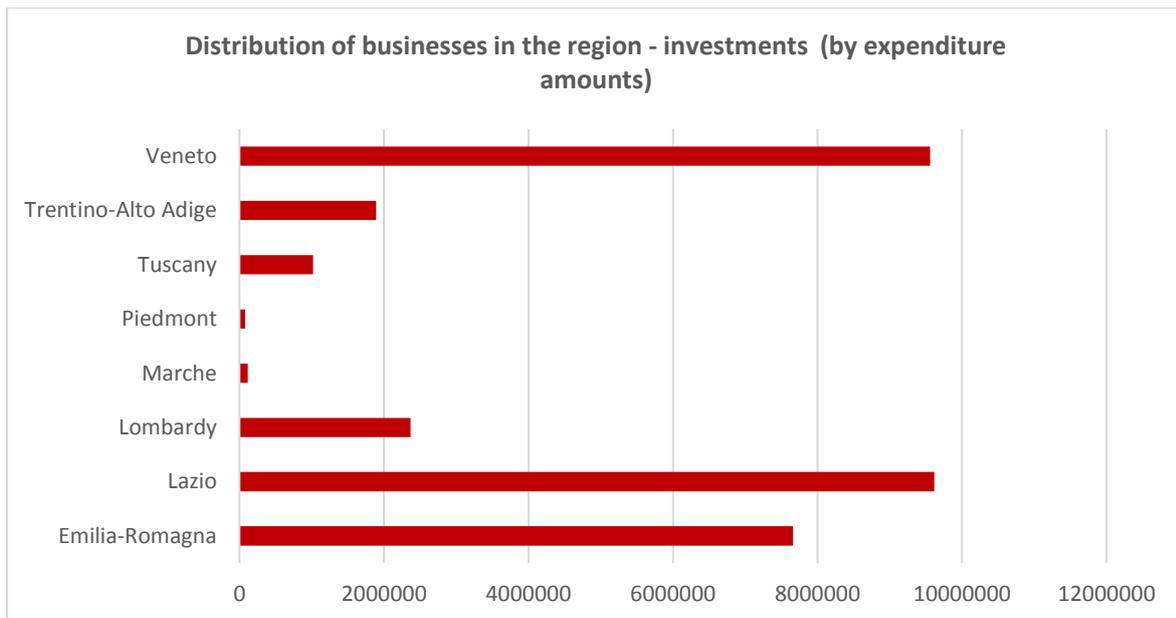
Indirect impact is generated by the subjects belonging to the TPER value chain, and more specifically TPER's lead suppliers. For the assessment of indirect impacts, the information contained in the financial statements of suppliers collated in the AIDA - Bureau Van Dijk database was analysed. For the remaining suppliers, projections were made starting with the data measured for suppliers on which the highest percentage of cost is concentrated. The suppliers were divided according to product category and services carried out, in order to better represent the type of purchases made by TPER. The survey was carried out on a representative sample of companies, i.e. a number of suppliers representing 72% of TPER's operating expenses (the companies analysed represented overall costs of almost Euro 69 million, including costs for services, raw materials and use of third-party assets) and 88% of investment costs. Overall, the financial statements of the top 183 companies in terms of expenses were analysed, i.e. with an amount greater than Euro 35 thousand.

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

The analysis shown in the following graphs was carried out on a representative sample of companies, the same sample used for the analysis of extended value.







Many operating suppliers are located in the region (intended as local suppliers) both in terms of number (approximately 53% of the sample analysed) and by expenditure amount (roughly 60% of the sample).

As regards investments, the distribution of companies changes: they are located in the region and are defined as local supplier for around 30% of the sample in terms of the number of companies, and 24% by amounts.

In light of the direct and indirect impact, the induced value was estimated, i.e. the increase in production connected to the increase in income of which those who contributed to the direct and indirect impact are beneficiaries. The final goal of the analysis was to provide a direct, indirect and induced assessment of the Added Value, Employment and Taxation items.

A portion of this income is likely spent on the purchase of other goods and services, and therefore translates into consumption/new production. To calculate the induced value, an estimate of 5% of the total direct and indirect value was used. For this type of analysis, the margin for calculating the induced impact is an assumption that can vary from 3% to 15%.

Measuring the extended value is extremely important because the company is one of the potential drivers of growth in the region, its activities having a knock-on effect on other sectors of the economy and distributing wealth to its stakeholders. In this context, the analysis of the extended value generated by the activities of a business, calculated in terms of direct, indirect and induced impacts, effectively responds to the current need to expand the scope of reporting, going beyond purely economic-financial performance.

Over the years, the differences are to be attributed:

- to the transfer of the railway business branch to the company Trenitalia TPER for the year 2020, for which the service has no longer been consolidated into TPER
- to the transfer of the service, it will stop in 2021 following a new assignment of the service.

Both events generate not only a direct impact, but also an indirect and induced impact, due to the lower items charged to revenue and cost (with an impact therefore on added value, taxation, indirect and induced employment).

Direct impact

In thousands of Euro

	Value added VA (000/Euro)	Tax charges (000/Euro)	Number of employees (no.)
2021	141,247	5,534	2,320
2020	146,576	1,598	2,486
2019	171,437	313	2,802

Indirect impact (lead suppliers)

In thousands of Euro

2021:

	VA impact (000/Euro)	Tax charges (000/Euro)	No. employees (no.)
Ordinary operations	38,291	851	543
Investment management	6,966	139	92
Total	45,258	990	635

2020:

	VA impact (000/Euro)	Tax charges (000/Euro)	No. employees (no.)
Ordinary operations	45,803	1,606	757
Investment management	5,798	293	72
Total	51,601	1,899	829

2019:

	VA impact (000/Euro)	Tax charges (000/Euro)	No. employees (no.)
Ordinary operations	37,643	1,336	639
Investment management	3,941	113	44
Total	41,584	1,449	683

Induced impact

In thousands of Euro

2021

Incidence VA (Euro)	Tax charges (Euro)	No. employees (no.)
9,325	326	148

2020

Incidence VA (Euro)	Tax charges (Euro)	No. employees (no.)
2,079	72	34

2019

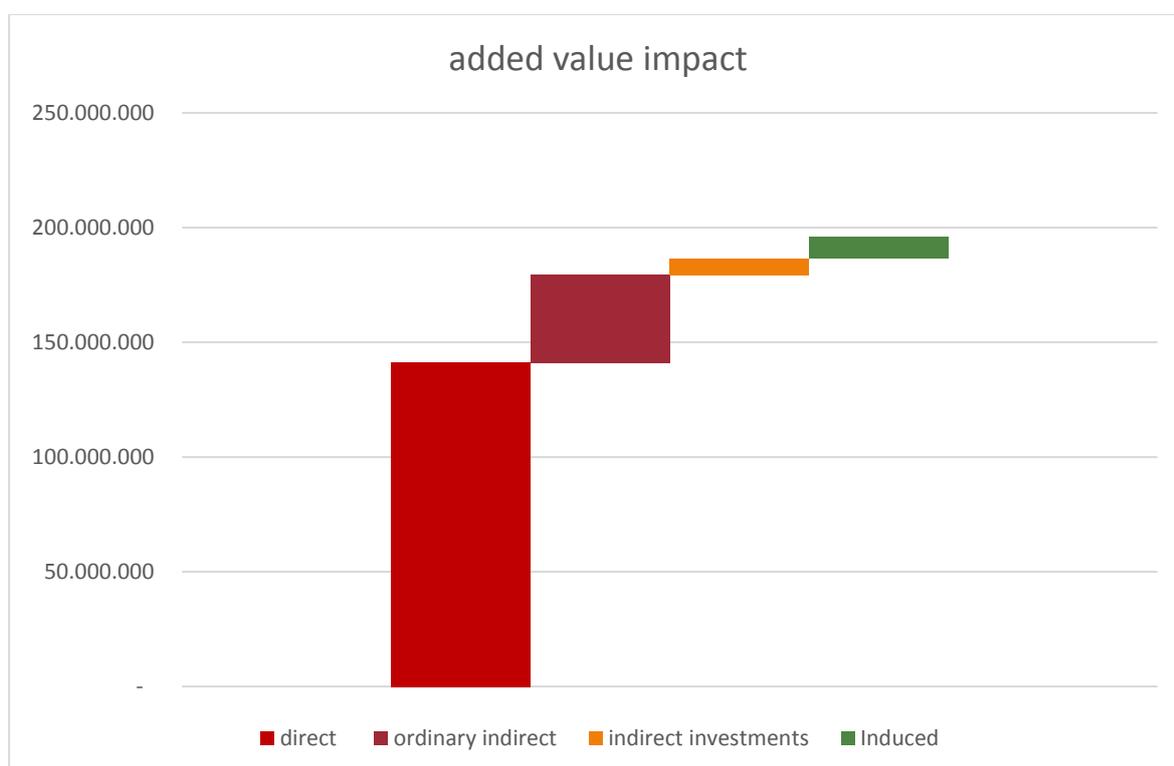
Incidence VA (Euro)	Tax charges (Euro)	No. employees (no.)
2,410	79	40

Extended value of TPER

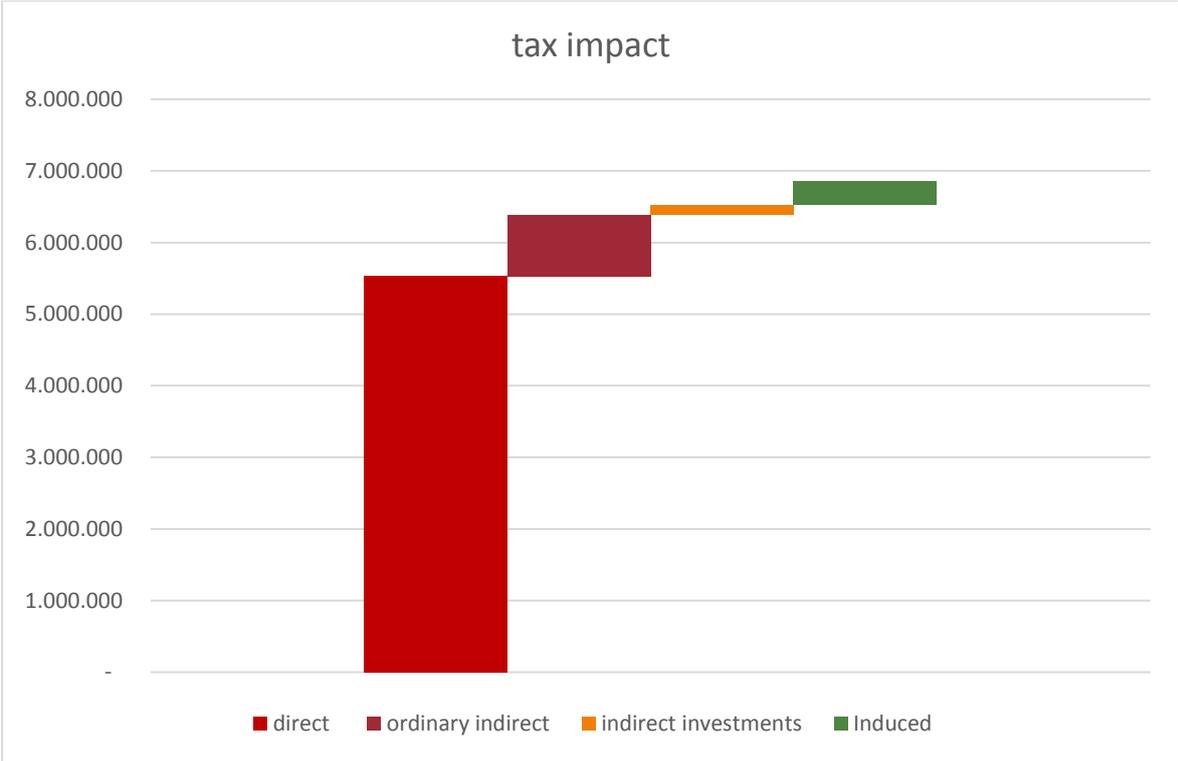
	2019	2020	2021
VA impact (000/Euro)			
Direct	164,885	171,437	141,247
Ordinary indirect	42,721	37,643	38,291
Indirect investments	5,481	3,941	6,966
Induced	2,410	2,079	9,325
Total extended value	215,497	215,100	195,830

	2018	2019	2020	2021
Tax charges (000/Euro)				
Direct	6,423	1,673	313	5,534
Ordinary indirect	1,583	1,201	1,336	850
Indirect investments	446	378	113	139
Induced	101	79	72	326
Total extended value	8,555	3,331	1,834	6,850

	2018	2019	2020	2021
No. employees (000/no.)				
Direct	2,689	2,717	2,802	2,320
Ordinary indirect	1,040	736	639	543
Indirect investments	930	55	44	92
Induced	99	40	34	148
Total extended value	4,758	3,547	3,519	3,102



Added value refers to resources intended for the remuneration of internal production factors. Therefore, these are resources intended for the remuneration of personnel, for costs for use of capital (depreciation and amortisation, financial charges), for economic redistribution and the purchase of public services (taxes), for shareholder remuneration or the creation of reserves (profits). The value created for ordinary management by TPER and subsidiaries, by lead suppliers and by investment management is indicated below.



Taxation indicates the portion of wealth generated which is intended for public goods and services.

The chart shows TPER’s effect on employment, indicating the number of people who work for TPER and its subsidiaries, the estimate of personnel involved in TPER’s lead suppliers, the number of people in investment management, and finally the induced effect.

Creating Shared Value

TPER has launched a project to define the model for creating and measuring Shared Value. The project seeks to define an appropriate form of representation ("model") of the portion of the Group’s economic results (business lines/areas of activity/projects) consistent with objectives and principles not only of a financial nature, but which, at the same time, also respond to environmental and/or social needs. The model assumes that criteria, policies, reference methodologies and underlying metrics will be identified.

This project will flow into the new reporting model envisaged by the European taxonomy.

Corporate governance

Governance and corporate structure



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TPER is not subject to control by a majority shareholder. The Emilia-Romagna Region is the relative majority shareholder of TPER (46.13%). The other shareholders are the Municipality of Bologna (30.11%), the Metropolitan City of Bologna, (18.79%), the Azienda Consorziale Transport ACT of Reggio Emilia (3.06%), the Province of Ferrara (1.01%), the Municipality of Ferrara (0.65%), Ravenna Holding S.p.A. (0.04%) and the Province of Parma (0.04%).

Furthermore, TPER owns 111,480 treasury shares (0.16%), with a nominal value of Euro 1 each. Pursuant to Article 2428 of the Italian Civil Code, it should be noted that there were no purchases or disposals of TPER shares in 2021 and that no companies control TPER.

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

Below is the composition of the Board of Directors in office, appointed at the Shareholders' Meeting on 12 July 2021 and whose term of office runs until approval of the 2021 financial statements.

- Giuseppina Gualtieri - Chairperson and Chief Executive Officer
- Maria Elisabetta Tanari - Director
- Giovanni Neri - Director

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

Composition of the Board of Directors by age	Under 30		Between 30 and 50		Over 50	
	No.	%	No.	%	No.	%
Board of Directors	-	-	0	0%	3	100%

The Board of Directors is the body vested with the broadest powers for ordinary and extraordinary administration. It is responsible for defining the business management strategies, evaluating the adequacy of the organisational structure and the general management trend. The management is chosen by the Board of Directors.

The Board of Statutory Auditors monitors compliance with the law and the Articles of Association, and respect for the principles of proper administration. The Board of Statutory Auditors was appointed at the Shareholders' Meeting on 12 July 2021 for 3 financial years. The composition is as follows:

- Enrico Corsini - Chairperson
- Fabio Ceroni - Standing Auditor
- Patrizia Preti - Standing Auditor

The alternate auditors are:

- Romana Romoli
- Gian Luigi Morten.

The TPER Group

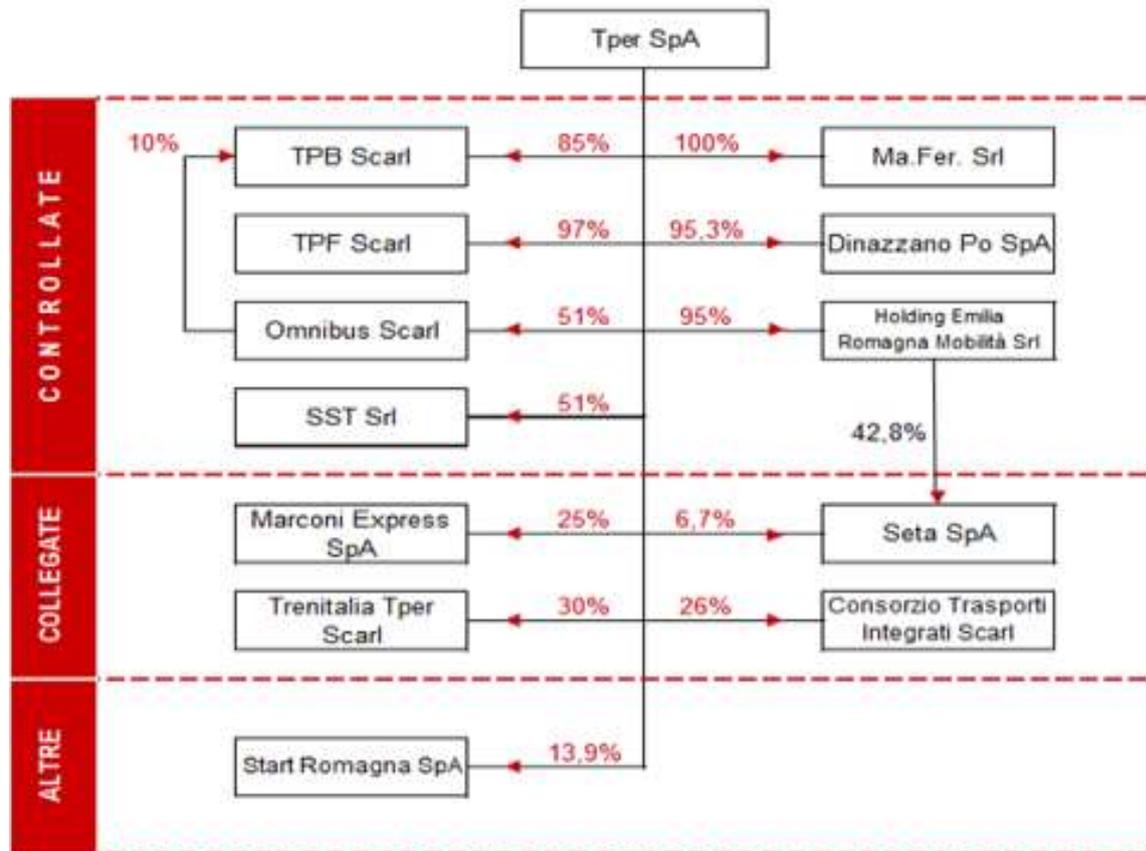
TPER holds equity investments in 13 companies, primarily operating in the passenger and freight transport sector, of which 7 are subsidiaries, 4 are associates and 2 are investees.

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

In particular, TPER is the main shareholder of SETA, a company that provides road-based local public transport services in the provinces of Modena, Reggio Emilia and Piacenza, and is also a partner of START Romagna, which operates in the Romagna area.

Effective as of 1 January 2020, the management of the railway service began with the new company Trenitalia Tper (replacing Consorzio Trasporti Integrati S.c.r.l.), which combined the business units of the two companies from 1 January 2020. Trenitalia Tper will manage the entire railway service of the Emilia-Romagna Region for the next 15 years (renewable up to 22).

The TPER Group's composition as at 31 December 2021 is as follows:



(CTI in liquidation)

The different operating areas of investee companies can be distinguished as follows:

- In the automotive transport sector, the acquisition or retention of shareholdings stems from the need to achieve industrial and financial synergies, which are preliminary steps in an operational strengthening to take part in tenders for the awarding of public transport services. In the Ferrara and Bologna areas, TPER consequently decided to operate in partnership with private entities, giving rise to the Omnibus and TPB consortium companies for the Bologna area and SST and TPF for Ferrara.
- In the regional rail transport sector, the new company, Trenitalia TPER started managing the regional rail transport effective as of 1 January 2020.
- Also in the railway sector, TPER controls the entire capital of MA.FER S.r.l., active in the area of rolling stock maintenance, and has a 95.35% holding in Dinazzano Po S.p.A., a company dedicated to rail freight transport and the supply of rail freight services, in addition to the management of railway stations and intermodal terminals.
- TPER is the main shareholder, both directly and indirectly through Herm, of SETA, a company that provides local public road transport services in the provinces of Modena, Reggio Emilia and Piacenza; however, this company is not consolidated as controlling conditions do not exist. TPER is also a shareholder of Start Romagna, which provides its services in the Romagna area. The possession of these corporate shareholdings is linked to industrial logic as well as operational and financial synergies.

Some information on subsidiaries is provided below. For the company results, please refer to the Explanatory Notes to the consolidated financial statements.

MA.FER S.r.l.

MA.FER's core business is the maintenance of railway rolling stock. In 2021, the company recorded operating revenues of Euro 25,097 thousand, and a profit of Euro 971,537.

TPF S.c.r.l.

The corporate purpose of TPF, established in 2006 in line with the launch of the service following a public tender, consists of local public transport and all ancillary activities in the Ferrara area, where the Company holds the contract service for urban and interurban bus transport, distributing the activities among the consortium members. The other shareholder is FE.M S.c.r.l. with 3% of the share capital. In 2021, the company recorded operating revenues of Euro 23,628 thousand, and a profit of Euro 370.

Dinazzano Po S.p.A.

The corporate purpose of Dinazzano Po consists of rail freight transport and the execution of rail freight services, as well as the management of rail terminals and intermodal terminals. The other shareholders are the Port Authority of Ravenna, the Intermodal Port of Ravenna SAPIR S.p.A. and Mercitalia Rail S.r.l. with 1.55% of the share capital each. In 2021, the company recorded operating revenues of Euro 24,041 thousand, and a profit of Euro 527,449.

TPB S.c.r.l.

The corporate purpose of TPB, established in 2011 following the tender for the public transport service in the Bologna area, consists of local public transport and all ancillary activities in the Bologna area, where the company holds the service contract for urban and interurban bus transport, sharing the activities between the consortium members. The other shareholders are Omnibus S.c.r.l. with 10% and Autoguidovie S.p.A. with 5% of the share capital. In 2021, the company recorded operating revenues of Euro 110,600 thousand, and a profit of Euro 278.

HERM Holding Emilia-Romagna Mobilità S.r.l.

Herm is a holding company that holds 21,416,074 shares (equal to 42.841%) of Seta S.p.A.. The other shareholder is Nuova Mobilità S.c.r.l. with 5.05% of the share capital. In 2021, the company recorded operating revenues of Euro 12 thousand, and a profit of Euro 757.

Omnibus S.c.r.l.

Omnibus manages transport and mobility services in general, in the interest of its consortium members. The other shareholders are Cosepuri Scpa with 17% of the share capital, Saca S.c.r.l. with 17% of the share capital, and Coerbus S.c.r.l. with 15% of the share capital. In 2021, the company recorded operating revenues of Euro 32,926 thousand, and a profit of Euro 211.

SST S.r.l.

SST manages school transport services, transport in general and mobility services in the Ferrara area. The other shareholder is FE.M S.c.r.l. with 49% of the share capital. In 2021, the company recorded operating revenues of Euro 4,650 thousand, and a profit of Euro 489,558.

Sites

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

Memberships in external associations and initiatives **NFS**



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Associations

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

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

TPER also participates in **UITP**, the international public transport association.

Following the decision taken by Confservizi Emilia Romagna not to represent public transport services, at local level, TPER is a member of **Confindustria Emilia Area Centro**, the business association stemming from the integration of Unindustria Bologna, Unindustria Ferrara and Confindustria Modena, which represents and protects businesses from Emilia.

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

Participation in organisations, international agreements, and initiatives linked to legality and sustainability

United Nations Global Compact

Since 2017, TPER has participated, as founding member, in the United Nations Global Compact, an international initiative that encourages companies all over the world to adopt sustainable corporate social responsibility policies and to publish the results of their activities in the areas of human rights, labour, environmental sustainability and the prevention of corruption.

The TPER NFS is attached to the COP (Communication on Progress) which is published annually on the Global Compact website, in the section dedicated to the company.

Legality protocol

Following a process launched in 2016, TPER joined the Protocol of Legality established by Confindustria and the Ministry of the Interior in 2017 with a view to combating criminal

infiltration in the economy. It is therefore registered on the list of companies that adhere to the Legality Protocol published on the Confindustria Emilia website.

Impronta Etica

Impronta Etica is a non-profit association founded to promote and develop sustainability and corporate social responsibility (CSR), and to encourage sustainability-oriented processes, providing support for its associate companies in this field. The association is a partner of the CSR Europe network.

Control model and measures to combat corruption



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The organisation, management and control model pursuant to Italian Legislative Decree no. 231/2001

Italian Legislative Decree no. 231/01, containing “*Provisions on the administrative liability of legal entities, companies and associations without legal personality*”, adapted national legislation on the liability of legal entities to international conventions. TPER has adopted an organisation, management and control model (MOGC) pursuant to Italian Legislative Decree no. 231/2001 which contains all the preventive and disciplinary measures and procedures to reduce the risk of crimes being committed within the company organisation.

As well as exempting the company from responsibility for these types of crimes, the adoption of an organisation, management and control model pursuant to the Decree is an act of social responsibility by TPER which generates benefits for multiple parties: stakeholders, managers, employees, creditors and all other parties whose interests are linked to the life of the company. The Model was prepared by taking into account the Guidelines drawn up by Confindustria (updated in 2021). The Model is applicable to company personnel and third parties who enter into relations with the company, and contains codes of conduct aimed at preventing specific crimes from being committed, identified by Italian Legislative Decree no. 231/2001, to the benefit of the company.

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

The descriptive document of the model, together with the Code of Ethics, is published on the Company website at <https://www.tper.it/azienda/come-lavoriamo>.

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

During the drafting, periodical updating and approval of the MOGC 231, TPER introduced and implemented adequate organisational and management measures to prevent corruption pursuant to Italian Law no. 190/2012 and the National Anti-Corruption Plan (PNA), also with reference to the provisions of Italian Law no. 68 of 22 May 2015 and Italian

Law no. 69 of 27 May 2015 (provisions relating to environmental crimes, false accounting, crimes against public administration and mafia-type associations) and the criminal offence of self-laundering (art. 648-ter 1 of the Criminal Code). It should be noted that, in order to prevent corruption, private law bodies under public control and non-controlling public companies that have already adopted organisation and risk management models on the basis of Italian Legislative Decree no. 231/2001 can use the same models by extending the scope of application not only to the offences against public administration envisaged by Italian Legislative Decree no. 231 of 2001 but also to all those considered in Italian Law no. 190 of 2012, and in any event all cases of maladministration or corruption in general, even if not constituting a specific offence.

All corporate transactions for which there is the risk of corruption have been reviewed according to the provisions and documented by the MOGC, to which reference is made, and according to the activities carried out by the Supervisory Body. It is therefore possible to state, in accordance with GRI 205-1, that all operations have been assessed for risks related to corruption.

In the course of 2021, as in the previous years subject to reporting, no episodes of corruption involving TPER directors or employees were verified. Likewise, no relevant cases were reported to the Supervisory Body as regards MOGC 231.

The Code of Ethics

As an integral part of the Model pursuant to Italian Legislative Decree no. 231 and the overall governance structure, TPER has adopted a Code of Ethics with a view to identifying and defining the series of values, fundamental principles and behavioural standards that represent an indispensable prerequisite for the correct performance of its business activities. The Code of Ethics constitutes a guide to the company policies and legal requirements that govern TPER's conduct. The Code of Ethics conforms to the principles indicated both in Confindustria's Guidelines and ASSTRA's Code of Conduct.

The Code defines TPER's reference principles and codes of conduct, represents a means of preventing irresponsible or illegal behaviour on the part of those who work in the name and on behalf of the Company, and constitutes a series of preventative and disciplinary measures and procedures for reducing the risk of crimes being committed within the business organisation.

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

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

TPER is a publicly owned company, not subject to public control (pursuant to and in accordance with Italian Legislative Decree no. 175/2016) and, having issued bonds listed on regulated markets, is a public interest entity. In this capacity, it is also excluded from the scope of application of the above-mentioned Consolidated Law. Since 2017 TPER has been aligned with the indications contained in the new ANAC/2017 guidelines (ruling no. 1134 of 8 November 2017) and supplemented its MOGC 231 with the introduction of corruption prevention measures, also pursuant to Italian Law no. 190/2012, expanding the duties of the Supervisory Body. Indeed, as a publicly owned company not subject to public control, TPER is not required to draft the PTPCT (Three-Year Corruption Prevention and Transparency Plan) or appoint a Manager for corruption prevention and transparency, but it is only required to adopt measures supplementing those already adopted pursuant to Italian Legislative Decree no. 231/2001. In 2018, TPER adopted the “Model 231 Supplementary Measures - Anti-Corruption Protocol”, updated in 2020 with the introduction of measures intended to promote legality.

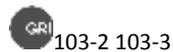
Legality rating

In 2019 TPER requested an update of its legality rating, which had been obtained in 2017. The legality rating is an ethical recognition developed by the Italian Competition Authority (AGCM), in agreement with the Ministries of the Interior and Justice, which rewards companies that operate in line with the principles of legality, transparency and social responsibility.

The rating - measured in "stars" - has particular advantages in relation to the granting of public funding and favourable terms for accessing bank credit.

In 2021, TPER confirmed the rating of ★★++.

Integrated management system and policies



TPER is equipped with management systems according to international standards and has obtained the Certificate of Excellence from Certiquality, an accredited body for the certification of business management systems for quality, environment, safety and product certification. This important recognition is given to those companies that have demonstrated a responsible voluntary commitment in their corporate governance, having obtained the three international standard certifications for:

- Quality (ISO 9001:2015)
- Environment (ISO 14001:2015)
- Occupational Health and Safety (ISO 45001:2018).

TPER has implemented an integrated quality and environmental protection management system compliant and certified according to the UNI EN ISO 9001:2015 and UNI EN ISO 14001:2015 standards. The integrated management system is applied to all the services provided by the company and, in particular, the road-based local public transport service in the Bologna and Ferrara catchment areas.

TPER has also extended its international certificates to management of the People Mover and the extended assessment on behalf of the Municipality of Bologna, as well as automotive.

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

TPER has also obtained product/service certification in compliance with the UNI EN 13816:2002 standard for five local public transport lines, identified among the most representatives urban lines in Bologna (Lines 13, 15, 27 and 35) and line 94.

Quality - ISO 9001:2015

TPER S.p.A. is currently certified in line with the ISO 9001:2015 standard (9001 - Quality Management Systems), a certificate issued by Certiquality on 09/02/2017 (whose validity was renewed until 2023). The standard provides a more precise and detailed focus on the control of processes, products and services provided by external suppliers in order to respond to the complexities of the environment in which businesses operate. The main aspects are outlined below:

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

Environment - ISO 14001:2015

TPER adhered to the new edition of the ISO 14001:2015 standard published on 15 September 2015, acquiring the relative certification with a certificate issued by Certiquality on 09/02/2017 (whose validity was renewed until 2023). The Environmental Management Systems standard falls under the ISO standards on Management Systems, the primary objective of which is to create a common "High Level Structure" among the standards. The standard involves planning, execution and control phases and improvement actions. The application of ISO 14001 defines the most important requirements to identify, control and

monitor the environmental aspects of any organisation with an environmental policy. The immediate advantages of adopting an ISO 14001 Environmental Management System are:

- Greater trust from customers, investors, the public and the community, thanks to the guaranteed reliability of the commitment demonstrated
- Better control of costs and savings on raw materials and energy consumption
- Transparent management and facilitation in obtaining environmental permits and authorisations
- Reduction in insurance premiums linked to the possibility of environmental accidents
- Reduction in the financial guarantees required under current legislation.

Occupational health and safety – ISO 45001:2018

TPER is currently certified according to the UNI ISO 45001:2018 (certificate issued on 19 August 2019) and the BS OHSAS 18001:2007 standard (which will be replaced by the former no later than 2021). Compliance with the international standard ensures compliance with the requirements for Occupational Health and Safety Management Systems. The ISO 45001/OHSAS 18001 certification is based on the management of workplace health and safety and requires continuous improvement from organisations, thus providing all stakeholders with guarantees regarding compliance to the specified safety policies.

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

- The management system represents an effective tool for optimising risk management for the health and safety of workers. INAIL (Italian National Institute for Insurance Against Accidents at Work) has provided data that shows a significant drop of 27% in the frequency index and a 35% decline in the accident severity index in certified companies.
- The ISO 45001:2018 certification is recognised as a possible system that provides an exemption from the serious levels of liability introduced by Italian Legislative Decree no. 231/01 (as required by Italian Legislative Decree no. 81/08 in article 30, paragraph 5).
- INAIL grants reduced insurance premiums to companies that have made improvements or have taken accident prevention measures to safeguard workers' health and safety conditions. The measures that permit access to these reductions are those foreseen by the OT 24 Model (fluctuation of the prevention premium rate). Of these measures, ISO 45001:2018 standard certification allows the company to achieve the maximum score for the discount on the premium.
- It requires greater attention from all the organisational units in the company on matters of safety, with positive repercussions on the organisation at various levels.

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

- Create an ISO standard that becomes the international benchmark for occupational health and safety management systems
- Use simplified language
- Establish requirements that are flexible and adaptable in different ways to small and large companies
- Facilitate "management" without necessarily increasing "documentation"

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

Corruption Prevention Management System - ISO 37001:2016

In May 2019, TPER obtained ISO 37001 certification from the Certiquality institute, as an additional measure to ensure corruption prevention.

The ISO 37001 standard is an anti-bribery instrument and is designed to increase the culture of transparency and define effective measures for combating corruption scenarios. The ISO 37001 Anti-Bribery Management system also integrates with the other standards in the company in the area of quality, the environment and workplace safety.

Internal regulations

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

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

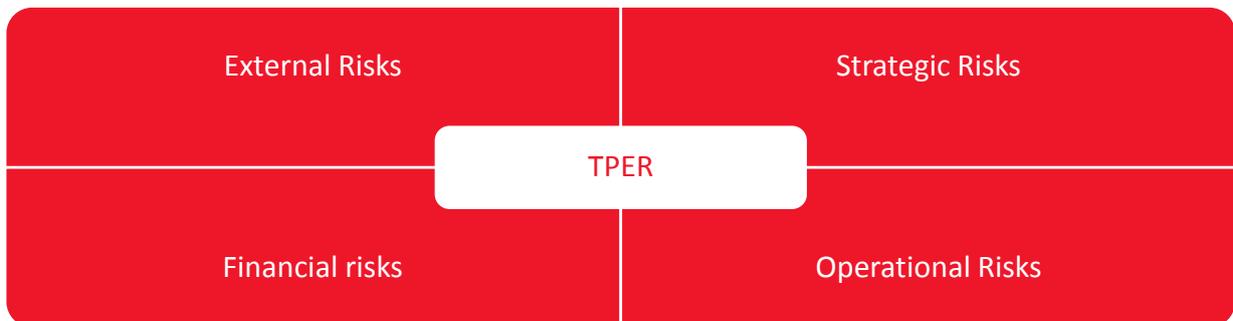
Risk management



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The TPER risk management system

The current TPER model provides for the classification of risks according to the following:



The main risks identified and the related management methods are highlighted in the following table. The management methods are referred to directly in the table, also by referring to other parts of this document or to documentation available on the TPER website. Risks are correlated to the material issues reported in the NFS.

With regard to the risks/opportunities associated with climate change, also see what is reported in the following chapter *Environmental sustainability*. The criticality of the issues and the need to implement strategies and actions that can mitigate climate change and allow for its adaptation strengthens the role of the public transport sector and represents, first and foremost, a great opportunity.

Risk area/category	Related material topics	Reference areas (It. Leg. Dec. no. 254/2016)	Management methods - Specific policies
External Risks			
<p>Regulatory/general regulatory framework TPER mainly carries out public utility activities at a regulated tariff. The evolution of the legislative and regulatory context affects the methods of assigning services, tariffs, required quality levels and management results Risk/opportunity factor is the evolution of LPT in relation to the future development of mobility in cities and to new technologies and applications. A further but important element in terms of impact on the sector is represented by the regulatory measures connected to health emergencies (such as Covid-19)</p>	<p>Governance and ethical business conduct</p> <p>Investments for the territory and sustainable mobility</p> <p>Relations with the community and the territory: responsible citizenship and education for sustainable mobility</p>	<p>Combating active and passive corruption</p> <p>Social</p>	<p>TPER systematically and continuously monitors the developments of laws and rulings, and engages in constant and constructive dialogue, also via the trade association, with the Authorities and the Institutions.</p>
<p>Environmental laws and regulations Characteristics of means of transport with respect to emissions of CO2/pollutants, health and safety. Local Public Transport companies are required to renew their fleets and have sustainable fleets/reduced environmental impact. The regulatory framework could register a rapid and not always predictable evolution, involving stricter requirements. These circumstances could change the reference scenario, significantly influencing the investment plan due to the necessary adjustment. The renewal of fleets has shown an international convergence towards rolling stock fuelled by renewable sources.</p>	<p>Governance and ethical business conduct</p> <p>Investments for the territory and sustainable mobility</p> <p>Emissions and air quality - mitigating climate change</p> <p>Relations with the community and the territory: responsible citizenship and education for sustainable mobility</p>	<p>Environment</p> <p>Social</p>	<p>To align the company's strategies with the goals established by the PUMS and the PSM, TPER has launched projects aimed at improving the quality of its services and reducing their environmental impact.</p> <p>Renewal of the vehicle fleet/Plan actions: <i>Urban area</i> - Short-term investments of hybrid vehicles in urban areas and of electric vehicles. <i>Exurban area</i> - Assessment of liquid methane and methane-fuelled hybrid vehicles- <i>Medium/long-term</i> - Project aimed at creating, in the medium- to long-term, an infrastructure that enables full-electric vehicles to be added to the service.</p> <p>Upgrading of existing infrastructures (Depot Workshops) and processes to overhaul the network and the service model.</p> <p>This risk is primarily overseen by the environmental management system certified according to the UNI EN ISO 14001:2015 standard.</p>
<p>Environmental/Natural events Risks arising from adverse and/or accidental natural/atmospheric events that damage systems and facilities (including deriving from climate change)</p>	<p>Emissions and air quality - mitigating climate change impacts</p>	<p>Environment</p> <p>Social</p>	<p>TPER employs a control model and procedures for the protection of corporate assets and has adopted specific control processes and procedures for accident prevention.</p>
<p>Raw materials Commodity price risk - The TPER Group is exposed to the price risk of energy commodities</p>	<p>Efficient use of natural resources: sustainable management of resources</p>	<p>Environment</p> <p>Social</p>	<p>Procurement policy and management/monitoring of supply risk and commodity price trends.</p>

	Sustainability and responsible management of the supply chain		
<p>Competition/Deregulation of the sector The risk in question is of a prospective nature and regards in particular the regulated/licensed LPT activities.</p>	<p>Governance and ethical business conduct</p> <p>Mobility as a service: quality, accessibility, integration and intermodality</p> <p>Investments and innovation</p>	<p>Social</p> <p>Combating active and passive corruption</p>	<p>The strategic direction of TPER envisages four main actions defined by the Guidelines of the Business Plan:</p> <p>Participation in tenders for the awarding of local public transport services in areas of interest (also outside the region), developing partnerships.</p> <p>Development of group synergies - TPER as an aggregator of mobility, by strengthening synergies with subsidiaries and associates;</p> <p>Further business development/diversification - Monitoring of the railway passenger market in Emilia-Romagna through the partnership with Trenitalia</p> <p>Maintenance of the businesses connected to parking and car-sharing and development in the rail freight sector.</p>
<p>General economic framework Difficulty in meeting company objectives due to causes that can be traced to the external context Adoption of unfavourable pricing policies by the regional council with a consequent fall in revenues. Substantial cuts to State-Region transfers</p> <p>Events with possible negative repercussions on the business/operations of the Group (implementation of the investment plan/business operation, provision of services or the achievement of the objectives set with the Region - Mobility Agencies) in the event of prolonged unavailability of funds.</p>	<p>Capital solidity, performance and value distribution</p> <p>Investments for the territory and sustainable mobility</p> <p>Mobility as a service: quality, accessibility, integration and intermodality</p>	<p>Social</p>	<p>Macro-economic and political framework monitoring and relations with reference bodies.</p> <p>Monitoring of economic and financial performance and adaptation of the business plan to the reference scenario.</p>
Strategic Risks			
<p>Reputational risk Reputational risks arise from the negative perception of TPER's image in the eyes of customers, suppliers and supervisory bodies due to the spreading of damaging news. TPER has a good reputation for the quality of the service it provides and for its efforts in making widespread improvements.</p> <p>TPER is exposed to this type of risk due to the nature of the services it provides.</p>	<p>Governance and ethical business conduct</p> <p>Mobility as a service: quality, accessibility, integration and intermodality</p>	<p>Combating active and passive corruption</p> <p>Social</p>	<p>TPER actively strives to improve the quality of the service and ensure the physical safety of employees and passengers and their perception of this issue. The company has facilities and procedures for receiving and handling complaints and providing customer service.</p>
<p>Definition and implementation of strategies and responsiveness and changes</p>	<p>Governance and ethical business conduct</p>	<p>Social</p>	<p>Monitoring and adjustment of the business plan to market scenarios and regulatory and operational framework.</p>

	Investments and innovation		
Financial risks			
Interest rates	Capital solidity, performance and value distribution	Social	
Market			See external risks and related regulatory and regulatory framework monitoring
Credit - Credit risk represents the Group's exposure to potential losses deriving from the failure of commercial counterparties to fulfil their obligations, as well as by financial counterparties in relation to the portfolio of financial assets, deposits at banks and capital contributions, also in the form of loans granted to investees.			Management, assessment and monitoring of credit risks based on prudent management criteria. Mechanisms are defined through specific credit governance rules that, on the one hand, govern the relative responsibilities and, on the other hand, ensure compliance of the credit risk framework with the reference regulatory framework to which it is subject.
Liquidity Liquidity risk is the risk that financial resources are insufficient to cover financial and trade obligations in accordance with the agreed terms and deadlines.			Economic and financial planning represents a primary strategic tool for monitoring the resources to be sourced and used to support business activities. The appropriate management of relations with investors guarantees the timely availability of the liquidity required by the business. TPER monitors the balance of the financial structure (investments and working capital with equity capital and long-term and short-term loans), identifying the most suitable counterparties for the specific requirements. TPER also monitors and internally manages the balance of assets and current liabilities (management of loans, payables and inventory) Risk management is carried out, in the first instance, through constant monitoring of expected and current cash flows and the correlation of the maturity profiles of financial assets and liabilities. Liquidity risk is dealt with by means of continuous monitoring and control tools on requirements and future liquidity, in order to ensure timeliness of payments.
Operational risks			
Suppliers Quality of services/performance and sustainability	Sustainability and responsible management of the supply chain	Social Respect for human rights	Procurement policy and supply chain monitoring, also through procedures provided for by the ISO 9001 quality management system.
Transport health and safety Rail and Trolleybus safety - This area includes operational risk cases within the Group and not arising solely from external causes, such as: ▪ Physical safety of vehicles and facilities - the first guarantee of safety is the	Customer safety (Security & Safety) Noise and vibration management	Social Respect for human rights	TPER focuses a great deal of attention on the impact of its activities and monitors the risk factors related to each process, with a view to prevention and emergency assistance in relation to any activities that can have a significant internal and external impact.

<p>proper maintenance of the assets, i.e. adequate and regular maintenance.</p> <ul style="list-style-type: none"> ▪ Traffic safety "on the driver's side": includes all the devices that control the driver's work and prevent errors. <p>Minimising of damage from external events and accidental injury to passengers and other citizens.</p>			<p>The area of transport safety is highly regulated in significant detail, both at national and EU level. These risks are therefore mitigated primarily by the set of requirements established by the set of regulatory bodies that provide guarantees and support for the safe performance of activities, and secondly by the adoption of appropriate operating procedures and instructions. TPER has implemented the processes and controls needed to comply with existing legislation and to adapt to its future modifications.</p>
<p>Personnel/Human resources Thanks to the skills acquired, personnel guarantee operations and, therefore, represent a company "asset" which has a significant impact on the ability to operate in the medium/long-term.</p>	<p>HR management, training and development</p> <p>Workplace: diversity, inclusion, company welfare and work/life balance</p>	<p>Personnel</p> <p>Respect for human rights</p>	<p>Human resources management policies - Training and recruiting of the necessary people.</p>
<p>Health and safety in the workplace Injuries or wounds suffered by personnel that work in depots, buildings and offices, employed in the transport service. Third-party aggression towards ticket inspectors</p>	<p>Health and safety in the workplace</p>	<p>Personnel</p> <p>Respect for human rights</p>	<p>This risk is primarily overseen by the Health and Safety Management System certified according to UNI ISO 45001:2018.</p> <p>Investments and training with a view to prevention are of fundamental importance for operational management directed at continuous improvement, preventing incidents and maintaining adequate standards. To this end, TPER is committed to guaranteeing full respect of the prevention obligations, in compliance with the current workplace health and safety regulations.</p>
<p>IT systems, processes and procedures</p>	<p>Data security/Cybersecurity and privacy</p>	<p>Social</p> <p>Respect for human rights</p>	<p>TPER has developed an organisational model designed to monitor the proper application of the reference privacy regulations. Established the function of the Data Protection Officer. Furthermore, the implementation of legal provisions and instructions of the Privacy Authority is ensured through the constant updating of regulations and policies.</p>
<p>Internal accidents <i>Malfunctioning and unexpected interruption of the service and/or claims/Any malfunctioning and unexpected service interruption caused by accidental events and extraordinary events could cause injuries to people and/or damages to property, and have a major economic impact.</i></p>	<p>Mobility as a service: quality, accessibility, integration and intermodality</p>	<p>Social</p>	<p>The internal control system and the plans are aimed at ensuring the continuity and safety of the service and safeguarding the company's assets.</p>
<p>Legal-compliance TPER operates within a sector subject to strict regulations at national, European and international level. Local public transport is</p>	<p>Governance and ethical business conduct</p>	<p>Combating active and passive corruption</p>	<p>Compliance with regulations is an integral part of decision-making processes.</p>

<p>also subject to a number of regulations at local and regional level.</p> <p>The risks refer to the possible consequences arising from a failure to comply with the rules and regulations to which TPER is subject.</p>		<p>Social</p>	<p>More specifically, TPER has adopted an organisation, management and control model pursuant to Italian Legislative Decree no. 231/2001 which defines and establishes duties, roles and responsibilities with the aim of identifying and managing potential conflicts or sensitive areas (NFS ref: TPER/Control model and measures to combat corruption).</p> <p>TPER also obtained certification according to the UNI ISO 37001:2016 standard for the corruption prevention management systems. The standard was defined with the objective of supporting organisations and businesses in preventing and combating corruption, for the development and strengthening of a culture of transparency and integrity.</p> <p>Periodic compliance checks are carried out, including with regard to authorisation procedures.</p>
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For more details on financial risks, in addition to the information provided in this section, please refer to the details included, for IFRS 7 purposes, in the Explanatory Notes to the Consolidated Financial Statements.

The precautionary approach

Introduced in 1992 at the United Nations Conference on Development and the Environment (United Nations Principle 15 of "The Rio Declaration on Environment and Development") in the context of environmental protection and biodiversity and implemented and used at various levels of government and put into practice in areas related to consumer protection and health, the principle affirms that "in order to protect the environment, the precautionary approach must be applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."

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

Respect for the rules - NFS regulatory compliance



206-1 207-1 207-2 207-3 207-4 307-1 416-2 418-1 419-1

Anti-competitive and anti-trust behaviours and monopolistic practices

At the date of this document, there are no pending legal actions in relation to anti-competitive behaviour and violations of anti-trust regulations, nor were any cases of these types closed during 2019.

Environmental regulatory compliance

In 2021, no proceedings were initiated relating to violations of environmental provisions, and there were no significant environmental disputes.

Non-compliance with social and economic laws and regulations

There are no pending disputes regarding violations of social and economic provisions. During the reference period (2021), no proceedings were brought against the company regarding health and safety impacts or in relation to disclosure and/or marketing of transport services.

Cybersecurity and privacy protection

With regard to the protection of personal data, TPER has developed an organisational model designed to monitor the proper application of the reference regulations. The role of the Data Protection Officer was established, effective from the entry into force of Regulation EU 2016/679. Furthermore, the implementation of legal provisions and the instructions of the Italian Data Protection Authority is ensured through the constant updating of internal policies.

In 2021, policies and procedures continued to be updated, including those that define data breach obligations and those that regulate the management of requests from data subjects related to the exercise of their rights regarding personal data protection, in addition to the ongoing ad hoc training activities on personal data processing, with particular regard to newly hired personnel and to specific areas such as call centres and parking inspectors.

Thus, the necessary actions have been taken to ensure the implementation, in internal processes, of the provisions regarding the right of access of data subjects (with the purpose, for example, of understanding the personal data processed by TPER or exercising other rights) and of the Italian Data Protection Authority (Requests and Inspection).

The Record of Personal Data Processing Activities was also revised and updated to further enhance its compliance with the GDPR provisions, to address the requirements of information systems, as well as to identify any areas for improvement and manage the related action plans.

In 2021, there were no events that led to the loss of data (data breach) and consequent substantiated complaints regarding the violation of customer privacy and the loss of customer data.

Tax transparency

Approach to taxation

The approach to taxation complies with strict observance with the rules. Due to the nature and geographical area of its business, TPER does not adopt a specific tax strategy. Under no circumstances does TPER pursue or achieve its interests in breach of tax laws. Tper's objective is to meet its tax obligations (both formal and substantive) in a complete, accurate and prompt manner, to minimise the tax risks linked to the application of legislative and regulatory provisions on taxes in force, even in situations in which there may be doubts surrounding the interpretation.

Tax governance, risk control and management

TPER is not significantly exposed to tax risks. Reasonable, well-founded and justified tax choices and interpretations are adopted. TPER is subject to supervision by the Board of Statutory Auditors and control by an independent auditing firm.

Relations with the tax authorities (stakeholders)

TPER guarantees compliance with the applicable legal provisions, the principles of transparency, honesty and fairness in relations with the tax authorities (Revenue Agency, Customs Agency, Guardia di Finanza - Italian Tax Police). The management of relations with the latter is reserved exclusively for the corporate functions responsible for this, according to an approach based on open and constructive relations.

Tax information and data

TPER operates exclusively on the Italian territory as a tax jurisdiction. For quantitative information on taxes and related details, please refer to the Consolidated Financial Statements.

Responsible management of the supply chain



102-9 103-2 103-3 308-1 414-1

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

The general principles of relationships with suppliers are regulated, in the first place, by the Code of Ethics and a Corruption Prevention Policy, which TPER shares with suppliers through initiatives envisaged in the programme for the communication and dissemination of said code and policy. Breaches of the general principles of the Code may entail the immediate termination of the supplier relationship as per the supply contract, which also includes statements regarding the knowledge of the principles contained in the Code, and the assumption of the obligation to comply with these principles.

As a Public Company operating in special sectors, TPER applies the national reference standards (Code of public contracts relating to works, services and supplies) for business-related purchases and oversees purchasing strategies and the relationship with the supply chain. TPER has also drawn up regulations to govern the procurement of works, supplies and services for amounts under the EU relevance threshold and a documented system of powers and procedures and in proportion to the value of purchases to be made.

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

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

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

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

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

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

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

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

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

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

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

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

Furthermore, TPER has adopted a system for the prevention of corruption in compliance with the UNI ISO 37001:2016 standard, certified by an accredited third party, which defines the criteria for applying the due diligence of the main business partners and suppliers.

Since 2018, a system has been implemented for carrying out electronic tenders through the use of the Economic Operators Register. More specifically, the Tenders Portal was published for the creation of the register of operators for works, services and supplies and the management procedures for electronic tenders were activated. This platform also provides the service for the publication of contracts in accordance with Italian Law no. 190/2012 on the TPER internet portal and generates the files in XML format for the annual statement to ANAC. These procedures apply to all TPER Group suppliers.

Infrastructure, innovation and investments

TPER fleet



Fleet - road vehicles

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

- Urban transport: use of electric vehicles (hydrogen-powered vehicles also in the future)
- Suburban transport: use of hybrid/methane-powered vehicles (hybrid/CNG/LNG)
- Exurban transport: use of liquid methane (Biofuel/LNG) powered vehicles

In total, the TPER Group had 1,199 vehicles as at 31 December 2021 (1,187 as at 31 December 2020 and 1,173 as at 31 December 2019).

	Diesel	Electric	Diesel hybrid	Methane hybrid	CNG methane	Ing methane	Overall total
Interurban	360					15	375
Suburban	144		29		66	56	295
Urban	102	89	55	40	243		529
	606	89	84	40	309	71	1,199

In the areas managed by subsidiaries TPB and TPF, the vehicles of SST (16 vehicles) and its partners are also used (a total of 277 vehicles).

Partner - no. of vehicles	2021
AGI	29
Coerbus	57
Cosepuri	66
La Valle	25
Sarasini	9
SACA	75
Total	277

Below is a detailed analysis of TPER vehicles only.

	Diesel	Electric	Diesel hybrid	Methane hybrid	CNG methane	Ing methane	Overall total
Euro 2	86						86
Euro 3	221		32		15		268
Euro 4	33				21		54
Euro 5	104		2		10		116
Euro 6	162		50	40	53	71	376
EEV					210		210
ZEV		89					89
Overall total	606	89	84	40	309	71	1,199

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

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

In addition to 380 natural gas vehicles, of which 210 are Enhanced Environmentally Friendly buses, 53 Euro 6 buses and 71 LNG buses, there are 89 ZEV (Zero Emission Vehicle) electric vehicles, 124 hybrid buses, 606 Diesel buses, of which 162 Euro 6 buses.

Almost all buses are equipped with devices to reduce emissions (with the exception of the new Euro 5, Euro 6, Zero Emission Vehicles and EEV, which have a reduced impact or no impact).

Considering the EEV (Enhanced Environmentally Friendly Vehicles), ZEV vehicles, which are emission-free, and hybrid and natural gas vehicles, roughly 43% of the vehicles in the TPER fleet therefore have low emissions.

Environmental cat.	Interurban	Suburban	Urban	Overall total
Euro 2	45	18	23	86
Euro 3	133	78	57	268
Euro 4	7	8	39	54
Euro 5	68	17	31	116
Euro 6	122	147	107	376
EEV		27	183	210
ZEV			89	89
Overall total	375	295	529	1,199

TPER investments for urban routes are aimed at increasing the number of electric vehicles. The Bologna trolleybus network was already present in the 1960s and 1970s and, although unused for several years, was always maintained and has recently been refurbished. The current electric fleet consists of 83 trolleybuses, 49 of which are Crealis Neo.

Regarding the type of vehicles used, there are 50 short buses, 47 buses of medium length, 55 regular buses, 685 long and 362 super-long and articulated buses.

Length	Interurban	Suburban	Urban	Overall total
Short	12		38	50
Middle	24		23	47
Regular	1	2	52	55
Long	241	233	211	685
Articulated/super long/extra long	97	60	205	362
Overall total	375	295	529	1,199

With regard to "architectural barriers", 967 buses are equipped with a platform for people with reduced mobility to use the vehicle (902 in 2020). 1,028 buses have a lowered platform (979 in 2020). Only 159 buses out of 1,199 are not equipped with optimal support systems for people with reduced mobility (13%).

	Platform	Platform lift		Total
		Without platform	With platform lift	
Interurban	Standard platform	159	12	171
	Lowered platform	29	175	204
	Total interurban	188	187	375
Suburban	Lowered platform	15	280	295
Urban	Lowered platform	29	500	529
Overall total		232	967	1,199

In parallel with the increase in equipped buses, the personalised assistance system for those with special requirements also continues to be developed.

Users in wheelchairs can now check (also using an app or the variable smart pole messages) whether line buses are equipped, knowing that the coverage of equipped vehicles in the urban area makes it mostly unnecessary to make a reservation, allowing for the independent and free use of this public service.

In any event, it is also possible to agree on the presence of a platform on routes of interest for six-month periods, or, lastly, agree on a single specific itinerary on a specific day, by providing prior notice of at least three days. All of this can be done by using the info available in the shelters and on the company website or with the assistance of the Call Centre.

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

- Buses with platform or lowered platform
- Information at stops via electronic poles, providing information on the arrival of the buses as well as information about the presence of the platform
- Development of applications that provide information about the arrival of buses and about the presence of a platform on the arriving buses (for details of the applications <http://www.tper.it/apps>).

Vehicles - Rail transport

Although the railway business unit was transferred to Trenitalia Tper, TPER maintained ownership of the assets functional to carrying out the service.

The rail service is also managed using new technologies that favour sustainability. Seven new ETR 350 (from the new series) have been in service since 2017, in addition to the 19 ETR 350 (including seven from the new series) already in service. Each ETR has around 270 seats but can carry a total of around 600 passengers. The service improvements made to the 14 new ETR trains include an additional toilet on board. The ETR trains were purchased in advance of the expiries set forth in the contract linked to the regional railway service tender precisely to guarantee in advance new trains with positive impacts on service quality as well as in terms of emissions.

TPER has 14 electric and 2 diesel trains. The average life of trains owned by TPER is 5 years.

Average age of vehicles

In 2021, the average age of the vehicle fleet was 11.7 years. The trend of improvement and reduction of the average age continues with respect to previous years. The investments under way, and those planned, will contribute to further improving this indicator, while maintenance of the vehicles keeps them in a state of good quality and functionality.

	2019	2020	2021
Average age of buses	12.7	12.4	11.7
Average age of trains	5	6	7

Investments NFS



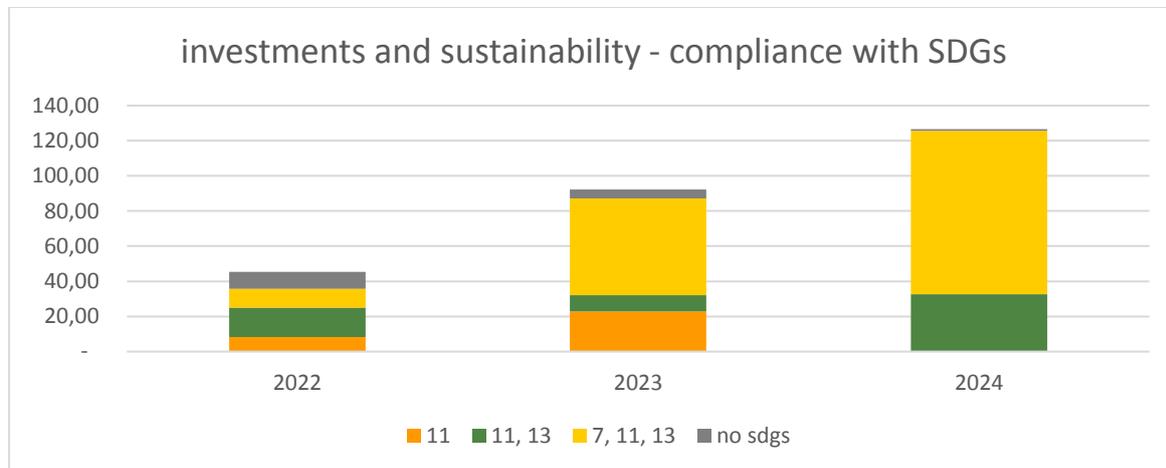
The TPER investment plan concerns the purchase of new vehicles for the road and railway sectors and the realisation, as an implementing entity, of projects aimed at developing more efficient and sustainable mobility, technological development and information technology.

The investments described refer to the 2022-2024 plan, despite the fact that TPER has defined a long-term programme lasting over ten years, also in line with technological developments and the evolution of the sources of financing envisaged for the new works.

The investments respond to the local, national and international objectives regarding sustainable development.

Investments 2022-2024	Amount (Millions of Euro)	Goals of the Metropolitan Strategic Plan and PUMS (Bologna and Ferrara areas)	Goals of the Urban Agenda for sustainable development	United Nations Sustainable Development Goals (SDGs)
NEW INFRASTRUCTURE AND INSTALLATIONS	97 million	Protection of the territory (air quality and climate change), city enhancement, and accessible and sustainable mobility	Adaptation to climate change and reduction of disaster risk	Construct a resilient infrastructure, promote innovation and fair, responsible and sustainable industrialisation

ACQUISITION OF NEW VEHICLES FOR THE LOCAL PUBLIC ROAD TRANSPORT SERVICE AND RELATIVE INFRASTRUCTURE	168 million	Urban mobility	Making cities and human settlements inclusive, safe, resilient and sustainable
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Added to these investments are those in Information Technology, bus video surveillance, EMV ticketing and modernisation of AVM systems.

NFS projects



Emilio - The TPGV project (Guided Public Transport)

The Guided Public Transport project (in Italian: TPGV or Trasporto Pubblico a Guida Vincolata) is a system of mass transport via guided trolleybuses between the centres of Bologna and San Lazzaro. Crealis Neo vehicles will circulate on the new lines and, thanks to cameras that recognise the optical guide traced on the road, will stop flush with the platform at a distance of between 1 and 6 cm. The TPGV system entered service on 1 July 2020, with the activation of line 15, the first San Lazzaro-Piazza XX Settembre line.

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

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

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

Overall, the total value of the investment is around Euro 182 million.

The PIMBO project

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

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

The project envisages:

- The restructuring and strengthening of the urban public transport network through the development of the existing trolleybus system, and the integration with the railway system and with the new tramway projects in Bologna.
- The completion of the Metropolitan Railway Service (SFM), with the construction of the last four stops inside the Municipality of Bologna (Prati di Caprara, Zanardi, Borgo Panigale Scala, San Vitale-Rimesse), with the adaptation of the San Ruffillo and Fiera stops and the multi-modal connection with the urban fabric, through the implementation of a series of works to improve accessibility.
- The "branding" of SFM stations and the modernisation and completion of the network.
- The purchase of trolleybus and railway rolling stock to be used on the project trolleybus and railway lines.

The PIMBO Definitive Project, as indicated above, was approved with CIPE Resolution n. 92 of 22 December 2017, published in the Official Gazette on 15 June 2018. Following the loan granted by MIT to the Municipality of Bologna to build the red line of the tram and the loans granted for the planning of additional lines (expected to be 4), in the second half of 2019 it was necessary to carry out a review of the project, still in progress, to verify the interferences between the new tram lines and those which will become trolleybuses, albeit with the approved economic framework of the PIMBO project remaining unchanged. Therefore, the procedures related to the preparation of documents necessary to publish the calls for tenders have been suspended pending the determination of the project's new structure, as part of a specific technical working group with the Municipality of Bologna.

With Cipe resolution no. 65 of 26/11/2020 published in the Official Gazette on 08/01/2021 the role of beneficiary of the ministerial funds held by the Municipality of Bologna and the relative economic coverage of the interventions of the PIMBO project have been confirmed. TPER is the implementing body for the initiatives relating to the completion of the trolleybus lines and accessibility.

The People Mover project

The People Mover is the mode of transport chosen for the Marconi Express, which is the direct connection between the Central Railway Station and Bologna Guglielmo Marconi Airport. The People Mover is a guided, fully electric and automatic (driverless) mass transit system with platform screen doors to protect passengers. It is essentially a monorail shuttle that connects the city centre (Central Station) and the airport in about seven and a half minutes, making a single intermediate stop in an urban area undergoing redevelopment and destined to host a new housing and university area.

The service started on 18 November 2020. TPER is a minority shareholder of the company Marconi Express S.p.A. and manager of the service on behalf of the same company, concessionaire of the Municipality of Bologna. TPER therefore takes care, starting from the date indicated above, of the ordinary and scheduled management and maintenance of the new system, while the Works contractor, who carried out the work, is carrying out extraordinary and corrective maintenance under warranty. We are waiting for the final technical-administrative testing of the work itself.

The Marconi Express made its debut during the height of the pandemic, with a small number of travellers.

As mentioned above, in 2021 TPER carried out the following main activities:

- Service management
- Ordinary and scheduled maintenance
- training and certification of personnel who must be qualified by the Agency for the safety of railways and road and motorway infrastructures (ANSFISA)
- organisation and management of the travel ticket sales and marketing network.

During the course of 2022, traffic has reached the expected volumes.

Innovation

RESEARCH & DEVELOPMENT ACTIVITIES

Innovation and digitalisation are key elements of TPER's strategy, to ensure, in a scenario of rapid transformation, high standards of safety, operational efficiency, quality and accessibility of services.

Mobile ticketing

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

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

These new systems, which enable users to download bus tickets onto their mobile phones with just a few clicks, expand the range of purchasing options in Bologna which already includes over 1,000 authorised local sale points and the sale of time-limited tickets aboard urban buses via automatic ticket machines.

MUVER

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

The aim was to enable users to purchase and validate tickets using their smartphones, at the same time combining the security of online purchasing transactions with compatibility with the existing systems in the region, particularly with regard to validating travel. As well as purchases, MUVER is one of the first applications in Europe and the first in Italy to enable NFC ticket validation at regional level, but it represents just one step in the dematerialisation of travel tickets.

The MUVER app was named best international project in the electronic ticketing field at the 2018 Trustech digital technology show in Cannes. The "Best Customer Service Award" recognises services of exceptional value for users. The reasons given: for the first time in Italy, MUVER permits interoperability at regional level with regard to the purchase and validation of travel tickets via smartphones.

ROGER

Again in collaboration with the public transport companies of Emilia-Romagna, the ROGER application has been available since 2018, which makes it possible to buy tickets and passes and to transform mobile phones into a technology substitute for the ticket itself (or the MiMuovo pass). In fact, with ROGER customers can validate their tickets on board using their phones. ROGER works with all Android smartphones, both NFC and not, and also with Apple phones, and can be viewed as a kind of virtual mobility assistant.

You can use the app's navigation system to plan your journey, integrating the various forms of public transport: by bus as far as the train station, then the train and then the bus again afterwards. In fact, ROGER proposes all possible combinations and once you have chosen your travel solution also proceeds to purchase all the necessary tickets. ROGER can also be used by those travelling by car, enabling you to pay for parking.

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

A service has also been developed for public transport users that provides an indication of how full the bus is arriving at the stop, by consulting the Roger mobility app simply and intuitively, already available for free on every smartphone.

This function is even more valuable in the period of health emergency and allows the user to know in advance the situation on the bus and decide whether to get on or wait for the next bus.

The app automatically and absolutely anonymously detects how many smartphones with Wi-Fi antenna are present on board each bus: a statistical algorithm therefore processes an estimate of the total number of passengers in real time and displays a graphical "traffic light" image to the user: the image of a small stylised bus which is either green, amber or red depending on how full the arriving bus is.

EMV ticketing system

This project aims to further develop the public transport electronic ticketing system to permit the use of EMV contactless credit cards. The system allows customers with a contactless credit card to access the transport service directly using the card without previously having to buy any travel ticket. The project is financed using regional funds from the 'Regional Operational Programme of the European Regional Development Fund (ERDF ROP) 2014-2020' and carried out in collaboration with the companies TEP, START and SETA. During 2019, the tender procedures for the new ticketing system were completed. The system is expected to be launched at the end of 2020 and during 2021.

During 2021, the EMV electronic ticketing project was completed and launched, which allows the use of the contactless credit card with EMV banking standard (acronym for Europay, MasterCard and VISA). The system allows customers with a contactless credit card to access the transport service directly using the card without previously having to buy any travel ticket.

The project is financed using regional funds from the 'Regional Operational Programme of the European Regional Development Fund (ERDF ROP) 2014-2020' and carried out in collaboration with the companies TEP, START and SETA.

Services for travellers

The following are the main services for travellers:

- Recharge of electronic passes: without a doubt, the annual pass is the most convenient travel ticket, mainly used by those who use public transport on a regular basis and become loyal to the service. This category of users can now purchase or renew their passes without making a special trip or queuing at ticket offices. The purchase can also be made with a credit card on TPER's website, where it is also possible to "top up" the pass once it has expired. Passes can also be renewed at the ATMs of Unicredit and Intesa San Paolo. In the last year over 10,000 top-ups were made at ATMs and over 30,000 online, with the same number made at outlets with fast top-up devices. Last but not least, 15,000 were renewed under Mobility Management contracts with affiliated companies.
- People Mover ticketing: during 2019, the People Mover ticketing system was developed and tested (service is not yet activated). Considering the unique characteristics of users, mainly business travellers and tourists, the system was created using new EMV and QR code technologies: the former to allow ticketing with credit cards, the latter facilitates the purchase of single or group tickets on the web. The ticket validators also allow contactless ticketing compatible with the regional MiMuovo card. The 3 stations are equipped with latest-generation turnstiles and validators and with automatic ticket machines for the immediate purchase of tickets. The ticketing system has passed acceptance tests performed by staff from the Visa and Mastercard circuits.
- Information at bus-stops and onboard buses: Real-time information delivered via panels at the stops have been a fixture for many years for part of the territory served. In 2019, 40 more installations were added to the 185 urban stops (150 in Bologna and 35 in Ferrara) that are already equipped with these panels. At present, the display messages at "smart" bus shelters also indicate whether the next bus provides a wheelchair-access platform for non-ambulant people, an important piece of

information already present on the app and Hellobus messaging service. Urban buses are equipped with a system that announces the next stop and, in recent months, of variable utility messages (limitations on travel, detours, other announcements) with programmable frequencies. In support of blind and visually impaired people, urban and suburban buses are equipped with an external loudspeaker that communicates the line number and the direction once at the stop.

- Info in real time: Hellobus and Chiamatreno: in addition to the apps, the real-time information services on the location of TPER buses and trains on the regional FER network, which for years have taken the form of SMS messages to phones, are now also available on the TPER website, on the page dedicated to real-time services in the "Routes and Timetables" section. Chiamatreno also has its own website (www.chiamatreno.it). The average number of requests for information through the Hellobus service is 1,300 text messages per day and 200,000 requests via web services.
- Travel ticket validation and paying fines: on all TPER transport services, both on road and rail, ticket validation is carried out with a tablet-based application. Fines can be issued electronically and collected directly by the conductor through a POS terminal. Barcode-enabled fines can be paid on board and at the company's ticket offices, but also on TPER's website via credit card, with the home banking of the main banks, through the "Cbill" channel, and at all post offices.
- Smart posts: as part of the plan to upgrade the information panels at the bus stops, new information poles were installed in the exurban areas in order to improve information for users and accessibility to public transport through information in real time. In particular, eleven new installations were completed (4 Imola, 2 Pieve Di Cento, 3 Argelato, 2 Granarolo). A total of 184 information panels have been installed and are now operational in the two areas of Bologna and Ferrara.
- TPER offers its annual pass-holders an SMS-based information system that allows them to receive news on critical events affecting services (strikes, closures for scheduled work on important roads), as well as promotional or service-related messages. Today, already 55,000 annual pass-holders have asked to be updated and receive news via SMS. On average, over 600,000 SMS messages are sent every year. Similar information is sent via an info-mail system to users who register on the TPER website: to date, there are approximately 33,000 registered users.
- The website: TPER ensures the constant updating of its website, extending its content gradually with the new services managed by the company. The site is completely responsive and boasts over 15,000 sessions a day.
- The online services portal: on the TPER online services portal at <https://solweb.tper.it>, which boasts around 50,000 registered users (private individuals, companies and TPER retailers), people can easily carry out online operations at any time. For example, they can top up their passes or buy new ones - including in reference to Mobility Management agreements with and public or private entities or companies), pay a fine, choose the method for allocating the amounts made available by the "Mobility Bonus", book the Prontobus call service, request information and send communications to the company.

AVM project

In order to improve, in terms of efficiency and effectiveness, the Public Transport service provided by optimising the available resources, TPER has equipped itself with advanced

technological systems such as operating support systems and, in particular, for the management, supply and control of public transport service.

The entire TPER fleet is equipped with AVM systems for a centralised service control system. 1,100 urban and extra-urban buses are equipped with on-board computers with GPS location and with a real-time connection to the operations centre, to guarantee procedures to ensure the service runs properly, provide dynamic information at bus stops, assist and support the travelling personnel.

The remote control centre is connected to the traffic light centre to allow bus preference policies at intersections equipped with smart regulators.

Applications to support operating staff

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

The main projects are as follows:

- Implementation of smart working technologies: in 2019, a smart working project was launched, in order to create the technical and procedural conditions for working remotely. The infrastructure solution has been identified that allows employees to use the same tools from home as they would in the workplace. This method of working was expected to be tested and then gradually implemented. However, the project was accelerated to allow 230 workers to use smart working in March 2020, as a result of the COVID-19 health emergency.
- App for travelling staff for shift changes/holidays/overtime/service status: in order to improve the service management, an app has been created to be used by 1,500 drivers, to facilitate the management of shifts and service communications. The app is available in the Google and Apple stores and allows access with the same profile used for other corporate services. The travelling staff can interact directly with the company through information on the service status, request for shifts and shift swaps, request for holidays and leave, view requests and waivers, strike communication.
- Extension of email service to all personnel: individual company e-mail accounts were activated for all personnel, extending the service to those without one (drivers). Therefore, a simple and immediate channel is available for the exchange of messages and information within the TPER community of over 2,500 people. All personnel can send or receive emails regarding the workplace, significantly expanding the methods of interaction between colleagues and with the various company functions. The service is accessible from any browser at the address <https://hellomail.tper.it/> by entering your company credentials.

Tariff concessions

Free season tickets for children residing in Emilia-Romagna

“Grande” is the active season ticket for the 2020/2021 school year, reserved to children under 14 residing in Emilia-Romagna, and granted free of charge by the Emilia-Romagna Region.

Furthermore, from September 2021, for the 2021-2022 season ticket campaign (1 September 2021 - 31 August 2022), with the "Salta Su" season ticket, provision has been made for free access to home-school routes for students enrolled in state secondary schools, private institutes and vocational training institutes residing in Emilia-Romagna, with presentation of the ISEE certificate of the family unit of less than or equal to Euro 30,000.

Mobility bonus

The "Mobility Bonus" is an incentive to use public transport or other forms of sustainable mobility rather than individually owned cars, introduced by the Municipality of Bologna starting from 1 January 2020 and for the following 5 years, which has the goal of limiting the circulation of polluting vehicles. The incentive is available to all residents of the historic city centre, who will gradually have their access permits for restricted traffic areas revoked, provided that they do not ask for a new permit: residents who are entitled to receive this bonus can indicate their desire to benefit from this incentive to the permit office or through TPER's online service portal, and then allocate the amount to the various forms of sustainable mobility, described below:

- Public transport (TPER, Trenitalia Tper, Trenitalia): purchase of tickets or passes, at the ticket office, online or through the Roger app
- Car sharing (Enjoy, Corrente): purchase of vouchers or credit for the use of car-sharing services
- Bike sharing (Mobike): purchase of credit to be used for bike-sharing services
- Taxi (Cotabo, Cat): purchase of credit to be used for taxi services
- Car and driver hire (Saca, Cosepuri): purchase of credit to be used for this taxi service.

TPER, as the company commissioned by the Municipality of Bologna for the technical and operational management of all aspects of this initiative, has created all the technological infrastructure, which consists of online services on the TPER portal (both for direct requests from residents and for access to reporting to other service companies), sales services at the TPER offices open to the public, as well as direct interfaces with the Municipality of Bologna.

Services for the territory

NFS Services offered



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TPER operates in the field of local public road transport services in the Bologna and Ferrara areas, both at urban and exurban level; it provides the public railway transport service on the regional network in partnership with Trenitalia through the associated company TrenitaliaTper. It also provides the car sharing service, which since October 2018 is free-flowing and 100% electric (Corrente).

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

TPER is the operator of the new People Mover station-airport link, under concession to the investee Marconi Express.

Road transport service

The total number of passengers carried by TPER in 2021 was 106.3 million.

The road transport network covered by TPER in the provinces of Bologna and Ferrara equates to 4,427 kilometres, including an urban network of 561 km. In 2021, the TPER Group and its partners covered more than 45.9 million km in the Bologna and Ferrara catchment areas.

Urban and extra-urban area of Bologna

In order to guarantee the public road transport service in the Bologna area (through the subsidiary TPB), the TPER Group vehicles offered more than 36,5 million kilometres of urban, exurban and suburban routes.

Public road transport service in the Bologna area - km offered	2019	2020	2021
Bologna urban service	17,967,742	16,879,787	17,584,026
Urban service in other local councils	695,634	664,111	691,157
Suburban and exurban service in Bologna	16,899,701	16,715,367	18,200,084
Reserved and specialised lines and rentals	56,030	34,701	45,898
Total km covered	35,619,107	34,293,966	36,521,165

In 2021, TPER transported roughly 96.5 million passengers in the Bologna catchment area, managing a total of 87 urban, 18 suburban and 139 exurban lines, 12 of which Prontobus call bus lines.

Urban and extra-urban area of Ferrara

In order to provide the local public road transport service in the Ferrara area, the subsidiary TPF covered 9.4 million kilometres in 2021, 1.16 million of which via the Taxibus call service.

Public road transport service in the Ferrara area - km offered	2019	2020	2021
Urban service in Ferrara	2,442,866	2,316,150	2,574,743
Ferrara exurban service	6,450,406	6,047,310	6,826,302
Of which the exurban Taxibus call service	1,145,839	1,132,155	1,162,516
Reserved and specialised lines and rentals	1,704	1,070	747
Total km covered	8,894,976	8,364,530	9,401,792

In 2021, around 9.8 million passengers were transported in the Ferrara area. There are 21 urban lines, 15 Taxibuses, and 44 exurban lines in the Ferrara area.

Rail freight service

As of 1 January 2020, the new company Trenitalia Tper is managing regional railway transport in Emilia-Romagna, handling railway passenger transport for the Emilia-Romagna region on both regional and national lines.

Trenitalia Tper is a 30% investee of TPER, which maintains ownership of the rolling stock made available for the service.

As this is an group associate, as of 2020 the service data were not consolidated with the TPER data.

Car sharing - "Corrente" service

Corrente, a free-flowing car-sharing service with completely electric cars, was launched by TPER on 27 October 2018. All of the cars are 5-seater automatic Renault Zoes with a 400 km range. Initially launched with 120 cars, it became fully operational in 2019, reaching 385 cars at the end of 2021.

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

The service has almost 47,000 registered users, who have covered roughly 2.5 million kilometres using this sustainable mobility system.

In 2021, the Corrente car sharing was also launched in the territory of the municipality of Rimini. As at 31/12/2021, the service is therefore active in Bologna, Ferrara, Casalecchio di Reno and Rimini, with the possibility of opening and closing the route even between different cities.

To handle the need for customer safety and limit the use of the cars by many people, weekly or monthly long-term rentals ("Corrente Plus") were introduced and car cleaning and sanitisation activities were intensified.

	2019	2020	2021
Cars - Fleet as at 31 December	277	277	385
Registered users	16,020	29,585	46,752

Completed trips	169,622	146,342	191,825
Hours used	88,350	77,135	97,583
Kilometres travelled	1,732,186	1,582,911	2,502,288

Mobility Management

TPER annually stipulates various Mobility Management agreements with companies and entities based in the service area, within framework agreements with the relevant "Area Mobility Managers".

Through these agreements, TPER issues discounted annual passes for employees who request them on the TPER portal "Solweb". The discount applied by TPER is 5% (or 15% from 2020, for the Bologna service area), depending on the contribution paid to employees by their company (which in some cases well exceeds 15%, making the pass especially convenient and thereby encouraging its purchase).

Instead, other agreements provide for the purchase of a large number of passes, in relation to the total number of employees, at a flat rate, which companies and entities then distribute to their employees during the year based on actual requests. The agreements signed with Intercent-ER, Municipality of Bologna and ASP City of Bologna are part of these agreements.

Specific agreements concerned:

- From November 2017, students enrolled at the University of Bologna can purchase passes at particularly advantageous rates, thanks to an annual flat-rate contribution from the university.
- From June 2019, in accordance with a three-year agreement, Philip Morris Manufacturing & Technology Bologna S.p.A. will provide a service, entirely financed by the company, consisting of 2 LPT lines to the company's facility in Crespellano and a free annual pass for approximately 1,600 employees.
- From December 2019, G. Marconi Airport of Bologna has provided special passes for staff through a specific agreement.

Finally, agreements are signed with companies for the purchase of ordinary passes reserved for employees. Tickets are booked in the same way as mobility tickets, through TPER's online system.

Ticket distribution **NFS**



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TPER offers its customers different ways to purchase individual tickets and travel passes for the transport service, as reported hereunder:

- Company ticket offices: TPER points are available to customers in Bologna, Ferrara and Imola. At TPER points, customers can receive answers to any request related to public transport and different forms of mobility: information, travel and parking tickets, passes and much more.
- Ticket sales: a network of over 1,500 authorised merchants can sell TPER travel tickets.
- Self-service automatic ticket machines - automatic distributors: TPER provides its users with a network of automatic ticket distributors for widespread ticket distribution.

- ATM's - Home banking; With the introduction of smart cards for pass holders, TPER provides further pass renewal options. It is possible to top up subscriptions at any ATM of the Unicredit and Carisbo/Intesa Sanpaolo Group network, or by using the respective home banking options of the banks' websites.
- Website: Smart cards can be requested from the TPER website (new issues) and can be recharged directly from home
- On-board sales - on-board issuing: as a general rule, travel tickets must be purchased before boarding. Tickets purchased on board are issued with a surcharge.
- Travel payment without surcharge by using a contactless bank card: the system has been active since autumn 2021 on urban services in Bologna, Ferrara and Imola.
- Applications: With the MUVER and ROGER apps, it is possible to buy travel tickets directly with your smartphone.

Quality of services **NFS**



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

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

The company has no confirmed cases of non-compliance with the legislation on information and labelling of products and services (GRI 417-2) or regarding marketing communications (GRI 417-3).

Service Charter

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

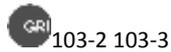
The principles with which the provision of public services must comply and on which the Charter must provide information are those of:

- Equal rights of users
- Impartiality of the providers
- Continuity of the service provided

- User participation
- Efficiency and effectiveness of the service.

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

Communication, information, listening **NFS**



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

As mentioned in the previous paragraphs, the MUVET and ROGER apps make it possible to obtain information on services as well as manage the purchase and validation of travel tickets for all mobility companies in the region. In particular, ROGER is the MaaS application that combines many of the various services made available by local transport companies, including route calculation and parking payment.

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

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

Safety **NFS**



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

All urban buses are equipped with a video camera with microphone, built in to the remote control system and placed in the driver's seat area, activated by the driver in an emergency,

allowing the Operators in the Operations Centre to see and hear what is happening aboard a bus in real time. The Operators in the Centre can then quickly assess the situation, sending support staff or requesting help from the police.

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

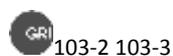
Lastly, TPER has signed a Memorandum of Understanding with the Prefecture and the Municipality of Bologna concerning the safety of service personnel and users of public transport, with which the company has committed to providing future buses with the necessary components for the installation of video surveillance systems (wiring, provisions for new technology) that allow high-definition images to be taken of the entire area of the vehicle intended for passengers. TPER's investment plans also include the supply of on-board components to progressively equip the entire fleet with video surveillance systems. The collection and processing of images is carried out in compliance with applicable privacy laws.

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

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

There have been no instances of non-compliance regarding health and safety impacts of the services offered, pursuant to GRI 416-2.

Customer satisfaction **NFS**



Considering the Covid-19 emergency, no quality surveys were performed in 2021. In the latest customer survey, the average service score was 7.39 for the urban service and 7.24 for the suburban service in Bologna; 7.02 for the urban service in Imola, 7 for the urban and exurban services in Ferrara.

Complaint mechanisms

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

Complaints	2019	2020	2021
Total complaints	4,472	4,996	7,664
<i>Of which</i>			
Total automotive complaints	3,802	3,359	4,468
Total Grande and Salta Su reports			1,830
Total Covid complaints		1,595	293
Total parking complaints			362
Total People Mover complaints			711
Total railway complaints	670	42	-
<i>In particular related to</i>			
Service			
Frequency or schedule not respected	900	343	508
Runs missed	443	220	352
Personnel			
Unfriendly personnel	348	266	242
Inappropriate driving	235	189	758
Failure to stop at bus stop	292	154	357
Fare dodging clamp down	28	6	1
Obligatory validation	3	8	1
Positive reports	12	3	6
Average response times to complaints	15	13	10

Figure 1

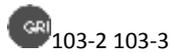
Total user complaints amounted to 7,664 in 2021, including 4,468 in the automotive sector. The main report, not present in other years, concerns the free Grande and Salta Su subscriptions. Complaints decreased compared to 2020 (from 1,595 to 293).

Since 2021 there have been no more reports in the railway sector, which passed to the subsidiary Trenitalia Tper in January 2020.

The reports mainly concern the service (frequency of runs and compliance with timetables). In some cases the behaviour of staff was also the subject of complaints, in terms of courtesy, appropriate driving and stopping at stops.

The average response time is 10 days.

Environmental sustainability



Mobility phenomena impact all aspects of human activities, from our homes to work and leisure. The transportation of goods and passengers represents a highly significant industrial sector for the economy and as such has impacts also in terms of sustainability, if we consider that these are business areas with a high absorption of energy, for a range of reasons coming primarily from fossil fuels.

To pursue environmental sustainability targets, especially with a view to reducing emissions, the sector should be redesigned from the industrial perspective (type of energy used, efficiency), but also cultural, especially when observing the modal mix used. In this sense, the efforts made by policy makers in public policies, but also by people, must move towards reducing the use of private vehicles, instead privileging public transport or shared vehicles.

In the specific passenger transport sector, TPER intends to provide its contribution to the important and now urgent path towards environmental sustainability precisely from this perspective: on one hand, by privileging cleaner technologies and pursuing innovation, and on the other by providing a quality alternative to private vehicles.

Climate changes

The ecological transition is a strategic priority of the European Union which, with the Green Deal, the Next Generation EU and the recent proposal relating to the "Fit for 55" reform package, aims to become the first major geopolitical area in the world with zero climate impact at 2050.

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

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

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

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

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

The climate crisis is indeed a great challenge at all levels. The monitoring and improvement of climate change requires close coordination of international, national and local policies,

a change in the lifestyles of large sections of the population, an industrial approach based on sustainability.

In this process, mobility systems play a crucial role, considering the significant impact of the sector on the use of energy from fossil sources and on emissions and taking into account that in the modal mix most of the impact on the environment and climate derives from the private transport.

The transport sector in Italy accounted for 25.2% of total greenhouse gas emissions in Italy and 30.7% of total CO₂ emissions in 2019 (last year before Covid), a figure roughly corresponding to the percentage of fossil fuels consumed nationally. 92.6% of these emissions are attributable to road transport (people and goods), 4.3% to shipping, 0.75% to domestic aviation, 0.65% to pipelines, 0.15% to railways and the remaining 1.52% to other systems. Although, in Italy emissions fell by 19% from 1990 to 2019, the transport sector in 2019 represented one of the few sectors with a growth in emissions (+3.2% compared to 1990), together with only the residential/services and waste sectors. The significant importance of the transport sector in the context of national emissions and its high dependence on fossil fuels therefore make it the cornerstone of any emission reduction strategy (source: MIMS Report on climate change, infrastructure and mobility).

In line with international policies, Italy has undertaken to keep the temperature increase below two degrees compared to pre-industrial levels (which implies a reduction in emissions of 55% in 2030, compared to 1990, and the achievement of net zero emissions in 2050). However, considering the trend scenario, the current application of the policies leads to an increase in the global average temperature just below 3 degrees. To move from the trend scenario to the target scenario, mitigation measures and policies are necessary, while adaptation measures will have to deal with climate damage that cannot be avoided.

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

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

The strengthening of public transport represents an important path to take, in particular in medium and large cities, where high population density would make it impossible for all citizens to use their own vehicles.

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

The mitigation measures relating to the transport systems of people and goods presuppose a general objective of reducing (in absolute value) the vehicle fleet in circulation. Basically, the lines of intervention concern:

- The modification of the modal distribution in favour of sustainable modes of transport
- The adoption of technological solutions capable of increasing the energy efficiency of vehicles and therefore reducing overall emissions
- The adoption of safe and reliable digital solutions to support transport systems and sustainable mobility.

As regards the reduction of road congestion and accidents, improving air quality through the use of cleaner energy sources and the overall reduction of CO2 produced, TPER has launched a series of initiatives and implemented plans to develop the service, both with the objective of providing a viable alternative to private transport (reduction of private transport emissions), and through efficiency improvements in its fleet consumption levels (reduction in own emissions).

The European Union and TCFD recommendations

In June 2019, the European Commission published "Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01)".

This communication, which constitutes a supplement to the guidelines issued by the Commission in 2017 for non-financial reporting required by EU Directive 95/2014, contains the (non-binding) guidelines for information to be provided by companies on climate change, supplementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board.

The following table summarises the current CSP reporting system related to climate-related information with respect to the indicated references.

Areas	TPER reporting
Scenarios, risks and opportunities (business model)	The effects of climate change may have a significant impact on the urban public transport sector, in terms of the type and structure of demand, as well as on the organisation of the service. To date, TPER has not developed specific medium/long-term scenarios that quantify the resilience and economic-financial effects of an increase in temperatures of less than or equal to 2 °C and a scenario greater than 2 °C (20). [TCFD recommendation, strategy c)].
Governance - policies	TPER's environmental policy (this chapter/Environmental sustainability) TPER fleet Energy policy - see specific information at the bottom of this table (sections Energy - Emissions)
Targets	TPER has made and plans to make significant investments in energy efficiency and the renewal of its fleet (TPER fleet) and for the resulting reduction in emissions. Currently, no specific targets have been defined for further interventions to reduce energy consumption and emissions.
Performance - indicators and metrics	The current TPER reporting system provides the following information: <ul style="list-style-type: none"> ▪ Energy consumption: direct and external (partner vehicles) GRI 302-1 GRI 302-2 ▪ Direct and indirect emissions (GHG Scope 1 and Scope 2) + other types of emissions relevant for the reference sector GRI 305-1 GRI 305-2 GRI 305-7 ▪ GHG Scope 3 emissions (partner vehicles) GRI 305-3 (partner vehicles) ▪ Energy and emissions intensity indexes GRI 302-3 GRI 305-4



Service quality and efficiency

Improving the quality and efficiency of the service is a strategic element in incentivising people to choose public transport over private forms of transport. TPER undertakes to ensure cleanliness, punctuality and suitable frequency for specific routes.

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

Noise pollution (sound and vibrations)

Environmental impact is worsened by noise pollution, which has a strong impact on people's lives and on the environment. Such is its relevance that the EU has decided to address the issue of noise as a priority in the immediate future.

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

Environmental impact - means of transport

TPER seeks to reduce the environmental impact of its fleet by reducing pollutants and CO₂ production.

TPER pursues the process of renewing its vehicle fleet by purchasing new vehicles and using less polluting energy sources, such as electricity or methane. The replacement of the most obsolete vehicles with new vehicles allows for lower fuel/energy consumption and lower climate-altering emissions that are harmful to human health.

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

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

Environmental sustainability and circular economy

In 2019 the TPER Group and the Hera Group launched a circular economy project. Specifically, the project involves the production and use by TPER of the biomethane produced in the Hera Group plant in S. Agata Bolognese. The biomethane produced in this plant is a 100% renewable fuel, generated by processing prunings, residues and organic waste. At full capacity, the plant is able to produce 7.5 million cubic metres of methane/year (as well as 20,000 tonnes of quality compost mainly destined for agriculture) and introduce it into the electricity grid, generating savings of 6,000 tonnes of oil equivalent.

This circular process, which begins with the general public correctly sorting their waste and ends with providing a renewable fuel to the region, will have a transparent and certified supply chain. The implementation of the project has been further ramped up recently, as described previously in the specific chapter relating to the main events of 2021.

Sites

In conjunction with the renewal of the agreement with the Municipality of Bologna for the concession of the company headquarters, the redevelopment project is underway with a view to saving energy and reducing the environmental impact.

The investment plan provides for the minimisation of heat loss and the production of renewable energy.

Energy consumption

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

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

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

The data presented refer to internal energy consumption and the portion of external (indirect) consumption related to partners in public transport services. The data for this consumption refers in particular to carrying out the public transport service and does not include general consumption in offices or for other purposes.

Internal energy consumption

Internal consumption includes the Parent Company TPER and the subsidiaries included within the scope of consolidation. The data are summarised in GJoule and then analysed in detail by individual energy source (in the respective unit of measurement).

For greater comparability of the data, in 2019 transport means only the bus service. Since 2020, in fact, the railway transport service has been provided through the associate TrenitaliaTper.

The situation of lower consumption in 2020 was partly determined by the Covid effect.

It is possible to note the greater efficiency of the vehicles (lower consumption in absolute value) and the trend-based reduction in the use of diesel sources. Based on an analysis of the intensity of consumption (consumption in relation to km) this impact is further evident.

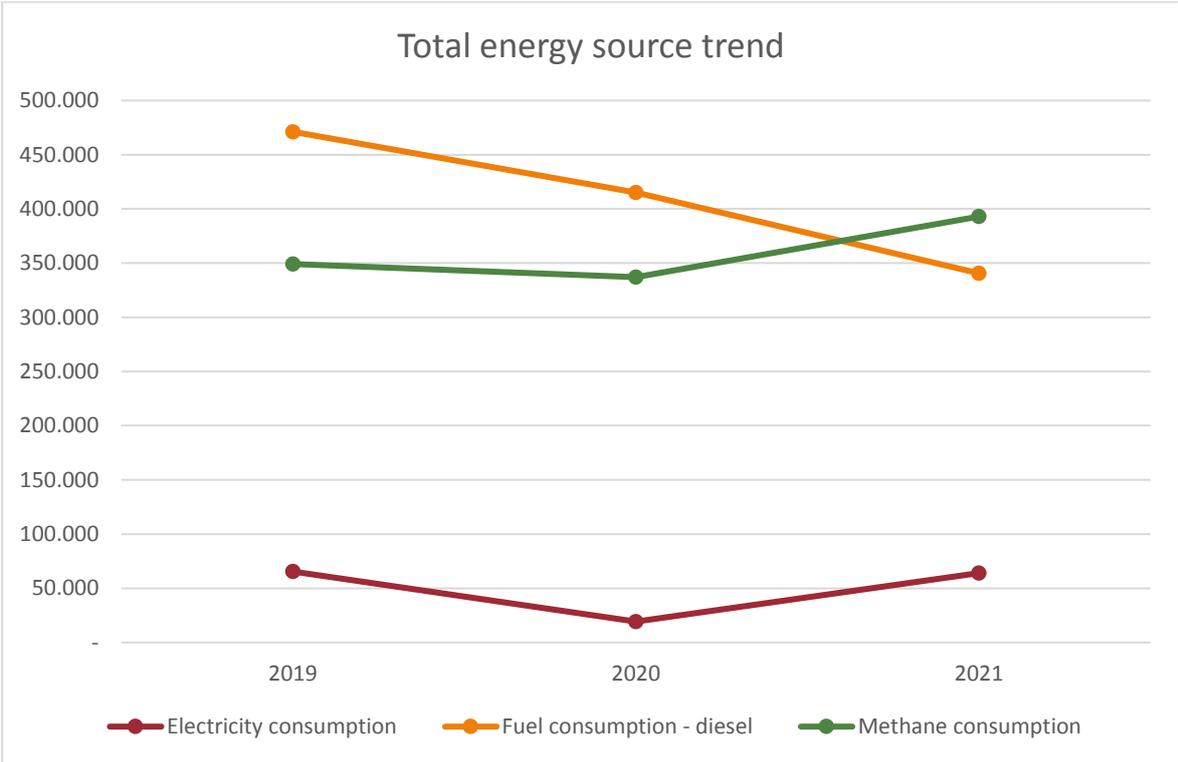
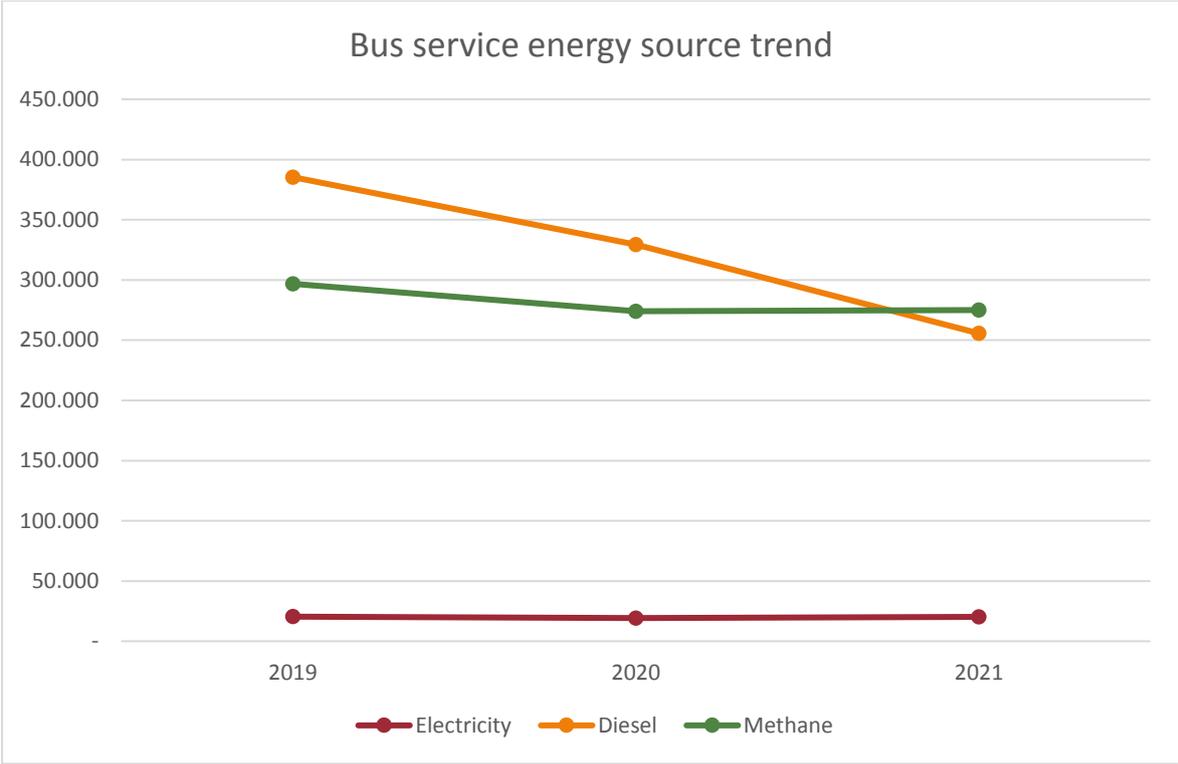
Overall energy consumption by service (GJoule)	2019	2020	2021
Transport	702,550	650,706	638,774
Other mobility services	13,654	14,282	14,493

Offices - Terminals and other	169,677	149,341	146,166
Partners	111,658	103,841	92,304
Total excluding partners	885,881	814,329	799,433
Total with partners	997,539	918,170	891,737

Trend in overall energy consumption excluding partners	3.5%	-8.1%	-2%
Trend in overall energy consumption with partners	5%	-8%	-3%

Trend in overall consumption of transport services (GJoule)	2019	2020	2021
Electricity consumption	20,405	19,252	21,991
Fuel consumption - diesel	385,350	329,308	255,647
Methane consumption	296,794	274,042	275,002
Total	702,550	622,601	552,640

Trend in overall energy consumption (GJoule)	2019	2020	2021
Electricity consumption	65,447	62,252	65,881
Fuel consumption - diesel	471,193	415,044	340,586
Methane consumption	349,241	337,033	392,951
Total	885,881	814,329	799,418



For greater comparability of information, the 2019 data does not include rail services.

Energy consumed - GJoule	2019	2020	2021
Electricity consumption			
Transport (buses)	20,405	19,252	21,991
Thermal kWh - offices and terminals	3,749	3,781	4,261

Offices and other	34,443	33,700	33,892
SST	-	-	-
MA.FER	5,545	4,232	4,343
Dinazzano Po	1,304	1,288	1,394
Total	65,447	62,252	65,881
<i>Of which from renewable sources</i>	59,967	57,836	62,267
Trend in overall electricity consumption	1.93%	-3.55%	5.83%
Fuel consumption - diesel			
Transport (buses)	385,350	329,308	255,647
Transport (trains)	85,361	-	-
Other mobility services	2,600	1,884	1,443
SST	14,484	11,634	17,891
MA.FER	-	-	-
Dinazzano Po	68,759	72,218	65,605
Total	556,554	415,044	340,586
<i>Of which from renewable sources</i>	-	-	
Methane consumption			
Transport (buses)	296,794	274,042	275,002
Other mobility services (including VAZ)	963	750	820
LNG/Biomethane		16,150	67,735
Offices and other	44,311	39,643	42,408
SST	1,402	321	509
MA.FER	4,546	4,546	4,604
Dinazzano Po	1,225	1,582	1,873
Total	349,241	337,033	392,951
<i>Of which from renewable sources</i>			
Total consumption	1,192,767	814,329	799,433
<i>Of which from renewable sources</i>	59,967	57,836	62,267

Electricity

Electricity consumption	KWh	2019	2020	2021
Transport (buses)		5,668,169	5,347,678	6,108,529
Thermal kWh - offices and terminals		1,041,375	1,050,160	1,183,630
Offices and other		9,567,478	9,360,981	9,414,491
MA.FER		1,540,392	1,175,608	1,206,412
Dinazzano Po		362,225	357,893	387,316

Total		18,179,639	17,292,320	18,300,378
Of which from renewable sources		16,657,545	16,065,519	17,296,329

In 2017, TPER began a process for the purchase of "clean" electricity, i.e. electricity produced from renewable sources, by participating in the Intercenter "Energia Elettrica 11" project.

TPER's electricity supply contract was signed based on the agreement with INTERCENTER, the agency for the development of electronic markets in the Emilia-Romagna Region and the contracting authority. Since 2017, in all lots of all the agreements stipulated by the Emilia-Romagna Region through INTERCENTER for electricity supply, a sustainability requirement has been included in the tender specifications and documents, according to which all lots involve the supply of only green energy from renewable sources (wind, solar thermal, photovoltaic, hydraulic, geothermal and biomass energy) without the production of new CO2 deriving from fossil fuels. In particular, in the technical specifications, the sustainability requirements require that the electricity supplied is produced exclusively from renewable sources, as defined by letter b) of Resolution ARG/ELT no. 104/11 and subsequent amendments.

Using this type of contract resulted in a (limited) surcharge for each MW purchased, albeit still within the budget and in line with the company's sustainability commitments. Since 1 January 2018, TPER trolleybuses and systems have been 100% powered by energy from renewable sources.

Fuel - diesel

Fuel consumption - diesel (tonnes)	2019	2020	2021
Transport (buses)	9,023	7,711	6,046
Other mobility services (including VAZ)	61	44	34
SST	339	272	423
MA.FER	-	-	-
Dinazzano Po	1,610	1,691	1,551
TOTAL	11,033	9,718	8,054

Methane

Methane consumption (m3)	2019	2020	2021
Transport (buses)	8,592,085	7,933,406	7,965,531
Other mobility services (including VAZ)	27,868	21,722	23,762
LNG/Biomethane		467,543	1,961,956
Offices and other	1,282,798	1,147,637	1,228,354
SST	40,597	9,289	14,751
MA.FER	131,596	131,596	133,362
Dinazzano Po	35,461	45,800	54,256
Total	10,110,405	9,756,993	11,381,972

External energy consumption

The external consumption includes partners that operate the service in the Bologna and Ferrara areas, through subsidiary consortium companies TPB and TPF. Consumption refers to fuel (diesel) and methane for transport.

Energy consumption - Partners (Gjoule)	2019	2020	2021
Fuel consumption - diesel			
Transport (buses)	109,407	97,668	86,950
<i>Of which from renewable sources</i>	-	-	
Methane consumption			
Transport (buses)	2,251	6,172	5,354
<i>Of which from renewable sources</i>	-	-	
Total consumption	111,658	103,841	92,304

These consumption figures are reported, in the following table, in the specific units of measurement of the energy sources.

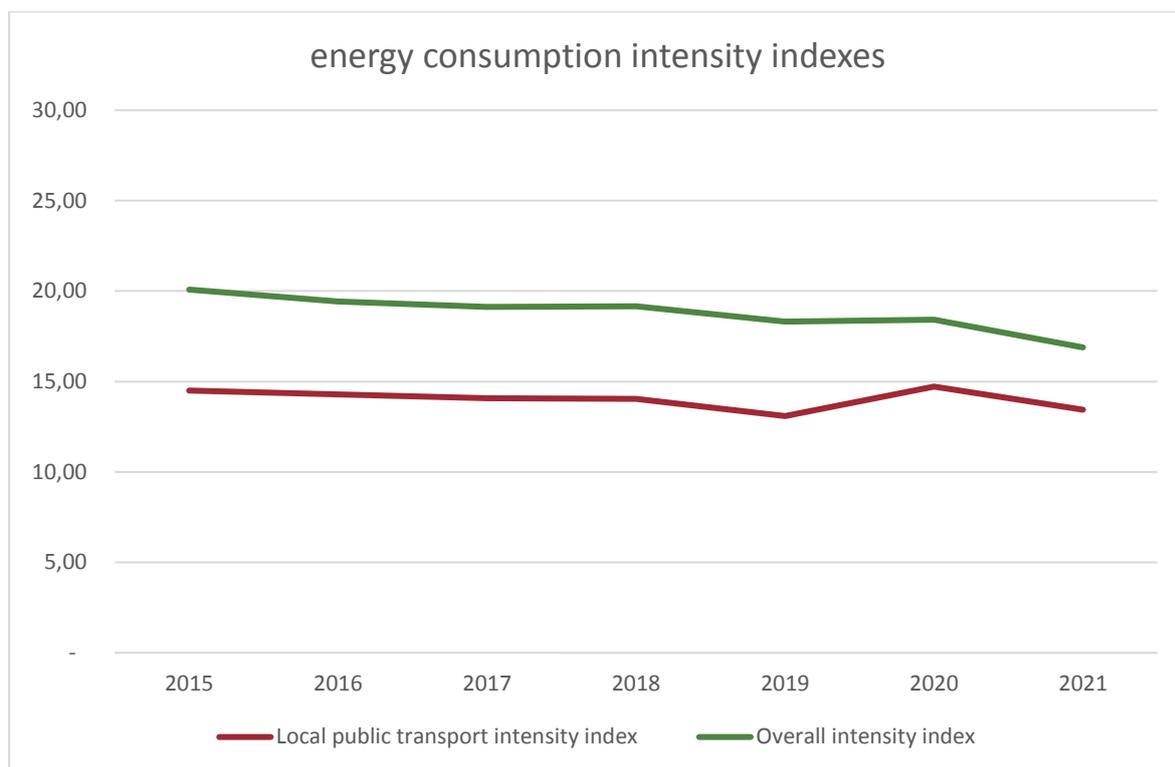
Energy consumption - Partners	Unit	2018	2019	2020	2021
Fuel consumption - diesel	Tonnes				
Transport (buses)		2,144	2,562	2,287	2,056
Total		2,144	2,562	2,287	2,056
Methane consumption	Cubic metres				
Transport (buses)		21,391	65,169	178,687	155,010
Total		21,391	65,169	178,687	155,010

Energy consumption intensity index

The following are the intensity indices related to the reduction of energy consumption. The km travelled with the car-sharing service are not included. At equivalent levels of energy usage, TPER has directed its choices towards more sustainable energy sources.

The table shows the values net of data on railway services (2019) for greater comparability).

Local public transport intensity index	Unit	2019	2020	2021
Energy consumption	GJ	702,550	650,706	638,774
Total km travelled	km	53,661,884	44,205,636	48,425,245
Intensity index	GJ/km*1000	13.09	14.72	13.19
Overall intensity index	Unit	2019	2020	2021
Energy consumption	GJ	885,881	814,329	799,433
Total km travelled	km	48,349,712	44,205,636	48,425,245
Intensity index	GJ/km*1000	18.32	18.42	16.51



Emissions

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

In addition to improving its performance over the years in terms of reducing its fossil fuel consumption and emissions, TPER provides an economical and environmentally-friendly alternative to private transport.

The use of TPER public vehicles rather than private vehicles indeed makes it possible to save 114,000 tonnes of CO₂ in the Bologna and Ferrara areas, of which 255 tonnes for the Corrente service.

These figures were calculated considering an estimate of trips made with a car powered by fossil fuels instead of local public transport.

The parameters for the calculation are based on public studies (sources: www.CO2nnect.org, www.isprambiente.gov.it, www.sviluppoeconomico.gov.it).

Direct and indirect emissions

The emissions figure is reported in tonnes of carbon dioxide equivalent (t CO₂e) and refers to direct emissions (*GHG - Greenhouse Gas Scope 1*), together with the indirect ones associated with the consumption of electricity purchased from the network (*GHG Scope 2*).

The calculation of indirect emissions from electricity consumption (*GHG - Scope 2*) was carried out according to the "Market-Based" approach.

The market-based method requires determining the GHG - Scope 2 emissions deriving from the purchase of electricity by considering the specific emission factors communicated by suppliers. For purchases of electricity from renewable sources, an emission factor of tCO₂ and zero is attributed. If no specific contractual agreements have been defined, the approach in question requires the use of national “residual mix” emission factors, where technically applicable.

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

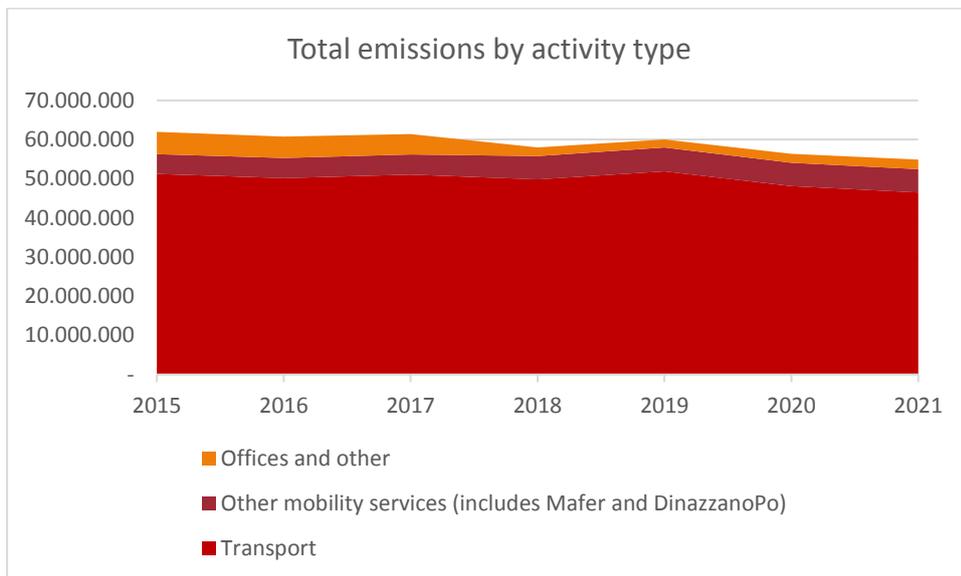
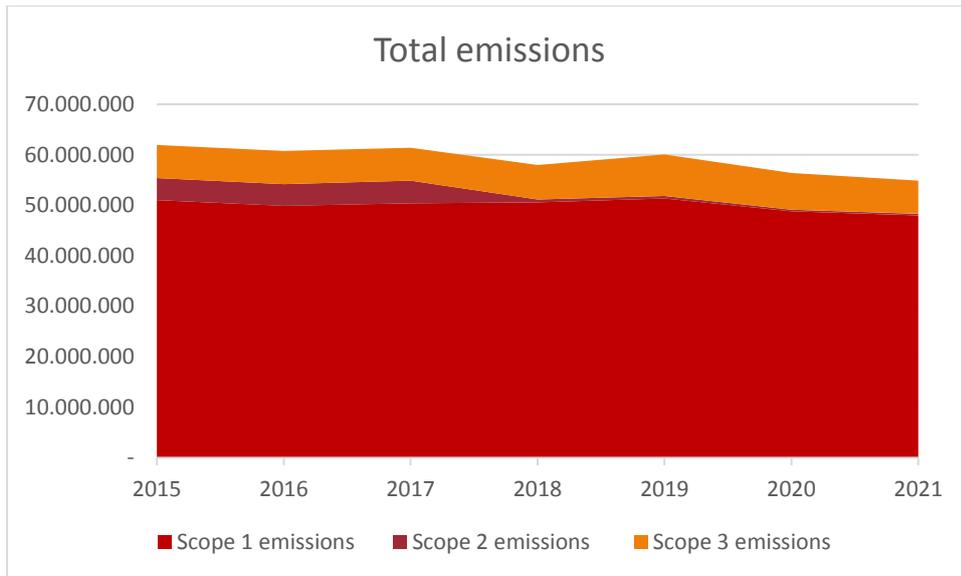
The tables show, for the most significant types, the data relating to direct emissions (Scope 1 GHG - Greenhouse Gas) and indirect emissions associated with the consumption of electricity purchased from the grid (Scope 2 - GHG). In addition, data is presented on emissions from fuel consumption by partners, particularly in carrying out the portion of transport service provided by TPER (Scope 3 GHG).

The parameters for the emissions calculation starting from fuel consumption are based on public studies (sources: www.isprambiente.gov.it, www.sviluppoeconomico.gov.it).

For the year 2019, the data relating to the railway service are not taken into account for homogeneity.

CO2 emissions by Scope (tCO ₂ e)	2019	2020	2021
Scope 1 emissions	51,348,996	48,790,828	46,974,900
Scope 2 emissions	481,743	314,711	257,569
Scope 3 emissions	8,224,619	7,280,694	6,534,979
Total	60,055,358	56,386,233	53,767,447
Trend in overall emissions	3.54%	-6.11%	-4.64%
Total emissions/by activity type (tCO ₂ e)	2019	2020	2021
Transport	51,882,101	48,144,602	45,851,402
Other mobility services (includes MA.FER and Dinazzano Po)	6,093,277	5,964,719	5,478,990
Offices and other	2,079,980	2,276,912	2,437,054
Total	60,055,358	56,386,233	53,767,447
Trend in overall emissions	3.54%	-6.11%	-4.64%

Analysing only the transport sector, the effect of decisions and investments to replace vehicles with a lower environmental impact for road transport is evident. In fact, although the overall km offered increased, there is a reduction in CO₂ emissions. This derives from the use of diesel vehicles with lower consumption or is due to the fact that an increasingly large part of the service is carried out with electric, hybrid or methane vehicles.



The following paragraphs analyse the impacts on the region of road transport with reference to other relevant emissions that are harmful to the environment and human health.

The positive effect of TPER's decisions in defining the mix of power sources (electric, methane, diesel) and of the decision to gradually replace more polluting vehicles with new lower impact vehicles can be seen in the data. All emissions analysed show a gradual decline from year to year.

The following paragraphs present the emissions that are harmful to the environment and human health. In fact, TPER measures the emissions of hydrocarbons, carbon monoxides, particulates and nitrogen oxide.

Emission intensity index

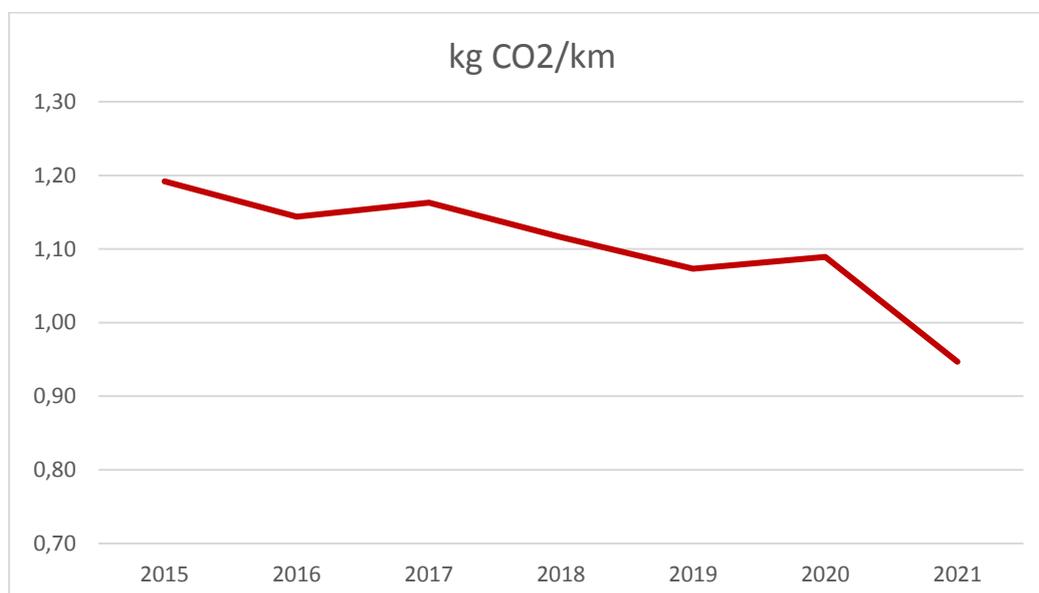
The emission intensity index is shown below (the railway service is not considered for 2019).

Emission intensity	Unit	2019	2020	2021
Local public transport intensity index				
Local public transport tons of CO2 emissions	kg CO2e	51,882,101	48,144,603	45,851,402
Total km travelled	km	48,349,712	44,205,636	48,425,245
Intensity index	CO2/km	1.07	1.09	0.95
<i>Index trend</i>		-3.9%	-1.9%	-13.1%
<i>In the three-year period</i>		-8.1%	-16.8%	-11.8%
Overall intensity index				
Total tons of CO2 emissions	kg CO2e	60,055,358	56,386,233	53,767,447
Total km travelled	km	48,349,712	44,205,636	48,425,245
Intensity index	CO2/km	1.24	1.27	1.11
<i>Index trend</i>		-4.3%	-2.4%	-13.0%
<i>In the three-year period</i>		-12.1%	-2.7%	-10.6%

Figure 2

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

The emission intensity index trend is presented below.

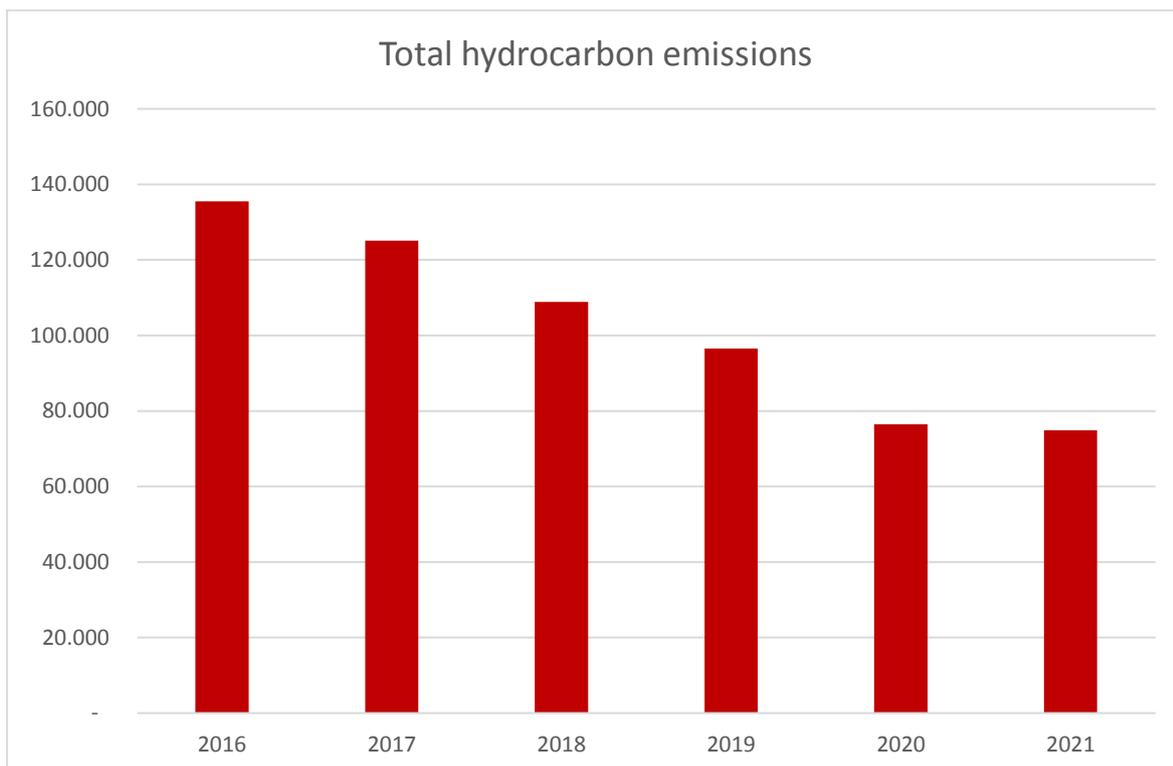


Other emissions harmful to the environment and human health - local pollutants

With reference to the emissions of local pollutants, which affect people's health and the environment (urban and natural), the trends in emissions of hydrocarbons, carbon monoxide, particulates and nitrogen oxides are reported.

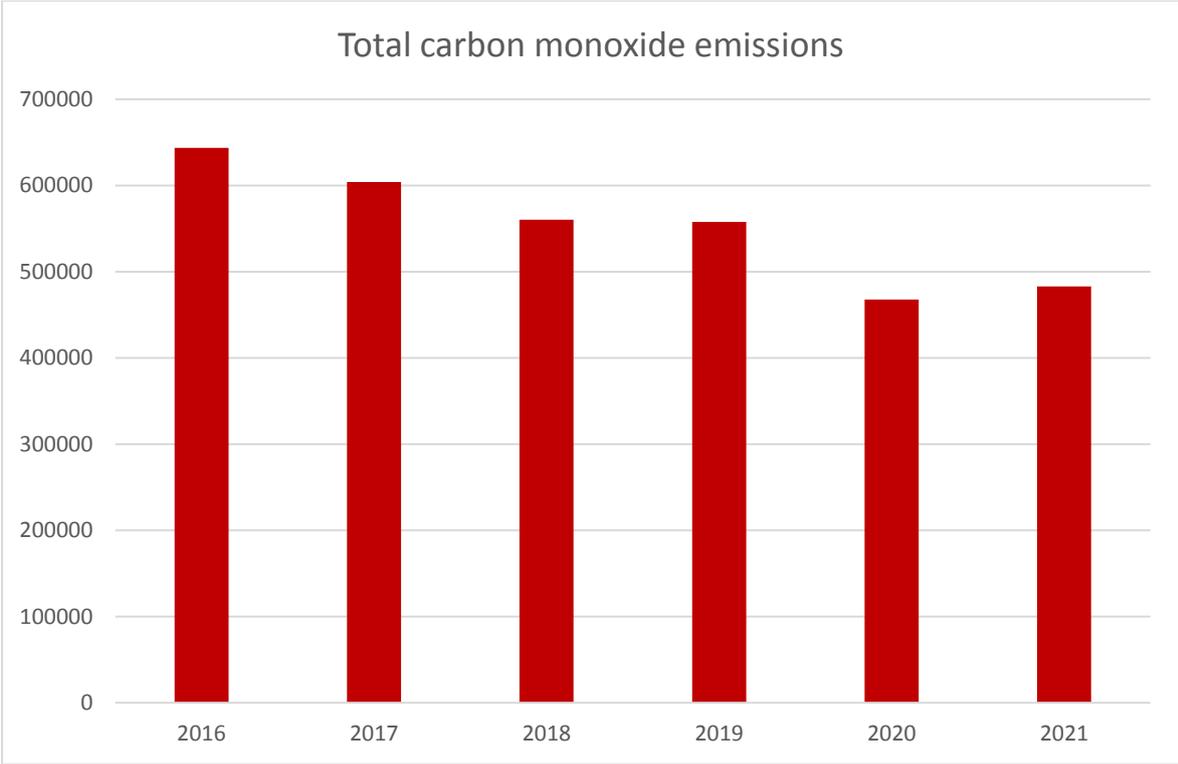
All the data shown below are in kg.

	2019	2020	2021
Total hydrocarbon emissions (kg)	96,536	76,542	74,932
Not including methane	34,576	30,944	31,820
<i>TREND</i>	-11.35%	-20.71%	-2.10%
<i>In the three-year period</i>	-23%	-30%	-22%

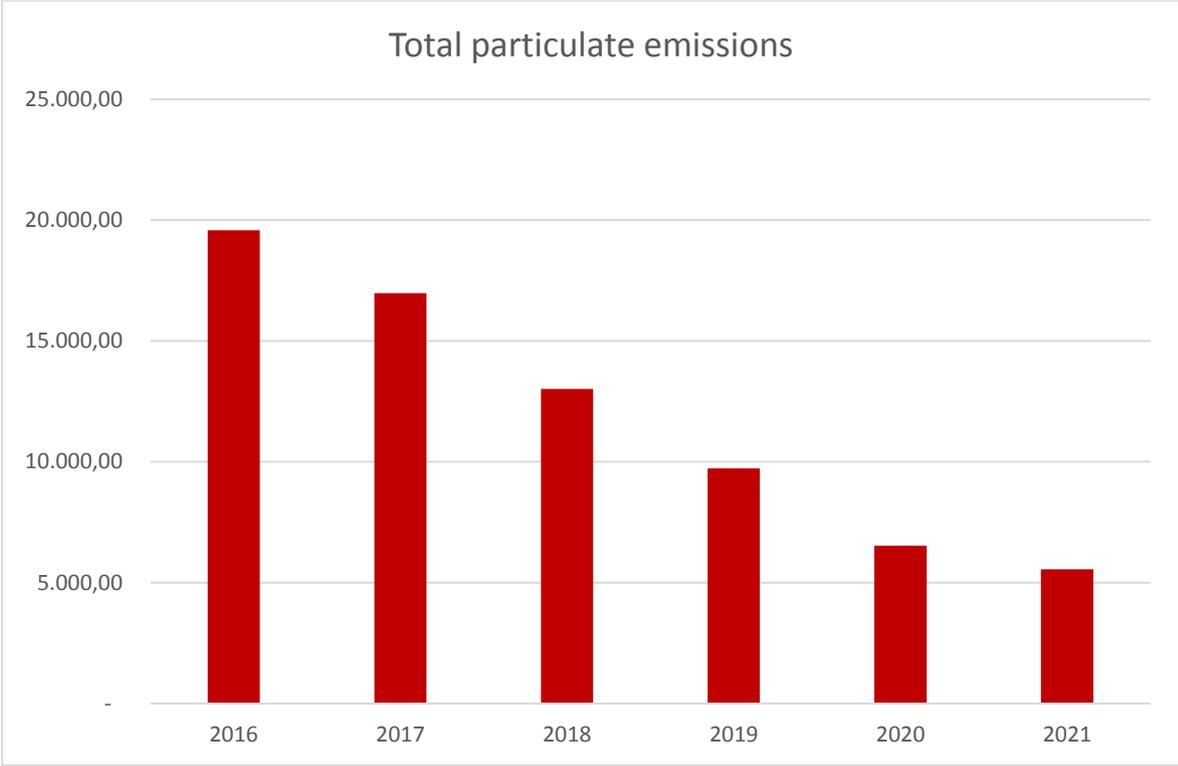


	2019	2020	2021
Total carbon monoxide emissions (kg)	557,656	467,713.84	482,909.39
<i>TREND</i>	-0.47%	-16.13%	3.25%
<i>In the three-year period</i>	-7.65%	-16.52%	-13.40%

In 2021, carbon monoxide emissions recorded a slight increase compared to the previous year due to the exceptional year 2020, in which fewer km were delivered and lower consumption was recorded. Compared to the three-year period, the indicator is equal to -13.4%, confirming the downward trend also for these emissions.

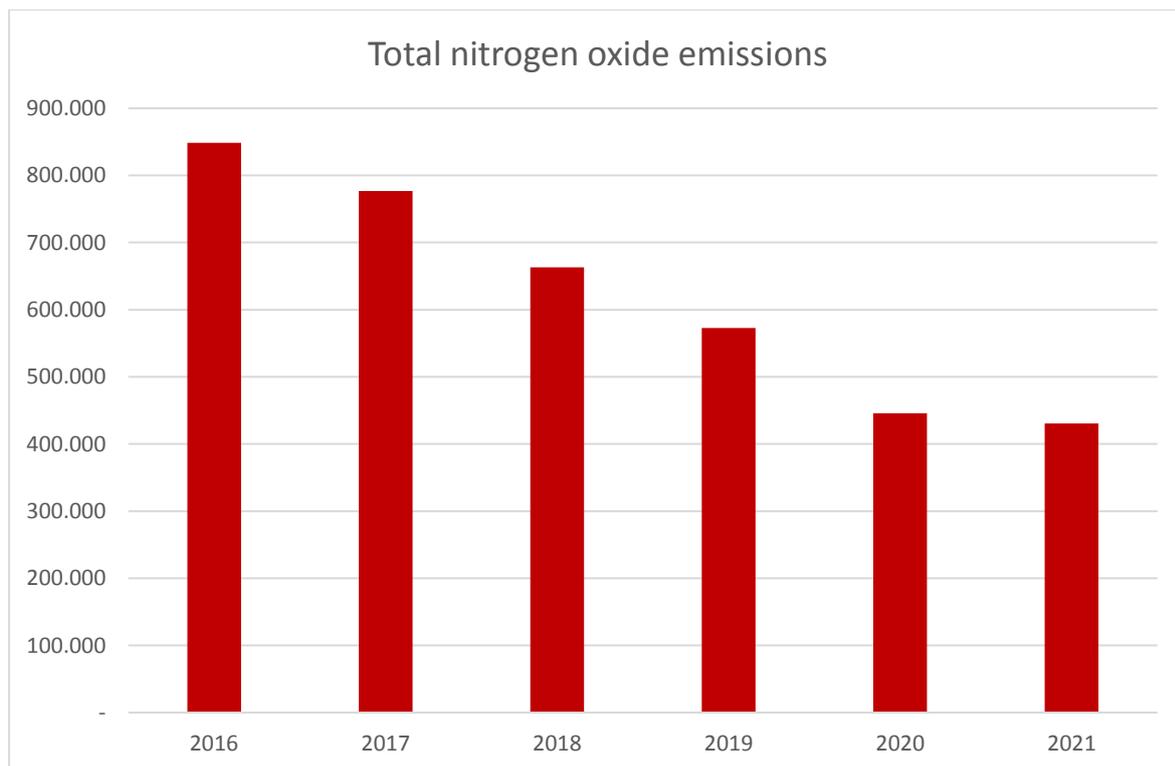


	2019	2020	2021
Total particulate emissions (kg)	9,732.14	6,535.23	5,548.73
TREND	-25.22%	-32.85%	-15.10%
In the three-year period	-42.70%	-49.78%	-42.99%



	2019	2020	2021
Total nitrogen oxide emissions (kg)	572,819	445,830	430,691
TREND	-13.60%	-22.17%	-3.40%
In the three-year period	-26.26%	-32.75%	-24.81%

Figure 3



Waste management



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Waste is managed according to internal procedures that comply with the provisions of the law in force. TPER is characterised as a services company and therefore as a company with a low processing scheme and hardly involved in the production of significant waste, with the exception of that deriving from passenger transport activities. The types and quantities of waste are linked in particular to the vehicle and plant maintenance activities.

As a producer of both hazardous and non-hazardous special waste, TPER seeks, with a view to continually improving its management, to minimise the environmental impact on the territory. As regards the above, it should be noted that:

- Newly acquired vehicles are generally purchased with the LCC formula, which in the tender phase generally rewards the manufacturer who states that maintenance will be performed within the scope of the LCC contract (14 or 18 years) of the main components with the subsequent reduction of waste production over the life span of the asset if the main components comply with the expected intervals.
- The newly acquired vehicles envisaged in the business plans belong to emission classes with a reduced environmental impact. Their purchase allows the simultaneous disposal of the most obsolete vehicles and those with the greatest environmental impact, both from the point of view of environmental emissions and overall maintenance waste.

The waste generation stream

Although TPER is not a production company, it pays attention to the quantity and quality of the waste produced by its organisation, as a consequence of the activities that entail the offer of its services. Evaluating how materials move in, through and out of the organisation can help us understand where these materials become waste within the value chain and

how they can and should be treated. Only from the flow description is it possible to intervene to understand the significance and the dangerousness of any incoming materials and the related impact downstream in the generation of waste.

The generation of waste within the processes

Within the activities of TPER, the automotive spare parts and technical fluids (engine oils, brakes, gearboxes, differential, anti-freeze, urea) necessary for the operation of the buses are identified as inputs. The area that has the greatest impact on waste is the one that concerns the maintenance of buses, their cleaning. The hazardous waste produced as a result of these processes includes used oils, end-of-life vehicles, batteries, various filters, liquid waste including aqueous washing and degreasing solutions, brake pads. Non-hazardous metals, on the other hand, are ferrous and non-ferrous metals, wood, paper, plastic, sludge, air filters.

In recent years, TPER has made provision for the updating and professional training of workshop staff and maintenance personnel to allow, together with the maintenance operations of the buses, the correct separation of processing waste, which is deposited in special containers by EWC code, in order to allow the correct temporary storage, prior to the transfer to third parties with adequate timescales ascertained by the managers who then fill in the loading and unloading register and contact the authorised entities in charge of disposal. Equal periodic checks are carried out on underground tanks not connected to continuous purification plants to check the filling level deriving from the degreasing processes of mechanical parts and underbodies. In the case of production of unusual waste, after an analysis aimed at understanding the process that generated the waste, the maintenance managers arrange for adequate sampling to be sent to specialised laboratories for the purpose of a new classification and attribution of the hazard characteristics.

Waste generation and value chain NFS



Downstream of the value chain there is no significant waste as regards the environmental impact; the progressive use of digital payment forms also contributes to the reduction of waste such as paper travel tickets already used.

In 2021, TPER produced a total of around 1,674 tonnes of waste, of which around 482 were classified as non-hazardous.

Overall in 2021, 77% of the waste produced by TPER was sent for recycling (paper and cardboard, oils, batteries, ferrous and non-ferrous materials, demolition of vehicles, etc.), while the remainder was disposed of according to the regulations in force.

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

The data are expressed in tons.

Waste by category (t)	2019			2020			2021		
	Recovery	Disposed	Total	Recovery	Disposed	Total	Recovery	Disposed	Total
Hazardous waste									
	828	351	1,179	569	222	791	891	302	1,193
Total	828	351	1,179	569	222	791	891	302	1,193

Non-hazardous waste									
	522	202	724	485	269	754	395	87	482
Total	522	202	724	485	269	754	395	87	482
Total	1,350	553	1,903	1,054	491	1,545	1,286	389	1,674

Waste/Recovery (t) - Total per year									
	2019			2020			2021		
Hazardous waste	On site	External site	Total	On site	External site	Total	On site	External site	Total
Other recovery operations		828	828		569	569		891	891
Total	-	828	828	-	569	569	-	891	891
Total hazardous waste	-	828	828	-	569	569	-	891	891
Non-hazardous waste	On site	External site	Total	On site	External site	Total	On site	External site	Total
Other recovery operations		522	522		485	485		395	395
Total	-	522	522	-	485	485	-	395	395
Total non-hazardous waste	-	522	522	-	485	485	-	395	395
Total waste not destined for disposal	-	1,350	1,350	-	1,054	1,054	-	1,286	1,286

Waste - Disposal (t)									
	2019			2020			2021		
Hazardous waste	On site	External site	Total	On site	External site	Total	On site	External site	Total
Other disposal operations		351	351		222	222		302	302
Total	-	351	351	-	222	222	-	302	302
Total hazardous waste	-	351	351	-	222	222	-	302	302
Non-hazardous waste	On site	External site	Total	On site	External site	Total	On site	External site	Total
Other disposal operations		202	202		269	269		87	87
Total	-	202	202	-	269	269	-	87	87
Total non-hazardous waste	-	202	202	-	269	269	-	87	87
Total waste destined for disposal	-	553	553	-	491	491	-	389	389

TPER does not transport hazardous waste nor does it dispose of relevant quantities of waste in water basins or in drainage basins in valuable areas of high biodiversity (protected areas).



With reference to the water withdrawal policies - shared resource, the following is specified:

- **Sources of withdrawal** - As part of an environmental policy of responsible consumption of resources, withdrawal from water sources have been planned by TPER based on an impact-reduction approach. TPER’s water withdrawal refers mainly to the vehicle washing systems and depend on both the number of buses in service and the number of washes per bus. This type of consumption is also influenced by weather conditions and the resulting vehicle washing frequency.
- **Water stress** - Water stress refers to the ability or inability to meet water demand, both human and by ecosystems as a whole. Water stress can refer to the availability, quality or accessibility of water. As a tool for assessing water-stressed areas, reference was made to the Aqueduct Water Risk Atlas wri.org/aqueduct of the World Resources Institute. The reference area where TPER's operating offices are located is classified as a "high water-stressed" area (High 3-4). For this reason, the use of water for industrial processes must consider this situation. Nevertheless, it is not believed that the TPER systems have a significant impact on the availability of water for the reference area.

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

Water withdrawal

TPER consumed around 52 megalitres of water in 2021. The water used comes from the local water distribution network (aqueduct). These are accurate values, derived from the consumption invoiced to TPER by the water service utility company.

Water withdrawal	2019	2020	2021
Third-party water resources/aqueducts			
Fresh water ($\leq 1,000$ mg/l total dissolved solids)	57,561	47,586	52,065
Other types of water ($> 1,000$ mg/l total dissolved solids)			
Total (cubic metres)	57,561	47,586	52,065
Total in litres	57,561,000	47,586,000	52,065,000
Total in megalitres	58	48	52

Note:

The definition of fresh water/other types of water, adopted by the GRI Standards, is based on the ISO 14046:2014 standard and the USGS (United States Geological Survey) document, "Water Science Glossary of Terms" (water.usgs.gov/edu/dictionary.html - accessed on 1 June 2018) and on the World Health Organisation (WHO) document, "Guidelines for Drinking-water Quality" of 2017.

Water discharges

Discharges of waste water flow into the public sewage system of the region, in accordance with the laws and regulations in force.

Internal organisation/Human resources

Labour practices



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

The enhancement of people's skills is a significant objective. Communication with staff takes place through multiple channels, contributing to increase the dissemination of information and horizontal knowledge about the organisation.

As regards recruitment, TPER follows internal regulations based on the principles of equal treatment, non-discrimination and transparency. To this end, for the Bus Drivers category and for recruiting ideal candidates for the Maintenance Department we have used a special classification defined following a public selection process.

For TPER, people are an essential part of the company's assets. Values underlying our people management processes include:

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

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

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

In this context, the project to assess the individual skills possessed by company resources continued in 2021 through the assessment methodology. This project, to which specific economic and organisational resources were dedicated, was progressively expanded to the Group companies as well, with a view to including these companies within the scope of application of human resource management and development policies.

This was done to have a series of useful Group-level elements and data available and to favour any transversal resource development processes in order to:

- Determine the "as is" map of business skills
- Create training activities aimed at bridging any gaps between the skills possessed and those required
- Plan horizontal and vertical development paths to manage turnover in certain professional and management coordination positions regarded as strategic by the company
- Develop personnel recognition tools and policies, in full alignment with company needs and goals.

Intervention guidelines focus on the cultural, organisational and system level to introduce new management tools, able to support a merit-based assessment, provide different responses based on employees' expectations, and develop engagement and a sense of belonging.

Aside from this instrument, the provision of coaching courses continued, for those roles which, based on the results of the assessments, presented growth margins.

This consolidated methodology was used to accompany resources in development roles (Key People) in the process of becoming aware of their gaps and obtaining the necessary skills to cover Key Roles.

Remuneration and incentive system

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

Valuing human resources



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

The "WellforTPER" platform continued to be used in 2021, for all employees of TPER Group, offering a broad and varied range of services aimed at improving the quality of life of workers and their family members.

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

Finally, TPER's goals and interests also include the policy of the redeployment and effective use of personnel who are no longer suitable for driver positions, which remains largely stable at around 100 units in all.

Due to the health emergency deriving from the Covid-19 virus, extraordinary initiatives were also implemented as a contribution to human resources to face that pandemic.

The main actions to boost quality of life in the company include the following measures:

- Support for parents, particular flexibility when choosing shifts in order to favour work-life balance and the extensive number of voluntary part-time roles;
- Following the decline in production activities, the Company made use of a range of tools and systems to minimise the impact on people, by adopting a mix of solutions, in particular:
- Provision of an additional sum equal to 20% of the INPS (Italian national social security institute) payments for days of parental leave.

In addition to having maintained Smart Working basically for all staff activities (roughly 230 resources), a mixed form of work was introduced for operating personnel, in which the person part of the service was alternated with working remotely (through smart working), during which specific safety training courses were held.

Catering

TPER's head office has a restaurant and bar, both of which run by a specialised company that was awarded the tender contract, with self service and an internal kitchen that guarantees employees a wide variety of hot and cold foods prepared on site to favour a balanced diet from a nutritional point of view.

At the other sites - Bologna "Ferrarese", Bologna "Due Madonne" and Bologna "Battindarno" - the canteens are located in three depots and are all self-service with a bar. Finally, at the Imola depot there is a meal delivery service managed by a central kitchen also coordinated by the company restaurant operator.

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

In order to implement initiatives aimed at containing the spread of the Covid-19 virus, the Company has activated a meal delivery service in the workplace. In summary, in order to avoid gatherings in the canteen rooms, people were given the option to order meals subsequently delivered for consumption at their workstation. The costs of this service were borne by the Company.

Industrial relations

With reference to the Industrial Relations policy, the company aims to maintain and develop a constructive dialogue amongst parties, respecting roles and reciprocal requirements.

In 2021, various key agreements were reached with the regional and corporate trade unions listed below

During the year 2021, 47 meetings were held with trade unions, in particular on issues related to:

- People Mover service activation
- Implementation of the measures related to the new wave of the Covid-19 health emergency

- To the "Parking Management and Mobility Support" department also in light of the tender for the new concession of the service and the transfer of the Branch itself
- Extended assessment
- 0.50% Contribution to the Dozza Club.

The trade union agreements signed in 2021 are summarised below.

date	trade unions	object
10/01/2021	CGIL, CISL, UIL, FAISA, UGL	Parking Evening shift
10/02/2021	CGIL, CISL, UIL, FAISA, UGL	Summer vacation planning for travelling personnel
10/02/2021	CGIL, CISL, UIL, FAISA, UGL	Use of photocopier by trade unions
18/05/2021	CGIL, CISL, UIL, FAISA, UGL	D reward indicators
16/07/2021	CGIL, CISL, UIL, FAISA, UGL	Economic and regulatory treatment of People Mover employees
29/07/2021	CGIL, CISL, UIL, FAISA, UGL	Bilateral solidarity fund
13/12/2021	CGIL	Redetermination of PS hours between Bologna and Ferrara
20/12/2021	UGL	Method of repayment of a debt situation for excess consumption of PS hours

Meeting minutes were also signed in relation to the meetings held following the activation of cooling and conciliation procedures:

date	trade unions	object
05/01/2021	USB	Anti-Covid Procedures and Protocol
12/01/2021	USB	Tender award procedures for parking management
20/10/2021	USB	Green Pass verification procedures - free swab request

In relation to the Covid-19 health emergency, it should be noted that the ongoing consultation process continued with the company Trade Union Delegation for the verification of the measures implemented by the Company to protect the safety of its workers, with particular reference to Bus drivers, as well as those of users.

In order to comply with the requirements of the competent authorities regarding measures for the prevention of contagion, these meetings took place exclusively in "remote" mode using the Lifesize corporate platform.

Compliance with corporate regulations and codes of conduct

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

In the Road sector, with a view to overseeing compliance with company and national standards, we have established and consolidated over the years an advisory body (the Disciplinary Council) that issues opinions on measures that management should adopt. As

well as a company manager, an official of the Regional Labour Office must also sit on this Council.

The disciplinary council reviewed 159 cases out of 806 disputes in 2021.

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

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

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

Employment

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

Employees: categories and contract types

The following table shows the employees at the end of the relative periods, i.e., the headcount. The group has a total of 2320 employees. The significant difference between 2020 and 2021 is due to the reduction in the number of employees as a result of the transfer of the parking business unit personnel.

Employees by role/gender	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Senior managers	1	12	13	1	12	13	1	12	13
Middle managers	13	44	57	13	38	51	14	47	61
White-collar workers	138	186	324	132	167	299	106	233	339
Blue-collar workers	344	1,825	2,169	343	1,495	1,838	294	1,345	1,639
Apprentices	43	196	239	50	234	284	36	232	268
Associates	-	-	-	-	2	2	-	-	-
Total	539	2,263	2,802	539	1,948	2,487	451	1,869	2,320

The workforce consists of 70% blue collar workers (primarily drivers) and 15% white collar workers. Senior managers represent 0.6% and middle managers 1.3% of the workforce. The employment figure is essentially stable, net of the transfer of the railway business unit.

Almost all personnel (98%) are on permanent contracts, while 90% of contracts are full time. Part-time contracts show a slight prevalence of women (54%). In fact, 27% of women chose part-time contracts, compared to 6% of men.

Employees by contract type/gender	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Permanent contract	535	2,248	2,783	523	1,904	2,427	434	1,829	2,263
Fixed-term contract	4	15	19	16	44	60	17	40	57
Total	539	2,263	2,802	539	1,948	2,487	451	1,869	2,320

Employees by employment type/gender	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Full-time	392	2,157	2,549	372	1,813	2,185	327	1,763	2,090
Part-time	147	106	253	167	135	302	124	106	230
Total	539	2,263	2,802	539	1,948	2,487	451	1,869	2,320

Turnover

In 2021, there were a total of 166 new hires (29 women and 137 men) and 288 employment contracts were terminated (104 women and 184 men). The transfer in the company branch relating to the parking service explains the decline in the total number of employees between 2020 and 2021.

New hires and turnover	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
New hires									
Up to 29 years of age	27	106	133	16	61	77	14	78	92
From 30 to 50 years of age	10	74	84	13	38	51	10	31	41
Over 50 years of age	2	12	14	4	14	18	-	18	18
Total	39	192	231	33	113	146	24	127	151
Terminations									
Up to 29 years of age	2	28	30	6	18	24	21	18	39
From 30 to 50 years of age	3	20	23	6	28	34	54	61	115
Over 50 years of age	3	77	80	2	85	87	35	110	145
Total	8	125	133	14	131	145	110	189	299
Reason for termination									
Resignation	6	106	112	7	107	114	14	117	131
Retirement	-	-	-	-	-	-	-	2	2

Dismissal	-	13	13	-	5	5	-	3	3
Other (e.g. end of fixed-term contract)	2	6	8	7	19	26	96	67	163
Total	8	125	133	14	131	145	110	189	299

The following tables show the turnover rates for the last two years:

Turnover - total values	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
New hires	39	192	231	33	113	146	24	127	151
Terminations	8	125	133	14	131	145	110	189	299
Net change	31	67	98	19	(18)	1	(86)	(62)	(148)
Employees at year end	539	2,263	2,802	531	1,955	2,486	451	1,869	2,320

Figure Turnover Rates

Turnover Rates	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Turnover rate by gender [Departures/Employees previous years]	1.6%	5.7%	4.9%	2.6%	5.8%	5.2%	20.4%	9.7%	12.0%
Hire rate by gender [Entries/Employees previous years]	7.7%	8.7%	8.5%	6.1%	5.0%	5.2%	4.5%	6.5%	6.1%
Total turnover by gender (net change/Employees previous year)	6.1%	3.0%	3.6%	3.5%	-0.8%	0.0%	-16.0%	-3.2%	-6.0%
Total turnover by gender (entries+departures/Employees previous years) - figure in 2019 NFS	9.2%	14.4%	13.4%	8.7%	10.8%	10.4%	24.9%	16.2%	18.1%

Figure

Turnover Rates	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Turnover rate by age group - terminations									
No. employees by age group									
Up to 29 years of age	49	218	267	47	213	260	35	221	256
From 30 to 50 years of age	358	1,220	1,578	321	950	1,271	248	876	1,124
Over 50 years of age	132	825	957	171	785	956	168	772	940
	539	2,263	2,802	539	1,948	2,487	451	1,869	2,320
Turnover rate by age group									
Up to 29 years of age	7.4%	15.2%	14.2%	12.2%	8.3%	9.0%	44.7%	8.5%	15.0%

From 30 to 50 years of age	0.8%	1.7%	1.5%	1.7%	2.3%	2.2%	16.8%	6.4%	9.0%
Over 50 years of age	2.8%	9.4%	8.6%	1.5%	10.3%	9.1%	20.5%	14.0%	15.2%
Total	1.6%	5.7%	4.9%	2.6%	5.8%	5.2%	20.4%	9.7%	12.0%

Figure

For the reintegration of company functions, in recent years, staff under the age of 29 have been hired as a priority, with specific training and induction courses provided (equal to approximately 60% of overall training).

Diversity and equal opportunities **NFS**



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As reported in the previous paragraph, there were 451 female staff as at 31 December 2021, accounting for roughly 20% of the total workforce, distributed in all business areas. Below is the breakdown by gender and age bracket.

	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Up to 29 years of age	49	218	267	47	213	260	35	221	256
From 30 to 50 years of age	358	1,220	1,578	321	950	1,271	248	876	1,124
Over 50 years of age	132	825	957	171	785	956	168	772	940
Total	539	2,263	2,802	539	1,948	2,487	451	1,869	2,320

Figure - Employees by age bracket and by gender

	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Up to 29 years of age	1.7%	7.8%	9.5%	1.9%	8.6%	10.5%	1.5%	9.5%	11.0%
From 30 to 50 years of age	12.8%	43.5%	56.3%	12.9%	38.2%	51.1%	10.7%	37.8%	48.4%
Over 50 years of age	4.7%	29.4%	34.2%	6.9%	31.6%	38.4%	7.2%	33.3%	40.5%
Total	19.2%	80.8%	100.0%	21.7%	78.3%	100.0%	19.4%	80.6%	100.0%

Figure

Female bus drivers represent around 18% of the total. This is not a high percentage, but we need to consider that women only started to enter this profession a few decades ago. At the end of the 1990s, the company promoted this trend by opening the recruitment procedure also to people not yet in possession of the necessary driving qualifications and, for a number of years, by reserving a number of places in the recruitment tests to women. This has had particularly positive effects in terms of female employment while at the same time allowing TPER to use part-time roles to improve the work-life balance and employ certified professional standards for front-line roles.

TPER has adopted internal hiring regulations based on the principles of inclusion, equal treatment, non-discrimination and transparency. The new hires are based exclusively on skills and professional characteristics; in no way is a distinction made between sex, race, gender identity, religious orientation, etc. TPER hires a quota of differently-abled workers in order to guarantee non-exclusion from the job market. It also adopts a policy of relocation of personnel who are no longer suitable for driving.

The welfare measures of all workers take into account family, children, health, leisure time, trying to achieve a diversification of treatments, both on a regulatory and organisational level, for example through the choice of part-time or the optimal management of work shifts.

Parental leave (maternity/paternity leave) is guaranteed to all employees. Due to the health emergency resulting from the Covid-19 virus, extraordinary initiatives have also been implemented, such as support for parenting, greater flexibility in choosing shifts, more widespread offer of optional part-time work.

Following the signing of a specific memorandum of understanding with the Municipality of Bologna and other local entities, TPER also adheres to the "Capo D" Pact, a network of companies that promotes initiatives aimed at tackling the gender gap in the training choices of young generations and in the workplace.

	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Senior managers	0.04%	0.43%	0.46%	0.04%	0.48%	0.52%	0.04%	0.52%	0.56%
Middle managers	0.46%	1.57%	2.03%	0.52%	1.53%	2.05%	0.60%	2.03%	2.63%
White-collar workers	4.93%	6.64%	11.56%	5.31%	6.72%	12.02%	4.57%	10.04%	14.61%
Blue-collar workers	12.28%	65.13%	77.41%	13.79%	60.11%	73.90%	12.67%	57.97%	70.65%
Apprentices	1.53%	7.00%	8.53%	2.01%	9.41%	11.42%	1.55%	10.00%	11.55%
Associates	0.00%	0.00%	0.00%	0.00%	0.08%	0.08%	0.00%	0.00%	0.00%
Total	19.24%	80.76%	100.00%	21.67%	78.33%	100.00%	19.44%	80.56%	100.00%

	2019				2020				2021			
	Up to 29 years of age	From 30 to 50 years of age	Over 50 years of age	total	Up to 29 years of age	From 30 to 50 years of age	Over 50 years of age	total	Up to 29 years of age	From 30 to 50 years of age	Over 50 years of age	total
Senior Managers	n.a.	n.a.	n.a.	0.46%	0.0%	0.1%	0.4%	1%	0.0%	0.1%	0.4%	1%
Middle managers	n.a.	n.a.	n.a.	2.03%	0.0%	0.6%	1.5%	2%	0.1%	0.9%	1.7%	3%
White-collar workers	n.a.	n.a.	n.a.	11.56%	0.2%	5.7%	6.1%	12%	1.8%	6.6%	6.2%	15%
Blue-collar workers	n.a.	n.a.	n.a.	77.41%	2.1%	41.5%	30.4%	74%	1.8%	36.7%	32.2%	71%
Apprentices	n.a.	n.a.	n.a.	8.53%	8.1%	3.3%	0.1%	11%	7.3%	4.1%	0.1%	12%
Associates	n.a.	n.a.	n.a.	0%	0.1%	0.0%	0.0%	0%	0.0%	0.0%	0.0%	0%
Total	n.a.	n.a.	n.a.	100%	10.5%	51.1%	38.4%	100%	11.0%	48.4%	40.5%	100%

The remuneration system and the structure of bonuses and incentives are homogeneous for all employees and are based on level I and II collective bargaining agreements. There are no wage differences between men and women with equal roles and seniority, nor are there different criteria for defining or awarding company bonuses.

Therefore, with reference to the basic salary, note that the application of the national collective labour agreement does not envisage differences between men and women, therefore there are none.

Basic salary (women/men)	2019	2020	2021
Senior Managers	100%	100%	100%
Middle managers	100%	100%	100%
White-collar workers	100%	100%	100%
Blue-collar workers	100%	100%	100%
Apprentices	100%	100%	100%

The ratio between women's and men's salaries is shown in the following table: The data refer to the average of the overall compensation for the various categories and were calculated only for the parent company.

The difference reflects the larger number of female staff working part time.

Average salary (men/women)	2019	2020	2021
Senior Managers	88%	92%	82%
Middle managers	108%	119%	108%
White-collar workers	82%	93%	90%
Blue-collar workers	82%	87%	85%
Apprentices	99%	100%	97%

Calculating for FTE

Average salary (men/women)	2021	2021
	Heads	FTE
Senior Managers	82%	82%
Middle managers	108%	108%
White-collar workers	90%	96%
Blue-collar workers	85%	91%
Apprentices	97%	97%

Parental leave (maternity/paternity leave) is recognised in accordance with current legislation for all employees of TPER Group (100% of workers).

During 2021, 323 people took advantage of this right.

Parental leave	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Number of employees who took parental leave, by gender	84	274	358	108	240	348	69	191	260
Days	4,946	4,197	9,143	4,841	4,618	9,459	3,276	3,079	6,355
Number of employees who returned to work during the reporting period after having taken advantage of parental leave, by gender	84	274	358	108	240	348	69	191	260
Number of employees who returned to work after having taken advantage of parental leave and who are still employed by the organisation 12 months after returning, by gender	84	272	356	106	235	341	69	191	260
Percentage of employees who returned to work after taking parental leave, by gender (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%
Retention percentage of employees who took parental leave, by gender (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%

Health and safety



403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-8 403-9 403-10

TPER adopts the ISO 45001:2018 management system for occupational health and safety. Compliance with the international standard ensures, at the same time, compliance with the requirements of the relevant regulations in force, in particular Italian Legislative Decree no. 81/2008.

Hazard identification, risk assessment and incident investigation

The management system adopted defines the procedures and protocols for identifying hazards and assessing risks. These assessments are carried out by the functions in charge of prevention and protection, with the possible involvement of internal/external technicians of TPER.

The procedures adopted also provide for the periodic preparation and adoption of an improvement plan, which identifies the areas of intervention and the actions to reduce the identified risks.

The approach to managing risks relating to health and safety in the workplace identifies lines of action which, starting from the objective of risk reduction, identify actions aimed at limiting the number of subjects exposed to potential risks, the use of materials and potentially hazardous substances, as well as the collective and individual protective measures to be adopted.

TPER has appointed the Head of the Prevention and Protection Service (RSPP) and the competent doctor, figures responsible for protecting the safety of workers, and has drawn up the identified risk assessment document (DVR), with the aim of adopting the adequate prevention and protection measures.

Occupational health services

TPER has appointed a competent doctor for occupational health services. Workers are periodically subjected to medical check-ups to ascertain their state of health in relation to the work environment and the occupational risk factors associated with the performance of the work activity. Health surveillance is carried out by the competent doctor.

Travelling staff are also subjected to a health review visit, in accordance with the provisions of Italian Ministerial Decree no. 88 of 23/2/99 (age/request by the employee or company). For drivers, checks are also provided in specific areas, such as drug addiction and the use of alcoholic substances, as per the protocol of the Emilia Romagna Region.

Worker participation, consultation, and communication on occupational health and safety

In accordance with the relevant legislation, health and safety managers (RSL - workers' safety representatives) have been appointed, for whom specific training is provided. The RSLs are consulted when updating the Risk Assessment Document (DVR) required by Italian Legislative Decree no. 81/2008 and involved in periodic safety meetings.

The periodic meetings on health and safety in the workplace represent an opportunity for an assessment of the performance of the procedures and controls provided for by the management system. The meetings involve the relevant TPER structures and functions, the Workers' Safety Representatives (RSL) and the Competent Doctor (MC).

TPER employees have access to the necessary information through dedicated company channels and through representatives. These communication channels can also be used for the related reports.

Worker training on occupational health and safety

Employee training is in general an essential activity for TPER, and specifically for aspects related to health and safety in the workplace. The training activities are carried out in compliance with the reference standards.

Employees follow general and specific training programmes depending on the job, in line with the provisions of the risk assessment documents (DVR).

Promotion of worker health

TPER employees have access to preventive screening services and medical benefit concessions.

TPER undertakes to avoid and mitigate the negative impacts on health and safety at work directly related to its activities and services through its commercial relationships. In specific terms, this commitment also translates into special procedures envisaged by the management system regarding services entrusted to third parties, also for the purpose of reducing risks and adequate management of risks of interference.

Process and equipment management

TPER employees are provided with personal protective equipment as needed, in relation to the duties and roles covered.

Accidents

Occupational accidents mainly consist of falls or accidental collisions when travelling personnel get into or out of the driver's seat, and injuries suffered by inspectors when checking tickets (due to aggression or violence by passengers without valid travel tickets).

In the table, serious accidents refer to the definition of the GRI, or accidents with serious consequences.

Accidents while travelling refer to all the events involving workers on the way to work and on the way home.

Accidents in the workplace - TPER	2019	2020	2021
Number of accidents in the workplace			
Fatal accidents	0	0	0
Serious accidents	11	2	0
Other accidents	93	81	123
Total accidents recorded	104	83	123
Of which while travelling	8	13	11

Accidents in the workplace - TPER Group	2019	2020	2021
Number of accidents in the workplace			
Fatal accidents	0	0	0
Serious accidents	11	2	0
Other accidents	102	93	134
Total accidents recorded	113	95	134
Of which while travelling	8	13	15

Absence due to accidents - TPER	2019	2020	2021
Days of absence due to accidents ₁	2,228	2,652	2,735
Total days of absence	141,301	154,063	129,051
Total hours worked	3,585,993	3,006,377	3,094,929
Total possible working hours	4,590,638	3,977,643	3,908,253

Figure

Absence due to accidents - TPER Group	2019	2021	
Days of absence due to accidents ₁	2,601	3,013	3,111
Total days of absence	141,301	164,600	137,441
Total hours worked	3,585,993	3,428,571	3,439,232
Total possible working hours	4,590,638	4,516,523	4,308,065

Figure

The accident frequency index, calculated as the number of injuries per 1 million hours worked, is 40 for TPER and 39 for the Group.

The severity index of those accidents remained stable at 0.88 days lost for every 1000 days worked for TPER (0.88 for the Group). The average duration of accidents was 32 days for TPER and for the Group.

Accident indicators - TPER	2019	2020	2021
Accident indicators			
Accident Frequency Index (Number of accidents/hours worked x 1,000,000)	29.00	28	40
Accident Severity Index (days of absence for accidents/possible working hours x 1,000)	0.49	0.88	0.88
Accidents - average duration			
Average duration of accidents in calendar days (total days lost, holidays included)	21.4	32	22
Accidents while travelling (%)	7.7%	15.7%	22.5%
Days of absence by type %			
Accidents	2%	2%	2%
Illnesses	24%	20%	23%
Leave (maternity - parental)	5%	6%	5%
Other ₁	69%	72%	70%
Total	100%	100%	100%

₁ Other: other types of leave, Italian Law no. 104, blood donation, trade union authorisation, strike, other.

Accident indicators - TPER Group	2019	2020	2021
Accident indicators			
Accident Frequency Index (Number of accidents/hours worked x 1,000,000)	31.51	28	39
Accident Severity Index (days of absence for accidents/possible working hours x 1,000)	0.73	0.88	0.90
Accidents - average duration			
Average duration of accidents in calendar days (total days lost, holidays included)	23.0	32	23
Accidents while travelling (%)	7%	16%	24%
Days of absence by type %			
Accidents	2%	2%	2%
Illnesses	24%	21%	24%
Leave (maternity - parental)	5%	6%	5%
Other ₁	69%	72%	70%
Total	100.00%	100%	100%

Figure 4

₁ Other: other types of leave, Italian Law no. 104, blood donation, trade union authorisation, strike, other.

Health and safety - external parties

The current procedure for managing data relating to accidents at work does not provide for the systematic collection of data relating to "other workers", i.e. relating to workers who are not employees but whose work and/or workplace is controlled by the company. Such cases may relate in particular to outsourced services, such as in particular public transport partners. It should also be noted that, in 2021, as in the previous financial years reported, no reports were made by these suppliers regarding accidents that occurred in the context of the activities carried out and governed by relations with TPER. The improvement objectives make provision for the adoption of a supplier management procedure that includes intervention in the areas subject to specific accident reporting.

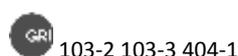
Work-related accidents	Unit	2020	2021
<u>Work-related accidents (including accidents while travelling)</u>	No.		
No. Fatal Accidents		-	-
No. Serious accidents		-	-
No. Other accidents		3	4
<i>Of which Accidents while travelling - with transport organised by the company</i>		-	-
<i>Of which Accidents while travelling - with transport NOT organised by the company</i>		1	2
Total accidents (with accidents in transit)		3	4
<i>Of which while travelling</i>		1	2
Accidents while travelling	%	33%	50%
Traffic accidents	No.	1	1
Accident indicators		2020	2021
Accident frequency index (No. Accidents/hours worked * 1,000,000 hours worked)		652	672
Accident Severity Index (days of absence for accidents/hours worked)		8.04	10.24
<i>No. days lost on average due to accident per 1,000 days worked</i>			
Accidents - average duration			
<i>Average duration of accidents in calendar days (total days lost, holidays included)</i>		12	15

Occupational illnesses

In 2021, there were no cases of occupational illnesses reported and/or recognised.

Also for the external partners for which the analysis was conducted, there were no cases of occupational diseases.

Training and education NFS



The 2021 training activity is still partially affected by the restrictions due to the pandemic, however there has been progressive improvement and a gradual return to pre-Covid-19 levels as regards training. While respecting the constraints, a training plan was implemented for 2021 which concerned

- Manager (executives and middle managers)

- Intermediate managers
- Front-line staff
- Newly hired staff

For all employees, the training concerned the issues of safety in the workplace pursuant to Italian Legislative Decree no. 81/2008, legality. A training course was also launched on sustainability issues.

Overall, over 66 thousand hours of training were provided, of which over 8 thousand on safety matters. Training activities involved 1,512 employees, with an average of 28.5 hours of training per person (calculated on the total number of employees, pursuant to the applied GRIs).

Training initiatives were designed and defined to develop human capital and improve their professional skills, a priority goal of HR management policies.

Average training hours	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Senior Managers	12	31	29	2	8	8		22.3	20.6
Middle managers	21	23	22	3	15	12	11.9	24.3	21.4
White-collar workers	15	24	20	7	8	7	8.8	52.8	39.0
Blue-collar workers	11	16	15	3	10	8	7.5	13.8	12.7
Apprentices	142	180	173	90	97	96	111.8	114.4	114.0
Total	23	31	29	12	20	18	16.3	31.5	28.5

Figure 5 Average training hours per employee category/gender

Training time	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total training hours									
Senior Managers	12	370	382	2	99	101	-	268	268
Middle managers	278	1,004	1,282	35	555	590	167	1,142	1,308
White-collar workers	2,051	4,429	6,480	854	1,351	2,205	932	12,291	13,223
Blue-collar workers	3,896	28,807	32,703	857	14,589	15,446	2,213	18,570	20,784
Apprentices	6,089	35,217	41,306	4,475	22,711	27,186	4,025	26,536	30,562
Associates	-	22	22						
Total	12,326	69,849	82,175	6,223	39,306	45,529	7,337	58,808	66,145
Number of employees who received training									
Senior Managers	1	13	14	1	11	12	-	9	9
Middle managers	9	32	41	10	31	41	5	33	38
White-collar workers	95	139	234	66	95	161	71	100	171
Blue-collar workers	265	1,212	1,477	115	657	772	165	853	1,018
Apprentices	45	209	254	53	237	290	41	235	276
Associates	-	1	1						
Total	415	1,606	2021	245	1,031	1,276	282	1,230	1,512

No. employees given safety training									
Senior Managers	-	2	2	-	-	-	-	3	3
Middle managers	8	22	30	-	25	25	1	24	25
White-collar workers	86	129	215	42	134	176	34	69	103
Blue-collar workers	205	854	1,063	33	342	375	68	419	487
Apprentices	17	110	127	32	148	180	17	133	150
Associates	-	-	-	-	-	-	-	-	-
Total	316	1,121	1,437	107	649	756	120	648	768
No. employees given legal training									
Senior Managers	-	-	-	1	11	12	-	1	1
Middle managers	-	3	3	9	37	46	1	5	6
White-collar workers	7	4	11	2	7	9	14	12	26
Blue-collar workers	3	5	8	5	19	24	3	11	14
Apprentices	11	18	29	27	29	56	3	11	14
Associates	-	-	-	-	-	-	-	-	-
Total	21	30	51	44	103	147	21	40	61
No. of training sessions			210			204			398
Of which on safety			67			57			78
Of which on legality			11			9			8

Figure

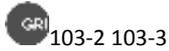
Total training hours	2019	2020	2021
Total	82,172	45,529	66,145
Of which:			
Safety	15,670	6,096	11,718
Legality (anti-bribery, transparency)	1,227	275	158

Figure

More than two-thirds of the employees involved in training activities are bus drivers, roles that are provided with a significant number of technical training courses, in addition to courses for the acquisition of behavioural skills for front-line roles.

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

TPER's commitment to the territory



Territory and local communities

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

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

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

In any case, local regulators define ticket pricing systems that take into account the different needs of users. In accordance with the reference institutions, in fact, the rate system provides reductions for certain categories of users, or even free use. The lower income resulting from such subsidies is, however, offset by public resources to cover social costs. To take account of the most typical social needs, discounted fares are provided for those under the age of 27 or over 70.

Some Local Administrations and the Emilia-Romagna Region have envisaged tariff concessions and free bands in particular for school users to encourage young people to use public transport.

Moreover, for people who use the transport system constantly, different solutions are provided that further reduce the cost of the single journey (daily ticket, city pass, eco pass, monthly and annual passes).

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

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

In terms of physical access, it is considered important to guarantee freedom of movement within the territory. In order to protect this right, it was therefore essential to make the

service accessible and usable by all users, both through the use of more and more vehicles accessible to people with reduced mobility, and through opportunities on demand.

Starting in September 2018, on the initiative of the Emilia-Romagna Region, those who subscribe to a monthly or annual pass for a railway line can use the urban transport of the departure/arrival city.

Local communities



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

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

Impact on the region

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

Approximately 5.3 billion passengers are transported annually in Italy, i.e. over 14 million people moving daily. It is therefore an important industry, which generates total revenues of Euro 10.6 billion.

Moreover, the current public expenditure for LPT, equal to about Euro 7.2 billion, is the second biggest expenditure for the regions, after healthcare.

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

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

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

- Reduction of road congestion and traffic
- Improvement in air quality
- Reduction in noise pollution
- Guarantee of the right to mobility for the disabled, the elderly and students
- Possible "stress-free" alternative to the private car

- Stimulation of economic growth
- Economic advantages for families, businesses and the community
- Safety
- Guaranteed availability
- Financial savings
- Lower cost of living

Subscribers and loyalty

In recent years, TPER has consolidated the methods for rewarding its subscribers' loyalty in two ways. The first is to offer advantages in terms of leisure and consumption: the TPER subscription incorporates value in itself by allowing discounts, rebates and deals in the main theatres of Bologna, its museums, its film archive and major classical and contemporary music events. The second is to reward subscribers who regularly validate their travel document through a competition reserved for those who register in the TPER Web Club. The Web Club aims to promote loyalty with its most frequent users, reserving special offers from partner companies for them, as well as more "personalised" online information on mobility.

There are currently about 3,000 TPER users subscribed to the Web Club. During 2019 the competition reserved for pass-holders, "Validate and Win", resulted in the distribution of 500 prizes.

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

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

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

Safety for over 65s

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

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

The grant provides for the maximum coverage of Euro 100 per claim, raised to Euro 500 on days that pensions are paid out. When theft occurs with or without break-ins that results in the need to repair doors, locks and windows, a refund can be obtained up to a maximum of Euro 300 with the presentation of an invoice/professional receipt for the intervention.

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

Support for the associative and cultural life of the cities

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

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

An agreement has been in place for several years with the Italian Paralympic Committee Emilia-Romagna in order to encourage ever greater social integration of people with disabilities.

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

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

NFS



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

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

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

TPER interacts with the shareholders regarding corporate trends and business development strategies, while it consults government bodies on the construction of mobility development plans in the area. Finally, it maintains continuous relationships with the Agencies to meet the transport needs of the region and for the necessary monitoring of the activities.

The leaders and management of TPER frequently interact with these stakeholders on individual planning and monitoring actions, providing answers to questions and queries, and presenting responses to all the questions on the subjects for which they are

responsible, on a weekly basis. Many joint initiatives with the institutions are also reflected in the press conferences organised together.

Training and education **NFS**



The culture of mobility

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

Small students

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

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

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

Young students: the community-to-community bus

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

Thousands of students in the metropolitan areas of Bologna and Ferrara from more than 50 secondary and high school classes have met TPER drivers and inspectors, in an exchange on the approach and visions of the common good that is "public transport", whose success

depends on the contribution and the ability to collaborate of the staff and of bus and road users.

Company growth **NFS**



TPER compliance with rules

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

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

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

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

Compliance with the rules for passengers

In combating fare evasion, TPER has identified a fundamental activity to strengthen the economic sustainability of the company but also to promote the culture of public transport as a common good to be used in compliance with the rules and with a sense of civic duty.

To counter fare evasion, TPER has defined the "Io vado e non evado" [I go but I don't evade the fare] project in the last few years. The aim is to contribute to the establishment of a positive and loyal relationship between the company and users, which can strengthen the ability to listen on the one hand and raise awareness of compliance with the rules on the other. On several occasions, the project has involved all the company staff who on a voluntary basis can support their inspector colleagues, in order to directly understand the operational context and potential critical issues and strengthen the sense of belonging to the company.

Io vado e non evado

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

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

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

Marketing communication

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

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

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

In recent years, TPER has decided to provide some stops with a double name, to remind people of the Museum, Theatre or centre of cultural or institutional interest in the vicinity. The stops that have a double name include Opificio Golinelli, Mast, Teatri di Vita, Mambo, Genus Bononie, AVIS, Piazza dei Colori, Accademia Filarmonica di Bologna, MEIS, and the Museo nazionale dell'Ebraismo italiano e della Shoah in Ferrara. In 2019 Fondazione Cirulli of San Lazzaro di Savena was added to the agencies to promote, as a new museum complex of the Bologna metropolitan area.

Other initiatives



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All the activities listed below entail the involvement of the local community in various ways.

Promotion of institutional activities

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

- Prefecture of Bologna, contribution to the "let's start again safely" campaign
- Emilia-Romagna Region, Road Safety Observatory, promotion of the Fair Play communication campaign

- Metropolitan City, as part of the Metropolitan Pact for Work and Sustainable Development, community fund, support in the filming of the "give to do" commercial
- Municipality of Bologna, Ustica commemoration, truth, memory, history
- Municipality of Bologna, commemoration of 2 August
- Municipality of Bologna, Navile district, support for summer camps for destitute families.
- Municipality of Bologna, youth policy department, promotion of the competition of ideas "metti la mascherina e stacci dentro" ("put the mask on and stay inside")
- Municipality of Bologna - Dedalus, visibility of the Sembianze campaign, aimed at young people against bullying.
- Municipality of Bologna - visibility of the fingerprint campaign
- Municipality of Ferrara, together with the Emilia-Romagna National Carabinieri Association, promotion of the "Non ci casco" ("I'm not falling for that") campaign
- Municipality of Crevalcore, support for the "Crevalcore verso una mobilità scolastica sostenibile" ("Crevalcore towards sustainable school mobility") project
- ANPI, promotion of the initiative "Ciò che resiste" ("What resists")
- Fondazione Innovazione Urbana - communication and awareness-raising campaigns on sustainable mobility in Bologna
- Coordination of anti-violence centres in Emilia-Romagna, promotion to the campaign "Ricomincio da tre" (I start again from three)

Circolo Dozza activity promotion

TPER supports the Circolo Autoferrotranvieri, collaborating in activities that involve employees and members. The initiatives concern the world of sports, including Paralympic sports, culture and school. The 2021 initiatives included the Dieci Colli [Ten Hills] cycling event, that involves the entire city of Bologna and its province.

Cultural and Sporting Initiatives

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

- Municipality of Bologna, Bologna summer initiatives
- Municipality of Bologna, Bo Welcome - Culture Card promotion
- Municipality of Bologna, Genius Bononiae - promotion of the exhibition calendar
- Ferrara Mobility Agency - promotion of the Metropoli di paesaggio (Metropolis of Landscape) initiative
- CIP FERRARA (Italian Paralympic Committee), support to ensure athletes with disabilities have the structures and tools to play sports and attend sporting events, including by delivering the necessary equipment for playing the various sport specialities.
- Cineteca di Bologna, support in the making of the film "After the bridge", of the short film "Transformatio", of the Coliandro series, of the Diabolik series
- MEIS in Ferrara, visibility at the event beyond the ghetto
- Journalism school, contribution to visibility for the Academic Year 2021/2023
- Technology forum, visibility in the Bologna summer series of events
- In collaboration with Capo D - Green University Antarctica, participation in the initiative in media stat bus/from community to community

In addition, TPER launched the book-crossing initiative at its offices, with the construction of three bookcase spaces where employees and guests can leave or take the books exhibited, registered with a TPER stamp and sticker.

Other initiatives in the area

- Cucine Popolari (Popular kitchens) - sale at token price of a Multipla car and donation for the purchase of Easter colombas for needy families. In conjunction with the event involving the presentation of the corporate sustainability report, donation for an amount corresponding to the value of a post-event light lunch, which the company has renounced
- With the Emilia-Romagna Region and the S. Orsola Hospital, visibility of the campaign for accompanying childbirth courses.

Events and festivals

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

- Participation in the memorial event "Per non dimenticare - 2 agosto 1980" ("Not to forget - 2 August 1980"), also using historic bus 37 with photographic and commemorative panels
- Participation in the awareness-raising event Race for the Cure, in collaboration with Bellaria Hospital and the Komen Association, which is involved in the fight against breast cancer.
- Participation and support for the European Week of Sustainable Mobility, an event promoted by the European Commission with the objective of promoting the use of public transport or alternatives to private cars for daily commuting.
- Participation and support in the European Electric Mobility Week with the Corrente service
- With Club Italia, participation in an event on MAAS
- Participation in EV Show with Corrente bus and car presence

Support for non-profit associations

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

- AIL
- ANT
- ANTONIANO BOLOGNA CHOIR
- "VOCI DI DONNE" HARMONIES
- I BRADIPI - sports association
- VICINI D'ISTANTI - association
- MONDO DONNA
- Casa dei Risvegli Amici di Luca
- CASA DELLE DONNE
- KOMEN RACE FOR THE CURE Bellaria Hospital ward
- MEDICI SENZA FRONTIERE -
- ITACA PROJECT
- SAVE THE CHILDREN
- TELETHON
- UDI

Significant events subsequent to the close of the financial year and business outlook **NFS**

Russia-Ukraine Conflict

From 24 February 2022, despite attempts for a diplomatic solution made at the beginning of the year, Russia started a war on Ukrainian territory, following tension that had persisted for some time along the Ukrainian border.

The Russian military operation prompted international reaction and the condemnation of military action, which is still ongoing. The conflict is expected to trigger a humanitarian crisis, including economic and financial effects at global level.

In fact, we have already witnessed an increase in the prices of raw materials, and there are fears over cyber risks, for which it is necessary to adopt adequate defence mechanisms and maximum internal controls for the protection of digital systems.

Increase in energy costs

Also as a result of the conflict on Ukrainian territory, due to the sharp increase in global demand for gas which encountered rigidity in supply, the costs for the supply of electricity and natural gas in the first three months of 2022 increased overall by 42% on a quarterly basis. Compared to the first three months of 2021, however, the growth was + 70% for electricity and 105% for gas (Source: Unioncamere and BMTI).

Increase in inflation

The increase in energy costs (especially those of unregulated ones) is also driving inflation. In fact, the significant increases in the prices of energy commodities continue to be the driving force of inflation and their consequences are increasingly spreading to other product sectors, whose increased production costs reverberate on the final phase of marketing.

In May 2022, after a partial slowdown in April, inflation accelerates again, rising to a level that has not been recorded since March 1986 (when it stood at +7.0%).

Proposed allocation of operating profit

Dear Shareholders,

At the end of this presentation, we invite you to:

a) discuss and approve the Board of Directors' Report on Operations and the financial statements for the year ended 31 December 2021, which show a profit for the year of Euro 5,119,009.01

b) allocate the profit for the year:

- Euro 255,950.45 to the legal reserve
- Euro 2,363,058.56 to extraordinary reserve.
- Euro 2,500,000 distributed as dividends to shareholders.

At the date of approval of the financial statements, treasury shares amounted to 111,480.

For the Board of Directors

Chairperson and Chief Executive Officer

Giuseppina Gualtieri

Bologna, 27 May 2022

GRI Content Index - Index of GRI Indicators



Unless otherwise specified, the GRI Standards published in 2016 were used. The *GRI 303 Water and Discharges* and *GRI 403 Health and Safety at Work* standards, published in 2018, were used for the disclosure on the issues of water withdrawals and health and safety at work, respectively. Regarding the information on waste, the GRI 306 Waste standard, published in 2020, was adopted. *GRI 207 Taxes* (2019) was applied to the reporting of tax issues.

GRI Sustainability Reporting Standard		Chapter/Paragraph References	Notes Standard application/Omissions
102	GENERAL DISCLOSURES		
	PROFILE OF THE ORGANISATION		
102-1	Name of the organisation	Presentation of the integrated financial statements and methodological note TPER	
102-2	Activities, brands, products and services	TPER Context, strategies and impacts/The legislative and regulatory context Infrastructure, innovation and investments/TPER vehicles Services for the territory/Services offered Services for the territory/Ticket distribution	
102-3	Location of headquarters	TPER	
102-4	Location of operations	TPER	
102-5	Ownership and legal form	TPER Corporate Governance/Governance and corporate structure	
102-6	Markets served	TPER Services for the territory/Services offered Services for the territory/Ticket distribution	
102-7	Scale of the organisation	TPER summary data	
102-8	Information on employees and other workers	Internal organisation - Human resources/Valuing human resources	
102-9	Supply chain	Corporate Governance/Responsible management of the supply chain	
102-10	Significant changes to the organisation and its supply chain	Services for the territory/Services offered	
102-11	Precautionary Principle or approach	Corporate governance/Risk management	
102-12	External initiatives	Corporate governance/Memberships in external associations and initiatives TPER's commitment to the territory/Other initiatives	
102-13	Membership of associations	Corporate governance/Memberships in external associations and initiatives	
	STRATEGY		
102-14	Statement from senior decision-maker	Letter to stakeholders	
	ETHICS AND INTEGRITY		

102-16	Values, principles, standards, and norms of behaviour	TPER	
		Corporate governance/Control model and measures to combat corruption	
102-17	Mechanisms for advice and concerns about ethics		
	GOVERNANCE		
102-18	Governance structure	Corporate Governance/Governance and corporate structure	
	STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Context, strategies and impacts/Materiality analysis	
102-41	Collective bargaining agreements	Internal organisation - Human resources/Labour practices	
102-42	Identifying and selecting stakeholders	Context, strategies and impacts/Materiality analysis	
102-43	Approach to stakeholder engagement	Context, strategies and impacts/Materiality analysis	
		TPER's commitment in the territory/Public shareholders - Local institutions in the areas of operation - Mobility agencies	
102-44	Key topics and concerns raised	Context, strategies and impacts/Materiality analysis	
	REPORTING PRACTICES		
102-45	Entities included in the consolidated financial statements	Presentation of the integrated financial statements and methodological note	
102-46	Defining report content and topic boundaries	Presentation of the integrated financial statements and methodological note	
102-47	List of material topics	Context, strategies and impacts/Materiality analysis	
102-48	Restatements of information	Presentation of the integrated financial statements and methodological note	
102-49	Changes in reporting	Context, strategies and impacts/Materiality analysis	
102-50	Reporting period	Presentation of the integrated financial statements and methodological note	
102-51	Date of most recent report	Presentation of the integrated financial statements and methodological note	
102-52	Reporting cycle	Presentation of the integrated financial statements and methodological note	
102-53	Contact point for questions regarding the report	Presentation of the integrated financial statements and methodological note	
102-54	Claims of reporting in accordance with the GRI Standards	Presentation of the integrated financial statements and methodological note	
102-55	GRI Content index	GRI Content Index	
102-56	External assurance	Independent Auditors' Reports	
	MANAGEMENT METHOD		
103-1	Explanation of the material topic and its boundary	Context, strategies and impacts/Materiality analysis	
103-2	The management approach and its components	Context, strategies and impacts/Materiality analysis	
		Corporate governance/Control model and measures to combat corruption	
		Corporate governance/Integrated management system and policies	
		Corporate governance/Risk management	
		Corporate Governance/Responsible management of the supply chain	
		Services for the territory/The quality of services	
		Services for the territory/Communication, information, listening	

		Services for the territory/Safety	
		Services for the territory/Customer satisfaction	
		Environmental sustainability	
		Internal organisation - Human resources/Labour practices	
		Internal organisation - Human resources/Valuing human resources	
		Internal organisation - Human resources/Training and education	
		TPER's commitment to the territory	
103-3	Evaluation of the management approach	Context, strategies and impacts/Materiality analysis	
		Corporate governance/Control model and measures to combat corruption	
		Corporate governance/Integrated management system and policies	
		Corporate governance/Risk management	
		Corporate Governance/Responsible management of the supply chain	
		Services for the territory/The quality of services	
		Services for the territory/Communication, information, listening	
		Services for the territory/Safety	
		Services for the territory/Customer satisfaction	
		Environmental sustainability	
		Internal organisation - Human resources/Labour practices	
		Internal organisation - Human resources/Valuing human resources	
		Internal organisation - Human resources/Training and education	
		TPER's commitment to the territory	
GRI 200	ECONOMIC TOPICS		
201	ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	Economic and financial sustainability/Distributed economic value	
201-4	Financial assistance received from government	Economic and financial sustainability/Distributed economic value	
202	PRESENCE ON THE MARKET		
202-1	Relationship between the standard wage of a new employee by gender and the local minimum wage	Internal organisation - Human resources/Diversity and equal opportunities	
203	INDIRECT ECONOMIC IMPACTS		
203-1	Infrastructure investments and services supported	Infrastructure, innovation and investments/Investments	
		Infrastructure, innovation and investments/Projects	
		Infrastructure, innovation and investments/Innovation	
203-2	Significant indirect economic impacts	Economic and financial sustainability/Analysis of the economic impact on the area	
		Economic and financial sustainability/The extended value of TPER (direct, indirect, induced)	
204	PROCUREMENT PRACTICES		

204-1	Proportion of spending on local suppliers	Economic and financial sustainability/The extended value of TPER (direct, indirect, induced)	
205	ANTI-CORRUPTION		
205-1	Operations assessed for risks related to corruption	Corporate governance/Control model and measures to combat corruption	
205-3	Confirmed incidents of corruption and actions taken	Corporate governance/Control model and measures to combat corruption	
206	ANTI-COMPETITIVE BEHAVIOUR		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Corporate governance/Control model and measures to combat corruption	
		Corporate governance/Respect for the rules - regulatory compliance	
207	TAX - 2019		
207-1	Approach to taxation	Corporate governance/Respect for the rules - regulatory compliance	
207-2	Tax governance, risk control and management	Corporate governance/Respect for the rules - regulatory compliance	
207-3	Stakeholder engagement and management of concerns related to tax	Corporate governance/Respect for the rules - regulatory compliance	
207-4	Country-by-country reporting	Corporate governance/Respect for the rules - regulatory compliance	
GRI 300	ENVIRONMENTAL TOPICS		
302	ENERGY		
302-1	Energy consumption within the organisation	Environmental sustainability/TPER's contribution	
302-2	Energy consumption outside of the organisation	Environmental sustainability/TPER's contribution	
302-3	Energy intensity	Environmental sustainability/TPER's contribution	
302-4	Reduction of energy consumption	Environmental sustainability/TPER's contribution	
		Infrastructure, innovation and investments/TPER vehicles	
303	WATER AND EFFLUENTS - 2018		
303-1	Interactions with water as a shared resource	Environmental sustainability/Water resources	
303-2	Management of water discharge-related impacts	Environmental sustainability/Water resources	
303-3	Water withdrawal	Environmental sustainability/Water resources	
305	EMISSIONS		
305-1	Direct (Scope 1) GHG emissions	Environmental sustainability/TPER's contribution	
305-2	Energy indirect (Scope 2) GHG emissions	Environmental sustainability/TPER's contribution	
305-3	Other indirect (Scope 3) GHG emissions	Environmental sustainability/TPER's contribution	
305-4	GHG emissions intensity	Environmental sustainability/TPER's contribution	
305-5	Reduction of GHG emissions	Environmental sustainability/TPER's contribution	
305-6	Emissions of ozone-depleting substances (ODS)	Environmental sustainability/TPER's contribution	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Environmental sustainability/TPER's contribution	
306	WASTE		

306-1	Production of waste and significant impacts related to waste	Environmental sustainability/Waste management	
306-2	Management of the significant impacts associated with waste	Environmental sustainability/Waste management	
		Environmental sustainability/Waste production and value chain	
306-3	Waste produced	Environmental sustainability/Waste production and value chain	
306-4	Waste not destined for disposal	Environmental sustainability/Waste production and value chain	
306-5	Waste destined for disposal	Environmental sustainability/Waste production and value chain	
307	ENVIRONMENTAL COMPLIANCE		
307-1	Non-compliance with environmental laws and regulations	Corporate governance/Respect for the rules - regulatory compliance	
308	ENVIRONMENTAL ASSESSMENT OF SUPPLIERS		
308-1	New suppliers that have been evaluated using environmental criteria	Corporate Governance/Responsible management of the supply chain	
308-2	Negative environmental impacts in the supply chain and actions taken	Corporate Governance/Responsible management of the supply chain	
GRI 400	SOCIAL TOPICS		
401	EMPLOYMENT		
401-1	New hires and turnover	Internal organisation - Human resources/Valuing human resources	
401-3	Parental leave	Internal organisation - Human resources/Diversity and equal opportunities	
403	OCCUPATIONAL HEALTH AND SAFETY - 2018		
403-1	Occupational health and safety management system	Internal organisation - Human resources/Health and safety	
403-2	Hazard identification, risk assessment and incident investigation	Internal organisation - Human resources/Health and safety	
403-3	Occupational health services	Internal organisation - Human resources/Health and safety	
403-4	Worker participation, consultation, and communication on occupational health and safety	Internal organisation - Human resources/Health and safety	
403-5	Worker training on occupational health and safety	Internal organisation - Human resources/Health and safety	
403-6	Promotion of worker health	Internal organisation - Human resources/Health and safety	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Internal organisation - Human resources/Health and safety	
403-8	Workers covered by an occupational health and safety management system	Internal organisation - Human resources/Health and safety	
403-9	Work-related accidents	Internal organisation - Human resources/Health and safety	
403-10	Occupational illnesses	Internal organisation - Human resources/Health and safety	
404	TRAINING AND EDUCATION		
404-1	Average hours of training per year per employee	Internal organisation - Human resources/Training and education	

405	DIVERSITY AND EQUAL OPPORTUNITIES		
405-1	Diversity of governance bodies and employees	Corporate Governance/Governance and corporate structure	
		Internal organisation - Human resources/Diversity and equal opportunities	
405-2	Ratio of basic salary and remuneration of women to men	Internal organisation - Human resources/Diversity and equal opportunities	
413	LOCAL COMMUNITIES		
413-1	Operations with local community engagement, impact assessments, and development programs	TPER's commitment to the territory/Training and education	
		TPER's commitment to the territory/Other initiatives	
		TPER's commitment to the territory/Social growth	
413-2	Activities with significant actual and potential negative impacts on local communities	TPER's commitment to the territory/Local communities	
414	ENVIRONMENTAL ASSESSMENT OF SUPPLIERS		
414-1	New suppliers that have been evaluated through the use of social criteria	Corporate Governance/Responsible management of the supply chain	
416	HEALTH AND SAFETY OF THE CUSTOMER		
416-1	Assessment of the health and safety impacts by product and service categories	Services for the territory/Safety	
416-2	Incidents of non-compliance concerning the health and safety impacts of product and services	Services for the territory/Safety	
417	MARKETING AND LABELLING		
417-2	Incidents of non-compliance concerning products and service information and labelling	Services for the territory/The quality of services	
417-3	Incidents of non-compliance concerning marketing communications	Services for the territory/The quality of services	
418	CUSTOMER PRIVACY		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Corporate governance/Respect for the rules - regulatory compliance	
419	SOCIO-ECONOMIC COMPLIANCE		
419-1	Non-compliance with laws and regulations in the social and economic area	Corporate governance/Respect for the rules - regulatory compliance	

Consolidated financial statements 2021

Consolidated Statement of Financial Position

IN THOUSANDS OF EURO	NOTES	31/12/2021	31/12/2020
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1	179,604	161,712
Real estate		3,306	3,358
Rolling stock		163,816	145,389
Infrastructure		10,012	10,718
Other tangible assets		2,470	2,247
Intangible assets	2	16,678	17,319
Goodwill and other intangible assets with an indefinite useful life		0	0
Concession rights		16,263	16,651
Other intangible assets		415	669
Assets for rights of use	3	8,206	11,372
Equity investments	4	16,504	16,202
Equity investments at cost or at fair value		3,342	3,342
Equity investments measured using the equity method		13,161	12,860
Financial assets	5	34,388	32,754
Financial assets for contributions		0	32
Other financial assets		34,388	32,722
Deferred tax assets	6	2,711	7,372
Other assets		0	0
Non-current assets and disposal groups of assets		0	0
TOTAL NON-CURRENT ASSETS		258,090	246,731
CURRENT ASSETS			
Trade assets	7	105,763	102,460
Inventories		23,395	24,895
Trade receivables		82,368	77,566
Cash and cash equivalents	8	49,311	74,346
Financial assets			
Financial assets for contributions		5,892	6,502

Other financial assets		1,714	1,164
Assets for current income taxes	9	6,290	2,231
Other assets	10	18,159	5,722
TOTAL CURRENT ASSETS		187,130	192,424
TOTAL ASSETS		445,220	439,156
LIABILITIES			
Group shareholders' equity		168,768	162,439
Capital issued		68,493	68,493
Reserves		63,387	60,297
Profits/(losses) carried forward		31,819	30,997
Actuarial profit/loss		(1,651)	(962)
Profit/loss for the year		6,721	3,615
Shareholders' equity attributable to Minority interests		3,140	2,948
Minority interests in capital and reserves		2,918	3,008
Profit/(loss) attributable to minority interests		222	(61)
TOTAL SHAREHOLDERS' EQUITY	11	171,909	165,387
NON-CURRENT LIABILITIES			
Trade liabilities	12	1,173	0
Funds for provisions	13	42,775	47,442
Provisions for employee benefits		17,094	18,308
Provision for restoration and replacement of rolling stock		0	0
Other provisions		25,681	29,134
Financial liabilities	14	64,389	95,409
Bonds		63,441	94,878
Medium/long-term loans		67	77
Derivatives		0	31
Other financial liabilities		880	423
Long-term liabilities for leased assets	3	5,464	6,841
Deferred tax liabilities			
Other liabilities	15	23,004	21,782
TOTAL NON-CURRENT LIABILITIES		136,805	171,474

CURRENT LIABILITIES

Trade liabilities	12	63,433	64,139
Funds for provisions current portion	13	7,931	4,906
Provisions for employee benefits		1,299	1,986
Other provisions		6,633	2,920
Financial liabilities	14	31,687	0
Current account overdrafts		0	0
Short-term loans		0	0
Bonds		31,667	0
Derivatives		0	0
Medium/long-term loans		20	0
Other financial liabilities		0	0
Long-term liabilities for leased assets - short-term portion	3	2,418	4,289
Current income tax liabilities		0	0
Other current liabilities	15	31,037	28,960
Liabilities associated with disposal groups		0	0
TOTAL CURRENT LIABILITIES		136,506	102,294
TOTAL LIABILITIES		273,311	273,768
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		445,220	439,156

Consolidated comprehensive income statement

IN THOUSANDS OF EURO	NOTES	2021	2020
Revenue		218,213	206,749
LPT line services	16	179,030	167,103
Railway line services	17	26,821	26,521
Parking and car sharing	18	12,362	13,125
Other income	19	70,120	59,012
Operating costs		249,750	234,157
Personnel costs	20	102,665	107,439
Cost for services	21	93,151	81,285
Raw materials and materials	22	40,192	33,934
Use of third-party assets	23	7,776	7,258
Other operating costs	24	5,966	4,240
Amortisation/depreciation		21,552	21,070
Depreciation of tangible assets	25	15,805	15,423
Amortisation of intangible assets		1,373	1,183
Amortisation of assets for rights of use		4,375	4,464
Value write-downs/(reversals)	26	6	1,158
Change in funds for provisions	27	3,185	5,018
Operating result		13,839	4,358
Financial income	28	1,500	983
Dividends		0	0
Other financial income		1,500	983
Financial charges	29	2,268	2,555
Charges on bonds		1,987	1,988
Charges on loans		17	115
Other financial charges		264	452
Total financial income/(charges)		(768)	(1,572)
Share of profit (loss) on investments accounted for using the equity method	30	(595)	(831)
Result before tax		12,475	1,955
Tax charges	31	5,534	(1,600)
Current income taxes		1,159	2,393
Deferred tax assets and liabilities		4,375	(3,993)
Net profit/(loss) for the year (Group and Minority Interests)		6,941	3,555
<i>Of which:</i>			
Profit attributable to the Group		6,721	3,615

IN THOUSANDS OF EURO	NO TE S	2021	2020
Profit for the year	(a)	6,941	3,555
Profit/(loss) from the measurement of equity investments using the equity method	4	297	(127)
Other components of the comprehensive income statement for the year that can be reclassified to the income statement	(b)	297	(127)
Profit/(loss) from actuarial valuation of provisions for employee benefits	13	(403)	(58)
Tax effect on profit/(loss) from actuarial valuation of provisions for employee benefits	6	(286)	14
Other components of the comprehensive income statement for the year that cannot be reclassified to the income statement	(c)	(689)	(44)
Reclassifications from other components of the statement of comprehensive income to the income statement for the year	(d)	0	0
Tax effect related to reclassifications from other components of the statement of comprehensive income to the income statement for the year	(e)	0	0
Total other components of the income statement for the year	(f=b+c+d +e)	(392)	(171)
Comprehensive economic result for the year	a+f	6,549	3,384
<i>Of which:</i>			
attributable to the Group		6,329	3,445
attributable to Minority interests		220	(62)

Statement of changes in consolidated shareholders' equity

IN THOUSANDS OF EURO	GROUP SHAREHOLDERS' EQUITY								Shareholders' equity attributable to Minority interests	Total shareholders' equity attributable to the group and to minority interests
	Capital issued	Reserve for measurements of equity investments using the equity method	Treasury shares	Other reserves	Actuarial profit/loss	Profits/(losses) carried forward	Profit/(loss) for the year	Total		
Balance as at 31/12/2019	68,493	(509)	(188)	54,610	(919)	30,626	6,871	158,984	3,067	162,051
Comprehensive economic result for the year		(127)			(43)		3,615	3,445	(62)	3,384
Transactions with shareholders and other changes										
- Dividends								0	(58)	(58)
- Purchase of treasury shares								0		0
- Allocation of the previous-year result				6,114		757	(6,871)	0		0
- Other changes				10				10	0	10
Balance as at 31/12/2020	68,493	(636)	(188)	60,734	(962)	31,383	3,615	162,439	2,948	165,387
Comprehensive economic result for the year		297			(689)		6,721	6,329	220	6,549
Transactions with shareholders and other changes										
- Dividends								0	(28)	(28)
- Purchase of treasury shares								0		0
- Allocation of the previous-year result				3,180		435	(3,615)	0		0
- Other changes								0	0	0
Balance as at 31/12/2021	68,493	(339)	(188)	63,914	(1,651)	31,818	6,721	168,768	3,140	171,909

Consolidated cash flow statement

MIGLIAIA DI EURO	NOTE	2021	2020
Utile / (perdita) dell'esercizio		6.941	3.555
Ammortamenti	25	21.552	21.070
Variazione operativa dei fondi	27	3.185	5.018
Svalutazioni / (Rivalutazioni) delle attività finanziarie e delle partecipazioni contabilizzate al costo e al fair value		0	0
Quota dell'utile / (perdita) delle partecipazioni contabilizzate con il metodo del patrimonio netto	30	(595)	(831)
Proventi ed (oneri) finanziari	28-29	768	1.572
Svalutazioni / (rivalutazioni) di valore di attività finanziarie correnti e non correnti	26	6	1.158
Svalutazioni / (rivalutazioni) di valore di attività correnti e non correnti		0	
Minusvalenze / (plusvalenze) da realizzo di attività non correnti		(68)	(4.390)
Variazione del capitale di esercizio e altre variazioni		(15.278)	(5.950)
Flussi di cassa netto da attività operativa		16.512	21.202
Investimenti in attività materiali	1	(37.561)	(33.548)
Investimenti in attività immateriali	2-3	(1.953)	2.576
Investimenti in partecipazioni	4	(600)	0
Investimenti al lordo dei contributi		(40.114)	(30.972)
Contributi attività materiali	1	2.506	40.495
Contributi attività immateriali		0	0
Contributi partecipazioni			
Contributi		2.506	40.495
Disinvestimenti in attività materiali	1	1.426	4.901
Disinvestimenti in attività immateriali	2	14	0
Disinvestimenti in partecipazioni		0	0
Disinvestimenti		1.440	4.901
Flusso di cassa netto per attività di investimento		(36.168)	14.424
Acquisto di azioni proprie			0
Dividendi corrisposti	11	(28)	(58)
Variazione delle passività per beni in leasing	3	(3.248)	(1.867)
Emissione / (rimborsi) di prestiti obbligazionari			
Accensione di finanziamenti a medio-lungo termine		0	0
Rimborso di finanziamenti a medio-lungo termine	14	(10)	(13.316)
Accensione / (Rimborso) di finanziamenti a breve termine			
Proventi finanziari incassati		47	983
Oneri finanziari pagati		(2.018)	(2.325)
Variazione netta delle altre attività finanziarie	5	(551)	(42)
Variazioni netta delle altre passività finanziarie	14	427	(96)
Flusso di cassa netto da attività finanziaria		(5.380)	(16.721)
Flusso di cassa netto di periodo		(25.036)	18.905

Disponibilità liquide e mezzi equivalenti di inizio esercizio	 	74.346	55.441
Disponibilità liquide e mezzi equivalenti di fine esercizio	 	49.310	74.346

Explanatory notes to the consolidated financial statements

Introduction - General information

TPER Group operates in the local and regional public road and rail transport sector. For more information on the Group's activities, see the Report on Operations.

The Parent Company is TPER S.p.A. (hereinafter TPER or Company or Parent Company), a joint stock company with its registered office in Bologna, in Via di Saliceto, 3. The company term is fixed to 31 December 2050.

As at the date of preparation of these financial statements, no shareholder holds control. The Emilia-Romagna Region is the relative majority shareholder of TPER (46.13%). The other shareholders are the Municipality of Bologna (30.11%), the Metropolitan City of Bologna, (18.79%), the Azienda Consorziale Transport ACT of Reggio Emilia (3.06%), the Province of Ferrara (1.01%), the Municipality of Ferrara (0.65%), Ravenna Holding S.p.A. (0.04%) and the Province of Parma (0.04%).

Furthermore, TPER owns 111,480 treasury shares (0.16%).

The consolidated financial statements of the TPER Group relating to the year ended as at 31 December 2021 are drafted in thousands of Euro, the current currency in the economy in which the Group operates.

Methods of presentation of financial statements, accounting methods and standards applied

Compliance with IFRS

The consolidated financial statements of TPER for the year ended 31 December 2021, prepared in accordance with the business continuity of the Parent Company and of the other consolidated companies, have been prepared pursuant to Articles 2 and 3 of Italian Legislative Decree no. 38/2005, in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board and endorsed by the European Commission, which include the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as well as the previous International Accounting Standards (IAS) and previous interpretations of the Standard Interpretations Committee (SIC) still in force. For simplicity, the set of all the standards and interpretations is hereafter defined as the "IFRS".

Following the issue by the Parent Company of a bond quoted on the Dublin Stock Exchange on 15 September 2017, the TPER Group has adopted the international accounting standards, International Financial Reporting Standards (IFRS), from the year 2017, with a date of transition to IFRS of 1 January 2016.

Presentation of Financial Statements

The consolidated financial statements consist of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of changes in shareholders' equity and Cash Flow Statement and of the Explanatory Notes.

The accounting standards reflect the full operations of the Group in the foreseeable future and are applied in the assumption of the company as a going concern. For more details

regarding verification of the going concern assumption please refer to the appropriate paragraph of these Explanatory Notes.

The items in the statement of financial position are classified into current and non-current, those of the income statement are classified by nature.

Assets and liabilities are classified as current if:

- Their realisation/settlement is expected in the normal corporate operating cycle or in the twelve months following the end of the financial year
- They consist of cash or cash equivalents that do not have restrictions such as to limit their use in the twelve months following the end of the financial year.
- They are mainly held for trading purposes.

The statement of comprehensive income (loss) indicates the economic result supplemented by income and charges which, owing to an express provision of the IFRS, are not booked to the income statement.

The statement of changes in shareholders' equity presents the comprehensive income (loss) for the year, transactions with shareholders and other changes in shareholders' equity.

The cash flow statement is prepared according to the "indirect method", by adjusting the profit for the year for other non-monetary components.

The accounting standards reflect the full operations of the Company in the foreseeable future and are applied in the assumption of the Company as a going concern. For more details regarding verification of the going concern assumption please refer to the appropriate paragraph of these Explanatory Notes.

IFRS are applied consistently with the indications provided in the "Conceptual Framework for Financial Reporting" and there have not been any critical issues that have led to the use of derogations pursuant to IAS 1, Paragraph 19.

All values are expressed in thousands of Euro, unless otherwise indicated.

The Euro represents the functional currency of the Parent Company and of the subsidiaries, as well as that of the presentation of the consolidated financial statements of the TPER Group.

For each item of the financial statements, the corresponding value of the previous year closed as at 31 December 2020 is shown for comparative purposes.

With reference to the regulations introduced by directive no. 2013/50/EU, the so-called transparency directive) which established that the set of documents that make up the annual financial report must be prepared in a single electronic communication format compliant with delegated regulation (EU) no. 2018/815 of 17 December 2018 (OJEU L143 of 29 May 2019) known as the European Single Electronic Format (ESEF) from financial years starting from 1 January 2021, the exemption referred to in Article 83 1 paragraph letter b) of Consob Regulation no. 11971/1999 (Issuers) is applicable to the TPER Group, as TPER has issued "*exclusively debt securities admitted to trading on a regulated market whose unit nominal value is at least Euro 100,000*".

Criteria, procedures and scope of consolidation

The scope of consolidation includes the Parent Company and the companies over which TPER directly or indirectly exercises control, both by virtue of having obtained the majority of the votes that can be exercised during the meeting (also taking into account potential voting rights deriving from immediately exercisable options), both as a result of other facts or circumstances that (even apart from the extent of shareholder relations) attribute power over the company, the exposure or the right to variable returns on the investment in the company and the ability to use that power on the company to influence investment returns.

The subsidiaries, consolidated on a line-by-line basis, are as follows:

Company name	Registered office	Currency	Share capital	TPER Group interests
OMNIBUS	Via di Saliceto, 3 - Bologna	Euro	80,000	51
TPF	Via S. Trenti, 35 - Ferrara	Euro	10,000	97
TPB	Via di Saliceto, 3 - Bologna	Euro	10,000	85
MA.FER	Via di Saliceto, 3 - Bologna	Euro	3,100,000	100
DINAZZANO PO	Piazza Guglielmo Marconi 11 - Reggio Emilia	Euro	38,705,000	95.35
SST	Via S. Trenti, 35 - Ferrara	Euro	110,000	51
HERM	Via di Saliceto, 3 - Bologna	Euro	10,840,000	94.95

Entities are included in the scope of consolidation from the date on which the TPER Group acquires control, as defined above, while they are excluded from the date on which the TPER Group loses control.

According to the provisions of accounting standard IFRS 10, control is obtained when the TPER Group is exposed, or is entitled to variable returns deriving from the relationship with the investee and has the capacity, through the exercise of power over the investee, to influence the related returns.

Power is defined as the present ability to direct the relevant assets of the subsidiary under existing substantial rights. The existence of control does not depend solely on the possession of the majority of the voting rights, but on the substantial rights of the investor over the investee company. Consequently, the management's judgement is required to evaluate specific situations that determine substantial rights that give the TPER Group the power to direct the significant activities of the investee in order to influence its returns.

For the purposes of the assessment on the requirement of control, the management analyses all the facts and circumstances, including agreements with other investors, rights deriving from other contractual agreements with potential voting rights (call options, warrants, put options assigned to minority shareholders, etc.). These other facts and circumstances may be particularly relevant in the context of this assessment, especially in cases where the TPER Group holds less than the majority of the voting rights, or similar rights, of the investee company.

TPER Group reviews the existence of the control conditions on an investee when the facts and circumstances indicate that there has been a change in one or more elements considered for the verification of its existence. Lastly, it should be noted that, in assessing the existence of the control requirements, no de facto control situations were found. The changes in the shareholding in investments in subsidiaries that do not involve the loss of

control are recognised as capital transactions by adjusting the portion attributable to the shareholders of the Parent Company and that to third parties to reflect the change in ownership. Any difference between the consideration paid or received and the corresponding fraction of net assets acquired or sold is recognised directly in consolidated shareholders' equity. When the TPER Group loses control, any residual shareholding in the previously controlled company is remeasured at fair value (with a contra-entry in the income statement) as at the date on which it loses control.

For the purposes of consolidation, the financial statement figures of the subsidiaries are drawn up using the same accounting standards as the parent company for each accounting item; any consolidation adjustments are made to homogenise the items that are affected by the application of different accounting standards.

All intercompany balances and transactions, including any significant unrealised profits deriving from transactions between companies of the TPER Group, are completely eliminated. The accounting value of the equity investment in each of the subsidiaries is eliminated against the corresponding share of shareholders' equity of each of the subsidiaries including any adjustments to the fair value at the date of acquisition; any positive difference is treated as "goodwill", and any negative difference is recorded in the income statement at the acquisition date.

The minority interests in the net assets of the consolidated subsidiaries are identified separately from the shareholders' equity of the TPER Group. This interest is determined based on the percentage held by them in fair value of the assets and liabilities recorded at the date of the original acquisition and in the changes in the shareholders' equity after that date. Subsequently, losses attributable to minority shareholders exceeding their shareholders' equity are attributed to the Group's shareholders' equity, except in cases where minorities have a binding obligation to cover losses and are able to sustain further investments to cover the losses.

Equity investments in companies in which the Group has a significant influence (which is presumed to exist when the equity investment is between 20% and 50%), hereinafter "associates", and in joint ventures are measured using the equity method. At the time of the acquisition of the equity investment accounted for using the equity method, any difference between the cost of the equity investment and the entity's interest in the net fair value of the identifiable assets and liabilities of the investee is accounted for as follows:

- Goodwill pertaining to an associate or a joint venture is included in the book value of the equity investment; said goodwill is not amortised.
- In determining the initial value of the equity investment in the entity, any excess of the interest in the net fair value of the identifiable assets and liabilities of the investee with respect to the cost of the equity investment, is included as income in the profit (loss) for the year of the associate or joint venture in the period in which the equity investment is acquired.

In addition, following acquisition, adequate adjustments are made to the entity's interest in the profit (loss) of the associate or the joint venture, in order to take account, for example, of the amortisation of assets which can be amortised based on the respective fair values at the acquisition date, and any impairment of the goodwill or property, plant and equipment. In addition, the equity method requires:

- profits or losses pertaining to the Group to be booked to the income statement from the date on which the significant influence or control started until the date the significant influence or control ceases; in the event that, as a result of losses, the company measured using the method in question shows negative equity, the carrying amount of the investment is eliminated and any loss attributable to the Group, if the latter has committed to fulfilling legal or implicit obligations of the investee company, or in any case, covering its losses, is recognised in a specific liability provision; changes in the equity of companies measured using the equity method, not represented by the profit from the income statement, are recorded directly as an adjustment to the equity reserves
- Unrealised gains and losses generated on transactions between the Parent Company/subsidiaries and the investee company measured using the equity method are eliminated on the basis of the value of the Group's interest in the investee company; unrealised losses are eliminated, except where they represent an impairment loss.

Accounting policies and valuation criteria

The most important accounting standards and valuation criteria applied in the preparation of the TPER Group's annual accounts are described below.

Tangible assets

A tangible asset is recognised if, and only if: (a) it is probable that the future economic benefits associated with the item will flow to the entity; and (b) the cost can be measured reliably.

Tangible assets are recorded at purchase cost, including any directly attributable accessory charges, as well as financial charges incurred in the period of realisation of the assets.

Costs for the improvement, updating and transformation of a tangible asset are recognised as an increase in the initial cost when it is probable that the expected future economic benefits will increase. The replacement costs of identifiable components are recognised as tangible assets and depreciated over their useful life. The remaining book value of the replaced component is recognised in the income statement. All other maintenance and repair costs are charged to the income statement when incurred.

The amount to be depreciated is the cost or other amount substituted for the cost minus its residual value.

The residual value of an asset is the estimated amount that an entity would currently obtain from the divestment of the asset, net of estimated disposal costs, if the asset was already of the age and in the expected condition at the end of its useful life.

Starting from the moment in which the asset is available and ready for use, the amount to be depreciated is systematically depreciated on a straight-line basis over its useful life, defined as the period of time in which the entity is expected to use the asset.

The residual value and useful life of an asset are reviewed at least at each year-end date and, if the expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting standards, Changes in accounting estimates and errors.

Assets with a closely related use in the context of a concession are depreciated over the concession period or their useful life if lower.

In particular, for the purposes of defining the depreciation plan for buses and trolley buses used by TPER under the Bologna service contract and the Ferrara service contract and allocated for transfer, the depreciable amount is defined on the basis of the difference between the net book value at the beginning of the year and the residual value, which in this specific case is the estimate of the market value recognised by the new contractor, calculated according to the criteria identified by the Resolution of the Transport Regulatory Authority no. 49 of 17 June 2015 and referring to the UNI 11282/2008 standard and subsequent amendments or additions. The depreciable amount determined in this way is depreciated on the basis of the residual maturity of the service agreement taking into account possible extensions and taking into consideration the useful life of the fixed assets subject to depreciation.

During 2019, both the service contract for the management of the LPT (local public transport) in the Municipality of Bologna and that in the Municipality of Ferrara were extended.

In particular, in relation to the service contract for the management of the Bologna LPT, signed on 4 March 2011, SRM Reti and Mobilità S.r.l., on behalf of the Municipality of Bologna, communicated the extension of the assignment to 31 August 2024. TPF and Ami Ferrara signed an extension of the service contract in the Ferrara area until 16 December 2023.

Consequently, the estimate of the useful life was adjusted to take account of the new expiries of the service contracts due to the extensions.

With the exception of what was shown in relation to the depreciation of buses and trolley buses used in the service contracts for the Bologna and Ferrara LPT, the annual depreciation rates used in 2021 presented for similar categories are shown in the following table.

Tangible Assets	Depreciation rate
Buildings used in operations	2.57%
Trains and locomotives	3.50%
Railway carriages	3.50%
Buildings	4%
Light constructions	10%
Plant	10%
Rail cars	10%
Office furniture and equipment	12%
Expenses of long-term use on third-party assets	20%
Office machines and equipment	20%
Technical instruments	20%
Ticketing machines and validators	20%
Electronic machines	20%
Light balls	20%
Motor vehicles	25%
Sundry vehicles	25%

In the presence of specific indicators regarding the risk of non-recovery of the carrying amount of the tangible assets, these are subjected to verification to detect any losses (impairment test), as described later in the specific paragraph.

Tangible assets are no longer shown in the financial statements following their sale; any profit or loss (calculated as the difference between the sale value, net of selling costs, and the carrying amount) is recognised in the income statement for the year of sale.

Intangible assets

Intangible assets are identifiable assets without physical substance, controlled by the company and capable of producing future economic benefits, as well as goodwill, when acquired for consideration.

The ability to identify is defined with reference to the possibility of distinguishing the acquired intangible asset compared to the goodwill. This requirement is normally satisfied when the intangible asset: (i) is attributable to a legal or contractual right or (ii) is separable, i.e. it can be sold, transferred, rented or exchanged independently or as an integral part of other activities. The control by the company consists in the ability to take advantage of the future economic benefits deriving from the asset and in the possibility of limiting its access to others.

Costs relating to internal development activities are recorded in the balance sheet when: (i) the cost attributable to the intangible asset can be reliably determined, (ii) there is the intention with, the availability of financial resources and the technical capacity to make the asset available for use or sale, (iii) it is demonstrable that the asset is capable of producing future economic benefits.

Intangible assets are recorded at cost, which is determined according to the same methods indicated for tangible assets.

Intangible assets with a finite useful life are amortised instead from the moment in which the same assets are available for use, in relation to the residual useful life.

The annual amortisation rates used in 2021, presented by similar categories with evidence of the relative application interval, are shown in the following table.

Intangible assets	Amortisation rate
Dinazzano concession	2.30%
Software	33.33%

In the presence of specific indicators regarding the risk of non-full recovery of the value of the intangible assets, these are subject to a review to detect any losses in value (impairment test), as described in the paragraph "Impairment and reversal of impairment of assets (impairment test)".

The gain or loss deriving from the sale of an intangible asset is determined as the difference between the disposal value, net of selling costs, and the net book value of the asset and is recorded in the income statement of the year of sale.

Right of use

The accounting treatment of lease contracts was changed following the entry into force of accounting standard IFRS 16 - Leases, starting from 1 January 2019.

At the date of the start of the contract, a right of use of the asset subject to leasing is recognised, equal to the initial value of the corresponding lease liability, plus payments due before or at the same time as the date the contract takes effect (e.g. agency expenses). Subsequently, this right of use is measured net of accumulated amortisation/depreciation and impairment. Amortisation/depreciation starts on the date the lease takes effect, and extends in the shorter of the contractual duration and the useful life of the underlying asset.

The assets consisting of the right of use are presented as a separate item in the Statement of Financial Position.

The Group avails itself of the right granted by the principle of non-application of the new provisions to short-term leases (with a duration not exceeding twelve months) and contracts in which the individual underlying asset is of low value; for these contracts, the Group continues to adopt IAS 17 by recognising lease fees in the income statement as a contra-entry to trade payables.

Business combinations and goodwill

Acquisitions of companies and business units are accounted for through use of the acquisition method, as required by IFRS 3; for this purpose, the acquired assets and identifiable liabilities acquired are recognised at their respective fair value at the date of acquisition. The cost of acquisition is measured by the total of the fair value, at the exchange date, of the assets, the liabilities assumed and any capital instruments issued by the Company, exchanging control of the acquired entity. Ancillary costs directly attributable to the business combination transaction are recognised in the income statement when incurred.

Goodwill is recorded as the positive difference between the acquisition cost, increased by both fair value on the date of acquisition of any non-controlling interests already held in the acquisition, and of the value of minority interests held by third parties in the acquisition (the latter valued, for each transaction, at the fair value or in proportion to the current value of the identifiable net assets of the acquisition), and the fair value of these assets and liabilities.

As at the date of acquisition, the goodwill that emerged was allocated to each of the units generating substantially autonomous financial flows that are expected to benefit from the synergies deriving from the business combination.

In the case of a negative difference between the acquisition cost (increased by the above components) and the fair value of assets and liabilities, this is recorded as income in the income statement of the year of acquisition.

Any goodwill relating to non-controlling investments is included in the carrying amount of the investments relating to these companies.

If all the necessary information for determining the fair value of the assets and liabilities acquired is not available, these are provisionally recognised in the financial year in which the business combination transaction is realised and adjusted, with retroactive effect, no later than twelve months after the date of acquisition.

After initial recognition, goodwill is not amortised and is decreased by any accumulated impairment losses, determined using the methods described in the paragraph “Impairment and reversal of impairment of assets (impairment test)”.

Service concession arrangements

IFRIC 12 provides that in the presence of certain characteristics of the concession deed, the infrastructures used for the provision of public services under concession are recorded under intangible assets and/or financial assets depending on whether the concessionaire is entitled to a fee, respectively, from the customer for the service provided and/or has the right to receive it from the granting public body.

Equity investments

In the TPER Group’s consolidated financial statements, equity investments in companies in which the Group has a significant influence, so-called “associates”, and in jointly controlled companies, are measured using the equity method.

Also see the note - Criteria, procedures and scope of consolidation.

Equity investments in other companies, which can be classified in the category of capital financial instruments pursuant to IFRS 9, are initially recorded at cost, registered at the settlement date, insofar as it is representative of the fair value, including directly attributable transaction costs.

After the initial accounting, such equity investments are measured at fair value, with recognition of the effects in the income statement, except those that are not held for trading and for which, as allowed by IFRS 9, the option of designation at fair value with recognition of subsequent changes in the other components of other comprehensive income has been exercised at the time of acquisition.

Equity investments are derecognised when the contractual rights to the cash flows derived from the assets themselves expire or when the equity investment is sold, thereby effectively transferring all the risks and benefits pertaining thereto.

Treasury shares

The purchase cost of treasury shares is recognised as a reduction in equity. The effects of any subsequent transactions on these shares are also recorded directly in equity.

Inventories

Inventories, mainly consisting of supplies and spare parts for the maintenance of rolling stock, are valued at the lower of the purchase or production cost and the net estimated recoverable amount obtainable from its sale in the ordinary course of business. The book value is determined by applying the weighted average cost method.

Financial instruments

Financial assets and liabilities are recognised when the TPER Group becomes part of the instrument’s contractual clauses.

Receivables and payables

The receivables are initially recorded at fair value and subsequently valued at amortised cost, using the effective interest rate method, net of the related impairment losses with reference to the amounts considered uncollectable. The estimate of amounts deemed

uncollectable is made on the basis of the expected future cash flows. These flows take into account the expected recovery times, the presumed realisation value, any guarantees received, as well as costs that are expected to be incurred for debt recovery. The original value of receivables is reinstated in subsequent years to the extent that the reasons that determined the adjustment cease to exist. In this case, the reversal of value is recorded in the income statement and cannot in any case exceed the amortised cost that the receivable would have had in the absence of previous adjustments. The effects of write-downs and reversals of value are included in the income statement in the item Write-downs/(reversals) of value.

The payables are initially recognised at cost, corresponding to fair value of the liability, net of any directly attributable transaction costs. After initial recognition, the payables are valued with the amortised cost criteria, using the effective interest rate method.

The trade receivables and payables, whose expiration falls within normal commercial terms, are not discounted.

Cash and cash equivalents

Cash and cash equivalents are recorded at nominal value, which coincides with the amortised cost, and include the values that meet the requirements of high liquidity, available at sight or very short-term and an irrelevant risk of change in their value.

Financial derivative instruments

All derivative financial instruments are shown in their financial statements at fair value, determined on the closing date of the financial year.

The derivatives are classified as hedging instruments, in accordance with IFRS 9, when the relationship between the derivative and the subject of the hedge is formally documented and the effectiveness of the hedge, initially and periodically verified, is high.

For instruments which cover the risk of changes in the cash flows of assets and liabilities (including with reference to prospective and highly probable assets and liabilities) subject to hedging (cash flow hedges), changes in the fair value are recognised in the statement of comprehensive income and any non-effective part of the hedging is recorded in the income statement. The cumulative changes in fair value set aside in the cash flow hedge reserve are reclassified from the statement of comprehensive income to the income statement for the year in which the hedging relationship is to cease.

For instruments that cover the risk of changes of the fair value of hedged assets and liabilities (fair value hedge), the changes in fair value are recorded in the income statement for the year. The related hedged assets and liabilities are also consistently adjusted to fair value, with an impact on the income statement.

The changes of fair value derivatives that do not meet the conditions for qualifying for IFRS 9 as hedging instruments are recognised in the income statement.

Other financial assets and liabilities

The other financial assets in which the intention and the ability to maintain them exists until maturity and the other financial liabilities are recorded at cost, registered at the settlement date, represented by the fair value of the initial consideration, increased in the case of assets and reduced in the case of the liabilities of any transaction costs directly

attributable to the acquisition of the assets and the issue of the liabilities. Subsequent to initial recognition, the financial liabilities are valued at amortised cost, using the effective interest rate method.

Financial assets and liabilities are no longer shown in the financial statements when, as a result of their sale or settlement, TPER Group is no longer involved in their management, nor does it hold the risks and benefits relating to these instruments sold/terminated.

If there is a change in one or more elements of an existing financial instrument (also through substitution with another instrument), a qualitative and quantitative analysis is carried out in order to verify whether this change is substantial with respect to the existing contractual terms. In the absence of substantial changes, the instrument continues to be expressed at the amortised cost already recorded, and the recalculation of the effective interest rate of the instrument is carried out; in the event of modifications to the financial statements, the existing instrument is cancelled and there is contextual recognition of the fair value of the new instrument, with the allocation in the income statement of the relative difference.

The financial assets held with the aim of making a profit in the short term are recorded and valued at fair value, with allocation of the effects to the income statement; other financial assets other than the previous ones are classified as financial instruments available for sale, recorded and valued at fair value with allocation of the effects in the statement of comprehensive income and, therefore, in a specific equity reserve. No reclassification of financial instruments has ever been made between the categories described above.

Lease liability

The lease liability, with the nature of a financial liability, is initially recognised at the present value of lease fees unpaid at the date of contractual effectiveness; for the purposes of calculation of the present value, the Group uses the incremental borrowing rate, defined for the duration of the loan and for each Group company.

The payments included in the initial measurement of the lease liability include:

- Fixed payments, net of any lease incentives to be received;
- Variable payments due for the lease that depend on an index or rate initially measured using an index or rate at the date of effectiveness (e.g. ISTAT adjustments);
- The exercise price of a purchase option, if the lessee is reasonably certain to exercise the option.

Variable payments that do not depend on an index or a rate are, by contrast, not included in the initial value of the lease liability. These payments are booked as a cost in the Income Statement, in the period in which the event or condition that generates the obligation is verified.

Subsequently, the lease liability is reduced to reflect the lease fees paid and increased to reflect the interest on the value that remains.

The Group recalculates the lease liability (and makes a corresponding adjustment to the associated right of use) in the event of a change in:

- The duration of the lease

- Future payments due for the lease, deriving from a variation in the index or rate used to determine the payments (e.g. ISTAT) or as a result of a re-negotiation of the economic conditions.

Only in the event of a significant change in the duration of the lease or the future payments due for the lease does the Group recalculate the residual value of the lease liability, making reference to the incremental borrowing rate in force on the date of the change; in all other cases, the lease liability is recalculated by using the initial discount rate.

Funds for provisions

“Funds for provisions” are recognised when there is a current obligation (legal or implicit) with respect to third parties resulting from a past event, an outflow of resources is likely to satisfy the obligation and a reliable estimate of the amount of the obligation can be made.

The provisions are recorded at the value representing the best estimate of the amount that the entity would pay to extinguish the obligation or to transfer it to third parties as at the closing date of the financial year. If the effect of discounting is significant, the provisions are determined by discounting the expected future cash flows at a discount rate that reflects the current market valuation of the cost of money. When discounting is carried out, the increase in the provision due to the passage of time is recognised as a financial charge.

The “Funds for the restoration and replacement of rolling stock” are determined on the basis of the wear and age of the rolling stock outstanding at year-end.

Employee benefits

The liabilities related to short-term benefits guaranteed to employees, paid during the employment relationship, are recognised on an accrual basis for the amount accrued as at the end of the financial year.

The liabilities related to medium-long term benefits guaranteed to employees are recorded in exercising the right of the law, net of any assets serving the plan and the advances paid, determined on the basis of actuarial assumptions, if significant, and are recorded on an accrual basis consistent with the work services necessary to obtain the benefits.

The liabilities relating to the benefits guaranteed to employees, paid in connection with or after the termination of the employment relationship through defined contribution plans, are recorded for the amount accrued as at the end of the financial year.

The liabilities related to the benefits guaranteed to employees, paid in connection with or after the termination of the employment relationship through defined benefit plans, are recorded in the year of maturity of the right, net of any assets servicing the plan and the advances paid, determined on the basis of actuarial assumptions and are recognised on an accrual basis consistent with the work services necessary to obtain the benefits. The liability assessment is carried out by independent actuaries. The profit or loss deriving from the actuarial calculation is fully recorded in the statement of comprehensive income, in the reference year.

Revenues from contracts with customers

Revenue is the gross inflow of economic benefits arising in the course of the ordinary activities of an entity and is recognised when the control of the goods or services is transferred to the customer, at a figure representing the amount of consideration to which

the entity expects to be entitled. More specifically, revenue is recognised through the application of a model that must meet the following criteria:

- Identification of the contract, defined as an agreement in which the parties undertake to fulfil their respective obligations;
- Identification of the individual performance obligations contained in the contract;
- Determination of the transaction price, i.e. the consideration expected for the transfer to the customer of the goods or services;
- Allocation of the transaction price to each performance obligation, on the basis of the selling prices of the individual obligation
- Recognition of revenue when (or as) the performance obligation is satisfied by transferring the promised goods or service to the customer.

The transaction price is the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods and services to the customer. It may include fixed and/or variable amounts. Revenues based on variable amounts are recognised in the Income Statement if reliably estimated and only if it is highly likely that such consideration will not, in subsequent periods, need to be wholly or substantially reversed from the Income Statement. In the event of a high prevalence of uncertainty related to the nature of the consideration, said consideration will only be recognised when such uncertainty is resolved.

Revenues can be recognised:

- At a point in time, when the entity fulfils the obligation to transfer the promised good or service to the customer, or
- Over time, as the entity fulfils the obligation to transfer the promised goods or service to the customer.

The good is transferred when, or in the course of the period in which, the customer acquires control of it.

With reference to revenues for relationships with the most important customers for the Group, the moment of revenue recognition generally coincides:

- For travel tickets, with provision of the service;
- For supplementing of remuneration, set forth in the appropriate service agreements with public authorities, revenue is recognised for an amount equal to the actual amount accrued on the basis of current laws and agreements;
- For parking, with provision of the service;
- For car sharing, with provision of the service;
- For maintenance activities, with provision of the railway and automotive service.
- For logistics and transport activities, connected to the railway freight service, with provision of the service.

Furthermore, the management contract for the Crealis infrastructure held by the parent company TPER S.p.A., in application of IFRIC 12, starting from the financial year ended 31 December 2020 is recognised in the statutory and consolidated financial statements according to the financial asset model.

In particular, according to the provisions of IFRIC 12, the financial asset model is applicable to the case in point as the TPER operator has the unconditional right to receive contractually guaranteed cash flows from the future transport service operator for the

construction services provided and the operational maintenance services that it has undertaken to provide as network manager.

Government grants

Government grants are recognised at fair value when their amount can be reliably determined, there is reasonable certainty that they will be received and the conditions for obtaining them will be respected.

Grants for operating expenses are recorded in the income statement in the year they accrue, as a reduction of the costs to which they are commensurate if provided as compensation for expenses incurred, otherwise they are recognised under other income.

The grants received for investments in rolling stock or other tangible assets are recorded as a reduction in the cost of the asset to which they refer and contribute, in reduction, to the calculation of the relative depreciation rates.

Income taxes

Income taxes are recorded on the basis of an estimate of the tax charges to be paid, in accordance with the applicable provisions in force.

The payables relating to income taxes are recorded under current tax liabilities in the Statement of Financial Position, net of advances paid. Any positive imbalance is recorded among current tax assets.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences between the book value of the assets and liabilities and their tax value.

Deferred tax assets are recognised:

- For all deductible temporary differences, if it is likely that a taxable income will be realised against which the deductible temporary difference can be utilised, unless the deferred tax asset derives:
 - From the initial recognition of goodwill;
 - From goodwill whose amortisation is not deductible for tax purposes;
 - From the initial recognition of an asset or a liability in a transaction other than a business combination that, at the date of the transaction, does not influence either the accounting result or the taxable income (tax loss);
- For the carry-forward of unused tax losses and unused tax credits, if a taxable income is likely to be generated against which the tax loss or the tax credit can be used.

Deferred tax liabilities, if present, are booked in any case.

Deferred tax assets and liabilities are determined on the basis of the tax rates envisaged for the taxation of income in the years in which the temporary differences will reverse, based on the tax rates and tax legislation in force or essentially in force as at the reference date. The effect of the change in tax rates on the aforementioned taxes is booked to the income statement in the year in which said change materialises. Deferred tax assets and liabilities are only set off when legally allowed.

Impairment and reversal of impairment of assets (impairment test)

On the balance sheet date, the book value of tangible, intangible and financial assets and equity investments is subject to verification to determine whether there are indications

that these assets have suffered impairment. If these indications exist, we proceed to estimate the value of these assets, to verify the recoverability of the amounts recorded in the financial statements and determine the amount of any write-down to be recorded. For intangible assets with an indefinite useful life and those in progress, the above-mentioned impairment test is carried out at least annually, regardless of whether or not events occur that lead to the assumption of a reduction in value, or more frequently in the case that events or changes in circumstances occur which may bring about any reduction in value.

If it is not possible to estimate the recoverable value of an asset individually, the estimated recoverable value is included within the Cash Generating Unit (CGU) the asset belongs to. This verification consists in estimating the recoverable value of the asset (represented by the higher between the presumable market value, net of selling costs, and the value in use) and in comparison with the related net book value. If the latter is higher, the asset is written down to the extent of the recoverable amount. In determining the value in use, the expected future cash flows before taxes are discounted using a discount rate, before taxes, which reflects the current market estimate in relation to the cost of capital based on time and the specific risks of the asset. In the case of estimation of future cash flows of operating CGUs in operation, cash flows and discount rates are used instead net of taxes, which produce results that are substantially equivalent to those deriving from a pre-tax assessment. The impairment losses are recorded in the income statement and are classified differently depending on the nature of the impaired asset. At the closing date of the financial statements, if there is an indication an impairment loss recognised in previous years may have been reduced, in whole or in part, the recoverability of the amounts recorded in the financial statements is checked and the potential amount of the write-down to be reversed is determined; this reversal cannot in any case exceed the amount of the write-down previously carried out. The relative impairment losses are restored, within the limits of the write-downs carried out, if the reasons that generated them cease to exist, except for goodwill and for the consideration of participating financial instruments valued at cost, in cases where the fair value cannot be reliably determined and they cannot be restored.

Impairment and reversal of impairment of financial assets (impairment test)

As at each balance sheet date, pursuant to IFRS 9, financial assets other than those measured at fair value through profit and loss are assessed to see if there is any evidence that their book value may be considered not to be fully recoverable.

In the event that such evidence exists (evidence of impairment), the financial assets in question - together with, where existing, all those remaining belonging to the same counterparty - are considered impaired. Value adjustments equal to the expected losses relating to their entire residual life are recognised against these exposures.

For financial assets for which there is no evidence of impairment (non-impaired financial instruments), at each balance sheet date an assessment must be made as to whether there are indicators that the credit risk of individual transactions has significantly increased with respect to initial registration. Upon completion of this assessment:

- Where there are indicators of significant increase in the credit risk of individual transactions with respect to the initial recording of the financial asset, in accordance with the provisions of international accounting standards and, even in the absence of an evident impairment loss, an impairment equal to the expected losses along

the entire residual life of the financial instrument is recognised. These adjustments are reviewed at each subsequent closing date both in order to periodically verify their accuracy with respect to the continuously updated loss estimates, and to take account, in the event that the indicators of a “significantly increased” credit risk cease to exist, of a change in the forecasting horizon for the calculation of expected loss.

- In the absence of indicators of significant increase in the credit risk, in accordance with the provisions of international accounting standards and, even in the absence of an evident impairment loss, expected losses for the specific financial instrument, over the course of the next twelve months, are recognised. These adjustments are reviewed at each subsequent balance sheet date both in order to periodically verify their accuracy with respect to the continuously updated loss estimates, and to take account - in the event that indicators of a “significantly increased” credit risk become evident - of a change in the forecasting horizon for the calculation of expected loss.

As regards the assessment of the financial assets and, in particular, the identification of a “significant increase” in credit risk, the main factors, within the meaning of the standard and its operational interpretation by TPER, to be taken into consideration are the following:

- The change (beyond determined thresholds) in the lifetime default probability with respect to the initial recording of the financial instrument in the financial statements. This is, therefore, an assessment based on a “relative” measure, which serves as the main “driver”.
- The presence of any contractual payment more than 30 days past due, without prejudice to the significance thresholds established by law. In the presence of such cases, in other words, the credit risk of the exposure is considered to have “significantly increased”.

Once the exposures have been allocated to the various credit risk stages, the Expected Credit Loss (ECL) is determined on the basis of the Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) parameters. This estimate is carried out both by incorporating forward-looking information and using experienced credit judgement, so as to reflect factors that are not taken into consideration by the models.

PD is the probability that an asset will not be repaid and will go in default. This is determined both over a 12-month time horizon and over a lifetime time horizon. The PD for each instrument is based on historical data and is estimated taking into consideration current market conditions through reasonable and supportable information on future economic conditions, and through the use of Internal Ratings already used for credit limit purposes.

EAD is an estimation of the extent of credit exposure to a counterparty at the time of a default event occurs. This parameter includes an estimate of any value that is not expected to be recovered at the time of default (such as, for example, collateral, guarantees, insurance policies, offsettable payables, etc.).

LGD is the amount that is not expected to be recovered at the time the default event occurs and is determined both on a historical basis and through supportable and reasonable information regarding future market conditions.

IFRS 9 also allows the use of an additional approach, defined as “simplified”. This method can be used for the following categories of financial instruments only:

- Trade receivables
- Leasing receivables
- Contract Assets according to IFRS 15.

This approach allows only the use of Lifetime PD for the calculation of expected losses, eliminating the need to determine the 12-month PD and to monitor the credit risk at each valuation date.

As part of the simplified approach, the “Provision Matrix” is used. This model foresees the use of impairment percentages determined by maturity date on the basis of the historical losses recorded. These percentages are subsequently supplemented with forward-looking information in order to incorporate market information into the percentages, in addition to historical information. This model was applied in particular for trade receivables from third-party customers, i.e. not belonging either to the Public Administration or to related parties, and therefore without internal ratings.

Earnings per share

The basic earnings per share are calculated by dividing the result for the year by the weighted average of the Company’s shares outstanding during the year, excluding treasury shares.

The diluted earnings per share are calculated by dividing the result for the year by the weighted average of the Company’s shares outstanding during the year, excluding treasury shares, increased by the number of shares that could potentially be issued.

It should be noted that, as at 31 December 2021, there were no shares that could potentially be placed in circulation.

Estimates and evaluations

The preparation of the annual accounts, in application of IFRS, requires making estimates and assumptions that affect the values of revenues, costs, assets and liabilities in the financial statements and information on potential assets and liabilities as at the reference date. In making the budget estimates, the main sources of uncertainties that could have an impact on the evaluation processes are considered. The final results may differ from these estimates.

The actual results recorded could subsequently differ from these estimates; however, the estimates and valuations are reviewed and updated periodically and the effects deriving from any change are immediately reflected in the financial statements.

The estimates also took into account assumptions based on the parameters, market and regulatory information available as at the date the preparation of the financial statements. The current facts and circumstances that influence the assumptions regarding future developments and events, however, may change due to changes in market developments or applicable regulations that are beyond the control of the TPER Group. These changes in assumptions are also reflected in the financial statements when they occur.

The estimates were used in the evaluation of the Impairment Test, to determine any sales revenues, for provisions for risks and charges, the provision for doubtful debts and other

provisions for write-downs, amortisation and depreciation, valuations of derivative instruments, employee benefits and deferred tax assets and liabilities.

On the basis of the rules defined at national and local level, an estimate was made of the Government grants pertaining to 2021 to support revenue losses, during the period of lockdown and application of the restrictions as a result of the Covid pandemic. See also the explanatory notes to the financial statements under item Revenues for LPT services.

Revenues from contracts with customers

The recognition of revenues from contracts with customers includes variable components, in which penalties are especially significant (other than those envisaged for compensation for damages). The variable components are identified at the inception of the contract and estimated at the close of each accounting period during the entire period of contractual validity, to take account of both new circumstances that materialised, and changes in the circumstances already considered for the purposes of previous evaluations. The variable price components include liabilities for future reimbursements.

Funds for provisions

The Group incorporates in Funds for provisions the probable liabilities attributable to disputes and expenses related to personnel, suppliers, third parties and, in general, other expenses deriving from the obligations undertaken. These assessments include, among other things, the measurement of the liabilities that could result from various types of disputes and proceedings, the economic effects of seizures ordered and still not definitively assigned, as well as foreseeable adjustments or reimbursements to be made to customers in cases in which they are not definitively determined.

The calculation of the allocations to Funds for provisions involves the assumption of estimates based on current knowledge of factors which may change over time, being able to generate final outcomes that are also significantly different from those taken into account in the drafting of these financial statements.

Impairment and stage allocation of financial instruments

For the purposes of the calculation of impairment and determining the stage allocation, the main factors subject to estimates by the TPER Group are as follows, relating to the internal model prepared for counterparties:

- Estimate of the ratings for counterparties
- Estimate of the Probability of Default (PD) for counterparties.

Depreciation of tangible assets and amortisation of intangible assets

The cost of tangible and intangible assets is amortised/depreciated on a straight-line basis over the estimated useful life of each asset. The economic useful life is determined at the time of purchase of the assets and is based on historical experience for similar investments, market conditions and the anticipation of any future events that could have an impact, including changes in technology. The actual useful life may therefore differ from the estimated useful life.

In particular, with regard to the depreciation plan relating to buses and trolley buses used as part of the service contracts for the LPT of Bologna and Ferrara, the estimated residual value at the end of the agreements was based on specific appraisals drawn up by an independent expert who determined the takeover value that will presumably be

recognised to TPER in application of the criteria identified by Resolution no. 49 of 17 June 2015 of the Transport Regulatory Authority and referring to the UNI 11282/2008 standard and subsequent amendments or additions.

Deferred tax assets

Accounting for deferred tax assets takes place on the basis of expectations of taxable income in future years. The valuation of expected taxable income for the purpose of accounting for deferred taxes depends on factors that may vary over time and have significant effects on the valuation of said financial statements item.

Employee severance indemnity

The evaluation of Employee severance indemnity is also based on the conclusions reached by the Group's external actuaries. The calculation takes account of the Employee severance indemnity accrued for work already carried out and is based on the different demographic and economic-financial assumptions. These assumptions, also based on experience and reference best practice, are subject to periodic revisions.

Going concern

In compliance with the provisions of IAS 1 pursuant to paragraph 25, in the phase of preparation of this annual report, the TPER Group carried out an assessment of the entity's ability to continue to operate as a going concern. In this regard, the aforementioned standard establishes that "An entity must prepare financial statements on a going concern basis unless management intends to liquidate the entity or discontinue its operations, or has no realistic alternatives to this. *If management is aware, in making its judgements, of significant uncertainties relating to events or conditions that may give rise to serious doubts about the entity's ability to continue as a going concern, the entity must highlight these uncertainties. If an entity does not prepare its financial statements on a going concern basis, it must disclose that fact, together with the criteria on the basis of which it prepares the financial statements and the reason why the entity is not considered to be operating*".

In their assessment, the directors took into account the circumstances related to Covid-19 which also greatly influenced the results of the 2021 financial year.

In relation to the company's ability to fulfil its obligations in the future, the following elements were considered:

- The effects of the Government provisions already implemented to support local public transport;
- Other actions implemented by the national and supranational authorities to tackle the health crisis and deal with the relevant economic and financial fall-out;
- The availability of liquidity reserves or other forms of access to credit which would allow the TPER Group to get through a period of increased fuel costs, without ending up in a position whereby its business continuity is compromised.

In this context, as at 31 December 2021 the TPER Group has a Net Financial Position of Euro 54.6 million, consisting of liquidity for Euro 49.3 million and current financial payables for Euro 34 million, to be repaid in 2022, and non-current financial payables for Euro 70 million, with an average residual life of more than one year. The Group also has cash credit lines that can be used immediately for Euro 10 million, with the possibility of an increase upon request. Finally, commercial working capital is largely positive.

It should be noted that, in 2021, an estimate of public support for lost revenues was recorded on the basis of the rules defined at national and regional level, applied on the basis of a prudential approach; the Group expects to recognise an extra amount in 2022, as a result of the additional funds allocated in 2020 and 2021.

In light of the above considerations, based on the 2022 budget and the cash plan prepared with a time horizon of 12 months, up until June 2023, the Directors considered the going concern assumption to be appropriate and correct after having verified the Group's ability to fulfil its obligations in the foreseeable future.

Accounting standards, interpretations and improvements applied from 1 January 2021

The following documents, previously issued by the IASB and endorsed by the European Union, which amend the international accounting standards, came into force from 1 January 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform

As of 1 January 2021, the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 came into effect as part of the Interest Rate Benchmark Reform - Phase 2. The amendments include the temporary easing of the requirements with reference to effects on the financial statements when the interest rate offered on the interbank market (IBOR) is replaced by a substantially risk-free alternative rate (Risk Free Rate - RFR). These changes have no impact on the Group's consolidated financial statements.

Amendments to IFRS 16 - Leases Covid-19 "Related Rent Concessions"

Furthermore, on 31 March 2021, the IASB extended the period of application of the practical expedient under IFRS 16 relating to "Covid-19 Related Rent Concessions", originally applicable to 30 June 2021, until 30 June 2022. However, the Group has not received concessions on leases related to Covid-19

Newly issued accounting standards and interpretations, revisions and amendments to existing standards not yet in force or not yet approved

As required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the new accounting standards and interpretations are reported below, as are the changes to the existing standards and interpretations already applicable, not yet effective as at 31 December 2021, that could be applied in the future in the Group's consolidated financial statements.

Amendments to IAS 1 - Presentation of Financial Statements - Classification of liabilities as current or non-current

On 23 January 2020, the IASB issued the document "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current", whose provisions are effective for annual periods beginning on or after 1 January 2023, except for any subsequent deferrals established at the time of endorsement by the European Commission. The IASB clarifies the criteria that must be used in order to determine whether the liabilities should be classified as current or non-current. The amendments aim to promote consistency in the application of the requirements by helping companies to determine whether payables and other liabilities with an uncertain settlement date should be classified as current (due or potentially to be paid within one year) or non-current. In

addition, they include clarifications regarding the classification requirements for payables that an entity could settle through conversion into equity instruments.

Amendments to IAS 1 and IFRS Practice Statement 2 - Information on accounting policies

Issued on 12 February 2021, it requires companies to provide relevant information on the accounting principles applied and suggests avoiding or limiting unnecessary information. The amendments to IAS 16 are effective starting from financial years starting on 1 January 2023.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: definition of accounting estimate

Issued on 12 February 2021, it clarifies, also through some examples, the distinction between changes in estimates and changes in accounting standards. The distinction is relevant in that the changes in estimates are applied prospectively to future transactions and events, while changes in accounting standards are generally applied retrospectively. The changes will be applied starting from the financial years beginning on or after 1 January 2023. Early application is permitted.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Issued on 7 May 2021, it aims to standardise the ways in which entities account for deferred taxes on operations such as leasing and dismantling costs. The main change concerns the introduction of an exception to the exemption for the initial recognition (IRE) of deferred taxation for assets and liabilities envisaged by IAS 12. Specifically, the exception provides for the non-applicability of the exemption of IAS 12 for the initial recognition of all those transactions that give rise to temporary differences that are equal or subject to offsetting. By limiting the exemption to initial recognition only, the impact will be of a progressive improvement and comparability of the information for the benefit of the users of the financial statements, with reference to the tax impact of leasing operations and dismantling costs. The changes will be applied starting from the financial years beginning on or after 1 January 2023. Early application is permitted.

Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information

Issued on 9 December 2021, it facilitates better comparability of data relating to information on financial instruments valued according to IFRS 17. The applicability of the latter requires, in the First Time Application, the restatement of the comparative data in order to guarantee the uniformity of the financial information. The IFRS 9 standard, on the other hand, allows but does not require the restatement of the comparative data, however precluding the possibility of applying the valuation criterion to the financial assets subject to elimination in the previous period. This option therefore guarantees the possibility of eliminating temporary accounting misalignments in the valuation of financial assets and liabilities deriving from insurance contracts. It also contributes to improving the usefulness of comparative information to users of the financial statements. The changes will be applied starting from the financial years beginning on or after 1 January 2023.

Amendments to IAS 16 Property, Plant and Equipment

Issued on 14 May 2020, it does not allow the amount received from the sale of goods produced before the asset was ready for use to be deducted from the cost of the fixed asset. These sales revenues, and the related costs will be recognised in the income statement. The amendments to IAS 16 are effective starting from financial years starting on or after 1 January 2022.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Issued on 14 May 2020, it clarifies which cost items must be considered to assess whether a contract will be loss-generating.

"Annual Improvements 2018-2020"

Issued on 14 May 2020, it makes changes:

- To IFRS 1 First-time Adoption of International Financial Reporting Standards, where a subsidiary that applies paragraph D16 of IFRS 1 is allowed to recognise the cumulative translation differences using the amounts recognised by its parent company at the date of transition of the parent company itself
- To IFRS 9 Financial Instruments, where clarifications are provided on which fees to include in the 10% test required by paragraph B3.3.6 when evaluating whether to eliminate a financial liability
- In IAS 41 Agriculture, where in order to ensure consistency with the requirements of IFRS13, the paragraph whereby entities should not include tax cash flows in the fair value measurement of a biological asset using the present value technique is eliminated
- To the Illustrative Examples accompanying IFRS 16 Leases, by deleting the Illustrative Example 13, in order to avoid confusion regarding the treatment of leasing incentives, due to how the incentives are illustrated in the example in question.

The changes will be applied starting from the financial years beginning on or after 1 January 2022.

For all the reviewed standards as well as to the existing standards, the Group is evaluating any impacts currently not reasonably estimated, deriving from their future application.

Significant events after the close of the year

The outbreak of the Russian-Ukrainian conflict came at a historic moment in which the fight against the Covid-19 pandemic is not yet definitively over.

The geopolitical crisis has in fact resulted in significant volatility of the stock markets and the sanctions applied by the international community against Russia have also led to a further surge in the costs of energy and various raw materials, affecting above all families and businesses.

In the first two weeks of the war, all the main global exchanges recorded double-digit losses, however by the end of March almost all the exchanges had already returned to pre-conflict levels.

At the same time, there has been a considerable rise in inflation that has not been witnessed for many years.

As a result of the Ukrainian crisis, the price of energy and gas has risen notably in the main reference markets.

The cost of energy that is heavily impacting entrepreneurial and industrial activities in every sector, is also greatly affecting public transport. The item “fuels” - together with the cost of personnel - is the one with the biggest impact on the financial statements of transport companies. Obviously, the company is committed not only to guaranteeing the necessary supplies, but also to monitoring any economic impact.

Information on the Statement of Financial Position

The items in the statement of financial position as at 31 December 2021 are commented on below. The values in brackets in the headings of the notes refer to balances as at 31 December 2020.

1. Tangible assets

Euro 179,604 (161,712) thousand

Tangible assets as at 31 December 2021 showed a net value of Euro 179,604 thousand compared to the net value as at 31 December 2020, amounting to Euro 161,712 thousand. The table below shows the initial and final amounts of the items of tangible assets, with evidence of the original cost and accumulated depreciation as at the end of the year.

	31/12/2021			31/12/2020		
	Cost	Cumulative depreciation	Net value	Cost	Cumulative depreciation	Net value
Real estate	4,805	1,499	3,306	4,750	1,392	3,358
Rolling stock buses/trolley buses	316,572	229,400	87,172	302,750	229,137	73,612
Rolling stock of buses/trolley buses in progress	6,834	0	6,834	1,679	0	1,679
Railway rolling stock	93,261	24,181	69,080	91,045	21,251	69,794
Vehicle rolling stock	3,631	2,900	731	3,086	2,783	303
Infrastructure	29,699	19,688	10,012	35,453	24,735	10,718
Other tangible assets	13,320	10,850	2,470	12,559	10,312	2,247
Total tangible assets	468,121	288,517	179,604	451,322	289,610	161,712

The increase in the net value of tangible assets compared to the balance at 31 December 2020, equal to Euro 17,891 thousand. The following table shows the changes in the period.

<i>In thousands of Euro</i>							31/12/2021
	31/12/2020						Net value
	Net value	Investments	Depreciation	Disposals	Other reclassifications or adjustments	Grants on investments	
Real estate	3,358	60	(107)	(5)			3,306
Rolling stock buses/trolley buses	75,293	31,345	(10,860)	(211)	59	(1,621)	94,005
Railway rolling stock	69,794	3,567	(3,478)	(919)	116		69,080
Vehicle rolling stock	303	163	(172)		437		731
Infrastructure	10,718	1,508	(475)	(200)	(937)	(601)	10,012

Other tangible assets	2,246	870	(713)	(22)	261	(173)	2,470
Total change tangible assets	161,712	37,513	(15,805)	(1,358)	(64)	(2,395)	179,604

In the table, the values of the disposals are shown net of the accumulated depreciation.

The item "Real estate", amounting to Euro 3,306 thousand, includes buildings and land owned for the purposes of operations.

The "Rolling stock of buses/trolley buses", which shows a net book value of Euro 94,006 thousand, is used as part of the Bologna and Ferrara LPT contract. Its useful life is estimated on the basis of the lower of the residual economic life of the asset and the residual maturity of the service agreements, and the depreciable amount is estimated on the basis of the difference between the historical cost and the takeover value that it is presumed will be paid to TPER by any future winner of a new tender in application of the criteria identified by the Transport Regulatory Authority (ART) resolution no. 49 of 17/06/2015, with reference to UNI 11282/2008. It should be noted that the company commissioned an independent expert to estimate the takeover value. The increases in the year mainly refer to 116 buses, of which 91 new and 25 used, registered in 2021 for a total of Euro 30,108 thousand.

The net value of the "railway rolling stock" increased by Euro 3,576 thousand, primarily due to the purchase of a new locomotive and a new loco-tractor, while it decreased due to the disposal of some locomotives of the Dinazzano Po company for Euro 919 thousand. Depreciation for the year amounted to Euro 3,478 thousand.

The "infrastructure" item, amounting to Euro 10,012 thousand, consists of works carried out on third party assets, electronic machines, issuers, validators, electronic information panels with variable message and information systems for users.

Finally, it should be noted that as at 31 December 2021, the tangible assets are not encumbered by mortgages, liens or other collateral securities that limit their availability.

2. Intangible assets

Thousands of Euro 16,678 (17,319)

	31 December 2021			31 December 2020		
	Cost	Accumulated amortisation	Net value	Cost	Accumulated amortisation	Net value
Concession rights	18,201	1,938	16,263	18,201	1,551	16,651
Other intangible assets	1,657	1,243	415	772	103	669
Total	19,859	3,181	16,678	18,974	1,654	17,319

The item other intangible assets is mainly composed of software.

The table below shows the amounts at the beginning and at the end of the year as well as the relative changes occurred in 2021.

In thousands of Euro	31/12/2020		Changes in the financial year			31/12/2021	
	Net value	Investments	Amortisation	disposals	Other reclassifications or adjustments	Net value	
Concession rights	16,650		(387)			16,263	
Other intangible assets	669	358	(986)	(14)	388	415	
CONCESSIONS	17,319	358	(1,373)	(14)	388	16,678	

In the table, the values of the disposals are shown net of the accumulated amortisation.

The concession rights refer to the concession contract for the compendium of the Dinazzano Po freight yard formalised on 4 August 2017 by means of a deed with Register no. 15625 with the Province of Reggio Emilia. In Article 3, the contract provides that “the Concession has a duration of 50 (fifty) years, starting from the date of completion of the works relating to the area and specifically from 14 July 2014”, therefore, the expiry date of the Concession is 14 July 2064. It should be noted that the Dinazzano and Guastalla freight railway stations are managed by the TPER Group with effect from 1 February 2012, as part of the partial demerger of the transport branch carried out by FER S.r.l. to FER Trasporti S.r.l. which, on the same date, was merged into the company TPER S.p.A.

3. Right-of-use assets and liabilities for leased assets

Right-of-use assets

Thousands of Euro 8,206 (11,372)

The right of use of leased assets is analysed below:

In thousands of Euro	LPT Bologna and Ferrara	Company cars	Business unit rental fees	Car sharing	Transport goods	of	Total
Opening balance as at 01/01/2021	1,922	152	2,906	2,593	3,799		11,372
Increases/(decreases)	117	-	97	(824)	1,819		1,209
Amortisation/depreciation	(700)	(78)	(909)	(1,371)	(1,317)		(4,375)
Closing balance as at 31/12/2021	1,339	74	2,094	398	4,301		8,206

Right-of-use assets equal to Euro 8,206 thousand refer to:

- Euro 1,339 thousand for contracts relating to the management of Local Public Transport in the Municipality of Bologna and Ferrara
- Euro 74 thousand for the rental of company cars
- Euro 2,094 thousand, refers for Euro 1,101 thousand to the right of use relating to the business unit rental contract (LPT Bologna) stipulated between TPER, via the TPB consortium and the granting body SRM, in-house company of the Municipality of Bologna on 4 March 2011 and, for Euro 993 thousand to the concession contract for use of the assets conducive to the LPT service of the Municipality of Ferrara.

- Euro 398 thousand for the leasing of cars for the provision of the car sharing service
- Euro 4,301 thousand for contracts relating to the rental of rolling stock for the freight transport activity carried out by the subsidiary Dinazzano Po.

No indicators were identified that would determine the need to carry out the impairment test to verify the recoverability of the book value of the value of the rights of use.

Liabilities for leased assets

Non-current portion Euro 5,464 (6,841) thousand

Current portion Euro 2,418 (4,289) thousand

Liabilities for leased assets amounting to Euro 7,882 thousand as at 31 December 2021 are analysed as follows:

In thousands of Euro	LPT and Ferrara	Bologna	Company cars	Business unit rental fees	Car sharing	Transport of goods	Total
Liabilities for leased assets		1,341	74	2,148	442	3,877	7,882
Of which							
Current liabilities		458	74	918	436	532	2,418
Non-current liabilities		883	0	1,230	6	3,345	5,464

4. Equity investments

Euro 16,504 (16,202) thousand

The table below shows the main equity investments held by the TPER Group as at 31 December 2021, with an indication of the percentages held and their carrying amount, net of any tenths to be paid, with evidence of the original cost and the accumulated revaluations and write-downs at the end of the year.

In thousands of Euro	31/12/2021				31/12/2020			
	% owners hip	Cost	Revaluations (write-downs)	Final value	% owners hip	Cost	Revaluations (write-downs)	Final value
Equity investments measured at cost or at fair value		4,041	(700)	3,342		4,041	(700)	3,342
Start Romagna S.p.A.	14%	4,036	(700)	3,336	14%	4,036	(700)	3,336
Consorzio Esperienza Energia S.c.r.l. in liquidation	<1%	0	-	0	<1%	0	-	0
Consorzio Acquisti dei Trasporti S.c.r.l.		5	0	5		5	0	5
Equity investments measured using the equity method		17,295	(4,134)	13,161		16,695	(3,836)	12,860
MARCONI EXPRESS S.p.A.	25%	2,600	(2,049)	551	25%	2,000	(1,572)	428
Consorzio Trasporti Integrati S.c.r.l.	26%	3	-	3	26%	3	-	3

Trenitalia Tper S.c.r.l.	30%	3,300	434	3,734	30%	3,300	(704)	2,596
SETA S.p.A.	47%	11,393	(2,519)	8,874	47%	11,393	(1,559)	9,834
Total Equity investments		21,336	-4,834	16,503		20,736	-4,536	16,202

The main changes that took place during the period refer to the valuations relating to equity investments valued using the equity method which have negative effects on the income statement for a total of Euro 595 thousand.

5. Financial assets

Non-current portion Euro 34,388 (32,754) thousand

Current portion Euro 7,607 (7,666) thousand

The table below shows the breakdown of other financial assets at the beginning and end of the financial year, highlighting the current and non-current portions.

<i>In thousands of Euro</i>	31 December 2021			31 December 2020		
	Financial statement value	Current portion	Non-current portion	Financial statement value	Current portion	Non-current portion
Assets for contributions	5,893	5,893	0	6,534	6,502	32
Emilia-Romagna Region	2,633	2,633	0	3,157	3,157	
Municipality of Bologna	0	0	0	542	542	
Ministry of Transport	0	0	0	2,490	2,490	
Municipality of San Lazzaro	262	262	0	313	313	
Other	2,997	2,997	0	32		32
Other financial assets	36,102	1,714	34,388	33,886	1,164	32,722
Loan to Marconi Express S.p.A.	9,667	1,714	7,953	9,161	1,143	8,018
Loans for Crealis project investments	28,152	0	28,152	27,121	-	27,121
Other	0	0	0	21	21	
Provision for the write-down of financial assets	-1,717	0	-1,717	-2,417	-	-2,417
Total	41,995	7,607	34,388	40,420	7,666	32,754

The receivables from the Emilia-Romagna Region, equal to Euro 2,633 thousand, refer to Euro 88.6 thousand for contributions to be collected on the Stimer regional electronic ticketing system, to Euro 937 thousand for the purchase of buses, to Euro 200 thousand for trolleybus line 14 extension and to Euro 1,407 thousand for the installation of Intelligent Transport Systems (ITS) on board buses and at Local Public Transport (LPT) bus stops.

The receivable from the Municipality of San Lazzaro, amounting to Euro 262 thousand, refers to the contributions for the construction of the TPGV Crealis transport system.

During 2021, the loan to the subsidiary Ma.Fer S.p.A., amounting to Euro 7,000 thousand, was repaid.

The loan to the investee company Marconi Express S.p.A., amounting to Euro 9.667 thousand, was disbursed in line with the approved business plans and the shareholders' agreements, and refers to the TPER share of the loan for the construction of the monorail connecting the railway station and Bologna airport.

The loan for the Crealis project investments represents the TPER's receivable from the new operator, which will take over from TPB at the end of the current service contract (starting from the assignment of the next tender for the public transport service, scheduled for 1 September 2024). In particular, following the entry into operation of the TPGV - Crealis service from 1 July 2020 and the definition of the new contractual framework between TPER, SRM, Metropolitan City of Bologna, the Municipality of Bologna, the Municipality of San Lazzaro di Savena, TPER in application of IFRIC 12 recognises a financial asset given that, for the construction services rendered, it is entitled to receive a fee that will be paid by the new LPT operator which has been quantified in such a way as to remunerate TPER for the costs incurred for the investment, future maintenance activities also taking into account an appropriate return on the invested capital.

6. Deferred tax assets

Deferred tax assets Euro 2,711 (7,372) thousand

The following table shows the amount of deferred tax assets net of deferred tax liabilities:

<i>In thousands of Euro</i>	31/12/2021	31/12/2020
Deferred tax assets IRES	2,643	7,463
Deferred tax assets IRAP	377	632
Deferred tax assets	3,020	8,095
Deferred tax liabilities IRES	(309)	(665)
Deferred tax liabilities IRAP	-	(58)
Deferred tax liabilities	(309)	(723)
Net deferred tax assets	2,711	7,372

The following table shows the changes in deferred tax assets net of deferred tax liabilities:

<i>In thousands of Euro</i>	31/12/2020		(Releases)/(Uses)	Allocations to (releases from) OCI	31/12/2021
	Opening balance	Provisions			Closing balance
Allocations to non-deducted provisions	7,515	584	(5,116)	(286)	2,697
Other temporary differences	580	11	(268)	-	323
Deferred tax assets	8,095	595	(5,384)	(286)	3,020
Differences between tax value and book value of FTA adjustments	(701)	0	414	-	(287)
Other temporary differences	(22)	-	-	-	(22)
Deferred tax liabilities	(723)	-	414	-	(309)
Net deferred tax assets	7,372	595	(4,970)	(286)	2,711

With regard to the parent company, in the year 2021 the deferred tax assets recognised for temporary differences and/or tax losses in previous years for the amount of Euro 5.5 million were released in full .

Following the impacts deriving from the Covid-19 emergency and the increase in the cost of fuel, which significantly changed the short-term scenarios, the conditions for which the deferred tax assets had previously been recognised no longer exist because on the basis of the available future economic forecasts, it is not considered probable that future taxable income will be able to reabsorb such temporary differences and/or tax losses within a reasonable time horizon.

7. Trade assets

Thousands of Euro 105,763 (102,460)

The item, mainly consisting of trade receivables, increased by Euro 3,303 thousand compared to the balance as at 31 December 2020.

As at 31 December 2021, trade assets included:

- inventories, amounting to Euro 23,395 thousand (Euro 24,895 thousand as at 31 December 2020), consisting of stocks and spare parts for the maintenance of rolling stock:

In thousands of Euro	31 December 2021	31 December 2020
Raw materials (railway parts)	19,734	20,115
Raw materials (automotive parts)	17,055	15,594
Provision for inventory write-downs	(13,394)	(10,814)
Total	23,395	24,895

The provision for inventory write-downs includes the value of the engines and other complex subsystems used and overhauled as well as a provision for slow-moving items or spare parts relating to vehicles which are expected to be decommissioned from service and in line with maintenance requirements. This provision is also adjusted annually, as regards the automotive sector based on indexes regarding the changes in individual parts, while in relation to railway parts based on the obsolescence of parts. The changes in the inventory write-down provision are summarised below.

In thousands of Euro	31/12/2020	Reclassifications	Uses	Provisions	31/12/2021
Provision for inventory write-downs	10,815			2,579	13,394
Total	10,815		0	2,579	13,394

- Trade receivables, equal to Euro 82,368 thousand (Euro 77,566 thousand as at 31 December 2020), the breakdown of which is detailed in the table below.

In thousands of Euro	31 December 2021	31 December 2020
Trade receivables from associates	25,611	14,790
Trade receivables from owner entities	939	2,458
Customers/Other receivables for different services	55,818	60,318
Total	82,368	77,566

- Trade receivables from associated companies, amounting to Euro 25,611 thousand, mostly refer to receivables from Trenitalia Tper S.c.r.l., the company that has been managing the railway services of the Emilia Romagna Region since 1 June 2019.
- The item “Customers/Other receivables for various services” equal to Euro 55,818 thousand is attributable to receivables for the sale of travel and parking tickets (Euro 537 thousand), receivables from Italian customers (Euro 49,664 thousand).
- The receivables were recognised net of the provision for doubtful debts which as at 31 December 2021 amounted to Euro 6,198 thousand for the TPER Group. The following table shows the changes in the provision for doubtful debts related to trade receivables.

In thousands of Euro	31/12/2020	Reclassifications	Uses	Provisions	31/12/2021
On trade receivables	4,094	967	452	685	6,198
Total	4,094	967	452	685	6,198

8. Cash and cash equivalents

Thousands of Euro 49,311 (74,346)

The item includes bank and postal deposits as well as cash funds for minute and urgent expenses.

For more details on the events that generated the decrease in liquidity during the 2021 financial year, please refer to the cash flow statement and its comments.

9. Current tax assets

Current tax assets Euro 6,290 (2,231) thousand

The table below shows the amount of current tax assets and liabilities at the beginning and end of the year, in relation to the excess of prepayments on the payable for the year.

	31/12/2021	31/12/2020
Current tax assets - IRES	5,498	2,005
Current tax assets - IRAP	792	241
Direct tax assets	6,290	2,246
Current tax liabilities - IRES	0	0
Current tax liabilities - IRAP	0	16
Direct tax liabilities	0	16
Current tax assets	6,290	2,231

10. Other assets

Current portion Euro 18,159 (5,722) thousand

The other current assets are detailed below.

IN THOUSANDS OF EURO	31/12/2021	31/12/2020
Receivables for relief	13,334	5,676
Receivables due from Ferrovie Emilia Romagna	220	1,645
Prepaid expenses	1,162	66
Other receivables	8,185	2,774
Total	22,901	10,161
Provision for doubtful debts	(4,742)	(4,439)
Total	18,159	5,722

Receivables for relief equal to Euro 13,334 thousand refer to the amount recognised among revenues not yet collected in relation to the compensatory measures, introduced by Italian Law no. 77 of 17 July 2020 (art. 200 paragraph 1, so-called "Relaunch Decree"), by Italian Law no. 126 of 13 October 2020 (art. 44, so-called "August Decree"), by Italian Law no. 176 of 18 December 2020 (art. 22-ter, the so-called "Ristori Bis Decree") and by Italian Legislative Decree no. 41 of 22 March 2021 (art. 29, so-called "Sostegni Decree").

The item "Other receivables" mainly consists of:

- Euro 1,576 thousand for receivables relating to excise duties on diesel fuel;
- Euro 918 thousand for travel tickets at retail outlets;
- the receivable from ATC S.p.A., equal to Euro 3.6 million, attributable to the adjustments of the extraordinary merger operation of 2012 and the accounting recognition of the IRES credit from IRAP referable to previous years. For this receivable it was considered appropriate to attach an adequate provision for write-downs because, despite the recognition of the debt and the full availability to extinguish it, ATC has tax litigation underway that could compromise - in the event of a loss to ATC - the financial capacity of the company. Receivables for the endowment of travel tickets at retail outlets were also covered by the provision for doubtful debts.

11. Shareholders' equity

Euro 171,909 (165,387) thousand

As at 31 December 2021:

- The outstanding shares are equal to 68,492,702 (68,492,702 as at 31 December 2020);
- The treasury shares amount to 11,480 (11,480 as at 31 December 2020).

The treasury shares relate to the acquisition on the market of 11,480 shares, in relation to the withdrawal of the shareholders Province of Mantua, Province of Modena, Province of Reggio Emilia and Province of Rimini.

The shareholders' equity pertaining to the Group, amounting to Euro 162,439 thousand, increased by Euro 3,455 thousand compared to 31 December 2020. The main changes during the year, represented in detail in the statement of changes in the Group's shareholders' equity, refer to:

- the profit for the year pertaining to the Group, equal to Euro 6,721 thousand;

- the negative result of the other components of the statement of comprehensive income, equal to Euro 392 thousand, determined entirely by the negative change in the item “Profit/(loss) from actuarial valuation of provisions for employee benefits” and the associated deferred tax effect.

The shareholders' equity attributable to non-controlling interests amounted to Euro 3,140 thousand, marking an increase of Euro 192 thousand compared to 31 December 2020 (Euro 2,948 thousand), essentially due to the combined effect of the following main changes:

- The total profit for the year attributable to minority interests, amounting to Euro 222 thousand
- The distribution of dividends for 2020 equal to Euro 31 thousand distributed by SST.

Below is the reconciliation statement of the shareholders' equity and statutory - consolidated profit accounts as at 31 December 2021.

In thousands of Euro	Shareholders' equity (including result for the year)	Result for the year
Shareholders' equity and result of the Parent Company	158,267	5,119
Effect of company consolidation	9,425	556
Alignment with IFRSs	1,106	1,077
Elimination of intercompany dividends	(31)	(31)
Shareholders' equity and result pertaining to the Group	168,768	6,721
Share pertaining to third parties	3,140	220
Consolidated shareholders' equity and result for the year	171,909	6,941

12. Trade liabilities

Non-current portion Euro 1,773 (0) thousand

Current portion Euro 63,402 (64,139) thousand

	31/12/2021	Current portion	Non-current portion	31/12/2020	Current portion	Non-current portion
Trade payables	59,708	57,935	1,773	58,532	58,532	-
Trade payables to subsidiaries	0	0	-	41	41	-
Payables to associates companies	5,413	5,413	-	3,240	3,240	-
Trade payables due to shareholders	0	0	-	399	399	-
Other payables	84	84	-	2,009	2,009	-
Total Other liabilities	65,206	63,433	1,773	64,139	64,139	-

Most of these consisted of trade payables of Euro 59.7 million, which recorded a decrease of Euro 628 thousand compared to 2020. There were no payments past due involving a significant amount not paid.

13. Funds for provisions

Non-current portion Euro 42,775 (47,442) thousand

Current portion Euro 2,920 (4,906) thousand

	31 December 2021			31 December 2020		
	Financial statement value	Current portion	Non-current portion	Financial statement value	Current portion	Non-current portion
Provisions for employee benefits	18,393	1,299	17,094	20,001	1,986	18,015
Other provisions	32,314	6,633	25,681	32,347	2,920	29,427
Total	50,707	7,931	42,775	52,348	4,906	47,442

The table below shows the amounts at the beginning and end of the year for funds for provisions and the related changes for 2021 compared with the changes for 2020.

<i>In thousands of Euro</i>	31/12/2020	Changes in 2021						31/12/2021
	Closing balance	Provisions	Decreases for uses	Decreases for releases	Allocations to (releases from) OCI	Other reclassifications or adjustments	Reclassification - IFRS 5	Closing balance
Provisions for employee benefits	20,001	592	(2,451)	(435)		677	0	18,393
Insurance deductibles provision	1,449	1,914	(573)	0	0	0	0	2,790
Provision for labour disputes in progress	13,939	1,411		(153)	(430)		(8)	14,758
Provision for tax disputes	5,620	0	0	0	0	0	0	5,620
Expropriation litigation provision	1,992	0	0	0	0	0	0	1,992
Other provisions	9,348		(630)	0	0	(1,563)	0	7,155
Total Changes in Provisions	52,349	3,917	(3,654)	(588)	(430)	(886)	0	50,707

The "Insurance deductibles provision", equal to Euro 2,790 thousand, represents the probable liability for the deductibles charged to TPER still to be paid on motor vehicle accidents occurred before 31 December 2021.

The "Provision for labour disputes in progress", amounting to Euro 14,758 thousand, has been created to cover the foreseeable liabilities, expressed at current values, relating to

disputes with employees. The provision also includes an estimate of legal fees and other potential ancillary costs.

The "Provision for tax disputes", amounting to Euro 5,620 thousand, consists of the involvement of TPER - as legally jointly and severally liable entity - in relation to tax disputes on matters prior to its constitution.

The "Expropriation Litigation Provision", amounting to Euro 1,992 thousand, is set up to cover the outcome of the disputes pending before the Court of Appeal, concerning the calculation of compensation for expropriation of land on which the Dinazzano railway station insists.

The other provisions include the "Provision for the MARCONI EXPRESS onerous contract", amounting to Euro 6,880 thousand, established in 2020 to cover future charges deriving from the management of the People Mover service. This provision became necessary as a result of the impact of the pandemic on the cash flows of the contract.

Provisions for employee benefits

As at 31 December 2021, the provision for employee benefits, amounting to Euro 18,393 thousand, refers entirely to employee severance indemnity (TFR) for employees subject to art. 2120 of the Italian Civil Code, to be paid upon termination of employment.

The changes in the provision for employee benefits in 2021 is as follows:

<i>In thousands of Euro</i>	31/12/2021
Balance as at 1 January 2021	20,001
Cost for recurrent services	592
Effect of actuarial (profits)/losses	677
Uses in the year	(2,451)
Other reclassifications	685
Balance as at 31 December 2021	18,393

As a result of the legislative changes introduced starting from 1 January 2007, for companies with more than 50 employees, the accruing severance indemnity is classified as a defined contribution plan since the obligation of the company is represented exclusively by the payment of contributions to pension funds or INPS.

The liability relating to the severance indemnity prior to 1 January 2007, on the other hand, represents a defined benefit plan to be valued according to actuarial techniques.

Defined benefit plans are calculated by estimating, with actuarial techniques, the amount of the future benefit that employees have accrued in the current period and in previous years. The calculation is carried out by an independent expert using the Projected Unit Credit Method.

The main assumptions made for the actuarial estimate process of the employee severance indemnity provision as at 31 December 2021 referred to the amount accrued before 2007.

	31/12/2021	31/12/2020
Annual discounting rate	0.44%	-0.02%
Annual inflation rate	1.75%	0.80%
Annual rate of increase of employee severance indemnity	2.81%	2.10%
Frequency of advances	2%	2%
Annual turnover rate	1.50%	1.50%

In particular, it should be noted that:

- The annual discounting rate used for the determination of the present value of the liability was derived, in accordance with paragraph 83 of IAS 19, from the Iboxx Corporate AA index with a duration of 7-10 observed at the date of valuation. For this purpose, the performance with durability has been chosen comparable to the duration of the total workers evaluated.
- The annual rate of increase in employee severance indemnity pursuant to Article 2120 of the Civil Code is equal to 75% of inflation plus 1.5 percentage points.

The list of statistical sources used is shown below.

Demographic technical bases used	
Mortality	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables distinguished by age and sex
Retirement age	100% upon reaching the AGO requirements in accordance with Italian Decree Law no. 4/2019

<i>Future estimated benefits</i>	In thousands of Euro
Years	
1	1,392
2	787
3	1,174
4	1,272
5	1,222

Other provisions

The opening and closing balances for the funds for provision and their relative changes in 2021 are shown below.

In thousands of Euro	31/12/2020	Changes in 2021				31/12/2021
		Provisions	Decreases for uses	Decreases for releases	other reclassifications or adjustments	
Insurance deductibles provision	1,449	1,914	(573)	0	0	2,790
Provision for labour disputes in progress	13,939	1,366	(153)	(430)	(8)	14,714

Provision for tax disputes	5,620	0	0	0	0	5,620
Expropriation litigation provision	1,992	0	0	0	0	1,992
Other provisions	9,347	45	(630)	0	(1,564)	7,198
Total	32,347	3,325	(1,356)	(430)	(1,572)	32,314

The "Insurance deductibles provision", equal to Euro 2,790 thousand, represents the probable liability for the deductibles charged to TPER still to be paid on motor vehicle accidents occurring before 31 December 2021.

The "Provision for labour disputes in progress", amounting to Euro 14,714 thousand, has been created to cover the foreseeable liabilities, expressed at current values, relating to disputes with employees. The provision also includes an estimate of legal fees and other potential ancillary costs.

The "Provision for tax disputes", amounting to Euro 5,620 thousand, consists of the involvement of TPER - as legally jointly and severally liable entity - in relation to tax disputes on matters prior to its constitution.

The "Expropriation Litigation Provision", amounting to Euro 1,992 thousand, is set up to cover the outcome of the disputes pending before the Court of Appeal, concerning the calculation of compensation for expropriation of land on which the Dinazzano railway station insists.

The other provisions include the "Provision for the MARCONI EXPRESS onerous contract", amounting to Euro 6,880 thousand, established in 2020 to cover future charges deriving from the management of the People Mover service. This provision became necessary as a result of the impact of the pandemic on the cash flows of the contract.

14. Financial liabilities

Non-current portion Euro 64,389 (95,409) thousand

Current portion Euro 31,687 (0) thousand

The detailed schedules of financial liabilities are shown below, highlighting the composition of the financial statement balance, the corresponding nominal value of the liability and the related collectability (current and non-current portion).

	Current year nominal value	Current year book value	Current portion	Non-current portion	Nominal value of the previous year	Financial statement value of the previous year	Current portion	Non-current portion
Bonds	95,000	95,108	31,667	63,441	95,000	94,878	0	94,878
Medium/long-term loans	87	87	20	67	77	77	0	77
Derivatives	0	0	0	0	0	31	0	31
Current account overdrafts	0	0	0	0	0	0	0	0
Short-term loans	0	0	0	0	0	0	0	0

Other financial liabilities	880	880	0	880	423	423	0	423
Total financial liabilities	95,967	96,075	31,687	64,389	95,500	95,409	0	95,409

On 15 September 2017, TPER completed the issue of an unsecured debenture bond loan for an amount of Euro 95 million, listed on the Dublin Stock Exchange (Irish Stock Exchange), the world's leading marketplace for regulated government and corporate bonds. Non-convertible TPER bonds, with a maturity of 7 years and amortising repayments starting from the fifth year, present a fixed annual coupon of 1.85% and were entirely placed with institutional investors.

Note that the bond requires the observance of certain financial parameters (financial covenants). The criteria for determining the economic figures used in the calculation of the ratios are set forth in the agreements. Failure to meet these by the respective reference dates may result in a default event and entail the obligation to repay in advance the principal amounts, the interest and the additional amounts provided for in the agreements. The financial covenants relate to:

- Compliance with a minimum threshold for the ratio between net financial debt and equity equal to 1;
- Compliance a minimum threshold for the ratio between net financial debt and EBITDA of 3.5.

15. Other liabilities

Non-current portion Euro 23,004 (21,782) thousand

Current portion Euro 31,036 (28,960) thousand

	2021 - Financial statement value	Current portion	Non- current portion	2020 - Financial statement value	Current portion	Non- current portion
Payables to shareholders	514		514	514		514
Other non-current payables	826		826	922		922
Payables to shareholders	-	-		0	0	-
Payables due to pension institutions	2,163	2,163		2,679	2,679	
Tax payables	555	555		337	337	-
Payables to employees	13,802	13,802		12,533	12,533	
Payables to SRM mobility agency	21,664		21,664	20,346		20,346
Other payables	14,517	14,517		13,411	13,411	
Total Other liabilities	54,041	31,037	23,004	50,742	28,960	21,782

The amounts due to SRM Società Reti e Mobilità S.p.A., equal to Euro 21,663 thousand, essentially refers to the balance due on the reference date in relation to the rental agreement of the business unit underwritten on 4 March 2011 between the mobility agency SRM Società Reti e Mobilità S.p.A. and the company Trasporto Pubblico Bolognese

S.c.r.l. at the same time as signing the service agreement for the management of local road-based public transport in the Bologna area.

The most significant items of “Other payables”, amounting to Euro 14.5 million, include an amount of Euro 11.8 million for deferrals on ticketing revenues pertaining to future years.

Information on the income statement items

The analysis of the main balances of the income statement is shown below.

For details on the balances of the income statement items deriving from transactions with related parties, please refer to the section "Transactions with related parties".

16. Revenues for LPT line services

Euro 179,030 (167,103) thousand

The revenues from services from the LPT line amounted to Euro 179,030 thousand, marking an increase of Euro 11,928 thousand compared to 2020 (Euro 167,103 thousand).

	2021	2020	Change
TRAVEL TICKETS	50,336	46,554	3,782
REMUNERATION SUPPLEMENTS	113,154	105,396	7,758
NCLA CONTRIBUTIONS	11,997	11,997	0
PASSENGER FINES	2,930	3,096	-166
OTHER REVENUES	613	59	554
TOTAL LPT LINE SERVICES	179,030	167,103	11,928

Also in 2021, the global health emergency due to the COVID-19 pandemic has led to restrictions on travel and limits on the occupancy of public transport vehicles in order to limit the risk of contagion and the obligation to reimburse season tickets not used during the lockdown period (according to rules established by law).

17. Revenues from railway line services

Euro 26,821 (26,521) thousand

Revenues for railway line services amounted to Euro 26,821 thousand and increased by Euro 299 thousand compared to 2020 (Euro 26,521 thousand).

	2021	2020	Change
Revenues from railway line services	26,821	25,423	1,398
TOTAL	26,821	25,423	1,398

They refer for Euro 20,982 thousand to revenues for rail freight transport and the completion of rail freight services performed by Dinazzano Po and for Euro 5,291 thousand to rental services for railway rolling stock provided by the parent company.

18. Revenues from parking and car-sharing

Thousands of Euro 12,362 (13,125)

Revenues for parking and car sharing amounted to Euro 12,362 thousand, a decrease of Euro 763 thousand compared to 2020 (Euro 13,125 thousand).

	2021	2020	Change
Stopping and parking	9,633	10,805	-1,172
Access to the historic centre	1,229	1,332	-103
Car sharing	1,499	987	512
Total	12,362	13,125	-763

The reduction in revenues, already present in the previous year, refers to the Covid-19 emergency and to the sale, on 1 November 2021, of the parking company branch, following the award of the relevant service contract by other companies.

It should be noted that corresponding lower costs were incurred for the fee to the grantor against lower revenues for parking management.

19. Other income

Euro 70,120 (59,012) thousand

The details of other income are shown in the following table.

	2021	2020	Change
Vehicle maintenance and other services rendered to third parties	6,418	5,676	742
Railway maintenance	21,821	16,860	4,961
Insurance and other reimbursements	4,128	4,367	-239
Fines	403	923	-520
Other	37,351	31,187	6,164
Total other income	70,120	59,012	11,108

During the year 2021, the maintenance contract for the railway vehicles that MA.FER carries out in favour of the Trenitalia Tper joint venture is fully operational, which increased by Euro 4,961 thousand compared to the previous year.

The item other income includes:

- The compensatory measures introduced by Italian Law no. 77 of 17 July 2020, (art. 200 paragraph 1, so-called "Relaunch Decree"), by Italian Law no. 126 of 13 October 2020 (art. 44, so-called "August Decree") and by Italian Law no. 176 of 18 December 2020 (art. 22-ter, the so-called "Ristori Bis Decree"), partially offsetting the lower traffic revenues accounted for in relation to the restrictions adopted to contain the spread of the COVID-19 virus, amounting to Euro 19,120 thousand in 2021 and Euro 13,812

thousand in 2020. The amount thus determined is currently the best estimate that can be made on the basis of the rules defined at national and regional level, applied on the basis of a prudential approach.

- The reimbursement of excise duties on fuel for Euro 1,002 thousand
- Commissions for Euro 660 thousand, essentially referable to the subsidiaries Omnibus Scrl (for Euro 529 thousand) and SST srl (for Euro 68 thousand)
- The fee for the management of the service called People Mover for Euro 2,842 thousand
- Railway rolling stock rental services for Euro 11,828 thousand referable for Euro 7,850 thousand to the associated company Trenitalia Tper S.c.r.l.

20. Personnel costs

Thousands of Euro 102,665 (107,439)

The breakdown of personnel costs is shown in the following table.

	2021	2020	Change
Salaries and wages	80,920	79,395	1,526
Social security contributions	16,117	22,350	(6,233)
Pension provisions	4,942	5,023	-81
Other personnel costs	686	672	14
Total	102,665	107,439	(4,774)

Personnel costs, amounting to Euro 102,665 thousand (Euro 107,439 thousand in 2020). The significant decrease in the cost of social security contributions is attributable to the sums paid to TPER as reimbursement of the expenses incurred as a supplement to the sickness benefit for the years from 2014 to 2018 for approximately Euro 7 million.

The following table shows the headcount as at 31 December 2021, divided by level of job classification (data related to the TPER Group).

	2021	2020	Change
Senior Managers	13	13	-
Middle managers	61	51	10
White-collar workers	339	299	40
Blue-collar workers	1,639	1,838	(199)
Apprentices	268	284	(16)
Associates	0	2	(2)
Total	2,320	2,487	(167)

21. Costs for services

Euro 93,151 (81,285) thousand

The financial statement balance is detailed in the following table.

	2021	2020	Change
Transport services	43,975	34,150	9,825
Rail tolls	910	743	167
Maintenance	14,333	16,827	(2,494)
Cleaning	8,380	7,231	1,149
Insurance	6,808	4,768	2,040
Electric power	1,467	1,789	(322)
Canteen service	1,526	1,475	51
Other utilities	2,018	1,895	123
Consultancy	1,856	1,842	15
Other	11,878	10,566	1,311
Total	93,151	81,285	11,866

The higher costs for transport services are attributable both to the type of service rendered due to the current moment of the pandemic and to the greater services rendered by third parties in relation to railway replacement services.

The increase is mainly due to:

- higher costs for transport services for Euro 9,825 thousand, relating to subcontracted services and replacement services for railway transport (which consequently generate an increase in the corresponding rental revenues)
- higher costs for cleaning services for Euro 1,149 thousand (also due to the necessary sanitisation following the COVID-19 pandemic in the year 2021)
- higher insurance costs for Euro 2,040 thousand.

22. Raw materials and materials

Thousands of Euro 40,192 (33,934)

This item includes the costs for the purchases of materials:

	2021	2020	Change
Fuels	19,087	15,128	3,959
Lubricants	569	562	8
Tyres	952	937	15
Spare parts	17,108	16,919	189
Various materials	2,009	-294	2,303
Other	467	683	-216
Total	40,192	33,934	6,258

The increase in costs is essentially attributable to the increase in the cost of fuels.

23. Costs for use of third-party assets

Euro 7,776 (7,258) thousand

The item includes:

	2021	2020	Change
Parking and permit management fee	5,024	4,930	94
Other rentals and leasing	2,752	2,328	424
Total	7,776	7,258	518

The parking and permit management fee relates to the amount due from TPER to the Municipality of Bologna on the basis of the contract awarding the related tender for the first ten months of the year.

24. Other operating costs

Euro 5,966 (4,240) thousand

The item includes:

	2021	2020	Change
Taxes and fees	1,515	1,374	141
Audits and inspections	166	134	32
Membership fees	366	366	0
Other	3,919	2,366	0
Total	5,966	4,240	172

The main component of the item "Other" refers to the charges deriving from the contract in place with SRM for the LPT of Bologna, amounting to Euro 1,914 thousand.

25. Amortisation/depreciation

Euro 21,552 (21,070) thousand

The item consists of the depreciation/amortisation charge for 2021, which amounts to Euro 21,552 thousand and refers to the following fixed assets (of which Euro 4,375 thousand due to the application of IFRS 16):

In thousands of Euro	2021	2020	Changes
Depreciation of tangible assets	15,805	15,423	382
Of which:			
Real estate	107	653	(546)
Rolling stock of buses/trolley buses	10,860	9,901	959
Railway rolling stock	3,478	3,572	(94)

Motor vehicles	172	130	42
Infrastructure	475	589	(114)
Other tangible assets	713	577	135
Amortisation of intangible assets	1,373	1,183	190
Of which:			
Amortisation of concession rights	387	387	0
Amortisation of intangible assets	986	796	(190)
Amortisation of assets for right of use	4,375	4,464	(89)
Total depreciation/amortisation	21,552	21,070	482

26. Write-downs and write-backs

Thousands of Euro 6 (1,158)

In thousands of Euro	2021	2020	Change
Write-downs of tangible assets	0	159	(159)
Write-downs/(reversals) of impairment of financial assets	(6)	(1,317)	1,311
Total	(6)	(1,158)	1,152

27. Change in funds for provisions

Euro 3,185 (5,018) thousand

The item consists of the operating changes (provisions and releases) of funds for provisions, excluding those for employee benefits (classified in personnel costs), allocated by the Company to fulfil the legal and contractual obligations that are presumed to require the use of economic resources in subsequent years.

The balance of this item, equal to Euro 3,185 thousand, relates primarily to the increase net of releases in the year of the provision for labour disputes for Euro 1,411 thousand, allocations to the provision for obsolete goods of Euro 1,759 thousand and the provision for risks with suppliers for Euro 500 thousand.

28. Financial income

Thousands of Euro 1,500 (983)

The balance of financial income and charges is detailed in the tables below.

	2021	2020	Change
Dividends	0	0	0
Other financial income	17	0	17
of which interest income on receivables	1,452	508	944
of which interest income on bank accounts	1	1	(1)

of which other interest income	47	474	(427)
Total	1,500	983	516

29. Financial charges

Euro 2,268 (2,555) thousand

	2021	2020	Change
Charges on bonds	1,987	1,988	(1)
Charges on loans	17	115	(99)
Other financial charges	264	452	(188)
Total	2,268	2,555	(287)

The item "bond loan charges" includes the financial charges relating to the bond loan issued on 15 September 2017, calculated in application of the amortised cost at an effective interest rate of 2.11% (nominal rate of 1.85%).

30. Share of profit (loss) on investments accounted for using the equity method

Euro -595 (-831) thousand

The "Share of net profit (loss) on investments accounted for using the equity method" for 2021 includes a net loss of Euro 595 thousand, attributable to the pro-quota results for the year of associates and jointly companies.

31. Tax charges

Euro 5,534 (-1,600) thousand

The table below shows the details of the tax charges in the two financial years compared.

<i>In thousands of Euro</i>	2021	2020	Change
IRES	938	2,239	1,301
IRAP	266	415	149
Current income taxes	1,204	2,654	1,450
Income taxes for previous years	(45)	(261)	(216)
Differences on income taxes for previous years	(45)	(261)	(216)
Provisions	(595)	(6,027)	(5,432)
Releases	5,384	2,012	(3,372)
Prepaid taxes	4,789	(4,015)	(8,804)
Provisions	-	22	22
Releases	(414)	-	414
Deferred taxes	(414)	22	436
Deferred tax assets and liabilities	4,375	(3,993)	(8,368)
Tax charges (income)	5,534	(1,600)	(7,134)

Earnings per share

The table below shows the statement of the basic and diluted earnings per share for the two financial years compared.

	31 December 2021	31 December 2020
Weighted average number of shares issued	68,492,702	68,492,702
Weighted average number of treasury shares in portfolio	111,480	111,480
Weighted average number of shares outstanding for the purpose of calculating basic earnings	68,381,222	68,381,222
Profit for the year (thousands of Euro)	6,721	3,615
Basic earnings per share (Euro)	0.10	0.05
Diluted earnings per share (Euro)	0.10	0.05

It should be noted that, as at 31 December 2021, there were no shares that could potentially be outstanding and, therefore, the diluted earnings per share coincided with the earnings per share.

Additional financial information

Information on the cash flow statement

The year 2021 recorded a negative net cash flow of Euro 25,036 thousand compared to a positive value in 2020 of Euro 18,905 thousand.

The net cash flow generated by operating activities amounted to Euro 16,512 thousand in 2021, and decreased by Euro 4,960 thousand compared to the previous year. The reduction is attributable to the combined effect of the following factors:

- Change in profit (Euro +3,387 thousand)
- Change in amortisation/depreciation (Euro +492 thousand)
- Change in provisions (Euro -1,833 thousand)
- Losses/(gains) from disposal of non-current assets (Euro +4,321 thousand)
- Financial income/charges (Euro -804 thousand)
- Change in working capital and other changes (Euro -9,328 thousand)
-

The change in working capital and other changes is essentially due to the combined effect of:

- A decrease in inventories of Euro 1,500 thousand
- An increase in trade receivables, equal to Euro 4,802 thousand
- An increase in current income tax assets, equal to Euro 4,059 thousand
- An increase in other current assets, equal to Euro 12,437 thousand
- An increase in non-current trade liabilities, equal to Euro 1,173 thousand
- An increase in other non-current liabilities, equal to Euro 1,222 thousand
- A decrease in current trade liabilities, equal to Euro 706 thousand
- An increase in other current liabilities, equal to Euro 2,077 thousand

The net cash flow absorbed by investing activities, equal to Euro 36,168 thousand, is mainly absorbed by investments in tangible assets, amounting Euro 37,561 thousand.

The cash flow absorbed by financial assets, amounting to Euro 5,380 thousand, is essentially absorbed by the combined effect of:

- the reimbursement of financial liabilities for leased assets amounting to Euro 3,248 thousand;
- Change in financial assets, equal to Euro 551 thousand
- financial income of Euro 47 thousand
- The payment of financial charges, equal to Euro 2,018 thousand
- Dividends collected, equal to Euro 28 thousand
- Repayment of medium/long-term loans, amounting to Euro 10 thousand
- Net change in other financial liabilities amounting to Euro 427 thousand

The net cash flow absorbed by financial activities is equal to Euro 5,380 thousand, marking a decrease compared to the 2020 value which was Euro 16,721 thousand (Euro +11,341 thousand). The main difference is attributable to greater reimbursements of medium-long term loans for Euro 13,306 with the repayment of a TPER mortgage.

Management of the financial risk

The TPER Group's objective is to maintain a balanced management of its financial exposure over time, designed to ensure a liability structure that is balanced with the composition of assets and able to ensure the necessary operational flexibility by using liquidity generated from current operating activities and bank loans.

The ability to generate liquidity from ordinary operations, combined with the debt capacity, enable the TPER Group to adequately satisfy its operating needs, financing of operating working capital and investment requirements, as well as respect for its financial commitments.

The strategies employed by the TPER Group to manage and control financial risks are illustrated below.

The Group, in the ordinary performance of its operating and financial activities, is exposed to:

- the liquidity risk, with reference to the availability of adequate financial resources to meet its short-term commitments;
- the risk of non-compliance with bond covenants;
- the risk of fluctuation of interest rate risks deriving from the exposure to variable interest rates;
- the risk deriving from fluctuations in commodity prices;
- the credit risk, connected both to normal commercial relations and to the possibility of default of a financial counterparty.

The Group is not exposed to exchange rate risk.

Liquidity risk

Liquidity risk is the possibility that the available financial resources may be insufficient to cover maturing bonds. The Group believes that it has access to sufficient sources of funding to meet the planned financial needs, also in relation to the possible criticalities concerning the disbursement of the contributions due from transfers of the Public Administration, taking into account its capacity to generate cash flows, the wide diversification of the sources of financing and the liquidity generated by the issue of the bond loan.

The strategy adopted by the Group for the management of liquidity risk focuses on optimising its ability to generate cash flows, and on diversifying sources of funding to cover its requirements for the management of the year and for investments and on the continuous monitoring of expected cash flows to respect the expiry of the commitments assumed.

The following table provides details on the remaining expiries of liabilities based on the non-discounted cash flows. For the bond issue and the bank loans the amounts include both the flows relating to the reimbursement of the capital portion, and the flows relating to interest. In the event in which the flows relating to interest are at a variable rate, their non-discounted value is estimated by applying, for subsequent expiries, the latest variable rate applied in 2021.

For financial liabilities for leased assets, the flows are determined on the basis of contractual fees and, in the event in which these are subject to indexing, their non-

discounted value is estimated by applying, for subsequent expiries, the latest variable rate applied in 2021.

In thousands of Euro	Financial statement value	Contractual flows				Total
		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	
As at 31 December 2021						
Bonds	95,108	33,424	32,838	32,253	-	98,515
Loans	67	22	22	26	-	70
Liabilities for leased assets	7,883	3,429	2,301	2,675	20	8,425
Trade liabilities	59,077	57,904	1,173			59,077
As at 31 December 2020						
Bonds	94,878	1,757	66,262	32,253		100,272
Loans	77	27	21	29		77
Derivatives	31	31				31
Liabilities for leased assets	11,130	4,328	4,019	4,877	63	13,287
Trade liabilities	64,139	64,139				64,139

The TPER Group believes it has the ability to fulfil its payment obligations through the generation of cash flows from operating activities and, subordinately, through the use of stocks of cash and/or financial instruments in the portfolio that can be converted to cash.

Risk of default and non-compliance with covenants

The risk of default relates to the possibility that loan agreements or the settlement of the bond may contain provisions that give counterparties, whether they are banks or bondholders, the legitimate right to ask the debtor, when given events occur, for the immediate reimbursement of the sums granted, subsequently giving rise to liquidity risk.

The loan agreements, as with the bond, in line with international practice for similar transactions, generally give the lender/bond-holder the right to request the reimbursement of its receivable by arranging for the early termination of the relationship with the debtor in all cases where the latter is declared insolvent and/or subject to bankruptcy proceedings, or has initiated a liquidation procedure or another procedure with similar effects.

In particular, the contracts make provision for respect for financial covenants:

More specifically, the bond envisages the obligation of respecting, for the entire duration of the debt:

- the ratio between the consolidated net financial position and consolidated shareholders' equity must not exceed 1;
- the ratio between consolidated net financial position and consolidated EBITDA must not exceed 3.5.

Non-compliance with the clauses described above constitutes a breach of the contractual obligations and the Company may be required to pay the residual debt.

Respect for these covenants is monitored by the Group and, at the current state of play, all covenants have been observed and compliance also for 2022 is anticipated on the basis of budgets.

Interest rate risk

The interest rate risk is linked to the uncertainty caused by the trend in interest rates and can generally present a double manifestation:

- Cash flow risk: this is connected to financial assets or liabilities with flows indexed to a market interest rate;
- Fair value risk: it represents the risk of loss deriving from an unexpected change in the value of a financial asset or liability following an unfavourable change in the market rate curve.

The Group's approach to managing interest rate risk, which takes account of the structure of assets and the stability of the cash flows, aims to preserve funding costs and stabilise cash flows, in such a way as to safeguard margins and ensure the certainty of cash flows deriving from ordinary activities. The Company's approach to managing interest rate risk is, therefore, prudent and provides for the analysis and control of the position, carried out periodically based on specific requirements.

The following table shows loans payable at variable and fixed rates.

<i>In thousands of Euro</i>	31/12/2021	Contractual cash flows	Current portion	Between 1 and 2 years	Between 2 and 5 years	After 5 years
Variable rate	67	70	22	22	26	-
Fixed rate	95,108	98,515	33,424	32,838	32,253	-
Total	95,175	98,585	33,446	32,860	32,279	0

<i>In thousands of Euro</i>	31/12/2020	Contractual cash flows	Current portion	Between 1 and 2 years	Between 2 and 5 years	After 5 years
Variable rate	77	77	27	21	29	-
Fixed rate	94,878	100,272	1,757	66,262	32,253	-
Total	94,955	100,349	1,784	66,283	32,284	-

Commodity price risk

The TPER Group is exposed to the price risk of energy commodities, i.e. electricity and oil products, since procurement is impacted by fluctuations in the prices of these commodities.

During 2021, an increase in energy commodities was noted, however exacerbated by the current geopolitical situation and the Russian-Ukrainian conflict, since Russia is one of the main producers of gas and oil.

At present, the TPER Group is analysing the effects of the increase in the price of commodities on its business; even though it is an external variable, it can only be mitigated by engaging in dialogue with the grantor for any service reviews consistent with the trends in commodity costs.

Credit risk

Credit risk represents the exposure to potential losses resulting from the failure of commercial counterparties to meet their obligations.

The TPER Group's counterparties are primarily composed of:

- Group companies or associates
- The Municipality of Bologna, the Municipality of Ferrara, the Emilia-Romagna Region and their investees;
- Financial counterparties in relation to deposits at banks and capital contributions, also in the form of loans granted to investees.

As regards users of LPT services, TPER operates by providing public services and the revenues deriving from the tariffs applied are essentially collected with the provision of the service. However, there are some non-performing credit positions, positions subject to analytical valuation, and an overall estimate of the riskiness of outstanding credit positions, for which a provision for write-downs has been created that takes into account the estimate of recoverable flows and the related collection date, future recovery charges and expenses, as well as the value of guarantees and deposits received from customers.

The credit risk on liquidity and on financial instruments in the portfolio is limited given that the Group only operates with counterparties with a high credit rating.

The low exposure to credit and counterparty risk is confirmed by the results of the impairment analysis, as detailed in the dedicated section.

To measure expected losses, receivables were grouped on the basis of the characteristics of the counterparty risk and by maturity date. In order to apply the selected models, impairment percentages were established determined by maturity date and on the basis of the historical losses recorded by the Group. These percentages were subsequently supplemented with forward-looking information in order to incorporate market information, in addition to historical information.

The table below shows the exposure to credit risk, gross of the write-downs made, of the Group as at 31 December 2021.

IN THOUSANDS OF EURO	past due						
	Loans 31/12/2021	not past due	0-30	31-60	61-90	91-180	over 180
Trade assets	82,368	51,813	1,752	3,595	2,416	6,102	16,690
Financial assets	34,388	34,388					
Other assets	19,412	19,412					
Provision for doubtful debts	(10,940)	(2,233)	(84)	(160)	(284)	(537)	(7,642)
Total	125,228	103,380	1,668	3,435	2,132	5,564	9,049

Additional disclosures on financial instruments

The details of financial assets and liabilities required by IFRS 7, subdivided into the categories defined by IFRS 9, are shown below.

In thousands of Euro	Notes	Fair value level	Amortised Cost		Fair value recognised in the income statement		Total	
			31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
NON-CURRENT ASSETS								
Equity investments in other companies	4	3	-	-	3,342	3,342	3,342	3,342
Financial assets	5		34,388	32,754	-	-	34,388	32,754
CURRENT ASSETS								
Trade receivables	9		82,368	77,566	-	-	82,368	77,566
Financial assets	5		7,607	7,666	-	-	7,607	7,666
Assets for current income taxes	11		6,290	2,231	-	-	6,290	2,231
Other assets	7		18,159	5,722	-	-	18,159	5,722
NON-CURRENT LIABILITIES								
Bonds	14		63,441	94,878	-	-	63,441	94,878
Medium/long-term loans	14		67	77	-	-	67	77
Derivatives	14	2	-	-	-	31	0	31
Long-term liabilities for leased assets	3		6,032	7,986	-	-	6,032	7,986
Trade liabilities	13		1,173	-	-	-	1,173	-
Other liabilities	15		23,004	21,782	-	-	23,004	21,782
CURRENT LIABILITIES								
Trade liabilities	16		63,402	64,139	-	-	63,402	64,139
Financial liabilities	14		31,667	-	-	-	31,667	-
Liabilities for leased assets - short-term portion	3		1,851	3,144	-	-	1,851	3,144
Other liabilities	15		31,036	28,960	-	-	31,036	28,960

Determination of the fair value

The fair value of the financial assets and liabilities is determined in line with IFRS 13, which requires these values to be classified based on a hierarchy of levels, which reflects the characteristics of the inputs used to determine the fair value:

- Level 1: valuations performed on the basis of quoted prices in active markets for financial assets and liabilities identical to those subject to valuation.
- Level 2: valuations performed on the basis of inputs other than quoted prices pursuant to level 1, which for the financial asset or liability are directly (prices) or indirectly (price derivatives) observable.
- Level 3: valuations that take as a reference parameters not observable on the market.

Taking the aforementioned classification as a reference, procedures were implemented to measure the fair value of the assets and liabilities as at 31 December 2019 and 31 December 2018, with reference to the observable market parameters:

- The fair value of the financial assets and liabilities with standard conditions and terms, quoted on an active market is measured with reference to prices published in said market by leading market contributors.

- The fair value of other financial assets and liabilities is measured, where the conditions are met, by applying the discounted cash flow method, using the prices recorded for recent market transactions by leading market contributors for similar instruments as the reference balances.

The table below shows the financial assets and liabilities measured at fair value:

In thousands of Euro	31-Dec-2021	Fair value as at the reporting date		
		Level 1	Level 2	Level 3
Equity investments	3,342			3,342

In accordance with the provisions of IFRS 13, the fair value of the financial liabilities as at 31 December 2021 is reported, which includes the bond which is measured at amortised cost.

In thousands of Euro	31-Dec-2021	
	Financial statement value	Fair Value
Bonds	95,108	96,900
Liabilities for leased assets	7,883	8,366
Other financial liabilities		

During the year, there were no transfers between the different levels of the fair value hierarchy.

For medium/long-term financial instruments, other than derivatives, where no market shares are available, the fair value is determined by discounting the expected cash flows, using the market interest rate curve as at the reference date and considering counterparty risk in the case of financial assets and its own credit risk in the case of financial liabilities.

Guarantees

Description	31 December 2021	31 December 2020
Guarantees given to third parties		
Sureties granted	15,777	20,408
Risks		
Third-party assets at the company	4,170	-
SRM rented assets at the company	26,434	28,037
SRM assets at the company	19	19
Total	46,400	48,464

The sureties granted to third parties refer - for the most part - to the guarantees provided by TPER, on behalf of TPB S.c.r.l. and TFP S.c.r.l., to the respective mobility agencies for service contracts for local public transport in the Bologna and Ferrara areas.

The item third party assets held by the company refers to the first stock of railway spare parts supplied by MA.FER customers.

The item “SRM rented assets at the company” corresponds to the net book value of the company rented by SRM for public transport in the Bologna basin.

In addition to the guarantees summarised above, it should be noted that TPER had received, as at the closing date of the financial year, Euro 60 million of guarantees from third parties to cover the purchases of goods (mainly rolling stock) and services. The most significant items of guarantees from third parties consisted of sureties on the construction of the Bologna-San Lazzaro guided public transport system (TPGV) (Euro 10 million), for the purchase of new buses (Euro 18.8 million) for maintenance services (Euro 12.2 million) and for company canteens (Euro 3.5 million).

Transactions with related parties

The following tables show the economic and financial balances of a commercial and financial nature, deriving from transactions with related parties (figures in thousands of Euro).

In thousands of Euro		Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Associates					
SETA	2020	176	8	176	56
	2021	230	133	306	266
CONSORZIO TRASPORTI INTEGRATI	2020	1,107	40	1,800	163
	2021	127	2	191	161
TRENITALIA TPER	2020	17,270	-	11,502	2,810
	2021	19,419	-	22,136	4,378
MARCONI EXPRESS	2020	821	142	10,472	237
	2021	2,842	71	12,672	637
Total	2020	19,374	190	23,950	3,265
	2021	22,617	202	35,303	5,442

The sales and purchases with related parties are made with the terms and conditions equivalent to those prevailing in free transactions. No guarantees have been provided for receivables and payables with related parties. In the financial year ended as at 31 December 2021, the TPER Group did not record any impairment loss of receivables contracted with related parties. This assessment is carried out annually, at each balance sheet date, taking into consideration the financial position of the related party and the market in which the related party operates.

The income statement and balance sheet results of related parties are shown below.

INCOME STATEMENT	2021				2020			
	SETA	MARCONI EXPRESS	TRENITALIA TPER	CTI	SETA	MARCONI EXPRESS	TRENITALIA TPER	CTI
In thousands of Euro								
Value of Production	117,625	13,602	302,603	52	101,155	6,502	274,495	1,577
Costs of Production	(117,592)	(13,576)	(298,527)	(52)	(101,079)	(4,203)	(276,749)	(1,577)

Financial income/(charges)	-35	-4,098	-303	27	-12	-4,174	-148	0
Taxes	34	956	21	0	-49	402	564	0
Profit/(loss) for the year	32	-3,116	3,794	27	15	-1,473	-1,838	0

Statement of Financial Position	2021				2020			
	SETA	MARCONI EXPRESS	TRENITALIA TPER	CTI	SETA	MARCONI EXPRESS	TRENITALIA TPER	CTI
Fixed assets	58,715	118,255	107,948	0	48,273	117,103	89,198	0
Current assets	67,768	9,572	227,447	14,156	38,292	3,870	178,602	15,792
Accruals and deferrals	448	3,165	184	0	2,098	2,913	0	0
Total Assets	126,931	130,992	335,579	14,156	88,663	123,886	267,800	15,792
Shareholders' equity	17,949	13,075	12,446	14	17,917	12,584	8,652	14
Provisions for risks and charges	7,285	2,771	2,097	0	5,817	4,334	2,022	0
Employee severance indemnity	6,162	0	16,782	0	7,372	0	19,756	0
Payables	63,035	82,815	291,186	14,112	35,207	73,575	237,049	15,748
Accruals and deferrals	32,500	32,331	13,068	30	22,350	33,393	321	30
Total Liabilities	126,931	130,992	335,579	14,156	88,663	123,886	267,800	15,792

Compensation to directors and statutory auditors and auditing companies

The information concerning the remuneration of the directors, statutory auditors and the independent auditors of the TPER Group is presented below.

In thousands of Euro	2021	2020	Change
Directors' fees	350	307	43
Statutory auditors' fees	143	146	(3)
Independent auditors' fees	101	104	(3)
Total	594	557	37

It should be noted that the fee for the audit of the consolidated accounts is included in the amount envisaged for the audit of the Parent Company TPER.

Operating sectors

The information relating to the business segments was prepared in accordance with the provisions of IFRS 8 "Operating segments", which provide for the presentation of the information consistently with the methods adopted by management for taking operational decisions. The Group's approach to the market takes place through three operating segments:

- Local public transport, which includes all activities relating to passenger transport services in the catchment areas served by the company, also with innovative methods (car-sharing with electric cars) and as a service for other operators in the local public transport of persons (shuttle service for Bologna airport-city and Emilia Romagna regional train service)
- Freight transport, which refers to the group's activities in rail freight transport

- Parking and mobility is the activity carried out by TPER in the city of Bologna on the basis of the existing service contract. Here is a summary of the most significant data from the company's operating segments.

TPER GROUP				
2021				
MILLIONS OF EURO	LOCAL PUBLIC TRANSPORT	TRANSPORT GOODS	OF URBAN PARKING AND MOBILITY	TOTAL
Revenues from third parties	186.4	20.9	10.9	218.2
Other revenues from third parties	67.5	2.6	0.0	70.1
Total operating revenues	253.9	23.5	10.9	288.3
EBITDA	31.0	8.0	-0.5	38.5
Depreciation and amortisation, write-downs and write-backs	-18.3	-2.9	-0.3	-21.5
Provisions and other adjustment allocations	-1.0	-2.1		-3.1
EBIT	11.7	3.0	-0.8	13.9
Financial income/(charges)				-0.8
Share profit (loss) equity method				-0.6
Profit before taxes from operating activities				12.5
Tax income/(charges)				-5.6
Profit for the year				6.9
CFO - Cash flow from operations	8.2	5.6	-0.5	13.3
Operating investments	35.6	2.4	0.0	38.0

TPER GROUP				
2020				
MILLIONS OF EURO	LOCAL PUBLIC TRANSPORT	TRANSPORT GOODS	OF URBAN PARKING AND MOBILITY	TOTAL
Revenues from third parties	205.0	20.8	12.4	238.2
Other revenues from third parties	32.3	2.4	0.0	34.7
Total operating revenues	237.3	23.2	12.4	272.9
EBITDA	36.4	3.0	-0.7	38.7
Depreciation and amortisation, write-downs and write-backs	-19.4	-2.5	-0.3	-22.2
Provisions and other adjustment allocations	-12.3	0.2		-12.1
EBIT	4.7	0.7	-1.0	4.4
Financial income/(charges)				-1.6
Share profit (loss) equity method				-0.8
Profit before taxes from operating activities				2.0
Tax income/(charges)				1.6
Profit for the year				3.6
CFO - Cash flow from operations	22.4	0.5	-0.7	22.2
Operating investments	27.5	2.4	0.0	29.9

Orders for investments

Orders for investments in place as at the date of year-end are reported below.

IN THOUSANDS OF EURO	31 December 2021	31 December 2020	Change
Asset orders in place			
Tangible assets	17,575	2,450	- 23,700
Intangible assets	202	60	- 41
Total	17,776	2,510	- 23,741

The increase in 2021 over 2020 relates largely to the higher orders in place for rolling stock.

Grants, contributions, paid offices and economic benefits Italian Law no. 124/2017

Pursuant to Article 1, paragraph 125, of Italian Law no. 124 of 4 August 2017, in accordance with the obligation of transparency, it should be noted that in 2021 the following grants/contributions were received from public administrations:

AMOUNT RECEIVED	ISSUING ENTITY	DESCRIPTION
Euro		
926,872	Emilia-Romagna Region	Grant for the purchase of new buses - POR-FESR provisions 2014/2020 action 4.6.2
176,798	Ministry of Infrastructure and Transport	Grant for the realisation of the Guided Public Transport System Bologna City Centre - San Lazzaro (BO) (TPGV) - Italian Law no. 211/92
1,203,923	SRM Bologna	95% deposit for 15 IVECO interurban buses 12mt. - FSC funds 2014-2020 axis F
348,009	AMI Ferrara	95% deposit for 3 interurban MAN buses 14mt. - FSC funds 2014-2020 axis F
27,526	AMI Ferrara	advance grant to improve LPT quality and safety for prevention and containment of Covid-19 contagion - Decree of Regional Government no. 1269/2020
2,486,085	AMI Ferrara	Contribution to the higher costs for the NCLA pursuant to Italian Laws nos. 47/04, 58/05, 296/06
9,701,413	SRM Bologna	Contribution to the higher costs for the NCLA pursuant to Italian Laws nos. 47/04, 58/05, 296/06
5,420,773	Ministry of Labour	Contribution to sick pay Italian Law no. 266/2005
336,377	Customs Agency	Excise duties on transport diesel
42,379	Ministry of Infrastructure and Transport	MIT grant for training pursuant to Italian Ministerial Decree no. 570/2017
447,255	Ministry of Infrastructure and Transport	MIT freight regulation grant pursuant to Italian Legislative Decree no. 61 of 29/12/2016
-	INPS	CIGO
3,623	INPS	FIS Covid-19
11,554,027	Mobility agencies	COVID-19 public relief for loss of revenues
-	Mobility agencies	Bus fitting out based on anti-Covid-19 measures
60,000	Revenue Agency	Tax credit for COVID-19-related sanitisation and PPE
32,735,061	TOTAL RECEIVED IN 2021	

TPER S.p.A. Financial statements

Statement of Financial Position

	note	31/12/2021	31/12/2020
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1	162,229,647	142,422,235
Real estate		3,156,021	3,221,810
		154,605,91	
Rolling stock	2		134,202,090
Infrastructure		3,035,983	3,636,931
Other tangible assets		1,431,731	1,361,404
Intangible assets	2	401,289	661,156
Goodwill and other intangible assets with an indefinite useful life		-	-
Concession rights		-	-
Other intangible assets		401,289	661,156
Assets for rights of use	3	3,212,940	4,667,234
Equity investments	4	57,428,706	56,828,706
Equity investments at cost or at fair value		51,713,606	51,713,606
Equity investments measured using the equity method		5,715,100	5,115,100
Financial assets	5	34,777,717	42,255,586
Deferred tax assets	6	0	5,101,549
Other assets			

Non-current assets and disposal groups of assets

TOTAL NON-CURRENT ASSETS		258,050,299	251,936,466
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CURRENT ASSETS

Trade assets	7	84,961,354	73,371,517
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Inventories		12,312,852	11,886,799
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Trade receivables		72,648,502	61,484,718
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Cash and cash equivalents	8	38,449,524	67,042,115
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Financial assets	5	7,606,868	7,645,072
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Financial assets for contributions		5,892,443	6,502,122
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Other financial assets		1,714,425	1,142,950
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Assets for current income taxes	9	4,632,897	3,718,110
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Other assets	10	17,362,180	8,848,404
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TOTAL CURRENT ASSETS		153,012,823	160,625,218
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TOTAL ASSETS		411,063,122	412,561,684
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LIABILITIES

Shareholders' equity	11	158,267,050	153,817,702
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Capital issued		68,492,702	68,492,702
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Reserves		63,115,395	59,934,454
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Profit/(loss) carried forward		23,128,737	23,128,737
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Actuarial profit/(loss)		(1,588,793)	(919,133)
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Profit/(loss) for the year	5,119,009	3,180,942
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TOTAL SHAREHOLDERS' EQUITY	158,267,050	153,817,702
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NON-CURRENT LIABILITIES

Trade liabilities	12	1,173,030	-
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Funds for provisions	13	38,410,673	41,207,223
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Provisions for employee benefits		14,858,983	16,058,255
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Other provisions		23,551,690	25,148,968
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Financial liabilities	14	63,788,612	95,291,131
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Bonds		63,441,402	94,878,408
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Medium/long-term loans		0	0
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Derivatives		0	30,909
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Other financial liabilities		347,210	381,814
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Long-term liabilities for leased assets	3	1,911,444	4,161,483
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Other liabilities	15	22,933,858	21,712,391
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TOTAL NON-CURRENT LIABILITIES		128,217,617	162,372,228
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CURRENT LIABILITIES

Trade liabilities	12	54,733,943	61,406,354
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Funds for provisions current portion	13	7,931,246	4,905,938
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Provisions for employee benefits		1,298,680	1,986,303
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Other current provisions		6,632,566	2,919,635
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Financial liabilities	14	31,666,666	0
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Bonds		31,666,666	0
Long-term liabilities for leased assets - short-term portion	3	1,850,575	3,144,436
Other liabilities	15	28,396,025	26,915,026
TOTAL CURRENT LIABILITIES		124,578,455	96,371,754
TOTAL LIABILITIES		252,796,072	258,743,982
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		411,063,122	412,561,684

Income Statement

		2021	2020
Revenue		167,072,543	161,016,915
LPT line services	16	149,720,711	142,172,467
Railway line services	17	6,144,357	6,417,516
Parking and car sharing	18	11,207,475	12,426,932
Other income	19	46,780,338	41,362,792
Operating costs		185,136,164	178,959,297
Personnel costs	20	89,159,493	93,719,670
Cost for services	21	56,415,540	49,761,103
Raw materials and materials	22	29,511,911	26,122,369
Use of third-party assets	23	5,941,734	5,850,273
Other operating costs	24	4,107,486	3,505,882
Amortisation/depreciation	26	16,629,713	15,839,188
Depreciation of tangible assets		14,405,970	13,667,247
Amortisation of intangible assets		593,011	663,242
Amortisation of assets for right of use		1,630,732	1,508,699
Value write-downs/(reversals)	27	(730,505)	249,188
Change in funds for provisions	28	2,335,419	4,484,745
Operating result		10,482,090	2,847,289
Financial income	29	1,546,153	1,108,180
Dividends		30,752	60,822
Other financial income		1,515,401	1,047,358
Financial charges	30	2,142,937	2,473,380
Charges on bonds		1,987,160	1,987,827
Charges on loans		2,691	101,039
Other financial charges		153,086	384,514
Total financial income/(charges)		(596,784)	(1,365,200)
Result before tax		9,885,306	1,482,089
Tax charges	31		
Current income taxes		(45,000)	(216,085)
Deferred tax assets and liabilities		4,811,297	(1,482,768)
Net profit/(loss) for the year		5,119,009	3,180,942

Comprehensive income statement

		2021	2020
Profit for the year	(a)	5,119,009	3,180,942
Other components of the comprehensive income statement for the year that can be reclassified to the income statement	(b)	0	0

Profit/(loss) from actuarial valuation of provisions for employee benefits		(379,407)	(29,987)
Tax effect on profit/(loss) from actuarial valuation of provisions for employee benefits		(290,253)	7,197
Other components of the comprehensive income statement for the year that cannot be reclassified to the income statement	(c)	(669,660)	(22,790)
Total other components of the income statement for the year	(d=b+c)	(669,660)	(22,790)
Comprehensive economic result for the year	a+d	4,449,349	3,158,152

Statement of changes in shareholders' equity

Share capital	Reserves											Shareholders' equity	
	Valuation reserves				Other reserves								
	Reserve for actuarial valuations for employee benefits	Reserve for changes in fair value AFS	Other	Treasury shares	Legal reserve	Share premium reserve	Capital contributions reserve	Accumulated merger surplus reserve	Other reserves	Profit/(loss) carried forward	Result for the year		
Balance as at 31 December 2019	68,492,702	(896,343)	0	0	(188,536)	4,749,171	272,058	32,716,499	1,515,984	15,655,963	23,128,737	5,213,314	150,659,549
Transactions with shareholders and other changes													
Distribution of dividends													0
Allocation of the previous-year result						260,666				4,952,648		(5,213,314)	0
Purchase of treasury shares													0
Other minor changes and reclassifications													0
Comprehensive economic result for the year		(22,790)										3,180,942	3,158,151
Balance as at 31 December 2020	68,492,702	(919,133)	0	0	(188,536)	5,009,837	272,058	32,716,499	1,515,984	20,608,612	23,128,737	3,180,941	153,817,701
Transactions with shareholders and other changes													
Distribution of dividends													0
Allocation of the previous-year result						159,047				3,021,894		(3,180,942)	0
Comprehensive economic result for the year		(669,660)										5,119,009	4,449,349
Balance as at 31 December 2021	68,492,702	(1,588,793)	0	(188,536)	(188,536)	5,440,941	32,988,557	34,232,483	25,146,490	46,759,244	28,247,746	163,386,058	158,267,050

Cash flow statement

	NOTES	2021	2020
Profit/(loss) for the year		5,119,009	3,180,942
Amortisation/depreciation	26	16,629,713	15,839,188
Change in funds for provisions	28	2,335,419	7,201,113
Write-downs/(revaluations) of financial assets	27	(730,505)	249,188
Write-downs/(revaluations) of non-financial assets		-	-
Losses/(gains) from disposal of non-current assets		105,147	(4,209,510)
Financial income/(charges)	29-30	596,784	1,365,200
Net change in deferred taxation		-	-
Change in working capital and other changes		(14,490,087)	5,012,301
Income taxes paid		-	(539,490)
Net cash flow provided by/(used in) operating activities		9,565,480	28,098,932
Investments in tangible assets	1	(37,069,513)	(27,565,742)
Investments in intangible assets	2	(347,261)	(1,044,628)
Equity investments	4	(600,000)	
Investments gross of contributions		(38,016,774)	(28,610,370)
Contributions to tangible assets	1	2,506,321	40,495,398
Contributions to intangible assets			
Contributions		2,506,321	40,495,398
Disposals of tangible assets	1	244,662	4,523,423
Disposals of intangible assets	2	14,118	-
Disposals of equity investments			
Disposals		258,780	4,523,423
Net cash flow provided by/(used in) investing activities		(35,251,673)	16,408,451
Issue/(repayment) of bonds		-	-
Disbursement/(Repayment) of medium/long-term loans		-	(13,297,468)
Disbursement/(Repayment) of short-term loans		-	-
Reimbursement of financial liabilities for leased assets	3	(3,720,338)	(2,169,441)
Change in financial assets	5	2,712,183	1,002,005
Change in financial liabilities	14	(65,513)	(96,086)
Financial income		49,796	1,047,358
Interest expense		(1,760,191)	(1,858,539)
Other financial charges	30	(153,086)	(384,514)
Purchase of treasury shares		-	-
Dividends paid		-	-
Dividends received	29	30,752	60,822
Net cash flow provided by/(used in) financial assets		(2,906,397)	(15,695,862)
Net cash flow for the period		(28,592,591)	28,811,521

Cash and cash equivalents at the start of the year	67,042,114	38,230,593
Cash and cash equivalents at the end of the year	38,449,524	67,042,114

Explanatory notes to the financial statements of TPER S.p.A.

General information

TPER S.p.A. (hereinafter TPER or Company) is a joint stock company established in 2012 with registered office in Bologna, in Via di Saliceto, 3. The company term is fixed to 31 December 2050.

TPER is an integrated mobility company with core business in local automotive and railway public transport (hereinafter also “LPT”). For more details please refer to the Report on Operations.

At the date of preparation of these financial statements, no shareholder holds control. The Emilia-Romagna Region is the relative majority shareholder of TPER (46.13%). The other shareholders are the Municipality of Bologna (30.11%), the Metropolitan City of Bologna, (18.79%), the Azienda Consorziale Transport ACT of Reggio Emilia (3.06%), the Province of Ferrara (1.01%), the Municipality of Ferrara (0.65%), Ravenna Holding S.p.A. (0.04%) and the Province of Parma (0.04%). Furthermore, TPER owns 111,480 treasury shares (0.16%).

The present financial statements as at 31 December 2021 were approved by the Board of Directors of TPER at the meeting of 27 May 2022, considering that the Board of Directors of TPER dated 29 March 2022, as the conditions set forth in Article 2364, paragraph 2 of the Italian Civil Code were satisfied, resolved to defer the ordinary deadline for approval of the company's financial statements from 120 days to 180 days from the end of the financial year.

It should be noted that the Company, which holds significant controlling interests, also provides for the preparation of the Group's consolidated financial statements, published together with these financial statements.

Compliance with IFRS

TPER's financial statements for the year ended as at 31 December 2021, drafted on the basis of the going concern assumption, were prepared in accordance with articles 2 and 3 of Italian Legislative Decree no. 38/2005, in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board and approved by the European Commission, which include the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as well as the previous International Accounting Standards (IAS) and previous interpretations of the Standard Interpretations Committee (SIC) still in force. For simplicity, the set of all the standards and interpretations is hereafter defined as the “IFRS”.

Following the issue of a bond quoted on the Dublin Stock Exchange on 15 September 2017, TPER has adopted the international accounting standards (IFRS) starting from the year 2017, with a date of transition to IFRS of 1 January 2016.

Presentation of Financial Statements

TPER's financial statements consist of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity and Cash Flow Statement) and of the Explanatory Notes.

The items in the statement of financial position are classified into current and non-current, those of the income statement are classified by nature.

The statement of comprehensive income (loss) indicates the economic result supplemented by income and charges which, owing to an express provision of the IFRS, are not booked to the income statement.

The statement of changes in shareholders' equity presents the comprehensive income (loss) for the year, transactions with shareholders and other changes in shareholders' equity.

The cash flow statement is prepared according to the "indirect method", by adjusting the profit for the year for other non-monetary components.

The accounting standards reflect the full operations of the Company in the foreseeable future and are applied in the assumption of the Company as a going concern. For more details regarding verification of the going concern assumption please refer to the appropriate paragraph of these Explanatory Notes.

IFRS are applied consistently with the indications provided in the "Conceptual Framework for Financial Reporting" and there have not been any critical issues that have led to the use of derogations pursuant to IAS 1, Paragraph 19.

All values are expressed in thousands of Euro, unless otherwise indicated.

The Euro is the functional currency used to present TPER's financial statements.

For each item of the financial statements, the corresponding value of the previous year is shown for comparative purposes. It should be noted that with respect to what has already been published in the financial statements as at 31 December 2020, for the purposes of better accounting representation, certain reclassifications were made.

Accounting standards and measurement criteria

The accounting standards measurement criteria are the same as those used to draft the consolidated financial statements, to which reference should be made, with the exception for the recognition and measurement of equity investments in subsidiaries, joint ventures and associates, which are illustrated below.

Equity investments

Equity investments in subsidiaries, associates and joint ventures are valued at cost, including directly attributable additional charges. The cost is adjusted for any impairment according to the criteria established by IAS 36, for which reference should be made to the section on "Impairment and reversal of impairment of equity investments (impairment test)". The value is subsequently reinstated if the conditions that determined the adjustments cease to exist; the reversal of value cannot exceed the original cost of the equity investment. In the event of any losses exceeding the carrying amount of the equity investment, the excess is recognised in a specific liability provision to the extent that the Company is committed to fulfilling legal obligations implied with regard to the investee company or in any case to cover its losses.

Equity investments in other companies, which can be classified in the category of capital financial instruments pursuant to IFRS 9, are initially recorded at cost, registered at the

settlement date, insofar as it is representative of the fair value, including directly attributable transaction costs.

After the initial accounting, such equity investments are measured at fair value, with recognition of the effects in the income statement, except those that are not held for trading and for which, as allowed by IFRS 9, the option of designation at fair value with recognition of subsequent changes in the other components of other comprehensive income has been exercised at the time of acquisition.

Equity investments are derecognised when the contractual rights to the cash flows derived from the assets themselves expire or when the equity investment is sold, thereby effectively transferring all the risks and benefits pertaining thereto.

Impairment and reversal of impairment of equity investments - impairment test

At the closing date of the financial statements, if there is an indication that the book value of one or more equity investments (excluding those measured at fair value) may have suffered an impairment loss, the recoverability of the book value is verified, as described below, to determine the amount of any write-down booked to the income statement.

This verification consists in estimating the recoverable value of the equity investment (represented by the higher between the presumable market value, net of selling costs, and the value in use) and in comparison with the related net book value. If the latter is higher, the equity investment is written down to the extent of the recoverable amount.

The impairment losses are recorded in the income statement.

As at the closing date of the financial statements, if there is an indication an impairment loss recognised in previous years may have been reduced, in whole or in part, the recoverability of the amounts recorded in the statement of financial position is checked and the potential amount of the write-down to be reversed is determined; this reversal cannot in any case exceed the amount of the write-down previously carried out.

Accounting estimates and significant judgments

The preparation of the annual accounts, in application of IFRS, requires making estimates and assumptions that affect the values of revenues, costs, assets and liabilities in the financial statements and information on potential assets and liabilities as at the reference date. In making the budget estimates, the main sources of uncertainties that could have an impact on the evaluation processes are considered. The final results may differ from these estimates.

The actual results recorded could subsequently differ from these estimates; however, the estimates and valuations are reviewed and updated periodically and the effects deriving from any change are immediately reflected in the financial statements.

The estimates also took into account assumptions based on the parameters, market and regulatory information available as at the date the preparation of the financial statements. The current facts and circumstances that influence assumptions regarding future developments and events, however, may change due to changes in market developments or applicable regulations that are beyond the control of TPER. These changes in assumptions are also reflected in the financial statements when they occur.

The estimates were used in the evaluation of the Impairment Test, to determine any sales revenues, for Funds for provisions, the provision for doubtful debts and other provisions for write-downs, amortisation and depreciation, valuations of derivative instruments, employee benefits and deferred tax assets and liabilities.

Segment information

An operating segment is defined by IFRS 8 as a component of an entity that:

- Undertakes entrepreneurial activities that generate revenues and costs (including revenues and costs relating to transactions with other components of the same entity)
- The operating results of which are periodically reviewed at the highest operational decision-making level of the entity for the purpose of making decisions regarding the resources to be allocated to the segment and evaluating the results
- For which separate financial statements information is available.

For the purposes of IFRS 8 - Operating segments, the activity carried out by the Group can be identified in three operating segments. The Group structure, in fact, identifies a strategic and unitary vision of the business and this representation is consistent with the ways in which management makes its decisions, allocates resources and defines the communication strategy, making a presumed division-based business drive uneconomical at the current state of affairs. The tables that identify the operating segments are shown in these explanatory notes in the paragraph "Operating segments".

Going concern

In compliance with the provisions of IAS 1 pursuant to paragraph 25, in the preparation phase of this annual report, TPER carried out an assessment of the entity's ability to continue to operate as a going concern. In this regard, the aforementioned standard establishes that "An entity must prepare financial statements on a going concern basis unless management intends to liquidate the entity or discontinue its operations, or has no realistic alternatives to this. If management is aware, in making its judgements, of significant uncertainties relating to events or conditions that may give rise to serious doubts about the entity's ability to continue as a going concern, the entity must highlight these uncertainties. If an entity does not prepare its financial statements on a going concern basis, it must disclose that fact, together with the criteria on the basis of which it prepares the financial statements and the reason why the entity is not considered to be operating".

In their assessment, the directors also took into account the circumstances related to Covid-19 which significantly influenced the results for the 2021 financial year.

In relation to the company's ability to fulfil its obligations in the future, the following elements were considered:

- The effects of the Government provisions already implemented to support local public transport;
- Other actions implemented by the national and supranational authorities to tackle the health crisis and deal with the relevant economic and financial fall-out;
- The availability of liquidity reserves or other forms of access to credit which would allow TPER to get through a period of increased fuel costs, without ending up in a position whereby its business continuity is compromised.

In this context, as at 31 December 2021, TPER has a Net Financial Position of Euro -60.8 million, consisting of liquidity for Euro 38.4 million and financial payables and liabilities for

current leased assets for Euro 33.5 million, to be repaid in 2022, and financial payables and liabilities for non-current leased assets for Euro 65.7 million, with an average residual life of more than one year. TPER also has cash credit lines that can be used immediately for Euro 10 million, with the possibility of an increase upon request. Finally, commercial working capital is largely positive.

Consequently, it can be considered that TPER has the necessary resources to cope

It should be remembered that in 2021 an estimate of public support for lost revenues was recorded on the basis of the rules defined at national and regional level applied through a prudential approach. The Company expects to account for an additional portion in 2022 of the public funds allocated in 2020 and 2021 (Decree of the Regional Government 658 of 28/04/2022, in fact only allocated an initial advance of Euro 4.3 million over the year 2021).

In light of the above considerations, the 2022 budget and the cash plan prepared with a time horizon of 12 months, up until June 2023, the Directors considered the going concern assumption to be appropriate and correct after having verified TPER's ability to fulfil its obligations in the foreseeable future.

Recently issued accounting standards

With reference to the description of the recently issued accounting standards, please refer to the consolidated financial statements of the TPER Group.

Significant events after the close of the year

The outbreak of the Russian-Ukrainian conflict came at a historic moment in which the fight against the Covid-19 pandemic is not yet definitively over.

The geopolitical crisis has in fact resulted in significant volatility of the stock markets and the sanctions applied by the international community against Russia have also led to a further surge in the costs of energy and various raw materials, affecting above all families and businesses.

In the first two weeks of the war, all the main global exchanges recorded double-digit losses, however by the end of March almost all the exchanges had already returned to pre-conflict levels. At the same time, there has been a considerable rise in inflation that has not been witnessed for many years. As a result of the Ukrainian crisis, the price of energy and gas has risen notably in the main reference markets.

The cost of energy that is heavily impacting entrepreneurial and industrial activities in every sector, is also greatly affecting public transport. The item "fuels" - together with the cost of personnel - is the one with the biggest impact on the financial statements of transport companies. Obviously, the company is committed not only to guaranteeing the necessary supplies, but also to monitoring any economic impact.

Information on the Statement of Financial Position

The items in the statement of financial position as at 31 December 2021 are commented on below. The values in brackets in the headings of the notes refer to balances as at 31 December 2020. For the details of the balances of the Statement of Financial Position items deriving from transactions with related parties, please refer to the paragraph "Other information" in these Explanatory Notes.

1. Tangible assets

Euro 162,230 (142,422) thousand

Tangible assets as at 31 December 2021 showed a net value of Euro 162,230 thousand compared to the net value as at 31 December 2020, amounting to Euro 142,422 thousand. The table below shows the initial and final amounts of the items of tangible assets, with evidence of the original cost and accumulated depreciation as at the end of the year.

In thousands of Euro	31/12/2021			31/12/2020		
	Cost	Cumulative depreciation	Net value	Cost	Cumulative depreciation	Net value
Real estate	4,393	(1,425)	2,968	4,381	(1,347)	3,034
Real estate under construction	188	0	188	188	0	188
REAL ESTATE			3,156			3,222
Rolling stock of buses/trolley buses	314,739	(228,233)	86,507	300,854	(228,213)	72,641
Rolling stock of buses/trolley buses in progress	6,834	0	6,834	1,679	0	1,679
Railway rolling stock	80,205	(20,772)	59,433	77,866	(18,112)	59,754
Railway rolling stock in progress	1,223	0	1,223	0	0	0
Vehicle rolling stock	3,226	(2,617)	610	2,678	(2,551)	127
ROLLING STOCK			154,606			134,202
Infrastructure	19,593	(18,366)	1,227	25,016	(23,990)	1,026
Infrastructure in progress	1,809	0	1,809	2,611	0	2,611
INFRASTRUCTURE			3,036			3,637
Other tangible assets	10,521	(9,089)	1,432	10,201	(8,840)	1,361
OTHER TANGIBLE ASSETS			1,432			1,361
Total Tangible assets	442,730	(280,500)	162,230	425,475	(283,052)	142,422

The increase in the net value of tangible assets compared to the balance at 31 December 2020, equal to Euro 19.8 million, is analysed in the following movements.

In thousands of Euro	31/12/2020						31/12/2021	
	Net value	Investments	Depreciation	Write-downs and write-backs	Disposals	Other reclassifications or adjustments	Grants on investments	Net value
Real estate	3,034	12	(78)	0	0	0	0	2,968

Real estate UNDER CONSTRUCTION	188	0	0	0	0	0	0	188
Rolling stock of buses/trolley buses	72,641	1,237	(10,555)	0	(149)	24,954	(1,621)	86,507
Rolling stock buses/trolley buses IN PROGRESS	1,679	30,108	0	0	0	(24,954)	0	6,834
Railway rolling stock	59,754	2,339	(2,660)	0	0	0	0	59,433
Railway rolling stock IN PROGRESS	0	1,223	0	0	0	0	0	1,223
Vehicle rolling stock	127	163	(118)	0	0	437	0	610
Infrastructure	1,026	1,061	(475)	0	(164)	380	(601)	1,227
Infrastructure IN PROGRESS	2,611	257	0	0	0	(1,059)	0	1,809
Other tangible assets	1,361	670	(406)	0	(21)	0	(173)	1,432
Total	142,422	37,070	(14,291)	0	(334)	(242)	(2,395)	162,230

In the table, the values of the disposals are shown net of the accumulated depreciation.

The item “Real estate” includes buildings and land owned in Bologna, used for purposes instrumental to the exercise of company activity and in particular: the offices in via San Donato, via Magenta and the land at the Roveri railway station.

The “Rolling stock buses/trolley buses” is used as part of the Bologna and Ferrara LPT contract. Its useful life is estimated on the basis of the lower of the residual economic life of the asset and the residual maturity of the service agreements, and the depreciable amount is estimated on the basis of the difference between the historical cost and the takeover value that it is presumed will be paid to TPER by any future winner of a new tender in application of the criteria identified by the Transport Regulatory Authority (ART) resolution no. 49 of 17/06/2015, with reference to UNI 11282/2008. It should be noted that the company commissioned an independent expert to estimate the takeover value. The increases for the year refer to 116 buses, 91 of which new and 25 used, registered in 2021.

The net value of the "railway rolling stock" increased by Euro 2,339 thousand for a new locomotive and a new loco-tractor and decreased by Euro 2,660 thousand due to depreciation for the year.

The item “Infrastructure in progress” consists of works carried out on third-party assets, electronic machines, issuers, validators, electronic information panels with variable message and information systems for users.

Finally, it should be noted that as at 31 December 2021, the tangible assets are not encumbered by mortgages, liens or other collateral securities that limit their availability.

2. Intangible assets

Euro 401 (661) thousand

<i>In thousands of Euro</i>	31/12/2021			31/12/2020		
	Cost	Cumulative amortisation	Net value	Cost	Cumulative amortisation	Net value
Goodwill and other intangible assets with an indefinite useful life						
Concession rights						

Intangible assets	7,228	(6,827)	401	7,367	(6,706)	661
Total Intangible assets	7,228	(6,827)	401	7,367	(6,706)	661

The item refers entirely to investments in software relating to operational management systems.

The table below shows the amounts at the beginning and at the end of the year as well as the relative changes occurred in 2021.

<i>In thousands of Euro</i>	31/12/2020						31/12/2021
	Net value	Investments	Amortisation	Write-downs	Disposals	Grants on investments	Net value
Intangible assets	661	347	(593)	0	(14)	0	401
Total	661	347	(593)	0	(14)	0	401

In the table, the values of the disposals are shown net of the accumulated amortisation. During the year there were no changes in the estimated useful life of the intangible assets.

3. Right-of-use assets and liabilities for leased assets

Right-of-use assets

Euro 3,213 (4,667) thousand

The right of use of leased assets is analysed below:

<i>In thousands of Euro</i>	LPT Bologna and Ferrara	Company cars	Business unit rental fees	Total
Opening balance as at 01/01/2021	1,609	152	2,906	4,667
Increases (decreases)	80	(1)	97	176
Amortisation/depreciation	(644)	(78)	(909)	(1,631)
	0	0	0	0
Total Intangible assets	1,045	74	2,094	3,213

Right-of-use assets ("RoU") of Euro 3,213 thousand refers: (i) for Euro 1,045 thousand to contracts relating to management of the LPT of the Municipalities of Bologna and Ferrara; for Euro 74 thousand to the rental of company cars; for Euro 2,094 thousand refers for Euro 1,101 thousand to the right of use relating to the business unit rental contract (Bologna LPT) stipulated between TPER, via the TPB consortium, and the granting body SRM, in-house company of the Municipality of Bologna on 4 March 2011, and for Euro 993 thousand to the concession contract for use of the assets functional to the LPT service of the Municipality of Ferrara.

No indicators were identified that would determine the need to carry out the impairment test to verify the recoverability of the book value of the value of the rights of use.

Liabilities for leased assets

Euro 3,762 (7,306) thousand

Liabilities for leased assets amounting to Euro 3,762 thousand as at 31 December 2021 are analysed as follows.

In thousands of Euro	LPT Bologna and Ferrara	Company cars	Business unit rental fees	Car sharing	Total
Liabilities for leased assets	1,096	77	2,149	441	3,762
of which					
Current liabilities	458	39	918	435	1,851
Non-current liabilities	637	38	1,230	6	1,911

4. Equity investments

Euro 57,429 (56,829) thousand

The changes in equity investments are shown in the following table.

	2020	Acquisitions and capital contributions	Releases and (write-downs)	Capital repayments	Changes with the equity method	Other reclassifications and adjustments	2021
Equity investments	56,829	600	0	0	0	0	57,429
Total changes in equity investments	56,829	600	0	0	0	0	57,429

In thousands of Euro	2019	Changes in the financial year					2020
		Acquisitions and capital contributions	Releases and (write-downs)	Capital repayments	Measurement using the equity method	Other reclassifications or adjustments	
Equity investments	54,689	3,000	(860)	-	-	-	56,829
Total change equity investments	54,689	3,000	(860)	-	-	-	56,829

As at 31 December 2021, TPER holds direct equity investments in 12 companies, of which 7 are subsidiaries, 3 are associates and 2 equity investments in other companies. Details of these are shown below, with an indication of the percentage of ownership and the related carrying amount, net of any tenths to be paid, with evidence of the original cost and of the accumulated revaluations and write-downs at the end of the year.

The Investments are detailed as follows:

In thousands of Euro	31/12/2021	31/12/2020
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		Revaluations				Revaluations			
	% ownership	Cost	(write-downs)	Final value	% ownership	Cost	(write-downs)	Final value	
Subsidiaries									
	TPF S.c.r.l.	97%	10	0	10	97%	10	0	10
	SST S.r.l.	51%	94	0	94	51%	94	0	94
	TPB S.c.r.l.	85%	9	0	9	85%	9	0	9
	OMNIBUS S.c.r.l.	51%	39	0	39	51%	39	0	39
	DINAZZANO PO S.p.A.	95%	36,905	0	36,905	95%	36,905	0	36,905
	MA.FER S.r.l.	100%	3,100	0	3,100	100%	3,100	0	3,100
	HERM S.r.l.	95%	10,621	-2,400	8,221	95%	10,621	-2,400	8,221
Associates									
	CTI S.c.r.l. in liquidation	26%	3	0	3	26%	3	0	3
	Marconi Express S.p.A.	25%	2,600	-860	1,740	25%	2,000	-860	1,140
	Trenitalia Tper S.c.r.l.	30%	3,300	0	3,300	30%	3,300	0	3,300
	SETA S.p.A.	7%	673	0	673	7%	673	0	673
Equity investments in other companies									
	START ROMAGNA S.p.A.	14%	4,036	-700	3,336	14%	4,036	-700	3,336
Total Equity investments			61,389	-3,960	57,429		60,789	-3,960	56,829

The changes that took place during the year are entirely attributable to the subscription of the share capital increase of the subsidiary Marconi Express S.p.A. in June 2021.

The recoverability of the value of the investment held by TPER in Marconi Express SpA was subjected to impairment tests, as a result of which no further losses in value emerged with respect to those already recognised in the previous year.

Information is provided below relating to investee companies, the data of which refer to the latest financial statements available (in thousands of Euro).

<i>In thousands of Euro</i>				
	Registered office	% ownership	Shareholders' equity at 31/12/2021	Profit/(loss) for the year
<u>Subsidiaries</u>				
	Ferrara	97.0%	12.7	0
	Ferrara	51.0%	1,724.2	490
	Bologna	85.0%	19.0	0
	Bologna	51.0%	107.1	0
	Reggio Emilia	95.3%	40,702.2	527
	Bologna	100.0%	9,589.8	972
	Bologna	95.0%	8,440.9	1
<u>Associates</u>				
	Bologna	26.0%	13.8	0
	Bologna	25.0%	13,075.5	-3,116
	Bologna	30.0%	12,445.9	3,794
	Modena	6.7%	17,948.9	32
<u>Equity investments in other companies</u>				
	Rimini	13.9%	30,303.4	98

5. Financial assets

Non-current portion Euro 34,778 (42,256) thousand

Current portion Euro 7,607 (7,645) thousand

The table below shows the breakdown of other financial assets at the beginning and end of the financial year, highlighting the current and non-current portions.

<i>In thousands of Euro</i>	31/12/2021			31/12/2020		
	Financial statement value	Current portion	Non-current portion	Financial statement value	Current portion	Non-current portion
Financial assets for contributions	5,892	5,892		6,502	6,502	
Emilia-Romagna Region	2,633	2,633		3,157	3,157	
Municipality of Bologna	-	-		542	542	
Ministry of Transport	-	-		2,490	2,490	
Municipality of San Lazzaro	262	262		313	313	
Other	2,997	2,997		-	-	
Other financial assets	36,492	1,714	34,778	43,399	1,143	42,256
Loan to subsidiary MA.FER S.p.A.	-	-	-	7,000	-	7,000
Loan to investee Marconi Express S.p.A.	9,667	1,714	7,953	9,161	1,143	8,018
Receivable due from subsidiary Omnibus fleet rental - car sharing	390	-	390	2,534	-	2,534
Loans for Crealis project investments	28,152	-	28,152	27,121	-	27,121
Provision for the write-down of financial assets	1,717	-	1,717	2,417	-	2,417
Total Thousands of Euro	42,385	7,607	34,778	49,901	7,645	42,256

The receivables from the Emilia-Romagna Region, equal to Euro 2,633 thousand, refer to Euro 88.6 thousand for contributions to be collected on the Stimer regional electronic ticketing system, to Euro 937 thousand for the purchase of buses, to Euro 200 thousand for trolleybus line 14 extension and to Euro 1,407 thousand for the installation of Intelligent Transport Systems (ITS) on board buses and at Local Public Transport (LPT) bus stops.

The receivable from the Municipality of San Lazzaro, amounting to Euro 262 thousand, refers to the contributions for the construction of the TPGV Crealis transport system.

During 2021, the loan to the subsidiary MA.FER, amounting to Euro 7,000 thousand, was repaid.

The loan to the investee company Marconi Express S.p.A., amounting to Euro 9.667 thousand, was disbursed in line with the approved business plans and the shareholders' agreements, and refers to the TPER share of the loan for the construction of the monorail connecting the railway station and Bologna airport.

The loan for the Crealis project investments represents the TPER's receivable from the new operator, which will take over from TPB at the end of the current service contract (starting from the assignment of the next tender for the public transport service, scheduled for 1 September 2024). In particular, following the entry into operation of the TPGV - Crealis service from 1 July 2020 and the definition of the new contractual framework between TPER, SRM, Metropolitan City of Bologna, the Municipality of Bologna, the Municipality of San Lazzaro of Savena, TPER in application of IFRIC 12 recognises a financial asset given that, for the construction services rendered, it is entitled to receive a fee that will be paid by the new LPT operator which has been quantified in such a way as to remunerate TPER for the costs incurred for the investment, future maintenance activities also taking into account an appropriate return on the invested capital.

In relation to the provision for the write-down of financial assets, valued in accordance with IFRS 9, the changes are reported below.

<i>In thousands of Euro</i>	31/12/2020	Uses/releases	Provisions	31/12/2021
On financial assets	2,417	(700)		1,717
Total provision for doubtful debts	2,417	(700)	0	1,717

6. Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets⁰ (5,102)

<i>In thousands of Euro</i>	31/12/2021	31/12/2020
Deferred tax assets IRES	0	5,192
Deferred tax assets IRAP	0	323
Offsettable deferred tax assets	0	5,516
Deferred tax liabilities IRES	0	(356)
Deferred tax liabilities IRAP	0	(58)
Deferred tax liabilities	0	(414)
Assets (Liabilities) for net deferred taxes	0	5,102

In the year 2021, the deferred tax assets recognised for temporary differences and/or tax losses in previous years for an amount of Euro 5.5 million were released in full.

Following the impacts deriving from the Covid-19 emergency and the increase in the cost of fuel, which significantly changed the short-term scenarios, the conditions for which the deferred tax assets had previously been recognised no longer exist because on the basis of the available future economic forecasts, it is not considered probable that future taxable income will be able to reabsorb such temporary differences and/or tax losses within a reasonable time horizon.

<i>In thousands of Euro</i>	31/12/20 20	Changes in the financial year	31/12/20 21
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	Opening balance	Provisions	(releases)/ (uses)	Allocations to (releases from) OCI	Other reclassifications or adjustments	Closing balance
Differences between tax value and book value of FTA adjustments	(414)		414			(0)
Other temporary differences	0					0
Deferred tax liabilities	(414)	0	414	0	0	(0)
Allocations to non-deducted provisions	5,247	0	(4,957)	(290)	0	0
Other temporary differences	268	0	(268)	0	0	0
Offsettable deferred tax assets	5,516	0	(5,226)	(290)	0	(0)
Assets (Liabilities) for net deferred taxes	5,102	0	(4,812)	(290)	0	(0)

7. Trade assets

Euro 84,961 (73,372) thousand

As at 31 December 2021, trade assets included:

- Inventories, amounting to Euro 12,313 thousand (Euro 11,887 thousand as at 31 December 2020), consisting of fuel and lubricant stocks and spare parts for the maintenance of the rolling stock

<i>In thousands of Euro</i>	31/12/2021	31/12/2020
Inventories		
Cost	17,000	15,551
Provision for inventory write-downs	(4,687)	(3,664)
Total	12,313	11,887

The inventory write-down provision, which increased by Euro 1,023 thousand in 2021, was recognised to take into account the realisable value of the engines and other complex sub-systems used and overhauled as well as for slow-moving items or spare parts relating to vehicles which are expected to be decommissioned from service and in line with maintenance requirements.

- Trade receivables, equal to Euro 72,649 thousand (Euro 61,485 thousand as at 31 December 2020), the breakdown of which is detailed in the table below.

	31 December 2021	31 December 2020
Trade receivables from:		
Subsidiaries	39,449	37,071
Associates	25,636	14,796
Owner entities	939	2,458
Other receivables for different services	12,548	12,562
Total trade receivables (gross)	78,571	66,887
Provision for doubtful debts	-5,923	-5,403
Total trade receivables	72,649	61,485

Trade receivables from subsidiaries, amounting to Euro 39,449 thousand, essentially refer to invoices issued or to be issued for fees for minimum services for automotive services (to TPB and TPF consortia) and for administrative services, personnel secondments and lease of the business unit (to MA.FER and Dinazzano Po).

Trade receivables due from associates, amounting to Euro 25,636 thousand, refer to the receivables due from Trenitalia Tper and Marconi Express, in addition to the receivables due from Seta S.p.A. and Consorzio Trasporti Integrati S.c.r.l..

The item "Other receivables for different services", amounting to Euro 12,548 thousand, is attributable to receivables for the sale of travel and parking tickets (Euro 2,230 thousand), receivables from Italian customers (Euro 10,318 thousand), and for the penalties charged to the manufacturers of rolling stock, for the repair and maintenance services of third-party vehicles, for services related to mobility, for renting and the sale of advertising space.

The following table shows the changes in the provision for doubtful debts related to trade receivables.

<i>In thousands of Euro</i>	31/12/2020	Uses/releases	Provisions	31/12/2021
On trade receivables	5,403	(10)	530	5,923
Total provision for doubtful debts	5,403	(10)	530	5,923

The fair value of the receivables approximates the book value of the same as at 31 December 2021 and 31 December 2020.

With reference to IFRS 9, it should be noted that the estimate of the risk of collectability of receivables was carried out, as in previous years, taking into account the general risk of non-collectability of receivables not past due at the reference date, which can be inferred from historical experience.

8. Cash and cash equivalents

Euro 38,450 (67,042) thousand

The item includes:

- Bank deposits, amounting to Euro 21,262 thousand (Euro 66,448 thousand as at 31 December 2020);
- Postal current accounts, equal to Euro 16,767 thousand (Euro 85 thousand as at 31 December 2020);
- Company funds, amounting to Euro 27 thousand (Euro 20 thousand as at 31 December 2020);
- Ticketing machines and fines, amounting to Euro 394 thousand (Euro 489 thousand as at 31 December 2020).

For more details on the events that generated the increase in the item during the 2021 financial year, please refer to the cash flow statement.

9. Current tax assets

Current tax assets Euro 4,633 (3,718) thousand

The table below shows the amount of current tax assets at the beginning and end of the year, in relation to the excess of prepayments on the payable for the year.

<i>In thousands of Euro</i>	Assets for current income taxes	
	31/12/2021	31/12/2020
IRES	4,055	3,188
IRAP	578	531
	4,633	3,718

10. Other assets

Current portion Euro 17,362 (8,848) thousand

They amount to a total of Euro 17,362 thousand and can be analysed as follows:

<i>In thousands of Euro</i>	31/12/2021	31/12/2020
Receivables for relief	13,334	5,676
Receivables due from Ferrovie Emilia Romagna	220	1,645
Prepaid expenses	442	66
Other receivables	8,108	6,209
<i>Total</i>	22,105	13,596
Provision for doubtful debts	(4,742)	(4,747)
Total Other assets	17,362	8,848

Receivables for relief equal to Euro 13,334 thousand refer to the amount recognised among revenues not yet collected in relation to the compensatory measures, introduced by Italian Law no. 77 of 17 July 2020 (art. 200 paragraph 1, so-called "Relaunch Decree"), by Italian Law no. 126 of 13 October 2020 (art. 44, so-called "August Decree"), by Italian Law no. 176 of 18 December 2020 (art. 22-ter, the so-called "Ristori Bis Decree") and by Italian Legislative Decree no. 41 of 22 March 2021 (art. 29, so-called "Sostegni Decree").

The item "Other receivables" includes the receivable from ATC S.p.A., equal to Euro 3.6 million, attributable to the adjustments of the extraordinary merger operation of 2012 and the accounting recognition of the IRES credit from IRAP referable to previous years. For this receivable it was considered appropriate to recognise an adequate provision for write-downs because, despite the recognition of the debt and the full availability to extinguish it, ATC has tax litigation underway that could compromise - in the event of a loss to ATC - the financial capacity of the company.

The changes of the provision for doubtful debts of other assets are as follows:

<i>In thousands of Euro</i>	31/12/2020	Uses/releases	Provisions	31/12/2021
On Other assets	4,747	(22)	17	4,742
Total provision for doubtful debts	4,747	(22)	17	4,742

11. Shareholders' equity

Euro 158,267 (153,818) thousand

	31 December 2021	31 December 2020
Capital issued	68,493	68,493
Reserves	63,115	59,934
Profit/(loss) carried forward	23,129	23,129
Actuarial profit/loss	(1,589)	(919)
Profit/loss for the year	5,119	3,181
Total	158,267	153,818

The fully subscribed and paid-up share capital of TPER as at 31 December 2021 consists of 68,492,702 ordinary shares with a par value of Euro 1 each, for a total of Euro 68,493 thousand, and did not change in financial year 2021.

As at 31 December 2021:

- The outstanding shares are equal to 68,492,702 (68,492,702 as at 31 December 2020);
- The treasury shares amount to 111,480 (111,480 as at 31 December 2020).

Shareholders' equity increased by Euro 4,449 thousand compared to 31 December 2020, equal to the comprehensive economic result: due to the effect of the profit for the year (of Euro 5,119 thousand) and of the negative change in the other components of comprehensive income (equal to Euro 670 thousand).

The following is a summary table of the shareholders' equity items as at 31 December 2021 with an indication of the relative possibility of use and the evidence of the available quota.

	31/12/2021	Possibility of use (A,B,C,D)*	Portion available	Summary of uses made in the period 01/01/2014 - 31/12/2019 (pursuant to Article 2427, 7 bis, of the Italian Civil Code)	
				To cover losses	For other reasons
IN THOUSANDS OF EURO					
Capital issued	68,493				
Legal reserve	5,169	B	5,169		
Extraordinary reserve	23,631	A, B, C	23,631		
Reserve from profits/(losses) from actuarial valuation of provisions for employee benefits	(1,589)	-	1,589		
Other reserves	34,316	A, B, C	34,316		
Profits carried forward	23,129	A, B, C	23,129		
Reserves and profits carried forward	153,148		84,655		
Treasury shares	- 189				
Total	152,960				
of which:					
Non-distributable portion -	73,473				
Distributable portion	79,486				

* Legenda:
A: per aumento di capitale
B: per copertura perdite
C: per distribuzione ai soci
D: per altri vincoli statutari/assembleari

12. Trade liabilities

Non-current portion Euro 1,173 (0) thousand

Current portion Euro 54,734 (61,406) thousand

The breakdown of trade liabilities is shown in the following table.

<i>In thousands of Euro</i>	31 December 2021	Current portion	Non-current portion	31 December 2020	Current portion	Non-current portion
Trade payables	44,382	43,209	1,173	42,656	42,656	0
Trade payables to subsidiaries	5,942	5,942	0	12,752	12,752	0
Trade payables to associate companies	5,413	5,413	0	3,240	3,240	0
Trade payables due to shareholders	0	0	0	399	399	0
Other trade payables	169	169	0	2,359	2,359	0
Total trade liabilities	55,907	54,734	1,173	61,406	61,406	0

Trade payables recorded an increase of Euro 1,726 thousand mainly due to the progress of the orders for the renewal of rolling stock.

Trade payables to subsidiaries decreased by Euro 6.8 million, essentially attributable to lower payables to the subsidiary MA.FER. At the end of the 2020 financial year, in fact, an agreement was signed between TPER and MA.FER following which TPER paid an indemnity to MA.FER for an amount equal to Euro 7.4 million, as there was no longer any risk incumbent on said party linked to the railway spare parts warehouse (this agreement provides for the maintenance of ownership of the railway spare parts warehouse held by MA.FER even after the end of the MA.FER maintenance contract for the TPER trains).

The decrease in other trade payables, equal to Euro 2.1 million, refers to the payable to users that the company had at the end of 2020 following the possibility granted to public transport users, in accordance with the resolution of the Emilia Romagna Region, to request a refund for the non-use of your subscription (annual or monthly) during the lockdown period of the year 2020.

13. Funds for provisions

Current portion Euro 7,931 (4,906) thousand

Non-current portion Euro 38,411 (41,207) thousand

	31 December 2021	Current portion	Non-current portion	31 December 2020	Current portion	Non-current portion
Provisions for employee benefits	16,158	1,299	14,859	18,045	1,986	16,058
Other provisions	30,184	6,633	23,552	28,069	2,920	25,149
Total Funds for provisions	46,342	7,931	38,411	46,113	4,906	41,207

Provisions for employee benefits

As at 31 December 2021, the provision for employee benefits, amounting to Euro 16,158 thousand, refers entirely to employee severance indemnity (TFR) for employees subject to art. 2120 of the Italian Civil Code, to be paid upon termination of employment.

As a result of the legislative changes introduced starting from 1 January 2007, for companies with more than 50 employees, the accruing severance indemnity is classified as a defined contribution plan since the obligation of the company is represented exclusively by the payment of contributions to pension funds or INPS.

The liability relating to the severance indemnity prior to 1 January 2007, on the other hand, represents a defined benefit plan to be valued according to actuarial techniques.

Defined benefit plans are calculated by estimating, with actuarial techniques, the amount of the future benefit that employees have accrued in the current period and in previous years. The calculation is carried out by an independent expert using the Projected Unit Credit Method.

The main assumptions made for the actuarial estimate process of the employee severance indemnity provision as at 31 December 2021 referred to the amount accrued before 2007.

<i>Actuarial assumptions</i>	31/12/2021	31/12/2020
Annual discounting rate	0.44%	-0.02%
Annual inflation rate	1.75%	0.80%
Annual rate of increase of employee severance indemnity	2.81%	2.40%
Frequency of advances	2%	2%
Annual turnover rate	1.50%	1.50%

In particular, it should be noted that:

- The annual discounting rate used for the determination of the present value of the liability was derived, in accordance with paragraph 83 of IAS 19, from the Iboxx Corporate AA index with a duration of 7-10 observed at the date of valuation. For this purpose, the performance with durability has been chosen comparable to the duration of the total workers evaluated.
- The annual rate of increase in employee severance indemnity pursuant to Article 2120 of the Civil Code is equal to 75% of inflation plus 1.5 percentage points.

The list of statistical sources used is shown below.

Demographic assumptions	
Mortality	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables distinguished by age and sex
Retirement age	100% upon reaching the AGO requirements

FUTURE ESTIMATED BENEFITS	
years	In thousands of Euro
1	1,299
2	728
3	1,111
4	1,171
5	1,072

With regard to the employee severance indemnity, the following changes occurred during the year:

In thousands of Euro	
opening balance	18,045
Interest cost	(3)
Benefits paid	(1,832)
Transferred	(431)
Actuarial profits (losses)	379
closing balance	16,158

The amount of the Provision for employee severance indemnity calculated according to the provisions of art. 2120 of the Italian Civil Code is equal to Euro 13,954 thousand.

The actuarial loss for the period, equal to Euro 379 thousand, was recognised in the other components of the comprehensive income statement by adjusting the balance of the employee severance indemnity with a matching entry in a specific equity reserve and is composed as specified below.

In thousands of Euro	
(profits) losses due to changes in financial assumptions	220
(profits) losses due to changes in demographic assumptions	159
Total	379

Other provisions

The opening and closing balances of other provisions and their relative changes in 2021 are shown below.

In thousands of Euro	31/12/2020		Changes in the financial year					31/12/2021
	Opening balance	Provisions	Financial charges	Decreases for uses	Decreases for releases	Allocations to (releases from) OCI	Other reclassifications or adjustments	Closing balance

Insurance deductibles provision	1,449	1,914	0	(573)	0	0	0	2,790
Provision for labour disputes in progress	13,938	1,366	0	(153)	(430)	0	(8)	14,713
Provision for Revenue Agency disputes Tax wedge	5,620	0	0	0	0	0	0	5,620
Provision for Marconi Express onerous contract	6,880	0	0	0	0	0	0	6,880
Other provisions	182	0	0	0	0	0	0	182
Total Changes in Provisions	28,069	3,280	0	(726)	(430)	0	(8)	30,184

The “Insurance deductibles provision”, equal to Euro 2,790 thousand, represents the probable liability for the deductibles charged to TPER still to be paid on motor vehicle accidents occurred during 2021 and in previous years, as per reports received from insurance companies. The increase is incorporated in the higher claims rate of 2021 compared to the previous year (as is known, also characterised by lockdown periods).

The provision for labour disputes, amounting to Euro 14,713 thousand, was increased by Euro 1.3 million as a result of the update of the risk situations as at 31 December 2021.

The "Provision for tax disputes", amounting to Euro 5,620 thousand, consists of the involvement of TPER - as a legally supportive subject - in relation to tax disputes on matters prior to its constitution.

The “Provision for MARCONI EXPRESS onerous contract”, amounting to Euro 6,880 thousand, was established in 2020 to cover future charges deriving from the management of the People Mover service. This provision became necessary as a result of the impact of the pandemic on the cash flows of the contract, particularly in the first years of the contract.

14. Financial liabilities

Non-current portion Euro 63,789 (95,291) thousand

Current portion Euro 31,667 (0) thousand

The detailed schedules of medium/long-term financial liabilities are shown below, highlighting the composition of the financial statement balance, the corresponding nominal value of the liability and the related collectability (current and non-current portions).

	Nominal value	2021 - Financial statement value	Current portion	Non-current portion	Nominal value	2020 - Financial statement value	Current portion	Non-current portion
Bonds	95,000	95,108	31,667	63,441	95,000	94,878	0	94,878
Derivatives	0	0	0	0	31	31	0	31
Other financial liabilities	347	347	0	347	382	382	0	382
Total Other liabilities	95,347	95,455	31,667	63,789	95,413	95,291	0	95,291

On 15 September 2017, TPER completed the issue of an unsecured debenture bond loan for an amount of Euro 95 million, listed on the Dublin Stock Exchange (Irish Stock Exchange), the world's leading marketplace for regulated government and corporate bonds.

Non-convertible TPER bonds, with a maturity of 7 years and amortising repayments starting from the fifth year, present a fixed annual coupon of 1.85% and were entirely placed with institutional investors.

The bond issue envisages financial covenants, whose compliance is monitored by the Company. It is specified that, in 2021, the covenants were respected and that in September 2022 the first instalment of the Bond is expected to be repaid.

15. Other liabilities

Non-current portion Euro 22,934 (21,712) thousand

Current portion Euro 28,396 (26,915) thousand

The following table provides a detailed breakdown of the item.

<i>In thousands of Euro</i>	31 December 2020	Current portion	Non-current portion	31 December 2021	Current portion	Non-current portion
Payables to shareholders	515	0	515	515	0	515
Payables to subsidiaries	95	95	0	190	190	0
Payables to associates companies	29	29	0	25	25	0
Payables due to pension and social security institutions	1,837	1,837	0	1,755	1,755	0
Tax payables	330	330	0	337	337	0
Payables to employees	12,329	12,329	0	12,533	12,533	0
Payables to SRM mobility agency	21,663	0	21,663	20,345	0	20,345
Other payables	14,532	13,776	756	12,927	12,074	853
Total Other liabilities	51,330	28,396	22,934	48,627	26,915	21,712

Payables to shareholders, equal to Euro 515 thousand, show the amount of contributions set forth in Italian Law no. 204/1995 received and still not used.

The item "payables to employees", amounting to Euro 12,329 thousand, refers to wages accrued still to be paid and holidays accrued and not yet taken.

The amounts due to Mobility Agency SRM Società Reti e Mobilità S.p.A., equal to Euro 21,663 thousand, essentially refers to the balance due on the reference date in relation to the rental agreement of the business unit signed on 4 March 2011 between the mobility agency SRM and the company TPB at the same time as signing of the service agreement for the management of road-based public transport in the Bologna area.

The most significant items of "Other payables", amounting to Euro 14.5 million, include an amount of Euro 11.8 million for deferrals on ticketing revenues pertaining to future years.

Information on the income statement items

The analysis of the main balances of the income statement is shown below.

For details on the balances of the income statement items deriving from transactions with related parties, please refer to the section "Transactions with related parties".

16. Revenues for LPT line services

Euro 149,721 (142,172) thousand

The revenues from services from the LPT line amounted to Euro 149,721 thousand, marking an increase of Euro 7,548 thousand (+5.31%) compared to 2020 (Euro 142,172 thousand).

In thousands of Euro	2021	2020	Changes
Travel tickets	50,328	46,505	3,823
Remuneration supplements	84,518	82,037	2,481
NCLA contributions	10,509	10,509	0
Sanctions	2,930	3,096	-166
Other revenues	1,436	26	1,410
Total	149,721	142,172	7,548

17. Revenues from railway line services

Euro 6,144 (6,418) thousand

Revenues from railway services amounted to Euro 6,144 thousand and decreased by Euro 274 thousand (-4.27%) compared to 2020 (Euro 6,418 thousand).

In thousands of Euro	2021	2020	Changes
Revenues from railway services	6,144	6,418	-274
Total	6,144	6,418	-274

18. Revenues from parking and car-sharing

Euro 11,207 (12,427) thousand

Revenues for parking and car sharing amounted to Euro 11,207 thousand and decreased by Euro 1.2 million (-9.82%) compared to 2020 (Euro 12,427 thousand).

In thousands of Euro	2021	2020	Changes
Car parks	9,633	10,805	-1,172
Access to the historic centre	1,229	1,332	-103
Car sharing	345	290	55
Total	11,207	12,427	-1,219

The reduction in revenues, already present in the previous year, refers to the Covid-19 emergency and to the sale, on 1 November 2021, of the parking company branch, following the award of the relevant service contract by other companies.

It should be noted that corresponding lower costs were incurred for the fee to the grantor against lower revenues for parking management.

19. Other revenues and income

Euro 46,780 (41,363) thousand

The details of other income are shown in the following table.

In thousands of Euro	2021	2020	Changes
Vehicle maintenance and other services rendered to third parties	7,909	7,100	809
Insurance and other reimbursements	4,823	5,101	-278
Fines	272	806	-534
Other income	33,777	28,356	5,420
Total	46,780	41,363	5,418

The item other income includes:

- The compensatory measures introduced by Italian Law no. 17 July 2020, n. 77 (art. 200 paragraph 1, so-called "Relaunch Decree"), by Italian Law no. 126 of 13 October 2020 (art. 44, so-called "August Decree") and by Italian Law no. 176 of 18 December 2020 (art. 22-ter, the so-called "Ristori Bis Decree"), in partial compensation of the lower revenues from traffic accounted for in relation to the restrictions adopted to contain the spread of the COVID-19 virus, equal to Euro 18,846 thousand in 2021 (of which only Euro 4.3 million referring to the same year, as per Decree of Regional Government 658 of 28 April 2022 which provided for only a first advance payment on the year 2021) and Euro 13,812 thousand in 2020. The amount thus determined is currently the best estimate that can be made on the basis of the rules defined at national and regional level, applied on the basis of a prudential approach.
- The rent for the company lease to the subsidiary MA.FER s.r.l. for Euro 1,650 thousand
- The reimbursement of excise duties on fuel for Euro 934 thousand
- Commissions for Euro 660 thousand, essentially referable to the subsidiaries Omnibus Scrl (for Euro 529 thousand) and SST s.r.l. (for Euro 68 thousand)
- The fee for the management of the service called People Mover for Euro 2,842 thousand
- The remuneration for bus rental services of Euro 7,850 thousand (essentially attributable to the associated company Trenitalia Tper s.c.r.l.).

20. Personnel costs

Euro 89,159 (93,720) thousand

The breakdown of personnel costs is shown in the following table.

In thousands of Euro	2021	2020	Changes
Salaries and wages	70,416	68,646	1,770
Social security contributions	13,708	19,950	-6,241
Pension provisions	4,349	4,466	-116
Other personnel costs	686	659	27
Total	89,159	93,720	-4,560

The significant decrease in the cost of social security contributions is attributable to the sums paid to TPER as reimbursement of the expenses incurred as a supplement to the sickness benefit for the years from 2014 to 2018. The increase in the cost of wages and salaries is attributable to company and national contracts being defined, for which an appropriate allocation has been made.

The following table shows the average headcount as at 31 December 2021 (divided by level of job classification and including temporary staff):

Employees at 31/12	2021	2020	CHANGE
Senior Managers	11	12	-1
Middle managers	43	48	-5
White-collar workers	225	261	-36
Blue-collar workers	1,489	1,590	-101
Apprentices	262	268	-6
Associates	0	0	0
Total	2,030	2,179	-149

21. Costs for services

Euro 56,416 (49,761) thousand

The financial statement balance is detailed in the following table.

In thousands of Euro	2021	2020	Changes
Transport services	10,061	7,823	2,238
Maintenance	13,509	13,056	453
Cleaning	8,024	6,894	1,130
Insurance	6,487	4,431	2,056
Electric power	1,284	1,524	-240
Canteen service	1,526	1,475	51
Other utilities	1,603	1,630	-27
Consultancy	1,334	1,460	-126
Other costs for services	12,586	11,467	1,119
Total	56,416	49,761	6,654

Costs for services show a net increase of Euro 6,654 thousand compared to 2020 for the following:

- Higher costs for transport services for Euro 2,238 thousand, relating to subcontracted services and replacement services for railway transport (which consequently generate an increase in the corresponding rental revenues)
- Higher costs for maintenance services for Euro 453 thousand
- Higher costs for cleaning services for Euro 1,130 thousand (also due to the necessary sanitisation operations as a result of the ongoing Covid-19 pandemic in the year 2021)
- Higher insurance costs of Euro 2,056 thousand.

22. Raw materials and materials

Euro 29,512 (26,122) thousand

This item includes the costs for the purchases of materials:

In thousands of Euro	2021	2020	Changes
Fuels	15,672	12,534	3,139
Lubricants	399	369	30
Tyres	952	937	15
Spare parts	10,657	10,156	501
Various materials	1,498	1,556	-58
Other	334	570	-237
Total	29,512	26,122	3,390

The increase in costs is essentially attributable to the increase in the cost of fuels.

23. Costs for use of third-party assets

Euro 5,942 (5,850) thousand

The item includes:

In thousands of Euro	2021	2020	Changes
Parking and permit management fee	5,024	4,930	94
Other rentals and leasing	918	920	-2
Total	5,942	5,850	91

The parking and permit management fee relates to the amount due to the Municipality of Bologna on the basis of the contract awarding the related tender.

24. Other operating costs

Euro 4,107 (3,506) thousand

The item includes:

In thousands of Euro	2021	2020	Changes
Taxes and fees	1,126	1,040	86
Audits and inspections	166	134	32
Membership fees	252	258	-6
Other	2,563	2,074	490

Total	4,107	3,506	602
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Table 1

25. Amortisation/depreciation

Euro 16,630 (15,839) thousand

The item consists of the depreciation/amortisation charge for 2021, which amounts to Euro 16,630 thousand and refers to the following fixed assets (of which Euro 1,631 thousand due to the application of IFRS 16):

In thousands of Euro	2021	2020	Changes
Depreciation of tangible assets	14,406	13,667	739
Of which:			
Real estate	78	75	3
Rolling stock of buses/trolley buses	10,555	9,901	654
Railway rolling stock	2,775	2,681	94
Motor vehicles	118	130	-12
Infrastructure	475	589	-114
Other tangible assets	406	291	115
Amortisation of intangible assets	593	663	-70
Amortisation of assets for rights of use	1,631	1,509	122
Total depreciation/amortisation	16,630	15,839	791

26. Write-downs and write-backs

Euro -731 (249) thousand

The item consists of the release of provisions for doubtful debts made in 2021 which mainly concern non-current financial assets.

27. Change in funds for provisions

Euro 2,335 (4,485) thousand

The item consists of the net changes (provisions and releases) of funds for provisions, excluding those for employee benefits (classified in personnel costs), allocated by the Company to fulfil the legal and contractual obligations that are presumed to require the use of economic resources in subsequent years.

The balance of the item, equal to Euro 2,335 thousand, is related to the increase, net of releases for the year, of the employment disputes provision for Euro 927 thousand, to allocations to the provision for inventory write-downs of Euro 1,023 thousand and the provision for risks of customer disputes for Euro 500 thousand as well as to the release of the rolling stock maintenance provision for Euro 115 thousand.

28. Financial income

Euro 1,546 (1,108) thousand

The balance of financial income and charges is detailed in the tables below.

In thousands of Euro	2021	2020	Changes
Dividends	31	61	-30
Other financial income			
Of which interest income on receivables	1,452	971	482
Of which interest income on bank accounts	1	1	0
Of which other interest income	62	76	-13
Financial income	1,546	1,108	438

The increase in interest income on receivables is essentially attributable to interest income relating to the Progetto Crealis loan (calculated in application of the amortised cost) of Euro 959 thousand (Euro 462 thousand in 2020).

29. Financial charges

Euro 2,143 (2,473) thousand

In thousands of Euro	2021	2020	Changes
Charges on bonds	1,987	1,988	-1
Other financial charges	156	486	-330
Total	2,143	2,473	-330

The item includes the financial charges relating to the bond loan issued on 15 September 2017, calculated in application of the amortised cost at an effective interest rate of 2.11% (nominal rate of 1.85%).

30. Tax charges

Euro 4,766 (-1,699) thousand

The table below shows the details of the tax charges in the two financial years compared.

In thousands of Euro	2021	2020	CHANGE
IRES	0	0	0
IRAP	0	45	(45)
Current income taxes	0	45	(45)
Income taxes for previous years	(45)	(261)	216
Differences on income taxes for previous years	(45)	(261)	216
Current taxes	(45)	(216)	171
Provisions			0
Releases	4,811	(1,483)	6,294
Prepaid taxes	4,811	(1,483)	6,294
Provisions			
Releases			
Deferred taxes	0	0	0
Deferred tax assets and liabilities	4,811	(1,483)	6,294

Tax charges (income)	4,766	(1,699)	6,465
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The following table shows the reconciliation between the theoretical tax burden and what was effectively incurred.

IRES

Description In thousands of Euro	Value	Tax
Result before tax	9,885	
Theoretical tax charge (rate 24%)		2,372
Taxable temporary differences in subsequent years		
Total		
Deductible temporary differences in subsequent years		
Non-deductible provision for labour disputes	1,366	
Allocation to provision for non-deductible excesses 2017	1,914	
Other deductible temporary differences in subsequent years	1,573	
Total	4,854	
Reversal of temporary differences from previous years		
Use of provisions	(1,980)	
Other reversal of temporary differences from previous years	(539)	
Total	(2,519)	
Differences that will not be reversed in subsequent years		
Contingencies	501	
Other non-deductible costs	24	
Super amortisation/depreciation	(7,503)	
Hyper amortisation/depreciation	(1,901)	
De-taxation of Covid-19 contributions 10-bis	(18,869)	
Other differences that will not be reversed in subsequent years	264	
Total	(27,484)	
Tax base	(15,264)	
Tax deductions		
Current income taxes		-

IRAP

Description In thousands of Euro	Value	Tax
Difference between value and costs of production	10,482	
Non relevant income statement items	90,764	
Total	101,246	
Theoretical tax charge (rate 3.90%)		3,949
Differences that will not be reversed in subsequent years		
Increases	9,825	
Decreases	(21,147)	
Personnel deductions	(98,644)	
Total	(109,966)	
Deductible temporary differences in subsequent years		
Reversal of temporary differences from previous years		
Use of provisions for risks and deductible charges	(573)	

Amortisation of the cost of trademarks and goodwill	(125)	
Total	(698)	
Tax base	(9,417)	
Current income taxes		(396)

Earnings per share

The table below shows the statement of the basic and diluted earnings per share for the last two financial years compared.

	31/12/2021	31/12/2020
Weighted average number of shares issued	68,492,702	68,492,702
Weighted average number of treasury shares in portfolio	111,480	111,480
Weighted average number of shares outstanding for the purpose of calculating basic earnings	68,381,222	68,381,222
Profit for the year (thousands of Euro)	5,119	3,181
Basic earnings per share (Euro)	0.07	0.05
Diluted earnings per share (Euro)	0.07	0.05

Information on the cash flow statement

The financial trend for 2021 shows an increase in net cash and cash equivalents of Euro 57,404 thousand.

The net cash flow from operating activities, equal to Euro 9,565 thousand, decreased by Euro 18,533 thousand compared to 2020 (Euro 28,099 thousand) mainly due to:

- Change in profit (Euro +1,938 million);
- Change in amortisation/depreciation (Euro +791 million)
- Change in provisions (Euro -4,866 million)
- Write-downs/(revaluations) of financial assets (Euro -980 million)
- Losses/(gains) from disposal of non-current assets (Euro +4,315 million)
- Financial income/expenses (Euro -768 million)
- Change in working capital and other changes (Euro -19,502 thousand)

The change in working capital and other changes is essentially due to the combined effect of:

- An increase in inventories, equal to Euro 426 thousand
- An increase in trade receivables, equal to Euro 11,164 thousand
- An increase in current income tax assets, equal to Euro 915 thousand
- An increase in other current assets, equal to Euro 8,514 thousand
- An increase in non-current trade liabilities, equal to Euro 1,173 thousand
- An increase in other non-current liabilities, equal to Euro 1,221 thousand
- A decrease in current trade liabilities, equal to Euro 6,672 thousand
- An increase in other current liabilities, equal to Euro 1,481 thousand.

The net cash flow absorbed by investing activities, equal to Euro 35,252 thousand, is mainly absorbed by investments in tangible assets, amounting Euro 37,070 thousand.

The cash flow absorbed by financial assets, amounting to Euro 2,906 thousand, is essentially absorbed by the combined effect of:

- the reimbursement of financial liabilities for leased assets amounting to Euro 3,720 thousand;
- Change in financial assets, equal to Euro 2,712 thousand
- Change in financial liabilities, equal to Euro 66 thousand
- financial income of Euro 50 thousand
- the payment of interest expense for Euro 1,760 thousand;
- The payment of other financial charges, equal to Euro 153 thousand
- Dividends collected, equal to Euro 31 thousand.

Management of the financial risk

The Company's objective is to maintain over time a balanced management of its financial exposure, designed to ensure a liability structure that is balanced with the composition of assets and able to ensure the necessary operational flexibility by using liquidity generated from current operating activities and bank loans.

The ability to generate liquidity from ordinary operations, combined with the debt capacity, enables the Company to adequately satisfy its operating needs, financing of operating

working capital and investment requirements, as well as respect for its financial commitments.

The strategies employed by TPER to manage and control financial risks are illustrated below.

The Company, in the ordinary performance of its operating and financial activities, is exposed to:

- the liquidity risk, with reference to the availability of adequate financial resources to meet its short-term commitments;
- the risk of non-compliance with bond covenants;
- the risk of fluctuation of interest rate risks deriving from the exposure to variable interest rates;
- the risk deriving from fluctuations in commodity prices;
- the credit risk, connected both to normal commercial relations and to the possibility of default of a financial counterparty.

The Company is not exposed to foreign exchange risk and has not made use of derivative financial instruments to hedge the aforementioned risks.

Liquidity risk

Liquidity risk is the possibility that the available financial resources may be insufficient to cover maturing bonds. The Company believes that it has access to sufficient sources of funding to meet the planned financial needs, also in relation to the possible criticalities concerning the disbursement of the contributions due from transfers of the Public Administration, taking into account its capacity to generate cash flows, the wide diversification of the sources of financing and the liquidity generated by the issue of the bond loan.

The strategy adopted by the Company for the management of liquidity risk focuses on optimising its ability to generate cash flows, and on diversifying sources of funding to cover its requirements for the management of the year and for investments and on the continuous monitoring of expected cash flows to respect the expiry of the commitments assumed.

The following table provides details on the remaining expiries of liabilities based on the non-discounted cash flows. For the bond issue and the bank loans the amounts include both the flows relating to the reimbursement of the capital portion, and the flows relating to interest. In the event in which the flows relating to interest are at a variable rate, their non-discounted value is estimated by applying, for subsequent expiries, the latest variable rate applied in 2021.

For financial liabilities for leased assets, the flows are determined on the basis of contractual fees and, in the event in which these are subject to indexing, their non-discounted value is estimated by applying, for subsequent expiries, the latest variable rate applied in 2021.

In thousands of Euro	Financial statement value	Contractual flows				Total
		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	
As at 31 December 2021						
Bonds	95,108	33,424	32,838	32,253		98,515
Derivatives	-					-
Liabilities for leased assets	3,762	2,286	1,389	541		4,216
Trade liabilities	55,907	54,734	1,173			55,907
As at 31 December 2020:						
Bonds	94,878	1,757	33,424	65,091		100,272
Derivatives	31	31				31
Liabilities for leased assets	7,306	3,090	3,256	4,255		10,601
Trade liabilities	61,409	61,409				61,409

TPER believes it has the ability to fulfil its payment obligations through the generation of cash flows from operating activities and, subordinately, through the use of stocks of cash and/or financial instruments in the portfolio that can be converted to cash.

Risk of default and non-compliance with covenants

The risk of default refers to the bond issue. The regulation of the same, in line with international practice for similar transactions, generally gives the bond-holder the right to request the reimbursement of its receivable by arranging for the early termination of the relationship with the debtor in all cases where the latter is declared insolvent and/or subject to bankruptcy proceedings, or has initiated a liquidation procedure or another procedure with similar effects. In particular, the bond envisages the obligation of compliance, for the entire duration of the debt:

- the ratio between the consolidated net financial position and consolidated shareholders' equity must not exceed 1;
- the ratio between consolidated net financial position and consolidated EBITDA must not exceed 3.5.

Non-compliance with the clauses described above constitutes a breach of the contractual obligations and the Company may be required to pay the residual debt.

Compliance with these covenants is monitored. At present, all the covenants have been observed and they are expected to be respected also for 2022.

Interest rate risk

The interest rate risk is linked to the uncertainty caused by the trend in interest rates and can generally present a double manifestation:

- Cash flow risk: this is connected to financial assets or liabilities with flows indexed to a market interest rate;

- Fair value risk: it represents the risk of loss deriving from an unexpected change in the value of a financial asset or liability following an unfavourable change in the market rate curve.

The Company's approach to managing interest rate risk, which takes account of the structure of assets and the stability of the cash flows, aims to preserve funding costs and stabilise cash flows, in such a way as to safeguard margins and ensure the certainty of cash flows deriving from ordinary activities. The Company's approach to managing interest rate risk is, therefore, prudent and provides for the analysis and control of the position, carried out periodically based on specific requirements.

The only outstanding loan as at 31 December 2021 is the bond loan which is at a fixed rate, the following table shows the expected contractual cash flows.

<i>In thousands of Euro</i>		Contractual cash flows	Current portion	Between 1 and 2 years	Between 2 and 5 years	After 5 years
	31/12/2021					
Fixed rate	95,108	98,515	33,424	32,838	32,253	-
Total	95,108	98,515	33,424	32,838	32,253	-

<i>In thousands of Euro</i>		Contractual cash flows	Current portion	Between 1 and 2 years	Between 2 and 5 years	After 5 years
	31/12/2020					
Fixed rate	94,878	100,272	1,757	33,424	65,091	-
Total	94,878	100,272	1,757	33,424	65,091	-

Commodity price risk

TPER is exposed to the price risk of energy commodities, i.e. electricity and oil products, since procurement is impacted by fluctuations in the prices of these commodities.

During 2021, an increase in energy commodities was noted, however exacerbated by the current geopolitical situation and the Russian-Ukrainian conflict, since Russia is one of the main producers of gas and oil.

At present, TPER is analysing the effects of the increase in the price of commodities on its business; even though it is an external variable, it can only be mitigated by engaging in dialogue with the grantor for any service reviews consistent with the trends in commodity costs.

Credit risk

Credit risk represents the exposure to potential losses resulting from the failure of commercial counterparties to meet their obligations.

TPER's counterparties are primarily composed of:

- Group companies;
- The Municipality of Bologna, the Municipality of Ferrara, the Emilia-Romagna Region and their investees;
- Financial counterparties in relation to deposits at banks and capital contributions, also in the form of loans granted to investees.

As regards users of LPT services, TPER operates by providing public services and the revenues deriving from the tariffs applied are essentially collected with the provision of the service. However, there are some non-performing credit positions, positions subject to analytical valuation, and an overall estimate of the riskiness of outstanding credit positions, for which a provision for write-downs has been created that takes into account the estimate of recoverable flows and the related collection date, future recovery charges and expenses, as well as the value of guarantees and deposits received from customers.

The credit risk on liquidity and on financial instruments in the portfolio is limited given that TPER only operates with counterparties with a high credit rating.

The low exposure to credit and counterparty risk is confirmed by the results of the impairment analysis, as detailed in the dedicated section.

To measure expected losses, receivables were grouped on the basis of the characteristics of the counterparty risk and by maturity date. In order to apply the selected models, impairment percentages were established determined by maturity date and on the basis of the historical losses recorded by the Company. These percentages were subsequently supplemented with forward-looking information in order to incorporate market information, in addition to historical information.

The table below shows the exposure to credit risk, gross of the write-downs made, of the company as at 31 December 2021.

<i>In thousands of Euro</i>	Loans 31/12/2021	Not past due	Past due				
			0-30	31- 60	61- 90	91- 180	Over 180
Trade assets	78,608	51,340	553	3,084	1,780	5,493	16,359
Financial assets	44,102	44,102	0	0	0	0	0
Other assets	23,234	18,585	0	0	0	0	4,649
Provision for doubtful debts	-11,882	-3,577	-21	-140	-80	-276	-7,788
Total	134,062	110,450	532	2,943	1,700	5,217	13,219

Additional disclosures on financial instruments

The details of financial assets and liabilities required by IFRS 7, subdivided into the categories defined by IFRS 9, are shown below.

<i>In thousands of Euro</i>	Not es	Fair valu e leve l	Amortised Cost		Fair value recognised in the income statement		Total	
			31/12/20 21	31/12/20 20	31/12/20 21	31/12/20 20	31/12/20 21	31/12/20 20
NON-CURRENT ASSETS								
Equity investments	4	3	53,420	52,820	4,009	4,009	57,429	56,829
Financial assets	5		34,778	42,256			34,778	42,256
CURRENT ASSETS								

Trade receivables	7	72,649	61,485			72,649	61,485
Financial assets	5	7,607	7,645			7,607	7,645
Assets for current income taxes	9	4,633	3,718			4,633	3,718
Other assets	10	17,362	8,848			17,362	8,848
NON-CURRENT LIABILITIES							
Bonds	14	63,441	94,878			63,441	94,878
Derivatives	14	2		0	31	0	31
Other financial liabilities	14	347	382			347	382
Long-term liabilities for leased assets	3	1,911	4,161			1,911	4,161
Other liabilities	15	22,934	21,712			22,934	21,712
CURRENT LIABILITIES							
Bonds	14	31,667	0			31,667	0
Trade liabilities	12	54,734	61,409			54,734	61,406
Financial liabilities	14		0			31,667	0
Liabilities for leased assets - short-term portion	3	1,851	3,144			1,851	3,144
Other liabilities	15	28,396	26,915			28,396	26,915

Determination of the fair value

The fair value of the financial assets and liabilities is determined in line with IFRS 13, which requires these values to be classified based on a hierarchy of levels, which reflects the characteristics of the inputs used to determine the fair value:

- Level 1: valuations performed on the basis of quoted prices in active markets for financial assets and liabilities identical to those subject to valuation.
- Level 2: valuations performed on the basis of inputs other than quoted prices pursuant to level 1, which for the financial asset or liability are directly (prices) or indirectly (price derivatives) observable.
- Level 3: valuations that take as a reference parameters not observable on the market.

Taking the aforementioned classification as a reference, procedures were implemented to measure the fair value of the assets and liabilities as at 31 December 2021 and 31 December 2020, with reference to the observable market parameters:

- The fair value of the financial assets and liabilities with standard conditions and terms, quoted on an active market is measured with reference to prices published in said market by leading market contributors.
- The fair value of other financial assets and liabilities is measured, where the conditions are met, by applying the discounted cash flow method, using the prices recorded for recent market transactions by leading market contributors for similar instruments as the reference balances.

The table below shows the financial assets and liabilities measured at fair value:

In thousands of Euro	31/12/2021			Fair value as at the reporting date		
	Level 1			Level 2		Level 3
Equity investments	4,009					4,009

In accordance with the provisions of IFRS 13, the fair value of the financial liabilities as at 31 December 2021 is reported, which includes the bond issue which is measured at amortised cost.

In thousands of Euro	31/12/2021	
	Financial statement value	Fair Value
Bonds	95,108	96,900
Liabilities for leased assets	3,762	4,173
Other financial liabilities	347	347

During the year, there were no transfers between the different levels of the fair value hierarchy.

For medium/long-term financial instruments, other than derivatives, where no market shares are available, the fair value is determined by discounting the expected cash flows, using the market interest rate curve as at the reference date and considering counterparty risk in the case of financial assets and its own credit risk in the case of financial liabilities.

Additional information

Guarantees and third-party assets at the company

As at 31 December 2021, there were collateral guarantees issued by the Company and risks assumed in relation to third-party assets at the company, including the following by relevance:

Descrizione	31/12/2021	31/12/2020	Variazione
Garanzie concesse a terzi			
Fideiussioni concesse	15.655.193	20.295.882	-4.640.689
Rischi			
Beni di terzi presso l'azienda			0
Beni di SRM in affitto d'azienda	26.433.530	28.037.480	-1.603.950
Beni di SRM presso l'azienda	19.102	19.102	0
Totale	42.107.825	48.352.464	-6.244.639

The sureties granted to third parties refer - for the most part - to the guarantees provided by TPER, on behalf of TPB S.c.r.l. and TFP S.c.r.l., to the respective mobility agencies for service contracts for local public transport in the Bologna and Ferrara areas.

The item “SRM rented assets at the company” corresponds to the net book value of the company rented by SRM for public transport in the Bologna basin.

In addition to the guarantees summarised above, it should be noted that TPER had received, as at the closing date of the financial year, Euro 60 million of guarantees from third parties to cover the purchases of goods (mainly rolling stock) and services. The most significant items of guarantees from third parties consisted of sureties on the construction of the Bologna-San Lazzaro guided public transport system (TPGV) (Euro 10 million), for the purchase of new buses (Euro 18.8 million) for maintenance services (Euro 12.2 million) and for company canteens (Euro 3.5 million).

Management and coordination activities pursuant to Article 2497 et seq.

Article 2497 et seq. of the Italian Civil Code is not applicable because TPER autonomously defines its strategic guidelines and is fully autonomous in terms of organisation, management and negotiation, as it is not subject to any management and coordination activity.

Transactions with related parties

The main transactions made by the Company with its related parties, identified according to the criteria defined by IAS 24, are described below.

The following tables show the economic and financial balances of a commercial and financial nature, deriving from transactions with related parties, including those relating to directors, statutory auditors and other executives with strategic responsibilities in the Company.

<i>In thousands of Euro</i>	0	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Subsidiaries					
Omnibus S.c.r.l.	2020	2,709	7,415	5,086	4,386
	2021	3,596	10,096	3,757	4,988
TPF S.c.r.l.	2020	19,032	544	2,404	153
	2021	19,133	581	2,821	178
TPB S.c.r.l.	2020	80,571	60	23,201	5
	2021	80,251	59	22,661	-1
MA.FER S.r.l.	2020	2,788	75	14,453	7,446
	2021	2,882	70	9,369	11
DINAZZANO PO S.p.A.	2020	1,356	78	1,206	1
	2021	1,693	6	998	5
HERM S.r.l.	2020	3	11	0	11
	2021	3	11	0	11
SST S.r.l.	2020	431	2,408	315	940
	2021	460	2,932	263	845
Total	2020	106,889	10,591	46,666	12,942
	2021	108,020	13,756	39,869	6,037

Associates					
SETA S.p.A.	2020	176	8	176	56
	2021	230	133	306	266
CONSORZIO TRASPORTI INTEGRATI	2020	1,107	40	1,800	163
	2021	127	-2	191	161
TRENITALIA TPER S.c.r.l.	2020	17,270	0	11,502	2,810
	2021	19,419	0	22,136	4,378
MARCONI EXPRESS S.p.A.	2020	821	142	10,472	237
	2021	2,842	71	12,672	637
Total	2020	19,374	190	23,950	3,265
	2021	22,617	202	35,303	5,442
TOTAL	2020	126,263	10,780	70,616	16,207
	2021	130,637	13,958	75,173	11,479

The sales and purchases with related parties are made with the terms and conditions equivalent to those prevailing in free transactions. No guarantees have been provided for receivables and payables with related parties. In the financial year ended as at 31 December 2021, the Company did not record any impairment loss of receivables contracted with related parties. This assessment is carried out annually, at each balance sheet date, taking into consideration the financial position of the related party and the market in which the related party operates.

Compensation to directors and statutory auditors and auditing companies

The information concerning the remuneration of the directors, statutory auditors and the independent auditors of TPER S.p.A. is presented below.

<i>In thousands of Euro</i>	31/12/2021	31/12/2020	Change
Directors' fees	128	128	0
Statutory auditors' fees	92	92	0
Independent auditors' fees	45	45	0
Total	265	265	0

Grants, contributions, paid offices and economic benefits Italian Law no. 124/2017

Pursuant to Article 1, paragraph 125, of Italian Law no. 124 of 4 August 2017, in accordance with the obligation of transparency, it should be noted that in 2021 the following grants/contributions were received from public administrations, including through consortia:

AMOUNT RECEIVED Euro	ISSUING ENTITY	DESCRIPTION
926,872	Emilia-Romagna Region	Grant for the purchase of new buses - POR-FESR provisions 2014/2020 action 4.6.2
176,798	Ministry of Infrastructure and Transport	Grant for the realisation of the Guided Public Transport System Bologna City Centre - San Lazzaro (BO) (TPGV) - Italian Law no. 211/92

1,203,923	SRM Bologna	95% deposit for 15 IVECO interurban buses 12mt. - FSC funds 2014-2020 axis F
348,009	AMI Ferrara	95% deposit for 3 interurban MAN buses 14mt. - FSC funds 2014-2020 axis F
27,526	AMI Ferrara	advance grant to improve LPT quality and safety for prevention and containment of Covid-19 contagion - Decree of Regional Government no. 1269/2020
2,295,625	AMI Ferrara	Contribution to the higher costs for the NCLA pursuant to Italian Laws nos. 47/04, 58/05, 296/06
8,213,001	SRM Bologna	Contribution to the higher costs for the NCLA pursuant to Italian Laws nos. 47/04, 58/05, 296/06
5,420,773	Ministry of Labour	Contribution to sick pay Italian Law no. 266/2005
3,623	INPS	FIS Covid-19
11,554,027	Mobility agencies	COVID-19 public relief for loss of revenues
60,000	Revenue Agency	Tax credit for COVID-19-related sanitisation and PPE
30,230,177	TOTAL RECEIVED IN 2021	

Board of Statutory Auditors' Report

TPER S.p.A.

Registered office in Bologna - via di Saliceto n. 3

Share capital Euro 68,492,702.00 fully paid-up

Registered in the Register of Companies and Tax Code 03182161202

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Report of the Board of Statutory Auditors on the Financial Statements as at 31 December 2021 prepared pursuant to Art. 2429, paragraph 2, of the Italian Civil Code

Dear Shareholders,

the Board of Statutory Auditors, pursuant to Art. 2429, paragraph 2 of the Italian Civil Code, is called upon to report to the Shareholders' Meeting of TPER S.P.A. ("*TPER*" or "*the Company*"), called to approve the financial statements, on the results of the financial year and on the activities carried out during the year in the fulfilment of its duties, as well as on the omissions and on any questionable facts identified. The Board of Statutory Auditors also has the right to make observations and proposals regarding the financial statements and their approval as well as matters within its competence.

The Board of Statutory Auditors was appointed, in its current composition, by the Shareholders' Meeting on 12 July 2021 pursuant to Art. 25 of the Articles of Association and, compared to the previous mandate, Mr Enrico Corsini joined the Board in the position of Chairman following confirmation of the appointment of the standing auditors Ms Patrizia Preti and Mr Fabio Ceroni. Until 14 July 2021, the Board of Statutory Auditors was made up of Sergio Graziosi, Chairperson, Patrizia Preti and Fabio Ceroni, Standing Auditors.

During the financial year ended 31 December 2021, the Board of Statutory Auditors performed the supervisory functions provided for in Articles 2403 of the Italian Civil Code, and therefore monitored compliance with the law and the Articles of Association, compliance with the principles of proper administration and the adequacy of the organisational structure, the financial reporting process, the internal control and risk management system, the Company's administrative-accounting system – including the latter's reliability in correctly represent operating events – the adequacy of the instructions issued by the Company to its Subsidiaries and the manner in which the corporate governance rules are actually implemented, as well as monitoring - in its capacity as the internal control and audit committee pursuant to Art. 19 of Italian Legislative Decree no. 39 of 27 January 2010 - the statutory audit of the annual and consolidated accounts, and verifying the selection process and the independence of the auditing firm.

The activities and functions assigned to us as the Board of Statutory Auditors were carried out in accordance with the provisions of the law and the Rules of Conduct for the Board of Statutory Auditors of Listed Companies, insofar as compatible, issued by the National Council of Certified Public Accountants and Accounting Experts.

TPER has drawn up for the first time in 2021 the Integrated Report that combines the statutory Annual Report and the Sustainability Report. In particular, the Integrated Financial Statements include the TPER S.p.A. Separate Financial Statements for the year ended as at 31 December 2021, the TPER Group's Consolidated Financial Statements for the year ended as at 31 December 2021 and the Report on Operations including the Consolidated Non-Financial Statement pursuant to Italian Legislative Decree no. 254/2016.

This report was approved collectively and in time for its filing at the registered office of the Company, 15 days prior to the date of the Shareholders' Meeting for the approval of the financial statements of 2021, together with the other mandatory attachments that accompany them and the Report on Operations, as outlined above. The Board of Directors made available the related documents approved on 27 May 2022 and relating to the separate financial statements (and the consolidated financial statements) as at 31 December 2021, in compliance with the terms set out in Art. 2429 of the Italian Civil Code.

This report does not concern the statutory audit of the accounts, given these functions are carried out by the Independent Auditors PricewaterhouseCoopers S.p.A., appointed for this purpose.

The functions of the Supervisory Board pursuant to Italian Legislative Decree no. 231/2001 are assigned to another collegiate body within the Company TPER.

General introduction

TPER is one of the main sustainable mobility groups in Italy and is the largest company in Emilia-Romagna in the public transport sector, carrying out its activities mainly in the Bologna and Ferrara areas through road transport and trolleybus transport. It is a publicly held non-controlling company listed pursuant to Art. 26, paragraph 5 of the Italian Legislative Decree no. 175/2016 and, therefore, is excluded from the scope of application of this Decree, as well as, partially, from the scope of application of the transparency obligations provided for by Italian Legislative Decree no. 33/2013.

With regard to the nature and legal qualification of TPER, it is believed that the indicators of public control required by the combined provisions of the aforementioned Italian Legislative Decree no. 175/2016 and the relevant Italian Civil Code are not met.

In particular, the Shareholders do not hold controlling shares pursuant to Art. 2 lett. b) of Italian Legislative Decree no. 175/2016 and Art. 2359 of the Italian Civil Code and there are no bylaws or shareholders' agreements among the public shareholders that require the unanimous consent of the same shareholders for the company's strategic financial and management decisions (there is no formalised coordination among the participating public administrations).

The separate financial statements (and consolidated financial statements) were prepared in compliance with the provisions of the applicable law and the IAS/IFRS international accounting standards issued by the IASB and adopted by the EU, as well as according to the relevant interpretations of the IFRIC, integrated with the approved amendments and currently applicable, in addition to the verified compliance with the provisions of Italian Legislative Decree no. 38/2005, due to the obligation imposed by current legislation and consequent to having assumed, from 2017, with the issue of the Bond, the qualification of Public Interest Entity (PIE) as defined by Art. 16 of Italian Legislative Decree no. 39/2010.

The 2021 financial year was characterised by the appointment of the corporate bodies for a full three-year term. In fact, in addition to appointing the Board of Statutory Auditors, the Shareholders' Meeting held on 12 July 2021 appointed the Board of Directors, unchanged in its composition with respect to the previous term of office except for the director Ms Maria Elisabetta Tanari to replace Mr Francesco Badia. In addition, Ms Giuseppina Gualtieri, Chairperson and CEO, and Mr Giovanni Neri, Director, were confirmed. The Board of

Directors, appointed in accordance with Art. 17 of the Articles of Association, will remain in office until the approval of the financial statements for the year ending 31 December 2021 by the Shareholders' Meeting.

Verification of the independence requirements by the Board of Statutory Auditors

On 7 September 2021, the Board of Statutory Auditors carried out its self-assessment with positive results, verifying at the beginning of its mandate that all members met the independence requirements in compliance and consistent with the requirements set forth in Standard Q.1.1. (Rules of conduct of the Board of Statutory Auditors of listed companies issued in April 2018 by the CNDCEC).

Meetings of the Board of Statutory Auditors

In the period between the beginning of the 2021 financial year and 31 December 2021, the Board of Statutory Auditors, in its various compositions, has participated in Shareholders' Meetings and the meetings of the Board of Directors; the Board also met periodically to carry out its own pertinent activities, acquiring the necessary information, including through the collection of documents, data and information during periodic meetings scheduled with the Company's management, whose attendance and relevance is certified by the related duly signed minutes.

In this context, this Board acknowledges that during the period of its mandate, there were no violations of the law or of the Articles of Association, nor any transactions that were manifestly imprudent, risky, and in potential conflict of interest or such as to compromise the integrity of the corporate assets.

This Board also held periodic meetings with the independent auditor PricewaterhouseCoopers S.p.A., from which no significant data or information emerged that needs to be highlighted in this report, as well as with the Supervisory Body and with the Internal Auditor. The Board of Statutory Auditors also acquired information from the control bodies of the subsidiaries.

Knowledge of the company, risk assessment and report on assigned tasks

Given the knowledge that the Board of Statutory Auditors declares to have with regard to the Company and with regard to:

- i) the type of activity carried out;
- ii) its organisational and accounting structure;

having also taken into account the circumstance that, effective 27 October 2021, the parking business unit was sold following the award to a third company of the tender procedure related to the entrusting of activities pertaining to the Parking Plan and to complementary mobility services/activities in the Municipality of Bologna; also taking into account the size and problems of the company, it is reiterated that the "planning" phase of the supervisory activity, in which it is necessary to assess the intrinsic risks and critical issues with respect to the two parameters mentioned above, was carried out by means of positive feedback with regard to what is already known on the basis of information acquired over time.

It was therefore possible to confirm that:

- the typical activities carried out by the Company, without prejudice of course to the effects deriving from the above-mentioned extraordinary transaction, did not change

during the year in question and are consistent with the provisions of the corporate purpose;

- the organisational structure, albeit slightly modified as a result of the above, is suitable to allow the preparation of the financial statements on the basis of the IAS/IFRS international accounting standards and in the logic of business development, for an appropriate and effective functional reorganisation, therefore, not only from an accounting and administrative point of view;
- the human resources dedicated to TPER's business activities have consequently decreased (when considering the average figure) from 2,179 in the financial year 2020 to 2,030 in the financial year 2021;
- it should also be noted that the Company operated in 2021, taking into account the above, in terms substantially comparable with the previous year and, consequently, our checks were carried out on these assumptions, having the elements to be able to verify the substantial comparability of values and results with those of the previous year.

This report therefore summarises the activity concerning the disclosure required by article 2429, paragraph 2, of the Italian Civil Code and more precisely:

- on the activity carried out in fulfilling the duties envisaged by the law;
- on the results of the financial year;
- on the observations and proposals regarding the financial statements, with particular reference to the possible use by the Board of Directors of the exemption pursuant to article 2423, paragraph 5, of the Italian Civil Code and pursuant to Art. 5 of Italian Legislative Decree no. 38/2005;
- on the possible receipt of complaints from shareholders pursuant to Art. 2408 of the Italian Civil Code.

Significant events during the year

With regard to the significant events that occurred in the year ended as at 31 December 2021, in addition to the above, please refer to the Report of the Board of Directors on Operations accompanying the Financial Statements which, to the best of the knowledge of the Board of Statutory Auditors, fully summarises the most significant events that concerned the TPER Company and the Group as a whole.

With the persistence of the health emergency connected with the spread of the Covid-19 virus, the board of statutory auditors constantly monitored the evolution of the various government and regional interventions for the transport sector and the related initiatives undertaken by the Company.

As detailed in the Directors' Report, during the different phases of the emergency, TPER took measures to protect the health of employees and passengers transported.

The directors reported in detail on the economic and operational impacts of the health emergency and the resources (refunds) allocated to the Company to compensate for lost revenue and increased costs as a result of Covid-19.

Macro-organisational structure of TPER

TPER has started a process of reorganisation to support the evolution of the business following the Covid-19 health crisis and based on the changes taking place in the mobility sector, and to develop all the new projects that will enable the company to evolve in the light of the new objectives and role of the LPT and the new technological scenario (digital transformation, green transition) that require a very large amount of investments.

In this perspective, in the key sectors of the company, also from a Group perspective, the Board of Directors in the meeting of 23 December 2021 provided for the inclusion of young people for the financial year 2022 against retirement expenses to support main functions with a view to strengthening and developing skills as well as to cope with the many related activities.

Intercompany transactions or transactions with related parties

Pursuant to Art. 2427, first paragraph, item 22-bis) of the Italian Civil Code, the Company has fully disclosed in the explanatory notes the transactions carried out with related parties, specifying the amount, the nature of the relationship and any other information necessary for the purposes of understanding the financial statements. These transactions were carried out at conditions equivalent to those prevailing in the free market.

Atypical or unusual transactions

As part of the control activities carried out by this Board of Statutory Auditors, no atypical or unusual or non-recurring transactions emerged.

Significant events subsequent to the close of the financial year and foreseeable management evolution

With regard to significant events, the directors have detailed the economic consequences in terms of significant increases in raw material costs and possible supply bottlenecks due to market turbulence and geopolitical scenarios (Russia-Ukraine conflict) and the prolonged health emergency that led to greater use of private transport than public transport.

Supervisory activities

During the financial year ended as at 31 December 2021, the Board of Statutory Auditors, to the possible extent, was able to ascertain that:

- the decisions made by the Shareholders and the Board of Directors were compliant with the law and the Articles of Association and were not clearly imprudent or such as to compromise the integrity of the company assets;
- sufficient information was acquired on the general operating performance and on its outlook, as well as on the most significant transactions, in terms of size or characteristics, carried out by the company and its subsidiaries; in accordance with the management organisational chart, the information required by Art. 2381, paragraph 5, of the Italian Civil Code, were provided and acquired by the Management Body and by the General Manager, both during scheduled meetings and at the time of any individual meeting with the members of the Board of Statutory Auditors at the Company's registered office; and also through telephone and computer contacts/information flows with the members of the Board of Directors: it follows from all of the foregoing that the directors have, in substance and form, complied with the requirements imposed on them by the aforementioned rule;
- the transactions carried out were also compliant with the law and the articles of association and not in potential conflict with the resolutions adopted by the Shareholders' Meeting or such as to compromise the integrity of the company assets, and were adequately assessed;
- no specific observations are made regarding the adequacy of the company's

organisational structure during the year, nor regarding the adequacy of the administrative, accounting and control systems, as well as the reliability of the latter in correctly representing the operating events, also for the purposes and effects of the disclosure due pursuant to Italian Legislative Decree no. 254/2016, with regard to matters of a non-financial nature, as indicated below;

- knowledge of the adequacy and functioning of the administrative-accounting system, as well as the reliability of the latter in correctly representing the operating events, was acquired and monitored, by obtaining, in this regard, specific information from the heads of the functions, from the company PricewaterhouseCoopers S.p.A., tasked with the statutory audit of the accounts, and by examining the Company's documents, and in this regard there are no particular observations to report;
- during the periodic checks pursuant to Art. 2403, first paragraph, of the Italian Civil Code, the Board has taken note of the development of the business carried out by the Company. There were also recurring discussions with the independent auditors, with the Internal Audit function and with the Supervisory Body, as well as with the professionals assisting the Company: the results provided positive results, with a fruitful exchange of information. The relations with the people working in the aforementioned structure were inspired by reciprocal collaboration in respect of the roles assigned to each one, having clarified those of the Board of Statutory Auditors;
- the consultants and external professionals appointed to provide accounting, tax, corporate and employment law assistance have not substantially changed, except for those relating to any extraordinary or non-recurring transactions, and therefore they have historical knowledge of the activities carried out and of any management issues, including extraordinary ones, that have impacted on the results of the financial statements;
- no interventions were necessary due to omissions of the management body pursuant to Art. 2406 of the Italian Civil Code;
- no complaints were received pursuant to Art. 2408 of the Italian Civil Code;
- no complaints were made pursuant to Art. 2409, paragraph 7, of the Italian Civil Code;
- during the year, the Board of Statutory Auditors, also in its capacity as Internal Control and Audit Committee, was not requested to issue opinions pursuant to Art. 19, letter e), of Italian Legislative Decree no. 39 of 27 January 2010.

In this regard, in its capacity as the Internal Control and Audit Committee, the Board of Statutory Auditors carried out the activities envisaged by Art. 19 of Italian Legislative Decree no. 39/2010, due to its qualification as a Public Interest Entity (PIE), being required to:

- i) inform the Management Body of the Company of the outcome of the statutory audit, sending the same the additional Report addressed to this Board in its capacity of Committee for Internal Control and Audit, pursuant to Art. 11 of European Regulation no. 537/2014 prepared by the independent auditors, accompanied by any observations;
- ii) monitor the financial reporting process and submit recommendations or proposals aimed at ensuring its integrity;
- iii) monitor the effectiveness of the Company's internal quality control and risk management systems and, if applicable, of the internal audit, with regard to financial reporting of the audited entity, without violating its independence;
- iv) monitor the statutory audit of the financial statements and of the consolidated financial statements, also taking into account any results and conclusions of the quality controls carried out pursuant to Art. 26, paragraph 6, of the European Regulation, where available;

v) verify and monitor the independence of the statutory auditors or independent auditors pursuant to Articles 10, 10-bis, 10-ter, 10-quater and 17 of Italian Legislative Decree no. 39/2010 and Art. 6 of the European Regulation, in particular with regard to the adequacy of the provision of services other than auditing to the audited entity, in accordance with Art. 5 of said Regulation;

vi) respond to the procedure for the selection of statutory auditors or independent auditors and recommend the statutory auditors or audit firms to be appointed pursuant to Art. 16 of the European Regulation.

The following findings emerge from the supervisory activities carried out by the Board of Statutory Auditors for this purpose:

(i) Comments on the Additional Report pursuant to Art. 11 of the European Regulation

The Board of Statutory Auditors has read the report by the independent auditors PricewaterhouseCoopers S.p.A. on 14 June 2022, issued pursuant to Art. 11 of European Regulation (EU) 537/2014.

The document adequately illustrates the results of the statutory audit as well as the mandatory information pursuant to the second paragraph of the aforementioned Art. 11 of Regulation (EU) 537/2014.

The Board of Statutory Auditors acknowledges that PwC has already identified some shortcomings in the internal control system during the 2020 financial year, which it has assessed as not significant. These shortcomings were partly resolved during the 2021 financial year while others will have to be subject to improvement actions by the Management (SAP All users; annual user review; program change management; password security policy).

ii) Monitoring of the financial reporting process

As part of the audits carried out during the year, the Board of Statutory Auditors obtained feedback on the existence of adequate rules and processes to oversee the process of formulation and disclosure of financial information, obtaining evidence of the financial disclosure process and of the administrative and accounting procedures, which are adequate with respect to the activities currently carried out by TPER;

We verified TPER's ability to fulfil its obligations taking into account the government measures in support of the LPT and the availability of liquidity reserves or other forms of access to credit.

The Board also checked compliance during the year with the financial covenants relating to the bond loan issued in 2017, listed on the Dublin Stock Exchange and for which repayment of the first instalment is expected in September 2022 (approximately Euro 31.7 million).

iii) Supervision of the effectiveness of the internal control, internal audit and risk management systems

The Board of Statutory Auditors periodically met with the Heads of the control functions and in particular with the Internal Audit function of TPER to exchange information on the activities carried out, obtaining updates on the execution of the audit plan and, in this context, on the audit interventions carried out and the related results, also on a programmatic and prospective basis.

In light of the results of the activities carried out, the information learned from the control functions, also taking into account the contents of the aforementioned additional report pursuant to Art. 11 of Regulation (EU) 537/2014 prepared by the Independent Auditors, which contains the reassurance on the non-existence of significant shortcomings in the Internal

Control System (ICS) and reassured by the interviews with the same, the Board of Statutory Auditors, in relation to the operating situation of the Company as at 31 December 2021, expresses an assessment of adequacy on the control system.

iv) Supervision of the statutory audit of the annual and consolidated financial statements

The Board of Statutory Auditors met with the representatives of the Independent Auditors (PricewaterhouseCoopers S.p.A.) with whom the planned exchange of information was established.

In the report pursuant to Art. 11 of the European Regulation (EU) 537/2014, and in the report pursuant to Art. 14 of Italian Legislative Decree no. 39/2010, issued by the independent auditors on 14 June 2022, the same certified that, on the basis of the checks carried out, as mentioned above, no significant shortcomings emerged in the internal control system in relation to the process of financial reporting, “key aspects” of the statutory audit were highlighted, with the relative description of the separate and consolidated financial statements.

v) Supervision of the independence of the independent auditors, in particular with regard to the provision of non-audit services.

The Board of Statutory Auditors supervised the independence of the Independent Auditors and obtained the annual confirmation of independence pursuant to Art. 6, paragraph 2) letter a) of European Regulation 537/2014.

In particular, on 14 June 2022, the auditing firm PricewaterhouseCoopers S.p.A. confirmed, with specific certification, that it had complied with the ethical principles set out in Arts. 9 and 9-bis of Italian Legislative Decree no. 39/2010 and that no situations were found that compromised their independence pursuant to Arts. 10 and 17 of Italian Legislative Decree no. 39/2010 and Articles 4 and 5 of European Regulation 537/2014, also confirming the fulfilment of the requirements of Art. 6, paragraph 2, letter b) of Regulation (EU) 537/2014.

Lastly, we attest that TPER, having the qualification of PIE pursuant to the law, is obliged, also by virtue of its size requirements, to provide the necessary communications of non-financial information (known as “Non-Financial Statement - NFS”) in compliance with the provisions of Italian Legislative Decree no. 254/2016 at both separate and consolidated level.

In this regard, as specified above, the directors have prepared the Integrated Management Report that includes the NFS for the financial year 2021 in accordance with Articles 3 and 4 of Italian Legislative Decree no. 254/2016, implementing Directive 2014/95/EU, whose contents refer to environmental, social and personnel-related issues, respect for human rights and the fight against active and passive corruption, needed for guaranteeing an understanding of the activities carried out by the TPER Group, its performance, the results and the impact it has.

The Control Body has verified: a) the fulfilment of the obligations imposed by the regulations regarding the preparation and publication of the non-financial statement; b) the adequacy of the methodologies/systems and processes used for this purpose; c) on the presentation of the attestation of compliance issued by the Independent Auditors PricewaterhouseCoopers S.p.A., on this day, pursuant to the provisions of Art. 3, paragraph 10, of Italian Legislative Decree no. 254/2016.

In conclusion, we can therefore state that in the course of the supervisory activity carried out by this Board, no significant facts and/or elements emerged, such as to require notification in this report.

Separate financial statements and consolidated financial statements

With reference to the regulations introduced by directive no. 2013/50 / EU, the so-called transparency directive) which established that the set of documents that make up the annual financial report must be prepared in a single electronic communication format compliant with delegated regulation (EU) no. 2018/815 of 17 December 2018 (OJEU L143 of 29 May 2019) known as European Single Electronic Format (ESEF) from financial years starting from 1 January 2021, the exemption referred to in Art. 83, paragraph 1, letter b), of the Regulation is applicable to the TPER Group Consob no. 11971/1999 (Issuers), as Tper has issued “*exclusively debt securities admitted to trading on a regulated market whose unit nominal value is at least Euro 100,000*”.

Therefore, the Board of Statutory Auditors has acknowledged that the Board of Directors did not prepare the financial statements and explanatory notes using the so-called "XBRL taxonomy" as it was exempt from doing so because TPER had issued securities to institutional investors with a unit value of more than Euro 100,000.

With regard to the separate financial statements and the consolidated financial statements as at 31 December 2021, notwithstanding the fact that the tasks relating to the statutory audit and, therefore, the opinion on the respective financial statements are the exclusive responsibility of the independent auditors PricewaterhouseCoopers S.p.A., it should be noted that the draft financial statements for the year and the consolidated financial statements as at 31 December 2021 were approved by the Board of Directors and consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Cash Flow Statement for the financial year ended as at 31 December 2021 and the Explanatory Notes (to the separate and consolidated financial statements) which include, in summary, the accounting standards adopted for the individual financial statement items.

Furthermore:

- the management body also prepared the report on operations pursuant to Art. 2428 of the Italian Civil Code;
- the statutory audit is entrusted to PricewaterhouseCoopers S.p.A., which prepared its own report pursuant to Art. 14 of Italian Legislative Decree no. 39 of 27 January 2010 and pursuant to Art. 10 of European Regulation no. 537/2014 to both the separate and consolidated financial statements of the Group. These reports do not highlight findings of significant deviations, or negative opinion or the impossibility to express an opinion or requests for disclosure and, therefore, the opinion issued is positive for both;
- the independent auditors also prepared the Additional Report for the Internal Control and Audit Committee pursuant to Art. 11 of European Regulation no. 537/2014 for the exclusive use of this Board and for the purposes of Art. 19 of Italian Legislative Decree no. 39/2010;
- the valuation criteria adopted, which are the same for both the separate financial statements and the consolidated financial statements, are reported in the Notes to the consolidated financial statements only.

The Board of Statutory Auditors also supervised the compliance by the Board of Directors with the procedural rules pertaining to the preparation of the separate financial statements and of the consolidated financial statements as well as their general layout, their general compliance with the law as regards their format and structure, and has no observations in this regard;

- the separate financial statements and the consolidated financial statements as at 31 December 2021 were prepared on the basis of the provisions of the applicable law and the IAS/IFRS international accounting standards issued by the International Accounting Standards

Board (IASB) and approved by the European Commission as required by Community Regulation No. 1606/2002 currently in force, as well as the provisions of Italian Legislative Decree no. 38/2005;

– we also ascertained that the separate and consolidated financial statements correspond to the facts and information that we are aware of as a result of the performance of our duties, and we have no observations in this regard.

The draft financial statements were also examined, and in relation to these the following additional information is provided:

- attention was paid to the layout of the draft financial statements, and the accompanying documents, to their general compliance with the law as regards their format and structure, and in this regard there are no observations that need to be highlighted in this report;
- compliance with the law pertaining to the preparation of the Report on Operations was verified, and in this regard there are no observations that need to be highlighted in this report;
- the Board of Directors, in preparing the financial statements, did not depart from the legal provisions pursuant to Art. 2423, par. 5, of the Italian Civil Code and pursuant to Art. 5 of Italian Legislative Decree no. 38/05;
- the compliance of the financial statements with the facts and information of which it became aware following the performance of the typical duties of the Board of Statutory Auditors was verified, and in this regard no further observations are highlighted;
- pursuant to Art. 2426, paragraph 5, of the Italian Civil Code, the Board of Statutory Auditors attests that, for mere reporting purposes, “other intangible assets” do not refer to “start-up and expansion costs” nor to “development costs” with long-term useful lives yet to be amortised;
- the correctness of the information contained in the Explanatory Notes was verified with regard to the absence of any financial and monetary asset or liability positions originally arising in currencies other than the Euro;
- the information required by Art. 2427-bis of the Italian Civil Code, in relation to any financial instruments, was provided, where recognised at a value higher than their fair value;
- with regard to the proposal of the Board of Directors regarding the allocation of the net profit for the year and which will be discussed below, the Board of Statutory Auditors has nothing to observe, nevertheless recalling that the decision on the matter rests with the Shareholders' Meeting.

The net result ascertained by the Board of Directors in relation to TPER's separate financial statements for the year ended as at 31 December 2021, as is also evident from a reading of the financial statements, is a positive Euro 5,119,009 (against Euro 3,180,942 in the previous year), while the consolidated net result for the year (Group and third parties) is a positive Euro 6,941,309 (against Euro 3,554,611 in the previous year).

Today, the Board has received the reports prepared by the Independent Auditors on the separate financial statements and on the consolidated financial statements as at 31 December 2021 and has acknowledged:

- the opinions on the financial statements and on the consolidated financial statements reported therein, which show that they provide a true and fair view of the equity and financial position, the economic result and the cash flows for the year ended as at 31 December 2021 prepared in compliance with the IFRS adopted by the EU, both of the separate and consolidated financial statements;
- the absence of requests for disclosure;

- the key aspects of the audit;
- the opinion of consistency and compliance with the law of the Report on Operations of the Board of Directors included in the financial statements;
- other opinions required by the current legislation and other information to be communicated on the basis of regulations (Italian Legislative Decree no. 39/2010 and EU Regulation 537/2014), as required.

Integrated Report on Operations

The Board of Statutory Auditors examined the contents of the Integrated Report on Operations prepared by the Board of Directors in relation to both the separate and consolidated financial statements, and verified that the independent auditors PricewaterhouseCoopers S.p.A. had carried out the procedures aimed at expressing their opinion, with positive results, on the consistency of the above-mentioned report with the financial statements and their compliance with the law.

Furthermore, to the best of our knowledge, in preparing the financial statements in question, the Directors did not need to avail themselves of the possibility of derogation provided for by Art. 2423, paragraph 5, of the Italian Civil Code and Art. 5, first paragraph, of Italian Legislative Decree no. 38/2005.

Observations and proposals regarding the approval of the financial statements

On the basis of the above and to the extent to which the Board of Statutory Auditors is aware and was confirmed by the periodic checks carried out, it is unanimously believed that there are no impediments, also in light of the report prepared by the Independent Auditors and of the related opinion on the financial statements, the approval on your part of the separate financial statements for the year ended as at 31 December 2021 as prepared and presented by the Board of Directors, as well as the proposal formulated by your Board of Directors to allocate the profit for the year (Euro 5,119,009) to the legal reserve (Euro 255,950), to the extraordinary reserve (Euro 2,363,059) and to distribution to shareholders (Euro 2,500,000).

Bologna, 14 June 2022

The Board of Statutory Auditors

Enrico Corsini, Chairperson

Patrizia Preti - Statutory Auditor

Fabio Ceroni - Statutory Auditor

The image shows three handwritten signatures in black ink. The top signature is the most stylized and appears to be 'Enrico Corsini'. The middle signature is 'Patrizia Preti' and the bottom signature is 'Fabio Ceroni'.

Independent Auditors' Reports

Report of the Independent Auditors - NFS Audit



TPER SPA

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

YEAR ENDED 31 DECEMBERE 2021



Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of CONSOB regulation no. 20267 of January 2018

To the Board of Directors of Tper SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Tper SpA and its subsidiaries (the "Group") for the year ended on 31 December 2021 prepared in accordance with article 4 of the Decree, contained in the Integrated Report 2021, and approved by the Board of Directors on 27 May 2022 (the "NFS").

Our review does not extend to the information set out in the "The taxonomy of the European Union - sustainable activities" paragraph of the NFS, required by article 8 of European Regulation 2020/852.

Responsibilities of the Directors and of the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 and updated to 2020 by the GRI - Global Reporting Initiative (hereafter the "GRI Standards"), identified by them as the reporting standard. The NFS is identifiable within the Integrated Report by the symbol **NFS**, placed in the title of the relevant paragraphs.

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

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

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

The Board of Statutory auditors is responsible for overseeing compliance with the Decree, in the terms prescribed by law.

PricewaterhouseCoopers SpA

Sede legale: Milano 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7783240 Capitale Sociale Euro 6.500.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880133 Iscritta al n° 110644 del Registro dei Revisori Legali - Altri Uffici: Ancona 50139 Via Sandro Toffi 1 Tel. 071 2132311 - Bari 70122 Via Alonte Gimma 72 Tel. 080 5640211 - Bergamo 24121 Largo Beletti 3 Tel. 035 229592 - Bologna 40126 Via Augusto Finelli 8 Tel. 051 6086211 - Brescia 25121 Viale Duca d'Aosta 28 Tel. 030 2697501 - Catania 95129 Corso Italia 302 Tel. 095 7532341 - Firenze 50121 Viale Gramsci 13 Tel. 055 2482841 - Genova 16121 Piazza Piccapietra 9 Tel. 010 24041 - Napoli 80121 Via dei Mille 16 Tel. 081 50181 - Padova 35138 Via Vicenza 4 Tel. 049 873481 - Palermo 90141 Via Marechese Ugo 60 Tel. 091 349737 - Parma 43121 Viale Tanara 26/A Tel. 0521 275911 - Pescara 66127 Piazza Enrico Trelio 6 Tel. 085 4545711 - Roma 00154 Largo Foschetti 29 Tel. 06 570451 - Torino 10122 Corso Palestro 10 Tel. 011 556771 - Trento 38122 Viale della Costituzione 33 Tel. 0461 237004 - Treviso 31100 Viale Felissent 90 Tel. 0422 606911 - Trieste 34125 Via Cesare Battisti 18 Tel. 040 3480781 - Udine 33100 Via Posenillo 43 Tel. 0432 25789 - Varese 21100 Via Albuzzi 43 Tel. 0332 285039 - Verona 37135 Via Francia 21/C Tel. 045 8263001 - Vicenza 36100 Piazza Fontolanolfo 9 Tel. 0444 303311

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Auditor's Independence and Quality Control

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

Auditor's responsibilities

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

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

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

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.



In detail, we held interviews with the management of TPER SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

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

- at a group level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.
- for Tper SpA, which was selected on the basis of its activities and its contribution to the performance indicators at a consolidated level, we gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of TPER Group for the year ended on 31 December is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusions on the NFS of TPER Group do not extend to the information set out in the "The taxonomy of the European Union - sustainable activities" paragraph of the NSF, required by article 8 of European Regulation 2020/852.

Bologna, 14 June 2022

PricewaterhouseCoopers SpA

Signed by

Roberto Sollevanti
(Partner)

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2021 translation.

Report of the Independent Auditors - Consolidated Financial Statements



Independent auditor's report

in accordance with article 14 of Legislative Decree 39 of 27 January 2010 and article 10 of Regulation (EU) 537/2014

To the shareholders of
Tper SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Tper SpA (the "Company") and its subsidiaries (hereinafter, "Tper Group" or the "Group"), which comprise the consolidated statement of financial position as of 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the year then ended and the explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2021 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were

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addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Auditing procedures performed in response to key audit matters

Going Concern

The assessments made on the ability of the company to continue as a going concern are illustrated in the paragraph 'Going Concern' of the Notes to the consolidated financial statements.

The measures issued by the competent authorities to contain the epidemic spread of Covid-19 and to ensure the protection of national health have resulted in a reduction in citizens' mobility affecting the operation of local public transport and the Group's turnover which, starting from second half of February 2020, suffered a significant contraction, that continued into 2021 financial year.

This critical element has required detailed assessments by the Directors regarding the Company's ability to continue as a going concern with a prospective of at least 12 months.

Management has carried out an assessment of the risk factors relating to going concern, considering the risk mitigation factors identified and illustrating the considerations regarding the Group's ability to fulfill its obligations in the foreseeable future.

We have identified an area of attention in this context in consideration of the exceptional nature of the impact of the health emergency on the Group and the fact that the management evaluation process entails a high level of professional judgment in the formulation of prospective assessments on financial sustainability in a particularly dynamic and uncertain scenario.

We carried out an understanding of the approach adopted by the management in identifying the main risks and critical issues inherent in the Company's ability to continue as a going concern and the assumptions defined in the assessment process.

We discussed the cash flow projections used in order to evaluate the Group's ability to fulfill its obligations over a period of at least 12 months and we carried out testing on the reasonableness of the estimates made.

We conducted a detailed analysis of the loan agreements in place to understand the main conditions and we verified that these conditions were respected and sustainable in accordance with the assumptions defined by the management.

We have carried out audit procedures on subsequent events to identify those intended to mitigate or influence the Company's ability to continue as a going concern.

Eventually, we verified the accuracy and completeness of the information presented in the note "Going Concern" included in the Notes to the consolidated financial statements at 31 December 2021.



Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the Directors use the going concern basis of accounting unless they either intend to liquidate Tper SpA or to cease operations, or have no realistic alternative but to do so.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to



continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- we evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) 537/2014

We were appointed by the shareholders of Tper SpA at the general meeting held on 29 May 2018 to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2018 through 31 December 2026.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report of the Independent Auditors - Audit of TPER S.p.A.'s Financial Statements



Independent auditor's report

in accordance with article 14 of Legislative Decree 39 of 27 January 2010 and article 10 of Regulation (EU) 537/2014

To the shareholders of
Tper SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tper SpA (the "Company"), which comprise the statement of financial position as of 31 December 2021, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the cash flow statement for the year then ended and the explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2021 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the

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context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Auditing procedures performed in response to key audit matters

Going Concern

The assessments made on the ability of the company to continue as a going concern are illustrated in the paragraph 'Going Concern' of the Notes to the financial statements.

The measures issued by the competent authorities to contain the epidemic spread of Covid-19 and to ensure the protection of national health have resulted in a reduction in citizens' mobility affecting the operation of local public transport and the Company's turnover which, starting from second half of February 2020, suffered a significant contraction, that continued into 2021 financial year.

This critical element has required detailed assessments by the Directors regarding the Company's ability to continue as a going concern with a prospective of at least 12 months.

Management has carried out an assessment of the risk factors relating to going concern, considering the risk mitigation factors identified and illustrating the considerations regarding the Company's ability to fulfill its obligations in the foreseeable future.

We have identified an area of attention in this context in consideration of the exceptional nature of the impact of the health emergency on the Company and the fact that the management evaluation process entails a high level of professional judgment in the formulation of prospective assessments on financial sustainability in a particularly dynamic and uncertain scenario.

We carried out an understanding of the approach adopted by management in identifying the main risks and critical issues inherent in the Company's ability to continue as a going concern and the assumptions defined in the assessment process.

We discussed the cash flow projections used in order to evaluate the Company's ability to fulfill its obligations over a period of at least 12 months and we carried out testing on the reasonableness of the estimates made.

We conducted a detailed analysis of the loan agreements in place to understand the main conditions and we verified that these conditions were respected and sustainable in accordance with the assumptions defined by the management.

We have carried out audit procedures on subsequent events to identify those intended to mitigate or influence the Company's ability to continue as a going concern.

Eventually, we verified the accuracy and completeness of the information presented in the note "Going Concern" included in the Notes to the financial statements at 31 December 2021.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union,



as well as with the regulations issued to implement article 9 of Legislative Decree 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the Directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;



- we evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) 537/2014

We were appointed by the shareholders of Tper SpA at the general meeting held on 29 May 2018 to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2018 through 31 December 2026.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree 39/10

The Directors of Tper SpA are responsible for preparing a report on operations of the Company's as of 31 December 2021, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) 720B in order to express an opinion on the consistency of the report on operations, with the financial statements of Tper SpA as of 31 December 2021 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.



In our opinion, the report on operations is consistent with the financial statements of Tper SpA as of 31 December 2021 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Bologna, 14 June 2022

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers