



2024 Sustainability Report

The first step towards integrated sustainability

This is Italdesign's first Sustainability Report: it stems from a process of learning and awareness-raising that the company voluntarily decided to undertake using a rigorous, transparent and fact-based approach. It is not a point of arrival but rather the company's inaugural public report designed to outline the identity, business model and material impacts for the company and for its internal and external stakeholders.

The structure of the Report, already voluntarily aligned with the new European Sustainability Reporting Standards (ESRS), guides the reader through the strategic cornerstones of sustainability: the company's history, its vision for the future, its double materiality assessment and, at the very heart of the matter, its actions to promote responsibility in environmental, social and governance terms.

The reported data refer to calendar year 2023 and provide a dynamic snapshot, to be updated over time. The publication of a second Sustainability Report is already planned by year-end 2025 to cover the financial year ending December 31, 2024. This will mark a new evolutionary step in learning and in a proactive approach to sustainability issues.

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Letter to Stakeholders

It is with great pleasure that I share our first ESG Report with you. This Report is not just about collecting data: it describes the journey that Italdesign has undertaken, mindful and with commitment, to integrate sustainability into its way of thinking, planning and operating.

It is a gesture of transparency towards all those who journey each day alongside us: workers, partners, customers and the communities with which we interact and grow.



It is with great pleasure that I share our first ESG Report with you. This Report is not just about collecting data: it describes the journey that Italdesign has undertaken, mindful and with commitment, to integrate sustainability into its way of thinking, planning and operating.

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The strategic project Italdesign Footprint, launched in 2022, marks the beginning of an in-depth analysis of our environmental, social and governance impact, and of the real meaning of sustainability for our company. After more than a year of work, we ended 2023 with a structured business plan designed to translate our vision into actions integrated into our daily work. This first ESG Report is one of the main demonstrations of this process and represents its operational launch.

A cross-functional team of 17 managers and area professionals helped realize the project. They worked methodically and consistently to outline shared objectives, strengthen the company culture and build the foundations of our sustainability strategy. Their contribution has already generated a positive impact: enhanced internal awareness, an ability to create shared value and a strengthening of our global market positioning.

The Report, prepared on a voluntary basis and ahead of regulatory requirements, demonstrates our commitment to measuring and disclosing our ESG performance in a clear and compliant manner. In this first year, we defined the most important issues for Italdesign and its stakeholders, we structured robust processes for data collection and disclosure, and we set our first environmental, social and governance targets, always in line with our values.

We also encouraged comparison between the various corporate areas, promoting

opportunities for listening and sharing involving all functions, including Engineering, Design, Production, Procurement, Human Resources and Finance. This has enriched our journey by valuing every point of view and helping to build a truly inclusive and participatory strategy.

This first ESG Report marks the starting point and is the basis on which we will measure our success in reaching long-term targets year on year. It is the beginning of an ambitious journey that looks to the future with determination and a sense of responsibility. Because for us, sustainability is not a choice: it is a strategic lever for innovation, for generating a positive impact and for facing global challenges pragmatically and with vision.

Thank you for your continued faith and support.

Together, we can build a more sustainable and inclusive future.

Antonio Casu
Chief Executive Officer

- ## 1.1 Italdesign's commitment
- ## 1.2 International standards, frameworks and references for preparing the Report

Italdesign-Giugiaro (hereinafter “Italdesign” or “the company”) has prepared the 2024 Sustainability Report on a voluntary basis, covering financial year 2023, as a demonstration of its commitment to transparency and social and environmental responsibility, in line with the strategic work it began in the two-year period 2022-2023.

The Report has been prepared in accordance with EU Directive 2022/2464, better known as the Corporate Sustainability Reporting Directive (CSRD), the EU’s latest regulatory development on sustainability reporting. This journey began in the early 2000s with the voluntary standards of the Global Reporting Initiative (GRI), was consolidated in 2013 with the pioneering attempt to integrate financial reporting with sustainability reporting promoted by the International Integrated Reporting Council (IIRC) and culminated in EU Directive 2014/95 (Non-Financial Reporting Directive – NFRD), which introduced specific reporting requirements for non-financial information for certain categories of EU companies.

The CSRD, therefore, is the culmination of joint efforts by a variety of stakeholders who, for years, have worked to integrate sustainability into industrial strategy, investments, revenues, operating and financial costs and, more generally, into profitability and the ability of companies to generate value.

The need for a single, consistent, comparable and complete regulatory framework to highlight this integration process has led to the definition of an EU framework of global scope, which also involves the holding companies of large non-EU multinational groups.

Not only that, the CSRD also introduces a methodological approach for companies to identify, evaluate and integrate current and potential sustainability impacts into the broader Enterprise Risk Management (ERM) system, that is, in terms of risks and opportunities for the business, which in turn are key inputs for defining strategy.

The CSRD promotes transparency, requiring companies to provide relevant, verified information from independent third parties – those responsible for certifying financial statements – to allow interested stakeholders to make more informed choices.

Organizations today are required to demonstrate how they are addressing new and existing global challenges, including

climate change and decarbonization, the protection of biodiversity and habitats threatened by new forms of pollution and the opportunities offered by the circular economy to counter the growing scarcity of natural resources.

They must also demonstrate how they are ensuring the fundamental rights of workers in value chains, promoting equal opportunities and individual diversity, and listening to the demands of the communities from which companies draw resources, providing a clear response. This perspective helps to consolidate the link between financial and non-financial performance, reinforcing the role that companies are now called upon to perform as drivers of a sustainable economy.

In light of the above, it is believed that the sustainability report is a key tool to monitor the effectiveness of corporate sustainability policies and to meet the increasingly high expectations of stakeholders, which include investors, financial institutions, customers, suppliers and local communities.





1.1 Italdesign's commitment

“We firmly believe that ESG is the right direction to take. It is not a passing fad but a lifestyle choice and the way we want to live in the future, both inside and outside the company. We know that this is a top global priority and that, without doubt, there are myriad things that we at Italdesign must learn, know and do - and we are genuinely enthusiastic about studying, understanding and realizing it all. We are extremely committed to doing our part and we want to make this commitment a long-term one. We have also drafted our mission statement: ESG, our choice.”

This public mission statement made by CEO Antonio Casu in late 2022 formally began Italdesign's journey towards sustainability. It was immediately followed by the launch of an internal managerial-level workshop led by Capgemini, aimed at initiating the process of sharing and discussion and at exploring the applications of ESG principles in company activities. The working groups analyzed five key areas — ESG Transformation, Sustainable Operations, Sustainable Design, Awareness & Social — identifying priority initiatives based on impact and feasibility.

In December 2022, during the annual Town Hall Meeting in which management met with the entire workforce to share strategic updates, results, ongoing initiatives and future objectives, the undertaking to prepare the first Sustainability Report was officially announced, explicitly linking company operations to the UN's 17 Sustainable Development Goals (SDGs). The goal is to structure a system of monitoring and continuous improvement, based on clear metrics.

Announcing the reporting of future commitments allows the company to align with EU standards, strengthen transparency towards stakeholders and investors, and seize competitive advantages within a market context increasingly oriented towards environmental and social responsibility.

Although this first Report is not fully complete in terms of data, it is a concrete step towards comprehensive and systemic reporting for the coming years.

1.2 International standards, frameworks and references for preparing the Report

In the initial phase, the GRI was the framework followed, given its widespread use. Italdesign decided however to adopt the new, and subsequently binding, European Sustainability Reporting Standards (hereinafter “ESRS”) after their introduction by the EU’s Corporate Sustainability Reporting Directive (CSRD).

This 2024 Sustainability Report is prepared as per the ESRS, in line with the EU regulatory framework.

Italdesign will be subject to the EU’s reporting requirements from 2026 (with reference to financial year 2025), having passed at least two of the three criteria for company size, which include more than 250 employees per year on average.

The table below shows workforce data, by contract category.

Gender	2023		2022	
	Average number	%	Average number	%
Managers and Office Workers	935	982	851	890
Executives	32	31	31	31
Hourly Workers	25	26	26	26
Total	992	1.039	908	947

The ESRS were developed by the European Financial Reporting Advisory Group (EFRAG) of the European Commission with the aim of standardizing sustainability reporting within the EU.

Specifically, they include:

- **2 multidisciplinary standards (ESRS 1 and ESRS 2), applicable to all sustainability issues;**
- **10 themed standards (5 environmental, 4 social and 1 governance).**

The framework integrates with already well-established international principles and standards, including the UN SDGs, the GRI Standards and the principles of the Task Force on Climate-related Financial Disclosures (TCFD). The aim is to harmonize global reporting by supporting a sustainable transition and responding to the most urgent environmental and social challenges.

The reference ESRS were approved on July 31, 2023, and published on December 22, 2023.

The data in this Report reflect current availability. Where they are missing or unavailable, processes have been initiated to establish adequate tracking systems consistent with the standards envisaged.



2. An overview of Italdesign (ESRS 2)

- 2.1 About the company
- 2.2 Italdesign's strategic vision
- 2.3 The business model
- 2.4 The genesis of the sustainability plan

2.1 About the company

The history of the company

1968

Italdesign was founded in Moncalieri, Italy, under the name Società Italiana Realizzazione Prototipi S.p.A. (SIRP)

The company was founded by Giorgetto Giugiaro and Aldo Mantovani, who began their adventure in the automotive world with their first major turnkey project presented in 1971: the Alfasud for Alfa Romeo. They were responsible for style and style models, the entire design of the bodywork and, under the close guidance of engineer Rudolf Hruska, for setting up the line, times and methodology at the soon-to-be-launched plant in Pomigliano d'Arco.

1970s

Two years later, the company partnered with Volkswagen on the design of the first generation of Passat, launched to the press in 1973, strengthening its international presence. They then began a highly successful period, with the design of three iconic models: the Volkswagen Scirocco, first-generation Volkswagen Golf and Audi 80. These models revolutionized the automobile market of the 70s and 80s with their innovative design, excellent performance and superior build quality.

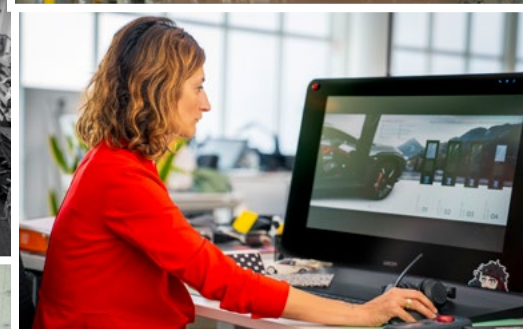
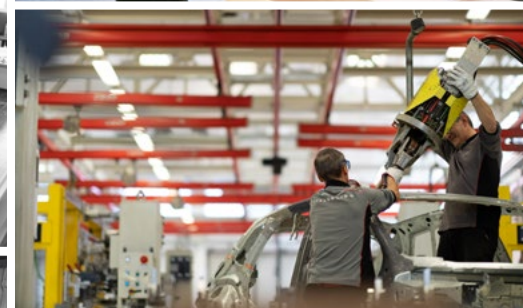
1980s

Founded to provide services to automobile manufacturers, in 1981, the company began to expand operations into the industrial, transportation design and graphics, multimedia & communication sectors, dealing with transport other than cars (trains, planes, boats, etc.) as well as consumer goods, packaging, corporate identity and graphics. It also developed new expertise and strengthened its capabilities in architecture, interior design and urban design.

1990s

Italdesign invested in two areas: technology and globalization. The Italdesign Giugiaro Barcelona branch was founded in 1992 to interact and partner with Seat on a wide range of services. The establishment then followed of the I.D.C. – Italdesign California, Inc. – to provide engineering services to the US automobile industry, replaced in 2024 by the Italdesign USA branch, based in Bloomfield Hills (Detroit, Michigan), in the heart of Motor City.

In 1999, Italdesign was one of the first private companies in Europe to set up an in-house Virtual Reality Center, with 1:1 projections.



The New Millennium

The company's work in the fields of automobile design and industrial design continued successfully.

In 2006, Italdesign opened a new office in Shanghai, China to further expand its international presence and consolidate its position as a world leader in automobile design and engineering. Between 2008 and 2010, two offices were opened in Ingolstadt and Wolfsburg, Germany.

In 2010, through the acquisition by Automobili Lamborghini S.p.A., a subsidiary of Audi, Italdesign became part of the Volkswagen Group, combining its creative expertise with a major industrial enterprise, with the aim of accelerating the adoption of cutting-edge solutions in the mobility sector.

In 2016, the company focused its attention on limited and ultra-limited productions, acquiring the manufacturer's code, while mainly dealing with services to third parties rather than the construction of vehicles per se.

2020-2023

Despite the challenges of the COVID-19 pandemic, Italdesign was able to adapt quickly, ensuring the safety of its employees, as well as business continuity throughout 2020.


In 2022, the company strengthened its international presence by returning to China with the opening of a new office in Shanghai. The establishment of Italdesign USA further contributed to expanding the company's global positioning.

Over the decades, Italdesign has consolidated its role as a provider of integrated vertical services, differentiating itself with its ability to innovate, grow and adapt to change.

Today, the company is demonstrating its commitment by positioning itself as a hub for startups and new businesses, acting as a technological facilitator able to connect various industries.

Through a holistic approach and the creation of cross-sector synergies, Italdesign is promoting the development of new ideas and projects, actively contributing to building a dynamic and innovation-oriented ecosystem.

Worldwide locations



About 70,000m²

 in total,

 including the development

 and prototyping centers



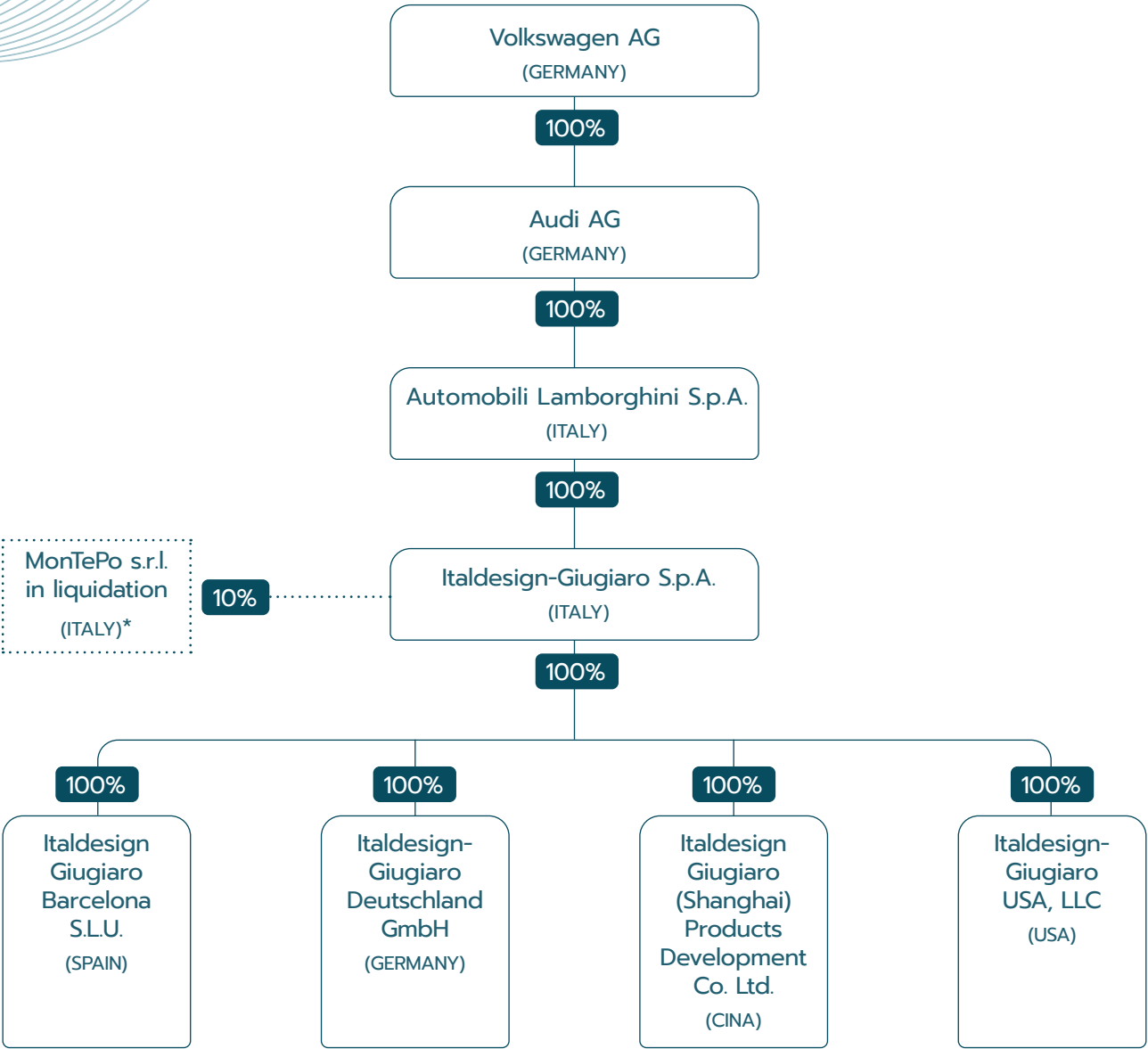
10 sites
worldwide, including
8 operating sites
in Europe



**1,039
people**



The Group’s structure



(*) Valued at cost, adjusted to include any impairment losses.

In line with the regulations and with its approach to economic and financial reporting, the company exercised its option for exemption from consolidation. Consequently, the reporting scope for the Sustainability Report refers only to the parent company Italdesign-Giugiaro S.p.A. and excludes subsidiaries.

SUBSIDIARIES

- **Italdesign Giugiaro Barcelona, S.L.U.** provides services for studies and design, styling research and construction of models and prototypes.
- **Italdesign-Giugiaro Deutschland GmbH** provides services for studies and design as well as support for the parent company in local market activities.
- **Italdesign Giugiaro (Shanghai) Products Development Co., Ltd.** provides design and prototyping services for the transportation and mobility sectors.
- **Italdesign-Giugiaro USA, LLC** provides design and prototyping services for the transportation and mobility sectors. The company, established in the second half of 2023 (with a “Certificate of Formation” obtained on July 27, 2023), aims to expand Italdesign Group’s operations in the US market, through the marketing of local services and the provision of design and engineering services by the parent company. The company became operational in early 2024.

2.2 Italdesign’s strategic vision

With the appointment of Antonio Casu as CEO in October 2021, the new strategic vision ITALDESIGN NEXT STRATEGY was defined.

The claim “We make ideas to lead the change” summarizes the company’s identity, combining vision and pragmatism, ambition for growth and consistency with the values of the Volkswagen Group, based on people and culture, financial performance and operational excellence.

The definition of 5 strategic objectives is aimed at consolidating the company as customers’ first choice, both within the Group and externally, to maintain sustainable economic and financial results, to be recognized as an innovative hub and, for the first time in the company’s history, to raise awareness of sustainability.

To translate these objectives into concrete actions, the so-called Strategic Projects were launched: forward-looking initiatives, with dedicated resources, coordinated directly by the Strategy function. These projects test innovative proposals and solutions, including outside the usual business schemes, with the aim of assessing their validity and promoting their possible integration into the operating model. Each project represents a controlled environment for validating new ideas, accelerating continuous improvement and driving the company’s overall strategic development.

In support, four guiding principles have been established to steer decisions within a context that is less constrained by consolidated operational dynamics:



These principles help to maintain strategic consistency in decision-making, favoring development pathways aligned with long-term objectives.

In the field of sustainability, the ESG Awareness objective is Italdesign’s first systemic approach to the issue. Operationally, it will be implemented through the dedicated strategic project Italdesign Footprint, described in detail in chapter 2.

2.3 The business model

Italdesign is an expert and reliable partner, a point of reference that vertically integrates cutting-edge services, combining engineering and design skills with robust technological and strategic partnerships, to offer a complete and synergistic approach.

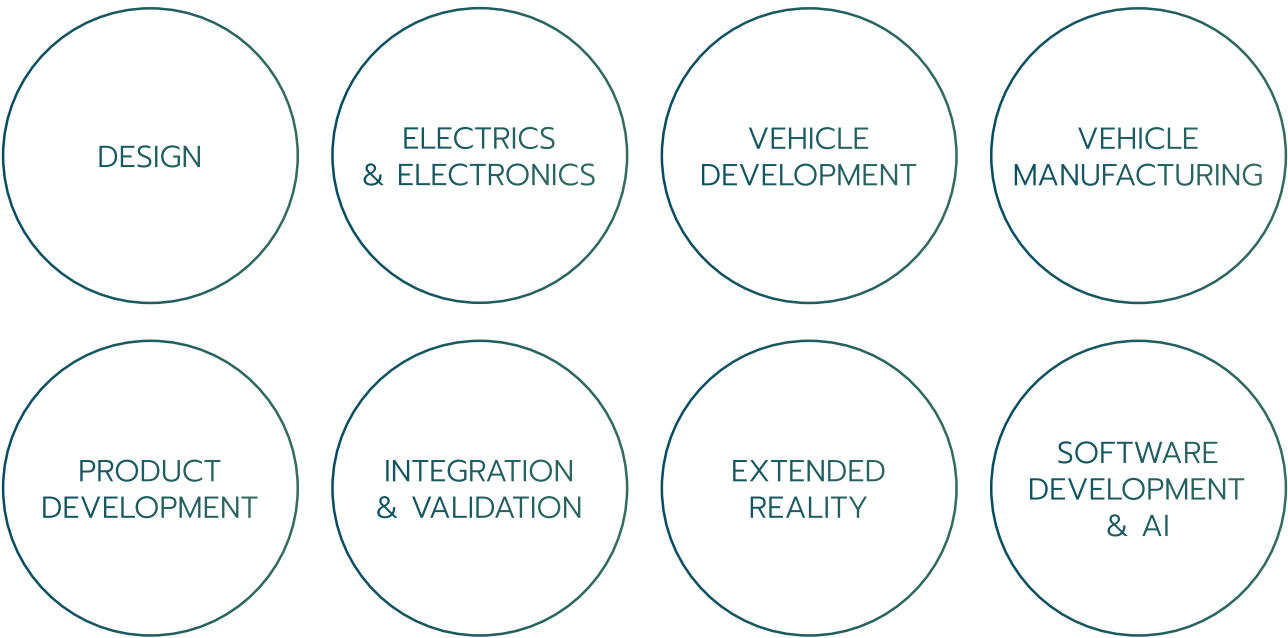
Italdesign’s mission is to provide end-to-end solutions, including planning, engineering, design, and the production of pre-series and ultra-limited series prototypes approved for road use. It also integrates and validates systems, directly managing type-approval processes and assuming legal responsibility for releasing a final product onto the market.

One of the most important strategic objectives is to act as an incubator and accelerator platform for innovative technologies and advanced prototyping projects, helping to transform radical and visionary ideas into concrete and feasible solutions.



2.3.1 Italdesign’s services

The company operates as a skills hub that combines advanced services, integrated solutions and cutting-edge technologies in the automotive and manufacturing industries.



DESIGN

Italdesign’s Design team combines artistic creativity and functionality, creating forms and volumes that precisely meet production requirements. Inspired by its global vision of design and with long-standing experience in product design, it innovates through new languages and styles, exploring different areas and sectors.

From initial sketches to full-scale creations, it uses advanced 3D-modeling software, maintaining the original vision for the project. The process integrates craftsmanship with cutting-edge technologies, ensuring careful attention to detail at every stage of design and customization.

Specifically, skills focus on:

- **External design:** is the first emotional bond with a vehicle or product and a fundamental skill at Italdesign. It combines proportion, innovation and quality, while balancing creative vision and technical constraints. Since its foundation, Italdesign’s style and engineering teams have worked together to turn visionary concepts into reality;
- **Interior design:** defines the user experience within a vehicle. Italdesign creates innovative and comprehensive sensory solutions that combine style, ergonomics and technology. As vehicles evolve into lifestyle extensions, designers balance trends with functional constraints. A multidisciplinary and collaborative approach ensures each project retains its original spirit, putting the customer at the center of the process;
- **Color, Material and Finish (CMF):** where craftsmanship meets creativity, infusing each project with a personal and artisanal touch. Sensory and chromatic elements are meticulously blended for an emotional impact, employing a dynamic palette of materials and finishes. Innovation anticipates trends, translating them into tailor-made design solutions;
- **User interface (UI):** Italdesign optimizes the user experience through specialized Human Machine Interface (HMI) design & graphics, imagining intuitive interfaces that integrate perfectly into product and automotive designs. Leveraging cutting-edge virtual and

augmented reality technologies, Italdesign’s Concept Lab provides a comprehensive ergonomic approach to simulate and refine designs in a virtual space. This unique set-up explores the way in which users interact with and experience proposed environments, simplifying decision-making and speeding up prototyping;

- **Virtual modeling and rendering:** virtual reality (VR) and mixed reality (MR) are an integral part of the initial design phase. Advanced tools for 3D modeling and immersive visualization simplify decisions and avoid the need for physical models. This dynamic and collaborative approach accelerates prototyping, improves quality and promotes innovation in a shared virtual environment, bridging gaps and ideas.

ELECTRICS & ELECTRONICS

At the heart of its engineering services, Italdesign’s Electrics & Electronics department is an innovation hub, where various teams work together to provide a full range of services tailored to the ever-changing needs of the automobile industry. Expertise ranges from the user experience, infotainment, connectivity, ADAS, lighting, comfort electronics and e-traction.

Each team at the department works together to create integrated solutions that improve vehicle functionality and user interaction.

Specifically, skills focus on:

- **User Experience and Software Development:** the User Experience (UX) and Software Development team offers tailored solutions for the automobile and other industries. The UX team is a leader in user research and HMI interaction design, employing a user-centric approach to create seamless and intuitive experiences. On the software side, infotainment systems are developed for production vehicles and prototypes, integrating AI and digital services. The team also develops instrument cluster components, displays, switches and sound systems. This ensures a consistent and engaging experience for drivers and passengers;

- **Infotainment, Gateway and Connected Car:** this team offers advanced vehicle technologies that optimize entertainment, connectivity, and safety. It manages requirements, test specifications and seamless integration into customer systems. The focus on cybersecurity, system diagnostics and Over-The-Air (OTA) updates ensures vehicles are always connected, safe and performing at their best;
- **Advanced Driver Assistance Systems (ADAS):** The ADAS Department supports automotive companies in the development of active safety features, driver assistance and parking functions. This ranges from requirements analysis to real-world testing, providing comprehensive support. There is also a focus on research and development, working on SAE Level 4/5 autonomous driving solutions using state-of-the-art sensors such as LIDAR and GNSS. The ADAS lab is fully equipped to manage the configuration and testing of prototype vehicles, ensuring accurate validation with the latest measurement technologies;
- **Electronics for lighting and comfort:** the Lighting & Comfort Electronics team develops and integrates internal and external lighting systems, as well as comfort electronics. From concept to end of life, each stage is managed, ensuring the perfect balance between design, engineering and performance. The team is equipped to develop mock-ups, show cars, small series and mass production vehicles. It uses specialized facilities such as our lighting tunnel and testing laboratories for in-depth validation of both lighting and body electronics;
- **E-Traction Development:** The e-Traction team specializes in the design, testing and integration of battery and electric drive systems. Both low and high voltage systems are managed, offering hardware and software development ready for mass production. The battery lab performs in-depth tests on cells, modules and packages, ensuring compliance with global standards and providing high quality solutions for electric mobility;

- **Testing and validation:** the Testing & Validation team supports all activities regarding manual and automated testing of Electronic Control Units (ECU), vehicle networks and ADAS. Component and integration tests are performed in various environments such as MIL, SIL and HIL, adapting the test process to the customer's needs. With expertise in creating custom test systems and automated test environments, such as Vector, dSpace, National Instruments and EXAM, customers receive reliable and comprehensive support throughout the development process.

VEHICLE DEVELOPMENT

Integrated vertical processes allow visually appealing vehicles designed for efficient mass production to be created. From the moment the initial sketches are drawn, the development team ensures that the style surfaces achieve technical feasibility and consistency. Hardware and software are integrated throughout the entire project, from concept to production, giving priority to functionality and ease of manufacture. Advanced virtual and augmented reality, together with cutting-edge AI techniques, simplifies processes and improves project timelines. The company supervises physical testing campaigns meticulously, ensuring complete validation in a variety of environments.

Specifically, skills focus on:

- **Enhanced User Experience (UX) development:** Italdesign focuses on developing the user experience to create intuitive and pleasant interactions within vehicles. Prioritizing ergonomics and accessibility ensures that every detail improves comfort and satisfaction for all users, ultimately elevating the driving experience;
- **Concept:** the Concept Development department guides the definition and creation of a product. It aligns customer needs with technical solutions, focusing on ergonomics, safety and user experience. Italdesign defines vehicle layouts, sizes and packages according to market needs,

- supporting customers in the realization of their visions. Various concepts are created, from static models to fully functioning show cars and proofs of concept;
- **Cost Engineering:** Italdesign's Cost Engineering emphasizes design-to-cost principles, ensuring the design effectively manages and limits expenses. By integrating cost management into the design process, functionality is prioritized along with aesthetics, creating solutions that offer exceptional quality while optimizing costs during development and production. This systematic approach helps to maximize efficiency throughout the project lifecycle;
 - **Chassis:** developing the chassis means achieving ambitious goals in terms of dynamics and comfort, meeting increasingly complex requirements and integrating new advanced driver assistance features. Italdesign manages the engineering development of all vehicle chassis, including for EVs and combustion engines. Expertise in virtual development and track and road validation ensures an efficient process that balances performance with environmental impact;
 - **Body and Trim:** the Italdesign team approaches vehicle development vertically, from concept to production launch, taking global market needs into account and combining design, legal, performance and cost requirements. With over 50 years of experience and advanced digital technologies, the company excels in system integrators and developers of subsystems for platforms, body structures, closures, bumpers and interior finishes;
 - **Aerodynamics:** Italdesign prioritizes aerodynamics from the beginning of the project, because external and internal air flows greatly influence vehicle performance and external and internal design. The team works closely with CAD/CAE experts to optimize air flows and uses dedicated testing facilities to improve aerodynamics, air conditioning and thermal management, ensuring that vehicles effectively meet performance standards;

- **Harness:** Italdesign supervises the complete development of vehicle wiring, working closely with all bodywork, electrical and electronic teams. It manages the development of wiring, including footboards, and the digital mock-up (DMU) package for all electrical components. This ensures seamless integration and functionality throughout the project, from concept to production;
- **Vehicle Safety:** Italdesign prioritizes safety in vehicle development with a dedicated team focused on global homologation, safety assessments, safety component development and testing, and validation of the entire vehicle. Over 1,000 tests are performed each year in our in-house lab, addressing both active and passive safety. The team analyzes the results and manages the specific safety challenges of electric vehicles, ensuring a thorough preparation for active safety testing and high-speed crash testing;
- **Whole Vehicle Development:** Italdesign's Whole Vehicle Development team optimizes component interaction to improve performance. The workflow includes target setting, review, validation, and final approval. Internal tests are carried out and on-site support is offered as needed, with real driving tests fundamental for improving durability and reliability under different conditions;
- **Product & Process Validation:** at Italdesign, efficiency and optimization guide the validation processes. Virtual checks are carried out to assess assembly feasibility and prevent potential maintenance problems. This comprehensive approach includes geometric checks, assembly sequence definitions, prototype design, and tolerance chain checks, all integrated into the development process. This ensures quality and compliance by managing time and costs effectively.

VEHICLE MANUFACTURING

Italdesign combines creativity, quality and innovation within its industrial processes. As a car manufacturer with a World Manufacturer Identifier (WMI), the company is authorized to assign a Vehicle Identification Number (VIN) to each vehicle produced. The respective production center specializes in pre-series prototypes for mass production vehicles, ensuring that each model meets rigorous design and engineering standards. Thanks to the use of advanced technologies for the production of sheet metal parts and bodyworks in white (Bodies in White or BIW), target achievement is confirmed through meticulous testing and validation. With the capacity to produce up to 10 BIWs per week and over 10 working car prototypes, including composite and BEV vehicles, optimal solutions are achieved that balance performance, ergonomics and costs.

Specifically, skills focus on:

- **Pre-series and small series:** Italdesign’s small series production specializes in the production of limited series of high quality vehicles. With dedicated tools like presses, laser cutting robots and advanced welding systems, the team can produce up to 10 BIWs per week. Creativity and cutting-edge technology ensure efficient production, while in-depth quality control guarantees high-level results for each small-series design;
- **Ultra-limited series:** Italdesign has a long history of producing ultra-limited series, with designs such as the BMW M1 and Nissan GT-R50. Since 2016, this activity has been further developed to offer turnkey services for exclusive vehicles, including design, development, production and testing. With dedicated teams and advanced technology, we support car manufacturers (Original Equipment Manufacturers - OEMs) in the creation of special series, ensuring excellence and complete B2C after-sales support. Thanks to the additional expertise acquired on the internal production of carbon fiber and the major research and development into natural fibers, we are able to offer a unique product experience and meet customer expectations;

- **Unique pieces:** one-off production creates unique tailor-made vehicles, designed and built to realize individual customers’ vision and meet their specific needs, delivering an unparalleled level of customization and exclusivity;
- **Prototypes and mules:** Italdesign develops and assembles precision prototypes and development mules for over 120 vehicles per year, ensuring full validation of design and engineering parameters. The facility also produces molds and masks for close-to-mass-production, capable of supplying up to 1,000 molds per year, facilitating manufacture in small series with a focus on quality and innovation in the manufacture of body parts;
- **Rapid prototyping and 3D printing:** Italdesign uses advanced rapid prototyping methods, such as FDM technology, to quickly and cost-effectively convert CAD data into high-quality structural parts. The team works closely with designers to improve feasibility and ensure optimal product quality. This agile approach allows for rapid reworkings, leveraging both 3D printing for complex geometries and expert manual finishing, ensuring that the final product meets all project requirements and specifications;
- **Craftsmanship:** this plays a crucial role in creating bespoke projects. Skilled craftsmen transform raw aluminum or steel into complex bodywork shapes. This process often requires a hands-on approach, using traditional techniques such as hammers and trolleys. The result is a one-of-a-kind product, crafted by professionals with rare and invaluable skills, ensuring that every detail meets Italdesign’s high standards of quality and excellence.

PRODUCT DEVELOPMENT

The dedicated Product and Industrial Design team manages every stage of the development process. With a flexible approach that combines creativity and technical expertise, it leads to innovative ideas, ensuring that each project meets Italdesign’s high standards of functionality, aesthetics and market relevance.

INTEGRATION & VALIDATION

Italdesign offers end-to-end development, integration and validation services to ensure that each vehicle component and system meets the highest standards of performance and compliance. From advanced virtual simulations to real-world testing on prototypes, the various solutions are designed to support the entire development process. With a focus on accuracy and efficiency, we help customers validate their designs, optimize performance, and meet regulatory requirements without issues.

EXTENDED REALITY

Extended Reality (XR) offers enhanced flexibility in the design process. It includes Virtual Reality (VR), which simulates realistic experiences, and Mixed Reality (MR), in which physical and digital objects coexist and interact. In Italdesign, XR is used from the beginning of the design, improving style and decision making without physical prototypes. Collaboration with customers and suppliers encourages experimentation with innovative tools in shared virtual environments, facilitating seamless teamwork. Integrating XR into the design-thinking process reduces prototyping times, material waste, improves quality, and personalizes the experience.

SOFTWARE DEVELOPMENT & AI

At Italdesign, we provide advanced IT solutions tailored to the rapidly evolving needs of the automotive and mobility industries. Leveraging cloud, AI and machine learning technologies improves operational efficiency and drives innovation. This agile approach ensures rapid implementation, from predictive maintenance and machine vision to seamless Continuous Integration (CI) and Continuous Delivery (CD). Moving beyond the role of developer, the company leverages its technological expertise to create solutions that work, rapidly. The tools are tested and proven in real-world projects, empowering customers with cloud-ready platforms, data-driven decision-making, and optimized industrial IoT operations, all designed to keep customer operations ahead of the curve.



2.3.2 The industries in which Italdesign operates

AUTOMOTIVE

Italdesign has shaped the automotive industry with its models created for major international OEMs, producing over 60 million cars on the road worldwide. Thanks to an integrated model that vertically combines design, engineering, testing and validation, Italdesign is recognized as a pioneer in the automotive sector. Throughout its history, it has contributed to the creation of iconic vehicles that have been part of the history of the automobile. From the revolutionary VW Golf 1 and the famous Fiat Panda, to the second generation BMW MINI and the compact AUDI Q2 SUV, the impact has been significant. High-performance models like the historic Lancia Delta, the BMW M1 and the Nissan GT-R bear witness to excellence in automotive design. Luxury GT cars, such as the Maserati Quattroporte and the Alfa Romeo Brera, embody the essence of Italian craftsmanship, blending elegance with engineering precision. The company has also partnered with leading global brands in the design of trucks and commercial vehicles. Its influence on the automotive industry, in terms of both legacy and more recent models, continues to transform innovative ideas into daily reality, demonstrating the company’s vital role in the evolution of the automotive industry.

PRODUCT DESIGN

Italdesign is certainly recognized for its expertise in creating innovative designs that perfectly combine functionality and aesthetics. With over 40 years of experience, the Italdesign multidisciplinary team transforms creative concepts into market-ready solutions, responding to the ever-changing needs of different industries. From the home appliance industry to the professional equipment industry, user experience and sustainability are always central, so that designs not only meet market demand, but also contribute to improving daily life.

FEW-OFFS

Italdesign offers tailor-made turnkey production solutions for ultra-limited-series vehicles. By setting new standards of exclusivity, each customer’s vision is realized with unparalleled attention to detail. From concept and design to development, production and testing, we partner with leading OEMs and new industry players to create unique customized vehicles. With cutting-edge technology and precision engineering, every aspect of the vehicle is modeled to meet the specific needs of customers, ensuring that each design is a true reflection of their identity. Always pushing the limits of automotive production, aspirations are transformed into exclusive models that celebrate individuality and craftsmanship at the highest level.

INNOVATION & PATENTS

The company is also a leader in innovation, with a patent portfolio that demonstrates its contribution to industrial design. Thanks to over half a century of experience, it develops solutions that anticipate evolutions in mobility. Its commitment is focused on promoting smart and sustainable mobility, along with advances in autonomous driving technology. Through partnerships with universities and research centers, Italdesign shares its technologies and supports the development of new solutions, ensuring that innovations have a positive impact on all industries.

MOBILITY & TRANSPORTATION

Italdesign’s pioneering solutions for the future of mobility and transportation connect people and goods through air, land, rail and sea. The projects speak two languages: one focused on a forward-looking vision that pushes technological and regulatory limits, and the other on meeting today’s needs by creating revolutionary mobility solutions that make urban and intercity travel easier for everyone.



2.4 The genesis of the sustainability plan

As anticipated (on page 2), it was as part of the strategic project Italdesign Footprint that the company took the first steps toward sustainability, identifying and pursuing the ESG Awareness objective, which means creating, promoting and enhancing the culture of responsibility towards the environment, society and future generations.

The project was developed by a team of 17 managers and key figures to develop corporate sustainability. The team, on a twice-weekly basis, structured an action plan involving four working groups, each dedicated to a specific area.

The following is a summary of the activities in the four macro-areas of the project.

Study of the ESG context, standards, ratings and reporting criteria

This activity has boosted awareness of the importance of pursuing good sustainability performance from a dual perspective: internally, because it helps to reduce costs and create value for stakeholders in the medium-long term; and externally, because it improves the company's reputation and positioning in the markets, as well as facilitating the use of financial leverage. To involve and stimulate the team at the helm of the Italdesign Footprint initiative, an ESG Day was organized, on which sustainability priorities and opportunities were shared in relation to the point of view of the various individuals in the company from Engineering, Procurement, Design, Production, the Finance Area and Human Resources.

First double materiality assessment

Although based on the non-definitive version of the EFRAG Guidelines, the company conducted a double materiality assessment in order to align Italdesign as much as possible with the methodological approach introduced by the CSRD. This approach analyzes not only the impact of its operations on the outside world (Inside-Out), but also at those the outside generates for the company (Outside-In). The initiative mapped and assessed external stakeholders on the importance of their relationship with Italdesign, and then directly involved those assessed as most significant in the impact materiality assessment process. The material aspects also guide management's assessments in defining corporate strategy, since they are associated with positive and negative impacts that constitute opportunities to be seized and risks to be mitigated. Finally, the working group was able to begin the process of understanding and assessing the CSRD requirements and the metrics associated with them, directing their efforts toward the aspects considered most central to sustainability at Italdesign.

Study of ESG data management systems

Thanks to the project team's observations, the company has responded to the need to guarantee a fully reliable, traceable and externally auditable data management system: a cross-cutting need for all company departments, since sustainability is material in every aspect of the business and constitutes a basic element of the work culture in each disciplinary area. The main purpose was to ensure the development of a reporting process able to produce a certifiable document. To do this, the full range of available digital solutions was analyzed from the data management and data quality point of view, evaluating the pros and cons.

Social impact: Quick Win Initiatives

The positive impact of the introduction of the theme of sustainability in Italdesign has found fertile ground in the company's workforce; the latter participating with enthusiasm and a proactive attitude in the social value initiatives carried out by the company, which employed an effective formula based on sharing. Indeed, these activities were developed on the basis of listening to employees, so giving them the opportunity to suggest areas for improvement in regions with a reduced economic commitment but a significant social benefit for the local communities involved.

The results obtained confirm that Italdesign has reached the first and most significant milestone on its sustainability roadmap: the full engagement of people and a greater awareness of the value of integrating ESG aspects into daily operations. In other words, the development of a robust corporate culture focused on sustainability.

Project Overview



Key results

- Decision to publish the first ESG Report based on 2023 data
- Realization of the first double materiality assessment: identification of the key aspects for the Sustainability Report
- Implementation of 18 positive impact initiatives with immediate results:
 - 20 social/local bodies involved
 - €18,500 in sponsorships for corporate citizenship initiatives and the purchase of “solidarity gifts”
 - €12,290 in donated goods (circular economy)
- Introduction of ESG requirements in tenders (with the Italian subsidiaries)
- First setting up of Italdesign Energy Dashboards with real-time information
- Sustainability strategy and ESG objectives currently being defined
- Social Procurement Program: social business activities by predefined categories (catering, gadgets and corporate gifts)
- Promotion of ESG issues as a central commitment for Italdesign
- Regulation and monitoring of donations and sponsorships





3. Stakeholder Engagement and Double Materiality Assessment

- 3.1 Stakeholder Engagement
- 3.2 Double Materiality

3.1 Stakeholder engagement (ESRS 2) (SBM-2)

Stakeholder engagement is a continual daily activity at Italdesign: stakeholders of various kinds and from different fields meet every day with company representatives to discuss both new business opportunities and the resolution of any problems.

This covers a wide range of situations and aspects, including: business relations and partnerships with suppliers and customers, internal discussions with shareholders and other market operators, dialog with representatives of various local interests, and official communication with institutions and supervisory authorities.

In addition to the continual exchange of ideas and opinions aimed at directing the company’s decision-making process as well as possible, and in order to understand and evaluate as many positions and points of view as possible, a parallel engagement and listening process has been formalized based on the criteria suggested by the CSRD and, before that, by dedicated standards such as the AccountAbility1000 Stakeholder Engagement Standard (AA1000SES).

The purpose of this activity, which is not limited to formal compliance, is to apply the double materiality assessment methodology. The latter is still being defined by the European Financial Reporting Advisory Group (EFRAG), although a draft version for the public consultation phase has been made available.

As established by an initial version of the European Sustainability Reporting Standards (ESRS), therefore, the company has officially identified and involved its stakeholders in the process of assessing ESG impacts, risks and opportunities, in order to ensure that this Sustainability Report accurately reflects all stakeholders’ concerns, expectations and priorities.

The approach adopted comprised four phases.

1. Identification of material ESG aspects

To this end, three different analyses were carried out:

- a) An analysis of the automotive sector by consulting scientific articles, market studies and assessments, sustainability reports of the main players, innovation development plans, etc.
- b) An analysis of the corporate context through documentation such as financial statements, environmental analyses, codes of ethics, etc.
- c) An analysis of the local context by consulting local planning documents, reports on the state of the region, newspaper articles, etc.

From the analyses carried out, 20 ESG aspects emerged, of which 5 related to the Environment dimension, 6 to the Social one and 9 to Governance.

2. Identification of stakeholders

Subsequently, internal and external stakeholders were mapped:



3. Importance of external stakeholders

Senior management further analyzed external stakeholders to identify a small but significant cluster of parties to engage in the double materiality assessment. Applying specific parameters of influence and impact thus made it possible to identify the 29 most significant stakeholders for the company.

4. Stakeholder engagement

Engagement was conducted through an online survey, in which the 20 ESG aspects were presented, each accompanied by a brief description and a materiality rating scale. Stakeholders expressed their opinion on each aspect, assigning a score ranging between immaterial and highly material.

Partly thanks to current IT tools, the engagement proved to be highly effective and worthwhile, providing particularly useful results in the face of minimal commitment from the survey participants. It highlighted this tool’s potential, suggesting an opportunity to repeat the activity in the future with different objectives, such as exploring stakeholder perceptions of Italdesign’s sustainability profile and its efforts to strengthen its robustness, reliability and transparency.

3.2 Double materiality (ESRS 2) (SBM-3)

The analysis of the opinions collected from internal and external stakeholders has made it possible to assess the materiality of ESG aspects in line with the new perspective introduced by the CSRD and developed by EFRAG.

This approach aims to develop a dual vision of the aspects' materiality, to associate with the positive and negative consequences that such aspects can have.

The concept of double materiality is expressed through two perspectives:

- **Inside-Out (impact materiality):** includes the actual and potential positive and negative impacts that Italdesign's management of a given ESG aspect may have on stakeholders,
- **Outside-In (financial materiality):** includes the risks and opportunities for Italdesign related to a specific ESG aspect and its management by stakeholders, which represent the external context in which the company operates.

The approach to materiality introduced by the CSRD also allows us to highlight the interconnections with the 17 Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda and, through constant monitoring of stakeholder expectations, to understand how material aspects evolve over time, identifying ESG targets aimed at creating long-term sustainable value.

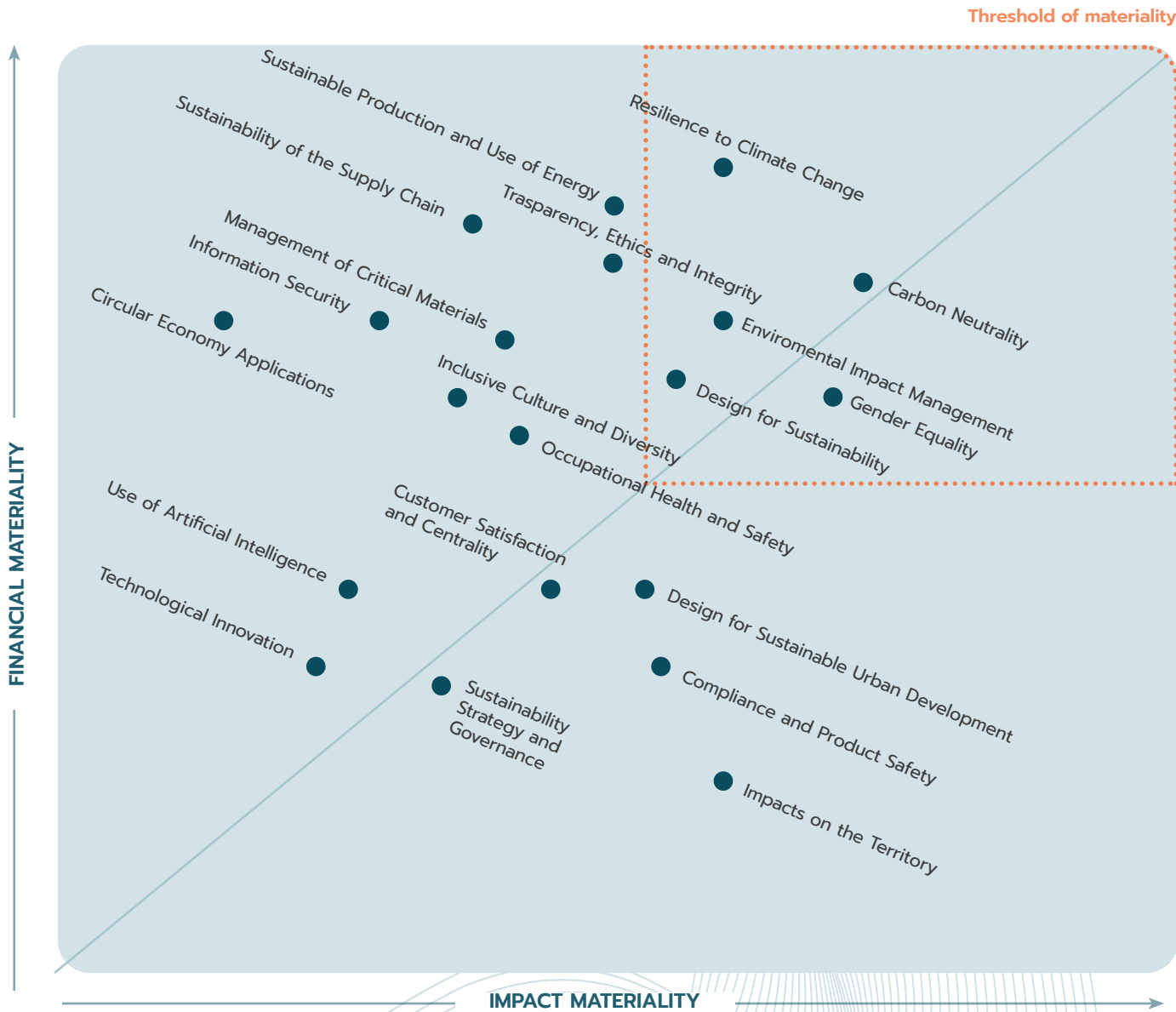
Italdesign's double materiality assessment had two strategic objectives:

1. to respond in advance to the CSRD, developing skills in identifying and assessing ESG impacts, risks and opportunities;
2. to provide management with assessment factors to steer decisions, business strategies and investments towards the most material sustainability matters.

The functional aim of the double materiality assessment is to define the reporting perimeter for this Sustainability Report, which must reflect the most significant matters emerging from internal evaluations and from dialog with stakeholders.

The assessment results are typically represented on a Cartesian matrix chart, which highlights the relationship between the inside-out and outside-in perspectives for each aspect, i.e. the relationship between positive and negative impacts generated by Italdesign on the outside, and the risks and opportunities generated by the external context on Italdesign.

Also displayed within the matrix is the materiality threshold established by Italdesign, represented by the upper right quadrant within which high materiality scores have been attributed from both a financial and impact perspective: the topics that fall within the aforementioned quadrant are those evaluated as absolute priorities for Italdesign's reporting.



Some of the most important topics include:

- **resilience to climate change**, which underlines the importance of developing scenarios regarding changing climatic conditions by assessing risks and opportunities, and preparing emergency response plans in relation to impacts on assets and people;
- **carbon neutrality**, which shows the need to develop a strategy for the decarbonization of the business along the entire value chain and solutions to support sustainable, low-consumption mobility;
- **gender equality**, which reflects a commitment to promoting a fair working environment that guarantees equal opportunities for everyone;
- **design for sustainability/circularity**, which requires a rethinking of product design, development and realization, steering design towards the search for circular solutions with low environmental impact;
- **environmental impact management**, which means managing and reducing environmental impacts both locally and globally at the same time.

- Further material matters considered for the purpose of in-depth analysis in this Report as a result of specific indications from the company’s senior management are:
- **occupational health and safety**, the management of which is a priority for the company and for protecting workers’ safety and well-being;
 - **sustainable procurement**, which is the cornerstone of the company’s sustainability and circularity architecture since the purchase of materials, components, products and services is both responsible for the greater share of Italdesign’s indirect emissions and the main area for reducing the withdrawal of non-renewable raw materials;
 - **innovation management**, which means managing innovation to comply with all regulatory criteria, technical requirements and, above all, the expectations of those who will benefit from it, who are increasingly focused on choosing products and solutions that are sustainable and made in a socially responsible way.

ESG	Italdesign Area	Material aspect	Purpose
E	ENVIRONMENTAL MANAGEMENT	Decarbonization strategy	> To develop a strategy for decarbonizing the company along the entire value chain > To develop solutions to support sustainable and low-consumption mobility
		Climate change resilience plan	> To develop scenarios of changing climatic conditions by assessing risks and opportunities > To prepare emergency response plans regarding impacts on the business and people, with related plans to invest in infrastructure and facilities
	SUSTAINABLE PRODUCTS AND SERVICES	Design4 sustainability / Design4 circularity	> To conduct life-cycle impact assessments > To rethink the design, development and realization of products > To steer design in the search for solutions that minimize supply chain emissions and maximize the recyclability of end-of-life products/components
S	SUSTAINABLE GOVERNANCE	Gender equality	> To support and apply the principle of gender equality > To thus guarantee women equal access to education, medical care, decent work and representation in decision-making and in political and economic processes
		Occupational health and safety	> To continuously ensure the conditions under which all those who work for Italdesign can carry out their own tasks in safety, that is, without being exposed to the risk of occupational accidents or illnesses
G	SUSTAINABLE SUPPLY CHAIN	Sustainable procurement	> To integrate environmental, social and governance criteria into the processes of supplier qualification and awarding of contracts, while ensuring compliance with the needs of stakeholders involved through the policies and strategies of sharing and support towards reaching sustainability targets
	SUSTAINABLE PRODUCTS AND SERVICES	AI application / Innovation management	> To adapt products and services to the changing needs/demands of the market in terms of innovation, quality, technological development and sustainability

To support the results obtained, Italdesign is currently working on defining a complete and detailed mapping of Sustainability Impacts, Risks and Opportunities (IRO), using the ROSE (Return on Society and Environment) platform. This tool will allow a systematic analysis of the ESG aspects linked to company activities in order to identify and monitor areas for improvement and opportunities for sustainability. This integrated approach ensures proactive and well-informed risk management, favoring responsible business decisions focused on creating long-term value.



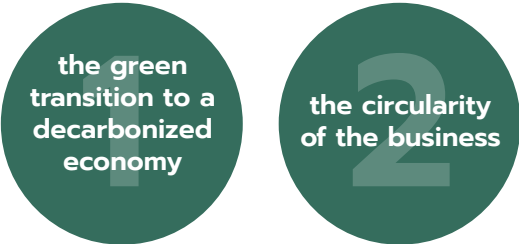
4. The Environment

4.1 Climate Change **(ESRS E1)**

4.2 The circular economy **(ESRS E5)**

The environment dimension is a strategic component of Italdesign’s integrated policy in the HSE field (sustainability, occupational health and safety). With this Report, the company describes with full transparency the path taken to protect the environment and as much as possible reduce the direct and indirect impact of its operations and those of its customers. This commitment translates, specifically, into an approach based on the adoption of innovative technologies and aimed at integrating the environment into the company’s future strategy.

The management of environmental impacts related to company processes follows the principles of the international ISO 14001 scheme, under which Italdesign is certified thanks to its Environmental Management System that promotes continuous performance improvement with the aim of continually minimizing environmental impacts. Through this system, the company guarantees not only compliance with current regulations, but also a voluntary commitment to exceed the minimum environmental protection standards established by law. This is made possible by a governance model that directly involves the company’s senior management and provides the HSE with all necessary resources to achieve the improvement targets. The priority environmental aspects for Italdesign and its stakeholders, which emerged from the double materiality assessment, are:



For both aspects, designing innovative solutions can accelerate change and genuinely contribute to reaching sustainability targets.

4.1 Climate Change (ESRS E1)

According to data provided by the European Environment Agency, transport is responsible for about a quarter of the European Union’s climate-changing emissions: 60% of this is attributable to automobiles. It is clear that, in the face of the global challenge of decarbonization to reverse climate change, Italdesign can support its customers by designing ever less impactful, low carbon vehicles. Aware of this role, the company naturally also makes a direct contribution through the careful and virtuous management of all aspects of its business, particularly focusing on energy efficiency and cutting consumption. It is mainly fossil-based energy consumption that generates the emissions responsible for the greenhouse effect, and Italdesign thus focuses on containing, reducing and replacing this over time with consumption from renewable energy sources, which are outside the carbon cycle.



4.1.1 Energy

In 2023, the majority of energy consumed was produced from fossil sources (90.58%): this is mainly due to the supply of electricity from the grid (45.76%), which uses a national energy mix sourced mainly from fossil fuels, as well as the fact that Italdesign does not have facilities for self-generation nor supply contracts for electricity produced from renewable sources.

Powering boilers with natural gas made up a significant percentage (32.03%) of the consumption of fossil fuels, followed by the consumption of traditional petroleum products (12.78%) such as gasoline or diesel, which power the fleet of company vehicles or emergency generator sets and allow tests and trials to be carried out on a part of the prototypes developed.

In 2023, 3.87% of total energy consumption was derived indirectly from renewable sources (such as sun, water, wind, biomass) through the electricity taken from the national grid, while 1.65% of the energy came from nuclear sources abroad.

Energy consumption as at 12.31.2023

		MWh	%	
Total energy consumption from renewable sources	Fuel from renewable sources	0,00	0,00	3.87
	Electricity purchased from renewable sources	603.28	3.87	
Total energy consumption from nuclear sources	Electricity purchased from nuclear sources	256.95	1.65	1.65
Total energy consumption from fossil sources	Coal fuel and coal products	0.00	0.00	90.58
	Fuel from crude oil and petroleum products	1,990.38	12.78	
	Fuel from natural gas	4,989.85	32.03	
	Fuel from other fossil sources	0.00	0.00	
	Electricity purchased from fossil sources	7,127.68	45.76	
Total energy consumption from other sources	Electricity purchased from other sources	605.86	3.89	3.89
Total energy consumption		15,574.02	100	100



4.1.2 GHG emissions

With a view to defining its sustainability strategy and its future targets, Italdesign has started the process of setting its emissions baseline in line with the ISO 14064 standard, in order to be able to set net zero targets with absolute scientific rigor.

Having an accurate GHG emissions baseline will allow Italdesign to set reduction targets in line with those of the Volkswagen Group, to which the company belongs.

Italdesign’s previous representation of energy consumption allows it to better interpret the picture of greenhouse gas emissions resulting from it, as described below.

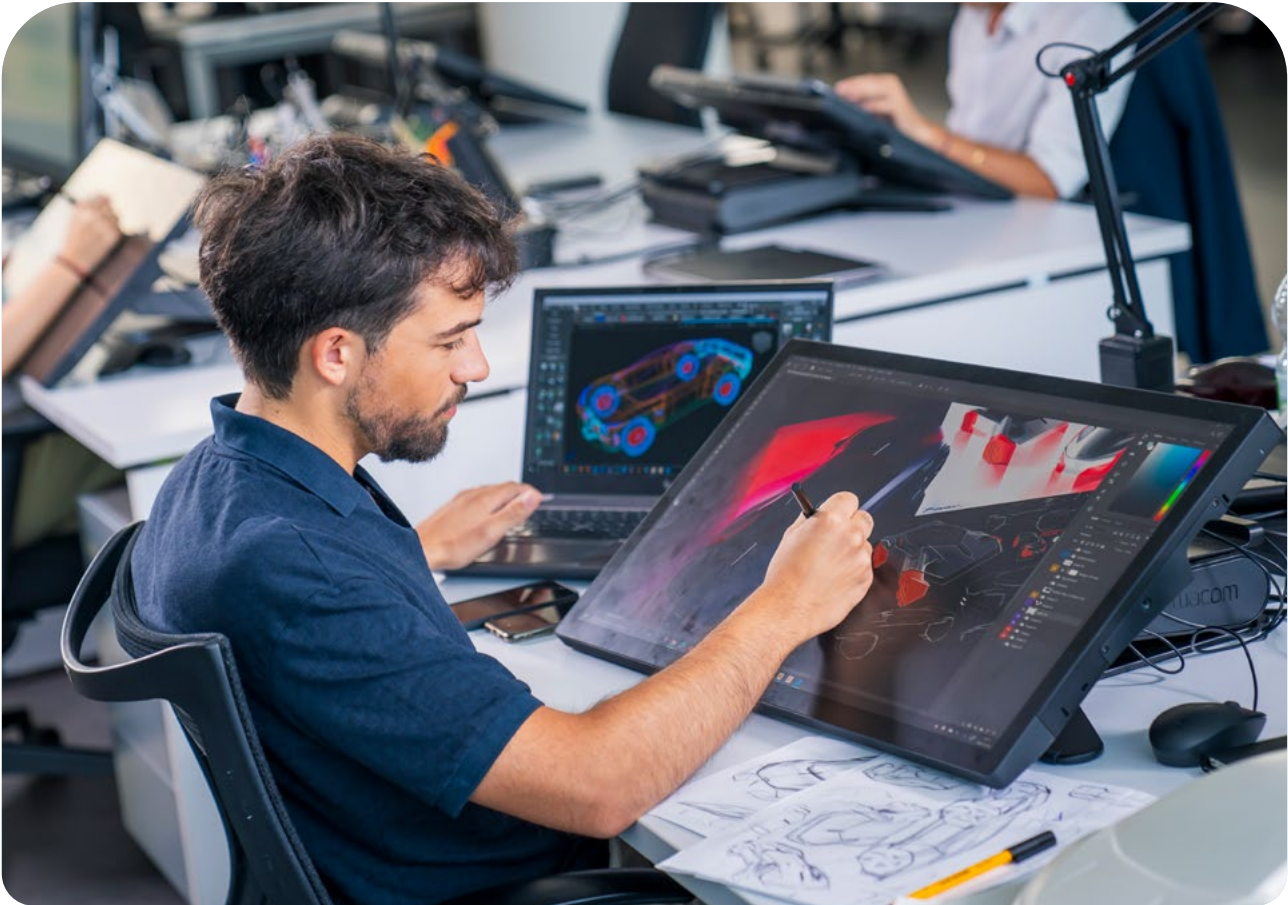
- **Scope 1 Emissions:** 2,692 tons of CO₂eq
These are climate-altering emissions generated directly by the company’s operations, which in the case of Italdesign come from:
 - **stationary and mobile combustion**, i.e. emissions resulting from processes such as the heating of work spaces (combustion of gases or other fuels to generate heat) or the fuel used by company vehicles (cars and vans); Italdesign is evaluating a reduction strategy involving the adoption of renewable energies (such as photovoltaic systems for the production of heat) and the use of electric vehicles for company transport;
 - **process gases**, i.e. emissions from gases used in production, especially during welding; this type of emission can be reduced by the introduction of low-emission technologies or by adopting less polluting alternatives to the gases currently used, such as low carbon gases, or processes that reduce the need to produce flue gases.

- **Scope 2 Emissions:** 2,664 tons of CO₂eq
These are indirect greenhouse gas emissions mainly from electricity consumed by the grid. These emissions depend crucially on the energy source that powers electricity production.
- **Scope 3 Emissions:** 2,645 tons of CO₂eq
These are linked to factors that are more complex and difficult for the company to control, especially along the supply chain and in logistics, but they are functional to its business and must therefore be attributed to it, albeit indirectly. Accounting these emissions, outside the company perimeter, is inevitably not easy, but the ISO 14064 scheme that Italdesign has decided to implement offers a methodological approach, along with the appropriate tools. The GHG Protocol divides the operations that generate Scope 3 emissions into 15 categories, and the company has collected data for the first four and is working to extend the perimeter to the other categories.

The Volkswagen Group has included measurable targets for GHG emissions in its Sustainability Plan, declaring that it wants to become a NET-CARBON-NEUTRAL company: for this reason, in 2022, it joined the Science Based Target initiative (SBTi), identifying short-term GHG emission reduction targets in line with the 1.5°C and WB2°C scenarios, starting from the 2018 baseline.

Scope 1, 2, 3 emissions as at 12.31.2023

		ton CO ₂ eq	%
Scope 1	Stationary combustion	1,440.43	33.64
	Mobile combustion	1,252.04	
	Process gas	0.05	
Scope 2	Electricity purchased from the grid	2,664.07	33.29
	Imported thermal energy	0.0	
Scope 3	Goods purchased (Cat. 1)	347.99	33.05
	Purchased capital goods (Cat. 2)	193.06	
	Activities related to fuels and energy (Cat. 3)	2,099.51	
	Upstream transportation (Cat. 4)	4.86	
TOTAL ENERGY CONSUMPTION		8,002.01	100



NOTE: This first inventory takes into account the data available for the year 2023. In the case of Scope 3 emissions, calculations considered only 4 of the 14 available categories, using only partial data. For this reason, we are working to further refine data collection for Scope 3 so that we can more accurately define targets and strategies.

4.2 The circular economy (ESRS E5)

The circular economy and design for sustainability have been identified as priority material matters for Italdesign, as they respond both to market developments and to the growing responsibility linked to the entire product life cycle. In this context, the company is committed to developing innovative and competitive design solutions, inspired by the principles of circularity and reduced environmental impact.

The focus on sustainability is not limited to product design but also includes company processes, involving the cross-functional coordination of internal responsibilities and skills. Italdesign is therefore taking the first steps towards the implementation of a systemic approach, which includes the mapping and integration of data on circularity.

These data are in line with the requirements of the ESRS E5 standard provided by the CSRD, focused on the circular economy.

To realize this vision, several strategic initiatives have been launched, including a systematic request to suppliers for information on weight, recycled content and recyclability of purchased materials. The company tracks outgoing prototypes, analyzing their weight, materials and components, and carefully monitors the waste produced to ensure regulatory compliance.

Italdesign does not limit itself to calculating a mass balance of purchased materials and materials transformed into products or waste. The main objective is to contribute to reducing its dependence on non-renewable virgin raw materials, promoting a more sustainable and responsible use of resources from an intergenerational perspective.

To achieve these goals, the company aims to fully integrate circularity criteria into its design protocols, while taking advantage of the most advanced technologies. Tools such as digital twins, for example, allow the creation of virtual twins of physical entities, optimizing the prototyping and testing phase with digital simulations, reducing the need for physical materials and improving overall efficiency.

4.2.1 The flow of incoming materials

For precise and accurate accounting of the flows of incoming materials, which include both those directed to production and indirect materials to support the operation of the company, Italdesign will be supplementing its requests for information from suppliers with a series of specifications aimed at also identifying supplies in terms of net weight, gross weight including packaging, biological component, recycled material content and end-of-life recyclability.

This Report contains a non-exhaustive list of the main product categories of direct incoming materials relating to three specific projects, in order to present a summary of the main parts and components of the vehicle that are the focus of Italdesign’s design, development and production.

At the same time, it provides an overview of the most significant categories of indirect purchased materials, which do not differ greatly from those of any other company.

4.2.1.1 The purchase of direct materials

The direct materials used on three specific vehicle development projects are divided into the following macro-categories:

- Mechanical, e.g. transmissions
- Electrical parts, e.g. engines, batteries, wiring
- Interior and exterior finishes, e.g. bumpers, seats, airbags, winter wheels
- Complete vehicles

Production is also directly supported by a series of materials for industrial consumption, including resins, grease, polystyrene, paints and thinners, along with numerous tools and technical appliances, as well as specialized services including engineering consultancy, transportation, application management and digital solutions.

In general, direct purchases are divided between goods and services for:

- engineering services: 88.6% of purchases are aimed at external package developments, i.e. design work necessary to efficiently carry out the entire project development. 68.7% of purchases for engineering services are from Italy, but there are also significant purchases from the German (23.1%), Spanish (6%), and Austrian (2.3%) markets.
- production of models, prototypes and limited series: the greatest impact on this type of purchase is from elements and prototype assemblies (47.2%), as well as from castings, masses and equipment (27.9%) of various types; again, the main market is Italy (74.2%), followed by the German market (20.9%).

4.2.1.2 The purchase of indirect materials

Indirect purchases include a significant proportion of various kinds of services that support company operations, which in many cases also involve the use of different materials, as with maintenance or hygiene and cleaning services.

Regarding physical goods, as opposed to services, Italdesign, like many other companies, buys stationery and office products, work clothing, packaging of various shapes and sizes, promotional items and advertising material, but also maintenance materials, technical gases and consumer tools.

92.0% of indirect purchases are from Italian suppliers, and a further 4.4% from suppliers in Germany, where the Volkswagen Group is based.

4.2.2 The flow of outgoing materials

4.2.2.1 The sale of products

One of the business lines concerns small productions, which give rise to extremely varied outputs: printed parts, models, cars and electronic components. All output materials are tracked in the company systems, although not yet according to CSRD requirements. Italdesign is working on the necessary changes to its management systems and on the preparation of technical documentation in order to accurately identify the mass and composition of the materials produced.

4.2.2.2 Waste management

Waste management is carried out in compliance with current regulations and is subject to both Italdesign’s internal controls and the periodic third-party checks required for the maintenance and three-year renewal of ISO 14001 certification.

It is in fact within the certified Environmental Management System that the company, through the HSE Office, analyzes waste management data and, on an objective basis and with the involvement of management, sets the short- and medium-term improvement targets.

The targets are pursued through mixed activities and initiatives, which may concern either plant or infrastructure, or be aimed at affecting individual behavior by raising users’ awareness of the issue.

With a view to the circularity of the system, Italdesign ensures the correct differentiation of waste, conveying it to the recovery and recycling providers depending on the type of material. Through these practices, it is possible to reduce the extraction of new virgin raw materials, promoting the regeneration and reuse of those already extracted.

From this point of view, the data speaks volumes: 94.4% of total waste production was sent for recovery and recycling, and only the residual 5.6% was sent for disposal.

Similar percentages apply to the types of special waste produced: 93.5% was non-hazardous waste similar to municipal waste, while 6.5% was hazardous waste.

While the first two types are highly recyclable, with 2% of waste often comprising composite or bonded materials that cannot be separated, hazardous waste, by its very nature, was only 41.9% recyclable: the remaining 58.1%, equivalent to about 20 tons, was sent to disposal plants designed to house harmful, toxic or hazardous waste requiring confinement.

Hazardous and non-hazardous waste products, separated by final destination

	Recovery	%	Disposal	%	TOTAL
Non-hazardous waste	489,085	98.02	9,876	1.98	498,961
%	97.13		33.02		93.54
Hazardous waste	14,440	41.89	20,025	58.11	34,465
%	2.87		66.98		6.46
TOTAL	503,525		29,901		533,426
%	94.39		5.61		100

Data: Italdesign 2023, HSE Office.

The hazardous waste produced by Italdesign is typical of the automotive sector, that is, it can be traced back to parts or elements of the car containing hazardous substances, such as engine oil, antifreeze, paints, batteries or fuels. There are no polychlorinated biphenyls (PCBs) or polychlorinated triphenyls (TCBs) in the decommissioned equipment.

In line with the above, it should be noted that, of the total amount of waste sent for recovery, the proportion of hazardous waste is just 2.9%; the proportion of waste sent for disposal, on the other hand, can be as high as 67%.

Some waste, comparable to urban waste, is collected in separate containers for paper, plastic, glass and other categories, located in different collection points at the company’s sites. This contributes to the high percentage of waste recovery achieved at Italdesign.

The positive result achieved is also due to the awareness-raising activities involving all employees and workers of external companies that work at the company’s sites, each of whom is continually requested to respect the environment and protect the rights of future generations.

All waste generated is placed in areas specially designated for temporary storage, appropriately organized and, where necessary, equipped with containment systems and protective covers.

The types and quantities of waste from Italdesign’s production and auxiliary operations, and the associated treatment and disposal methods, are recorded in the Loading and Unloading Register and notified to the competent authorities in the Single Environmental Declaration Form (MUD), as per legal requirements.



5. Social dimension

- 5.1 Italdesign's people (ESRS S1)
- 5.2 Training (ESRS S1)
- 5.3 Individual performance review (ESRS S1)
- 5.4 Occupational health and safety (ESRS S1)
- 5.5 Diversity and inclusion (ESRS S1)
- 5.6 Affected communities (ESRS S3)

The social dimension of business has always been a fundamental value for the company, which puts great focus on taking care of its people, on the interests of local communities and of those who use the products it designs, and on the daily contribution of all those who, in their work, drive the company’s operations.

Focus on the rights and needs of employees is reflected in a series of activities, including: the occupational health and safety management system (OHSMS), integrated with the environmental management system (EMS); the feasibility study for the gender equality management system (launched in 2023); the evaluation of individual performance, aimed at recognizing and rewarding merit; and the availability of integrative and diversified corporate welfare to meet specific needs. For those who may be exposed to negative impacts or benefit from positive impacts of Italdesign’s business, the company adopts a two-pronged approach:

- on the one hand, to ensure timely and preventive environmental, health and safety management, aimed at avoiding any possible negative impact on local communities;
- on the other hand, also ensure the same type of approach with regard to the conception of products and the solutions incorporated into them, which have one of the highest numbers of users in the world.

As a result of the introduction of the Corporate Sustainability Reporting Directive (CSRD), the company has also launched an internal analysis aimed at understanding the best ways to identify and evaluate the environmental and social impacts along its value chains. The topics in question fall within the metrics envisaged by ESRS S1 “Own workforce”.



5.1 Italdesign’s people (ESRS S1)

The modern age is marked by profound social, economic and cultural transformations, including the push towards greater economic sustainability, technological acceleration and digitalization, all phenomena that are causing significant changes in the workplace. In an environment characterized by instability, uncertainties and increasing geopolitical complexity, Italdesign is called upon to respond promptly and with great flexibility to the ongoing challenges.

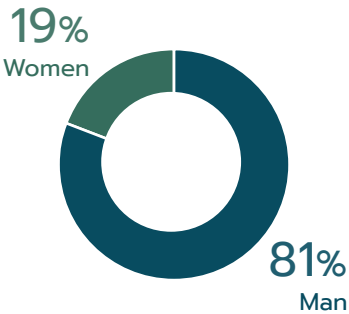
The company’s strategy is based on its people, who are at the center of change, and on its shared values that inspire every action. To address the issues posed by the current transformations and to achieve its objectives, the company has made diversity, inclusion and individual well-being its fundamental principles, considering each person as a whole, both professionally and personally.

As at December 31, 2023, Italdesign has a workforce of 842 men and 197 women. This figure reflects the widespread trend in a sector such as automotive engineering: the workforce is predominantly male.

However, the company is demonstrating its growing and genuine commitment to addressing this inequality and to promoting greater inclusion and gender parity. This responsibility is also reflected in the continual rise in the number of women in the organization in recent years, a tangible sign of the company’s desire to attract and enhance female talent. Italdesign has set itself the target of reinforcing this trend and reaching 20.0% of women in the company in the medium term, recognizing the importance of a more balanced workforce capable of stimulating innovation and contributing to the enhancement of the corporate climate.

Company employees by gender as at 12.31.2023

Gender	Number of employees
Men	842
Women	197
Total Employees	1,039



To address the challenge of the low percentage of women in the relevant engineering degrees (about 15%), Italdesign has launched several initiatives aimed at promoting female talent and a more inclusive environment. Through mentorship programs, internships and scholarships, the company supports the entry of women into the technical sphere, and their professional growth, by offering stimulating career paths, including in managerial roles. The goal is to build an increasingly balanced work environment where everyone can best express their skills and ambitions.

The distribution of the company workforce by age group showed the high proportion of workers between the ages of 30 and 50 (53.4%), while there were more workers over 50 (34.0%) than younger workers, whose percentage share was almost two thirds lower (12.6%). Despite the prevalence of older age groups, the generational turnover initiated by the company – always looking for young talents with a focus on those with STEM (Science, Technology, Engineering, Mathematics) degrees – favors the circulation of new ideas, alternative approaches and enhanced digital skills.

Number of employees by age group as at 12.31.2023

Gender	Employee age groups		
	less than 30 years	30-50 years	over 50 years
Men	95	443	304
Women	36	112	49

The data on the number of employees by type of contract and by gender showed a clear prevalence of permanent contracts. Strategic tools such as continual capacity plan reviews support the company’s commitment to promoting stable employment solutions. In fact, fixed-term contracts involved only 15 people, of whom 12 were employees of other Group companies on secondment to Italdesign, within a program aimed at the exchange of skills and at mutual enrichment. By definition, participation in this program is for a fixed duration, and is by fixed-term contract at the host company.

Number of employees by type of contract, divided by gender, as at 12.31.2023

Type of contract	Number of employees by gender				
	Men	Women	Other	Not reported	Total
Permanent	828	196	-	-	1,024
Fixed-term	14	1	-	-	15

100% of employees were covered by the National Collective Bargaining Agreement (CCNL), a figure that reflects Italdesign’s commitment to ensuring decent working conditions, fair pay and rights for its employees, as well as maintaining a positive relationship with trade unions in the context of normal industrial relations.

5.2 Training (ESRS S1)

The data on the training of Italdesign employees showed a significant commitment to skills development and the enhancement of human capital. Specifically, the average number of hours of training completed by female employees (35 hours) was very similar to that of male employees (34 hours): this figure is particularly relevant from a sustainability perspective, as it demonstrates the company’s commitment to promoting equitable and inclusive professional growth, in line with the principles of diversity and equal opportunities.

Fixed-term employees also attended an average of 17 hours of training during the year.



Total and average hours of training offered to employees

Gender	Employee category	Total training hours offered to and completed by employees	Employees by gender and category	Average hours of training
Total	Total	35,488	1,039	34
Men	Total	28,579	842	34
	Employees	24,679	694	36
	Hourly Workers	595	25	24
	executives	827	29	29
	managers	2,478	94	26
Women	Total	6,909	197	35
	Employees	6,480	185	35
	Hourly Workers	29	1	29
	executives	54	2	27
	managers	346	9	38

The company’s training offer is a strategic lever to promote sustainability including in terms of continuous professional development. Italdesign, by investing in the training of its employees, not only improves competitiveness and innovation, but also contributes to individual and collective growth, preparing for future challenges, both at the market level and in terms of environmental and social responsibility.

Of the total number of training hours, 47% was face-to-face, 42% was on an external platform for language courses, and 11% included activities accessed through the internal E-Learning platform. As a company operating in the automotive sector, the courses mainly deal with issues related to technical and professional skills, soft skills, diversity & inclusion, information security and managerial leadership, as well as including the mandatory courses required by current legislation.

Inclusion and diversity are also, for all intents and purposes, fundamental pillars for training at Italdesign. For this reason, the HR department has developed a two-year training course for management, the Inclusive Leadership Program, with the aim of increasing awareness of issues such as disability, generational diversity, interculturality, equality and gender identity.

At the same time, training and workshops dedicated to inclusive language and the management of intergenerational dynamics were planned for the entire company workforce. In addition, the Women in Leadership program focuses on the empowerment of women, offering them tools to build career paths that promote not only gender equality, but also the strengthening of inclusive leadership and the improvement of company dynamics.

As a whole, the training program offers, through an approach aimed at individual and collective growth, concrete tools to make the workplace more inclusive, fair and sustainable, promoting greater innovation, productivity and long-term well-being for all personnel. In addition, continuous training allows workers to acquire skills that are crucial for dealing with the transformations regarding digitization, the evolution of industrial processes and sustainable practices.

With regard to training temporary workers, the company ensures they receive mandatory training for the maintenance of skills and for conducting planned activities. As for workers who are not employees, i.e. the fifteen workers hired through temporary employment agencies, Italdesign provided an average of 17 hours of training. This data demonstrates the company’s commitment to also ensuring learning and professional development opportunities for this category of workers.

Total and average training hours offered to non-employees

Gender	Employee category	Total training hours offered to and completed by employees	Employees by gender and category	Average hours of training
Total	Temporary	258	15	17
Men	Temporary	74	4	18
Women	Temporary	185	11	17

5.3 Individual performance review (ESRS S1)

Data shows that 944 employees out of a total of 1,039 (about 91% of the workforce) participated in periodic performance and career development reviews. It is important to emphasize that all ‘eligible’ employees, i.e. those who have worked at the company for the minimum required period during the year, take part in these reviews, and that this approach provides a structured process focused on the professional development of each participant.



Numero di revisioni periodiche delle prestazioni e dello sviluppo della carriera per i lavoratori dipendenti

Gender	Employee category	Number of periodic performance and career development reviews	Total number of employees by gender and category	% of employees who participated in periodic performance and career development reviews
Total	Total	944	1,039	91%
Men	Employees	627	694	90%
	workers	23	25	92%
	executives	29	29	100%
	managers	94	94	100%
Women	Employees	160	185	86%
	workers	-	1	0%
	executives	2	2	100%
	managers	9	9	100%

Excluded from evaluation: new hires, ESF, terminations, maternity, leave, leave of absence

With regard to periodic performance reviews, it should also be noted that, for legal and procedural reasons, the same tools are not applied for non-employees as for employees, although they are still guaranteed feedback on the quality of the work performed.

5.4 Occupational health and safety (ESRS S1)

At Italdesign, responsibility for the safety and health of employees is key.

The company is actively committed to promoting a safe and healthy working environment, in full compliance with national standards and the regulations in force, as well as with the company’s policy on occupational health and safety. Indeed, 100% of the workforce is covered by a health and safety management system based on legal requirements and (or) recognized standards or guidelines.

Italdesign believes that the health and safety of all employees is essential to ensure a sustainable future for the company and to position itself as an attractive employer.

The Shades of Well-Being project reflects the company’s ongoing commitment to promoting the daily health and well-being of its employees. Among the main initiatives, the Listening Point offers completely anonymous and confidential psychological support, managed by an experienced professional: this service allows sensitive issues such as burnout, insomnia, stress, anxiety, expectations and other personal difficulties to be addressed through monthly bookable meetings.

In addition, the company has organized several seminars and training sessions, including Diabetes Today: Some Doubts and Certainties (a meeting with a diabetes specialist), and Domestic Pediatric Emergencies (conducted by a pediatrician). Awareness sessions and screenings were also envisaged, such as for hepatitis C, a meeting with a dermatologist on skin disorders and sun exposure and a seminar for parents Adolescents: Instructions for Use, and an in-depth study of attention disorders conducted by a psychiatrist.

Finally, a gluten-free service is available in the cafeteria, which promotes an inclusive diet and allows the personalization of meals, on reservation.

Overall, these initiatives represent a genuine commitment to building a safer, more inclusive and aware work environment, where the psychophysical well-being of employees is at the heart of company policies.

In 2023, 4 accidents were recorded, the equivalent of 2.3 if calculated using the TRIR², which resulted in a total loss of 100 days of work.

No serious accidents and no cases of occupational diseases were recorded.

The data are the result of careful monitoring of working conditions, continual training and the adoption of preventive measures aimed at reducing any possible risk to employee health.

Italdesign considers collaboration a key element in maintaining healthy and safe working conditions.

In addition, the company launched an awareness campaign on the prevention of glaucoma and promoted vaccination programs for influenza and tetanus, with a view to prevention and protecting health.

2. TRIR (Total Recordable Incident Rate) is an indicator used internationally to measure workplace safety. It expresses the number of recordable accidents (i.e. accidents involving absence from work, restrictions or medical care beyond first aid) for every 1,000,000 hours worked (equivalent to 100 full-time workers over a year).

5.5 Diversity and inclusion (ESRS S1)

Italdesign recognizes diversity as an essential resource for the success and growth of an organization. Promoting and enhancing difference is fundamental to building an inclusive, stimulating and opportunity-rich work environment. The company is actively committed to promoting gender equality, considering it an essential pillar of its corporate culture.

The **Valemour** project, coordinated by the Diversity & Inclusion Officer, is a concrete example of inclusion and one of the most important initiatives in this area. Created out of the partnership between Italdesign, the social cooperative “Vale un Sogno” and the trade unions, it offers employment opportunities to young people with intellectual disabilities at the company. It not only promotes the integration of people with disabilities, but also ensures full compliance with local regulations, promoting an accessible and inclusive working environment. The project also includes dedicated training courses for co-workers who come into contact with participants, as well as constant monitoring to ensure the success of the initiative.

To strengthen its commitment on the issues of inclusion and equality, Italdesign organized a meeting to mark the **International Day for the Elimination of Violence against Women**, aimed at all employees. The event saw the participation of a psychiatrist and a lawyer, former president of an anti-violence center, who offered ideas for reflection and opportunities for discussion on a topic of great social impact.

In 2023, Italdesign renewed its membership of Valore D, the leading association in Italy for the promotion of diversity in large companies, with particular focus on gender equality and the dissemination of an inclusive company culture. Having joined **Valore D** for the first time back in 2021, Italdesign is now consolidating its commitment to the continuous evolution of diversity and inclusion.

Italdesign is convinced that only through mutual respect and equality is it possible to achieve common goals.

For this reason, the company is committed to ensuring equal opportunities for professional growth for all people, adopting processes that deliver equal opportunities.

The company also undertakes to:

- ensure the inclusion of staff through objective and transparent criteria, as well as impartiality in assessments and the exclusion of any form of discrimination;
- promote policies of professional development, internal mobility and succession planning for managerial positions in line with the principles of inclusion and gender equality;
- ensure equal opportunities for access to training and development, regardless of gender, in compliance with the teaching specificities of each course;
- promote equal pay for similar roles, based on skills, experience and performance;
- promote inclusive and respectful communication through all internal and external channels, using neutral language, avoiding gender stereotypes, and ensuring that all parties involved in communications are represented fairly and accurately;
- implement actions to create a work environment that fosters respect for diversity and the freedom to express opinions or concerns, in order to report, prevent and combat any form of discrimination, harassment or inappropriate behavior;
- share with all stakeholders the intention to pursue gender equality and value all aspects of diversity.

The presence of quite a number of young workers under 30 is certainly positive for the company, as it favors generational renewal and the introduction of new ideas, new approaches and digital skills.

From the point of view of economic sustainability, the combination of young

people and more expert workers encourages a balance between innovation and established knowledge, creating a mix of skills that can boost the company’s resilience. In addition, a solid intergenerational mix favors social sustainability as it promotes the integration and development of different experiences and skills.

Number of employees by age group as at 12.31.2023

Gender	Employee age groups		
	less than 30 years	30-50 years	over 50 years
Men	95	443	304
Women	36	112	49

Italdesign recognizes the gender disparity in its senior management (2 women and 29 men) and is committed to concrete actions to promote a more balanced and inclusive leadership. The company has embarked on a path of growth that aims to guarantee development and career opportunities for everyone, regardless of gender, and is investing in initiatives that promote an increasingly balanced and diverse work environment.

Italdesign is strongly committed to promoting the inclusion of people with disabilities within the workforce: as at December 31, 2023, the workforce included 23 men in this category out of a total of 842 employees, and 3 women out of 197. Despite the significant efforts made to promote professional integration, reaching the 7% threshold, provided for by Italian law 68/99, was a complex challenge, mainly due to the difficulty in finding candidates with the skills required for a highly specialized sector. As stated in art. 5 of law 68/99, when the obligation to hire cannot be fully respected owing to specific circumstances, there is the possibility of obtaining a partial exemption by contributing to the regional fund for the employment of people with disabilities. This measure allowed the company to continue investing in inclusion strategies, while taking into account the challenges of the labor market and the specific needs of Italdesign’s business.

Distribution of employees with disabilities as at 12.31.2023

Gender	Number of employees with disabilities	Total number of employees	% of employees with disabilities
Men	23	842	3%
Women	3	197	2%

Throughout 2023, Italdesign maintained its constant commitment to ensuring a work environment that respects human rights and is free of discrimination. No serious incidents related to social or ethical issues were recorded, demonstrating the effectiveness of policies aimed at the protection and well-being of all people involved in the company’s operations.

5.6 Affected communities (ESRS S3)

A fundamental part of the Italdesign Footprint project was the adopting of “quick win initiatives”, those with a significant social impact designed to be implementable with few resources and over the short term, with the aim of legitimizing activities with a significant positive impact as an integral part of the company’s value offer.

THE 2023 INITIATIVES

1. Pasto Sospeso



Social Impact

Through an agreement between the operator of the Sodexò Italdesign cafeterias and the Union of the Municipalities of Moncalieri, Trofarello and La Loggia to coordinate the donation of daily food surpluses, the Pasto Sospeso campaign invites Italdesign employees to buy meals for vulnerable local people, inspired by the Caffè Sospeso campaign in Naples. In the first campaign, 1,433 meals were collected with the contribution of co-workers, and 1,000 through the direct integration of the company, making a total of 2,433 meals, thus providing 12 meals per day to people in difficulty. The initiative aims to go beyond the simple reduction of food waste, to consolidate the bond between the company and the local community.



Social Impact

2. Progetto Leonardo

This is a solidarity and reintegration campaign that offers assistance to homeless people, promoting inclusion and hope for a better future. An internal collection of blankets took place directly on site, thus facilitating the participation of all employees. The blankets were then distributed in January with the assistance of a group of co-workers.



Social Impact

3. Spesa km0

A collaboration has been launched with R.A.M. (Roots in Moncalieri) to deliver seasonal fruit and vegetables directly to Italdesign premises. The farm – also operating as an agriturismo and educational farm – is committed to promoting sustainability, social inclusion and the local community. According to the agreement between the two companies, Italdesign employees

can purchase quality products at km0 (or controlled supply chain), which are delivered directly on site. At the same time, R.A.M. has made a donation of goods to SERMIG (a youth missionary service) in Turin, equal to 10% of the orders placed at Italdesign, particularly focusing on food redistribution.



Sport



Social Impact

4. Sponsorship of Moncalieri Calcio

Italdesign’s financial contribution is based on values it shares with the Moncalieri Calcio football club, such as community and inclusion: it promotes gender equality, equal opportunities and the inclusion of people with different degrees of disability - issues important to Italdesign, which has always been committed to a path of continuous improvement.

5. Community PCs

166 company PCs decommissioned by the company were donated to local associations. The main recipients were the Natta Institute of Rivoli and the Union of Municipalities of Moncalieri, with the latter in turn redistributing the devices to 13 other associations and cooperatives in the area according to need.



6. Donation of Child Seats

Similarly, the company donated child car seats purchased for its complete-vehicle testing campaigns, but not used. The beneficiaries were selected from entities able to guarantee the child seats would be used effectively, giving priority to those that transport minors using their own vehicles: Casa UGI, ULAOP-CRT Foundation, the Red Cross of Moncalieri and Radio Soccorso Torino ODV.



7. Participation in Banco del Sorriso

The company decided to actively support the Banco del Sorriso of CPD Consulta and the ULAOP CRT Foundation. The initiative provides a triple positive impact: it supports families in difficulty, helps CPD and the ULAOP CRT Foundation to find new means of involvement and offers employees the opportunity to participate in charitable initiatives directly from the workplace. To facilitate and increase employees' involvement, a collection point for children's items was set up directly on Italdesign's premises, which was then delivered to the association for distribution to families in need. The campaign at Italdesign was responsible for half of the total collected in Turin, proof of the positive effect of being able to participate in this initiative directly from the workplace.



8. Supporting Re-Think Your Jeans

The initiative promotes employees' participation in the circular economy by allowing them to take part directly from their workplace by simply handing in jeans that they no longer need. Rifò will recover and process the yarn of all garments and produce new ones, enhancing the transition towards a more sustainable consumption model.



9. Bookcrossing

A bookcrossing station was set up at the Moncalieri site, i.e. for exchanging books. The initiative was inspired by the idea of transforming the world into a large library, further developed by association with the recovery of disused urban spaces, specifically giving a second life to telephone booths using a circular economy approach.



10. Italdesign Beehives

In May, a partnership, to last at least three years, was launched with local farm Biodinamica Apenocciola for the purchase of several bee families, promoting biodiversity, environmental awareness and the company's involvement in local community activities. In the first year, the bees produced about 16 kg of honey, which was donated to certain employees in recognition of their seniority at the company.



- 1. Jars of honey produced by Italdesign Beehives, some of which were given as gifts to senior employees.
- 2. Behind the sponsorship of Moncalieri Calcio are the values of community and inclusion.
- 3. Some of the child seats donated to various community organizations.
- 4. 12 meals a day donated to people in need through the Pasto Sospeso initiative.
- 5. The bookcrossing station at the Moncalieri site.



6. Governance

- 6.1 The governance model **(ESRS 2)**
- 6.2 Ethical and responsible business conduct **(ESRS G1)**
- 6.3 Supply Chain Due Diligence
- 6.4 Technological innovation **(ESRS 2)**

6.1 The governance model (ESRS 2)

Italdesign’s traditional organizational model already ensures that ESG issues are adequately addressed and included in all strategic and operational decision-making processes.

The fact that Italdesign belongs to a Group with structured governance was an enabling factor for strengthening its commitment to sustainability. With this in mind, the company has recognized the strategic value of the choice to adopt a governance system focused on sustainability, initiating a structured and long-term planning process to manage this intangible asset.

This resulted in Italdesign’s decision to take on the strategic commitment of Italdesign Next Strategy and to design an ideal roadmap for the ambitious objectives set by senior management, aware of the importance of sustainability topics and the specific responsibilities that derive from them.

6.1.1 Shareholders’ Meeting

It is the responsibility of the Shareholders’ Meeting to take decisions, both in ordinary and extraordinary sessions, on matters assigned to it by law or by the Articles of Association, including the approval of the report.

Following the EU’s Non-Financial Disclosure Directive (EU Directive 2014/95, NFDD), and the subsequent Corporate Sustainability Reporting Directive (EU Directive 2022/2464, CSRD), shareholders also have the opportunity to evaluate the advantage of sustainability for the company in terms of the robustness and long-term return regarding investment, especially on crucial matters such as energy transition, climate change and the circular economy.

6.1.2 Board of Directors

The Board of Directors may be composed, as required by the Articles of Association, of between 3 and 11 members, including non-associates. The precise number is established from time to time by the Shareholders’ Meeting at the time of appointment.

Its members remain in office for three financial years and may be re-elected. The Board of Directors may delegate its powers and functions to one or more of its members (e.g. the Chief Executive Officer).

The Board of Directors is responsible for defining the company’s strategic lines, within which sustainability is a fundamental element, cross-functional and integrated into all business areas.

6.1.3 Board of Statutory Auditors

Composed of three effective members and two alternate members, it is responsible for overseeing compliance with legislation and the Articles of Association, with the principles of correct management and the suitability of the company’s organizational structure, internal control system and administrative accounting system, considering the reliability of the latter in correctly depicting the company’s management performance.

The body plays a fundamental role in assessing compliance with regulations, including those on sustainability, whose recent guidelines and developments also strengthen its responsibility in verifying non-financial communications reported in the report.

*The company has adopted an **Organization and Management Model (OMM)** in line with Italian legislative decree 231/01 (legislation on the administrative liability of legal persons, companies and associations, including without legal personality), and for this reason has established a **Supervisory Body** that, through internal audits, verifies compliance with the company code of ethics, the prevention of predicate offenses and the correct management of risks that may arise from situations of non-compliance with relevant laws and regulations*

6.2 Ethical and responsible business conduct (ESRS G1)

Italdesign considers transparency, fairness and respect for all stakeholders to be the guiding principles that direct its daily operations, in line with an ethical and responsible business vision.

A commitment that is reflected not only in the quality and added value of the products and services made, but also in daily strategic and operational choices aimed at generating a positive impact on all stakeholders, from employees to partners, up to and including the entire global community.

6.2.1 The code of ethics

Italdesign’s code of ethics is based on that of the Volkswagen Group, which is the ethical and value-based foundation for operating with integrity and in regulatory compliance.

In addition to being a fundamental component of the OMM adopted pursuant to Italian Legislative Decree 231/01, the code of ethics is a behavioral guideline that employees must follow when carrying out their activities for Italdesign, both to respond to ownership and management expectations in terms of professionalism, integrity and regulatory compliance, and to deal with ethical dilemmas regarding daily operations, such as the use of AI or the management of relations with certain stakeholders.

Any violations of the code of ethics are not tolerated, and anyone breaching the code will be subject to disciplinary consequences consistent with the severity of the behavior. It is therefore the task of all company workers

to familiarize themselves with the principles set out in the code and to follow them in their daily decision-making, putting them into practice every day to contribute to a work environment founded on responsibility, respect and integrity.

6.2.2 Whistleblowing channel and stakeholder reports

The Volkswagen Group and AUDI AG have established a **channel for any reports or complaints** from their workers or external stakeholders, aimed at highlighting aspects of the company’s non-compliance with the law or with standards of conduct, which Italdesign has adopted as its whistleblowing channel.

The reports are processed by qualified professionals in the Audi Investigation Office who carefully analyze potential unlawful behavior by Italdesign employees, following a systematic process. Following a report, the investigative office carries out a preliminary assessment by collecting information directly from the whistleblower.

If there are genuine suspicions of violations, an investigation is launched by a dedicated unit.

The results of the investigation are then examined by the investigative office, which will recommend appropriate measures.

Appropriate and timely communication regarding the status and conclusion of the proceedings must be ensured.

The whistleblowing channel provides several means of communication:

- by **email** to: whistleblower-office@audi.de
- by **mail** to: AUDI AG, 85045 Ingolstadt, Germany
- in **person**
- by voice, leaving a **recording by phone**
- online, through the **BKMS platform** (hitherto replaced by the SpeakUp platform, available in 65 languages)
- through **ombudsmen appointed** by the Volkswagen Group
- through the **Supervisory Body**
- for all matters concerning the Crime Reporting System, the **local compliance officer** can also be contacted at: compliance@italdesign.it

Except for reports made in person, all other methods guarantee the anonymity of the whistleblower wherever the latter so wishes. Volkswagen has also made a public commitment not to tolerate any form of retaliation by the management of any Group company against the employee who makes a report openly.

Complaints or reports may concern violations of laws or the code of ethics, misconduct towards people or organizations, acts against the environment or against the rights of third party workers. Cases can be fairly varied.

Through the Group's structures, therefore, the company undertakes to investigate incidents of corporate conduct in a timely and independent manner, and to adopt the necessary measures to mitigate or put an end to the violations or risks identified.

6.2.3 Tackling active and passive corruption

The Supervisory Body and the Compliance function are responsible for monitoring and countering any incidents of corruption.

Once again, the code of ethics is the tool that guides the expected conduct of workers and business partners, indicating both lawful and inadmissible practices.

In 2023, no incidents of corruption affected Italdesign employees and, moreover, the company has never been involved in processes for violating anti-corruption rules, nor has it ever received financial penalties relating to such matters.

There have been no cases in which company employees have been dismissed or subject to disciplinary measures because of conduct related to corruption or bribery. This is made possible by the company's policy of continuous training and constant monitoring, which ensures that conduct complies with the highest standards of legality and integrity.

Finally, Italdesign has never faced situations in which contracts with business partners have been terminated or not renewed due to violations of anti-corruption laws, demonstrating the care taken in selecting interlocutors and suppliers who share the same values of integrity and transparency.

6.3 Supply Chain Due Diligence

Italdesign's strategic position in the value chain allows it to guide the sustainability policies of the entire chain, with particular focus on the supply chain, where the most important actions are concentrated to meet the expectations of stakeholders.

The aim is to minimize the upstream environmental and social impacts, that is, upstream of Italdesign's operations along the value chain, but for which the company is indirectly responsible through its own choices in the supply of products and services. Specifically, these are the impacts related to the extraction of raw materials and their transformation into semi-finished goods, parts, components and products that, as inputs to the engineering and design processes for realizing prototypes, are inevitably also reflected in the final product.

It is for this reason that Italdesign works to improve the processes for selecting suppliers and purchasing goods and services, with the aim of identifying, evaluating and mitigating any negative impacts on the environment and people generated by its suppliers and partner companies.

Specifically, the company began to define:

- a) assessment tools based on sustainability requirements to be applied during the coding and registration of suppliers,
- b) internal guidelines for the application of sustainability specifications in relation to the different categories of products and services being purchased.

For the former, in addition to the sustainability rating given by Volkswagen to each supplier qualified by the Group, Italdesign has outlined both a Supplier Code of Conduct, which commits suppliers to comply with a series of ethical and sustainability criteria in their business relationship with the company, and a questionnaire within the supplier registration process, which explores the management of environmental and occupational health and safety aspects.

For the latter, following an assessment of the environmental and social impacts of both the production phase for purchased goods and services and the use phase thereof, purchase specifications have been defined aimed at mitigating such impacts: by requesting goods bearing verifiable sustainability marks, labeling or certifications, it is in fact possible to ensure the impacts of product manufacturing and use are minimized.

The following steps – inspired by the ISO 20400 Sustainable Procurement standard and the indications provided by both the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) – are aimed at improving a supply chain ESG risk assessment system that goes beyond the direct relationship with the supplier who sells the goods or provides the service (Tier 1), to instead include all the players involved along the specific value chain (Tier n).

Italdesign therefore combines the ambitious objective of tracing the path of its purchases back to their origins, mapping supply chains that are now worldwide and that, because of their global extent, have developed in countries that are very different in terms of geographical, cultural, economic and regulatory context, with all the consequent risks and opportunities that may entail.

In reference to the ESRS G1-6, Italdesign also defines the payment terms for suppliers within its General Conditions of Purchase of Goods and Services. The latter provide payment terms to be agreed between the parties. In the absence of such agreements, the expected term is 60 days (from the month end following the invoice date).

The administrative process of payment to suppliers entails fixed dates twice a month to ensure the timely payment of all invoices due. The monitoring of compliance with the agreed terms revealed, in 2023, an average of 57 actual days for the payment of suppliers, and that 81.5% of payments were in line with the standard terms. There were no legal proceedings for late payments.

6.4 Technological innovation (ESRS S2)

In terms of its history, skills and core business, Italdesign is at the center of innovation in the automotive industry's value chain, but the applications developed by the company, all featuring a futuristic design, cover many areas, including products for the luxury and fashion sectors, electronic and medical devices, furnishing, industrial machinery and the design of advanced solutions for packaging. Thanks to its strategic vision and approach focused on excellence, the company has strengthened its role, contributing to the evolution of an industry in constant transformation.



Innovation is primarily pursued thanks to the engineering excellence of technicians and developers, as well as through the use of the most advanced technologies available on the market. And it is precisely from the synergy between human expertise and cutting-edge tools that Italdesign reaches levels of perfection and efficiency never before achieved.

The innovation management process is structured in such a way as to encourage creativity and open-mindedness among employees, embracing the philosophy of Open Innovation. The Innovation Team plays a crucial role in this process, supporting employees during the generation of ideas, incubating and validating innovative proposals, and coordinating projects to ensure that they are successfully implemented.

The Italdesign community, made up of all employees, is therefore encouraged to produce and propose ideas with the aim of allowing everyone to contribute to the innovation process.

The heads of departments, known as SPOCs (Single Points of Contact), are responsible for coordinating innovation activities within their respective organizational units and business units. They represent their units in the monthly Innovation meetings in which new ideas are discussed and those present are updated on the progress of ongoing projects.

In summary, the innovation process at Italdesign is a collaborative and structured system that involves all levels of the organization, promoting a dynamic and creative work environment.

Thanks to this integrated vision and a strategy of continuous collaboration, Italdesign works to propose solutions capable of generating as tangible and lasting an impact as possible in various sectors, helping to build a more aware, safe and sustainable future for all.

The company not only innovates internally but actively engages in strategic collaborations with universities, research institutes and technology development centers around the world and is an active part of the VW Group's innovation initiatives.

Through these partnerships, Italdesign shares its advanced technologies and contributes to the advancement of scientific and engineering discoveries. The transfer of knowledge and the encouraging of joint research make it possible to explore new technological frontiers, driving a virtuous cycle of innovation that has a significant impact not only on the mobility sector, but also on other key sectors such as robotics, artificial intelligence and environmental sustainability.

*An interesting experimental co-creation presented at CES2023 (1) was **ClimbE**, a new form of transportation that combines horizontal and vertical mobility. The highly modular pod has been designed not only to transport passengers autonomously, but also to provide all kinds of services in the home and to integrate seamlessly into next-generation buildings.*

This project was realized in partnership with Schindler, for the vertical mobility, and with the Polytechnic of Turin, for the pod's integration into next-generation buildings.

*Another tangible example of this commitment was the **Italdesign Tech Day** on June 13, 2023. It was a unique opportunity to highlight the innovative skills of the Italian automotive supply chain.*

Co-designed with ANFIA, and in partnership with Ceipiemonte, the Italdesign Tech Day brought together more than 30 companies that presented their most advanced technological projects to representatives of prestigious Audi/Volkswagen Group brands. Initiatives like this are fully in line with the objective of empowering and promoting the skills of the Italian automotive supply chain in the latest emerging technological industries, which contribute to defining its current and future competitive positioning.

Innovation within Italdesign also makes use of the **Concept Lab**, a tool developed in-house to verify the different possible configurations of vehicle interiors before proceeding with prototyping.

The Concept Lab allows virtual tests to be performed by replacing physical elements with digitally created ones: the maximum savings achievable can be measured in: 98% less waste, 95% fewer CO2 emissions (Scope 3), linked to the use of physical materials, and a 99% reduction in CO2 emissions (Scope 2) from electricity consumption.

1. The international Consumer Electronics Show was held in Las Vegas, January 5-8, 2023.



7. Annex

7.1 Methodologies

7.2 European taxonomy

7.1 Methodologies

Italdesign’s 2024 Sustainability Report was prepared voluntarily to report to its stakeholders on the company’s sustainability performance for fiscal year 2023 (01/01/2023 - 12/31/2023).

Italdesign’s 2024 Sustainability Report was prepared voluntarily to report to its stakeholders on the company’s sustainability performance for fiscal year 2023 (01/01/2023 - 12/31/2023).

This Report, which will be published annually, is the first year of this type of reporting and was prepared in line with the EU Corporate Sustainability Reporting Directive (CSRD) and the related European Sustainability Reporting Standards (ESRS).

As no previous Sustainability Reports have been prepared, the data and information disclosed do not offer comparisons with the previous year (FY 2022).

As a result of the double materiality assessment, the Sustainability Report limits its contents to disclosing the metrics required by the standards:

- ESRS E1: Climate Change
- ESRS E5: Resource Use and Circular Economy
- ESRS S1: Own Workforce
- ESRS G1: Business Ethics

The reporting of these metrics, as well as the metrics associated with non-material ESRS results, is under development in several areas and is therefore still incomplete. Thanks to the implementation of a dedicated digital platform, however, the company is streamlining the reporting process with a view to creating, collecting, verifying, organizing and managing sustainability data and information.

The short-term objective, for the purpose of complete integration into the financial statements, is to ensure information that is transparent, traceable, reliable and therefore verifiable by an external auditing firm. At the same time, for subsequent publications, the time horizon will be extended for the assessments of impacts, risks and opportunities associated with the sustainability matters covered.

The structure of the Report includes an introductory part about the company, followed by three main sections that correspond to the three pillars of sustainability (Environmental, Social, Governance, often written as ESG).

There are notes within the chapters on the use of estimates, conversion factors and emission factors.

During the reporting period, there were no significant events or changes of such magnitude as to affect normal trends of data or indicators recorded during previous reporting periods.

For information on the data disclosed in this document, please contact:

esg@italdesign.com

7.2 European taxonomy

Within the context of the European Union Action Plan on sustainable finance, the European Commission introduced Regulation 2020/852, which defines the foundations of the European Taxonomy, or EU Taxonomy.

This standardized classification system aims to identify economic activities that contribute substantially to the achievement of EU environmental objectives, without generating significant impacts or harm for others. Based on technical criteria shared at EU level, the Taxonomy aims to improve transparency and comparability in the financial market, countering greenwashing and steering investments towards a truly sustainable economy.

Delegated Regulation (EU) 2021/2139 establishes the criteria for determining when an economic activity can be considered eligible with respect to the first two environmental objectives defined by the European Taxonomy:

- Climate change mitigation,
- Climate change adaptation.

With the publication of the Environmental Delegated Act 2023, which amends and supplements the climate delegated acts and Art. 8 of Regulation 2020/852, non-financial

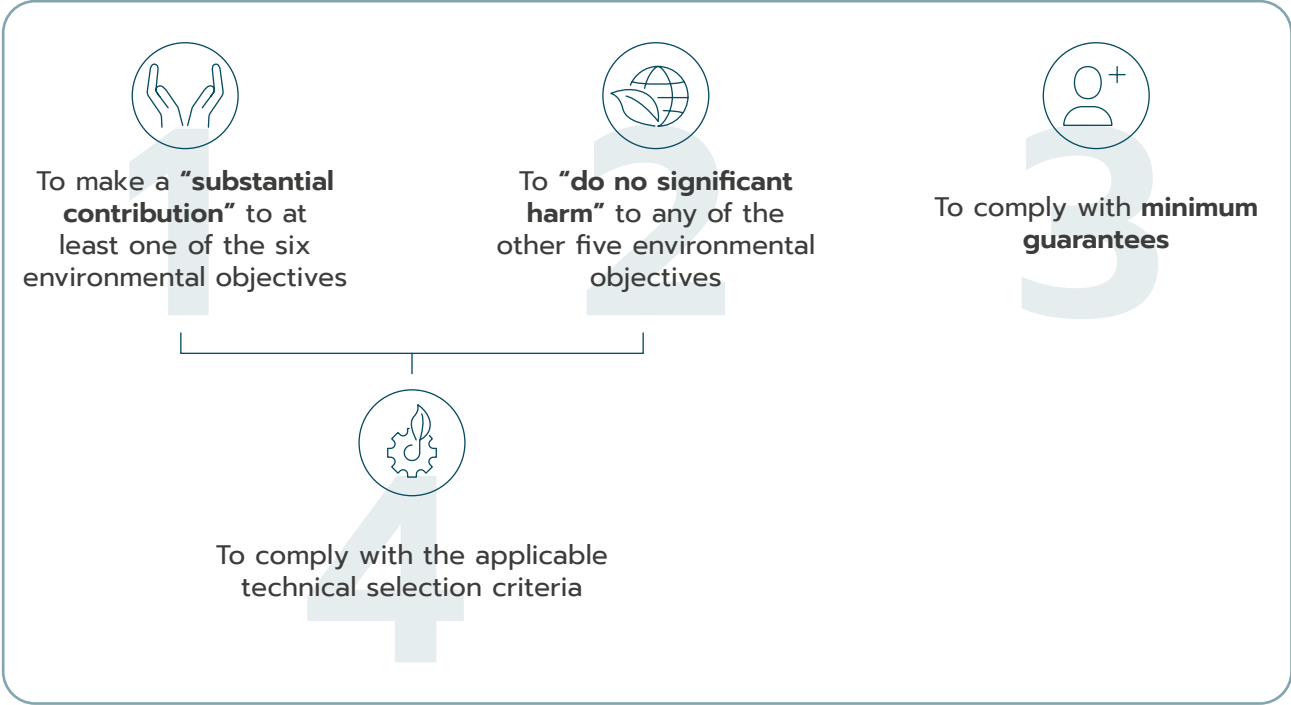
corporations are now required to expand their analysis, providing detailed disclosure on the eligibility of their activities with respect to the other four environmental objectives:

- Sustainable use and protection of water and marine resources,
- Transition to a circular economy,
- Pollution prevention and control,
- Protection and restoration of biodiversity and ecosystems.

The European Commission then defined a series of technical screening criteria aimed at assessing whether activities are “aligned” with the Taxonomy. These criteria include the following actions:

- To contribute substantially to achieving at least one of the six environmental objectives,
- To do no significant harm (DNSH) to any of the other environmental objectives,
- To respect the minimum safeguard criteria relating to human rights, labor rights, the fight against corruption, taxation and fair competition.
- To make a “substantial contribution” to at least one of the six environmental objectives
- To “do no significant harm” to any of the other five environmental objectives
- To comply with minimum guarantees.





In 2024, in order to meet its regulatory obligations for Fiscal Year 2023, the company began the process of analyzing economic activities to verify their eligibility for the European Taxonomy, in line with the individual reporting perimeter.

As a first step of the analysis, Italdesign’s economic activities were compared with those indicated in the annexes of the Climate Delegated Act, mainly in relation to the respective NACE/Ateco codes.

In light of the findings, it emerged that Italdesign does not carry out any activity that falls within the scope of the European Taxonomy.

This Report is the result of a collaborative effort involving all company functions.

We would like to thank everyone for the contribution offered and for their availability throughout the various review stages.

The project was coordinated by our ESG Officer Ismene Lage Cañellas, with the supervision of the Head of Strategy Lorenzo Schürmann and the support of the ESG Steering Group.

Sustainability, because of its multidisciplinary nature, requires a robust network of skills and collaborations.

For this reason, we would like to express our sincere gratitude to our partners:

Capgemini Engineering, that helped us with our first double materiality assessment and with the initial drafting of the Report, vital support for embarking on the company’s sustainability journey;

ROSE Technologies AG, which supports us in collecting data and indicators, providing us with an essential tool for continuous improvement;

Red Point Srl, which took care of editing, graphic design and page layout, helping to convey our commitment in a concrete and tangible way.

