



# SOGEFI Group

Consolidated Non-Financial Statement

*In accordance with the Legislative Decree no. 254/2016*

## Sustainability Report 2022

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## 1. Message to Stakeholders

*“ In a World where everything is accelerating thanks to our agility and efficiency, SOGEFI is seizing all the opportunities to be a key player in the mobility of the future.”*

**Frédéric SIPAHI,**  
SOGEFI Group CEO



**In 2021, SOGEFI communicated for the first time its commitments to sustainable development through its ESG plan 2025, what initial assessment can you draw from the year 2022 that has just ended?**

2022 has been a year of turnaround for the ESG function. Since May the function has been merged with the Group Strategy one to allow a full integration of Sustainability topics into top management daily life.

We aspire to be a company that aligns its business ambitions with its sustainable development objectives involving all our stakeholders. Our economic and financial targets are now established with the prism of sustainability. We contribute to the ecological transition at every stage of our process.

In 2022 we included as well the supply chain and our suppliers in SOGEFI sustainability roadmap thanks to a SOGEFI Sustainability Policy and a dedicated supplier portal to collect their ESG results and commitments for the future.

We are supporting our customers in the transition of the automotive sector thanks to our strong R&D and capacity to design lead solutions. We spent last 5 years to accumulate know how and technologies for electric and hydrogen cars evolution.

**What are the projects you are particularly proud of?**

Each ESG project is important for us as part of our long-term ambition. What makes me surely proud, it's the involvement of the internal teams that actively support us and they are the engine of the whole machine.

Some of our main achievements in 2022 are:

1/Our range of **E-Mobility products** has been enlarged thanks to our R&D teams committed on SOGEFI products for the future. Two of these products received as well French grants thanks to the technological advantages and low Co2 print:

- ✓ **EV Cooling plates** awarded by France 2030 that allow -99% lower gas emissions vs current version,
- ✓ **Module Hydrogen+** awarded by France Normandy region.

2/The more **rational usage of energy** with many local initiatives and the completion of Solar panels installation in Spain and India. On a full year basis these two installations will allow us to reduce 1.300 tons of Co2 emissions.

3/The diffusion to all our SOGEFI sites worldwide of the **Gender Equality Index** (according to the French law and on top of GRI standards) that will allow us to reduce year over year the gender gaps.

4/The deployment of **new certifications**:

**TISAX** (Trusted Information Security Assessment Exchange) for >90% Group sites as demonstration that SOGEFI commits to information security and secured data handling.

**ISO 50001**: 3 plants have been certified for their energy management.

**ISO 45001**: 7 plants have been certified for health and safety management.



## What challenges await you in 2023?

2022 has positioned us in a positive dynamic: reduction of the energy intensity index, improvement to the procurement mix in favour of renewable sources, an increase in the amount of waste products reused.

Saying that, we are perfectly aware of the challenges that the year 2023 has in store for us.

Climate change/strategy and the associated risks are considered one of the top priorities in 2023. Regulations and laws are evolving and pushing for a rapid decarbonization that implies changes in operations.

We are fully conscious that World resources are limited and SOGEFI wants to contribute by deploying new renewable energy installations (at least one per year) and maximize the waste valorization up to 97%.

## How is evolving SOGEFI culture in current context?

We build on our strong cultural foundation:

**INTEGRITY, DRIVE FOR RESULTS and TEAMWORK** are the 3 key behavioural skills that we want to push as they represent our main strengths.

## 2. The SOGEFI Group profile

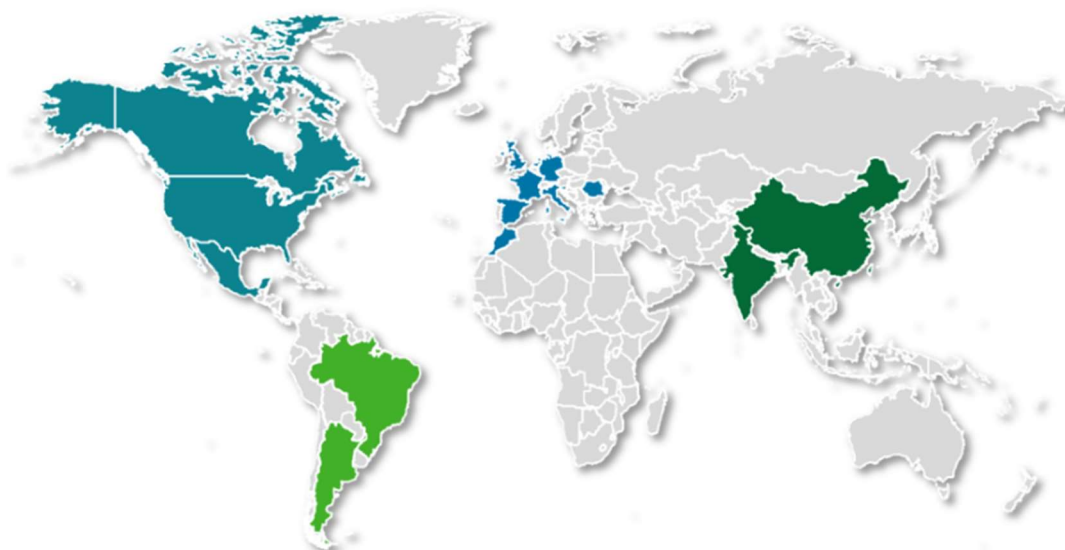
SOGEFI Group, founded in Italy in 1980, is a worldwide leader in the design and manufacture of engine filtration, air management, engine cooling and vehicle suspension components. The Group is in partnership with the world's major car and commercial three-wheeler and two-wheeler vehicle manufacturers. The Group's history highlights a worldwide expansion through strategic acquisitions and joint ventures in the automotive components sector.

Sogefi S.p.A. is a listed company with registered offices in Via Ciovassino 1/a, Milano (Italy) and its corporate offices in Immeuble Renaissance, 1, Avenue Claude Monet, 78280 Guyancourt (France).

The SOGEFI stock has been listed since 1986 in the Milano Stock Exchange and has been traded on the STAR segment (today Euronext STAR Milan) since January 2004.

The Company is subject to the management and coordination of the holding CIR - Compagnie Industriali Riunite S.p.A. (a Company controlled by F.lli De Benedetti S.p.A.).

SOGEFI is a multinational Company with a global presence in 18 countries<sup>1</sup>, 35 production sites<sup>2</sup> and 7 R&D centre and 12 commercial sites.



### North America

Canada	Montréal
Mexico	Monterrey
USA	Prichard

### South America

Argentina	Cordoba
Brazil	Mogi Mirim

### Asia

China	Wujiang	India	Pune
India	Bangalore	India	Gurgaon

### Europe

France	Vire	Italy	Raffa di Puegnago
France	Marcillac	Morocco	Tangier
France	Orbey	Romania	Titesti
France	Châteauroux	Romania	Oradea
France	Fronville	Slovenia	Medvode
France	Douay	Slovenia	Skofja Loka
France	Revigny	Spain	Nules
France	Charmes	Spain	Alsasua
Germany	Hagen	UK	Tredegar
Germany	Witten	UK	Clydach
Holland	Hengelo	UK	Rochdale
Italy	S. Antonino		
Italy	Settimo Torinese		

<sup>1</sup> The number of countries refers to Sogefi's global presence, commercial sites, research and development centres and production sites. The commercial site in Russia started the liquidation process on 01/09/2022.

<sup>2</sup> The map is showing the 35 production sites (in Pune and Wujiang there are 2 plants in each city).

**18**  
Countries

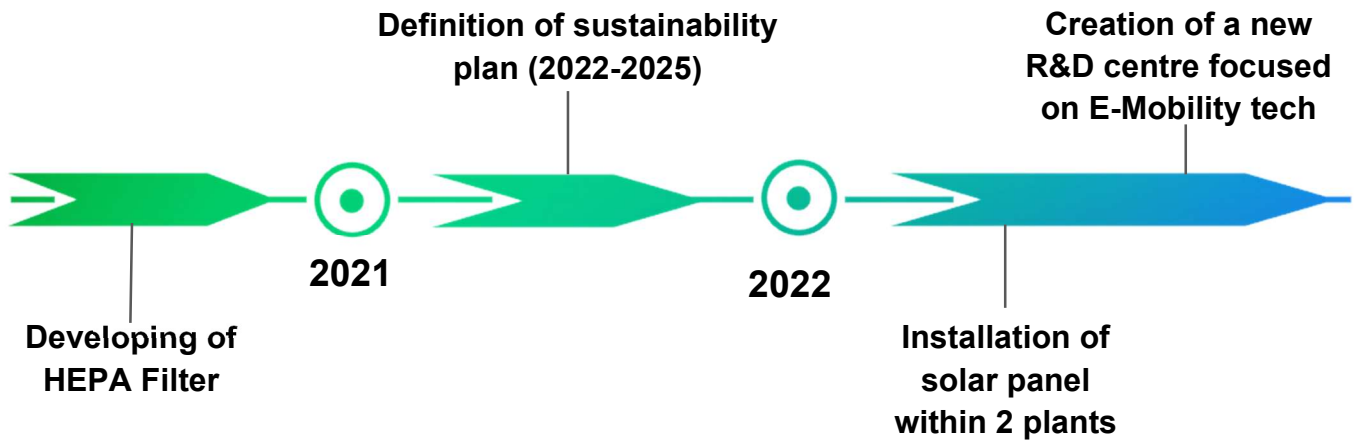
Air&Cooling  
Filtration  
Suspensions **3** Business  
units

**35** productions  
plants **7**  
R&D centers

**5 400**  
EMPLOYEES

TO **1.6**  
Billions €  
of revenues

### MILESTONES OF THE LATEST YEARS



**+37**  
NEW  
PATENTS

**26%**  
OF WOMEN

**89%**  
VALORIZED  
WASTE



### Group organization and main products

SOGEFI is organized in three business units: Suspensions, Filtration and Air & Cooling (also A&C), which operate through a wide product portfolio. A brief overview by BU is presented here below:



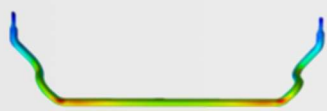
The application of Sogefi’s products are not only focused on passenger cars but also cover a diversified market of the automotive sector:



## Suspensions

SOGEFI's Suspensions business unit produces a complete range of products including stabilizer bar, coil spring, leaf spring and torsion bars which are engineered in close collaboration with the main automotive manufacturers. SOGEFI products supply cars, light and heavy commercial vehicles, earth-moving equipment and railways. The business unit operates in 3 main segments: **Passenger Cars**, **Heavy Duty** and **Precision Springs**.

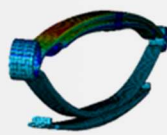
### SUSPENSIONS - PRODUCT PORTFOLIO



Stabilizer Bar



Coil Spring



Leaf Spring



Torsion bar



Precision Springs

## Filtration

SOGEFI's Filtration business unit produces a full range of filters for the Original Equipment (OE), Original Equipment Spares markets (OES), and the Independent Aftermarket (IAM).

Specifically, the Aftermarket division serves all channels of the replacement markets, by dealing products with Group brands: Purflux, Tecnocar, CoopersFiaam and FRAM®. Supporting the market transition to E-Mobility, the customer portfolio has been enlarged to HEPA air filters, transmission filter and fuel cell air cathodes.

### FILTRATION - PRODUCT PORTFOLIO



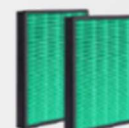
Oil filters



Fuel filters



Engine air filters



Cabin air filters



Canister filters



## Air & Cooling

SOGEFI's Air & Cooling traditional product line is designed and manufactured thanks to strong competences on cooling, flow distribution and welding. ICE know how allow SOGEFI to enlarge the product portfolio to E-Mobility with battery cooling plate and cooling module.



To learn more about the business units and their product portfolio, please visit the SOGEFI website [www.sogefigroup.com](http://www.sogefigroup.com)

### Operational context

In 2022 the Ukraine/Russia conflict has increased pressure on the automotive industry: further increases in material and energy prices, disruption of the supply chain and slowdown in production due to the unavailability of materials. In addition, the lockdown of the port of Shanghai has led to a 30% reduction in maritime activity in the area, further increasing shipping times.

All the above macroeconomic trends have had a strong impact on world car production. Focusing on EU27, in 2019 the car production was 16.4 million vehicles, whereas in 2022 it was 12.6 million, with a decrease of 23%<sup>3</sup>. Analysts' consensus is still showing 2026 forecasts below pre-covid levels (-13%).

Regulations are also influencing the automotive sector as internal combustion vehicles are phased out by EU regulations, with targets set for emissions of 0gCO<sub>2</sub>e/km by 2035.

Lastly, consumer behaviour is changing, with consumers turning to shared mobility.

<sup>3</sup> Source: S&P Global (IHS) January 2023

### 3. Sustainability Management

#### Sustainability Governance

The governance structure ensures that the strategic orientation of the Group is aligned with long-term sustainability goals, and that any critical issues in this area are treated like every other business topic and are integrated as needed into the company's decision-making process. **In this regard, since February 2021, the Risk Control & Sustainability Committee of the Company has extended their competences to matters related to sustainability.**

The Strategy & Sustainability Director (SSD), reporting directly to the Group CEO, is responsible for global sustainability management, by proposing SOGEFI's strategies and policies, coordinating the three business units in order to implement projects and initiatives related to ESG-related activities (e.g., Environment, Social and Governance).

Its tasks include:

- ✓ **promoting an approach that integrates sustainability into business operations**, taking into account the entire value chain;
- ✓ **monitoring the achievement of sustainability targets** and coordinating, where possible, the related activities at business unit level;
- ✓ **ensuring the cross-functional cooperation** involved in sustainability within the organization.
- ✓ **promoting the ESG-related risk management process** as well as ensuring compliance with sustainability-related laws and regulations.

Particularly, the SSD is supported by other key managers, selected among the three business units, to carry out the projects on environmental, social and any other ESG-related aspects at local and global level. They operate through local structures that can guarantee the timely implementation of defined actions and procedures, as well as the monitoring of relevant KPIs. They can propose possible projects and initiatives that are business unit specific to the SSD, which are able to impact the Group's sustainability management.

The RCSC Committee meets periodically (two four times per year) for the purpose of discussing the management of the organization's impacts on the economy, environment, and people and reports back to the BoD, which periodically meets to discuss ESG topics. Currently there are no board induction to ESG activities.

In 2022, the Group started to implement an Internal Control System to define roles, responsibilities, three levels of control and timelines regarding non-financial information reported in the NFS. The Internal Control System has been defined by drafting the NFS Procedure for 2022 that will be officialised during S1 2023. The procedure will be, distributed to all managers and data owners involved in the NFS process. Furthermore, with reference to the reporting process of the main KPIs related to the ESG material topics, the Group is defining a set of dedicated internal controls to mitigate the risks of misreporting related to the creation, aggregation, and disclosure of the relevant KPIs, coherently with the reference GRI standards.

## Sustainability Risks

In a context characterised by market instability and a rapid evolution of business dynamics and regulations, careful and effective risk and opportunity identification and management is essential to i) support an informed decision-making process consistent with strategic goals and ii) ensure corporate sustainability and value creation in the medium-to-long term.

In this regard, as required by the Corporate Governance Code for listed companies of Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, adopted by the Company as well as by national and international best practices acknowledged in the market, as part of its Internal Control and Risk Management System ("SCIGR"), Sogefi adopted and implemented a structured and formalised ERM (Enterprise Risk Management) process as of 2012. The purpose of this ERM process is to i) identify, assess, manage and systematically monitor the main risks that could hinder the achievement of the Group's strategic and business goals, ii) as well as define appropriate information flows to ensure transparency and dissemination of information within the organisation.

**In 2019, the Group set up a central function headed by a Group Chief Risk Officer ("CRO"), dedicated to risk management, thus confirming the growing commitment of the Company to the effective implementation of the integrated internal control and risk management system.**

The ERM framework was consistently updated in order to further customise it to suit the needs of a growing Group, while maintaining continuity with the activities carried out in the past. In particular, on 25 February 2022, the Board of Directors updated the "Guidelines of the internal control and risk management system", which outline the governance model of the risk management system, identifying the persons concerned and assigning roles and responsibilities to them, and define the operating model including the analysis and reporting activities to be performed periodically and the tools and methods to support them.

In particular, the Board of Directors has identified the following persons/bodies concerned:

- ✓ the **Board of Directors**, which plays a role in providing guidance and assessing the adequacy of the system;
- ✓ the director in charge of the Internal Control and Risk Management System, identified in the person of the **Chief Executive Officer**, which is responsible for implementing and maintaining an effective risk management process;
- ✓ the **Control, Risk and Sustainability Committee** (hereinafter "CCReS"), set up within the Board of Directors, with the task, among others, of supporting the Board's assessments and decisions relating to the SCIGR;
- ✓ the **Head of the Risk Management function**, which is responsible for identifying risks, defining their possible impacts and developing mitigation measures;
- ✓ the **"risk owners"** and the members of the management, in their role of persons responsible, each within their own sphere of competence and within the terms laid down by the corporate organisation, for identifying, managing and monitoring the risks inherent in the area of corporate operations they supervise;
- ✓ the **Head of the Internal Audit** department, responsible for verifying that the SCIGR is functioning, adequate and consistent with the guidelines defined by the Board of Directors;
- ✓ the **Executive responsible for preparing corporate accounting documents**, who is responsible for carrying out the tasks required by the regulations and the financial reporting control system;
- ✓ the **Supervisory Body** pursuant to Article 6, par. 1, letter b) of Italian Legislative Decree no. 231/2001, which is organised in relation to the size, sector, complexity and risk profile of the company;
- ✓ the **Board of Auditors**, which monitors the effectiveness of the SCIGR.

Risk identification and assessment provide the Board of Directors with a better understanding of the scenarios that could hinder the achievement of set goals and enable it to determine which actions should be taken to prevent, mitigate or manage the main exposures and their order of priority, taking in account the risk appetite.

For more details on the characteristics and operation of the Internal Control and Risk Management System, please read the Annual Report on Corporate Governance available on the Company's website.

The ERM framework aims to analyse and evaluate a wide portfolio of risks, which vary in nature and type, including all risks associated with sustainability issues.

**The risks potentially applicable to the Group's business model are represented in the so-called Risk Model and grouped in four main risk categories:**

- ✓ **Strategic Risks**, relating to the external and business environment or governance strategies and decisions that can significantly affect the Group's performance and/or the achievement of the defined strategic objectives.
- ✓ **Operational Risks**, which can affect the effectiveness/efficiency of business processes, jeopardising the creation of value.
- ✓ **Financial Risks**, mainly related to exchange rates, interest rates, access to credit, liquidity, which may affect the results and sustainability of the Group's plans.
- ✓ **Legal and Compliance Risks**, relating to non-compliance with applicable laws and regulations, and/or internal Codes, Policies and Procedures that may lead to legal disputes, financial losses and potential adverse effects on the Group's reputation.

**The Group has chosen to manage sustainability risks as an integral part of the ERM model.** Sustainability topics are considered

to be cross-cutting to the risk categories typical of the Group business model (i.e., strategic, financial, operational, legal and compliance risks, represented in the Risk Model).

The ERM operating model requires that risk assessment activities be carried out on an annual basis by identifying, analysing and assessing priority risks for the Group, and possibly carrying out in-depth analyses on specific risk issues. Priority risks are managed by defining ad hoc action plans aimed at mitigating the risks, and their evolution is periodically monitored.

With regard to the method for assessing and documenting risks, in order to effectively measure and manage the risks identified, Sogefi carries out an assessment based on two main variables: the likelihood of the risk event occurring (probability) and the potential impact (financial/reputational/operational/other) in the event of occurrence. The respective measures taken by Sogefi to mitigate the risk are included in this assessment.

The results of the ERM process are also used by the Internal Audit department to prepare its annual Audit Plan, in a risk-based approach that is in line with best practices, so that resources and activities can be allotted to those areas that are considered to be most critical and/or risky.

For more details on the characteristics and operation of the Internal Control and Risk Management System, **please read the Report on Operations and the Annual Report on Corporate Governance Available on the Company's website.**

In light of the assessments carried out during 2022, the most significant risks were identified in relation to the reference sector, business and sustainability issues for which a periodic assessment of exposure and related mitigation actions is required.

ESG related risks have been identified in relation to **7 risk priorities**, which are described and reported below, as well as the main mitigation actions implemented.

RISK TOPICS	RISK DESCRIPTION	MITIGATION IMPLEMENTED	ESG RELATED ASPECTS
<p><b>Climate change</b></p>	<p><b>Transitional risks related to climate changes</b>, in terms of:</p> <ul style="list-style-type: none"> <li>- Regulatory changes and mitigation policies related to the transition to a low-carbon economy. Regulations and laws are evolving and pushing for a rapid decarbonization that imply changes in operations in all sectors to reduce emission intensity with consequent impacts on fossil fuel capacity reduction and on electricity costs.</li> <li>- Technology innovation. A failure to develop new and/or innovative technologies required by the market, will put SOGEFI in a situation of losing competitive edge acquired over competition, or incurring extra costs in the development and quality control phases, or experiencing delays in the implementation of new solutions, with the risk of competitors introducing new disruptive products on the market.</li> </ul>	<p>SOGEFI is addressing transitional climate change risks by:</p> <ul style="list-style-type: none"> <li>- Closely following regulatory projects and laws, analysing impact of scenarios, developing a roadmap to ensure compliance and a sustainable business model;</li> <li>- Road mapping the action plan to significantly reduce emissions within the next 3 years (aiming at approx -30% in 2026 vs 2021 at iso volumes and mix). The plan will include solar panels installation (at least one per year), switch to green energy suppliers, internal efficiency actions, switch from gas to electricity/hydrogen when operationally possible and lastly via international REC certificates</li> <li>- Investing significantly in R&amp;D and promoting an approach that involves all employees in the search for new product and solutions, or in optimizing current products and processes. This approach drives towards the development of new products dedicated to E-Mobility cars.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Innovative and Eco-responsible products / technologies</li> <li>▪ Climate Strategy</li> </ul>
	<p><b>Physical climate-related risks.</b> These are climate change - driven risks that are associated to the potential impact of the worsening of weather patterns on business continuity in terms of damages to company assets, labor productivity or supply chain disruption. These risks can be event driven (acute risks) or associated with longer-term shifts in climate patterns (chronic risks).</p> <p>Acute risks are connected to the increased severity or frequency of extreme events (e.g., floods, wildfire or heat waves, etc.) while chronic risks refer to long-term climate pattern modifications (e.g., sea level rise, heat stress, etc.).</p>	<p>SOGEFI is addressing physical climate-related risks through an annual assessment of plant exposure to climate risks.</p> <p>In 2022, SOGEFI has conducted a deeper climate - related risk assessment supported by a big four company to evaluate the potential impact on its business continuity due to worsening of weather patterns. The assessment has been based on a scenario analysis carried out following the IPCC - Intergovernmental Panel on Climate Change models under a 5-year comprehensive perspective according to specific geographical data provided by different tools. The applicable risks, listed in the Climate Change Delegated Act - Annex I – Appendix A, have been evaluated in term of exposure (low, medium and high) established according to specific indicators, tailored to SOGEFI operations vulnerability. A global, and synthetic risk, has been</p>	<ul style="list-style-type: none"> <li>▪ Climate Strategy</li> <li>▪ Sustainable Water &amp; Waste Management</li> </ul>

RISK TOPICS	RISK DESCRIPTION	MITIGATION IMPLEMENTED	ESG RELATED ASPECTS
		<p>defined for each geographical area and sites.</p> <p>Although there are 20% of sites at medium risk, the 80% are characterized by low exposure and none at high risk. These risks do not require urgent action by the Sogefi Group but could lead to the incurrence of operating costs currently considered non-material.</p>	
<p><b>Supply chain</b></p>	<p><b>Supply Chain disruption risks / Raw Material Shortage.</b> The risks identified relate to potential supply restrictions (imbalance between supply and demand, sourcing issues, geopolitical disturbances), raw materials shortage, and non-compliance with ESG (environmental, social and governance) criteria.</p> <p>Any sudden interruption of the supply chain, caused, for example, by natural disasters or strong international demand, could, if prolonged, have consequences on the continuity of the production process and lead to late delivery of orders to customers; the supply of defective products and/or products with lower quality standards than expected could affect the product quality.</p> <p>The pandemic and the post-pandemic recovery put the supply chain sustainability to a hard test, between risk of partial and/or temporary interruptions, as well as consequences on the quality of the materials supplied.</p>	<p>- With the aim of reducing the use of raw materials, by minimizing non-reusable scraps and therefore supporting the creation of a virtuous circular system, the Group made investments and confirmed its continuous commitment towards the development of increasingly innovative processes and technologies, focused on a low environmental impact.</p> <p>- To minimize the risk of raw material shortages, SOGEFI applies a forward-looking approach to procurement management, which entails: a multi supplier strategy, to reduce dependency; monitoring systems that help to promptly recognize potential changes in the market and supplier environment and associated risks; greater regionalization in procurement and optimization of material usage and logistics; strengthened the supplier selection and monitoring process; Finally, as part of the reorganisation of the Group Purchasing Department, several actions were launched since 2021 to consolidate and monitor more efficiently suppliers' management at global level (e.g., implementation of the Group Supplier Portal for managing documentation; services for monitoring the solvency status of suppliers, ESG commitments etc.).</p>	<ul style="list-style-type: none"> <li>Optimization of material cycles in industrial processes</li> </ul>
<p><b>Human Resources</b></p>	<p><b>Unavailability of Qualified HR Resources</b> due to difficulties in the retention, attraction, and professional development of talents. The economic and</p>	<p>The <b>Action Plan</b> implemented to <b>prevent brain drain and attract new talent</b> comprises:</p>	<ul style="list-style-type: none"> <li>Attraction &amp; retention, professional development</li> </ul>

RISK TOPICS	RISK DESCRIPTION	MITIGATION IMPLEMENTED	ESG RELATED ASPECTS
	<p>business difficulties linked to the pandemic as well as uncertainties connected to future developments in the labour market and in the automotive sector in general - especially in countries such as the United States of America and Canada where turnover rates are high – create an adverse context to maintain the Group's attractiveness as an employer, making it difficult to retain key resources in the short to medium term.</p> <p>In this context, risk for SOGEFI may arise from insufficient coverage of the required specialists and management personnel which may result in business and production processes being impaired or in transactions not being performed.</p>	<ul style="list-style-type: none"> <li>- Appointment of a Communication Director to specifically improve external communication and brand recognition.</li> <li>- Systematic and consistent personnel recruitment and development strategy;</li> <li>- Dedicated and well-structured succession planning system for relevant staff and management personnel within the context of the annual global talent review process.</li> </ul>	
	<p><b>Salary inflation &amp; employees' dissatisfaction:</b> this phenomenon could have significant consequences on the Group's production activities (potentially caused by strikes and disruption of manufacturing plants) as employees might have high expectations in terms of salary increases.</p>	<p>In FY22, SOGEFI has increased salaries comparatively more than in the previous years as a result of overall inflation and an employee-driven job market characterized by fierce competition for talents.</p> <p>When setting FY23 salary budgets, SOGEFI considered several factors including current economic conditions (both the labor market and inflation) as well as its organization's performance, overall compensation, business and financial strategy and goals.</p> <p>In addition, an employee survey was launched to roadmap actions and track results on all organizational levels and improve employee well-being.</p>	<ul style="list-style-type: none"> <li>▪ Diversity &amp; Equal Opportunity</li> <li>▪ Employees well-being, engagement &amp; satisfaction</li> <li>▪ Distributed value and impact on local communities</li> </ul>

RISK TOPICS	RISK DESCRIPTION	MITIGATION IMPLEMENTED	ESG RELATED ASPECTS
	<p><b>Occupational Health &amp; Safety</b></p> <p>As prevention and protection plans are continuously implemented and updated to protect employees, a particular attention is still paid to COVID-19 risks, with protocols still in force, in line or beyond local regulation, especially where staff must be physically present to carry out the work.</p>	<p>Above 20% of plants are certified with the ISO 45001 for health and safety. In addition, an HSE manager constantly monitors H&amp;S KPIs and actions to be implemented in order to minimize risks.</p>	<ul style="list-style-type: none"> <li>▪ Occupational Health and Safety</li> </ul>
<p><b>Ethics violations</b></p>	<p><b>Risk of non-compliance with Group Policies and Procedures</b></p>	<p>Sogefi adopted the Group's Code of Ethics, which clearly defines the values that the Group believes in as the basis on which to achieve its objectives. It lays down rules of conduct which are binding on directors, employees and others who have ongoing relations with the Group.</p> <ul style="list-style-type: none"> <li>- In compliance with Italian Legislative Decree 231/2001, Sogefi also adopted and regularly updates its «Organizational, Management and Control Model».</li> </ul>	<ul style="list-style-type: none"> <li>▪ Business Ethics and Integrity</li> <li>▪ Responsible procurement practices</li> <li>▪ Diversity &amp; Equal Opportunity</li> </ul>



RISK TOPICS	RISK DESCRIPTION	MITIGATION IMPLEMENTED	ESG RELATED ASPECTS
	<p><b>Risk of non-compliance with anti-corruption regulations</b></p>	<p>Sogefi has defined principles and rules of conduct to be followed in carrying out business activities, prohibited behaviours and controls to prevent the risk of corruption. The Company aims at continually improving the overall awareness of its employees in recognizing corruption and any other type of fraud, and at proactively taking an active role in preventing, avoiding and reporting any possible violation of anti-corruption regulations. Furthermore, within the framework of the “Organization, Management and Control Model pursuant to Italian Legislative Decree no. 231 of 8 June 2001” adopted by the Company, specific protocols have been defined to prevent any conduct that circumvents anti-corruption regulations.</p>	
<p><b>IT</b></p>	<p><b>Risks related to Cyber Security.</b> Global computerized attacks or attacks targeting the group’s interests or, as a side effect, national interests. These attacks, in a context of strong growth, may aim to access sensitive data (strategic, product, service or personal data), to steal or alter them, to block services or even all of the group’s information systems;</p>	<ul style="list-style-type: none"> <li>- SOGEFI has adopted a global cybersecurity organization across the company so to properly and closely monitor cyber risks;</li> <li>- Communication campaigns are periodically launched to increase the cyber security employee’s awareness, sharing best practices to avoid cyber-attacks;</li> <li>- Security internal risks assessments are regularly performed to identify and strengthen Group’s IT systems;</li> <li>- SOGEFI’s Information Security are tested via independent external audits;</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cybersecurity &amp; Data Protection</li> </ul>

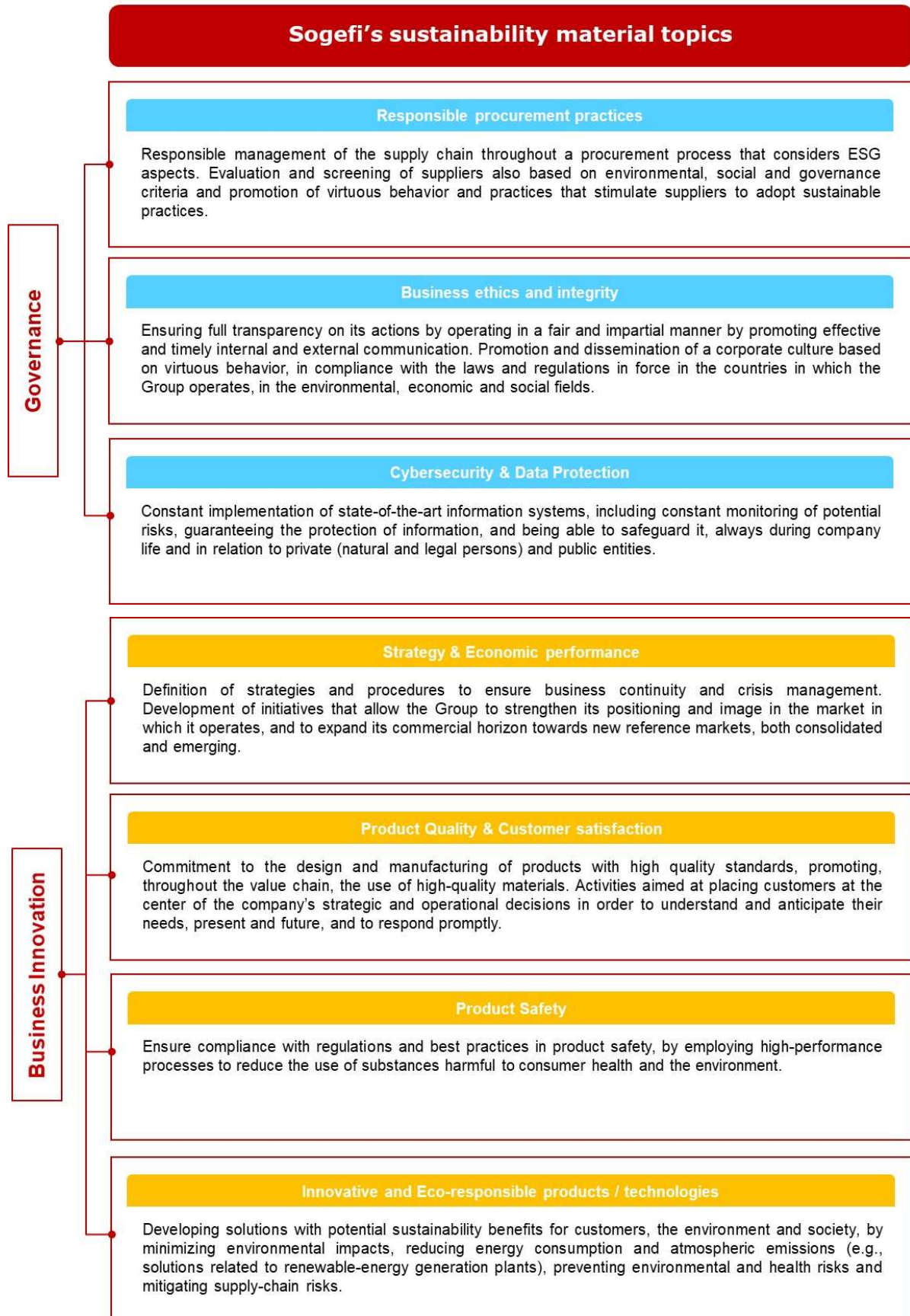
RISK TOPICS	RISK DESCRIPTION	MITIGATION IMPLEMENTED	ESG RELATED ASPECTS
	<p><b>IT Systems Breakdown / Failure Risk.</b> Incidents that could affect the continuity of services hosted in our infrastructures and those of our partners and suppliers.</p>	<p>SOGEFI is continuously identifying risks, implementing and maintaining disaster and continuity plans, at central level and in every location to be able to respond to critical emergency situations.</p> <p>Moreover, disaster recovery plans are tested internally annually via different kinds of crisis scenarios and through external IATF audits and TISAX audits (TISAX certification obtained in July 2022).</p>	
<p><b>Product reliability</b></p>	<p>Risk related to the non-satisfaction of customers by not achieving their expectations in terms of product reliability, specifications, compliance with regulations and quality and safety standards, causing warranty issues leading to reputational and financial issues.</p>	<p>The Group applies the main national and international technical reference standards, in order to ensure the alignment of its production processes with the best practices in the industry and guarantee the production of excellent products.</p> <p>An integral part of the quality management system is to ensure IATF 16949:2016 certification (or ISO9001:2015 certifications for IAM activity) that guarantees the validity and effectiveness of the quality management system.</p>	<ul style="list-style-type: none"> <li>▪ Product Quality &amp; Customer satisfaction</li> <li>▪ Product Safety</li> </ul>
<p><b>Finance</b></p>	<p><b>Risks associated with price fluctuations of commodities (raw materials &amp; energy).</b> The adverse market tensions on materials (steel, aluminium, plastic materials), components and semi-finished products containing them, and energy, caused by production capacities shortages, exacerbated by the geopolitical crisis, is leading to <b>huge costs increases for Sogefi.</b> These increased costs cause a potential erosion of SOGEFI's profitability.</p>	<p><b>To protect SOGEFI's margin, the following mitigation actions have been taken:</b></p> <ul style="list-style-type: none"> <li>- implementation of resourcing activities;</li> <li>- leveraging negotiation power with both suppliers and customers;</li> <li>- limiting cost increases and permanently adjusting sales prices to commodity price evolution.</li> </ul> <p>Creation of a team dedicated to commercial performance in order to react and adapt our system during sudden changes in our ecosystem (pandemic, global conflicts, supply difficulties, etc. ...)</p>	<ul style="list-style-type: none"> <li>▪ Strategy &amp; Economic performance</li> </ul>

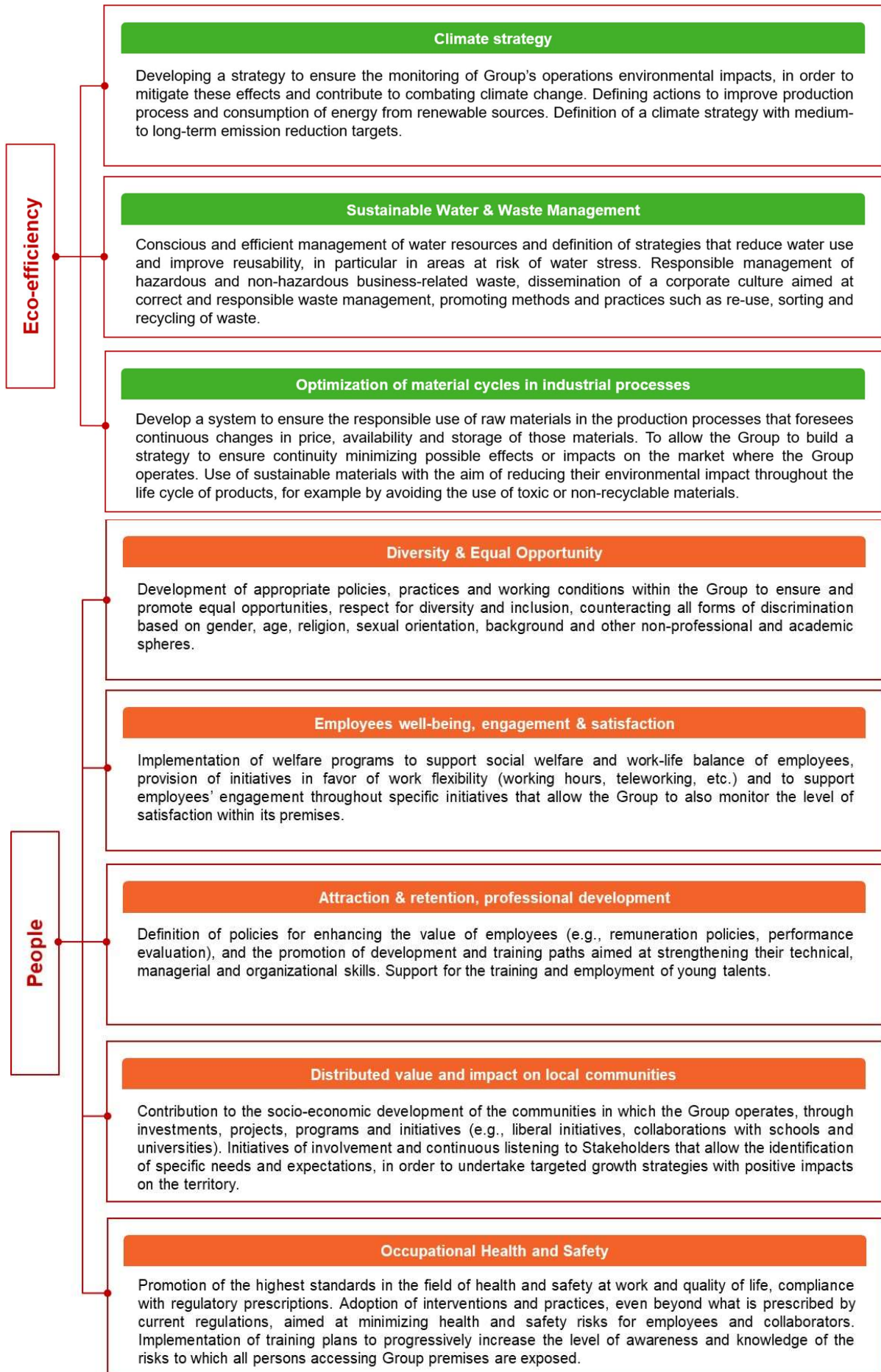
## Sustainability Material Aspects

According to the Group guidelines that define the operational instructions, roles and responsibilities of the process for the preparation of the Consolidated Non-Financial Statement, the materiality assessment is annually performed by direct engagement of the internal and external stakeholders and by a benchmarking analysis taking into consideration regulations, sector trends, international standards (such as the SASB materiality matrix) and internal evaluation (such as the ERM assessment).

Therefore, in order to identify the main sustainability aspects on which the Group has an impact or that can impact Sogefi's business, strategy and financial performance, defined as material aspects by the GRI, the company developed the analysis throughout 2022 divided into three main steps:

- ✓ **Benchmarking Analysis.** Starting from the ESG aspects identified in 2021 (see areas of analysis described above) a benchmarking analysis, taking into consideration peers, best practices and aspects deemed relevant by ESG assessments and standards, has been performed in 2022 in order to identify additional topics or significant variation. The benchmarking analysis led to a change in the list as follows:
  - Strategy was added to the topic "Group economic performance", to create a new topic: "Strategy & Economic performance";
  - Reformulated the "Industrial & logistics carbon footprint" topic, now "Climate Strategy";
  - Separated the "Waste" topic from "Optimization of material cycles in industrial processes", now added to the topic "Sustainable Water Management", in order to create the new topic "Sustainable Water & Waste Management";
  - Separated the topic "Diversity, equal opportunities and well-being" into "Diversity & Equal Opportunity"; and "Employees well-being, engagement & satisfaction".
  
- ✓ **Topics evaluation.** The new list of potential material topics, and their related impacts, has been evaluated both externally and internally:
  - Externally, through the submission of a Sustainability Survey addressed to a panel of key stakeholder categories. In particular, Sogefi engaged with Employees (24), Clients (4), Suppliers (12), Schools (5), Shareholders (1), and Banks (2), receiving a total of 48 responses. Stakeholders were asked to evaluate the relevance of Sogefi's business impact on ESG topics.
  - Internally, through a workshop that involved the company top management, during which the managers were asked to evaluate the proposed topics both in terms of Sogefi's impact on the topics, and on the impact that those matters can have on financial performance of the Group.The results of both evaluations have been aggregated creating a new matrix of sustainability material topics.
  
- ✓ **Acknowledge.** The final list has been discussed by the Risk Control & Sustainability Committee on December 12 2022.

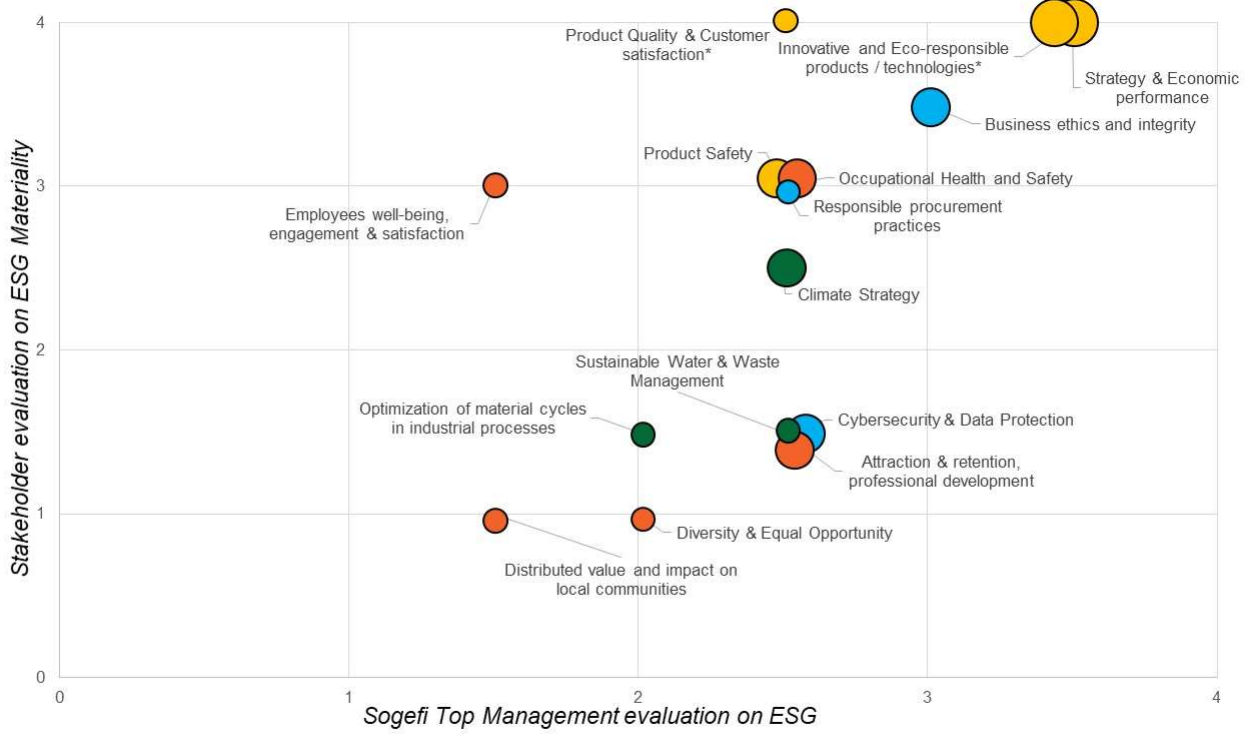




The major changes compared to the 2021 materiality matrix are listed below:

- ✓ In the face of its increasing importance, a new material topic was added: **Cybersecurity & Data Protection**;
- ✓ The importance of **Strategy & Economic performance** has increased, in the face of events that have negatively affected macroeconomic context;
- ✓ **Innovative and Eco-responsible products / technologies** has gained relevance following an enhanced collective awareness on the importance of green investments;
- ✓ **Diversity and equal opportunities** in 2022 has been considered a less impactful topic by both stakeholders and top management compared to 2021;
- ✓ **Sustainable Water & Waste Management** has gained importance in top management's evaluations, but has decreased in importance from the stakeholders' point of view;
- ✓ **Climate Strategy** (former Industrial & logistics carbon footprint) has been voted as less relevant (High instead of Very High) by both stakeholders and the top management;
- ✓ **Attraction & retention, professional development** has been voted as moderately impactful by stakeholders, decreasing in importance compared to the previous year.

### Group Materiality Matrix 2022



**Macro categories**

- Governance
- Eco-efficiency
- Business Innovation
- People

**Bubble size: financial materiality**

- Very high impact >10 ME
- High impact 5-10 ME
- Moderate impact 1-5 ME
- Minor impact <1 ME

\* The financial impact of the topics *Innovative and Eco-responsible products / technologies* and *Product Quality & Customer Satisfaction* has been re-evaluated after an additional consideration from the Top Management

The financial impacts are expressed as potential yearly impact

In addition, SOGEFI, operating in the dynamic and competitive scenario of the automotive industry, considers fundamental to develop a continuous form of dialogue and interaction with its Stakeholders, to identify emerging trends and meet their needs and expectations in the best possible way. In this regard, on top of stakeholder engagement developed for the scope of updating the materiality matrix, a synthesis of the Stakeholder categories that are relevant for the Group and the related engagement activities that are usually performed are present in the Annex.

## 4. Group strategy

### Mid-term Roadmap

The SOGEFI Group is committed to promoting and adopting a model of sustainable and inclusive development, at the same time ensuring the creation of a long-lasting shared value with its Stakeholders. The ongoing sustainability path aims to enhance the Group's long-term resilience and promote the transition to the low-carbon economy, allowing the Company to make the most of continuous market and regulations changes, as well as responding to the socio-environmental challenges that characterise its value chain.

In this perspective, the Group is road mapping the action plan to significantly reduce emissions within the next 3 years (aiming at approx -30% in 2026 vs 2021 at iso volumes and mix) focusing on internal efficiency actions to reduce energy intensity, replacing high carbon impact energy with renewable energy sources and GO Certificates and searching for industrial alternatives to reduce gas

consumption in production (leaning towards hydrogen solutions and electric switches).

The approach to sustainability adopted by SOGEFI Group is inspired by the Sustainable Development Goals (SDGs) from the United Nations.

In particular, SOGEFI focuses its sustainability approach on **10 SDGs**, to which the Company is contributing with defined ESG targets, as identified in the ESG Plan 2022-2025 and updated in 2022 for 2023-2026 horizon.

The ESG Plan, defined throughout 2021 and formally approved by the Board of Directors on January 21<sup>st</sup>, 2022, has been integrated into the financial and strategic plan of the Group and deployed in three pillars: Business Innovation, Eco-Efficiency and People.

Within Sogefi's Plan, 3 main ambitions and related goals have been defined.




## Sogefi Sustainability Roadmap


**Business Innovation:**  
 boost business innovation, with a specific focus on E-Mobility products

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- ✓ **Develop innovative and eco-responsible products and technologies**, mainly focused on E-Mobility market



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE




13 CLIMATE ACTION

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**Eco-Efficiency:**  
 minimize CO2 emissions and production-related consumptions

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- ✓ **Reduce CO2 emissions**, by improving energy efficiency, cutting energy consumption and promoting renewable energy sources
- ✓ **Minimize waste**, by limiting the use of potentially hazardous substances and promoting recycling and reusable processes
- ✓ **Adopt the best operational practices and processes** in business operations



7 AFFORDABLE AND CLEAN ENERGY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION




13 CLIMATE ACTION

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**People:**  
 support responsible business operations and generate positive contribution to local communities

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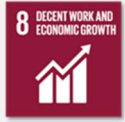
- ✓ **Value the diversity and ensure equality**, rejecting any form of discrimination and harassment.
- ✓ **Ensure a healthy and safe working environment**, minimizing OH&S risks and preventing occupational disease and incidents
- ✓ **Contribute with positive impacts on communities**, respecting local cultures and values




3 GOOD HEALTH AND WELL-BEING




5 GENDER EQUALITY




8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

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The plan consists of 13 key performance indicators and each one defines a target that the Company aims to achieve by 2025.

<b>BUSINESS INNOVATION</b>					
<b>Key Performance Indicators</b>		<b>Actual 2021</b>	<b>Actual 2022</b>	<b>Target 2025</b>	<b>Actions</b>
<b>1</b>	<b>% of sales for E-Mobility products</b> (i.e., electric / hybrid / fuel cell) <b>on total sales</b>	<b>15%</b> <i>Best estimate</i>	<b>14%</b>	<b>24%**</b>	<p><b>A&amp;C</b></p> <p>- Cooling plates and modules for E-Mobility premium models and light commercial vehicles have been marketed successfully.</p>
<b>2</b>	<b>% of orders' value for E-Mobility products</b> (i.e., electric / hybrid / fuel cell) <b>on total order intake value</b>	<b>23%</b> <i>Best estimate</i>	<b>52%</b>	<b>65%</b>	<p><b>SUSPENSION</b></p> <p>- Concluded important contracts in China for Stabilizer bars with local E-Mobility players.</p>
<b>3</b>	<b>% of R&amp;D spending on E-Mobility products</b> (i.e., electric / hybrid / fuel cell) <b>on total annual R&amp;D spending*</b>	<i>Not disclosed</i>	<b>35%</b>	<b>50%</b>	<p>- In September Sogefi presented its <b>innovations in the field of cooling plates for Electric Vehicles platforms</b> at keystone Electric Vehicles and Battery event (The Battery Show) in North America.</p>
<b>4</b>	<b>Number of new patents registered per year</b>	<b>32</b>	<b>37</b>	<b>50</b>	

\* Gross of grants received.

\*\*restated to better reflect that part of Sogefi portfolio has a different addressable market such as Heavy Duty and Precision Springs market; for A&C and Suspension car target 2025 remain 45%.

ECO-EFFICIENCY				
Key Performance Indicators	Actual 2021	Actual 2022	Target 2025	Actions
5 <b>ENERGY MIX</b> % of renewable energy used and purchased from renewable sources / total energy used and purchased	5%	8%	25%	<ul style="list-style-type: none"> <li>- Finalization of installation of <b>Solar Panel in Nules (Spain)</b> in March 2022;</li> <li>- Finalization of installation of <b>Solar Panel in Pune (India)</b> in October 2022;</li> <li>- New installation of <b>Solar Panel in Settimo (Italy)</b> planned in July 2023;</li> <li>- <b>International REC certificates in China and Brazil;</b></li> <li>- <b>Canada Hydropower provider.</b></li> </ul>
6 <b>ENERGY INTENSITY</b> Tot. energy consumed / Tot. turnover	1,502 GJ/m€ (2019)	1,345 GJ/M€ (-10% vs 2019)	-2% per year (vs 2022) ***	<ul style="list-style-type: none"> <li>- Air compressed leak reductions;</li> <li>- OXSILAN (phosphate optimization) replacement;</li> <li>- Cooling towers replacement vs chillers</li> <li>- Replacement and/or modernization of production machine with new one less energy-intensity;</li> <li>- Optimization transformer/boilers/heaters;</li> <li>- When industrially possible, switch from gas to electricity ovens.</li> </ul>
7 <b>WASTE VALORISATION:</b> % variation of valorised waste (focusing on reduction, landfill and/or hazardous waste reduction, regrind, recycled, incineration increase) / total waste	+8 b.p. (vs 2020)	+17 b.p. (vs 2020) Meaning Valorized waste = 89%	+25 b.p. (vs 2020)	<ul style="list-style-type: none"> <li>- Plant internal reuse mostly via regrinding;</li> <li>- Recycling via suppliers' agreement for selling back steel/pallets/plastic;</li> <li>- Selection of new suppliers that grant incineration with energy recovery;</li> <li>- Reduction of landfill waste.</li> </ul>
8 <b>CERTIFICATION LEVEL:</b> % of sites with environmental, quality and safety systems certified accordingly to international standards: Quality (QL): IATF 16949 Environmental (EV): ISO 14001 H&S (HS): ISO 45001	QL: 100% EV: 100% HS: 2 sites	QL: 97% EV: 100% HS: 7 sites	QL: 100% EV: 100% HS: 7 sites ****	<ul style="list-style-type: none"> <li>- At the end of June 2022, <b>SOGEFI (Suzhou) Auto parts Co., Ltd</b> became the <b>first plant of the Group to be certified in all areas:</b> Quality (IATF 16949); H&amp;S (ISO 45001); Environment (ISO 14001) and Energy (ISO 50001).</li> </ul>

\*\*\* As 2022 result is above 2025 target, we updated it realigning the starting point in 2022.

\*\*\*\*H&S certifications target increased by 2 plants vs original plan.

PEOPLE					
Key Performance Indicators		Actual 2021	Actual 2022	Target 2025	Actions
9	<b>Number of training hours per employee per year</b>	14.3h	18.8h	25h	<ul style="list-style-type: none"> <li>- WW training on information security</li> <li>- R&amp;D training related to the new needs of E-Mobility (laser welding, metrology, tool stamping, ...);</li> <li>- Fire and safety trainings;</li> <li>- Leadership programs.</li> </ul>
10	<b>GENDER EQUALITY INDEX *</b> Worldwide application and monitoring	9% <i>France only</i>	2022 rating: <b>64/100</b>	Improve vs 2022 rating	- In 2022 the assessment of Gender Equality Index has been performed throughout the whole Group on both blue collar and white collar in advance vs original target.
11	<b>PEOPLE SATISFACTION</b> Analysis of satisfaction level by conducting internal surveys	-	2022 rating: <b>64/100</b> Strongly Agree & Agree	Improve vs 2022 rating	- People satisfaction survey conducted with 79% participation rate and positive results with a rating of 64/100.
12	<b>ACCIDENT FREQUENCY RATE</b> Number of accidents for employees and supervised workers with lost time per million hours worked	3.5	2	1.3	- Accident frequency rate almost divided by 2 (from 3.5 in 2021 to 2 in 2022).
13	<b>% of sites engaged in sustainable projects for local communities</b> (i.e., Education, Sport, Solidarity, Health)	65%	100%	100%	<ul style="list-style-type: none"> <li>- The Mogi Mirim plant made donations to local institutions supporting children and teenagers development in music and theatre;</li> <li>- The Medvode plant started a cooperation with Peruna d.o.o. (a registered local company for disabled people) for packaging products;</li> <li>- The Orbey plant provided electric bicycles for students in needThe Bangalore plant supported the renovation of a school building and provided school materials to the students.</li> </ul>

\* The Gender Equality Index is mandatory, applicable in France on an annual basis, per legal entity. Based on 5 gender indicators (i.e. man/woman pay-gap, pay rise, promotion, salary trend after maternity leave and Top10 paid employees mix), a final score is then assigned to each entity.

## 2022 Health emergency

In a macroeconomic context already characterized by general slowing growth trends and significant changes in trade relations between countries (e.g., EU-UK post Brexit, US-China-Russia relations, etc.), COVID-19 and the prolonged pandemic represented a disruptive factor for the global economy. This led to a slowdown in the production of new cars. In 2022 global car market production increased by 6% compared to 2021 but is still a.8% lower than in 2019<sup>4</sup>.

In all geographical areas, volumes of production remain lower than the pre-pandemic period (i.e., Europe<sup>27</sup>, NAFTA and Mercosur respectively recorded production volumes that were 23%, 12% and 13% lower than in 2019), with the only exception of China and India which returned above 2019 levels (+7% and +21% respectively).

Sogefi considers the health and safety of its employees as the utmost priority. As prevention and protection plans are continuously implemented and updated to protect employees, a particular

attention is still paid to COVID-19 risks, with protocols still in force, in line or beyond local regulation, especially where staff must be physically present to carry out the work.

Risks associated with the coronavirus pandemic are still to be considered significant as, for instance, preventive and restrictive measures still in place in China continue to drag down the overall economy, dropping production volumes, creating additional burdens on global supply chains and bottlenecks at important ports and other logistical hubs.

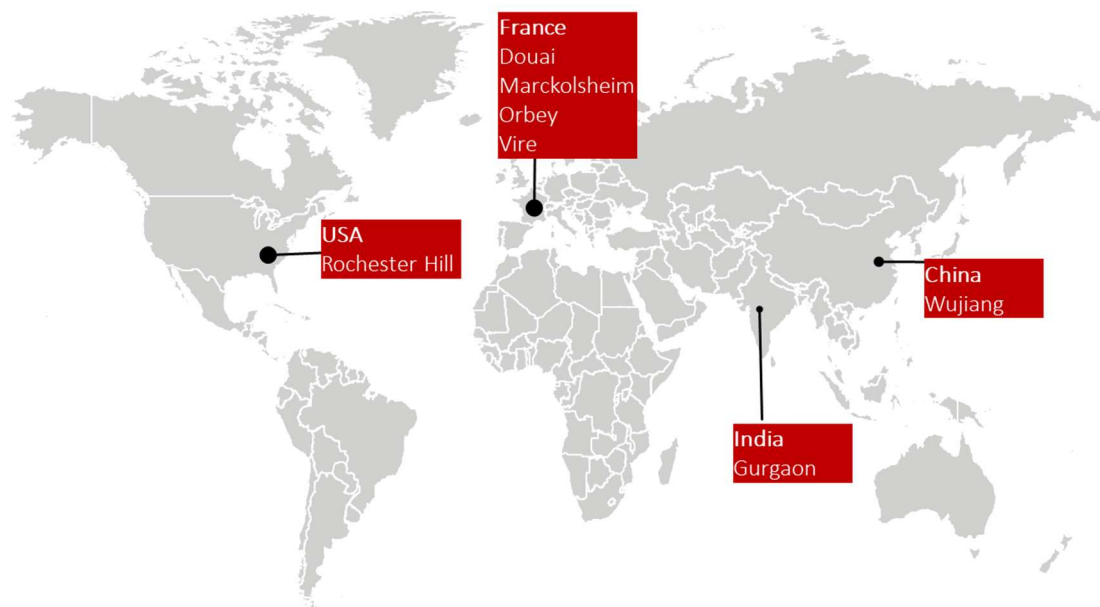
SOGEFI was able to successfully navigate through the pandemic and post pandemic successive crisis by constantly adapting its organization, business orientations and pricing models. For full details of the impacts caused by COVID-19 on the Group's risks and related financial and non-financial performance, please refer to the appropriate sections of this document and to the Group Financial Report 2022.

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<sup>4</sup> Source: S&P Global (IHS) January 2023

**Innovative and Eco-responsible products / technologies**

*Research and development*



The R&D activities are carried out in **7 R&D centres** located worldwide with **355 people** employed and an expenditure amounting to roughly 1.7% of Group revenues in 2022.

R&D training	2020	2021	2022
Training hours	2,966	3,480	6,882
Number of employees who attended the training	93	166	287

R&D training, essential to advance in innovation, has been strategic in 2022, with more than 6,8k hours provided.

In 2020 and 2021, due to the pandemic, providing training in general was a challenge and therefore the training hours dedicated to R&D dropped. However, in

line with the Group’s strategy, in order to reach Sogefi’s 2022 sustainable development objectives, deploying innovative and eco-responsible products and technologies, mainly focused on E-Mobility market has been pivotal. In this regard R&D training has been central to accumulate know-how and build on knowledge and technologies.

The Group has a Market Intelligence program focused on customer partnerships, benchmarking, follow-ups on competitors, consolidation of customer feedback, as well as mapping and market assessment for all product categories which are aimed at promptly identifying customer needs and market trends. The data received is evaluated to create product road maps whose goal is – for each product category – to highlight the impacts on car manufacturers, on engine and vehicle platforms and on SOGEFI’s products. During the development phase as well as for future projects,



these needs are then assessed in comparison with technologies already internally available.

There are also several collaborative projects with private companies, start-ups<sup>5</sup>, laboratories and research centres carried out by each business unit. The aims of these collaborations are the development of new products and the improvement of existing technologies, as well as the participation in numerous conferences and specialized events which allow for direct benchmarking with the market.

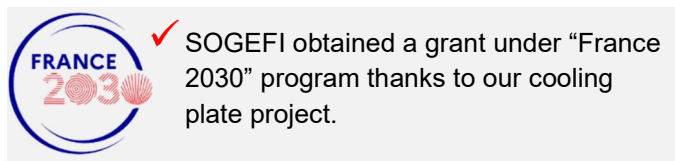
<sup>5</sup> Relations with start-ups are established through the MOVEO Network

The tables below give some examples for 2022:

Collaborations

Business Unit	Name of the entity/institution	Aim of the collaboration	Description
<b>Air &amp; Cooling</b>	Pierburg	Cooling Module	SOGEFI Group and Pierburg are working together on the development of a cooling module.
<b>Filtration</b>	FEMTO and CEA	Laboratory tests support	New tests are being carried out in cooperation with FEMTO and CEA with new conditions to evaluate fuel cell products.
<b>Suspension</b>	OXSILAN and CHEMETALL	Reduce energy consuming surface treatment process for corrosion protection	Implementation of a technology of surface treatment for stabilizer bars allowing the reduction of the environmental impact in terms of energy consumption and toxicity.

The results of the Group's R&D activities are reflected in the number of patents increased by 18% over the last three years and, not least, by the awards and recognitions received:



GROUP R&D KPIs	2020	2021	2022
Number of family patents	278	310	329
Number of R&D projects ongoing	33	157	147

In addition:

✓ SOGEFI obtained a grant from France Normandy Region thanks to our hydrogen innovation.

✓ France Orbey plant has been "labelled" by the France Alsace region for all SOGEFI A&C products.

Innovation

The development of innovative and eco-responsible products represents a strategic opportunity to confirm and improve the market positioning of the company. The automotive industry, led by the main carmakers, is strategically oriented towards the production of vehicles with alternative mobility, reduced CO<sub>2</sub> consumption and polluting emissions, as well as autonomous driving.

Therefore, the Group's R&D activities are addressed by the following key factors:

## KEY DRIVERS TO INNOVATION

- ✓ New products for BEV, PHEV & FC applications
- ✓ Develop E-Mobility products
- ✓ Reduction of CO<sub>2</sub> and pollutants emissions
- ✓ Weight reduction
- ✓ Reduction of fuel consumption on I.C. engines
- ✓ Recyclability of materials
- ✓ Performance monitoring through the addition of mechatronic components
- ✓ Cost and performance optimization, also to face the global manufacturing platforms and standardization trends
- ✓ Product quality improvements in terms of noise suppression and increasing corrosion protection

With reference to pollutant emissions, regulated by national and international bodies that define thresholds for each vehicle produced, the main factors monitored by SOGEFI are Particulate Matter (PM) and Nitrous Oxides (NO<sub>x</sub>), both associated with Diesel engines. To ensure compliance with regulatory requirements, test cycles in SOGEFI's R&D centres are designed to reproduce real driving conditions and measure actual driving levels.

Regarding material innovation, research activity is mainly focused on the use of lighter materials that allow for a reduction in weight and therefore in vehicle emissions, through revisiting product dimensions and through the replacement of steel. Furthermore, the activity is also focused on recycled materials and/or the possible recyclability of products at the end of their life.

As a highlight of Sogefi's commitment to the transition towards E-Mobility and a more sustainable approach, a new E-Mobility Tech Centre based in East of France has been developed a few minutes of German border. The facility is fully dedicated to E-Mobility developments and new products and is equipped with the biggest 3D printer in Europe.

**SOGEFI's Air & Cooling business unit**, thanks to its specific technical and production skills, has great opportunities to respond to current and future needs of the market. On the E-Mobility side, the development of thermal management and cooling systems are key areas to support our customers' transition to new engines. On the ICE side, development is mainly focused on the proposal of innovative mechatronic components that not only guarantee a significant downsizing of the main products offered, with a consequent reduction in fuel consumption, but also in an increase in combustion efficiency.

Among the main notable solutions are the development of the cooling plates and the cooling modules for thermal management applications.

Thermal Management is the key to electrification of vehicles. Indeed, the management of calories is the key to increase the driving range of EV. Our products are aiming to reduce also material and energy consumption to manufacture a product.

On product side, cooling plates is necessary to keep the battery pack at the right temperature. Cooling modules are necessary to distribute all coolant flows inside of the car.



**The Filtration business unit** presents different opportunities concerning the application of its products on new vehicles. Hybrid vehicles need oil filtration systems since they foresee different hydraulic circuits for suspension, transmission, and engine cooling. On all applications, air purity is becoming a key market expectation. In this regard, the Group has introduced several major technological innovations over the years: the most rewarded is the CABINHEPA+. CABIN HEPA+ has been elected product of the year 2022 in France.

## HEPA Filter

# CABINHEPA+



CabinHepa+ uses HEPA (High Efficiency Particulate Air) media which mechanically filters and captures 50 times more fine particles (0.3 micron) than a conventional cabin air filter. This HEPA technology is traditionally used in medical and pharmaceutical environments, clean rooms, and the aerospace industry, where a high degree of air disinfection is essential.

Sogefi's CabinHepa+ filters stop up to 99.9% of 0.3 micron particles, which makes them one of the most effective filters on the market. They are able to trap pollens, dust, debris, allergens, animal dander, mould, many other pollutants, and above all any particles the size of a virus which may enter the vehicle.

For fuel cell application, several new products like *Deionizer* or *Water Separator*, will play a part in enabling safe and low resistance in the cell's cooling circuit.

Another element of research and innovation concerns the use of plastic instead of metal components, with positive effects on energy consumption during production and therefore reducing polluting emissions.

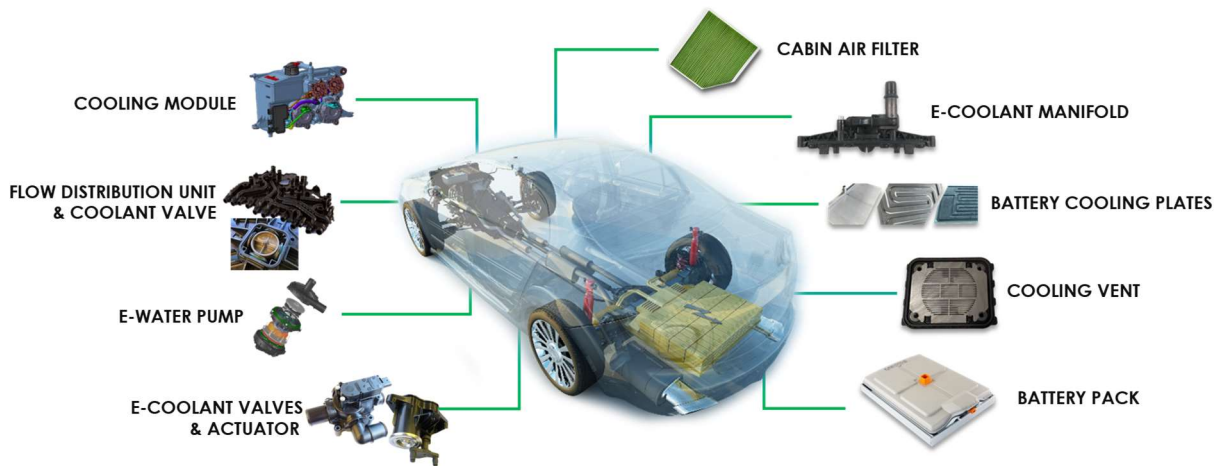
Regarding **the Suspensions business unit**, the main products trends are:

- ✓ Capability for both, springs, and bars, to **address additional weight** on the chassis of electric vehicles;
- ✓ Capability for both, springs, and bars to **gain space** to host new components for electrified or electric trains;
- ✓ **Increase comfort** expectations.

SOGEFI can supply stabilizing bars and leaf springs using tubes instead of solid bars with consequent reduction of vehicles' fuel consumption.

Other improvements have been achieved with the introduction of innovative production processes and dedicated designs, which have enabled the extensive use of lighter helical coil springs, resulting in better performance in terms of life cycle, corrosion, comfort, silent operation and driving safety. Furthermore, SOGEFI continuously works on reducing car noise through innovative noise attenuation systems. Whereas, regarding the technological trends SOGEFI is trying as well to move from hot to cold process to reduce Co2 footprint.

Here below a representative picture of main E-Mobility products offered by the Group:



## Associations

SOGEFI recognizes the strategic importance of membership by joining several automotive associations in different geographical areas where the Group is present.

Specifically, the Group actively participates in:

**CLEPA**, *European Association of Automotive Suppliers* in Belgium



Founded in 1959 and based in Brussels, CLEPA is recognized as the natural discussion partner for matters concerning automotive supplies by international organizations and fellow associations. CLEPA brings together over 100 of the world's most prominent suppliers for car parts, systems and modules and more than 20 national trade associations and European sector associations.

**FIEV**, *Fédération des Industries des Equipements pour Véhicules* in France



Created in 1910, FIEV is the French trade association for OEMs, garage equipment manufacturers and all other providers of automotive solutions. It represents and promotes the interests of the automotive industry and as the majority shareholder of the trade show *Equip Auto*, FIEV actively contributes to the co-organization of the exhibition as an international gathering for automotive aftersales and services for mobility in France.

**ANFIA**, *Associazione Nazionale Filiera Industria Automobilistica* in Italy



The Italian Association of the Automotive Industry is one of the leading Italian Trade Associations. Founded in 1912, ANFIA's mission has always been to represent the interests of its associate members and ensure effective communication between the Italian motor vehicle industries on one hand, and the Public Administration and Italian political bodies on the other, about all technical, economic, fiscal, legal, statistical and quality-related issues referred to the automotive sector.

**Pôle Véhicule du Futur** in France



Labelled competitiveness cluster since 2005, the Pôle Véhicule du Futur is an association that promotes the synergy of companies, education and research in the field of vehicles and mobility of the future.

It brings together and animates an ecosystem of more than 500 members, on the eastern quarter of the France: Bourgogne-Franche-Comté and Grand Est. Their expertise allows SOGEFI to label the innovative projects.

## 5. EU Taxonomy

The Taxonomy Regulation is a **key component of the European Commission's action plan** to redirect capital flows towards a more sustainable economy and represents an important step towards European environmental goals and the green transition, as the Taxonomy is a classification system for environmentally sustainable economic activities.

SOGEFI, as a listed and manufacturing company is required to publish the NFS as per the current law (Legislative Decree 254/2016), performed an analysis aimed at **identifying any Group activity eligible for the two environmental objectives** (i.e., climate change mitigation and climate change adaptation), reporting for each one the share of Group turnover, capital expenditure (Capex) and operating expenditure (Opex) related to the 2022 reporting period and their eligibility and/or alignment.

All such analyses have been based on SOGEFI Group management interpretation and understanding of the requirements of the applicable Taxonomy regulation (i.e., EU Regulation 852/2020 and related Delegated regulation), including the Q&A officially published by the European Commission in December 2021, February 2022, December 2022.

The evaluation of the activities and investments in line with the taxonomy regulation has been made with the support of an external advisor experts on sustainability aspects.

Indeed, as per the Annexes to the Climate Delegated Regulation, SOGEFI's activities and

products cannot be directly considered "Taxonomy eligible", since "component manufacturing could be eligible only if such products/activities are explicitly included in the description of the eligible activities".

At the present moment, Sogefi does not have any activity to be considered eligible as per objective climate change mitigation and climate change adaptation - as described in Annex I and Annex II of the Taxonomy Regulation. Therefore, for the reported period 2022 the percentage of the Group **incomes stated as eligible and aligned is 0%**.

However, regarding 2022 intangible and tangible assets (including right-of-use as per IFRS 16), investments in solar panels are eligible as per the **economic activities 7.6**. Indeed, those investments are related to:

- ✓ the installation of a solar photovoltaic technology at the Nules, Pune and Alsusa plants allowing the production of renewable energy.

These are **taxonomy eligible expenditures** related to category C 'Purchase of output from other companies'. Taxonomy-alignment could not be determined, due a general lack of information related to suppliers products.

The amount of related Capex and Opex connected to those two investments is minor, **representing 0.86% of Group Capex and 0.11% of Group Opex in 2022**.

In the Annex are reported the details and KPIs for the eligibility and alignment.

## 6. Governance

SOGEFI manages its activities according to the principles of responsible Corporate Governance, oriented to creating a sustainable value and achieving its own strategic objectives, in line with the requirements of the Italian “Codice di Corporate Governance delle società quotate” promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, to which the Company has adhered. Regarding board composition the Board of Directors of Sogefi S.p.A., at the end of reporting period 2022, consists of two members between 30-50 and seven members above 50 years old of age, and for 44% of women. For further details, please refer to the Report on Corporate Governance and Ownership Structure 2022.

### Business Ethics & Integrity

The Group is committed to adopt a business approach in line with the principles of sustainable development and in the common interest of all its current and future Stakeholders. From this point of view, SOGEFI has adopted series of policies and procedures applicable to all Group’s subsidiaries to define and transmit in a clear and transparent way the values that must inspire the organization in carrying out its activities and achieving its objectives.

The key pillar of this structure of policies and procedures is the **Code of Ethics**, compliance with which is essential for the correct functioning of the entire value chain, as well as for reliability, reputation, and image of the Group.

### The fundamental principles contained in the Code of Ethics concern:

- ✓ fairness in the conduct of business, including the prevention of conflicts of interest and corrupt practices;
- ✓ protection of human capital;
- ✓ protection of environment;
- ✓ relations with third parties, such as customers, suppliers, public administration, etc.;
- ✓ corporate governance.

Employees and all those who, for various reasons, cooperate with the companies of the Group are strongly encouraged to recognize and share the principles established by the Code of Ethics, under penalty of specific sanctions. The Code is therefore translated into the main local languages, published on the Group’s intranet page and a hard copy has been provided to all new employees and business partners before the beginning of the employment relationship / economic collaboration.

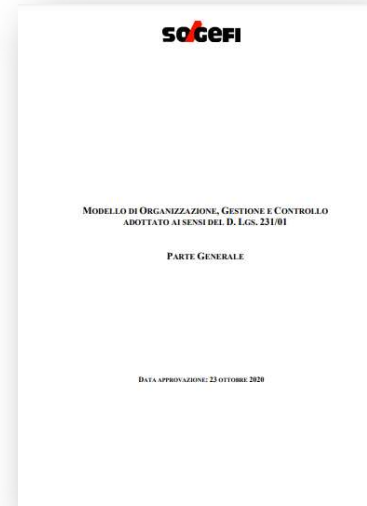
Group Policies and Procedures are available on the SOGEFI intranet page and, part of them, on the Company’s website as well.

Below are reported the main Sogefi Policies in relation to company sustainability material aspects:

**§ Model of Organization, Management and Control in accordance with the Italian Legislative Decree 231/2001** (i.e., Organizational Model): it has been adopted by the Board of Directors of Sogefi S.p.A. in 2004, with the aim of describing the management tools and possible sanctions related to the violation of the protection measures adopted by the Group in relation to the applicable crime risks. The Organizational Model is periodically checked and updated – last version issued in October 2022 -, to ensure its compliance with any regulatory change and organizational structure.

In addition, to ensure compliance with the Legislative Decree 231/2001, the Board of Directors designated a **Supervisory Body** responsible for supervising and controlling the compliance and effective implementation of the Organizational Model by the receivers, reporting any deficiency, and therefore proceeding to update it. It has also the obligation to inform the Board of Directors, to organize information and training on the Organizational Model itself.

In 2022 an e-learning training involving all the Italian subsidiaries of the Group has been completed with the aim of developing employees' awareness in relation to rules, procedures and operative instructions to adopt responsible and respectful behaviours with regard to corporate responsibility.



**§ Policy on Human Rights:** in accordance with international standards such as the United Nations Declaration on Human Rights and the International Labour Organization (ILO) Declaration on Human Rights about principles and fundamental rights of workers, it establishes the respect, throughout the value chain, for working principles and conditions which safeguard human dignity, not tolerating offensive behaviours or conducts to moral or personal beliefs. The Policy covers aspects such as: elimination of all forms of forced, compulsory and child labor, elimination of discrimination and harassment, respect of employment and occupation, freedom of association and effective recognition of the right to collective bargaining, occupational health and safety.

To confirm the high attention on the topic, in some countries, such as India, a *Sexual Harassment Committee* and an *Internal Claims Committee* have been designated. These committees, through periodic monitoring, ensure that no harassment occurs in the workplace and that all necessary preventive safety measures are taken.

**§ Policy on Occupational Health and Safety:** it highlights basic principles to be followed to eliminate hazards and prevent accidents, injuries and work-related illness linked to the working conditions of all employees and external workers in the Group's plants. In accordance with local regulations, SOGEFI is committed to provide, maintain and improve the Health and Safety through management system approach, also through the spread of a culture of accident prevention and awareness-raising, as described in detail in the proper section of this report.

**SOGEFI** GROUP

**AIM & SCOPE**

Sogefi believes that ensuring respect of the environment is an essential value with respect to its employees, customers and the community in which it operates. The Group, thus, is committed to meet the need of its customers and to create value for its stakeholders, whilst reducing its environmental impact. Furthermore, Sogefi promotes the environmental respect throughout its entire value chain.

The Policy outlines the basic principles to be followed at our plants and other sites worldwide by all the Group's employees and other individuals, confirming the Sogefi commitment to sustainable development and compliance with the relevant regulations relating to the environment.

This Policy has a worldwide validity and applies to Sogefi S.p.A., all Businesses and Legal Entities of the Group. It was effective from the date of approval with permanent validity, except if it is necessary to review or substitute that policy, to ensure its compliance with the applicable regulations and standards.

**KEY PRINCIPLES**

With the purpose to foster the environmental protection in its approach to business, Sogefi undertakes to comply with the following principles:

- Operate in full compliance with applicable local laws and any policy and procedure required by Group customers or shareholders for environmental protection.
- Implement, maintain and continually improve an Environmental Management Systems which conforms with ISO 14001 standard, regulatory requirements and any other applicable local legislation and standard, ensuring the environmental protection, minimizing any related risk and impact.
- Define and share responsibilities at different levels of business practices. Senior executives shall translate these guidelines into operational procedures and identify targets and deployment plans. Furthermore, everyone has to be aware of his/her responsibility for environmental management, and therefore has to follow all the required practices.
- Spread the culture of environmental prevention and risk awareness among employees, providing training and continuous consultations in order to stimulate and involve them to take an active part in the establishment and maintenance of the best environmental conditions, preserving natural habitats and biodiversity in areas surrounding the Group's sites.
- Ensure continuous improvement of production facilities by investing in processes and technologies that incorporate the appropriate standards aimed at minimizing the environmental risks, protecting air, water, soil and biodiversity and setting specific environmental targets of improvement, indeed:
  - Focus on energy efficiency and reduction of greenhouse gas (GHG) emissions, by cutting the energy consumption and promoting the renewable energy sources;
  - Ensure the responsible sourcing of raw materials, by minimizing the related consumption and promoting the use of renewable and recycled materials in production processes;
  - Minimize waste, by limiting the use of potentially hazardous substances and promoting the implementation of recycling and reusable processes at production facilities and over the whole supply chain;
  - Encourage efforts to reduce the impact of logistics processes, by supporting the optimization of inbound and outbound flows, the use of more sustainable transport and the use and reusable and environmental-friendly packaging;
  - Reduce water consumption, increase its reuse and recycling, ensure the use of highly efficient forms of water treatment technologies, prevent any contamination from manufacturing processes and preserve high quality level of water, particularly in water-stressed areas where it is a limited resource and its availability is critical to the surrounding environment and population.
- Promote the use of LCA (Life Cycle Assessment) tools in order to evaluate the potential impact of our processes and products throughout their lifecycle, from research and design to manufacturing and disposal - including final dismantling where applicable - reuse or recycling.
- Ensure the emergency prevention and preparedness, minimizing any environmental impact by setting out ad hoc plans that each site has to follow in accordance with the local regulations and maintaining appropriate oversight of processes and procedures to identify potential risks in advance.
- Promote the respect and compliance with all the above principles from our suppliers, dealers, contractors and business partners, contributing to an overall improvement in environmental performances throughout the whole value chain.

**SOGEFI** GROUP

**AIM & SCOPE**

Sogefi believes that ensuring a healthy and safe working environment is an essential responsibility towards its employees, and thus it is fully committed to preventing accidents and injuries as well as improving working environment and workplace conditions. This Policy outlines the basic principles to be followed at our plants and other sites worldwide by all the Group's employees and other individuals.

This Policy has a worldwide validity and applies to Sogefi S.p.A., all Businesses and Legal Entities of the Group. It was effective from the date of approval with permanent validity, except if it is necessary to review or substitute that policy, to ensure its compliance with the applicable regulations and standards.

**KEY PRINCIPLES**

With the purpose of avoiding incidents, preventing occupational disease and minimizing other OH&S related risks, Sogefi undertakes to comply with the following principles:

- Operate in full compliance with national and international laws, voluntary requirements and any policy and procedure in place in the business sector that constitute the international best practices for health and safety protection.
- Implement, maintain and continually improve an OH&S Management System which conforms with OHSAS 18001 standard or equivalent, regulatory requirements and any other applicable local legislation and standard, ensuring adequate health and safety conditions in the workplace.
- Define and share responsibilities at different levels of business practices. Senior executives shall translate these guidelines into operational procedures and identify targets and deployment plans. Furthermore, everyone has to be aware of his/her responsibility for health and safety, and therefore has to follow all the required practices.
- Spread the culture of accident prevention and risk awareness among employees, providing training and continuous consultations in order to stimulate and involve them to take an active part in the establishment and maintenance of the best OH&S conditions in all facilities.
- Provide the appropriate Personal Protective Equipment (PPE) for all employees based on working conditions, activities performed and any applicable safety standard, making sure that all employees are well trained and aware of the related safety procedures, including how to use the PPE and the related risks in case of misconduct.
- Ensure timely identification and management of risk reduction that can lead to accidents, incidents and near misses occurred in the Company's premises, by investigating their source and hence their underlying causes for, respond to, manage and escalate quickly and effectively, bringing it under control, and limiting the impact to people and business.
- Ensure the emergency preparedness, minimizing and safeguarding against impacts on people and the environment by setting out ad hoc plans that each site has to follow in accordance with the local regulations and training the employees for the timely execution of defined emergency response rules and procedures.
- Ensure organization, coordination and supervision of fire prevention and protection activities at each facility, including periodical inspection, testing and maintenance of all fire and life safety systems, definition of dedicated emergency plans for the fire control, evacuation of buildings, salvage of properties and educational programming activities.
- Minimize the use of substances that are potentially hazardous for people and environment (e.g. chemicals), promoting the use of suitable alternatives and ensuring, if any, the adoption of safe measures for related handling at production facilities, including prevention to related exposure and proper information.
- Engage with safe contractors and business partners by promoting the improvement in the OH&S policies throughout the whole Sogefi's value chain and the compliance with the principles exposed in that Policy.
- Ensure continuous improvement of production facilities by investing in processes and technologies that incorporate the appropriate health and safety standards aimed at minimizing the OH&S risks. In particular, ergonomics and machine safety are key considerations in the design and upgrading of the workplace, evaluating all possible hazards and taking any suitable measure to eliminate or reduce the identified risks.

**§ Environmental Policy:** it defines the commitment of the Group to reduce its environmental impact, promoting compliance with local and international regulations, emphasizing prevention of any pollution, as well as setting up continuous improvement schemes. The aim is to implement an adequate environmental management system with defined roles and responsibilities for meeting specific targets aiming to reduce environmental impacts and improve environmental performances. The Policy has extended fields along with actions for emissions reduction within logistic inbound and outbound flows, but also decarbonization by increasing a green energy mix ratio.

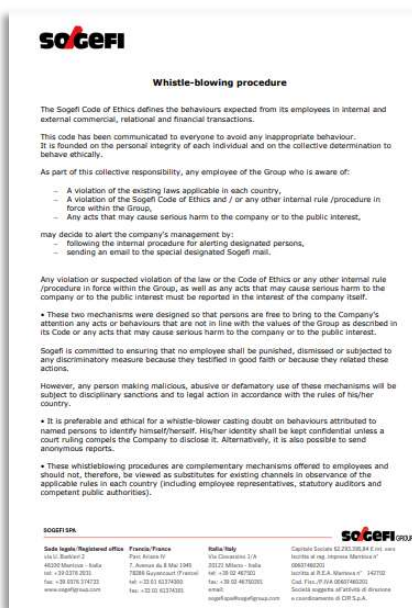
**§ Code of Business Conduct:** it applies to all business partners (i.e., suppliers, service providers, commercial partners, commercial agents, subcontractors and distributors) and define the requirements that they must comply with during business activities. In particular, the Code defines principles and requirements that must be complied within the following areas:

- ✓ **business ethics**, including anti-corruption practices, fair competition, conflicts of interest;
- ✓ **responsible sourcing** and prevention of conflict minerals;
- ✓ **respect of human rights and working conditions**, with particular reference to health and safety, office hours, benefits and respect for personal data, to the fight against forced labour, child labour and all forms of discriminations, as well as freedom of association and collective bargaining;
- ✓ **environmental responsibility**, with particular reference to the management of materials and waste, energy consumption and greenhouse gas emissions, water consumption and discharge.



**CODE OF BUSINESS CONDUCT**

Revision	Approval Date	Approver
00	11 July 2016	Group CEO - L. Hebenstreit
01	23 April 2021	Group CEO - F. Sipahi



**§ Whistleblowing Procedure** which, translated into the main local languages for an easier comprehension, defines the operating procedures so that any person (SOGEFI Group employee or external people) can report a breach or suspected breach likely to cause serious damage to the Company or the public interest. Communications are to be made to an email address specific to these topics. The process is managed by the Group Internal Audit which, as an independent body, once it has assessed the nature and relevance of the reported events, can initiate an internal audit procedure, also by integrating specific activities into the annual Audit Plan.

In this regard, in 2022 no claim related to human rights and labour practices was received through the Whistleblowing channel. Moreover, with regard of one claim reported in 2021, referring to a misconduct work action from a subsidiary’s manager who started commercial partnership with a supplier to pursue personal advantages and increasing costs for the Company, an investigation has been performed and the case has been managed and solved by central functions. No reports were received on environmental and discriminatory issues.

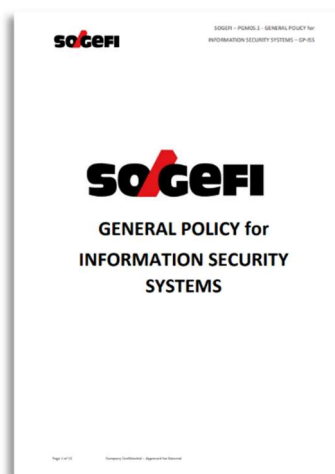
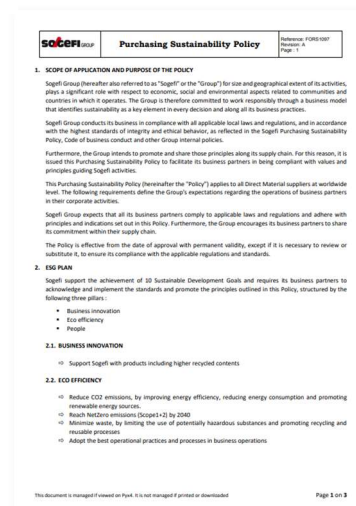


§ **Purchasing Sustainability Policy:** through this policy Sogefi commits to conduct business responsibly by incorporating sustainability into all of its decisions and operational procedures.

All Sogefi Group's business partners must abide by all applicable laws and regulations as well as the guidelines and instructions outlined in this Policy. The Group also exhorts its partners to share its commitment throughout their supply chain.

As part of its commitment to achieving the 10 Sustainable Development Goals, Sogefi expects its business partners to uphold the standards and spread the values indicated in this Policy, which is built on the following three pillars:

- ✓ **Business innovation;**
- ✓ **Eco efficiency;**
- ✓ **People.**



§ **General Policy for Information Security Systems:** its objective is to preserve the confidentiality, integrity and availability of the information assets held by the organization in relation to customers, partners and internal staff. This policy also defines the set of requirements that must be met to ensure the protection of information from possible risks of cyber-attacks.

More specifically the IT Charter defines the responsibilities of users, system administrators and the Group itself in terms of security of information and sets rules on the usage of IT aimed at protecting sensitive and personal data.

In addition, based on a specific risk assessment periodically updated by the Group CIO, the applicable risk management strategies are defined.

§ **Anti-corruption Risk Assessment:** already in 2019, the Group, in line with the main anti-corruption regulations such as EU Decree 254/2016, and Italian Legislative Decree 231/2001 and the French SAPIN II law, launched a project dedicated to the fight against corruption and the strengthening of the internal control system aimed at preventing possible cases of corruption. In 2021, SOGEFI, through its Legal Department and the involvement of the key managers of the Group, continued the development of the project that, starting from the results of the previous risks analysis, is aimed at defining a suitable *governance* model, developing a global communication and training plan dedicated to the topic of anti-corruption, and proceeding, where possible, to the revision and the update of the policies and procedures of the Group related to such topic. The project is ongoing, and it is expected to be further developed in 2023.

During 2021, the main Group's Policies have been revised and updated to guarantee compliance to the most recent standards in terms of ethics and integrity. The documents in their most recent and update version, have been translated into the main local languages to ensure full comprehension in the

organization, published on the Group intranet page.

In 2022, no incidents of corruption have been reported, nor has the Company been involved in litigation in regards of corruption. Furthermore, there has not been any investigation by competent

public authorities that identified exposures to the Group.

With the aim of promoting the dissemination of the aforementioned policies and procedures, early in 2023 a comprehensive training plan aimed at strengthening the organization's awareness of key ethical and integrity values will be launched by the Human Resources department, with the support of the Strategy & Sustainability Director.

Lastly, starting in 2019, the Internal Audit function regularly carries out on the subsidiaries subject to

### Approach to taxation

The SOGEFI Group has developed a fiscal strategy aimed at ensuring that all companies are fully compliant with existing tax obligations - i.e., declaratory and fiscal fulfilments - in all the jurisdictions in which the Group operates.

Through this strategy the Group commits to:

- ✓ **comply with all primary and secondary laws**, with monitoring obligations and tax disclosure in the countries in which it operates, as well as all international regulations and OECD Guidelines;
- ✓ **adopt tax policies** exclusively related to commercial and/or business transactions carried out by the Group itself;
- ✓ **apply professional diligence** in the management of tax-related issues, ensuring an appropriate governance procedure.

To this end, the Group periodically monitors regulatory and jurisprudential evolutions of tax systems.

The governance process and the fiscal strategy, which serve as a support for the management of tax-related risks, are defined and monitored by the Group CFO, under the coordination and supervision of the Board of Directors. The operational management of fiscal issues, as well as the compliance with tax regulations, is instead entrusted to the local CFOs, under the coordination and supervision of the Group Tax Manager, appointed by the Group CFO itself.

The fiscal strategy is developed according to the Group's business strategy, therefore the corporate structure adopted, and the type of transactions carried out are the result of corporate and business decisions and are not taken for fiscal purposes. In

the audits envisaged in the annual Audit Plan, an intervention on the sustainability topics reported in the Group's Non-Financial Statement, to assess the effective implementation of the policies and procedures, as well as the adopted high-level controls. The activity is carried out through the use of an Entity-level Checklist, prepared in agreement with the Strategy & Sustainability Director taking into account the adequacy of existing local practices and their compliance with Group standards.

commercial transactions, SOGEFI benefits from tax incentives and exemptions, in line with the rationale of the tax legislation applicable from time to time. SOGEFI does not undertake tax planning strategies that are not correlated to its commercial transactions.

**Within the SOGEFI Group there are also transactions of goods and services** between entities belonging to different fiscal regimes, which are regulated by transfer price mechanisms drawn up and validated by the Group CFO, but which:

- ✓ in case of chargebacks of staff and services (management fees), they are limited and based on cost and a minimum mark-up;
- ✓ in case of sale of goods (especially for Aftermarket activities), which derive from the requests of final customers to engage with local counterparties to which the Group's production companies transfer goods, the transaction takes place on the basis of the increased cost of a mark-up and by no means is aimed at transferring profits to more cost-effective tax regimes.

With regard to the management of tax-related risks to which the Group is potentially exposed, given the size of the business and the correspondent size of tax obligations, **SOGEFI adopts a proactive process of identification, evaluation, treatment and monitoring of any critical issue**, in order to minimize the effects. This approach is in line with the Group policy to prevent any level of risk.

In this regard, the defined rules provide that, where the tax legislation is not clear or subject to interpretation, the Group shall adopt the interpretation considered most probable in light of

the ratio of the legislation in force. In cases of significant uncertainty or complexity in relation to a tax issue, the Group may decide to avail itself of external advisors. SOGEFI's goal is to have professional and constructive relations and to maintain information transparency with tax authorities, acknowledging that early risk resolution is in the best interest of both the Group and tax authorities, in a spirit of cooperative compliance.

Any situation of obvious anomaly or critical issue resulting from audits and assessment of taxation and duties - evaluated according to the professional diligence required in such cases - which may represent a risk of wrongdoing, is promptly reported avoiding any delay, by the Group CFO to the Legal Manager and the Board of Directors in order to obtain adequate assistance.

Any interested stakeholder may also report critical issues, unethical or illegal behaviour, or any activity that could compromise the integrity of the organization in relation to taxes, using the Group's whistleblowing channel - for any details please refer to the "Business Ethics and Integrity" section of this document.

Finally, it should be noted that for tax disclosure there is no assurance process, and the Group is not part of representative associations or committees performing advocacy activities related to tax matters.

In the Annex it is reported the details of the taxes paid within those jurisdictions in which the Group operates.

## Product Quality & Customer satisfaction

Product reliability and customer satisfaction are part of SOGEFI DNA.

Reliability means putting on the market safe products that guarantee compliance with the highest standards of the automotive industry.

In particular, the Group applies the main national and international technical reference standards, in order to ensure the alignment of its production processes with the best practices in the industry and guarantee the production of excellent products.

### *SOGEFI quality management system*

SOGEFI has adopted **Quality-Safety-Health-Environmental Policies** since years that define the guiding principles and objectives that each Business Unit must pursue, ensuring high operational standards including:

- ✓ the analysis of potential risks and the implementation of appropriate control systems;
- ✓ the continuous performance improvement in terms of quality, environment, health and safety at work, through a process of analysis of lessons learned;
- ✓ the compliance with current and future customer wishes, as well as emerging expectations from other stakeholders;
- ✓ The compliance with the regulations in force.

As part of the risk analysis, SOGEFI conducts a **risk assessment** according to the Failure Mode Effects Analysis (FMEA) industry standard, which

identifies and evaluates the potential risks related to design and process; as well an assessment of the product and production, and the impacts that the project itself could determine on quality, environment and health and safety is conducted. The analysis covers the production life.

Performance monitoring is pursued thanks to the continued execution of the operational excellence system launched in 2017.

Through a set of specific KPIs, it analyzes and monitors the Group's overall quality performances and customer satisfaction, activating an escalation process where necessary.

The objectives for the different plants are defined for each KPI every year.

The KPIs are collected and reviewed on a monthly basis and the main results are discussed during

monthly meetings between the plants and the top management where the key function participates (e.g., Operations, Human Resources, Sales,

Quality, Research and Development, Purchasing, etc.).

**The two main quality indicators monitored by the business units are:**

<b>Customer Claim Rate (CCR)</b>	Counts claims received from customers OEM/OES
<b>Scrap of Total Product Sales</b>	Counts discarded products, parts or components, classified by type of non-compliance at every stage of the production process

Excluding specific events, quality performances achieved by the Group are the result of a consolidated process of non-compliance management, the Quick Response Quality Control (QRQC), aimed at providing tools and logical thinking to:

- ✓ increase responsiveness in the management of customers complaint;
- ✓ identify and effectively implement preventive and corrective actions;
- ✓ share internally the best practices and lessons learned;
- ✓ increase the involvement of top management.

Through an internal audit activity, the process involves the analysis of the main causes and the subsequent definition of the preventive and corrective actions to be implemented. Their effectiveness is assessed during the following year through internal audits, to minimize the risk that the same event will occur again.

Regarding customer satisfaction, in line with automotive practices, **specific monitoring activities take place through the customer portals** - mainly OEM. They provide a monthly scorecard with the performance evaluation of the service and products supplied by each plant. The scorecard monitors industrial performance (i.e., quality, purchasing, logistics and responsiveness) and additional elements about product development and available certifications. These results are then shared internally with Quality Directors as part of a monthly quality report. Any red alert is the subject of a corrective action plan shared with the customer.

Some customers conduct regular meetings with management during which direct satisfaction feedback is provided.

The IATF 16949:2016 (and ISO 9001:2015 for IAM) certifications confirm the validity and effectiveness of the Group's quality management system above described. It is an international standard for automotive industry oriented to continuous improvement, prevention of risks and non-conformities, reduction of waste and variations in the different phases of design, development, and production. **In 2022, 97% of Group's plants have an IATF 16949:2016 certified quality management system.**

Prichard temporary certificate withdrawal was acted on Dec 23, 2022, with official communication from the auditor to SOGEFI on Jan 3, 2023, following a special audit occurred on Dec 6, 2022. This has in the short term no impact on current operational activities and deliveries to OEMs. However, Prichard will resubmit as soon as possible a request for IATF recertification.

For this purpose, a local Team, supported by Montreal and Orbey teams, has immediately launched a global and robust action plan.

In addition, to ensure compliance with local regulations in countries where the product is developed and marketed, in line with the main requirements of European Directive 2000/53/EC, REACH Regulation 1907/2006/EC Annex XIV, Art. 33, regulation on conflict minerals (CFSI) and customer-specific requirements, SOGEFI developed a supplier portal to track the chemical composition of products.

## Product Safety

All the Business Units have arranged testing processes at the end of line for guaranteeing product safety.

In 2022, **no cases of non-compliance regarding health and safety of products were recorded.**

## Cybersecurity & Data Protection

In 2021 SOGEFI implemented an Information Security Management System (ISMS) to set the appropriate human and technical resources and to ensure the hardware and software security of the information and communication system. The IT department is responsible for implementing and monitoring the proper functioning of the IT system, while the user is responsible for the resources entrusted to him within the framework of the exercise of his functions. In order to implement the ISMS a General Information Security Policy, IT Charter and a related training program has been organized in order to inform employees on Information Security practices.

SOGEFI introduced some important innovations in the IT field. These include:

- ✓ the implementation of new VPN solution "Always On" to offer a better comfort for the users and more secure way to work remotely;
- ✓ the activation to all users of the encryption and labelling to all mails and documents to increase level of security;
- ✓ implementation at global level of a two-factor authentication system to increase their level of protection;
- ✓ implementation at global level of computer disk encryption, with Bitlocker on all laptops to increase the level of protection.

It should be noted that in 2022 there were **no substantiated complaints concerning breaches of customer privacy and losses of customer data and no major cyber security incidents.**



In 2022 **>90% of industrial sites and 2 commercial sites have obtained the TISAX certification.** TISAX (Trusted Information Security Assessment eXchange) is an information security assessment approach based on a maturity model and geared explicitly to the needs of the automotive industry.

The goal of the standard is to define a common level of security for the automotive sector (the model is based on VDA-ISA), ensure comparability and quality of assessments and to share best practices and lessons learned.

## Responsible procurement practices

The Group recognizes the importance of collaborating with suppliers who respect high quality standards, who comply with existing environmental and safety regulations and ensure the observance of ethical, social and governance principles. For this reason, in 2022 a Group Purchasing Sustainability Policy was developed, and a roadmap of actions aimed at re-organizing the Purchasing function was put in place.

In line with the Group's purchasing procedures, formalized in the *Supplier Manual* adopted by each business unit, the process of selecting suppliers and the subsequent definition of the purchasing conditions is based on an objective assessment of the individual characteristics: quality, price, economic, performance, contractual and sustainability aspects. Specifically, SOGEFI implemented a supplier assessment process focused on processes, procedures and systems in place.

Indeed, the phases of supplier's evaluation are structured as follows:

- ✓ at an initial stage, the Purchasing Function, compiles the *Supplier General Information Survey*, a questionnaire in which the general company data of the supplier are requested;
  - ✓ subsequently, through the compilation of the *Supplier Initial Assessment Checklist*, more technical and detailed information are requested from the supplier, including the presence of the ISO 14001:2015 environmental certification, representing discriminating elements for the selection phase;
  - ✓ Finally, once the supplier has been internally accredited, the Purchasing Function sends the Group's Code of Business Conduct and SOGEFI's General Purchasing Terms and Conditions, which respectively define ethical and good conduct principles to be observed by each supplier during the cooperation, as well as the contractual conditions applicable to the relationship.
- ✓ Recycled material usage (use of "Recycled" plastic resin and reground material, reintroduction and recycling of scraps, usage of 100% recycled packaging etc.);
  - ✓ Carbon impact reduction (use of renewable energy sources, proximity to Sogefi's plants, optimized truck filling etc.);
  - ✓ Environmental impact reduction (water reduction consumption initiatives, possession of ISO14001 certification, Life Cycle Assessment tools etc.).

In 2022, an additional step of Supplier Initial Assessment was defined and will be implemented in 2023. The new step will introduce additional sustainability criteria which will be developed based on market trend related to the type of commodity supplied, in order to create a "Green and Sustainable" supplier base. In particular, the supplier evaluation process will integrate new sustainability requirements, based on the following key points:

The supply chain management, already complex in its nature, is subject of higher attention during extraordinary events such as the pandemic that characterized last three years. In fact, the uncertainty and economic difficulties generated by the health emergency have put a strain on the sustainability of the supply chain, sometimes leading to interruptions, even though partial and/or temporary, as well as impacts on the quality of the materials supplied. Companies like SOGEFI have therefore been forced to review and adapt their supplier portfolio in line with current needs. In particular, the Group has strengthened the process of selecting and monitoring suppliers, in order to ensure a timely assessment of both financial solidity and adherence to adequate quality standards, and identify, where possible, alternative suppliers for the most critical raw materials / components to reduce the possible risk of being dependent on few of them.

## MONITORING OF HAZARDOUS SUBSTANCES

The Group monitors the use of hazardous substances along the whole supply chain through three activities:

- ✓ Recording the material data of all components used by the Group into the *International Material Data System* (IMDS), developed by the major car manufacturers to help keeping track of the chemical composition of the products and to support the automotive industry to monitor the material used in the supply chain and prevent the use of hazardous and banned materials. This tool was adopted after entry into force of the EU Directive End of Life Vehicle (ELV);
- ✓ Tracking of substances used in product manufacturing and those required for the functioning of facilities and ensuring the safety of its operations, in compliance with the REACH European Regulation (Registration, Evaluation, Authorisation and restriction of Chemicals), aimed at increasing knowledge on the properties of chemical substances manufactured or marketed in the Europe, in order to contain the related risks and, when necessary, restrict or ban their use;
- ✓ Tracking of components used for automotive products through the *China Automotive Material Data System* (CAMDS), developed in the same country. This platform was introduced to meet product recycling and reuse requirements in China.

Starting in 2022 a Supplier Portal has been put in place with the aim of managing certifications and contracts for all Direct Material suppliers in Sogefi Group panel and verify the implementation of processes in line with Sogefi's sustainability requirements.

During 2022, SOGEFI began new partnerships with 28 suppliers, on a global portfolio of almost 1,300 for the direct purchases<sup>6</sup>. As part of the new supplier accreditation process, all 28 new accredited suppliers received and signed the SOGEFI's Code of Business Conduct and 75% of them resulted ISO 14001:2015 certified.

Moreover, in order to fight the extraction of minerals from conflict zones, suppliers that use Conflict Minerals (tin, tungsten, tantalum and gold) are required to draw up and sign the *Declaration on Conflict Minerals* and to complete the *Conflict Minerals Reporting Template* (CMRT), taking into account the related list of raw materials, components and assemblies used. These documents are then shared with the respective carmakers.

Another element affecting the suppliers' evaluation is their geographical location. In order to strengthen the bond with the territory and support the local economy, SOGEFI is committed, where possible and in accordance with customers' requirements, to give priority to local suppliers<sup>7</sup>.

The following graphs report the average of regional purchases among local suppliers, meaning suppliers operating in the same Country in which the Group subsidiary operates. For example, in A&C the average of local purchase in North America region is around 21% while, the actual local purchase in each country is of 48% in the USA, 2% in Canada and 48% in Mexico. Moreover, in Asia and South America there are strong local for local polices, with 80% of provisions coming from local suppliers to the country.

<sup>6</sup> Examples of such suppliers include: consultants, contractors, distributors, licensees, independent contractors, primary producers, subcontractors, wholesalers.

<sup>7</sup> Local suppliers: suppliers of materials and goods based in the same country of Sogefi's controlled legal entity activities.

**Percentages of products and services purchased locally<sup>8</sup>**



<sup>8</sup> Filtration South America out of the scope from 2021

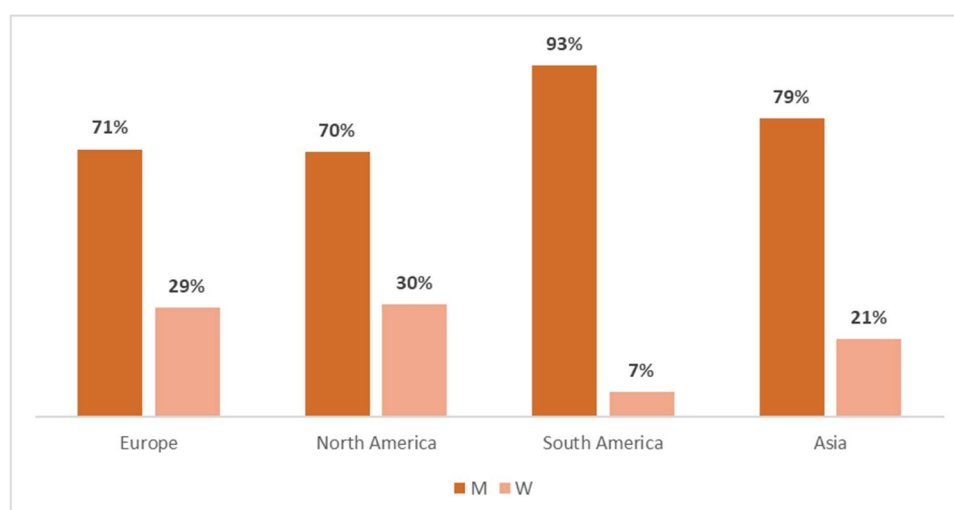


## 7. People and Community

Sogefi, as an international company with plants and business in around 18 countries, presents a population of approximately 5,400 employees worldwide as of December 31<sup>st</sup>, 2022. The total workforce, including supervised workers, slightly increases by 0.5 % ca. compared to 2021 essentially in the category of blue collars direct. In 2022, Sogefi has not resorted to non-guaranteed hours employees. For more details on Group employees composition please refer to the Annex.

Aware that each region has its own business codes, SOGEFI has taken care to integrate the different cultures, experiences, habits and languages in the 18 countries where it operates, which today represents an intrinsic value for the organisation and its way of working. The workforce, although predominantly European (61% - 10 countries), is also distributed between Asia (15% - China and India), North America (17% - USA, Mexico and Canada) and South America (7% - Brazil and Argentina).

Group employees by region and gender in 2022



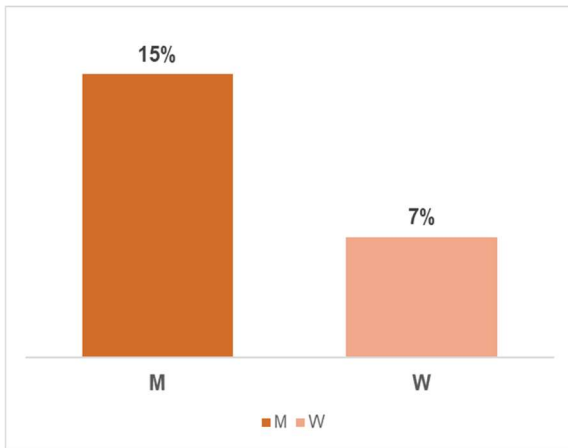
In order to promote stable employment and long-term relationships, a high percentage of the Group's employees have permanent employment contracts (92%) and are paid above the legal minimum in each country where we operate. Moreover, in compliance with the labour regulations in force in the countries where the Group operates, approximately 75% of employees are covered overall by a collective bargaining system. This percentage obviously varies per geographical areas, mainly for reasons related to local history and trade-union tradition. Consistently with national collective labor contracts and local regulations in force, also the notice period guaranteed by SOGEFI to the employee varies according to the geographical area and professional category to which the employee belongs.

### Attraction & retention, professional development

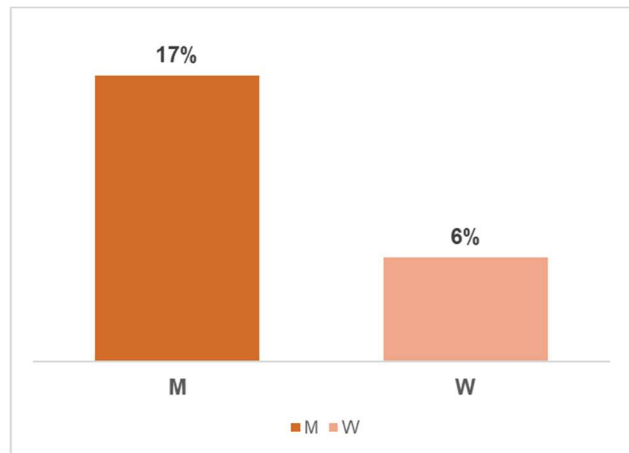
In the competitive automotive market, SOGEFI has constantly been committed to supporting the retention of key resources and maintaining high attractiveness of the Group as an employer.

Against an overall outbound in 2022 of about 23.5% - consisting of around 13% of voluntary resignation rate, 5% of other departures (mainly retirement) and a remaining part due to plant closure occurred in the period, the Company registered an overall incoming turnover rate of 22% - of which 15% men and 7% women.

Incoming turnover by gender (2022)



Outbound turnover by gender (2022)



*Training*

The Human Resources Department, through the information system “Icare – myHR”, **centrally monitors and manages the key skills of its employees** who are asked periodically to update their profile.

In addition to that, in order to develop and strengthen their managerial and technical skills, the Group organises **periodic training activities**.

After the pandemic period, which had seen a decrease in the number of trainings, the year 2022 was marked by an increase of 30% of trainings activities in order to reach 101,300 hours of training which represents an average of 18.8 training hours per person.

**Trainings are delivered to all categories of employees**, with a multidisciplinary offer, for example technical courses organized on manual handling and forklifts, on fire safety and chemical spills, and also managerial courses on leadership management, negotiation skills and teamwork.

Our training offer has also been reviewed to adapt to the evolution of our product strategy. In that respect the ambition to become a key player in E-Mobility has led us to create training programs dedicated to new tools and techniques of clean mobility.

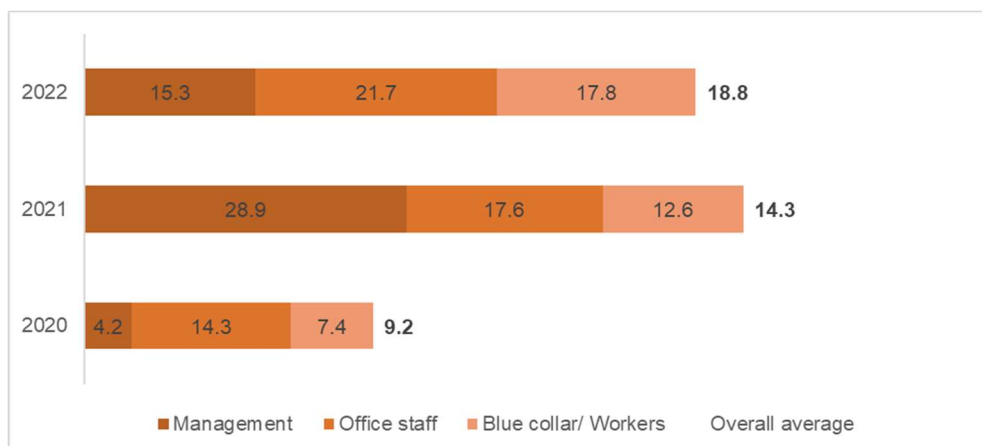
To support SOGEFI’s employees awareness on IT security system, specific e-learning training has been deployed during the year.

Last but not least, there were also courses dedicated to the improvement of language skills (i.e. English, French, German, other languages) to facilitate the communication all around the world and increase synergies between teams.

The training methods have also evolved towards a mix between face-to-face and distance learning supported by e-learning. Trainings can be promoted centrally by the Group Human Resources Department, but at a local level as well to take into account regional needs, both individual and collective.

Among the most significant training initiatives at Group level in 2022 SOGEFI developed a training plan on the Group’s E-learning platform covering IT and data security topics, in order to improve employees’ awareness and digital behaviours. The training started on September 2021 and by June 2022 all employees received a security training.

During the Annual Performance and Development Review (APDR), the employee can also be an actor in his training plan by proposing to his manager his skills development plan for the coming year.

Average of training hours by employee category<sup>9</sup>

### Performance Review

Assessing the performance of individual employees on common company goals can contribute to their personal development, support personal skills and talent management. In this regard, a structured performance review system has been implemented throughout the Group for managers and employees through the *Icare - myHR* information system and, locally, for blue collars direct at each plant. These evaluations include a self-assessment by the employee, an assessment by the employee's immediate supervisor, and may also involve the Human Resources Department.

All employees benefit yearly (or in case of every two years blue collars direct) of a regular Annual Performance and Development Review (APDR), which structure and process are defined centrally in agreement with the Group Human Resources Department, ensuring uniformity in all countries. Evaluations are web-based.

The APDR cycle of meetings takes place between December and February and is aimed at gathering overall feedback on the employee's performance,

during the past year, as well as information about work-life balance, willingness to mobility. Employee and Manager defining then together, in line with the corporate priorities, the objectives for the next year and, if relevant, trainings and/or skills development plan.

In 2022, 100% of white collars and blue collars indirect (working around production lines) included in the annual HR process cycle, took part in the APDR with their own manager.

For blue collars direct (working on production lines with direct contact with the product), each plant manages the performance evaluation in accordance with legal requirements and country-specific indications. For example, in France, all blue collars direct benefit from performance interview and a professional interview every two years based on career development opportunities (e.g. internal mobility, integration to a new position or new department, professional projects, etc.). In 2022, 47% of direct blue collar worldwide have benefited from an Annual Performance and Development Review.

<sup>9</sup> Training hours include also training on the job.

### Diversity & Equal Opportunity

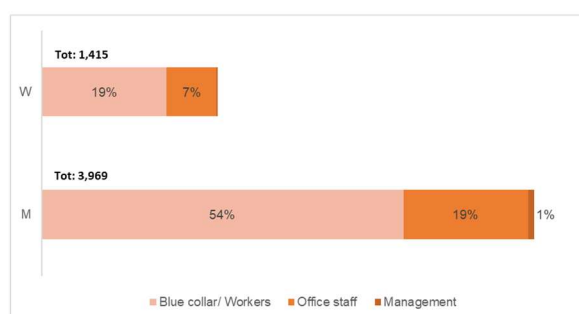
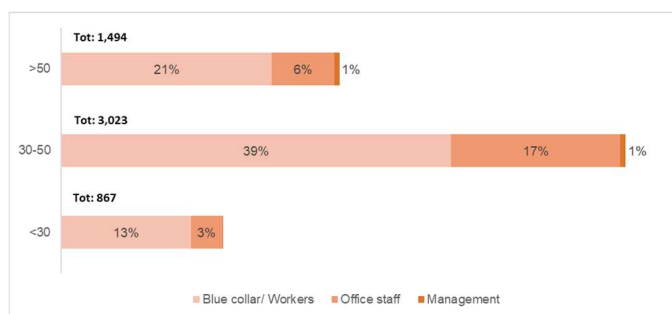
As formally defined in the Group’s Code of Ethics, SOGEFI is constantly committed for establishing and guaranteeing working relationships with its employees based on respect for fundamental rights, in an environment that is favourable, fair and open to diversity where everyone can express their full potential.

SOGEFI etich approach starts from the hiring process giving the opportunity to apply to all people without any discrimination related to age, sex, sexual orientation, gender identity, disability, state of health, social origin, etc.

Out of a workforce of around 5,400 employees, 56% of the workforce have an average age between 30 and 50. Young people under 30 representing 16%, occupy mainly blue-collar (13%) and office staff (3%).

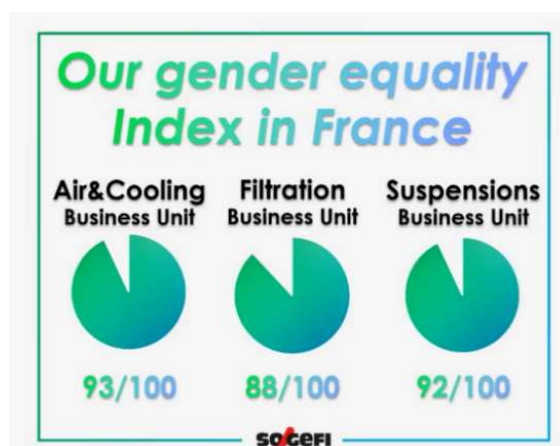
In this context, as of December 31<sup>st</sup>, 2022, men account for 74% of the total workforce, while women account for 26%. The female gender is represented mostly by women of an average age between 30 to 50 years old with a blue collar position. This gender distribution is on average stable over the years and reflects the typical features of the automotive and manufacturing industry.

Employees composition 2022 (%)



On top, SOGEFI evaluates the performance in guaranteeing gender equality of its French plants, using an index relating professional equality between women and men defined by the French Government and composed by the following five criteria that assess the level of gender equalities within companies:

- ✓ **The average pays between women and men** (up to 40 points)
- ✓ **The individual annual salary increases between women and men** (up to 20 points)
- ✓ **The internal promotions between women and men** (up to 15 points)
- ✓ **The women’s pay rises after maternity leave** (up to 15 points)
- ✓ **The number of women among the ten highest salaries of the Company** (up to 10 points)



At the beginning of 2022, Sogefi decided to extend the use of this index to all its sites worldwide in order to identify possible action plans to be implemented locally in order to improve gender equality levels.

The results have shown that the A&C Romanian plant of Titesti scored the highest index (98 points), followed by Prichard (88 points) and Montreal (85 points).

In order to improve the monitoring and to continue promoting gender equality levels all around the world, **this index will be re-assessed each year.**

SOGEFI is committed to using the results of this index to reduce the gender gaps.

For the first time, during 2022, the Group assessed the total compensation ratio: the rate between Group CEO compensation and the median compensation of all SOGEFI employees giving a rate<sup>10</sup> of 25.

The median percentage compensation increase (2022 vs 2021) for all SOGEFI employees is equal to +4% vs a flat compensation of Group CEO.

### Employees well-being, engagement & satisfaction

The Group periodically monitors people's satisfaction through surveys that collect employees' opinion. The participation rate at the 2022 survey at group level was 79% with an average of 64% of the SOGEFI Group's employees votes being "agree" or "strongly agree" with the issues addressed: agility/innovation, confidence, employee experience, engagement, immediate manager effectiveness, performance enablement, safety, sustainability, senior leader effectiveness and strategic focus.

The analysis of these 2022 outcomes, has led us to define a more detailed roadmap for coming years taking into account internal expectations:

- ✓ Clarify the company's strategic vision to our employees;
- ✓ Improve the feeling of consideration of the plant manager and/or the BU towards his employees;
- ✓ Strengthening tools and material resources;
- ✓ Improve the recommendation of the company as a "good place" to work by our employees.

The promotion of a positive working environment where employees can demonstrate their skills and which contributes to the creation of a medium-long

term value is also achieved through a series of benefits offered by SOGEFI, defined on the basis of local needs, aimed at balancing the personal and professional life of employees and therefore promoting well-being not only in the workplace but also in their families. These include, for example:

- ✓ pre-retirement programmes that include the gradual reduction of weekly working hours for the blue collar direct that are interested in them (i.e adopted in Canada since 2019);
- ✓ life insurance programmes, health care, disability and invalidity cover, parental leave and supplementary social security system compared to the statutory provisions (i.e adopted in Charmes, France).

<sup>10</sup> CEO and workforce compensations were calculated including the basic salary, the theoretical MBO and excluding for the time being Stock Options and Other indemnities as in current circumstances are not material neither for the CEO (6% of his compensation) neither for the workforce. Regarding workforce remuneration, full-time equivalent (FTE) pay rates were used to calculate each part-time employee remuneration. Moreover, GRI 2-21 was calculated considering that if people enter over 2022, the 2021 remuneration was equal to 2022.

## Occupational health and safety

SOGEFI pays as first priority the protection of the health and safety of its employees through the raising awareness about professional risks and promoting responsible behaviour, as well as through the continuous monitoring of injuries and critical issues arise from the production activity.

As the COVID-19 pandemic is still active, the Group has maintained protective measures for all our employees, adapting the system when necessary and beyond local regulations.

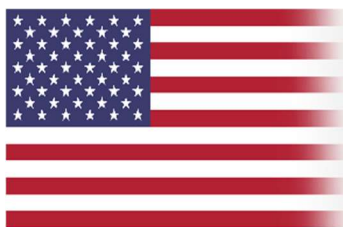
Regarding general health and safety aspects, the Group has implemented initiatives at local level, to facilitate employees' access to health services, such as family medical care, supplementary insurance and occupational medicine services, through the presence of clinics that guarantee regular visits and daily care.

### *Health and Safety Committees*

Most of the plants have established an Health and Safety Committee to assess workers' behaviour concerning safety and perform regular audits. Depending on the plant, these committees can be composed by production staff, maintenance and/or safety officers, workers representatives, union delegates or a combination of all. These committees meet on a regularly basis to discuss issues related to health and safety within the plant.

The Committees are integrated into the Health and Safety management system and help to promote a positive culture of health and safety at local level, contributing to the direct involvement of all employees in the improvement of related practices.

## **2022 Main Initiatives**



### **Rochester plant**

in partnership with local health institutions, smoking cessation assistance is offered to employees.



### **Spanish plants**

took advantage of HSE training to add a first aid training as well to some of their employees. They were introduced to first aid gestures, cardiac massages and the use of the semi-automatic defibrillator.



### **Oradea plant**

has launched a free flu vaccination campaign at for all employees who wish to be vaccinated.

*Health and safety management system*

The Group approved an ad hoc policy on Health and Safety, which sets out the principles that all Group operations should observe to define their Health & Safety management system. Through this Policy, reviewed and updated in 2021, SOGEFI commits to spreading the culture of accident prevention and awareness on potential risks related to the business activities at different levels.

At organizational level, based on the plant size, available technologies and local requirements, the plant can designate a **dedicated HSE Manager** who hierarchically reports to the Plant Manager.

In addition, the Group has defined specific mechanisms to minimize risks at an early stage by assessing the potential exposure of each operation and activity and then defining the priorities to be addressed. The local management maintains full autonomy to be proactive to the specific needs of their plant while reporting their H&S action plan to the Group. In every area of the plant, a dedicated team is established to monitor the defined actions and evaluate maturity level of the system with the support of an audit checklist. Indeed, through that system, the local management analyses the work premises and the adequacy of existing controls in terms of safety, to evaluate any processes improvements.

This system allows the continuous improvement of the H&S in order to quickly deal with non-conformities, define corrective and preventive actions that can be disseminated if necessary to other sites of the group.

Moreover, workshops to disseminate standards and specific trainings to clearly explain how to perform each operation are spread within the Group with the aim to minimize the risks at each stage of production process.

Finally, the Group Human Resources Direction, based on the KPIs collected locally, produces a monthly report on work accidents; this is presented

and commented every month at the Executive Committee<sup>11</sup> in order to evaluate the timely activation of countermeasures, if any.

Plants regularly communicate as well on the number of days without accidents at work and a Group communication is spread over the organization to congratulate local teams and encourage good practices.

The **ISO 45001:2018 certification** (Occupational Health and Safety Assessment) attests the management, control and improvement of the occupational health and safety performances within the Group. As of December 2022, **21% Group's plants have a certified health and safety management system** and a specific roadmap has been defined to increase the number of certified Group plants each year.

As a result of the continuous improving path that Sogefi has decided to undertake in terms of sustainability, **SOGEFI (Suzhou) Auto Parts Co., Ltd. in China has completed the process of certification against ISO 14001 Environmental Management System, ISO 45001 – H&S Management System and ISO 50001 Energy Management System, marking the first plant of the Group to be certified in all three areas on top of traditional Quality certification.**

With Hagen and Witten in Germany, we have 3 ISO 50001 certified plants.

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<sup>11</sup> The Executive Committee is composed by the key senior management.

### Training

A Safety Guide which identifies and **promotes 10 basics behaviours/rules** that employees should follow to avoid health and safety accidents within the plans is shared as well with all plant's visitors via the distribution of flyers.

Furthermore, in every production plant has been set-up a Dojo zone, a room fully dedicated to train visitors, employees and external workers on health and safety practices and instructions. The training goes beyond legislative requirements, as SOGEFI supports the local plants to provide a regular and frequent training for both plant managers and every employee.

There are 3 types of H&S training:

- ✓ induction **trainings for all new hires**;
- ✓ training dedicated to **specific professions** (like forklift operators, crane operators, handlers, ...);
- ✓ training to **support the culture of H&S** management.

### Health and Safety Indicators

SOGEFI monitors the health and safety performances by **calculating the overall injury rate** that considers total injuries and total hours worked of both employees and supervised workers, with a multiplier of 1,000,000. Over the last three years, the **rate is significantly improved** (divided almost by 2), confirming the continuous Group effort and commitment to managing health and safety at work.

Injury rate monitored by SOGEFI <sup>12</sup>			
	2020	2021	2022
Rate of work-related injuries	4.0	3.5	2.0

Following the requirements of GRI standards and for the purpose of this Report, the same injury rate it has been calculated and presented separately, for employees and for supervised workers. Figures confirm the decreasing trend:

Injury indicators for employees			
	2020	2021	2022
Rate of work-related injuries	5.3	3.9	2.6
Rate of fatalities	-	-	-
Rate of high-consequence injuries	-	0.1	0.1

Injury indicators for supervised workers			
	2020	2021	2022
Rate of work-related injuries	5.0	2.7	0.8
Rate of fatalities	-	-	-
Rate of high-consequence injuries	-	-	0.2

<sup>12</sup> The KPI considers both employees and supervised workers, on 12 months rolling.



In 2022, 30 injuries occurred in the workplace, with an overall decrease of 40% compared to 2021.

The greatest number of accidents can be found in Suspensions Business Unit, representing, 73% of total Group injuries, both in employees and supervised workers. For further details of health and safety indicators per geographical area, please refer to the annex of this document.

Regarding work-related illnesses, in 2022 the Group registered a significant decrease for employees of approximately -50%.

<b>Occupational health indicators for employees</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Recordable work-related ill health</b>	23	15	8
<b><i>n. of fatalities as a result of work-related ill health</i></b>	-	-	-

<b>Occupational health indicators for supervised workers</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Recordable work-related ill health</b>	-	2	-
<b><i>n. of fatalities as a result of work-related ill health</i></b>	-	-	-

## Distributed Value and Impact on local communities

With a presence in several countries worldwide, the SOGEFI Group is committed to support the communities in which it has a direct impact, by promoting and investing in their social and economic development. For this reason, the Group supports local communities through different initiatives. Indeed, in 2022, 100% of SOGEFI's industrial plants carried out projects aimed at developing the local communities in which they operate, . The initiatives carried out in 2022 can be divided in the following three major areas: Education & Sport, Health & Medical Research, Solidarity. For each of them, some cases are reported below:

### 2022 best cases of worldwide initiatives for local community

Oradea



#### Education & Sport

This plant has chosen to participate in the swimathon to promote the health benefits of swimming and raise funds for many national charities.

Oradea formed 2 teams of 10 people who chose to swim for 2 causes:

- Helping fund Andrea's medical treatment to allow her to walk again after a stroke;
- Supporting 45 disadvantaged students to continue their education.

Well done Orade's team to jump into the water!

Montréal



#### Health & Medical Research

The Montreal plant has chosen to support medical and scientific research by organizing a fundraiser to the Quebec Breast cancer Foundation.

This initiative was led by one of their collaborators, an employee affected by the disease, who was able to mobilize colleagues to support this great cause.

During the dedicated day of October 20, donations that were received directly from plants collaborators were then doubled by SOGEFI.

The Montreal team has proven that with the heart we can roll back disease!

Tredegar



#### Solidarity

The Tredegar factory helped disadvantaged children of Blaenau Gwent council area at Christmas time.

The teams mobilized for the children, collected toys or gifts which were then distributed by the city's social services.

Congratulations to the Tredegar teams for their generosity!

## Economic value generated and distributed

The statement of Economic Value is a reclassification of the Consolidated Income Statement and represents the wealth generated and redistributed by the SOGEFI Group to all its Stakeholders. In particular, this statement presents the financial performance of operations, the wealth distributed to parties deemed to be Stakeholders for the Group or the ability of the organization to create value for its Stakeholders.

In 2022, Gross Economic Value generated amounted to €1,544 million, showing a 17.6% increase compared to 2021.

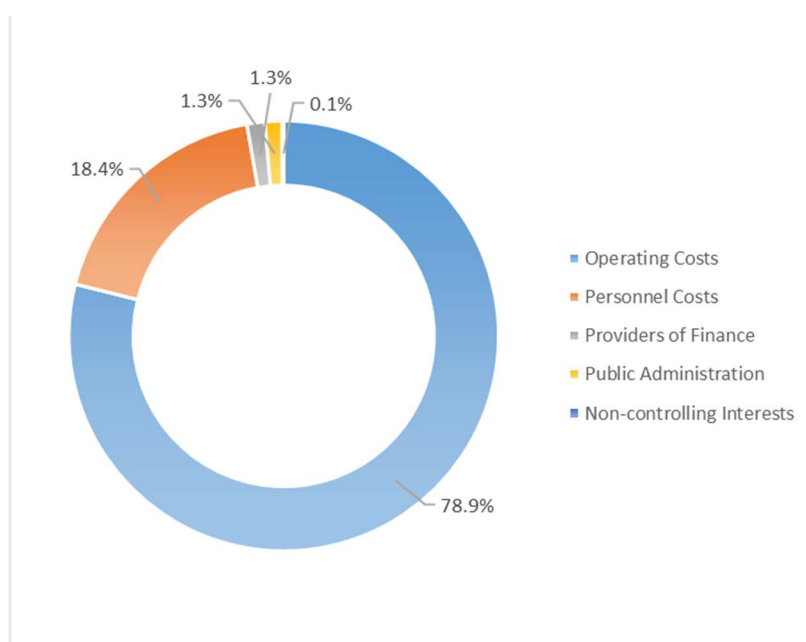
It is composed by sales revenues representing the sale of goods, and other gains and losses consisting of other non-operating expenses, gain on disposal net, exchange losses and losses and gains from equity investments.

This value, after the deduction of depreciation and amortization, is the Net Economic Value generated, which in 2022 amounted about to € 1,427 million.

The distribution of the Economic value is allocated as follows:

- ✓ the Operating Costs amount to around €1,102 million (+23.6% compared to 2021), and include manufacturing and R&D overheads, distribution and sales fixed expenses and administrative and general expenses, as well as the cost of goods sold. Operating costs represent 79% of distributed Economic Value;
- ✓ Group's Personnel Costs amount to around €257 million, including mainly personnel costs in terms of wages, salaries and contributions, pension costs (defined benefit plans and defined contribution plans) and restructuring costs. Personnel costs represent 18% of distributed Economic Value;
- ✓ Providers of Finance, mostly obligations, debts towards banks paid by the Group in 2022, amounts to approximately €19 million (about +16% compared to 2021), representing around 1.3% of distributed Economic Value;
- ✓ the Economic Value distributed to Public Administration mainly in terms of income taxes, amounts to around €18 million representing 1.3% of distributed Economic Value;
- ✓ Furthermore, in 2022, around €1.6 million were distributed to minority shareholders.

### Economic Value distributed to stakeholders in 2022 (%)



## 8. Environment

The Group strives to make a positive contribution to environmental sustainability in all of its activities, bearing always in mind the rights of future generations. The Group subsidiaries have an ongoing attention to ensuring that business is carried out in a way that respects the environment and the public health, applicable regulations, in the sector in which SOGEFI operates. To emphasize the commitment towards the protection of the environment, SOGEFI adopted an Environmental Policy which sets out ethical and good conduct principles that all subsidiaries must observe during the performance of their activities. In addition, SOGEFI has developed and implemented an Environmental Management System (EMS) to monitor risks and mitigate impacts on its environmental footprint. EMS is then in line with the international environmental standard ISO 14001:2015. Indeed, as of December 31<sup>th</sup>, 2022 100% of Group's plants is certified.

As a reminder this standard requires and empowers **3 key fundamental elements**:

- ✓ Pollution prevention assessment, actions and commitments;
- ✓ Compliance to applicable regulations (concerning for example emissions, water pollution, waste treatment and noise emission);
- ✓ Continuous improvement.

SOGEFI's environmental commitment is demonstrated through operations by minimization of energy consumption and empowerment of green

sources, water consumption and waste generation reduction. For further details please refer to the paragraph 4. Group strategy and SOGEFI performance on the 13 ESG Group's KPI.

Even upfront operations, environment is now as key business driver in our strategy and for our customers, and then a corner stone for the development of innovative and eco-sustainable products and technologies. For each topic, the main Group non-financial performances are set out below.

### Climate Strategy<sup>13</sup>

Below is reported the impact of energy consumption and GHG emissions both within the Group's perimeter and along its value chain, with particular reference to the handling outbound finish products to the final customers.

#### *Industrial carbon footprint*

SOGEFI's manufacturing plants use natural gas (direct energy) and electricity (indirect energy) as their main energy sources, accounting for the majority of the Group total energy consumption. Sogefi's internal energy consumption data only consider electricity and natural gas. Other source of energy (such as refrigerant gasses and company fleet consumption) is not considered material compared to the overall consumption of electricity and gas.

In 2022 SOGEFI increased the percentage of green energy on total up to 8% thanks to:

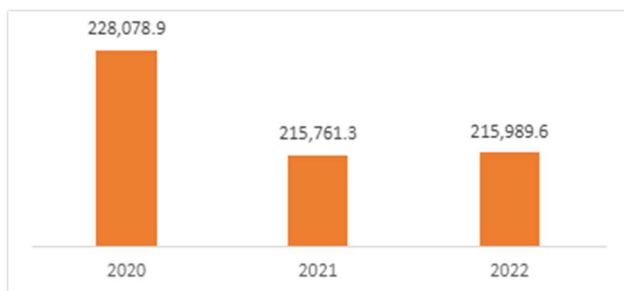
- ✓ Canada Hydroelectric electricity provider;
- ✓ Nules (Spain) and Pune (India) solar panels: Sites will be able to produce between 20 and 30% of their electricity needs from 2023;
- ✓ I-REC certificates in China and Brazil (of electricity generated from renewable sources).

<sup>13</sup> Data for 2020 energy consumption were estimated for few plants. The estimation was based on previous years consumption.

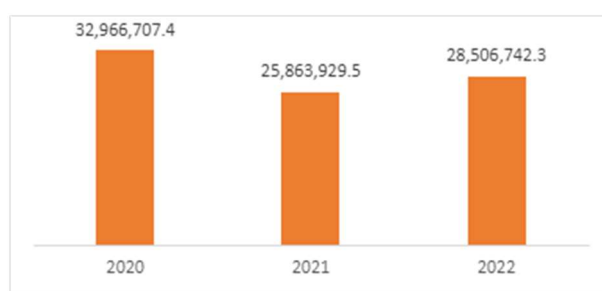
Green energy consumption (GJ)		
	2022	%
Total Energy consumption	1,910,053	100%
Of which Green energy consumption (GJ)	154,313	8%

In 2022, the Group consumed approximately 216,000 MWh of electricity and around 28.5 million cubic meters of natural gas almost in line compared to 2021 despite 4% higher production volumes.

Group electricity consumption (MWh)



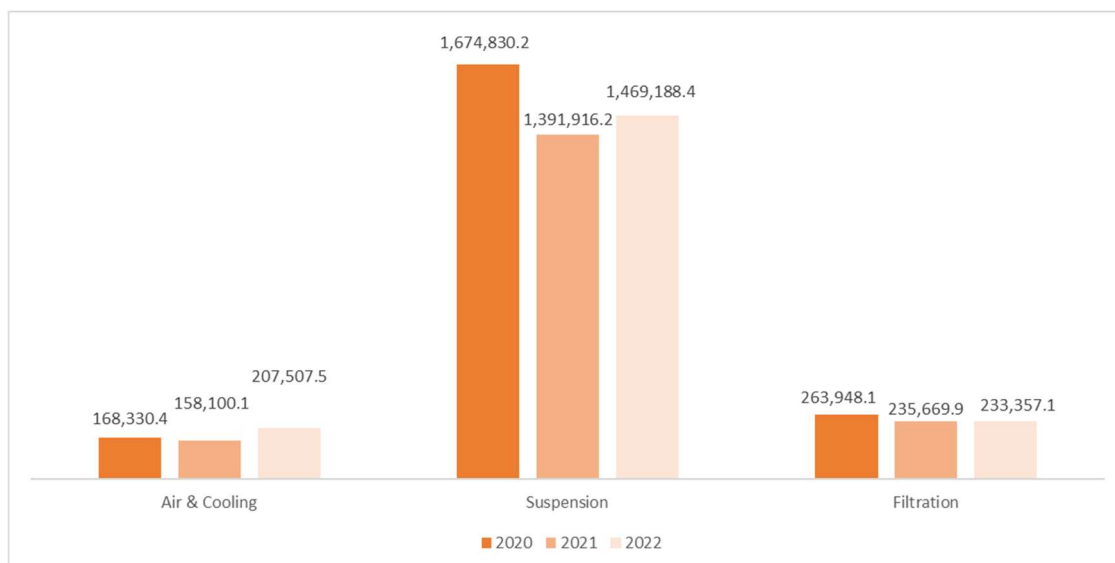
Group natural gas consumption (m³)



Within the Group, the Suspensions business unit, is the one which, given a production process based on forming of steel and shot peening, records the highest energy consumption (around 77% of Group total), both in terms of electricity (around 56% of Group total) and natural gas (around 91% of Group total), although with a decreasing trend thanks to energy efficiency actions and capex introduced over the years.

The Filtration business unit reduced electricity consumption by 7% in 2022 compared to 2021, despite an increase in production volumes of 6%, while the A&C business unit saw an increase in both electricity (+30%) and gas (+36%), the latter driven mainly by the need for more heating over the course of the winter.

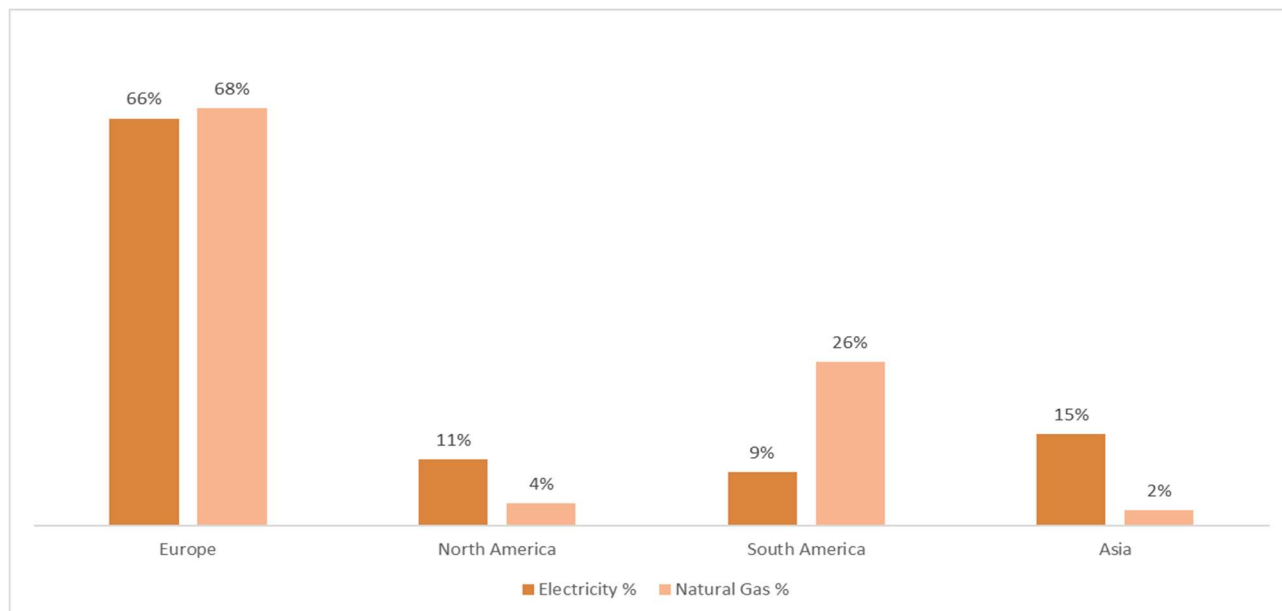
Breakdown of energy consumption per business unit in the last three years (GJ)



A&C 2021 restated for cohesion with the Annex published in the 2021 NFS.

Consistent with the Group's geographical presence, the electricity and natural gas consumptions are predominant in the European area, where the largest number of production sites are located, accounting respectively for 66% and 68% of total consumption. They are followed by South America (9% of electricity and 26% of natural gas), Asia (15% of electricity and 2% of natural gas) and finally by North America (11% of electricity and 4% of natural gas).

#### 2022 Energy consumption by Region (GJ - electricity and natural gas)



In terms of energy intensity, defined as the energy that the organization consumes per unit of activity, output, or any other specific metric, in 2022 the Group reported a reduction of about -9% of the energy used per unit of sales revenues compared to 2021. The indicator is calculated by dividing the absolute energy consumption (considering both electricity and natural gas) by a specific quantity which in the case of SOGEFI is the turnover.

Starting from 2022, due to the inflationary scenario SOGEFI is reporting as well the energy intensity at Group level dividing for the sales minus the price effect in order to correctly assess the underlying activity.

Even with this retreatment the Group is showing a reduction in the ratio of 10% vs the base line 2019.

Energy intensity by business unit (GJ/m€)



The monitoring of energy consumption is fundamental to keep under control the generation of Greenhouse Gas (GHG) emissions, that have a direct impact on climate change, and that is a topic increasingly at the centre of public opinion, as well as subject of more stringent laws and regulations. In this regards, GHG emissions are governed by the *United Nations Framework Convention on Climate Change*, the next *Kyoto Protocol* of United Nations and the Paris Agreement, whose main purpose is to define national objectives able to reduce emissions.

SOGEFI takes part to the CDP Climate Change Report annually. The CDP is the most recognised NGO in the world for the assessment of transparency in disclosure by companies of climate change information. The questionnaire evaluates Company progress towards environmental stewardship and their climate change governance. On a scale from A to D, in 2022 SOGEFI received a score of C, which is in the Awareness band – i.e. Company knowledge of impacts on, and of, climate issue. The score received is the same as the Metal products manufacturing sector average and Global average.

GHG emissions are categorized into three broad missions:

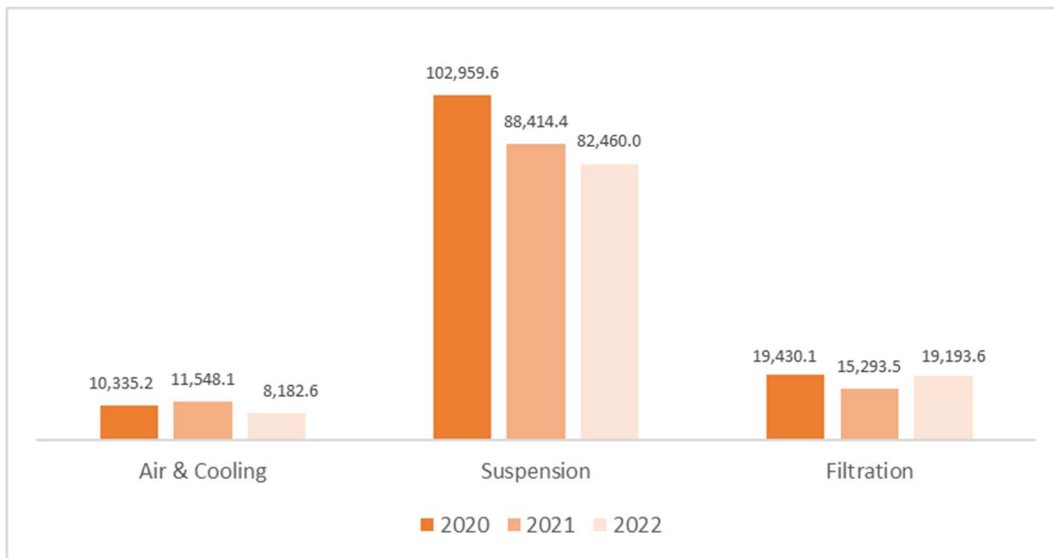
- ✓ **Direct (Scope 1) GHG emissions** come from sources (physical units or processes that release GHG into the atmosphere) that are owned or controlled by the organization and which include, but are not limited to, the CO<sub>2</sub> emissions from the fuel consumption.
  - ✓ **Energy Indirect (Scope 2) GHG emissions** result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organization and they are reported according to two different approaches as foreseen by the GRI reporting standard used by the Group:
    - Location-based: it takes into consideration the conversion factor of energy regarding the country where it was purchased. This approach considers therefore the performance of a national average emission factor related to the specific national energy mix for the production of electricity;
    - Market-based: uses an emission factor defined on contractual basis with the electricity supplier. In 2022 SOGEFI purchased for two countries, China and Brazil, the I-REC certificates covering almost 100% of country' energy consumption of the year. In all other cases, the emission factor related to the national residual mix was used.
  - ✓ **Other Indirect (Scope 3) emissions** not included in Scope 2 that occur outside of the organization (mainly downstream emissions). In SOGEFI, those data are related to transportation and distribution products directly managed by the Group,
- GHG emissions are calculated based on energy consumption: Scope 1 is calculated considering only the natural gas consumption component, while Scope 2 is calculated considering the electricity consumption.

In 2022, Group GHG emissions accounted for about 115M tons of CO<sub>2</sub>, following the location-based approach while 110M CO<sub>2</sub> with the marked approach. Scope 1 emissions are half (50%) of total emissions as Scope 2 emissions, following the location-based approach.

approach. The emissions reduction is a reflection of different actions put in place over the year: Canada green energy provider, two solar panels installation, increase of kWh covered by I-REC certificates, energy productivity actions.

Direct emissions from Scope 1 have seen an increase of 10% vs 2021 in line with the gas consumption trend of the Group. In 2022 emissions from Scope 2 were reduced around by 16% vs 2021 for market-based approach while are increasing by 4.7% for the location-based

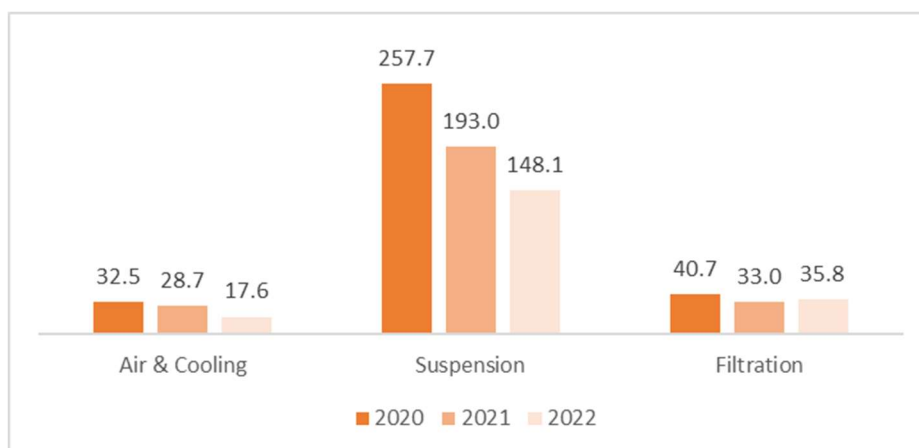
**Group GHG emissions (Scope 1 + Scope 2 Market Based) (tCO<sub>2</sub>)**



In line with the Group presence and the energy consumptions, Europe region and Suspensions Business Unit produce the highest volume of CO<sub>2</sub> emissions.

Similarly to the criteria applied for energy intensity, the GHG emissions intensity has been calculated and it is defined as the GHG emissions per unit of activity, output, or any other organization-specific metric. Intensity is calculated by dividing the absolute emissions (the numerator) by the organization-specific metric that for SOGEFI is the turnover. In 2022, compared to 2021, the GHG emissions intensity of the Group have been reduced considering both the location-based (-9%) and the market based approach (about -19%). Even adjusting the ratio for 2021 and 2022 selling price increases the ratio would be -1% on the location-based and -13% on the market-based approach showing all SOGEFI efforts to reduce emissions.



**Emission intensity by business unit (Scope 1 + Scope 2 Market Based) (tCO<sub>2</sub>/m€)***Initiatives towards the reduction of industrial carbon footprint*

As the first step towards reducing energy consumption and thus protecting the environment, SOGEFI works for raising the awareness of the organization towards the adoption of energy saving behaviours such as: office heating reduction, turning off lights and air-conditioner as much as possible, turning off computers and all plant/office equipment's when not in use.

The main energy projects are defined, coordinated and monitored centrally and managed through actions carried out by local teams.

The business unit Suspensions, which, as already mentioned is characterized by a production process with high energy intensity, using the support of external advisors, identify, for main EU plants, all possible initiatives aimed at increasing energy efficiency and therefore at reducing the environmental impact of the manufacturing processes, as well as the overall energy expenditure.

SOGEFI is **moving forward in defining a clearer roadmap for the reduction of energy consumed from non-renewable sources** and the self-production of green electricity via the installation of solar panels: Nules (Spain) was completed in April 2022, Pune (India) was completed in October 2022 and Settimo (Italy) is expected by summer 2023.

All actions put in place by SOGEFI has the aim of mitigating its impact on climate change.

Among the **main actions** of this project there are:

- ✓ compressor energy recovery;
- ✓ Oxsilan to replace phosphating;
- ✓ tempering during painting;
- ✓ replacement of old heating systems.

Other specific actions have been identified in the A&C and Filtration business unites as well :

- ✓ Injection Screw Isolation (saving a. 1.8M gWh);
- ✓ Compressor Leaks Reduction (-6%);
- ✓ Stop Machines and conveyors between shifts.

Energy efficiency initiatives are evaluated in terms of technical needs and economic payback. SOGEFI is assessing the effectiveness of each action before the deployment in other plants.

*Logistics carbon footprint*

In the automotive sector, where the efficiency and the reliability of the supply chain are a fundamental requirement for customers, the management of the logistics flows is a key process and a critical factor of success and competitiveness, even more true for the EU aftermarket business.

The Group monitors the flows of its finish goods on a daily/weekly basis in order to reduce their impact on the environment, therefore promoting a more sustainable approach along the entire supply chain, and, every time is possible, optimizing the flows.

SOGEFI monitors Scope 3 emissions along outbound supply chain, which means the indirect emissions coming from outside the organization, namely the emissions generated by trucks, cargo

ships and freight flights used for product delivery. SOGEFI distributes products mainly through road and exceptionally by air or sea.

When the final transportation has been organized by SOGEFI, the Group is capable to track the product movement and therefore the emissions generated thanks to detailed reports from the logistic suppliers that report Km and in some cases Co2 emissions as well.

Compared to NFS 2021, in which data were collected by plant with both inbound and outbound logistics estimates, of which Scope 3 data are represented here below:

<i>tCO2eq</i>	<b>2021</b>
<b>Strada</b>	109.215
<b>Aereo</b>	701
<b>Nave</b>	20
<b>Totale</b>	<b>109.937</b>

In 2022, a Regional and Business Unit logistics approach was adopted, which includes the outbound transport of finished products by Sogefi, for which the group has data directly from its suppliers.

In order to make the reporting homogeneous, Scope 3 of 2021 has been restated in the table below:

<b>Scope 3 emissions<sup>14</sup></b>		
<i>tCO2eq</i>	<b>2021</b>	<b>2022</b>
<b>Road</b>	19,496	17,939
<b>Plane</b>	75	380
<b>Ship</b>	13	18
<b>Total</b>	<b>19,584</b>	<b>18,337</b>

The majority of the Group transports of goods take place on road and in this regard Sogefi has adopted a **Regional logistic approach aimed at optimizing transport logistics services and reduce emission from transport:**




- ✓ Encourage supplier footprint closed to the Sogefi production location (when it is possible) to limit transportation;
- ✓ Do milkrun with our suppliers to optimize truck filling. This approach consisting in a delivery method using to transport mixed loads from various suppliers to one customer was successfully implemented at Tanger;
- ✓ At SOGEFI level, we have reworked our packaging in order to load more products on pallets/trucks;
- ✓ Mainly for aftermarket, deliveries are also optimized to deliver multiple customers.

<sup>14</sup> For the calculation of emissions, the UK Government GHG Conversion Factors for Company Reporting - DEFRA emission factors were used and in particular:

- the factor for HGV rigid transports with a load of 50%;
- the factor for international cargo flights with RF;
- The factor for domestic freight flights with RF;
- the factor for medium sized cargo vessels and medium sized product tankers.

Scope 3 emissions were restated with the perimeter of the outbound transport of finished products borne by Sogefi except heavy duty and precision springs. The group is working to expand the scope of Scope 3 emissions data and information..

Below we report the main ESG Scores received by SOGEFI from external and independent organizations:

Organization	ESG Score
	Climate Change: C Water Security: C
	Silver 65%
	84%

### Optimization of material cycles in industrial processes

The management process of material cycles within the Group's production processes takes into account two fundamental aspects: the materials used and the waste generated, with a view to recycling and reusing and where possible supported by renewable sources.

#### *Materials used and reusability*

The Group uses a variety of materials for its industrial operations, including steel, plastic, paper, rubber, aluminium, each of them with a different potential environmental impact and a cost connected to the price volatility. Therefore, the SOGEFI Group is pursuing two objectives for improvement in terms of material use and reusability:

- ✓ limit the consumption of raw material;
- ✓ use recyclable and recycled materials (e.g. regarding aluminium, Sogefi uses up to 32% of recycled aluminium).

To achieve these two objectives, SOGEFI implemented numerous actions, among which: the reuse of scrapped materials (such as steel and plastic) and a regrind-usage initiative that allows the reuse of plastics in more than one production cycle when possible or requested by the customer and the reduction of plastic packaging of the product. Finally, the reduction of raw materials usage and the attention to use recycled materials are systematically taken into account by Research and Development teams around the world during the prototyping phase of new products (please refer to the section "Innovative and Eco-responsible products/technologies" of that Report for further information).

Details of materials used in 2022 are reported in the table below:

<b>SOGEFI Group results - Material used in 2022</b>					
<b>Material</b>	<b>Unit of Measure</b>	<b>Suspension</b>	<b>Filtration</b>	<b>Air &amp; Cooling</b>	<b>TOTAL</b>
<b>Steel</b>	T	132,113	10,551	-	<b>142,664</b>
<b>Aluminium</b>	Pcs	-	4,514,312	3,319,854	<b>7,834,166</b>
<b>Plastic Resins</b>	T	1,105	10,960	18,375	<b>30,439</b>
<b>Metallic components</b>	Pcs	66,907,204	322,200,671	273,286,623	<b>662,394,498</b>
<b>Paper and Cardboard</b>	Pcs	9,796,066	132,701,920	24,236,642	<b>166,734,628</b>
	M2	74,300	-	-	<b>74,300</b>
<b>Rubber Parts</b>	Pcs	22,296,289	206,327,109	94,038,229	<b>322,661,627</b>
<b>Plastic Parts</b>	Pcs	9,450,890	157,366,709	59,957,335	<b>226,774,934</b>
<b>Foam</b>	Pcs	-	32,329,245	278,736	<b>32,607,981</b>
	M3	-	6,271	-	<b>6,271</b>
<b>Media</b>	T	-	4,748	124	<b>4,872</b>
	M2	-	4,060,964	45,421	<b>4,106,385</b>
<b>Mechatronics</b>	Pcs	-	13,888,094	19,968,131	<b>33,856,225</b>

## Suspensions

The Suspensions business unit uses different kinds of materials: the most relevant is steel, but also metallic components and rubber bushes, mostly used as accessories for the coil springs and bars.

In 2022, the amount of steel purchased was 132,113 tons, coming from iron ore and coke, scraps, or from a combination of the two. In Europe, steel is mostly made from scraps made of recyclable materials left over from product manufacturing, consumption, and recycling of steel made products.

In 2022, approximately 1,105 tons of chemical products were used.

In addition to raw materials mentioned above, the business unit uses semi-manufactured parts: the most common are metallic components and rubber bushes.

Packaging is mostly cardboard boxes and pallets (in 2022, more than 10 million pieces) as it is required for transportation, storage and the products protection.

## Filtration

The Filtration business unit makes use of different kinds of materials according to the type of filter produced: steel, media, plastic resin, metallic components and rubber.

Media is the most important category with a need of 4 million M<sup>2</sup> coming from cellulose, fine fibre, advanced composite depending on final application.

Steel, with 10,551 tons is the second one most used. It consists of standard steel (hot and cold rolled) mainly used for spin-on (oil filters), while specialized steel such as aluminized, galvanized and zinc coated types are used mainly for fuel filters.

Finally, to minimize the environmental impact, 45% packaging used by the business unit in 2022 comes from recycled material (paper and cardboard).

Furthermore, information about the use of recycled aluminium is indirect as our suppliers of casting parts are using in their process up to 40% of recycle aluminium.

## Air & Cooling

The A&C business unit mainly uses plastic and aluminium to produce manifolds and water pumps.

Plastic parts are manufacturing by the modelling of the plastic resins through a process called "injection moulding of plastics".

With reference to aluminium, the recycle percentage is indirect since, as for the Filtration business unit, the Group supplier process use up to 40% of recycle aluminium.

In 2022 plastic parts accounted for a. 60 million pieces, aluminium accounted for 3.3 million pieces and there was a strong growth of Mechatronics up to 20 million pieces linked to the E-Mobility products development and more complex module for ICE applications

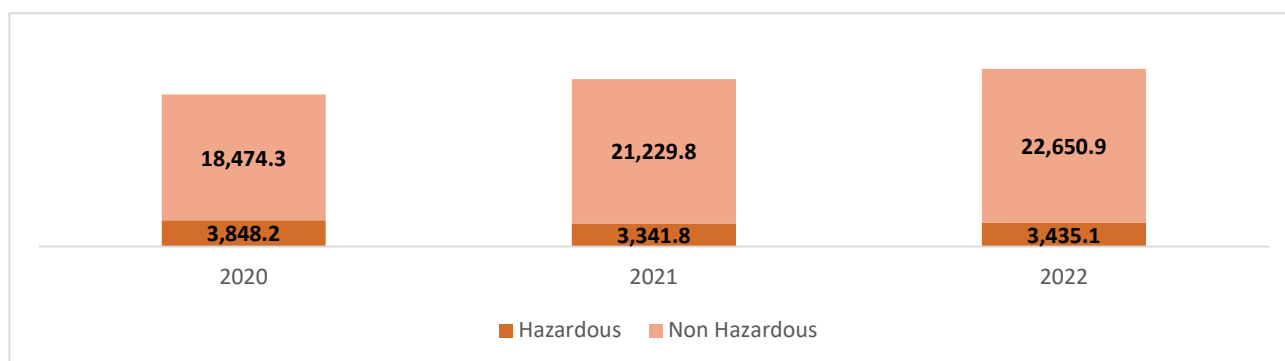
## Sustainable Water & Waste Management

### Waste management

In SOGEFI, the management of waste generated is carried out in order to reduce the amount produced, minimize waste and dispose as much as possible the recycling and re-use of the waste, limiting incineration and landfill disposal.

Each SOGEFI's manufacturing plant keeps track of individual waste flows and categorizes waste as hazardous and non-hazardous according to the country-specific regulations. Moreover, in most plants, trash bins are separated clearly, either by color-coding or other methods. In 2022, the Group generated and disposed around 26k tons of waste, with a slight increase of 6% compared to 2021, of which +4% due to major volumes. Most of them were classified as non-hazardous (87%).

Group waste by type (tons)



In line with the production pattern of the Group, the Suspensions business unit records also in 2022 the highest volume of waste generated (61% of the Group), both in terms of non-hazardous and hazardous ones.

In 2022, it has been launched the following initiatives aimed to improve the waste management:

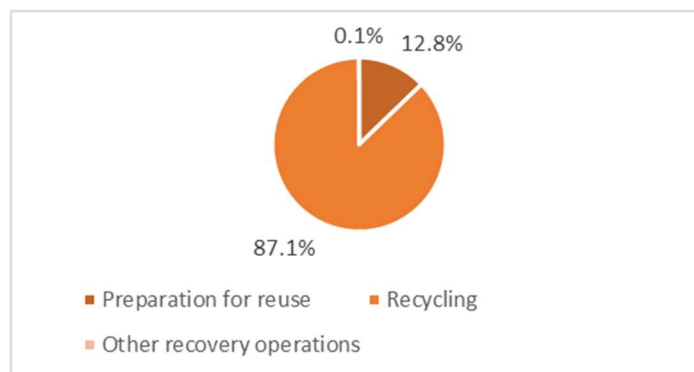
- ✓ Reuse, even from one plant to another, steel parts for shot peening activities.
- ✓ Challenge and review our waste contracts with our waste vendors.
- ✓ Increase the discipline along with waste sorting induction programs.

Subsequently, waste valorization, meaning the percentage of **valorized waste** (focusing on reduction, landfill and/or hazardous waste reduction, regrinding, recycled, incineration increase) on total waste, **reached in 2022 89%**.

Waste valorization (t)		
	2022	%
Total waste	26,085.9	100%
Of which valorized waste (t)	23,301.3	89%

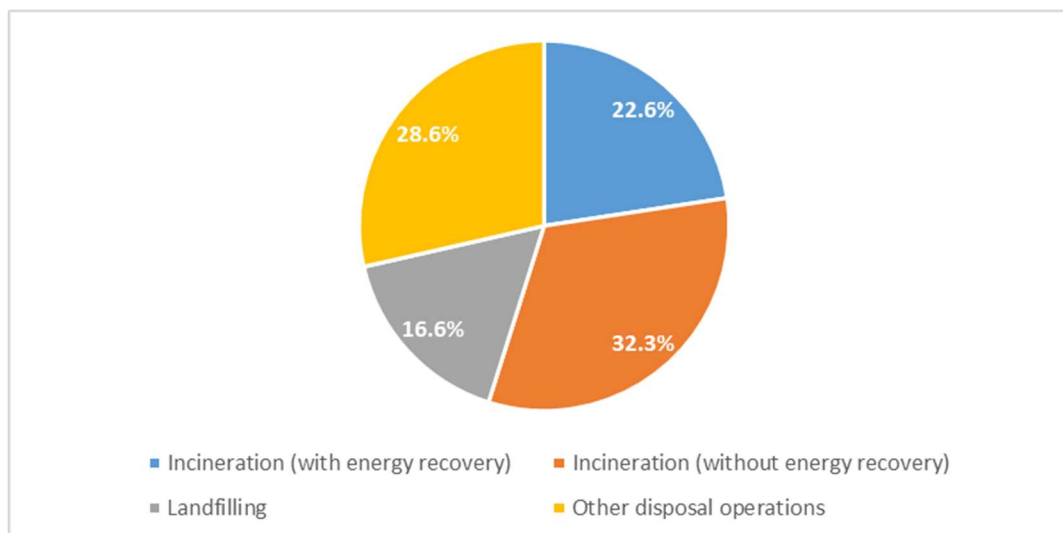
As regards to the treating methods, more than two-third of the waste produced by the Group was **recycled and reuse (76%)**, The graph here below is showing the treating methods:

Waste diverted from disposal in 2022 (%)



The 24% of waste was disposed and the graph here below is showing the disposal methods:

Waste directed to disposal in 2022 (%)

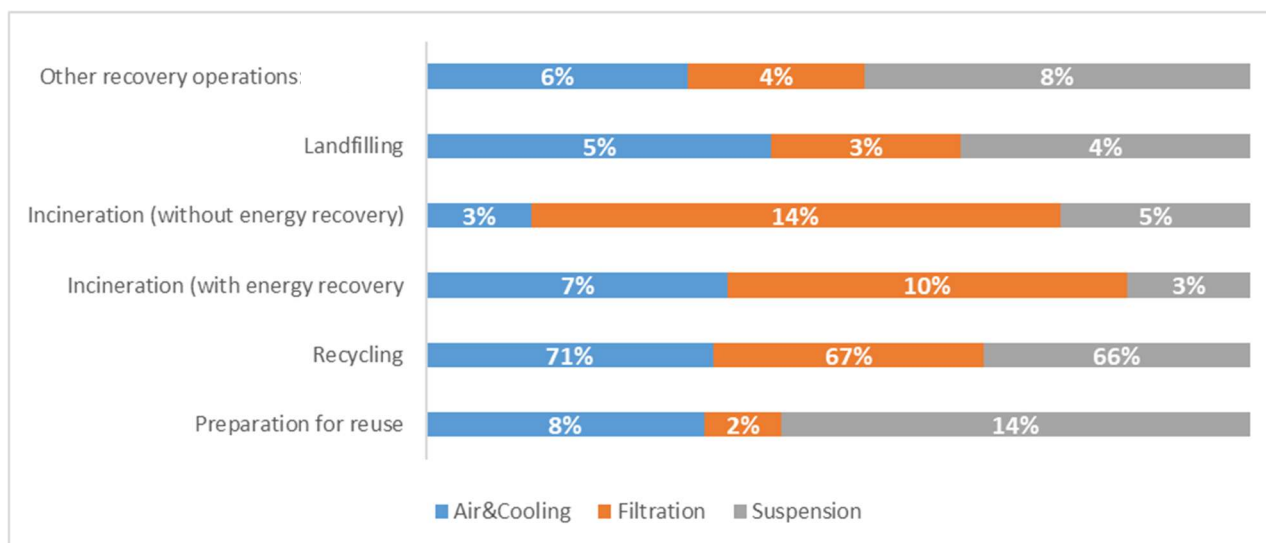


The **Suspensions business unit** recycles **66%** of its waste and reuses 14% of it, 20% is disposed in different ways, such as incineration (with or without energy recovery) and landfill.

For the **A&C business unit**, **71% of waste is recycled**, 10% is disposed by incineration (3% without energy recovery and 7% with), and only 5% goes to landfill. A remaining 14% goes to other destinations.

In the **Filtration business unit**, **67% of waste is recycled**, 2% is reused, 10% is incinerated with energy recovery and the remaining goes to incineration (without energy recovery 14%), landfill (3%) or to other recovery operations (4%).

Percentage of waste per BU and type of disposal (%)



### Sustainable water management

Clean water and sanitation are worldwide challenges that need to be addressed in order to guarantee access to safe and affordable drinking water for future generations. SOGEFI, aware of the direct impacts it can have, commits to reduce its water consumption and to effectively manage its water discharges, paying close attention to the amount withdrawn and consumed and to the quality of its discharges.

Although SOGEFI's production processes are not water-intensive<sup>15</sup>, the Group **continuously works for the reduction of the overall usage of water**. Part of the effort is demonstrated by the 100% of sites globally certified ISO 14001:2015 in 2022. This standard provides a guideline for the

In particular, the **FMEA (i.e. Failure Mode and Effects Analysis) environmental analysis is used** at certified plants as a methodology to identify environmental risks and prevent pollution. This is a methodology that aims to **identify environmental hazards in the daily activities of plants**, including cleaning and maintenance situations, but also in case of emergency situations. The Group is monitoring water plants discharging based on each local limit defined by the law and local operational permits.

implementation of an Environmental Management System (EMS) which includes also the sustainable management of water and it is based on the organizational context, needs and expectations of the Group.

Furthermore, SOGEFI takes part in the **CDP Water report**. The questionnaire annually evaluates the Company performances with regard of actions developed for the management of water consumption and the transparency of reporting. On a scale from A to D, in 2022 SOGEFI received a score of C, which is in the Awareness band – i.e. Company knowledge on, and of, water issues -. The score received is slightly lower than the Metal products manufacturing sector average of B-.

<sup>15</sup> The source used to determine the water risk to the Group's plants is at the following link: [https://ec.europa.eu/eurostat/statistics-](https://ec.europa.eu/eurostat/statistics-explained/index.php/Archive:Water_use_in_industry#Water_use_in_manufacturing_industry)

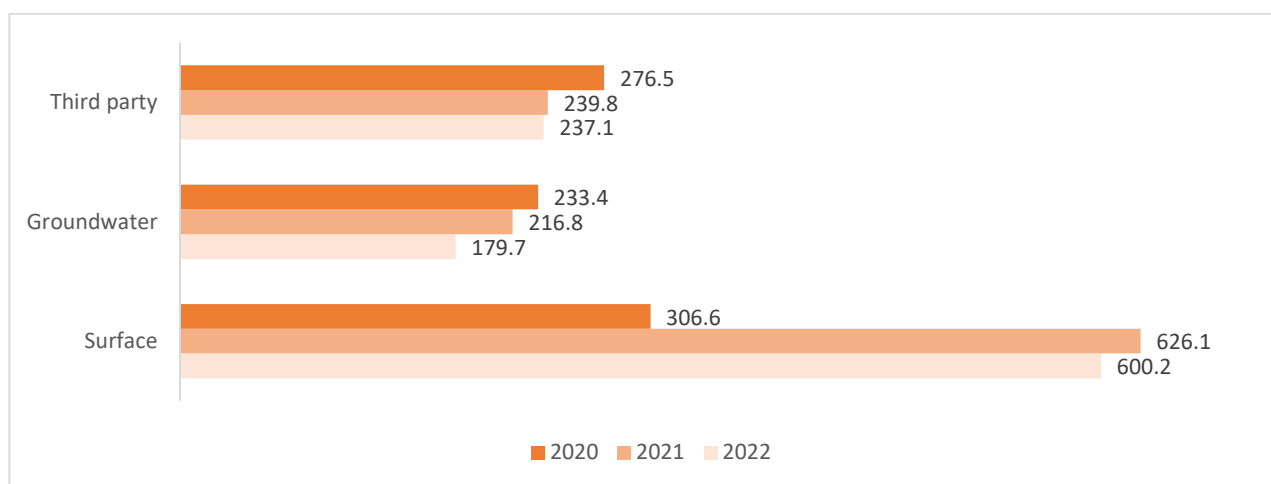
[explained/index.php/Archive:Water\\_use\\_in\\_industry#Water\\_use\\_in\\_manufacturing\\_industry](https://ec.europa.eu/eurostat/statistics-explained/index.php/Archive:Water_use_in_industry#Water_use_in_manufacturing_industry)



### Water withdrawal

Concerning water withdrawal, the majority of the SOGEFI's plant uses fresh water, defined as water with concentration of total dissolved solids equal to or below 1,000 mg/L. SOGEFI's plants are spread in 18 countries and some of them are operating in water stress areas. To determine areas subjected to water stress the tool *Aqueduct* developed by the *World Resources Institute* has been used in line with the previous years<sup>16</sup>, which identifies information about sites located in extremely water scarce areas by comparing the best available water, sanitation, population and biodiversity information on a country and watershed basis. Sites are identified to be in five categories ok risk: extremely high, high, medium-high, low-medium, low. In 2022, the plants considered at risk of extreme scarcity or scarcity are 8<sup>17</sup>. For more information, please refer to the annex.

### Group water withdrawal (Megalitres)



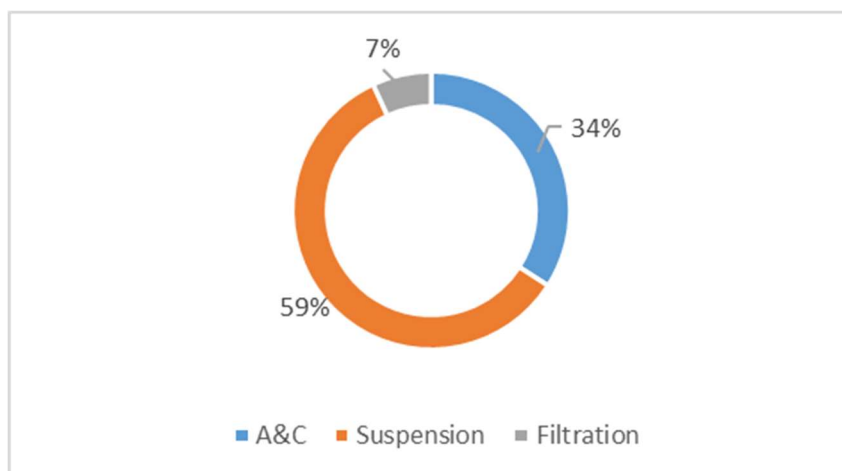
The amount of water withdrawal reported is an estimation based on water counter reading. Group overall water withdrawal in 2022 was around 1,017 Megalitres, with a decrease of about 6% compared to 2021. The sources from which water is drawn into the organization are mainly surface water (59%), third-party water (23%) and groundwater (18%).

Suspensions withdraws the majority of Group water (around 59% of the overall consumption), while Filtration is accounting for 7% and Air and Cooling for 34% of the Group water withdrawal.

<sup>16</sup> The tool is available online at the website: <https://www.wri.org/our-work/project/aqueduct>.

<sup>17</sup> The plants considered in 2022 as being at a risk of water stress (identified by the tool as high ed extremely highr risk) are: Bangalore, Pune, Tangerang, Gurgaon, Wujiang, Douai.

Water withdrawal by business unit 2022 (%)



For what concern regional activities, Europe plays a crucial role for most of the water withdrawal of the Group (85%), as a result of the presence of the majority of production plants in the Region. Asia has a level of water withdrawal around 8% of the total, followed by South America (4%) and North America (3%). Manufacturing plants located in North and South America exclusively use municipal water as their only source of supply.

#### *Water discharge*

Regarding water discharge, SOGEFI Group's activities **do not generate highly pollutant effluents**. However, when necessary and required by local regulations, manufacturing plants install systems to treat wastewater before discharging it into the natural environment or the public system. Therefore, water discharge methods vary according to local regulations, type of activities and requirements both of consumption and discharge defined by the municipality in which they operate.

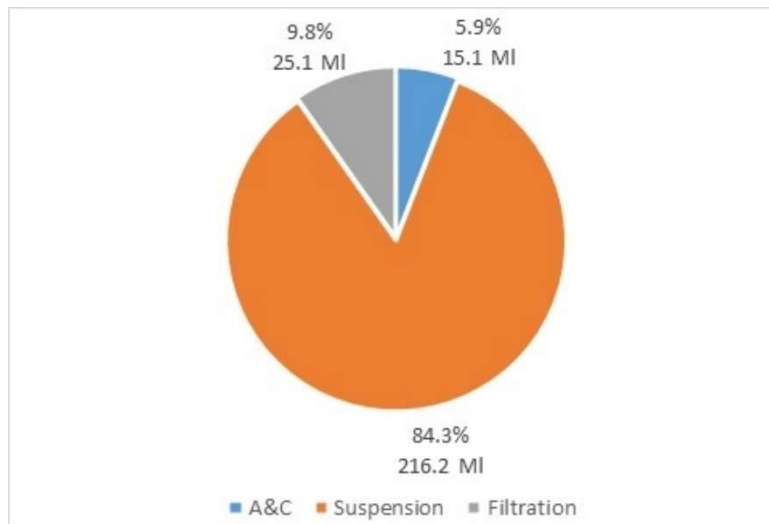
In 2022, the total volume of water discharged by SOGEFI production sites is around 761 Megalitres. Overall, water can be discharged into surface water, into the public sewer systems or into other destinations.

As part of their environmental management system, the Group's manufacturing plants are **equipped to prevent accidental spills into the environment**.

*Water consumption*

Water consumption is calculated as water withdrawal minus the amount of water discharge. Sogefi does not currently have a material water storage system within its plants, therefore the amount of water collected and consumed is not taken into account for the moment. *For more details on the water consumption data, please refer to the annex.*

**Water consumption per business unit in 2022 (%)**

*Initiatives to reduce water withdrawal and discharge*

Given that water is a shared resource and that access to freshwater is essential for human life and well-being, SOGEFI is **committed to respond to local contexts and pays great attention to its social and environmental impacts**. Some examples of the activities aimed at reduction of water consumption implemented during 2022 were:

- ✓ Set up industrial KPI about water usage;
- ✓ OXSILAN project, has also an outcome for water decrease usage.

In particular, high attention is posed on the sites which are based in water stress area. Indeed, plants in those area are at higher risk of creating a negative impact on the community in which they operate and at higher risk of not having access to the necessary amount of water or to see an increase in prices.

## 9. Methodology

This document represents the Consolidated Non-Financial Statement (hereinafter also "NFS" or "Sustainability Report") issued by Sogefi S.p.A. and the companies consolidated on a line-by-line basis (hereinafter also "Sogefi" or the "Sogefi Group" or the "Group") to fulfill the obligations set out in articles 3 and 4 of Legislative Decree 254/2016 (hereinafter also the "Decree ") and has the objective of describing in a transparent manner the initiatives and the main results achieved in terms of sustainability performance during the financial year 2022 (from January, 1<sup>st</sup> to December, 31<sup>st</sup>), in line with financial reporting.

The NFS covers - to the extent necessary to ensure the understanding of the business activity, its trends, performance and related impacts - the environmental, social, personnel-related issues, respect for human rights and the fight against active and passive corruption that are relevant considering the Group's activities and characteristics, as illustrated in the materiality matrix included in this document.

The NFS has been prepared in accordance with the Italian Legislative Decree 254/2016 and the "Global Reporting Standards" defined by the *Global Reporting Initiative* (GRI). This report has been prepared in accordance with the GRI Standards.

With reference to the materiality analysis process, it should be noted that also in 2022 the process involved the main internal and external stakeholders in the materiality assessment phase, as described in the appropriate paragraph of this document.

Please refer to the "GRI Content Index" in appendix to this document for details of the contents reported in accordance with the GRI.

The SOGEFI Group has the legal requirement to include in NFS, starting from the publication after 1st of January 2022, the notice related to the so called "EU Taxonomy" in relation to the eco-sustainable activities conducted by the Group, as regards to which the reader can refer to the paragraph "EU Taxonomy". In accordance with Art.10 of the EU 2021/2178 Delegated Regulation dated 6th of July 2021, such notice for 2022 fiscal year is related to the portion, in relation to the total, of the revenue and operative costs of the Group which fall into the eligible and aligned categories of the Taxonomy with reference to the objectives of mitigation and adaptation to Climate Change, as intended in the annex data of the EU 2021/2139 Delegated Regulation dated 4th of June 2021, as well as some qualitative information. In this regard, the assurance activity performed by the Independent Auditors KPMG S.p.A. does not cover information related to Taxonomy.

The process of collecting the data and information necessary for the NFS drafting involved various functions and the management of business unit and Group, each for its own area of competence, ensuring compliance with the principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, verifiability expressed by the GRI guidelines.

The data and information of the NFS refer to all the companies belonging to the SOGEFI Group at December 31<sup>st</sup>, 2022, consolidated on a line-by-line basis (any exception is expressly indicated in the text). Environmental data and information only take into consideration SOGEFI's production plants since offices are not considered material. The perimeter of the economic-financial data coincides with the ones of Group Financial Report 2022.

In 2022 there were no significant changes relating to the Group's supply chain.

In order to allow the comparability of data and information over time and the assessment of the performance of the Group's business over a period of time, where possible, comparison with the 2020 and 2021 reporting period is proposed. Following a different approach in Scope 3 calculation, in this NFS the values reported are different than those published in NFS 2021. For more details refer to chapter "Climate strategy".

In each chapter, any quantitative data for which estimates have been made, are clearly identified. Estimates are based on the best information available or on sample surveys. Furthermore, it should be noted that for reasons of rounding in some tables and graphs, the totals of the percentages may differ from 100%.

The Board of Directors of Sogefi S.p.A. approves the current NFS on 24<sup>th</sup> of February 2023.

KPMG S.p.A. issues an external assurance ("limited assurance engagement" according to the criteria indicated by the ISAE 3000 Revised principle) on this document. The audit was carried out according to the procedures indicated in the "Report of the Independent Auditing Firm", included in this document.

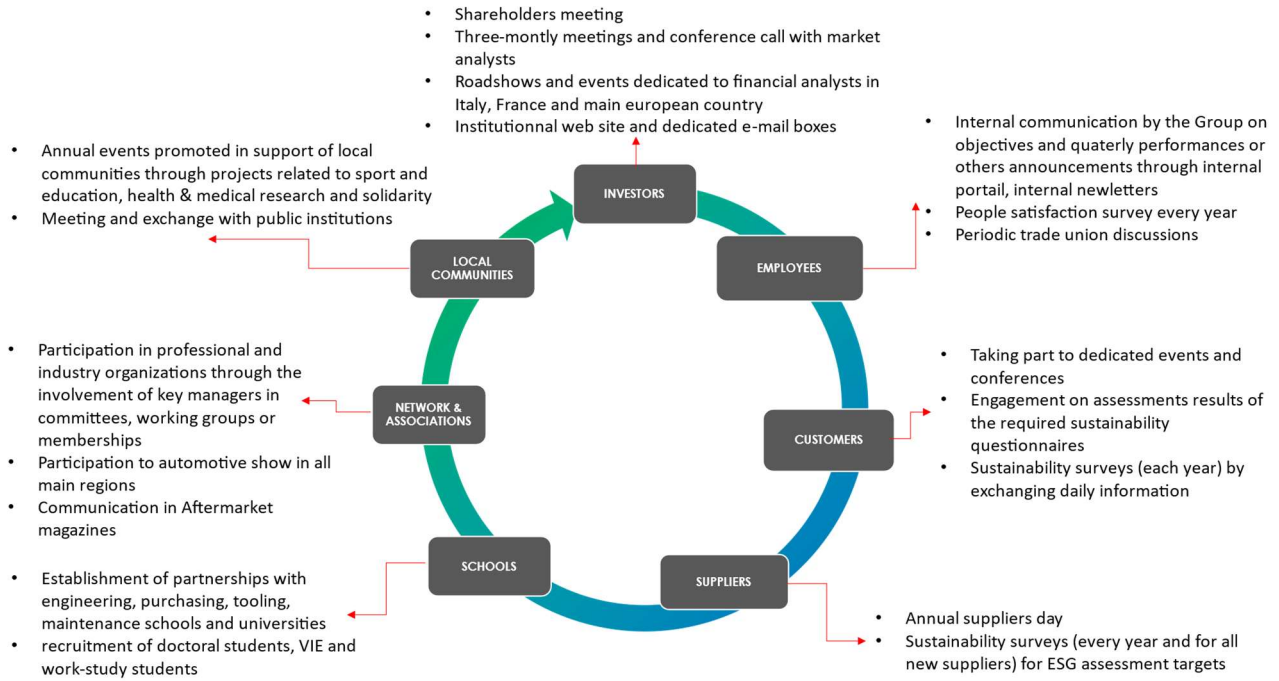
The Consolidated Non-Financial Statement is published annually. The previous version of the NFS has been published on March 29<sup>th</sup>, 2022.

The NFS is also available on the SOGEFI website ([www.sogefigroup.com](http://www.sogefigroup.com)) in the "Sustainability" section.

For further information about the social responsibility policies of the Sogefi Group and the information contained in the Consolidated Non-Financial Statement, you can write to the following address: [sustainability@sogefigroup.com](mailto:sustainability@sogefigroup.com)

## 10. Annexes

### Stakeholder engagement activities



## Taxonomy

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

Economic activities (1)	Code(s) (2)	Absolute turnover in millions of euros (3) Euro (millions)	Proportion of turnover (4) %	Substantial contribution criteria							DNSH criteria ('Does Not Significantly Harm')							Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of turnover, year 2022 (18) Percent	Taxonomy-aligned proportion of turnover, year 2021 (19) Percent	Category (enabling activity) (20) E	Category (transitional activity) (21) T
				Climate change adaptation (6) %	Climate change (7) %	Water and marine resources (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N								
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																						
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																						
N/A <sup>18</sup>		0	0%															0%	0%			
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		0	0%															0%	0%			
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																						
N/A		0	0%																			
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		0	0%															0%	0%			
<b>Total (A.1+A.2)</b>		0	0%															0%	0%			
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																						
<b>Turnover of Taxonomy-non-eligible activities (B)</b>		1,552.1	100%																			
<b>Total (A + B)</b>		1,552.1	100%																			

<sup>18</sup> No activity of the Group is, at the present time, considered Taxonomy-eligible.

## Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

Economic activities (1)	Code(s) (2)	Absolute CapEx in thousands of euros (3)	Proportion of CapEx (4)	Substantial contribution criteria							DNSH criteria ('Does Not Significantly Harm')							Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year 2022 (18)	Taxonomy-aligned proportion of CapEx, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Y/N	Y/N	Y/N					
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																						
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																						
N/A		0	0%															0	0%			
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>																						
		0	0%															0	0%			
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																						
Installation, maintenance and repair of renewable energy technologies	7.6	0.94	0.86%																			
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>																						
	7.6	0.94	0.86%															0	0%		T	
<b>Total (A.1+A.2)</b>																						
	7.6	0.94	0.86%															0	0%		T	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																						
<b>CapEx of Taxonomy-non-eligible activities (B)</b>																						
		108.56	99.14%																			
<b>Total (A + B)<sup>19</sup></b>																						
		109.50	100%																			

<sup>19</sup> Capex have been calculated considering All expenses for intangible and tangible assets incurred during the year considering the amount before depreciation and any value adjustments. The denominator also includes increases in tangible and intangible assets resulting from business combinations.



Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

Economic activities (1)	Codes (2)	Absolute OpEx in thousands of euros (3) Currency	Proportion of OpEx (4) %	Substantial contribution criteria										DNSH criteria ('Does Not Significantly Harm')				Taxonomy-aligned proportion of OpEx, year N (18) Percent	Taxonomy-aligned proportion of OpEx, year N-1 (19) Percent	Category (enabling activity) (20) E	Category (transition activity) (21) T	
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N						
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																						
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																						
N/A		0	0%																0	0%		
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		0	0%																0	0%		
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																						
Installation, maintenance and repair of renewable energy technologies	7.6	0.04	0.11%																			
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>	7.6	0.04	0.11%																0	0%		T
<b>Total (A.1+A.2)</b>	7.6	0.04	0.11%																0	0%		T
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																						
<b>OPEX of Taxonomy-non-eligible activities (B)</b>		38.56	99.89%																			
<b>Total (A + B)<sup>20</sup></b>		38.60	100%																			

<sup>20</sup> Opex have been calculated considering uncapitalized direct costs that referred to research and development, maintenance, short-term lease.

**Taxes<sup>21</sup>****207-4 Country by Country Report**

Names of the resident entities	Tax reporting 2022							
	FTE	Business activity	Revenues from third-party sales	Revenues from intra-group transactions <sup>22</sup>	Profit/loss before tax	Tangible assets other than cash and cash equivalents	Corporate income tax paid on a cash basis	Corporate income tax accrued on profit/loss
<b>France</b>								
Sogefi Air&Cooling S.A.S	405	Manufacturing	123,242,111	(126,020)	22,106,553	41,973,280	(914,000)	(2,395,030)
Sogefi Filtration S.A.	635	Manufacturing	182,108,405	39,511,348	70,530,363	32,979,850	(980,000)	(2,752,840)
Sogefi Suspensions S.A.	560	Manufacturing	108,698,877	532,770	(27,291,866)	30,546,220	(78,134)	2,382,130
United Springs S.a.S	83	Manufacturing	10,472,248	2,297,801	1,383,898	3,166,381	(379,490)	30
Branch Sogefi Spa	-	Holding shares	-	1,679,440	-	-	(25,215)	(26,635)
S. Ara Composite S.a.s	-	Manufacturing	-	-	(42,380)	(10)	-	-
Sogefi Gestion S.A.S.	38	Administrative, Management or Support Services	-	14,502,330	659,660	1,514,260	-	-
<b>Italy</b>								
Sogefi SpA	16	Holding Shares	-	9,141,109	(58,447,735)	1,825,051	(1,200,341)	93,720
Sogefi Filtration Italy SpA	124	Manufacturing	29,929,100	3,834,683	(64,317)	7,335,570	174,621	(211,090)
Sogefi Suspensions Pass Car Italy SpA	140	Manufacturing	30,922,574	500,610	(129,094)	10,264,530	332,551	(19,990)
Sogefi Suspensions Heavy Duty Italy SpA	103	Manufacturing	28,744,250	779,000	2,445,079	6,578,303	(762,237)	(445,880)
<b>Romania</b>								
S.C. Sogefi Air & Cooling S.r.l.	134	Manufacturing	34,621,410	777,844	4,020,517	14,305,732	(512,884)	(671,270)
Sogefi Suspensions Eastern Europe S.R.L	107	Manufacturing	14,880,949	2,907,290	(12,316,298)	46,834,360	-	-
<b>Netherlands (the)</b>								
Sogefi Filtration BV P.E.	1	Sales, Marketing	-	-	(1,345,590)	-	(39,000)	(69,100)
United Springs BV	29	Manufacturing	5,032,830	183,420	215,890	2,098,600	(43,167)	(32,610)
<b>Sweden</b>								
Sogefi Filtration Filial P.E.	1	Sales, Marketing	-	-	310,370	-	39,000	-
<b>Slovenia</b>								
Sogefi Filtration d.o.o.	352	Manufacturing	38,431,119	23,681,349	1,527,639	13,281,890	(75,037)	(98,110)
<b>Spain</b>								
Sogefi Aftermarket Spain, S.L.U.	0	Manufacturing	-	-	-	-	-	-
Sogefi Aftermarket Spain S.A.U. IAM	12	Sales, Marketing	23,813,378	26,188	3,200,466	74,354	(1,374,546)	(738,924)
Ibérica de Suspensiones S.L.	231	Manufacturing	64,936,751	2,550	3,492,657	16,141,653	(800,889)	(641,140)
<b>Germany</b>								
Sogefi Filtration Deutschland P.E.	5	Sales, Marketing	-	-	27,360	-	(8,000)	(8,090)
Sogefi PC Suspensions Germany GmbH	61	Manufacturing	6,112,780	723,520	(19,898,300)	0	(413,000)	726,780
Sogefi HD Suspensions Germany GmbH	349	Manufacturing	92,948,250	86,401	2,349,177	21,929,740	-	(751,410)

<sup>21</sup> The tax values reported in this report relate to the year 2022 and therefore, in line with the tax deadlines, not yet submitted to the Italian Agenzia delle Entrate.

<sup>22</sup> The values report all intercompany revenues, not only the ones with other tax jurisdictions.

Names of the resident entities	Tax reporting 2022							
	FTE	Business activity	Revenues from third-party sales	Revenues from intra-group transactions <sup>22</sup>	Profit/loss before tax	Tangible assets other than cash and cash equivalents	Corporate income tax paid on a cash basis	Corporate income tax accrued on profit/loss
<b>United Kingdom</b>								
Sogefi Filtration Ltd	192	Manufacturing	42,968,625	6,590,371	4,994,596	11,188,975	(37,284)	(545,508)
Alleward Springs Ltd	65	Manufacturing	15,063,838	26,753	(7,672,845)	327,383	82,195	536,166
United Springs Limited	50	Manufacturing	7,413,524	66,725	686,575	3,147,221	(175,813)	(130,447)
<b>Morocco</b>								
Filter Systems Maroc Sarl	151	Manufacturing	25,907,417	7,415,714	(1,413,486)	12,707,953	-	-
<b>Russian federation (the)</b>								
Sogefi Filtration Russia LLC	3	Sales, Marketing	788,376	-	872,773	-	(643,000)	(642,634)
<b>China</b>								
Sogefi (Suzhou) Auto Parts Co., Ltd	521	Manufacturing	114,728,303	780,791	5,993,671	58,100,170	(247,039)	-
Shanghai Sogefi Auto Parts Co., Ltd	5	Sales, Marketing	583,217	7,171	(10,303)	-	-	-
<b>India</b>								
Alleward IAI Suspensions Private Ltd	197	Manufacturing	13,021,811	2,744,014	1,157,741	4,472,678	-	-
SOGEFI-MNR Engine Systems India Private Limited	1158	Manufacturing	88,656,764	955,974	14,185,243	23,056,588	(3,528,955)	(3,593,727)
<b>Canada</b>								
Sogefi Air & Cooling Canada Corp.	292	Manufacturing	134,695,417	35,539	7,465,442	27,150,312	(2,518,248)	(2,124,835)
<b>United States of America (the)</b>								
Sogefi Air & Cooling USA Inc.	38	Research and Development	-	-	1,039,811	1,736,774	(34,935)	(1,142,315)
Sogefi USA Inc.	387	Manufacturing	130,141,534	-	7,576,580	23,153,214	(4,017,096)	(1,866,380)
<b>Argentina</b>								
Sogefi Suspension Argentina	240	Manufacturing	58,701,880	-	1,201,870	6,267,079	(1,629,677)	(412,813)
<b>Brazil</b>								
Sogefi Suspension Brasil LTDA	176	Manufacturing	49,256,712	313,761	5,096,700	9,846,670	(1,650,280)	(1,598,807)
<b>Mexico</b>								
Sogefi Engine Systems Mexico S de R.L. de C.V.	179	Manufacturing	75,273,070	431,992	443,044	1,354,635	(1,205,061)	(1,198,641)

For the overall reconciliation between the theoretical tax rate (the one of the Parent Company Sogefi S.p.A.) and the effective tax rate of the Group, see the Group Financial Report, Note 35 "Income tax".

With regard to the reasons for the difference between the theoretical and the effective tax rates, it should be pointed out that:

**Italy:** the main differences are due to:

- the net charge from the sale of tax surpluses to the CIR Group of the Italian subsidiaries;
- tax benefits mainly related to energy tax credits.

**France:** the main differences are due to:

- tax benefits for research and development activities;
- tax losses for which no advance taxes were entered because of the lack of retrievability requirements.

**Romania:** the main differences are due to:

- non-deductible costs;
- tax losses for which no advance taxes were entered because of the lack of retrievability requirements.

**Slovenia:** the main differences are due to non-deductible costs.

**United Kingdom:** the main differences are due to tax losses for which no advance taxes were entered because of the lack of retrievability requirements.

**Spain:** the main differences are due to:

- fiscal amortization of goodwill not included in the consolidated financial statement;

- fiscal benefits for research and development activities;
- other permanent differences.

**China:** the main differences are due to:

- fiscal benefits for research and development activities;
- fiscal losses for which no advance taxes were entered because of the lack of retrievability requirements.

**India:** the main differences are due to:

- non-deductible expenses;
- fiscal losses for which no advance taxes were entered because of the lack of retrievability requirements.

**USA:** the main differences are due to:

- tax benefits for research and development activities;
- other permanent differences.

**Mexico:** the main differences are due to non-deductible costs and other permanent differences.

**Argentina:** the main differences are due to permanent differences arising from the application of IAS29 "Accounting Reporting in Hyperinflationary Economies".

**Russia:** the main differences are due to non-deductible costs.

**Brazil:** the main differences are due to other permanent differences.

There are no significant differences between theoretical and effective tax rates in the following countries: Germany, Canada, Morocco and the Netherlands.

## People

### 2-7 – Employees, 2-8 – Workers who are not employees

Total workforce									
N. of persons	2020			2021			2022		
	M	W	Total	M	W	Total	M	W	Total
Employees	4,498	1,527	<b>6,025</b>	4,067	1,395	<b>5,462</b>	3,969	1,415	<b>5,384</b>
Supervised workers	700	157	<b>857</b>	936	443	<b>1,379</b>	1,373	120	<b>1,493</b>
<b>Total</b>	<b>5,198</b>	<b>1,684</b>	<b>6,882</b>	<b>5,003</b>	<b>1,838</b>	<b>6,841</b>	<b>5,342</b>	<b>1,535</b>	<b>6,877</b>

Employees by type of employment, by gender and region in 2022											
N. of persons	Europe		North America		South America		Asia		Total		
	M	W	M	W	M	W	M	W	M	W	TOT
Fixed term contract	214	67	0	0	147	19	0	0	361	86	<b>447</b>
Permanent contract	2,125	887	628	266	206	6	649	170	3,608	1,329	<b>4,937</b>
<b>Total</b>	<b>2,339</b>	<b>954</b>	<b>628</b>	<b>266</b>	<b>353</b>	<b>25</b>	<b>649</b>	<b>170</b>	<b>3,969</b>	<b>1,415</b>	<b>5,384</b>

Employees by type of employment, by gender									
N. of persons	2020			2021			2022		
	M	W	Total	M	W	Total	M	W	Total
Full time	4,459	1,452	<b>5,911</b>	3,942	1,317	<b>5,259</b>	3,846	1,334	<b>5,180</b>
Part time	39	75	<b>114</b>	125	78	<b>203</b>	123	81	<b>204</b>
<b>Total</b>	<b>4,498</b>	<b>1,527</b>	<b>6,025</b>	<b>4,067</b>	<b>1,395</b>	<b>5,462</b>	<b>3,969</b>	<b>1,415</b>	<b>5,384</b>

Employees by type of employment, by gender and region in 2022											
N. of persons	Europe		North America		South America		Asia		Total		
	M	W	M	W	M	W	M	W	M	W	TOT
Full time	2,232	886	613	253	353	25	648	170	3,846	1,334	<b>5,180</b>
Part time	107	68	15	13	0	0	1	0	123	81	<b>204</b>
<b>Total</b>	<b>2,339</b>	<b>954</b>	<b>628</b>	<b>266</b>	<b>353</b>	<b>25</b>	<b>649</b>	<b>170</b>	<b>3,969</b>	<b>1,415</b>	<b>5,384</b>

### 2-30 Collective bargaining agreements

Collective Bargaining Agreements										
N. of persons	31.12.2021					31.12.2022				
	Europe	North America	South America	Asia	TOTAL	Europe	North America	South America	Asia	TOTAL
Employees covered by collective bargaining agreements	3,305	330	381	327	<b>4,343</b>	3,016	308	378	301	<b>4,003</b>
Total employees	3,518	786	381	777	<b>5,462</b>	3,293	894	378	819	<b>5,384</b>
% Employees covered by collective bargaining agreement	94%	42%	100%	47%	<b>80%</b>	92%	35%	100%	37%	<b>74%</b>

## 405-1 Diversity of governance bodies and employees

Percentage of employees per employee category and gender									
%	2020			2021			2022		
	M	W	Total	M	W	Total	M	W	Total
Management	1%	0%	2%	1%	0%	1%	1%	0%	1%
Office staff	19%	7%	27%	20%	8%	28%	19%	7%	26%
Blue collar	53%	18%	71%	53%	17%	71%	54%	19%	73%
<b>Total</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>

Percentage of employees per region and gender									
%	2020			2021			2022		
	M	W	Total	M	W	Total	M	W	Total
Europe	44%	19%	63%	46%	19%	64%	43%	18%	61%
North America	10%	3%	13%	10%	4%	14%	12%	5%	17%
South America	8%	1%	9%	7%	0%	7%	7%	0%	7%
Asia	13%	2%	15%	12%	3%	14%	12%	3%	15%
<b>Total</b>	<b>75%</b>	<b>25%</b>	<b>100%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>

Percentage of employees per business unit and gender									
%	2020			2021			2022		
	M	W	Total	M	W	Total	M	W	Total
A&C	14%	7%	21%	15%	8%	23%	15%	9%	24%
Suspension	33%	4%	37%	36%	4%	40%	35%	4%	39%
Filtration	28%	14%	41%	23%	13%	36%	23%	13%	36%
Other <sup>23</sup>	1%	0%	1%	1%	0%	1%	1%	0%	1%
<b>Total</b>	<b>75%</b>	<b>25%</b>	<b>100%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>

Breakdown of employees according to gender and age group									
2020									
%	<30		30-50		>50		Total		Total
	M	W	M	W	M	W	M	W	
Management	0%	0%	1%	0%	1%	0%	1%	0%	2%
Office staff	2%	1%	13%	4%	5%	2%	20%	7%	27%
Blue collar	10%	3%	29%	9%	14%	5%	53%	18%	71%
<b>Total</b>	<b>12%</b>	<b>5%</b>	<b>43%</b>	<b>13%</b>	<b>20%</b>	<b>7%</b>	<b>75%</b>	<b>25%</b>	<b>100%</b>

Breakdown of employees according to gender and age group									
2021									
%	<30		30-50		>50		Total		Total
	M	W	M	W	M	W	M	W	
Management	0%	0%	1%	0%	0%	0%	1%	0%	1%
Office staff	2%	1%	11%	5%	6%	2%	20%	8%	28%
Blue collar	9%	3%	29%	9%	15%	6%	53%	18%	71%
<b>Total</b>	<b>11%</b>	<b>4%</b>	<b>41%</b>	<b>14%</b>	<b>22%</b>	<b>8%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>

Breakdown of employees according to gender and age group									
2022									
%	<30		30-50		>50		Total		Total
	M	W	M	W	M	W	M	W	
Management	0%	0%	0%	0%	0%	0%	1%	0%	1%
Office staff	2%	1%	12%	5%	5%	2%	19%	7%	26%
Blue collar	10%	3%	29%	10%	15%	6%	54%	19%	73%
<b>Total</b>	<b>12%</b>	<b>4%</b>	<b>41%</b>	<b>15%</b>	<b>20%</b>	<b>7%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>

<sup>23</sup> 'Other' category refers to Sogefi S.p.A. and Sogefi Gestion S.A.S.

Breakdown of employees according to gender and age group by business unit									
2020									
%	<30		30-50		>50		Total		Total
	M	W	M	W	M	W	M	W	
A&C	2%	1%	8%	4%	3%	2%	14%	7%	21%
Suspension	3%	1%	21%	2%	9%	1%	33%	4%	37%
Filtration	7%	3%	13%	6%	7%	5%	27%	14%	41%
Other	0%	0%	0%	0%	0%	0%	1%	0%	1%
<b>Total</b>	<b>12%</b>	<b>5%</b>	<b>43%</b>	<b>13%</b>	<b>20%</b>	<b>7%</b>	<b>75%</b>	<b>25%</b>	<b>100%</b>

Breakdown of employees according to gender and age group by business unit									
2021									
%	<30		30-50		>50		Total		Total
	M	W	M	W	M	W	M	W	
A&C	2%	1%	8%	4%	5%	3%	15%	8%	23%
Suspension	3%	0%	22%	3%	11%	1%	36%	4%	40%
Filtration	6%	2%	11%	7%	6%	4%	23%	13%	36%
Other	0%	0%	0%	0%	0%	0%	1%	0%	1%
<b>Total</b>	<b>11%</b>	<b>4%</b>	<b>41%</b>	<b>14%</b>	<b>22%</b>	<b>8%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>

Breakdown of employees according to gender and age group by business unit									
2022									
%	<30		30-50		>50		Total		Total
	M	W	M	W	M	W	M	W	
A&C	2%	1%	9%	5%	4%	2%	15%	9%	24%
Suspensions	3%	1%	21%	3%	11%	1%	35%	4%	39%
Filtration	7%	2%	11%	6%	5%	4%	23%	13%	36%
Other	0%	0%	0%	0%	0%	0%	1%	0%	1%
<b>Total</b>	<b>12%</b>	<b>4%</b>	<b>41%</b>	<b>15%</b>	<b>20%</b>	<b>7%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>

Breakdown of employees according to gender and age group by Region									
2020									
%	<30		30-50		>50		Total		Total
	M	W	M	W	M	W	M	W	
Europe	5%	3%	23%	10%	16%	6%	44%	19%	63%
North America	3%	1%	5%	2%	2%	1%	10%	3%	13%
South America	1%	0%	7%	0%	1%	0%	8%	1%	9%
Asia	4%	1%	8%	2%	0%	0%	13%	2%	15%
<b>Total</b>	<b>12%</b>	<b>5%</b>	<b>43%</b>	<b>13%</b>	<b>20%</b>	<b>7%</b>	<b>75%</b>	<b>25%</b>	<b>100%</b>

Breakdown of employees according to gender and age group by Region									
2021									
%	<30		30-50		>50		Total		Total
	M	W	M	W	M	W	M	W	
Europe	5%	2%	22%	10%	18%	7%	46%	19%	64%
North America	3%	1%	5%	2%	2%	1%	10%	4%	14%
South America	1%	0%	5%	0%	1%	0%	7%	0%	7%
Asia	3%	0%	8%	2%	0%	0%	12%	3%	14%
<b>Total</b>	<b>11%</b>	<b>4%</b>	<b>41%</b>	<b>14%</b>	<b>22%</b>	<b>8%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>

Breakdown of employees according to gender and age group by Region									
2022									
%	<30		30-50		>50		Total		Total
	M	W	M	W	M	W	M	W	
Europe	5%	2%	22%	9%	16%	6%	43%	18%	61%
North America	3%	1%	6%	2%	3%	1%	12%	5%	17%
South America	1%	0%	5%	0%	1%	0%	7%	0%	7%
Asia	3%	0%	9%	3%	0%	0%	12%	3%	15%
<b>Total</b>	<b>12%</b>	<b>4%</b>	<b>41%</b>	<b>15%</b>	<b>20%</b>	<b>7%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>

Breakdown of employees according to type of contract and gender									
N. of persons	2020			2021			2022		
	M	W	Total	M	W	Total	M	W	Total
Fixed term contract	82	95	177	280	65	345	361	86	447
Permanent contract	4,416	1,432	5,848	3,787	1,33	5,117	3,608	1,329	4,937
<b>Total</b>	<b>4,498</b>	<b>1,527</b>	<b>6,025</b>	<b>4,067</b>	<b>1,395</b>	<b>5,462</b>	<b>3,969</b>	<b>1,415</b>	<b>5,384</b>

## 405-2 – Ratio of basic salary and remuneration of women to men

	Average basic salary of women to men by employee category			Average remuneration of women to men by employee category		
	2020	2021	2022	2020	2021	2022
<b>Europe</b>						
Management <sup>24</sup>	0.73	1.00	0.78	0.77	0.94	0.79
Office staff	0.81	0.84	0.81	0.77	0.70	0.79
Blue collar	0.84	0.78	0.82	0.81	0.75	0.83
<b>North America</b>						
Management	0.73	0.58	n/a	0.66	0.84	n/a
Office staff	0.84	0.80	0.75	0.86	0.83	0.71
Blue collar	0.90	0.85	0.94	0.95	0.84	0.90
<b>South America</b>						
Management	n/a	n/a	n/a	n/a	n/a	n/a
Office staff	0.64	0.69	0.68	0.64	0.69	0.69
Blue collar	0.82	0.80	0.80	0.83	0.80	0.80
<b>Asia</b>						
Management	n/a	n/a	n/a	n/a	n/a	n/a
Office staff	0.84	0.69	0.77	0.84	0.69	0.77
Blue collar	0.92	0.96	1.00	0.98	1.00	1.00

## 401-1 – New employee hires and employee turnover

New hires by age group, gender and region in 2022										
N. of persons	<30		30-50		>50		Total		Turnover <sup>25</sup> %	
	M	W	M	W	M	W	M	W	M	W
Europe	166	60	144	69	50	14	360	143	15%	15%
North America	162	70	111	66	32	10	305	146	49%	55%
South America	4	4	4	0	1	0	9	4	3%	16%
Asia	65	17	94	44	0	0	159	61	24%	36%
<b>Total and average turnover</b>	<b>397</b>	<b>151</b>	<b>353</b>	<b>179</b>	<b>83</b>	<b>24</b>	<b>833</b>	<b>354</b>	<b>21%</b>	<b>25%</b>

Terminations by age, gender and region in 2022										
N. of persons	<30		30-50		>50		Total		Turnover %	
	M	W	M	W	M	W	M	W	M	W
Europe	138	42	255	103	135	55	528	200	23%	21%
North America	114	45	109	36	27	12	250	93	40%	35%
South America	4	1	9	0	2	0	15	1	4%	4%
Asia	44	15	85	28	5	1	134	44	21%	26%
<b>Total and average turnover</b>	<b>300</b>	<b>103</b>	<b>458</b>	<b>167</b>	<b>169</b>	<b>68</b>	<b>927</b>	<b>338</b>	<b>23%</b>	<b>24%</b>

<sup>24</sup> The salary and remuneration of CEO are not included in the calculation.

<sup>25</sup> Turnover % represents the number of new hires or the number of terminations of men/women to the total number of male/women employees



New hires by gender and age group										
N. of persons	2021					2022				
	<30	30-50	>50	Total	Turnover %	<30	30-50	>50	Total	Turnover %
Male	275	368	63	<b>706</b>	17%	397	353	83	<b>833</b>	21%
Female	86	141	20	<b>247</b>	18%	151	179	24	<b>354</b>	25%
<b>Total and average turnover</b>	<b>361</b>	<b>509</b>	<b>83</b>	<b>953</b>		<b>548</b>	<b>532</b>	<b>107</b>	<b>1,187</b>	

Terminations by gender and age group										
N. of persons	2021					2022				
	<30	30-50	>50	Total	Turnover %	<30	30-50	>50	Total	Turnover %
Male	281	495	194	<b>970</b>	24%	300	458	169	<b>927</b>	23%
Female	117	337	92	<b>546</b>	39%	103	167	68	<b>338</b>	24%
<b>Total and average turnover</b>	<b>398</b>	<b>832</b>	<b>286</b>	<b>1,516</b>		<b>403</b>	<b>625</b>	<b>237</b>	<b>1,265</b>	

## 404-1 – Average hours of training per year per employee

Training hours by gender									
N. of hours	2020			2021			2022		
	M	W	Total	M	W	Total	M	W	Total
Management	346	57	<b>403</b>	2,049	321	2,371	510	394	<b>904</b>
Office staff	18,435	5,094	<b>23,528</b>	19,291	7,472	26,763	21,809	8,756	<b>30,565</b>
Blue collar	25,408	6,181	<b>31,589</b>	41,000	7,811	48,810	56,236	13,622	<b>69,858</b>
<b>Total</b>	<b>44,188</b>	<b>11,332</b>	<b>55,520</b>	<b>62,339</b>	<b>15,604</b>	<b>77,944</b>	<b>78,555</b>	<b>22,772</b>	<b>101,327</b>

Average hours of training per employee									
N. of hours	2020			2021			2022		
	M	W	Total	M	W	Total	M	W	Total
Management	4.2	3.8	<b>4.2</b>	30.1	22.9	<b>28.9</b>	10.2	43.8	<b>15.3</b>
Office staff	15.3	11.6	<b>14.3</b>	17.8	17.1	<b>17.6</b>	21.7	21.8	<b>21.7</b>
Blue collar	7.9	5.8	<b>7.4</b>	14.1	8.3	<b>12.6</b>	19.3	13.6	<b>17.8</b>
<b>Total</b>	<b>9.8</b>	<b>7.5</b>	<b>9.2</b>	<b>11.0</b>	<b>15.0</b>	<b>12.0</b>	<b>19.8</b>	<b>16.1</b>	<b>18.8</b>

## GRI 403-9 Work-related injuries

Work-related injuries by region – employees			
number	2020	2021	2022
<b>Europe</b>			
Work-related injury	37	33	21
of which fatalities	-	-	-
of which high consequence work-related injuries (excluding fatalities)	-	1	1
<b>North America</b>			
Work-related injury	4	2	2
of which fatalities	-	-	-
of which high consequence work-related injuries (excluding fatalities)	-	-	-
<b>South America</b>			
Work-related injury	7	2	3
of which fatalities	-	-	-
of which high consequence work-related injuries (excluding fatalities)	-	-	-
<b>Asia</b>			
Work-related injury	2	1	-
of which fatalities	-	-	-
of which high consequence work-related injuries (excluding fatalities)	-	-	-
<b>Group</b>			
Work-related injury	<b>50</b>	<b>38</b>	<b>26</b>
of which fatalities	-	-	-
of which high consequence work-related injuries (excluding fatalities)	-	<b>1</b>	<b>1</b>

<b>Work-related injuries by region– supervised workers</b>			
<i>number</i>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Europe</b>			
Work-related injury	15	10	2
<i>of which fatalities</i>	-	-	-
<i>of which high consequence work-related injuries (excluding fatalities)</i>	-	-	-
<b>North America</b>			
Work-related injury	1	1	-
<i>of which fatalities</i>	-	-	-
<i>of which high consequence work-related injuries (excluding fatalities)</i>	-	-	-
<b>South America</b>			
Work-related injury	-	1	-
<i>of which fatalities</i>	-	-	-
<i>of which high consequence work-related injuries (excluding fatalities)</i>	-	-	-
<b>Asia</b>			
Work-related injury	2	-	2
<i>of which fatalities</i>	-	-	-
<i>of which high consequence work-related injuries (excluding fatalities)</i>	-	-	1
<b>Group</b>			
Work-related injury	<b>18</b>	<b>12</b>	<b>4</b>
<i>of which fatalities</i>	-	-	-
<i>of which high consequence work-related injuries (excluding fatalities)</i>	-	-	<b>1</b>

<b>Temporal data – hours worked employees</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>
Europe	4,741,263.6	4,661,001.3	5,175,261.4
North America	1,243,245.0	1,714,985.7	1,734,423.5
South America	1,085,265.0	764,309.5	651,900.0
Asia	2,297,104.2	2,710,426.7	2,174,170.5
<b>Group</b>	<b>9,366,877.8</b>	<b>9,850,723.1</b>	<b>9,735,755.4</b>

<b>Temporal data – hours worked supervised workers</b>			
	<b>2020</b>	<b>2021</b>	<b>2022</b>
Europe	830,966.9	804,770.8	805,638.9
North America	189,845.0	138,294.0	193,459.0
South America	274,197.4	162,038.0	66,732.0
Asia	2,329,081.0	3,372,610.0	4,060,640.5
<b>Group</b>	<b>3,624,090.3</b>	<b>4,447,712.8</b>	<b>5,126,470.4</b>

## GRI 403-10 - Work-related ill health

<b>Work-related ill health by region – employees</b>			
<i>number</i>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Europe</b>			
Work-related ill health	16	11	8
<i>n. of fatalities</i>	-	-	-
<b>North America</b>			
Work-related ill health	-	1	-
<i>n. of fatalities</i>	-	-	-
<b>South America</b>			
Work-related ill health	7	3	-
<i>n. of fatalities</i>	-	-	-
<b>Asia</b>			
Work-related ill health	-	-	-
<i>n. of fatalities</i>	-	-	-
<b>Group</b>			
Work-related ill health	<b>23</b>	<b>15</b>	<b>8</b>
<i>n. of fatalities</i>	-	-	-

<b>Work-related ill health by region – supervised workers</b>			
<i>number</i>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Europe</b>			
Work-related ill health	-	2	0
<i>n. of fatalities</i>	-	-	-
<b>North America</b>			
Work-related ill health	-	-	-
<i>n. of fatalities</i>	-	-	-
<b>South America</b>			
Work-related ill health	-	-	-
<i>n. of fatalities</i>	-	-	-
<b>Asia</b>			
Work-related ill health	-	-	-
<i>n. of fatalities</i>	-	-	-
<b>Group</b>			
Work-related ill health	-	<b>2</b>	<b>0</b>
<i>n. of fatalities</i>	-	-	-

**201-1 Direct economic value generated and distributed**

<b>Statement of Economic value of SOGEFI Group</b>		
<b>€m</b>	<b>2021</b>	<b>2022</b>
Sales Revenues	1,320.6	1,552.1
Other gains and losses	-7.4	-7.8
<b>Economic Value generated (gross)</b>	<b>1,313.3</b>	<b>1,544.3</b>
Depreciation and amortization	115.6	117.5
<b>Economic Value generated (net)</b>	<b>1,197.7</b>	<b>1,426.9</b>
Operating costs	891.8	1,101.9
Personnel	247.5	256.7
Providers of finance	16.2	18.8
Non-controlling interest	2.2	1.6
Public Administration	13.5	18.4
Gain and loss from discounted operations <sup>26</sup>	24.5	0.0
<b>Economic Value distributed to stakeholders</b>	<b>1,195.7</b>	<b>1,397.3</b>
Group net result	2.0	29.6
Economic Value retained by the Group	2.0	29.6

<sup>26</sup> The values for the 2021 financial year refer to Filtration Spain and Filtration Argentina.

## Environment<sup>27</sup>

### GRI 302-1 Energy consumption within the organization

Environmental data (energy and greenhouse gas emissions, waste and water discharges) consider the total number of production facilities of the SOGEFI Group. The figures do not include the minor administrative offices that are not relevant for energy consumption. To convert to GJ, consider electricity: 1 kWh = 0.0036 GJ; for natural gas in 2020 and 2021: 1 m<sup>3</sup> = 0.03901 GJ while in 2022: 1 m<sup>3</sup> = 0.03956 GJ

Electricity and natural gas consumption by business unit						
	Electricity [MWh]			Natural Gas [m <sup>3</sup> ]		
	2020	2021	2022	2020	2021	2022
<b>A&amp;C</b>	41,662.9	35,158.8	45,716.6	470,269.7	808,241.7	1,085,074.5
<b>Suspensions</b>	130,980.3	130,930.2	121,026.1	30,846,067.0	23,598,335.2	26,026,120.6
<b>Filtration</b>	55,435.7	49,672.2	49,246.9	1,650,370.6	1,457,352.5	1,395,547.2
<b>Group</b>	<b>228,078.9</b>	<b>215,761.3</b>	<b>215,989.6</b>	<b>32,966,707.4</b>	<b>25,863,929.5</b>	<b>28,506,742.3</b>

Electricity and natural gas consumption by business unit						
	Electricity [GJ]			Natural Gas [GJ]		
	2020	2021	2022	2020	2021	2022
<b>A&amp;C</b>	149,985.2	126,570.6	164,578.5	18,345.2	31,529.5	42,929.0
<b>Suspensions</b>	471,525.1	471,345.1	439,511.8	1,203,305.1	920,571.1	1,029,676.6
<b>Filtration</b>	199,567.1	178,818.6	178,144.8	64,381.0	56,851.3	55,212.3
<b>Group</b>	<b>821,077.4</b>	<b>776,734.3</b>	<b>782,235.0</b>	<b>1,286,031.3</b>	<b>1,008,951.9</b>	<b>1,127,817.9</b>

Electricity and natural gas consumption by region						
	Electricity [MWh]			Natural Gas [m <sup>3</sup> ]		
	2020	2021	2022	2020	2021	2022
<b>Europe</b>	144,614.9	140,168.4	142,389.5	23,446,729.6	18,026,856.8	19,262,256.6
<b>North America</b>	30,134.3	28,071.9	22,994.6	324,754.5	106,512.3	1,008,947.6
<b>South America</b>	28,467.6	18,156.8	18,716.0	7,830,190.3	7,082,968.1	7,544,175.8
<b>Asia</b>	24,862.1	29,364.2	31,889.5	1,365,032.9	647,592.4	691,362.4
<b>Group</b>	<b>228,078.9</b>	<b>215,761.3</b>	<b>215,989.6</b>	<b>32,966,707.4</b>	<b>25,863,929.5</b>	<b>28,506,742.3</b>

Electricity and natural gas consumption by region						
	Electricity [GJ]			Natural Gas [GJ]		
	2020	2021	2022	2020	2021	2022
<b>Europe</b>	520,609.5	504,602.1	516,419.6	914,656.9	703,227.7	762,076.5
<b>North America</b>	108,482.5	101,058.1	82,779.8	12,668.7	4,155.0	39,917.2
<b>South America</b>	102,482.6	65,363.8	67,377.0	305,455.7	276,306.6	298,471.7
<b>Asia</b>	89,502.8	105,710.3	115,658.6	53,249.9	25,262.6	27,352.5
<b>Group</b>	<b>821,077.4</b>	<b>776,734.3</b>	<b>782,235.0</b>	<b>1,286,031.3</b>	<b>1,008,951.9</b>	<b>1,127,817.9</b>

### GRI 302-3 Energy intensity

GJ/m€	Energy intensity by business unit					
	2019	2020	2021	2022	Var 22/21	Var 22/19
A&C	496.6	452.7	393.3	447.2	13.7%	-9.9%
Suspension	3,235.7	4,191.6	3,037.8	2,638.9	-13.1%	-18.4%
Filtration	532.3	608.0	508.6	435.6	-14.4%	-18.2%
<b>GROUP</b>	<b>1,501.5</b>	<b>1,751.3</b>	<b>1,352.1</b>	<b>1,230.6</b>	<b>-9.0%</b>	<b>-18.0%</b>
<b>GROUP w/o price effect<sup>28</sup></b>	<b>1,501.5</b>	<b>1,751.3</b>	<b>1,370.4</b>	<b>1,345.1</b>	<b>-1.8%</b>	<b>-10.4%</b>

<sup>27</sup> Data for 2020 energy consumption were estimated for few plants. The estimation was based on previous years consumption.

<sup>28</sup> Starting from 2022 due to the inflationary scenario SOGEFI is reporting the energy intensity as well at Group level dividing for the sales minus the price effects in order to correctly assess the underlying activity.

GJ/m€	Energy intensity by region		
	2020 <sup>29</sup>	2021 <sup>30</sup>	2022
Europe	1,901.4	1,484.8	1,435.1
North America	483.0	401.0	360.6
South America	6,856.2	4,390.2	3,387.5
Asia	985.1	740.6	649.8
<b>GROUP</b>	<b>1,751.3</b>	<b>1,352.1</b>	<b>1,230.6</b>

### GRI 305-1 Direct (Scope 1) GHG emissions

### GRI 305-2 Energy indirect (Scope 2) GHG emissions

In order to calculate the CO<sub>2</sub> emission, the factors used are: "Terna – *Confronti Internazionali*" for Scope 2 "location-based" emission; "AIB Residual Mixes" Scope 2 "market-based" emission (Scope 2) for European countries. For country extra EU, there are no Residual Mix factors available, therefore "location-based" emission factors (i.e. Terna – *Confronti Internazionali*) are used instead of "market-based" (i.e. Residual Mix). Each year factors are updated accordingly to the annual updated issued by the different organizations.

The source of the emission factors for natural gas are the *UK Government GHG Conversion Factors for Company Reporting* – DEFRA emission factors. Scope 1 is calculated considering only the natural gas consumption component. Scope 2 is calculated considering only the electricity consumption component. To calculate Scope 1 emissions, the coefficients of the UK Government GHG Conversion Factors for Company Reporting – DEFRA were used. It should be noted that in order to ensure comparability with the 2022 data, the values relating to the 2021 financial year have been restated using the same calculation method [*UK Government GHG Conversion Factors for Company Reporting 2018 and 2019*]. For the value reported in the 2021 Consolidated Non-Financial Statement, please refer to the document published on the website.

Group GHG emissions <sup>31</sup>				
ton CO <sub>2</sub>	2020	2021	2022	Var. 21-22
Scope 1	66,680.4	52,280.2	57,462.2	9.9%
Scope 2 – Location based	59,078.2	55,150.1	57,748.8	4.7%
Scope 2 – Market based	66,044.5	62,976.0	52,374.1	-16.8%
<b>TOTAL (with Location based)</b>	<b>125,758.6</b>	<b>107,430.1</b>	<b>115,211.0</b>	7.2%
<b>TOTAL (with Market based)</b>	<b>132,724.9</b>	<b>115,256.1</b>	<b>109,836.3</b>	-4.7%

Greenhouse gas (GHG) emissions Scope 1 + Scope 2 Location-based by business unit			
ton CO <sub>2</sub>	2020	2021	2022
A&C	10,878.1	12,234.2	14,393.7
Suspensions	96,615.1	81,069.4	83,689.6
Filtration	18,265.4	14,126.5	17,127.7
<b>Total</b>	<b>125,758.6</b>	<b>107,430.1</b>	<b>115,211.0</b>

<sup>29</sup> 2020 Revenues used to calculate the GHG emission intensity have been restated as per the IFRS 5 ("Non-current assets held for sale and discontinued operations").

<sup>30</sup> 2021 Revenues used to calculate the GHG emission intensity have been restated as per the IFRS 5 ("Non-current assets held for sale and discontinued operations"), in line with the data reported into the paragraph 5.1 Group Economic Performance and into the Group Financial Report 2022.

<sup>31</sup> For Scope 1 emission calculation the UK Government GHG Conversion Factors for Company Reporting – DEFRA 2020 has been used in order to guarantee comparability with 2020 data.

Greenhouse gas (GHG) emissions Scope 1 + Scope 2 Location-based by Region			
ton CO <sub>2</sub>	2020	2021	2022
Europe	76,961.9	61,982.1	67,540.3
North America	8,903.6	7,691.1	7,309.6
South America	20,905.9	17,754.2	18,641.9
Asia	18,987.1	20,002.8	21,718.9
<b>Total</b>	<b>125,758.6</b>	<b>107,430.1</b>	<b>115,210.7</b>

Greenhouse gas (GHG) emissions Scope 1 + Scope 2 Market-based by business unit			
ton CO <sub>2</sub>	2020	2021	2022
A&C	10,335.2	11,548.1	8,182.6
Suspensions	102,959.6	88,414.4	82,460.0
Filtration	19,430.1	15,293.5	19,193.6
<b>Total</b>	<b>132,724.9</b>	<b>115,256.1</b>	<b>109,836.3</b>

Greenhouse gas (GHG) emissions Scope 1 + Scope 2 Market-based by Region			
ton CO <sub>2</sub>	2020	2021	2022
Europe	83,928.3	69,808.0	75,563.2
North America	8,903.6	7,691.1	5,896.0
South America	20,905.9	17,754.2	17,080.4
Asia	18,987.1	20,002.8	11,296.6
<b>Total</b>	<b>132,724.9</b>	<b>115,256.1</b>	<b>109,836.3</b>

#### GRI 305-4 GHG emissions intensity<sup>32</sup>

GHG EMISSIONS INTENSITY Scope 1+ 2 Location-based by business unit			
ton CO <sub>2</sub> /m€	2020 <sup>33</sup>	2021	2022
A&C	29.3	30.4	31.0
Suspensions	241.8	176.9	150.3
Filtration	42.1	30.5	32.0
<b>GROUP</b>	<b>104.5</b>	<b>81.3</b>	<b>74.2</b>
<b>GROUP w/o price effect<sup>34</sup></b>	<b>104.5</b>	<b>82.4</b>	<b>81.1</b>

GHG EMISSIONS INTENSITY Scope 1+ 2 Market-Based by business unit			
ton CO <sub>2</sub> /m€	2020 <sup>35</sup>	2021	2022
A&C	32.5	28.7	17.6
Suspension	257.7	193.0	148.1
Filtration	40.7	33.0	35.8
<b>GROUP</b>	<b>110.3</b>	<b>87.3</b>	<b>70.8</b>
<b>GROUP w/o price effect</b>	<b>110.3</b>	<b>88.5</b>	<b>77.3</b>

GHG EMISSIONS INTENSITY Scope 1+ 2 Location based by REGION			
ton CO <sub>2</sub> /m€	2020	2021	2022
<b>Europe</b>	<b>102.0</b>	<b>76.2</b>	<b>75.8</b>
<b>North America</b>	<b>35.5</b>	<b>29.3</b>	<b>21.5</b>
<b>South America</b>	<b>351.4</b>	<b>228.1</b>	<b>172.6</b>
<b>Asia</b>	<b>131.0</b>	<b>113.1</b>	<b>98.7</b>
<b>GROUP</b>	<b>104.5</b>	<b>81.3</b>	<b>74.2</b>

<sup>32</sup> Sales revenues by business unit and by country of origin are net of intercompany eliminations

<sup>33</sup> 2020 Revenues used to calculate the GHG emission intensity have been restated as per the IFRS 5 ("Non-current assets held for sale and discontinued operations").

<sup>34</sup> Starting from 2022, following the inflationary context, SOGEFI also reports the intensity of the Group's emissions, dividing by sales minus the price effect to better represent the underlying performance.

<sup>35</sup> 2021 Revenues used to calculate the GHG emission intensity have been restated as per the IFRS 5 ("Non-current assets held for sale and discontinued operations"), in line with the data reported into the paragraph 5.1 Group Economic Performance and into the Group Financial Report 2022.

<b>GHG EMISSIONS INTENSITY Scope 1+ 2 Market based by REGION</b>			
<i>ton CO<sub>2</sub>/m€</i>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Europe</b>	111.2	85.8	84.8
<b>North America</b>	35.5	29.3	17.3
<b>South America</b>	351.4	228.1	158.2
<b>Asia</b>	131.0	113.1	51.3
<b>GROUP</b>	<b>110.3</b>	<b>87.3</b>	<b>70.8</b>

## Waste management

### GRI 306-4 Waste diverted from disposal (2020)

### GRI 306-5 Waste directed to disposal (2020)

<b>Waste generation by business unit</b>									
<i>ton</i>	<b>2020</b>			<b>2021</b>			<b>2022</b>		
	Hazardous	Non-hazardous	<b>Total</b>	Hazardous	Non-hazardous	<b>Total</b>	Hazardous	Non-hazardous	<b>Total</b>
A&C	154.5	1,724.9	<b>1,879.4</b>	110.4	1,305.9	<b>1,416.3</b>	304.9	2,484.5	<b>2,789.4</b>
Suspensions	2,623.9	8,947.7	<b>11,571.7</b>	2,607.2	13,052.2	<b>15,659.3</b>	2,607.1	13,222.5	<b>15,829.6</b>
Filtration	1,069.7	7,801.7	<b>8,871.4</b>	624.2	6,871.7	<b>7,495.9</b>	523.0	6,943.9	<b>7,466.9</b>
<b>Total</b>	<b>3,848.2</b>	<b>18,474.3</b>	<b>22,322.5</b>	<b>3,341.8</b>	<b>21,229.8</b>	<b>24,571.6</b>	<b>3,435.1</b>	<b>22,650.9</b>	<b>26,085.9</b>

<b>Waste by type of disposal, in metric tons (t) - 2022</b>			
	<b>Hazardous</b>	<b>Non-hazardous</b>	<b>Total</b>
<b>Preparation for reuse</b>	179.1	2,375.9	2,555.0
<b>Recycling</b>	333.3	17,040.9	17,374.2
<b>Composting</b>	0.0	10.2	10.2
<b>Incineration (with energy recovery)</b>	312.1	1,077.2	1,389.3
<b>Incineration (without energy recovery)</b>	695.7	1,287.1	1,982.8
<b>Landfilling</b>	275.9	743.6	1,019.5
<b>Other recovery operations: to specify</b>	1,639.0	115.9	1,754.9
<b>Total</b>	<b>3,435.1</b>	<b>22,650.9</b>	<b>26,085.9</b>

Waste diverted from disposal by recovery operation, in metric tons (t)								
Method of waste disposal [t]	2021				2022			
	Onsite	Offsite	Total	%	Onsite	Offsite	Total	%
<b>Hazardous Waste</b>								
Preparation for reuse	117.2	0	<b>117.2</b>	1%	179.1	0.0	<b>179.1</b>	1%
Recycling	4.0	297.1	<b>301.1</b>	2%	0.0	333.3	<b>333.3</b>	2%
Other recovery operations	0.0	0.0	<b>0.0</b>	0%	0.0	0.0	<b>0.0</b>	0%
<b>Non-hazardous Waste</b>								
Preparation for reuse	2,256.2	37.2	<b>2,293.4</b>	13%	2,375.9	0.0	<b>2,375.9</b>	12%
Recycling	0.0	15,314.6	<b>15,314.6</b>	85%	0.0	17,040.9	<b>17,040.9</b>	85%
Other recovery operations	0.0	34.8	<b>34.8</b>	0%	0.0	10.2	<b>10.2</b>	0%
<b>Total</b>	<b>2,377.3</b>	<b>15,683.7</b>	<b>18,061.0</b>	<b>100%</b>	<b>2,555.0</b>	<b>17,384.4</b>	<b>19,939.4</b>	<b>100%</b>

Waste directed to disposal by disposal operation, in metric tons (t)								
Method of waste disposal [t]	2021				2022			
	Onsite	Offsite	Total	%	Onsite	Offsite	Total	%
<b>Hazardous waste</b>								
Incineration (with energy recovery)	2.8	597.4	<b>600.2</b>	9%	0.0	312.1	<b>312.1</b>	5%
Incineration (without energy recovery)	0.0	694.4	<b>694.4</b>	11%	0.0	695.7	<b>695.7</b>	11%
Landfilling	2.2	522.2	<b>524.4</b>	8%	0.0	275.9	<b>275.9</b>	4%
Other	69.7	1,034.9	<b>1,104.6</b>	17%	0.0	1,639.0	<b>1,639.0</b>	27%
<b>Non-hazardous waste</b>								
Incineration (with energy recovery)	0.0	866.5	<b>866.5</b>	13%	0.0	1,077.2	<b>1,077.1</b>	18%
Incineration (without energy recovery)	0.0	1,222.4	<b>1,222.4</b>	19%	0.0	1,287.1	<b>1,287.1</b>	21%
Landfilling	34.5	1,062.2	<b>1,096.7</b>	17%	0.0	743.6	<b>743.6</b>	12%
Other	72.3	329.1	<b>401.4</b>	6%	0.0	115.9	<b>115.9</b>	2%
<b>Total</b>	<b>181.5</b>	<b>6,329.1</b>	<b>6,510.6</b>	<b>100%</b>	<b>0.0</b>	<b>6,146.5</b>	<b>6,146.5</b>	<b>100%</b>



Waste generation by region						
ton	2021			2022		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Europe	2,744.6	15,498.4	<b>18,243.0</b>	2,500.3	15,363.8	<b>17,864.1</b>
North America	53.0	1,106.5	<b>1,159.5</b>	232.0	1,632.6	<b>1,864.6</b>
South America	155.9	2,469.6	<b>2,625.6</b>	316.0	3,161.8	<b>3,477.8</b>
Asia	388.5	2,155.2	<b>2,543.7</b>	386.8	2,492.6	<b>2,879.4</b>
<b>GROUP</b>	<b>3,341.8</b>	<b>21,229.8</b>	<b>24,571.6</b>	<b>3,435.1</b>	<b>22,650.9</b>	<b>26,085.9</b>

Waste generation by BU - 2022				
ton	Air&Cooling	Filtration	Suspension	Total
Preparation for reuse	226.3	169.4	2,159.3	<b>2,555.0</b>
Recycling	1,981.1	5,004.1	10,388.9	<b>17,374.2</b>
Composting	0.0	0.0	10.2	<b>10.2</b>
Incineration (with energy recovery)	203.2	719.3	466.8	<b>1,389.3</b>
Incineration (without energy recovery)	80.2	1,082.1	820.5	<b>1,982.8</b>
Landfilling	141.4	208.2	669.9	<b>1,019.5</b>
Other recovery operations	157.1	283.9	1,313.9	<b>1,754.9</b>
<b>Total</b>	<b>2,789.4</b>	<b>7,466.9</b>	<b>15,829.6</b>	<b>26,085.9</b>

## Sustainable water management

### GRI 303-3 Water withdrawal

Water withdrawal 2020			
<i>Megaliters</i>		Total water withdrawal	Water withdrawal from water stressed areas
<b>Water withdrawal by source</b>	<b>Surface water</b>		
	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	6.5	1.0
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	300.0	-
	<b>Groundwater</b>		
	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	156.4	22.2
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	77.0	3.4
	<b>Third-party water</b>		
	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	248.3	98.5
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	28.2	26.9
<b>Total water withdrawal</b>	Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)	<b>816.5</b>	<b>151.8</b>

Water withdrawal 2021			
Megaliters		Total water withdrawal	Water withdrawal from water stressed areas
<b>Water withdrawal by source</b>	<b>Surface water</b>		
	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	626.1	-
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	0.0	-
	<b>Groundwater</b>		
	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	214.6	72.5
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	2.2	2.2
	<b>Third-party water</b>		
	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	227.8	95.5
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	12.0	3.1
<b>Total water withdrawal</b>	Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)	<b>1,082.8</b>	<b>173.3</b>
Water withdrawal 2022			
Megaliters		Total water withdrawal	Water withdrawal from water stressed areas
<b>Water withdrawal by source</b>	<b>Surface water</b>		
	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	581.5	-
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	18.7	18.7
	<b>Groundwater</b>		
	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	179.7	38.9
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	-	-
	<b>Third-party water</b>		
	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	233.8	50.1
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	3.3	-
<b>Total water withdrawal</b>	Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)	<b>1,017.0</b>	<b>107.7</b>

Water withdrawal by region						
	2021			2022		
<i>Megaliters</i>	Areas with no risk of water stress	Water withdrawal from water stressed areas	Total	Areas with no risk of water stress	Water withdrawal from water stressed areas	Total
Europe	850.5	96.3	946.7	840.3	24.5	864.8
North America	19.2	0.0	19.2	26.4	0.0	26.4
South America	39.8	0.0	39.8	42.6	0.0	42.6
Asia	0.0	77.1	77.1	0.0	83.2	83.2
<b>GROUP</b>	<b>909.4</b>	<b>173.3</b>	<b>1,082.8</b>	<b>909.3</b>	<b>107.7</b>	<b>1,017.0</b>

Water withdrawal by Business Unit						
	2021			2022		
<i>Megaliters</i>	Areas with no risk of water stress	Water withdrawal from water stressed areas	Total	Areas with no risk of water stress	Water withdrawal from water stressed areas	Total
A&C	346.5	10.6	357.1	338.5	8.3	346.7
Suspensions	518.7	130.0	648.7	530.1	70.1	600.2
Filtration	44.2	32.7	76.9	40.8	29.3	70.1
<b>GROUP</b>	<b>909.4</b>	<b>173.3</b>	<b>1,082.8</b>	<b>909.3</b>	<b>107.7</b>	<b>1,017.0</b>

## GRI 303-4 Water discharge

Water discharge 2020			
<i>Megaliters</i>		Total water discharge	Water discharge from water stressed areas
<b>Water discharge by destination</b>	Surface water	314.2	-
	Groundwater	109.9	3.4
	Sea water	-	-
	Third-party water (total)	189.5	75.5
	Third-party water sent for use to other organizations	-	-
<b>Water discharge by freshwater and other water</b>	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	278.0	42.2
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	335.6	36.7
<b>Total water discharge</b>		<b>613.6</b>	<b>78.9</b>

<b>Water discharge 2021</b>			
<i>Megaliters</i>		<b>Total water discharge</b>	<b>Water discharge from water stressed areas</b>
<b>Water discharge by destination</b>	Surface water	629.3	-
	Groundwater	68.8	-
	Sea water	-	-
	Third-party water (total)	135.6	46.1
	Third-party water sent for use to other organizations	-	-
<b>Water discharge by freshwater and other water</b>	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	833.6	46.1
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	12.0	-
<b>Total water discharge</b>		<b>845.2</b>	<b>46.1</b>

<b>Water discharge 2022</b>			
<i>Megaliters</i>		<b>Total water discharge</b>	<b>Water discharge from water stressed areas</b>
<b>Water discharge by destination</b>	Surface water	585.8	0.0
	Groundwater	40.2	5.9
	Sea water	-	-
	Third-party water (total)	134.5	18.3
	Third-party water sent for use to other organizations	-	-
<b>Water discharge by freshwater and other water</b>	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	757.3	24.2
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	3.3	0.0
<b>Total water discharge</b>		<b>760.5</b>	<b>24.2</b>

Water discharge by region						
	2021			2022		
<i>Megaliters</i>	Areas with no risk of water stress	Water discharge from water stressed areas	Total	Areas with no risk of water stress	Water discharge from water stressed areas	Total
Europe	766.7	25.4	792.1	716.8	4.3	721.1
North America	6.6	0.0	6.6	13.8	0.0	13.8
South America	25.7	0.0	25.7	5.7	0.0	5.7
Asia	0.0	20.7	20.7	0.0	19.9	19.9
<b>GROUP</b>	<b>799.1</b>	<b>46.1</b>	<b>845.2</b>	<b>736.3</b>	<b>24.2</b>	<b>760.5</b>

Water discharge by Business Unit						
	2021			2022		
<i>Megaliters</i>	Areas with no risk of water stress	Water withdrawal from water stressed areas	Total	Areas with no risk of water stress	Water withdrawal from water stressed areas	Total
A&C	332.8	3.5	336.3	325.7	5.9	331.6
Suspensions	436.0	40.3	476.3	375.1	8.9	383.9
Filtration	30.2	2.4	32.6	35.6	9.4	44.9
<b>GROUP</b>	<b>799.0</b>	<b>46.1</b>	<b>845.2</b>	<b>736.3</b>	<b>24.2</b>	<b>760.5</b>

### GRI 303-5 Water consumption

Water consumption			
	2020		
<i>Megaliters</i>	Areas with no risk of water stress	Areas with water stress	Total
Europe	108.4	36.2	144.6
North America	10.5	2.0	12.5
South America	14.5	-	14.5
Asia	-	34.7	34.7
<b>GROUP</b>	<b>133.4</b>	<b>72.9</b>	<b>206.3</b>

Water consumption			
	2021		
<i>Megaliters</i>	Areas with no risk of water stress	Areas with water stress	Total
Europe	74.3	70.9	145.2
North America	12.6	-	12.6
South America	14.0	-	14.0
Asia	-	56.3	56.3
<b>GROUP</b>	<b>101.0</b>	<b>127.2</b>	<b>228.1</b>

<b>Water consumption</b>			
	<b>2022</b>		
<i>Megaliters</i>	<b>Areas with no risk of water stress</b>	<b>Areas with no risk of water stress</b>	<b>Total</b>
<b>Europe</b>	123.5	20.2	143.6
<b>North America</b>	12.6	0.0	12.6
<b>South America</b>	36.9	0.0	36.9
<b>Asia</b>	0.0	63.3	63.3
<b><u>GROUP</u></b>	<b>173.0</b>	<b>83.5</b>	<b>256.5</b>

<b>Water consumption 2020</b>			
<i>Megaliters</i>		<b>Total water consumption</b>	<b>Water consumption from water stressed areas</b>
<b>Water consumption</b>	Total water consumption	206.3	72.9
	Change in water storage. if water storage has been identified as having a significant water-related impact	28.9	1.1

<b>Water consumption 2021</b>			
<i>Megaliters</i>		<b>Total water consumption</b>	<b>Water consumption from water stressed areas</b>
<b>Water consumption</b>	Total water consumption	228.1	127.2
	Change in water storage. if water storage has been identified as having a significant water-related impact	-	-

<b>Water consumption 2022</b>			
<i>Megaliters</i>		<b>Total water consumption</b>	<b>Water consumption from water stressed areas</b>
<b>Water consumption</b>	Total water consumption	256.5	83.5
	Change in water storage. if water storage has been identified as having a significant water-related impact		

## 11. GRI

### 11.1 Material topic correlation and boundaries table

Aspects of the Decree 254/16	Material topics (materiality matrix SOGEFI)	Topic of the GRI Standards
Fight against active and passive corruption	Business ethics and integrity	Anticorruption; Socio-economic compliance; Environmental compliance
N.A.	Strategy & Economic performance	Economic performance
	Innovative and Eco-responsible products / technologies	Material; Energy
	Cybersecurity & Data Protection	Customer Privacy
Social aspects and aspects related to the respect of human rights	Distributed value and impact on local communities	Local community
	Responsible procurement practices	Procurement practices; Supplier environmental assessment; Supplier social assessment
Environment	Sustainable Water & Waste Management	Water and effluents; Waste
	Optimization of material cycles in industrial processes	Materials
	Climate Strategy	Energy; emissions
Aspects related to human resources and to the respect of human rights	Occupational health and safety	Occupational health and safety
	Attraction, retention and professional development of talents	Employment; training and education; Labour and management relations
	Diversity and equal opportunities	Diversity and equal opportunity; non-discrimination; Market presence
	Employees well-being, engagement & satisfaction	Employment, Occupational Health and Safety, Training and Education
Social aspects	Product Quality & Customer satisfaction	N/A
	Product Safety	Customer Health and Safety



MATERIAL TOPICS	TOPIC BOUNDARY		TYPE OF IMPACT
	Internal	External	
<b>ECONOMIC PERFORMANCE</b>			
Strategy & Economic performance	SOGEFI		Negative impact caused by the organization: lack of economic growth of the company and its performances in the short-medium terms
<b>ENVIRONMENT</b>			
Optimization of material cycles in industrial processes	SOGEFI		Negative impact caused by the organization and directly linked to its activities: high usage of scarce raw materials affects surrounding environment, harming the already delicate ecosystem and the availability of natural resources.
Sustainable Water & Waste Management	SOGEFI		Negative impact caused by the organization and directly linked to its activities: potential increase of costs related to the absence of a defined management system for water and waste
Innovative and Eco-responsible products / technologies	SOGEFI	University and research centre. Business partner	Positive impact caused by the organization: investment in innovation will put Sogefi ahead of the trend in adaptation and transition in climate change scenarios, potentially improving its reputation
Climate strategy	SOGEFI		Negative impact caused by the organization: lack of adaptation will likely cause non-compliance toward future regulations and increasing production costs due to climate change (transitional risk)
<b>PEOPLE AND COMMUNITY</b>			
Diversity & Equal Opportunity	SOGEFI	Supervised workers	Positive impact caused by the organization and directly linked to its activities: spread throughout the Groups' operations a culture of inclusiveness, openness and diversity, reducing the risks related to discrimination and harassment.
Employees well-being, engagement & satisfaction	SOGEFI		Negative impact caused by the organization: lack of employee wellbeing could lead to bad environment and consequent higher turnover
Attraction, retention and professional development	SOGEFI		Negative impact caused by the organization: increase of hiring costs due to high skills requirements and highly competitive market.
Distributed value and impact on local communities	SOGEFI	Local communities	Positive impact caused by the organization: improving the employment rate and social conditions of local communities in which the Group operates
Occupational Health and Safety	SOGEFI		Negative impact caused by the organization and directly linked to its activities: production processes could result in high-rate work-related accidents and long-term work-related illness.
<b>GOVERNANCE</b>			
Business ethics & integrity	SOGEFI		Negative impact caused by the organization: non-compliance with legislation, resulting in monetary fines and loss of reputation
Product Quality & Customer satisfaction	SOGEFI	Customers & Distributors	Negative impact caused by the organization and directly linked to its activities: non-satisfaction of customers' expectations on quality standards, causing warranty issues
Product Safety	SOGEFI	Customers & Distributors	Negative impact caused by the organization and directly linked to its activities: product recalls from faulty equipment resulting in potential accidents for final customers
Responsible procurement practices	SOGEFI	Suppliers	Negative impact caused by the organization and directly linked to its activities: financing suppliers that do not adopt sustainable practices.
Cybersecurity & Data Protection	SOGEFI	Customers, Suppliers	Negative impact caused by the organization and directly linked to its activities: breaches of IT systems and loss of data.

## 11.2 GRI Content Index

<b>GRI 2: GENERAL DISCLOSURES (2021)</b>		
<b>GRI Indicator</b>		<b>Location</b>
<b>Statement of use</b>	Sogefi has reported in accordance with the GRI Standards for the period January. 1st 2022 to December. 31 <sup>st</sup> 2022	
<b>GRI 1 used</b>	GRI 1: Foundation 2021	
<b>Applicable GRI Sector Standard(s)</b>	Not applicable	
<b>The organization and its reporting practices</b>		
GRI 2-1	Organizational details	5
GRI 2-2	Entities included in the organization's sustainability reporting	5; 76
GRI 2-3	Reporting period, frequency and contact point	76
GRI 2-4	Restatements of information	76-77
GRI 2-5	External assurance	110
<b>Activities and workers</b>		
GRI 2-6	Activities, value chain and other business relationships	5-9; 46-48
GRI 2-7	Employees	49; 85
GRI 2-8	Workers who are not employees	49; 85
<b>Governance</b>		
GRI 2-9	Governance structure and composition	Please also refer to Annual Report on Corporate Governance
GRI 2-10	Nomination and selection of the highest governance body	Please refer to Annual Report on Corporate Governance
GRI 2-11	Chair of the highest governance body	Please refer to Annual Report on Corporate Governance
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	10
GRI 2-13	Delegation of responsibility for managing impacts	10-12
GRI 2-14	Role of the highest governance body in sustainability reporting	10
GRI 2-15	Conflicts of interest	Please refer to Rules for Related Party Transactions
GRI 2-16	Communication of critical concerns	Please also refer to Annual Report on Corporate Governance
GRI 2-17	Collective knowledge of the highest governance body	10
GRI 2-18	Evaluation of the performance of the highest governance body	Please refer to Annual Report on Corporate Governance
GRI 2-19	Remuneration policies	Please also refer to Report on Remuneration policy and compensation paid
GRI 2-20	Process to determine remuneration	Please also refer to Report on Remuneration policy and compensation paid
GRI 2-21	Annual total compensation ratio	53
<b>Strategy, policies and practices</b>		
GRI 2-22	Statement on sustainable development strategy	3-4; 24-28
GRI 2-23	Policy commitments	38-41
GRI 2-24	Embedding policy commitments	38-42
GRI 2-25	Processes to remediate negative impacts	13-18
GRI 2-26	Mechanisms for seeking advice and raising concerns	40; 42-43
GRI 2-27	Compliance with laws and regulations	43-44
GRI 2-28	Membership associations	35

Stakeholder engagement		
GRI 2-29	Approach to stakeholder engagement	19
GRI 2-30	Collective Bargaining Agreement	49; 85
GRI 3: Material topics (2021)		
GRI 3-1	Process to determine material topics	19-23
GRI 3-2	List of material topics	20-21; 105

SPECIFIC STANDARD DISCLOSURE			
GRI Indicator		Location	Reason for omission
<b>Material Aspect: Strategy &amp; Economic performance</b>			
<b>GRI 3: Material topics (2021)</b>			
GRI 3-3	Management of material topics	17-18; 20; 59	
<b>GRI 201: Economic performance (2016)</b>			
GRI 201-1	Direct economic value generated and distributed	59; 91	
<b>GRI 207: Tax (2019)</b>			
GRI 207-1	Approach to tax	42-43	
GRI 207-2	Tax governance control and risk management	42-43	
GRI 207-3	Stakeholder engagement and management of concerns related to tax	42-43	
GRI 207-4	Country-by-country reporting	82-84	
<b>Material Aspect: Responsible procurement practices</b>			
<b>GRI 3: Material topics (2021)</b>			
GRI 3-3	Management of material topics	14; 20; 46-47	
<b>GRI 204: Procurement Practices (2016)</b>			
GRI 204-1	Proportion of spending on local suppliers	47-48	
<b>GRI 308: Supplier Environmental Assessment (2016)</b>			
GRI 308-1	New suppliers that were screened using environmental criteria	46	
<b>GRI 414: Supplier social assessment (2016)</b>			
GRI 414-1	New suppliers that were screened using social criteria	46	
<b>Material Aspect: Business ethics and integrity</b>			
<b>GRI 3: Material topics (2021)</b>			
GRI 3-3	Management of material topics	16; 20; 37	
<b>GRI 204: Anti-corruption (2016)</b>			
GRI 205-3	Confirmed incidents of corruption and actions taken	41	
<b>Material Aspect: Optimization of material cycles in industrial processes</b>			
<b>GRI 3: Material topics (2021)</b>			
GRI 3-3	Management of material topics	14; 21; 67-69	
<b>GRI 301: Materials (2016)</b>			
GRI 301-1	Materials used by weight or volume	67-68	
<b>Material Aspect: Climate Strategy</b>			
<b>GRI 3: Material topics (2021)</b>			
GRI 3-3	Management of material topics	13; 21; 60-66	
<b>GRI 302: Energy (2016)</b>			
GRI 302-1	Energy consumption within the organization	60-62; 92	
GRI 302-3	Energy intensity	63; 92-93	
GRI 302-4	Reduction of energy consumption	60-61	
<b>GRI 305: Emissions (2016)</b>			
GRI 305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	64; 93-95	

<b>SPECIFIC STANDARD DISCLOSURE</b>			
GRI 305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	64; 93-94	
GRI 305-3	Other indirect GHG emissions (Scope 3)	66; 93-94	
GRI 305-4	Greenhouse gas (GHG) emissions intensity	64-65; 94-95	
GRI 305-5	Reduction of greenhouse gas (GHG) emissions	64-66	
<b>Material Aspect: Sustainable Water &amp; Waste Management</b>			
<b>GRI 3: Material topics (2021)</b>			
GRI 3-3	Management of material topics	13; 21; 70-75	
<b>GRI 303: Water and effluents (2018)</b>			
GRI 303-1	Interactions with water as a shared resource	72	
GRI 303-2	Management of water discharge-related impacts	13; 74	
GRI 303-3	Total water withdrawal by source	73-74; 98-100	
GRI 303-4	Water discharge	74; 100-101	
GRI 303-5	Water consumption	75; 102-103	
<b>GRI 306: Waste (2020)</b>			
GRI 306-1	Waste generation and significant waste-related impacts	13; 21; 70	
GRI 306-2	Management of significant waste-related impacts	13; 70-71	
GRI 306-4	Waste diverted from disposal	71; 96	
GRI 306-5	Waste directed to disposal	71; 96	
<b>Material Aspect: Attraction &amp; retention professional development</b>			
<b>GRI 3: Material topics (2021)</b>			
GRI 3-3	Management of material topics	14-15; 21; 49-51	
<b>GRI 401: Employment (2016)</b>			
GRI 401-1	New employee hires and employee turnover	49-50; 88-89	
<b>GRI 404: Training and Education (2016)</b>			
GRI 404-1	Average hours of training per year per employee by gender and by employee category	50-51; 89	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	51	
<b>Material Aspect: Employees well-being engagement &amp; satisfaction</b>			
<b>GRI 3: Material topics (2021)</b>			
GRI 3-3	Management of material topics	15; 21; 53	
<b>GRI 402: Labour/Management Relations (2016)</b>			
GRI 402-1	Minimum notice periods regarding operational changes	49	
<b>Material Aspect: Occupational Health and Safety</b>			
<b>GRI 3: Material topics (2021)</b>			
GRI 3-3	Management of material topics	21; 15; 54-55	
<b>GRI 403: Occupational Health and Safety (2018)</b>			
GRI 403-1	Occupational health and safety management system	55-56	
GRI 403-2	Hazard identification risk assessment and incident investigation	55	
GRI 403-3	Occupational health services	55-56	
GRI 403-4	Worker participation consultation and communication on occupational health and safety	55	
GRI 403-5	Worker training on occupational health and safety	56	
GRI 403-6	Promotion of worker health	55-56	
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	55-56	
GRI 403-9	Work-related injuries	56-57; 89-90	
GRI 403-10	Work-related ill health	57; 90-91	
<b>Material Aspect: Diversity &amp; Equal Opportunity</b>			

<b>SPECIFIC STANDARD DISCLOSURE</b>			
<b>GRI 3: Material topics (2021)</b>			
GRI 3-3	Management of material topics	21; 52-53	
<b>GRI 202: Market Presence (2016)</b>			
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	52	
<b>GRI 405: Diversity and Equal Opportunity (2016)</b>			
GRI 405-1	Diversity of governance bodies and employees	Report on corporate governance and ownership structure	
GRI 405-2	Ratio of basic salary and remuneration of women to men	52; 88	
<b>GRI 406: Non-discrimination (2016)</b>			
GRI 406-1	Total number of incidents of discrimination and corrective actions taken	40	
<b>Material Aspect: Distributed value and impact on local communities</b>			
<b>GRI 3: Material topics (2021)</b>			
GRI 3-3	Management of material topics	21; 58	
<b>GRI 413: Local communities (2016)</b>			
GRI 413-1	Percentage of operations with implemented local community engagement impact assessments and development programs	58	
<b>Material Aspect: Product Safety</b>			
<b>GRI 3: Material topics (2021)</b>			
GRI 3-3	Management of material topics	17; 20; 11-23; 45	
<b>GRI 416: Customer Health and Safety (2016)</b>			
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	45	
<b>Material Aspect: Cybersecurity &amp; Data Protection</b>			
<b>GRI 3: Material topics (2021)</b>			
GRI 3-3	Management of material topics	17; 20; 45	
<b>GRI 418: Customer Privacy (2016)</b>			
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	45	
<b>Material Aspect: Product Quality &amp; Customer satisfaction</b>			
<b>GRI 3: Material topics (2021)</b>			
GRI 3-3	Management of material topics	17; 20; 43-44	
<b>Material Aspect: Innovative and Eco-responsible products / technologies</b>			
<b>GRI 3: Material topics (2021)</b>			
GRI 3-3	Management of material topics	13; 20; 30-34	



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**(Translation from the Italian original which remains the definitive version)**

## **Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018**

*To the board of directors of  
Sogefi S.p.A.*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2022 consolidated non-financial statement of the Sogefi Group (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 24 February 2023 (the "NFS").

Our procedures did not cover the information set out in section "5 - EU Taxonomy" of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

### ***Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Sogefi S.p.A. (the "parent") for the NFS***

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards").

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

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.



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### ***Auditors' independence and quality control***

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

### ***Auditors' responsibility***

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's and its subsidiaries' personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

- 1 Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
- 2 Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
- 3 Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
- 4 Gaining an understanding of the following:
  - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
  - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
  - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).



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- 5 Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the parent's and the French *subholding* subsidiaries' management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at parent and subsidiaries level:
  - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
  - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we visited the following subsidiaries and sites:
  - Sogefi Filtration Italy S.p.A., Sant'Antonino di Susa site (Italy)
  - Sogefi Suspensions Passenger Car Italy S.p.A., Settimo Torinese site (Italy)
  - Sogefi Suspensions Heavy Duty S.p.A., Puegnago sul Garda site (Italy)
  - Sogefi USA Inc., Prichard site (USA)
  - United Springs B.V., Hengelo site (Netherlands)
  - Sogefi Suspensions Eastern Europe, Oradea site (Romania)
  - Sogefi Air&Cooling S.A.S., Orbey site (France)
  - Sogefi Filtration Ltd, Tredegar site (UK)
  - Sogefi Allevard Springs Ltd, Clydach site (UK)
  - Sogefi Engine Systems India Pvt Ltd, Pune site (India)
  - Sogefi ADM Suspensions Pvt Ltd, Pune site (India)

which we have selected on the basis of their business and location, to meet their management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

## **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2022 consolidated non-financial statement of the Sogefi Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.





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Our conclusion does not extend to the information set out in section “5 - EU Taxonomy” of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Milan, 24 March 2023

KPMG S.p.A.

(signed on the original)

Elisabetta C. Forni  
Director of Audit