

**SOGEFI Group**

**Consolidated Non-Financial Statement**

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

*Sustainability Report 2021*



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# 1 Letter to Stakeholders



***“Being able to anticipate and embrace the Evolution,  
working together in a responsible way,  
will allow us to be one of the key partner for Mobility of the Future”***

*Frederic Sipahi  
Group CEO*

Dear Stakeholders,

With more than 40 years of expertise and success, the SOGEFI Group (part of CIR Group) is one of the global leaders in the automotive components sector in the design and manufacture of suspension components, filtration systems, air management and engine cooling systems.

Thanks to our 3 core values: Integrity, Drive for results and our Passion for teamwork, we will transform current challenges of the market, into opportunities to grow in a sustainable way.

At SOGEFI, we recognize the importance of climate change and social responsibility. As a result, we are focused on doing the right things today so that our corporate interest do not come at the expense of the viability of life for the future generations. Environment, Social and Governance topics are integrated in our daily life at SOGEFI.

In 2021, the whole management team and the Company took strong commitments in terms of sustainable development, grouped around three main pillars:

**Product Innovation:** designing, engineering, manufacturing and delivering innovative product solutions for our customers, which achieve shared goals of reduced weight, lower fuel consumption and reduced carbon emissions.

Air & Cooling business unit started the transition to E-Mobility 5 years ago and is already offering thermal management products for electric and clean mobility. Filtration business unit is proposing a new generation of Air Cabin Filters able to kill more than 99% of the viruses and particles (like the CabinHEPA+ filter awarded as product of the year 2022 in France). Suspensions business unit is becoming a key partner on platforms for E-Mobility Cars.

All measures implemented allow us, in 2021 to register a growth of 11% compared to 2020, much better than our market reference which is growing by 2.5%.

**Process Eco-efficiency:** optimizing our manufacturing process for resource and efficiency, enhancing the energy efficiency our plants.



**People:** Our employees are in the center of our concerns, ensuring their health, safety and well-being. On top of acting in a responsible and ethical way in each Country, SOGEFI promotes a strong team spirit, culture and initiative mind set in an inclusive environment.

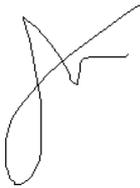
In close collaboration with our suppliers, our customers, with the confidence of our shareholders and investors we achieved, collectively, remarkable results in the three business units despite an environment still marked by the prolongation of the health crisis, the increase in raw materials and supply-chain difficulties.

I want to thank all our employees and stakeholders for their commitment, involvement and resilience.

We were able to demonstrate our ability to adapt, our flexibility: let's see together the challenges related to technology evolution and the constraints of our market as an opportunity to seize in order to increase our leadership.

Collectively, and thanks to our committed and professional teams all around the world, we can contribute to something "bigger": be a sustainable and innovative partner for the Mobility of the Future.

Frederic Sipahi  
Group CEO



#### Contacts

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)



## 2 The SOGEFI Group profile

### *History and current positioning*

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-wheelers and two-wheelers vehicle manufacturers.

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.).

The Group's history highlights a worldwide expansion through strategic acquisitions and joint ventures in the automotive components sector.

SOGEFI is now a multinational Company with a global presence in 18 countries<sup>1</sup>, 37 production sites and 8 center of research and development.

During 2021, the Group partially reorganized the Filtration business unit, by selling the activities in Argentina and Spain (Original Equipment) and closing the Shanghai plant.



<sup>1</sup> The number of countries refers to Sogefi's global presence, commercial offices and industrial sites.

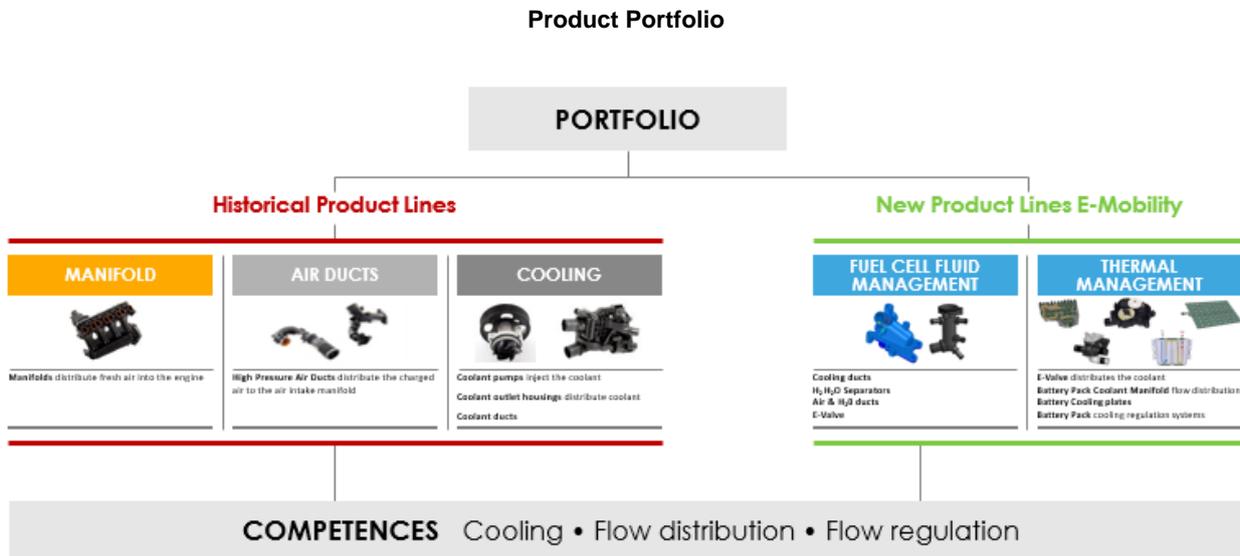
**Group business units**

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



**Air & Cooling**

SOGEFI's Air & Cooling traditional product line is focused on the design and manufacture of high-tech thermoplastic components for vehicles, which replace the metal parts typically used in the past, achieving significant benefits in terms of price, weight and CO<sub>2</sub> emissions. New product lines are focusing on answering our customer needs for E-Mobility on fuel cell and electrical vehicle applications.

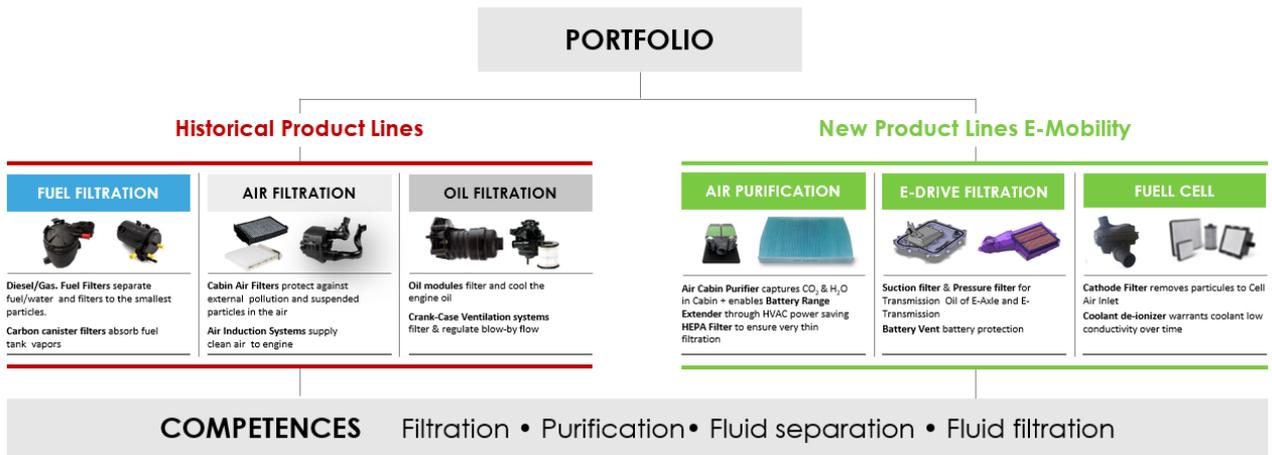


**Filtration**

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: CoopersFiaam, Tecnocar, FRAM® and Purflux for light vehicles, Sogefi Pro dedicated to commercial vehicle applications. Supporting the market transition to E-Mobility, a new product line offering air purification, transmission filter and fuel cell applications.

Product Portfolio



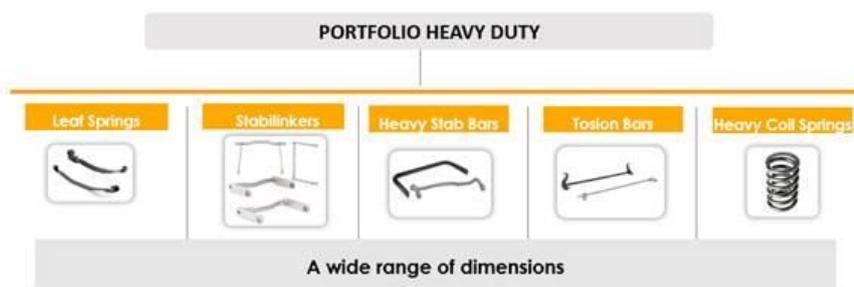
**Suspensions**

SOGEFI's Suspensions business unit produces a complete range of products including: helical springs, stabilizer bars, torsion bars, stabilinkers, leaf springs and track tensioners, which are engineered in close collaboration with the main automotive manufacturers. Those products are designed in order to be used on cars, light and heavy commercial vehicles, earth-moving equipment and rolling wagons. Indeed, the business unit operates in 3 main segments: Passenger Cars, Heavy Duty and Precision Springs.

Product Portfolio - Passenger Cars



### Product Portfolio - Heavy Commercial Vehicles



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

### Associations

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

Specifically, the Group adheres to:

- CLEPA, *European Association of Automotive Suppliers* in Belgium,
- ANFIA, *Associazione Nazionale Filiera Industria Automobilistica, Unione Industriale Torino and Unione Industriale Brescia* in Italy,
- SAE, *Society of Automotive Engineers* in United States,
- FIEV, *Fédération des Industries des Equipements pour Véhicules* in France,
- VDI, *Verein Deutscher Ingenieure* in Germany,
- ACMA, *Automotive Components Association of India* and CII, *Confederation of Indian Industry* in India,
- SINDIPEÇAS, *Sindicato das Industrias de Autopeças* in Brazil,
- GIES, *Grupo de Intercambio de Empresas del Sabinal* in Mexico.

### 2021 health emergency

In a macroeconomic context already characterized by a 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.

The lockdown measures promptly adopted by governments lead to GDP drop in 2020. This led to slowdown of production of new cars. Despite the slight growth in 2021 compared to 2020 (+ 2.5%), the world car market production is still about 14,1% lower than in 2019. In all geographical areas, volumes of production remains lower than the pre-pandemic period (i.e. Europe, NAFTA and Mercosur respectively recorded production volumes that were 27,9%, 20,1% and 19,4% lower than in 2019), with the only exception of China which almost returned to 2019 levels (-0,6%).

The Company has promptly adopted the necessary measures to respond to the changed market circumstances, recovering the economic stability in 2021 and setting the stage for the achievement of medium-long term targets.

Supply chain management has become even more critical during the pandemic. 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 identified, where possible, alternative suppliers for the most critical raw materials / components to reduce the potential suppliers' dependence risk. In 2021, the

reorganization of the Group Purchasing Department allowed new actions aimed at process strengthening and a more targeted and effective suppliers management at a global level.

SOGEFI immediately supported its employees in the health crisis management: in production sites where the work must be carried out in person, the adoption and respect of measures defined since 2020 in line with local regulations, ensure, in all subsidiaries around the world, the continuity of work safely, thus protecting the health of employees and their families and preventing the virus spread within the organization. For that do not require a presence in the workplace, also in 2021, the Company has offered the opportunity to benefit from smart-working.

For full detail 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 Group Financial Report 2021.

### 3 Sustainability highlights

 <b>€1,3</b> of revenues	 around <b>5400</b> employees
 <b>25%</b> of women	

#### *Performance Trend 2020-2021*

 <b>-26%</b> work-related injuries for employees
 <b>+32</b> new patents
 <b>more than 15</b> active collaborations in R&D projects with customers, research laboratories, university, etc.
 <b>-5%</b> energy consumption <b>-22%</b> natural gas consumption
 <b>+7 b.p.</b> of recycled or reused waste
 <b>Direct involvement</b> of the top suppliers and customers in the materiality assessment process

## 4 The Sustainability Management

### Sustainability 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. For further details, please refer to the Report on Corporate Governance and Ownership Structure 2021.

The adopted 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 Committee of the Company extended their competences also to matters related to sustainability.

The Chief Sustainability Director (CSD), role covered by the Group Chief Risk Officer, reporting directly to the Group CEO, is responsible for the 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 the 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 risks management process as well as ensuring compliance with sustainability-related laws and regulations.

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

### Approach to Sustainability

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

SOGEFI, operating in the dynamic and competitive scenario of automotive industry, considers fundamental to develop a continuous forms 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, the Group identifies and periodically updates the main Stakeholder categories with whom to establish a constructive dialogue in order to properly address the sustainability strategy.

Here below is reported a synthesis of the Stakeholder categories that are relevant for the Group and the related engagement activities usually performed.

STAKEHOLDERS	MAIN ENGAGEMENT EVENTS
 <ul style="list-style-type: none"> <li>• INVESTORS</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholders' meeting</li> <li>• Three-monthly meetings and conference calls with analysts</li> <li>• Roadshows and events dedicated to financial analysts in Italy, France and the United Kingdom (e.g. <i>Star Conference of Borsa Italiana</i>)</li> <li>• Institutional web site and dedicated e-mail boxes</li> </ul>
<ul style="list-style-type: none"> <li>• EMPLOYEES</li> </ul>	<ul style="list-style-type: none"> <li>• Internal communication by the Group and BU CEOs on objectives and quarterly performances and other announcements through intranet portal, conf. call, internal newsletters, and bulletin boards</li> <li>• Surveys on internal climate, job satisfaction and engagement (every 2 or 3 years)</li> <li>• Periodic trade union discussions</li> </ul>
<ul style="list-style-type: none"> <li>• CUSTOMERS AND SUPPLIERS</li> </ul>	<ul style="list-style-type: none"> <li>• Taking part to dedicated events and conferences</li> <li>• Daily activities and reports by the sales force of the Group and Business Unit</li> <li>• Development of joint planning programmes</li> <li>• Engagement on assessment results of the required sustainability questionnaires</li> <li>• Sustainability Survey (approx. every 2 years) for the materiality assessment of the ESG Aspects</li> </ul>
<ul style="list-style-type: none"> <li>• SUPPLIERS E BUSINESS PARTNERS</li> </ul>	<ul style="list-style-type: none"> <li>• Daily activities and reports by the Purchasing Department of the Group and Business Unit</li> <li>• Annual Suppliers Day</li> <li>• Sustainability Survey (approx. every 2 years) for the materiality assessment of the ESG Aspects</li> </ul>
<ul style="list-style-type: none"> <li>• FOUNDATIONS, UNIVERSITY &amp; RESEARCH</li> </ul>	<ul style="list-style-type: none"> <li>• Tables and initiatives for institutional engagement, at national and international level</li> <li>• Development of joint planning programmes</li> <li>• Coaching of students and annual training projects</li> </ul>
<ul style="list-style-type: none"> <li>• NETWORK &amp; ASSOCIATIONS</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in professional and industry organizations through the involvement of key managers in committees, working groups or memberships</li> <li>• Semi-annual sponsorship of automotive events</li> <li>• Monthly communication in Aftermarket magazines</li> </ul>
<ul style="list-style-type: none"> <li>• LOCAL COMMUNITIES</li> </ul>	<ul style="list-style-type: none"> <li>• Annual events promoted in support of local communities</li> <li>• Discussion and dialogue chances with Local Public Administration</li> </ul>

**ESG Indicators and Roadmap 2022-2025**

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

**SUSTAINABLE DEVELOPMENT GOALS**





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

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

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

BUSINESS INNOVATION				
Boost business innovation, with a specific focus on E-Mobility products				
KEY PERFORMANCE INDICATORS		Actual 2021	Target 2025	Sogefi Ambition
1	% of sales for E-Mobility products (i.e. electric / hybrid / fuel cell) on total sales	15% <i>Best estimate</i>	45%	Develop innovative and eco-responsible products and technologies, mainly focused on E-Mobility market
2	% of orders' value for E-Mobility products (i.e. electric / hybrid / fuel cell) on total order intake value	23% <i>Best estimate</i>	65%	
3	% of R&D spending on E-Mobility products (i.e. electric / hybrid / fuel cell) on total annual R&D spending *	<i>Not disclosed</i>	50%	
4	Number of new patents registered per year	32	50	

\* Gross of grants received.

ECO-EFFICIENCY				
Minimize CO2 emissions and energy-related consumptions				
KEY PERFORMANCE INDICATORS		Actual 2021	Target 2025	Sogefi Ambition
5	<b>ENERGY MIX</b> % of renewable energy used and purchased from renewable sources / total energy used and purchased	5%	25%	Reduce CO2 emissions, by improving energy efficiency, cutting energy consumption and promoting renewable energy sources
6	<b>ENERGY INTENSITY *</b> Tot. energy consumed / Tot. turnover	1.501,5 GJ/m€ (2019)	-1% ca per year vs 2019	
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. 2020-21	+25 b.p. vs 2020	Minimize waste, by limiting the use of potentially hazardous substances and promoting recycling and reusable processes
8	<b>CERTIFICATION LEVEL:</b> % of sites with quality, environmental and safety systems certified accordingly to international standards: ▪ Quality (QL): IATF 16949:2016 ▪ Environmental (EV): ISO 14001:2015 ▪ H&S (HS): ISO 45001:2018	QL: 100% EV: 100% HS: 2 sites	QL: 100% EV: 100% HS: 5 sites	Adopt the best operational practices and processes in business operations

\* From 2022, the value will be calculated independently per each business units and neutralizing the inflation effect of sale prices.

PEOPLE			
Support responsible business operations and generate positive contribution to local communities			
KEY PERFORMANCE INDICATORS	Actual 2021	Target 2025	Sogefi Ambition
9 Number of training hours per employee per year	14,3h *	25h	Contribute to skills upgrade and "employability"
10 GENDER EQUALITY INDEX ** worldwide application and monitoring	9% France only	100% Group sites	Value the diversity and ensure equality, rejecting any form of discrimination and harassment
11 PEOPLE SATISFACTION analysis of satisfaction level by conducting internal surveys	-	1 survey per year	Ensure a healthy and safe working environment, minimizing OH&S risks and preventing occupational disease and incidents
12 ACCIDENT FREQUENCY RATE accident of employees and supervised workers with lost time per million hours worked	3,5	1,3	Contribute with positive impacts on communities, respecting local cultures and values
13 % of sites engaged in sustainable projects for local communities (i.e. Education, Sport, Solidarity, Health)	65%	100%	

\*Data reflects difficulties generated from pandemic and although it is on the upswing compared to 2020, it is still lower than the pre-pandemic results (i.e. 22,9 hours).

\*\* 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.

## Sustainability Risks

Since 2019, SOGEFI has undertaken a process aimed at strengthening the Company's risk culture, starting from the updating of the Enterprise Risk Management (ERM) framework that, in line with the latest best practices, is focused on the identification, evaluation, management and systematically monitoring of the Group's main risks, as well as on defining adequate information flows to ensure higher transparency and information sharing within the organization.

The Group's ERM framework is intended to analyse and evaluate a wide portfolio of risks, varied in nature and type, from an enterprise-wide perspective. Through this approach, it is therefore possible to identify and manage all those risks related not only to the economic sustainability but also to the environmental and social sustainability of the Group and/or its supply chain.

The Group has chosen to manage sustainability risks as an integral part of the ERM model. This choice is also reflected in the governance model adopted by the Group: beginning from 2019, responsibility for the sustainability process has been entrusted to the Group Chief Risk Officer who has therefore also assumed the role of Chief Sustainability Director (CSD).

Consistent with this approach, 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).

Based on evaluations carried out during 2021, it has been identified the main relevant risks related to the industry, the business and the sustainability topics – here below described – for which a periodical analysis of exposure and related mitigation actions is required, the latter described in the dedicated sections of this Report. Particular attention was given to the consequences of continued pandemic on those risks and on the possible risk response for the Group.

In comparison with the Group business operations, identified risks are linked to 12 ESG aspects, each of them is subject of the materiality assessment and reported in the dedicated sections of this Report.

*Further details on characteristics and functioning of the internal control and risk management system are reported in the Report on Corporate Governance and Ownership Structure 2021.*

## 1. Risks related to human resources management

In a multicultural and constantly changing environment, the competitiveness of the Company is measured by its ability to identify and manage risks related to human resources, which SOGEFI has always been committed considering them essential factors in carrying out its business operations.

In particular, the Company identifies the risks following described:

- **Occupational Health & Safety**

Particular attention is paid to the still current risk of infection by Covid-19 which is considered potentially higher within production sites where the work activities must necessarily be performed in person, sometimes in areas characterized by limited size and/or where such activities require a greater interaction with staff. The adoption and compliance of the strict measures adopted since 2020 as of today in line with local regulations, ensure the safely Group's business continuity, preserving the health of employees and their families and preventing the virus spread within the organization. With regard to activities which do not require physical presence in the workplace, also in 2021 the Company has offered for its employees the opportunity to benefit from smart working.

- **Attraction, retention and professional development of talents**

The business and economic difficulties in the last two years created developments in the labour market and in the automotive industry in general – especially in Countries such as United States of America and Canada with high turnover rates - could affect the Group ability to preserve its attractiveness as employer, leading to difficulties in the retainment of key resources in the short-medium terms.

The Covid-19 pandemic has presented direct and indirect consequences for SOGEFI's business, as described above. These risks have been considered significant and relevant and as a result are under close monitoring.

- **Diversity, equal opportunities and well-being**

Over the course of the last two years, the Covid-19 pandemic has required adoption of new working practices to ensure safety and reduced risk of infection. Measures have been applied to on premises work and adaption to smart-working where possible. Care has been taken to consider vulnerable people and ensure flexibility to suit the their needs and where necessary the needs of employees families..

Thanks to the several actions taken since 2020 to support the workforce, the Group doesn't identify any critical issue in relation to those aspects, evaluating them at low risk. Furthermore, also through the definition of specific actions included in the ESG Plan 2022-2025 described in the previous paragraph, the SOGEFI Group confirms its commitment towards the spreading of good practices and policies supporting the gender diversity, the creation of a positive and inclusive workplace and promoting the employees' well-being.

<b>ESG-related aspects</b>	<ul style="list-style-type: none"> <li>▪ Occupational health and safety</li> <li>▪ Attraction, retention and professional development of talents</li> <li>▪ Diversity, equal opportunities and well-being</li> </ul>	<ul style="list-style-type: none"> <li>▪ Page 28</li> <li>▪ Page 24</li> <li>▪ Page 26</li> </ul>
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## 2. Risks related to economic growth and impact on communities

In a macroeconomic context already characterized by a general slowdown in growth rates and relevant changes in trade relations among Countries (e.g. EU-UK post Brexit, USA-China-Russia relationships, etc.), Covid-19 and the prolonged pandemic represented a disrupting factor for the global economy.

Mainly for the automotive industry, the lockdown measures promptly adopted by governments lead to GDP drop in 2020. This led to slowdown of demand and production of new cars. Despite the slight growth in 2021 compared to 2020 (+2,5%), the world car market is still about 14,1% lower than 2019. In all geographical areas, volumes of production remains lower than the pre-pandemic period (i.e. Europe, NAFTA and Mercosur

respectively recorded production volumes that were 27,9%, 20,1% and 19,4% lower than 2019), with the only exception of China which almost returned to 2019 levels (-0,6%).

The Company has promptly adopted the necessary measures to reply to the changed market circumstances, recovering the economic stability in 2021 and setting the stage for the achievement of medium-long term targets.

Lastly, despite the difficult period, the sense of social responsibility remains strong for the Group that continues its virtuous path of value creation even outside the organization. In this regard, SOGEFI contributes actively - also through the definition of specific actions included in the ESG Plan 2022-2025 described in the previous paragraph - to the economic and social development of local communities through several initiatives aimed at reducing the social disparities, partly amplified by the current pandemic. To this end, no relevant issues which could affect the actions continuity have been noted.

<b>ESG-related aspects</b>	<ul style="list-style-type: none"> <li>▪ Group economic performance</li> <li>▪ Distributed value and impact on local communities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Page 21</li> <li>▪ Page 31</li> </ul>
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### 3. Risks related to customers' expectations on product reliability

The management of risks related to production and marketing of products potentially non-compliant with the quality and safety standards of the industry, as well as the customers' expectations, is a key priority for the Group.

Any problem of product defect and/or non-compliance with standard requirements could lead to recall campaign that, even if financially mitigated by specific international insurance programmes in place, would have a negative impact on customers relationship and Group reputation.

The Group applies the main national and international technical standards to ensure the alignment of production processes with the industry's best practices and guarantee manufacture of high quality products.

Therefore, based on critical impacts that could be generated, the risk is considered critical and under close monitoring by the Group.

<b>ESG-related aspects</b>	<ul style="list-style-type: none"> <li>▪ Product quality and safety &amp; customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>▪ Page 37</li> </ul>
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### 4. Climate change-related risks

The intensification of the phenomena related to climate change and its impacts on the main areas of the supply chain (e.g. operations, suppliers, customers and market, etc.), represent one of the main challenges that Companies are currently facing and which will affect the context in the short-medium term. The climate-change requires organizations to adopt new strategies, by evolving their business model towards solutions and technologies aimed at increasing resilience and positively contributing to the transition towards the low-carbon economy. In particular, the automotive industry, through the development of alternative and sustainable mobility solutions, plays a central role in the green transition process. Indeed, the leading car-makers in the world have announced specific target in the electric vehicles' production with the related provision that global demand will grow with an average annual rate of 30% reaching 145 million registered electric vehicles in 2030<sup>2</sup>.

In this regard, the relevant climate change-related risks, both physical and transitional<sup>3</sup>, for SOGEFI can be associated to the following areas:

<sup>2</sup> Data of IEA Global EV outlook 2021, hypothesis "Sustainable Development Scenario" (<https://www.iea.org/reports/global-ev-outlook-2021>)

<sup>3</sup> The climate-related risk classification follows the guidelines of the Task Force on Climate-related Financial Disclosure (TCFD).

- **Regulatory Changes:** the introduction of ever-tightening laws and regulations, such as reduction of CO<sub>2</sub> emissions for vehicles or specific local restrictions (i.e. diesel ban), could lead to a partial reduction in sales of the traditional products of SOGEFI's portfolio, which will be recovered promptly by the introduction on the market of new / innovative alternatives. The Group continuously monitors proposed and discussed legislations at a national and international level to ensure full compliance with the emerging regulations and anticipate the possible trends.
- **Market:** the increasing awareness of climate change impacts combined with increased mediatic and political attention especially at European level (i.e. *EU Green Deal*), are influencing the consumer behaviours, directing them towards the purchase of more sustainable vehicles (e.g. hybrid, full-electric, etc.). SOGEFI, in order to preserve its reputation and consolidate the relationship with its stakeholders, needs to opportunely identify and respond to the emerging customer demands by developing an innovative and sustainable product portfolio able to support an effective transition to the low-carbon economy.
- **Technology:** the automotive industry, driven by the current market and regulatory changes, is strategically focused on the production of vehicles with low environmental impact, resulting in significant investments by the main car-makers whom have officially declared specific selling target of electric vehicles within the next ten years. For SOGEFI, in quality of components supplier, it is fundamental to innovate its product portfolio, by promoting solutions toward the growing E-Mobility market; and however, also on existing products, to find solutions guaranteeing a reduced environmental impact – for example by the reduction of components weight allowing a reduction in fuel consumption, a better monitoring of vehicle performances (i.e. mechatronic components), etc.

Therefore, considering the intrinsic difficulties in the development of new and/or innovative technologies, the related process risks, such as the risk of losing the competitive advantage acquired on existing products, or to have extra-costs during the development phase and quality control or the risk of potential delays in deployment of new solutions or, again, the risk that new disruptive products are introduced into the market by competitors, are perceived critical for the Group.

- **Physical Risks:** the intensification of events related to the climate change is a further factor to take into account for the proper execution of the Group activities. The fast worsening of weather conditions influences the frequency of so-called acute events (e.g. storms, floods, fire or heat waves, etc.) that can damage company assets and/or determine the supply chain interruption. Based on those assumptions, during 2021, the Risk Management function assessed the climate risk, by using a dedicated tool, CatNet of Swiss RE that, through the geographical localization of production sites on global map and modelling systems, allows to evaluate the potential exposure to climate risk, on a scale from 0 (Very Low) to 10 (Extreme). The assigned score – i.e. *Dry score* - considers the probability that the site is located in a geographical area potentially exposed to changes in mean precipitation and absolute temperature and extreme temperature probability over time, in a time horizon up to 2030 and therefore highly exposed to events such as fire, drought, diseases, etc. The analysis confirmed the last year results, highlighting an overall low exposure of Group's plants to the climate risk (i.e. 94% of plants with score less than 4) with only two sites<sup>4</sup> with an average level of exposure, although not critical (i.e. score 4-5). Based on those results, the Risk Management function does not consider necessary an in-depth studies at local level, even if the evaluation of the risk profile will be periodically monitored.

SOGEFI is committed to increase investments in Research and Development for E-Mobility products, as well as the related sales and in this regard, specific targets have been defined into the ESG Plan 2022-2025 approved by the Board of Directors on January 21<sup>st</sup>, 2022 and described in the previous paragraph. That approach confirms the Group commitment to face up the technological challenges by answering to needs and pressure of the automotive market toward the low-carbon economy.

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<sup>4</sup> Production sites scored 4-5 are Nules and Tangier.

<b>ESG-related aspects</b>	<ul style="list-style-type: none"> <li>▪ Innovative and Eco-responsible products / technologies</li> <li>▪ Industrial and logistics carbon footprint</li> </ul>	Page 58 Page 42
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## 5. Risks related to ethics violation

Operating in 18 countries with around 5.400 employees and with a high suppliers' portfolio (+ 1.500), there are potential risks related to the breach of ethical principles, with regards to relations with its employees and in the field of commercial operations, that in case of occurrence, could determine significant reputational impacts and consequently affect the Group performances.

Indeed, SOGEFI puts its attention on three main topics:

- **Respect of Group's policies and procedures**

SOGEFI, through the Group Code of Ethics has defined in a clear and transparent way the set of values which inspire the organization in reaching the objectives and established the principles behaviour mandatory for executives, employees and any other parties collaborating with the Group. Furthermore, through the adoption of "*Modello di Organizzazione, Gestione e Controllo ex Decreto Legislativo 8 giugno 2001 n. 231*", in line with the requirements of Decree itself, ensures conditions of fairness and transparency in conducting affairs and business activities. Then, a set of policies and procedures has been defined to support a good and responsible management, continuously updated and subject to periodical and dedicated training.

- **Respect of the Anti-Corruption regulations**

SOGEFI defined the principles and rules of conduct to follow in the ongoing business activity, the forbidden behaviors and the measures to prevent the corruption risk. The Company aims to continuously improve the capability of its employees, globally, to identify the corruption events or any other type of fraud, as well as being proactive to prevent, avoid and report any possible violation of the anti-corruption regulation. Furthermore, through the "*Modello di Organizzazione, Gestione e Controllo ex Decreto Legislativo 8 giugno 2001 n. 231*" adopted by the Company, specific protocols have been defined to prevent evasive behaviour of the anti-corruption regulations.

- **Responsible procurement**

SOGEFI adopted policies also aimed at reducing the raw materials consumption and promoting the use of renewable and recycled materials in the production process, as well as at selection of counterparts respecting the ethical, environmental, social and business integrity standards, in line with the Group policies.

Thanks to the several actions taken and the consolidated internal control system in place, the risks related to the ethics violation are evaluated not significant.

<b>ESG-related aspects</b>	<ul style="list-style-type: none"> <li>▪ Business Ethics and Integrity</li> <li>▪ Responsible procurement practices</li> </ul>	Page 34 Page 38
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## 6. Risks related to responsible use of natural resources

Preservation of natural resources is essential to support an efficient and virtuous economy that needs new patterns of production and consumption over the whole value chain. SOGEFI, in line with the automotive industry, keeps high attention on factors that can encourage a responsible and rationale use of natural resources, representing a key driver for the development of new and/or innovative products and technologies. Therefore, the related risks, could determine impacts on the Group image and performances, are under close monitoring by the Group.

Indeed, the Group confirms its commitment towards the areas here below described:

- **Sustainable water management**

With the aim to limit the impact on water resources, by minimizing consumptions, preserving its quality, ensuring the water availability for local communities mainly in those areas with critical water access, the Company established a periodical process of water risk assessment. The activity is performed using a dedicated tool, *Aqueduct of the World Resources Institute*<sup>5</sup>, aimed at identifying the production plants located in water-stressed areas and then evaluate the measures needed to protect the involved water basins. Thanks to adopted countermeasures and production activities which, by nature, do not require an excessive use of water compared to other manufacturing industries<sup>6</sup>, the water risk for the Group plants is not relevant.

As a part of the environmental management system, the Group production plants are equipped to prevent potential accidental spills. Where necessary, systems of waste water treatment are installed.

- **Optimization of material cycles in industrial processes**

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 a continuous commitment towards the development of processes and technologies more and more innovative, focused on a low environmental impact.

For this reason, no relevant risk factors are detected by the Group in the management of those topics.

Furthermore, the Group impact on waste generation in 2021 follows the positive trend of reduction (-16% over last three years), in line with the environmental Group policy.

<b>ESG-related aspects</b>	<ul style="list-style-type: none"> <li>▪ Sustainable water management</li> <li>▪ Optimization of material cycles in industrial processes</li> </ul>	Page 53 Page 49
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## Materiality Matrix

12 ESG aspects covering the main sustainability risks identified by the Group and described in the previous paragraph, have been subject of materiality assessment according to GRI Standard principles which define **material** aspects as “*those that reflect the organisation’s significant economic, environmental and social impacts or substantively influence the assessments and decisions of stakeholders*”.

The materiality matrix reported below puts into perspective the 12 ESG aspects, based on the assessment results performed in 2021.

According to the Group procedure that defines 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 directly engagement of the internal and external stakeholders and by benchmarking analysis taking into consideration regulatory, sector trends and international standards (such as the SASB materiality matrix).

In 2021, SOGEFI launched the **Sustainability Survey**, addressed to a panel of key external stakeholders (i.e. top customers and suppliers representing respectively more than 50% of the Group turnover and purchases and the first lines of local management) and internal (i.e. first line of the Group Management strengthened by other managers in key positions). Through the survey, web-based, SOGEFI asked identified stakeholders to evaluate the relevance that the 12 ESG aspects have for the business, taking into account also the effects generated by the pandemic on the global context, on Company’s operations and medium-long terms strategies. The appraisals collected from external and internal stakeholders have then been discussed with

<sup>5</sup> The tool provides 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 basins.

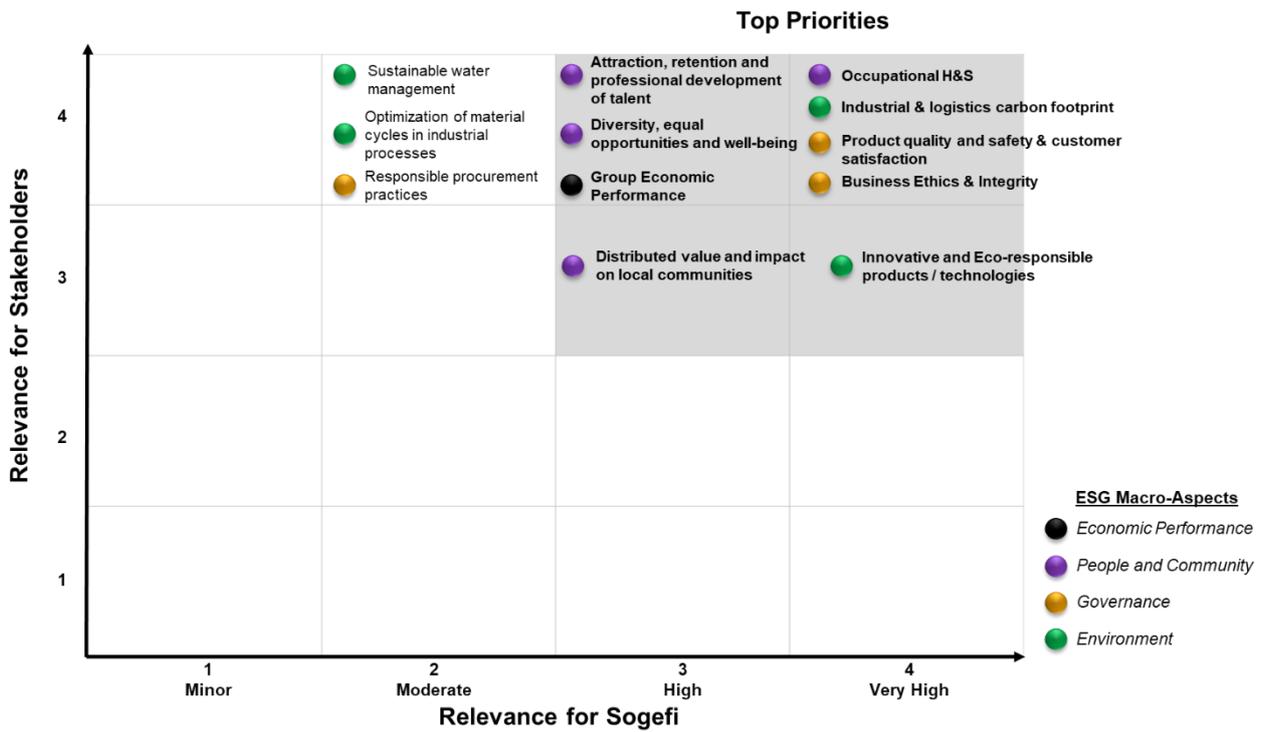
<sup>6</sup> The source used to determine the water risk to the Group’s plants is: [https://ec.europa.eu/eurostat/statistics-explained/index.php/Archive:Water\\_use\\_in\\_industry#Water\\_use\\_in\\_manufacturing\\_industry](https://ec.europa.eu/eurostat/statistics-explained/index.php/Archive:Water_use_in_industry#Water_use_in_manufacturing_industry)

the Group CEO and shared and agreed with the internal Risks & Sustainability Committee<sup>7</sup> which, moreover, verified its alignment with the ESG Plan 2022-2025.

The materiality matrix has been finally presented, jointly with this Report, to the Board of Directors, after that the Sustainability, Risk & Control Committee has been informed, and approved on 25<sup>th</sup> February 2022.

For each aspect, a full disclosure of related non-financial information and adopted measures is provided in the dedicated sections of this report.

**Group Materiality Matrix 2021**



<sup>7</sup> The internal Risks & Sustainability Committee consists of the first line of the Group Management and other managers in key positions (e.g. Chief Internal Audit, HSE Director, etc.).

## 5 2021 Non Financial Performances

### 5.1 Group economic performance

The perimeter of economic-financial data coincides with that of the Annual Financial Report of SOGEFI Group.

#### *Covid-19 impact on operations*

In 2021, despite the pandemic persisting, the effects on the market where SOGEFI operates have been lower than 2020, not having cases of lockdown of the industrial activities. However, there has been demand weakness, lower than the same period 2019, mainly in Europe (-27,9%) and NAFTA (-20,1%) and operational difficulties related to fluctuating production levels and staff absences due to infections or, mainly, contacts.

Over 2021, the Group has confirmed all measures for the working health safety, aimed at reducing the infection risk, consisting of physical distancing, use of personal protection devices and measures to limit the physical presence of employees in the workspace, i.e. smart-working.

In 2021, SOGEFI reported revenues of € 1,320.6 million, +11% at historical exchange rates compared to 2020. The increase in volumes had a positive impact estimated of € 55,5 million on EBITDA and € 37,1 million on net profit, as well as a decrease in debt.

The rebound is reflected in all geographical areas where the Group operates. In particular the ones with a greater growth in terms of sales is South America with an increase of 68%, followed by Asia (+22%), Europe (+7,8%) and North America (+4,6%). Among the business unites, Suspensions was the one bouncing back stronger with a growth of +14,7%, followed by Filtration (+10%) and Air & Cooling (8%).

In 2021, EBITDA increased by 40,5% compared to 2020 going from €137 million to €192,5 million. The net result resulting €2 million.

Net financial debt was also positively affected by the rebound, decreasing by 8,5%, from €358,1 million on December 31<sup>st</sup>, 2020 to €327,6 million on December 31<sup>st</sup>, 2021.

At December 31<sup>st</sup>, 2021, the Group's equity, excluding non controlling interest, amounts to €187,7 million and the long-term debt is about € 495,1 million.

<b>SOGEFI Group results - Highlights (in €m)</b>			
€m	2020	2021	Variation
Revenues	1.190,2	1.320,6	10,9%
EBITDA	137,0	192,5	40,5%
Net result	(35,1)	2	n/a
Net debt (end of period)	358,1	327,6	-8,5%

<b>Group Sales by Geographical area</b>			
€m	2020	2021	Variation
Europe	754,9	813,5	7,8%
North America	250,8	262,4	4,6%
South America	46,3	77,8	67,9%
Asia	144,9	176,9	22,0%
Intercompany	(6,7)	(9,9)	47,8%
<b>TOTAL</b>	1.190,2	1.320,6	11,0%

Group Sales by business unit			
€m	2020	2021	Variation
Suspension	399,6	458,2	14,7%
Filtration	421,2	463,4	10,0%
Air & Cooling	371,8	402,0	8,1%
Intercompany	(2,4)	(3,0)	25,0%
<b>TOTAL</b>	<b>1.190,2</b>	<b>1.320,6</b>	<b>11,0%</b>

*It should be noted that the values for 2020 have been reclassified due to the application of IFRS 5 ("Non-current assets held for sale and discontinued operations") to the Brazilian, Spanish and Argentinian subsidiaries of the Filtration business unit, which were sold, in December 2020, January 2021 and August 2021, respectively. For details, please refer to the Group Financial Report 2021.*

### 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 on 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 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 assets (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 assets, 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 behavior, 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.

## 5.2 People and Community

People are considered the main success factor of SOGEFI: the contribution of each employee to the Group's growth has enabled it to achieve an international leadership position over the years.

Approximately 5.400 employees worldwide<sup>8</sup>, distributed in 18 Countries<sup>9</sup>, work for the Group, as of December 31<sup>st</sup>, 2021; they are represented for 71% by blue collar workers, followed by white collar workers (28%) and management (1%). Reflecting the divestments of Cerdanyola and Buenos Aires and closure of Shanghai, the total workforce decreased by 9% ca. compared to 2020.

As far as distribution by business unit is concerned, approximately 36% of SOGEFI staff is employed in Filtration, 40% in Suspension, 23% in Air and Cooling, while the remaining part (1%) represents the Parent Company Sogefi S.p.A. and Sogefi Gestion S.A.S. For more details on Group composition please refer to the Annex.

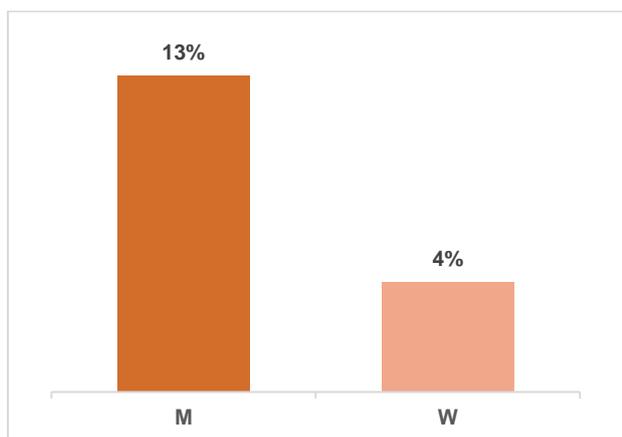
In order to promote stable employment and long-term relationships, a high percentage of the Group's employees have permanent employment contracts (94%). Moreover, in compliance with the labour regulations in force in the countries where the Group operates, approximately 80% of employees are covered overall 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 and professional development of talents

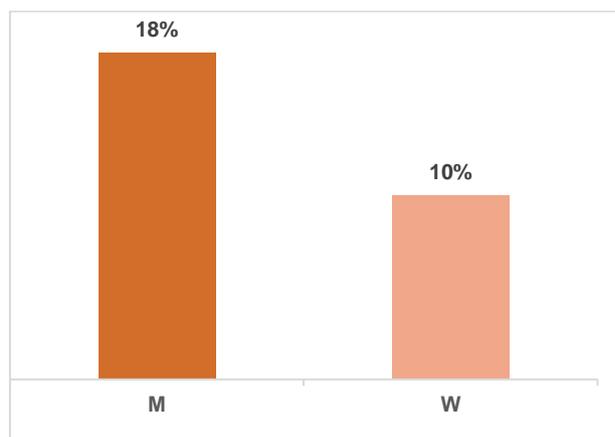
In the competitive automotive market, SOGEFI has constantly been committed to supporting the retention of key resources and maintaining high attractiveness of the Group as employer.

Against an overall outbound 2021 of about 28% - consisting of 10% of voluntary resignation rate, 7% of others departures (mainly retirement) and a remaining part due to local divestments and plant closure occurred in the period, the Company registered an overall incoming rate of 17% - of which 13% men and 4% women.

Incoming turnover by gender (2021)



Outbound Turnover by gender (2021)



### 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.

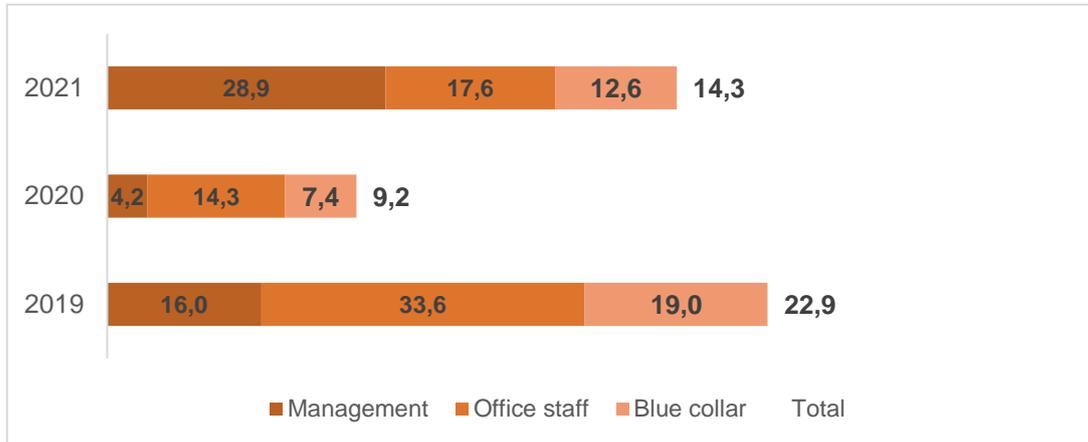
In addition to that, in order to develop and strengthen their managerial and technical skills, the Group organises periodic training activities. In 2020 and 2021, due to the pandemic situation, the training hours decreased (in respect to 2019); however in 2021 there was a positive rebound and training hours passed from around 55.500

<sup>8</sup> It is considered the total number of employees hired by Sogefi.

<sup>9</sup> The number of countries refers to Sogefi's global presence, commercial offices and industrial sites.

in 2020 to almost 78.000 in 2021, with an average per capita of about 14,3 hours. 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 team management, negotiation and teamwork. Last but not least, there were also courses dedicated to the improvement of language skills (i.e. English, French and German) and to the use of new technical tools. Furthermore, in the last two years, trainings on Covid-19 prevention protocols have been also organized.

Average of training hours by employee category



In addition to the activities centrally managed by the Human Resources Department, at local level, annual training plans can be defined. Those plans take into account local needs, both individual and collective. Such examples are the followings:

Local training initiatives - 2021



Orbey and Châteauroux

Several trainings were provided concerning the development of linguistic and informatic skills, the enhancement of communication skills on a managerial level ("train the trainer" program), the improvement of quality policies awareness, metrology, in the field of Research & Development and the industrialization.



Wujiang

A comprehensive training program has been implemented consisting of technical training for blue collars (e.g. 8D Problem Solving, Tolerance Stackup Analysis, Dangerous chemical management, etc.) as well as managerial training (i.e. Excellent class leader's staff guidance and communication techniques, Group policy compliance training, Cyber Security training).

Nules and Alsasua



It has been reconfirmed a professional training program perfect to improve the English knowledge (advanced level), as well as training courses about programming language for maintenance and engineering staff. Finally, trainings were provided for specific tasks such as driving the forklift truck.

Performance Review

Assessing the performance of individual employees on common company goals can contribute to their personal development and is support the 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 workers at each plant. These evaluations can include a self-assessment by the employee, an assessment by the employee's immediate supervisor, and may also involve the Human Resources Department.

All white collar employees benefit yearly of an Annual Performance and Development Review (APDR), which structure and process are defined centrally in agreement with the Human Resources Department of the three business units, ensuring uniformity in all countries.

For the majority of cases, the cycle of APDR meetings takes place between December and February and is aimed at gathering an overall feedback on the employee's performance, during the year in question, as well as information about work-life balance, willingness to mobility, and defining then, together with the direct manager and, in line with the corporate priorities, the objectives for the new year and, where relevant, a training and/or skills development plan. In 2021, more than 99% of white collars included in the annual HR process cycle, took part in the APDR with their own manager.

With regard to blue collars, each plant manages the performance review in line with the legal requirements and specific indications of the Country. For example in France all blue collars benefit from a bi-annual performance interview and ones, on average on three-years basis, on career opportunities (e.g. possible developments, professional projects, etc.).

In 2021, about 39% of blue collars of the Group took part in periodic evaluations of their performances and professional development.

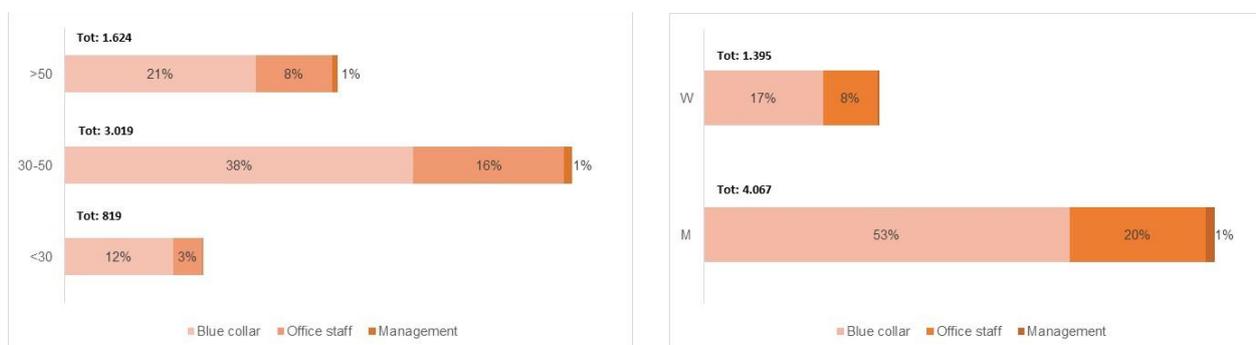
### Diversity, equal opportunities and well-being

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

Out of a workforce of around 5.400 employees, 55% have an average age between 30 and 50. Young people under 30 representing 15%, occupy mainly blue-collar (12%) and office staff (3%).

In this context, as of December 31<sup>st</sup>, 2021, men account for 75% of the total workforce, while women account for 25%. The female gender is represented by women of an average age between 30 to 50 years old (53%) and occupy a position of blue collar (68%). This gender distribution is on average stable over the years and reflects the typical features of the automotive and manufacturing industry.

Employees composition 2021 (%)



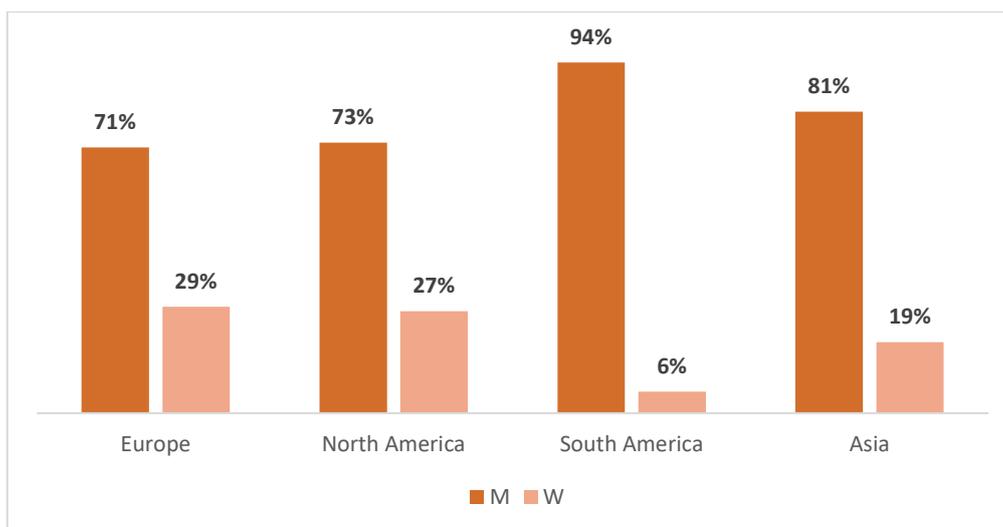
Concerning wages, the ratio between women's basic wage and remuneration compared to those guaranteed to men is few points higher in Europe.

In addition to that, regardless of gender, the Group offers to new recruits of all branch offices worldwide a wage in line with legal requirements that in Italy and in the USA is higher than national limits required.

The Group supports diversity also on the level of corporate governance bodies, in fact the Board of Directors of Sogefi S.p.A., at the end of reporting period 2021, consists of one member between 30-50 and seven members above 50 years old of age, and for 38% of women. For full details, please refer to the Report on Corporate Governance and Ownership Structure 2021.

Finally, the Group's presence in 18 countries has allowed the integration of different cultures, experiences, habits and languages, which today represent an intrinsic value for the organization and its way of performing. The workforce, although predominantly European (64% - in 11 countries), is also distributed between Asia (14% - China and India), North America (14% - USA, Mexico and Canada) and South America (7% - Brazil and Argentina).

Group employees by region and gender in 2021



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 workers 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);
- financial support for foreign languages learning, education and purchase of school books for employees' children (i.e adopted in Mogi Mirim, Brazil).

Lastly, in the view of the working methods imposed by the management of the health emergency through massive use of smart-working in most of the countries where the Group operates, during 2021, 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 of a Webex subscription that allows to organize meeting with a large number of sharers;
- the activation of the digital signature for managers along with the adoption of a Certified Email (i.e. PEC) to increase level of security;
- implementation at global level of a two-factor authentication system on mobile devices to increase their level of protection;
- implementation at global level of a computer disk encryption, using Microsoft SCCM to enable Bitlocker on all laptops and to increase the level of protection.

Since 2015 SOGEFI has been committed to develop and promote an unified and innovative communication system (i.e *Unified Communication Framework*), which allows communication to be used as a strategic resource reducing the need for business trips and increasing the quality of conferences, through the quality of the videoconferencing / call experience.

## Occupational health and safety

SOGEFI pays particular attention to the protection of the health and safety of its employees through the raising awareness about professional risks and promoting responsible behavior, as well as through the continuous monitoring of injuries and critical issues arise from industrial activity.

The health emergency connected to the spread of Covid-19 and the consequences that the protracted pandemic determined on business activities over the last two years, confirmed the Group's commitment to minimize the risk of infection from Covid-19 (e.g. smart working, distribution of appropriate personal protective equipment, etc.). The adoption and careful respect of measures defined since 2020 in line with local regulations, ensure the safely Group's work continuity, protecting the health of its employees and their families and preventing the spread of the virus within the organization itself.

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.

Since 2020, each business unit appointed a Covid Steering Committee that, meeting bi-weekly, involved human resource managers, general managers, COOs, purchasing and health and safety managers. The main purpose of the Committee is to:

- discuss how and if Covid-19 has an impact on the Company's operations, with particular attention to local government measures;
- evaluate the frequency of testing for employees;
- ensure the correct implementation and application of anti-covid measures also through site inspections;
- control if the supply of masks and other protection items are in line with local demand.

The evolution of the situation is constantly monitored in order to promptly adapt the aforementioned measures, minimizing the social and economic effects on the Group.

### *Health and safety management system*

The Parent Company Sogefi S.p.A. approved a Policy on Occupational 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 and/or available technologies, the plant can designate a dedicated HSE Manager who hierarchically reports to the Plant Manager and a dedicated SES Specialist, reporting both to the Plant Manager (hierarchically) and to the Regional SES Senior Specialist (functionally). Both the HSE Manager and the SES Specialist are part of the Plant Management Committee.

In addition, in relation to the Sogefi Excellence System (SES), 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 SES, by which the local management maintains full autonomy, favors the creation of a common method and language of work and maintains the control at central level through the Plant Improvement Plan (PIP). The PIP defines a set of key performance indicators (KPIs) that, updated on a daily basis through feedback collected in plants and during training to the employees, enables the identification of local priorities and related resources allocation. 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, such as lead workshops according to standards and train the teams on those matters, aimed at minimizing the risks.

Furthermore, 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>10</sup> in order to evaluate the timely activation of countermeasures, if any.

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 2021, two plants of the Group have a certified health and safety management system and a specific roadmap has been defined to increase the number of certified Group plants.

### *Training*

A Safety Guide which identifies and promotes 10 Basics that employees should follow to avoid health and safety accidents within the plant, has also been formalized within the Sogefi Excellence System (SES). This is combined with the distribution of flyers to all plant's visitors in relation to safety rules to follow.

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 employees. All new employees receive the necessary training.

### *Health and Safety Committees*

Most of plants have established a Health and Safety Committee to assess workers' behavior concerning safety and perform audits on each business area. Depending on the plant, these committees can be composed by workers only (for example 50% office staff and 50% blue collars), production and maintenance managers, safety responsables, 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 workers in the improvement of related practices.

Finally, it should be noted that with regard of the safety issue identified in 2020 related to the fire protection system of the Filtration Indian plants - already noted in the last year Report - it has been fully addressed in the first half of 2021.

### *Main initiatives*

Each legal entity controlled by SOGEFI can carry out its own local initiatives supporting health and safety. Some of the most significant initiatives implemented during 2021 are reported below:

Hagen &  
Witten



Aside from statutory health regulations that recognizes the right to utilize healthcare during working hours, there are also health insurances that provide access to preventive medical examinations (i.e. dental health care, several cancer screenings and Physiotherapies covered by social security). Every employee is covered by social security health insurance. There are also voluntary healthcare optional visits with the corporate doctor, to arrange vaccinations, vision checks and hearing tests.

Titesti



A private health insurance that offers a package of physiotherapy procedures (medical recovery) has been provided to all employees and for 2021-2022 its scope was extended to two new services: the telemedicine service and the second medical opinion. The Human Resources Department created an user manual to explain how to use the insurance and describe the services included. New employees receive this manual in the Welcome Book. All healthcare initiatives and useful information are communicated to employees in the local monthly newspaper.

<sup>10</sup> The Executive Committee is composed by the key senior management.



Special attention was given to the mental health of employees, due to the distress caused by the pandemic. To this end, four mental health first aiders on staff have been appointed and six employees have received over 2021, dedicated awareness training.

### Health and Safety Indicators

Through the SES system adopted at Group level, 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 (-47%), confirming the continuous Group effort and commitment to managing health and safety at work.

Injury rate monitored by SOGEFI <sup>11</sup>			
	2019	2020	2021
Rate of work-related injuries	6,6	4,0	3,5

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: -28% in employees' rate and -61% in supervised workers rate over the last three years.

Injury indicators for employees <sup>12</sup>			
	2019	2020	2021
Rate of work-related injuries	5,4	5,3	3,9
Rate of fatalities	-	-	-
Rate of high-consequence injuries	0,1	-	0,1

Injury indicators for supervised workers <sup>13</sup>			
	2019	2020	2021
Rate of work-related injuries	6,9	5,0	2,7
Rate of fatalities	-	-	-
Rate of high-consequence injuries	0,4	-	-

Indeed, in 2021, 50 injuries occurred in the workplace, with an overall decrease of 26% compared to 2020. The greatest number of accidents can be found in Europe, representing more than 80% 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 2021 the Group registered a significant decrease of 35% for employees and a slight increase for supervised workers, going from 0 to 2.

Occupational health indicators for employees			
	2019	2020	2021
Recordable work-related ill health	43	23	15
n. of fatalities as a result of work-related ill health	-	-	-

<sup>11</sup> The KPI considers both employees and supervised workers, on 12 months rolling.

<sup>12</sup> Following the process of improving the reporting system, 2019 and 2020 data on work-related injuries both for employees and supervised workers, and hours worked only for supervised workers, were re-exposed compared to those published in 2019 and 2020 NFS.

<sup>13</sup> Following the process of improving the reporting system, 2019 and 2020 data on work-related injuries both for employees and supervised workers, and hours worked only for supervised workers, were re-exposed compared to those published in 2019 and 2020 NFS.

Occupational health indicators for supervised workers			
	2019	2020	2021
Recordable work-related ill health	1	-	2
n. of fatalities as a result of work-related ill health	-	-	-

## 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 2021, 65% of SOGEFI's plants carried out projects aimed at developing the local communities in which they operate, despite the restrictions in place to manage the pandemic. The initiatives carried out in 2021 can be divided in the following three major areas: Education & Sport, Health & Research, Solidarity, and for each of them all the main activities conducted over the year are reported below:

### 2021 Local community initiatives worldwide

#### Education & Sport

Mogi Mirim



The plant supported ICA and Banda Lira entities, two local non-governmental organizations that offer cultural and musical activities to children with very low income families, both through direct donations and allocation of tax incentives. Below are the sums collected, broken down by organization:

- ICA: KR\$50 (about € 10.000) for the implementation of a sports program and R\$30,000 (about €4.600) in free donations for the training of teenagers who wish to enter Technical Schools and Universities;

- Banda Lira: KR\$130 (about €25.000) for the implementation of a music project.

In addition, SOGEFI has made a donation for the Local Community Hospital "Santa Casa".

#### Health & Research

Monterrey



The plant has established a partnership with the *Anti-Cancer Alliance*, which works to promote cancer awareness campaigns. Specifically, it has prepared a box in which employees can insert bottle caps to be then donated to the association and used for their benefit.

#### Solidarity

Medvode



The plant, in order to promote the inclusion of disabled people and their employment, has significantly increased business cooperation with local companies that employ more than 50% of workers with disabilities and hold the official status of "Employer of persons with disabilities".

### *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.

Statement of Economic value of SOGEFI Group <sup>14</sup>		
€m	2020	2021
Sales Revenues	1.190,2	1.320,6
Other gains and losses	-12,6	-7,4
<b>Economic Value generated (gross)</b>	<b>1.177,7</b>	<b>1.313,3</b>
Depreciation and amortization	116,2	115,6
<b>Economic Value generated (net)</b>	<b>1.061,4</b>	<b>1.197,7</b>
Operating costs	801,3	891,8
Personnel	253,1	247,5
Providers of finance	22,1	16,2
Non-controlling interest	0,5	2,2
Public Administration	3,4	13,5
Gain and loss from discounted operations <sup>15</sup>	16,2	24,5
<b>Economic Value distributed to stakeholders</b>	<b>1.096,6</b>	<b>1.195,7</b>
Group net result	-35,1	2,0
Economic Value retained by the Group	-35,1	2,0

In 2021, gross Economic value generated amounted to €1.313,3 million, showing a 12% increase compared to 2020. 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 global Economic Value, which in 2021 amounted about to € 1.198 million.

The distribution of the Economic value is allocated as follows:

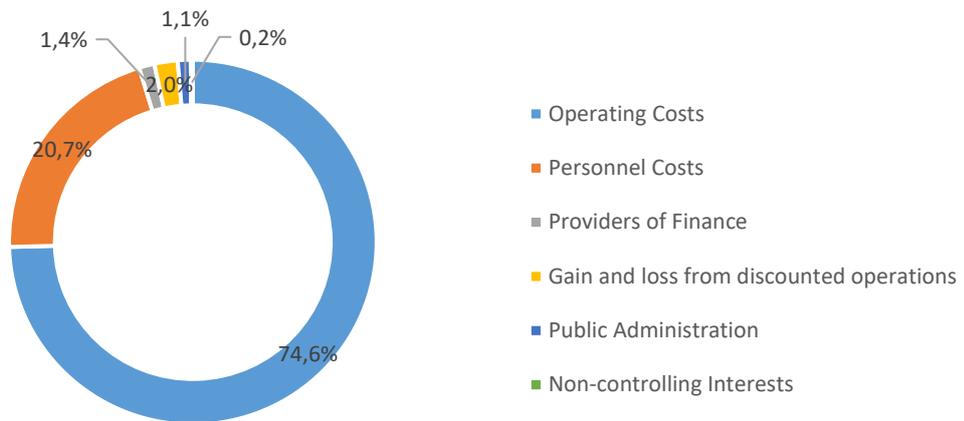
- the operating costs amount to around €892 million (+11% compared to 2020), and include manufacturing and R&D overheads, distribution and sales fixed expenses and administrative and general expenses, as well as the cost of goods sold. Operating costs represent 75% of the total Economic Value distributed by the Group;
- Group's personnel amounts to around €248 million, including mainly personnel costs in terms of wages, salaries and contributions, pension costs (defined benefit plans and defined contribution plans) and restructuring costs;
- finance Providers, mostly obligations, debts towards banks payed by the Group in 2021, amounts to approximately €16 million (about -27% compared to 2020), representing around 1,4% of distributed Economic Value;
- the economic value distributed to Public Administration mainly in terms of income taxes, amounts to around €14 million representing 1,1% of distributed Economic Value;

Furthermore, in 2021, around €2 million were distributed to minority shareholders.

<sup>14</sup> The values for the 2020 financial year have been reclassified following from 2020 NFS.

<sup>15</sup> The values for the 2020 financial year refer to Filtration Brazil and for the 2021 financial year to Filtration Spain and Filtration Argentina

**Economic value distributed to stakeholders in 2021 (%)**



## 5.3 Governance

### Business Ethics & Integrity

The Group is committed to adopting 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 a series of policies and procedures applicable to all Group's subsidiaries in order 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.

With regard to the other Policies and Procedures of the Group, part of them available into the Group intranet page and part also on the Company's website, include:

♣ **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 behaviors or conducts to moral or personal beliefs.

To confirm the high attention on the topic, in some countries, such as India, a *Sexual Harrassment Committee* and an *Internal Claims Committee* have been designated. These committees through periodic monitoring discussed in special meetings, 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 in order to prevent accidents and injuries linked to health and safety of all employees and external workers in the Group's plants. In accordance with local regulations, SOGEFI is committed to maintaining and improving the Health and Safety management system, also through the spread of a culture of accident prevention and awareness-raising, as described in detail in the proper section of this report.

♣ **Environmental Policy:** it defines the commitment of the Group to reduce its environmental impact, promoting compliance with local and international regulations in force on the subject, as well as to implement an adequate environmental management system with defined roles and responsibilities, specific targets for reducing emissions and to continually improve environmental performances.

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

♣ **Procedure for Operations with Related Parties:** its purpose is to establish the principles of conduct that the Company is required to adopt in order to ensure the proper management of related party transactions. To this end the Procedure shall:

- determine criteria and procedures for identifying related parties of the Company and defines the criteria for updating the list of related parties;
- lays down the principles for the identification of operations with related parties;
- regulate the procedures for enforcement by the Company, also through subsidiaries, trustees or intermediary operations with related parties, identifying internal rules of appropriate conduct to ensure the transparency and substantive and procedural correctness of such transactions;
- establish the modalities for the fulfillment of related disclosure obligations.

♣ **Policy on International Sanctions Programs:** related to business activities in countries and/or with entities under restriction, to which defines the absolute prohibition for any Group subsidiary to enter into business relationships, subject to specific internal assessment and approval by the Group CEO.

♣ **Information Security Policy:** 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 defines the set of minimum requirements that must be met to ensure the protection of information from possible risks of cyber-attacks. In addition, on the basis of a specific risk assessment periodically updated by the Group CIO, the applicable risk management strategies are defined.

♣ **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 2021 -, in order to ensure its compliance with any regulatory change and organizational structure.

In addition, in order 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 also has the obligation to inform the Board of Directors, as well as to organize information and training on the Organizational Model itself.

In February 2022 an e-learning training has been launched to all the Italian subsidiaries of the Group in order to be informed about rules, procedures and operative instructions to adopt responsible and respectful behaviors with regard to corporate responsibility.

♣ **Whistleblowing Procedure** which, translated into the main local languages for an easier comprehension, defines the operating procedures so that any employee of the Group can report a breach or suspected breach likely to cause serious damage to the Company or the public interest. 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 2021, only one claim related to human rights and labour practices was received through the Whistleblowing channel, referring to a misconduct work action from a subsidiary's manager whom started commercial partnership with a supplier to pursue personal advantages and increasing costs for the Company. The warning was promptly analyzed and managed by central functions, solving the case over the year.

Moreover, with regard of one claim reported in 2020 Report and completed early in 2021, the investigation performed stated that there was no unfair work practices from the manager.

No reports were received on environmental and discriminatory issues.

♣ **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 to prevent 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 to define a suitable *governance* model, leave a global communication and training plan dedicated to the topic of anti-corruption, and proceed, where possible, to the revision and the update of the policies and procedures of the Group related to such topic.

In 2021, no incidents of corruption have been issued, neither the Company has been involved in litigation in regards of corruption. Furthermore, there have not been any investigation from competent public authorities that identified exposures to the Group.

During 2021, the main Group's Policies have been revised and updated to guarantee cthe 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<sup>16</sup> to ensure the full comprehension in the organization, published into the Group intranet page and a hard copy has been delivered to all blue collars.

With the aim of promoting the dissemination of the aforementioned policies and procedures, early in 2022 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 Chief Sustainability Director.

Lastly, starting in 2019, the Internal Audit function regularly carries out on the subsidiaries subject to the audits envisaged in the annual Audit Plan, an intervention on the sustainability topics reported in the Group's Non-Financial Statement, in order 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 Chief Sustainability Director and on the basis of a methodology that assigns a qualitative score (i.e. Low, Medium, High) to each non-financial aspect verified, taking into account the adequacy of existing local practices and their compliance with Group standards. On the basis of the individual scores, an overall rating has been then assigned to the subsidiary confirming the general level of adequacy and effectiveness of the internal control system and any room for improvement. This methodology allows the prioritization of any identified deficiency and the implementation of the action plans necessary to mitigate any non-conformity.

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<sup>16</sup> Italian, Chinese, Portuguese, Spanish, Slovenian, French, Romanian, English and German.

## Product quality and safety & customer satisfaction

Product reliability and customer satisfaction are the pillars on which the SOGEFI Group's business model is based. Reliability means putting on the market safe products that guarantee compliance with the high standards of the industry.

### *The quality management system*

For several years now, SOGEFI has adopted a Quality-Safety-Health-Environmental Policy that defines the guiding principles and objectives that each Group business unit must pursue, ensuring high operational standards including:

- the analysis of potential risks and the implementation of appropriate control systems;
- the continuous improvement of performance in terms of quality, environment and 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;
- 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 Sogefi Excellence System (SES), a program first 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. The achievement of these objectives is the responsibility of all levels, from top management to workers. The KPIs are collected and reviewed on a monthly basis and the main results are discussed during the meetings of the Executive Committee where the key senior management participates (e.g. Operations, Human Resources, Sales, Quality, Research and Development, Purchasing, etc.).

The three main quality indicators monitored by the business units are:

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

As reported in the table below, in 2021, the A&C business unit shows a degradation in KPIs mainly due to a mistake in delivery a pallet of 200 parts to the customer affecting the CLR, and low performances of Wujiang plant in the first half of 2021 affecting CCR and Scrap, then recovered thanks to the quality process improvements already implemented.

Similarly, the Suspension business unit shows an improvement of CCR and scrap thanks to focused activity on the reduction of cost of non-quality. CCR worsened in frequency, but not in severity.

<b>BU</b>	<b>2020</b>			<b>2021</b>		
	Customer Line Return (PPB)	Customer Claim Rate (IPB)	Scrap of Total Product Sales (%)	Customer Line Return (PPB)	Customer Claim Rate (IPB)	Scrap of Total Product Sales (%)
<b>A&amp;C</b>	4.469,0	3.551,0	0,6%	1.4991,0	4.089,0	0,8%
<b>Suspension</b>	14,1	2.111,0	0,7%	29,7	531,0	0,6%
<b>Filtration</b>	835,0	844,0	0,8%	844,0	720,0	0,7%

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 one year later through internal audits, in order 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 portal - 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 business unit Directors as part of a monthly quality reporting. Any red alert is subject of a corrective action plan shared with the customer and long processing times of them can trigger specific audits by the customer – indeed, during 2021 two audits took place in SOGEFI plants.

Finally, in the context of commercial meetings with some customers, the Sales Department has the possibility to obtain direct satisfaction feedback.

In 2021 the above-mentioned business reviews activities were held weekly at Management level (one OEM each week) to cover any new risk and ensure proper proactive actions. Some customers also conduct regular meetings with business unit management during which a direct feedback is provided.

The IATF 16949:2016 certification confirms 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 2021, 100% of Group's plants have an IATF 16949:2016 certified quality management system.

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 uses data management platforms and systems to track the chemical composition of products (i.e. *International Material Data System*) and to meet product recycling and reuse requirements (i.e. *China Automotive Material Data System*).

In 2021, no case of non-compliance with regard to health and safety of products were recorded.

### **Responsible procurement practices**

The Group recognizes the importance to collaborate with suppliers who respect the higher quality standards, who comply with existing environmental and safety regulations and ensure the observance of ethical, social and governance principles. In line with the Group's purchasing procedures, formalized in the *Quality Purchasing Manual* adopted by each business unit, the process of selecting suppliers and the subsequent definition of the purchasing conditions are based on an objective assessment of the individual characteristics: quality, price, economic, performance and sustainability aspects. Specifically, SOGEFI implemented a supplier assessment process focused on processes, procedures and systems in place.

Indeed, the phases of suppliers 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.

The supply chain management, already complex in its nature, is subject of higher attention during extraordinary events such as the pandemic that characterized last two 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.

During 2021, SOGEFI began new partnerships with 23 suppliers, on a global portfolio of almost 1.500 for the direct purchases<sup>17</sup>. As part of the new supplier accreditation process, all of 23 new accredited suppliers received and signed the SOGEFI's Code of Business Conduct and 74% of them resulted ISO 14001:2015 certified.

In line with the re-organization of the Purchasing function, several actions have been launched in 2021 – and currently ongoing at the time of that Report - to harmonize and reinforce the supplier management process worldwide, such as the implementation of Supplier Portal for documentation management, a structured process of sustainability assessment, etc.

#### 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.

<sup>17</sup> Examples of this type of suppliers might include: consultants, contractors, distributors, franchisee or licensed dealers, independent contractors, primary producers, sub-contractors, wholesalers.

Moreover, in order to fight the extraction of minerals from conflict zones, suppliers 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. In case of use of the aforementioned minerals, the Purchasing function will evaluate appropriate actions, including the supplier replacement, the request for the modification of supply resources, etc. These documents are then shared with the respective car-makers.

**The fight against Conflict Minerals**

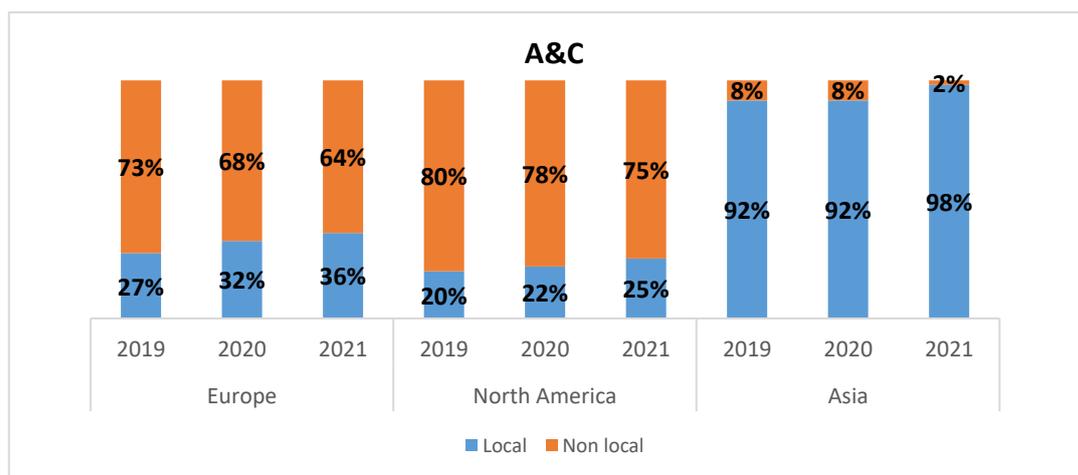
Regulation (UE) 2017/821 and s.m.i on Conflict Minerals, which follows the regulation established by US law, obliges all European importers of minerals and metals containing tin, tungsten, tantalum and gold, excluding smaller companies, to carry out checks to ensure that due diligence duties are respected by their suppliers.

Sogefi, aware that the marketing of these minerals could directly or indirectly support armed groups and encourage the violation of human rights, has implemented systems to manage the purchase of Conflict Minerals and at the same time trace their origin. In particular, the *Conflict Minerals Reporting Template (CMRT)*, requested by Sogefi to each supplier, is a module developed by the *Conflict-Free Sourcing Initiative* through which suppliers shall state whether their products contain conflict minerals and therefore it facilitates the dissemination of information about the country of origin of minerals, foundries and refineries in the supply chain.

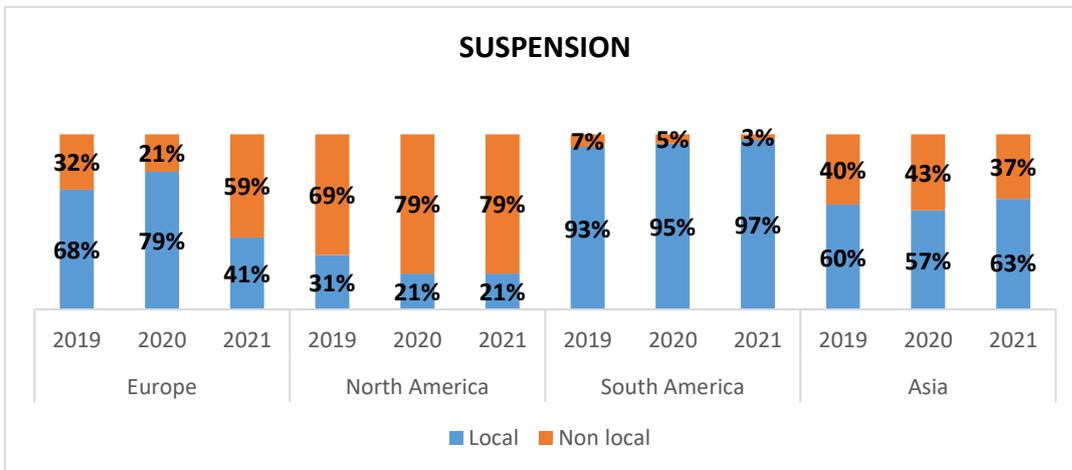
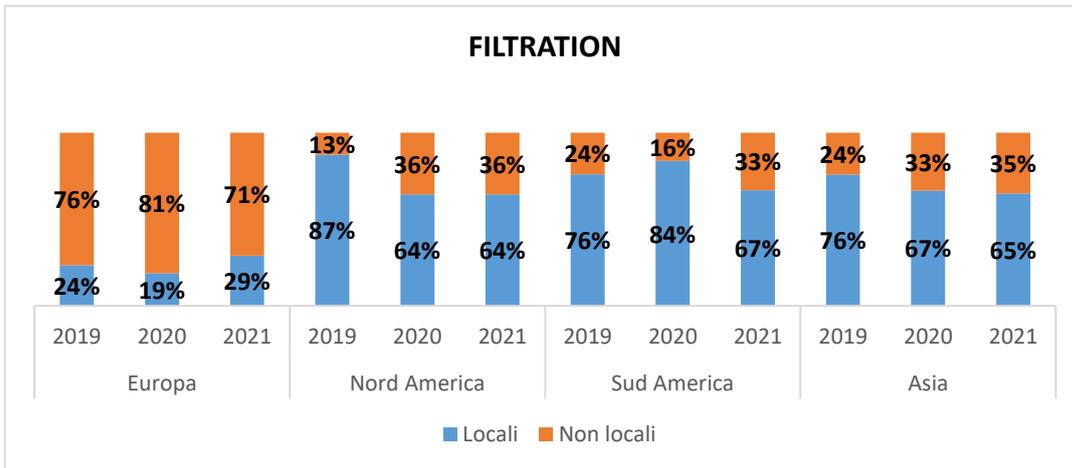
Another element affecting the suppliers' evaluation is their geographical location. In order to strengthen the bond with the territory and support the local economy, SOGEFI is committed, where possible and in accordance with customers' requirements, to give priority to local suppliers<sup>18</sup>.

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 25% while, the actual local purchase in each country is of 48% in the USA, 1,8% in Canada and 55% in Mexico. Moreover, in Asia (A&C) and South America (Suspension) there are a strong local for local polices, with over 80% of provisions coming from local suppliers to the country.

**Percentages of products and services purchased locally**



<sup>18</sup> Local suppliers: suppliers of good and services based in the same country of Sogefi's controlled legal entity activities.



## 5.4 Environment

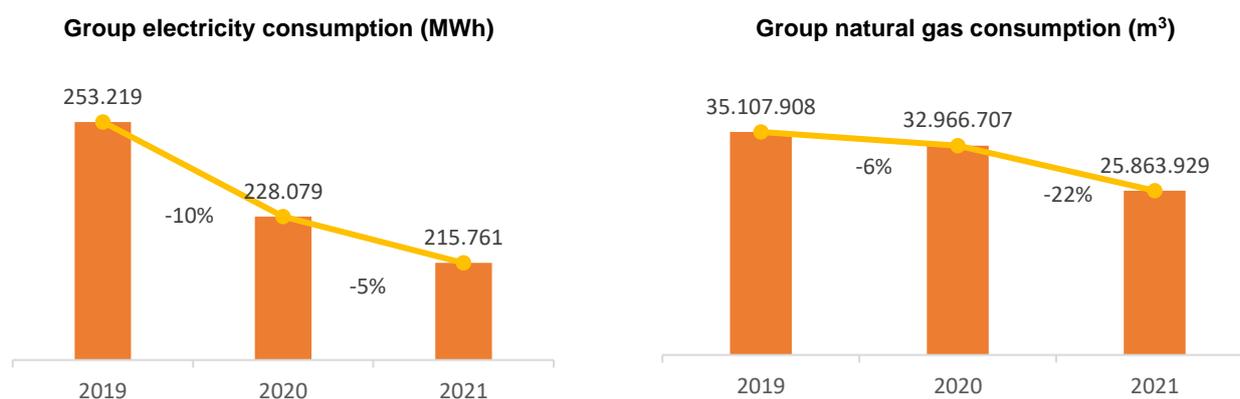
The Group strives to make a positive contribution to environmental sustainability in all of its activities, bearing always in mind the rights of future generations. The Group subsidiaries have an ongoing attention to ensuring that business is carried out in a way that respects the environment and the public health, as well as national and international directives in the sector in which SOGEFI operates. To emphasize the commitment towards the protection of the environment, SOGEFI adopted an Environmental Policy, approved for the first time in 2016, 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 the external environment related to its business activities. The EMS was developed in line with the international environmental standard ISO 14001:2015 with respect to which, as of December 31<sup>st</sup>, 2021 100% of Group's plants is certified. Respect for the environment, through the EMS, is expressed in an efficient management, oriented to the minimization of energy, water and waste consumption, as well as in a general orientation to the development of innovative and eco-sustainable products and technologies. For each topic, the main Group non-financial performances are set out below.

### Industrial and logistics carbon footprint<sup>19</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 of inbound and outbound goods.

#### Industrial carbon footprint

SOGEFI's manufacturing plants use natural gas (direct energy<sup>20</sup>) and electricity (indirect energy) as their main energy sources, accounting for the majority of the Group total energy consumption. Since 2020, the Group used the Guarantee of Origin certificates (GO) for the purchase of electricity produced from renewable sources. In 2021, GOs cover about 5% of electrical energy purchased by the Group.<sup>21</sup> In 2021, the Group consumed approximately 215.761 MWh of electricity, with a 5,4% reduction compared to 2020, and around 25,9 million cubic meters of natural gas with a total of around 22% of reduction compared to last year. Overall, in the last three years (2019-2021), there is a reduction of about 15% for energy consumed and about 26% for natural gas. The decrease in consumption can be traced back to different causes, in addition to the closure of some production sites, among which the SOGEFI's continuous effort to implement concrete actions to reduce electricity consumption at Group level.



<sup>19</sup> Data for 2020 energy consumption were estimated for few plants. The estimation was based on previous years consumption.

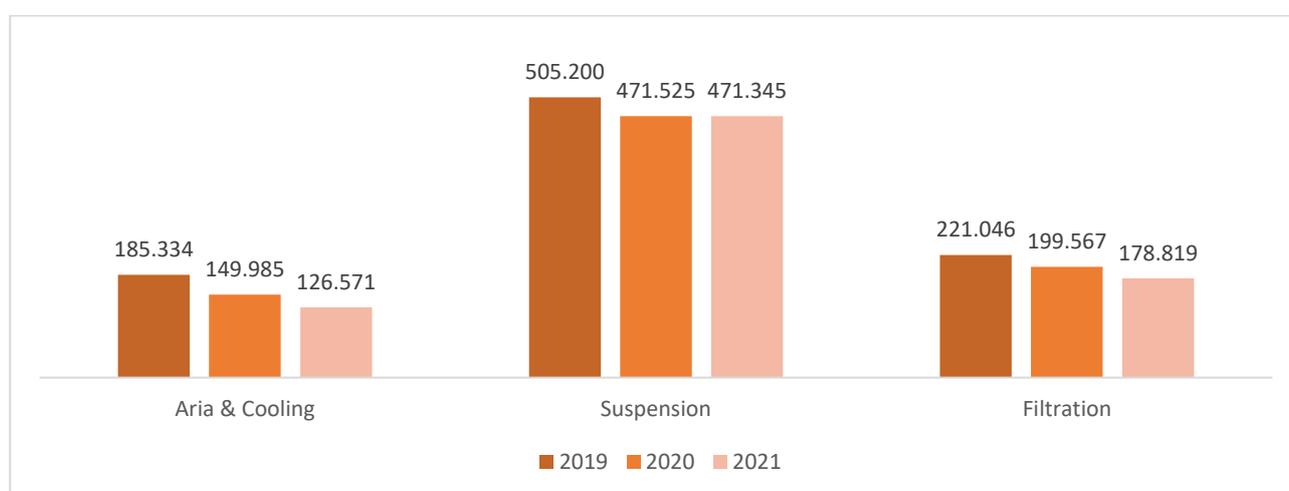
<sup>20</sup> In addition to natural gas, petrol, diesel and LPG are also used mainly for forklifts and fleets of cars with minor consumption that are therefore not used for the calculation of GRI 302-1 and 305-1 indicators and not accounted in this report.

<sup>21</sup> Specifically, the sites purchased GOs are Chateauroux and Orbey of A&C business unit.

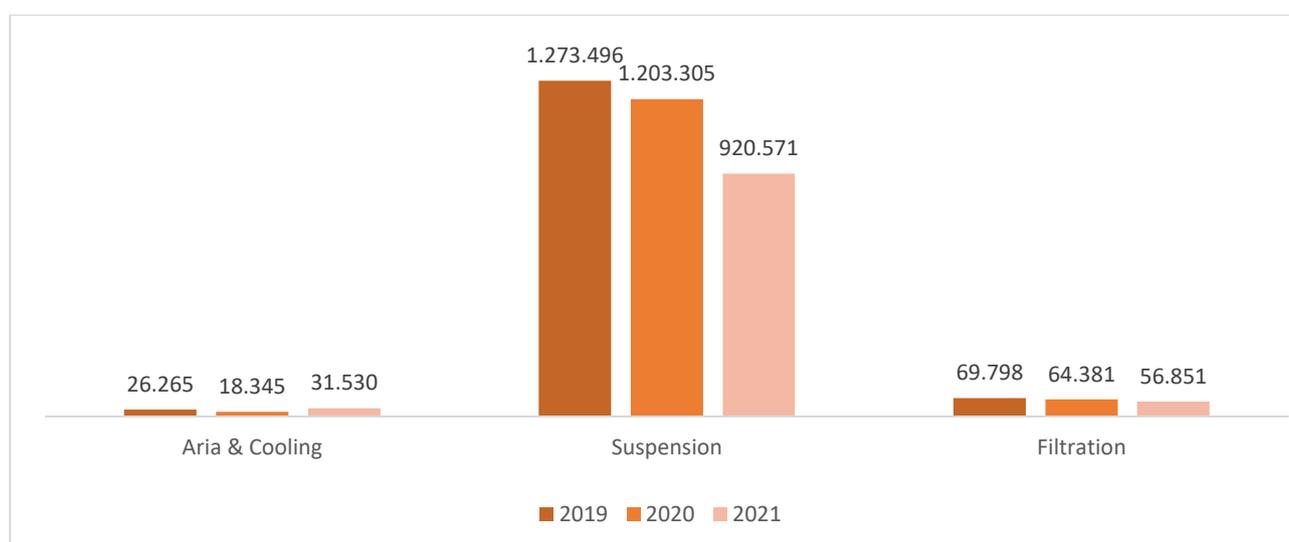
Within the Group, the Suspensions business unit, is the one which, given a production process based on forming of steel and shot peening, records the highest energy consumption (around 78% overall), both in terms of electricity (around 61% of Group total) and natural gas (around 91% of Group total), although with a decreasing trend in those consumptions thanks to energy saving initiatives introduced over the years. In the last three years, the electricity and gas consumption of the Suspensions business unit decreased respectively by around 7% and 28%.

As for the other business unit, the electricity consumption has decreased by about 32% in A&C since 2019, and by about 19% in Filtration. While natural gas consumption raised by approximately 20% in A&C and decrease by 18% in Filtration.

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

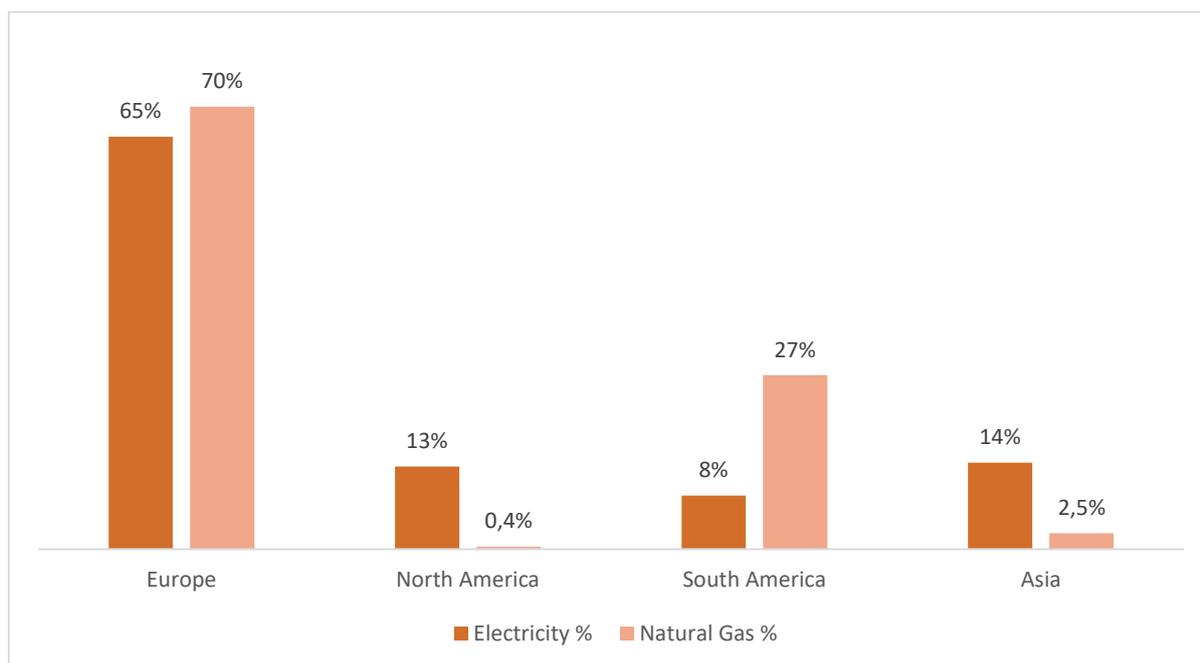


#### Breakdown of natural gas consumption per business unit in the last three years (GJ)



Consistent with the Group's geographical positioning, the electricity and natural gas consumptions are predominant in the European area, where the largest number of production sites are located, accounting respectively for 65% and 70% of total consumption. They are followed by North America (13% of electricity and 0,4% of natural gas), Asia (14% of electricity and 2,5% of natural gas) and South America (8% of electricity and 27% of natural gas).

## 2021 Energy consumption by Region (electricity and natural gas)



In terms of energy intensity, defined as the energy that the organization has to consume per unit of activity, output, or any other specific metric, in 2021 the Group reported a reduction of about 24% of the energy used per unit of sales revenues, thanks to a reduction of energy consumption. The indicator is calculated by dividing the absolute energy consumption (i.e. electricity and natural gas) by a specific quantity which in the case of SOGEFI is the turnover.<sup>22</sup>

GJ/m€	Energy intensity by business unit		
	2019	2020 <sup>23</sup>	2021
A&C	496,6	452,7	393,3
Suspension	3.235,7	4.191,6	3.037,8
Filtration	532,3	608,0	508,6
<b>GROUP</b>	<b>1.501,5</b>	<b>1.751,3</b>	<b>1.352,1</b>

At regional level, the area with the highest energy intensity is South America (63%), followed by Europe (21%), Asia (11%) and North America (6%).

GJ/m€	Energy intensity by region		
	2019	2020 <sup>24</sup>	2021
Europe	1.724,1	1.901,4	1.484,8
North America	432,5	483,0	401,0
South America	2.616,0	6.856,2	4.390,2
Asia	900,6	985,1	740,6
<b>GROUP</b>	<b>1.501,5</b>	<b>1.751,3</b>	<b>1.352,1</b>

<sup>22</sup> Sales revenue by business unit and country of origin are net of intercompany operations and not take into account any restatement on previous years as per the IFRS 5.

<sup>23</sup> 2020 Revenues used to calculate the energy intensity have not been restated as per the IFRS 5 ("Non-current assets held for sale and discontinued operations"), at the contrary of the data reported into the paragraph 5.1 Group Economic Performance and into the Group Financial Report 2021.

<sup>24</sup> 2020 Revenues used to calculate the energy intensity have not been restated as per the IFRS 5 ("Non-current assets held for sale and discontinued operations"), at the contrary of the data reported into the paragraph 5.1 Group Economic Performance and into the Group Financial Report 2021.

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 center 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 2021 SOGEFI received a score of B, which is in the Management band – i.e. Company is taking coordinated actions on climate issues. The score received is higher than the average of the reference sector and the global market and the same of the European regional average

The Group is committed to improve its manufacturing processes focusing on GHG emissions reduction, with particular attention to CO<sub>2</sub> emissions. GHG emissions are categorized into three broad scopes:

- **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 2020 and 2021 SOGEFI purchased for two plants in France the Guarantees of Origin certificates covering 100% of plants' 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, including both upstream and downstream emissions. In SOGEFI, those data are related to transportation and distribution of materials and products directly managed by the Group and are calculated since 2019.

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 2021, Group GHG emissions accounted for about 107.430 tons of CO<sub>2</sub>, following the location-based approach while 115.256 CO<sub>2</sub> with the market-based approach. Scope 1 emissions are 49% of total emissions, while Scope 2 emissions account for 51%, following the location-based approach.

Direct emissions from Scope 1 have been reduced around by 22% since 2020, in line with the gas consumption trend of the Group. In 2021 emissions from Scope 2 also were reduced around by 7% and 5% respectively for both location-based and market-based approach. The emission reduction is a reflection of different causes among which the selling and closure of some plants, and the initiatives carried out by the Group. Indeed, the three-years trend shows a general reduction of GHG emissions of 22% (market-based).

Group GHG emissions <sup>25</sup>				
ton CO <sub>2</sub>	2019	2020	2021	Var. 20-21
Scope 1	71.011,4	66.680,4	52.280,2	- 21,6%
Scope 2 – Location based	64.739,9	59.078,2	55.150,1	- 6,6%
Scope 2 – Market based	76.410,4	66.044,5	62.976,0	- 4,6%
<b>TOTAL (with Location based)</b>	<b>135.751,3</b>	<b>125.758,6</b>	<b>107.430,1</b>	<b>- 14,6%</b>
<b>TOTAL (with Market based)</b>	<b>147.421,7</b>	<b>132.724,9</b>	<b>115.256,1</b>	<b>- 13,2%</b>

In line with the energy consumption, Europe and business unit Suspensions produce the highest volume of CO<sub>2</sub> emissions, given related energy-intensive activities.

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<sup>26</sup>. In 2021, compared to 2020, the GHG emissions intensity of the Group have been reduced considering both the location-based (-23%) and the market based approach (about -22%), thanks to the reduction of energy consumption.

GHG EMISSIONS INTENSITY Scope 1+ 2 Location-based by business unit			
ton CO <sub>2</sub> /m€	2019	2020 <sup>27</sup>	2021
A&C	27,7	29,3	30,4
Suspensions	189,9	241,8	176,9
Filtration	35,8	42,1	30,5
<b>GROUP</b>	<b>89,4</b>	<b>104,5</b>	<b>81,3</b>

GHG EMISSIONS INTENSITY Scope 1+ 2 Market-Based by business unit			
ton CO <sub>2</sub> /m€	2019	2020 <sup>28</sup>	2021
A&C	27,8	32,5	28,7
Suspension	207,1	257,7	193,0
Filtration	39,8	40,7	33,0
<b>GROUP</b>	<b>97,0</b>	<b>110,3</b>	<b>87,3</b>

#### *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, during the working hours, of energy saving behaviors turning off lights, air-conditioner, computers and equipment when not in use, etc. At the same time, the Group started a process on a global level, of replacement of traditional lamps with LED and magnetic lamps with lower energy consumption. Moreover, more important energy-reduction projects are gradually implemented, in all the Group plants.

<sup>25</sup> For Scope 1 emission calculation the *UK Government GHG Conversion Factors for Company Reporting – DEFRA 2020* has been used. To guarantee comparability with 2020 data, 2019 data have been restated using the same methodology [*UK Government GHG Conversion Factors for Company Reporting 2019*]. For the values reported in the 2019 Consolidated Non-Financial Statement please refer to the document published on the Company website.

<sup>26</sup> Revenues from sales by business unit and by country of origin are net of intercompany eliminations and do not take into account any reclassifications on previous years for the purposes of IFRS 5.

<sup>27</sup> 2020 Revenues used to calculate the GHG emission intensity have not been restated as per the IFRS 5 (“Non-current assets held for sale and discontinued operations”), at the contrary of the data reported into the paragraph 5.1 Group Economic Performance and into the Group Financial Report 2021.

<sup>28</sup> 2020 Revenues used to calculate the GHG emission intensity have not been restated as per the IFRS 5 (“Non-current assets held for sale and discontinued operations”), at the contrary of the data reported into the paragraph 5.1 Group Economic Performance and into the Group Financial Report 2021.

Specifically, the business unit Suspensions, which, as already mentioned is characterized by a production process with high energy intensity, has launched the “Energy Project”, a strategic initiative aimed at increasing energy efficiency and therefore at reducing the environmental impact of the manufacturing processes, as well as the overall energy expenditure.

Among the targets of the Energy Project there are:

- cut of total cost of energy;
- reduction of the energy intensity index;
- periodic monitoring of KPIs and achievement of specific objectives in order to close the gap between different production sites;
- completion of the mandatory Energy Audits in compliance with the European Directive 2012/27/UE in all European plants.

The Energy Project is centrally defined, coordinated and monitored at the business unit level and is locally managed through actions carried out by local teams. Based on a general mapping of the various production plants involved, different areas of interest for energy efficiency have been defined, evaluating more appropriate scope for improvement. These areas include:

- energy monitoring system;
- loads management during non-productive time;
- plant lighting;
- electrical network quality;
- thermal processes efficiency;
- hook burners management;
- compressed air;
- fluids management;
- government incentives for energy efficiency;
- invoice optimization, in terms of spending and consumption.

Energy saving initiatives are evaluated in terms of technical and economic feasibility, and those that satisfy needs and criteria are launched for implementation. Furthermore, SOGEFI verifies the expected results in terms of energy savings during subsequent assessments that make possible to validate each specific action.

In particular, SOGEFI is defining a path for the reduction of energy consumed from non-renewable sources with the aim of mitigating its impact on climate change. The Company has in fact implemented a roadmap for the installation of solar panels for all three business units. Indeed, atNules plant in 2022 the installation of a photovoltaic has been initiated and it is expected to be completed by the end of the year.

#### *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.

The Group monitors the movement of its good on a daily basis (i.e special movements by taxi and air shipments), weekly or monthly in order to reduce their impact on the environment, therefore promoting a more sustainable approach along the entire supply chain, and, where possible, optimizing the flows.

Moreover, since 2019, SOGEFI monitors Scope 3 emissions along 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 through road, sea and air and is working to monitor in a more structured way the emissions produced by the transportation directly controlled by the Company. Although, if the final transportation has been organized by SOGEFI, the Group is capable to track the product movement and therefore the emissions generated.

The scope 3 emissions tracked in 2021 can be divided in:

Scope 3 emissions		
<i>tCO<sub>2</sub>eq</i>	2020 <sup>29</sup>	2021
Road <sup>30</sup>	109.867	109.215
Plane <sup>31</sup>	721	701
Ship <sup>32</sup>	18	20
<b>Total</b>	<b>110.606</b>	<b>109.937</b>

The majority of the Group transports of goods take place on road and in this regard Sogefi has adopted a **Global Purchasing approach** aimed at optimizing transport logistics services with the involvement of several regional offices and manufacturing plants. This approach includes:

- the implementation by the Central Headquarter of each business unit of a standard purchasing process for the whole Group;
- the adoption and implementation by suppliers of logistic services of a business continuity plan aimed at improving the reliability of offered services;
- the optimization of collaborations with local carriers choosing ones selected by the Central Dream Panel who respect ISO 9001:2015 quality, also through a specific contractual agreement with the logistics providers (i.e. business unit Filtration), and environmental ISO 14001:2015 standards;
- the preference of “Green shipments” carriers, who by bi-modal road-rail shipments, gas trucks, allow a transport planning able to optimize the annual emissions in terms of CO<sub>2</sub> volume, instead of standard solutions, also through the use of the MIFID (i.e. Material and Information Flow Diagram);
- the optimization of freight loading by using smaller, standardized pallets or with less padding, thus allowing to adapt as many parts as possible in each unit while guaranteeing the maximum protection of the product (i.e. Full Truck Load) and at the same time reducing shipping costs.

To this end, the business unit Filtration, for shiploads from overseas suppliers (e.g. China) uses a collection warehouse where the goods are stored until the container has reached its maximum capacity. Alternatively, other shippers are allowed to include goods coming from other companies but that share the same destination. In the case of foreign customers, only one full container is shipped once a month to meet the entire demand of the period. Shipping specifications are shared with all suppliers. In the US plants, this has resulted in an optimization of 30% of shipments;

- the optimization of loading and unloading processes through the use of milk-run and crossdocking trucks and related tracking flows (e.g. at Colmar and Tigesti sites), with consequent maximization of the parts number in the trucks at the arrival area.

Furthermore, at Tangier plant, the project teams together with a task force dedicated to logistics and purchasing, opted for the closure of external warehouses, with the aim of reducing the renting costs of surfaces, increasing the efficiency through direct deliveries to the customer and without employing workforce for the warehouses storage, reducing travel and consequently the emissions generated.

<sup>29</sup> In 2021, data collection has been improved, therefore a restatement was made for 2020 data in respect of 2020 NFS.

<sup>30</sup> For emissions calculation, the UK Government GHG Conversion Factors for Company Reporting – DEFRA has been used and in particular the factor for HGV rigid transports with a laden of 50%.

<sup>31</sup> For emissions calculation, the UK Government GHG Conversion Factors for Company Reporting – DEFRA has been used and in particular the factor for Freight flights International with RF.

<sup>32</sup> For emissions calculation, the UK Government GHG Conversion Factors for Company Reporting – DEFRA has been used and in particular the factor for General cargo and Products tanker average size.

## 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, aluminum and cellulose products, 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 plastic purchase, Sogefi uses up to 15% of recycled plastic resin).

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 and the dispersion of paints.

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 2021 are reported in the table below:

SOGEFI Group results - Material used in 2021 <sup>33</sup>					
Material	Unit of Measure	Suspension	Filtration	Air & Cooling	TOTAL
Steel	t	126.616	10.914	-	137.530
Aluminium	pcs	-	3.521.369	2.849.531	6.370.900
Plastic Resins	t	3.917	8.519	17.315	29.751
Metallic components	pcs	99.067.520	272.265.708	252.066.978	623.400.206
Paper and Cardboard	pcs	12.656.797	136.921.028	23.329.416	172.907.241
	M2	77.300	-	-	77.300
Rubber Parts	pcs	16.913.763	192.787.346	79.159.863	288.860.972
Plastic Parts	pcs	5.375.352	158.648.452	41.950.031	205.973.835
Foam	pcs	-	32.965.186	123.880	33.089.066
	M3	-	5.036	-	5.036
Media	t	-	4.801	89	4.890
	M2	-	4.245.000	27.021	4.272.021
Mecatronics	pcs	-	10.812.017	16.336.371	27.148.388

<sup>33</sup> The data collection process of material used has been significantly reviewed over 2021, consequently to the Purchasing re-organization, therefore 2021 data are not comparable with last year results.

### **Suspensions**

The Suspensions business unit uses different kinds of materials: the most relevant is steel, but also metallic components and rubber bushes, mostly for the production of coil springs, leaf springs, anti-roll bar for passenger cars, heavy-duty vehicles, etc. Other materials utilized include steel scrap, wood and carton.

In 2021, the amount of steel purchased was 126.616,30 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 2021, approximately 3.917,40 tons of chemical products were used.

In addition to raw materials mentioned above, the business unit uses semi-manufactured goods or parts: the most common are metallic components, followed by rubber, packaging and plastic parts. Packaging is mostly cardboard boxes and pallets (in 2021, more than 12,6 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 and plastic resin, metallic components, rubber and packaging film.

Steel, with 10.914 tons is one of the most used material in 2021. It consists of standard steel (hot and cold rolled) mainly used for spin-on, while specialized steel such as aluminized, galvanized and zinc coated types are used mainly for petrol filters and other purposes.

Finally, to minimize the environmental impact, part of packaging purchased by the business unit in 2021 comes from recycled material (paper and cardboard). Furthermore, information about the use of recycled aluminum is indirect as our suppliers of casting parts are using in their process up to 40% of recycle aluminum.

### **Air & Cooling**

The A&C business unit mainly uses aluminum, metal parts and plastics for the production of manifolds and water pumps. Plastic parts are manufacturing by the modeling of the plastic resins through a process called "injection molding of plastics.

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

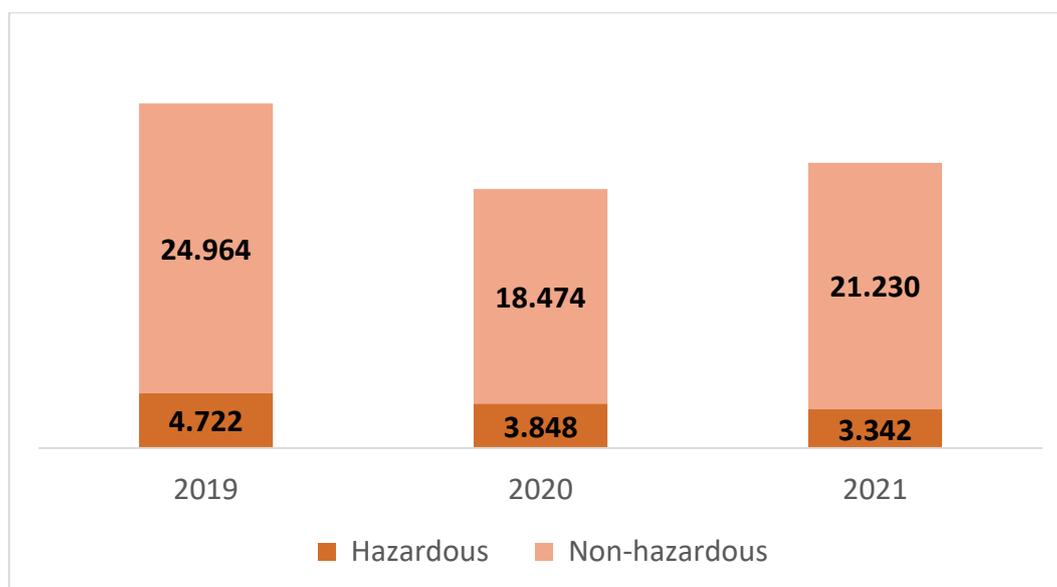
In 2021, metallic, rubber and plastic parts consumption accounted respectively more than 252,1 million pieces, roughly 79,1 million pieces and more than 41,9 million pieces. More than 17.300 tons of plastic resin for the most of it were also used and about 23,3 million of packaging materials.

*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 2021, the Group generated and disposed around 24.571 tons of waste, with a slight increase of 10% compared to 2020. Most of them were classified as non-hazardous (86%).

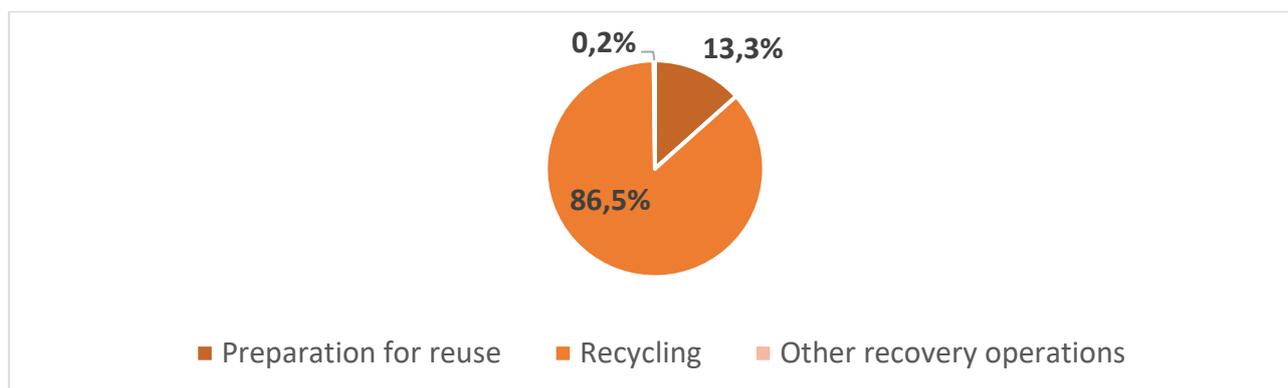
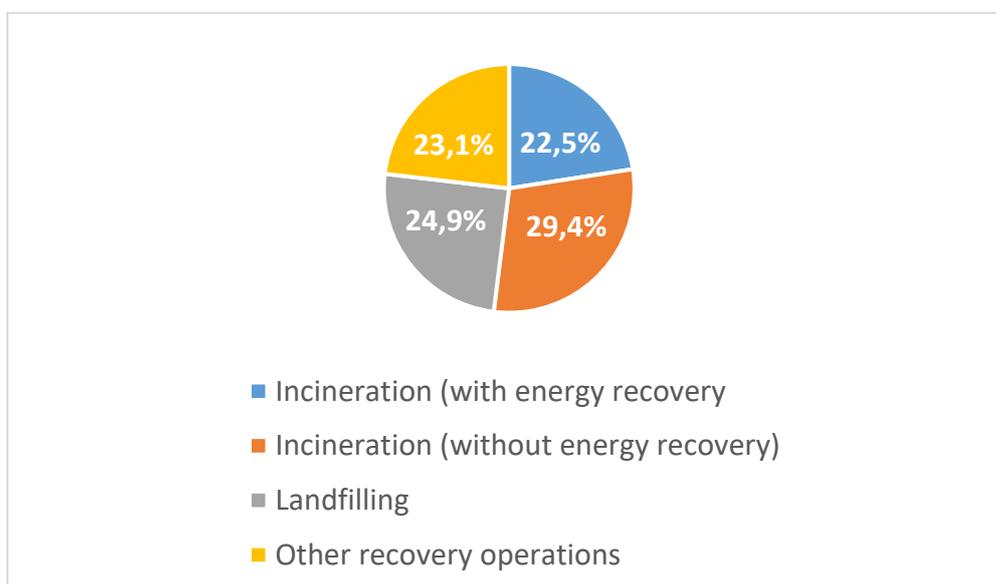
**Group waste by type (tons)**



In line with the production pattern of the Group, the Suspensions business unit records also in 2020 the highest volume of waste generated (64% on the overall Group production), both in terms of non-hazardous and hazardous ones.

In 2021, it has been launched the following initiatives aimed to improve the waste management: at Revigny plant, it has been signed a new contract for waste disposal defining an increased percentage of waste sent for recycle; at Marcillac plant, it has been defined that no waste can be sent to landfill.

As regards to the treating methods, more than half of the waste produced by the Group was recycled and reuse (83%), while the rest is incinerated or goes to landfill.

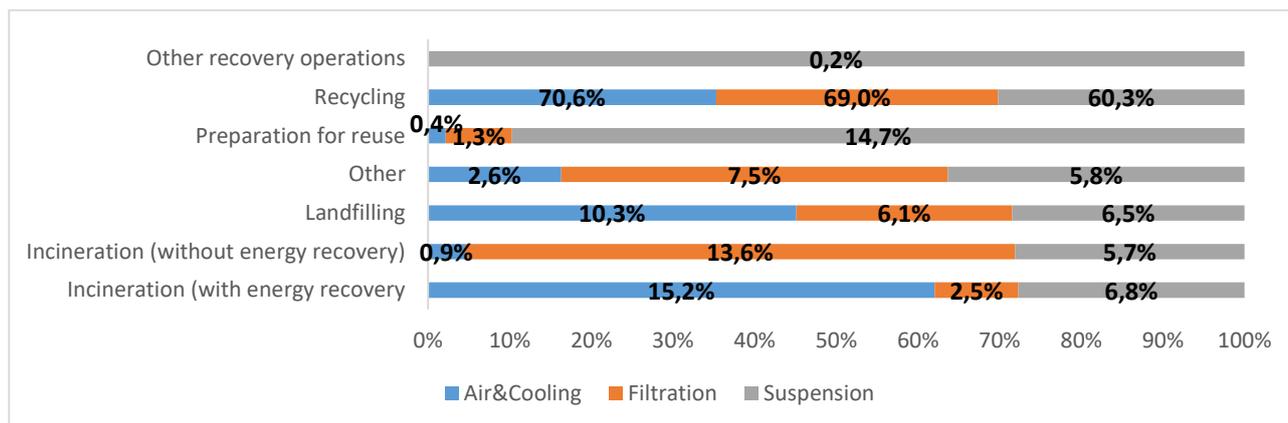
**Waste diverted from disposal in 2021 (%)****Waste directed to disposal in 2021(%)**

The Suspensions business unit recycles 60% of its waste and reuses 15% of it, 25% 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, 16% is disposed by incineration (without energy recovery), and only 10% goes to landfill. A remaining 3% goes to other destinations.

In the Filtration business unit, 69% of waste is recycled, 1% is reused, 13% is incinerated with energy recovery and the remaining goes to incineration (without energy recovery - 2%), landfill (6%) or to other recovery operations (7%).

Percentage of waste per BU and type of disposal



### Sustainable water management<sup>34</sup>

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>35</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 2021. This standard provides a guideline for the 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.

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, as described below:

- the Filtration business unit analyses for the sites identified at water risk<sup>36</sup>, the related risk exposure and other information about the withdrawal schemes, consumption and discharge of water, defining the environmental scorecards reviewed on a monthly basis. The identified impacts are evaluated with regard of the legal compliance locally required. If, as a consequence, some sites are labelled as 'environmentally sensitive', then specific thresholds are integrated in the related permits;
- the A&C business unit uses water mainly for sanitary needs and the cooling process (exchanger), so the water used is not polluted with heavy metals or chemical substances. In such context, significant environmental impacts, identified thanks to the environmental FMEA, are taken into account in the environmental action plan of the plant and the defined environmental dashboard is then reviewed on a monthly basis. The analysis is updated yearly and in case of new equipment, activity or any event claimed by the interested parties or emergency situations. Furthermore, a water reject analysis must be made on some parameters at a defined timeframe defined by the legal requirements or operational permits and the plant must check it complies with the defined water thresholds. In case of non-compliance, local environmental authorities must be informed and an action plan defined.

<sup>34</sup> Follow with the process oimprovement of the reporting system, 2019 and 2020 data on water collection, discharge and consequently water consumption were re-exposed compared to those published in the previous NFS.

<sup>35</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-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)

<sup>36</sup> Sites considered at water risk are the ones identified with the *Aqueduct* analysis of *World Resources Institute*, reported at next paragraph "water withdrawal".

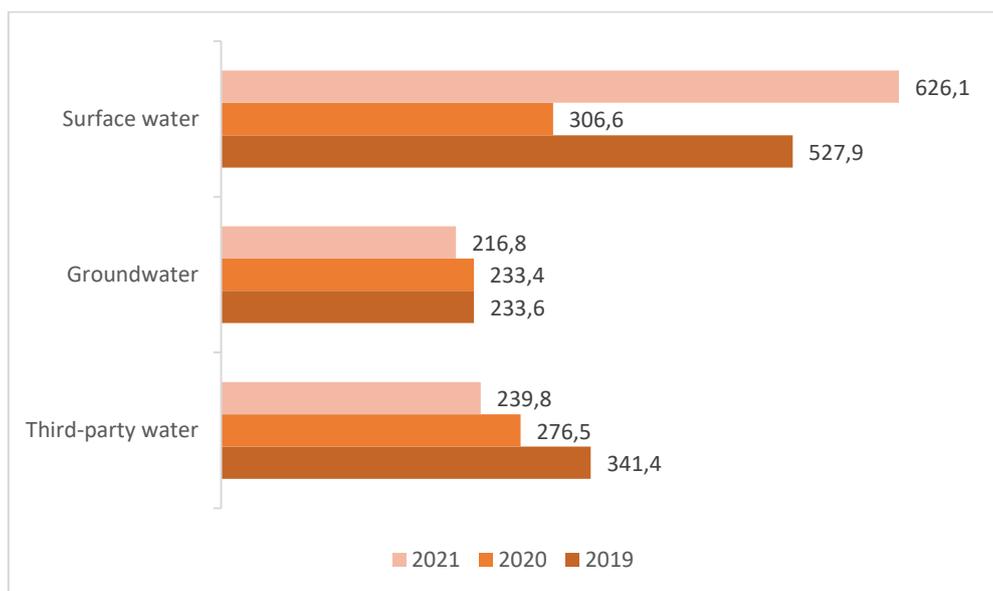
In addition to the certification system, some plants have additional systems and procedures to monitor any water issue. For example, in Monterrey, all water concerns are examined by the management during specific meetings where they evaluate the related treatment both internally and with third parties.

Furthermore, SOGEFI takes part in the CDP Water. 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 2021 SOGEFI received a score of B-, which is in the Management band – i.e. Company is taking coordinated actions on water issues -. The score received is in line with the reference sector.

### 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<sup>37</sup> 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>38</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: extreme scarcity, scarcity, stress, sufficient, abundant. In 2021, the plants considered at risk of extreme scarcity or scarcity are 10<sup>39</sup>, in line with the previous year. *For more information, please refer to the annex.*

**Group water withdrawal (MI)**



Group overall water withdrawal in 2021 was around 1.082,8 MI, with an increase of about 33% compared to 2020. The sources from which water is drawn into the organization are mainly surface water (58%), third-party water (22%) and groundwater (20%).

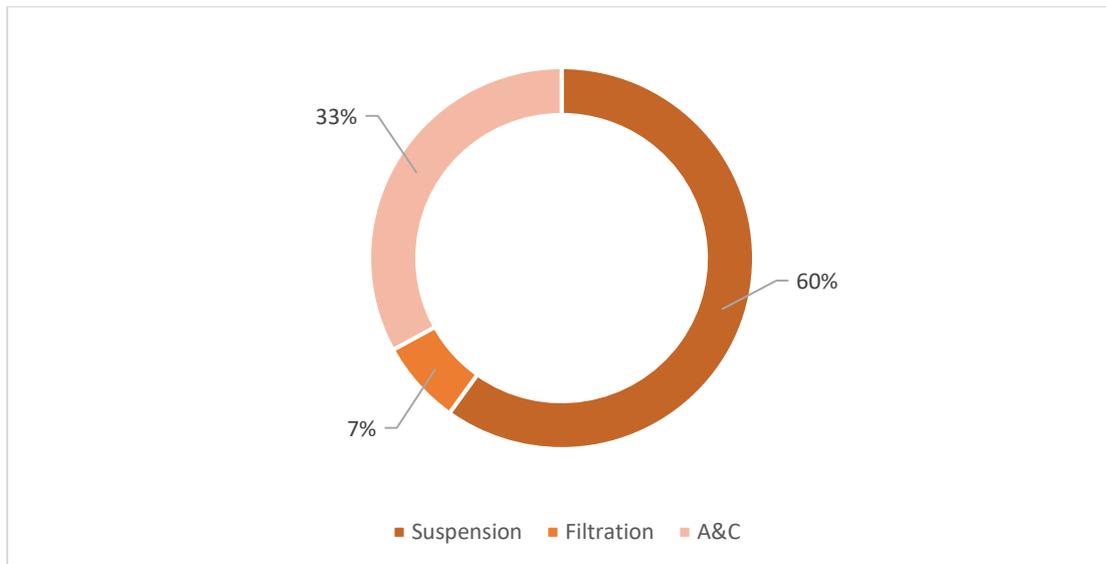
Suspensions withdraws the majority of Group water (around 60% of the overall consumption), while Filtration is accounting for 7% and Air and Cooling for 33% of the Group water withdrawal.

<sup>37</sup> Countries refer to Sogefi's industrial presence.

<sup>38</sup> The tool is available online at the website: <https://www.wri.org/our-work/project/aqueduct>.

<sup>39</sup> The plants considered in 2021 as being at a risk of water stress are: Bangalore, Douai, Gurgaon, Monterrey, Tangier, Pune Filtration, Pune Suspensions, Suzhou/ Wujiang A&C, Suzhou/ Wujiang Suspensions, Titesti.

**Water withdrawal by business unit 2021 (%)**



For what concern regional activities, Europe plays a crucial role for most of the water withdrawal of the Group (87%), as a result of the presence of the majority of production plants in the Region. Asia, on the other hand, has a level of water withdrawal around 7% 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 2021, the total volume of water discharged by SOGEFI production sites is around 845 Megaliters. Overall, water can be discharged into surface water, into the public sewer systems or into other destinations. Compared to previous years’ water discharge, the business units Suspensions and Filtration account for a decrease in volume, respectively by 8% and 49%. Moreover, Air and Cooling, registered an increase compared to 2020 in relation to water discharged, representing about 40% of the water discharged by the Group.

As part of their environmental management system, the Group’s manufacturing plants are equipped to prevent accidental spills into the environment. No spills were registered in 2021.

*Water consumption*

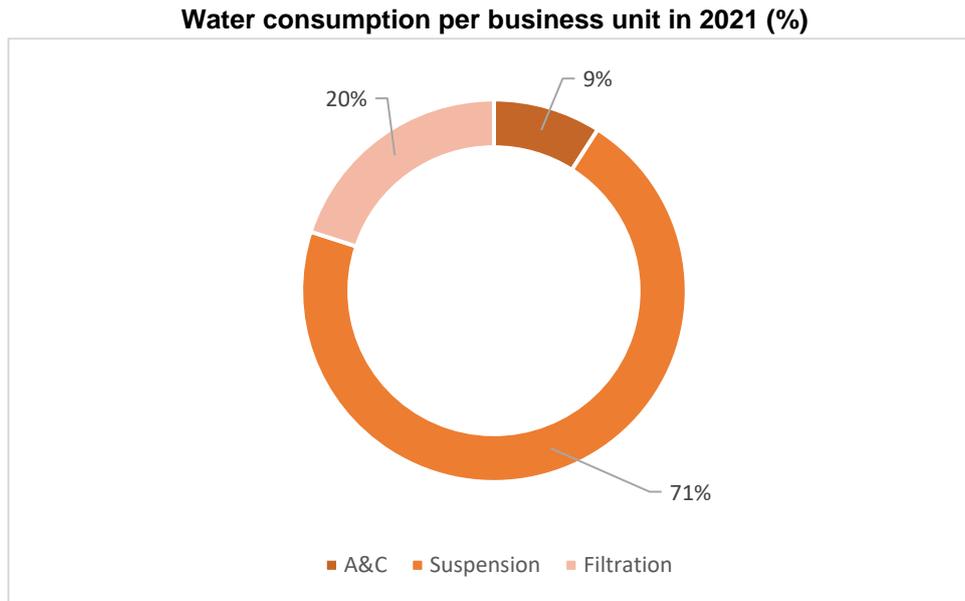
Water consumption is calculated as water withdrawal minus the amount of water discharge. With the aim to improve the disclosure related to the Group's environmental impact, the indicator has been reported in the present document for the first time in 2019.

<b>Water consumption (megaliters - MI)</b>			
	<b>2021</b>		
<i>MI</i>	<b>Areas with no risk of water stress</b>	<b>Areas with water stress</b>	<b>Total</b>
<b>Europe</b>	74,3	70,9	145,2
<b>North America</b>	12,6	-	12,6
<b>South America</b>	14,0	-	14,0
<b>Asia</b>	-	56,3	56,3
<b><u>GROUP</u></b>	<b>101,0</b>	<b>127,2</b>	<b>228,1</b>

<b>Water consumption (megaliters - MI)</b>			
	<b>2020</b>		
<i>MI</i>	<b>Areas with no risk of water stress</b>	<b>Areas with water stress</b>	<b>Total</b>
<b>Europe</b>	108,4	36,2	144,6
<b>North America</b>	10,5	2,0	12,5
<b>South America</b>	14,5	-	14,5
<b>Asia</b>	-	34,7	34,7
<b><u>GROUP</u></b>	<b>133,4</b>	<b>72,9</b>	<b>206,3</b>

<b>Water consumption (megaliters - MI)</b>			
	<b>2019<sup>40</sup></b>		
<i>MI</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>	111,1	51,1	162,1
<b>North America</b>	12,0	5,7	17,7
<b>South America</b>	25,1	-	25,1
<b>Asia</b>	3,9	35,6	39,5
<b><u>GROUP</u></b>	<b>152,1</b>	<b>92,4</b>	<b>244,4</b>

<sup>40</sup> Thanks to the continuous process improvement of the data collection, the 2019 volumes concerning the water withdrawal, the discharge and consequently consumption of water were re-exposed in this Report compared to the ones published in the NFS 2019.

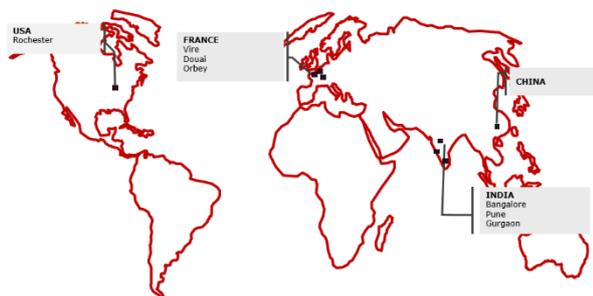


#### *Initiatives to reduce water withdrawal and discharge*

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 2021 were:

- continuous monitoring to avoid overflow, leakage and damage of water tanks;
- reuse of water when feasible;
- replacement of all water taps with new ones to decrease water consumption;
- display of instructions on all water taps to improve awareness to save water (e.g. close water taps after use);
- new washroom in production has restricted water flow to reduce usage;
- environmental trainings and themed weeks as a way to educate employees and their families on water conservation and reduction both at work and at home.

## Innovative and Eco-responsible products / technologies



The R&D activities are carried out in 8 R&D centers located worldwide with more than 400 people and with an expenditure that amounts at about 2,2% of Group revenues in 2021.

R&D training	2019	2020	2021
Training hours	6.312	2.966	3.480
Numer of employees who attended the training	327	93	166

Provision of training, due to the pandemic situation, has been a challenge and therefore the training hours dedicated to R&D have been around 3.000 yearly in the last two years, lower than 2019 but with a considerable recovery (+17%).

The Group has a Market Intelligence program focused on customer partnership, benchmark, follow-up 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. Received data are evaluated to create the 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. These needs are then assessed in comparison with the technologies already available internally, during the development phase, and with future projects.

There are also several collaboration projects with private companies, start-ups<sup>41</sup>, laboratories and research centers 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 a direct benchmark with the market.

The tables below give some examples for 2021:

### Collaborations

Category	Name of the entity/institution	Aim of the collaboration	Description
Products	Ford Motor Company	Mixed Material Cooling Plate	SOGEFI Group and Ford Motor company working together on a mixed material cold plate for an advanced engineering project
	Ford Motor Company	Sustainable Intake Manifold	SOGEFI and Ford Motor Company working together to develop a sustainable resin to use for intake manifolds
	iCube	Research for an innovative electric pump	The collaboration, through benchmark activities, research and simulation, is aimed at the creation of prototypes for an electric pump and its electronic and software board
	GKN	Electrical Water Pump	The collaboration is aimed to design Electrical Water Pump components
	Kyocera	Electrical Water Pump	The collaboration is aimed to design Electrical Water Pump components

<sup>41</sup> Relations with start-ups are established through the MOVEO Network

	Soinceboz	Cooling Module	The collaboration is aimed at definition of cooling module solutions
	TEQOYA	Ionisation on filtration efficiency	The collaboration is aimed at development of Cabin filter include Ionization and HEPA filter
	PRONEEM	Collaboration on Virucid application on Filter	The collaboration is aimed at development of virucidal treatment on Filter
	BMW	Collaboration for battery pack Emergency degazing	The collaboration is aimed at development of an emergency degazing solution for 2026 EV vehicle
	IABG	Testing activities on corrosion impacts	The collaboration is aimed at implementation of tests on suspension springs
	TKAS	Testing activities at leaf springs	The collaboration is aimed at supporting TKAS
Materials	ARaymond, Michigan	Research of alternative bonding solutions	The collaboration is aimed at development of an alternative bonding solution that allows the removal of metal fasteners
	Fraunhofer, Germany	Aluminium in cooling application	The collaboration is aimed at development of specific aluminum process for cooling application
	Ford Motor Company	Change of material	The collaboration is aimed at evaluating the introduction of materials alternative to polyamide 66 (PA66) to minimize the risks related to its difficult availability
Accessories	LAMIH et <i>Université Polytechnique Haut de France</i>	Steel Grade experimentation	The collaboration is aimed at analysis and modeling of superficial tribological transformations as a function of contact conditions occurring during cold forming process of automotive suspension springs
	Several paint suppliers	Research of best primer paint	The collaboration is aimed at developing the best primer paint
Others	<i>BAILA Engineering</i>	Finite element calculation model analysis	The collaboration is aimed at analysis of finite element analysis model of the complete stabilizer bars, including the bushes & brackets to get full bar stiffness calculation & stress level on accessories for fatigue life estimate.
	<i>EU, RFCS-Project LightTech</i>	Optimization of design and manufacturing of leaf springs	The collaboration is aimed to research a design methods, material and process parameter which leads to a certain 9t-2-leaf front spring for MAN

### Specialized conferences

Conference	Where
National Conference (Virtual) on Graduating To A 'Design & Engineering' Capable Supplier	Virtual Conference (India)
Automotive 2021	Montigny le Bretonneux, France
CoilTech	Pordenone, Italy
IAA	Munich, Germany
Automotive Testing Expo	Novi, Michigan, USA
Battery Expo	Novi, Michigan, USA

Electric and Hybrid Vehicle Technology Expo	Novi, Michigan, USA
Developments in Thermal Management and Plastic Powertrain Components	Novi, Michigan, USA
DSM Engineering Materials Presentation	Virtual Conference
JEC DACH	Frankfurt, Germany

The results of the Group's R&D activities are reflected in the number of patents increased by 12% over the last three years and, not least, by the international awards and recognitions received.

GROUP R&D KPIs	2019	2020	2021
Number of family patents	277	278	310
Number of R&D projects ongoing	24	33	157

In 2021 SOGEFI received the *Supplier of the year Top Award*, through which the General Motors Group awarded SOGEFI Top first level supplier as main relevant supplier for water pumps and thermostats and won the *BASF Customer Sustainability Awards* who recognizes the Canadian businesses demonstrating leadership in building a sustainable future in the automotive industry.

*Innovative and Eco-responsible products / technologies*

The development of innovative and eco-responsible products represents a strategic opportunity to confirm and improve the market positioning of the three Group business units. The automotive industry, led by the main car-makers, 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, to face up also to the global manufacturing platforms and standardization trend
- Products' quality improvements in terms of noise suppression and increasing corrosion protection

With particular reference to pollutant emissions, regulated by national and international bodies that define threshold levels 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 centers are designed to reproduce real driving conditions and measure actual driving levels.

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

*Latest developed innovations*

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

Among the main solutions, we can mention the development of electrical water pump and cooling plates for thermal management applications. Furthermore, the *Sogefi actuator for air intake manifold* which, equipped with a precision angular positioning system, allows a significant reduction in weight, as well as a saving in terms of CO<sub>2</sub> emissions and the SOGEFI *Smart Multi-Way Coolant Valve*, a patented technology valve that contributes to saving up to 2% of fuel compared to a standard thermostat. SOGEFI has also implemented the *Flow Distribution Unit (FDU)*, first marketed in 2020. Its function is to activate a coolant flow on the parts of the electric vehicle that require cooling (electric motors, power units, batteries, etc.), through a system without components and connections, lighter and easier to assemble during production. Finally, in 2021, SOGEFI developed and commercialized the *Sustainable Intake Manifold*, which consists of impregnating sustainable

materials into nylon resin to raise the particular percentage of sustainable content while maintaining the intake manifold's integrity.

The Filtration business unit presents different opportunities concerning the application of its products on new vehicles. In particular hybrid vehicles need oil filtration systems since they foresee different hydraulic circuits for suspension, transmission and engine cooling. On all applications, the air purity is becoming a key expectation of the market. In this regard, the Group has introduced several major technological innovations over the years: *Cabin3Tech+* and *HEPA Filter*.

*Cabin3Tech* is consisting of an average of 3 layers of media with different functions for high efficiency filtration of fine particles, trapping 99% of particles >2.5 microns. It is capable to stop fine particles to reduce allergies.

*HEPA filter* is using an innovative media with a high filtration grade for very thin particles that ensures a very high efficiency in filtering of fine particles. In fact, it is capable to stop all particles and virus above 0,3 microns with an efficiency of 99,997%.

On electrical cars applications, the development of an emergency *degazing* solution for electric vehicles by 2026 will be a key component of battery pack safety. On fuel cell application, several new product like *Desioniser* or *Water Separator*, will play to enable a safe and low resistivity of the cooling circuit of the cell.

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 polluting emissions. One of the most important products already launched in 2020 by SOGEFI in collaboration with the PSA Group and Solvay is the first plastic diesel fuel filter entirely made of recycled polyamide 66 (PA66).

**First plastic diesel fuel filter with 100% recycled PA66**

The development of the product has been possible thanks to the use of the new plastic compound developed by *Solvay Engineering Plastics*, 100% recycled from airbag waste. The material was used and tested by Sogefi in the plastic injection process, confirming its compatibility with standards. Finally, the product was applied to PSA Group engines (DV engine 1.6l Euro6b application), completing the homologation of the material and the entire validation process.



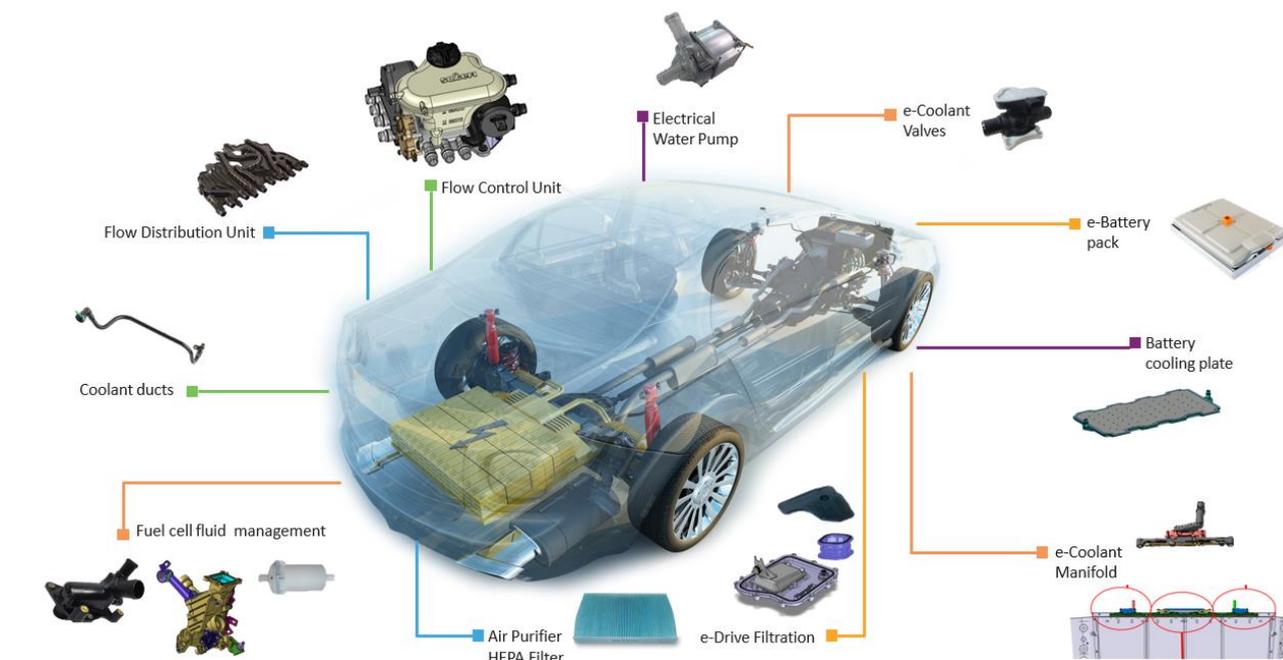
The life cycle analysis carried out on the product showed that a one-year production of DV6 filter saves the equivalent of 483 tons of CO<sub>2e</sub>, about 32% less than the traditional filter.

In addition, the use of plastic filters, for which SOGEFI offers a complete range of solutions, also responds to the new challenges posed by the increasing use of alternative fuels, such as ethanol or methanol, on the duration of the filters themselves.

Concerning the Suspensions business unit, the main contribution is related to the reduction of the stabilizing bars and the leaf springs weight, through the use of tubes instead of solid bars or by reducing number of leafs in the springs, 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 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. For this reason, the Group has developed a new brand of acoustic devices, the *Low Packaging Attenuator Generation 2* (LPA Step 2), which aims at ensuring optimal performances with no additional materials and no impact on the packaging. Lastly, 2021 has seen the

introduction of a new system for internal transportation of torsion bars aimed to reduce packaging in tram bogies, lowering floor height, weight and therefore energy consumption.

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



## 6 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 the European environmental goals and the green transition, as the Taxonomy is a classification system for environmentally sustainable economic activities.

SOGEFI, as a manufacturing company required to publish the NFS as per the current law (Legislative Decree 254/2016), performed a deep analysis aimed to identify 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 reporting period 2021.

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 and February 2022.

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*".

The only eligible activity identified is the 3.4 Manufacture of batteries - as described in Annex I for the climate change mitigation objective -, with regard of *Coolant Battery Manifold* production. The incomes related to such

activity are pending toward the zero for the reported period 2021 and therefore the percentage of the Group incomes stated as eligible is 0%.

Furthermore, regarding 2021 intangible and tangible assets (including right-of-use as per IFRS 16), two investments are eligible as per the economic activities 4.1 and 4.23. Indeed, they are related to:

- the installation of a solar photovoltaic technology at the Nules plant allowing the production of renewable energy;
- the introduction of electricity source for heating production in substitution of gas.

The amount of related Capex and Opex connected to those two investments is minor, is representing 0% of Group Capex and Opex 2021.

## 7 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 2021 (from January, 1<sup>st</sup> to December, 31<sup>st</sup>).

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 taking into account 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: Core option.

With regards to the topic-specific Standards GRI 306 (Waste) the most recent version of 2020 was adopted. 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 2021 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 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, it should be noted that the Independent Auditors KPMG S.p.A.'s evaluation of this Consolidated Non-Financial Statement does not include this information.

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 balance, comparability, accuracy, timeliness, clarity and reliability expressed by the GRI guidelines.

With reference to the materiality analysis process, it should be noted that also in 2021 the process involved the main internal and external stakeholders in the materiality assessment phase, as described in the appropriate paragraph of this document.

The data and information of the NFS refer to all the companies belonging to the SOGEFI Group at December 31<sup>st</sup>, 2021, 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 2021.

With reference to changes in the ownership structure or in the size of the Group in 2021, during the year the plants of the subsidiaries of Filtration business unit in Spain and Argentina have been sold.

In 2021 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 2019 reporting period is proposed.

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 25<sup>th</sup> of February 2022.

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 24<sup>th</sup>, 2021.

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

## 8 Annexes

### Taxes<sup>42</sup>

#### 207-4 Country Report

Names of the resident entities	Tax reporting 2021							
	FTE	Business activity	Revenues from third-party sales	Revenues from intra-group transactions <sup>43</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	444	Manufacturing	131.490.747	448.740	18.399.766	43.184.440	-511.000	-2.269.880
Sogefi Filtration S.A.	695	Manufacturing	162.449.742	36.902.880	-6.396.130	33.247.310	-434.000	-2.494.904
Sogefi Suspensions S.A.	602	Manufacturing	97.081.577	3.618.870	-16.869.193	32.966.700	-121.787	2.977.590
United Springs S.a.S	84	Manufacturing	9.587.797	2.037.141	1.320.412	3.243.245	-189.011	-382.051
Branch Sogefi Spa	-	Holding shares	-	1.612.858	76.803	63.149	-9.033	25.215
S. Ara Composite S.a.s	-	Manufacturing	2.250	-8.100	1.090.870	-10	-	-
Sogefi Gestion S.A.S.	37	Administrative, Management or Support Services	-	12.355.624	579.844	1.525.750	-	-
<b>Italy</b>								
Sogefi SpA	16	Holding Shares	-	7.970.579	69.099.478	4.988.233	-421.249	-391.810
Sogefi Filtration Italy SpA	124	Manufacturing	26.882.580	3.634.070	-236.831	7.969.714	-149.883	140.110
Sogefi Suspensions Pass Car Italy SpA	140	Manufacturing	26.506.910	74.950	-1.536.681	11.501.505	101.921	347.880
Sogefi Suspensions Heavy Duty Italy SpA	103	Manufacturing	28.667.100	44.280	3.332.920	6.581.140	-485.986	-829.700
<b>Romania</b>								
S.C. Sogefi Air & Cooling S.r.l.	134	Manufacturing	29.992.091	9.506	2.125.362	15.749.746	-388.472	-272.689
Sogefi Suspensions Eastern Europe S.R.L	107	Manufacturing	5.894.890	579.910	-12.014.360	43.264.210	-	-
<b>Netherlands (the)</b>								
Sogefi Filtration BV P.E.	1	Sales, Marketing	-	-	-304.530	-	-112.468	-66.680
United Springs BV	29	Manufacturing	4.563.440	160.590	399.560	2.049.570	-113.055	-37.520
<b>Sweden</b>								
Sogefi Filtration Filial P.E.	1	Sales, Marketing	-	-	-1.998.310	-	-30.000	-12.000
<b>Slovenia</b>								
Sogefi Filtration d.o.o.	352	Manufacturing	32.643.633	17.509.673	-389.236	13.681.146	-137.543	-53.862
<b>Spain</b>								
Sogefi Aftermarket Spain, S.L.U.	0	Manufacturing	218.731	115.401	182.336	-	-	-
Sogefi Aftermarket Spain S.A.U. IAM	12	Sales, Marketing	22.286.418	12.390	3.493.353	99.443	-97.493	-801.947
Ibérica de Suspensiones S.L.	231	Manufacturing	55.356.086	27.491	5.458.482	17.313.041	-633.107	-1.057.349
<b>Germany</b>								
Sogefi Filtration Deutschland P.E.	5	Sales, Marketing	-	-	58.570	-	-16.000	-17.330
Sogefi PC Suspensions Germany GmbH	61	Manufacturing	9.839.960	-	3.534.700	130.660	-229.283	1.823.530

<sup>42</sup> The tax values reported in this report relate to the year 2020 and therefore, in line with the tax deadlines, not yet submitted to the Italian Agenzia delle Entrate.

<sup>43</sup> The values report all intercompany revenues, not only the ones with other tax jurisdictions.

Names of the resident entities	Tax reporting 2021							
	FTE	Business activity	Revenues from third-party sales	Revenues from intra-group transactions <sup>43</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>Sogefi HD Suspensions Germany GmbH</b>	349	Manufacturing	77.361.206	79.321	3.740.995	20.302.880	223	-1.321.171
<b>United kingdom</b>								
<b>Sogefi Filtration Ltd</b>	192	Manufacturing	42.322.919	5.555.149	4.265.287	7.975.714	-	140.802
<b>Allevard Springs Ltd</b>	65	Manufacturing	11.466.877	12.547	-9.645.797	1.400.883	291.560	-61.628
<b>United Springs Limited</b>	50	Manufacturing	6.776.682	43.977	87.892	3.489.975	-194.209	-18.663
<b>Morocco</b>								
<b>Filter Systems Maroc Sarl</b>	151	Manufacturing	25.711.779	2.644.186	2.569.002	14.095.132	0	-511.199
<b>Russian federation (the)</b>								
<b>Sogefi Filtration Russia LLC</b>	3	Sales, Marketing	2.093.701	-	678.164	-	-109.466	-43.094
<b>China</b>								
<b>Shanghai Allevard Springs Co.,Ltd.</b>	-	Manufacturing	-	-	-8.242	-	-	-
<b>Sogefi (Suzhou) Auto Parts Co., Ltd</b>	521	Manufacturing	97.129.142	3.014.407	4.671.140	54.245.875	-300.840	-
<b>Shanghai Sogefi Auto Parts Co., Ltd</b>	5	Sales, Marketing	879.345	232.665	-10.632	-	-	-
<b>India</b>								
<b>Allevard IAI Suspensions Private Ltd</b>	197	Manufacturing	7.256.473	2.050.375	164.552	4.368.484	0	0
<b>SOGEFI-MNR Engine Systems India Private Limited</b>	1158	Manufacturing	66.561.113	2.382.583	6.596.329	19.604.900	-1.303.019	-1.994.576
<b>Canada</b>								
<b>Sogefi Air &amp; Cooling Canada Corp.</b>	292	Manufacturing	108.491.975	398	8.002.822	21.499.844	-2.619.329	-1.821.411
<b>United States of America (the)</b>								
<b>Sogefi Air &amp; Cooling USA Inc.</b>	38	Research and Development	-	-	386.687	1.638.497	-16.899	-110.390
<b>Sogefi USA Inc.</b>	387	Manufacturing	100.558.982	8.390	10.146.414	23.957.090	-3.024.004	-3.136.684
<b>Argentina</b>								
<b>Sogefi Filtration Arg. SA</b>	172	Manufacturing	10.110.073	31.382	151.346	4.155.318	0	-424.072
<b>Sogefi Suspension Argentina</b>	240	Manufacturing	45.216.053	-	3.980.964	4.571.851	-1.548.861	-1.347.151
<b>Brazil</b>								
<b>Sogefi Suspension Brasil LTDA</b>	176	Manufacturing	32.542.537	254.336	5.300.264	8.866.173	-456.575	-302.091
<b>Mexico</b>								
<b>Sogefi Engine Systems Mexico S de R.L. de C.V.</b>	179	Manufacturing	53.022.746	370.969	333.997	1.199.388	-514.089	-817.360

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:

- non-deductible costs due mainly to the net financial charges of the Parent Company Sogefi S.p.A., which for the year 2021, was considered non-deductible as it was not absorbable in the consolidated tax of the CIR Group;

- to the net charge from the sale of tax surpluses to the CIR Group of the Italian subsidiaries.

**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;
- 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:

- non-deductible expenses, mainly for non-recoverable withholding taxes from the Mexican subsidiary;
- tax benefits for research and development activities.

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

**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.

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

- fiscal losses for which no advance taxes were entered because of the lack of retrievability requirements
- non-recoverable withholding taxes.

**Brazil:** the main differences are due to interest income on a non-taxable tax credit.

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

## People

### 102-8 – information on employees and other workers

Total workforce									
N. of persons	2019 <sup>44</sup>			2020			2021		
	M	W	Total	M	W	Total	M	W	Total
Employees	5.054	1.757	6.811	4.498	1.527	6.025	4.067	1.395	5.462
Supervised workers	984	227	1.211	700	157	857	936	443	1.379
<b>Total</b>	<b>6.038</b>	<b>1.984</b>	<b>8.022</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>

Employees by type of employment, by gender and region in 2021											
N. of persons	Europe		North America		South America		Asia		Total		
	M	W	M	W	M	W	M	W	M	W	TOT
Fixed term contract	128	50	0	0	152	15	0	0	280	65	345
Permanent contract	2.379	961	571	215	207	7	630	147	3.787	1.330	5.117
<b>Totale</b>	<b>2.507</b>	<b>1.011</b>	<b>571</b>	<b>215</b>	<b>359</b>	<b>22</b>	<b>630</b>	<b>147</b>	<b>4.067</b>	<b>1.395</b>	<b>5.462</b>

Employees by type of employment, by gender									
N. of persons	2019			2020			2021		
	M	W	Total	M	W	Total	M	W	Total
Full time	5.025	1.675	6.700	4.459	1.452	5.911	3.942	1.317	5.259
Part time	29	82	111	39	75	114	125	78	203
<b>Total</b>	<b>5.054</b>	<b>1.757</b>	<b>6.811</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>

Employees by type of employment, by gender and region 2021											
N. of persons	Europe		North America		South America		Asia		Total		
	M	W	M	W	M	W	M	W	M	W	TOT
Full time	2.470	936	571	215	359	22	542	144	3.942	1.317	5.259
Part time	37	75	0	0	0	0	88	3	125	78	203
<b>Total</b>	<b>2.507</b>	<b>1.011</b>	<b>571</b>	<b>215</b>	<b>359</b>	<b>22</b>	<b>630</b>	<b>147</b>	<b>4.067</b>	<b>1.395</b>	<b>5.462</b>

### 102-41 – Percentage of total employees covered by collective bargaining agreements

Percentage of employees covered by collective bargaining agreements by Region									
%	2019			2020			2021		
	M	W	Total	M	W	Total	M	W	Total
Europe	97%	98%	98%	97%	99%	98%	94%	94%	94%
North America	45%	38%	43%	42%	43%	42%	42%	43%	42%
South America	96%	96%	96%	95%	86%	94%	100%	100%	100%
Asia	54%	31%	50%	63%	28%	57%	53%	22%	47%
<b>Total</b>	<b>97%</b>	<b>98%</b>	<b>98%</b>	<b>84%</b>	<b>84%</b>	<b>84%</b>	<b>81%</b>	<b>79%</b>	<b>80%</b>

### 405-1 Diversity of governance bodies and employees

Percentage of employees per employees category and gender									
%	2019			2020			2021		
	M	W	Total	M	W	Total	M	W	Total
Management	1%	0%	2%	1%	0%	2%	1%	0%	1%
Office staff	19%	7%	27%	19%	7%	27%	20%	8%	28%
Blue collar	54%	18%	72%	53%	18%	71%	53%	17%	71%
<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>

<sup>44</sup> 2019 human resources data not include the part under construction of Sogefi Suspensions Eastern Europe S.R.L. (Romania) that counted 7 people at the end of fiscal year (31.12.2019).

Percentage of employees per region and gender									
%	2019			2020			2021		
	M	W	Total	M	W	Total	M	W	Total
Europe	41%	17%	59%	44%	19%	63%	46%	19%	64%
North America	9%	3%	12%	10%	3%	13%	10%	4%	14%
South America	12%	3%	15%	8%	1%	9%	7%	0,4%	7%
Asia	13%	2%	15%	13%	2%	15%	12%	3%	14%
<b>Total</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>	<b>75%</b>	<b>25%</b>	<b>100%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>

Percentage of employees per business unit and gender									
%	2019			2020			2021		
	M	W	Total	M	W	Total	M	W	Total
A&C	14%	7%	21%	14%	7%	21%	46%	19%	64%
Suspension	30%	4%	34%	33%	4%	37%	10%	4%	14%
Filtration	30%	15%	44%	28%	14%	41%	7%	0%	7%
Other <sup>45</sup>	0%	0%	1%	1%	0%	1%	12%	3%	14%
<b>Total</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>	<b>75%</b>	<b>25%</b>	<b>100%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>

Breakdown of employees according to gender and age group									
2019									
%	<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%	5%	4%	1%	19%	7%	27%
Blue collar	11%	4%	30%	9%	13%	5%	54%	18%	72%
<b>Totale</b>	<b>13%</b>	<b>5%</b>	<b>43%</b>	<b>14%</b>	<b>18%</b>	<b>6%</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 by business unit									
2019									
%	<30		30-50		>50		Total		Total
	M	W	M	W	M	W	M	W	
A&C	3%	1%	9%	4%	3%	2%	14%	7%	21%
Suspensions	3%	1%	19%	2%	9%	1%	30%	4%	34%
Filtration	7%	4%	15%	8%	7%	4%	29%	15%	44%
Other	0%	0%	0%	0%	0%	0%	0%	0%	1%
<b>Total</b>	<b>13%</b>	<b>5%</b>	<b>43%</b>	<b>14%</b>	<b>18%</b>	<b>6%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>

Breakdown of employees according to gender and age group by business unit									
2020									
%	<30		30-50		>50		Totale		Total
	M	W	M	W	M	W	M	W	

<sup>45</sup> 'Other' category refers to Sogefi S.p.A. and Sogefi Gestion S.A.S.

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 Region**

2019									
%	<30		30-50		>50		Total		Total
	M	W	M	W	M	W	M	W	
Europe	4%	3%	22%	9%	14%	5%	41%	17%	59%
North America	2%	1%	5%	1%	2%	1%	9%	3%	12%
South America	2%	1%	9%	2%	2%	0%	12%	3%	15%
Asia	5%	1%	8%	2%	0.5%	0%	13%	2%	15%
<b>Total</b>	<b>13%</b>	<b>5%</b>	<b>43%</b>	<b>14%</b>	<b>18%</b>	<b>6%</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		Totale		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		Totale		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 type of contract and gender**

N. of persons	2019			2020			2021		
	M	W	Total	M	W	Total	M	W	Total
Fixed term contract	220	51	271	82	95	177	280	65	345
Permanent contract	4.834	1.706	6.540	4.416	1.432	5.848	3.787	1.330	5.117
<b>Total</b>	<b>5.054</b>	<b>1.757</b>	<b>6.811</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>

405-2 – Ratio of basic salary and remuneration of women to men<sup>46</sup>

	Average basic salary of women to men by employee category			Average remuneration of women to men by employee category		
	2019	2020	2021	2019	2020	2021
<b>Europe</b>						
Management <sup>47</sup>	0,91	0,73	1,0	0,91	0,77	0,94
Office staff	0,80	0,81	0,84	0,80	0,77	0,70
Blue collar	0,90	0,84	0,78	0,90	0,81	0,75
<b>North America</b>						
Management	0,67	0,73	0,58	0,55	0,66	0,84
Office staff	0,74	0,84	0,80	0,63	0,86	0,83
Blue collar	0,82	0,90	0,85	0,80	0,95	0,84
<b>South America</b>						
Management	0,03	n/a	n/a	0,04	n/a	n/a
Office staff	0,64	0,64	0,69	0,62	0,64	0,69
Blue collar	0,65	0,82	0,80	0,63	0,83	0,80
<b>Asia</b>						
Management	n/a	n/a	n/a	n/a	n/a	n/a
Office staff	0,66	0,84	0,69	0,45	0,84	0,69
Blue collar	0,89	0,92	0,96	0,89	0,98	1,00

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

New hires by age group, gender and region in 2021										
N. of persons	<30		30-50		>50		Total		Turnover %	
	M	W	M	W	M	W	M	W	M	W
Europe	128	36	153	58	43	14	324	108	13%	11%
North America	104	42	88	38	17	6	209	86	37%	40%
South America	6	1	11	2	0	0	17	3	5%	14%
Asia	37	7	116	43	3	0	156	50	25%	34%
<b>Total and average turnover</b>	<b>275</b>	<b>86</b>	<b>368</b>	<b>141</b>	<b>63</b>	<b>20</b>	<b>706</b>	<b>247</b>		

Terminations by age, gender and region in 2021										
N. of persons	<30		30-50		>50		Total		Turnover %	
	M	W	M	W	M	W	M	W	M	W
Europe	80	64	231	88	159	77	470	229	19%	23%
North America	89	29	98	40	22	11	209	80	37%	37%
South America	6	3	19	153	6	0	31	156	9%	709%
Asia	106	21	147	56	7	4	260	81	41%	55%
<b>Total and average turnover</b>	<b>281</b>	<b>117</b>	<b>495</b>	<b>337</b>	<b>194</b>	<b>92</b>	<b>970</b>	<b>546</b>		

New hires by gender and age group <sup>48</sup>										
N. of persons	2019					2020				
	<30	30-50	>50	Totale	%	<30	30-50	>50	Totale	%
Male	425	424	86	935	19%	172	243	35	450	10%
Female	177	184	23	384	22%	91	145	26	262	17%
<b>Total and average turnover</b>	<b>602</b>	<b>608</b>	<b>109</b>	<b>1.319</b>	<b>19%</b>	<b>263</b>	<b>388</b>	<b>61</b>	<b>712</b>	

Terminations by gender and age group <sup>49</sup>										
N. of persons	2019					2020				
	<30	30-50	>50	Total	%	<30	30-50	>50	Total	%
Male	267	408	172	847	17	216	563	231	1010	22%
Female	89	156	72	317	18	144	262	82	488	32%
<b>Total and average turnover</b>	<b>356</b>	<b>564</b>	<b>244</b>	<b>1.164</b>	<b>17</b>	<b>360</b>	<b>825</b>	<b>313</b>	<b>1498</b>	

<sup>46</sup> "N/A" means that women are not employed in that specific employee category.

<sup>47</sup> The salary and remuneration of CEO and CFO are not included in the calculation.

<sup>48</sup> Following the process improvement of the reporting system, 2020 data on New hires by gender and age group, were re-exposed compared to those published in 2020 NFS.

<sup>49</sup> Following the process improvement of the reporting system, 2020 data on Terminations by gender and age group, were re-exposed compared to those published in 2020 NFS.

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

Training hours by gender									
N. of hours	2019			2020			2021		
	M	W	Total	M	W	Total	M	W	Total
Management	1.499,0	278,0	1.777,0	345,8	57,0	402,8	2.049	321	2.371
Office staff	47.095,9	13.873,5	60.969,5	18.434,7	5.093,6	23.528,3	19.291	7.472	26.763
Blue collar	68.045,4	25.008,7	93.054,2	25.407,5	6.181,4	31.588,9	41.000	7.811	48.810
<b>Total</b>	<b>116.640,4</b>	<b>39.160,3</b>	<b>155.800,7</b>	<b>14.806,7</b>	<b>5.185,3</b>	<b>19.992,0</b>	<b>62.339</b>	<b>15.604</b>	<b>77.944</b>

Average hours of training per employee									
N. of hours	2019			2020			2021		
	M	W	Total	M	W	Total	M	W	Total
Management	15,6	18,5	16,0	4,2	3,8	4,2	30,1	22,9	28,9
Office staff	35,6	28,2	33,6	15,3	11,6	14,3	17,8	17,1	17,6
Blue collar	18,7	20,0	19,0	7,9	5,8	7,4	14,1	8,3	12,6
<b>Total</b>	<b>23,1</b>	<b>22,3</b>	<b>22,9</b>	<b>9,8</b>	<b>7,5</b>	<b>9,2</b>	<b>11</b>	<b>15</b>	<b>12</b>

GRI 403-9 Work-related injuries<sup>50</sup>

Due to a process of improving the reporting system, 2019 data on work-related injuries were re-exposed compared to those published in the previous NFS.

Work-related injuries by region – employees			
number	2019	2020	2021
<b>Europe</b>			
Work-related injury	51	37	33
of which fatalities	-	-	-
of which high consequence work-related injuries (excluding fatalities)	-	-	1
<b>North America</b>			
Work-related injury	4	4	2
of which fatalities	-	-	-
of which high consequence work-related injuries (excluding fatalities)	-	-	-
<b>South America</b>			
Work-related injury	6	7	2
of which fatalities	-	-	-
of which high consequence work-related injuries (excluding fatalities)	-	-	-
<b>Asia</b>			
Work-related injury	1	2	1
of which fatalities	-	-	-
of which high consequence work-related injuries (excluding fatalities)	-	-	-
<b>Group</b>			
Work-related injury	62	50	38
of which fatalities	-	-	0
of which high consequence work-related injuries (excluding fatalities)	1	-	1

Work-related injuries by region – supervised workers			
number	2019	2020	2021
<b>Europe</b>			
Work-related injury	31	15	10
of which fatalities	-	-	-
of which high consequence work-related injuries (excluding fatalities)	-	-	-
<b>Nord America</b>			
Work-related injury	1	1	1
of which fatalities	-	-	-
of which high consequence work-related injuries (excluding fatalities)	1	-	-
<b>South America</b>			

<sup>50</sup> Thanks to a process of improving the reporting system, 2019 and 2020 data on work-related injuries both for employees and supervised workers, and hours worked only for supervised workers, were re-exposed compared to those published in 2019 and 2020 NFS.

<b>Work-related injuries by region– supervised workers</b>			
<i>number</i>	<b>2019</b>	<b>2020</b>	<b>2021</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	1	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>33</b>	<b>18</b>	<b>12</b>
<i>of which fatalities</i>	-	-	-
<i>of which high consequence work-related injuries (excluding fatalities)</i>	<b>2</b>	-	-

<b>Temporal data – hours worked employees</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Europe	6.536.098,6	4.741.263,6	4.661.001,3
North America	1.668.427,0	1.243.245,0	1.714.985,7
South America	1.266.291,0	1.085.265,0	764.309,5
Asia	2.074.059,5	2.297.104,2	2.710.426,7
<b>Group</b>	<b>11.544.876,1</b>	<b>9.366.877,8</b>	<b>9.850.723,1</b>

<b>Temporal data – hours worked supervised workers <sup>51</sup></b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Europe	1.455.730,9	830.966,9	804.770,8
North America	322.245,0	189.845,0	138.294,0
South America	18.531,0	274.197,4	162.038,0
Asia	2.970.927,0	2.329.081,0	3.372.610,0
<b>Group</b>	<b>4.767.433,9</b>	<b>3.624.090,3</b>	<b>4.477.712,8</b>

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

<b>Work-related ill health by region – employees</b>			
<i>number</i>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Europe</b>			
Work-related ill health	25	16	11
<i>n.of fatalities</i>	-	-	-
<b>North America</b>			
Work-related ill health	1	-	1
<i>n.of fatalities</i>	-	-	-
<b>South America</b>			
Work-related ill health	17	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>43</b>	<b>23</b>	<b>15</b>
<i>n.of fatalities</i>	-	-	-

<b>Work-related ill health by region – supervised workers</b>			
<i>number</i>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Europe</b>			
Work-related ill health	1	-	2
<i>n.of fatalities</i>	-	-	-
<b>North America</b>			

<sup>51</sup> Some supervised workers left the Company before December 31<sup>st</sup>, 2020 thus is not counted in the total workforce. However, their hours worked are calculated.

Work-related ill health by region – supervised workers			
number	2019	2020	2021
Work-related ill health	-	-	-
n.of fatalities	-	-	-
<b>South America</b>			
Work-related ill health	-	-	-
n.of fatalities	-	-	-
<b>Asia</b>			
Work-related ill health	-	-	-
n.of fatalities	-	-	-
<b>Group</b>			
Work-related ill health	1	-	2
n.of fatalities	-	-	-

## Environment<sup>52</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: 1 m<sup>3</sup> = 0.03901 GJ.

Electricity and natural gas consumption by business unit						
	Electricity [MWh]			Natural Gas [m <sup>3</sup> ]		
	2019	2020	2021	2019	2020	2021
<b>A&amp;C</b>	51.482,0	41.662,9	35.158,8	673.283,6	470.269,7	808.241,7
<b>Suspensions</b>	140.334,6	130.980,3	130.930,2	32.645.381,4	30.846.067,0	23.598.335,2
<b>Filtration</b>	61.402,1	55.435,7	49.672,2	1.789.243,4	1.650.370,6	1.457.352,5
<b>Group</b>	<b>253.218,8</b>	<b>228.078,9</b>	<b>215.761,3</b>	<b>35.107.908,3</b>	<b>32.966.707,4</b>	<b>25.863.929,5</b>

Electricity and natural gas consumption by business unit						
	Electricity [GJ]			Natural Gas [GJ]		
	2019	2020	2021	2019	2020	2021
<b>A&amp;C</b>	185.333,9	149.985,2	126.570,6	26.264,8	18.345,2	31.529,5
<b>Suspensions</b>	505.200,4	471.525,1	471.345,1	1.273.496,3	1.203.305,1	920.571,1
<b>Filtration</b>	221.046,0	199.567,1	178.818,6	69.798,4	64.381,0	56.851,3
<b>Group</b>	<b>911.580,2</b>	<b>821.077,4</b>	<b>776.734,3</b>	<b>1.369.559,5</b>	<b>1.286.031,3</b>	<b>1.008.951,9</b>

Electricity and natural gas consumption by region						
	Electricity [MWh]			Natural Gas [m <sup>3</sup> ]		
	2019	2020	2021	2019	2020	2021
<b>Europe</b>	168.260,7	144.614,9	140.168,4	25.516.697,3	23.446.729,6	18.026.856,8
<b>North America</b>	30.129,7	30.134,3	28.071,9	420.222,1	324.754,5	106.512,3
<b>South America</b>	32.316,7	28.467,6	18.156,8	7.787.706,0	7.830.190,3	7.082.968,1
<b>Asia</b>	22.511,7	24.862,1	29.364,2	1.383.283,0	1.365.032,9	647.592,4
<b>Group</b>	<b>253.218,8</b>	<b>228.078,9</b>	<b>215.761,3</b>	<b>35.107.908,3</b>	<b>32.966.707,4</b>	<b>25.863.929,5</b>

<sup>52</sup> Data for 2020 energy consumption were estimated for few plants. The estimation was based on previous years consumption.

Electricity and natural gas consumption by region						
	Electricity [GJ]			Natural Gas [GJ]		
	2019	2020	2021	2019	2020	2021
Europe	605.733,6	520.609,5	504.602,1	995.406,4	914.656,9	703.227,7
North America	108.466,2	108.482,5	101.058,1	16.392,9	12.668,7	4.155,0
South America	116.339,0	102.482,6	65.363,8	303.798,4	305.455,7	276.306,6
Asia	81.041,4	89.502,8	105.710,3	53.961,9	53.249,9	25.262,6
<b>Group</b>	<b>911.580,2</b>	<b>821.077,4</b>	<b>776.734,3</b>	<b>1.369.559,5</b>	<b>1.286.031,3</b>	<b>1.008.951,9</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 emission factors for natural gas is the UK Government GHG Conversion Factors for Company Reporting – DEFRA. Scope 1 is calculated considering only the natural gas consumption component. Scope 2 is calculated considering only the electricity consumption component. For Scope 1 emission calculation the UK Government GHG Conversion Factors for Company Reporting – DEFRA has been used. To guarantee comparability with 2021 and 2020 data, values related to 2019 have been restated using the same methodology [UK Government GHG Conversion Factors for Company Reporting 2019]. For the values reported in the 2019 Consolidated Non-Financial Statement please refer to the document published on the Company website.

Greenhouse gas (GHG) emissions Scope 1 + Scope 2 Location-based by business unit			
ton CO <sub>2</sub>	2019	2020	2021
A&C	11.786,1	10.878,1	12.234,2
Suspensions	104.388,4	96.615,1	81.069,4
Filtration	19.576,7	18.265,4	14.126,5
<b>Total</b>	<b>135.751,3</b>	<b>125.758,6</b>	<b>107.430,1</b>

Greenhouse gas (GHG) emissions Scope 1 + Scope 2 Location-based by Region			
ton CO <sub>2</sub>	2019	2020	2021
Europe	87.137,8	76.961,9	61.982,1
North America	8.932,2	8.903,6	7.691,1
South America	21.950,7	20.905,9	17.754,2
Asia	17.730,7	18.987,1	20.002,8
<b>Total</b>	<b>135.751,3</b>	<b>125.758,6</b>	<b>107.430,1</b>

Greenhouse gas (GHG) emissions Scope 1 + Scope 2 Market-based by business unit			
ton CO <sub>2</sub>	2019	2020	2021
A&C	11.853,0	10.335,2	11.548,1
Suspensions	113.842,4	102.959,6	88.414,4
Filtration	21.726,4	19.430,1	15.293,5
<b>Total</b>	<b>147.421,7</b>	<b>132.724,9</b>	<b>115.256,1</b>

Greenhouse gas (GHG) emissions Scope 1 + Scope 2 Market-based by Region			
ton CO <sub>2</sub>	2019	2020	2021
Europe	98.808,2	83.928,3	69.808,0
North America	8.932,2	8.903,6	7.691,1
South America	21.950,7	20.905,9	17.754,2
Asia	17.730,7	18.987,1	20.002,8
<b>Total</b>	<b>147.421,7</b>	<b>132.724,9</b>	<b>115.256,1</b>

GRI 305-4 GHG emissions intensity<sup>53</sup>

GHG EMISSIONS INTENSITY Scope 1+ 2 Location based by REGION			
ton CO <sub>2</sub> /m€	2019	2020	2021
Europe	93,8	102,0	76,2
North America	30,9	35,5	29,3
South America	136,7	351,4	228,1
Asia	118,3	131,0	113,1
<b>GROUP</b>	<b>89,4</b>	<b>104,5</b>	<b>81,3</b>

GHG EMISSIONS INTENSITY Scope 1+ 2 Market based by REGION			
ton CO <sub>2</sub> /m€	2019	2020	2021
Europe	106,4	111,2	85,8
North America	30,9	35,5	29,3
South America	136,7	351,4	228,1
Asia	118,3	131,0	113,1
<b>GROUP</b>	<b>97</b>	<b>110,3</b>	<b>87,3</b>

## Waste management

## GRI 306-2 Waste by type and disposal method (2016)

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

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

Waste generation by business unit									
ton	2019			2020			2021		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
A&C	135,3	2.479,3	2.614,6	154,5	1.724,9	1.879,4	110,4	1.305,9	1.416,3
Suspensions	3.399,7	14.186,0	17.585,7	2.623,9	8.947,7	11.571,7	2.607,2	13.052,2	15.659,3
Filtration	1.187,1	8.298,6	9.485,7	1.069,7	7.801,7	8.871,4	624,2	6.871,7	7.495,9
<b>Total</b>	<b>4.722,1</b>	<b>24.963,9</b>	<b>29.686,0</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>

Waste by type of disposal, in metric tons (t)						
ton	2019			2020		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Reuse	508,9	5.469,6	5.978,4	239,9	2.825,0	3.064,9
Recycling	556,6	13.948,2	14.504,9	123,1	11.653,1	11.776,3
Composting	-	10,4	10,4	-	31,7	31,7
Recovery, including energy recovery	485,4	1.737,3	2.222,7	260,9	989,2	1.250,1
Incineration	757,6	1.034,2	1.791,8	1.077,6	1.027,2	2.104,8
Deep well injection	-	-	-	-	-	-
Landfill	769,8	1.600,5	2.370,4	619,3	1.234,5	1.853,8
On-site storage	7,1	-	7,1	-	-	-
Other	1.636,7	1.163,6	2.800,3	1.526,9	713,5	2.240,5
<b>Total</b>	<b>4.722,1</b>	<b>24.963,9</b>	<b>29.686,0</b>	<b>3.847,7</b>	<b>18.474,3</b>	<b>22.322,0</b>

<sup>53</sup> Sales revenue by business unit and country of origin are net of intercompany operations and not take into account any restatement on previous years as per the IFRS 5.

Waste diverted from disposal by recovery operation, in metric tons (t)				
Method of waste disposal [t]	2021			
	Onsite	Offsite	Total	%
<b>Hazardous waste</b>				
Preparation for reuse	117,2	0,0	117,2	1%
Recycling	4,0	297,1	301,1	2%
Other recovery operations	0,0	0,0	0,0	0%
<b>Non-hazardous waste</b>				
Preparation for reuse	2.256,2	37,2	2.293,4	13%
Recycling	0,0	15.314,6	15.314,6	85%
Other recovery operations	0,0	34,8	34,8	0%
<b>Total</b>	<b>2.377,3</b>	<b>15.683,7</b>	<b>18.061,0</b>	<b>100%</b>

Waste directed to disposal by disposal operation, in metric tons (t)				
Method of waste disposal [t]	2021			
	Onsite	Offsite	Total	%
<b>Hazardous waste</b>				
Incineration (with energy recovery)	2,8	597,4	600,2	9%
Incineration (without energy recovery)	0,0	694,4	694,4	11%
Landfilling	2,2	522,2	524,4	8%
Other	69,7	1.034,9	1.104,6	17%
<b>Non-hazardous waste</b>				
Incineration (with energy recovery)	0,0	866,5	866,5	13%
Incineration (without energy recovery)	0,0	1.222,4	1.222,4	19%
Landfilling	34,5	1.062,2	1.096,7	17%
Other	72,3	329,1	401,4	6%
<b>Total</b>	<b>181,5</b>	<b>6.329,1</b>	<b>6.510,6</b>	<b>100%</b>

## Sustainable water management<sup>54</sup>

### GRI 303-3 Water withdrawal

Water withdrawal 2019			
<i>MI</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)	230,6	1
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	297,3	-
	<b>Groundwater</b>		
	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	180,5	22,3
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	53,1	3,4
	<b>Third-party water</b>		
	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	327,4	141,3
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	14,0	14,0
<b>Total water withdrawal</b>	<b>1.102,9</b>	<b>182,0</b>	
	Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total)		

Water withdrawal 2020			
<i>MI</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>		

<sup>54</sup> Thanks to a process of improving the reporting system, 2019 and 2020 data on water collection, discharge and consequently water consumption were re-exposed compared to those published in previous NFS.

	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>

<b>Water withdrawal 2021</b>			
<i>MI</i>		<b>Total water withdrawal</b>	<b>Water withdrawal from water stressed areas</b>
<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)	-	-
	<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	95,9
	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>

### GRI 303-4 Water discharge

<b>Water discharge 2019</b>			
<i>MI</i>		<b>Total water discharge</b>	<b>Water discharge from water stressed areas</b>
<b>Water discharge by destination</b>	Surface water	542,9	2,1
	Groundwater	137,0	3,4
	Sea water	-	-
	Third-party water (total)	230,1	86,2
	Third-party water sent for use to other organizations	-	-

Water discharge 2019			
Water discharge by freshwater and other water	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	525,3	51,9
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	337,3	37,6
Total water discharge		858,5	89,5

Water discharge 2020			
MI		Total water discharge	Water discharge from water stressed areas
Water discharge by destination	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	-	-
Water discharge by freshwater and other water	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
Total water discharge		613,6	78,9

Water discharge 2021			
MI		Total water discharge	Water discharge from water stressed areas
Water discharge by destination	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	-	-
Water discharge by freshwater and other water	Freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids)	833,6	46,1
	Other water ( $> 1,000$ mg/L Total Dissolved Solids)	12	-
Total water discharge		854,2	46,1

**GRI 303-5 Water consumption**

<b>Water consumption 2019</b>			
		<b>Total water consumption</b>	<b>Water consumption from water stressed areas</b>
<b>Water consumption</b>	Total water consumption	244,4	92,4
	Change in water storage, if water storage has been identified as having a significant water-related impact	35,5	-

<b>Water consumption 2020</b>			
		<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>			
		<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	-	-

## 9 GRI

### 9.1 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.	Group economic performance	Economic performance
	Innovative and Eco-responsible products / technologies	Material; Energy
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 management	Water and effluents
	Optimization of material cycles in industrial processes	Effluents and waste; Material
	Industrial and logistics carbon footprint	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, equal opportunities and well-being	Diversity and equal opportunity; non-discrimination; Market presence
Social aspects	Product quality and safety & customer satisfaction	Customer health and safety

MATERIAL TOPICS	TOPIC BOUNDARY		TYPE OF IMPACT
Categories	Internal	External	
<b>ECONOMIC PERFORMANCE</b>			
Group economic performance	SOGEFI		Caused by the organization
<b>ENVIRONMENT</b>			
Industrial and logistics carbon footprint	SOGEFI	Suppliers	Caused by the organization and directly linked to its activities
Optimization of material cycles in industrial processes	SOGEFI		Caused by the organization and directly linked to its activities
Sustainable water management	SOGEFI		Caused by the organization and directly linked to its activities
Innovative and Eco-responsible products / technologies	SOGEFI	University and research center, Business partner	Caused by the organization
<b>PEOPLE AND COMMUNITY</b>			

Occupational Health and Safety	SOGEFI	Supervised workers	Caused by the organization and directly linked to its activities
Diversity, equal opportunities and well-being	SOGEFI		Caused by the organization
Attraction, retention and professional development of talents	SOGEFI		Caused by the organization
Distributed value and impact on local communities	SOGEFI	Local communities	Caused by the organization
<b>GOVERNANCE</b>			
Business ethics & integrity	SOGEFI		Caused by the organization
Product quality and safety & customer satisfaction	SOGEFI	Customers & Distributors	Caused by the organization and directly linked to its activities
Responsible procurement practices	SOGEFI	Suppliers	Caused by the organization and directly linked to its activities

## 9.2 GRI Content Index

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102 - 3	Location of the organization's headquarters	5
102 - 4	Countries where the organization operates	5
102 - 5	Nature of ownership and legal form	5
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102 - 40	Stakeholder groups engaged by the organization	12
102 - 41	Employees covered by collective bargaining agreements	25, 71

102 - 42	Identification and selection of stakeholders to engage	20
102 - 43	Organization's approach to stakeholder engagement	12, 20
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<b>SPECIFIC STANDARD DISCLOSURE</b>			
<b>GRI Indicator</b>		<b>Page</b>	<b>Reason for omission</b>
<b>ECONOMIC SERIES</b>			
<b>Material Aspect: Economic Performance (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	22-24	
103-3	Evaluation of the management approach	22-24	
201-1	Direct economic value generated and distributed	33-34	
<b>Material Aspect: Market Presence (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	27-28	
103-3	Evaluation of the management approach	27-28	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Independently of gender, the Group offers to new hired, worldwide, a salary in line with the local regulations.	
<b>Material Aspect: Procurement Practices (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	39-42	
103-3	Evaluation of the management approach	39-42	
204-1	Proportion of spending on local suppliers	42	
<b>Material Aspect: Anti-corruption (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	35-37	
103-3	Evaluation of the management approach	35-37	
205-3	Confirmed incidents of corruption and actions taken	37	
<b>Material Aspect: Tax (2019)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	

103-2	The management approach and its components	23-24	
103-3	Evaluation of the management approach	23-24	
207-1	Approach to tax	23-24	
207-2	Tax governance, control, and risk management	23-24	
207-3	Stakeholder engagement and management of concerns related to tax	23-24	
207-4	Country-by-country reporting	68-70	
<b>ENVIRONMENTAL SERIES</b>			
<b>Material Aspect: Materials (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	50-51	
103-3	Evaluation of the management approach	50-51	
301-1	Materials used by weight or volume	50-51	
<b>Material Aspect: Energy (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	42-45	
103-3	Evaluation of the management approach	42-45	
302-1	Energy consumption within the organization	42-45, 77	
302-3	Energy intensity	45	
302-4	Reduction of energy consumption	43-45	
<b>Material Aspect: Water and effluents (2018)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	54-58	
103-3	Evaluation of the management approach	54-58	
303-1	Interactions with water as a shared resource	54-58	
303-2	Management of water discharge-related impacts	54-58	
303-3	Total water withdrawal by source	55-56, 80-82	
303-4	Water discharge <sup>55</sup>	56, 82-83	
303-5	Water consumption	57, 83-84	
<b>Material Aspect: Emissions (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	43-49	
103-3	Evaluation of the management approach	43-49	
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	46-48,	
305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	41-44, 78	
305-3	Other indirect GHG emissions (Scope 3)	48-49	
305-4	Greenhouse gas (GHG) emissions intensity	47, 79	
305-5	Reduction of greenhouse gas (GHG) emissions	46-49	
<b>Material Aspect: Waste (2020)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	52-54	
103-3	Evaluation of the management approach	52-54	
306-1	Waste generation and significant waste-related impacts	52-54	
306-2	Management of significant waste-related impacts	52-54	
306-4	Waste diverted from disposal	53, 80	
306-5	Waste directed to disposal	53, 80	
<b>Material Aspect: Supplier environmental assessment (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	39-41	

<sup>55</sup> The GRI 303-4 replaces the 306-1 for water discharge.

103-3	Evaluation of the management approach	39-41	
308-1	New suppliers that were screened using environmental criteria	40	
<b>SOCIAL SERIES</b>			
<b>Material Aspect: Employment (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	25	
103-3	Evaluation of the management approach	25	
401-1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	25, 74	
<b>Material Aspect: Labour/Management Relations (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	25	
103-3	Evaluation of the management approach	25	
402-1	Minimum notice periods regarding operational changes	25	
<b>Material Aspect: Occupational Health and Safety (2018)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	28-32	
103-3	Evaluation of the management approach	28-32	
403-1	Occupational health and safety management system	28-32	
403-2	Hazard identification, risk assessment, and incident investigation	28-32	
403-3	Occupational health services	28-32	
403-4	Worker participation, consultation, and communication on occupational health and safety	28-32	
403-5	Worker training on occupational health and safety	28-32	
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403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	28-32	
403-9	Work-related injuries	31-32, 75-76	
403-10	Work-related ill health	32, 76-77	
<b>Material Aspect: Training and Education (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	25-26	
103-3	Evaluation of the management approach	25-26	
404-1	Average hours of training per year per employee by gender, and by employee category	26, 74-75	
404-3	Percentage of employees receiving regular performance and career development reviews	26-27	
<b>Material Aspect: Diversity and Equal Opportunity (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	27-28	
103-3	Evaluation of the management approach	27-28	
405-1	Diversity of governance bodies and employees	71-73 Report on corporate governance and ownership structure	
405-2	Ratio of basic salary and remuneration of women to men	27, 73-74	
<b>Material Aspect: Non-discrimination (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	27-28, 35-37	

103-3	Evaluation of the management approach	27-28, 35-37	
406-1	Total number of incidents of discrimination and corrective actions taken	37	
<b>Material Aspect: Local communities (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	32-34	
103-3	Evaluation of the management approach	32-34	
413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	32-33	
<b>Material Aspect: Supplier social assessment (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	39-41	
103-3	Evaluation of the management approach	39-41	
414-1	New suppliers that were screened using social criteria	40	
<b>Material Aspect: Customer Health and Safety (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	38-39	
103-3	Evaluation of the management approach	38-39	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	In 2021, no non-compliances with concerning health and safety of our products have been identified.	
<b>Material Aspect: Socio-economic Compliance (2016)</b>			
103-1	Explanation of the material topic and its Boundary	20-21, 85-86	
103-2	The management approach and its components	35-37	
103-3	Evaluation of the management approach	35-37	
419-1	Non-compliance with laws and regulations in the social and economic area	35-37	



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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 2021 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 25 February 2022 (the "NFS").

Our procedures did not cover the information set out in section "6 - 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.

### ***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).

- 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,
  - Sogefi Suspensions Passenger Car Italy S.p.A., Settimo Torinese site,
  - Sogefi Suspensions Heavy Duty Italy S.p.A., Puegnago sul Garda site

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.



**Sogefi Group**  
*Independent auditors' report*  
31 December 2021

### **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2021 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.

Our conclusion does not extend to the information set out in section "6 - EU taxonomy" of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Milan, 18 March 2022

KPMG S.p.A.

(signed on the original)

Elisabetta C. Forni  
Director of Audit