



Sustainability Report 2021



UFI FILTERS
CHOSEN BY THE BEST



Our Values

UFI's Mission

UFI Filters' mission is to create innovative and sustainable solutions in filtration and thermal management systems. UFI Filters puts customers first and aims to provide them with exceptional quality products to enhance the efficiency of their applications.

UFI Filters believes in a business ethic of continuous improvement and mutual respect, which begins inside the Company and extends to customers and suppliers with equal importance.



Letter To Stakeholders

A Word From Our Chairman

Dear Reader,

UFI has celebrated its first 50 years in 2021, a year of rebirth and restart for the planet, after a global trying moment that overwhelmed all of us in 2020.

Yes, this year should be a year of jubilation as we cross the threshold of the 50 springs, but we find ourselves in a resolve-trying moment that will shape our future.

The complex nature of our times is accelerating changes and forcing the redefinition of how companies are judged, not least their ability to withstand the impact of crises and to anticipate long-term global changes. Moments such as these become a real testing ground for business resilience.

We have risen to the challenge and have adapted thanks to the dedication and to the undying spirit of our people... **Our people**, because in times of need are people doing the difference, helping each other and overcoming difficulties together. This is the spirit that characterizes our Group and our history.

Our DNA is innovation and new technology and during this period we have adapted and enlarged our product range to walk together with our clients, so that we can continue to be a leading global supplier also in Thermal Management and in electrification vehicles.

Furthermore, we have become explorers not only in areas close to our traditional business but also in the new fields of the certified high performances face masks, thanks to our filtration know-how, as well as in bacteria-virus inhibiting filters, to safeguard the people using our products.

Not only change in products, but also in working with our people and with our partner-suppliers, taking care to respect and protect our world (the environment), our people (Human Resources) and our Customers.

To signify this change and based on our long history of chosen values – **Innovation, Passion, Excellence, Integrity, Accountability, Diversity** – we have chosen to publish our first Sustainability Report.

We live in a world that needs to be preserved for our children and we want to declare our engagement to Sustainability and Corporate Social Responsibility, starting with this report redacted according to the Global Reporting Initiative (GRI) standards.

We want to inspire our friends and our people by issuing this first report, the first of many to come as we ride together towards a new and exciting future.


GIORGIO GIRONDI



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Filtering Technology For The Planet

One of the primary objectives of the UFI Filters Group is preserving our planet's natural resources. Our Group is constantly engaged in research and the implementation of solutions that guarantee maximum respect for the environment – providing technologically advanced systems which are able to reduce energy consumption and reduce CO₂ emissions.

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1. About This Report

Introduction

The first Corporate Social Responsibility Report of UFI Filters Group for the year 2021 presents an overview of the Group's activities, commitments, results and impacts on the Environmental, Social and Governance contexts in which operates.

The report is organized in six chapters that describe our approach to Sustainable Business and focus on the impact and value created for UFI Filters Group's stakeholders.

- 2. OUR IDENTITY**
- 3. OUR HOUSE**
- 4. OUR COMMITMENT**
- 5. OUR PEOPLE**
- 6. OUR INNOVATION**
- 7. OUR WORLD**

This CSR Report is based on the Sustainability Reporting Standards issued in 2016 - 2020 by the Global Reporting Initiative (hereinafter also "GRI Standards") and it has been developed according to the "Core Option".

The qualitative information and the quantitative data necessary for the consolidation of the final Report have been collected applying the principles of balance, comparability, accuracy, timeliness, clarity, and reliability, expressed by the GRI Standards.

The indicators' details are listed in the "GRI Content Index" at the end of this document.

Unless otherwise indicated, the data and information contained in this Report refers to the period between January 1st and December 31st, 2021.

The scope of this Report covers the major operations of the Group. Information and data refer to economic, environment and social activities of the entire UFI Filters Group (hereinafter also "UFI Group", "UFI Filters", "the Group" or "the Company"). Any exceptions to the reporting scope are duly reported in the relevant sections.

Furthermore, in order to give a transparent representation of the Group's performances and ensure the reliability of the data, we have decided to limit the use of estimations as much as possible.

In case any data or indicator might be expressed by estimates, these have been clearly identified along with the calculation methods used.

For any information regarding the Sustainability Report, please contact the following email address: sustainability@ufifilters.com



The Group By Numbers

**1971**

Founded in 1971, it's now a world leader in filtration technology and Thermal Management.

**10**

10 application sectors: from automotive (LV/HD), industry and hydraulics to special applications.

**4000**

19 production plants and over 4,000 employees in 21 countries worldwide.

**F1**

Present everywhere, from F1 cars to the ExoMars spacecraft.

**95%**

95% of vehicles manufacturers worldwide choose UFI Filters.

**> 250**

>250 specialised technicians in the innovation and development centers in Italy, China and India.

**>280**

>280 patents at international level.

**5%**

5% of turnover reinvested in R&D.

**14**

7 lines of thermal management and 7 lines of filter products supplied.

**>250**

>250 co-branded products with the biggest OEM's.

UFI FILTERS

A SUCCESS STORY SINCE 1971

A Winning Group

Universal Filter Italiana, now UFI Filters, was founded in Nogarole Rocca, in Italy, in 1971 as a supplier of filtration systems for the automotive market.

Some 10 years later, the Sofima brand was created to grow the distribution potential in the Italian aftermarket. At the same time, the company began working with the most important Formula 1 teams, becoming a supplier of specific, tailor-made solutions guaranteeing top performance and taking the teams to the top of the championships.

In the 1990s, thanks to the vision and growth go-

als of its owners, UFI Filters began to expand its boundaries into new product development and new world markets. In 1992, UFI Hydraulic Division was established, starting production of filtration solutions for the hydraulic sector. In 1996, being the first European filtration company to enter the Chinese market, UFI opened the first of its now six plants in China.



















The late '90s was a time of notable growth, with the company winning over car manufacturers with fuel filters that guaranteed the separation of water from diesel.

At the start of the new millennium, UFI Filters became a supplier to the demanding German car manufacturers, providing not only fuel but also oil and air modules, and thus reinforcing its reputation as a global Original Equipment supplier to the world's leading car manufacturers.

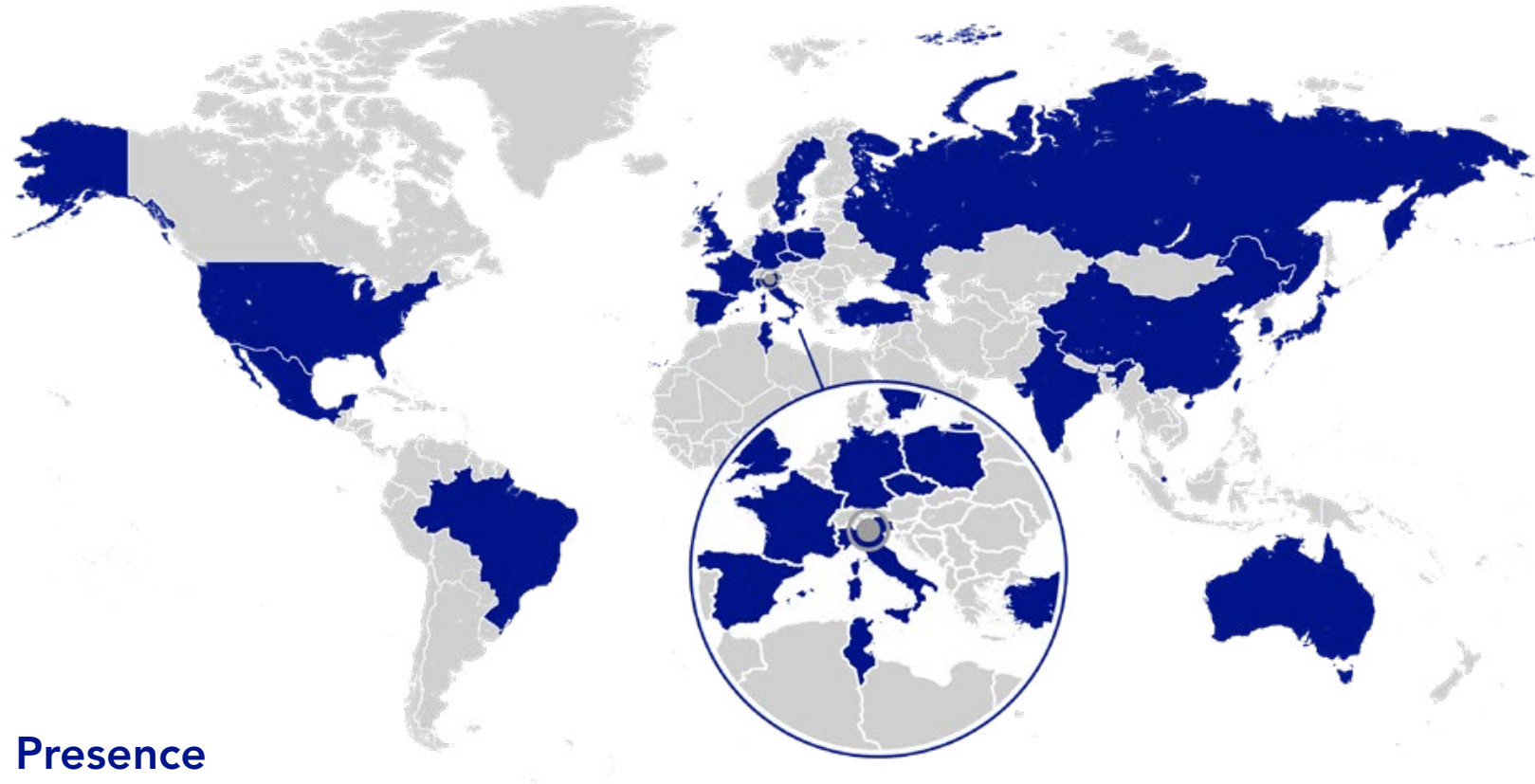
In 2010, UFI entered the world of heat exchangers, specializing in the design, development and production of vacuum-brazed aluminium water-cooled heat exchangers. Today, 6 of the 7 biggest automotive groups in the world work with UFI to develop complete filtration and lubrication systems.

The results obtained by the company can be attributed to the constant investment in research and development (over 5% of turnover), allowing UFI to come up with innovative, exclusive solutions for its customers. Over the years, UFI has registered more than 280 patents.

The UFI Innovation Centers in Italy, India and China are equipped with sophisticated, advanced research and analysis tools for developing new products and filtration materials. UFI Filters now has over 4000 employees at 19 production sites, 3 innovation centers and 57 commercial offices.

1971  Universal Filter Italiana S.p.A ("UFI") founded	1983  UFI entered the Chinese market Bengbu filters established	1996  1st facility in Shanghai	2004  Technical and sales office in Detroit	2006  Facility in India	2011  5th facility in Shanghai	2013  Facility in Czech Republic	2018  Facility in Poland	2020  Facility in Mexico
1981  Sofima S.r.l. Founded	1994  JV Sofima Hydraulics Xinxiang	1997  Facility in Tunisia	2005  Facility in Korea	2007  Opened front office in Japan	2012  2nd facility in India	2016  Facility in Brazil	2019  Facility in China and India	2021  Opened front office in Australia

1972 First air panel filter	1997 DURAFILTER & DEFENDER First oil and diesel spin-on filters with synthetic media	2000 24.H2O First diesel spin-on filter for Fiat with 95% water separation	2003 60.H2O First green diesel plastic filter with "Deep Filtration Media" cartridge	2012 HEAT EXCHANGER First vacuum brazed oil cooler produced	2013 BLOW-BY filter for Heavy Duty	2015 BLOW-BY filter for Light Vehicles	2016 Innovative MULTITUBE air filter	2017 HEAT EXCHANGER for Hybrid Vehicles	2019 Innovative ARGENTUM cabin air filter	2020 Cabin Air D+FEND Personal Protection MASK DEFENDER	2020 ION EXCHANGE filter for fuel cell	2021 HEPA cabin filter CATHODE air filter for fuel cell
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Global Presence

19 INDUSTRIAL SITES

UFI Filters S.p.A. Nogarole Rocca (IT) (Headquarter)

UFI Filters S.p.A. (IT)
 Planet Filters S.p.A. (IT)
 Plastic Technologies S.p.A. (IT)
 UFI Filters Czechs.r.o. (CZ)
 UFI Filters Poland (PL)
 Sofima Filters S.A (TN)
 UFI Filters do Brasil LTDA (BR)
 UFI Filters Mexico (MX)
 UFI Filters India Pvt. Ltd (Belgaum, IN)
 UFI Filters India Pvt. Ltd (Delhi, IN)
 UFI Filters Aftermarket India (IN)
 Sofima Automotive Filter Shanghai Co, Ltd (CN)

UFI Filters Shanghai Co, Ltd. (CN)
 Sofima Industrial Filter Shanghai Co, Ltd (CN)
 Sofima Automotive Filter Changchun Co, Ltd (CN)
 Sofima Trading Shanghai Co, Ltd (CN)
 UFI Filters Chongqing (CN)
 UFI Filters Korea Co, Ltd. (KR)

3 INNOVATION CENTERS

UFI Innovation Center S.r.l. (IT)
 UFI Innovation Center India Pvt. Ltd (IN)
 UFI Filters Shanghai Co, Ltd (CN)

57 COMMERCIAL OFFICES

18 COMMERCIAL OFFICES IN EMEA

Italy
 France
 Germany
 Spain
 Sweden
 Tunisia
 Turkey
 United Kingdom
 United Arab Emirates
 Russia

33 COMMERCIAL OFFICES IN ASIA

China
 India
 Japan
 Korea

4 COMMERCIAL OFFICES IN THE AMERICAS

United States
 Brazil

1 COMMERCIAL OFFICES IN OCEANIA

Australia

1 COMMERCIAL OFFICES IN AFRICA

South Africa



CARS AND COMMERCIAL VEHICLES

More than 2500 references for cars and commercial vehicles up to 3.5 t.



HYDRAULICS

More than 5600 references for industrial and special vehicles.



HEAVY DUTY

More than 600 references for trucks & buses.



AERO-SPACE

Products that respect the EASA procedures.



OFF-ROAD AND AGRICULTURAL

More than 550 references for industrial vehicles, earthmoving and agricultural vehicles.



DEFENCE

Systems for tactical vehicles and hostile areas.



MOTORBIKES

More than 120 references for two-wheeled and three-wheeled vehicles.



MARINE

Applications for propellers and generators.



RACING

A special, dedicated range for each motorsport team.



SPECIAL APPLICATIONS

Our know-how applied to advanced research.

UFI
FILTERS

Chosen By The Best OEMs

CAR MANUFACTURERS

Thanks to continuous technological innovation and to investments into cutting-edge products, UFI Filters has consolidated its reputation as a leading Original Equipment supplier of filtration systems for the automotive market.

Nowadays **95% of vehicles manufacturers worldwide** choose UFI Filters, boasting a list of more than 250 co-branded products with the biggest OEMs. Thus, covering over 60 thousand light vehicle applications in the world.

UFI Filters is a research driven company, investing **5% of its revenues in R&D**, it counts on **3 Innovation Centres** globally boasting more than **280 patents**. Thanks to its expertise the Company is able to produce and supply complete oil, fuel and air, filtration systems, starting from the filter media, to the heat exchanger, both for traditional and hybrid engines.

Thanks to the filtration materials developed with the exclusive **FormulaUFI**, UFI Filters can provide specific solutions for individual applications, assuring the highest engine protection and therefore a fundamental contribution in consumption and emissions savings.

Nowadays the effort of UFI's research is committed to the development of technologies for the new hybrid and electric mobility, and to the production of latest generation **Thermal Management** solutions.

HEAVY DUTY MANUFACTURERS

UFI Filters products are chosen as Original Equipment by the leading manufacturers accounting for **50% of the world's production of trucks and industrial vehicles**. High levels of efficiency and safety, the complete range and investments in new technological solutions are the strengths that make UFI a premium supplier for OEMs, which produce vehicles used mainly for professional purposes.

Here there is no room to compromise on quality. Thanks to the exclusive filtration media in **FormulaUFI**, developed in the UFI Innovation Centres worldwide and to the new vacuum brazed aluminum heat exchangers, the main truck, agriculture and construction equipment makers choose UFI reliable innovations, that can assure the highest filtration and **Thermal Management** performances thus, helping save consumptions and pollutant emissions.

UFI Filters can provide a complete range of fuel, oil and air filters as well as blow-by filters, the latter with a fundamental role in recovering engine generated gases, avoiding the discharge in the atmosphere of contaminants such as CO, NOx and PM.

Thanks to the continuous investment in R&D and to the long-time expertise in filter media in house development, UFI Filters is also ready to face **the hydrogen challenge** which will have a strategic role in the coming decades for the heavy-duty applications.



Thermal Management

COMPLETE SOLUTIONS FOR THE LUBRICATION SYSTEMS

UFI Filters entered the Thermal Management sector in 2010 and is already a global supplier of solutions for the complete management of the lubrication system in the OEM sector. Thanks to continuous investments in research and innovation UFI Group is specialised in the production of **water-cooled and vacuum-brazed aluminum heat exchangers**, a system that allows for a more reliable and efficient product, essential in the oil cooling circuit. Correct Thermal Management of a vehicle is fundamental for good performance and longevity of an engine, bringing a fundamental contribution in fuel consumption savings.

The Group can supply different solutions for the lubrication system, such as **a stand alone engine oil cooler** which can be customised on the specific requirements of each individual engine. Or heat exchangers **integrated** into the oil module together with the filter, which, thanks to the combination of **thermostatic valves and electric sensors**, can assure the best control of the oil circuit temperature.

UFI Filters cooling systems can guarantee the best engine working conditions, this means a saving in consumption and emissions into the atmosphere of the traditional combustion vehicles. UFI Filters can also supply **transmission oil coolers**, which helps with longer duration of the vehicle transmission systems.

COMPLETE SOLUTION FOR THE NEW MOBILITY

UFI Filters can rely on three fully dedicated industrial sites globally for production of water-cooled and vacuum-brazed aluminum heat exchangers, not only for traditional vehicles, but also for hybrids and electrics.

UFI Filters can meet the requirement of the new mobility thanks to its heat exchangers, **battery chillers** and **coolant battery heaters** which are fundamental in keeping under control the temperature of the battery pack under control in various working conditions.

UFI oil coolers for e-axle play a key role to optimise the temperature of the transmission oil circuit, they ensure a longer service life for the transmission system and help to reduce overall vehicle energy consumption. UFI oil coolers for e-axle have already been **chosen as original equipment for a fully electric series-production truck**.

As partner of the largest OE manufactures, UFI Filters research, investment and production are committed for the mobility of the future.



Hydraulic Division

MOBILE HYDRAULIC APPLICATIONS

The supply of reliable hydraulic power to vehicles serving the arduous requirements of the construction industry safeguards the system utilisation and the productivity levels, thus avoiding the expensive, time-consuming issues associated with unplanned downtime, maintenance and repair.

When properly protected against contamination, the components of the hydraulic circuit enable vehicle fluid power systems to achieve **exceptional performance** in the most **demanding operating environment and applications**. For this reason, Filtration Quality is essential as the fluid contamination is the leading cause of hydraulic failures. UFI Filters Hydraulics has the knowledge and the engineering technology to master these issues with a proven range of filtration products, with more than 6,000 references for the mobile customers.

In particular, for Agriculture applications, UFI Hydraulics developed a new layout of green element series that prolongs the replacement intervals and means a reduction in labor, material and disposal costs. For these reasons, many well-known construction vehicle manufacturers and end users have placed their trust in UFI Filters Hydraulics' ability for many years, both in Original Equipment and in Aftermarket.

STATIONARY HYDRAULIC APPLICATIONS

UFI Filters Hydraulics has earned a solid reputation for quality and cost-efficient products also for CNC machines, presses, wind power applications and industrial hydraulic systems. UFI Hydraulics products meet the hydraulic-system requirements of **maximum protection**, with high efficiency and constant stability. High-performance microfibers filtration media, with high voids-volume, warrant validated levels of dirt-holding capacity, coherent with the economic extended machine-life and service-intervals demanded by the market.

UFI Hydraulics developed a specific series to meet also the most demanding requirements to respect the environment and reduce polluting components in the hydraulic systems: GRF series presents coreless filter elements, that combine **environment compatibility** with UFI certified quality, lightweight layout and easy service. This environmentally friendly filtration system presents the coreless elements IRF, that weigh up to 60% less than comparable elements with metal end caps and cores. This series is used in a variety of lube & hydraulic systems such as **wind power generation** and industrial manufacturing, representing a high-performance solution for several hydraulic applications.



High Tech Division

RACING

It is the passion, together with continuous research for the development of the most advanced technologies which has guided the UFI Filters High Tech Division team – specialised in the production of filtration solutions for “extreme” performances, such as those required in **Formula 1** where **9 out of 10 F1 teams** have chosen our products.

UFI Filters’ technicians work closely with customers to develop optimal filtration technologies, working in co-design with the design engineers of the various manufacturers. Today UFI supplies about 10,000 individual parts per year, including hydraulic filters, oil filters, fuel filters, last chance filters and air filters, to the leading teams, not only in the best-known series, but also in other competitions, such as **MOTO GP, MOTO 2, MOTO 3, Superbike**. The know-how of our High Tech Division is a key factor for the traditional UFI Filters automotive production, in which the experience gained in the world of competitions is transferred.

AEROSPACE

The High Tech Division of the UFI Filters Group is involved in the design and production of air, oil and fuel filtration systems for **aerospace, military, marine and the defense sector vehicles**. From the experience gained from the racing world and the production of Original Equipment for the automotive industry, UFI Filters produces highly technological components, created with craftsmanship, to ensure maximum filtration capacity, performance and reliability in delicate and complex mechanisms.



OUR IDENTITY

2.5 UFI Business Segments

Aftermarket



UFI FILTERS

UFI Filters is the premium quality brand marketed for the independent spare part network. UFI counts more than 3.500 SKUs in its catalogue for cars, heavy duty, agriculture and motorbikes, offering the same product standard as the original equipment. UFI Filters Aftermarket business can count on **17 commercial offices** globally and a presence in **over 70 countries** as well as a partnership with the most important distribution Group in the world.

SOFIMA FILTERS

SOFIMA Filter is the brand marketed for the independent spare part network. Born in Italy in the early Eighties, it's mostly acknowledged **in the Far East and in India**, where it can count on SOFIMA brand productions plants. The Group is the first European filters production company who settled in China with a 100% owned plant in 1996, Sofima Automotive Filter Shanghai.



OIL FILTERS

Spin-on, immersion and ecological solutions, with innovative filtration materials that ensure top engine performance with less consumption.



DIESEL FILTERS

Fitted with pioneering, exclusive filtering materials, they guarantee optimum engine protection and water-diesel separation of > 95%.



PETROL AND LPG FILTERS

Filter the impurities from petrol and LPG, meeting the needs of the latest engines.



AIR FILTERS

Filter the impurities from the air, protecting the engine from corrosion and preventing any clogging of the injectors.



CABIN AIR FILTERS

Anti-pollen and activated carbon versions for the best air quality and comfort inside the passenger compartment, even in difficult environmental conditions.



3.1 Matrix Organization

#WeAreUFI

We strongly believe that a global organization that wants to continue to be a leader in its own sector of business has an imperative that needs to permeate all its structure and that is reflected in its values and culture: transparency and fairness.

MATRIX ORGANIZATION

In order to attend and meet the needs of our global and regional customers, who demand consistent commitment and point of contact, and to improve our capability to run global and regional projects by coordinating systems of productions in our worldwide network, we have made the decision to **Think Globally and Act Locally. Glocal is a mantra** that has always permeated our organization while expanding our geo-footprint in all continents.

UFI Worldwide

The regional organization is divided in:

- **AMERICAS:** North, Central, South America
- **APAC:** Asia Pacific (excluding Australia)
- **EMEA:** Europe, Middle East and Africa
- **INDIA:** India and Australia

The organization is managed at Corporate level by the Group CEO (Chief Executive Officer) from our Headquarter in Italy (Nogarole Rocca – Verona), to whom respond the regional COO's (Chief Operations Officer) and/or CEO's.

All operations and staff functions are located within the region to support the COO decisions, that reflect the Group objectives and values and that are linked functionally to corresponding central functions to better coordinate our global network, and to destinate resources and projects where most matters or to coordinate global clients across regional concerns.

Global Systems and IT networks are setup in order to ensure timely decision and communication and production/control systems management under a common umbrella. Naturally these systems are compliant with all the necessary laws and regulations both internationally and locally, in order to provide a high standard of Data Security.

RISK MANAGEMENT

UFI Filters has defined and implemented a systematic approach to the overall process of Risk Management inside the organization.

Our Risk Management System covers business, environmental and social aspects.

Roles and responsibility are clearly defined and addressed inside the organization to continuously monitor trends and events, in order to update the risk exposure on a timely basis and allow the Top Management to take appropriate actions to mitigate and counter the risks to which the Group is exposed.

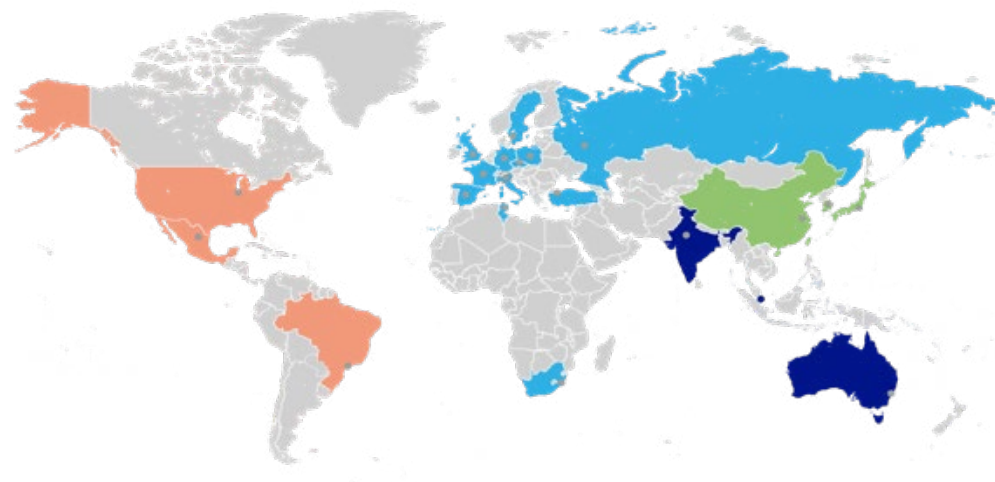
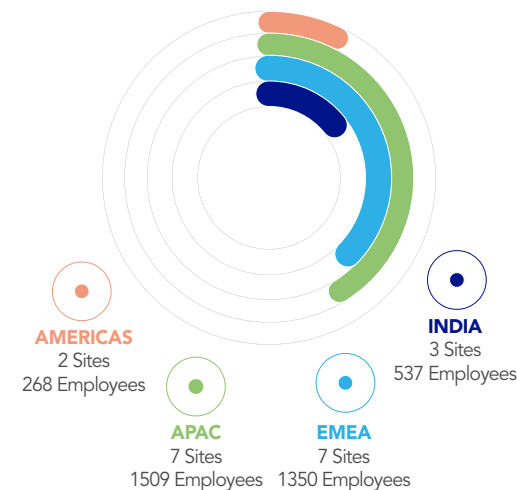
Risk Management System

This system is structured to:

- Perform context analysis and understand the needs and expectations of the interested parties.
- Identify and assess the organizational risks and opportunities for all the group processes.
- Evaluate operational risks and define appropriate measures and/or contingency plans.

UFI Filters Group takes a proactive stance to identify and prevent sustainability risks. The area of risk that the Group manages actively are: Health and Safety - Environmental and Climate - Operational and Supply Chain - Compliance and Data Security.

Our Production Sites & Employees



GOVERNANCE STRUCTURE

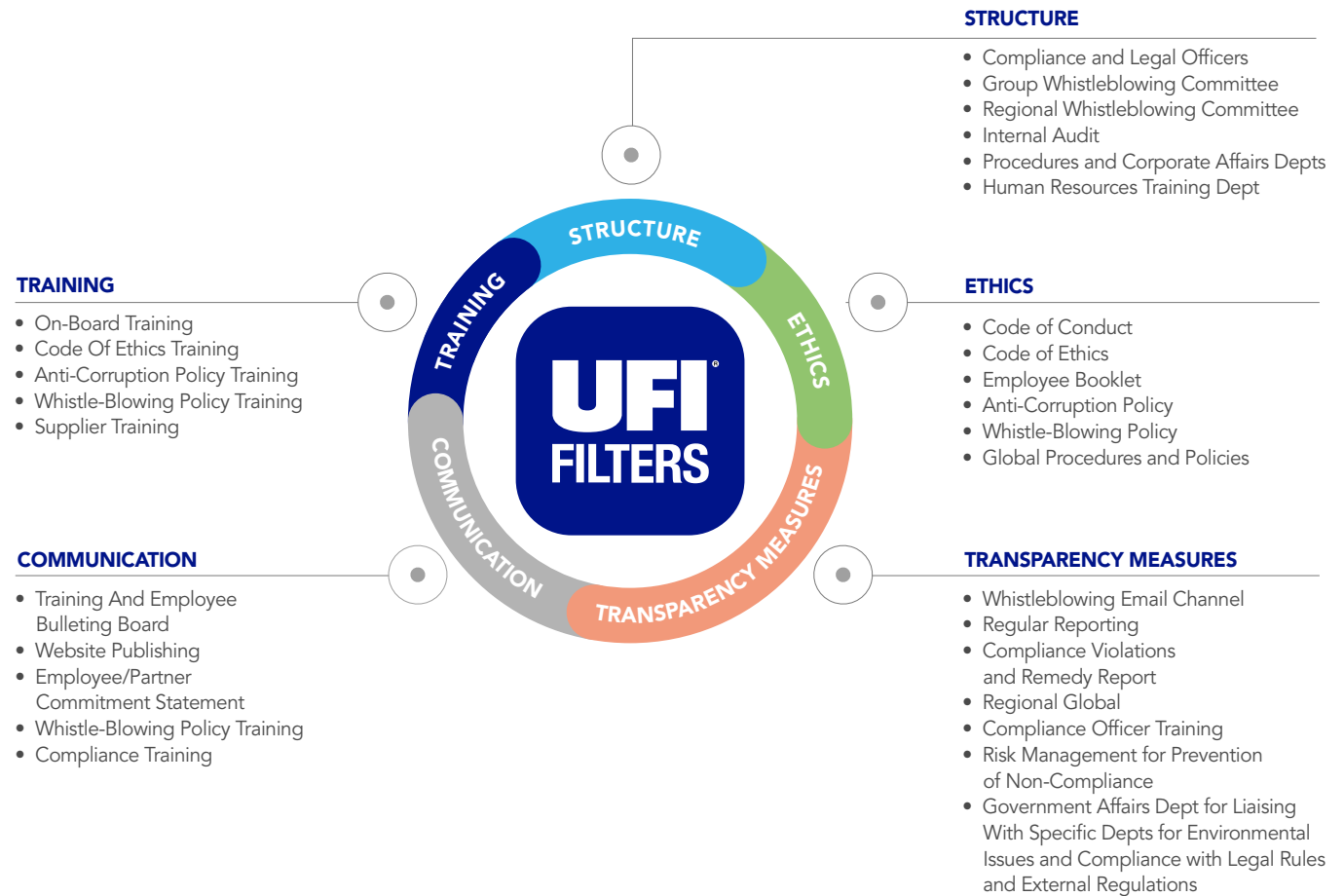
We further maintain that playing by the rules and being fair in business is a strategy that pays off and that leads to a better environment for all.

We ensure that compliance with legal regulations and internal rules (our UFI Group Procedures) is a mantra that Our People and our partners have to respect and that needs to constantly be monitored and sustained.

We have structured our governance in order to ensure that these principles are known and respected. The structure is thought to ensure that we comply with all laws and act ethically and sustainably.

In order to ensure that we all Our People – dispersed over 5 continents and in 21 countries – understand, flow and live our culture of fairness we taken a circular and a stratified approach.

The system we are utilizing is a combined Group and Regional approach. The local organizational units, functions, and departments are responsible for the processes applicable in their area upholding legal regulations and internal rules as per legal compliance. The policies related to the Anti-Corruption, Waste-blowing, Code of Ethics and Code of Conduct are managed centrally and cascaded locally for implementation.

UFI's Governance Structure

OUR HOUSE 3.3 Compliance Regulations

Code Of Ethics

Fairness is a mantra for us, and we believe in ethically and environmentally responsible business.

Therefore, our Code comprises the fundamental behavioral guidelines for the entire corporate group and is our main instrument for implementing compliance objectives. It includes guidelines on essential behavior, dealings with business partners and third parties, and the avoidance of conflicts of interest.

As a basic principle we stress that “all violations will be pursued and may result in sanctions” under all relevant regulations and laws (including labor law). The issues of acceptable and not acceptable behavior are further highlighted in the Employee handbook that establishes the sanctions related to internal guidelines in case of non-compliance.

ANTIBRIBERY POLICY

We are very aware of the risk of corruption especially in some of the more developing countries and we have defined clearly our rules and regulations in the Antibribery policy.

ACTIVE OR PASSIVE BRIBERY

Therefore our Code comprises the fundamental behavioral guidelines for the entire corporate and establishes the sanctions related to internal guidelines in case of non-compliance.

We have foreseen a small nominal amount for gifts or donations above which we believe the behavior would be non-compliant and subject to evaluation of potential bribery and violation of our Ethics and Antibribery policy.

The Antibribery Policy

Those areas are:

1. Business relationships with third parties.
2. Relationships with public authorities and governmental bodies.
3. Relationships with political and trade union organizations.
4. Facilitation payments.
5. Gift, hospitality and other public relations expenses.
6. Sponsorships and non-profit initiatives.
7. Personnel selection and recruitment.
8. Accounting and financial procedures and controls.



WHISTLEBLOWING AND INVESTIGATIONS

In case there are violations of the Code of Conduct or Ethics we have foreseen a policy in order to allow for transparency of actions and information to top management whilst at the same time protecting the “informant” that is reporting the alleged “non-compliant behavior”.

Such policy is published and distributed among all Our People and suppliers and allows for anonymous reporting or protection of the “informant” during and after the investigation.

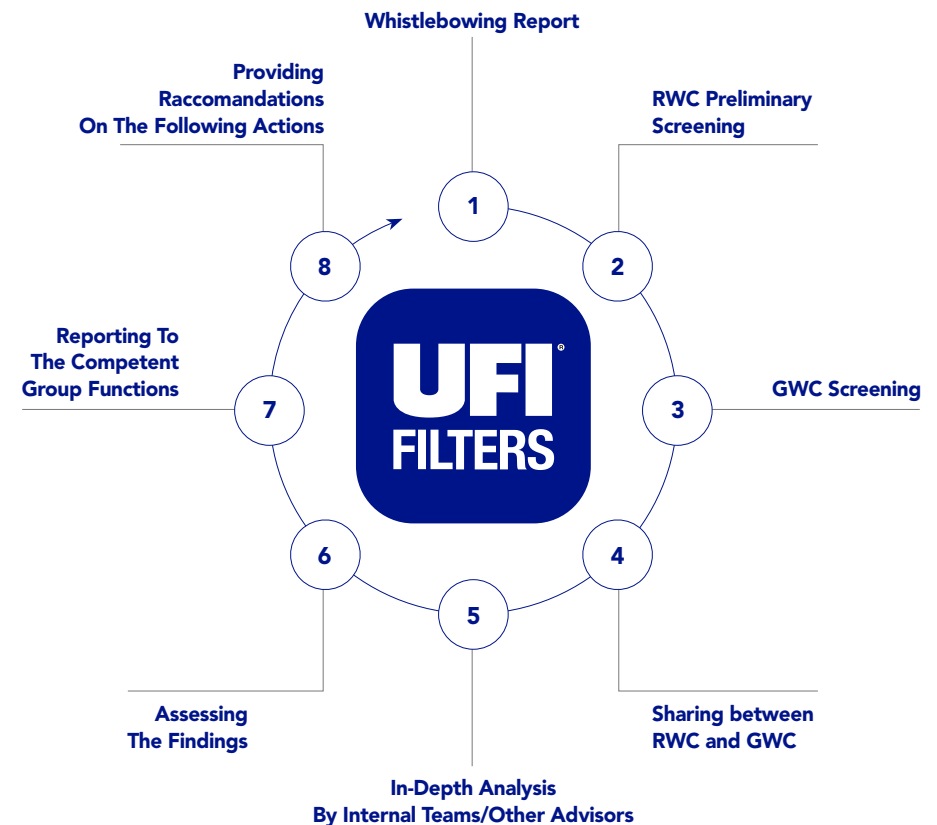
RWC and GWC stand for Regional Whistleblowing Committee (one for each region) and Global Whistleblowing Committee (at Global HQ level). The analysis will be done by the appointed RWC and GWC members with recommendation on investigation or further punitive actions by the relevant function according to the applicable rules and regulations.

TRAINING

A culture is not established just by publishing policies or establishing guidelines. It requires training, examples and dissemination of principles via all the Group Communication Channels. In order to achieve our goals, we have carried out training (for all the relevant policies on compliance) in all regions for Our People at different location.

Furthermore, we require all new employees to undergo induction training and to sign the **Code of Conduct** and the **Code of Ethics** at start of employment.

Similar training and compliance acceptance are done for our suppliers at the start of our partnership and has been the object of a compliance campaign in 2019 with all existing partners (blanket campaign to re-sign Terms and Conditions and UFI Code of Ethics in order to continue to collaborate on projects with our Group).

Whistleblowing And Investigations

We are proud to say that no violations or non-compliance events were recorded during 2021 in all our industrial sites or rep offices.

4.1 Stakeholder Engagement

OUR STAKEHOLDER ENGAGEMENT

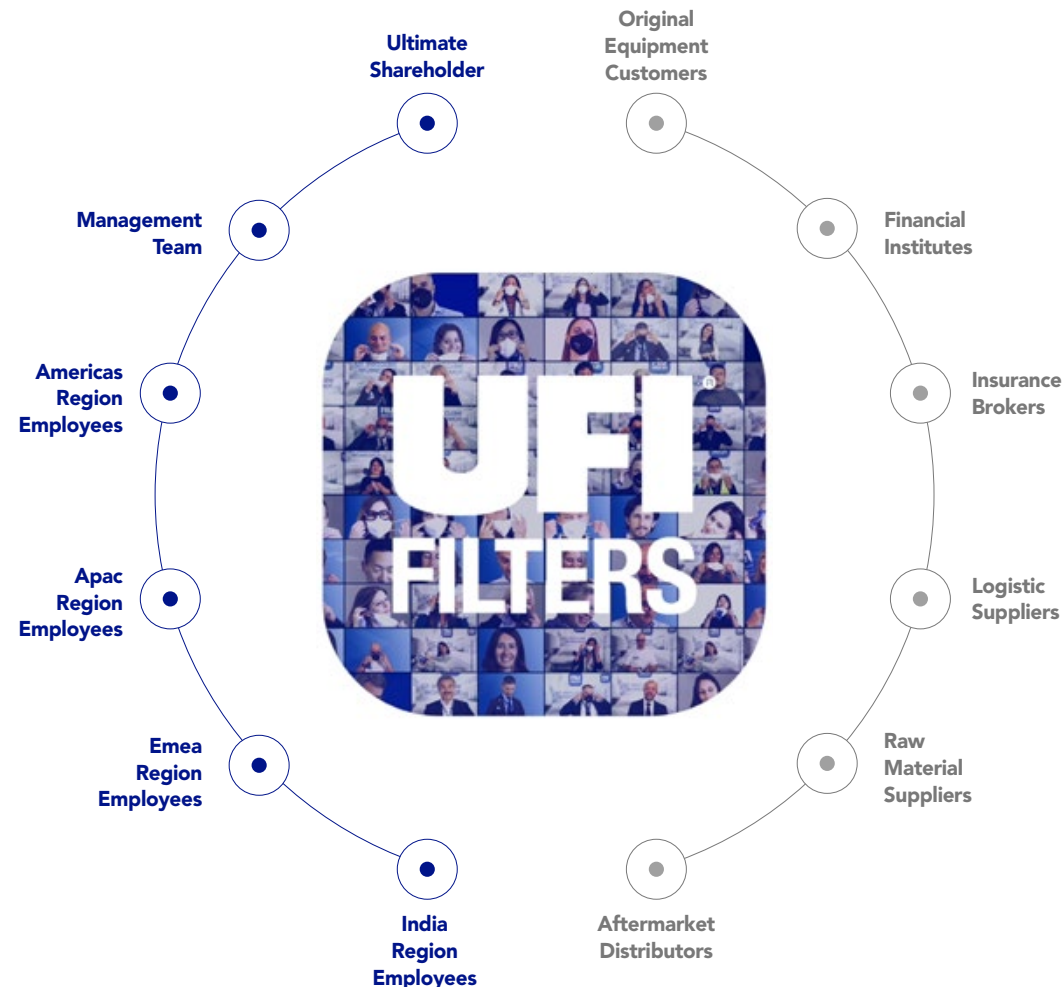
Our Stakeholders' needs, interests and expectations are of the utmost importance and we engage them regularly in many different contexts whilst pursuing our business objectives. This continuous dialogue via direct communications and social media (External Stakeholders) or via internal communications systems (Internal Stakeholders) helps us redirect and constantly check the alignment between our business goals, our sustainability commitment and the expectations/interest of our Stakeholders.

The **Stakeholders' engagement** for this first report have been carried out with a fill-in questionnaire on **the relevant topics of Environment, Social and Governance (ESG)**; the categories and groups of Stakeholders have been identified filtering their influence and dependence on each topic according to an internal analysis carried out by all our internal functions (Human Resources, Legal, Engineering and Industrialization, Health & Safety and Purchasing & Supply Chain) via dedicated team members.

The internal analysis identified several Stakeholders clusters (both Internal and External) that have been highlighted in the graph besides. This grouping allowed us to better focus our materiality assessment based on the feedback of the clusters on the relevant values and principles of the Group.

Our Internal and External Stakeholders

- INTERNAL
- EXTERNAL



OUR COMMITMENT

4.2 Materiality Assessment

MATERIALITY ANALYSIS

The common thread of the UFI Filters Group's path towards corporate sustainability is based on our Mission.

Our Mission is to create innovative and sustainable solutions in filtration and Thermal Management systems.

We are constantly engaged in research and implementation of solutions that guarantee maximum respect for the environment, providing technologically advanced systems which are able to reduce energy consumption and CO₂ emissions by protecting engine components from the wear and by contributing the improvement of fuel combustion efficiency.

Our Group Quality Policy is Customers First, therefore we aim to provide them with exceptional quality products to enhance the efficiency of their applications.

We also strongly believe **in business ethic** and mutual respect, which begin inside the Group and extend to our customers and suppliers with equal importance.

We invest **in the quality of our personnel**, provide Our People with all the conditions to work in a safe, fair and professional environment.

Sustainability Topics' choice has been made via an internal selective process according to relevance to our **Group Principles and Values** and to **the importance for our Stakeholders** (Internal and External).

The selectivity is dictated by the need to focus our First Sustainability Report on the topics that matter most in order to establish a platform on which to build our Sustainability Commitment.

The selective process was carried out via an internal analysis on the global trends and recognized best practices in our industry to identify, sort and select the most relevant ones, with the help of representatives from Human Resources, Legal, Engineering and Industrialization, Health & Safety and Purchasing & Supply Chain under the supervision of our Top Management.

We arrived at the following table that illustrates the Sustainability topics that guide us in our daily business with a short description for each.



Materiality Assessment's Sustainability Topics

Occupational Health And Safety

Guarantee of the highest safeguards for the health and safety of workers, from an operational and health point of view.

Attractive Working Conditions And Work/Life Balance

Creating suitable and attractive working conditions, guaranteeing safety, health and prospects for individual growth and development, with constant attention to the balance between work and the private/social life of workers.

Diversity, Equal Opportunities Promotion And People Development

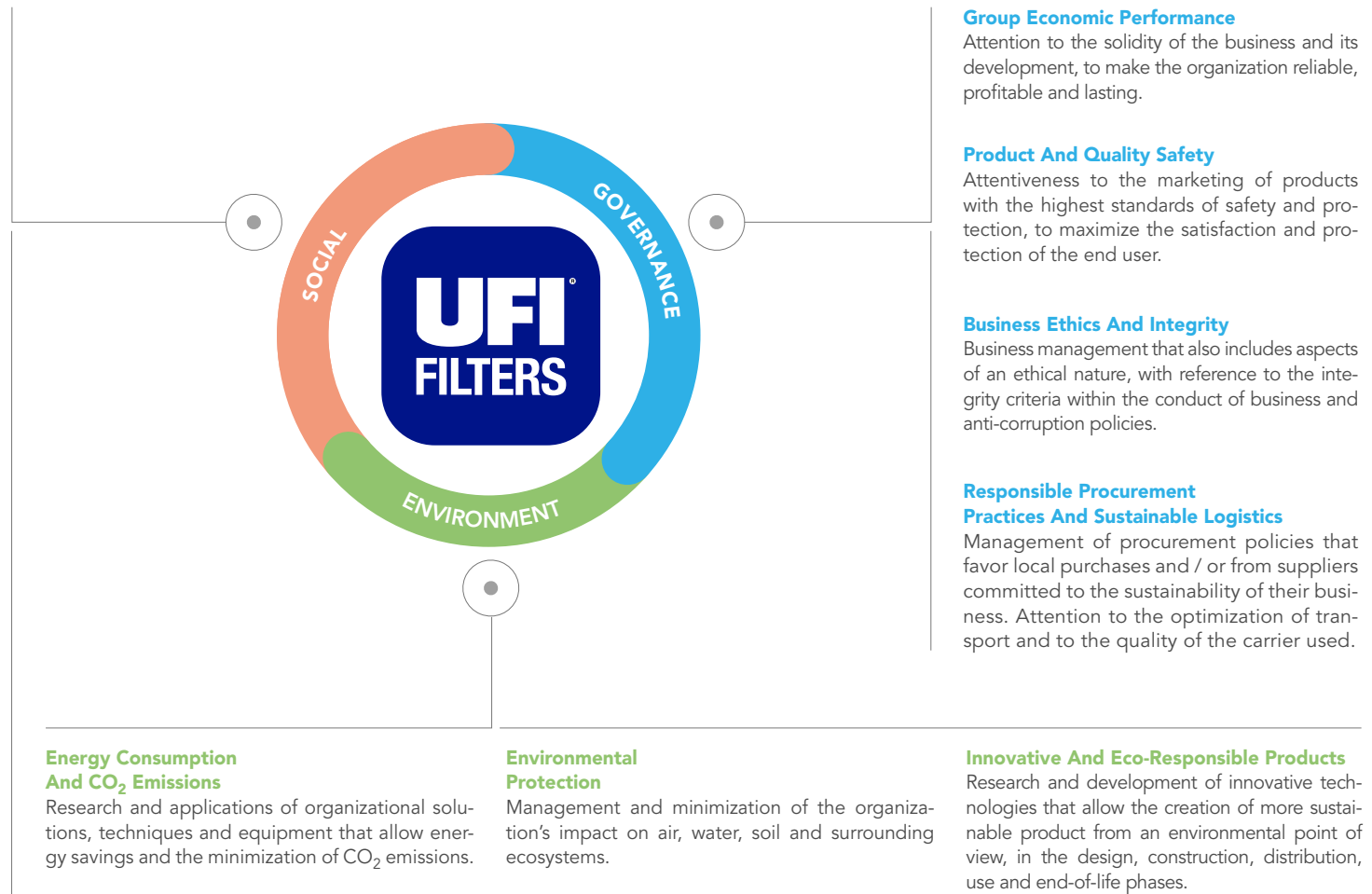
A guarantee of diversity in the workplace (gender, origin, religious belief, etc.), of equal access opportunities to the career development and commitment to ethical and responsible development of working careers.

Human Rights Respect

The respect for individuals' rights within the workplace, along the supply chain and in the local communities where the production sites are located.

Freedom Of Association

Allowing workers the freedom to associate in representative trade unions and other forms of associations.



4.2 Materiality Assessment

We then asked each stakeholder to evaluate on a scale ranging from 1 (not relevant) to 10 (very relevant) each topic.

As indicated previously this assessment was carried out from two different perspectives, from the Internal Stakeholders and the External Stakeholders (listed respectively on the X and Y axis in the graph below).

The identified topics were then considered **Material** if perceived as substantially influencing the expectations and decisions of stakeholders.

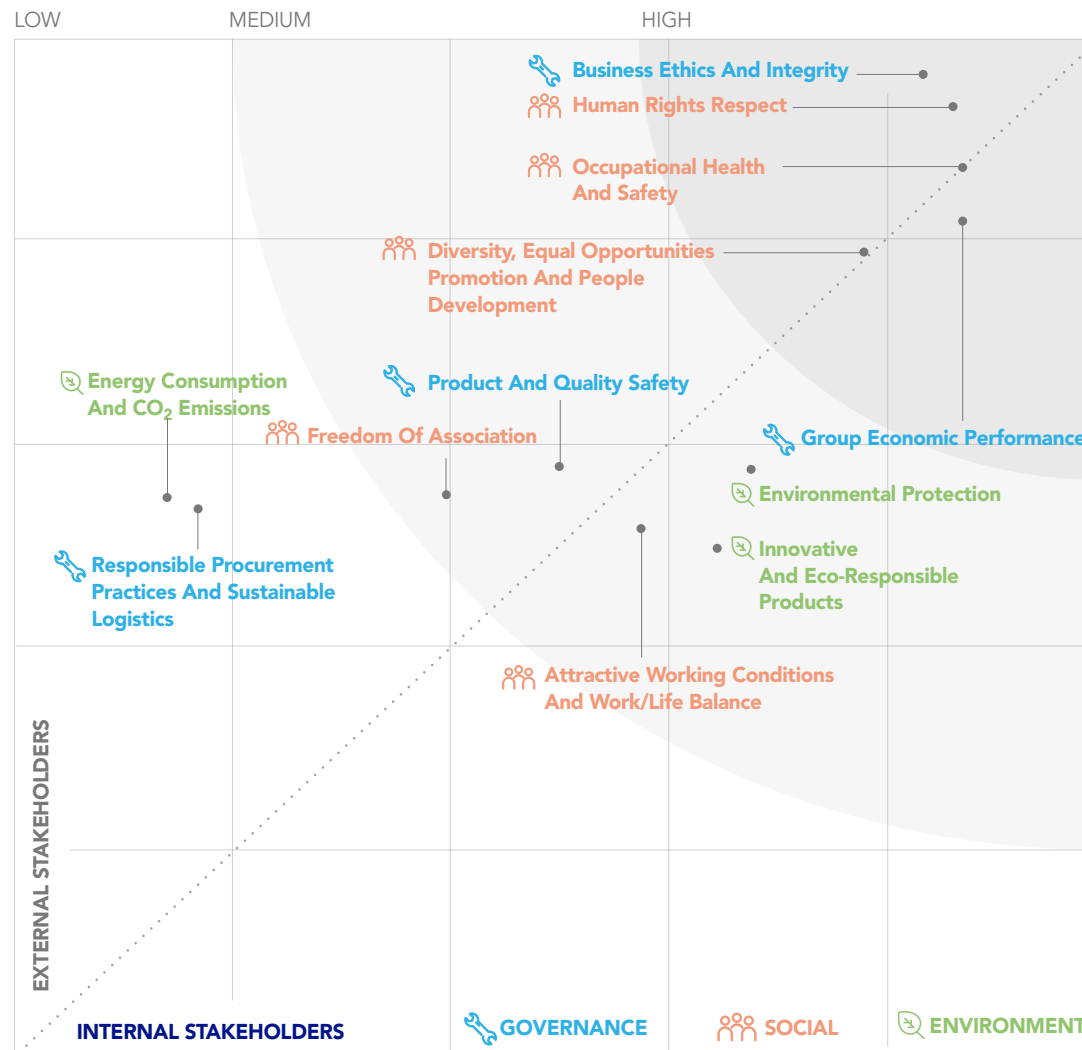
Materiality Assessment Areas

The materiality matrix below consists of 12 sustainability topics, categorized in 3 areas:

- Governance
- Social responsibility
- Environmental responsibility

These topics appear on the graph according to the importance defined by the stakeholders (Internal and External) ranging from HIGH RELEVANCE (high) to LOW RELEVANCE (low) clusters. The Materiality Matrix will define the topics listed and illustrated in this Sustainability Report.

UFI's Materiality Assessment



OUR PEOPLE

5. #WeAreUFI

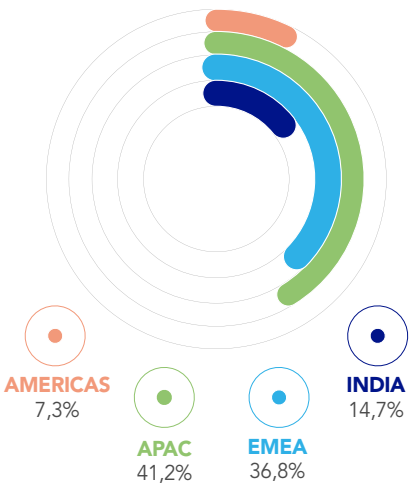
“...Our People, because in times of need people make the difference, helping each other and overcoming difficulties together. This is the spirit that characterizes our Group and our history”.

The successful Enterprises know that if you take care of the people that work for and with you, they will in turn take care of you and the business. Our Group has grown in the years thanks to our people and to our pioneering spirit (we opened China 25 years ago) and has always recognized the fact that organizations are made of people.

As can be seen in the tables beside, we are proud to highlight how all of our valuable resources are spread around the world. We are a Global Automotive Supplier and we are distributed on the 5 Continents with more than 4000 HC combining full-time and temporary employees and we ensure that our HR personnel follow strictly our regulations and take care of our people according to the policies and regulations that are homogenous and closely monitored from our Headquarters in Italy (Nogarole Rocca).

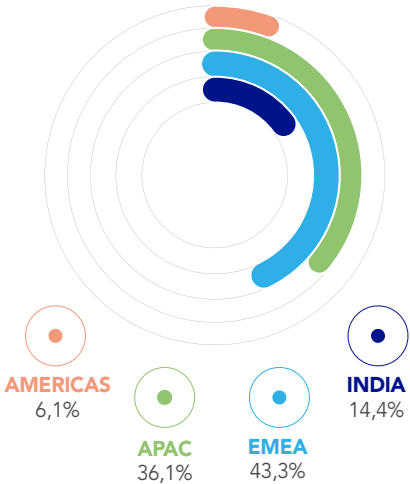
We believe in supporting our People everywhere by ensuring their welfare every-day in areas that are part of our DNA and way of operating: EHS, Accountability, Diversity, Equity, Inclusion. In this section of the report, we would like to illustrate how we combine the operations and the welfare or well-being of the people that work in our industrial sites' environments.

Full-Time UFI's Employees Worldwide



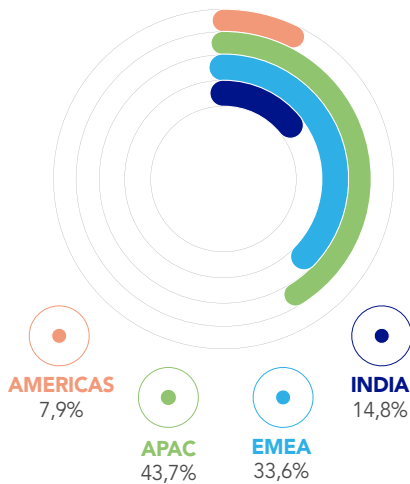
AREA	EMPLOYEES
AMERICAS	268
APAC	1509
EMEA	1350
INDIA	537
Total	3664

UFI's White Collars



AREA	EMPLOYEES
AMERICAS	75
APAC	441
EMEA	529
INDIA	176
Total	1221

UFI's Blue Collars



AREA	EMPLOYEES
AMERICAS	193
APAC	1068
EMEA	821
INDIA	361
Total	2443

Our vision is a proactive culture which protects and continuously improves the health and safety of everyone. We are committed to **Zero Accidents** through continuous improvement and implementation of global safety management systems, focusing on visible leadership, safe behaviors, training and equipment need to safely carry out the work.

First of all, in UFI Filters all production facilities must comply with **applicable health and safety legislation in the country of operation**, as well as UFI Filters' procedures. **The Steering Committee** headed by **the Group CEO** provides strategic direction and leads the development of tools, frameworks and requirements applicable to all sites.

These focus on high-risk activities and topics of relevance to our operations in accordance with international best practice standards including ISO, ILO, IOSH and other relevant applicable international standards.

UFI Filters has also put in place obligations and requirements for the health and safety of contractors, we provide an induction to all our contractors and visitors before entering our facilities to work and information on specific work-related hazards and hazardous activities are shared with contractors by both sides.

The goal of our Occupational Health program is to protect the health of workers and the neighboring community through the identification, evaluation and control of potential workplace exposures.

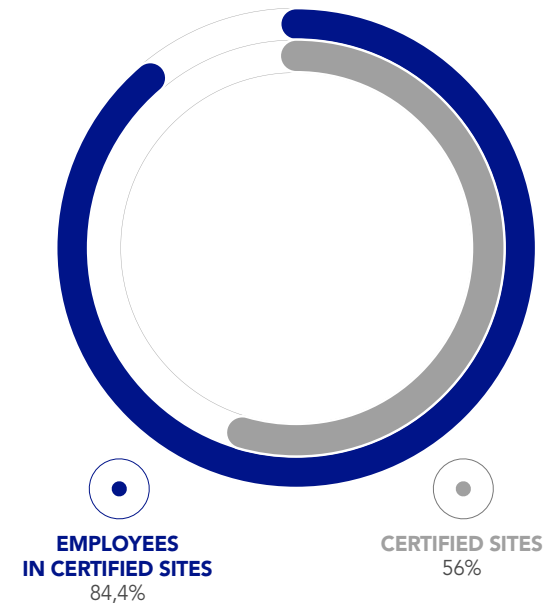
We are developing a **"Safety Culture"** in all our plants promoting campaigns and training to engage employees and address local health and safety needs according to local legislation and UFI Filters requirements.

It is not only the responsibility of the HR and EHS managers to ensure applicability of all EHS and Occupational Health and Safety rules and regulations, but we believe that it is everyone's responsibility to enforce and ensure this regulation for everyone's benefit.

Occupational health services are offered to support employee wellbeing in line with regulatory requirements. These include access to works doctors/nurses, first aid services and counselling, etc.

H&S professionals are employed in the regions and countries where we operate ensuring that occupational health hazards are identified and risks minimized through the development of occupational health services.

The ISO 45001 Certification



84,4% of Our People works in sites with ISO 45001 Certification

56% of our Industrial sites are certified ISO 45001 and we are planning to extend the certification to the remaining plants in the next few years.

The Safety Culture

We are establishing a SAFETY CULTURE that is built on 6 pillars:

- **Training** – Constant and assiduous training for safety active and passive methods and devices at various levels.
- **PPD – Personal Protection Devices** – Safety shoes and other protection devices are to be worn always while in the production area.
- **Safety Passive devices** – Safety measures built in the machines that protect the people from unwarranted movements that could endanger the operator.
- **Environment protection** – Observe and strive to reduce consumption of utilities and protection of the environment.
- **Innovation** – Maintain a forward edge in finding and investing in automation to protect operators and environment.
- **T.E.A.M. – Together Everyone Achieves More** – A more involved and active participation of every level operator in establishing a safety culture allows the Group to protect the welfare of its employees and at the same time makes all the people aware of their ability to improve our operating conditions and methodology.

Our core responsibility is to ensure our employees' safety, to achieve this, we need workplaces that protect them from accidents and injuries. However, working with machinery involves an element of potential risk, we tackle safety and risks proactively raising awareness among our employees keeping occupational risks to a minimum.

In the UFI Filters Group Code of Ethics, the company pledges that it will always act in accordance with the applicable standards with regard to health and safety at work. This pledge is part of the commitment that Our Shareholder and Board of Directors of the Group have assumed since 2013.

To ensure a safe environment and compliance with the laws and regulations we have established a follow up process with audits designed to verify the compliance with applicable HSE legal requirements and conformance with UFI Filters HSE policies, standards and practices. Results of audits include corrective actions and other risk improvement items are annually reported to the headquarters in an annual reporting system.

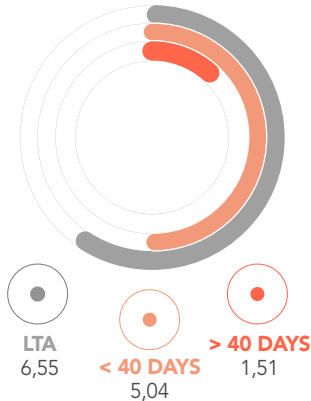
2020 was a year of change and difficult operations with many stops and restrictions and we are still adjusting to new realities. We have therefore chosen to compare 2021 to 2019 in terms of accidents and occupational hazard lost time events.

We have decreased the total number of acci-

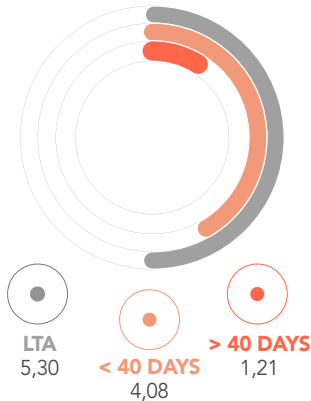
dents in absolute terms while increasing working hours derived from new business growth by 14% which translates in an index that shows that our philosophy of safety culture is showing progress. We have reduced our index (n. serious accidents > 40 days) in 1.21 events in each million hours of work in all our industrial sites across the regions. This achievement reduction of 30 bps reads as

a less risky environment for our people. And this is all thanks to our new approach of training and emphasis on safety at every step. Safety, People, Integrity, Responsibility, Innovation and Teamwork inspire our actions and confirm that safety is core to how we operate. We consistently promote safe work practices and are focused on control of work.

2019 Frequency Index Injuries



2021 Frequency Index Injuries



EVENTS	2019	2021
N.° INJURIES > 40 LOST DAYS	12	11
N.° INJURIES < 40 LOST DAYS	40	37
LTA - LOST TIME ACCIDENT (1 DAY OFF MIN)	52	48
TOTAL WORK HOURS	7.934.979	9.060.346

OUR PEOPLE

5.2 Diversity, Equity, Inclusion (DEI)

DIVERSITY

19 Industrial sites in 21 Countries spread over all 5 continents require a high degree of flexibility and adaptability in managing so many different cultures. Our People have to learn to deal with a mix of cultures, languages and beliefs and the Group in turn has learned over the years to include in its DNA and its genetic make-up the ability to deal with all these differences absorbing the best and sharing it with the other parts of the Group. This Diversity has become one of our Values and one of our competitive advantages because it allows us to be truly “GLOBAL” and all-inclusive in reference to our people and Group Culture.

EQUITY

We believe all Our People are equally talented in their own way. In nurturing their curiosity and natural abilities, we provide the means to succeed personally and professionally throughout their journey with UFI Filters.

INCLUSION

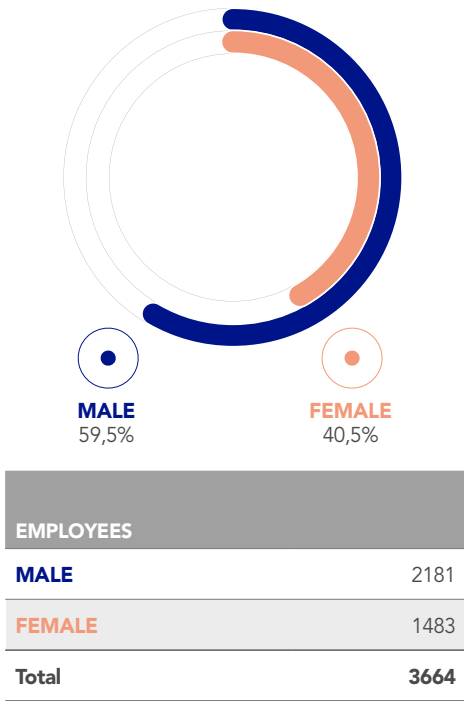
Building a truly inclusive environment requires the development of processes and guidelines to support the change. UFI Filters builds a diverse and inclusive culture in which all employees feel equally treated, appreciated and welcome.

We adopt practices promoting diversity, equity and inclusion, psychological safety, innovation, HSE and other important topics.

According a recent analysis, 40% of the group human resources are female and we have numerous examples **of women in management position** demonstrating how the skills and the merit are what the Group considers important disregarding gender religion or race.

Glocal mantra does not only apply to our clients it is a cultural part of our way to manage resources including the internal promotion of valuable talents.

Equal Opportunities



OUR PEOPLE

5.3 People Development

The improvement and personal growth of Our People is pursued by UFI Filters on a comprehensive scale. **All White Collars** in the Group each year are involved and subject to the Personal Business Plan (PBP) process.

The Purpose Of The Personal Business Plan (PBP)

Purpose of the PERSONAL BUSINESS PLAN (PBP) process is to design and implement a global process for the identification, retention and development of:

- **EMPLOYEES (TALENTS)**
who have the potential (high potential) to become an UFI Filters “future leader”.
- **EMPLOYEES (HIGH PROFESSIONAL/KEY PEOPLE)**
who bear strategic and/or technical knowledge for UFI Filters Group.

The Personal Business Plan (PBP) is created with a clear consideration of the UFI Filters Values in order to promote and foster the leadership traits of UFI Filters People. The PBP is one of the active tools that are taken into consideration when promoting or adjusting compensation for any employee in the Group. Should the employee fail to achieve its targets the PBP then develops in a further recovery plan that brings the performance under closer scrutiny with special assessment of training to support the person in achieving their objectives.

The Personal Business Plan (PBP)

The Personal Business Plan (PBP) has the convenient goal of providing:

- Guidance to the employee in achieving the assigned company targets.
- Guidance to the Manager in the evaluation of its staff in an objective way.
- A development plan to the employee including a training program.

We have also introduced starting from 2021 **the Leadership Potential Factor** into the Personal Business Plan (PBP) process: measuring the Potential to reach (in future) higher level of Performance and Leadership.

By leveraging “Potential”, UFI Filters wants to ensure that today’s “rookies” become tomorrow’s leaders, maintain the DNA of the UFI Filters group and grow with the company to ensure that our heritage finds continuity in our future leaders.

This is done through “Talent Programs”, through which we seek to nurture the growth of Our most deserving People. These Talent Programs are promoted through internal social networks (both digital and on bulletin boards) to ensure maximum dissemination of information and showcase our commitment to our values of diversity, equity and inclusion (DEI) by giving everyone the opportunity to improve in their work life.



OUR PEOPLE

5.3 People Development

Case in point: the APAC **Talent program** regularly enlists 20-30 talented young people each year who are engaged in an extracurricular program with the supervision of dedicated coaches and mentors who guide them through cross-curricular projects.

Results and performance are monitored by the Talent Committee (frontline directors) and the most deserving candidates are subsequently promoted through the ranks to positions of greater responsibility.

Furthermore, every new employee is supported in his onboard process by a specific **induction plan** that UFI Filters has decided to structure in a uniform way in all countries and in all the companies of the Group, once again to ensure all Our People Equity and Inclusion from the first day of work with us.

In order to continue to succeed, we need to engage all our people, listening and responding to their views and creating a working environment where people feel able to grow and are valued. For over 50 years, we believed that a diverse and inclusive workforce and culture of strong values is essential to long-term business growth.

Furthermore, in the last period we have strongly focused on the promotion of new job opportunities by presenting new job positions internally wi-

thin our organization, both to collect spontaneous job applications from Our People (**"Internal Job Posting"**) and to have Our People promote the new job offers presented by UFI Filters to their own personal network ("Job Referral").

The goal is to enable people to take advantage of in-group job opportunities.

An exceptional tool to give value to internal resources and of course an exceptional tool to make talented people grow.

The Global HR Function in the Head Quarters at Nogarole Rocca ensures that the policies and regulations applied in all our industrial sites are uniformly applied and equally carried out in order to ensure the equanimity of the system.

We always prefer to promote from within because it furthers employee loyalty, it guarantees the know-how base, it improves the employee belief in the meritocratic system that we foster and most of all empowers the people allowing their development and growth within the Group.

We communicate these changes regularly within our network via email and digital means (SSN) in closed and sometimes open fashion as the case may be. The accountability and responsibility sense that this way of communication generates is very valuable and furthers the bond between the Group and its people.



Besides the Talent Program we also have succession plans and **EDP (Employee Development Programs)** embedded within the PBP that allow us to provide the right career path for each employee if they are willing to engage the Group in such fashion.

We have identified leadership competencies that provide a common baseline of knowledge, skills, abilities and behaviors to support employee performance, growth and success.

Learning can take different forms and we are using all of them to increase operational reliability and resiliency but also operation efficiency and people empowerment.

Online courses, on the job training, internal trainers, external special courses, operational manuals and individual courses are used to hone the hard and soft skills of our people that want to engage the company to better themselves.

We define human performance as the way people, equipment, work processes and culture interact as a system. By introducing human performance concepts and enhancing leadership behaviors that promote learning, we are re-energizing our existing processes and tools. We focus on reducing the outcome of human error

by improving the interaction between individuals, critical controls and systems, by recognizing error-likely situations, and by applying safeguards to reduce the likelihood of error.

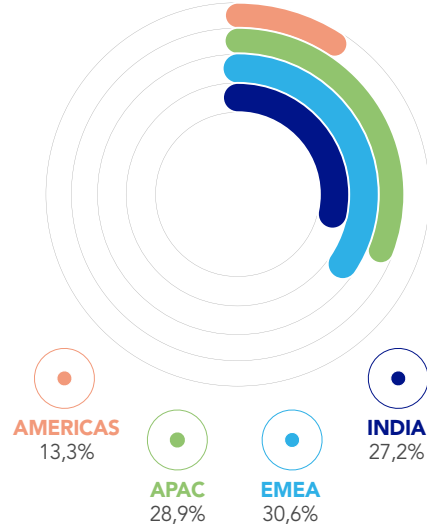
Understanding how people work enhances our ability to identify potential risks and verify safeguards to mitigate them. We have processes in place to encourage free dialogue on the work being done and to share ideas that promote operational reliability.

This approach is reinforced through additional activities such as verification of personal and process safety safeguards, and meaningful leadership engagement with field operations.

We have illustrated the Group's belief in the training system in the below table that shows the total number of hours of HR training carried out during the year 2021 in all our industrial sites, that equals **to an average training of almost 12 hours per employee.**

All of this without compromising our quality, production commitments to clients and holidays or personal obligations. It is a joint effort by the employee and the Group to sustain the values we believe in.

Training Hours At UFI



TRAINING HOURS	
AMERICAS	5.746
APAC	12.527
EMEA	13.228
INDIA	11.778
Total	43.279

OUR PEOPLE | 5.4 Attractive Working Conditions

Work/Life Balance

The joint effort in engagement is also supported by the attractive working conditions that the Group offers to its employees. We have cases of employees spending their whole working life with UFI Filters Group without ever looking outside for career advancement.

This is a testimony to the good balance between work and personal lives.

To allow people to have a better balance we have included in our HR policies the **Smart-Working Policy** that saw its beginning during the height of the pandemic.

We found that the people were working more efficiently and with more comfort being able to attend to everyday life issues right then and there, when they happened and not later on at the dinner table.

So we extended and included a rotational element in the Smart-Working Policy that is now a **benefit** to all employees of the Group as 1 day/week option to work in remote using all the digital tools that the Company has adopted during the pandemic (Video conferencing, Remote access to operational systems, Mobile phones etc.).

The Smart-Working Policy is the latest addition to the examples of the Values on which UFI Filters Group is founded and that have the support and endorsement of the highest level.

Our Values

These values that we hold dear and that we instill in our everyday actions are:

- **INNOVATION:** being one step ahead.
- **PASSION:** being driven by our heart.
- **EXCELLENCE:** delivering superior results, we are chosen by the best.
- **INTEGRITY:** adhering to moral and ethical principles.
- **ACCOUNTABILITY:** reaching our targets respecting our values.
- **DIVERSITY:** appreciating and valuing our differences.

Our commitment to building a diverse and inclusive environment is based on these Values. Each employee is accountable for creating and sustaining an inclusive work environment. These Values are discussed at the very beginning of every employee's working life in the induction process and they continue in the work life and in all our internal communication with Our People. Furthermore, to be noted that the Personal Business Plan (PBP) is created with a clear consideration of these Values in order to promote and foster the leadership traits of Our People.

HR functions where possible have a separate person dedicated to the internal communication and to ensure that the fil rouge of our values is maintained during the work life of the employee with the Group (**see section Ethics**).



OUR PEOPLE 5.4 Attractive Working Conditions

Transparency and disclosure are important to our workforce, to our stakeholders, and are an important mechanism for holding ourselves accountable for visible progress. We pride ourselves on educating managers on inclusive hiring practices and improving our recruiting process to mitigate bias, embed inclusion throughout our process and attract a diverse candidate pool. Our Social Channels and our websites are always advertising our open positions giving preference to internal candidates but also working with external channels to find the best fit for the position.

And since we prefer as discussed previously in this section to promote from within it is only natural that we have **several programs of internship and hiring for full time position with universities worldwide.**

As a token of gratitude to the many universities that work with us, we also make our executives available for lectures to Graduate and Postgraduate programs to establish a long-term relationship that is symbiotic for both organizations.

As a result of the good working conditions that the Group has maintained in its 50 years history the loyalty of our employees is exemplified not only by the cases of employees spending their whole working life with us but also by the low turnover rate of the past years (discounting any COVID effects).

The balance of work-personal life is not an exact science and in order to ensure that we look at all sides of the equation we also have **several benefits** within the employment contract that go above and beyond the legal requirements.

Medical care and Occupational health are by far the most important benefit because as we are reminded by our Chairman “if we take care of our people, they will in turn take care of us”. Along these lines are also the ability to apply for **parental leave** or for **assistance to elderly** because our people have families and relatives dependent on them for their welfare and well-being.

In order to strengthen this bond we have in many of our industrial sites (as culturally appropriate) **“Family Day”** programs that allow family members to see the environment in which their loved ones work and to appreciate the care that the Group takes for its employees.

We celebrate yearly the “10” and “20” Years of Service at the annual Year End Employee Meeting because recognition it is not only important for the person being recognized but also for those that have worked shoulder to shoulder (allowing for “social distancing”) with them.

We are all part of a big Team #weareUFI.



External Initiatives

UFI Filters Group (namely its Chairman and Top management) believes that its value is enhanced by the support to the local communities and associations near our locations around the world. Our Think Global and Act Local is also extended to the community interaction. This commitment is focused on inclusivity, education and providing better conditions to local communities and people.

Our people and our organizations are in different degrees involved in different project of varying magnitude centered around the concept of sharing and giving back to the community.

This commitment is not a “fad”, but it dates back many years ago under the guidance of the UFI Filters Group Chairman and sole shareholder. He identified a worthy cause in **the Charity “La Casa del Sole” (Mantova - Italy)**, a non-profit organization that strives to transform the lives of children’s with psycho-physical and relational handicaps. It has become a “tradition” for the UFI Group Management Team under the leadership of Giorgio Girondi to bring a few moments of happiness and human touch to the children of the institution.

It is a moment of joy for both the giver and the receiver and introspection as these moments bring the visitors to reflect on their own lives.

This commitment has permeated throughout the organization and out of the many worthy causes

either served as a corporate “citizen” or as an individual we have selected some examples that epitomize the spirit of how UFI Group interprets its responsibility towards the community.

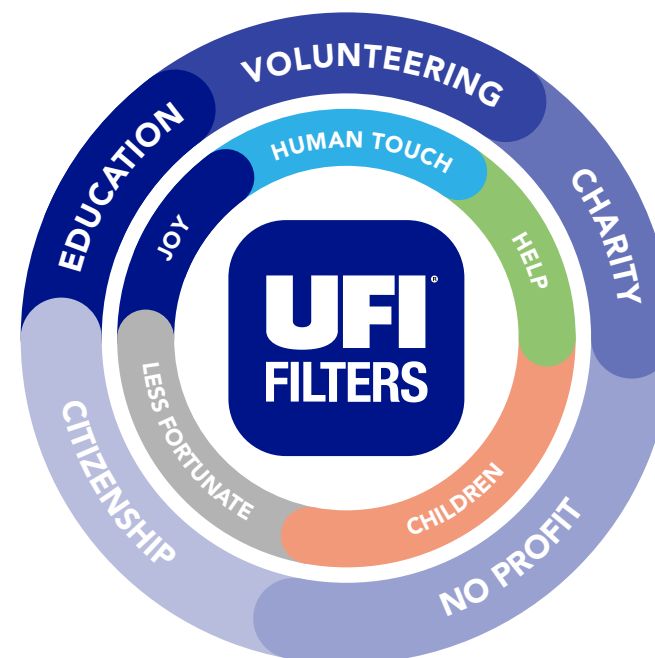
In India, UFI Filters has established a Corporate Social Responsibility committee that meets regularly and decides how best to use the allocated funds to worthy causes. These initiatives delve into several areas such as health care and education. UFI India cooperates with several local associations to distribute and ensure the best use of the funds. For example, in 2021, efforts were targeted in the provisions of medicines and free health checkup camps to improve the mistrust towards doctors and medical care in the poorer districts. **Education and Medical treatment** will improve the livelihood and well-being of the people and more specifically of the children. In previous years, these “interventions” were focused on schooling and education of the children from the less fortunate neighborhoods. The intent and efforts are a driver to bringing a better condition and offer opportunities to the less fortunate.

In Czech Republic, our colleagues individually contributed to a charity campaign. During 2021, our affiliate in Ostrava (location of CZ plant), to help drive a healthy lifestyle in our people, organized a sport activity finalized to offering funds to a worthy chosen Charity. Our colleagues participated to the **“Running for the charity”** event.

The event targeted support by fans to click and donate to the charity via social media for each individual run and registration provided by the participants. The funds were allocated at the end of the event to a center that helps families with autistic children.

In **China**, going back further to 2019, UFI Filters Group sponsored an English Essay writing com-

petition among the schools of Shanghai open to all Children of Primary, Middle and High School to support **the education** effort of the local community for garbage separation and **recycling**. The UFI Cup was awarded to a middle school student who was nominated UFI Ambassador to cultivate environmental awareness in the local schools. The event that took place over several weeks was followed on social media and local newspapers.



UFI Filters has a long history of upholding employee needs and maintaining positive and constructive industrial relations.

We believe in the Freedom of the Individual and in respecting his/her rights and an expression of this respect for the individual is the Freedom of Association and representation of the rights of the employees in all the sites where we operate.

We cooperate and respect the formation of representative bodies in all countries according to the local legislation and regulations. We work together with those representing Our People monitoring and communicating on labour conditions, health and safety, environment and business ethics.

We Pride ourselves in sustaining and bringing forward Company values in all our activities including the relationship and communication with the representative bodies. UFI Filters' respect for people guides strategy, policy and activities across our operations and supply chain. We promote respect for people along the entire value chain and we hold the highest regard for the people that work with us day in and day out.



#ChosenByTheBest

Our Clean Solutions

Our success in pursuing clean mobility solutions together with our customers

is based on the following three key points:

- 1. INNOVATION:** Continuous technological.
- 2. RESEARCH:** Solutions for extreme performances.
- 3. DEVELOPMENT:** Investment in technologically advanced products.

Innovation is our DNA and as a result Research & Development (R&D) are a fundamental asset of our Group. Every year UFI Filters reinvests about the 5% of its turnover in R&D with more than 250 employees around the world to provide innovative filtration solutions along with New Thermal Management and New Energy Vehicle-related products.

Over the last five decades, we have developed and provided our proprietary know-how in filtration and in the design of innovative and complex systems, which are protected by many international patents, patent applications and utility models that provide the Group a distinctive imprint in all its business market and channels.

Climate change is a global emergency that goes beyond national borders, and the Paris Agreement of 2015 reached a breakthrough to prevent climate change and protect the environment fostering international cooperation and coordinated solutions at all levels.

The European Union legislators have adopted even more stringent reduction targets compared with 2021 baseline, which result in cutting emissions from the passenger car fleet by 37.5 % by 2030 and by 31 % for light commercial vehicles with an interim target of 15 % reduction by the year 2025. The EU established a new regulation that provides checks on emission limits not only during the approval phase, but also during the life of the vehicle, for a duration of 5 years or 100,000 Km.

Our Sustainable Solutions

UFI Filters being a principal actor in the filtration of pollutants and elements that could harm the environment has taken a lead in helping OEMs reach the emission targets assigned and is resolutely committed in providing:

- Systems and solutions with a strong reduction thanks to new materials and multifunctional integration within other components.
- Solutions that enable engines and vehicles, to perform in an efficient way minimizing fuel consumption and pollutant emissions into the atmosphere.

The pandemic has stressed these changes and brought renewed acceleration to the efforts for climate change. The OEMs in their part have moved

to integrate these new sustainability models into their Modus Operandi and are now also bringing updated requirements to the whole value chain with special focus on the supply chain.

To achieve the targets that have been set out, exhaust emissions from transportation must be dramatically reduced. The reduction of emissions today represents one of the main drivers of technical development in the automotive sector, therefore electrification and radical efficiency improvements of the Internal Combustion Engines are and will be an essential condition.

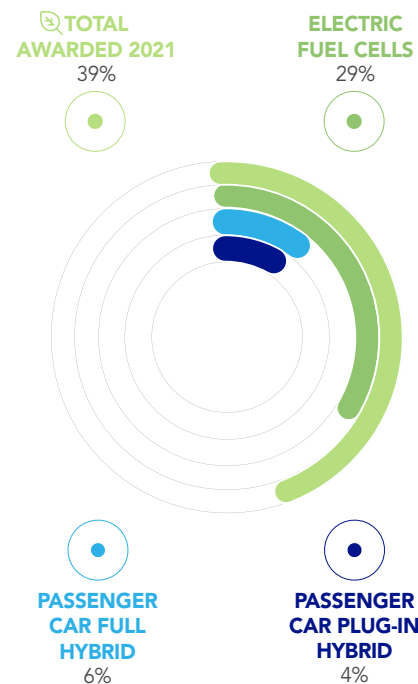
Electrification has brought new lines ups of products such as full Electric Vehicle technology and Hybrid Vehicles. On the other hand, ICEs will continue to exist for a while longer, where efficiency improvement is pursued by combustion optimization and Thermal Management. These innovations have focused the development of new efficient technologies for the optimization of Thermal Management of engines and batteries.

This new product line and market segment is one in which UFI Filters Group will play a major role in the future having in-depth knowledge and having invested in Thermal Management since some years.

This new direction is already present in our portfolio as in 2021 **the 39% of new business awarded projects by UFI Filters are electrified**

vehicles applications. Only two years ago, in 2019, this share was about 26%. UFI Filters has this comes on a change also in product applications developed for new full electric and fuel cells vehicles applications. These new applications and products now represent about 30% of our portfolio (8% in 2019). The infographic shows how the new business awarded is composed by a large part by NEVs applications.

Our Business Awarded in 2021



In order to respond effectively to these new challenges and to be able to support our customers globally, UFI Filters adopts a Glocal approach in the research, design, development and testing of new filtration solutions, with the 3 R&D Excellence Centers located respectively in the HQ in Verona - Italy for EMEA, in Shanghai - China for APAC and in New Delhi for INDIA.

Clean Solutions

The organization of R&D and Innovation is focused on four products vectors:

1. Liquid Filtration
2. Air & Oil Mist Separation
3. Air Filtration
4. Thermal Management

These new products are being developed keeping as basic principles sustainability and response to the challenges set by the industry.

LIQUID FILTRATION

All along the 50 years from its foundation, UFI Filters has offered cutting-edge solutions in response to the technological evolution of the automotive sector. We have always been on the forefront of diesel, gasoline and engine oil filtration to help engines running smoother, by applying our proprietary technology to the cleanliness of the fluids running the engine. **FormulaUFI** is the latest

evolution of a line of products, a testimony to the know-how of the UFI Filters Group engineers of the R&D centers always improving a quality product striving for excellence.

We did not do this alone because we have been walking hand in hand with the OEMs supporting all the technological advancements by introducing always new and superior products that met and went above and beyond of all the new challenges posed by the industry. But ICEs are slowly losing traction and will be replaced in the future by the electrification technology that is sweeping the transportation industry. And again, we are on the crest of the wave. For more details see the section of Thermal Management.

AIR & OIL MIST SEPARATION

This year we have been awarded by premium car manufacturer and by the industry media for the development of our **MULTITUBE** air filter system, a revolutionary solution which is the result of a new concept in air filtration. This air filter is made by several pipes, with specific diameters, coated in a rigid non-woven filter media and brought together in a cartridge. Thanks to its geometric structure UFI MULTITUBE offers better fluid dynamics, guaranteeing the availability of extra power while minimizing harmful emissions and fuel consumption.

UFI MULTITUBE's innovative features allow for the reshaping of the complete filter, providing significant filtration performance – over 99.5% of contaminant retention – in a more confined space:

in the end the solution has reduced bulk by up to 50% compared with a traditional panel filter. This solution has been adopted by high performance

cars, but it has also turned out to be very advantageous for hybrid cars, where space in the engine compartment is especially limited.

FormulaUFI / Liquid Filtration



MULTITUBE / Engine Air Filtration



AIR FILTRATION

The Paris Agreement poses challenges to the emissions that are inserted in the atmosphere and compose part of the air we breathe. **#wecare.... about what you breathe is the mission** that our Chairman has posed to the entire Group in order to intervene not only on the causes of the pollution but also on the re-capture of the pollutants already in circulation.

Cabin Filtration, Civil construction air filtration, masks represent our response and rise to the challenge. We have developed new lines of products to facilitate capturing pollutants that are in the air we breathe.

We want to protect your health and that of your families in the environments where you should feel safe. The car cabin and your home should be protected by **HEPA level Air Filters**. We have developed new product lines exactly for this purpose.

The D+Fend filters also have capabilities to inhibit bacteria and dangerous agents (virus type) besides purging the air from harmful gases and noxious elements.

The Masks Defender KN95 and FFP2 have been created as a response to the global pandemic emergency to support the fight against the virus. By using our know-how to develop these high performing Personal Protection Devices we

have shown how an Automotive Supplier can support and be useful in a medical emergency.

#wecare

THERMAL MANAGEMENT

UFI Filters Group has been present in the world of heat exchangers for the OEM automotive sector since 2010.

Investment in R&D along with innovative technologies have led to the production of water-cooled and vacuum-brazed aluminum heat exchangers.

These new products allow a more robust, efficient and clean cooling process to be achieved.

Maintaining the oil cooling circuit within optimal temperatures has profound impacts on the consumption, emissions and engine/transmission life. This is our Know how recognized by many of our customers including **New Energy Vehicle manufacturers**.

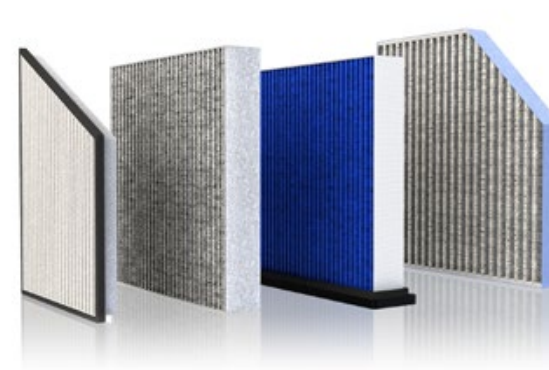
But our innovation does not stop here as **the commercial vehicle** sector is now turning to electrification and bigger power means also higher need for temperature control via Thermal Management. We have just scratched the surface with our project of **multi heat exchangers**.

This project was developed hand in hand with the client at our Poland Industrial site.

The Innovation takes a further step by including in our Thermal Management solutions our own designed thermostatic by-pass valves, which re-

gulates the flow and circuit of the oil according to the operating temperature, saving fuel and space in the engine compartment.

Cabin Air / Air Filtration



Thermal Management



OUR INNOVATION

6.3 Our Process

R&D alone would be not sufficient as production in sites spread out worldwide need standardized operating procedures / processes and manufacturing facilities that ensure consistency and quality anywhere the products are produced.

The function of our **Industrial Process Engineering** team is to guarantee the quality and uniformity of the products ensuring that we also respect emission standards without exceeding, albeit controlling greenhouse gas emission and any waste from our production processes.

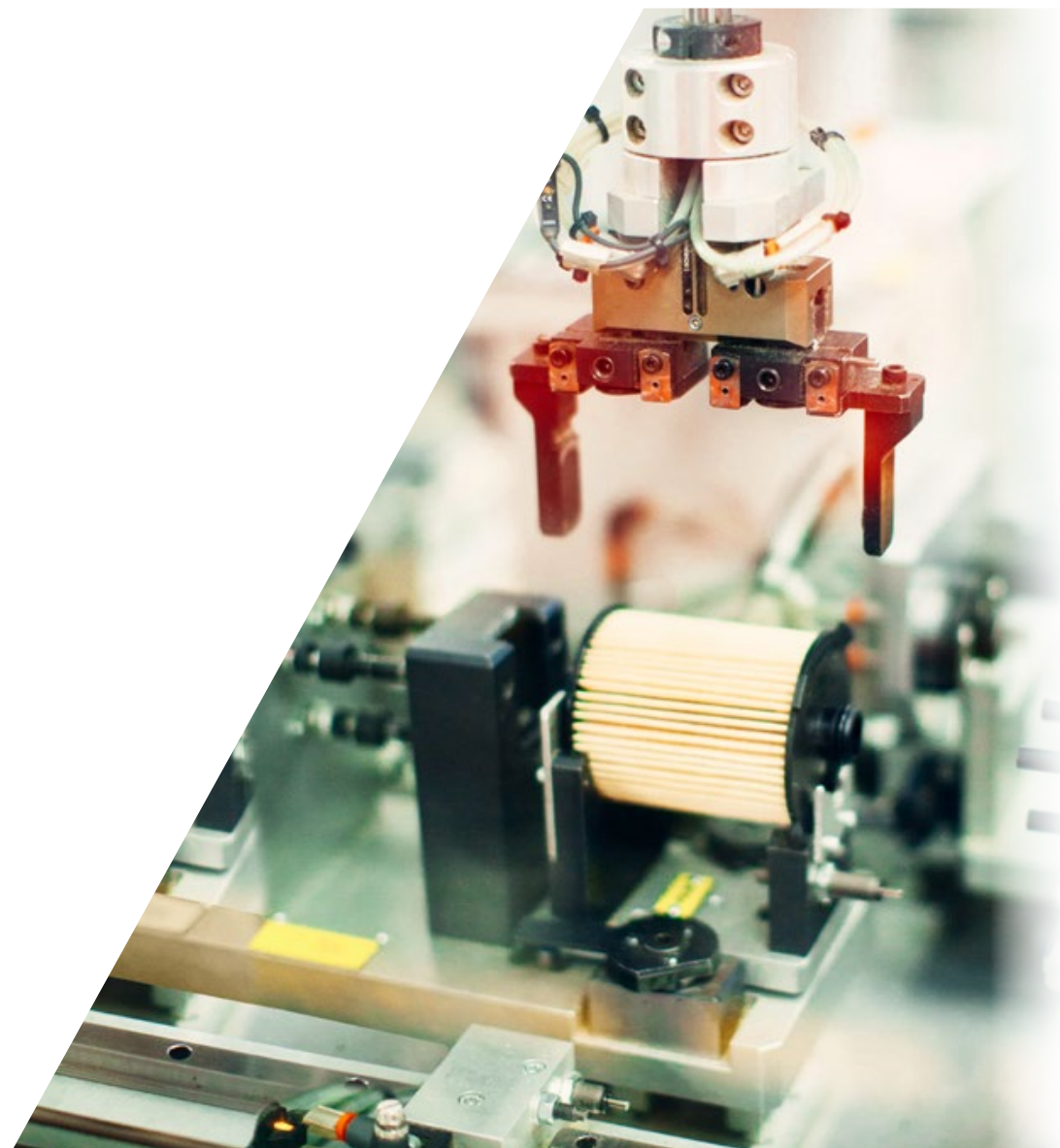
This complexity of multiple processes and products for multiple clients (personalized designs for each) is compounded by the international nature and geographical footprint of our industrial sites. Production although specialized for local-to-local care have to be also interchangeable in order to satisfy any peaks of demand or global projects across regions. In all our regions and sites, the most important KPI of the manufacturing plants are monitored, recorded and verified with **the Plant Performance Review** process. Particular attention is paid to the respect of the target for the scrap and waste rate assigned to each plant, which reflects in several initiative to continuously improve our processes and equipment.

Monitoring of the Equipment is paramount to ensure efficiency and precision and our IPE team monitors Overall Equipment Efficiency (OEE) of all our production lines, machines and equipment as well as their saturation.

This global coordination is done centrally to ensure that our teams across regions deliver clients' orders timely and qualitatively perfect. We pride ourselves in being able to serve a single OEM across regions with the same quality of products. This is the reason why we are chosen by the best **#chosenbythebest**

Innovation is also part of the way in which we produce. This is demonstrated by the continuous updating of the machines used for the production but also by the way in which we have moved from **Lean Manufacturing to World Class Manufacturing** applying our methodology and now preferring to develop our new industrial sites from a green field rather than adapt existing facilities.

Examples of this new methodology are the plants in Poland, Mexico and Chongqing China constructed with the latest technology and building materials including sustainable energy sources and emission control, and let's not forget the comforts and safety/well-being of our operators.



6.4 Customer Health & Safety

#WeCare

#WeCare... that the highest quality and reliability of our products is guaranteed to protect the health and safety of our customers.

In compliance with the high requirements of our sector, UFI Filters adopts a proactive approach to anticipate any problem and criticality along the entire production cycle and to implement preventive corrective actions.

Our engineering centers carry out a risk analysis for every new product, according to **the Failure Mode Effect Analysis (FMEA)** standard of the automotive industry. This methodology allows our engineers to identify and evaluate in advance the potential risks and weaknesses related to the product design and the production process development that could affect product quality and reliability. As a result, necessary improvements and their priority of intervention are scheduled, validated and implemented in advance to the start of production. This analysis continues for the entire life cycle of the product and it is updated periodically integrating any deviation that might occur along the process or evaluating the impact of any change request received on the project.

In particular, through the FMEA methodology, the key characteristics of our products and processes that have potential impact on safety of the end user can be managed and systematically monitored and controlled for the full product life and all

along the entire production chain (product development, internal process and supplier process).

These elements constitute the fundamental part of **the Quality Management System of UFI Filters**, in compliance with **the “Automotive Quality Management System Standard” IATF 16949:2016**. This system, characterized by procedures and guidelines common to all production sites of the Group, allows to transfer the best practices and the lesson learned from one site to another, as well as to manage all production plants with the same standards and the same quality indicators.

Both the production sites and central functions are subject to regular internal and external auditing. In this way, we ensure compliance with and the continuous improvement of our management system and associated processes.

UFI Filters has defined a structured monitoring process for quality performance, both internal and external, which also involves customers and suppliers. In particular, the quality and safety of products is monitored at all Group plants using specific indicators. These metrics are defined by the Quality Department which also set out the annual objectives in this area. Among these indicators, the most important are those related with scrap rate index and with the monitoring of number of complaints and defects received by the customers, which are collected and reviewed on

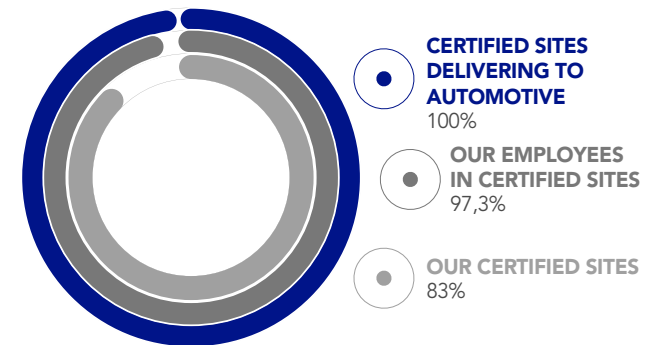
a monthly basis; the main results are then discussed by an executive committee on regional basis.

Regarding customer satisfaction, in line with automotive practices, monitoring takes place through the customer portal, that provides a monthly **scorecard** with the performance evaluation of the service and products supplied by each plant. In particular, the scorecard monitors industrial performance as regards quality, pur-

chasing, logistics and responsiveness indexes. These results are then shared internally as part of a monthly quality reporting.

The IATF 16949:2016 awarded certification confirms the validity and effectiveness of our Quality Management System; **in 2021 all the group manufacturing plants that delivers to automotive OEM customers are certified with IATF 16949:2016 quality management system.**

The IATF 16949:2016 Certification



100% of Our Sites delivering to Automotive OEM are certified IATF 16949

97,3% of Our People works in sites with IATF 16949 Certification

83% of All Our Sites are certified IATF 16949 (GRI index)

We would not be able to produce the quality products that we have without the great support of our **Supply Chain Team**.

This is one of the biggest companies' challenge because we take responsibility not only for our quality but also for our Suppliers' quality and safety. UFI Filters Group is committed to **material compliance** and strives to ensure **high social, environmental and human rights standards also in its Supply Chain**.

We have undertaken several initiatives to verify that products and processes do not contain hazardous substances (or within the limits imposed by international legislation when applicable), and **verifying that materials are also sourced from conflict-free areas**.

In order to support our ongoing efforts to manage and demonstrate compliance with pertinent governmental laws and regulations, such as REACH, ELV, ROHS, Conflict Minerals, California Proposition 65 and others, UFI Filters Group's Suppliers are required to comply with our **Group Material Compliance Policy**, declaring the content of all the substances contained in the products, supplied to any UFI Filters Group companies worldwide. The purpose of all these mentioned regulations is to ensure high-level protection of human health and of the environment.

High-Level Protection Regulations

We abide by:

- **REACH (Registration, Evaluation, Authorization and Restriction of Chemicals)** is an EU Commission Regulation on chemicals and their safe use. It requires companies to manage the risks from chemicals and to provide safety information on the substances present in the products manufactured, imported and distributed into the European market.
- **ROHS (Restriction Of the use of certain Hazardous Substances in electrical and electronic equipment)** is an European Union Directive (2011/655) with the aim of restricting the usage of certain hazardous substances in electrical and electronic equipment (EEE) including the environmentally recovery and disposal of waste EEE.
- **ELV (End of Life Vehicle)** is a European Union Directive (2000/53) that aims at the prevention of waste deriving from vehicles and at the reuse, recycling and other forms of recovery of end-of life vehicles and their components, other than the safety of the operators directly involved in the treatment of end-of life vehicles.



Not only these but with **the IMDS System (International Material Data System)**, we use the globally standardized exchange and management system for material data in the automotive industry, in which the chemical composition of materials, components, and products is declared. IMDS is used to collect, maintain, analyze and archive all materials used for car manufacturing.

Being a global company, we also commit with the United States Securities and Exchange Commission ("SEC") final rule regarding **Conflict Minerals**, jointly referred as the "3TG" (Tin, Tantalum, Tungsten and Gold).

UFI Filters Group requires to its suppliers to disclose whether or not 3TG are contained in the products, to trace and regularly monitor the sourcing of the minerals across the supply chains and validated smelters whose due diligence practices have been proven and declared.

In the recent years, UFI's purchasing has developed a strategy that favors local supply chain, with the aim of increasing sustainability for its own products. This approach has enabled the

supply chain to stabilize, minimizing the risks associated with the lack of deliveries and the increase in products costs caused by several factors, such as political tensions between different geographical areas.

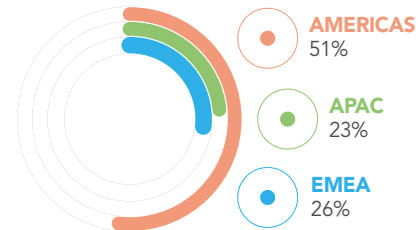
Moreover, lack of availability of slot and containers due to tensions on the overseas transport market, exchange rate volatility and duties between countries caused by growing protectionism are among other unfavorable consequences caused by the intercountry situations. This approach allows to reduce these issues and favors greater control and predictability, that positively affect the supply chain.

In addition, UFI turned towards a greener approach, taking into account the impact of our company on the environment. The reduction of shipping and storage allows to limit energy consumption and emissions caused by long journeys between continents.

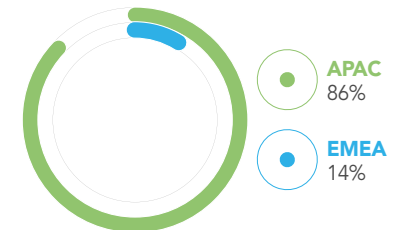
At the engineering level, thanks to the local supply chain approach, we engage the new technologies in which countries are investing, supporting local employment rate.

Purchasing Amount

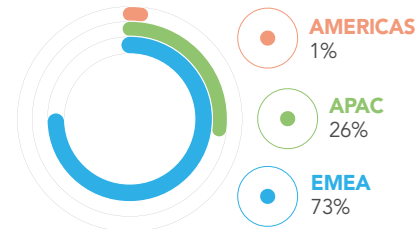
AMERICAS Purchasing



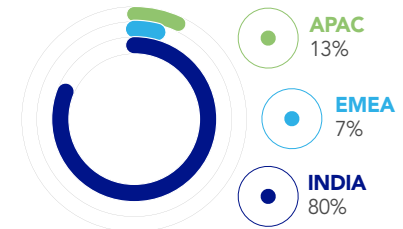
APAC Purchasing



EMEA Purchasing



INDIA Purchasing



OUR WORLD | 7.1 Approach To Environmental Management

Our World

Like for many other companies in the automotive world, the operating activities and specifically the production of filtration and thermal management products are energy and material intensive. Our products purify the environment but the toll taken in terms of raw materials, human resources and energy is high. It is for this exact reason that we have vowed to save every ounce of resources, albeit human, raw or energetic, whenever and wherever possible. All our EHS staff and Process Engineering are always looking for the next process change and machine upgrade to be able to save resources while maintaining our renown quality and efficiency standards. We go above and beyond our legal requirements because #we-care. #wecare not only about our efficiency but about our legacy and what we will leave to our future generations.

ENVIRONMENTAL MANAGEMENT

Our approach to the environment is carried out via the **EHS functions regionally** with a central coordination by **the Group CEO steering committee** and a monitoring by the regional leadership and the regional EHS committees.

The approach to lead by example has the ultimate goal to preserve our planet's resources (as indicated in our website under Sustainability). It is based on simple principles that look at all resources involved in the production process to save energy and materials every day with the contribution of everyone involved. The simple process is compo-

sed of 2 main Vectors that allows us to better direct the efforts and the focus.

The 1st Vector is the **Compliance Vector** which has the objective to analyze the compliance with the various laws, rules and regulations that each country has in terms of environment and each industrial site has the mandate to be always compliant with the above rules and regulations.

Analysis & Monitoring

The analysis and monitoring is carried out via:

1. Verification of legislative compliance – because we are always compliant as the minimum engagement of any of our industrial sites.
2. Environmental analysis – because we need to go beyond and understand how our productions and operations impact the resources and the environment used in the manufacturing process.
3. Management review – because the commitment is made at the highest level and it is carried out via the various management level coordinated by the Group Steering Committee.
4. Compliance with the international standard ISO 14001: 2015 – it is our objective that all our industrial sites should be ISO 14001:2015 compliant as verified by an independent body.

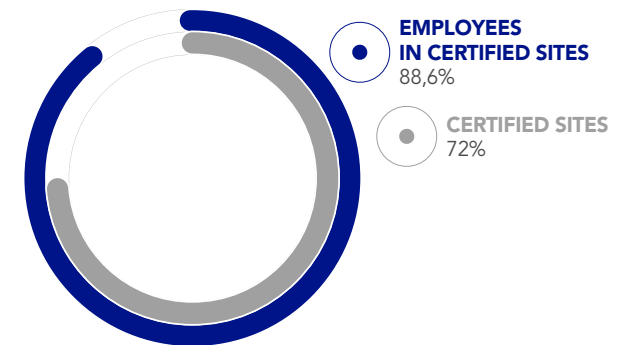
The 2nd point of the environmental analysis has also the objective to look at the risks for the environment. This is the 2nd vector that we analyze in our production processes and in their design and implementation.

The RISK Vector has the task to look at the risks both internal and external that could impact the environment and the resources involved in our manufacturing operations. The result of the 2 Vectors is **the Environmental policy**, which establishes the foundations of this system management,

also includes the criteria to which UFI wants to comply to minimize its environmental footprint with a view to sustainability, as regards the use of materials, energy, water and waste management.

Thanks to an accurate environmental management and a progressive ISO 14001 Certification extension to all Operations, **in 2021 no monetary fines on environmental matters and no legal disputes were identified in UFI Plants. Furthermore in 2021 no spills occurred.**

The ISO 14001 Certification



88,6% of Our People works in sites with ISO 14001 Certification

72% of our industrial sites are ISO 14001 Compliant with 2 sites less than 18 months old

OUR WORLD

7.2 Energy Consumption

UFI Filters uses primarily electricity and natural gas as energy sources, accounting for almost all the Group total energy consumption.

In 2021, the Group consumed approximately 64.5 MWh of electricity and 1,16 million cubic meters of natural gas. Diesel and fuel oil represent a very small amount of use, limited to very few specific equipment and sites.

UFI is primarily an electrical energy – consumer company, which accounts for more than 83 % of the total energy consumption (*conversions used 1 Sm3 = 10,69 kWh). Energy is provided by regional networks which rely on different partners and distribution lines.

Electrical energy is used primarily for assembly and verticalized processes, as well as for all the auxiliary systems.

Natural gas on the other hand is mainly used for heating and production of domestic hot water, the use of natural gas in manufacturing is limited to some few processes where heating ovens are used (e.g. die-casting production...).

We are always thinking of how saving resources

and so we constantly think of ways to reduce our energy consumption and our carbon footprint.

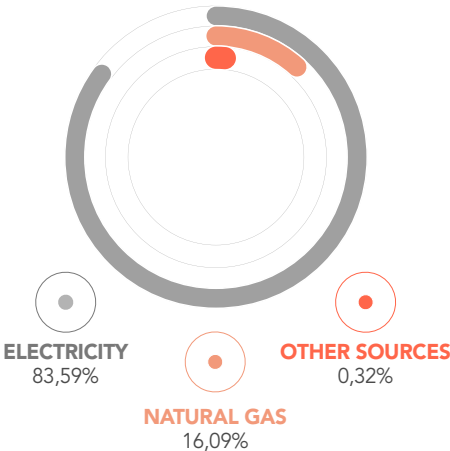
From 2020 to 2021, just to cite a few honorable mention initiatives, we concentrated in re-engineering processes in our plants to reduce the electricity and natural gas usage.

In one of the plants in Shanghai a particular focus was put on the production schedules with a specific project aimed to monitor the monthly trends and optimize the production shifts in order to avoid unnecessary consumption of auxiliary equipment in the weekends.

In another plant in Shanghai, we have estimated a 5 to 10% of reduction of the electricity consumption needed by the brazing ovens for the production of our heat exchangers, through the optimization of the brazing cycles and the increase of the rack load.

Furthermore, our plant in New Delhi replaced HSD (High Speed Diesel) burners with more efficient ones working with PNG natural gas. With this initiative we have saved 24,5 thousand liters of HSD whilst have consumed 27 thousand Scm of PNG for the same production quantity output.

Energy Consumption



SOURCE	UNIT	CONSUMPTION
ELECTRICITY	kWh	64.489.592
NATURAL GAS	Sm ³	1.161.394
DIESEL	liters	25.349
FUEL OIL	liters	3.083

OUR WORLD | 7.2 Energy Consumption

Renewable Energy

In seeking cutting edge technology also in our sourcing, UFI plans to source renewable energy where this is offered and available.

We seek to increase the use of **sustainable energy sources** in all our plants substituting cleaner and renewable energy to current sourcing. This can be achieved through a combination of **on-site production (e.g. solar cells) and direct purchasing of green power from the grid**.

Last year, UFI Filters monitored for the first time the amount of electricity purchased from renewable sources from 3rd parties by a specific survey through all operational sites.

Our total estimated renewable energy usage is around 21,6% as purchased by national utilities providers, based on their declaration about annual energy mix composition in producing electricity.

According the GRI standard, the electricity produced by sustainable energy sources which is certified by the provider as delivered to the site, covers 6,04% of our total energy consumption.

These certifications are provided specifically for our plants operating **in Czech Republic and Poland**. These 2 sites now **source 65,5% of their total energy needs by sustainable sources**.

Our manufacturing plant located **in New Delhi (India)** has completed a project of conversion of energy sourcing from the local grid to **an autonomous solar panel field**. The installation of solar panel on the top of the building roof and in the parking lot provides a total installed capacity of 463 KWp. In 2021, this installation produced 683 MWp of which the 88% was used for the operation of the plant and the exceeding quote was returned to the National Electricity Grid (DHBVN, Government Electricity Board).

Sustainable Energy Sources

RENEWABLE ENERGY BY SOURCES	kWh
CERTIFIED BY SUPPLIER (ACCORDING GRI)	3.897.926
AUTONOMOUS SOLAR PANELS SELF-CONSUMPTION	601.876
AUTONOMOUS SOLAR PANELS RETURNED TO THE GRID	82.395



OUR WORLD

7.3 Waste Management

All our industrial sites record all individual waste flows and categorize waste in **hazardous** and **non-hazardous** according to the country-specific regulations.

Furthermore, waste sorting and selective collection is implemented in all our industrial sites with the use of color-coded trash bins and waste disposals.

We are also mindful that the waste needs to be tackled at the source.

So, we are implementing in our sites **the 4 R system Reduce, Reuse, Recycle & Recover** to reduce the consumption of raw materials and the related environmental impacts.

We have implemented several internal initiatives and actions to optimize their usage with minimal waste. We strive to recycle what cannot be reused as a process waste.

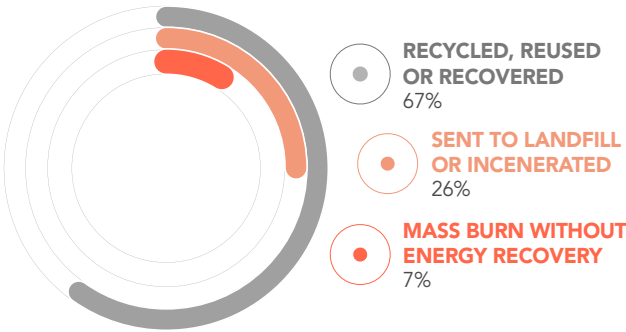
If neither reuse nor recovery are possible, our aim is to dispose waste using the available methods that has the lowest environmental impact (e.g. waste-to-energy conversion or treatment).

The waste disposal is always handled by qualified collection companies, in accordance with local regulations. UFI does not directly transport waste neither in country nor abroad.

Last year we have generated and disposed around **5.778 tons of total waste, with 91,5% classified as non-hazardous** which have been **recycled for quota of 66%** as per the beside table.

As regards initiatives aimed at improving waste management, worthy of mention is a specific recycling machine installed in our plant in Sofima Shanghai (China) to reduce the amount of hazardous waste coolant. This new technology reduced the waste coolant from 152,0 tons (2019) by 80% to 31,6 tons (2021).

Waste Management



TOTAL WASTE	Tons	Percentage
Total	5.778,5	100%

TOTAL NON-HAZARDOUS WASTE	Tons	Percentage
RECYCLED, REUSED OR RECOVERED	3.815,3	66,0%
SENT TO LANDFILL	1.078,2	18,7%
MASS BURN WITHOUT ENERGY RECOVERY	391,1	6,8%
Total	5.284,6	91,5%

TOTAL HAZARDOUS WASTE	Tons	Percentage
RECYCLED, REUSED OR RECOVERED	54,9	0,9%
SENT TO LANDFILL	438,9	7,6%
MASS BURN WITHOUT ENERGY RECOVERY	0	0%
Total	493,9	8,5%

Water is an essential element to life but not a key element in our production processes. The water consumption of the UFI Filters Group is monitored and controlled in all its uses. The use of the water resource concerns the production of the sales items (mechanical processing and washing processes) and auxiliary services to production (testing room, cleaning processes, water for hygienic use / sanitary - bathrooms / toilets, changing room showers, heating, reserves water systems, canteens). We also have reserves of water for fire-fighting purposes.

Wastewater is mainly discharged into public sewage system, in some cases wastewater from production is collected as hazardous waste.

For next years, UFI aims to continue this conscious approach, trying to integrate water saving activities and sensitising its employees on a more mindful use of it.

In 2021, consumption decreased overall within the Group. Special mention for the decrease which took place at Sofima Shanghai Co. Ltd mainly attributable to the revamping of the water pipe network in order to replace old pipes, avoid underground leakage and perform water balance studies.



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