

SODECIA

Adding value *To you*

INTEGRATED REPORT 2022
SUSTAINABILITY

SODECIA

Adding value *to you*

We are an important component for the automobile sector, over the years we have actively contributed to the development and adaptability of this industry. This happens thanks to the people who are dedicated every day to the future of Sodecia, together we go further, towards the future.

We are adding value to industry,
We are adding value to you.



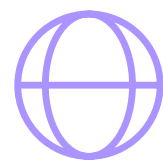
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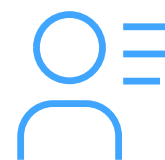
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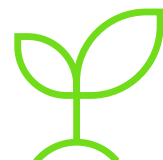
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About this Report

Financial and non-financial information reporting

With this document, SODECIA Group continues the policy of transparency in the reporting of financial and non-financial information.

The report was prepared in accordance with the Standards of the Global Reporting Initiative (GRI) version 2021. In its writing, namely in reporting the GRI indicators, and given the size of the Group, it was not always possible to consolidate data from all geographies. From a perspective of transparency, such occurrences were identified and correctly described. However, we are committed to the continuous improvement of the data collection process, namely in a greater disaggregation of the Group's units.

Presentation of information

Use the navigation bar on the left of each page, as well as the internal links for a better reading experience. For more information, see the provided links to external web pages.

Publication cycle

The information reported in this report refers to the period between January 1, 2022 and December 31, 2022. The report is published annually

Verification of information

The financial information contained in the report was subject to an external verification, conducted by PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. which prepared an independent report, with a limited guarantee of reliability, which can be consulted in the annex.

Publication date

February 21, 2023.





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Message from the Board of Directors



SODECIA is an industrial Group founded in 1980 that operates worldwide as a full-service supplier in the automotive industry.

2022 was an especially difficult year. The war in Ukraine has made the serious, dangerous, and unpredictable geopolitical problems facing the World clear and apparent. Some nations live in a fragile peace. Many countries are, directly or indirectly, at war. The effects of the problems accumulated since 2020 continue to be expressed in the instability of the value chain, as a result of widespread supply failures, causing an unbalanced resource structure given the constant unpredictability.

2022 saw sales growth in all regions and was also a record year for the acquisition of new business, with EVs standing out, exceeding one billion euros in total

lifetime sales. Because of this new business, we had to increase capex investments by an additional 25%, thus surpassing 46 million euros. Notwithstanding these facts, we have suffered significant repercussions with the delay in launching a few programmes, for reasons unrelated to Sodecia, namely in North America, Europe, and South Africa, causing a considerable impact on our results.

Of note is that the new plant in South Africa started sales, in November, and the new hot forming facility in Mexico, in December, expecting a positive contribution to future results.





In fact, this restructuring process, which has started some years ago, was thoroughly discussed, analysed and finally decided upon at the highest level of our Group.



Although Sodecia acknowledges everyone's tremendous effort and commitment, it cannot be fully satisfied with the results achieved. Margins have been burdened by rising costs throughout the supply chain, including the huge impacts of rising raw material prices, gas, energy, transport, and labour costs. Additionally, a substantial increase in costs for new equipment, tools, and devices was felt, in this case made worse by the increase in the time to market, also a consequence of the lack of electronic components.

Additionally, the widespread lack of skilled labour in the sector has generated additional difficulties in all areas of the business and has even required the development of impact mitigation strategies, which were not always totally effective, but which resulted in marked increases in costs. This is a problem that we will continue to face in the coming years and for which we have been developing a strategy that will have an impact on this new labour reality.

The gains in industrial efficiency achieved by virtue of our new investments, as well as of continuous improvement programmes implemented in all our plants were used up by the tremendous effects of

high inflation. There are, however, significant gains in productivity, reflected in the 28% increase in sales over 2021 and in the maintenance of the headcount.

It should be noted that Sodecia's internal restructuring process was maintained as a way to obtain gains in management and commercial efficiency.

Regarding our sustainability policy, we have made considerable progress in implementing our own targets, having increased the use of renewable sources in energy consumption during the year. Our goal is also to continue to increase social responsibility actions and measures.

For 2023, Sodecia anticipates an economic slowdown. Rising interest rates are already weighing heavily on investment and have been affecting private consumption.

In this climate of economic uncertainty, we will do our utmost to maintain a balance between protecting the improvement of our results and financial solidity on the one hand, and investments and possible acquisitions on the other.



"2022 saw sales growth in all regions and was also a record year for the acquisition of new business, (...), exceeding one billion euros in total lifetime sales."



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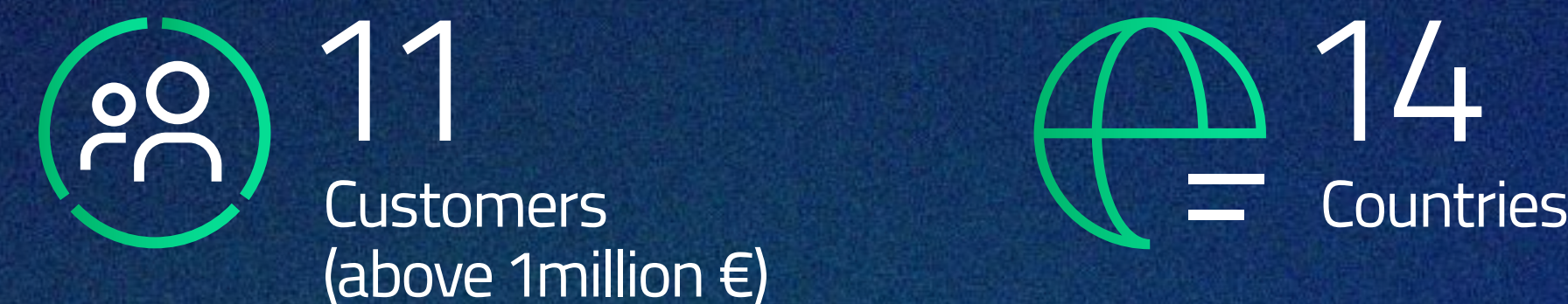
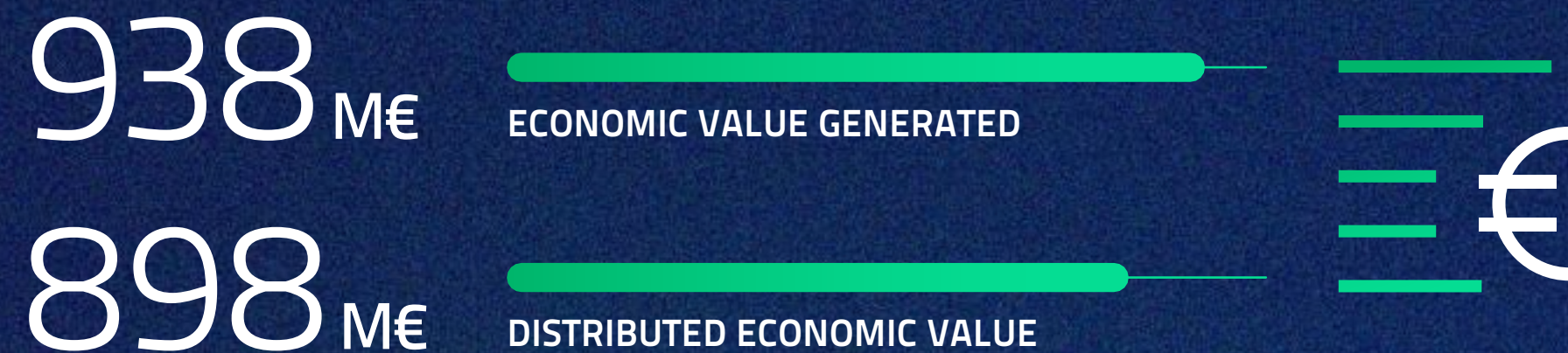
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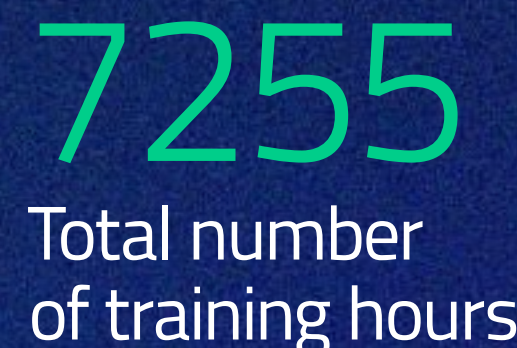
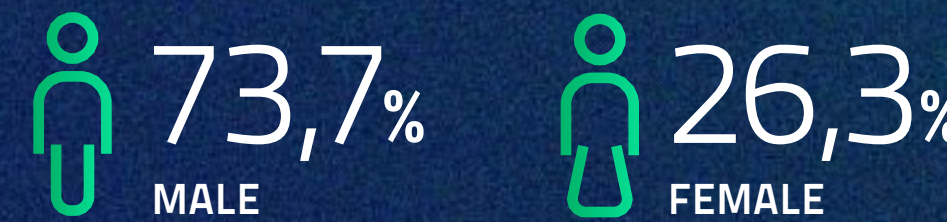
SODECIA IN 2022⁰¹

Highlighted numbers

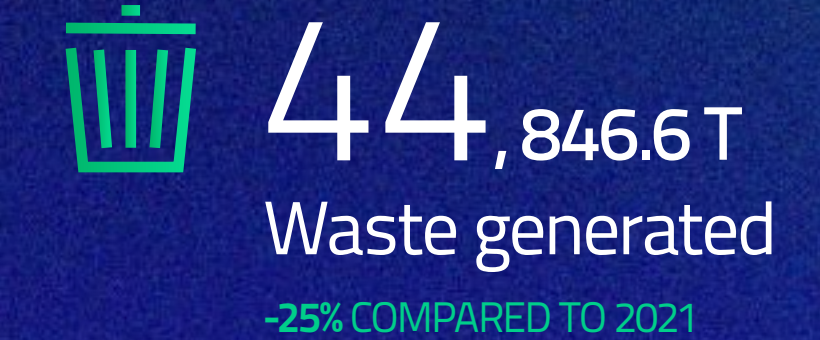
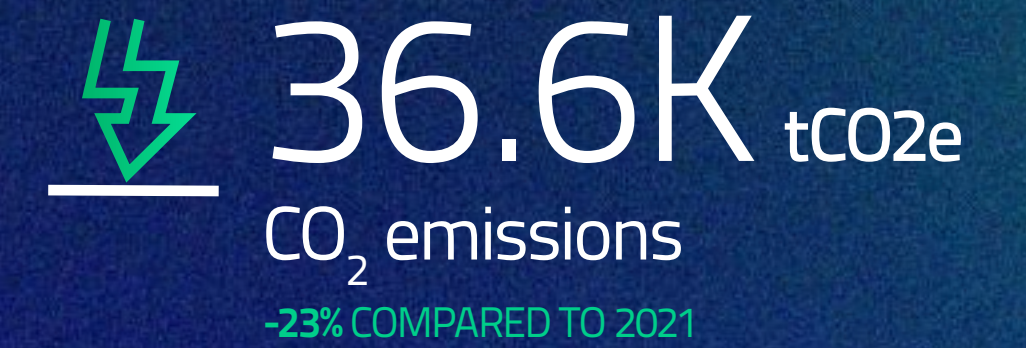
Our Business



Our People



Our Operations





Key events



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SODECIA PROFILE



Relevant investments

The year 2022 was atypical in every way, due to some lingering COVID-19 impact, to the political instability in Eastern Europe, and to the global microchip crisis. All this is reflected in market confidence and has a huge impact in investments. Nevertheless, our clients continued to launch new projects (predominantly in the electrical area), and Sodecia won a few high-impact businesses. This means that, in 2022, about 46.6 million euros in investments have been approved, which represents an increase of 25% vis-à-vis 2021. Approximately 2.3 million euros were invested in the Energy and Environment area, and approximately 39 million euros in new business. In modernising the current facilities, 5.3 million euros were invested.

46.6M€

Investment budget

2.3M€

Energy and environment area

The following were the most relevant investments carried out in 2022:

VW Group Electrical Platform Floor – Saarlouis/Oelsnitz, Germany

In 2020, about 11.8 million euros were invested. In 2021, around 5.6 million euros were invested and, in 2022, a further 10.6 million euros were approved, primarily in robotic spot-welding cells and including the expansion of the Oelsnitz plant by 3,000 m², in order to reorganise this project's production area. With the addition of the building, the total investment will amount to around 29 million euros.

Cross Car Beams in Attendorn, Germany

This project, being a long-term one, has already seen an investment of around 10.5 million euros in previous years. In 2022, there was an additional investment of 3.5 million euros, of which 2.5 million euros were to increase capacity for an increase in volume requested by the client, to be carried out at the Liberec site, in Czechia.



In 2022, another deal was won in this family of parts, for Ford vehicles and to be produced in Attendorn, Germany, which will use the same platform as VW. With an expected annual volume of 244,000 vehicles, investments of 2.4 million euros have already been approved.

New industrial facility in Pretoria, South Africa

With the winning of the new Ford Ranger project, Sodecia launched the construction of a new factory in Pretoria, with an industrial area of 24,000 m² and with the capacity to produce parts for 184,000 vehicles per year. By 2021, about 16.1 million euros had already been invested, and in 2022 another 6.3 million euros were approved. Of this amount, 1.7 million euros went to the installation of initially unplanned production capacity for tube bending and laser cutting, and 1.6 million euros for final product packaging. This plant is equipped with a Press Shop with five presses, specifically 2,500T and 2,000T automatic transfers, and 400T, 630T and 800T progressive transfers. In the fully automated Weld Shop, around 40 robots were installed for spot and MIG welding. This plant is in a new industrial park right next to Ford, our client.

Cross Car Beams in Nitra, Slovakia

With the trust that VW, the client, places in Sodecia to produce this type of product, we have won another Cross Car Beams business. For an expected annual volume of 199,500 vehicles, around 2.3 million euros have already been invested in the purchase of robotic MIG welding cells.

Hot Forming in Ramos Arizpe, Mexico

At the risk of having to shut down this unit, because GM, the client, had decided to prematurely end production of the vehicle that supported this unit, a new deal was struck with the largest North American electric vehicle manufacturer. With a radical change in the production processes installed there, the installation of a new hot stamping line and of laser cutting equipment, and the preparation of the unit as regards utilities were carried out in record time to have the necessary capacity to operate this equipment, which will be 100% allocated to this new project. The total investment, already approved in 2022, amounted to 11.5 million euros.



Following the path of previous years, adjustments were made to the Group's structure in order to ensure the robustness of its activities within each of the three divisions.



Restructuring of the SODECIA Group

Following the path of previous years, adjustments were made to the Group's structure in order to ensure the robustness of its activities within each of the three divisions: Automotive, Safety & Mobility, and Technology.

Worthy of special mention is the change in the partner relationship with the Matador Group, through its holding company MIL – Matinvestments, Limited. This change meant that MIL acquired a stake in the share capital of Sodecia Automotive International, SA, the holding company of the Automotive division, transferring the stakes it held directly in the companies Matador Automotive Vrable, a.s. and MATADOR Automotive Rus, LLC.

This operation took place through a share capital increase of Sodecia Automotive International, SA,

carried out by the aforementioned MIL, through the delivery in kind of the social participations it held in those two other companies.

Moreover, the Group successfully removed the company Fontana, SPA from the concordat process it had been in since before Sodecia's entry into its share capital, and subsequently increased its capital and changed its name to Sodecia Automotive Turin, SPA.

Sodecia Automotive Gujarat Private Limited was dissolved.

The shareholding (100%) in the share capital of Matador Automotive CR, s.r.o., now called Sodecia Automotive Liberec, s.r.o, was transferred from Matador Automotive Vrable to Sodecia Automotive Europe, GmbH.

Acquisitions

This operation enables a better organisation of the division in Europe, ending Liberec unit's dependency on Vrable unit, which was not beneficial to the activities of either company.

For final implementation early next year, also under consideration is the transfer of the entire share capital of Sodecia Safety & Mobility Product Competence Center GbmH by Sodecia Safety & Mobility Oelsntiz, GmbH to Sodecia Safety & Mobility International GmbH.

This transfer seeks to place the PCC as a unit that is independent from all business units, and directly dependent on the Division's holding company and providing services to all industrial units.

Sodecia Automotive International, SA, acquired 100% (one hundred percent) of the share capital of Slovakian company Mia – Engineering, s.r.o., which was converted into the new PCC of the Automotive division, Sodecia Automotive Product Competence Center, s.r.o.



SODECIA PROFILE



SODECIA

values

If a good vehicle is the result of all the parts that compose it, we can say that we are the fruit of the set of values, products, and pillars that solidify us as a brand.

Adding value *to you*



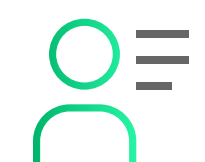
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The Business

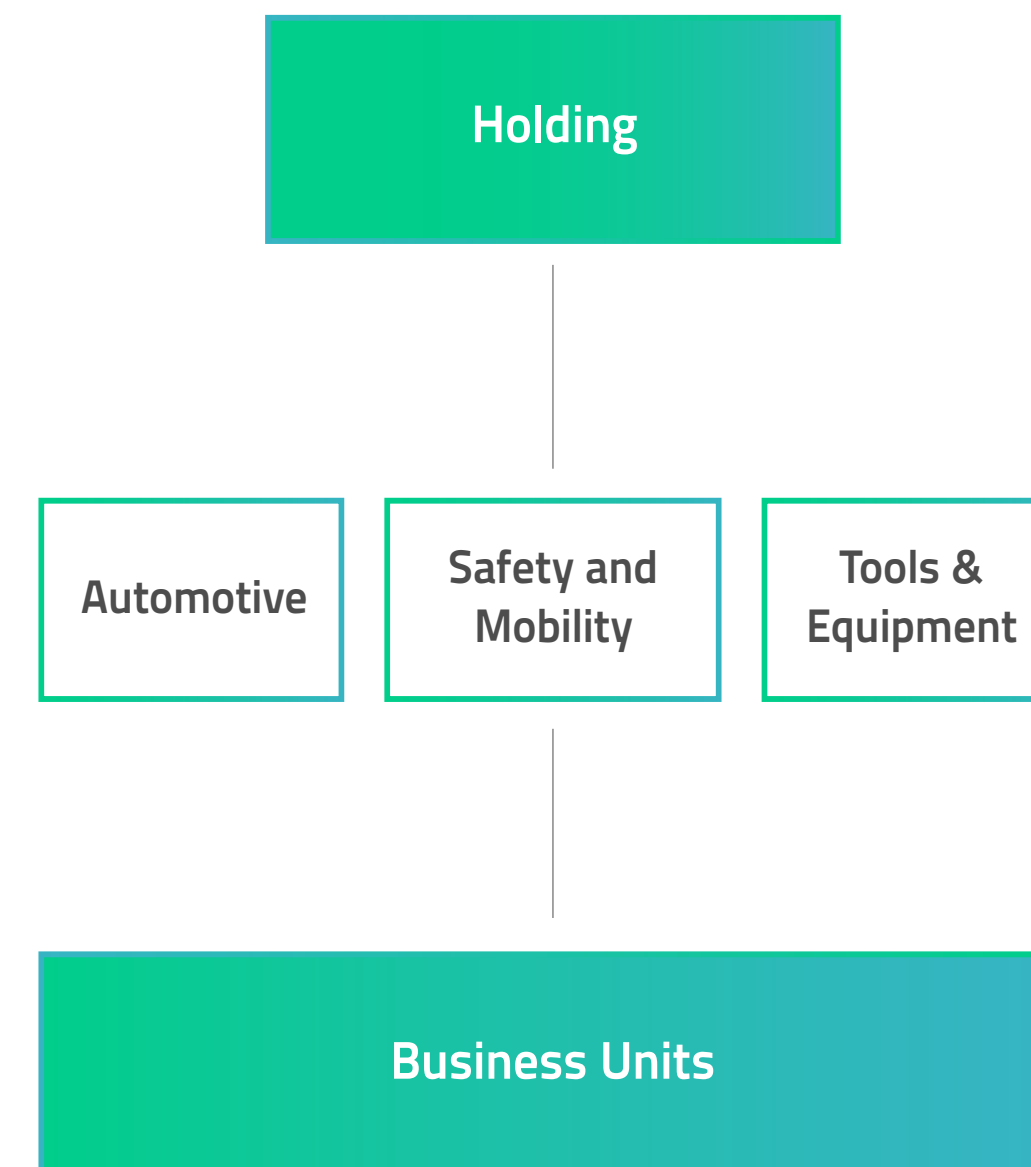


SODECIA is an industrial Group founded in 1980 that operates worldwide as a full-service supplier in the automotive industry.

1.1 About us

SODECIA is an industrial group founded in 1980 that operates worldwide as a full-service supplier in the automotive industry by developing and producing stamping assemblies in products, such as structural Body in White (BiW) parts, safety systems, powertrains, chassis and others. SODECIA has three main divisions: Automotive, Safety & Mobility and Tools & Equipment.

As a partner of major automotive OEMs worldwide, SODECIA seeks to provide integrated product solutions that meet its customers' most demanding requirements, constantly adding value to their challenges, exceeding their expectations and being part of their success.





As a partner of major automotive OEMs worldwide, SODECIA seeks to provide integrated product solutions that meet its customers' most demanding requirements.

Our strengths



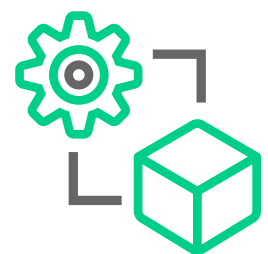
Global Presence

Strategic positioning that allows us to deliver services and logistics footprints according the global market customers needs.



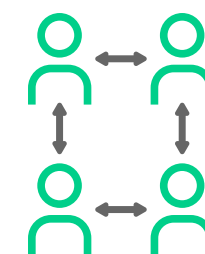
Social Responsibility and Sustainability

Part of our corporate strategy, it is what drives our passion to improve across all our locations, while respecting the environment and making positively impacting in our communities.

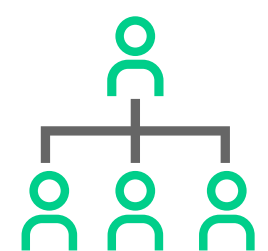


Product Competence Centres

Focused and significant investment in engineering and Research & Development ensuring product innovation in each division.

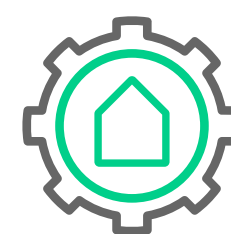


Long-term and solid relations with stakeholders



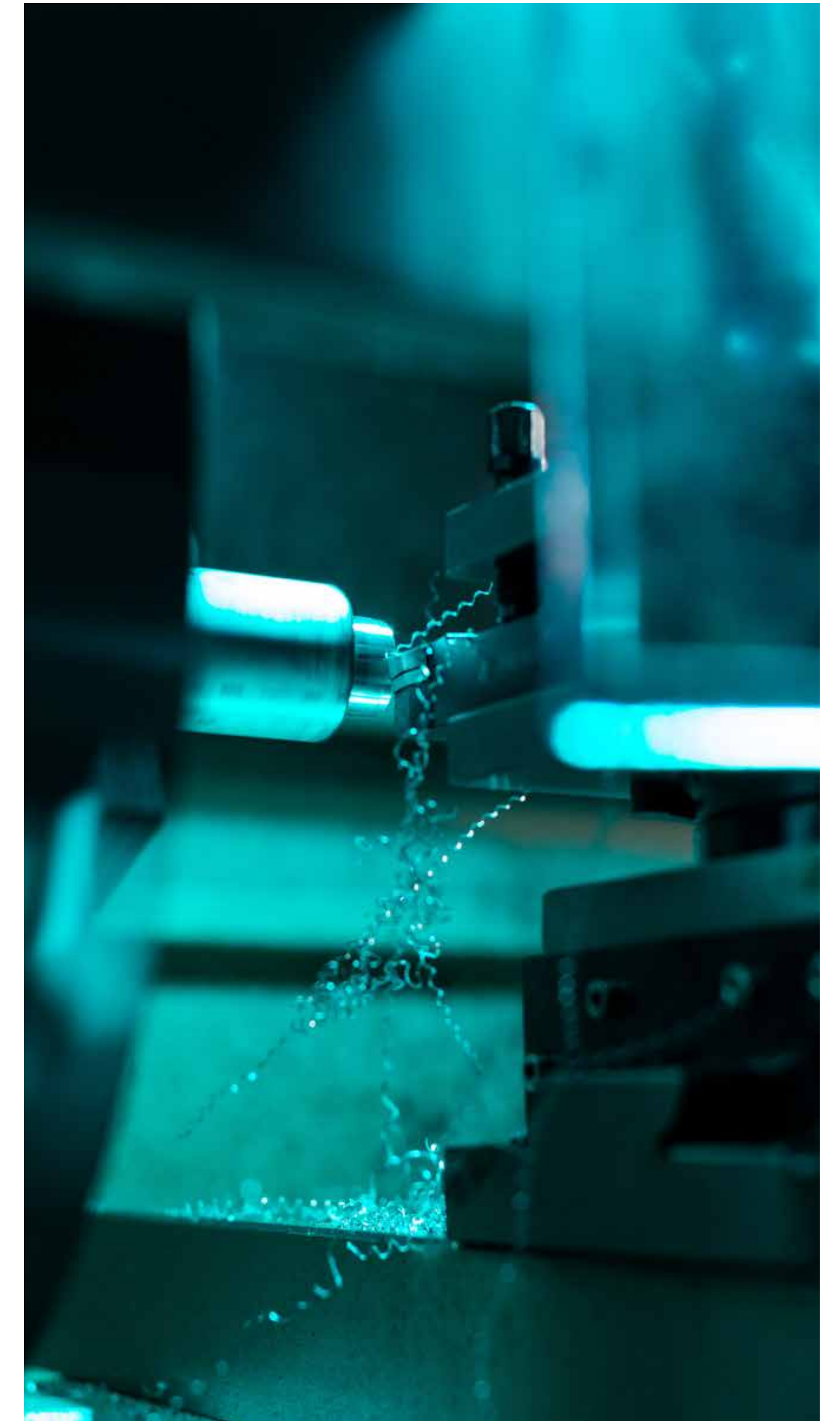
Organisation

Strong and and empowered individual management teams in each Business Unit giving fast and effective answers to our customers.



Management Model

Strong management model, allows us to monitor constantly on our 4 main pillars, growing the people, growing the business, growing the results and growing the sustainability.



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SODECIA PROFILE





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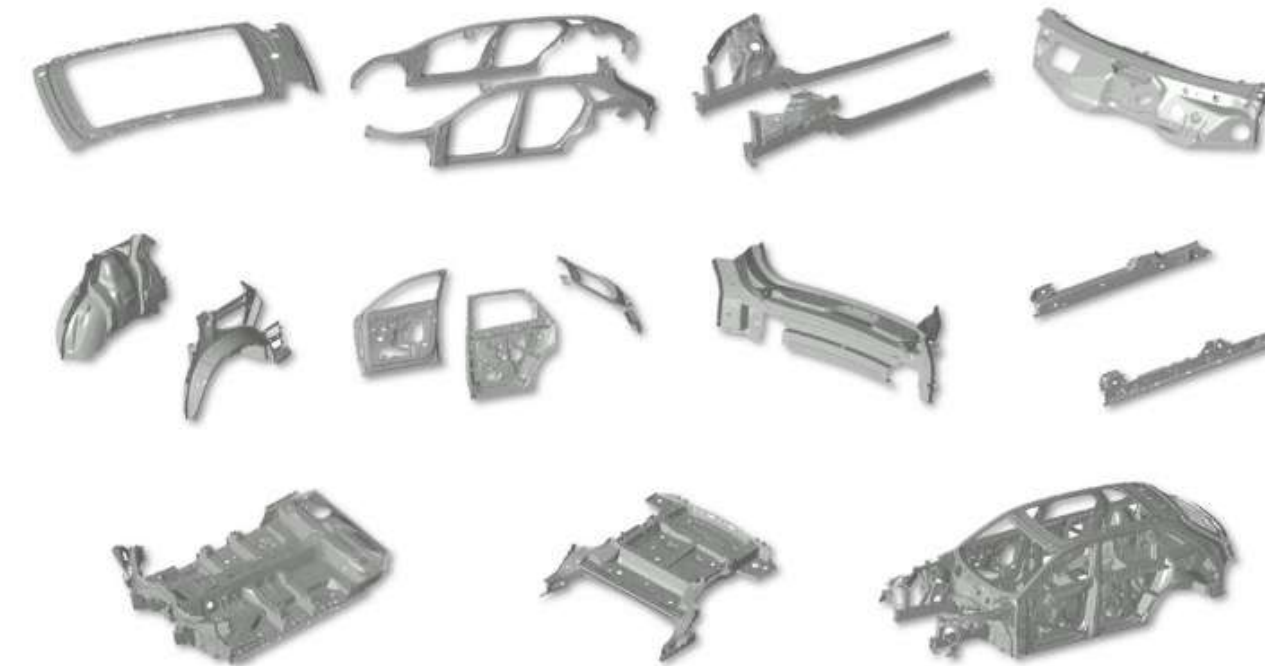


Using state-of-the-art equipment and technology, SODECIA can perform the most important and commonly requested services in the automotive area

Our capabilities

Using state-of-the-art equipment and technology, SODECIA can perform the most important and commonly requested services in the automotive area, from research and development for products and processes to simulations, design and manufacturing of tools, cold and hot stamping of steels (mild, conventional high strength, advanced high strength and press-hardened) and aluminium (1000, 5000 and 6000 series), roll forming, fine cutting, plastic injection, wire and tube bending, CNC machining, surface treatment, and even laser, projection, spot, and arc (MIG, MAG) welding, brazing, riveting, assembling and testing.

Body in white products



Safety system products



Powertrain products



Tools & Equipment





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SODECIA PROFILE



1.2 Our locations



14 Countries

SODECIA can be found in 39 locations worldwide, in 15 countries, in five different regions in the world: Europe, Africa, South America, North America and Asia.



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SODECIA PROFILE



Automotive

Europe

- 2 Italy
- 1 Spain
- 2 Germany
- 1 South Africa
- 1 Czech Republic
- 2 Slovak Republic
- 1 Russia
- 1 PCC, Slovak Republic

North America

- 2 USA
- 2 Canada
- 1 Mexico

South America

- 2 Brazil

Tools & Equipments

Europe

- 1 Portugal
- 1 Germany

North America

- 1 Canada

Safety & Mobility

Europe

- 2 Germany
- 1 Czech Republic
- 1 Portugal
- 1 PCC, Germany

Asia

- 2 India
- 1 China

North America

- 1 USA

SODECIA's business units, with different areas of focus, are supported by two Product Competence Centres (PCC),

one in Slovakia focused on the Automotive division and one in Germany focused on the Safety & Mobility division, plus a Technical Automation Centre (GTAC) in Canada which, together with its headquarters in Porto, Portugal and sales offices, enable the SODECIA Group to offer comprehensive services and provide its customers with the best solutions for their needs in different regions of the world.



Recycling, cutting emissions of polluting gases, safety and low energy use are now the main goals in the development of the automotive industry.

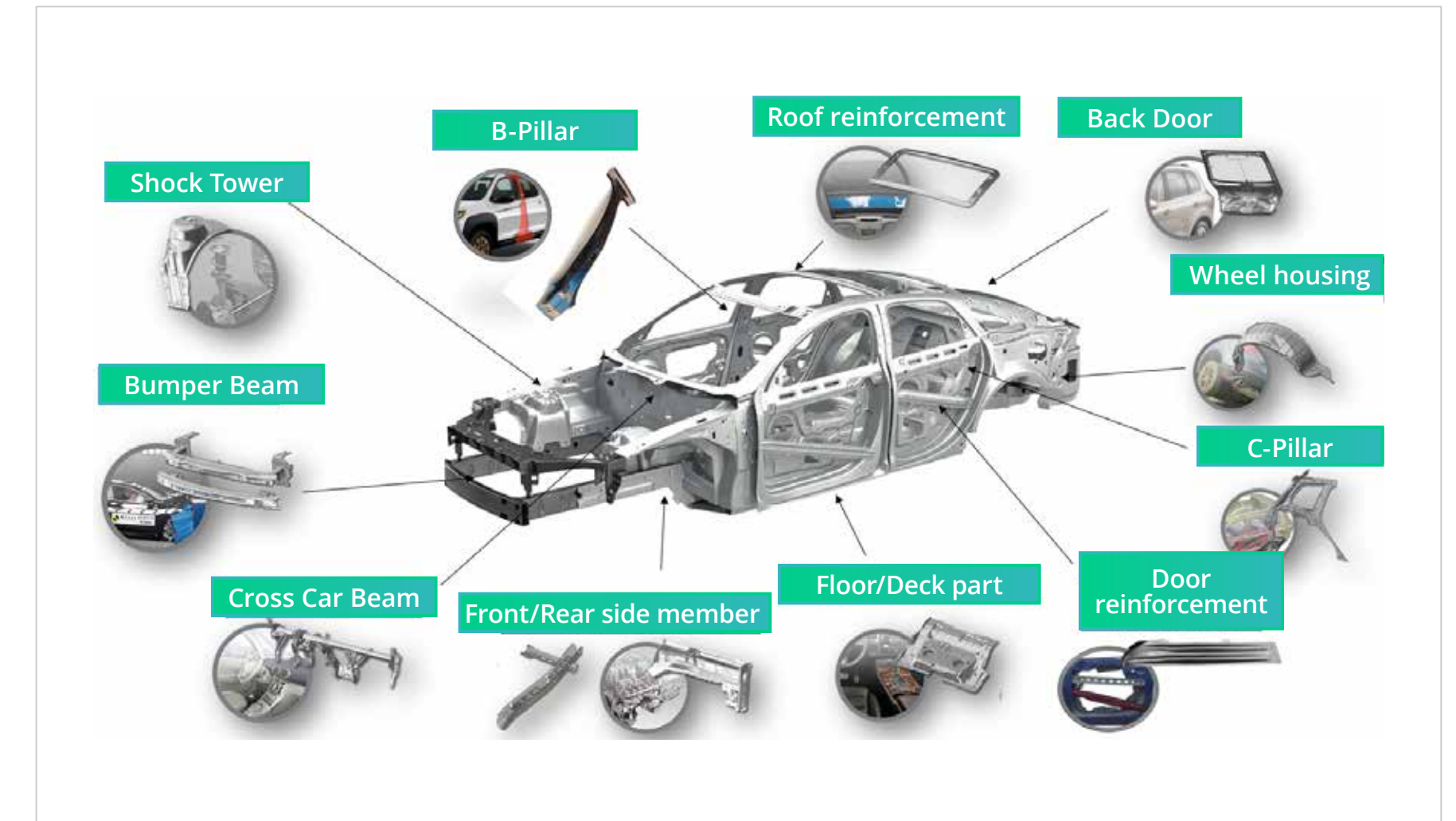
1.3 Our Product

The Group, under its business sustainability development process integrated in the automotive industry market, seeks to ensure that its products follow a sustainable life cycle to meet the expectations of markets and customers, contributing towards a better future.

Recycling, cutting emissions of polluting gases, safety and low energy use are now the main goals in the development of the automotive industry. In this context, the search for new solutions in materials and transformation processes is a reality in the daily routine of the entire production chain, leading to unprecedented changes in the industry, both in the form and in the amounts of the application of lighter

and more durable materials, such as advanced high-strength steels, press-hardened steels, aluminium, composites, high-strength plastics and alloy steels with differentiated mechanical properties. Production processes have also undergone major changes, with the modifications needed to accommodate new materials and their specific features – the main examples being hot stamping, hydroforming, roll forming, laser welding, riveting and others.

The strategy involves an in-depth knowledge of the products used by our customers, their present and future needs and custom manufacturing solutions, from product use to the end of the life cycle, ensuring that these technical needs translate into economic value for the Group.



In this context, Sodecia continues to invest in Product Competence Centres (PCC), created to develop differentiated value propositions for the automotive & mobility industry, adjusting products and processes to respond to the global market.

The challenge is based on developing activities that, in an organised and distributed-in-time (APQP) manner, are supported by the company's specialised resources, in this case engineers with support for Computer Aided Engineering (CAE) tools, from virtual design (CAD) to simulation using finite element simulation (FEM), for example stamping simulations, welding simulations, structural static analyses, crash simulations, thermal simulations, modal analyses and others.

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SODECIA PROFILE





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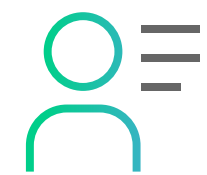
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SODECIA PROFILE



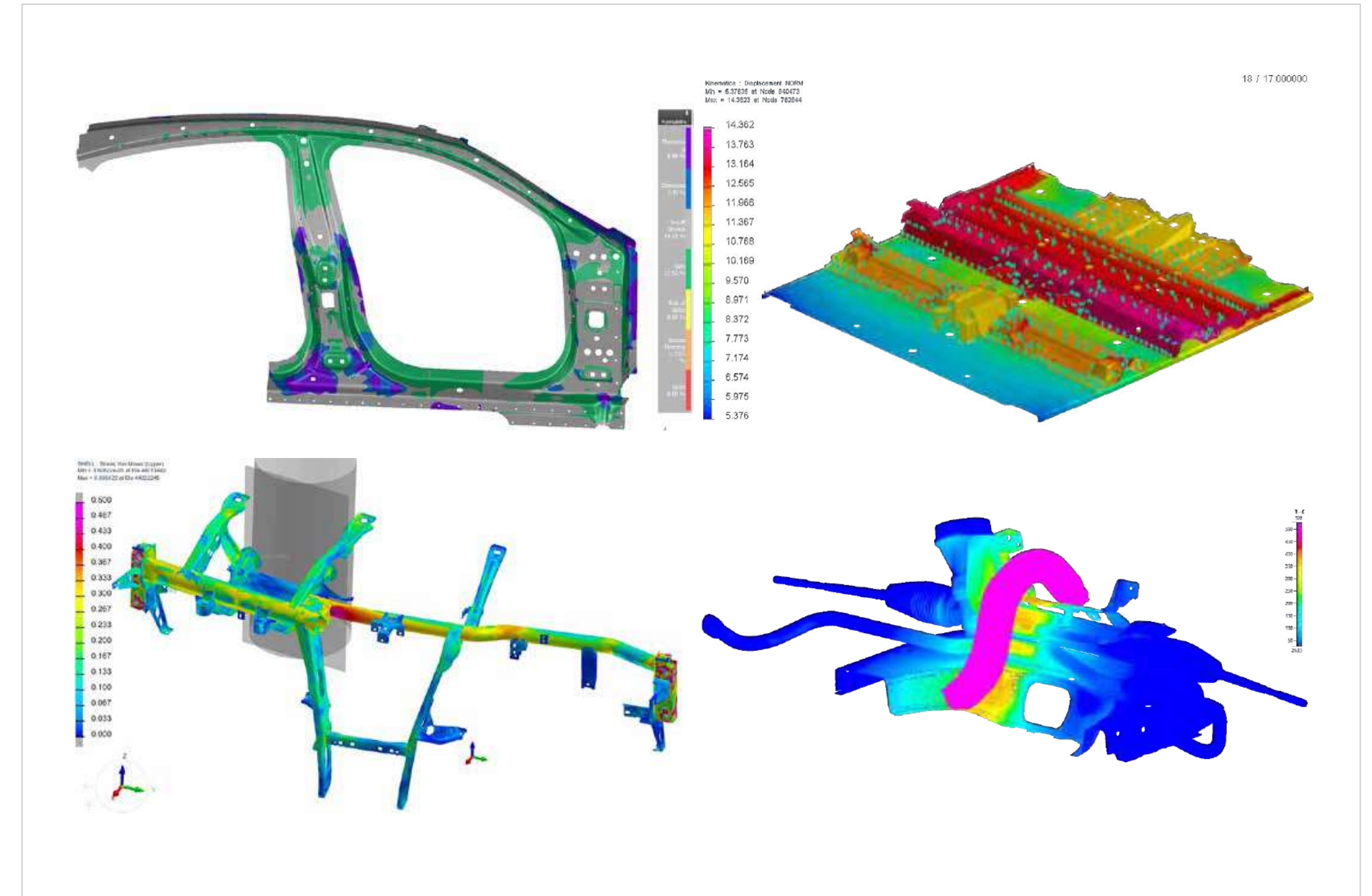
In this context, SODECIA continues to invest in Product Competence Centres (PCC), created to develop differentiated value propositions for the automotive & mobility industry, adjusting products and processes to respond to the global market.



In innovation, issues such as intellectual property are taken into account in legal matters and in the protection of developed ideas.

The focus is to go through a normal product development cycle, from its initial stage of design and three-dimensional graphic modelling through the stages of product validation, process definition and implementation, always analysing and criticising the technology level to be applied, thus achieving the expected product performance and profitability to ensure the continuity of the research and development work.

The Product Competence Centres (PCC), along with the Group's various units, interact with the engineering departments of specific customers and suppliers, ensuring the use of best practices and knowledge throughout the process. PCCs also have laboratories for product testing and qualification. In innovation, issues such as intellectual property are taken into account in legal matters and in the protection of developed ideas.



As an example of some of the activities and projects developed in this scope, we highlight a product family focused on reducing the weight of the component to meet the requirements of a customer's specifications. Weight reduction, which ensured customer satisfaction and met all set requirements, also contributes directly towards the sustainability of the product's entire life cycle, when 100% recycled and reusable materials are used in its design. Weight reduction results in a direct competitive, economic, and sustainability advantage with the

use of fewer raw materials, helping to reduce and impact carbon emissions, and is now a commitment made by our company. All parts produced are reported to International Material Data System (IMDS). In the IMDS, all materials used for automobile manufacturing are collected, maintained, analysed and archived. Using the IMDS, it is possible to meet the obligations placed on automobile manufacturers, and thus on their suppliers, by national and international standards, laws and regulations.



Weight reduction results in a direct competitive, economic, and sustainability advantage with the use of fewer raw materials, helping to reduce and impact carbon emissions, and is now a commitment made by our company.

Some examples of the projects done in the Automotive (BiW) division include those associated with heat shield, door reinforcement and bumper beam products.

Respecting the core product portfolio of the Safety & Mobility division (SSM), key activities include product commodities such as the cross car beam, safety of the seat belt height adjuster, engines and extrusion, keeping powertrain products as well.

According our Product Competence Centres, we have a common main structure and departments: Research and Development (R&D) and Product Development (PD) are responsible for defining and integrating various technical elements (geometries,

requirements and standards) to ensure the final product's functionality. To this end, they use CAD tools, enabling modelling, in a virtual environment, of the solutions developed, including the corresponding graphic visualisation and interactions with the surrounding elements.

Various CAE tools are available in our R&D and PD departments, and are now essential in supporting decision-making. Both virtual validation, which with regard to structural or thermal analyses evaluates the solution developed in its usage requirements, and process simulation, which assesses the feasibility of the geometry by reproducing the selected processes, are used intensively, helping to lower development costs by anticipating and avoiding potential problems that would otherwise only be found in production.



Picture of Product Forecast as:

main focus on the Product Development activities supported by CAD Tools for data verification in terms of potential design optimisation, product & process simplification and concept design seeking the best performance in process manufacturing.

Transport optimisation-PD specialist optimising a design with regard to transport needs, this kind of optimisation helps to increase overall transport utilisation, transport reduction and a significantly lower carbon footprint.

In the case of departments: Process Engineering and Manufacturing Engineering (ME), their performance is focused on a detailed definition of the manufacturing process, capitalising on the best solutions

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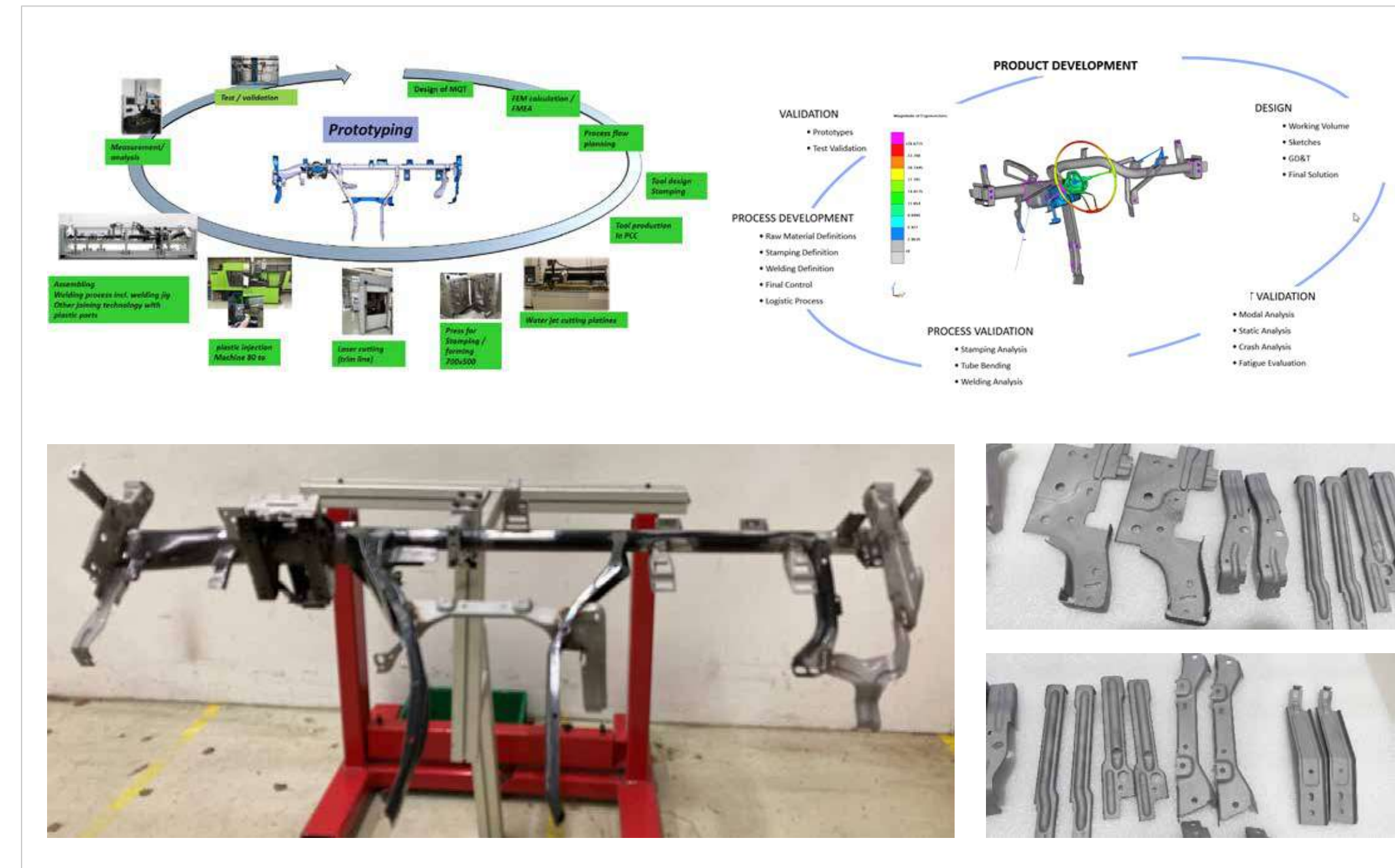


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SODECIA PROFILE





Picture of the 3D print parts and real part with this application

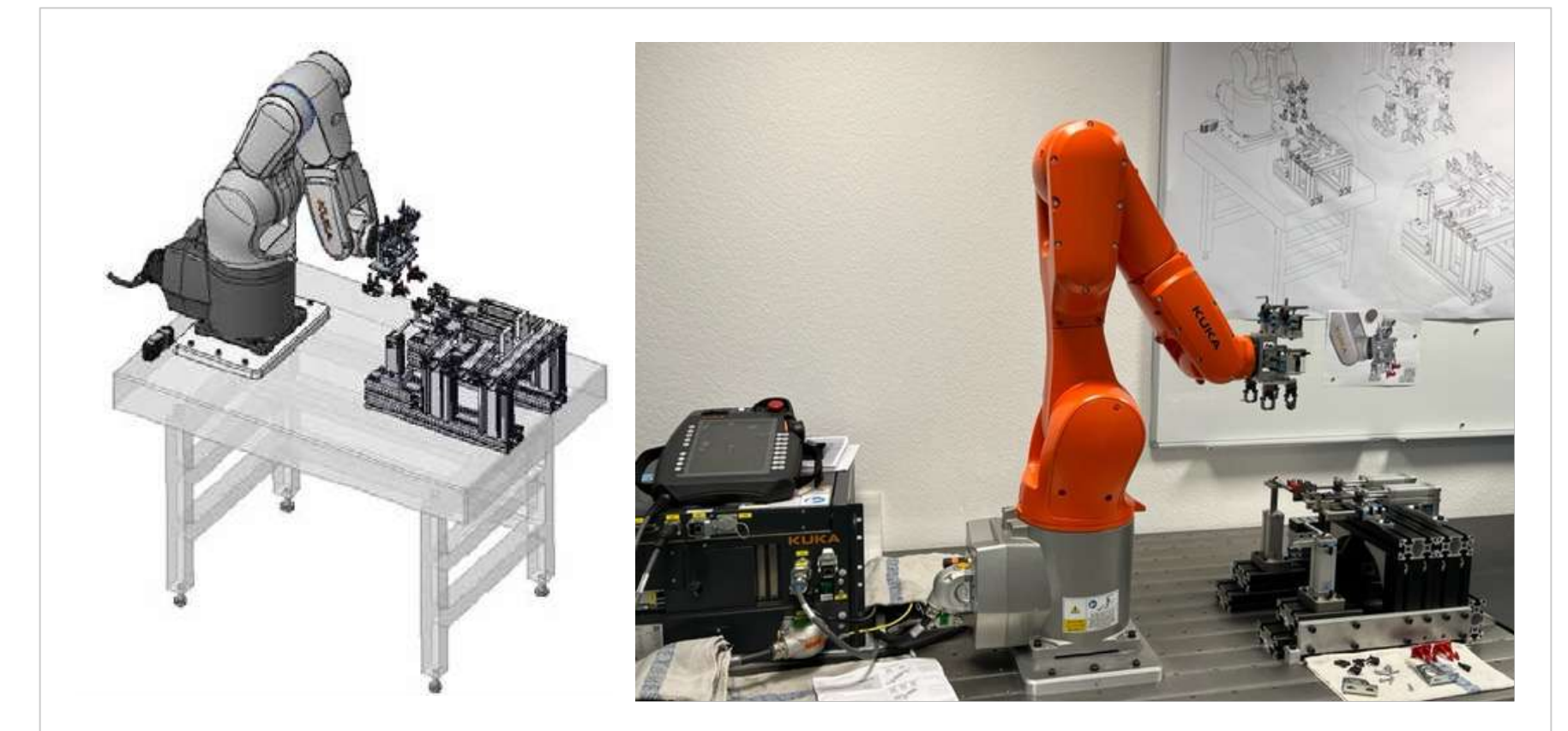
from a technical and economic point of view, always taking into account the expertise acquired in current production, as well as ensuring that unsuccessful cases are not implemented again in production units.

Therefore, the Process and Manufacturing Engineering department remains in close contact to the Production Sites and participates on Continuous Improvement and Kaizen Activities, always focusing on Quality and Performance Improvements. Training for new and changed processes for production

site staff are also part of this department's scope, ensuring the necessary transfer of knowledge.

In SSM PCC (Safety & Mobility PCC), the R&D area has been developing and supporting key activities focused on overall product and process optimisation where, before the serial process application, we are applying our capabilities to support R&D activities and anticipate event needs based on fast-prototyping technologies.

This is supported by 3D print solutions as a fast and accurate condition to achieve our concept prototype



solutions in order to reduce time-to-market, material consumption and overall process energy that directly impacts CO₂ carbon neutral reduction as consumption can be reduced.

The prototype development circle is represented and summarised by the following circle of a full-service supplier, from “white paper” to prototyping, testing and validation.

To supplement our core activities in SSM PCC, there is a laboratory with a large portfolio of manufacturing and test machines, providing crucial specific product and process validation support in the development and approval stage to move forward with the best concepts, enabling performing validation and qualification tests to not only ensure the success of the project at the product level with the analysis of the results achieved in the mechanical requirements, but also to ensure that the process is able to produce and repeat these characteristics, also promoting the link with serial process simulation.



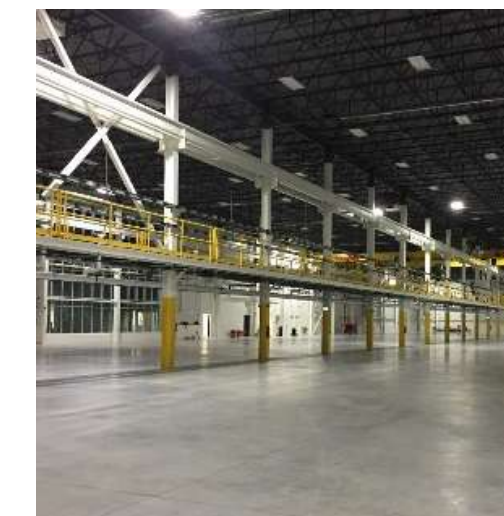
The Sodecia Group has an operation in Canada, fully dedicated to the research, development, and manufacturing of automated equipment and automated assembly lines for different types of products, using different technologies.

The Sodecia Group has an operation in Canada, fully dedicated to the research, development, and manufacturing of automated equipment and automated assembly lines for different types of products, using different technologies.

The developed expertise, mainly in the automation of welding and assembly processes, is the result of decades in the development of industrial processes, which have excelled in the use of state-of-the-art technologies, delivering high levels of productive efficiency, with stable and controlled qualitative results.

This team acts globally in a synergistic and direct manner, integrated into the Group's multiple project teams, covering all phases of the industrial processes' development.

As part of the technology transfer and people training strategy, GTAC trains and develops the customers' employees for different types of skills in various knowledge areas, such as industrial computer programming, robot programming, welding technologies, problem solving, maintenance, and continuous improvement. This training mostly takes place while the equipment is being manufactured.



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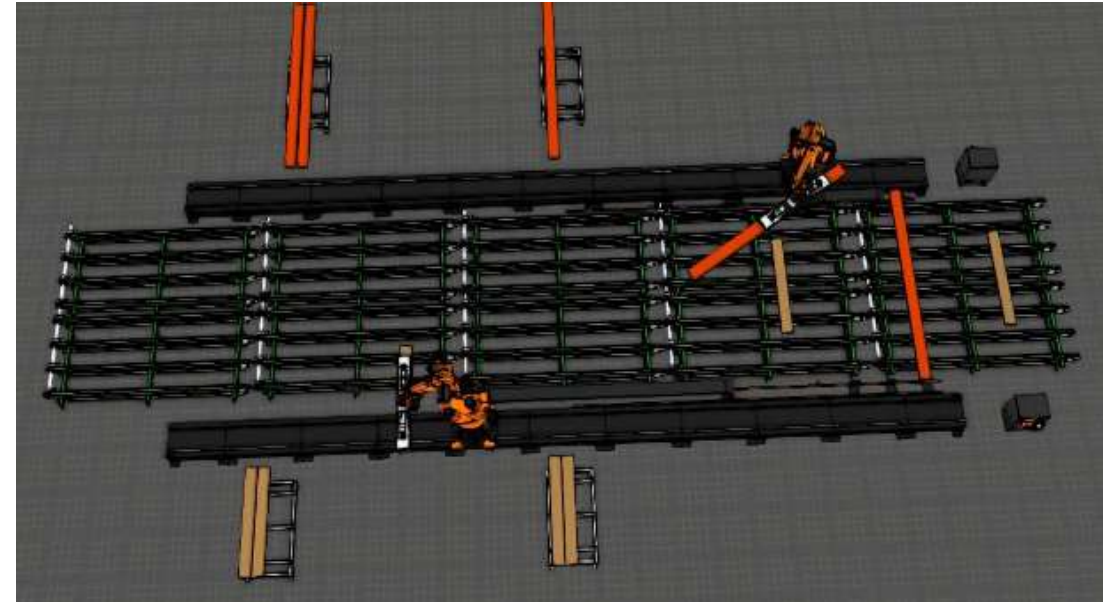
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SODECIA PROFILE



Features > Operations & Management

Sodecia accelerates robot cell performance for automotive assembly

October 27, 2015 by Beckhoff Automation



The goals are to always be up to date with the latest technology, optimise development costs, reduce the customers' manufacturing costs, and, most importantly, obtain a competitive edge.

Over the years, several production lines and equipment continue to be installed in the Group, boosting the competitive advantage of the business units against competitors and raising customer satisfaction to a world-class level. To date, GTAC covers the four continents in all countries where the Group has business units: Brazil, Canada, China, Czech Republic, Germany, India, Italy, Mexico, Portugal, Slovakia, South Africa, and Spain.

In a continuous effort to bring to the Group new technologies, innovation, and the opening of new

markets, GTAC has been dedicated to research and to develop solutions to serve different industry segments such as agriculture, food, distribution, renewable energy, and residential construction.

In addition, GTAC continues to be recognised in the market by its partners as a centre of technological development, constantly studying and implementing new solutions. The goals are to always be up to date with the latest technology, optimise development costs, reduce the customers' manufacturing costs, and, most importantly, obtain a competitive edge.



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STRATEGIC
CONTEXT



SODECIA

vision

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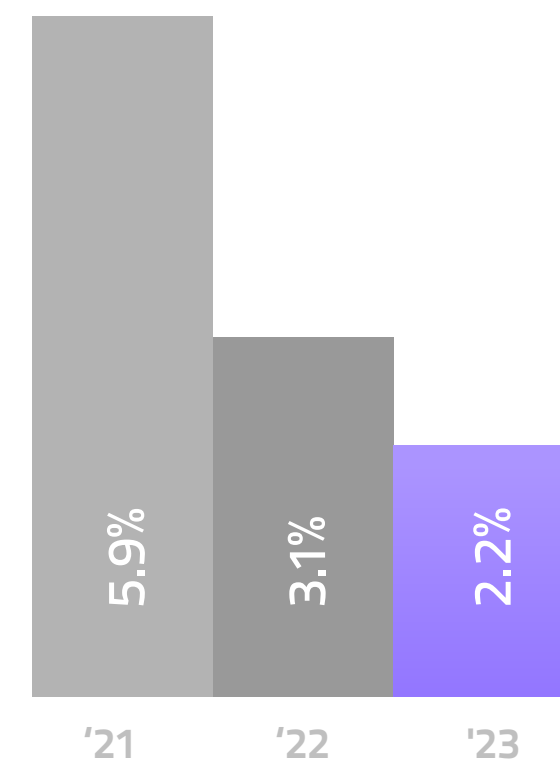
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Strategic Context



Global GDP growth is expected to slow further to 2.2% in 2023, far below the growth rates expected before the war.

2.1 Global trends and risks

2022 was marked by a new set of challenges. The end of the COVID-19 pandemic, in the sense of significantly reduced restrictions and impact on everyday life, brought with it high expectations of a global economic recovery. In fact, this had been occurring since the beginning of the year, with much of the activity of the world's major economies having returned to pre-pandemic levels. Nevertheless, the optimism was short-lived. On 24 February 2024, Russia began a military invasion of Ukraine and, since then, the global economy has reversed direction. This war resulted in a significant rise in prices, especially energy prices, at a time when the cost of living was already rising rapidly around the world. In fact, "inflation" was one of the words of the year, reaching levels above 10% in the euro area, the USA, and the UK.

Global financial conditions have tightened significantly, with central banks using unusually strong and widespread measures, such as interest rate hikes, to contain inflation, weighing on interest-sensitive spending and adding to the pressures faced by many emerging market economies.





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2%

ECB's (deposit)
rate

For a while, central banks continuously stated that inflation would be temporary, but on 16 March the U.S. Federal Reserve raised interest rates for the first time since 2018, hinting that it would just be the beginning of a long cycle of monetary tightening. In total, the U.S. Fed has raised interest rates seven times, for a total of 425 basis points in 2022. The European Central Bank was also forced to change its tune and raised its reference rates, in this case for the first time in over ten years, on 21 July. The ECB has raised rates four times in 2022, by a total of 250 basis points – the institution's fastest monetary tightening to date. The stance of the central banks, which continued to focus on policies to fight inflation and gave no sign of backing down even at the possibility of entering a recession, continued to negatively influence the behaviour of the financial markets. In December, the Fed's reference rate was in a range from 4.25% to 4.50%, and the ECB's (deposit) rate was at 2%.

	Average 2013-2019	2021	2022	2023	2024	2022 Q4	2023 Q4	2024 Q4
	Per cent							
Real GDP growth ¹								
World ²	3.4	5.9	3.1	2.2	2.7	2.0	2.3	3.0
G20 ²	3.5	6.2	3.0	2.2	2.7	2.0	2.2	3.0
OECD ²	2.2	5.6	2.8	0.8	1.4	1.2	0.9	1.8
United States	2.4	5.9	1.8	0.5	1.0	0.2	0.3	1.6
Euro Area	1.9	5.3	3.3	0.5	1.4	1.4	0.7	1.7
Japan	0.8	1.6	1.6	1.8	0.9	2.0	1.2	0.7
Non-OECD ²	4.4	6.2	3.4	3.3	3.8	2.7	3.6	4.0
China	6.8	8.1	3.3	4.6	4.1	4.4	4.5	4.0
India ³	6.8	8.7	6.6	5.7	6.9			
Brazil	-0.4	4.9	2.8	1.2	1.4			
OECD unemployment rate ⁴	6.5	6.2	5.0	5.3	5.5	5.0	5.5	5.5
Inflation ¹								
G20 ²⁻⁵	3.0	3.9	8.1	6.0	5.4	8.0	5.5	5.5
OECD ⁶⁻⁷	1.6	3.8	9.4	6.5	5.1	9.6	5.5	5.1
United States ⁶	1.4	4.0	6.2	3.5	2.6	5.5	3.1	2.3
Euro Area ⁸	0.9	2.6	8.3	6.8	3.4	9.6	4.9	2.9
Japan ⁹	0.9	-0.2	2.3	2.0	1.7	3.2	1.4	1.9
OECD fiscal balance ¹⁰	-3.2	-7.3	-3.7	-3.6	-3.1			
World real trade growth ¹	3.4	10.0	5.4	2.9	3.8	2.4	3.2	4.0

1. Per cent; last three columns show the change over a year earlier.

2. Moving nominal GDP weights, using purchasing power parities.

3. Fiscal year.

4. Per cent of labour force.

5. Headline inflation.

6. Personal consumption expenditures deflator.

7. Moving nominal private consumption weights, using purchasing power parities.

8. Harmonised consumer price index.

9. National consumer price index.

10. Per cent of GDP.

Source: OECD Economic Outlook 112 database.

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STRATEGIC
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World GDP

% Yearly growth, including IMF forecasts



Labour market conditions remained generally tight in the sense that there was little labour available, but wage increases did not keep pace with inflation, weakening real incomes despite measures taken by governments to cushion the impact of rising food and energy prices on households and businesses.

According to the latest OECD forecasts, global GDP growth is expected to have been 3.1% in 2022, about half the pace observed in 2021 during the first phase of pandemic recovery, and to slow further to 2.2% in 2023, far below the growth rates expected before the war. Global growth is expected to be 2.7% in 2024, helped by initial measures to ease policy interest rates

in several countries. It is important, however, to note that the outlooks are increasingly asymmetrical. The emerging Asian economies are expected to grow much faster than the developed economies, with many of the latter even expected to contract or even go into recession in early 2023 and end that year with very low or even no growth.

According to the OECD, inflation in the major advanced economies is expected to decline from an average of 6.3% in 2022 to around 4.2% in 2023 and 2.5% in 2024, as tighter monetary policy takes effect and demand pressures ease. In the table below you can review all OECD forecasts for the global economy.

The USA is currently a net exporter of energy and of a few other commodities

that have suffered price and logistical disruptions due to the war.

North America

Although the conflict in Ukraine had a greater impact on the European economy, the effects of the war were felt all over the world, and the USA was no exception. The USA is currently a net exporter of energy and of a few other commodities that have suffered price and logistical disruptions due to the war. U.S. exports of natural gas and wheat have increased in response to shortages in global markets. The same happened with military goods. Nonetheless, largely as a result of the war, domestic food and gasoline prices remain high compared to the pre-pandemic period.



1.8%

Growth
that is expected
to have increased
in 2022



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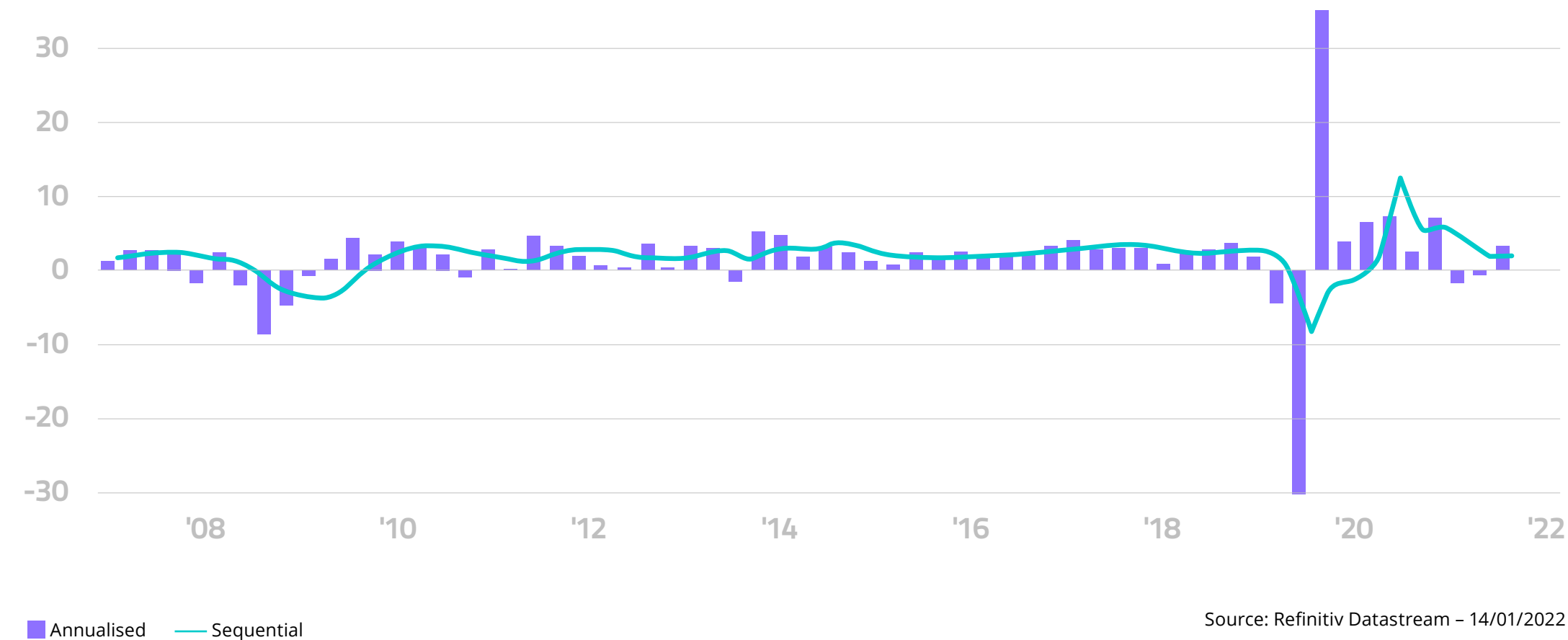


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STRATEGIC
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GDP growth – United States

Quarterly growth rates



According to the latest OECD projections, GDP is expected to have increased by 1.8% in 2022, with expected increases of 0.5% in 2023 and 1.0% in 2024. It is expected that tighter financial conditions will cause more difficulties in spending plans across the economy. With the notable slowdown in domestic production, labour demand and wage growth are expected to weaken.

Pressures on prices should ease as energy prices stabilise and demand slows, but inflation is not expected to return to the vicinity of the Fed's target until late 2024. The Fed has been rapidly "tightening"

its monetary policy in response to rising inflation. The reference rate has increased by 4.25 percentage points since March 2022, bringing it to a range from 4.25% to 4.50% in December, and central bank holdings of Treasury securities, agency debt, and agency mortgage-backed securities are being reduced.

Looking at the outlooks, the OECD points to the U.S. economy growing 1.8% in 2022 and expanding 0.5% in 2023 and 1.0% in 2024. Pressures on prices are expected to ease, but core inflation is not expected to return to the Fed's 2% target until late 2024.

United States

	2019	2020	2021	2022	2023	2024
	Current prices EUR billion	Percentage changes, volume (2012 prices)				
GDP at market prices	21,381.0	-2.8	5.9	1.8	0.5	1.0
Private consumption	14,392.7	-3.0	8.3	2.6	0.6	1.0
Government consumption	3,008.8	2.2	1.3	-0.4	0.6	0.5
Gross fixed capital formation	4,485.5	-1.2	5.7	-0.5	0.0	1.7
Final domestic demand	21,887.0	-1.9	6.7	1.5	0.5	1.1
Stockbuilding ¹	72.8	-0.6	0.2	0.7	-0.2	0.0
Total domestic demand	21,959.8	-2.4	7.0	2.2	0.3	1.1
Exports of good and services	2,538.5	-13.2	6.1	7.4	4.2	3.3
Imports of goods and services	3,117.2	-9.0	14.1	8.7	1.1	2.7
Net exports ¹	-578.8	-0.3	-1.2	-0.5	0.3	0.0
Memorandum items						
GDP deflator	—	1.3	4.5	6.9	3.5	2.5
Personal consumption expenditures deflator	—	1.1	4.0	6.2	3.5	2.6
Core personal consumption expenditures deflator ²	—	1.3	3.5	5.0	3.6	2.6
Unemployment rate (% of labour force)	—	8.1	5.4	3.7	4.2	4.7
Household saving ratio, net (% of disposable income)	—	17.5	12.4	4.1	4.2	4.4
General government financial balance (% of GDP)	—	-14.9	-12.1	-4.1	-3.7	-3.7
General government gross debt (% of GDP)	—	133.3	126.2	121.9	121.9	122.3
Current account balance (% of GDP)	—	-2.9	-3.6	-3.8	-3.5	-3.6

1. Contributions to changes in real GDP, actual amount in the first column.

2. Deflator for private consumption excluding food and energy.

Source: OECD Economic Outlook 112 database.



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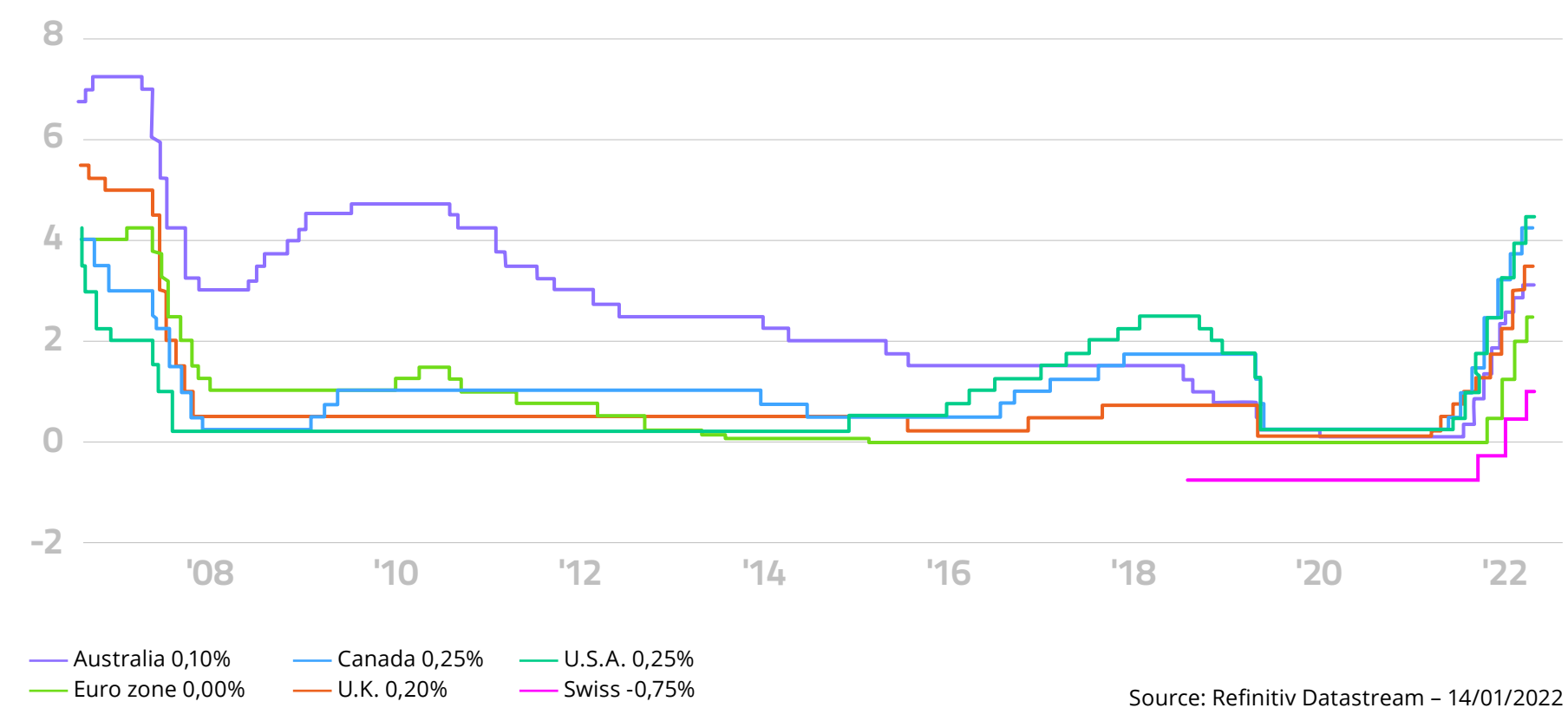
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STRATEGIC
CONTEXT

Stock Markets – DAX and S&P 500



Central Bank Interest Banks



Brazil

	2019	2020	2021	2022	2023	2024
	Current prices EUR billion		Percentage changes, volume (2000 prices)			
GDP at market prices	7,389.1	-4.2	4.9	2.8	1.2	1.4
Private consumption	4,813.6	-5.5	3.6	4.4	1.8	1.1
Government consumption	1,476.6	-4.5	2.0	0.4	-0.5	0.4
Gross fixed capital formation	1,143.2	-0.5	17.3	-0.3	3.3	3.2
Final domestic demand	7,433.4	-4.5	5.5	2.5	1.7	1.4
Stockbuilding ¹	3.4	-0.7	0.7	-0.2	0.2	0.0
Total domestic demand	7,436.7	-5.4	6.2	2.3	1.9	1.5
Exports of good and services	1,043.6	-2.3	6.4	2.4	2.6	3.4
Imports of goods and services	1,091.2	-10.3	13.0	-0.6	6.5	3.9
Net exports ¹	-47.6	1.2	-1.0	0.6	-0.7	-0.1
Memorandum items						
GDP deflator	—	5.5	10.7	7.1	5.2	4.3
Consumer price index	—	3.2	8.3	8.9	4.2	4.5
Private consumption deflator	—	3.2	8.7	9.8	4.7	4.5
General government financial balance (% of GDP)	—	-13.6	-4.7	-6.0	-5.9	-5.7
Current account balance (% of GDP)	—	-1.6	-1.8	-1.5	-1.4	-1.4

1. Contributions to changes in real GDP, actual amount in the first column.

Source: OECD Economic Outlook 112 database.

Brazil

The Brazilian economy was a good surprise in the first half of 2022, growing 1.1% q/q (quarter-on-quarter) and 1.2% q/q in the first two quarters, respectively. Nevertheless, Latin America's largest economy was not able to escape unharmed, having been hurt (albeit less than many other geographies) by external pressures in the third quarter, conditioning growth in the second half of the year and limiting growth prospects for the future.

The most recent monthly indicators point, for example, to a slowdown in several industry sectors, namely mining and manufacturing. Still, when compared to some of its peers in Europe and America, the economy has held up reasonably well, with the latest forecasts presented by the OECD pointing to a GDP growth of 2.8% in 2022. For the coming years, the forecasts are more pessimistic, with the institution predicting increases of 1.2% and 1.4% in 2023 and 2024, respectively.



Politically, 2022 was a presidential election year. The race was very close between the PT candidate Lula da Silva and the incumbent Jair Bolsonaro.



8.9%

Inflation is expected to have ended in 2022

Perhaps what raises the most concern in the Brazilian economy is inflation. Prices already ended 2021 at a very high level (8.3%), so the whole international environment in supply chains and in energy supply have only boosted prices further, and 2022 is expected to have ended at 8.9%, which is actually good, considering that it peaked at 11.9% y/y as early as June and already compares favourably with the levels of other regions and countries, recurrently with lower inflation. The Central Bank of Brazil (BACEN) has raised the reference interest rates to combat rising prices, standing at 13.75% at the end of the year. Looking ahead, since the peak in June, prices have almost halved by October (6.5%). This trend is expected to continue over the next year, with inflation expected to be 4.2% in 2023.

Politically, 2022 was a presidential election year. The race was very close between the PT candidate Lula da Silva and the incumbent Jair Bolsonaro. Lula da Silva won the first round, but without getting more than 50% of the vote, leading to a second round on 30 October, which ended with the PT candidate winning, albeit by a narrow margin, getting 50.90% of the vote. Given the clear split in citizens' opinions almost right down the middle, the political and social climate remained very tense, and there were quite a few protests from both sides both before and after the elections. This social uncertainty will be a factor throughout 2023.

China

	2019	2020	2021	2022	2023	2024
	Current prices CNY trillion		Percentage changes, volume (2015 prices)			
GDP at market prices	98.7	2.2	8.1	3.3	4.6	4.1
Total domestic demand	97.7	2.0	6.5	2.5	4.9	4.4
Exports of goods and services	18.2	1.1	15.6	-1.3	2.0	5.3
Imports of goods and services	17.3	-0.3	7.6	-7.2	2.6	5.0
Net exports ¹	0.9	0.3	1.8	0.9	0.0	0.3
Memorandum items						
GDP deflator	—	0.5	4.4	2.7	2.1	1.0
Consumer price index	—	2.5	0.8	2.0	2.2	2.0
General government financial balance ² (% of GDP)	—	-6.9	-6.6	-6.6	-6.6	-6.8
Headline government financial balance ³ (% of GDP)	—	-3.7	-3.1	-2.9	-3.1	-2.9
Current account balance (% of GDP)	—	1.7	1.8	2.7	2.9	3.1

1. Contributions to changes in real GDP, actual amount in the first column.

2. Encompasses the balances of all four budget accounts (general account, government managed funds, social security funds and the state-owned capital management account).

3. The headline fiscal balance is the official defined as the difference between revenues and outlays. Revenues include: general budget revenue, revenue from the central stabilisation fund and sub-national budget adjustment, Outlays include: general budget spending, replenishment of the central stabilisation fund and repayment of principal on sub-national debt.

Source: OECD Economic Outlook 112 database.

China

In China, currently the world's second largest economy, 2022 was marked by a series of waves of COVID-19 infections, which led Beijing to introduce several extensive lockdowns to try and contain them, following the implementation of the "zero-COVID" policy, hindering economic activity in the process. As such, the economy will have slowed considerably by 2022, but will still have expanded by 3.3% (according to the OECD) well above that of the major world economies. For 2023, the OECD forecasts a recovery to 4.6% GDP growth, followed by 4.1% in 2024.

The prospects for reopening support this forecast, although serious problems persist in various sectors, such as real estate.

GDP growth accelerated in the third quarter of 2022 to 3.9% year-on-year, following 0.4% year-on-year growth in the second quarter. The recovery partly reflects the easing of some COVID-19-related blockades as cases fell. Just over 90% of the population is vaccinated with domestically made vaccines. However, these are considered less effective than those used in most developed countries.

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China GDP growth vs World Economy

Year-on-year change (%)



3.3%

The economy have
expanded (according
to the OECD)

The impact of Russia's war of aggression against Ukraine has been limited, as neither Ukraine nor Russia are major economic partners of China. However, the constraints induced by the blockage of fresh food supplies have started to push inflation up, to 2.8% year-on-year in September.

The relationship with the U.S. remains difficult, with the U.S. imposing several restrictions on the export of chips and other technology goods. Taiwan has again become a point of tension between the two powers. Also important in 2022 was the strengthening of Xi Jinping's powers as leader of the Party and of the country.

The unemployment rate fell to near 34%, and job creation increased

to its highest level since 2020.
However, nominal wage growth is still
below the rate of inflation.

South Africa

In South Africa, after two consecutive quarters of growth, flooding in the KwaZulu Natal region and resulting electricity outages contributed to a GDP contraction of 0.7% q/q in the second quarter of 2022. The floods damaged factories and disrupted the supply chains. The power cuts have affected trading hours in services, mining, industry, and agriculture. Lower fuel prices contributed to a slowdown in consumer price inflation to 7.5% in September, down from a peak of 7.8% in July. The unemployment rate fell to near 34%, and job creation increased to its highest level since 2020. However, nominal wage growth is still below the rate of inflation.



34%

The unemployment
rate fell in 2022



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South Africa

	2019	2020	2021	2022	2023	2024
	Current prices ZAR billion		Percentage changes, volume (2015 prices)			
GDP at market prices	5,613.7	-6.3	4.9	1.7	1.1	1.6
Private consumption	3,588.9	-5.9	5.6	3.1	1.7	1.8
Government consumption	1,104.5	0.8	0.6	1.2	0.9	1.4
Gross fixed capital formation	865.5	-14.6	0.2	4.5	4.2	7.0
Final domestic demand	5,558.9	-5.9	3.8	2.9	1.9	2.4
Stockbuilding ¹	24.5	-1.8	0.9	0.7	0.1	0.0
Total domestic demand	5,583.3	-8.0	4.8	3.7	2.0	2.4
Exports of goods and services	1,532.4	-11.9	10.0	7.3	1.9	3.3
Imports of goods and services	1,502.1	-17.4	9.5	15.0	4.9	5.9
Net exports ¹	30.3	1.8	0.1	-2.0	-0.9	-0.9
Memorandum items						
GDP deflator	—	5.7	6.2	4.7	4.5	3.6
Consumer price index	—	3.3	4.6	6.6	5.9	4.9
Core inflation index ²	—	3.4	3.1	4.5	5.8	5.0
General government financial balance (% of GDP)	—	-11.3	-6.6	-6.3	-6.1	-5.7
Current account balance (% of GDP)	—	2.0	3.7	0.1	-0.6	-0.8

1. Contributions to changes in real GDP, actual amount in the first column.

2. Consumer price index excluding food and energy.

Source: OECD Economic Outlook 112 database.

The strong rise in commodity prices has boosted tax revenues in 2022. These unexpected revenues enabled the government to extend the social support allowance until March 2024 as well as introduce temporary measures to cushion the impact of inflation without increasing pressure on public finances. However, debt remains above 70% of GDP and rising debt service costs already account for 15% of government spending.

The Central Bank raised its reference rate by 75 basis points to 6.25% in September 2022. The monetary policy is expected to continue tightening, with the policy rate reaching 7.25% in early 2023 and remaining at that level until core inflation falls close to 5%, anchoring inflation expectations and limiting pressures on the exchange rate. Looking ahead, the OECD's latest forecast is for GDP to have grown by 1.7% in 2020, with the pace of growth slowing to 1.1% in 2023 and 1.6% in 2024.

The euro area economy started 2022 in a positive way. However, the Russian invasion of Ukraine

on 24 February brought with it a new paradigm, and economic growth has been slowing ever since.

Europe

The euro area economy started 2022 in a positive way. However, the Russian invasion of Ukraine on 24 February brought with it a new paradigm, and economic growth has been slowing ever since. For 2022, the OECD still estimates a growth rate of 3.3%, which at first glance seems to be quite positive. However, without the war in Ukraine, growth would have been much higher, as the economy was before the end of February still in a recovery phase after the COVID-19 pandemic. In addition to this, looking at the quarterly figures, the pace of growth has slowed significantly. Specifically, the product slowed down quite a bit in the third quarter, after the strong growth in consumption during the summer. Additionally, forward-looking sentiment indicators suggest that growth is slowing further and may even have turned negative in the fourth quarter, which the final figures should clarify soon.



3.3%

Growth rate
estimated
by the OECD



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Euro area

	2019	2020	2021	2022	2023	2024
	Current prices EUR billion	Percentage changes, volume (2015 prices)				
GDP at market prices	11,955.9	-6.3	5.3	3.3	0.5	1.4
Private consumption	6,363.3	-7.8	3.8	3.7	0.3	1.0
Government consumption	2,450.1	1	4.3	1.7	0.3	0.6
Gross fixed capital formation	2,653.1	-6.5	3.5	2.6	1.1	2.0
Final domestic demand	11,466.4	-5.7	3.8	3.0	0.5	1.2
Stockbuilding ¹	83.7	-0.3	0.3	0.4	0.0	0.0
Total domestic demand	11,550.1	-5.9	4.2	3.4	0.5	1.1
Net exports ¹	405.8	-0.5	0.1	0.1	0.0	0.3
Memorandum items						
GDP deflator	—	1.8	2.1	4.5	5.5	3.1
Harmonised index of consumes prices	—	0.3	2.6	8.3	6.8	3.4
Harmonised index of core inflation ²	—	0.7	1.4	3.9	4.7	3.1
Unemployment rate (%of labour force)	—	7.9	7.7	6.8	7.1	7.1
Household saving ratio, net (% of disposable income)	—	13.6	11.5	7.4	7.2	7.2
General government financial balance (% of GDP)	—	-7.1	-5.2	-3.7	-3.8	-3.1
General government gross debt (% of GDP)	—	121.0	115.4	113.5	113.5	112.9
General government debt, Maastricht definicion ³ (% of GDP)	—	99.1	97.3	95.6	95.1	95.0
Current account balance (% og GDP)	—	2.6	3.7	1.4	1.4	1.7

Note: Aggregation based on euro area countries that are members of the OECD, and on seasonally-adjusted and calendar-days-adjusted basis.

1. Contributions to changes in real GDP, actual amount in the first column.

2. Harmonised index of consumer prices excluding food, energy, alcohol and tobacco.

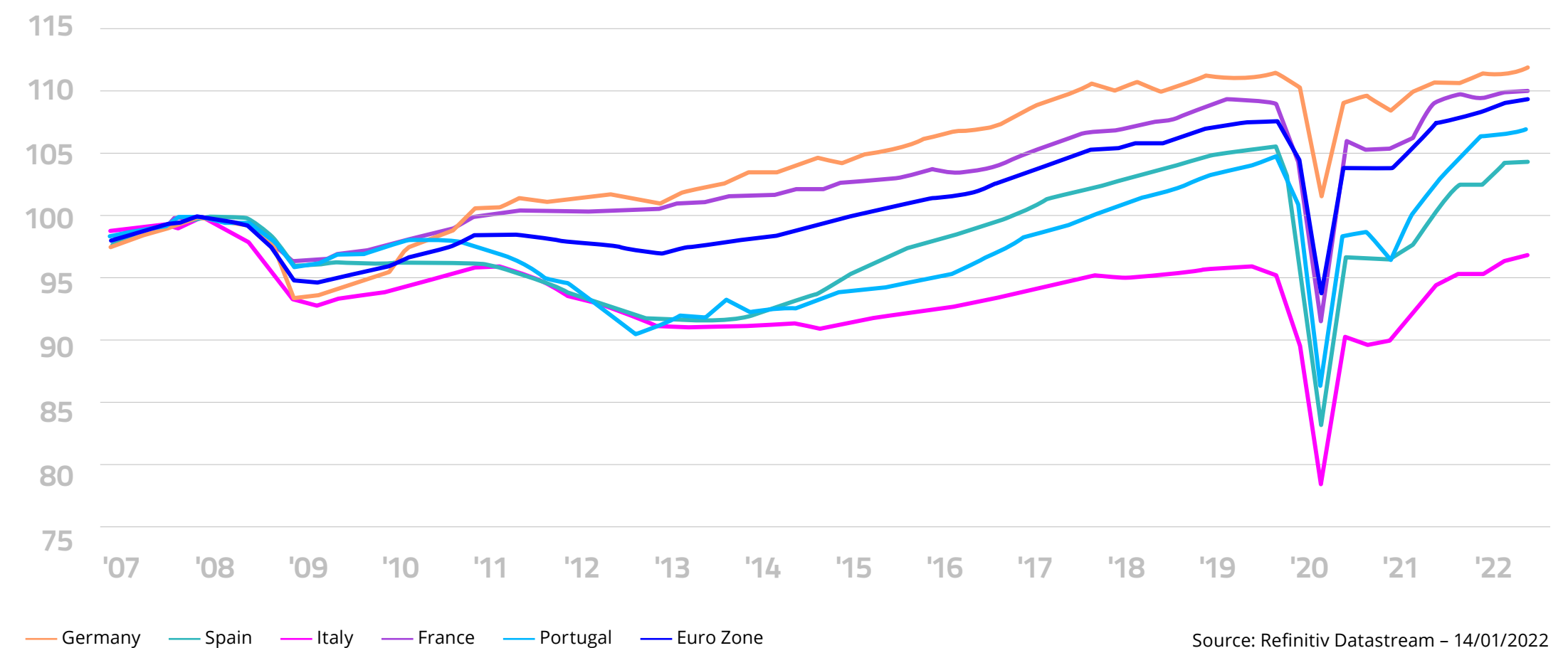
3. The Maastricht definition of general government debt includes only loans, debt securities, and currency and deposit, with debt at face value rather than market value.

Source: OECD Economic Outlook 112 database.

Manufacturing PMIs have been pointing to a decline in output for several months now. Consumer and, to a lesser extent, business confidence in the euro area has deteriorated sharply. Meanwhile, inflation accelerated to 10.6% in October, becoming more broad-based geographically and across categories of goods and services. Inflation expectations have increased and for many market participants and

GDP in Eurozone countries since the all-time high in Q1 2008

GDP - Base 100 = Q1 2008



households are now well above the ECB's inflation target. As such, given all this environment, the OECD projects that GDP growth will be around 0.5%. For 2023, the outlook for inflation is better. There are signs that the peak has already been reached. The evolution of the energy complex's prices has been favourable, with Europe well supplied with gas, and the outlook for the economic slowdown should allow for a decrease of the inflation rate.

The ECB has started a tighter monetary policy, but further interest rate hikes are expected to ensure that forward-looking measures of real interest rates

turn positive, unwinding of inflation expectations is reversed, and inflationary pressures are reduced in a lasting way. This will likely involve a period of below-trend growth to help reduce pressures on resources. The ECB has raised rates four times in 2022, by a total of 250 basis points – the institution's fastest monetary tightening to date. Despite strong wage growth, consumer price inflation of 8.3% in 2022 and 6.8% in 2023 will lead to a reduction in real disposable income in 2022 and 2023 and to a slowdown in private consumption growth. As for unemployment, the OECD estimates that the rate fell back to 6.8% in 2022, but that it should rise slightly to 7.1% in 2023.



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Europe's largest economy was forced to rapidly diversify its energy suppliers while economic sanctions on Russia restricted the import of Russian coal and led to a reduction in the transmission of natural gas through pipelines from that region.

In 2022, **Germany** was one of the European countries most affected by Russia's invasion of Ukraine, as it is highly dependent on Russian natural gas, oil, and coal, with a third of its energy supply coming from that country at the beginning of the year. Thus, Europe's largest economy was forced to rapidly diversify its energy suppliers while economic sanctions on Russia restricted the import of Russian coal and led to a reduction in the transmission of natural gas through pipelines from that region.

Conversely, in 2022, there was an easing of the restrictions and effects that the pandemic brought to the country's economic activity. High inflation is thought to have reduced real wages and consumer savings, leading to a decrease in private consumption. Thus, high energy prices and shortages of raw materials have affected the industrial, construction, and investment sectors of German companies. Harmonised year-on-year inflation rose to a high of 11.6% in October, and the producer price index rose

by around 45.8% (!) over the year to September. In 2022, the German Government imposed energy support packages due to high energy prices, with three packages of 95 billion euros and an energy support fund of 200 billion euros announced so far. Moreover, the VAT rate on natural gas was reduced from 19% to 7% in October as an additional way to support households and businesses. In 2023, energy price support is expected to reach 43 billion euros, with this fund partially supported by a windfall tax. On the other hand, the country's export growth is expected to recover in 2023, while there is an easing of the disturbances in global supply chains.

Finally, it should be noted that, according to the OECD, the German economy is expected to have grown by 1.8% in 2022, to contract by 0.3% in 2023, and to recover by 1.5% in 2024, despite high uncertainty regarding fuel prices. In turn, German year-on-year harmonised inflation is expected to be 8.5% in 2022, 8% in 2023, and 3.3% in 2024.

Germany

	2019	2020	2021	2022	2023	2024
	Current prices EUR billion	Percentage changes, volume (2015 prices)				
GDP at market prices	3,479.4	-4.1	2.6	1.8	-0.3	1.5
Private consumption	1,807.4	-5.9	0.4	4.5	-0.2	0.7
Government consumption	703.2	4.0	3.8	3.8	-0.7	0.8
Gross fixed capital formation	745.4	-3.0	1.0	0.3	0.4	2.0
Final domestic demand	3,256.0	-3.1	1.3	3.4	-0.2	1.0
Stockbuilding ¹	24.9	-0.2	0.5	0.2	0.0	0.0
Total domestic demand	3,280.9	-3.3	2.0	3.6	-0.2	1.0
Exports of goods and services	1,627.6	-10.1	9.5	1.8	1.7	2.6
Imports of goods and services	1,429.1	-9.1	8.9	5.8	2.1	1.7
Net exports ¹	198.5	-1.0	0.8	-1.6	-0.1	0.5
Memorandum items						
GDP deflator without working day adjustments	3,473.3	-3.7	2.6	1.7	-0.5	1.5
GDP deflator	—	1.8	3.1	5.7	7.1	3.5
Harmonised index of consumer prices	—	0.4	3.2	8.5	8.0	3.3
Harmonised index of core inflation ²	—	0.7	2.2	3.6	4.4	4.0
Unemployment rate (% of labour force)	—	3.7	3.6	3.1	3.5	3.5
Household saving ratio, net (% of disposable income)	—	16.0	15.3	9.3	9.0	10.6
General government financial balance (% of GDP)	—	-4.3	-3.9	-2.7	-3.2	-2.2
General government gross debt (% of GDP)	—	78.5	77.6	78.3	78.8	79.4
General government debt, Maastricht definition ³ (% of GDP)	—	68.1	68.8	69.5	69.9	70.6
Current account balance (% of GDP)	—	6.8	7.5	3.8	3.6	4.4

1. Contributions to changes in real GDP, actual amount in the first column.

2. Harmonised index of consumer prices excluding food, energy, alcohol and tobacco.

3. The Maastricht definition of general government debt includes only loans, debt securities, and currency and deposit, with debt at face value rather than market value.

Source: OECD Economic Outlook 112 database.



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France, in 2022, like the other European countries, has been greatly affected by rising price levels, generally driven by Russia's invasion of Ukraine, the post-COVID economic recovery process, and significant increases in energy prices. Additionally, it should be mentioned that the various disruptions in the supply line and business supply chains have also contributed to hurting the French GDP in 2022. Despite historically low unemployment rates and the lifting of restrictions against COVID-19, rising energy prices, high global uncertainty, and falling real wages have led to a decrease in household consumption. In 2022, a rebound in services activity, specifically tourism, supported GDP growth over the summer, but consumer and business confidence levels decreased, and consumption of goods fell by 3% in the first nine months of the year. Thus, the OECD expects real GDP to have grown by 2.6% in 2022 and to grow 0.6% in 2023 and 1.2% in 2024. Concerning the French inflation, the institution expects it to have reached 5.9% in 2022, and to be 5.7% in 2023 and 2.7% in 2024, leading to a reduction in household purchasing power and consumption growth.

In **Italy**, after a strong growth during the first three quarters of 2022, recent high frequency indicators point to activity having slowed in the last three months of the year. Industrial production has been resilient, but retail sales and confidence indicators have been weakening. Employment has been declining recently, although unemployment has continued to fall. Overall,

the recent weakness in the activity indicators, rising borrowing costs, and erosion of real household incomes related to high inflation are leading to an inflection point in the activity. To cushion the impact of inflation on households and businesses, the Government has taken fiscal measures amounting to about 3.5% of the GDP in 2022. This includes tax credits for businesses with large increases in gas and electricity bills, reductions in fixed charges on gas and electricity, and targeted income support for low-income families. These measures are likely to continue, although the 2023 Budget has been postponed due to the elections.

The economy is estimated to have contracted at the end of 2022, ahead of an expected recovery in 2023 and 2024. On the supply side, increases in input prices are expected to reduce output, especially in the energy-intensive sectors. According to the latest OECD forecasts, GDP growth is projected at 3.7% in 2022, slowing to 0.2% in 2023, before picking up moderately to 1% in 2024. High energy prices will act as a brake on production in the energy-intensive industries, while falling incomes due to high inflation, rising interest rates, and moderate export market growth will lessen demand growth. Unemployment is expected to increase and labour market participation to decrease. Inflation is only expected to gradually decline from around 10% at the end of 2022 as energy price caps are gradually removed in 2023 and as recent energy and food price increases trigger broader price pressures.

The Spanish Government has implemented two successive sets of fiscal measures to mitigate the impact of rising prices.

Spain's economy slowed in the third quarter of 2022, with GDP growing 0.2% after +1.5% in the second quarter. Consumer confidence has fallen to very low levels, close to those reached at the beginning of the pandemic. The unemployment rate rose to 12.7% in the third quarter, after being 12.5% in the second quarter. Although it has pulled back from a peak of 10.7% in July 2022, inflation remains high at 7.3% in October, and core inflation reached 4.8% in September.

The Spanish Government has implemented two successive sets of fiscal measures to mitigate the impact of rising prices. The first, in force from April to June 2022, and estimated at 6 billion euros (0.5% of the GDP), included tax discounts and direct aid to companies and families, including a discount on automobile fuel. The second, covering the second half of 2022, amounted to about 9 billion euros



0.2%

GDP growing with economy slowed in the third quarter of 2022



In Portugal, the economy had a considerably stronger year of 2022 than some of its major European counterparts.

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(0.7% of the GDP), of which 5.5 billion euros are expenditure measures and 3.6 billion euros are tax cuts (extending those of the first package and with a further reduction from 10% to 5% in the VAT rate on electricity). Growth is expected to slow in 2023 and remain subdued in 2024, mainly due to the depressing effect of inflation on household purchasing power and to weakening external demand prospects. Rising interest rates in the euro area will weigh on business investment, while public investment should remain buoyant thanks to support from the EU's Next Generation funds.

According to the latest OECD projections, the Spanish GDP will grow by 1.3% in 2023 and 1.7% in 2024, after a projected increase of 4.7% in 2022.

Russia was in the spotlight, not necessarily for the best of reasons. Its military invasion of Ukraine generated (and continues to generate) strong criticism from the West, which has, since the beginning of the war, enacted several sanctions on the country. According to the latest projections from some of the leading economic institutions, such as the World Bank,

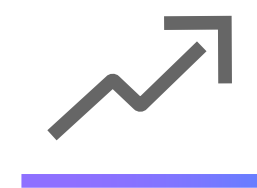
the IMF, and the OECD, Russian GDP is expected to have contracted by 2.3% in the most optimistic scenario and by 5.6% in the most pessimistic one. The restrictive measures were aimed at the import and export of certain commodities. The list of banned products was intended to maximise the negative impact of sanctions on the Russian economy while limiting the consequences for EU businesses and citizens. The numbers are proving that these restrictive measures are having an impact on the activity. Both the World Bank and the IMF estimate that by 2022, Russian trade in goods and services is expected to have declined significantly. In 2023, exports will continue to decline, while imports are expected to be higher than in 2022.

Estimates show that Russia's inflation rate will rise sharply by the end of 2022, reaching almost 14%. Forecasts for 2023 range from 5% (IMF) to 6.8% (OECD).

In **Portugal**, the economy had a considerably stronger year of 2022 than some of its major European counterparts. The country has benefited from a strong recovery in consumption and tourism, which has helped to bring the Portuguese economy to levels

above those seen at the beginning of the pandemic. After an estimated increase of 5.9% in 2022, private consumption is expected to grow by 0.2% in 2023 and 1.0% on average in 2024–2025. The strong growth in 2022 occurred in a context of recovery from the pre-pandemic level (base effects), stagnation of real disposable income, and reduction of the savings rate to historically low values (4.4%). In a context of the removal of the constraints associated with the pandemic, households increased consumption, especially in goods and services whose spending had been postponed in the previous two years, using part of the savings accumulated during the crisis.

Nevertheless, the war in Ukraine has also had adverse effects on the Portuguese economy. The first observable factor turned out to be in prices. Inflation, which had already been rising since late 2021, has skyrocketed since the invasion began, reaching levels above 10% in the second half of the year, with average inflation standing at 7.8% (HICP 8.1%), the highest since 1992. As such, this rise in prices ultimately contributed to a contraction in consumer spending, which until then had been recovering quite solidly from the



7.8%

Average inflation,
the highest
since 1992

**Bank of Portugal projections: 2022-2025**

Annual rate of change in percentage (except where indicated)

	Weights 2021	BE Dec. 2022					BE Oct. 2022		BE Jun. 2022			
		'21	'22 (p)	'23 (p)	'24 (p)	'25 (p)	'21	'22 (p)	'21	'22 (p)	'23 (p)	'24 (p)
Gross Domestic Product	100	-8.4	4.8	5.8	3.1	2	-8.4	4.8	-7.6	4.8	5.6	2.4
Private consumption	64.2	-7.1	5	4.8	2.2	1.8	-7.1	4.3	-5.9	3.3	4.9	2.3
Public consumption	19.1	0.4	4.8	1.4	-1.3	-0.1	0.4	5.2	0.4	4.9	0.4	-0.2
Gross fixed capital formation	19.1	-2.7	4.9	7.2	6.6	3.9	-2.7	5.6	-1.9	7.6	8.2	5.8
Internal demand	102.1	-5.6	5.1	4.6	2.4	1.9	-5.6	4.9	-4.6	4.5	4.7	2.6
Exports	37	-18.6	9.6	12.7	7.8	3.9	-18.6	9.6	-18.6	14.5	13.1	4.8
Imports	37	-18.6	9.6	12.7	7.8	3.9	-18.6	9.6	-18.6	14.5	13.1	4.8
Employment (number of individuals) ^(b)		-1.9	2.5	1.6	0.5	0.3	-1.9	2.6	-1.7	1.3	1.3	0.4
Employment (hours worked) ^(b)		-9.3	8.3	4	0.6	0.3	-9.3	8.4	-9.2	5.9	4.1	0.5
Unemployment rate ^(c)		7	6.6	6	5.7	5.6	7	6.8	7	7.2	7.1	6.8
Current and capital accou (% GDP)		0	0.2	1.8	2.6	1.8	0	1	0.1	0.9	2.1	1.8
Balance of goods and services (% GDP)		-1.8	-3	-2.1	-1.2	-1	-1.8	-2.3	-1.8	-2.1	-1.4	-1.3
Harmonizado index of consumer prices		-0.1	0.9	1.8	1.1	1.3	-0.1	0.9	-0.1	0.7	0.9	1
Energy goods		-5.2	7.8	6.3	-1.3	-0.8	-5.2	6.9	-5.2	5.6	1	-1.3
Excluding energy goods		0.3	0.4	1.3	1.4	1.5	0.3	0.4	0.3	0.3	0.9	1.2

Source: BAnk of Portugal and Statistics Portugal. Notes (p) – projected, pp – percentage points. For each aggregate the corresponding projection is presented.

pandemic period. Ultimately, the annual balance for 2022 should still have been quite positive, with the latest OECD projections pointing to growth around 6.7%. However, the second half of the year saw a sharp slowdown, which is expected to carry over into the next few years, with increases of 1.0% and 1.2% expected in 2023 and 2024, respectively.

Fiscal policy is expected to become less favourable over 2023 and 2024. The budget deficit is expected to have declined to from 1.4% to 1.5% of the GDP by 2022, according to the government, as COVID-19-related expenditures and allowances have been phased out and additional tax revenues due to higher-than-expected growth and inflation help offset the cost of the Portuguese Government's

Considering the dynamics of domestic demand and a potential slowdown

in growth, it is plausible to project inflation rates around 4.5% for 2023.

energy-targeted support measures. In 2022, the total support of 1.6% of the GDP included one-off cash transfers to households (1.9 billion euros) and lower energy prices through reduced taxes and tariffs and public transport prices (1.7 billion euros). Some measures linked to the energy sector have been extended to 2023 (648 million euros), such as tax cuts on fuel and electricity and public transport prices.

Harmonised inflation should slow to 5.80% (according to the Bank of Portugal) in 2023 and 2.4% in 2024 as energy prices stabilise and available capacity increases. Considering the dynamics of domestic demand and a potential slowdown in growth, it is plausible to project inflation rates around 4.5% for 2023. High nominal GDP growth will help reduce public debt (Maastricht view) to just over 106% of the GDP in 2024.

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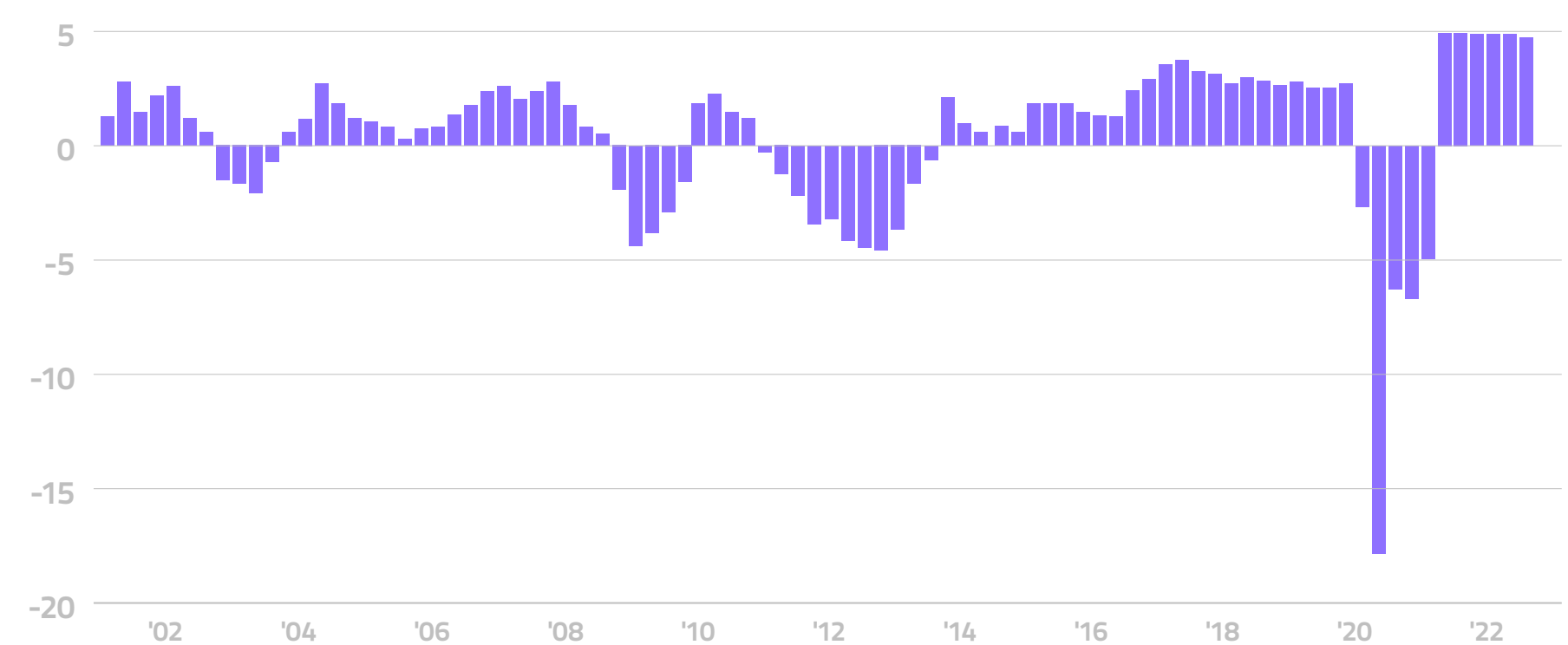


Portugal, Spain and Itália Yields – 10 years



Portugal – GDP growth

Var. Homóloga (%)



The UK economy had a turbulent year in 2022.

The UK economy had a turbulent year in 2022, being one of the most affected by the cost-of-living crisis among developed countries. GDP growth has slowed, and the high frequency indicators point to a further deterioration of the outlook. Following growth of 0.7% in the first quarter of 2022 and of 0.2% in the second quarter, GDP fell by 0.2% in the third quarter as rising prices outpaced wage growth, resulting in deteriorating household incomes. Year-on-year inflation reached as high as 11.1% in October due to high energy prices and rising food and core inflation. Total average compensation growth rose to 6% in the three months to September 2022, against a backdrop of tight labour market conditions, but real wages fell by 2.6%. In the third quarter, the unemployment rate of 3.6% fell below pre-pandemic levels, partly due to greater economic inactivity among 50- to 64-year-old people than before the pandemic.

The Bank of England responded to rising inflation with broad tightening of monetary conditions, raising its reference interest rate from 0.1% in December 2021 to 3% in November 2022. It also continued its “quantitative tightening” by ceasing to reinvest in new purchases of sterling corporate bonds and gradually reducing its holdings of sterling corporate bonds until the end of 2023. Starting in

November 2022, the Bank of England began selling government bonds to gradually reduce its 838 billion GBP stock accumulated since the global financial crisis. Monetary policy is expected to continue to be tightened, with the bank rate reaching 4.5% by the second quarter of 2023 and remaining at that level throughout the projection period.

After an estimated expansion of 4.4% in 2022, GDP is projected to contract by 0.4% in 2023 and grow by only 0.2% in 2024. Inflation will remain above 9% in early 2023 before slowly decreasing to 4.5% in late 2023 and to 2.7% in late 2024. Reduced purchasing power and a tighter monetary policy are expected to impact consumer spending, and rising long-term interest rates will lead to a slowdown in the housing market. Business investment will remain subdued during the projection period due to a higher cost of capital and to a persistent uncertainty.

It was also a year of political turmoil, with three prime ministers occupying Downing Street, Liz Truss succeeding Boris Johnson, but remaining in office for just 44 days, giving way to Rishi Sunak. Also in 2022, Queen Elizabeth II, who reigned for over 70 years, passed away. Charles III, her son, succeeds her on the throne.



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2.1.1 Automotive Sector

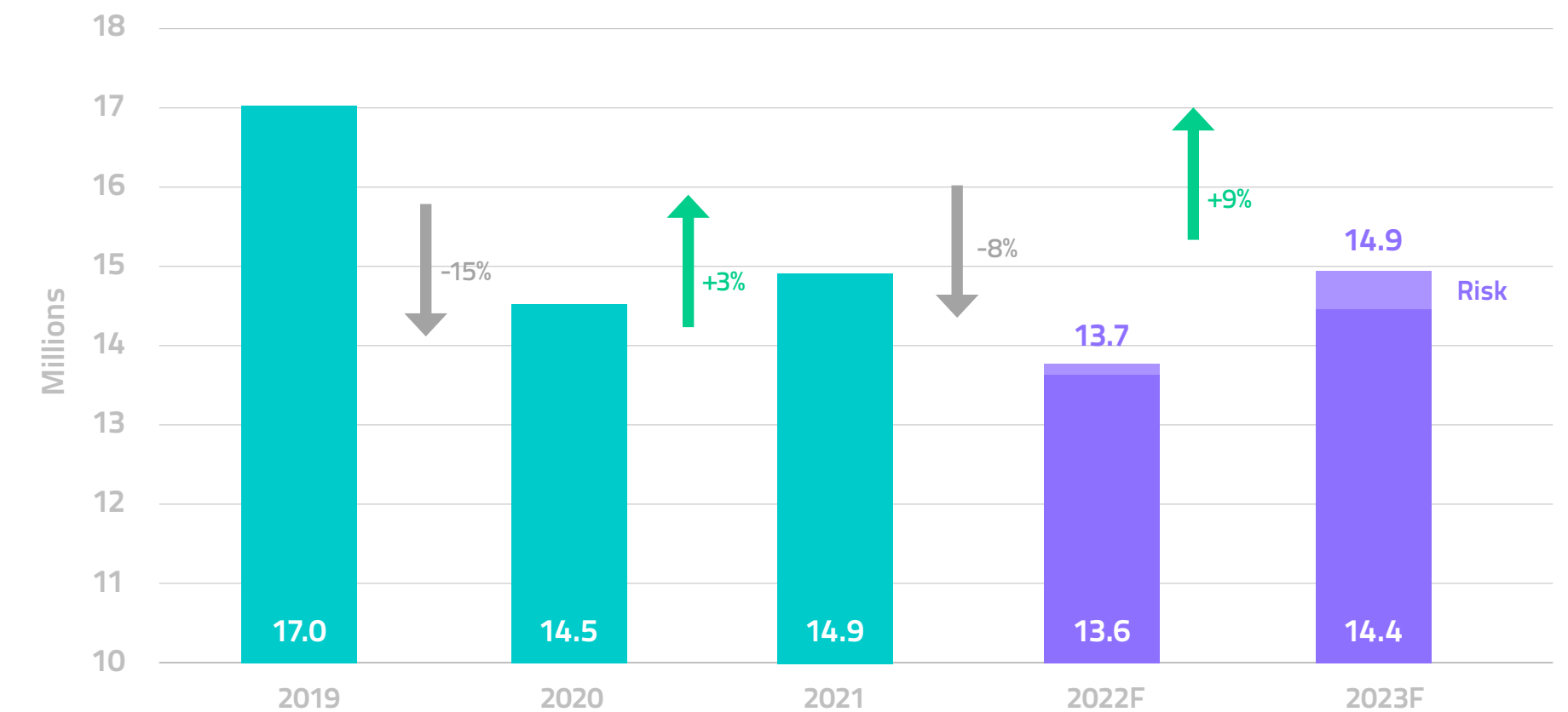
According to the latest figures from S&P Ratings, global auto sales are expected to have been around 79.2 million units, which represents a decline of about 1.3% from 2021. Inherent conditions in the sector have limited the prospects for recovery, against a backdrop of weaker economic growth, higher interest rates, tight supply chains, difficulties with affordability, which is higher for new cars, weakening consumer confidence, and greater concerns with the price and supply of energy. Two consecutive years of pent-up demand continued. Irregular recovery patterns for semiconductor supply, energy risks (especially through a European winter), and logistical difficulties persisted. With the auto industry already operating at or near recessionary levels, the outlook for the future remains mixed at best.

Global light vehicle production in 2022 is expected to end at 81.8 million units – a 6.0% improvement over 2021 levels – in a year that was once again defined by supply chain constraints, lockdowns in China and,

since February, the side effects of Russia's invasion of Ukraine, which intensified the risk of widespread recession. For 2023, S&P forecasts continued production growth, even in a scenario that looks more challenging than in the past 12 months. Light-vehicle production levels are expected to increase by 4.0% to 85.0 million units. Although 2022 began with the expectation of a return to pre-pandemic production levels in 2023, this optimism is now postponed to 2025 at the earliest.

Looking ahead, S&P's latest forecasts indicate that global new light vehicle sales will reach nearly 83.6 million units by 2023, a 5.6% increase year over year. The automotive industry continues to navigate supply chain challenges while being confronted with several markets facing deteriorating economic conditions and pent-up demand. As semiconductor availability increases, demand destruction is expected to take on a more fundamental role in 2023, impacting production and the inventory replenishment cycle.

US light vehicle sales outlook



Source: GlobalData Automotive Intelligence Center

United States of America

In the USA, the latest estimates by LMC consultancy indicate that 13.7 million vehicles will have been sold in 2022. If confirmed, this number represents a drop of 8% compared to 2021. While the Fed raised interest rates again in December, the pace of the increase has already slowed, which should be good news for the automotive sector. However, economic behaviour is not without risk, as a sharp slowdown in growth is expected in 2023, which could test the level of pent-up demand as supply continues to recover. Given the risk factors, the 2023 outlook has been lowered by another 200 thousand to 14.9 million units, which would still represent a 9% increase from 2022.



-8%

A drop compared
to 2021 in
vehicles sales



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In Brazil, between January and November 2022, 1,887,538 cars were sold, representing a 1.3% year-on-year decrease. According to the National Association of Motor Vehicle Manufacturers (Anfavea), the licencing of light vehicles contracted 1.4% year-on-year to 1,758,307 units, with light passenger vehicles increasing 0.7% to 1,412,475, and light duty vehicles dropping 9.2% to 345,832 units.

Vehicle inventory continues to increase, with November expected to see a marginal increase in supply to 36–38 days from 35 previously. Total plant disruptions in North America implied a reduction of 1.9 million units, which reduced the forecast 2022 production by 100,000 to 14.2 million units, which is still an improvement of 2.2 million units from 2021.

Brazil

In **Brazil**, between January and November 2022, 1,887,538 cars were **sold**, representing a 1.3% year-on-year decrease. According to the National Association of Motor Vehicle Manufacturers (Anfavea), the licencing of light vehicles contracted 1.4% year-on-year to 1,758,307 units, with light passenger vehicles increasing 0.7% to 1,412,475, and light duty vehicles dropping 9.2% to 345,832 units.

As for trucks, between January and November 2022, there was a 2.2% decrease in units sold to 114,166 units, while in buses there was a sharp 16.9% increase to 15,065 units sold.

As for **exports**, a 34.3% year-on-year increase could be observed, representing a total of 449,705 exported units. The associated revenues showed a 40.6% increase, corresponding to a turnover of 9.6 billion USD.

Finally, it should be mentioned that during the period in question, the **production** of motor vehicles increased by 6.9% to 2,178,202 vehicles manufactured.

Motor vehicle production in Brazil

	November 2022		January to November 2022	
	Units.	%var.	Units.	% var.
Light Passenger Vehicles	158,720	25.9	1,412,475	0.7
Light Duty Vehicles	33,332	-5.7	345,832	-9.2
Total Light Vehicles	192,052	19.0	1,758,307	-1.4
Trucks	10,208	-2.5	114,166	-2.2
Buses	1,751	67.9	15,065	16.9
Total Automotive Market	204,011	17.9	1,887,538	-1.3

Source: Anfavea

Export of motor vehicles in Brazil

	November 2022		January to November 2022	
	Units.	%var.	Units.	% var.
Light Passenger Vehicles	35,370	58.2	361,621	36.5
Light Duty Vehicles	5,311	57.2	59,803	31.4
Total Light Vehicles	40,681	58.1	421,424	35.8
Trucks	2,466	37.0	23,443	12.9
Buses	290	-40.2	4,838	32.7
Total Automotive Market	43,437	55.0	449,705	34.3

Source: Anfavea

Production of motor vehicles in Brazil

	November 2022		January to November 2022	
	Units.	%var.	Units.	% var.
Light Passenger Vehicles	168,136	5.5	1,675,355	8.7
Light Duty Vehicles	29,570	-2.9	325,550	-2.1
Total Light Vehicles	197,706	4.2	2,000,905	6.8
Trucks	15,121	5.2	147,378	0.7
Buses	2,969	87.6	29,919	71.4
Total Automotive Market	215,796	4.9	2,178,202	6.9

Source: Anfavea



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Car sales in China

	Volume	Jan. - Nov.	MoM	YoY	YoY Jan.-Nov.
Cars	232.8	2,430.2	-7.1	-7.9	3.3
Passenger Cars (PC)	207.5	2,129.2	-7.0	-5.6	11.5
Cars	96.3	1,005.5	-7.9	-5.1	13.7
MPV	8.4	83.8	-7.2	-22.5	-11.1
SUV	100.3	1,011.1	-6.1	-3.2	12.9
Crossed Passenger Cars	2.5	28.9	-8.5	-34.8	-17.5
Commercial Vehicles (CV)	25.3	301.0	-7.5	-23.4	-32.1
Buses	3.7	35.5	5.8	-7.1	-21.3
Buses incomplete vehicles	0.1	0.9	23.0	-25.4	-37.7
Trucks	21.6	265.5	-9.5	-25.6	-33.3
Semi-trailer	1.9	27.7	-7.5	-16.8	-57.7
Trucks incomplete vehicles	1.8	24.3	17.1	-35.5	-59.5

China

According to the latest figures for the first eleven months of the year, released by the China Association of Automobile Manufacturers (CAAM), car sales in China recorded a growth of 3.3% y/y to 24.30

million units. Light passenger vehicles led the gains, posting an 11.5% increase to 21.3 million. Commercial vehicles’ performance, on the contrary, disappointed, recording a 32.1% drop to 3 million.

As regards new energy sources, electric vehicles saw a 100.6% increase in sales through November, to 6.1 million.

As for production, the total number recorded an increase of 6.1% to 24.6 million in the first eleven months of 2021. Light passenger vehicles recorded a 14.7% gain to 21.7 million units, while commercial vehicles fell 31.9% to 2.9 million.

As regards new energy sources, electric vehicles saw a 100.6% increase in sales through November, to 6.1 million.



3.3%

Car sales in China recorded a growth



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	Novembro 2022		Var %		January to November 2022		Var %	
	Local	Exp	Local	Exp	Local	Exp	Local	Exp
Light Passenger	32,859	23,522	16.9	89.2	334,010	221,444	19.6	35.0
Light Goods	13,477	10,710	20.8	28.4	125,238	104,283	0.9	-7.1
Heavy	2,997	78	20.4	32.2	27,037	738	33.1	47.3
Buses	80		53.8	-100.0	610	51	2.5	155.0
Industry Total	49,413	34,310	18.2	64.7	486,895	326,516	13.6	17.9

Source: NAAMSA

South Africa

In South Africa, there has been a recovery in the automotive market in the months of January through November 2022, both in local sales and exports. Thus, according to the National Association of Automobile Manufacturers of South Africa (NAAMSA), during the period in question, 486,895 vehicles were sold locally, representing an increase of 13.6% y/y, of which 334,010 are light passenger vehicles, with their sales growing by 19.6% y/y. As for light duty vehicles, a slight rise in local sales of 0.9% to 125,238 units could be observed, while sales of heavy duty vehicles rose 33.1% to 27,037 vehicles. As for automobile exports, in the period in

question there was a sharp growth of 35% in exports of light passenger vehicles to 221,444 units, while the export of light duty vehicles contracted 7.1% to 104,283 vehicles. The export of heavy duty vehicles increased 47.3% to 738 units sold and the export of buses increased 155% to 51 buses exported. It should be mentioned that, in total, the local automobile industry recorded a year-on-year growth of 13.6%, compared to the first 11 months of 2021, corresponding to a total of 486,895 vehicles sold. Exports amounted to 326,516 vehicles, corresponding to an increase of 17.9% over the reference period.

In South Africa, there has been a recovery in the automotive market

in the months of January through November 2022, both in local sales and exports.

The result was surprising, as NAAMSA has previously indicated that there is a close correlation between new vehicle sales and the overall performance of the economy, and at the moment, the global economy is facing several challenges, one of the main ones being the general increased in prices. Additionally, the automotive industry felt very constrained by the disruptions in the global supply and distribution chain, which affected automotive producers globally, further fuelled by the shortage of semiconductor chips that occurred throughout the year. It is relevant to mention that the automotive industry was still resilient to events that disrupted the market throughout the year, such as the KwaZulu Natal flood disaster, which caused significant disruption to the production of automotive components.

35%

Growth in exports of light passenger vehicles

47.3%

Increased the export of heavy duty vehicles



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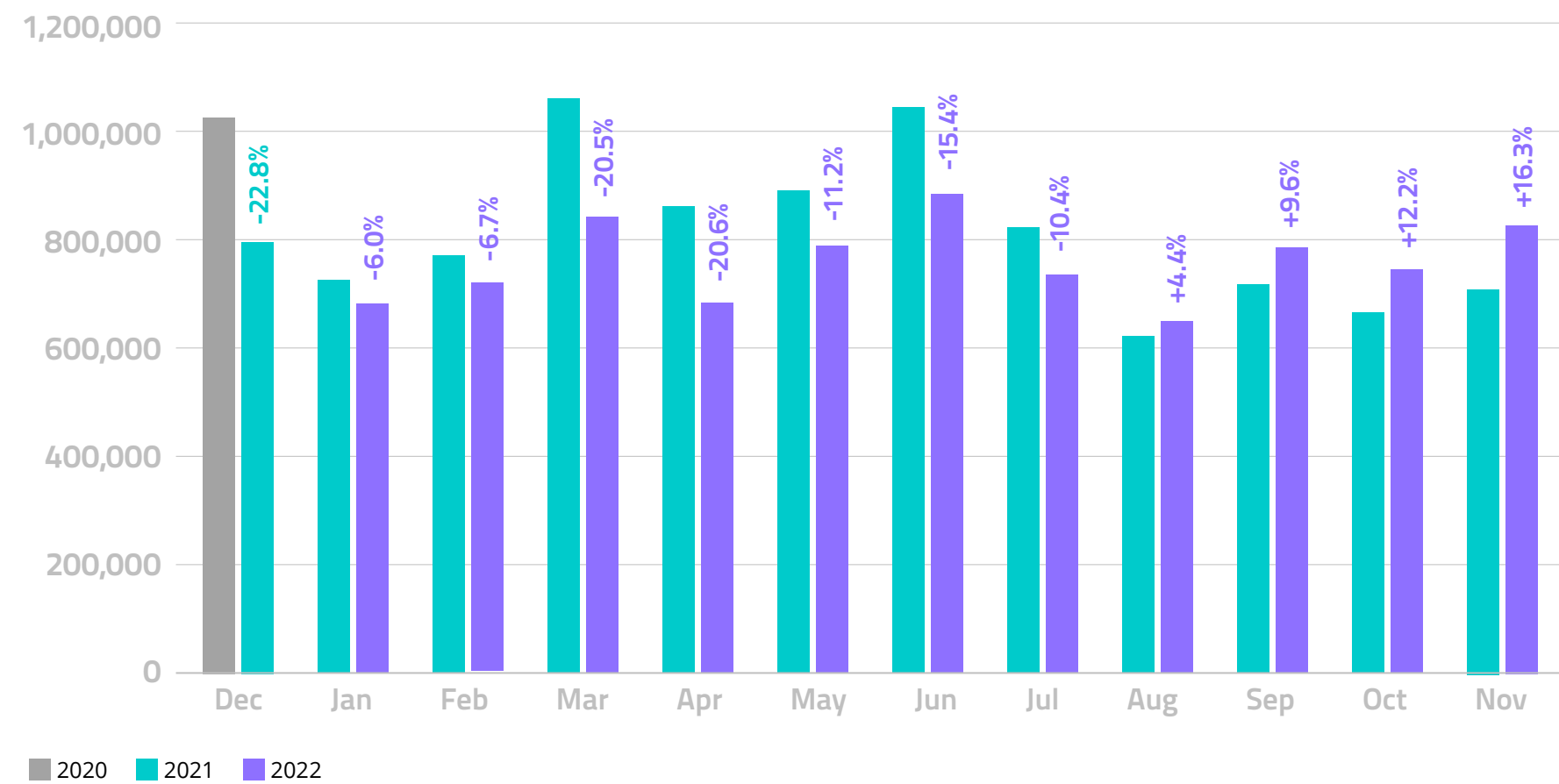
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STRATEGIC
CONTEXT



Passenger car registration in the EU



Europe

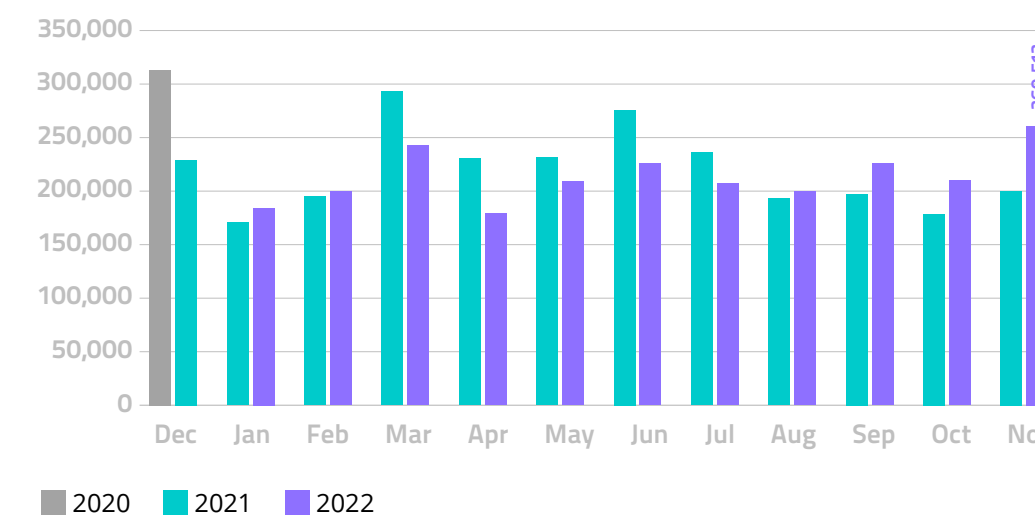
2022 was marked by another very complicated period for the European automotive industry. The European automotive industry has again suffered from a shortage of semiconductors as well as from a general bottleneck in supply chains that has weighed on the industry. Order fulfilment continues to be a struggle, with long waiting lists, extended lead times, and challenging logistics. For 2023, the narrative shifts from supply constraints to demand destruction. With a slight recession coming to Western Europe, demand for 13.9 million units (+7.4% y/y) is forecast for 2023, according to *S&P Global Mobility*.

+16.3%
in November

-6.1%
11 months into 2022

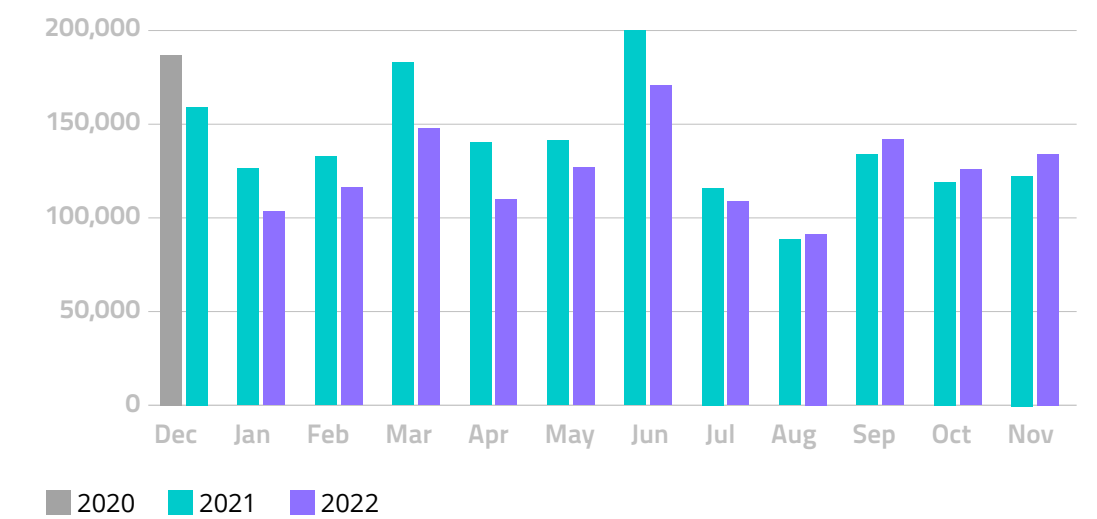
New passenger car registration in Germany

12 month trend



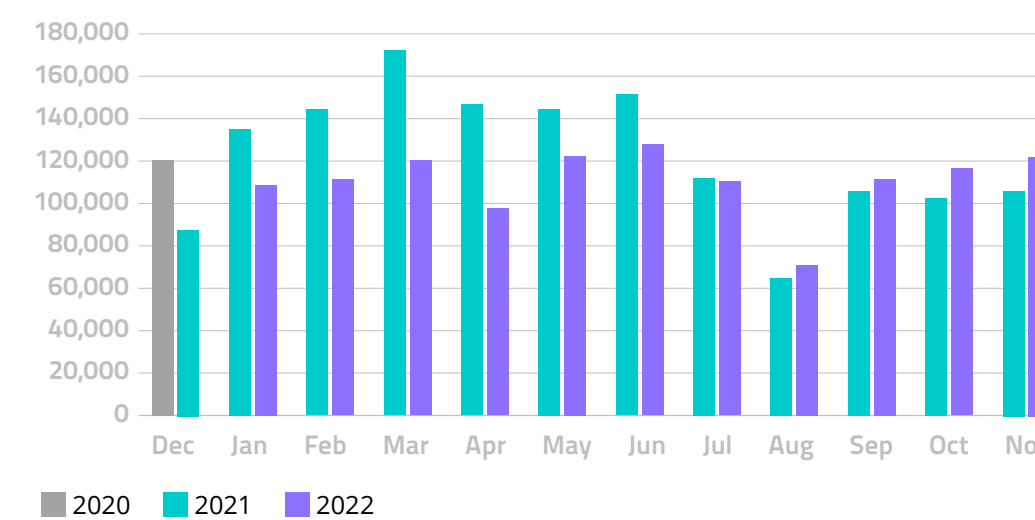
New passenger car registration in France

12 month trend



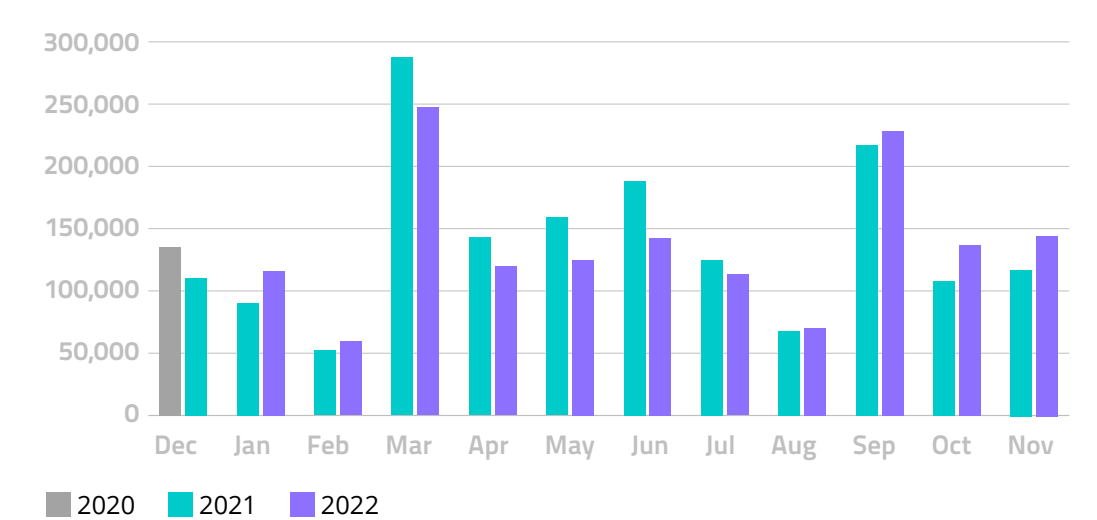
New passenger car registration in Italy

12 month trend



New passenger car registration in United Kingdom

12 month trend



In the first eleven months of the year, new passenger vehicles registrations in the European Union were 6.1% lower compared to the same period last year. Despite strong recent results, the declines generated from January to July were enough to drag down the year-to-date performance. Among the four key markets in the region, Italy recorded the weakest result so far this

year (-11.6%), followed by France (-8.7%), Spain (-4.4%), and Germany (-2.4%).

For the latest available monthly data, concerning November 2022, the EU new passenger vehicles market recorded another strong increase (+16.3%), the fourth in a row this year. However – with 829,527



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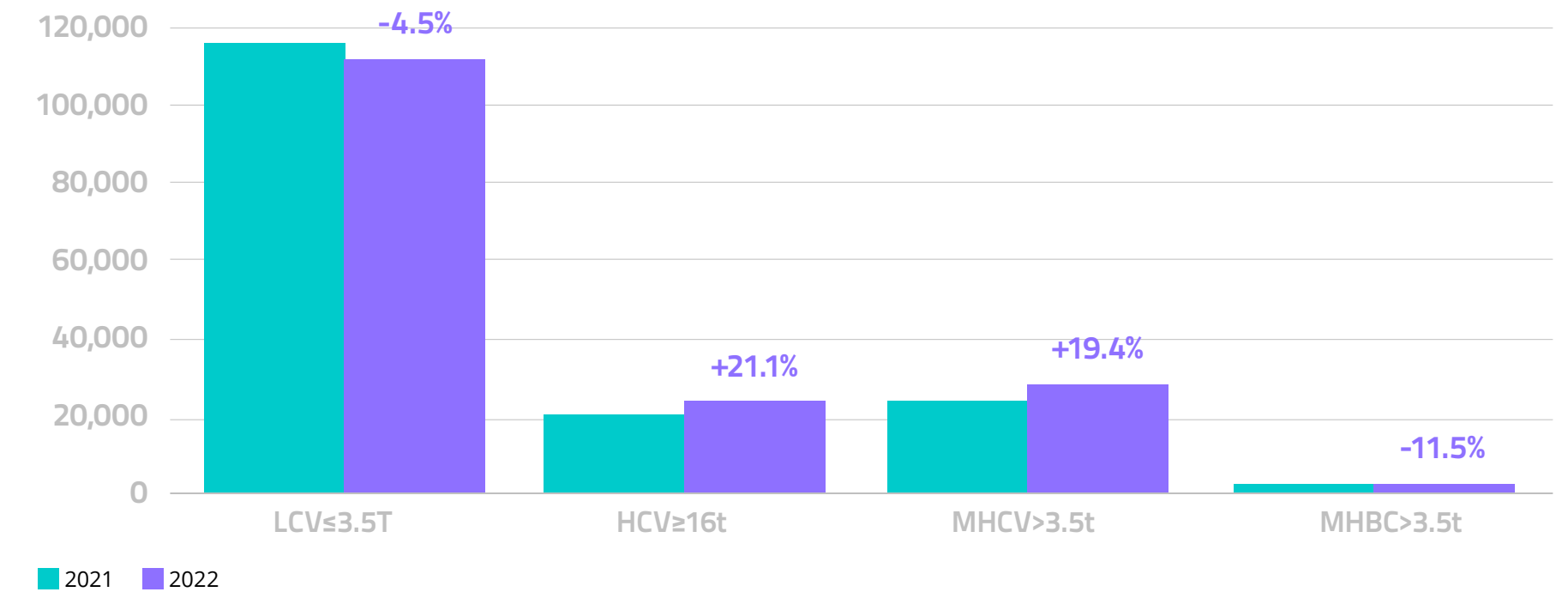
For the latest available monthly data, concerning November 2022, the EU new passenger vehicles market recorded another strong increase (+16.3%), the fourth in a row this year. However – with 829,527 units sold – last month’s volumes remained well below the pre-pandemic levels of November 2019, when one million cars were registered.

units sold – last month’s volumes remained well below the pre-pandemic levels of November 2019, when one million cars were registered. Most markets in the region contributed positively to this overall growth, including the four largest markets. The largest increase was seen in Germany (+31.4%), followed by Italy (+14.7%), Spain (+10.3%), and France (+9.8%) – which also saw solid gains.

As for commercial vehicles, in the first eleven months of 2022, registrations across the European Union fell by 15.5% to nearly 1.5 million vehicles. The four major EU markets all suffered double-digit losses, thus contributing to the region’s negative performance:

Spain (-19.2%), France (-18.1%), Germany (-12.8%), and Italy (-10.7%). For the latest available monthly data, for the month of November 2022, new commercial vehicle registrations in the European Union declined slightly (-0.6%), marking the seventeenth consecutive month of decline. The truck category saw a significant improvement in the month of November, albeit not enough to offset the negative results of the van and bus segments. Performances in the region’s four main markets were mixed. Germany recorded the largest gain (+14.0%), followed by Spain, with modest growth (+0.9%). Italy and France, conversely, suffered declines (-13.7% and 7.0%, respectively).

New commercial vehicle registrations in the EU



The number of **light commercial** vehicles in the first eleven months of 2022 across the European Union fell 19.3% to nearly 1.2 million units. Except for Cyprus (+0.8%), all markets in the region performed worse than a year ago, including the four largest markets: Spain (-23.8%), France (-20.0%), Germany (-15.7%), and Italy (-12.3%).

-19.3%
Light commercial
vehicles

As for **heavy commercial** vehicles, 235,670 were registered in the European Union, which corresponds to an increase of 7.3% year-on-year. The four largest markets in Western Europe recorded growth: Spain recorded the largest increase (+12.4%), followed by more modest gains in Italy (+3.6%), France (+3.3%), and Germany (+0.8%).

+7.3%
Heavy commercial
vehicles

Regarding fuel types, during the third quarter of 2022, sales continued to decline for conventional gasoline and diesel cars. In gasoline the drop was 3.3% to 823,360 units. As a result, gasoline’s market share



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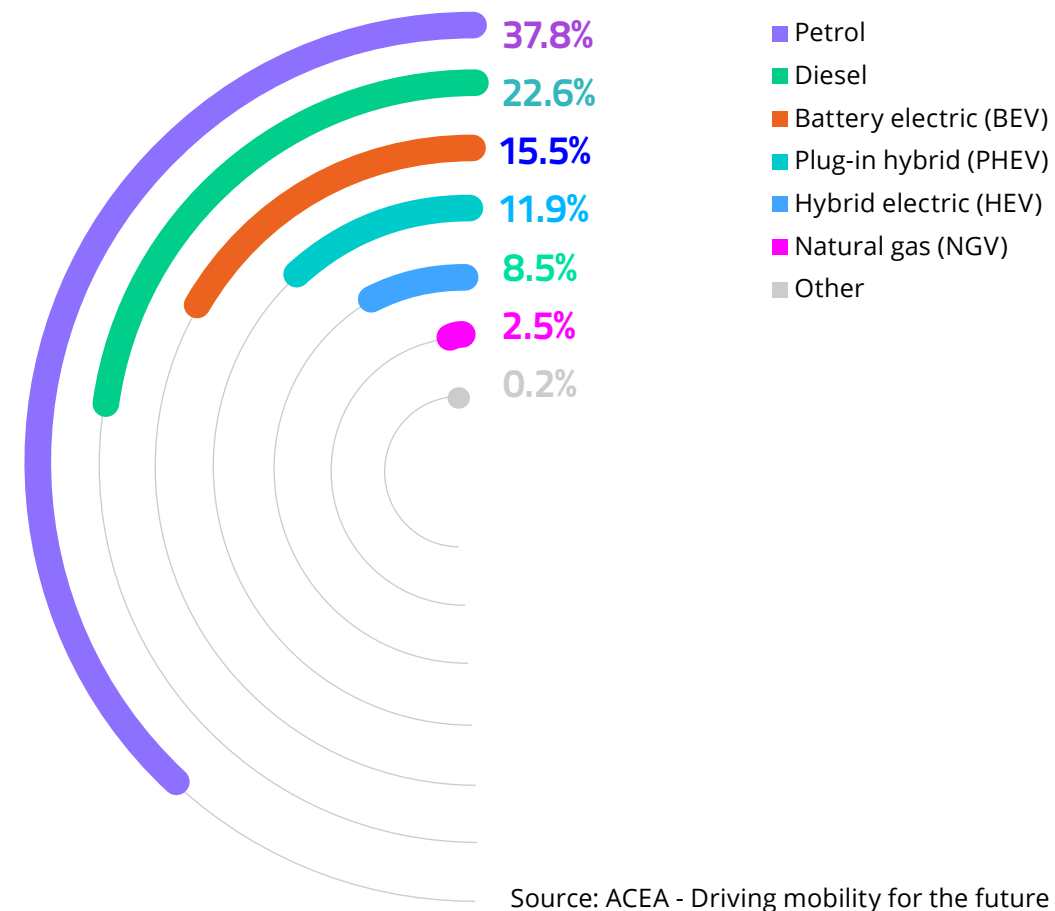


STRATEGIC
CONTEXT



Car by fuel type

Third quarter of 2021



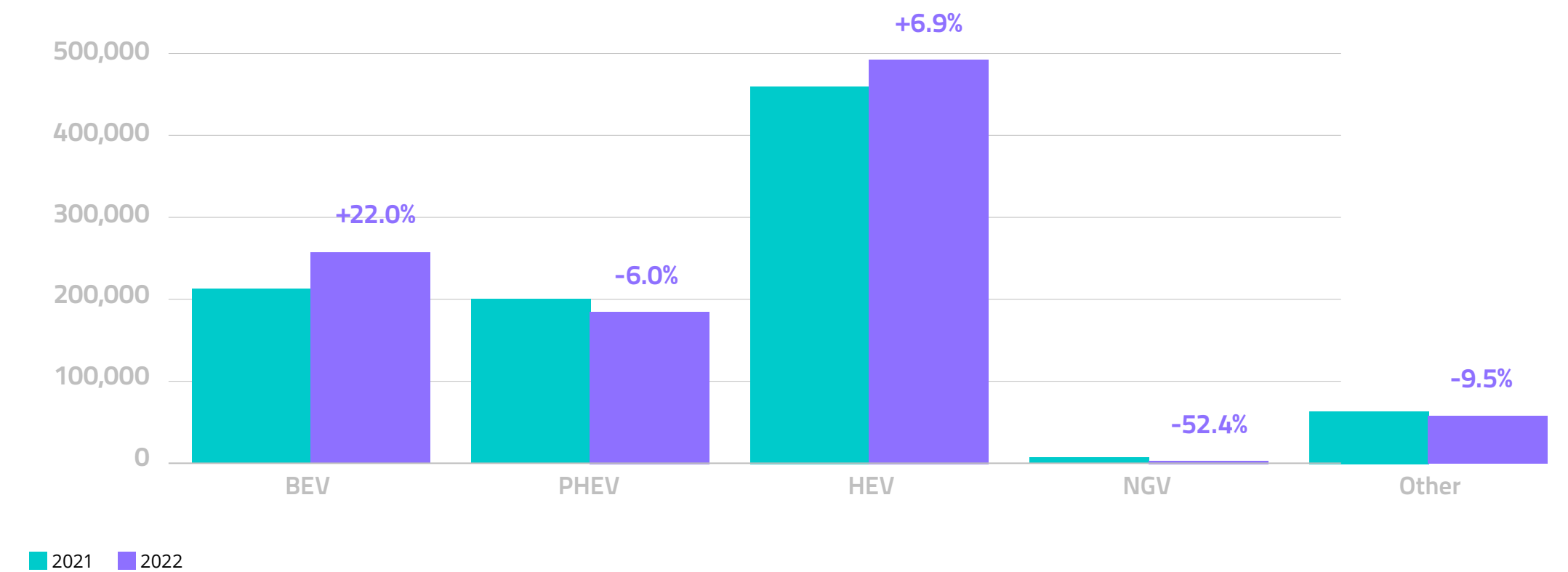
6.9%

Increase in sales
of hybrid electric
vehicles

declined from 39.3% in the third quarter of 2021 to 37.8% this year. However, gasoline remained the most popular fuel type in the European Union. Likewise, sales of diesel cars declined 4.7% to 360,596 units sold across the European Union. The market share of diesel vehicles fell almost one percentage point to 16.5% of total sales (from 17.5% in the third quarter of 2021).

As regards to vehicles with **alternative energy** sources, in the third quarter of 2022, battery **electric vehicles** (BEVs) recorded the strongest growth of all fuel types (+22.0%), with 259,449 units registered across the EU. Except for Denmark (-2.6%) and Italy (-35.0%), all markets in the region contributed to this positive performance, with even triple-digit gains in Cyprus (+490.0%), Latvia (+231.8%), Romania (+213.4%), and Bulgaria (+101.7%).

New passenger car registrations in the EU by alternative fuel type



Registrations of **plug-in hybrid** electric vehicles (PHEVs), on the other hand, fell by 6.0% in the third quarter of the year, as all major EU markets recorded losses. Italy and France both recorded double-digit drops (-22.2% and -14.3% respectively), while Germany and Spain recorded more modest declines (-0.9% and -1.0%). As a result of this negative performance, PHEVs lost market share, when compared to the same period last year, now accounting for 8.5% of total car registrations.

With 492,011 units sold from July to September, sales of **hybrid electric** vehicles (HEVs) increased by 6.9%. Their market share increased by 1.3 percentage points – making up 22.6% of the total market. Among the region's major markets, only Germany recorded

a decline (-1.5%). Italy recorded the largest increase (+20.8%), followed by France (+15.6%) and Spain (+11.3%).

EU registrations of **natural gas** vehicles (NGVs) suffered another double-digit loss (-52.4%), largely due to the significant decrease in Italy (-71.2%) – the region's largest market in this segment, accounting for more than 40% of total registrations. As a result, NGV market share has halved during the third quarter of 2022, when compared to the same period a year ago. LPG car sales fell 9.5% to 55,418 units, as the two largest markets for this type of fuel suffered declines: France (-14.9%) and Italy (-3.1%).



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Germany

In Germany, the most recent data available at the time of writing, provided by the German Automobile Association (VDA), indicate that 208,600 passenger vehicles were registered in October, 17% more than in October of last year. In the first ten months of this year, there were a total of almost 2.1 million new vehicles, thus 5% fewer than in the same period of the previous year.

Compared to the already rather weak pre-crisis year of 2019, there is still a 31% sales deficit in the current year. In the second half of 2021, the global semiconductor shortage was especially noticeable in registrations: last year's comparative low level is the main reason why double-digit growth was achieved last month, despite the overall low number of new registrations. Shortages of primary and intermediate products, high energy and raw material prices, and general uncertainty due to the ongoing war in Ukraine are still slowing the market and production.

New registrations of electric vehicles increased by 25% in October, compared to the same month last year, and reached a volume of 67,900 units. The share of electric vehicles in October was 32.5% – the highest this year.

New registrations of purely electric passenger vehicles (BEVs) increased 17% to 35,800 units compared to the same month last year. New plug-in hybrid (PHEVs) registrations increased 35% to 32,100 units, when compared to the same month last year. A 15.4% share of all new registrations means the highest ever for the PHEV segment. This suggests early purchases due to the phasing out of the allowance at the end of the year. A total of almost 556,600 electric vehicles have been registered since the beginning of the year. Sales are thus 5% above the same period last year.

Incoming orders from Germany fell significantly in October, when compared to the same month last year: Thirty-eight percent fewer orders were recorded. Since the beginning of the year, 10% fewer domestic orders have been received than in the same period of the previous year. In contrast to domestic orders, orders received from abroad increased again in October: They increased by 10%, when compared to the same month last year. In the first ten months of the year, however, a total of 7% fewer orders from foreign clients were recorded than in the first ten months of 2021.

Compared to the already rather weak pre-crisis year of 2019, there is still a 31% sales deficit in the current year.

Regarding production, it increased in October for the sixth consecutive month:

German manufacturers produced 277,900 cars. This corresponds to an increase of 30%, when compared to the same month last year. Since the beginning of the year, 2.8 million vehicles have been produced in Germany, up 10% from January to October of the previous year. Despite the high growth rates of recent months, production volume is still at a comparatively low level: 2019's pre-COVID production figures are still well down by 30% on the current year.

With 218,500 new vehicles exported, passenger vehicles exports in October increased by 23%, when compared to the previous year. During the year, 2.1 million new passenger vehicles were exported, 9% more than in the same period of the previous year. Compared to the first ten months of 2019, there is a deficit of 28%.



35%

Registrations increase when compared to the same month last year.



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Light and Heavy Enrollments (Summary)

OBR- Official Brand Representatives

	Dezembro			Janeiro a Novembro 2022		
	2022	2021	% Var	2022	2021	% Var
Light Passenger Vehicles	14,698	12,608	16.6%	156,250	146,637	6.60%
Light Duty Vehicles	3,052	3,281	-7.0%	23,541	28,790	-18.20%
Total Light Vehicles	17,750	15,889	11.7%	179,791	175,427	2.50%
Total Heavy Vehicles	606	444	36.5%	5,500	4,850	13.40%
Heavy duty vehicles	585	330	77.3%	4,095	4,264	-4.00%
Buses	21	114	-81.6%	1,405	586	139.80%
Total Car Market	18,356	16,333	12.4%	185,291	180,277	2.80%

*Inclui ambulâncias
Origem: AT
Fonte: ACAP

Portugal

In Portugal, car sales in 2022 stood at 185,291 vehicles, up 2.8% year-on-year. These figures, released by the Portuguese Auto Association (ACAP – Associação Automóvel de Portugal) also showed that of the total 180,277 vehicles sold, 179,791 were light vehicles and 5500 were heavy duty vehicles.

Considering only the light passenger vehicles sector, there was an increase of 6.6% in 2022. Light duty vehicles stood at 23,541 units, which corresponds to sharp drop of 18.2% compared to 2021.

As for heavy duty vehicles, they fell by 4.0%, when compared to 2021, to 4,095 units. Conversely, heavy passenger vehicles recorded a huge jump of 139.8% to 1,405 units, which can be justified, in part, by the registration of ambulances.

In 2022, there was a solid increase of 25.0% of new light passenger vehicles powered by other types of energy, namely electric and hybrid. Specifically, there is a 41.9% increase in electric vehicles compared to 2021.

Light passenger vehicles registrations in Portugal

	December 2022		January to December 2022	
	Units	% Var 22/21	Units	% Var 22/21
Electric	2,358	25.8%	18,813	41.9%
Plug-in	1,852	42.6%	16,028	2.3%
Electric/Gasoline	1,807	54.3%	14,764	9.0%
Electric/Diesel	45	-64.8%	1,264	-40.1%
Electric Hybrid	1,646	17.2%	24,096	26.3%
Hybrid/Gasoline	1,324	22.1%	19,915	32.8%
Hybrid/Diesel	322	0.6%	4,181	2.3%
LPG/Gasoline	942	33.1%	5,476	55.4%
CNG	8	700.0%	16	-48.4%
Total	6,806	28.8%	64,429	25.0%

Source: ACAP

As regards production, 292,525 vehicles were assembled in Portugal in the first eleven months of the year, which corresponds to an increase of 9.9% vis-à-vis 2021. Considering November’s figures, 33,180 units were produced, which represented an increase of 10.9% compared to the same month in 2021.



9.9%

Increase of vehicles assembled in Portugal compared to 2021



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Automotive production in Portugal

	November 2022		November to December 2022	
	Units	% Var 22/21	Units	% Var 22/21
Light Passenger Vehicles	31,005	17.4%	231,741	10.0%
Light Duty Vehicles	5,107	-20.7%	55,553	7.9%
Heavy Duty Vehicles	694	111.6%	5,231	35.1%
Total Automotive Production	36,806	10.9%	292,525	9.9%

Source: ACAP

Automotive assembly in Portugal

	November 2022		November to December 2022	
	Units	% Var 22/21	Units	% Var 22/21
Heavy Duty Vehicles	17	112.5%	181	1.7%
Total Automotive Production	17	112.5%	181	1.7%

Source: ACAP



112.5%

Slight Increase
of heavy duty
vehicles assembled
in Portugal in 2021

Regarding the assembly of motor vehicles in Portugal, 17 heavy duty vehicles were assembled in November 2022, representing a 112.5% year-on-year increase. In cumulative terms, in the eleven months of 2021, the assembly of heavy duty vehicles showed only a slight increase of 1.7% to 181 units.

Anyone who only looked at the 2022 closing figures and compared them to 2021 might wrongly conclude that little had happened, since the annual change was minimal.

2.1.2 Iron, Steel, and Scrap

Iron Ore

It was another year of extremely high volatility in iron ore prices. We can divide the year into three different parts: a rise from 125 USD/metric ton to 165 USD/metric ton during the first quarter; a prolonged and very sharp drop between April and November that took prices to a low very close to 75 USD/metric ton, and a recovery by the end of the year that took prices back to 120 USD/metric ton, very close to where they started. Anyone who only looked at the 2022 closing figures and compared them to 2021 might wrongly conclude that little had happened, since the annual change was minimal.

The first of these parts is easy to explain. An initial enthusiasm motivated by the expectation that the global economy, especially the Chinese economy, would grow strongly when the pandemic seemed to have been left in the past for good, culminating with the start of the Russian-Ukrainian war that caused fears of shortages of some raw materials and problems in international trade.

By April it was already apparent that there would be no supply problems in iron. What might happen was a reduction in consumption by those involved in the war, especially Ukraine, whose main steel production



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Iron ore

(year 2022 – \$/ton)



infrastructure was destroyed. It began to become obvious that inflation was getting out of control, with central banks raising interest rates at a pace not seen since the last century. In China, by far the main consumer of iron, problems began to arise with the real estate sector, with some of the big developers close to bankruptcy. In addition, the resurgence of COVID-19 cases had led the country to again adopt a restricted mobility policy, damaging its economy. In this context, iron prices went into a downward spiral.

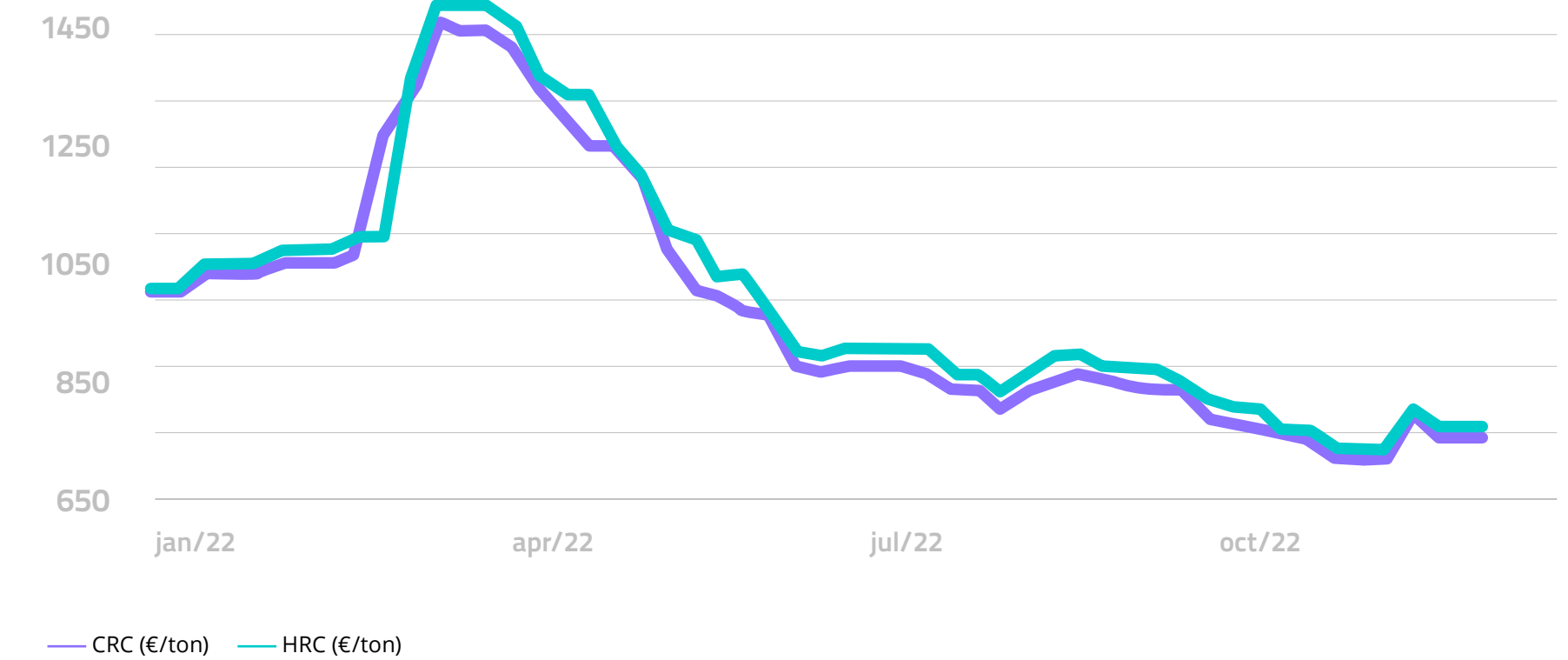
In the last two months of the year, the lifting of restrictions associated with COVID-19 in China, the announcement of strong financial support for the

country's real estate sector, and signs that overall inflation was receding, led to an increase in confidence for 2023 that allowed for a return to the prices of the beginning of the year.

The scenario for 2023 remains uncertain. There is confidence that China will return to higher growth and the hope that the major economies will not go into a deep recession and that the central banks will stop their policy of raising rates and may even begin to indicate their reversal. Depending on whether these expectations come true or not, we will have iron that can either stay up at current values or return to prices below 100 USD/metric ton.

Steel Plate – Southern Europe

(year 2022)



30%

CRC prices
shot up to near 1500
USD/metric ton

Steel Plate – Southern Europe

Steel sheet prices in Europe opened 2022 high and remained so until the beginning of the Russian invasion of Ukraine. At that time, the logistical situation was still problematic, and in Europe many factories had announced production cuts due to high electricity costs. With the start of the war, CRC prices shot up almost 30% to near 1500 USD/metric ton. Ukraine and Russia were important suppliers of steel sheet to the European Union. It was then that the prices of both iron ore and scrap skyrocketed, making steel production even more expensive.

From April onward we saw a completely different scenario, which led to prices dropping about 50% by



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The problems for steel producers began when they realised that consumption was falling. A few industries, such as the automotive industry, were already ordering less than usual, either because they had enough stock or because of constraints on their production due to difficulties in the logistics chains.

November, basically stabilising by the end of the year. The problems for steel producers began when they realised that consumption was falling. A few industries, such as the automotive industry, were already ordering less than usual, either because they had enough stock or because of constraints on their production due to difficulties in the logistics chains. Suddenly, stocks at service centres rose, which began to be left with unsold product at prices far above those of the market at the time.

As the year progressed, the problems associated with shipping were solved, finishing the year basically at the values at which they traded before the pandemic. This has enabled a considerable flow of steel exports from Asian countries to Europe, flooding the European market with offers well below domestic values. China's problems have intensified in a year when the country had no energy restrictions, allowing it to increase steel production without being able to sell it on the domestic market. The ample supply of steel and the doubts about the evolution of the consumption of

durable goods have led consumers to adopt an increasingly cautious purchasing stance.

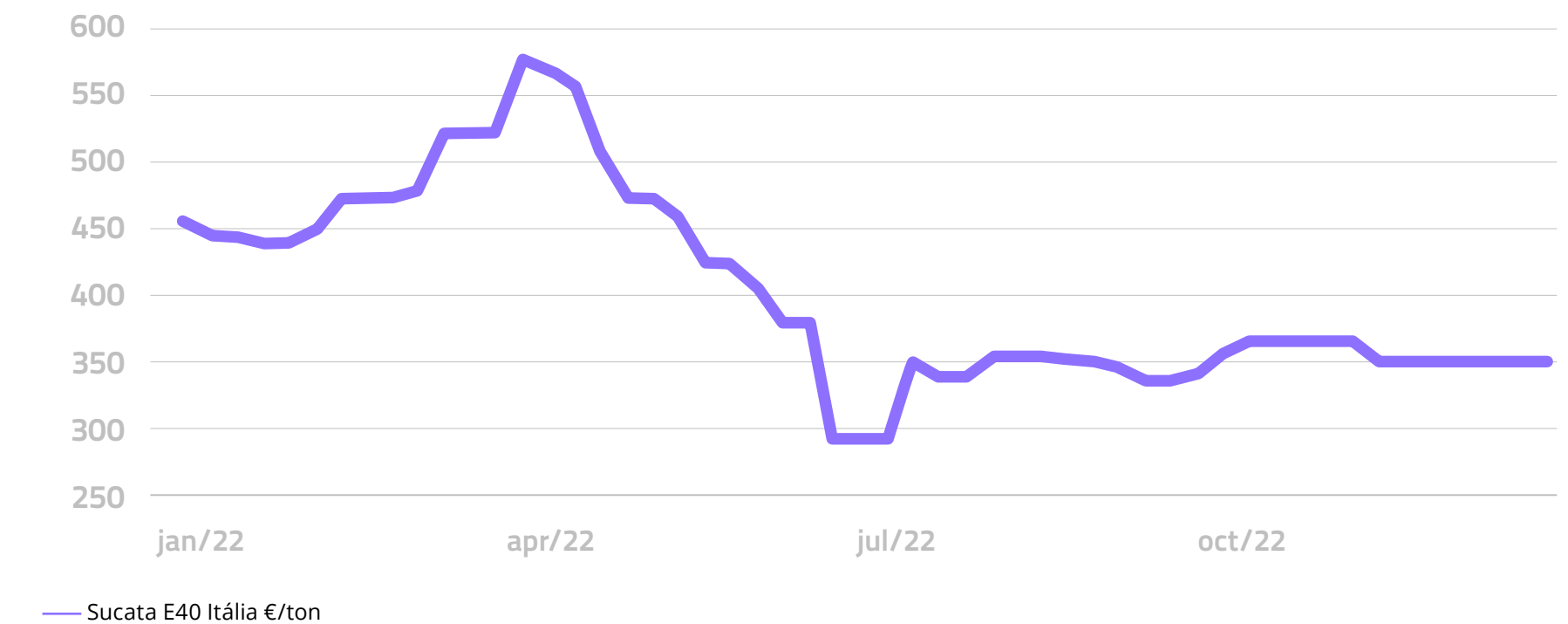
Entering 2023 may bring some optimism, but there is uncertainty regarding whether it is warranted. The main factor is China, from where one expects more momentum in the economy and a lot of Government support for the troubled real estate sector. In Europe, much will depend on the magnitude of the potential recession, and it is virtually certain that the ECB will maintain its policy of raising interest rates throughout the first half of the year. Falling natural gas and electricity prices may give domestic producers some breathing room, enabling them to recover margins. In this context, a recovery in CRC prices to average values between 800–1000 euro/metric ton is expected.

Scrap

For much of the year, the scrap market followed the evolution of steel prices. In addition to responding to the domestic market, prices have also closely followed

Scrap

(year 2022)



the evolution of interest from Turkey, as this is the main European destination for material exports.

As with iron and steel, the war in Ukraine led to a rise of about 40% in the first months of the year. Between April and July, prices crashed, dropping almost 50% to below 300 euros/metric ton. These low prices have led to those collecting scrap no longer desiring to continue to do so, choosing instead to reduce their stock. In this context, prices recovered to near 350 euros/metric ton and remained there without much change until the end of the year, closing then well below the final 2021 values.

For 2023, much will depend on the dynamics of the steel-consuming sector, especially construction. The outlook is not especially encouraging, as higher interest rates are not conducive to great dynamism in the real estate sector. Apart from the domestic market, the development of scrap will continue to be highly dependent on Turkish interest in this product.



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2.2 The journey to sustainability

Sustainability permeates all areas of our daily lives and should increasingly guide the vision and decisions of the future. At SODECIA we are fully aware of this and want to ensure that our business is progressively more aligned with ESG best practices. For us, sustainability is considered a source of opportunities and an integral part of the management and success of our business, in the short, medium, and long term. Consequently, minimising the environmental impact of our operations, fighting climate change, and improving the well-being and quality of life of our people are areas in which the Group has been investing.

As an engine for economic growth and job creation, and as a source of technology and innovation, the business sector has a key role to play in sustainability – of the planet, of communities, and of society in general. As an integral member of the automotive industry, SODECIA has therefore established a clear commitment at this level, with the ambition of generating value for our business and for society in general.

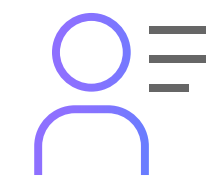
With this commitment in mind, SODECIA has been developing a set of actions and measures in the field of sustainability. An example of this is the analysis of our business in light of the 2030 Agenda and the identification of the main Sustainable Development Goals to which our company can respond and for which it wants to contribute more actively. The definition of a new Management Model (4G) supported by four vectors – “Growing the People”, “Growing the Business”, “Growing the Results”, and “Growing the Sustainability” – also attests SODECIA’s commitment to integrating sustainability into its strategy. Other examples of actions that support our commitment are the development of our sustainability policy and the definition of the sustainability governance structure.

In 2022, a year marked by a series of events with significant impacts on the world economy, we continued our journey towards sustainability. This year, if on the one hand there was a slowdown in the pandemic caused by COVID-19 and consequent

Sustainability permeates all areas of our daily lives and should increasingly guide the vision and decisions of the future.

economic growth, on the other hand, the continuous environmental disasters highlighted the need to intensify global action to face future climate challenges. Additionally, the outbreak of the conflict between Russia and Ukraine brought with it new economic impacts at an international level, leading to interruptions in the global supply chain and an escalation in energy prices. For this reason, we invested heavily in measures that allowed us to reduce our dependence on electricity from the grid, namely the installation of more efficient equipment from an energy point of view and the installation of solar panels (⇒ [Chap.5.2](#)).

Along with these measures, we have also introduced a set of actions to improve our activities and operations, with the aim of reducing GHG emissions in scope 1, 2 and 3, in line with our commitment to reducing our carbon footprint. These measures earned us a rating of B- and C in 2022 by the Carbon Disclosure Project (CDP)¹, with regard to water security and climate change, respectively.

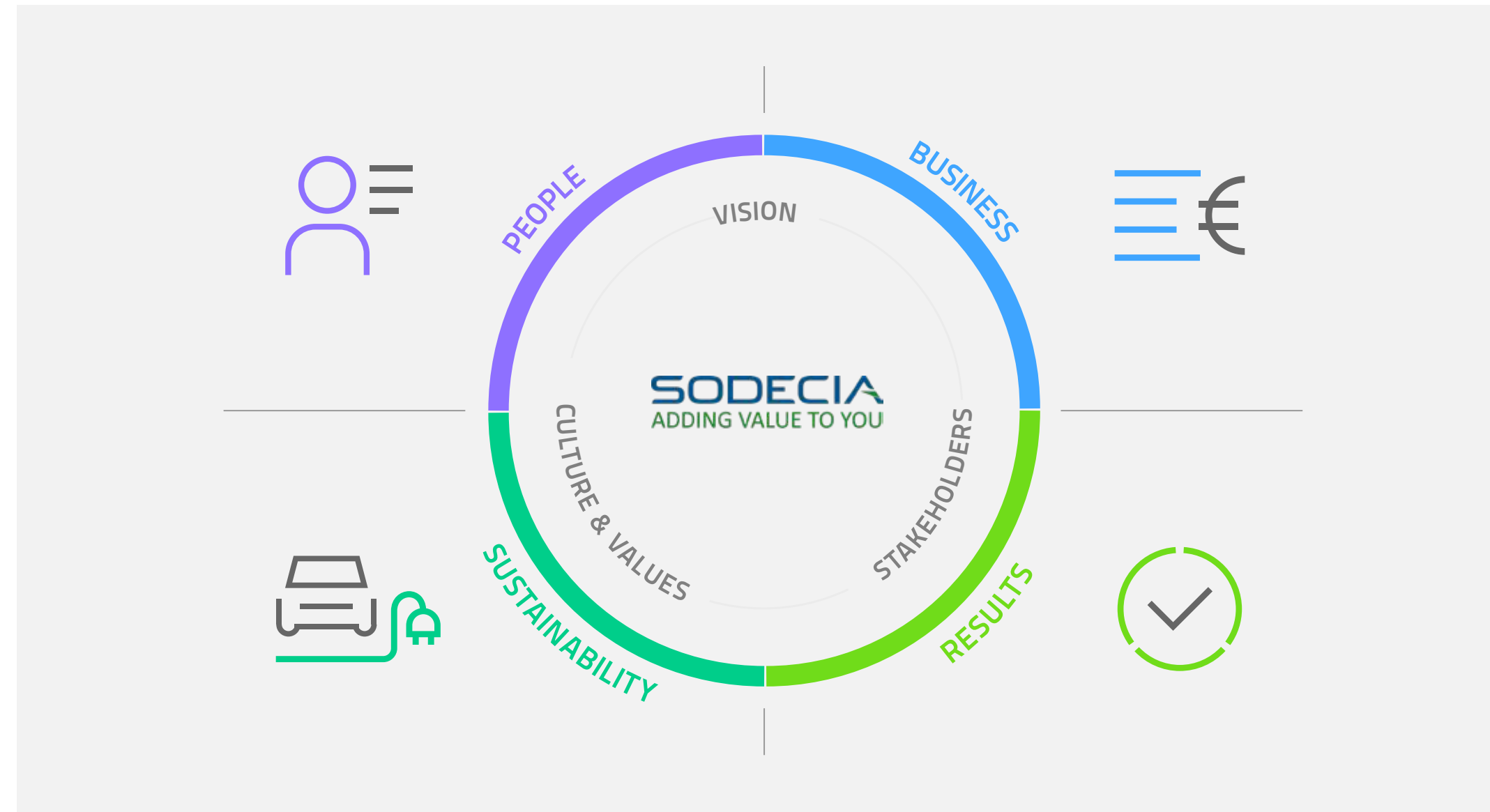


Sustainability permeates
all areas of our daily
lives and should
increasingly guide
the vision and decisions
of the future.

¹ CDP is a non-profit institution that supports thousands of companies, cities, states and regions to measure and manage their risks and opportunities regarding climate change, water security and deforestation.



4G Management Model – Growing the:



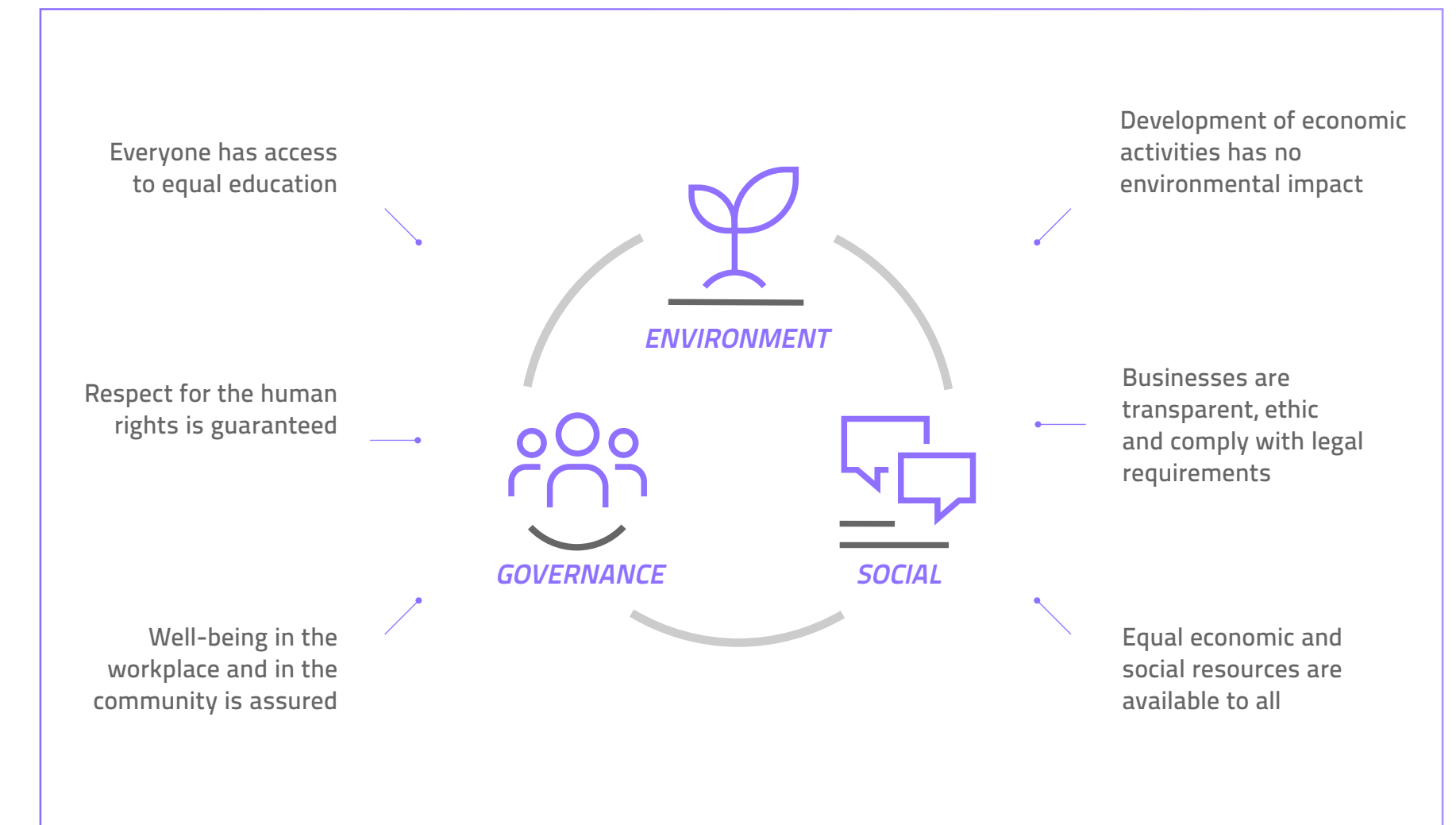
As part of our journey towards sustainability, in 2022 we also obtained an average rating of 80% in the S-Rating, which assesses the sustainability performance of suppliers in the automotive sector in relation to environmental, social and corruption risks. Additionally, this year we became partners with Ecovadis, the first collaborative platform that allows companies to monitor the performance of their suppliers, from the point of view of sustainable development. Ecovadis annually assigns a set of classifications in various aspects related to sustainability (ethics, environment, human rights and sustainable purchases), and, with regard to the Level of Carbon Management, SODECIA achieved a

classification of “Intermediate”, due to the efforts made in the context of reducing the carbon footprint.

As a way of promoting good environmental practices among our partners, we have also developed new and more demanding procedures for integrating sustainability criteria with customers, governments and our value chain for attracting and selecting suppliers and purchasing ([➔ Chap.3.4](#)¹). Complementarily, we reviewed a set of documents within the scope of our governance model, which include the Governance Handbook, the SODECIA Supplier Manual and the Master Plan for Health, Safety and Environment (PDSSMA), SODECIA's

Sustainability policy

Sodecia is committed to a better world, making decisions and executing actions always with that purpose.



structuring document for conduct in safety, health and environment criteria, among others. In addition, we reinforced our training offer for employees in the areas of safety and health and sustainability, contributing to their personal and professional development ([➔ Chap.4.1](#)). In the multiple geographies and communities where we operate, we have also been promoting and participating in social responsibility activities and events, organized by local teams, in line with the Sustainable Development Goals ([➔ Chap.4.2](#)).

¹ Scale of: Insufficient, Beginner, Intermediate, Advanced, Leader.

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STRATEGIC
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Iniciativa corporativa

Metodologias Kaizen para promoção da Sustentabilidade

Composed of several operating units in different geographies, SODECIA's challenge is to reconcile the growth of the business and its people, with the demands imposed by the market in terms of sustainability, guaranteeing the satisfaction of its customers.

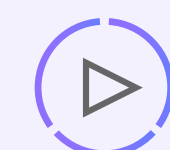
In this sense, we have been adopting Kaizen methodologies as an integral part of our management model, with the aim of promoting the continuous improvement of our processes. The Kaizen methodology is an integral part of the Group's strategy for the development of our business and our employees, allowing for better resolution of internal problems and better performance in various areas of the business, which includes sustainability.

As such, in each of our Group's operating units, there is a person dedicated to promoting this philosophy/ methodology, actively working with different departments with the main objective of the efficiency of processes within the organization, creating standards within its industrial unit. In addition to promoting a continuous improvement mentality, the person responsible for Kaizen promotes the implementation

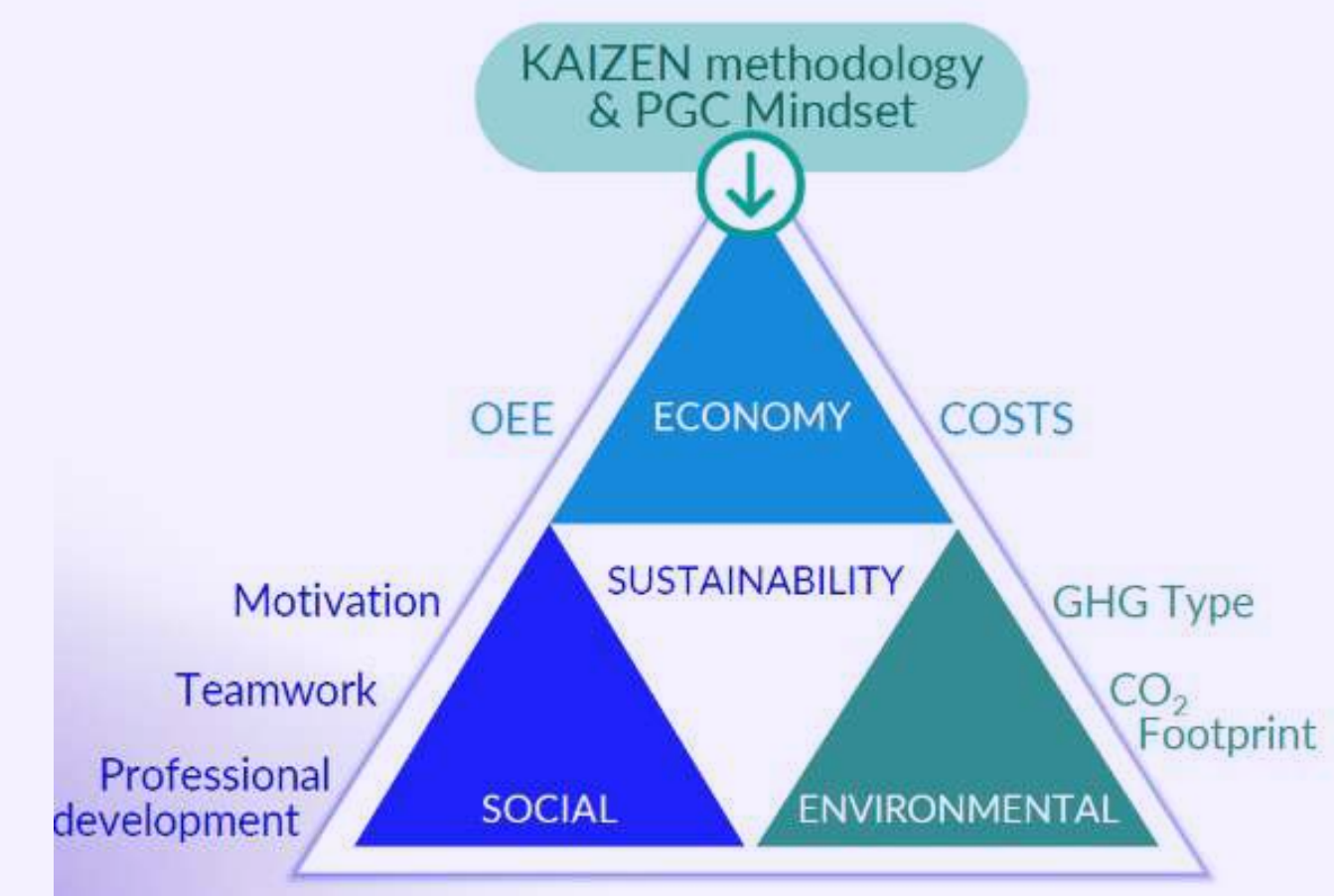
of various projects in the various areas of the business in order to reduce waste (for example, reducing the carbon footprint), coordinates training actions for employees within this scope and helps to validate the results of the implemented projects.

Through this methodology, we manage to optimize resources, combat waste production, monitor results regularly and with the aim of producing a culture of constant evolution. This transformational movement of wills, actions and future vision leads us to increase the will to grow, improve and motivate everyone in the Group so that every day, we have a better SODECIA.

As a way to promote the Kaizen culture within our organization, in July 2022, we released a promotional video to all our employees, where the Kaizen activities carried out in our group are explained. Additionally, we present SODECIA's commitment to reducing its CO₂ emissions, as the eighth waste, and our desire to combat it with the same tenacity as the remaining seven.



To watch this video, just access this [link](#)





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Contribution to the Sustainable Development Goals

At SODECIA Group we want to create a positive impact on society and on our multiple stakeholders. As such, we are committed to actively contributing to the achievement of the United Nations 2030 Agenda and of its Sustainable Development Goals (SDGs). By adopting solutions that extend across our entire value chain, we want to transform the way we work and live, on a planet with decreasing resource availability.

We have therefore identified in our Group a set of priority SDGs that are integrated in our business nature and organisational culture, and to which we want to contribute more actively. Additionally, we contribute to a set of SDGs, which we consider to be complementary, that are an opportunity for a more responsible management and optimisation of resources, and for the creation of value in local communities.

In addition to contributing to the SDGs, SODECIA has entered into several partnerships with associations and organisations seeking to develop innovative projects and solutions with added value for society, among which we highlight School 42. However, we intend, in the near future, to take on several other commitments in the area of sustainability and social responsibility, subscribing to initiatives with national and international relevance.

FOCUS SDGs



- Development of training actions for employees within the scope of their roles.
- Support to employees in their academic progression.
- Attraction and development of young talent, giving opportunities to young people when they are at an age when they can choose a profession, a link to the practice and to the professional work. Possibility of visiting our factories and getting to know the manufacturing processes. Assist them in planning their careers in the automotive industry and thus make more informed career choices.
- Environmental education campaigns.



- Generation of employment and wealth in the different geographies where it operates.
- Promotion of decent work by protecting labour rights and fostering occupational safety and health (e.g., by implementing and certifying occupational safety and health management systems).
- Promotion of human rights in the value chain.
- Promotion of diversification, technological modernisation, and innovation.
- Promotion of economic growth in balance with environmental preservation and fostering resource efficiency in consumption and production processes.



- Promotion of innovation and increasing digitisation of our processes, on the way to reducing our carbon footprint.



- Through the location of many of our Plants, we promote opportunities for local people, creating economic and social value in these communities and their countries.
- Promotion of equal opportunities and contribution to the fight against inequalities and discrimination.



- Promotion of sustainable management and of the efficient use of natural resources in in-house operations.
- Integration of ecodesign criteria and product life cycle analysis.
- Promotion of the circularity of materials.
- Promotion of sustainability in the value chain and integration of ESG aspects into the purchasing criteria.

COMPLEMENTARY SDGS



- Through social responsibility campaigns targeted to the local communities in greater need, located in the vicinity of SODECIA's Plants (e.g., donation of basic necessities and food).



- Through social responsibility campaigns directed to the local communities in greater need (e.g., food donations).



- Occupational health programmes and campaigns in the area of health and well-being.



- Actions to promote energy efficiency and the incorporation of renewable energies in the Production Plants.



- Forest preservation and tree planting actions.



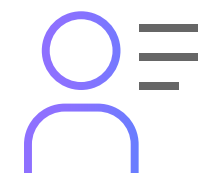
- A governance model supported by rules of ethics and conduct, integrity and transparency, and accountability.
- Promotion of active forms of stakeholder involvement.
- Promotion of human rights in the value chain.
- Prevention of corruption and bribery in the value chain.



STRATEGIC
CONTEXT



2.3 ESG Materiality Analysis



2022 was the milestone year for the development of SODECIA's first sustainability report

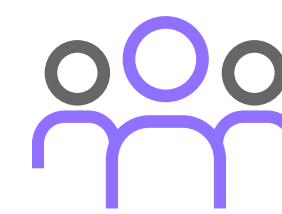
2022 was the milestone year for the development of SODECIA's first sustainability report, which brought about the need to conduct a careful Materiality Analysis based on the best practices in the sector. This year was also notable for the approval of the Corporate Sustainability Reporting Directive (CSRD), which establishes rules on corporate reporting on the company's management of social and environmental challenges, and addresses the issue of dual materiality.

Accordingly, SODECIA's ESG Materiality Analysis had two main objectives: (1) identifying the most important issues and trends for the company's stakeholders, as well as the selection and prioritisation of the most relevant sustainability topics for SODECIA's decision-making and strategy development process; and (2) showing how environmentally and socially relevant issues or information can have financial consequences in the present or future of companies, and vice versa.



Benchmarking study

Analysis of the main global sustainability trends



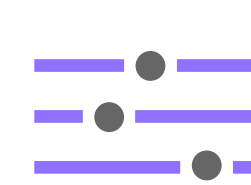
Stakeholder mapping

Internal workshop for valuing stakeholder groups previously identified by SODECIA



Online Survey

Application of online surveys to identified stakeholder groups (375 responses - 10% response rate)



Materiality Assessment Workshop

Workshop with internal stakeholders to assess impact materiality



Materiality Matrix

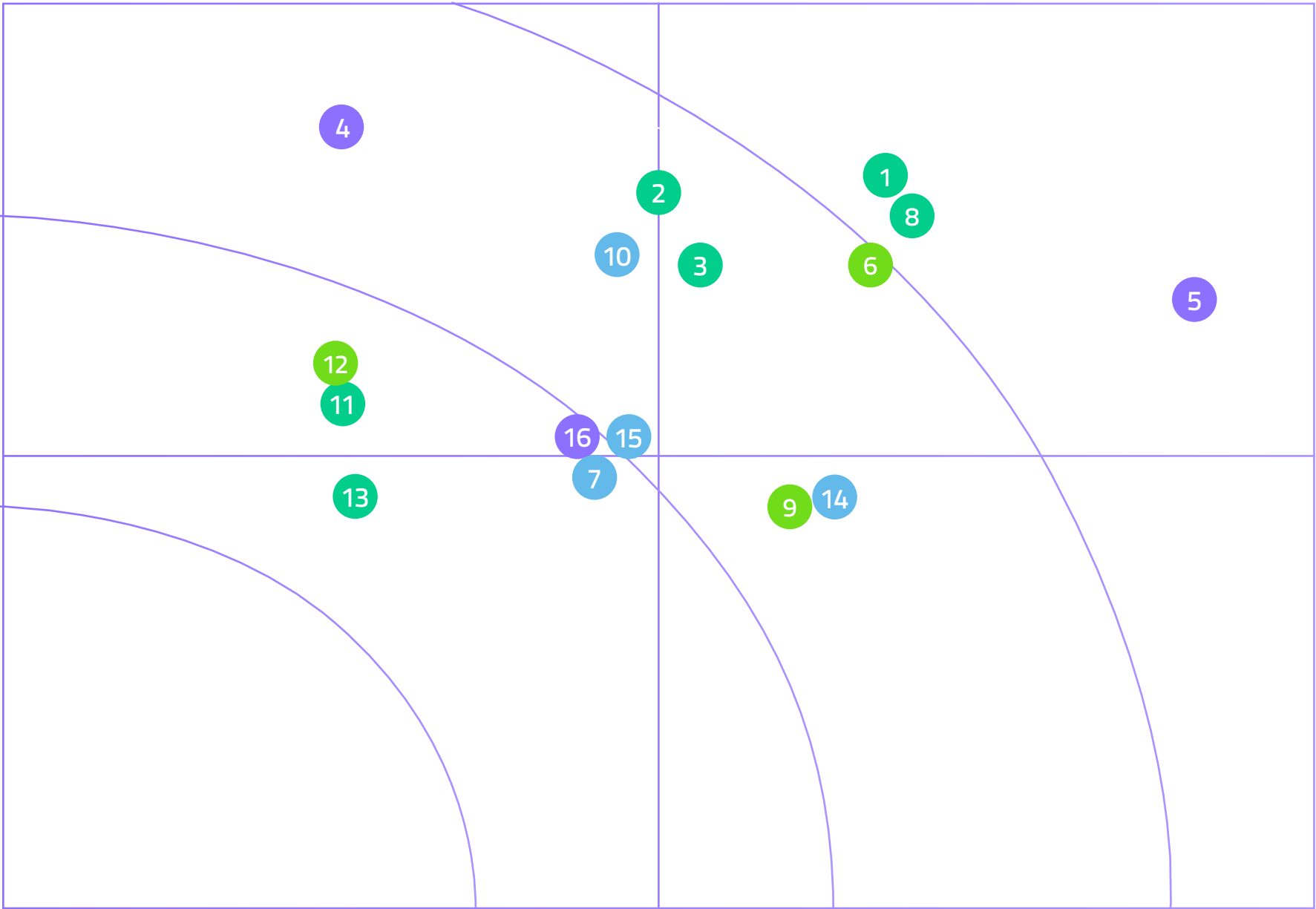
Validation of materiality analysis results — 11 material topics

Taking into account these objectives, the ESG Materiality Analysis comprised four phases:

- **Analysis of the main global sustainability trends**, that is, a benchmark study, where peer companies of national and international reference in the automotive sector were considered.
- **Mapping of the stakeholders to consult**. In this phase, an internal workshop was held, with multidisciplinary staff and different hierarchical levels, comprising several areas of SODECIA.
- **Consultation with (internal and external) stakeholders using an online survey to evaluate:** (1) the topics on which SODECIA has the greatest impact on the economy, the environment, and people, including human rights, as a result of its business activity or relations; and (2) the topics on which SODECIA could be most impacted from a financial, operational, and reputational perspective.
- **Final internal workshop with SODECIA's employees**, with the following objectives: (1) assessing the significance of the company's impacts on the economy, the environment, and people, including human rights, as a result of its activity or business relationships and (2) assessing their financial, operational, and reputational relevance to the company.



Financial Materiality vs Impact Materiality



Environmental Protection and Responsible Use of Resources

- 1. Eco-design and Product life cycle
- 2. Energy and climate change
- 3. Waste Management
- 8. Resource Efficiency
- 11. Water and Effluent Management
- 13. Air quality

Security of Employees, Customers and Data

- 4. Product Quality and Safety
- 5. Safety and Health at Work
- 16. Data Protection and Security

Human Capital Development

- 7. Diversity and Inclusion
- 10. Training and Professional Development
- 14. Labour Relations and Social Dialogue
- 15. Talent Attraction and Retention

Ethics, Protection of Human Rights and Community Development

- 6. Sustainability in the Supply Chain
- 9. Community Involvement
- 12. Governance, Ethics and Responsible Business Conduct

SODECIA's ESG material topic list



Safety and health at work



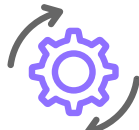
Product quality and safety



Eco-design and product lifecycle



Training and professional development



Resource efficiency



Labour relations and social dialogue



Sustainability in the supply chain



Involvement with the community



Energy and climate change



Talent change and retention



Waste Management

The alignment achieved between all phases of the exercise and the harmonisation of its results internally, ultimately enabled identifying a total of 11 material topics for SODECIA. These are identified in the materiality matrix according to their relative importance assigned during the stakeholder consultation process, in the two analysed dimensions – impact and financial materiality.

The 11 material topics thus obtained materialise the sustainability information in this report, and in each subchapter, and whenever relevant, their corresponding description is identified.

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PRINCIPLES



SODECIA

knowledge

Our know-how accumulated over the years has been the key to our business success; we deliver results according to our adaptability and constant willingness to learn.

Adding value *to you*



03. GOVERNANCE PRINCIPLES



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3.3. RELATIONSHIP WITH STAKEHOLDERS	65
3.4. SUPPLY CHAIN MANAGEMENT	67



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Governance Principles



We seek to act in compliance with nationally and internationally recognised corporate responsibility legislation, standards, and practices.

3.1 The governance model

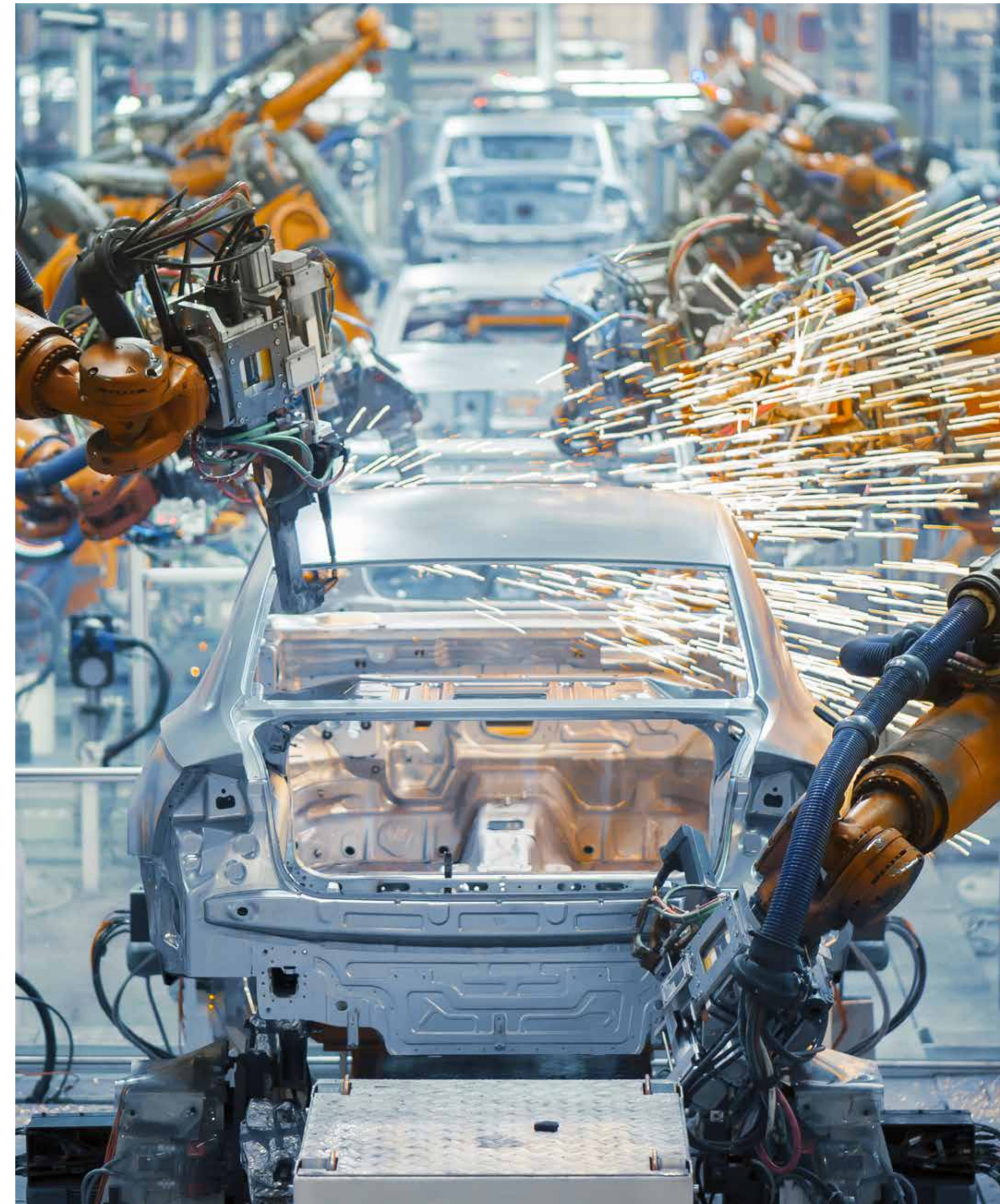
3.1.1 Company identification

Company Name: SODECIA – Participações Sociais, S.G.P.S., S.A.

Headquarters: Rua do Espido, 164 F – Edifício Via Norte, Maia, Portugal

Main Activity: Management of shareholdings

Share Capital: EUR 64,442,910.00





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3.1.2 Corporate governance

The current term of office for all governing bodies, corresponding to the 2020–2023 four-year period, was initiated by the Shareholders' deliberation of 4 June 2020 and 30 July 2020.

The company's governing bodies have the following composition:

Officers of the General Meeting

Chairman: Mr. Carlos Manuel Macedo do Vale Grijó
Secretary: Mrs. Ana Carla Novais de Carvalho Dias Teixeira

Board of Directors

Chairman: Mr. Rui de Lemos Monteiro
Member: Mr. Miguel Nuno de Avelar Lopes Cardoso
Member: Mrs. Marta do Céu Moraes Cláudio
Member: Mr. Armindo Jorge de Melo Ribeiro
Member: Mr. Filipe José Mesquita Soares Moutinho
Member: Mr. Rafael Moreira da Costa Carvalho

Supervisory Board

Chairman: Mr. Paulo Roberto de Souza Mathias Lima
Member: Mr. Sérgio Paulo Esteves de Poças Falcão
Member: Mrs. Raquel Sofia Cruz da Rocha Araújo Gomes

Statutory Auditor:

Pricewaterhausecoopers & Associados

Sociedade de Revisores Oficiais de Contas, Lda
Alternate Statutory Auditor: Joaquim Miguel de Azevedo Barroso

The Board of Directors has retained the general powers of administration, management, and representation of the company.

Here we identify the specific areas of intervention of each member of the Board of Directors according to their special training, competence, and experience:



Mr. Rui de Lemos Monteiro: strategic development, organic and acquisition expansion processes, technological and industrial development, commercial relations with clients, partners, and suppliers.

Mrs. Marta do Céu Moraes Cláudio: strategic business definition of the Powertrain and Safety & Interiors division, now Sodecia Safety & Mobility International division.

Mr. Miguel Nuno de Avelar Lopes Cardoso:

development and organisation of the legal department, organisation and preparation of corporate resolutions and contractual documents, merger and acquisition processes.

Mr. Armindo Jorge de Melo Ribeiro: development and organisation of the sustainability area, comprising risk management, digital transformation, and process optimisation, as well as communication and talent development.

Mr. Filipe José Mesquita Soares Moutinho: business development, responsible for the area's established objectives and strategic issues; definition of the commercial strategy for the development and acquisition of new business; evaluation and definition of the market and client risk management strategy; coordination with the Capex and product team to reach the strategic objectives to support the group's strategic growth.

Mr. Rafael Moreira da Costa Carvalho: strategic development, organic expansion processes, technological and industrial development, commercial relations with clients and suppliers, development of operational performance in view of the organisation's objectives at Sodecia Automotive International.



The Group's governance system is based on a hierarchical pyramid organisation in which entities at higher levels pass instructions/authorisations to those at subsequent levels, in order to ensure harmonious actions by all units and achieve efficiency gains.



The operation of an Executive Committee was maintained with the following composition:

Chairman: Mr. Rui de Lemos Monteiro

Member: Mr. Miguel Nuno de Avelar Lopes Cardoso

Member: Mr. Armindo Jorge de Melo Ribeiro

Member: Mr. Filipe José Mesquita Soares Moutinho

The Executive Committee has been delegated the powers of the day-to-day management of the company, except for the following matters (as resolved on 22 December 2021 by the Board of Directors):

- preparing the annual accounts and reports;
- deliberating on the merger, split, and transformation of the company;
- deliberating on capital increases under the terms provided for in the articles of association;
- changing the headquarters within the national territory;
- appointing the chairman of the Board of Directors;
- co-opting directors;
- requesting the convening of general meetings.

The Group's governance model, duly explained in the "Governance Handbook" which, among other governance documents, was reviewed and updated during 2022, is based on 4Gs:

Growing the People: attracting, developing, and retaining talent, knowledge, and dissemination of best practices; driven by merit and promoting the best performance and well-being.

Growing the Business: increasing market position, increasing value in the production chain by leading technological advancement, retaining and increasing the customer base, and exceeding its expectations.

Growing the Results: increasing value in the ongoing relationship with clients, outperforming competitors, and achieving better results than those budgeted and those achieved in the previous quarter.

Growing the Sustainability: sustainable industrialisation, ensuring inclusive and equitable education, developing green products, pursuing carbon neutrality, advocating and enforcing transparency and compliance.

All activities undertaken take into consideration each of the 4Gs and are evaluated for their achievement. The Group's governance system is based on a hierarchical pyramid organisation in which entities at higher levels pass instructions/authorisations to those at subsequent levels, in order to ensure harmonious actions by all units and achieve efficiency gains.

As previously established, matters of major importance to Sodecia Participações Sociais, SGPS, S.A. must be approved and ratified by its Board of Directors to ensure control of policies, strategies, and investments in the entire Group.

The control of the performed operations is also supported by continuous forensic audit processes to the activities of each sub-holding and of each unit of the Group. Increasing the awareness and responsibility of the various managers regarding absolute compliance with the internally decided rules is also an objective.

In the last quarter of 2022, a Monitoring Committee was formed to advise the Board of Directors and the Executive Committee, composed of the main directors of the various departments as well as the heads of each Division.

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The functions of these employees are developed with autonomy and independence, and the Group

makes available all the information necessary for the good performance of these functions.

The goal is to strengthen the governance systems of the company and of the Group by giving the committee two essential tasks:

- Document preparation and organisation of all matters that are proposed for deliberation by the executive body;
- Control of the execution by all departments and by all Divisions of the decisions taken by the executive body.

Without prejudice to the activity of the monitoring committee, as well as to reinforce the control of governance rules, financial, judicial and accounting audits have been maintained. The implementation

of an ERP system based on SAP S/4 Hana technology was also continued.

All professionals who perform supervisory functions have vast working and business experience, technical expertise, and considerable knowledge of the automotive market and of the Sodecia Group. The functions of these employees are developed with autonomy and independence, and the Group makes available all the information necessary for the good performance of these functions.

The company's supervisory, accounting, and internal audit bodies meet quarterly and are provided with all documents, clarifications, and information necessary for the exercise of their duties.

3.1.3 Corporate Governance Review and Formation

In 2022, the Group's governance documents were reviewed, and others that did not exist but proved to be necessary were created, all duly identified and catalogued according to predefined rules that enable their understanding and application.

Some of the documents, selected for their importance, that have been reviewed and updated are listed here: Governance Handbook; Values and Ethics Handbook; Employee's Handbook Global; Management Model Handbook; Code of Conduct on Personal Data Protection; Code of Conduct on Information and Communication Technologies; Procedure to Request Sectorial Holding Approval.



Assets	Menção Especial	01/01/2021			Aumentos			Diminuições			12/31/2022		
		A	B	A+B	A	B	A+B	A	B	A+B	A	B	A+B
Rui de Lemos Monteiro	Administrador	31 990	459 044	491 034	0	0	0	0	0	0	31 990	459 044	491 034
Maria da Conceição Pereira de Lemos Monteiro	Administradora	0	50 603	50 603	0	0	0	0	0	0	0	50 603	50 603
Herança aberta por óbito de Carlos António de Sousa Monteiro	N/A	0	1 137 911	1 137 911	0	0	0	0	0	0	0	1 137 911	1 137 911

Additional effort has been put into training on governance issues, in addition to its publication accessible to all in the document management system.

Thus, a presentation was prepared on crucial issues for the top managers of the companies, especially when acting as desk managers, focusing on what each should know, what duties they take on, and the responsibilities they incur, followed by three training sessions (one for each division within the Group). These sessions were attended by most of the employees who hold management positions in the various companies.

Appendix to the report
of the board of directors

Information under the terms and for the purposes of Article 447 of the Portuguese Code of Commercial Companies:

Ownership and trading of shares held by the governing bodies, with reference to the 2021 financial year.

The other members of the Board of Directors and the members of the Supervisory Board do not own any shares in the company, nor did they trade company shares during the 2021 financial year.

Director Rui de Lemos Monteiro holds 92.9385% of the share capital of SING – Investimentos Globais, SGPS, S.A., and this company holds 77.63% of the share capital of Sodecia – Participações Sociais, SGPS S.A.

Maria da Conceição Pereira de Lemos Monteiro who, in November, resigned as a member of the Board of Directors, holds 4.1538% of the share capital of SING – Investimentos Globais, SGPS, SA.

The estate of the late Carlos António de Sousa Monteiro holds 2.9077% of the share capital of SING – Investimentos Globais, SGPS, SA.

Maia, 24th of February 2023

Rui de Lemos Monteiro

Armindo Jorge de Melo Ribeiro

Marta do Céu Morais Cláudio

Filipe José Mesquita Soares Moutinho

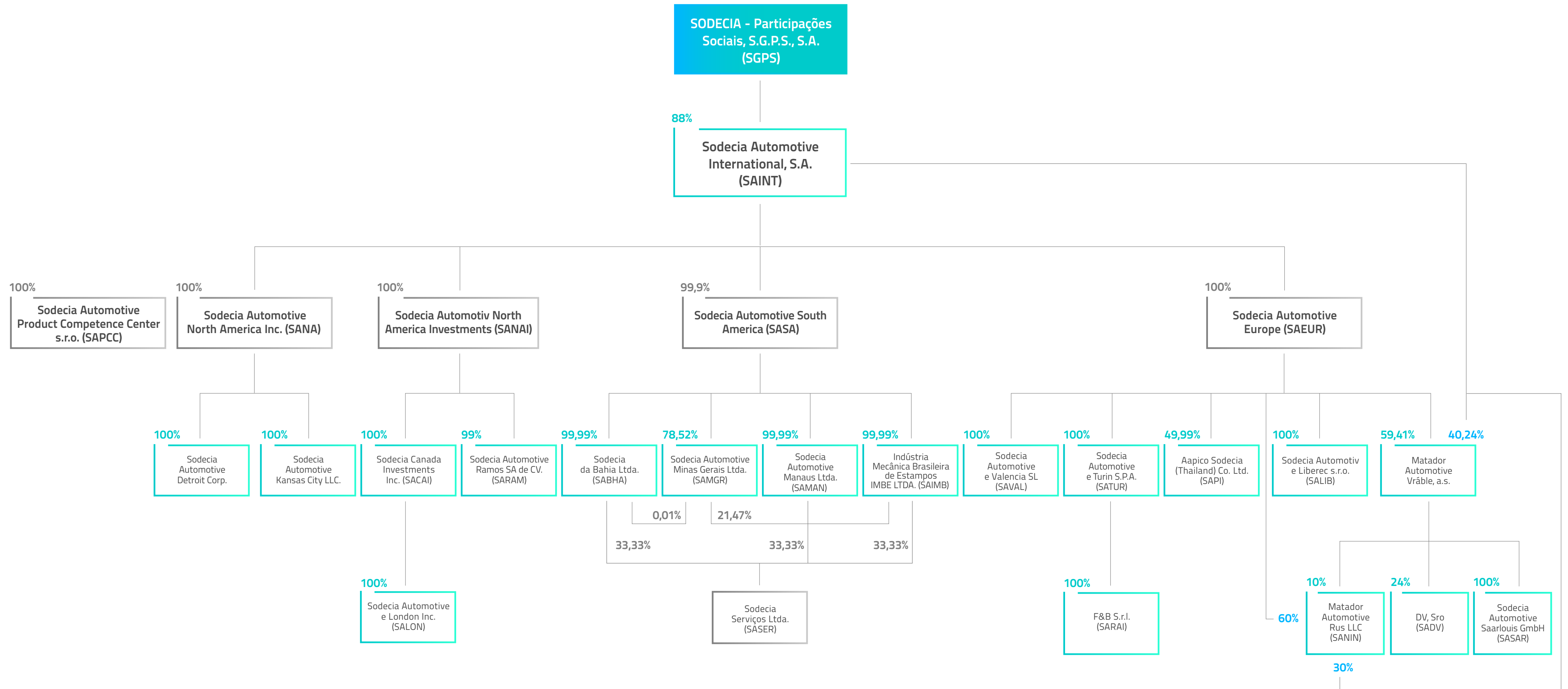
Miguel Nuno de Avelar Lopes Cardoso

Rafael Moreira da Costa Carvalho



3.1.4 Organization chart

Sodecia Automotive Division Chart



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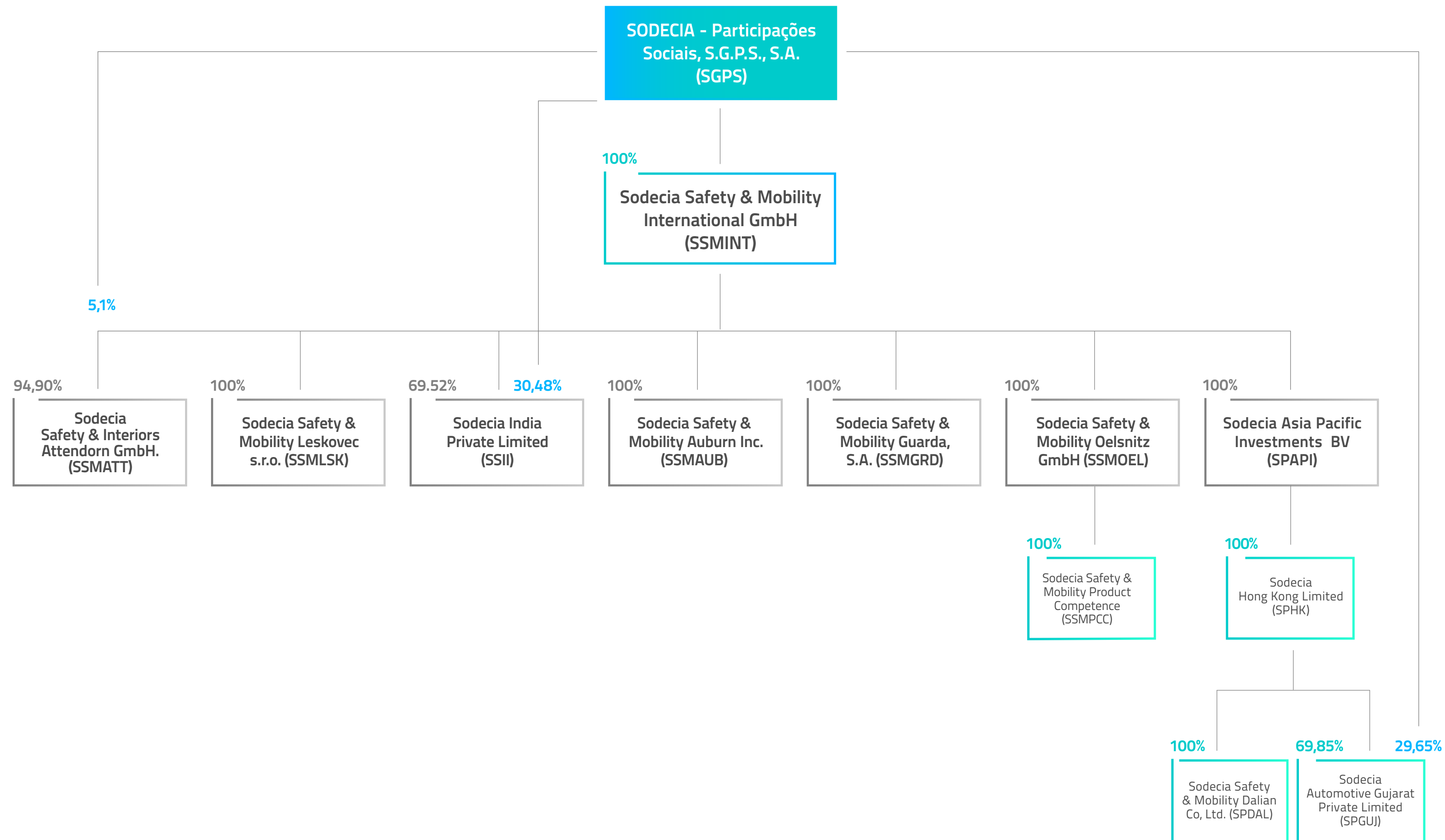
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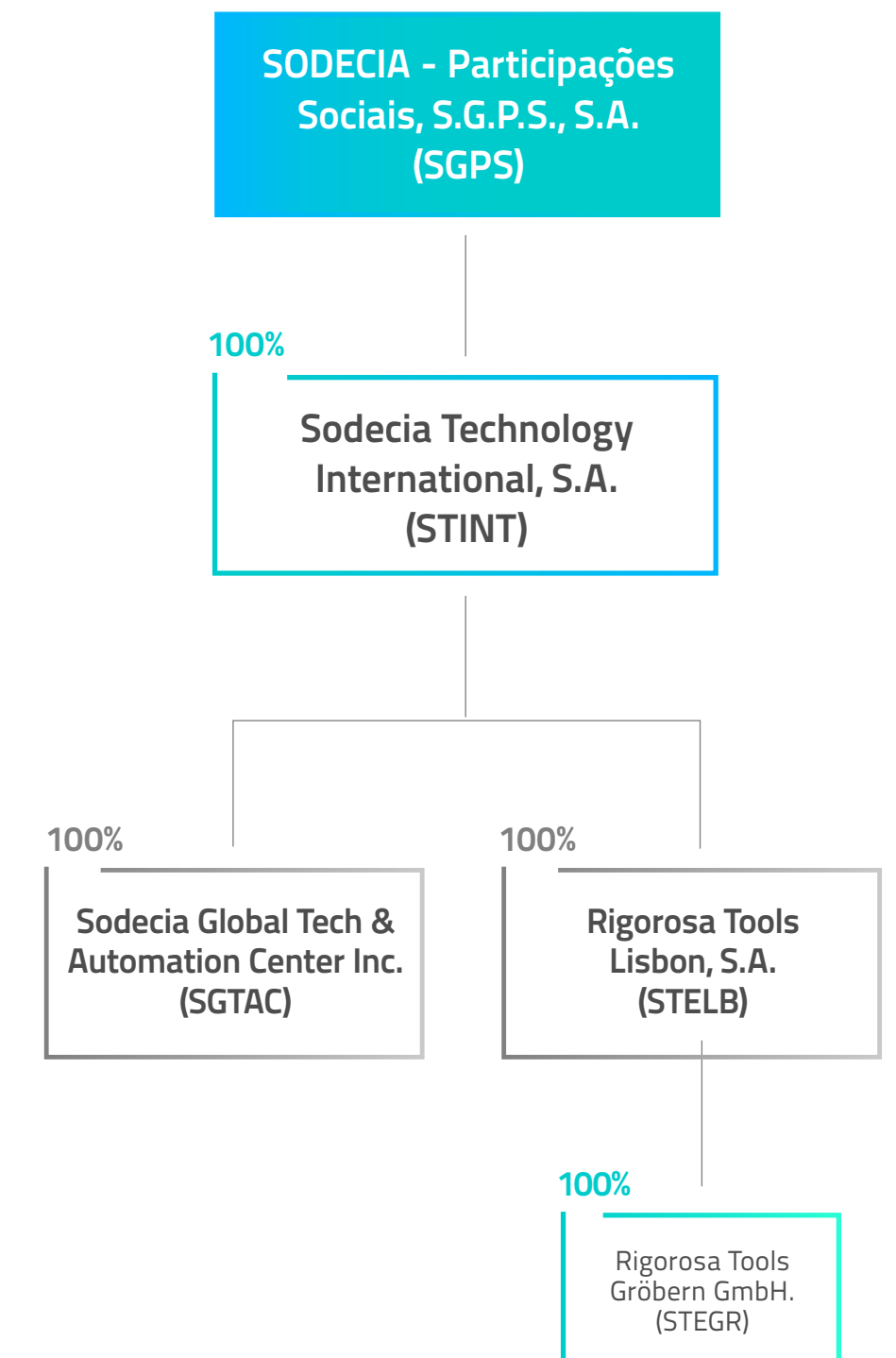
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Safety & Mobility Division Chart



Sodecia Technology Division Chart





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3.2 Ethics and responsible business conduct

Ethics and transparency are fundamental principles for SODECIA, and they directly affect the Group's reputation. As such, we seek to act closely and responsibly with our employees, customers, suppliers, and other partners so that we can continue to be sure of their trust. We develop our actions based on a culture of ethics and compliance that promotes environmental protection, respect for human and worker rights, and improvement of social conditions in the communities where we operate.

Internally, we have been developing a set of mechanisms and instruments that ensure not only the transparency and integrity of the Group's practices, but also the internalisation of the values of business ethics by all our employees at all levels. Additionally, because we are committed to conducting business and developing business relationships with honesty and professionalism, we seek to act in compliance with nationally and

internationally recognised corporate responsibility legislation, standards, and practices.

In addition to internal regulations, the main structuring documents of SODECIA's business conduct are the Values and Ethics Handbook, the Code of Conduct on Anti-Corruption and Bribery, and the Directors Code of Conduct. These documents concern topics such as: legality, integrity, and honesty; dignity and non-discrimination; conflict of interest; non-competition; fighting bribery and corruption; forced and/or compulsory labour; child labour; among others.

From an external perspective, in the relationship with our stakeholders, we have also implemented procedures and mechanisms to analyse the counterparties with whom we have a relationship, namely with regard to mergers and acquisitions (M&A) processes, joint ventures, purchases, and customer management.

Ethics and transparency are fundamental principles for SODECIA,

and they directly affect the Group's
reputation.

3.2.1 Respect for Human Rights

For a global group like SODECIA, with a significant workforce, the concern with Human Rights, more than relevant, is fundamental from a strategic perspective. For us, respect for human rights as universal rules of conduct must be applied to all companies that operate in the market, in order to ensure a better quality of life for all people, contributing to a fairer and more dignified society at all levels.

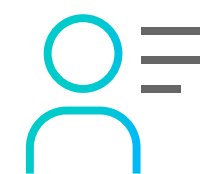
For this reason, in line with our values ethics, respect for Human Rights is reflected in our Values and Ethics Handbook, the company's primary document regarding our commitment to integrity. SODECIA rejects any kind of discrimination in all countries where we operate and guarantees respect for the rights of all its workers and contractors. Furthermore, this is a topic that is reflected in SDG 8 – Decent Work and Economic Growth –, one of the priority goals to which SODECIA contributes more actively.



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For SODECIA Group, data protection and security has been one of our major concerns and we have continuously invested in providing the company with protection mechanisms against cyberattacks to maintain the system's operating and to protect the data of our employees, customers, and partners.



Corruption, fraud, and bribery are prevalent topics of today, posing serious threats to institutions' security and financial interests.

In our group, we want to continue to promote and respect human rights in the different cultural, socio-economic, and geographic contexts where we operate, and to influence our entire value chain in this regard. Therefore, we have been developing a set of procedures and commitments in this area, and we intend, in the future, to subscribe to and participate in the main international initiatives in this area.

3.2.2 Corruption, Fraud, and Bribery Prevention

Corruption, fraud, and bribery are prevalent topics of today, posing serious threats to institutions' security and financial interests. In addition to harming the economic and social development of society, they jeopardise the market and the reputation of corporate entities. Our Group's reputation depends on each subsidiary and each employee, and all of them are expected to act in accordance with the highest standards.

At SODECIA, we condemn all kinds of financial crime, such as fraud or bribery, and therefore the concern with preventing and fighting corruption is part of our priorities. In addition to complying with national and international laws, we have internally defined a set of rules of conduct and actions to identify, monitor, and mitigate potential risks that could jeopardise our company's reputation and integrity. The Code of Conduct on Anti-corruption and Bribery is the main document that identifies potential situations of corruption risk during the course of the Group's activities, as well as preventive and corrective measures to minimise the probability of the risk occurring.

The purpose of this Code is to establish a strong and clear position against all forms of corruption, fraud, and bribery, and to explicitly state our commitment to prevent such conduct within the company. This Code is intended for all employees in all geographies where we operate, but should also be applied to our critical stakeholders.

3.2.3 Data Protection and Cybersecurity

The digital transformation of companies has enabled increased connectivity and easier trade of products and services, changing the way business is carried out today. In addition to enabling more sustained growth through faster and easier access to and processing

of information, it also enables increased process efficiency and, consequently, reduced resource consumption. However, the rapid digitisation that has been occurring brings with it a few challenges, namely cyberattacks, which put at risk the personal data of the companies, including that of their employees, customers, and other stakeholders.

For SODECIA Group, data protection and security has been one of our major concerns and we have continuously invested in providing the company with protection mechanisms against cyberattacks to maintain the system's operating and to protect the data of our employees, customers, and partners. We are also concerned about meeting the regulatory issues of the sector in which we operate and the legislation in force in the countries in which we present.

To this end, we have defined security and protection policies and procedures that are regularly audited, and for external data protection legal requirements we use an accredited third-party Data Protection Officer (DPO). SODECIA also has an internal data protection regulation based on the following processes:

- Code of Conduct on Personal Data Protection.
- US Code of Conduct on Personal Data Protection.
- Processing and Protection of Personal Data.



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3.3

Relationship with stakeholders

At SODECIA, we are aware that business growth and globalisation, as well as rapid technological expansion, occur based on collaboration and interaction of companies, governments, and communities. For this reason, we are focused on strengthening relationships with all our stakeholders in a solid, long-lasting, and satisfying way. For us, it is essential to understand and meet the needs of our (internal and external) stakeholders and to meet their expectations, based on regulatory compliance, but also on transparency and on continuous two-way communication. Only this way will we succeed and create a significant impact on society at all levels and ensure SODECIA's reputation and credibility – one of our group's most important assets.

Stakeholder



EMPLOYEES

Purpose of Involvement

We want to provide our employees with the best possible working conditions as regards career advancement and well-being, including the ability to inform and be updated on the state of the company

Communication channels

- Intranet
- Quarterly internal newsletter
- Organisational climate survey
- DSD – Daily Safety Dialog
- TGW – Things that go wrong
- Forums for sharing best practices and safety programmes
- Weekly, monthly, and quarterly meetings
- 1st- and 2nd-Half Leadership Meetings
- Training sessions
- In-house and online training, webinars
- Suggestion box (digital and physical formats)
- Posters and information leaflets
- OHS worker consultation
- Events (e.g., Quality Week, Kaizen Tournaments)
- Solidarity events
- Team training actions



CUSTOMERS

OEM, Tier 1, and Scrap dealers

We want to be part of the customers' commitment to a sustainable world, without leaving a footprint

Online Sustainability Platforms, ECOVADIS, CDP, NQC – Supplierassurance; customer's P.O.; management accounting report (RI) – Annual



SUPPLIERS

We need to protect our value chain, considering what our customers' and our sustainability requirements that need to be applied to our level suppliers are

- Supplier portal
- Regular one-on-one meetings and regular operational meetings
- Supplier qualification, selection, and evaluation process. Includes defining contracts, warranties, NDA – Non-Disclosure Agreement, supplier manual, and performing 2nd-party audits.
- Technology fairs and days
- Training sessions
- Kaizen programmes within suppliers



SHAREHOLDERS AND INVESTORS

Reporting the company's financial, accounting, and sustainability statements to inform our business situation

- Meetings and general meetings
- Presentation of results
- Regular financial reports
- Other communications
- Meetings and events to present the results
- Response to requests
- Conferences, roadshows, site visits



In this new communication cycle, we have identified eleven stakeholder groups as most relevant and with whom we interact on a regular basis.

That said, and as a result of the ESG Materiality Analysis exercise, an internal workshop was held, with multidisciplinary staff and different hierarchical levels, seeking to identify and/or validate entities that may affect the Group or that may be affected by our decisions or activities in the short, medium, or long term.

In this new communication cycle, we have identified eleven stakeholder groups as most relevant and with whom we interact on a regular basis. We maintain with them several dialogue and communication channels, whose methods and frequency are adapted to each group, depending on the purpose of involvement. The e-mail, the website, and the social networks of the SODECIA Group (LinkedIn and YouTube) serve as general communication channels that are open to all stakeholder groups.



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Stakeholder

Purpose of Involvement

Communication channels



STRATEGIC PARTNERS
Technological, Academic, and Industrial

Having a better response to our customers’ project demands with the best solutions in the market

- Specific cooperation actions
- Participation in working groups
- Technology days
- Regular meetings
- Protocols
- Young talent programmes



FINANCIAL SECTOR
Banks, Insurance Companies, Rating Agencies

Reporting the company’s financial, accounting, and sustainability statements in order to have no risks in the operations

- Meetings and events to present the results
- Response to requests
- Conferences, roadshows, site visits



GOVERNMENT AND
REGULATORY AGENCIES

Compliance with all required laws and trade limits

- Submission of mandatory legal information
- Response to notifications
- Responses to requests
- Meetings



LOCAL COMMUNITIES
Local Authorities, Schools, Private Social Security Institutions, NGOs, etc.

Engaging in social responsibility with local communities

- Events
- Donations and sponsorships
- Communication and awareness campaigns
- Meetings and commissions within the scope of some projects



EMPLOYEE REPRESENTATIVES
Workers’ committees and unions

Having a healthy relationship to enable the communication of needs versus benefits, focused on solving common problems caused by internal and external contexts

- Work meetings
- Exploratory conversations
- Negotiations
- Conferences
- Collective bargaining instruments



GOVERNING BODIES

Form and manifest the will of society.

- Meetings and general assemblies
- Approval of the company’s business plan
- Deliberations on the management of affiliated companies
- Responding to requests
- Elaboration of reports



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3.4 Supply Chain Management

Supplier management is key to ensuring a properly optimised and responsible supply chain. At SODECIA, we know that our suppliers are relevant stakeholders who play an essential role in the various life cycle stages of our products. We, therefore, seek to strengthen our long-term relationships based on trust and integrity.

Currently, SODECIA has a global supply chain, supported by three cross-supply points, namely Europe, South America, and Asia. Its geographical coverage enables us to guarantee sources of supply transversal to the various markets, thus ensuring greater security and minimising the risks associated with the loss of product stock.

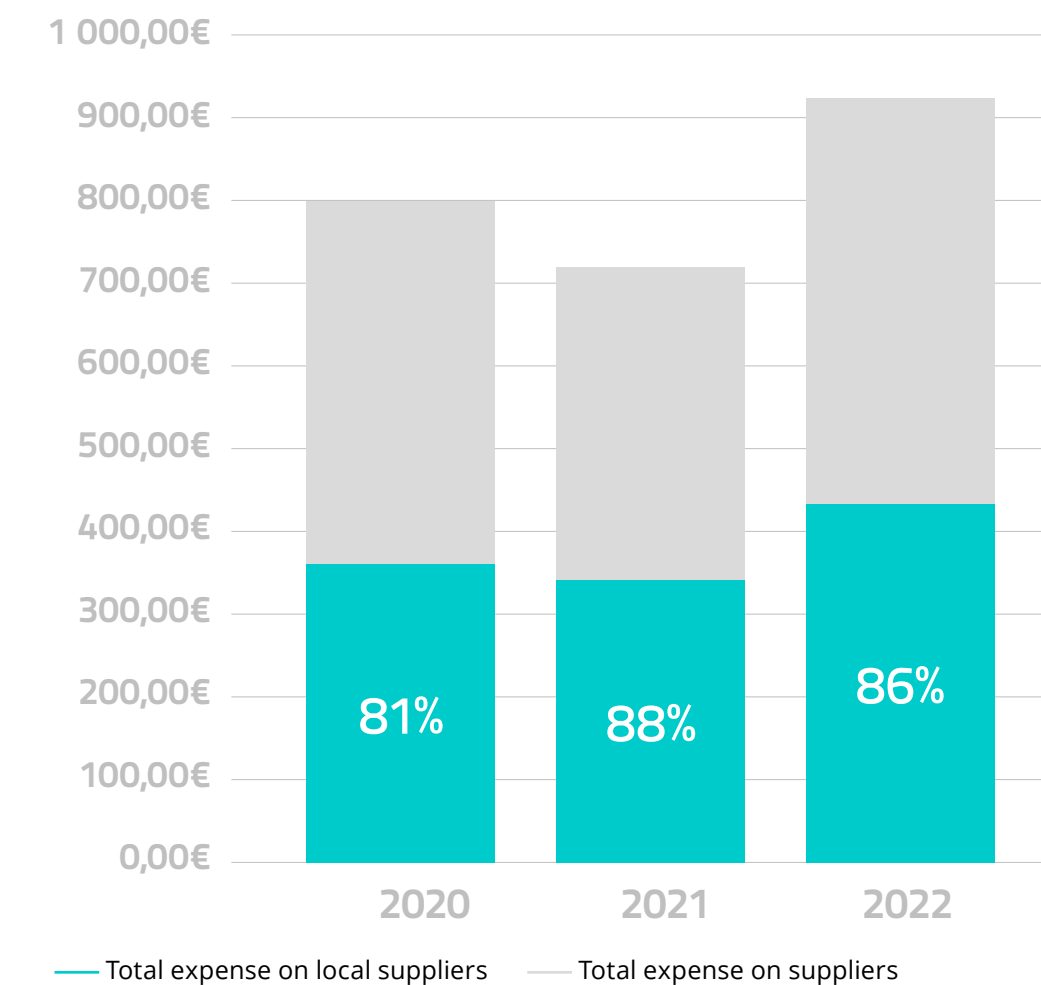
In 2022, more than €499 M were spent on supplies and services rendered overall (an increase of almost 30% over the previous year), which demonstrates the impact that purchasing practices have on the distribution of the Group's economic value. Of this amount, about 86% corresponded to expenses with local suppliers¹, which reinforces SODECIA's commitment in the search for new partnerships that contribute to the development of society.

In our Group, we seek to effectively and consistently evaluate the performance of our suppliers to ensure that our supply chain meets the requirements of the automotive industry, as well as local and international legal and regulatory standards. As such, in addition to being a direct communication channel between our suppliers and SODECIA, our "SUPPLIER PORTAL" enables us to track supplier performance in a consistent and objective manner on a global level, as well as to verify the regulatory compliance of the key suppliers. This tool also enables greater transparency in the supply chain regarding direct and indirect material suppliers, eases risk management and procurement activities, and supports the sustainability of our business, customers, and suppliers.

As a consequence of increasing demands from customers and legal requirements, and aware of the potential impacts of purchases, SODECIA has sought to rationalise resources by purchasing only what is necessary to produce the required quantities of its products. Additionally, we try to influence our suppliers to comply with requirements related to human rights, environmental protection, and the rules of their customers' value chains. We also try to include

Total expense

(year 2021 – \$/ton)



the transportation of goods during transactions, controlling this phase of the process.

Since we are determined to reducing our carbon footprint across our entire value chain, we closely follow the sustainability developments of our steel suppliers and partners, especially regarding their decarbonisation. In this regard, we have been gradually improving our supplier selection and evaluation process to integrate sustainability criteria (including in VDA 6.3 audits). Examples of this are the compliance with current legislation, as well as good environmental practices, occupational health and safety (which includes the environmental and occupational health and safety management systems defined by the ISO 14001 and ISO 45001 standards, respectively), human rights, and business ethics and integrity.



30%

In 2022, more than €499 M were spent on supplies and services rendered overall

¹ Sodecia's definition of "local" includes countries that share the same currency, i.e., all euro countries are local and the United States is local because it uses USD



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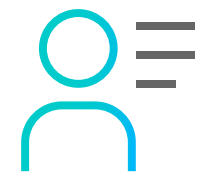
GOVERNANCE
PRINCIPLES



SODECIA SUPPLIER PORTAL



Supplier portal



In 2022, 143 suppliers were targeted for evaluation based on environmental and social criteria

In addition to our supplier portal, we have also developed the “Initial Supplier Statements and Warranties” and the “Supplier’s Manual” (the latter is part of our code of conduct), where we define requirements that include environmental, social, and governance (ESG) considerations for our suppliers.

In 2022, 143 suppliers were targeted for evaluation based on environmental and social criteria – an increase of 200% compared to 2020 and 5% compared to 2021 – in which no significant actual or potential negative impacts were identified.

Number of suppliers evaluated taking into account environmental and social criteria



3.4.1 Supply Chain Risk Management

In a group with SODECIA’s size, supply chain management takes on a global character of high importance and complexity. Associated with this complexity, there are several risks that can affect the suppliers’ ability to deliver products or services to their customers/partners under the agreed conditions, which can compromise the trust of their stakeholders. Examples include operational risks (delayed deliveries and product quality problems), financial and compliance risks, and unexpected events such as natural disasters, geopolitical risks, and cyberattacks.

With this in mind, in the last quarter of 2022, SODECIA revised its supplier management process, and implemented a specialised tool for risk management and due diligence in the global automotive supply chain. This tool enables us to collect additional information about our suppliers based on external

sources and information available on the Internet, giving us a 360° view of our supply chain. In these risk assessment processes, not only incidents/records are scrutinised for sanctions, exclusions, and convictions, but negative press releases as well, regarding entities or people whose search focuses on the topics of human trafficking, discrimination/abuse in the workplace, child labour, forced or slave labour, and environmental malpractice, among others. With regard to situations of significant risk of child labour or forced labour, no cases of non-conformities were detected in our supply chain in 2022.

At SODECIA, we address the risks associated with our suppliers based on the principle of the relationship between the supplier and SODECIA throughout the contractual relationship, enabling us to monitor the level of risk, especially for long-term suppliers.



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PEOPLE

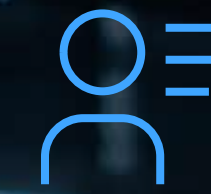


SODECIA

talent

We have the talent to find the best talent, the work and values of our people is the main component for Sodecia's prosperity.

Adding value *to you*



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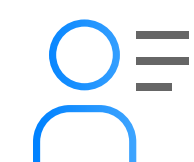
PEOPLE

PEOPLE



04

People



Investment in training and capacity building are the tools we use to prepare our employees for the current and future needs of our business

People are one of SODECIA's most relevant assets. It is people who contribute to the growth of our Group, and therefore their development and advancement within our company, as well as their safety, have long been a priority. Investment in training and capacity building are the tools we use to prepare our employees for the current and future needs of our business. Similarly, the design and planning of their careers, as well as the definition of short- and medium-term goals, and performance evaluation are how we manage their development, according to their aspirations and in alignment with the company's needs.

In line with the development of our human capital, we also seek to develop our own initiatives and support Social Responsibility projects, seeking to contribute to a fairer and more sustainable society.





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PEOPLE



4.1 Our employees

At SODECIA, we believe that our company's success depends on the people who work there and on their competency. Our employees are our most important asset and, for this reason, we continually invest in attracting, developing, and retaining talent, in their training, in the knowledge and dissemination of best practices – oriented towards meritocracy – and in promoting their performance and well-being.

6,235
Collaborators around
the world

19,287
Total training hours

73.7%
Men

26.3%
Women

100%
Employees covered by the
Occupational Health Safety
management System

4.1.1 Human Capital Management

The management of our Human Capital has been a challenge for SODECIA in the last years. With the return to normalcy after the pandemic, and the resulting growth in the Group's sales, it became imperative to look for new specialised talent with the right technical knowledge for our business. It is a priority for our Group to ensure the satisfaction of our people, so we actively work on the personal and professional growth of our employees, and we create opportunities for them to grow and advance their careers with us.

In 2022, "Growing the People" continued to be one of the key pillars of SODECIA's strategy (⇒ [Chap.2.1](#)). With more than 6000 employees spread over four continents and 14 countries, we want to ensure a safe and healthy working environment for all our employees.

As part of our Management Model, we have defined the SOS – SODECIA Organisational Standard, which establishes the company's obligations and hierarchies, enabling the operational units to carry out the tasks vital to the business, in a consistent manner. Additionally, the SOS also includes the main management indicators for each of the employees' roles, helping them to clearly know their objectives and the activities to be performed.

Using the SOS and the typified list of management indicators for each role as a starting point, in 2022 we continued the work developed in previous years, namely regarding the periodic and transparent evaluation of our employees' performance, oriented towards the creation of training plans that seek to ensure development opportunities. In total, 223 employees were evaluated, of which 161 were male and 62 were female.

223
Performance evaluations

72%
Men

28%
Women



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PEOPLE

Talent attraction and labour relations

At SODECIA we challenge all our operational units to become “Great places to work” in order to attract the best professionals and reduce employee turnover, thus increasing the company’s productivity.

As a way to attract and retain talent, we seek to value our people by promoting a healthy organisational climate and offering various benefits focused on employee health and well-being. Our benefits reflect not only the individual dimension of the employee in their relationship with the company and with their work, but also the personal and family aspects. Additionally, we guarantee work flexibility for compatible roles and we adopt some specific programmes and tools for people’s motivation and personal and family satisfaction. and 62 were female.

Moreover, in our Group’s several operational units, we have developed partnerships with educational institutions to welcome students at SODECIA’s premises and thus promote the future recruitment of young talents. In this way, we contribute not only to renewing talent in SODECIA, but we also increase youth employability in the geographies where we operate.

Regarding labour relations, we see social dialogue as fundamental to balancing the interests of employees and of our stakeholders, while respecting national, cultural, and regional traditions. Through communication, consultation, and negotiation among partners, entities, governments, and unions regarding issues of common interest, a more balanced and efficient management of the Group is possible, thus ensuring respect for human rights, well-being in the workplace and in the community, transparent business, and compliance with legal and ethical requirements.



Health

Health Insurance

Life Insurance

Occupational Medicine



Family

Festive Events and Celebration of Thematic Dates

Nursery for Employees' Children



Well-being

Transport

Teambuilding Actions

Annual Bonus



Merit

Learning and Development

Productivity Awards

Local initiative

Open House for Family and Friends (Hamilton, Canada)

In May 2022, SODECIA’s operating unit in Hamilton, Canada, hosted an Open House for Family and Friends, which was attended by more than 70 people. This event was a great opportunity to give our employees a chance to show off their workplace to their family and friends. During the visit, there was room for a tour and a visit to the plant facilities, as well as a barbecue offered by the company. This was the first time that SODECIA opened its doors to family and friends since the start of the pandemic.





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PEOPLE



Local initiative

Partnership with Robotics Club (Hamilton, Canada)

SODECIA has developed a partnership with Sir Frederick Banting Secondary School in London, Ontario, to support and sponsor their robotics club. This sponsorship will enable students to develop new skills and enhance other capabilities in the area of robotics and automation. Additionally, this partnership may encourage students to continue their studies in this area, and in the future they may become employees of SODECIA.

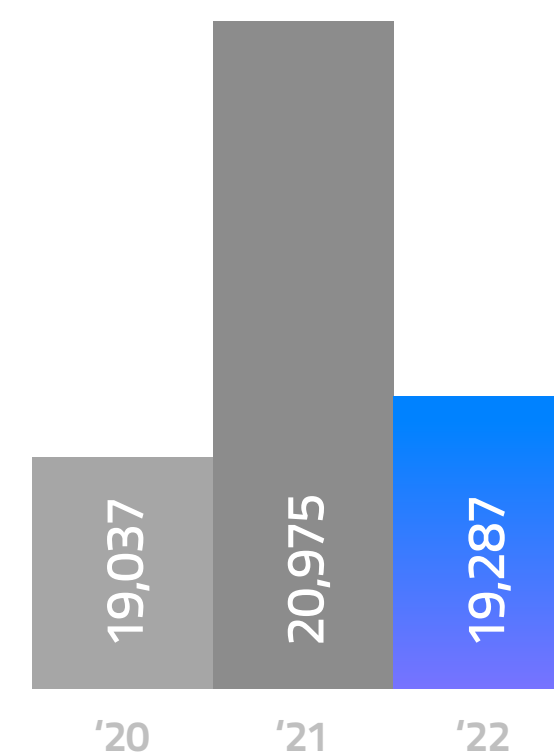


Training and professional development

SODECIA has implemented a set of training actions that allow our employees to acquire specialised technical knowledge to meet the demands of the automotive sector. Only with the transmission of theoretical and practical knowledge is it possible for SODECIA to be prepared to create solutions adjusted to the demands and needs of its customers, ensuring competitive costs, and obtaining industrial flexibility to develop and produce specific high quality products.

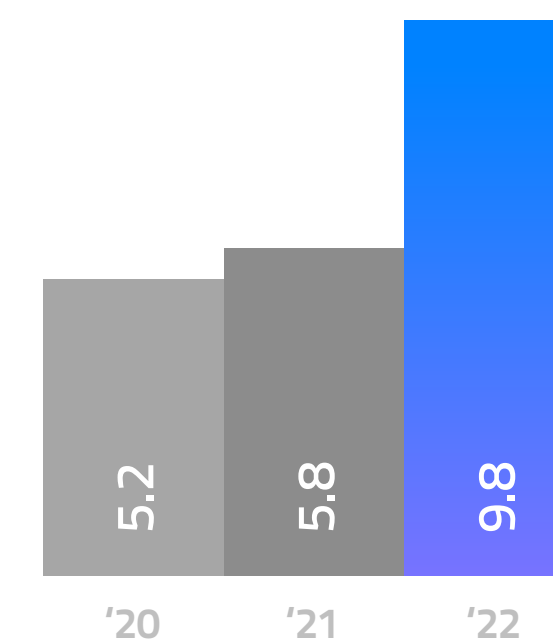
Therefore, in 2022, we adopted an Annual Training Plan for SODECIA, where the heads of each Department define annually the training needs of each employee, so that they can acquire, or improve certain key skills for their activity. This plan is essential for the pursuit of the Group's strategic goals, taking on special relevance in the process of motivating all employees, each of whom is involved in the rapid changes that are constantly required for the operation of SODECIA.

Total training hours



The Training Plan outlined for 2023 seeks to integrate several courses whose thematic contents are essential to deepen knowledge and skills in the face of innovations introduced in the development

Average number of training hours per employee



processes and are part of SODECIA's training curriculum, including skills of mandatory assimilation for the maintenance of the trainees' employability.



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PEOPLE



Local initiative

Step Change and Future Goals Meetings (Minas Gerais and Manaus, Brazil)

In the operational units of Minas Gerais and Manaus, in Brazil, monthly step change meetings are held between the unit's director and 15 to 20 employees. These meetings discuss a variety of topics, including business management and new business, area management, performance evaluations, career progression, product quality issues, occupational health and safety, among others.

Additionally, every three months, 30-minute meetings are held with all the unit's employees, where a presentation is made on the closing of the quarter, the challenges for the following quarter are presented, and the collective and individual incentive awards are revealed. These meetings strengthen the transparency of the communication, as well as the integration and interaction of the teams.

4.1.2 Occupational Health and Safety

At SODECIA we work every day to prevent and eliminate the risks to the safety and health of our employees, ensuring a work environment that promotes the well-being of all, and thus achieve the goal of having zero accidents.

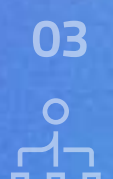
The prevention of occupational risks and the promotion of employee health and safety is the result of an investment in working conditions, internal processes to identify, assess, and control existing (or emerging) risks, and surveillance and health promotion actions developed in the workplace. This investment not only reduces the risk of work-related accidents, but also enables a tangible improvement in the work environment – an increase in employee motivation, efficiency, and productivity. In addition, a work environment in which strict and ambitious safety standards are adopted allows the level and quality of production to be improved, which translates into a reduction in the social costs associated with accidents and occupational diseases.

To address occupational risk prevention, SODECIA has an Occupational Health and Safety Management System, implemented at all sites of our Group, which must be complied with by all employees, temporary workers, and third-party employees (Service Providers) who provide services at SODECIA Group sites. This system was developed to ensure the best working conditions and well-being at work, to keep the environment of the surrounding communities safe from any negative impact of our operations, and to meet any legal requirements and technical standards applicable in the various geographies where SODECIA is present.

As part of this system, there are specific procedures and programmes/tools that allow the management of occupational health and safety risks in SODECIA's facilities, as well as the control and prevention of unsafe behaviour and conditions. Regular audits of the health and safety conditions of our operational units are also carried out and, depending on the irregularities identified, action plans are developed.

In each SODECIA plant there is a Health and Safety Committee, consisting of employees from different areas and echelons of the company. This committee's main functions are to support the Safety Department in conducting internal safety audits, risk assessment, and incident analysis, as well as to promote communication among all employees of the facilities regarding Health and Safety issues, holding regular meetings.

In 2022, we continued the work carried out in previous years, and continued to focus on the certification of our occupational health and safety management system (OHSMS) in several Production Units, with six of the 24 factories already certified according to ISO 45001:2018. Additionally, we continued to implement, in an integrated manner, several specific projects for the Safety area, in order to reduce the risk of accidents in our facilities.



Division	No. of units	Units with ISO 45001 certification	Units with 14001 certification
SODECIA Automative	19	3	18
SODECIA Safety & Mobility	8	3	7

As a result of this investment, this year there was a decrease in the number of accidents recorded in our facilities, compared to the previous year. As far as work-related accidents requiring mandatory

reporting are concerned, 29 occurrences were recorded in all 24 plants, a reduction of about 4% vis-à-vis 2021. Regarding occupational diseases, no occurrences were recorded.

	2020	2021	2022
Fatalities resulting from work accidents	0	0	0
Serious work accidents (excluding fatalities)	0	0	0
Work accidents with mandatory reporting	41	45	51

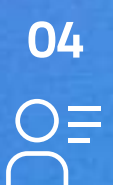
	2020	2021	2022
Fatalities resulting from occupational diseases	0	0	0
Cases of occupational diseases with mandatory reporting/reported	0	0	0
Cases of confirmed occupational diseases	0	0	0

Occupational risk assessment and management

SODECIA's process for identifying and managing unsafe conditions/occupational risks falls under the “Incident Investigation” Corporate Procedure. This seeks to define the process of recording accidents, analysing causes, and identifying and treating risk situations, as well as implementing corrective actions. Applicable to all SODECIA Group operating units, all employees, third parties, and visitors, this procedure is managed through the SoftExpert platform, a solution specifically developed to manage business processes, regulatory compliance, and corporate governance.

In case of non-conformities or the occurrence of a work accident in any of SODECIA's operating units, the appropriate mechanisms are set in motion to prevent and/or minimise the risks. The Safety Technician of the facility where the nonconformity was identified must immediately issue an alert to the entire organisation, and within two weeks, an analysis of the accident and an investigation must be carried out to find the causes of the accident. The results of this evaluation are disseminated to the entire Organisation within two weeks, with the aim of preventing further occurrences in the other operational units.

All activities and jobs must be subject to a risk assessment, as must all new projects (before and after implementation), changes in production processes, plant layouts, or any other type of change in the context of the organisation. This procedure enables the continuous identification of occupational risks and incidents, and the definition of the necessary corrective and monitoring measures.



PEOPLE

Local initiative

Eliminating health risks in the gearing cover oil-spraying process (Pukkathurai, India)

At the Pukkathurai operating unit, in India, an employee health and safety risk was detected in the process of spraying oil on the gearing cover.

This operation, performed manually, brought a high risk of oil vapour inhalation to the employees. For this reason, in February 2022, an automatic closed oil spray system was installed in the factory, which enabled the elimination of the previously existing health hazard. In addition, improvements in overall process efficiency and a reduction in the consumption of oil used in spraying have been introduced. The monthly consumption before this change was 278 litres per month and currently stands at 135 litres per month, translating into economic gains for the Group.



Before



After

Local initiative

Improvements of the safety devices (Turin, Italy)

In the last quarter of 2022, the operational unit in Turin, Italy, has made several improvements in the equipment of its facilities, seeking to increase the safety of its employees when using the equipment.

This project was developed and executed by the maintenance team, and relied on the collaboration of four employees from the factory in question. These changes allowed for an increase in worker safety, as well as a cost reduction in the production of parts, since, with this change, there was a reduction in energy consumption per part produced, and a decrease in raw material waste.



Before



After in Safety



Occupational health and safety training

At SODECIA, we make sure that all our facilities and processes comply with applicable legal standards, and we are committed to spreading a culture of safety to prevent work accidents and occupational diseases. For this reason, we have developed a training programme devoted exclusively to occupational health and safety issues.

Training in OHS is part of a specific corporate procedure called “Training and Integration” that defines the contents in health and safety to be transmitted to SODECIA’s employees and third parties, in order to minimise and eliminate the risk of accidents, occupational diseases, and environmental impacts. The procedure includes 22 mandatory training actions in Health, Safety, and Environment that apply to all employees of SODECIA Group’s business units.

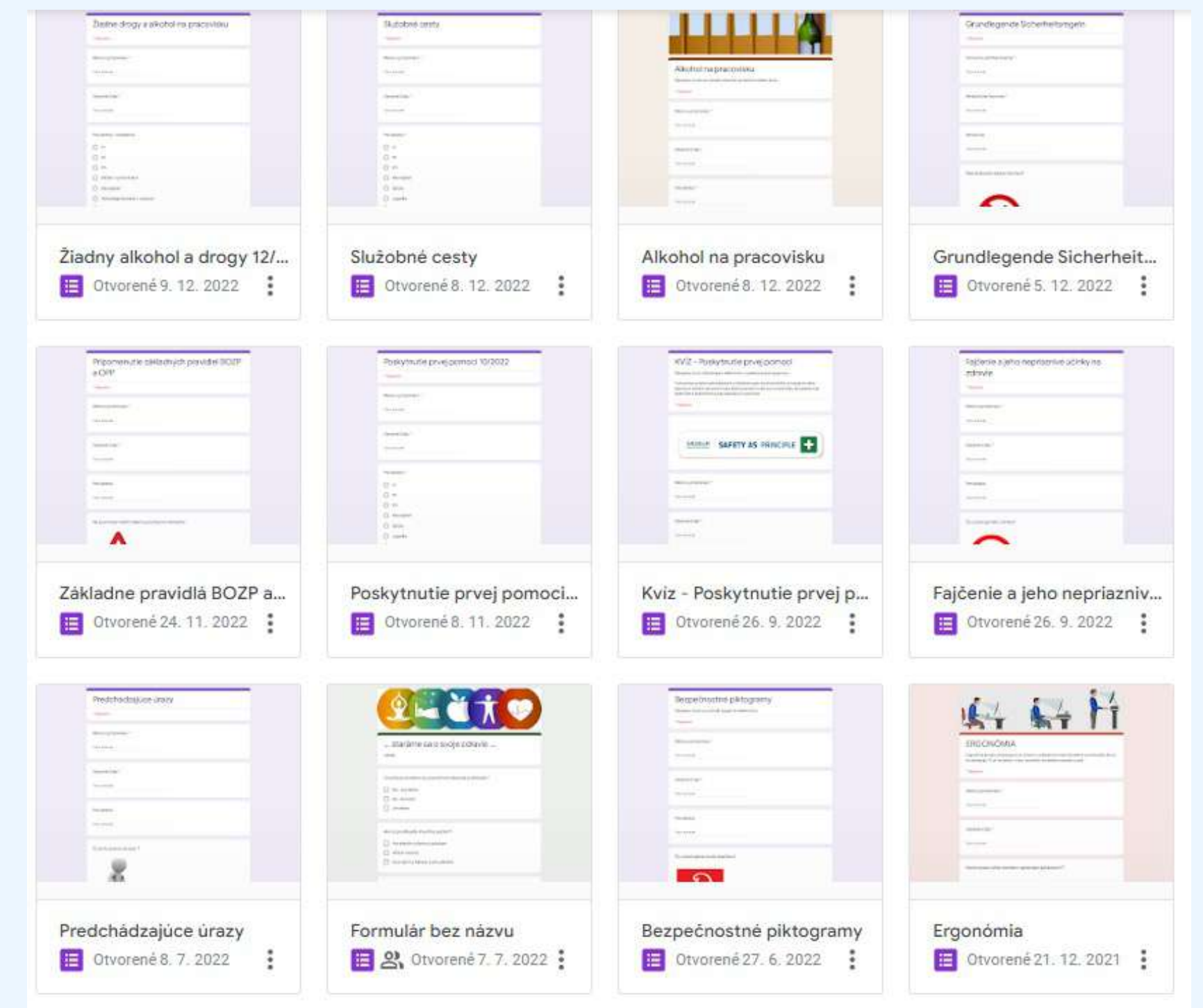
All of the Group’s operating units must apply the Training and Integration plan to all new employees before they start working. In this plan, general concepts of the safety system and job-specific requirements are communicated, including instructions on how to safely operate the equipment. Additionally, the safety policy, the Basic Safety Rules, the Personal Protective Equipment usage matrix, general emergency rules, corporate safety procedures, incident reporting, Safe Work Instruction, and the 5S methodology should also be covered. This plan must be applied whenever there is a job/workstation change, when a new job is identified, when there is a Hazard and Risk survey, or when there is an update in the Safe Work Instruction.

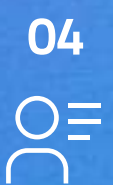
Local initiative

Health and Safety Weeks (Nitra and Vrable, Slovakia)

Throughout 2022, Slovakia’s operating units held several learning sessions on health and safety with their employees. These sessions, held daily and based on open and participatory dialog, sought to alert employees to OHS issues in order to change their behaviour and reduce the risk of accidents and injuries in the workplace. At the end of each week, the knowledge acquired by the employees was put to the test through simple quizzes in an online format.

Week No.	H&S Week Topic	Description
W 09	Focus on Forklifts	Pedestrian ways; FL warning signals; FL drivers trainings, experience; survey; Zero FL in production; Proximity system; Rearview mirror for FL.
W 12	NAPO is our friend	NAPO will help and answer any questions you need
W 17	First aid - from the doctors perspective	How to react in various types of situations and accidents; Statistics of saved lives; Importance of the skills; Defibrillator place; First aid kits place
W 21	PPE	Importance of PPE; accidents due to no/wrong PPE; pictograms; revision of PPE also in administration
W 25	HSE pictograms	At shopfloor and office as well; Presenting Good and Bad ergonomics effect on health; Possible for employees to submit suggestions
W 30	Previous Accidents 'showcase	BU's individually according own accidents showcasing old accidents happened at the exact workplaces in details, their consequences, root cause analyses
W 38	Health safety - nonsmokers	Impact of smoking on non-smokers, health risk, prevention etc.
W 43	First aid	How to react in various types of situations and accidents; Statistics of saved lives; Importance of the skills; Defibrillator place; First aid kits place..
W 46	Drivers - business trips	How to safely drive and arrive to your destination, prevention, rest etc.
W 50	No alcohol and No drugs	Accidents caused by alcohol or drugs; Effect of alcohol and drugs on behavior; Alcoholism addictions and help; Positive alcohol test consequences.





PEOPLE

4.2 Our communities

At SODECIA, we make it a point to be close to the local communities where we operate, as well as to respond to their needs in order to contribute to the development of society. It is our goal to create social value and make a significant impact on people's lives, boosting employability and the development of local communities.

Therefore, as part of our corporate social responsibility, we have carried out a few initiatives to support the communities in the several geographies where we operate and have invested in partnerships that promote local development in the medium and long term. In 2022, we continued the work that has been developed in previous years and organised several actions that materialise SODECIA's will to contribute to the fight against inequality, generating added value. Examples of such initiatives are:

- Donations of food baskets and other essential goods;
- Environmental education and awareness actions;
- Empowerment programmes and professional training.
- Commemorations (World Water Day, Environment Day, etc.);
- Signing of partnerships with cultural institutions.

Escola 42 (Portugal)

Escola 42 [School 42] is a coding school based on an innovative gamified teaching system, where no prior knowledge or tuition fees are required. This school promotes learning without classrooms, schedules, or teachers, where people learn in a hands-on way by developing projects among peers. Thus, in addition to technical skills, each student develops communication, teamwork, and problem-solving skills, as well as creativity, autonomy, and resilience, essential skills for the labour market.

Escola 42 was created in France in 2013 and arrived in Portugal in July 2020, in the city of Lisbon. In 2022, Escola 42 arrived in Porto and SODECIA was keen to support this project, being part of the founding partners, along with other renowned companies and institutions in the city. Through this partnership, we invest in education, enable excellent teaching, and create opportunities for everyone who wants to develop their talents and learn to do so without hindrance.

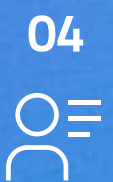


Project Manaus te quero Verde [I want you to be Green, Manaus] (Brazil)

As a way to celebrate World Water Day, on March 22, Sodecia Automotive Manaus participated in an event to plant 5000 trees in the Amazon region. The goal of this initiative was to restore the native forest, through the recovery and restoration of ecologically degraded areas, making it possible to increase the value of the natural heritage, reduce environmental damage, generate and recover natural spaces, reestablish ecological functions, promote the sustainability of biodiversity, and increase the value of natural resources associated with native plant species.

In addition to SODECIA, this event was attended by public and private institutions and Brazilian authorities that believe in promoting environmental education and forest preservation, namely Aegea Saneamento, the Manaus Municipal Secretariat of Education, the Manaus Municipal Council, the Japanese Consulate, the Amazon Network, the IDAAM Colleges, the Regional Labour Court, the Army Reserve, Musashi, and Tutiplast.





Environmental Academy (Brazil)

In 2022, Sodecia Automotive Manaus developed an Environmental Education Programme for children from municipal public schools in partnership with the Soka Amazônia Institute. Through environmental awareness actions, this program sought to increase students' literacy regarding sustainability, namely on the topics of biodiversity, nature protection, and conservation of natural resources. Throughout this programme, five municipal schools in Manaus were visited and more than 300 students were involved.



Selective Waste Collection (Brazil)

As part of the World Environment Day celebrations, Sodecia Automotive Minas Gerais provided a structure for selective waste collection in Serra Santa Helena, a well-known tourist spot in Sete Lagoas. Selective waste collection enables the reduction of waste sent to landfills and incinerators, the conservation of natural resources and raw materials, the reduction of pollution associated with the collection of raw materials, and energy savings.

This structure was inaugurated on 5 June 2022, during the Ecological Walk of the Group's employees.





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PEOPLE



Partnership with Serralves Foundation (Portugal)

In 2022, SODECIA became a founder of the Serralves Foundation, under a protocol signed between the two institutions. The protocol, besides giving SODECIA this new status, establishes an extended partnership between the two institutions that will enable the promotion and sustained dissemination of culture to our group through various initiatives.

The Serralves Foundation is an international cultural institution at the service of the community, whose mission is to stimulate the interest and knowledge of audiences of different origins and ages in Contemporary Art, Architecture, Film, Landscape, Environment, and in critical issues for society and its future, doing so in an integrated manner based on a set of exceptional assets.

Other corporate responsibility initiatives

01. Donation of basic baskets to Lar das Marias, an organisation that receives women with cancer coming from the countryside for treatment at CECON (Sodecia Automotive Manaus, Brazil)
02. Delivery of lunches to 45 unsheltered people in the central area of Manaus, in support of the Institution Cathedral of Apostolic Miracles (Sodecia Automotive Manaus, Brazil)
03. Donation of blankets to the municipal hospital of Minas Gerais and several warm clothes for the cold to families in need (Sodecia Automotive Minas Gerais, Brazil)
04. Flash campaign to collect basic goods (personal hygiene, cleaning supplies, household utensils, bedding and towels, personal clothes, blankets, and toys) for people affected by the heavy rains in Jequitibá (Sodecia Automotive Minas Gerais, Brazil)
05. Campaign to collect essential goods to help people affected by heavy rains in the North of Minas, an emergency situation. 600 kg of food, 200 litres of water, and several items of clothing were collected (Sodecia Automotive Minas Gerais, Brazil)
06. Environmental education picnic with employees and their children, with several outdoor activities, including tree planting (Sodecia Automotive Manaus, Brazil)





PLANET



SODECIA

sustainability

We work for a greener and more responsible future. We believe in futuristic mobility and in our contribution to the planet's health.

Adding value *to you*



05. PLANET

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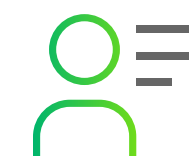
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PLANET

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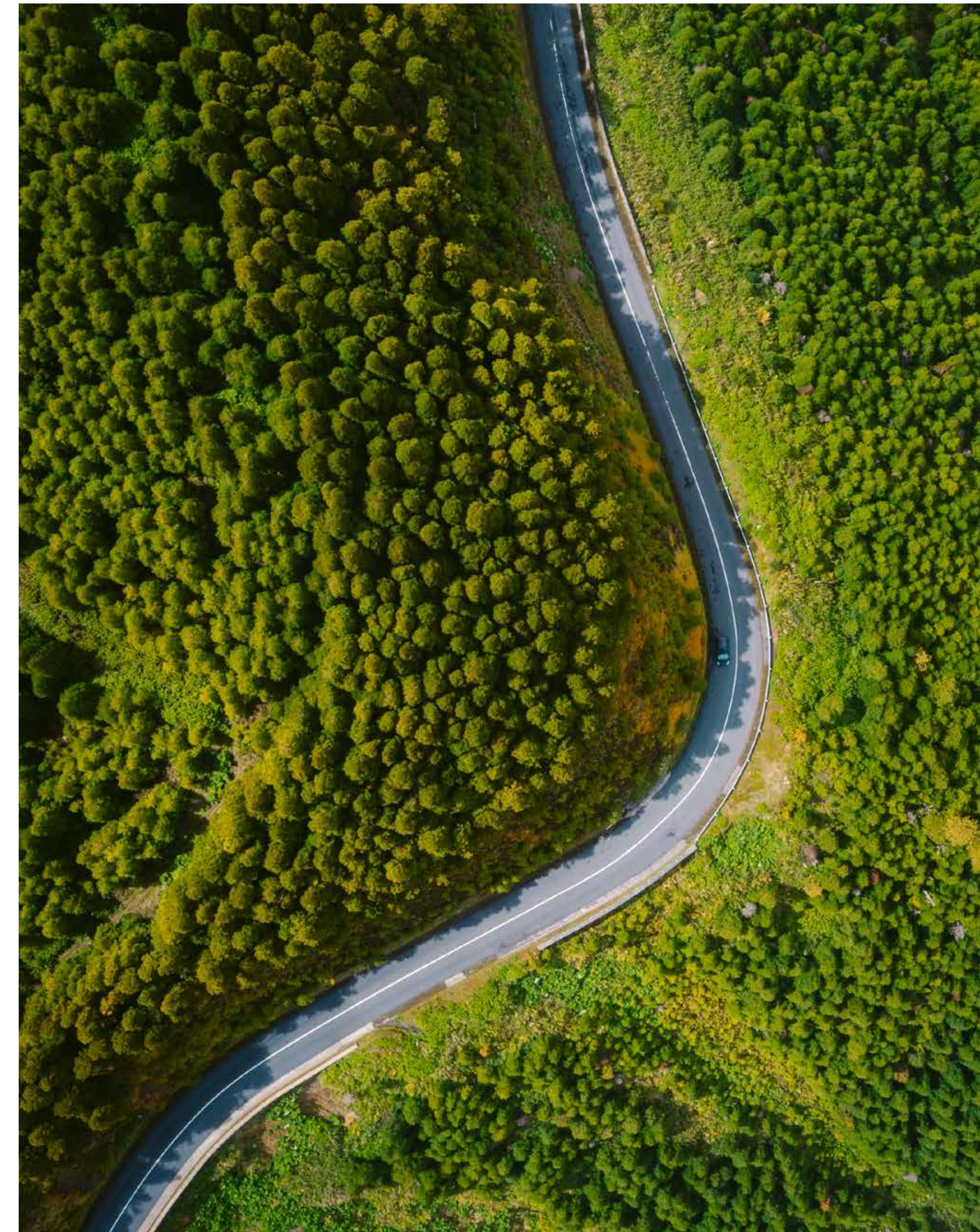
Planet



Climate change is one of today's biggest global problems, requiring concrete and appropriate responses at all levels from governments, companies, and communities.

Aware of the impacts resulting from the interactions with the environment that stem from its operations, SODECIA seeks to promote, in all its operational units, responsible conduct regarding the protection of the planet.

As such, we have an active and integrated environmental management system based on the best environmental practices, which ensures that all waste, emissions, and effluents are managed in the most appropriate way to prevent and minimise potential adverse impacts on human health and on the environment. As part of this system, SODECIA also has a Safety, Health, and Environment Master Plan, which establishes the corporate guidelines from the environmental perspective. This plan, applicable to all operational units where the Group operates, is based on ISO 14001 and on the applicable legislation in each of the geographies.





2022 was marked by several events that significantly impacted global sustainability and highlighted the need for intensified action to address the imminent environmental challenges facing the planet.



02



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PLANET



At SODECIA, we have developed a set of measures and actions to achieve the Group's carbon neutrality by 2035.

5.1 Energy Efficiency and Climate Change

Climate change is one of today's biggest global problems, requiring concrete and appropriate responses at all levels from governments, companies, and communities. At SODECIA, we know how important this issue is for society and for the future of the planet, so we are determined to reduce our greenhouse gas (GHG) emissions in order to contribute to reducing the negative effects of climate change on ecosystems and on the population's quality of life.

At SODECIA, we have developed a set of measures and actions to achieve the Group's carbon neutrality by 2035. Through energy efficiency gains, the use of alternative fuels, and the installation of equipment to produce renewable energy, we intend to reduce the carbon footprint in our value chain. Along this path, we have also defined some important milestones and intermediate goals, such as reducing our carbon footprint by 10% as early as 2023, with 2019 as the base year.

Technology	Investment (€)
WWTP	286,114.00
Solar panels	1,914,684.33
Compressed air	28,000.00
LED lighting	84,957.68
Gas control	5996.08
Total	2,319,752.09

5.1.1 Energy consumption and energy efficiency

2022 was marked by several events that significantly impacted global sustainability and highlighted the need for intensified action to address the imminent environmental challenges facing the planet. Among some of these events we highlight the war in Ukraine, which triggered an energy crisis with global economic impacts, as well as the occurrence of heat waves and droughts around the globe, and floods in geographies where SODECIA operates.

This global context brought direct implications for the business, leading the Group to adopt extraordinary energy contracting measures using several strategies to reduce the price paid for energy. The purchase of energy futures and own production of renewable energy are some examples of such measures.

In total, more than 2.3 million euros were invested in energy efficiency solutions in 2022, including

the implementation of solar panels and the installation of more efficient lighting. Next year, we plan to invest even more (around five million euros) in solutions to increase our energy efficiency in all operational units.

All our processes need a source of energy to function and, therefore, we comprehensively monitor the different sources of energy consumed in our facilities: electricity, natural gas, and diesel. In addition to reducing the price of the various energy sources, SODECIA has taken care to lower its consumption in all its facilities. Thus, in 2022, 472 397 GJ energy was consumed, an increase of 25% over the previous year. We need to say that 27% of that total it's renewable energy that comes from the investment told before. Consumption of energy from non-renewable sources also saw its value decrease by 21% this year, from 10,681 GJ in 2021 to 8,495 GJ in 2022. Despite the increase in energy consumption, SODECIA saw its energy intensity decrease by around 25%, from 0.108 in 2021 to 0.070 in 2022.



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PLANET



1.03M tCO₂

reduction for
the Group

LED lighting

As part of its energy efficiency measures, SODECIA has replaced traditional light bulbs with LED lamps in several operating units around the world. Examples are the plants in Saarlouis, Germany, and Nitra, Slovakia. Additionally, automatic sensors were also installed, which automatically control the intensity of light emitted by the lamps, depending on the time of day, and automatically turn off the lights during the weekends.

This measure has reduced energy consumption and improved employee safety in the various facilities where it has been implemented, and it has reduced the need for light bulb maintenance. As a result, there were economic gains for SODECIA and a reduction of 1.03 million tCO₂ for the Group.

In line with the expectations of our stakeholders and with the main global trends, we have been working continuously since 2019 on the calculation of our carbon footprint.

5.1.2 GHG emissions

In line with the expectations of our stakeholders and with the main global trends, we have been working continuously since 2019 on the calculation of our carbon footprint, in which we include our global Greenhouse Gas (GHG) emissions from scopes 1, 2, and 3, following the GHG Protocol model. In recent years, despite the increase of production facilities, SODECIA has managed to reduce its total CO₂e emissions (in absolute terms), due to continuous investments in environmental management, namely the implementation of energy efficiency technologies, and the improvement of production processes.

In 2022, a total of 36.6 million tCO₂e (scope 1 and 2) were released into the atmosphere, a reduction of about 23% (10.7M) compared to 2021. Of these

23%, more than half (5.6M) of the reduced emissions resulted from the investments in energy efficiency solutions mentioned above (table of investments, page before), and the rest was due to GHG Kaizen actions and other improvements made in the various operating units.

Scope 3 indirect emissions, i.e., emissions from SODECIA's activities that occur at sources not owned nor controlled by our company, remained relatively stable in 2022 (29,8M) compared to the previous year, with a slight increase of 0.6%. Scope 3 emissions correspond to 45% of SODECIA Group's total emissions, followed by scope 2 and 1 emissions, with 34% and 21%, respectively.



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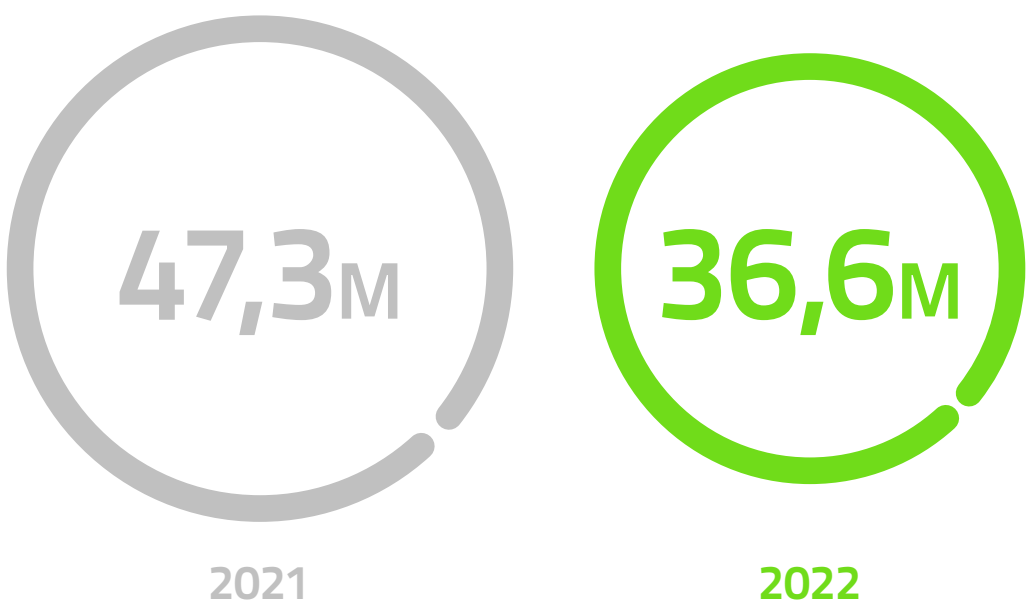


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PLANET

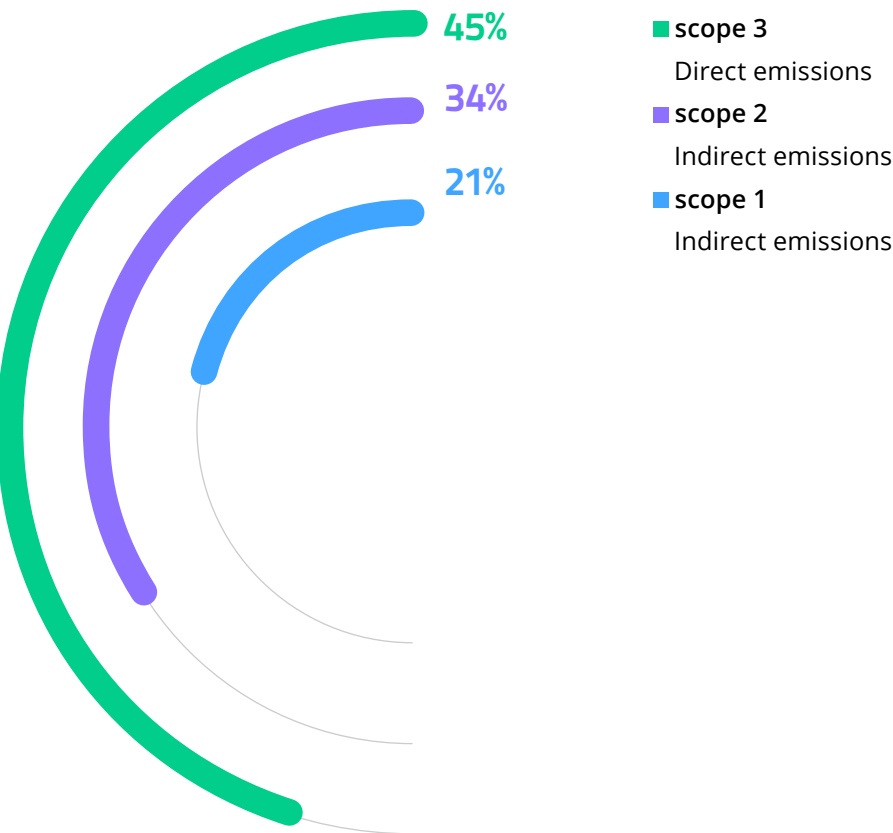
GHG emissions (scope 1 and 2) in tons of CO₂



Scope 1 emissions (direct) are mostly from the use of fuels, while **scope 3** emissions are mostly from the disposal of steel waste. **Scope 2** emissions concern electricity consumption.

Emission sources (scope 1)	2020	2021	2022
Stamping oil	279,9	410,2	483,0
Diesel generator	31,5	33,3	33,3
Washing oil	46,5	76,4	108,4
Welding gas	1 656,8	1 931,8	375,2
Hot stamping gas	2 495,0	2 188,9	2 314,4
Paint line gas	1 759,2	1 296,8	971,9
Own transportation	989,7	554,7	448,5
Heating	12 621,4	12 596,8	9 050,6
Total	19 880,1	19 088,8	13 785,3

CO₂ Emissions distribution by scope (2022)



Emission sources (scope 3)	2020	2021	2022
Transportation (business)	277,0	1 628,8	468,3
Water	72,1	127,8	208,4
Transportation (services)	1 719,2	1 881,6	1 967,8
Non-recoverable containers	459,3	607,2	629,5
Steel scrap	20 252,4	25 251,8	26 498,2
Plastic waste	280,6	55,1	40,4
Total	23 060,5	29 552,3	29 812,7



Solar panel installation

Solar energy is an important part of SODECIA's decarbonisation strategy, enabling a reduction of the Group's carbon footprint, as well as a reduction of energy costs. This way, in 2022, several photovoltaic panels were installed in three operating units, namely in Guarda (Portugal), Dalian (China), and Valencia (Spain).

Across these three operating units, 2938 panels were installed, distributed on the roofs of the facilities, at ground level, and also on parking lot roofs. With a total of 2213 MWh of generated energy, the installation of the panels enabled a reduction of 1.6M tons of CO₂ emissions in 2022, and it is expected that in the coming years this reduction will be even more significant.

2938

Panels installed

1.6M tCO₂

less emissions in 2022

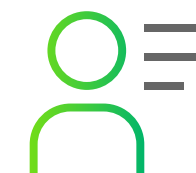


SODECIA sees Circular Economy as a way to decrease the use of raw materials and waste of materials, leading to environmental and economic benefits along its value chain.

5.2 Circular Economy

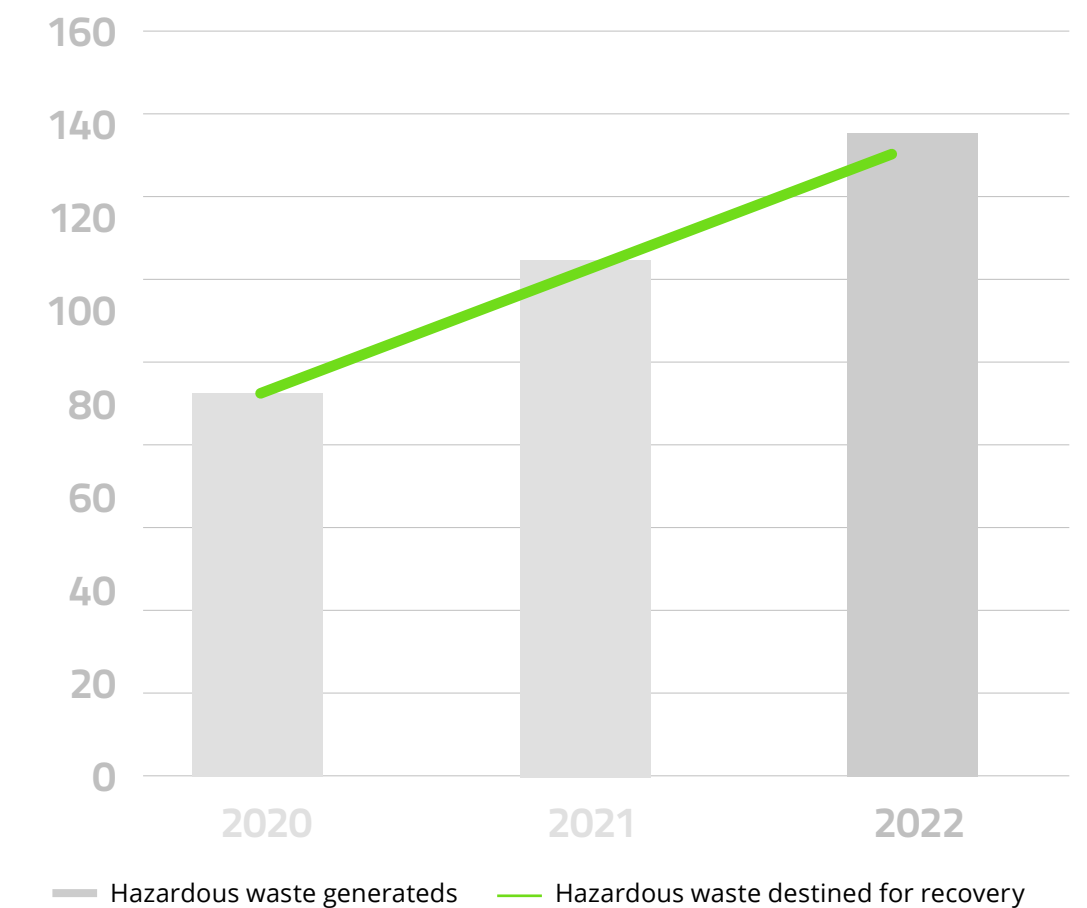
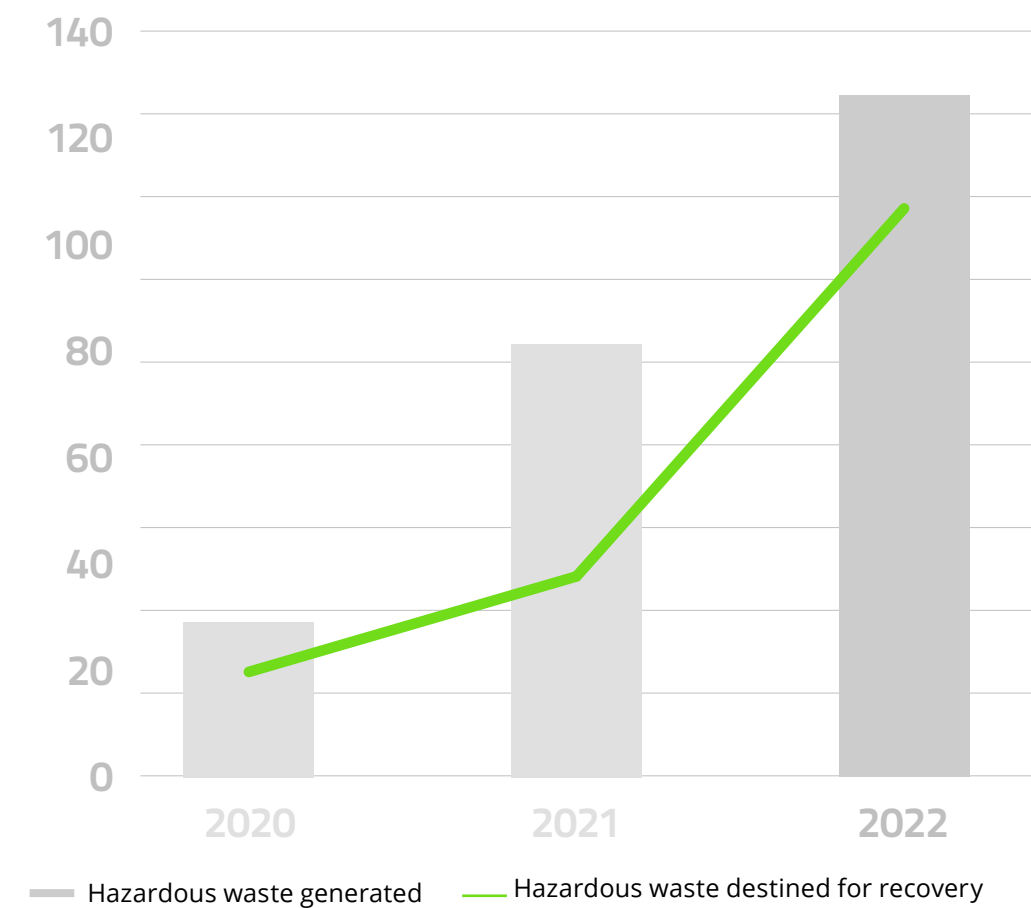
SODECIA sees Circular Economy as a way to decrease the use of raw materials and waste of materials, leading to environmental and economic benefits along its value chain. This concept goes beyond the boundaries of effective waste management and recycling, aiming for a broader action that encompasses everything from the redesign of processes, products, and new business models, to the optimisation of resource use – ecodesign.

Ecodesign, a key component of the circular economy, seeks to improve the environmental performance of products through the systematic integration of certain key aspects in the various stages of product design, namely in the consumption of energy and raw materials. Thus, by changing raw materials and the processes of manufacturing, packaging, transport, and maintenance, it is possible to create more durable products and to generate value for consumers throughout their life cycle.



With it is possible to create more durable products and to generate value for consumers throughout their life cycle.

Waste produced (ton)



5.2.1 Waste management

This includes the control of all processes related to waste, from its production, separation, storage, transport, and final destination, not only to comply with the legislation in force in each region, but also to monitor the various service providers.

Following the return to normalcy after the crisis caused by the COVID-19 pandemic, 2022 saw a growth in our business and, as such, an increase in waste production. Considering all our operational units, about 12,107 tonnes of non-hazardous waste were produced (an increase of 24% over the previous year), of which 97% is destined for recovery. With regard to hazardous waste, consisting essentially of contaminated industrial oils and lubricants, around 147 tonnes were produced, of which 82% are also destined for recovery.

Although waste production has increased this past year and most of it is destined for recovery (about 97% by 2022), we are committed to reducing the amount of waste going to landfill and further increasing the percentage of waste destined for recovery and recycling. It is also our goal to focus on more sustainable solutions, setting more ambitious targets and control for hazardous and non-hazardous waste.

In addition to the environmental plans and programmes in place, SODECIA works actively with its employees and with the community to encourage reduction, reuse, and correct waste disposal (➔ [Chap.4.2](#)). To this end, it has carried out several initiatives in this area in the various countries where it operates, including changing suppliers, strengthening the conditions that enable better segregation of waste and events, both internal and external, education, and environmental awareness for this issue.

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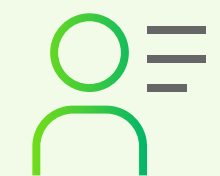
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PLANET



In addition to the environmental plans and programmes in place, SODECIA works actively with its employees and with the community to encourage reduction, reuse, and correct waste disposal.



It was possible to recycle the plastic waste produced at these facilities, as an alternative to the incineration previously practiced.

Plastic Recycling (Germany)

As part of a more sustainable waste management strategy, the Oelsnitz operating site in Germany has decided to change the company responsible for plastic waste disposal. With this change, it was possible to recycle the plastic waste produced at these facilities, as an alternative to the incineration previously practiced. With this change, SODECIA has taken another step towards the protection of natural resources and the environment, while also allowing the financial costs associated with waste disposal to be reduced.



New containers and signage (Czech Republic)

To increase employee awareness of waste management issues, the Liberec operating unit in the Czech Republic has installed new containers for selective waste collection on its premises. Additionally, signs in three different languages were placed next to these containers with instructions on what materials can and cannot be deposited in the corresponding containers. With these measures, the goal is to decrease the amount of undifferentiated waste produced by about 20%, and to increase the amount of recyclable waste (paper, plastic) also by about 20%.



Battery Recycling (Czech Republic)

The Leskovec operating unit has provided the general community with special boxes for collecting batteries for recycling free of charge. These boxes, also distributed to SODECIA's employees, allow for the correct forwarding of these materials for recycling, preventing them from being disposed of along with domestic waste, which can lead to environmental contamination. Throughout 2022, this initiative enabled the collection and forwarding for recycling of about 49 kg of batteries.



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PLANET

5.2.2 Ecodesign and Product Life Cycle

Part of our plan to implement management based on the Circular Economy is to implement strategies based on ecodesign throughout the product life cycle. Our vision is to ensure that our products follow a sustainable life cycle in order to meet the expectations of the markets and of our customers.

In this scope, we have developed several programmes to reduce the consumption of raw materials and to optimise the generation of waste resulting from our production process. Some of these examples include modifying the product design, such as reducing its thickness or eliminating components that are not necessary for the assembly process, which enables a reduction in the consumption of materials, including steel. Additionally, by changing raw materials and maximising their use, waste and consumption of materials with high economic value can be reduced.

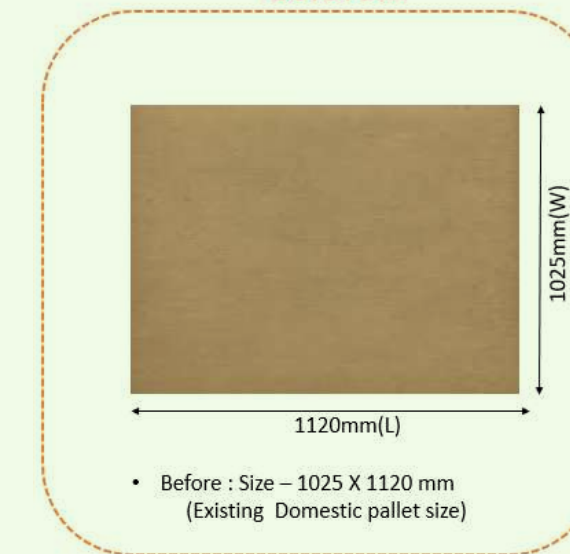
The reduction in the use of other materials (stamping oil, paper, plastic, pallets, and wooden boxes) and the optimisation of processes using technology – such as the automation of semi-manual procedures and the digitisation of processes – are other examples of actions adopted by SODECIA to reduce waste production.



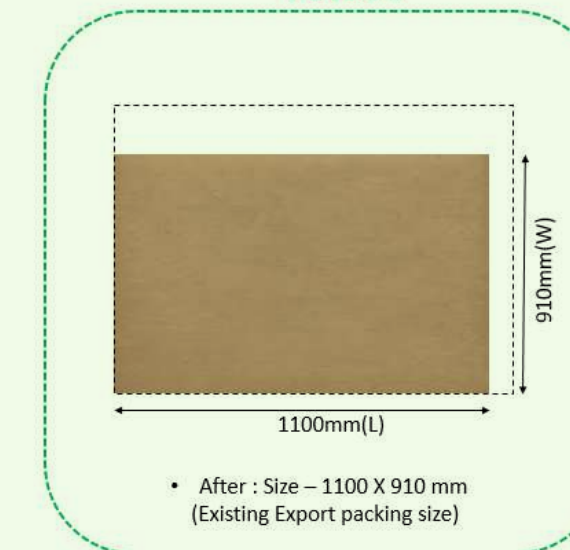
Barcodes for Tools (Slovakia)

At the Nitra operating unit, in Slovakia, barcodes were installed on 20 tools to optimise the waste separation process. The installation of this technology makes it easier to identify the type of product being worked on in the presses, avoiding errors in the identification of materials. This way, all materials are properly separated and disposed of, avoiding mixing, thus enabling a higher rate of waste recovery.

Before...



After...



34%

Reduction of cardboard without compromising quality of the packaging

15%

Reduce the use of black powder per month

Waste Reduction (India)

In September 2022, two studies were conducted involving all supervisors at the Pukkathurai operating unit, in India, to ascertain: **(1)** the feasibility of reducing the cardboard used in the packaging stage of the final products; and **(2)** the possibility of reusing the black powder that was discarded in the gearing, in the manufacturing process of the products.

Regarding the first goal, through a change in packaging sizes, it was possible to reduce the amount of cardboard used for packaging from 53 kg to 35 kg per month, i.e., a reduction of about 34% of cardboard without compromising the quality of the packaging, and meeting customer demands.

Regarding the second goal, by making adjustments in the production process, it was possible to reduce the use of black powder by 15% per month. In addition to the impact that these measures have from the point of view of resource use, this reduction in material consumption has brought economic gains for the Group.

Additionally, in the set of the two measures, this operating unit intends to reduce approximately 882 kg of CO₂ per year, contributing to the reduction of SODECIA's global carbon footprint.



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ATTACHMENTS



Attachment I.

Correspondence table

Material topics of the SODECIA Group	GRI Standards	GRI indicators	Report chapter/subchapter
Product quality and safety	GRI 2: GENERAL CONTENTS GRI 416: CONSUMER HEALTH AND SAFETY	2-6 416-1/2	Cap. 1. SODECIA Profile
Sustainability in the supply chain	GRI 2: GENERAL CONTENTS GRI 204: PURCHASING/SUPPLY PRACTICES GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT GRI 407: UNION FREEDOM AND COLLECTIVE BARGAINING GRI 408: CHILD LABOR GRI 409: FORCED OR SLAVE LABOR GRI 414: SOCIAL EVALUATION OF SUPPLIERS	2-6 204-1 308-1/2 407-1 408-1 409-1 414-1/2	Cap. 3.4. Supply Chain Management
Talent attraction and retention	GRI 2: GENERAL CONTENTS GRI 401: EMPLOYMENT	2-7, 2-8, 2-19, 2-20, 401-1/2	Cap. 4.1.1 Human capital management
Training and professional development	GRI 404: EDUCATION AND TRAINING	404-1/2/3	Cap. 4.1.1 Human capital management
Labor relations and social dialogue	GRI 2: GENERAL CONTENTS GRI 202: MARKET PRESENCE GRI 402: LABOR RELATIONS	2-30 202-1/2 402-1	Cap. 4.1.1 Human capital management
Safety and health at work	GRI 403: SAFETY AND HEALTH AT WORK	403-1/2/3/4/5/6/7/8/9/10	Cap. 4.1.2 Occupational Health and Safety
Involvement with the community	GRI 2: GENERAL CONTENTS GRI 413: LOCAL COMMUNITIES	2-28 413-1	Cap. 4.2. Our communities
Energy and climate change	GRI 302: ENERGY GRI 305: EMISSIONS	302-1 305-1/2/3/4	Cap. 5.1 Energy efficiency and climate change
Resource efficiency	GRI 302: ENERGY	302-3	Cap. 5.1 Energy efficiency and climate change
Eco-design and product lifecycle	-	-	Cap. 5.2 Circular Economy
Waste Management	GRI 306: WASTE	306-1/2/3/4/5	Cap. 5.2 Circular Economy



ATTACHMENTS



Attachment II.

2022 GRI Index



This document is an annex to SODECIA Group's 2022 Annual Report. The GRI Standards and indicators to which a response is being provided are identified, with reference to the corresponding contents in the Report (or other external resources), and a response is detailed, in the table itself, whenever applicable.

Declaration of use	SODECIA Group reported in accordance with the GRI Standards for the period 1 January to 31 December 2022.
Report according to:	GRI 1: Fundamentals 2021
Applicable GRI Sector Standard(s):	N.A.

GRI 2: General Contents 2022

THE COMPANY AND ITS REPORTING PRACTICES

Location

2-1 Organisational Profile

Legal name of the company: SODECIA – Participações Sociais, SGPS, S.A.

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Nature of the company:

Headquarters: Rua do Espido, 164 – F, Edifício Via Norte – 4470-177 Maia, Portugal
Countries of operation: SODECIA is present in 14 countries, in multiple parts of the world: Europe, Africa, South America, North America, and Asia-Pacific. On our website, you can find the different specialties of each business unit, whether they are Chassis, Powertrain and Body-in-White manufacturers, or motorcycle assembly units, tool&die units, or the three Product Competency Centres and one Process Competency Centre – GTAC, which together with our headquarters in Porto, Maia, Portugal and our sales offices, make up the SODECIA Group and enable us to provide our clients with the best solutions for their needs in the different regions of the world.

2-2 Entities included in the company's sustainability report

In SODECIA Group's sustainability reporting, the following entities are included:



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Sodecia Automotive International, S.A. – SAINT

Regional Holding	Business Units	Acronym	Country
Sodecia Automotive Europe GmbH – SAEUR	Sodecia Automotive Valencia SL	SAVAL	Spain
	Sodecia Automotive Turim, S.P.A.	SATUR	Italy
	F&B S.r.l.	SARAI	Italy
	Sodecia Automotive Saarlouis GmbH.	SASAR	Germany
	Matador Automotive Rus LLC	SANIN	Russia
	Matador Automotive Vráble, a.s.	SAVRAN	Slovakia
	Sodecia Automotive Liberec, s.r.o.	SALIB	Czech Republic
	Sodecia Automotive Product Competence Center, s.r.o. (SAPCC)	SAPCC	Czech Republic
Sodecia-América do Sul Participações Ltda. – SASA	Sodecia Automotive Product Competence Center, s.r.o. (SAPCC)	SAPCC	Czech Republic
	Sodecia Automotive Minas Gerais LTDA	SAMGR	Brazil
	Sodecia Automotive Manaus	SAMAN	Brazil
Sodecia Automotive North America Inc. – SANA	Sodecia Automotive Pretória	SAPRE	South Africa
	Sodecia Automotive London Inc.	SALON	Canada
	Sodecia Automotive Detroit Corp.	SADTR	USA
	Sodecia Automotive Kansas City LLC.	SAKAC	USA
	Sodecia Automotive Ramos SA de CV.	SARAM	Mexico

Sodecia Safety & Mobility International GmbH. – SMINT

Business Units	Acronym	Country
Sodecia Safety & Mobility Oelsnitz GmbH	SSMOEL	Germany
Sodecia Safety & Mobility Guarda, S.A.	SSMGRD	Portugal
Sodecia Safety & Mobility Dalian Co, Ltd	SSMDAL	Czech Republic
Sodecia India Private Limited	SSI	India
Sodecia Safety & Mobility Leskovec s.r.o.	SSMLK	Czech Republic
Sodecia Safety & Mobility Auburn Inc.	SSMAUB	USA
Sodecia Safety & Mobility Attendorn GmbH	SSMATT	Germany
Sodecia Safety & Mobility Product Product Competence	SSMPCC	Germany

2-3 Reporting Period, frequency, and points of contact

About this report

The information reported in this report concerns the period from 1 January 2022 to 31 December 2022. The report is issued annually. Points of contact: Carlos Gomes (carlos.gomes@sodecia.com)

2-4 Information restatements

Not applicable, since this is the first report according to the GRI Standards.

2-5 External verification

About this report

At SODECIA Group, all activities undertaken take into consideration each of the 4Gs and are evaluated for their achievement. The Group’s governance system is based on a hierarchical pyramid organisation in which entities at higher levels pass instructions/authorisations to those at subsequent levels to ensure harmonious actions by all units and achieve efficiency gains.

As previously established, matters of major importance to Sodecia Participações Sociais, SGPS, S.A. are approved and ratified by its Board of Directors to ensure control of policies, strategies, and investments in the entire Group. The control of the performed operations is also supported by continuous forensic audit processes of the activities of each of each sub-holding and unit of the Group. Increasing the awareness and responsibility of the various managers regarding absolute compliance with the internally decided rules is also an objective.

In the last quarter of 2022, a “Monitoring Committee” was formed to advise the Board of Directors and the Executive Committee, composed of the main directors of the various departments as well as the heads of each Division.

The goal is to strengthen the governance systems of the company and of the Group by giving the committee two essential tasks:

- (i) document preparation and organisation of all matters that are proposed for deliberation by the executive body;
- (ii) control of the execution by all departments and by all Divisions of the decisions taken by the executive body.

Without prejudice to the activity of the “Monitoring Committee”, and to reinforce the control of governance rules, financial, judicial, and accounting audits have been maintained. The implementation of an ERP system based on SAP S/4 Hana technology was also continued.

All professionals who perform supervisory functions have vast professional and business experience, technical expertise, and considerable knowledge of the automotive market and of the SODECIA Group. The functions of these employees are developed with autonomy and independence, and the Group makes available all the information necessary for the good performance of these functions.

The company’s supervisory, accounting, and internal audit bodies meet quarterly and are provided with all documents, clarifications, and information necessary for the exercise of their duties.

Furthermore, it is informed that this report was not subject to external verification of the data referring to the ESG themes presented in the GRI Table. However, they were submitted on 3 ESG platforms, mandatory client, NQC-Supplierassurance, CDP and ECOVADIS. The results are available in them, just consult the respective DUNs for this purpose.

ACTIVITIES AND WORKERS

2-6 Activities, value chains, and other business relationships

Chap. 1. Sodecia profile

Chap. 3.4. Supply chain management

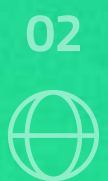
With regard to the automotive components manufacturing sector, it should be noted that:

04

Locations

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- **Activities, products, services, and markets:** Powertrain products: Displacement System DCT; Shiftdome MT; Shift Forks MT; Shift Forks DCT; Shift Forks and Park Brake DCT; Parkbrake xEV; Park Brake unit DCT; Park Brake System xEV.
- **Body in white products:** Wheel arches; Side members; Roofs; Rocker arms; Rear floors; Rear ends; Main floors; Front chutes; Firewalls; Doors; Body in white.
- **Safety products:** Triple-Thread Extrusion 5; Triple-Thread Extrusion 3; Lashing Loops 1; 45 mm Thread Extrusion; Steel Transmission Cover; Steel Car Cross Beam – VW Amarok; Steel Car Cross Beam – Ford; Steel Car Cross Beam – Fiat; Single-Thread Extrusion; Seat Belt Height Adjuster; Seat Belt Height Adjuster 1; Pre-assembled steel oil pan; Heavy-duty Donw Loop; GM Steel Cross Beam; GM Aluminium Cross Beam; Slider extracted for Seat Belt Height Adjuster; 32 mm threaded drive train support; Drive Train Support Class 12.
- **Engineering/tools:** tools for forming presses, welding robots, engineering and development activities.

As for the market served, we are present in multiple continents and, in 2023, we forecast total sales of 1.04 billion euros, split among the following locations: Europe 553 million euros (Portugal/Czech Republic/Germany/Italy/Slovakia/Spain); Brazil 154 million euros; North America (USA and Canada) 227 million euros; Asia (China, India) 49 million euros; and South Africa 53 million euros.

- **Value Chain:** Purchase of the main raw material and its transportation to the plants. Group-wide, we have about 1700 suppliers. These main materials are steel, aluminium, fasteners, oils, welding materials (tips, wire, or gas), plastic components, paints, etc. Raw materials are stored in the factories and, when possible, in external warehouses. The raw materials go into production and after processing are stored in the factories’ warehouses until delivery to the customer. At this stage, we may have external warehouses/customer warehouses. Some subcontracting is used mainly in painting processes, and transport is required at this stage. Finally, there is transport to the final destination: the customers’ sites.
- **Entities downstream of the company and its activities:** Downstream are our customers, mainly the OEM car manufacturer. (Stellantis, GM, Ford, VW, Audi, etc.).

Other important relationships: As relevant business relationships, we have the banking services where the main partners are (Commerzbank, Millennium BCP, Novo Banco, Banco BPI, Caixa Geral de Depósitos, Crédito Agrícola, etc.), insurance companies, and our various auditors (PWC, Mazars, etc.).

2-7 Employees		
Number of Employees by Gender		
SAINT	Male	2,923
	Female	1,057
SMINT	Male	1,327
	Female	457
Total Employees		5,764

SAINT	Gender	2022
Number of permanent employees (indefinite contract)	Male	2,923
	Female	1,057
	Subtotal	3,980
Number of temporary employees (fixed or uncertain term)	Male	321
	Female	110
	Subtotal	431
Number of Employees - Non-guaranteed hours (non-guaranteed hours employee)	Male	2
	Female	4
	Subtotal	6
Number of full-time employees	Male	3,243
	Female	1,162
	Subtotal	4,405
Number of part-time employees	Male	2
	Female	4
	Subtotal	6

SMINT	Gender	2022
Number of permanent employees (indefinite contract)	Male	1,198
	Female	415
	Subtotal	1,613
Number of temporary employees (fixed or uncertain term)	Male	88
	Female	26
	Subtotal	104
Number of Employees - Non-guaranteed hours (non-guaranteed hours employee)	Male	19
	Female	5
	Subtotal	14
Number of full-time employees	Male	890
	Female	430
	Subtotal	1,320
Number of part-time employees	Male	5
	Female	16
	Subtotal	21

2-8 Workers who are not employees

With regard to workers who are not employees and whose work is controlled by the company, the SODECIA Group, as of 31 December 2022, had 46 and 169 workers, data for SAINT and SMINT, respectively.

In SAINT, the main typologies of workers/contractual relations were:

- Machine operator
- Subcontractors (cleaning services, security, food delivery)
- Electrician

As regards the SMINT dimension, the main typologies of workers/contractual relations were:

- Operators (temporary work)
- Students/apprentices
- Subcontractors (cleaning services, cafeteria, security, quality)

- Note 1:** In automotive manufacturing, temporary workers are employed to fill gaps that may occur on the production line. They are given the option to become full-time employees of SODECIA after a probationary period of 90 days.
- Note 2:** Contracted companies/employees not counted in the headcount.
- Note 3:** **SAINT** – the following operating units were considered for this indicator: SALON, SARAM, SAKAC, SANA, SAVRAN AND SGTAC.
SMINT – the following operating units were considered for this indicator: SSMLK, SSMATT, SPOEL, SSMGRD, SSMDAL, SSAUB and SSMPPC.



GOVERNANCE

Location

2-9 Governance and management structure

Chap. 3.1. Governance Model

SODECIA has a Board of Directors, an Executive Committee, a General Meeting, and a Supervisory Board.

Depending on the matters listed in the Articles of Association, company decisions are approved by the Board of Directors, the Executive Committee, or the General Meeting.

The Board of Directors of the SGPS has six directors. The Executive Committee has four directors. The General Meeting has a Chairperson and a Secretary.

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2-10 Appointment and selection of the highest governance body

Directors are appointed in accordance with the Directors’ Appointment Procedure, taking into account their position in SODECIA Group’s structure.

The Board of Directors, the General Meeting itself, and the Supervisory Board are appointed at the General Meeting, taking into account the views of stakeholders, including shareholders.

Additionally, the Board of Directors is composed of directors who are members of the different departments and divisions, financial, operational, regardless of gender.

Under our Code of Conduct, directors must perform their duties in good faith, with the care that an ordinarily prudent person in a similar position would exercise under similar circumstances, and in a manner that they reasonably believe to be in the best interests of the corporation. In general, and under common law, directors have fiduciary duties to the Company. By fiduciary duties, we refer to those persons who have a general duty to act in the best interests and for the benefit of the Company and its shareholders, carrying out their business.

According to our Directors’ Code of Conduct, directors must act in accordance with their specific professional training or expertise, and not in areas outside their capacity.

2-11 Presidency of the highest governance body

SODECIA Group is a Portuguese industrial group, having started as a family business and evolved into a multinational, operating in the automotive components market since 1980. The Chairperson of the Board is the CEO of the company and the ultimate beneficial owner. The full job descriptions will be published by Human Resources by the end of 2023.

Additionally, possible conflicts of interest are mitigated according to SODECIA’s Governance policies, published in Softexpert.

2-12 Role of the highest governance body in overseeing impact management

SODECIA SGPS has statutorily adopted a monistic model, i.e., with a Board of Directors and a Supervisory Board. The General Meeting brings together all the shareholders. An external auditor is appointed (currently PWC). The Board of Directors of SODECIA SGPS, consisting to date of six executive members, has a relevant and decisive role in the development, approval, and updating of the company’s strategic purpose, values or mission statements, and policies and goals related to sustainable development. This governance body includes the CEOs of the Automotive and Safety and Mobility Divisional Holdings respectively, as well as the four members of the Executive Committee. The Executive Committee governance body also has powers, delegated by the Board of Directors, that enable it to act on sustainable development.

In the Group’s organisational model, and at the level of SODECIA SGPS, the figure of the Sustainable Development Director was created, with an intervening role in the day to day of sustainable development, in monitoring and controlling the objectives established as regards the organisation’s targets for sustainable development, and is also the principal discussion partner with all Division Holdings, and respective SSMPCCs (product competence centres) and even Region Holdings in terms of sustainable development proposals and sharing of best practices, contributing decisively to create a sustainable future.

The Executive Committee of the SGPS, consisting of four executive members, all of whom with seats on the Board of Directors, together with the members of the corporate bodies of the Divisional Holdings, namely the CEO, COO (chief operating office), and CHRO (chief human resources officer) and, in the case of the Automotive Division, also with its three sub-holdings – North America, South America, and Europe – in the person of the Regional President, VP of Operations, and Chief Human Resources Officer, contribute to the overall supervision, by division and by region, as regards due diligence and other processes in order to identify the company’s impacts on the economy, environment, and people. The Sustainable Development Director, in the SGPS, has a relevant role in the aggregation and consolidation of information per Division and Region, as well as regarding due diligence to identify the company’s impacts on the economy, environment, and people. For example, it is this director who compiles the carbon footprint, who fosters its reduction, as well as the GHGs. Complementarily, the Holdings have an established KPIS process that enables them to identify impacts and to take corrective action. Namely in corporate terms, in addition to monthly indicators, three annual meetings are held focusing on the 4Gs – growing the people, growing the business, growing the results, and growing the sustainability – in which the various impacts are analysed and the appropriate measures are taken. Additionally, the central Business Processes department plays a relevant role in the continuous improvement of processes as well as in the preparation of new ones that address the sustainability pillar. The topic of sustainability is also addressed at the highest level in the monthly gap meetings, which are attended not only by the members of the boards of directors and executive committees, but also by all corporate managers and by the managers of the Divisions and Regions.

The Board of Directors meets whenever necessary, but at least once a month. The Executive Committee meets weekly, and whenever a review of the effectiveness of the processes is necessary. However, at least three times a year, at the 4G meeting, with one of the Gs being growing the sustainability, the processes are reviewed, and at the monthly gap meetings, the sustainability component is presented by all regions and divisions. The topic of sustainability and its review is also addressed in one of the two leadership meetings that are held annually.



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2-13 Determining responsibility for impact management

The Board of Directors (BD) of SODECIA SGPS delegates to the Executive Committee (EC) the management of the Group’s impacts on the economy, environment, and people, and the CEO, COO, and CHRO of each of the Divisional Holdings, Automotive and Safety and Mobility, respectively, are in charge of this impact management in each of their Divisions. In the case of the Automotive Division, its regional sub-holdings – North America, South America, and Europe – in the persons of their President, Vice-President of Operations, and Vice-President of Finance, play a major role in managing the impacts of the respective region. Each of these Divisions, or in Automotive’s case, also its regional sub-holdings, manage this topic at the level of each of its affiliated companies, commonly known as Business Units (BUs).

The Safety and Automotive Division Holding has weekly meetings with its BUs in which these topics, among others, are reported on. In the case of the Automotive Division Holding, weekly meetings are also held with its Region Sub-holdings, which also meet weekly with their BUs. In turn, the two holding companies mentioned above have weekly meetings with SPDECIA SGPS in which these topics are addressed. In addition to the Divisions’ weekly meetings with SODECIA SGPS, monthly meetings are also held, as well as three annual meetings, as part of the 4G process review, in which one of the Gs is growing the sustainability in order not only to present the report but also to review any changes that may be needed in terms of processes within the management model. Complementarily, there is an escalation process for certain sustainability topics, which must be reported immediately to the highest governance level of the company and which require immediate action. This escalation process is mainly separated by topics that already occur and their impact or by topics that require immediate intervention under penalty of having an impact. This escalation process is segmented by topics so that the highest hierarchical level employees take immediate action in the area of their responsibility, with even the Chief Executive Officer and the Board of Directors being involved in this escalation process.

The escalation model has been undergoing adjustment in order for there to be no questions on the topics to escalate.

2-14 Role of the highest governance body in sustainability reporting

SODECIA Group’s Executive Committee reviews and approves the reported sustainability information, including the material topics, which have been approved under the sustainability strategy.

2-15 Conflicts of interest

The Board of Directors represents and binds the Company, taking into account the interests of the shareholders. According to our values and ethics handbook, SODECIA’s interests and objectives cannot be harmed or affected by any personal interests, and therefore situations that may influence, reduce, or affect the independence and objectivity of any employee’s decision in pursuing their personal interests and objectives are prohibited.

Any situation that constitutes or leads to a possible conflict of interest, namely any relationship of a financial, commercial, professional, family, or friend nature that may influence the decision-making process, must be immediately reported to the employee’s immediate superior. Our Directors’ Code of Conduct emphasises that directors must act without personal conflicts (economic or otherwise) with the Company and must not use their position of trust to further their private interests. The Director must avoid conflicts between their duties and their personal interests, and avoid circumstances in which they have, or might have, an interest that conflicts, or might conflict, with the interests of the Company.

Criteria	Application	Description
Cross members	✓	<p>The Director must act in good faith, with care and loyalty, in the best interests of the Company, the SODECIA Group, and the Company’s shareholders at all times, without any conflicts of interest or publicly announcing a unilateral decision.</p> <p>The Director acknowledges that breach of their fiduciary, legal, or contractual duties may result in damages to the Company and to the Company’s shareholders, including but not limited to actual damages, lost profits, and personal injury, such as loss of goodwill, loss of confidence of customers, potential customers, suppliers, and potential vendors, loss of competitive position, for which the Director shall be personally liable, indemnifying and holding harmless the Company and the Company’s shareholders.</p>
Cross-participation with suppliers and other stakeholders	✓	<p>The supplier screening must be based on objective criteria of capacity, quality, innovation, cost, and services, to achieve the highest standards of quality, in accordance with the values and principles contained in the Values and Ethics Handbook.</p> <p>Employees should monitor and confirm suppliers’ compliance with these values and principles and should maintain stable and transparent relationships based on cooperation.</p>
Existence of controlling shareholders	✓	<p>The Director acknowledges that breach of their fiduciary, legal, or contractual duties may result in damages to the Company and to the Company’s shareholders, including but not limited to actual damages, lost profits, and personal injury, such as loss of goodwill, loss of confidence of customers, potential customers, suppliers, and potential vendors, loss of competitive position, for which the Director shall be personally liable, indemnifying and holding harmless the Company and the Company’s shareholders.</p>
Related parties, their relationships, transactions, and outstanding balances	✓	<p>According to our Values and Ethics Handbook, the main goal of Employees should be to fully meet customer needs, promote satisfaction, and excellence. Contact with public institutions must be transparent and limited to the appropriate scope of activity. Employees may not seek illegal advantages from public institutions for themselves, for third parties, for the Company or for the SODECIA Group. Employees should cooperate with public institutions when necessary.</p> <p>Cooperation between employer organisations and trade unions must comply with current legislation and be transparent and independent. Any relationship between SODECIA Group and trade unions, political parties, and their representatives or candidates must be based on transparency and ethics.</p>

2-16 Communication of critical concerns

All critical concerns, identified through the complaints channel and other stakeholder communication channels, are taken to the Executive Committee by direct report, by the department responsible for the topic. During the reporting period there were no critical concerns to report.



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2-17 Collective knowledge of the highest governance body

Chap. 3.1. Governance Model 56

According to the appointment of our Directors, the HR manager identifies the person who can be appointed according to the following Candidate Identification criteria:

- Current position.
- Seniority.
- Background in the company and in the SODECIA Group, in case the candidate has gone through job rotation.
- Justification of the proposal:
 - Technical reason.
 - Behavioural reason.

The company’s human resources manager should then discuss the proposal with:

- the EUN, in the case of a Business Unit;
- the President, in the case of a regional holding;
- the CEO, in the case of a Holding Division.

2-18 Evaluation of the performance of the highest governance body

The members of SODECIA SGPS’s BD are chosen at a general meeting by the shareholders, and their performance evaluation is carried out by the shareholders, namely on the basis of the objectives established for the financial year, as well as by the Chairperson of the Board of Directors of SODECIA SGPS. The members of the Executive Committee (EC) of SODECIA SGPS are subject to annual evaluation by the CEO bearing in mind the established objectives and the degree to which they have been achieved. The CEO, COO, CFO, and CHRO of each division are evaluated by the SGPS’s EC, namely by its CEO, on a quarterly basis according to their level of performance. Managers in general, namely those from Corporate, for example from Sustainable Development, are also evaluated on a quarterly basis.

Are performance evaluations conducted independently? YES

Following the evaluation processes, measures are taken in response to the results obtained, which may include individual and tailor-made development plans, changes in the composition of the governance body or specific managers, changes in functions in vertical or horizontal terms, process changes, or even changes to the organisational and reporting model.

The performance evaluation of the highest governance body is not carried out by a specific body that has been appointed solely for this purpose and is made up of members who are not part of the company’s staff.

2-19 Remuneration policies

SODECIA is a family-owned company, therefore it does not make available the remuneration policies of its Board of Directors and Executive Committee.

2-20 Processes that determine remuneration

The process for determining the remuneration policy and the remuneration itself does not have the oversight of independent members of the highest governance body or of an independent remuneration committee. Still, the opinions of stakeholders, including shareholders, are taken into consideration since: (i) at the level of the BD and EC of SODECIA SGPS, the opinion of the controlling shareholder is taken into consideration and is decisive for decision making, namely through its Chairperson; (ii) at the level of Division Holdings the analyses made corporately by request of the CEO are taken into consideration.

Additionally, it is noted that consultants from the remuneration area are not involved in determining remuneration.

2-21 Annual remuneration ratio

For confidentiality reasons, SODECIA reserves the right to not report this information.

STRATEGIES, POLICIES, AND PRACTICES

Location

2-22 Declaration on sustainable development strategy

Chap. 2.2 The journey to sustainability 49

2-23 Policy-related commitments

Chap. 2.2 The journey to sustainability 49

At SODECIA Group, we commit to developing more policy-related commitments in 2023.

2-24 Incorporation of commitments

Chap. 2.2 The journey to sustainability 49

At SODECIA Group, we commit to incorporate policy-related commitments in 2023.

2-25 Processes to remediate negative impacts

At SODECIA Group, we do not yet have formalised processes to remediate negative impacts, however we have committed to developing the necessary mechanisms to define these processes in 2023.



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2-26 Mechanisms for seeking advice and raising issues

Currently, the following mechanisms stand out in our management model:

- Code of Conduct procedures – Corporate Codes that define appropriate practices and conduct for Sodecia Employees at all levels. There is coverage of business practices such as bribery and conflict of interest.
- Management Model – Escalation Matrix, defining which operational risks (with internal or external impact) should be escalated to the highest level of the company.

Operationally, these practices are addressed in the following processes:

- Level Change Meeting – Mechanism that allows interviews with a higher level, in a reserved way to deal with any circumstance.
- Escalation Process – Risks and/or occurrences that must be escalated (time-bound) to the highest level of the company.

For both cases, cause analysis and action-taking practices are considered.

These practices can be found in our 4G Management model, available on the company’s intranet. At each review, training is conducted to ensure correct implementation. We also encourage this practice in frequent meetings.

2-27 Compliance with laws and regulations

		2022
Number of fines paid during the reporting period	Cases of non-compliance with laws and regulations that occurred in the reporting period	0
	Cases of non-compliance with laws and regulations that occurred in previous financial years	0
	Total	0
Amount of fines paid during the reporting period	Cases of non-compliance with laws and regulations that occurred in the reporting period	€ 0.00
	Cases of non-compliance with laws and regulations that occurred in previous financial years	€ 0.00
	Total	€ 0.00

2-28 Participation in associations

Chapter 4.2 Our communities	78
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STAKEHOLDER INVOLVEMENT

2-29 Approach to stakeholder involvement

Chapter 3.3 Relationship with stakeholders	65
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Collective bargaining instruments

	Acronym	2020	2021	2022
Total no. of employees covered by collective bargaining agreements	Saint	1,581	1,454	688
	Smint	1,451	1,297	1,173
Total number of employees	Saint	2,028	1,901	1,114
	Smint	1,479	1,325	1,193
Percentage of employees covered by collective bargaining agreements (%)	Saint	78%	76%	62%
	Smint	98%	98%	98%

Note: SAINT – the following operating units were considered for this indicator: SARAM, SALON, SAKAC, SADTR, SAVRAN, SAVRAV, SGTAC, and SH.
SMINT – the following operating units were considered for this indicator: SSMAUBB, SSMDAL, SSMGRD, SPOEL, SSMATT, SSMLK and SSMPPC.

MATERIAL TOPICS

GRI 3: Material Topics 2022

	Location
3-1 Materiality definition process	
Chap. 2.3. ESG Materiality Analysis	53
3-2 List of material topics	
Chap. 2.3. ESG Materiality Analysis	53
The materiality exercise resulted in a total of 11 material topics for SODECIA Group, listed in the identified chapter. Each material topic presents, at the beginning of the corresponding chapter/subchapter, introductory information about its relevance for SODECIA.	
3-3 Management of material topics	
Each material topic presents, in its respective subchapters, information about its relevance to the Group and to our stakeholders, as well as the approach followed – including defined policies and commitments – reflecting the Group’s management approach. Additionally, we present a selection of specific actions, such as projects, programmes, and initiatives, that we developed in 2022, as a way to illustrate the implementation of management in this area.	



SPECIFIC CONTENTS

GRI 200: Economic Performance

GRI 201: Economic Performance 2022 Location

201-1 Direct economic value generated and distributed			
Chap. 6. Financial performance			90
Chap. 8. Financial statements			107
Insurance Support	2020	2021	2022
I) Direct economic value generated			
Revenues	759,227	734,141	937,892
II) Direct economic value distributed			
Operating costs	506,114	489,011	651,710
Employee salaries and benefits	203,848	189,570	223,512
Taxes	8,074	13,482	18,864
Dividends distributed	2,727	5,082	4,408
III) Accumulated economic value (I-II)	38,464	36,996	39,398

GRI 202: Economic Performance 2022 Location

202-1 Ratio of the entry level wage by gender compared to the local minimum wage		
Smint	Gender	Ratio
Germany	Man	1.00
	Woman	1.00
China	Man	1.39
	Woman	1.39
USA	Man	3.75
	Woman	3.22
India	Man	1.00
	Woman	1.00
Portugal	Man	1.00
	Woman	1.00
Czech Republic	Man	n.d.
	Woman	1.08
Saint	Gender	Ratio
South Africa	Man	1.48
	Woman	1.48
Germany	Man	1
	Woman	1
Brazil	Man	1.32
	Woman	1.32
Canada	Man	1.25
	Woman	1.25
Slovakia	Man	1.28
	Woman	1.28
Spain	Man	1.56
	Woman	1.56
USA	Man	2.36
	Woman	2.36
Italy	Man	N/A
	Woman	N/A
Mexico	Man	2.1
	Woman	2.1
Czech Republic	Man	1.11
	Woman	1.11
Russia	Man	N/A
	Woman	N/A

Note: Italy do not have minimum Salary as role in the county; Russia did not have the opportunity to susrvey due the special conditions in the country during 2022.



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202-2 Proportion of senior management positions held by individuals from the local community

SAINT	2020	2021	2022
Total number of top management members at significant locations of operation	283	288	381
Total number of top management members at significant locations of operation contracted to the local community	271	274	372
Percentage of senior management at significant locations of operation that are hired from the local community (%)	96%	95%	98%

SMINT	2020	2021	2022
Total number of top management members at significant locations of operation	48	41	41
Total number of top management members at significant locations of operation contracted to the local community	31	25	23
Percentage of senior management at significant locations of operation that are hired from the local community (%)	65%	61%	56%

Note: SAINT – the following operating units were considered for this indicator: SARAM, SASA, SAKAC, SADTR, SAVRAN, SALIB, SAVRAV, SH, SAOEL, SGTAC and SSMPCC.
SMINT – the following operating units were considered for this indicator: SSMLK, SSMATT, SPOEL, SSMGRD, SSMDAL, and SSMAUBB.

GRI 204: Procurement/Supply Practices 2022 Location

204-1 Proportion of expenses with local suppliers

Chap. 3.4. Supply chain management 67

		2020	2021	2022
Total costs with local suppliers	Contracts and CAPEX	€ 32,277,666.05	€ 33,212,718.09	€ 43,950,246.21
	Raw Materials	€ 325,745,719.00	€ 306,458,962.00	€ 384,835,321.00
Total costs with other suppliers	Contracts and CAPEX	€ 29,819,090.68	€ 9,163,314.74	€ 19,575,882.40
	Raw Materials	€ 56,024,200.00	€ 36,311,898.00	€ 50,777,728.00
Total costs with suppliers	Contracts and CAPEX	€ 62,096,756.73	€ 42,376,032.83	€ 63,526,128.61
	Raw Materials	€ 381,769,919.00	€ 342,770,860.00	€ 435,613,049.00
Percentage of purchases made from local suppliers	Contracts and CAPEX	52.0%	78.4%	69.2%
	Raw Materials	85.3%	89.4%	88.3%

Note: We define local countries as countries that share the same currency. In other words, all euro countries are local and the United States is local because it uses the USD.

GRI 300: Environmental Performance

GRI 302: Energy 2022 Location

302-1 Energy consumption in the company

Chap. 5.1. Energy Efficiency and Climate Change 83

Energy (GJ)		2020	2021	2022
Consumption of fuels from non-renewable sources	Natural Gas – Stationary	4,298,141.8	4,103,863.9	3,139,755.2
	Diesel – Stationary	12,885,235.1	6,577,479.1	5,355,961.5
	Total			
Consumption of fuels from renewable sources		32,259,952.1	32,259,952.1	34,660,834.8
Total consumption of energy purchased for consumption (Electricity)		284,707,929.4	284,703,631.3	331,731,984.3
Total energy sold		0,0	0,0	0,0

302-1 Energy consumption outside the company

Chap. 5.1. Energy Efficiency and Climate Change 83

Energy (GJ)	2020	2021	2022	
Consumption of fuels from non-renewable sources	Natural Gas – Stationary	0	0	0
	Diesel – Stationary	0	0	0
	Total	0	0	0
Consumption of fuels from renewable sources	0	0	0	
Total consumption of energy purchased for consumption (Electricity)	284,703,631.3	331,731,984.3	335,367,082.5	
Total energy sold	284,703,631.3	331,731,984.3	335,367,082.5	

302-3 Energy intensity

Chap. 5.1. Energy Efficiency and Climate Change 83

Intensity emissions	2020	2021	2022
	0.097	0.108	0.070

GRI 305: Emissions 2022 Location

305-1 Direct (scope 1) Greenhouse Gas Emissions

Chap. 5.1. Energy Efficiency and Climate Change 83



Direct emissions (scope 1) (t CO ₂ e)	2020	2021	2022
Stamping oil	279.9	410.2	483.0
Diesel generator	31.5	33.3	33.3
Washing oil	46.5	76.4	108.4
Welding gas	1,656.8	1,931.8	375.2
Hot stamping gas	2,495.0	2,188.9	2,314.4
Gas-painting line	1,759.2	1,296.8	971.9
Own transportation	989.7	554.7	448.5
Heating system	12,621.4	12,596.8	9,050.6
Total	19,880.1	19,088.8	13,785.3

305-2 Indirect (scope 2) GHG emissions	
Chap. 5.1. Energy Efficiency and Climate Change	83

Direct emissions (scope 2) (t CO ₂ e)	2020	2021	2022
Electricity	28,003.0	28,347.5	22,913.8
Total	28,003.0	28,347.5	22,913.8

Note: Calculations based on CO2 emissions. 2019 was used as the base year, since it was the first year in which SODECIA Group reported this indicator. Additionally, to support the calculation, Carbon intensities for KWh per country on avg we use https://www.carbonfootprint.com/international_electricity_factors.html

305-3 Other indirect (scope 3) GHG emissions	
Chap. 5.1. Energy Efficiency and Climate Change	83

Indirect emissions (scope 3) (t CO ₂ e)	2020	2021	2022
Company transportation	277.0	1,628.8	468.3
Water	72.1	127.8	208.4
Transportation service	1,719.2	1,881.6	1,967.8
Non-recovered containers	459.3	607.2	629.5
Steel scrap	20,252.4	25,251.8	26,498.2
Plastic scrap	280.6	55.1	40.4
Warehouses	277.0	1,628.8	468.3
Total	23,060.5	29,552.3	29,812.7

Note: Calculations based on CO₂ emissions. For 2022, no CO₂ emissions from biomass combustion or biodegradation were observed. 2019 was used as the base year, since it was the first year in which SODECIA Group reported this indicator. Additionally, to support the calculation, Carbon intensities for KWh per country on avg we use https://www.carbonfootprint.com/international_electricity_factors.html

305-4 Intensity of GHG emissions

GHG emissions intensity (tCO ₂ e/FTE)	2020	2021	2022
Intensity emissions	0.097	0.108	0.070

Note 1: we define the intensity rate by total CO2 (GHG)/Total sales including intercompany.
Note 2: for calculation purposes, “Total group sales including intercompany (2020 = 724,620,969; 2021 = 706,915,751; 2022 = 949,501,654)” was used as the denominator. In calculating the intensity, scopes 1, 2, and 3 were considered, based on CO₂ emissions.

GRI 306: Waste 2022 Location

306-1 Waste generation and significant waste-related impacts	
Chap. 5.2. Circular Economy	86

306-2 Management of waste-related significant impacts	
Chap. 5.2. Circular Economy	86

306-3 Generated waste				
		2020	2021	2022
Total hazardous waste (t)	Generated	4,887.3	8,675.2	8,270.1
	Recovery	4,457.9	8,141.6	137.1
	Disposal	421.2	527.5	8,126.5
Total non-hazardous waste (t)	Generated	46,968.1	50,888.0	3,764,345.0
	Recovery	41,816.7	46,028.2	27,562.9
	Disposal	1,389.0	1,712.5	3,483,784.8

Note: SAINT – the following operating units were considered for this indicator: SARAM, SASAR, SAMAN, SATUR, SAVRAN, SALIB, SAVRA, SAVAL.
SSMINT – the following operating units were considered for this indicator: SSMLSK, SSMGRD and SSMDAL.



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306-4 Waste for recovery operations

Chap. 5.2. Circular Economy

86

	2020	2021	2022
Total weight of hazardous waste for recovery operations (t)	8,069.9	11,116.4	3,572.5
Total weight of non-hazardous waste for recovery operations (t)	38,331.5	36,867.1	17,372.5

Note: SAINT – the following operating units were considered for this indicator: SARAM, SASAR, SAMAN, SATUR, SAVRAN, SALIB, SAVRA, SAVAL.
SSMINT – the following operating units were considered for this indicator: SSMLSK, SSMGRD and SSMDAL.

306-5 Waste for disposal operations

Chap. 5.2. Circular Economy

86

	2020	2021	2022
Total weight of hazardous waste for disposal operations (t)	619.4	762.9	8,500.7
Total weight of non-hazardous waste for disposal operations (t)	19,906.8	24,593.9	3,511,617.1

Note: SAINT - the following operating units were considered for this indicator: SARAM, SASAR, SAMAN, SATUR, SAVRAN, SALIB, SAVRA, SAVAL.
SSMINT – the following operating units were considered for this indicator: SSMLSK, SSMGRD and SSMDAL.

GRI 308: Environmental assessment of suppliers 2022

308-1 New suppliers selected based on environmental criteria

		2020	2021	2022
Number of new suppliers	Contracts and CAPEX	10	10	19
	Raw Materials	-	29	23
Number of new suppliers that were selected using environmental criteria	Contracts and CAPEX	10	20	19
	Raw Materials	-	6	8
Percentage of new suppliers that were screened using environmental criteria	Contracts and CAPEX	100%	100%	100%
	Raw Materials		20.7%	34.8%

Note: At SODECIA Group, we give preference to suppliers who present the ISO 14001 Standard.

308-2 Negative environmental impacts in the supply chain and actions taken

Suppliers must comply with all applicable laws to supply SODECIA. Suppliers must also comply with Sodecia’s environmental policies and refer to Sodecia’s specific business unit requirements to identify and provide the necessary environmental documentation. At SODECIA, we expect our suppliers to provide products according to principles that make them environmentally friendly, use resources as economically as possible, with green technology that saves water and energy, minimises emissions, and uses strategies for reuse and recycling. These principles should be applied by the supplier to its own supply chain.

		2020	2021	2022
Number of suppliers evaluated as regards environmental impacts	Contracts and CAPEX	-	65	53
	Raw Materials	51	71	90
Number of suppliers identified as having significant actual and potential negative environmental impacts	Contracts and CAPEX	-	0	0
	Raw Materials	0	0	0

GRI 400: Social Performance

GRI 401: Employment 2022

401-1 Hiring of new employees and employee turnover

		2022					
Number of entries and exits, by location, gender, and age group		Entries			Exits		
		<30	30-50	>50	<30	30-50	>50
Saint	Men	160	221	63	134	201	57
	Women	55	124	36	45	103	23
	Subtotal	215	345	99	179	304	80
Smint	Men	43	44	10	60	75	28
	Women	14	14	4	13	35	6
	Subtotal	57	58	14	73	110	34
Total Entries and Exits (by age group)		272	403	113	252	414	114
Total Entries and Exits (by gender)	Men			541			555
	Women			247			225
Total Entries and Exits (by Location)	Saint			659			563
	Smint			129			217
Total Entries and Exits				788			780



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		2022					
Percentage of entries and exits, by location, gender, and age group		Entries			Exits		
		<30	30-50	>50	<30	30-50	>50
Saint	Men	40%	28%	22%	34%	26%	20%
	Women	46%	40%	32%	38%	34%	21%
	Subtotal	42%	32%	25%	35%	28%	20%
Smint	Men	23%	6%	2%	32%	10%	7%
	Women	17%	5%	2%	15%	12%	3%
	Subtotal	21%	6%	2%	27%	11%	5%
Rate of Entries and Exits (by age group)		34%	19%	11%	32%	20%	11%
Rate of Entries and Exits (by gender)	Men				19%		
	Women				22%		
Rate of Entries and Exits (by Location)	Saint				33%		
	Smint				7%		
Rate of Entries and Exits					20%		

		2022					
Number of entries and exits, by location, gender, and age group		Entries			Exits		
		<30	30-50	>50	<30	30-50	>50
Saint	Men	169	370	109	169	302	60
	Women	50	125	51	53	89	35
	Subtotal	219	495	160	222	391	95
Smint	Men	37	62	13	42	90	21
	Women	14	12	1	15	31	6
	Subtotal	51	74	14	57	121	27
Total Entries and Exits (by age group)		270	569	174	279	512	122
Total Entries and Exits (by gender)	Men				760		
	Women				253		
Total Entries and Exits (by Location)	Saint				874		
	Smint				139		
Total Entries and Exits					1,013		

		2022					
Percentage of entries and exits, by location, gender, and age group		Entries			Exits		
		<30	30-50	>50	<30	30-50	>50
Saint	Men	44%	45%	35%	44%	37%	19%
	Women	43%	39%	43%	45%	28%	29%
	Subtotal	44%	43%	37%	44%	34%	22%
Smint	Men	21%	9%	3%	24%	13%	5%
	Women	19%	4%	0%	20%	12%	3%
	Subtotal	20%	8%	2%	23%	12%	4%
Rate of Entries and Exits (by age group)		36%	27%	17%	37%	24%	12%
Rate of Entries and Exits (by gender)	Men				27%		
	Women				23%		
Rate of Entries and Exits (by Location)	Saint				42%		
					8%		
Rate of Entries and Exits					26%		

		2022					
Number of entries and exits, by location, gender, and age group		Entries			Exits		
		<30	30-50	>50	<30	30-50	>50
Saint	Men	54	183	79	70	115	35
	Women	22	81	37	11	47	10
	Subtotal	76	264	116	81	162	45
Smint	Men	35	62	6	37	97	19
	Women	9	19	1	34	38	7
	Subtotal	44	81	7	71	135	26
Total Entries and Exits (by age group)		120	345	123	152	297	71
Total Entries and Exits (by gender)	Men				419		
	Women				169		
Total Entries and Exits (by Location)	Saint				456		
					132		
Total Entries and Exits					588		



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		2022					
Percentage of entries and exits, by location, gender, and age group		Entries			Exits		
		<30	30-50	>50	<30	30-50	>50
Saint	Men	47%	85%	98%	61%	53%	43%
	Women	92%	86%	97%	46%	50%	26%
	Subtotal	55%	85%	97%	59%	52%	38%
Smint	Men	25%	9%	2%	27%	14%	5%
	Women	16%	8%	1%	59%	16%	4%
	Subtotal	22%	9%	1%	36%	15%	5%
Rate of Entries and Exits (by age group)		36%	28%	18%	46%	24%	11%
Rate of Entries and Exits (by gender)	Men	26%			24%		
	Women	27%			23%		
Rate of Entries and Exits (by Location)	Saint	80%			51%		
		8%			14%		
Rate of Entries and Exits		27%			23%		

Note: SAINT – the following operating units were considered for this indicator: SAVRAV, SAVRAN, SALIB.
SSMINT – the following operating units were considered for this indicator: SSMLK, SSMATT, SPOEL, SSMGRD, SSMDAL, SAOEL and SMOEL

401-2 Benefits for full-time employees that are not provided to temporary or part-time employees

3.3 Caring for our employees 65

GRI 402: Labour Relations 2022

402-1 Prior notification deadlines regarding operational changes

SODECIA complies with the legally defined minimum deadlines in each geography where it operates.

GRI 403: Occupational Health and Safety 2022 Location

403-1 Occupational Health and Safety Management System

Chapter 4.1.2 Occupational Health and Safety 74

403-2 Hazard identification, risk assessment, and incident investigation

Chapter 4.1.2 Occupational Health and Safety 74

403-3 Healthcare Services

Chapter 4.1.2 Occupational Health and Safety 74

403-4 Participation, Consultation, and Communication with Employees on Occupational Health and Safety

Chapter 4.1.2 Occupational Health and Safety 74

403-5 Workplace Safety and Health Training

Chapter 4.1.2 Occupational Health and Safety 74

403-6 Employee Health Promotion

At locations in Europe, employee health promotion is carried out in accordance with national and public health services. At other SODECIA locations outside Europe, the company provides all employees with external private healthcare services.

403-7 Prevention and mitigation of Occupational Health and Safety impacts directly related to business relationships

The impacts attributable to commercial relationships were not considered relevant.

403-9 Works accidents

		2020	2021	2022
Total number of	fatalities resulting from work-related accidents	0	0	0
	serious work accidents ¹ (excluding fatalities)	0	0	0
	work accidents with mandatory reporting ²	41	45	51
	hours worked	NA	5,897,101	5,875,529
Index of	fatalities resulting from work accidents	0	0	0
	serious work accidents (excluding fatalities)	0	0	0
	work accidents with mandatory reporting	NA	7.63	8.68

403-10 Occupational diseases

	2020	2021	2022
Number of fatalities resulting from occupational diseases	0	0	0
Number of cases of occupational diseases reported	0	0	0
Number of confirmed occupational disease cases	0	0	0



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GRI 404: Education and training 2022

Location

404-1 Average annual training hours per employee

Chap. 3.2 Investing in the talent of our employees and partners

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Total number of training hours, by employee category and gender		2020	2021	2022
Operators	Men	922	388	1,850
	Women	84	25	831
	Subtotal	1,006	413	2,681
Technicians	Men	1,830	1,641	2,315
	Women	138	205	479
	Subtotal	1,968	1,846	2,794
Administrative	Men	135	157	197
	Women	321	456	361
	Subtotal	456	613	558
Logistics	Men	114	151	173
	Women	22	77	104
	Subtotal	136	228	277
Supervisors	Men	372	505	712
	Women	22	35	137
	Subtotal	394	540	849
Management	Men	26	168	94
	Women	15	6	3
	Subtotal	41	174	97
Total	Men	3,399	3,010	5,340
	Women	601	803	1,915
	Total	4,000	3,813	7,255

Average number of training hours, by employee category and gender		2020	2021	2022
Operators	Men	1	0	3
	Women	0	0	4
	Subtotal	1	0	3
Technicians	Men	4	4	9
	Women	3	5	15
	Subtotal	4	4	9
Administrative	Men	2	2	3
	Women	4	6	7
	Subtotal	3	4	5
Logistics	Men	1	1	2
	Women	1	2	4
	Subtotal	1	1	2
Supervisors	Men	3	5	9
	Women	2	3	23
	Subtotal	3	4	10
Management	Men	1	3	2
	Women	3	1	0
	Subtotal	1	3	2
Total	Men	2	2	5
	Women	1	1	6
	Total	1	2	5

Note: The following operating units were considered for the calculation of this indicator: SSMATT, SPOEL, SSMDAL, AUB, SAOEL, SAVRAV, SH, SATUR and SGTAC.

404-2 Programmes for skill development and end-of-career management

Chapter 4.1 Our employees

404-3 Percentage of employees receiving regular performance and career development reviews

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Employee category		2020	2021	2022
Operators	Men	100%	100%	100%
	Women	100%	100%	100%
	Subtotal	100%	100%	100%
Technicians	Men	100%	100%	100%
	Women	100%	100%	100%
	Subtotal	100%	100%	100%
Administrative	Men	100%	100%	100%
	Women	100%	100%	100%
	Subtotal	100%	100%	100%
Logistics	Men	100%	100%	100%
	Women	100%	100%	100%
	Subtotal	100%	100%	100%
Supervisors	Men	100%	81.3%	72.7%
	Women	100%	100%	100%
	Subtotal	100%	85.7%	78.6%
Management	Men	100%	100%	100%
	Women	100%	100%	100%
	Subtotal	100%	100%	100%
Total	Men	81.5%	79.7%	77.7%
	Women	66.3%	64.8%	63.9%
	Total	77.2%	75.3%	73.7%

Note: The following operating units were considered for the calculation of this indicator: SSMATT, SSMDAL, AUB, SAOEL, SALIB, SH and SATUR e SALIB.

GRI 407: Freedom of association and collective bargaining 2022

407-1 Operations and suppliers where freedom of association and collective bargaining may be at risk

There have been no reported cases of operations and suppliers where freedom of association and collective bargaining may be at risk.

GRI 408: Child Labour 2022

408-1 Operations and suppliers where there is a significant risk of incidents of child labour

There have been no reported cases of operations and suppliers where there is a significant risk of incidents of child labour.

GRI 409: Forced or slave labour 2022

409-1 Operations and suppliers where there is significant risk of incidents of slave or forced labour

There have been no reported cases of operations and suppliers where there is a significant risk of incidents of slave or forced labour.

GRI 413: Local communities 2022

Location

413-1 Operations with local community involvement, impact assessments, and development programmes

Chapter 4.2 Our communities

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GRI 414: Social assessment of suppliers 2022

Location

414-1 New suppliers selected based on social criteria

Chapter 3.4 Supply chain management

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414-2 Negative social impacts in the supply chain and actions taken

Chapter 3.4 Supply chain management

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GRI 416: Consumer health and safety 2022

416-1 Assessment of health and safety impacts of the major product and service categories

Cases of non-compliance	2020	2021	2022
Number of product and service categories made available by the company	2,371	2,371	7,692
No. of product and service categories where health and safety impacts are assessed	26	26	404
Percentage of product and service categories where health and safety impacts are assessed	1%	1%	5%

416-2 Cases of non-compliance regarding health and safety impacts of products and services

Cases of non-compliance	2020	2021	2022
No. of cases of non-compliance with regulations that resulted in fines or penalties	0	0	0
No. of cases of non-compliance with regulations that resulted in warnings	0	0	0
No. of cases of non-compliance with voluntary codes	0	0	0
Total no. of cases of non-compliance	0	0	0



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