

A light blue SUV is driving on a wooden bridge that spans a deep, rocky river gorge. The river below is turbulent, with white water rapids. The surrounding landscape is rugged, with dark, jagged rock formations and a dense forest of tall, thin trees on the upper slopes. The scene is captured from an elevated perspective, looking down at the car and the gorge.

Sustainability Report

2022

HEDIN MOBILITY GROUP



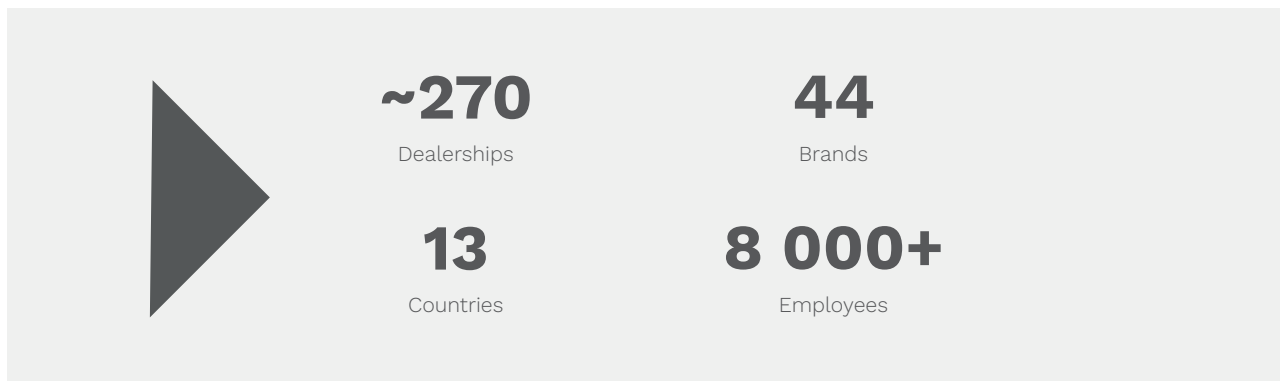
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A leading European mobility provider

The history of Hedin Mobility Group dates back to 1985 when father and son Ingemar and Anders Hedin acquired Philipsons Bil in Borås, western Sweden. I.A. Hedin Bil was founded and in the first year the company sold some 800 vehicles with net sales of SEK 45 million. Almost 40 years later we are now one of Europe's largest mobility providers, with more than SEK 50 billion in net sales and more than 180,000 vehicles sold in the past year.

Our vision is to be a transforming force in the changing European automotive and mobility industry. By importing and distributing high-quality vehicles and providing retailing and workshop services with a high level of customer focus as well as innovative mobility solutions, we create value for our customers, employees and other stakeholders.



Our business areas



Distribution

We act as an importer and/or distributor for ten vehicle manufacturers in markets all around Europe, where we distribute vehicles both to our own as well as external retailers. Our distribution operations also comprise wholesale and distribution of spare parts, accessories and tyres and rims, as well as logistics solutions.



Retail

With some 270 own dealerships in eleven countries, which offer customers end-to-end solutions for new and used cars and more than 40 brands, we are one of Europe's largest automotive retailers.



Mobility solutions

Within Mobility solutions we address new user needs and sales models in the automotive industry by providing and developing innovative services.

Our business also comprises Hedin IT, which provides the Group with high-end operations, support and digital development, as well as strategic investments in Pendragon PLC, Lasingoo Sverige, Casi (formerly Imove) and Mercedes-Benz Financial Services Slovakia.

Group information and financial statements are taken from Hedin Mobility Group AB's Annual Report 2022 and thus contain more companies than the Sustainability Report covers.

Key figures

Amounts in MSEK	2022	2021	2020	2019	2018
Net sales	52,721	28,191	24,064	22,301	21,043
Operational earnings	2,257	1,146	805	428	281
Margin	4.3	4.1	3.3	1.9	1.3
Operating profit	2,496	1,069	729	360	227
Profit after financial items	2,194	839	511	148	113
Total assets	47,096	24,347	13,540	14,323	7,682
Return on equity, %	26	18	36	12	12
Equity ratio, %	17	26	11	9	15
Equity ratio, % excluding IFRS 16	21	33	17	13	15
Average number of employees	6,172	3,569	2,651	2,733	2,450

Definitions

Return on equity: Net profit for the year in relation to average equity

Equity ratio: Equity and subordinated loans to Parent company in relation to the total assets

Operational earnings: Operating profit excluding items affecting comparability and amortisation of consolidated surplus values.

Margin: Operational earnings in relation to net sales

A broad and diversified vehicle business

What was once a Swedish car dealer in I.A. Hedin Bil today is an significant European automotive group in Hedin Mobility Group. As our operations have grown strongly and broadened in recent years, we have also significantly expanded our presence in the value chain: from import and distribution of new vehicles to recycling parts from cars that have reached the end of their lifecycle.

HEDIN MOBILITY GROUP'S PRESENCE IN THE AUTOMOTIVE INDUSTRY'S VALUE CHAIN



Today we are importer and/or distributor for eleven brands in a number of European markets. In these roles, we import and distribute vehicles both to our own as well as external retailers.

In addition we are active in distribution, wholesales and logistics services in spare parts, accessories as well as tyres and rims.

We are one of Europe's largest automotive retailers with more than 550 sales points. In this part of the value chain we act both as a traditional retailer as well as a sales agent for certain brands.

We also offer a number of mobility services for modern and flexible car usage.

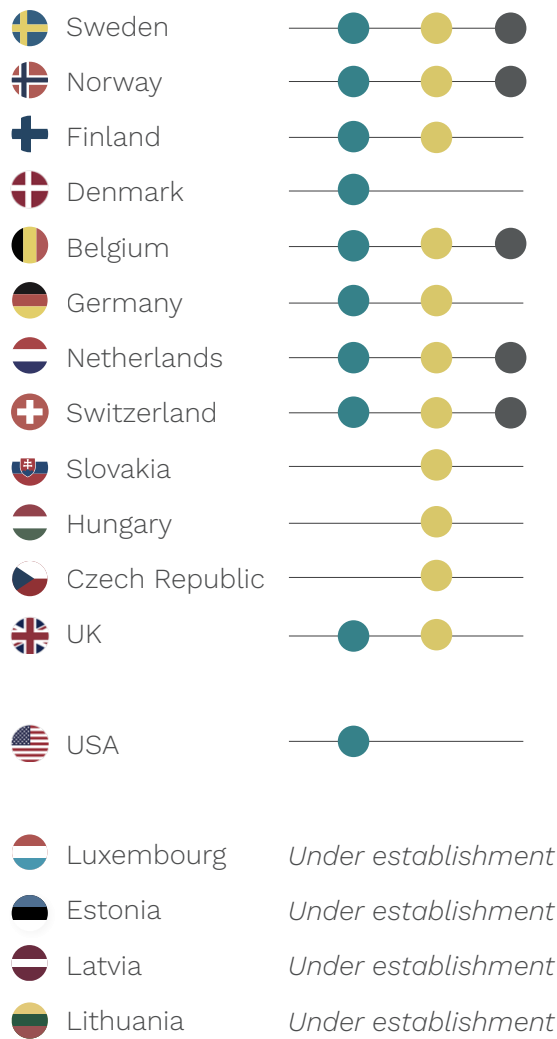
In most of our car dealerships we also provide a complete range of service and repair options.

In addition, we have a large number of independent body and paint shops for damage repair.

By also being active in car dismantling we can supply both our own workshops and external customers with recycled parts.

Geographical presence

 Distribution
  Retail
  Mobility solutions



Read more about our business in Hedin Mobility Group's Annual Report 2022 which can be found on our website, hedinmobilitygroup.com

CEO's comments

Our vision is to be a transformative force in the changing automotive and mobility industry. A cornerstone of this is to contribute to sustainable development so that we and the industry can reduce our climate footprint and continue to contribute to social and economic value creation with care for employees, customers, partners, suppliers and our joint future.

Sustainability is thus a very important area for our Group and we strive to improve our performance with a focus on the areas where we believe we have the greatest opportunity to influence. In addition, we are gradually expanding the scope of our sustainability reporting and the number of operations included in it. As we have grown in an unparalleled way in the European automotive industry in recent years, this Sustainability Report still covers a limited number of our businesses and companies.

Which these operations are, the development in 2022 and how we at Hedin Mobility Group view sustainability in general, you can read about on the following pages.

I would like to conclude by expressing a big thank you to all employees who have worked hard to navigate a sometimes challenging 2022 – and who, with competence, commitment and drive, every day contribute to enabling sustainable mobility for people and businesses.

Thank you!

Möln dal in April 2023



Anders Hedin

Founder and CEO, Hedin Mobility Group

HEDIN GROUP

Reporting profile

Hedin Mobility Group AB uses the calendar year as its fiscal year and the Annual Report for 2022 is released in April 2023. This is the sixth year that Hedin Mobility Group AB has prepared a Sustainability Report in accordance with the Swedish Annual Accounts Act (1995:1554).

Fiscal year form the basis for the selection for new acquisitions included in the report. In 2022

The Group grew at such a pace that the work to expand sustainability data for more companies has been delayed.

This Sustainability Report is therefore limited to include the Group's Parent company and its support functions as well as the following companies in the Retail business area.

Sweden

Hedin Göteborg Bil AB
Hedin Helsingborg Bil AB
Hedin Stockholm Bil AB
Hedin Örebro Bil AB
Hedin Mölndal Bil AB
Hedin Performance Cars AB
Bavaria Sverige Bil AB
Car Store Sweden AB

Norway

Hedin Automotive AS
with subsidiaries

Belgium

Hedin Automotive Belgium AB
with subsidiaries

In cases where the Sustainability Report only covers certain areas of the Group, this is described in text or footnote. Some parts of the Report contain descriptions of the Group's work in general and thus also include companies other than the companies whose sustainability data is included in the Report.

Further information about the Group's structure and its subsidiaries is described in Hedin Mobility Group AB's Annual Report 2022.

As part of our sustainability work, we have chosen to only publish our report digitally.

Responsibilities of the Board of Directors

Hedin Mobility Group AB's Board of Directors is ultimately responsible for sustainability work in the Group.

This Sustainability Report has been adopted by the Board in April 2023.

Key figures 2022

42,205

Delivered rechargeable vehicles
in Sweden (Retail)

6,172

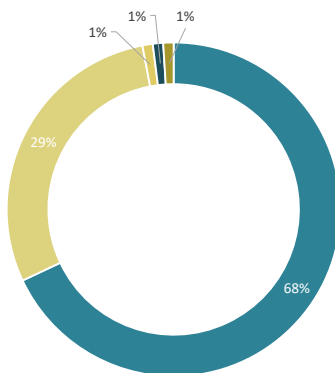
Jobs average number of
employees*

348

Tax expense for the year,
SEK million*

120

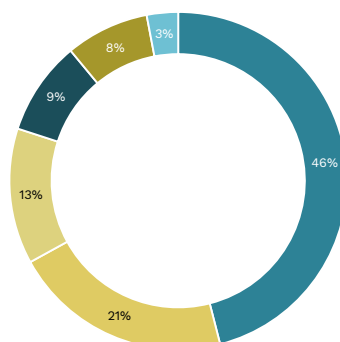
Energy consumed, kWh/m²



- Electricity
- District heating
- Gas
- Oil
- District cooling

10,121

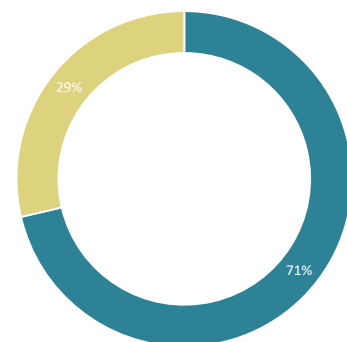
Tonnes of emissions, CO₂e



- Fuel
- District heating/cooling
- Travel
- Waste
- Electricity
- Oil/Gas

5,504

Tonnes of waste



- Recycling
- Incineration (with energy recovery)

Additional waste treatment methods to the above are biological treatment (0.3%) as well as landfill (0.2%)

*Refers to the entire Hedini Mobility Group

Our sustainability work

The work with running all of the Group's operations in a responsible and sustainable way is based in our values, Code of Conduct and the policies and governing documents that apply to the Group in matters of environment and quality, among others.

We work actively to continue developing and improving our sustainability performance. The aim is to always act based on a holistic perspective in order to achieve as good results as possible in all aspects – environmental, social and economic. The focus is on efforts and activities in the areas that are assessed as being the most material based on our business and our stakeholders' needs, such as:

Reduced emissions from the transport sector

Electrification needs to continue for global and national climate targets to be achieved. With one of Europe's largest ranges of rechargeable vehicles in various price ranges, we are a contributing force in the transition to a fossil-free vehicle fleet.

Reduced climate impact in the own operations

Energy efficiency, minimising waste and fuel are areas in which we have the opportunity to make a great impact. Work for improvement has been continuously underway for several years in order to reduce our climate footprint. This includes activities such as environmental certification for new construction projects, installing solar cells, high recycling targets, and an ongoing collaboration with AFRY for increased energy efficiency.

Full use of resources and safety throughout the vehicle's lifecycle

By offering service and repairs in almost 300 workshops and body and paint shops all around Europe, as well as operations in car dismantling and recycling of spare parts, we contribute to that the existing vehicle fleet can be used as resource-efficiently and safely as possible during the entire lifecycle.

A responsible and attractive employer

Ensuring a safe, secure and developing workplace for our employees is a matter of priority within the entire Group. This includes good working conditions, strong leadership, skills development, work procedures to minimise accidents in the operations, equality and zero tolerance to all forms of discrimination.

Economic growth

With operations in 13 countries we are an influential actor in the industry as a whole and in the local markets where we are active. By continuing to maintain good business quality and profitability we get the conditions for continuing to create value through direct and indirect job opportunities and payments to financiers and the public sector.

Sustainability work under development

Hedin Mobility Group has grown strongly in recent years and our sustainability reporting thus does not yet include all the Group's activities. The strategic focus does, however, apply to our entire Group and we work continuously on developing the sustainability work and to gradually incorporate our various companies and activities and their sustainability data into this.

During 2022 we began work on a new materiality analysis of our various stakeholder groups, and systematic collection of ESG data from the Group's activities has already begun. Going forward we zero in on Agenda 2030 and to follow global frameworks in sustainability reporting to a higher extent in order to further increase transparency and strengthen our sustainability work.

Governance

Hedin Mobility Group has a large number of employees and numerous business areas in different geographical locations. It is therefore imperative that we have common and fundamental values about how the business is to be conducted.

Our approach is important to our business, and it provides us with guidelines for any challenges we might face in our work. Our commitment is to act ethically in all situations, without compromise. This is crucial for our success as it creates mutual trust and confidence in our relationships with customers, partners, suppliers and financiers.

We have established guidance and norms on how we view professional conduct to help our employees to relate to different situations that may arise in their daily work. This guidance is described in our Code of Conduct. Guidelines, policies and the Code of Conduct are included in our introductory program. All documents are easily accessed on our internal platforms and must be known by all employees.

The quality and environmental management system of Hedin Mobility Group's Swedish operations fulfils the requirements of ISO 9001 and ISO 14001 which is corroborated through certificates. We are working to include more dealerships in the certificate, which today comprises 70 dealerships. Parts of the Norwegian operations within Hedin Mobility Group work in accordance with the Norwegian environmental certification "Miljøfyrtårn".



Risks

Our operations are associated with a number of social, environmental and economic risks. Effective risk management, which is a natural part of our business, requires systematic and proactive measures where we evaluate the risks based on probability and how serious the consequences can be from both a short-term and long-term aspect.

Manufacturers' actions as well as customer behaviour and demand are affected by various factors such as the economy and legal requirements, which in turn affect sales of vehicles. Creating an end-to-end concept with financing, insurance, service, credit cards and different ownership options contributes to increased customer loyalty. By having a wide range of brands the risks that arise through all too great exposure to individual brands are also reduced. The expansion in recent years with several new brands and in new markets makes it possible to spread the risks. The Group's operations in various parts of the automotive industry such as distribution, retail and mobility create opportunities to diversify and spread the risks.

The Group operates in a competitive industry and needs to recruit and retain skilled staff as well as key personnel. Here we work on a broad front to secure our role as the employer of the future. Given our growth rate, it is a challenge for the central support functions to integrate acquisitions. To secure this work, we are continuously improving our processes.

Dealerships and their environmental and climate impact are affected by conditions regarding both buildings and location. Renting versus owning real estate has different challenges in terms of investment but also advantage in terms of flexibility. Since the Group is involved already in the planning stage of new construction, we can ensure that laws and regulations are followed. By certifying the dealerships towards ISO 14001, we ensure continuous inspection and improvement from a sustainability point of view.

Vehicle sales are dependent on the economic trend and create sensitivity in the Group's sales development. To reduce sensitivity in profitability, efficient processes and having the stock situation under control are necessary. Most contracts with general agents are rolling two-year or five-year contracts. This means that it is necessary to have a good relation between general agent and retailer and to build long-term cooperation. The Hedin group aims to be an important cooperation partner for the respective general agent and to build trust between the parties.

In the remaining supply chain, we acknowledge potential risk areas within health and safety, work conditions, environment, and corruption. The Group is working with strategic procurement to increase the proportion of Group-



wide suppliers in accessories and services, as well as direct and indirect materials. Through this work, we ensure an increased proportion of qualified and approved suppliers.

Materiality analysis

To form a strategic sustainability work where both relevance and profitability are in focus, a materiality analysis was carried out in 2017 that identified the most important sustainability aspects for Hedin Mobility Group. The results of the materiality analysis have formed the basis for which issues the Group has prioritised with regard to our stakeholders and how we as an organisation can be involved in influencing, controlling and doing the greatest benefit. In 2022, work began on a new materiality analysis with the help of our various stakeholder groups.

Stakeholders

We always have an open dialogue with all our stakeholders. In addition to our customers, our employees, owners, general agents, vehicle manufacturers, finance companies, suppliers as well as municipalities and authorities are our most important stakeholders.





Economic indicators

Hedin Mobility Group has grown strongly in recent years. In the Group's growth, steps are being taken towards a more sustainable business by, among other things, looking at energy consumption in the dealerships, waste management and an increased number of chemicals in the workshops that are both gentle on the environment and on the staff who handle these. These measures have a positive impact on the environment, our employees and financial performance.

MSEK	2022	2021	2020
Direct economic value created			
Operating income	53,429	28,225	24,092
Distributed economic value			
Operating expenses	-46,386	-25,831	-21 418
Employee benefit expenses	-4,547	-2,387	-1 946
Payments to financiers	-490	-230	-217
Profit from participations in associated companies	188	-	-
Payments to the public sector	-348	-196	-126
Retained economic value	1,846	644	385

Indirect economic impact

Hedin Mobility Group contributes to social development by being a significant employer in several of our markets. As an enabler of mobility for both individuals and businesses, we contribute to personal freedom and economic value creation.

We provide apprenticeships and internships to students in automotive training courses. This has been successful for many years as we have been able to offer employ-

ment after completed studies. The vocational schools often have students from areas with high potential, i.e. where there is currently a high level of unemployment or where people for various reasons stand outside the labour market. Therefore, even small and local efforts from us as an employer, for example by offering a contact network and opportunities for internships, can make a big difference and build a bridge to the labour market.

Strategic procurement

Strategic procurement works with procurement and purchasing development of the Group's shared product areas such as spare parts and accessories, consumer materials, transport, services, energy, equipment and other direct and indirect materials for all markets where we operate. This does not include original spare parts or vehicles where industry-specific standards and requirements apply.

During the year, a number of projects were run or completed in areas that have a positive impact on both the environment and the economy. We see clear synergies between the sustainability work and cost savings in areas such as product and supplier selection, as well as activities in energy supply, transport and reduced resource consumption.

For example, by purchasing used furniture, we have achieved a saving of just over 25.5 tonnes CO₂ compared with purchasing new furniture.

In 2022, we implemented new suppliers and routines for waste management in the Netherlands and Belgium, which contributed to large annual cost savings.

In Sweden, we have, through logistical analyses and procurements, reduced the number of suppliers in our tyre business and thereby increased the filling rate in our transports, which has reduced the number of trucks on the road. We have also shifted parts of the import business from truck to sea transport, which has reduced our volume by 250 full car transport vehicles per year. In addition, we have to an even greater extent than before included active environmental work and alternative fuels as an aspect in our procurements of transport. In both Sweden and Finland, we are working actively to reduce the amount of plastic in packaging for liquids and to move from unit packets to bulk deliveries.

We have also taken further steps in electricity supply where we have secured 100% green electricity for our dealerships in our largest markets Sweden, Norway and the Netherlands. In the Netherlands, we have started a direct collaboration with owners of wind turbines so that 100% of our electricity consumption comes from wind and solar power.

We have completed our updated Supplier Code of Conduct, which is now being implemented in our global supplier base. Great focus is placed on responsibility regarding social, environmental and ethical aspects. Sustainability continues to be an important parameter when choosing suppliers and products.

Focus ahead

In the coming years, strategic purchasing will work with continuous supplier and product development linked to the requirements of our Code of Conduct. We will also focus on our updated KPIs for sustainability, such as lowering consumption levels of products and materials in our facilities, reducing the CO₂ footprint as a consequence of transports in our Supply Chain and investigating how we can increase the share of reused or recycled materials in purchased products.

We will have a separate priority area around developing and further strengthening how our business contributes to different types of solutions for electric vehicles in all our markets. We will continue the implementation of green electricity to all our operations and continuously evaluate solar energy solutions on our premises. In some of the countries we are active in the field of introducing electric bicycles as an opportunity for both employees and customers.

We will also strengthen our focus area around sustainable products and sustainable suppliers in our choice of suppliers and products going forward. A number of projects and procurements are already concluded in 2023 that will strengthen our sustainability profile.



Environmental indicators

The work to reduce our environmental impact is based on identified material areas. Environmental impact activities in our operations are mainly linked to energy use, transport and business travel, handling of hazardous waste and waste fractions that are not recycled, as well as chemical management. To reduce our environmental impact from these activities, we work preventively with training of our employees together with clear and documented routines.

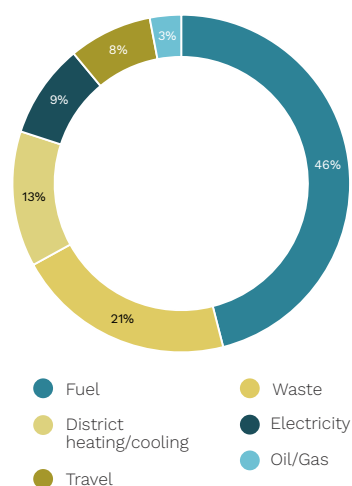
Calculations on our emissions are made using the ESG tool CEMAsys. Activity data from the operations have been converted into tonnes of carbon dioxide equivalent (tCO₂e) in the tool, using relevant emission factors from various trusted sources.

The reporting has been done in accordance with the guidelines of the GHG protocol, but we do not claim to apply the guidelines to a full extent. The GHG Protocol is the most widely used and recognised international standard for reporting greenhouse gas emissions on a company level.

Climate impact

Our total carbon dioxide emissions in 2022 amounted to 10,121 tCO₂e. This is an increase of 20% year-on-year, which is partly due to more dealerships being included in the calculation for 2022. In addition, we have been able to report to a greater extent based on correct emission factors compared to 2021.

DISTRIBUTION OF CARBON DIOXIDE EMISSIONS
(tCO₂e, LOCATION BASED)



SCOPE 1–3 EMISSIONS

tCO ₂ e	2022
Direct emissions (Scope 1)*	4 952
Indirect emissions (Scope 2 location based)	2 253
Total Scope 1 + 2 location based	7 205
Scope 2 Market based	1 770
Total Scope 1 + 2 market based	6 722
Scope 3	2 916
Total Scope 1 + 2 + 3 location based	10 121

*Excluding refrigerants



Fuel

46% of the Group's climate impact, 4,621 tCO₂e, comes from purchased fuel for demo cars, company cars and sold cars. Our demo car fleet should reflect our product range, which is why we cannot always choose vehicles with the least climate impact. As the vehicle fleet is electrified, the need for fossil fuels decreases.

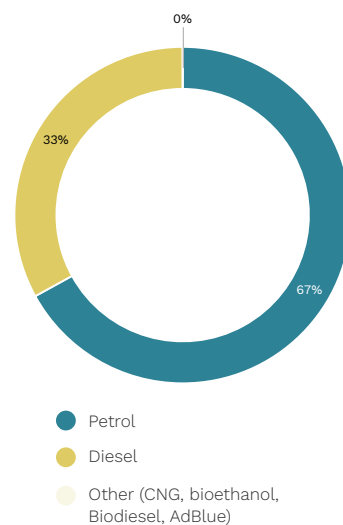
Notes to calculations:

Calculation of emissions from fuel used (Scope 1) is based on emission factors from DEFRA (2022), which are updated annually. Where information on specific products is missing, an emission factor for the average bio blend in diesel or petrol in specific country has been used.

In cases where only expenditure information has been available, the amount of purchased fuel has been estimated based on average fuel prices in the specific country and the share of petrol and diesel cars in the total new car sales in the country. The Group's market shares have not been considered.

Emissions from employees' use of their own car on duty have been estimated based on mileage paid, as well as the current level of compensation and average emissions per kilometer for each country.

DISTRIBUTION OF PURCHASED FUEL
(LITRES)



Waste

Our operations generate large volumes of waste, which contributes to a negative impact on the environment in cases where the waste cannot be recycled. Reusing materials and allowing them to live on in new products is of great benefit through reduced climate impact. Efficient recycling also means reduced costs for us and society at large.

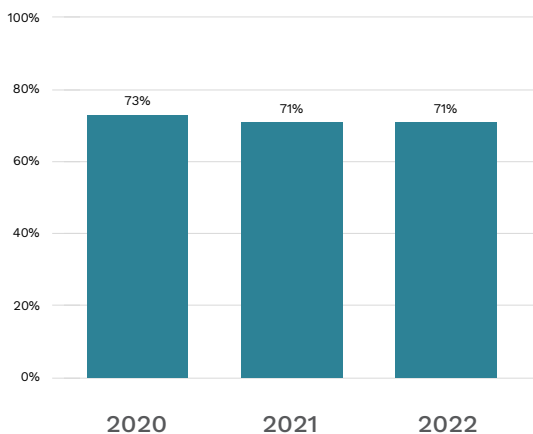
The performance of our dealerships is continuously monitored with a focus on site-specific information such as statistics on collected waste fractions, including transports and volumes. By reducing the number of partners in waste management, we also create good conditions for driving through improvement measures in each market.

The total amount of waste produced in 2022 was 5,504 tonnes, which is an increase of 24% year-on-year.

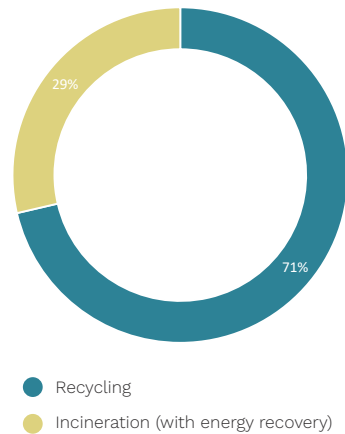
Belgium's volumes were not included in 2021, which explains the increase compared to the previous year. The share of recycled waste at Group level was 71%, which is on the same level as last year. In the Group's Swedish retail operations, our goal is to achieve an average recycling of 70%, the outcome for 2022 is 72%.

A number of our workshops in Sweden contribute to several projects run by, among others, IF Skadeförsäkring, Mobility Sweden and Stena Recycling with the aim of recycling plastic. Casings, thresholds and bumpers that usually go to incineration are carefully sorted and collected by Stena Recycling. The material is used as raw material for die casting and 3D printing used for the manufacture of furniture and license plate holders. In total, just over 8 tonnes of material have been collected in 2022, which contributed with a saving of 16.4 tCO₂e.

SHARE OF RECYCLED WASTE



ALLOCATION OF TREATMENT METHODS



To the above treatment methods are added biological treatment (0.3%) and landfill (0.2%).

Energy efficiency improvements

Energy use is one of our significant environmental aspects. Energy efficiency is therefore an area where we have actively chosen to actively engage in activities reducing our environmental impact. We continuously measure and monitor our consumption of electricity, district heating and cooling, as well as gas and oil.

At the end of 2016, in Sweden we started an energy efficiency programme together with AFRY with the aim of reducing our energy costs but also to contribute to an improved indoor climate, reduced environmental impact and skills training of our staff. Identified areas of improvement with major savings include heat recovery from compressors.

During the year, the number of dealerships with energy collaboration was increased by 3, today we have 50 dealerships in active and management phase.

At our dealerships, the most considerable energy consumption is within heating, lighting, ventilation, baseload and cooling. As the proportion of rechargeable vehicles continues to increase, we also see that our energy efficiency measures help to free up electricity capacity locally for charging these vehicles. During the year, we installed a large number of additional charging points around our dealerships.



THE RESULT OF OUR ENERGY COLLABORATIONS

kWh	2022	2021	2020	2019	2018	2017
Savings electricity	3,835,114	3,132,373	3,271,430	2,327,510	782,769	207,714
Savings heating	5,431,737	5,551,989	6,022,816	4,457,277	1,977,611	452,023
Savings cooling	397,442	484,515	378,766	343,040	15,986	36,423
Total	9,664,293	9,168,876	9 673 012	7,127,826	2,776,366	696,160

Energy consumption

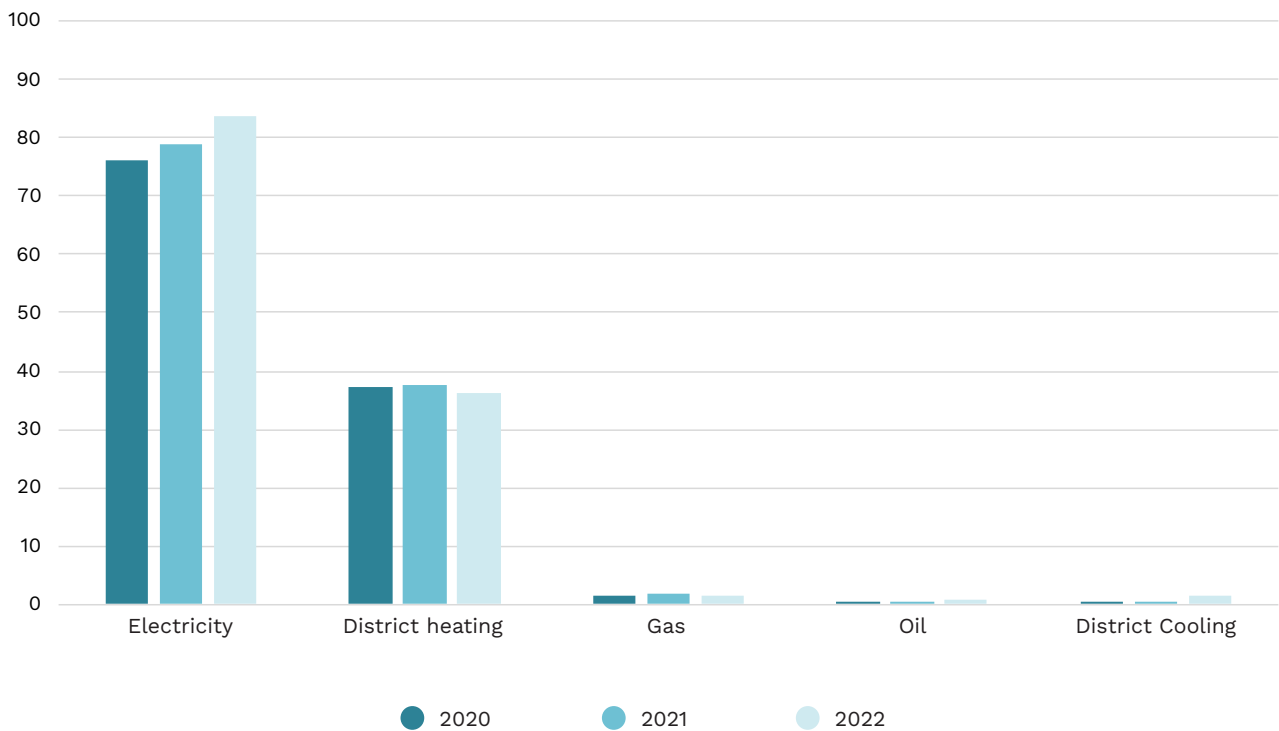
In 2022, more than 200 charging points were connected to our energy system in collaboration with AFRY. During the year, consumption for these chargers amounted to 416,123 kWh, which is included in total electricity consumption. However, this is a fraction of the chargers available at our dealerships in Sweden. Work is underway to be able to follow up the electric car charging from all our charging points in a better way.

The total amount of energy consumed in 2022 amounted to 71,648,400 kWh. Most of our electricity consumption

comes from renewable sources. In Sweden and Norway, energy comes from a mix of wind, hydro and solar power as well as bioenergy.

Figures for energy consumption are to some extent missing for all years. For Belgium, an estimate has been made based on 2020 consumption. At some dealerships, energy consumption is included in the rent based on a flat rate and has not been included in the Report. Based on the collected data, the consumption is 120 kWh/m².

ENERGY USE KWH/M²

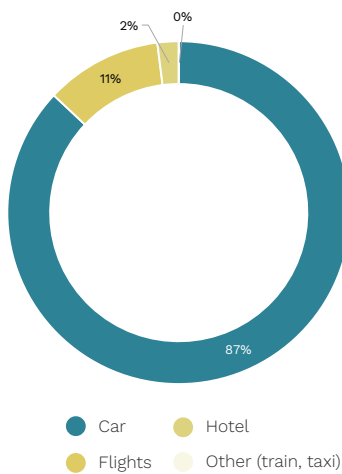


Business travel

Our travel increases pollution and contributes to a negative climate impact. Our travel policy applies to all travel made on duty within the Group. It sets out the principles that apply when choosing the means of transport for business trips. Cost-conscious and efficient travel is a necessity and proof that the business works actively to reduce costs and impact on the environment. We strive to reduce our climate impact in tCO₂e from business travel year-on-year.

Our total climate impact from business travel amounted to 823 tCO₂e, which is a decrease of 19% year-on-year. The proportion of business trips by car has decreased in favour of air travel, which is not an optimal direction from a climate point of view. The increase is linked to the Group's growth in new countries.

DISTRIBUTION OF CLIMATE IMPACT, BUSINESS TRAVEL



Notes to calculations:

Emissions linked to employees' use of rental cars (Scope 3) are calculated using spend-based emission factors from EPA (2022). This type of calculation is less accurate and has only been done for lack of better data.

New in the 2022 Report is that we have included emission calculations for air travel (Scope 3) based on cost where information about the extent of the trips is missing. This has been done using spend-based emission factors from (2022). Note that these calculations do not take into account, for example, changes in price due to high/low season and thus give results that not necessarily reflects actual impact. This has only been done for lack of better data. The ambition is to base the emission calculations on more specific figures in the coming years.



Social indicators

A major focus has been on digitalisation, skills development and our concept Employers of the Future. Several initiatives are ready to be launched, including an employee pulse tool, an e-learning platform and a new recruitment tool to meet the demands of our current and future employees. The Employer of the Future is fully alive in our business and we are working hard to make progress on, for example, talent work, succession and mobility. The need for a strong employer brand is becoming even clearer and great focus has been on this during the year.

Staff turnover

The changing of staff too often wears on the organization and results in costs through replacement recruitment, training and loss of competence, which consequently leads to worsened quality and customer satisfaction. Measuring employee turnover, and foremost employee turnover of high-performers, and keeping down the outflow of expertise and key competence is a success factor.

What is perceived as normal employee turnover varies, but within the industry and the group, we believe that a 12% share of employees leaving is a reasonable goal. In times where macroeconomics, interest rates and inflation negatively affect the individual's wallet, staff turnover tends to increase, especially in industries where remuneration models are partly based on commission of sales.

Employee satisfaction

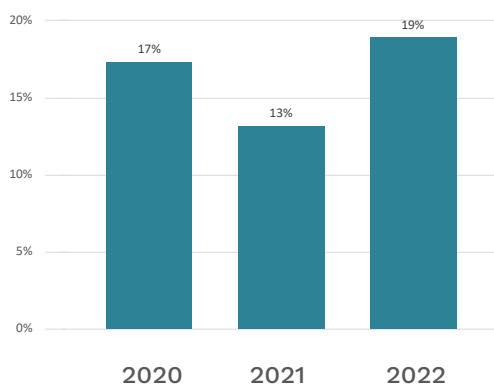
In Sweden and Norway, employee surveys were conducted at all sites, in Belgium no employee surveys were conducted during the year.

Several of our subsidiaries in Sweden, Norway, Denmark and Switzerland are certified Great Place to Work®:

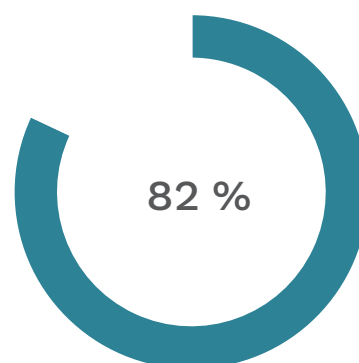
- ✓ Bavaria Sweden
- ✓ Bavaria Norway
- ✓ Hedin Automotive Switzerland
- ✓ GS Bildeler (Norway)
- ✓ Koed (Denmark)
- ✓ Hedin Performance Cars (Sweden and Norway)

Hedin Performance Cars and Bavaria Bil were given further confirmation of their good work environments in 2022, when Great Place to Work named both companies one of Sveriges bästa arbetsplatser™ (Sweden's best workplaces). Bavaria also received a corresponding distinction in Norway during the year.

STAFF TURNOVER



EMPLOYEE SATISFACTION





Incidents and accidents

In order for the companies in the Group to be a safe and secure workplace, it is important to quickly rectify faults and shortcomings in the work environment, but also to embrace constructive suggestions on how the operations can be developed and improved as a workplace. To ensure our systematic work environment efforts, we work with clear and documented procedures in our internal guidelines. There are also special safety procedures for high-risk tasks and tasks that include the handling of chemical products.

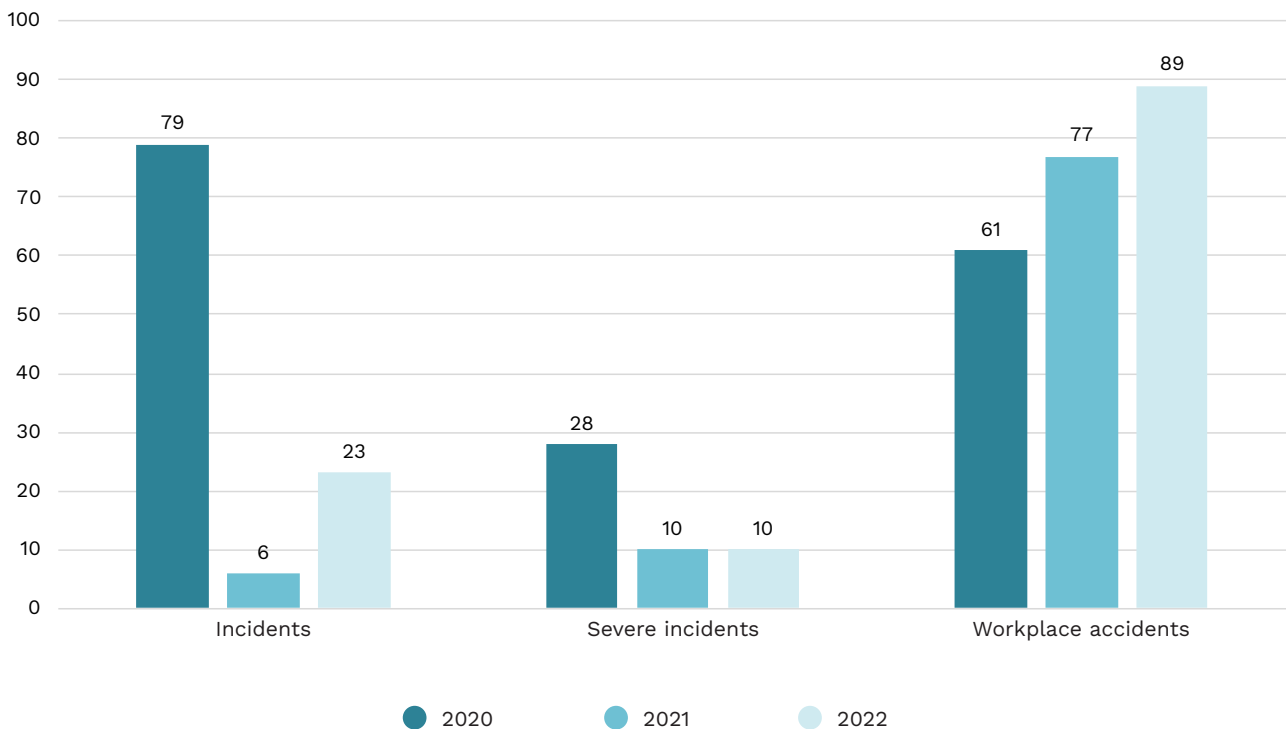
We have a zero-vision regarding work-related accidents and are committed to providing a healthy and safe working environment for all our employees, including the necessary information and training. We work continuously to identify risks and take precautions to reduce them. We must give all employees the opportunity to live an active and healthy life and we should have the strength to work until retirement age.

Many of our working groups are exposed to physical risks in their daily work. Within workshop there are many mechanical and risky tasks, which can entail a risk of crushing injuries, strain injuries, vibration injuries or injuries when working

with high-voltage vehicles. We also work with wide range of chemicals in our workshops, which in some cases require correctly used safety equipment. In our car retail and our workshop customer reception, threatening and violent situations may occur as well as periodic high workloads.

A challenge in our systematic work environment effort is to increase the willingness and knowledge of our dealerships to report incidents, and we can conclude that the reported incidents are still far too few in relation to the number of dealerships and employees. Incident reporting is a necessity for preventing workplace accidents from occurring.

In 2022, training initiatives were carried out aimed at managers to increase knowledge about deviation management and the system support we use. In relation to the size of the Group, the propensity to report is relatively low, and our current system has been identified as a limiting factor. Together with the Group's IT company Hedin IT, we are working to introduce a new system for reporting deviations in 2023.



Sick leave

The Group works actively to enable employees to balance private and working life, and we have established routines to proactively work to increase attendance and reduce sick leave. The monitoring of absence statistics is followed up on an individual level and managers have access to tools to activate rehabilitation measures. The Group has a target of a total maximum sick leave of 3%. Total sick leave during the year is far higher than the target.

2022	4,60%
2021	4,97%
2020	4,82%

Excluding Belgium

Gender equality and diversity

Equality between women and men is a prerequisite for the Company's sustainable development. Women and men within the Company shall have the same opportunities and conditions in terms of influence, resources and skills development. The goal is to offer workplaces where everyone meets each other with mutual respect regardless of gender, age, origin, or other forms of discrimination, and that we as a group work actively to counteract all forms of discrimination.

Professional roles in the workshops are traditionally male-dominated and trained technicians from the vocational schools are >95% men. We have not set a numerical target for the proportion of men and women, but the starting point is that we will work to attract more people from underrepresented groups to the industry. Instead, we have goals such as that employees with us should have the opportunity to combine work, career, parenthood and free time.

Discrimination and sexual harassment

We will offer a workplace where everyone meets each other with dignity and respect. We have zero tolerance for all forms of discrimination, for all forms of physical, mental, sexual, verbal or other harassment, and for all forms of threats or intimidation. It is not in accordance with our values to treat someone differently for any irrelevant reason. Everyone in our Group is judged on how they perform their duties.

Our Code of Conduct and policies for gender equality and harassment stipulate our approaches, and all employees are given access to these in connection with new employment.



Social responsibility

Human rights

We support and respect internationally proclaimed human rights and ensure that we comply with these in our operations. To the extent permitted by applicable laws, all employees are free to form and to be a member, or not to be a member, of trade unions or similar external employee organisations, and to negotiate collectively. Our zero tolerance for all forms of discrimination and harassment applies both internally in the organisation and in our actions with external parties.

We cooperate actively with, and are audited by, local trade union bodies in all forms of violations or of human rights. In the case of suspected or reported cases of human rights violations within the Group, they are reviewed and investigated by the HR Department (see also “Reporting of irregularities” on the next page).



Business ethics

Anti-corruption

We comply with applicable legislation in the countries in which we operate. Our employees are expected to have a basic understanding of what anti-corruption means for Hedin Mobility Group, therefore our Code of Conduct is included in introductory training for new employees and is a recurring part of our internal communication.

Bribes

We comply with applicable bribery legislation and the national code on gifts, rewards and other benefits in business. No form of extortion, bribery or payments that can influence decisions are accepted. Gifts to staff are applied restrictively and only on special occasions. External representation shall be kept to a minimum and approved in advance by the responsible manager. External representation is aimed at persons who are not employed by the Group and as visitors/guests take part in Hedin Mobility Group's hospitality in the form of meals, corporate events and the like. The representation must always be directly linked to the business and have the purpose of maintaining or initiating a business relationship.

Embezzlement

Hedin Mobility Group does not accept embezzlement or fraud in any form. Fraud means, among other things, that an employee misleads or abuses the Group's confidence through actions that involve their own financial gain. If cases of fraud are identified, this results in a police report and dismissal. Through a number of policies, the Group intends to leave as little room as possible for fraud and embezzlement.

Bias

Our Code of Conduct guides our employees in upholding the Group's ethical standards and avoiding situations where conflicts of interest may arise. Not all situations where conflicts of interest may arise can be identified, but the following shows potential situations to avoid:

- ✔ Conducting business outside the Group such as other employment or competing activities;
- ✔ Act as an intermediary in the sale of goods or services from Hedin Mobility Group to a third party
- ✔ Use of business sensitive and/or confidential information for personal gain
- ✔ Hiring of close relatives

Reporting of irregularities

Our whistleblower function enables all employees throughout Hedin Mobility Group to report suspicions of serious irregularities and misconduct at our workplaces or in our organisation.

During the year, no serious irregularities or misconduct were reported within our organisation. The whistleblower function has been used 5 times where all occasions have been minor cases/general complaints that have been handled by the HR department.



Looking ahead

The work to further develop our Group-wide sustainability work began in 2022 and will be intensified in 2023. This includes completion of the ongoing materiality analysis and aligning the Group's sustainability work with Agenda 2030 and the Sustainable Development Goals that have a bearing on our operations and the opportunity to have a material impact.

In the coming years, new accounting regulations will be introduced that will affect how we structure and report our sustainability work, which will increase transparency and lay the foundation for expanded and more efficient work with sustainability issues.

Operationally, we will continue our successful energy efficiency project with operational efficiency improvements and other profitable measures that contribute to reducing energy costs and energy use at our dealerships. In addition, work continues to increase the proportion of recycled waste.

Since the beginning of 2023, we have been conducting business in car dismantling and will in 2023 carry out several investments in various product groups, including recycled spare parts, to further strengthen the Company's offering and the Group's service market business. This is advantageous from both a cost and a sustainability perspective and we see that demand for, for example, used parts will increase in the future as we, just like the rest of the industry, need to work on the basis of a resource-efficient business model with a circular approach.

On the employee side, we continue to have a strong focus on creating an attractive, developing, inclusive and safe workplace that is permeated by our values and care for each other and our stakeholders. We will continue to work with culture, leadership and recruitment to reduce staff turnover and strengthen our competitiveness in order to continue to create shared value.

