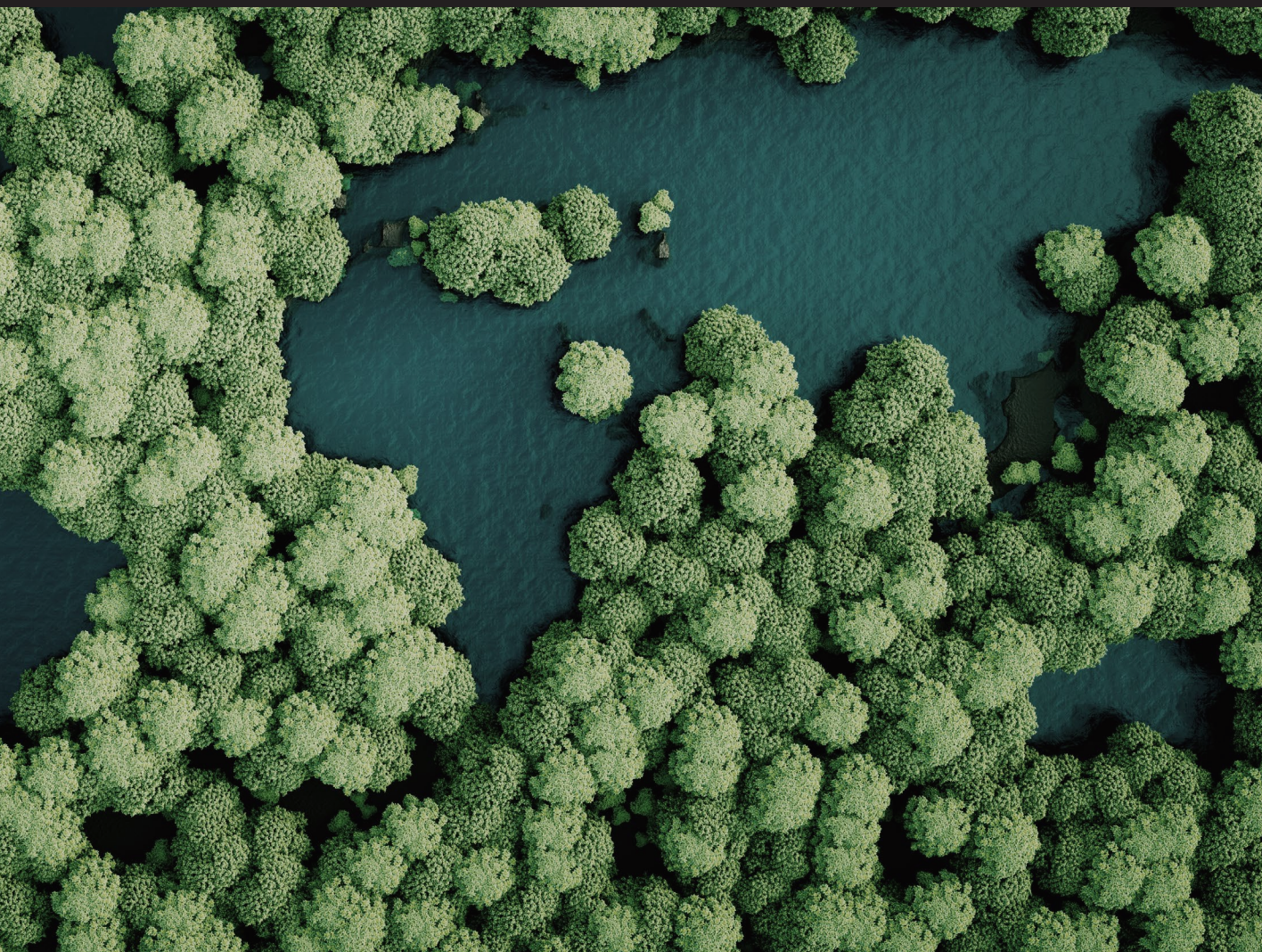


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# 2020



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## SUSTAINABILTY REPORT 2020



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# INTRODUCTION

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*Welcome to I.A. Hedin Bil's Sustainability Report for 2020. As one of Europe's largest car dealerships, it is important for us to tell you how we work proactively to reduce our environmental impact and how we work with sustainability throughout the entirety of our organization. It is with pride that we present our work in this report.*

**Conny Hansson**, Quality & Sustainability Manager Hedin Group

This is the I.A. Hedin Bil Group's sustainability report and is written in accordance with Swedish accounting law ÅRL. The Group operates in Sweden, Norway, Belgium and Switzerland. In cases where the sustainability report is only part of the business, this is described either in text or in the footnotes. Further information about the Group's structure and its subsidiaries is described in I.A. Hedin Bil's Annual Report 2020.

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



# WORDS FROM THE CEO

Sustainability issues are a very important area in Hedin Bil's efforts to take into account all the Group's interests throughout the organization.

When we summarize 2020, it was a year of unexpected challenges and conditions for the whole world due to the Covid-19 pandemic. Despite all the challenges, our business has found the right focus, which has resulted in good results, streamlining and development of the business.

The total market for new vehicles in Sweden decreased by -18%, in Norway by -0.7%, in Belgium by -21% and in Switzerland by -24%. At the same time, we can see that our total share of new Electric Vehicles (EV), such as Battery Electric Vehicles (BEV), Plug-in Hybrid Electric Vehicles (PHEV), and Hybrid Electric Vehicles (HEV) sold increased to just over 40% compared to our total sales of new vehicles in 2020. If we look specifically at the brands that offered electric vehicles (EV) in their range during the year, the share of our sales rises to just under 50%, i.e., every other newly sold vehicle was an electric vehicle (EV). We also see that our local sales of electric vehicles (EV) exceed the respective market average for the share of new electric vehicles (EV) sold in 2020.

The COVID-19 pandemic also meant that our work travels decreased sharply, not least by air travel. This in turn accelerated our development of digital meetings and trainings, which for many meant a more efficient everyday life. Our long-term work on recycling waste and energy efficiency continues to generate savings. We continue to see significant savings for, for example, the plants that actively participate in our energy efficiency program. The result of our systematic environmental work is that we see a continued reduction in climate impact in relation to our total plant area.

Despite this pandemic, our commitment to automotive engineering high schools and vocational schools has helped us to provide both a number of internships and apprenticeships at our facilities, and we have been able to employ just under one in five of these individuals at our operations. Staff turnover decreased in 2020 despite the fact that we were forced to lay off some employees due to the pandemic. This is likely due to a sharp change in labor market conditions, which created worry initially, but also that it has been particularly important for us as an employer to show commitment, sensitivity and willingness to cooperate in uncertain times.

2020 marked the milestone for 35 years in the industry and we have made a fantastic journey together with our employees. There is a lot of work behind the great result we have delivered under challenging circumstances, and I am both proud and grateful for those efforts. Our exciting journey continues, and I am convinced that it contributes to continued positive results in our sustainability work.

I would like to express my personal thanks to all employees who have worked hard during the year with restrictions, changes, lockdowns and new challenges. Thanks!



Anders Hedin  
Owner and CEO

# 01.

## I.A. HEDIN BILS ORGANIZATION



All journeys have a beginning - and so does the story of I.A. Hedin Bil. Even if our eyes are fixed on the future, it is sometimes both instructive and inspiring to take a look in the rearview mirror.

The family business I.A. Hedin Bil was founded by father and son, Ingemar and Anders Hedin, by acquiring in Borås in 1985 what would be the first Hedin Bil facility. During the 1990s, the company expanded further along the west coast through acquisitions in Helsingborg, Ängelholm, Halmstad and later also Gothenburg and Kungsbacka.

During the 2000s, growth continues and several brands such as Citroën, Cadillac, Mitsubishi and Kia are added. New facilities are also acquired, and the Group establishes itself in Trollhättan, Uddevalla and several locations in Småland.

At the beginning of the 2010s, several extensive new constructions and refurbishments was carried out, and among other things, brand new facilities was inaugurated in Borås, Varberg and Kungs-

backa. The decade continues with a large number of new constructions and acquisitions in Uppsala, among other places. The Group is also seriously entering the Stockholm market. Several new car brands is added, including Ford being welcomed into the group through several dedicated facilities on both the west and east coasts. A major step is also taken through the acquisition of Miklagruppen, which is placing Hedin Bil on the Norwegian market, meanwhile BMW and Mini are emerging as brands. The international expansion is gaining even more momentum as Hedin Bil establishes itself as a dealer of Mercedes-Benz in the Belgian market.

2018 is also the year when the Group crosses a milestone by acquiring facility #100.

Looking back, we see a fantastic growth journey that has been going on for many years. Today we are where we should be - one of the largest marketplaces for vehicles and vehicle services in the Nordic regions."



68

DEALERSHIPS

27

CAR BRANDS

1,496

EMPLOYEES

50,432

SOLD VEHICLES

01. I.A. HEDIN BILS ORGANISATION

## A SELECTION OF SIGNIFICANT EVENTS IN 2020:

"During the year, new facilities were opened. In January, FordStore opened in Västerås and in December, a Ford full-service facility also opened in Akalla.

In January, a new KIA facility was opened in Trollhättan, a so-called Red Cube facility.

Hedin Bil has continued its investment in pre-owned cars and on April 1, the new business for our concept "Car Store" started with the company Car Store Sweden AB with a first facility in Täby. Later in the year, another

facility in Malmö and one in Stockholm opened up. The concept "Car Store" differs from "Hedin Certified" where the latter is a car packaged to the customer with warranty, insurance, transport, etc. being included in the deal. When selling a Car Store car, the customer can choose and buy the products they want.

On September 1, a new business center for BMW with VR technology opened in Solna United. On September 23, Bavaria opened a new facility for BMW and MINI on Breivollveien in Oslo."

	2020	2019	2018	2017
Average number of employees	2 651	2 733	2 450	1 711
Average number of facilities	116	114	107	88
Number of car brands	33	32	28	28
Net Sales	24 063 914	22 301 382	21 043 340	12 657 046
Balance sheet total	13 540 137	14 322 954	7 681 509	6 350 213
External Financing	2 488 110	3 108 794	2 540 612	1 915 911
Equity	1 197 386	931 028	795 568	703 962
Number of vehicles sold	79 141	78 423	78 046	56 529

At the beginning of 2020, the Group is a dealer of the brands Mercedes-Benz, AMG, Jeep, Dodge, RAM, Smart, Nissan, Nissan GTR, Mitsubishi, Citroën, DS, Fiat, Fiat Professional, Cadillac, Corvette, Chevrolet, Chrysler, Kia, Opel, Dacia, Renault, Abarth, Honda, Jaguar, Alfa Romeo, Subaru, Izuzu, Land Rover, Ford, Porsche, BMW and MINI.

I.A. The Hedin Bil Group is represented at 116 locations in Sweden, Norway and Belgium with headquarters in Mölndal, Sweden.



AMG



GTR



DS AUTOMOBILES



CITROËN



Jeep



CHEVROLET



RAM

DODGE





# 02.

## ABOUT THE SUSTAINABILITY REPORT

The I.A. Hedin Bil has many employees and several business areas in different geographical locations. It is therefore important that we have common and basic values about how the business should be conducted. Our approach is important for our business and gives us guidelines in the challenges we face at work. Our commitment is, without compromise, to act ethically in all situations. This is crucial for the success of our business as, thanks to our good ethics, we have gained the trust and confidence of customers, suppliers and financiers.

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We have set up guidelines and standards on how we look at the professional approach to help our employees solve ethical issues that may arise at work. This guide is described in our Code of Conduct and as part of this sustainability report.

The Swedish operation of I.A. Hedin Bil has an overall Quality and Environmental Policy which, together with our quality and environmental management system, meets the requirements according to ISO 9001 & ISO 14001. Parts of the Norwegian operations within I.A. Hedin Bil works in accordance with the Norwegian environmental certification Miljøfyrtårn. Guidelines, other policies and codes of conduct must be known by the staff and all documents are to be easily accessible.

I.A. Hedin Bil does not manufacture the products the company is a retailer of. Manufacturing and development of, for example, vehicles takes place by the respective car manufacturer. However, since we are only dealers in vehicles, the possibility of influencing the situation is relatively small. There is a greater opportunity to influence the operation of our facilities and workshops.

I.A. Hedin Bil continued to acquire and build new dealerships in 2020, and the goal is to implement all of them in our sustainability work. To ensure a long-term approach, we work actively to create the right conditions for systematic sustainability and to reduce our environmental impact.

This sustainability report is therefore limited to the following companies within I.A. Hedin Bil.

- **Hedin Göteborg Bil AB**
- **Hedin Helsingborg Bil AB**
- **Hedin Stockholm Bil AB**
- **Hedin Örebro Bil AB**
- **Hedin Mölndal Bil AB**
- **KC Motors AB**
- **Hedin Performance Cars AB**
- **Hedin Automotive AS**
- **Bavaria Sverige Bil AB**
- **Hedin Belgien Bil AB**

### BOARD RESPONSIBILITY

I.A. Hedin Bil's board is ultimately responsible for the sustainability work in I.A. Hedin Bil. This sustainability report was adopted by the Board in April 2021.

### ACCOUNTING PROFILE

I.A. Hedin Bil AB has a calendar year as the financial year and the annual report for 2020 will be released in April 2021. This is the fourth year that I.A. Hedin Bil AB establishes a sustainability report.

# SUSTAINABILITY REPORT

## - MOST IMPORTANT RESULTS OF THE YEAR

### KEY FIGURES IN PRECET

32,4%

Reduced staff turnover compared with the previous year, including redundancies due to the covid-19 pandemic, retirements and other redundancies. The year's outcome was 17,3%.

18%

Proportion of trainees and apprentices of total number of recruited vehicle- and damage technicians.

88,1%

Reduced climate impact as kg CO<sub>2</sub>-eq/m<sup>2</sup> of our service travels by plane.

91,2%

Proportion of electricity from renewable energy sources based on solar, wind and hydropower.

1,6%

Reduced energy consumption as kWh/m<sup>2</sup> total plant area.

2,7%

Reduced climate impact as CO<sub>2</sub>-eq/m<sup>2</sup> of our total energy use, which contributed to a reduced climate impact by 771.7 tonnes of CO<sub>2</sub>-eq.

**81%**

Proportion of satisfied employees in the operations in which the measurement of coworker satisfaction was conducted during the year.

**52,8%**

Our share of sold new PHEVs and BEVs for brands that offered rechargeable vehicles in their assortment, which is an increase of 49.2%.

**58%**

Increase in the number of environmentally certified suppliers, within the area of property management

**86%**

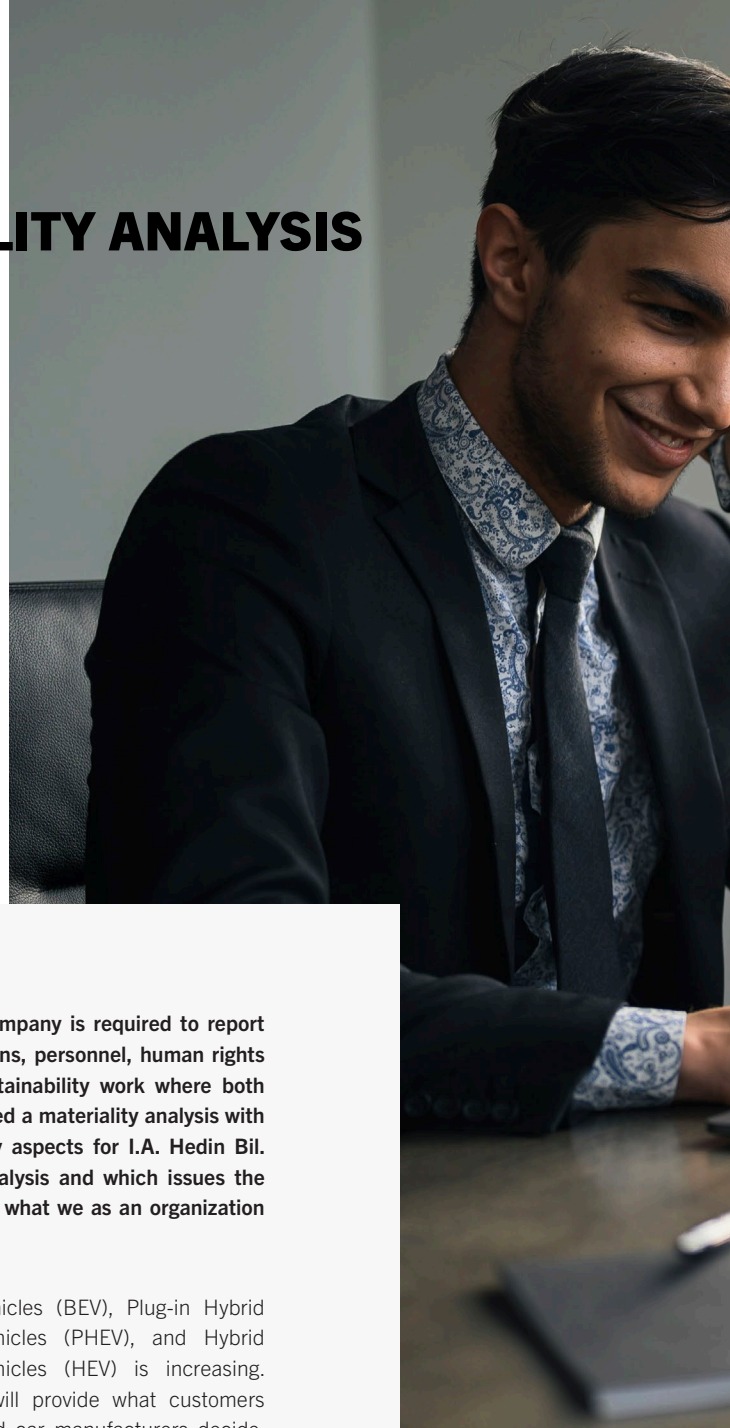
Proportion of new employees who have completed at least 80% of our onboarding program.

**69,1%**

Average proportion of waste that is recycled, which contributed to a reduced climate impact by 2 661,9 tonnes of CO2-eq.

# 03.

## MATERIALITY ANALYSIS

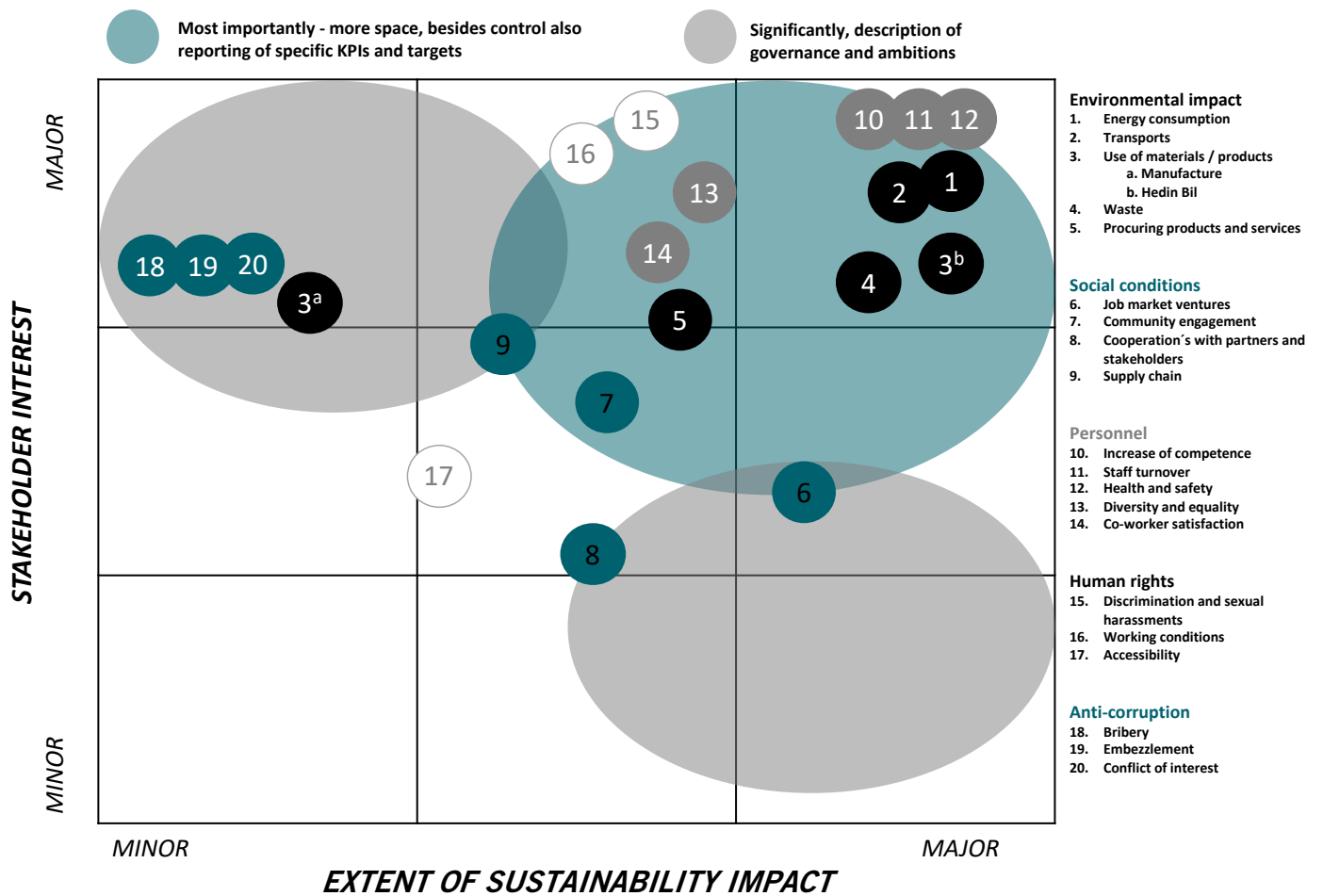


In accordance with Ch. 6 Section 12 of the ÅRL the company is required to report sustainability reports in the environment, social conditions, personnel, human rights and anti-corruption. In order to design a strategic sustainability work where both profitability and relevance are in focus, we have performed a materiality analysis with the aim of identifying the most important sustainability aspects for I.A. Hedin Bil. The results are reported above after the materiality analysis and which issues the company prioritizes with regard to our stakeholders and what we as an organization can help to influence, control and affect the most.

I.A. Hedin Bil's sustainability work focuses primarily on the parts we can influence the most and that is the daily work and environmental aspects of our dealerships. Something that is also important to us is a sustainable workforce that enjoys good working conditions, skills development and has a good working environment that is safe and healthy. Our workshops have several laws and regulations regarding the environment and work environment to follow. Car manufacturers also demand that salesmen and mechanics take their courses to learn new models. We cannot influence the content of these educations.

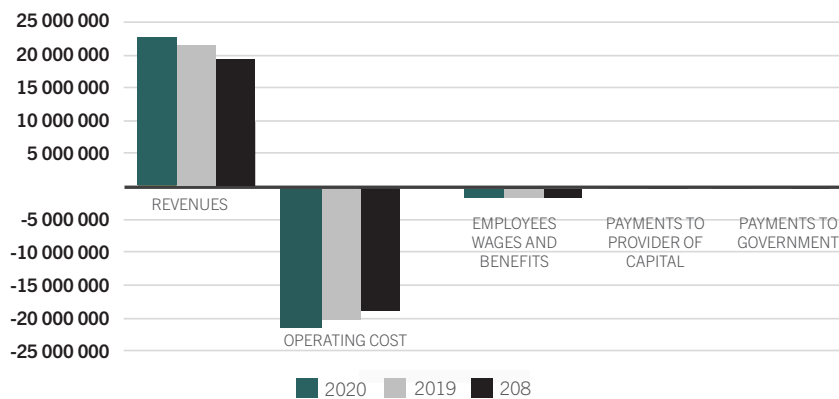
The development of the automotive industry continues and the production of electric vehicles (EV) such as Battery

Electric Vehicles (BEV), Plug-in Hybrid Electric Vehicles (PHEV), and Hybrid Electric Vehicles (HEV) is increasing. Hedin Bil will provide what customers demand and car manufacturers decide. As for our own dealerships, there is more to do here. Despite successful efforts, there are dealerships to streamline, reduce and change the consumption of electricity, heat, water, and an increase of material recycling and thereby create a more sustainable business from several points of view. New dealerships that are built are made with an environmentally conscious mind from the beginning. It may be a more expensive investment, but savings in the future both in terms of costs and resources."



# 04.

## ECONOMIC IMPACT



	2020	2019	2018	2017
<b>Directly created economic value</b>				
Income	24 092 282	22 327 229	21 053 849	12 700 039
<b>Distributed economic value</b>				
Operating expenses	-21 636 241	-19 956 716	-19 110 599	-11 556 028
Salaries and remuneration to employees	-1 792 732	-1 989 466	-1 703 747	-950 869
Payments to financiers	-219 801	-218 551	-124 412	-56 526
Payments to the public sector	-57 668	-59 188	-28 235	-17 939
<b>Retained economic value (= Direct -Distributed)</b>	<b>385 840</b>	<b>103 308</b>	<b>86 856</b>	<b>118 677</b>

## ECONOMIC IMPACT

The I.A. Hedin Bil Group has grown strongly in recent years, mainly through acquisitions, most recently of, among other things, additional facilities in Belgium and newly started facilities in Sweden.

As the group grows, the steps towards a more environmentally friendly operation are taken by looking at energy consumption in the

facilities, waste management, use of more environmentally friendly chemicals in the workshop operations that are both gentler on the environment but also for the staff who handle these chemicals. These measures have a positive effect on the environment, personnel and the financial outcome. Read more under the section Environmental impact.

## A SUSTAINABLE EMPLOYER

The I.A. Hedin Bil Group currently has an average of 2,651 employees and, as of 2017, that includes outside of Sweden. As the group grows, we need to attract new competent employees but also develop and motivate the employees we have. To be an attractive employer, Hedin Bil in Sweden connected to a collective agreement. Being affiliated with a collective agreement means many benefits for the employee and extra security in the employment.

This also has a positive effect on Hedin Bil as a more attractive employer. Collective agreements mean that Hedin Bil offers its employees old-age pensions, sickness pensions and family pensions in accordance with current agreements. See other personnel-related aspects under section Personnel impact.

In 2020, Hedin Bil received support from the state related to Covid-19. From the beginning of March, a number of cost-saving measures have been taken to reduce the economic effects of Covid-19, which together with previously taken measures has improved the result. Measures have included temporary and permanent reductions in staff, as well as stopping new recruitments, purchases and travel. Where possible, we have used government support packages to lay off employees in the short term. In Belgium, the Belgian state has accounted for a large part of the wage cost when the business has been closed, which has reduced staff costs by SEK 32 million. We have also used government support in Sweden and Norway, which has reduced personnel costs by SEK 20 million in Sweden and SEK 8 million in Norway."

## MARKET PRESENCE

The company's operations were conducted exclusively in Sweden until the end of 2017 when the Group acquired Hedin Automotive AS, which is present in both Norway and Sweden. In 2018 and 2019, the Group also expanded its operations to Belgium. The industry as I.A. Hedin Bil operates in is exposed to competition in terms of staff and in order to retain staff, market salaries and conditions must apply.

Hedin Bil always employs staff locally for facilities, everything from site managers to mechanics. Company managers have several facilities under their umbrella but are locally employed based on one of the facilities and thereby knows both the local area and the industry.

## INDIRECT ECONOMIC IMPACT

"The I.A. Hedin Bil Group operates in an industry that does not have a large influence or impact on society's infrastructure or the public good. What the group works with is to contribute to the education of young people in various types of mechanics, such as for cars, trucks and to work sheet metal. The Group engages in dialogue with municipalities and lobbies for the profes-

sion, which today is much more technical and computerized than before. Promoting the development of the profession to get young people interested and apply for these educations is in Hedin Bil's interest."

# 05.

## OUR ENVIRONMENTAL WORK

- ENVIRONMENTAL IMPACT ACTIVITIES

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**The work to reduce our environmental impact is based on the environmental aspects that have been identified as significant. Reported environmental aspects are linked to the vehicle's various life cycle stages as well as functions and activities required to run our business.**

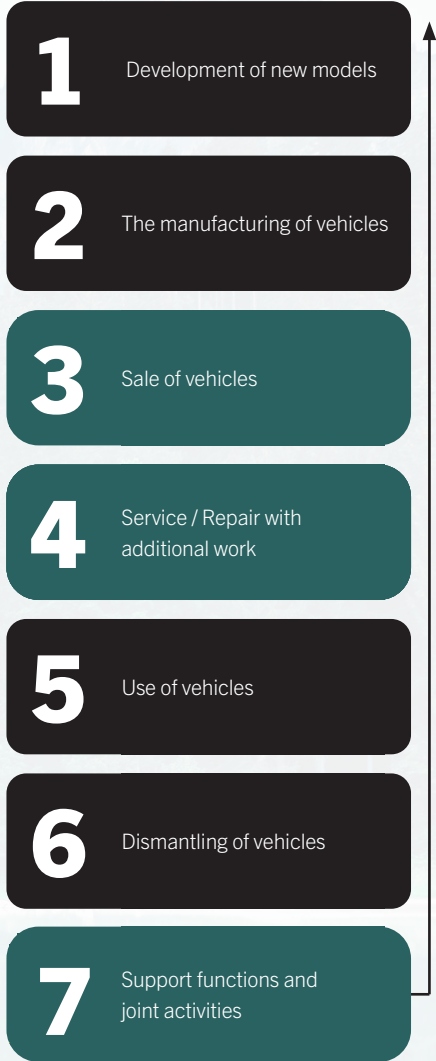
Our environmental work is therefore focused on the three stages that we ourselves can influence in practice: Sales of vehicles - Service / Repair with additional work - Support functions and joint activities.

Environmentally impacting 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 handling. These activities contribute to increased pollution and thus a negative climate impact. To reduce our environmental impact from these activities, we work preventively with training of our employees together with clear and documented routines in our internal guidelines.

Calculations of environmental impact can take place in many different ways. Within the Hedin Bil Group, we have chosen to use the environmental indicator climate impact, which describes the impact of so-called greenhouse gases on the earth's climate in kilograms of carbon dioxide equivalents, kg CO<sub>2</sub>-eq.

Our focus is currently on the areas described in this sustainability report."





”

*In recent years, we have actively pursued projects and activities in the areas of energy and waste material recycling. In these areas, we have already managed to significantly improve our environmental performance in a short period of time, but we also see in the long term that we have a great continued potential to improve further.*

**Conny Hansson, Quality & Sustainability Manager Hedin Group**

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# ENERGY USE

## - ENERGY EFFICIENCY IMPROVEMENTS

Hedin Bil's energy use is one of our most significant environmental aspects. Energy efficiency improvements are therefore an area where we have actively chosen to conduct activities to reduce our environmental impact.

We continuously measure and monitor our total consumption of electricity, district heating and cooling as well as that of gas and oil. At the end of 2016, we started an energy efficiency program with the goal of reducing our energy costs, but also to contribute to an improved indoor climate, reduced external environmental impact and competence development of our staff.

At our dealerships, the most significant energy users are heating, lighting, ventilation, base load and cooling. As the proportion of electric vehicles (EV) continues to increase, we also see that our energy efficiency contributes to freeing up electricity capacity locally for charging these vehicles.

## GOALS

The goal is to reduce our total energy consumption kWh / m<sup>2</sup> by 3% annually.

## RESULTS

- Energy consumption kWh / m<sup>2</sup> decreased by 1.6% compared with 2019.
- The share of electricity from renewable energy sources decreased slightly from 92.3% to 91.2%.
- Climate impact CO<sub>2</sub>-eq / m<sup>2</sup> decreased by 2.7% compared with 2019.
- Our total energy use means a reduction in climate impact by 771.7 ton of CO<sub>2</sub>-eq compared with 2019.
- Installation of an additional 300 charging points around our dealerships.

Project Energy cooperation - results in brief

- 49 active energy collaborations.
- Heat savings (cf. base year): 6 007.8 MWh
- Electricity savings (cf. base year): 3,269.5 MWh
- Saving district cooling (cf. base year): 378.6 MWh

## ANALYSIS

The savings within the framework of each energy collaboration (dealership) are calculated through the difference between current consumption per month and consumption during the base year. The base year is the next previous 12 months from the start of the energy collaboration. We can note that the facilities that were active in 2020 continue to generate savings (cf. base years). General measures that have contributed to the results regarding ventilation are adaptation of operating times according to current operating times, adjusted supply air temperatures, adapted flows as required, adjusted start / stop temperatures for night heating and night cooling. Corresponding measures concerning heat include adjusted flow curves (temperature) for heating systems, changed pump stops for e.g., ground heating and adapted indoor temperature (reduced overtemperatures).

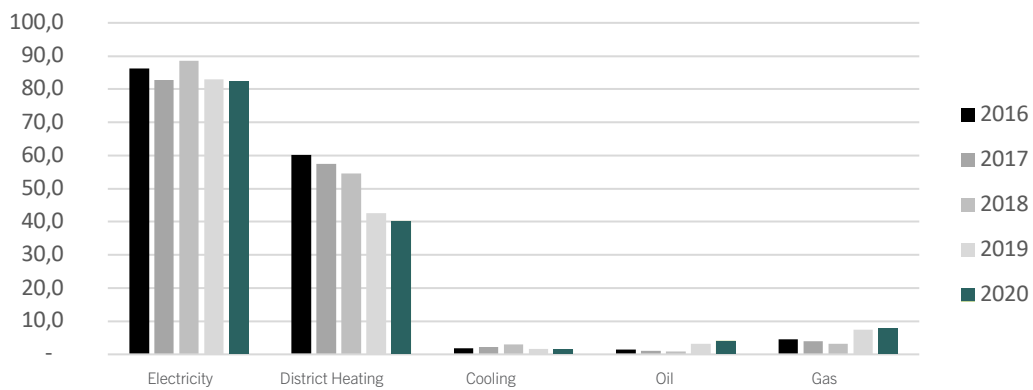
The district heating mix varies locally and therefore we have chosen to use the average value of approximately 30% fossil and 70% renewable when calculating our climate impact. In addition to district heating, gas and oil are also used as heating sources, mainly at our facilities in Belgium and Switzerland.



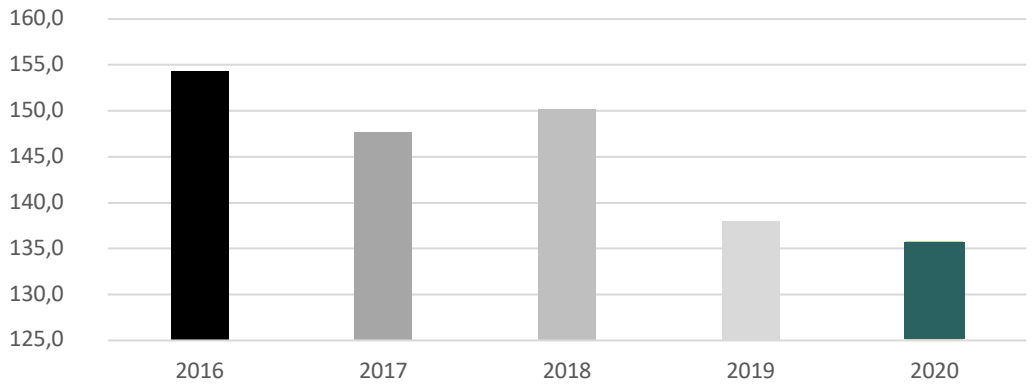
Our reduced climate impact is mainly due to the fact that since the second half of 2019, we have exclusively purchased electricity from renewable energy sources for our operations in Sweden and Norway. This has resulted in reduced pollution and reduced negative climate impact. The remaining share refers to electricity produced according to Western European means, which is mainly a mixture of nuclear power and fossil-fired cogeneration and thermal power.

We can also see an increased need for electric charging of vehicles, which has resulted in us installing a large number of charging points around our facilities during the year. The increased charge in turn affects our total electricity consumption, which during the year only decreased by 0.3% on average. For 2020, we have not had the opportunity to report this consumption separately.

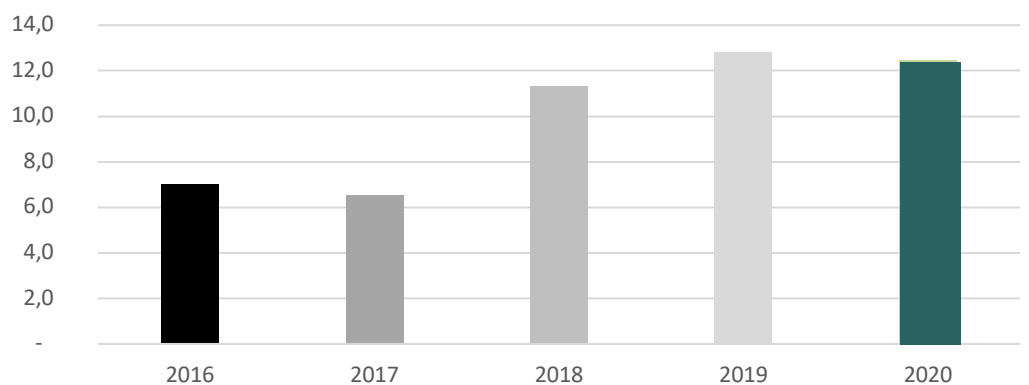
### ENERGY CONSUMPTION kWh / m2



### ENERGY CONSUMPTION kWh / m2



### ENERGY CONSUMPTION - CLIMATE IMPACT CO2-eq / m2



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# TRANSPORTS

## - SALES OF NEW VEHICLES / ELECTRIC VEHICLES (EV)

From a vehicle's life cycle perspective, we as dealers are dependent on the car brands we sell developing and producing more models in, for example, the electric vehicle (EV) segment. What we as retailers can influence is how we choose to present the model range to our customers. Through our knowledge of the new technology and the car manufacturer's model range, we can to some extent influence our customers to choose, for example, an electric vehicle (EV) alternative in connection with their car purchase.

### GOAL

Passenger cars - Higher share of new Electric Vehicles (EV), such as Battery Electric Vehicles (BEV), Plug-in Hybrid Electric Vehicles (PHEV), and Hybrid Electric Vehicles (HEV), sold in relation to each country's total share of Electric Vehicles (EV) sold.

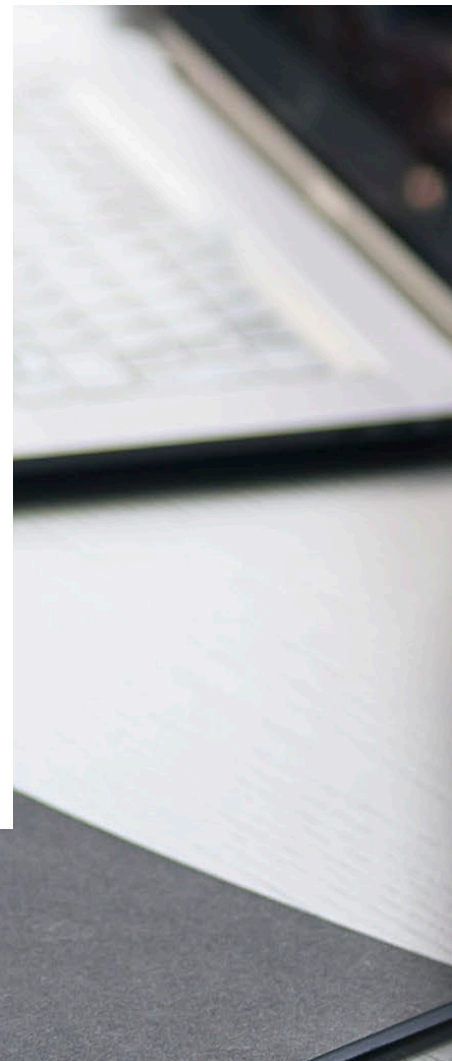
### RESULTS

- National average of new EV sold in Sweden: 32.2%.  
Our total sales of new EV amounted to 43.2%.
- National average of new EV sold in Norway: 83.4%.  
Our total sales of new EV amounted to 92.2%.
- National average of new EV sold in Belgium: 19.7%.  
Our total sales of new EV amounted to 26.7%.
- National average of new EV sold in Switzerland: 14.3%.  
Our total sales of new EV amounted to 15.7%.
- Our total share of sales of EV for the car brands that offered EV in their range increased to 52.8%, which is an increase of as much as 49.2%.
- Our total share of sales of EV incl. passenger cars, commercial vehicles and trucks for all brands, including brands that do not have an EV alternative, amounted to 40.6%, which is an increase of as much as 63.5%.

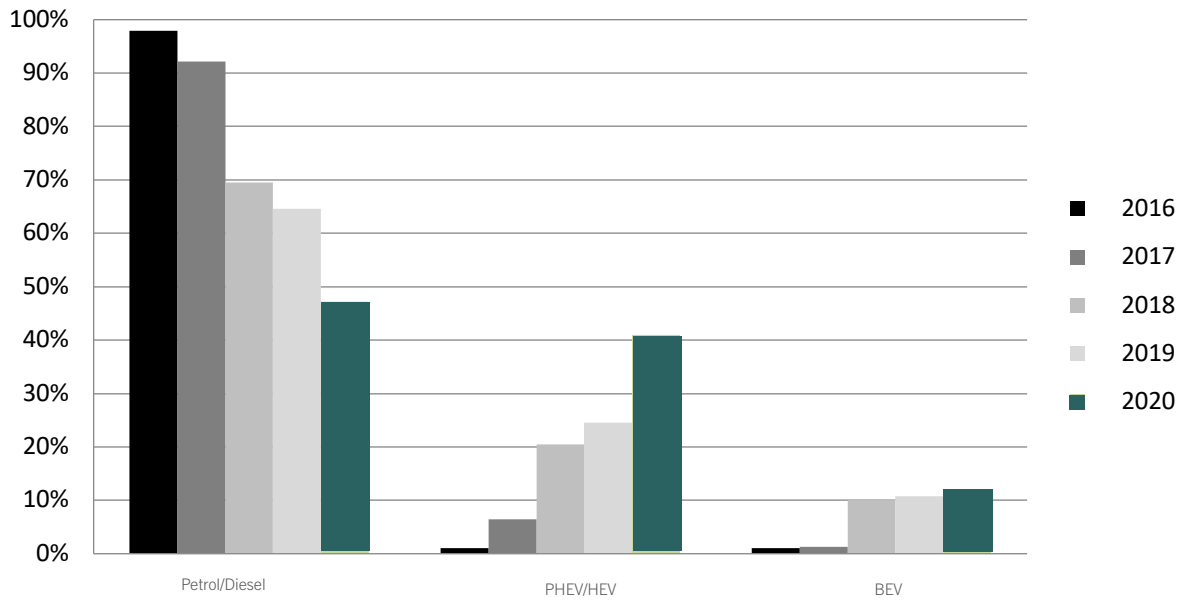
### ANALYSIS

The development in the automotive industry regarding rechargeable cars took off at the end of 2013 and has since steadily increased to break a new record in 2020 in the proportion of EV of the total new car registration. During the year, we were therefore able to offer our customers a large range of EV. With 15 BEV from 10 different manufacturers and more than 50 EV models from 15 car brands, we were one of the largest dealers of EV of 2020.

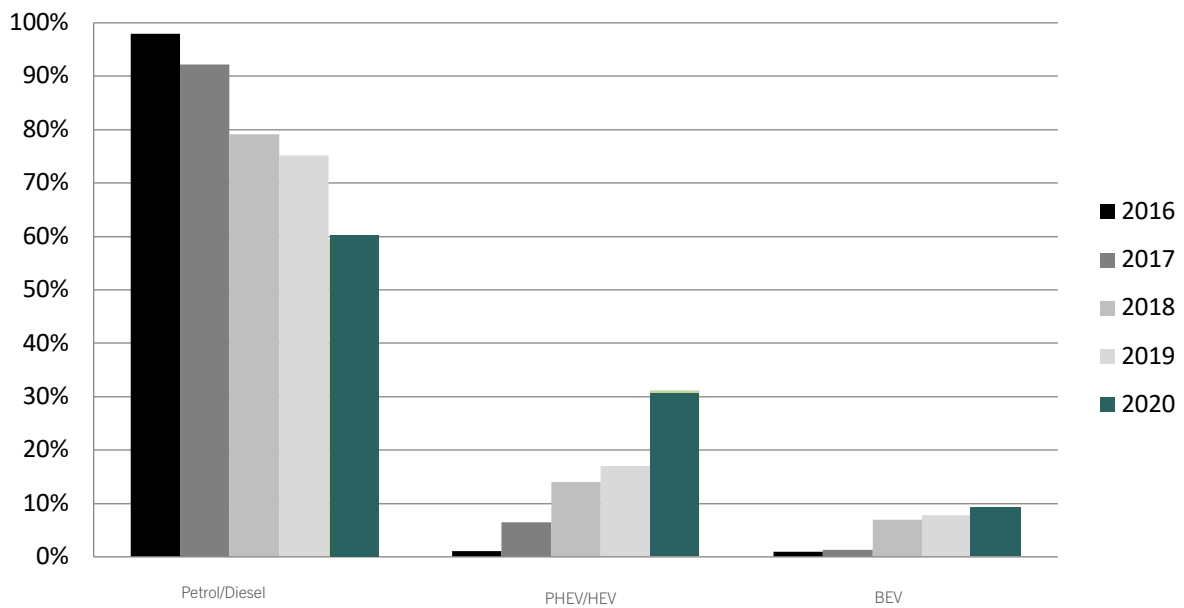
There is still a noticeable difference in the proportion of EV sold in Norway compared to Sweden and not least Belgium and Switzerland. A major reason why our sales of EV increased significantly in 2020 is that the model range was significantly larger. At the same time, we see that customers today are much more aware of their choice of products, and not least its climate impact. In combination with expanded infrastructure for charging and the new tax and emission regulations, this contributes to a greater interest from our customers to replace their existing petrol / diesel vehicles with a rechargeable alternative.



**NEW PASSENGER CAR SALES - Car brands offered electrical vehicles (EV) in their range**



**NEW VEHICLE SALES - All car brands incl. passenger cars, commercial vehicles, trucks**



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# TRANSPORTS

## - ADMINISTRATIVE TRAVELS

Our travel increases pollution and contributes to a negative climate impact. Our travel policy applies to all travel made in the service within the I.A. Hedin Bil Group. Cost-conscious and efficient travel is a necessity and proof that the business works actively to reduce costs and burden on the environment.

### GOAL

Reduce our climate impact ton of CO<sub>2</sub>-eq from business travel compared with the previous year.

### RESULTS

- Our total climate impact from business trips incl. company cars (customer test drives) reported in kg CO<sub>2</sub>-eq / m<sup>2</sup> decreased by 11.3%.
- Our total climate impact from business trips incl. test runs amounted to 1,737.6 ton of CO<sub>2</sub>-eq, which is a decrease of 6.6%.
- Climate impact kg CO<sub>2</sub>-eq / m<sup>2</sup>: Air travel decreased by 88.1%
- Company Cars / Business trips by car increased by 4.3%
- Trains decreased by 73.4%
- The average fuel consumption per mile for company cars decreased by 13.9%.

### ANALYSIS

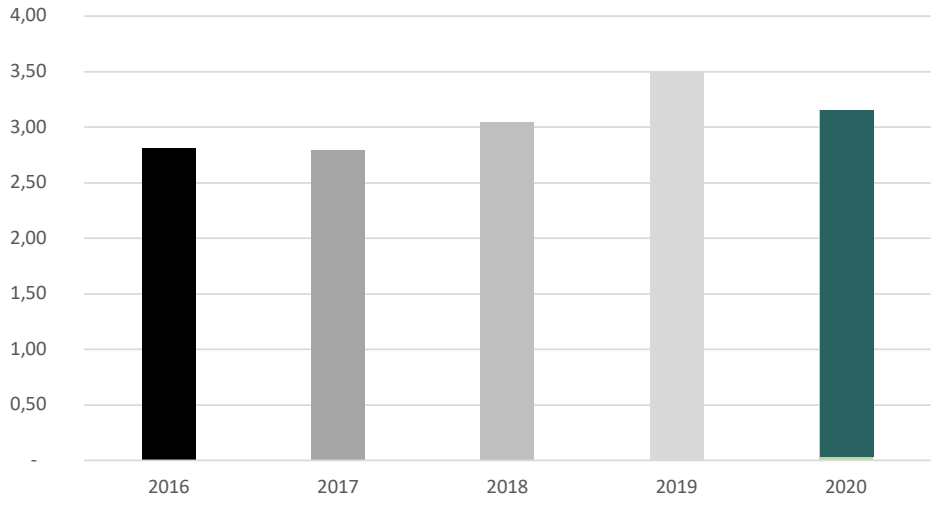
Our travel policy states the principles that apply when choosing means of transport for business trips. Company cars are mainly used by customers for test drives and for a small proportion of business trips. Test driving of cars is a crucial part of our business and the opportunity to influence energy use is linked to the type of car, driving style and fuel, which is governed by customers' needs and our car manufacturers' requirements for us as dealers of their respective car brand.

Our business trips in 2020 have mainly taken place by car and plane, as well as a small proportion of train travel. The year was dominated by the pandemic. This has in many ways contributed to a significant reduction in our business trips by air, especially during the period from the fourth quarter when the majority of business trips by air largely ceased altogether with a few exceptions. The fact that

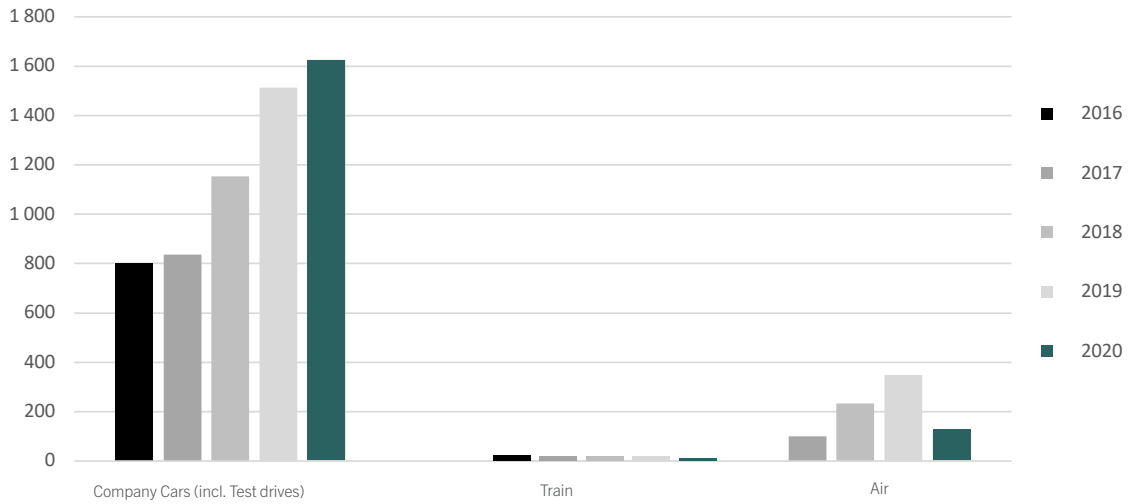
the climate impact from business trips by car / test drive increased compared with the previous year, despite reduced fuel consumption per mile by 13.9%, is partly due to the average number of business miles increasing by 8.5% and partly because the proportion of petrol-powered vehicles continues to increase in relation to the diesel-powered alternatives. The distribution of purchased petrol was 58.3% (55.7%) against 41.7% (44.3%) diesel. In parentheses, the distribution is stated in 2019. The explanation for the increased climate impact is that the diesel engine has a higher efficiency and about 25% lower greenhouse gas emissions compared to a petrol car. Furthermore, diesel has a significantly higher share of renewable content (approx. 20%) compared with petrol, which only has a green share of approx. 5%.



**BUSINESS TRIPS - CLIMATE IMPACT kg CO2-eq / m2**



**BUSINESS TRIPS - CLIMATE IMPACT ton CO2-eq**



Schneider  
Electric

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# WASTE

## - MATERIAL RECYCLING

Material recycling combines profitability with environmental benefits. By reusing materials and letting them live on in new products, a recycling is created that is of great benefit. Efficient material recycling means reduced costs for us and society as a whole. In addition, the recycling of materials contributes to reduce the climate impact. Our business generates large volumes of waste, which contributes to a negative impact on the environment in cases where the waste cannot be recycled.

## GOAL

Our goal is to achieve an average material recycling of 70%.

## RESULTS

- 69.1% material recycling is a marginal improvement (0.3%) compared to 2019.
- The proportion of material recycling corresponds to a reduced climate impact by 2,661.9 ton of CO<sub>2</sub>-eq.

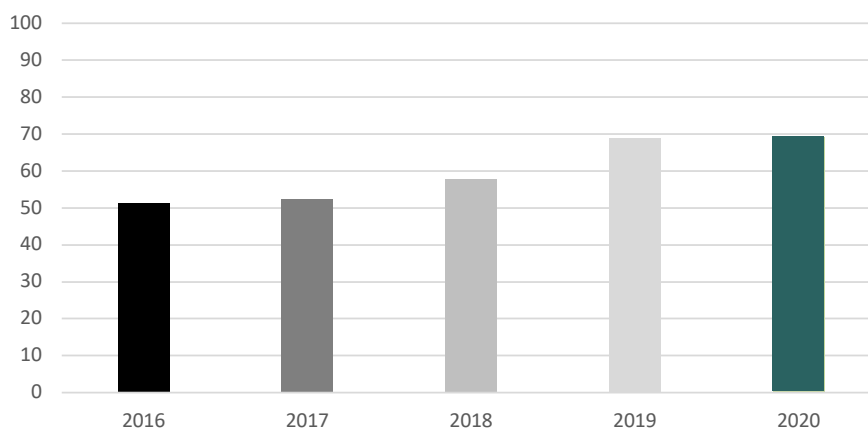
## ANALYSIS

The performance of our dealerships is monitored on an ongoing basis with a focus on facility-specific information such as statistics on waste types collected, including transports and volumes. By reducing the number of partners in waste management, we also create good conditions for enforcing improvement measures in respective market.

During the year, we had limited opportunities to work on site with local improvements due to Covid-19. During the year, we centrally analyzed

Hedin Bil's waste streams to identify possible improvements. General shortcomings identified for the dealerships that do not perform in line with our goal are above all that there was a lack of opportunities to sort waste fractions efficiently. Concrete examples are the lack of vessels and containers for certain significant waste fractions, incorrectly dimensioned bins and containers as well as a lack of labeling of what is to be sorted out in the bins and containers in question. We have also identified waste fractions which in part have been incorrectly classified and thus affected the proportion of recycled waste locally.

**MATERIAL RECYCLING %**







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# PURCHASE OF PRODUCTS AND SERVICES / SUPPLIER CHAIN

## - STRATEGIC PURCHASES

Strategic category-driven purchasing works with procurement and supplier development in product areas such as accessories, property management, mechanical equipment, services, direct and indirect materials. Together with strategically selected suppliers, we work with the entire supply chain to achieve our KPIs with the least possible impact on health and the environment. The long-term collaboration with selected suppliers is central to meeting the requirements set by the Group and the outside world.

## GOAL

The goal for the year has been to nominate suppliers in all procurements within defined categories based on a sustainability perspective grounded in health and environment, personnel and work environment, code of conduct and industry-specific standards for the same.

## RESULTS

With the task of developing the procurement process based on category-driven purchasing, the department has defined savings and quality goals within each area. During the year, the focus has been on property management and new construction and procurements where supplier assessments are updated with industry-specific requirements.

- An extended supplier assessment with specific requirements has been sent out to suppliers in property management, workshop operations and cleaning services.
- In this year's focus areas, the number of suppliers who did not meet the set supplier requirements was phased out and the number of environmentally certified suppliers increased by 58%.
- Contractual fidelity has increased and is 57-98% for elaborated categories
- KPIs for 2021 have been defined as new system support provides the opportunity for clearer follow-up

## ANALYSIS

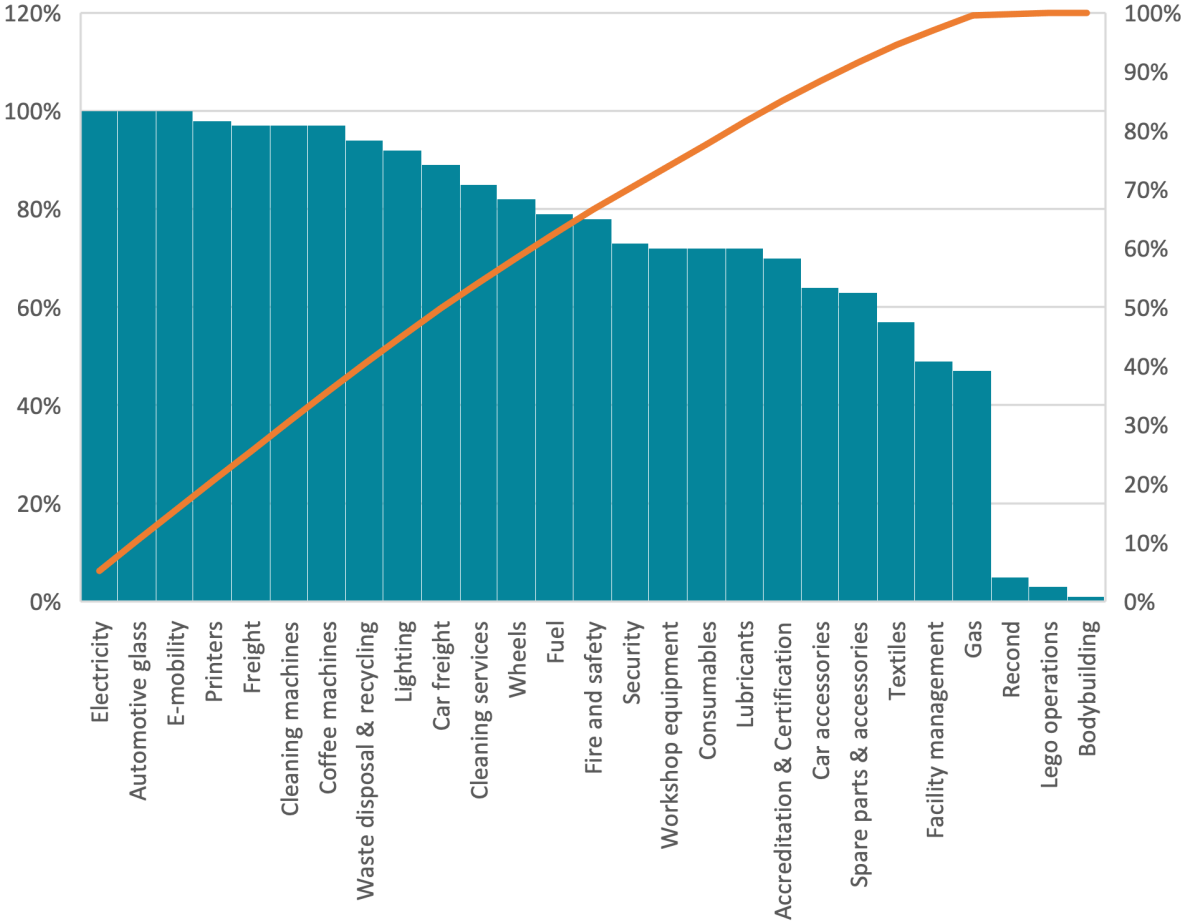
In combination with set sustainability requirements, the savings targets in each procurement have also been reached or exceeded the forecast by 10-15%.

During the year, improvement work was started that will result in a digitized and streamlined purchasing process. The project will be implemented in 2021. Digitization in purchasing reduces internal administration, provides increased transparency regarding evaluation and follow-up of suppliers, agreements, KPIs and savings for the Group.

In order to achieve the best possible synergy, most of the companies in the Group must be incorporated into a common analysis tool.

Analysis and procurement in categories such as recon, superstructure and external work are planned for 2021.

# CONTRACT COMPLIANCE 2020



# 06.

## SOCIAL CONDITIONS

- COMMUNITY COMMITMENT / LABOR MARKET INITIATIVES

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**An important area for us at Hedin Bil is that we help young people into the labor market through active and continuous collaborative efforts to ensure jobs and skills relevant to the market.**

Just over a third of our local workshops, primarily in Sweden and Norway, are actively involved in various types of collaborations with automotive engineering colleges or vocational schools. The activities cover everything from participation in various types of labor market days, seminars, lectures and meetings with high school students and their parents as well as teachers and student counsellors before career choices.

The activities cover everything from participation in various types of labor market days, seminars, lectures and meetings with high school students and their parents as well as teachers and student counsellors before career choices, to other active engagements such as participation in steering groups in vocational education with the aim of influencing education content, modern theoretical and practical professional knowledge, technical equipment and teacher competence.

Vocational schools often have students from areas with high potential, i.e., where there is high unemployment today or where they are outside the regular labor market for various reasons.

Therefore, even small and local initiatives from us as employers, by, for example, offering a network of contacts and opportunities for internships can make a big difference and become a bridge to the labor market.

Internships and LIA (Learning at work) are included as a central part of the vehicle educations. LIA gives students the opportunity to deepen and apply the theoretical and practical knowledge that the student has acquired during the study period and provides important insights into their future professional role. Furthermore, it provides insight into what a vehicle technician's everyday life looks like and what conditions you have to adapt to. LIA is a natural way to bring new and well-trained employees into the business, as well as a channel for future employment.

For us as a company, we see the benefit of the students adding to the business some of the latest findings in technology and the industry and can in some cases develop the company's own staff skills. Supervising a student often leads to development of our supervisors as well. Instructing the student can help the supervisor to see their own professional role in a new way and reflect on established routines and working methods in the workplace.

## GOAL

The goal is to receive interns and LIA students in automotive technology in a number corresponding to 10% of the number of active automotive technicians during each calendar year.

## RESULTS

- Number of trainees and internships in car repair (technicians) during the year: 114
- Number of trainees and internships converted to employment: 17
- Total number of recruited technicians during the year: 95

## ANALYSIS

Of this year's total of newly recruited vehicle technicians, approximately 18% have been employed after their internship via their LIA. The LIA is a very important recruitment channel for the company and the LIA is a success factor in our recruitment practice.

	2020	2019
Number of trainees and internships in car repair (technicians)	114	150
Number of trainees and internships converted to employment	17	38
Total number of recruited technicians during the year	95	128

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# SOCIAL CONDITIONS

## - COOPERATION WITH PARTNERS AND STAKEHOLDERS

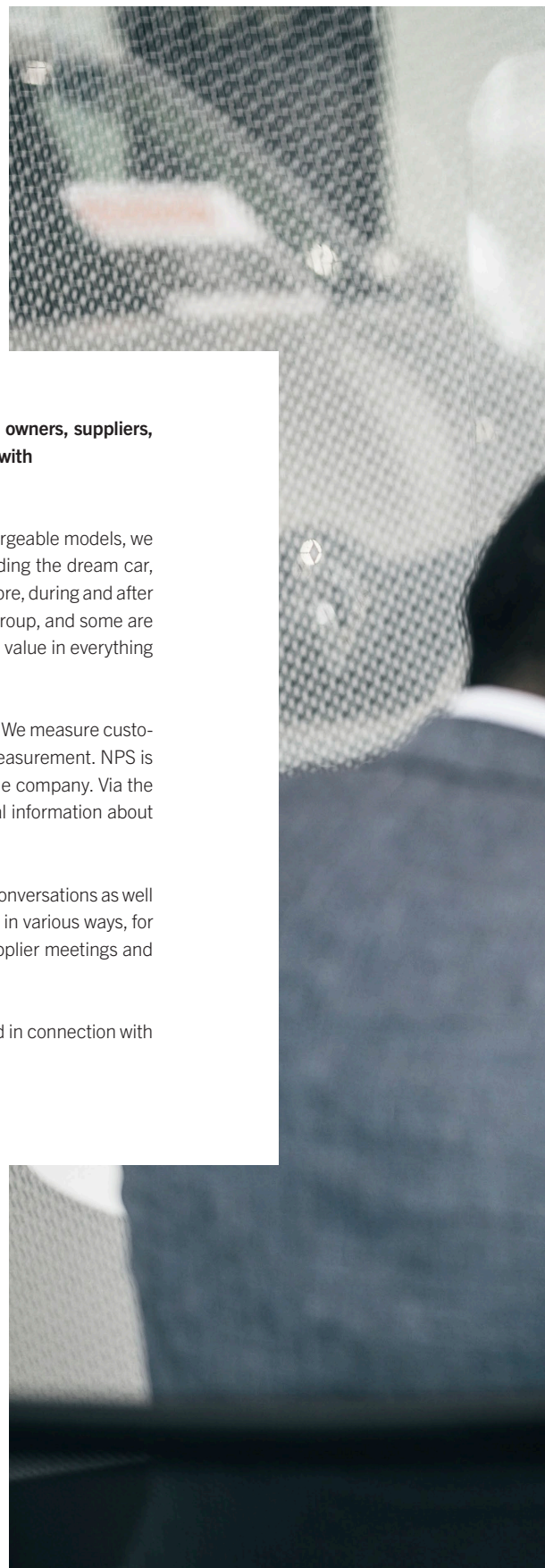
**In addition to our customers, Hedin Bil's most important stakeholders are our employees, owners, suppliers, general agents, municipalities and authorities. We always have an open and close dialogue with all our stakeholders.**

Hedin Bil is a complete supplier. As a dealer with over 30 car brands and a range of 50 rechargeable models, we have something for everyone. We help our customers with the entire car purchase, from finding the dream car, paying for it and then taking care of it. To offer our customers a simple life with the car, both before, during and after the purchase, we work together with a number of partners. Some are companies within our group, and some are companies we have long collaborations with. Together, we strive to give our customers added value in everything from big to small.

Dialogue with our customers takes place primarily locally at our facilities and via social media. We measure customer loyalty on both Car Sales and Workshop Visits via our own NPS (Net Promoter Score) measurement. NPS is a measure that predicts how likely it is that a customer will buy again or tell a friend about the company. Via the survey, the customer is also given the opportunity to comment and provide us with additional information about their most recent visit to us.

Collaboration with our employees takes place primarily through daily dialogue and employee conversations as well as union collaboration. When it comes to collaboration with other stakeholders, it takes place in various ways, for example through dialogue with our owners and through board meetings, through regular supplier meetings and participation in training and education.

Collaboration with authorities takes place mainly through consultations in individual cases and in connection with inspections that take place at our facilities,





# 07. STAFF

- EFFORTS FOR THE INCREASE OF COMPETENCE

As vehicle technicians' competence and development are an important part of our success and future, training hours are registered per employed vehicle technician. The index shows how much access our technicians have to further training and skills development in number of hours, compared with the total number of working hours. The index shows both short and flexible efforts in the form of digital distance courses as longer training efforts.

## GOAL

The goal is for all our technicians to have access to skills-enhancing efforts of at least 2.5% of the total working hours per year.

## RESULTS

- For 2020, we have reached a training index of 1.09%

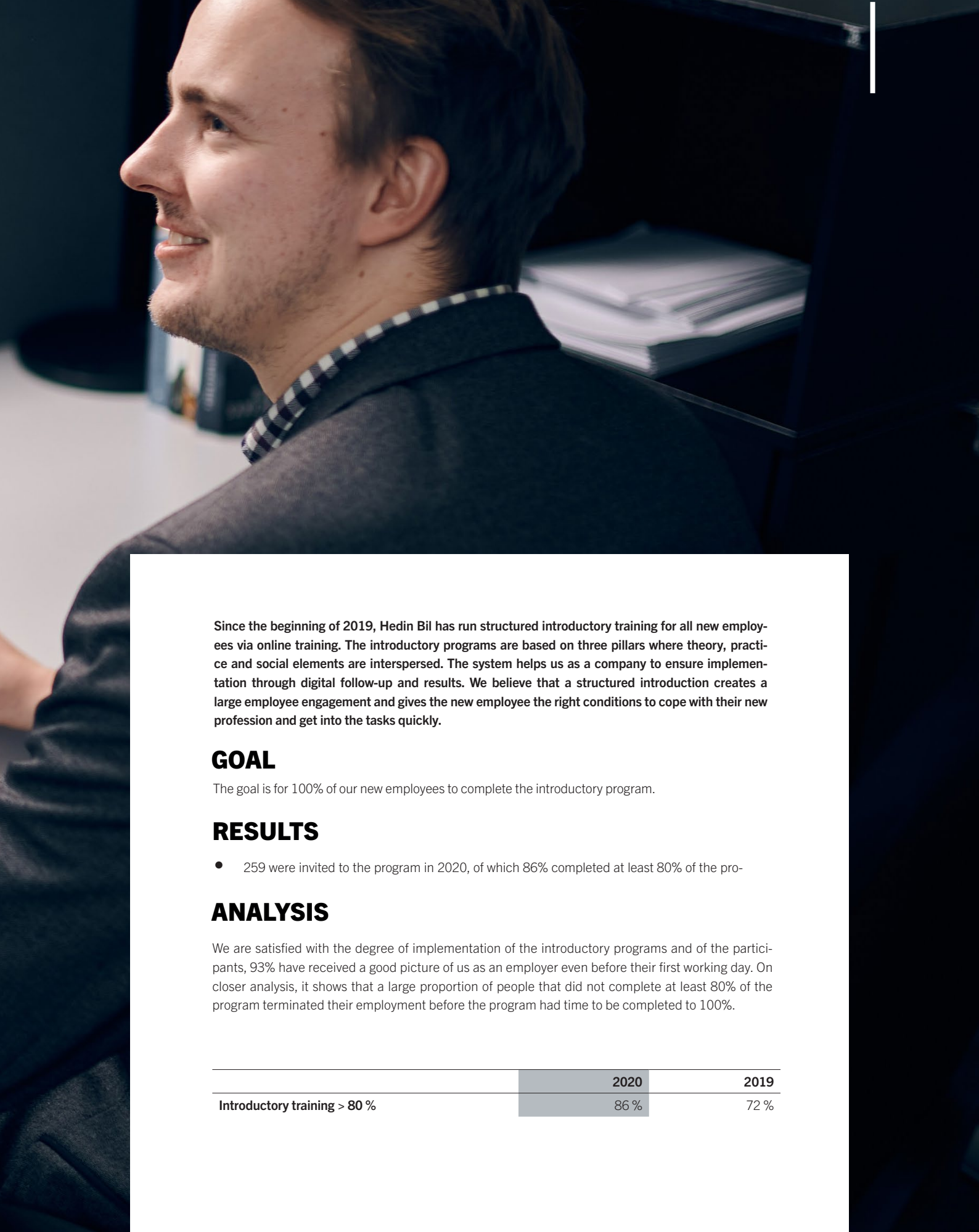
## ANALYSIS

The Covid-19 crisis has resulted in a significant reduction in the training index for 2020, which can be explained by the fact that many educations, and physical meetups were canceled during the corona pandemic. Instead, we have seen an increase in online learning in various forms. In addition, employees have been encouraged to use the time freed up through

short-term work for skills-enhancing initiatives. Some challenges with online training have been to create the conditions for adequate digital competence, computer equipment and internal access to complete training online. But also, the difficulty of delivering traditionally practical and work-based learning online.

Training index (technicians)	2020	2019	2018	2017
	1,09 %	3,13 %	23,25 %	3,07 %





Since the beginning of 2019, Hedin Bil has run structured introductory training for all new employees via online training. The introductory programs are based on three pillars where theory, practice and social elements are interspersed. The system helps us as a company to ensure implementation through digital follow-up and results. We believe that a structured introduction creates a large employee engagement and gives the new employee the right conditions to cope with their new profession and get into the tasks quickly.

## GOAL

The goal is for 100% of our new employees to complete the introductory program.

## RESULTS

- 259 were invited to the program in 2020, of which 86% completed at least 80% of the pro-

## ANALYSIS

We are satisfied with the degree of implementation of the introductory programs and of the participants, 93% have received a good picture of us as an employer even before their first working day. On closer analysis, it shows that a large proportion of people that did not complete at least 80% of the program terminated their employment before the program had time to be completed to 100%.

	2020	2019
Introductory training > 80 %	86 %	72 %

# STAFF

## - STAFF TURNOVER

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Replacing a workforce all too often puts a strain on the organization and entails costs in the form of replacement recruitment, training and loss of skills, which in turn leads to poorer quality and customer satisfaction. Measuring staff turnover and, above all, staff turnover at high performers and keeping the outflow of top and key competence down is a success factor.

### GOAL

Vad som anses som normal personalomsättning varierar, men inom branschen och koncernen anser vi att 12% andel personal som lämnar verksamheten är en ideal målsättning.

### RESULTS

- Staff turnover in 2020, including redundancies due to the corona crisis, age resignations and other discharges, was reached at 17.3%.
- Excluding resignations initiated by us as an employer due to the economic impact of the corona-crisis and the acute cost savings that the company was forced to implement, staff turnover was achieved to only 9.8%"

### ANALYSIS

The fact that staff turnover has decreased so remarkably in 2020 is probably due to the fact that conditions in the labor market changed sharply, which created a concern initially. At the same time, the company has made efforts for the well-being of its staff. Even in uncertain times, it can be extra important for the employer to show proof of commitment, sensitivity and willingness to cooperate. In 2020, for example, we introduced an employee survey in several of our operations and ensured that all employees had at least one employee interview.

	2020	2019	2018	2017
Personalomsättning	17,30 %	25,60 %	24,33 %	29,52 %

# STAFF

## - HEALTH & SAFETY

The company works actively to enable employees to combine private life and working life, and we have developed routines for working proactively for increased health attendance and reduced sick leave. Follow-up of absence statistics is followed up at the individual level and managers have access to tools for activating rehabilitation measures.

### GOAL

The company has a goal of a total maximum sick leave of 3%.

### RESULTAT

- Total 4.82%

### ANALYS

The total sick leave during the year is far higher than the set goal.

Statistics on sickness rates show that women have a higher sickness absence in % compared to men. However, the difference for 2020 is marginal by 0.3 percentage points compared with 2019 and 2018, when the difference was 1.37% and 1.98 percentage points, respectively.

To some extent, we can conclude that the Covid-19 pandemic has affected results as men's sickness rates have increased while women's have remained relatively stable.

Year	2020			2019		
Gender	Women	Men	Total	Women	Men	Total
Sick leave % Total	5,10 %	4,79%	<b>4,82 %</b>	4,62 %	3,25%	<b>3,42 %</b>

Year	2018			2017		
Gender	Women	Men	Total	Women	Men	Total
Sick leave % Total	5,59 %	3,61 %	<b>3,84 %</b>	6,43 %	3,59%	<b>3,87 %</b>

# STAFF

- HEALTH & SAFETY

In order for I.A. Hedin Bil to be a safe and secure workplace, it is important to quickly rectify errors and shortcomings in the work environment, but also to take advantage of constructive suggestions on how the company can be developed and improved as a workplace. To ensure our systematic work environment efforts, we work with clear and documented routines in our internal guidelines. There are also special safety routines for tasks that are risky and work that include chemical products.

## GOAL

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## RESULTS

- Incidents (near misses): 79
- Serious incidents (near misses): 28
- Workplace accidents: 61

## ANALYSIS

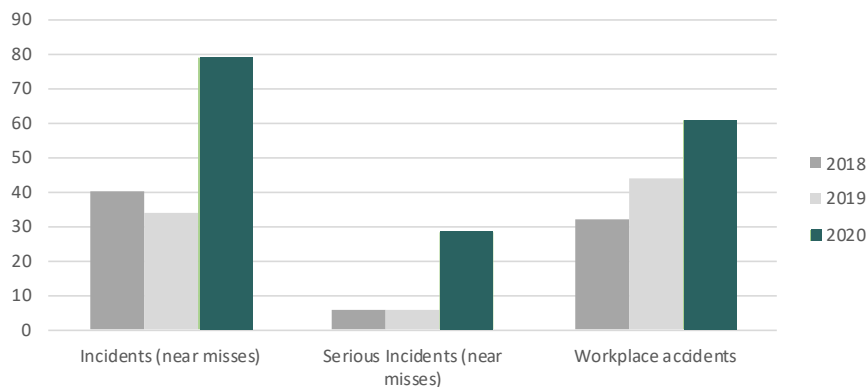
Many work groups with us are exposed to physical risks in their daily work. Within the workshops, there are many mechanical and risky elements, which can involve a risk of crushing injuries, straining injuries, vibration injuries or injuries when working with electric vehicles / high currents. We also work with a large number of chemicals in our workshops, which in some cases require properly used protective equipment. Within our car sales and our customer reception workshop, there may be threatening and violent situations as well as periodically high workloads.

We are seeing an increase in reported incidents, but we can nevertheless state that the reported incidents and workplace accidents are still far too few in relation to the number of dealerships and employees.

During the year, reported cases generally included individual accidents that resulted in minor cuts and crush injuries, injuries due to that incorrect equipment has been used as well as slipping and tripping accidents.

A challenge in our systematic work environment efforts is to increase the willingness of our local dealerships to register incidents and work-related injuries. All our employees have an obligation to report shortcomings, incidents and accidents. The majority of our employees have access to our web-based case management system where, in addition to reporting incidents, we also have access to support in analyzing and following up incidents that have occurred, which helps us to conduct preventive work regarding the work environment throughout the business. We continuously inform managers and staff on the importance of this.

## INCIDENTS & WORKPLACE ACCIDENTS



# STAFF

## - GENDER EQUALITY AND DIVERSITY

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

### GOAL

As we operate in a male-dominated industry, we have not set a numerical target for men vs women, but the starting point is that we will work to attract more people from the under-dominated gender to the industry. Instead, we have goals such as that you as an employee with us should have the opportunity to combine work, career, parenting and leisure time.

The goal is for the company to have a relatively even distribution over the age groups.

### RESULTS

- In the professional roles in the core business, there is a significant uneven gender distribution, where men are overrepresented by > 81%. In managerial roles, men are overrepresented by > 90%. Regarding central support functions and managerial roles within support functions, we see a more even gender distribution.
- The company has a marginally larger staff in the ages 30 - 39 years, but otherwise an even distribution across different age categories.

### ANALYSIS

Vocational roles in the workshops are traditionally male-dominated and trained technicians from vocational schools are > 95% men. In terms of salespeople and managerial roles, we see no reason why the goal should be to attract more women to the industry.

The company has achieved its goal of conducting goal-oriented work to actively promote equal rights and opportunities regardless of age. The company works actively to combat age discrimination and works

actively to attract, motivate and retain staff from different generations.

Year	2020		2019		2018		2017	
	Men	Women	Men	Women	Men	Women	Men	Women
Dealerships	87,2%	12,8%	88,4%	11,6%	88,3%	11,7%	89,4%	10,6%
Age distribution								
> 20		27,4%		31,4%		31,6%		28,6%
30-39		28,1%		28,2%		26,5%		25,6%
40-49		18,8%		17,6%		18,2%		19,8%
50-59		15,1%		14,8%		15,4%		16,6%
> 60		10,7%		8,0%		8,3%		9,5%

Year	2020		2019		2018		2017	
	Men	Women	Men	Women	Men	Women	Men	Women
MANAGEMENT	91,5%	8,5%	88,0%	12,0%	87,2%	12,8%	88,3%	11,7%
CORPORATE FUNCTIONS	57,5%	42,5%	45,3%	54,7%	38,4%	61,6%	47,2%	52,8%
GROUP MANAGEMENT	74,0%	16,0%	71,1%	28,9%	66,4%	33,6%	70,9%	29,1%

# STAFF

## - EMPLOYEE SATISFACTION

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In parts of the group, an annual cultural inventory is carried out via an employee survey where we have received help from Great Place to Work. The cultural measurement is not only the basis for how we relate to each other, but also permeates the work towards our customers.

### GOAL

The goal is of course that our employees should be 100% satisfied with us as an employer, even if that goal is highly ambitious.

### RESULTS

- In the operations where the survey was carried out, the employees were on average 81% satisfied.

### ANALYSIS

It is clear in the outcome of the survey that a high level of pride in the brand permeates the organization, and that employees experience and appreciate the culture of freedom under responsibility that management and employees have built up together. Strong camaraderie and a fair culture are also other factors that were highly valued. As a company, we are satisfied with the results and will continue with the efforts in coaching employees and leaders.

# STAFF

- HUMAN RIGHTS

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## HUMAN RIGHTS

**We support and respect internationally proclaimed human rights. We ensure that we are not involved in human rights violations. As far as applicable laws allow all employees is free to form and to be a member, or not to be a member, of trade unions or similar external workers' organizations, and to negotiate collectively. Employees are treated with respect and dignity. Physical, mental, sexual, verbal or other illegal harassment and any form of threat or intimidation is prohibited.**

Our Code of Conduct describes our basic values of how the business is conducted. Our approach is important for our business and gives our employees the guidelines in the challenges they face at work. Our commitment is to, without compromise, act with ethics in all situations. This is crucial for the success of our business as, thanks to our good ethics, we have gained the trust and confidence of customers, suppliers and financiers.

## DISCRIMINATION AND SEXUAL HARASSMENTS

**We will offer a workplace where everyone meets each other with respect. We condemn all forms of sexual harassment and do not tolerate such practices. In our organization, we also do not tolerate any form of discrimination. It is not in accordance with our values to treat anyone differently for any irrelevant reason. Everyone with us is judged on how they perform their tasks and nothing else.**

The HR department investigates and examines each case of individual complaints about human rights violations, violations and harassment. The company actively cooperates with and is audited by local trade union bodies in any and all forms of violations of human rights.

We are mainly resellers of our products and see no direct risks in the area as we work with established suppliers and car manufacturers. The few risks we can identify are linked to our suppliers' subcontractors, insofar as they are contracted, as well as locally contracted suppliers and their subcontractors, primarily in the construction and contracting service area. We do not have full transparency there. It is primarily risks related to health and safety that we see as possible risk factors when subcontractors are hired. To minimize these risks, we work with strategic purchasing to increase the proportion of Group-wide suppliers in accessories, services as well as direct and indirect materials. Through the work, we ensure an increased proportion of qualified and approved suppliers and that our code of conduct is signed and accepted by the supplier.

## RESULTS

**During the year, we did not become aware of any case that resulted in any investigation within this area.**





# 08. ANTI-CORRUPTION

**We are required to comply with applicable law when conducting our business, at the same time each of our employees is expected to have a basic knowledge of the laws that govern us and the business we conduct.**

## **BRIBES**

Hedin Bil operates in Sweden, Norway, Belgium and Switzerland. We follow current bribery legislation and national code on gifts, rewards and other benefits within the industry. No form of extortion, bribes or payments that may affect decisions are accepted. Gifts to staff are applied restrictively and only on special occasions. The company does not give gifts to customers or partners. External representation must occur as little as possible and be approved in advance by the responsible manager. External representation is aimed at people who are not employed by the company and as visitors / guests take part in Hedin Bil's hospitality in the form of meals, company 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**

I.A. Hedin Bil does not accept embezzlement or fraud in any form. Fraud means, among other things, that an employee misleads the company or abuses the company's trust through actions that involve their own financial gain. Identified cases of fraud, 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.

## **CONFLICT OF INTEREST**

I.A. Hedin Bil's code of conduct clearly stipulates that we comply with current legislation when conducting our business. The Code of Conduct contains a section on conflicts of interest, the purpose of which is for each employee to maintain the Group's ethical standards. Every employee should avoid situations where conflicts of interest may arise. It is not possible to list all situations where conflicts of interest may arise, but below states potential situations that should be avoided:

- Business activities outside the company such as employment or competing activities
- Act as an intermediary when selling goods or services from Hedin Bil to third parties
- Use of inside information or other confidential information for personal gain
- Employment of close relatives

## **RESULTS**

Our whistleblower function enables all employees within the entire Hedin Group, I.A. Hedin Bil AB included, to be able to report suspicions of serious irregularities and misconduct at our workplaces or in our organization.

During the year, no incidents were reported in connection with irregularities or misconduct within our organization.

# OUTLOOK

**When we have now summarized our sustainability work for 2020, we can state that the year was largely marked by the ongoing world pandemic with Covid-19. We therefore realize that our ambition for the year does not really reflect our outcome, but that in the coming years we have a great opportunity to make further improvements for a positive development.**

**In this outlook, we will address what we as a group have on the agenda in the future in terms of sustainability, sustainable business and a sustainable workplace.**

- We will continue our successful energy efficiency project with operational efficiencies and other profitable measures that contribute to reducing energy costs and energy use at our dealerships.
- Our work to optimize and increase the proportion of recycled waste continues, but also our focus on reviewing and optimizing transport flows. We see great potential in streamlining these transports.
- The industry predicts a continued increase in sales of electrical vehicles (EV) and several of the car manufacturers will launch most models within the next few years. It also places demands on expanded infrastructure and in 2021 we will install an additional large number of charging points to ensure charging of these vehicles at our dealerships.
- Our continued strategic purchasing efforts and expansion of Group-wide purchasing ensures that we, together with our partners, take quality, the environment, ethics and finances into account.
- We will continue to make efforts regarding our staff turnover and work with culture, leadership and recruitment to reduce this further.
- We see a continuing need to develop our work that is housed in social conditions. We will ensure better management and follow-up centrally. We are a large organization that can flex our muscles and actually make a difference.
- Over the next five years, we will work for equal pay, zero tolerance in discrimination and increased diversity in general. We will introduce regular follow-ups per business area based on the following five areas: salary and benefits, work environment and health, parenting and career, and skills development.





