

**VEHO**



VEHO GROUP  
SUSTAINABILITY  
REPORT 2022



## CEO'S FOREWORD

**Sustainable mobility has been the purpose of Veho's existence for a long time. Veho is a family-owned company whose work is driven by an intergenerational approach: to leave both the company and the planet in a better shape than we got them.**

Global megatrends such as climate change, digitalization, cybersecurity and demographic change, as well as our owners' mission encourage us to pursue long-term sustainability work. We respond to global megatrends and customer needs by working closely with our partners, Mercedes-Benz and Daimler Truck, towards low-emission solutions.

### **SUSTAINABILITY WORK IS ONE OF OUR KEY PILLARS**

Veho has been driven by responsibility for years, and energy-efficient methods, green electricity, and material recycling are central to our search for sustainable solutions.

Sustainability work is one of our key pillars in our strategy work. Group-wide targets have been set for each sustainability theme; our long-standing environmental work is accompanied by targets and indicators for social responsibility and good governance. I believe that as a responsible, innovative company, we are an attractive employer. We offer meaningful professional opportunities and support our employees' skill development and role as changemakers.

In 2022 we have continued following up on carbon footprint calculation for all markets. The Group aims to be carbon neutral in its own operations scope 1 and 2 by 2025. Our goal of reducing emissions is visible for instance in our company cars. We support our employees' transition to electric cars for example by building charging points and making charging as easy as possible. Our goal is for all Veho company cars to be plug-in hybrids or electric cars in the near future.

### **YEAR OF CHALLENGES**

The year 2022 also contained challenges. Russia's full invasion of Ukraine was a shock and a massive setback to the whole world. The toll on Ukraine is immense, but the impact stretches far beyond Ukraine's borders. Our industry suffered from component shortages and supply chain uncertainties, and accelerating inflation is reflected in rising electricity prices, which is causing uncertainty in the electric vehicles market. In some markets, uncertainty is also related to the adequacy of electricity infrastructure. Increasing digitalization and e-commerce also bring cyber security risks to our industry, which we must be prepared for.

We believe that helping those in need and supporting our community is what a responsible company like Veho does. In 2022 Veho contributed to relieving the humanitarian crisis caused by the war in Ukraine by donating 150 000 € via Red Cross Organization.

This is Veho's second sustainability report. I see it as a logical continuation of the strategy-driven sustainability work: we aim to report transparently on our sustainability performance to stakeholders and thereby strengthen the role of a forerunner in our industry.

I would like to warmly thank our personnel, partners, customers, and other stakeholders for good and fruitful cooperation during 2022.

Juha Ruotsalainen  
CEO

The Group aims to be carbon neutral in its own operations by 2025.



## VEHO IN BRIEF

Turnover 2022 M€

**1684**

Personnel 2022

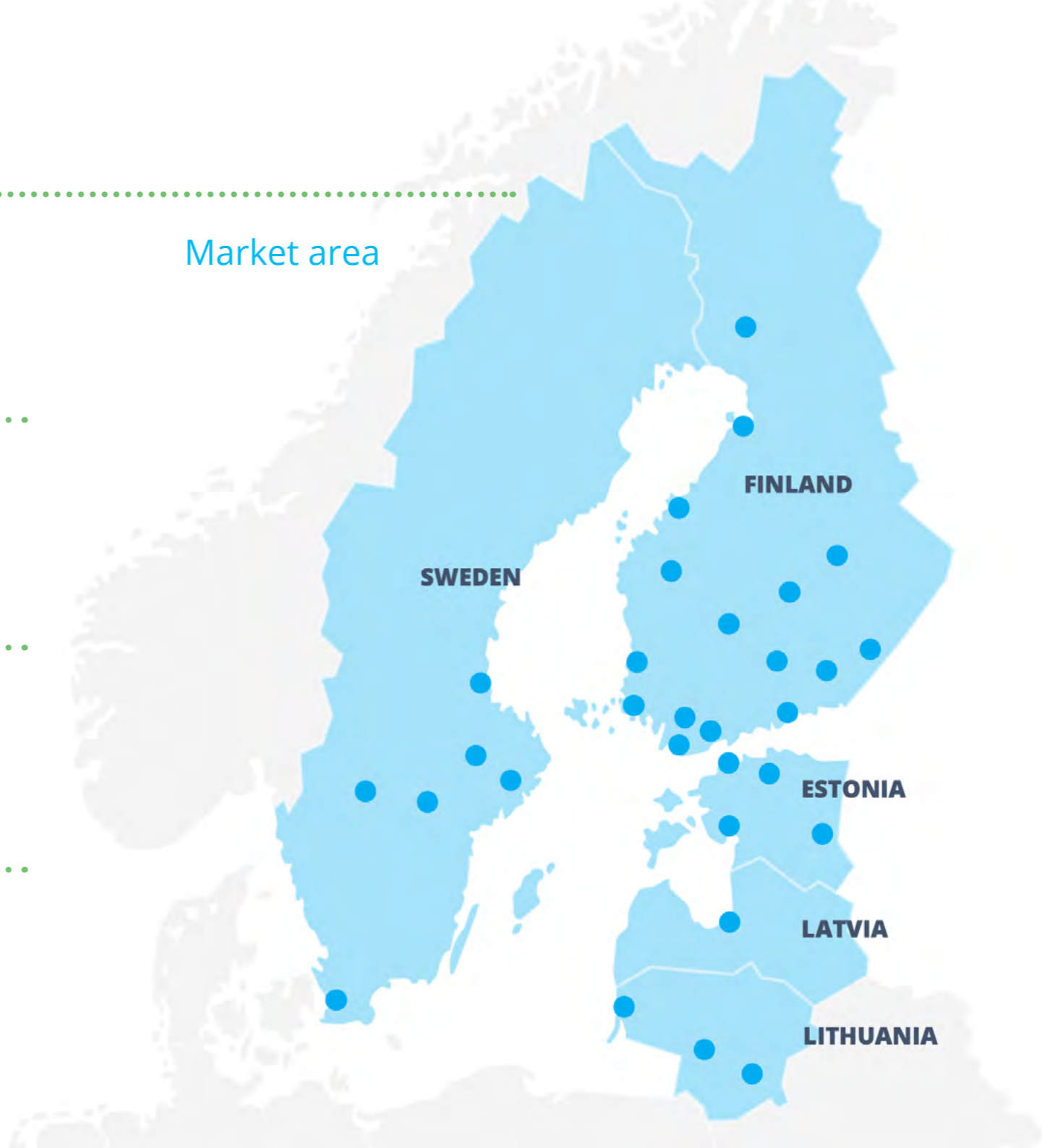
**2285**

Carbon neutral

**2025**



Market area



## SUSTAINABILITY HIGHLIGHTS 2022

**Carbon neutral own operations as a goal! Our goal is to be carbon neutral in own operations\* on group level during 2025. Veho Finland aims for this already 2023 and Sweden and Estonia during 2024.**



# 76%

Demand for electric passenger cars - both fully electric and plug-in hybrids - continued to grow strongly in 2022. The share of ordered Mercedes-Benz **electric passenger cars** was **76 %** for all Veho markets together.

\*Scope 1&2



Veho expressed its **support to the people in Ukraine** by making a donation of 150 000 € through the Red Cross Organization.



Our work has been recognized with the **Great Place to Work certificate** in all five Veho Group countries. The certificate is awarded to companies that perform especially well in terms of employee experience. Veho Bil\* in Sweden received the award as one of Sweden's best workplaces being **number one in the automotive industry!**

We launched **5 totally new all-electric models** on our markets during the year – all from heavy trucks (eActros) to cars (EQB).

\*Veho Bil Sverige AB, 556721-5362

## INTRODUCTION

### VEHO GROUP IN BRIEF

Veho is an automotive distributor in Finland, Sweden, Estonia, Latvia and Lithuania, focusing on passenger cars and commercial vehicles manufactured by Mercedes-Benz Group AG and Daimler Truck AG. The business encompasses a wide range of services. Veho offers a customer experience that meets the needs and expectations in the premium segment of the car market and among quality-conscious commercial vehicle customers. Veho is wholly owned by Tenetor Oy Ab.



### THE GROUP'S BUSINESS ACTIVITIES

Veho is divided into three main areas of activity: Distribution, Retail and Common Functions.

Distribution is divided into Distribution Cars and Vans and Distribution Trucks and Buses. Distribution Cars and Vans encompasses import and wholesale operations for Mercedes-Benz AG in Finland, Estonia, Latvia and Lithuania. Distribution Trucks and Buses encompasses import and wholesale operations for Daimler Truck AG in Finland, Sweden (since October 2022), Estonia, Latvia and Lithuania.

Retail consists of locally managed national operations in Finland, Sweden, Estonia, Latvia and Lithuania. The Com-

mon Functions consist of financial management, HR, ICT and business development.

In Finland, Veho operates car dealerships in the Helsinki metropolitan area, Tampere and Turku. Other areas are served by independent dealers. Veho offers also car rental services (Sixt). The business also includes Vaihtoplus, a separate dealership chain for used cars of all brands.



Veho serves commercial vehicles customers in Finland nationwide. It operates dealerships in the Helsinki metropolitan area, Jyväskylä, Kokkola, Kouvola, Kuopio, Lahti, Lappeenranta, Lieto, Pori, Raasepori, Rovaniemi, Salo, Seinäjoki, Tampere and Oulu. Commercial vehicle mobility services are offered in the form of Charterway car rental.



In Sweden, Veho is an agent for Mercedes-Benz cars in Stockholm, Karlstad and Örebro. Veho also operates dealerships for Mercedes-Benz commercial vehicles in Stockholm, Gävle, Karlstad, Malmö, Västerås and Örebro. From October 2022 onwards Veho Import AB, a fully Veho owned company, is responsible for Daimler trucks import and distribution on the Swedish market.

In Estonia, Veho operates dealerships in Tallinn, Pärnu, Rakvere and Tartu.



In Latvia, Veho operates dealerships for Mercedes-Benz cars and commercial vehicles since the end of 2021. The business is concentrated in Riga and the surrounding area.

In Lithuania, Veho operates dealerships for Mercedes-Benz cars and commercial vehicles in Vilnius, Kaunas and Klaipėda.

In all markets Veho offers its customers a wide range of value-added services, including mobility services and car rental. Through a wide range of services and local warehousing of critical spare parts, Veho helps commercial vehicle owners to maximize their uptime.

In addition to automotive distribution, Veho Group includes subsidiaries Assistor-Uuttera Oy (75% ownership),

which specializes in import logistics for cars, and Assistor Oy Ab, which specializes in warehousing services for automotive spare parts.

## Scope of the report

This is Veho Group's second sustainability report. By reporting our sustainability goals, results and achievements, we aim to report transparently on our sustainability performance to stakeholders and thereby strengthen the role of a forerunner in our industry.

This report covers Veho Group's operations with all its wholly owned subsidiaries. Our newest entrant Veho Import is included from 1st of October 2022 onwards. Assistor-Uuttera is excluded from the report if not mentioned specifically.

## Megatrends – opportunities and risks for Veho

**Major studies indicate that sustainability-related risks are increasing due to extreme weather, and failure to take action on climate change is one of the top five significant short-term risks to the world. However, the five most menacing long-term risks are all environmental, including climate action failure, extreme weather and biodiversity loss.**

Trends impacting the automotive industry and mobility include electrification, digitalization, autonomous driving and increasing share of services. The customers are highlighting sustainable solutions in their decision making. Changes in nature of work, an ageing population, and a shifting workforce structure are also influencing our operating environment and increasing competition for talent.

As a result, the world of vehicles and mobility is changing rapidly, driven by technological advancement, disruptive new players, and shifting consumer behaviour highlighting electrification of the vehicles.

We are driving towards sustainable transformation together with our partners Mercedes-Benz and Daimler Truck. For Veho, sustainable transformation means, above all, emissions-free mobility. Due to the diverse range of electric and hybrid vehicles provided by Mercedes-Benz and Daimler Truck, we are able to offer first-class sustainable solutions for our clients' mobility needs.





**SUSTAINABILITY STRATEGY**

*Kalajoki is a coastal town and municipality of Finland. It is located in the immediate vicinity of the Gulf of Bothnia in the province of Oulu and is part of the Northern Ostrobothnia region.*

## SUSTAINABILITY STRATEGY

### SUSTAINABILITY AMBITION

In our operating countries our goal at Veho is to be a sustainability forerunner in the automotive industry, especially in terms of the environment and people. Veho's strategy declares that sustainability guides our choices. This approach reflects the state of mind of the company's owners as well as their responsible business ownership philosophy: passing the business on to future generations as better and more sustainable than before.

We set emission reduction targets for mobility already a decade ago, before climate change became a major driver of business and societal changes. We will achieve our environmental targets by following the principle of continuous improvement. Our offering, which includes the widest range of rechargeable cars on the market and is enabled by our partners Mercedes-Benz and Daimler Truck, plays a key role in reaching our emission reduction goals.

#### Mercedes-Benz's and Daimler's fulfilled electrification promises will speed up our electrification

Six years ago, at the Paris Motor Show, Mercedes-Benz made a public promise to introduce the first all-electric novelty to the market in 2019. A year later, that promise was specified by announcing that ten all-electric cars would be on the market by 2022.

Promises are made to be redeemed: in 2018, the first all-electric Mercedes-Benz eCitaro was presented and in 2019, the first all-electric passenger car of the new generation, the EQC, was presented. The following year, local emission-free alternatives were introduced to distribution traffic; eSprinter and eVito, and a little later the FUSO eCanter. Now, six years later, there are ten fully electric cars and vans in different size classes: EQC, EQA, eSprinter, eVito, EQV, EQS, EQB, EQE, EQS SUV and EQE SUV. At the same time, the third wave of electrification brings more options to the heavy vehicle segment in the form of eActros and eEconic trucks.

Within the same period, the proportion of cobalt and manganese needed in batteries has been cut in half. The new generation batteries use the NCM 811 composition, instead of the previous NCM 622 composition.

Emissions caused by logistics have been reduced by locating battery factories as close as possible to car factories. All Mercedes-Benz-owned Deutsche Accumotive's production facilities are CO<sub>2</sub>-neutral. All batteries are manufactured using a circular economy and responsible processes. Mercedes-Benz AG is working closely with its 2,000 Tier1 subcontractors to make the entire production and supply chain completely CO<sub>2</sub>-neutral by 2039. Between 2022 and 2026, Mercedes-Benz AG will invest an additional 60 billion euros in accelerating the green transition and developing software that controls car functions.

The Mercedes me Charge service mainly uses electricity produced with renewable energy. Mercedes-Benz AG compensates for charging events that do not use electricity produced with renewable energy by feeding a corresponding amount of environmentally responsible energy into the grid.

#### MERCEDES-BENZ RELEASED ITS AMBITION 2039 AGENDA IN 2021.

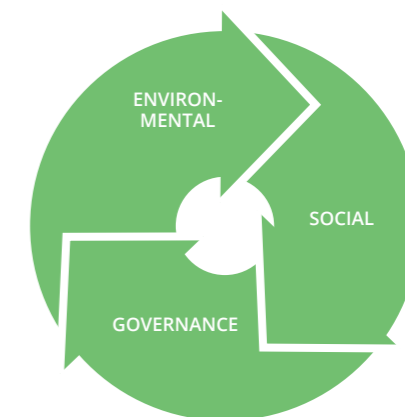
##### Key elements of the agenda are:

- Significant reduction of CO<sub>2</sub> emissions per vehicle and the continuous development of mobility services, including expanding the use of electric models.
- By 2030, electric passenger car models make up more than half of car sales.
- Electrification of vans, trucks and buses will continue.
- By 2039, a carbon neutral passenger car fleet.
- Carbon neutral production in all European plants.

You can read more about the Ambition 2039 Agenda on the [Mercedes-Benz website](#).

## Our sustainability areas

We express our sustainability ambition through the Veho Group's Desired State 2025 framework. This framework has four dimensions: employees, customers, being the best partner for Mercedes-Benz and Daimler Truck, and profitability, which all contribute to Sustainable Veho.



Our sustainability focus areas are grouped under three themes: environmental, social and governance (ESG):

- **Environmental** is concerned with our impact on the environment and our ability to mitigate various risks that could harm the environment.
- **Social** examines our relationships with other businesses and communities and is concerned with personnel well-being, diversity, human rights, and consumer protection.
- **Governance** is primarily concerned with business ethics, integrity, and stakeholder management.

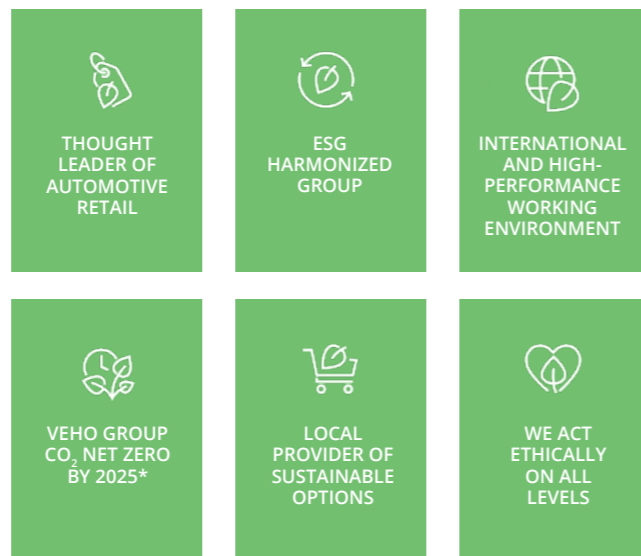
Our sustainability key performance indicators (KPIs), including specific targets and the measures to achieve these targets, are described in more detail in coming chapters.



## IDENTIFYING OUR SUSTAINABILITY FOCUS AREAS

Our sustainability focus areas reflect our customers' and stakeholders' sustainability expectations as well as the desires of our owners, all in the context of global trends and developments and concern for the state of our planet. We want to do our part in securing the future of our common home.

As a leading responsible actor in our industry, we can also influence the general development of the markets in our Nordic and Baltic operating countries. We believe that sustainability is a new norm in business.



\*GHG Protocol Scope 1 & 2

## Sustainability management and corporate governance

### Code of Conduct and ethical behaviour

Veho Code of Conduct is a group-wide set of principles guiding behaviour and our sustainability work. It is also the basis of our corporate culture. These have been updated

to better serve the current business environment and all our Veho-markets. All Veho employees are required to go through the Code of Conduct training. The ethical guidebook is a tool for every Veho employee, and it crystallises Veho's ethical practices.



### OUR CODE OF CONDUCT CONSISTS OF NINE PRINCIPLES:

- We follow the law and good business practice
- We are committed to fair competition
- We respect human rights
- We avoid conflicts of interests
- We do not accept corruption and bribery
- We act responsibly in the work community
- We work sustainably
- We protect your confidential information
- We communicate responsibly

You can read more about our Code of Conduct [on our group website](#).

We require our suppliers to adhere to the same principles as ourselves. Our supplier requirements cover the following topics:

- Laws, regulations, and business integrity
- Ethical behaviour

- Labour and human rights, including health and safety aspects
- Environmental impacts

## MANAGING SUSTAINABILITY

Veho's owners and Board of Directors set the long-term ambition for Veho's corporate responsibility and sustainability. Our sustainability work is based on our values and the Code of Conduct and is integrated into the approved company strategy. The Board of Directors has approved the Code of Conduct.

The ultimate responsibility for Veho's sustainability and corporate responsibility lies with the CEO, who reports to the Board of Directors on the topic on a regular basis. In practice, sustainability at Veho has been managed by the Development Director in tandem with the Head of Sustainability. In 2022, the Sustainability Steering Group was integrated into the sustainability governance structure at Veho.

The Sustainability Steering Group is a strategic body that promotes sustainability and corporate responsibility at Veho according to Veho's Sustainability Desired State 2025. It seeks to improve dialogue between the Group's businesses, functions and markets concerning sustainability topics. It leads and monitors sustainability-related development, trainings, and communications. The members of the Steering Group are the Chief Financial Officer, Head of Sustainability, Head of Communications, Marketing Director, People and Culture Director, and country retail representatives from the management team. The Steering Group meets quarterly.

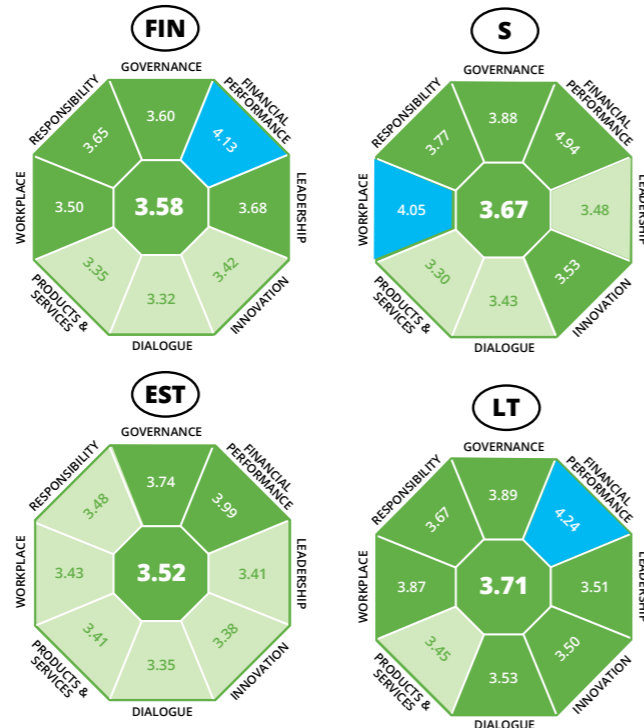
Our ESG framework covers the whole Group, and we have during 2022 continued to develop our management system and corporate governance so that sustainability is integrated into all our business areas and markets. There is still room for improvement in our markets. Especially in the Baltics, sustainability awareness is generally at a lower level than in the Nordics. Sustainability targets are also to be integrated into our short-term incentive schemes.

## Engaging with our stakeholders

The sustainability expectations of our stakeholders are constantly growing. The sustainability agendas of our corporate customers are reflected in their expectations towards Veho. Our own employees expect us to be ambitious and goal-oriented in our sustainability work.

### VEHO'S REPUTATION STRONG IN ALL MARKETS

#### Market specific reputation results 2022



Source: Reputation&Trust survey, T-Media 2022

We monitor our reputation among our customers with the Reputation&Trust survey, conducted annually by T-Media. The survey examines our customers' views on

STAKEHOLDER	EXPECTATIONS	OUR RESPONSE
EMPLOYEES	Labour rights, training opportunities, way of working	Compliance with law and regulations, ethical guidelines incl. Code of Conduct, labour policies, principles and instructions, training, communications and dialogue
CUSTOMERS	Product categories, availability and price of products and services, product safety, sustainability and quality, responsibility of sourcing	Efficient business model, wide range of products for all transportation needs, ensuring quality and safety, audited operations, communication, marketing and dialogue
OWNERS	Financial performance, responsible business conduct, sustainability	Performance according to strategy
AUTHORITIES	Compliance with regulations	Compliance with laws and regulations, ethical guidelines, meetings
INDUSTRY ASSOCIATIONS	Active participation in operations, distribution of information	Veho employees in different working groups, joint statements
SUPPLIERS	Sourcing and supplier requirements, fair treatment	Contracts, communications, dialogue, meetings
MEDIA	Obtaining information, responsiveness of communications	Social media, websites, media relations and prompt responses to queries
NON-GOVERNMENTAL ORGANISATIONS	Responsibility in the entire value chain, transparency, distribution of information	Ethical guidelines, supplier requirements, business audits, meetings, replies to inquiries
ACADEMIA	Cooperation, obtaining information	Recruitment, internships and other joint projects, contribution to research, lectures
GENERAL PUBLIC	Sustainable transportation solutions, information sharing	Reliable, up to date information, the widest collection of electric cars and hybrids

Dialogue with stakeholders: methods and channels

Veho's reputation, tracks changes, and identifies the most impactful ways to increase stakeholder support. In Finland the survey has been conducted annually since 2017, and in 2022 the indicator was first time expanded also to cover Estonia, Lithuania and Sweden.

In this study 3.5 is considered a good reputation, and Veho's reputation exceeded this threshold score in all studied markets. Our overall support varied between 3.52 to 3.71 which reflects the balanced way of operating in all markets. According to the survey, our greatest assets are our skilled personnel and the high quality of our products and services.

Our common target for the average Responsibility score has been 3.5, which is considered the threshold for a

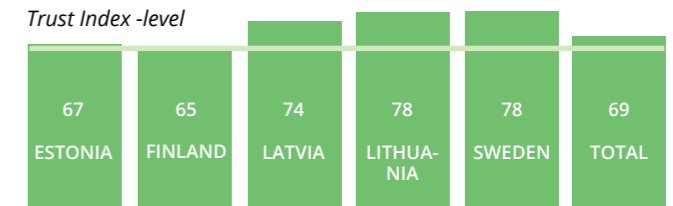
company to have a strong responsibility reputation. In 2022, we achieved this goal in all markets except Estonia. In Veho Finland during the six years of survey, the index for responsibility reputation has improved from 3.47 to 3.65. We are glad that our systematical commitment has been visible to our customers. Veho Finland was especially praised for conforming to the following statements: "acting right and responsibly – takes into account its impact on the environment and society" and "takes environment into account in operations".



## GREAT PLACE TO WORK

We survey our personnel's satisfaction and wellbeing by utilising The Great Place to Work survey. The survey analyzes five focus areas of a good workplace: credibility, respect, fairness, pride, and camaraderie. The Trust Index™ study contains sixty statements and is the percentage of positive survey answers. In order to be GPTW certified The Trust index needs to be 65 or above in Finland and Baltic countries and 70 or above in Sweden.

In 2022, our results were as follows:



We explore the results in more detail in the section Social responsibility.

ENVIRONMENT

*Mulgi Parish is a rural municipality in southern Estonia.  
It is a part of Viljandi County.*



**Lia Samuelsson** is our Head of Sustainability. "Our owners' philosophy has always been to leave the company in better shape than it was when they inherited it – this is

also aligned with the principles of sustainable development, strongly including the environmental aspect of our business.

From an environmental aspect, the focus this year has been on our own operations carbon footprint, and especially on the things which truly impact lowering emissions.

Though we have already done a lot, we know we still have a lot of work left before we are ready for EU's CSRD reporting standards on group-level."

## ENVIRONMENT

### OVERVIEW

Veho's environmental sustainability work has two dimensions: (1) our products and services we offer and (2) our operations. Our products and services are based on the selection offered by Mercedes-Benz and Daimler Truck and Veho at the local level. This dimension of our environmental work is detailed in the strategy section of this report. In this section, we describe our environmental work in terms of our own operations, how it is managed, the goals we have set, and the results of our work.

For Veho, environmental sustainability is primarily about our impact on the environment and our ability to mitigate potential risks that our operations present to the environment. Energy efficient operations, low-emissions electricity and heating, and material recycling are at the heart of our environmental work. We believe that investing in environmental initiatives can generate significant savings while simultaneously benefiting the planet. Caring for the environment should be a part of the everyday work of all Veho employees.

We measure the success of our environmental work with two key performance indicators (KPIs):

- (1) carbon footprint
- (2) recycling rate.

## Climate and carbon

Our climate work and reducing emissions are the focal points of our environmental work. **Veho Group has committed to be carbon neutral in our own operations (scope 1& 2) by 2025.**

During 2022, we have also started the work to understand our value chain footprint (scope 3). From this assessment we have the first high level result for the Finnish market

that was our pilot in this project. As value chain emissions are much more complex this work continues in the coming year.

### CARBON FOOTPRINT OF OWN OPERATIONS

The common target of the whole Veho Group is to be carbon neutral in all own operations by 2025. We are tracking our carbon footprint by the norms of GHG protocol for the third year in the row and are working hard to reach this neutrality goal.

We assess the carbon footprint of our own operations through two categories: (1) vehicle emissions and (2) energy use at facilities. Altogether, the Group's carbon emissions decreased by 28 % in 2022 compared to 2021 based on the scope 1 and 2 emissions. We have strictly followed our roadmap which identified actions in both categories that have the greatest emissions reduction potential. Concrete actions to lower our emissions consisted of e.g. change to renewable electricity in Lithuania and change to renewable district heating in Finland in all areas where available.

VEHICLES	FACILITIES	TOTAL CARBON FOOTPRINT																														
<p>7% SINCE 2021</p> <p>CO<sub>2</sub> IN TONS</p> <p>4182</p> <table border="1"> <tr><td>LV</td><td>78</td></tr> <tr><td>LT</td><td>307</td></tr> <tr><td>SE</td><td>367</td></tr> <tr><td>EST</td><td>446</td></tr> <tr><td>FIN</td><td>2984</td></tr> </table>	LV	78	LT	307	SE	367	EST	446	FIN	2984	<p>42% SINCE 2021</p> <p>3835</p> <table border="1"> <tr><td>SE</td><td>86</td></tr> <tr><td>LT</td><td>368</td></tr> <tr><td>LV</td><td>516</td></tr> <tr><td>FIN</td><td>1325</td></tr> <tr><td>EST</td><td>1540</td></tr> </table>	SE	86	LT	368	LV	516	FIN	1325	EST	1540	<p>28% SINCE 2021</p> <p>8017</p> <table border="1"> <tr><td>SE</td><td>453</td></tr> <tr><td>LV</td><td>594</td></tr> <tr><td>LT</td><td>675</td></tr> <tr><td>EST</td><td>1986</td></tr> <tr><td>FIN</td><td>4309</td></tr> </table>	SE	453	LV	594	LT	675	EST	1986	FIN	4309
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Veho Group's carbon footprint 2022 by market (tCO<sub>2</sub>e)

In 2022 our own fleets vehicle emission reduction was slower than what we had planned due to challenging global business environment suffering from post-covid logistics problems and Russian aggression related implications. Those impacted the vehicle deliveries and the turn in electrification was slower than expected. The decrease of our carbon footprint in vehicles in 2022 compared to 2021 was 7 %.

**In facilities the development was very positive** and transition to renewable energy sources continued in all Veho markets **resulting in a decrease of 42 %** in 2022. Concrete examples were:

- renewable electricity in all Lithuanian facilities from January onwards
- renewable electricity in all Estonian facilities from August onwards
- renewable district heating in all Finnish facilities were available
- several Swedish facilities changed to fully renewable heating and electricity during the year

More specific data, methodology, and assumptions related to Veho's carbon footprint can be found in the Data section at the end of the report.

### OUR PATHWAY TO CARBON NEUTRALITY

We have outlined a pathway to reach our carbon neutrality goal for our own operations, and it includes the following actions:

#### Use 100 % renewable energy at our properties

All Finnish properties and facilities owned by Veho have operated on 100 % renewable electricity since 1.1.2019, and we are working to reach this milestone in all Veho markets. In the facilities where we are tenants, and not able to directly control what sort of electricity our operations consume, we work with the owners of the facilities to move towards more environmentally friendly options. In our own properties, we are investigating opportunities to expand our use of alternative and renewable heating sources.

## Ensuring that the majority of our employee and demo cars are electric vehicles or plug-in hybrids

Veho's vehicle policy strongly supports and incentivizes a shift to electric vehicles (EVs). We compensate our employees with company cars for their EV charging expenses and support them with purchases of home charging stations.

## Move to renewable diesel for diesel-based commercial vehicles

In the current operating environment, a completely emissions-free Veho commercial fleet is not yet possible but by using renewable diesel we can reduce emissions from these vehicles by up to 90 % compared to fossil fuel-based diesel.

## GROUP CLIMATE GOAL



Veho Group will be carbon neutral in our own operations by 2025. All Veho markets start from different situations, and we have identified ways for each market to reach common goals.

In Sweden and Finland, Veho has progressed well in reducing emissions from electricity and heating. In Sweden all resting facilities have changed to renewable electricity during 2022. In Finland all the electricity Veho buys itself is renewable since 2019 and almost all district heating too.

In the Baltic countries renewable electricity is already available for Veho facilities, but they are largely heated with gas. However, there are several other reduction opportunities in the Baltic countries that have been identified and will make a significant impact.

Based on our earlier carbon footprint calculations, we have been able to identify the factors that had the most significant impact on our carbon footprint across our operations in Finland, Sweden, Latvia, Lithuania, and Estonia.

## Actions we took that reduced our emissions successfully in 2022:

- Increased share of renewable heating used in facilities
- Increased share of renewable electricity used in facilities, especially Estonia and Lithuania
- Energy savings campaign in all locations
- The own electric car park is growing steadily
- High emphasis on using renewable diesel where possible

## Emissions-reducing actions we will assess more closely based on these findings:

- Further increasing the share of renewable energy sources for electricity, for example, Veho Latvia switched to renewable electricity from 1.1.2023 in all their facilities.
- Migrating our source of heating from natural gas to lower-emission district heating.
- Increasing the use of renewable fuel in Veho's own vehicles.
- Further increasing the share of electric/hybrid vehicles among Veho's own vehicles.
- Reducing electricity consumption of facilities through energy efficiency projects (continuous).

## VEHO FINLAND'S CLIMATE GOAL



Our goal for our Finnish operations is to reach carbon neutrality already 2023. This is because Finland has progressed farther in this work, and we believe we can set a higher-ambition goal for this part of our operations. We are the first company

in the Finnish automotive retail industry to establish a roadmap towards completely carbon neutral own operations.

We will reach our goal to be carbon neutral in our own operations in Finland in 2023 by reducing our carbon foot-

print as much as possible, with a goal of a 90 % reduction compared to 2021 levels. The remaining own operations emissions will be compensated with a trustworthy, audited partner.

In June 2019, Veho Finland committed to the Automobile Industry Green Deal (Sitoumus2050), which is a climate agreement between the Finnish automobile sector and the Finnish government. The agreement is valid until the end of 2025. Through this agreement, Veho supports Finland's national climate goals by reducing the impact of its own operations. Veho is committed to the following actions:

### 1) Sharing information to customers about low-emission vehicles, biofuels, and other alternative propulsion methods.

We ensure this by training our staff in how to communicate up-to-date and relevant information about the topic to our clients – both businesses and consumers – as well as developing our client-facing communications in general. We actively participate in industry events on the topic.



### 2) Installing electric car chargers at Veho properties and participating in establishing refueling points for alternative or renewable fuels.

When we committed to the Green Deal in 2019, we set a goal of installing thirty public or customer-facing EV



charging stations. We also set a goal to install 100 charging stations for demo vehicles, replacement cars from maintenance, and employees' cars. We started off with forty charging points in 2020. We achieved our goal spectacularly already during 2021 and have by the end of 2022 over 300 charging points in our network for both our own operations and for our clients. 107 of these charging points are in our commercial vehicle network and 226 in the passenger car network.

### 3) Informing consumers about the reception and recycling system for end-of-life vehicles

Veho is an active member of Suomen Autokierrätys Oy, informing our customers and taking part in the vehicle recycling campaigns arranged.

## Responsible operator

### MATERIAL MANAGEMENT AND RECYCLING

We measure our success in material management with the KPI Recycling rate. Veho Group's common target is to reach a recycling rate of 60 % across our operations. In 2022 in Finland, we almost reached this goal as our recycling rate ended at 59.9 %. We are happy about this result but understand that we need to work to collect comparable data from all Veho countries and get the reporting in line with upcoming EU-wide regulations.

VEHO FINLAND'S RECYCLING RATE			
2019	2020	2021	2022
52,9 %	54,0 %	56,0 %	59,9 %

Source: Remeo yearly customer data, Veho Finland

During the last few years, we at Veho have been especially focused on improving our waste management. We use local waste management partners in each of our operating countries. In 2022, we started to establish processes and systems to be able to measure our recycling rate

across all our operations. Markets' capability due to local legislative and practices limits the pace for development.

We recognize the importance of circular thinking and the shift towards a circular economy. The work continues a group-wide circularity strategy, including monitoring and key indicators. This topic is relevant from the environment, material and waste management perspective and scope 3 emissions

We are continuously developing our chemical management system and investing in managing and storing hazardous waste. Currently, we are especially focusing on chemical safety and safe recycling of lithium batteries.

### ENVIRONMENTAL MEASURES AT VEHO FACILITIES

In our facilities, our environmental work mostly focuses on renewable energy and energy efficiency, because they have the greatest emissions reduction potential. In Finland, we use a facility management system that we have expanded to Sweden, Estonia, Latvia, and Lithuania in 2022. This group-wide facility management system will include real estate data, energy consumption data (electricity, water, heating), and waste data and the work continues strongly in 2023.



The Veho qualitative approach includes quality standards which has been audited by our accreditors in 2022. All Veho operations in Estonia, Finland, Latvia, Lithuania, and Sweden are certified with at least the ISO 9001 standard. Our Veho Way of Working model is assessed annually through internal and external audit processes.

We have received the following certifications for our quality management systems:

COUNTRY	CERTIFICATIONS
ESTONIA	ISO 9001, VALID UNTIL 19.11.2025
FINLAND	ISO 9001, ISO 14001, ISO 45001 AND AQAP. ALL VALID UNTIL 28.1.2024
LATVIA	ISO 9001, VALID UNTIL 26.6.2023, ISO 50001, VALID UNTIL 28.3.2024
LITHUANIA	ISO 9001, ISO 14001, VALID UNTIL 24.11.2025
SWEDEN	ISO 9001 VALID UNTIL 20.2.2026, ISO 14001 VALID UNTIL 16.3.2024

### RENEWABLE ENERGY

The majority of Veho's facilities in Finland and Sweden operate on renewable energy. Veho's Finnish properties and facilities have operated on 100 % renewable electricity since 2019, and Lithuania, Sweden and Estonia followed this path last year.

We have ruled that when embarking on new real estate projects, we will account for the building's environmental footprint as well as renewable energy opportunities throughout the whole planning and construction process. For example, solar power is in use in Finland and Sweden at several locations. Our facility in Malmö, Sweden, have received a silver-level Miljöbyggnad green building certificate from the Sweden Green Building Council. The facility scored especially well in the energy, material, and indoor environment indicators.

### ENERGY EFFICIENCY

At our Finnish properties, we have invested for years in energy-saving building technologies such as fans, ventilators, pumps, and lighting. We use automation and optimization of, for example, doors and lighting to reduce our electricity use. With our building performance partner, we continually assess opportunities to improve energy efficiency. Our outlets in Vehkala and Raasepori facilities use geothermal heating to reduce emissions and increase efficiency.

Our continuous improvement method in Finland has paid off and has been determined as effective. In 2022, we have expanded the method to other Veho countries with the help of our partner.

### ENERGY-SAVING EFFORTS IN VEHO

We at Veho have actively been looking for new and effective ways to save energy. We have contributed to energy saving measures with nationwide energy projects and different competitions involving Veho's personnel.

We have agreed on different energy saving measures, which we have put into group-wide practice. Concrete measures to save energy have been for example, turning off or dimming showroom lights at night, adjustments of ventilation machines, and optimizing operation times of the compressed air systems at locations.

As part of the energy saving efforts, we have organized different idea competitions aimed at all Veho employees. The brainstorming sessions have received plenty of good suggestions, of which the most concrete, and impressive ideas have been rewarded.

"Through these actions, we want to involve the whole of Veho in the energy saving efforts and show that all Veho employees have the opportunity to minimize energy consumption through our own actions. The energy-saving talks also contribute to Veho's goal of achieving carbon-neutral operations by 2025," states Development director Kai Hammar.



**SOCIAL**

*Lake Drīdzis is the deepest lake in Latvia with a maximum depth of 66.2 meters.*



**Susanna Kohisevankoski** is our People and Culture Director and she is responsible for strategic people related topics, people and organization

development and evolvement, building strong Veho culture, as well as Veho People operations, including employee relations, talent acquisition and development, and performance management. "Sharing is caring. I think the foundation of employee well-being is good leadership. When we have clear targets and plans, when those are communicated, and when people are treated fairly, listened to, and supported in the right way, we are already on a good way," says Susanna.

## SOCIAL

### OVERVIEW

For us at Veho, social sustainability is about our relationship with our personnel, other organisations, and communities as well as our work for diversity, human rights, wellbeing, and safety. Our continued progress in these areas is critical to our long-term success. We measure our success in the social aspect of sustainability with two KPIs:

1. Employee satisfaction (Great Place to Work score)
2. Safety at work (Total recordable injury frequency, TRIF)

## Personnel

Being a sustainable and responsible workplace is of key importance to all of us at Veho. In our outline of where we want to be in 2025 (Desired State 2025), one of our goals is for our employee satisfaction to be #1 among major automotive companies.

The Code of Conduct of Veho includes guidelines for each employee to follow when conducting their daily business operations. As laid out there, this includes for example that:

- We all take care of our wellbeing.
- We work together for creating and maintaining a good and diverse work atmosphere.
- We have zero tolerance for workplace bullying and work discrimination.
- No staff member shall be discriminated on basis of age, gender, religion, sexual orientation, disability, political opinion or ethnic origin.
- We guarantee fair treatment to everyone.
- Every Veho employee has the right to good supervision and leadership.



As part of this work, we have placed additional emphasis on important sustainability aspects. We promote human rights and require the same from all our partners. We are committed to promote and develop quality employment, a diverse and inclusive workplace, and improve society through sustainable actions.

At the end of December 2022, Veho employed a total of 2 285 employees, over half of which were in Finland. Additional employee data can be found at the end of the report in the Data section.

### LEADERSHIP AND MANAGEMENT

Veho invests in responsible leadership and management, because we believe that all our employees have the right to good management. We want our management team in each business area to be professionals, role models and highly valued leaders. The management team members have been empowered to drive the changes for better and stronger company and culture.

We have expanded internationally in the last few years, which has also raised the subject of differences between leadership and management procedures and the customs in various offices and facilities. We are actively working to ensure adaptation of common procedures and practices to ensure equal and fair treatment for all employees. A strong common company culture is very important to us, and our sustainability strategy aims to cover all the Group's operations.

#### Leadership principles guide our managers

For the last few years, leadership development has been a specific development area on the group level. All leadership development actions are based on the key elements of Veho's good leadership principles. Veho leadership principles were introduced in the beginning of 2022. **Our leadership principles are focusing on accountability – we walk the talk; Veho community – we are ambitious and kind; quality – we drive renewal and efficiency.**

In January and September 2022 all our leaders through-

out the Veho Group companies had the opportunity to participate in face-to-face Leadership Days. The aim of these events was to introduce and integrate leadership principles into daily practices, bring people together, enhance the cooperation and harmonization as well as focus on designing the common employee experience. At our Leadership Day events, we consider different themes related to functionality of the organisation, including different leadership and employee engagement topics.



#### Leadership evaluation and development

In 2022 we made an evaluation of immediate manager leadership, where all employees evaluated six different areas of leadership of their direct supervisors. The evaluation was conducted in all Veho Group companies. The outcome of the evaluation is presented in percentage of positive survey answers. In 2022 our result of immediate leadership is 75. The immediate leadership score is reflecting the percentage of positive answers to six questions about leadership of a direct manager.

We have identified what leadership features of our managers are appreciated the most, for example trusting employees, as well as listening and counting with employees' opinions. We have also identified what leadership fea-

tures we will be strengthening, and we are looking actively for opportunities to support our managers to **ensure high engagement and satisfaction of employees.**

In 2022 our managers have had the opportunity to participate in different leadership training programs. To highlight some of the activities taken, then in Sweden we have been offering continuously the opportunity for managers to leadership coaching. In Estonia we invested in appreciative leadership training program and implemented a supervision program. We started to practise the job shadowing – in Estonia the management team members were job shadows in customer service positions in order to understand the challenges of employees better.

### GREAT PLACE TO WORK

The Great Place to Work (GPTW) certificate is awarded to companies that provide a great employee experience based on the Great Place to Work Trust Index, a research-backed employee experience survey. The survey measures employee experience based on five dimensions: credibility, respect, fairness, pride, and camaraderie. The Trust Index scores the employee experience on a scale from 0-100 by collecting statements from employees through a survey and a culture audit.

In 2022 we reached that goal - our work has been recognized with the Great Place to Work certificate in all Veho operating countries.

We chose the GPTW score as one of the two indicators for measuring the success of our social sustainability work

because it is a scalable and recognised indicator, and it is closely tied with building a great company culture. In autumn 2022, the Great Place to Work Trust Index survey was conducted in all our operating countries: Estonia, Finland, Lithuania, Latvia, and Sweden. The response rates were as following: Finland 84 %, Estonia 93 %, Latvia 95 %, Lithuania 96 %, and Sweden 99 %.

### Veho is certified as Great Place to Work

For the last years our goal has been that Veho employee experience will be worthy of the certificate in all our operating countries. The certificate is awarded to companies that perform especially well in terms of employee experience. In 2022 we reached that goal - our work has been recognized with the Great Place to Work certificate in all Veho operating countries.

One of our KPIs for social sustainability is our average GPTW Trust index. Our common target is to reach certification level for all countries country. For Finland and Baltic countries, the certification level is 65, for Sweden it is 70. This goal was achieved in 2022: Sweden and Lithuania with 78, Latvia with 74, Estonia 67 and Finland 65. We are proud to be certified with Great Place to Work certification in all countries and we shared the joy with employees by having celebrations in all locations. The work in increasing engagement and satisfaction is not stopping by reaching certification level, but we are focusing in increasing the Trust index score. Our main focus for upcoming years is to reach in Estonia and in Finland as high levels as we have in Latvia, Lithuania and Sweden.

Trust Index -level



Kuvitus: Chart: Great Place to Work results 2022

Across all countries, Veho did especially well in the camaraderie and pride dimensions. Veho is looking to improve in all the five areas, but especially the ones that had lower scores (credibility, respect, fairness).

### Taking actions to develop further

Veho has established a common development process which is based on findings from GTPW. We have trained the managers for conducting workshops with their teams where the aim is to review the survey results and agree on development actions together. The actions are planned and implemented based on the agreed schedule locally and followed up on group level. By following the common process in all our locations we ensure that employees are involved and have the same possibility to influence the improvement of their employee experience. We see it also as good opportunity for managers to be empowered and gain new leadership skills.



Based on 2021 GPTW survey results, we planned development actions which were carried out throughout 2022. We organized leadership trainings, improved communi-

cation, updated ICT tools and systems, increased the feeling of togetherness through various different events and special theme days.

### DEVELOPMENT AND TRAINING

High-quality training and employees with up-to-date skill sets ensure not only customer satisfaction, but also that our employees feel content and know that they have the opportunity to develop their professional skills at Veho. We believe that learning and development is an investment in our employee's well-being and the company itself. We are continuously updating our training offering when new products, procedures and technologies evolve. Our training offering is firmly connected to the training requirements outlined in our import and distribution contracts. These commitments align with current skills needed by maintenance employees, technical staff and sales professionals.

As we consider the professional and personal growth of employees as one of the key factors of company success, we strengthened in 2022 our human resources function with a dedicated person responsible for global learning and development processes and programs. Our training centre in Vantaa (established in 2021) is continuing to conduct Mercedes-Benz-designed training programs for Veho employees and employees of an independent Mercedes-Benz distribution network.

Learning and development play also a key role in Veho's sustainability work. We offer all vehovians a common "Sustainability at Veho" -training covering topics as ESG, carbon footprint and recycling. Our product training includes learning to understand a vehicle's whole value chain and its sustainability aspects, such as certified raw material suppliers, carbon neutral steel, and material reuse and recycling. Our sales professionals need to be able to offer customers products that meet their needs in terms of sustainability and inform customers how environmental considerations can be accounted for when purchasing and using a vehicle.

In addition, we organize specialized trainings concerning electric vehicles (EVs), in which we coach our sales professionals on, for example, what electrification means for customers and the practical differences between driving and owning an EV and a conventional combustion engine car. For our maintenance employees, we offer training on how an increasingly electrified fleet impacts maintenance operations, how to properly maintain EVs, and much more. We have also organized trainings for our employees concerning low-emissions vehicles, biofuels, and other alternative energy sources.

### DIVERSITY, EQUALITY, AND INCLUSION

We strive to achieve a workplace culture characterized by inclusion and trust where the interests of the employees are in focus. Operating in 5 countries, we have a unique resource with different backgrounds to build on. We consider diversity, equality, and inclusion as intertwined with our operations and something that needs to be paid attention to in all our work. Our employees shall come to work knowing that they can be completely themselves.

We offer equal opportunities for everyone

We value diversity, equality and inclusion and are committed to promoting these also in the future. To advance gender equality, we want to ensure that all genders apply for open positions at Veho. **We offer equal opportunities for everyone to advance in their career, develop professionally, and extend their careers.** We are a family-friendly employer, and we offer equal opportunities for all our employees to combine family life and work life.

Our operating environment is increasingly diverse, and we are determined to continue to proactively support

diversity, equality, and inclusion in all Veho workplaces. As part of this work, we established new Veho intranet for employees on both global level but also on local in all Veho countries. In addition, we have supported employees at various levels in learning English to widen their network and cooperate with different teams.

Moving forward, we will continue the work reviewing processes and making sure compliance and good governance is implemented throughout our operations. The collection of ESG-data has already begun in a systematic way to produce comparable data for all countries. On this basis, our aim is to be able to focus on and prioritize our sustainability efforts even further by continue harmonizing our data systems to enable reporting more comparable data.

We promote a culture of open reporting on ethical issues and concerns. Any unethical or unlawful activity can be reported internally by utilizing also an externally hosted Fair Play -channel. All reports are reviewed and investigated, and corrective actions are taken as necessary.



## Wellbeing, health, and safety

Veho's goal is a healthy and safe work community and work environment. We work towards a zero-injury workplace by seeking continuous improvement and developing our common occupational safety culture. Veho and our occupational health care provider(s) together actively monitor the health of personnel and jointly develop wellbeing at work and workability management processes.

### OCCUPATIONAL HEALTH AND SAFETY

A safe workplace that does not cause ill health is the basis of a sustainable workplace. Safety is an integral part of our operations, and we do everything we can to ensure our employees' safety. The second KPI we use to measure our success in social sustainability is Safety at Work, which we measure with TRIF (total recordable injury frequency).

#### Total Recordable Injury Frequency (TRIF) and number of injuries

MARKET	NUMBER OF INJURIES 2022	TRIF 2022
ESTONIA	0	0
FINLAND	119	53.4
LATVIA	0	0
LITHUANIA	1	3.0
SWEDEN	4	4

*Safety at work (TRIF) in all Veho markets*

TRIF was chosen as our second indicator specifically because it is concrete, scalable, and it is understood in the same way in each Veho country. Our common goal is to have a TRIF of under 40 per year. Veho follows other health and safety indicators as well, such as absences and employee turnover, but TRIF has been selected to specifically measure our sustainability success.

The main element of our health and safety strategy is to work actively with our preventative measures to further



Lithuania's Trucks team with FC Hegelmann president Dainius Šumauskas.

strengthen our safety culture at work. As an employer, we need to continuously ensure that the work environment at the workplace meets the work environment requirements set by the law. Listening and embracing development potential from our own operations and working systematically is necessary in order to create a safer working environment. Our goal is to have preventive occupational safety measures actively used by all personnel. According to the Veho Code of Conduct, all accidents at work, incidents and any dangerous conditions must be reported immediately so that the necessary measures can be taken to eliminate the risk and prevent injuries. Employee representatives also participate in the development, for example through local health and safety committees. Within Veho employees are provided with quality work clothes and personal protective equipment. We also organize mandatory health check-ups and make sure we have first aid trained personnel required by law. As mentioned above, we have continued our development and are certified with the health and safety standard ISO 45001 on group level.

## WELLBEING

The wellbeing of our staff is of vital importance to us. We believe that healthy and motivated employees enable outstanding customer experiences and also growth for the company. We want to be able to offer all our employees the best possible working environment, both physically and mentally. We are constantly developing our employee wellbeing management and strive to invest in employee wellbeing through various benefits such as sports compensation, psychological support and different health care services.

During year 2022 we carried out various activities within all Veho to raise the feeling of wellbeing at the workplace. We have for example updated benefit policies, improved work environment, implemented different activities and theme days.

## Partnerships and corporate citizenship

### STUDENT COLLABORATION

Student collaboration is one of the most critical areas to invest if a company wants to succeed now and in the future. Many companies are facing challenges with staffing and are competing of the same applicants. However, with productive and proactive cooperation with the schools we can influence our employer image and make Veho better known also among the students. Student collaboration is beneficial to all parties: to the students, to the schools and especially to Veho. For example, internships are great opportunity to grow future vehovians while still studying at the school.

In 2022 Veho and Helsinki Vocational College and Adult Institute launched the new trainee program, Veho Academy, for vocational mechanics students. 10 new trainees

started the 2-year trainee program in August in Finland. Through the program, trainees will attend Mercedes-Benz certification trainings and conduct all their internship periods at Veho workshops during a two-year timeframe. The trainee program offers both the trainees and Veho a meaningful opportunity to train future mechanics for workplace needs.

Helsinki Vocational College and Adult Institute also trained Veho's mechanics and service managers to act as mentors and trainers in order to give more standard induction to students while having on-the-job learning.

Veho Latvia developed excellent cooperation with educational institutions and in 2022 we were able to provide

professional internships for 31 students from the most popular school in Latvia. Three students continued to work after the internship in the summer until studies continued again.

In addition, in Latvia we have four colleagues with teaching capabilities who can formally train students on-the-job. It is a valuable investment for the future.

Veho Bil continued the school collaboration in Sweden having internships in all the workshops. Line managers also visited different schools and presented Veho as an employer.



## CORPORATE CITIZENSHIP

We believe that helping those in need and supporting our community is what a responsible company like Veho does. In 2022 the erupted war in Europe shocked us all, and Veho contributed to relieving the humanitarian crisis caused by the war in Ukraine by donating 150 000 € via Red Cross Organization. We also helped to mobilize the transportation of humanitarian help directly to the affected conflict zone by lending the charity team a Mercedes-Benz Vito van.



We also believe that by collaborating with various organizations we can ensure that charity is annually directed to the organizations where help is most needed. In 2022, we provided financial support to Mieli ry, a charity organization focused to improve the mental health for children and teenagers. In Finland we also support the charity organization Naisten Pankki (Women's Bank) which supports women's equal opportunities to work in developing countries. We were also, for the third year, a Gold level partner in the charity cycling initiative Team Rynkeby.

In Sweden Veho supports cancer research through Breast Cancer Association and Moustache campaign. In addition to this, during Christmas time, Veho donated meals to homeless and elderly people affected by poverty. Veho's employees were also onsite helping to deliver these meal packages. In Estonia, we have established partnerships with nationally important cultural institutions as, for example, an official partner of Estonian Concert and other brand partnerships.

**GOVERNANCE**

*Jämtland County is a county or län in the middle of Sweden consisting of the provinces of Jämtland and Härjedalen, along with minor parts of Hälsingland and Ångermanland, plus two small uninhabited strips of Lapland and Dalarna.*





**Kai Hammar**  
is our Head of Digital Services and Development. Principles of governance constitute the foundation for Veho's management and control. At Veho, the governance aspect of sustainability is all about the way we operate and our relationship with our stakeholders, including shareholders and employees.

## GOVERNANCE

### OVERVIEW

Principles of governance constitute the foundation for Veho's management and control. Corporate governance describes the distribution of rights and responsibilities in accordance with the laws, regulations and processes applicable between the company governance bodies. It also defines the company's decision-making systems, as well as direct and indirect corporate governance structures.

The Board Charter of Veho describes the respective roles and ways of working of the Board of Directors, Board's Committees and the CEO. The Code of Conduct guides employees and our stakeholders within ethical values and legal obligations in the daily work and decision-making.

At Veho, the governance aspect of sustainability is all about the way we operate and our relationship with our stakeholders, including shareholders and employees. We measure our success in this category with four key performance indicators:

- Internal control & risk management: Maturity
- Cyber security and privacy: Maturity & Deviations
- Code of Conduct: Training level (%)
- Reputation: Score for "Responsibility" from customers, according to the Reputation&Trust survey (see results in chapter Stakeholders)

### Internal control and risk management

We measure our success in risk management through our internal control and risk management KPI, Maturity. Our common target is to reach a maturity level of 3 (scale 1-5) in all markets. We have specified internal descrip-

tions of the sophistication required for each level. Level 3 means that our internal control and risk management are standardized: Control activities are designed, in place, and adequately documented.

### INTERNAL CONTROL

An annual clock governance model supports Veho's activities in Finland, Sweden and in the Baltics. Veho is currently in the middle of a transformation, and substantial changes are being carried out concerning the Group's operating and leadership model, structure, responsibilities, common tools, and processes. Our new strategy process enables all Veho markets to use the same governance structure.

### RISK MANAGEMENT

Our risk management process follows a so-called annual clock and is also a part of the annual strategy process. According to the current annual clock, risk assessments for occupational safety and the environment are conducted every spring from March to May. In August, the results of the risk assessments are considered in the strategy planning process. In addition, a sustainability review is on the Board of Directors' meeting agenda every six months.

Risk management processes are conducted at a strategic level (Board of Directors) and at an operative level through a variety of methods and procedures, such as risk assessments related to major investments, risk maps and red flags indicating negative risks and leading to actions. Veho's overall risk assessment summary measures risk probability and impact by using a 1-5 scale.

Following Russia's invasion of Ukraine in February 2022, nine packages of new Russia-related sanctions have been introduced in the European Union. Veho has restricted supply in accordance with the new legislation, introduced detailed sanctions-related guidelines, and provided extensive education to its employees with a view to ensuring compliance.

## Ethical operations

### CODE OF CONDUCT

The Veho Code of Conduct is the basis of all our operations and behaviour. We measure our success in implementing our Code of Conduct by monitoring the share of employees who have completed our Code of Conduct training. Our target for the whole group is 100 %.

#### Code of Conduct training level – share (%) of employees who have completed training

COUNTRY	2021	2022
ESTONIA	47 %	98 %
FINLAND	91 %	84 %
LITHUANIA	97 %	92 %
SWEDEN	81 %	78 %

### WHISTLEBLOWING

Adhering to our sustainability principles and Code of Conduct is everyone's responsibility. Each Veho employee and partner should report both detected and suspected breaches of our principles. The Fair Play whistleblowing channel provides all Veho's employees and stakeholders the opportunity to report activities that go against our principles, in confidence and anonymously. The Fair Play channel has been in use in Finland for years and was introduced in other Veho countries during December 2021. The channel is offered by an external partner, Whistle B.

#### Infractions of our principles that can be reported through the channel include:

- financial fraud allegations
- conflicts of interest
- corruption or bribery
- unfair competition and anti-trust
- non-compliance with laws and regulations

- breach of information security
- bullying or harassment
- discrimination or unequal opportunities
- workplace safety
- environmental issues
- other unethical behaviour
- whistleblowing matters as stipulated by the national Whistleblower Protection Law

### REPORTS RECEIVED THROUGH THE FAIR PLAY CHANNEL

We take reports that come through the Fair Play channel seriously, and we handle the reports with a third party. We encourage our employees and partners to first discuss the matter with a manager or another Veho representative. If this is not possible, employees but also other stakeholders can use the Fair Play channel for reporting any unethical or unlawful activity.

In 2022, there were 12 reports done groupwide through the Fair Play channel. A small increase in the number of reports made by the employees during 2022 also shows the process is working.

	2020*	2021*	2022
NUMBER	1	6	12

*\*data includes only Veho Finland*

Veho does not accept any retribution towards individuals who use the channel to report detected or suspected breaches and will not try and discourage or stop anyone from reporting information. The notification processing and follow-up process has been designed to ensure a reliable and impartial settlement. Each incoming report is processed and cleared according to the same process.



## Information security and data protection

In the information security area, Veho's goal is to protect the data of our customers and partners, as well as contribute general secure business environment in all the operating countries. We have taken a risk-based approach, building simultaneous capabilities in all areas: govern, protect, detect and respond.

We have released a group wide constantly updating Information Security Policy that guides the organization in how to use technology in a secure way. To support the policy implementation, additional learning solutions will be implemented in 2023 to further increase employee awareness and to keep in pace with technology development.

Also, required by the Group Enterprise Architecture Poli-

cy, we conduct separate Enterprise Architecture Reviews for all new business initiatives, and we verify that new initiatives are in line with information security requirements and company practises.

We measure our success in information security by monitoring our maturity and deviation levels. Our common target is to reach a maturity level of 3 (scale 1-5) and zero deviations. We have specified internal descriptions of the sophistication required for each level. Level 3 means that we have identified cybersecurity and privacy risks, and we have defined related policies and targets.

Privacy of our customers and other stakeholders is important to Veho. As an European company, we are committed to comply with the General Data Protection Regulation (GDPR). We provide our employees with information on GDPR requirements and how to apply them to their everyday work through an online learning channel.

Veho's Code of Conduct training includes data protection training.

To efficiently implement the GDPR principle "Privacy by Design", the mandatory Enterprise Architecture Review (see above) has been complemented with Data Protection Impact Analysis (DPIA), to verify that all new initiatives have included privacy requirements in their planning.

In 2023, our target is to harmonize the internal controls and practices in the information security and data protection areas, to have transparent view to our performance and compliance group wide.



Veho, Vilnius

DATA

*Trakai is a historic town and lake resort in Lithuania. It lies 30 kilometres west of Vilnius, the capital of Lithuania.*

## DATA

All numbers apply to the whole Veho Group unless otherwise specified.

### Environment

#### Scope 1 & 2 Carbon footprint (tCO<sub>2</sub>e)

	2021				2022			
	VEHICLES	FACILITIES	TOTAL	CHANGE (%)	VEHICLES	FACILITIES	TOTAL	
ESTONIA	485	2 503	2 988	-34 %	446	1 540	1 986	
FINLAND	3 339	2 849	6 188	-31 %	2 984	1 325	4 309	
LATVIA	74	516	590	1 %	78	516	594	
LITHUANIA	255	625	880	-24 %	307	368	675	
SWEDEN	356	160	516	-12 %	367	86	453	
<b>TOTAL</b>	<b>4 435</b>	<b>6 137</b>	<b>10 572</b>	<b>-28 %</b>	<b>4 182</b>	<b>3 835</b>	<b>8 017</b>	

Veho Group's Scope 1&2 carbon footprint (tCO<sub>2</sub>e)

#### Share of emissions per energy type per country (2020-2022)

ESTONIA	2020	2021	2022
ELECTRICITY	74.63 %	55.47 %	43.67 %
NATURAL GAS	21.35 %	28.32 %	32.99 %
DIESEL	2.67 %	10.40 %	13.06 %
GASOLINE	1.35 %	5.82 %	9.41 %
DISTRICT HEATING			0.87 %

LITHUANIA	2020	2021	2022
NATURAL GAS	39.44 %	50.91 %	54.46 %
ELECTRICITY	23.42 %	20.48 %	0 %
DIESEL	29.01 %	16.89 %	27.27 %
GASOLINE	8.13 %	11.73 %	18.27 %

LATVIA	2020	2021	2022
ELECTRICITY		33.48 %	33.39 %
NATURAL GAS		36.90 %	40.47 %
DISTRICT HEATING		17.12 %	12.94 %
DIESEL		11.85 %	10.05 %
GASOLINE		0.66 %	3.14 %

SWEDEN	2020	2021	2022
DIESEL	43.74 %	60.47 %	44.63 %
ELECTRICITY	36.72 %	12.58 %	0.62 %
DISTRICT HEATING	17.34 %	18.70 %	18.97 %
GASOLINE	2.19 %	8.25 %	35.78 %

FINLAND	2020	2021	2022
DISTRICT HEATING	45.77 %	44.80 %	29.46 %
DIESEL	17.87 %	29.63 %	36.92 %
GASOLINE	36.36 %	24.33 %	32.32 %
HEATING OIL	0.00 %	0.83 %	1.04 %
ELECTRICITY	0.00 %	0.41 %	0.26 %

#### Recycling rate (Veho Finland)

2019	2020	2021	2022
52,9 %	54.0 %	56.0 %	59.9 %

Source: Remeo yearly customer data, Veho Finland

When calculating an organisation's carbon footprint, scope 1,2, and 3 are used to categorize emission sources. GHG Protocol, which has established global standardized frameworks to measure greenhouse gas (GHG) emissions, has defined the Scopes in the following way:

#### Scope 1: Direct GHG emissions

From sources that are owned or controlled by the company. For example: emissions from a company's own energy generation and company vehicles.

#### Scope 2: Indirect GHG emissions

From the generation of purchased electricity consumed by the company.

#### Scope 3: Value chain emissions

From sources not owned or controlled by the company but are generated by the consequences of the company's activities. For example: extraction of materials purchased by the company and use of products and services the company has sold.

([ghgprotocol.org](https://www.ghgprotocol.org))

## Social

In 2022, HR systems in all countries could not produce equivalent data to gather data for all countries. The collection of ESG-data has already begun in a systematic way to produce comparable data for all countries. On this basis, our aim is to be able to focus on and prioritize our sustainability efforts even further by continue harmonizing our data systems to enable reporting more comparable data.

### Number of employees/market

COUNTRY	2021	%	2022	%
ESTONIA	274	14 %	274	12 %
FINLAND	1 245	64 %	1 337	59 %
LATVIA	-	-	134	6 %
LITHUANIA	181	9 %	190	8 %
SWEDEN	272	13 %	350	15 %
TOTAL	2 086	100 %	2 285	100 %

### Nuber of FTEs by market

MARKET	2021	2022	2022 %
ESTONIA	279	274	13 %
FINLAND	1 158	1 232	58 %
LATVIA	-	134	6 %
LITHUANIA	184	194	9 %
SWEDEN	279	308	14 %
ALL	1 900	2 142	100 %

### Total Recordable Injury Frequency (TRIF) and number of injuries

MARKET	NUMBER OF INJURIES		TRIF	
	2021	2022	2021	2022
ESTONIA	0	0	0	0
FINLAND	142	119	64.8	53.4
LATVIA	-	0	-	0
LITHUANIA	0	1	0	3.0
SWEDEN	20	4	38.6	4.8

### Gender split by country 12/2022

MARKET	FEMALE %	MALE %
ESTONIA	18 %	82 %
FINLAND	15 %	85 %
LATVIA	17 %	83 %
LITHUANIA	20 %	80 %
SWEDEN	13 %	87 %
ALL	16 %	84 %

### Employee turnover rate 2022

MARKET	ALL LEFT	TOTAL TURNOVER
ESTONIA	73	25 %
FINLAND	178	15 %
LATVIA	30	24 %
LITHUANIA	25	13 %
SWEDEN	51	16 %

### Voluntary employee turnover rate 2022

MARKET	VOLUNTARILY LEFT	VOLUNTARY TURNOVER
ESTONIA	39	13 %
FINLAND	110	9 %
LATVIA	11	9 %
LITHUANIA	19	10 %
SWEDEN	23	7 %

## Governance

### Code of Conduct training level

COUNTRY	2021	2022
ESTONIA	47 %	98 %
FINLAND	91 %	84 %
LITHUANIA	97 %	92 %
SWEDEN	81 %	78 %

*\*Data excluding Latvia and Veho Import*

### Reports received through the Fair Play channel (Veho Finland)

	2020*	2021*	2022
NUMBER	1	6	12

*\*data includes only Veho Finland*

### Number of personal data breaches

In brackets number of low-risk cases, not included in first value.

	2020	2021	2022
BALTICS	1	0	0
FINLAND	2 (+1)	0 (+1)	0
SWEDEN	0	0	1
TOTAL	3 (+1)	0 (+1)	1

### Complaints of data subjects to the data protection authority

	2020	2021	2022
BALTICS	1	0	0
FINLAND	2 (+1)	0 (+1)	1
SWEDEN	0	0	0
TOTAL	3 (+1)	0 (+1)	1



VEHO

EQ

Mercedes-EQ

Navigation

Kolumbusstraße

Offroad

Comfort

Apps

22.6

AUTO

Climate menu

AUTO

22.6