

Sustainability Report

SUSTAINABILITY. Bilia's business is characterised by systematic, active sustainability management with consideration for the operation and employees, the wider environment and customer relations. For Bilia, sustainability work is an integral part of good corporate citizenship and of creating sustainable, long-term solutions.

Organisation, responsibility and monitoring

The Bilia Group CEO is ultimately responsible for the Group's sustainability work, overriding goals, action plans and performance measures. In the business planning process, responsibility for goal achievement and action plans is delegated to the MD of each company.

Bilia's sustainability work is monitored by internal audits, supplier assessments, systematic health and safety work, annual performance appraisals and case management.

In Sweden the Parent Company Bilia AB and the subsidiaries Bilia Group AB, Bilia Personbilar AB, Bilia Center Metro AB and Allbildelar Försäljning i Huddinge AB are certified to ISO 9001 and ISO 14001. In Norway, the subsidiary Bilia Personbil AS is certified to ISO 9001 and ISO 14001. Bilia has the ambition to extend its Group certification to include more subsidiaries. During 2020, 85 per cent of Bilia's facilities in Sweden and Norway were certified to both ISO 9001 and ISO 14001.

Code of Conduct and whistleblower system

Sustainability work is based on the Group's Code of Conduct, which applies to all employees and Board members of the Bilia Group. The Code of Conduct covers areas such as human rights, social conditions and employees, the environment and anti-corruption.

Bilia has a number of policies, rules and guidelines which reflect the values established in its Code of Conduct. For example there is an occupational health policy and an equal treatment policy. These policies cover areas such as non-discrimination, unequal treatment, gender equality and diversity.

All employees in Bilia's companies are able to anonymously report violations of the Code of Conduct or any other irregularities in an external, digital whistleblower system. In 2020 four incidents were reported to the system, one of which was deemed to qualify for investigation and was managed in accordance with the whistleblower policy. The number of reports has been evaluated and is deemed to be at a normal level for comparable companies.

Environment

Bilia strives to foster a good environment and to minimise the negative environmental impact of its operations. Some of Bilia's operations such as fuel sales, car washing, paint shops and large workshops must be reported under the Swedish Environmental Code. Bilia has decided to apply the same environmental principles in all its operations, whether or not the operation is subject to a reporting requirement.

The Group's purchasing department works in close cooperation with the environmental department. By placing demands on suppliers and other business partners, Bilia works actively to promote a good environment and to increase environmental awareness in its value chain.

Environmental aspects

During the year, a process for classifying and rating the operation's environmental aspects, both positive and negative, was standardised. The following environmental aspects were established as the most important:

Environmental aspects	Scope	Impact
Knowledge and collaboration	All operations	Positive
Preventing an emergency	All operations	Positive
Reuse of car parts	Dismantling, workshop	Positive
Sales of used cars	Sales	Negative/positive
Sales of new cars	Sales	Negative/positive
Sales retail/wholesale	Sales of goods	Negative/positive
Procurement and purchasing	All operations	Negative
Travel and transportation	All operations	Negative
Waste management	All operations	Negative
Water and emissions	Car washes/ reconditioning	Negative

Bilia's most Significant Environmental Aspects

Servicing and repair of cars and sales of used cars contribute to the reuse of products throughout the car's life cycle. Until 2018, Bilia mainly focused on sales of used cars less than three years old. This changed in 2019 when all cars, whatever their age, were accepted for sale. Older cars have a higher environmental impact in general than new cars. Most customers change to a newer car when buying a used car. Our car dismantlings take care of the vehicle at the end of its life cycle, while also reusing as many parts as possible.

From a life cycle perspective, procurement of products and services are significant to Bilia's direct and indirect environmental impact. Setting demands on procurement ensures that the suppliers' ability to provide environmentally sound products and services is taken into account. With conscious purchasing, Bilia can choose quality products with lower environmental impact.



Bilia offers services for the entire car's life cycle, from purchase to recycling of parts from a dismantled car.

Combustion of fossil fuels leads to climate changes and impacts on the air, land and water. Bilia's direct environmental impact is linked to business travel and internal transportation. In addition there are greenhouse gas emissions from transport carried out by general agents and suppliers. Bilia's system for internal video and teleconferences has successfully helped to reduce business travel in the Group, and emissions of climate affecting gases and substances have decreased.

Correct management of commercial waste in the final stage of the life cycle limits hazardous emissions, while also creating the conditions for goods to be reused and the materials recycled. Waste is separated at source at Bilia's facilities. The environmental aspect is significant as large amounts of hazardous waste are handled as part of the operation.

During the year, the environmental goals for the Swedish business were established based on the positive environmental aspects. The environmental goals are being launched in 2021. The goals refer to car sales, knowledge and collaboration, and the reuse of car parts. Other areas have already been dealt with in the operation.

During the year Bilia launched its own environmental training for the operations in Sweden, and efforts are under way to develop a Norwegian version. The training aims to raise environmental awareness and knowledge about how Bilia can reduce its environmental impact.

Climate impact

Bilia measures its climate impact using the international standard, The Greenhouse Gas Protocol Initiative (GHG Protocol).

Climate impact can be broken down into:

- Direct emissions from the operations (scope 1).
- Indirect emissions from energy purchased and consumed in the operations (scope 2).

Bilia does not measure other indirect emissions that the operations generate but do not control or own (scope 3).

Tonnes CO ₂ e	2020
Direct emissions from the operations (scope 1)*	9,323
Indirect emissions from purchased energy (scope 2)	4,836
Total	14,159

*Excluding cooling medium for properties

	Total emissions (tCO ₂ e)	Percentage of total, %	Components
Transportation	6,892	49	Internal transportation of cars or goods, employee car travel
Properties	4,836	34	Electricity and district heating
Stationary combustion	2,431	17	Energy sources other than electricity and district heating

Stakeholder analysis

One prerequisite for long-term value creation is that Bilia understands the demands and expectations of its stakeholder groups. During the year, there was an update to which stakeholder groups have the greatest influence on and/or are most influenced by Bilia's business activities and sustainability work. Bilia's most important stakeholders are employees together with the three key stakeholder groups identified as:

1. Shareholders
2. Suppliers
3. Customers

One of the stakeholders' priorities was "Sustainable transportation and services". Bilia places strict requirements on its business partners, including suppliers. They are expected to comply with the requirements set out in ISO 9001 and ISO 14001 as well as the 10 principles of the UN Global Compact. This requirement has helped to enhance the cooperation with suppliers. Several of Bilia's suppliers have gained better knowledge of legislation, as well as better opportunities for improved environmental work. Bilia has also contributed to greater interest in sustainability issues. Positive feedback has been received from Bilia's suppliers.

Global Sustainable Development Goals 2030

Bilia contributes to several of the UN's 17 global Sustainable Development Goals (SDGs) 2030. Bilia focuses on the three which are currently deemed to be of the greatest relevance and importance to its operations, and to be linked with the highest demands and expectations from its stakeholders. These are Good Health and Well-Being (Goal 3), Quality Education (Goal 4), and Responsible Consumption and Production (Goal 12).



During the COVID-19 pandemic, Bilia has focused on the safety of its customers and employees. Bilia has acted in accordance with the prevailing general advice and restrictions in its operating countries. Work practices have been adapted and personal protective equipment has been used to reduce the spread of the virus. For example, deliveries of cars to customers have been adapted with the option of dropping off keys outside the workshop, and a pick-up and drop-off service. Some of Bilia's personnel have been reallocated to other facilities or have been advised to work from home when possible. Work duties have been paused to free up resources to cover gaps in staffing.

As a result of the pandemic, mental illness has a risk of increasing in society, and Bilia's managers have been particularly vigilant for signs that employees need help and support.



The car industry, including Bilia, faces a challenge in recruiting new employees to the Service Business. The challenges currently facing the company are a high number of retirements, combined with low numbers of students at high schools. One strategy is to attract and recruit technicians directly from high school. Bilia has therefore developed the Bilia Student Programme, which aims to ensure that students enjoy a safe and solid period of work experience with Bilia. The mentors who deal with the students are specially certified with an official qualification from the Swedish National Agency for Education. Bilia supports schools with programmes, material and training so that teachers have knowledge of the latest technical developments.



Bilia works with the car throughout its life cycle, from factory, through several owners, and finally to car dismantling. Bilia works with general agents who can and want to meet the requirements for sustainable production and consumption. During their life cycle, the products and services that Bilia provides contribute to negative environmental impact, by using fossil fuels and producing emissions that can have an adverse impact on the climate, environment and health. Bilia has a responsibility to its customers and employees to describe the effects of its operations, products and services, and how adverse effects can be mitigated by making sustainable choices. We help customers to make decisions about their environmental impact based on an analysis of their needs, wishes and circumstances. We work closely alongside our suppliers, and help to disseminate knowledge and positive environmental actions in their organisations.

The advance of the electric car in Norway spreads to Sweden

In 2011 there were virtually no electric cars on Norway's roads. Today it is a completely different story. Half of all new cars sold in 2020 were pure electric cars and 20 per cent were plug-in hybrids. In the city of Oslo, as many as 60 per cent of the cars were electric. The increase in electric cars in Norway has been driven by a national vision of having fossil-free cars only by the year 2025. A tax system favouring green cars has stimulated demand in the country for eco-friendly cars. Bilia in Norway are offering the BMW i3 as a pure electric car. As of 2021, the range of electric cars is increasing to include models from Volvo, Toyota and Lexus.

The proportion of electric cars and hybrid cars also increased in Sweden in 2020 and amounted to 32 per cent, compared with 11 per cent last year. 2020 was predicted to be the year of the battery – a prediction that came true.



Social conditions and personnel

Competent and considerate employees are vital to Bilia's continued success and long-term sustainability. With this in mind, the Group pursues an active and systematic personnel policy with an endeavour to be a responsible employer and a good corporate citizen.

Bilia respects freedom of association and signs collective agreements. Employees have the potential to influence their job situation, and some positions offer the option of working part-time or having some flexibility in working hours. Bilia primarily operates in countries with extensive rights to parental leave that include both parents.

Applicable legislation in combination with prevailing collective agreements lay the foundation for a reasonable work/life balance. More than 90 per cent of Bilia's employees have permanent positions, while others have some kind of temporary contract, such as seasonal jobs or holiday cover. Consultants are also brought in to some extent, mainly for IT services.

The average number of employees (FTE) in the Group during the year was 4,097 (4,298). The number of employees on 31 December 2020 was 4,646 (4,978).

Creating dedicated employees through good leadership

Good leadership is fundamental to an employee's dedication and ability to perform. All managers at Bilia are responsible for supporting and fostering the well-being of groups and individuals. Bilia's Group-wide leadership expectations are based on five basic principles: leading by example, taking ownership, building commitment, execute decisions, and driving results. As part of efforts to strengthen leadership, internal leadership training is

Performance measures	2018	2019	2020
Average number of employees ¹⁾	4,221	4,298	4,097
Turnover per average number of employees, KSEK	6,724	6,866	7,363
Value added per average number of employees, KSEK	964	1,032	1,142
Profit before tax per average number of employees, KSEK	219	236	308
Average age	39	39	40

¹⁾ Full-time employees (FTE)

pursued continuously, which covers areas such as core values and the psychosocial work environment. In addition Bilia has an internal training unit for leaders called Bilia Academy.

Based on the annual employee survey, several indices are produced for the Group as a whole and for each individual company. For example, Bilia uses a leadership index and an employee dedication index, which far exceed benchmarks both for the industry and in general. Despite the impact of the pandemic on the operations, the Group's indices remained at the same high levels in 2020. In 2019, Bilia created its own index linked to core values, vision and culture. This index too was stable during the year.

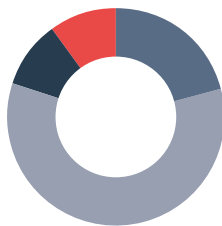
Professional development

All employees should have opportunities for professional development. The basis for professional development is the performance appraisal held at least once a year. Together, the employee and their immediate manager arrive at a plan that aims to promote personal development, job satisfaction and efficiency in the day-to-day work.

Bilia provides ongoing customised training courses aimed at target groups with different positions and training requirements

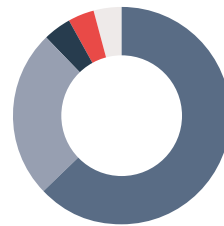
Employees

DISTRIBUTION OF EMPLOYEES BY FUNCTION, %



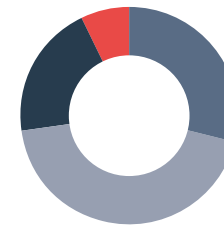
Sales	21
Workshop	59
Spare parts	10
Administration	10
Fuels	0

DISTRIBUTION OF EMPLOYEES BY COUNTRY, %



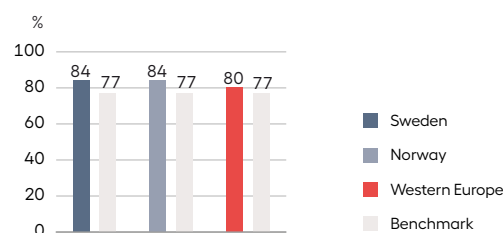
Sweden	63
Norway	25
Germany	4
Luxembourg	4
Belgium	4

AGE STRUCTURE, NUMBER OF EMPLOYEES, %

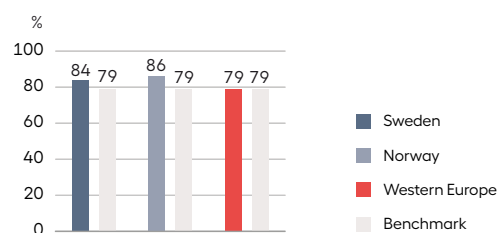


≤29 yrs	29
30-49 yrs	44
50-60 yrs	20
≥61 yrs	7

LEADERSHIP, INDEX



EMPLOYEE DEDICATION, INDEX



at Bilia. In addition, technicians and sales personnel attend specially tailored training at several different levels. Furthermore, Bilia has a number of regularly recurring specific courses in e.g. competition law and labour law, aimed primarily at executives and managers. In addition to these courses, Group-wide management training is offered at all levels – from preparation ahead of management to senior management development.

Two personnel funds have been set up for Swedish employees; one for white collar and one for blue collar employees. All Swedish employees can apply for grants from the funds for a professional development activity, which does not have to be directly related to Bilia or their job.

A safe and healthy physical work environment

Bilia works continuously to improve the working environment at its facilities. The main health risks among blue collar employees are hearing loss, vibration and ergonomic injuries, as well as allergies caused by exposure to chemicals. Occupational health and safety in the workshops is therefore aimed at ensuring that correct work practices are used by means of information, training and providing the right equipment. Local management, along with full-time union representatives and the organisation as a whole, deals with health and safety issues systematically, resolutely and expertly.

As the majority of Bilia's employees are unable to work from home due to the nature of the work, during the year Bilia has made several investments to make the working environment safe also from a COVID-19 perspective.

Organisational and social work environment

All Bilia Group companies must work to ensure that the working environment is good both for the operation, and for the well-being of the employee.

Bilia's procedures for the Swedish operation with regard to the organisational and social work environment include setting annual goals and targeted safety inspections, as well as risk assessments where appropriate. The psychosocial work environment is measured in the annual employee survey and the index for this consistently far exceeds the benchmarks.

The COVID-19 pandemic in 2020

The onset of the COVID-19 pandemic at the beginning of the year prompted the launch of a crisis planning process within the Group. A number of work groups and steering groups were appointed to obtain government directives, carry out risk analyses, track the development of the pandemic, listen to the operations and continuously introduce adaptations. A close collaboration with the unions and employees was established to quickly take questions and ideas on board. In February 2020, the first internal guidelines were introduced with a focus on the health of employees and customers. Bilia took the pandemic very seriously, and in several countries went further than required by national guidelines. For example, quarantine was introduced after travel to high-risk areas, directives were brought in regarding meetings and travel, and local adaptations were implemented. Since the majority of employees have not been able to work from home due to the nature of the work, regular health and safety inspections and checklists were introduced to ensure a safe local work environment. Plexiglass partitions, social distancing and frequent disinfection were implemented, among other things. Customers were offered a pick-up and drop-off service, key drop-boxes and customised vehicle deliveries. Personnel have shown great respect for each other's health, and have worked well together to adapt to the new circumstances. The result is

a safer work environment, improved crisis management and greater knowledge about the spread of a pandemic.

Gender equality and diversity enrich the organisation

Bilia strives for gender equality in its organisation, whereby men and women alike are represented in all professional categories. At present there are more men than women working at Bilia. In total, there are 15 per cent or 710 women and 3,936 men. Bilia is convinced that a more even gender distribution has positive effects on both the work environment and profitability, and would therefore like to recruit more women. There is a raft of initiatives under way, such as a stronger recruitment policy, regular follow-up and an external in-depth study. The goal is to have 20 per cent female employees.

In the professional categories of car sales, management, coaching, car parts and car rental, the goal is 30 per cent. Equal opportunity and treatment regardless of gender is a fundamental principle for Bilia. The HR department has central responsibility for gender equality issues, and among other things this includes work on pay monitoring and a gender equality plan.

“Together, the employee and their immediate manager arrive at a plan to promote personal development, job satisfaction and efficiency in the day-to-day work”

As a further step in efforts to boost diversity in the Group, Bilia is working actively to recruit people from different ethnic backgrounds. Today around 30 different languages are spoken within the Group. In 2020, Bilia took part in a pilot project about professional Swedish for vehicle technicians, with the aim of making the career path more accessible for employees who do not have Swedish as their first language.

Key personnel and competent employees

One challenge faced by Bilia is securing professional competence in the future. In light of this, Bilia pursues joint projects with Swedish automotive engineering schools, and offers students work experience and apprenticeships.

Bilia's vision is to offer the best student programme in the industry. In 2020, the Student Programme has grown further in Sweden. A certification programme for high school students is also being offered in Sweden in partnership with the Swedish Automobile Association (Motormännens Riksförbund). Certification entails that the student's know-how and skills are tested in the real world during a work practice period.

Charity

The Group supports the World Childhood Foundation, for example by making a donation for every new Volvo sold. In keeping with tradition, Bilia's Facebook followers vote each year for a recipient of a Christmas gift. The choice in 2020 was Vid din sida – Stockholm, an organisation that supports elderly homeless people in Stockholm.

Human rights and anti-corruption

Bilia supports internationally recognised human rights, as well as norms and initiatives for good business ethics.

Zero tolerance of discrimination and harassment

Bullying and degrading treatment are not permitted at Bilia, whatever form these may take. There is zero tolerance of all forms of discrimination and harassment. This was further highlighted in the leadership expectations issued to all managers last year.

Zero tolerance of bribery and corruption

Bilia has zero tolerance of bribery and corruption. Management clearly denounces these practices in the Code of Conduct.

Via formal attestation rules, the Code of Conduct, internal audits and its whistleblower system, Bilia has implemented procedures for counteracting and preventing bribery and corruption.

Competition on equal terms

Bilia is well aware of the rules governing competition on equal terms and operates in a way that is compatible with competition laws in all of the countries in which we operate. Bilia has formulated and implemented a competition code by which all employees are bound. Managers undergoing training and persons in senior executive positions sign a pledge every year to comply with this competition code.

Requirement specification in the supply chain

Bilia has a Group-wide procurement policy governing central and local agreements. A procedure for signing local agreements is in place, the aim being to highlight Bilia's demands on the environment and social conditions as well as sustainability aspects. The supply chain must comply with requirements regarding human rights, anti-corruption and the UN Global Compact. The requirements in the Code of Conduct apply to the entire value chain in which Bilia's products and services are included.