

SECTO SUSTAINABILITY REPORT

2022

secto
automotive

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CEO STATEMENT

HASSLE-FREE TRANSIT TO NON-FOSSIL

We are living in an era where protecting the planet and the future of humanity is everyone's responsibility. Why wouldn't we as a company do our part? Climate change mitigation is where we at Secto can do the most, and one of the most important methods in this process is reducing greenhouse gas (GHG) emissions. As a response to this global megatrend, the automotive industry is moving towards electric vehicles (EVs) and other climate-neutral technologies.



»We want to be part
of the solution,
not the problem.

ALL NEW CARS AND VANS SOLD in the EU must be driven on fossil-free energy from 2035 onwards. At Secto, we've set a more ambitious goal for ourselves as we plan to decarbonise our leasing fleet in half as much time. We made a commitment in 2022 that we will deliver our last fossil fuel passenger vehicle to a leasing customer in 2028. As part of our sustainable business practices, we also decided to cease our profitable machine leasing business in order to reduce our carbon emissions already from the beginning of 2023.

IN RECENT YEARS, it has become clear that sustainability is an essential part of successful business. Global consumers favour sustainable companies, and on the legislative side, national and EU regulation clearly guides companies in the direction of sustainable projects and activities.

FOR US, SUSTAINABILITY is not just talk or a trend we've jumped on board with. Sustainability is the core of our business,

both in our values and in our everyday activities. Customers can trust us to help them make the transition to a non-fossil fleet as hassle-free as possible. Secto's carbon handprint—the actions we take to reduce GHG emissions in the value chain—is bigger than just our own carbon footprint. As an agile company, we can set an example of what can be done when there is the will to act. By facilitating our customers' EV transition faster than the EU's target schedule, we help companies reduce their tailpipe emissions, thus doing our part in preventing climate change.

SUSTAINABILITY IS A VALUE at the center of all Secto's activities. It is in our DNA to bear responsibility for our customers, our employees, the company's stakeholders and, of course, the environment. Empathy is our superpower, and we treat our peers accordingly. Secto is a people-centric company, and we want every Secto employee to feel that their work is meaningful. Employees are Secto's most important asset—they are the ones who make our customers' sustainable and hassle-free driving possible.

One of the most important metrics to guide our strategy is the employee Net Promoter Score (eNPS). Our score of 60 indicates that our employees are highly satisfied and committed to our organisation.

SUSTAINABILITY IS NOT ONLY good for the planet—it also makes good business sense. We want to be part of the solution, not the problem. I would like to especially thank our committed staff, as without you all, this journey would not be possible.

Matias Henkola

- **Matias Henkola**, CEO, Secto Automotive

1.



THIS IS SECTO



Secto is a Finnish-owned, entrepreneur-led car leasing operator founded in 2007. Every fourth Finnish company using car leasing trusts our services.

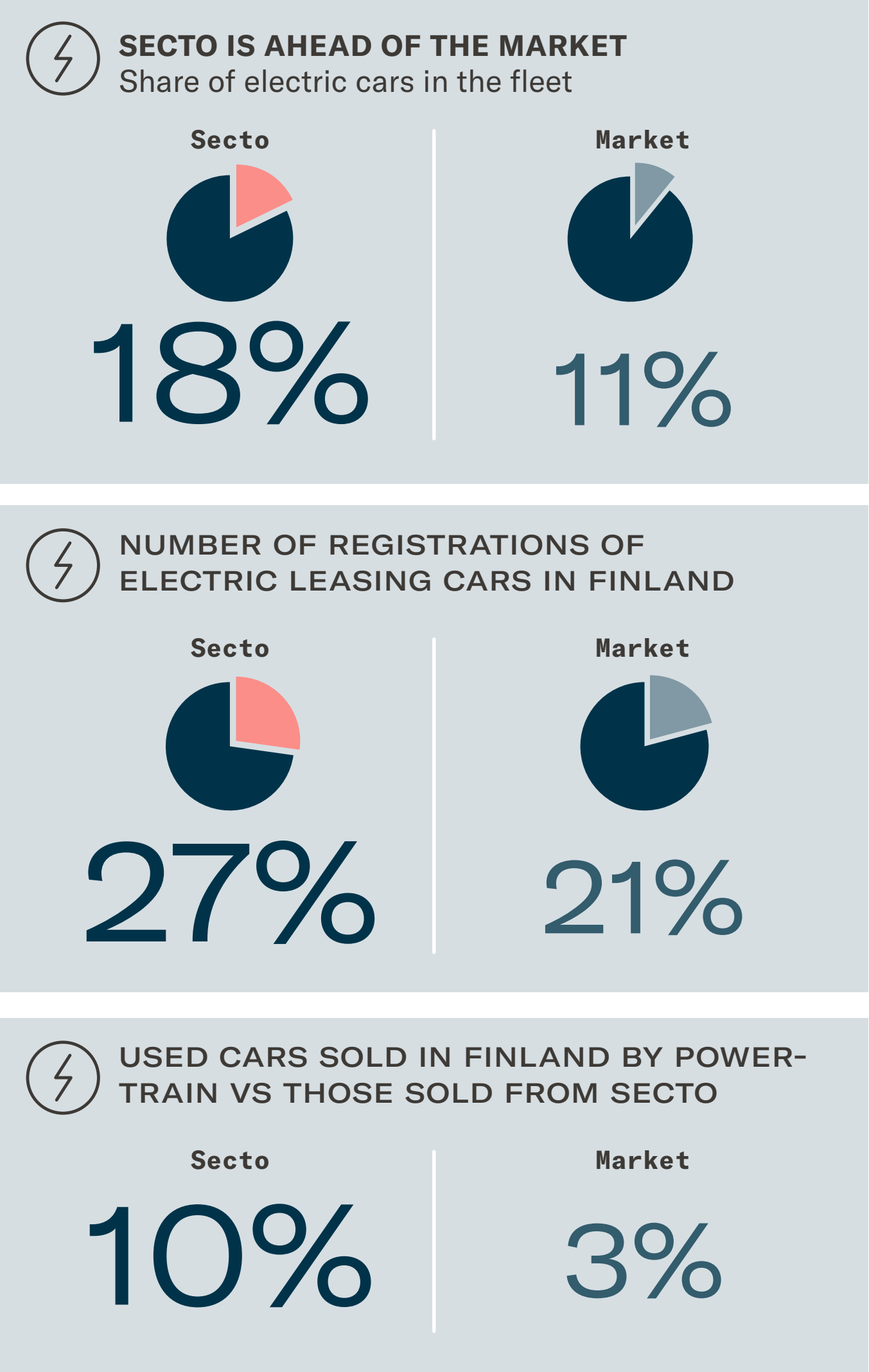
SECTO WAS FOUNDED TO MAKE fleet management hassle-free and to make the transition to environmentally-friendly driving (i.e. driving with as low a carbon footprint as possible) effortless. We want to offer our customers a sustainable and hassle-free driving experience.

SUSTAINABILITY HAS BEEN an integral part of Secto’s DNA since the founding of the company, and EVs have been at the core of our strategy since 2010. We are therefore a pioneer in EVs and are implementing the transition to fossil-free vehicles faster than the EU requires. According to the 2022 figures, we’re well on our way to reaching our goal of delivering the last passenger vehicle driven on fossils to a leasing customer in 2028. This is possible in part because we are not tied to specific car brands, but we can source cars for our customers from different

manufacturers. We also aim to be a responsible and reliable partner—we make sustainable purchases and understand the value of buying services from small suppliers.

ONE OF THE CORNERSTONES of Secto’s operations is our competent staff, who enjoy their work and are known for excellent customer service. They take care of our approximately 3,900 business customers and the lifecycle of 8,600 vehicles—starting from the assessment of mobility needs before the first car is delivered, to the return of the vehicle and the purchase of the next one.

IN 2022, OUR USED CAR BUSINESS sold around 2,600 cars returned from leasing and other nearly new cars to end users, which are increasingly electric.



Source: Secto & Finnish Transport and Communications Agency Traficom, register of transport matters / Value Clinic



SECTO SUSTAINABILITY HIGHLIGHTS OF 2022



2.

STRATEGY – BEING PART OF A BETTER FUTURE



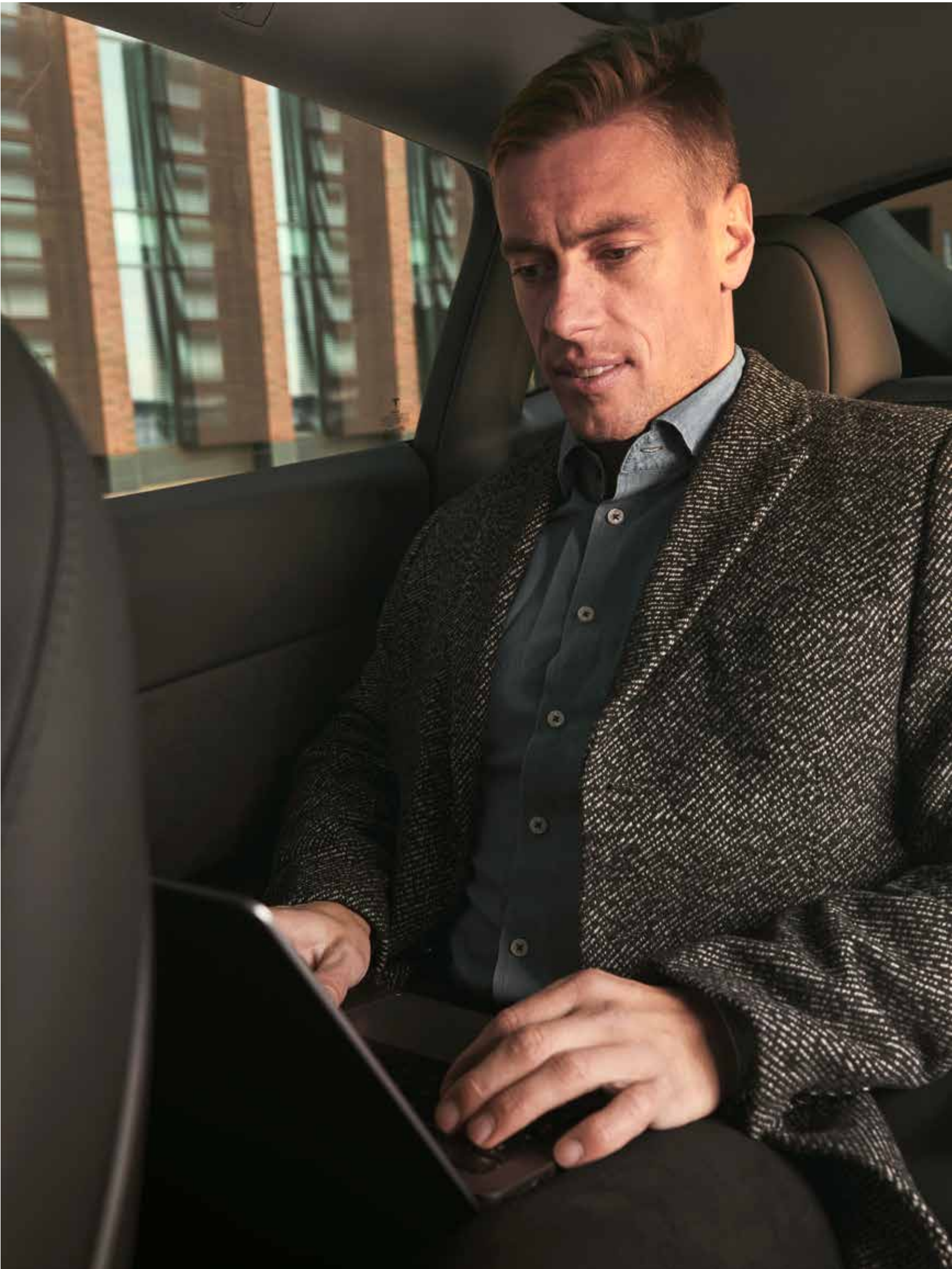
Secto has identified specific focus areas that are at the centre of our sustainability strategy and can be split into two categories, as per the table below. For each of our focus areas, we have set an objective that guides our strategic focus.

FOCUS AREAS

CATEGORY	FOCUS AREA	OBJECTIVE
CLIMATE AND DECARBONISATION	GHG emissions and climate transition	Leasing solutions that support customers in reducing their negative environmental footprint
PEOPLE	Employee engagement	Ensuring a safe and satisfying work environment
	Human rights	Building connections in the industry to shape sustainable mobility and community development
	Corporate governance	Governance that promotes responsible and sustainable ways of doing business throughout our value chain
	Social license to operate	A management method that promotes responsible and sustainable business practices throughout the value chain

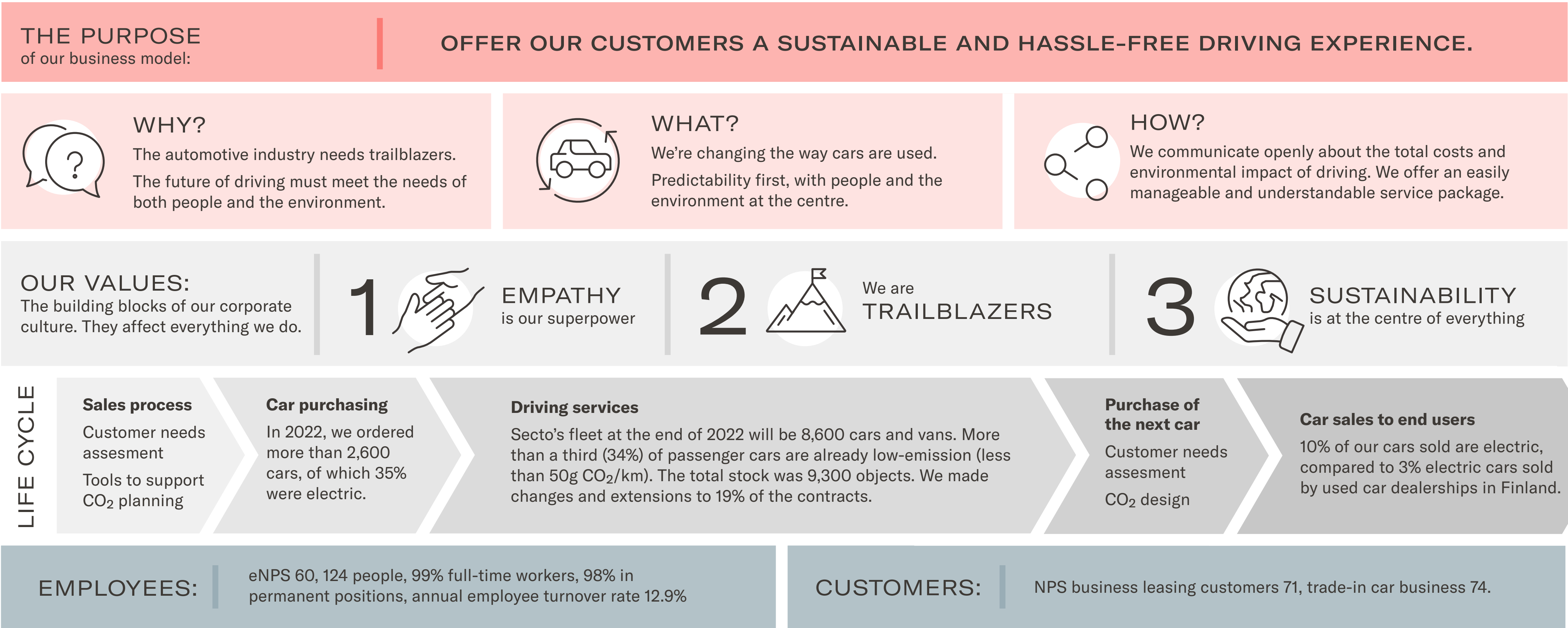
WE IDENTIFIED THESE FOCUS AREAS through a materiality assessment. The full process, as well as specific key performance indicators (KPIs) that support these key (material) focus

areas, can be found in the ‘Governance and policies’ section. The rest of this section provides further detail related to how we aim to achieve the above objectives for each focus area.



HOW WE DELIVER VALUE FOR OUR STAKEHOLDERS

DESCRIPTION OF OUR STRATEGY AND BUSINESS MODEL





SECTO DELIVERS VALUE TO ITS CUSTOMERS

We deliver value to our customers through our environmentally-friendly car fleet and versatile service package, along with the tools that support it. We make sustainable and hassle-free driving possible by offering our customers tools for planning and maintaining their transition to EVs.

OUR BIGGEST IMPACT in reducing GHG emissions comes through our clients—our work in slowing down climate change thus goes beyond the scope of our own operations.

TO FURTHER LIMIT CLIMATE CHANGE, it's important for us to understand the obstacles to EV adoption, what our customers value in EVs, and what factors slow down their decision to adopt EVs. In 2022, we conducted a customer survey*, where we discovered that company car users most value the ease and availability of charging. Decision makers responsible for procurement are particularly interested in vehicle emissions and operating costs.

WE CAN HELP CUSTOMERS TRANSITION to a non-fossil fleet as hassle-free as possible since we have made the transi-

tion ourselves. We decided in 2021 to start the process of replacing our employees' company cars with full EVs, and our goal is to complete the transition of all our staff's cars to EVs by the end of 2023.

Distribution of turnover and emissions by business function

According to Secto's business model, we will have three different types of turnover in the future: 1) corporate leasing, 2) private leasing, and 3) used car sales. During 2022, we still had a profitable machine leasing business, which we will give up by the end of 2023 to reduce our carbon emissions.

*Value Clinic: Survey for decision makers and company car drivers 06-08/2022.

VALUE CREATION MILESTONES

2010

We leased our first fully electric vehicle.

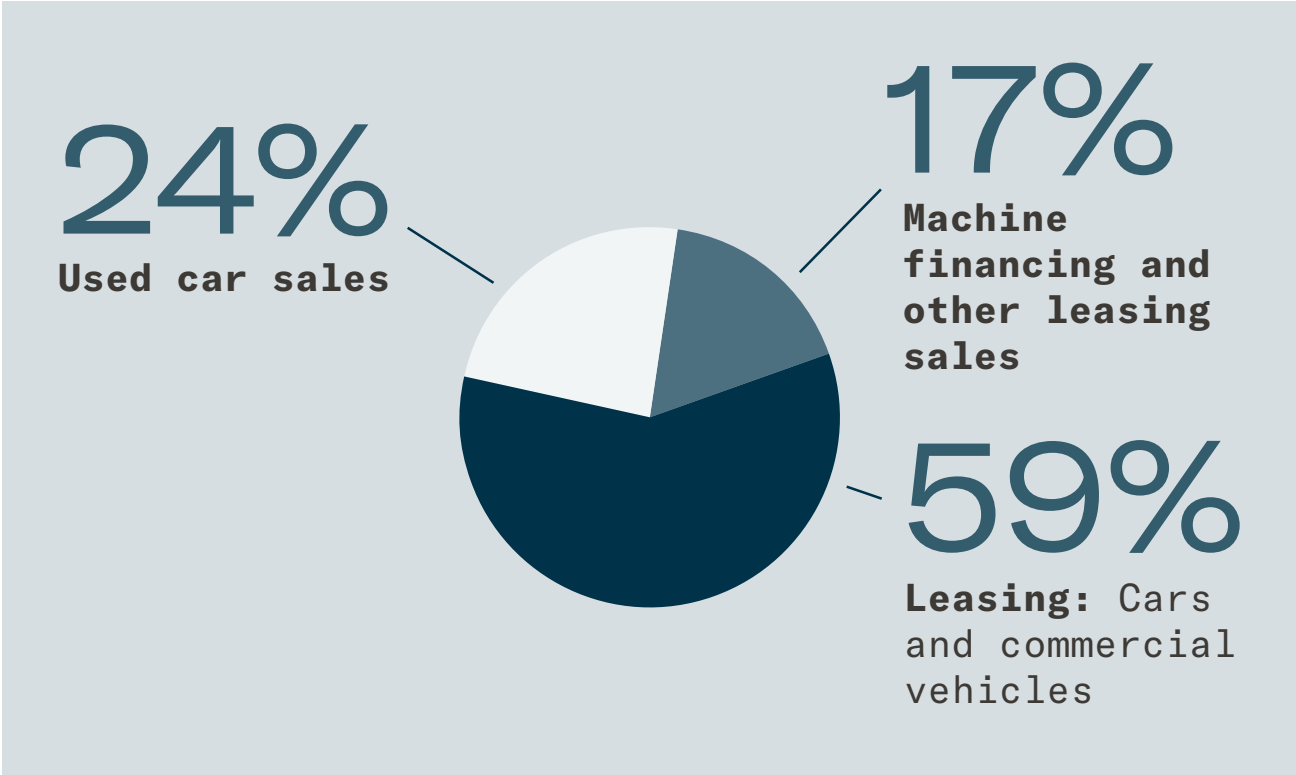
2022

We decided to cease our machine leasing business because it did not meet our sustainability values.

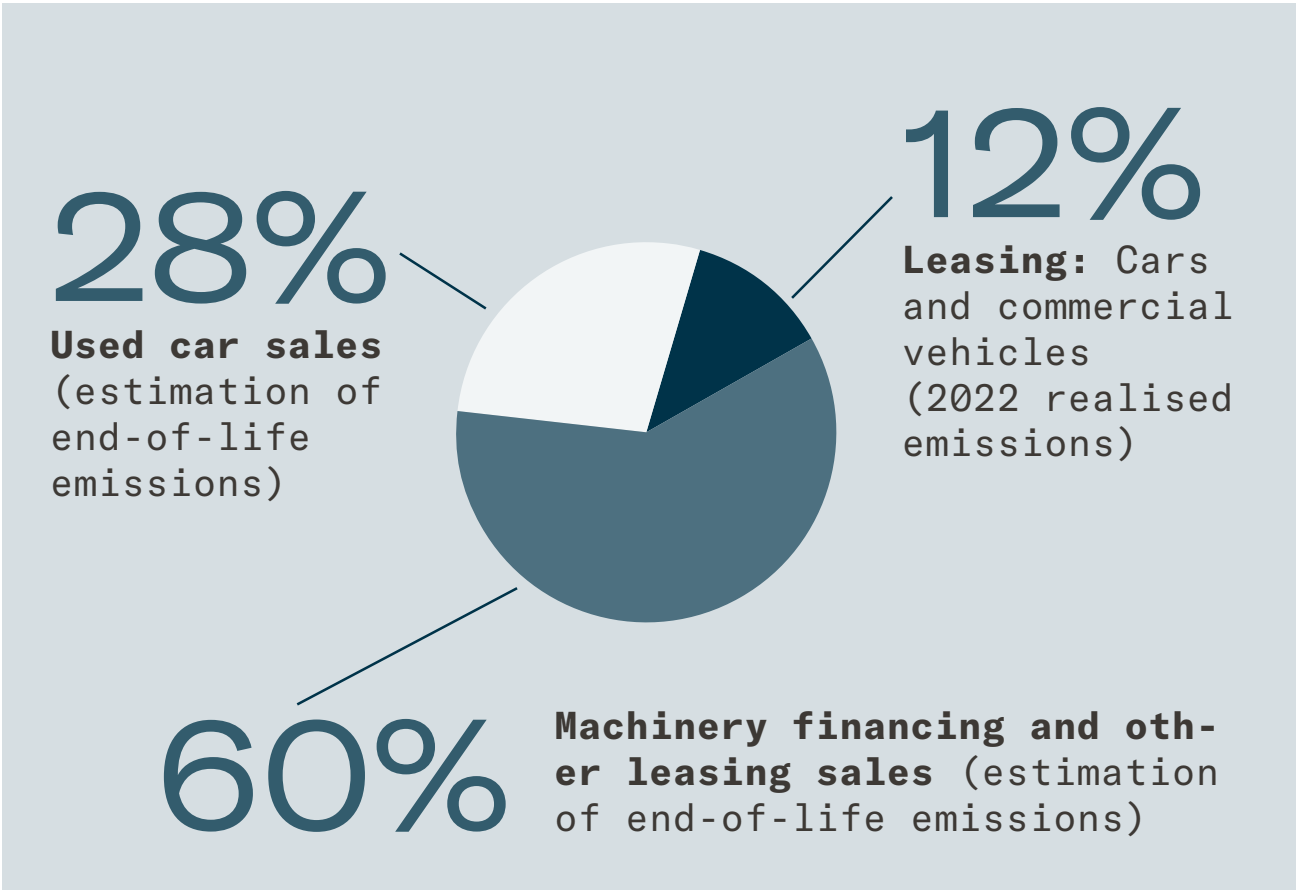
2028

Our goal is to deliver the last fossil fuel passenger car in 2028, seven years earlier than the EU requires.

TURNOVER BY INDUSTRY (%), REVENUE



INDIRECT GHG EMISSIONS BY BUSINESS AREA (%)



Secto’s overall emissions for 2022 were **272,167.61 tCO₂e**. Emissions are divided into three scopes:

- Scope 1 emissions from own operations were 129.95 tCO₂e.
- Scope 2 indirect GHG emissions from purchased electricity, steam, heat, and cooling were 94.89 tCO₂e.
- Scope 3 both upstream and downstream indirect GHG emissions that occur in Secto’s value chain were 271,942.77 tCO₂e. Scope 3 is by far the largest source of GHG emissions.

SECTO IS COMMITTED to reducing its entire carbon footprint. Our decision to cease the machine leasing business and our work towards non-fossil fleets will reduce our Scope 3 emissions materially.

LONG DELIVERY TIMES HAVE often been a challenge in leasing new EVs. However, we regularly check the availability of different car brands and models with importers, while anticipating our customers’ demands.

IN 2022, WE SOLD APPROXIMATELY 2,600 cars returned from leasing and other used cars to end users and companies, which are increasingly hybrid or fully electric. We are constantly developing our used car sales business and we’re currently building an online store, which will make it possible to easily purchase a used car online.



PEOPLE ARE OUR BIGGEST STRENGTH: VALUES AND COMPANY CULTURE

Values are the building blocks of corporate culture and affect everything we do.

Our values are:

- Empathy is our superpower
- We are trailblazers
- Sustainability at the centre of everything

1. EMPATHY IS OUR SUPERPOWER. Empathy is a key part of our service promise, starting with how we treat our employees, and extending to our customers and all other stakeholders in the value chain.

We use common sense and always put ourselves in the other person’s shoes. We emphasise individual freedom in working life, and encourage people to think and take initiative.

2. WE ARE TRAILBLAZERS. It’s in Secto’s DNA to be curious, create new things, and be a pioneer. Innovation—i.e. the ability to develop things, solve problems, and overcome obstacles—arises from challenging the current conditions and questioning prevailing business models.

At Secto, we build new mobility services and constantly measure the service experience provided. We develop good practices into better ones and let go of what doesn’t work.

3. SUSTAINABILITY AT THE CENTRE OF EVERYTHING. Secto is committed to implementing principles of sustainable development. In the future, we will act according to the goals and metrics we have set in the areas of environmental sustainability and social and administrative responsibility. We don’t

»We give our employees the freedom to do their job the way they see fit, knowing that with freedom comes the responsibility to achieve our common goals.

set ourselves impossible goals, but we do what we promise. Our goals can be realised only through the combined efforts of every employee in our company. We give our employees the freedom to do their job the way they see fit, knowing that with freedom comes the responsibility to achieve our common goals.

Staff satisfaction and well-being are at the core of our values

Employees play a key role in executing Secto’s strategy and business model. Our eNPS score of 60 proves that our employees feel their well-being at work is at an excellent level.

Meaningful work

At Secto, employees are our most important asset and we do everything we can to offer everyone a safe and meaningful work environment.

Secto’s prioritises individuals in order to achieve common goals. We fight climate change by offering zero-emission

mobility solutions, and an employee who identifies to the same values can certainly feel that their work is meaningful.

Employee satisfaction and well-being

We systematically monitor how meaningful employees see their work, and we work actively to ensure that our staff enjoy what they do. We understand that well-being includes much more than physical health.

We support the well-being of employees by offering benefits that promote a healthy lifestyle, such as a bicycle benefit, exercise benefit, cultural benefit, massage, and instructor-led group exercise. We also closely monitor the working atmosphere and well-being of our employees. Secto’s employees do a lot of spontaneous exercise together in their free time, and physical exercise plays a big role in Secto’s own staff events.

We received the Future Workplaces 2022 certificate for exceptionally good management through employee understanding.



SECTO IS A TRAILBLAZER IN SUSTAINABLE DRIVING

The most important megatrend for Secto's business is combating climate change by reducing GHG emissions. In the automotive industry, companies are moving towards EVs and other climate-neutral technologies.

THE ELECTRIFICATION OF VEHICLES is happening at an accelerating pace. Electricity became the most popular motive power in Secto's new passenger car orders already in 2021. The same trend continued in 2022, as fully electric cars already accounted for 35% of orders.

THE AVERAGE CO₂ EMISSIONS of new company cars is constantly decreasing. In 2022, the average CO₂ emissions of passenger cars delivered to customers was 77 grams per kilometer. At the end of 2025, we are aiming for it to be 50 grams, and from 2029 onwards, 0 grams.

MANY FACTORS CONTRIBUTE to the acceleration of the e-mobility transition. The automotive industry reacts to decision makers' actions by developing and introducing new EV models that are more versatile and equipped with a longer operating range. The EU has set a strict goal to ban new fossil-fuel cars from 2035 onwards. For this to happen, the EU emission fine has forced car manufacturers to significantly reduce their gasoline and diesel car models, and to increase the production of EVs.

THE EU IS CURRENTLY UPDATING the directive on refueling and charging infrastructure for low-emission cars. The most

important highways must have high-power charging fields every 60 km. The EU provides support for building charging infrastructure at workplaces and public charging.

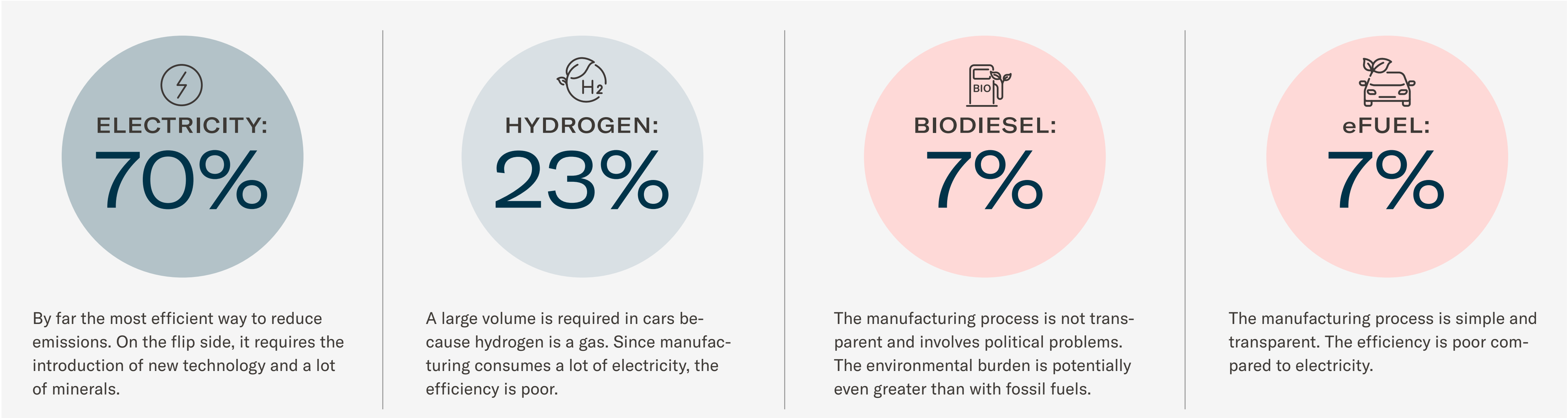
TAXATION CHANGES ALSO SUPPORT the e-mobility transition. Practices vary in different countries, but company car drivers can use subsidies for both cars and vans. Drivers receive a car advance discount and can purchase new electric cars without car tax.

REGULATIONS RELATED TO THE ENVIRONMENT, social responsibility, and good governance also speed up the transition. More and more companies are committed to complying with ESG principles, which require them to reduce their carbon footprint.

DESPITE STRONG PRICE FLUCTUATIONS, electricity has proven to be a more affordable power source than fossil fuels. More important than the price is the value of electricity as a sustainable power source.

The well to wheel efficiency of an electric drivetrain is ten times better than drop-in fuel alternatives such as petrol, eFuel, and biodiesel.

EFFICIENCY OF AN EV VS. OTHER ALTERNATIVE ENERGY SOURCES, %



Source: Rothbart, M., “e-Fuel Production via Renewables and the Impact on the In-Use CO₂ Performance,” SAE Technical Paper 2020-01-2139

IN FINLAND, EU decisions that support the change of infrastructure make an impact, but it can be difficult to keep up with the strict pace of development. Distances in our country are long, and in sparsely populated regions, it can be challenging to create a market-based charging infrastructure. Growth risks also include the automotive industry’s ability to deliver enough EVs according to the set schedule.



SECTO'S SOCIAL IMPACT

Secto is committed to taking an active role in the community.

MOTORSPORTS ARE A NATURAL way for us to participate in social activities and make a social impact. We see the rally scene as an opportunity to promote the popularity of sustainable driving among rally-loving Finns.

Secto became the title sponsor of the Finnish WRC event, Secto Rally Finland, in 2021 once it was decided that the WRC cars will start using eFuels backed by hybrid drivetrains.

Charity: Support for Ukraine in the humanitarian crisis caused by the war

In 2022, the world was shocked by Russia's war against Ukraine. Secto focused its charitable donations for the year on Ukrainian victims of the war, especially children. We systematically appealed to our stakeholders to support Ukraine, participated in aid work, and enabled our employees to do volunteer work themselves, such as transporting essential supplies to Ukraine.

Our first employee left to take supplies and pick up refugees just a few days after the war broke out*, and based on his travel experiences, we made instructions for other employees who later went on relief trips. Secto will continue to strongly support Ukraine as long as the war lasts and during the country's reconstruction phase.

* See a description of the relief trip in the 'Case' section.

ESG IMPACTS, RISKS & OPPORTUNITIES

Materiality assessment:

To concentrate our efforts on the most relevant and important issues at Secto, we conducted a materiality assessment of the key sustainability matters where we not only have a potential impact, but on issues that may have an impact on our business going forward. We took the following steps as part of the process:

- 1. Identification of all potentially material topics and creating a long list for consideration.
- 2. Prioritisation of the topics by categorising them and assessing their applicability to Secto. The main considerations were strategic importance to Secto, expected importance to stakeholders, and the social, economic, and environmental impact of each topic in the value chain.
- 3. Validation of the selected material topics by engaging management. In future years, we will aim to further validate material issues through specific stakeholder engagement activities.

The assessment was done on the following basis:

- Market requirements (including regulatory requirements)

- Secto's own business context (including external commitments such as UNGC)
- Stakeholder expectations
- Impacts of Secto's own operations (and impacts in the value chain) to the environment and people, and the effect of sustainability related risks and opportunities to Secto's business development

ANOTHER KEY CONSIDERATION WAS Secto's ambition to be aligned with the requirements of the EU Taxonomy, including the requirements from the Minimum Social Safeguards and 'Do No Significant Harm' principles. A major element in this regard were the emissions associated with vehicles, as well as social, labour, and human rights aspects in our value chain, among other considerations.

The material topics that we identified according to our assessment are:

- GHG emissions and climate transition
- Employee engagement
- Human rights
- Corporate governance
- Social license to operate

WE FOCUSED OUR REPORTING on the above topics, with GHG emissions and employee engagement being the primary areas where we aim to make a positive impact through our business activities.

We are also measuring our progress against these material issues through several environmental and social KPIs that will inform our upcoming plans and decisions to ensure improved performance (refer to the ‘KPI’ section for the performance data for the reporting year).

Impact, risk, and opportunity assessment

In 2022, Secto went through an extensive risk assessment process to determine our major risks¹, opportunities², and potential impacts related to sustainability.

We verified the findings through an internal implementation workshop, and compiled a Risk and Impact Register by considering the following questions:

- What’s the likelihood of the risk and what are the potential impacts?
- What mitigation and management approaches are already in place and who is the responsible person for the risk?
- What is the residual risk based on the implemented mitigation activities?
- What further risk management needs to be undertaken to ensure the risk is sufficiently mitigated?

For further details on our areas of risk and identified impacts, refer to the ‘ESG risk management’ section. Secto will continue to monitor our impacts, risks, and opportunities and identify measures to mitigate and manage them throughout our business activities.

SECTO’S BUSINESS STRATEGY is focused on the above matters, as well as the business opportunity that we have identified, which relates to providing a leasing solution that allows customers to choose low-emission vehicles.

We continue to assess the current market for EVs to ensure we have a steady supply of vehicles that will enable us to reach our goal of delivering the last fossil fuel vehicle to a leasing customer by the end of 2028.

1 **ESG risk assessment:** A risk assessment focuses on how sustainability issues affect a company and cause risks to the business.
2 **Impact assessment, prevention, and mitigation:** Understanding that you have a minimum responsibility to respect human rights and the environment, and to address the negative impacts related to your business operations.



3.

OPERATIONS

SECTO’S ESG AMBITION – ESG PROGRESS

In 2022, we did extensive work to determine our ESG approach, processes, and governance model, and we documented our ESG progress for the first time.

DURING 2022, WE:

- **Launched our sustainability program** by identifying material topics as part of our impact assessment process.
- **Established a governance process by building a governance model with clearly defined roles and responsibilities.** We established an ESG steering group, appointed a compliance specialist, and implemented Secto’s annual clock, which guides our annual ESG activities.
- **Publicly committed to the UN Global Compact (UNGC)** and published ESG policies on sustainability, environmental and climate change, human rights, and social and labour, aligned with UNGC principles and the Organisation for Economic Co-operation and Development (OECD) Guidelines. We also updated and published Secto’s own Code of Conduct as well as Secto’s Supplier Code of Conduct to consider key ESG issues.

- **Developed ESG e-learning modules for all employees based on level of responsibility.** We also updated other governance related compliance trainings, such as anti-money laundering and GDPR, and implemented an eLearning platform to monitor participation and performance.
- **Changed our business model by deciding to cease the machine leasing business to reduce our Scope 3 emissions materially.** All employees were relocated during the process.

THE SECTO BOARD OF DIRECTORS has approved the sustainability program, the ESG Governance model, and Secto’s ESG policies.

To guide our ongoing ESG focus areas and activities, we have identified and mapped stakeholders based on their influence and impact.

Secto’s identified stakeholders are:

Internal stakeholders <ul style="list-style-type: none">● Shareholders● Board of Directors● Employees	Finance stakeholders <ul style="list-style-type: none">● Creditors● Banks, current and potential future investors
State and municipal stakeholders <ul style="list-style-type: none">● Porvoo municipality● Government agencies● Communities and the society	End users <ul style="list-style-type: none">● Business clients● Private clients
Other organisations <ul style="list-style-type: none">● UN Global Compact● Trade unions● Media● World Rally Championship (WRC)	Business partners, including suppliers <ul style="list-style-type: none">● Original equipment manufacturers (as suppliers)● Vehicle refinanciers (financial institutions)● Other suppliers

TO REPORT ON OUR ONGOING ESG

activities and progress, we established an ESG reporting process and identified ESG KPIs based on the impact assessment that we had undertaken. We calculated our baseline GHG emissions for the first time based on this process. Lastly, we are releasing our first sustainability report.

Building on our work from the past year, our focus for 2023 is to implement the sustainability program through the following key activities.



Educate

Continue to educate our employees on Secto’s strategy and ESG’s core role in it



Implement

Work on implementing our ESG model into our operations, including the updated policies and codes of conduct



Set targets

Set ESG targets based on the performance from 2022

MANAGING OUR FUTURE – ESG MANAGEMENT, ROLES & RESPONSIBILITIES

Secto manages sustainability topics with the same determination we apply to financial matters. We see ESG as a financial risk and opportunity, and approach ESG matters from three perspectives: 1) strategy, 2) business operations, and 3) reporting. The sustainability agenda is integrated into all levels of the organisation.

THE BOARD OF DIRECTORS, as the highest governance body of the company, oversees the ESG impacts, including approval of Secto’s ESG strategy, goals, and major updates to Secto’s ESG policies. The executive team has a steering role in the ESG agenda. The chief financial officer (CFO) is responsible for ESG topics within the executive team.

Board of Directors and the executive team work together to ensure that Secto’s ESG strategy is aligned with its operative direction. The inputs from investors and stakeholders are also taken into consideration through our stakeholder engagement activities and ongoing engagement with investors.

ESG IS AN INTEGRAL PART of Secto’s core operations. All Secto business units are responsible for executing the strategy by running sustainable business operations and driving development initiatives to capture ESG opportunities and minimise risks.

Specifically, the chief procurement officer is responsible for ensuring that the supplier code of conduct is integrated into Secto’s supplier process, the anti-money laundering compliance officer is responsible for anti-money laundering measures, the chief digital officer is responsible for GDPR, and the compliance

specialist is responsible for ensuring that all levels of the organisation follow the ESG annual clock.

SECTO’S BUSINESS CONTROLLER and CFO run the reporting-led ESG topics. Technical ESG experts help ensure that progress is tracked and reported internally and externally through the right financial and non-financial KPIs to meet regulatory and market expectations.

THE ESG ORGANISATION WORKS ACCORDING to the annual ESG clock, approved by the Board, to ensure a systematic approach to the company’s ESG strategy, operations, and reporting. The annual clock puts emphasis on four main areas:

- 1. Upskilling and policy updates
- 2. Report planning and data gathering
- 3. Goal setting and risk & impact assessments
- 4. Reporting and stakeholder engagement

A YEAR OF SUSTAINED OUTCOMES 2022: CASE STUDIES

CASE 1: SECTO'S OWN FLEET ELECTRIFICATION

Secto wants to not only be a trailblazer in sustainable driving, but to also be a responsible operator.

WE DECIDED TO REPLACE Secto employees' company vehicles with fully electric vehicles. By driving fully electric vehicles ourselves, we can share relevant information and support our customers based on our own experiences.

At the same time, Secto serves as a practical example of switching a fleet of 71 company vehicles to a fully electric fleet.

SINCE THE START of the transition process in October 2021, the default Secto company vehicle has been electric. As part of the transition process, we first made a needs assessment for employees. Based on the information gathered from this assessment, we updated Secto's Car Policy and emission targets. We switched all company vehicles to EVs at a fast pace—by the end of 2022, Secto had 71 company vehicle drivers and 54 of the vehicles were already fully electric.

SINCE EVS STILL HAVE LONG delivery times, we use plug-in hybrids as waiting time ve-

hicles. According to our Car Policy, plug-in hybrids are no longer accepted as new company vehicles.

THE TOTAL COST OF OWNERSHIP (TCO) of Secto's vehicle fleet will remain unchanged, according to the calculations.

We achieved cost savings that compensate for an estimated 15–20% more expensive fleet through lower energy costs.

AS PART OF OUR STAFF'S transition to electric driving, we built new charging points at our offices. There are 12 charging points in Porvoo, 20 in Espoo, and 21 in Vantaa. Employees use Secto charging tags for public charging.

In addition, all willing company drivers can purchase a home charging point through Secto's charging device partner.

Employees can claim the charging point for themselves or it can be included thus in the leasing rent and in the taxable value of the employee's car benefit.

CASE 2: DEVELOPING OUR SERVICE CONCEPT BASED ON CUSTOMER RESEARCH

We commissioned a survey aimed at decision makers and company vehicle drivers from the Value Clinic research institute in the summer of 2022.

ACCORDING TO THE RESPONDENTS, the biggest advantages of EVs are low emissions, operating cost benefits, and the ability to charge the battery at home or at work. The biggest obstacles to switching are insufficient operational distance and high purchase price.

We discovered that customers needed information about the total costs of driving, home charging, and the public charging network.



THE ATTRACTIVENESS OF AN EV:
TOP 3 ISSUES IN RESEARCH, USERS, AND DECISION MAKERS

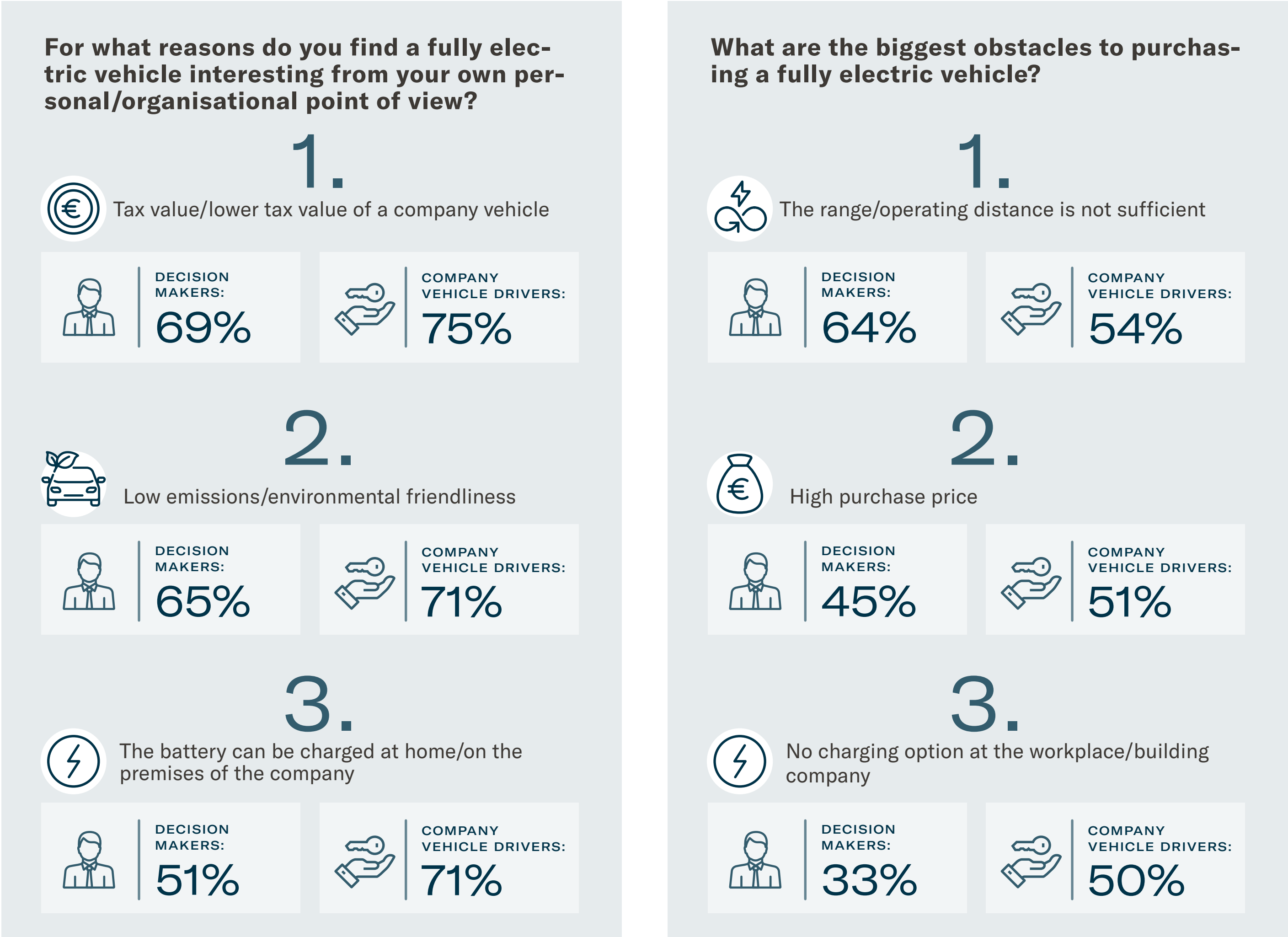




PHOTO: HENRI VUORINEN

CASE 3:

DEVELOPMENT THROUGH SUSTAINABLE MOTORSPORTS

In December 2022, we founded our own development department, Secto Automotive Labs, to further strengthen our position in the field of making motorsports sustainable.

SECTO AUTOMOTIVE LABS RESEARCH and experiments on how to compete in motorsports in a sustainable way. Secto is participating in the Finnish Rally Championship with two vehicles. Both vehicles already run on fossil-free eFuel combined with engine, drivetrain, and damper lubricants, which are based on esters and thus 100% fossil-free.

The fossil-free lubricant solutions that we found for our rally cars can be introduced to corporate customers as early as 2023, thus already making a positive impact on current cars in our fleet.

SECTO AUTOMOTIVE LABS ALSO CONDUCTS research on tyres. Fully electric and hybrid vehicles are generally heavier than ICE's due to the added weight of the batteries. The greater weight of EVs means heavier tyre wear, which is an issue that requires more attention in the future. Our aim is to push manufacturers to commercialize low-fossil tyres and by creating a demand from the public.

FROM AN ENVIRONMENTAL STANDPOINT, the biggest issues with legacy tyres are materials containing oil and coal, which are harmful to the environment. By advocating for low-fossil tyres, we are making a positive impact also in this segment. We have the expertise to help find the best balance between performance (i.e. road safety) and eco-friendliness, making it easier for manufacturers to speed up the launch of low-fossil tyres.

"Having competed at the top level of motorsport racing for years, it's great to be part of the Secto Automotive Labs project. For motorsports having a possibility to survive, it must become sustainable. Secto Automotive Labs uses carbon-neutral P1 Fuels and fossil-free lubricants. We also test new innovations in competitive situations to see if they can be used on the road in the future," says **Heikki Kovalainen**, former F1 driver and Super GT Champion.

CASES 4&5:**HOW EMPLOYEES
IMPLEMENT
SECTO'S
COMPANY VALUES**

We are proud of our responsible employees who think in accordance with our company values. Roope Kolis's humanitarian aid trip to Ukraine shows empathy and the desire to help, and Noora Floor-Berg's application for a new job in line with Secto's sustainability strategy shows that we act accordingly to our values.

OUR VALUES:

The building blocks of corporate culture and affect everything we do.



1 **EMPATHY**
is our superpower



2 **We are
TRAILBLAZERS**



3 **SUSTAINABILITY**
is at the centre of everything

CASE 4:**ROOPE KOLIS:
»I HAD TO DO
SOMETHING.«**

The desire to help led to a humanitarian aid trip to Ukraine.

WHEN RUSSIA'S WAR AGAINST Ukraine began in February 2022, Secto's sales manager, **Roope Kolis**, watched it shock the entire world, and felt a strong desire to help.

"As a father of two small boys, the picture of a little Ukrainian boy in the middle of the war moved me, and I wanted to do something more tangible than give a monetary donation. I made the decision to take a load of relief supplies to Ukraine and at the same time bring people fleeing the war to safety in Finland," Roope explains.

FOR SAFETY REASONS, it was not possible to go on the trip alone, and Roope's close friend, Elmo Makkonen, joined the expedition. Secto supported Roope's project by providing a travel fund for mandatory expenses and making two camper vans available that could accommodate 10 war refugees on the return trip.


IN HELSINKI, ROOPE AND ELMO loaded the vans with things like baby food, diapers, and sleeping pads. They made the approximately 1,500-kilometer journey from Helsinki to the Ukrainian border, through the Baltic, at a rapid pace. The signs of war became more apparent at the Ukrainian border, but it wasn't until Roope and Elmo arrived at the refugee reception centre that they were confronted with the severity of the situation.

"There were hundreds of people in a big industrial complex, but it was very quiet. People's anxiety was perceivable. Despair and sadness shone from their faces. I felt small. We also suddenly realised that we could only offer help to ten people out of thousands."

IN THE END, SIX WOMEN and four small children who had expressed their wish to get to the Nordic countries were chosen to return to Finland with Roope and Elmo. During the trip, Roope found out where the Ukrainians could settle in Finland. Accommodations had already been found for them when they boarded the Tallinn ferry. At the Port of Helsinki, the Finnish border authorities and the police gave them guidance on practical matters.

AFTER RETURNING HOME, Roope first thought to immediately set out on a new journey. "The visit to the Ukrainian refugee centre left me feeling a strong need to help more. However, I realised that as a father of two small children, I have my own responsibilities here and I gave up the idea," says Roope. "However, I'm very glad that I made the trip, even though it might have looked a little crazy or even dangerous to an outsider. But when people are in need, you must help."



A woman with long dark hair, wearing a light-colored puffer jacket and dark pants, stands in a forest. She is holding a leash for a large black and white dog with brown markings, likely a Mastiff or similar breed. The forest has many trees and some moss on the ground.

CASE 5: SECTO'S UPDATED STRATEGY PAVED THE WAY FOR A DREAM JOB FOR NOORA FLOOR-BERG

Noora Floor-Berg has worked as a Secto compliance specialist since the beginning of January 2023. Her role is to ensure governance activities are in line with the strategy and implemented throughout the organisation.

“TO SUM IT UP, YOU COULD say that my role is to help the entire organisation understand why ESG issues—from environmental goals to ethical guidelines—are important. After all, ESG is crucial for the company’s competitive advantage, which ensures a good future for all of us at Secto. And it helps us operate in a more responsible and environmentally friendly way,” explains Noora.

IN THE FALL OF 2022, Noora’s job description was quite different from the current one. “I worked as a service manager in machine leasing, where we organised leasing financing solutions for large construction machines. In that world, unfortunately, it will still be a while before it becomes zero-emission. The machine leasing business no longer fits Secto’s strategy of sustainable thinking, and the company decided to end it,” says Noora.

WITH THE TERMINATION of the machine leasing business, Noora’s job as service manager would also end. However, the strategy change opened a new and even better future for Noora. Secto needed someone to put the new strategy into practice and monitor its implementation. Noora applied for the role and got it.

“For me, the strategy change was a real stroke of luck because this job is exactly what I’ve dreamed of. I had originally applied to Secto because the company’s values and exceptional sustainable thinking in the industry appealed to me. Now I get to work at full capacity to promote them.”

ACCORDING TO NOORA, Secto employees constantly have new opportunities to develop and seek new challenges as Secto’s operations grow. “Of course, you have to want it and you have to work for it, but if you’re ready for it, the environment is really encouraging.”

4.

GOVERNANCE & POLICIES (DATA & EVIDENCE)

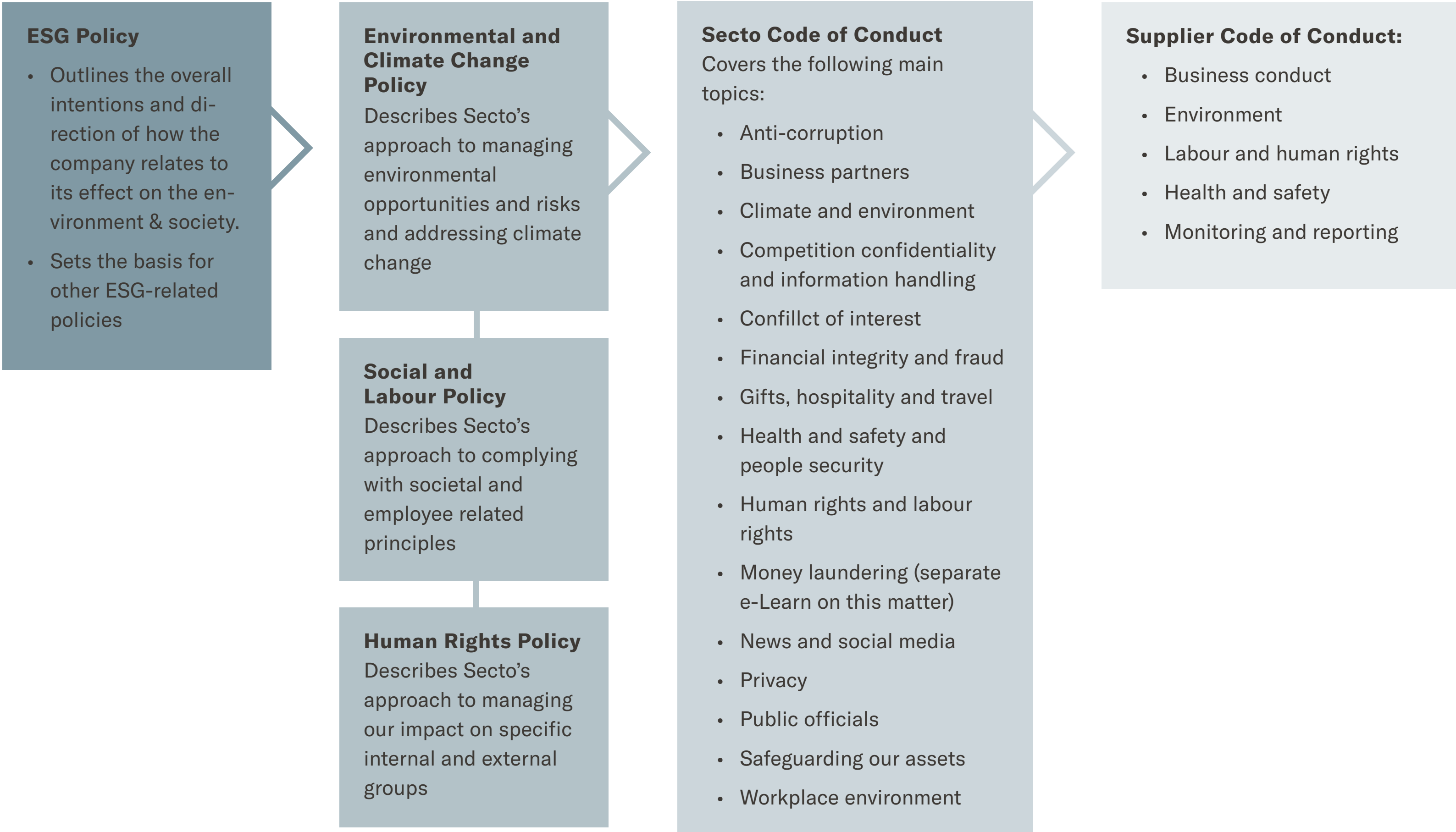
ESG POLICIES AND EXTERNAL COMMITMENTS

At Secto, we promote responsible business practices and have zero tolerance for corruption, as laid out in our Code of Conduct along with the anti-money laundering training that we provide to all our employees.

OUR RESPONSIBILITY GOES beyond our own operations: we require our suppliers to follow our Supplier Code of Conduct to consider environmental, health and safety, and human rights issues throughout our supply chain.

Secto has developed a set of ESG-related policies to outline the overall intentions and direction of how the company will manage its effect on the environment and society, and the governance required to do so. All decisions and actions taken by Secto will be consistent with and designed to accomplish the commitments made in the ESG policies.

THE POLICIES THAT HAVE BEEN DEVELOPED AND THE KEY TOPICS THEY COVER



To compile these policies, we have:

- Assessed our potential to align with the requirements of being a sustainable investment according to the Sustainable Finance Disclosure Regulation (SFDR), by understanding our compliance with the EU Taxonomy, including the Do No Significant Harm (DNSH) principle, as well as Minimum Social Safeguards (MSS).
- Committed to continuously monitor, report, and improve our environmental footprint, societal impact, and ownership and governance by leadership. We have done this through committing to the principles of the United Nations Global Compact (UNGC).

All sustainability policies have been approved by Secto’s Board of Directors. Secto will continue to operate according to its models, policies, and plans to have a positive ESG impact.

ESG RISK MANAGEMENT

To sufficiently manage our ESG impacts, risks, and opportunities, we compiled a first version of our Risk and Impact register in 2022, which we intend to monitor annually as per the annual clock.

IN THE REGISTER, we have identified all potential ESG risks and opportunities associated with Secto’s activities, as well as the potential impacts of our business on the environment and society.

BASED ON THIS, we have identified any existing controls that we already have in place to mitigate the risks and manage current and potential impacts, as well as forward-looking risk mitigation actions and opportunities that we hope to implement going forward. In our assessment, each risk has been given a severity rating according to the likelihood of its occurrence as well as the potential severity of the impacts should the risk realise.

WE HAVE FOCUSED OUR risk management efforts on the most high-risk issues that we have identified. Our main ongoing mitigation and management activities for our current high-risk issues are summarised in the table below and will continue to be monitored and changed along with the ongoing changes to our risk landscape.



SECTO’S HIGH-RISK ISSUES AND MITIGATION ACTIONS

	POTENTIAL IMPACTS (on environment, society, and human rights)	RISK/OPPORTUNITY EVENT DESCRIPTION	CURRENT CONTROLS (including remediation required)	FORWARD-LOOKING RISK MITIGATION ACTIONS AND OPPORTUNITIES
1	Contribution to/reduction of climate change through leasing of high- versus low- emission vehicles.	Transition to leasing primarily low-emission and EVs, leading to market advantage and positive reputational impact.	Secto’s business plan (until 2028) aims to increase the number of EVs in the company’s leasing profile up to 59%. This projection puts Secto ahead of other leasing companies in terms of EV mix.	Potential consideration of future EV mix beyond 2028.
2	Potential human rights violations, negative environmental or social impacts within the supply chain. Potential health and safety risks associated with the products.	Risk of human rights violations, ineffective supply chain management, negative environmental or social impacts, or health and safety considerations within Secto’s value chain.	Secto has set up a Supplier Code of Conduct that needs to be signed by all new suppliers. The Code of Conduct includes matters such as environmental, social, human rights, and health and safety issues. Secto also reserves the right to audit suppliers to ensure compliance with the requirements of the Supplier Code of Conduct.	Ongoing revision of the Supplier Code of Conduct to ensure all ESG-related risks are fully considered. Implementation of SCoC to suppliers. Identification of high-risk suppliers and audits to ensure compliance.
3	Risk of insufficient supply of low-emission vehicles.	Due to increasing demand for electric and hybrid vehicles, there is a risk of insufficient supply of EVs and hybrids for Secto to add to their fleet.	Secto is not tied to a single importer, and vehicles can be purchased from multiple locations, if it is not available in Finland.	Ongoing monitoring of the EV market and current vehicles availability. vehicles availability. Secto will amend any existing contracts or create new contracts to ensure sufficient supply.

TO MONITOR OUR RESPONSE to material ESG issues, as well as our identified risks, opportunities, and impacts, we have compiled key performance indicators (KPIs), which can be found in the following section. We use these KPIs to track our progress

in achieving our sustainability strategy and to set specific goals and targets for the upcoming years to continually enhance our performance.

ESG KPIs

To date, Secto has committed to reporting against the Principle Adverse Impact (PAI) indicators, adhering to the United Nations Global Compact (UNGC) requirements, and reporting against their principles as part of the annual Communication on Progress (CoP) process.

THE TABLES BELOW summarise the indicators for 2022, as part of our first year capturing and reporting our sustainability data.

SECTO’S SUSTAINABILITY BUSINESS KPIs FOR 2022

BUSINESS KPIs	DEFINITION & CALCULATION APPROACH	MEASURE-MENT	FIGURE
Total headcount (including Board)	Total number of workers at the end of the reporting period, including Board members who are not part of the workforce.	# people	126
Total headcount (excluding Board)	Total number of workers at the end of the reporting period, excluding Board members who are not part of the workforce.	# people	124
Total revenue generated	Total revenue generated for 2022.	mEuros	410.5
Breakdown of total revenue by significant sector & country	Percentage of revenue generated by different business operations based on cost groups and vehicle classes.	% of total revenue	24% used car sales, 16% heavy duty vehicle leasing, 60% passenger and light duty vehicle leasing
Discrimination, complaints, and grievances	Number of recorded incidents of discrimination, complaints, or grievances.	# incidents	0
Percentage of independent shareholder-elected members	The percentage of Board members who have been elected by independent shareholders.	%	25

Comments:

AT THE END OF 2022, Secto had a total of 124 workers (including employees who also serve on the Board of Directors). Of the four current Board members, one (25%) has been independently elected by shareholders.

SECTO HAS NOT RECORDED any cases of discrimination, complaints, or grievances throughout 2022.

OUR TOTAL REVENUE is split between used car sales (24%), heavy duty (16%), and passenger vehicle and light duty leasing (60%).

SECTO’S ENVIRONMENTAL KPIs FOR 2022

ENVIRONMENTAL KPIs	DEFINITION & CALCULATION APPROACH	MEASUREMENT	CURRENT FIGURE
Scope 1: Emissions from own operations	GHG emissions from sources owned or controlled by the undertaking.	tCO ₂ e	129.95
Scope 2: Purchased or acquired electricity, steam, heat, and cooling	Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heat, or cooling consumed by the undertaking.	Location-based tCO ₂	51.63
		Market-based tCO ₂	94.89
Scope 3: Emissions	All indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. Scope 3 GHG emissions are considered as estimated emissions in comparison with Scope 1 and 2 as their calculation is based on a combination of methods and primary and secondary data ranging from precise figures (supplier-specific or sites-specific methods) to extrapolated figures (average-data or spend-based methods). <i>Secto is in the process of gathering data for other relevant Scope 3 categories in order to have a full carbon footprint in the upcoming years.</i>	tCO ₂ e	271,942.77
Category 5: Waste generated in operations		tCO ₂ e	0.36
Category 6: Business travel		tCO ₂ e	27.19
Category 11: Emissions from total sold vehicles		tCO ₂ e	238,376.16
Category 11: Emissions from sold passenger vehicles		tCO ₂ e	74,955.01
Category 11: Emissions from sold machinery vehicles		tCO ₂ e	163,421.14
Category 13: Leasing of vehicles		tCO ₂ e	33,539.08
Full carbon footprint	Scope 1 + Scope 2 + Scope 3	tCO ₂ e	272,167.61

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SECTO’S ENVIRONMENTAL KPIS FOR 2022

ENVIRONMENTAL KPIS	DEFINITION & CALCULATION APPROACH	MEASURE- MENT	CURRENT FIGURE
Share of non-renewable energy consumption and production/ Share of renewable energy consumption and production	Non-renewable energy is energy that cannot be identified as being derived from renewable sources. It is energy consumed from processes owned or controlled by the undertaking applying the same perimeter applied for reporting GHG Scopes 1 and 2 emissions.	% renewables	24
Hazardous waste ratio (as a ratio of total waste generated)	The total amount of hazardous waste and radioactive waste generated by the undertaking.	Kg	0
% Revenue that came from environmentally-friendly products / services during the reporting period	Turnover of sustainable activities, i.e. products or services that align with the EU taxonomy for sustainable activities’ substantial contribution criteria (<50g CO ₂ /km)/Total turnover (of eligible activities) = leasing and sale of vehicles.	%	24

Discussion:

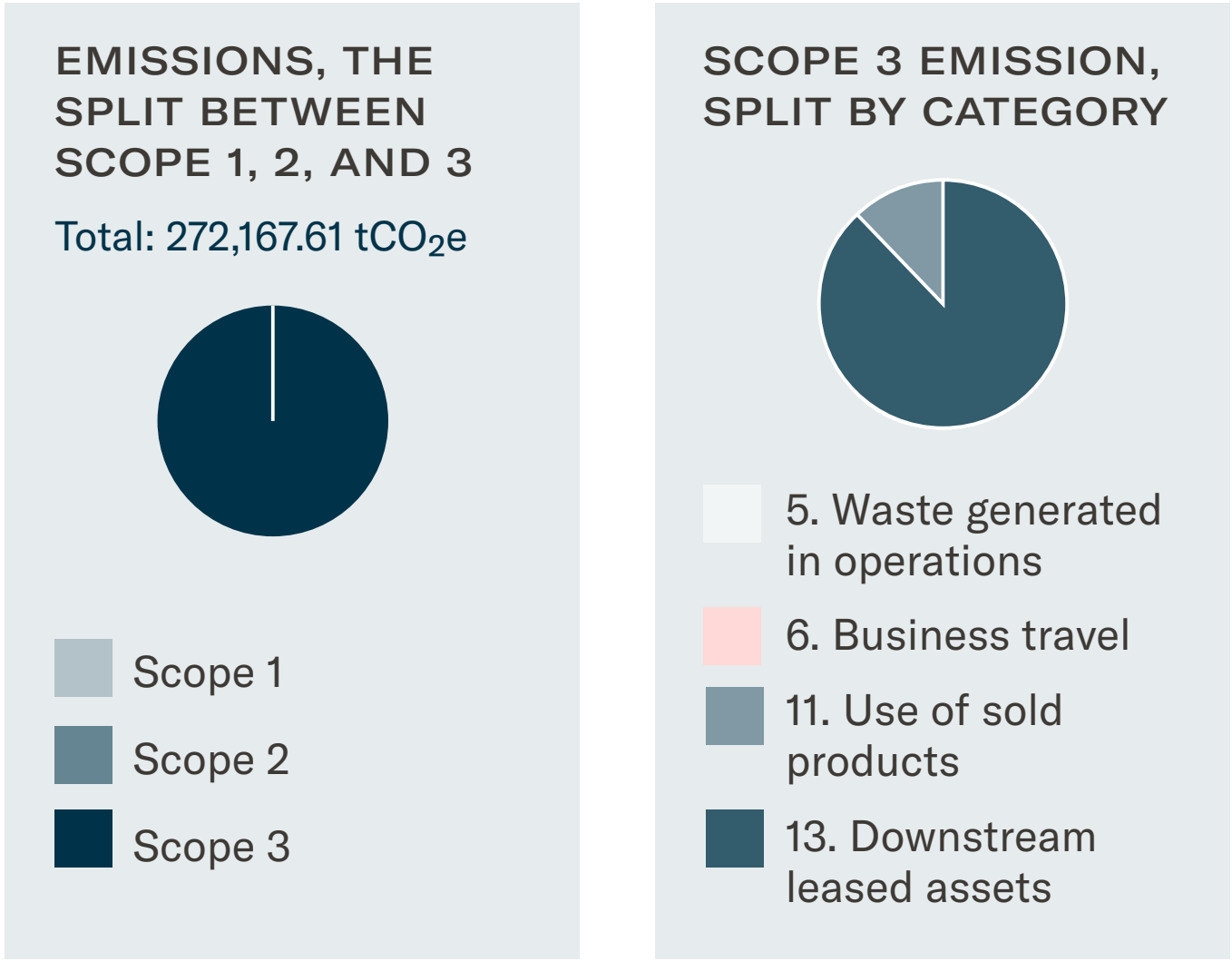
2022 WAS THE FIRST YEAR that we calculated Secto’s carbon footprint. We used the guidance from the GHG protocol to complete our calculations. We recognise that this is our first inventory, and we have made several assumptions, especially when calculating our Scope 3 emissions. We have identified opportunities throughout the year to optimise our GHG calculation approach and we will refine our figures in the upcoming years.

SCOPE 1 CONTRIBUTES VERY LITTLE to the total carbon emissions, as it comprises all company vehicles driven by Secto employees, which are predominantly electric.

SCOPE 2 ALSO CONTRIBUTES VERY LITTLE to the total CO₂e footprint, with electricity and heating coming from a variety of sources for our four office locations. Currently, 24% of Secto’s energy in our own operations comes from renewable energy sources.

SCOPE 3 HAS THE MOST SIGNIFICANT contribution to the total footprint (99.9%), with the use of sold products (category 11) being the major source of these emissions. Most contributions come from the machine leasing business, which is in the process of being relinquished. It is expected that emissions from this category will be significantly lower for FY23.

OUR TOTAL CARBON FOOTPRINT AND HOW IT’S SPLIT FOR 2022



SECTO DOES NOT PRODUCE any hazardous waste as part of our operations.

TO BE AS ALIGNED AS POSSIBLE with the substantial contribution criteria as set out in the EU Taxonomy, we calculated the revenue percentage that came from environmentally-friendly products or services during the reporting period of 2022. We calculated this by determining the turnover from the leasing and sale of vehicles that emit <50g CO₂/km as a portion of the total turnover (of eligible activities). Currently 24% of our turnover comes from sustainable activities. This will increase over time as our leasing portfolio transitions to sustainable leasing activities.

SECTO'S SOCIAL AND LABOUR KPIs FOR 2022

SOCIAL & LABOUR KPIs	DEFINITION & CALCULATION APPROACH	MEASUREMENT	CURRENT FIGURE
Employee satisfaction	Satisfaction index (eNPS) of employees per the employee survey.	eNPS (scale from -100 to 100)	60
Number of days lost to injuries, accidents, fatalities, or illness	The undertaking will count the number of days lost as such that the first full day and last day of absence will be included. Days on which the affected individual is not scheduled for work (e.g. weekends, public holidays) do not count as lost days.	# days	0
Number of injuries during the reporting period	Work-related injuries and work-related ill health arise from exposure to hazards at work.	# injuries	1
Tracking the ratio of employees covered by collective agreements to the total number of employees of the reporting entity	All negotiations that take place between an employer, a group of employers, or one or more employers' organisations. One or more trade unions or, in their absence, the representatives of the workers duly elected and authorised by them in accordance with national laws and regulations.	#	100%
Percentage of employees in a trade union or other workers' organisation	Extent of workplace, cross-border, and Board-level representation through trade unions and/or work councils. It can be noted that some employees may be part of a union outside of Secto's knowledge and control and will therefore not be included in the reported figure.	#	All employees have the right to join a trade union. It is the employee's decision to inform Secto or the external payroll provider about the membership. Secto does not monitor or record possible memberships.
Unadjusted gender pay gap	The male-female pay gap, defined as the difference between average gross hourly earnings of male paid employees and of female paid employees, expressed as a percentage of average gross hourly earnings of male paid employees.	% gap	41
Board gender diversity	Split between male and female members in the Board at the end of the reporting period.	%	100% male

Discussion:

In 2022, our eNPS was 60, with the scale from -100 to 100.

Secto did not have any lost time due to work-related injuries or illnesses throughout 2022. There was one incident of a work-related injury, although this did not result in any lost time.

All of our employees are covered by collected agreements, and have the right to join a union, although Secto does not monitor membership, as this fee can be paid directly or informed directly to outsourced payroll.

The unadjusted gender pay gap is currently 41% indicating that the average male salary is 41% higher than the female salary. This gap is mainly attributed to the current types of jobs that are

being done by male and female employees, such as sales staff versus back-office employees. If this gap is adjusted by job type and management level, the difference between male and female employees is insignificant. The salaried employee and expert level gender pay gap is 2% and -2% respectively. Employment contracts and commission pay schemes are alike to all commission-based sales employees, and the possible pay gap is sales performance driven. The manager and director level gender pay gap is 18% and 20% respectively, however, the number of people in these categories is low and the pay is in line with responsibilities and experience when the results are assessed by each individual.

The top management gender pay gap is -2%, indicating that when excluding the founding partners with dual roles in the top management and the Board of Directors, there is no gender pay gap within the top management.

At the end of 2022, our Board consisted of four male members, although up until September 2022, we had one female Board member.

Since this is our first year reporting on these KPIs, some of these calculations are based on assumptions or on the limited information available.

APPENDIX – REPORTING PRINCIPLES

For Secto’s first sustainability report, the focus has been on increasing our preparedness for the upcoming EU Corporate Sustainability Reporting Directive, related European Sustainability Reporting Standards, and other international sustainability reporting standards, including the GRI Standards.

THE REPORT PROVIDES A BASELINE for developing our reporting in compliance with the future requirements. The scope and the boundary of the report is Secto Automotive Oy and its products and services. Data is collected by Secto’s business controller from the existing operative management systems, purchasing records, HR system, and financial accounts. Data quality and credibility is internally reviewed, and the sustainability report is approved by the Board of Directors.

Refer to our data gathering methodology for environmental and social KPIs below:

INDICATOR	REPORTING PROCESS AND COMMENTS
Scope 1: Emissions from own operations	Data source: Fuel consumed by company vehicles, from company card purchases on the accounting system.
	Data gathering methodology: All data on fuel purchased is obtained from the accounting system. Emission factors are obtained from the vehicle manufacturers to convert total litres of petrol/ diesel purchased (consumed) to tCO ₂ e.
	Assumption: All cars are driven in Finland.
Scope 2: Purchased or acquired electricity, steam, heat, and cooling	Data source: Electricity consumption from buildings (including heating and cooling) <ul style="list-style-type: none">• Espoo: direct contract with Oomi (non-renewable)• Vantaa: direct contract with Keravan energia (renewable)• Oulu: direct contract with Oomi (renewable)• Porvoo: direct contract with the landlord• Laihia: no direct contract – billing done through landlor
	Data gathering methodology: Electricity use at all leased buildings per lease agreements or per building electricity invoices. Monthly electricity use is captured, and emission factors are applied based on source of electricity.
	Assumptions: <ul style="list-style-type: none">• The calculation includes emissions from Secto’s headquarters as well as the premises that are used for Secto’s own operations.• Location-based emission factors are from the Motiva emissions as of 2021 and are deemed to effectively reflect the emissions of heat and electricity generation used in Secto’s operations.• The used emissions factors only cover CO₂, but other GHGs can be assumed negligible. Hence, the unit is CO₂, not CO₂e.

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INDICATOR	REPORTING PROCESS AND COMMENTS
Scope 3: Emissions as a result of activities from assets not owned or controlled by Secto	Data source: All supply chain emissions as listed below. Sum of all material Scope 3 categories (category 5, category 6, category 11, and category 13).
	Data gathering methodology: Consolidation of all Scope 3 category emissions.
Scope 3 – Category 5: Waste generated in operations	Data source: Waste data is obtained from the third-party waste disposal service.
	Data gathering methodology: Secto makes use of a third-party waste disposal provider who removes all waste at their respective buildings. The data on the type and amount of waste, as well as the disposal activities, is recorded by the service provider and shared with Secto. Emission factors (DEFRA) have been applied to the data to determine the tCO ₂ e from waste generated.
Scope 3 – Category 6: Business travel	Data source: Any business travel is done through the internal finance approval activities on ERP.
	Data gathering methodology: All data on air travel for the year has been gathered by finance and collated.
	Assumption: The haul distance was determined by checking the flight distance for each trip and assigning the haul length and associated emission factors to each flight.
Scope 3 – Category 11: Use of sold vehicles	Data source: As captured on WebSales, Salesforce, and internal ERP.
	Data gathering activity: This KPI includes all CO ₂ emissions released from vehicles that are sold by Secto within the period. Sold vehicles include cars, vans, and machinery that are sold from Secto to another party. All vehicles owned by Secto are captured onto ERP databases. Sold vehicles lifetime emissions are calculated by estimating the remaining mileage of the vehicles based on their average lifetime.
	Assumptions: <ul style="list-style-type: none">• Total distance that a vehicle drives until scrapping is based on country research and is broken down by fuel type (used scrapping km and km/year).• Machinery leases and sales were included in this category as all machinery will be ceased in 2023.• Due to limitations in availability of productivity data for machinery, assumptions were made related to productivity hours and associated fuel use to determine emissions.

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INDICATOR	REPORTING PROCESS AND COMMENTS
Scope 3 – Category 13: Leasing of vehicles (downstream leased assets)	Data source: Captured within the internal ERP and Salesforce systems.
	Data gathering activity: This KPI includes all CO ₂ emissions released from vehicles that are leased by Secto within the period. Leased vehicles include cars, vans, and machinery that are leased from Secto to another party. All vehicles that are leased and managed by Secto are captured within the ERP or Salesforce database, along with the CO ₂ emissions associated with each vehicle’s mileage. The emissions associated with each vehicle are obtained from the Traficom website by using the vehicle registration details and captured within ERP/Salesforce against their respective vehicle.
	Assumptions: <ul style="list-style-type: none">• Estimated CO₂ emissions are determined based on an estimated daily distance driven, which is multiplied by the number of days in the reporting period in which the vehicle has been leased.• The daily distance is calculated according to the estimated distance for the vehicle throughout the full lease period based on collected mileage data.• Each lease agreement’s budgeted mileage for the vehicle throughout the full lease period is used if collected mileage data is not available.• If the driven distance is not available (due to missing starting data), the average by vehicle type is used to calculate distances.
Carbon footprint	Data source: Sum of all Scope 1, Scope 2, and Scope 3 emissions.
	Data gathering methodology: All data that has been captured on Scope 1, 2, and 3 emissions has already been obtained as part of the GHG emissions data gathering process. The available data is consolidated and the full carbon footprint is calculated. The data owner reviews the data and makes updates based on any anomalies.
Share of non-renewable energy consumption and production	Data source: Consumption from company vehicles, purchased electricity and heating/cooling of buildings, and all value chain activities converted to MJ.
	Data gathering methodology: All data energy that has been either consumed or produced has been captured as part of the GHG emissions reporting process. The data on the non-renewable energy consumed is obtained from the following sources: <ul style="list-style-type: none">• Fuel used by company vehicles• Non-renewable electricity used for heating and cooling• Fuel used by rental vehicles• Upstream transportation of vehicles and business travel Data on renewable energy consumed is obtained from the distance travelled by EVs (owned and leased), and renewable electricity used for buildings as well as heating and cooling.
	Calculate split of non-renewable energy as a percentage of total energy.

INDICATOR	REPORTING PROCESS AND COMMENTS
Hazardous waste ratio	Data source: All waste data is obtained from the third-party waste disposal service.
	Data gathering methodology: Secto makes use of a third-party waste disposal provider who removes all waste at their respective buildings. The data on the type and amount of waste, as well as the disposal activities are recorded by this service provider and shared with Secto. Any hazardous waste that was disposed of by the service provider is captured by Secto and divided by the total amount of waste generated by the company.
Unadjusted gender pay gap	Data source: HR System from outsourced payroll provider.
	Data gathering activity: Outsourced payroll provider’s HR system and analytics tool has all data on salaries paid to employees for different roles.
	Data gathering methodology: Obtain the annual salaries for all employees at Secto. Split the salaries, firstly, by gender (male or female), and secondly by the specific job type (level). Calculate the overall gap in pay between male and female employees as well as the gaps noted at each specific job level. Review data and make updates based on any anomalies.
Board gender diversity	Data source: Internal data on the Board composition.
	Data gathering methodology: Obtain gender information on current existing Board members (there are currently four, of which all are male). Calculate the number of female members and the number of male members on the Board. Calculate the percentage of female Board members out of the total number of current members. Review data and make updates based on any anomalies.
Number of days lost to injuries/accidents/fatalities or illness	Data source: Data is captured by an outsourced payroll provider and insurance provider. Human Resources generates a scorecard on lost time. The analytics platform has all data on any time off taken for health and safety reasons. Employees must record time off in the system.
	Data gathering methodology: Obtain all data on days taken due to injury or illness from the analytics platform. Obtain reported injuries from the insurance provider’s reporting platform. Calculate all days lost due to injuries (including fatalities), as well as days lost as a result of illness. Consolidate these to obtain all days lost due to health and safety incidents. Review data and make updates based on any anomalies.
Employee satisfaction (lack of grievance/complaints handling mechanism related to employee matters)	Data source: Employees are surveyed on an annual basis (at a minimum) by an outsourced service provider with a development trend being measured. Analysis is done by Secto HR.
	Data gathering methodology: Obtain feedback from the employees on the satisfaction survey. The survey calculates the overall level of employee satisfaction (%) and eNPS based on the responses obtained.

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INDICATOR	REPORTING PROCESS AND COMMENTS
The ratio of employees covered by collective agreements.	Data source: HR system and salary information.
	Data gathering methodology: Secto is not a member of an employer union but Secto does undertake monitoring activities to ensure that collective bargaining agreements are being adhered to.
Number of injuries during the reporting period	Data source: Data is captured by an outsourced payroll provider and insurance provider. Human Resources generates a scorecard on lost time. The analytics platform has all data on any time off taken for health and safety reasons. Employees must record time off in the system.
	Data gathering methodology: Obtain all data on days taken due to injury from the analytics platform. Obtain reported injuries from the insurance provider’s reporting platform. Calculate all injuries (including fatalities) that have occurred throughout the reporting period. Consolidate these to obtain the total number of injuries during the reporting period. Review data and make updates based on any anomalies.
% Revenue that came from environmentally-friendly products/ services during the reporting period	Data source: Annual revenue (financial statements) per ERP system.
	Data gathering methodology: Environmentally-friendly products in this context will be all leased or sold vehicles with CO ₂ emissions below 50 gCO ₂ /km. Obtain the total revenue throughout the reporting period, split by fuel type and CO ₂ emission group. Determine the amount of revenue that came from vehicles with CO ₂ emissions below 50 gCO ₂ /km as a percentage of the total revenue generated.

secto
automotive