

Sustainability report

Werksta Group 2022





This report is Werksta's sustainability report for the financial year 2022. The sustainability report is reported as a separate document, separate from the annual report. The sustainability report is prepared in accordance with the regulations of the Annual Accounts Act for sustainability reporting of parent companies and groups.

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Werksta is the leading body damage repair chain in the Nordics for body and paint repairs, including windscreen repairs and windscreen replacements. Werksta has over 90 repair shops in Sweden, Finland and Norway and over 1000 employees. The business operates under the trademark Werksta in Sweden and Norway and under the trademark Autoklinikka in Finland. In 2022 the group had a turnover of SEK 2,2 billions.



Comment from the CEO

The body damage repair industry, like all industries, faces the challenge of setting a new course towards a more sustainable business. Together with our clients and our suppliers and the right conditions, we can achieve this. What we describe in this report is what we can control ourselves. Our ambition is to be the most sustainable company in the industry. We have reviewed the entire operation and identified where our greatest impact lies and where we have the opportunity to make the most positive impact.

Here you will find all the latest numbers, measurable objectives, hard data, analysis, tables and charts. All with a focus on the road ahead.

Catherine Sahlgren, CEO Werksta Group

Ethics and governance

We continuously focus on sustainability issues. Responsibility and sustainability are central parts of Werksta's long-term strategy.

Since 2021, Werksta supports the Global Compact principles for responsible businesses. We also support the UN's Agenda 2030, where we can contribute to several of the global targets with our focus on sustainable business development. Our vision is to be the industry's most sustainable company and we actively work to contribute to the development of a more sustainable society. By focusing on sustainability in every aspect of the business and our offer, we strengthen our competitiveness.

We have mapped our value chain and made a materiality analysis with input from our stakeholders. We report according to ESG principles in the Worldfavor platform for sustainability information.

Our business is characterized by systematic and active environmental work, minimizing environmental impact with the aspiration to become carbon neutral. We have some business areas that are subject to notification and have chosen to apply the same environmental efforts and adhere to the same self-control regulation in all units.

We make demands on our suppliers regarding environmental and social considerations, which are always taken into account in purchasing and procurement.



An important success factor is that our employees thrive and develop within Werksta. We consistently work to improve leadership, health and safety in all our workplaces and have set group goals for employee engagement, reduced staff turnover, sick leave and a continuous low number of workplace accidents. We work for a safe, equal and diversified workplace with satisfied and engaged employees.

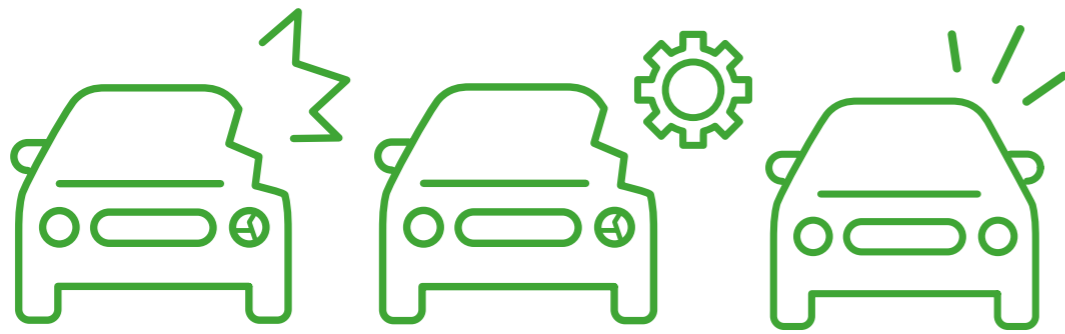
We have gathered our local sustainability commitments in a new group-wide sustainability strategy and a sustainability program with 10 aspects that we evaluate annually (see pages 22-23).

All repair shops in Sweden and Finland are certified according to ISO 9001:2015 and ISO 14001:2015 for quality and environmental consideration. In Norway, the operation is certified by Miljøfyrtorn.

All repair shops in Sweden and Finland have collective agreements.

Business model

In our business model, Werksta runs damage repair and service workshops where we perform all kinds of damage repairs on metal, paint and collision damages on cars. This also includes the repair of stone chips and windscreen replacements. We work with all insurance companies and handle all car brands. When we repair, we take sustainability into account. We don't replace parts without cause, we don't do unnecessary work and we repair anything that can be repaired. However, we never compromise on safety or quality.



Governance

We want to create the right conditions for a sustainable, responsible and efficient governance through active and responsible companies, a clear distribution of roles and responsibilities and correct reporting and information. Acting with responsibility both internally and with our partners is part of our Corporate Governance efforts. Corporate governance takes place through our values and through clear and well-established ESG policies. We report our development in the World Favor Platform.

Werksta has clarified the corporate governance in a number of policies that are well aligned within the company. Our policies include: *Werksta Supplier Code of Conduct, Work Environment Policy, Sickness/Rehab Policy, Equality Policy, Alcohol and Drug Policy, Environmental Policy, Quality Policy, Recruitment Policy, Werksta Ethical Rules, Traffic Safety Policy and Sustainability Policy.*

SUSTAINABILITY POLICY

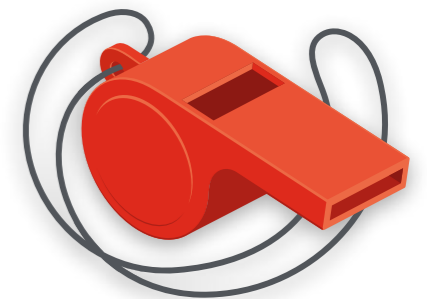
- Werksta contributes to sustainable development by increasing awareness of sustainable development and minimizing the negative impact of the business on the environment.
- Werksta strives for a safe, equal and diverse workplace with engaged and motivated workers.
- Based on the global goals of UN, Werksta requires that suppliers follow existing codes of conduct and consider these when purchasing and procuring for the company

We take responsibility for our actions

Werksta is a workplace where each of our employees can safely report abuse, if detected. In addition to the routines of internal reporting there is a whistleblower policy.

This is to detect and prevent all types of irregularities that could seriously damage our business or our employees. A whistleblower function is an opportunity for all employees to report suspected irregularities anonymously.

Through the whistleblower function, employees and business partners can report suspected crimes or violations of Werksta's internal rules. Information reported through the whistleblower function is processed confidentially and ensures safe and efficient handling of the matter for the person who has chosen to use the whistleblower function.



Our value chain

Stakeholder analysis



Suppliers

We have a continuous dialogue and collaboration with our suppliers to jointly contribute to a lower environmental impact in the supply chain. We work to ensure that suppliers and their sub-contractors respect **Werksta's code of conduct**, such as compliance with laws and regulations, human rights and fair working conditions. Sustainability is a key criterion when procuring new suppliers.



Our business

The most important environmental aspects to manage are the use of **spare parts** and **chemicals, energy use and waste management**. This is why we strive to reduce energy use, choose renewable energy sources to an increasing extent, and to reduce the purchase and use of chemicals while also ensuring safe handling of chemicals. We also strive to ensure sustainable waste management.



Production

We actively choose **used spare parts** when possible and we **repair plastic, metal and stone chips** instead of replacing damages with new parts. We encourage and facilitate **photo inspection**, both in our digital channels but also through collaboration with insurance companies and other customers.



Employees

The employees are our biggest asset in the company. In order for us to be able to reach our goals, it is necessary that we can retain and attract the competence we need. Therefore, it is important to have a continuous dialogue through **employee surveys, performance reviews, introductory training and skill growth**. We shall also provide a diverse, safe and healthy workplace without discrimination.



Our customers

Our customers, insurance companies, fleet companies and other business customers are the ones who buy our services and their opinion matters. We have an **ongoing dialogue** to fulfill their expectations of us regarding processes, delivery, possibilities for improvement and sustainability efforts.

We also have a dialogue with our customers' customers, the car owners, in order to ensure a high level of customer satisfaction and continuous improvement. We also conduct **NPS** after each customer visit to find out more about the customer's experience of our delivery.



Board/Owners

The board and owners are primarily interested in Werksta's **results** and how we run the business. They are also decision-makers for any investments and are thus an important stakeholder group.

They demand **long-term and sustainable profitability**, that we run a responsible and sustainable business and that we are an attractive employer that provides a safe and secure working environment.

Materiality analysis

Focus areas and priorities for our sustainability efforts are based on our materiality analysis.

We have asked our stakeholders which sustainability issues they consider to be the most important and mapped which areas we can make an impact on. Based on this, we have set 11 relevant focus areas for Werksta that links to the UN's global goals for sustainable development from Agenda 2030.

11 fokusområden

Employees and operations	Our offer	Ethics and governance	Environment and climate
<p>A Workplace safety</p> <p>B Leadership, training, employee satisfaction</p> <p>C Diversity, equal terms</p>	<p>D Process efficiency</p> <p>E Quality and customer satisfaction</p>	<p>F Ethical rules, policies and anti-corruption</p> <p>G Corporate governance</p>	<p>H Reduced impact during repair</p> <p>I Use of chemicals</p> <p>J Energy consumption</p> <p>K Waste management</p>



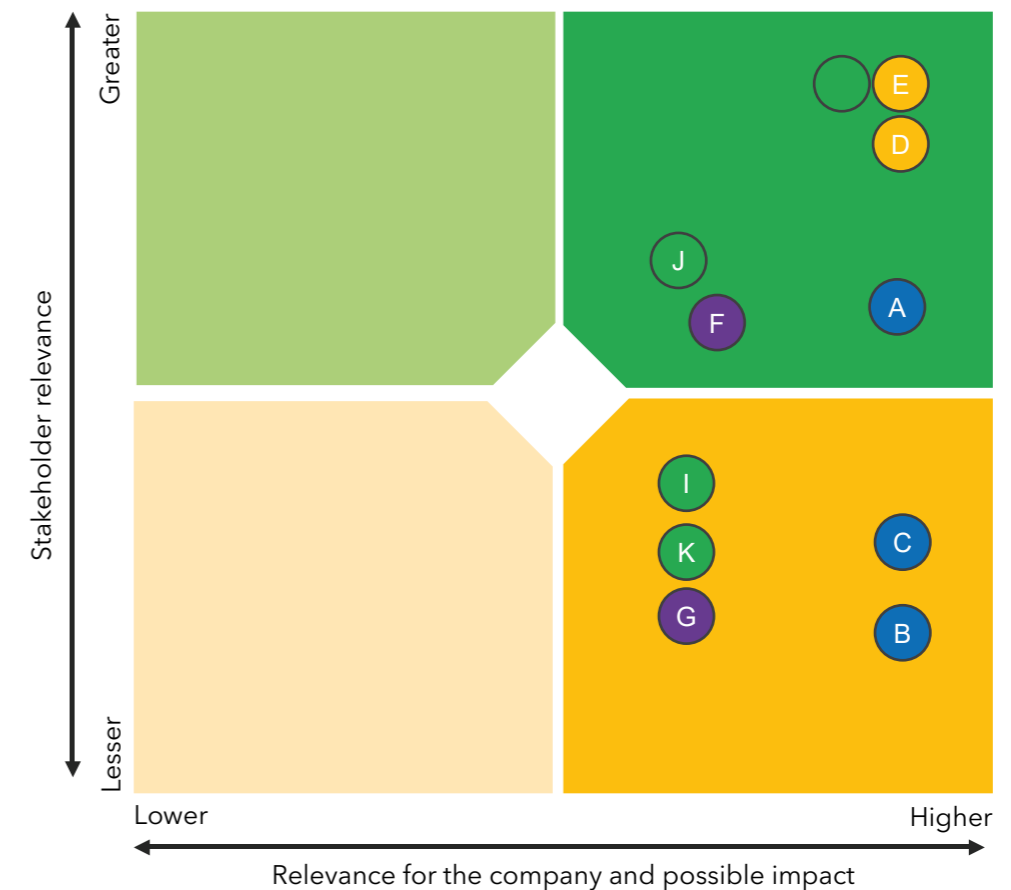
Global goals where Werksta can contribute

The global goals for sustainability where Werksta can contribute are Good health and well-being, Gender Equality, Affordable and clean energy, Decent work and economic growth, Responsible consumption and production and Climate action.



Priorities

We see that the area that has the most importance for stakeholders and for the company is our offer. This is where we have the best opportunity to make an impact. The repair process is also a valuable area for stakeholders where we can reduce our climate impact.



Environment and climate

We are aware that our business affect the environment both locally and globally.

We continuously strive to reduce our influence in the areas with the greatest impact to ensure sustainable development. We follow up and measure activities to take control of carbon dioxide emissions and environmental impact and work to reduce them together with customers and partners. Of course, we always meet the minimum requirements of laws and regulations.



Green Repair guides us

In autumn 2022, we took a new approach to focus even more on sustainability, together with our customers. We call it Green Repair. We review the entire damage process from start to finish in order to reduce climate footprint and environmental impact; from inspection to how we repair, what we repair with, how we manage waste and how we recycle materials.

Digital photo inspection

We offer our customers a digital photo inspection that makes it easier and saves time for the customer with the damaged car. Instead of going to a repair shop for a damage inspection, you simply take pictures with your mobile phone and send them to the repair shop. The fact that you don't have to drive to a repair shop to inspect the car also reduces climate impact. A photo inspection saves an average of 4 kg of carbon dioxide, which equals an annual saving of about 64,000 kg of carbon dioxide, as the number of photo inspections is about 16,000.



Four areas where we can reduce our impact

We have identified four important areas that we particularly focus on when it comes to reducing environmental impact.

<p>Use of spare parts</p>	<p>Use of chemicals</p>
<p>Energy consumption</p>	<p>Waste management</p>

1

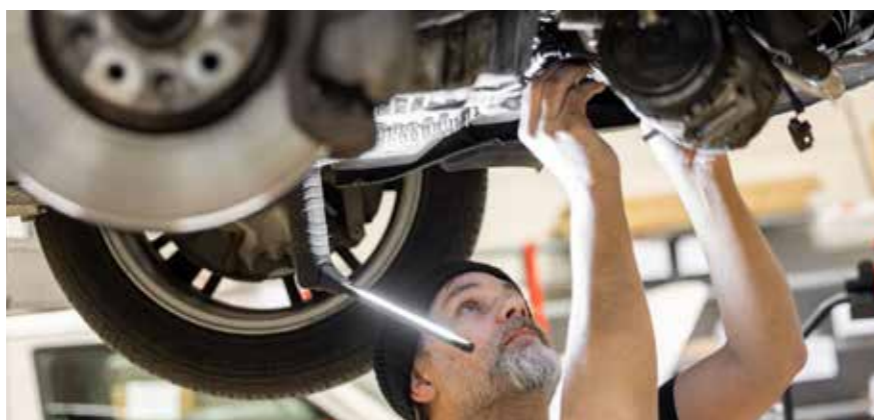
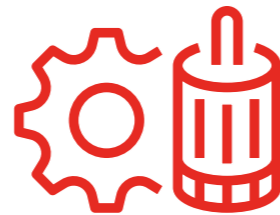
Used spare parts and more repairs lead to lower emissions

Much of the waste generated in workshops comes from broken car parts such as plastic, metal and glass. In close collaboration with our customers, the insurance companies, we always strive to repair damaged parts as much as possible instead of replacing them with new spare parts.

At Werksta, the first rule is to always find out if a broken part can be repaired in a high-quality and safe manner so that it doesn't need to be replaced. This saves the environment, repair time and costs. By repairing the original useful part, we cut emissions by approximately 83 percent*.

Replaced car parts always generate waste and the production of a new spare part also use natural resources. If a damage can't be repaired, we try to find a used spare part instead of a new one. If all emissions, such as energy, waste and transport, are included in the carbon dioxide emissions from the production of a new component, a used component can save approximately 76 percent of carbon dioxide emissions*.

Repairing or replacing a damaged part with a used original part is therefore always a more environmentally efficient solution and the solution we strive for.



*) Based on the Cabas calculations of insurance companies and lifecycle analysis made by IVL in 2020.

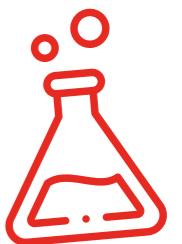


Even in the area of glass, you can reduce the climate impact by repairing a stone chip before it becomes a crack and the entire windshield needs to be replaced. That's why it is important for us to always ask the customers who are repairing another damage, if they would like the opportunity to repair stone chips at the same time. According to our calculations, a car glass repair (stone chip) emits up to 44 kg less carbon dioxide than a windshield replacement.

2

Use of chemicals

By systematically rationalizing the number of suppliers of chemical products to our repair shops, we have reduced the use of chemical products and chemical waste. More formalized purchasing ensures that there are no duplicate products in stock and that the turnover is high, so that the goods do not become old. This is also reflected in smart storage solutions that save time for our employees. We mostly use water-based paint in our paint jobs, which is a more environmentally friendly option than a solvent-based paint.



3

Energy consumption

We set clear targets for our energy consumption in production. In 2021, we started our measurement of Scope 1 and 2. The next step will be to train our staff in energy-saving activities in their daily work. In Scope 1, we have included emissions from oil, transport, gas and LPG. Scope 2 includes emissions from purchased electricity and district heating.

CONSUMPTION PER YEAR	SCOPE 1 (tCO2e)	SCOPE 2 (tCO2e)
2021	2420	366
2022	2894	265

Group turnover has increased with 36 percent from 2021 to 2022.



4

Waste management

In addition to always meeting the legal requirements regarding waste management, the waste generated in Werksta's repair shops is managed sustainably. Every year, our business generate a significant amount of waste, which must be managed in the best possible way. Metal, cardboard, glass, rubber and electronics; all waste is sorted and as much as possible is recycled.

We sort and recycle mixed scrap such as metal and aluminum. A lot of waste can be converted into energy instead of adding to landfills. We handle hazardous waste, such as chemicals, in a correct manner.



Effective recycling of materials means reduced costs for us and for our partners, while also saving the climate. To ensure that waste is handled efficiently and that materials are recycled or turned into energy to the greatest extent possible, we collaborate with our partner in waste management.

Together, we set clear goals and follow up on recycling rate, sorting rate and recycling of materials. We also review the environmental effect of waste transport in our endeavor to reduce our impact. Our employees are trained in circular thinking, which creates commitment and new ideas about how we can become even more sustainable.



Employees and operations

To us, social responsibility is about values. People, quality, honesty and respect provide employees who feel good and enjoy their work, which in turn leads to satisfied customers.

We take responsibility for our actions and we deliver what we promise. This is reflected in both the quality of our repairs and in the safety of our workplaces. We see differences as an asset. We treat all our employees equally and with respect. The operations in Sweden and Finland have collective agreements.

We do not compromise on safety

We do not compromise when it comes to occupational safety for our employees. In addition to legal obligations, we regularly assess potential hazards and risk factors in the work environment and pay attention to the physical and psychosocial stress factors at work. We constantly invest in developing our employees' skills and professionalism.



Werksta as an employer

Our success now and in the future is based on our employees. We measure employee satisfaction through annual employee surveys. In 2022, the response rate for the employee survey was over 85 percent and the average staff rating for Werksta was 8.3 on a scale of 0 - 10. Our employees' eNPS index (recommendation) was 45.04 in 2022.

Staff and customer satisfaction is high

Workplace satisfaction and motivated employees lead to good service, which in turn results in high customer satisfaction. In 2022, the average customer feedback was measured at an NPS of 80.5. NPS (Net Promoter Score) describes the customer experience and the likelihood that the customer will recommend the service. Globally, an NPS above 50 is considered excellent customer service, however levels vary between industries.

Diversity

Werksta strives towards increased diversity and equality in the organization and has the goal of reaching more than 15 percent women in the organization, which is above the industry average of 10 percent. Today, the percentage of women working at Werksta is 10.3.

Focus and results 2022

10 point program 2022

- 1 Measure scope 1 and 2 for 2020 and 2021 in all countries. Start analysis of scope 3. ✔
- 2 First group sustainability report published. ✔
- 3 Balance in gender distribution. ✔
- 4 ISO certification in Finland. ✔
- 5 Increase the number of repairs on plastic and glass. ✔
- 6 Increase the number of used parts. ✔
- 7 Increase the number of digital photo inspections. ✔
- 8 Increase the number of sustainable energy sources and reduce energy use. ✔
- 9 Decrease the number of chemical suppliers and rationalize which chemicals are used in the repair shops. ✔
- 10 Improve waste management in the repair shops. ✔

✔ Ongoing ✔ Implemented



Focus and results 2023

10 point program 2023

- 1 Balance in gender distribution.
- 2 Increased employee satisfaction.
- 3 Extended analysis scope 3.
- 4 Launch the concept of Green Repair.
- 5 Increase the number of repairs on plastic and glass.
- 6 Increase the number of used parts.
- 7 Increase the number of digital photo inspections.
- 8 Reduce energy use.
- 9 Improve waste management in the repair shops.
- 10 Support policies in place in each country.

Focus areas 2023

During 2023, we will:

- Investigate how Werksta  can become **carbon neutral** and map our energy consumption.
- Map scope 3, **reduce energy consumption** and transition to **fossil-free energy sources**. 
- Review the group's efforts for **gender equality**, focusing on more **equal recruiting** and increasing the percentage of women.
- Involve the entire organization in our **sustainability efforts** by communicating plans and goals with consistent follow-up.
- Reduce the use of new spare parts and train employees in **repairing rather than replacing** sheet metal, plastic and glass parts.
- Streamline **waste management**, increase sorting and **circularity**.

This list is not extensive since we will act in several ways, large and small, to become a more sustainable company over the year.



Werksta

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