

# 2022 ESG REPORT

# A MESSAGE FROM OUR MANAGEMENT BOARD



In August of 2022, we celebrated our 10th anniversary. The business started with the desire to address customer's needs for transparency and comparability in the used car market, an industry which is known to be one of the most opaque in Europe. The first 10 years of our journey were exceptional in many ways: we created a platform that has changed the way our market operates, providing our customer base of consumers and dealers with great value. We launched products on our platform with the constant aim to create exceptional experiences. By today, they have served millions of customers. And we assembled a team of outstanding talent, propelling us from zero to market leader, we worked with thousands of partner dealers, served millions of customers and we had EUR 6.5 billion in revenue in 2022.

We are part of the automotive circular economy and believe that integrating sustainability considerations in our daily work enhances the growth of our unique business model. We have built a robust foundation across Environmental, Social and Governance aspects, whether it's our governance structure, using the lowest possible emitting transporters, or our employee engagement efforts.



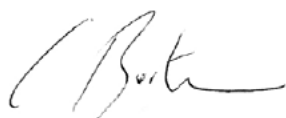
2022 was a unique year. The macroeconomic environment was highly volatile, we faced high inflation and the transport market for cars suffered from supply shortages. We are proud that we made robust progress on our ESG approach despite these market conditions. As a result of substantial improvements in 2022 in all three ESG areas, we are proud that MSCI has upgraded our ESG rating in October 2022 from BBB to AA. The main drivers for our best-in class performance are:

- Strong data management practices that include board-level oversight of data security systems and staff training on cybersecurity measures
- Strict business ethics practices such as a detailed policy on bribery and regular staff training on ethical standards and
- A focused cleantech strategy, which includes our investment in efficient EV battery evaluation technologies to enhance the trading of used EV and hybrid cars.


Releasing our second ESG Report this year is not only important for us to provide transparency to our customers, employees, partners and shareholders, but also a critical milestone in holding ourselves accountable for our progress.

In this report, we show that we have made strong progress on several ESG-initiatives, while in some areas we are still at the very beginning of this journey. We could not be more excited about what's ahead of us.

Thank you for joining us on this path.



**Christian Bertermann**  
CEO & Co-Founder  
of AUTO1 Group



**Markus Boser**  
CFO of AUTO1 Group

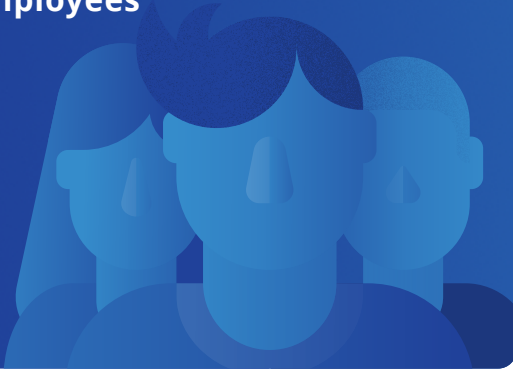


## COMPANY PROFILE

AUTO1 Group SE (hereinafter AUTO1) is Europe's leading used car trading platform, operating as an e-commerce platform under the brand names AUTO1.com, WKDA, with its sister brands, and Autohero. With a presence in over 30 countries, we have almost 6,000 employees, and sold 649,709 vehicles in 2022. Please refer to the Group profile in the Combined Management Report within Section 3 our Annual Report for a detailed description of our business model.

**ca. 6,000**

Employees



**30+**

Countries



**22**

Countries  
with offices



**99**

Unique  
nationalities

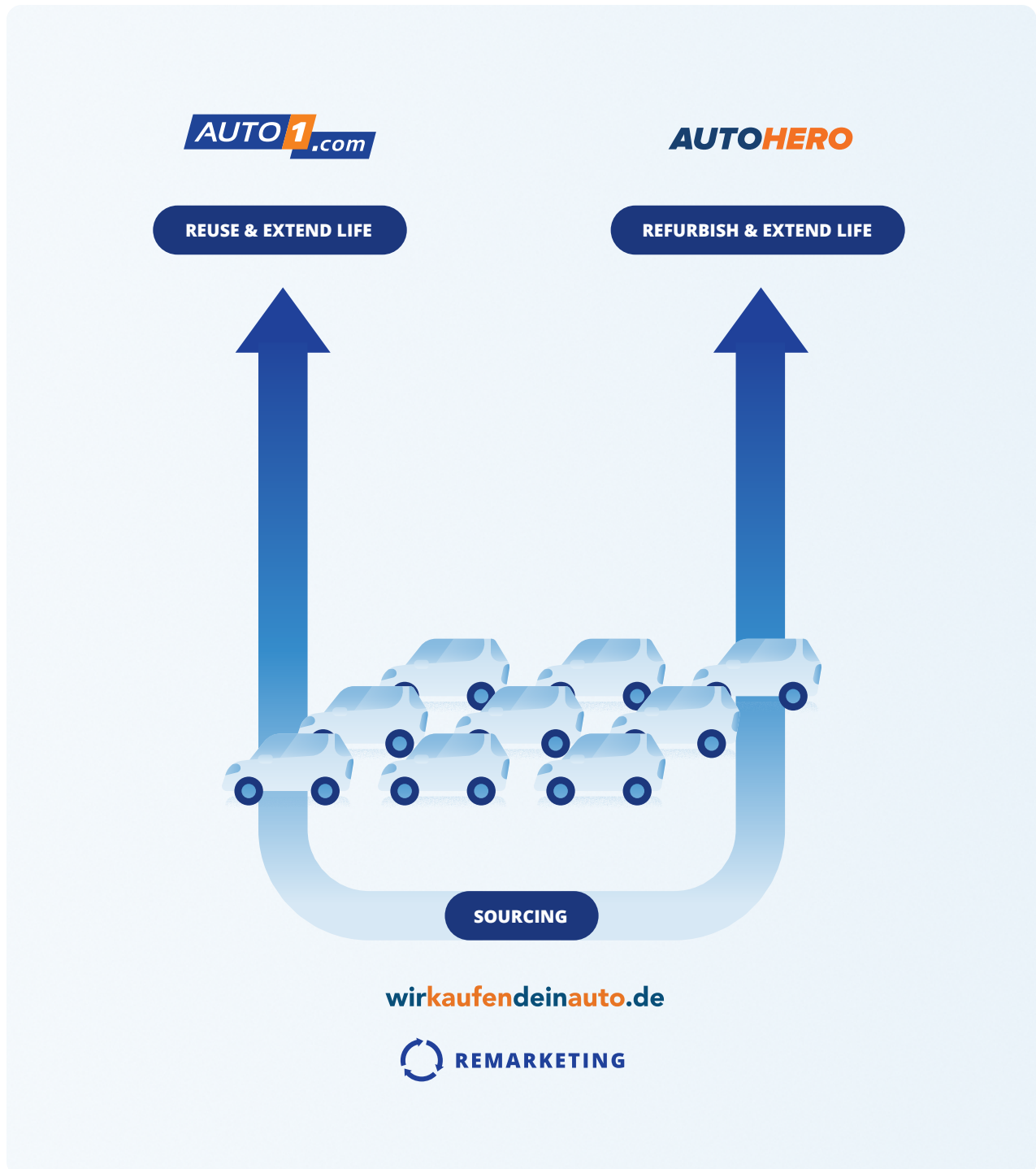


**3,600,000+**

Cars purchased and sold  
from customers



## Our Value Chain



We believe that our unique business model, as shown in this model of our value chain, has the potential to be a contributor to the circular economy in Europe. In preparing this report, we have re-analyzed our model and its sustainability impact.

## Our Approach to Non-financial Reporting

As we advance our company mission to create the best way to buy and sell used cars online, we acknowledge that the integration of sustainability considerations in our daily work is central to this goal and the sustainable growth of our company. It is this principle that underlies our legal obligation to produce a sustainability report and forms the cornerstone of our approach towards our non-financial reporting.

This sustainability report is a separate, non-financial Group report for the fiscal year 2022 in accordance with Sec. 289b (1) and (3) and Sec. 315b (1) and (3) of the German Commercial Code (HGB).

It applies the EU's Regulation on the establishment of a framework to facilitate sustainable investment (the Taxonomy Regulation). Accordingly, this report discloses the proportion of our turnover, capital expenditure (CapEx), and operating expenditure (OpEx) which is eligible, as well as the proportion which is aligned with the requirements of the EU Taxonomy Regulation. Please refer to the Environmental section of this report for a more detailed explanation of our Taxonomy disclosure.

This report furthermore is in orientation with the Sustainability Accounting Standards Board (SASB) reporting standard and its focus on disclosing industry-specific Key Performance Indicators (KPIs), which we believe allows us to provide relevant material information and easily benchmarkable metrics that focus on issues impacting the health of the company.

The SASB standard classifies us as Sector Consumer Goods, Primary Industry Multiline & Speciality Retailer, and Distributor. Applying the SASB standard enables us to use the same rigor when producing our sustainability metrics as for our financial statements, allowing us to offer our shareholders, business partners, and the public a comprehensive overview of our non-financial metrics and performance to transparently assess our sustainability effort.

### Our Central Commitments

We support the United Nations' 17 Sustainable Development Goals (SDGs) and integrate these into our strategic business decisions and daily operations. In line with the characteristics of our business model, our focus lies on the following three SDGs:

GOAL  
13



#### Regarding Environmental Topics: Climate Action

This SDG calls to "take urgent action to combat climate change and its impact" through climate protection, reduction of greenhouse gasses, and the adherence to the Paris Agreement of December 2015. Accordingly, we felt the overwhelming importance of this goal and the need for our company to support it.

GOAL  
5



#### Regarding Social Matters: Gender Equality

This SDG calls to "achieve gender equality and empower all women and girls", and we fully agree with this principle. Indeed, Goal 5 aims at ending all forms of discrimination against women and girls (Goal 5.1), to recognize and value the promotion of shared responsibilities within the household and family as nationally appropriate (Goal 5.4), and to ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in economic life (Goal 5.5).

GOAL

8



### **Regarding Governance: Decent Work and Economic Growth**

Aiming to “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”, we felt that this goal was best aligned with the governance measures which we have implemented to ensure the sustainable development of our business, our adherence to labor rights and fair pay, and the sustainable economic development of our business partners.

This report develops these along with other principles, describes our sustainability strategy, and outlines initiatives and governance measures that we have implemented to underline our commitment to sustainability. In this report, we also present an outlook on upcoming initiatives and measures, as well as our sustainability strategy going forward.



## Process Followed to Create Report

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As the basis of our sustainability strategy and reporting, and to maximize the transparency around this process, we conducted our yearly non-financial materiality assessment. Our aim was to reevaluate how our business impacts the environment, social, and employee matters, and whether we continue to meet the necessary risk management, compliance, and governance standards to address our legal requirements and ensure that we can successfully implement our sustainability strategy. As part of this assessment, we analyzed our business model and worked with internal and external stakeholders to highlight the main ways our business impacts these topics (inside-out perspective) as well as the ways in which these impact our business (outside-in perspective).

This analysis included both our strengths as well as potential weaknesses and risks which have informed our sustainability strategy, as well as the implementation of the ESG initiatives described throughout this report. This preliminary assessment was followed by in-depth internal discussions and deliberation led by our Management Board

in collaboration with the ESG Steering Committee and under the supervision of the ESG Committee of our Supervisory Board. It involved our Purchasing, Sales, Real Estate, Logistics, Production, Legal and Compliance, Communications, People, Tax, and Accounting departments, involving stakeholders across multiple seniority levels and touched on a broad range of environmental, social and governance topics and aspects of our business, resulting in the following priorities.

AUTO1 fulfills consumers' mobility needs by providing a uniquely transparent and easy way to both buy and sell used cars online, offering the widest selection of vehicles and enabling customers to transact from the comfort of their home. To enable this vision, AUTO1 operates a comprehensive pan-European logistics network. Our impact on the environment, and accordingly our CO2 footprint, therefore remains the decisive factor within our assessment. Accordingly, our ESG Team performed our yearly CO2 audit to analyze which of our operational elements impacts the environment and which measures would best mitigate this impact. We also took into consideration further environmental aspects such as the use



of renewable energy sources and the sustainable disposal of waste on our premises and production facilities. Addressing environmental sustainability remains our principal ESG goal.

With almost 6,000 employees, a representation of 99 unique nationalities, activities in more than 30 countries, and a strong local and international impact as an employer, it remains clear to us that the people and community topics are particularly important for our company. Within these topics we looked at our impact as a company on a pan-European level, labor practices, workplace equality and diversity, the training & development of our diverse workforce, and our social impact and contributions.

Finally, we re-assessed our risk management, compliance, and governance measures on the basis of applicable laws and standards, as well as the German Corporate Governance Codex, as our goal is for our structures to be aligned with its provisions. Here, we evaluated our risk management strategy, anti-corruption & bribery measures, data security and protection, adherence to human rights legislation, the independence of our Supervisory Board, Audit Committee, and our dedicated sustainability governance structure. Areas of focus here were diversity and inclusion within these bodies, decision paths, and the integration and reporting of sustainability considerations within them.

## Our Non-financial Risk Management

The Management Board, in collaboration with the Risk Management and Compliance teams, conducted a thorough evaluation of the principal risks facing the company, including those that may impact our sustainability strategy. Our internal due diligence process included a comprehensive ESG risk assessment that considered environmental, employee and social matters, human rights, governance, and compliance consideration. The assessment evaluated the impact of these risks on the company, as well as the company's impact on these risks.

Additionally, we conduct an annual compliance risk assessment that includes an evaluation of our sustainability risk profile, to ensure ongoing adherence to legal requirements and best practices.

In 2022, we aligned our practices with the updated German Corporate Governance Code, which includes sustainability-focused recommendations; recommendation A2 and A3 in particular. These new principles and recommendations emphasize the consideration of ecological and social sustainability in enterprise management and oversight, driving AUTO1's sustainability transformation.

To ensure ongoing monitoring of non-financial risks, we have implemented a dedicated whistleblowing system and related policy that allows for internal and external reporting. In 2022, no material reports were received through this system.

No significant non-financial risks have been identified during the reporting period relating to the topics laid out in Sec. 289c (2) (HGB).

## Involvement of the Management Board

The Management Board bears the overall responsibility for our sustainability strategy. It provides guidance on the sustainability concepts pursued and coordinates these with the respective department leadership at Senior Vice President (SVP) and Vice President (VP) level, as well as with our dedicated ESG Team which is made up senior stakeholders from the People, Communications, Investor Relations, Accounting, and Legal / Compliance teams. The ESG Committee of the Supervisory Board is the controlling body under which this governance structure is set up.

To ensure accountability for our continued efforts around our sustainability at the most senior levels of management, AUTO1 has formally appointed Markus Boser, Chief Financial Officer, as our Management Board representative for sustainability, ESG ambassador, and chairman of our operational-level ESG Steering Committee.

## ESG Ambassadors

Complementing our overarching ESG governance structure, as described in detail in the governance section of this report, we have three dedicated ESG ambassadors as the principal representatives responsible for developing and implementing our sustainability strategy at all management levels across the Group.



“ We are on a journey and I am proud of our ESG achievements to date, while I am equally looking forward to the progress and impact we will make in the future. ”

**Markus Boser**  
Chief Financial Officer

Responsible for our ESG strategy at Management Board level and chairman of our ESG Steering Committee.



“ We are committed to positively contributing to the communities we work and operate in. ”

**Anne-Kristin Müller**  
VP Operations & People

Responsible for ESG at VP level, with a primary focus on the People and Community aspects of our ESG strategy.



“ We believe that integrating sustainability considerations in our daily work enhances the growth of our unique business model. ”

**Matthew Perry**  
Head of Legal Compliance

The primary point of contact at AUTO1 for ESG and responsible for the development and implementation of our ESG strategy.

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01

# THE ENVIRONMENT



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## Our Business Model

As an e-commerce business which has a Europe-wide distribution network, our operations impact the environment. In parallel, our principal product, used cars, also affects the environment. However, we believe that our unique business model places our business within the circular economy and plays an important part in reducing the environmental footprint of automotive mobility in Europe, while simultaneously mitigating the sustainability risks traditionally associated with this industry.

AUTO1's pan-European sales and distribution network and unparalleled vehicle data allows for cars to be sold into territories in which they are needed instead of being scrapped. As a large-scale player, we are able to offer the selection, price, and efficiency required to allow for a democratic transition to cleaner vehicles. For example, a 12-year-old Audi A3 which would be scrapped in Sweden may be sold in Italy where it replaces a 25-year-old BMW 3-Series which is in turn scrapped. In Sweden, the vehicle is replaced by an electric vehicle (EV). In this example, our circular economy model means that an old vehicle with an

internal combustion engine (ICE) is replaced by an EV and an even older ICE vehicle is scrapped and replaced with a younger and more environmentally friendly one.<sup>1</sup>

Enhancing our circular economy business model, the average car we trade is younger than the average vehicle age in most EU countries.<sup>2</sup> The age of a car correlates with its impact on the environment. The older the car the more likely it produces more emissions in contrast to a younger and therefore more efficient vehicle. This means that, on average, AUTO1 trades vehicles which are more environmentally friendly than the average EU vehicle, replacing less environmentally friendly cars with younger and more environmentally friendly ones – and we expect this to steadily increase as we continue to expand our retail sector through Autohero, which focuses on young and therefore more environmentally friendly vehicles.

<sup>1</sup> This refers to the use- phase of the vehicle and excludes upstream / embedded emissions.

<sup>2</sup> <https://www.acea.auto/files/ACEA-report-vehicles-in-use-europe-2022.pdf>



By providing unparalleled transparent and data-driven pricing for EVs, as well as increased selection, AUTO1 will enable early adopters to receive a fair price for their cars, that the life of used EVs is extended, and that they are sold to the right owner across Europe. We believe that enabling a liquid and transparent market for EVs is one of the key elements within the green energy transition we find ourselves in and that we are already contributing to this transition, likely being one of the largest traders of used electric and hybrid vehicles in the EU with over 20,700 EVs and hybrids sold in 2022 - 63% more than in 2021, underlining our continuously growing contribution to this development.

We want to actively accelerate this re-fleeting process and believe that EV battery evaluation is an important aspect in ensuring the sustainable value of used EVs. To this end, we launched a research project which aims at accelerating EV battery life evaluation. For this, we have a dedicated team which works both internally collecting EV battery specific data as also externally pushing for the introduction of a so-called battery pass and the development of efficient battery evaluation technology.

To underline this effort, we have joined the Car Remarketing Association (CARA) battery transparency initiative, together with other large remarketing dealers, as we believe these technological advances have the potential to improve the trade of used EVs on a global level by removing one of the principal barriers thereof, namely the speedy evaluation of the battery, which is currently an inaccurate, time consuming, and costly process which makes buying and selling used EVs risky and therefore less attractive.

Finally, by purchasing used cars from businesses and consumers and re-selling them, AUTO1 is enabling the reuse of vehicles and extending their lifecycle, thus reducing the need for and production of new cars, and the considerable environmental and social impact this causes.

A newly built mid-sized ICE vehicle carries approximately 5.6t embedded CO<sub>2</sub>, though some may argue substantially more.<sup>3</sup> In other words, vehicle production substantially impacts the environment. Before emissions from driving are taken into account. The circulatory emissions of the same

vehicle do not surpass those emitted through production until the car has reached significant mileage, depending on the manufacturing process and fuel efficiency of the car. This shows how refurbishing and re-selling a vehicle can be more environmentally friendly than production, a principle which we believe holds true for the majority of our Autohero segment, through which we sell young, refurbished vehicles.

While there is conflicting data regarding vehicles with higher mileages, we believe that focusing on CO<sub>2</sub> alone is an oversimplification of the matter. Indeed, the production of cars can not be seen uniquely from the perspective of embedded CO<sub>2</sub>. On the contrary, car production is a complex process which requires extraction of raw materials, the production and transport of parts, and their assembly – all of which substantially impact the environment and the world's natural resources. Beyond this, the process harbors numerous social risks commonly associated with complex production chains, such as those caused by mining, production, and international shipment and assembly.

In contrast, our business model avoids these broader environmental and social risks by not producing, and reducing the need for producing new vehicles. By extending their lifecycle we limit their environmental impact to that caused by circulation, which is strongly linked to the state of technology. In other words, the more environmentally friendly vehicles are produced, the more refurbishment and re-sale of vehicles will be the greener option as opposed to production.

Beyond avoiding the impact of production, we inspect and, if necessary, repair and improve all vehicles we purchase for sale to consumers, ensuring that they comply with EU safety, emissions, noise, and further applicable standards. Adequate technical inspections, ensuring the functioning of the engine, proper tire inflation, and further measures taken in our production centers, ensure that the vehicles which are already in circulation maintain their efficiency and emissions standards, limiting the risk of increased impact due to non-maintenance and age.

<sup>3</sup> OC&C (2020), The European Used Car Market - Evolving Trends.

## Yearly CO2 Audit

In 2021, we launched our Group CO2 audit in order to measure our current greenhouse gas emissions and gain an overview of our main areas of impact. We repeated this exercise in 2022.

The results identified the key sources of greenhouse gas emissions which can be attributed to our business activities for the year 2022. In our analysis, we included internally and externally emitted greenhouse gasses and presented the results to the ESG Committee of the Supervisory Board.

### Assessment Criteria

While we have also based our CO2 analysis for the year 2022 on the GHG Protocol Standard, our plan to increasingly insourcing production implies a worsening of CO2 emissions in our own business, but this ignores the potential improvement of emissions in the entire production chain from our more efficient and targeted used car refurbishment

process. As a result, we decided to proceed by identifying all key sources across our value chain through which greenhouse gasses are emitted, irrespective of scope. By reporting each of these sources directly, we have been able to present a more transparent account of our emissions. We therefore track our greenhouse gas emissions both on a per scope basis and per source basis, which is more closely aligned with our business plan and processes.

When reporting on a per source basis, we do not differentiate between internally and externally emitted emissions as we believe we are responsible for all emissions caused by us as a company, even those which cannot be directly attributed to us. It follows that our aim is to reduce all emissions, regardless of whether those emissions are emitted by us or by our partners through their collaboration with us. The reported greenhouse gas emissions cover the whole value chain of trading used cars.

<b>Greenhouse Gas Emissions per Scope (mtCO2e)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>
<b>Scope 1</b>	<b>1,327</b>	<b>1,230</b>	<b>2,519</b>	<b>5,191</b>
Purchasing (WKDA)	319	170	136	172
Internal Logistics	0	15	493	3,172
Internal Production	0	32	126	598
Internal Vehicle Fleet	1,008	1,013	1,764	1,249
<b>Scope 2</b>	<b>1,173</b>	<b>2,113</b>	<b>2,164</b>	<b>2,139</b>
Real Estate	1,173	2,113	2,164	2,139
<b>Scope 3</b>	<b>158,095</b>	<b>175,590</b>	<b>264,566</b>	<b>286,004</b>
IT	22	16	7	1
External Production	173	513	1,961	2,393
External Logistics	157,641	174,826	262,164	283,293
Business Travel	259	235	434	317
<b>Total</b>	<b>160,595</b>	<b>178,933</b>	<b>269,249</b>	<b>293,334</b>

All reported values represent best available data at the time of publication. Historic data is corrected if supplementary data becomes available.



**Greenhouse Gas Emissions per Source (mtCO<sub>2</sub>e)**

	FY19	FY20	FY21	FY22
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Internal Logistics	0	15	493	3,172
Internal Production	0	32	126	598
Internal Vehicle Fleet	1,008	1,013	1,764	1,249
Real Estate	1,173	2,113	2,164	2,139
IT	22	16	7	1
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All reported values represent best available data at the time of publication. Historic data is corrected if supplementary data becomes available.

As the leading used car platform in Europe, we trade used cars but do not manufacture vehicles. Therefore, our emissions do not include product lifecycle emissions as car manufacturers already account, and increasingly compensate, for these. After having reevaluated all material sources which are relevant for our emissions, we collected data for the year 2022 across all brands and all countries we operate in. After the collection phase, we calculated the amount of CO<sub>2</sub>e for each source identified, using established emissions factors.

The following is a detailed description of the individual emissions sources and an overview of the measures we have put in place to mitigate these:

**Real Estate**

As of 2022, we source over 85% of our electricity (15754 Gigajoules in 2021) from renewable energy sources and aim to source 100% of our electricity from renewable energy sources. At the same time, we have ongoing projects to reduce our electricity consumption, e.g., switching to LED lighting solutions. In August 2022, we also ran a Group energy audit in compliance with the Energiedienstleistungsgesetz (EDL-G) which has given us valuable insight with regards to our energy consumption and potential mitigation initiatives.

Beyond this, we have a comprehensive work from home policy which reduces business travel and the use of resources, therefore having a positive impact on our environmental footprint.

**IT**

Our internal server infrastructure is fully powered by renewable energy. Nevertheless, we generate greenhouse gasses through our external servers which are operated by Amazon Web Services (AWS). We expect those emissions to continue to decrease and reach zero, as AWS is moving toward achieving Amazon's company-wide goal of using 100 percent renewable energy by 2025.<sup>4</sup>

**Business Travel**

Through our Travel and Expenses policy, we have regulated and indeed reduced our work-related travel to an absolute minimum. We also encourage all our employees to meet virtually and avoid unnecessary trips wherever possible. In parallel, we choose environmentally friendly transportation methods, such as trains or public transport, for trips which cannot be avoided and allow the use of such transportation methods.

<sup>4</sup> <https://sustainability.aboutamazon.com/environment/the-cloud?energyType=true>

### *Purchasing (WKDA) Operations*

In order to assess all vehicles we inspect, a short test drive is conducted in the vicinity of our purchasing locations. These test drives emit greenhouse gasses. Nevertheless, we expect those emissions to decrease in the long-term as the share of electric and hybrid vehicles we trade increases.

### *Production*

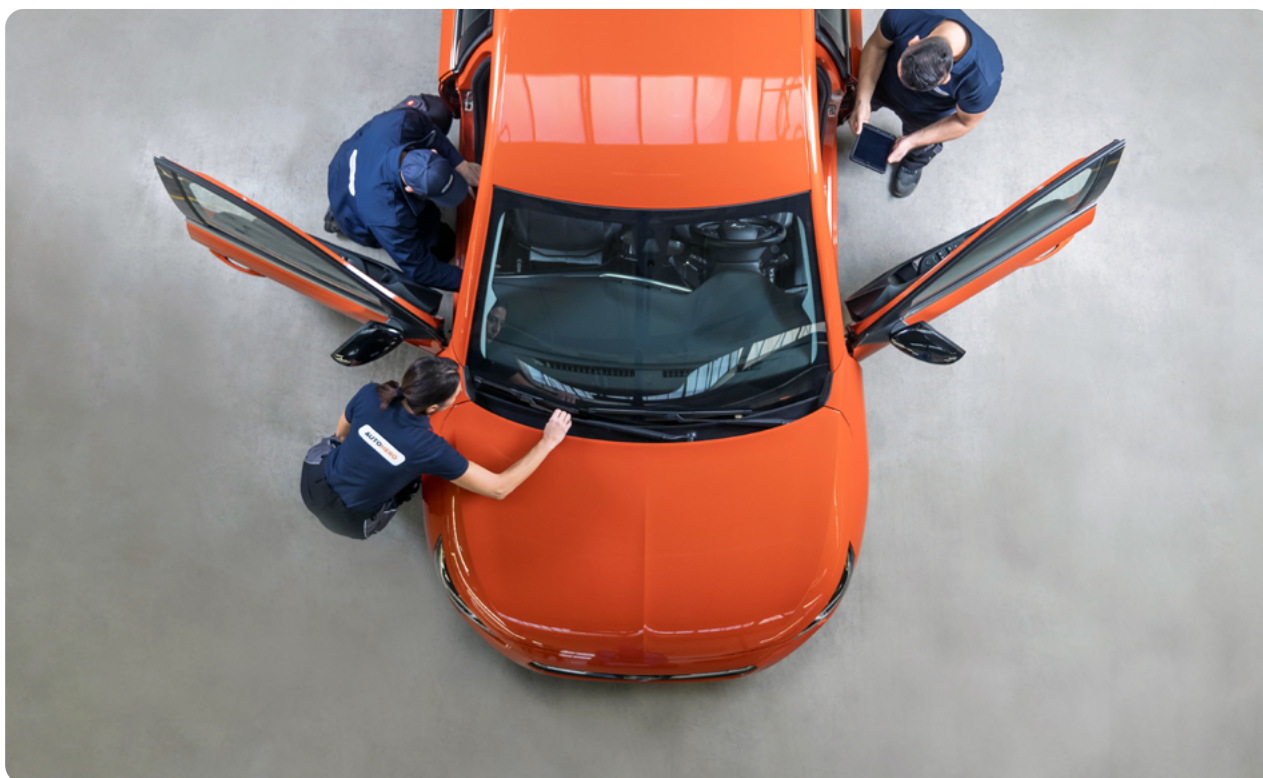
All vehicles sold via Autohero undergo our production process for the purpose of their refurbishment. As our Autohero business develops, we expect to sell and therefore refurbish significantly more vehicles in the next few years. To optimize this process and maximize its sustainability, we have decided to insource our production process. We believe that our insourced production process is more efficient and environmentally friendly than the external refurbishment process we are taking over, as our external refurbishment partners have primary experience in the new car industry. As we have already examined the car and know the appropriate refurbishment level per market, we are able to refurbish with fewer steps and therefore less environmental impact. In-house refurbishment will allow us to closely monitor our emissions, reduce the emission per vehicle refurbished, and implement strict waste and chemical management policies.

### *Logistics*

Logistics is by far the largest contributor to our overall greenhouse gas emissions, contributing 97% of our overall 2022 emissions. In 2022, over 99% of our logistics emissions were produced by external partners through the transport of our vehicles and less than 1% by our own home delivery glass trucks. To reduce this impact, we continuously optimize our routes, increasing our efficiency and reducing our carbon footprint. However, as of now there are no commercially available electric or hydrogen trucks which are able to transport several vehicles at once. Our CO2 reduction possibilities with regards to our distribution network are therefore currently limited, but we plan to switch our fleet, and will also expect our logistics partners to switch their fleet to emissions-free trucks as soon as available.

### *Overall assessment*

As our business is growing rapidly, we also expect our overall greenhouse gas emissions to increase over the next couple of years, principally driven by vehicle transportation and increasingly by our insourced production sites. Nevertheless, we take our commitment to carbon neutrality seriously and therefore undertake the following in addition to the measures described above.



## Initiatives to Mitigate

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### Logistics

Reducing our carbon footprint is a central priority to us as a company. To achieve this, we are aware that our current reduction efforts are not sufficient as we would require technological developments which are yet to take place and hard to predict to effectively reduce our emissions. Principally, our logistics network relies on the use of trucks to transport our cars to our customers. As described above, there are currently no hybrids or EVs with the transportation capabilities which we require.

Nevertheless, our commitment as a company is to shift towards carbon neutral logistics as soon as it is feasible. This means that when we purchase our Autohero delivery fleet, we ensure that each truck has the highest emission standard available for combustion engines. Over time, we expect to replace the existing Autohero delivery fleet with carbon neutral vehicles and work with logistics providers in our B2B segment which have also shifted towards this technology. Until then, we are prioritizing reducing our carbon footprint as much as possible.



## EU Taxonomy

The EU Taxonomy adopted on 18 June 2020 (Regulation (EU) 2020/852) came into force as the EU's principal tool for ensuring that the European Green deal, as well as its climate targets, are met. With the purpose of facilitating investments towards sustainable projects and activities, the Taxonomy systematically classifies environmentally sustainable economic activities. Its aim is to provide companies, investors, and policymakers with definitions for which economic activities can be considered environmentally sustainable, creating transparency around companies' environmental efforts, and combating greenwashing by requiring key performance indicators (KPIs) to be disclosed by these.

The Taxonomy requires all publicly listed companies to report three KPIs pursuant to Annex I of the Delegated Regulation (EU) 2021/2178 with respect to relevant economic activities and in accordance with the fulfilment of its current catalog of technical screening criteria. In particular this means that companies are obliged to disclose the percentage of their Taxonomy-eligible and Taxonomy-aligned turnover, capital expenditures (CapEx), and operating expenditures (OpEx). The Delegated Regulation (EU) 2022/1214 of 9 March 2022 about nuclear energy and gaseous fossil fuels is not relevant to AUTO1 and hence no specific information is disclosed on that matter.

The Taxonomy Regulation establishes six environmental objectives (Article 9 of Regulation (EU) 2020/852) to which an economic activity needs to contribute to be classified as sustainable:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

To present a list of environmentally sustainable activities, the European Commission defined technical screening criteria for each of these environmental objectives through so-called delegated acts. So far, the Commission has published a first act on sustainable activities for its climate change mitigation and adaptation objectives, which means that currently only economic activities which are considered by the Commission to directly contribute to climate change mitigation and

adaptation are found in the current application of the Taxonomy (Delegated Regulation (EU) 2021/2139). Until the Commission publishes further delegated regulations there is no screening criteria for the remaining objectives, i.e., for the objectives 3 to 6 of the above-mentioned environmental objectives. Besides that, to evaluate an economic activity to be Taxonomy-aligned, no other environmental objective may be significantly harmed (DNSH) and minimum safeguards need to be present.

So far only the first two objectives, focusing on climate are defined by the detailed delegated acts on eligible business activities. Due to our business model, we expect a more comprehensive contribution towards the objective 4 – Transition to a circular economy.

We strongly believe in our circular economy business model and the contribution towards sustainability that it entails. Currently, our reporting possibilities under the EU Taxonomy do not accurately portray this impact which we believe might be much more visible once the Taxonomy applies in its entirety.

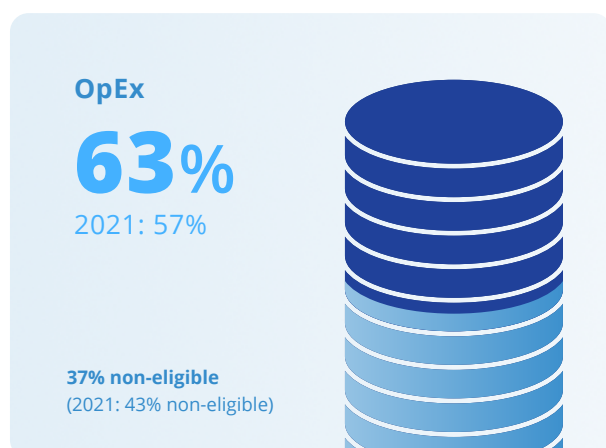
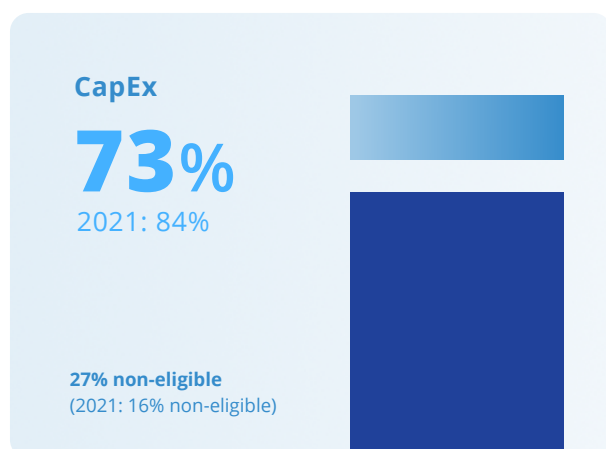
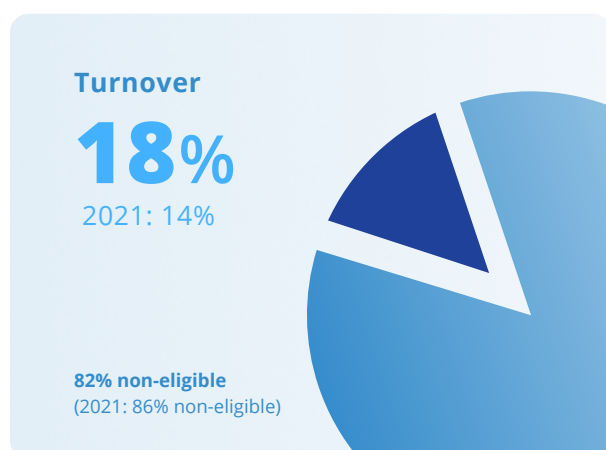
### Eligibility

An economic activity is Taxonomy-eligible when it is described in the Delegated Regulation (EU) 2021/2139 relating to the first two environmental objectives. As reported for the previous year and unchanged in the 2022 reporting, AUTO1 Group's business activities can currently be allocated to four economic activities described in the Delegated Regulation 2021/2139:

- 3.3 Manufacture of low carbon technologies for transport including the repair and maintenance of passenger transport vehicles,
- 6.3 Urban and suburban transport, road passenger transport including purchase, leasing and operation of urban transport vehicles,
- 6.6 Freight transport services by road including purchase, leasing and operation of vehicles for freight transport services, and
- 7.7 Acquisition and ownership of buildings.

AUTO1 is structured in two segments: Merchant and Retail. In the Merchant segment, used cars are sold to commercial car dealers via AUTO1.com. The Retail segment is focused on the sale of used cars to private customers under the Autohero brand. Based on the descriptions of the activities listed for Environmental Objective 1, Climate change mitigation, most of the turnover of AUTO1's Retail segment falls within the scope of the EU taxonomy.

The proportion of Taxonomy-eligible economic activities in total turnover, CapEx and OpEx for the year 2022 amount to:



The proportion of total turnover, CapEx and OpEx relating to eligible activities are presented as an aggregate value for AUTO1 Group. Only taxonomy-eligible turnover, CapEx and OpEx, as listed for environmental objective 1 "Climate change mitigation", are disclosed.

Further information on turnover is disclosed in the revenues section 5.1 of the Group's financial statements 2022. Turnover consists of revenue recognized in accordance with IAS 1.82(a) for the Retail segment as well as revenue from transport services. The revenues related to the Retail segment fall under activity 3.3 Manufacture of low carbon technologies for transport as the cars have been refurbished by AUTO1 before being sold to the retail customers. Revenue from cars sold within the Merchant segment is considered as taxonomy non-eligible since these cars have not been refurbished by AUTO1. Revenue from external transport of cars to the customers relate to activity 6.6 Freight transport services by road. As the revenues from the Merchant segment are dominant in the year 2022, the Turnover KPI amounts to 18 %. The increase of the Turnover KPI compared to the previous year is due to the higher turnover share of the Retail segment. It is assumed that the Retail proportion of the total revenues will further increase in future periods.

Regarding the disclosures for the CapEx, we refer to the notes 6.1 and 6.2 of the Group's financial statements. CapEx is calculated in accordance with IAS 16.73(e) (i) and (iii), IAS 38.118(e) (i) and IFRS 16.53(h). IAS 40 and IAS 41 were not relevant. The KPI figure used for taxonomy purposes comprises additions to intangible assets, to property, plant and equipment, as well as to right-of-use assets. Due to the CapEx definition of the EU taxonomy, significant parts of our investments are classified as taxonomy eligible. The relatively high CapEx KPI essentially relates essentially to the additions of right-of-use assets from the leasing of buildings and investments in the Autohero glass trucks. The taxonomy activities 6.3 Urban and suburban transport<sup>5</sup>, road passenger transport, 6.6 Freight transport services by road, and 7.7 Acquisition and ownership of buildings are considered as relevant by AUTO1 for the purposes of the CapEx KPI. In comparison to the last year the decrease of the CapEx KPI results from higher non-eligible additions to the intangible assets which leads to a higher denominator.

OpEx comprises refurbishment costs for the sold cars in the Retail segment and to a minor extent also in the Merchant segment, non-capitalized development and IT costs, maintenance costs for buildings and expenses relating to short-term lease contracts. The refurbishment costs of the sold Autohero cars are considered as taxonomy eligible, which relate to activity 3.3 Manufacture of low carbon technologies for transport. Due to an reassessment we have included activity 7.7 Acquisition and ownership of buildings

<sup>5</sup> Activity 6.3 refers to AUTO1's internal vehicle fleet.

as Taxonomy-eligible for the OpEx KPI. The prior year figure has not been adjusted by reason of immateriality. The slight increase of the OpEx KPI compared to the previous year is attributable to higher refurbishment cost for the cars sold. The OpEx KPI figure as defined in the Taxonomy regulation is not used by AUTO1 for financial reporting purposes. Whereas the percentage of the Taxonomy-eligible OpEx seems rather high with more than 50 %, it is to be considered, that this KPI is only meaningful to a limited extent due to the relatively small amount of the denominator that is caused by the specific definition of OpEx in the Taxonomy regulation.

## Alignment

In accordance with the technical screening criteria for establishing Taxonomy-alignment an activity needs to substantially contribute to one of the two defined objectives (climate change adaptation and mitigation). Additionally, the activity should not do significant harm (DNSH) to the other objectives, and the reporting entity needs to ensure minimum social safeguards.

To meet the generic criteria for DNSH to climate change adaptation according to Appendix A of Annex I of Delegated Regulation (EU) 2021/2139 an entity needs perform a robust climate risk and vulnerability assessment in the reporting year that follows several predetermined steps and criteria.

The risks which need to be evaluated for each activity are established by the EU Taxonomy regulation, which includes a comprehensive list of temperature-related, wind-related, water-related, and solid mass-related acute and chronic risks.

AUTO1 integrates climate-related risks into its risk assessment process, but the level of detail provided in 2022 is still not sufficient to ensure full alignment with EU taxonomy. Due to this fact AUTO1 has also not done a further full DNSH analysis during 2022.

Although AUTO1 does not see any indication of non-compliance with the minimum safeguards, in particular regarding the four topics dealt with in the Final Report on Minimum Safeguards published by the European Platform on Sustainable Finance in October 2022 (Taxes, Corruption and Bribery, Fair Competition, and Human Rights), the assessment of compliance with the minimum safeguards has not been done in detail, e.g. no due diligence reports has been prepared with regards to human rights matters, as AUTO1 has not performed a full alignment assessment of its Taxonomy-eligible activities.

As a result, AUTO1 reports no Taxonomy-alignment for the year 2022. AUTO1 aims to perform further analysis for the year 2023 with regards to the Taxonomy-alignment requirements and obtain as much documentation as feasible to be able to report the alignment proportion of the relevant KPIs. We expect that during the year 2023 the EU Commission will publish the technical screening criteria of the remaining four environmental objectives, which AUTO1 will include in its Taxonomy assessment.

Annex

Turnover

DNSH criteria

Substantial contribution criteria

	Turnover in eur million	Proportion of turnover	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned prop. of turnover year 2022	Category (enabling activity)	Category (transitional activity)
<b>A. Taxonomy</b> <i>Eligible activities</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>A.1. Taxonomy</b> <i>Aligned</i>	0.0	0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	-
<b>Total</b>	0.0	-	-	-	-	-	-	-	-	-	-	0%	-	-
<b>A.2. Not taxonomy</b> <i>Aligned</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>3.3. Manufacture of low carbon technologies for transport</b>	1,056.5	16%	-	-	-	-	-	-	-	-	-	-	-	-
<b>6.6. Freight transport Services by road</b>	110.2	2%	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	1,166.7	18%	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total (A.1+A.2)</b>	1,166.7	18%	-	-	-	-	-	-	-	-	-	-	-	-
<b>B. Taxonomy non</b> <i>Eligible activities</i>	5,367.4	82%	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total (A+B)</b>	6,534.1	100%	-	-	-	-	-	-	-	-	-	-	-	-

## CapEx

DNSH criteria	Substantial contribution criteria													
	Capex in eur million	Proportion of capex	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned prop. of CapEx year 2022	Category (enabling activity)	Category (transitional activity)
<b>A. Taxonomy</b> <i>Eligible activities</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>A.1. Taxonomy</b> <i>Aligned</i>	0.0	0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	-
<b>Total</b>	0.0	-	-	-	-	-	-	-	-	-	-	0,0	-	-
<b>A.2. Not taxonomy</b> <i>Aligned</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>6.3 Urban and suburban transport, road passenger transport</b>	2,228	2%	-	-	-	-	-	-	-	-	-	-	-	-
<b>6.6. Freight transport Services by road</b>	16,583	18%	-	-	-	-	-	-	-	-	-	-	-	-
<b>7.7 Acquisition and ownership of buildings</b>	48,465	53%	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	67,276	73%	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total (A.1+A.2)</b>	67,276	73%	-	-	-	-	-	-	-	-	-	-	-	-
<b>B. Taxonomy</b> <i>Non-eligible activities</i>	24,556	27%	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL (A+B)</b>	91,832	100%	-	-	-	-	-	-	-	-	-	-	-	-



**OpEx**

DNSH criteria	Substantial contribution criteria											Taxonomy-aligned prop. of OpEx year 2022	Category (enabling activity)	Category (transitional activity)	
	Opex in eur million	Proportion of opex	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards				
<b>A. Taxonomy</b> <i>Eligible activities</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>A.1. Taxonomy</b> <i>Aligned</i>	0,0	0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	-	-	
<b>Total</b>	0,0	-	-	-	-	-	-	-	-	-	-	0,0	-	-	
<b>A.2. Not taxonomy</b> <i>Aligned</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>3.3 Manufacture of low carbon technologies for transport</b>	90,663	61%	-	-	-	-	-	-	-	-	-	-	-	-	
<b>7.7 Acquisition and ownership of buildings</b>	2,620	2%	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	92,893	63%	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total (A.1+A.2)</b>	92,893	63%	-	-	-	-	-	-	-	-	-	-	-	-	
<b>B. Taxonomy</b> <i>non-eligible activities</i>	54,235	37%	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total (A+B)</b>	145,518	100%	-	-	-	-	-	-	-	-	-	-	-	-	

# 02

## OUR PEOPLE



- PAGE 27** Introduction
- PAGE 28** Diversity Chart
- PAGE 29** SASB Labor KPIs
- PAGE 30** Employee Initiatives
- PAGE 33** Engagement Survey
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- PAGE 36** Health and Safety

## Introduction

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As well as our impact on the environment, we believe our People to be a central consideration within our sustainability strategy. We take the wellbeing of our employees very seriously and strive to create the best working environment possible for our circa 6000 employees. Team diversity, workplace inclusion, workplaces free harassment and discrimination, a developmental educational offering, and the health & safety of our employees are topics of utmost importance to us and play a crucial role in our business strategy.

This commitment is cemented in our Code of Conduct, which was updated in 2022, and now includes a section on prohibiting harassment and further strengthening the wording of its sustainability section. This underlines our commitment to a collaborative, diverse, and inclusive working environment and the topic of sustainability, highlighting that we feel they are an integral part of our ongoing success.

In 2022 we also started to evaluate the topic of inclusion of people with disabilities within our workforce. We want to pay more attention to this topic, because with 9.4 % of people with disabilities relating to the total population in Germany, we see great potential to attract talent and simultaneously clearly position ourselves in favor of diversity and inclusion.

In order to realize this goal, we have entered into a cooperation with the project "Inklupreneur" of Hilfswerft GmbH this year. They will support us in 2023 to build business relationships, host workshops to create awareness for this topic, and make the communication and recruiting processes,

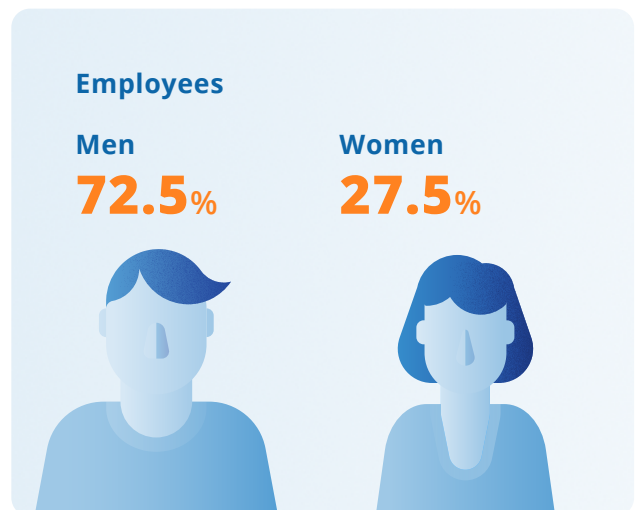
as well as the AUTO1 website, more inclusive. This will initially be introduced in Germany, but will then be adopted and implemented internationally across the entire Group.

In parallel, we comply with applicable labor law and have supported our employees in the creation of an SE works council which was formed over the course of 2021. Through this representation body, our international employee representatives are in direct contact with the Management Board and are able to participate in decisions relating to cross-border employee topics. As a pan-european company, we feel that this has allowed for the best possible employee representation across the Group and are proud that our employees are involved in strategic business decisions.

Beyond this, we have implemented a host of People governance measures to ensure we offer our employees the best working conditions possible. For instance, we have grouped all positions by job families, unifying similar roles under common families in order to create a structure on which to build a fair and transparent performance assessment and career progression process. Following this initial clustering of roles into groups, we developed uniform job descriptions, defining key skills, knowledge levels, and performance expectations for each job family. Based on this structure, we have implemented a standardized feedback, promotion, and salary raises process which entails a streamlined and standardized performance appraisal process across the Group.



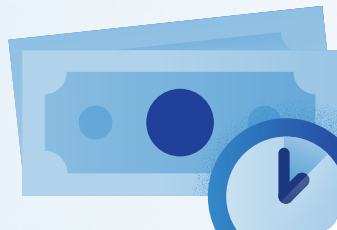
## Diversity Chart



## SASB Labor KPIs

Average wage  
per hour

**22.38€**



Minimum wage  
employees

**0%**



Voluntary & involuntary  
turnover rate  
employees

**54%**



**46%**

■ Voluntary ■ Involuntary

Monetary losses as a result of  
legal proceedings associated  
with labor law violations  
in EUR

**30K**



Monetary losses as a result of  
legal proceedings associated  
with employment discrimination  
in EUR

**0**





## Employee Initiatives

### Introduction

Within our People initiatives, we have implemented a number of measures which aim at enhancing diversity, inclusion, and development among our workforce. This effort can be seen from both a training and development perspective, as well as from what we call the employee involvement perspective.

Through our employee involvement program, we offer our employees various opportunities to get involved with both the company as well as other initiatives and external sustainability related initiatives.

### Training

#### Onboarding

Our employee training and development program always starts with our onboarding. During these online sessions, new joiners are given introductory information on the company, focusing on our business model, mission, values and our teams. The program includes compliance and sustainability training and supports the integration of our employees by

allowing them to connect with colleagues across departments from day one.

These introductory sessions offer our employees an introduction to the topics which will be consolidated in targeted training sessions and introduce the principal stakeholders responsible for them. They also describe our whistleblowing and reporting channels so that instances of non-compliance and employee concerns can be effectively communicated to us.

Apart from our general onboarding program, our AUTO1 academy offers our employees various department-specific onboarding programs, which aim, for example, at ensuring the quality of our customer facing interactions and therefore improving the experience of our customers in their interactions with us. In addition, we ensure that our car quality standards are upheld by running detailed and regular training programs for our purchasing, pricing and retail teams. This training ensures that we maintain a uniform definition of quality and transparency across the platform and provide our end customers with optimal car quality and service.

### Compliance Training

Once onboarded, our employees receive mandatory compliance training based on their job responsibilities through our AUTO1 Academy, a platform administered by the People team that provides the possibility to host web-based training.

The training covers topics such as our Code of Conduct, data protection, and anti-corruption & bribery (including gifts and invitations). Training on anti-money laundering, data protection and capital markets compliance, is rolled out to the teams with these topics within their areas of responsibility.

Finally, specific, in-person and ad-hoc, training initiatives are provided to teams based on their individual needs. For example, our Sales, Cash Management or Sports Marketing teams have received specific in-person training on anti-money laundering and anti-bribery and corruption.

### Further Training & Development

Depending on individual functions, we offer our employees a host of specific training and development possibilities. The training journey starts during onboarding during which employees receive a full introduction to our Group and business model. In parallel, we provide technical onboarding for Customer Service agents, Handover Experts and Pricing Managers. These programs develop our teams' knowledge

around processes and skills specific to these jobs. Our goal is to expand this offering and provide specific technical onboarding to all jobs in the company.

After onboarding, we offer continuous training with programs specific to new processes or products launched. Besides this, we launched our educational budget program in 2022 which enables individual employee growth by providing a fixed educational budget for determined groups of employees.

Currently, training budget allocation varies from department to department and function and seniority level. Nevertheless, in 2022 we offered a total of 41 training courses to our employees in various departments. We have also hired 17 in-house trainers who offer coaching to various teams across the Group, such as for example our Purchasing, Customer Service, and Production teams. In parallel, we run multiple educational benefits programs such as tandem and reduced-price online language courses which are available to all employees irrespective of seniority, tenure, or position.

Apart from our general onboarding and training program, we are currently rolling out a leadership training program as a designated program for the entire AUTO1 leadership team. This program will cover organizational management related topics such as our recruitment process, feedback process, salary raises, and promotions, with the goal of ensuring a uniform process across the Group for the benefit of our employees.



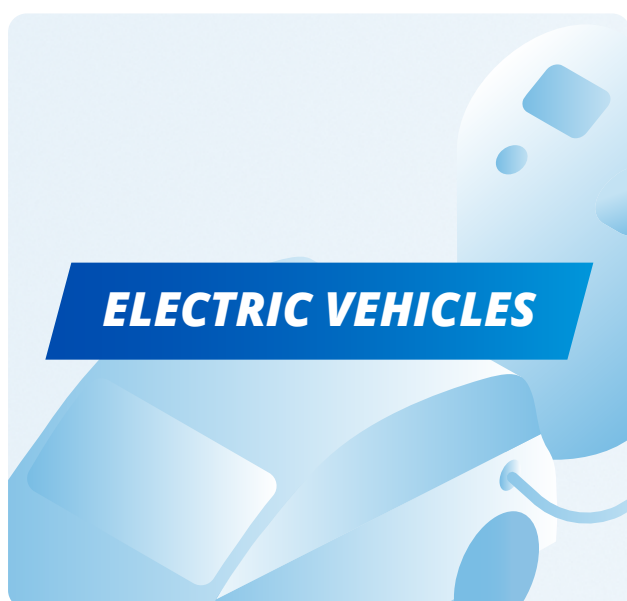
## Involvement

### a. Groups

Within our effort to promote diversity, equity, and inclusion we offer our employees the possibility to form funded AUTO1 Communities at a Group level with the aim to create a safe space for employees to exchange ideas and experiences, network, create awareness within the company on certain topics, and nurture the exchange of ideas. This exchange is envisioned as a driving factor within our diversity and inclusion strategy as it gives us valuable insight into issues to which we previously had no access.

As a first step towards establishing the individual groups, we conducted a pulse check survey which gauged the interest of our employees in these groups. We subsequently launched a Communications campaign around our company value “team up” and then, after having assessed the interest, we elected the Chairpersons and leaders for the individual communities. These leaders are supported by a senior sponsor who helps them define their goals and structure.

This process resulted in the formation of the following groups:





Each of our communities initiated their activities in 2022. For example, the Women at AUTO1 community, which was set up in November 2022, nominated a committee of 8 for its 107 active members, all under the supervision of the community's senior sponsor Maria Kotti (VP Customer Journey).

The community held a first kick off meeting in December 2022 during which a survey of potential topics of interest was performed. It was agreed to pursue "leadership", "career growth / career in general" and "gender pay gap" as principal topics with a first commitment towards an interdisciplinary event in celebration of International Women's day in 2023. Other AUTO1 communities have followed similar first steps.

#### *Commitment to Health of Employees*

To support the health of our employees we provide daily fresh organic fruit and healthy drinks at all our local HQ premises. We have also started to develop our own internal health programs in Berlin or other international offices.

#### **b. Sports Initiatives across the Group**

In 2022, our AUTO1 Berlin Runners team ran its first race, the Adidas Runners City Night in Berlin, under its motto "Teaming up to run and exchange experiences and perspectives". It also met on a bi-weekly basis for training runs. Our Belgian team followed suit and ran a 10 Mile race in Antwerp.

Further sporting events, such as football, basketball, beach volleyball, padel or yoga were held in various locations across the Group.

Our Group sports initiatives aim at advancing our diversity and inclusion program by allowing employees at all levels of seniority, with diverse backgrounds and fitness levels, to engage in a social and cultural exchange with each other outside of the work environment.

Members from AUTO1 Group's communities



## Engagement Survey

Measuring the satisfaction of our workforce as well as gauging our teams' interest in diverse projects, we launch pulse check (eNPS) surveys on a monthly basis. These surveys allow us to evaluate whether our People measures are being effectively implemented and typically ask our employees to give their opinion on a number of People related questions.

In 2022, the monthly pulse check survey was completed by 44% of our workforce on average - satisfaction with managers obtained a score of 7.9 / 10 on average and 7.3 / 10 regarding general satisfaction with the job.

### WHAT OUR EMPLOYEES THINK ABOUT WORKING AT AUTO1 GROUP



**The fantastic diversity on our team ensures that we always have fresh perspectives in our work. Everyone comes with their own unique experiences and supports one another in strategizing new ideas and completing projects.**

**Laiba Abid**  
Brand Development Manager



**I'm grateful that the company saw my potential and gave me the chance to get where I am now. I like my job and am glad to be a part of the great AUTO1 family since almost 9 years.**

**Manja Schmidt**  
Team Lead Shared Operations Services C2B



**At AUTO1 Group I have been constantly encouraged to take on more responsibilities that motivate me to grow and self-develop in multiple directions.**

**Ihor Barzhak**  
Expert Software Engineer



**There is a spirit of equality and parity. Working at AUTO1 Group is exciting to me, because not many companies have this spirit.**

**Isabel Ursula Christina Hor**  
Junior Order Fulfillment Manager

## Impact as an Employer

As a pan-European employer with a diverse workforce of around 6000 employees, AUTO1 has an impact as an employer both locally as well as on a European level. Indeed, as a fast-growing company we are constantly increasing the number of job opportunities we offer. These cover a diverse range of experiences and qualifications aiming to improve the employment offerings both locally as well as internationally. For example, with the development of our production centers, we have become large employers in various locations, such as in Toledo, Spain, or Berlin / Brandenburg, Germany – and we plan to expand our production capabilities by the end of 2023, thus increasing our impact as an employer across Europe.

We follow a policy which is based on the prohibition of discrimination, the adherence to labor law practices, and competitive remuneration and benefits for our employees, thus striving to underline our quantitative impact as an employer with the qualitative characteristics which make us an attractive company to work for.

To track this, we have a dedicated employee concerns channel, which is a confidential reporting channel administered by our People and Compliance teams. This reporting channel offers our employees Group-wide the possibility to raise, communicate, and escalate employment related concerns and issues with a firm commitment from the company that these are taken seriously and adequately investigated and resolved.



## Health & Safety

The health and safety of our employees, customers, and visitors is a principal priority to us. Our occupational health and safety efforts are therefore embedded in our values and anchored in our Code of Conduct. In 2022, we continued our efforts to promote and maintain a culture of safety, with the goal of zero workplace accidents.

From a governance perspective, local health and safety coordinators support management and employees in implementing legal requirements, taking into account those applicable to the organization. The branch or site management is responsible for the operational implementation of the occupational safety and health policy.

Beyond our existing facilities, with the launch of our Autohero production centers for the reconditioning of used cars, all appropriate measures have been taken in accordance with the laws and regulations of each country (e.g. separation of hazardous waste, labeling of hazardous areas, replacement of hazardous "chemical" products with safer products, preparation of instructions for use of chemical products,

labeling of emergency exits and fire extinguishers, regular inspections of machines with potentially serious risks, etc.). We also cooperate with different institutions on a national level for occupational health and safety, such as DEKRA in Germany or MPE Grupo in Spain, which monitor compliance with statutory health and safety requirements at our sites.

In addition to daily fresh fruit and healthy drinks on our premises, we offer all employees at our Berlin site, remote employees based in Germany, those in the Tech department (regardless of their work location or country), and all employees of Ukrainian descent (regardless of their department or work location) a preventive program to balance mental health through direct access to the psychological support platform OpenUp.

Further initiatives to protect the health of our employees are the on-premise flu vaccinations and first aid training.

Beyond this, regular training courses based on the local health & safety requirements are held at our production



centers to ensure that our employees are able to identify and reduce accident risks. As part of our policy, we expect each employee to follow all relevant safety protocols, use appropriate personal protective equipment, keep work areas clean, and eliminate or report hazards as soon as they are discovered.

### **COVID-19 Measures**

In 2022 we launched our Group-wide work from home policy on the basis of which our workforce has been flexibly working from home since the beginning of the pandemic. For those employees who, due to their job responsibilities, could not work from home, we introduced a flex desk policy which guaranteed social distancing at work.

We have offered all our employees at our HQ in Berlin the possibility to be vaccinated against COVID-19 by our company doctor. Since then, we have also offered our employees the possibility of a booster vaccination as well as the possibility to be vaccinated against the flu on a yearly basis.

# 03 OUR COMMUNITY



- PAGE 39**    **Impact on Mobility**
- PAGE 40**    **Transparency and Consumer Protection**
- PAGE 41**    **Transparency in the Customer Journey –**  
Interview Maria Kotti, VP Customer Journey
- PAGE 43**    **Economic Growth**
- PAGE 45**    **Social Initiatives**

We believe that the AUTO1 business model has a positive social impact by providing transparency and consumer friendliness to an industry that has traditionally been opaque and complex. Our model leverages the power of the internet to create a consistent and transparent process around the purchase and sale of used cars.

## Impact on Mobility

By nature, our business model underlines an important social principle: affordable access to quality mobility. Currently, secondhand cars are more sought after than ever, and while this is partially due to a shortage in the parts required to produce new vehicles, it is also a consequence of the increasing cost of living. By purchasing and selling from both companies and consumers, we give people access to vehicles of all price classes as well as reliable and fast liquidity. We believe that our unparalleled, europe-wide, access to used vehicles brings economic growth to companies and access to affordable mobility to consumers who can choose from a large range of vehicles at all price classes, while experiencing the guarantees that are usually reserved to a higher pricing segment or purchases directly from OEMs.

“ At AUTO1 Group, we enable people with smaller budgets to buy vehicle types that they could not afford as brand new cars. ”

**Sergio García Casado**  
 Car Inspector - Optics  
 Production Center Toledo (Spain)

We believe that this underlines the value that our company brings to the market on a European level, allowing cars which are no longer needed in one location to be used for affordable mobility solutions in others.

Taking for example a VW Passat with a mileage of 60,000 Km which we purchase in Spain, our Spanish customer receives fast, reliable, and hassle-free payment. We then refurbish the vehicle in accordance with applicable EU and AUTO1-internal standards. It is then sold at a competitive price at a different location. Another family could therefore benefit from this transparent transaction and receive a used vehicle with a 24 month guarantee at an affordable price.



## Transparency and Consumer Protection

According to the Consumer Market Study on the Functioning of the Market for Second-hand Cars from a Consumer Perspective by the EU Commission<sup>6</sup>, the secondhand car market is considered one of the most opaque industries in the EU, noting that it was the worst functioning goods market in the EU

“ due to particularly low scores in terms of consumer trust in dealers complying with consumer protection rules, comparability, consumer satisfaction and a relatively high proportion of problems ”

thus highlighting that consumers were often negatively affected by the characteristics of the market, its fragmentation, and lack of transparency.

AUTO1's business model is based on transparency and our aim is to increase the transparency, and therefore the consumer trust in our market, by applying our business model to the traditional used car market. Indeed, we offer consumers the haggle-free possibility to purchase and sell

used vehicles based on our transparent evaluation and pricing model. In addition to this, we follow a strict non-cash business model, as a further measure to enhance transparency and counteract the risk of money-laundering which is traditionally present in highly fragmented markets. We also offer a guarantee of up to 36 months on all vehicles we sell via our Autohero brand and comply with applicable consumer protection laws. Our success in transforming this market is reflected in our industry-leading average Net Promoter Score of 70/100.

This effort to maximize transparency directly affects consumer trust and protection. Indeed, over 90% of our C2B customers who book an appointment based on our online price sell their vehicles to us. We believe that this underlines that we provide a more transparent, reliable, and trustworthy solution when compared with the traditional used car market. And we continue to build on this achievement on a daily basis as we believe that our e-commerce focused and customer centric approach towards a sector which is often characterized as untransparent for consumers will continue to have a positive impact on the experience of consumers wanting to buy or sell used cars and therefore the secondhand car market in general.

<sup>6</sup> [https://ec.europa.eu/info/publications/study-second-hand-cars-market\\_enhand-cars-market\\_en market\\_en](https://ec.europa.eu/info/publications/study-second-hand-cars-market_enhand-cars-market_en market_en)





## Transparency in the Customer Journey – Interview Maria Kotti, VP Customer Journey



**As VP of Customer Journey for AUTO1 Group, Maria Kotti is the voice of our customer: delivering customer insights, ensuring synergies across departments, and innovating and optimizing our offering. Indeed, Maria Kotti serves as a centerpiece in the quest to offer all customers the best possible experience across our brands. She brings together knowledge of marketing and product to ensure we are constantly challenging and innovating our customer offering.**

### **1. Hi Maria, could you please introduce yourself to those who don't know you?**

*Hi, I am Maria Kotti, the VP of Customer Journey at AUTO1 Group. I joined more than 7,5 years ago, in July 2015 when we were around 2000 employees. I was hired to build up our Conversion Optimization efforts for our brands, a field that was completely new on the market back then. I had a completely different industry experience, coming from the fashion and beauty industry. That made the car industry even more exciting, an opportunity to*

*apply what you knew while adapting to a completely different purchase/selling pattern and Customer Journey. Originally I am from Sweden, but I have lived in other cities, including Barcelona and New York, before landing in Berlin. An obsession of mine is history and politics: I probably follow every podcast out there.*

### **2. Why did you choose to work at AUTO1 Group, and how has your career developed since then?**

*Coming from a background in digital analytics with a strong interest in empowering brands with customer insights, I saw a great opportunity for evolving the new way of selling your car online, digitizing a traditionally offline experience. I started as Conversion Rate Optimization Manager for our C2B business. Since then, we have radically changed how customers can access the selling price of their car from the comfort of their couch with a drastic change of the business model during the pandemic, making it faster and easier to make informed decisions when it comes to selling your car.*

*A special experience for me was to be part of building up the journey for the retail brand Autohero from scratch, contributing to building a best-in-class and transparent online experience of purchasing a used car and getting it delivered to your house.*

*Throughout the years, I also launched multiple initiatives focused on improving the merchant experience, including better curating the inventory towards high success rates to speed up the ability to transact and help the overall merchant experience.*

*Toward the end of 2022, I had the honor of receiving a “Forbes 30 under 30” nomination within the category of Marketing in Europe. While I didn’t make the final list, it’s a great privilege to be amongst the very small but incredibly talented people even being considered.*

### **3. What are the main initiatives that you and the Marketing team developed to optimize the customer journey but also increase the transparency in the purchasing process?**

*For all of our brands, we must leverage the voice of our customers to evolve our products and enhance their experience: as such, we have developed different methods of measuring the individual brands’ user experience score, always staying vigilant and reacting to any suggestions for improvement.*

*On the [wirkaufendeinauto.de](https://www.wirkaufendeinauto.de) side, we are very proud of the increase in transparency and trust for customers that sell their cars to us. The corona pandemic has accelerated the shift in customer behavior toward online trading. We wanted to make a difference by supporting our customers to sell their used cars to us even more conveniently from home. Therefore we focused our efforts and investments on further digitizing the inspection process, which resulted in “Self evaluation”. This solution allows customers to inspect, step-by-step, their vehicle from home and enter relevant vehicle data. In addition, damages are documented, and photos of the vehicle’s condition are uploaded online. A binding purchase price is then sent by our pricing colleagues within one working day to our customers. With this shift, we gave the customer the possibility to understand the price before coming to the branch to sell, leading to higher transparency and satisfaction.*

### **4. And what were the main initiatives for more transparency and trust in the selling processes?**

*The used car business suffers from a bad reputation including a lack of transparency. My key area of focus is to ensure we deliver the best possible way of buying and selling a car online, which entails ensuring the customers have a hassle-free and trustful experience, feeling like they have been guided and*

*informed in the process. In the offline experience, unfortunately, feeling neglected is a common sentiment of customers. In one of our many initiatives focused on increasing the trust in our Autohero platform, as well as giving the customer the confidence needed to make an informed decision when purchasing online, we introduced our imperfections gallery and description, which helps a customer to navigate any imperfection on the car which exceeds normal wear and tear. As has been proven through extensive customer research, this is something that the customer strongly appreciates and it helps to better manage their expectations. Additionally, through offers such as the 21-day money-back guarantee, we make sure customers are satisfied with the car, if not, they can change their minds. Last but not least, we offer extended warranty options to suit the customers’ needs and ease their minds.*

**“ My key area of focus is to ensure we deliver the best possible way of buying and selling a car online ”**

*For merchants, we want to ensure we improve the quality of our evaluations and the curated inventory we present to them to leave no doubt in the cars they acquire from us. We are continuously expanding our touch points with our merchants to ensure their needs are heard through qualitative and quantitative surveys providing the insights we need to always enhance their experience.*

### **5. Why do you enjoy working at AUTO1 Group?**

*What really speaks to me about the company and why I’ve stayed here beyond 7 years is the opportunity to grow. You are not limited by a squared job description but rather encouraged to seize an opportunity when you see it. This type of mentality allows you to grow beyond your imagination and develops opportunities for you as you learn more about the business. Besides, it’s rather rare for a company to truly see the power and value in customer insights, something that makes my job so much more thrilling and has helped to enable the growth we have had in the last years.*

*Given how much weight we, as a company, give to experience research together with user data, we can concentrate our efforts as well as focus on really achieving the greatest impact, bringing back a great sense of accomplishment for the team.*

## Economic Growth

The effect our business model has on consumers translates to our B2B segment in which we have seen that small and medium enterprises Europe-wide have strongly benefitted from working with AUTO1. Indeed, our sourcing opportunities and transparent claims and pricing policies have helped empower the used-car entrepreneurial ecosystem on a European level and have provided businesses across Europe with a transparent and reliable business partner.

For example, we spoke with Ángel Pérez, used car Manager of the car dealership Pérez Rumbao Group, who has been working with AUTO1 for over 6 years, to see how our collaboration has impacted his business:

**AUTO1: Hello Ángel. To begin with, could you please tell us a little about yourself, your career and how it has developed?**

*My name is Ángel Pérez and I am the coordinator of the used car segment of the Pérez Rumbao Group, a 100 year old merchant group founded in the region of Galicia and now one of the leading dealer companies in Spain. I am also the Manager of one of the group's brands called SiBuscasCoche, created 10 years ago, through which we sell used cars to particulars both online and physically. I am 40 years old and I have been working in the Pérez Rumbao Group since I was 25, that is to say, I've spent practically all my working life in the used car business.*

**AUTO1: Since you started your career around 2007, how has the car distribution model evolved?**

*In 2007, when I started working, we were already hearing about the use of the Internet, although it sounded far away and we didn't know how it was going to revolutionize the sector. We came from doing business in an archaic way without any tools and with time-consuming processes. The transformation in the last decade has been drastic, and we have established a much more user-friendly, convenient, and efficient digital model. It's all advantages.*

**AUTO1: Tell us Ángel, when did the collaboration with AUTO1 start and why?**

*We started working with AUTO1 on the Sales side, as a supply channel, buying cars, almost as soon as the company was established in Spain. From there we have been expanding the*



Ángel Pérez, Manager of the car dealership Pérez Rumbao Group / SiBuscasCoche

*scope of our collaboration. On the Remarketing side, for example, we used to work with other partners but the system didn't convince us, and that's when we came in contact with AUTO1's Remarketing team to start using their market price tools - such as Price Indicator. Over the years we have conducted several interviews with the AUTO1 product team to participate with our feedback in the development and optimisation of these digital tools.*

*In addition, we have also reached an agreement to develop a partner branch project with WKDA at two of the locations of SiBuscasCoche. This way, our customers who come to buy a car can also sell their old car and receive a fair price for it.*

**AUTO1: What would you say has been the most significant impact of this collaboration on your business?**

*Mainly, it has helped us to establish much more digital processes, gaining in agility and efficiency. Our sales representatives appreciate having a real-time car evaluation in line with market prices and can therefore offer customers a competitive offer. In other words, we have absolute confidence that we will sell that car at the best price through AUTO1.com because there is a large network of professional dealers bidding all over Europe.*

“ We have absolute confidence that we will sell that car at the best price through AUTO1.com because there is a large network of professional dealers bidding all over Europe. ”

*This means that we are more profitable and have a higher gross profit margin per unit. But above all, we have got rid of a process that used to be very complex and now that everything is centralized at AUTO1, as the only contractual partner, everything is much simpler.*

**AUTO1: How do you see the AUTO1 - Pérez Rumbao Group collaboration in the future?**

*We see our future cooperation with very good prospects. The relationship is excellent and AUTO1 is constantly looking to improve and optimize its tools and products. This constant pursuit of excellence is a very positive point, and in addition, they make us feel involved and our feedback is always taken into account.*

## Social Initiatives

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### Fundraiser for Ukraine

After the invasion of Ukraine, we decided to start a fundraising campaign to show our support for the persons affected by it. Under the campaign name "Fundraiser for Ukraine", our employees were able to donate money which was then matched by the company.

But the participation and solidarity of our employees with the Ukrainian people went beyond the financial and we also managed to collect in kind donations at our HQ in Berlin. This resulted in 4 trucks with support materials which were donated.

The total donation we collected for our Ukraine fundraiser amounts to 88.300 EUR - including the 44.150 EUR our employees donated and a matching donation by the company. All of it went to the Jesuit Refugee Services and Hospitallers, the organizations we support.





Matthew Perry, Head of Legal Compliance AUTO1 Group with Thomas Freiesleben - Head of Fundraising from Berliner Tafel e.V. in front of the vehicle AUTO1 Group donated in 2022

### Berliner Tafel e.V.

In 2019, we initiated our collaboration with the Berliner Tafel, a food bank operating in the Berlin area, by donating vehicles such as refrigerated delivery trucks and other vehicles to provide food delivery and mobility solutions to the organization. We continued our collaboration through 2022 by providing the Tafel with an additional vehicle.

Since the beginning of our partnership, we have continued to work with the Tafel, developing from making donations to supporting the initiative with our business model. For example, to allow for a continuous evaluation of their car fleet, we have given the Tafel access to our remarketing pricing evaluation solution which has allowed the organization to make founded decisions around the maintenance of their fleet, knowing the optimal time to sell and replace a vehicle and understanding the value of the vehicles they have at any given time.

An additional point of collaboration has been enabling the renewal of their fleet by offering the Tafel a transparent, fast, and uncomplicated way to sell their vehicles. Our aim was to apply AUTO1's circular economy business model to social projects which could benefit from the transport and mobility solutions our products enable.

### IN THE WORDS OF THE TAFEL:

“ We are very happy to have found a reliable and transparent partner in AUTO1 which has supported our work through our collaboration and generous donations. As we welcome regional synergies and mutual support, we are pleased to be working with AUTO1 as a company from Berlin. ”

# 04

# OUR GOVERNANCE



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## Introduction

At AUTO1 we pride ourselves in our corporate governance and compliance measures and believe that these directly impact our ability to pursue our envisioned sustainability strategy. Indeed, it is only with the involvement of the Management and Supervisory Board, as well as clear definitions of roles, responsibilities, and decision paths that our concepts can go from ideas to implemented policies and can be reported accordingly.

At the heart of our corporate governance structure are the principles laid out in the German Corporate Governance Codex, which we have comprehensively implemented as we believe it offers us the best organizational guidelines to ensure that they meet our legal, ethical, and sustainability goals and requirements. On this basis we have ensured that we have an independent supervisory board in place and have committed to having two women within that body by 2023. We further have a dedicated Audit Committee which was established prior to our IPO, with appropriate financial and accounting expertise in the form of Gerd Häusler, as chairman. Additionally, we have a dedicated ESG Committee

at Supervisory Board level with Lars Santelmann as chairman. Finally, we also have a Presidential Committee. Outstanding elements of implementation can be found in our annual declaration of compliance.

This governance structure is reinforced by our company policies, and indeed our Code of Conduct, which integrates its principles and highlights our commitment to transparency. Both with regards to our business model and customer relationships as well as with regards to legal requirements and our adherence to these. To ensure that our most important principles as well as compliance measures are communicated both internally and externally, we have a dedicated section on our Group website on which these can be found. Our policies are also communicated and accessible to all employees on our company's intranet, in a dedicated section, the Compliance Portal.

In 2022 we launched a dedicated sustainability section on our Group website on which you can find our key messages and contact points regarding sustainability.

### Supervisory Board





## ESG Governance Chart



All ESG decisions at AUTO1 are made by the ESG Steering Committee, involve the Management Board, and are reported to the ESG Committee of the Supervisory Board. The decision flow is as follows:

### *Supervisory Board*

Has a dedicated ESG Committee and supervises all ESG-related decisions.

### *Management Board*

Responsible for ESG. Has quarterly meetings with the ESG Steering Committee.

### *ESG Steering Committee*

Reports directly to the Management Board. Quarterly meetings with the Management Board to push forward strategy. Members: senior stakeholders from the Communications, Accounting, People, Investor Relations, and Legal / Compliance teams.



### EXAMPLE DECISION

The Management Board proposes a new People strategy. It is then discussed during quarterly meetings with the ESG Steering Committee and the ESG Committee of the Supervisory Board. Finally, the ESG team works on its implementation and progress tracking.

## Compliance

### Commitment to Compliance

We believe that a culture of compliance originates in the so-called tone from the top and at Management Board level. For this reason, the integrity of our legal representatives as well as top management, together with their commitment towards a management style based on responsibility and in accordance with the law, forms the basis of our compliance culture. To define this approach in the form of an easy to follow set of standards, we have laid out the guidelines found in our company-wide Code of Conduct (CoC). Among other topics, our CoC lays out our principles around anti-bribery and corruption and our commitment towards human rights, both within our company and also within our supply chain.

These rules are binding for employees, management, and senior management who acknowledge that it sets an example for the rest of the company and is therefore committed to doing business in a legally and ethically sound manner. They also apply to all third parties AUTO1 does business with, form part of our third party due diligence process, and therefore inform our contracting and business partner selection decisions.

To uphold our culture of compliance, all our employees must align their behavior with the law and the rules set out in our CoC as these represent the fundamental values on which our culture is built. In practice, this means that our employees have the obligation to adhere to and implement these rules and principles into their daily work. In line with our zero-tolerance approach, we do not tolerate any deviations from this rule. As a result, any behavior that is harmful to our company is investigated, resolved, and, if necessary, prosecuted - irrespective of the level at which it takes place.

The compliance function is an independent part of the company's corporate governance, which includes risk management as well as internal controls. According to § 93(1) AktG, and as underlined by the German Corporate Governance Codex, senior management is responsible for its business and must employ the care of a fair and diligent manager when performing its duties. Maintaining compliance forms part of this statutory obligation but is assigned to the General Counsel / VP Legal and Head of Legal Compliance within the framework of the allocation of business responsibilities.

To ensure that this governance standard is met, we have a dedicated Compliance Committee consisting of Markus Boser (CFO), Timo Wilke (General Counsel / VP Legal), Christian Schroeder (Vice President Tax and Risk Management), and



Matthew Perry (Head of Legal Compliance). The compliance committee meets quarterly for a session. In case of determined circumstances, such as grave compliance infringements, or other urgent matters, the Head of Compliance convenes a session immediately. This structure ensures the involvement of the Management Board as well as risk function in all major compliance related matters.

During the regular sessions, the Head of Legal Compliance reports on the status of the Compliance Management System at AUTO1, as well as on any breaches of compliance, ongoing investigations, and any reports which the Head of Compliance has received through our whistleblowing channels. Further topics include risk management and sustainability considerations. Should disciplinary measures be required due to a compliance infringement, these shall be set by the Compliance Committee within the limits of the applicable statutory provisions. If necessary, non-permanent members of the Compliance Committee, such as for example the Director of People, shall be called upon to assist in this process. No material breaches of compliance were brought to our attention during the fiscal year 2022.

The basis of all our compliance measures is our compliance risk analysis, which covers all potential legal risks we face and is performed on a yearly basis. To evaluate potential risks, we hold workshops with all departments, review processes, and interview stakeholders across the group. This gives us an overview of possible risks for which we then empirically

evaluate the likelihood of occurrence and impact of each. This process is supervised and approved by an external auditor before it is signed off by the Management Board and reported to the Audit Committee.

### Anti-Corruption and Bribery Measures: Policies, Training, Reporting Governance

One of the central elements within our wider compliance effort are our anti-corruption and bribery measures. Indeed, we see it as part of our corporate responsibility to ensure that we do business fairly, honestly and with integrity and contribute to the global fight against bribery and corruption.

Apart from our Code of Conduct, which states that we do not accept corruption and bribery in our business practices, we have implemented an Anti-Corruption and Bribery policy which builds on this principle, offers our employees a guideline on how to act in such situations, and forms the basis on which we maintain compliance with our values and all applicable anti-corruption and bribery laws. This policy covers dealing with public officials, facilitation payments, political and charitable contributions, and conflicts of interest. The topic of gifts & invitations, which we see as a central element within our anti-corruption and bribery effort, is laid out in our dedicated Gifts & Invitations policy.

To consolidate the communication of the principles set out in the above compliance documents, we have a dedicated compliance training program which starts during the onboarding of employees and continues during their tenure at the company.



In 2022, we updated our Anti-Corruption and Bribery policy by explaining conflicts of interest in more detail and providing enhanced practical examples. We also published an article on conflicts of interest in the company newsletter and held several targeted anti-corruption and anti-bribery training sessions tailored to the needs of specific departments and employees. Finally, we improved the web-based annual mandatory compliance training courses in this area.

### Human Rights Considerations

AUTO1 is committed to the respect of human rights, both internally as well as with regards to its business partners and within its supply chain. We acknowledge the importance of human rights in our daily work and the implications they have with regards to labor considerations. As a result, we subscribe to the UN Charter and the UN Universal Declaration on Human Rights.

The basis of our human rights effort is a risk analysis around the topic. After evaluating the risk as part of our compliance risk analysis, we concluded that the risk of human rights infractions is low for AUTO1 as we uphold EU labor standards, source our products within the EU, and primarily work with companies based in the EU, thus minimizing the risk of human rights violations in our supply chain.

Nevertheless, we have implemented a number of measures which help us reduce the remaining risk. Indeed, we identify our business partners in fulfillment of applicable anti-money laundering legislation. This Know-Your-Customer process ensures that we know with whom we are in business and allows our compliance team to run background checks in case of any red flags. While this is often seen as a measure linked to the fight against money laundering and corruption and bribery, we feel that the transparency this creates supports us in ensuring that we do not enter into a business relationship with a partner which does not take the respect of human rights seriously.

As a further preventive measure, we screen business partners for sanctions. On the one hand, this ensures that we comply with applicable sanctions as well as import and export regulations. On the other, it ensures that we do not participate in the financing of terrorist activities and ensures that we adequately identify all of our business partners, thus also avoiding counterparties which are more likely to pose a risk from a human rights perspective.

Finally, we are currently rolling out a comprehensive third-party due diligence program through which we will implement various levels of due diligence within our contract signing process. This means that transactions in certain territories and industries, and / or those with an elevated contractual

sum or binding period, which pose a heightened risk to us, will undergo a dedicated third party due diligence process. Through this process, we will require potential business partners to provide the necessary information for the compliance team to complete a comprehensive background check on the party. These background checks will ensure that we avoid business partners which pose a heightened risk of compliance infringements, including instances of bribery and corruption and human rights infractions.

Beyond this, our Code of Conduct clearly expresses our position and commitment towards human rights. To communicate this externally and ensure that our business partners are aware of our position, our CoC is published on our group website for public access and is forwarded to business partners as part of our third-party due diligence program. In the financial year 2022, we did not receive reports of human rights infractions through our dedicated whistleblowing channels.

### Whistleblowing

As a detection method, and to ensure that our compliance principles are upheld, we have implemented a whistleblowing governance structure which meets the requirements of the EU Whistleblowing Directive ahead of the formal legal requirement to do so. Indeed, we believe that enabling whistleblowing and protecting reporting persons from retaliation is central to ensuring our principles as a company and encourages a healthy exchange between us, our employees, and third parties.

At AUTO1 we have put in place two dedicated and independent whistleblowing channels:

The channel [compliance@auto1.com](mailto:compliance@auto1.com), which is administered by our compliance team, is our principal reporting channel and is a confidential way for our employees or third parties to report any (suspected) compliance breach. As an alternative, and for anonymous reports, AUTO1 has retained the services of Dr. Margarete Gräfin von Galen as an external ombudsperson. Finally, the channel [employeeconcerns@auto.com](mailto:employeeconcerns@auto.com), for which the People and Legal teams share responsibility, is a reporting channel which aims at resolving work-related issues, such as potential harassment or discrimination.

We also offer the opportunity for our employees or third parties to contact us in person or via mail, as well as to set up an in-person meeting with our compliance team or external ombudsperson to report compliance issues.

To clearly lay out the reporting process as well as the underlying governance measures we have put in place, we have a dedicated whistleblowing policy which has been

communicated to all employees and is available in the compliance portal of our intranet. This policy focuses on our reporting procedure, which describes the exact steps and timeline of a report, as well as the prohibition of retaliation against the reporting person. It also covers confidentiality and data protection within the whistleblowing process. The topic of whistleblowing, in the form of the most relevant elements of our process and policy, has also been integrated into our compliance training program. Apart from this internal communication we have also included an overview of these whistleblowing possibilities within the compliance section on our Group website.

In 2022, 1 confirmed employee concerns infringement was brought to our attention or reported through the above channels. It related to a dispute between two employees and resulted in an investigation into the matter and disciplinary measures for one of the employees involved.

### Data Protection and Security

As a data-driven company, we process large amounts of data, some of which falls within the category of so-called personal data. We consider data to be a sensitive asset and therefore address the regulatory requirements relating to data protection and the responsibility we feel as data controllers for the data of our business partners and employees by following a company policy which ensures the responsible handling of data. Indeed, we consider the safeguarding of personal data to be part of our corporate and social responsibility and also aim for more transparency, which is an essential part of strengthening the trust of our business partners and sustainably growing our operations.



Our company is impacted by current and emerging federal, state, and international privacy and data protection laws. With the constant ambition of improving the level of data protection across the Group, we are continuously working to embed it within our systems and processes. We have established strong governance measures to protect the confidentiality and security of customer information and ensure compliance with applicable legislation. In addition, AUTO1 has adopted corporate policies and operating procedures governing collecting, using, retaining, and protecting data.

A binding Data protection policy has been rolled out for our employees, which gives an overview of the relevant topics of the General Data Protection Regulation (GDPR) and instructs them to do their part in maintaining and improving the level of data protection. Furthermore, an annual data protection training has been implemented for this purpose, which is part of the AUTO1 Academy legal training course. This training is subject for all AUTO1 employees across the Group, except for those with no pc access. In addition to basic information, further content is continuously developed which is specifically tailored to their different field of duties. In parallel, our IT Security policy covers the technical aspects of securing data and is a guideline for our employees regarding the protection of data in their everyday work.

As the basis of our data protection measures, and therefore underlying data protection management system, we perform a yearly compliance risk analysis which evaluates the risk of non-compliance with data protection requirements as well as the possibility of data breaches at AUTO1. In parallel, we commissioned an external audit of our data protection management system in 2021 which was performed by PriceWaterhouseCoopers. The audit showed that there were no red flags or serious data protection concerns in our organization. Nevertheless, according to our risk analysis, and due to our nature as a data driven company, we feel that data protection is central to us as a company and holds a particularly central position within our compliance and regulatory considerations.

To manage data protection, we named a Data Protection Officer and notified the competent authority about her appointment. Our Data Protection Officer performs the tasks required by law to ensure compliance with data protection rules and monitors compliance with data protection laws and our Data Protection Policy. Our Data Protection Officer is supported by various members of the legal team who have expertise on the subject, as well as by a data protection coordinator who is responsible for the technical and organizational implementation of our data protection measures.

Finally, responsibility for data protection lies with the Management Board, which is involved in all major data protection considerations by way of continuous reports through the Compliance Committee. Above Board level, the Audit Committee and Supervisory Board also receive regular data protection reports. In 2022, there were no material data breaches involving personally identifiable information or involving our customers.

## Internet Security

As Europe's leading online used car trading platform, AUTO1 is committed to digital risk protection. Due to its potential to cause significant harm to private users and businesses, our focus lies on the protection of our trademarks. Indeed, fraud and identity theft, which is often based on the illegitimate use of a trademark, represent one of the biggest threats to consumers online and subsequently have far-reaching social consequences. For this reason, we are committed to contributing to brand, data, and privacy protection on the web. Our continuous risk analysis & assessment helps us to identify and stop digital threats.

On this basis, we have formed a team specializing in brand abuse on the Internet, including members from different departments of the company. In addition to the legal & compliance team, the company's Management Board and the company's technical management are also involved in the process.

The existing internal system for reporting potential security incidents enables us to respond to various risk situations immediately. The analysis & assessment of this data forms the basis of the countermeasures developed. These in turn enable us to enforce our trade- and copyrights rights in the digital space. These countermeasures essentially consist of enforcing rights against potential attackers from the web, using existing Internet law and numerous reporting procedures to do so.

The protection of our customers on the Internet is initially carried out in the run-up to our business relationships. To this end, we have taken a number of preventive measures, for example to prevent fraud which is based on imitating our products and services. This fraud prevention with brand protection in mind includes measures such as constant monitoring of the internet and important web platforms to identify digital threats in time. Domain monitoring helps us to be warned about the registration of third-parties. In this way, potential risks can be identified and minimized at an early stage.

In addition to established countermeasures, we are constantly analyzing technological developments in this segment. We stay ready to improve or expand our safeguards and proactively test innovations in the field of cybersecurity, such as tools or platforms which use filters and algorithms to perform brand analysis and generate reports. There is an exchange of information with the authorities and institutions of the financial sector, important automotive trade platforms and executive bodies. The interests of the consumer and the company correspond here. The totality of these measures provides solid protection against digital threats and builds up our brands.

Our IT security is compliant with industry standards. On its basis, the recurring and mandatory IT Security employee training, which includes phishing simulations, builds awareness for cyber security, ensures a safe handling of data, and helps them recognize the most common types of attacks such as Trojans, phishing, or ransomware.



## LOOKING AHEAD

We could not be more excited about our business in 2023. Our highly talented team is very motivated to continue the improvements in our platform and the progress in our ESG approach to the next level. We will continue to generate value for our customers while staying on track with our constant commitment to innovation and making progress with our ESG-initiatives:

- **The Environment:** We are committed to protecting the environment by being part of the automotive circular economy. On average, we trade vehicles which are more environmentally friendly than the average EU vehicle, replacing less environmentally friendly cars with younger and more environmentally friendly ones. This aspect will
- most likely be enhanced by EU lawmakers' decisions to speed up Europe's shift to electric vehicles. In addition, in 2023 we will continue to work with other large remarketing dealers as part of the CARA Battery Health initiative. The aim is to create common standards to facilitate remarketing and support residual values of used cars through trust in the battery of battery electric vehicles. Furthermore we will continue to work towards our goal of becoming a carbon neutral company by 2030.
- **Our People:** We see diversity as a strength and we are proud to work with people from a variety of backgrounds. Because we believe that this is a key factor in the success of our company, we are committed to having 25% women on the Management Board and 25% female leaders in the

two management levels below the Management Board, on the Senior Vice President and Vice President level, by 2026. In addition, we expect an increasing number of activities and initiatives from our AUTO1 communities throughout 2023.

- **Our Communities:** In regards to further providing transparency and with the aim to make our product even more convenient to local communities and customers, we will start to expand our Sell-Only networks. In addition, our team is continuously working on further improving the user experience and will enhance the product and app further throughout 2023 for customers and car dealers. Furthermore we launch the AUTO1 Group Index, The European Used Car Price Report, in early 2023. By analyzing our database of around 3.6 million used car transactions Europe-wide since the foundation of the company, we develop a pioneering index that measures pricing trends in the used car market and provide it to our stakeholders for transparency.
- **Our Governance:** We will continue to further improve our already best-in-class governance and compliance measures, as we believe that these directly impact our ability to pursue our envisioned sustainability strategy. This year, as part of the new legislation to substantially restore shareholder rights during the annual general meeting, which were previously severely restricted under the COVID-19 emergency legislation, AUTO1 will allow for a significantly higher level of interaction with shareholders for the 2023 annual general meeting. This includes the digital live connection of shareholders during the event to, among other things, make motions and proposals, make speeches, submit questions and exercise the voting right. In particular, the management board enables shareholders to submit questions during the meeting.

We have a unique platform that has the power to transform one of the largest markets in the world. We continue to play a crucial role in enhancing transparency in the historically opaque used car market. What is more, we are helping the market transition towards a greener and more consumer-friendly future.

We continue to take responsibility this year and in the years to come for reducing our CO2 footprint, pioneering the electrification of the used car market and promoting a circular automotive economy.

Today, we are Europe's used car powerhouse and we are pulling more and more transactions onto our platform. This enables us to create strong network effects, increasing our market share further and as a result amplifying the process of the used car market becoming more green: We extend vehicle lifetimes, while at the same time we trade vehicles which are more environmentally friendly than the average EU vehicle, in some instances replacing less environmentally friendly cars with younger and more environmentally friendly ones.

Although we've made clear progress in 2022, there's still room to improve. We are committed to addressing and tackling challenges within our organization and the automotive industry as a whole and defining strategies to improve as we continue on our journey.



# Sustainability Accounting Standards Board Disclosure

TOPIC	SASB ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	DATA AVAILABLE IN THE REPORT
<b>Energy Management in Retail &amp; Distribution</b>	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	<b>(1) 15754 GJ (2) 100% (3) &gt;85%</b>
<b>Data Security</b>	Description of approach to identifying and addressing data security risks	Discussion and Analysis	n/a	<b>Data present on pages 52-53</b>
	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	Quantitative	Number, Percentage (%)	<b>Data present on page 53</b>
<b>Labor Practices</b>	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	Quantitative	Reporting currency, Percentage (%)	<b>Data present on page 29</b>
	(1) Voluntary and (2) involuntary turnover rate for in-store employees	Quantitative	Rate	<b>Data present on page 29</b>
	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Quantitative	Reporting currency	<b>Data present on page 29</b>
<b>Workforce Diversity &amp; Inclusion</b>	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	Quantitative	Percentage (%)	<b>Data present on page 28</b>
	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	Quantitative	Reporting currency	<b>Data present on page 29</b>
<b>Product Sourcing, Packaging &amp; Marketing</b>	Revenue from products third-party certified to environmental and/or social sustainability standards	Quantitative	Reporting currency	<b>0%</b>
	Discussion of processes to assess and manage risks and / or hazards associated with chemicals in products	Discussion and Analysis	n/a	<b>In 2022, we did not handle a material amount of chemicals.</b>
	Discussion of strategies to reduce the environmental impact of packaging	Discussion and Analysis	n/a	<b>We do not ship packaged products, i.e., used cars, and try to recycle all packaging we receive.</b>

## Sustainability Accounting Standards Board Disclosure

<b>ACCOUNTING METRIC</b>	<b>CATEGORY</b>	<b>UNIT OF MEASURE</b>	<b>DATA AVAILABLE IN THE REPORT</b>
Number of: (1) retail locations and (2) distribution centers	Quantitative	Number	We have (1) one showroom for the retail sale of used cars and (2) no own distribution centres.
Total area of: (1) retail space and (2) distribution centers	Quantitative	Square meters (m <sup>2</sup> )	(1) Less than 250 square meters and (2) nil.

**AUTO1** | GROUP

Bergmannstraße 72, 10961 Berlin, Germany  
+4930201638360  
info@auto1-group.com