



SUSTAINABILITY REPORT 2023



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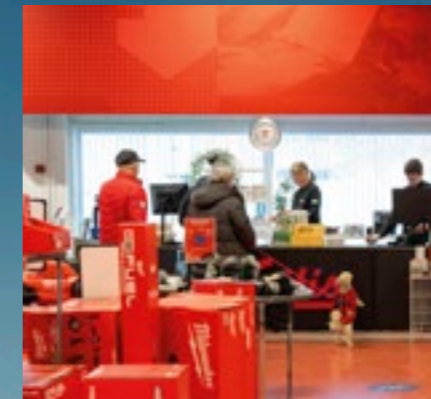
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Vocational rehabilitation at Laitis

Since 1984, Laitis has offered unconditional vocational rehabilitation for people who need help getting back to work. For many of them, this vocational rehabilitation has resulted in permanent employment.

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Used car parts

Reusing parts from dismantled cars promotes a circular economy while ensuring improved availability and additional options for workshops and consumers alike.



Computer recycling

IT support technicians Sara Magnusson and Hilde Nordhagen are not only dedicated to ensuring that computer equipment works well and lasts. They are also keen to ensure that IT equipment that can no longer be reused within KGK is sent for asset recovery.

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The circular car

KGK is participating in The Circular Car project, the goal of which is for Sweden to achieve a circular passenger car fleet by 2045. Both new and established actors from the entire automotive industry are participating in the project and exchanging experiences.



Approved Auto Repair Shop

In 2023, all Autoexpertern workshops were certified compliant with the Approved Auto Repair Shop quality standard. This certification means that workshop customers can rest assured that their vehicles are serviced safely and professionally.

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KG Knutsson AB and its subsidiaries and the Sustainability Report 2023

Sustainable business represents an important building block in our ambitions to create long-term value over time. This Sustainability Report for 2023 covers the parent company KG Knutsson AB and the subsidiaries Autoexperterna Detaljist i Sverige AB, Laitis Handels AB, Carsmart AB, KGK Norge AS, Kaha Oy, KL Parts, EV Hub AS*, KG Knutsson SIA, AS KG Knutsson and UAB KG Knutsson.

KG Knutsson AB is in turn part of KGK Holding AB.

KG Knutsson Verkstad AB is not covered by this Sustainability Report as the company's business concept is based on short-term and temporary ownership.

KG Knutsson AB's customers are primarily dealers and manufacturing companies in the automotive and marine sectors. The dealers are offered extensive market support, wide-ranging training activities and a comprehensive product range on the Autokatalogen e-commerce site. KG Knutsson AB is also the agent for the following brands, among others: Calix, Dräger, Hella, Webasto, ZF and Liqui Moly.

In our work in relation to sustainability reporting, we are supported by Global Reporting Initiatives (GRI), accounting principles and some of GRI's topic-specific standards, although the report in itself has not been prepared in accordance with GRI Standards.

KG Knutsson AB is quality and environmentally certified in accordance with ISO 9001 and ISO 14001, respectively. The company also holds AEO certificates for customs and security.

KG Knutsson AB's management team has the ultimate responsibility for the sustainability work and long-term sustainability goals within KG Knutsson AB. The sustainability work is carried out principally through active work at company level. Our sustainable strategy is not yet Group-wide. We are striving to achieve a sustainable strategy that will permeate all the companies in future.

All our subsidiaries and their sustainability data can be found in an index at the back of this Sustainability Report.

* KG Knutsson AB's start-up company EV Hub AS is not included in the sustainability index as we have limited access to data.



The KG Knutsson AB Group

The parent company KG Knutsson AB and its subsidiaries conduct distribution and agency operations focusing on the automotive sector. Resale of accessories, spare parts and equipment components for motor vehicles and machinery. The Group also conducts the repair of gearboxes and shafts.

In Finland, Estonia, Latvia and Lithuania, the business mainly comprises the sale of spare parts and accessories for cars. In Norway, the business conducts the sale and repair of gearboxes and shafts, as well as sales of spare parts and accessories for cars.



Electric vehicles will play a major role in the future, even if there are challenges to be met along the way.

Johan Regefalk, CEO of KG Knutsson AB



The large-scale transition to electric vehicles continued in 2023, albeit at a slightly slower pace. Last year, the share of rechargeable cars in Sweden increased from 56 percent to almost 60 percent, although that figure fell to 55 percent in the first quarter of 2024.

Despite this, the fact is that 14 million electric cars were produced in the world in 2023, an increase of 34 percent over the previous year, and every fifth car produced in the world is an electric car.

Many of the major manufacturers have more or less transitioned to rechargeable cars, and as an example of this, the last Volvo with a diesel engine has now left the production line in Torslanda. However, over the past year, we have also been able to read that several major, established car manufacturers are now seeing reduced demand for their electric cars. Tesla has seen the first-ever decline in sales of its electric cars, and voices are being raised saying that we need to slow the phasing out fossil-fueled cars.

If we consider the total CO₂ emissions from the manufacture through to the dismantling of a car, then battery-powered cars are not completely climate-smart in markets where fossil fuels are used for electricity production. However, it is easy

to forget the benefits of a car being emission-free once it has been produced. In our major cities around the world, we see many deaths as a result of air pollution caused by motor traffic. Here, battery-powered vehicles are a prerequisite for better air quality and as such will help save human lives.

So, why has the transition to electric vehicles lost some of its momentum?

Consumers are hesitant to buy expensive electric cars as we find ourselves in extremely troubled times with high interest rates. The withdrawal of the climate bonus has also had an effect, despite the fact that most manufacturers have reduced their prices by more than the bonus previously offered to buyers. Another reason for consumer hesitation is that switching to an electric car also requires some adjustment on their part. With an electric car, you need to plan longer trips in a different way to before, and the charging infrastructure still leaves a lot to be desired.

As for heavier battery-powered vehicles, such as trucks and buses, access to rapid charging at the right moment is key to being able to offer the service people expect. Major shortcomings remain, giving these operators reason to hesitate. The numbers simply do not add up when time is money.

Electrification needs to get back up to speed if we are to have any chance of achieving our climate goals and reducing the air pollution in our cities. Accordingly, it is probably not too rash to predict that the government will come up with some kind of incentive in the fall budget to boost the transition once again. Moreover, if manufacturers broaden the offering of reasonably priced and practical electric vehicles that consumers can afford, then together with more widely available charging infrastructure, we can regain that lost momentum!

Here at KGK, we contribute to more sustainable mobility!

When I read this Sustainability Report, I feel a great sense of pride over all that our dedicated and competent employees contribute across the breadth of our sustainability efforts.

We are not simply sitting back waiting for the transition to take place. Instead, we are already busy contributing to more sustainable mobility. We are learning to service and repair electric vehicles while repairing and servicing the large number of vehicles already on our roads in a sustainable and economic manner to ensure that they can reach their full lifespans.

To succeed in this, we offer an extremely wide range of spare parts and accessories for all vehicles, used car parts, refurbished high-voltage parts for electric cars, training for our workshops to be able to service and repair electric vehicles and greater access to smart charging infrastructure. To name but a few of our business operations.

I would also like to say that electric vehicles will not be sustainable if they fail to offer at least the same lifespan as modern fossil-fueled vehicles. In Norway, which boasts the largest percentage of electric vehicles in the world, our business operations – EV Hub and ÖkoPOWER by KGK – show just how we can contribute to making electric vehicles sustainable over time.

I hope all of this inspires you to keep reading our Sustainability Report!

We move people forward

Johan Regefalk
CEO, KG Knutsson AB

KGK moves people forward

Our task is to make it easier for people to get around. On the road, through life, in rush-hour traffic, on vacation or at work. KGK is an important part of the world around us. Our work should have a positive impact – for our customers, suppliers and employees – but without depleting Earth’s resources. Our aim is to be a leading company with the best solutions that always add value to people’s lives, both now and in the future. We move people forward, quite simply.

When Knut-Göran Knutsson launched his business in 1946, a handshake was enough. The outside world looks a little different today – business is done in different ways and it can be a little more complicated. However, the basic approach, that business should benefit all parties, still applies.

Our mission

KGK is a partner, general agent and distributor of a wide range of products and services for the automotive and marine sectors. KGK offers a high level of expertise, a customer-oriented sales and service organization and efficient logistics.

Our brand promise

KGK will act to ensure that employees, customers and suppliers experience long-term, successful business dealings with KGK.

Our core values

Our core values show who we are and what we stand for. KGK wants to be perceived as knowledgeable, reliable and open.

Our sustainable strategy

KGK’s sustainable strategy is based on the UN’s global Sustainable Development Goals. The goals that have been identified as areas where KGK can and will contribute are to reduce emissions from domestic transport and Vision Zero for traffic.

KGK has three focus areas within sustainable development:



Sustainable transport:

We are striving to reduce the negative climate and environmental impact of transport. We can make our transport more sustainable in various ways.



Circular economy:

If we are to survive as a company, we must strive for a circular economy in which we reuse and recycle everything that we have already used.



Protect lives:

For KGK’s part, Vision Zero means offering services and products that provide increased road safety, as well as fair working conditions and wellbeing in our value chain.

Our internal Code of Conduct, “The KGK way”, is part of KGK’s sustainable strategy, and the aim is to clarify our approach as employers and employees in issues that affect customers, other employees, suppliers, partners and society at large. The strategy helps us come to the right decisions on issues such as leadership, employeeship, representation and safety. It also acts as a guide for the laws and regulations that we need to follow.

Our business model

KGK is a partner, general agent and distributor of products for the automotive sector from a number of world-leading manufacturers and suppliers. We offer more than 500 brands and sell everything from small spare parts and accessories to large car lifts.

Our partners include Dräger, Hella, Webasto, ZF, Calix, VDO, Liqui Moly and Stabilus. Something these companies have in common is that they deliver original quality and often also supply vehicle manufacturers. We handle local marketing activities and the aftermarket for some of our partners. Our own brands include Kamasa Tools, Carsmart and the auto repair shop chain Autoexperten, which has more than 360 affiliated workshops.

Our market

We describe KGK’s main business areas as follows:

Autoexperten

Autoexperten is our auto repair shop chain with more than 360 affiliated workshops. It represents an important channel to the independent aftermarket and for the brands we distribute. The car workshops under Autoexperten are owned and operated in-house by local contractors, which guarantees that their customers encounter a car workshop that combines the commitment and knowledge of KGK’s experts with our entire product range.

E-Com

E-commerce within KGK and Autoexperten simplifies and streamlines business flows between us and our customers. Through E-commerce, we are becoming even more accessible and are increasing our customer service, no matter which aspect of our product or service offering our customers want to get their hands on.

Independent aftermarket (IAM)

The workshops in the independent aftermarket, including our own auto repair shop chain Autoexperten, comprise the workshops that complement the brand workshops. KGK provides these workshops with a wide range of spare parts and heavy workshop equipment. Through Autokatalogen.se, our workshop customers can supply the correct products to their customers, mainly private vehicle owners, quickly and easily.

Passenger cars and light commercial vehicles

Thanks to KGK’s combination of experience and vision for the future, our customers have access to accessories for both the existing vehicle fleet and the fleet of the future. We offer everything from alcohol interlocks, car heating, charging boxes and bike carriers to in-car entertainment and lighting from some of the world’s leading producers. In addition, we also have a wide range of certified workshop equipment for original brand workshops.

Trucks and buses

We operate in the market for heavy road vehicles, working broadly across KGK’s offering as all types of commercial vehicles are found to varying degrees among the importers, custom builders, dealers and, more commonly, haulers, bus workshops and bus companies that we serve.

All of them will find a wide range of high-quality spare parts and accessories at Autokatalogen.se. Where necessary, we help to tailor customer-specific solutions.

Construction, machines and forklifts

We create solutions for manufacturers and dealers of heavy machinery. For example, we offer lighting, vehicle heating, reversing cameras and installation materials at Autokatalogen.se. Our support is also constantly being updated, and can answer questions about assembly and help out in the selection of products.

Marine

We offer consumables, accessories and spare parts to wholesalers, boat builders, designers, shipping companies, marinas and service yards. Using the search function at Autokatalogen.se, it is easy to find the right spare part for the boat engine in question.

Motorhomes, caravans and trailers

For dealers selling motorhomes, caravans and trailers, KGK offers a wide range of accessories and spare parts, linked to registration numbers in Autokatalogen.se. We deliver quickly and efficiently throughout the country.

Fleet management

We offer tailored services to fleet owners, professional drivers and company car drivers. These services include solutions for vehicle administration and a complete service for the administration of electric car charging, enabling us to help companies, public organizations and tenant-owner associations to switch to fossil-free vehicle fleets.

Subsidiaries



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One of our objectives is for every Autoexperten store to have at least one fossil-free delivery van by 2025.

Lars Andréßen, CEO of Autoexperten Detaljist i Sverige AB



Autoexperten Detaljist i Sverige AB

Autoexperten Detaljist i Sverige AB was founded in 1996 in Sollentuna and is a wholly-owned subsidiary of KG Knutsson AB. Autoexperten Detaljist runs 33 Autoexperten stores, stocking a wide range of goods such as spare parts, accessories, oil, tires, tools and workshop equipment. We strive to continually intensify our internal cooperation. This is being done in order to plan our joint activities both centrally and locally, so as to create more efficient working methods in several areas.

Business model

Autoexperten Detaljist supplies businesses such as workshops, industries and haulers, as well as private customers and real estate companies. Our customers primarily order their goods through Autokatalogen or by means of telephone orders, and the goods are mainly delivered with our vans.

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Throughout 2023, we focused on supporting our customers in the transition to fossil-free vehicle fleets.

Muath El Noaimi, CEO of Carsmart AB



Carsmart AB

Carsmart is a SaaS (Software as a Service) company that simplifies vehicle management for fleet owners by offering traditional fleet management in the shape of a modern web-based tool. Carsmart gives fleet owners good cost control, implements changes immediately, frees up time and can be used with any provider. Since Carsmart takes care of the administrative side, customers can focus more resources on their core business instead.

The decision to develop, manage and own all systems and platforms was made at the get-go. This has enabled Carsmart to quickly tailor new solutions and applications for customers.

Business model

Our primary business is to receive payments per car and per month. Moreover, Carsmart offers customers tailor-made development services. We understand that when it comes to customization, customers sometimes have unique needs or wishes, which we can meet with our technical solutions.

KG Knutsson Verkstad AB

Business model

KG Knutsson Verkstad AB, together with local contractors, operates auto repair shops within the Autoexperten concept.

Sustainability initiatives

During the year, we reduced our energy consumption by installing LED lighting in a number of workshops. This is a long-term project that we will continue to pursue at workshops where it will have a significant impact. We also have a project that entails regularly reviewing our recycling efforts at workshops. During the year, we even switched to handling the majority of our invoices digitally across our operations.

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We continually strive to improve our sustainability and to identify new areas for improvement moving forward.

Peter Segerdahl, CEO of KG Knutsson verkstad AB



Subsidiaries

KGK NORWAY



At a time when health, safety and the environment have never been more important, KGK Norway continues to lead the way with innovative solutions such as ÖkoPOWER. Our commitment to sustainability and responsible business practices places us in a unique position to not only achieve our own goals, but also support our customers on their sustainability journeys.

Ole-Martin Lundefaret, Chief Sales and Marketing Officer, KGK Norway

KGK Norge AS

KGK Norge AS has undergone extensive development since KG Knutsson AB acquired the then ZF Norge back in 2001. Since that time, we have continually strengthened our position as a supplier of advanced technical solutions to the Norwegian market. With past experience of the maritime and other sectors, today our commitment extends to modern solutions such as car chargers and auxiliary lights, segments within which we continually strive to expand our offering.

During 2023, KGK Norge AS continued to develop by means of significant changes and innovations. We launched the environmental concept ÖkoPOWER by KGK, which is an initiative designed to gather various components from several brands to address and resolve customer challenges concerning health, safety and the environment. ÖkoPOWER aims to reduce idling and improve the work environment, as well as address other key environmental and safety aspects.

As part of a larger restructuring initiative, we have optimized our organizational structure to better enable solutions that lead to success for our customers. With over 75,000 items in stock in Sweden and access to over 750,000 items in total, this restructuring has optimized our offering and improved our service efficiency.

Sustainability initiatives

Our commitment to sustainability and responsibility sits perfectly with our corporate strategy. We are on track to achieve ISO 9001 and ISO 14001 certification by 2026, a milestone underlining our commitment to quality and sustainability. Parallel to this, we have taken steps to adopt, together with the KGK Group, corporate sustainability reporting as per the new EU directive (CSRD), a move we consider a future competitive advantage. This initiative will not only improve our own sustainability reporting, but also potentially assist our customers in their reporting processes.

On the marine side, we have sold our first hybrid plant from the Italian company Transfluid. The project concerns an NTNU Møre OceanLab research vessel, with a focus on the environment and reduced carbon dioxide emissions. This is significant progress in our quest for sustainable solutions in the maritime sector.

KGK Norway is also highly committed to social inclusion and education through the UNG300 project, wherein we actively counter social exclusion and promote vocational training.

Our broad offering and commitment to innovation, quality and sustainability make us a preferred partner in our chosen business segments. ÖkoPOWER by KGK and our focus on environmentally friendly solutions and sustainable development ensure that we are well equipped to meet future challenges and opportunities.

Oy KAHA AB

Oy KAHA AB was founded in Finland in 1934 by K.H. Renlund and became a subsidiary of KG Knutsson AB in 1992. Our operations are based on long-term partnerships with our local wholesalers, car importers and dealers, as well as with industrial companies in Finland.

Business model

KAHA is an importer and distributor of spare parts, accessories and industrial components for the entire Finnish automotive sector. A local warehouse stocking a wide range of products in Vantaa, near Helsinki, allows fast deliveries to the whole of Finland. KAHA uses the same KGK e-commerce platform as KGK in both Sweden and Norway. Here, it is called Autoluettelo.fi, the Finnish language version of Autokatalogen.se. Because the catalogue and ERP system are shared, it is possible to access the entire Group's product range and availability potential. Our customer base is made up of all major car importers, wholesalers, heavy vehicle dealers and actors in the marine and industrial sectors.



We have reduced the number of cardboard boxes sent to customers who place multiple orders on the same day, gathering such orders into a single large shipment.

Bengt Wahlberg, CEO of OY KAHA AB

KAHA is certified in accordance with ISO 9001:2015 and, for a number of years, has also been a member of various Finnish recycling and sustainability associations, such as Elker, Rinki, Kemidigi and Battery Recycling.

Sustainability initiatives

During 2023, we reduced the use of consumables within our logistics operations. Our warehouse management system utilizes box optimization, which has helped reduce packaging material use.

KAHA FINLAND



In 2023, we offered our first training courses to workshops in both Norway and Sweden

Nassir Farooq, CEO of EV Hub

Business model

The company pursues research and development activities to find and document methods for repairing high-voltage components and common faults in electric and hybrid cars. These methods are then shared with workshops by means of training courses developed in-house. These courses provide the basis for workshops gaining EV Hub certification and access to the company's spare parts. The spare parts range is comprised of refurbished high-voltage components that enter the market via distributors. EV Hub supplies KGK with refurbished high-voltage components.

The company also develops special tools and software for analyzing the condition and status of high-voltage components and predicting potential defects before the end user is affected.

Sustainability initiatives

The purpose of operations is the repair of faulty high-voltage components for reuse. Workshops are in need of partly new knowledge to service and repair electric and hybrid cars, and to help spread this knowledge to workshops, EV Hub launched its training courses in 2023.

EV HUB

Subsidiaries

KGK LATVIA



People are and will remain our core foundation. The key to success is long-term and mutually beneficial relationships combined with close collaboration between all involved.

Normunds Prunte, CEO of KG Knutsson SIA

KG Knutsson SIA (Latvia)

KG Knutsson SIA was founded in Latvia in 1998 as part of KGK Holding and began with the distribution of car accessories and additional equipment. We invested a great deal of energy in building up and developing operations from the very start. We prioritize people and the establishment of long-term relationships with customers, employees and manufacturers alike.

2021 saw the start of spare parts operations in Latvia (similar to those of the KGK Group companies in Sweden, Finland and Estonia). We continued to grow rapidly throughout 2023. We experienced growth of +17 percent compared to 2022, thanks to the strategic decisions of 2021 to start trading in spare parts.

Spare parts sales are still very new to us, so we continue to invest in learning more about warehousing, improving product availability and enhancing customer service quality in Latvia.

Business model

KG Knutsson SIA currently offers a wide range of spare parts and car accessories to B2B customers via proactive sales efforts and the e-commerce platform www.autokatalogs.lv.

Our customers are made up of car dealers, independent workshops, retail chains, fleet owners and end users. We also offer training and warranty services for our partners. Our retail channel, AUTOEXPERTS, also offers service and installation. AUTOEXPERTS is even a center of excellence for our partners, training and serving B2B and B2C customers.

KGK Latvia will always prioritize people – long-term relationships with customers and employees alike. This strategy has enabled us to gain the long-term trust of our customers and our employees. Naturally, our solutions and products have to be well thought out and fit for purpose as well. But operations

will fail to succeed without the right person in the right role. Right now, our focus is on improving our staff's expertise, investing in warehousing and ensuring product availability, alongside increasing our customer service quality.

Sustainability initiatives

Given the increasing rate of inflation and high energy prices, one of our goals in 2023 was to reduce our total energy resource use. As a result, we reduced our consumption by 30 percent and our costs fell accordingly. This was particularly important given the high energy prices seen during the year.

Following the evaluation of the efficiency of our delivery methods and routes, measures were taken to reduce fuel consumption. A second office was inaugurated in the company's AUTOEXPERTS building, which generally reduced our employees' commuting times and fuel costs. As a result, with the avoidance of traffic jams, half of our employees cut their daily commute by 1½ to 2 hours.

To increase productivity, we also continued with our "home office" model, which has generally made work more efficient.

We have continued to sort our packaging waste, meaning cardboard, plastic and wood pallets. And we have even started sending discarded pallets, metal and tires for recycling.

We continued to increase availability with more products held in stock, and we began offering higher "on demand" goods availability in new business areas too, such as agriculture and transport companies. To improve our competitiveness and promote productivity, a decision has been made to invest in a new ERP system, a warehouse management system and IT solutions.



During 2023, we focused on improving our sustainability efforts by training employees in sorting and recycling waste and using recycled materials.

Vytis Martinaitis, CEO of UAB KG Knutsson

KGK LITHUANIA

UAB KG Knutsson (Lithuania)

UAB KG Knutsson was founded more than twenty years ago. In 2008, we were certified for the first time in accordance with the ISO 9001 management standard and the ISO 14001 environmental standard. Ten years later, we implemented the ISO 45001 occupational health and safety standard as well. In the same spirit, we are now striving to become a sustainable company. We are improving our results and developing our sustainability work every year. Naturally, this work will continue in 2024.

The main objectives of our sustainability work are to ensure an adequate level of environmental protection, to use environmentally friendly energy and to consider the safety of our employees. Moving forward, we will also aim to:

- improve the sorting of secondary raw materials (various metals, cardboard, plastic, etc.)
- repair at least 10 percent more steering gears
- use green energy providers
- avoid occupational injuries.

Business model

We offer a wide range of products for vehicles, as well as installation, training and technical information for our partners. Our customers are made up of car and truck dealers, independent workshops, retail chains, fleet owners and consumers. Our team even works to resolve our partners' automotive needs by supplying regular services and individual projects.

UAB KG Knutsson offers a wide range of spare parts and automotive products in the Autoekspertas stores in Vilnius and Kaunas. We offer the installation of our products as well as maintenance services in our workshops. All products are available from our e-commerce site, Autokatalogas.eu.

Subsidiaries

KGK ESTONIA



We consider increased investments in technology solutions for everything from inventory planning to inventory management and CRM key to achieving sustainable long-term success.

Pekka Parkkonen, CEO of AS KG Knutsson

AS KG Knutsson (Estonia)

KGK was established in Estonia in 1994 as K.G. Knutsson AS. This year, we are celebrating 30 years of building sustainable relationships with our customers, employees and suppliers. By offering high-quality products, rapid deliveries and customer-friendly service, we have become one of Estonia's leading importers of automotive spare parts and accessories for wholesalers and consumers alike.

Business model

The majority of our sales take place through our e-commerce platform Autokataloog.ee, which offers over half a million products. For our partners, it represents an unbeatable customer showroom, one where we can display and easily sell their products. We also make sales through Autoekspert stores in Tallinn, Tartu, Pärnu, Kuressaare, Võru, Rakvere, Viljandi, Jõhvi and Rapla, as well as two workshops in Tallinn and Rapla. Our workshops enable us to offer service and installation for cars, vans and heavy vehicles. We even offer technical support and arrange manufacturer-certified and product-specific training courses.

Sustainability initiatives

During 2023, we continued efforts to reduce our energy consumption. By upgrading our lighting and heating solutions, we managed to reduce our electricity consumption by over 30 percent. Modern solutions such as automated LED lighting and infrared heaters not only comprise more cost-effective and environmentally friendly alternatives, but also improve employee working conditions in many cases.

The hybrid working model we introduced during the pandemic has been retained and improved. This has benefited both the company and our employees in many ways. Giving employees more flexibility in managing their time and reducing their commuting costs and times results in greater job satisfaction, which in turn increases employee productivity.

Our waste management saw improvement in the shape of a significant increase in the amount of recycled waste compared to the previous year. We also focused on reusing packaging materials from incoming deliveries more directly by using them to ship customer orders. This meant that we had no need to buy any new cardboard boxes during the year.

Laitis

Laitis Handels AB

Laitis Handels AB was founded in Luleå in 1962 by Erik Laiti and has been run as a subsidiary of KG Knutsson AB since May 1, 2020. Laitis can see a bright future and, with its concept, is expanding in the north of Sweden. It now has nine stores, with the most recent venture opening in Örnsköldsvik on May 31, 2023.

Business model

The Laitis wholesale chain stocks a wide range of auto parts, tools, machinery and industrial supplies. To a lesser extent, the range also comprises goods in the outdoor life, house and garden categories. The chain's primary customers are industrial clients, auto repair shops and private individuals. Sales take place in physical stores or through Laitis' e-commerce solution for companies.

Five stores are operated within Laitis Handels AB, with the remaining four companies being run as subsidiaries under the strategic management of CEO Mattias Hedlund. ISO 9001 and 14001 certification has long been, and remains, an important part of Laitis' sustainability work, helping the company to work toward continuous development in the fields of health, safety and the environment.

During 2023, here at Laitis we continued our considerable sustainability efforts, adding resources both internally and externally to ensure our compliance with environmental legislation. The Laitis Group is currently comprised of nine stores and our ambition is to be able to influence their energy consumption. We now own four of the properties compared to only one in 2021. One of the reasons for owning the properties is to be able to influence and optimize their environmental performance.

During the year, the process to transition our vehicle fleet to fossil-free alternatives continued, including continued efforts to expand the charging infrastructure at our stores. As of January 1, 2024, we will also switch to using fossil-free fuel (HVO) in all Laitis delivery vehicles.

Laitis considers the circular economy a given, with materials and products remaining in the cycle for as long as possible. Accordingly, a service workshop operated in-house is a priority for us to be able to offer our customers products that last and work effectively for a longer time.



As a strong actor in Norrland within industrial and automotive supplies, sustainability is key to everything we do. We have an obligation to contribute to sustainable resource use.

Mattias Hedlund, CEO of Laitis Handels AB





Targets and outcomes

This year's report presents a selection of targets and outcomes for KG Knutsson AB, Autoexpertern Detaljst i Sverige AB and Laitis AB.



Targets and outcomes

KG Knutsson AB

Selected KPIs

- Inventory turnover rate
- Level of service
- Customers consider that KGK provides rapid answers if necessary
- Employee satisfaction

KG Knutsson AB must run a business that is sustainable in the long term. To ensure that we achieve this, we have had four selected key performance indicators in 2023.

We want to be perceived as knowledgeable, reliable and open, and this should be seen throughout our operations.

Selected KPIs

• Inventory turnover rate

A higher inventory turnover rate means that goods are not tied up for as long in stock, that we have the right items on the shelves and that we are striving to reduce scrapping, all of which means that products are used rather than discarded. Increasing the inventory turnover rate also means that capital is not tied up for as long and can be reused more rapidly than would be the case were the inventory turnover rate lower. With reduced tying up of capital and retained revenue levels, the company is able to earn more money. It is also possible to save money because the increased turnover rate means, for instance, a reduced need for storage space and a lower insurance value for goods held in stock.

During the second half of 2022, purchase prices increased, which in conjunction with a weaker Swedish krona increased the inventory value significantly, an effect that was carried over into 2023. At the beginning of the year, we were still seeing the effects of the pandemic, resulting in lengthier and less certain lead times, which in turn contributed to increased stock levels. For 2023, we had an inventory turnover rate of 2.94 compared to our target of 3.2. This was, however, an improvement over the previous year, when the turnover rate was 2.66.

Examples of activities during the year

With the Group warehouse function that was launched in 2022, KGK and Kaha are helping each other to empty stocks of low-frequency products. Stock balancing in our warehouse optimization system, Syncron, proactively moves products that are in less demand between our central warehouses, rather than buying from suppliers, thereby gradually emptying all the warehouses of low-frequency products. This function was fine-tuned in 2023 to ensure optimal performance.

During the year, we worked with our suppliers to reduce the impact of inflation, such as by reviewing and reducing our lead times, which in turn affect the safety stock. We also had a strong focus on inventory optimization in our purchasing system and an ongoing dialogue between key functions in the organization to reduce inventory levels.

• Level of service

An important target for increased customer satisfaction is a high and even level of service. Items that we market should be available to our customers. The target was an average level of service of at least 95.5 percent in 2023, which we almost achieved with an outcome of 95.4 percent. This key performance indicator is measured according to OTIF at row level.

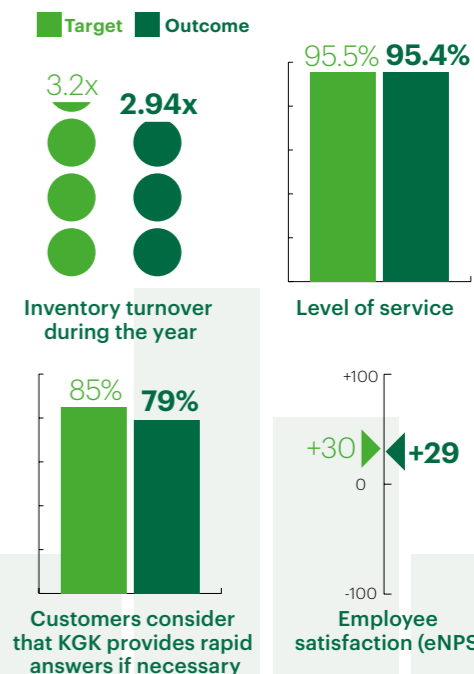
One reason for not quite reaching the target is that the cold weather in November and December saw extremely high sales of winter-related products, making it difficult for our suppliers to meet market demand.

We have not conducted any specific activities relating to level of service, rather we have relied on our working methodology, which involves regular measurement, following up with pulse meetings and measures to deal with deviations.

• Customers consider that KGK provides rapid answers if necessary

Our customers find us reliable and highly knowledgeable about the industry, and they are keen to enter into long-term partnerships with us. This pleases us. The fact that we are also highly rated for our sales staff behaving professionally and our sales support being knowledgeable within their field gives us an enormous sense of pride in our company and all our employees. However, none of this would have been possible without our customers, who continually help us to improve by remaining loyal, providing feedback and participating in our annual customer survey.

The "matters for resolution" process follows up how effectively we resolve our customers' problems. This can relate to how we provide service, handle deviations or resolve other customer-related matters. We measure the effectiveness of matters for resolution with a key performance indicator showing how the customer perceives our provision of rapid answers, where necessary. The question is posed in our customer survey. In order to resolve the customer's problem effectively, KGK has to provide a rapid answer to the person who asks a question. Our target is for 85 percent of customers to think that we provide rapid answers when contacted, meaning a rating of 4 or 5 out of 5. In our customer survey, 79 percent of respondents thought that we provided rapid answers. This is an increase over the previous year, when 77 percent were of the same opinion, but we are still not satisfied – we want to exceed our target.



Examples of activities during the year

Toward the end of 2023, we implemented a new CRM system to enable us to focus even more on our customers. We also continued to refine our case management system.

• Employee satisfaction

We have been conducting staff surveys for several years, and this year the results are presented here. Our Employee Satisfaction Index (ESI), which is based on the statement "I am generally satisfied with KGK as an employer", currently stands at 82 on a scale of 0 to 100, where the benchmark is 69 and our target is 85.

We also use the survey to measure our Employer Net Promoter Score (eNPS), which is a loyalty metric. The question asked here is: "How likely is it that you would recommend KGK as an employer to a friend or an acquaintance?" The score can vary between -100 and +100 and anything above 0 is favorable. We scored +29, which is a particularly good result. Our target for 2023 is +30.

Examples of activities during the year

All new managers within KG Knutsson AB attend a leadership training course to ensure a mutual foundation. We have retained our focus on leadership and now arrange this course together with Autoexperterna Detaljister i Sverige AB. All managers within the Group have attended a work environment course. Following last year's staff survey, we have made stress a priority concern, and we see that this has resulted in an improvement over 2022.



Targets and outcomes

Autoexperter Detaljist i Sverige AB

Selected KPIs

- Inventory turnover rate
- Cars/Transport
- Employee satisfaction

Autoexperter Detaljist i Sverige AB, AXD*, a wholly-owned subsidiary of KG Knutsson AB, works with continuous improvement and process optimization. Below we present three selected key performance indicators from 2023.

* Includes wholly-owned and majority-owned stores.

Selected KPIs

• Inventory turnover rate

We strive to ensure the most effective inventory management possible, which is why we monitor our inventory turnover rate. We consider it important to have the right goods in stock, so as to ensure both availability to our customers and minimal tied-up capital.

Our many regional distribution centers (RDCs) enable customers to receive deliveries from nearby stores even faster than before.

We have also broadened the offerings of our local distribution centers (LDCs) to better meet customer needs.

We always strive to have the most appropriate stock in each store, and while the inventory value has increased in our stores, we have been able to maintain the same inventory turnover rate of 4.4 for several years. Our target for 2023 was 4.0.

• Cars/Transport

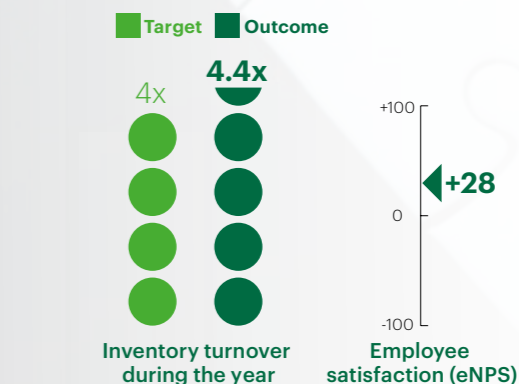
We are investing increasingly more in the use of electric cars within our operations, primarily to reduce our CO₂ emissions. Our goal is for each and every store to have at least one electric car in the coming years

• Employee satisfaction

Our long-term goal is to achieve an ESI of 85 on a scale of 0 to 100. In 2023, we achieved an ESI of 84. The statement that employees are to answer is: "I am generally satisfied with AXD as an employer."

The staff survey also measures our eNPS, which is a loyalty metric. We ask: "How likely is it that you would recommend AXD as an employer to a friend or an acquaintance?" The score can vary between -100 and +100, with anything above 0 being favorable. We scored +28, which is a particularly good result. We had no established target for 2023.

Our employees are our greatest asset.



For AXD, as for all other actors, our challenge moving forward is to differentiate ourselves in the best possible way to attract new and retain existing employees.

We must also work to ensure that employees are afforded the necessary working conditions to perform their duties while also maintaining a healthy work-life balance.

Activities to be an attractive workplace:

- All site managers must attend a leadership training course, and we must retain our focus on leadership even after this.
- Site managers are required to hold monthly staff meetings and annual staff appraisals.
- Create a workplace marked by commitment and where employees want to help develop operations.
- If we are to make the right decisions and implement the right measures, it is important that everyone completes the employee survey.
- Focus on the importance of the equality of all employees and AXD being a workplace for everyone.
- Arouse interest in our operations at seats of learning with a focus on our industry.



Targets and outcomes

Laitis Handels AB

Selected KPIs

- Inventory turnover
- Customer satisfaction
- Emissions from company cars
- Employee satisfaction
- Staff well-being

Together with our three core values of Knowledge, Service and Quality, Laitis* is aiming to create sustainable business dealings. To ensure compliance, we are working actively in relation to a number of key performance indicators so as to steer our business in the right direction in the long term. Set out below are a selection of the key performance indicators used within operations, the form that our work takes, and why these key performance indicators are important for our work in relation to sustainable growth.

* Laitis Handels AB including subsidiaries.

Inventory turnover

A target indicating whether we have appropriate local inventories at our stores, which increase accessibility for our customers at the same time as minimizing the tying-up of capital in inventory and the future scrapping of goods. The target for 2023 was to turn over the value of the inventory four times (rolling 12 months). The outcome for 2023 was 3.1, which while not equaling our target was an improvement over both 2021 and 2022, indicating that our efforts are delivering results.

Examples of activities during the year

During 2023, we worked hard to reduce our tying up of capital by reviewing our orders and optimizing our purchase volumes. During the latter part of 2023, we entered a partnership with an external party to facilitate the sale of obsolete items. This partnership has resulted in simpler administration while also reducing the scrapping of items, with such items being put to use instead of discarded.

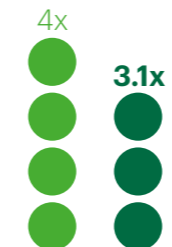
Customer satisfaction

A customer survey is conducted every year to ensure we are meeting the demands and expectations our customers place on us. The target was for at least 80 percent of our customers to recommend us to others, which was exceeded by a clear margin. The final outcome was a full 96 percent, of which we are extremely proud. What's more, this was an increase of 1 percentage point over 2022.

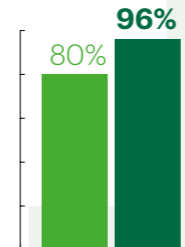
Examples of activities during the year

One of the projects launched during the year was the implementation of a new CRM system. The system is scheduled for commissioning in 2024 and will simplify and better present our customer relationships.

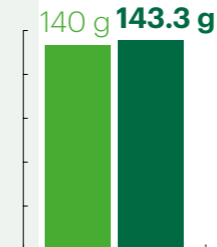
Target Outcome



Inventory turnover during the year



Customer satisfaction



Emissions, company cars, CO₂/km



Employee satisfaction



Staff well-being

Emissions from company cars

The work aimed at minimizing our climate footprint includes a transition to a more environmentally friendly vehicle fleet, covering both company cars and our own delivery vehicles. The target for 2023 was for our average fleet to emit no more than 140 grams of CO₂ per kilometer of combined driving. The cumulative outcome for all of 2023 was 143.3 grams of CO₂ per kilometer, although as of the end of December 2023, the figure was 127 grams of CO₂ per kilometer, which is a result of vehicles used within operations being replaced with more environmentally friendly alternatives.

Examples of activities during the year:

During 2023, a total of two company cars and one delivery vehicle powered by fossil fuels were replaced with fully electric vehicles. Another two company cars powered by fossil fuels were replaced with plug-in hybrids (PHEVs). A decision has been made that as of January 1, 2024, all Laitis delivery vehicles with internal combustion engines are to use fossil-free diesel (HVO).

Employee satisfaction

One of our more important key performance indicators to ensure happy and satisfied employees. The staff survey is conducted annually, and this year's index came in at 79.4 percent. The target was 80 percent. This is a clear improvement over the outcome for 2022, which was 67 percent. We are working in both the short and the long term to improve our employees' working climate, participation and personal and organizational development, as well as to achieve clear and strong leadership.

Examples of activities during the year:

A two-year leadership training course was completed during the year. Moreover, our head office has undergone restructuring, which has resulted in greater clarity as regards our organizational structure and also freed up a resource who can now work solely with HR. A new meeting structure has been implemented, which has led to improved communication flows both up and down the organization.

Staff well-being

The "temperature" of the employees' general well-being, both at work and in their private lives, is taken on a weekly basis. Every Thursday afternoon, all employees are asked (via our partner How-Do) how their week has been. The responses can only be seen by their immediate manager, who will follow up if the employee is demonstrating a reduced level of well-being. Employee well-being is measured on a scale of 1 to 3, where 3 = doing well, 2 = neutral and 1 = not doing well. The cumulative outcome for 2023 was 2.61, to be compared to the target of 2.75. The outcome for 2023 is an improvement over the outcome for 2022, which was 2.49.

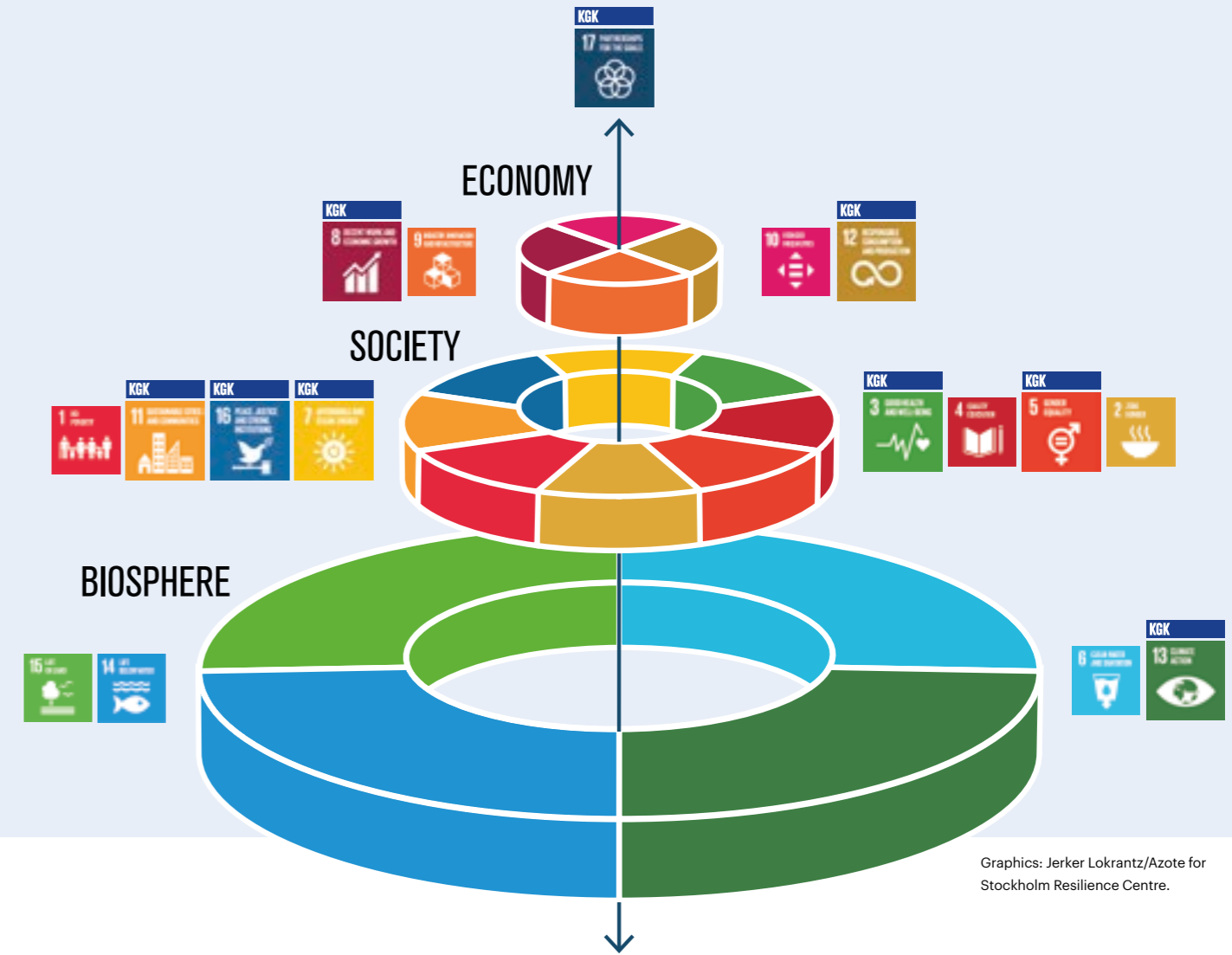
Examples of activities during the year:

During 2023, we continued our efforts to increase the response rates of employee surveys. We also clarified how these surveys are to be followed up and documented by immediate managers. The information from the weekly surveys has enabled us to detect any employees who are not doing so well early on, as well as to take appropriate action in good time, such as reviewing workloads and work allocation.



Long-term sustainable growth

If KGK is to be competitive in the future, we must strive to achieve more circular flows in which we reuse and recycle what we have consumed. Living on new sales and increased growth of goods produced from virgin materials is not sustainable in the long term. An important part of our business model is to protect and save lives in all parts of our value chain. To this end, we strive to offer products and services that have been developed in a safe manner and that provide improved safety for our customer. We are also striving to reduce the climate impact of transport and have identified the potential to make our transport more sustainable. KGK's sustainable strategy is focused on circular economy, sustainable transport and protecting lives. To achieve our goals and ensure that we are moving in the right direction, we have established roadmaps with a focus on these areas.



Graphics: Jerker Lokrantz/Azote for Stockholm Resilience Centre.



Our contribution to meeting the goals of Agenda 2030

As a general agent, we have an indirect impact on our planet, such as through participation in production, transport and our generation of waste. Based on the impact our business has on the environment, we have decided to do what we can to contribute to more sustainable global development. We have studied the 17 sustainable development goals included in the UN's Agenda 2030 and their associated sub-goals. In our opinion, we are primarily contributing to three of these goals: 3, 7 and 12 (see below).

KGK's global sustainable development goals



Goal 3. Ensure healthy lives and promote well-being for everyone of all ages, and in particular sub-goal 3.6: reduce the number of fatalities and injuries in road traffic.

By supplying high-quality products and accessories such as warning lights, auxiliary lights, reversing cameras and alcohol interlocks, we are making vehicles safer to use. We also offer vehicle lifts that contribute to occupational safety in workshops, where we also take care of maintenance. As part of our policy against alcohol and drugs, we have installed alcohol interlocks in our company cars. Alcohol interlocks also form part of our product range. Our efforts to ensure easily accessible and quality-assured workshop services improve road safety as well.



Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for everyone.

This goal is related in part to energy efficiency, and we are contributing in several ways in this respect.

KGK offers Carsmart customers the opportunity to monitor CO₂ emissions and energy consumption in a "Fuel Cost and Environment Report". The report makes it easier to monitor fuel consumption in vehicles, for example, which is a great help when our customers are following up their own environmental goals. We have carried out energy optimization work and adjusted the ventilation in our 33,000 m² logistics center, as well as replaced all the lighting with LED lighting. We are constantly working to recycle packaging material and have acquired a machine that shreds some of the surplus corrugated cardboard we receive, turning it into packing material. By reducing our own consumption of energy, we are increasing the availability of sustainable energy for other parties, thereby reducing the need for imported energy from less sustainable sources. We provide solutions for the electric car market through our sales of charging posts and boxes, as well as other accessories for electric cars. In this way, we are contributing to the transition toward more sustainable energy usage.

KGK and the supplier GEOTAB are helping researchers at Chalmers University of Technology to monitor and analyze 400 connected electric vehicles. This study will provide reliable data on how, where and when Swedish electric car owners charge their vehicles. As well as on how they drive and how the vehicle battery is affected by seasonal temperature differences and geographic location. Data from the connected electric cars will be analyzed continuously

throughout the course of the project and form the basis for concrete proposals for action in the work of Sweden's Electrification Commission to accelerate electrification, with the aim of reducing emissions from the transport sector by 70 percent by 2030.



Goal 12. Ensure sustainable consumption and production patterns.

KGK's goal includes striving to use chemicals that have less environmental impact as well as minimizing the amount of waste produced. For a long time, we have been working in cooperation with many of our suppliers on a deposit and return system for brake components. Brake calipers, starter motors and turbochargers are just some of the items that we collect in our logistics center and which are transported back to the suppliers at regular intervals for refurbishment. In this way, brake component management contributes to increased reuse and reduced production of new spare parts. We have our own refurbishment and replacement system for ZF gearboxes and shafts for buses and various work machines. We have our own collection system for the plastic packing crates that we use instead of new cardboard boxes to pack and distribute our products to Autoexperten.

Many used and/or refurbished items, such as car parts, are sold through our regular sales channels, and our goal is to increase the sale of car parts from dismantled cars. Since we are also an integral part of many of our suppliers' organizations, we acquire knowledge at an early stage about innovations in the automotive sector. This contributes to sustainable production as our customers benefit in turn from this knowledge.

We have entered into agreements with professional waste management contractors, who help us to ensure that those parts and components that can no longer be reused or refurbished are dealt with in such a way that the materials can be recycled. At our logistics center, we have a machine that shreds some of the surplus corrugated cardboard we receive, turning it into packing material. We also reuse packing material received from our suppliers to reduce environmental impact and, as such, need to buy less newly produced packing material.

We also handle refrigerants. These have a major impact on the climate if they are not handled and destroyed correctly in connection with repairs and the replacement of air conditioning systems. KGK has also started offering recycled and regenerated R143a, which is one of the climate gases from the automotive sector that has the greatest impact on the greenhouse effect.

We have also realized that we can make a contribution to the following six goals within Agenda 2030:



Goal 5. Achieve gender equality and the empowerment of all women and girls.

In the automotive sector, we are faced with a tough challenge in respect of a general shortage of women. Our goal is to increase the proportion of women within both the company and various executive positions.

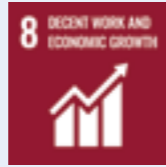
During 2023, we worked on our website and career page to better attract prospective employees and get them to choose KGK.

Among other things, we produced videos showcasing good examples of the various career paths available within the company.

To arouse interest right from the start when choosing a high-school program, in 2023 we participated in Framtidsvalet (Future Choice), an annual initiative aimed at prospective students. This gives us the opportunity to interact with young people and adults preparing to make study and career choices. We highlighted the positions our company can offer as part of a future career path.

Each year, we conduct a salary survey within the company to ensure equal pay for equal work for both women and men.

We consider efforts to ensure equality an ongoing process, an area we need to work with continually to create awareness and involvement at all levels of the organization. By creating an inclusive work environment – a KGK for everyone – KGK can benefit from different perspectives and experiences, leading to greater innovation and success.



Goal 8. Work to promote sustained, inclusive and sustainable economic growth, full and productive employment with decent working conditions for all.

By supporting our workshops to help them achieve the “Approved Auto Repair Shop” quality standard, we are reducing the risk of improper working conditions while also offering end consumers greater peace of mind. The standard also ensures that the physical work environment is safe and secure. That tools, gates and lifts are checked and approved, that the employer performs safety rounds.

The risk model for our suppliers also means that we are contributing to Goal 8 when we review and impose requirements in our procurements.



Goal 11. Sustainable cities and communities.

Autoexpertern’s chain of workshops is quality-assured in compliance with the Approved Auto Repair Shop standard. The standard requires that the workshops operate in accordance with environmental goals, which contributes to sub-goal 11:6 and to reducing the cities’ environmental impact.

Our sales of rapid chargers and charging boxes, as well as other accessories for electric cars, are also contributing to the transition to reduced dependence on fossil fuels in society.

Preventive repairs for heavy vehicles, as well as the revision of gearboxes for trams carried out by our ZF service workshop, are helping to avoid the risk of breakdowns and downtime. This work is also improving safety and quality levels at our customers, contributing to more satisfied end users of various services in society.



Goal 13. Take immediate action to combat climate change and its consequences.

We are continually adapting our delivery and company car policy, and since 2021 we have been offering charging options for our staff’s and customers’ rechargeable vehicles. Our logistics center is constantly working to optimize the package sizes of those goods that require disposable packaging. This reduces the amount of waste at our customers’ premises and even helps to consolidate the goods. We are reviewing our transport activities and identifying measures to reduce our carbon dioxide emissions.



Goal 16. Promote peaceful and inclusive societies to ensure sustainable development, provide access to justice for all, and build up effective, accountable and inclusive institutions at all levels.

For example, we have implemented an internal Code of Conduct for our staff aimed at increasing our transparency and preventing corruption. A whistleblowing channel in relation to misconduct is also available for staff.



Goal 17. Strengthen means of implementation and revitalize the global partnership for sustainable development.

We support initiatives such as the 2030 Secretariat, the Roadmap for a Sustainable Uppsala County and Cradlenet. We are making a difference by working together within the sector and in cross-sector dialogues.

Sustainable values for our stakeholders

In order to develop our sustainability work, we have analyzed our primary stakeholders’ expectations in respect of sustainability issues.

The analysis forms the basis for some of the policies and key performance indicators that we use to govern our business. In recent years, our customers have displayed a marked increase in interest in ensuring that KGK works in a sustainable manner. This can clearly be seen, for example, in the increased number of enquiries about how we work to secure our supply chain, as well as questions relating to the content of our products.

The increased level of interest benefits us, our customers and also the sector in general, and it is leading to the improvement, development and quality assurance of our operations.

When it comes to social aspects, there is an expectation for our workplaces to be safe. In addition, many stakeholders view respect for human rights as being only natural, and stress that it is a requirement in order for them to cooperate with us. Some stakeholders state that they expect us to have an explicit anti-corruption policy, and that this should be communicated both internally and externally to avoid any kind of ambiguity. We have therefore gathered together our overall policies in our Code of Conduct, “The KGK way”.

In order to meet expectations in respect of financial sustainability, we have identified the need to improve our efficiency and to reduce costs associated with quality deficiencies in relation to products that we purchase from our suppliers. We have therefore improved our complaints process.

We have developed a risk model for our suppliers in order to be able to systematically assess and help them in the field of sustainability. This work has come about partly as a result of our customers making demands in respect of issues relating to the environment and the work environment, for example. As a result of the dialogue with our stakeholders, we now understand how we can create value for them. We consider that, in future and working alongside our stakeholders, we will be able to identify aspects of our business that have a significant impact, in order to establish new goals for more sustainable development. Our stakeholders are therefore extremely valuable to us when it comes to improving the quality of our business.

Our strategically important areas



Electrification





Sweden's vehicle fleet is undergoing a major transformation, in the shape of the transition to electric powertrains. This will affect our current operations to varying extents depending on the business area. During 2023, more than half of newly registered vehicles were rechargeable, with 39 percent being fully electric cars.

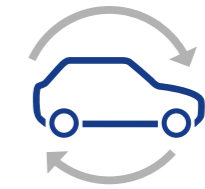
The transition will affect our customers as well as their product and service needs. This is a strategically important and long-term transition requiring clear initiatives within all business areas and business units over the coming years.

We have decided to assume a leading position in training, spare parts, accessories, components and charging systems for the electrified vehicle fleet. Today, we already offer workshop training and a wide range of accessories, spare parts, components and charging systems. KGK even has a workshop staffed by trained and certified technicians who repair and refurbish ZF electric drive shafts.

During 2023, we:

- introduced training courses focused on Tesla cars
- launched refurbished high-voltage parts
- installed 500 charging outlets at PostNord
- installed 600 charging outlets in apartment and corporate parking lots
- installed 1,500 charging outlets for houses and townhouses

Total	EV/Plug-in	(%)	Vehicles
5,162,000	544,000	10.5%	
635,000	18,000	2.8%	
91,000	400	0.4%	
15,000	1,200	7.7%	
5,903,000	563,600	9.5%	



Sustainability

The year has been marked by, among other things, preparations for the EU's new Corporate Sustainability Reporting Directive (CSRD), improvement work concerning the collection of sustainability data and the next step of our sustainability work at Group level. Here are a few of the activities we conducted:

We have updated our environmental aspect assessment, which is the list used to identify which activities, products or services may have an impact on the environment. An environmental aspect assessment is an ongoing process, and during the year we held ten or so exploratory meetings with business managers responsible for various activities, such as premises, purchasing and certain products or services, to consider, for example, opportunities to reduce our environmental impact.

Further to this, we pursued improvement work on the data collection process for the Sustainability Report to bolster the quality of the data we present.

During the year, KG Knutsson AB participated in a feasibility study coordinated by RISE, Research Institute of Sweden, together with twelve other partners in the automotive sector. The purpose of *The Circular Car* feasibility study was to build tangible visions that enable Sweden to have a circularly adapted car fleet, with fossil-free and climate-neutral transport by 2045. More positive news is that at the end of the year, KGK, together with some 20 partners, received approval to launch *The Circular Car*, a three-year project aiming to accelerate the transition to a car fleet adapted to the circular economy by 2045.

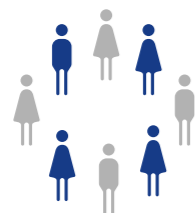
The "Sustainable Transport" focus area includes activities to consider how we can reduce emissions from transport, how we can avoid unnecessary transport and the requirements we can establish for, say, carriers.

You can read more about concrete examples of what is being done in relation to sustainability and our focus areas in this Sustainability Report.



Our objective is to be a leading actor in the automotive sector and to be involved in the challenges and opportunities that our strategically important areas present – both now and in the future. Society's rapid transition to an electrically powered vehicle fleet places demands on all our business areas and business units, requiring clear initiatives to meet market needs. With a focus on sustainability, we conduct various activities and evaluate

how we can best act to reduce our environmental impact and ensure a future with fossil-free and climate-neutral transport. We work proactively with diversity and attracting young people to the industry. To retain and bolster our position in a changing industry, we continually adapt, improve and streamline our processes and simplify our workflows with the aid of digitalization and automated work processes.



Future employees

KGK for everyone

It is becoming increasingly difficult to attract, engage, develop and retain employees. Restructuring within the sector, electrification and digital innovation place demands on transition and, accordingly, even on skills development. And to this we can add the fact that KGK needs to promote inclusion and diversity as regards gender, age and cultural background within the company. This is a long-term and ongoing process that requires commitment and awareness at all levels of the organization. By creating an inclusive work environment – a KGK for everyone – KGK can benefit from different perspectives and experiences, leading to greater innovation and success.

During 2023, we remodeled our career page at kgk.se to attract new employees and to get them to choose KGK. Further to this, we partnered with Framtidsvalet (Future Choice), which works to inspire ninth grade students throughout Sweden to arouse their interest in and inform them about job opportunities and the future. Framtidsvalet aims to be a link between schools and trade and industry, and we highlighted the positions our company can offer as part of a future career path. We also continued our partnership with Motorbranschcollege.

Development & learning

Our sector is undergoing rapid change, especially as regards electrification and digital innovation. Here at KGK, this means increased demands on offering – and providing the right conditions for – skills development. We also need to ensure committed employees, so that they can assume responsibility for their own skills development. Developing at work and acquiring new skills should be givens in our operations moving forward. We should have a favorable work environment in which employee commitment is a prerequisite when it comes to driving the company forward. The employee survey is a good indicator, and for 2023 it shows that we have a large number of highly committed ambassadors (eNPS 2023 = 29, to be compared with the benchmark of -2). We need to maintain or increase our score to secure our future in the sector.

Streamlining & Digitalization

The transition currently under way within both our sector and our company requires that we quickly adapt, improve and streamline our processes and working methods if we are to remain an attractive supplier/partner and employer. We are going to focus on digitalizing, automating and simplifying our workflows by leveraging the available technologies.

Here are a few examples of focus areas in 2023:

Used car parts

2023 saw the launch of our Used Car Parts service. This is a service that will be offered to Autoexpertern's customers together with KG Knutsson AB. In partnership with vehicle dismantling workshops, the range of Autoexpertern's workshops was expanded by 4.4 million parts in one fell swoop. This means that customers have the option to choose used parts that are cheaper, more environmentally friendly and not always found in the standard range. The service contributes to a sustainable circular economy by utilizing spare parts from vehicles that have been dismantled. The products included in the Used Car Parts service are quality rated and some are covered by a warranty. They are offered via the same platform as the rest of our range.

More efficient master data management

During 2023, we finalized the implementation of a new system support platform, Stibo STEP, which will improve the efficiency of our product-related master data management. The system entails changes to working methods and the centralization of, primarily, the processing of data sources. Standardization and rule-based processing will enable automation and improved data quality. This will result in reduced resource utilization in not only the processing of master data, but also other business processes, as well as reduced returns.

Supplier invoicing system

2023 saw the launch of a new supplier invoice system, Medius, at all KGK companies in Sweden. We now have a modern and future-proof solution for handling our supplier invoices. The advantage of Medius is that it automates a large proportion of our invoice flow within the Group, in relation to both goods invoices and expense invoices. Previously, finance department employees had to match invoices and purchase orders manually, a repetitive task that caused a great deal of stress. Thanks to Medius, we can now match 80 percent of all goods invoices automatically, without any employee involvement. The remaining 20 percent are largely matched automatically, but may contain deviations that need to be handled manually. Moreover, deviations are now handled by the appropriate business function, such as price deviations by the concerned product manager. For finance department employees, this automation and these new processes have improved their working day and lessened their work-related stress.

Customer invoice switch

Together, KGK and Autoexpertern have switched more than 2,500 customers from paper to digital invoices. The reason for this initiative was consideration for the huge amount of paper (paper invoices) that we sent all over Sweden. A paper invoice has a negative impact on the climate in the shape of carbon dioxide emissions and the felling of forests. What's more, paper invoices are obsolete in modern-day society. The switch to digital invoices has helped lessen our climate impact. It has also reduced our customer invoicing costs as a paper invoice costs nine times more than a digital invoice. Taking a more sustainable approach need not mean higher costs, as in this case it has had a positive effect on our finances as well.

The beginnings of a new e-commerce platform

During the year, we conducted a feasibility study for our choice of platform for our new e-commerce solution. We hope to be able to launch our new e-commerce platform for some of our customers by the end of 2024. This will give us new opportunities to more efficiently develop and manage all our sites within the Group. This is a project that will span the next three years and also lead to new, more efficient working methods.

Platform for greater AI & ML use

If we are to use machine learning and artificial intelligence to develop future solutions, then creating a data platform with structured data is a key step. This is something that we started in conjunction with our work on the target architecture. We have identified a number of clear needs that will contribute to greater customer satisfaction, reduced costs and a more sustainable solution. While this work is in its infancy, we hope to implement our first application in production in 2024.



Governance and organization

At KGK, we are constantly striving to improve. For our customers, suppliers, employees and the outside world. To ensure that we are acting to achieve our goals, we work in line with a management model that is based on management by objectives. This model is intended to achieve increased customer focus, improved efficiency, an open corporate culture and a high level of commitment.

In order to increase customer satisfaction, streamline working methods and reduce costs, we have a model based on management by objectives that, in a clearer and more structured manner, will direct our resources, initiatives, activities and projects to achieve increased value for our customers, suppliers and employees. The focus lies on streamlining our workflows through improved cross-functional collaborations, as well as creating clarity in respect of goals and guidelines for increased commitment. The goal is to increase dialogue and knowledge about how all employees can contribute at an individual level and collaborate in the day-to-day work toward our overall goals.

Functions

We are split into nine organizational functions, which should jointly deliver value to the stakeholders in all our processes. Each function breaks down the company's business plan into an underlying sales and marketing plan (within sales) or an operational plan (other functions). The plan is developed together with employees within the function and sets out the intended focus areas for the coming years so that we can all work together to achieve the overall goals in the business plan. The plan addresses prioritized activities, risks, goals and various types of required improvements, all of which can be function-specific or cross-functional.

During 2023, we continued to optimize and improve our efforts within continuous improvement by appointing improvement managers in selected functions. We are convinced that this will enable us to better identify and prioritize improvements that are important to us and our customers.

The change process

In 2023, we developed an updated improvement process in order to clarify which proposals can be handled directly by a department/function, system management or Business Development in project form. A team within Business Development ensures that each proposal is channeled to the right process, function and administrator so that it is managed as efficiently as possible.

Business Development is responsible for managing, coordinating and monitoring the project portfolio and acting as the link between operations and IT. A team comprised of resource owners from Business Development, Operations Development and IT meets regularly to ensure that the right skill sets are available at the right time to implement our strategically important projects.

System management

To ensure that the heart of our business – the M3 ERP system – delivers the right value to our processes, we have established a new Power User team comprised of employees from across the organization tasked with identifying improvement needs, testing new functionality and training colleagues.

During 2023, work was begun on clarifying a new structure for how we are to manage our large flora of system support platforms.

Organization of the sustainability work

KGK is continuing its work to become an even more sustainable company.

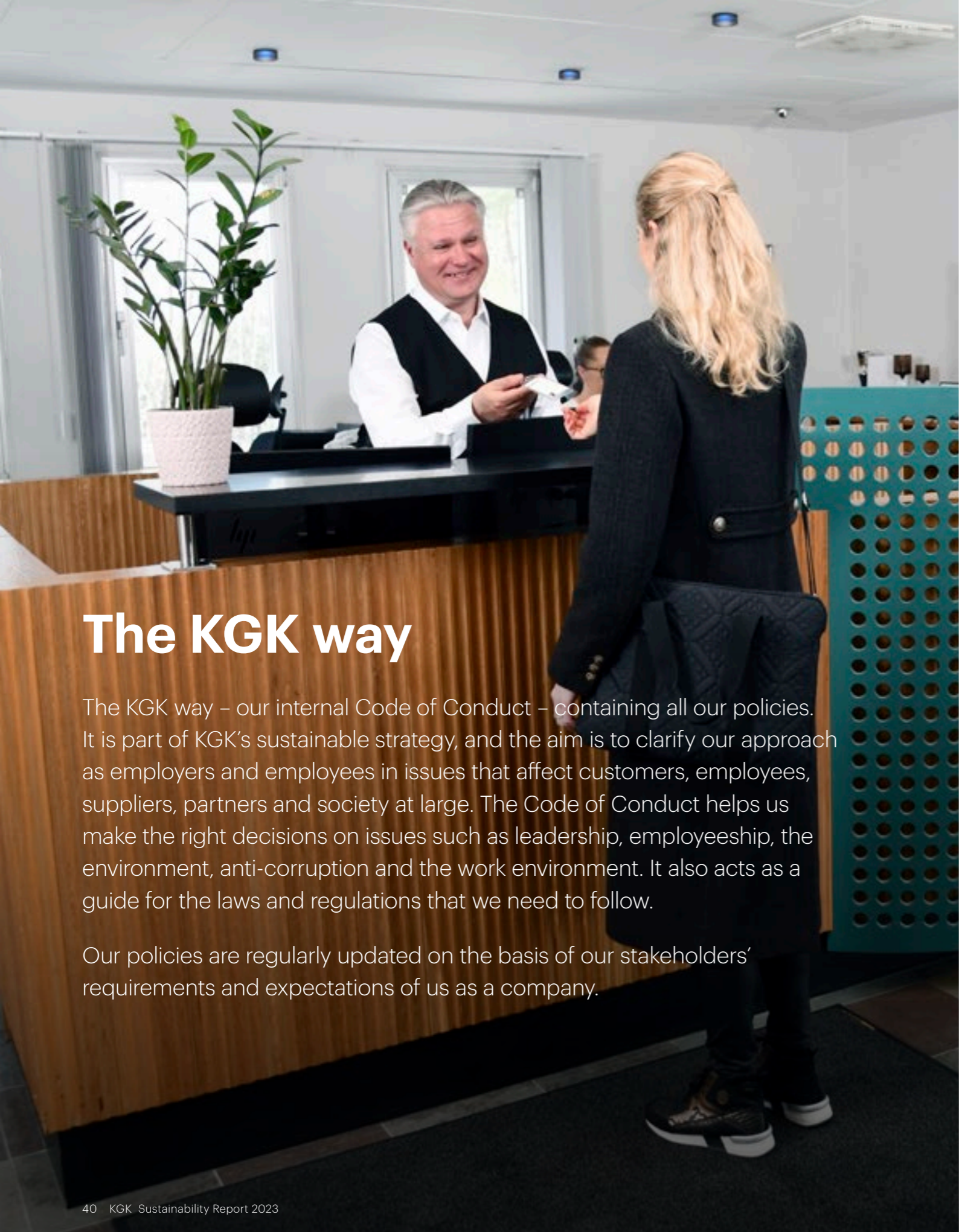
Our strategic sustainability work will create new business opportunities, strengthen the brand and reduce business risks. It will also secure our future business operations, as customers in both the private and the public sectors are placing ever more and ever clearer demands on us.

The strategic sustainability work is governed by KGK's management team on the basis of our sustainable strategy. The day-to-day sustainability work is integrated into the line organization through our governance model, called "The way forward". KGK is certified in accordance with ISO 9001 and ISO 14001, as well as in accordance with AEO as regards customs and security issues.

The Business Development department is in charge of both the overall development of KGK's governance model and the sustainability work.

Compliance function

We are seeing a steady increase in various types of both legal and customer requirements that we must be aware of and proactively adapt to. This is so that KGK can remain an attractive choice for customers, suppliers and, not least, our employees. Previously, these efforts have been spread across our various functions, but as we can see that this need is growing, in 2023 we decided to create a central compliance function with a focus on compliance issues related to products and suppliers. The team's main duties are to proactively identify different types of requirements, ensure that they are implemented in our various processes and establish requirements upstream in our supply chains. The team also works to ensure that we practice what we preach as regards our Code of Conduct, "The KGK way".



The KGK way

The KGK way – our internal Code of Conduct – containing all our policies. It is part of KGK’s sustainable strategy, and the aim is to clarify our approach as employers and employees in issues that affect customers, employees, suppliers, partners and society at large. The Code of Conduct helps us make the right decisions on issues such as leadership, employeeship, the environment, anti-corruption and the work environment. It also acts as a guide for the laws and regulations that we need to follow.

Our policies are regularly updated on the basis of our stakeholders’ requirements and expectations of us as a company.



Some of the policies relate to the following topics:

Anti-corruption

KGK has zero tolerance as regards corruption. Our anti-corruption policy is based on the Swedish Code of Business Conduct, which has been developed by the Swedish Anti-Corruption Institute (IMM). The policy also contains guidelines regarding entertainment. We have a separate Code of Conduct that is aimed at suppliers and that includes special requirements linked to anti-corruption.

Whistleblowing function

One element in actively preventing corruption is our use of a whistleblowing function. Through this channel, employees can report serious irregularities including financial crime, such as theft or bribery, conflicts of interest, serious environmental offences and deficiencies in relation to safety in the workplace, as well as very serious forms of harassment and discrimination.

Environment

KGK’s greatest environmental impact is related to the fields of material consumption, energy consumption and climate impact, such as that arising from transport and the sale of refrigerants. KGK is certified in accordance with ISO 14001.

We are constantly reviewing opportunities to reduce our energy consumption, waste and greenhouse gas emissions. We have to handle chemicals safely.

Working alongside customers and suppliers, KGK is able to reduce the environmental impact of our sector and continually improve our environmental work. We have to comply with the binding requirements that are placed on us.

Work environment

A good, safe work environment is an important strategic issue for us. Through systematic work environment management in collaboration with our employees and safety representatives, we are able to promote a safe and pleasant workplace that offers good opportunities for development while at the same time preventing risks and ill health.

Our systematic work environment management includes aspects such as safety rounds, the management of accidents and incidents, staff appraisals and staff surveys.

Quality

As an important part of our efforts to retain a high proportion of loyal customers and employees, we focus on that which creates value for customers, employees and other stakeholders. A sustainable company is an effective company, and so we must do the right things and do things right to reduce our costs and save resources.

We regularly monitor different areas of our business to ensure the right conditions for being the preferred choice for customers and employees alike, both today and tomorrow.

As part of our systematic quality assurance work, KGK is certified in accordance with ISO 9001.

Diversity and equality

KGK prohibits all forms of discrimination. We work preventively with active measures to counter discrimination and contribute to a positive corporate culture.

Our workplaces should be characterized by openness, where everyone is accepted regardless of their gender, age, ethnic or social background, disabilities or other factors that have nothing to do with their actual skills or commitment.

Risks and risk management

(KG Knutsson AB)

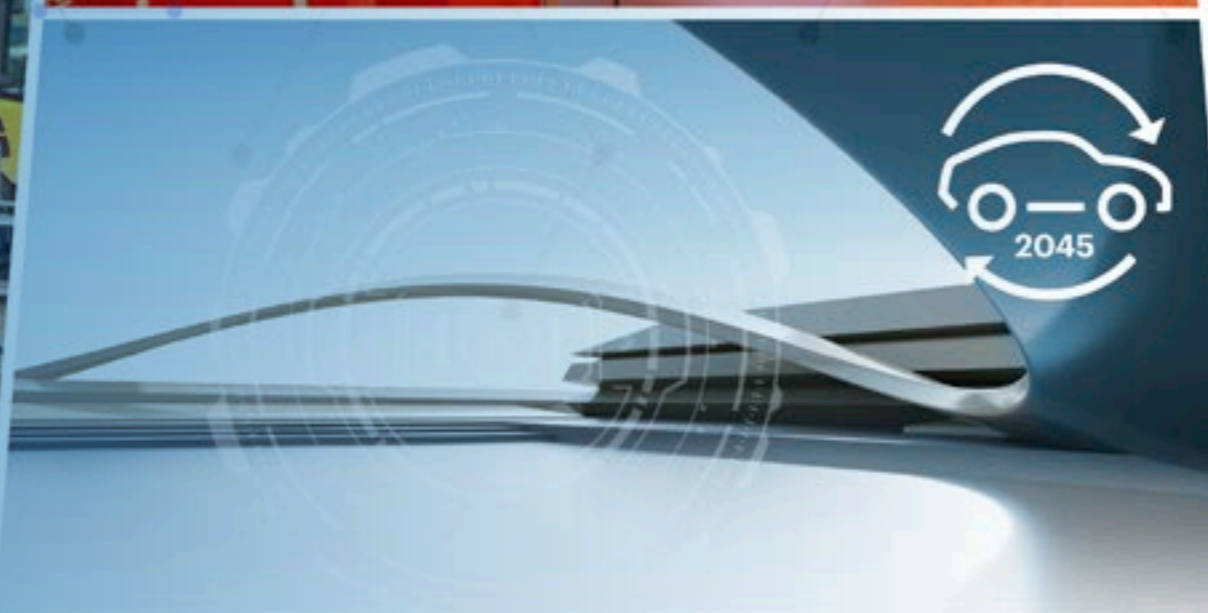
We continually examine and review the risks associated with operations. Such work is conducted during, for example, strategic business plan development and efforts to update our environmental aspect assessment, as well as during safety rounds, internal inspections and audits. Below we present a selection of sustainability-related risks:

Description of risk	Management
<p>Environmental and climate impact</p> <p>Our most significant negative environmental impacts primarily take the form of energy consumption in our premises and for transport and material consumption in the products we sell, as well as climate impact from, for example, the sale of products such as refrigerants and the distribution of products.</p> <ul style="list-style-type: none"> • Failure to comply with regulations and guidelines can cause harm to people, the environment or the brand. 	<p>We are certified in accordance with ISO 14001 and work systematically in relation to the environment. We conduct regular safety rounds and internal inspections in operations associated with greater risks, such as workshops and warehouses, to identify any environmental risks.</p> <p>We offer recycled and regenerated refrigerants and strive to reduce emissions from our transport activities.</p> <p>We are constantly monitoring and adapting our operations in line with new laws and regulations.</p> <p>Internal and external audits are carried out in the business.</p>
<p>Employees</p> <ul style="list-style-type: none"> • Extensive sick leave, personal injuries and health problems. • Strategic human resource planning. 	<p>Our systematic work environment management is conducted cooperatively and includes, for example, regular risk assessments, internal inspections and safety rounds, and the investigation and following up of accidents, incidents and identified risks. We also conduct annual staff appraisals and annual staff surveys. We constantly monitor new legislation and changes to safety regulations.</p> <p>Since our operations and premises vary greatly – from offices through warehouses to workshops – so do the risks, and so we monitor environments associated with greater risks more frequently.</p> <p>We have clear instructions and procedures in place that, together with protective equipment, aim to reduce risks. We also have ergonomic aids to help prevent repetitive strain injuries.</p> <p>During 2023, we conducted a joint training course, “Systematic work environment management in practice”, for all managers and safety representatives.</p> <p>Our partnership with Motorbranschcollege was broadened.</p> <p>We joined the Framtidsvalet (Future Choice) initiative to encourage young people to choose a high-school program in the automotive sector.</p>

Description of risk	Management
<p>Suppliers</p> <ul style="list-style-type: none"> • That our suppliers fail to satisfy requirements in areas such as the work environment, human rights, business ethics and the environment. 	<p>Here at KGK, we use various tools to safeguard and document sustainability in our supply chains.</p> <p>One such tool is the Self Assessment Questionnaire (SAQ) – a questionnaire sent out to our suppliers that contains 54 questions related to human rights, workers’ rights, environmental protection and corruption. Based on the supplier’s responses, here at KGK we make an assessment in which we document and classify the supplier’s capabilities in respect of sustainability. We ask control questions and request documentation such as supporting documents, policies, goals, action plans, follow-ups, procedures and other documents showing that the supplier is actually complying with these requirements.</p> <p>Another tool that we use here at KGK is our own Code of Conduct (CoC), which is sent to all suppliers to sign.</p> <p>If the Code of Conduct is not signed, the supplier’s own code of conduct does not match our wording or values and no response is provided regarding the SAQ form, we will, within a reasonable period of time, investigate which other suppliers are available and start assessing until we identify a supplier that meets our requirements. A supplier that fails to satisfy our requirements will eventually be phased out.</p>
<p>Customer and products</p> <ul style="list-style-type: none"> • Returns and complaints create unnecessary environmental impact and additional work. • Stocked products that do not meet existing legislation or customer requirements. 	<p>In order to minimize both the absence of product data and a lack of product quality, we constantly measure and follow up deficiencies. We employ active delivery monitoring to ensure a high level of service. We initiated a project in 2023 that aims to minimize shipping between Autoexpertern stores and KGK’s central warehouse in connection with complaints.</p> <p>In 2023, we created a Compliance function tasked with monitoring and ensuring that the products we stock meet both customer and legal requirements.</p>

Sustainable business and activities

This chapter explores how our operations contribute to sustainable development by promoting a circular economy, protecting lives and working toward sustainable transport. We undertake these initiatives with the aim of reducing our impact on the environment and the climate and to be a driving force for positive change in the communities in which we operate.



Dedicated IT heroes working to recover IT assets



In addition to their great passion and shared interest in technological innovations and solving technical challenges, Sara Magnusson and Hilde Nordhagen, two IT support technicians at KGK, are not only dedicated to ensuring that computer equipment works well and lasts. They are also keen to ensure that used computers and other IT equipment that can no longer be reused within the company are sent for asset recovery.



When sent for asset recovery, the equipment is handed over to a partner who refurbishes the hardware and sells it to third parties. Asset recovery means not only that the computer equipment is given a new lease of life and proves useful to other parties, but also reduced waste and reduced environmental impact. Cables, keyboards and mice are not sent for asset recovery. Instead, they are reused within the company for as long as possible. “The reasons why computers are no longer useful to us include, for instance, no longer receiving security updates or damage that is too expensive to repair,” Hilde and Sara explain.

Examples of third parties that buy used equipment are schools and municipalities. Our Autoexperter stores have also been buying refurbished computers for several years, thereby contributing to the circular economy.

Local asset recovery saves tons of carbon dioxide

KGK has been sending used computers for asset recovery for several years. In 2023, Sara and Hilde chose a local partner for asset recovery to ensure shorter transport distances and lower shipping costs. In 2023, KGK sent 98 computers for asset recovery, thereby saving 13,047 kg of CO₂e, corresponding to the energy required to power 1,253 refrigerators for a year, according to a calculation model developed by our asset recovery partner and IVL Swedish Environmental Research Institute. Using the same calculation model, the KGK subsidiary Laitis Handels AB saved 20,992 kg of CO₂e, corresponding to the production of 75 new laptops.

“When we have a number of computers for asset recovery, we can hand them over to our partner ourselves, saving on shipping costs. By handing over the computers before they lose too much value, we receive better compensation and the computers are easier to resell. Before the computers are sent for asset recovery, we wipe the hard drives and delete all company information. Our partner also deletes all information in compliance with the GDPR standard using Blancco, a world-leading program for certified data erasure. We receive a certificate of data destruction for each product we send,” Hilde and Sara report.

Computer equipment in such poor condition that it is not worthwhile to recondition and resell ends up at our partner’s salvage section, where useful components are recovered and the rest are recycled as electronic waste.

Support rounds deliver results

“For us, an environmental approach is a given. During our support rounds, colleagues often call us over to check cables and IT equipment that are no longer used or to see whether something can be reused. One of the results of this is that we haven’t had to buy any new HDMI cables since December 2022. Our rounds certainly deliver sustainable results,” Sara and Hilde conclude.



Awareness creates sustainability

Sara and Hilde plan to arrange shorter sessions to increase awareness of sustainable IT among their colleagues. “We want our colleagues to look after their computers as if they were their own. We work circularly and sustainably and want to inspire other departments to do the same. Everyone has something they can cut back on for the sake of the environment, and we want everyone to hand in IT equipment that’s no longer used. Take care of your hardware – it benefits us all,” Hilde and Sara end.





KGK enabling the electrification of PostNord's transport



In 2023, KGK and PostNord entered into an agreement on the installation of charging points. PostNord aims to install some 4,300 charging points by 2027. KGK will supply the planning, installation and charging boxes for the charging of both light and heavy vehicles. The agreement is part of PostNord's long-term sustainability work, with one of the goals within transport being for all last-mile deliveries made by light vehicles up to 3.5 metric tons to be emission-free by 2027.

In a world where climate change is placing increasing demands on corporate environmental responsibility, KGK and PostNord are taking a giant step forward together with the aim of transforming the Swedish logistics industry.

This project is part of PostNord's extensive sustainability work and reflects a deep commitment to the environment. With KGK's nationwide network of electricians and a broad portfolio of charging boxes, combined with administrative services from ELLSY, KGK is well positioned to meet PostNord's needs.

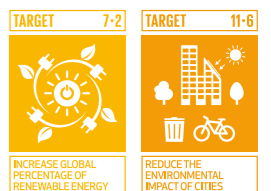
For PostNord, this step represents concrete action in their efforts to reduce their environmental impact.

"Once the transition is complete, we'll have about 3,500 charging points for smaller delivery vehicles and another

800 for larger delivery vans. Achieving zero-emission in our last-mile deliveries is central to our climate goals, and electric vehicles play a key role in this transformation," explains Hans Ankergrård Karolin, Business Developer Vehicles at PostNord Sverige AB.

Installing charging for both light and heavy vehicles

The delivered charging infrastructure is primarily intended for the overnight charging of light vehicles, but it will also include rapid chargers at strategic locations for heavy electric trucks. This demonstrates a flexible and forward-looking plan that considers the different needs found within logistics flows.



The circular car is in motion and KGK is one of the co-founders



Imagine a car where every aspect is circular. Or better still, an entire passenger car fleet that is circular – one where all elements are fully utilized for as long as possible, with products, components and materials recirculated through the use of circular design and circular production systems. This is where we are headed – The Circular Car project is under way and KGK is one of the parties involved.

The project objective is for Sweden to have a circular passenger car fleet by 2045, meaning fossil-free and climate-neutral transport. The feasibility study conducted in 2023 resulted in this three-year project in which KGK is one of the co-founders. To achieve the objective of a circular passenger car fleet by 2045, both new and established actors from across the automotive sector are participating in the project, exchanging experiences and supporting and learning from each other from a systems perspective. The project is under way and all co-founders are positively inclined to the budding partnership.

From feasibility study to three-year project

A feasibility study was conducted in 2023 with various actors from the automotive sector as participants. Having actors from throughout the value chain is highly beneficial. The collective skills, individual challenges and future visions of all participants provide clear scenarios as to what is required for Sweden to achieve a circular passenger car fleet.

“The feasibility study was very much about working together on possible future scenarios and anticipating the obstacles and opportunities on the road to a circular fleet. We established a structure for the larger project, held workshops to look at future trends and conducted study visits. It was all both exciting and important, and the feasibility study was a success,” says Hanna Lindén, Senior Researcher at RISE.

During the feasibility study, RISE, together with the project participants, prepared the basis for a project application to submit to Vinnova under the Strategic Vehicle Research and Innovation (FFI) program. FFI is a collaborative program between the Swedish state and the automotive sector that finances research and innovation in road transport. Vinnova is also a party to this collaboration. The application was approved, and with FFI as financier, the three-year project toward the circular passenger car fleet is now under way.

Actors from throughout the automotive value chain learning from each other from a systems perspective

The project will be based on a systems perspective, which means that the actors work with different scenarios in areas such as the vehicle fleet of the future, policy and legislation, circular business ecosystems and models, circular design for longevity, dismantling for remanufacturing, environmental assessment, project management, communication and knowledge sharing, and business systems for circular use.

“The idea is for all companies from the automotive value chain to help accelerate the circular transition. Committed actors from the entire chain will enable this. The project participants are from different parts of the value chain and contribute their various experiences to the systems perspective. We learn from each other. When we encounter new issues, we resolve them together,” Hanna explains.

Work packages and workshops the next step

The road to a circular passenger car fleet entails making the changes required to meet current and future climate and environmental challenges, national and international alike. It is also a case of managing the challenges of limited resources.

The project will run for three years with recurring workshops and work packages to address the areas identified within the systems perspective. The aim is to create specific action plans for each actor in the value chain, as well as to start implementing the concrete short- and long-term initiatives toward a circular transition included in the action plans. “Here at KGK, we’ll contribute our time and expertise over the three years, and the idea is for the work packages to encompass various resources in the hope that the project will help us identify the activities that contribute to the transition while adding value to business and operations,” says Jessica Dymén, Sustainability Manager at KGK.

“We’ll complete several work packages covering various issues that will drive the project forward. The project participants are to identify the activities where they can contribute to the circular transition. The objective is to accelerate the circular transition on a broader front, with both the participants’ collective knowledge and their collaboration benefiting the process,” Hanna ends.

The journey toward the circular passenger car fleet has begun, and the way forward is starting to take shape. KGK has taken its place alongside other actors from throughout the automotive value chain. Estimated arrival: 2045.

The automotive value chain:

The automotive value chain refers to the process and actors involved in a car being produced and distributed to the market. It includes all steps from design and development through manufacturing to the distribution, sale, use and, lastly, recycling or scrapping of the vehicle.

- Design and product development partners
- Suppliers
- Car dealers
- Spare part dealers
- Car rental companies
- Car accessory manufacturers
- Remanufacturers
- Car dismantlers
- Vehicle manufacturers
- Recycling partners
- Customers
- Industry associations and strategic partners

Project participants:

RISE, KG Knutsson, Atlantiska byrån, Volvo Cars, CEVT, Lynk & Co, Elmo Sweden, Bilia, Autocirc, Axkid, Borås bildemontering, Sverige Bilåtervinnings Riksförbund, Mobility Sweden, Göteborgs Stads Leasing, IF, CAB group, Twist solutions, Fordonskomponentgruppen FKG, Södertälje Science Park / SUPR



FFI The work has been conducted with the support of FFI

KGK Estonia eliminating the use of new cardboard boxes and filling material

Throughout history, many ingenious solutions have come about by accident. Such is the case at KGK in Estonia, where incoming packaging is now reused for outgoing shipments. Reusing incoming packaging reduces the use of newly manufactured cardboard boxes and filling material.



When they forgot to order new cardboard boxes for the warehouse's shipments in good time, they quickly needed to find packaging somewhere. The solution was to use the cardboard boxes from incoming deliveries for their own shipments. Initially, the employees were skeptical to the idea as the cardboard box sizes could vary almost endlessly. However, as they got used to packing shipments in cardboard boxes other than their own, they started to accept the practice more.

"When we recruit new employees for the logistics center, they are stumped by the fact that we reuse cardboard boxes from our suppliers. This isn't so strange really, as they usually join us from other companies where they are used to shipping orders in cardboard boxes of a certain size that are new and adorned with the company logo. However, after a while, they get used to it, and they get good at picking the right cardboard box for each shipment," says Pekka Parkkonen, CEO of KGK Knutsson in Estonia.

Skilled employees assess cardboard box size

Work with the cardboard boxes begins already when they are received. The cardboard boxes that are received are opened and handled with reuse in mind. The first step is deciding whether the cardboard box is in good enough condition and suitable for being reused. If it can be reused, it is stored, and if it is damaged, it is recycled.

"Before we started reusing incoming packaging, we had three different cardboard box sizes for our shipments. When we reuse incoming cardboard boxes, we have many different sizes and shapes to choose from. This means that the size of each order needs to be considered in relation to the cardboard boxes we currently have on hand. This is something our employees get really good at and consider a natural part of the job. Sometimes, the cardboard box is too large for the order, in which case we use filling material, which is also sourced from our incoming deliveries."

Customer and employee opinions

"Reusing cardboard boxes was new not only to us, but also to our customers. We've heard a few jokes about the fact that we don't ship orders in our own cardboard boxes. But once we've explained why we reuse cardboard boxes, everyone understands the advantages as regards both sustainability and economics."

"None of our employees want to revert to the old way of shipping orders in new cardboard boxes. One major advantage for our employees is that the cardboard boxes are essentially ready to use. There is no need to fold them open, and no need to staple or tape the bottom. This means we save both time and material."

"And as to whether the proportion of damaged goods has increased since we started reusing cardboard boxes, the answer is no."

Positive financial and environmental effects

Buying newly manufactured cardboard boxes comes with not only environmental costs, but also an impact on the bottom line. By reusing cardboard boxes, the company saves some EUR 6,000 every month. On top of the financial savings, this reuse also means that the recycling container need not be emptied as often. Before the company started reusing cardboard boxes, the container was emptied twice a month. Today, it is emptied once every two months.

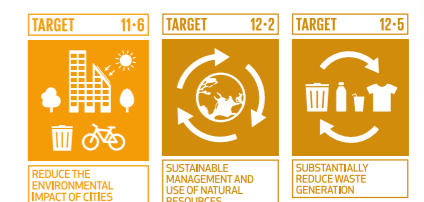
Blue plastic crates in the future?

"We often look at how we can operate more efficiently in terms of time and money. Moving forward, we plan to test the system used at KGK in Sweden for store deliveries. There, orders are packed in blue plastic crates that are shipped to the stores, which then return the empty crates to the warehouse to be refilled and shipped again. We need to test this system to see whether it would work for our logistics center and our stores."

Try it yourself

We end the interview with Pekka by asking him what he would advise companies wanting to try this themselves.

"Just do it. Stop buying newly produced cardboard boxes and start keeping the ones you receive. After a while, you can look at the numbers and see whether there's anything to gain from reuse," Pekka ends.





From vocational rehabilitation to employment at Laitis – an unconditional route back to work



As part of their work with social sustainability, Laitis has offered unconditional vocational rehabilitation for people who need help getting back to work since 1984. For many of them, this vocational rehabilitation has resulted in permanent employment.

40 years of vocational rehabilitation

For more than 40 years, Laitis has offered vocational rehabilitation at the company. At present, ten or so people are undergoing vocational rehabilitation at the company's different stores. "The work tasks for people undergoing vocational rehabilitation are often simpler and of a repetitive nature with clear procedures, such as packing and shelving products in the store or the warehouse," says Ida Sandqvist, Office and HR Manager at Laitis Handels AB.

Åke Lindqvist has been a faithful employee since 1984. Throughout his 40 years at the warehouse, Åke has not yet experienced a day when he did not want to be at work. "Åke's a popular and valued employee. He contributes a great deal to the team with his commitment and wonderful humor. If you ask him, 'How are things today, Åke?' his usual response is 'It's a really crappy day', followed by a hearty chuckle. That's a typical example of his wonderful personality," says Magnus Edlund, Site Manager at Laitis in Skellefteå.

At the warehouse, Åke works with goods receiving, shelving goods in the store and price marking. "Then you need to make time for a cup of coffee and a little chit-chat in the break room," says Åke. When asked what he likes most about the job, his response is immediate. "My workmates!"

This fall, Åke will turn 69 and is considering whether he should retire. "But that won't stop me from checking my options of maybe working a few hours every now and then."



Since 1962, Laitis has made life easier for companies running automotive and industrial businesses by offering strong brands alongside expertise, smart services and logistics. Thanks to a comprehensive range, Laitis can supply customers with tools, spare parts, accessories and consumables via its stores stretching from Örnsköldsvik in the south to Kiruna in the north.

Vocational rehabilitation creates context

Vocational rehabilitation entails individuals participating in workplace activities to gain experience, build a social network and practice various work tasks. Vocational rehabilitation, which is adapted to individual needs, is aimed at people returning to work after an illness, an injury or other challenges affecting their ability to work.

At Laitis, the work environment and work tasks are adapted to the individual.

"We take note of individual needs, and it's important that everyone feels safe in the workplace. We offer unconditional work, and many of the people who participate in vocational rehabilitation usually only come in for an hour or so once or twice a week to start with. Once they feel safe and happy in a workplace, they can handle working more. The people participating in vocational rehabilitation decide themselves how much they can work and whether more or fewer work tasks would be best," Ida explains.

From vocational rehabilitation to employment

The purpose of vocational rehabilitation is to facilitate a return to work, and at Laitis, this purpose has been fulfilled many times when participants have eventually been employed by the company. Laitis finds it rewarding to help people get back to work by providing a workplace. Many participants experience personal growth, with the vocational rehabilitation becoming an important part of their life.



Åke Lindqvist packing products for delivery

The opportunity to participate in vocational rehabilitation means a lot to the individual. "In addition to our adult vocational rehabilitation participants, we also have pupils who have tired of school who come to us one day a week or a few hours a day. Instead of staying home and doing nothing, they can come here and contribute," says Ida. Laitis considers its social responsibility and taking care of fellow humans important. With its close collaboration with the municipality, the door is always open to new employees in need of vocational rehabilitation.





EV Hub introducing electric vehicle training to the market

In last year's sustainability report, we got to know Nassir Farooq, the founder of the KGK subsidiary EV Hub. The company's business concept includes renovating and circulating high-voltage components for electric cars. Back then, KGK had recently invested in the company, and both the partnership with KGK and EV Hub's offering have evolved since then. Join us as we continue to follow the EV Hub story and the company's ambition to circulate high-voltage components.

To some extent, electric car repairs are a brand-new area for workshop technicians compared to those for vehicles with internal combustion engines. Many components found in an electric or hybrid car are generally not found in a car with an internal combustion engine alone. With this in mind, training initiatives are in order if the sector is to be able to service hybrid and electric cars – and this is something EV Hub has realized.

For some time, EV Hub has been creating training courses for workshop technicians that provide the skills and knowledge required to repair high-voltage components in electrified vehicles. In 2023, courses were held in both Norway and Sweden for the first time, with good results and positive feedback from participants.

The training program is divided into three courses. In the first course, participants learn how an electric car works and how the components are related. The second course focuses on the problems that can arise and require both practical and theoretical know-how to resolve. The third course comprises an in-depth look at advanced troubleshooting, with detailed information about the high-voltage components.

"The third course is intended for people with an interest in advanced troubleshooting, providing knowledge that enables you to handle particularly complicated jobs. It gives you a greater understanding of troubleshooting and delves

into the details of faults and the possible uses of, for example, oscilloscopes, as well as interpreting data and readings from the car."

"An advanced fault could be, for instance, faulty cable insulation. A fault that, due to its very nature, is difficult to find as a modern car has several thousand meters of cable carrying power and signals. Finding such a fault requires, for example, the ability to interpret the wiring diagram and use readings to detect the location of the fault. The third course is not, however, for everyone. For many workshops, the first and second courses can prove sufficient, enabling them to invest in troubleshooting and simpler service," Nassir explains.

Courses open the way

Passing one or more courses at EV Hub opens the way to EV Hub certification, which gives workshops access to EV Hub's entire offering: circulated and repaired high-voltage components, circulated batteries, diagnostic tools and support, as well as diagnostic apps and equipment. The ambition is to certify 100 workshops in Norway and 100 workshops in Sweden in 2024.

"In Sweden, KGK Academy delivers EV Hub's training courses. In 2023, we conducted brand-specific and practical

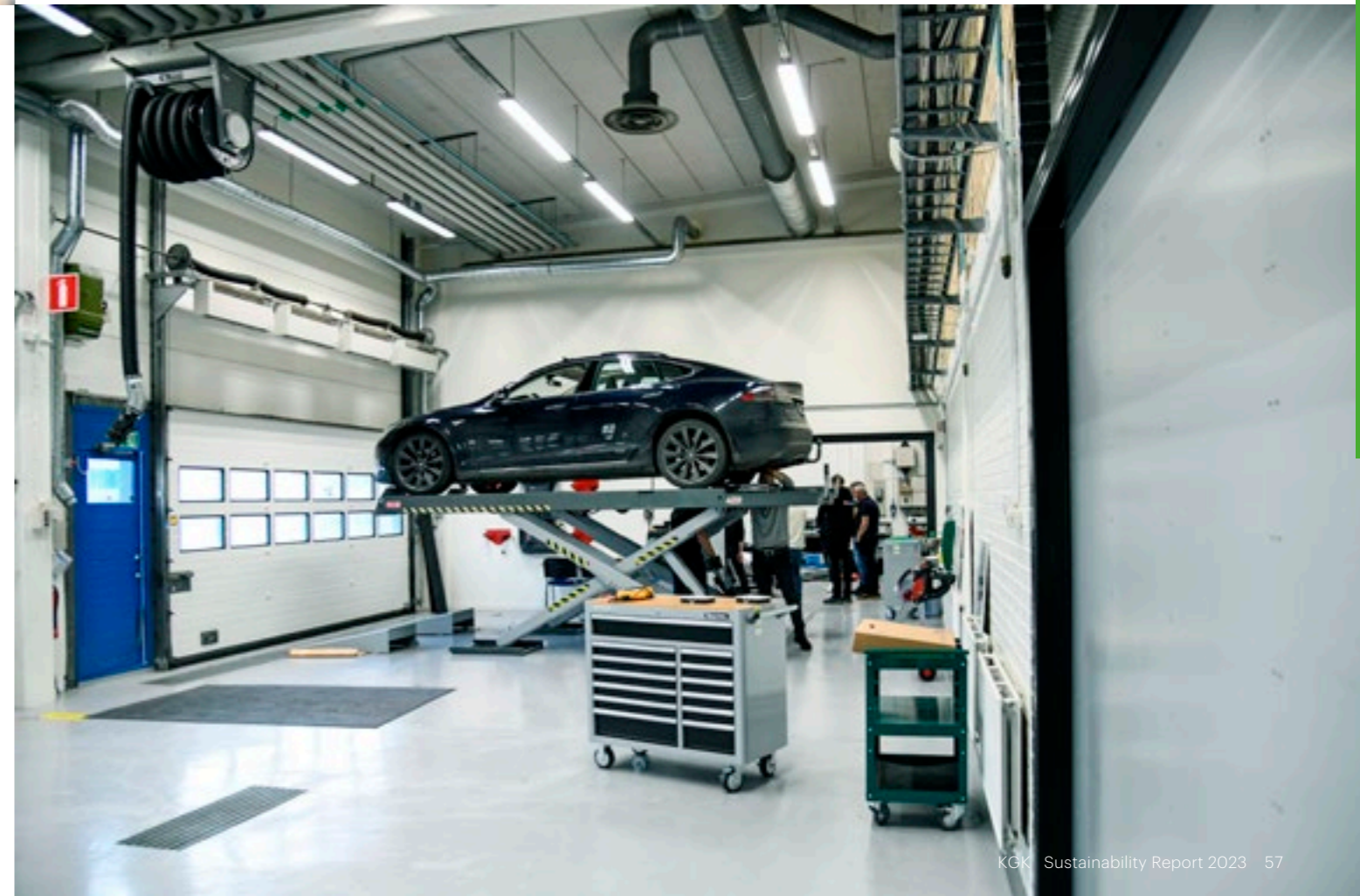
training courses at some of Autoexperter's workshops with a focus on resolving common problems. Our electric vehicle training courses are appreciated and give the workshops new knowledge that paves the way for servicing electric and hybrid cars," says Henrik Ivarsson, Category Manager at KGK Academy.

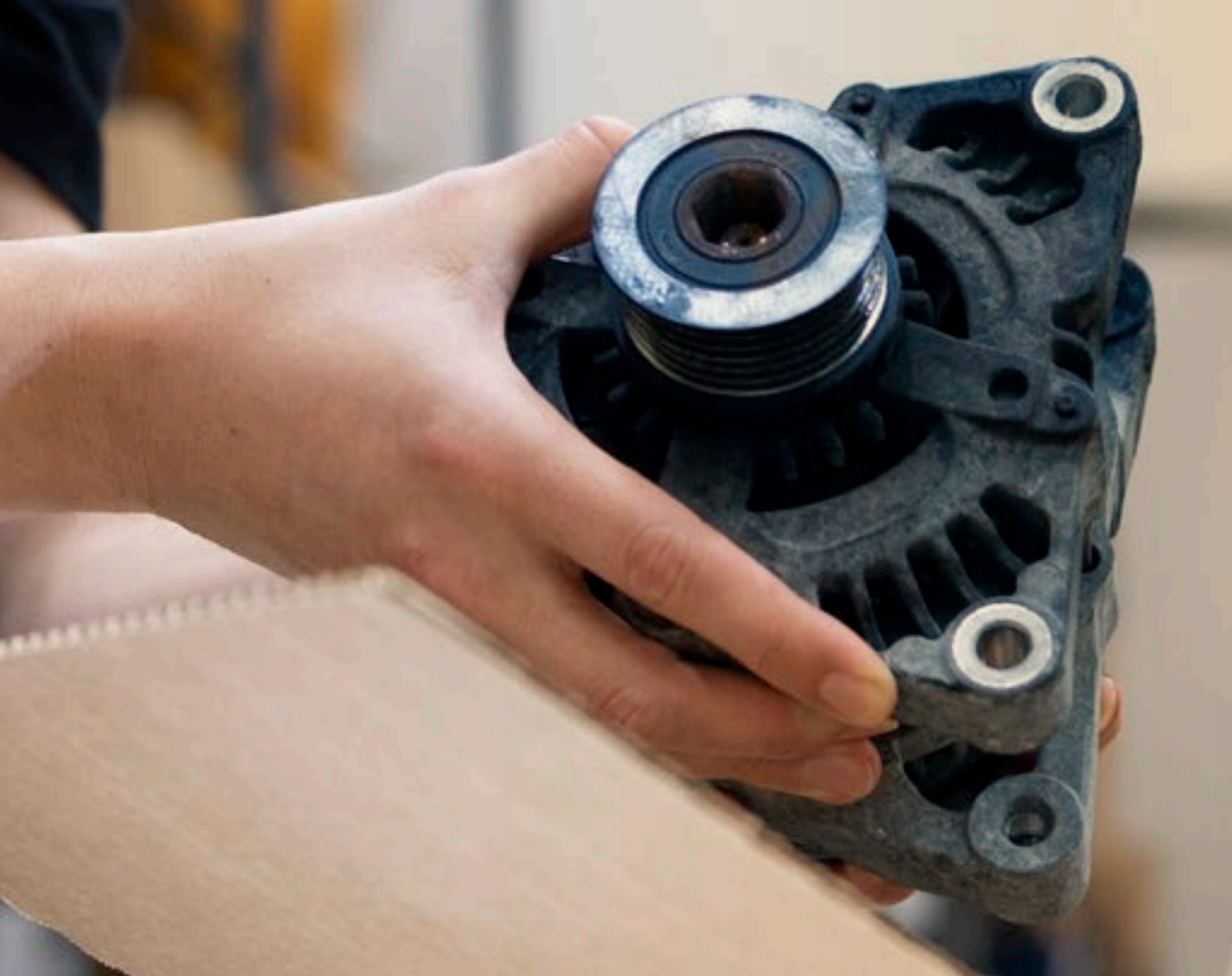
Future expansion

EV Hub's current challenge is to expand the business and find new partners.

"We plan to expand the business and license the content we develop. One of our ambitions is to offer our courses internationally, and over the past year we have only scratched the surface of our expansion plans. Looking to the future, we've established demanding goals for our circular flows of repaired batteries and high-voltage components. We also develop special tools, hardware and apps especially for electric and hybrid cars that read the CAN bus* and create various status reports. We plan to take these to market to make it easier for everyone who needs to run status checks on electric and hybrid cars," says Nassir.

*CAN (Controller Area Network) bus is a communication system that enables the exchange of data between the different control units in a vehicle.





The vehicle service of the future with a focus on used car parts

As sustainable business and circularity gained increasing attention across society, KGK introduced its Used Car Parts service in 2023. An innovative solution for supplying used car parts to Autoexpertern's workshops and stores. Reusing parts from dismantled cars promotes a circular economy while ensuring improved availability and additional options for workshops and consumers alike.

During 2023, Autoexpertern's stores and workshops were able to start using the new Used Car Parts service. In short, this means that used car parts can be ordered directly from Autokatalogen. The parts are delivered from car dismantlers and a single order can include both used and newly manufactured parts.

"The ability to order used car parts from Autokatalogen has been well received, and workshops find it an advantage to be able to add both used and new parts to the same order. The service is used to buy certain products that we do not carry in our regular range, such as interior fittings for doors, alternator mounts, engines and gearboxes. Of all the used items available, alternators are the most sold, and while we usually have new ones in stock, many people choose used because they are cheaper."

"Moreover, the service has made it easier for workshops to source parts that were previously only available from the original dealer," says Magnus Norin, Acting Business Unit Manager, KGK.

How it works!

The used car parts available from Autokatalogen are delivered by Lagagruppen's affiliated car dismantlers. Car dismantlers salvage any parts with resale value and subject them to quality assessment in accordance with the quality class assessment issued by the Swedish Automotive Recyclers Association before they are put up for sale.

The used car parts in KGK's range are always quality class A or A+. A car part assessed as quality class A has been inspected and tested without fault. The part reflects the age and mileage of the car and can be used without any additional action. A car part assessed as quality class A+ is an original spare part that was recently replaced. The part is in better condition than expected given the car's age and mileage. The part has been inspected and tested and can be installed in the car as is.

Used car parts offer customers a cheaper option, and parts that can be tested come with a 12-month or 1,000-kilometer warranty. No warranty is provided for parts that cannot be tested.

Electric car parts as well

"Now that our used car parts service has been launched, we also have a strong offering for the electric car market. Via our partnership with Lagagruppen, we sell salvaged electric car components of high quality. And via our subsidiary EV Hub, we sell repaired high-voltage components. Finally, from our own warehouse, we sell newly manufactured electric car parts," Magnus ends.





Budding vehicle technicians win gearboxes from heavy vehicles

Amanda Almkvist, student. Per Kristiansson, teacher. Charlie Nilsson, student.

When KGK's ZF workshop received seven gearboxes that were neither roadworthy nor suitable for renovation, the solution was easy. They could of course be used and tinkered with by high-school students studying the vehicle and transport program. The gearboxes were donated to Motorbranschcollege (MBC*), which arranged a competition for their 29 certified high schools in Sweden. The competition had seven lucky winners.

*MBC quality assures automotive high schools in accordance with the motor industry's quality requirements, with KGK being among the stakeholders establishing the requirements for the study programs.

Gearboxes that fill a great need

One of the seven schools that won a gearbox is the high school Ystad Gymnasium. According to Per Kristiansson, who teaches automotive subjects at the school, the fact that his students have won a gearbox is great. "There's a huge need to be able to study the design of a gearbox for heavy vehicles. The students get to disassemble, analyze and reassemble the gearbox as part of their course, and this teaches them what to consider when renovating a gearbox," Per explains.

The automotive sector will stand the test of time, according to Per, and he considers certification from Motorbranschcollege an important seal of quality assurance and a competitive advantage for his high school, as well as for all the other certified high schools.

Why study at an automotive high school?

Amanda Almkvist is a high-school student at Ystad Gymnasium studying to become a truck mechanic. "I've always been interested in vehicles and cars. It's important to choose something you enjoy. That's why I chose this program. It matches my interests," answers Amanda when asked why she applied for the Vehicle and Transport program.

She says that winning a gearbox feels satisfying. "We'll get to learn how it works by taking it apart and then putting it back together again. It'll help us in our studies," says Amanda.

She has a positive outlook on the future and believes she will get a job in the industry as there are so many opportunities out there.

"I show interest and I show that I want to work. I hope to graduate from high school as a well-educated truck mechanic," says Amanda.

KGK – a workplace for future vehicle mechanics and technicians

The automotive sector is currently facing a shortage of mechanics and technicians. KGK sees a great need for such skills and is involved in driving growth in vehicle technician numbers. The company's partnership with Motorbranschcollege helps renew and improve automotive technology high-school programs in Sweden, as well as keep them current.

KGK contributes to the future of the automotive sector by getting involved with high-school students and their education. What's more, KGK wants to be a given workplace for future vehicle mechanics and technicians.



The high schools that won gearboxes:

- Ystad Gymnasium, Ystad
- Lars Kaggskolan, Kalmar
- Kungsmadskolan, Växjö
- Örnköldsviks Gymnasium, Örnköldsvik
- Rönnowska skolan, Helsingborg
- Jämtlands Gymnasium Fyrvalla, Östersund
- Björknäs gymnasiet, Boden



Autoexperten's workshops certified compliant with the Approved Auto Repair Shop standard



2023 saw the first umbrella certification of a workshop chain, Autoexperten. This meant that all of the chain's workshops were certified compliant with the Approved Auto Repair Shop quality standard under the same certificate. This certification means that Autoexperten's workshop customers can

rest assured that their vehicles are treated safely and professionally and that workshops within our workshop concept meet all industry and legal requirements.



The Approved Auto Repair Shop certification system was introduced by the Swedish Automotive Industry Association (SFB) and the Swedish Association for Motor Retail Trades and Repairs (MRF) to improve quality in the workshop industry. The standard comprises 28 requirements that the workshop must meet and encompasses areas such as environmental legislation, work environment legislation, repair terms and conditions and chemical handling.

The standard regulates the safe handling of the customer's car, the technicians having the necessary skills and equipment for the work being conducted and the workshop meeting the applicable environmental legislation. The standard is a management system for running a business in the same way as an ISO standard.

Helps workshops comply with the standard

Umbrella certification means that Autoexperten's workshops receive Approved Auto Repair Shop certification at central level under the Autoexperten concept rather than at individual workshop level.

"Since we handle certification centrally, the workshops need not figure out how to do things to meet the requirements set by the standard. We provide them with help, instructions and templates explaining how they are to comply with, say, environmental legislation and conduct internal inspections."

"This makes it easier to comply with the requirements compared to if each workshop had to figure it out themselves. If, for example, you're not familiar with environmental legislation, knowing how to conduct a risk analysis is not a given. Those of us who work with the workshop concept act as consultants to the workshops, helping them to identify and reduce risks. We can also provide help, for example, finding alternative chemicals, implementing proper legal compliance, and ensuring that doors and lifts are inspected to avoid serious accidents," explains Hanna Bühlmann, Head of Workshop Concept & Sustainability.

Introducing the certification system to the workshops

"When the certification system was presented to the industry, we considered improving quality and safety in the workshop industry a positive step forward. We told all our workshops that Autoexperten's central management supported the standard and that certification would become mandatory for all Autoexperten workshops."

"Following this, we began explaining to everyone why certification was a necessary and advantageous change for the workshops. We developed the material that helps the workshops in their certification process as well as the necessary system support. Our umbrella certification was then launched, with our workshop developers guiding the workshops in its implementation."

"The most challenging aspect of certification is getting started with the new approach as a workshop. First, we needed a start-up phase for each workshop, where together with the practical implementation. The next challenge was ensuring that it didn't just become a piece of paper, instead ensuring compliance with the standard. In this respect, we've had a great deal of help from our workshop developers, who help keep efforts to comply with regulations active at the workshops. What's more, an annual internal audit is conducted at each workshop, alongside regular random inspections by external and independent inspection bodies. A central annual audit at Autoexperten is also conducted, with external auditors reviewing our certification work to ensure compliance. Umbrella certification offers two-fold quality assurance – of both the workshops and central management."

How the workshops work

Every month, the workshops submit documentation to Autoexperten's central management for review and approval. The workshops submit their verifications in the shape of documents and images. This can include chemical lists, risk analyses or training plans to ensure that the technicians have the necessary skills.

"A workshop environment contains multiple risks, some of which are major. There's a lot that you can injure yourself on, such as vehicle lifts, machines and doors. Accordingly, we want the workshops to submit reports from their safety rounds. If any deviations are noted, the workshop must present the planned action to rectify them."

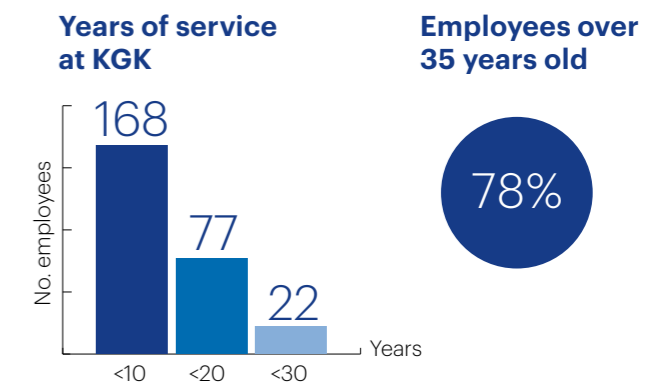
How the certification system came about and the challenge ahead

Following a number of unfortunate incidents in the workshop industry involving substandard repair work and dishonesty, change in the industry became a necessity.

"The certification scheme is a tool to weed out unprofessional workshops and to ensure quality across the entire industry. We were the first chain to establish a certification requirement for all our workshops, and now that the standard has been implemented, the challenge is to increase customer awareness. We want them to consider certification an important factor when taking their car to a workshop. This is a long-term project, with the challenge that many customers only come into contact with us once a year. So, we have to do what we can to ensure that the customer sees the quality seal, understands it and gains peace of mind," Hanna ends.



Diversity initiatives for employee inclusion and a young workforce



The aim of KGK’s diversity initiatives is to create a work environment in which people of different ages and backgrounds and with different experiences, views or personality traits feel included and respected with the same rights and opportunities as their colleagues. Our diversity initiatives are also intended to attract more young people to the company.

At KGK, primary responsibility for these all-important diversity initiatives falls to HR.

“The objective is for everyone at KGK to be part of and benefit from the diversity initiatives we conduct,” says Ann-Helen, HR Manager at KGK. “As an example, our job ads are designed to attract more women to the industry. At present, just over 26 percent of company employees are women.”

A good work environment and a sense of security get employees to stay

In 2023, all managers within the KGK Group in Sweden completed a work environment training course on securing the work environment and preventing ill health and accidents. Following the course, managers have been tasked with implementing this new knowledge and experience in their operations. One of the managers who took the course is Patrik Enberg, Warehouse Manager at KGK’s logistics center in Enköping. He says that the course provided useful knowledge and inspiration to continue striving to ensure a good work environment.

“We are very clear about having zero tolerance for bullying. While we can’t all be best friends, we can respect each other. We’re creating a culture that welcomes everyone. For example, we have a partnership with Samhall [a company that employs people with various disabilities], whose employees come here every day to price mark goods or put together various kits. The mix of people creates a more humble workplace, it helps us to do a better job, to develop and to improve,” says Patrik.

Many KGK employees are happy here and have been at the company for a long time. “Our annual staff survey also encompasses the work environment at the company, with one of the questions being about victimization and bullying,” says Ann-Helen.

Measures to increase diversity

The Swedish Confederation of Transport Enterprises has examined diversity in the automotive sector. Their report shows that in the automotive sector in 2023, only nine percent of newly recruited managers were female, which reflects the major challenges faced by the industry. The report proposes measures such as initiatives to get more people to choose vocational training programs and supporting equality work in the industry. The report also suggests that politicians need to get more involved in changing social attitudes.

“The challenges in attracting the minority to create diversity are great and are found both internally within the company and externally in the automotive sector. And we can add to this the fact that it’s generally difficult to recruit employees to our industry,” says Ann-Helen.

KGK attracting young people to a quality-assured automotive sector

To increase diversity and get more people to choose a vocational training program in the automotive sector, KGK participates in the Framtidsvalet (Future Choice) digital catalog, which since the 1990s has inspired ninth grade students in their choice of high school and program. In the catalog, KGK presents the opportunities that the automotive sector has to offer and underlines how the vehicle mechanic profession offers personal development and stimulating problems to solve – and not only in the workshop. Such a qualification also opens the way to becoming, for example, an administrator, an IT technician or a sales rep in the industry.

To attract even more younger talent to the industry, KGK works in partnership with Motorbranschcollege (MBC) and other companies to ensure the quality of and set the standard for high-school programs in automotive technology. The aim is improved quality to attract a diverse range of students and get more girls to choose these programs. “Being a mechanic is no longer a dirty workshop job, it’s so much more,” says Jonas Hehrne, Operations Manager at MBC. “The automotive sector is facing a major shortage of mechanics and technicians. The partnership between automotive companies and high schools brings students closer to actual working life. We ensure a well-educated workforce for a labor market with high demand for their skills,” Jonas continues.

“Framfart” – full steam ahead for greater equality

In 2024, KGK begun work on the “Framfart” (Progress) project, which has been developed by the Swedish Confederation of Transport Enterprises. The purpose of the project is to support efforts to create an industry with greater equality and to help guide companies in their equality work.

“During 2024, KGK will review the material to determine how we can use it in our own efforts. Companies that prioritize diversity are to the fore, showing the way – and that’s where we want to be,” Ann-Helen ends.



Sustainability data*

In our work in relation to sustainability reporting, we are supported by Global Reporting Initiatives (GRI), accounting principles and some of GRI's topic-specific standards, although the report in itself has not been prepared in accordance with GRI Standards.

Set out below are the sustainability indices of KG Knutsson AB and its subsidiaries.

KG Knutsson Verkstad AB is not covered by this Sustainability Report as the company's business concept is based on short-term and temporary ownership. KG Knutsson AB's start-up company EV Hub AS is not included in the sustainability index as we have limited access to data.

*The data on the following pages is that which we have received from each company and is not always complete. The data can vary in quality and the methods used, for example, to calculate emissions.

Tank to Wheel or Well to Wheel. Emissions are reported in CO₂ in some cases and CO₂e in others, depending on which unit has been reported from suppliers.



SUSTAINABILITY DATA

KG Knutsson AB

Description	Comments	Page
ABOUT THE SUSTAINABILITY REPORT		
Reporting period	2023	1, 67
Date of publication of the most recent report	2024-05-06	67
Reporting cycle	Annually January 1 – December 31.	67
Contact person	Jessica Dymén, jessica.dymen@kgk.se	67
Policy and application as regards external verification of the sustainability report	The report has not been verified by an external auditor.	67
Information about sustainability governance		4-65, 67

Description	Comments	Page
THE ORGANIZATION, INCLUDING BOUNDARIES		
Name of the organization	KG Knutsson AB incl. Carsmart AB	4, 13
Ownership structure and corporate form		4, 13
Corporate governance	The company is privately owned and has a management team that makes decisions.	67
Companies covered by the report	KG Knutsson AB, Carsmart AB	4, 13
Main brands, products and/or services		4, 10, 11, 13
Head office location	Sollentuna	67
Countries in which the organization operates	Sweden	67
Markets on which the organization operates		10, 11, 13
Number of products	KG Knutsson AB: 845,000. Carsmart: 1.	67
The organization's supply chain	KG Knutsson AB: We purchased goods from 483 different suppliers in 2023. Carsmart AB: no product suppliers.	67
External principles or other initiatives that are supported by the organization	KG Knutsson AB is a member of the 2030 Secretariat, Roadmap for a Sustainable Uppsala County and the NMC Network for Sustainable Business. KG Knutsson AB is certified in accordance with ISO 9001:2015 and ISO 14001:2015.	67
Membership of trade associations	KG Knutsson AB: ATR International AG, Svensk Handel, Sweboat Service AB, Svenska LCV Föreningen, Maskinleverantörerna, Sveriges Annonsörer, Swedish Association for Motor Retail Trades and Repairs, Swedish Automotive Industry Association. Carsmart: Swedish Road Transport Employers' Association, Confederation of Swedish Enterprise.	67
Comments from the CEO		9

Corrections to last year's Sustainability Data for 2022

We have discovered the following errors in last year's sustainability report:

KG Knutsson AB:

Indirect greenhouse gas emissions: emissions from our business travel by air and rental cars: the correct figure is 122.53 metric tons.

Non-hazardous waste: the correct figure is 321,913 kg.

Recycling: the correct figure is 320,166 kg.

We have reviewed the method and categorization used for waste data and improved the definitions.

KG Knutsson SIA, Latvia:

Energy consumption within the organization: gas consumption (thermal energy): the correct figure is 47.475 MWh.

Indirect emissions from sold refrigerants: the correct figure is 4,274,060 kg of CO₂e.

Description	Comments	Page
FINANCIAL PERFORMANCE		
Sales	KG Knutsson AB: SEK 2,082 million. Carsmart: SEK 18 million.	67
EMPLOYEE INFORMATION		
Number of employees	KG Knutsson AB: 407 Carsmart AB: 13	67, 84
Number of new employees during the year, broken down by form of employment, permanent/probationary and substitute	KG Knutsson AB: 46 permanent/probationary employees, 15 substitutes. Carsmart AB: 11 permanent, 2 probationary.	67
Number of permanent and probationary staff who have left at their own request during the year	KG Knutsson AB: 22 Carsmart AB: 1 probationary.	67
Parental leave	KG Knutsson AB: 61, of which 26 women and 35 men. Carsmart AB: 1 woman full-time, 1 man 15 days.	67
Extent of injuries and sick leave	KG Knutsson AB: Incidents: 26, Identified risks: 6, Commuting accidents: 11, Accidents: 6. Total sick leave during the year: 3.74%. Carsmart AB: 0 injuries, 2.39% sick leave.	67
Incidents linked to discrimination and action taken	No incidents during the year.	67
Composition of the Board of Directors and the management team, and breakdown of the numbers of women and men	KG Knutsson AB: the management team consists of 1 woman and 10 men. Carsmart AB: Board of Directors: 4 people excl. CEO. Management team: 4 people, of which one woman.	67
Proportion of employees who had a regular performance and career development appraisal during the reporting period	KG Knutsson AB: 89% have had and 2% have not had a performance and career development appraisal during the reporting period. 9% have been employed for less than a year and have therefore not had a performance and career development appraisal during the reporting period. Carsmart AB: 80%.	67

Description	Comments	Page
BUSINESS ETHICS		
Financial support received from public actors	Not applicable.	67
Confirmed incidents of corruption and actions taken	No known incidents.	67
Anti-corruption training	KG Knutsson AB: training planned. Carsmart AB: 0.	67
Percentage of business partners (suppliers) to whom the organization's anti-corruption policy and procedures have been communicated.	59%	67
The organization's values, principles and Code of Conduct	Our Code of Conduct, <i>The KGK way</i> , is communicated internally and is available to everyone on our intranet. <i>The KGK way</i> clarifies laws and regulations that we have to follow, as well as our own policies, together with our approach to issues that go beyond our statutory obligations. We comply with our core values to be Reliable, Knowledgeable and Open.	40, 67

Description	Comments	Page
SOCIAL IMPACT		
Employee representation on health and safety committees	Within KG Knutsson AB, we have one safety committee for Sollentuna and one for Enköping. These committees each meet about 4 times a year. The meetings have a fixed agenda, but at the same time they are an open forum for raising various issues and aspects relating to our work environment. The primary purpose of the committees is to ensure systematic work environment management. We follow up and attempt to improve our internal procedures in respect of the work environment, such as internal inspections and safety rounds of the work environment, the reporting of accidents and incidents, annual sick leave, etc. The members are made up of representatives of the employer with responsibility for specific areas within the work environment, such as property issues, personnel issues and safety issues. We also have employee representatives, as well as safety representatives from Unionen, IF Metall and Partihandel.	67
Significant risks in the supply chain	No significant risks in the supply chain. We conduct new reviews of suppliers when we anticipate or are notified of possible significant changes to the risk profile. This could be due to, for example, new export restrictions requiring that we review our suppliers to determine whether they affect us or any of our customers.	67
Incidents of non-compliance as regards the health or safety effects of products and services	No incidents during the year.	67
Insufficient compliance with rules and/or voluntary codes for product and service information and labelling	No incidents during the year.	67
Cases of insufficient compliance with rules and/or voluntary codes regarding commercial communications, including advertising, marketing and sponsorship	No reported cases during the year.	67
Substantiated complaints regarding customer privacy violations and leakage of customer data	No reported complaints.	67

Description	Comments	Page
ENVIRONMENTAL IMPACT		
Use of recycled materials	KG Knutsson AB: During the year, the ZF workshop has renovated: 48 shafts, 135 gearboxes, 154 tram gearboxes and 69 reversing gears on behalf of customers. 108 gearboxes, 28 shafts and 5 hubs have been renovated for the replacement stock. 205 service visits have been made for diagnostic purposes and troubleshooting at customers. 22,345 brake system components were collected in 2023. The warehouse in Enköping recycled 12,000 kg of packing material during the year.	67
Energy consumption within the organization	3,961 MWh of energy was consumed during the year in the properties in which we operate. Of this, 1,422 MWh was thermal energy consumption and 2,539 MWh was electricity consumption. 100% of our electricity is from renewable sources. 98% of our thermal energy is from renewable sources.	67
Direct emissions from consumed refrigerants	KG Knutsson AB: 47,000 kg of CO ₂ e.* Carsmart AB: 0.	67
Indirect emissions of carbon dioxide equivalents from sold refrigerants	KG Knutsson AB: refrigerant has been sold equivalent to 39,345,560 kg of CO ₂ e, calculated by (number kg) x (GWP (Global Warming Potential)). Of this, regenerated refrigerant (recycled and purified) accounts for 19,419,400 kg of CO ₂ e.	67
Hazardous waste	14,410 kg	67
Non-hazardous waste	307,151 kg	67
Recycling	329,926 kg	67
Violations of environmental regulations and laws	An inspection notice from the Swedish Chemicals Agency regarding the lack of Swedish language CLP has been dealt with and rectified.	67
Suppliers reviewed on the basis of environmental criteria	59%	67
Direct greenhouse gas emissions	KG Knutsson AB: 377 metric tons of CO ₂ e produced from our company cars.** Carsmart AB: 0	67
Indirect greenhouse gas emissions	KG Knutsson AB: During the year, our business travel by air gave rise to emissions totaling 139 metric tons of CO ₂ e.*** Indirect greenhouse gas emissions from our goods carriers corresponded to 697 metric tons of CO ₂ e for the year.** Carsmart AB: 13.2 metric tons of CO ₂ from business travel by air.***	67

* Concerns the Malmö office. Other properties 0
 ** Measured in accordance with Well to Wheel
 *** Measured in accordance with Tank to Wheel

Autoexperten Detaljist i Sverige AB

Description	Comments	Page
THE ORGANIZATION, INCLUDING BOUNDARIES		
Name of the organization	Autoexperten Detaljist i Sverige AB	70
Ownership structure and corporate form		12
Corporate governance		12
Companies covered by the report	Autoexperten Detaljist i Sverige AB Auto-Herba Bilapotek Autoexperten i Kalmar Autoexperten i Södertälje AB Autoexperten i Kronoberg AB Autoexperten i Uppsala AB Autoexperten i Täby AB Autoexperten i Uddevalla AB Autoexperten i Mora AB Bildelar i Edsbyn AB Nya Ystad Bildelar o Däckservice AB Autoexperten i Enköping AB Autoexperten i Värnamo AB	70
Main brands, products and/or services	The same as for KG Knutsson AB, a large and varied range, mainly of vehicle spare parts.	11.7
Head office location	Sollentuna	70
Countries in which the organization operates	Sweden	70
Markets on which the organization operates	Workshops in the automotive sector, industries and haulers, as well as private customers and real estate companies.	11.7
Number of products	Number of stocked items: 54,766 different item numbers.	70
The organization's supply chain	The supplier base consists of around 500 suppliers for 2023. The top 50 suppliers account for some 99% of purchases, of which 94% of purchases come from Group companies (KG Knutsson AB, KGK Motor AB, Autoexperten Detaljist).	70
External principles or other initiatives that are supported by the organization	Members of the 2030 Sekretariat.	70
Membership of trade associations	ATR International AG, Svensk Handel, Sweboat Service AB, Svenska LCV Föreningen, Maskinleverantörerna, Sveriges Annonörer, Swedish Association for Motor Retail Trades and Repairs, Swedish Automotive Industry Association.	70

Description	Comments	Page
FINANCIAL PERFORMANCE		
Sales	SEK 934 million.	70
EMPLOYEE INFORMATION		
Number of employees	259 employees.	70, 84
Number of new employees during the year, broken down by form of employment, permanent/probationary and substitute	Permanent/probationary: 67. Substitutes: 1	70
Number of permanent and probationary staff who have left at their own request during the year	29	70
Parental leave	A total of 30 people, of whom 7 were women and 23 men.	70
Extent of injuries and sick leave	Incidents: 1, Identified risks: 0. Accidents: 5, Commuting accidents: 0. Total sick leave during the year: 5.92%.	70
Incidents linked to discrimination and action taken	No incidents during the year.	70
Composition of the Board of Directors and the management team, and breakdown of the numbers of women and men	3 women and 5 men.	70
Proportion of employees who had a regular performance and career development appraisal during the reporting period	64% have had and 22% have not had a regular performance and career development appraisal in 2023. 14% have been employed for less than 12 months in 2023.	70
BUSINESS ETHICS		
Financial support received from public actors	Not applicable.	70
Confirmed incidents of corruption and actions taken	No known incidents.	70
Anti-corruption training	0	70
Percentage of business partners (suppliers) to whom the organization's anti-corruption policy and procedures have been communicated.	95% of suppliers are shared with KGK and are managed centrally.	70
The organization's values, principles and Code of Conduct		70

Description	Comments	Page
SOCIAL IMPACT		
Employee representation on health and safety committees	Within Autoexperten Detaljist, safety rounds are performed annually by the site manager together with employees. The CEO has assigned work environment management tasks to the various site managers.	71
Significant risks in the supply chain	95% of suppliers are shared with KGK and are managed centrally.	71
Incidents of non-compliance as regards the health or safety effects of products and services	No incidents during the year.	71
Insufficient compliance with rules and/or voluntary codes for product and service information and labelling	No incidents during the year.	71
Cases of insufficient compliance with rules and/or voluntary codes regarding commercial communications, including advertising, marketing and sponsorship	No reported cases during the year.	71
Substantiated complaints regarding customer privacy violations and leakage of customer data	No reported complaints.	71

Description	Comments	Page
ENVIRONMENTAL IMPACT		
Use of recycled materials	Same flow as KG Knutsson AB.	71
Energy consumption within the organization	Electricity and heating consumption 1,223 MWh.*	71
Direct emissions from consumed refrigerants	None	71
Indirect emissions of carbon dioxide equivalents from sold refrigerants	A total of 18,939,080 kg of CO ₂ e, of which 10,690,680 kg of CO ₂ e from regenerated gas.	71
Hazardous waste	No information available.	71
Non-hazardous waste	No information available.	71
Recycling	No information available.	71
Violations of environmental regulations and laws	No violations of environmental regulations and laws during the year.	71
Suppliers reviewed on the basis of environmental criteria	95% of suppliers are shared with KGK and are managed centrally.	71
Direct greenhouse gas emissions	854 metric tons of CO ₂ e for Autoexperten's delivery vans and company cars.**	71
Indirect greenhouse gas emissions	During the year, business travel by air gave rise to 6 metric tons of CO ₂ e.***	71

* In some stores, electricity is included in the rent, so an estimate has been used.

** Measured in accordance with Well to Wheel.

*** Measured in accordance with Tank to Wheel.

Laitis Handels AB

Description	Comments	Page
THE ORGANIZATION, INCLUDING BOUNDARIES		
Name of the organization	Laitis Handels AB	72
Ownership structure and corporate form	AB	19
Corporate governance	The company is privately owned and has a management team that makes decisions.	72
Companies covered by the report	Laitis Handels AB, Laitis i Kiruna AB, Laitis i Pajala AB, Laitis i Gällivare AB and Laitis i Örnköldsvik AB.	72
Main brands, products and/or services	Automotive and industry.	72
Head office location	Luleå	72
Countries in which the organization operates	Sweden	72
Markets on which the organization operates	The automotive and industrial markets.	72
Number of products	A total of 1,615,099 unique item numbers.	72
The organization's supply chain	1,283	72
External principles or other initiatives that are supported by the organization	Giving people Nattvandrarna Stiftelsen aktiv skola ISO 9001:2015 and ISO 14 001:2015	72
Membership of trade associations	Svensk Handel Norrbottens Handelskammare Företagarna Företagarförbundet	72

Description	Comments	Page
FINANCIAL PERFORMANCE		
Sales	SEK 438 million.	72
EMPLOYEE INFORMATION		
Number of employees	139, of which 98 men and 41 women. 4.5 hourly employees. 7 probationary. 4 substitutes.	72, 84
Number of new employees during the year, broken down by form of employment, permanent/probationary and substitute	33 new employees. 30 permanent/probationary. 3 substitutes.	72
Number of permanent and probationary staff who have left at their own request during the year	11 plus 1 retirement.	72
Parental leave	1,508 days, of which 827 days taken by men and 681 by women.	72
Extent of injuries and sick leave	4 minor injuries (2 from tripping, 2 muscle strains) Sick leave 5%.	72
Incidents linked to discrimination and action taken	0.	72
Composition of the Board of Directors and the management team, and breakdown of the numbers of women and men	Board of Directors: 7, all men. Management team: 6, 1 woman, 5 men.	72
Proportion of employees who had a regular performance and career development appraisal during the reporting period	70%	72
BUSINESS ETHICS		
Financial support received from public actors	Wage subsidies for certain employees. The maximum reduction in employer contributions is applied within the Laitis Group.	72
Confirmed incidents of corruption and actions taken	None in 2023.	72
Anti-corruption training	0%	72
Percentage of business partners (suppliers) to whom the organization's anti-corruption policy and procedures have been communicated.	0%. Work with SAQ begun in 2024.	72
The organization's values, principles and Code of Conduct	Code of Conduct, treatment policy, equality policy, communication policy, harassment policy.	72

Description	Comments	Page
SOCIAL IMPACT		
Employee representation on health and safety committees	Delegated work environment responsibility for each site manager. Safety representatives are found at each location. Safety rounds are performed annually by the site manager together with the safety representative. Basic safety rounds are conducted on an ongoing basis by the safety representative.	73
Significant risks in the supply chain	95% of our remaining suppliers are Swedish. Purchases via KGK and BIG-gruppen are managed centrally.	73
Incidents of non-compliance as regards the health or safety effects of products and services	None	73
Insufficient compliance with rules and/or voluntary codes for product and service information and labelling	None	73
Cases of insufficient compliance with rules and/or voluntary codes regarding commercial communications, including advertising, marketing and sponsorship	None	73
Substantiated complaints regarding customer privacy violations and leakage of customer data	None	73

Description	Comments	Page
ENVIRONMENTAL IMPACT		
Use of recycled materials	Recycling of packing material and cardboard boxes.	73
Energy consumption within the organization	Electricity: 837 MWh. All electricity contracts concern 100% renewable energy except for Luleå Energi, which is not completely 100% green electricity. This concerns 135 MWh that is not 100% green electricity. Heat: 944 MWh. All heating is from district heating or geothermal heating. In Piteå, the geothermal heating is insufficient and needs to be supplemented with a diesel boiler during the coldest winter months.	73
Direct emissions from consumed refrigerants	0	73
Indirect emissions of carbon dioxide equivalents from sold refrigerants	1,203,180 kg of CO ₂ e.	73
Hazardous waste	2,092 kg*	73
Non-hazardous waste	26,368 kg*	73
Recycling	22,161 kg*	73
Violations of environmental regulations and laws	None	73
Suppliers reviewed on the basis of environmental criteria	0 that Laitis has reviewed.	73
Direct greenhouse gas emissions	127.1 metric tons of CO ₂ e from our company cars.**	73
Indirect greenhouse gas emissions	Shipping via carriers: 6.2 metric tons of CO ₂ *** During the year, our business travel by air gave rise to emissions totaling 14.5 metric tons of CO ₂ e.****	73

* Concerns all stores except Piteå and Pajala, for which no data was available.
 ** Measured in accordance with Well to Wheel.
 *** Based on Bussgods & Schenker, which account for about 88% of all shipping. Measured in accordance with Tank to Wheel.
 **** Measured in accordance with Tank to Wheel.

KGK Norge AS

Description	Comments	Page
THE ORGANIZATION, INCLUDING BOUNDARIES		
Name of the organization	KGK Norge AS	74
Ownership structure and corporate form		14
Corporate governance	The company is privately owned and has a management team that makes decisions.	74
Companies covered by the report	KGK Norge AS	74
Main brands, products and/or services	A company trading in industrial products, mainly within the manufacture of vehicles and machinery for use on land, at sea and in the air, as well as related activities, including service activities and the acquisition of commercial agencies. The company may pursue activities of a similar nature and establish branches.	74
Head office location	Strømsveien 177, 0664 Oslo.	74
Countries in which the organization operates	Norway	74
Markets on which the organization operates	Aftermarket automotive, boat, agriculture. ZF workshop.	74
Number of products		74
The organization's supply chain	Same suppliers as KG Knutsson AB.	74
External principles or other initiatives that are supported by the organization	UNG300	74
Membership of trade associations	Member of ABL (Autobransjens Leverandørforening).	74

Description	Comments	Page
FINANCIAL PERFORMANCE		
Sales	NOK 187.5 million.	74
EMPLOYEE INFORMATION		
Number of employees	48	74, 84
Number of new employees during the year, broken down by form of employment, permanent/probationary and substitute	9	74
Number of permanent and probationary staff who have left at their own request during the year	11	74
Parental leave	2	74
Extent of injuries and sick leave	Varied during the year from 7.8% to 13.3%.	74
Incidents linked to discrimination and action taken	None	74
Composition of the Board of Directors and the management team, and breakdown of the numbers of women and men	21.3% women and 78.7% men. Management team: 7 men, 2 women. Board, men only.	74
Proportion of employees who had a regular performance and career development appraisal during the reporting period	52%	74

Description	Comments	Page
BUSINESS ETHICS		
Financial support received from public actors	Mentor support for 3 people in 2023, totaling NOK 57,750.	75
Confirmed incidents of corruption and actions taken	No reported incidents.	75
Anti-corruption training	No training.	75
Percentage of business partners (suppliers) to whom the organization's anti-corruption policy and procedures have been communicated.	Same suppliers as in Sweden. See index for KG Knutsson AB.	75
The organization's values, principles and Code of Conduct	KGK Norge AS – Our values: 1. Talk to instead of about each other, ask if something is unclear to avoid misunderstandings and assumptions. 2. In the event of disagreement, try to reach a compromise in consultation with your manager and/or safety representative. This is the only way we can improve and learn from each other. 3. All employees have a duty of care. This means that if you see someone is not doing well, show compassion and try to help. 4. All KGK employees represent KGK. We want to stand united and work together. We should know, not believe. Follow this advice, and everyone will be a little wiser. 5. We work in an industry that is always changing, making us an innovation company. As KGK employees, we need to be open to new ideas and organizational changes. We want an open dialogue in conjunction with changes, with room for opinions and ideas. We plan to create an idea bank to which we hope employees will actively contribute.	75

Description	Comments	Page
SOCIAL IMPACT		
Employee representation on health and safety committees	The safety representative resigned in 2023. We have begun the process to appoint a new safety representative.	75
Significant risks in the supply chain	Same suppliers as in Sweden. See index for KG Knutsson AB.	75
Incidents of non-compliance as regards the health or safety effects of products and services	The import of HFCs was stopped by the Norwegian Environment Agency in July 2023 due to the absence of an import application. An application was completed and approved shortly thereafter.	75
Insufficient compliance with rules and/or voluntary codes for product and service information and labelling	None	75
Cases of insufficient compliance with rules and/or voluntary codes regarding commercial communications, including advertising, marketing and sponsorship	None	75
Substantiated complaints regarding customer privacy violations and leakage of customer data	None	75
ENVIRONMENTAL IMPACT		
Use of recycled materials	Refurbishments/repairs of gearboxes, reversing gears and shafts for commercial vehicles and marine (ZF department).	75
Energy consumption within the organization	No statistics available.	75
Direct emissions from consumed refrigerants	None	75
Indirect emissions of carbon dioxide equivalents from sold refrigerants	581,300 kg of CO ₂ e.	75
Hazardous waste	Not collected in 2023.	75
Non-hazardous waste	9,235 kg	75
Recycling	None registered. No statistics.	75
Violations of environmental regulations and laws	No reported incidents.	75
Suppliers reviewed on the basis of environmental criteria	Same suppliers as in Sweden. See index for KG Knutsson AB.	75
Direct greenhouse gas emissions	No statistics available.	75
Indirect greenhouse gas emissions	During the year, our business travel by air gave rise to emissions totaling 13 metric tons of CO ₂ e.*	75

* Measured in accordance with Tank to Wheel.

Oy Kaha AB, Finland

Description	Comments	Page
THE ORGANIZATION, INCLUDING BOUNDARIES		
Name of the organization	OY KAHA AB	76
Ownership structure and corporate form	Privately owned limited liability company.	15
Corporate governance	CEO Bengt Wahlberg and management Team.	76
Companies covered by the report	OY Kaha Ab and KL Parts Oy.	76
Main brands, products and/or services	Webasto, Calix, Bosch, ZF, Hella, Dräger.	76
Head office location	Ansatie 2, 01740 Vantaa, Finland.	76
Countries in which the organization operates	Finland	76
Markets on which the organization operates	Spare parts, accessories, industrial components.	76
Number of products	500,000 in joint product portfolio.	76
The organization's supply chain	277 suppliers in 2023	76
External principles or other initiatives that are supported by the organization	Kaha is certified in accordance with ISO 9001:2015 and also applies 5S lean standards.	76
Membership of trade associations	ATR International AG, partner in the Finnish car importers association SVOK RY.	76

Description	Comments	Page
FINANCIAL PERFORMANCE		
Sales	Kaha Group about EUR 112 million. Kaha EUR 94 million and KL Parts EUR 18 million.	76
EMPLOYEE INFORMATION		
Number of employees	Total 199, Kaha 129, KL Parts 70.	76, 84
Number of new employees during the year, broken down by form of employment, permanent/probationary and substitute	2 new employees and 2 people who retired.	76
Number of permanent and probationary staff who have left at their own request during the year	0	76
Parental leave	1 woman, 292 days.	76
Extent of injuries and sick leave	4.6%	76
Incidents linked to discrimination and action taken	No incidents.	76
Composition of the Board of Directors and the management team, and breakdown of the numbers of women and men	Board, 4 men; management team, 7 men.	76
Proportion of employees who had a regular performance and career development appraisal during the reporting period	40%	76
BUSINESS ETHICS		
Financial support received from public actors	No	76
Confirmed incidents of corruption and actions taken	No	76
Anti-corruption training	No need identified.	76
Percentage of business partners (suppliers) to whom the organization's anti-corruption policy and procedures have been communicated.	Over 70% of Kaha's suppliers are well-known Tier 1 suppliers to the automotive industry with their own anti-corruption policies. Very limited imports from third countries.	76
The organization's values, principles and Code of Conduct	Kaha's values are communicated to all employees via the company intranet.	76

Description	Comments	Page
SOCIAL IMPACT		
Employee representation on health and safety committees	One work environment manager and two deputy managers are appointed from and by the employees in free elections each year. They meet regularly with both HR and occupational health representatives.	77
Significant risks in the supply chain	Strikes, lack of transport capacity. Suppliers accounting for 85 percent of the total sales volume are Group-wide suppliers and are managed centrally.	77
Incidents of non-compliance as regards the health or safety effects of products and services	No incidents.	77
Insufficient compliance with rules and/or voluntary codes for product and service information and labelling	No incidents.	77
Cases of insufficient compliance with rules and/or voluntary codes regarding commercial communications, including advertising, marketing and sponsorship	No incidents.	77
Substantiated complaints regarding customer privacy violations and leakage of customer data	No incidents.	77

Description	Comments	Page
ENVIRONMENTAL IMPACT		
Use of recycled materials	25% of the material used within logistics is recycled, such as for use as packing material.	77
Energy consumption within the organization	Electricity 1,500 MWh, heating 700 MWh. 75% of our energy is from renewable sources, such as bioenergy.	77
Direct emissions from consumed refrigerants	No measurement data.	77
Indirect emissions of carbon dioxide equivalents from sold refrigerants	No measurement data.	77
Hazardous waste	Less than 1,000 kg	77
Non-hazardous waste	211,000 kg	77
Recycling	94,000 kg	77
Violations of environmental regulations and laws	No incidents.	77
Suppliers reviewed on the basis of environmental criteria	This is done at KGK Group level.	77
Direct greenhouse gas emissions	No measurement data.	77
Indirect greenhouse gas emissions	During the year, our business travel gave rise to emissions totaling 73.4 metric tons of CO ₂ e.* No measurement data available for goods transport.	77

* Measured in accordance with Tank to Wheel.

AS K.G. Knutsson, Estonia

Description	Comments	Page
THE ORGANIZATION, INCLUDING BOUNDARIES		
Name of the organization	AS K.G. Knutsson	78
Ownership structure and corporate form	Limited liability company	18, 78
Corporate governance	The company is privately owned and decisions are made by the management team.	78
Companies covered by the report	AS K.G. Knutsson.	78
Main brands, products and/or services		18
Head office location	Saeveski 12, Tallinn, Estonia.	78
Countries in which the organization operates	Estonia	78
Markets on which the organization operates	Estonia	78
Number of products	Some 800,000 products.	78
The organization's supply chain	Supplier base of about 150 suppliers. The 50 largest suppliers accounted for 90% of purchases in 2023.	78
External principles or other initiatives that are supported by the organization	No	78
Membership of trade associations	Estonia's Chamber of Commerce and Industry, Finnish-Estonian Chamber of Commerce, Swedish Chamber of Commerce in Estonia, FICE, ATR.	78

Description	Comments	Page
FINANCIAL PERFORMANCE		
Sales	EUR 18.3 million.	78
EMPLOYEE INFORMATION		
Number of employees	101 (6 temporary employees).	78, 84
Number of new employees during the year, broken down by form of employment, permanent/probationary and substitute	New employees 4 (2 permanent employees and 2 probationary employees).	78
Number of permanent and probationary staff who have left at their own request during the year	3 people have left the company of their own accord.	78
Parental leave	40 days, all men (4).	78
Extent of injuries and sick leave	0 injuries. Total sick leave for the year at KG Knutsson AS is 2.51%.	78
Incidents linked to discrimination and action taken	0 incidents during 2023.	78
Composition of the Board of Directors and the management team, and breakdown of the numbers of women and men	One board member (man), management team of 2 women and 4 men.	78
Proportion of employees who had a regular performance and career development appraisal during the reporting period	98% have had a performance and career development appraisal.	78
BUSINESS ETHICS		
Financial support received from public actors	Pay subsidy from the Estonian unemployment insurance fund.	78
Confirmed incidents of corruption and actions taken	There have been no incidents of corruption.	78
Anti-corruption training	No training has been conducted during the year.	78
Percentage of business partners (suppliers) to whom the organization's anti-corruption policy and procedures have been communicated.	Of the 50 largest suppliers, about 70% are shared with Sweden and managed centrally.	8
The organization's values, principles and Code of Conduct	Our Code of Conduct, "The KGK way", is largely integrated.	78

Description	Comments	Page
SOCIAL IMPACT		
Employee representation on health and safety committees	One specialist as regards occupational health care, no safety committees.	79
Significant risks in the supply chain	Of the 50 largest suppliers, about 70% are shared with Sweden and managed centrally.	79
Incidents of non-compliance as regards the health or safety effects of products and services	No incidents during the year.	79
Insufficient compliance with rules and/or voluntary codes for product and service information and labelling	No incidents during the year.	79
Cases of insufficient compliance with rules and/or voluntary codes regarding commercial communications, including advertising, marketing and sponsorship	No reported cases during the year.	79
Substantiated complaints regarding customer privacy violations and leakage of customer data	No reported complaints during the year.	79

Description	Comments	Page
ENVIRONMENTAL IMPACT		
Use of recycled materials	All corrugated cardboard packaging from suppliers is reused for shipping customer orders or else recycled. No additional new corrugated cardboard packaging was purchased in 2023. Pallets are also reused or sold.	52, 79
Energy consumption within the organization	Electrical energy consumption totaled 126,74 MWh. Thermal energy totaled 300.55 MWh.	79
Direct emissions from consumed refrigerants	No direct emissions from consumed refrigerants.	79
Indirect emissions of carbon dioxide equivalents from sold refrigerants	11,911,520 kg of CO ₂ e.	79
Hazardous waste	6,503 kg	79
Non-hazardous waste	25,200 kg	79
Recycling	21,420 kg	79
Violations of environmental regulations and laws	No reported cases during the year.	79
Suppliers reviewed on the basis of environmental criteria	Of the 50 largest suppliers, about 70% are shared with Sweden and managed centrally.	79
Direct greenhouse gas emissions	113.5 metric tons of CO ₂ e from company cars.*	79
Indirect greenhouse gas emissions	Our business travel during the year resulted in emissions of 8.4 metric tons of CO ₂ e.**	79

* Measured in accordance with Tank to Wheel.
 ** Measured in accordance with Well to Wheel.

KG Knutsson SIA, Latvia

Description	Comments	Page
THE ORGANIZATION, INCLUDING BOUNDARIES		
Name of the organization	KG Knutsson SIA	80
Ownership structure and corporate form	Limited liability company	80
Corporate governance	The company is privately owned and decisions are made by the management team.	80
Companies covered by the report	KG Knutsson SIA	80
Main brands, products and/or services	ZF, Brembo, Thule, Bosch, Webasto.	80
Head office location	Green Park Lidosta, Dzirnietu Street 24, Mārupe, Mārupe County, LV-2167, Latvia.	80
Countries in which the organization operates	Latvia	80
Markets on which the organization operates	Latvia	80
Number of products	Our central warehouse in Riga (in the growing airport area) stocks more than 18,280 different products. Our B2B e-commerce site www.autokatalogs.lv offers more than 910,000 products to order.	80
The organization's supply chain	We purchased from 71 different suppliers in 2023. Both direct contracts and the number of suppliers are growing.	80
External principles or other initiatives that are supported by the organization	No	80
Membership of trade associations	Member of: - Latvian Authorised Automobile Dealers Association (LAADA); http://www.autoasociacija.lv/en - Zero Emission Mobility Support Society (BIMAB - in Latvian); https://www.bimab.lv - Latvia Association of Automobile Engineers (LAIA); http://laja.lv/kolektivie-biedri/ - ATR International AG.	80
FINANCIAL PERFORMANCE		
Sales	EUR 9.6 million.	80

Description	Comments	Page
EMPLOYEE INFORMATION		
Number of employees	40	80, 84
Number of new employees during the year, broken down by form of employment, permanent/probationary and substitute	New employees: 6, all 6 permanent employees, of which 2 warehouse workers, 1 warehouse worker/courier, 1 service master/receptionist, 1 product manager, 1 sales team assistant (customer service coordinator).	80
Number of permanent and probationary staff who have left at their own request during the year	0	80
Parental leave	A total of 2, both men (paternity leave), 10 working days each.	80
Extent of injuries and sick leave	Sick leave: 2.78%.	80
Incidents linked to discrimination and action taken	0 incidents during 2023.	80
Composition of the Board of Directors and the management team, and breakdown of the numbers of women and men	One board member (man), management team: 2 women (chief accountant and marketing manager) and 4 men (sales manager, product team manager, logistics manager, Autoekspert chain manager).	80
Proportion of employees who had a regular performance and career development appraisal during the reporting period	97% have had a performance and career development appraisal.	80
BUSINESS ETHICS		
Financial support received from public actors	0	80
Confirmed incidents of corruption and actions taken	There have been no incidents of corruption.	80
Anti-corruption training	No training has been conducted during the year.	80
Percentage of business partners (suppliers) to whom the organization's anti-corruption policy and procedures have been communicated.	Of the 71 largest suppliers, about 35% are shared with Sweden and managed centrally. The 14 largest are shared with KG Knutsson AB.	80
The organization's values, principles and Code of Conduct	KG Knutsson Latvia is an automotive industry company that believes in stable and long-term partnerships. To achieve this, we work with strong brands and create partnerships that benefit both parties. We have no actual written code of conduct. However, we instill in our employees/ implement the following: High level of service for customers and employees. The creation of a purposeful and sustainable work environment. A staff handbook is currently being put together to make it easier to manage and navigate day-to-day processes, situations and guidelines. This handbook will be introduced during 2024. All departments are involved in its preparation.	80

Description	Comments	Page
SOCIAL IMPACT		
Employee representation on health and safety committees	The employer (in the shape of the CEO) is responsible for employee health and safety. Together with the consultancy Work Safety, the occupational risks of each position have been assessed with consideration for current work tasks. Occupational safety assessments and guidelines have been prepared for them. Depending on the role, an appointment with an occupational health physician for a medical exam is made every year or every three years. A new occupational safety risk assessment is conducted each year, with employees informed of the outcome. The CEO is responsible for occupational safety globally. Locally, at Autoekspert's service centers, the service manager is responsible for occupational safety. Those assigned such responsibilities are appropriately trained and certified.	81
Significant risks in the supply chain	Of the 71 largest suppliers, about 35% are shared with Sweden and managed centrally. The 14 largest are shared with KG Knutsson AB.	81
Incidents of non-compliance as regards the health or safety effects of products and services	No incidents during the year.	81
Insufficient compliance with rules and/or voluntary codes for product and service information and labelling	No incidents during the year.	81
Cases of insufficient compliance with rules and/or voluntary codes regarding commercial communications, including advertising, marketing and sponsorship	No reported cases during the year.	81
Substantiated complaints regarding customer privacy violations and leakage of customer data	No reported complaints during the year.	81

Description	Comments	Page
ENVIRONMENTAL IMPACT		
Use of recycled materials	We continue to reuse pallets and corrugated cardboard boxes from other suppliers to ship goods to customers (including Autoekspert). We also sell old pallets that are not needed for internal use (EPAL and one-way pallets). We recycle used corrugated cardboard boxes and paper waste, and this handling of recycled materials is free/does not incur any additional costs for us.	81
Energy consumption within the organization	Electricity – 90 MWh (Autoekspert + warehouse + office). Gas consumption (thermal energy) – 4,650 m³ (warehouse and office).	81
Direct emissions from consumed refrigerants	No direct emissions from consumed refrigerants.	81
Indirect emissions of carbon dioxide equivalents from sold refrigerants	3,965,960 kg of CO ₂ e.	81
Hazardous waste	10,150 kg	81
Non-hazardous waste	34,697 kg	81
Recycling	20,767 kg	81
Violations of environmental regulations and laws	No reported cases during the year.	81
Suppliers reviewed on the basis of environmental criteria	Of the 71 largest suppliers, about 35% are shared with Sweden and managed centrally. The 14 largest are shared with KG Knutsson AB.	81
Direct greenhouse gas emissions	85.3 metric tons of CO ₂ e from company cars.*	81
Indirect greenhouse gas emissions	36.8 metric tons of CO ₂ e from goods transport and 8.3 metric tons of CO ₂ e from business travel. Total: 45.1 metric tons of CO ₂ e.**	81

* Measured in accordance with Tank to Wheel.
** Measured in accordance with Well to Wheel.

UAB KG Knutsson, Lithuania

Description	Comments	Page
THE ORGANIZATION, INCLUDING BOUNDARIES		
Name of the organization	UAB KG Knutsson	82
Ownership structure and corporate form	Legal form: Private limited liability company. Ownership structure: KG Knutsson UAB is directly owned (100% of the shares) by KG Knutsson AB.	82
Corporate governance	The company's highest executive body is a board member.	82
Companies covered by the report	UAB KG Knutsson.	82
Main brands, products and/or services	Thule, Webasto, ZF, VDO, Volvo steering gear refurbishment, installation of products from major brands.	82
Head office location	Jočionių 14, Vilnius, Lithuania.	82
Countries in which the organization operates	Lithuania	82
Markets on which the organization operates	Lithuania	82
Number of products	115,952 products.	82
The organization's supply chain	41	82
External principles or other initiatives that are supported by the organization	KGK is certified in accordance with ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.	82
Membership of trade associations	Member of: Swedish Chamber of Commerce in Lithuania, Finnish Chamber of Commerce in Lithuania, Lithuanian Defence and Security Industries Association, Association of Manufacturers and Importers.	82

Description	Comments	Page
FINANCIAL PERFORMANCE		
Sales	EUR 5.1 million.	82
EMPLOYEE INFORMATION		
Number of employees	17	82, 84
Number of new employees during the year, broken down by form of employment, permanent/probationary and substitute	0	82
Number of permanent and probationary staff who have left at their own request during the year	0	82
Parental leave	0	82
Extent of injuries and sick leave	0.42%	82
Incidents linked to discrimination and action taken	0 incidents during 2023.	82
Composition of the Board of Directors and the management team, and breakdown of the numbers of women and men	Board: 3 members, all men. Management team: 2 members, 1 man, 1 woman.	82
Proportion of employees who had a regular performance and career development appraisal during the reporting period	100%	82

Description	Comments	Page
BUSINESS ETHICS		
Financial support received from public actors	No	82
Confirmed incidents of corruption and actions taken	There have been no incidents of corruption.	82
Anti-corruption training	No training has been conducted during the year.	82
Percentage of business partners (suppliers) to whom the organization's anti-corruption policy and procedures have been communicated.	Of the 41 largest suppliers, about 49% are shared with Sweden and managed centrally.	82
The organization's values, principles and Code of Conduct	We have produced our Code of Conduct on the basis of the UN Global Compact, an international initiative supported by companies throughout the world to ensure accountability in the above areas. Our Code of Conduct encompasses areas such as human rights, labor standards (employment conditions, elimination of discrimination and child labor), working conditions (health and safety), the environment and anti-corruption (based on the KGK Group's Code of Conduct). Compliance: KGK requires that suppliers and their sub-suppliers comply with our Code of Conduct, which may mean stricter requirements than those required by national legislation.	82

Description	Comments	Page
SOCIAL IMPACT		
Employee representation on health and safety committees	Within the framework of our health and safety system (ISO 45001), we have employee representatives who discuss occupational health and safety issues in the workplace.	83
Significant risks in the supply chain	Of the 41 largest suppliers, about 49% are shared with Sweden and managed centrally.	83
Incidents of non-compliance as regards the health or safety effects of products and services	No incidents during the year.	83
Insufficient compliance with rules and/or voluntary codes for product and service information and labelling	No incidents during the year.	83
Cases of insufficient compliance with rules and/or voluntary codes regarding commercial communications, including advertising, marketing and sponsorship	No reported cases during the year.	83
Substantiated complaints regarding customer privacy violations and leakage of customer data	No reported complaints during the year.	83

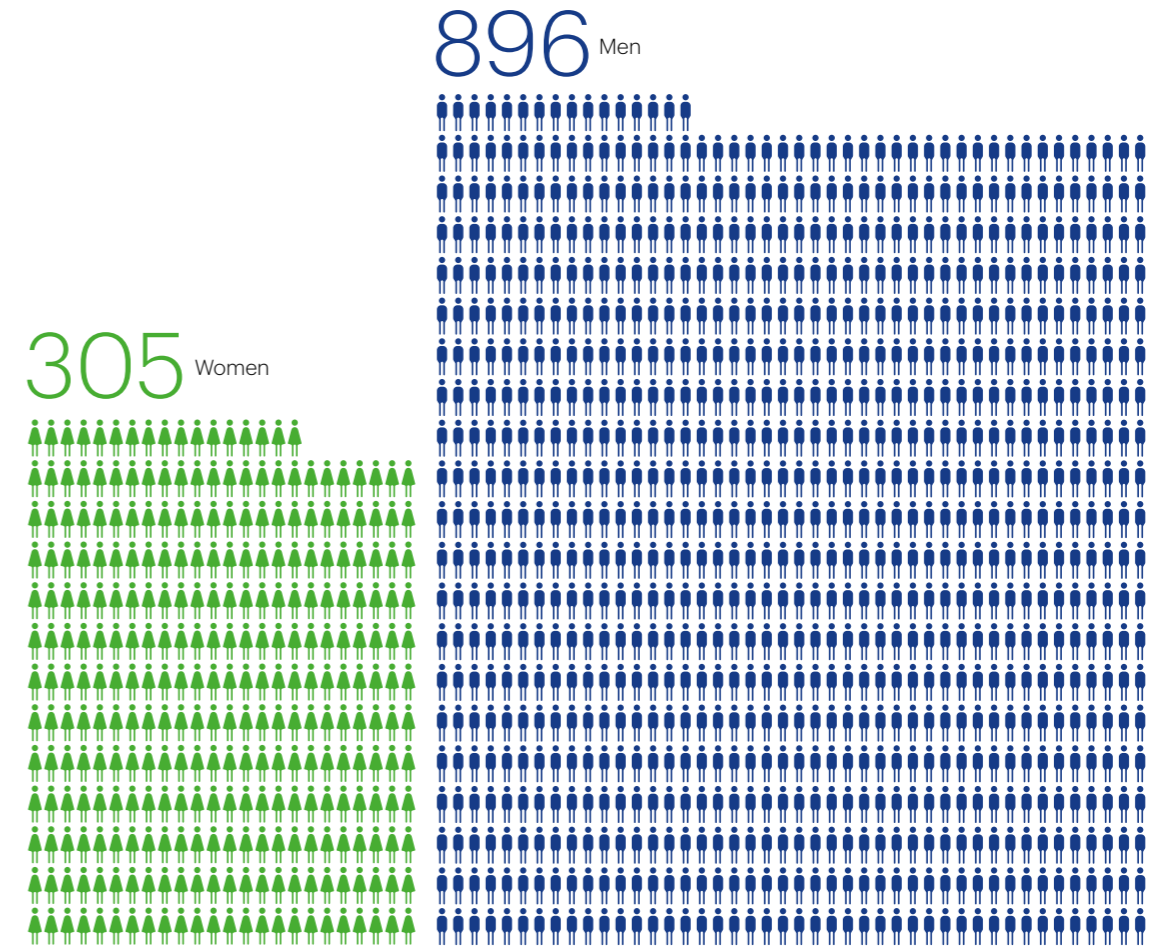
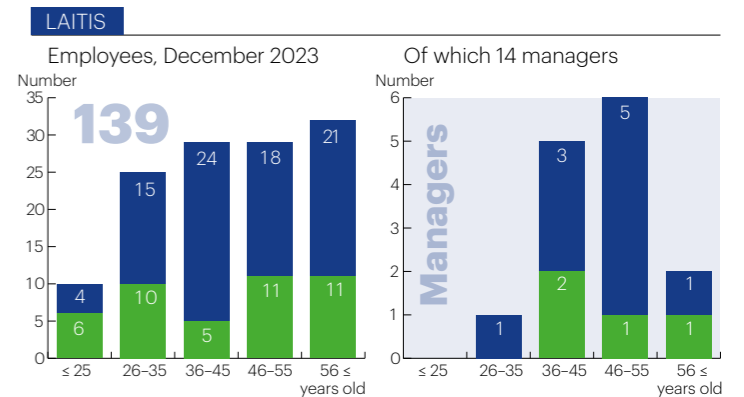
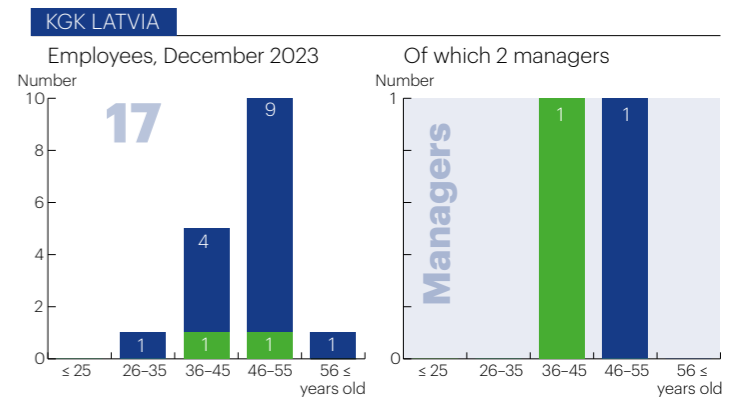
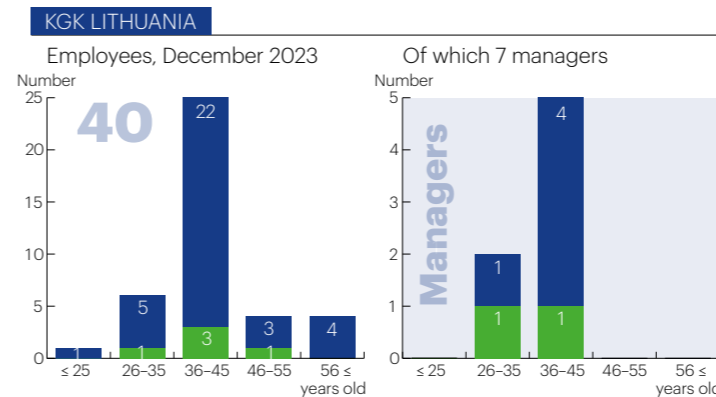
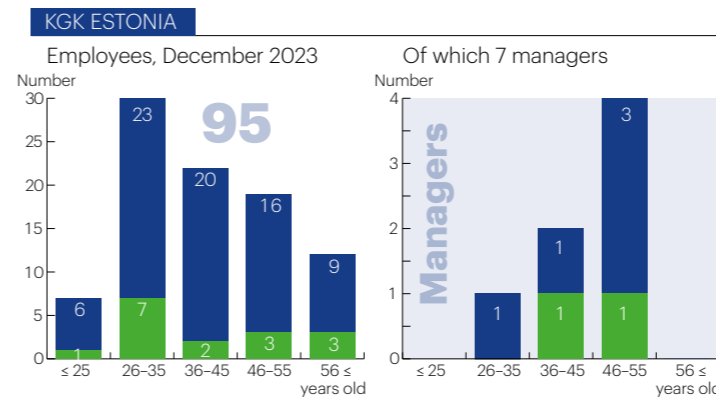
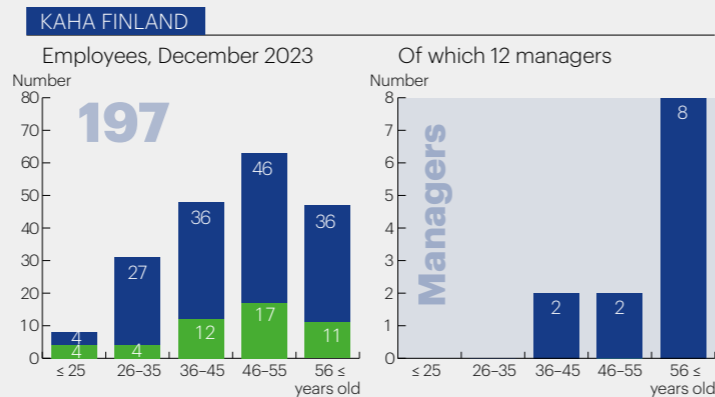
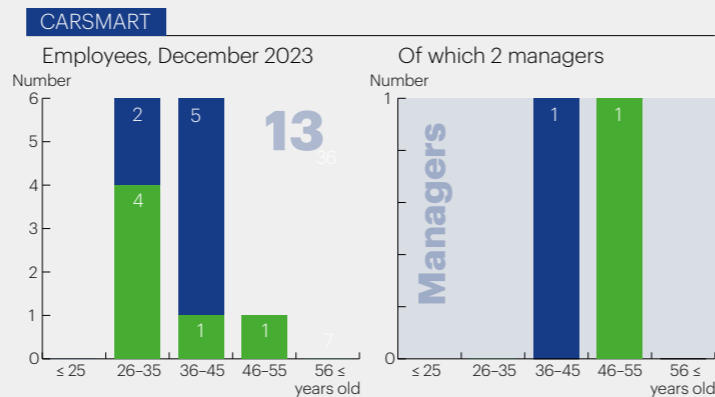
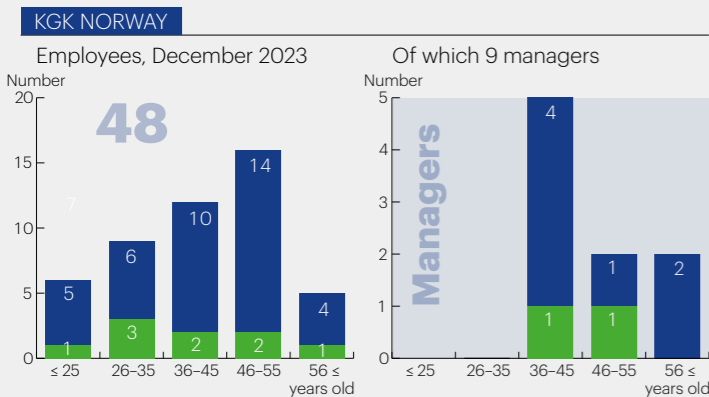
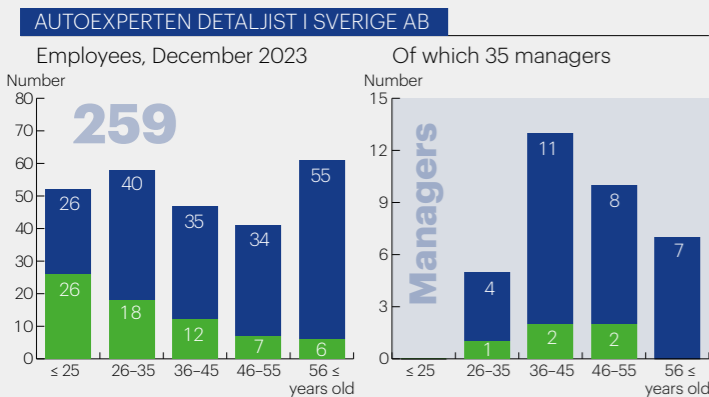
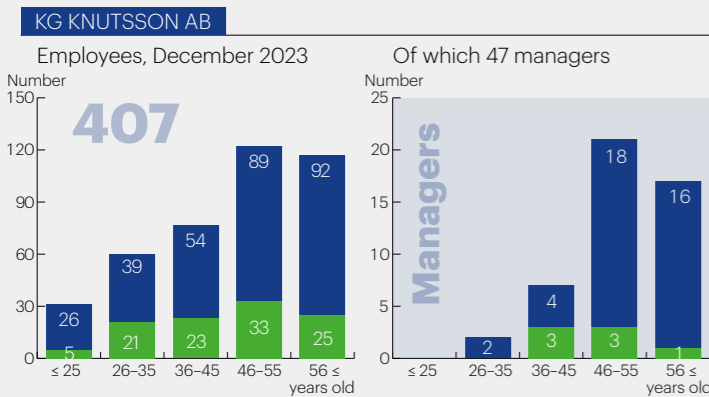
ENVIRONMENTAL IMPACT		
Use of recycled materials	We reuse cardboard packaging. Some 35% of deliveries are made with used boxes. Our refurbishment workshop handled 574 steering gears and 1 gearbox in 2023.	83
Energy consumption within the organization	92 MWh, with 100% of this electricity from solar farms.	83
Direct emissions from consumed refrigerants	12.6 kg of CO ₂ e.	83
Indirect emissions of carbon dioxide equivalents from sold refrigerants	13,264,680 kg of CO ₂ e.	83
Hazardous waste	4,642 kg	83
Non-hazardous waste	67,945 kg	83
Recycling	72,000 kg	83
Violations of environmental regulations and laws	No reported cases during the year.	83
Suppliers reviewed on the basis of environmental criteria	Of the 41 largest suppliers, about 49% are shared with Sweden and managed centrally.	83
Direct greenhouse gas emissions	47.9 metric tons of CO ₂ e from company cars.*	83
Indirect greenhouse gas emissions	28.9 metric tons of CO ₂ e from goods transport.**	83

* Measured in accordance with Tank to Wheel.

** Measured in accordance with Well to Wheel.

Staff demographics

Our workplaces should be characterized by openness, where everyone is accepted regardless of their gender, age, ethnic or social background, disabilities or other factors that have nothing to do with their actual skills or commitment. We believe that diversity benefits our competitiveness and contributes to better results. Women and men must have equal opportunities for employment, training and development at work, and it must be possible to reconcile working life and parenthood.



Prioritized goals Agenda 2030

PRIORITIZED GOALS	INTERIM GOALS	ESSENTIAL FOR KGK'S STAKEHOLDERS	A SELECTION OF KGK'S CONTRIBUTIONS TO AGENDA 2030
3 GOOD HEALTH AND WELL-BEING 	3.5	Prevention guidelines regarding drug abuse.	Alcohol and drug testing.
	3.6	No fatalities or serious injuries in road traffic.	Accessories that improve road safety, such as warning lights and alcohol interlocks. Maintenance and service at our workshops.
	3.8	Improved medical equipment.	Products that are included in assistive devices that improve patients' quality of life.
	3.D	Risk reduction and management of health risks.	Wellness activities.
5 GENDER EQUALITY 	5.5	Equal opportunities for women and men.	Annual salary surveys are conducted to ensure that women and men have equal employment conditions and benefits. Equal pay for equal work shall apply. Regardless of gender, everyone has the same opportunities for development. One aim of every recruitment process is to encourage more female applicants. To reach a wider target group, we have made changes to our recruitment ads and updated our website as regards career opportunities. This update will make it easier for candidates to familiarize themselves with and understand KGK's operations and the opportunities available at the company.
7 AFFORDABLE AND CLEAN ENERGY 	7.2	Higher proportion of renewable energy.	Renewable electricity in our operations.
	7.3	Higher energy efficiency.	Energy optimization in our properties. KGK offers Carsmart customers the opportunity to monitor CO ₂ emissions and energy consumption in a "Fuel Cost and Environment Report". We provide solutions for the electric car market through our sales of charging posts and boxes, as well as other accessories for electric cars.
8 DECENT WORK AND ECONOMIC GROWTH 	8.3	Promoting policies for job creation and increased enterprise.	Encouraging and supporting entrepreneurship and co-ownership within Autoexperthen.
	8.4	Improved resource efficiency in production and consumption.	The circular economy as a business model and focus area in our sustainable strategy.
	8.8	Safe workplaces.	Systematic work environment – internal inspections of the work environment and safety committee.
11 SUSTAINABLE CITIES AND COMMUNITIES 	11.2	Improved road traffic safety and reliable public transport.	Renovation of heavy vehicles.
	11.6	Improved air quality.	Solutions for the electric car market. Improved complaints process leading to fewer transport operations.
	11.B	Inclusive societies.	Assistive devices in vehicles for individuals with physical disabilities.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	12.4	Safe handling of chemicals.	The KemDB chemicals database. Safe chemical warehouse in Enköping.
	12.5	Reduced amount of waste.	Long warranty periods. Brake component management with deposit system. Improved picking and packing. Products that can be upgraded instead of being replaced. Purchase of reconditioned IT equipment.
13 CLIMATE ACTION 	13.1	Reduced climate change.	Products that contribute to reduced fuel consumption, such as: Reused packaging materials at the logistics center. We provide solutions for the electric car market through our sales of charging posts and boxes, as well as other accessories for electric cars.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	16.2	Respect for the human rights of the people in the manufacturing chain.	Code of Conduct for the supply chain.
	16.5	Transparency and anti-corruption.	External Code of Conduct. Internal Code of Conduct, "The KGK way".
	16.7	Ensure responsive, inclusive and representative decision-making.	Workplaces that promote a culture where all employees contribute with suggested improvements.
17 PARTNERSHIPS FOR THE GOALS 	17.16	Partnerships leading to sustainable development.	Improved quality, environment and safety through Approved Auto Repair Shop. Skills-enhancing activities and collaborations. Members of the 2030 Secretariat and trade associations.



We move people forward



KGK

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