

# SECTO SUSTAINABILITY REPORT

2024

secto  
automotive

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**CEO'S OPENING WORDS**

# THE ONLY WAY TO SAVE DRIVING IS BY MAKING IT SUSTAINABLE

We provide our customers with seamless customer experience, improved control over the total cost of ownership, and a convenient transition to low-emission fleet. If driving does not become sustainable, it will end.



»At Secto, sustainability extends beyond driving. It is the core of our business, and it is clearly visible in our relationships with our partners and the society – as well as with every individual we encounter.

**FOR US, SUSTAINABILITY MEANS** good customer experience, bringing the total costs of driving under control, and reducing the greenhouse gas emissions caused by driving. Sustainable driving requires a lot more than reduced emissions. If company car drivers and company car decision-makers fail to receive added value and lose control over the total costs of driving, emissions can't be reduced in a sustainable way.

Several global crises that are taking place simultaneously have shifted the overall attention away from climate issues. However, climate change is still going on, and the work to slow it down must continue. Transportation plays a crucial role in reaching the climate goals.

Passenger cars and vans account for more than 25% of global oil consumption and about 10% of global energy-related CO<sub>2</sub> emissions (International Energy Agency, IEA 2023). In Finland, road traffic accounts for about 23% of all emissions created by Finland excluding land use sector (Traficom 2024). Switching to fossil-free fuels and replacing fossil substances and materials in vehicles play a significant role in reducing greenhouse gas emissions and in controlling climate change.

Electricity is currently the most common option for fossil-free energy. In 2024, only 4,3% of Finland's vehicle fleet was fully electric, while the share of plug-in hybrids was 6%. Out of

company cars, 44% were fully electric (The Finnish Information Centre of Automobile Sector 1/2025). Although Finland's 80,000 company cars represent a small fraction of the total fleet, their role in EV adoption can't be underestimated. Company cars become available to private buyers when they are three to four years old, and every fifth passenger car on our roads is either a current or former company car (The Finnish Information Centre of Automobile Sector 1/2025).

**THE MAIN BUMPS IN FINLAND'S EV TRANSITION** are the unstable market and the general economic downturn. In 2024, the number of new passenger car registrations was the lowest during this millennium (Traficom 1/2025). While EVs are at the core of our sustainability strategy, we continuously monitor the development of other fossil-free fuel solutions. In vans, emission reductions are most often carried out by switching to synthetic diesel, by choosing models that consume less fuel, and by optimising usage at company level.

Secto has assumed an active role in influencing public opinion and societal decision-making. In 2023, the Finnish government considered removing tax benefits for low-emission company cars. If implemented, this decision would have slowed down the promising shift to low-emission vehicles and been against

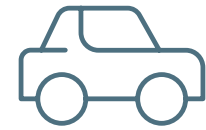
Finland's ambitious climate goals. (See the case: Secto Publicly promotes sustainable driving on page 29.) As a trailblazer of sustainable driving, one of our responsibilities is to bring even unpopular themes to the surface – such as why we should not forget our climate crisis even in economically uncertain times. Secto gathered research data about the economical impact of the tax benefit removal, as well as about its effect on the attraction towards low-emission company cars. We were also engaged in active communication with decision-makers, both directly and through media. In the spring of 2024, the government decided to withdraw its suggestion and to continue providing tax benefits for electric company cars until 2029.

At Secto, sustainability extends beyond driving. It is the core of our business, and it is clearly visible in our relationships with our partners and the society – as well as with every individual we encounter. Sustainability is enforced by our employees. We made our values strong tools for leadership, and we emphasised the role of managers in leading our sustainable company culture. We want to set an example for others to follow – sustainability is simply good business. The joy of being involved in shaping a better society is a perfect icing on the cake.

**Matias Henkola**, CEO, Secto Automotive



# 1. THIS IS SECTO



Secto Automotive is a Finnish-owned B2B car leasing service company founded in 2007. Secto is Finland’s second largest van and third largest passenger car owner. Secto Automotive’s comparable turnover (FAS) was EUR 240 million in year 2024.

**SECTO PROVIDES ITS CORPORATE CUSTOMERS** with sustainable fleet outsourcing services with controlled TCO. Our business is guided by sustainable development principles and transition to fossil-free driving. The company’s growth is fueled by hassle-free vehicle leasing and sustainability.

**OUR PURPOSE IS TO SAVE DRIVING BY MAKING IT SUSTAINABLE**

We have been a trailblazer in sustainable driving since 2010 – the year when we leased our first electric vehicle. Just as long have we influenced public opinion and social decision-making by promoting sustainable driving. *See the case “Promoting sustainable driving through positive publicity”.*

Our goal is to release the last passenger vehicle driven on fossil energy by the end of 2028. We’ve built a comprehensive service package addressing previously overlooked aspects: effortless car ownership, environmental impacts of driving, and total costs of driving. We have 14 years of experience in decarbonisation. Thanks to our expertise, managing the fleet’s total costs as well as the reduction of both emissions and carbon footprint can take place in a predictable, thus ideal way.

**ONE OF THE CORNERSTONES** of Secto’s operations is our competent staff, who enjoy their work and are known for excellent customer service. In 2024, we established together with our staff

a structured, values-based one-to-one discussion model as well as the framework for goal and development discussions. We strengthen the culture of openness and trust between managers and team members. In the discussions, team members are at the core and the focus is on enabling their success.

*See the case “Good employee understanding and values-based leadership”.*

**SECTO EMPLOYEES TAKE CARE** of our approximately 4,100 business customers and the lifecycle of 11,000 vehicles – starting from the assessment of mobility needs before the first car is delivered, to the return of the vehicle and the purchase of the next one.

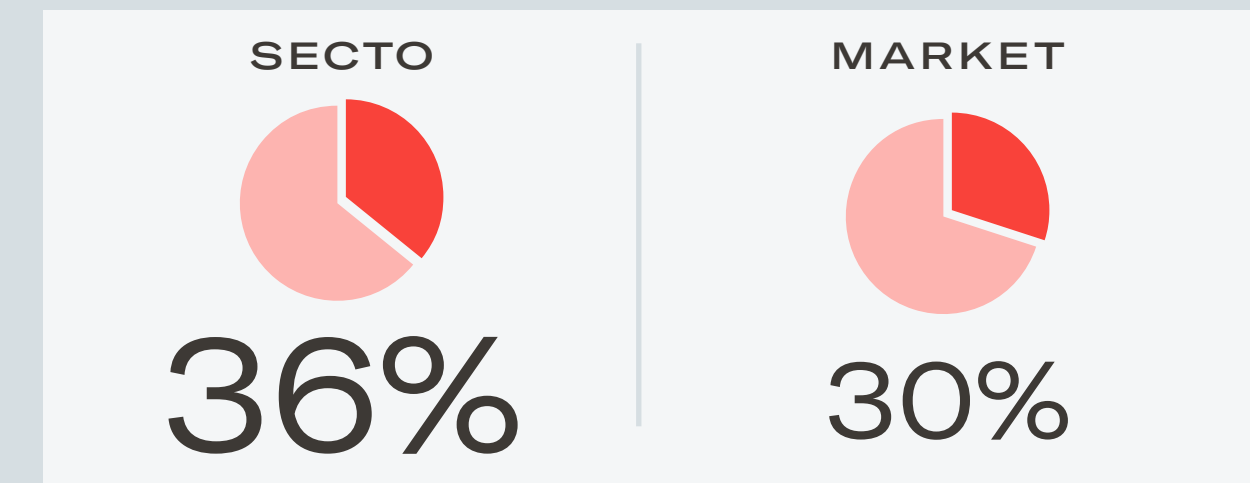
In 2024, we sold around 2,700 cars to our partners as their leasing contracts expired. Lightly used off-lease sales through our partners to companies and consumers play a crucial role in improving both sustainability and traffic safety. Every fifth passenger car on Finnish roads is either a current or former company car.

**SECTO IS COMMITTED TO FINLAND’S CLIMATE GOALS**

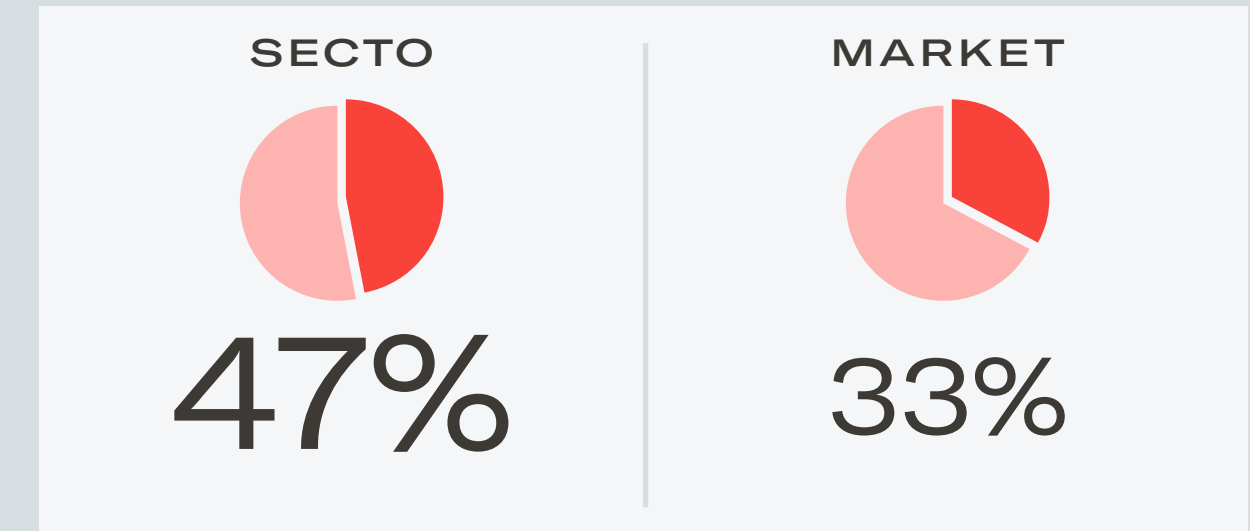
Sustainable driving has been at the core of our strategy since 2010. As trailblazers in sustainable driving, we are leading the transition to fossil-free driving clearly ahead of the EU’s set

**SECTO IS AHEAD OF THE FINNISH MARKET**

Share of electric cars in the fleet in 2024



Share of registrations of electric leasing cars in 2024



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

**»We provide smooth customer experience while improving the control for the total cost of driving and providing smooth transition to low-emission fleet.**

targets and at a faster pace than the market. Our goal is to release the last passenger vehicle driven on fossil energy by the end of 2028, whereas the EU’s target is set for 2035. (Council of the European Union 3/2023)

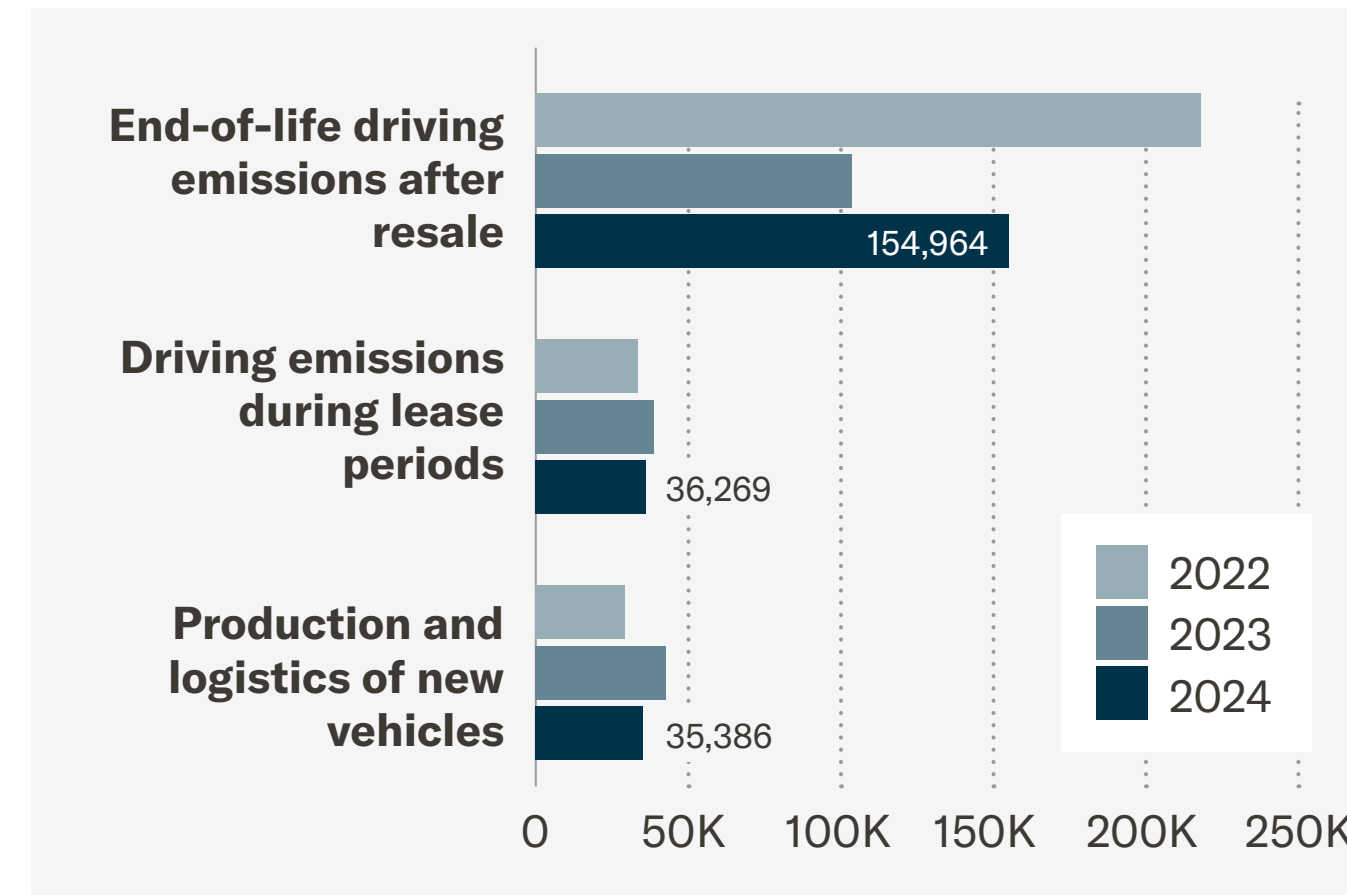
The main challenges in Finland’s EV transition are unstable market situation as well as the general economic slump. In 2024, the number of new car registrations in Finland was the lowest of the millennium (Traficom 1/2025). Even though EVs are at the core of our sustainability strategy, we continuously monitor the development of other fossil-free fuel solutions. With vans, the emission reductions can be more commonly implemented by switching to synthetic diesel and by choosing vans that consume less fuel. It is also important to choose the right size of van for every purpose, as well as to optimize the use of vans at company level.

**ACCORDING TO FINLAND’S CLIMATE ACT**, emissions must be reduced by 60% by 2030 compared to 1990 levels. Based on current estimates, this target seems achievable. However, Finland’s goal to be carbon neutral by 2035 requires additional actions. (Government’s annual climate report 24.6.2024)

Secto contributes to achieving Finland’s climate goals by facilitating an easy transition to low-emission and controlled total cost driving for its customers. One significant factor in promoting sustainable driving has been the tax incentives offered for low-emission company cars, the removal of which Finnish government was considering from the autumn of 2023 till the spring of 2024.

**REMOVING THE REDUCED** taxation value for low-emission company cars would have significantly decreased the willingness of company car users to choose low-emission or fossil-free vehicles, as per a customer survey we conducted\*. Up to two-thirds of respondents said they would opt out of fully electric or hybrid company cars if the tax incentive would have been removed. This would have significantly slowed down the adoption

of low-emission vehicles. We have voiced our stance on the importance of maintaining the current practice for Finland’s climate goals and will continue to advocate for it in the future. Ultimately, the government decided to extend the tax incentive for fully electric company cars from 2026 to 2029.



**WE SOLD OUR USED CAR BUSINESS** to Kamux in 2024. Due to this, we have modified the emissions calculation in our emission statement to reflect the business structure after the transaction.

Emissions from the trade-in car business, such as emissions from cars purchased for resale in the trade-in car business and cars purchased in trade-in in connection with a car sale, have been removed from the comparison year and from the emissions calculation. The life cycle emission calculation for returned cars remains unchanged.

**IN 2024, THE NUMBER OF LEASED CARS** returned to Secto was higher than in 2023, and their turnover was also faster. This clearly increased the end-of-life emissions of the sold cars compared to 2023.

**»In a rapidly changing world, we follow the overall development actively and develop the knowledge of our personnel to help our customers take their next steps towards sustainable driving.**

**Secto’s emissions are divided into three scope categories according to international standards:**

- **Scope 1:** Emissions from own operations.
- **Scope 2:** Indirect emissions from acquired or purchased energy, electricity, steam, heat, and cooling.
- **Scope 3:** Indirect emissions generated in the value chain.

• **Total greenhouse gas emissions (location-based): (tCO<sub>2</sub>eq) 226,703 tCO<sub>2</sub>e.**

• **Total greenhouse gas emissions (market-based): (tCO<sub>2</sub>eq) 226,696 tCO<sub>2</sub>e.**

• **Scope 1: 7.14 tCO<sub>2</sub>e.**

• **Scope 2 (location-based): 36.06 tCO<sub>2</sub>e.**

• **Scope 2 (market-based): 28.83 tCO<sub>2</sub>e.**

• **Scope 3: 226,660.25 tCO<sub>2</sub>e.**

The biggest part of Secto’s greenhouse gas emissions is generated by our leasing fleet.

## SUSTAINABILITY HIGHLIGHTS IN 2024 THE YEAR OF CHANGE

**1** **The Net Promoter Score (NPS)** of our corporate clients: Car decision makers 49 and company car users 60. The Employee Net Promoter Score (eNPS) was 17.

**3** **We improved the tools** we have developed for fleet management and for helping companies plan their carbon emissions and total costs of driving. These tools include Fleet Manager, Decarbon Tool, EV Comparison Tool and Emission Reporting Tool that was validated.

**5** **We maintained** our leading position as the thought leader in sustainable driving. In 2024, we highlighted in various keynote speeches the essence to further reduce the emissions of driving in order to reach climate goals. We also emphasised the role or total costs in commercial driving.

**7** **We gave up our consumer business** and focused on serving our corporate clients. We sell the cars returning from expired leasing contracts to our partner who then sells them to consumer and corporate customers. This chain helps reduce the average age of owned cars in Finland and replace old cars with ones with lower emissions.

**2** **We developed our** procurement process and partner chain management system while deepening our collaboration with key clients. We established a new job description of Partner Manager in our procurement team and created a value-based partner management model.

**4** **We made our values** strong tools for leadership. We emphasised the role of managers in implementing a strong company culture. We implemented management tools to help personnel experience relevance better.

**6** **We commit our personnel** already in the beginning of employment to operate according to our values and ethical instructions. We put our values in writing to the employment contract, and attach the ethical instructions to it. We implemented internal review model.

**8** **We continued** participating in discussions about Finnish Government's plans to remove the tax benefit for low-emission company cars in 2025. The government eventually decided to extend the tax incentive for fully electric company cars from 2026 to 2029.

>> See the case **Public promotion** on page 29

# 2. STRATEGY

MARKET, BUSINESS MODEL, PURPOSE, VALUES AND CULTURE TARGET MARKETS, VALUE GENERATION, RESPONSIBILITY, SUSTAINABILITY EFFECTS



# SECTO STRATEGY MARKET

In 2024, about 68 million new cars were sold in the world (NielsenIQ -24). Every other car was purchased by a financing or service operator such as Secto.

**SECTO'S MAIN MARKET AREA IS FINLAND**, where the average lifecycle of cars from taking into service to scrapping is 22,8 years. During this long lifecycle, the driving power of the car plays a significant role in traffic's total emissions.

In 2024, 74,072 new cars were registered in Finland. 48 per cent of those were made by corporate customers.

Out of all cars registered in 2024, the share of rechargeable cars was over 10 per cent. The role of company cars is significant in this development. Out of all cars purchased by companies, 55,9 per cent were rechargeable. Out of those, 32 per cent were fully electric and 23,9 plug-in hybrid cars. Out of all company cars, fully electric ones amounted already to 44 per cent in 2024.

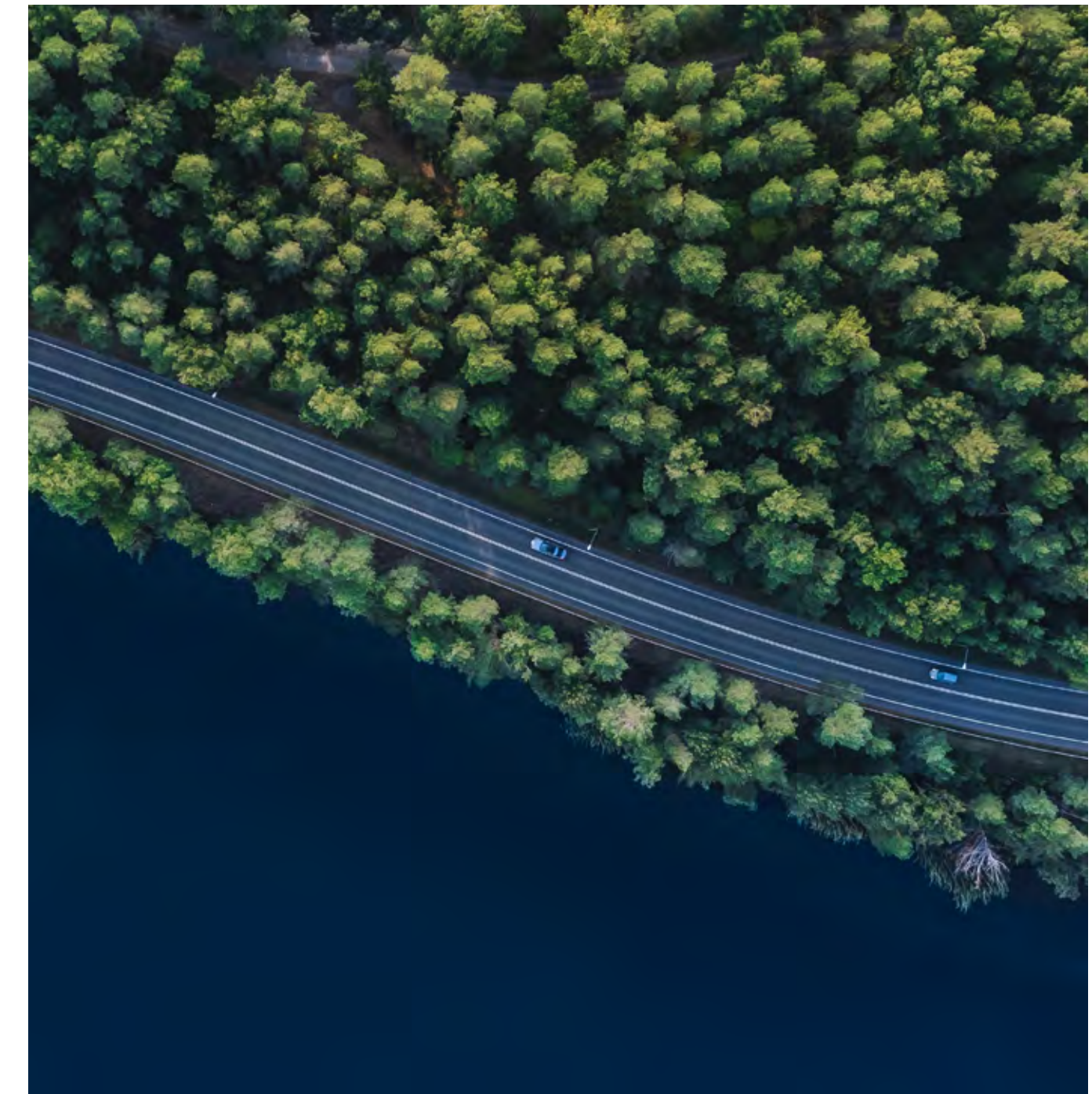
(The Finnish Information Centre of Automobile Sector 1/2025.)

Leased cars return for sale in average after a three-year lease period. They are a both quick and cost-effective way for both consumer and company customers to move to low-emission driving. Currently, every fifth car on Finnish roads is either current or former

company car. Car leasing companies are Finland's largest car owners. What kind of cars Secto and others get for their customers means a lot to Finland's entire fleet and its emissions.

**FINLAND IS COMMITTED** to reduce greenhouse gas emissions and become carbon neutral by the year 2035. Reducing the emissions generated by traffic plays a significant role in this, while the decarbonisation of company cars provides a lasting benefit. In addition, low-emission driving is the most important way for many companies to improve environmental responsibility. It is also one of the easiest to achieve.

**DURING THE LAST THREE YEARS**, Secto has changed its own company cars into fully electric ones. We want to set an example and encourage others to do the same. With the help of our own experiences, we can better help our customer companies to move to sustainable driving.






**AT SECTO, CAR'S LIFECYCLE THINKING** means proactive management for the entire service process. We aim to prevent problems before they appear. Even though competition becomes tougher, we believe our values-based operation model provides us with a unique advantage that is difficult to duplicate. We develop our processes, IT expertise, and services continuously. We have also developed tools for our customers to help their transition to low-emission vehicle fleet.

>> **See the visualisation on the next page**


# STRATEGY AND BUSINESS MODEL

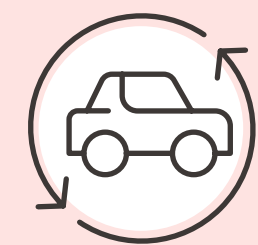
HOW WE DELIVER VALUE FOR OUR CUSTOMERS AND STAKEHOLDERS

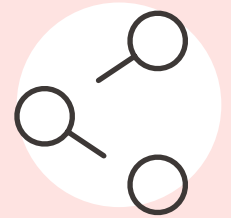
**OUR VALUES:**  
The building blocks of corporate culture and affect everything we do.

- 1 EMPATHY** is our superpower 
- 2 We are TRAILBLAZERS** 
- 3 SUSTAINABILITY** is at the centre of everything 

**THE PURPOSE: TO SAVE DRIVING BY MAKING IT SUSTAINABLE.**

**WHY?**  
The automotive industry needs trailblazers. The future of driving must meet the needs of both people and the environment. 


**WHAT?**  
We're changing the way cars are used. Predictability first, with people and the environment at the centre. 

**HOW?**  
We communicate openly about the total costs and environmental impact of driving. We offer an easily manageable and understandable service package. 

**VALUE-BASED PARTNER MANAGEMENT:** Responsible partners that have selected according to our values and are renowned leaders in their respective fields, add value to our customers.



 **EMPLOYEES:** eNPS 17, 94 people, 99% full-time workers, 98% in permanent positions, annual employee turnover rate 3%.

 **CUSTOMERS:** NPS Company car decision makers 49 and car users 60.

Sources: The source of Secto's figures is the company's database.



# SECTO STRATEGY PURPOSE

Our purpose is to save driving by making it sustainable. We set the industry standard for hassle-free and fossil-free vehicle leasing.

**SECTO AIMS TO SPEED UP** the decarbonisation of driving. We provide companies with comparison data about the cost-efficiency of low-emission driving and make the choice of more climate-friendly vehicle easier for our customers by simulating the emissions and total costs of various models. In addition to electricity, Secto provides other options for driving power, such as renewable fuel.

**WE HAVE VISUALISED OUR STRATEGY**, (on the following page) so that the entire personnel would understand it the same way and would be able to better implement it in daily work. Our employees are committed to our company values and to our strategic goal: to save driving by making it sustainable.

**WITH THE CHANGE IN OUR OWNERSHIP** structure, we begun a new strategic period. Our strategic pillars stay the same. We aim to be the market leader in B2B car leasing by 2029 while expanding our operations to nearby markets. During 2025, we will also update our climate goals to better reflect our new business structure. We will monitor how our objectives are reached and

»We aim to be the market leader in B2B car leasing by 2029 while expanding our operations to nearby markets.

how our interest group satisfaction develops throughout the entire value chain with respective KPIs and a management model designed specifically for Secto. We will report our achievements on annual basis with UN Global Compact's COP reporting system and through various sustainability statements.

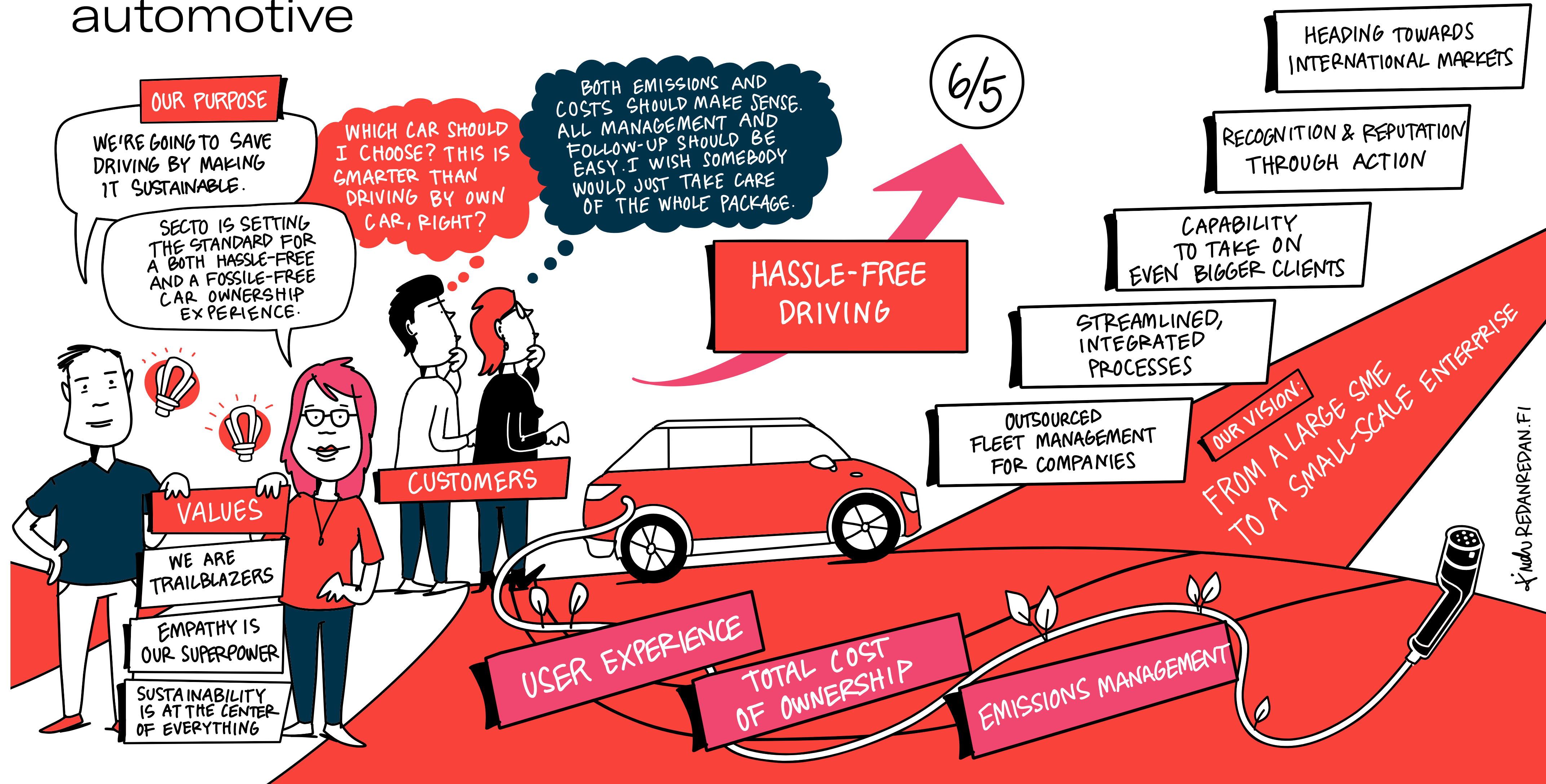
**WE WILL WORK HARD** to reach these goals: in 2024, we developed, among other things, our procurement process and the management system of our partner chain. We also deepened the collaboration with our key partners. At the same time, we established a job description of a Partner Director to our procurement team. The development work is based on our sustainability action plan. Our objective is to optimise our processes so that our customers can genuinely realise the principle of smooth and sustainable driving.

>> See the case **Responsible procurement** on page 14.

>> See the **visualised strategy** on the following page.



# secto automotive



## CASE PURPOSE ///

# RESPONSIBLE PROCUREMENT IS BASED ON COMPANY VALUES

According to the company's responsibility action plan, Secto has developed its procurement process and value chain management during 2024. Jarno Pajunen, Director, Partnerships & Fleet Management, is responsible for the task, along with his team. The goal is to optimise processes in a way that ensures genuine fulfilment of customer's smooth and responsible driving experience.

## CASE PURPOSE ///

“**THE PURPOSE OF PROCUREMENT** process is not to find the lowest price, but to create a package where a lot of weight is put on the responsibility of the suppliers. The program helps us choose for example the products and services with lowest emissions,” says **Jarno Pajunen**. He started as the manager of Secto’s procurement team in the summer of 2024.

According to Pajunen, Secto considers everyone which the company purchases from or makes deals with as a supplier.

»**A great part of the customer experience is based on how we collaborate with our partners.**

“In our partnership program, the contract goes even deeper: we look at points of development together and ponder, how to offer our services to the clients. The most

responsible and innovative partners are chosen into the core, and matters are developed the furthest with them,” Pajunen explains. “We talk about customer-oriented procurement based on values. That ensures that our values – empathy, innovativeness, and sustainability come true visible through purchases.”

**A RESPONSIBLE PROCUREMENT PROCESS** begins with a request for proposal that is more thorough than usually. In addition to conventional request for the service package with prices, potential suppliers must clarify the responsibility of both their value chain and operation model.

“Based on the answers, we make estimations about how responsible potential partners are in their operations, and how prepared they are to take sustainability matters further with us. We find out, among other things, what kind of targets they are

committed to and what kind of sustainability certificates they have. As responsibility plays a significant role right in the core of our operations, we put a special emphasis on it also when it comes to choosing our suppliers,” Pajunen says.

**TYRES ARE ONE EXAMPLE OF HOW SECTO ASSESSES** the responsibility of suppliers. The goal is to find the most environmentally friendly tyre with the best price-quality ratio.

“In addition to durability and other technical features, we take into account how responsibly the tyre is manufactured: what kind of rubber is used, what the production process looks like, how tyres are recycled and how big their life cycle emissions are,” Pajunen explains.

### SECTOS SERVICE PROMISE COMES TRUE THROUGH PARTNER COLLABORATION

Smooth driving experience is at the centre of Secto’s service promise. For the customer, leasing a car must be easy from acquisition to daily use. “A great part of the customer experience is based on how we collaborate with our partners. The customer may, for example, visit a car dealership to look at the car, use fuel cards and charging services, get in touch with our insurance partner or replacement car provider, or take her/his car in for a service,” Pajunen explains.

“Our ways to collaborate with our partners develop continuously. We keep analysing our customer needs and find out how the market can meet them. We make contracts and – especially with the suppliers that are accepted to our partner program – optimise processes so that the smooth driving experience can be genuinely fulfilled.”

**PAJUNEN POINTS OUT** that procurement is not an isolated unit that sends out requests for proposal. Seamless collaboration takes place all around Secto, throughout the leasing lifecycle of the car. Sales, customer service, IT, and financial departments are all involved. In the upkeep of processes, efficient information management played a significant role.

“At the procurement stage, the total cost of ownership – meaning all fleet-related costs – is the most important piece of information that is explained to the customer. We can show that for a certain fleet, certain kind of discounts have been negotiated. We keep developing our reporting system and aim to enrich it through our partners’ reports. This way, we can provide even more comprehensive data for example to our customers’ sustainability reports.”

**ACCORDING TO PAJUNEN**, the core idea of partner program is that Secto’s partners are the best experts of their respective fields. Working together, the value of the service package becomes greater than the sum of its parts. “This is a classic win-win-win-situation. The customer benefits while we and our partners can grow and develop.”

Secto’s mission is to save driving by making it sustainable. Electrification is not the only solution to this: every means that can reduce total emissions can be considered sustainable.

“The most essential thing is that the customer gets the right and feasible solution to his or her need. We can, for example, provide vans with fossil-free diesel. Even though this may increase total fuel costs, the solution is, as a whole, an easier and cheaper way to sustainable driving than replacing every vehicle to an electric one at once. We research these alternative plans beforehand for our customers’ benefit,” Pajunen sums up.



## SECTO STRATEGY VALUES

We believe Secto's success can be built on strong corporate values. Our values "Empathy is our superpower", "We are trailblazers" and "Sustainability is at the centre of everything" form the cornerstone for our corporate culture. They are also our most important tools for leadership.

**THE ENTIRE PERSONNEL'S COMMITMENT** to our values help Secto move forward towards our strategic goals with determination. The values also guide our daily work.

We are empathetic. We treat each other with respect and appreciation regardless their role. We help each other succeed and believe that together, we can be more than the sum of our parts. We treat each other fairly and can step into each other's shoes. We listen, ask, and take the others into account.

**SECTO HAS BEEN A TRAILBLAZER** in sustainable driving since 2010, and we intend to maintain our position. We think in a curious and bold way, we operate in a broad-minded manner, and we challenge the conventional with our common sense. We recognize that commitment to change is a part of being a trailblazer.

**WE DEVELOP OUR CAPABILITIES** as well as our operations in an ambitious and determined way. We renew our operations with passion.

We operate according to our goals and meters both in the areas of environmental, social, and administrative responsibility. We take responsibility for the future of driving. By doing the right thing we want to do good for both people and environment.

**IT IS IMPORTANT FOR US TO DELIVER** what we promise and set an example with our operations. We put common goals as well as open and loyal collaboration ahead of individual performance. We dare challenge ourselves and set our goals high.

# SECTO STRATEGY CULTURE

»Value-based  
management as  
our strength

During the 2024–2028 strategy period, many things will change in Secto's operating environment. An organisation that is managed through values, and the operation of which is based on clearly defined and managed culture, moves forward towards its goals in a determined way while developing continuously.

**IN 2023, A BIG TASK WAS CARRIED** out at Secto to clarify our values. We also brought our values to be an integral part of practical leadership in 2024. Bringing our values to daily work was started by training the managers. The values were also explained both at manager forums and in one-to-one discussions with the Director of Human Resources. The managers have introduced value-based working culture to their teams. Our annual personnel survey that explains the issues that are meaningful to the employees and how those are realized, as well as related discussions, have been a big help in transferring the values to daily work.

>> See the case [Values-based leadership on following page.](#)

**AS THE ROLE OF VALUES** is so significant in everything we do, we put them in writing to every employment contract. Ethical

instructions are attached to the contract. Every new Secto employee commits to follow our values from the first moment on the job, while the managers also commit to their managerial roles defined by those values. We train our personnel in a versatile way – in 2024, we updated for example the training and policy against corruption.

**RESPONSIBLE LEADERSHIP** and experience of relevance improve job satisfaction and help commit to the company. In addition, our employee brand benefits from the sustainability and value work we do. Recruiting the right people becomes easier when the applicant's commitment to values and suitability to culture can be verified already at job interview.

We strengthen our culture-based operations by creating supporting structures for our daily work. By understanding and listening to our employees we can build an atmosphere of trust

even for situations where we must go through the most difficult issues. In the spring of 2024, we introduced structured Humbol 1-to-1 discussions. They help us ensure that both the employee's experience of relevance, job satisfaction and success at work are addressed in performance evaluations.

**FOR SECTO, THE YEAR 2024** was full of changes and there was a lot of turnover also with our employees. We appreciate the fact that we got plenty of feedback about those changes in the personnel survey. Since 2024 we have studied the employees' experience about how ethicality is implemented in our organisation. This helps us to react to issues that our employees find important and need development. Based on feedback, we can manage our employee experience and culture to an even better direction.



CASE PEOPLE & CULTURE ///

# GOOD EMPLOYEE UNDERSTANDING AND VALUES-BASED LEADERSHIP

## CASE PEOPLE & CULTURE ///

At Secto, an employee survey is carried out every year. That tells us, among other things, what elements in their work people find meaningful and how issues that they perceive as important come true every day. In the 2024 employee survey, the employee net promoter score of the financial team improved to the best in the company, reaching 57. Only a year earlier it was 22.

**EMPLOYEE NET PROMOTER SCORE**, or eNPS, is a metric that assesses employees' job satisfaction by measuring their readiness to recommend their company to others.

"The employee surveys, as well as the discussions held in connection with them, have been a key to such fast development, so soon," says **Elina Karlsson**. Elina has been working as the team manager since 2023. She points out that combined effort by the entire team was the biggest contributor to this achievement. Everyone pulled magnificently together for the common goal. At the same time, they learned a lot from each other.

"The discussions have helped me dig deeper into the thoughts of my team members. To be able to talk through values the right way requires understanding which issues people value and which ones they find most important," Elina Karlsson says.

### TRANSFORMING VALUES INTO DAILY TOOLS

A significant project to crystallise the company values was carried out at Secto in 2023. As a result, new values "Empathy is our superpower," "We are trailblazers" and "Sustainability is at the centre of everything" were launched in 2024.

The managers were trained to bring the new values to daily work. The values were discussed and analysed both at workshops and one-to-one meetings with the People & Culture Director.

"**Maaret Jokinen** has been very persistent in reminding us of the meaning of values – even in such tangible way that now those values are at every screensaver," Elina Karlsson says.

Karlsson adds that clearly defined values have helped her make decisions and lead the team in a new way. "Now that the values have been put to words, it is easier to recognise what kind of behaviour aligns with Secto's world of values – and what kind does not. There is no longer need to count on sheer gut feeling of something being wrong, without grounds to justify it."

Karlsson adds that in the financial team, responsible leadership that aligns with Secto's values comes down to trust and understanding.

"I have experience in leading through empathy, and Secto's crystallised values strengthen my thinking. I believe that with us financial people, responsibility and willingness to do things by the book are built-in features. That is why implementing our new values-based operation model comes naturally to us."

Karlsson believes that one of manager's most important tasks is to help team members bring out the best version of themselves. "Responsible leadership is about creating the kind of atmosphere where everyone can be his or her own self. There should be no need to play any kind of a work role to become accepted."

### YOU CAN ALWAYS GET BETTER IN USING VALUES

According to Elina Karlsson, the new values have gradually become visible at daily work, without people having to continuously ponder what they mean. "I'd say that in our team, the values have been implemented at a 70-percent efficiency rate. Personally, I no longer need a check list to make sure which matters should be taken into account."

In Elina Karlsson's opinion, the corporate culture of Secto has improved with the discussions that have been held to explain the values. At the same time, team spirit has gotten better. "In the financial team, we want to actively take part in introducing a new operation model to the organisation – the kind where teamwork is applied from the very beginning instead of a project staying in one department for a long time and then distributed to others unexpectedly. For example, the work related to last year's VAT reform was carried out together. Thanks to that, it was easier for everyone to commit to the task at hand."

Karlsson believes that understanding company values and bringing them into daily work is a continuous process. You can always get better in applying the values. At Secto, value workshops have been held among managers – the next step is to organise team-level discussions about value themes.

"The values are not unambiguous. They should be addressed together so that everyone can understand each other. It is important to recognise that you can look at matters from more angles than one."



# SECTO'S TARGET MARKETS

Secto is the second largest van and third largest passenger car owner in Finland. Our opportunities to save driving become better as we grow. That way, we can help even more companies to make the transition to low-emission vehicle fleets and reduce their carbon footprint.

**SECTO'S CUSTOMER BASE** mainly consists of small and medium-sized enterprises (SMEs), with which we have established a strong position as a service provider.

We have identified growth opportunities both within our current SME clients, and especially with larger clients. A good customer experience as well as our processes and IT systems enable us to scale our operations to serve larger corporate clients as well. In serving larger clients, we have a significant competitive advantage as we can provide validated emission reporting according to the requirements of CSRD sustainability directive. Thanks to that, clients receive the required emission reports about their vehicle fleets that meet the EU reporting requirements, both now and in the future, directly from us. Expanding into larger accounts will improve our profitability, as

process upkeep costs per vehicle decrease with the growth of vehicle fleets.

>> [See the case QMG on following page.](#)

**SECTO'S GROWTH STRATEGY** has good reasons to be successful. The needs of coming years are different from the past, so the car business operators must revise their service offering. At the same time, the structure of car sales is going through disruption and more manufacturers (OEM) streamline their supply chain. Our strategy responds to the global change drivers perfectly. As an agile service provider, we believe we can challenge the global enterprises in the market change.

We see growth opportunities also outside Finland, and we believe, that by utilizing our competitive advantages that have already been proven successful, we have what it takes to expand our operations to international markets.

One of our strategic objectives is to slow down climate change by reducing the emissions of driving. We deliver low-emission vehicles to our leasing customers. The vehicles that are returned as their leasing contracts expire, we sell to our partners who then sells them to both consumer and company customers. Through this chain, the average age of cars that are owned in Finland can get down, and lower-emission cars can be used more commonly.

In 2024, we gave up our consumer business and updated our climate goals in 2025 to better reflect our current business structure.

CASE QMG ///

# SUSTAINABILITY DEVELOPMENT UNITES CORE PARTNERS

QMG is a part of Nimlas Group, the fourth largest installations and technical property service group in the Nordic countries. The Nordic group consists of over 130 companies, each supporting local customers in making their properties more sustainable.

## CASE QMG ///

In Finland, QMG promotes sustainability through installations by electrifying society, improving energy efficiency, and reducing its own carbon footprint, with for example, renewable energy. Secto is QMG's core partner in building and managing a sustainable fleet of vehicles.

**QMG GROUP CONSISTS OF** almost 50 locally managed installations and technical property service companies from Hanko to Rovaniemi. The group supports locally managed companies, among other things, in implementing sustainability on a daily basis.

"Local companies take care of everyday business and we help them in topics such as administration, procurement and reporting. The fleet of vehicles is one integral part of reporting," **Vesa Vuopio**, who is responsible for procurement and sustainability at QMG, describes the approach.

"As QMG, we support our clients' sustainability efforts for example with renewable energy solutions such as heat pumps and vehicle charging systems that we install in residential, commercial and industrial properties. Intelligent building automation plays also a significant role in properties' energy efficiency."

"Reducing the emissions of the products' entire value chain is equally important. For example, when it comes to transportation, we help our clients by building recharging infrastructure for electric vehicles," Vuopio says.

**QMG'S OWN CARBON FOOTPRINT** is greatly affected by the emissions created by car fleet and energy that is consumed in the properties. During the last year, the company has managed to substantially reduce these emissions.

"The emissions of our car fleet are of the Scope 1 category. We have succeeded in reducing these emissions by replacing old cars with electric ones and by switching to renewable diesel for vans. We have over 100 offices in Finland, and their electricity

**»Nowadays, requests for proposals for new projects often include questions about the proposer's environmental responsibility.**

contracts that require the use of renewable energy lower our Scope 2 category emissions," Vuopio mentions.

The Scope 3 category measures the delivery chain's emissions for example out of logistics and packaging materials as well as out of installations and technical property products. QMG actively promotes the sustainability of its supply chain together with its subcontractors such as factories and wholesalers.

### POSITIVE EFFECT TOGETHER WITH CLIENTS

"Our clients face an increasing number of sustainability responsibilities and regulation. We want to help them reduce emissions, and we install for example intelligent systems into properties to improve their energy efficiency," Vuopio mentions.

"Reciprocally our clients expect sustainability from us, for example by requiring the use of electric vehicles at job sites. We continuously promote environmentally friendly and energy-efficient solutions in our operations," Vuopio continues.

"Nowadays, requests for proposals for new projects often include questions about the proposer's environmental responsibility."

"In our nationwide network there are continuously ongoing several proposal phases where our subsidiaries share their clients about of their operations' emission and sustainability effects. Both current and new members of our group can utilise our emission reporting service that is based on Greenhouse Gas protocol," Vuopio says.

## CASE QMG ///

**QMG USES THE REPORTING SYSTEM** chosen by Nimlas Group. Alongside that, reporting tools developed by Secto such as Decarbon Tool and Emission Reporting are utilised.

Besides environmental responsibility, QMG finds it important to operate in a sustainable way when it comes to social responsibility and good governance. QMG has 1500 employees in Finland and every year, a personnel survey that describes the overall employee satisfaction is carried out at every company.

“In the 2024 survey, the eNPS score of our group was 50. It is already at an excellent level, but we keep striving for even better employee experience. Leadership training and knowledge management tool development are going ahead at full speed. In addition, the group supports the development of safety at work at our subsidiaries. Sustainable operations are essential throughout the value chain. Both our employees and partners are committed to our ethical guidelines, where our values-based operation model has been defined,” Vuopio says.

### REDUCING THE EMISSIONS OF CAR FLEET

Currently, there are approximately 650 vehicles in the entire QMG group fleet. The number of cars keep increasing through new acquisitions. Most of the cars have been leased through Secto. Out of company cars, 60 per cent are fully electric – the rest will

**»In the 2024 survey, the eNPS score of our group was 50. It is already at an excellent level, but we keep striving for even better employee experience.**



## CASE QMG ///

be gradually changed into such. Fully electric and low-emission vans are also becoming more popular in QMG companies.

“Our goal is to significantly reduce the emissions of our fleet during the coming years, and now is the time to decide which are the best means to reach that goal. Secto is helping us with this,” Vuopio tells.

“We want to maintain our sustainability goals and that is why we have decided to switch into renewable diesel in all our commercial vehicles. Our investments into sustainable driving pay off in the form of improved customer benefit,” says **Andreas Vepsäläinen**, who is responsible for QMG’s indirect procurement and sustainability coordination.

**AT QMG, ALMOST HALF OF THE FLEET** will be renewed during the next couple of years as leasing contracts expire. The company is currently pondering what would be the best way to handle new contracts with both sustainability and usage requirements in mind.

“We respect the local companies’ power to decide and listen actively to the needs of those who use cars in their work. On the other hand, as a part of a Nordic group, there is a certain need for common guidelines,” Vepsäläinen ponders. “Our minimum requirement for every company is at least one fully electric van, so that everyone would have an opportunity to gain experience of it. Other vans run with renewable diesel, which helps quick transition to sustainable driving.”

According to Vepsäläinen, the fact that both the operating range and the working characteristics of electric commercial vehicles currently meet most usage needs even in Northern Finland helps them gain popularity.

Besides power sources, sustainable thinking covers the equipment of vans. QMG has put together about 10 alternative combinations of shelves and drawers that can be installed in the vehicles. The inner structures tend to last longer than leasing periods, so they are reused as vehicles change.

»QMG has put together about 10 alternative combinations of shelves and drawers that can be installed in the vehicles.

**QMG IS SECTO’S KEY PARTNER**, so the discussions about how to develop both collaboration and supporting tools are very open.

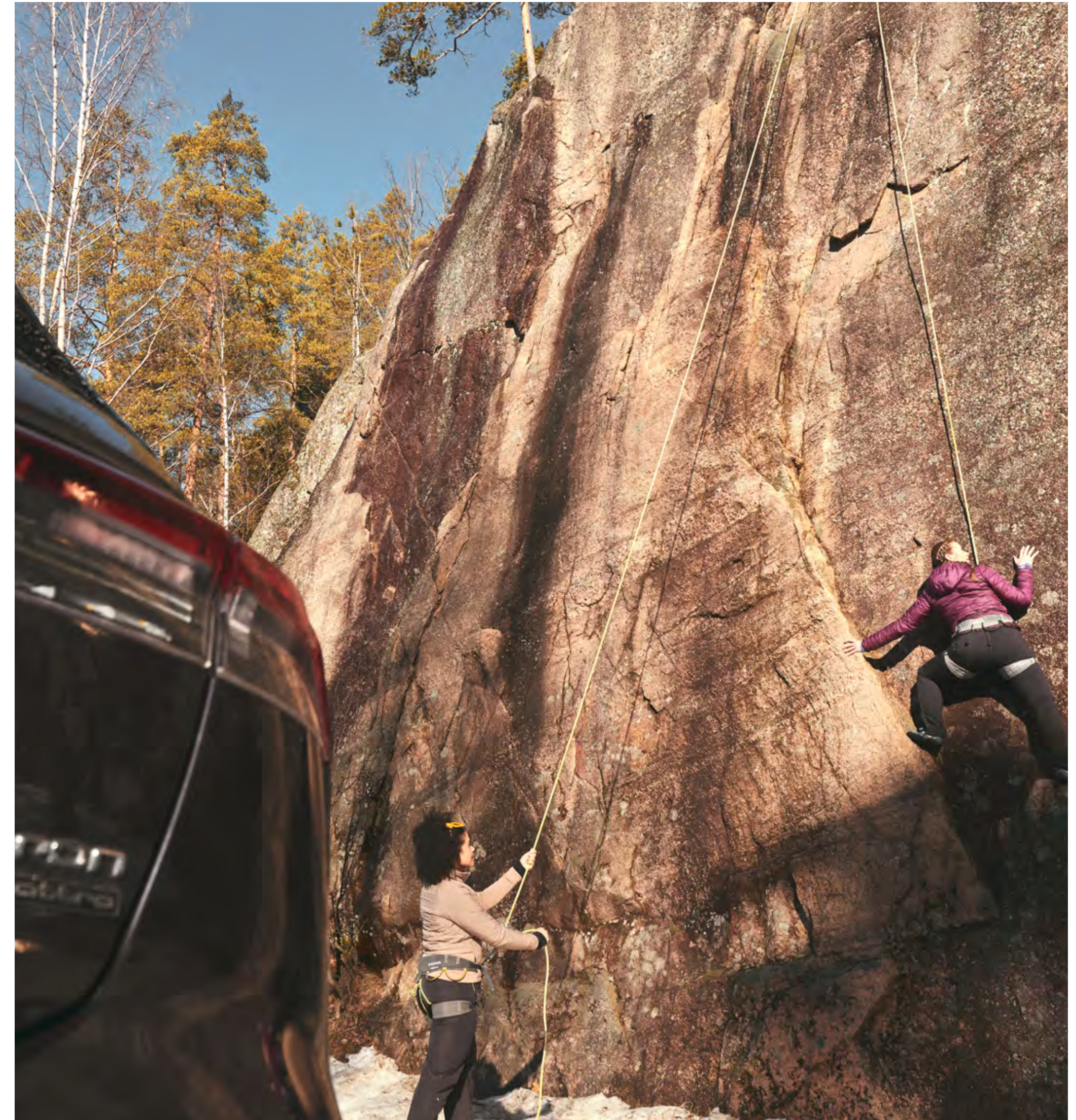
“We discuss with the Secto people almost on a daily basis. We consider suitable vehicle options, provide development ideas for reporting, follow the technical development of sustainable driving and do long-term planning together. It has been a pleasure to notice how Secto has taken things forward and genuinely wants to do things in a sustainable way. Quite soon, we are renewing several hundred vehicles and collaboration with Secto is extremely important in this,” Vepsäläinen says.

QMG wants to take sustainability further in collaboration with Secto. “We want to provide our local companies with as much support as possible. Secto is an integral part of our daily operations – we share the same ambition, goals and challenges. We find Secto’s operations genuinely customer-oriented. Also, the fact that our values are very close to each other makes collaboration easy,” Vesa Vuopio sums up.

# SECTO STRATEGY VALUE GENERATION / CUSTOMERS

Delivering value to customers means that a company aims to create and offer benefits that meet customer needs and expectations. We provide added value to our customers as a responsible service provider by producing open data about our operations according to value chain management and by following the principles of good governance.

**IN THE CONTEXT OF EVERYDAY DRIVING,** Secto delivers value to its corporate clients by offering a seamless transition to fossil-free driving that is competitive also when it comes to total costs. We want to create a customer experience where fleet management is convenient, and company car is a genuine benefit to the driver. Our every corporate client and company car





user has their own contact person that knows the company's car policy. We also understand that during the contract period, sudden and unexpected changes can easily occur. That is why a smooth, flexible service process is at the core of our operations.

We have developed several digital tools that are easy to use and suitable for companies of all sizes. They make both the transition to sustainable driving and fleet management throughout the leasing period a lot more convenient.

**DECARBON TOOL SIMULATES** the effects of changes that are made to company fleet on carbon dioxide emissions and total costs of driving. The tool tells how and during what kind of a timeline the fleet's total emissions can be reduced, as well as how total costs of driving change when the company makes the transition to cars operating on sustainable driving power solution.

The electric car comparison tool helps company car drivers

find quickly the electric cars that fit the company's car policy out of all new electric cars sold in Finland.

**WITH THE EMISSION REPORTING TOOL**, the company can easily put together a fleet emission report that follows the GHG protocol. The customers can use this report in their sustainability reporting, including the CSRD report. More companies will have to include this kind of emission report to their annual or sustainability report. The reporting tool puts together the emissions of the entire fleet leased from Secto dividing them to Scope 1, Scope 2, and Scope 3 categories. The emission report is validated by an independent expert.

**FROM THE VIEWPOINT** of environmental responsibility, the biggest benefit and value Secto can bring to its customers is the smart management of the fleet's total costs as well as the

reduction of emissions, which contributes to slowing down the climate change. The average lifecycle of cars, from introduction to scrapping, is 22,8 years. Due to this long lifecycle the choice of driving power plays a significant role in traffic's total emissions.

The environmental value of Secto's own operations is defined by our customers. The more companies we can help make the transition to cars running with low-fossil power, the bigger is our contribution to reducing greenhouse gas emissions.

**ALREADY 44 PER CENT OF CARS** administered by Secto are running either entirely or partially on fossil-free power. When it comes to commercial vehicles, the use of renewable fuel as well as the use of vans that consume less fuel are significant ways to reduce emissions. Choosing the right vehicle for every task and optimising the use of vans are equally important.

## SECTO STRATEGY

# VALUE GENERATION / STAKEHOLDERS: PARTNERS, INVESTORS, OWNERS AND SOCIETY

Secto's value creation for stakeholders is based on our streamlined service process and responsible operating model.

**FOR CAR SUPPLIERS**, Secto offers a cost-effective and efficient channel for distribution, and access to an advanced market interested in low-emission vehicles.

Owners and investors benefit from Secto's values-driven approach as a competitive advantage. Our values-based corporate culture is difficult to replicate. We monitor customer satisfaction

with the NPS measurements to ensure high-quality customer experience in all areas.

Our scalable service process and strong internal IT expertise provide us with the capabilities to expand our operations to larger accounts. If realised, this growth will improve our profitability, as operational costs per car decrease with the growth of vehicle fleets. More information about the value-generating growth potential for owners and investors is provided in the Target Markets section of the report.

**SECTO'S COMMITMENT TO SUSTAINABILITY** adds value to investors and owners. We believe that offering solutions for

sustainable driving adds overall interest towards us in the eyes of companies that require responsibility from partners and investment targets. Operation model that meets the strictest requirements of ESG regulation can also help us get financing on better terms.

We bring value to society by helping Finland reach its climate goals by decarbonising road traffic. Finland's Climate Act requires that emissions must be reduced by 60 per cent from the year 1990 level before 2030. For us to reach these climate targets, it is important that more industry operators adopt the same kind of attitude as we have done.

# SECTO STRATEGY SUSTAINABILITY

Sustainability is at the core of our business strategy. We have defined key sustainability themes by conducting a materiality assessment, considering the requirements of stakeholders, markets, and regulations, as well as the nature of our business and its sustainability impacts, risks, and opportunities.

**BY MONITORING SUSTAINABILITY EFFECTS,** we aim to ensure that our actions or decisions are sustainable in the long term and do not have harmful consequences for future generations. Secto has significant opportunities to promote positive effects on the environment, as well as on people and society within our value chain.

Our emission reduction targets provide Secto with the opportunity to grow and continue being a trailblazer in our industry.

- **Climate change:** Emission reductions and solutions for reducing our carbon footprint.
- **People and society:** Meaningful and safe work environment. Health, safety, protection of personal data, and understanding human rights issues throughout our value chain.
- **Good governance:** Social legitimacy to operate and a culture aligned with our values.



CASE PUBLIC PROMOTION ///

# SECTO PROMOTES SOCIETALLY SUSTAINABLE DRIVING

Secto leased its first electric car in 2010. Since then, we have actively influenced public opinion to promote sustainable driving.



## CASE PUBLIC PROMOTION ///

**SECTO HAS RISEN TO ONE OF FINLAND'S** thought leaders in sustainable driving. The media regularly turns to us for comments and expert statements. We have commented both the total costs of driving and the role of sustainable driving in achieving climate goals.

In 2024 we emphasised in presentations given at various events the bearing of further reducing the emissions of driving on achieving climate goals. We also highlighted the role of the total cost of ownership in company cars. Even if, for example, an electric car would be more expensive to acquire than its internal combustion engine counterpart, driving a more climate-friendly electric car would eventually accumulate fewer total costs thanks to its cheaper source of energy.

We also continued participating in discussions regarding the Finnish government's proposed removal of reduced taxation for low-emission company cars in 2025. According to a study commissioned by us, that kind of a change in taxation would have made achieving the climate goals set by our government a lot more difficult.

According to calculations by Finland's Ministry of Finance, maintaining the practice that has been in effect until 2025 would result in annual tax losses of 59 million euros for the state. This publicised calculation was based on the assumption that an employees' car benefit is added to their salary, and that choosing a low-emission or emission-free car would thus reduce the employee's taxable income.

However, based on a study we commissioned this assumption is incorrect. The study indicated that nearly 80% of car benefit recipients operate under a total salary model, where the car benefit is part of the total salary and does not affect the employee's taxable income. Thus, the savings from removing the reduced taxation would be only a fraction of the Ministry of Finance's estimated figure.

**»This survey revealed that most company car drivers with low-emission or fossil-free cars would give up their cars if the reduced taxation were removed.**

We also conducted a survey among our own customers on the effects of removing the reduced taxation. This survey revealed that most company car drivers with low-emission or fossil-free cars would give up their cars if the reduced taxation were removed.

**OUR POSITION GARNERED SIGNIFICANT ATTENTION,** with national media outlets such as Kauppalehti, Iltalehti, and Talouselämä interviewing CEO Matias Henkola for their articles.

We continued our influencing work until the government finally made a favourable decision. Even though Finland's economy still needs significant spending cuts and tax increases, the government decided in 2024 to extend the tax incentive for fully electric company cars until the year 2029.

The government's policy is good news for reducing overall transportation emissions and achieving Finland's climate goals. This benefits all Finnish company car drivers, who have chosen a low-emission vehicle. More companies commit themselves to work for lighter carbon footprint and see reducing the emissions of their fleet as one of the most efficient ways to make an impact.

Company cars still play a significant role in making low emission driving more common. In 2024, already over 44% of new company cars were fully electric. The average usage span of company cars is approximately three years, after which they move on to consumer market as used cars. About every fifth car on our roads is either current or former company car.

Out of the total number of cars on Finnish roads, only 4,3% are fully electric and 6% plug-in hybrids. From the viewpoint of achieving climate goals, incentives to acquire a low-emission

company car are still required. (Statistics: The Finnish Information Centre of Automobile Sector 1/2025)

### WE INFLUENCE PUBLIC OPINION

The active operations of our development department, Secto Automotive Labs, continued. The most important task of the Labs is to communicate the necessity of sustainable change in driving in a positive and engaging way. Secto Automotive Labs as well as the collaboration between Secto and the WRC organisation play a crucial role in influencing the opinions of a large audience following motorsports towards accepting sustainable driving based on new technologies. We are the main partner of the Finnish WRC rally, and highlight themes related to automotive climate goals in various ways during Finland's premier motorsport event, Secto Rally Finland.

Alongside the 2024 WRC event, we held a two-day "Spark the Future – The Sustainability Forum" event. This annual event focuses on the most topical issues of transportation from the perspective of the entire society – as well as on motor sports as a part of it. In Secto's two presentations, we brought up the necessity to change into sustainable driving in order to enable driving to go on as such. We also explained how Secto Automotive Labs promotes implementing fossil-free solutions in motor sports through innovations – at the same time introducing the benefits of sustainable driving to a large audience following motor sports.

**>> See the Case Secto Automotive Labs**

CASE SECTO  
AUTOMOTIVE LABS ///

# PROMOTING SUSTAINABLE DRIVING THROUGH POSITIVE PUBLICITY

In December 2022, we established our own development department, Secto Automotive Labs. Its main purpose is to promote the necessity of sustainable change through positive and interesting communication.



## CASE SECTO AUTOMOTIVE LABS ///

**ALREADY DURING SECTO AUTOMOTIVE LABS'** inaugural year, solid foundation and credibility were established to its operations. Visibility was achieved mainly through competitions. The Labs rally team was the first one to use “electric fuel” – fuel manufactured of carbon dioxide and fossil-free hydrogen – during the 2021 season, with low-fossil lubricants following in 2022. In 2023, these innovations went through ca. four thousand test kilometres.

In the 2023 rally season, driver duo **Heikki Kovalainen** and **Janni Hussi** featured in the Secto Automotive Labs team. Their commitment to the values and communication of the project helped us gain significant visibility and raise discussion about the versatility of sustainable driving.

In 2024, Secto Automotive Labs concentrated on promoting the message of sustainability through media, events and international collaboration partnerships. Several leading car manufacturers use the low-fossil lubricant developed within the Secto Automotive Labs framework.

Collaboration with Schaeffler Group, known for its innovations in movement technology, in introducing our low-fossil lubricant in the Innovation Taxi project generated a lot of international visibility. Schaeffler has been the innovation partner of DTM series since 2023. The Audi R8 LMS GT2 of Innovation Taxi is an impressive technology platform that is used for example at exhibition races. Besides electric fuel, sustainable lubricants are the latest innovative addition to DTM Innovation Taxi project for the 2024 and 2025 seasons.

### OUR GOAL IS TO BE THE THOUGHT LEADER OF SUSTAINABLE DRIVING

The most important task of Secto Automotive Labs is to actively communicate the message of sustainable driving to the most

»Our goal is to be the thought leader of sustainable driving.

important target groups: automotive industry operators, clients, collaboration partners and societal decision-makers – both in Finland and internationally.

Our goal is to be the thought leader of sustainable driving. We want to be profiled as the experts in future driving. We have held influencer presentations in several important economic, sustainability and car sports events. Race driver Heikki Kovalainen and CEO Matias Henkola have featured as our speakers.

We will strengthen our collaboration with Heikki Kovalainen, who is one of the most famous and most popular race drivers in the world. Kovalainen has played a significant role in our collaboration ventures since 2022, and already during our first common season he developed into an extremely committed and competent promoter for sustainable driving. Our influencer vision for 2025 is to be even more clearly present through him.

Secto is the main partner of the Finnish WRC rally. This collaboration has brought Secto Automotive Labs wide publicity in the world's biggest car sports media, the most significant of which being DirtFish, a publication out of United States with more than a million followers in social media for its videos and articles. In 2024, Secto was mentioned in almost 70 publications, while five publications were created purely out of Secto Automotive Labs and Secto.

The operations of Secto Automotive Labs have been visibly covered also by Finnish newspapers and financial publications.



# SUSTAINABILITY IMPACTS, RISKS

**OUR GREATEST IMPACTS** are on climate and people. To implement our sustainability strategy, we divided our focus areas into themes, with key performance indicators (KPIs) and objectives to guide our strategic direction. By committing to these objectives, we enhance our business and contribute to addressing global challenges, such as the United Nations Sustainable Development Goals (SDGs).

FOCUS AREA	TARGET	MAIN KPIS	SDGS
CLIMATE CHANGE	<b>SBTi, setting and achieving climate goals</b>	<ul style="list-style-type: none"> <li>Greenhouse gas emissions, GHG Scope 1, 2, 3</li> <li>Percentage of low-emission vehicles in new lease car deliveries</li> </ul>	13
	<b>Our leasing solutions help our customers reduce their environmental footprint</b>	<ul style="list-style-type: none"> <li>Average GHG emissions per kilometre (Scope 3.11 and 3.13)</li> </ul>	
PEOPLE	<b>Ensuring a safe and meaningful work environment</b>	<ul style="list-style-type: none"> <li>eNPS</li> <li>Meaningful work environment</li> </ul>	8
	<b>Health, safety, human rights</b>	<ul style="list-style-type: none"> <li>Occupational safety indicators</li> <li>Percentage of suppliers (by procurement amount) who have committed to Secto's supplier ethical guidelines</li> </ul>	3. 8
	<b>Ensuring personal data privacy. Comprehensive training in AML, KYC, GDPR, and information security</b>	<ul style="list-style-type: none"> <li>Minimising data privacy breaches and risks associated with personal data protection</li> <li>Comprehensive coverage of personal e-learning paths (100%)</li> </ul>	16
GOOD GOVERNANCE	<b>Acting in accordance with values and promoting an ethical organisational culture</b>	<ul style="list-style-type: none"> <li>Number of whistleblowing reports: We monitor what subjects are reported to the Compliance department</li> </ul>	16
	<b>Social responsibility and social justification. A management method that promotes responsible and sustainable business throughout the value chain</b>	<ul style="list-style-type: none"> <li>Code of Conduct 100%</li> </ul>	10.16



TABLE DESCRIPTION OF PRINCIPAL SUSTAINABILITY RELATED RISKS AND UNCERTAINTIES [DATA FROM THE RISK REGISTER]:

	RISK OR OPPORTUNITY	RATING
Climate transition and GHG emissions	Opportunity / Risk	High
Environmental pollution	Opportunity / Risk	Medium
Commitment to circular economy by value chain partners	Risk / Opportunity	Medium
Employee engagement	Risk / Opportunity	Medium
Value chain impacts, environmental and social	Risk / Opportunity	High
Data and reporting	Risk	Medium

**AMONG OUR SOCIAL RISKS**, significant concerns include employee engagement, social risks within the supply chain such as human rights and working conditions, and inadequate protection of personal data. Good governance practices and data availability are seen as both risks and opportunities. Secto has identified methods to manage risks or turn them into opportunities. For instance, we monitor industry-related policies and provide information to support societal influence and our customers' climate goals.

**IN 2024**, we identified the proposed change in EV subsidies as the biggest climate goal risk. We took action to influence this tax

change by conducting studies on its effects and publicly taking a strong stand to raise discussions on the topic. For our customers, we provide tools and models to facilitate the transition to sustainable driving. (see: Secto generates value to its customers)

**THE MAIN SUSTAINABILITY** risks and opportunities for Secto relate to the transitional phase of mitigating climate change and its impact on people, including our employees and social impacts throughout the value chain. These identified factors influence both our short-term and long-term strategies. The greatest opportunity lies in our ability to contribute to mitigating climate change by transitioning to sustainable driving.

TABLE: DESCRIPTION OF PRINCIPAL SUSTAINABILITY RELATED RISKS AND UNCERTAINTIES

SUSTAINABILITY AREA	RISK OR OPPORTUNITY	MAGNITUDE	MEANS OF MANAGEMENT
<b>Climate change and GHG emissions</b>	Risk / Opportunity	High	Providing information and tools to support decision making, transition, and emission reporting
<b>Environmental pollution</b>	Risk / Opportunity	Moderate	A diverse, brand-independent selection of low-emission vehicles
<b>Partners' commitment to promoting environmental goals</b>	Opportunity / Risk	Moderate	Collaboration with value chain partners
<b>Employee commitment</b>	Opportunity / Risk	Moderate	Providing a meaningful and safe work environment
<b>Environmental and social impacts along the value chain</b>	Risk / Opportunity	High	Training employees on sustainable practices
<b>Corporate culture, good governance practices, access to information</b>	Risk / Opportunity	Moderate	Continuous development of training and reporting

# SUSTAINABILITY IMPACTS, OPPORTUNITIES

The most important megatrends for Secto's business are digitalisation through utilizing the technical development as well as combating climate change by reducing GHG emissions.

**DIGITALISATION HELPS US PRODUCE** better services and more accurate data for our customers' emission reporting and to improve customer experience, personnel well-being as well as to implement good governance. The automotive industry is transitioning towards EVs and other climate-neutral technologies, and we at Secto have been implementing these changes since 2010.

The transition to sustainable driving is inevitable; it's just a matter of how quickly it happens. Electricity became the most popular driving power among Secto's new passenger car orders as early as 2021, and this trend is continuing to rise. In 2022, 35% of our passenger car orders were fully electric, increasing to 44% in 2023 and to 47% in 2024.

**SEVERAL FACTORS ARE DRIVING** the rapid change in driving power. The EU has set a strict target for phasing out fossil fuel cars by 2035 and is speeding up its implementation through different methods. EU emission fines have pushed car

manufacturers to significantly reduce their petrol and diesel models and boost the production of EVs.

**THE APPEAL OF EVS IS GROWING** as the auto industry keeps developing better, more versatile, and longer-range EV models.

The EU regulation on the deployment of alternative fuel infrastructure was approved in the summer of 2023. Alternative fuel charging and refueling stations have been deployed at a fast pace. The nearest recharging station is available within 50 kilometres practically anywhere in Finland, with Southern and Western Finland boasting the most intense coverage.

(Traficom 4/2024).

Tax changes also support the transition to sustainable driving. Purchase subsidies have been available for both personal and commercial vehicles. Company car users have received a discount on the taxable value of the car benefit, and new electric cars have been exempted from vehicle tax. In June 2023, discussions began

about extending the tax benefits for company cars for the period of 2026 to 2029. The government proposed removing the benefit, which would have significantly slowed down the EV market share growth and made it harder to achieve Finland's climate goals.

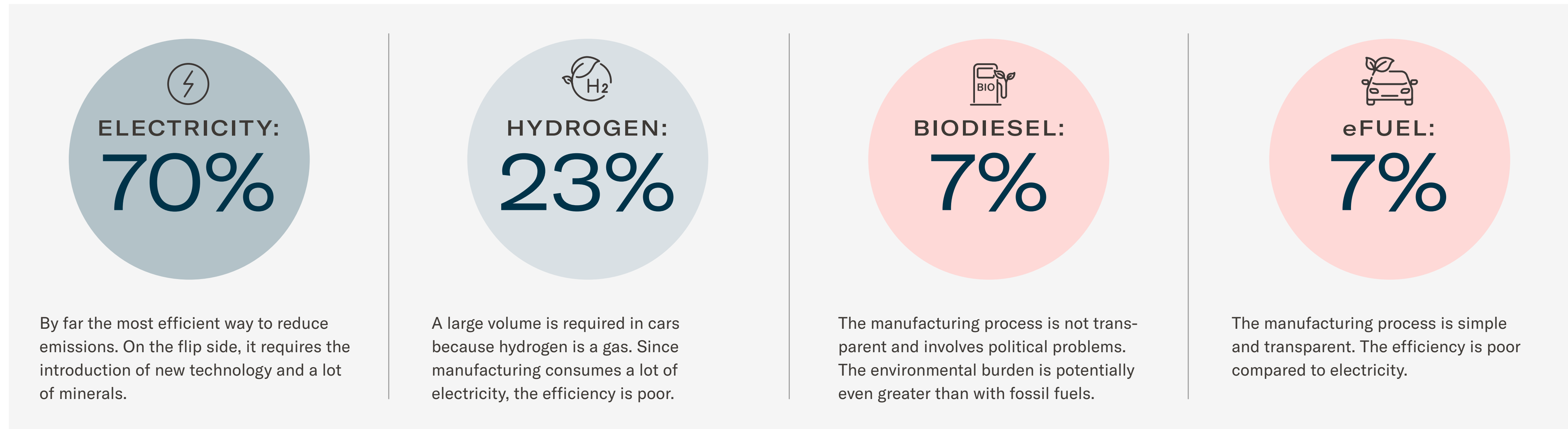
**WE DID PUBLICLY EXPRESS** the importance of continuing the current practice. The government eventually decided to extend the tax incentive for fully electric company cars from 2026 to 2029.

>> See the case **Public promotion on page 29** and Case **Secto Automotive Labs on page 31**.

**REGULATIONS BASED ON ENVIRONMENTAL** and social responsibility, as well as good governance also drive change. More and more companies are committed to reducing their carbon footprint, and reducing fleet emissions is the most significant way for many companies to make an impact.

# OPERATING VOLUME FIGURES

## EFFICIENCY OF AN EV VS. OTHER ALTERNATIVE ENERGY SOURCES



Source: Rothbart, M., "e-Fuel Production via Renewables and the Impact on the In-Use CO<sub>2</sub> Performance," SAE Technical Paper 2020-01-2139.

**DESPITE PRICE FLUCTUATIONS**, electricity has proven to be a more cost-effective energy source than fossil fuels. More important than price is the value of electricity as a responsible and sustainable energy source. The efficiency of electricity is 10 times better than that of gasoline, eFuel, and synthetic diesel.

**HOWEVER, WE ARE NO LONGER** just talking about the electrification of transportation, but we are also monitoring the development of all fossil-free fuel solutions. For us, the electrification of vehicle fleets is not an end in itself, but rather a means to reduce the carbon footprint of transportation.

# SECTO SUSTAINABILITY STATEMENT

2024

secto  
automotive

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# 1. GENERAL INFORMATION

## ESRS 2 GENERAL DISCLOSURES

### BASIS FOR PREPARATION

#### BP-1 – GENERAL BASIS FOR PREPARATION OF SUSTAINABILITY STATEMENTS

The goal of the disclosure statement is to increase transparency and comparability of information provided in Secto's sustainability report. It is prepared in accordance with ESRS standards where applicable. The sustainability statement has been prepared on a consolidated basis. The scope of consolidation is the same as for the financial statements. Secto has not used the option to omit a specific piece of information corresponding to intellectual property, know-how, or the results of innovation.

#### BP-2 – DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

##### TIME HORIZONS

In this statement, the definitions of time horizons are as follows. Short-term time horizon: the reporting period in Secto's financial

statements. Medium-term time horizon: from the end of the short-term reporting period up to 5 years. Long-term time horizon: more than 5 years. These time horizons are aligned with the ESRS 1 Standard.

##### VALUE CHAIN ESTIMATION

Value chain metrics such as GHG emissions include data estimated using indirect sources. The reporting principles, including indicators, data sources, data gathering methodology, and assumptions, are described in the Appendix – Reporting principles.

##### SOURCES OF ESTIMATION AND OUTCOME UNCERTAINTY

There are no disclosures that are subject to a high level of measurement uncertainty.

#### CHANGES IN PREPARATION OR PRESENTATION OF SUSTAINABILITY INFORMATION

Secto sold the used car sales business to Kamux in 2024. Emissions regarding the used car sales business have therefore been excluded for 2024. Figures for comparative years have also been adjusted for this change. There are no prior period material errors, and no other corrections for prior periods. There were no reporting errors in prior periods. Comparative information is disclosed where it is available.

Topics E1, S1, G1 have initially been assessed to be material according to a bottom-up stakeholder survey. The metrics are disclosed later in the statement in sections E1, S1 and G1. All applicable disclosure requirements of E1, S1, and G1 are answered. The scope of reporting may be changed in later years, as a full double materiality assessment will be completed. Secto's business model is built on enabling sustainable passenger driving, so consideration of sustainability matters is embedded in our strategy, policies, and metrics.

# GOVERNANCE

## GOV-1 – THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

Information about the composition and diversity of members of the management team and Board is summarised in the table below. Employees and other workers are not represented in the Board.

Secto manages sustainability topics with the same determination that is applied to financial matters—ESG is a financial risk and opportunity for Secto and will be managed accordingly. That is why the sustainability agenda is integrated into all levels of the organisation. Secto approaches ESG matters from three perspectives: strategy, operations, and reporting.

### 1. STRATEGY

The role of the Board of Directors (BoD) and top management team is to ensure strategic alignment with Secto’s mandate and direction. The Board of Directors oversees ESG topics and takes accountability for the resilience of Secto in the long-term, focusing on key ESG-related risks and opportunities. The BoD does annual revision and approval of the ESG strategy, including setting annual performance targets, as well as the performance and reporting of sustainability information.

The management team has a steering role in the sustainability agenda and the chief financial officer (CFO) has the overall responsibility for ESG matters, including human rights, environment, social and labour, and anti-corruption. The management team is responsible for mitigating any identified ESG risks and identifying ESG value drivers, integrating ESG into the Secto group business strategy and that it is actioned within the business. It also approves and presents the sustainability strategy and main sustainability policies and principles to the Board for sign-off supported by the Compliance Officer.



**TABLE GOV-1. MEMBERS OF THE MANAGEMENT TEAM**

	NUMBER OF MEMBERS	INDEPENDENT OF THE COMPANY	GENDER DIVERSITY RATIO
<b>Management team</b>	8	N/A	25%
<b>Board of Directors</b>	6	3	0%

### 2. OPERATIONS

Business units are responsible for the day-to-day interactions and activities with specific inputs into ESG activities. The finance and procurement divisions are responsible for ESG-related data such as those that provide input into greenhouse gas emission calculations. The IT team ensures that all ESG-related activities

are undertaken within the information technology and security systems of Secto. Anti-money laundering operations are under the leadership of the chief operating officer (COO) and ensure that all ESG-related activities are undertaken within the anti-money laundering requirements for Secto.

SYSTEMIC APPROACH FOR SECTO’S ESG GOVERNANCE



THE FOLLOWING DOCUMENTS FORM THE FOUNDATION OF SECTO’S ESG APPROACH:

- ESG policies and ESG Guidebook
- Response to DNSH and ESG impact assessment, sustainability reporting
- KPI performance
- Training and awareness
- Stakeholder engagement

3. REPORTING

Reporting-led ESG activities are run by Secto’s business control team and the CFO, with support from compliance and technical ESG experts. Business control, head of finance, compliance, and procurement are responsible for gathering and managing data associated with key sustainability metrics. Business control monitors the progress in achieving the sustainability strategy through KPIs and supports in preparing content for non-financial information and sustainability reporting.

**GOV-2 – INFORMATION PROVIDED TO, AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING’S ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES**

The Board of Directors is responsible and approves the sustainability priorities and targets and is informed annually and ad hoc as required about the sustainability policies and processes, risk management, data and reporting, and other supporting information, such as stakeholder engagement process. The executive team sets up and monitors the targets and KPIs on an annual basis and ad hoc as required.

**GOV-3 - INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES**

Secto does not have incentive schemes for members of administrative, management, or supervisory bodies. Instead, employees holding such positions are shareholders of the Secto group and commit to Secto’s sustainability agenda as

shareholders.

**GOV-4 - STATEMENT ON DUE DILIGENCE**

**TABLE GOV-4. CORE ELEMENTS OF THE DUE DILIGENCE PROCESS IN OTHER PARTS OF THIS REPORT**

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
a) Embedding due diligence in governance, strategy, and business model	ESRS 2 GOV-2 ESRS 2 GOV-3 ESRS 2 SBM-3
b) Engaging with affected stakeholders in all key steps of the due diligence process	ESRS GOV-2 ESRS 2 SBM-2 ESRS 2 IRO-1 ESRS 2 MDR-P
c) Identifying and assessing adverse impacts	ESR 2 IRO-1 ESRS 2 SBM-3
d) Taking actions to address those adverse impacts	ESRS 2 MDR-A
e) Tracking the effectiveness of these efforts and communicating	ESRS 2 MDR-M ESRS 2 MDR-T

Due diligence process is described in several sections of the sustainability statement, as summarised in the table below.

**GOV-5 - RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING**

Guided by stakeholder surveys, Secto has taken a continuous approach to developing the scope and depth of sustainability reporting. The management team and the Board manage the risks related to sustainability reporting by reviewing the status annually and by incrementally increasing the level of detail already before the ESRS reporting standards are mandatory. Secto published the first sustainability report of the year 2022, and the 2024 report is following the future CSRD aligned reporting practices where applicable. The main risks related to sustainability reporting include availability, accuracy, and relevance of information. These risks have been mitigated by internal control practices and external data sources such as continually widening the scope of CO<sub>2</sub> reporting, by involving several functions of the company to the reporting process, internal audits and by inviting stakeholders to have a say on the scope of reported material topics.

**STRATEGY**

**SBM-1 – STRATEGY, BUSINESS MODEL, AND VALUE CHAIN**

Secto’s strategy, products and services, significant markets, value creation model, and value chain are described in the previous part of the sustainability report, (disclosures incorporated by reference). Secto’s total revenue in 2024 was 241 million euros and it had 94 employees at the end of the year. The majority of the total revenue is from new passenger and light-duty vehicle leasing agreements and the minority is from the sales of returning vehicles. The transformation towards low-emission vehicles

makes sustainability-related goals central to Secto’s strategy in all geographical areas. Secto’s purpose is to save driving by making it sustainable. While Secto is not active in other significant ESRS sectors, it is linked to the manufacturing of low-carbon technologies for transportation through its supply chain.

The taxonomy eligibility and alignment of Secto’s business activities is a key environmental performance indicator, as Secto aims to increase the ratio of low-emission vehicles. The eligibility and alignment with taxonomy are evaluated based on criteria related to the contribution of activities like “transporting by motorbikes, passenger cars, and light commercial vehicles to climate mitigation efforts”.

Secto is not active in fossil fuel, chemicals, controversial weapons, or the tobacco sector and has no revenue from fossil fuel, coal, oil, gas, chemicals production, or controversial weapons.

STAKEHOLDER GROUP	INTERNAL STAKEHOLDERS	FINANCE	BUSINESS PARTNERS (INCLUDING SUPPLIERS)	END USERS	STATE AND MUNICIPAL	OFFICIAL ORGANISATIONS
<b>Stakeholders involved</b>	<ul style="list-style-type: none"> <li>• Shareholders</li> <li>• Board of Directors</li> <li>• Investors</li> <li>• Employees</li> </ul>	Creditors	<ul style="list-style-type: none"> <li>• OEM’S (Suppliers)</li> <li>• Financial institutions (banks that cars are being sold to)</li> <li>• Other suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Private Clients</li> <li>• Business Clients</li> </ul>	<ul style="list-style-type: none"> <li>• Porvoo Municipality</li> <li>• Government agencies</li> <li>• Communities/Society</li> </ul>	<ul style="list-style-type: none"> <li>• UNGC</li> <li>• Trade unions</li> <li>• Media</li> </ul>
<b>Requirement</b>	<ul style="list-style-type: none"> <li>• Employment income and safety/financial returns</li> <li>• Job satisfaction</li> <li>• Diverse workplace</li> <li>• Inclusivity</li> <li>• Digital growth</li> <li>• Employee benefits</li> <li>• Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Financial returns</li> <li>• Lower CO<sub>2</sub> emissions and Climate Change plans</li> </ul>	<ul style="list-style-type: none"> <li>• Revenues and safety</li> <li>• Supplier Code of Conduct and Sustainable procurement</li> <li>• AML &amp; KYC, GDPR</li> <li>• Lower CO<sub>2</sub> emissions and Climate Change Plans</li> </ul>	<ul style="list-style-type: none"> <li>• Product/service quality and value</li> <li>• Hassle free EV solutions</li> <li>• Safety</li> <li>• Satisfaction</li> <li>• Lower CO<sub>2</sub> emissions and Climate Change Plans</li> </ul>	<ul style="list-style-type: none"> <li>• Taxes and GDP and health, safety, economic development</li> <li>• AML</li> <li>• GDPR</li> <li>• Laws and Regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Setting specific targets</li> <li>• Lower CO<sub>2</sub> emissions and Climate Change Plans</li> </ul>

**SBM-2 – INTERESTS AND VIEWS OF STAKEHOLDERS**

To guide our ongoing sustainability focus areas and activities, we have identified and mapped stakeholders based on their influence and impact. Dialogue with the stakeholders is continual, and surveys on their sustainability-related priorities and expectations are part of the materiality assessment process.

Secto’s identified stakeholders are the end users (business clients), business partners (OEMs and other suppliers and financial institutions), finance stakeholders (creditors, banks, and current and future investors), state and municipal stakeholders, other organisations and internal stakeholders such as employees, shareholders, and board of directors. Employee surveys are

considered as an important part of the feedback in materiality assessment.

We value the opinions of our stakeholders, and their interests are considered in our sustainability strategy. In the future, we will continue our active dialogue with our stakeholders. We have a stakeholder engagement plan, approved by the executive team and we will engage our stakeholders accordingly. For example, from the fall of 2024, ethics pulse for the whole personnel is conducted regularly. In addition Secto has developed its internal auditing as a channel of influence for our staff same time as we ensure compliance throughout the organisation.

**SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES, AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL**

Material impacts, risks and opportunities, as well as the resilience of the business model are detailed in the previous parts of the report (incorporated by reference). The material topics identified according to our assessment are:

- **Climate transition.** GHG emissions and solutions for reducing the carbon footprint of driving
- **People and society.** Meaningful and safe working environment, health, safety, data security, and human rights in the value chain
- **Corporate governance.** Social license to operate. Value based corporate culture

## MATERIALITY ASSESSMENT PROCESS

To concentrate our efforts on the most relevant and important issues at Secto, we have conducted a materiality assessment of the key sustainability matters where we not only have a potential impact, but on issues that may have an impact on our business going forward. The first materiality assessment was conducted in 2022 and reviewed in 2023. We took the following steps as part of the process:

- 1) Identification of all potentially material topics and creating a long list for consideration.
- 2) Prioritisation of the topics by categorising them and assessing their applicability to Secto. The main considerations were strategic importance to Secto, expected importance to stakeholders, and the social, economic, and environmental impact of each topic in the value chain.
- 3) Performing stakeholder engagement activities with several stakeholder groups as part of materiality assessment.
- 4) Validation of the selected material topics based on stakeholder dialogue combined with engaging management.

## THE ASSESSMENT WAS DONE ON THE FOLLOWING BASIS:

- Market requirements, including regulatory requirements
- Secto's own business context, including external commitments such as OECD guidelines for multinational enterprises (MNE), UNGPs, the eight conventions on fundamental principles and rights at work, and the international bill of human rights
- Stakeholder expectations
- Impacts of Secto's own operations (and impacts in the value chain) to the environment and people, and the effect of sustainability related risks and opportunities to Secto's business development

## IMPACT, RISK, AND OPPORTUNITY MANAGEMENT

### IRO-1 - DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS, AND OPPORTUNITIES

Principal sustainability-related risks and opportunities are described in the sustainability risks and opportunities part of the report. The risks and opportunities are interdependent as, for example, employee engagement helps drive climate transition through Secto's business, but the ability to drive climate impact also increases the meaningfulness of the work.

Secto has an extensive risk and opportunity management process where sustainability risks and opportunities are assessed together with all other risks. The compiled risk register is based on insight from own operations and stakeholders, and it is reviewed by management and board annually. The risks and opportunities are categorised according to likelihood, scope, and scale and for the sustainability risks and the potential irremediability of the risk has been considered. The scope of risks and opportunities considers the whole value chain from suppliers and partners to customers and end-use. The management approach to risks focuses on identification, mitigation, and assessment of residual risks. Sustainability risks and opportunities within the complete risk register were separately screened with the main categories of risks in the frameworks of TCFD and physical climate risks in EU Taxonomy to ensure no significant risks were left unidentified. Secto activities are performed in a limited geographic zone, but the risk review included the value chain perspective. Each risk or opportunity has a responsible person, and the mitigation activities are managed by Secto management throughout the business activities.

### TOP SUSTAINABILITY RISKS AND OPPORTUNITIES OF SECTO PRESENTED IN THE SUSTAINABILITY RISKS AND OPPORTUNITIES SECTION INCLUDE:

- Contribution to or mitigation of climate change through leasing of high versus low-emission vehicles
- Potential human rights issues or negative social or environmental impacts in the supply chain

### IRO-2 – DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE UNDERTAKING'S SUSTAINABILITY STATEMENT

The list of ESRS disclosure requirements complied with in preparing this sustainability statement can be found at the end of this statement. When preparing this sustainability statement, we have estimated the material ESRS disclosures to be E1, S, and G1. During 2025 we are going to conduct the required double materiality analysis.

### MDR-P – POLICIES ADOPTED TO MANAGE MATERIAL SUSTAINABILITY MATTERS

Secto has sustainability related policies that outline the overall intentions and direction for how the company manages the material sustainability matters. The basis for other sustainability related policies is the ESG Policy, which describes Secto's intentions and relationship with the environment and the society. Under the ESG Policy, there are three other policies which cover the aspects, intentions, and actions in more detail:

- 1) Environment and Climate Change Policy describes the approach to managing environmental risks and opportunities and addresses climate change.
- 2) Social and Labour Policy describes Secto's approach to complying to societal and employee related principles.
- 3) Human Rights Policy describes our approach to managing our impact to specific internal and external groups.

The responsible business principles are laid out in our Code of Conduct and the Supplier Code of Conduct, which addresses the main content of the policies but also, for example, anti-corruption and bribery, competition laws, financial integrity, privacy, conflicts of interest, and money laundering.

### MDR-A – ACTIONS AND RESOURCES IN RELATION TO MATERIAL SUSTAINABILITY MATTERS

Actions taken and planned to be taken in relation to the material sustainability matters in short term and long term are described in sections E1, S1, and G1. Resources including financial (Capex and Opex) currently allocated to the action plan are part of the annual planning of Secto and responsible persons to the action plan are the same as the responsible persons of those functions in the management team. As sustainable actions towards sustainable and hassle-free driving are the very core of Secto's

strategy, the investments for climate and the environment are embedded in the entire financial planning and strategy.

## METRICS AND TARGETS

### MDR-M – METRICS IN RELATION TO MATERIAL SUSTAINABILITY MATTERS

The main metrics in relation to material sustainability matters are described here in three groups: 1) metrics on impacts, risks, and opportunities related to the environment and climate change, 2) metrics related to the social impacts, risks, and opportunities, and 3) metrics related to governance. 2024 sustainability data is not yet validated or assured by an external body.

Environmental metrics include the total carbon footprint and separately the scopes of GHG emissions from own operations and value chain, energy use, share of renewable energy, and revenue from taxonomy-aligned activities. Status, actions, targets, and trends of environmental metrics are described in the E1 section of the report.

Social metrics include total headcount including and excluding board, employee satisfaction eNPS, and safety metrics (days lost to accidents, number of injuries, lost time incident frequency (LTIF) and total recordable incident frequency (TRIF), days lost for work-related illnesses, percentage of employees covered with collective agreements, percentage of employees in trade union or other worker's association, unadjusted pay gap and number of recorded incidents of discrimination, and complaints or grievances). Social metrics are presented in section S1 of the report.

Governance metrics include board gender diversity. Governance metrics are presented in section G1 of the report.

### MDR-T – TRACKING EFFECTIVENESS OF POLICIES AND ACTIONS THROUGH TARGETS

Secto has set specific numeric annual, short-term, and long-term targets to some of the metrics described above. To some of the other targets, Secto's policy and intention describes the goal as either zero or 100%, for example, as in decarbonising the leasing fleet by delivering the last fossil fuel passenger vehicle to a leasing customer in 2028, or in aiming for zero discrimination, zero safety incidents, or high eNPS. Alignment of stakeholder expectations with the targets was ensured by stakeholder dialogue in 2023. Detailed description of targets, methodologies, and performance is in sections E1, S1, and G1 of the report.

## DISCLOSURES INCORPORATED BY REFERENCE

The following information is incorporated by reference to other parts of the sustainability report:

- ERSR 2 SBM1 - Market position, strategy, business model, and value chain
- ESRS 2 SBM-3 - Material impacts, risks, and opportunities and their interaction with strategy and business model
- ESRS 2 IRO-1 - Description of the processes to identify and assess material impacts, risks, and opportunities
- ESRS E1-4 Targets related to climate change mitigation and adaptation

# 2. ENVIRONMENTAL INFORMATION

## ESRS E1 CLIMATE CHANGE

### GOVERNANCE

#### ESRS 2 GOV-3 INTEGRATION OF SUSTAINABILITY RELATED PERFORMANCE IN INCENTIVE SCHEMES

Secto does not have incentive schemes for members of administrative, management, or supervisory bodies. Instead, employees holding such positions are shareholders of the Secto group and commit to Secto's sustainability agenda as shareholders.

### STRATEGY

#### E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

Secto has started preparing its transition plan for climate change mitigation. Secto is aiming to commit to Science-Based Targets (SBTi) and the process is still ongoing. Secto will report its Scope 1, 2, and 3 targets and transition plan when the targets are validated. The target validation is expected to take place during 2025.

#### ESRS 2 SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES, AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Secto has identified climate-related transition and physical risks in the Risk and Impact Register, but it hasn't conducted a separate climate scenario/resilience analysis yet. The most material climate-related risks are GHG emissions, climate transition, and environmental pollution.

### IMPACT, RISK, AND OPPORTUNITY MANAGEMENT

#### ESRS 2 IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL CLIMATE-RELATED IMPACTS, RISKS, AND OPPORTUNITIES

Secto has an extensive risk and opportunity management process where sustainability risks and opportunities are assessed together with all other risks. The compiled risk register is based on insight from its own operations and the stakeholders, and it is reviewed by management and board annually. The description of the process can be found in ESRS 2 IRO-1.



## E1-2 – POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

Secto has an Environmental and Climate policy to outline the overall intentions and direction of how the company will relate to its effect on the environment. All decisions and actions taken by the organisation must be consistent with and designed to accomplish the commitments made in the Environmental policy. The

Environmental and Climate policy applies to all activities, employees and operations within Secto.

Secto's overall environmental aim is to create value in our operations by managing our environmental impact. These practices are integrated into Secto's day-to-day activities and practices to contribute to achieving sustainable development. To do this, Secto aims to understand what our impact is on the surrounding environment and what our significant environmental issues and risks are.

To achieve the above, some key environmental matters have been identified as being material to Secto's sustainability and will be the focal point of this policy and of supporting policies and plans. This was determined by assessing Secto's key activities as well as ensuring adherence to legal and constructive obligations and compliance with the Principal Adverse Impact (PAI) Indicators, the Do No Significant Harm principles, the United Nations Global Compact Principles and OECD Guidelines for Multinational Enterprises). These material matters include:

- Our GHG emissions (focusing on the emissions associated with the leasing of vehicles)
- Our renewable energy mix: gradually transitioning our fleet to electric vehicles to increase our share of renewable energy via charging electricity and to reduce our overall carbon footprint

- Waste management, reducing the amount of waste we produce, and managing the activities associated with waste management (such as recycling)

We further aim to take the necessary steps to cease or prevent our current impact through mitigation activities.

## E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

Specific activities that will be undertaken in relation to our Environmental and Climate policy includes:

- In order to achieve the long-term temperature goal, set out in Article 2 [of the Paris Agreement], we will track and report on our emissions to help expedite emission reduction efforts in line with global targets, and can further help Secto manage risks and opportunities. In this instance our focus will be on our Scope 3 emissions, with a special focus on emissions associated with our vehicle leasing activities.
- We will focus our efforts on increasing our mix of EVs within our leasing portfolio. This will also be beneficial in contributing to a greater mix of renewable energy throughout our operations and to encourage the development and diffusion of environmentally-friendly technologies. We will further look to do so through exploring potential new and efficient technologies to achieve sustainable development.
- We will consider the potential impacts of climate change on our operations and determine whether we need to consider putting adaptation measures in place.

**TABLE E1-5. ENERGY CONSUMPTION AND MIX**

<b>ENERGY CONSUMPTION AND MIX</b>	<b>2024</b>
<b>Fuel consumption from coal and coal products (MWh)</b>	–
<b>Fuel consumption from crude oil and petroleum products (MWh)</b>	28.2
<b>Fuel consumption from natural gas (MWh)</b>	–
<b>Fuel consumption from other fossil sources (MWh)</b>	–
<b>Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)</b>	5.3
<b>Total fossil energy consumption (MWh) (calculated as the sum of lines 1–5)</b>	33.5
<b>Share of fossil sources in total energy consumption (%)*</b>	8
<b>Consumption from nuclear sources (MWh)</b>	141.8
<b>Share of consumption from nuclear sources in total energy consumption (%)*</b>	36%
<b>Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)</b>	4.4
<b>Consumption of purchase or acquired electricity, heat, steam, and cooling from renewable sources (MWh)</b>	201.2
<b>The consumption of self-generated non-fuel renewable energy (MWh)</b>	–
<b>Total renewable energy consumption (MWh)</b>	205.6
<b>Share of renewable energy sources in total energy consumption (%)*</b>	52
<b>TOTAL Energy consumption (MWh)</b>	397.3

\*) Because of the classification method, the total sum of fossil energy, nuclear energy and renewable energy is not 100%, as part of the energy is produced from sources that are not included in any of the above. For example, heat recovery or electricity as a heating source are that kind of other energy sources.

## METRICS AND TARGETS

### E1-4 – TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

The main target related to climate change mitigation and adaptation is to set and achieve science-based climate targets covering Scope 1, 2, and 3, to which Secto is committed to.

### E1-5 – ENERGY CONSUMPTION AND MIX

Since July 2023, all consumed electricity has been renewable in Secto's premises. Regarding the heating energy's energy sources, Secto is dependent on the choices and decisions of property owners in our rental premises. Secto actively strives to influence the transition to renewable heating energy sources for these premises.

### E1-6 – GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

Secto has calculated its greenhouse gas emissions starting from 2022. The calculation follows the international greenhouse gas protocol standard and is conducted using operational control. The calculation comprehensively includes the essential emission-causing actions for Secto's operations. In the 2024 calculation, the newly leased cars and vans' manufacturing emissions were included as new factors in the calculation. Emissions from the heating of Secto's premises were also added. Emissions for these new factors were also calculated for the base year.

Scope 1 emissions by 94,5% compared to 2022 as almost all Secto's company cars are now electric. This in turn has raised Scope 2 emissions, however, only very minimally.

In 2024, most of Secto's emissions came from the indirect Scope 3 downstream emissions resulting from the sale of used vehicles. Scope 3 emissions have risen in 2024 due to more vehicles returning from the fleet and the improvement of inventory turnover. The use of leased cars and the manufacturing emissions of new cars constitute the second and third largest sources of emissions. Other indirect Scope 3 emissions play a minimal role in the total emissions.

Despite the growth in fleet during 2024, emissions from purchased new vehicles and emissions from the fleet have fallen compared to both the base year and 2023.

**TABLE E1-6. GHG INTENSITY**

GHG INTENSITY	BASE YEAR 2022	COMPARATIVE 2024	% N / N-1
<b>Total GHG emissions (location-based) per net revenue (tCO<sub>2</sub>eq/€)</b>	1,221.56	1,197.64	-2.0%
<b>Total GHG emissions (market-based) per net revenue (tCO<sub>2</sub>eq/€)</b>	1,221.66	1,197.60	-2.0%

GHG INTENSITY	BASE YEAR 2022	COMPARATIVE 2024
<b>Net revenue used to calculate GHG intensity</b>	230,044,456€	189,292,522€
<b>Total net revenue (in financial statements)</b>	<b>410,467,898€</b>	<b>241,031,032€</b>

Secto Automotive Oy Finnish Accounting Standards (FAS) net revenue excluding the used car sales business and adjusted for passthrough items, such as leasing rent was used to calculate GHG intensity. This revenue is used for comparability of year-over-year emissions.

**TABLE E1-6** GROSS SCOPE 1, 2, 3, AND TOTAL GHG EMISSIONS

	RETROSPECTIVE			2030
	BASE YEAR 2022	COMPARATIVE 2024	N% N / N-1	
<b>SCOPE 1 GHG EMISSIONS</b>				
Gross Scope 1 GHG emissions (tCO <sub>2</sub> eq)	129.95	7.14	-94.5%	TBC
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0%	0%	0%	–
<b>SCOPE 2 GHG EMISSIONS</b>				
Gross location-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)	36.86	36.06	-2.2%	–
Gross market-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)	15.41	28.83	87.1%	TBC
<b>SIGNIFICANT SCOPE 3 GHG EMISSIONS</b>				
Total gross indirect (Scope 3) GHG emissions (tCO <sub>2</sub> eq)	<b>280,868.75</b>	<b>226,660.25</b>	<b>-19.3%</b>	TBC
1) Purchased goods and services	29,359.20	35,386.00	20.5%	–
3) Fuel and energy-related activities	36.65	23.16	-36.8%	–

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GROSS SCOPE 1,2,3 AND TOTAL GHG EMISSIONS	RETROSPECTIVE			2030
	BASE YEAR 2022	COMPARATIVE 2024	N% N / N-1	
5) Waste generated in operations	0.03	0.01	-63.9%	–
6) Business travelling	27.19	18.04	-33.7%	–
11) Use of sold products	217,906.60	154,963.73	-28.9%	–
13) Downstream leased assets	33,539.08	36,269.32	8.1%	–
<b>Total GHG emissions (location-based) (tCO<sub>2</sub>eq)</b>	<b>281,014</b>	<b>226,703</b>	<b>-19.3%</b>	<b>–</b>
<b>Total GHG emissions (market-based) (tCO<sub>2</sub>eq)</b>	<b>281,036</b>	<b>226,696</b>	<b>-19.3%</b>	<b>–</b>

\*TBC = To be confirmed in accordance with the SBTi targets.

**E1-7 – GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS**

Secto doesn't apply GHG removals or finance GHG mitigation projects through carbon credits.

**E1-8 – INTERNAL CARBON PRICING**

Secto doesn't apply internal carbon pricing schemes.

**E1-9 – ANTICIPATED FINANCIAL EFFECTS FROM MATERIAL PHYSICAL AND TRANSITION RISKS AND POTENTIAL CLIMATE-RELATED OPPORTUNITIES**

Climate transition is a business opportunity for Secto, as Secto is committed to enabling low-emission vehicles.

# 3. SOCIAL INFORMATION

## ESRS S1 OWN WORKFORCE

### STRATEGY

#### ESRS 2 SBM-2 – INTERESTS AND VIEWS OF STAKEHOLDERS

Secto's approach on stakeholder engagement is described in ESRS 2 SBM 2. The own workforce of Secto is a key group of affected stakeholders and for example employee surveys are considered as a part of the feedback in materiality assessment.

#### ESRS 2 SBM-3 – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES, AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Secto's own workforce is material for Secto in all aspects, and the social and human rights aspects covered are presented in table below. The expected behaviour in social and human rights matters is described by Secto's policies and Code of Conduct, which engages all employees in acting responsibly and increases awareness of all employees related to our policy commitments

for responsible business conduct with regards to topics such as work-life balance, non-discrimination in respect of employment, skills development, and occupational safety and health. As disclosed in section IRO-1, own workforce related opportunities and risks are among the highest and therefore the actions related to both employee engagement and human rights are key to Secto.

**TABLE S1-SBM-3. IMPACTS, RISKS, AND OPPORTUNITIES WITH REGARDS TO SECTO'S OWN WORKFORCE.**

<b>SOCIAL AND HUMAN RIGHTS MATTERS</b>	<b>IMPACTS, RISKS, AND OPPORTUNITIES WITH REGARDS TO SECTO'S OWN WORKFORCE</b> (Guidance: Non-exhaustive list of factors considered in the materiality assessment)
<b>Secure employment</b>	2% of employees have temporary contracts. Zero non-employees in 2024. Employees are supported in terms of secure employment by company practices and Finnish law. Social protection and secure employment are accomplished by complying to Finnish laws.
<b>Working time</b>	3% of employees have part-time contracts. Secto's intent is to offer full-time fixed contracts. Part-time contracts are offered only for sound reasons, such as temporary substitution.
<b>Adequate wages</b>	Finnish legal definitions are fully complied with. Secto is not an employer union member, but follows the industry binding collective bargaining agreement on adequate wages, fair wages, and minimum wages. There are exceptions to these, but exceptions are always improvements to employees compared to the requirements.
<b>Social dialogue / work councils / information, consultation, and participation rights</b>	Work safety representatives are elected by the employees to represent them in social dialogue. Work safety council has a role in enabling the participation of workers and it has representatives from the workforce and the employer.
<b>Freedom of association/ collective bargaining</b>	Secto follows the industry binding collective bargaining agreement. Everyone has the right to join a union. Secto does not require information regarding employee's union membership.
<b>Work-life balance</b>	Flexible working hours are the common practice at Secto. Paid parental leaves are offered beyond the requirement by law or TES. Paid fatherhood leave duration is 14 days. Paid motherhood leave duration is 3 months. Total leave time is as according to the law. Employees receive financial allowance from the Finnish Social Insurance Institution for the remaining duration of the parental leave. Access to childcare is available from municipal service providers.

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**TABLE S1-SBM-3. IMPACTS, RISKS, AND OPPORTUNITIES WITH REGARDS TO SECTO'S OWN WORKFORCE.**

<b>SOCIAL AND HUMAN RIGHTS MATTERS</b>	<b>IMPACTS, RISKS, AND OPPORTUNITIES WITH REGARDS TO SECTO'S OWN WORKFORCE</b> (Guidance: Non-exhaustive list of factors considered in the materiality assessment)
<b>Health and safety</b>	Occupational safety risks are identified and managed for all types of work including traffic, office work, and occupational ergonomics. All employees are covered by the human rights policy, processes, and protective actions. The company tracks all common safety indicators such as work-related safety incidents, work-related ill health, and workdays lost.
<b>Gender equality and equal pay for work of equal value</b>	Secto's values are in line with equality and equity because we respect all employees. Metrics include board gender diversity, percentage of women in top management and the workforce, and male-female wage gap.
<b>Training and skills development</b>	Training is available for Secto's own workforce in a web-based e-learning platform with training paths planned based on roles. The curriculum includes data security, anti-money-laundering, ESG training, work task related training, and external training when needed. All employees are in the scope of the e-learning platform, and the coverage of the training path in 2024 was 98%. External training is granted on an as-needed basis. (See also S1-13) New training for Sales in 2024 about Anti-Corruption and Bribery; coverage 91% of Sales incl. Management
<b>The employment and inclusion of people with disabilities</b>	Equal rights are ensured for employees generally, no discrimination is accepted. Working conditions are adapted for each employee as appropriate.
<b>Measures against violence and harassment in the workplace</b>	Secto's values are based on treating everyone respectfully. Violence and harassment are not acceptable. The approach is described in the Code of Conduct, which is signed by all employees.
<b>Diversity</b>	The best resource is recruited for each role and no discrimination is allowed. We consider the full scope of diversity, including age, gender, and nationality.
<b>Child labour and Forced labour</b>	Secto has assessed the risks of child labour and forced labour and come to the conclusion that the risks for own workforce are minimal due to the type of operations and the geographical area of the operations. Risks or impacts are more likely to exist in the supply chain and therefore Secto has implemented practices such as a general risk assessment and a code of conduct for suppliers to minimise the risks throughout the value chain.

# IMPACTS, RISKS, AND OPPORTUNITIES MANAGEMENT

## S1-1 – POLICIES RELATED TO OWN WORKFORCE

Secto has three policies with the most relevance to impacts, risks, and opportunities related to own workforce. The ESG Policy outlines Secto's intentions and relationship with the society. The Social and Labour Policy describes Secto's approach to complying with societal and employee related principles. The Human Rights Policy describes our approach to managing our impact to specific internal and external groups.

The most relevant human rights matters and the policies that describe Secto's position to the matters included are summarised in Table S1-1. Secto management tracks the effectiveness of the values and policies by an anonymous reporting channel, which ensures that any cases would be reported and treated appropriately. Policies are in alignment with the internationally recognized instruments. In addition to the policies, there is a specific action plan for equality, equity, and training, which is available to the workforce.

## S1-2 – PROCESSES FOR ENGAGING WITH OWN WORKERS AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

Engaging with own workforce and worker's representatives is covered in Secto by the regular processes of stakeholder engagement, annual employee engagement surveys, and through the employee representation in the work safety council and health

**TABLE S1-1. POLICIES TO MANAGE MATERIAL IMPACTS, RISKS, AND OPPORTUNITIES RELATED TO OWN WORKFORCE.**

SOCIAL AND HUMAN RIGHTS MATTERS	SECTO'S POLICIES
Secure employment	Finnish laws, (Social and Labour Policy) and Supplier Code of Conduct
Working time	Code of Conduct, Social and Labour Policy, and Supplier Code of Conduct
Adequate wages	Finnish laws and Code of Conduct
Social dialogue / existence of work councils / information, consultation and participation rights of workers	Finnish laws, Social and Labour Policy
Freedom of association / Collective bargaining including the rate of workers covered by collective agreements	Social and Labour Policy
Work-life balance	Finnish laws and Code of Conduct
Health and safety	Code of Conduct and Human Rights policy
Gender equality and equal work for equal pay	Sustainability (ESG) Policy and Equality, Equity and Training Plan in the intranet
Training and skills development	Equality, Equity and Training Plan in intranet
The employment and inclusion of people with disabilities	Code of Conduct
Measures against violence and harassment in the workplace	Code of Conduct
Diversity	Code of Conduct. Equality, Equity and Training Plan
Child labour and Forced labour	Human Rights Policy

and safety representatives. Processes, impacts, and risks regarding own workforce are represented in the management team by the Director of People and Culture. Secto's plan on equality, equity, and training supports equal opportunities and equal engagement of all employees. In addition, Secto has a whistleblowing channel in use for both internal and external stakeholders.

Secto is committed to implementing ILO's human rights principles, and UNGC and OECD Guidelines for Multinational Enterprises in its policies and operational processes with regards to its own employees as well as the value chain, including the workforce that may be particularly vulnerable. Effectiveness of engagement with own workforce is measured by employee engagement surveys and by the employee net promoter score metric.

### **S1-3 – PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKERS TO RAISE CONCERNS**

Processes to remediate negative impacts are based on Secto's values, and employee representation is built on regular meetings of the work safety council, where work safety representatives can raise concerns to management attention and remedial actions. All business premises accommodating more than a couple employees are represented by employee elected work safety representative. In addition, Secto has a whistleblowing channel for both internal and external stakeholders.



**S1-4 – TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE, APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS**

Material impacts, risks, and opportunities related to own workforce include employee engagement and human rights. The process to identify the impact and risks is described earlier, in chapter ESRS 2. Action plans and resources to manage the impacts and risks related to own workforce include regular training activities, also for the management level. ESG/compliance management toolkit has been developed and will be in use for managers from 2024 to support managers in their work to ensure that company values are a part of the corporate culture.

Some of the actions taken to manage the impacts and risks are presented in the table below.

**TABLE S1-4. ACTIONS TAKEN, PLANNED, OR UNDERWAY TO PREVENT OR MITIGATE NEGATIVE IMPACTS ON OWN WORKFORCE.**

SOCIAL AND HUMAN RIGHTS MATTERS	SECTO ACTIONS
<b>Secure employment</b>	98% of own workforce are in permanent employment and new recruits are made on a permanent basis unless there is a good reason, such as acting as a substitute for temporary family leave. We aim to maintain and develop competences to secure continued employment and support employees at times of change.
<b>Working time</b>	Actual working times are tracked and we follow the working time related clauses of collective bargaining agreement. Flexible working time and location are used where applicable.
<b>Adequate wages</b>	Wages are all above the limit of adequacy in Finland.
<b>Social dialogue, works council, engagement</b>	Work safety council has regular meetings, generally held on a quarterly basis. The workforce from all major sites is represented, and employees can raise topics of discussions. Employee representatives are elected by the employees. In addition, all employees have an opportunity for a dialogue and access to the company’s financial information on a monthly basis in regular employee meetings.
<b>Freedom of association</b>	Collective bargaining is promoted but the rate of workers covered by collective agreements is not known, as employees are not required to inform the employer about it.
<b>Work-life balance</b>	Everyone is eligible for family leaves and flexible working time arrangement, to the extent possible by the job description. Day care is provided by the municipalities. The majority (90%) of employees agree that ability to work regardless of time and place and to adjust workload are among the most meaningful topics for them. Regular surveys on meaningfulness of work are conducted for the workforce.
<b>Health and safety</b>	Preventive health and safety actions include extensive occupational health service, sports and culture benefits, massage benefit, employer paid physiotherapy for five occasions per year, bicycles provided by the company, and sports related clubs and events. For occupational safety, we actively promote a safe working culture, and we work with our partners to identify risks and work to minimise them. We are particularly vigilant if we observe any signs of hazardous situations, an increased level of haste, inappropriate behaviour, or work fatigue among our own personnel. Secto has defibrillators available in main office locations. Secto provides voluntary first aid training to employees periodically.

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SOCIAL AND HUMAN RIGHTS MATTERS	SECTO ACTIONS
<b>Gender equality and equal work for equal pay</b>	An annual salary review has been conducted to assess the gender pay gap since 2022. Salaries are adjusted and the review is considered for new positions. A new law implementing the 2023 approved EU directive regarding wage and salary transparency is about to be implemented in Finland, and preparations are ongoing to comply with the new requirements. Secto equality, equity, and training plan guides the work.
<b>Training and skills development</b>	An e-learning platform was introduced in 2023. There are individual training paths for every employee and targets for training completion are assigned.
<b>The employment and inclusion of people with disabilities</b>	Increasing accessibility measures are evaluated as part of ongoing work, possible needs assessed with health care provided.
<b>Measures against violence and harassment in the workplace</b>	Code of conduct (CoC) training is mandatory for everybody and includes personally signing to act accordingly. Complaint and remedy mechanisms include HR functions with management team positions, an anonymous whistleblowing channel, a work safety council, location-based work safety representatives, and a compliance function. If needed, management together with HR functions decide on sanctions such as written warnings and dismissals.
<b>Diversity</b>	Training on diversity and inclusion as part of CoC training. The Code of Conduct emphasises that everyone is to be treated fairly, regardless of background. This approach is embedded in Secto's thinking with internal and external stakeholders, equal opportunities in recruitment, and professional development. Possible cases of discrimination can be reported through HR, compliance, or anonymously through the whistleblowing channel.
<b>Child labour and Forced labour</b>	Secto complies to local legislation, therefore child labour and forced labour are not relevant issues to own workforce. Regarding the value chain, 95% of suppliers measured by euro amount of purchases are committed to Secto's supplier code of conduct, and the supply chain management is continuously improved. Human rights are highlighted as a concern by suppliers in the stakeholder survey.

## METRICS AND TARGETS

### S1-5 – TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

Secto has set specific numeric annual, short-term targets and long-term commitments to social metrics related to its own employees. Own workforce is an essential stakeholder group in defining the material impacts, risks and opportunities, and targets and actions to manage them, and stakeholder surveys allow stakeholders to give verbal inputs on impacts, risks, opportunities, and actions. Some of the targets are presented in the table below.

Maintaining a high eNPS is a central metric to ensure engagement of Secto's own workforce with Secto strategy and targets. A high eNPS score represents the employees' alignment to Secto's values and strategy and the experience of meaningfulness of their roles at Secto.

Zero safety incidents and fatalities, lost days due to work-related accidents or illnesses are targets shared by and committed to by the employees. The performance is tracked and corrective actions are identified by the works council and by the management.

**TABLE S1-5** TARGETS SET TO MANAGE MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO OWN WORKFORCE.

SOCIAL AND HUMAN RIGHTS MATTERS	SECTO'S TARGETS
<b>Secure employment</b>	Per se, we provide full time permanent employment contracts.
<b>Working time</b>	Everyone (100%) has flexible working time arrangements.
<b>Adequate wages</b>	Wages are at least on the level defined by collective bargaining agreement TES.
<b>Social dialogue and participation rights of workers</b>	Employees are engaged in setting and tracking the social metrics and targets.
<b>Freedom of association</b>	Collective bargaining is followed through industry binding collective bargaining agreement. Secto does not track or record the number of employees who are members of a union because the benefits belong to all employees.
<b>Work-life balance</b>	eNPS is one of the most important KPI's and it is measured twice a year. Target will be set in 2025. Result in 2024 was 17, a drop from 40 in 2023. We track the response rate and expect it to stay at a high level, in 2022 it was 100%, and 2023: 91%.
<b>Health and safety</b>	Target is to have no safety accidents. We want our employees to stay safe and healthy and invest in preventive actions.
<b>Gender equality and equal work for equal pay</b>	We aim at setting a target unexplainable unadjusted gender pay gap in 2025 and work on implementing process to detect and adjust possible instances.
<b>Training and skills development</b>	Everybody is part of the e-learning program. Target is set at 100% for the mandatory trainings and completion is tracked on an individual level.
<b>The employment and inclusion of people with disabilities</b>	No targets.
<b>Measures against violence and harassment in the workplace</b>	100% of the personnel to be trained on and have signed Code of Conduct.
<b>Diversity</b>	No targets other than equal pay. Age distribution and gender diversity of employees is tracked.
<b>Child labour and Forced labour</b>	Increasing the awareness internally and increasing the number of suppliers signed the Supplier Code of Conduct Current coverage 95% measured by spend. For supply chain we aim at increasing the number of suppliers signed the Supplier Code of Conduct. Sustainability is one of our main procurement criteria when tendering for suppliers.

**S1-6 – CHARACTERISTICS OF THE UNDERTAKING’S EMPLOYEES**

Secto had 94 employees at the end of the year 2024, all based in Finland. Employee characteristics presented in the tables below are all based on data at year end. Data was collected by comparing organisation charts with payroll data.

**TABLE S1-6-1 NUMBER OF EMPLOYEES.**

GENDER	NUMBER OF EMPLOYEES (HEADCOUNT)
Male	53
Female	41
Other	0
Not reported	0
<b>Total Employees</b>	<b>94</b>

**TABLE S1-6-2 EMPLOYEES BY COUNTRY.**

COUNTRY	NUMBER OF EMPLOYEES (HEAD COUNT)
Finland	94

**TABLE S1-6-3 CONTRACTS AND GENDER OF EMPLOYEES.**

31.12.2024 HEADCOUNT / FTE	TOTAL	FEMALE	MALE
Number of employees	94	41	53
Number of permanent employees	92	40	52
Number of temporary employees	2	1	1
Number of non-guaranteed hours employees	3	1	2
Number of full-time employees	91	40	51
Number of part-time employees	3	1	2

**S1-7 – CHARACTERISTICS OF NON-EMPLOYEE WORKERS IN THE UNDERTAKING’S OWN WORKFORCE**

The number of non-employees is reported in headcount at the end of the reporting period. To compile the data, the organisation chart was compared to the payroll data. New recruitments or temporary help can be obtained through recruitment agencies for a short period, if appropriate. All longer-term employment is through employment contracts with Secto.

**TABLE S1-7. NON-EMPLOYEES IN OWN WORKFORCE.**

1.1.-31.12.2024	
Number of non-employees in own workforce	0
Number of non-employees in own workforce – self-employed	0
Number of non-employees in own workforce – people provided by undertakings primarily engaged in employment activities	0

**S1-8 – COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE**

All employees are based in Finland, and they are covered by industry binding collective bargaining agreements. Workplace representation in the work safety council includes representatives from all major locations and employee groups.

**TABLE S1-8. COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE.**

	COLLECTIVE BARGAINING COVERAGE	SOCIAL DIALOGUE
COVERAGE RATE	EMPLOYEES	WORKPLACE REPRESENTATION
80-100%	Finland: All 94 employees, 100%	100%

**S1-9 – DIVERSITY METRICS**

Age diversity metrics at Secto are presented below in Table S1-9. The number of employees means the headcount. Secto’s definition of top management is to be a member of the top management team.

**TABLE S1-9. DIVERSITY METRICS**

	NUMBER OF EMPLOYEES	PERCENTAGE (%) OF EMPLOYEES
Top-management level	7	7%
Under 30 years old	7	7%
Between 30 and 50 years old	78	83%
Over 50 years old	9	10%

Gender diversity metrics are presented in chapter S1-6.

**S1-10 – ADEQUATE WAGES**

Adequate wage means wage that provides for the satisfaction of the needs of the worker and worker’s family in the light of national economic and social conditions. All the wages are in accordance with the Directive (EU) 2022/2041 of the European Parliament and of the Council on adequate minimum wages.

**S1-11 – SOCIAL PROTECTION**

All Secto’s employees are entitled to social protection that is supported by laws in Finland. The protection covers sickness, secure employment, unemployment benefits starting from when the employee is working for the undertaking, employment injury and acquired disability, parental leave, and retirement.

**S1-12 – PERSONS WITH DISABILITIES**

The percentage of persons with severe disabilities among Secto’s employees is currently 0%. Secto does not require employees to report possible disabilities so there may be employees with minor disabilities. If an employee has a disability, Secto supports adjusting the working environment accordingly. Physiotherapy and ergonomic support are available for all employees, if needed. The current number of employees allows examining data on an individual basis.

**S1-13 – TRAINING AND SKILLS DEVELOPMENT METRICS**

Secto has a training path for all its employees. The training path covers 10 online courses, which cover ESG, ESG management, anti-money laundering (AML), know your customer (KYC), GDPR and data privacy, compliance and ethical guidelines, and employee tools such as the Decarbon Tool, which models the

impact of changes to the company’s fleet on CO<sub>2</sub> emissions and overall driving costs.

Updates to the trainings had a smaller number of hours in 2024 than in 2023 and training focus was on AML/ KYC, data privacy, ethical guidelines, and more specific training on acting according to our values.

All new employees will go through all 10 training programs as soon as possible after starting at Secto. Average training hours per new person was 10 hours in 2024. Workers who had been employed more than a year were trained on average 4 hours during the year 2024. Training statistics are tracked on an individual basis, they are not reported by gender.

**S1-14 – HEALTH AND SAFETY METRICS**

In 2024, 100% of own workforce was covered by the health and safety management system based on legal requirements. There were no work-related incidents for own workforce. The lost time incident frequency (LTIF) was 0 and the recordable incident frequency (TRIF) was 0, meaning the number of incidents in one million work hours. No fatalities took place for own workforce or other workers working on the undertaking’s sites. There were no work-related illness cases. The number of days lost to work-related injuries from work-related accidents was 0.

**S1-15 – WORK-LIFE BALANCE METRICS**

All employees are entitled to take family-related leave due to national social policy and collective bargaining agreements. Family related benefits at Secto exceed the national minimum. A total of 13 employees took family related leave: 4 female and 9 male. The eNPS score was 17 in 2024.

### S1-16 – COMPENSATION METRICS (PAY GAP AND TOTAL COMPENSATION)

Unadjusted pay gap is defined as the average gross hourly earnings of male paid employees and of female paid employees, expressed as a percentage of average gross hourly earnings of male paid employees. The unadjusted gender pay gap at Secto was 33% in 2024 (35% in 2023, 41% in 2022) indicating that the average male salary is 33% higher than the female salary. This gap is mainly attributed to the current types of jobs that are being done by male and female employees.

Much of the unadjusted gender pay gap is derived from commission-based sales organisations, of which 98% of employees are male. Employment contracts and commission pay schemes are alike to all commission-based sales employees, and the possible

pay gap is sales performance driven. Employees, and the possible pay gap is sales performance driven. At top management level the unadjusted gender pay gap is 11%. Excluding the top management and commission-based workers, the unadjusted gender pay gap is 34% with variation of -12% to 55% based on seniority level/job description. On a salaried worker level, the pay gap is 6%.

However, the number of people in these categories is low and the pay is mostly in line with responsibilities and experience when the results are assessed by each individual. Equal pay corresponding to responsibility level and performance is important to Secto. If an unexplainable pay gap is found, corrective action is taken regardless of gender. Secto is in process of defining role descriptions and corresponding pay structure, aim is to implement the new structure during 2025.

### S1-17 – INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

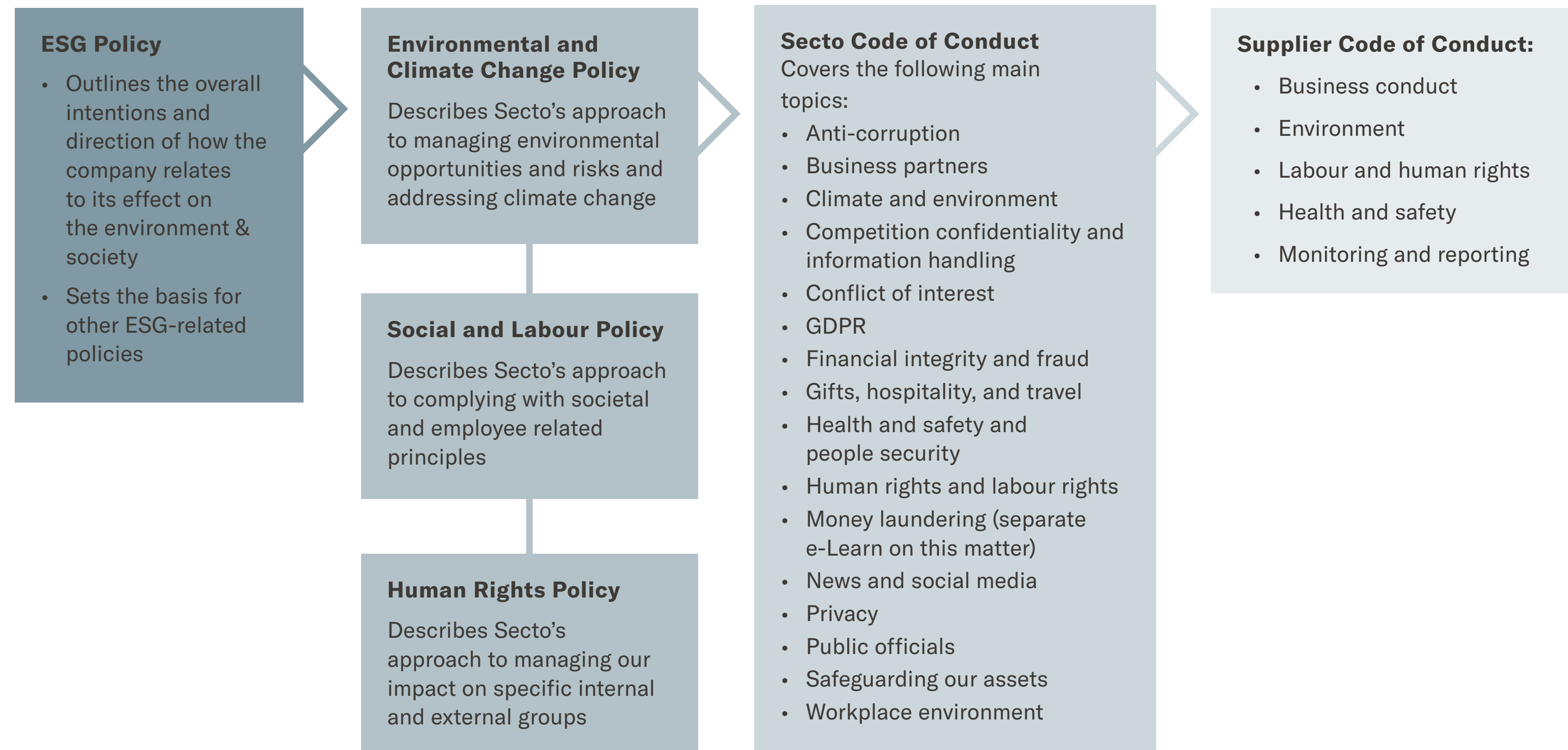
There were no grievance cases or reported severe human rights incidents in 2024. No complaints were filed through the channel for own employees to raise concerns. No fines, penalties, or compensations for damages were reported for violations regarding social and human rights, and no human rights issues or incidents that would be cases of non-respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises, nor complaints filed to OECD National Contact Points.



# 4. GOVERNANCE INFORMATION

## ESRS G1 BUSINESS CONDUCT

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



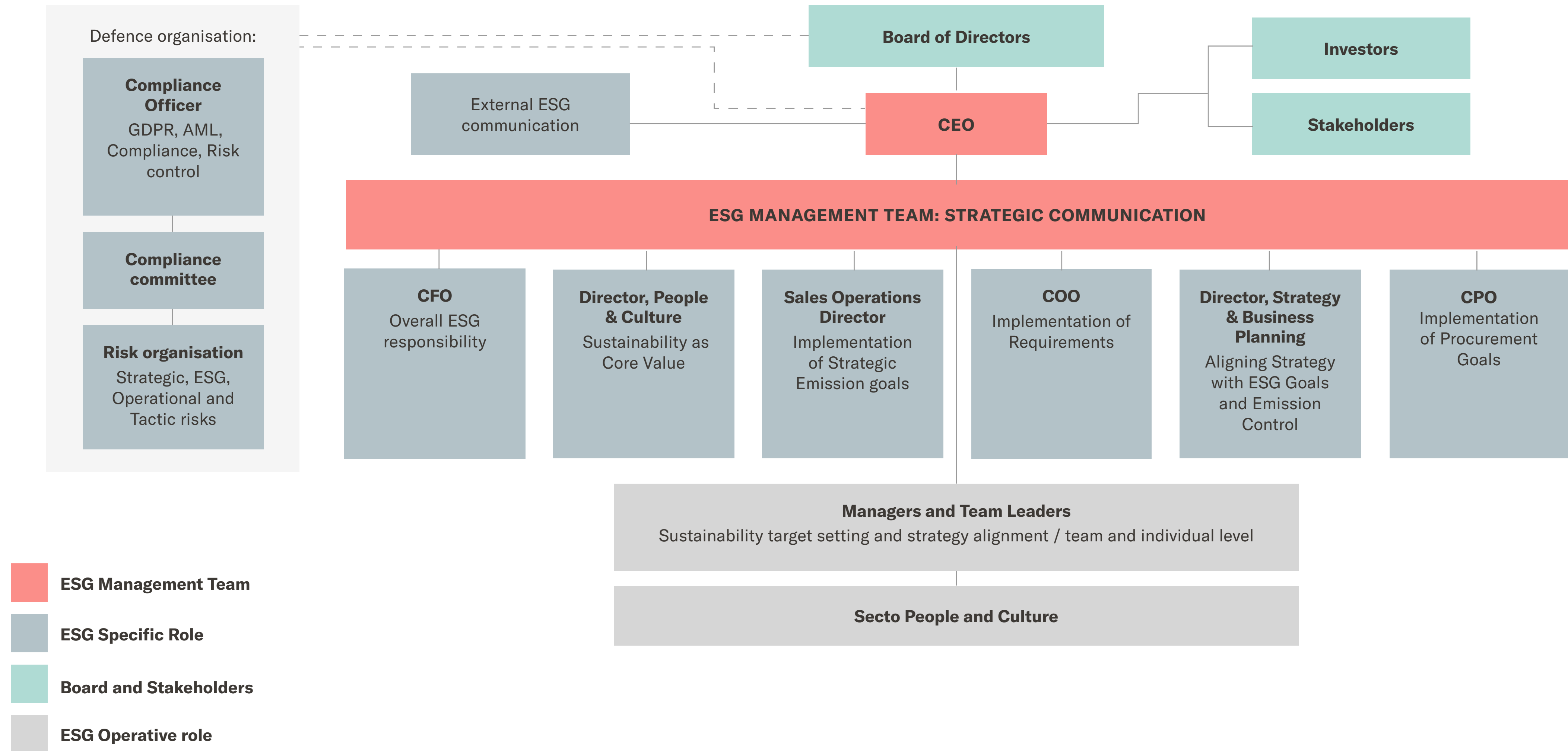
## GOVERNANCE

### ESRS 2 GOV-1 – THE ROLE OF THE ADMINISTRATIVE, SUPERVISORY, AND MANAGEMENT BODIES

The Secto Board of Directors has approved the sustainability program, the ESG Governance model, and Secto’s ESG policies. The management team undergoes regular online training in relevant ESG matters.

A clearly defined ESG governance model ensures that our strategy is implemented successfully and updated regularly.

# ESG GOVERNANCE MODEL



**WE HAVE DEFINED** the roles and responsibilities as per the RACI framework. RACI is a high-level matrix that maps responsibility (R) and accountability (A) to the various stakeholders involved in Secto's ESG program. In addition to responsibility and accountability, stakeholders with required or important subject matter expertise are tagged as consulted (C) parties and groups that need to be kept in communication are tagged as informed (I).

## IMPACT, RISK, AND OPPORTUNITY MANAGEMENT

### ESRS 2 IRO-1 – DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS, AND OPPORTUNITIES

Process of identification and assessment of material impacts, risks, and opportunities was conducted in the materiality assessment process. This process is reported in detail in Disclosure Requirement ESRS 2 IRO-1.

### G1-1 – BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

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

### TO COMPILE THESE POLICIES, WE HAVE:

- Assessed our potential to align with the requirements of being a sustainable investment according to the Sustainable Finance Disclosure Regulation (SFDR), by understanding our compliance with the EU Taxonomy, including the Do No Significant Harm (DNSH) principle, as well as Minimum Social Safeguards (MSS).
- Committed to continuously monitor, report, and improve our environmental footprint, societal impact, and ownership and governance by leadership. We have done this through committing to the principles of the United Nations Global Compact (UNGC). All sustainability policies have been approved by Secto's Board of Directors. Secto will continue to operate according to its models and policies, and plans to have a positive ESG impact.

To ensure responsible business practices, training plays a key role. During the year 2024, 100 % of the new employees were educated about sustainable business conduct. 97% of the employees and 100% of the management and CEO was trained in GDPR matters, 93% of the employees and 96% of the management was trained in the AML/KYC matters. Training was given also to all sales staff and the finance department about anti-bribery matters. There were also irregular discussions in the team meetings led by compliance. These discussions will become regular in the future.

Secto has identified that the sales function is most at risk in respect of corruption and bribery. Process development in operations is made especially in the customer service department to recognise and notify any suspicious activity. A new policy was created for the company regarding representation, hospitality, giving and receiving gifts. The sales and finance departments were trained on the new policy in 2024.

### IDENTIFYING, REPORTING, AND INVESTIGATING UNLAWFUL BEHAVIOUR

Secto has multiple mechanisms for identifying, reporting, and

investigating unlawful behaviour or behaviour in contradiction of its Code of Conduct. These mechanisms include a whistleblowing channel (both inside and outside the organisation), online training for Secto's personnel (including management). In addition, there is Secto's internal Code of Conduct in place. Secto has a Compliance Officer who is responsible for these mechanisms. Secto is committed to investigating business conduct incidents promptly, independently, and objectively.

There were no whistleblowing incidents during the year 2024 through the official and anonymous whistleblowing channel. The policies on safeguards for reporting irregularities and protection of whistleblowers are in place and described in Secto's Compliance Programme. The Programme is approved by the Secto's Board and can be found in Secto's intranet.

Whistleblower protection prohibits retaliation against the whistleblower. The employer cannot, for example, weaken the terms of employment of the whistleblower, terminate the whistleblower's employment relationship, or lay off the whistleblower because of the report.

### G1-2 – MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

Our sustainability goes beyond our own operations: we require our suppliers to follow our Supplier Code of Conduct to consider environmental, health and safety, and human rights issues throughout our supply chain. 95% of Secto's suppliers have committed to Secto's Supplier Code of Conduct, measured as euros spent on purchases.

Regarding the risks related to supply chain, Secto has built a supplier register in its ERP system and is continuing to develop it further. In the future, this enables the risk analysis of all the suppliers. At this stage, the social and environmental criteria are not considered for selection of supply-side contractual partners.

Secto has developed a new Request for Proposal model (RFP)

which takes into account all aspects of ESG. Secto has also developed in 2024 a new partnership programme that encourages all parties to work together to find more sustainable solutions that benefit all parties. More about this programme on p. 15. Case Responsible Procurement

Secto does not demand exceptional payment terms from its suppliers. Payment terms of approximately one month are viewed as acceptable towards suppliers. Special attention must be paid to small-to-medium enterprise (SME) payment terms, which should be the standard 14 days. SME payment terms longer than 30 days must have a sound, documented reason and be approved by a management team member or the compliance function.

**G1-3 – PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY**

Prevention and detection of corruption and bribery is a material part of Secto’s responsible business conduct. There are procedures in place to prevent, detect, and address allegations or incidents of corruption or bribery. The two main procedures are whistleblowing channels and training of personnel. In the future, there will also be surveys for suppliers such as the updated RFP process which was introduced in 2024.

Secto has an investigating committee that is separate from the chain of management involved in the prevention and detection of corruption and bribery. The committee includes people from the compliance and HR departments. The investigators involved are always evaluated depending on the notification. If needed, Secto will use investigators outside the company.

The outcomes of the corruption and bribery notifications are reported to administrative, management, and supervisory bodies. The processing time is 3 months for internal notifications, and between 3 to 6 months for external notifications.

The prevention and detection of corruption or bribery information is communicated in different ways. There is online

training about the topic and the Code of Conduct is an attachment to employment contracts from 1.1.2024. The Board has approved the guidelines for Secto’s related party register. Both the Board and group management team communicate their related parties yearly.

During 2024, Secto provided training to all its own workers, meaning 100% of functions-at-risk are covered by training programmes. Details of training during the year are presented in Table G1-3.

**TABLE G1-3. ANTI-CORRUPTION AND BRIBERY TRAINING**

	EMPLOYEES	MANAGEMENT AND CEO
<b>Training coverage</b>	100%	100%
<b>Delivery method and duration Online Training</b>	0.5 – 2 hours per training	0.5 – 2 hours per training
<b>How often training is required</b>	Annually	Annually
<b>Topics covered</b>		
AML/KYC Process	X	X
Anti-corruption (sales and finance)	X	X
Code of Conduct	X	X

**METRICS AND TARGETS**

**G1-4 – CONFIRMED INCIDENTS OF CORRUPTION OR BRIBERY**

An anti-money laundering (AML) risk assessment and action plan was updated in line with updated regulations and approved by the Board in 2024. AML processes were developed further and resources were increased to ensure that measures are taken accordingly and in a timely manner. Personnel are trained to notice any suspicious acts, such as bribery related issues. There were 0 convictions for violations and 0 euros worth of fines of anti-corruption and anti-bribery laws during the 2024 fiscal year. There were 0 confirmed incidents of corruption or bribery.

**G1-5 – POLITICAL INFLUENCE AND LOBBYING ACTIVITIES**

Secto does not perform lobbying activities and does not give financial on in-kind political contributions. There were no members of the administrative, management, and supervisory bodies who held a comparable position in public administration in the two years preceding.

## G1-6 – PAYMENT PRACTICES

To assure payment on time, Secto encourages suppliers to send electronic invoices or PDF invoices through registering into the supplier portal. All invoices are checked for accuracy and approved by either using four eyes principle or through automatic matching based on agreement terms. Payments are made on the due date once the invoice is checked and approved for payment. Processing times for invoice approvals are followed up. Disputed or unclear invoices are paid promptly if the invoice is approved for payment.

99% of invoices received are electric. The average invoice handling days for invoices in 2024 was 1.4 days. The average number of days to pay an invoice after the due date was 2.0 days. Secto's standard payment term is 14 days. 68% of payments are aligned with standard payment terms. There are no outstanding legal proceedings for late payments. The identity of the receiver is confirmed before the payment at the end of each leasing contract before the possible contract reconciliation payment and whenever there is a change in payment terms or instructions.



# APPENDIX

## REPORTING PRINCIPLES

The scope and the boundary of the report is Secto Automotive Oy and its products and services. Data is collected by Secto’s finance team from the existing operative management systems, purchasing records, HR system, and financial accounts. Data quality and credibility is internally reviewed, and the sustainability report is approved by the Board of Directors.

**Refer to our data gathering methodology for environmental and social metrics below.**

INDICATOR	REPORTING PROCESS AND COMMENTS
<p><b>Scope 1:</b> Emissions from own operations</p>	<p><b>Data source:</b> Captured within the internal ERP system.</p> <hr/> <p><b>Data gathering activity:</b> This KPI includes all CO<sub>2</sub>e emissions released from company vehicles. All vehicles are captured within the ERP along with the average consumption associated with each vehicle’s mileage. The emissions associated with each vehicle are obtained from the Traficom website by using the vehicle registration details and captured within ERP against their respective vehicle.</p> <hr/> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>• Estimated CO<sub>2</sub> emissions are determined based on an estimated daily distance driven, which is multiplied by the number of days in the reporting period in which the vehicle has been leased.</li> <li>• The daily distance is calculated according to the estimated distance for the vehicle throughout the full lease period based on collected mileage data.</li> <li>• Each lease agreement’s budgeted mileage for the vehicle throughout the full lease period is used if collected mileage data is not available.</li> <li>• If the driven distance is not available (due to missing starting data), the average by vehicle type is used to calculate distances.</li> <li>• Emission factors for fossil fuels are based on annual figures by Statistics Finland.</li> </ul>

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INDICATOR	REPORTING PROCESS AND COMMENTS
<p><b>Scope 2:</b> Purchased or acquired electricity, steam, heat, and cooling</p>	<p><b>Data source:</b> Electricity consumption from buildings (including heating and cooling) and electricity from company EV and PHEV vehicles.</p> <p><b>Data gathering methodology:</b> Electricity use at all leased buildings per lease agreements or per building electricity invoices. Monthly electricity use is captured, and emission factors are applied based on source of electricity.</p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>• The calculation includes emissions from Secto’s headquarters as well as the premises that are used for Secto’s own operations.</li> <li>• Location-based emission factors are from the Fingrid emissions and deemed to effectively reflect the emissions of heat and electricity generation used in Secto’s operations.</li> <li>• Heating energy has been estimated based on the size of the premises.</li> <li>• Conversion from CO<sub>2</sub> to CO<sub>2e</sub> made relatively based on DEFRA factors.</li> </ul>

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INDICATOR	REPORTING PROCESS AND COMMENTS
<b>Scope 3:</b> Emissions as a result of activities from assets not owned or controlled by Secto	<p><b>Data source:</b> All supply chain emissions as listed below. Sum of all material Scope 3 categories (category 1, category 5, category 6, category 11, and category 13).</p> <p><b>Data gathering methodology:</b> Consolidation of all Scope 3 category emissions.</p>
<b>Scope 3 – Category 1:</b> Purchased goods and services	<p><b>Data source:</b> Captured within the internal ERP system.</p> <p><b>Data gathering activity:</b> This KPI includes all CO<sub>2</sub>e emissions from the production and logistics of all new purchased vehicles.</p> <p><b>Assumptions:</b> Calculated based on averages of multiple sources, including vehicle supplier information on EV battery production emissions and logistics and Ecoinvent database figures.</p> <ul style="list-style-type: none"> <li>Assumed that all EV emissions are higher due to battery production. All other fuel types calculated as with equal emissions from production.</li> </ul>
<b>Scope 3 – Category 5:</b> Waste generated in operations	<p><b>Data source:</b> Waste data is obtained from the third-party waste disposal service.</p> <p><b>Data gathering methodology:</b> Secto makes use of a third-party waste disposal provider who removes all waste at their respective buildings. The data on the type and amount of waste, as well as the disposal activities, is recorded by the service provider and shared with Secto. Emission factors (DEFRA) have been applied to the data to determine the tCO<sub>2</sub>e from waste generated.</p>
<b>Scope 3 – Category 6:</b> Business travel	<p><b>Data source:</b> Any business travel is done through the internal finance approval activities on ERP.</p> <p><b>Data gathering methodology:</b> All data on air travel for the year has been gathered by out travel agency and finance system.</p> <p><b>Assumption:</b> The haul distance was determined by checking the flight distance for each trip and assigning the haul length and associated emission factors to each flight.</p>

INDICATOR	REPORTING PROCESS AND COMMENTS
<p><b>Scope 3 - Category 11:</b> Use of sold vehicles</p>	<p><b>Data source:</b> As captured on WebSales, Salesforce, and internal ERP.</p> <hr/> <p><b>Data gathering activity:</b> This KPI includes all CO<sub>2</sub> emissions released from vehicles that are sold by Secto within the period. Sold vehicles include cars, vans, and machinery that are sold from Secto to another party. All vehicles owned by Secto are captured onto ERP databases. Sold vehicles lifetime emissions are calculated by estimating the remaining mileage of the vehicles based on their average lifetime.</p> <hr/> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>• Total distance that a vehicle drives until scrapping is based on country research and is broken down by fuel type (used scrapping km and km/year).</li> <li>• Machinery leases and sales were included in this category as all machinery has been ceased in 2023.</li> <li>• Due to limitations in availability of productivity data for machinery, assumptions were made related to productivity hours and associated fuel use to determine emissions.</li> </ul>
<p><b>Scope 3 – Category 13:</b> Leasing of vehicles (downstream leased assets)</p>	<p><b>Data source:</b> Captured within the internal ERP and Salesforce systems.</p> <hr/> <p><b>Data gathering activity:</b> This KPI includes all CO<sub>2</sub> emissions released from vehicles that are leased by Secto within the period. Leased vehicles include cars, vans, and machinery that are leased from Secto to another party. All vehicles are captured within the ERP along with the average consumption associated with each vehicle’s mileage. The emissions associated with each vehicle are obtained from the Traficom website by using the vehicle registration details and captured within ERP against their respective vehicle.</p> <hr/> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>• Estimated CO<sub>2</sub> emissions are determined based on an estimated daily distance driven, which is multiplied by the number of days in the reporting period in which the vehicle has been leased.</li> <li>• The daily distance is calculated according to the estimated distance for the vehicle throughout the full lease period based on collected mileage data.</li> <li>• Each lease agreement’s budgeted mileage for the vehicle throughout the full lease period is used if collected mileage data is not available.</li> <li>• If the driven distance is not available (due to missing starting data), the average by vehicle type is used to calculate distances.</li> <li>• Emission factors for fossil fuels are based on annual figures by Statistics Finland and emission from the production of electricity used by from EV and PHEVs by factors reported by Fingrid.</li> </ul>
<p><b>Carbon footprint</b></p>	<p><b>Data source:</b> Sum of all Scope 1, Scope 2, and Scope 3 emissions.</p> <hr/> <p><b>Data gathering methodology:</b> All data that has been captured on Scope 1, 2, and 3 emissions has already been obtained as part of the GHG emissions data gathering process. The available data is consolidated, and the full carbon footprint is calculated. The data owner reviews the data and makes updates based on any anomalies.</p>

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INDICATOR	REPORTING PROCESS AND COMMENTS
<p><b>Share of non-renewable energy consumption and production</b></p>	<p><b>Data source:</b> Consumption from company vehicles, purchased electricity and heating/cooling of buildings, and all value chain activities converted to MJ.</p> <p><b>Data gathering methodology:</b> All data energy that has been either consumed or produced has been captured as part of the GHG emissions reporting process. The data on the non-renewable energy consumed is obtained from the following sources:</p> <ul style="list-style-type: none"> <li>• Fuel used by company vehicles</li> <li>• Non-renewable electricity used for heating and cooling</li> <li>• Fuel used by rental vehicles</li> <li>• Upstream transportation of vehicles and business travel</li> </ul> <p>Data on renewable energy consumed is obtained from the distance travelled by EVs (owned and leased), and renewable electricity used for buildings as well as heating and cooling.</p> <p>Calculate split of non-renewable energy as a percentage of total energy.</p>
<p><b>% Revenue that came from environmentally-friendly products/services during the reporting period</b></p>	<p><b>Data source:</b> Annual revenue (financial statements) per ERP system.</p> <p><b>Data gathering methodology:</b> Environmentally-friendly products in this context will be all leased or sold vehicles with CO<sub>2</sub> emissions below 50 gCO<sub>2</sub>/km. Obtain the total revenue throughout the reporting period, split by fuel type and CO<sub>2</sub> emission group. Determine the amount of revenue that came from vehicles with CO<sub>2</sub> emissions below 50gCO<sub>2</sub>/km as a percentage of the total revenue generated.</p>
<p><b>Secure employment</b></p>	<p><b>Data source:</b> HR System from outsourced payroll provider. Organisational charts.</p> <p><b>Data gathering methodology:</b> Obtain information on current employment agreement terms and compare employees to organisation chart. Calculate number of non-employees, full-time and part time employment contracts, permanent and fixed term employment contracts. Calculate percentages of all categories at year end. Review data and make updates based on any anomalies.</p>
<p><b>Diversity metrics</b></p>	<p><b>Data source:</b> HR System from outsourced payroll provider.</p> <p><b>Data gathering methodology:</b> Obtain information on employees' gender, age and organisational level. Calculate gender split by age and organisational level at year end. Review data and make updates based on any anomalies.</p>
<p><b>Training and skills development</b></p>	<p><b>Data source:</b> Online learning portal.</p> <p><b>Data gathering methodology:</b> Obtain information on mandatory online courses available for employees in the online learning portal. Calculate percentage of successfully passed performances to all registered employees. Review data and make updates based on any anomalies.</p>

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INDICATOR	REPORTING PROCESS AND COMMENTS
<p><b>Compensation metrics, unadjusted gender pay gap</b></p>	<p><b>Data source:</b> HR System from outsourced payroll provider.</p> <p><b>Data gathering activity:</b> Outsourced payroll provider’s HR system and analytics tool has all data on salaries paid to employees for different roles.</p> <p><b>Data gathering methodology:</b> Obtain the annual salaries for all employees at Secto. Split the salaries, firstly, by gender (male or female), and secondly by the specific job type (level). Calculate the overall gap in pay between male and female employees as well as the gaps noted at each specific job level. Review data and make updates based on any anomalies.</p>
<p><b>Board gender diversity</b></p>	<p><b>Data source:</b> Internal data on the Board composition.</p> <p><b>Data gathering methodology:</b> Obtain gender information on current existing Board members (there are currently four, of which all are male). Calculate the number of female members and the number of male members on the Board. Calculate the percentage of female Board members out of the total number of current members. Review data and make updates based on any anomalies.</p>
<p><b>Health and safety metrics, number of work-related incidents/injuries/illnesses/fatalities, number of days lost to injuries/accidents/fatalities or illness, LTIF and TRIF</b></p>	<p><b>Data source:</b> Data is captured by an outsourced payroll provider and insurance provider. Human Resources generate a scorecard on lost time. The analytics platform has all data on any time off taken for health and safety reasons. Employees must record time off in the system.</p> <p><b>Data gathering methodology:</b> Obtain all data on days taken due to injury or illness from the analytics platform. Obtain reported injuries from the insurance provider’s reporting platform. Calculate all days lost due to work related injuries (including fatalities), as well as days lost as a result of work-related illness. Consolidate these to obtain all days lost due to health and safety incidents. Calculate the lost time incident frequency (LTIF) and the recordable incident frequency (TRIF). Review data and make updates based on any anomalies.</p>
<p><b>Employee satisfaction (lack of grievance/complaints handling mechanism related to employee matters)</b></p>	<p><b>Data source:</b> Employees are surveyed on an annual basis (at a minimum) by an outsourced service provider with a development trend being measured. Analysis is done by Secto HR.</p> <p><b>Data gathering methodology:</b> Obtain feedback from the employees on the satisfaction survey. The survey calculates the overall level of employee satisfaction (%) and eNPS based on the responses obtained.</p>
<p><b>The ratio of employees covered by collective agreements</b></p>	<p><b>Data source:</b> HR system and salary information.</p> <p><b>Data gathering methodology:</b> Secto is not a member of an employer union, but Secto does undertake monitoring activities to ensure that collective bargaining agreements are being adhered to.</p>

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INDICATOR	REPORTING PROCESS AND COMMENTS
<p><b>Supplier code of conduct</b></p>	<p><b>Data source:</b> ERP system and bookkeeping system.</p> <hr/> <p><b>Data gathering methodology:</b> Secto has built a supplier register in its ERP system where signed supplier code of conduct documents are stored. Number of suppliers adhering to the Supplier CoC is cross checked of supplier register in bookkeeping to obtain the % of purchases made from suppliers adhering to the Supplier Code of Conduct compared to the monetary value of all purchases.</p>
<p><b>Payment practices</b></p>	<p><b>Data source:</b> Invoice handling and approval system, the payment system and the bookkeeping system.</p> <hr/> <p><b>Data gathering methodology:</b> Data on payment terms, handling and approval times of purchase invoices is obtained from the invoice handling and approval system from all suppliers. Data from payments made compared and payment delays is obtained from the payment system. Data is compared to the bookkeeping system. Review data and make updates based on any anomalies.</p>

## ESRS CONTENT INDEX

The disclosure requirements included in this sustainability statement are listed below.

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