

**AutoWallis**  
GROUP

**AutoWallis Group  
Sustainability  
Report 2021**

20/03/2023





# EXECUTIVE SUMMARY

[2-22]

## Executive Summary

The AutoWallis Group is a company listed on the Budapest Stock Exchange, operating in 14 countries in the Central and Eastern European region (Albania, Bosnia and Herzegovina, Bulgaria, Czech Republic, Croatia, Kosovo, Poland, Romania, Serbia, Slovakia, Slovenia, North Macedonia, Hungary and Montenegro) in the retail- and wholesale distribution and mobility services business.

Recent years' events – the negative impact of the COVID-19 epidemic on the economy, the decline in production and the disruption of supply chains due to a global chip shortage – left a strong mark on the EU passenger car market.

To become the leading car and mobility provider in the Central and Eastern European region by the end of the decade, and to maintain our successful operations, we need to respond to changes in the automotive industry and the market in general. We are prepared for these challenges and we constantly monitor expected trends; these show that the transformation of the automotive industry is inevitable due to tightening environmental regulations, and that innovative and continuous development is needed to bring about technological change. In the future, it will be increasingly important to cover the entire automotive value chain, develop digital sales

channels and serve the growing demand for mobility services.

Next to the continuous adaptation to the occurring changes, we need to make environmental awareness a key part of our strategy.

Among other things, this is what we intend to present in our first Sustainability Report, by outlining our ESG performance, initiatives and targets in the previous year. Of these, I would like to highlight that out of the companies listed in the Premium category of the Budapest Stock Exchange (BSE), we were one of the first to develop a Green Financing Framework and to issue green bonds in the year 2021. In July 2021, we signed a strategic cooperation agreement with the ALTEO Group to develop our e-mobility services by improving the charging infrastructure and bolstering the distribution of electric vehicles. To take our existing sustainability commitments to the next level, we launched preparations for our ESG certification, supported by the appointment of an ESG Director.

Our priorities for the future include maximising the recycling of waste from our operations and improving the energy efficiency of the Group's properties.

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***Next to the continuous adaptation to changes, we need to make environmental consciousness a key part of our strategy.***

Furthermore, we strive to meet an increasing share of our energy needs through using renewable energy sources, to use as many means as possible to support electric driving, and to reduce our carbon footprint by favouring environmentally responsible suppliers.

We are committed to ensuring that our growth is both environmentally and socially sustainable. Therefore, our priority is to ensure that sustainability is appropriately and adequately mainstreamed in all areas of the Group's operations. We focus on long-term value creation, with a strong emphasis on promoting environmentally friendly solutions and fostering transition. We are pleased to share these plans and achievements with you in our first Sustainability Report.

Kind regards,

**Ormosy Gábor**

*Chief Executive Officer*





# KEY RESULTS

# KEY RESULTS IN 2021

## BUSINESS



**+25,000**

vehicles sold

**HUF 195 billion**

sales revenue

**HUF 6.6 billion**

nominal value of green bonds issued

**HUF 10 billion**

value of the largest domestic IPO in the last 10 years

## CSR



**2x**

increase in the number of employees

**CSR**

Funding of NGOs

**Fostering internal communication**

Implementation of „AutoSpoiler“



## ENVIRONMENT

**E-mobility**

development of charging infrastructure with ALTEO

**Renewable energy**

installation of two 50kW solar parks

**AA energy rating**

of newly developed JLR dealership



## GOVERNANCE

**Green Committee**

founded

**3rd**


ESOP launched

**Responsible conduct**

Introduction of our Code of Conduct

## List of abbreviations

<b>AW:</b>	AutoWallis Group
<b>ESG:</b>	Abbreviation for Environmental, Social and Governance. They are what we call pillars within the ESG Framework and they represent the three areas in which companies are expected to report.
<b>CSR:</b>	Corporate Social Responsibility
<b>UN</b>	United Nations
<b>SDG:</b>	Sustainable Development Goal
<b>GHG:</b>	Greenhouse Gas
<b>GRI:</b>	Global Reporting Initiative
<b>ESOP:</b>	Employee Stock Ownership Plan
<b>BSE:</b>	Budapest Stock Exchange
<b>MNB:</b>	National Bank of Hungary
<b>Board:</b>	Board of Directors
<b>GM:</b>	General Meeting
<b>AC:</b>	Audit Committee
<b>SB:</b>	Supervisory Board
<b>SIXT:</b>	Sixt rent-a-car
<b>WAE:</b>	Wallis Automotive Europe Autóforgalmazási és Szolgáltató Kft.
<b>M&amp;A:</b>	Mergers and Acquisitions



# AUTOWALLIS IN FIGURES

Információ



[2-1; 2-2; 2-3; 2-6; 2-7]

## AutoWallis in Figures

Official name:

**AutoWallis Nyrt.**

Nature and form of ownership:

**public limited company**

Registered office:

**Budapest**

Operating in

**14 countries**

Entities covered by the Sustainability Report: AutoWallis Nyrt. and its subsidiaries<sup>1</sup>:

WAE Autóforgalmazási és Szolgáltató Kft.	Iniciál Autóház Kft. és ICL Kft.	WAE CEE Distribution Kft.	AW Property Kft.	K85 Kft.
Wallis Autókölcsonzó Kereskedelmi és Szolgáltató Kft.	VCT78 Ingatlanhasznosító Kft.	Wallis Adria d.o.o.	Wallis British Motors Kft.	DALP Kft.
Wallis Motor Pest Autókereskedelmi Kft.	AW Csoport Szolgáltató Kft.	Wallis Kerepesi Kft.	AVTO AKTIV SLO d.o.o.	WAE S d.o.o.
Wallis Motor Duna Autókereskedelmi Kft.	Wallis Motor Ljubljana d.o.o.	WAE Hun Kft.	AAI PROPERTIES d.o.o.	WAE C d.o.o.

Reporting period:

**FY 2021**

Frequency of financial reporting:

**quarterly**



Number of employees:

**695<sup>2</sup>**

<sup>1</sup> For certain information presented in the report, reliable data was not available for all subsidiaries and were therefore not presented. Differences between the entities presented in the indicators are indicated in all cases. We intend to present the performance of all subsidiaries for all indicators in our next report.

<sup>2</sup> Average in 2021 on group level

An aerial photograph showing a two-lane road winding through a dense green forest. To the left of the road is a body of water with a blue-green hue. The entire image is framed by a thick blue border. A dark, semi-transparent rectangular box is centered over the road, containing the text 'REPORT OVERVIEW' in a light green, sans-serif font.

# REPORT OVERVIEW

## Report Overview

**[2-6]** We believe in the importance of growing our business in a sustainable way, i.e. meeting our needs today without compromising the ability of future generations to meet their own needs.

In its first sustainability report, AutoWallis wishes to publish information on its performance from an environmental, social and governance point of view. The report will make the company's operations more transparent while helping to identify current good practices and areas for improvement, as well as the company's non-financial risks and opportunities related to sustainability.

### Background and relevance of the Report

#### UN Sustainable Development Goals

In 2015, the 193 UN member states adopted the 2030 Agenda of 17 goals, a framework for sustainable development, which is designed to address today's global challenges such as poverty, inequality, climate change, growth, and peace and justice. The goals are equally applicable to all UN member states, regardless of their level of development. The goals can be broken down into sub-goals and indicators measuring and tracking several aspects of sustainable development up until the year 2030.

AutoWallis is committed to the implementation of the UN Sustainable Development Goals (SDGs). Therefore, our ESG goals and focus areas are organised around the 2030 Agenda.

Based on our evaluation, AutoWallis could achieve the greatest impact through promoting the following SDGs :



SDG 7. Affordable and clean energy



SDG 11. Sustainable cities and communities



SDG 12. Responsible consumption and production

**[2-6]** Should you have any questions or comments related to the report, please contact [info@autowallis.hu](mailto:info@autowallis.hu)

## The European Union and ESG

An important goal of our first sustainability report is to prepare for the expected legislative changes in the coming period. On 21 April 2021, the European Commission adopted the Sustainable Finance Package, one part of which is the Corporate Sustainability Reporting Directive (CSRD). The CSRD sets out uniform ESG reporting requirements for companies, which will come into force from 2024 onwards.

The sustainability maturity among Hungarian listed companies is steadily improving, and in the international market there is already a clear expectation to manage corporate responsibility at a strategic level and to present it transparently. The recommendations published by the Budapest Stock Exchange encourage issuers to prepare and publish an ESG compliance roadmap by the end of the year. Due to the constantly changing and tightening domestic and EU regulations, we consider it important to continuously measure and monitor the environmental and social impacts of companies.

**In order to achieve the objectives set by BSE's ESG roadmap, it is of utmost importance to improve our ESG maturity year by year.**

## Subject of the report

As part of our corporate ethos, we believe it is important to communicate our sustainability performance and goals transparently in our ESG report. The report is structured according to the two most commonly used frameworks, the Global Reporting Initiative (GRI) and the Sustainable Accounting Standards Board (SASB). We aim to improve our reporting practices year by year, based on a dialogue with key stakeholders.

As a result of a materiality assessment carried out based on the GRI standards, the report firstly presents environmental objectives and results along defined areas and material issues. Next, we present the Group's targets and performance in the areas of corporate social responsibility and corporate governance.

**[2-14]** In order to ensure the comprehensiveness of the report and to signal our commitment, the Company's management, including the Board of Directors, was actively involved in the preparation of this report.



## Our stakeholders

[2-27] We assess our performance based on, among others, our relationship with our key stakeholder groups, such as our employees, suppliers, business partners and customers.

### Key stakeholder groups:

 <b>Investors</b>	 <b>Oversight authorities</b>	 <b>Partners</b>	 <b>Clients</b>	 <b>Professional organisations</b>	 <b>Employees</b>	 <b>Media</b>
<ul style="list-style-type: none"> <li>• Institutional</li> <li>• Professional</li> <li>• Individual</li> </ul>	<ul style="list-style-type: none"> <li>• MNB (Central Bank) as issuance supervisor</li> <li>• BSE, Supervision of operations as defined in the rules of the stock exchange</li> </ul>	<ul style="list-style-type: none"> <li>• Vehicle manufacturers</li> <li>• Vehicle importers</li> <li>• Franchise partners</li> <li>• Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Former and current clients of subsidiaries</li> <li>• Businesses and individuals purchasing car/mobility services</li> </ul>	<ul style="list-style-type: none"> <li>• Professional organisations and associations of which AutoWallis is a member (e.g. Hungarian Association of Automobile Dealers, Hungarian Vehicle Importers Association, Automotive Manufacturers and Importers Association)</li> </ul>	<ul style="list-style-type: none"> <li>• All current and future employees of the Group</li> <li>• Potential employees</li> </ul>	<ul style="list-style-type: none"> <li>• Finance-, business- and automotive-related media</li> </ul>

### [3-1] Materiality analysis

This year, for the first time, we have conducted a materiality analysis – the results of which were used to determine the material topics for the ESG report of AutoWallis Group. The methodology of the analysis was developed in line with GRI standards. The steps of the analysis include:

#### 1. Context definition

We conducted an internal workshop to examine the company's current approach to sustainability and its relationship with its stakeholders, issues previously raised and actions planned, and used an industry benchmark to assess the environmental, CSR and governance-related performance, objectives and communications of our main competitors.

#### 2. Identifying potential and actual impacts

Based on GRI guidelines, we explored the availability of industry-specific indicators. However, these were currently not available for industries relevant to AutoWallis. Therefore, based on further standards and industry best practice, we have identified a long list of possible topics, with the help of experts.

#### 3. Evaluation of the significance of impacts

Based on the list of the identified possible material issues, we used a questionnaire to assess the opinions of our stakeholders on the importance of each issue.

#### 4. Prioritisation of issues

The results of the assessment were discussed and evaluated in an internal management workshop in the light of AutoWallis' goals and opportunities, in addition to external expectations and current events.

#### 5. Identification of material issues

Based on the information gathered, we identified issues that were material.

### [3-2] Material issues

- Fair and ethical business conduct, avoiding anti-competitive behaviour
- Anti-corruption provisions
- Energy consumption
- Occupational health & safety
- Number of vehicles sold

These topics are defined based on the guidelines of the GRI standard and are presented in the following chapters in detail .

# AUTOWALLIS GROUP



[2-6]

## AutoWallis Group

### Mission

Listed in the Premium category of the Budapest Stock Exchange and in the BUX and BUMIX indices, the company's strategic goal is to become the leading car and mobility provider in the Central and Eastern European region by the end of the decade. To achieve this goal, AutoWallis operates as a classic, conservative asset manager with a business policy in line with ESG values and sensitive to social and environmental challenges and focuses on continuously expanding its investment portfolio focused on automotive investments through acquisitions.<sup>2</sup>

The Group's priority is to further strengthen its market position through 1-2 acquisitions per year, business development and diversification. Another strategic focus is actively developing our mobility services – with a focus on fleet management- and related activities. In an expanding group, it is particularly important to exploit synergies. Therefore, we plan to develop functions to support business operation and are working towards establishing an international management team. Digital transformation and the ability to manage data assets will also be a strong focus of the AutoWallis strategy.

Our aim is to cover the entire value chain, integrating the retail- and services portfolios under a single brand, thus exploiting operational and sales-related synergies between Group members.

### Business introduction

AutoWallis Group is listed on the Budapest Stock Exchange and operates in 14 countries in the Central and Eastern European region (Albania, Bosnia and Herzegovina, Bulgaria, Czech Republic, Croatia, Kosovo, Poland, Romania, Serbia, Slovakia, Slovenia, North Macedonia, Hungary and Montenegro) in the vehicle distribution and mobility services business.

In our countries of operation, AutoWallis Group is active in the wholesale and retail of motor vehicles and spare parts, next to servicing and short- and long-term car rental. The brands we represent include both the most popular vehicles, and leading models of the premium segment.

Markets and activities in 2021

<sup>2</sup>About us ([autowallis.hu](http://autowallis.hu))



## Number of vehicles sold

**[AW1: 3-3]** The number of vehicles sold by AutoWallis is one of the most basic metrics linked to the success of the company. This is why we constantly monitor this figure and set related targets.

As it impacts our revenues and affects our environmental and social impact, it is a measure of our business performance.



## [AW1] Total number of vehicles sold in 2021:

Business line	2020	2021	Change %
<b>Wholesale</b> <i>(new vehicles)</i>	3,980	16,501	+314.6%
<b>Retail</b> <i>(new and used vehicles)</i>	4,396	8,533	+94.10%
<b>Retail: new vehicles sold</b>	3,196	6,920	+116.50%
<b>Retail: used vehicles sold</b>	1,200	1,613	+34.40%

Brands we represent:



Spare parts and components





AutoWallis  
has been listed on the  
Budapest Stock Exchange  
**since 2019**

### Budapest Stock Exchange Best-Of Awards – ‘Capital Increase of the Year’ award



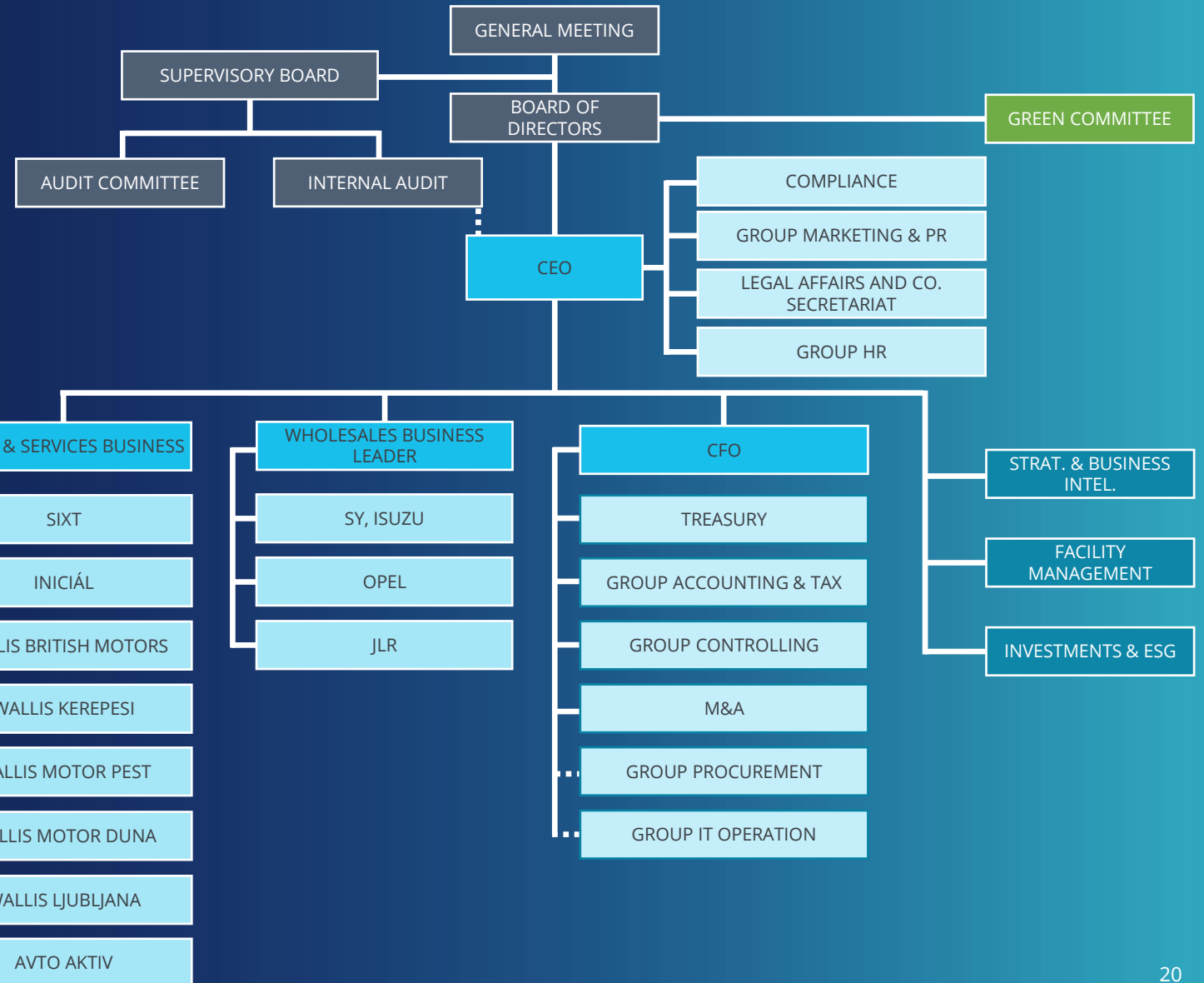
In 2021, the Group’s sales revenue totalled HUF 195 million. Based on the aggregate value of the tiered capital increases, the Group won the **‘Capital Increase of the Year’ award** for two years in a row at the Budapest Stock Exchange Best-Of 2020 and 2021 Awards.

In contrast to the region’s automotive performance, and despite the challenges posed by the prolonged COVID-19 pandemic and the chip shortage apparent from Q3 onwards, the Group recorded an outstanding 226.4% growth in new car sales, significantly outperforming both the 2.1% growth in relevant markets and the 1.5-2.4% decline in the wider European market. Of this growth, acquisitions accounted for 197.9%, while organic growth for 28.4%, the latter alone being several times higher than the average market growth even within our region.



## The Group's governance structure

Consisting of 21 member firms, the size of the Group made it possible, and necessary to start exploiting our economies of scale through joint procurement and developments. Furthermore, the complexity of governance tasks and organizational changes in the member companies also led to changes in the organisation of the holding structure, as outlined the chart on the right side.



## Activities



### Retail business

For individual customers, we distribute major international car brands at national and regional level. We also have a full service-offering, together with complementary services.

**In 2021, the group sold a total of 8,533 vehicles (6,920 new and 1,613 used vehicles) as part of its retail business.**

Our retail business includes our car rental business: Wallis Autókölcsonzó Kft. was the first car rental company to introduce electric cars in its range as early as the mid-2010s, and their proportion (including hybrid cars) has been increasing steadily since then.



AutoWallis Group offers its high-quality short and long-term car rental services as a Hungarian franchise partner of the Sixt Rent-a-car international network. Sixt is part of the retail business and offers customers small, medium and luxury cars and vans in dozens of categories. It also offers its corporate clients customised mobility solutions. As part of cooperation agreements, it offers its domestic business partners discounted prices and special rental conditions. In addition to satisfying passenger car rental needs, it also provides its customers with vans and premium passenger transport services.

In Budapest, Sixt currently serves our customers in 2 locations: via our offices on Váci út and at Terminal 2B of Liszt Ferenc International Airport in Budapest. The airport's tourist traffic plays a major role in its operation.



### Wholesale business

AutoWallis Group's wholesale business comprises the purchase and sale of new cars and spare parts and operates in the countries of Central and Eastern Europe, with over 60 partners.

**In 2021, the group sold a total of 16,501 new vehicles as part of its wholesale business.**



## AutoWallis – ESG approach

Our activities and operations are focused on overcoming sustainability challenges and creating long-term value, with a particular emphasis on:

- Promotion of environmentally friendly solutions and fostering transition
- Accesible mobility
- Innovation
- Digital solutions

### Environmental



- Review of waste management practices
- Review of energy procurement practices
- Integrating green bond conditions into real estate policy

### Social



- Communication of cost reductions (energy use, material use, administrative fees)
- Training of new employees
- Training more female managers
- Create health and safety policies

### Governance



- Preparing the Group's structure and adaptation mechanisms for acquisitions

Our overall objective is to improve our sustainability data gathering processes, to foster ESG-based evaluations, to monitor the implementation of the plans created and to develop a new Green Bond Framework in line with the changing industry and regulatory environment, with keeping the Group's dynamic growth in mind.

## Green Bond issuance

On the 23<sup>rd</sup> of July 2021, AutoWallis Nyrt. issued green bonds in the nominal value of 6.6 billion to finance sustainability-related projects. As part of the Green Bond framework, AutoWallis carried out a Group-wide energy audit for the 2020-2021 period, covering the entire group, and has set up a green committee to oversee and monitor the implementation of potential and ongoing projects that qualify as green. **To reach these goals, we are committed to the following:**

### Clean transport

- Increase the number of charging stations for electric vehicles in dealerships – by +50% compared to base year 2020.
- Install Mode 4 charging stations at all relevant AutoWallis locations – +10 stations compared to 2020.
- Increase the share of zero-emission and/or hybrid vehicles in both fleets – by +20% compared to 2020.

### Energy and water efficiency

- Achieve energy savings of at least 20%, compared to the building's pre-investment condition, verified by an energy certificate.
- Rainwater harvested and reused in irrigation should represent 20% of total water use, compared to a baseline of 0%.
- Achieve 10% annual water savings compared to our baseline, through water-free solutions and technologies.

### Renewable energy sources

- Increase the share of energy from renewable sources in our total energy use to 30%, compared to the 2020 baseline.

### Energy efficiency

- Increase the proportion of LED luminaires – LED share should be at least 50%.
- Achieve 30% energy savings compared to the 2020 baseline through savings from the use of LED luminaires.

### Heating and cooling technology solutions

- Achieve 10% annual energy savings compared to the 2020 baseline, verified by an energy certificate.

### Energy procurement

- Increase the share of renewable energy from group-wide energy purchases to 30% from the 2020 baseline, and ensure that 30% of total energy use is from renewable sources.

### Indicators and outputs we committed to in the environmental impact report of the Green Bond Framework:

- Installation of 100 new electric charging stations
- Purchase of 250 new electric fleet vehicles
- Reduction of natural gas consumption of new trade locations to zero through the use of heat exchange heating/cooling solutions
- Installation of a 49 kW solar power station on all new trade locations
- Installation of LED lighting for new trade locations
- Reduction of CO2 emissions through centralised energy management and renewable energy purchase

An aerial photograph of a dense green forest. A paved road with a dashed yellow center line runs horizontally across the middle of the image. On the left side, a portion of the Earth is visible, showing blue oceans, white clouds, and green continents. A dark rectangular box is centered over the road and forest, containing the word "Environment" in a light green, sans-serif font. The entire image is framed by a thick blue border.

# Environment



## Our Environment

Our commitment to reducing and minimising our environmental impact is what drives our sustainability efforts. Being a major automotive and mobility provider in the region, our key environmental goals are to recycle as much operational waste as possible, to make the Group's day-to-day operations more energy efficient, to maximise the use of renewable energy sources and to favour environmentally responsible suppliers.

The value chain in the industry is changing and AutoWallis has identified three areas of the supply chain where we have already started changes: urbanisation and mobility, online sales and technological transformation. In this context, we would like to highlight our innovative business model and the introduction of online sales solutions. The sales process is already partly online, thanks to which the average retailer visit per purchase is already below two.

### Waste management - fostering circular economy

**[306-1]** Waste can be generated through the organisation's own activities and through the services we provide.

It can also be generated by upstream and downstream units in the organisation's value chain, for example when suppliers process materials that are subsequently used or acquired by the organisation, or when consumers use the services or products.

**[306-2]** AutoWallis Group strives to minimise the environmental impact of the waste generated in its activities and, in accordance with obligations, we pay particular attention to tracking the changes in environmental legislation, to keep up-to-date records of our waste management-related operations, air pollution control and ADR (carriage of dangerous goods by road).

Depending on the type of waste generated by our activities, we selectively store it in the packaging material prescribed for its storage until it is disposed of by our duly authorised partners.

**[306-2]** In 2021, we did not have environmental investments related to the collection, storage or transport of our waste generated, but we have started preparations for an environmental and ADR compliance assessment and waste audit, which is planned for 2022. The audit will be carried out voluntarily to better understand our waste and waste management practices. We plan to report in detail on the results of this in our 2022 report.



As a result of the waste audit, we will have the exact weight of waste generated at the Group level, as well as the waste management practices by operating location. We intend to present this information in more detail in our next report. We present the waste generated in 2021 by the following locations: WAE Autóforgalmazási és Szolgáltató Kft., Wallis Motor Pest Hungária krt., Wallis Motor Pest Váci út, Wallis Motor Duna, Inicial Autóház Kft. And the locations of Wallis British Motors Kft. The total mass of waste generated in 2021 was approximately 211 t.

**[306-3]** Main types of waste generated by the Group's operations:

Hazardous waste	Non-hazardous waste
mineral oil based engine, gear and lubricating oils not containing chlorines	paper
brake fluid	cardboard
scrap tyre	other mixed packaging waste
waste paint and varnish containing organic solvents or other hazardous substances	waste paint and varnish free of organic solvents and hazardous substances
oil filter	iron and steel
brake pad	glass
packaging containing residues of or contaminated by hazardous substances	municipal waste
oil-contaminated metal waste	wood waste

### The Group's energy consumption

**[302 (3-3)]** We monitor our energy consumption with the assistance of an energy consultant. In 2021, we performed a comprehensive assessment of our energy consumption for the years 2020-2021, together with the evaluation of the energy status of our buildings and our energy management activities.

We strive to ensure proper resource management and thus, to ensure efficient energy use. The first step of this was to determine the appropriate baseline condition.

As a result of the assessment, we found that the electricity consumption of our property portfolio increased by more than 20% from the previous year. It is important to note, however, that the 2020 figures had been heavily affected by the restrictive measures taken in the context of COVID-19. The Company embarked on green investments to reduce the energy demand of the properties currently occupied by the Group and to maximise the use of renewable energy. However, as our energy consumption increases, further energy efficiency measures may be required in the coming year. Data on energy and natural gas consumption are given in the table on emissions.

The aggregate figure includes the energy consumption of the subsidiaries for which data was available in 2021. We intend to provide a more accurate breakdown of consumption data in our ESG report for 2022.

## Analysis of total energy consumption

The GHG Protocol is a corporate standard for the effective measurement and monitoring of greenhouse gas (GHG) emissions, covering both direct and indirect emissions associated with an organisation. Also known as the Corporate Carbon Footprint Standard, it defines three scopes of emissions: Scope 1, Scope 2 and Scope 3. The source categories for each of these are described below.



### Scope 1

GHG emissions from business units that are controlled or owned by the company.



### Scope 2

GHG emissions from the production of heat, electricity, cooling or steam purchased by the company.



### Scope 3

Indirect GHG emissions not included in the previous two categories, which are generated in the value chain associated with a product or service through its production, procurement, design, use and handling. **GHG Protocol**

**[305-1, 305-2, 305-3, 302-1]** AutoWallis Group's energy audit also included an assessment of the consumption of natural gas in owned and rented properties, i.e. the Scope 1 emissions associated with the properties. In addition, we consider our fuel consumption to be of a significant impact, which also falls into this category.

### Scope 1 emissions

Fuel		
	Consumption	Total emission (tCO <sub>2</sub> e)
<b>Total petrol consumption</b>	203,206	351.1
<b>Total diesel consumption</b>	241,979	345.1
<b>Total fuel</b>		<b>696.3</b>
Properties		
	Consumption (m <sup>3</sup> )	Total emission (tCO <sub>2</sub> e)
<b>Total natural gas consumption</b>	255,576	551.63
<b>Total Scope 1</b>		<b>1247.91</b>



Indirect emissions include emissions from the generation of the electricity purchased and consumed in connection with properties owned or occupied by the company, including energy used for charging electric vehicles.

### Scope 2 emissions

Properties		
	Consumption (kWh)	Total emissions (tCO <sub>2</sub> e)
<b>Total electricity consumption</b>	2,427,217	885.93
<b>Total heat consumption</b>	449	0.12
<b>Scope 2 total</b>		<b>886.06</b>

Assessment and presentation of emissions related to our activities can only be complete by quantifying other indirect emissions in Scope 3. The collection of data on these emissions is a major task, which we will start systematically in 2022. Our aim is to increase the number of subcategories reported year by year, with a baseline survey of major emissions in 2022 and a comprehensive Scope 3 inventory in 2023.

In our current report, we present our the parts of Scope 3 emissions for which information is currently available. These include emissions related to the transport of goods as part of our wholesale activities. The table showing our Scope 3 emissions is not exhaustive. We are currently working on a more detailed analysis and the presentation of our results.

### Scope 3

#### Wholesale

Type	Consumption (liter/kWh)	Total emission (tCO <sub>2</sub> e)
Wholesale – road (liter) <sup>3</sup>	996,525	1,421.40
Wholesale – rail (kWh) <sup>4</sup>	54,653,738	256.51
Wholesale – sea (liter) <sup>5</sup>	375,495,428	318,468.95
<b>Total wholesale</b>		<b>320,146.87</b>

#### Spare parts and components

Type	Consumption <sup>6</sup>	Total emission (tCO <sub>2</sub> e)
Courier Transport	-	2.58
Night Star Transports	-	605.99
DSV Road		0.96
<b>Total spare parts and components</b>		<b>609.53</b>

<sup>3</sup>The CO<sub>2</sub> emission equivalents of consumption of petrol and diesel by vehicles have been calculated based on the practice of data reporting of the Hungarian Energy and Public Utilities Regulatory Authority.

<sup>4</sup>For consumption related to rail transport, emissions data were calculated based on consumption data collected, and using emission factors from the Office of Rail and Road Data portal (2022)

<sup>5</sup>For transport by sea, due to limited data availability, emissions data were taken into account using ABC Version 7.4, “upstream maritime freight transport, container ships, 1900 - 3849 TEU”.

<sup>6</sup>Additional information: For emissions related to parts transport, we received pre-calculated CO<sub>2</sub> emissions data from our logistics partners. Their conversion factor and other GHG protocol factors are not known.

## Energy efficient and modern showrooms

The commercial units established in the last 4 years, such as the BMW-Mini Salon, the Sixt premises due to open in 202, as well as the new Jaguar & Land Rover showroom will feature state-of-the-art, energy-efficient building services and lighting systems. All these commercial units deliver the 'BB' near-zero energy performance, which satisfies the energy requirements.

### BMW Showrooms

The properties leased by Wallis Motor Pest Kft. and Wallis Motor Duna Kft. - housing the BMW car, motorbike and MINI showroom, meet the BMW international standards for environmentally responsible architecture and engineering.

The dealership has been collecting waste selectively from the outset and uses recycled materials in the cafeteria and the bathrooms. Most administrative workflows have been digitised and paper use is minimal. Catalogues can be viewed in digital format. There are 4 e-charging points in the green showroom area, and their energy supply is covered by a small in-house solar power plant attached to the building.



## Jaguar & Land Rover Showrooms

As a member of the AutoWallis Group, Wallis Automotive Europe (WAE) has been the exclusive importer of the Jaguar and Land Rover brands in the Central and Eastern European market (Albania, Bosnia and Herzegovina, Croatia, Kosovo, Northern Macedonia, Montenegro, Serbia, Slovenia) since 2016, with Hungary joining in spring 2020. After a successful technical debut in 2021, the region's newest Jaguar and Land Rover car dealership and service centre will open in January 2022 at Váci út 76-80.

More information on the showroom and its environmental performance will be included next year's report.



### Sixt Rent-a-Car – Wallis Autókölcsönző Kft.

It is guaranteed that customers who use our rental car service are always provided new cars, in immaculate condition - with low mileage and up-to-date technology. We were the first car rental company to offer electric cars back in the mid-2010s. We are constantly increasing the number of hybrid cars because of their low CO2 emissions. The proportion of the green fleet (electric and hybrid cars) is currently at 11%. We plan to increase the share of the green fleet in our procurement.

In 2022, a solar panel system will be installed to cover the energy needs of the new Technical Base, in line with the commitments made under the Green Financing Framework. Parking spaces for charging electric cars will also be created. A step forward in sustainability will be the digital customer office, through which customers will be able to start their rental via a phone application. This will eliminate the need for staff and office management, only parking spaces will need to be provided for the cars.



## Increasing the share of electric cars

AutoWallis set itself the task of raising awareness of electric cars both within the company and in the dealer network of the brands under its umbrella. In the coming years, we wish to provide plug-in hybrid and electric cars primarily for our leadership and employees commuting in the city. In addition to our PR and test fleet, and our vehicles of personal use, the stakeholder structure of our dealer network will also be designed to give priority to low emission vehicles.

A key element of the implementation of this strategy is our strategic cooperation agreement with ALTEO, aimed at coordinating our e-mobility services in the future. In line with the needs of our residential and corporate customers, the Group wishes to contribute to the development of sustainable mobility by installing electric charging equipment, building an electric grid and installing energy management systems to ensure efficient use of electric capacity.





An aerial photograph of a busy city street with a crosswalk. The street is paved with dark asphalt, and the crosswalk consists of several white rectangular stripes. Numerous people are walking across the street in various directions. The scene is captured from a high angle, looking down. A dark teal border surrounds the entire image. In the center, a semi-transparent black rectangle contains the text "Corporate Social Responsibility" in a light green, sans-serif font.

# Corporate Social Responsibility

The AutoWallis Group has a significant social impact through the products and services it sells, as an employer, as a public limited company and as a responsible company in the Central European region. Our aim is to conduct our activities with due care, taking into account our local communities and supporting, as far as possible, initiatives that share our values. In the following section, we present, among other things, information related to our employees and employment policies, as well as our initiatives related to recognition and remuneration systems, health and safety at work, employee involvement and training, and corporate social responsibility.

## Employees

**[2-7] [2-8]** During the year, we significantly increased our staff, due to previous acquisitions and organic growth. In the year 2021, the average statistical headcount within the AutoWallis Group increased to 695, as compared to 309 in the previous year. This goes to show that we have more than doubled the number of people working towards becoming more effective and successful.

We closed the year 2021 with the following number of employees, by type of employment, and gender.

The data reflects the Company's closing position as of 31 December, 2021. Our foreign subsidiaries are not included in this data.

We do not have any workers who are not employed by AutoWallis, but who report to and are controlled by the company - with the company reviewing the work performed and the tools and methods applied.

Total employees by gender	2021
Men	448
Women	172

Type of employment	2021	
	Women	Men
Indefinite	165	438
Definite	7	10
Full time	143	429
Part-time	29	19

The focus of our employment policy in 2021 continued to be on human resource management supporting our business growth, on providing secure employment, the careful selection of our employees and the development of our workforce - these topics are described in more detail in the following.

In addition, the year's employment policies were significantly affected by the shortage of skilled labour and the continued presence of the COVID-19 epidemic.

From the view of organisational development, the aim for 2021 was to standardise the companies' employment practices following the segmentation of the Group's retail and wholesale businesses in 2020.

Looking ahead to 2025, the priority in our HR strategy is ensuring the effective operations of our holding structure, in parallel with our service line model.

We also plan to develop the organisational structure in each business line in a way that enables the efficient integration of future acquisitions, together with the effective management of our strategic projects at a group level.

## Employee friendly work environment

As part of the "S" i.e., the social part of our ESG strategy, we strive to create a sustainable and liveable work culture. In addition, it is important for the achievement of our business objectives to ensure that we have the right quantity, quality and composition of workforce at the Group level.

To this end, our primary objective is to retain and motivate our workforce. This is based on our HR professionals' vision of an "Attractive Workplace", set out in 2020 and continued in 2021. Another target set out in our HR strategy is to have 75% of our employees come from Generation Y (25-40 years old today) by 2025.

Accordingly, AutoWallis, as an employer, pays particular attention to providing good working conditions, complex tasks, opportunities for competence- and career development, competitive pay and fair, performance-based remuneration. We believe in equal opportunities when recruiting new staff, so selection is always based solely on professional criteria.

In addition, we aim to use the latest technologies when fitting out and renovating workplaces (showrooms, offices, workshops) to create safe, comfortable and environmentally friendly working conditions.

During the COVID-19 epidemic, it became a common practice for colleagues to work from home – for employees whose job allowed them to do so (e.g. not working in the service department). We intend to introduce a group-wide policy to ensure that this opportunity is shared equally across the organisation.

## Ethical workplace

**[2-23] [205 (3-3)]** The member companies of AutoWallis Group are committed to creating an ethical and transparent working environment – respecting human rights, and the social and economic interests of employees, in all cases. In addition, it is our general practice to inform our employees in a timely manner of any issues or circumstance that may affect their employment or their rights and obligations as employees.

In order to avoid cases of corruption, we expect our employees to avoid and report any situation in which bribery is suspected. To incorporate these principles, our company adopted a new Code of Ethics in 2021 and plans to adopt an explicit anti-corruption policy by 2023. This will include the review and consolidation of already existing policies that are currently in force at member companies. We will provide centrally organised trainings on the subject at least once a year.



Other anti-corruption related measures planned for the year 2023 will include standardising sales, procurement and M&A processes, promoting multi-actor decision-making processes and establishing decision-making levels. In addition, our internal control programmes will include an increased monitoring of the workflows that may be fraught with corruption (e.g. used car trade-in and sales, sales, and service parts).

**[205-2]** Although it was a practice at several of our subsidiaries, there was no central communication available at Group level on our anti-corruption policy in 2021, and there was no annual anti-corruption training. These are planned to be introduced in 2023.

**[2-26]** In this context, AutoWallis decided to develop a group-wide, uniform whistleblowing (ethics hotline) and employee grievance procedures by 2025. This will include the consolidation of the systems currently in place in each affiliate. We plan to make these centralised functions available through our company intranet platform, "AutoSpoiler".

As per the requirements of the Green Bond Framework, and in compliance with relevant regulations, we do not finance any activities that involve the production or provision of products or services that are ethically or morally questionable.

## Compensation system

### Workforce retention

Our surveys show that Generation Y places a high priority on competitive wages. To ensure this, the Group's member companies participate in a wage benchmark survey every 2 years. In addition, the centralisation of group-level staffing and payroll management by the end of 2023 has been set as a strategic HR goal. As a result, we will introduce uniform benefits and group discounts.

We believe in performance-based compensation: As part of our HR strategy, we have defined an objective to implement a uniform performance appraisal system across the Group by 2024-2025, which will be used as a basis for creating the career development map. As part of this, the incentive system will also be standardised on a group-level, to promote a unified organisational culture and a consistent performance expectation at all levels. In addition, management trainings will be introduced in relation to developing a motivating, constructive and objective feedback culture within the organization.

A further objective is to develop a system of group-level awards and best practices, whereby best practices are recognised and rewarded.

During 2021, our staff costs increased by 144%, an increase that exceeded the 121% increase in sales revenue.

This was driven by staff growth, adjustments to labour market changes and wage increases in 2020.

In 2021, the Group received state funding to cover staff retention costs, such as wage subsidies and work health & safety subsidies. These reduced the amount of rising staff costs.

### **[2-19, 2-20] Executive compensation system**

AutoWallis Group has a Remuneration Policy which is adopted by the Board and is submitted to the General Meeting for approval. This way, the remuneration of the directors is based on a non-binding (opinion) vote by the General Meeting. Thus, the Directors cannot decide on their own specific remuneration – this falls within the scope of responsibility of the General Meeting.

Given the increasing emphasis our Group places on ESG issues, we wish to introduce ESG aspects into our performance evaluation system. As a first step, ESG targets and KPIs are already included in some of the top management's remuneration targets.

Our Remuneration Policy is publicly available [on our homepage](#), while our Remuneration Report is available [on the BSE's website](#). In 2021, there was no deviation from the Remuneration Policy.

**[2-21]** At AutoWallis, compensation includes the salary, bonus, equity awards, stock option awards, non-private equity compensation plans, changes in the value of retirement benefits, and the so-called “*deferred compensation*”. At our Group, the average compensation of non-management employees was in sync with the compensation of management.

The annual gross compensation of the person with the highest compensation in our organisation amounted to HUF 65,155,940 in 2021. The median annual compensation of the employees of the organisation (excluding the person with the highest compensation) in 2021 was HUF 5,664,008, not including (for lack of data) the compensation of the employees of Inicial Autóház Kft.

## Introduction of an ESOP

In order to motivate and engage employees and to foster a shared culture, Wallis Asset Management Zrt., the main shareholder of AutoWallis Nyrt. launched an employee stock ownership plan called MRP 1 in 2019, for the members of the management of AutoWallis Nyrt. and its subsidiaries.

The MRP organisation was established in September 2019 accordingly. The activities of the Group-controlled organisation are focused on achieving the goals set under the Group's remuneration policy.

MRP 1, launched in 2019, involves 25 managers of the Group. 19,864,829 shares were allocated under MRP 1 with a total value of HUF 465,926,000 at grant date. The shares were granted under one 2-year plan (2019-2021) and four 3-year plans (2019-2022).

The second plan was launched in 2021: 700,000 shares were issued under the MRP 2 programme, with a total value of HUF 70,450,000 on grant date. This scheme covered 36 employees. As of 31/12/2021, the ownership of the MRP Organisation in AutoWallis was below 5%, compared to 6.45% in 2020.



## Employee well-being<sup>7</sup>

### Health and safety at work

**[403 (3-3)]** The creation of a safe working environment is an important part of the employment policy of AutoWallis Group. In addition to our offices and showrooms, our colleagues also work in service stations and car washes, where health and safety is a particularly important topic. In terms of relevant guidelines, AutoWallis is committed to compliance with the law. A key initiative to highlight is the organization of regular annual health and safety and first aid courses, combined with practical trainings.

**[403-1]** We have no Occupational Health and Safety Management System in place at group level at. Our subsidiaries apply the provisions of the Occupational Health and Safety Act and its implementing instructions, which apply to all employees (i.e. car mechanics, car electricians, warehouse staff, polishers, auto body technicians, car washers, clerical staff). In our subsidiaries, safety, fire and health protection is carried out by external specialists who have the necessary qualifications for the job as required by law.

**[403-2]** Our subsidiaries follow the relevant legislation and the guidelines of the Occupational Health and Safety Authority on monitoring and investigating risks and hazards to the health of their employees. These processes apply to all employees and are carried out by persons specifically qualified in occupational safety and health. In addition, Wallis Motor Pest, Wallis Motor Duna and Inicial Autóház Kft. also carry out their own risk analysis activities, which are mapped to the individual job functions using the matrix method. At Inicial Autóház Kft., proposals are also developed to address each risk. For Wallis Motor Pest and Wallis Motor Duna, risk assessment and analysis processes are carried out by an external expert.

In order to improve our processes, our subsidiaries present the identified risks to the respective colleagues through training, and the systems in place are modified in the event of changes in legislation. In the case of Inicial Autóház Kft., the gaps and hazards outlined in the risk assessment are reviewed annually.

If our colleagues working at our subsidiaries detect dangerous situations, they can report them through their line manager or the elected OHS representative, and forward it to the OHS service provider.

If dangerous situations are detected, employees have the possibility to suspend work and seek redress. The OHS representative is protected by law from negative consequences.

In the event of an occupational accident at our subsidiaries, the external OSH specialist contacts the injured employee and the local manager and investigates the case in accordance with the relevant legislation, drawing up a report on the facts about the accident. An emergency training session is later held to prevent further accidents.

**[403-3]** Our employees undergo an occupational health examination on entry, then annually. The company providing the occupational health service determines the schedule of occupational fitness tests together with AutoWallis and carries out the preliminary, periodic and extraordinary occupational fitness tests required by law. At Inicial Autóház Kft. the occupational health service provider also participates in the preparation of the occupational health risk assessment and makes recommendations. The services cover all AutoWallis employees, everyone is informed about occupational health examinations.

<sup>7</sup>"Subsidiaries" in this section refer to the following 4 subsidiaries: Wallis Motor Pest, Wallis Motor Duna, Wallis British Motors Kft. and Inicial Autóház Kft. No data on the other subsidiaries are available at the moment.

There is currently no central policy in place to ensure the quality of occupational health services.

In addition to the physical health and safety of our workers, our aim is to ensure the safety and security of their data. Data security is a key focus of our ongoing IT development programme and we aim to focus on this area in our regular IT audits. In addition, the ongoing development of a single company-wide GDPR policy is aimed at consolidating the data processing policies in place at our member companies. The processing of employees' health data is regulated by the contract with the occupational health service provider, in accordance with legal regulations.

**[403-5]** At the Group level, employees receive general occupational health and safety training, there are no specialised training courses. These are compulsory for all employees before they start work and then annually. The training courses are given by an external occupational safety and health specialist. At the end of the courses, the material is assessed by means of test questions, quizzes and oral reports. In the case of external contractors, training is provided by the company's OSH specialist.

A separate OHS training is available for our OHS representatives.

In addition, workers who work as mechanics and those who operate vehicle lifts must undergo specific training and pass an examination related to their job. The main topics of the annual OHS training courses at Wallis Motor Pest Kft and Wallis Motor Duna Kft:

Reporting and investigating accidents, types of accidents

Use and application of personal protective equipment, practical demonstration

Rules for the use of hand-held small electrical appliances

Conditions for operating service lifts (special annual safety training for lift operators)

Rules on storage and warehousing

Information on the harmful effects of dangerous substances, protective equipment

First aid, use of first aid kits

The main topics of the annual OHS training courses at Inicial Autóház Kft. include:

Employees' rights, obligations

Medical examination procedures

Personal and material conditions for

safe work without health risks

First aid, what to do in case of electric shock, accident involving bleeding

Sources of danger, prevention of accidents

Reporting and investigating accidents

Action to be taken in the event of a work accident or an accident on an industrial road

Use of personal protective equipment

Specifications for working in hazardous conditions

Rules for handling materials in warehouses

Risks of driving a vehicle

Rules for the use of mechanically powered lifting equipment

Personal working conditions

Physical working conditions

Description of the use of work equipment

Contents and use of safety data sheets

Rules for activities involving dangerous preparations

## Employee training

We believe it is important for employee satisfaction, motivation and retention that our employees have access to training and development opportunities that support career development. To this end, we have introduced training opportunities for management. Our Group provides employees with the necessary or mandatory training for their work (e.g. first aid training, technical training, accountancy training). In addition, several of our member companies are exploring the possibility of introducing additional developmental training (e.g. language courses).

We are committed to introducing annual ESG-themed training within a year: we plan to make one training available at both management and employee level, respectively. Our aim is to transfer knowledge on how to effectively integrate sustainability into our daily operations. As a first step, environmental officers have been appointed in our member companies to pay special attention to environmentally responsible procurement, waste management and operations.

In parallel, we are working to centralise and standardise internal career development processes at member company and Group level. Related to this, we also aim to introduce talent programmes.

We have launched an initiative to communicate promotions and the reasons for them transparently on our internal platforms to motivate our colleagues. From a career development perspective, we consider it important to mention our aim to facilitate rotation within the Group in order to share knowledge and support development – thus retaining our staff in-house. To this end, open positions are always advertised internally first, via our intranet.

Our aim is to develop and strategize a feedback culture within the company – including through the introduction of relevant management training.

## Employee engagement

**[2-30]** In order to facilitate dialogue with employees and to identify opportunities for improvement, an employee satisfaction survey was planned and prepared in 2021 and will be carried out in early 2022. We are also seeking to involve our employees in recruitment: we have introduced a process to advertise vacancies on our internal interfaces, allowing for referrals and movement and retention within the group, thus facilitating the involvement of our employees. We also consider our intranet interfaces "AutoSpoiler" and BlueColibri as important communication platforms.

Through these platforms, important company-wide news and documents are available. Our goal is to promote their use towards our employees and communicate about the functions and opportunities available on them. Our aim is to make the platform suitable for organising and promoting our CSR activities and for developing our grievance handling system within a year. An important step in engaging our employees was to carry out a materiality survey for this report, asking all our employees for their views on what they see as the most important issues for AutoWallis in relation to ESG.



## Addressing concerns

**[2-25, 2-26]** As set out in our Code of Ethics, employees at both member company and Group level are expected to report incidents of suspected corruption or bribery to their line managers and to avoid any situation where there is a possibility or even suspicion of undue advantage being given. While there is currently no centrally regulated system in this regard, our aim is to establish a uniform, easily accessible group-wide grievance handling system through our intranet interface within 1 year; and to establish uniform, regular training on grievance handling and whistleblowing within 3 years.

## Equal opportunities, diversity

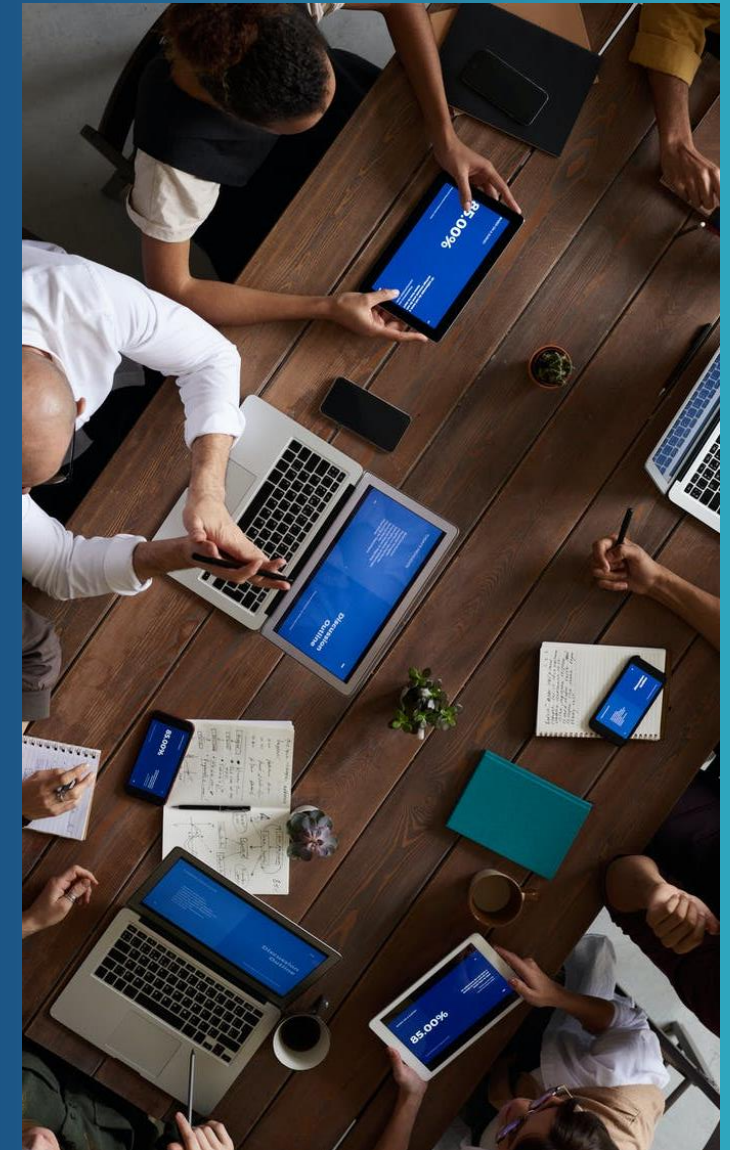
At AutoWallis, gender, age and culture are not a factor in recruitment or in promotion – decisions are based solely on professional background, human competences and business experience. However, our Group recognises the importance of diversity and seeks to diversify its stakeholders (shareholders, customers, employees, suppliers). We communicate these principles internally and externally.

We aim to increase the proportion of women in management and to comply with future EU legislation in this area.

In 2021, we also had initiatives to employ disadvantaged colleagues - working together with the National Rehabilitation Centre.

**[2-23]** We take the Charter of Fundamental Rights of the European Union, the Act on Equal Treatment and the Promotion of Equal Opportunities and the Labour Code as our guiding principles. Accordingly, we reject any form of discrimination, including discrimination based on gender, skin colour, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation.

We respect the requirement of equal treatment in the employment relationship, in particular in relation to remuneration. Our commitment to respect these human rights is also reflected in our Code of Ethics. When selecting our business partners and suppliers, we act in accordance with the principles of fair competition, equal opportunities and equal treatment: our principles are set out in our Procurement Policy. In this context, we ensure a level playing field for our partners and do not discriminate unlawfully.



## Social responsibility and professional excellence

All AutoWallis employees take pride in their social awareness and responsibility. As well as laying the foundations for our business success and development, we pay particular attention to improving the environment, whether it is our immediate surroundings or our extended home.

### Social initiatives, supporting local communities

We support a wide range of social initiatives, both at Group and member company level. At group level, we regularly support cultural organisations: the Kayak-Kenu Association and the Budapest Festival Orchestra. At the member company level, similar actions are taken: Inicial Autóház Kft. employees support local junior aquatic sports and aid programmes for local elderly people. Wallis British Motors regularly organises Christmas support campaigns, including donations to the Heim Pál Hospital in Budapest and the Újpest Children's Home. During the COVID-19 epidemic in 2020 and 2021, Sixt provided cars to the National Ambulance Service and Heim Pál Children's Hospital, which enabled them to transport and move more doctors, equipment and instruments. In addition, as our car rental business suffered a drop in tourism during the pandemic, Sixt signed an agreement with Wolt, in the framework of

which our colleagues worked as food couriers during the epidemic. The company also initiated a reorganisation within the group to retain staff during the pandemic. Sixt colleagues also carried out charity work and volunteering activities as part of their team building programmes, for example at the Rex Dog Shelter.

Our aim is to enable each member company within the group to adopt each other's good practices in the field of social responsibility, in order to strengthen group-wide organisation, initiatives and communication in this area - including through the use of our intranet interface.

### Membership associations

**[2-28]** To underpin our professional excellence, our company is a member of a number of professional associations and industry organisations. This ensures that we are aware of current trends and best practices, and that we have good professional relationships with industry players: In 2021, AutoWallis was a member of the following organisations:

- National Association of Vehicle Dealers
- National Association of Renault Dealers
- Association of Hungarian Opel Dealers
- Association of Customs, Excise and Taxation Service Providers

- Hungarian Vehicle Importers Association
- Automotive Manufacturers and Importers Association
- Hungarian Car Rental Association
- National Association of Managers
- European BMW Dealers' Association
- National Association of BMW Dealers

### Safety of our customers and clients

To ensure the satisfaction and safety of our customers, our Group complies with legal obligations and industry best practice in providing warranties to protect our customers from buying defective products.

To protect the privacy of our private and corporate customers, we pay particular attention to the security of personal and confidential company data and assets, both in-house and outsourced.

In addition, data protection is a focus of our ongoing IT development programme. Furthermore, in the area of data protection, we are currently in the process of consolidating our GDPR policy at Group level.

## Communication with stakeholders and groups

**[2-29]** Our group has assessed its group of stakeholders when preparing the report. It is important for us to communicate transparently and reliably with all stakeholders. Accordingly, a designated staff member is responsible for liaising with investors, institutional investors, the stock exchange and other funding bodies. **[2-27]** We have identified the following stakeholder groups related to our shares and funding issues, with whom regular communication is essential for continuous improvement.

Stakeholder group	Methods used to involve stakeholders	Source	Key themes and issues raised in the dialogues during the reporting period
<b>Dominant shareholder Wallis Asset Management Zrt.</b>	Through delegated Board and Supervisory Board members indirectly, through General Meeting resolutions directly. Importantly, the remuneration policy and reporting is also currently determined by the decision of the ultimate shareholder (59.2% shareholding). IR Activity	BoD and GM minutes, decisions, reports	Remuneration policy and report, amendment of Articles of Association, election of board members, adoption of annual accounts, decision on dividend payment
<b>Institutional investor above 5% (Széchenyi Funds Venture Capital Fund)</b>	Via delegated AC/SC member, through votes cast at General Meeting. IR Activity	AC/SC minutes, resolutions, reports	On matters falling within the scope of the AC/SC at least 4 times a year, decisions taken under the powers of the General Meeting at least once, but usually 2-3 General Meetings
<b>Foreign and domestic institutional investors in free-float (around 40 entities: banks, funds, health and pension funds)</b>	Interim reports (Q1, Q2, Q3) annual report, investor presentations, sales reports and IR activity	BSE, AW website, "Publications" section	Economic performance, key KPIs. announcement of acquisitions
<b>Over 4000 retail investors</b>	Mid-year reports (Q1, Q2, Q4) annual report, investor presentations, sales reports, IR activity, replies to emails sent to "info"		
<b>Complete capital market players who are not yet shareholders but are considering the possibility of becoming one</b>	IR, PR	BSE, AW website	Various data provisions, target studies
<b>BÉT</b>	Reports, fact sheets, disclosures, via the KIBINFO system, IR activity		
<b>MNB as issuer supervisor</b>	Reports, fact sheets, disclosures, data reporting through the MNB ERA, IR activity	BSE, AW website, "Publications" section	Economic performance, key KPIs. announcement of acquisitions
<b>Complete capital market players who are not yet shareholders but are considering the possibility of becoming one</b>	IR, PR		



# Corporate Governance

## Corporate governance

As a large company with a presence in 14 countries in the Central and Eastern European region, our aim is to ensure that, in addition to the Group's environmental and social compliance, sustainable operations are also adequately and comprehensively implemented in the area of corporate governance. In order to become an even more responsible company, we have started our preparations for obtaining our ESG certification and have appointed an ESG Director. Some elements of our corporate governance approach, such as ethical behaviour, employee relations and remuneration, are explained in detail in the *Employment* chapter. Other key elements of corporate governance are presented below.

### Corporate Governance

**[2-9]** The Group's executive body, its highest governance body, is the Board of Directors, whose **[2-10]** members are elected by the General Meeting of the Company for an indefinite term. The Board of Directors meets regularly, 22 times in 2021. **[2-12]** The Board of Directors is responsible for coordinating and managing the Group's management, defining its business and organisational development concept, including the strategy and decisions related to sustainability, representing the Company, providing guidance to its member companies, **[2-16]** and discussing critical issues.

**[2-15]** Conflicts of interest are managed in accordance with the rules applicable to public limited companies, the Board of Directors' Rules of Procedure and the Articles of Association.<sup>8</sup>

**[2-12]** In the preparation of decisions, due diligence and technical preparation, tasks are carried out by an executive committee of experts. The topics thus prepared are discussed at meetings of the Board of Directors and decisions are taken in accordance with its Rules of Procedure. It reports on the effectiveness of its activities in its half-yearly and annual reports. **[2-11]** The Chairman of the Board of Directors is not involved in the day-to-day operational tasks within the Company.

**[2-18]** The activities of the Board of Directors are supervised by the Supervisory Board in order to safeguard the interests of the Company. The performance of the Board of Directors is evaluated at least once a year and the report is adopted by the General Meeting.

The Supervisory Board is an independent body and may not be instructed by the employees or shareholders of AutoWallis in connection with its duties. The members of the Supervisory Board shall, in addition to monitoring the management and administrative tasks, also perform the duties of the Audit Committee, which shall include monitoring the efficiency and performance of accounting and auditing tasks.

For more detailed information on the tasks of the Supervisory Board, please consult the Supervisory Board's public Terms of Reference and [our website](#).

**[2-12]** The Green Committee is responsible for environmental, social and, in particular, green bond issues. The members of the Committee are Szabó Beatrix, Director of Sustainability and health and safety and environment of ALTEO Nyrt., Andrew John Prest, Antal Péter and Székely Gábor, members of the Board of Directors of AutoWallis.

**[2-12]** For other issues, the CEO and the managing directors of the subsidiaries may take decisions after the Board of Directors. The managing directors of the subsidiaries report to the members of the Board of Directors and to the accounting, finance and controlling staff of AutoWallis on the operation of each subsidiary in monthly controlling meetings.

**[2-24]** Responsibility for our business commitments lies with the respective Managing Director, the CEO of AutoWallis. Our Code of Conduct also sets out our principles: our Code of Ethics, our Supplier Code, our Corporate Governance Report and our Remuneration Policy, among others, set out our responsible business practices. Our renewed website will be ready on 2023, through which all our policies will be transparently available to all; and we are in the process of standardising and adopting our related training across the organisation.

<sup>8</sup>See more at: [https://www.otpbank.hu/static/portal/sw/file/AutoWallis\\_Rszvenyjegyzes\\_Osszevont\\_Tajekoztato\\_20211014.pdf](https://www.otpbank.hu/static/portal/sw/file/AutoWallis_Rszvenyjegyzes_Osszevont_Tajekoztato_20211014.pdf)

## Chairman and Members of the Board

Chairman



**Müllner Zsolt**  
Chairman of the Board



**Ormosy Gábor**  
Chief Executive Officer



**Andrew John Prest**  
WAE Autóforgalmazási és Szolgáltató Kft.  
Managing Director



**Antal Péter**  
Wallis Motor Pest Kft. és Wallis Motor Duna Kft.  
Managing Director



**Dévai Gábor**  
Wallis Autókölcshöző Kft.  
Managing Director



**Székely Gábor**  
Investor Relations and ESG Director\*

\*Székely Gábor appointed as ESG Director in 2022.

## Legal Compliance

**[2-27]** AutoWallis carries out its activities in compliance with the law and with the requirements it has voluntarily undertaken to comply with. Any non-compliance with the law is investigated and appropriate corrective action is taken. In 2021, a total of 7 non-compliance cases were identified for which fines were imposed. The cases were related to the National Tax and Customs Office audit and to the payment of excise duty fines and self-revision surcharges for small taxpayers.

	2018	2019	2020	2021
<b>Total non-compliance cases</b>	1	2	5	7
<b>Cases where a fine was imposed</b>	1	2	5	7
<b>Financial value of the case (HUF)</b>	2,000	61,000	113,270	7,636,604
<b>Cases where non-financial sanctions were imposed</b>	0	0	0	0

## Prevention of anti-competitive behaviour

**[206 (3-3), 206]** The prevention of anti-competitive conduct was also identified as a material issue in the materiality analysis. AutoWallis, as a public limited company and as a company engaged in acquisitions subject to the approval of the competition authority at regional level, pays particular attention to fair business conduct, including the prevention of anti-competitive behaviour.

Anti-competitive behaviour can have serious consequences in terms of creating monopolies and dominant firms, generating abnormal profits and restricting the entry of new competitors. Anti-competitive behaviour is also strictly regulated in Hungary, in line with the practice of the European Union. AutoWallis complies with these requirements in all cases.

In our annual public Corporate Governance Report<sup>9</sup> we report on our corporate governance practices, including business ethics, transparency, financial planning and execution, control mechanisms for AutoWallis's operations and policies and procedures related to its social responsibility. We will also report on any non-compliances that may arise. **[206-1]** However, there were no incidents of corruption, bribery or anti-competitive behaviour in 2021.

## Integrating ESG considerations into corporate governance

One of the main objectives of our sustainability report is to present the steps we have taken towards integrating sustainability and ESG approaches.

Reporting on the year 2021 is a significant milestone in AutoWallis's ESG initiatives, the first step towards ESG integration. Our aim is to improve our reporting practices and build on this first report.

**[2-13] [2-12]** A key event for our corporate governance practice was the elevation of the ESG approach to Board level by defining the responsibilities of ESG Director, Székely Gábor. **[2-17]** In the coming years, we will work to further develop this area, increase the Board's general ESG knowledge and shape the overall corporate approach. In 2022, we will conduct a comprehensive industry survey to understand the ESG expectations of our competitors, business partners and investors. As a result of the study, we will be able to better define our focus and quantified targets.

<sup>9</sup>See at: [https://assets.website-files.com/6037b38e9678adaf68416dbd/624bfe82eefb6d4f8d1359f2\\_AutoWallis\\_FT%20jelentes\\_2021.pdf](https://assets.website-files.com/6037b38e9678adaf68416dbd/624bfe82eefb6d4f8d1359f2_AutoWallis_FT%20jelentes_2021.pdf)

## GRI Content Index

**Statement of use:** AutoWallis has reported the information cited in this GRI content index for the period 1 January 2021 to 31 December 2021 with reference to the GRI Standards.

**GRI 1 used: GRI 1: Foundation 2021**

GRI Standard	Disclosure title	Location	Note
<b>The Company and its reporting practice</b>			
2-1	Organisational details	p. 9	
2-2	Entities included in the organisation's sustainability reporting	p. 9	The report covers consolidated companies, the respective consolidation approach is applied.
2-3	Reporting period, frequency, contact point	p. 9	
2-4	Restatements of information	-	The report does not contain re-disclosed information.
2-5	External assurance	-	The report is not certified by external parties.
<b>Activities and workers</b>			
2-6	Activities, value chain and other business relationships	p. 9, p. 11, p. 16	
2-7	Employees	p. 9, p. 34	
2-8	Workers who are not employees	p. 34	



GRI Standard	Disclosure title	Location	Note
<b>Governance</b>			
2-9	Structure and composition of corporate governance	p. 45	More on Corporate Governance on our homepage at <a href="https://www.autowallis.hu/hu/rolunk/vezeto-testuletek">https://www.autowallis.hu/hu/rolunk/vezeto-testuletek</a>
2-10	Process for nominating and selecting the highest governance body	p. 45	More information on our homepage at <a href="https://www.autowallis.hu/hu/rolunk/vezeto-testuletek">https://www.autowallis.hu/hu/rolunk/vezeto-testuletek</a> and in our Corporate Governance Report: <a href="https://assets.website-files.com/6037b38e9678adaf68416dbd/624bfe82eefb6d4f8d1359f2_AutoWallis_FT%20jelentes_2021.pdf">https://assets.website-files.com/6037b38e9678adaf68416dbd/624bfe82eefb6d4f8d1359f2_AutoWallis_FT%20jelentes_2021.pdf</a>
2-11	Chairman of the highest governing body	p. 45	
2-12	Role of the highest governing body in managing corporate impact	p. 45, p. 47	
2-13	Transfer of responsibility to manage impacts of the company	p. 48	
2-14	Role of the highest governing body in sustainability reporting	p. 12	
2-15	Conflict of interest	p. 45	The indicator is reported partially
2-16	Communication of critical matters	p. 45	Our PR and communications partner (Front Page Communications) is involved in the communication of critical issues under the guidance of the IR (investor relations) Director. Our communications policy is currently being finalised.
2-17	Collective knowledge of the highest governing body	p. 45	
2-18	Evaluation of the performance of the highest governing body	p. 45	
2-19	Remuneration policy	p. 36	
2-20	Processes for determining remuneration	p. 36	

GRI Standard	Disclosure title	Location	Note
2-21	Total compensation rate	p. 37	The data shown in the indicator is calculated using the median payments of the subsidiaries.
<b>Strategy, policies and practices</b>			
2-22	Statement on sustainable development strategy	p. 3	
2-23	Policy commitments	pp. 35, 41	
2-24	Embedding policy commitments	p. 45	
2-25	Negative impact management procedure	p. 41	
2-26	Mechanisms for seeking advice and raising concerns	p. 36, p. 41	
2-27	Compliance with laws and regulations	p. 13, p. 43, p. 47	
2-28	Association memberships	p. 42	
<b>Stakeholder engagement</b>			
2-29	Approach to stakeholder engagement	p. 43	
2-30	Collective bargaining agreements	p. 40	The Company has no collective agreement.
<b>Material topics</b>			
3-1	Process of determining material issues	p. 14	
3-2	List of material issues	p. 14	

GRI Standard	Disclosure title	Location	Note
<b>GRI 205 Anti-corruption</b>			
205 (3-3)	Addressing the material issue	p. 35	
205-2	Information and training on anti-corruption principles and processes	p. 36	
<b>GRI 206 Anti-competitive behaviour</b>			
206 (3-3)	Addressing the material issue	p. 47	
206-1	Legal action against anti-competitive behaviour, trusts and monopolies	p. 47	
<b>GRI 403 Occupational health &amp; safety</b>			
403 (3-3)	Addressing the material issue	p. 38	
403-1	Quality management system	p. 38	
403-2	Identifying and assessing risks, investigating incidents	p. 38	
403-3	Occupational health & safety services	p. 38	
403-4	Employment participation, health and safety counselling and training	-	We are not able to display this indicator in full due to insufficient data availability.
403-5	Employees' work safety training	p. 39	
403-6	Information on occupational health and safety	-	We are not able to display this indicator in full due to insufficient data availability.
403-7	Prevention and mitigation of occupational health and safety impacts directly related to business relationships	-	We are not able to display this indicator in full due to insufficient data availability.

GRI Standard	Disclosure title	Location	Note
403-8 (Topic)	Employees covered by the occupational health and safety quality management system	-	We are not able to display this indicator in full due to insufficient data availability.
403-9 (Topic)	Work-related accidents	-	In 2021, there were no fatal, serious or reportable accidents at work in our subsidiaries providing data.
<b>AW-1 Number of vehicles sold</b>			
AW1 (303)	Addressing the material issue	p. 17	Based on indicator TR-AU-000.B of the SASB.
<b>302 Energy</b>			
302 (3-3)	Addressing the material issue	p. 26	
302-1 (Topic)	Energy consumption within the company	p. 27	
<b>Further topics</b>			
<b>305 Emissions</b>			
305-1 (Topic)	Scope 1	p. 27	
305-2 (Topic)	Scope 2	p. 27	
305-3 (Topic)	Scope 3	p. 27	
<b>306 Waste</b>			
306-1	Waste generation and significant environmental impact related to waste	p. 25	
306-2	Management of significant environmental impact related to waste	pp. 25, 26	
306-3 (Topic)	Waste generated	p. 26	We are not able to display this indicator in full due to insufficient data availability.

# AutoWallis

GROUP

