

2. D'leteren Automotive

For a better comfort of reading, the commercial name of D'leteren Automotive, "D'leteren", will be used throughout this disclosure.

BUSINESS DESCRIPTION

D'leteren distributes, markets and provides after-sales service in Belgium for Volkswagen, Audi, SEAT, ŠKODA, Cupra, Bentley, Lamborghini, Bugatti and Porsche vehicles. The company operates through a network of independent dealerships throughout Belgium, as well as around 30 company-owned dealerships located mainly on the Brussels-Mechelen-Antwerp axis. D'leteren has a market share of more than 23% in the new car market and a fleet of 1.2 million vehicles on the road. The company is also active on the second-hand vehicle market via, among others, MyWay and Audi Approved Plus authorised centres and distributors. In addition, D'leteren offers long-term leasing and a full range of financing services through a joint subsidiary between D'leteren and Volkswagen Financial Services. D'leteren also invests in mobility services through its Lab Box subsidiary, and now offers a range of solutions from shared cars to the provision of autonomous vehicles, including the marketing of electric charging stations, mobility advice and the development of a multimodal application. D'leteren has also created the Wondercar franchise, which offers an innovative vehicle repair concept combining smart repair and classic bodywork that reduces the ecological footprint of this activity and lowers the average cost of vehicle repair and immobilisation.

APPROACH TO SUSTAINABILITY

D'leteren places a premium on the social, environmental and governance impacts of its operations. On top of that, D'leteren emphasises the long-term nature of the relationship with its customers, which it considers vital. Accordingly, a strategy aimed at developing a more sustainable company has been implemented on the basis of 4 strategic axes.

- Building seamless and sustainable mobility for everyone
- Improving the life of our customers
- Managing the environmental impact of our operations
- Playing a determining role in the well-being of our employees

In 2021, D'leteren will pursue the development of its ambitious ESG roadmap, including the definition of precise objectives for each strategic axis.

MATERIALITY

D’leteren carried out a materiality analysis in 2020 with the help of an external partner. A dialogue with stakeholders, preceded by an online survey, was set up. This analysis made it possible to identify and prioritise the most critical non-financial (so-called “material”) aspects of the business. These aspects served as a basis for the development of the 4 strategic axes outlined in the table below that will form the backbone of D’leteren’s non-financial reporting from this year on.

| STRATEGIC AMBITIONS | MATERIAL TOPICS | GRI |
|---|---|--|
| Building seamless and sustainable mobility for everyone | Alternative and flexible mobility solutions | N/A |
| | Sustainable mobility thought leadership | |
| Improving the life of our customers | Customer care | N/A |
| | Fair and transparent customer information | |
| Managing the environmental impact of our operations | Emissions from operations and sold & leased fleet | 305 EMISSIONS (2016), 306 WASTE (2020) |
| Playing a determining role in the well-being of our employees | Employee development and well-being | 403 OCCUPATIONAL HEALTH AND SAFETY (2018) 404 TRAINING AND EDUCATION (2016) 405 DIVERSITY AND EQUAL OPPORTUNITY (2016) 413 LOCAL COMMUNITIES (2016) |
| | Community engagement | |

OUR IMPACT

Although mobility is a vector for prosperity and integration, it also faces challenges related to environmental, social and security issues. D’leteren is well aware of this and accepts its share of responsibility. Working towards building seamless and sustainable mobility for everyone has become its flagship commitment.



By offering and developing alternative mobility solutions, D’leteren contributes to the UN SDG 13 (Climate action). The business also contributes to SDG 11 (Sustainable cities and communities), by looking for solutions for sustainable mobility services.

STRATEGIC AXES

> Building seamless and sustainable mobility for everyone



TOPIC DESCRIPTION

D’leteren’s main impact on the environment comes from its activity of distributing polluting combustion vehicles. This impact poses new challenges for the continuity of the company’s activities, such as stricter legislation, new forms of transport taxation and new company vehicle policies. The car of the future is shaped by technological advances, such as electrification, but also by developments in connectivity and automation and the introduction of intelligent, multi-purpose features. Societal and economic changes are also leading to a change in the concept of mobility (including stricter restrictions on cars, new forms of taxation and the transition to a shared economy).

AMBITION

D’leteren aims to become the mobility provider of first choice by 2025. In 2021, it will carry out a detailed survey of society’s desires and needs in terms of mobility. The outcomes of the survey will be analysed and lay the foundations to dedicated actions and to the setting of precise targets.

D'leteren will also continue to expand its offer of electric cars and related infrastructure, notably by taking advantage of the Volkswagen group's ambitious e-mobility offensive. For its part, EDI (Electric by D'leteren) aims to be a partner of choice for the marketing of charging stations. Lab Box will continue to develop its initiatives related to new mobility, namely Poppy, MyMove, Husk, Lizy, Ush, Skpir and Mbrella. With reference to Poppy in particular, it aims to increase its daily journeys by more than 50% during 2021 and by 2025, wishes to further increase its fleet of vehicles - with a target of 10 vehicles per km² - in order to be able to exploit the full potential of this mode of travel.

MANAGEMENT APPROACH

To achieve its ambition, D'leteren has drawn up a transformation plan, aimed on the one hand at excellence in its core businesses and on the other at innovation in ancillary or new activities, all related to mobility. This transformation plan has also been accelerated by the impact of the health crisis resulting in a sharp drop in its markets and a change in customers' mobility habits. This acceleration of its transformation is aimed at preserving the company's investment capacity to carry out its mission.

D'leteren is also working on the construction of a wide range of mobility services that will allow citizens to move seamlessly and sustainably. To proceed, the company relies on its subsidiary Lab Box, which is strongly linked to the creation of innovative and flexible mobility services, as well as on its core businesses, in particular by developing its services related to the use of electric cars or by seizing the opportunities offered by the digitalisation of services.

LATEST DEVELOPMENTS

As being the natural choice for mobility in Belgium is the company's major strategic objective, many initiatives have been taken to achieve this. Below are some important examples that illustrate the company's desire to move forward in this field.

- At the end of 2020, D'leteren had almost 25% of the electric vehicle segment, with ranges that continue to develop, notably at Volkswagen with the ID.3 and ID.4, at ŠKODA and its latest Enyaq model, at Audi with the Q4 and the e-Tron GT, the CUPRA el-Born and at Porsche with the Taycan.
- EDI has taken advantage of the trend towards the electrification of vehicles with 1,805 charging stations installed.
- Lab Box, D'leteren's start-up incubator dedicated to mobility, has launched Mob Box, a consulting service for companies to enable them to more easily implement flexible and multimodal mobility for the benefit of their employees. These services enable centralised management at company level, while providing staff with a

personalised hub where they can monitor and manage their personal mobility. This initiative contributes to building a more fluid and environmentally friendly mobility for a target customer base in Belgium.

- Poppy's car-sharing activities have seen some ups and downs, linked to the lockdown period, but have recovered somewhat to the levels reached before the health crisis. Poppy renewed its entire fleet in 2020 with 500 vehicles in circulation in Brussels, Antwerp and now in the Charleroi Airport area and some 1,200 daily journeys.
- Skpir is, as a mobile application, a one-stop shop for planning and paying for everyday business trips, with a wide range of alternative mobility options such as the NMBS, STIB, De Lijn, TEC, Bird, Uber, Poppy, Billy, Dott and many others instantly available. 2020 will have been a key year for Skpir, which raised EUR 7 million from Belfius - which has become its reference shareholder - to validate its leading position on the Belgian market and to develop internationally, particularly in France.
- Bike-Moby is a bicycle leasing formula developed by Volkswagen D'leteren Finance. It offers a level of service and assistance comparable to that of company cars.

KPIs

In 2020, D'leteren was the leader in full electric vehicles in Belgium, with 3,670 registered vehicles.

Funds invested by D'leteren Automotive in its subsidiary Lab Box:

- 2017 : +/- 2.3 millions EUR
- 2018 : +/- 6.5 millions EUR
- 2019 : +/- 9.5 millions EUR
- 2020 : 12.9 millions EUR (incl. 1.9 million EUR for EDI which, from 2020, falls under Lab Box budget).

> Improving the life of our customers



TOPIC DESCRIPTION AND AMBITION

Improving the life of its customers by aiming for excellence in the services provided throughout their journey is one of the 4 strategic axes on which D'leteren wants to work on in order to achieve its objective of leadership in the mobility market.

MANAGEMENT APPROACH

In the current health situation and in view of changes in customer behaviour, D'leteren is investing heavily in the development of a more digital customer approach. Online sales, digital media investments, virtual show rooms ... are some of the initiatives that have been intensified in 2020.

In its management of the Covid crisis, D'leteren took the necessary measures from the outset to protect its customers, employees and partners from any risk of contamination. This was an absolute priority for the company's management. In addition to the appropriate installations on its sites, D'leteren quickly implemented digital solutions to provide its customers with the best possible information and to limit contact between people. In particular, for the delivery of new vehicles, tutorials were developed for optimal handling of the vehicles to the great satisfaction of the customers.

LATEST DEVELOPMENTS

In 2021, the company is carrying out an in-depth analysis of its customers' expectations and needs in order to develop services that are perfectly aligned.

At the beginning of 2021, D'leteren also set up a new customer satisfaction measurement system in order to take corrective measures or reinforce certain initiatives as necessary. The results from these surveys will help the teams in the development of their services.

KPI

NPS has been implemented in 2021. The score will be published in the next reporting exercise.

> Managing environmental impact of our operations

TOPIC DESCRIPTION

In addition to the products that D’leteren distributes, its activities and processes also have an environmental impact. In this respect, D’leteren is striving to reduce the CO₂ emissions linked to its direct and indirect activities, to increase the share of renewable energy in its overall energy consumption and to reduce the footprint linked to the waste generated by its operations. These actions should have a positive financial and reputational effect, but also lead to better employee engagement and greater compliance with corporate customer requirements.

AMBITION

In order to increase its contribution to environmental protection, D’leteren has set itself the objective of reducing the carbon footprint of its activities by 50% by 2025 and to reach net-zero emissions by 2040. From 2021 on, the CO₂ emissions of its activities will be offset by reforestation and environmental conservation programmes. This offsetting programme will be reduced in line with the measures taken to reduce CO₂ emissions.

MANAGEMENT APPROACH

In line with its mission to build seamless and sustainable mobility for everyone, D’leteren wants to promote sustainable mobility within the organisation and make each of its employees ambassadors of its commercial offer. In addition to offering multimodality, favouring video conferencing and teleworking, D’leteren aims to develop a car policy that includes an increasing number of alternative motorisations.

In terms of (renewable) energy management, the company embraces D’leteren Immo’s approach, which reduces the energy consumption of its buildings while increasing the share of self-produced renewable energy.

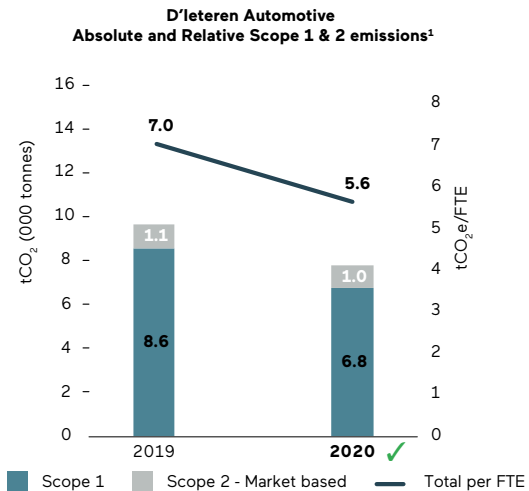
LATEST DEVELOPMENTS

At the end of 2020, D’leteren laid the foundations for an emission reduction plan aligned with the Science Based Targets methodology. The project, carried out with partner CO₂Logic, initially aims to identify what actions could be taken per emission source, and to set intermediate targets, in order to reduce emissions by 50% by 2025.

In line with this programme, D’leteren Immo - which manages the properties owned by D’leteren - has put in place various measures to use energy more efficiently and to integrate alternative energy sources (see D’leteren Immo reporting).

The responsibility for waste recycling has been transferred from D’leteren Immo to the different business units of D’leteren; this will enable a more tailored approach to the priorities of the business.

KPIs



1) CO₂ emissions are calculated by the external party CO₂Logic. The data 2019 have been restated as to align to the scope of CO₂ emissions 2020, which excludes Sopadis, WonderCar, LabBox, D’leteren Sport and VDFin. The branches will be included as from 2021 in the scope of the emission reduction plan. The further details of the methodology can be found in the ESG statement section (p. 185).

WASTE MANAGEMENT

D’leteren has also implemented a waste management policy. Employees have been given the information to correctly sort and collect waste (including paper, residual waste, scrap metal, wood, tyres and glass) in its offices, workshops, shops and garages, as well as to store harmful materials. Operational waste management is carried out by a dedicated person at each major D’leteren site. For the disposal and recycling of its waste, D’leteren collaborates with waste management companies responsible to collect and monitor waste related data such as Suez (for all waste), Oilco (used oil), Dechamps (scrap metal) and RecupBat (used batteries). A project coordinator from the main waste collection company (Suez) makes regular site visits to monitor and optimise waste management on site.

To prevent waste downstream in the value chain, D’leteren also facilitates the recycling of used vehicles, in particular by offering an additional allowance to customers and non-customers who offer their vehicles for recycling. D’leteren works with Febelauto for this; their mission is to organise and monitor the management of end-of-life vehicles in accordance with the European directive in force. At present, Febelauto manages to recycle around 95% of the weight of these vehicles in an approved and controlled way, making Belgium one of the best examples in Europe.

> Playing a determining role in the well-being of our employees

EMPLOYEE DEVELOPMENT AND WELL-BEING

TOPIC DESCRIPTION

In a rapidly changing sector, staff must be readied to meet the challenges of the future. Preparing D’leteren for these challenges starts by developing a mind-set that is conducive to the development of its staff, and by providing the necessary infrastructure for learning. In addition to helping employees develop their skills, D’leteren ensures that they are happy at work. The company’s performance depends on its employees and their involvement in improving their personal and collective performance.

AMBITION

D’leteren has started implementing an employee engagement survey and set quantitative targets in terms of participation rate and score:

- Participation in employee engagement survey of 66%
- Employee engagement score of 75%

MANAGEMENT APPROACH

D’leteren encourages the personal and professional development of its employees through assessment and coaching sessions. As jobs in the automotive sector depend on very specific technical skills, the company encourages participation in training sessions and specialised workshops.

The company also adheres to clear governance principles in terms of fairness, transparency and dialogue. In particular, the CaReer Model has been developed to increase transparency about expectations, competencies and results while providing career opportunities within the company. A succession plan also exists to ensure a pool of potential successors for all key positions.

In terms of stress and burn-out, employees can count on the help of an external prevention advisor, as well as training programmes (burn-out prevention, time management, breathing and relaxation techniques, etc.). Individual coaching is provided to help employees deal with possible psycho-social problems.

In order to reduce the rate of absenteeism, close monitoring of long-term sufferers has been set up. D’leteren facilitates the reintegration of people absent due to illness or accident by taking individually adapted measures.

In terms of well-being, in addition to workshops on digital detox, healthy eating and good practices in teleworking, hospitalisation and outpatient insurance, D’leteren has, from 2018 on, been offering a free medical check-up every three years for all employees aged 50 and over.



LATEST DEVELOPMENTS

In a context where teleworking and measures taken to deal with the economic crisis are widespread, D’leteren has conducted several surveys among its staff to determine their current emotions and ensure that they are supervised if necessary. An independent psycho-social support service has been set up. Managers are regularly asked to check what’s going on within their teams and to establish very regular communication with their colleagues.

Finally, the company is working on a project to redevelop its offices on the Erps-Kwerps site, so that it becomes a real place for exchange, collaboration and inspiration, in line with the new habits of teleworking and flexible working hours.

KPIs

Employee satisfaction¹ :

- Average Participation 2020: 40.5%
- Average Score 2020: 63.26%

Hours of training:

| TRAINING HOURS HR | 2019 | 2020 |
|-------------------|--------|---------------------|
| Face-to-Face | 44,120 | 10,812 ² |
| E-Learning | 344 | 2,573 |

1) The employee satisfaction was measured four times in the period 2020 - early 2021 via a pulse survey. The satisfaction score is derived from the average score of the Engagement dimension from the four editions of the pulse survey.

2) Due to the Covid crisis, the opportunities to provide face-to-face training were very limited in 2020.

EMPLOYEE SAFETY

TOPIC DESCRIPTION

D’leteren operates in the worlds of car and spare parts distribution and car maintenance, so naturally the majority of the work involves the use of potentially dangerous tools, machinery and chemicals, and the handling of loads. Ensuring the protection of employees against the risks associated with their daily work is a priority for D’leteren. Moreover, by promoting employee safety, D’leteren avoids costs arising from injuries and absenteeism.

AMBITION

D’leteren wants to get as close as possible to the “zero incident” objective. Even knowing that it is impossible to eliminate all risks, the company’s ambition is to remain below the frequency rate and the overall severity rate of the automotive sector. The company also wants to reduce absenteeism as much as possible and remain below the absenteeism rate for the private sector as a whole.

MANAGEMENT APPROACH

The company has zero tolerance for non-compliance with safety standards for staff members but also for external companies that carry out work on D’leteren’s installations.

D’leteren has no standards-based health and safety management system in place, but rather favours a dynamic risk management system: avoiding the introduction of risks at source by analysing the risks at the time of purchase and seeking safer alternatives. Preference is given to collective rather than individual safety measures. Risk analyses are carried out when new workshops or work processes are put into operation, when technical installations are periodically inspected by an external service and during analyses of accidents at work, etc. This is in line with the legislation applicable to D’leteren’s activities.

The prevention service, which consists of an H&S manager, a prevention advisor, a Social & Ability manager and an (external) occupational physician, carries out risk assessments, proposes prevention measures and organises workshops on fire prevention and safety. In addition, three Prevention & Protection committees (Logistics, Garages, General Services) enable discussions on health & safety aspects between union representatives and management. These meetings take place on a monthly basis.

LATEST DEVELOPMENTS

New initiatives have been taken in 2020 (such as risk analyses of electrical installations, training of maintenance workshop staff in the prevention of risks related to high-voltage batteries in electric vehicles, etc.). However, the health crisis has been a major part of the efforts to preserve the health of employees, customers and partners. Teleworking was imposed from the start of the crisis wherever possible and very strict health measures were taken in showrooms, workshops and workspaces.

KPIs

Frequency rate: 14.23 (rate for the sector in 2019: 13.38)
Severity rate: 0.38 (rate for the sector in 2019: 0.33)



In order to support healthcare personnel during the health crisis, D’leteren Automotive has provided them with vehicles enabling them to manage their journeys more efficiently and avoid the risks of contamination on public transport.

DIVERSITY AND INCLUSION



TOPIC DESCRIPTION

One of the company's priorities is to promote inclusive growth, equal opportunities and diversity within the company. Diversity in all its forms, whether in terms of gender, origin, age, etc., is a source of creativity because it multiplies points of view and contributes to innovation. It also contributes to the motivation and well-being of employees and allows for a broader understanding of the customer base, which is itself quite diverse. Together with the initiatives taken in terms of professional development or regular measurements of staff satisfaction, this objective reinforces D'leteren's constant efforts to be an attractive employer.

AMBITION

D'leteren will start identifying new targets in terms of diversity in 2021. The first targets to be set will relate to gender diversity.

MANAGEMENT APPROACH

As clearly stated in its code of ethics, D'leteren promotes equal opportunities at work. While it does not support the introduction of quotas, skills and performance will more than ever be the only criteria taken into account when making decisions associated with hiring, promotion or internal rotation. Numerous initiatives will be carried out from 2021 onwards, in order to be an attractive employer, to promote the integration of new employees through mentoring and to carry out recurrent awareness-raising actions in favour of internal diversity.

KPI

A new KPI is currently being developed and will be available in the 2021 reporting.

COMMITMENT TO THE COMMUNITY

TOPIC DESCRIPTION

D’leteren’s community engagement policy is mainly related to socially responsible mobility. Combining business and solidarity enables the company to maximise the impact of its philanthropic initiatives.

AMBITION

In 2021, D’leteren will launch a new call for projects related to mobility among associations, in partnership with its staff.

MANAGEMENT APPROACH

D’leteren supports associations in their projects related to mobility and ensures, through its expertise, that it can bring them a real added value. It involves its staff in its charitable approach by enabling them to propose projects that need support or to become involved in the implementation of these projects.

LATEST DEVELOPMENTS

In response to the health crisis, several vehicles were made available to healthcare staff to meet their specific mobility needs. Repairs and maintenance on their personal or professional vehicles were carried out during lockdown periods to guarantee their mobility and thus support them in the fight against Covid-19. Vehicles have also been made available, in particular to the CPAS in Ixelles, to ensure the distribution of food parcels to people in the face of an increase in the level of precariousness, due to the health crisis.

At the same time, in order to reduce the isolation levels of underprivileged children, D’leteren offered and contributed to the logistical costs of 25 Christmas trees and personalised gifts in orphanages throughout Belgium.

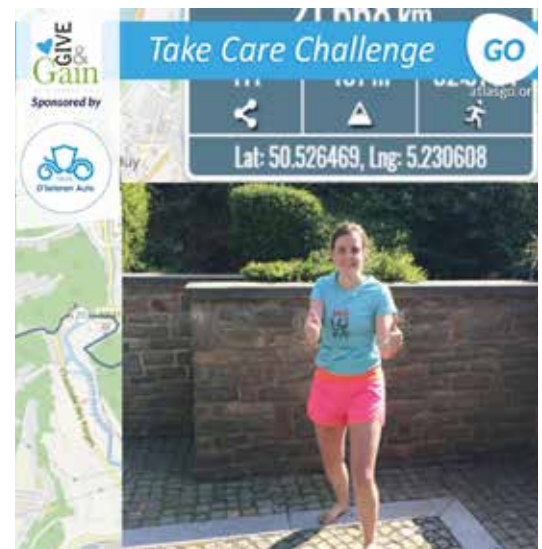
For their part, some 250 employees travelled a total of more than 15,000 km by walking, running or pedalling to support a reforestation project in collaboration with WeForest, thus offsetting some 900 tonnes of CO₂ per year for 30 years. The kilometres were converted into 5,650 trees to be planted through a special application.

KPI

An amount of EUR 63,458 has been allocated to charities in 2020. Vehicles have also been made available to carry out solidarity mobility projects.



D’leteren Automotive supports the distribution of food parcels in Belgium. By providing a vehicle, the company guarantees food support to the increasing number of people and families in difficulty in the context of the health crisis.



› ETHICS

With the organisational division into subsidiaries established on 1 January 2021, D'leteren is doing its utmost to be as close as possible to its customers and thus be their preferred mobility provider. To earn this distinction, D'leteren must, more than ever before, meet high standards of behaviour in the conduct of its operations. This is a good business practice that embodies the company's values: Perseverance, Honourability, Enthusiasm, Supportiveness and Curious Boldness.

RESPECT OF HUMAN RIGHTS

TOPIC DESCRIPTION

Failure to respect human rights or any other unethical act of discrimination can have repercussions on the company's reputation and lead to legal proceedings, as well as on its business.

MANAGEMENT APPROACH AND POLICY REVIEW

D'leteren respects a strict social and legal framework that governs areas such as working conditions, health and safety requirements and collective bargaining regulations.

Its code of ethics covers a wide range of rules, procedures and ethical principles, in particular concerning relations between colleagues, as well as with suppliers and subcontractors, customers and partners.

The company is committed to promoting a working environment that fosters mutual respect. Behaviours including harassment, intimidation, oppression, exploitation, discrimination, racism, sexism or homophobia are not tolerated.

KPI

In 2020, D'leteren's HR partner Attentia received 3 requests for psychosocial assistance.

ZERO TOLERANCE TO FRAUD AND CORRUPTION

TOPIC DESCRIPTION

Bribery, attempted bribery, fraud and money laundering pose a risk to employees and the company, as they can lead to legal action and damage the company's reputation.

MANAGEMENT APPROACH AND POLICY REVIEW

The company's code of ethics - "The Way We Work" - makes it clear that all employees are required to comply with laws relating to the fight against fraud and corruption. Corruption, attempted corruption, fraud and money laundering are not tolerated within the company. Gifts and entertainment that employees receive from customers, suppliers or any other partners, or that employees offer to customers, must comply with the ethical practices set by the company and with anti-fraud legislation.

KPI

One fraud was detected and led to a change of management, a forensic financial audit and a reminder of the ethical principles and procedures to be followed to the staff of the entity concerned.