



Our responsibility for a more sustainable future

SUSTAINABILITY REPORT 2022





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Care about
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Letter to Stakeholders



Dear Stakeholders,

The social, economic and environmental challenges facing us today are priorities that we are committed to addressing in order to create a better future, for ourselves and for generations to come. We are aware how crucial the adoption of sustainable practices is for companies, so integration of environmental, social and governance sustainability is a key pillar of our way of doing business.

The recent COVID-19 pandemic had a major impact on both people and enterprises. During the long months of the pandemic, we focused on protecting and safeguarding the health of all our employees; it was our duty to ensure, with strength and determination, that we provided definite answers to the unexpected crisis that affected everyone.

In early 2022, we witnessed a second momentous event: Russia's war against Ukraine. Its consequences had an impact on all industries, putting a brake on exports, driving up energy and raw materials prices, and creating major difficulties in sourcing materials. Again, the impact was significant, on both the economic and humanitarian fronts.

These two events have therefore prompted us to accelerate the pace towards a concrete sustainable and energy transition.

In these pages we present our second Sustainability Report; a document in which we transparently declare the strategies and practices implemented in our business and our processes, and in which we report on the progress we have made, the initiatives we have undertaken, and the challenges that remain to be met.

We want to emphasise how our founding values continue to guide us in the 'right' direction, towards responsible growth of people, the community, the territory, society and the environment. Innovation, care, commitment, ethics and integrity are the values we identify with on a daily basis in our choices and decisions, and they unite the entire community in our company. This is why we are able to build profitable and long-lasting relationships with our customers and suppliers, and maintain a prominent position on the market in Italy and abroad.

In order to continue improving the solutions we offer our customers, we are constantly listening to their needs and requirements, actively involving all our employees; it is they, in fact, who represent the real added value embodied in the results we achieve and the goals we pursue.

Creation of a favourable working environment, attentive to issues of diversity, fairness and respect, work-life balance, development of career plans and definition of specialised training courses, are important keys to the growth of System Logistics.

As a technology group, we see ourselves as promoters of sustainability; our aim is to continue contributing to the responsible growth of the country with our values and our people, through projects aimed at reducing CO₂ emissions and activities that positively impact the achievement of the Agenda 2030 Sustainable Development Goals.

We are proud to share this Report with you in the hope that it will inspire further progress and collaboration in our industry and beyond.

CEO
Luigi Panzetti

Methodological note

GRI 2-1, GRI 2-2, GRI 2-3, GRI 2-4, GRI 2-5

This **Sustainability Report** bears witness to the commitment to transparency and ongoing improvement of **System Logistics S.p.A.** (hereinafter also referred to simply as 'System Logistics', or the 'Company') in the process of corporate performance reporting, in relation to the most relevant issues pertaining to environmental, social and economic sustainability, of use for an understanding of the Company's activities, performance, results and impact.

The Sustainability Report has been prepared in accordance with the guidelines issued by the *Global Reporting Initiative* (GRI), an independent international organisation recognised by the UN, the key reference for sustainability reporting activities at the global level. Specifically, a set of indicators was selected from those contained in the "**GRI Sustainability Reporting Standards**" updated to **2021**, as indicated in the GRI Content Index of this document. The general reporting principles applied in preparing the Sustainability Report are those set out in the GRI Standards: materiality, inclusiveness, sustainability context, completeness, balance between positive and negative aspects, comparability, accuracy, timeliness, reliability and clarity.

The **performance indicators selected** correspond to those envisaged by the reporting standards adopted, representative of the specific areas of sustainability analysed and consistent with the activity carried out by System Logistics S.p.A. and the impacts it generates. The indicators reported are 'general', concerning the legal and organisational profile of the company; 'economic', concern-

ing economic results and the added value generated and distributed; 'environmental', concerning environmental aspects and, in particular, those relating to materials, energy, emissions and waste; and 'social', concerning aspects relating to health and safety at work, training, equal opportunities and relations with the local community. These indicators were selected on the basis of an analysis of the relevance of the material issues for the organisation and its sector, as described in the section on "System Logistics and Sustainability".

The materiality analysis, conducted on the basis of the GRI Standards, as part of System Logistics' sustainability journey, involved the company's management and stakeholders in the task of attributing value to each issue, in terms of relevance and interest.

The reporting perimeter of the qualitative and quantitative data and information reported in the document refers to the performance of System Logistics S.p.A., for the Fiorano Modenese site where the company has its production headquarters; the year reported on is the calendar year 2022. Any limitations shall be indicated from time to time within the document.

In order to enable comparison of data over time and assess the performance of System Logistics' activities, figures for the previous year, 2021, are presented for comparative purposes. The figures have been accurately calculated on the basis of the general accounts and other information systems used; where estimates were used, the method used to quantify the indicators is reported.

The Sustainability Report is published on System Logistics' corporate website www.systemlogistics.com

COMPANY

Fiorano Modenese (IT)
Headquarter

9
worldwide
Branches

Part of the Krones Group
Since 2016

€260.5 Mln
(+25% compared to 2021)
Turnover 2022

€311.3 Mln
Economic value generated

ISO 9001, ISO 45001, ISO 14001,
ECOVADIS Silver sustainability Rating medal
Certifications

PEOPLE

676
Employees of System Logistics Group in 2022

397
(+11% compared to 2021)
Employees of System Logistics S.p.A in 2022

31%
(+8% compared to 2021)
Employees under 30 years of age

12,351 hours
(+28% compared to 2021)
Total hours of training provided

-40%
work-related injuries recorded compared to 2021
Work-related injuries

Welfare Champion (5W) for the second
consecutive year in the Welfare Index SME
2022 report
Acknowledgements

PLANET

5,889 GJ
Electricity consumption

658,549 kWh
(+ 22% compared to 2021)
134,6 Tonnes of CO₂
avoided in 2021-22
Generated energy from photovoltaic system

83%
(+34% compared to 2021)
134.6 Tonnes of CO₂ avoided
*Consumption of autonomously generated energy
from photovoltaic installation*

201.5 tonnes
(-13% compared to 2021)
Waste generated

991 tonnes of Scope 1 and 2
CO₂ emitted
(-16% compared to 2021)
CO₂ emissions



CARE ABOUT THE COMPANY

1

In a rapidly changing world, and in an industry as fast-paced and relentlessly evolving as intralogistics, it is vital for the company that everyone work together towards a common goal: **to feel and be an integral part of the company**, taking responsibility for it and protecting its reputation.

This common path must be characterised by conduct which is ethical and, above all, based on integrity, which means doing the right thing and showing the courage to pay for the consequences of one's own actions.

System Logistics sets very high standards and is extremely demanding: it strives for excellence in every aspect, in terms of technological standards and high product quality, as well as in terms of social conduct. **This is why everyone in the company takes responsibility for the way they behave towards colleagues, business partners and final customers.**

1.1 Identity and lines of business

GRI 2-1

Loghouse: The heart of intralogistics

System Logistics S.p.A. is a company with registered offices and operational headquarters in Fiorano Modenese (Modena, Italy), part of the multinational Krones Group based in Germany; it has served the international market for over 40 years, and is now **a global leader in innovative intralogistics and material handling solutions for supply chain optimisation** in warehouses, distribution centres and manufacturing facilities world-wide.

Although System Logistics is experiencing global expansion on an unprecedented scale, the company continues to rely on its roots in the Fiorano Modenese area, where its new headquarters are located.

Work takes place in the **LogHouse intralogistics hub**, an industrial complex built in 2019 and 2020 totalling 95,000 square metres and comprising an office building and a production plant with an adjoining warehouse, based on the wide range of storage, picking and material handling technologies manufactured in-house.

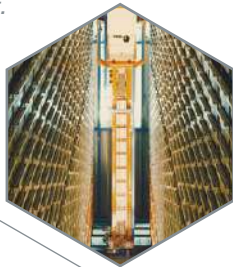


Fig.1
LogHouse



The History of System Logistics

System Logistics was founded as a division of the System Group in 1987. This was when the first automated vertical storage system, "Modula", was launched on the market.

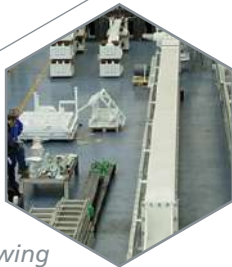


1987
SYSTEM
LOGISTICS

In 2015, the AGV division of System became an integral part of System Logistics, to which it transferred its engineering, production, service and installation departments.

2015
AGVs

2008
SYSTEM
LOGISTICS
SPA



In 2008, following impressive growth of the company, System Logistics became an "S.p.A." or joint-stock company, an independent company within the System Group.

2016
KRONES
GROUP

In 2016, System Logistics became part of the Krones Group, the global leader in processing and packaging automation and technologies for the food & beverage sector.

In 2019, System Logistics GmbH was established in Germany as a spin-off of the intralogistics area of Syskron, a member of the Krones Group. Based in Wackersdorf, the company is set up as a wholly-owned subsidiary of the Krones Group. In this way, the company renews and strengthens its presence on the market, bringing together its entire intralogistics portfolio under the System Logistics brand.



2019
SYSTEM
LOGISTICS
GMBH

In 2022, a new subsidiary was opened in Israel with the establishment of Systorelog Israel Ltd, based in Kfar Sabam and 100% owned by System Logistics S.p.A. The company, established with the aim of managing the installation and commissioning of intralogistics and materials handling solutions on the local market, has been formally operational since 1 December 2022.

2022

2016
VERTIQUE



Also in 2016, System Logistics acquired the US company Vertique, an important strategic milestone strengthening its presence on the US food & beverage market.

2020
LOGHOUSE

System Logistics moved into its new headquarters, LogHouse, in 2020. A wide range of automation solutions are designed and implemented to meet all customers' needs In LogHouse - a multifunctional space perfectly reflecting System Logistics' corporate spirit.

Mission, Vision and Values

System Logistics' long-term strategy is guided by its mission and vision, which serve as a compass for strategic decision-making, for the definition of common goals, and as inspiration for all those who work with the company.

MISSION

Supporting customers' success with technological innovation, providing them with solutions to improve occupational health and safety, simplify the complexity of processes and logistics flows, optimise use of resources, and constantly improve reliability, efficiency and performance.

VISION

Firmly contributing to the spread of innovation by improving quality of life.

VALUES

The values in which System Logistics sees itself mirrored summarise the company's vision and mission, and represent a source of inspiration and a reference for the daily behaviour and actions of those who work in the company.



CARE

A focus on the needs of customers, employees, collaborators and partners, to ensure their full satisfaction.



INTEGRITY

Honesty, respect for diversity, transparency and ethics to ensure the long-term sustainability of the business.



COMMITMENT

Determination, passion and positivity, to achieve results and generate confidence.

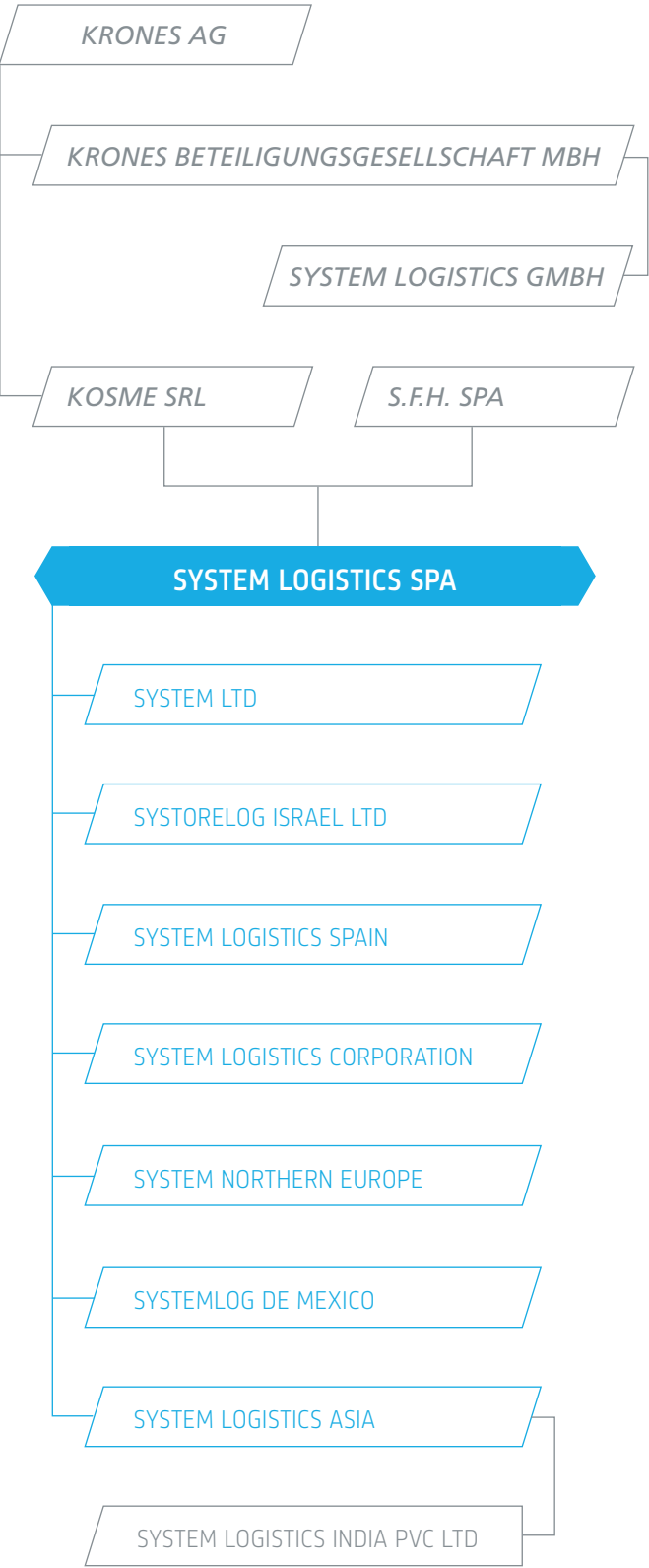


INNOVATION

Openness to the constant acquisition and transfer of knowledge for problem-solving; constant production of new ideas capable of creating valuable solutions.

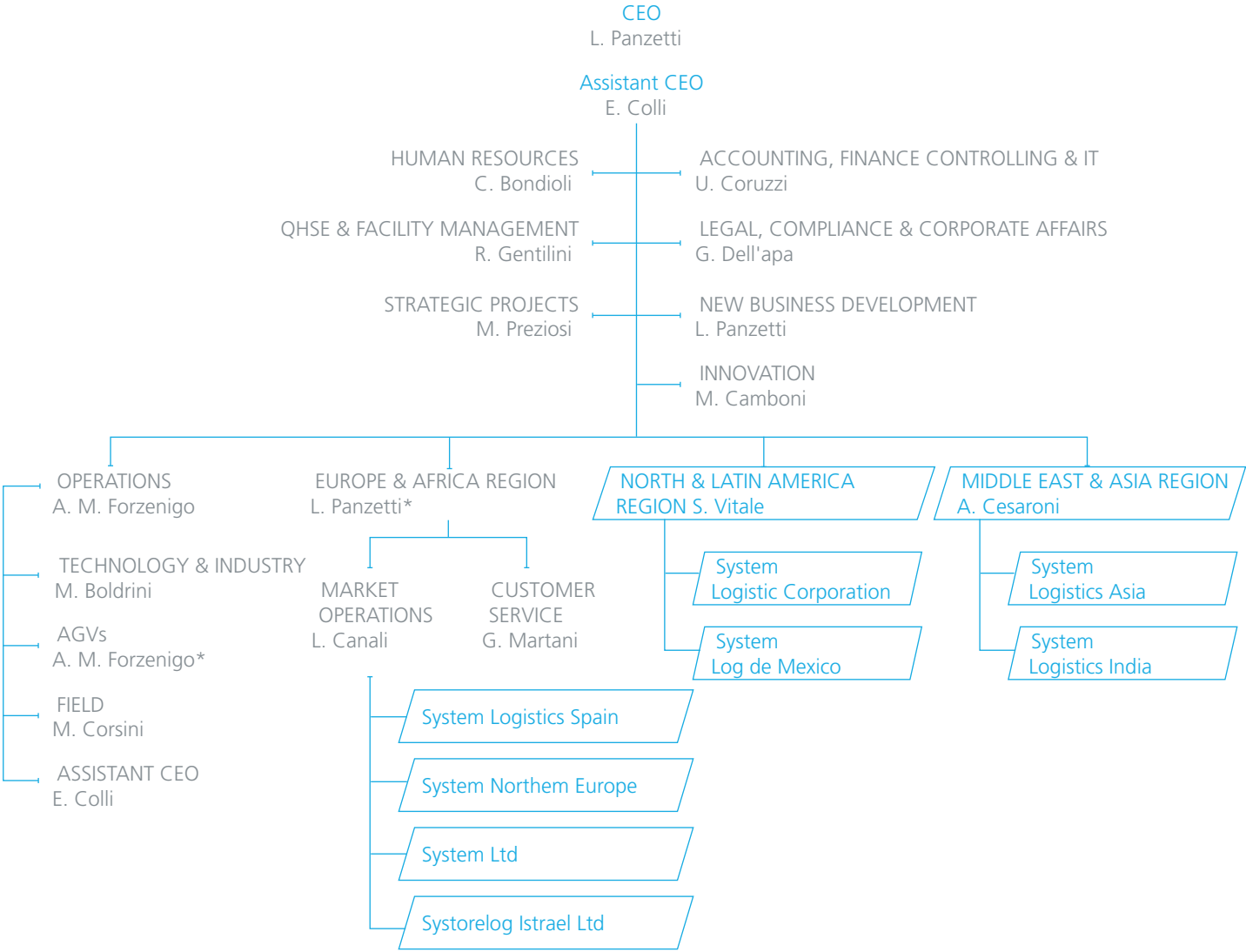


CORPORATE STRUCTURE



ORGANISATION CHART OF THE SYSTEM LOGISTICS GROUP

The organisational structure of System Logistics S.p.A., based in Fiorano, incorporates staff functions operating with a group-wide perspective (Finance, Administration & Control, Human Resources, Information Systems, QHSE, Legal, Compliance & Corporate Affairs); research and development of new products and services, engineering and design, and the largest share of production are all concentrated in System Logistics S.p.A. The System Logistics Group's organisation comprises several 'Regions', organisations in which the company's front office is concentrated, serving its most important markets.



The only change in the company's internal organisational structure in the year 2022 was the amalgamation of Industrial Operations activities: Procurement, Product Engineering, Production and Installation were merged into one entity under a single sphere of responsibility. The aim was to make internal processes and communication with other functions and branches more efficient.

Market presence and business model

System Logistics is a provider of intralogistics and material handling solutions for the supply chain of warehouses, distribution centres and production plants, serving the global market for over 40 years.

System Logistics now represents a business model capable of maintaining quality production, favouring strategic innovation choices aimed at a new form of development in industry and production, oriented towards the creation of quality and real value.

With a focus on the food & beverage and retail sectors, it is a reliable and long-term partner, working closely with customers to develop flexible, innovative solutions responding to current and future challenges.



FOOD



BEVERAGE



COLD & FROZEN



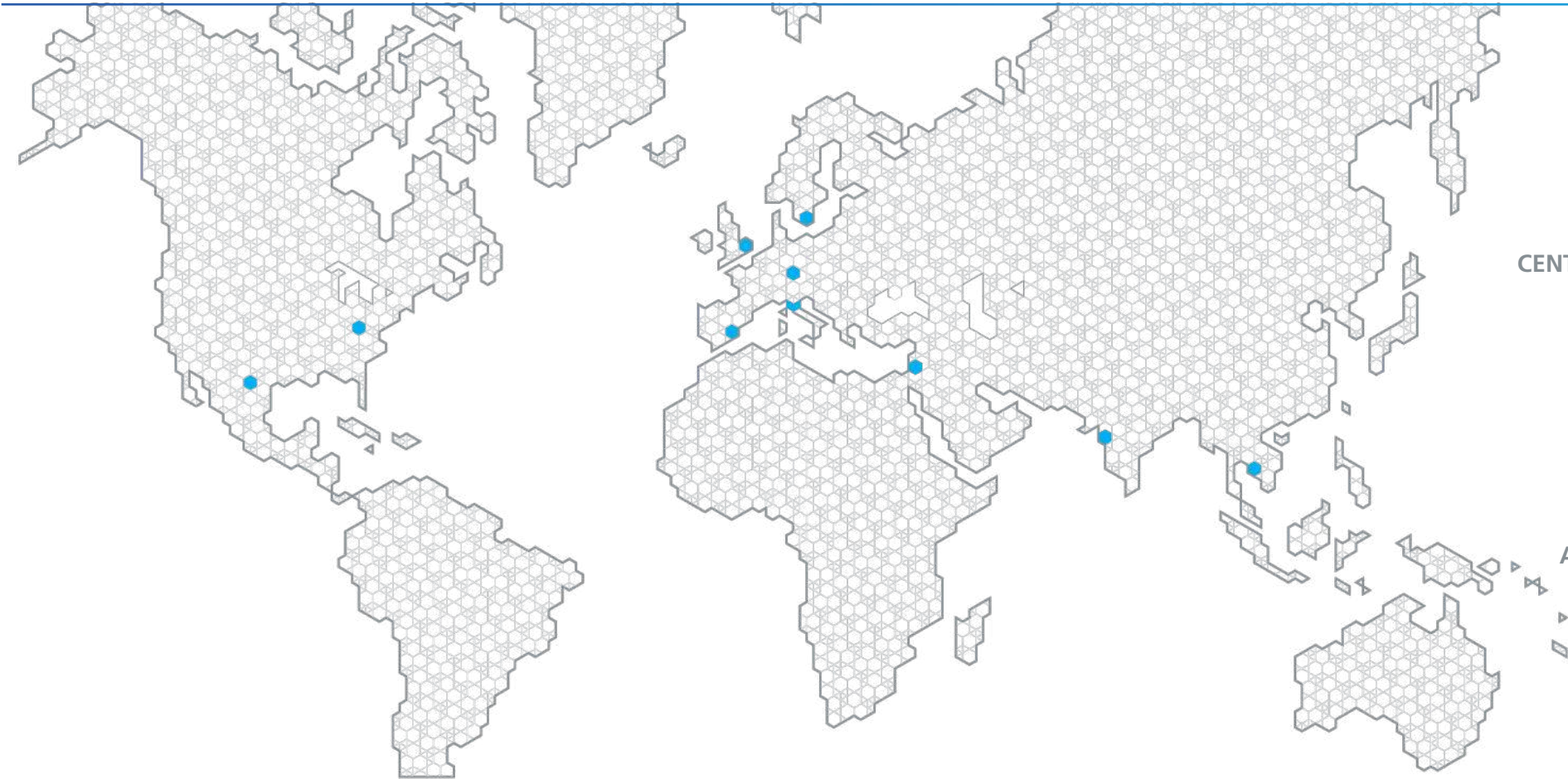
GROCERY

The sectors served are:
Beverage, Aerospace, Apparel, Automotive, Bank, Beverage, Biomedical, Building Industry, Ceramics, Chemical, Dairy, Distribution, Editorial, Electric-Electronics, Food, Furniture, Grocery, Home, Personal Care, Hydraulic, Logistics, Mechanical, Medical, Packaging, Pet Food, Pharmaceutical, Plastics, Retail, Services, Textile, Tires, Tissue e Tobacco

Locations and countries served

Countries served (list of 57 countries where distribution and sale of products and services take place): South Africa - Algeria - Saudi Arabia - Argentina - Australia - Austria - Bangladesh - Belarus - Brazil - Bulgaria - China - Chile - Colombia - Croatia - Czech Republic - Denmark - Ecuador - Egypt - United Arab Emirates - Finland - France - Germany - Hungary - India - Indonesia - Iran - Israel - Italy - South Korea - Macedonia - Malaysia - Mexico - Mongolia - Morocco - New Caledonia - Norway - Oman - Pakistan - Poland - Portugal - Republic of San Marino - Romania - Singapore - Slovakia - Spain - Sri Lanka - Sweden - Syria - Thailand - Tunisia - Turkey - Ukraine - UK - Uruguay - USA - Venezuela - Vietnam

System Logistics Network: locations



headquarters

System Logistics SpA
Fiorano Modenese, Italy

AMERICAS
Arden, NC, USA
Monterrey, NL, Mexico

CENTRAL EUROPE & AFRICA
Castellón, Spain
Milton Keynes, UK
Tel Aviv, Israel
Malmö, Sweden

DACH, NETHERLANDS & CZECH REPUBLIC
Wackersdorf, Germany

ASIA, PACIFIC & MIDDLE EAST
Bangkok, Thailand
Mumbai, India

1.2 Quality and advanced technology

GRI 2-6, GRI 204-1, GRI 416-2, GRI 201-1

Innovative products and solutions

System Logistics has specifically developed a wide range of flexible, tailor-made solutions for the automated storage, handling and retrieval/deposit of goods; these solutions include, for example, stacker crane pallet warehouses, parcel or shuttle box warehouses, complex handling systems, and the software and accessories that enable their operation.

The technologies used are almost all fully engineered, designed, manufactured and installed in-house, so System Logistics can boast complete mastery of the systems provided.

AS/RS AUTOMATED STORAGE & RETRIEVAL SYSTEMS

AS/RS systems are designed to minimise warehouse space and achieve higher levels of efficiency and productivity.

System Logistics offers its customers a wide range of flexible, tailor-made AS/RS systems with high-quality handling systems and software.

The range of AS/RS (Automated Storage and Retrieval Systems) includes:

Stacker Cranes

Stacker cranes are designed to automate entry/exit operations in material storage.

They move longitudinally along the aisles between shelves to position or extract load units (pallets). The handling system moves the load units from the picking bays to place them in the storage cells, and vice versa.

The main advantages of using stacker cranes in a storage system are rapid and precise control and updating of the warehouse, facilitating inventory, elimination of manual handling errors, and the possibility of adaptation to special working conditions (temperatures of -30°, high humidity). System Logistics manufactures multiple versions of stacker cranes, which can be configured according to the following characteristics: type and capacity of the load unit, height up to 40 m, variable number of columns, horizontal speed up to 4 m/s, load-carrying bodies with single or double-depth telescopic forks, multi-depth satellite trolleys, variable temperature (ambient, controlled or cold storage).

Fast Rotation Storage (FRS).

The FRS system is a solution for low bay storage, both as a production buffer prior to shipment and for high density storage. The FRS system is based on combined use of straight shuttles and multi-depth satellite technology, enabling very high levels of transport and storage in small spaces.

The FRS system is characterised by a flexible block design concept for phased installation, the possibility of storage on different levels, large transport capacity, internal or self-supporting, minimal modifications to the actual structures of existing buildings, and ease of installation in a normal indus-

trial environment, with rapid commissioning.

Miniload

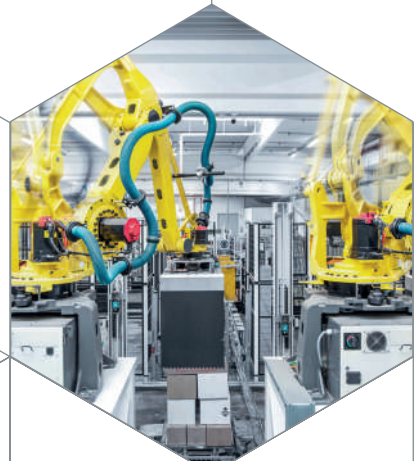
The miniload system is designed to handle light loads in various types of crates, bins and boxes, providing a fully automated, safe, rapid, high-throughput picking system that can be configured to the needs of each individual project. This is a high-performance automated warehouse, with a single or double-column structure, which picks up and positions individual loads from or into storage cells in the shelves. Loads are then taken from the various storage cells and sent to the exit bays, which convey the load units to another area for picking, packing or shipping. System Logistics manufactures different versions of the miniload system depending on the type of UDC (metal or plastic containers, boxes, trays, etc.), maximum load capacity up to 650 kg, height up to 22 m, horizontal speed up to 5.5 m/s, with a variety of load pick-up devices (telescopic forks, single pallet, grippers or towing).

PICKING SOLUTIONS

Innovation is a key aspect of systems designed by System Logistics.

The solutions the Company designs are scalable and adaptable to the specific level of automation required: the operations performed by the operators, those inherent in the goods and the creation of mixed pallets, are fully automated through highly efficient and ergonomic 'goods-to-man' processes.





Modular Order Picking System (MOPS).

MOPS solutions are specifically designed to work natively with a wide range of FMCG products, making them perfect for medium to high volume order fulfilment centres in the food, beverage and grocery industries. MOPS is a picking system for fully automated mixed pallet creation. Articles are directed to the automatic palletiser on the basis of the customer's optimal mixed pallet composition, determined by Best Fitting software.

Best Fitting is an algorithm that manages pallet construction for each customer order, working out the best physical composition and correct palletising sequence, simultaneously evaluating many different variables.

MOPS can handle a wide range of different products (more than 95 percent of the products handled in retail). Packages are handled without support trays, so the number of items that can be handled via MOPS can vary greatly, from a few hundred to several thousand items.



Each Picking

Goods-to-person (GTP) solutions combine custom-designed ergonomic stations with intuitive operator control systems to dramatically improve order fulfilment efficiency.

Products are stored within the system and automatically transported directly to the operator as required, providing accurate inventory and picking data.

Workstation screens show exactly which item is to be picked up by the operator, thus eliminating frequent errors in high-speed, high-demand environments.

Goods-to-person technologies are easily



scalable to meet the growing demand and increase in SKUs.

SPL - Steady Picking Location

The SPL solution is particularly appropriate for picking operations with medium picking volumes.

Using innovative SVL (System Vehicle Loop) handling systems, pallets are stored or deposited in temporary stations, and sequentially conveyed and sorted to the various order picking areas on the basis of various criteria such as FIFO/LIFO, stackability classes, reverse picking, etc.

The pallet is then automatically placed in the warehouse to await dispatch.

This solution, which is normally integrated with an automatic stacker crane warehouse, takes the form of a series of highly ergonomic picking bays equipped with picking aids, weighing scales, lifting platforms and PC workstations.

The principal benefits of this solution are a significant increase in operator performance, improved working conditions, reduced possibility of error, and faster order processing times.

PPS - Pick-to-pallet System

PPS is an extremely flexible intensive picking system.

As an evolution of the ARP system, it does not require connection to an automated storage system.

Picking operators are guided by the WMS system via radio frequency communication, pick packages directly from pallets stored in static locations and/or picking bays, and prepare the customer's pallet on a pallet truck. Mid- and low-turnover pallets are quickly replaced.

PPS is best applied when picking volumes

and the number of codes handled (SKUs) are medium to large and/or time-varying, and where picking is particularly fractional. The system 'automatically' configures itself according to the number of codes to be managed and their frequency of use, and permitting considerable savings on labour while reducing the amount of space occupied.

ARP - Automatically Refilled Picking

Automatic replenishment of goods can be considered the first level of order picking automation.

ARP solutions use stacker cranes, pallet handling systems or automatically guided vehicles to automatically replenish the supply of goods at picking stations.

Guided by the WMS via radio frequency picking technology, the operator prepares the customer's pallet by picking goods directly from the pallets on the ground.

Picked items are sorted according to stackability or rotation class.

The ARP order picking solution is appropriate for applications involving management of a small number of codes (SKUs) while processing a considerable number of orders.

Logimate

LogiMate solutions can support a wide range of picking and order fulfilment tasks, from the most advanced automated case-picking applications (MOPS - Modular Order Picking Systems) to the most efficient Unit Picking solutions based on use of ergonomic GTP stations.

MOPS solutions, powered by System Logistics' renowned Best-Fit software for creating perfectly constructed mixed order pallets, are specifically designed to work with

a wide range of FMCG package types at the source, and therefore represent the perfect solution for high-volume order fulfilment centres in the food & beverage and grocery industries.

PickMate

PickMate is the ideal solution for automation of picking processes in the food & beverage sector with up to 1000 SKUs and a high number of repeat orders. With PickMate, handling of individual parcels is entrusted to a robot equipped with a sophisticated vision system that performs all handling and manipulation operations for different types of parcels (cartons, bundles, crates, etc.), starting with the pallet of origin and ending with the order pallet.

SortMate

SortMate autonomously manages the entire inbound and outbound sorting process for fruit and vegetables, from the arrival of goods to distribution to the various destinations. The system consists primarily of anthropomorphic robots with integrated vision and AGVs, which handle the pallets. The robots take crates directly from the source pallet and place them on the order pallet - all with no need for intermediate handling.

AGVs follow the most efficient, safest paths, without being constrained by the predetermined trajectories of classic conveyor belts.

AGV AND MATERIAL HANDLING SOLUTIONS

Systems designed by System Logistics for material handling and transport connect all points of goods receipt, production, order

picking and shipment of materials on a company's premises quickly and efficiently, optimising storage, transport within the warehouse, and delivery times.

The range of pallet handling and transport systems includes: AGVs (Automated Laser Guided Vehicles), SVLs (System Vehicle Loops), Shuttles and Pallet Conveyors

AGVs

Self-driving vehicles are ideal for handling pallets, skips and other industrial loading units within a single plant.

The complete range of AGVs includes solutions of different sizes for different applications, capable of handling multiple types and sizes of load units; they can easily interface with racking and production lines, and can generally replace a manual forklift truck.

AGVs are able to connect production lines with warehouses and dispatch areas, and are also suitable for a number of functions serving filling and packaging lines, such as: supply and storage of packaging materials, material recycling and waste removal, storage and management of machine modules for production, storage and management of full and empty pallets.

SVL - System Vehicle Loops

SVL steering shuttles are designed for handling and sorting large flows of material in the warehouse. Reducing loading unit transfer time, they are particularly suitable for automated order picking and handling just-in-time shipments. Functioning as a pallet sorting system, SVL shuttle circuits are normally positioned between an automated high-bay warehouse (HBWH) and picking bays, or between order picking and shipping bays. SVL steerable shuttles trav-

el on a monorail circuit, which allows for greater speed in curves, maximising transport capacity. SVL systems offer numerous advantages, including speed and responsiveness, maximum pallet transport capacity, simplicity and redundancy, no impact on the system, and maximisation of the results of the automated storage and retrieval system (AS/RS).

SYSTORE, THE TAILOR-MADE SOFTWARE FOR MODULAR AND FLEXIBLE MANAGEMENT OF LOGISTICS SOLUTIONS

Systore is System Logistics' signature software for managing automated intralogistics solutions.

Born for automation and entirely designed and developed within System Logistics, Systore encapsulates all the tools for complete control of all the technologies that go into an intralogistics solution, such as stacker cranes, Miniload, FRS (Fast Rotation Storage), AGVs, straight shuttles, SVL (System Vehicle Loops) systems, robots, pallet and parcel conveyors, as well as third-party machines and software, with the support of an advanced graphic interface that shows what is happening in the plant in real time. The modular structure and wide customisation possibilities guarantee Systore high scalability in an 'All-In-One' product, which treats the plant as a single entity ensuring maximum performance, control and complete satisfaction of all the customer's needs.



Quality, research and development

Quality is a crucial aspect for System Logistics; central to every business, strategic and operational decision taken by the company.

A constant commitment to understanding the market in which it operates and the impact of all of its actions and behaviour makes System Logistics a company that is effectively oriented towards achieving maximum satisfaction and protection for its customers; to this end, careful attention is paid to customers' requests, as the company is aware how these can favour and improve the quality of products and services offered.

This approach is embodied in a commitment to ensuring that adequate product quality standards are achieved and maintained; indeed, the company has subjected its production and organisational processes to international UNI EN ISO 9001:2015 certification, obtained and maintained since as far back as 2004.

Suppliers, strategic partners for the future

Aware of the strategic importance of its supply chain, from which it continually receives plenty of feedback, System Logistics considers it crucial to select stable and reliable partners who adopt ethically responsible behaviour.

Suppliers are selected and purchasing conditions determined on the basis of objective assessments based on technical and economic criteria, such as quality, price, guarantees provided, and other requirements. Business partners are required to comply with the principles and rules of conduct set forth

in the **Supplier Code of Conduct adopted by the Kronos Group**, with the aim of aligning their value creation with the company's strategies and enabling a partnership based on a shared **sense of innovation, willingness to accept change, and constant commitment to success.**

System Logistics is committed to upholding and enforcing principles such as **human rights protection and labour practices** in accordance with local legal requirements, **promotion of sustainability and fair working conditions, respect for the environment, protection of personal data and anti-corruption.**

Because it also wants its business partners to be committed to these principles, System Logistics establishes long-term partnerships with both suppliers and customers characterised by openness, trust and commitment. In this regard, the Group considers it desirable to follow and apply standards such as the OECD Guidelines, the United Nations Guiding Principles on Business and Human Rights, and the Ten Principles of the United Nations Global Compact (UNGC); it also strives to comply with the more stringent standards set out in the Code of Conduct for Suppliers.

Business partners are also required to actively monitor and promote compliance with these core principles at all sites and in all their activities.

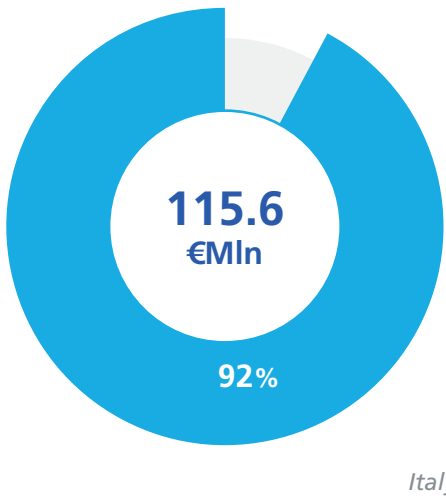
Purchasing management in System Logistics is divided into two different functions: one deals with the supply of commercial components, while the other is dedicated to the management of 3PE (*Third Party Equipment*) services and sub-supplies, i.e. those parts of the plant that are not part of the product range manufactured by the company but are integrated into the plant proposed to the customer.

During the reporting period covered by this Sustainability Report, **System Logistics had a total of 883 suppliers** (914 suppliers in 2021) and a **supply value of 168.4 million euro**, up by +46% over expenditure in 2021. As for the location of suppliers, **74% of supplies come from domestic and local suppliers**: in particular, **34% of Italian supplies were ordered from suppliers**

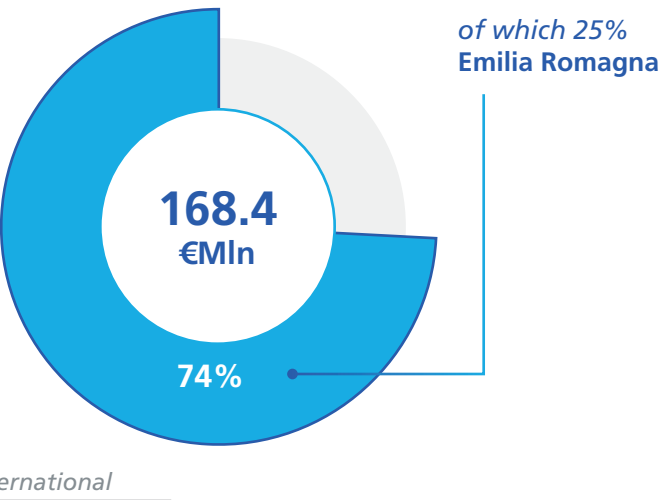
located in the Emilia-Romagna region, with an expenditure of 42,583,859 euro.

The choice of local supplies fosters a direct relationship with the supplier, who is better able to understand the buyer's needs and facilitate any immediate interventions that may be necessary to resolve faults and/or anomalies.

2021 expenditure on supplies (%)



2022 expenditure on supplies (%)



SUPPLIERS AND PROCUREMENT

	No.	Amount (€)	%	No.	Amount (€)	%
Total suppliers	910	115,584,868	100%	883	168,388,777	100%
of which supply chain	358	61,763,811	53%	350	66,297,153	39%
of which 3PE	556	53,821,057	87%	533	102,091,623	61%
Suppliers - International	83	8,990,008	8%	95	43,425,662	26%
Suppliers - Italy	831	106,594,859	92%	788	124,963,115	74%
of which local ¹	-	-	-	416	42,583,859	34%

1. "Local" supplies are defined as supplies from the Emilia Romagna region.

Customers and the importance of customer satisfaction

The relationships that System Logistics establishes and maintains with its customers are based on established partnerships, which are founded on full transparency of information. The company's goal is in fact to satisfy customers' needs and requests, both expressed and unexpressed, constantly striving for excellence in customer relations, which can only be achieved through respect for ethical values and the creation of relationships based on trust. An awareness that takes concrete form in the establishment of effective and valuable partnerships.

System Logistics' working method is based on four main pillars:

SKILLS

The company has 40 years of experience in material handling and intralogistics. The company's staff has in-depth knowledge of the customer's industry, a strategic advantage for offering customised solutions and ensuring efficient management of the customer's business.

INNOVATION

Creativity and design innovation form the basis of System Logistics' success. Elements that are fortified through investment in research and development, which the company puts into practice every year, setting up profitable partnerships with world-class research centres leading to innovative solutions capable of improving the quality of work and the efficiency of customers' production and logistics processes.



HOLISTIC APPROACH

Awareness of how technological solutions can have an impact both upstream and downstream of the organisation leads the company to prioritise the role of the customer's entire value chain and its short- and long-term objectives, an approach that concretely contributes to its profitable growth.

DYNAMISM

System Logistics is a young, efficient, dynamic company. These factors make a significant contribution to improving customer relations by optimising the ability to identify, understand and satisfy customers' needs and requests, coming up with a rapid, effective response.

System Logistics is committed to providing reliable information on its solutions at all times, marketing only products that are secure for users and efficient, subject to strict quality controls and developed in accordance with current regulations and best practices.

System & Machinery Safety is the function that ensures the safety of the technologies and solutions proposed and their compliance with current international standards, offering support for business development and promotion of ongoing innovation. The office operates in a context of regulations and binding provisions that must be taken into account well in advance and complied with for a project to be successful. This is why the System & Machinery Safety department subjects all projects sold and installed by System Logistics to a preliminary check against the Machinery Directive, its



Essential Safety Requirements and the applicable technical product standards.

System Logistics' customers benefit from collaboration with a partner that lives up to their expectations, capable of providing safe, functional and efficient installations at competitive costs.

In the last three years, there have been no cases of product non-compliance leading to the issuance of sanctions by public control bodies.

Economic and financial performance, generated and distributed value

System Logistics Group's positioning as a leader in the intralogistics sector is the result of its constant commitment to safeguarding the interpenetration of technological know-how with the flexibility of its solutions. There are several factors that will condition the growth of the materials handling equipment market in the years to come: adoption of increasingly advanced technologies such as IOT and artificial intelligence, changes in consumption patterns and growing demand

for rapid and reliable delivery, pressure to reduce the environmental impact of logistics hubs and, last but not least, the issue of cybersecurity.

In the 2022 financial year, **System Logistics Group's revenues from sales and services, plus changes in work in progress, totalled 305.1 million euro: a 31% increase over 2021. The year 2022 ended with a net profit of 2.8 million euro.**

2022 set a new record year for System Logistics in terms of order intake in all areas where the company operates, from Asia to Europe and the Americas. Order intake totalled 379 million, representing an increase of +51% over 2021 and +80% over the year 2020: an excellent starting point for 2023. The most pronounced growth occurred in the North American and Latin American markets.

SL GROUP order intake | Worldwide

€/1000	Dec 2022	Dec 2021	Dec 2020	Dec 2019
Europe and Africa Cluster	110,925	126,195	83,505	78,752
Middle East and Australia Cluster	14,683	27,377	19,853	12,490
Americas Cluster	209,518	68,955	84,833	86,665
Customer Service Cluster	43,383	27,818	21,552	23,707
Total	378,509	250,345	209,743	201,614

Investments

System Logistics S.p.A. made several investments in the year 2022, the most significant of which are described below.

- **Project Smile: Development costs incurred were for realisation of an Efficient Laser-guided Intelligent Movement system.**

This prototype permitted development of a solution based on AGV machines which has not only been adopted in System Logistics' own warehouse, but used in various customer orders;

- **Energy efficiency measures:** the first **electric vehicle charging stations** were installed in the year 2022, under a plan to convert the company's vehicle fleet to electric vehicles. In addition, work began on a plan to expand **the photovoltaic installation with an additional 800 kWp of power** to reduce the company's energy dependency through greater self-generation.

Finally, research and development projects were initiated to reduce the energy consumption of goods handling solutions manufactured for the market.

Value generated and distributed

System Logistics recognises the importance of balanced distribution among its stakeholders of the value generated by its activities, which they themselves have directly or indirectly helped produce.

Economic Value Generated and Received

refers to revenues from sales generated during the year, as well as changes in contract work in progress and other revenues and income, including income from subsidiaries and grants received for training, gas and

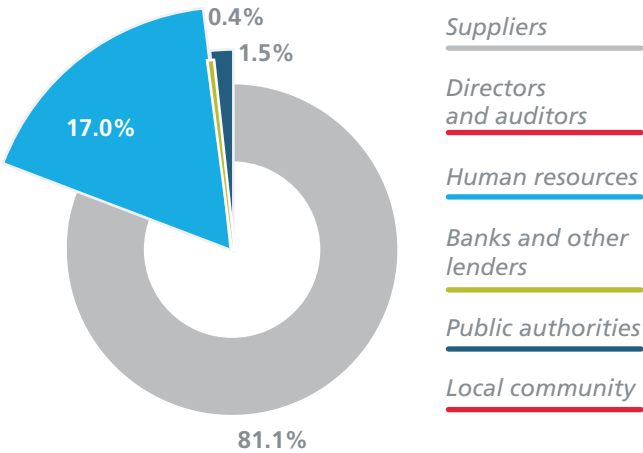
energy grants, and grants related to Industry 4.0.

Economic Value Distributed² refers to the wealth generated and distributed to certain categories of stakeholders who, through their different contributions, have contributed to the generation of value and/or are considered key stakeholders for other reasons.

Economic Value Retained relates to the difference between the economic value generated and received and the economic value distributed; it constitutes the portion of economic resources retained within System Logistics for its own sustenance and sustainability over time.

The System Logistics Group generated a value of 311.3 million euro in the year 2022, 310.3 million euro of which was distributed to various stakeholders. The main stakeholder categories were suppliers and human resources, to whom approximately 81.1% and 17.0% of the wealth generated was distributed, respectively.

Economic value distributed



2. The economic balance sheet items 'Costs for services' and 'Operating expenses' were allocated entirely to Suppliers.

1.3 System Logistics and Sustainability

GRI 2-28, GRI 2-29, GRI 201-1, GRI 3-1, GRI 3-2, GRI 3-3

Commitments and responsibilities

Integrating sustainability into business processes has become an increasingly important priority for many companies in the intralogistics sector. Adoption of sustainable practices in the management of material and product flows within organisations - including internal storage, handling and distribution - can make a major contribution to reducing environmental impact and improving operational efficiency.

System Logistics recognises the importance of key logistics objectives, such as **reducing environmental impact and energy consumption**, achievable with technological innovations combining ecological, economic and operational benefits.

To contextualise its commitment not only to environmental responsibility, but also to social and governance responsibility, System Logistics has decided to report on the path it has taken, the goals it has achieved and its targets for the future, as well as the responsible, ethical and sustainable actions it has integrated into its way of doing business, telling its story in this document.

System Logistics' path towards a sustainable business model represents a profound change; it requires **conscious, concrete integration of sustainability into the company's corporate strategy** and an appropriate, structured change management process. The company has voluntarily chosen to publish **its second sustainability report as an act of transparency and**

social responsibility, reporting to stakeholders on its activities in 2023.

Corporate choices, decisions, behaviour and performance are no longer evaluated solely on the basis of conventional results and objectives; sustainability is an indispensable element in corporate analysis. Key factors in this regard are a focus on certification of the quality of the company's products and internal processes, monitoring of emissions generated, adoption of measures optimising energy consumption, awareness of environmental footprint, and all the measures implemented to reduce it and make a tangible contribution to fighting climate change. Particular attention is paid to the way people are treated in the company, and their professional development.

The drafting of its second Sustainability Report has involved System Logistics in a process of improving its awareness and identification of its stakeholders and the material issues that dictate the boundaries of reporting.

Stakeholder relations

Stakeholders are individuals or groups with whom a company develops and maintains relationships as part of its operations.

In conducting its business, System Logistics establishes valuable ongoing relationships with a variety of parties, from employees to customers, suppliers and shareholders.

No less important are relations with local and national institutions, the local community, local schools, local associations and trade unions.

System Logistics is a member of two trade associations:

- Federmanager, the most representative association in the world of management, which oversees contractual, institutional, social, professional and cultural aspects;
- Confindustria Emilia, the main association representing manufacturing and service companies in Italy.

Its mission is to promote the affirmation of enterprise as a driver of the country's economic, social and civil growth.

System Logistics is also a member of AMHSA (*Automated Material Handling Systems Association*), the Association for the Promotion of Excellence in Automated Material Handling, as a leading provider of innovative intralogistics automation solutions and technologies.

System Logistics believes in dialogue and stakeholder involvement to build a context of shared growth and enable management to verify that the company's mission, vision and values coincide with the expectations of all its stakeholders. To this end, a structured approach has been identified, pinpointing key stakeholders and the most appropriate forms of engagement.

The **stakeholder map** below provides a concise representation of System Logistics' key stakeholders, divided into a macro level and a more detailed level, and identified according to the specific nature and intensity of their relationship with the Company

Fig.1
STAKEHOLDER MAP



Materiality analysis

Materiality analysis is a fundamental process on the path to sustainability, used to identify issues that have, or could have, a significant impact (positive or negative) on the actions and decisions of the company or its stakeholders, and, as a result, provide indications for achieving positive results and responsible growth with respect to governance and the three dimensions of sustainability: economic, environmental and social.

The drafting of the present Sustainability Report involved System Logistics' management in a process of improving its awareness and identification of its stakeholders and the material topics dictating the scope of reporting. The materiality analysis process undertaken during the reporting period under consideration identified System Logistics' material ESG issues, i.e. those aspects relevant to System Logistics (x-axis), which serve as input for the definition of the Company's strategy, annual targets and priorities to be addressed in order to pursue a sustainable business model, in line with stakeholders' assessments and expectations (y-axis).

The process

1

Stakeholder mapping, showing forms of involvement and relationships

2

Analysis of industry benchmarks
(national and international comparables)

3

Evidence/feedback from recurrent forms of stakeholder engagement and results of context analyses carried out for use in management systems

4

Evaluation of issues of relevance by Top Management *(System Logistics materiality analysis)*

5

Evaluation of issues of relevance by stakeholders *(Stakeholder materiality analysis)*

6

Development of the materiality matrix and comparison with 2021 results

System Logistics' materiality analysis

In order to identify internal requirements, issues of relevance were identified through documentary analysis of System Logistics' ESG issues, consistent with the Krones Group's strategy and study of the GRI standard.

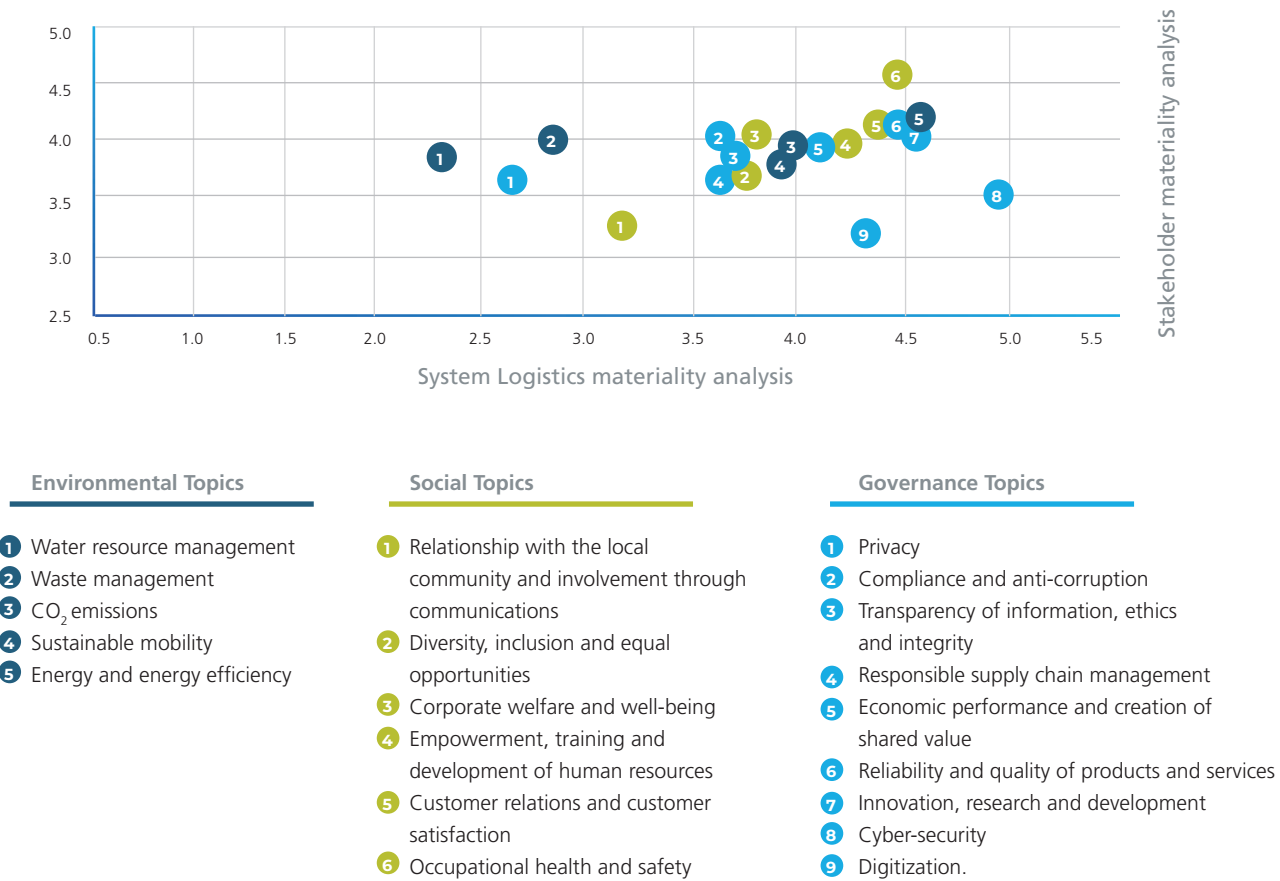
The topics emerging from this analysis were prioritised by the company's management, which assessed the importance of each individual topic by holding a workshop for discussion of the issue and using an online evaluation platform.

Stakeholder materiality analysis

In order to determine the requirements of stakeholders outside the company, a questionnaire was administered to a selected sample of stakeholders. By filling out the survey, each stakeholder had an opportunity to identify the issues most relevant to the stakeholder's own needs and to the expectations of society. The questionnaire was sent to the following categories: employees, suppliers, customers, public authorities, academia and trade associations.

Following these forms of internal and external engagement, the materiality matrix shown below was prepared, in which the positioning of the two points of view is determined for each of the 20 issues representing System Logistics' vision of sustainability.

Fig. 2
The System Logistics materiality matrix 2022



The topics deemed most relevant were updated in 2022 in view of current business priorities and the changing external environment. In identification of material topics, there are certain aspects that are considered high-priority, such as **occupational health and safety, and the reliability and quality of products and services**, essential for the creation of shared economic value; **technological innovation and research and development** of increasingly efficient advanced solutions also contribute to this, especially from the point of view of energy, consistently with the company's commitment to reducing its direct and indirect CO₂ emissions, also through promotion of **sustainable mobility**.

The materiality analysis also identified so-called emerging issues, i.e., issues considered of significance for the company as they represent the sustainability impacts generated by System Logistics on the environment, the economy and people; monitoring of these issues is being organised. These include cybersecurity, responsible supply chain management, compliance and anti-corruption, diversity, inclusion and equal opportunities.

Reporting on materiality analysis, covered for the first time in this document, will continue over the years to come, consistently with the progressive evolution of the business.

Contribution to Sustainable Development Goals

Actively contributing to addressing global sustainability challenges is becoming a top priority for institutions, companies and organisations. Demonstrating its awareness of these aspects and confirming its future commitment to promoting a business model that integrates economic, social and environmental responsibility in all aspects and activities, System Logistics has identi-

fied the Sustainable Development Goals (SDGs) related to material topics and those to which it stands to contribute most in the medium to long term.



The Sustainable Development Goals - SDGs - are a set of 17 goals identified by the United Nations with the intention of guiding countries and organisations all over the world along the path to reducing inequality and promoting economic prosperity, social development and environmental protection. Each goal comprises 169 specific targets; together they constitute the core elements of the 2030 Agenda for Sustainable Development.

Energy and energy efficiency	7	12	13	
CO ₂ emissions	3	7	12	13
Sustainable mobility	3	7	11	13
Diversity, inclusion and equal opportunities		8	10	
Corporate welfare and well-being	3	4	8	
Occupational health and safety	3	8	16	
Empowerment, training and development of human resources	4	5	8	10
Cyber-security		8	9	16
Customer relations and customer satisfaction		8	12	
Transparency of information, ethics and business integrity	8	9	10	16
Responsible supply chain management		8	12	
Compliance and anti-corruption			16	
Reliability and quality of products and services	8	9	12	
Economic performance and creation of shared value		8	9	
Innovation, research and development	8	9	16	

In view of its scope of action, System Logistics has correlated the Sustainable Development Goals with its materiality analysis; this was done by analysing the GRI indicators reported during 2022, the targets for projects implemented and supported in relation to the SDGs, and the targets established in

the document 'Framework Linking the SDGs and the GRI Standards'. This guide offers support for organisations in correlating the targets of each of the 17 SDGs with disclosure under the GRI Standards; it was last updated by the Global Reporting Initiative in May 2022.

1.4 Corporate governance and organisational structure

Responsible business management

GRI 2-9, GRI 2-10, GRI 2-11

System Logistics is a joint-stock company owned 20% by SFH S.p.A. and 80% by Kosme S.r.l., which is in turn owned by Kroes AG.

System Logistics S.p.A.'s corporate governance system is based on a traditional model, articulated as follows:

Board of Directors (BoD): vested with the broadest powers for the ordinary and extraordinary management of the Company, with the power to perform all acts of ordinary and extraordinary administration that it deems appropriate for the achievement of the Company's corporate purposes, excluding only those strictly reserved to the Shareholders' Meeting by law and under the Articles of Association.

The Board of Directors of System Logistics consists of 7 members in office until the approval of the Annual Report as at 31.12.2024.

Board of Statutory Auditors: The company's management is supervised by a Board of Statutory Auditors composed of five members, three of whom are acting auditors while two are alternate auditors; it is entrusted with the task of supervising compliance with the law and the Articles of Association, compliance with the principles of proper administration, the adequacy of the company's organisational structure, the internal control system, and the adequacy of instructions given to the subsidiaries in relation to the information to be provided to fulfil disclosure obligations.

Auditing Firm: The statutory audit of accounts is carried out by an auditing firm appearing in the register established by the Ministry of Justice.

System Logistics adopts an organisation, management and control model, pursuant to Legislative Decree 231/2001, subject to the control of the Supervisory Board for its proper functioning.

BOARD OF DIRECTORS

Stefani Franco
Chairman of the Board

Panzetti Luigi
Managing Director
(Company Representative)

Klenk Christoph Konstantin
Director

Goldbrunner Ralf Manfred
Director

Gentilini Roberto
Adviser/Special Prosecutor

Ricker Thomas
Director

Anders Uta
Director

Composition of corporate bodies As at 31.12.2022

Board of Statutory Auditors

Pincelli Vittorio
Chairman of the Board of Auditors

Mantovani Luigi
Statutory Auditor

Brocca Lorenzo
Statutory Auditor

Tostati Maurizio
Alternate Auditor

Pandolfi Luca Angelo
Alternate Auditor

System Logistics has implemented a delegation system that gives the Heads of the Industrial Operations, Procurement, Customer Service, Market Operations and Field Operations functions powers of organisation, management and control as well as autonomy of expenditure in the area of occupational health and safety.

With regard to information on diversity, it should be noted that the members of the governing body (consisting of six men and one woman) are in the 30-50 age bracket.



Management systems and certifications

The certifications acquired by System Logistics S.p.A. provide clear and transparent confirmation of the fact that the company designs and manufactures products complying with the highest standards of quality, safety and ecology.

The integrated certification system demonstrates the company's commitment to social and environmental responsibility and the importance of measures protecting employees' health, safeguarding the environment and managing risk situations. **Its organic vision of corporate processes leads System Logistics to an all-encompassing form of management of responsible governance and pursuit of clear goals** that meet its stakeholders' expectations, as officially stated in the company's Quality, Health, Safety and Environment Policy.

This made it possible to obtain quality certification under **ISO 9001** back in 2004; over the years System Logistics has raised its standards, making it stand out even more on the market.

In 2016, the company transformed the way it works by implementing standardised procedures in line with the contents of standard **ISO 14001**, obtaining the corresponding certification, which it still maintains today: an action taken to protect the environment in which workers and customers operate.

In the year 2020 the company completed the transition from **OHSAS 18001** to **ISO 45001** certification, offering further proof of how the company considers protection of the health, safety and welfare of its workers, customers and suppliers among the core values of its corporate strategy.

Concern for the protection of workers and the environment are the values that have led System Logistics to implement a **QHSE Integrated Management System for Quality, Health, Safety and Environment**, in compliance with the requirements of the three standards **ISO 9001, ISO 14001 and ISO 45001**.

During 2022, System Logistics underwent a combined renewal audit based on the three regulatory schemes: **ISO 9001, ISO 14001 and ISO 45001**. These audits were conducted by the certification body DNV and involved various entities, from design to production, installation and service. Everyone made their contribution, showing a strong interest in the company's continued growth.

Important social and governance achievements during the year include publication of the company's first Sustainability Report, the awarding by **Ecovadis of the Silver Sustainability Rating Medal**, and receipt, for the second year in a row, of the Welfare Champion award, at the highest level, 5W, as part of the **SME Welfare Index 2022 report**.

During 2022, in fact, System Logistics continued to invest in its corporate welfare strategy, implementing a number of initiatives in favour of workers, not limited to forms of economic support such as fuel bonuses and reimbursement of utility bills, but also including measures in the direction of achieving an improved work-life balance and promotion of diversity and inclusiveness policies.



System Logistics S.p.A. certifications

UNI ISO 45001

Represents the standard for **occupational health and safety management systems**; the first international standard defining minimum standards of good practice for the protection of workers worldwide. It establishes a framework for improving safety, reducing risks in the workplace and improving the health and well-being of workers.

OHSAS 18001

Identifies an international standard for a **worker health and safety management system**.

UNI ISO 9001

Establishes the criteria for a **quality management system** that focuses on process effectiveness and promotes adoption of a risk analysis approach.

UNI ISO 14001

Provides an in-depth analysis of the company's **environmental management** in order to reduce environmental impacts, while fulfilling all legal requirements so as to strengthen stakeholder relations.

ECOVADIS

Improves and enhances the company's environmental and social practices by harnessing the influence of global logistics chains.

Ethics, integrity and transparency

GRI, 2-16, GRI 2-26

System Logistics S.p.A has voluntarily adopted a **Code of Ethics and an Organisation and Control Model** in compliance with Legislative Decree no. 231/2001; together, they constitute the company's values base, are subject to control by the Supervisory Board.

These documents were adopted in 2016; at the same time, the Board of Directors appointed its own Supervisory Board, entrusting it with the task of overseeing the operation of and compliance with the Model. The Model was supplemented and updated in 2019 in response to changes in the regulatory framework; the Company completely revised and updated its risk analysis in 2021.

The latest version of the document was formally approved by resolution of the Board of Directors on 7 September 2021.

The documents can be viewed on the homepage of the company website:

<https://www.systemlogistics.com/int/>.

System Logistics adopted the Krones Group's whistleblower policy in 2022.

The company acted well in advance of the provisions of Legislative Decree 24/2023, which came into force on 30 March 2023, introducing the new whistleblowing regulations in Italy.

ORGANISATIONAL MODEL 231

The main objective of Model 231 is to set up an organic and structured system of principles, procedures and controls, aimed at preventing the predicate offences referred to in Legislative Decree 231/2001 from being committed.

The document consists of a General Part, in which the functions and principles of the Model are illustrated, and its essential components are identified and regulated; while the Special Part consists of Protocols governing Sensitive Activities, setting out the control measures aimed at, or in any case suitable for, reducing the risk of commission of the offences provided for by the Decree. These controls are implemented in Procedures which, together with the Code of Ethics and the document "Control & Risk Self Assessment under Legislative Decree 231/2001" - which formalises the results of the activity aimed at identifying Sensitive Activities - form an integral part of the Model.

By adopting Model 231, System Logistics S.p.A. pursues a number of goals, including:

- identifying activities that are potentially at risk of predicate offences;
- providing effective information to recipients in relation to the rules and procedures to be observed and the resulting sanctions that may be incurred as a result of breaches;
- spreading a business culture based on legality, control and risk management.

In order to ensure the dissemination and knowledge of the contents of the Model, System Logistics S.p.A. provides information on the adoption of the Model through various channels such as e-mail, purchase orders, memoranda and internal training courses.

INTERNAL CONTROL SYSTEM

In the preparation of the Model, System Logistics has taken into account the existing internal **control system** in order to verify its suitability for preventing the specific offences identified in the Decree and occurring in the risk areas identified.

The internal control system involves all the Company's areas of activity; this is achieved by clearly identifying the roles, tasks and responsibilities of the persons involved in carrying out the Company's activities, and distinguishing operational tasks from control tasks, reasonably reducing the possibility of an conflicts of interest.

System Logistics' internal control system is based not only on the rules laid down in the Model, but also on the following elements:

- Corporate Code of Ethics and Code of Conduct of the Krones Group;
- Hierarchical-functional structure (company organisational chart); personnel communication and training system; disciplinary and sanctions system;
- Information systems for carrying out operational or control tasks in the context of Sensitive Activities, or in support thereof.

CODE OF ETHICS AND SUPERVISORY BODY

System Logistics S.p.A., determined to imbue the performance of its business activities with respect for legality and ethical principles, initially adopted its own **Code of Ethics and Conduct** aimed at formalising a series of rules of "corporate ethics" that the Company recognised as its own and for which it requested compliance by its corporate bodies and employees.

With the Company's entry into the Krones Group, in order to ensure the correlation between the code already prepared for the

purposes of the Italian Legislative Decree and "The Krones Code of Conduct" approved by the Group, System Logistics deemed it appropriate to adopt the Group's code as its own Code of Ethics, valid for the purposes of the Decree. In addition, the Company has formally adopted the Krones Group Supplier Code.

The Code of Ethics, like the Krones Group Suppliers' Code, is an integral and essential part of the Model; it recognises the legal relevance and mandatory effectiveness of the ethical principles and behavioural standards described therein, also with a view to preventing corporate offences, and places compliance with current legislation at its foundation.

In pursuing the achievement of its corporate purpose, System Logistics S.p.A. is guided by ethical and management principles, including:

- **acting in accordance with ethical principles and the law;**
- **collaborating with stakeholders;**
- **protecting corporate knowledge and information;**
- **accepting social and environmental responsibility.**

For more detailed information on the contents of the Code, please refer to the document "Code of Ethics", published on the homepage of the System Logistics website.

The Supervisory Body (SB) is entrusted with the task of monitoring compliance with the procedures set out in the organisational model, the Code of Ethics and those relating to the issuing of certifications obtained, interfacing directly with the Board of Directors in the event of breaches or risk situations. The Supervisory Board does not perform any operational tasks that might affect and/or compromise the independence and

overall vision of its role in the company. The functioning of the Supervisory Board and identification of its specific powers, duties and responsibilities are governed by the charter of the System Logistics S.p.A. Supervisory Board; the document details its work, which is carried out in various ways: through analysis of the information flows periodically transmitted by the people reporting on various company processes, periodic meetings with certain department heads in the areas most at risk, and regular meetings with the Board of Directors and the Board of Auditors.

The Supervisory Board consists of 2 external members and 1 member from within the company, appointed by the company's Board of Directors, after consulting the Board of Auditors. Members remain in office for three financial years, and their term of office expires on the date of the Board of Directors' meeting convened for the approval of the draft financial statements for the last financial year. They are eligible for re-election.

The Supervisory Board also takes charge of reports received through a specific e-mail address, accessible only to the Supervisory Board, and investigates reports before informing the Board of Directors so that it can take any corrective or disciplinary action. Alternatively, reports may be submitted through the Krones Group's whistleblowing system, which can be accessed anonymously by employees and third parties via the Company's website.

Reports are treated with a guarantee of confidentiality and, in particular, in accordance with Legislative Decree 196/2003 and the GDPR (EU Regulation 2016/679). Anonymous reports may also be received, as long as they are substantiated and based on precise and concordant facts. No reports were received during 2022.

Controlling corruption-related risks

GRI 205-1, GRI 205-2, GRI 205-3

Operations potentially linked to corruption risk were thoroughly assessed within the company, first when the Organisational Model was adopted and then when it was updated.

The entities most exposed to a potential risk of corruption are those concerned with procurement and sales. System Logistics' anti-corruption policies and procedures refer to the Krones Group Anti-Corruption Programme and have been disclosed to all board members, employees, suppliers and customers.

The parent company Krones periodically conducts a compliance review and risk analysis with management to assess corruption risk. The activities carried out are coordinated internally by the compliance contact person, as required by the parent company in all branches.

All members of the Board of Directors have been trained on the subject; all employees and contract staff are required to attend training on the subject, through the company's internal Academy, which delivers a specific two-hour e-learning course on Compliance and Anti-corruption.

During 2022, 542 hours of training were provided on the topics of anti-corruption, compliance and the corporate code of conduct, involving a total of 131 participants. Specifically, anti-corruption **training was completed by 126 people, totalling 535 hours of training.**



Cyber-security and data protection

The use of software applications for warehouse management presupposes a focus on constant updates to maximise performance, with a consequent need for management of the cyber-security of all data transmitted. Management of data protection within and outside the company sees System Logistics engaged in adoption of the Group's policy, including an audit conducted in 2023, and integration of a number of organisational changes.

The following took place in 2022:

- **Restructuring of the company's organisation chart** within System Logistics' company-wide resource management system, improving the operational workflow for IT identity management (IAV);
- **setting up of a company and Group-wide cyber-security organisational chart** for management of security issues and participation in a monthly cyber-security conference;
- **setting up an SOC** (Security Operation Centre) for in-house services, providing coverage of System Logistics' cyber-security systems by Krones' cyber-security monitoring service. This involves monitoring of clients and perimeter security (firewall).

During the year covered by this report, no corruption incidents occurred, and no legal action was taken for anti-competitive, anti-trust and monopolistic behaviour.

Course name

Compliance & Anti-Corruption

535	Training hours
126	No. of participants

Course name

Compliance and Code of Conduct

7	Training hours
5	No. of participants

542	Total training hours
131	Total no. of participants

CARE ABOUT THE **FUTURE**

2

System Logistics is actively committed to environmental protection and to ensuring efficient use of energy and resources.

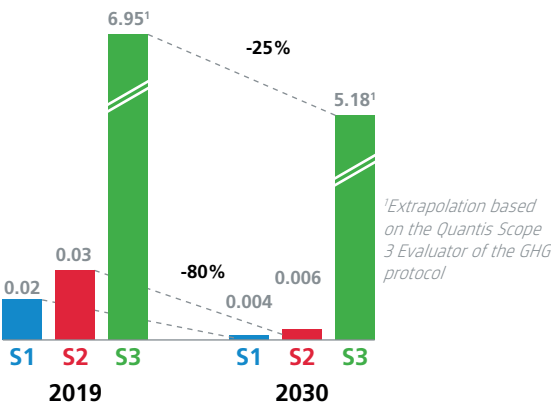
This commitment is evidenced by the company's focus on reducing the impact of its activities on the resources it uses, the energy it consumes, and the waste it produces, while **helping customers implement greener, more energy-sustainable technologies.**

2.1 Environmental impact

2030 Climate Strategy

In line with the strategy defined by its parent company Krones, System Logistics has adopted the 2030 Climate Strategy with the aim of reducing its environmental impact; specifically, System Logistics has set itself the following targets:

- reduction of **corporate carbon footprint**, i.e. CO₂ emissions from **scope 1 + scope 2, by 80% by 2030**;
- reduction of the **product carbon footprint**, i.e. CO₂ emissions from **scope 3, by 25% by 2030**.



Target 1:
Reduction of the absolute Corporate Carbon Footprint (Scope 1 + Scope 2) of the KRONES Group by 80% by the year 2030 (Base year: 2019) and operational climate neutrality by the year 2040

Target 2:
Reduction of the absolute Product Carbon Footprint (Scope 3) of the KRONES Group by 25% by the year 2030 (base year: 2019)

Scope 3 at KRONES = Scope 1 + 2 at customers
We contribute to achieving the climate targets of our customers by improving the Product Carbon Footprint of our machines and plants!

Energy and energy efficiency

GRI 302-1; GRI 302-4; GRI 302-5

At the end of 2020, System Logistics moved to a new location in Fiorano Modenese, informally referred to as the “LogHouse”, which houses new, highly efficient technology and equipment.

In compliance with the Climate Strategy, a **Carbon Action Plan** has been prepared for the 2022-2025 three-year period, containing a series of actions to reduce CO₂ emissions and dependence on external energy.

As a result of the Carbon Action Plan, a multi-year project was launched in 2022 to gradually convert the entire corporate vehicle fleet (consisting of diesel-fuelled cars leased on a long-term basis) to full-electric vehicles; to support this conversion, the first five electric recharging stations were installed, a number which will triple by the end of 2023.

Energy consumption in the organisation

System Logistics sources electricity for its own consumption from the grid and from its own photovoltaic system.

The photovoltaic installation on the roof of the new company headquarters **now has a nominal capacity of 475 kWp** and became operational in March 2021.

The actions proposed in the Carbon Action Plan include addition of a new photovoltaic installation with a nominal power of 800 kWp. This project started in 2022 and, together with the existing photovoltaic installation, will reach a total capacity of 1,275 kWp by the end of 2023.

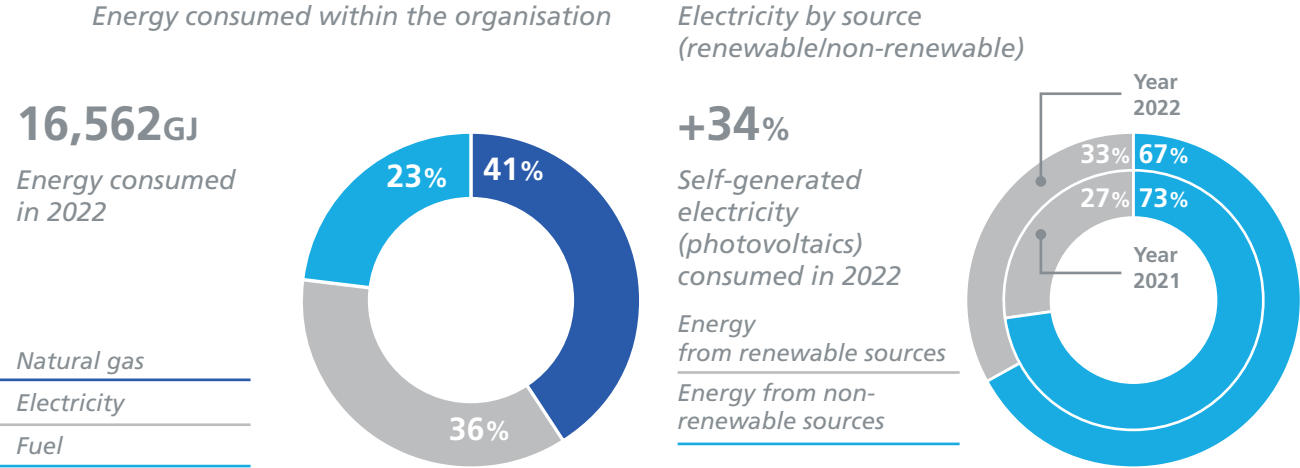
With the new photovoltaic system, 956,086 kWh (equivalent to **3,442 GJ**) less electricity was purchased from the grid in the 2021-2022 two-year period, **achieving approximately 27% coverage of electricity needs in 2021 and 33% in 2022**.

System Logistics’ energy consumption (electricity, natural gas and diesel fuel) remained virtually unchanged during the reporting period compared to the previous year: **16,562 GJ** of energy was consumed in 2022, compared to 16,348 GJ in 2021, an increase of 1.3%. The increase in energy requirements compared to 2021 is due to the combined effect of the increased number of cars in the company fleet and operation of the stacker crane production plant, which consumes natural gas, throughout the year 2022.

Energy consumption

	2021		2022	
	GJ	%	GJ	%
Total energy consumed within the organisation (GJ) ³	16,348	-	16,562	-
NATURAL GAS	7,226	100%	6,816	100%
Of which for heating	6,828	94%	6,231	91%
Of which for production	399	6%	585	9%
ELECTRICITY	5,501	100%	5,889	100%
Of which electricity purchased	4,032	73%	3,916	67%
Of which self-generated electricity from photovoltaics	1,470	27%	1,972	33%
FUEL CONSUMPTION	3,620	100%	3,857	100%
Of which diesel fuel (for corporate fleet)	3,620	100%	3,857	100%

3. Energy consumption figures are presented in GJ, a measure specified under GRI Standards, permitting comparison. A Joule is a unit of measurement of work and energy “equal to the work done by the force of 1 newton to move a 1m body along its line of action; it is identified with the energy that is dissipated in 1 second in the form of heat” (Oxford Languages).



Energy from renewable sources (photovoltaic installation)

	2021			2022			2022-21
	kWh	GJ	%	kWh	GJ	%	Var. %
Photovoltaic-generated energy	538,458	1,938	100%	658,549	2,371	100%	22%
Energy fed into the grid	130,232	469	24%	110,690	398	17%	-15%
Self-generated energy consumed	408,227	1,470	76%	547,859	1,972	83%	34%
CO ₂ emissions avoided - self-generated energy consumed (tCO ₂ e)	2021			2022			
	100.3			134.6			

41% of the organisation’s energy consumption is represented by natural gas, used for heating and in production processes, totalling 6,816 GJ in 2022: 9% less than the amount consumed in the previous year.

System Logistics uses gas mainly for space heating (6,231 GJ in 2022) and, to a lesser extent, for pylon production.

The year 2022 saw a 22% increase in the amount of energy produced by the company’s photovoltaic installation compared to 2021, due to a longer period of use; in 2022, a total of 2,371 GJ was produced, 1,972 GJ of which was then consumed within the company (+34% compared to 2021) while

398 GJ was sold to the grid, a decrease of 15% compared to 2021.

Thanks to generation of electricity by the photovoltaic system, System Logistics **avoided the release of 294.1 tCO₂e⁴ into the atmosphere in 2021-2022, of which 161.8 tCO₂e in 2022.**

In addition to gas and electricity, diesel fuel is used to power the company fleet, which saw an increase in consumption over the previous year (3,857 GJ in 2022 and 3,620 GJ in 2021) due to an increase in the corporate vehicle fleet (about 85 vehicles in 2021 and about 91 in 2022).

4. Emissions avoided are calculated as the difference between the emissions that would have been caused by purchasing electricity from the grid (ISPRA conversion factor 0.0002457 tCO₂/kWh) and the zero impact in the form of direct emissions of electricity generated from the photovoltaic installation.



Energy efficiency

Reducing consumption and improving energy efficiency are goals that System Logistics intends to continue pursuing in the long term, aware of their importance for the environment and the economy.

KontrolON, a system for analysing and monitoring the company’s energy consumption at its headquarters, was installed during the year 2022; this tool makes it possible to analyse the distribution of energy consumption across the company’s various utilities and more easily identify opportunities for optimising consumption. The system makes it possible to initiate immediate action to remedy or correct any problems and anomalies in order to limit the overall greenhouse gas emissions produced.



Research, development and technological innovation of products

In addition to its focus on the use of energy resources at its corporate headquarters, System Logistics is committed to **research, development and technological innovation** in its products and services, providing its customers with automation solutions that **optimise and streamline product and material handling**, reducing costs and improving process reliability.

In the intensive Automated Storage and Retrieval System (AS/RS), electrical and electronic work was carried out to reduce the energy costs of the stacker crane and miniload machines..

Improved energy efficiency is the result of a combination of several elements: use of supercapacitors on the lifts, i.e. devices that allow energy to be recovered during braking/descent, automatic adaptation of dynamics according to load, and reduction of movement of high-turnover products.

Studies to be undertaken on the addition of points on the SVL shuttle tracks will (in addition to optimisation of routes) also provide the following benefits:

- 1) shortening routes by means of shortcuts, saving energy;
- 2) permitting parking of one or more SVL shuttles on “dead” tracks in order to dynamically use only the number of shuttles strictly necessary to achieve the required flows.

CO₂ emissions

GRI 305-1; GRI 305-2; GRI 305-5

For the purposes of continuous improvement of environmental impacts, System Logistics has embarked on a process of reporting greenhouse gas emissions/removals (GHG) related to its business activities to its parent company via a dedicated platform.

The emissions in question may be direct or indirect: the former are emissions from the company's own sources, or those controlled

by it (Scope 1); whereas the latter are emissions resulting from the energy consumed, or from the company's activities, the source of which is controlled by third parties such as suppliers, customers and employees (Scope 2 and 3).

The emissions taken into account here are Scope 1 and 2; no figures are available on other indirect greenhouse gas emissions (Scope 3) for the year 2022, though the data are currently under study.

SCOPE 1

Direct emissions generated by the company's operations

- Direct emissions
 - > Combustion from fixed/stationary sources (consumption of natural gas used for heating or in the production process);
 - > Fuel consumption from mobile sources (fuel consumption of the fleet of corporate vehicles used to transport employees and goods within and outside plants);
 - > Refrigerant gas leaks.

SCOPE 2

Indirect emissions from imported energy

- Indirect emissions from imported energy (electricity imported from the grid)

Below are the quantities of CO₂ emitted by System Logistics in the last two years; 2019 figures are also shown, for continuity and for reference to the identified baseline. Note that the 2019 figures refer to the company's old headquarters, while the figures for 2021 and 2022 refer to the company's new headquarters.

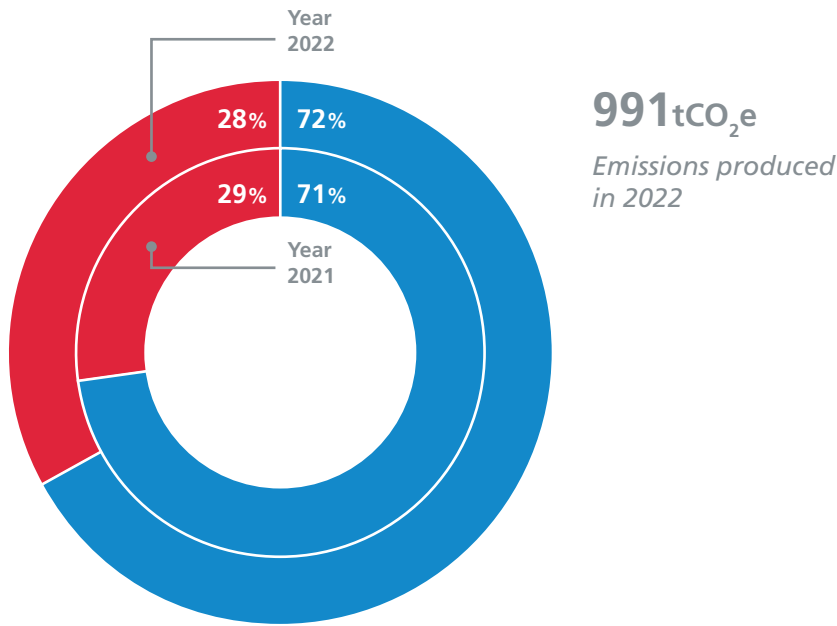
Total **Scope 1 and 2 emissions in 2022 amounted to 991 tonnes of CO₂-equivalent (tCO₂e), a decrease of approximately 1.6% over the previous year (1,007 CO₂e produced in 2021).**

Scope 1 - tCO ₂ e GHG emissions	2019	2021	2022
Direct combustion emissions from fixed lstationary sources (related to natural gas consumption for heating and pylon production) ⁵ .	205	449	423
Direct emissions due to combustion from mobile sources (diesel) ⁶ .	330	270	287
Total Scope 1	535	719	711

Scope 2 - tCO ₂ e GHG emissions	2019	2021	2022
Purchased electricity ⁷ (location-based)	174	288	280
Total Scope 2	174	288	280

Total Scope 1+ Scope 2 - tCO ₂ e	709	1007	991
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Direct and indirect emissions **SCOPE 1 AND 2 (%)**



5. Sources of emission factors considered for natural gas: 0.2005 Kg CO₂/kWh
6. Sources of emission factors considered for diesel fuel: 0.26665 Kg CO₂/kWh
7. Sources of emission factors considered for imported electricity: 0.257 Kg CO₂/kWh

The breakdown of the data into Scope 1 and 2 emissions reveals that the most significant share of emissions produced by System Logistics is represented by Scope 1, 711 tCO₂ equivalent, corresponding to 72% of the total emissions produced in 2022. The primary source of emissions is the combustion of natural gas for heating the production area and the offices and for the painting of pylons produced in the Metalwork Department (423 tCO₂ equivalent produced in 2022). This category also includes emissions from use of corporate vehicles.

At the end of the year 2022, the company has 91 vehicles under long-term leases, including both cars and vans; some are used as individually assigned vehicles, in the form of benefits provided to certain employees, while others are used as service vehicles for the purpose of reaching customers' locations.

Indirect emissions from the purchase of energy from the grid, pertaining to Scope 2, account for the remaining 28% and amount to 280 tCO₂ equivalent.

System Logistics does not produce ozone-depleting substances on a regular or occasional basis. The company has refrigeration units for air conditioning the offices; these units contain refrigerant gases in the following quantities:

- 528.5 Kg of R410A (GWP⁸ 2088)
- 4.2 kg of R32 (GWP 675)

These gases were not replenished or replaced in 2022.

8. Global Warming Potential (expressing the contribution to the greenhouse effect of a greenhouse gas, in relation to the effect of CO₂).

SU-EATABLE LIFE

System Logistics sees the implementation of sustainability projects as a concrete mission, not only in terms of its technological solutions, but also in its day-to-day activities. April 2022 saw the birth of Su-Eatable Life, a project implemented in collaboration with CIR Food and Associazione Barilla with the aim of promoting and raising awareness of the environmental impact of dietary choices, particularly in relation to carbon footprint and water footprint.



SU-EATABLE LIFE
CHOOSE TO MAKE A DIFFERENCE
EVERY DAY

Sustainable mobility

Sustainable mobility is a crucial challenge for tackling climate change and preserving the environment for future generations.

CO₂ emissions from motor vehicles have a significant impact on the environment and air quality. This contributes to the greenhouse effect and the rise in global temperature. The growing focus on environmental issues sees System Logistics committed to promoting efficient management of corporate mobility. This includes adoption of all-electric corporate vehicles to reduce use of fossil fuels.

System Logistics' approach to sustainable mobility embraces the idea of reducing dependence on the use of private vehicles in favour of **shared and public transport solutions; use of active means of transport such as cycling or walking** is encouraged in order to reduce the environmental impact of urban transport and improve people's health.

In February 2021, a **Mobility Manager** was officially appointed to optimise systematic employee travel in order to reduce use of private cars.

In addition, in order to promote alternative transport solutions with a reduced environmental impact (car pooling, car sharing, bike sharing), the company's **2022 Commuting Plan (Piano Spostamenti Casa Lavoro or PSCL)⁹ was updated and presented to the Municipality of Fiorano Modenese**, following the administration and analysis of an online questionnaire sent to all employees and collaborators, repeated in 2022; in this way useful information was obtained in order to construct a picture of employees' travel habits and needs, as well as their pro-

pensity to convert to sustainable forms of mobility.

During the year, the team set up by System Logistics together with the municipality of Fiorano Modenese in 2021 continued its work jointly addressing the issue of sustainable mobility in the Fiorano industrial area. The group was extended to include additional companies and municipalities in the ceramics district in which the company operates.

Bike to work

The company participated in the "Bike to work" project, under which economic bonuses and incentives are paid directly by the municipality of Fiorano Modenese to all workers who use bicycles to get to work. The project ended on 31.12.2022; a total of **5,199 km were travelled during the year**.

Company carpooling: JOJOB for shared mobility

System Logistics supports and promotes the **green shared mobility of company personnel** through use of the JoJob app, allowing employees to compare and cross-reference their home-work journeys: a way to reduce travel costs and the CO₂ emissions associated with such journeys, while encouraging employees to get to know each other better.

Using JoJob as a carpooler or as a biker also allows you to participate in a cashback scheme, accumulating credits that can be converted into vouchers; the company further encourages use of the app with this project.

Parking spaces on company premises have

9. The Commuting Plan (Piano Spostamenti Casa Lavoro or PSCL) applies to the Fiorano Modenese site only.

been reserved exclusively for carpoolers' use. Several webinars have been held to promote the tool; in addition, employees who used the JoJob app or bike-to-work for a minimum of 20 trips were able to participate in a draw for prizes of an electric bicycle and scooter.

The Benefits of Sustainable Mobility in System Logistics in 2022¹⁰



Km saved
24,960



Km travelled by bicycle
5,199



CO₂ saved
3,240 Kg CO₂

European Sustainability Week

System Logistics enthusiastically joined the European information and awareness campaign on sustainable mobility for the second time in 2022. On this occasion, the company promoted the "Happy Breakfast!" initiative.

Between 16 and 22 September 2022, colleagues who came to work using the JoJob app, or any sustainable means of transport (public transport, bicycle, scooter, etc.), enjoyed a free breakfast at a nearby venue.



The Jojob app includes a section for people who want to walk or cycle to the LogHouse in order to promote an active and healthy lifestyle.



Two parking spots in the company's car park have been reserved for the exclusive use of carpoolers, encouraging car-sharing and thereby reducing air pollution.

10. The figures reported here have been processed according to an annual estimate calculated on the basis of the available records for the months of May to December 2022.

Water and waste management

GRI 303-1, GRI 303-3, GRI 303-5, GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5

Responsible water and waste management is a topic of interest for companies committed to sustainability. Responsible use of water and adoption of effective waste management strategies are of key importance for preserving the environment, protecting human health and ensuring the long-term sustainability of business operations.

Water consumption and release

System Logistics has set itself the target of reducing water consumption 10% by 2030 (compared to the year 2020).

System Logistics uses water resources for two distinct purposes: civic uses, i.e. for use in toilets and tap water, vending machines, the canteen and fire-fighting, and for irriga-

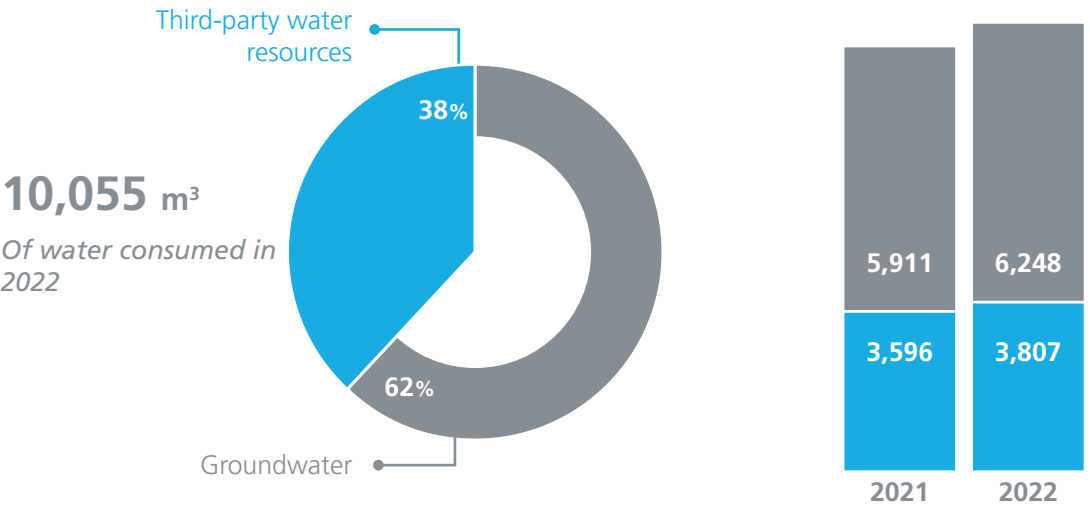
tion. In the first case, the water comes from the aqueduct network; in the second case, the water comes from a well located on the company's premises, dug specifically for this purpose.

In the case of water for civil uses, all effluents are released into a public sewer, while no irrigation water is released. Rainwater draining off waterproof surfaces flows into manholes, then into an underground network discharging into a lamination tank located along the perimeter of the plant, and from there into an irrigation channel located off-site. These waters are not contaminated, as there are no chemicals, wastes or activities that could alter their properties.

Water taken from the aqueduct is not used in any production processes carried out on the company's premises.

During the year 2022, 10,055 cubic metres of water were withdrawn for consumption, 62% of which was from wells, and the remaining 38% from the aqueduct (third-party water resources).

Fig. 3 Water withdrawal and consumption



WATER WITHDRAWAL

	2021	2022
Total water withdrawal (m³)	9,507	10,055
Of which surface water (third-party water supply/aqueduct)	3,596	3,807
Of which groundwater (for irrigation of green areas)	5,911	6,248

Note: Surface water figures were obtained from water bills, and groundwater figures from meter readings.

System Logistics does not use water in any kind of work on external work sites.

SUSTAINABLE GIFTS

System Logistics gives a thermos/water bottle to all employees as an incentive to consume water from special dispensers; a minor initiative encouraging reduction of plastic consumption, in support of the actions the organisation is promoting for environmental sustainability. A portion of the proceeds from the production of the water bottles is donated to water.org, a non-profit organisation whose goal is to bring clean, safe, accessible and affordable water to all people around the world, contributing to Goal 6 of the 2030 Agenda.

Waste

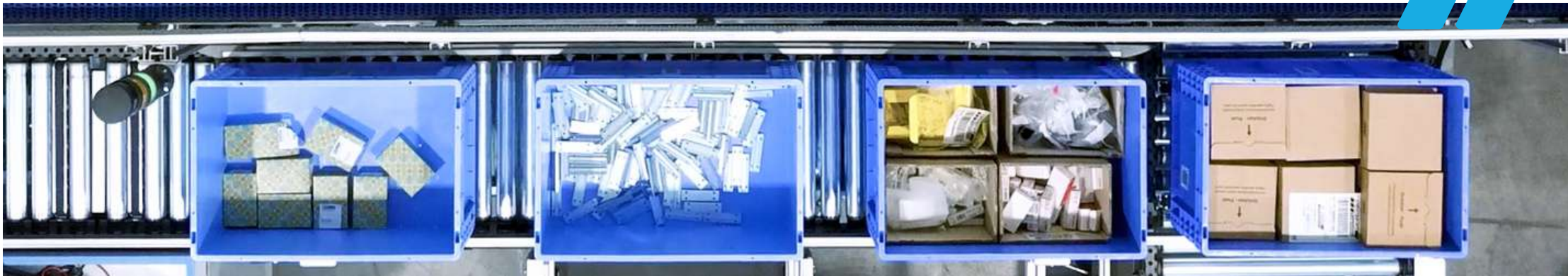
System Logistics has set itself the target of reducing hazardous waste 10% (baseline 2020) by 2030.

In order to make the corporate population aware of responsible waste disposal, regular meetings are held with the aim of explaining the behaviour to be adopted in the company, involving new employees on their first day of work.

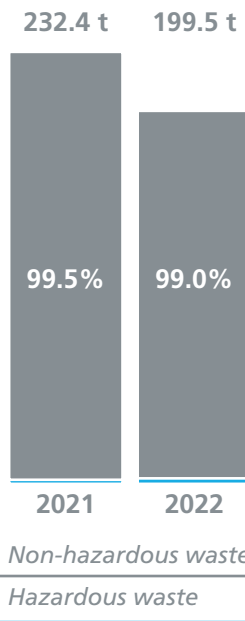
The waste figures reported in this document are monitored by means of the Single Waste Declaration (Modello Unico di Dichiarazione or MUD), a special management system, and monitoring of specific monthly KPIs.

During the year **2022 System Logistics managed to reduce the total amount of waste generated by 13%** compared to the previous year; **201.5 t of waste was generated, of which 199.4 t was non-hazardous and the remaining 2.1 t hazardous waste.**

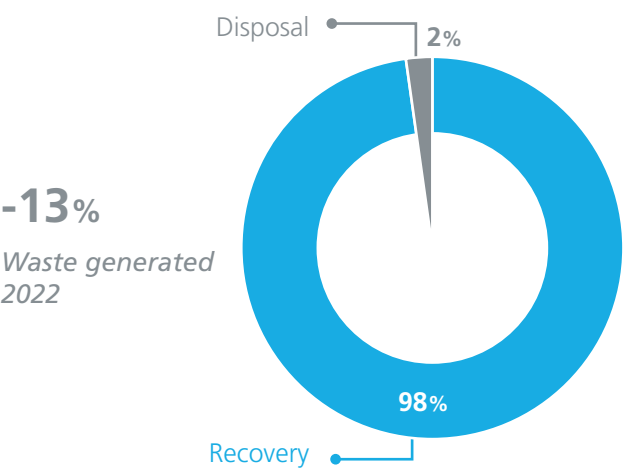
During 2022, the company generated more hazardous waste than in 2021; however, non-hazardous waste decreased by approximately 32 tonnes as a result of a reduction in quantities of packaging made of paper and cardboard, plastic and mixed materials. Almost all waste was sent for recovery (regeneration, preparation for recycling and reuse as a secondary raw material), with only 2% going for disposal.



Waste generated by type (t)



Waste generated by destination



Below are the figures for waste generated in 2021-2022, broken down into hazardous and non-hazardous waste.

WASTE PRODUCED (t)

	UM	2021	2022
Hazardous waste	t	1.2	2.1
Non-hazardous waste	t	231.2	199.4
	%	99.5%	99.0%
Total	t	232.4	201.5

2.2 Safeguarding the land

Biodiversity and protected areas

GRI 304-1; GRI 304-2

The land on which System Logistics' headquarters is located was purchased in 2018; it was previously used as agricultural land, and there is no evidence of prior production activities. The venue is not located in or near a protected area.

A special waste collection and temporary storage area has been set up, under a canopy and on an impermeable surface so as to exclude any contamination of rainwater and soil.

The acoustic climate in the area surrounding the company's premises is primarily from traffic noise on the adjacent road network, and secondly from industrial emissions. In the municipality's acoustic zoning, the site is categorised in Class V (predominantly industrial areas), though it borders on Class III areas (mixed areas).

"Rooting for the Future" Project

In 2021, System Logistics embraced the Emilia-Romagna Region's ambitious "*Mettiamo radici per il futuro*" or "Rooting for the Future" project, planting thousands of trees and shrubs in the open space around its new headquarters.

The project is intended to ensure even higher standards of environmental quality and comfort while, at the same time, contributing to social goals concerning the well-being of the entire community, such as improving the district's air quality and combating climate change.

Towards 2023: the System Logistics forest

The company's determination to implement concrete actions to achieve sustainability and value sharing inspired System Logistics to **collaborate with Treedom**, an Italian start-up that plants trees all over the world and monitors their growth with the dual purpose of **protecting the environment and supporting rural communities in the global south**.

This led to a concrete, tangible initiative: Forest System Logistics.

The project involves the initial planting of around 550 trees, but in order to create an ever-larger and more luxuriant forest, the company has decided to plant a tree for every new employee and for every new child born to its employees.

The trees in the System Logistics Forest will absorb 158.5 t of CO₂ in their first 10 years of life.



11. Source: <https://www.treedom.net/it/organization/system-logistics-s-p-a/event/systemlogistics-forest>
The calculation model used takes into account various data inputs, such as the size/size/life cycle of a tree, to calculate a sound estimate of how much carbon is absorbed in the first 10 years of its life. The data for these calculations come from GlobAllomeTree, a database used specifically to calculate the carbon stock of trees.



CARE ABOUT PEOPLE

3

System Logistics has taken several actions aimed at maximising comfort and human relations in its new premises. Significant attention is paid to issues that improve employees' lives: welfare, smart working, flexible working hours and training. There are numerous opportunities for analysis of the workplace climate and team-building exercises.

3.1 System Logistics people

GRI 2-7, 2-8, 401-1, 401-3, 404-1, 404-2, 405-1, 405-2, 406-1

Focus on people

System Logistics is a company made up of people. Many of them have been employed for decades, while others are recent university graduates; but all of them, together, offer the market the company's hallmark innovation and the quality typically associated with Italian-made products.

System Logistics strongly believes that research and development of cutting-edge technological solutions is essential for the growth of its business, while at the same time enabling it to respond to the needs of increasingly technology-conscious customers in need of real improvement in their employees' performance and working conditions. The wealth of knowledge the company has accumulated is essential to achieve this, but it is the skills of individuals that really make the difference.

This is why human resources represent an indispensable value for the development of System Logistics. The way System Logistics cares for the people that make up the company is inspired by the principles of its Code of Ethics; with this in mind, the company is committed to promoting dialogue and cooperation in the work environment, and to fostering actions and projects oriented towards training and professional development, with particular reference to occupational health and safety issues.

The company's personnel selection and management policies are based on criteria

of merit and enhancement of individuals' skills, competencies and potential; in this way, equal opportunities are ensured for all employees, with a constant commitment to fair and equitable management. Everyone is required to contribute to the promotion and maintenance of a safe, serene working environment conducive to both interpersonal and professional relations, on a level of equality and mutual fairness, with respect for individual freedom and dignity.

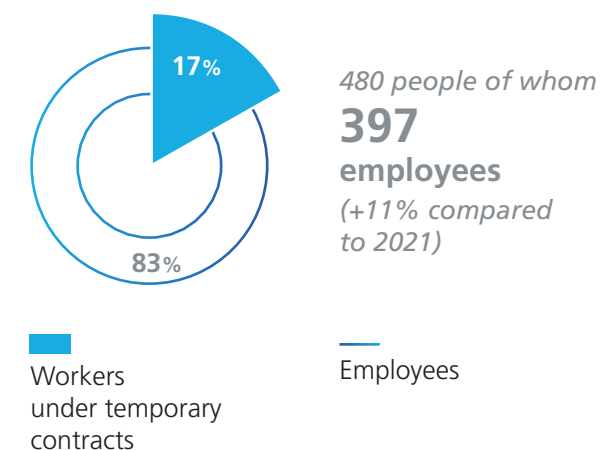
Employees and human resources policies

System Logistics' workforce as of 31.12.2022 consisted of 397 employees, an increase of 38 (+11%) over the previous year, and 83 people on temporary contracts; the latter are primarily assigned to the positions of production operator, warehouse operator and field specialist, and also include internships under university thesis research and/or job placement projects.

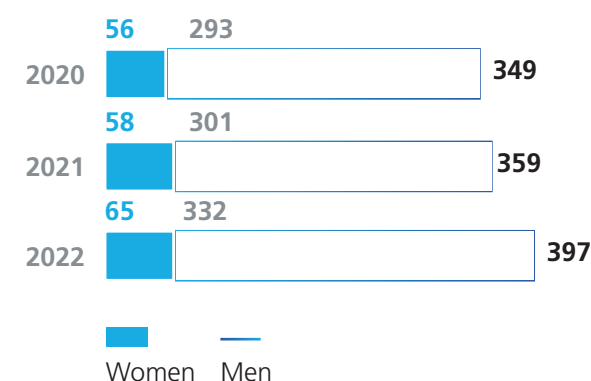
The work is not seasonal in nature, and so the number of employees does not vary significantly at different times of year; the company relies on ongoing consultancy relationships, primarily in the technical area.

Breaking down the composition of the workforce by gender, **the company's employees include 332 men and 65 women. 12% more women** held junior management or office positions **than in 2021**, consistently with the company's intention of embarking on a multi-year path towards obtaining Gender Equality Certification.

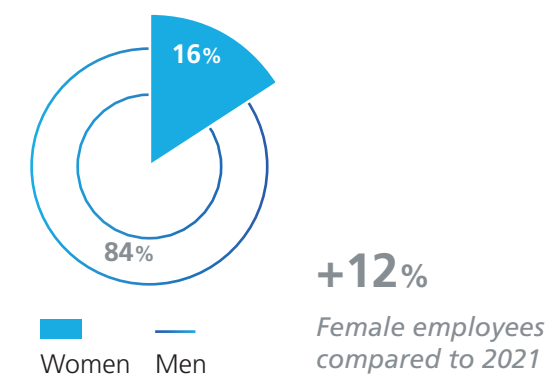
System Logistics people



Employees



Employees by gender - 2022



The policies and working conditions applicable to all System Logistics employees are governed by the national regulations of the collective bargaining agreement applicable to the industry (national collective bargaining agreement for the metalworking and mechanical engineering industry).

With regard to contract typologies, System Logistics prefers **permanent contracts for full-time employment, applicable to all employees** in both 2021 and 2022.

These figures are representative of the importance of human resources retention and the desire to obtain and offer stability through opportunities for ongoing professional development and secure employment.

As far as the breakdown by age group is concerned, a reading of the data presented below shows how important youth employment is for System Logistics : **in the year 2022, personnel under 30 accounted for 31% of the company's workforce, an increase of 8% over 2021.**

57% of workers are aged between 30 and 50, while over-50s represent 12% of the workforce.

With reference to the classification of personnel by professional qualification and age, the data collected show that the most represented category is white-collar office staff, who numbered 305 people at the end of the year reported on here, or 77% of the total workforce. This is followed by junior management (48 people, or 12% of the total workforce) and blue-collar workers (31 people, 8% of the total workforce), the top categories recruited in 2022; their numbers

12. The employee figures in this report refer to the number of staff as at 31.12.2022

increased over the previous year by 14% and 82% respectively.

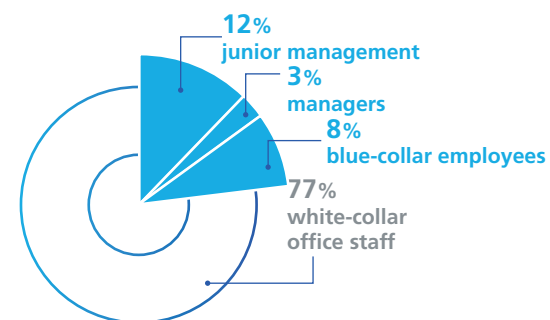
System Logistics has 13 managers, all of whom come from the local community. Management includes the heads of corporate macro-functions (HR, Operations, Sales, Administration, etc.).

System Logistics meets its obligations under Law 68/1999, providing for compulsory recruitment of personnel belonging to protected categories under Article 18 and disabled workers, to the extent specified in the law: in 2022 the company's workforce included a total of 7 people belonging to protected categories, all men, 5 of whom are white-collar office staff, while 2 are blue-collar workers.

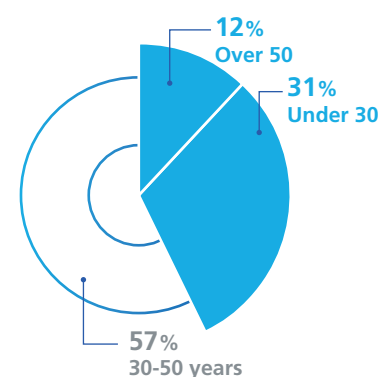
In addition, since 2018 the company has been collaborating with Alecrim, a social cooperative that provides personnel to keep the offices tidy and manage a variety of activities.



Employees by category in 2022

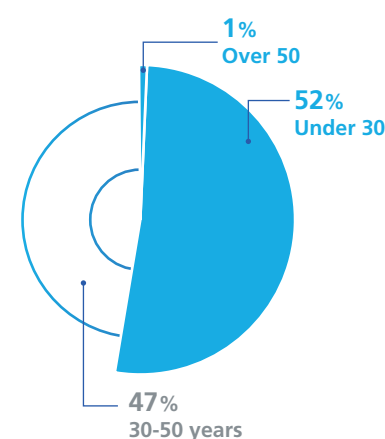


Employees by age in 2022



+8
employees
under 30
compared
to 2021.

New recruits by age in 2022



52%
New recruits
under 30

13. The definition "local" community refers to people residing in the provinces of Modena, Reggio Emilia, Parma and Bologna.

New employee hires and employee turnover

During 2022, there were **79 new hires** (15 women and 64 men), while **41 left the company**, including both voluntary resignations and retirements.

New hires were mainly young workers: **52% of new hires in 2022 were under the age of 30** (51% in 2021), **while 46% were between 30 and 50 years old** (49% in 2021). A rate of 22% new hires in 2022, up 10 percentage points from 2021, testifies to System Logistics' impact on employment in the local community.

Finally, the **overall employee turnover rate in 2022 was 11%**, a figure representative of good human resources management and a focus on **employee retention**, that is, the company's ability to implement strategies and policies that attract and retain talented employees, keeping them in the workforce long-term.

Parental leave

In 2022, 17 employees were entitled to and took parental leave, 13 of whom were women, while 4 were men. The rate of return to work during the reporting period was 100 percent, as everyone returned to their position at the end of their parental leave. 16 employees are still employed by the company 12 months after returning to work from parental leave.

The rate of pay is 100% for compulsory maternity and compulsory paternity leave; for optional maternity and paternity leave up to the child's 1st birthday, the rate is 50% of regular pay (under a supplementary contractual provision which is better than the legally required provision); after the child's 1st birthday, the rate is 30%.

Training and skill development

System Logistics is aware that **people are the key to success in business**, thanks to their know-how and wealth of knowledge and skills.

This is why it recognises the importance of staff training and development, constantly encouraging ongoing improvement of the technical knowledge and transversal aptitudes required for each position in the company. Training plans and development policies enhance individuals' potential on the basis of their requirements and those of the teams they belong to, while competitively pursuing the company's strategic goals.

In July of the year reported on here, System Logistics updated its Training Policy, under which the company formally commits to processes for obtaining information on demand for training with the goal of deepening, expanding and relaunching its existing skill set. The policy applies to all company employees and trainees, regardless of the type of contract. At the discretion of the manager concerned, temporary workers are also permitted to attend training courses.

The company plans technical training for the development of personnel skills, both compulsory and non-compulsory, every year. Training is delivered during regular working hours, particularly courses required by law and funded courses; e-learning courses assigned by the employee's manager may be attended during or outside working hours, depending on the employee's requirements and workload, promoting flexibility and organisational autonomy. Training activities include specific coaching and mentoring programmes.

Ongoing professional development is a central key to corporate and individual development, which is why **System Logistics considers it essential to consolidate workers' skills so that they can adapt to changing technologies and markets and and grow in their careers.**

The System Logistics Academy

Since 2019 the Company has provided employees with its own **Corporate Academy**, a digital platform through which professional development courses are made available to employees. The Academy supports the implementation of the training programmes defined in the annual training plan, shared with trade union representatives, with the aim of enhancing the effectiveness of its actions developing key competencies and filling any gaps in training.

In 2020, for a period of two years, the Academy was integrated with the LinkedIn Learning platform, providing access to thousands of items of content and training pills on soft and hard skills. In May 2022 the company replaced the LinkedIn Learning platform with GoodHabitZ, providing employees with new and exciting paths to growth.

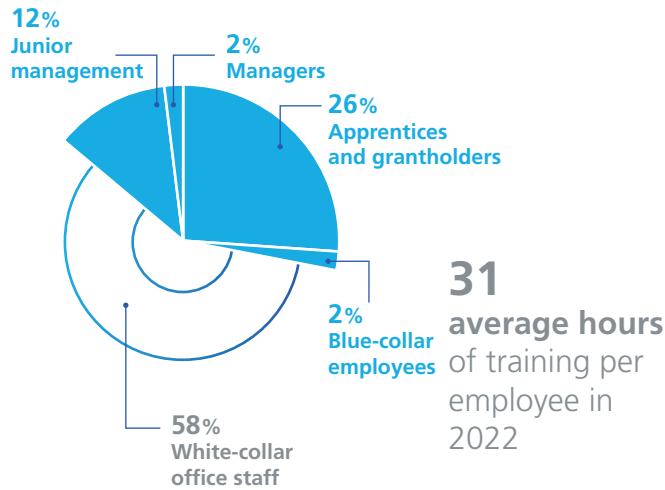
In order to facilitate the integration of new staff into their work environment as effectively as possible, a specific period of training and mentoring is planned for newly hired staff, called the Onboarding Plan. Finally, with the aim of transferring the skills and knowledge needed to perform each role effectively, from the moment of entry, the resource is paired with a 'buddy', i.e. a senior figure within the organisation, who will support the new employee in on-the-job training and monitor his or her progress, ensuring that training requirements are identified and pursued appropriately.

In the year 2022 System Logistics delivered a total of **12,351 hours of training** (+28% hours of training compared to 2021), based on the specific role and tasks of the resources involved. **Each employee received an average of 31 hours of training.**

Training involved all occupational categories: in particular, considering the breakdown of hours by qualification, 58 percent of the total number of hours of training provided was directed at white-collar workers, and 26 percent for apprentices and trainees. The number of hours of training for executives and managers increased in 2022 over the previous year.

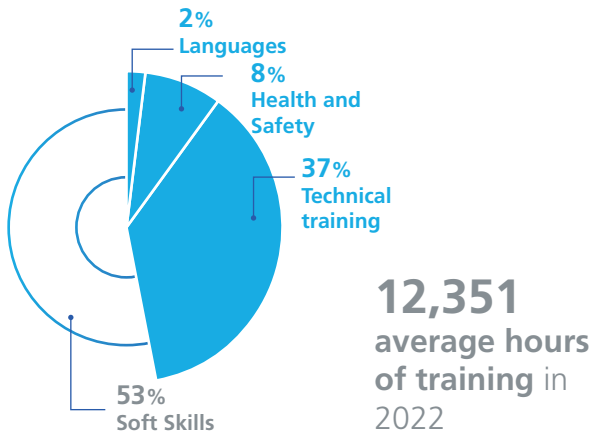
In addition to statutory training obligations, the main areas on which in-company training plans focused were induction, languages, and managerial, technical and transversal training. Training in soft skills took place following evaluation of employees' performance, thus making it possible to analyse employees' work with a view to ongoing improvement and professional growth.

Training by employee category - 2022*



* The breakdown of training hours by employee category does not include hours spent on occupational health and safety training

Type of training - 2022



Talent attraction and people development

As in 2021, System Logistics implemented and developed a number of tools for management and optimisation of the following areas: Attraction, Engagement, Retainment. System Logistics specifically made use of the HR - Human Resources department in the initiatives undertaken, with the aim of increasing the value of the company's most strategic asset: its people.



15. Figures on training for staff under temporary contracts or internships are not reported here, so the total number of training hours reported here refers only to employees, apprentices and grantholders.
16. The total number of hours taken into account in calculation of the breakdown of hours according to employee category does not include hours of occupational health and safety training.

Performance Appraisal

Process digitisation, remote working, e-learning and cross-functional and international projects are key trends among large enterprises today. System Logistics has decided to tackle these challenges proactively, reviewing a number of processes it considers strategic. These include the revised "Performance Appraisal" process, a valuable tool focusing on employees' performance, that is, the contribution employees make to the organisation through their soft and hard skills. Performance is evaluated on the basis of the results achieved and the organisational behaviour that actually takes place, compared to that which is expected.

System Logistics continued to use the HR Tools platform for effective process management in the year 2022. A new feature introduced during the year permits, in addition to the "Top-Down" evaluation feature of soft skills already available to all employees, evaluation of one's supervisor, according to a 'Bottom-Up' approach to direct supervisors and "Heads of...". Following identification of the skills requiring further development, the evaluator can assign the employee evaluated either a soft course or a technical course from the training catalogue, which can be completed in person or remotely, depending on the course chosen.

Talent Programme@System Logistics

Seeking and nurturing the best talents is essential for an innovation-driven company like System Logistics.

For many years, HR has participated in events and trade fairs organised by colleges, institutions and universities, seeking out young talents who stand out for their enthusiasm, propensity for teamwork and strong skills.

For this reason, System Logistics offers a number of apprenticeship programmes in different areas and organisations aimed at training the professionals of the future, in the belief that on-the-job training, practice and knowledge-sharing are the keys to becoming qualified professionals. The programmes are in fact organised in a way that helps young talents express, improve and unleash their potential, promoting cross-departmental and inter-departmental integration and training.

The Talent Programme is a professionalising training project aimed at young graduates in technical disciplines who, upon completion of the training course, are offered an opportunity to be placed in the company, in the positions of SW Engineer, Field Specialist and Production Operator.

The company's goals are enhancing the selection process in order to attract more and more motivated candidates, in line with the company's values, and investing in training. 15 candidates were selected during the year 2022, following an initial group assessment and individual interviews. After the training period, these resources were brought into the company, first with a temporary contract and then with an apprenticeship agreement.

The **Coach Hub 2022** project implemented in the year 2022 was a course offered to 15 employees identified as 'high potential' following their annual performance evaluation. The coachees chose a coach from the 3 proposed by the AI system and selected the main focus areas on the basis of their own personal assessment, then subsequently accessed two coaching sessions, with specific assessment of the professional career paths available.

Talent referral

With a view to enhancing the quality of people within the organisation and the know-how they possess, System Logistics has introduced a programme managing the ways in which employees can recommend candidates they know for open positions in the company.

In the event that the selection process leads to placement of the recommended candidate in the company, the employee who sponsored him or her will receive a bonus, in the form of credit to be spent on the company's welfare platform.

Learning Monthly Challenges

Lifelong learning has become increasingly important in the ever-changing world of work. The ability to adapt, grow and evolve depends on the aptitude for learning and the ability to concentrate. Lifelong learning provides access to a range of attractive job benefits, thereby increasing productivity and career opportunities.

To this end, during the year 2022 System Logistics, through the company Academy, continued with its Learning Monthly Challenges project: video pills on little things we

can do in everyday life to keep on learning and improving.

LogPeople Survey

System Logistics believes it is essential to constantly listen to its employees' opinions as a tool for guiding the company's strategic choices.

The HR department conducted its LogPeople Survey for the third year in a row in the month of March 2022, targeting all employees with the aim of highlighting the organisation's strengths and weaknesses, as seen through the eyes of those who experience life in the company, so that actions can be taken for improvement. The entirely anonymous survey collected feedback from colleagues concerning certain aspects of life in the world of System Logistics (working environment, management, remote working, performance appraisal, training, development). The answers were processed by the HR team to produce results capable of guiding the company's strategic choices through listening to employees.

Diversity, inclusion and equal opportunities

System Logistics is committed to respecting the issues and principles contained in the fundamental human rights conventions of the International Labour Organisation (ILO) ratified by Italy. In addition, the company has adopted the “Human Rights and Labour Standards” policy issued by the Krones Group, which defines the minimum human rights and labour standards to be observed throughout the Group. It serves as an internal regulation and is based on the Krones Code of Conduct, with the aim of ensuring that standards are implemented in day-to-day business processes and projects so that the human rights of all staff in all locations and branches are respected.

With regard to freedom of association and collective bargaining, System Logistics is engaged in an ongoing dialogue with trade unions with the aim of ensuring compliance and meeting its employees’ needs. Collective bargaining is applied to **100% of the company’s employees and follows the provisions of the collective agreements for first and second level metalworkers.** The organisation, management and control model and the Code of Ethics specify all aspects to be protected in relations with staff and social partners.

For the sake of completeness in reporting, it should be noted that no cases of discrimination occurred during the reporting period in question.

Gender equality: initiatives undertaken

System Logistics takes great care to ensure an inclusive and fair working environment. Innovation and inclusiveness are strengths

for System Logistics, enabling the company to win the Welfare Champion 2022 award for the second year running; an accolade for having distinguished itself, particularly in the area of inclusion, and for its commitment to increasing the percentage of women and young people in the company’s workforce, while at the same time strengthening its corporate welfare.

The company implements a number of initiatives promoting gender equality:

- **pink parking** reserved for pregnant employees;
- **increase to 50%** of salary paid during optional maternity leave;
- **part-time employment** for employees and temporary workers who breastfeed; continuous working hours may be requested during breastfeeding, until the child is one year old. After one year, the company allows requests for reduced in working hours for a maximum of 6 months, allocating a part-time 6-hour work day, also to be implemented consecutively.

System Logistics seeks, through transparency, to focus on the issue of **equal pay** for men and women and measures to be introduced to close the **gender pay gap**, which is especially evident in Italy today. The figures below concern the **ratio of basic salary and remuneration of women compared to men** and, specifically, show how wage parity has been achieved for junior management in the last reporting year, with significant improvements for managers and white-collar staff as well.

Basic salary (%) *	2021	2022
Managers	73%	80%
Junior management	91%	100%
White-collar office staff	85%	87%

* Data on the ratio of women's basic salary to men's basic salary for blue-collar employees is not provided as all workers in this category are men.

Corporate welfare and well-being

In accordance with the provisions of the National Collective Labour Agreement for the Metalworking and Mechanical Engineering Industry, in order to promote measures to help reconcile private and working life, strengthen purchasing power and consolidate a positive corporate climate, System Logistics has made available to its employees and their families a welfare plan managed through the 'Edenred' online platform, which includes a number of agreements, also with sporting facilities. In addition, the company provides employees with an in-house canteen free of charge (the so-called company restaurant, discussed in more detail below).

SUPPLEMENTARY HEALTHCARE

Under the National Collective Labour Agreement for the Metalworking and Mechanical Engineering Industry, renewed in 2021, all workers in force are enrolled in the MètaSalute supplementary healthcare fund set up for the purpose of providing supplementary benefits in addition to those provided by Italy's national health service. To this end, a contribution of 156 euro per year is paid in full by the company, including coverage for family members classified as dependent for fiscal purposes.

SMART WORKING AND WORK-LIFE BALANCE

For System Logistics, people’s lives and environmental sustainability are core values,

which translate into flexible working hours and a way of working based on mutual trust and individual responsibility. This new working approach makes it easier reconcile work with family time and, last but not least, has a positive impact on the environment. In support of this philosophy, System Logistics definitively confirmed the possibility of working from home, adopting a **Smart Working Policy** in May 2021, which regulates and provides for the possibility of working from home in a clear and structured manner. Working from home has always been an identifying and important aspect for System Logistics; since the emergency situation of 2020, it has become an established way of working, recognised as a tool to be offered to all employees for improving their well-being and performance at work.

Current data on working from home in the company demonstrates that all employees have been using this tool in line with these objectives, demonstrating a flexible and responsible mindset. Against an overall figure for the whole company of the possibility of working from home for about 35% of all weekly working hours (taking into account that certain tasks cannot be done remotely), average utilisation is about 20%. 74% of System Logistics’ staff worked from home at some time during the year 2022 (322 people out of a total of 437, including both new hires and terminations).

Fig. 4
Employees working from home

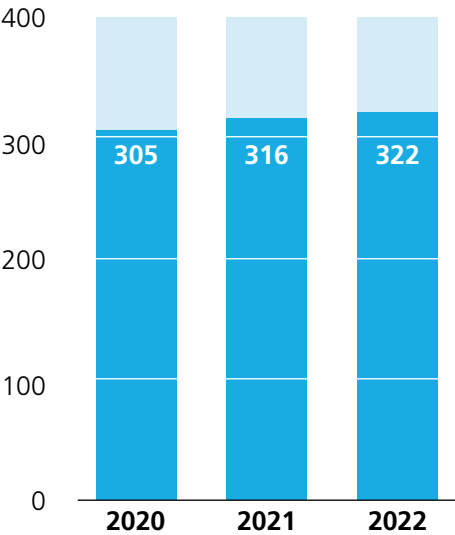
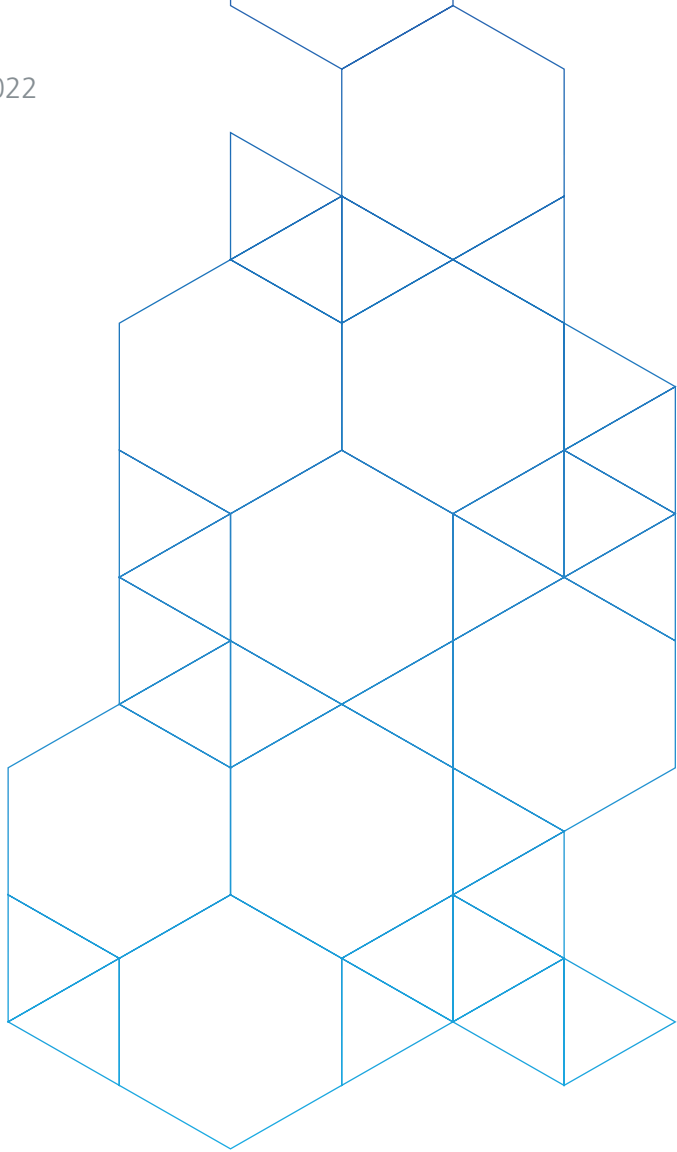
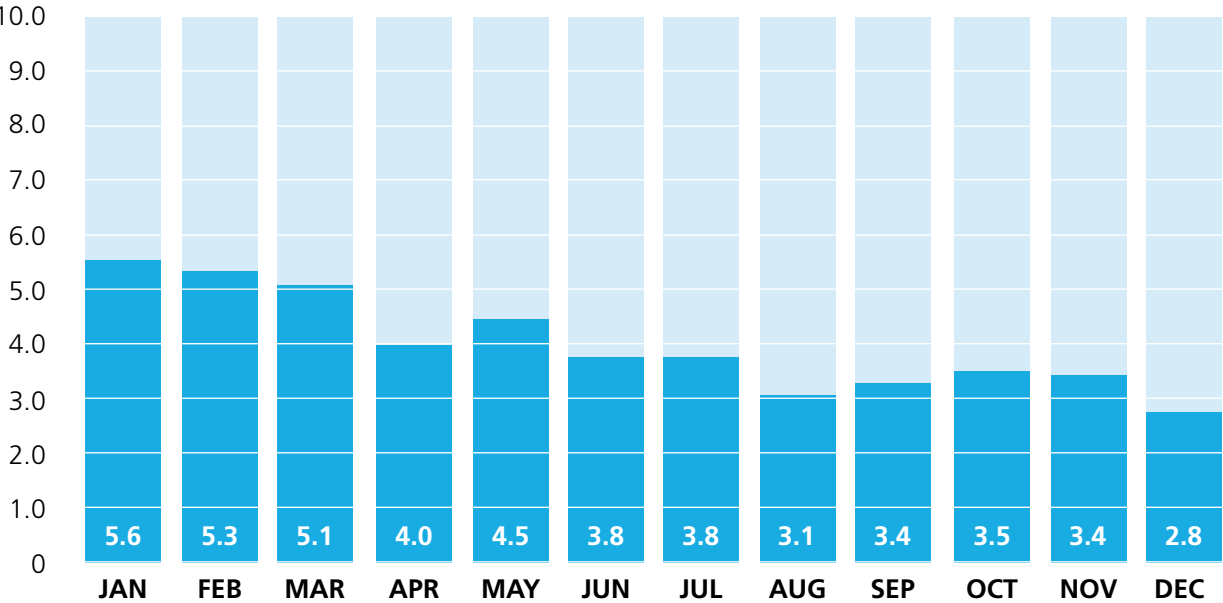


Fig. 5
Average worked from home per participating employee



THE RESTAURANT

A company restaurant was opened at the Fiorano site in 2021 for the use of employees and guests. The restaurant, managed by CIR Food, is based on two key elements:

- territoriality: favouring use of local products certified as PDO, PGI, PAT, or 0 km;
- biodiversity: predominantly seasonal and local ingredients are used, ensuring preservation of the biological and genetic diversity of foodstuffs.

The restaurant is *plastic-free*, using only glassware, ceramic dishes and steel cutlery, to reduce waste production. The self-service beverage dispensing system helps reduce the environmental impact of packaging waste and transport due to mineral water and packaged beverages. At the same time, there is a focus on saving paper; the menu is dematerialised and can be consulted via a special app. Trays are made of 100% recyclable resin made from natural

materials, and no disposable placemats are used. The dining area has been carefully designed to create zones that meet different requirements: large tables encouraging employees to socialise, high benches with stools, one-to-one spaces, standard tables, and lounge areas. On the first floor is a business lounge, an area for private lunches directly connected to the restaurant by an open staircase. Since September 2021, the canteen also offers a pizzeria, open daily.

System Logistics cares about its people.

In 2022, System Logistics again joined the 'Cardio-protected Company' project; two defibrillators were purchased and training was provided for 20 employees, distributed among the various departments.

Several company events involving employees and their families were organised during the year.

TakeAway project combating food waste

In order to continue contributing to the Sustainable Development Goals (SDGs) of the 2030 Agenda, in this case to Goal 12 - Ensure sustainable patterns of consumption and production, in September 2022 System Logistics introduced the Take Away Project in cooperation with CIR Food. The project allows people to take home food which is not sold at lunchtime, paying only a minimal contribution. The project aims to combat food waste and give a second chance to unsold meals that are still fresh and perfect for consumption, while facilitating employees' home/work balance.

2022 CORPORATE EVENTS

OPEN DAY

- 📍 LogHouse
- 📅 18 June
- 👥 More than 400 people
- ★ For employees and their families/friends

OPEN DAY

System Logistics supports corporate initiatives of a social nature, such as an Open Day when employees can share the modern, comfortable working environment of the LogHouse with their families, strengthening their sense of belonging to the company; yet another way in which System Logistics confirms the importance it places on human resources and corporate welfare.

The event offers a way to inspire children through the company's values. 18 tours of the production area were given by employees trained for the occasion; two areas were available to guests, one for street food another for entertaining children and adults.



SEEK AND YE SHALL FIND

- 📍 Montese (MO)
- 📅 1 October
- 👥 Promoting integration among people
- ★ Strengthening bonds with the local community

TEAMBUILDING: SEEK AND YE SHALL FIND

The people of System Logistics share many passions; the desire for teambuilding is always alive, inspiring them to team up, sharing clear goals and making everyone's work more effective.

'Chi cerca trova' ('Finders keepers') is a treasure hunt held in the year 2022 in the Apennines near Modena. In the event, employees, temporary staff and consultants challenged one other in a series of tests focusing on the theme of sustainability and connection with the local community, challenges to be overcome with the guidance of a road book and a treasure map.

The goals of the event were to strengthen the sense of belonging to the company, promote integration among teams, create a climate of trust and esteem among participants, convey the company's vision, increase employee motivation and improve communication among people.



SEASON'S GREETINGS PARTY

- 📍 LogHouse
- 📅 16 December
- 👥 330 people
- ★ Celebration of the year

SEASON'S GREETINGS PARTY

The event was organised in the LogHouse to celebrate the year spent together and the results achieved; employees, temporary workers and consultants all took part. It was a way of bringing back an event that was very popular among the corporate community, with the goal of strengthening the spirit of belonging by identifying a theme (cinema, in all its many forms) that could also allow the offices to organise themselves as a group and consolidate their team spirit.



3.2 Occupational health and safety

GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-8, GRI 403-9, GRI 403-10

A culture of safety as a tool for prevention and protection

System Logistics’ corporate mission, which derives directly from one of its three core values, “Care”, aims to improve occupational health and safety while continuing to build the 'safety culture' that is part of the company's heritage.

The company has a **health and safety management system certified in accordance with ISO 45001:2018**, thanks to which it promotes and guarantees the occupational health and safety of all employees working in the company's headquarters and on customers’ premises during installation and after-sales maintenance; the company’s in-house Prevention and Protection Service consists of 3 full-time professionals and is concerned with assessment of risks to which employees and contract workers are exposed, health and safety training, and health surveillance, among other issues.

The tasks of the Prevention and Protection Service include documentary qualification of all contractors and subcontractors working on behalf of the company at its various construction sites in Italy and abroad, and conducting inspections, both at the company’s headquarters and on the premises of all customers where its systems are installed.

As of 2022, System Logistics has initiated a

project to internalise risk assessment in order to ensure a better fit with the company's activities and make updating quicker and easier.

Periodic detailed monitoring was initiated in June 2022, with six-monthly reporting to the Supervisory Board and constant updating of several KPIs (*Key Performance Indicators*); both tools take into account the inspections conducted at construction sites, the specific documentation assessed (completed DUVRI and POS), accidents and near misses, hours of training provided, medical examinations, and other key parameters for the management of health and safety.



Occupational medicine and health monitoring

System Logistics has recently renewed the arrangements for monitoring the health of its employees by signing a contract with the Department of Occupational Medicine of Sassuolo Hospital; the head of the department has been appointed as the Company Physician.

The Company Physician conducts preventive or periodic medical examinations and workplace inspections, performing examinations directly in the company's surgery, a circumstance permitting frequent contact with the Employer and the Prevention and Protection Service for discussion of any critical issues that may emerge in health monitoring.

This service **makes it possible to reduce the number of journeys required for workers' examinations, promote synergic collaboration between occupational medicine and the Prevention and Protection Service, and ensure a rapid, accurate response to any individual requirements.**

The organisation of medical examinations, managed by the Prevention and Protection Service, is carried out on the basis of software that keeps track of the examinations themselves, any specialised examinations required, and their deadlines.

During the year 2022, 122 preventive medical examinations (+58% compared to 2021), 151 medical examinations, and 4 examinations on request were carried out.

	2021	2022
Preventive medical examinations	77	122
Periodic medical examinations	126	151
Medical examinations on request	5	4

In System Logistics there are also 3 Workers' Safety Representatives; their constant contribution and consolidated direct relationship with the company allows them to intercept and resolve situations and near misses that would otherwise risk going unnoticed.



Employee health and safety training

The Prevention and Protection Service organises health and safety training for company staff, based on job descriptions and specific assessment of the associated risks; it uses qualified and trusted lecturers who are aware of the company's particular features. The number of training hours provided during the year and the number of employees involved were systematically organised in June 2022: **A total of 1055 hours of training were provided in the period under review.**

In addition to the general and specific health and safety training required under the law and its updates, special training is provided for managers and supervisors, as well as courses permitting acquisition of specific qualifications (for use of forklifts, elevating work platforms, fall protection harnesses, first aid, fire-fighting, training as a qualified/skilled person in electrical risk, working at heights, use of category III PPE, and so on) allowing new employees to fill gaps in their training or to acquire the qualifications required to perform the role entrusted to them in the company.

Following each training session offered, questionnaires are administered for measuring satisfaction, with the aim of improving the service and ensuring high-quality content and instructors. Preference is given to training methods aimed at encouraging participant involvement, e.g. through *gamification* or practical experience in the field. At the end of each year, the Prevention and Protection Service establishes the health and safety training plan for the following year, based on the deadlines and the updates required; it performs using specific software, used to record all training activities and keep the corresponding certificates on file.

Accidents

Looking at the data on employee accidents recorded over the last two years, the number of work-related accidents recorded in 2022 is 3, compared to 5 in the previous year (a 40% decrease). The decrease in the number of cases considered here has an impact on the frequency index, which stands at 0.48 in 2022. However, the types of accident recorded had a negative impact on the severity index.

Total number of recordable work-related injuries	2021	2022
	5	3
Frequency Index (FI) ¹⁷	7.6	4.5
Hours worked	655,989	662,575
Severity Index (SI) ¹⁸	0.12	0.48

This figure excludes accidents occurring while commuting to/from work, and accidents occurring to employees of contractors and subcontractors. The figures appearing in this report are for employees only.

The mitigation measures adopted primarily concern ongoing training for employees and preparation of work procedures for reducing existing risks. During training/information meetings with supervisors, particular emphasis is placed on the importance of reporting near misses as a preventive measure to significantly reduce risks.

No occupational disease complaints were registered during the time period reported on here.

17. FI (frequency index) = number of accidents * 1,000,000/total hours worked (ordinary + overtime).
18. SI (severity index) = lost working days * 1,000/total hours worked (ordinary + overtime).

3.3 Territory and community

GRI 413-1

Initiatives strengthening relations and generating value in the local community

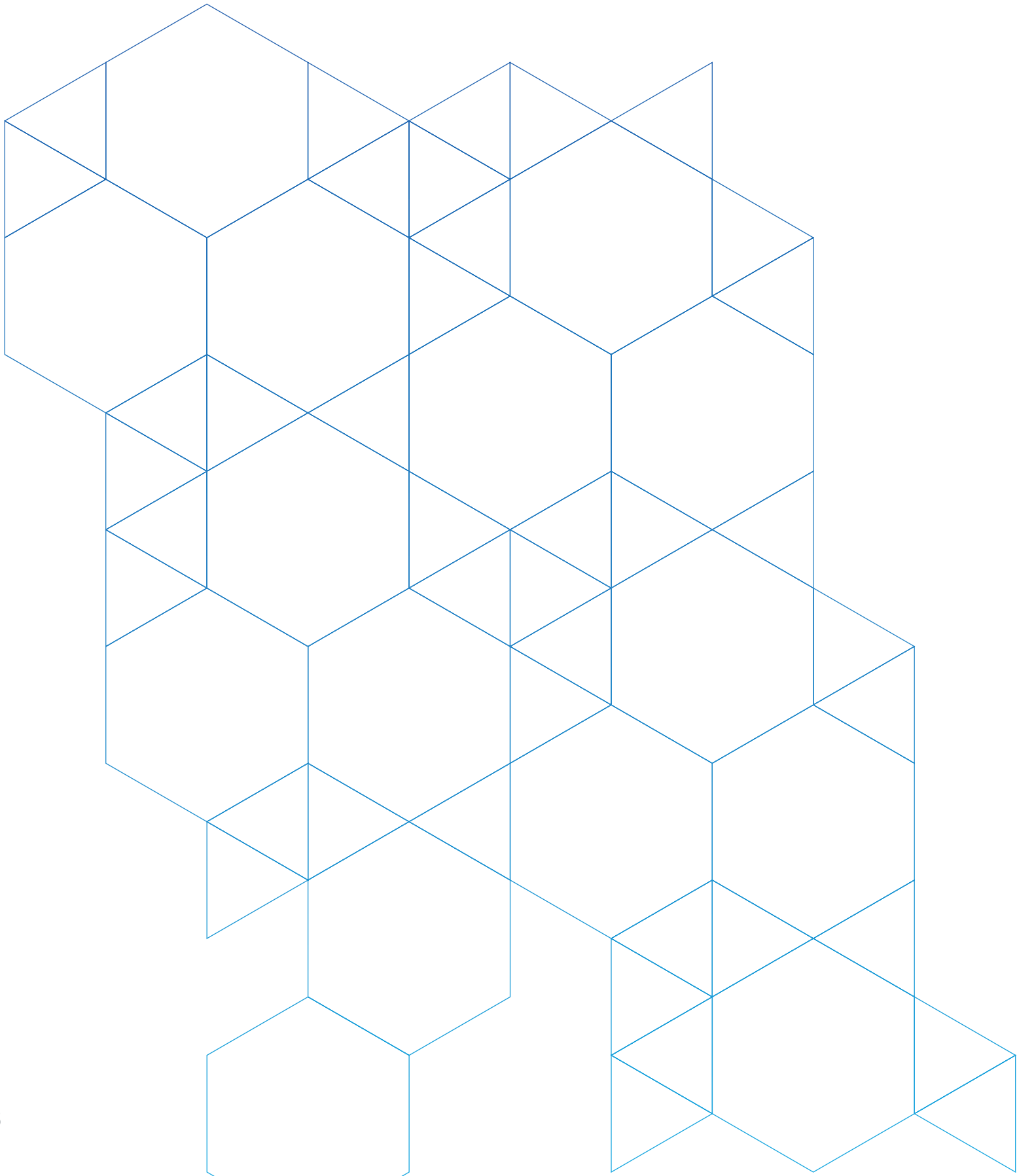
System Logistics’ view of sustainability also embraces of relations with local communities and support for charities, in which it is actively and constantly involved. In this respect, the company adopts sustainable behaviour in relation to its counterparts at all levels.

Care, commitment and integrity are all part of System Logistics’ vision, values that are not confined merely to the working sphere, but extended to the world outside; this is because the company firmly believes that we must take concrete action before we can talk about sustainability and the future, even in the form of small but constant and significant initiatives.

System Logistics follows the specific ‘Donations and Sponsorship’ policy of the Krones Group in the way in which it supports local associations and organisations.

During 2022, the company organised a collection of goods and items in support of the Ukrainian population affected by the ongoing conflict, as well as a clothing exchange and donation project. In addition, System Logistics donated Christmas gift parcels not collected by employees to local parishes for particularly needy people.

The following are additional community-oriented initiatives that took place during 2022.



Support for Sport

Promoting its #careaboutpeople policy, System Logistics is **Title Sponsor** of a colleague who began competitive fencing a few years ago, and is currently a member of a club in Modena, competing in the Paralympics. The company’s support for this employee’s dedication to the sport translates into a concrete interest in the social and aggregative aspects of sports.

The company pursues values that engage it on a daily basis in making a concrete contribution to self-improvement initiatives.

Support for the Reggio Emilia Anti-Violence Centre

In 2022, System Logistics decided to replace the gift of the mimosa given to its employees on International Women’s Day, 8 March, giving employees a small token instead: a red bracelet made by the association 365GiorniNo in collaboration with the Municipality of Sant’Ilario d’Enza, Unione Val d’Enza and the NonDaSola association.

These bracelets, every single one of which is unique, feature knots, symbols of connection, bonds and promises; they are made by more than 200 people who participate actively in creative workshops.

The gift aims to promote and support a culture of self-awareness, self-love and self-care. What’s more, **all proceeds from the sales were donated to the Anti-Violence Centre of Reggio Emilia.**



PLAN IN PLACE: THE FUTURE OF SYSTEM LOGISTICS

4

System Logistics recognises sustainability as a defining element of its business; as a guideline for development capable of responding to change.

The virtuous path taken involves all parties with a view to ongoing improvement.

4.1 ESG: The strategic path of System Logistics

Continuing to generate value: goals and priorities

System Logistics has embarked on a strategic journey to integrate sustainability in the company in the three areas of E, S and G. The Sustainability Report is intended to describe the company's progress, initiatives, achievements and goals in the short and long term. This is always done from the point of view of internal stakeholders, through a variety of forms of communication and engagement.

System Logistics is aware that the company must **continue to undertake initiatives, consolidate policies, and integrate best practices aimed at pursuing ESG targets maximising the company's positive impact** on society, the environment, and all the stakeholders involved in its operational, production, and decision-making processes.

The ultimate aim is to effectively and concretely reinforce the company's responsible approach in a holistic and inclusive manner, **continuing to transparently communicate the actions undertaken to date and the results to be achieved in the near future..**

ENVIRONMENT

- Energy and energy efficiency**
- Doubling the capacity of the photovoltaic system by 2024
 - Supplies from renewable sources
- Product efficiency**
- Adopting the best technological solutions to reduce the energy consumption of products and installations
- CO₂ emissions**
- Contributing to the Group's target of reducing its carbon footprint from Scope 1 + Scope 2 emissions by 80% and from Scope 3 emissions by 25% before the year 2030 (compared to baseline 2019)
- Waste management and the circular economy**
- Reduce hazardous waste by 10% (baseline 2019) by 2030
 - Increase material efficiency and optimise use of raw materials with a view to the circular economy
- Water resource management**
- Reduce water consumption by 10% (baseline 2019) by 2030
- Sustainable mobility**
- Make 30% of the corporate vehicle fleet electric by 2025
 - Install at least 15 charging points for electric cars by 2024
 - Reduce employees' use of individual cars to travel to work

SOCIAL

- Occupational health and safety**
- Zero the number of occupational accidents and the resulting lost working days
 - Contribute to reduction of the number of accidents of companies operating on contract on behalf of System Logistics
- Development of human capital**
- Raise employees' awareness of ESG issues
 - Implement a competence assessment process for better management of employees' professional careers
- Diversity, inclusion and equal opportunities**
- Acquire Gender Equality Certification
 - Train employees in the area of human rights
- Relationship with the area and the local community**
- Expand and structure donations and sponsorships in the local area and community
 - Organise meetings with the local community and other businesses in the area focusing on sustainability and green mobility issues

GOVERNANCE

- Transparency, ethics and integrity**
- Pursue and detail sustainability reporting
 - Organise training about the Organisation, Management and Control Model
 - Renew Ecovadis certification
- Responsible supply chain management**
- Start a process of evaluating and selecting suppliers on the basis of sustainability criteria
 - Conduct a risk analysis on the respect of human rights throughout the supply chain
- Cyber-security**
- Promote specific training in this area
 - Develop an internal cybersecurity action plan
- Compliance and anti-corruption**
- Promote internal training concerning corruption

Annex | Detailed information

Below are details and a full list, in table form, of a number of the GRI Indicators reported in this document.

GRI 401-3, GRI 405-1, GRI 405-2, GRI 406-1

Information on employees

Breakdown of employees by type of contract and gender	2020	2021	2022
Permanent	349	359	397
Female	56	58	65
Male	293	301	332
Temporary	0	0	0
Total time	349	359	397
% Permanent	100%	100%	100%
% Temporary	0%	0%	0%
Employees by form of employment and gender	2020	2021	2022
Full-time	348	358	396
Female	56	58	65
Male	292	300	331
Part-time	1	1	1
Female	0	0	0
Male	1	1	1
Total time	349	359	397
% Full-time	100%	100%	100%
% Part-time	0%	0%	0%

EMPLOYEES | by category and gender

	2021				2022			
	Women	Men	Other	Total	Women	Men	Other	Total
Managers	1	13	0	14	1	12	0	13
Junior management	7	35	0	42	11	37	0	48
White-collar office staff	50	236	0	286	53	252	0	305
Blue-collar employees	-	17	0	17	-	31	0	31
Total	58	301	0	359	65	332	0	397

EMPLOYEES | by category and age group

	2021				2022			
	< 30 years	30-50 years	> 50 years	Total	< 30 years	30-50 years	> 50 years	Total
Managers	-	8	6	14	-	7	6	13
Junior management	-	29	13	42	2	33	13	48
White-collar office staff	82	167	37	286	108	170	27	305
Blue-collar employees	1	12	4	17	13	15	3	31
Total	83	216	60	359	123	225	49	397
Percentage	23%	60%	17%	100%	31%	57%	12%	100%

New employee hires

	2021			2022		
Gender	Women	Men	Total	Women	Men	Total
Up to 29 years	8	14	22	7	34	41
30-50	3	18	21	8	28	36
50	0	0	0	0	2	2
Total	11	32	43	15	64	79

Terminations

	2021			2022		
Gender	Women	Men	Total	Women	Men	Total
Up to 29 years	3	4	7	5	5	10
30-50	5	14	19	3	22	25
50	1	6	7	0	6	6
Total	9	24	33	8	33	41

Reason for termination

	2021			2022		
Gender	Women	Men	Total	Women	Men	Total
Employees who left voluntarily	9	21	30	8	29	37
Retirement	0	3	3	0	4	4
Other*	0	0	0	0	0	0
Total	9	24	33	8	33	41

Turnover

	2021			2022		
Gender	Women	Men	Total	Women	Men	Total
positive - recruitment	20%	11%	12%	26%	21%	22%
negative - terminations	-16%	-8%	-9%	-14%	-11%	-11%
Total	4%	3%	3%	12%	10%	11%

e.g. end of temporary contracts

GRI 306-2

Waste generated, by type and method of disposal

HAZARDOUS WASTE (t) ¹⁹	2021	2022
Non-chlorinated mineral oil from hydraulic circuits	-	0.2
Chlorinated mineral oil from engines, gears and lubrication, empty pressurised containers	-	0.2
Packaging containing residues of, or contaminated by, hazardous substances	0.1	1.1
Metal packaging containing hazardous porous solid matrices, including empty pressurised containers	0.0	0.0
Discarded equipment containing hazardous components	0.1	-
Inorganic wastes containing hazardous substances	-	0.6
Waste paint and varnish containing organic solvents or other hazardous substances	0.6	-
Waste adhesives and sealants containing organic solvents or other hazardous substances	0.1	-
Engine, gear and lubrication oil	0.2	-
Other solvents and solvent mixtures	0.1	-
Total Hazardous Waste	1.2	2.1

NON-HAZARDOUS WASTE (t)	2021	2022
Waste unsuitable for consumption or processing	35.8	24.8
Ferrous filings and shavings	-	0.5
Waste abrasive material	-	2.1
Inorganic waste	5.9	-
Discontinued equipment	52.2	-
Waste not included in other categories	7.6	6.8
Waste watery solutions	7.2	2.5
Aluminium	0.2	0.3
Iron and steel	-	17.0
Cables	5.0	4.8
Paper and cardboard packaging	23.3	22.4
Plastic packaging	10.3	9.8
Wood packaging	41.2	68.9
Mixed material packaging	42.5	39.5
Total non-hazardous waste	231.2	199.4

19. Waste classification is based on the EWC system, the code used to classify both hazardous and non-hazardous waste in the European Waste List (EWL).

GRI | Content index

GRI content index and correlation table

Declaration of use

System Logistics S.p.A. has reported the information mentioned in this GRI content index for the period 01.01.2022 - 31.12.2022 with reference to GRI Standards.

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GRI 205: Anti-corruption 2016

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205-3	Confirmed incidents of corruption and actions taken	48
Note: No incidents of corruption occurred during the reporting period		

GRI 302: Energy 2016

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GRI 303: Water and effluents 2018

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Note: Not applicable. The venue is not located in or near a protected area		

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Note: No incidents of discrimination occurred during the reporting period		

GRI 413: Local Communities 2016**Page**

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GRI 416: Customer health and safety**Page**

416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	24
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GRI 418: Customer privacy 2016**Page**

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	99
No complaints regarding breaches of customer privacy were registered during the reporting period		

This Sustainability Report was prepared by:





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