



SUSTAINABILITY REPORT 2023

*Driving Positive Change:
Sustainability Executive Summary*





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LETTER TO STAKEHOLDERS

Dear stakeholders,

The current social, economic and environmental challenges are priorities that we are determined to address to ensure a better future, both for ourselves and for future generations. We recognise the crucial importance of companies adopting sustainable practices, and integrating environmental, social and governance sustainability principles is therefore an essential part of our business strategy.

As a technology group, our goal is to continue contributing to the growth of the country with our values and people, through projects aimed at reducing CO2 emissions and activities that generate positive impacts on the territory, the environment and communities where we and our customers operate.

We continue our commitment to the goals of the UN 2030 Agenda, especially with regard to reducing our 'corporate carbon footprint' and 'product carbon footprint'. In addition to the actions implemented by the company throughout the year, a partnership was established with Treedom to create 'System Logistics Forest', a concrete and tangible initiative that promotes sustainability and environmental protection as fundamental values for the future.

We have made and will continue to make investments in energy efficiency projects, both to reduce energy consumption at our headquarters by making the most of the renewable energy produced through our photovoltaic system, and to constantly update the technology of our solutions so our customers can reduce their energy consumption.

Not only that, we are working intensively on spreading good sustainable mobility practices, with incentives for our people to make responsible transport choices, such as carpooling and the use of alternative means of transport (cycling or public transport), while continuing the transition to a fully electric company fleet.

We strongly believe that profit is not the sole purpose of a company, but that social responsibility towards our people, community and the world is equally important.

During the year, we hosted an exhibition dedicated to Iranian women to show our solidarity; we contributed to supporting Emilia-Romagna following the floods; and we worked with a local association to support people with disabilities to emphasise how diversity should be considered a value and a strength. We are an active part of change in our community: with its

many meanings, the word 'care' represents our commitment. We take care of our colleagues in Italy and the furthest corners of the world every day, just as we care for our relationship with stakeholders, to grow and create value together.

Safety has always been one of our values and a cornerstone of our corporate culture. In celebration of this noble commitment, we have achieved the target of zero accidents at work for System Logistics S.p.A. employees in 2023. This important milestone makes us proud of our performance and confirms that with everyone's commitment, we can achieve great things: **Together, driving positive change.**

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 CARE ABOUT

CARE THE COMPANY

In a rapidly changing world, and in an industry as constantly changing 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 focus on conduct that 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. Everyone in the company behaves responsibly towards colleagues, business partners and customers.

CARE THE FUTURE

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.

CARE THE PEOPLE

System Logistics has taken several actions to maximise comfort and human relations at 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 to analyse the workplace climate and team-building exercises.



HIGHLIGHTS CARE THE COMPANY

HEADQUARTERS

Fiorano Modenese (IT)

BRANCHES

9 worldwide

SINCE 2016

Part of the KronosGroup

SLOG Group REVENUE 2023

€316.3 Mln

(+21% compared to 2022)

ECONOMIC VALUE GENERATED AND DISTRIBUTED

€283 million Economic value generated

€254 million Economic value distributed to different stakeholders

CERTIFICATIONS

ISO 9001

ISO 45001

ISO 14001

ECOVADIS Silver Sustainability

Rating Medal

IDENTITY AND BUSINESS ACTIVITIES

Loghouse: The Heart of Intralogistics

System Logistics S.p.A. is part of the German multinational Krones Group; its legal and operational headquarters are in Fiorano Modenese (Modena). For more than 40 years, it has been present in the international market and today it is a **global leader in innovative intralogistics and material handling solutions for optimising the supply chain** at warehouses, distribution centres and production facilities worldwide.

Activities are carried out within the **LogHouse intralogistics hub**, an industrial complex built between 2019 and 2020, which, covering a total area of almost 80,000 square metres, comprises an office building and production plant with an adjoining warehouse based on the wide range of in-house manufactured technologies for storage, picking and material handling.

System Logistics Network: locations



HEADQUARTERS

System Logistics S.p.A.
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

Wackerdorf, Germany

ASIA, PACIFIC & MIDDLE EAST

Bangkok, Thailand
Mumbai, India

IDENTITY AND BUSINESS ACTIVITIES

The History of System Logistics

SYSTEM CMA is founded in Fiorano Modenese. The company is dedicated to producing automated material handling systems.

System Logistics becomes 'S.p.A.', an independent company within the System Group.

System Logistics joins the Krones Group, the world market and technology leader in the field of processing and packaging automation in the food & beverage industry.

System Logistics acquires the US-based Vertique, an important strategic milestone strengthening its presence in the US food & beverage market.

System Logistics moves into LogHouse, new headquarters where a wide range of automation solutions are designed and implemented to meet customer needs.

1976

1987

2008

2015

2016

2019

2020

2022

System Logistics is established as a division of the System Group. The first automated vertical warehouse 'Modula' is introduced on the market.

The AGV division of System becomes an integral part of System Logistics by transferring engineering, production, service and installation departments to it.

System Logistics GmbH is created in Germany by spinning off the intralogistics division of Syskron, part of Krones. Based in Wackersdorf, the company is established 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.

A new subsidiary is opened in Israel with the establishment of the company Systorelog Israel Ltd, headquartered in Kfar Sabam and wholly owned by System Logistics S.p.A.

The company, formally operational on 1 December 2022, manages the installation and commissioning of intralogistics and materials handling solutions in the local market.



IDENTITY AND BUSINESS ACTIVITIES

Mission, Vision, Values

The values that distinguish System Logistics summarise the company's vision and mission. They are a source of inspiration and a reference for the daily conduct and actions of those who work in the company.



CARE

Attention to the needs of customers, employees and collaborators to ensure their full **satisfaction**.



INTEGRITY

Honesty, respect for diversity, transparency and ethics, aimed at ensuring **the long-term sustainability** of the business.



COMMITMENT

Determination, passion and positivity to achieve **results** and generate **trust**.



INNOVATION

Openness to **constantly acquiring** and transferring **knowledge** to **solve problems** and generate new ideas capable of creating **high-value** solutions.

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.

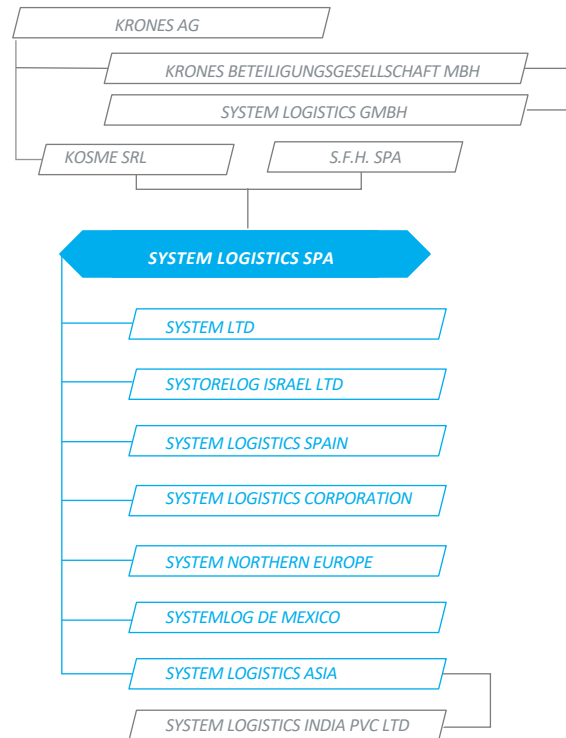


IDENTITY AND BUSINESS ACTIVITIES

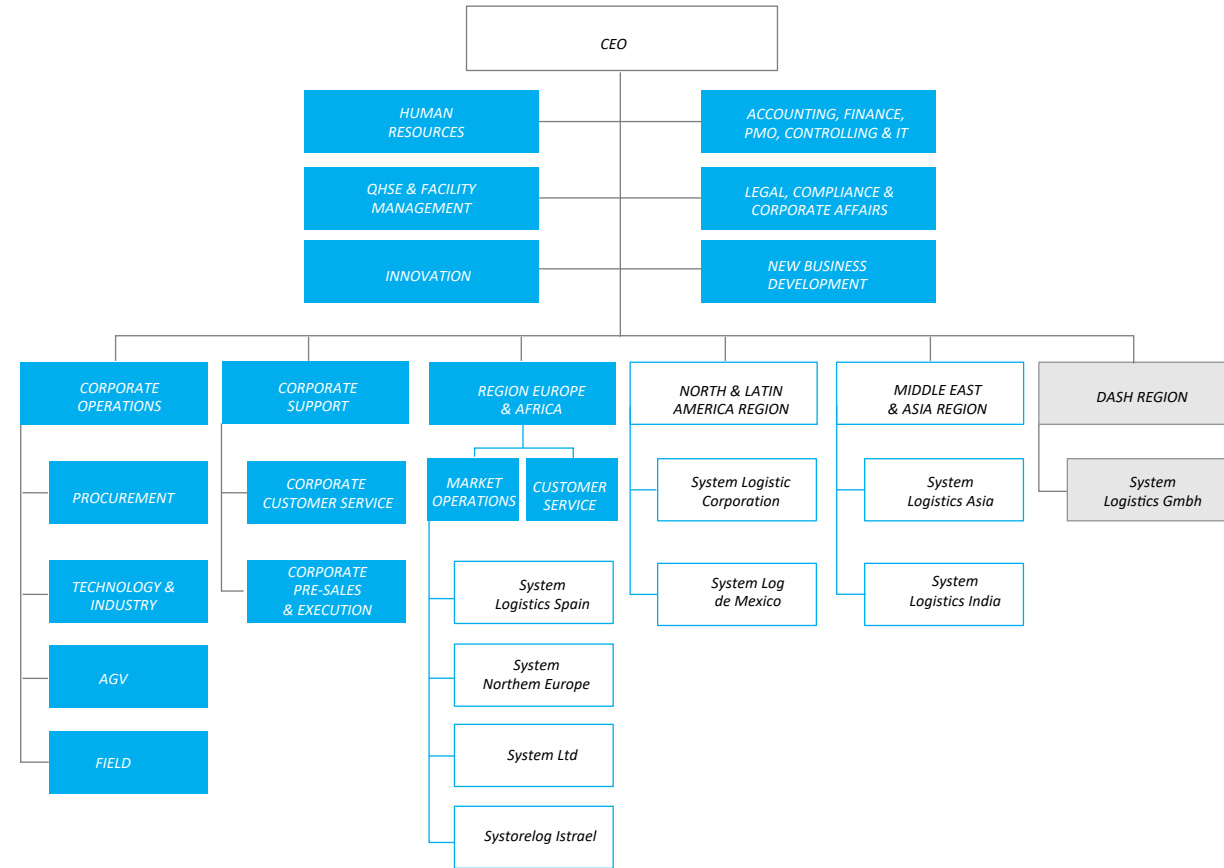
Corporate and Organisational Structure

To simplify regional cooperation, **Corporate Support** was created in 2023*. This comprises the Corporate Engineering (Pre-sales & Execution) and Corporate Customer Service roles, which provide support for the EU Region and other Regions. At the same time, the **PMO**, formerly framed under the Region EU structure, flows into staff roles alongside Accounting, Finance, Controlling & IT.

CORPORATE STRUCTURE



ORGANISATIONAL STRUCTURE



SYSTEM LOGISTICS SPA

SL REGION/BRANCH

SL REGION/BRANCH NOT IN CONSOLIDATION SCOPE

*Effective as of January 2024

IDENTITY AND BUSINESS ACTIVITIES

Market Presence: Sectors and Countries Served

System Logistics 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.



SECTORS



FOOD



BEVERAGE



COLD & FROZEN



GROCERY

Beverage - Aerospace - Apparel - Automotive - Bank - Beverage - Biomedical - Building Industry - Ceramics - Chemical - Dairy - Distribution - Editorial - Electric-Electronics - Food - Furniture - Grocery - Home and personal care - Hydraulic - Logistics - Mechanical - Medical - Packaging - Paper - Pet Food - Pharmaceutical - Plastics - Retail - Services - Textile - Tires - Tissue - Tobacco



COUNTRIES

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



CORPORATE GOVERNANCE AND ORGANISATIONAL STRUCTURE

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 Krones AG.

The System Logistics S.p.A. corporate governance system is based on a traditional model comprising a Board of Directors (BoD), Board of Statutory Auditors and Independent Auditors*. It is structured as follows:

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

**The statutory audit of the accounts is carried out by Ernst & Young S.p.A., an auditing company registered with the Ministry of Justice.*

COMPOSITION OF CORPORATE BODIES AS OF 31.12.2023

BOARD OF DIRECTORS	ROLE
Franco Stefani	Chairman of the Board
Luigi Panzetti	CEO (Company Representative)
Christoph Konstantin Klenk	Director
Ralf Manfred Goldbrunner	Director
Roberto Gentilini	Adviser/Special Prosecutor
Thomas Ricker	Director
Uta Anders	Director
BOARD OF STATUTORY AUDITORS	ROLE
Vittorio Pincelli	Chairman of the Board of Auditors
Luigi Mantovani	Statutory Auditor
Lorenzo Brocca	Statutory Auditor
Maurizio Tostati	Alternate
Luca Angelo Pandolfi	Alternate



MANAGEMENT SYSTEMS AND CERTIFICATIONS

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

In 2023, System Logistics underwent a combined renewal audit based on three regulatory schemes: **ISO 9001**, **ISO14001** and **ISO 45001**. The activities were led by DNV and involved various entities, from design to production, installation and service.



UNI ISO 45001

This represents the standard for occupational health and safety management systems. It was the first international standard defining minimum standards of good practice for the protection of workers worldwide. It establishes a framework for improving safety, reducing occupational risks and improving worker health and well-being.

UNI ISO 9001

This sets criteria for a quality management system that focuses on process effectiveness and promotes adoption of a risk analysis approach.

UNI ISO 14001

This provides an in-depth analysis of the company's environmental management to reduce environmental impacts, while fulfilling all legal requirements to strengthen all stakeholder relations.

ECOVADIS

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



ETHICS, INTEGRITY AND TRANSPARENCY

In 2016 System Logistics voluntarily adopted the **Code of Ethics** and the [Organisation and Control Model \(OCM\)](#) in accordance with the provisions of Italian Legislative Decree 231/2001. Respectively, they constitute an opportunity to strengthen the company's governance culture and value base, both of which are subject to control by the Supervisory Board.

In compliance with the provisions of Italian Legislative Decree 24/2023, System Logistics adopted an IT application in 2023 for the internal management of reports of unlawful or unethical acts occurring within the company, and it **introduced an internal procedure for managing whistleblowing reports**. This channel is added to the [Group's Kronos Integrity system](#), a portal intended for reporting serious misconduct relating to laws, standards, corporate guidelines or residual issues with respect to the matters covered by Italian Legislative Decree 24/2023.

No reports were received by the SB in 2023.

Controlling corruption-related risks

Training for new employees on anti-corruption, compliance and the corporate code of conduct continued in 2023, for a total of 170 hours and 45 participants. Specifically, anti-corruption **training was completed by 40 people, totalling 166 hours of training.**

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



INFORMATION SECURITY AND DATA PROTECTION

System Logistics is engaged in multiple activities and projects in data protection management, aligning with the Group's challenging objectives.

Continuing what started in 2022, the most significant include adoption of the Krones Group IT Policy, training on IT security, cybersecurity and the related culture, and the integration of major organisational changes.

Training on and the Spread of the IT Security Culture

In 2023, the company used its internal Academy to provide employees with a basic e-learning training session, based on the Krones Group's **cybersecurity training**. The training module, made compulsory in early 2024, was completed by all employees.

By 2024, the integration of training activities on security and the use of **Logazine** as a further tool for creating culture and awareness about IT and cybersecurity is planned.

Organisational Review

In 2023, the project to **restructure the company organisation** within the System Logistics company-wide resource management system continued, resulting in an enhanced operational workflow for IT identity management (IAV).

System Logistics BU Cybersecurity Organisation

This activity involved the inclusion of the company's cybersecurity contact people (**Cybersecurity Coordinators**), the entire Intralogistics BU within the Krones organisation, and their monthly participation in the Cyber Security Conference (IT/OT), organised by the Group's 'Corporate Cyber' contact for continuous updates.

In 2024, the organisation will also extend to aspects of product cybersecurity (in addition to IT and OT). Together with the Legal Department, the **operating methods** used by third-party technicians both on site and at System Logistics' premises were also defined to better protect the company and its customers. The ultimate goal is to ensure that the application and sharing of this contract is extended to all relevant suppliers.



QUALITY AND CUTTING-EDGE TECHNOLOGY

Quality, Research and Development

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

A constant commitment to understanding the relevant market and the impact that every action and behaviour generates makes System Logistics effectively geared towards maximum customer satisfaction and protection.

Green Belt Certification 2023

LEAN SIX SIGMA:

A philosophy geared towards continuous improvement.

System Logistics has adopted Lean Six Sigma, a method aimed at continuous improvement and creating value for customers via quality measurement in the production process. Listening to and satisfying customers is a key aspect for System Logistics.

The programme was included in the company's training activities: an initial group of eleven people from different departments participated in April 2023.

At this time, six candidates in the first group have completed the **Green Belt** certification by presenting a case study before an external commission; the others will be finalising their projects in the coming weeks.

R&D Investments

System Logistics confirmed its commitment to research and development in 2023 by continuing to implement the projects started in previous years and by launching new research topics to constantly **update the technology of its solutions, with a view to reducing the energy consumption of the goods handling solutions it has developed for the market.**



QUALITY AND CUTTING-EDGE TECHNOLOGY

Innovative Products and Solutions

System Logistics develops a wide range of flexible and custom solutions for automated storage, handling and picking/depositing of goods. The technologies are almost fully engineered, designed, manufactured and installed in-house by the company.

AS/RS AUTOMATED STORAGE & RETRIEVAL SYSTEMS

Designed to minimise storage space and achieve higher levels of efficiency and productivity:



Stacker cranes enable automation of entry/exit operations in material storage.



Fast Rotation Storage (FRS) is used for low bay storage, both as a production buffer prior to shipment and for high density storage.



Miniload handles 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.



QUALITY AND CUTTING-EDGE TECHNOLOGY

Increasingly Efficient Solutions for Greater Energy Savings



With regard to intensive warehouses (*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.**

Increased energy efficiency is the result of a combination of several elements:

- energy recovery during braking/deceleration via energy exchange between the axles and regeneration;
- automatic adaptation of dynamics according to the load;
- reducing the movement of high-volume products.

With a view to working in growing synergy with customers to provide solutions for automation **that optimise and streamline the management of products and materials**, reducing costs and improving process reliability, System Logistics has designed and presents several product revamping solutions to achieve lower environmental impacts and significantly improve energy savings.

	2022/23	2024	2025
	Solutions with direct reuse of energy between the axles	Solution with regenerative power	
Technology	Energy exchange between axles	Direct regeneration in the power system	Energy buffers with Supercaps
Energy savings	Up to 25%	Up to 40%	Up to 40%*

* The supercap solution also reduces installation costs (smaller cable cross-section and lower transformer power)



QUALITY AND CUTTING-EDGE TECHNOLOGY

Innovative Products and Solutions

PICKING SOLUTIONS

Scalable and adaptable to the required level of automation: operations performed by workers and those related to goods and mixed pallet creation are fully automated using highly efficient and ergonomic 'goods-to-man' processes.



Modular Order Picking System (MOPS) enables fully automated creation of mixed pallets.



Each Picking: Goods-to-person solutions combine custom ergonomic stations with intuitive operator control systems to improve order-processing efficiency.



SPL – Steady Picking Location is suitable for picking operations with average volumes, introducing increased operator performance, improved working conditions, reduced errors and containment.



PPS – Pick-to-pallet System is an intensive picking system that is extremely flexible and suitable for medium to large and/or time-varying picking volumes and SKUs with split picking. It leads to considerable savings in labour and space.





QUALITY AND CUTTING-EDGE TECHNOLOGY

Prodotti e soluzioni innovative

PICKING SOLUTIONS

Scalable and adaptable to the required level of automation: operations performed by workers and those related to goods and mixed pallet creation are fully automated using highly efficient and ergonomic 'goods-to-man' processes.



ARP - Automatically Refilled Picking: relies on stacker cranes, pallet handling systems or self-driving vehicles to automatically replenish the supply of goods at picking stations. It is particularly suitable for small numbers of SKUs and large numbers of orders.



PickMate is ideal for automating picking processes in the food & beverage industry involving up to 100 SKUs and a high number of repeated orders.



SortMate independently manages the entire inward and outward fruit and vegetable sorting process. The integrated AGVs follow more efficient and safer routes without being constrained by the predetermined paths of classic conveyor belts.



QUALITY AND CUTTING-EDGE TECHNOLOGY

Energy Efficiency of Products: Solutions for Greater Energy Savings



ENERGY-SAVING SYSTEM IN THE AISLE

Logimate is equipped with an energy exchange drive system (SUPERCAPACITOR) that connects the machine's main inverters together in DC-LINK. When combined with our management SW, this system optimises the traverse cycle of the machine's two main axles by coordinating them appropriately, minimising simultaneous control of the two driving axles. In addition, this system reduces energy consumption by up to 25%.

ENGINEERING

With a view to saving energy, we decided to use materials such as aluminium and plastics for more than 70% of the parts when engineering elements for the Logimate, thus reducing the total weight of the vehicle. The UDC handling elements are fully derived from recycled polymers.

Logimate: supports a wide range of picking and order-fulfilment activities. It is perfect for high-volume order-fulfilment centres in the food & beverage and grocery industries.





QUALITY AND CUTTING-EDGE TECHNOLOGY

Innovative Products and Solutions



In the interests of greater energy efficiency, System Logistics presents ways to revamp existing solutions, including a change in battery chemistry, i.e. from lead acid to lithium, increasing the **overall efficiency from 61% to 79%!**

AGV E MATERIAL HANDLING SOLUTIONS

AGV: self-driving vehicles are ideal for handling pallets, skips and other industrial load units within a single plant and are capable of handling multiple types and sizes of load units.





QUALITY AND CUTTING-EDGE TECHNOLOGY

Innovative Products and Solutions



With a view to energy efficiency, several solutions for optimisation were adopted:

- insertion of systems to exchange energy on the SVL shuttle tracks;
- shortening routes by means of 'shortcuts', thus saving energy;
- parking one or more SVL shuttles on 'dead' tracks to dynamically use only the number of shuttles strictly necessary to achieve the required flows.

AGV E MATERIAL HANDLING SOLUTIONS

SVL - SYSTEM VEHICLE LOOPS: SVL steering shuttles are designed for handling and sorting large material flows within warehouse. They handle *just-in-time shipments and are ideal for automated order picking.*





QUALITY AND CUTTING-EDGE TECHNOLOGY

Innovative Products and Solutions



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

Systore is an application entirely designed and developed by System Logistics for managing automated intralogistics solutions.

It encapsulates in a single package all the tools necessary 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.



QUALITY AND CUTTING-EDGE TECHNOLOGY

Customers and the Importance of Customer Satisfaction

System Logistics' method of operation is based on four main pillars:

SKILLS

The company has 40 years of experience in material handling and intralogistics. Company staff have a high level of knowledge of the customer's industry, which is a strategic advantage in offering customised solutions.

HOLISTIC APPROACH

System Logistics prioritises the customer's entire value chain as well as short- and long-term objectives. This approach makes a solid contribution to profitable growth.

INNOVATION

Creativity and design innovation form the basis of System Logistics' success. Research and development, in cooperation with world-class research centres, result in innovative solutions that improve the quality of work and the efficiency of customers' production and logistics processes.

DYNAMICS

System Logistics is a young, efficient and dynamic company. These are significant factors in customer relations. They optimise our ability to identify, understand and meet customer needs and requests, while providing quick and effective answers.

The products marketed by System Logistics are subject to strict controls conducted in accordance with applicable technical standards and best practices.

The safety of the technologies and solutions offered are guaranteed by the **System & Machinery Safety manager**. Every project, at every stage, is subject to thorough checks to verify its compliance with the Machinery Directive and its essential safety requirements, as well as the applicable technical product standards.

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



QUALITY AND CUTTING-EDGE TECHNOLOGY

Responsible Supply Chain Management

System Logistics considers it crucial to select stable and reliable partners who adopt ethically responsible behaviour.

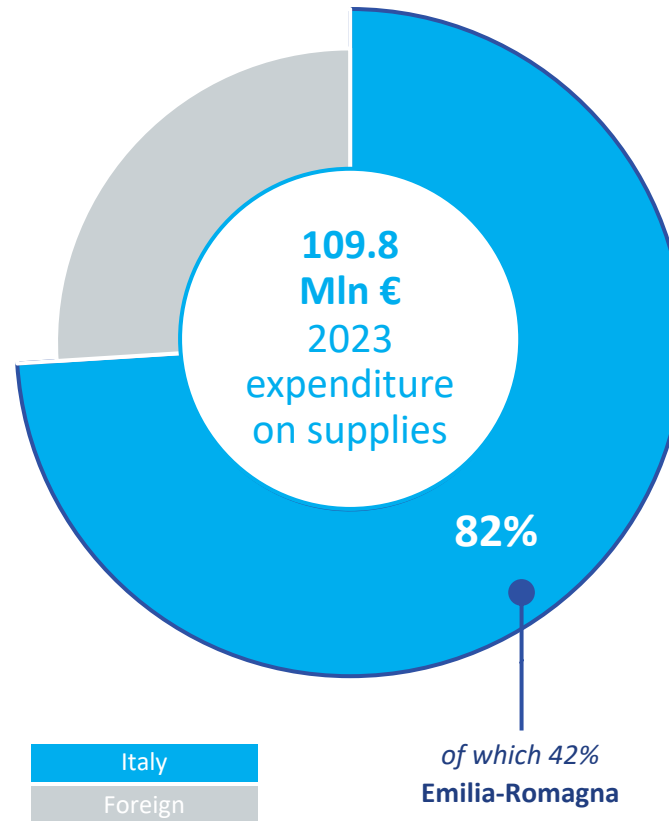
In 2023, the Law on Corporate Due Diligence Obligations in Supply Chains* came into force in Germany. It covers the responsibility of German companies to respect human rights in global supply chains. System Logistics, together with its subsidiaries and other companies in the Group, has embarked on a virtuous path to pursue the goal of reducing CO2 (Scope 3) emissions by 30% by 2030. This includes:

- Mapping suppliers' ESG risks and impacts;
- Assessing the ESG performance of 'critical' suppliers;
- Ad hoc audits.

At the same time, all business partners are required to comply with the [Supplier Code of Conduct adopted by the Krones Group](#) and to underwrite the Code of Conduct, with a goal of reaching 70% of suppliers at corporate level by 2024 and 100% by 2025.

* Act on Corporate Due Diligence Obligations in Supply Chains

SPESA PER APPROVVIGIONAMENTO (%) 2023



HUMAN RIGHTS

System Logistics is committed to upholding and applying principles such as **protecting human rights and labour practices** in accordance with local legal requirements, **promoting sustainability and fair working conditions, respecting the environment, protecting personal data and fighting corruption.**

The Krones Group leads the way in supplier due diligence, with the *Human Rights Office* in particular, which was created to support all Group companies.

At the end of 2023, [the Group Policy on Human Rights](#) was shared and adopted, and the decision was made to include a specific mandatory **Human Rights Training** in the employee onboarding training.

PROCUREMENT MANAGEMENT

System Logistics has a total of 928 suppliers and a supply value of **€109.8 million**. While overall expenditure decreased compared to 2022, for 2023 there was an increase in the induced revenue created in the region.

Eighty-two per cent of the procurement expenditure is addressed to the national and local territory (+8% compared to the previous year). In particular, **42% of Italian supplies come from suppliers located in the Emilia-Romagna region (34% in 2022), with an expenditure of €37.8 million.**



ECONOMIC AND FINANCIAL PERFORMANCE, VALUE GENERATED AND DISTRIBUTED

In financial year 2023, **System Logistics Group revenue from sales and services and changes in work in progress** totalled **€280.3 million**, a decrease of 8.1% compared to 2022 (when it amounted to €305.1 million).

The year closed with significant growth in net profits equal to **€8.2 million**, compared to €2.8 million in 2022.

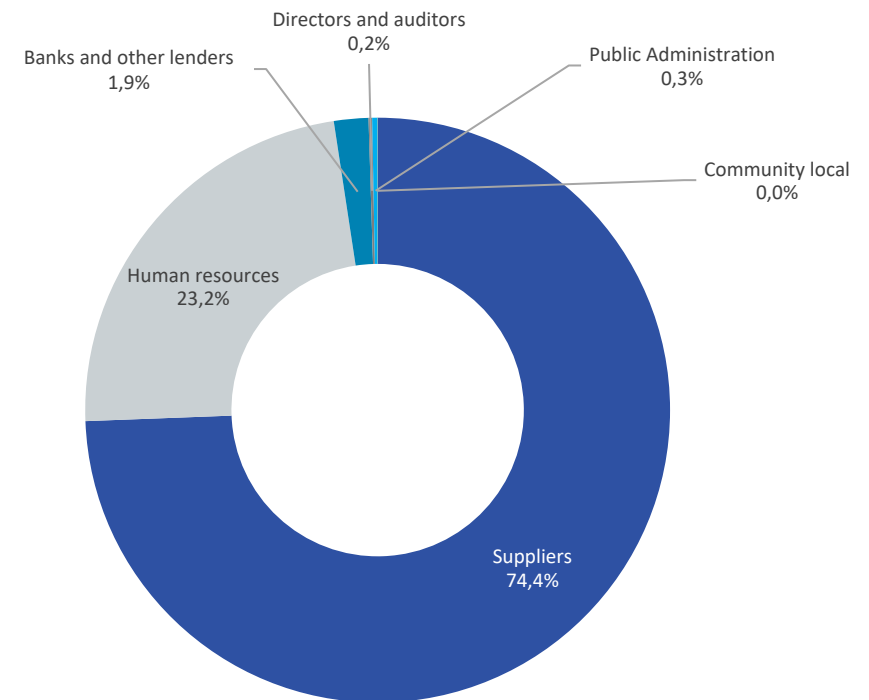
For System Logistics, order intake in all regions where the company is active — from Asia to Europe to the Americas — amounted to €327 million in 2023 (down 13.5% year-on-year). While there was a reduction in orders in the American, European and African market clusters, growth was seen in the Middle East and Australian markets and in the Customer Service Cluster.

Order intake SL GROUP - Worldwide					
€/1000	Dec 2023	Dec 2022	Dec 2021	Dec 2020	Dec 2019
Europe and Africa Cluster	50,706	110,925	126,195	83,505	78,752
Middle East and Australia Cluster	34,850	14,683	27,377	19,853	12,490
Americas Cluster	178,486	209,518	68,955	84,833	86,665
Customer Service Cluster	63,200	43,383	27,818	21,552	23,707
Total	327,242	378,509	250,345	209,743	201,614

System Logistics Group generated a value of approximately €283 million in 2023, of which €253.9 million was distributed to the various stakeholders.

The main stakeholder categories were suppliers and human resources, to whom, respectively, approximately 75% and 23% of the wealth generated was distributed.

ECONOMIC VALUE DISTRIBUTED BY THE SYSTEM LOGISTIC GROUP - 2023



SYSTEM LOGISTICS AND SUSTAINABILITY

The Approach to Sustainability





SYSTEM LOGISTICS AND SUSTAINABILITY

Stakeholders

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

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.

KRONES GROUP



CUSTOMERS

- Direct Corporate Customers
- Direct Business Customers
- Management and/or Intercompany Customers
- Indirect Customers and Leasing Companies



TRADE AND INDUSTRY ASSOCIATIONS

- Trade associations (*Federmanager, Confindustria Emilia, Confindustria Ceramica, AMHSA*)
- Sector associations (*FEM, ANIMA, ACIMAC*)



ACADEMIA AND RESEARCH

- Universities (*UniMore, PoliMi*)



SUPPLIERS AND PARTNERS

- Suppliers of commercially available parts
- Suppliers for custom-designed parts and related products
- Suppliers of 3PE plant parts
- Service providers
- Strategic partners



PUBLIC BODIES AND INSTITUTIONS

- **Public bodies** (*Chamber of Commerce, Region, Province, Municipality of Fiorano, SUAP - a union of municipalities in Italy's ceramic-producing district*)
- **Public control bodies** (*ARPA regional agency for the environment, INPS national social security institute, INAIL institute for insurance against accidents in the workplace, revenue agency, customs agency*)
- **Public employment institutes** (*job centres, local employment offices, revenue agency*)



SYSTEM LOGISTICS AND SUSTAINABILITY

Materiality Analysis and Contribution to the Sustainable Development Goals

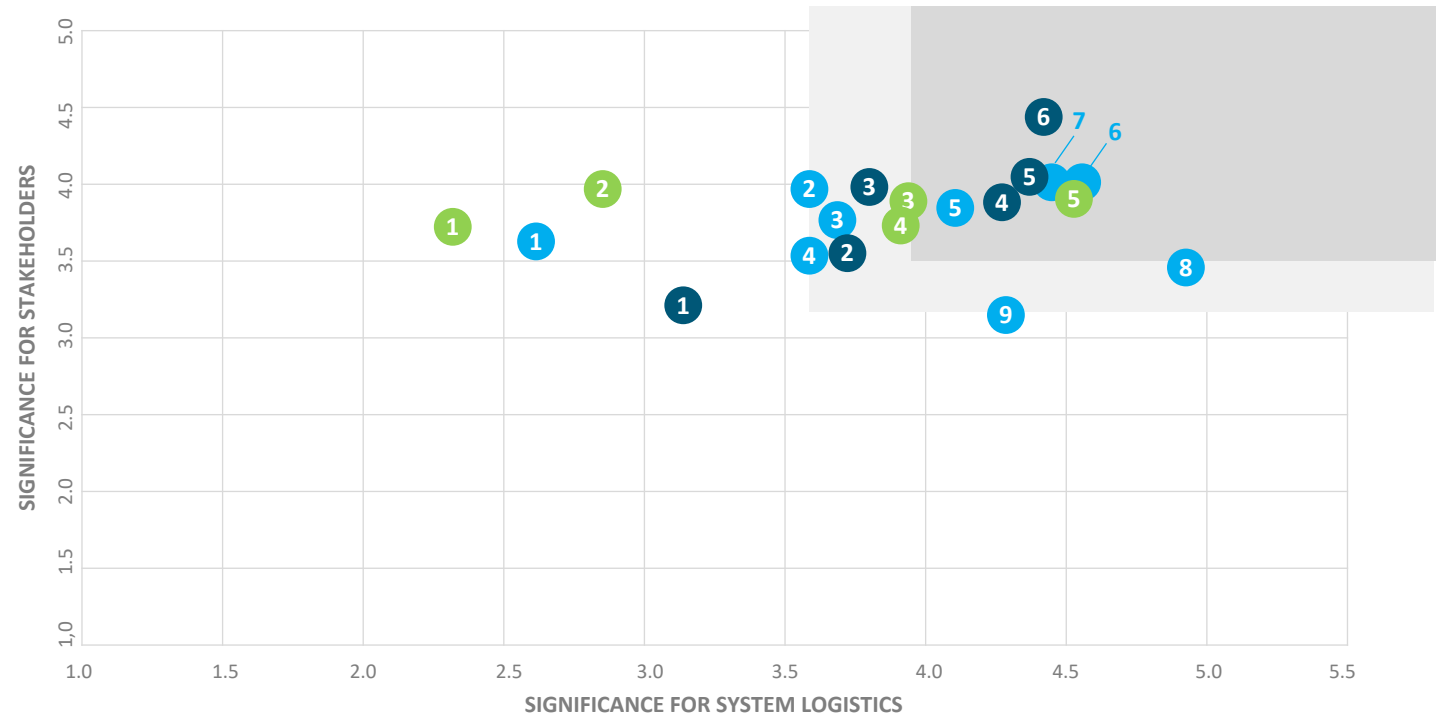
To prepare this Sustainability Report, the System Logistics' management team was involved in an awareness-raising process that led the company to **confirm the materiality issues in the matrix drawn up last year** by the company's top management and some categories of external stakeholders.

In 2023, the company continued to integrate the suggested improvement actions to increase the level of oversight and ESG performance.

The materiality matrix contains **20 themes representing System Logistics' vision of sustainability**.

To define the material topics, some aspects were considered highly relevant and priority, such as: **health and safety at work; the reliability and quality of products and services; and technological innovation and research and development** into advanced solutions that are increasingly efficient, especially with regard to energy, consistent with the company's commitment to reduce **its direct and indirect CO₂ emissions, also by promoting sustainable mobility**.

For more details on the process, refer to the 2022 Sustainability Report <https://www.systemlogistics.com/media/1881/System-Logistics-Report-2022-IT.pdf>



Environment

1. Water resource management
2. Waste management
3. CO₂ EMISSIONS
4. Sustainable Mobility
5. Energy and Energy Efficiency

Social

1. Relationship with the local community and involvement through communications
2. Diversity, inclusion and equal opportunities
3. Corporate welfare and well-being
4. Empowerment, training and development of human resources
5. Customer relations and customer satisfaction
6. Occupational health and safety

Governance

1. Privacy
2. Compliance and anti-corruption
3. Transparency of information, ethics and integrity
4. Responsible supply chain management
5. Economic performance and creation of shared value
6. Reliability and quality of products and services
7. Innovation, research and development
8. IT security
9. Digitalisation



CONTINUING TO GENERATE VALUE: GOALS AND PRIORITIES

● To start
● Making Progress
● Achieved

	GOAL	2022 PROGRESS	2023 PROGRESS	STATUS
RESPONSIBLE SUPPLY CHAIN MANAGEMENT	<i>Human Rights Training completed by 100% of buyers</i>		<i>Ongoing</i>	●
	<i>Obligation to sign and comply with the Supplier Code of Conduct, reaching 70% by FY 2024 and 100% by FY 2025 at corporate level</i>		<i>Ongoing</i>	●
	<i>Carrying out a risk analysis on the respect for human rights along the supply chain</i>			●
	<i>Start a process to evaluate and select suppliers on the basis of sustainability criteria</i>			●
	<i>Contribute to reducing Scope 3 CO₂ emissions by 30% by 2030 and 90% by 2040</i>			●
TRANSPARENCY, ETHICS AND BUSINESS INTEGRITY	<i>Commitment to pursuing and improving sustainability reporting</i>	2nd Sustainability report	<i>3rd Sustainability report</i>	●
	<i>Organising training on the Organisation, Management and Control Model</i>		<i>Ongoing</i>	●
	<i>Renew Ecovadis Silver certification annually</i>	Silver medal	<i>Silver medal</i>	●
IT SECURITY	<i>Promoting ad hoc training activities: 100% employees trained on the Basic Module by 2024</i>		<i>Ongoing</i>	●
	<i>Developing an internal cybersecurity action plan</i>	Ongoing	<i>Setting up System Logistics Cybersecurity Organisation BU</i>	●
	<i>Adopting the Group IT Policy: Full adoption and application by 2025</i>		<i>Enforcement SW implementation and the adoption of cloud services</i>	●
COMPLIANCE AND ANTI-CORRUPTION	<i>Promoting internal training on corruption</i>	Ongoing	<i>Ongoing</i>	●



HIGHLIGHTS CARE THE FUTURE

TOTAL ENERGY CONSUMED

14,689 GJ
(-11% compared to 2022)

ELECTRICITY CONSUMPTION

5,330 GJ
(-9.4% compared to 2022)

ENERGY PRODUCED BY THE PHOTOVOLTAIC SYSTEM

640,275 kWh
(- 2.7% compared to 2022)

ENERGY PRODUCED BY THE PHOTOVOLTAIC SYSTEM AND CONSUMED

75% self-produced energy from photovoltaics consumed in 2023
118.5 tonnes CO₂eq avoided in 2023

WASTE PRODUCTS

265 tonnes of waste produced in 2023
82% destined for recycling
-26% packaging (waste) compared to 2022

WATER CONSUMPTION

7,330 m³ of water consumed in 2023
(-27% compared to 2022)

CO₂ EMISSIONS

891 tonnes CO₂eq emitted (Scope 1 and 2)
(-10% compared to 2022)
(-11% compared to 2021)

SUSTAINABLE MOBILITY

21,471 km saved by choosing sustainable home-work mobility

SYSTEM LOGISTICS FOREST

550 trees planted in the System Logistics forest

ENVIRONMENTAL IMPACTS

2030 Climate Strategy

System Logistics' commitment to reducing its environmental impact falls in line with the **Climate Strategy 2030** defined by its parent company Krones and the related [Public Carbon Transition Plan](#), which sets out specific objectives, targets and progress.

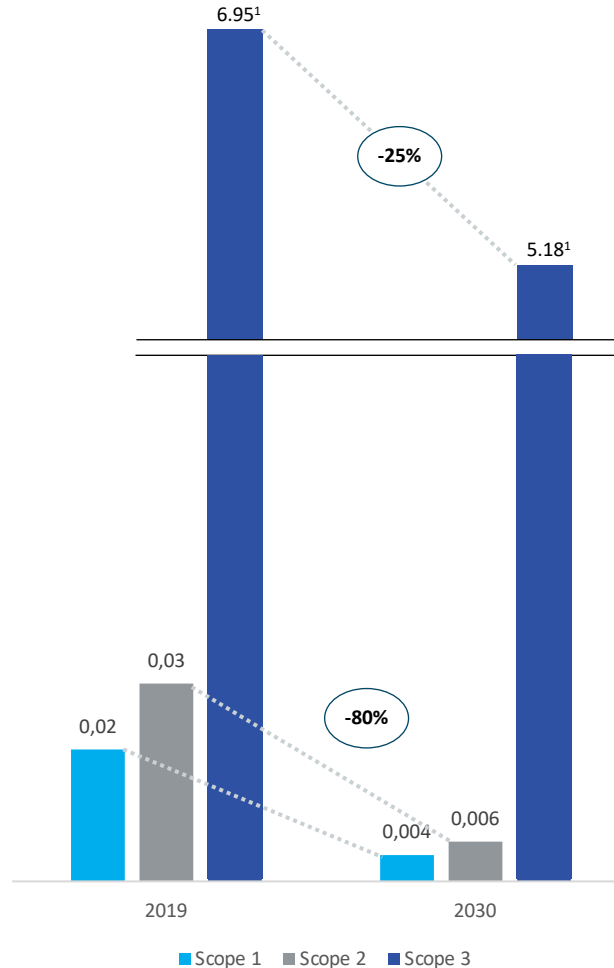
Specifically, System Logistics pursues the following objectives:

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

Energy and Energy Efficiency

In compliance with the Climate Strategy 2030, a **Carbon Action Plan** was prepared for the three-year period 2022-2025. This contains a series of actions to reduce CO₂ emissions and external energy dependency. In particular:

- Reduction of emissions from the use of company vehicles;
- Reduction of natural gas consumption;
- Increased capacity for energy self-generation;
- Increased use of energy from renewable resources.



¹ Extrapolation based on the Quantis Scope 3 Evaluator of the GHG protocol

Target 1:
Reducing the overall corporate carbon footprint (Scope 1 + Scope 2) of the KRONES Group by 80% by 2030 (baseline: 2019) and achieve climate neutrality by 2040.

Target 2:
Reducing the overall carbon footprint of KRONES Group products (Scope 3) by 25% by 2030 (compared to 2019)

KRONES' Scope 3 = Customers' Scope 1 + 2.

We contribute to our customers' climate goals by improving the carbon footprint of our machines and systems!

ENVIRONMENTAL IMPACTS

Energy Consumption within the Organisation

In the reporting year considered, System Logistics' **energy consumption** (electricity, natural gas and diesel) **decreased** overall by 11% compared to the previous year, from 16,562 GJ consumed in 2022 to **14,689 GJ in 2023**.

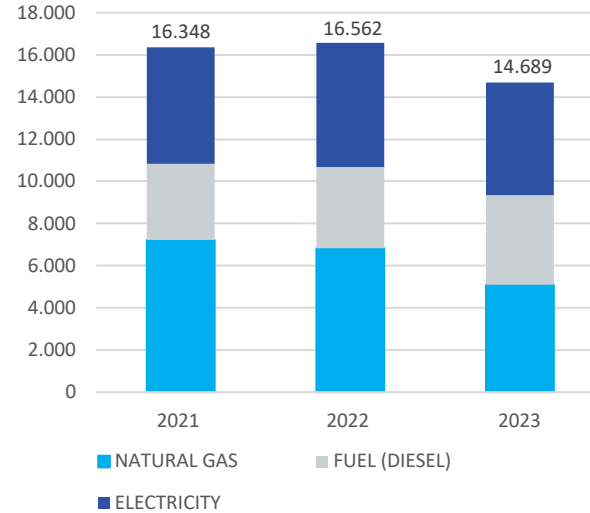
The company's overall energy requirements related to a higher fuel consumption for the company fleet (amounting to 4,263 GJ in 2023) against a reduction in electricity (amounting to 5,330 GJ, -9 % compared to 2022) and natural gas (amounting to 5,096 GJ, -25 % compared to 2022), which System Logistics uses for heating and, to a lesser extent, to produce framework.

System Logistics supplies itself with electricity from the grid and energy produced by its own photovoltaic plant.

In the course of 2023, a **new photovoltaic system with a nominal capacity of 800 kWp** was installed in addition to the existing one on the roof of the LogHouse production building. The new plant, which will come into operation in February 2024, **will produce a total nominal power of 1,275 kWp**.

Continuing on from last year, the photovoltaic plant in operation in 2023 **covered 33% of the electricity demand and avoided the emission of 118.5tonnes CO₂eq into the atmosphere during the year**.

ENERGY CONSUMED WITHIN THE ORGANISATION (GJ)



-11%

Energy consumed in 2023 compared to 2022

33%

electricity requirements covered due to self-consumed energy from photovoltaics

75%

self-produced photovoltaic energy consumed in 2023

Energy Efficiency

In 2022, System Logistics installed KontrolON, a system for analysing and monitoring the company's energy consumption at its headquarters. This tool allows it to analyse the distribution of energy consumption across the company's various utilities and more easily identify opportunities to optimise consumption and avoid wasting energy. In total, about 30 energy meters were installed in the field.



ENVIRONMENTAL IMPACTS

CO₂ EMISSIONS

To continuously improve its environmental impact, System Logistics has begun to use a dedicated platform to report to the parent company on its greenhouse gas emissions related to its business activities.

For the purposes of data comparison, **2021** was chosen as the **baseline for System Logistics**, the year in which it moved to LogHouse, the new company headquarters.

Overall, in **2023**, **Scope 1 and 2 emissions amounted to 891 tonnes of CO₂ equivalent (tonnes CO₂eq)**, showing a decrease of approximately **10% compared to the previous year (990 tonnes CO₂eq produced in 2022)** and **11.4% compared to 2021**.

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

- 527.65 kg of R410A (GWP* 2088)
- 5.66 kg R32 (GWP* 675)

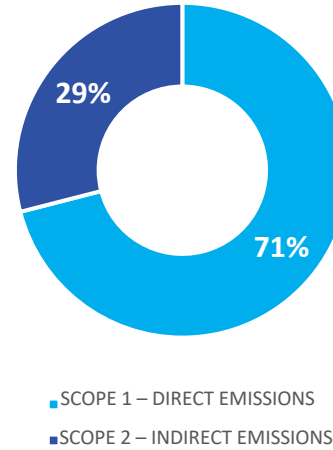
¹ Sources of emission factors considered for natural gas: 0.2005 kg CO₂/kWh

² Sources of emission factors considered for diesel fuel: 0.26665 kg CO₂/kWh

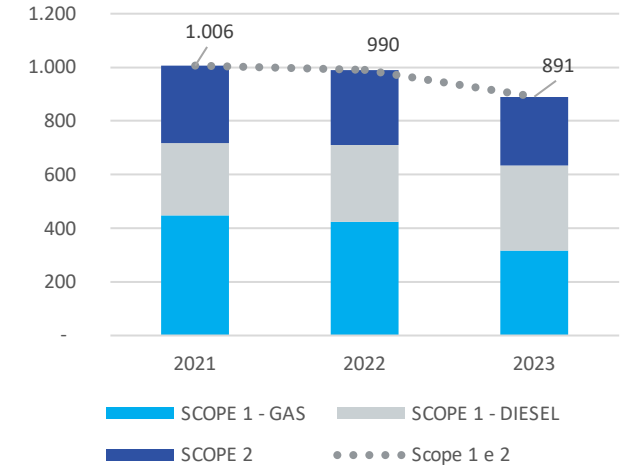
³ Sources of emission factors considered for imported electricity: 0.257 kg CO₂/kWh

*Global Warming Potential (the global warming potential expresses the contribution to the greenhouse effect of a greenhouse gas relative to the effect of CO₂).

DIRECT AND INDIRECT EMISSIONS – 2023 (%)



CO₂ EMISSIONS - SCOPE 1 AND 2 (tonnes CO₂eq)



Scope 1 - tonnes CO ₂ eq GHG emissions	2019*	2021	2022	2023	Var. 23-21
Direct combustion emissions from fixed/stationary sources (related to natural gas consumption for heating and framework production)	205	449	423	317	-29%
Direct emissions due to combustion from mobile sources (diesel)	330	270	287	317	17%
Total Scope 1	535	719	711	634	-12%
Scope 2 - tonnes CO ₂ eq GHG emissions	2019	2021	2022	2023	Var. 23-21
Electricity purchased (location-based)	174	288	280	257	-11%
Total Scope 2	174	288	280	257	-11%
Total Scope 1 + Scope 2 – tonnes CO₂eq	709	1006	990	891	-11%



ENVIRONMENTAL IMPACTS

Sustainable Mobility

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**. The use of **active means of transport such as cycling or walking** is encouraged to reduce the environmental impact of urban transport and improve people's health.

In February 2021 a **Mobility Manager** was formally appointed and the **2023 Home-Work Travel Plan** was updated and presented to the Municipality of Fiorano Modenese, following analysis of an online questionnaire that was administered to all employees and collaborators. The survey results also enable strategies and policies to be implemented to improve employee mobility and promote collaboration between companies, local authorities and employees to develop effective solutions.

Achievements in 2023

- 3,843 carpooling, cycling and walking trips
- 2,791.23 kg total CO₂ not emitted by System Logistics
- 21,471 km saved by choosing sustainable home-work mobility

Job for Shared Mobility

System Logistics supports and promotes **shared eco-friendly mobility of company staff** through the use of the JoJob app, which allows employees to compare and cross-reference their home-work journeys.

The Jojob app contains a section dedicated to people who want to **reach the LogHouse on foot or by bicycle**, to promote an active and healthy lifestyle.

Carpoolers are **entitled to reserved parking** at the company, thus **reducing the costs** related to home-work trips while providing the opportunity to **make new friends** by sharing a car with colleagues, all while reducing CO₂ emissions.

Using JoJob as a carpooler or biker also allows employees to receive 'cash back' from the company, accumulating credits that can be converted into vouchers.



The company car park is also equipped with electric charging stations to support employees' and visitors' electric vehicles, thus promoting sustainable mobility. Specifically, the charging infrastructure consists of:

- 6 Wallboxes
- 1 DC tower
- 5 towers with dual charging points

System Logistics enthusiastically joined the European information and awareness campaign on sustainable mobility for the third time in 2023. On this occasion, the company promoted the **'Happy Breakfast!'** initiative.

Between 16 and 22 September 2023, 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.

WATER RESOURCE MANAGEMENT

Water Consumption and Discharge

System Logistics uses water resources for two distinct purposes: civil uses, i.e. for domestic purposes (toilets and drinking water, vending machines, canteen) and fire-fighting/irrigation.

In 2023, 7,330 m³ of water were withdrawn for consumption, 46% of which was from wells, and the remaining 54% from the mains (third-party water resources). Compared to previous years, there was a significant reduction in the use of water. In particular, compared to 2021, water consumption decreased by 23%, which is largely in line with the Group's target of a 10% reduction by 2030.



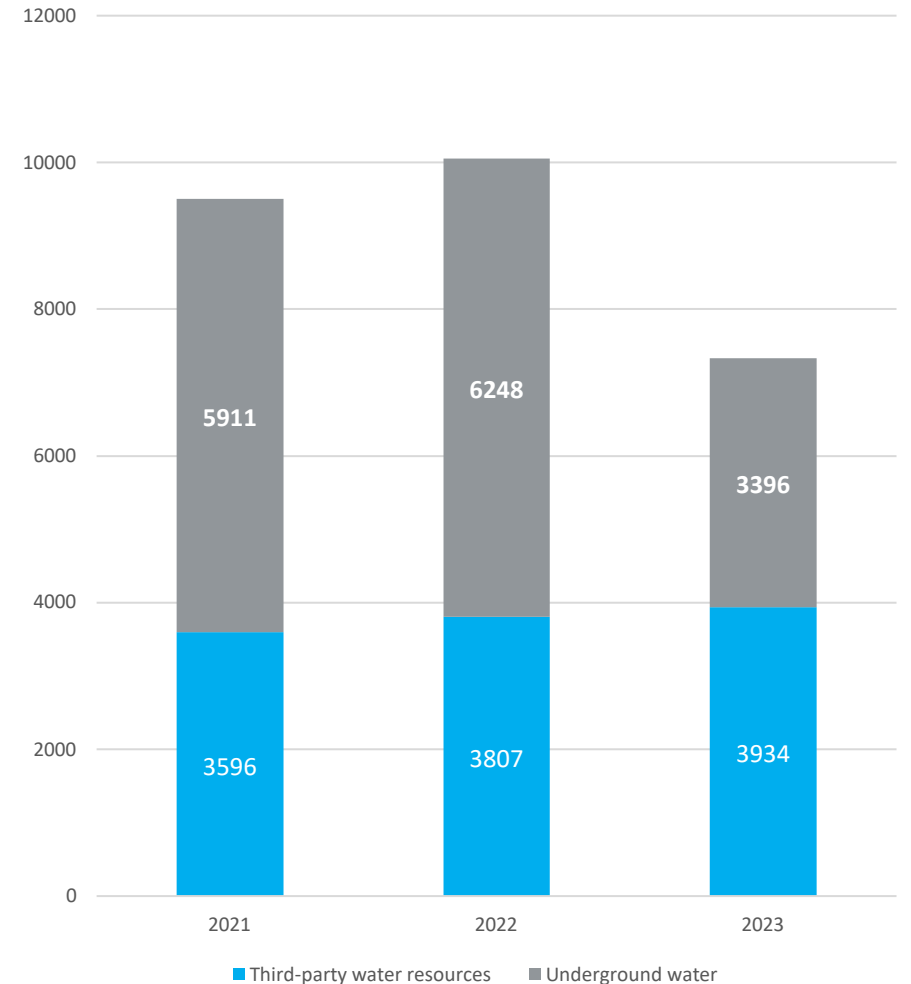
Sustainable Welcome Kit

System Logistics gives a thermal water bottle and cup to all employees as an incentive to consume water from special dispensers and reduce the consumption of cups. This small initiative to reduce plastic consumption supports the environmental sustainability actions promoted by the organisation.

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.



WATER CONSUMPTION (m³) 2021-2023





WASTE MANAGEMENT

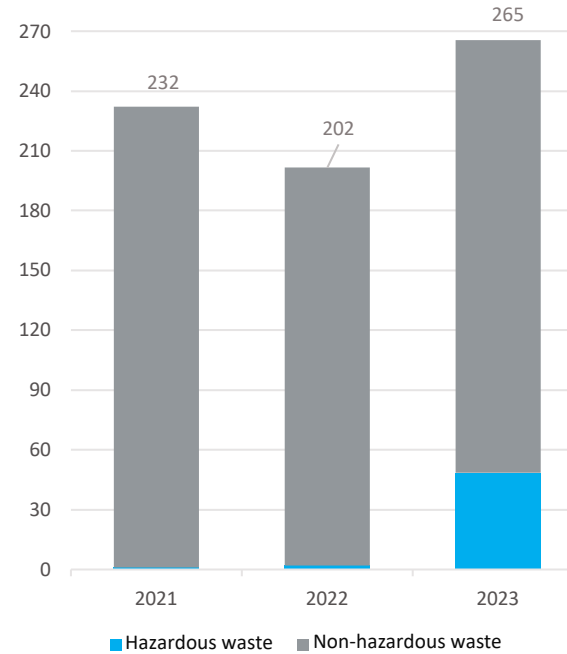
To make the corporate population aware of responsible waste disposal, regular meetings were held to explain the behaviour to be adopted in the company, also involving new employees.

Management of the impacts of generated waste is described in a special procedure that emphasises System Logistics' commitment to following the indications in the ISO 14001 certification, monitoring the final destination of the waste produced.

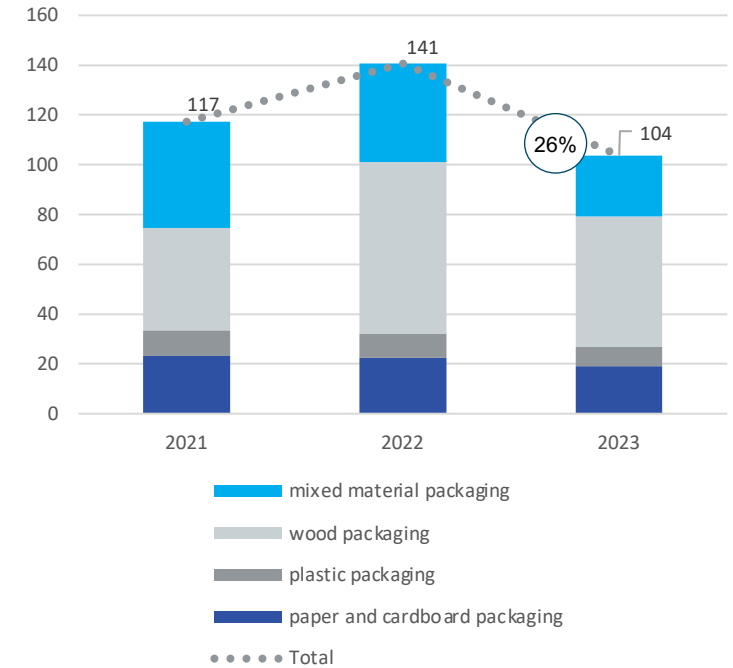
The waste figures reported in this document are monitored by means of the Single Declaration Form (Modello Unico di Dichiarazione or MUD), a special management system for recording and sharing information (Ecolwaste), and monitoring of specific monthly KPIs.

In 2023, there was a **significant increase in the total waste generated** compared to the previous year, **amounting to approximately +32%**. In detail, approximately **265 tonnes of waste was generated, consisting of 217 tonnes of non-hazardous waste and 48 tonnes of hazardous waste**. The reason for the increase in hazardous waste in 2023 was the need to dispose of stored unused lead batteries, a unique and isolated event.

WASTE PRODUCED BY TYPE (t)
2021-2023



PACKAGING USED (t)



With regard to non-hazardous waste and **paper and cardboard, plastic and mixed-material packaging in particular, there was an overall reduction of 26%** compared to 2022, resulting from less consumption of plastic, wood, and mixed-material packaging.

With a view to continuous improvement and reducing environmental impacts, several projects and activities to raise awareness and research will start in 2024.

LA SALVAGUARDIA DEL TERRITORIO

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: the **System Logistics Forest**.

For Earth Day 2023, System Logistics planted around 550 trees.

To create an ever-growing and lush forest, the company decided to plant a tree on the following occasions:

- for the arrival of each new employee;
- for each new birth of employee children.

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

DISCOVER THE SYSTEM
LOGISTICS FOREST





CONTINUING TO GENERATE VALUE: GOALS AND PRIORITIES

- To start
- Making Progress
- Achieved

	GOAL	2022 PROGRESS	2023 PROGRESS	STATUS
WATER RESOURCE MANAGEMENT	Reduce water consumption by 10% (2020 base) by 2030 Real SLOG baseline: 2021	-5.8% water consumption compared to 2021	-23% water consumption compared to 2021	●
	Make 30% of the company fleet electric by 2025		18% full-electric cars	●
SUSTAINABLE MOBILITY	Install at least 15 charging points for electric cars by 2024		12 towers (including 5 double towers) for a total of 17 individual charging points.	●
	Reduce employees' use of individual cars to travel to work	91% of employees use cars	88% of employees use cars	●
ENERGY AND ENERGY EFFICIENCY	Double the capacity of the photovoltaic system by 2024	475 kWp	475 kWp	●
	Procurement from renewable sources through mass-market retail	-	-	●
	Energy monitoring by installing energy meters on various machines and utilities	Installation of 30 metres and Kontrol On platform		●
PRODUCT EFFICIENCY	Adopt the best technological solutions to reduce the energy consumption of products and installations	Ongoing	Ongoing	●
CO₂ EMISSIONS	Contribute to the Group's target to reduce the carbon footprint of Scope 1 + Scope 2 by 80% by 2030 (baseline 2019) Real SLOG baseline: 2021	Scope 1: - 1.1% Scope 2: - 2.8 %	Scope 1: - 12% Scope 2: - 11 %	●
	Contribute to the Group's target to reduce the carbon footprint due to Scope 3 by 25% by 2030 (baseline 2019) Real SLOG baseline: 2021			●
WASTE MANAGEMENT AND THE CIRCULAR ECONOMY	Reduce hazardous waste by 10% (base 2019) by 2030 Real SLOG baseline: 2021	2.1 t hazardous waste	48 t hazardous waste	●
	Increase material efficiency and optimise the use of raw materials with a view to the circular economy			●



HIGHLIGHTS CARE THE PEOPLE

EMPLOYEES OF SYSTEM LOGISTICS GROUP

2023 773 persons
(+14% compared to 2022)

EMPLOYEES OF SYSTEM LOGISTICS S.p.A.

2023 421 persons
(+6% compared to 2022)
100% of employees with national collective bargaining agreement
100% employees hired on a permanent contract

EMPLOYEES UNDER 30 YEARS OF AGE

48% of new recruits are under 30 years of age
+11% female employment by 2022

HOURS OF TRAINING PROVIDED

10,983 training hours
26 average hours of training per employee

OCCUPATIONAL HEALTH AND SAFETY

0 accidents at work
1 'Open Eyes' awareness and training campaign
Almost 3,000 hours of occupational health and safety training managed both by external training providers and internally by the HSE body
1 'Safety Induction on construction sites' video

THE CENTRALITY OF PEOPLE

Employees and Human Resources Policies

For System Logistics, human resources represent indispensable and valuable value for its development. The company is committed to promoting dialogue and cooperation in the working environment and fostering interventions and projects oriented at training and professional development, with particular reference to occupational health and safety.

System Logistics' workforce as at 31.12.2023 consisted of 421 employees (349 men and 72 women), an increase of 24 (+6%) compared to the previous year, with 72 people on temporary contracts.

Women held roles as middle managers or office workers and their numbers also grew in 2023 by +11% compared to the previous year, consistent with the company's desire to embark on a multi-year path towards obtaining Gender Equality Certification.

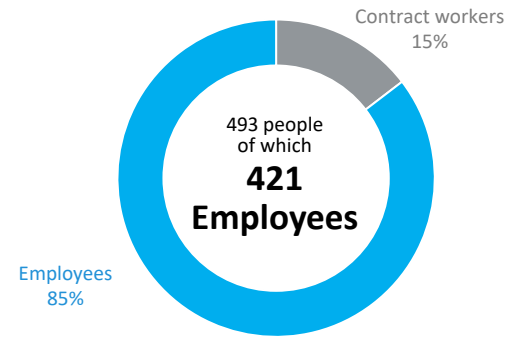
To retain employees and offer stability and paths for continuous professional growth, System Logistics prefers permanent contracts and full-time jobs, both of which were applied to all staff in 2023.

Youth employment plays an important role: in 2023, staff under 30 accounted for 24% of the entire workforce and 48% of new recruits.

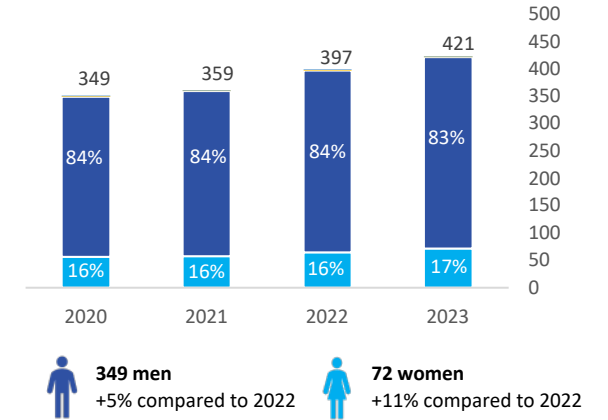
System Logistics complies with the obligations under Italian Law 68/1999. In 2023, the total workforce consisted of 7 men pertaining to protected categories; 5 were white-collar workers and 2 were blue-collar workers.

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.

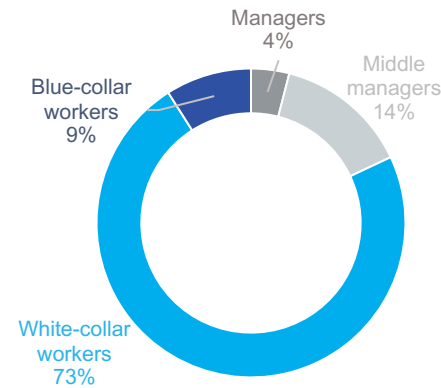
THE PEOPLE OF SYSTEM LOGISTICS



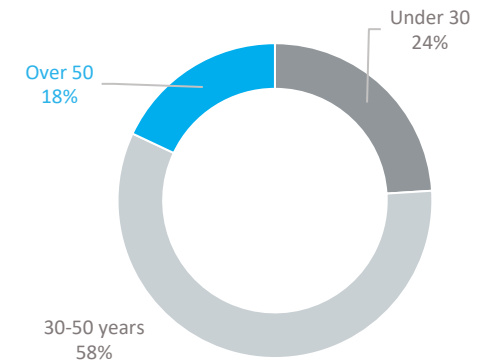
EMPLOYEES



EMPLOYEES BY JOB TITLE - 2023



EMPLOYEES BY AGE 2023



THE CENTRALITY OF PEOPLE

New Hires and Employee Turnover

In 2023, there were 64 recruitments (11 women and 53 men) against 40 separations, the latter consisting mainly of voluntary departures and retirements.

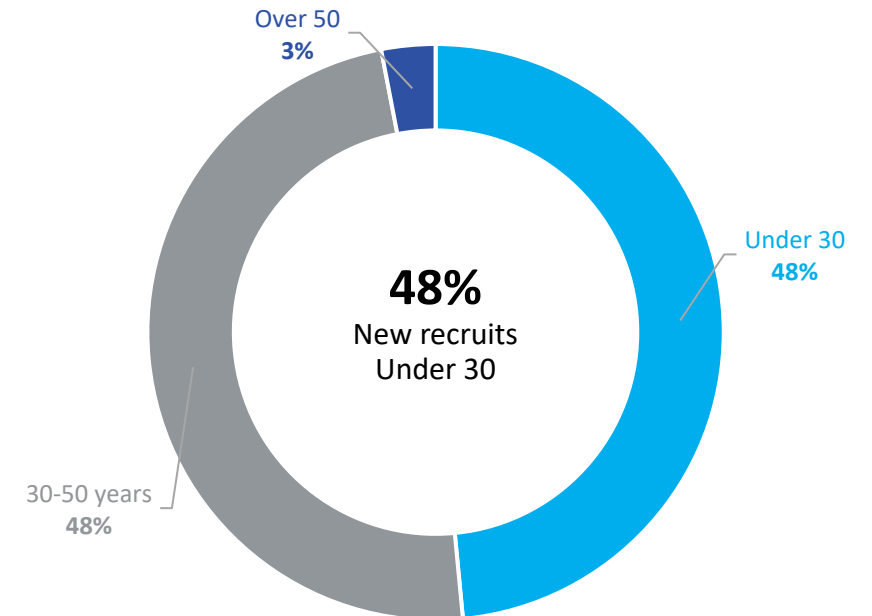
New hires mainly consisted of young workers, considering that in 2023 48% of new hires were under 30 years old (52% in 2022) and another 48% were between 30 and 50 years old (46% in 2021). The overall staff turnover rate in 2023 was 6%, down 5 percentage points from 2022, which represents good human resources management and the company's focus on employee retention, i.e. its ability to implement strategies and policies to attract and retain talented employees, keeping them in the workforce for a long time.

Parental leave

In 2023, 16 employees were entitled to and took parental leave, 14 of whom were women and 2 were men. The rate of return to work during the reporting period was 100%, as everyone returned to their position at the end of their parental leave. Sixteen employees, i.e. all of them, were 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%.

NEW RECRUITS BY AGE - 2023





PEOPLE DEVELOPMENT AND PEOPLE SUSTAINABILITY

Equity, Responsibility and Personal Development

For System Logistics, people are the key to its business success. This is why it strives to ensure that they are treated fairly, responsibly and valuably, principles that underpin the People Development strategy.

The **'Performance Appraisal'** tool, i.e. the annual employee appraisal, is at the heart of all processes concerning personal development at System Logistics. At the centre is employee performance, understood as contributions to the organisation through soft and hard skills. Performance is evaluated on the basis of results and the organisational behaviour that actually takes place, compared to that which is expected.

To effectively manage this process, System Logistics confirmed the use of **HR Tools** in 2023, which is accessible from this year forward through the new My Board *employee experience* platform and a new feature introduced in 2022. In fact, the 'Top-Down' assessment is flanked by the 'Bottom-Up' assessment for soft skills. Employees, heads and managers are involved.

System Logistics uses various internal processes and programmes aimed at:

- **Training and Coaching**
- **International Programmes**
- **Career Paths**
- **Rewards**

Talent Programmes

System Logistics offers various apprenticeship programmes and has its own **Talent Programme**, a professional training project aimed at young graduates in technical disciplines who, following their studies, have the opportunity to join the company as SW engineers, field specialists and production operators.

Talent Referral

To enhance the quality of people within the organisation and their know-how, System Logistics has introduced a programme to manage the way in which each employee 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, the sponsoring employee receives a bonus in the form of credit to be spent on the company's welfare platform.

LogPeople Survey

In October, Human Resources conducted its third **People Survey** aimed at all employees. The goal was to highlight the strengths and weaknesses of the organisation, seen through the eyes of those who experience life in the company, so that improvement actions can be taken.

THE CENTRALITY OF PEOPLE

Corporate Welfare and Well-Being

System Logistics has provided its employees and their families with a **welfare plan** managed through the online platform ‘Edenred’, and supplementary health care is offered.

To ensure a balance between work and personal life, **smart working** is available, which can be used 100% in the case of established personal or family health problems.

In 2023, 77% of employees used this mode of working, an increase from the previous year.

The Fiorano site has a company restaurant for use by employees and guests. It is managed by CIR Food and is based on two key elements:

- **territoriality:** favouring the use of local products certified PDO, PGI, PAT, 0 km;
- **biodiversity:** using predominantly seasonal and local products, ensuring the protection of the biological and genetic diversity of foodstuffs.

The restaurant is plastic free and there is a special focus on avoiding paper waste.

TakeAway: A Project to Combat Food Waste

This project allows people to take home food that is not sold at lunchtime, paying only a minimal contribution. The aim is to combat waste while also facilitating employees’ home/work balance and to contribute to Goal 12 of Agenda 2030 ‘Ensure sustainable consumption and production patterns’.



TEAMBUILDING: BACK ON SKY TRACK

The event, open to all company personnel, was organised in March 2023 in the Pampeago Alps (TN). The activities aimed to strengthen motivation and a sense of belonging to the company, promoting integration and improving communication by creating a climate of trust and esteem among the participants.

OPEN DAY

This corporate social initiative allows employees and their family and friends to share the modern and comfortable working environment of the Fiorano Modenese headquarters, with the aim of strengthening the sense of corporate belonging and inspiring future generations by sharing corporate values.

SEASON’S GREETINGS PARTY

This event was organised at the Fiorano Modenese headquarters to celebrate the year spent together and the results achieved. Under the banner ‘**Flou - Every Colour Counts**’, the company promoted inclusion and respect for diversity to combat all forms of discrimination.



THE CENTRALITY OF PEOPLE

Diversity, Inclusion, Equal Opportunities

Gender Equality Initiatives

Pink parking during pregnancy;

A 50% supplement to the INPS allowance provided during parental leave (so-called optional maternity leave);

Improved provision regarding compulsory paternal leave: all new fathers will be entitled to 11 days of compulsory leave, as opposed to the 10 days normally provided for by law and compensated by INPS;

Granting of part-time work following the right to breastfeeding leave (provided for by law until the child is one year old): employees and temporary workers may apply for part-time work of 6 hours a day on a continuous basis, for a maximum period of 6 months;

First session of the personal self-defence course for female workers: a concrete act to support women and counter violence against them.

Through transparency, System Logistics aims to highlight the issue of equal pay between men and women and measures that can be introduced to close the gender pay gap that is particularly evident in Italy today.

The data below concern the ratio of women to men for basic salary and remuneration. In particular, they confirm the equal pay achieved for middle managers and important improvements for executive and white-collar figures.

Basic salary (%) *	2021	2022	2023
Senior managers	73%	80%	84%
Junior managers	91%	100%	100%
White-collar workers	85%	87%	90%



PEOPLE DEVELOPMENT AND PEOPLE SUSTAINABILITY

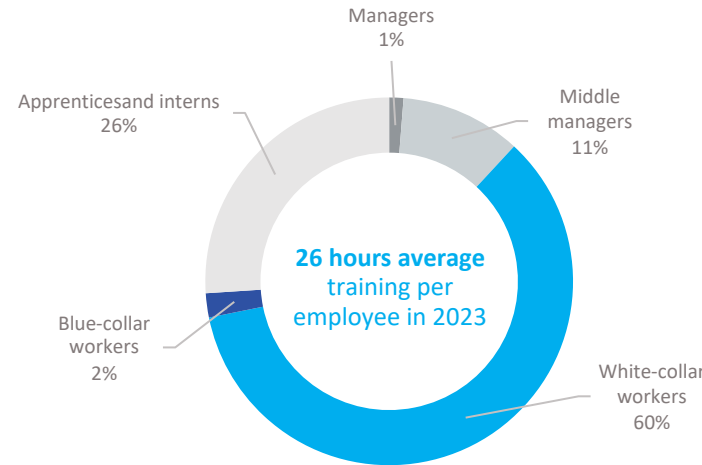
Training and Skill Development

As formalised in its **Training Policy**, System Logistics is committed to defining training paths to deepen, expand and revitalise the existing skill set. The policy applies to all company employees and trainees, regardless of the type of contract.

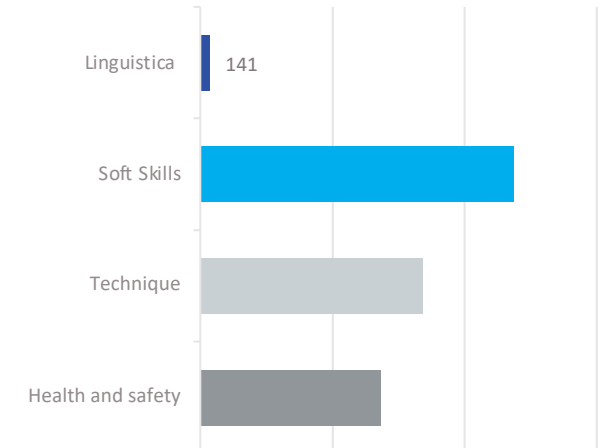
Employees have access to the **in-house corporate Academy**, a digital platform used to deliver professional training courses. In addition, through the **GoodHabitZ** platform, new and exciting paths for growth are made available.

In 2023, System Logistics provided a total of **10,983 hours of training** based on the specific role and task of the personnel. **Each employee received an average of 26 hours of training.**

TRAINING FOR PROFESSIONAL QUALIFICATION – 2023*



HOURS OF TRAINING BY TYPE (hr) - 2023



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

The My Coach Project: individual coaching and professional support for the well-being of all System Logistics people.


In 2023: **468 hours, 342 sessions and 63 people involved**

Shape your future: a programme dedicated to advancement and the professional future of personnel. In 2024, the project will be tested on the company's engineering departments and then extended to the rest of the company starting in 2025.

Across Border: a worldwide, 6-month intercultural exchange programme at Krones sites or System Logistics branches. The goal is to improve and affirm the professional skills of System Logistics employees on an international level.

▶ OCCUPATIONAL HEALTH AND SAFETY

Safety has always been a founding value and cornerstone of System Logistics' corporate culture. In 2023, the target of zero accidents at work was achieved.

<p>ISO 45001: 2018</p>	<p>40 meetings held with corporate bodies to discuss safety issues</p>	<p>38 inspections to monitor installation and service activities (excluding tests and inspections carried out by System & Machinery Safety)</p>	<p>Nearly 3,000 hours of training managed both by external training providers and internally by the HSE body</p>
<p>D.O.R: In production, with participation of the Risk Prevention and Protection Service at least 1 day a week, to manage day-to-day safety issues</p>	<p>'Open Eyes' awareness and training campaign</p>	<p>'Safety induction on construction sites' video for technicians accessing construction sites</p>	



OCCUPATIONAL HEALTH AND SAFETY

The in-house **Risk Prevention and Protection Service** is responsible for assessing the risks to which employees and temporary workers are exposed, health and safety training and health surveillance, and the documentary qualification of all contractors and subcontractors working on behalf of the company at the various sites, both in Italy and abroad. It also carries out inspections at company headquarters, installation sites and the customers' premises where the systems are installed.

System Logistics began a **project to internalise risk assessment** in 2022. There are also 3 Workers' Safety Representatives.

Medical examinations, which are managed by the Risk Prevention and Protection Service, are scheduled with the help of software that keeps track of the examinations themselves, specific exams, and their deadlines.

In 2022, 259 medical examinations were carried out, of which 100 were preventive, 151 periodic, 4 at the employee's request, 2 for a change in tasks, 2 for resuming work after at least 60 days of sick leave, and 1 for termination of employment.

In 2023, a total of 2,735.5 hours of occupational health and safety training were provided.

In addition, the **'Open Eyes' internal campaign on occupational health and safety was launched**. This lasted six months and was developed to involve and raise awareness among all colleagues and the various company departments on workplace safety issues and how to make the company safer through their own habits and conduct.



TERRITORY AND COMMUNITY

System Logistics' view of sustainability also embraces relations with local communities and support for charities, in which it is actively and constantly involved.

It follows the specific Krones Group **'Donations and Sponsorship' policy** to formalise the way in which it supports local associations and organisations.

In 2023, some €60,000 was donated to support events and projects in the region, a small gesture that reinforces the importance of social responsibility.

Supported initiatives include:

- **NonDaSola 8 marzo:** review of initiatives, events and moments of reflection to highlight the importance of gender equality
- **Come l'acqua. Le donne (in)visibili dell'Iran:** A collection of 50 images by Iranian women photographers that tell the story of the condition of women in their country in a personal and original way, far from any cultural constraints or stereotypes. System Logistics chose to support this travelling photo exhibition by offering its space and opening the doors of its premises to the public, with the aim of raising awareness of the terrible situation of women in Iran today.

Sports and volunteer organisations and associations supported include: ANPAS for the Emilia.Romagna floods, CVPC Faenza ODV, Pentathlon Modena, Associazione Volontariato Pubblica Assistenza Fioranese ODV and Go live.



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

All proceeds from the sales were donated to the Anti-Violence Centre of Reggio Emilia.



Support for sport

Promoting the #carethepeople policy, System Logistics is a **Sponsor of Pentathlon Modena**, an amateur sports club with a Paralympic fencing athlete employee.

Collaboration with the Concesco Association

For the 2023 gift, System Logistics collaborated with the Concesco Association of Sassuolo (MO).

The project stands out for its commitment to activities involving children with disabilities in the Sassuolo area and surrounding district.



CONTINUING TO GENERATE VALUE: GOALS AND PRIORITIES

- To start
- Making Progress
- Achieved

	GOAL	2022 PROGRESS	2023 PROGRESS	STATUS
HEALTH AND SAFETY IN THE WORKPLACE	<i>Zero the number of occupational accidents and the resulting lost working days</i>	3 injuries 316 lost working days	<i>0 injuries</i> <i>0 lost working days</i>	●
	<i>Contribute to reducing the number of accidents of companies operating on contract on behalf of System Logistics</i>	-	-	●
UPCYCLING AND HUMAN CAPITAL DEVELOPMENT	<i>Raise employees' awareness of ESG issues</i>	-	<i>Ongoing</i>	●
	<i>Implement a competence assessment process for a better management of employees' professional careers</i>	-	<i>Ongoing</i>	●
DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES	<i>Acquire Gender Equality Certification</i>	-	-	●
	<i>Employee training on human rights</i>	-	<i>Ongoing</i>	●
RELATIONSHIP WITH THE TERRITORY AND THE COMMUNITY	<i>Expand and structure donations and sponsorships in the local area and community</i>		<i>Ongoing</i> <i>(approx. 60.000 €)</i>	●
	<i>Organise meetings with the local community and other area businesses on sustainability and green mobility issues</i>		<i>Ongoing</i>	●



METHODOLOGICAL NOTE

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

This **Sustainability Report** testifies 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. It is useful for understanding the Company's activities, performance, results and impact.

The Sustainability Report was 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 on 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 **selected performance indicators** correspond to those envisaged by the adopted reporting standards, representative of the specific areas of sustainability analysed and consistent with the activities 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', concerning 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 **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 (hereafter also referred to as 'LogHouse') where the company has its production headquarters; the reporting period is calendar year 2023. Any limitations shall be indicated from time to time within the document.

The figures were accurately calculated on the basis of the general accounts and other information systems; where estimates are used, the method used to quantify the indicators is reported.

The Sustainability Report is published on the company's institutional website www.systemlogistics.com

This Sustainability Report was prepared with the methodological support of:





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