



Sustainability in the Supply Chain

How Swisslog enables to meet the ESG Compliance, 2023

SWISSLOG

Our business model

We are successful, when our customers are successful.

Our customers are successful, when their business model is successful.

And today's business models are based on the assumption that infinite resources are available.

But the planet has boundaries and limitations...
And this will impact economic thinking in the coming years.



Introduction to Swisslog's Policy for Sustainability and Environmental Social Governance (ESG) in the Supply Chain

Sustainability runs deep throughout our supply chain

Working with our supply chain is an essential part of achieving and continually improving Swisslog's sustainability goals. This comes over and above our own internal sustainability policies and practices.

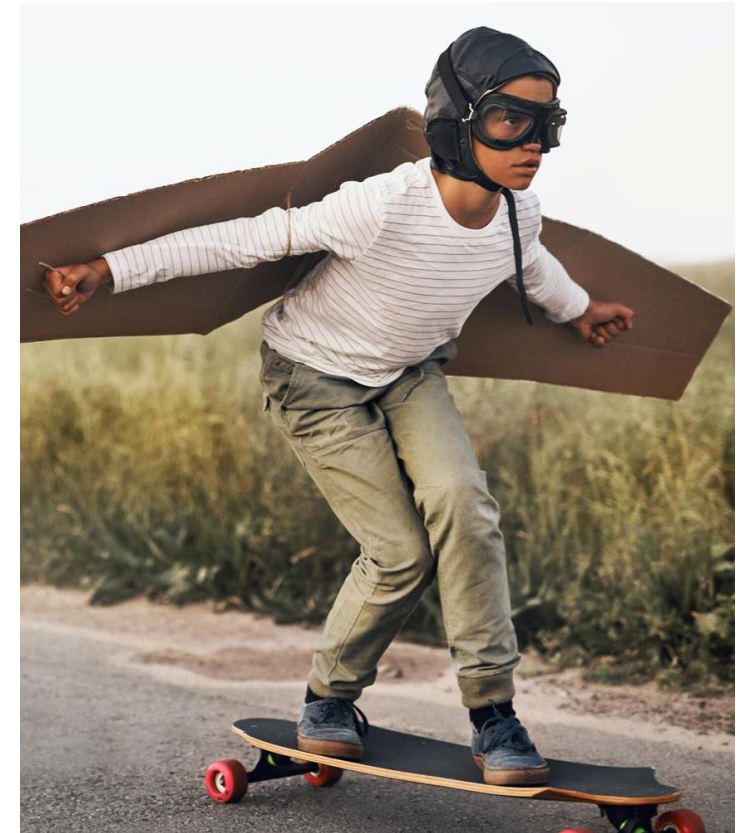
Why supply chain sustainability matters

Sustainable procurement is fundamentally important for every business today. It saves money, reduces waste, improves competitiveness, and builds a business reputation. Even more important, it helps to ensure a better life for generations to come.

As a turnkey provider, it is essential Swisslog partners with the best suppliers for our business. Together we ensure that all services and solutions made internally and by our suppliers meet our sustainability requirements.

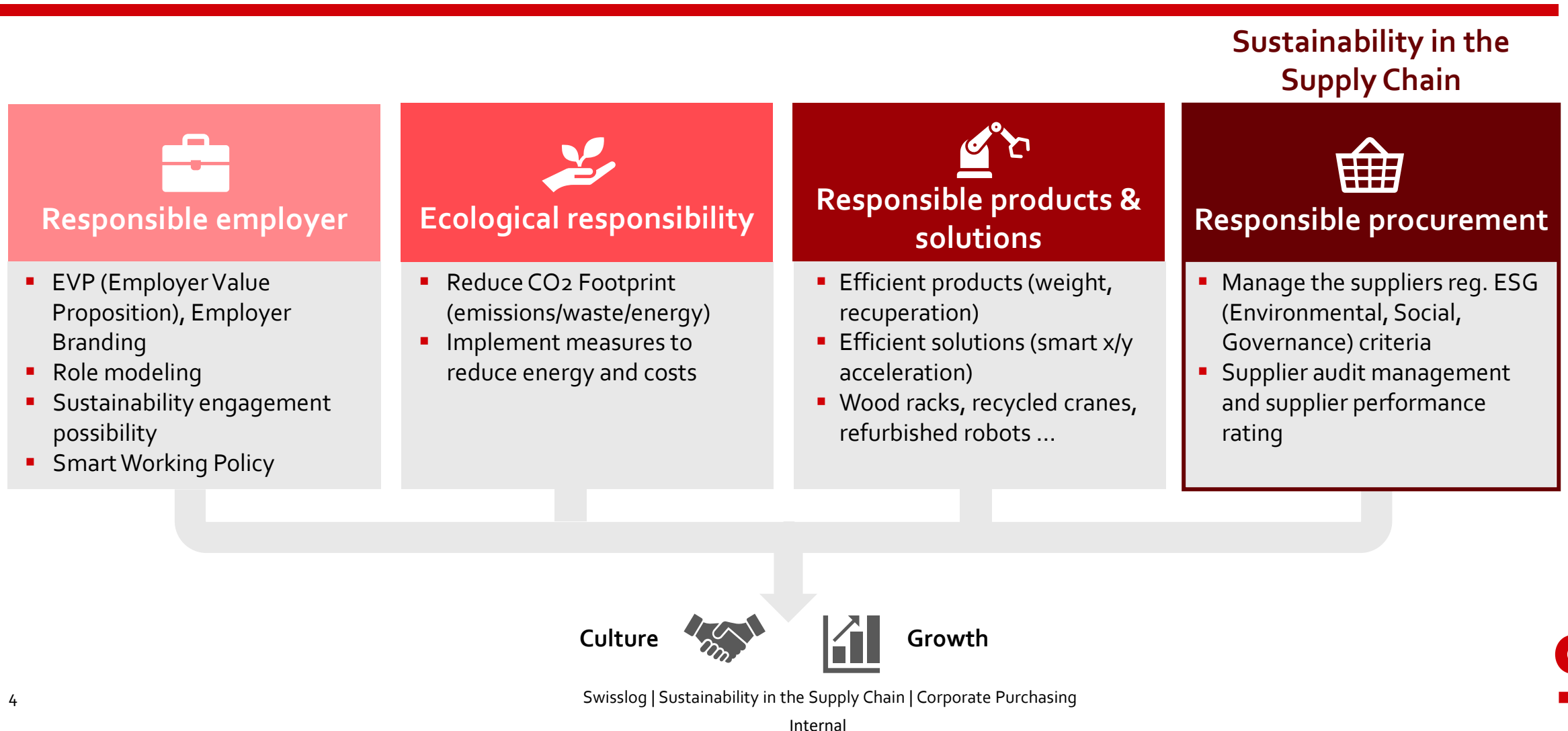
Sustainable and ethical procurement

Sustainability in our supply chain means we ensure the materials, goods, utilities, and services that we need are always sourced in an environmentally friendly, responsible and ethical way.



Swisslog / KUKA Sustainability Framework

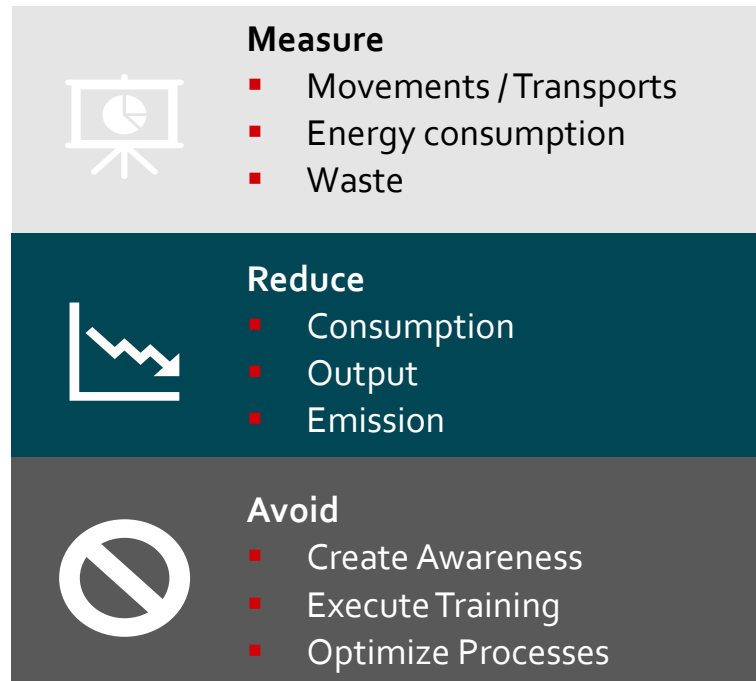
Responsible procurement as basic sustainability component



Sustainable Supply Chain development

Sustainability framework is fundamental for development

Sustainability framework



Measure

- Movements / Transports
- Energy consumption
- Waste

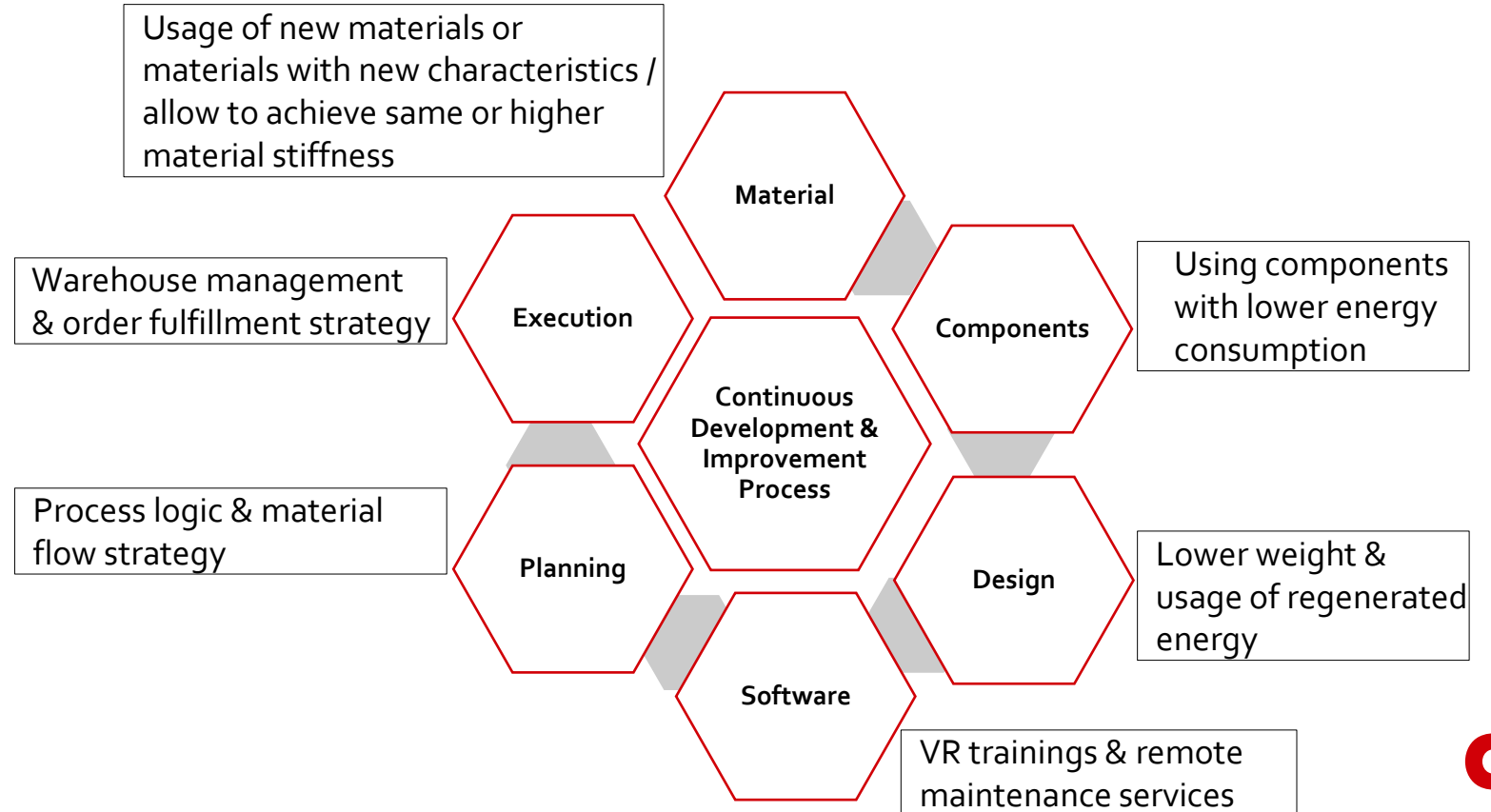
Reduce

- Consumption
- Output
- Emission

Avoid

- Create Awareness
- Execute Training
- Optimize Processes

Continuous development & improvement process



Swisslog's Purchasing Sustainability Strategy

Managed supplier sustainability contributes to Swisslog's success

- Swisslog's purchasing organization handles the **Environmental, Social** and **Governance** supply risks by actively managing defined key categories and their related suppliers.
- The ESG criteria are taken into consideration in the specifications for the scope of supply. In addition, the ESG scoring of the requested suppliers are part for the price/performance rating for the decision making to select the supplier for the purchase order.
- The development of a supplier's sustainability is continuously monitored and improved if necessary.
- Swisslog's purchasing organization contributes to Swisslog's success by increased sustainable engagements in their customer solutions as well as by increased sustainable company recognition.



How Swisslog aims to improve Sustainability in the Supply Chain

Six levers are in place in order to reach sustainability goals

Supplier Evaluation

- Suppliers are required to agree to Swisslog's Supplier Code of Conduct and the defined ESG Strategy
- IntegrityNext tool is used to onboard and to manage the Supplier ESG score

ESG Criteria in Specs

- ESG criteria constitute a part in agreed specifications and contracts

ESG Criteria in Price / Performance Rating

- ESG score represents a significant component of the Supplier Price/Performance Rating

Supplier Development

- ESG scores are regularly reviewed with suppliers and measures are identified to improve sustainability at all levels of the supply chain

ESG KPI's

- ESG KPI's (Key Performance Indicators) measuring the effect of Swisslog's procurement activities on sustainability are defined and monitored

Training

- Purchasers are trained to improve their competences in sustainability



Swisslog uses the platform IntegrityNext to manage the Supply Chain Sustainability

ESG Compliance

- Comprehensive structure covering all the aspects of Environmental, Social and Governance
- Enables to be compliant with the “German Supply Chain Act¹⁾”

IT integration

- Web-based solution with real-time updated data
- Enabling IT integration to SAP or Kodiak via API interface
- Reduced manual efforts as the suppliers register and fill-out the questionnaire by themselves

User friendliness

- No costs for the suppliers
- Easy to use system

1) Lieferkettensorgfaltspflichtgesetz



Structure of IntegrityNext



IntegrityNext enables to manage all ESG criteria and the compliance for the “German Supply Chain Act¹⁾”

Environmental

| | |
|----------------------------------|------------------------------|
| GSCA Environmental Protection | RoHS |
| Energy Management | PBT ₅ (TSCA) |
| Carbon Footprint | EU SRR (Hazardous Materials) |
| REACH | |

Social

| | |
|-------------------------------------|-------------------|
| GSCA Human Rights & Labour | Living Wages |
| GSCA Health & Safety | Conflict Minerals |
| GSCA Supply Chain Responsibility | Cobalt & Mica |
| Diversity, Equity & Inclusion | |

Governance

| | |
|---------------------------|------------------------------|
| Company Information | Financial Information |
| Management & Owner | Business Continuity |
| Quality Management | Extended Company Information |
| Anti-Bribery & Corruption | Cyber Security |
| Conflict of Interest | Data Protection (GDPR) |
| Trading Partner | |

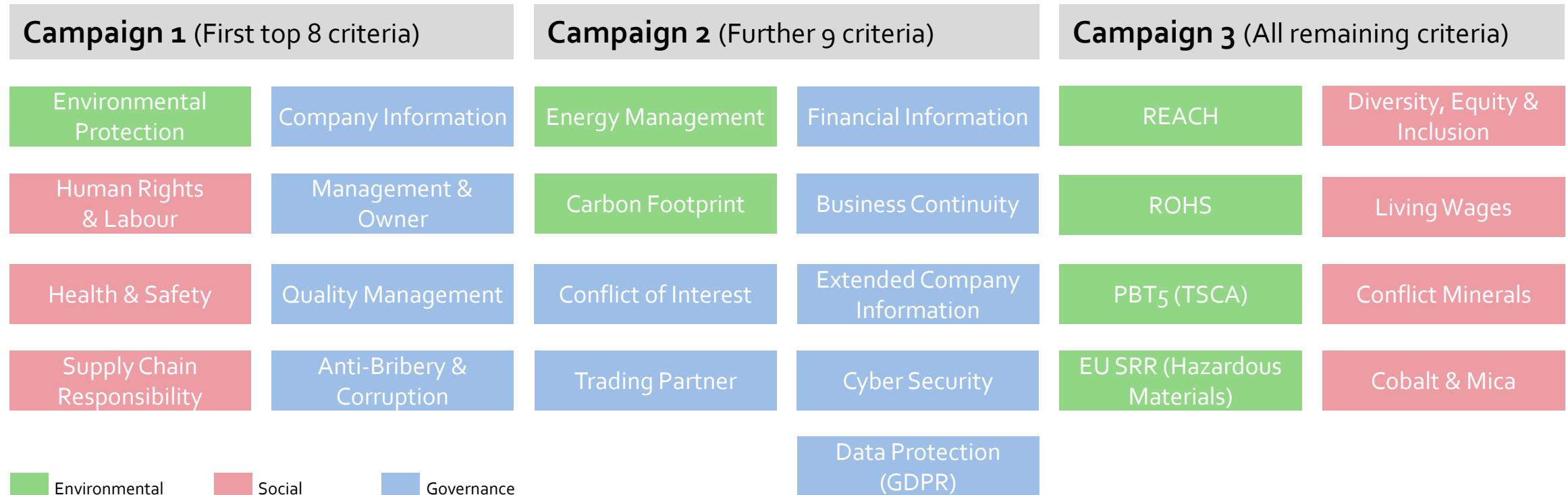
1) GSCA= key criteria in the German Supply Chain Act (LksG Lieferkettensorgfaltspflichtgesetz)



IntegrityNext Campaigns

Suppliers are requested to answer the ESG criteria

The ESG criteria are divided into three campaigns. These differ depending on various parameters of the suppliers and the goods and/or services provided. In a first step, top 8 criteria (Campaign 1) are requested from all suppliers.



Sustainability in the Supply Chain

To manage the key suppliers with the e-platform IntegrityNext

Approach

- Swisslog requires all significant new as well as existing suppliers to participate in the IntegrityNext sustainability assessment
- Suppliers are continuously managed with regards to their ESG score
- The functionality of IntegrityNext allows Swisslog to continually evaluate more than 20 ESG fields

Target 2023

- More than 80% spend of direct materials managed with IntegrityNext registered suppliers
- Our goal will be to continue to improve our sustainability management to avoid environmental pollution, create a positive social impact, and sustain our diligent corporate governance



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Thank you

Corporate Purchasing
purchasing@swisslog.com