SCHNELLECKE



SUSTAINABILITY REPORT 2022





Dear readers,

With regard to our sustainability strategy, 2022 was an important year for Schnellecke. With the adoption of our strategic directions, sustainability aspects were explicitly anchored in our strategy and clear tasks were allocated. This paved the way for measuring our business units worldwide against uniformly defined benchmarks, enabling us to document and implement the successes of our efforts in the area of sustainability.

We are now also pioneers in other areas, as this year's Sustainability Report will show. This applies to our network of HSE (Health, Safety & Environment) experts as well as our early adoption of ESG (Environmental, Social & Governance)-compliant refinancing. The fact that we started investing in sustainability seven years ago and established a dedicated corporate division for this purpose is paying off here.

I am pleased that we have continued to systematically pursue the path to an increasingly smaller ecological footprint this year as well, and that our employees are becoming more and more actively involved in driving our integrated approach to sustainability forward locally.

Best regards,

Nikolaus Külps CEO Schnellecke Group

AS AN INTERNATIONALLY ACTIVE COMPANY, WE CREATE ADDED VALUE FOR THE COMMUNITY THROUGH LOCAL ACTIVITIES IN THE FIELD OF CORPORATE SOCIAL RES-PONSIBILITY AND PROMOTE SUSTAINABLE PROGRAMS FOR A LIVABLE SOCIETY AND ENVIRONMENT.



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ADDED VALUE LOGISTICS FOR THE AUTOMOTIVE AND OTHER INDUSTRIES

The Schnellecke Group is an internationally operating family-owned company that offers a variety of logistics services. One of its focal points is value-added logistics for the automotive industry. The logistics and production divisions cover essential parts of the supply chain for companies all over the world. The portfolio is rounded off by the planning and construction of logistics real estate.

e develop overall concepts ranging from transportation and warehousing, to preassembly and value-added services, up to the sequential production of individual parts and modules and container-compatible packaging. We also manufacture body parts and assemblies for the automotive industry under the KWD Automotive umbrella brand.

We are now one of the world's leading logistics service providers in the automotive sector. Value-added logistics from Schnellecke is well-known. Few companies have the extensive know-how with which we help our customers make their processes more efficient. An important role in this is played by our commitment to continuous innovation, which means that we are always among the first to make technological innovations usable for logistics operations.





Logistics for the Supply Chain

We cover essential parts of the supply chain for companies all over the world with our two operational divisions, Schnellecke Logistics (logistics and transport) and KWD Automotive (production). More than 2,000,000 square meters of warehouse space are available at over 90 sites worldwide, supported among others by the third division, Schnellecke Real Estate.

The basis of our activity is the comprehensive monitoring of all flows of goods and logistics processes, from procurement through the various stages of production, to scheduling. We integrate the most diverse functions into the value chains of our customers based on their requirements.



Innovation: a driving force of our development

Continuous innovation is one of the cornerstones of our business. We make the latest technological developments usable for logistics operations – and we do it faster than many others.

Digital transformation has been receiving the greatest attention at our company for several years now. The focus is not only on digitalizing existing business processes, but also on developing new approaches and business models.

We have been one of the technological pioneers in automotive logistics for many years. This requires investments to identify, evaluate and implement new developments. Since Schnellecke is a company with flat hierarchies, decision-making paths are short. Thanks to this advantage, new solutions can be implemented quickly.

At the same time, we see the potential for protecting the environment and the people who work for us through the use of digital technologies.

THE WHOLE SPECTRUM OF LOGISTICS

The continuous optimization of the value chain is an essential factor in order to succeed in the face of global competition. For this, companies need a partner who takes over the planning, control and execution of the optimal flow of materials.

Warehousing, sequencing, module assembly, packaging logistics, transportation and production – Schnellecke offers its customers the entire spectrum of logistics all over the world.



Supply Logistics

In supply logistics, Schnellecke has been a strong partner of numerous international automobile manufacturers for many years. With our innovativeness and experience, we optimize our customers' supply chains and ensure optimal and secure processes. Our services include material supply with vendor parts and modules, warehouse management and order picking, sequencing, JiT-/JiS transports, line feeding, container and empties management, as well as the entire material flow management.

Warehouse Logistics

The effective operation of a warehouse is a critical factor in the supply chain. Whether production supply, distribution, spare parts or simply storage, whether order picking, packaging, goods receipt or shipping, the foundation is always customized warehouse management.

Schnellecke plans and designs complete warehouses, provides the personnel and the necessary technical infrastructure, optimizes the warehousing of goods, and continuously reduces throughput times. Our logistics software, developed in-house, combines all intralogistics components into an intelligent system. As a modular solution, it can be perfectly adapted to the customers' individual situation, flexibly modified, and scaled. Thanks to its open interfaces, it can communicate very easily with the customers' <u>ERP</u> systems – from goods receipt to storage and picking, to delivery.

Module assemblies and sequences

Module assemblies are taking on an increasingly important role in the logistics process chain of the automotive industry. Schnellecke has developed unique selling points in this field that are leading in the industry. We assemble individual parts into complete modules in our supply centers in the immediate vicinity of our customers. Our Project Planning is primarily responsible for the development of the assembly process.

The production-synchronous delivery of individual parts is another of our strengths. We sequence parts and assemblies, as well as parts and module sets, using stateof-the-art picking systems for more than forty tier 1 suppliers and seven automobile manufacturers in multi-JiS centers located close to the plant, and deliver them to the point of installation on the assembly line.

Packaging logistics

Another core competence of Schnellecke is the packaging of automotive parts in consignment sizes for transport to production plants overseas and the complex spare parts logistics, including the complete shipping organization and the necessary IT processing. Through our worldwide infrastructure and presence at the recipient plants, we offer a continuous supply chain without interfaces. More than one million cubic meters of car parts are packed and shipped annually at our facilities in Germany, Spain, the USA and India.

Spare parts logistics

We use well thought-out and customized spare parts logistics to ensure parts availability, short delivery times and process stability for our customers. Among other things, we take on warehouse management, inventory management, repacking into retail-specific packaging, empties shipping, and kit assembly – all from a single source.

Transport logistics

Having more than eight decades of experience in transport logistics, Schnellecke is one of the most experienced companies on the market. Our own fleet of vehicles, equipped with the most modern communication equipment, and several consolidation centers ensure that the transports run smoothly. Our strength is supply chain management, i.e. primarily procurement logistics, distribution logistics, plant transports and cross docking. Our service portfolio also includes numerous other services. We offer our customers a tight networking of logistics and freight forwarding. With state-of-the-art equipment, the latest IT, numerous innovations and a high degree of standardization, we solve customers' transport jobs individually and efficiently.

Planning, construction and management of logistics real estate

Schnellecke Real Estate is the business division of Schnellecke that specializes in the planning, construction, furnishing and management of logistics real estate. Worldwide, more than two million square meters of warehouse inventory are currently managed. One of the strengths of Schnellecke Real Estate is the custom adaptation of the infrastructure to individual requirements. The company develops and builds not only for Schnellecke, but also for other customers.

Welded assemblies and body assemblies

Welded assemblies are playing an increasingly important role in the logistics process chain of the automotive industry. This requires special expertise. Whether simple connecting parts or complex body assemblies such as complete exhaust systems – we are also the competent partner of the automotive industry for welded assemblies. KWD Automotive AG & Co KG is responsible for this business segment. The company has been part of the Schnellecke Group since 1994. One of the focal points of KWD is also lightweight construction. Customers are supported in reducing the weight of essential structural components in vehicle construction with production-proven solutions in aluminum, steel and composite materials.

THE SIX KEY SUSTAINABILITY GOALS OF SCHNELLECKE LOGISTICS SE

he UN has set 17 Sustainable Development Goals (SDGs), which came into force on January 01, 2016 and will initially run until 2030. These Sustainable Development Goals are intended to serve the purpose of ensuring sustainable development on an economic, social and ecological level worldwide.

In 2019, the goals that were especially relevant for the company were defined during the management conference of the Schnellecke Group. With three votes each, the executives were able to select the most important SDGs for Schnellecke. They form the framework of the strategy development process for sustainability within the Schnellecke organization. Based on these, KPIs were defined and are tracked.



HEALTHY LIFE FOR ALL

Ensure a healthy life for all people of all ages and promote their well-being.

Occupational safety and health protection have been top priorities at Schnellecke for many years.



TAKE IMMEDIATE ACTION

Combat climate change and its effects.

Implement environmental protection measures and <u>Kaizens</u> to preserve a livable world for future generations, for example through photovoltaic installations, the planting of trees, and more.



EDUCATION FOR ALL

Ensure inclusive, equitable and high-quality education and promote lifelong learning opportunities for all.

Schnellecke invests in further training opportunities and employee qualifications and will continue to expand this.

 RESPONSIBLE CONSUMPTION AND PRODUCTION

SUSTAINABLE CONSUMPTION AND PRODUCTION PRACTICES

Ensure sustainable consumption and production practices.

Responsible use of packaging materials and recycling processes within the organization. Avoid waste through intensive use of LEAN management methods.



SUSTAINABLE AND MODERN ENERGY FOR ALL

Ensure access to affordable. reliable, sustainable and modern energy for all.

The use and implementation of renewable energy sources for our energy needs is an essential component in contributing to the reduction of CO2 emissions.

1ST PLACE, 36 VOTES

PLATZ 2, 30 STIMMEN

3RD PLACE, 25 VOTES

4TH PLACE, 21 VOTES

5TH PLACE, 20 VOTES







PEACE, JUSTICE AND **STRONG INSTITUTIONS**

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build strong, accountable, and inclusive institutions at all levels.

Regularly review sites for compliance to requirements and act with integrity. Zero tolerance policy towards discrimination. Support non-profit organizations in the communities around our sites.

5TH PLACE, 20 VOTES

SUSTAINABILITY AS AN ESSENTIAL PART OF OUR STRATEGY

www.schnellecke.com/de/schnellecke-group/strategie

n 2021, the so-called strategic thrusts were developed within the strategic target process. The ten strategic thrusts form the guard rails for our strategic development (SMART 25) and serve as additional input for the annual goal houses of Schnellecke Logistics SE (SLSE).

In the area of sustainability, the following relevant thrusts were identified:

- Responsible Management of Resources
- Living Corporate Social Responsibility

In addition, Schnellecke prepared an ESG-compliant refinancing in 2021, which took effect in 2022. In it, we commit to reducing our CO₂ emissions by 30% by 2027. The targets within the strategic thrusts are evaluated annually for Schnellecke Logistics SE and adjusted if necessary. New targets can also be defined for the following year. The framework for this is provided by the corporate mission statement, the Schnellecke Spirit.

Based on internal and external analyses, as well as an environmental analysis, an analysis of strengths, weaknesses, opportunities and threats (<u>SWOT</u> analysis) is performed. This results in the strategic focal points for the following year.

In addition, so-called division standards were defined for SLSE in 2021, which ensure that each site adheres to central framework requirements. In addition to human resources planning and accounting, occupational health and safety, and environmental protection and energy efficiency are defined as fundamental tasks of the sites, which are checked for compliance on a random basis by means of internal audits.





"COLLECTIVE TOUR DE FORCE TO WORK ON THE SAME ISSUES WORLDWIDE"

SCHNELLECKE ANCHORS THIS FIELD IN THE CORPORATE STRATEGY USING A FRAMEWORK FOR LOCAL CSR PROGRAMS



Matthias Malicke, Vice President, Germany Region and Sven Virgens, Vice President, Asia Region

Corporate Social Responsibility is more than just a phrase at Schnellecke. "My mother taught me that social responsibility is paramount, not only for our employees, but also for society," emphasizes Professor Rolf Schnellecke, Chairman of the Supervisory Board of the Schnellecke Group. "This social responsibility is at the core of our corporate values and is an inseparable part of the Schnellecke Spirit."



he Schnellecke Spirit, together with the vision, mission and central value proposition, forms the basis for the corporate strategy. Based on this, ten strategic thrusts were defined as strategic guard rails in 2021. Two of the ten thrusts are explicitly related to sustainability:

- Responsible Management of Resources
- Living Corporate Social Responsibility (CSR)

As is the case for all other thrusts, there is a person responsible and two sponsors from top management. They are to drive the implementation of strategic initiatives and ensure that clear and measurable annual targets are defined within each thrust. Andreas Wagner, COO at Schnellecke, is responsible for the "Living Corporate Social Responsibility" thrust. The two sponsors are Matthias Malicke, Vice President, Germany Region, and Sven Virgens, Vice President, Asia Region.

"The first step we took was to define the field of CSR in more concrete terms in 2022," Virgens reports. "We collected topics and first got an overview of what activities were underway worldwide in this regard." The results were surprising: there were a wide variety of actions, albeit some with completely different focuses.





Three areas of focus for CSR

Following the analysis, three topics were defined in which Schnellecke intends to focus its CSR efforts in the future:

- 1. Inclusion
- 2. Caring for the Neighborhood
- 3. Employee Volunteering

Topic 1 is about the integration and inclusion of people with disabilities. "As a conscientious company, we are committed to a society in which discrimination has no place and equal opportunities prevail in the labor market. We want to give people who have fewer opportunities on the labor market a chance, so we also set up the workplaces accordingly," Virgens explains.

Topic 2 calls for commitment to the environment at the sites. "We are part of a global ecosystem," Malicke says. "That's why we promote local programs to preserve forests, green spaces and biodiversity, and also the participation of our employees in environmental sustainability projects."

Topic 3 is designed to get employees involved in volunteer activities outside of work. "We don't just want to pull money out of our wallets, but motivate our employees and create awareness for social and sustainability issues," Malicke explains. "As a company, we actively support employees who take on social responsibility and volunteer in non-profit organizations and projects."



CSR in the goal house

In 2024, the topic of CSR will be comprehensively anchored in the goal houses for the first time. "To do this, we need to define <u>KPIs</u>, because otherwise it is not possible to check whether a goal has been achieved or not," says Virgens. "This is quite possible for the topics of inclusion and non-profit engagement. Only the topic of care and preservation of the environment in the vicinity of our business units falls a bit outside the scope here. That's why there are no <u>KPIs</u> planned for it."

Non-profit projects were already specified in the goal house in 2022. Otherwise, it was still very much up to the individual regions or business units to decide in which areas they would get involved, if at all. That is now set to change.

At Schnellecke, we see ourselves as one large entity, regardless of which part of the world we operate in," Malicke emphasizes. "This unity should also be reflected in our CSR strategy in the future." He and Virgens are well aware that there may be problems in doing so. "In different countries, we not only have different political and legal frameworks, but in some cases also major cultural differences, also in terms of values. Defining uniform goals there is a

SELECTION OF 2022 NON-PROFIT PROJECTS

In 2022, 69 non-profit projects were supported worldwide, in Germany for example:

- Various collection and relief activities for refugees from Ukraine and people in Ukraine, including, among others:
- Accommodation for Ukrainian refugees in the guesthouse in Glauchau
- Assistance on arrival and initial care
- German language courses offered by Schnellecke employees
- Job offers in the company
- Paid leave of absence for an employee to donate bone marrow (DKMS)
- Donation of table soccer to the Machern children's shelter in Leipzig; volunteer work/support of an old people's home in/around Leipzig

- Design of a playhouse at the Regenbogen kindergarten/nursery in Maxhütte/Heidhof
- Volunteering at the forest playground at the Machern children's home inLeipzig; tree planting campaign
- Volunteering at the food bank in Zwickau
- Donation of the proceeds of around 500 euros from a bottle deposit collection campaign in Bremen for the purchase of basic foodstuffs in Togo
- Support of the Dresden Night Café (drop-in center for the homeless) by donating three thermal insulation mattresses for sleeping places; since 2023, personal involvement/help by employees of the Dresden Schnellecke site in serving meals to the homeless in the evenings.



challenge in itself. So we can't just take our goals developed against a Western background of experience and values and make them binding for all regions."

Framework for local programs

Therefore, the ambition is merely to provide a framework within which independent local programs can then be developed and implemented. Everyone should choose areas within the common framework in which to set local priorities.

The issue of employee volunteering is particularly close to Schnellecke's heart. "Just pulling out money – that's like paying indulgences in the past. You are just buying yourself free," says Virgens. "We take a more sustainable view. We want to use what we do to motivate our employees to get involved in the community and the environment in which they live, and offer them our support in doing so. As a company, we do not specify any projects. It is entirely up to the employees to decide where and how they want to get involved as long as it is simply within the given framework."

Malicke and Virgens emphasize that involvement in the communities around the sites is generally accepted everywhere. With the strategy now developed, cultural specifics are also being taken into account. "Even if it's not so easy, we want to go down this path," concludes Virgens. "The fact that we make a concerted effort to address the same issues worldwide should be enough to distinguish us 16 | 17

as an international company. CSR is therefore no longer just a concern of individual sites, but quite visibly also Schnellecke's corporate strategy."



SUSTAINABILITY AS THE DRIVER OF CHANGE

"MOVE2FUTURE" - THE NEW STRATEGIC DIRECTION OF KWD AG

The year 2022 was a time of intense discussion at KWD AG about the general direction of the company. In the end, a goal house was formulated with sustainability at its center.

www.kwdag.com/en 🔭



WD's strategic goals are defined in the form of five pillars in a goal house. Each year, specific subgoals are formulated for each of these areas. The middle pillar of this goal house has been labeled "go zero" since 2022. "That's not just a label, it's a challenge," says Max Dores, head of the Strategic Management Office at KWD AG.

The Paris Agreement on the Environment agreed to reduce greenhouse gas emissions to achieve climate neutrality by 2050. "That was already an ambitious goal. However, it has since been adjusted again by some major automakers, with the goal of achieving climate neutrality as early as 2030," Dores said. "All the companies that manufacture components for the major OEMs are highly committed to achieving this goal. That's why we have also made sustainability our central focus."

The change in market requirements already led to a number of environmentally relevant investments being made at KWD in 2022. However, this is only the beginning of a long process, as Dores emphasizes, since the production division of the Schnellecke Group has to deal with very special challenges.

Only CO₂-neutral components from 2030 onward

"One of our major automotive customers has told us that it will only accept CO2-neutral components as of 2030," reports Dores. "And that doesn't just refer to the manufacturing process, but to the entire life cycle of the product. So we have to take into account later recyclability as early as the design stage. This involves enormous process requirements, which we are now very committed to implementing with great ambition and determination."

"Well, there are various ways to achieve the required climate neutrality. One popular method is to buy CO₂ certificates from other companies. But such purchases are not sustainable from an environmental perspective, nor can a long-term strategy be built on them", Dores said. "After all, it's not just our customers who make such demands on us, but also the banks, for example. They don't like the idea of buying certificates, and they make that clear when it comes to ESG-compliant refinancing. And rightly so, because ultimately it's like sweeping everything under the rug."

This makes it clear that KWD must take the bull by the horns. "Innovation, automation and optimization of the infrastructure are strategically very important goals for KWD AG," emphasizes Dores. "For example, we significantly reduced emissions by purchasing a new press in Radeberg two years ago, as well as in Portugal by investing

in new welding robots. In the Czech Republic, we converted the lighting to LED, and in Spain we installed solar panels on our building. This is all in our own hands. It's more problematic with our raw material suppliers, because here we depend on the cooperation of our partners and their willingness to communicate openly." However, thanks to a constant exchange with suppliers, we are well on the way to creating more transparency in terms of sustainability.



Three strategic pillars for achieving the goal

To achieve the "go zero" goal, KWD AG has specified three key areas:

- CO₂-reduction
- Use of recyclable material
- Reduction of the accident rate

These goals are defined once for KWD as a whole and then broken down by site. "We have a very heterogeneous landscape as far as our individual sites are concerned," explains Dores. "First of all, there's the difference between the press shop and the body shop, and then there are country-specific differences. All this has to be harmonized, or in other words, put into one uniform strategy."

As an example, he cites the accident rate, which varies greatly from site to site. In Germany, it is recorded by the employers' liability insurance association, but this does not exist in other countries. For this reason, KWD has committed itself to gradually transferring the strict regulations that apply in Germany to all other European sites.

KPIs were defined for each of the goals against which progress can be measured. Unlike the logistics division, the metric chosen was turnover, not value added. "In logistics, turnover is almost identical to value added," Dores said. "At KWD, we have 75 percent material purchases and 25 percent value added. That's why we chose turnover." KPIs are tracked using software developed specifically for this purpose.



"move2future" - Guiding Vision until 2030

However, it is essential to win over as many employees as possible to participate in the upcoming tour de force. To this end, an internal corporate strategy was developed and launched in mid-2022. The objective and name of the strategy are "move2future". The strategic orientation will be communicated to employees via posters, flyers and the Internet. The campaign was kicked off with a series of workshops with managerial staff at the sites, at which someone from the Executive Board was also present to emphasize its importance. Now the campaign is being taken further under the responsibility of site management. "This is, of course, extra work for everyone in addition to the day-to-day business," says Dores, who personally led the workshops. "In close cooperation with a newly positioned marketing department, we are well on our way to successfully rolling out the strategy across the entire company. Everyone understood that we not only have to meet the requirements of customers, but also fulfill our responsibility to future generations."

PHOTOVOLTAIC AT KWD IN SPAIN

A pilot project was set up in 2020 in a cooperation between KWD Spain and KWD Portugal to analyze the future supply of alternative energies to the production facilities and to derive recommendations from this. One of those recommendations was to increase the use of photovoltaic panels on production buildings.

"One problem, however, is that we don't own the buildings everywhere," says Diego Del Llano, Quality Manager at KWD AG and responsible for the project in Spain. "It was not a problem for us in Pamplona, since we own the building. In Lisbon, we produce in rented premises where the owner has concerns about putting solar panels on the roof."



After appropriate preliminary planning, the photovoltaic modules were installed on the roof of KWD AG in Pamplona in August 2022. Covering an area of around 1,800 square meters, which corresponds to approximately forty percent of the roof surface, they deliver a maximum power yield of 431 kW.

Since then, Pamplona's electricity consumption has dropped significantly. "Our goal is to get about 15 percent of our energy needs from solar," Del Llano said. "And we can expand that even further, although not indefinitely. That's because not every square meter of the roof can be used, either for technical reasons or because the amount of sunshine is not equally optimal everywhere.

ENVIRONMENT

"We are committed to becoming one of the most sustainable logistics service providers in the world by focusing on climate neutrality."





IS NATURA COLOUR

SCHNELLECKE LOGISTICS SE: CLIMATE NEUTRAL BY 2040

Climate change is likely to become one of the most important factors in the loss of biodiversity by the end of the century.

s part of the two strategic thrusts "Responsible Management of Resources" and 'Living Corporate Social Responsibility", Schnellecke Logistics SE is committed to climate neutrality by 2040. Our concept of sustainability is based on the United Nations (UN) Sustainable Development Goals (SDGs). The SDGs bring together the social and ecological challenges facing the world and us as a company.

We are aware that it is important to understand these challenges and the opportunities they present, to examine their relevance for Schnellecke, and to identify possible measures that our company needs to take.

With our focus on climate neutrality, we are firmly anchoring our ambitions in the future development of the company and are involving our customers, the local communities and our employees to this end. In this way, we are committed to becoming one of the most sustainable logistics service providers in the world.

A 30% reduction in CO₂ emissions per square meter and the achievement of an A score with CDP (Carbon Disclosure Project) by 2027 are firmly implemented within the ESG-compliant refinancing. All Schnellecke sites worldwide will be additionally certified according to ISO 45001 (occupational safety) and predominantly according to ISO 14001 (environment) by 2024.

Numerous areas for optimization

Areas for optimization include the use of intelligent industrial truck technology, modern and sustainable building structures, alternative drive technologies in transportation, and the coupling of the recharging technology of industrial trucks with the building management system. Measures such as "Cycling to Work" or the change of the company car fleet also make a significant contribution.

The formation of international working groups addresses the concerns and requirements of the

regions and creates a global information platform to further define and promote sustainability standards.

In addition, further recycling programs are continuously being set up in order to reuse materials sustainably and to conserve resources. This includes, among other things, the consistent reuse of single-use pallets, in particular in our own area of responsibility, for internal transports. Furthermore, together with external organizations, we are trying to give packaging materials a second life through upcycling projects, for example by donating them to kindergartens as handicraft supplies.

By implementing social projects at our sites, we involve our employees in environmental protection activities, for example by providing clean drinking water in regions where this cannot be taken for granted. Similarly, we are taking advantage of opportunities for reforestation in some regions or the restoration of green spaces in the vicinity of our business units worldwide. Through targeted training and development, we are empowering employees to achieve our ambitious ecological, economic and social goals and heightening their awareness of sustainable projects within our organization.

As the experience of recent years has shown us, it is not only larger projects such as a hydrogen forklift fleet or PV systems that have a high impact, but also smaller measures, such as the simple use of rainwater barrels for watering flowers on green spaces, especially on older existing properties.

Our goal is not only to implement larger projects, but also to implement smaller measures through the involvement of our employees, which in sum equally represent a fundamental part of our daily operations in order to be able to act sustainably.

We are promoting biodiversity by integrating climate neutrality into our strategy process while taking into account legal requirements for the preservation of protected areas and waters in the course of our business activities in order to leave behind a livable world for future generations.

ENERGY CONSUMPTION AND CO2 EMISSIONS OF THE SCHNELLECKE GROUP

Total consumption in kWh of the Schnellecke Group

<u>Reporting limits</u>	2022	2021	2020
Electricity	50,757,726.36	48,859,260.10	47,348,648.00
Natural/liquid gas	19,492,185.95	20,750,907.74	10,193,654.00
Heating oil	132,977.00	139,105.80	228,650.00
District heating	12,564,461.00	13,182,731.00	17,088,150.00
Fuels	42,337,073.95	39,088,862.64	23,261,525.70
Total in kWh (SLSE + KWD)	125,284,424.25	122,020,867.28	98,120,627.70

* Comparability of consumption is only possible to a

limited extent, see reporting limits.

In 2022, we recorded our electricity consumption in China, USA, Italy and Russia for the first time. We also included two additional sites in South Africa and Germany. Electricity consumption also includes the kWh consumed by our electric company car fleet in Germany.

- Natural gas consumption at KWD fell sharply; despite the additional SLSE sites in Italy and Spain, overall consumption was lower than in the previous year.
- We use heating oil in one building to heat the offices – due to the high proportion of people working from home, we did not have the same high occupancy rates in the buildings as in previous years and were therefore able to reduce the temperature significantly in some departments.
- Fuel consumption increased consumption from Italy and South Africa were included for the first time.





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THE GREENHOUSE GAS PROTOCOL AND SCOPES 1, 2 & 3 EMISSIONS

The classification of emissions into three classes (Scopes 1,2 and 3) comes from the Greenhouse Gas Protocol (GHG Protocol). This is a standard for measuring and communicating greenhouse gas emissions that takes into account the entire value chain.

The GHG Protocol distinguishes between direct and indirect emissions of greenhouse gases.

Scope 1 denotes the direct release of climate-damaging gases within the company itself.

Scope 2 denotes the indirect release of climate-damaging gases by energy suppliers.

Scope 3 denotes the indirect release of climate-damaging gases in the upstream and downstream supply chain.



CO2 EMISSIONS OF SCHNELLECKE LOGISTICS SE*

CO ₂ Scope 1** by country	Summe Total CO ₂ e [kg]	CO ₂ Scope 2** by country Scope 2	
Scope 1	13,044,614.52		
Germany	10,565,730.10	China	
Italy	41,992.85	Germany	
Mexico	186,421.24	Italy	
Slovakia	1,924,484.08	Mexico	
Spain	291,280.70	Russia	
South Africa	34,705.54	Slovakia	
		Spain	

* Comparability of consumption is only possible to a limited extent, see reporting limits.

** Reporting year 2022

Scope 1

õ

- Fuel emissions increased in the transport division in Germany due to increased volume.
- In Mexico, an additional part of the building in Hermosillo was managed by Schnellecke in 2022, thus increasing the consumption of natural gas for cooling.
- Italy and Spain have started recording diesel and natural gas consumption. In South Africa, 6 additional sites were also recorded.
- The USA will report the consumption of the company fleet in the following year.

- Scope 2 increase in emissions.
 - at the site.

South Africa

Total result (1+2)

USA



■ SLSE ● Total operating hours

Summe Total CO2e [kg]

6,484,433.30
280,416.68
4,361,198.78
62,699.66
1,273,868.04
7,163.32
420,642.23
-
26,787.80
51,656.80
19,529,047.82

Total result	2,686,831.35
Activities in connection Related to fuel and energy	2,461,287.12
Business travel	171,706.64
Upstream and down- stream transports	53,837.59
by activity	Iotal CO2e [kg]

CO₂ Scope 3**

In Germany, the CO2 factors for electricity have doubled, resulting in a manifold

• In Mexicali, the halls and buildings had to be cooled early due to the hot outside temperatures compared to previous years. This increased electricity consumption

 In San Jose Chiapa, the site operated in only one shift in 2021 and training courses were held exclusively online. In 2022, the training academy again operated with full-time attendance and a three-shift system.

Slovakia reduced the hall temperature due to the war and the resulting scarcity of resources, thus minimizing electricity consumption.

• Spain has been sourcing all its electricity from renewables since 2022.

China, Italy, Russia and the USA began recording electricity consumption in 2022.

Summe

CO2 EMISSIONS SCHNELLECKE TRANSPORT LOGISTIK

Diesel		GHG emis	Reduction of G (k	HG emission g <u>CO₂e</u> in %)	
		EN ITW	EN with	EN _{TTW}	EN _{wtw}
	2022	1,188,799	1,483,658	19.74	19.74
Braunschweig*	2021	992,845	1,256,009	-5.96	-5.96
	2020	1,055,730	1,335,562	-2.60	-2.60
	2022	2,262,612	2,823,811	25.90	25.90
Zwickau*	2021	1,797,113	2,273,456	-14.24	-14.24
	2020	2,095,619	2,651,084	-10.77	-10.77
	2022	853,557	1,065,266	-6.34	-6.34
Nordcargo*	2021	911,313	1,152,865	-4.93	-4.93
	2020	958,560	1,212,637	-16.79	-16.79
	2022	1,021,352	1,274,679	-14.46	-14.46
Lozorno*	2021	1,193,977	1,510,453	-12.19	-12.19
	2020	1,359,667	1,720,061	-16.58	-16.58
Ludwigsfelde*	2022	1,892,323	2,361,679	12.84	12.84
Luawigsielae	2021	1,676,995	2,121,500	-	-
Total	2022	7,218,642	9,009,093	9.84	9.84
	2021	6,572,243	8,314,283	20.16	20.16
	2020	5,469,576	6,919,344	-11.99	-11.99

		GHG emiss	ions (kg <u>CO₂e</u>)	Reduction of GHG emissic (kg <u>CO2e</u> in 9		
		EN _{TTW}	EN	EN _{TTW}	EN _{wtw}	
Lozorno*	2022	197,528	253,276	32.28	32.28	
Lozorno*	2021	149,326	191,470	-	-	
Braunschweig*	2022					
Total	2022	197,528	253,276	32.28	32.28	
	2021	149,326	191,470			

		GHG emissic	ons (kg <u>CO₂e</u>)	Reduction of G	HG emission g <u>CO₂e</u> in %)
		EN _{TTW}	EN wtw	EN _{TTW}	EN wtw
Zwickau*	2022	64,917	81,881	-	-

* own truck fleet only

BUSINESS TRAVEL

(Germany

	2022			2021			2020		
	Kilometers	kg CO₂e	kg CO₂e ∕km	Kilometers	kg CO₂e	kg CO₂e ∕km	Kilometers	kg CO₂e	kg CO₂e ∕km
Airplane (<785 km)	136,499	17,204	0.13	92,768	11,977	0.13	73,800	9,503	0.13
Airplane (785-3700 km)	80,148	6,638	0.08	37,064	2,995	0.08	78,096	6,602	0.08
Airplane (> 3700km)	378,391	57,549	0.15	10,889	6,941	0.64	510,861	57,652	0.11
Rail	118,332	4,203	0.04	52,715	1,945	0.04	119,966	4,940	0.04
	713,370	85,594	0.40	193,436	23,858	0.88	782,723	78,697	0.37
Reduction compared to previous year		+259			-70			-81	

• This data only includes travel booked via our service provider.

 Reduced CO₂ emissions in 2020 and 2021 due to Corona: Business travel policy adjusted; only absolutely necessary trips were made.

South Africa

		2022		2021		2020			
	Kilometers	kg CO₂e	kg CO₂e ∕km	Kilometers kg	CO2e	kg CO₂e ∕km	Kilometers	kg CO₂e	kg CO₂e ∕km
Airplane (<785 km)	9,216	1,358	0.15		0			0	
Airplane (785–3700 km)	245,430	21,421	0.09		3,653			3,653	
Airplane (> 3700km)	79,910	5,793	0.07		5,688			3,924	
	334,556	28,572	0.31		9,341			7,577	
Reduction compared to previous year		+206			+23			-92	

USA

	2022		
	Kilometers	kg CO₂e	kg CO₂e ∕km
Airplane	603,679	57,153	0.095

• Conversion to digital variant.

 High increase in CO₂ emissions in 2022 due to support at the sites. Internal audits were again carried out on site.

PERFORMANCE INDICATORS OF THE KWD GROUP

KWD consumption in kWh 2022

	Czech Republic	Portugal	Radeberg	Spain	Wolfsburg	KWD Group
Electricity	10,523,121.00	3,967,866.00	11,472,801.00	2,022,949.00	6,675,670.00	34.662.407.00
Natural gas	1,427,941.20		1,310,312.00	1,029,614.00		3.767.867.20
Liquid gas	221,119.80		1,064,047.59			1.285.167.39
Diesel	83,816.48	70,837.00	231,815.76	20,203.00	134,304.51	540.976.75
Gasoline	11,033.88		4,534.57	12,636.00	26,977.75	55.182.20
District heating			4,753,418.00		4,144,000.00	8.897.418.00
Solar				67,711.00		67.711.00
Total energy consumption	12,267,032,36	4,038,703.00	18,836,928.92	3,153,113.00	10,980,952.26	49,276,729.54

KWD CO₂ emissions in kg 2022

	Czech Republic	Portugal	Radeberg	Spain	Wolfsburg	KWD Group
Electricity	4.104.017,19	876.898,39	2.937.037,06	-	1.708.971,52	9,626,924.15
Natural gas	287.016,18		263.372,71	187.389,75		737,778.64
Liquid gas	52.847,63		254.307,37			307,155.01
Diesel	22.295,18	18.842,64	61.662,99	5.374,00	35.725,00	143,899.82
Gasoline	2.912,94		1.197,13		7.122,13	11,232.20
District heating			1.330.957,04		1.160.320,00	2,491,277.04
Solar						-
CO ₂ emissions	4,469,089.13	895,741.03	4,848,534.30	192,763.75	2,912,138.65	13,318,266.85

CO₂ emissions in t per € 10 million turnover

	Czech Republic	Portugal	Radeberg	Spain	Wolfsburg	KWD Group
2018	362.40	581.30	407.00	238.30	438.10	398.50
2019	316.00	491.30	438.40	196.70	527.60	381.70
2020	300.00	498.80	409.90	217.30	406.90	355.10
2021	316.70	175.50	462.00	187.00	536.90	367.10
2022	271.80	153.40	303.60	40.00	423.60	250.80

Due to the partially very different products produced at the individual sites, a turnover of 10 million euros each was defined as a reference value for CO₂ generation. No other common benchmark could be identified.

- In 2018, a new site was added in Wolfsburg (Vogelsang).
- A new site in Bedzedin, Czech Republic, was added in 2021.
- Spain added solar panels in January 2022.

Waste separation rate in %

_	Czech Republic	Portugal	Radeberg	Spain	Wolfsburg	KWD Group
2018	98.0	98.0	98.0	100.0	92.2	99.0
2019	86.0	98.0	98.8	93.0	94.9	82.5
2020	96.0	83.0	98.8	93.0	81.1	92.9
2021	95.0	74.0	99.4	94.0	95.3	92.7
2022	94.0	92.0	99.6	97.7	93.1	welding 93.5 Press plant 99.6

 General waste is disposed of by municipal waste disposal companies and the figures are estimates.

- Portugal and Spain sites have very high level of maturity in the management system. Improvement in recycling is possible but will not be reflected in an increase in the percentage.
- KWD Wolfsburg and Bohemia are not yet certified according to ISO 14001. Data will be more accurate as of the time these sites begin certification.

1				
1	Data of	occupational	accidents with	lost working day
x		UCCUDATIONAL	accidents with	IUSL WURKING UAV

	Czech Republic	Portugal	Radeberg	Spain	Wolfsburg	KWD Group
2021	4.00	45.10	32.53	44.00	10.46	25.00
2022	6.50	15.51	24.52	13.10	12.39	15.50

SUSTAINABILITY STRATEGY 2030: "INDUSTRY, INFRASTRUCTURE AND INNOVATION"

KWD AG's strategy places particular emphasis on sustainability. By 2030, the goals of the Guiding Vision will therefore have been put into practice with concrete measures. These goals relate to scopes 1 and 2. In addition to the existing SDGs of the Schnellecke Group, focus was placed on "Industry, Infrastructure and Innovation" as part of the sustainability strategy, as these are particularly relevant.



• KWD Wolfsburg and Bohemia have a very high scrap rate; the improvement program will reduce the proportion of scrap, which will have a direct impact on the recycling rate.

• The KPI value is based on the German employers' liability insurance association and the aim is to bring the international plants up to the German level as a first step.

ays per 1 million working hours



CREATING GLOBAL ENERGY STANDARDS

THE ENERGY SAVING WORKING GROUPS WERE LAUNCHED IN MID-2022 – THE FIRST **RESULTS ARE NOW AVAILABLE**

Conserving natural resources as much as possible is an essential part of the transition plan to climate neutrality at Schnellecke. Good ideas for saving energy are continuously being developed at individual sites, but they are often not fully implemented at other sites within the company. That is why Schnellecke has created the Energy Saving Working Groups.

asked ourselves how we can communicate good ideas developed at one site to other sites," says Philipp Unger, Head of Group Sustainability Management at SLSE. "Although we have a special database for this purpose, we had to conclude that it was not enough."

That's why the Energy Saving Working Groups, or ESWGs, were created. The idea behind them: When an idea is developed in one region, all other regions should learn about it promptly. To ensure that this happens, all members of the ESWGs should come from management positions. "Each group is then led by a managing director, business unit manager or regional area manager," Unger explains. "The region that has developed an idea to be discussed in an ESWG automatically takes over the leadership of the respective group."

Six groups to start

Six groups were prescribed centrally at the start, and each region was asked to register two people per working group. Topics for the groups include forklifts, heating, truck transportation, renewable energy or lighting.

Andrew Schubart, Head of OPEX in the USA, for example, heads the ESWG "Forklifts and Material Handling Equipment". The starting point was the fact that Schnellecke is working with hydrogen-powered forklifts at a customer. "We then analyzed the advantages and disadvantages of

this technology," says Schubart. "I then presented the result to our Working Group and we exchanged ideas about it across the regions."

Mario Montiel, who heads the Ford business unit in the Mexico region, moderates the group for photovoltaic. With his staff, he developed a business case for solar cells on the roof of the building in Hermosillo in 2022. "This is the first solar installation for Schnellecke

In 2023, an initial summary of the ESWG concept will be carried out and the process will be adapted as necessary. But overall, Unger is optimistic. "I believe that we have already received one or two inputs through this exchange, especially in the further implementation of PV systems in all regions worldwide with the empirical data from Hermosillo."

Philipp Unger, Head of Group Sustainability Management



in Mexico," Montiel said. "I shared our experience of planning and developing it into a business case with the group. This has been met with a lot of interest."

First summary at the end of 2023

"The goal of the working groups is not just to provide each other with information," Unger emphasizes. "It's also about creating standards that apply in as many regions as possible. The Hermosillo example shows that this is not always easy because different national funding programs exist."

Unger points out that the participants in the Working Groups are not identical to the HSE Experts - and quite deliberately so. "The Working Groups are exclusively concerned with the topic of energy and the generation of ideas as well as their distribution, which are then quickly incorporated into the daily business of the individual sites. The HSE Experts' field of work is much broader and often more differentiated."

The first meeting of the newly formed Energy Saving Working Groups was held in September 2022. "Two of the six groups have now entered into a good

> exchange, but there is still room for improvement with the others," reports Unger, who is aware of the problem. "It's often due to limited time capacity, because only managers are involved here, and they

The goal is to create standards that apply to all regions if possible.

are often very busy."



THE COMPETENCE CENTER IS AUTOMATING RPA **PROCESSES IN ADMINISTRATION AND PRODUCTION USING SEVERAL RPA BOTS AND ONE CHATBOT**

What began two years ago with the automation of an office application has now developed into a full-fledged Competence Center with four human and several virtual employees.

arten Niebuhr, who heads the Robotic Process Automation (RPA) Competence Center, attributes the rapid growth primarily to the activities of the RPA Scouts. "We taught volunteers from all over the world basic RPA knowledge in a four-hour training course and developed a bot together. This sensitized them to identify processes that could be automated as a result."

The results have been impressive. While the work hours saved by the first bot amounted to just 30 hours per month in 2020 in 2021 bots had already taken over 9,000 work hours. And this year there will be around 32,000 hours of work worldwide that no longer need to be done by humans.

And the bots are not only on the move in the administration area, but now also in operations. "There are reports, for example, that have to be made available to employees on a daily or weekly basis," explains Niebuhr. "Generating such reports is an ideal task for bots."

Another impoertant task is the transfer of data to the Schnellecke Digital Control Tower (DCT). For example, bots can read PDF files and provide the content to the DCT.

"We have also investigated whether bots can help employees directly with their work, for example on the production line," says Niebuhr. "But we haven't made any progress there so far."

Chatbot for reporting illness

However, progress has been made on another subject. "Our latest achievement is a chatbot," Niebuhr reports. "It has now been active at our sites in the USA for a short time."

The chatbot is used for employees to report sickness, a task that was previously performed by an external call center. After entering the employee's personnel number, the bot queries the name of the person reporting and automatically sends a notification to the team leader. When reporting, the bot is also able to correctly interpret free text.

Niebuhr is convinced of the chatbot's possibilities, especially when working with an RPA bot: "For example, a chatbot can be used to send an RPA bot the message 'I need report XYZ'. The RPA bot then fetches the corresponding report and sends it to the requester."

At the same time, the new bots have increased the effort required to manage the servers on which they run. The IT Infrastructure Competence Center in particular is feeling the effects of this. For this reason,

The platform for controlling the bots is called Orchestrator and is checked several times a day by department staff.

There are many reasons why a process might fail. Sometimes it's simply an unstable Internet connection that causes an interruption, sometimes it's a software crash. "Some processes take only seconds and run a few dozen times per hour," Niebuhr explains. "And some run only once a month, but then take hours. So if the software the bot is communicating with ever has a problem, it will also have one."

the control of the bots has just been outsourced to the cloud. In the medium term, a position will also be created exclusively for the RPA infrastructure. After all, the bots need to be closely monitored.

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Daily monitoring

"One weakness of RPA bots is that they don't run as stably as purpose-written software," Niebuhr admits. "This requires some effort in day-to-day operations. However, developing a bot is much faster and less expensive."

This is also one reason why a bot is never completely finished, but is continuously developed and optimized. In any case, the security and far-reaching stability have also impressed others. "We are the first service provider to be allowed to operate with our own RPA bot in the SAP system of our customer Volkswagen," says Niebuhr. "With it, we have automated 3,000 hours this year."





USA: HYDRATION DAY

It often gets very hot in southern USA in particular, where Schnellecke's sites are located. With an internal campaign, employees at their workplaces were made aware of how important sufficient fluid intake is for their health and drinks were provided.

MEXICO: REFORESTATION

Located between the municipalities of Leon, San Felipe, Ocampo and Silao, the Sierra de Lobos is a natural reserve of approximately 1,270 square kilometers. It is home to 181 species of birds, 39 species of reptiles, and 34 species of mammals. This area is of great importance to the region because it enriches the groundwater by retaining the soil and also contains minerals such as gold, silver, lead, zinc, copper, limestone and stone deposits.

In cooperation with Reforestamos Mexico A.C., employees of the Schnellecke Puerto Interior site in Silao "adopted" one hectare of the Sierra de Lobos and planted 700 trees there, one for each employee.







GERMANY: **CYCLING TO WORK**

The German Schnellecke employees were asked in an internal campaign to cycle to work between May 01 and August 31, 2022, in order to reduce the impact on the environment and to improve their own health and fitness. There were a total of 75 participants in the campaign. They cycled 37,814 km on their bikes during the campaign period, a distance almost the length of the Earth's circumference (around 40,000 km), and saved 7.44 tons of CO₂.





SOUTH AFRICA: **GARDEN AT** CONTINENTAL

The employees of the Schnellecke Continental site came up with the idea of planting a grassy area with native plants. Continental made a plot of land available for this purpose. All employees were invited to participate in the activities to create the "garden" and also to bring plants from their own gardens. The focus was on native plants that improve air quality, for example spekboom and mother tongue/snake plant. Spekboom in particular, a small South African plant, absorbs and stores exceptionally large amounts of carbon dioxide (CO_2) from the atmosphere.

To maintain the garden, employees volunteer weekly to keep it in good condition and remove weeds. Recycled water from air conditioner pipes is collected to water the plants to avoid wasting water. Used cans and containers are collected and recycled as pots for office plants for employees.

WASTE MANAGEMENT

Waste separation rate

Region	in %
SLSE Group Areas	90.16
Germany	90.62
Europe	92.90
Transport	63.44
Logistics & Transport	86.44

Type of disposal

	Quantity in tons
Disposal	29.74
Recycling	2,595.03
Recycling (energy)	243.47
Recycling (material)	3,976.38
Total result	6,844.62

Waste Types)

	Quantity in tons
Wood	3,363.83
Cardboard, paper & paperboard	2,837.06
Mixed recyclables	204.60
Foils & plastics	185.38
Mixed municipal waste	132.48
Metals	65.26
Hazardous waste	19.75
Other waste	36.26
Total result	6,844.62

1 KG CO₂ LESS IN 1 MINUTE

BY SIMPLY ADJUSTING ITS PRINTERS, SCHNELLECKE SAVES AROUND 750 KG OF CO₂ PER YEAR IN GERMANY

It is often quite simple to reduce a company's ecological footprint. A good example of this now originates in the Germany region

he impetus came from Professor Rolf Schnellecke, Chairman of the Supervisory Board of the Schnellecke Group, when, while walking along one of the office corridors at the Wolfsburg headquarters, he noticed that the printers would activate when he passed them.

"We have very modern printers there with sensor technology that detects movement," explains Marko Lutz, Head of the IT Service Desk team. "When a person moves toward the printer, it activates. And Professor Schnellecke asked the right question: Why does the printer start up if I don't want to print?"

As a result, Lutz's team sat down to look at the situation. The first measure was to make the sensors less sensitive. "For the printers in the hallway, where someone walks by every two minutes, we turned them off completely," reports Marcel Schönke-Cain, Senior IT Administrator at the IT Service Desk. "And then the team came up with the idea of taking a look at the sleep timer as well."

Sleep timer changed

The sleep timer determines how long a printer remains active before it shuts down to sleep mode again after an activation. "Many printers remained in standby for up to two hours after activation," Schönke-Cain said. "That's why we set that time period much shorter on all 23 printers in the



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headquarters. None of our colleagues noticed that either, because the modern printers boot up so quickly that you hardly have to wait."

The changeover took place in September 2022, and was carried out directly from IT via the network, taking about a minute per printer. Initial results were quickly available. "We save one kilogram of CO₂ per printer per month," reports Lutz. "That may not seem like much at first glance, but it adds up over the year." And it adds up over the Germany region, because that's where the team found another forty printers that could be adjusted accordingly. This amounts to an annual saving of around 750 kg of CO₂e.

Fewer office printers

"We will take the next step in 2023," reports Lutz. "Then we will significantly reduce the total number of printers. The new central printers will not print immediately, but only when the employee swipes his or her chip card. That way, we maintain confidentiality and further reduce the number of office printers."

However, even more CO₂ can be saved on employees' PCs and laptops than on printers. "There are colleagues who never shut down their computers at the end of the working day, but only lock them. The computer consumes electricity in this state," says Lutz. "At the same time, the current computers we have boot up in a few seconds. If all employees consistently turned off their computers at the end of the day, we could save a lot of CO₂. And you can also simply switch off the office printer on Friday evening using the power button, which saves additional electricity."

Group Sustainability Management has now presented the printer solution to the other regions so that the switch can be made worldwide.

SOCIAL ISSUES

"At Schnellecke, we see ourselves as one big entity, no matter in which part of the world we operate. This unity should also be reflected in our CSR strategy in the future."





"A VIBRANT NETWORK THAT LEARNS FROM EACH OTHER"

HSE EXPERTS AT SCHNELLECKE

What used to be Safety Specialists are now HSE Experts. At Schnellecke Logistics SE (SLSE), they are deployed at all major sites worldwide – and on a full-time basis.

t wasn't always this way, as Philipp Unger, Head of Group Sustainability Management, explains. "Five or six years ago, there was a total of just under forty people worldwide for this, but they didn't do it full-time. In 2022, there were around seventy people, most of them full-time. If we add the sublevel of safety officers, we have more than 350 health, safety, and environmental specialists at SLSE."

HSE Experts need to have completed their training as safety specialists and a separate training in environmental protection topics. They are responsible for occupational safety as well as the implementation of the health, environmental and sustainability policies of Schnellecke Logistics.

Where the number of employees does not allow for a full-time HSE Expert, one or more sites are supervised via a shared service.

From HSE Scouts to HSE Experts

"In the Germany region, we are currently considering whether to train our HSE Scouts as safety officers," reports Unger. HSE Scouts are trainees who deal with the topics of health, safety and the environment as part of their training. They identify potential for optimization in these areas at their respective workplaces and suggest solutions. "We also offer them the opportunity to become HSE Experts, in which case we provide them with a mentor and sponsor the necessary further training."





Philipp Unger, Head of Group Sustainability Management

On average, there is a meeting of the regional HSE managers with the corporate division every two weeks to update each other on current developments. "We have also introduced an HSE Emergency Call," says Unger. "If an accident happens above a certain severity, the region has to inform us within 24 hours. We then call together all regional managers worldwide and present the accident so that appropriate measures can be taken everywhere to prevent a recurrence. This must then be done within four weeks."

The region where the accident occurred is required to conduct a root cause analysis. It then investigates whether it is a pattern seen elsewhere. Unger gives an example: "In 2022, we had an increase in forklift accidents. There are many reasons for this. Sometimes there's a lack of approach guards in the goods receiving area, but sometimes it's driver naiveté." That's why a project has now been identified in which a camera solution warns the forklift of collisions.

"Our global HSE community is a vibrant network that learns from each other," Unger states. "Many new ideas are generated, and many of them are subsequently implemented. There aren't many logistics companies with this kind of structure on this scale."

UNDERSTANDING THE PROCESSES DOWN TO THE LAST DETAIL

<u>HSE</u> Experts at Schnellecke in South Africa

In South Africa, the HSE Experts are called OSHE Coordinators. Amoré Nel, Regional Health and Safety Manager at Schnellecke South Africa, explains their training and working methods.

Including Amoré Nel, there are seven OSHE Coordinators working in South Africa. "In 2021, there were only two, and the other positions, such as the Regional Health and Safety Manager, were created in 2022," Nel reports. Like everywhere else in the world, these are full-time positions. "The minimum requirement for an OSHE Coordinator is a degree or certificate of advanced education in occupational safety," Nel explains. "This is also the law here. We also prioritize that they have experience in implementing ISO 14001 and ISO 45001 standards and have auditing experience."

Newly hired OSHE Coordinators are sent to an external training program by Schnellecke to gain further qualifications on ISO 14001 and ISO 45001 if they don't already have them. "You really have to understand something to be able to implement it in the workplace," emphasizes Nel, who herself has degrees in Occupational Risk Management and Occupational Health and Safety Management.

Once hired, the new OSHE Coordinators must familiarize themselves with the OHSE and work processes at their respective sites. These are comprehensively specified in iGrafx, a software tool. All documents relevant to a process can also be called up directly from there. "This is a very important step," Nel emphasizes. "New OSHE Coordinators have to understand the processes down to the last detail, otherwise they are easily overwhelmed by their tasks – especially because we work in the customer plants, where we also have to understand our customers' processes and their responsibilities."

Help via WhatsApp

This detailed preparation did not yet exist at the beginning of 2022. As a result, more than half of the new OSHE Coordinators left Schnellecke after a short time. "That's why we changed the conditions at our company," says Nel. "In addition to familiarization with the processes, there is now support from me and the rest of the team when problems arise. We all get together once a week, share experiences, discuss problems and help each other. In this way, we not only continuously improve and optimize the implementation of the OSHE management system, but everyone also feels that they are not alone. And for urgent problems, we've set up a WhatsApp group, where anyone can post questions and get help immediately."

Nel has also streamlined reporting. "Now there is only one sheet with all the essential KPIs. This allows OSHE Coordinators to spend more time on the shopfloor than in front of a PC."

After the new employees had been trained, an important project was tackled in 2022: the integration of risk assessments into the work instructions. "Our instructions are very detailed, and everything is presented not only textually but also visually. This is one of our strengths in South Africa and was also highlighted by external auditors. We have illustrated practical examples labeled with traffic light colors, i.e. red, yellow and green. In this way, we familiarize our employees with the topic of occupational safety and make them understand why these rules exist: because they are for their own benefit."

The success validates this approach; initial evaluations show that the number of workplace accidents has decreased in 2022. To further raise employee awareness of health and environmental issues, a year-round internal campaign was planned for 2023 and has so far been successful. In addition, all hazard assessments are currently being revised and work instructions updated once again. Nel is convinced. "If our employees understand the hazards of their daily work, then we have already taken a big step in the right direction."



Amoré Nel, Regional Health and Safety Manager at Schnellecke South Africa

KEY FIGURES EMPLOYEES

EMPLOYEES WORLDWIDE*



Pursuant to Section 154 of the German Social Code, Book IX, companies with more than 20 employees must staff at least five percent of these jobs with severely disabled employees or employees with the same status as severely disabled employees as of 2022. People with

a degree of disability of at least 50 are considered severely disabled. People with a degree of disability of more than 30 but less than 50 can apply to the employment agency for equal status. If the application is successful, they are treated the same as severely disabled persons.

OCCUPATIONAL SAFETY (SLSE)

1000 Empl. Rate

	2022
Germany Region	24.87
Transport Division	25.52
Europe Region	28.10
Mexico Region	2.68
South Africa Region	10.66
USA Region	7.1
China Region	0.00

The industry average for the 1,000-employee ratio is 35.0 for logistics and 42.0 for the transport division (Mix 38.5).

Accident severity

	2022	2021	2020
Germany Region	20.20	21.00	14.10
Transport Division	45.58	28.39	21.04
Europe Region	-	-	-
Mexico Region	80.00	25.00	17.00
South Africa Region	24.62	6.54	50.10
USA Region	27.33	9.00	74.20
China Region	0.00	0.00	-

The health of our employees is our most important asset, which we achieve by creating a safe working environment and providing protective measures.

We continuously reduce accidents and injuries through training in the handling of hazardous situations and the operation of work equipment.

topics:

• Analysis of near misses,

- ous situations,
- Introduction of protective measures

SOCIAL ISSUES
2022
SUSTAINABILITY REPORT

2021	2020
37.91	31.37
35.70	33.74
29.07	24.48
3.68	5.44
15.40	8.5
1.76	2.73
0.00	

We continuously reduce accidents at work and optimize the health protection of our employees by focusing on the following

- Early identification of hazards,
- Improving working conditions,
- Training on and recognition of hazard-
- Occupational health management,



THE WOMEN@SCHNELLECKE COMMUNITY WANTS TO **BE A SOURCE OF INSPIRATION AND ENCOURAGEMENT** FOR NEW IDEAS AND ACTIONS

PROMOTING EQUAL OPPORTUNITIES AND DIVERSITY

The situation of women in companies is still a still a much-discussed topic. There are different approaches, from the establishment of an equal opportunity officer to the introduction of a women's guota. to the introduction of a women's guota. At Schnellecke, the company has decided to take a different approach: the women@schnellecke initiative.

https://www.schnellecke.com/en/careers/working-for-schnellecke/women-schnellecke

t started in 2021, reports Janine Rauch, who has been with the initiative since the beginning. "This is a subject close to my heart," she emphasizes. She says it is extremely important to talk about equal opportunities for women and how there are too few women in management positions at Schnellecke - and to actively improve this from a woman's perspective. When the impetus for the initiative came from the Chief Financial Officer, she was immediately enthusiastic.

"Together with Miriam Reichelt from the HR department, we took our first steps," she reports. "Our first question was: How can we get an overall picture of the situation of women at Schnellecke? Is this only a problem for management positions or does it run through the entire company?"

After many discussions and a series of workshops, an initial picture emerged. This was discussed with the Management Board, and certain problem areas running through all levels were identified. From this, spheres of activity were derived and a mission

statement for the initiative was developed. It states: "The women@schnellecke initiative of Schnellecke Logistics SE is aimed at all colleagues

who would like to get involved in equal opportunities, diversity and various further development opportunities at Schnellecke."

"We deliberately focused on these three topics because we came across them everywhere," says Janine Rauch. "And we also wanted to clearly delineate which topics we don't want to focus on, at least at the moment."

Until then, it had been mainly administrative staff who had been involved in the discussion, but it quickly became clear to the initiators that the activities would also have to be extended to the operational companies. According to Rauch, "There are many

- helping colleagues network in a national and international community.
- the shared development of new approaches to diversity and equal opportunities in the company. ensuring that managers around the world have the courage to support and promote a wide variety of development and career paths.

- Schnellecke being perceived as an attractive and tolerant employer, today and in the future.
- strengthening the individual sense of belonging to the company among all employees."

"We offer a network for everyone - from apprentices to managers," explains Rauch. "We want to be a source of impetus and encouragement for new thinking and action. All interested colleagues can get involved in the initiative according to their personal interests and take responsibility for topics in the specialist teams."

problems there that we don't have at the administrative level, and we didn't want to exclude them." At the same time, it was also decided to expand the initiative internationally.

A new way of networking

First and foremost, women@schnellecke is currently a platform for open exchange and a new kind of networking, as well as joint and cross-divisional collaboration. The community's goals are defined in the mission statement as follows:

"We are contributing to

 increasing the visibility of women in the company, both internally and externally.



No hierarchies

Such a network requires a differentiated organizational structure. There is now a core team for the organization of the initiative and, in addition, specialist teams for the community and network, the international community, the mentoring program, and a team for marketing and advertising that takes care of communicating the activities of the community within the Schnellecke organization. This is done primarily via the Schnellecke employee app and, for the international community, via LinkedIn. Each team has a spokesperson and meets every three weeks. The entire team also meets once every three months.

"That exhausted our current capacity," Rauch said. "Our next goal was to bring consistency to the community. We deliberately designed the community as an open network that anyone can join, including male colleagues. We also decided that there would be no hierarchies, and everyone would have equal voting rights."

This approach has proven successful. By the end of 2022 there were around 35 women actively involved, in addition to the passive community members. Thus, there was also scope for new activities again. An additional "Job & Family" team was set up, and various activities and ideas were launched. At the beginning of 2023, a first impulse

presentation was held for the management level on the topic of "Diversity in Leadership", as well as a collaborative company-wide campaign for International Women's Day. In addition, the implementation of the mentoring program is planned for the first half of 2023.

"Every woman contributes her expertise in the way that she can"

"We are endeavoring to learn from each other, especially in an international context, and in so doing are creating a community," is the initial conclusion of Janine Rauch. "Every woman contributes her expertise in the way she can. We are constantly growing our tasks, topics and approaches to problems, and we are expanding the initiative. This way, we can encourage other women to become active and support each other."

The Management Board has also provided positive feedback. "Women@schnellecke is a great initiative that supports and empowers women to follow their path at Schnellecke. It promotes equal opportunities and diversity in the company and thus reflects our values, the Schnellecke Spirit, in a special way," says Dr. Klaus van Marwyk, CFO of Schnellecke Logistics and sponsor of the initiative.



Some of the faces of the women@schnellecke community

"KNOW THE VALUE YOU CONTRIBUTE AND MAKE SURE OTHERS KNOW IT TOO!"



Interview with Claire Nicholls Vice President of Finance & Administration for South Africa and Asia

Claire Nicholls studied at Nelson Mandela University in Port Elizabeth, South Africa, where she received her bachelor's degree with honors in accounting. After graduating, she worked at Deloitte and qualified as a chartered accountant. She began her career at Schnellecke in 2012 in the accounting department, and after one year she was promoted to finance manager. In this position, she was responsible for all South African sites. In 2021, she was promoted to Vice President of Finance and Administration in South Africa. In 2022, her area of responsibility was extended to Asia. Currently, Claire is the only female vice president within the company.

Question: Automotive logistics is still predominantly a male domain. As a woman in such a management position, you are rather a rarity. Your career started slowly, but has really picked up speed in recent years. Can you explain why this is?

Claire: "I think the reason is my visibility. What prevents many women from advancing their careers is that they allow others to take credit for the good work they do. You can't let that happen. You have to recognize the value of your work and make sure you get the recognition you deserve. Sometimes it takes courage to stand up for it, but that is the only right way.

That's why it's important to have a large network and confidently share your ideas and work with many people. Don't just report to one person, report to a large group. I believe that looking back, this was a turning point in my career. I became more visible, which led to a wider reach and eventually more recognition."

Question: What personal qualities do you think brought you to this point in your career?

Claire: "In the working world, you're always faced with conflicts that can quickly make you feel uncomfortable, especially as a woman. In those moments, my emotional resilience and self-confidence help me. I don't take such situations to heart, but rise above them. That's not always easy, but here, too, it helps me to know what my work is worth and that being emotional is not conducive to achieving my goals.

I also benefit from my flexibility. As a woman, we're always juggling a million things at once. There isn't always the typical, neatly planned 8-hour workday, as unpredictable events can always occur that require immediate attention. This can be something from the work world, but equally a family event that then comes first. Therefore, you need flexibility to manage your own time and still complete your tasks on time."

CSR WORLDWIDE

More information on this topic can be found on our social media channels



Germany: Internet of Things team supports two non-profit projects with digitalization

As a prize for the SAP Innovation Awards 2022 (project: Digital Control Tower), the IoT team from Schnellecke could choose between a visit to SAP Sapphire (in Orlando, Florida) or a voucher for non-profit projects. The team opted for the voucher to do some good during the pandemic. Of the projects presented on the vendor's website, two projects in the area of continuing education/digitalization were selected after intensive discussion, and supported with \$500 each:

myME Box & Portable Digital Classroom (PDC): This project provides a practical and cost-effective digital solution to the education crisis in Burma (Myanmar). Schools in Burma have been closed for over a year due to a severe humanitarian crisis. The Portable Digital Classroom (PDC) is designed for out-of-school children and adolescents to ensure the availability of essential educational content.

www.globalgiving.org/projects/ myme-box-and-portable-digital-classroom-pdc/

Helping medical students become better doctors: In India, medical and health science students waste valuable hours because they have not been taught structured online searching and referencing. To this end, QMed is providing courses online to impart this much-needed knowledge. The goal of the project is to gain accreditation so that everyone in the healthcare sector can learn these important skills.

www.globalgiving.org/projects/ better-doctors-india/



Mexico: Bottle caps for children with cancer

Banco de Tapitas, A.C. has been committed to taking action for the early detection of cancer in children since 2015, while providing free care programs for patients up to 21 years old who have been diagnosed with cancer. This ensures that patients are provided with everything from nutrition to chemotherapy. Currently, around 500 children and adolescents are being supported in this way.

The association is financed by donations and, among other things, by recycling bottle caps. Therefore, Schnellecke started a collection campaign for bottle caps at the Danone site, which were handed over to Banco de Tapitas. The campaign met with widespread resonance. Thus, the collection urn used at the beginning proved to be too small due to the reaction of the employees of Schnellecke Danone and other service providers and had to be replaced by a much larger one.



Mexico: Silao park rehabilitation project

In cooperation with the FURA Foundation, 42 volunteers were found among the Schnellecke employees in Silao to clean up and restore a municipal park from the



ground up. Three native tree species were planted, trash was collected, and vandalized areas were cleaned and freshly painted.

USA: Support for disaster relief

Silas Koch is Manager of Packaging Planning at Schnellecke USA and a trained disaster relief worker. After the devastation caused by Hurricane Ian in Florida in 2022,





he volunteered to work there. He was immediately granted a leave of absence by Schnellecke USA. For a week, he helped set up emergency shelters and a field kitchen to prepare 5,000 meals a day for the Red Cross.

USA: Animal welfare assistance

The mission of the Tuscaloosa Metro Animal Shelter is to provide resources, programs and information that support responsible pet ownership and the bond between animals and humans. A Schnellecke team volunteered to help maintain the facility and participated in their fundraising events, such as fielding a team in a kickball tournament.

USA: Help for hungry children

The Lowcountry Food Bank helps children who don't get enough to eat by providing them with nutritious and easyto-prepare meals to take home on weekends and school vacations. A Schnellecke team prepared more than one hundred food boxes for Back Pack Buddies, which helps undernourished, at-risk children in the Lowcountry. More than 600 meals were also distributed to children in the surrounding area.

USA: Support for the Chattanooga Food Bank

The Chattanooga Area Food Bank brings nutritious food to vulnerable people in the region. Their goal is to end hunger for all people in the Chattanooga area. A Schnellecke team donated their time and resources to support the work of the food bank.

USA: Beautification of a women's shelter

Women with children are the fastest growing group of homeless people in the Chattanooga region. "Chattanooga Room in the Inn" (CRITI) aims to empower them to become self-sufficient again by providing them with a temporary home while they receive programs and services needed to achieve their goals.

A maintenance team from Schnellecke worked on CRITI's front porch to make the home look warm and inviting. Volunteers cleaned the porch and walkway with pressure washers, painted the railings, replaced mailboxes and posts, and more. Schnellecke donated cleaning supplies, flowers and autumn decorations.

USA: Game night at the **Ronald McDonald House**

Ronald McDonald Houses provide comfort, support and resources to families who must stay far from home while their children receive medical care. A Schnellecke team served a meal to guests at the Ronald McDonald House in Birmingham, Alabama, and hosted a game night for the families in attendance.

Germany: 10,000 euros for "Doctors Without Borders"

Under the banner "KWD stands for help", the KWD Group carried out a fundraising campaign at its German sites in 2022 to support "Doctors Without Borders". By September, around 5,000 euros had been collected through donations from the workforce. Together with the company management, it was decided to round up the donation to 10,000 euros.

Germany: Schnellecke Transportlogistik GmbH becomes a sponsor for an apartment in the Ronald McDonald House in Leipzig

For many years now, Schnellecke Transportlogistik GmbH has been supporting McDonald's Children's Aid in Leipzig with volunteering activities. At the 2022 anniversary reception of the Ronald McDonald House, a very special gift was presented - the sponsorship of an apartment. Apartment 3 is now officially considered a "Schnellecke Apartment". With this sponsorship, all operating costs for the next year will be covered.

Germany: Spring cleaning at the Ronald McDonald House in Leipzig

In the spring of 2022, the "Spring Cleaning" apprentice project took place at the Children's Aid Center in Leipzig. Nine hard-working helpers from the Schnellecke Business Unit Zwickau went to the Ronald McDonald House to lend a hand. There was a lot to do: dismantling the sandbox, raking leaves, inflating bicycle tires and balls, cleaning windows, and carrying out minor repairs. Inside, the apartments received a thorough cleaning.



GAINING EXPERIENCE AT SCHNELLECKE

SOUTH AFRICA: SIYAYA SPONSORSHIP



For many years, Schnellecke has been supporting the education of young people with impairments in South Africa – and this will also be the case in 2022.

he South African education system is in crisis. After graduation, many students have neither the necessary skills nor experience with computers to be able to pursue high-level professions. The Siyaya Skills Institute is one of many government-approved institutions that are trying to change this situation through their work. But they could not carry out their work without financial support from private individuals and companies. Support which Schnellecke South Africa also contributes to.

For many years, Schnellecke has provided workplaces for learning for students of the Siyaya Skills Institute so that they can gain practical experience and have the opportunity to obtain a National Certificate.

"Basically, the way the workplace learning program works is that we engage Siyaya to provide us with workplace learners who gain operational or administrative experience in the various business units throughout South



Africa," says Amoré Nel, Regional OSHE Manager in South Africa. "These workplace learners have an impairment, but it does not prevent them from working. Sivava provides them with basic training and then places them with companies where they can gain experience."

In 2022, there were 43 workplace learners who were able to gain experience at Schnellecke in various business units, and in 2023 the number has even risen to 60.

	Business Unit	Number of workplace learners
2022	Schnellecke Logistics Tailored Solutions	18
2022	Schnellecke Logistics Services	25
2023	Schnellecke Logistics Tailored Solutions	35
2023	Schnellecke Logistics Services	25

A PLAYHOUSE FOR CHILDREN

EMPLOYEES FROM WACKERSDORF BUILD FOR CHILDREN'S DAYCARE CENTER



ike other Schnellecke locations, the Wackersdorf site of Schnellecke Logistics Verpackung GmbH (SLV) had a non-profit project anchored in its goal house for the year 2022. "It was clear to us that we wanted to do something that would make us better known in the region and serve a charitable purpose," reports Maria Zweck, administrator at SLV Wackersdorf. "So the idea was born to build a playhouse for the children at the "Regenbogen" daycare center."

No sooner said than done. After detailed planning in advance, the groundbreaking ceremony was held on June 15, 2022. On this day, the foundation was laid, earthwork was done and the border stones were set. Then the existing infrastructure, a small barbecue hut, was brought into line with the planned playhouse. Pavement was laid, timbers were sawed, sanded and painted, and the outer wooden structure was erected.

At the end of June, the roof beams were mounted and the topping-out crown was attached to the little house - the traditional topping-out ceremony could be celebrated. In the following construction phases, windows and the door were gradually installed, the exterior and interior cladding were fitted, and minor corrective work was carried out on the paint.

Official handover in October

After a break in production and summer vacations, the playhouse was finally completed at the end of September. Then there was a final fine-tuning: the carpet was laid, corner moldings were set, and the ceiling and walls were oiled to make it as nice as possible for the children.

On October 21, 2022, part of the team met for the last time at the daycare center to officially hand over the playhouse to the children. The ceremonial handover was additionally accompanied by the regional newspaper. "As a thank you, the children presented us with gifts they had made themselves," said Maria Zweck.

The project was implemented over a total of eight construction days with the support of a number of regional companies. "On these days, there were always teams of five to twelve people from the management level present," recounts Zweck. "The physical well-being of our hard-working craftsmen was catered to with Bavarian delicacies and drinks to make the sometimes very hot work



SCARING FOR A GOOD CAUSE

anuela Spandl, who works as a team leader at Schnellecke Logistics Verpackung GmbH (SLV) in Wackersdorf, turns her hobby into an annual "Scaring for a Good Cause" event on Halloween. She transforms her garden into a spooky landscape for big

and small horror fans and asks for a donation if they like what they see.

The donations collected in the process benefit children. In 2022, for example, it was eight-year-old Matthias, an autistic boy, who needed a special tablet for learning



and communicating at a cost of around 5,000 euros. The health insurance company had rejected the parents' request several times.

In addition to the visitors to the Halloween garden, donations from associations and various companies totaling around 2,400 euros were collected. Because this was not enough, the SLV Wackersdorf doubled the donation amount. The Margarete Schnellecke Foundation helped with the administration. This made it possible to finance the purchase of the tablet for Matthias.

FOOD, HEALTH CONSULTATIONS AND **TWO RICKSHAWS**

THE MARGARETE SCHNELLECKE FOUNDATION HELPED **NEEDY AND ELDERLY PEOPLE AGAIN IN 2022 - NOT ONLY IN WOLFSBURG, BUT ALSO IN UKRAINE**



After the restrictions of recent years caused by the Corona pandemic, the Margarete Schnellecke Foundation was again able to support significantly more projects in 2022 than in previous years. The focus was once more on supporting senior citizens, homeless people and adolescents.

www.margarete-schnellecke-stiftung.de 🔭

Help for people in Ukraine

One of the larger donations went to Ukraine in May 2022. In a concerted effort, Schnellecke Logistics and the Margarete Schnellecke Foundation supported people in need in Ukraine.

In March 2022, the Margarete Schnellecke Foundation invited guests to an evening event in Wolfsburg Castle in honor of the founder of the foundation. The organizers asked for donations for Ukraine. This raised a proud sum of around 18,000 euros, which the foundation doubled to 36,000 euros. Of this amount, 20,000 euros were donated in April to purchase relief supplies. Schnellecke Logistics had a used VW



Crafter in its fleet, which the company immediately made available and with which the relief supplies were brought to Ukraine.

This was followed in May by another donation to the Wolfsburg Ukraine Aid. In a joint campaign, the Werker Foundation and the Margarete Schnellecke Foundation each donated 25,000 euros to buy urgently needed medicines, food and hygiene articles to take to Ukraine. The foundation's donation included a contribution of 2,500 euros from the Wolfsburg Rotary Club, which was doubled by the foundation.

Conference system for self-help groups

Many self-help groups meet in the premises of the paritarian self-help center in Wolfsburg, KISS for short. Due to the Corona pandemic, meetings had to be cancelled or could only take place under severe

For more than thirty years, the married couple Monika and Wolfgang Schmidt of the St. Christophorus parish have been caring for the residents of the homeless shelter in Wolfsburg's Borsigstraße. About 80 people currently live there. The Schmidt couple's activities have been supported by the Margarete



restrictions. Thanks to the support of the Margarete Schnellecke Foundation, one of the group rooms was equipped with a conference system in 2022. This enables the self-help groups to hold their group meetings in hybrid form. Participants who are unable to attend the group meeting due to acute illness or hospitalization thus have the opportunity to participate via smartphone or computer.

Support for socially disadvantaged people



Schnellecke Foundation for more than a decade, and of course in 2022:

- At Easter, the needy people received full grocery bags. The foundation made this possible with a monetary donation of 2,000 euros.
- A further donation of 2,000 euros made it possible to distribute 50 vouchers for shoe purchases, each worth 40 euros.
- At Christmas, there were also gift bags with food. These also included cookies baked for the homeless by children from the local DLRG group in Vorsfelde. This year, the Christmas gift also included medication for colds, coughs and flu.

The foundation donated 15,000 euros to the Wolfsburg city health department to set up a health consultation. With the consultation hour, the city of Wolfsburg wants to make it easier for homeless people and refugees in its accommodations to access medical care. The employees of the health office now have a vehicle and medical equipment at their disposal for this purpose. "Some residents of Borsigstraße have not been to the doctor for ten years out of shame – despite pain," emphasizes Carolin Külps, chair of the foundation. To prevent people from putting off urgently needed treatment, the health clinic will help refer those in need of urgent care to doctors' offices.

A donation from the foundation enabled 18 families totaling 50 people to attend a performance of "The Snow Queen", a Christmas fairy tale, at the Scharoun Theater. Young and old alike were still raving about the performance days later.

The foundation has been supporting the children's center of the full-day school in the Wolfsburg district of Westhagen for many years. The Regenbogenschule offers children and young people leisure trips during the school vacations. In order to keep the families' own contribution as low as possible for upcoming trips, the foundation supports the Westhagen school children.





Support for senior citizens

- The German Red Cross nursing home in Fallersleben received 2,000 euros in support for the purchase of new garden furniture.
- More than 200 people aged 65 and older live in the Barnstorf district of Wolfsburg, which has a population of around 1300. To give them the chance to do something in the fresh air and actively participate in village life, Grit Wegner and Josee Kompier from Barnstorf launched an initiative to purchase electrically assisted rickshaws. They were able to win over the SV Barnstorf sports club as a supporter and sponsor. With the help of the Margarete Schnellecke Foundation, which donated 2,000 euros, two of these vehicles could be put into operation in 2022.
- The Wolfsburg City Music School and the Wolfsburg Senior Citizens and Care Center are cooperating to offer a course on "Making Music with People with Dementia". The course is aimed at people suffering from dementia. The course fee is 40 euros per participant. The Margarete Schnellecke Foundation and the Senior Citizens and Care Support Center provide financial support for the course.
- Every week, a gymnastics instructor from the MTV Vorsfelde sports club comes to the St. Marien senior center for gymnastics sessions. In the "Active and Fit" gymnastics sessions, the exercises progress from week to week. The weekly sports session has been financed since 2022, initially for a period of one year, by a donation from the Margarete Schnellecke Foundation.



THE MARGARETE SCHNELLECKE FOUNDATION

In 2000, on her 95th birthday, Margarete Schnellecke established a charitable foundation to help people in need. Since its inception, a total of more than 2.6 million euros has flowed into projects for senior citizens, youth welfare, the homeless, and many others in need.

• The foundation supported numerous celebrations and events at senior facilities throughout 2022, from summer parties to choir concerts, Oktoberfest and cake parties, to Christmas activities. The foundation created a festive Christmas atmosphere, for example, with large fir garlands with beautiful, warm white lights and pretty baubles that were presented to eleven Wolfsburg facilities.



GOVERNANCE

"Trust and integrity are an essential part of our corporate culture. They require responsible action and compliance with laws, internal regulations, voluntary commitments and ethical principles."



"WE HAVE TO KEEP UP THE PACE AND KEEP GETTING BETTER"

THE SCHNELLECKE GROUP WAS ONE OF THE FIRST LOGISTICS COMPANIES TO ESTABLISH THE BASIS FOR ESG-COMPLIANT REFINANCING

So-called <u>ESG</u>-compliant refinancing is one of the EU's many measures to make Europe climate neutral. Schnellecke was one of the first logistics companies to intensively address this issue.

hat is still uncharted territory for many companies has already become established as good practice at Schnellecke. Andre Scheidweiler, Vice President of Corporate Treasury at the Schnellecke Group, is partly responsible for this. "I have followed how more and more initiatives on the topic of sustainability have emerged in the company," he recalls. "So a few years ago I asked myself: What can I contribute to this with my division? It should surely be possible to combine commitment to sustainability with services such as financing."

After a series of discussions with Group Sustainability Management and with banks, a solution emerged: <u>ESG</u>-compliant refinancing. In order to meet the EU's 2030 climate and energy targets and realize the goals of the European Green Deal, the EU wants more investment to be channeled into sustainable projects and activities. To this end, the EU Taxonomy was developed, a classification system that creates a list of environmentally sustainable economic activities. It is designed to provide companies and investors with appropriate definitions of which economic activities can be considered environmentally sustainable.

But what does 'ESG-compliant refinancing' actually mean? "It was important to the EU to exert indirect influence on the sustainability of companies," says Scheidweiler. "This was to be achieved not through regulations, but through incentives, for example by making the terms of loans more favorable and thus encouraging companies to invest sustainably."

Different focus for SLSE and KWD

Since the underlying principle is voluntariness, companies can define for themselves which sustainability goals are important to them and fit in with their business activities. For example, there are different focuses for Schnellecke Logistics SE (SLSE) and KWD AG.

"KWD is a manufacturing company with some heavy machinery," Scheidweiler mentions as an example. "There, the topic of occupational safety plays a prominent role, which has a different weighting at Schnellecke Logistics."

After defining the focal points, the next question immediately arises: How is progress measured? After all, banks check every year whether or not the targeted goals have been achieved in order to adjust their conditions accordingly.

Basically, there are two methods for doing this. One is an ESG rating via an external rating company. The other option, which Schnellecke has opted for, is the definition of key performance indicators, or KPIs for short. Based on the specified sustainability goals, different KPIs were defined for SLSE and KWD because of the different focus of their activities. On the basis of these KPIs, two financing methods were then defined for the subgroups.

Change in EU taxonomy

"KPIs are very specific," Scheidweiler emphasizes. "You can define exactly what is important for a company, such as occupational safety for KWD. There are key figures on the frequency and severity of accidents and on lost work days, which in Germany is specified by the employers' liability insurance association. Internationally, however, things are different. KWD has declared that it will implement the German standards in all countries at its production sites and has given concrete figures for where it wants to be in five years."

A total of three <u>KPIs</u> were defined for KWD and two for SLSE. The KPIs were previously verified by an external auditor and served as the basis for a framework agreement with several banks that runs until 2026.

"Now, however, a change in the EU taxonomy is on the horizon," Scheidweiler says. "It looks like there will be a move away from the principle of free focus setting to defined external <u>KPIs</u> that must be taken into account by companies in all cases. Unfortunately, this means that a lot will be lost when it comes to setting priorities, because will you then have to address issues that may not be as relevant in your own business environment."



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Andre Scheidweiler, Vice President Corporate Treasury der Schnellecke Group

Sustainability as a strategic decision

He doesn't see the financial incentive of lower interest rates as a decisive factor for ESG-compliant refinancing: "The bonus isn't that high yet, and the amount is quickly eaten up by the obligations you have, for example the fee for auditors." Much more important to him is the long-term perspective. "It's about a strategic decision: Which banks do we want to work with in the long term and refinance at a reasonable margin? There's no way around ESG."

Even though Schnellecke is well prepared, that doesn't mean being satisfied with what has been achieved, Scheidweiler says. "We are already further ahead than others, as benchmark comparisons also show. But that doesn't mean we should slack off now, because there's still more to come. We have to keep up the pace and keep getting better."

One example he cites is a joint project between Treasury, Controlling and Sustainability. The idea is to design investment processes in such a way that sustainable investment pays off for the investing departments or Group companies. "We have to move away from always looking at just the numbers and learn to take a beginning-to-end view. That means a fundamental change of perspective in the company. That's where we see ourselves being challenged to move forward."



"FOR SCHNELLECKE'S SAKE, THE LAWMAKERS WOULDN'T HAVE HAD TO MAKE THIS LAW"

HOW SCHNELLECKE PREPARED FOR THE ACT ON CORPORATE DUE DILIGENCE OBLIGATIONS IN THE SUPPLY CHAIN, WHICH CAME INTO FORCE ON JANUARY 01, 2023. The Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz – LkSG) went into effect on January 01, 2023. Behind this monstrosity of words lies an equally long chain of obligations for companies that have more than 3,000 employees – and thus also for Schnellecke.

he goal of the LkSG is to minimize human rights violations and negative environmental impacts along the entire supply chain and thus to enforce fundamental human rights standards worldwide, for example the prohibition of child and forced labor. Companies are to be obliged to respect human rights and environmental aspects with the greatest possible care and to take measures to eliminate negative impacts or at least minimize them as far as possible.

"The goals of the law are absolutely commendable," says Nicolai Weiss, Chief Compliance Officer of the Schnellecke Group. "However, we see a number of shortcomings in the design, which will result in a lot of effort and also high costs for companies."

Preparations started in 2022

Schnellecke began preparations for the law's coming into force at the beginning of 2022, with a project team made up of the three Group divisions Compliance, Sustainability and Purchasing. Practical implementation then started in the fall of 2022.

"It's a huge administrative burden to begin with," says Philipp Löwe, Head of Group Procurement and project manager for the LkSG. "According to the law, we have to write to several tens of thousands of suppliers in Germany alone and subject them to a risk analysis. And that's just the direct suppliers. in addition, there are also the indirect suppliers."

According to his findings, the bulk of suppliers to be audited come through the transportation division, because transportation is also part of the supply chain. "We frequently buy transportation space on the spot market," he explains. "Sometimes that's just two pallets, which are then taken by a small contractor, for example, who may come from Poland or Belarus. The new law then applies to them, too." There is also another problem: The LkSG obliges groups based in Germany to also impose the regulations of the German law on their foreign subsidiaries, albeit with the restriction "within the scope of what is feasible". This could mean that Schnellecke's worldwide sites will also have to identify their suppliers and subject them to a risk analysis.

Online platform for suppliers

To be prepared for this task, Schnellecke decided to use the 'Integrity Next' online platform, through which these queries can be made.

"Nevertheless, we had to manage the preparatory work on our own," reports Löwe. "First, we had to identify the relevant suppliers to whom the law applies. To get that done in time, we first sorted out all the suppliers with whom we had not worked for two years. However,

> We are contacting all active suppliers, because this ensured that we would not overlook any of them.

the remaining number was still so large that we decided not to conduct an individual audit. We are contacting all active suppliers, because this ensured that we would not overlook any of them.

There is also another problem: When is a supplier considered relevant in terms of the law and when is it not? Löwe gives an example: "If Schnellecke orders a desk that I use here in my office, then it is not necessarily relevant.



Schnellecke uses the 'Integrity Next' online platform

But if this desk is used for receiving goods in the warehouse, then it is. So there's a certain gray area there."

Next, the online platform templates had to be populated, and all suppliers had to be contacted and asked to submit their self-assessment online. Finally, a separate process description for the existing whistleblower system also had to be created and made available on the website.

Human rights report once a year

In terms of implementation, Purchasing is now responsible for querying and monitoring suppliers. It is supported in this by the Group Sustainability Management department. This is because not only do the suppliers have to be checked, once a year a separate human rights report also has to be prepared for which a questionnaire of around 40 pages has to be completed. The sustainability report alone is not enough.

The process cannot be fully automated even with the standard process, Löwe explains. "The monitoring does run via the platform and we get summary reports, but if something lights up red there, then we have to look at it individually and decide what to do. That might even go so far as to require us to sit down with the Compliance and Sustainability divisions if there's a major issue."

What happens if a supplier does not comply with the

request for self-disclosure? "We then have to follow up and send them a reminder," says Weiss. "If they still don't respond, we have to terminate the business relationship with them as a last resort, that's what the law wants. If we can't or don't want to do that, we are required to help them deal with their problems."

Comprehensive supplier management system

The law also includes the threat of a fine if a company does not take its obligations under the law seriously and is reported. The responsible supervisory authority for this is the Federal Office of Economics and Export Control (BAFA), which, according to the law, can be contacted by anyone worldwide, either directly or through intermediaries such as an NGO.

The law does not yet provide for any compensation for damages payments, but that could still change. The EU is currently discussing a new directive on supply chains, which will also include corporate liability.

For Nicolai Weiss, it is clear that "for Schnellecke's sake, the lawmakers wouldn't have had to make this law. We have already obtained supplier self-disclosures in the past and developed a code of conduct for our suppliers. That is a good tradition in a family-owned company: you

choose with whom you do business. And as a family-owned company, it has always been self-evident to us that good wages should be paid for good work, that we prohibit child labor and forced labor in any form, and that we do not tolerate human rights violations or discrimination, either at our company or at our suppliers."

"The added value that the LkSG provides is not apparent at the moment, because we have to deal with this huge workload to set everything up," Löwe adds. "But once that is done, the positive consequences will also become apparent. Our ethical supplier policy will be backed up by facts in the future, which can only be a good thing. And what's more, we can also use Integrity Next's platform for other queries to suppliers, for example on the subject of data protection. We will then have a comprehensive supplier management system that will allow us to check many things more closely and automatically than before."

Chief Compliance Office



THE SPECIFIC DUE DILIGENCE AND REPORTING OBLIGATIONS **ACCORDING TO THE LKSG:**

- Establishment of a risk management system
- Establishment of in-house accountability
- Conducting of regular risk analyses
- Adoption of a policy statement
- Anchoring of preventive measures
- Implementation of remedial action
- Establishment of a complaints procedure
- Implementation of due diligence requirements for direct suppliers

"WE ONLY HAVE TO **INTERVENE IF ANYTHING** CHANGES"

WITH TWO EXTERNAL PARTNERS, SCHNELLECKE MAINTAINS THE LEGAL REGISTERS **OF ALL ITS SITES WORLDWIDE**

How complex compliance can be for a company like Schnellecke became apparent in 2022 during preparations for worldwide certification according to ISO 14001 and ISO 45001. Because this requires a separate legal register for each site in the world. And that's not just something that's easily done, it's a challenging task.

www.schnellecke.com/de/schnellecke-group/nachhaltigkeit-und-compliance/ corporate-governance-and-compliance



And for this operational level, a legal register must be documented for all sites if, as planned, they are to be completely certified to ISO 14001 and ISO 45001 by the end of 2023. ISO 14001 concerns the environmental management system, while ISO 45001 specifies requirements for an occupational health and safety management system and provides guidance on implementation.

All regulatory requirements

Such a legal register includes all relevant regulatory requirements for the scope of an operational site, i.e. laws, regulations or directives of the respective country or state as well as the municipality, with which the site must comply.

"This is, of course, virtually impossible for us as a corporate division," says Unger. "And it's also impossible for our HSE Experts on site. How are they supposed to notice whether, for example, a passage has been changed in the Federal Emission Control Act that may affect their own site and to which they have to respond with appropriate measures and improvement processes?"

Therefore, the decision was made to involve two external specialists for these tasks, the companies SAT and Enhesa. Their assistance ensures that a site meets all regulatory requirements. "SAT is our partner for the Germany region, Enhesa for all other regions," Unger says. "They continuously monitor

Both companies have access to Quentic, the HSE software solution used by Schnellecke. Changes are promptly entered there and a corresponding message is generated to the affected site and corporate division. Enhesa works internationally in the respective national language and also in English. "This helps us a lot," says Unger. "If there are any ambiguities, we can proofread all the documents in English and thus ensure that everything is done correctly on site. In the past, we were unable to understand a lot of things." Thanks to the constantly updated legal registers,

it is now also always possible to see how high the current level of compliance with legal requirements is at all sites. "One must not forget that often the site management, management, and all the way up to the board of directors can be liable," Unger emphasizes. "That can be very expensive if this comes to pass, so for that reason alone it pays to outsource this activity." However, the work also could not have been done internally purely in terms of effort. "You don't just read through a law or a regulation in five minutes," Unger knows from his own experience. "You usually need one to two hours for that. Now that all the legal registers are in place, we only have to intervene from headquarters if requirements change and check whether appropriate measures have been initiated at the site."



everything regulatory that affects a site and then pass that information on to us."

The first step was for the compliance partners to create a questionnaire that was filled out by the HSE Experts at all sites. Based on this information and their databases, it was then possible to determine which regulations needed to be included in the onsite legal register.



Information flow via Quentic

REPORTING LIMITS

Availability of data in the following countries and locations

			2022					2021							2020								
		Gasoline	CNG	Diesel	Natural gas	Liquid gas	DNG TNG	Electricity	Gasoline 	Diese/ Natural cas	District Deating	Heating oil	Dd7	Electricity	Gasoline 	Diesel	Natural gas	Liquid gas	Heating oil	Dd7 Dd7			
China - CN	BU Anhui																						
	BU Changshu							х															
	BU Chengdu																						
	BU Chongqing							х															
	BU Dalian																						
	BU Jurong																						
	BU Qidong (Hanwha)																						
	BU Shanghai																						
	BU Shenyang 2																						
	BU Shenyang BMW																						
	BU Wuhu																						
	BU Transportation																						
Germany - DE	BU Braunschweig			х				x		х				x		х							
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	BU Dingolfing		1 1								1				-								
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	BU Hannover Inhouse	v		v				Y						v									
	BU Leipzig / SML	X		х				X						х									
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	BU Soltau				х			x		×				x			x						
	BU Wackersdorf			х						х													
	BU Wolfsburg / Fallersleben		1		×	x		x			;	< .	1	x				x					
	BU Wolfsburg / Sandkamp	x		х	x	x		x	х	х		х		x			x	х	х				
	BU Wolfsburg / Warmenau																						
	BU Wolfsburg / Warmenau 2																						
	Zweigniederlassung Zwickau		x	х	x					х				x		x							
India - IN	BU Pune (Bajaj)	_		~	~					~		_	_	~	-	-		-	-				
Italy - IT	BU Atessa	+-						v			1				-	-							
italy - II	BU Carpi			v				х															
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Mexico - MX																							
	BU Cuautitlán Izcalli					V		Y															
	BU Hermosillo					х		х		×				х									
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			2022						2021								2020									
		Gasoline	Diese/	Natural gas	District Deating Liquid gas	Heating oil	Der	Electricity	Gasoline CNG	Diese/	Natural gas	Liquid gas	Heating oil	TNG	LPG	Gasoline		Diesel	Natural gas	District	Liquid gas	Heating oil		Electricity		
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	BU Poznan (SZSB)																									
	BU Wrzesnia (internal logistics)							Т								Т										
	BU Wrzesnia (suppliers park)																									
Portugal - PT	BU Lousado							Т								Т		T						1		
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	BU Devinska Nova Ves - VW		х	х				х							>	(
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South Africa - ZA	BU East London		х													Τ		1						1		
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	BU Johannesburg (PLC)		х				х																			
	BU Johannesburg (ABB)																									
	BU Pretoria (Rosslyn) / BMW																									
	BU Pretoria (Rosslyn) / Nissan		x																							
	BU Pretoria (Silverton)		х					x		х																
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Spain - ES	BU Pamplona, Nave II																		1							
	BU Pamplona, Transport																									
	BU Pamplona, Nave I			х				x																		
	BU Martorell							x							>	()		
United States -	BU Ladson																1							Ī		
US	BU Chattanooga							x																		
	BU Tuscaloosa (Vance MLC1)																									
	BU Tuscaloosa (Vance MLC2)																									
	BU Tuscaloosa (Woodstock)							x																		

Application area consumption and CO₂ calculation

Scope 1:	Scope 2:
Diesel, natural gas, LPG, fuel oil, LPG,	Purchased electricity
CNG, LNG, gasoline	

ty, district heating

Scope 3: Upstream and downstream transportation, Purchased goods, fuel and energy-related activities, business travel

GLOSSARY

ESG

ESG stands for Environmental. Social and Governance and refers to a set of standards for corporate behavior used by environmentally and socially conscious investors to screen potential investments.

KPIs

Key performance indicators are metrics that refer to a company's performance. They help management to monitor and evaluate company processes.

JiT

Just-in-Time refers to a production and delivery strategy in which the right products are delivered in the correct quantity to the right place at the right time.

JiS

Just-in-Sequence is an extension of the Just-in-Time concept, whereby assemblies or part variants are also delivered in the correct sequence in which they are to be installed in production.

ERP

Enterprise Resource Planning encompasses all core processes necessary to run a business: finances, human resources, production, logistics, services, procurement and others. Even simple ERP software helps to manage all these processes in one integrated system.

Tier 1 suppliers

Tier 1 suppliers are the module and system suppliers that deliver directly to the OEM (Original Equipment Manufacturer). Tier 2 suppliers are component suppliers and tier 3 suppliers supply individual parts, such as screws.

Kaizens

Kaizen is a Japanese concept that means "change for the better". It refers to the philosophy and practice of constantly making small incremental changes in an organization's processes, products and services to achieve significant long-term improvements. The focus of Kaizen is on the active participation of all members at Schnellecke, whereby problems are identified and solutions are implemented at the individual and team level. Through Kaizen, we as an entire organization strive for continuous and sustainable optimization of quality, efficiency and productivity.

LEAN management methods

Lean management methods describe a collection of principles and techniques aimed at reducing waste, optimizing processes, and maximizing customer value. Examples of our Lean Management Toolbox include 5S, value stream mapping, Kaizen and Poka-Yoke for error prevention.

CO₂e

CO2e is a unit of measurement designed to make the effect of all greenhouse gases on the climate comparable. In addition to CO₂, there are numerous other gases that are much more harmful to the climate than CO₂. One example is methane. If you compare the effect of one metric ton of CO₂ on the climate with that of one metric ton of methane, you will see that one metric ton of methane is around 25 times more harmful to the climate than one metric ton of CO2. Expressed in CO2e, one metric ton of methane is therefore equivalent to around 25 metric tons of CO₂ (CO₂e).

HSE

Health, Safety & Environment

SWOT

The Strengths, Weaknesses, Opportunities and Threats analysis represents a positioning analysis of the company's own activities in relation to the competition. In the work procedure on which it is based, the results of the external business environment analysis are first compiled in the form of an opportunities/threats catalog and then compared with the strengths/weaknesses profile of the internal business analysis.

WTT Well-to-Tank

(energy upstream chain)

The systematic recording of energy consumption or all indirect emissions of the fuel provision from the source to the vehicle tank. Energy consumption also includes losses in the production of energy sources, e.g. in power plants or high-voltage lines.

TTW Tank-to-Wheel (vehicle)

The systematic recording of all direct emissions from vehicle operation. Consumption is referred to as final energy consumption.

WTW Well-to-Wheel

(vehicle + energy upstream chain)

The sum of well-to-tank and tank-to-wheel, i.e. direct and indirect emissions. Consumption is referred to as primary energy consumption, which includes not only final energy consumption but also all losses from the upstream chain.

Reporting is carried out in accordance with the standard of the German Sustainability Code.

IMPRESSUM

PIONEER Sustainability Report 2022

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