

Consafe Logistics

SUSTAINABILITY
REPORT
2022

TOGETHER FOR
A SUSTAINABLE
SUPPLY CHAIN

TABLE OF CONTENTS

INTRODUCTION	5
MESSAGE FROM THE CEO	6
OUR BUSINESS MODEL	8
RISK ASSESSMENT ANALYSIS	9
SUSTAINABILITY HIGHLIGHTS FROM 2022	12
SUSTAINABILITY FOR THE ENVIRONMENT	14
SUSTAINABILITY FOR OUR EMPLOYEES	16
SUSTAINABILITY FOR OUR CUSTOMERS	22

“

Our mission is to enable global companies to operate a sustainable and efficient supply chain that delivers a superior customer experience through a long-term partnership.

”



INTRODUCTION

2022 was yet again a turbulent year for supply chains. As European companies responded to several unfolding crises, changing consumer behavior challenged warehouse operations.

To meet the demand for consumer goods, realize climate targets, and act as responsible employers, all supply chain companies must

move towards more sustainable operations.

This topic remained prioritized in the industry throughout 2022. In fact, according to a survey¹ conducted among over a hundred Nordic and international large companies, sustainability will be the top supply chain driver in 2025.

OUR SUSTAINABILITY PROGRAM

Based on the UN 2030 Agenda and the 17 Global Sustainable Development Goals (SDGs), we defined three focus areas for our corporate sustainability program:



SUSTAINABILITY
FOR THE
ENVIRONMENT



SUSTAINABILITY
FOR OUR
EMPLOYEES



SUSTAINABILITY
FOR OUR
CUSTOMERS

These areas are driven by Sustainability Ambassadors, who are members of the Consafe Logistics community. They raise awareness, develop guidelines, advise on KPIs, search for best practices, launch initiatives, and monitor progress, ensuring the program stays balanced.

This report presents each area in detail. We also share the results of our work and highlights for 2022, including the launch of our whistleblowing tool.

1) https://www.nordea.com/en/news/nordic-companies-react-to-a-new-world-order?cid=oso-otib4h72nl&ID=100003480546783&Campaign=Nordea+Social&Network=LINKEDIN&Language=English&User=6180dfb7b06eb0386141455a&Post_ID=635f6d185eb81f4ae4afcfaa

DEAR STAKEHOLDERS,

Thank you for your interest in our 2022 Sustainability Report.

2022 was a challenging year - for both humanity and the global economy. A European geopolitical status quo ended, as did an era of financial prosperity with low interest rates and moderate inflation. And while many of the challenges continue to impact our lives, one thing is certain: recent crises have given a new push to sustainability awareness and actions on a global scale.

At Consafe Logistics, sustainability has always shaped our company culture and the way we do business. We strive to be an attractive workplace, offering long-term career development for our employees. We seek trusted partnerships with customers, providing them with long-term, innovative warehouse management solutions. And we make continuous efforts to lower the environmental impact of our operations. Our sustainability plan, therefore, targets these three areas: creating sustainability for our employees, customers, and the environment.

In this report, we discuss highlights and achievements from 2022. On the following pages, you can read about the launch of our whistleblowing tool that makes our operations more transparent. We also report on a new ROI calculator that quantifies the sustainability impact of specific Astro WMS® modules.

I am particularly happy about some great results in the “Sustainability for our Employees” area, because the Consafe Logistics community, our talented employees, make us who we are. Nurturing a strong company culture and employee engagement is vital to our success.

We are also aware that not all our KPIs were met last year. However, our dedicated sustainability ambassadors ensure we keep these on the agenda and address them for future improvement. As we like to say, ‘we are not there **yet**,’ but we will continue to work persistently until we reach our targets.

As I wrote in our 2021 report, I believe in taking small steps in the right direction rather than giant leaps that might become too big to make. The goal is to maintain focus and achieve tangible results in the long term. So, let’s continue to work towards a more sustainable supply chain. Together, we will get there!



Kent Olsson, CEO



OUR BUSINESS MODEL

ABOUT THE COMPANY

Consafe Logistics is a software product company. We design a warehouse management system (WMS) built on a modern technology platform that makes logistics and supply chain companies smarter, more effective, and thus more sustainable. We have more than 250 customers across various industries, including food & beverage, manufacturing, retail, and wholesale.

Our WMS is being used in more than 500 warehouse sites in approx. 30 countries. We have a local presence in six European countries: Denmark, Finland, The Netherlands, Norway, Poland, and Sweden. Our headquarters is in Lund, Sweden.

OUR EMPLOYEES

As a knowledge-based company, our business success depends to a large extent on our employees. Therefore, we are working hard to be the most attractive workplace in the supply chain industry and provide our co-workers with long-term development and career opportunities. One of the focus areas of our corporate sustainability program is to create sustainability for our 450+ employees.

OUR MISSION

Our mission is to enable global companies to operate a sustainable and efficient supply chain that delivers a superior customer experience through a long-term sustainable partnership.

OUR SOLUTION

We offer our customers a solution based on three pillars:

► Software

A cutting-edge warehouse management software built on a modern technology platform that optimizes our customers' warehouse operations, thus supporting their sustainability initiatives and improving the profitability of their business.

► Expertise

In addition to implementing a WMS, customers get access to our 40+ years of industry expertise and broad experience in system integration, logistics optimization, and project management. We do 100% of project implementations with our own team. We firmly believe that having one partner taking complete responsibility and delivering the product together with domain expertise gives our customers the most value.

► Partnership

A long-term sustainable partnership is a foundation for our mutual success. Therefore, we stay in touch with our customers after project implementation. By having regular meetings to secure our product roadmap and strategy alignments, we ensure that sustainable growth is proceeding as planned and that we, together, are prepared for what is next.



RISK ASSESSMENT ANALYSIS

Area	Identified risk	Mitigation of risk
Business ethics and integrity	Unethical business practices, corruption, bribery, misconduct, and breach of law	We build our company culture on core behaviors that promote honest and open communication and ethical business practices. In addition, we have rules and a code of conduct regarding bribery, and a whistleblowing tool that enables Consafe Logistics co-workers to report suspected misconduct and serious concerns about the company while remaining fully anonymous.
People & Culture	High employee turnover rate	We focus on our co-workers' long-term career development. We provide them with individual growth plans and learning opportunities to enhance and support their strengths and goals. We regularly follow up on employee engagement and satisfaction via PuLCe, our internal employee satisfaction survey, conducted 3 times a year.
	A high number of sick employees	We closely monitor employee health KPIs, e.g., the number of sick leaves. We measure how employees experience work-life balance in PuLCe. In addition, each manager has ongoing dialogues with their employees to discover if there is an unhealthy balance between their work and personal life. We also provide co-workers with high-level health insurance and various additional benefits related to health and wellbeing, such as bike schemes and sports activities.
	Lack of skilled candidates to fill open positions	We regularly attend career fairs in order to meet students interested in our area of expertise. We also see our co-workers as important ambassadors in helping us find new colleagues. Promoting our Employer Brand in internal and external communication is crucial in order to attract candidates in a highly competitive environment. We also focus on digital marketing to create more awareness of the employer brand in general and more targeted campaigns for specific roles.
	Discriminatory practices, lack of diversity and professional development opportunities	We monitor employee wellbeing through PuLCe, where we also track diversity KPIs, such as the Inclusion Index, which focuses on how our employees experience our culture from an inclusion perspective. In addition, we have the Consafe Logistics Annual Review (CLAR) meetings three times a year, where employees define their professional goals with their managers and follow up on progress. During CLAR, we also create and document each employee's development plan. We provide individual training opportunities for our employees via Consafe Logistics Academy, an online training platform covering all corporate competence areas.

Product	Software malfunction from faulty development	The Consafe Logistics product development team works according to a defined protocol containing multiple functional and security testing stages. This includes design review and threat modeling, peer review of the written code, comprehensive automated test rounds complemented with manual testing, and, before product release, thorough internal and external penetration testing.
	Lack of innovation in product development, resulting in an outdated software	We focus on solving our customers' relevant problems and pain points in the long term. We develop the product features and underlying technology platform based on input from multiple stakeholders in the supply chain ecosystem, including customers, analysts, universities, and our own R&D and product specialists. We regularly attend important industry events in Europe and our core markets to meet industry peers, exchange ideas, and gain insights into broader market trends. To ensure continuous product innovation, we aim to invest 13% of our annual revenue in research and development.
IT & Infra-structure	Security breach, cyber attack affecting the systems and servers of the company	Our entire organization is ISO 27001 certified to ensure information security in all ways of our operation, from finance, through sales to developing and delivering our products.
	Power outage, server downtime	We constantly monitor our systems. In case an issue arises, we have an incident plan. We carry out an annual risk analysis as part of our ISO 27001 certification. We have resources in place to safeguard the customer environment and secure critical service operations. Regarding SaaS, we have service level agreements with our Cloud Service Providers that provide guaranteed uptime for running our WMS software in the cloud.
Market environment	A critical number of customers end cooperation with Consafe Logistics	We support our customers' long-term financial growth and goals through innovation and lasting partnerships. We aim to invest 13% of our annual revenue in research and development. In addition to providing our customers with a cutting-edge WMS solution, we give them access to our 40+ years of industry knowledge and expertise in system integration, warehouse automation, and project management. We monitor customer churn and measure customer satisfaction once a year via a customer survey.
	Consafe Logistics cannot participate in tender processes because the company misses obtaining necessary sustainability certifications	<p>We base our corporate sustainability program on the UN 2030 Agenda and the 17 Sustainable Development Goals. Our work has three focus areas: sustainability for (1) the environment, (2) our employees, and (3) our customers. The program is steered by the Consafe Logistics Sustainability Group, which includes the CEO, CFO, CPO, and CMO as well.</p> <p>In addition, each of our sustainability focus areas has dedicated Sustainability Ambassadors from our community. They have various tasks, such as advising on KPIs, developing guidelines, and launching initiatives. They are part of the Consafe Logistics Sustainability Group and report about progress on the monthly status meetings. This structured work ensures we comply with regulations and can meet market requirements related to sustainability.</p>

SUSTAINABILITY HIGHLIGHTS FROM 2022



1. Be accountable and act

We build our corporate culture on core behaviors promoting transparency, responsible business practices, and honest communication. To support these efforts and comply with international regulations, we launched a whistleblowing tool in June 2022. The platform, provided by an independent third-party vendor, allows Consafe Logistics employees to report suspected misconduct or serious concerns about the company entirely anonymously. We believe this added layer of transparency makes our community stronger and more sustainable.

2. Sustainable metrics matter

Helping our customers run greener and more resourceful warehouses is central to our sustainability program. Therefore, a natural step to foster dialogue and joint work in this area is to quantify the sustainable effects of our product. To that end, we introduced an ROI calculator in 2022. The tool defines relevant sustainability metrics customers can reach using a specific WMS module. For example, how much they can decrease pick routes or how much driving time they can save with empty forklifts with a particular WMS function. The pilot launched with two modules, and we are working to extend the program's scope with more in 2023. In addition, we also started an internal communication campaign to educate our community about sustainable product capabilities.



3. Recognized as a Career Company for 2023

Every year, Karriärföretagen publishes a list of the best Swedish companies that offer unique career and development opportunities for students and young professionals. We have always had a strong focus on our employees' professional growth and wellbeing, which is why it was a great delight to be named a Career Company for 2023. We are working hard to be the most attractive workplace in the supply chain industry; receiving this award for the second consecutive year shows that we are moving in the right direction.

4. Using warehouse resources more efficiently with Artificial Intelligence

Ensuring the maximum flow of goods with optimal forklift movement in the warehouse - that's the task of Astro WMS® AI Goods Move Optimization. The module gathers all queues into a single task assignment group and uses Artificial Intelligence to choose the next assignment for each forklift based on proximity. Europris, Norway's leading discount variety retailer, implemented the functionality in October 2022. After a week, the company could see an 18% decrease in driving time with empty forklifts.





ENVIRONMENT

SUSTAINABILITY FOR THE ENVIRONMENT

Regarding sustainability for the environment, we have both our direct and indirect impacts to track. As a result, much of our sustainability work in 2022 evolved around how we can best address these two areas and create engagement in the Consafe Logistics community to realize our goals.

CORPORATE OPERATIONS

As for our corporate operations, we aim to minimize our environmental footprint. We set long-term goals to reach the highest sustainability impact in procurement, travel, and waste management. We use 100% renewable energy in all our offices and constantly grow the ratio of electric cars in our company fleet. Starting from 2022, for example, new leases in our Dutch office can only be signed for electric or hybrid vehicles.

SOFTWARE DEVELOPMENT FOR A SUSTAINABLE WAREHOUSE

Our indirect impact on the environment stems from our customers using our WMS software. In 2022, we had more than 500 warehouse sites running with Astro WMS® worldwide. Therefore, we are aware of our responsibility to develop product modules and tools that help operate warehouses more sustainably. We are committed to providing our customers with cutting-edge solutions that contribute to better resource management and a lower carbon footprint, for example, by selecting the correct box size for shipments, calculating optimal pick routes, or storing goods smarter.

To implement the “sustainability by design” concept during product development, we took the following actions in 2022:

- Creating a new product development template for the R&D team that includes the CO2 savings aspect.
- Launching an ROI calculator project. The tool shows relevant sustainability metrics that can be achieved using a specific WMS module (e.g., forklifts travel distance savings).
- Educating co-workers on how product modules contribute to resource-saving.

AMBASSADORS



DAVID BJÖRVERUD
Accounting Manager



MIKAEL BRORSSON
Product Manager

Energy consumption in Consafe Logistics offices, per employee (kWh)

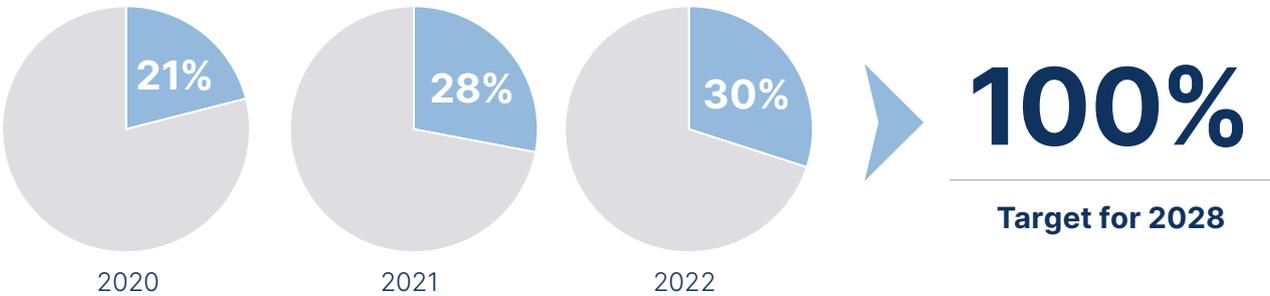
Our energy consumption increased due to employees returning to the office after the pandemic. To identify energy-saving opportunities, we will initiate local programs in 2023.



The ratio of renewable energy in Consafe Logistics offices (%)



Electric cars in the Consafe Logistics company vehicle fleet (%)





EMPLOYEES

SUSTAINABILITY FOR OUR EMPLOYEES

One of our corporate goals by 2028 is to become the top supply chain technology partner in Europe. Any progress we make towards this goal is due to the talent and skills of our people. We want them to feel engaged, see career development perspectives in the organization, and stay with Consafe Logistics for as long as possible, which is why we strive to build a strong company culture and a sustainable workplace.

Our work in this focus area has four dimensions. Within each of these are key performance indicators to measure our performance.

1. **A diverse and equal workplace** with people from various nationalities and age groups and where men and women are equally represented on every level of the organization
2. **A workplace for individual growth** that provides our talents with meaningful and empowering career development opportunities

3. **A safe and healthy workplace** that cares for the wellbeing of people and secures the balance between their work and private life

4. **An engaging workplace** that nurtures a unique culture where people want to be part of and contribute to our future success

AMBASSADOR



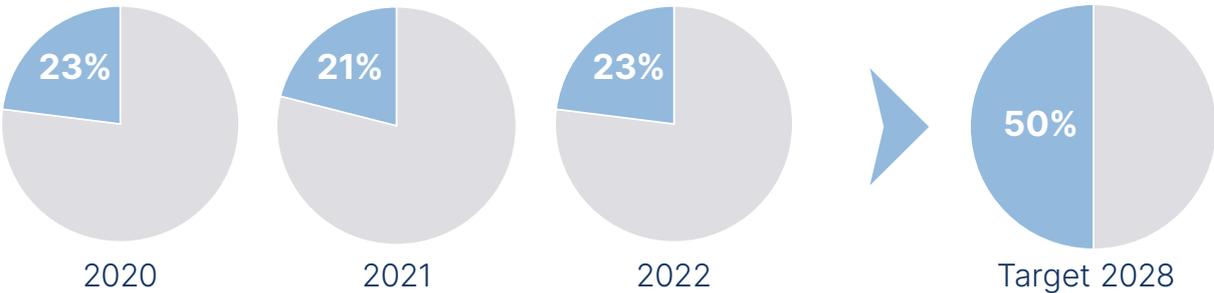
IDA KRÜGER

Talent Acquisition
& Employer Branding Partner

1. A diverse workplace

In 2022, we improved the share of women both among new hires and in salary-setting roles. For example, there are now more women managers in our Swedish organization than men, which is significant progress.

Gender split among newly recruited co-workers (% , blue=women, grey=men)



Gender split in salary setting roles (% , women)



Gender split in the Consafe Logistics board (% , women)



2. A workplace for individual growth

At the beginning of the year, we saw a slight decrease in employee retention, mainly due to a major shift in the candidate market following the pandemic. However, we addressed this actively throughout 2022, and by the end of the year, we were back to very strong figures compared to the industry benchmark.

As for successes, we reached an all-time high Employee Net Promoter Score (eNPS). This result shows strong employee engagement and that people in the organization feel connected to our business. In addition, we have also made progress in employee career development: in 2022, 60% of the positions available to internal and external candidates were filled internally.

In 2022, we also started tracking the Individual Growth Index to ensure employees have the right possibilities for personal development at Consafe Logistics. This indicator is measured as part of our PuLCe survey, and we have set an ambitious target to secure continuous career growth opportunities for co-workers.



3. A safe and healthy workplace

Our Leadership Index improved further in 2022. Reaching 86 points, it surpassed our target for the year and the industry benchmark, which stands at 80. The result shows that co-workers trust their managers and are satisfied with their leadership performance.

As for health-related metrics, we are committed to improving, which is why we have introduced new, increased health compensation packages for employees.

Percentage of healthy employees in the company (long-term)



Percentage of healthy employees in the company (short-term)



Leadership Index

As part of our PuLCe survey, employees answer a series of questions about their managers' leadership performance. The final score is derived from the cumulative results of their answers. The current industry benchmark is 80.



4. An engaging workplace

When it comes to people being part of a community, engagement is vital. That is why we closely monitor employee engagement and measure this index three times per year. In 2022, it reached a record-high 86 points, outperforming our target and the industry benchmark of 81. This excellent result reflects that our co-workers are motivated, satisfied with their job, and feel they can fulfill their professional goals at Consafe Logistics.

Engagement Index

Measured three times a year as part of PuLCe. The final score is derived from the cumulative results of questions on motivation, job satisfaction, and professional goals. The industry benchmark is 81.

2020	2021	2022
82	84	86



+5
points above the
industry benchmark

Target for 2028

Employees completing PuLCe (%)

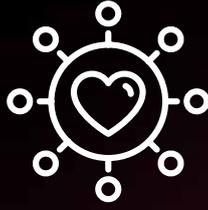


2020	2021	2022
90%	91%	89%



95%
Target for 2028





CUSTOMERS

SUSTAINABILITY FOR OUR CUSTOMERS

A TRUSTED PARTNER IN AN EVER-CHANGING SUPPLY CHAIN

In a constantly changing world, trusted partnerships matter. We believe nurturing long-lasting cooperation with customers brings predictability and sustainability into our work, which is the foundation of our mutual success. Whether we launch a project for the first time or have our teams working together for years, we strive to be reliable and forward-leaning partners and create scalable and flexible warehouse management solutions to support our customers' long-term business strategies. On average, our customers stay with us for a decade.

Nevertheless, to be a valuable partner, we must constantly educate ourselves on our customers' challenges, concerns, and overall perception of Consafe Logistics. Therefore, in 2022 we designed a survey that will help us measure customer satisfaction and serve as a base for future improvements in our service. This survey will be launched in Q1 2023.

We also made minor adjustments to the KPIs and replaced customer churn with net revenue retention (NRR). This indicator captures both the churn and recurring revenue values, thus providing better insight into our performance.

AN OWNER THAT MAKES A DIFFERENCE

Since 2003, Consafe Logistics has been part of the JCE Group, a family-owned international investment company based in Gothenburg, Sweden. We are fortunate to have an owner with a strong focus on sustainability, digitalization, and innovative technology solutions that provide value for the environment, society, companies, and individuals. JCE has a stable financial situation and a long-term vision for our company. They support our ambition to improve our customers' warehouse operations through research and development, which is key to providing sustainability for our customers.

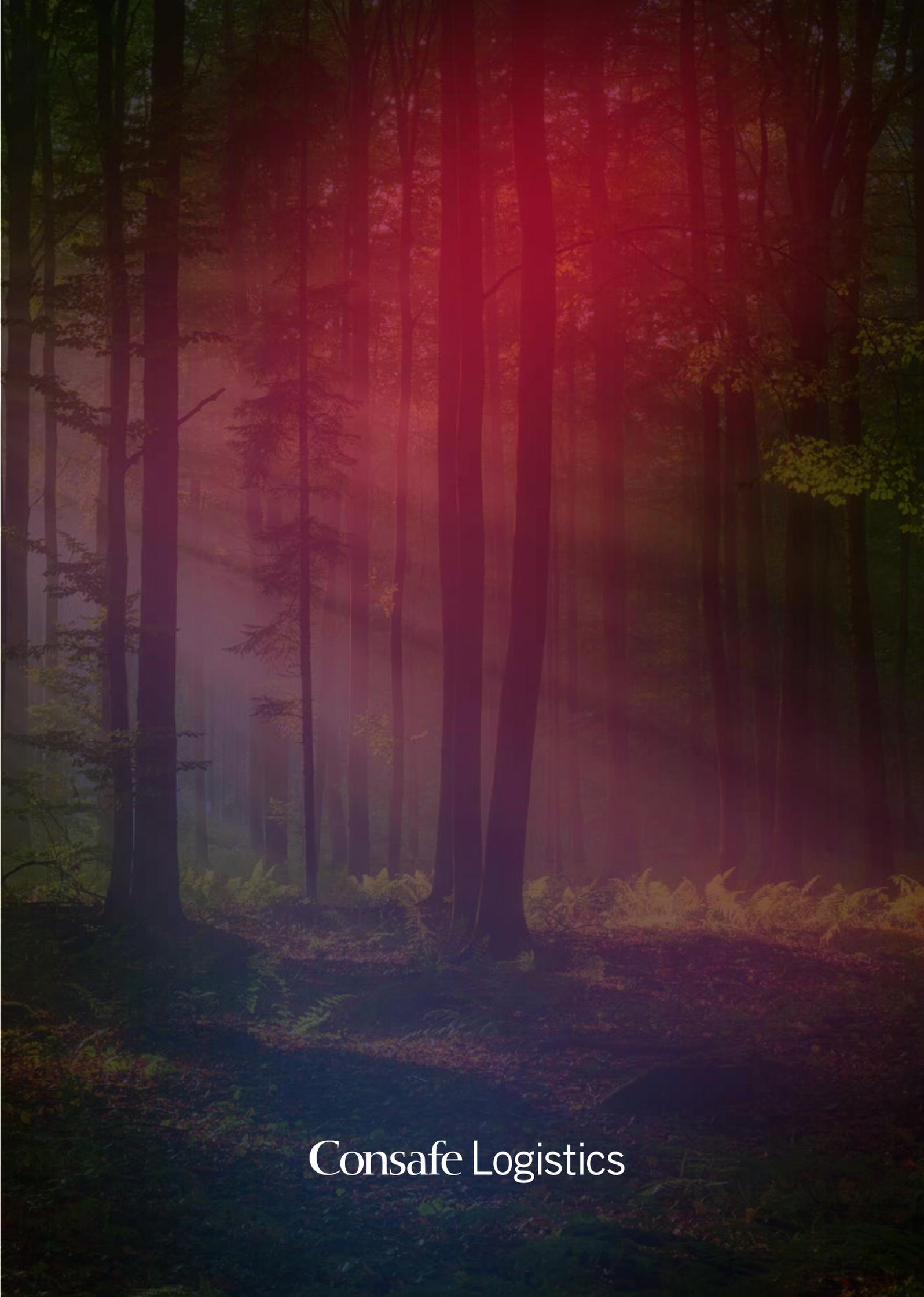
Backed by this stable and trusted ownership, we can continue investing in product innovation and ensure our customers can benefit from the power of artificial intelligence and new technologies that can take sustainability in the warehouse to the next level.

AMBASSADOR



PEKKA LEHTINEN

Managing Director, Consafe Logistics Finland



Consafe Logistics