



# **Consolidated non-financial statement**



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# LETTER TO STAKEHOLDERS

Dear readers,

I am pleased to present to you, in its third edition, Datalogic's Consolidated Non-Financial Statement. This document gives us an opportunity to report our endeavours in the field of sustainability, carried out during 2019. Furthermore, we would like to confirm that last year the Group showed a strong commitment working on the following topics: customer needs, innovation, people, suppliers and the environment.

The **development of innovative technologies** - to satisfy our customers' needs - remains the basis of what makes us leaders of our industry. We believe in continuously monitoring their needs and their level of satisfaction, by following the strategy we adopted in 2019: being Customer-centred. In fact, as in previous years, our Group organisation focuses on customers operating in the following 4 sectors: **Retail, Manufacturing, Transportation & Logistics, and Healthcare.**

Datalogic always places its focus on **the functioning of its Group's corporate governance system.** We constantly monitor compliance with national and international best practices in corporate governance. **Risk management** contributes to the effectiveness, profitability and compliance of all processes, thus fostering informed decisions, the proper functioning of the corporate processes,

the reliability of the information provided to the corporate bodies and the market, compliance with the laws and regulations, and the ongoing pursuit of sustainability.

Our main objective is fulfilling our customers' expectations and needs. **We are always driven to improve customer experience, making us work more efficiently and effectively.**

For us, it is essential to build a network of academic and industrial partners who share our Open Innovation path aimed at generating ideas, developing innovative solutions and transferring them to products. **Besides receiving recognition for being an innovative Group,** Datalogic has been collaborating with academic, industrial partners and research institutes all over the world.

We are particularly proud of our multi-ethnic R&D teams. These are made up of people showing daily commitment to creating innovative solutions that simplify complex tasks and make our customers' processes fast and error free. **Our growth is primarily fuelled by these resources focussed on research and development.**





In order to satisfy our customers with highly innovative products and solutions and keep up with the latest technological trends, one of our main priorities is to attract and retain some of the best talents available on the market. Hence, Datalogic offers excellent opportunities and multiple ways to **develop talents, enabling them to improve their skill set**.

One of the Group's most important duties remains ensuring to all its employees a professional environment that meets the strictest health and safety requirements. For this purpose, **monitoring and periodic review activities** are constantly carried out by Datalogic, **in order to safeguard its employees' health and safety**, by providing them with safe and welcoming working environments. Moreover, Datalogic has structured a welfare system for the Group's resources, that offers a series of benefits to all its employees. These include a set of opportunities to protect health and support family management, aimed at contributing to people's well-being.

For an organisation like ours, working with suppliers - and constantly increasing their added value - are key elements in strengthening our competitiveness. The strategic suppliers and their processes undergo specific analyses in order to

assess any potential risks in terms of supply quality and the protection of social and environmental aspects.

This year, more than ever, Datalogic innovation **also includes focussing on the future**.

Datalogic has implemented environmental protection policies in order to minimise the external impact and the risks associated with its activities, though limited as they may be.

This Consolidated Non-Financial Statement is a further step forward in the process of sharing information regarding corporate and environmental sustainability aspects and the management of the relevant risks.



**Valentina Volta**  
CEO



# A YEAR OF SUSTAINABILITY

> **28**

Countries where the Group is present

> **Best Patent of the Year**

Award established in 2019

> **3,074**

Group personnel

> **92%**

Employees with open-ended contracts

> **93%**

White Collars that have received a performance review

> **33%**

Share of women in the Board of Directors

> **100%**

Products subject to quality and safety/security assessment

> **4,790**

Number of active suppliers

> **71,211 GJ**

Group energy consumption

> **100%**

Production plants with certification ISO 9001









# **1. OUR GROUP, HISTORY AND VISION**





## Datalogic is a worldwide high-tech company focussed on innovation.

Our solid and continuous investments in research and development - combined with a policy of growth and acquisitions - are the key elements which allow us to make our customers look to the future. We can achieve this thanks to the anticipation and introduction of technologies complementary or alternative to barcodes. In its 47 years of history, Datalogic boasts extraordinary results: over 1,200 patents in multiple jurisdictions, 11 research and development centres and 500 specialised employees (mostly engineers) dedicated to creating new products and solutions.

Following our customer-centric strategy, we continue to support our customers as real partners in the new challenges imposed by a constantly evolving market. We operate in the following four sectors: Retail, Manufacturing, Transportation & Logistics, and Healthcare. Understanding and meeting our Customers' expectations are key drivers. These are achieved through initiatives - which Datalogic carries out with its partners and customers on a daily basis - aimed at improving the Customer Experience.

With over 3,000 employees in Europe, America and Asia, we firmly believe that people are our most important competitive asset. For this reason the Datalogic Group is constantly searching worldwide for the best graduates from technical faculties, attracting them with extremely advantageous professional growth opportunities. Our staff stands out both for its great passion for innovation and the special attention paid to customer satisfaction.

## Vision

A world which Datalogic has identified, detected, inspected, marked and verified.

## Mission

We aim to provide our customers in Retail, Manufacturing, Transportation & Logistics and Healthcare industries with the best quality and efficiency in automated data acquisition and process automation. This is possible thanks to advanced technology, innovative products, cutting-edge solutions and talented people.

## Values



### RESPONSIBILITY

Act like you own the company.



### EFFICIENCY

You get more with less.



### RESULT-ORIENTED

Focus on the results and achieve your goals.



### REALISM

Face reality and correct what is wrong.



### NO SHORTCUTS OR COMPROMISES

Do not compromise on strategy, culture or results.

## Highlights of the 2019 financial year

	31.12.2019	%	31.12.2018	%	31.12.2017	%	VAR % 2019-2018	VAR % 2018-2017
<b>Revenues</b>	<b>612,486</b>	<b>100%</b>	<b>631,015</b>	<b>100%</b>	<b>606,022</b>	<b>100%</b>	<b>-2.9%</b>	<b>4.1%</b>
<b>Operating performance (EBITDA)</b>	94,990	16%	105,549	17%	103,299	17%	-10.0%	2.2%
<b>Operating income (EBIT)</b>	65,471	11%	83,517	13%	82,879	14%	-21.6%	0.8%
<b>Profit/(Loss) for the period</b>	50,281	8%	62,210	10%	60,080	10%	-19.2%	3.5%
<b>Net Financial Position (NFP)</b>	13,364		23,843		30,137		-44.0%	-20.9%

In 2019 revenues amounted to € 612.5 million, down 2.9% on the previous year. Growth in North America (+6.6%) was confirmed in 2019, partially offsetting the slowdown in the APAC (-19.6%) and EMEA (-4.7%) and Latin America (-2.5%) areas.

EBITDA decreased by 10.0% to € 95 million, bringing the EBITDA margin to 15.5% (16.7% at 31 December 2018).

Net profit amounted to € 50.3 million (€ 62.2 million in the same period of 2018). As impact on revenues fell from 9.9% to 8.2%.

The Net Financial Position as at 31 December was a positive € 13.4 million. It recorded a decrease of € 10.5 million compared to 31 December 2018 (when it was a positive € 23.8 million). Net of the application of the new IFRS 16 accounting principle (following which assets under right of use for € 9.8 million and financial liabilities for € 10.1 million were recorded), the financial position is in line with the previous year.

The value of Datalogic's stock market capitalisation as of 31 December 2019 is € 985.99 million.

For more information on the Group's 2019 financial report, visit <https://www.datalogic.com/ita/azienda/investor-relations-ire-5390.html>

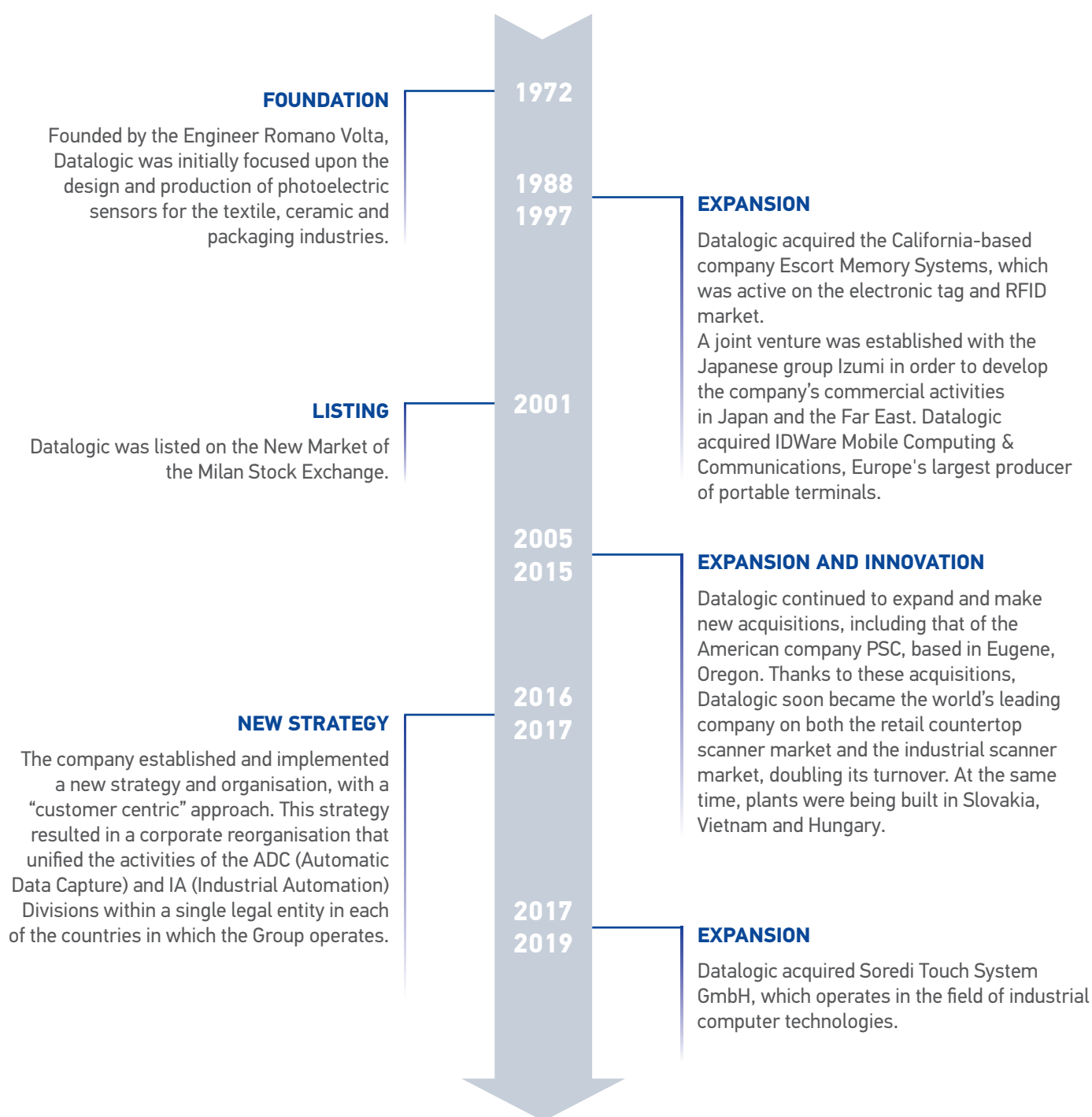


# 1.1 DATALOGIC'S HISTORY

Datalogic was founded in 1972 by **the Engineer, Mr Romano Volta**.

Initially, production is centred on electronic devices, but soon the direction changes towards the design and production of photoelectric sensors for textile, ceramic and packaging industries.

The founder, realising the revolutionary importance of the barcode, developed a manual device capable of reading it, thus introducing Automatic Data Capture technology to the retail world and then applying it to the entire industrial sector. In order to meet customers' needs along the entire value chain, over the years the Datalogic Group has developed an extensive and diversified range of products. This has made it **the main Barcode Company worldwide**. Thanks to our strive for continuous innovation, we are the only Company that can boast extensive and consolidated experience in **automatic data acquisition** and **process automation**, **areas in which we are market leaders**.



## 1.2 PRODUCTS AND APPLICATIONS

Our **very high-tech** company specialises in the design and production of barcode readers, mobile computers, RFID, detection, measurement and safety sensors, as well as laser vision and marking systems. Our **cutting edge products** are always used by the main retailers, most important airports, postal and shipping couriers, as well as major manufacturing and hospital industries.



### FIXED RETAIL SCANNERS

The most complete countertop scanners available on the market, able to reduce the waiting time when checking out inside a store:

Bioptic scanner with horizontal and vertical reading window ~ Patented All-Weights™ scale plate ~ Integrated EAS functionality ~ Digimarc™ decoding software ~ Sapphire glass window.



### MOBILE COMPUTER

State-of-the-art products in terms of robustness, ergonomics, processing technology and data acquisition:

Pocket-sized, handheld devices with full alphanumeric keyboard ~ Industrial PDAs ~ Gun grip terminals ~ Vehicle mounted computers ~ Middleware solutions for self-shopping.



### RFID SYSTEMS

A wide range of UHF RFID devices available in different formats:

Scanning through handheld devices ~ Industrial fixed scanners ~ Inbound/outbound material management ~ Inventory in warehouses ~ Tracking and tracing of drugs, blood bags and samples in healthcare environments ~ Semi-passive UHF Tag logger for sensitive products.



### VISION SYSTEMS

Our range of products also includes both hardware and software solutions:

Powerful smart cameras with industrial protection degree ~ Latest generation vision processors ~ Software Suite for more flexible management of vision systems ~ Outstanding ability to process images



Figure 1 - Datalogic Products

## SENSORS AND SAFETY

The widest range of photoelectric sensors and safety devices for any type of application.

Luminescence, colour and contrast sensors ~ Slot sensors for label detection  
~ Size and distance measurement ~ Type 2 and Type 4 safety light curtains ~ Safety laser scanners for static and dynamic applications.



## HANDHELD SCANNERS

Automatic data collection devices with excellent performance and extreme reliability:  
Corded or cordless - Laser technology - Linear or Area imaging technology - With strong standard or antimicrobial plastic - Patented Green Spot technology for scanning confirmation.

## FIXED INDUSTRIAL SCANNERS

Designed for applications that do not require constant and continuous monitoring by an operator:

Barcode reading for tracking items ~ Omnidirectional stations for sorting and tracking operations ~ Image processing for inspection and quality control ~ OCR for recognition and OCV for verification ~ Easy integration into any industrial environment.

## LASER MARKING SYSTEMS

Ideal for automotive, electronics, marking of medical devices and in high precision metal machining:

Ultra-compact solutions based on laser fibre  
~ Solid state and CO2 technology ~ Integration in both production lines and stand alone systems ~ Clear and permanent logos ~ 1D and 2D codes, serial numbers & dates on most materials.

### SENSORS

### SAFETY

### HANDHELD SCANNERS

### FIXED INDUSTRIAL SCANNERS

### LASER MARKING SYSTEMS

### CODE READERS

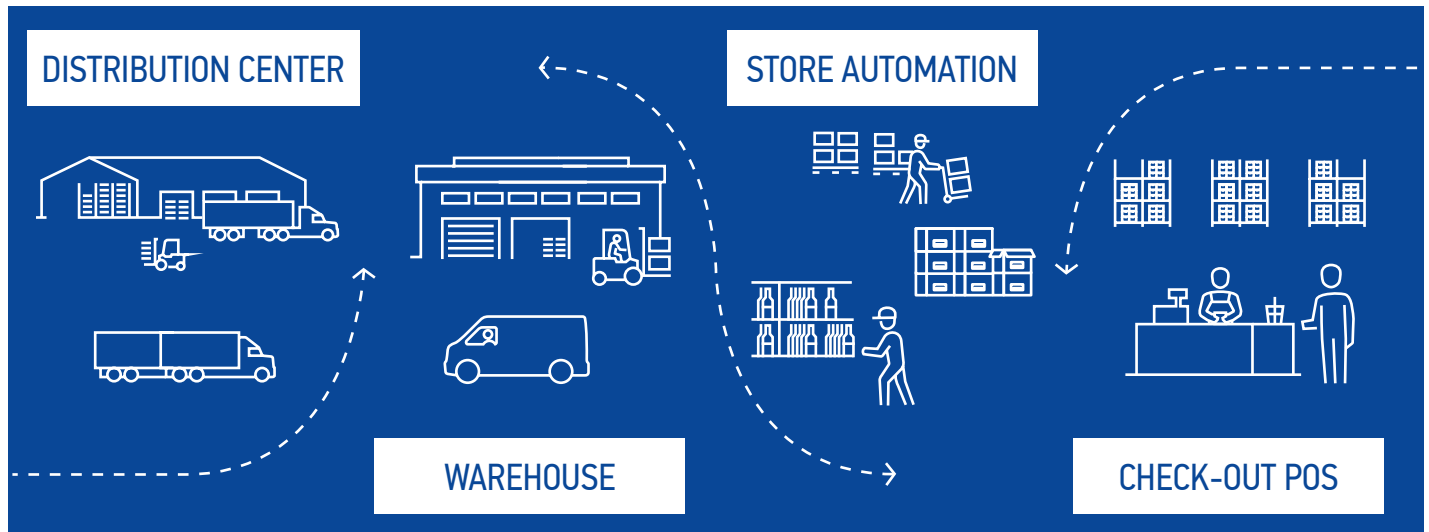
## OEM BARCODE READERS

Ultra-compact 2D imager Scan Engines, featuring a high-speed sensor which enables image capture at a full 60 frames per second.



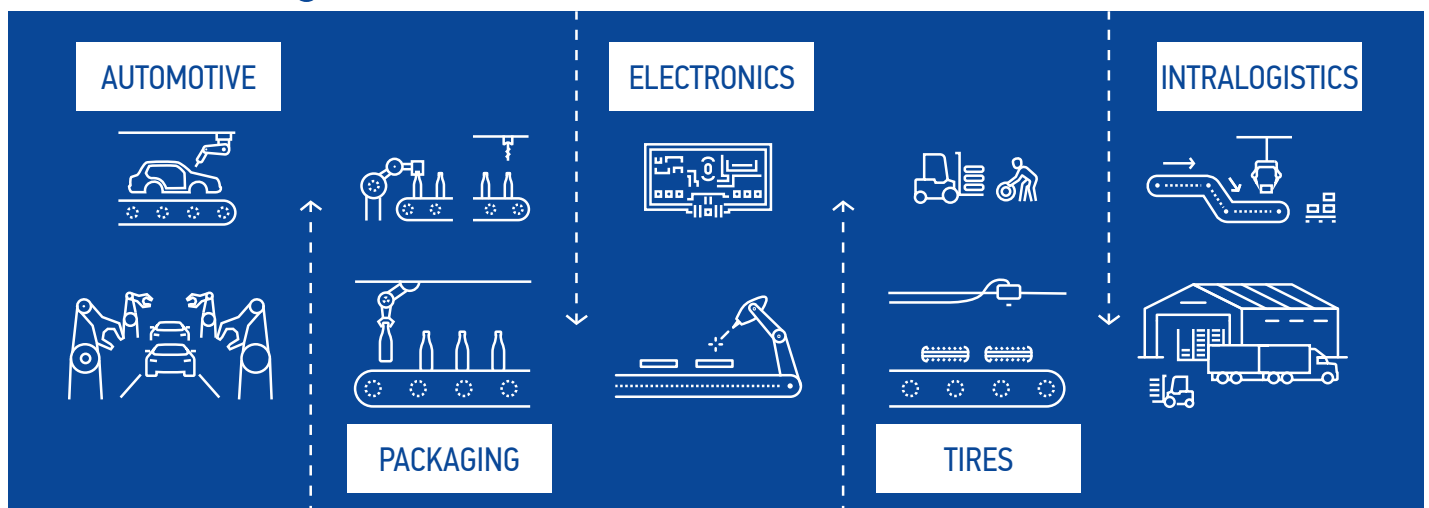
Since 2017 Datalogic **has been organised by customer type** with special sales and service teams for the Retail, Manufacturing, Transportation & Logistics and Healthcare sectors.

## Retail



Datalogic is one of the leading providers of cutting-edge technology for the retail sector worldwide. Datalogic products maximise the retailer's productivity and efficiency, while at the same time improving the customer's experience, from distribution centre to warehouse, and all the way to the point of sale. Operations like receipt, storage, inventory, assisted sale, check-out and stock replenishment are carried out effectively and efficiently thanks to devices designed to be durable and reliable.

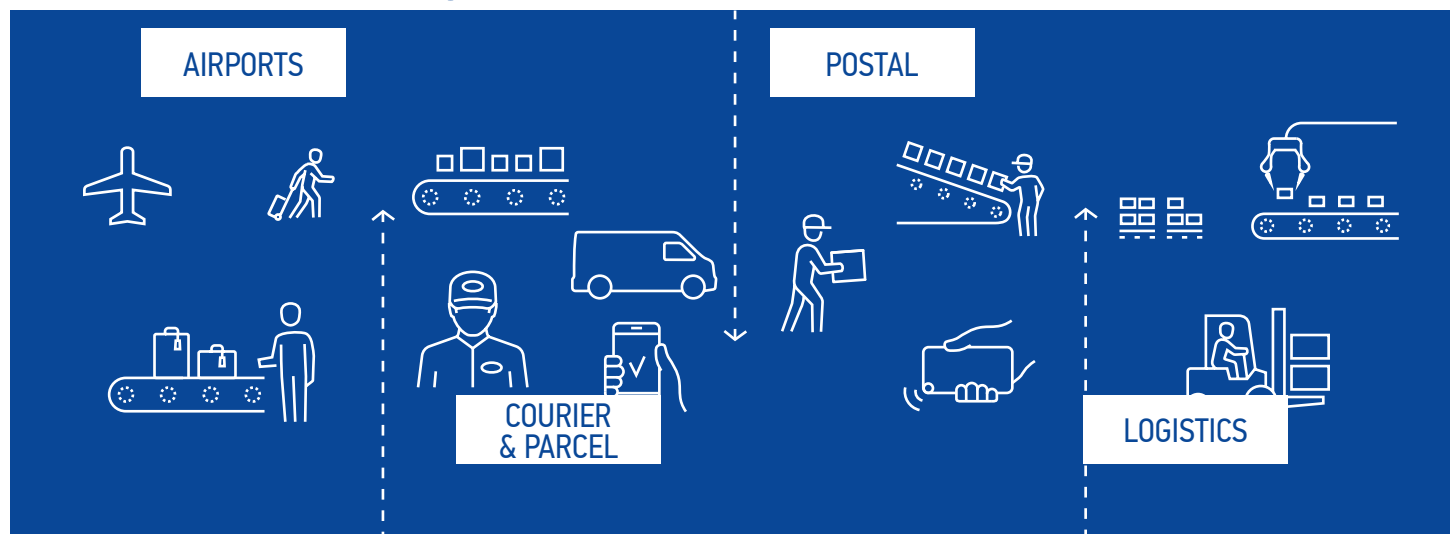
## Manufacturing



Companies operating in the Automotive, Food & Beverage, Electronics and Warehouse Logistics can greatly benefit from the ease of use and reliability offered by Datalogic's identification devices, vision and marking systems, and sensors. Datalogic offers technologies designed to detect the presence of objects, to protect workers with safety light curtains, to ensure product quality through vision sensors, and to code items through laser marking. Process and product traceability is ensured thanks to fixed industrial scanners, manual barcode scanners, and mobile computers, which are capable of tracking items throughout the entire production chain, up until the time of distribution.

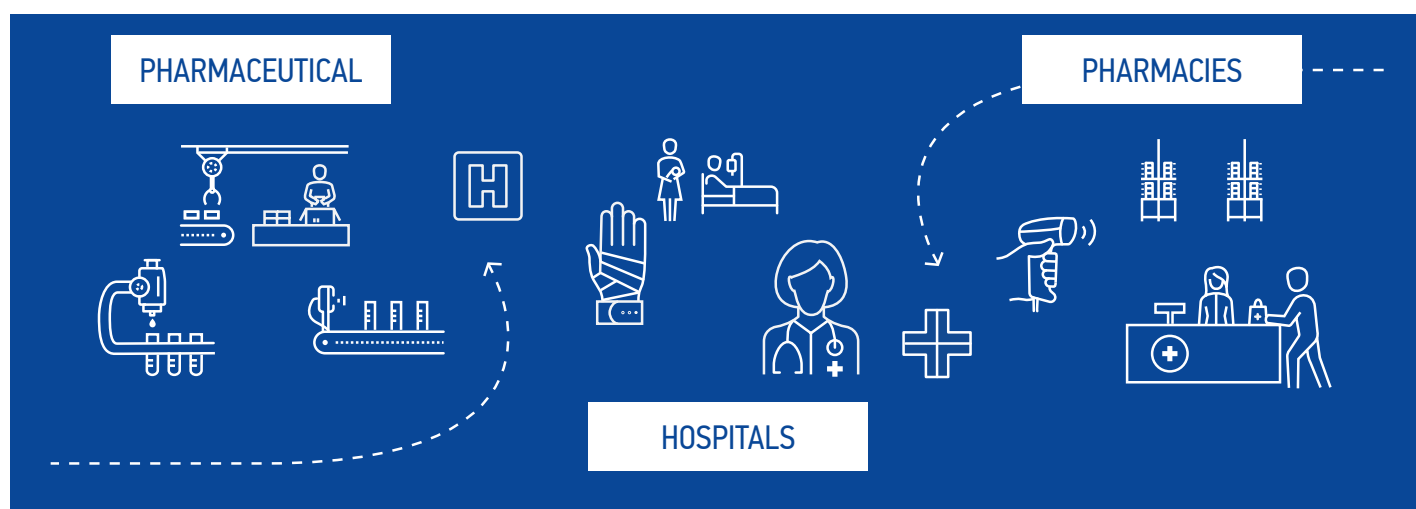


## Transportation & Logistics



The world of logistics is a complex ecosystem of solutions, where added value is given by the precision and reliability of the service, be it shipping a suitcase, a parcel or a pallet. Shipment tracking and proof of delivery are some of the services that could not be offered without the use of Datalogic products. We are the only supplier in the world able to cover the entire logistics supply chain, from receipt to delivery. However, Datalogic solutions go beyond barcode reading. In fact, our customers are also able to measure items, identify a shape, a defect or a logo, as well as have access to an easy interface with the main operating systems. All these essential services create value throughout the logistics chain.

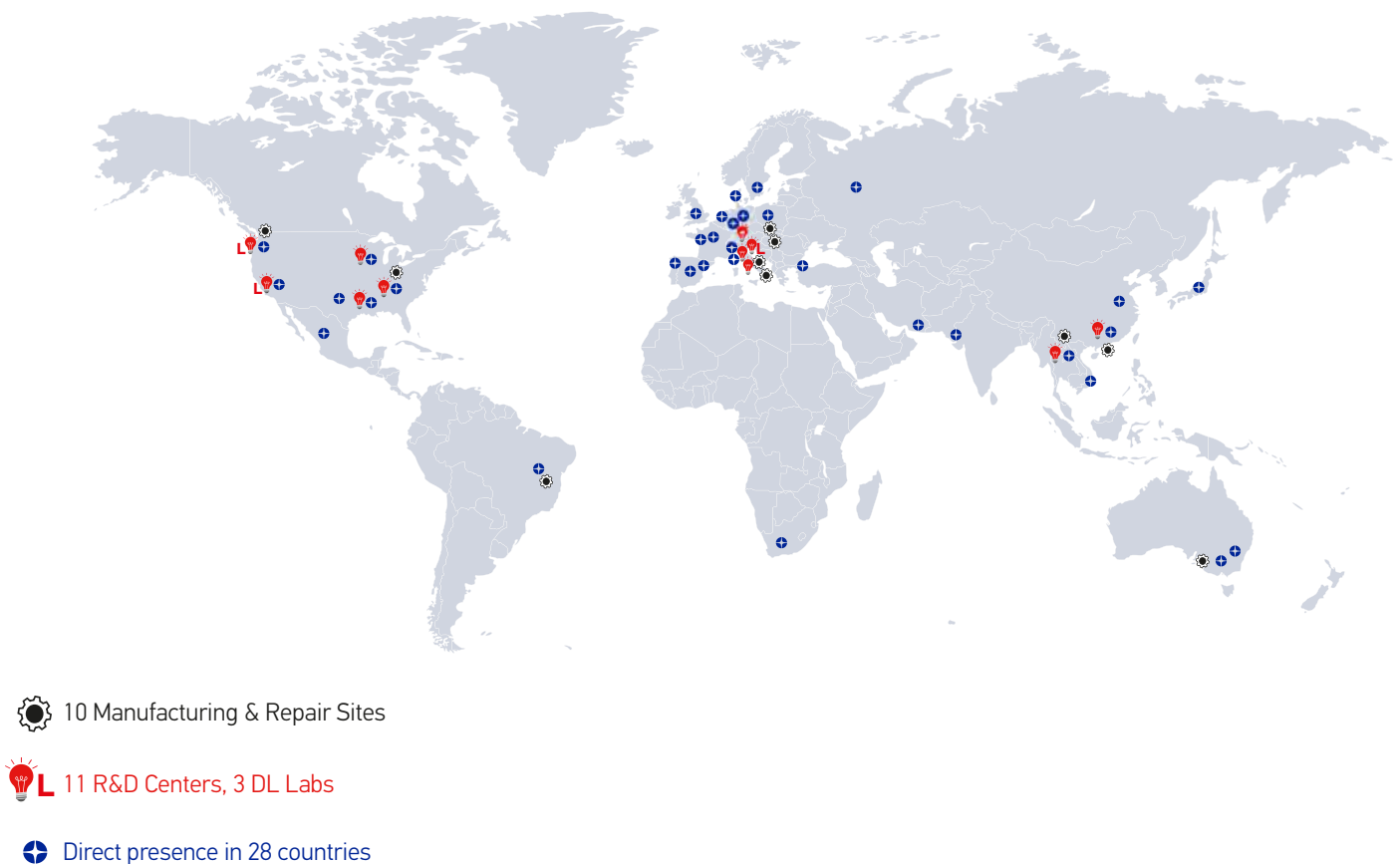
## Healthcare



Datalogic solutions are used by hospitals, analysis laboratories, pharmacies, and in pharmaceutical production. Among the many applications in hospital, the main one is the bedside patient monitoring system. Some specific health care products are characterised by an antimicrobial plastic outer shell that prevents bacterial growth. They can be sterilised with aggressive agents.

The good scanning optical signalling - through a "green spot" (with or without acoustic signal) - is a very appreciated feature in a hospital environment. These solutions are offered by Datalogic directly or through Partners and Distributors.

Datalogic operates a global business, spread across 5 continents:



**Figure 2 - Datalogic's Worldwide Presence**

80% of the Datalogic business is done through external channels. The contribution of our Partners, Distributors, Dealers and System Integrators is therefore key to our success.

Datalogic has always been careful to keep its Partners motivated and wants to increase their business opportunities through consistent pricing policies with the right margins, maintaining the integrity of the channel and creating value for all parties involved.

For more information <https://www.datalogic.com/ita/azienda/partner-pa-2732.html>





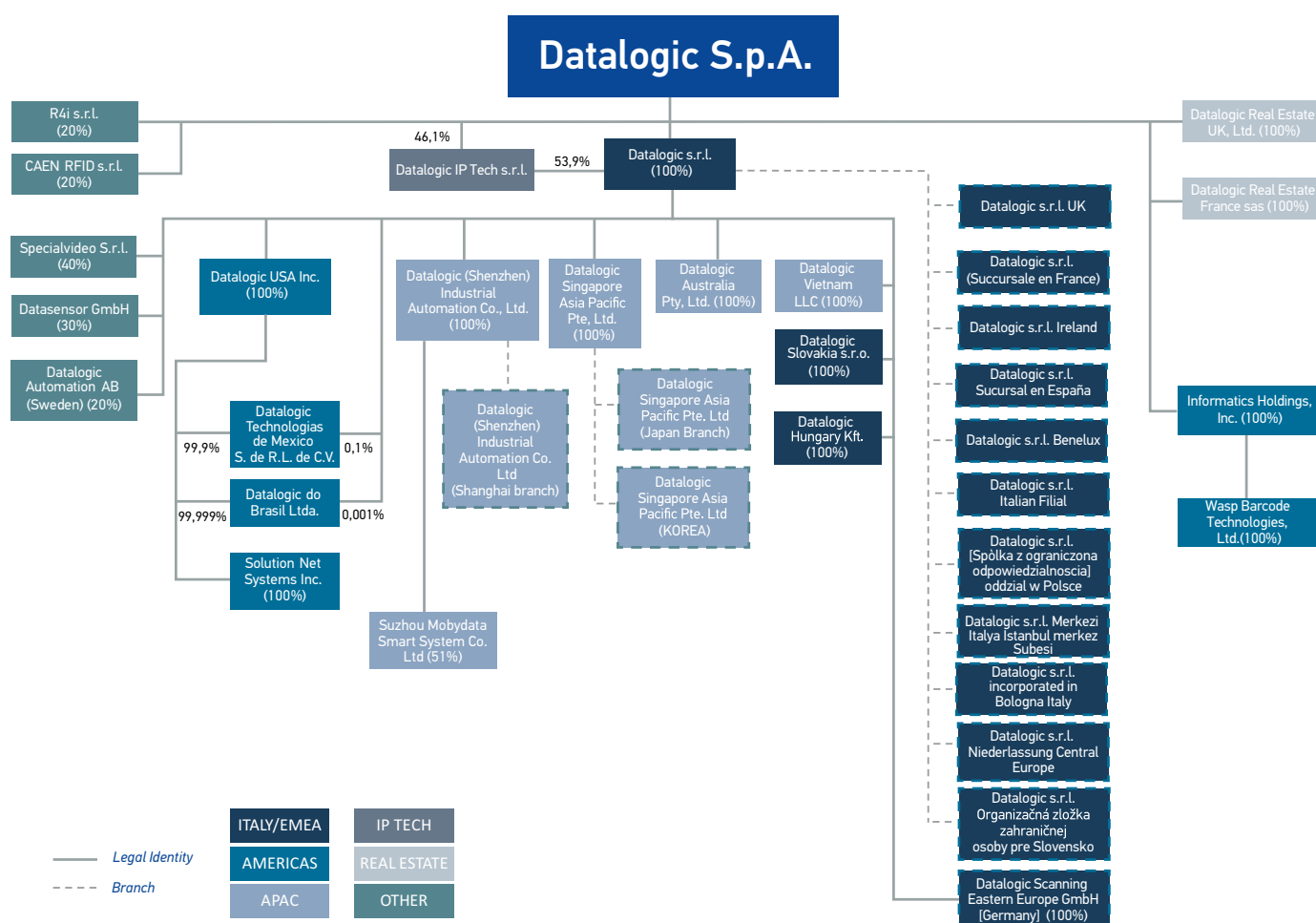


# **2. A ROBUST ORGANISATIONAL STRUCTURE FOR RESPONSIBLE COMPANY MANAGEMENT**



Datalogic continuously places particular focus on the effectiveness and functioning of its corporate governance system, and uses national and international corporate governance best practices as a basis for the development of its decision-making and control structures.

## 2.1 GROUP STRUCTURE



**Figure 3 - Structure of Datalogic Group**

Datalogic S.p.A., with headquarters in Lippo di Calderara (Bologna), is the Group's Parent Company, and is responsible for defining the Group's vision, strategy, values and policies.

During 2019:

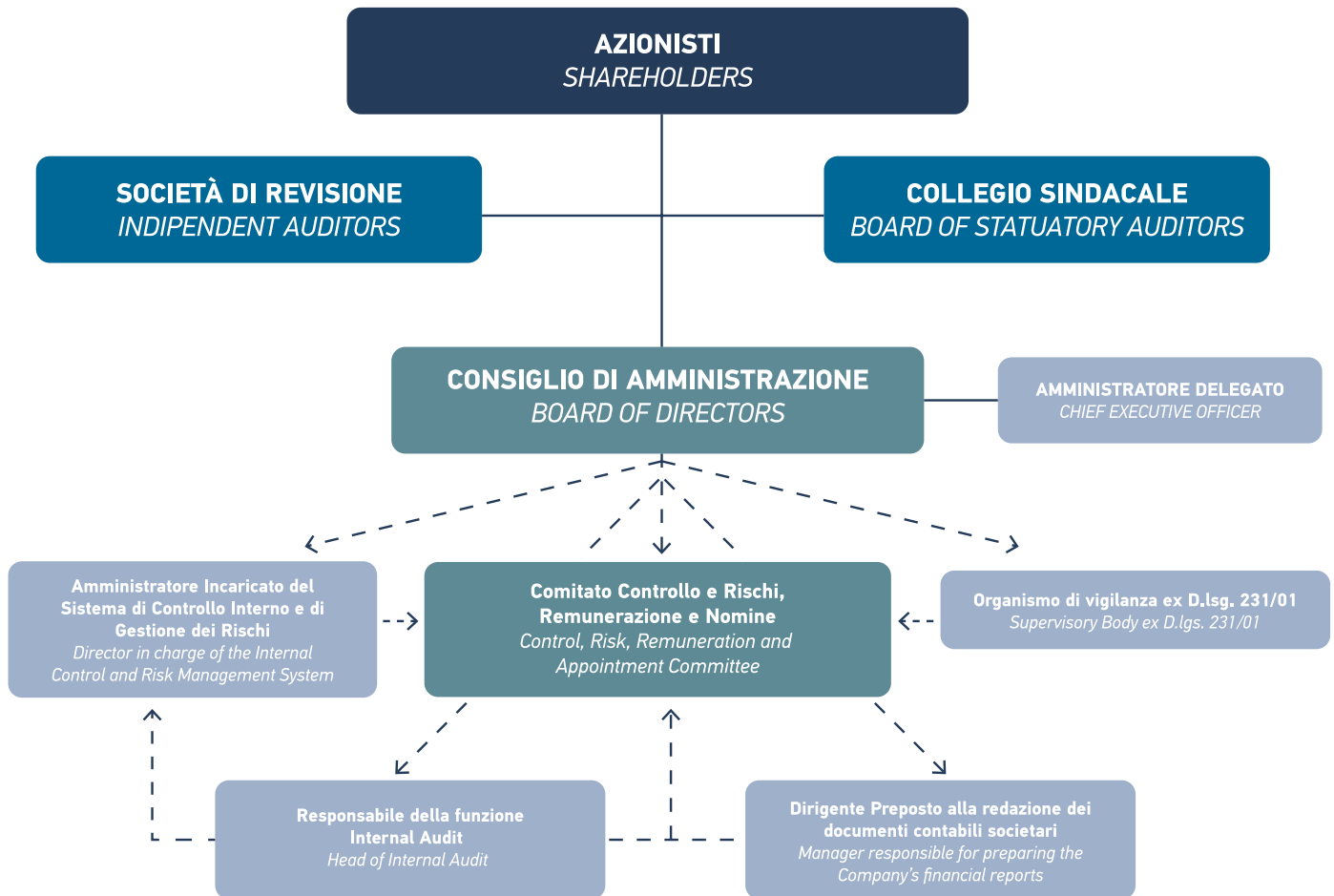
- the group's presence in Germany has been streamlined with the merger of Soredi Touch Systems GmbH and Datalogic Real Estate GmbH into Datalogic S.r.l.;
- Datalogic has come to own 51% of the capital of Suzhou Mobydata Smart System Co. Ltd. through its subsidiary Datalogic (Shenzhen) Industrial Automation Co., Ltd.

Datalogic is a member of the main trade organisations, such as Anie (The National Federation of Electrotechnical and Electronic Companies), CEI (Italian electronic committee), UCIMA (Association of Italian Makers of Automatic Packaging Machines), CNA (National Confederation of Artisans and Craftsmen and Small and Medium Enterprises), IEEE (Institute of Electrical and Electronics Engineers) and SPIE (International Society for Optics and Photonics).

The Group has also made contributions to the following organisations: Associazione Amici del Museo del Patrimonio Industriale (Friends of the Industrial Heritage Museum), University of Ferrara, University of Oregon.

## 2.2 CORPORATE GOVERNANCE

Datalogic S.p.A.'s traditional corporate governance system, shown in the diagram below, is inspired by the principles of management and informational fairness and transparency, which it achieves through a process that continuously controls the effective implementation and effectiveness of those principles.



**Figure 4 - Group Governance**

The Group's listing on the STAR segment of *Borsa Italiana* (the Italian Stock Exchange), which consists of Italy's top listed companies, requires the Group to comply with more stringent requirements in terms of Governance (e.g. the inclusion of independent directors and internal committees on the Board of Directors), as well as in terms of the transparency and timeliness of its communications to the market.

Datalogic S.p.A. adheres to the Italian Stock Exchange's Corporate Governance Code for listed companies; with a resolution passed by the Board of Directors on 7 August 2019, Datalogic adhered to the July 2018 version of the aforementioned Code.



As of 19 March 2020, the Datalogic S.p.A. Board of Directors consisted of 9 members, 5 of whom are independent:

- **Romano Volta** – Executive Chairman
- **Valentina Volta** – Chief Executive Officer
- **Pietro Todescato** – Executive Director
- **Filippo Maria Volta** – Non-Executive Director
- **Angelo Manaresi** – Independent Director and Lead Independent Director
- **Chiara Giovannucci Orlandi** – Independent Director
- **Angelo Busani** – Independent Director
- **Vera Negri Zamagni** – Independent Director
- **Roberto Osvaldo Lancellotti** – Independent Director (elected from a list submitted by a minority of shareholders)

The average age of the Directors in office as of the date of this Statement is 60 years, with 2 Directors in the 30 - 50 age group, and 7 Directors in the over 50 age group. Women constitute 33% of the Board Members (3 out of 9), including the Chief Executive Officer.

*For more information on the composition and duties of the corporate bodies and the relevant policies, please refer to the 2019 Report on Corporate Governance at the following link: <https://www.datalogic.com/ita/azienda/corporate-governance/documenti-societari/relazione-corporate-governance-irp-5422.html>.*

## Organisation, Management and Control Model pursuant to Italian Legislative Decree No. 231/01

Pursuant to Italian Legislative Decree no. 231/2001, Datalogic S.p.A. and its Italian Subsidiaries continue to adopt an Organisation, Management and Control Model (hereinafter the “Model”) for compliance purposes. In its current configuration, the Model consists of a General Part, in which the Model itself is described in terms of objectives, functionality, and bodies established to oversee the same, and a Special Part, in which the protocols aimed at preventing the predicate offences are identified.

Each predicate offence is subject to a specific risk assessment with regard to its applicability to the business and the internal controls put in place.

Datalogic promotes the dissemination and knowledge of the Model itself, and condemns any conduct that is not compliant with the law, the provisions of the Model, and the Code of Conduct. All the recipients of the Model are required to collaborate in order to ensure the full and effective implementation of the same, with any violations being immediately reported.

Datalogic S.p.A. and its subsidiaries also ensure the implementation of mandatory training programs in order to guarantee that the employees have a complete knowledge of the Decree and the Model, even through the administration of evaluation questionnaires.

The boards of directors of Datalogic S.p.A. and its subsidiaries have appointed one Supervisory Body for each Company, in order to meet the requirements in terms of autonomy, independence, professionalism, and continuity of action. The Supervisory Body is vested with the powers of initiative and control necessary to ensure the effective and efficient supervision of the functionality and observance of the Model.

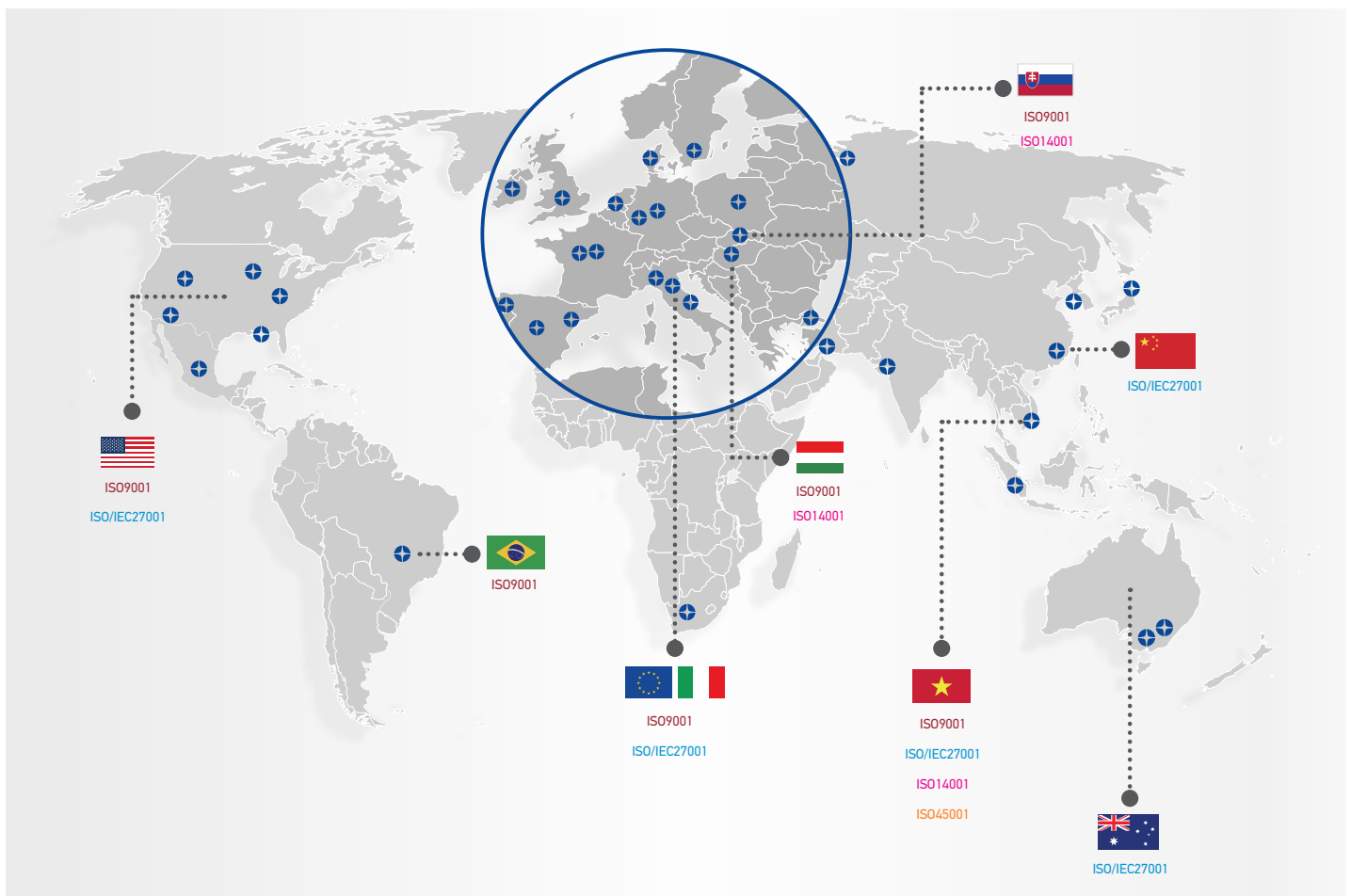
The Supervisory Body carries out checks on the areas of activity deemed to be at risk of crime, pursuant to Italian Legislative Decree no. 231/2001, making use of the competent corporate functions.

## 2.3 MANAGEMENT SYSTEMS AND ISO STANDARDS

Product and service excellence, environmental protection, awareness of social and economic impacts, worker safety, and data security are among the most important aspects of Datalogic's corporate culture.

To deal with these issues, the Group has established and implemented a series of Management Systems in compliance with the requirements of the following standards:

- ISO9001 "Quality Management System"
- ISO14001 "Environmental Management System"
- ISO45001 "Occupational Health and Safety Management System"
- ISO27001 "Information Security Management Systems".



All certificates are available to all stakeholders in the "ISO Management System" section of the Datalogic website: <https://www.datalogic.com/ita/azienda/panoramica-dellazienda/sistema-di-gestione-iso-co-217.html>

## 2.4 INTEGRATED RISK MANAGEMENT

The aim of risk management at Datalogic is to preserve effectiveness, profitability and compliance along the value chain. This result is guaranteed by appropriate processes and controls established at the level of:

- Organisational and corporate structure
- Governance
- Operating Systems/Tools
- Management Systems (internal procedures and standards)

The definition of strategic objectives by the executive board is accompanied by an appropriate risk assessment in order to assess their sustainability.

Among other things, Control, Risks, Remuneration and Appointments Committee (composed, in line with the provisions of the Corporate Governance Code, by 3 Directors, including 2 independent and 1 non-executive), is tasked with supporting the assessments and decisions made by the Board of Directors, with regard to the internal control and risk management system, by conducting adequate preliminary work.

Executive Board and/or department heads - in line with the implementation responsibilities assigned to them - have identified and periodically reassessed the operational risks directly related to the strategy and to the achievement of strategic objectives.

Risk management, as described, contributes to the management of the company in a manner that is consistent with its objectives, thus fostering informed decisions, the proper functioning of the corporate processes, the reliability of the information provided to the corporate bodies and the market, and compliance with the laws and regulations.

The Management Report provides an annual assessment of the Group's exposure to the various types of risk, including risks of a purely financial nature, as well as risks of a different nature that could impact the Group's financial position.

*For more information on the 2019 Management Report, please refer to the 2019 financial report, which is available on the Group's website at the following link: <https://www.datalogic.com/ita/azienda/investor-relations-ire-5390.html>*

### Main risks associated with non-financial topics

The current and potential risks to which the Group is or could be exposed (contained in the various documents identifying and assessing the Group's internal risks<sup>1</sup>) include certain risks, suffered and generated, associated with the topics that Datalogic has identified as "material" for the Group and its stakeholders in this consolidated non-financial statement.

This mapping, which was carried out starting with the potential risk factors associated with the most relevant topics already identified by the Group, represents a first step in understanding how social, environmental, personnel management, human rights or anti-corruption topics can impact the effectiveness and sustainability of Datalogic's business model over the short, medium and long term, and how it can be supplemented with evaluation activities or with in-depth studies on specific areas of risk in the coming years.

#### NOTES:

<sup>1</sup> In particular, the following documents were examined: risk activities surveyed within the context of the Organisation, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001; analysis of the risks associated with the management of the environmental impacts identified in the ISO 14001 Management Systems, where present; analysis of the risks associated with occupational health and safety identified in the ISO45001 Management System, where present, and in the management reports prepared in compliance with the national regulations of the foreign countries where the company's production sites are present.

The main associated risks can be summarised as follows:

SCOPE OF ITALIAN LEGISLATIVE DECREE 254/16	MAIN RISKS	MONITORING TOOLS AND ACTIONS
<b>Aspects relating to the fight against corruption</b>	<p>The risks relating to active and passive corruption were analysed as part of a risk assessment activity involving Datalogic Group's main functional managers. This analysis took into account all company processes, including: sales and purchases, public financing and participation in tenders, recruitment of personnel, product/system certification processes.</p>	<p>With regard to the management of risks identified in the area of corruption, the company has:</p> <ul style="list-style-type: none"> <li>defined and adopted the Group Code of Conduct, which establishes the ethical principles and behaviours which must be respected by the recipients;</li> <li>set up Group procedures to cover the majority of business processes exposed to risk;</li> <li>developed and implemented a system of delegations and powers of attorney, with a view to "segregation of duty".</li> </ul> <p>The Italian companies have implemented the Model pursuant to Italian Legislative Decree No. 231/2001.</p>
<b>Aspects related to personnel / human rights</b>	<p>The main risks identified relating to the Group's personnel and human rights include the lack of engagement of competent staff both during selection and management, risks related to the health and safety of workers and the lack of respect of human rights and gender diversity.</p>	<p>Risk management in terms of the Group's personnel and human rights begins with the Code of Conduct and the General Group Procedures<sup>2</sup>, in addition to the "Quality Policy" and Human Resources management tools (including Performance Review, training programmes and corporate welfare system). Most companies are ISO 9001<sup>3</sup> certified.</p> <p>For what concerns health and safety, there are procedures on individual territorial contexts and certifications where required (e.g. ISO45001 for Vietnam). While for Italian companies the Company has adopted the Model pursuant to Italian Legislative Decree No. 231/2001.</p>
<b>Environmental aspects</b>	<p>Non-compliance with environmental regulations and accidents that could lead to the release of polluting chemicals - both into the soil and water - are the most significant risks assessed during the Group's production processes analysis.</p>	<p>The Code of Conduct defined by the Group sets out the conducts and preventive actions to protect the environment and respect the territory. The Group's Quality Policy and Environmental Policy<sup>4</sup> further mitigate the risks. Furthermore, Hungary, Vietnam and Slovakia plants are ISO14001 certified. These, together with the Group's other production facilities, manage environmental issues in a specific manner.</p>

#### NOTES:

<sup>2</sup> The main procedures include: "Group recruitment for employee Positions and Internal Mobility", "Group Training Management" and "Sales incentive calculation & payment".

<sup>3</sup> For Datalogic Spa, Datalogic Srl, Datalogic USA Inc, Datalogic Vietnam LLC, Datalogic Slovakia Sro, Datalogic Hungary Kft and Datalogic Do Brazil Ltda.

<sup>4</sup> Established during 2018 and effective as of 2019.



SCOPE OF ITALIAN LEGISLATIVE DECREE 254/16	MAIN RISKS	MONITORING TOOLS AND ACTIONS
<b>Social Aspects</b>	Innovation and technology. The inability to generate and manufacture innovative products and solutions represents - in addition to non-compliance with regulations and patent infringement - the greatest risk for Datalogic, due to the industry in which it operates.	The Code of Conduct, the Quality Policy, ISO 9001 certification, third party product certification and internal production standards guide the Group towards reducing the main risks of patent infringement and regulatory risks associated with the product. While the Group's procedures (such as "New Product Development", "Product Certification", "Patent Marking" and guidelines for the adoption and use of "Open Source" software in Datalogic products) and the "Voice of Customer", significantly reduce the risk of product obsolescence and lack of innovation.
	Reputation with Customers: the main risk in this area is the lack of security and quality of the products and services offered to the customers.	As for the products' technological innovation, to mitigate the risk, the Group makes use of a Code of Conduct, the "Quality Policy", the ISO 9001 certification, as well as product conformity certifications.
	Privacy and data management: the breach of corporate information systems and data belonging to customers, suppliers and employees - through cyber attacks or other causes - is the main risk concerning this area.	As with most technological areas, the Group's Code of Conduct, "Quality Policy" and Group procedures <sup>5</sup> , are in place to mitigate such risk. In addition, the IT Tools Policy, the ISO27001 <sup>6</sup> Certification (in Vietnam, China, Australia, Italy and the United States), the Cybersecurity Committee and the "Security Access Agreement" reinforce this action. Employee training sessions on IT security issues and the GDPR are carried out frequently.
	Supply chain: the main risks identified along the Group's supply chain are related to suppliers' violation of environmental, social and human rights regulations.	As far as supply chain risk management is concerned, the company has defined specific principles within the Group's Code of Conduct, in addition to being based on the "Quality Policy" and Group Procedures (in particular for suppliers of direct materials) <sup>7</sup> . The general terms and conditions and framework contractual agreements with the main suppliers have been defined to strengthen the above procedures.

**Table 1 - Risks**

**NOTES:**

<sup>5</sup> The main procedures include: "Information classification marking instruction", "Information classification", "Data breach management instructions" and "Guidelines for data processors".

<sup>6</sup> For Datalogic S.p.A, Datalogic S.r.l., Datalogic USA Inc., Datalogic (Shenzhen) Industrial Automation Co., Ltd, Datalogic Australia Pty Ltd and Datalogic Vietnam LLC.

<sup>7</sup> The main procedures include: "Indirect Material Sourcing and procurement procedure", "Search and selection suppliers" and "Supplier qualification".

## Preventing and combating corruption

100% of the processes have been analysed in terms of risk of corruption. In this regard, Datalogic Group's internal control environment and the safeguards of which it consists guarantee compliance with the main regulations concerning corruption and extortion crimes. In particular, these safeguards are the following:

- Group Code of Conduct
- Quality Management System
- Group Procedures
- The Group system of delegations and powers of attorney
- The segregation of duties approach defined by the internal procedures;
- Group IT systems
- Organisation and Management Model pursuant to Italian Legislative Decree 231/2001
- Internal control environment to monitor regulatory compliance on financial reporting pursuant to Law 262/05

There were no confirmed instances of corruption within the Group during 2019.

## IT Data Security

The management of data through IT systems represents an area potentially exposed to network vulnerability risks, for example with respect to unauthorised external accesses or data loss, and, in the case of Datalogic, this applies to both the internal networks and the services provided to customers.

Datalogic has implemented Information Security Management Systems (ISMS) and obtained two ISO27001<sup>8</sup> certificates. These allow the Company to guarantee continuous and adequate monitoring of the developments in the field, correct management of sensitive data and protection of data and information against threats of all kinds, ensuring their integrity, confidentiality and availability.

In order to provide better training and awareness on matters of corporate security, the Company:

- organises ad hoc training on specific topics (the GDPR, phishing, netiquette, IT threats, etc.)
- makes available on the Datalogic intranet "training shots", periodically updated following recent information and events.

The Group's main news in 2019:

- signed a memorandum of understanding with the Postal Police to combat cybercrime and sharing information;
- issued a supplementary document (SAA- Security Access Agreement) for supply contracts, describing the security requirements needed to ensure the management of the company's resources, as well as proper management of IT risks related to critical suppliers;
- setting up an interdepartmental committee (Cybersecurity Committee), made up of representatives from different company departments, for the analysis and management of Cyber risks related to products and business areas.

### NOTES:

<sup>8</sup> ISO27001 Certificates are available in the "ISO Management System" section of the Datalogic website.

Training, aimed at providing information regarding the obligations and requirements related to the new legislation, continued following the entry into force of the new European Data Protection Regulation (GDPR) in May 2018. The HR compliance department is responsible for managing and updating the personal data processing register for the Datalogic Group companies that act as data controllers, as well as for ensuring the use and application of the privacy documentation.

At the global level, in 2019 there were no instances of customer data loss or theft, nor any complaints to that effect.

## 2.5 BUSINESS CONDUCT AND INTEGRITY

The Code of Conduct outlines the standards of conduct to be respected in order to ensure integrity of business conduct and compliance with the Group's values.

The Code applies to the members of the corporate bodies, the directors of the Company and the Group's companies, the employees and collaborators who, in any capacity, act in the name and on behalf of the Company and/or one or more of the Group's companies, and the external consultants and suppliers of the Company and/or any of the Group's companies (hereinafter the "Recipients").

The Recipients must always respect the principles established by the Code of Conduct in carrying out their business dealings, in performing their activities, and in managing their relations with third parties.

The ethical principles and rules of conduct established by the Code are also relevant for the purposes of preventing the commission of any crimes by the Parent Company or by other Group companies. In fact, the Code aims to recommend, promote or prohibit certain forms of conduct in every relevant jurisdiction, beyond and regardless of that which is required by law.

The Code of Conduct is consistent and complementary to the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01 and the relevant safeguards.

In order to ensure a widespread knowledge of the same, the Code of Conduct has been posted on the company's website, and a copy of the same is given to all of Datalogic's newly hired personnel.

Email accounts and physical mailboxes for collecting reports regarding any violations of the Code of Conduct, as well as to serve as direct and potentially anonymous channels for contacting the Supervisory Body, have been made available to the employees (as well as any other concerned stakeholders).

*For more information on the Group's Code of Conduct, visit the "Corporate Governance" section of the Datalogic website at the following link: <https://www.datalogic.com/ita/azienda/corporate-governance-cg-5414.html>*





# **3. INNOVATIVE PRODUCTS IN LINE WITH OUR CUSTOMERS' REQUIREMENTS**



Datalogic supports and accompanies its Customers in process automation in the Retail, Manufacturing, Transportation & Logistics and Healthcare sectors.

The ability to collect, mark, read, transmit and process data is a prerequisite for intelligent processes in which machines, products and systems are linked together along the value chain.

Datalogic sees Customers as partners with whom to create and maintain a long-term relationship to achieve new goals together. The Group's goal is to ensure Customer satisfaction through high levels of product quality and the continuous improvement of the services that it offers, guaranteeing expert consulting services during the pre-sales phase, timely deliveries, and excellent after-sales technical services.

Datalogic operates in an extremely dynamic market where technology continues to be characterised by an accelerated rate of innovation in many areas such as software, computing platforms and sensors.

20.1% of Datalogic sales are generated by new products with less than 2 years of life.

Datalogic believes that innovation is both pivotal to meeting the needs of its Customers, and key to look to the future.

## 3.1 DISRUPTIVE INNOVATION

For Datalogic, creating innovative products and solutions is a major competitive factor, and one of the fundamental strategic risks that the company faces is a lack of effectiveness in terms of innovation processes. In addition to guaranteeing structured processes and robust monitoring, Datalogic also mitigates this risk through substantial investments in Research and Development.

The supervision of disruptive innovation is entrusted to Datalogic Labs dedicated to the design and development of standard constituent elements. These represent the "embryos" of numerous future products, and the development of core technologies for improving products and for integration within existing products.

Datalogic engineers are constantly looking for revolutionary ideas to simplify complex tasks and make Customer processes error proof.



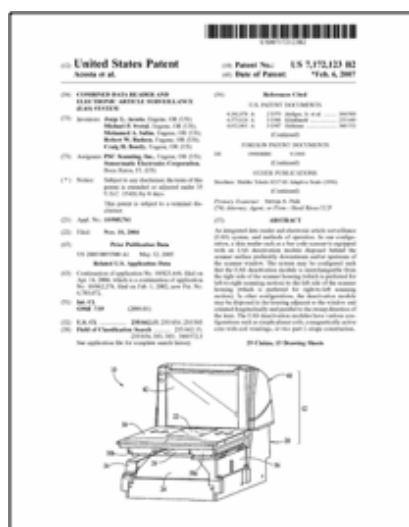
The innovation "milestones" implemented by the Group are listed below:







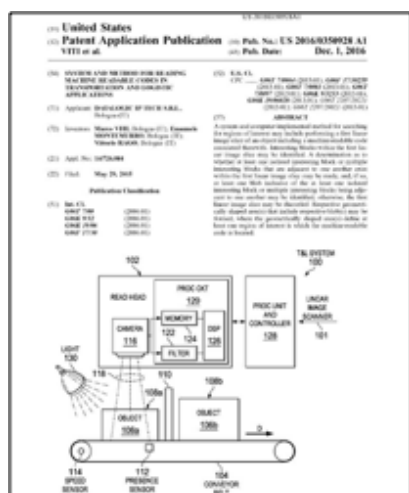
## 3.2 INVESTMENTS IN INNOVATION AND R&D



In over 45 years, Datalogic has proven to be a company built on innovation. Like Leonardo da Vinci, the genius of the Renaissance, our Datalogic inventors - drawing inspiration from this genius - accept every day the challenge of research, innovation and invention.

The progress of technology is causing rapid changes in the market in which Datalogic operates to the point of revolutionising the value chain by changing habits and social dynamics. This is evident in the explosive effects of Artificial Intelligence in the retail, distribution and production lines of Industry 4.0.

Continuous investment in research and innovation is essential in order to be competitive and expand in a rapidly changing environment. Customers' needs are always at the heart of Datalogic's innovation process. This is specially true for those needs that are not satisfied by the latest technologies or any unexpressed ones.



Investing in curious people, with a passion for innovation and the development of new products and solutions, with a desire to meet the Customers' needs, with excellent technical and relational skills, focused on the end results. These are key elements for the success of Datalogic.

Within the frame of this innovation and invention spirit, the "Leonardo da Vinci - Best Patent of the Year" award was presented also for 2019. Considering the exceptional quality of the patent pool in 2019, the Patent Committee also decided to recognise and reward not only the inventions that won first place but also those that won second and third place.

The "Leonardo da Vinci - Best Patent of the Year" award is an event organised as a form of appreciation for all the inventors who have contributed to conceive and design new products and solutions for Datalogic.

Continuous innovation is the key to our success. In fact, only through our people's hard work, their commitment and creativity can we ensure our success and protect our future.



### Development process

The development process, as a result of the technological evolution of the products, is governed by a special "New Product Development" procedure, and is fed by the "Products Roadmap", which represents the CEO's mandate to the Research and Development department.

The new product development process consists of the following main stages:

1. Roadmap Management (product plan): an interactive process involving Product Marketing and Industry Leaders, whose objective is to incorporate the "requirements and needs" collected from Customers into the Roadmap;
2. Product Development: during the first development stage, Product Marketing transforms the requirements into project specifications. The project will be guided by a Program Manager along a pathway that is divided into a series of stages and gates, all the way up to the product's release on the market;
3. Monitoring of the Product's qualitative and quantitative performance: after the market launch, the project's Core Team, of which the Product Marketing and Quality functions are an integral part, guarantees that the released Product fully meets the Customers' needs by subjecting it to further checks.

### 3.3. PARTNERSHIPS WITH RESEARCH INSTITUTES

Datalogic's innovation focuses on the development of resources, skills and technologies within its R&D community, but also on building a network of strategic partners in academia and industry with whom to share an Open Innovation path aimed at generating ideas, developing innovative solutions and transferring them to products. A prime example is the collaboration with two high-tech giants like Google and Qualcomm and with Original Design Manufacturers in Asia. This collaboration has allowed Datalogic to obtain the "Android Enterprise Recommended" certification for rugged mobile computers, being the first European company to boast this result in the reference sector.

In 2018, Datalogic signed a framework partnership agreement with the University of Bologna to carry out joint research, development and innovation activities in the field of data acquisition and management. It is an agreement of high strategic interest and scientific value that reinforces the existing interactions between individual research groups and structures of the University of Bologna. The partnership entails commissioned research activities, joint participation in regional, national, European, and international research contracts and programmes, and the funding of research grants and doctoral scholarships, as well as training activities, events dedicated to launching internships and introducing students to working life, and technology transfer and co-branding initiatives.

However, the partnerships with research centres are on an international scale, and aren't limited to the Bologna area alone.

By way of example, some of the most recent projects in which Datalogic has taken part are the following:

- **ROSSINI** (RObot enhanced SenSing, INtelligence and actuation to Improve job quality in manufacturing): Datalogic is the leader and coordinator of the consortium set up in order to participate in the call to tender issued by the Horizon 2020 EU Framework Program on "Effective Industrial Human-Robot Collaboration". The aim of the project is to develop an intrinsically safe hardware-software platform for the design and implementation of human-robot collaboration (HRC) applications in the production environment. By combining innovative detection and identification, implementation and control technologies (developed by large industrial stakeholders who are world leaders in their respective technologies and on their target markets) and integrating them into an open development environment, the platform will allow for the creation of applications in which robots and human operators will become members of the same team, thus improving work quality, production flexibility, efficiency and, consequently, productivity.
- **NO-LOSS**: An ongoing project on the design of optical technologies, funded through the Research & Innovation Marie Skłodowska-Curie Action, aimed at tackling challenges like the lossless acquisition of photons and the extraction of more in-depth information from images;
- **FLUTE**: Datalogic is the beneficiary of a regional funding to develop new machine vision and laser marking products geared towards maximum flexibility, usability, ease of installation and configuration, and eco-sustainability. The project aims at bridging a gap created in Industry 4.0, namely the difficult penetration of complex technologies such as machine vision and automation in

a production chain in which generational turnover has not yet occurred, therefore characterised by a strong shortage of specialised personnel. The innovations aim to simplify the use of the product to the point where it can be operated by personnel with no specific knowledge of machine vision. This will also happen thanks to the industrial transfer of consumer paradigms such as Android and 5G.

- **AIDA** (Adaptive Industrial Automation through cyber-physical vision systems). This project, funded through the Emilia-Romagna Region's POR FESR 2014-2020 Program, allowed Datalogic to re-imagine many of its products as Cyber-Physical Systems (CPSs), or rather, to push the integration of physical and IT devices not only at the individual machine level, but at the level of the entire factory, or even the entire supply chain. Forerunner of many Industry 4.0 programme themes, the project ended in April 2018;

## 3.4. QUALITY AND SAFETY OF PRODUCTS

Product Quality and Safety **are fundamental values** for Datalogic. Every day Research and Development, Engineering and Quality are committed to maintaining high product standards, both in terms of Quality and Safety.

Starting from the definition phase of a new product specification, the project Core Team identifies and evaluates the project and product risks and all applicable mandatory and voluntary regulations with a special focus on Product Safety regulations. 100% of Datalogic products undergo the assessments described above.



These checks guarantee the conformity of the new Product with the identified regulations, and with the internal reference standard. They are carried out at different moments during the product life cycle:

- During the **development phase**, thanks to specific tests carried out in internal or external laboratories;
- In the **first batch of production**, thanks to the Manufacturing Validation Test;
- During **mass production**:
  - Functional test on 100% of products according to specifications;
  - Ongoing Reliability Test;
  - Product Audit (samples of the products are taken from the warehouse and examined to verify their conformity).

In 2019, as in the previous two years of reporting, there were no non-compliances relating to health and safety impacts generated by the products.

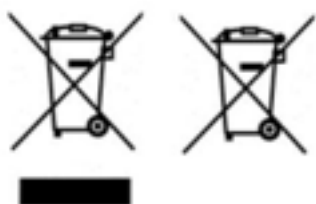
### Environmental Impact of Products

An important aspect in terms of potential impact on the environment is the management of the end-of-life of products.

Datalogic has redesigned its processes to ensure the compliance of its Products to:

- RoHS (Restriction of Hazardous Substances) Directive;
- WEEE (Waste Electrical and Electronic Equipment) Directive.

Thanks to the WEEE Directive, Datalogic minimises the environmental impact of electrical and electronic equipment during the course of its life cycle, and when it becomes waste.



Thanks to the RoHS Directive, Datalogic contributes to the protection of the environment, human health and the prevention of hazardous waste by limiting the use of hazardous substances (lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls-PBB or polybrominated diphenyl ethers-PBDE) in new electrical and electronic equipment put on the market from 1 July 2006.

*The adoption of a recovery and recycling system offers the user of electrical and electronic equipment the possibility to deliver free of charge equipment and batteries, which have reached the end of their life, to the appropriate municipal waste collection centres, or to return them to the retailer according to the following procedures indicated on the Datalogic website [https://www.datalogic.com/upload/pages/quality/14001/WEEE%20statement%20Datalogic\\_ITA.pdf](https://www.datalogic.com/upload/pages/quality/14001/WEEE%20statement%20Datalogic_ITA.pdf)*

## 3.5. CUSTOMER CENTRICITY

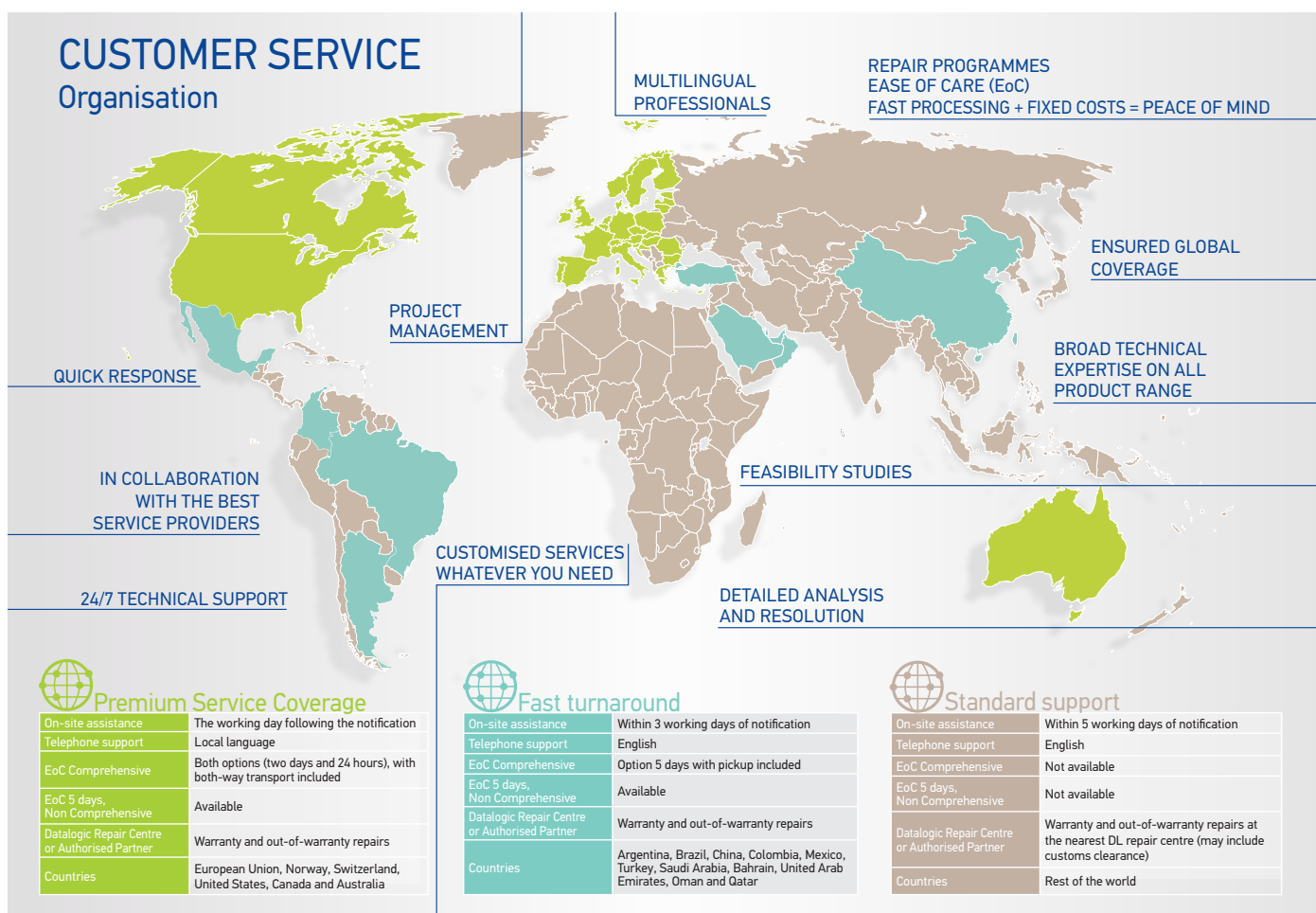


Datalogic has designed and implemented processes to monitor the Customers' needs, perceptions and proposals at various times throughout the relationship, with the aim of providing a concrete response to their needs, while at the same time guaranteeing a direct connection between the sales and product development departments.

Understanding and meeting the Customers' expectations are key drivers, and they are achieved through continuous initiatives aimed at improving the Customer Experience, which Datalogic carries out with its partners and customers on a daily basis.

In 2019, Datalogic has confirmed the adoption of the Net Promoter Score (NPS), used by many Fortune 500 Companies, as a Customer satisfaction performance indicator. In recent years Datalogic has restructured its Customer Service processes by creating three types of support: Standard support, Fast Turnaround and Premium Service Coverage.





More information is available on the Datalogic website in the "Services" section <https://www.datalogic.com/ita/supporto-assistenza/assistenza-srv-5176.html>

Listening to Customers is also a strategic aspect, and ensures that the service offered actually provides what is really most important to them. In this context, Datalogic carries out an annual monitoring of the experience offered to its Customers through several tools:

- "Customer Bulletin" (VOC) report to share, summarise and analyse the complaints received. The following improvement actions were implemented in 2019:
  - Drafting of the report on a bimonthly basis
  - Widespread distribution of the report company-wide
  - A precise analysis of the causes triggering issues and related solutions structurally carried out by the various departments involved in the various stages.
- "Net Promoter Score" (NPS) indicator for the evaluation of loyalty concerning business-to-customer relationship. The NPS for 2019 was equal to 33. This is the final result of the questionnaire sent to more than 3000 company contacts (registered following business relationships for pre-sales or technical support or customer service activities, both through the MS Dynamics CRM system). It is worth mentioning the dynamic feature of this year's survey that, with its aim to give voice to our contacts by measuring Customer Satisfaction, offered the opportunity to analyse the aspects that require more care and attention throughout the process of Customer interaction.
- Instant Surveys allow customers to express (on a scale from 1 to 5) their satisfaction regarding the quality of the services received and the assistance provided by the company contact person. This tool was created to detect, in the shortest time possible, the actual customer satisfaction, and to be able to intervene just as quickly when the customer's expectations are not aligned with the service level provided.

The growing number of requests received from our Stakeholders, and in particular from new potential Customers, on issues such as Sustainability and more generally Corporate Social Responsibility, has led Datalogic to pay a growing attention to the economic, social and environmental impacts generated by its and its suppliers' business.

In 2019, like in previous years, Datalogic joined the Ecovadis platform. The adoption of this tool has opened an excellent channel of collaboration with our Customers for a transparent sharing of Datalogic sustainability performance, giving them the opportunity to monitor the progress of all improvement actions related to policies, procedures and processes in the field of Sustainability.





# 4. THE DATALOGIC PERSONNEL



Human Capital is the central element upon which Datalogic bases the pursuit of its development goals, and is the main asset upon which its Product and Innovation strategy is founded.

Its staff's skills are the keystone to its long-term competitiveness, and are a critical success factor for its research and development. In order to support Datalogic's overall business growth, the company decided to invest in the fundamental processes of staff recruitment and selection, placement, training, talent development, and performance management.

In order to strengthen the Human Capital core processes and ensure a more rapid response to the Group's needs, the structure of the Human Resources department during the course of 2019 has consolidated key talents.

The Global HR Director is supported by three regional HR Managers (EMEA, APAC and AMERICAS), by HR Business Partners responsible for the management and development of the Professional Families on a global scale and by the COEs (Centres of Excellence) responsible for defining and implementing the policies, functional processes and technical components of their specific competence, while at the same time defining the relative standards and KPIs: Talent Acquisition, Talent Management, Organisation and System development, Total Reward systems.

From an operational point of view, the HR Managers of a location and/or country are a territorial reference point for the management and valuation of their human resources, guaranteeing the precise execution of the guidelines, policies and processes assigned to them, complete with any relative adaptations that need to be made for the individual countries from a regulatory, contractual, and even cultural standpoint.

**3,074** 

**Datalogic Group Employees**

## 4.1 OUR GROUP HUMAN CAPITAL

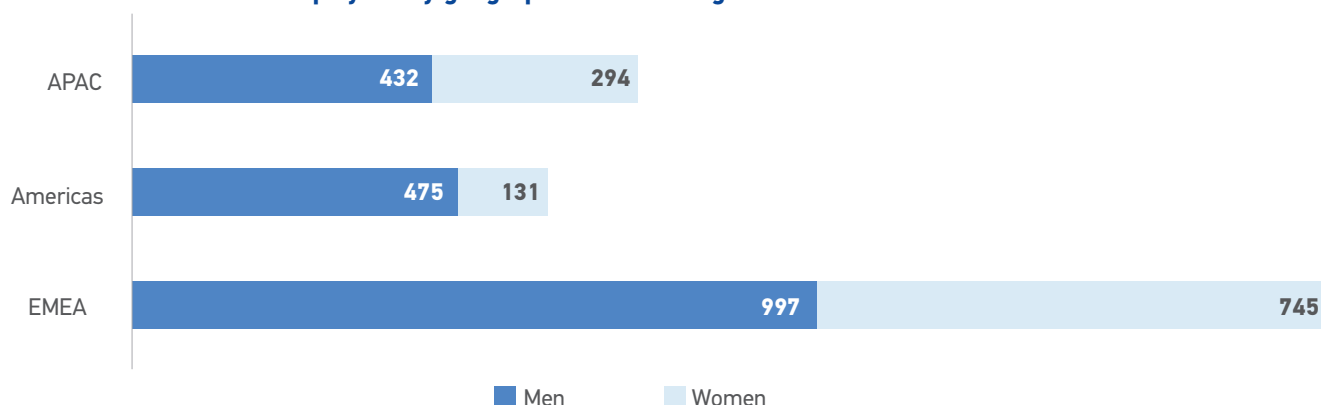
As of 31/12/2019 Datalogic Group had 3,074 employees, a slight decrease of 2.63% compared to the 3,157 employees recorded in 2018.

**Total employees by geographical area and gender as of 31 December**

	2018						2019					
	MEN	%	WOMEN	%	TOTAL	%	MEN	%	WOMEN	%	TOTAL	%
<b>Total Employees</b>	<b>1,960</b>	<b>62%</b>	<b>1,197</b>	<b>38%</b>	<b>3,157</b>	<b>100%</b>	<b>1,904</b>	<b>62%</b>	<b>1,170</b>	<b>38%</b>	<b>3,074</b>	<b>100%</b>
<b>EMEA</b>	1,019	32%	747	24%	1,766	56%	997	32%	745	24%	1,742	57%
<b>Americas</b>	498	16%	155	5%	653	21%	475	16%	131	4%	606	20%
<b>Apac</b>	443	14%	295	9%	738	23%	432	14%	294	10%	726	23%



### Total employees by geographical area and gender as of 31 December 2019



The Group's presence remains constant, particularly in EMEA (-1.4%) and APAC (-1.6%). However, after a year of strong growth such as 2018 and investments in human capital, a moderate decrease in the Americas (-7.2%) is recorded, with a view to consolidating and increasing the workforce efficiency.

### Employees by profession and gender as of 31 December

	2018			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Total Employees</b>	<b>1,960</b>	<b>1,197</b>	<b>3,157</b>	<b>1,904</b>	<b>1,170</b>	<b>3,074</b>
<b>White Collars</b>	1,561	562	2,123	1,496	531	2,027
<b>Blue Collars</b>	399	635	1,034	408	639	1,047

### Employees by profession and age group as of 31 December

	2018				2019			
	< 30 YEARS OLD	30 TO 50 YEARS OLD	> 50 YEARS OLD	TOTAL	< 30 YEARS OLD	30 TO 50 YEARS OLD	> 50 YEARS OLD	TOTAL
<b>Total Employees</b>	<b>675</b>	<b>1,814</b>	<b>668</b>	<b>3,157</b>	<b>586</b>	<b>1,734</b>	<b>754</b>	<b>3,074</b>
<b>White Collars</b>	291	1,324	508	2,123	232	1,220	575	2,027
<b>Blue Collars</b>	384	490	160	1,034	354	514	179	1,047

66% of Datalogic employees are "White Collars". Hence, workers who do clerical work. This percentage is even greater among the male employees (78.6%), most of whom have engineering training.

Aware of the fact that Datalogic's growth accompanies that of its own human resources, the Group prefers to maintain stable and long-term employment relationships with its employees.

In 2019, 92.3% of the employees held open-ended contracts<sup>9</sup>, a slight increase compared to 2018 (+0.8%). 98.08% of the employees have full-time contracts

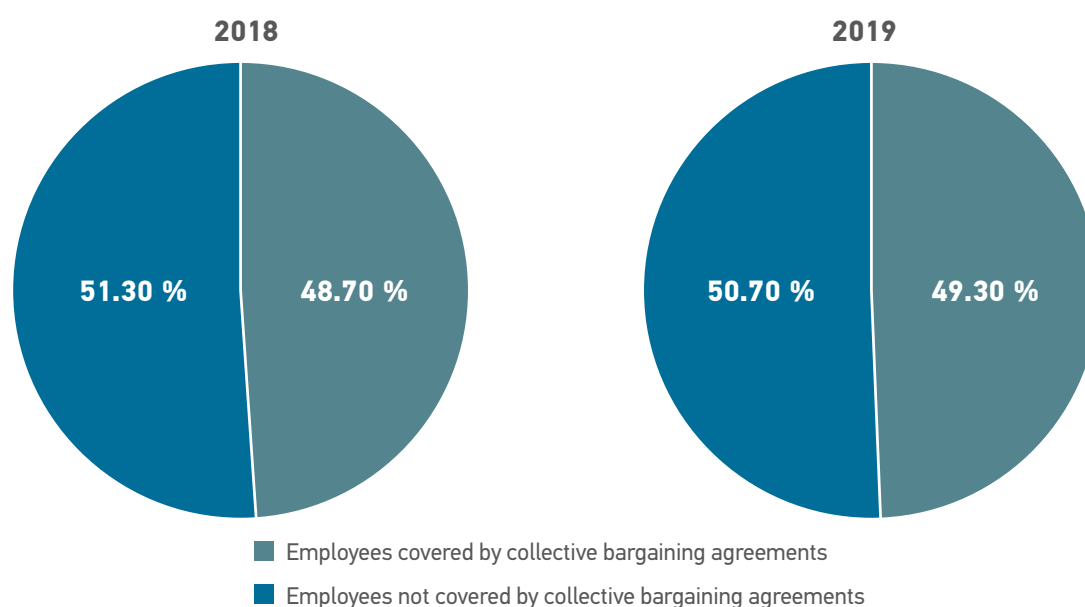
#### Total Employees by contract type (open-ended or fixed-term), and gender as of 31 December

		2018			2019		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Total Employees</b>	N	<b>1,960</b>	<b>1,197</b>	<b>3,157</b>	<b>1,904</b>	<b>1,170</b>	<b>3,074</b>
<b>Open-ended</b>	N	1,817	1,071	2,888	1,763	1,075	2,838
	%	92.7%	89.4%	91.50%	92.6%	91.9%	92.3%
<b>Fixed-term</b>	N	143	126	269	141	95	236
	%	7.3%	10.6%	8.50%	7.4%	8.1%	7.70%

#### Employees by contract type (full-time or part-time), and gender as of 31 December

		2018			2019		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Total Employees</b>	N	<b>1,960</b>	<b>1,197</b>	<b>3,157</b>	<b>1,904</b>	<b>1,170</b>	<b>3,074</b>
<b>Full-time</b>	N	1,942	1,128	3,070	1,897	1,118	3,015
	%	99.0%	94.2%	97.2%	99.6%	95.6%	98.1%
<b>Part-time</b>	N	18	69	87	7	52	59
	%	1.0%	5.8%	2.8%	0.4%	4.4%	1.9%

#### Employees covered by collective bargaining agreements with the trade unions as of 31 December



#### NOTES:

<sup>9</sup> In contexts outside Italy, permanent or open-ended contracts are stipulated.

## Employee turnover

In 2019, following actions to limit contain turnover for the sites in Hungary and Slovakia, particularly impacted in 2018 by a high turnover rate and retention difficulties, there was an improvement of their percentage. In Slovakia particularly, there was a 51.6% reduction (in Slovakia, 2019 turnover at 30.8% vs 2018 turnover at 62.8%) and at the same time a stabilisation of the phenomenon in Hungary (2019 turnover at 33.7% vs 2018 turnover at 33.5%). The overall EMEA turnover without the impact of Slovakia and Hungary is 9.5%.

The company's overall turnover improved significantly compared to 2018 – 2.3% improvement, thanks to some retention actions, mainly in the EMEA region (5.1% less turnover than in 2018). In particular, there was a significant reduction in overall female turnover in 2018 – 25.8% compared to 18.5% in 2019. In view of the activities undertaken during the year with a view to increasing workforce efficiency, the % turnover is still high, having consolidated some activities that led to a reduction in the workforce from 3157 to 3074.

**Turnover rate by geographical area, gender and age group for 2019 <sup>10</sup>**

	MEN TURNOVER RATE	WOMEN TURNOVER RATE	TOTAL TURNOVER RATE
<b>Total</b>	<b>15.7%</b>	<b>18.5%</b>	<b>16.7%</b>
<b>EMEA</b>	15.7%	20.0%	17.6%
<b>Americas</b>	14.9%	26.0%	17.3%
<b>APAC</b>	16.2%	11.2%	14.2%

	TURNOVER RATE < 30 YEARS OLD	TURNOVER RATE 30 TO 50 YEARS OLD	TURNOVER RATE > 50 YEARS OLD	TOTAL TURNOVER RATE
<b>Total</b>	<b>20.5%</b>	<b>15.9%</b>	<b>15.6%</b>	<b>16.7%</b>
<b>EMEA</b>	26.0%	15.8%	16.6%	17.6%
<b>Americas</b>	38.3%	17.1%	14.3%	17.3%
<b>APAC</b>	12.0%	15.4%	16.7%	14.2%

### NOTES:

<sup>10</sup> The turnover rate is calculated as the ratio between the total number of resources let go in 2019 (total, by gender and age group), and the total number of employees (total, by gender and age group) as of 31/12/2019. The number of the resources let go does not include resources transferred between different Regions.

## 4.2 TALENT ENHANCEMENT

The continued implementation of Datalogic's Mission aimed at creating value for Customers is only possible thanks to the help of extremely talented people. Talent is the final result of a perfect mix of leadership, distinctive skills, and the consistency between the individual's behavioural and the company's characteristics.

The main challenge for the Datalogic Department Managers and Human Resources Department is attracting, developing and maintaining these technical and managerial skills internally (retention).

The Talent Acquisition guarantees the research and acquisition of strategic figures for a balanced development of the company. In fact, a match is made between talent available on the market and the needs of the various organisational levels. The talented people targeted by Datalogic are guided using the PPA (Personal Profile Analysis) tool, which guarantees objectivity, consistency and sustainability throughout the selection process, as well as during the subsequent individual and professional family development phases.

**Newly Hired personnel Rate divided by geographical area, gender and age group for 2019 <sup>11</sup>**

	NEWLY HIRED MEN TURNOVER RATE	NEWLY HIRED WOMEN TURNOVER RATE	TOTAL NEWLY HIRED PERSONNEL TURNOVER RATE
<b>Total</b>	<b>12.8%</b>	<b>16.0%</b>	<b>14.0%</b>
<b>EMEA</b>	13.5%	19.6%	16.1%
<b>Americas</b>	9.9%	7.6%	9.4%
<b>APAC</b>	14.4%	10.5%	12.8%

	NEWLY HIRED PERSONNEL TURNOVER RATE <30 YEARS OLD	NEWLY HIRED PERSONNEL TURNOVER RATE 30 TO 50 YEARS OLD	NEWLY HIRED PERSONNEL TURNOVER RATE > 50 YEARS OLD	TOTAL NEWLY HIRED PERSONNEL TURNOVER RATE
<b>Total</b>	<b>24.9%</b>	<b>12.7%</b>	<b>8.6%</b>	<b>14.0%</b>
<b>EMEA</b>	34.7%	14.2%	9.3%	16.1%
<b>Americas</b>	25.5%	8.8%	7.5%	9.4%
<b>APAC</b>	15.3%	11.3%	11.1%	12.8%

The company has implemented various strategies and initiatives aimed at attracting talents and raising awareness of the numerous opportunities offered by the Group. Datalogic participated in the main Career Days, with sessions dedicated to presenting the company and its available positions, and even opened up its Headquarters to students for an entire day of orientation and manager interviews.

### NOTES:

<sup>11</sup> The newly hired personnel rate is calculated as the ratio between the total number of hired resources in 2019 (total, by gender and age group), and the total number of employees (total, by gender and age group) as of 31/12/2019. The number of the hired resources does not include resources transferred between different Regions.

In order to improve the Talent Acquisition and On-boarding process, Datalogic uses the following tools:

- **Employer Branding:** strengthening of the Group's presence on social media, especially on work platforms, such as LinkedIn, Glassdoor, Instagram and Facebook. With the aim of actively searching for specific profiles for strategic growth in the field of innovation;
- **The graphical restructuring of the Datalogic "Career" website** has allowed for the qualitative development of the recruitment practices to be monitored;
- **The enhancement of the onboarding process**, which now guarantees that assimilation into the Datalogic workforce will take place in the most appropriate manner possible, by maximising the learning curve for newly hired personnel.

The new Welcome on Board process was applied globally in 2019.

Specifically, the process involves two phases. The first, of institutional nature, allows the newly hired person to learn the company's basic information, such as organisation, mission, vision, processes and procedures. The second, instead, is aimed at acquiring notions of Datalogic's leading products and related market applications.

In order to stay competitive with the other companies present in the area, based on a market analysis with international companies such as Radford/Hay, the company has prepared remuneration and benefits packages that are consistent with or, in many cases, even better than the ones offered by the companies operating on the same territory.

The packages envisaged for Research & Development figures currently represent a benchmark on the Italian labour market.

## Welfare and Benefits

Datalogic has structured a corporate welfare system in Italy that bears witness to the attention the company pays to its human resources, and represents an additional loyalty-building element.

In fact, all the Group's employees in Italy currently have access to a series of healthcare and family management support tools designed to contribute to the personal wellness of the individual.

The Welfare platform that the company maintained for its employees during 2019 allowed them to take advantage of the full range of flexible benefits envisaged by the legislation. These included making use of the amount converted from the performance bonus, and the Welfare amount rendered available to them by Collective Bargaining Agreement for the mechanical engineering sector, a share of contracted welfare, as well as the variable bonus instalments converted for certain categories of employees. Various discounts have also been made available to all the employees within the same portal, which have increased their spending power on different types of goods and services for leisure time.

Furthermore, in order to support the medical needs of the employees and their families, a supplementary health insurance policy has been in place on a company-wide scale for years.

Moreover, all employees with children aged 0-3 years have access to an annual bonus intended to assist with the cost of nursery school enrolment, which is divided equally based on the number of requests received; this contribution helps female workers make an effective return to the workplace after maternity leave, and helps improve the balance between their personal and professional lives.



Along the same lines, the non-production staff have been granted flexible shift times (starting between 8 a.m. and 9:30 a.m.), as well as the possibility of telecommuting upon request, where compatible with their work responsibilities.

Interest in human capital welfare, is also reflected in the construction of a new canteen at our headquarters in Vietnam with the following enhancements: increase in the number of seats, improvement of the ventilation system and space, installation of dishwashers.

## Respect for employees' rights

In order to exalt the value of individuals within a harmonious framework of sustainable business development, while at the same time leveraging the great human potential at its disposal, Datalogic has decided to create a work environment inspired by maximum respect for diversity and individuality.

The Group's Business Ethics, which has been put into practice through the tools and procedures contained within the Code of Conduct, allows the Group to lay out development pathways that are respectful of individuals, and that have positive impacts on productivity, creativity and innovation.

Exalting diversity also allows the Group to contextualise equal treatment and opportunities for development within its organisational structures. This Ethics allows Datalogic to eliminate the risk of human rights violations in all the countries in which it operates. This aspect is doubly guaranteed in Italy by the application of the national collective bargaining agreements, in this case that of the Mechanical Engineering sector.

There were no cases of employee discrimination in 2019.

## 4.3 SKILLS DEVELOPMENT AND PROFESSIONAL GROWTH

The various forms and methods of training support the development of the talent and potential available through an individual and collective learning process, thus allowing the level of skills to be increased and maintained.

As the central body responsible for organising the training courses on soft skills for the White collars, the Leadership Development has standardised a process for determining the training requirements on a global scale, and has begun preparing a unified catalogue of training opportunities, which will be made available to the personnel at the request of their line managers, and with the approval of the COE itself.

In order to meet the widest possible range of requirements, training will include a variety of Face-to-Face solutions (to be administered by both internal and external teachers), online solutions as well as combined solutions (including the use of Action Learning, Gamification, Remote guided training and Blended learning).

During 2019 the Leadership and Development department also worked on the collection of training needs related to White collar technical skills. Each function, with the collaboration of its Human Resource Business Partner and the Leadership Development team, has taken charge of providing training in this area. Blue collar training has been managed independently by each production Plant.

The in-depth courses are structured based on the needs and the different learning capacities of the individuals involved.

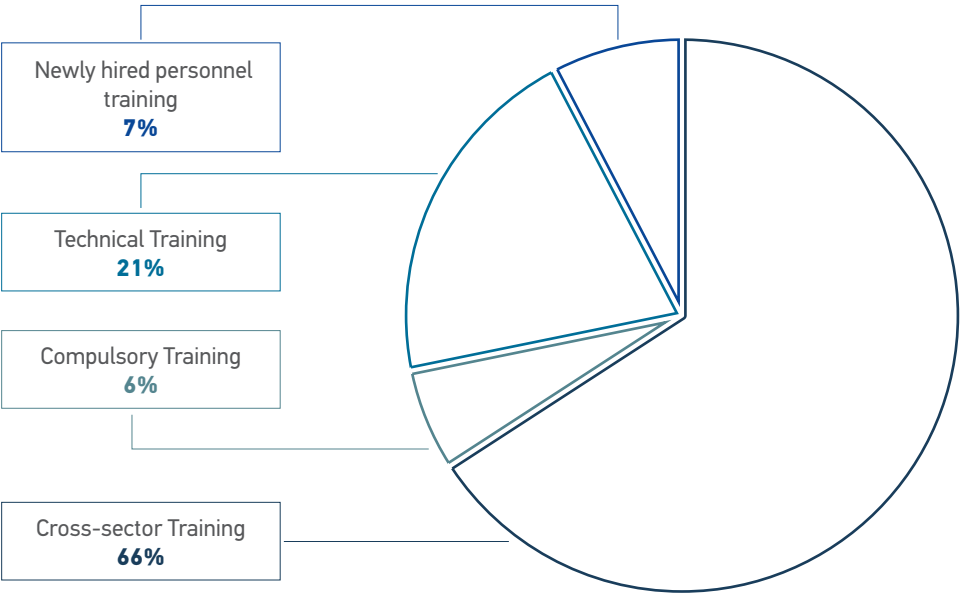
Average hours of training by gender

	2019
Men	5.54
Women	4.18

Average hours of training by profession

	2019
White Collars	6.67
Blue Collars <sup>12</sup>	1.82

Types of training provided in 2019



NOTES:

<sup>12</sup> Training for Blue Collars is managed independently by the Operations department within each Plant. For this reason the available data may be underestimated. For 2020, it is planned to consolidate a central monitoring process to report all training hours actually delivered.

The performance management is a continuous process between White Collars and those involved in the evaluation of their work. This helps to keep the expectations of the company and its employees aligned, valuing the commitment and contribution of individuals.

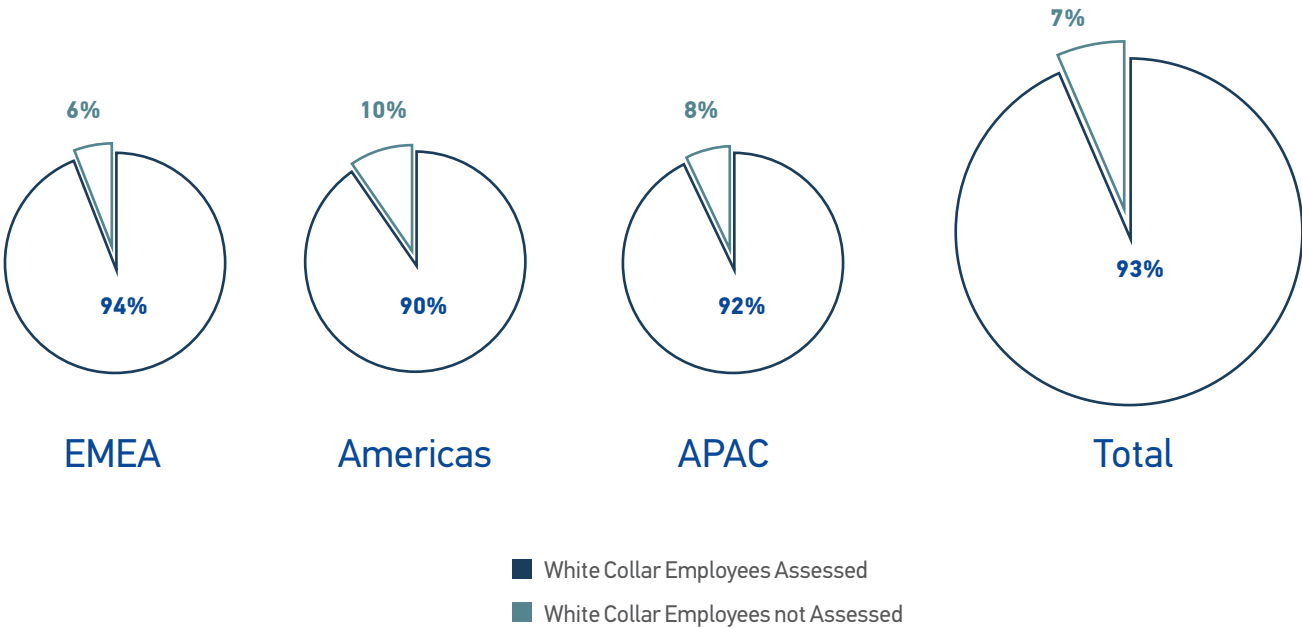
It consists of the following specific phases:

- 1. **Target setting:** at the beginning of the year, each employee defines his or her own objectives, after discussion with his or her line manager, to ensure that expectations are aligned.
- 2. **Mid-year Review:** in the middle of the year, each employee has the opportunity to adjust their objectives and receive intermediate feedback from their line manager.
- 3. **Self-assessment:** during this time frame, the employee is given the opportunity to perform a self-assessment and to express his/her point of view regarding the achievement of the established objectives and the work conduct he/she has adopted based on the corporate values.
- 4. **Assessment:** this is the phase in which a manager is responsible to assess his/her team members' performance and behaviour.
- 5. **Calibration:** this phase is aimed at ensuring the application of the same assessment criteria by the managers of the various teams within the individual departments, as well as among different departments. It takes place by holding open discussions, first at the department level, and then at the corporate level.
- 6. **Feedback and Goal Setting:** this is the final phase of the performance review process. The manager holds a 1-to-1 meeting with his/her employee in order to provide feedback regarding the assessment.

The assessment phases are linked to the company's corporate and behavioural objectives and are closely linked to the company's values.

In 2019, 93% of the Group's White Collars were involved in the performance review process.

White Collars who underwent performance review in 2019



## 4.4 WORKER HEALTH AND SAFETY

One of Datalogic Group's most important responsibilities is to guarantee a work environment compliant with even the most stringent safety requirements. To this end, monitoring and periodic review activities are constantly carried out by Datalogic, in order to safeguard the employees' health and safety, as well as guarantee healthy and accommodating working conditions.

The Health and Safety policy, shared in 2019 with all Datalogic stakeholders thanks to its publication on the company website<sup>13</sup>, states that the company is committed to:

- Continuous prevention in terms of workplace health and safety and environmental protection;
- Compliance with the applicable legislation and any other requirements to which the organisation has decided to adhere;
- Continuous improvement, by preparing annually updated performance plans, and by pursuing the goals of "zero workplace injuries" and "zero occupational diseases";
- Staff awareness, in order to maintain high levels of interest with regard to workplace health and safety issues.

Datalogic has adopted Occupational Health and Safety Management Systems in Italian Companies and in Datalogic Vietnam LLC in compliance with the ISO standard. In 2018, the latter successfully passed the audit of the transition from OHSAS18001 to ISO45001, confirming in 2019 the validity of the achieved certificate<sup>14</sup>.

At the plants in Hungary, Slovakia and Vietnam, Health and Safety issues are managed by the respective Facility Managers who are responsible for ensuring that their sites comply with local regulations and Datalogic Group standards.

In the "Asia Pacific" (excluding Vietnam) and "Americas" areas, where issues and risks relating to the Health and Safety of workers are not managed and supervised by Management Systems, Datalogic has created Health & Safety committees made up of departmental representatives (mainly Human Resources and Operations). The responsibility of Facility Managers and Committees is to:

- discuss, assess and take appropriate actions to deal with the risks identified in the various Datalogic sites under their responsibility;
- share, manage and monitor training activities to ensure compliance with local regulations and group standards;
- define, implement and monitor improvement actions;
- manage national or international emergencies.

The path of continuous improvement and the constant adaptation to national regulations represent the protection maintained on this issue in all Datalogic Group Companies.

### In-depth description of the Italian context

The Group's Occupational Health and Safety Department in Italy is coordinated by the OHSM, who relies upon the collaboration of external consultants and representatives from each site. In Italy, an occupational health and safety level risk is established based on the specific tasks performed. The health and safety training activities are planned based on this risk level, and are carried out upon joining the company, with periodic updates being provided as required by the applicable legislation (Italian Legislative Decree no. 81/08 and the State-Regions Agreement).

#### NOTES:

<sup>13</sup> Link to Datalogic Group EH&S Policy: <https://www.datalogic.com/upload/pages/quality/14001/DatalogicGroupEHSPolicy.pdf>

<sup>14</sup> Available in the "ISO Management System" section of the Datalogic website: <https://www.datalogic.com/ita/azienda/panoramica-dellazienda/sistema-di-gestione-iso-co-217.html>

An "analytical method" was used to carry out risk analyses. Main elements analysed:

- administrative formalities;
- machines and equipment;
- working environments;
- chemical, physical and biological agents;
- organisation of work.

Inspections were carried out in order to define a risk assessment trail that could be shared and reviewed by all the figures involved in the safety management processes in Datalogic. Furthermore, workers and heads of departments were consulted on how they perform their activities and deal with any problems encountered.

Having drawn up a list of risks to which workers - dealing with the Company's various tasks - may be exposed, each identified risk is assessed and classified into one of the following 4 categories: acceptable, medium, serious or very serious.

Based on the assigned category, appropriate risk treatment actions are defined and monitored. Furthermore, training and health surveillance activities are planned, specific for each task.

The training activities deal with topics such as health and safety and are carried out upon starting to work for the company. They are periodically reviewed, as provided for by the mandatory regulations (Italian Legislative Decree No. 81/08 and the State-Regions Agreement).

Datalogic Srl, Datalogic SpA and Datalogic IP Tech Srl, thanks to the work carried out by the HSE office, ensure a precise health and safety training programme for new employees, clerks, workers, managers, emergency teams and AED (Defibrillators) designated staff.

In addition to mandatory training, Datalogic organises training courses on the use of Personal Protective Equipment, as well as on how to use production machines.

With regard to Health Surveillance, the Competent Doctor - in collaboration with the HSE office - draws up a health protocol that derives from the analysis of the present tasks and the risks associated with them. This protocol is applied through periodic visits whose frequency is defined in line with the level of exposure. The protocol contains the list of job-specific assessments. All the results of the assessments are kept by the Competent Doctor in compliance with the Privacy Policy, while the suitability assessments are sent to the Company and filed by the HSE office. In the case of prescriptions to be adopted for workers, they are implemented as indicated by the Competent Doctor.

Datalogic offers a fortnightly medical service where every worker can request consultations even if not strictly related to work, during working hours.

Finally, monitoring campaigns such as cancer prevention ones are promoted.

Since the participation of all workers in health and safety issues is a fundamental element, in Italy, the Workers' Safety Representative (RLS in Italian) is periodically elected at each site as it is a mandatory requirement of Italian Legislative Decree No. 81/2008. RLS's task is to receive and communicate all reports from employees to the HSE office, participate in risk assessment and take part in periodic meetings on issues related to the workers' health and safety.



For Datalogic, the protection of workers' health and safety is not only a guarantee for its staff, but also for external collaborators. The Group has therefore envisaged a series of measures aimed at ensuring the highest safety standards for suppliers who provide their services at or on behalf of Datalogic.

Contractors are informed about the risks present in its premises through the Single Document on Interference Risk Assessment (DUVRI) drawn up by Datalogic, as client, and based on the Risk Assessment Document (DVR) containing preventive measures on the risks present in the Company's worksites. In the specific case in which the duration of the contract exceeds five annual man-days per year, the contractor is required to draw up the Operational Safety Plan (POS), which describes the best countermeasures to be adopted in the worksite activities in order to safeguard workers' physical safety. In addition, the company shall provide Datalogic with the following documents: Chamber of Commerce registration with Company's details; Single Contribution Regularity Document to certify the regularity of social security payments and obligations; Liability Towards Third Parties and Workers insurance policies; Annex 1 to the DUVRI of Self-certification of suitability and health and safety duly completed and signed.

## Injuries

With regard to injury management, Datalogic monitors the number and type of injuries on a quarterly basis. In addition to this, once the injury has occurred, an accurate analysis of the causes is carried out and all corrective actions are subsequently implemented to reduce the risk of further occurrence.

The risk analyses carried out and the systematic monitoring of the data concerning injuries and occupational diseases have shown that none of the workers are engaged in activities with a high injury rate or a high risk of specific diseases.

Similarly to 2018, no significant injuries occurred during 2019, in terms of hours of absence from work.

### Injury indices of employees and external workers <sup>15</sup>

	EMPLOYEES	EXTERNAL WORKERS <sup>16</sup>
<b>Number of deaths</b>	0	0
<b>Number of serious injuries</b>	0	0
<b>Number of total injuries</b>	20 <sup>17</sup>	1 <sup>18</sup>
<b>Total hours worked</b>	5,847,323	813,145
<b>Serious injury frequency rate</b>	0.00	0.00
<b>Total injury frequency rate</b>	3.42	1.23

#### NOTES:

<sup>15</sup> Included are injuries that generate: death, work incapacity (absolute or partial), limitations on transfers, medical treatment, first aid, even if they do not generate days of absence from work. Injuries in transit with cars owned by the employee are excluded. The frequency rates for the injury indices were calculated as follows: (Number of injuries / Number of hours worked) x 1,000,000.

<sup>16</sup> The data relating to the Health and Safety of external workers include only the category of the Contract workers and not other types of non-employee workers who operate at Group sites and/or under the Group's control, in view of their significance and the availability of such data over which the Group does not exercise direct control.

<sup>17</sup> Of which 5 with zero days off work.

<sup>28</sup> Contract worker.





# **5. STRATEGIC SUPPLY CHAIN MANAGEMENT**

An abstract graphic design featuring a blue gradient background. Overlaid on the left side is a complex, light blue circuit-like pattern. This pattern consists of interconnected lines, circles, and star-like shapes, resembling a stylized electronic circuit or a network diagram. The pattern is more dense on the left and fades towards the right, where the background gradient is more prominent.

## 5.1 OUR SUPPLIERS

Customer satisfaction is one of the main objectives for an organisation like Datalogic. Hence, a collaboration with suppliers - and constantly increasing their added value - are key elements in strengthening our competitiveness.

The Group's suppliers are divided into two categories:

- Suppliers from which Datalogic purchases direct materials, or rather those used for production;
- Suppliers from which Datalogic purchases "indirect" goods and services, which constitute all the remaining purchases, namely professional services, facilities, Marketing and communications, transport and travel expenses, and other purchases of materials.

**Total number of suppliers and purchases (in €) by type of supplier <sup>19</sup>**

	2018				2019			
	SUPPLIERS	%	PURCHASES €	%	SUPPLIERS	%	PURCHASES €	%
<b>Total Suppliers</b>	<b>5,074</b>	<b>100%</b>	<b>296,889,924</b>	<b>100%</b>	<b>4,790</b>	<b>100%</b>	<b>271,943,312</b>	<b>100%</b>
<b>Direct Suppliers</b>	698	14%	230,328,382	78%	712	15%	210,725,161	77%
<b>Indirect Suppliers</b>	4,376	86%	66,561,542	22%	4,078	85%	61,218,151	23%

As regards our suppliers' geographical area, the following are the values referred only to direct materials. This is because the selection of (often local) suppliers - and their management - is done locally.

The Group's total purchases from Direct Suppliers, broken down by Region, are as follows:

**Purchases (in €) by geographical location of the suppliers' registered offices <sup>20</sup>**

	2019	
	€	%
<b>Total Direct Suppliers</b>	<b>210,725,161</b>	<b>100%</b>
<b>EMEA</b>	81,076,976	38.5%
<b>Americas</b>	10,911,195	5.2%
<b>APAC</b>	118,736,990	56.3%

### NOTES:

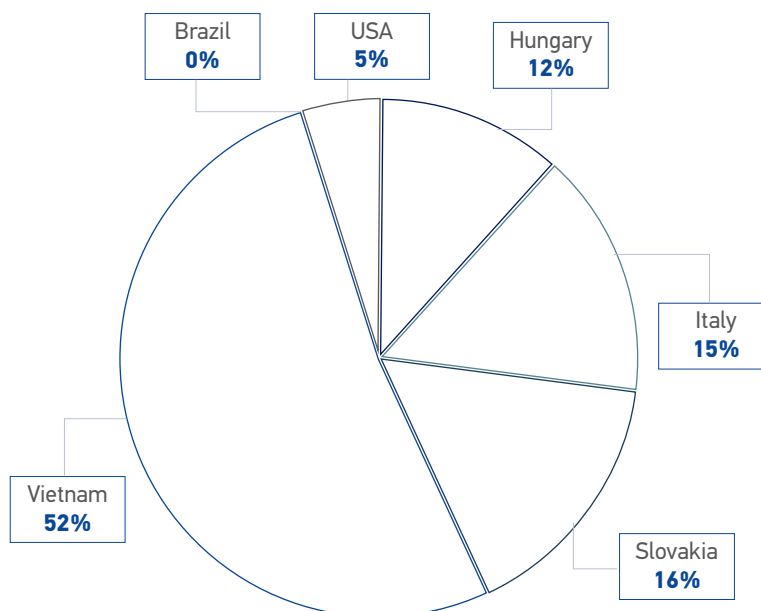
<sup>19</sup> Only taking into account OPEX purchases, excluding CAPEX, settlements, accruals and deferrals, and expense reports (only for indirect suppliers).

<sup>20</sup> Only taking into account OPEX purchases, excluding CAPEX, settlements, accruals and deferrals

## Location as a strategic element

Since 2019, the policy of increasing the supply of materials from local suppliers, for the most significant plants, is part of the supply chain management strategy.

**Purchases by Country of production - 2019 [%]**



Local sourcing means purchases from suppliers located in the same country or geographical area where the Datalogic facility is located.

The total purchase<sup>21</sup> of direct materials, broken down by geographical area<sup>22</sup>, is as follows:

Purchases from local suppliers - 2019 (% of total procurement expenditure)	
Italy (Italian sites)	63%
Asia <sup>23</sup> (Vietnam site)	17%
East Europe (sites in Hungary and Slovakia)	9%

### NOTES:

<sup>21</sup> Only taking into account OPEX purchases, excluding CAPEX, settlements, accruals and deferrals

<sup>22</sup> Considering the total purchases of each Datalogic production site, broken down by Country of origin, regardless of the supplier's registered offices.

<sup>23</sup> Local suppliers within Asia region include: Vietnam suppliers, Thailand, VSO (Taiwan), Nissho (Singapore) suppliers and high-tech parts (Consignment Stock) even if coming from foreign suppliers. Thailand, VSO and Hissho are included in "Asia" as suppliers of technology and quality not available in Vietnam.



## Responsible supply chain management

Datalogic has identified a limited risk level associated with lack of compliance on the part of the suppliers of materials used for its own production processes (direct purchases).

The risk of non-compliance with the mandatory local regulations, the commitment to environmental protection, and respect for human rights is mitigated thanks to a supplier evaluation process, which is consistent with the code of conduct and is carried out both during the qualification phase and during the monitoring of the maintenance of the performance levels and the agreed standards.

The “general purchase conditions” and/or the “Code of Conduct” (both of which are available on the Datalogic website) make explicit reference to:

- Compliance with the applicable regulations;
- The REACH and RoHS regulations, with regard to environmental impacts;
- Respect for human rights and workers' rights, also with reference to “conflict minerals”;
- The principles of fairness and ethical principles.

During the course of 2017, 2018 and 2019 there were no instances of non-compliance with the contractual conditions of a magnitude that resulted in a discontinuation of the supply relationship and the consequent termination of contract.





# **6. COMMITMENT TO THE ENVIRONMENT**







Innovation for Datalogic also means future, and future means taking care of current environmental, health and safety issues for the achievement of greater mental, physical and social well-being in the future.

## 6.1 ENVIRONMENTAL PROTECTION GUARANTEED BY DATALOGIC

Datalogic has implemented environmental protection policies in order to minimise the external impact and the risks associated with its activities. Our daily commitments include the application of eco-compatible technologies and the engagement of the employees and suppliers in this regard. Datalogic constantly monitors the current health and safety legislation in order to guarantee the complete legislative compliance of its products and processes.

In striving to continuously improve its processes, and with the awareness that people and the environment are priceless to the Company, Datalogic aims to ensure:

- Continuous prevention in terms of environmental protection;
- Compliance with the applicable legislation and any other requirements to which the organisation has decided to adhere;
- Staff awareness, in order to maintain high levels of interest with regard to health and safety and environmental issues.

The management of the effects that the Group's activities have upon the environment, starting with the identification of the main environmental management risks and the relative impacts, is focused upon the production plants, which are identified as the most significant areas of activity for this purpose due to both the types of activities carried out and the number of people they employ. The 2019 data reported below refer, as indicated in the methodological note, to the following plants: Monte San Pietro - BO (Italy), Castiglion Messer Raimondo - TE (Italy), Lippo di Calderara - BO (Italy), Trnava (Slovakia), Balatonboglár (Hungary), Ho Chi Minh (Vietnam), Eugene (USA) and Jundiai (Brazil).

A Facility Manager in charge of monitoring the environmental aspects associated with the production sites has been appointed at each plant.

Overall, taking into account the type of activities carried out at the various plants and the consolidated Environmental Management Systems managed at plant level (Italy, Vietnam, Slovakia and Hungary), the degree of environmental risk is considered "low".

Thanks to the Environmental Management Systems, Datalogic performs a constant monitoring of environmental aspects and sets out a continuous performance improvement approach.

Some of these Environmental Management Systems maintained ISO14001 certification in 2019:

- Ho Chi Minh City (Vietnam);
- Trnava (Slovakia);
- Balatonboglár (Hungary).

In 2019 the Group's Environmental Policy<sup>24</sup> was shared with all stakeholders thanks to its publication on the Datalogic website.

The most significant environmental aspect for the Group is the energy consumption required to operate its plants and locations; the production activities themselves, however, mainly entail the assembly of components, and do not include operations that consume large amounts of energy.

### NOTES:

<sup>24</sup> Link to Datalogic Group EH&S Policy: <https://www.datalogic.com/upload/pages/quality/14001/DatalogicGroupEHSPolicy.pdf>

The main environmental risk area, assessed as "unlikely" in the impact analyses carried out in the plants, has been identified in the occurrence of accidents leading to a discharge of chemicals potentially polluting for the soil and water.

In order to minimise impact and probability, specific safeguards are defined in accordance to ISO14001.

## 6.2 ENERGY CONSUMPTION AND EMISSIONS

Datalogic constantly monitors its own energy consumption values and is dedicated to reducing them, even if the activities carried out do not have any particularly significant impacts.

As far as energy consumption is concerned, electricity is consumed in the greatest quantities, while natural gas and, to a lesser extent, LPG, are only used in Europe.

The energy consumption is broken down into direct and indirect consumption. Direct consumption takes the following into account:

- Natural gas for heating;
- Diesel for heating and car fleet;
- LPG;
- Petrol for car fleet

Indirect consumption, on the other hand, regards consumption resulting from the use of electricity. In 2019 the total consumption amounted to 71,211 GJ, 37.8% of which was consumed by the Plants in Italy.

**Direct and indirect energy consumption (GJ)**

	2017	2018	2019
	GJ	GJ	GJ
<b>Direct energy consumption from non-renewable sources</b>	<b>15,741</b>	<b>14,661</b>	<b>17,298</b>
Natural Gas	14,054	12,719	<b>16,016</b>
Diesel	79	25	<b>15</b>
LPG	1,608	1,917	<b>1,268</b>
<b>Energy consumption of the car fleet <sup>25</sup></b>	<b>n.a.</b>	<b>1,600</b>	<b>1,376</b>
Diesel	n.a.	n.a.	<b>1,330</b>
Petrol	n.a.	n.a.	<b>46</b>
<b>Indirect energy consumption</b>	<b>45,296</b>	<b>49,502</b>	<b>52,537</b>
Electricity purchased from non-renewable sources	45,296	49,502	<b>52,537</b>
<b>Total energy consumption (no car fleet)</b>	<b>61,037</b>	<b>64,163</b>	<b>69,835</b>
<b>Total energy consumption (with car fleet)</b>	<b>n.a.</b>	<b>65,763</b>	<b>71,211</b>

### NOTES:

<sup>25</sup> The consumption figures for the 2017 car fleet are not available.

Compared to 2018 on a like-for-like basis, in 2019 there was an increase in total consumption (+8.3%). This increase is mainly due to the change in the contractual rental conditions of the spaces dedicated to the warehouse of the Slovak site (heating service costs, previously included in the rent, are now borne by Datalogic), and also to the colder temperatures for Italian and US sites.

With regard to the consumption values attributable to the company's vehicle fleets (Diesel and Petrol), the Group took into account the vehicles belonging to the company's fleet (excluding those under lease and for mixed use). In the perimeter analysed, there are only cars in Italy, Slovakia, Hungary and the USA. The direct (Scope 1) and indirect (Scope 2) emissions listed below are those relating to direct and indirect energy consumption, explaining the emissions of the fleet.

#### Direct and indirect emissions (ton CO<sub>2</sub>e)

	2017	2018	2019
	TON CO <sub>2</sub> e	TON CO <sub>2</sub> e	TON CO <sub>2</sub> e
<b>Direct emissions (Scope 1)</b>	<b>865</b>	<b>862</b>	<b>1,003</b>
Derived from Natural Gas	753	738	921
Derived from Diesel	6	2	1
Derived from LPG	106	122	81
<b>Car fleet emissions</b>	<b>n.a.</b>	<b>117</b>	<b>97</b>
Derived from Diesel	n.a.	n.a.	<b>94</b>
Derived from Petrol	n.a.	n.a.	<b>3</b>
<b>Indirect Emissions (Scope 2) – location-based</b>	<b>4,401</b>	<b>6,898</b>	<b>7,604</b>
<b>Indirect emissions (Scope 2) – market-based</b>	<b>n.a.</b>	<b>7,201</b>	<b>8,048</b>

All of the direct energy consumption comes from non-renewable sources (for 2017, 2018 and 2019). It should also be noted that the Group did not use certificates of origin for the purchase of energy from renewable sources.

# **MORE INFORMATION**



### Total employees by geographical area as of 31 December

	2017		2018		2019		Δ %	
	N	%	%	N	N	%	'18 vs. '17	'19 vs. '18
<b>Total Employees</b>	<b>2,912</b>	<b>100.0%</b>	<b>3,157</b>	<b>100.0%</b>	<b>3,074</b>	<b>100.0%</b>	<b>8.4%</b>	<b>-2.6%</b>
<b>EMEA</b>	1,602	55.0%	1,766	55.9%	1,742	56.7%	10.2%	-1.4%
<b>Americas</b>	621	21.3%	653	20.7%	606	19.7%	5.2%	-7.2%
<b>APAC</b>	689	23.7%	738	23.4%	726	23.6%	7.1%	-1.6%

### Employees by gender and age group as of 31 December 2019

	EMEA		Americas		APAC		TOTAL	
	N	%	%	N	N	%	N	%
<b>Total employees</b>	<b>1742</b>	<b>100.0%</b>	<b>606</b>	<b>100.0%</b>	<b>726</b>	<b>100.0%</b>	<b>3,074</b>	<b>100.0%</b>
<b>Men</b>	997	57.2%	475	78.4%	432	59.5%	1,904	61.9%
<b>Women</b>	745	42.8%	131	21.6%	294	40.5%	1,170	38.1%
<b>Under 30 years old</b>	<b>265</b>	<b>15.2%</b>	<b>47</b>	<b>7.8%</b>	<b>274</b>	<b>37.7%</b>	<b>586</b>	<b>19.1%</b>
<b>30 to 50 years old</b>	1049	60.2%	251	41.4%	434	59.8%	1,734	56.4%
<b>Over 50 years old</b>	428	24.6%	308	50.8%	18	2.5%	754	24.5%

### Employees by profession and geographical area as of 31 December 2019

	EMEA		Americas		APAC		TOTAL	
	N	%	%	N	N	%	N	%
<b>Total employees</b>	<b>1,742</b>	<b>100.0%</b>	<b>606</b>	<b>100.0%</b>	<b>726</b>	<b>100.0%</b>	<b>3,074</b>	<b>100.0%</b>
<b>White Collars</b>	1,128	64.8%	549	90.6%	350	48.2%	2,027	65.9%
<b>Blue Collars</b>	614	35.2%	57	9.4%	376	51.8%	1,047	34.1%
<b>Total Men</b>	<b>997</b>	<b>100.0%</b>	<b>475</b>	<b>100.0%</b>	<b>432</b>	<b>100.0%</b>	<b>1,904</b>	<b>100.0%</b>
<b>White Collars</b>	834	83.7%	437	92.0%	225	52.1%	1,496	78.6%
<b>Blue Collars</b>	163	16.3%	38	8.0%	207	47.9%	408	21.4%
<b>Total Women</b>	<b>745</b>	<b>100.0%</b>	<b>131</b>	<b>100.0%</b>	<b>294</b>	<b>100.0%</b>	<b>1,170</b>	<b>100.0%</b>
<b>White Collars</b>	294	39.5%	112	85.5%	125	42.5%	531	45.4%
<b>Blue Collars</b>	451	60.5%	19	14.5%	169	57.5%	639	54.6%
<b>Total Employees under 30 years old</b>	<b>265</b>	<b>100.0%</b>	<b>47</b>	<b>100.0%</b>	<b>274</b>	<b>100.0%</b>	<b>586</b>	<b>100.0%</b>
<b>White Collars</b>	132	49.8%	43	91.5%	57	20.8%	232	39.6%
<b>Blue Collars</b>	133	50.2%	4	8.5%	217	79.2%	354	60.4%
<b>Total Employees 30 to 50 years old</b>	<b>1,049</b>	<b>100.0%</b>	<b>251</b>	<b>100.0%</b>	<b>434</b>	<b>100.0%</b>	<b>1,734</b>	<b>100.0%</b>
<b>White Collars</b>	711	67.8%	233	92.8%	276	63.6%	1,220	70.4%
<b>Blue Collars</b>	338	32.2%	18	7.2%	158	36.4%	514	29.6%
<b>Total Employees over 50 years old</b>	<b>428</b>	<b>100.0%</b>	<b>308</b>	<b>100.0%</b>	<b>18</b>	<b>100.0%</b>	<b>754</b>	<b>100.0%</b>
<b>White Collars</b>	285	66.6%	273	88.6%	17	94.4%	575	76.3%
<b>Blue Collars</b>	143	33.4%	35	11.4%	1	5.6%	179	23.7%



## Percentage of employees by professional category, gender and age group as of 31 December

	2018			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Total Employees</b>	<b>62%</b>	<b>38%</b>	<b>100%</b>	<b>62%</b>	<b>38%</b>	<b>100%</b>
<b>White Collars</b>	74%	26%	67%	74%	26%	66%
<b>Blue Collars</b>	39%	61%	33%	39%	61%	34%

	2018				2019			
	< 30 YEARS OLD	30 TO 50 YEARS OLD	> 50 YEARS OLD	TOTAL	< 30 YEARS OLD	30 TO 50 YEARS OLD	> 50 YEARS OLD	TOTAL
<b>Total Employees</b>	<b>21%</b>	<b>57%</b>	<b>21%</b>	<b>100%</b>	<b>19%</b>	<b>56%</b>	<b>25%</b>	<b>100%</b>
<b>White Collars</b>	14%	62%	24%	<b>67%</b>	11%	60%	28%	<b>66%</b>
<b>Blue Collars</b>	37%	47%	15%	<b>33%</b>	34%	49%	17%	<b>34%</b>

## Board of Directors by gender and age group as of 31 December

	2018			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Board of Directors</b>	63%	38%	<b>100%</b>	67%	33%	<b>100%</b>

	2018				2019			
	< 30 YEARS OLD	30 TO 50 YEARS OLD	> 50 YEARS OLD	TOTAL	< 30 YEARS OLD	30 TO 50 YEARS OLD	> 50 YEARS OLD	TOTAL
<b>Board of Directors</b>	0%	25%	75%	<b>100%</b>	0%	22%	78%	<b>100%</b>

**Employees by contract type (open-ended or fixed-term), geographical area and gender  
as of 31 December**

EMEA		2017			2018			2019		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Total</b>	N	n.a.	n.a.	621	1,019	747	1,766	997	745	1,742
<b>Open-ended</b>	N	n.a.	n.a.	617	983	656	1,639	963	695	1,658
	%	n.a.	n.a.	99.4%	96.5%	87.8%	92.8%	96.6%	93.3%	95.2%
<b>Open-ended</b>	N	n.a.	n.a.	4	36	91	127	34	50	84
	%	n.a.	n.a.	0.6%	3.5%	12.2%	7.2%	3.4%	6.7%	4.8%

Americas		2017			2018			2019		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Total</b>	N			1,602	498	155	653	475	131	606
<b>Open-ended</b>	N	n.a.	n.a.	1,256	498	152	650	475	131	606
	%	n.a.	n.a.	78.4%	100.0%	98.0%	99.5%	100%	100%	100%
<b>Open-ended</b>	N	n.a.	n.a.	346	0	3	3	-	-	-
	%	n.a.	n.a.	21.6%	0.0%	2.0%	0.5%	0.0%	0.0%	0.0%

APAC		2017			2018			2019		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Total</b>	N			689	443	295	738	432	294	726
<b>Open-ended</b>	N	n.a.	n.a.	419	336	263	599	325	249	574
	%	n.a.	n.a.	60.8%	75.8%	89.2%	81.2%	75.2%	84.7%	79.1%
<b>Open-ended</b>	N	n.a.	n.a.	270	107	32	139	107	45	152
	%	n.a.	n.a.	39.2%	24.2%	10.8%	18.8%	24.8%	15.3%	20.9%

Total		2017			2018			2019		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Total</b>	N			2,912	1,960	1,197	3,157	1,904	1,170	3,074
<b>Open-ended</b>	N	n.a.	n.a.	2,292	1,817	1,071	2,888	1,763	1,075	2,838
	%	n.a.	n.a.	78.7%	92.7%	89.5%	91.5%	92.6%	91.9%	92.3%
<b>Open-ended</b>	N	n.a.	n.a.	620	143	126	269	141	95	236
	%	n.a.	n.a.	21.3%	7.3%	10.5%	8.5%	7.4%	8.1%	7.7%

## Employees covered by collective bargaining agreements with the trade unions as of 31 December

		2017	2018	2019
<b>Total Employees</b>		<b>2,912</b>	<b>3,157</b>	<b>3,074</b>
<b>Total Employees covered by collective bargaining agreements with the trade unions</b>	N	1,422	1,536	1,514
	%	48.8%	48.7%	49.3%

## Number and turnover rate by geographical area, age and gender

EMEA Turnover		2018			2019		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Total Employees</b>	Total	1,019	747	1,766	997	745	1,742
	Turnover	170	231	401	157	149	306
	%	16.7%	30.9%	22.7%	15.7%	20%	17.6%
<b>&lt; 30 years old</b>	Total	n.a.	n.a.	288	164	101	265
	Turnover	n.a.	n.a.	119	35	34	69
	%	n.a.	n.a.	41.3%	21.3%	33.7%	26.0%
<b>30 to 50 years old</b>	Total	n.a.	n.a.	1,119	596	453	1,049
	Turnover	n.a.	n.a.	212	88	78	166
	%	n.a.	n.a.	18.9%	14.8%	17.2%	15.8%
<b>&gt; 50 years old</b>	Total	n.a.	n.a.	359	237	191	428
	Turnover	n.a.	n.a.	70	34	37	71
	%	n.a.	n.a.	19.5%	14.3%	19.4%	16.6%

Americas Turnover		2018			2019		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Total Employees</b>	Total	498	155	653	475	131	606
	Turnover	65	38	103	71	34	105
	%	13.1%	24.5%	15.8%	14.9%	26.0%	17.3%
<b>&lt; 30 years old</b>	Total	n.a.	n.a.	66	38	9	47
	Turnover	n.a.	n.a.	25	9	9	18
	%	n.a.	n.a.	37.9%	23.7%	100.0%	38.3%
<b>30 to 50 years old</b>	Total	n.a.	n.a.	293	193	58	251
	Turnover	n.a.	n.a.	40	30	13	43
	%	n.a.	n.a.	13.7%	15.5%	22.4%	17.1%
<b>&gt; 50 years old</b>	Total	n.a.	n.a.	294	244	64	308
	Turnover	n.a.	n.a.	38	32	12	44
	%	n.a.	n.a.	12.9%	13.1%	18.8%	14.3%

APAC Turnover		2018			2019		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Total Employees</b>	Total	443	295	738	432	294	726
	Turnover	55	40	95	70	33	103
	%	12.4%	13.6%	12.9%	16.2%	11.2%	14.2%
<b>&lt; 30 years old</b>	Total	n.a.	n.a.	66	149	125	274
	Turnover	n.a.	n.a.	25	16	17	33
	%	n.a.	n.a.	37.9%	10.7%	13.6%	12.0%
<b>30 to 50 years old</b>	Total	n.a.	n.a.	293	269	165	434
	Turnover	n.a.	n.a.	40	51	16	67
	%	n.a.	n.a.	13.7%	19.0%	9.7%	15.4%
<b>&gt; 50 years old</b>	Total	n.a.	n.a.	294	14	4	18
	Turnover	n.a.	n.a.	38	3	0	3
	%	n.a.	n.a.	12.9%	21.4%	0.0%	16.7%

Total Turnover <sup>26</sup>		2018			2019		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Total Employees</b>	Total	1,960	1,197	3,157	1,904	1,170	3,074
	Turnover	290	309	599	298	216	514
	%	14.8%	25.8%	19.0%	15.7%	18.5%	16.7%
<b>&lt; 30 years old</b>	Total	n.a.	n.a.	675	351	235	586
	Turnover	n.a.	n.a.	189	60	60	120
	%	n.a.	n.a.	28.8%	17.1%	25.5%	20.5%
<b>30 to 50 years old</b>	Total	n.a.	n.a.	1,814	1,058	676	1,734
	Turnover	n.a.	n.a.	298	169	107	276
	%	n.a.	n.a.	16.4%	16.0%	15.8%	15.9%
<b>&gt; 50 years old</b>	Total	n.a.	n.a.	668	495	259	754
	Turnover	n.a.	n.a.	112	69	49	118
	%	n.a.	n.a.	16.8%	13.9%	18.9%	15.6%

#### NOTES:

<sup>26</sup> The turnover rate is calculated as the ratio between the total number of employees let go in 2019 by the Group (total, by gender and age group), and the total number of employees (total, by gender and age group) as of 31/12/2019. The number of the resources let go does not include resources transferred between different geographical areas.

## Number and rate of newly hired personnel by geographical area, age and gender

EMEA Newly Hired Personnel		2018			2019		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Total Employees</b>	Total	1,019	747	1,766	997	745	1,742
	Newly Hired Personnel	326	232	558	135	146	281
	%	32.0%	31.1%	31.6%	13.5%	19.6%	16.1%
<b>&lt; 30 years old</b>	Total	n.a.	n.a.	288	164	101	265
	Newly Hired Personnel	n.a.	n.a.	209	49	43	92
	%	n.a.	n.a.	72.6%	29.9%	42.6%	34.7%
<b>30 to 50 years old</b>	Total	n.a.	n.a.	1,119	596	453	1,049
	Newly Hired Personnel	n.a.	n.a.	287	73	76	149
	%	n.a.	n.a.	25.6%	12.2%	16.8%	14.2%
<b>&gt; 50 years old</b>	Total	n.a.	n.a.	359	237	191	428
	Newly Hired Personnel	n.a.	n.a.	62	13	27	40
	%	n.a.	n.a.	17.3%	5.5%	14.1%	9.3%

Americas Newly Hired Personnel		2018			2019		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Total Employees</b>	Total	498	155	653	475	131	606
	Newly Hired Personnel	112	28	140	47	10	57
	%	22.5%	18.1%	21.4%	9.9%	7.6%	9.4%
<b>&lt; 30 years old</b>	Total	n.a.	n.a.	66	38	9	47
	Newly Hired Personnel	n.a.	n.a.	47	10	2	12
	%	n.a.	n.a.	71.2%	26.3%	22.2%	25.5%
<b>30 to 50 years old</b>	Total	n.a.	n.a.	293	193	58	251
	Newly Hired Personnel	n.a.	n.a.	64	17	5	22
	%	n.a.	n.a.	21.8%	8.8%	8.6%	8.8%
<b>&gt; 50 years old</b>	Total	n.a.	n.a.	294	244	64	308
	Newly Hired Personnel	n.a.	n.a.	29	20	3	23
	%	n.a.	n.a.	9.9%	8.2%	4.7%	7.5%

APAC Newly Hired Personnel		2018			2019		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Total Employees</b>	Total	443	295	738	432	294	726
	Newly Hired Personnel	101	45	146	62	31	93
	%	22.8%	15.3%	19.8%	14.4%	10.5%	12.8%
<b>&lt; 30 years old</b>	Total	n.a.	n.a.	66	149	125	274
	Newly Hired Personnel	n.a.	n.a.	47	22	20	42
	%	n.a.	n.a.	71.2%	14.8%	16.0%	15.3%
<b>30 to 50 years old</b>	Total	n.a.	n.a.	293	269	165	434
	Newly Hired Personnel	n.a.	n.a.	64	38	11	49
	%	n.a.	n.a.	21.8%	14.1%	6.7%	11.3%
<b>&gt; 50 years old</b>	Total	n.a.	n.a.	294	14	4	18
	Newly Hired Personnel	n.a.	n.a.	29	2	0	2
	%	n.a.	n.a.	9.9%	14.3%	0.0%	11.1%



Total Newly Hired Personnel <sup>27</sup>		2018			2019		
		MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Total Employees</b>	Total	1,960	1,197	3,157	1,904	1,170	3,074
	Newly Hired Personnel	539	305	844	244	187	431
	%	27.5%	25.5%	26.7%	12.8%	16.0%	14.0%
<b>&lt; 30 years old</b>	Total	n.a.	n.a.	675	351	235	586
	Newly Hired Personnel	n.a.	n.a.	318	81	65	146
	%	n.a.	n.a.	47.1%	23.1%	27.7%	24.9%
<b>30 to 50 years old</b>	Total	n.a.	n.a.	1,814	1058	676	1734
	Newly Hired Personnel	n.a.	n.a.	433	128	92	220
	%	n.a.	n.a.	23.9%	12.1%	13.6%	12.7%
<b>&gt; 50 years old</b>	Total	n.a.	n.a.	668	495	259	754
	Newly Hired Personnel	n.a.	n.a.	93	35	30	65
	%	n.a.	n.a.	13.9%	7.1%	11.6%	8.6%

#### Employees who underwent performance review as of 31 December 2019

2019	EMEA		Americas		APAC		TOTAL	
	N	%	%	N	N	%	N	%
<b>Total employees</b>	<b>1,742</b>	<b>100%</b>	<b>606</b>	<b>100%</b>	<b>726</b>	<b>100%</b>	<b>3,074</b>	<b>100%</b>
<b>White Collar Employees Assessed</b>	1,061	60.90%	494	81.51%	322	44.35%	1,877	61.06%
<b>Blue Collar Employees Assessed</b>	0	0%	0	0%	0	0%	0	0%
<b>Total Employees Assessed</b>	<b>1,061</b>	<b>60.90%</b>	<b>494</b>	<b>81.51%</b>	<b>322</b>	<b>44.35%</b>	<b>1,877</b>	<b>61.06%</b>

<b>Total Men</b>	<b>997</b>	<b>100%</b>	<b>475</b>	<b>100%</b>	<b>432</b>	<b>100%</b>	<b>1,904</b>	<b>100%</b>
<b>White Collar Men Assessed</b>	797	79.93%	394	82.94%	204	47.22%	1,395	73.26%
<b>Blue Collar Men Assessed</b>	0	0%	0	0%	0	0%	0	0%
<b>Total Men Assessed</b>	<b>797</b>	<b>79.93%</b>	<b>394</b>	<b>82.94%</b>	<b>204</b>	<b>47.22%</b>	<b>1,395</b>	<b>73.26%</b>

<b>Total Women</b>	<b>745</b>	<b>100%</b>	<b>131</b>	<b>100%</b>	<b>294</b>	<b>100%</b>	<b>1,170</b>	<b>100%</b>
<b>White Collar Women Assessed</b>	264	35.43%	100	76.33%	118	40.13%	482	41.19%
<b>Blue Collar Women Assessed</b>	0	0%	0	0%	0	0%	0	0%
<b>Total Women Assessed</b>	<b>264</b>	<b>35.43%</b>	<b>100</b>	<b>76.33%</b>	<b>118</b>	<b>40.13%</b>	<b>482</b>	<b>41.19%</b>

#### NOTES:

<sup>27</sup> The newly hired personnel rate is calculated as the ratio between the total number of hired employees in 2019 (total, by gender and age group), and the total number of employees (total, by gender and age group) as of 31/12/2019. The number of the hired resources does not include resources transferred between different Regions.

### Direct and indirect energy consumption and car fleet (GJ)

	2019	
	GJ	%
<b>Total consumption - Without car fleet</b>	<b>69,835</b>	<b>100.0%</b>
<b>Direct energy consumption - Car fleet</b>	1,376	100.0%
<b>Total consumption - with car fleet</b>	71,211	100.0%

### Direct consumption by type <sup>28</sup>

	2017		2018		2019	
	GJ	%	GJ	%	GJ	%
<b>Natural Gas</b>	14,054	100.0%	12,719	100.0%	16,016	100 %
<b>Diesel</b>	79	100.0%	25	100.0%	15	100%
<b>LPG</b>	1,608	100.0%	1,917	100.0%	1,268	100%

### Direct consumption by type - car fleet

	2019	
	GJ	%
<b>Car fleet - Diesel consumption</b>	1,330	100.0%
<b>Car fleet - Petrol consumption</b>	46	3.9%

#### NOTES:

<sup>28</sup> The figures for the financial year 2017 represent a broader scope for the data on "Italy", since, in addition to the plants considered for 2018 and 2019, the Quinto di Treviso (TV), Cologno Monzese (MI) and Donnas (AO) plants were also taken into account. The source of the conversion factors for the energy consumption calculation is the "Table of national standard parameters of the Ministry of the Environment", which was used in the 2016 version for the 2017 data, and in the 2018 version for data regarding the 2018 financial year, in the 2019 version for data regarding the 2019 financial year. Considering the same scope as the 2018 and 2019 data, in 2017, the direct energy consumption values would have respectively amounted to 13,061 GJ for natural gas, 79 GJ for Diesel, and 1,745 GJ for LPG.

### Emissions related to energy consumption (ton CO<sub>2</sub> e)<sup>29</sup>

	2017		2018		2019	
	Ton CO <sub>2</sub> e	%	Ton CO <sub>2</sub> e	%	Ton CO <sub>2</sub> e	%
<b>Direct CO<sub>2</sub> emissions (Scope 1)</b>	865	100.0%	862	100.0%	1,003	100%
<b>Indirect CO<sub>2</sub> emissions (Scope 2) - Location-Based</b>	4,401	100.0%	6,898	100.0%	7,604	100%
<b>Indirect CO<sub>2</sub> emissions (Scope 2) - Market-Based<sup>30</sup></b>	n.a.	n.a.	7,201	100%	8,048	100%

### Detail of emissions related to direct energy consumption (ton CO<sub>2</sub>e)<sup>31</sup>

	2017		2018		2019	
	Ton CO <sub>2</sub> e	%	Ton CO <sub>2</sub> e	%	Ton CO <sub>2</sub> e	%
<b>Natural Gas Emissions</b>	753	100.0%	738	100.0%	921	100%
<b>Diesel Emissions</b>	6	100.0%	2	100.0%	1	100%
<b>LPG Emissions</b>	106	100.0%	122	100.0%	81	100%

### Detail of emissions related to direct energy consumption (ton CO<sub>2</sub>e) of the car fleet

	2019	
	Ton CO <sub>2</sub> e	%
<b>CO<sub>2</sub> emissions - only car fleet (Petrol)</b>	3	100.0%
<b>CO<sub>2</sub> emissions - only car fleet (Diesel)</b>	94	100.0%
<b>Total car fleet emissions</b>	<b>97</b>	<b>100%</b>

#### NOTES:

<sup>29</sup> With regard to the Scope 1 and 2 data for 2017, the source of the emission factors and global warming potential (GWP) are respectively the "GHG Protocol tool for stationary combustion" (Version 4.1, World Resources Institute (WRI), 2015) and the "GHG Protocol tool from purchased electricity" (Version 4.8, World Resources Institute (WRI), 2017) both rendered available by the GHG Protocol. The Gases included in the calculation - and specified respectively within the "GHG Protocol tool for stationary combustion" and the "GHG Protocol tool from purchased electricity" - are CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O. For the 2018 and 2019 data, on the other hand, the emission factors from DEFRA 2018 and 2019, respectively, were taken into account for Scope 1, while the Terna 2017 international comparison factors were used for the calculation of the Scope 2 emissions Location based (with the exception of Vietnam, where the values estimated by IGES were taken into account). Scope 2 emissions are expressed in tons of CO<sub>2</sub>, however the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO<sub>2</sub> equivalent) as it emerges from the technical literature.

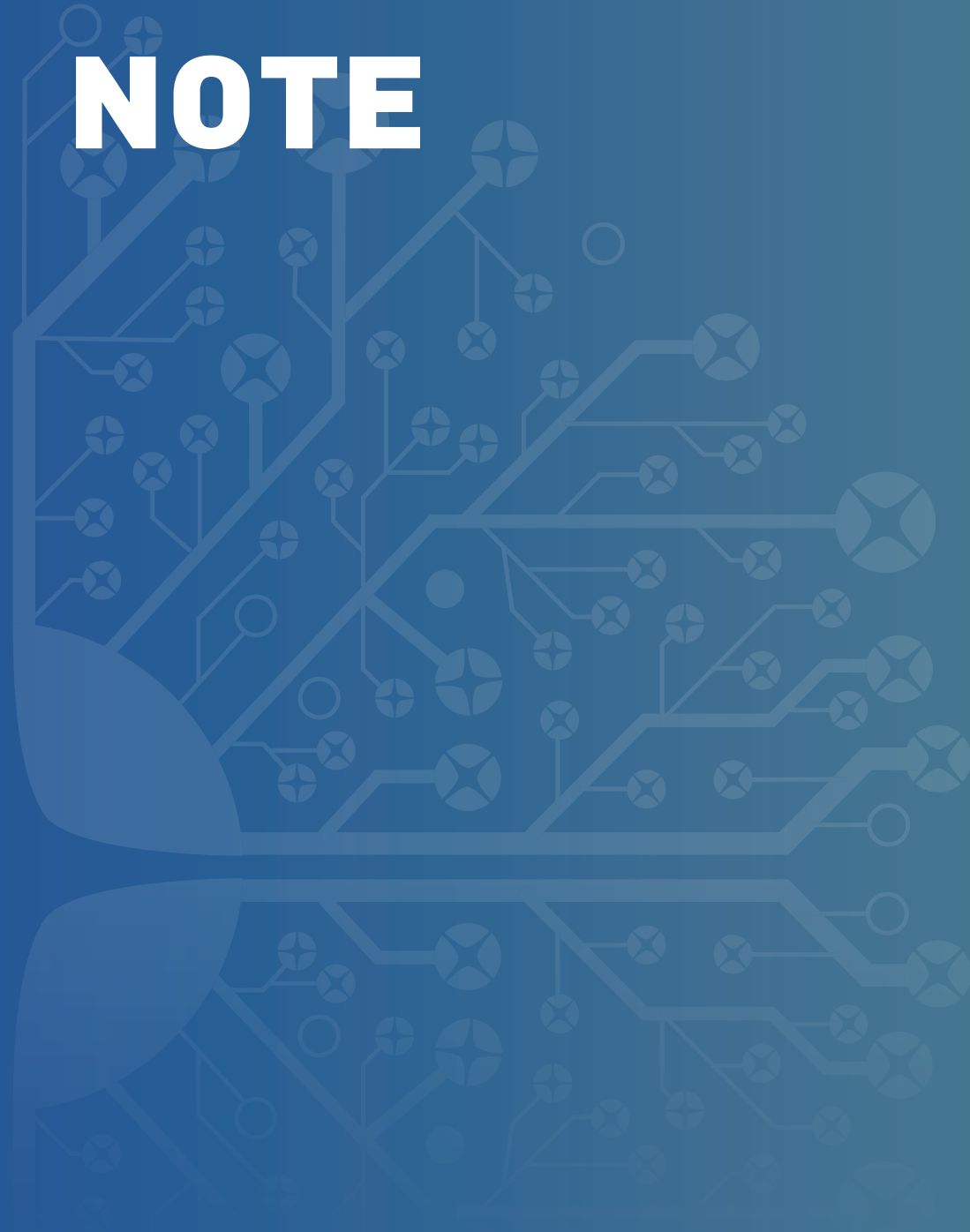
Considering the same scope as the 2018 and 2019 data, the Scope 1 emissions for the 2017 financial year would respectively amount to 896 tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub> e), while the Scope 2 emissions would amount to 6,002 tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub> e).

<sup>30</sup> In 2019, the emission factors taken into account for the calculation of the market-based Scope 2 emissions are:

- Italy, Hungary and Slovakia: "AIB - residual mix 2018" guidelines
- USA: "eGrid 2018 - WEEC Northwest"
- Brazil and Vietnam: in line with those used for the "Location based" calculation (Terna 2017 and Iges Grid emission factors 2017).

<sup>31</sup> Considering the same scope and the same emission factor source as the 2018 and 2019 data, the Scope 1 emissions for the 2017 financial year would amount to 779 tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub> e) for emissions deriving from natural gas, 6 tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub> e) from Diesel and finally 111 tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub> e) from LPG.

# METHODOLOGICAL NOTE



In compliance with the provisions of article 5, paragraph 3, letter b, of Italian Legislative Decree no. 254/2016, the Datalogic Group has prepared this Consolidated Non-Financial Statement, hereinafter NFS, which is a separate report from the Management Report.

This NFS for the 2019 financial year covers the period from 1 January to 31 December 2019, and includes Datalogic S.p.A. (the Parent Company) and all the companies consolidated line-by-line in the Consolidated Financial Statements (within this document, the terms “Datalogic Group”, “Group” and “Datalogic” refer to all the companies included within the scope of consolidation).

The exclusion from the scope of consolidation of Suzhou Mobydata Smart System Co. Ltd. is considered an exception. In April 2019, the controlling stake in the share capital of this company increased to 51% (through the subsidiary Datalogic Shenzhen Industrial Automation Co., Ltd.). In particular, it should be noted that the exclusion covers all data and information included in this NFS with the exception of the following topics: “attracting and retaining employees” (GRI 401), “diversity” (GRI 405), “training and education” (GRI 404) and “information on employees and other workers” (GRI 102-8).

The Group will however undertake to extend the data collection process to this company in future years.

The environmental reporting is limited exclusively to the locations that carry out production activities (the most significant area in terms of environmental impacts produced) and the Parent Company’s headquarters, as detailed below:

COUNTRY	COMPANY	LOCATION/FACILITY
<b>Italy</b>	Datalogic S.p.A.	<ul style="list-style-type: none"> <li>Lippo di Calderara (Bologna – Parent Company)</li> </ul>
	Datalogic S.r.l.	<ul style="list-style-type: none"> <li>Lippo di Calderara (Bologna)</li> <li>Monte San Pietro (Bologna)</li> <li>Castiglione Messer Raimondo (Teramo)</li> </ul>
<b>Slovakia</b>	Datalogic Slovakia s.r.o.	<ul style="list-style-type: none"> <li>Trnava</li> </ul>
<b>Hungary</b>	Datalogic Hungary Kft.	<ul style="list-style-type: none"> <li>Balatonboglár</li> </ul>
<b>Vietnam</b>	Datalogic Vietnam LLC	<ul style="list-style-type: none"> <li>Ho Chi Min City</li> </ul>
<b>USA</b>	Datalogic USA Inc.	<ul style="list-style-type: none"> <li>Eugene</li> </ul>
<b>Brazil</b>	Datalogic do Brasil Ltda.	<ul style="list-style-type: none"> <li>Jundiaí</li> </ul>

Compared to NFS 2017, starting from the 2018 data, the offices in Cologno Monzese (MI), Quinto di Treviso (TV) and Donnas (AO) have not been considered in the Italian scope of environmental data.

Compared to NFS 2018, in 2019 Telford (Datalogic USA Inc) has not been considered.

Each year the scope is defined on the basis of an assessment of the materiality of the sites with respect to their environmental impact, excluding sites that carry out exclusively office activities and are characterised by a low presence of people.

This document was prepared in accordance with the *GRI Sustainability Reporting Standards* (hereinafter also “GRI Standards”) published in 2016 by the Global Reporting Initiative (GRI) under the Core option. It should also be noted that, with regard to the Topic GRI 403 (Occupational Health and Safety), the Group has adopted the most updated version released in 2018 by the GRI. In particular, the definition of the material aspects in terms of the impacts of the Group and for its stakeholders was based on a structured process of materiality analysis described in the paragraph “Stakeholder dialogue and materiality analysis” below.

With regard to the information required by Art. 3, paragraph 2 of Italian Legislative Decree no. 254/16, it should be noted that, in view of the business sector, the Group's water consumption was not material in order to



ensure an understanding of the company's business. This is not significant given the company's production activities and the impacts produced by it. In fact, the Group's business consists of offices and production facilities that do not use any significant amounts of water.

In addition, greenhouse gas emissions from refrigerant gases have not been taken into account in the calculation of emissions for the years covered by this document and the issue of other pollutant emissions than greenhouse gas emissions has not been considered material because the production activity does not generate such emissions.

The topics of Human Rights and Workers' Rights - as identified in Italian Decree No. 254/16 - will be covered only briefly within this Statement, as they emerged in the materiality analysis as being not very relevant and having an insignificant level of risk (both in terms of the activities carried out by Datalogic and the types of activities performed by its suppliers).

The NFS is published on an annual basis, and includes a comparison with the information provided for the previous years, if available.

The process of drawing up the NFS was coordinated on a Group-wide level by Corporate Quality. The corporate departments, on both a centralised and local level, were involved in reporting the policies, the risks generated and suffered, the management and organisation models, and the data and information necessary for the preparation of the NFS.

The data are calculated accurately based on the accounting and non-accounting records, and the other information systems used by the competent departments, and are validated by the relevant department managers.

This document was approved on 19 March 2020 by the Datalogic S.p.A. Board of Directors, with the approval of the Control, Risk, Remuneration and Appointments Committee, and after having consulted with the Board of Statutory Auditors.

NFS is also subject to a limited assurance engagement (according to the criteria set out in ISAE 3000 Revised) by Deloitte & Touche S.p.A..

*NFS 2019 is available on the Datalogic website: <https://www.datalogic.com/ita/azienda/panoramica-dellazienda/sostenibilita-co-4690.html>*

*For more information or clarifications, or for any questions you may have, please contact Datalogic Group via the "contact us" section of the website, at: <https://www.datalogic.com/ita/contatti-cth-4467.html>.*

## Stakeholder dialogue and materiality analysis

This NFS is intended to provide information on environmental and social issues relating to personnel, respect for human rights, and the fight against active and passive corruption.

Using the GRI Standards as a reference, Datalogic has initiated a materiality analysis process (as required by GRI 101 – Foundation) in order to identify the relevant topics, based on the importance of the economic, environmental and social impacts generated by its own activities, and their influence upon the assessments and decisions of the Group's stakeholders. This process involved the identification of relevant stakeholders for the Group and subsequently the identification of material issues.

## Dialogue with Stakeholders

The stakeholders constitute Datalogic Group's relational universe. The strategy and the objectives that Datalogic has adopted are aimed at satisfying them, not only economically, but also in terms of social and environmental respect. Datalogic's main stakeholders are the following:



STAKEHOLDERS	ENGAGEMENT FREQUENCY	TERMS OF ENGAGEMENT	MAIN EMERGED ISSUES
Shareholders/Financial Community	Continuous	Conference call both for sharing results and at the request of investors, participation in conferences, company visits by analysts and investors, price sensitive communications via SDIR and publications on the Corporate website.	Transparency of financial information and company performance. Possible impacts generated by regulatory changes on the achievement of strategic objectives and macroeconomic trends.
Customers/Distributors	Continuous	Constant dialogue with customers through "Customer Relation Management" tool, Net Promoter Score, management of services offered on site, events, focus groups.	Customer experience and engagement. Innovation and product quality
Suppliers	Continuous	Meetings and site visits. Dialogue during organised events.	Business development, supplier involvement in product development, innovation and quality of materials and services.
Repair service partners	Monthly	Business review and comparison according to defined terms and objectives.	Business development, support and customer response time
Employees	Continuous	Constant dialogue between the different functions, performance evaluation and training. Annual satisfaction surveys.	Professional growth, recognition, safe and inclusive working environment.
Political/economic community and Institutions	Monthly	Dialogue and participation in working groups, regular consultation and joint projects.	Economic and technological development. Creating value and safeguarding health and safety.
The Scientific community	At regular intervals	Collaboration in research and development projects.	Continuous technological progress.

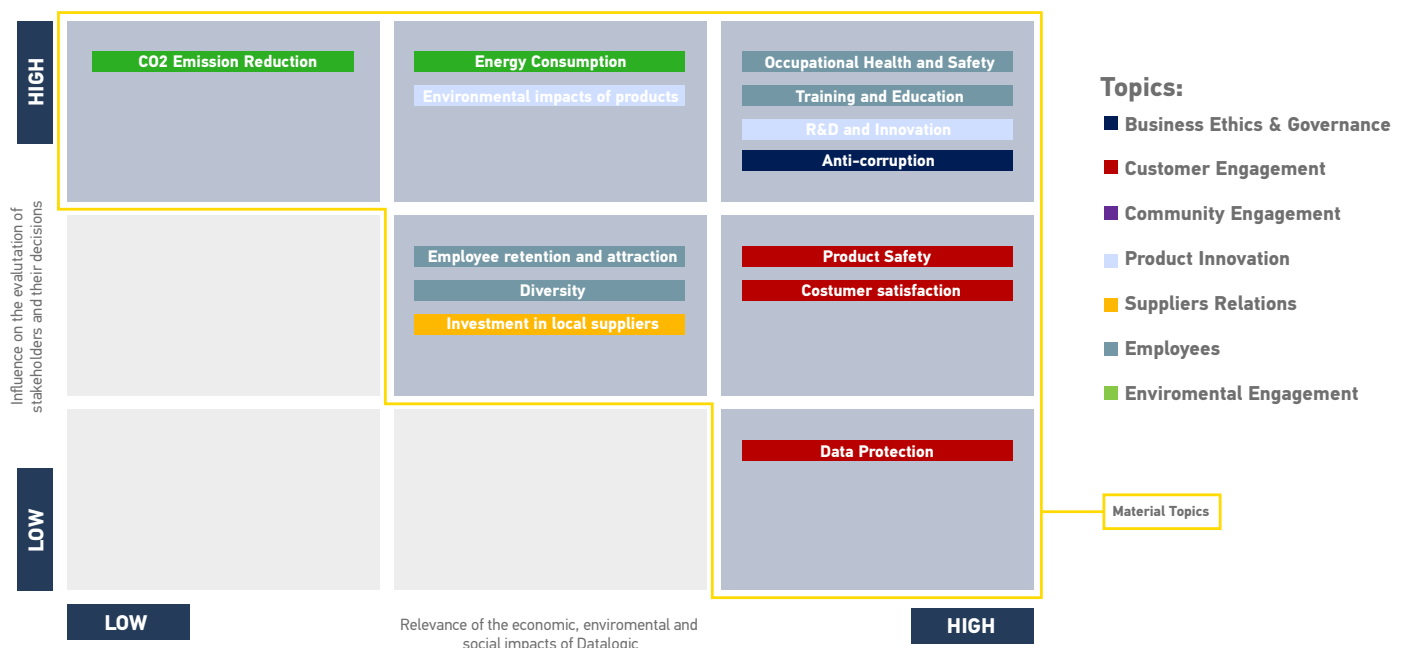
## The materiality analysis

Compared to the 2018 NFS, Datalogic has decided to refine the process of materiality analysis, deepening the analysis of the context and involving more stakeholders through the sending of questionnaires. In fact, the materiality analysis is a strategic tool for defining the issues that are relevant and significant to the Group and its stakeholders.

The materiality analysis process was carried out according to the following phases:

- 1. Identification of potentially relevant issues:** in order to determine the potentially relevant economic, social and environmental aspects, various sources were taken into account. These include global sustainability trends, sustainability trends specific to the sector in which Datalogic operates, positioning on sustainability issues of comparable companies in terms of turnover and sector of operation and media exposure.
- 2. Prioritisation of relevant issues:** the results of the preliminary analyses mentioned above and the results of the sustainability questionnaire - submitted to customers and suppliers - were taken into account in order to determine the materiality of the issues identified for the Group's main stakeholders. In order to better understand the needs and expectations of stakeholders, Datalogic involved two of the main categories of stakeholders through an online questionnaire to express their opinion on sustainability issues; more than 380 customers and almost 60 suppliers participated in the process of identifying these issues. With regard to the prioritisation of topics based on the Group's economic, environmental and social impacts, a workshop was held involving the heads of the main corporate functions at corporate level.
- 3. Definition of the materiality matrix:** the evaluation of the data and the assessments collected led to the identification of the material topics to be addressed in the NFS 2019;
- 4. Outcome validation:** the results of the materiality analysis were initially validated through a collective meeting held with all the Company's Department Managers, and were subsequently approved by the Group's CEO.

At the end of the process, 13 material topics were identified for Datalogic Group and its stakeholders.



Compared to the version in NFS 2018, the following topics were added: "Environmental impact of products", "Data protection", "Investments in local suppliers". The topics of business ethics have been changed to "Fight against corruption", and the topics "Quality Management" and "Employees' rights" have been excluded.

For the sake of clarity and to facilitate the comparison between the aspects defined by the GRI Standards, a reconciliation has been made between the material topics and the related GRI Topic Disclosures, indicating the relevant scope and any limitations for each of them.

ISSUE	MATERIAL TOPIC	GRI TOPIC-SPECIFIC STANDARDS	SCOPE	
			WHERE THE IMPACT OCCURS	DATALOGIC'S ENGAGEMENT
<b>Business Ethics and Governance</b>	Fight against corruption	GRI 205: Anti-corruption	Group	Caused by the Group
<b>Supplier Relations</b>	Investments in local suppliers	GRI 204: Procurement practices	Production plants for direct material purchases	Caused by the Group
<b>Customer engagement</b>	Product safety	GRI 416: Customer Health & Safety	Group	Caused by the Group
	Data protection	GRI 418: Customer Privacy	Group	Caused by the Group
	Customer satisfaction	Net promoter Score (non-GRI indicator)	Group	Caused by the Group
<b>Product Innovation</b>	R&D and Innovation	N/A	Group	Caused by the Group
	Environmental impact of products	(non-GRI indicator)	Group	Caused by the Group
<b>Employees</b>	Training and Coaching	GRI 404: Training and Education	Group	Caused by the Group
	Occupational health and safety	GRI 403: Occupational Health & Safety	Group employees and contract workers	Caused by the Group and directly connected to the Group through commercial relations
	Employee attraction and retention	GRI 401: Employment	Group	Caused by the Group
	Diversity	GRI 405: Diversity & Equal Opportunities	Group	Caused by the Group
<b>Management of Environmental Impacts</b>	Energy consumption	GRI 302: Energy & Emissions	Production plants	Caused by the Group
	Reduction of CO <sub>2</sub> emissions	GRI 302: Energy & Emissions	Production plants	Caused by the Group and to which the Group contributes

# GRI CONTENT INDEX

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