



SUSTAINABILITY REPORT 2023

Paack Logistics Iberia, S.L.U.
and its subsidiaries

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01. INTRODUCTION



- 1.1 About this report
- 1.2 Opening statement



1.1 About this report

Paack's 2022 Sustainability Report is a comprehensive report that reflects our firm commitment to sustainability, environmental responsibility and social impact as the core pillars of our vision. This document summarises the content of the 2022 Non-Financial Information Statement, externally audited by an independent organisation and based on Spanish law 11/2018 and the Global Reporting Initiative (GRI).

This report aims to provide all stakeholders with a comprehensive overview of the company's sustainability initiatives and performance in 2022. We believe that transparency is crucial in promoting trust and building a more sustainable future.

1.2 Opening statement



ALLENDE IRAZOLA
ESG Manager

1. Is sustainability part of Paack’s DNA?
Fernando Benito

Absolutely, sustainability is deeply ingrained in the essence of Paack. It forms an integral component of our mission, driving us to transform the logistics industry and set new standards of environmental, social, and governance responsibility.

Our commitment to sustainability extends beyond short-term gains; it is part of our vision: lead sustainable e-commerce deliveries in Europe. It is a long-term vision that guides our actions, promotes innovation, and shapes our legacy.

2. What is the biggest challenge that Paack faces in terms of the environment?
Allende Irazola

Sustainable logistics faces a series of challenges that demand our pursuit of innovation and collaboration. The most significant environmental challenges lie in embracing alternative fuel adoption, maximizing routing efficiency, and optimizing the use of natural resources. The ever-changing regulatory landscape adds further complexity.

Yet, as visionary leaders in the industry, we view these challenges as opportunities for innovation and progress. We are actively investing in zero-emission deliveries, collaborating with partners to expand charging networks, and leveraging advanced routing algorithms to optimize delivery routes to improve energy efficiency.

3. What type of culture does Paack aim to create in terms of workplace diversity and inclusivity?
Fernando Benito

At Paack, we strive to foster a culture that celebrates diversity and promotes inclusivity in every aspect of our organization. We understand that with our diverse workforce of 58 nationalities, diverse perspectives fuel innovation, challenge conventional thinking, and lead to better outcomes. We are committed to creating an environment where all individuals feel valued and empowered to contribute with their unique talents.

We actively seek out diverse talent, promote equal opportunities, and ensure that everyone’s



FERNANDO BENITO
CEO

voice is heard. We embrace a culture of inclusivity that not only drives our success as a company but also makes us stronger, more resilient, and synchronized to the needs and aspirations of our diverse customer base. Together, we are building a workplace where diversity is celebrated, and inclusion is the norm.

4. What are the potential benefits of improving transparency and governance practices for Paack?
Allende Irazola

By embracing a culture of transparency, we improve the environment of trust and accountability created by our founders. Openness in our operations and decision-making builds stronger relationships with our customers, partners, and stakeholders, fostering a sense of confidence and reliability in our brand. Additionally, transparent practices enable us to identify areas for improvement, address potential risks, and drive continuous innovation.

Through transparent reporting, we showcase our environmental, social, and governance performance, empowering stakeholders to

make informed decisions and hold us to the highest standards.

6. Looking ahead, how do you envision sustainability playing a pivotal role in shaping and driving the company’s future strategy?
Fernando Benito

Sustainability, including environmental, social, and governance considerations, is not only an integral part of Paack’s future strategy; it is our unwavering commitment. We understand the urgent need to protect our planet, promote social well-being, and embrace our responsibility as a leader in the industry to drive positive change.

As a fundamental value, sustainability guides our decision-making and operations. We are dedicated to creating a future where ESG principles are key, and our actions will contribute to a thriving and sustainable world.

By pushing the boundaries of sustainable logistics, we are revolutionizing the last-mile industry, proving that responsible sustainable practices can go hand in hand with swift and efficient deliveries.

02. BUSINESS MODEL

- 2.1 Introduction to the company and the business environment
- 2.2 Areas of activity
- 2.3 Market presence
- 2.4 Organization and governance structure
- 2.5 The group's mission
- 2.6 The main factors and trends that can affect the future evolution of the business
- 2.7 The group's ESG strategy and commitment to the community

2.1 Introduction to the company and the business environment

Paack is a Barcelona-based company founded in 2015 by a group of international engineers who wanted to create “the most advanced tech-enabled delivery solution ensuring the best-in-class sustainable delivery experience”. Operating in the logistics and delivery sector, Paack is focused on providing a rapid and customer-centric delivery experience that allows the customer to decide when they want to receive their online purchases and deliveries.

What sets Paack apart from the competition in the region is providing time slots so that customers can choose when to receive their packages and then delivering them as soon as the same or next day.

Through in-house developed technology, Paack aims to be the most technologically advanced delivery solution and is the only European last mile delivery company to incorporate robotic automation in the last mile warehouse sorting process. Paack also places sustainability at the heart of the organisation and is committed to reducing emissions by, for instance, offering zero-emission deliveries in all markets. Paack's rapid success has inevitably led to exponential growth and, from its humble beginnings, Paack now has over 500 employees across the company and plans to grow even further.

2.2 Areas of activity

Paack offers the industry-leading delivery experience and provides end customers with several options for receiving their purchases and packages, including Next-Day, Same Day, Instant and Preferred-Day deliveries. This customer-centric approach makes Paack stand out in the industry. For its clients, who range from international online retailers to smaller shops, Paack offers both Warehouse and Store model solutions for delivering their packages to end customers and gives them a choice about the level of service to offer those customers. Paack further offers specialised services such as Paack Food, which provides clients with the ability to deliver food items using temperature-controlled transport adapted to the different demands of diverse food products. In all areas of activity, Paack keeps its focus on sustainability and provides zero-emission deliveries in all markets.

Currently, Paack is serving all its clients through a robust network consisting of two distribution centres in Portugal, four in Italy, five in the UK, nine in France and sixteen in Spain.

2.3 Market presence

Paack operates in five European markets, including its home market of Spain and, beyond that, Portugal, France, the United Kingdom and Italy. This European geographical footprint allows Paack to serve clients and

customers across European borders, which has transformed the company into a truly international player in the European delivery sector.

2.4 Organization and governance structure

Paack's governance structure consists of the Executive Leadership Team, comprising the Heads of each department at Paack and totalling twelve people. The Executive Leadership Team meets weekly in an Executive Leadership Meeting to discuss the company's most pressing matters, highlights and challenges and maintains open communication from top to bottom across the company.

The Board of Directors, which consists of internal individuals and experienced external investors, meets quarterly to receive an update on the company's progress and provides feedback on the company's long-term strategic decisions.

In 2022 a new ESG Governance Model was introduced into the organisational governance structure described above. The ESG Strategic Steering Committee consists of key members of the Executive Leadership Team, including the Chief Executive Officer, who are responsible for the management of the ESG Roadmap with quarterly meetings.



2.5 The group's mission

Paack's vision is to lead sustainable e-commerce deliveries in Europe.

In order to achieve this vision, we have a solid mission: to build the most advanced tech delivery platform in order to ensure the best-in-class sustainable delivery experience.

To achieve Our Mission and Vision, we must act in accordance with Our Values. A company's corporate values are the elements that define it and are linked, among other things, to its culture, organisation, the environment in which it operates and the expectations generated by its stakeholders, which may include customers, suppliers and the employees themselves. Corporate values are a concept that must be collectively shared by the whole organisation, whose members should make sure that they are reflected in each of their actions, from the most far-reaching ones to the smallest day-to-day details.

Paack's Values form part of everything the company does and represent the values that Paack stands for; **WE Innovate**, **WE Care** and **WE Thrive**.

- **WE Innovate** means that Paackers are visionaries who think outside the box and challenge the status quo.



- **WE Care** means that all Paackers are a team and we are all accountable for providing a great customer experience and creating a great place to work and a great planet to live on.



- **WE Thrive** means that Paackers are game changers who love challenges and to grow by exceeding expectations.



The Group's Objectives and Strategies

Paack implements a strategic, cross-company framework combining the bottom-up and top-down approaches. The company-wide strategic goals established on a yearly basis build on the Mission, Vision and Values. These permeate Paack as a company, combining with its aspirations for the coming year. For 2022, Paack's strategic focus was primarily centred around two key areas: service and growth.

Service focused on improving the already high service levels and providing the best delivery experience for end customers and retailers alike. This involved improving on a set of KPIs related to measuring service levels for end customers and improving retailer integration into Paack's systems. Growth was centred around growing Paack's presence in current and new markets in terms of geographical coverage as well as growing volume and revenue. While not explicitly stated as a key focus area, profitability remained a key consideration in all aspects of the company, with key profitability milestones expected in all markets. Due to the changing macroeconomic environment in Europe during 2022, Paack increased its focus on profitability for H2 2022 and focussed growth within the current markets in which it operates: Spain, Portugal, the UK, France and Italy (entered in May 2022).

For 2023, improving profitability remains a key focus area for Paack, especially within its home market, also currently the largest, Spain. Beyond this, Paack will focus on outperforming the Business Plan for 2023 through a set of strategic initiatives across markets and further consolidating and leveraging the technological platform to ensure profitability and enable continued growth in current markets. It will also continue to guarantee best-in-class service levels for end customers and retailers in all markets, enabled through its end-to-end technology platform.

2.6 The main factors and trends that can affect the future evolution of the business

The future of e-commerce logistics will be driven by several underlying megatrends. Volume growth in the parcel delivery market will continue in the coming years. This growth

will be supported by growth in online retail as a proportion of total retail sales, an increasingly urban population and an increased focus on customer-centric delivery experiences.

Consumer expectations for deliveries will continue to increase in terms of speed, convenience and sustainability, while expecting this to be offered at low or zero cost. Successful retailers will exceed their customer's expectations for the delivery experience, driving demand for businesses like Paack that are focused on providing an excellent end customer experience without depleting the resources of our planet. Paack is focussed on positioning itself to succeed in such a future by investing in the transition to zero-emission deliveries while also building the technology required to increase the efficiency of the delivery process and the rate of successful first-time deliveries.

Other trends affecting Paack include the growth of the circular economy, the development of automation and robotics, the development of AI and the increased use of technology throughout the delivery process.

2.7 The Group's ESG strategy and commitment to the community

For Paack, the two material themes related to Sustainable Development are emissions and traffic congestion, and decent work. Paack operates in an industry that contributes significantly to emissions and traffic congestion. Although the use of electric vehicles allows for zero-emission deliveries, the industry is adapting slowly. In contrast to its industry peers, Paack is making zero-emission deliveries a strategic cornerstone.

Paack has been in conversation with the 2030



Agenda Committee at Barcelona City Council to work together on reducing emissions and traffic congestion. Since its headquarters is in Barcelona, Paack feels obliged to make a special contribution to this city.

In addition to emissions and traffic congestion, major players in the industry are repeatedly under scrutiny for poor working conditions, especially in regard to health and safety.

Paack has made decent work an inherent part of its operating model. Paack has always had a mission to improve the delivery driver profession. Paack has been forging strong partnerships with local fleets and shares profits fairly to provide decent work under healthy and safe conditions. Paack achieves this by working with delivery partners (companies known as “delivery fleets”, operating with multiple drivers) who provide their drivers with steady employment and pay that is appropriate given the cost of living. Paack recognises the importance of these factors and therefore does not work with any “gig-economy” models. The technology that Paack provides its fleet partners enables them to be highly effective.

As Paack continues to grow, more job opportunities will be created for both Paack’s direct employees and its partners.

Given the vital importance of Sustainable Development, Paack has made sustainability a cornerstone of its strategy. Paack’s ESG strategy is designed to encompass the Environmental, Social and Governance aspects through focusing on four pillars:

- **Planet:** We are committed to lead green deliveries to mitigate our environmental impact and promote sector transformation.
- **People:** We are committed to the welfare and empowerment of the people through our value chain.
- **Society:** We are committed to our society development to ensure inclusive progress where no one is left behind.
- **Responsible business:** We are committed to transparency and to implementing the best responsible business practices to comply with international legislation and reporting standards as well as meeting our stakeholders’ expectations.



In each of these pillars, Paack strives to commit to several projects and practices such as reducing emissions, promoting diversity and inclusion in the workplace and ethical conduct and compliance, to name just a few. More detailed information about these projects and practices is set out in the following sections.

The United Nations Sustainable Development Goals (SDGs) guide Paack's sustainability strategy. Specifically, the SDGs 11 'Sustainable Cities and Communities' and 8 'Decent Work and Economic Growth' are fundamental to Paack. The alignment to all the SDGs is also very important for Paack, which is why its ESG Roadmap is measured against these goals and collaboration is considered where a direct impact is not possible.

We believe that the combination of our core values as a company and our desire to expand and take our innovative and planet-friendly approach to new destinations will have a positive impact locally and globally and, at the same time, will make us an attractive option for potential investors. We also hope to inspire other competitors to reduce their carbon footprint, which will have an impact on sustainability in the entire sector.

Our ESG credentials are significant to us as an industry standard, but at Paack we have always believed in developing our business while having a positive impact on people and the planet.

03. MATERIALITY ASSESSMENT

Sustainability is part of Paack's vision and its key stakeholders' opinions about the material topics that have an impact on the business are crucially important to the company. Therefore, a materiality analysis is conducted every year to identify the areas where Paack's activity has the greatest impact.

The materiality topics are identified after an evaluation of the impact and influence of each topic, in consultation with the company's stakeholders. These stakeholders are:

- Executive Leadership Team
- Employees
- Customers
- Investors
- Competitors
- Final customers
- Society
- Suppliers

Based on the 12 materiality aspects identified, Paack defined a 2022 sustainability plan with the following priority areas:

- **Environment:** Paack recognises the critical role of last-mile deliveries in the global supply chain and the profound impact its operations can have on the environment and the communities it serves. For this reason, emissions reductions and a decrease in the use of natural resources are key material aspects.
- **Governance:** Paack's commitment to the implementation of ethical business principles and greater reporting transparency has guided our 2022 Sustainability strategy.
- **Social Impact:** Paack aims to increase people's welfare and empowerment through its value chain, with a focus on health & safety practices. The company's culture encourages inclusive progress where no one is left behind.

04. ENVIRONMENT

- 4.1 Environmental sustainability roadmap
- 4.2 2022 Environmental achievements
- 4.3 Carbon
- 4.4 Initiatives

“Forward-thinking and responsible operations are the essence of sustainable logistics at Paack. Together, fueled by the belief that environmental sustainability is a fundamental pillar of our success, we explore innovative ways to mitigate the impact of our operations on the planet. By doing this, **we drive change and set new standards of sustainability excellence within the industry.**”



IGNACIO LÓPEZ
COO



Paack has a clear vision to become the European leader for sustainable e-commerce deliveries and returns. Road transport emissions account for more than 70% of the EU's transport-related greenhouse gas emissions and therefore, we need to make sure that these emissions are eliminated.

Acknowledging the 2050 goal of the Paris Agreement, we have joined the Climate Pledge initiative with the goal of reaching net-zero by 2040. Our environmental approach is based on measuring and reducing our emissions while offsetting the remaining emissions and reporting all this in a transparent manner. The focus of our strategy is on reducing our environmental impact.

4.1 Environmental sustainability roadmap

In 2022, the Environmental roadmap to 2025 was approved by the ESG Steering Committee. This roadmap focuses on the four **environmental pillars: measure, reduce, contribute and report**. All initiatives have set targets and deadlines, including:

- Carbon footprint calculation: in 2022, Paack developed an in-house emissions calculation tool that provides an accurate measurement of the company's emissions. The GHG report also serves as the basis to define the emissions reduction strategy and prioritise actions. Paack's 2022 Carbon Footprint Calculation has been externally verified.
- Zero last-mile fleet: our plan consists of transitioning to electric vehicles and then evolving to use alternative vehicles like cargo bikes, producing even lower emissions.
- Optimisation: our ambition is to travel less to deliver more and we do this by:
 1. Reducing the distance travelled to deliver a parcel
 2. Increasing our first attempt delivery rate which is 10 pp above that of our competitors
- Renewable energy: replacing fossil fuels is at the core of our sustainability plan. Our offices run on renewable energy and we are transitioning to 100% renewable energy at our distribution centres.

4.2 2022 Environmental achievements



We reduced our carbon footprint by **0.26 kg of CO2 eq from 2021 to 2022**, with a 42% decrease in last-mile transportation emissions.



Monthly reports were released to our customers, providing accurate information about **Scopes 1, 2 and 3** following the **GHG Protocol**.



Sustainability-related engineering projects: **1. We included the emissions criteria** in the routing tool on top of the distance criteria **2. We enhanced our notifications** to further improve the first delivery attempt rate.



An in-house emissions calculation tool was developed based on the GHG Protocol, **GLEC Framework and ISO 14064-1 Standard**.



Sustainable deliveries in 2022: **6.7 million**.



Over 100 EV charging stations were installed at Paack facilities in the UK and Spain. All charging stations in the UK are powered by fully renewable energy.



In accordance with our offsetting strategy, we undertook the **planting of over 14,000 trees** in the Amazon Rainforest to mitigate the emissions from our activities.

4.3 Carbon

4.3.1 Change in methodology & recalculation of the base year

The base year is the period between 1 January 2022 and 31 December 2022.

Paack has recalculated the base year due to a change in the calculation methodology: the GLEC protocol has been added to the 2022 calculation methodology and is used for logistics-related emissions. As Paack is a last-mile logistics company and most emissions are a result of logistics activities, this resulted in a base year change.

No additional base year modifications are expected, unless one of the following criteria is met:

- A structural change in reporting or organisational boundaries.
- A change in the calculation methodologies or emission factors.
- The discovery of an error or a number of cumulative errors that are collectively material.

4.3.2 Carbon report

The report presents the results from the annual greenhouse gas (GHG) emissions report for Paack Logistics' last-mile delivery service.

This report meets the requirements for public disclosure of the life cycle GHG emissions of services laid out in the "Code of Good Practice for product GHG emissions and reductions". It aims to provide the foundations to ensure consistent information for product GHG emissions and reductions, assessed in keeping with the GHG Protocol Corporate Standard and GHG Protocol Scope 3 Standard, GLEC framework and ISO 14064-1 Standard.

This report has been produced each year since 2021 to transparently calculate and disclose Paack's GHG emissions to its internal stakeholders. In addition, the report is the basis for the measurement and reporting pillars of our environmental sustainability strategy. It also serves to elaborate the Paack emissions reduction strategy and will support the definition of the company's Science Based Target.

This GHG emissions report contains information for the period



between 1 January 2022 and 31 December 2022 and it covers all locations where Paack operates: Spain, the United Kingdom, France, Portugal and Italy. It comprises the emissions produced by all the activities carried out by Paack.

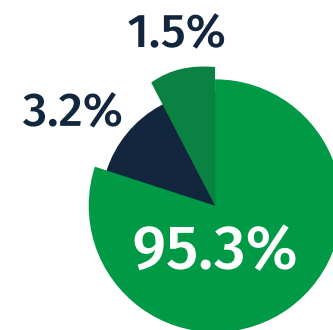
4.3.2.1 Scope

The project scope involves calculating the carbon footprint of the last-mile delivery service. This product will be footprinted cradle-to-grave, using kgCO2e per delivered parcel as the functional unit.

All Greenhouse Gases listed in the Kyoto Protocol are included: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF6).

4.3.3 Results

- **Scope 1** emissions account for 1.5% of total emissions and include the GHG emissions associated with the consumption of natural gas and refrigerant gas in the warehouses and offices where we have operational control.
- **Scope 2** (market-based) emissions result in 3.2% of total emissions and include the GHG emissions associated with the consumption of electricity in the warehouses and offices where we have operational control.
- **Scope 3** emissions have a relative weight of 95.3%. Scope 3 includes the GHG emissions associated with purchased goods and services, upstream transportation and distribution, waste generated in operations, business travel and employee commuting



Emissions Scopes 1, 2 & 3.



	2022
Scope 1 Emissions (kgCO2)	264,164.70
Scope 2 Emissions (Location Based) (kgCO2)	527,957.27
Scope 2 Emissions (Marked Based) (kgCO2)	372,942.91
Scope 3 Emissions (kgCO2)	16,282,551.16

4.4 Initiatives

4.4.1 In-house carbon data model

The company has built an in-house emissions calculation data model based on GHG Protocol, GLEC framework and ISO14064-1 standard.

4.4.2 Digitalisation

In the last mile delivery segment, our entire service is paperless.

4.4.3 Partnerships: Volta test, MediaMarkt

- **Volta test.** We tested a prototype electric truck with the potential to significantly decrease the emissions associated with collecting the parcels from our customer's warehouses. This is the first step in decarbonising the first mile.
- **MediaMarkt.** In partnership with MediaMarkt Iberia, the foremost company in consumer electronics distribution and related services, we have successfully executed sustainable order delivery. This challenge signifies a notable progression within our strategy to attenuate the environmental repercussions from logistical operations.





The delivery process across 25 cities in Spain, including Sevilla, Málaga, Valencia, Bilbao, Madrid, and Barcelona, has been orchestrated through a dedicated service employing 100% electric vehicles. By adopting this approach, we aim to make substantial contributions towards sustainable transportation practices.

Moreover, in order to ensure MediaMarkt’s customers easily distinguish the sustainable deliveries, distinctive branding, MediaMarkt x Paack, was prominently featured on the delivery personnel’s uniforms as well as the vehicles used for transportation.

We have extended our reach to other clients, including Naturitas, H&M, and Deporvillage, by offering our sustainable delivery service as an alternative at their checkout points. By making our service easily identifiable, we provide convenience and sustainability for end customers to opt for our solution.



Furthermore, as part of our overarching sustainability strategy, we are proactively expanding our fleet of electric vehicles, thus increasing the scope of sustainable coverage across all countries of operation.

4.4.4 Retailer collaborations

We collaborate with our customers in circular economy initiatives:

- For **Inditex** we collect used clothes that are donated to the Red Cross. The collections are performed when an order is delivered to the customer.



INDITEX

- For **Nespresso** we collect used capsules when delivering new ones and we then ensure that they are recycled.



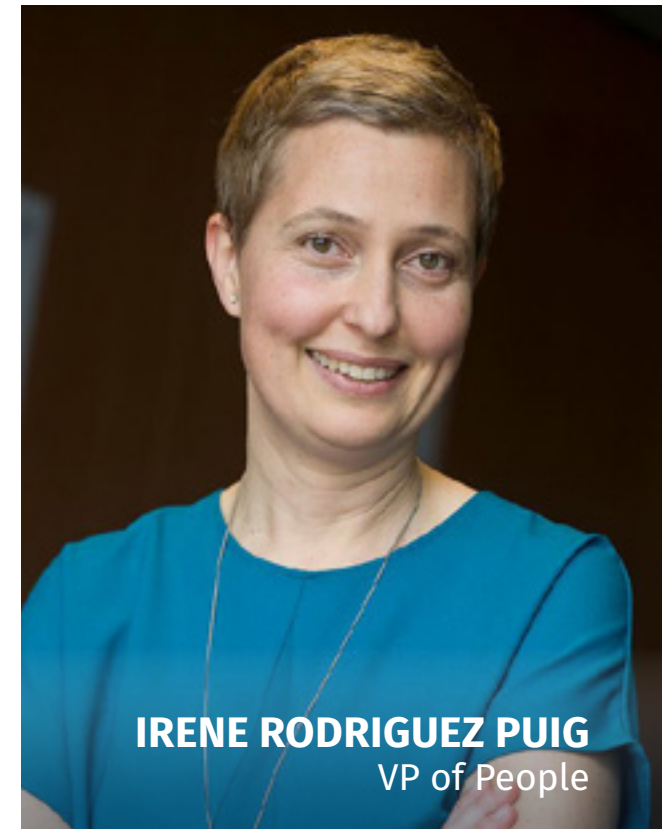
05. SOCIAL



- 5.1 HR details
- 5.2 Recruiting
- 5.3 Learning & development
- 5.4 Engagement
- 5.5 Internal communications
- 5.6 Work organization
- 5.7 Diversity & equality



“Success for a company goes beyond its financial figures; its legacy should transcend mere numbers”



IRENE RODRIGUEZ PUIG
VP of People

At Paack, we take pride in our work to build an inclusive culture and contribute to a sustainable future. By embracing diversity within our workforce, we can cultivate a workplace environment that is inclusive, and welcoming, and fosters a deep appreciation for different perspectives and experiences.

We believe that by valuing and respecting these differences, we can achieve remarkable outcomes and drive positive change both within our organization and in the communities we serve.

Our commitment to sustainability is inseparable from our pursuit of inclusivity. We recognize the urgency of environmental challenges and embrace

our responsibility to be agents of change. Through strategic initiatives, we actively seek ways to reduce our ecological footprint, championing the use of renewable energy sources, optimizing supply chain efficiency, and implementing environmentally conscious practices throughout our operations.

As we navigate the complex and interconnected world of logistics, our commitment to an inclusive and sustainable future remains unwavering. We recognize that by embracing diversity and championing sustainability, we can forge a path that not only propels us toward success but also creates a brighter, more equitable world for all.



5.1 HR details

One of the main pillars underpinning Paack's growth and expansion is its people. We started 2022 with 508 Paackers and reached a total of 715 by year end. In addition to our Technology and Operational Capacity, our People are our main asset. Our aim as an employer is to have an impact on the community through stable and quality employment opportunities, career development opportunities and diversity management.

The year 2020 was unlike any other. Having to navigate the global pandemic was certainly a priority. In 2021 we remain focused on protecting our teams' health & safety, but we are also strengthening our ongoing Talent Acquisition priorities and implementing actions to listen to the Voice of Our Employees. In 2022, we enhanced our efforts around our strategies for recruiting, learning and development and engagement.

5.2 Recruiting

We believe that diversity makes us stronger and we actively work to ensure that our team is inclusive. We feel very proud of ending 2022 with a team of Paackers representing more than 50 nationalities and an action plan to train managers involved in hiring about how to perform recruitment interviews, with a focus on how to identify and manage unconscious bias. However, we are also aware that we have a way to go regarding the representation of women, especially in senior roles, which is quite challenging in our business sector.

In 2022, we strengthened our Application Tracking System, which allowed us to create a tailored career page, in four languages. We worked with and trained our recruiters and hiring managers in the use of the platform to take greatest possible advantage of its automation and features, streamlining all the processes. In this way, we:

- Deployed a Candidate Net Promoter Score survey that evaluates our Candidate Experience, for taking subsequent and immediate actions with hiring managers.



- Automated notifications to all our Paackers when a new position opens, to promote career development and internal mobility.
- Automated the referral programme, so our Paackers become our main brand ambassadors. They can follow up with their referee’s progress.

Onboarding programme

As a company with a constantly growing team, having a solid Onboarding Process is key to:

- Offering a positive and caring experience that encourages the new employee to stay in the company and contribute
- Helping new hires to understand not only what they need to do, but also how they fit into what Paack does
- Reducing time to competence, which means putting in place the necessary tools to accelerate learning curves
- Introducing them to and creating connections with other people at the company

We appointed a person to be responsible for coordinating all onboardings across the five countries in which we operate. The main objective of this role was:

- Taking care of new hires in their pre-onboarding process, keeping them up to date on times and schedules for their first days
- Working with managers to create a first-day agenda that was shared with the new hires the day before the start date
- Cooperating with the IT team for IT equipment delivery, together with instructions of use
- Welcoming all new hires in a group event, creating engagement from day 1 and introducing them to senior leadership
- Coordinating three live sessions that represent our core values and assets:
 1. People – We Care
 2. Operating model – We Thrive
 3. Technology – We Innovate
- Leading a Graduation event, followed by an onboarding survey evaluated quarterly

In addition to the above, all new hires have customised training sessions on our e-learning platform according to their role and department.

5.3 Learning & development

Career Development is one of our greatest priorities that we promote to continue developing our existing talent. Our company is growing and consolidating its business structure, which is developing to cope with the emerging challenges. In 2022, 142 new roles at Paack were filled by employees as career development opportunities.

We strongly believe in a culture of on-going feedback, which is why we train our team managers to be able to provide this. We planned and delivered a wide range of e-learning training modules throughout the year to cover specific training needs, not only to help our new joiners learn about Paack and their roles, but also to manage day-to-day challenges:

	2021	2022
Country	Hours	Hours
Spain	1,815	10,043
France	165	502
Portugal	37	84
UK	193	486
Italy	n/a	372
TOTAL	2,210	11,451

This total of 11,451 e-learning training hours were distributed as follows by professional category.

	2021	2022		
Professional Category	Hours	%	Hours	%
Management	66	3%	392	4%
Middle Management	309	14%	581	6%
Qualified Personnel	928	42%	5,288	53%
Operational	862	39%	3,632	37%
Others*	44	2%	0	0%

* “Others” refers to students who have undertaken an internship with us and have been offered training as part of their internship project.



5.4 Engagement

At Paack, our main initiatives to support and engage with our employees are the following:

WellWo

We implemented Wellwo as our healthy platform where our Paackers can:

- Follow online and on-demand health programmes (mental, physical, financial, emotional, environmental and social health)
- Live exercise classes in four languages
- Have a personal consultation with a nutritionist
- Find recorded health classes
- Find healthy diet advice
- Watch live and interactive events
- Receive news about health

The platform is available in all Paack operational languages. In all countries, Paack provides a supplement to the statutory payment during parental leave.

Wellwo offers a variety of Healthy Programmes to promote employee well-being. These programmes include:

- Mindfulness: a programme that teaches employees how to be present and connected with the “here and now”.
- Stretching: exercises designed to increase flexibility and correct body posture.
- Cardiovascular: a programme that teaches employees how to strengthen both their heart and breathing.
- Anti-stress exercises: a programme designed to help employees manage stress and anxiety.
- Healthy back: a programme that includes exercises to strengthen backs and prevent contractures and injuries.
- Active Breaks: a programme that encourages employees to take a break from their work and move their bodies.

As employees participate in these programmes, they can earn points and climb up the rankings created with their colleagues while also taking care of their health. By promoting physical

activity and mindfulness, Wellwo aims to support a healthy and productive workplace culture.

Employee engagement survey

The Employee satisfaction survey, internally known as Voice of the Paackers, has been sent out twice in 2022 (February and July). It was launched internally by the People Team to measure how employees’ rate Paack in four different categories i.e. their role; work environment; the company and the leadership style. Company results were shared with the executive leadership team, then each manager discussed team results at their team meetings. Each team nominated a representative (VoE Ambassador) to brainstorm how to tackle improvement areas and plan actions for them.

The table below shows the participation rate:

	2021	2022
Participation Rate	78.5%	61%*



*Average results of 2022 surveys

In 2021, 85% of our Paackers stated that they would recommend Paack as a good place to work. In 2022, we changed our measurement method using an eNPS. The question is designed to identify, on a scale of 1 to 10, how strongly our employees would recommend Paack as a good place to work.

Comparing our results with other companies in the market, we saw that a score between 0 and 30 is a good range to be in, but still with room for improvement. Our average NPS score for 2022 was 23.

Flexible compensation scheme

The Flexible Compensation Scheme is a remuneration system that allows employees to split their salary, so that they receive one part in cash and another through products or services. This remuneration system is currently available only in Spain, but we are exploring offering similar programmes to all the countries in which we operate, where feasible.



Monthly budget allocation for team activities

Team Managers at Paack have a monthly budget allocation per employee in their teams to run team activities. The operational needs, and therefore work organisation system, in each team may be different. For this reason, each manager has the freedom to spend the budget in the way that best reflects the needs and interests of their team members, remembering that the aim of the activity is to bring team members together by encouraging collaboration and teamwork, reinforcing their ability to work together cohesively towards a common goal while also allowing them to have a good time together.

5.5 Internal communications

To promote transparency and enhance the flow of information between the company, the different departments and Paackers in general, we run the following initiatives:



Town Hall

This initiative consists of a monthly all-hands meeting that brings all Paackers together to share updates about business performance and new projects. It is also a great opportunity to welcome new colleagues, celebrate promotions and raise questions with senior leadership.



Newsletter

We send email communication pieces with very detailed information about the latest news and updates in each of the countries in which we operate.



Coffee Chats with an Executive Leadership Team Member

Coffee chats are informal monthly meetings between one member of the executive leadership team and a group of around ten Paackers from different departments. The aim of such coffee chats is to get to know each other and offer the chance to ask questions and raise concerns in a relaxed environment.



Your Voice

Your Voice is an online 24/7 channel where all employees can offer suggestions, raise ethical issues or report compliance ones. It can be used anonymously at the choice of the person doing the reporting.



WeLead

An internal newsletter for our managers only, with tips and practical advice for leading teams.

Cultural Month

Paack has launched the Cultural Month project to raise awareness about some topics that are in line with our corporate values and business views. Each month it deals with a specific issue.

The events that we commemorated are:

- Women's Month
- Earth Month
- Mental Health Month
- Pride Month

Earth Month. Our goal is to act as active agents of change to create a less invasive logistics industry. As part of our commitment to a sustainable future, we sent communications to our Paackers for a whole month to increase awareness about sustainability and encourage its integration into their daily practices.

During **Women's Month**, we organised a round table with three women representing the Technology, Operations and Corporate teams to share their experiences and inspire their colleagues.

Fostering a healthy work environment is key at Paack, whether people work from home or in a workplace. During **Mental Health Month** we aimed to raise awareness about our mental and physical health. We organised two online sessions to explain what mental health at work means, followed by a mindfulness activity. We also organised two online sessions focused on practical physical activities and suggestions led by our Health & Safety Coordinator. These initiatives were designed to promote employee well-being and provide them with the necessary tools and resources to maintain good mental and physical health.

During **Pride Month**, Paack organised two online sessions where a Paacker volunteer explained the origins of the LGBTQIA+ flag. As part of this initiative, we encouraged employees to take team pictures while wearing t-shirts in the flag's colours to show their support for the LGBTQIA+ community. By promoting inclusivity and diversity, Paack aims to create a safe and welcoming workplace for all employees, regardless of their sexual orientation or gender identity.



Teamtaylor

This is our internal system that notifies employees when a new position opens up within the company. To make the process of finding these new positions easier, we also provide employees with QR codes that link them directly to international opportunities. By leveraging technology and internal systems like Teamtaylor, Paack aims to create a transparent and efficient recruitment process that benefits both the company and its employees.

5.6 Work organization

As an alternative to the conventional working day with a fixed start and finish time, we support a flexible work schedule that allows our employees a level of autonomy to create their own schedules and find a work-life balance that works for them. In those departments where this option is not feasible because of the nature of the service, employees are given mandatory pre-defined shifts. At the same time, we support exchanges among colleagues with the aim of supporting a work-life balance 24/7 in our operational environment. In 2022, we reported 27,650 hours of absenteeism globally, which translates into an absenteeism rate of 0.1 (*). (*) Data from our external mutual service. Includes common diseases, absence from work with or without a sick note.

5.7 Diversity & equality

At Paack WE are committed to promoting a diverse and inclusive workplace:

- **WE value** the range of perspectives, ideas and experiences from a truly diverse environment.
- **WE believe** diversity and inclusion create a broader and richer environment that enhances creative thinking, innovation and problem solving.
- **WE foster** a culture based on meritocracy, where we value and demand respect for others and where opportunities are widely available to all.

Everybody brings their own set of perspectives and life experiences. That is what makes our team so great.

This is our diversity statement and all Paackers are introduced to it on joining as part of their Onboarding Training.

As mentioned in the Recruitment section, we believe that diversity makes us stronger and we actively work to ensure that our team is inclusive. We feel very proud of ending 2022 with a team of Paackers representing more than 50 nationalities and an action plan to train managers responsible for hiring about how to conduct recruitment interviews, with a focus on how to identify and manage unconscious bias.

However, we are also aware that we still have some way to go regarding the representation of women, especially in senior roles, which is quite a challenge in our business sector. In relation to this, in Spain we have implemented the “Gender Equality Plan” and identified focus areas that have resulted in an action plan that we will run globally.

So far, the focus has been on making sure that we use inclusive language in both external and internal communications. In this area we have the “Your Voice” tool to provide workers with a safe space to voice their concerns. This is an online 24/7 channel where any employee can offer suggestions, raise ethical issues or report compliance ones. It can be used anonymously at the choice of the person doing the reporting. In relation to the participation of disabled people in our company, we support their integration into the workforce by collaborating with the Special Employment Centre from Grupo Social Once. As of 31 December 2022, there were three employees with disabilities and all of them were in Spain, which is representative of the size of our teams in each country. According to the General Law on the rights of people with disabilities and their social inclusion, a percentage of 0.58% of the workforce (8 people) needs to be reached. Looking to the future, Paack will work to reach the targets set by law.



06. GOVERNANCE

- 6.1 Reporting and transparency
- 6.2 Sustainability movement
- 6.3 Awards & certificates
- 6.4 Data security and privacy

6.1 Reporting and transparency

As a company, we believe that providing accurate and reliable information to all stakeholders is crucial to building a more sustainable future. For this reason, we include detailed data and metrics in our Carbon, Non-Financial and Sustainability reports using the data collected through robust measurement systems. The results presented in the Carbon footprint report and the Non-financial report are verified by independent third parties to ensure their accuracy and reliability.

Our Sustainability report is presented in a clear and structured format, making it easier to navigate and to understand the information and data presented. We follow the applicable laws and regulations, particularly Spanish Law 11/2018 that establishes the basis for non-financial reporting and the Global Reporting Initiative (GRI).

We continuously strive to improve our reporting and data transparency, considering stakeholder feedback and following best practices in sustainability reporting.

6.2 Sustainability movement

The company's top priority is to improve the calculation of its carbon footprint and drive the transition towards zero-emission last-mile delivery. To achieve this goal, Paack implements specific actions every year under its sustainable initiative, Paack Delivers for the Planet.

This movement aims to raise awareness about the impact of the logistics and distribution sector on the environment and promote sustainable practices to mitigate this impact. Paack's strategy includes educating its clients, end customers and industry peers on ways to improve their environmental impact, as well as showcasing what Paack is doing and plans to do to reduce its carbon footprint. The Sustainability Movement's mission is to educate, demonstrate and influence stakeholders in the retail and logistics industry to embrace sustainability. The movement has three pillars:



- **Logistics Industry:** inform about the Logistics industry’s footprint and evolution.
- **Paack’s Strategy:** sustainability strategy information on how Paack measures, reduces, contributes and reports.
- **Clients & Customers:** educate them on how to reduce their carbon footprint

Paack wants to lead the transition to sustainable logistics and to influence companies, carriers and consumers to follow suit. Additionally, the company wants its model to become a reference point for other operators in the market, fostering a widespread shift towards sustainable practices among logistics companies, retailers and consumers.

6.3 Awards & certificates

6.3.1 EcoVadis

In 2022, Paack was awarded the EcoVadis Silver recognition. This award recognises the company’s strong commitment to sustainability and its remarkable efforts in areas such as environmental sustainability and business ethics.

6.3.2 Climate pledge

Acknowledging the 2050 goal of the Paris agreement, we have joined the Climate Pledge initiative with the goal of reaching net zero by 2040. Our environmental approach is based on measuring and reducing our emissions while offsetting the remaining emissions and reporting all this in a transparent manner. The focus of our strategy is the reduction of our environmental impact.



6.4 Data security and privacy

Information, in electronic or paper form, is a critical business asset and Paack’s ability to operate effectively, meet its business objectives and comply with several legislative and regulatory requirements depends on it ensuring that information is adequately managed and protected. Therefore, Paack is extremely careful in its treatment of all data and information security and privacy are of the utmost importance to it.

Information security and privacy matured rapidly over the last year, and many processes were implemented and brought together to form an Information Security Management System (ISMS). This included, for example, implementing various security controls and making our employees aware about them

through different campaigns such as Phishing campaigns and Educational Training campaigns. For the first time, Paack also underwent security audits to test its resilience against attacks.

The main objective/commitment is to be certified against the ISO 27001 standard, which provides a framework for safeguarding information while making the process easier to manage, measure and improve. It addresses the three dimensions of information security: confidentiality, integrity and availability and focuses on the continuous improvement of security and privacy within organisations. This is all with the goal of increasing Paack’s security and privacy maturity.

07. CONCLUSIONS



This Sustainability report serves as a comprehensive reflection of Paack's commitment to sustainability and its impact on the environment and the society to which it contributes. Throughout the report we have given a detailed account of the company's sustainability initiatives and the 2022 key performance indicators. The principles of transparency, accountability and continuous improvement guided the drafting of this report with the aim of presenting our sustainability efforts in a clear manner.

While we take pride in the recognitions and awards that we have received for our sustainability achievements, we also recognise that there is a need for further innovation and collaboration with our stakeholders to achieve a sustainable future that will continue throughout 2023 and over the coming years. Furthermore, we remain committed to transparency and accountability in our reporting.



Paack Sustainability Report 2023
Paack Logistics Iberia, S.L.U. and its subsidiaries