

IMPACT REPORT 2022

BALYO



AN IMPACTFUL YEAR OF PROGRESS

I am delighted to release BALYO's 2nd annual impact report. Last year we introduced our six key environmental social and governance (ESG) focuses as well as our first initiatives of:

- ▲ Ecodesign
- ▲ Sustainable procurement
- ▲ Sustainable logistics
- ▲ People transportation
- ▲ Women at work
- ▲ Employee engagement

In the following pages you will find a detailed report of our achievements in 2022 and actions for 2023 around these six focus areas.

Last year, we committed to being completely transparent about the successes and failures of our impact. If 2021 was a year of ground setting, 2022 was a year of enlightenment and growth. We have made excellent progress on our environmental goals and achieved many of our objectives. We are, for example, thrilled to also introduce our 1st carbon footprint assessment, covering scopes 1, 2 and 3. This assessment let us better understand our environmental impact to guide our approach towards improvement. The actions planned for 2023 are more focused, technical and ambitious. Unfortunately, we have not made the progress we hoped on the social elements of our plan. We will double our focus on these important topics in 2023 to make up for lost time.

Coming back to BALYO's carbon footprint assessment results, we will concentrate our efforts on two CO2 emission sources in 2023: business travel related to the commissioning of our solutions and the steel used in our robot kits. Our robot installation processes will progressively incorporate more steps undertaken by our local partners or clients allowing us to reduce the number of flights taken by our employees. Simultaneously, examining BALYO's steel supply has shown how our whole value chain is involved and the necessity of onboarding our suppliers in a joint effort to reduce emissions.

Finally, one of the most important achievements relates to the cultural changes which have taken place in the organization. All our strategic and operational decisions are now taken using our impact roadmap, so that the global BALYO teams work in an aligned way. Since the beginning of 2023, we have also modified our variable salary model, all BALYO employees are now incentivized to deliver on our ambitious impact roadmap.

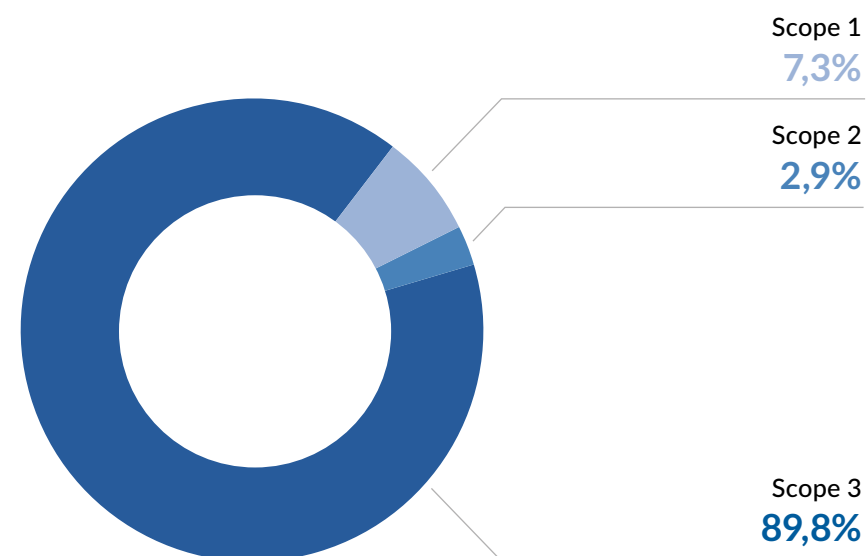
Happy reading!

Pascal Rialland
Chairman & CEO

BALYO'S CARBON FOOTPRINT ASSESSMENT KEY RESULTS

In 2022, Balyo has emitted **499 tons of CO2** equivalent through its 3 scopes. That amounts to 3,4 tons of CO2 equivalent per employee and 20,7 kilograms of CO2 equivalent per thousand euros of turnover.

The emissions coming from our scope 3 are predominant:



Balyo's emissions coming from its scope 3 are divided as such:



The footprint of our commissioning travels is shared as follows:



Illustration of a representative kit's carbon footprint:



These data allow to understand how BALYO's carbon-related challenges lie throughout its value chain. They also stress how the 2023 organizational initiatives, especially related to commissioning travels, will allow the company to reduce its footprint.

From 2023, in line with our new business model (with direct sales becoming our largest sales channel), our carbon footprint assessment (CFA) perimeter will incorporate the base trucks produced by our OEM partners. In order to facilitate year-over-year monitoring, BALYO will detail its CFA results with and without this addition.



ECODESIGN

Our ambition: lead change with our first ecodesigned robot

Our 2022 achievements:

Identify an external industrial ecodesign partner in order to support our initiative	● ✓ ✓ ✓
Have R&D, Sales, Manufacturing and Supply Chain teams trained in ecodesign	● ✓ ○ ○
Perform Balyo's first carbon footprint analysis covering scopes 1, 2 and 3	● ✓ ✓ ✓
Set ecodesign-related performance indicators and criteria	● ✓ ✓ ✓
Implement quick wins already identified	● ✓ ✓ ✓

- ✓ ✓ ○ OBJECTIVE FULLY COMPLETED
- ✓ ✓ ○ OBJECTIVE COMPLETED BUT VOLUNTARILY INCREASED
- ✓ ○ ○ OBJECTIVE PARTIALLY COMPLETED
- ○ ○ ○ OBJECTIVE INCOMPLETE

The results from our first carbon footprint assessment were crystal clear, steel stands as our main emitting component. To this end, we have introduced a new mandate for our R&D and design projects to use less steel and/or recycled steel in our products. BALYO has also identified low-carbon steel as another option thanks to the fact that French production sites have recently been equipped with carbon sequestration systems.

Amongst the quick wins mentioned in our 2022 actions, any new mechanical design is now 3D printed using recycled plastic instead of steel. Prototypes and all their development waste are sent back to our filament supplier for further recycling. These actions contribute to a reduction in the environmental footprint concerning our parts development.

On a wider scale, our ecodesign efforts are currently focused on the non-structural parts of our kits. We have designed several criteria for these elements and are now challenging the material used, monitoring the parts' weight, introducing life cycle assessments in order to obtain a carbon footprint at part level, and comparing these results from one version of our kits to another. BALYO's new technical platform should further enhance our ecodesign efforts by allowing a larger number of shared parts between our different products.

Our 2023 initiatives and objectives:

- ▲ Join the Pôle éco-conception, the reference ecodesign organization in France and train BALYO's teams to conduct life cycle assessments (LCA)
- ▲ Identify and assess the parts that need to undergo an LCA
- ▲ 20% reduction in weight of our autonomy kit for our next generation CB LOWY (CB Stacker driverless forklift)
- ▲ Partner with battery suppliers to replace steel as the material used for counterbalance weight
- ▲ Identify the long-term most sustainable battery technology for our driverless forklifts



SUSTAINABLE PROCUREMENT

Our ambition: commit to an environmentally-responsible supply of parts and materials

Our 2022 achievements:

Estimate the environmental impact of Balyo's main components thanks to a carbon footprint assesment and life circle analysis



Select environmental guidelines and criteria for our suppliers



With R&D validation, require recycled steel pieces from our suppliers



- ● ● ● OBJECTIVE FULLY COMPLETED
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Our 2023 initiatives and objectives:

Through ordering recycled steel from our parts suppliers, we have realized that they usually ignore the proportion of material they commercialize that has previously been used and recycled. Steel being one of the world's most recycled materials, BALYO is committed to obtaining clearer information directly from steel producers with the help of our metal parts suppliers. This approach will eventually lead to significant improvements in line with our objectives. It also demonstrates how BALYO needs to approach sustainable procurement in a holistic way, throughout the value chain.

- ▲ Question steel producers about the share of recycled steel supplied to BALYO via our metal parts suppliers
- ▲ Implement an environmental data management process facilitating carbon footprint and life cycle assessment procedures
- ▲ Roll out the environmental scoring of suppliers and assess BALYO's nine main partners representing 60% of its supplies in value

In the process of designing a supplier environmental evaluation process, we considered external solutions to perform ESG audits of our suppliers. For cost-efficiency purposes and to manage our suppliers' specific challenges, we finally developed our own environmental scoring system around the following 5 criteria:

- ▲ CSR policy content
- ▲ Analysis of carbon footprint assessment results
- ▲ Percentage of locally manufactured products
- ▲ Environmental certifications
- ▲ Waste management policy content



SUSTAINABLE LOGISTICS

Our ambition: set the highest standards to minimize the impact of logistics, both within and outside our value chain



Our 2022 achievements:

Minimize the packaging of kits and robots used at Balyo	<div><div></div><div></div><div></div><div></div></div>
Set a higher trigger volume for delivery and collection of robots with our partners	<div><div></div><div>✓</div><div>✓</div><div>✓</div></div>
Engage with French suppliers of mechanical parts to regroup their deliveries	<div><div></div><div></div><div></div><div></div></div> <div>CANCELLED</div>
Contract with labelled carriers	<div><div></div><div>✓</div><div>✓</div><div>✓</div></div>

- ✓

✓

✓

OBJECTIVE FULLY COMPLETED
- ✓

✓

OBJECTIVE COMPLETED BUT VOLUNTARILY INCREASED
- ✓

OBJECTIVE PARTIALLY COMPLETED
- OBJECTIVE INCOMPLETE



Over the past 12 months, we have undertaken a number of actions to reduce greenhouse gas emissions linked with BALYO's logistics. For instance, a higher trigger volume for robot pickups has been set with our partners. From July to December 2022, the average volume has consequently amounted to 5 robots per transport. In addition, the shipment of robots for the sole purpose of demonstration has been reduced, and shared transportation is now our first choice whenever possible. Also, in line with our 2022 objective, BALYO has committed to only contracting with environmentally labeled carriers. Our 3 main transporters, Mainfreight, Urban and Dachser, have solid ESG policies.

Finally, it should be noted that one of the actions featured in last year's report is now deemed inapplicable. Minimizing the protective packaging for kits and robots is no longer an objective since it has proven necessary for identification purposes and protection from scratches. This topic will be addressed in 2023 following new guidelines to protect more parts with the same amount of packaging and use more sustainable packaging materials.

Our 2023 initiatives and objectives:

- ▲ Work closely with our road freight partner to reach a minimum loading trigger of 80%
- ▲ Introduce a key performance indicator following the distance covered during the transportation of BALYO's robots, across all freight solutions, and the CO2 emissions induced
- ▲ Reduce plane delivery to BALYO in Americas and Asia by 50% vs. 2022 shipments
- ▲ Replace standard plastic packaging with a sustainable version and monitor the quantity that is used
- ▲ Design a transportation stand that allows the stacking of masts
- ▲ Initiate a design project to stack autonomy kits on top of each other using the EPAL or CHEP standard pallet formats



PEOPLE TRANSPORTATION

Our ambition: cut the environmental cost of our corporate travels per robot installed by 80% in 5 years

Our 2022 achievements:

Ease installation of robots by documenting, standardizing and automating parts of the process



Set an indicator of Corporate Travel per robot installed



Further plan, promote and reward longer stays at clients' site



- ● ● OBJECTIVE FULLY COMPLETED
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Quicker, locally empowered or remote commissioning procedures are key in decreasing the environmental impact of our business travel. We have already undergone several programs to meet our 2022 objective of an easier installation process through web-based commissioning tools and streamlined processes. We can now generate HD and 3D maps of our clients' warehouses to configure our robots' circuits more quickly, efficiently, and in-part, remotely.

Our 2023 initiatives and objectives:

- ▲ Reduce year-on-year the share of commissioning time spent at clients by project managers, field engineers and sales representatives
- ▲ Develop a low carbon travel policy incentivizing rail transport, especially in Europe

To measure the evolution of our environmental footprint related to business travel for commissioning purposes, BALYO has implemented two indicators: the man-days our project managers, field engineers and sales representatives spent traveling; and the CO2-equivalent emissions related to business travel per robot installed. These KPIs will be refined in 2023 to take our different robot models and their specific commissioning processes into account.

Our last 2022 objective, the promotion of longer stays of our field engineers at our clients' site has not progressed the way we hoped. We have identified the need to onboard our clients on the environmental advantages of this policy to ensure its success.



WOMEN AT WORK

Our ambition: making BALYO the preferred place to work for women in the mobile robotics industry



Our 2022 achievements:

Train all employees in charge of recruitments and promotions about cognitive bias and fair procedures



Offer coaching sessions to female employees on career management



Ensure all BALYO employees have received up-to-date compliance training



Enforce BALYO's zero-tolerance policy towards sexual harassment and provide an anonymous way to directly contact the HR department



- OBJECTIVE FULLY COMPLETED
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The time necessary to hire an HR manager is the main issue behind BALYO falling behind with this important objective of the position of women in the company.

To offer e-learning training courses on the topics of ethics, harassment, laws & regulations and compliance, we have identified and implemented a dedicated compliance-specialized solution: OneTrust.

The same supplier is providing BALYO with a case management platform should an employee need to report a non-compliant situation or behavior. It will be paired with the Ethics and compliance policy created by the HR department and the management team.

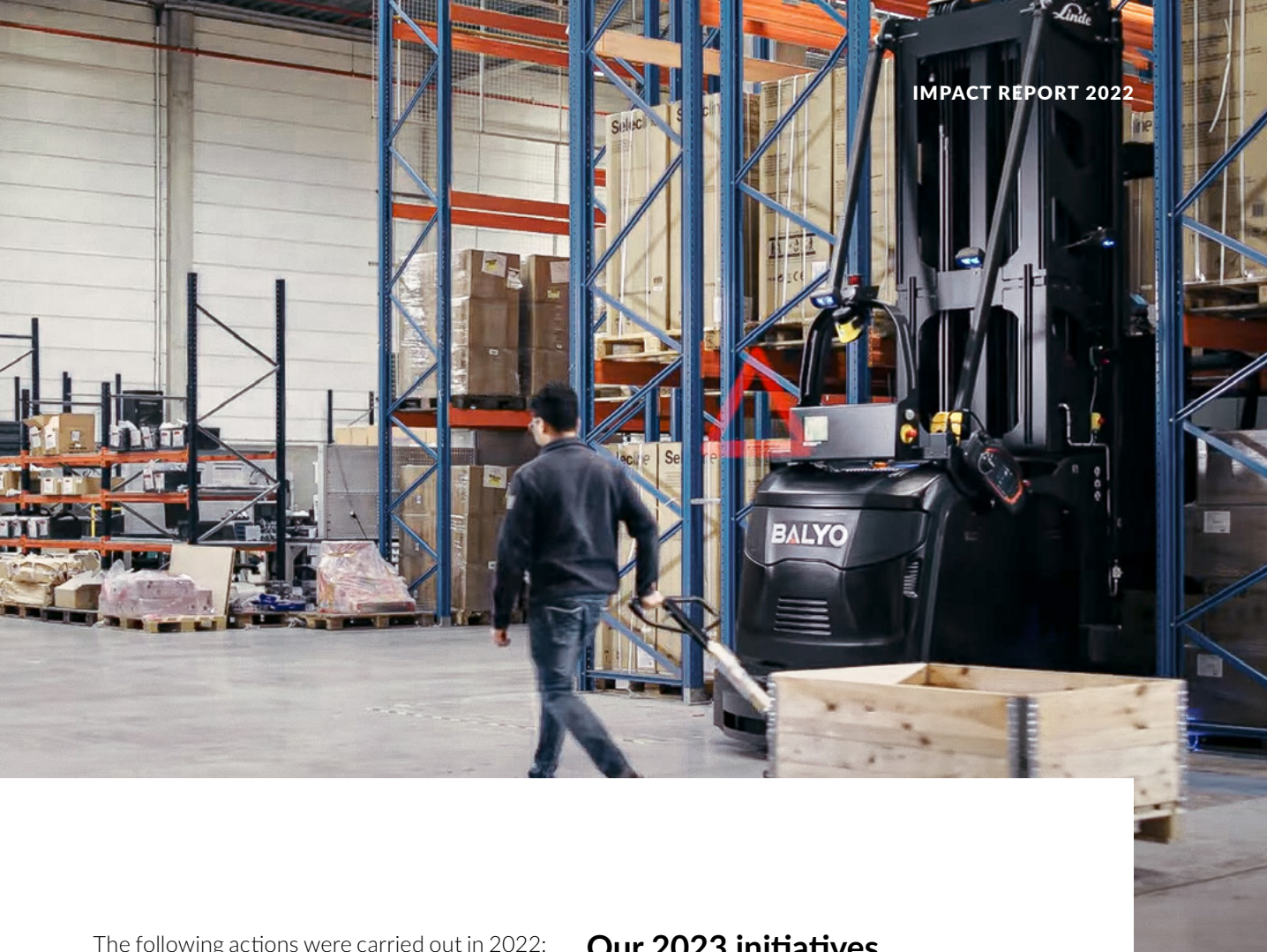
Our 2023 initiatives and objectives:

- ▲ Train 50% of employees in charge of recruitments and promotions about cognitive bias and fair procedures
- ▲ Train 90% of employees on compliance, inclusion and diversity
- ▲ Ensure equivalent access to jobs to women and men while targeting the following objectives:
 - ▲ increase the share of women in the company from 22% in 2022 to 30% before 2025
 - ▲ increase the share of women in management positions from 18% in 2022 to 25% before 2025



EMPLOYEE ENGAGEMENT

Our ambition: reach both a high and a long-lasting employee satisfaction level



Our 2022 achievements:

Enhance the right mindset for employees to express their views and feedbacks	<div><div></div><div></div><div></div><div></div></div>
Establish a yearly Staff Meetings and governance-related events calendar	<div><div></div><div></div><div></div><div></div></div>
Raise awareness of how to cascade information effectively among all management positions, across all geographies	<div><div></div><div></div><div></div><div></div></div>
Offer coaching sessions to employees in order to develop their management efficiency	<div><div></div><div></div><div></div><div></div></div>
Analyze the suitability of launching a global labelling procedure related to Balyo's impact strategy	<div><div></div><div></div><div></div><div></div></div>

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The following actions were carried out in 2022:

A governance-related events calendar has been established to include yearly staff and other meetings.

Our approach to objectives and key results (OKRs) has been clarified. The bi-annual review now offers managers and team members an opportunity to share feedback. On the latter topic, an objective related to BALYO's impact goal has been included in the calculation of each employee's variable compensation.

In order to make up for lost time, our 2023 actions will now have a higher focus on the subject of management training.

Our 2023 initiatives and objectives:

- ▲ Coaching sessions for 80% of Balyo's managers to develop their people skills
- ▲ Support people development with a dedicated mobility process
- ▲ Introduce a succession plan from Comex to management roles paired with talent management initiatives such as a high potential associate program
- ▲ Facilitate the associate integration and the proper mastery of the position thanks to an adequate and customized on-boarding process

Following our path to sustainable mobile robotics

Since 2022, the governance of our impact strategy is overseen by a dedicated steering committee. It gathers managers and team members from our different locations and functions.

The committee holds monthly meetings to support each other, review progress, update priorities and share results to the whole BALYO team on our intranet.

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