



ipco

SUSTAINABILITY REPORT | 2023

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ABOUT THE REPORT

Welcome to IPCO’s Sustainability Report outlining our sustainability priorities, goals and performance in 2023. The report details our business model and strategy, and how we approach sustainability. It also includes separate chapters highlighting our actions and performance on the key topics we have identified as most crucial for IPCO (shown below).

ENVIRONMENT	SOCIAL	GOVERNANCE
Climate impact Circularity	Our people The supplier workforce	Business conduct

These topics were identified in our first double materiality assessment carried out in 2023. They reflect the areas where we have the greatest on the environment and society, and which also impact on us as a business. Our material topics inform the issues we focus on in each chapter.

We also reviewed and updated our goals and set new targets in areas such as climate impact and supply chain to reflect our renewed priorities. As a result, the base year against which we will measure progress is 2023 unless stated otherwise in the report.

We started to prepare for the upcoming introduction of the European Sustainability Reporting Standards (ESRS). When these reporting requirements come into force, we will create an integrated report combining the Sustainability Report into the IPCO Annual Report in one document. The first integrated report will cover the fiscal year 2024–25, published in 2026.

The report covers IPCO AB and all its subsidiaries’ own facilities, products, services, and employees. Other partner locations and employees are not included. The sustainability statement included at the end of this report is presented on a consolidated basis, which mirrors the scope of consolidation in the company’s main financial statements.



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MESSAGE FROM OUR CEO

SUCCESS BUILT ON SUSTAINABLE FOUNDATIONS



2023 was a year of success and progress at IPCO. We achieved our revenue target with improved profitability and ended the year with a strong order book.

I'm pleased that much of our growth comes from customers in industries, such as sustainable composites and battery technology, which are powering the green transition. Our traditional segments also performed well.

We believe we have a responsibility to our customers, partners, employees and the societies we live in to enable the transition towards a more sustainable planet and society. This year, we launched a new business strategy for 2027 with sustainability as one of our key enablers. Our main aims are to be more sustainable as a business, help our customers to work more sustainably and to help accelerate the green transition with our equipment.

Investing in sustainable business

We have already made a good start in implementing the

strategy. Over the summer, we invested in NFW, a U.S.-based start-up that uses our double-belt press technology to produce its bio-based leather alternative. We also acquired our Chinese partner LongWin to increase our manufacturing footprint in China, bringing us closer to our Asian customers, which reduces our CO₂e equivalent greenhouse gas emissions (CO₂e) from transportation.

Closer to home, our geothermal heating installation, which replaces gas, went live at our new plant in Sweden, enabling the building to be heated with minimal CO₂e footprint.

Identifying our sustainability priorities

During the year, we also carried out a detailed review of our impact on the planet and society. This included a double materiality assessment, as a result of which we identified the key sustainability priorities we want to focus on in our business:

- **Climate impact:** driving down our CO₂e emissions through our operations, our supplier operations and our customers' use of equipment

- **Circularity:** increasing the proportion of fossil-free materials and minimizing waste
- **Own workforce:** ensuring health and safety, workers' rights, gender equality and wellbeing
- **Supplier workforce:** setting high labor, ethical and environmental standards in our supply chain
- **Business conduct:** going beyond compliance with legislation and maintaining high standards of ethics and integrity

In many cases, these priorities reaffirm what we've been doing for many years. Other priorities, such as CO₂e emissions in sold equipment and circularity, are new focus areas for us.

Revitalizing our people culture

We launched a new quarterly Pulse survey for all employees during the year. This allows us to measure people engagement more frequently, in order to make IPCO an even better place to work.

We also embarked on a journey to revisit and strengthen our brand and culture. IPCO employees across the world have contributed with valuable input. The outcome will be the foundation for a strengthened positioning and culture to be launched in the first half of 2024.

Looking forward

We know we have a long way to go to reach our sustainability ambitions. During 2024, we will continue to deepen our understanding about our impact, particularly in areas such as supplier workforce and the use of sold equipment. We will also continue to drive sustainability awareness and behaviors within the business, in line with our new strategy and supported by appropriate resources.

Robert Hermans, IPCO CEO

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SUSTAINABILITY HIGHLIGHTS



2023 HIGHLIGHTS

We made progress on key environmental, social and governance metrics:

60% of our energy was from renewable sources in 2023	+4% Increase in suppliers signed up to the Supplier Code of Conduct from 59% to 63%
61.9 tCO2e GHG intensity (measure of total emissions divided by revenue)	+8 Net promoter score, December 2023 Pulse employee survey
27% Of all new employees recruited in 2023 were female	

2030 TARGETS

We set new, ambitious environmental targets for 2030, with 2023 as the baseline year, including:

95% of energy to be from renewable sources	95% of purchased goods and services by value to be from suppliers who have signed our Supplier Code of Conduct
42% reduction in Scope 1,2 and 3 emissions, excluding use of sold equipment	90% of purchased steel to be reused or fossil-free
42% reduction in emissions per running hour of equipment	<i>We will set new social targets during 2024 and report on them next year.</i>

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IPCO is the industrial processing solutions company that touches the lives of everyone, everywhere – from food to flooring, powder paint to paper, solar cells to semiconductors.

OUR BUSINESS

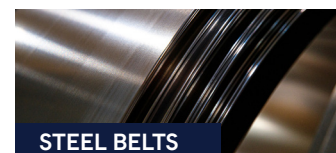
IPCO is a global industrial processing company with a strong local footprint. We innovate, produce and service equipment and steel belts for businesses seeking to increase their productivity within continuous industrial processing.

In partnership with our customers, we have been pushing the boundaries of quality, sustainability and productivity since 1901.

With around 600 employees, IPCO has 10 production sites and 7 productivity centers in Europe, Asia and the Americas, and operates from more than 30 sales and service offices. IPCO's headquarters are in Sweden, and it is fully owned by FAM.

OUR PRODUCT AREAS

IPCO innovates, produces and services steel belts and advanced high-performing industrial processing equipment.



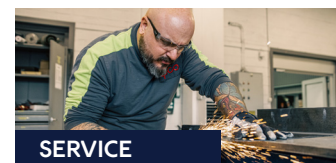
STEEL BELTS

IPCO supplied the world's first steel belts in 1901 and we have been leading the market ever since.



EQUIPMENT

We supply advanced high-performance processing equipment for a wide range of industries.



SERVICE

Our local aftermarket experts in 30 countries maximize production uptime throughout the product life.

IPCO IN BRIEF

Sweden
Global HQ

30+
countries with
local presence

120+
years in
business

10 sites
for production
and assembly

2.3 BSEK
annual sales

600+
employees
worldwide

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OUR STRATEGY

MISSION

To deliver customer success based on sustainable process solutions with an innovative and engaged global team

VISION

The process solution partner of choice enabling our customers to win

PURPOSE

To enable customer success

IPCO innovates, produces and services equipment and steel belts to enable continuous processing of a wide variety of materials. And we have been doing so since 1901. We are a global company with a strong local footprint.

Our seven productivity centers across the globe are where we partner with our customers, offering our unique combination of cutting-edge innovation, specialist materials expertise and 100 years of equipment excellence.



This is true customer focus. This is how we enable customer success.

Customers come to test our technologies with the material they want to process at industrial scale before making the investment. In our 10 production hubs worldwide, we develop and produce solutions for the future in partnership with our customers. Once a solution is delivered, our local sales companies ensure continuing success for our customers by providing service and support throughout the product's lifetime.

OUR STRATEGY FOR 2023-2027

During 2023, IPCO rolled out a new strategy for the period 2023-2027. The strategy has four focus areas:

- 1

To strengthen our global production footprint to move closer to customers' point of use
- 2

To boost our service and support offering to meet customers' needs
- 3

To maintain and develop our market position in our established segments
- 4

To invest in segments related to the green transition

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OUR BUSINESS MODEL



IPCO is organized in two product areas: Steel belts and Equipment, complemented by a global Service and Support organization.

Our market representatives identify industrial processing customers that can benefit from our products. We work with these companies, tailoring solutions to meet their individual needs. Our aim is to help them achieve continuous productivity throughout the equipment life cycle.

Our steel belts are used as components by OEMs and sold to industrial processing customers. IPCO also provides replacement belts, as well as service and spare parts, to these customers and others.

On the equipment side, customers partner with us to test and develop their material innovations, and optimize processing, before making capital investments. Once built to their requirements, our solutions are shipped to the

customer's site where we install and commission them to ensure a successful start-up.

Service technicians in the markets collaborate with customers to ensure the reliability and performance of our products, by inspecting, maintaining and upgrading them over the whole life cycle.

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OUR VALUE CHAIN

	SOURCING RAW MATERIALS AND COMPONENTS	MANUFACTURING	TRANSPORTATION	USE OF SOLD EQUIPMENT	END-OF-LIFE MANAGEMENT
	We aim to source raw materials, including steel, wood and plastics, locally wherever possible, and reduce the emissions associated with their production. We build lasting relationships with our suppliers, based on our Supplier Code of Conduct, and work in partnership with them to minimize environmental impacts, improve working conditions and protect human rights.	Manufacturing steel belts and equipment is energy and resource intensive. We are committed to reducing this environmental impact at every stage of the manufacturing process. Priorities include using energy-efficient production methods, cutting the amount of waste generated in production and reducing our water consumption.	We aim to reduce emissions from transportation by using sustainable modes of transport and limiting journeys. We do this by sourcing supplies locally wherever possible, working with customers to minimize air freight for finished products, and locating production facilities, such as our new production site in China, closer to our customers.	Our equipment can be energy intensive to run. We continuously invest in research and development to make our products more energy efficient, and support customers to maintain and operate the equipment more sustainably. We also make a positive impact by providing our equipment to customers who contribute to the green transition.	By supporting our customers with maintenance and upgrades, we prolong the operational lifespan of our equipment. Both our belts and equipment are made from steel that is highly reusable, so it is economically viable to recycle. We work hard to inform and engage our customers about how they can reuse and recycle our products at end of life.
Ability to influence	●● MEDIUM	●●● HIGH	●●● HIGH	●● MEDIUM	● LOW
Percentage of emissions	10%	4%	4%	81%	<1%

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SPOTLIGHT

THE WALLENBERG ECOSYSTEM



As we innovate, produce and service equipment and steel belts, we are proud that our work is funding ground-breaking research

Linda Ahlqvist,
Chief People and Sustainability Officer

IPCO is proud to be part of the Wallenberg ecosystem, a group of foundations and holding companies set up by the Wallenberg family to enable funding for Swedish research and innovation.

IPCO AB is wholly owned by FAM AB, a private holding company owned by Wallenberg Investments AB, which, in turn, is owned by the foundations. The Wallenberg foundations have been funding research and education in Sweden for more than 100 years. Since 1917, more than SEK 44bn has been awarded in grants funded by dividends from the foundations' direct and indirect holdings.

As part of the Wallenberg ecosystem, dividends from IPCO are distributed to the foundations which in turn enable them to grant funding to research in areas such

as natural sciences, medicine, sustainable materials, artificial intelligence and machine learning.

FAM is an active owner with a long-term horizon. It seeks to work for the best interests of its holdings and lift the development of the business to new levels.



Watch a film about
The Wallenberg
ecosystem

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OUR SUSTAINABILITY APPROACH

HOW WE ENGAGE WITH STAKEHOLDERS

At IPCO, we work closely with our key stakeholders, including suppliers, employees, management, customers, owners and banks, to meet our sustainability goals and targets.

Through actively listening, and consistently and transparently communicating with these key groups, we gain valuable insights that support the development of our sustainability initiatives. For example, the views of our stakeholders have been instrumental in developing our double materiality assessment.

This input is crucial in helping us produce and service equipment and steel belts that enable sustainable, large-scale production – which, in turn, advance the green transition.

Our customers are interested to learn about our approach to sustainability and how our equipment can help them address their own sustainability priorities. Many customers now expect us to have environmental certifications: we have Eco Vadis Silver, and ISO 14001 for our key sites in Sweden, Germany, China, Korea and Japan.



ecovadis

Our management and employees view sustainability as a key way to differentiate IPCO from our competitors and an integral part of our business strategy. We report regularly on our sustainability activities through internal channels.

Our owners see sustainability as a measure of long-term viability and set high standards in order to futureproof their businesses. We hold quarterly dialogues with our owners to update them on our sustainability strategy and progress.

Our banks want to know that the businesses they directly and indirectly finance meet their sustainability criteria. We hold regular conversations to keep them up to date with our progress.

We are also in constant dialogue with **our suppliers** to make sure they reflect our sustainability goals and ambitions in their businesses. We manage this through our Supplier Code of Conduct.



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SUSTAINABILITY GOVERNANCE



Sustainability is a strategic priority for IPCO, with the Board taking overall accountability. We have a dedicated Sustainability function to define and implement our sustainability strategy and monitor progress.

Responsibility for setting the direction, deciding on goals and targets and driving change, is shared across the management team, Sustainability Council and line organization. At the end of 2023, we strengthened our sustainability governance, with an enhanced Sustainability Council and workstreams on individual material topics, which will be introduced in the first half of 2024.

- Board**
The Board’s HR and Sustainability Committee meets quarterly to set sustainability expectations and ensure that sustainability and sustainability governance is integrated into IPCO’s structures and operations. The Committee also oversees sustainability reporting, making sure that it is transparent and accurate. It also approves policies when appropriate.
- Management team**
The management team is responsible for targets and actions, managing risks and making sure sustainability is prioritized in all IPCO functions and product areas. Every month, the management team meets to review progress towards meeting our business goals, including sustainability targets.
- Sustainability function**
The Sustainability function is responsible for IPCO’s sustainability strategy, setting targets and actions in collaboration with other departments and functions. They also make sure that performance data is collected and reported, and drive awareness of sustainability throughout the business.

MONITORING PROGRESS
IPCO uses key indicators to track progress in delivering on the company’s sustainability targets and sub-targets and drive continuous improvement. Reporting is based on Global Reporting Initiative (GRI) principles, the European Sustainability Reporting Standards and the Greenhouse Gas (GHG) Protocol.

- Sustainability Council**
During 2023, IPCO had a Sustainability Council made up of representative employees from across the business. During 2024, a new Sustainability Council will be established, including senior managers from IPCO’s production sites and larger markets, as well as IPCO’s General Counsel, a controller and the Sustainability function. The Council will meet monthly to drive change in IPCO’s sustainability mindset, oversee targets and ensure implementation, and to integrate targets into business and production processes.
- Line organization**
Several functions within IPCO share responsibility for the company’s material sustainability topics. They help to implement targets into processes and provide the data needed to monitor performance. They also help to drive action to deliver targets on a day-to-day basis.
- Sustainability workstreams**
During 2024, IPCO will set up a series of workstreams on our material topics, such as health and safety, procurement and energy efficiency of sold goods, to make sure that sustainability action plans are being implemented globally and consistently.

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MATERIALITY ASSESSMENT PROCESS

During 2023, we carried out our first double materiality assessment covering all of our upstream and downstream operations across the value chain.

We started with an initial impact assessment of IPCO’s operations to identify potential risks and opportunities, as well as the areas where IPCO contributes to, or has the greatest impact on, the planet and society from a sustainability perspective. The assessment included, but was not limited to, interviews with IPCO employees, supplier data and scientific studies.

Based on the impact assessment, as well as the materiality topics in the new European Sustainability Reporting Standards and IPCO’s ongoing stakeholder engagement work, we ran a series of double materiality assessment workshops with the management team to comprehensively assess these impacts, risks, and opportunities.

The assessment was designed to identify the sustainability issues and challenges we need to prioritize over the next few years. It evaluated:

- the impact of IPCO’s activities on people and the environment, and
- the financial risks and opportunities for IPCO from environmental and social issues.

To assess our impact on people and the environment, we analyzed a range of potential positive and negative effects, current and future scenarios, and factors such as scale, scope, and irreversibility. Scores were allocated based on the likelihood and severity of the impacts.

To assess the financial risks and opportunities for IPCO, we looked at how our business could be affected by a range of issues, from climate change to supply chain transparency, now and in the future. We scored the assessment based on the size of potential financial costs or losses and the likelihood of the impact. We have not yet completed our assessment of the potential financial impact, so we have not included a figure in this report. We plan to include the results in the 2024 sustainability report.

After these workshops, a shortlist of material topics was identified and approved, grouped under the areas of Climate, Circularity, Own workforce, Supplier workforce and Business conduct.



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IPCO'S MATERIALITY TOPICS



Through our materiality assessment, we identified the sustainability issues that are most important to IPCO. These priority areas will be the focus of our improvement efforts and performance monitoring in the coming years.

Climate impact
Driving down our CO2e emissions through our operations, our supplier operations and our customers' use of equipment

Circularity
Increasing the proportion of fossil-free materials and minimizing waste

Own workforce
Ensuring health and safety, workers' rights, gender equality and wellbeing

Supplier workforce
Setting high labor, ethical and environmental standards in our supply chain

Business conduct
Going beyond compliance with legislation and maintaining high standards of ethics and integrity

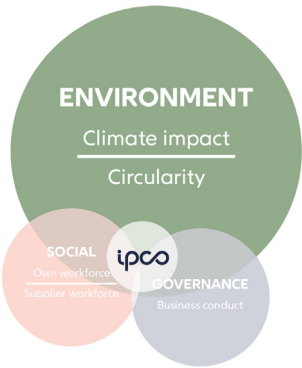
Read more about how we manage our material risks and opportunities on page 29.

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ENVIRONMENT

IPCO is a resource-intensive business, both in the energy we use to produce our products and the materials that go into them. We recognize we have a responsibility to minimize our impact.

In 2023, we reviewed our environmental strategy and set new, more ambitious targets for climate and circularity. We want to reduce our emissions, from our own operations, our supply chain and our products. We also set new goals for decarbonizing our material supply, reducing waste and increasing reuse and recycling.



TARGETS

Climate:

42%
reduction in Scope 1,2 and 3 emissions by 2030, excluding use of sold equipment

90%
reduction in Scope 1, 2 and 3 emissions by 2050

95%
energy to be from renewable sources by 2030

42%
reduction in emissions per running hour of equipment by 2030

Circularity:

90%
of purchased steel to be reused or fossil-free by 2030

0
waste to landfill by 2030

100%
of delivered products to include information on reuse and recycling by 2028

PERFORMANCE

26 730 tCO₂e
Scope 1,2 and 3 emissions in 2023, excluding use of sold equipment

60%
of our energy was from renewable sources in 2023

273 KgCO₂e
emissions per running hour in 2023

N/A
of purchased steel was reused or recycled in 2023

81 TONS
waste to landfill in 2023

N/A
of delivered products included information on reuse and recycling in 2023

Our full performance data is reported towards the end of this section. Because the base year for new targets is 2023, the data does not show a % change since the previous year. We will report year-on-year progress towards meeting the targets in future sustainability reports.

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CLIMATE

As a global industrial processing company, we impact the climate both directly through our own operations, and indirectly, through supplier operations and the energy used by customers to run our equipment.

We are working to reduce our impact from all of these sources. During 2023, responding to the growing urgency of the climate crisis, we reviewed our climate reduction targets for 2030 and 2050, to make sure they are science-based in line with the Paris Agreement, limiting the rise in global temperatures to 1.5°C above pre-industrial levels.

During 2024 we will develop a comprehensive transition plan for mitigating climate change, including actions to help us meet our revised targets. In particular, it will detail how we intend to achieve a 42% reduction in our emissions by 2030. We have already identified potential savings that can be made in areas such as procurement of products and services, transportation and energy use, and will pinpoint the actions required to achieve them. We will also address the long-term physical risks to IPCO related to climate change through climate scenario analysis and risk mitigation in the next two years.

Emissions from our own operations

Emissions from our own operations include energy used in manufacturing and processing, offices, commuting and business travel.

Initiatives to reduce these emissions include optimizing the equipment we use, enhancing insulation, improving ventilation, heating, and lighting systems. For example, we have installed an innovative new heating system,

based on heat pumps, at our production site in Forsbacka that reduces energy and CO₂e emissions to a minimum – see case study, page 18.

We are also working to increase the proportion of our energy that comes from renewable sources at our production sites and sales offices around the world. For example, at our production site in Germany, we generate part of our electricity through solar cells installed at the site. In 2023, 60 percent of the energy we purchased was renewable.

Emissions from our supply chain, transportation and sold equipment

We are indirectly responsible for Scope 3 emissions from purchased supplies such as materials, packaging, office equipment and capital goods, as well as transportation of supplies and finished products. We ask our suppliers and partners to continually reduce emissions from their operations and processes. During 2023, we increased the level of information we require from the most affected suppliers, with the aim of using this information to drive emissions down further. Over the next two years, we will investigate ways to reduce the use of air freight, particularly at our production site in Sweden, where the majority of our air freight originates.

We always strive to improve our products and make them more energy efficient to operate. This helps our customers to reduce their emissions and work in a more sustainable way.

In 2022, we set up a global R&D function with responsibility for driving the development of new technology and

innovation in this area. A particular focus is how we can support green transition businesses in fields such as electrification, organic composite materials and cellulose based materials. This, in turn, can help other industries to decarbonize and become more sustainable. We have prioritized investment and resource allocation to grow our offering for green transition businesses.

CIRCULARITY

We design our products and processes to reduce the amount of material we use and the waste material we generate during production. We take a systematic approach to analyse and optimize material flows for improved waste management and recycling.

Our aim is to reduce the resources we use, reuse materials for as long as possible and recycle them after use, with a target of zero waste to landfill by 2030.

Wherever possible, we make our belts and equipment out of steel that is highly reusable and recycle waste steel at all of our production sites. By prioritizing materials with high recycling potential, we contribute to a circular economy, reducing the need to extract new raw materials.

We have recycling programs at our production sites for steel, chemicals and packaging such as wood, paper, and plastic.

We also work to inform and engage our customers about how they can reuse and recycle our products at their end



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of their life. Our goal is to provide knowledge and resources to help customers manage the equipment more sustainably and be more aware of reuse and recycling opportunities. This will be a new initiative for the coming years.

IPCO works with customers to prolong the lifespan of our belts and equipment, through dialogue, support and improved aftermarket service. Through this collaborative approach, we jointly identify improvement opportunities and optimize the operating efficiency of our products.

2023 PERFORMANCE

Climate

How we measure emissions

IPCO reports its emissions in line with the Greenhouse Gas Protocol Corporate Standard (GHG Protocol). The accuracy of the calculations has been verified by external climate consultants.

Our consolidation approach is to account for all the emissions over which we have operational control, using the definition of operational control in the GHG Protocol. For Scope 2 emissions, we adhere to the market-based method outlined in the GHG Protocol Scope 2 Guidance, reporting on emissions from purchased electricity and the source of that energy – for example, whether it is renewable or generated from fossil fuels.

For this report, we collected Scope 1, 2 and 3 data for our production sites in Sweden, Germany, Japan, China, South Korea, Italy, and Netherlands, as well as the major sales offices in India, Brazil, and USA. We have not included data from the newly acquired company Longwin in our 2023 calculations.

For our smaller sales offices around the world, we collected data on Scope 1 and 2 emissions, and the procurement of IT equipment. Data for some sales offices has been estimated based on the number of employees.

Scope 1 data includes

- Fuel use from company-owned cars and forklifts as well as fuel for heating
- Use of refrigerants at the production sites
- Data collected from internal systems and invoices

Scope 2 data includes

- Electricity consumption and use of district heating within the organization. Data collected from internal systems and invoices

Scope 3 data includes

- Materials used in products: weight of steel and steel type for belt production in Sweden. For other production sites, the total weight of components purchased and the type of materials. In some cases, estimations are made for the type of material. Data collected from internal systems and from some of our large suppliers
- Materials used in packaging: weight of purchased packaging and type of material reported from each production site and major sales offices. Data from suppliers or internal systems
- Other materials: such as chemicals and materials used in IT equipment, for example the number of monitors, phones, tablets and laptops purchased during the year and the model types. Data collected from internal systems
- Use of sold equipment: energy use by customers based on factors including the estimated lifetime of the equipment, the number of hours customers operate the equipment, and the type of energy used in the receiving country. Data collected from internal systems

- Business travel: air, rail and hotel nights based on reports from travel agencies and from internal accounting
- Transportation: the weight and delivery destination together with the transport mode, collected from internal systems
- Waste: all production sites report their waste based on information from waste suppliers or internal measurements
- Commuting: estimated based on number of employees and average distance to work. During 2024 a survey will be rolled out to all employees to capture this information

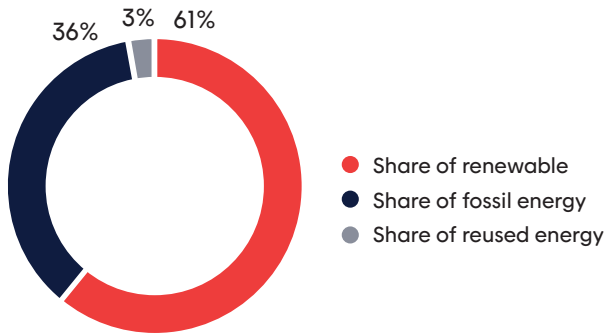
GREENHOUSE GAS EMISSIONS	2023
Category	tCO ₂ e
Scope 1	1 284
Scope 2 Market Based	1 442
Scope 2 Location Based	1 477
Scope 3	
Purchased goods and services	8 497
Capital goods	4 948
Fuel- and energy-related activities	675
Upstream transportation and distribution	5 271
Waste	13
Business travel	3 906
Employee commuting	693
Upstream leased assets	N/A
Downstream transportation and distribution	N/A
Processing of sold products	N/A
Use of sold products	115 460
End-of-life treatment of sold products	Excluded
Downstream leased assets	N/A
Franchises	N/A
Investments	Excluded
Total GHG emissions (Market Based)	142 188
Total GHG emissions (Location Based)	142 224

1.Includes gases such as CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃. Global warming potential (GWP, AR5) rates applied include 1 for CO₂ and CO₂e, 28 for CH₄, 265 for N₂O, and 0 for biogenic CO₂.

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Energy use in our own operations

ENERGY CONSUMPTION AND MIX - MWH	2023
Fossil energy consumption	7 814
Renewable energy consumption	12 799
Self-generated renewable energy consumption	159
Reused energy for district heating	614
Total energy consumption	21 386



Energy use from sold equipment

In 2023, we began estimating energy consumption outside our organization, including the energy used by customers to operate our equipment during its operational lifetime. This calculation is based on the estimated product lifespan, the equipment’s energy needs, and the number of hours the customer operates the equipment.

Our information on the number of operational and standby hours used by customers is inconsistent across the Group. We also lack evidence on the type of energy used in some countries. As a result, some of our estimates are based on an average for sites in that geographic location. In the coming years, we will explore ways to accurately measure the energy used by our customers, while also designing our products to be more energy-efficient.

ESTIMATED ENERGY CONSUMPTION AND EMISSIONS	2023
Total operation hours	422 311
Average estimated lifetime (years)	17
Energy use per hour (kWh)	639
KgCO ₂ e per operating hour	273
Total energy use MWH	269 776
Total emissions tCO ₂ e	115 460

Circularity

The waste data does not yet show steel scrap, which is the main waste-related target, or the amount of steel reused or recycled.

WASTE DATA – TONS 2023					
Landfill	Hazardous waste - Recycled	Hazardous waste - non-recycled	Waste treatment with energy recovery	Recycled materials	Total
81	186	22	57	730	1,076

MATERIAL CONSUMPTION	2023
Material	Amount (tons)
Stainless steel	511
Other steel and iron	775
Other metals	32
Plastics	43
Wood	610
Paper	3
Electrical items	24
Chemicals	19
Water	16 469
Total	18 486



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CASE STUDY

IPCO'S NEW PLANT HAS SUSTAINABILITY DESIGNED IN

When our new plant in Forsbacka, Sweden was conceived as a state-of-the-art factory for the second quarter of the 21st century, we wanted to embed sustainable thinking at every level, from geothermal heat pumps to energy and water recovery systems.

Not only will the new factory help IPCO deliver products that support our customers' sustainability goals, it will also help us reduce our own CO₂e footprint.

Three heat pumps will use natural energy storage from around 90 underground boreholes to generate up to 1.5 MW of heat. A solution of 71% water and 29% bioethanol is pumped through the energy storage to the heat pumps, raising the temperature from about 2C° on the inlet side to 50C° on the outlet side. This is pumped to the building's fancoil and ventilation system, which then heats the building.

By using naturally available water and bioethanol, the system will be future proofed and unaffected by the phase out of fossil fuels. A smart control system will ensure it only runs at the extent needed – maximizing energy efficiency.



We wanted to embed sustainable thinking at every level

We also have plans to harness excess energy from the production lines and cooling systems into the boreholes to be stored and used when needed, further increasing efficiency and reducing emissions.

Other sustainability features that will be built into the factory's design include the use of hydroelectric power and energy and water recovery. We're also working to improve the design of our building insulation.

Following a rigorous process to verify our sustainability initiatives, the plant has been part funded by the Swedish government to the tune of 17 million SEK.



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SOCIAL

As a global industrial business, IPCO has a responsibility to our employees, our network of suppliers and the communities around us. We work across the value chain to make sure that people are treated fairly, provided with safe working conditions and enabled to give their best. We also support employment, opportunity and growth in all of the countries where we operate.



TARGETS

Health and safety:

0
accidents

PERFORMANCE

5
accidents

Diversity, equality and inclusion:

30%
women in the
workforce by 2030

19%
women in
the workforce

>30%
women managers
by 2030

17%
women
managers

Supplier Code of Conduct:

95%
of purchased goods
and services by value
to be from suppliers
who have signed the
Code of Conduct by 2030

Data on value
not yet available

Our targets will be updated during 2024.

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OWN WORKFORCE

At IPCO, people are our greatest asset. Our highly skilled employees are essential to sustaining business performance and delivering our long-term strategy. We invest in them and strive to provide a positive, healthy work environment in which they feel empowered to achieve their full potential.

For many years, our priority focus areas have included health and safety, diversity, equality and inclusion and workers’ rights, and we have had targets relating to health and safety and gender equality. Employee engagement and employee wellbeing have recently been added as priority areas. We are working to refine our existing targets and identify new actions and initiatives to address each of these areas during 2024.

Health and Safety

IPCO is committed to providing a safe and healthy working environment and we continuously work to eliminate obvious physical hazards, as well as ergonomic risks that can lead to strain or injury over time. We do this by providing safety training for managers and employees, systematically improving work environments and implementing continuous near miss management. Our Code of Conduct emphasises that everyone is responsible for health and safety and outlines what is expected of each employee:

- to know and follow the safety rules, policies and processes that apply in their area of operation
- remedy or report high-risk work conditions, accidents, work-related injuries and illnesses
- object if a colleague is careless with safety or takes unnecessary risks in performing his or her work.

Managers must also make sure that all the employees and contractors working for them receive the health and safety training and protective equipment required for their job.

Production areas focus on safety every day, supported by weekly follow ups in site meetings, regular safety inspections and audits, and tools for reporting hazards, near misses and accidents. We monitor and follow up safety KPIs in monthly management and board reporting.

We report on near misses and lost time injuries (LTIs) – any accident that causes an employee to miss at least one day of work. Our target during 2023 was to have zero accidents.

TOTAL WORKFORCE BY REGION						
	2021		2022		2023	
FTE	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Europe	414	4	418	13	417	9
North America	38	-	40	-	41	-
South America	12	-	12	-	11	1
Africa & Middle East	6	-	7	-	10	-
Asia	100	13	116	13	117	17
All countries	570	17	593	26	596	27

FULL-TIME EQUIVALENT (FTE) EMPLOYEE TURNOVER			
	2021	2022	2023
Total FTE	570	593	621
Attrition	62	53	57
%	11%	9%	9%

WORKPLACE ACCIDENTS	2023
INCIDENT TYPE	Employees
Fatalities	0
Accidents with lost time (LTIs)	5
Accidents without lost time	11
HAZARD REPORTING	Employees
Near misses	28
Near misses resolved	13
Hazards reported	111
Hazards closed out	82
Hazard closed out ratio	0.74
Million exposure hours	1 108 964

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Diversity, equality and inclusion

We value diversity among our employees and strive to make our workforce more inclusive. Our recruitment process is based on merit, regardless of gender, marital status, parenthood, ethnic or national origin, sexual orientation, faith, political affiliation, age or disability.

We strive for equal pay for equal work and take action when we find unreasonable differences in pay between men and women.

IPCO seeks to create a workplace free from harassment and discrimination, where people feel comfortable and supported to perform at their best. We have zero tolerance for bullying, harassment, threats or violence. Employees can report such behavior through our confidential Whistleblowing Hotline. We also monitor this through our confidential quarterly Pulse survey in some countries.

We recognize that gender diversity is an important element in our success. But we’re aware of the challenges of recruiting women in our industry. To drive change, we set a target to have at least 30% women in the workforce, and at least 30% women managers by 2030. We are reviewing these targets and will update them during 2024.

TOTAL NUMBER AND RATE OF EMPLOYEE HIRES BY GENDER						
	2021		2022		2023	
	Hired	% of all recruitments	Hired	% of all recruitments	Hired	% of all recruitments
Female	8	24%	27	31%	22	27%
Male	25	76%	59	69%	61	73%
Total	33		86		83	

ALL EMPLOYEES BY GENDER AND EMPLOYMENT CATEGORY						
	2021		2022		2023	
	Female %	Male %	Female %	Male %	Female %	Male %
Office	25%	75%	25%	75%	26%	74%
Production	4%	96%	6%	94%	5%	95%
Total	18%	82%	20%	80%	19%	81%

TOTAL NUMBER OF EMPLOYEES									
FTE	2021			2022			2023		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Permanent	97	456	553	104	463	567	115	481	596
Temporary	4	13	17	5	21	26	6	21	27
Total	101	469	570	109	484	593	121	502	623

DIVERSITY OF GOVERNANCE BODIES AND BREAKDOWN OF OTHER EMPLOYEES				
		Share of employees		
	Share of women	Under 30	30–50	Over 50
Board of Directors	17%	0%	17%	83%
Group Management	20%	0%	30%	70%
PA Belt Management	25%	0%	63%	37%
PA Equipment Management	14%	0%	14%	86%
Managers	17%	0%	54%	46%
Non managers	21%	9%	56%	35%

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Workers’ rights

IPCO respects and protects people’s fundamental liberties and human rights in each of the 30+ countries where we have a presence, We do not tolerate child labor or any form of forced labor.

We strictly adhere to national and international minimum age laws wherever we operate and are particularly careful when we recruit young people. No employee is ever required to hand over their identification documents or pay a deposit when they start employment.

We make sure that any personal data or disclosures that employees make to the company are handled in accordance with applicable data protection laws and rules.

The company promotes open and honest dialogue with employees and their representatives. Everyone is welcome to express their views about their workplace with their managers. We recognise employees’ right to decide if they want to be represented by labor unions, and respect the right of those unions to engage us in collective bargaining. We also respect the right of employees not to join a union.

We pay salaries and benefits based on collective agreements and applicable laws. Where no collective agreements exist, we set wages based on industry norms in each country.

Employee development and career progression

We want everyone who works for IPCO to be able to give their best. As part of this commitment, we offer development and coaching support to help every employee and team to achieve their potential.

This starts with annual performance and development appraisals, in which we discuss the employee’s role in

helping to achieve the overall company strategy and how to meet their individual goals and targets.

Based on the appraisal, and ongoing dialogue with each employee, we identify development and training needs for the coming year and make a plan. This addresses both their personal and professional development and role and function-specific training in areas such as sales and service, communication, legal and compliance and cyber security. We also have a structured leadership program for existing and new leaders in the business.

We encourage our managers to have meaningful conversations with employees about career development and progression. These discussions feed into our talent and succession planning. As part of this, we also offer support to managers to help them have better conversations and develop everyone to their full potential.

Employee engagement

We value employee input and welcome feedback from across the company. In 2023, we changed our employee survey to increase employee engagement and help develop our company culture.

The new rebranded Pulse survey is quarterly, compared to our old survey, which went out annually. This increased frequency is encouraging more regular engagement and will help us get a more up to date picture of employee views and feedback.

The survey has been well received and is generating high response rates, with 92% of employees taking part in December 2023. The highest rated areas in the latest results were Autonomy “I have enough independence to do my job effectively”, Inclusion “I feel a sense of belonging at work”, Enthusiasm “Right now, I am happy with my job” and

Development “I have the responsibilities and challenges I need in order to grow”.

The areas with the most room for improvement were Clarity “The plan forward is clear”, Balance “There is enough time to do my job effectively” and Value “We are spending our time on the right things”. Throughout IPCO, we are working on actions to address these issues during 2024.

Wellbeing

We recognize people perform at their best when they feel a sense of wellbeing. As well as providing employees with a safe and healthy working environment, we strive to ensure they have interesting, relevant and fulfilling work. We also make sure they are supported through good team management, strong company leadership and transparent internal communications.

As a measure of employee wellbeing, we ask employees in the Pulse survey if they would be happy to recommend IPCO as a good place to work. This generates an employee net promoter score, which help us make continuous improvements. Our eNPS increased from –2 in 2022 to +12 in September 2023 and +8 in December 2023.

From the 2023 surveys, we also identified that more work was needed on Balance “There is enough time to do my job effectively”. To address this priority, we will roll out a series of topics each quarter for the business to focus on. For 2024, the topics will include wellbeing, sustainability and psychological safety.

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SUPPLIER WORKFORCE

The IPCO Supplier Code of Conduct sets out the standards we expect from all of the companies we work with in our supplier network around the world.

The Code requires our suppliers to provide safe working conditions, treat workers with respect and dignity, make sure that manufacturing processes are environmentally responsible, and conduct business in an ethical manner.

Our aim is that every supplier should be signed up to the Code. However, this is not always possible due to supplier turnover in some areas. We have set a target for 2030 that a minimum of 95% of purchased goods and services by value will be from suppliers who have signed the Code, including a commitment to report on the performance of their Tier 2 suppliers.

SUPPLIER CODE OF CONDUCT			
	2021	2022	2023
Large supplier signed	13	23	36
Large suppliers	23	39	57
Rate of signed large suppliers	57%	59%	63%

Our work in the coming years will focus on collecting more detailed data about workers throughout our supply chain and developing a process to audit compliance with our Supplier Code of Conduct, especially for high-risk countries and suppliers.

Social responsibility in our local communities

IPCO has strong local ties, and many of our operations are in smaller cities or towns. Our business philosophy includes a commitment to staying in place, using and developing the competences in our existing locations, and building stability in our operations in those areas. We create the conditions to grow through an active and constructive dialogue with local authorities, decision makers, educational institutions, and civil society.

We help strengthen the communities in which we work by creating viable, long-term employment and opportunity. Where appropriate, we also volunteer our time to support local charities. For example, our US team supports a local soup kitchen every winter. In Sandviken, Sweden, we contribute our time throughout the year to a charity for young people.

We recruit new employees, including senior managers, locally, in almost all cases. To develop a pipeline of young talent, we offer internships to young people and have partnerships with local schools and universities, where we engage with students by delivering talks on industry-related topics. In Germany, we also offer apprenticeships and dual education for young people, combining studies and learning on the job.

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CASE STUDY

DRIVING EMPLOYEE ENGAGEMENT



IPCO has an ambitious strategy, which requires strong alignment across the whole business. It's vital that everyone is engaged and pulling in the same direction. I am confident that having a quarterly Pulse survey will drive engagement and focus.

Linda Ahlqvist,
Chief People and Sustainability Officer

During 2023, IPCO introduced a quarterly Pulse employee survey, to support the development of our culture, capabilities, and engagement.

Until 2022, IPCO surveyed its employees annually. The participation rate in 2022 was 81% and the employee net promoter score (eNPS), reflecting whether employees would recommend us as an employer, was -2.

IPCO moved to a quarterly Pulse survey in 2023. Results for both the company and each team are available as soon as the survey closes. This immediacy enables IPCO to spot trends straight away. It also allows managers to discuss the results in an open and transparent way with their teams. Responsibility for making changes is shared between managers and their teams, so everyone has a larger stake in the survey, and employee engagement is improved.

The increased focus is paying off. Participation rates in September 2023 were up 6% from the year before to 87%, and up again in December to 92%. IPCO's employee net promoter score increased from -2 in 2022, to +12 in September and +8 in December.

The survey also allows us to identify what we are doing well and what needs to be worked on. Our strongest results were Enthusiasm "Right now I am happy in my job", Inclusion "I feel a sense of belonging at work" and Autonomy "I have enough independence to do my job effectively".

More work needs to be done on Clarity "The plan forward is clear", Value "We are spending our time on the right things", and Balance "There is enough time to do my tasks". To respond to the issues with Clarity and Value, IPCO has launched a cascade of its 2027 business strategy, where each market, function and team explores what the strategy means for them.

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GOVERNANCE

At IPCO, we are committed to the highest standards of business ethics and acting with fairness and integrity in all of our relationships. Our Code of Conduct governs how our employees behave at work and their interactions with stakeholders. We have zero tolerance for bribery and corruption and any measures designed to impede fair competition.



This section outlines the principles and policies that govern our actions and behaviors, and our company structure. Sustainability governance systems and structures are covered on page 11.

Our approach

As a responsible business, we comply with all applicable laws, regulations and standards in the countries where we do business around the world.

We aspire to be a trusted partner to our suppliers, customers and stakeholders and to gain their confidence through our actions and behaviors.

We take steps to ensure each employee acts with integrity and high ethics in all business relationships. As well as our Code of Conduct, we have policies and e-learning on anti-trust regulations and to prevent bribery and corruption.

Employee Code of Conduct

The IPCO Code of Conduct is based on the values embodied in the UN Global Compact's corporate sustainability principles, the OECD Guidelines for Multinational Enterprises, and other internationally accepted norms.

The Code sets out fundamental rules that everyone in the business should follow and applies to all of the countries where we operate and do business. It describes the principles we live by and provides guidance on how to translate them into behavior and actions in daily work and business relationships.

The Code covers topics including:

- ethics and integrity
- health and safety, respect
- human rights
- the environment, and
- local communities.



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Through the Code, we aim to build a culture of professional, honest, and ethical behavior. This, in turn, will help the company deliver strong results and creates value for colleagues, customers, suppliers and other stakeholders. Our aim is for 100% of employees and consultants to have signed the Code when they join IPCO, and whenever it is updated.

Governance of the Code

The Board of Directors has oversight of the Code of Conduct and approves changes to the Code. Each manager in IPCO is responsible for making sure their team members comply with it. Every employee is required to know the Code of Conduct and to follow it in their daily work and relationships.

The Code of Conduct is available to all employees through the intranet and included in the onboarding package for all new employees. Employees review and sign it at least every two years. The Code of Conduct is distributed in English and translations are available in Chinese, Korean and Japanese. During 2024, we will update the Code of Conduct, and roll it out to all employees and consultants, with translations available in the languages where we have our main production facilities.



Regardless of where in the world we work, people’s fundamental liberties and rights shall be respected and protected.

from IPCO Code of Conduct

Whistleblowing

Employees can use IPCO’s Whistleblowing Hotline to raise a concern over actions or behavior that are not in line with our values and Code of Conduct, or may seriously affect our organization or damage a person’s life or health. The Hotline is run by a third party to safeguard the anonymity of the whistleblower. The service operates on its own system, separate from other IPCO IT. IP addresses or other data that could identify a person sending a message are not tracked. Messages are encrypted and can only be decrypted by designated individuals.

We also offer protection for employees who choose to report misconduct through other channels than the Whistleblowing Hotline.

During 2023, five cases were reported and investigated according to the laws on whistleblowing and IPCO’s policy. Three of these were discussed in IPCO’s management team before being addressed and closed. No cases needed to be referred to the Board.

Anti-Corruption

IPCO has a zero-tolerance approach to bribery and corruption and we are committed to acting professionally, fairly and with integrity in all our business dealings and relationships.

No one who works for IPCO or on our behalf may grant, offer, receive, or promote payments, gifts or other improper benefits that could influence or may be perceived to unduly influence a business or governmental decision. We have recognized and adopted the anti-corruption principles in the UN Global Compact. Our framework for anti-bribery and corruption is outlined in our Anti-Bribery and Corruption policy.

An anti-corruption e-learning was rolled out for all employees in 2022. We plan to refresh the policy and e-learning in 2025.

Anti-Trust and Fair Competition

We believe that our success must be built on a sound business culture and fair competition. We comply with applicable competition laws prohibiting agreements and arrangements between competitors that restrict competition. These include price-fixing, dividing up customers and geographical markets, cartels, and abuse of dominant positions. Our Antitrust and Fair Competition policy is available to employees on our intranet.

In winter 2023-2024, we launched mandatory e-learning on this topic for global and local management teams, procurement, sales, finance, HR and those representing IPCO in any capacity at fairs and exhibitions. We also invited all other employees to take the e-learning.

Taxation

We comply with all tax rules that apply in the countries and municipalities where our operations are based and pay the taxes that result.

Compliance

IPCO continuously assesses its compliance with laws and regulations by carrying out self-assessments and internal audits. We provide employees who are frequently exposed to risk areas with specific additional e-learning and internal training. For example, IPCO’s sales teams received contracts training during 2023.

Throughout 2023, IPCO remained free from fines and financial and non-financial penalties for non-compliance. No compliance issues were detected or reported to the Board during this period.

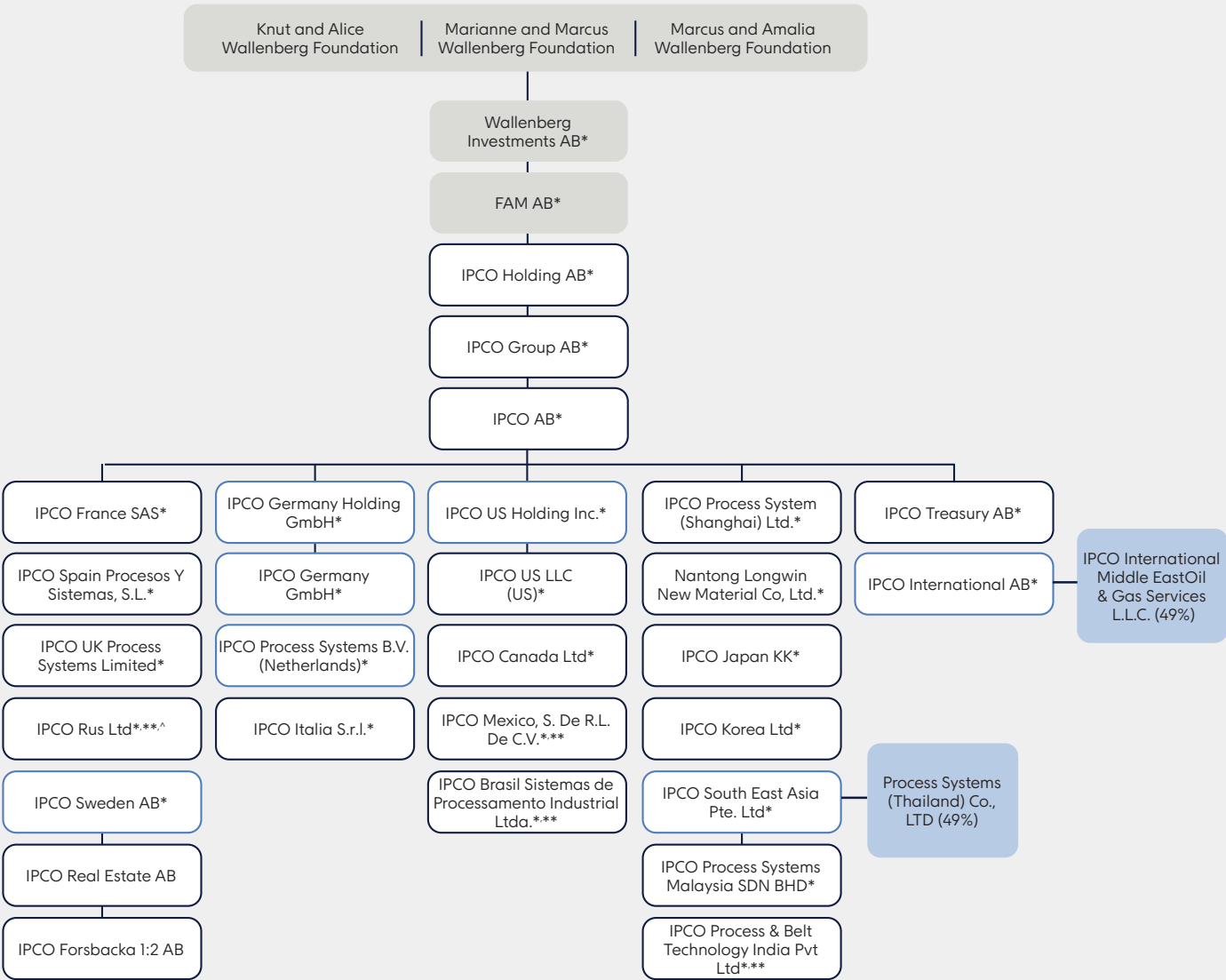


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IPCO COMPANY STRUCTURE

Our governance approach and Code of Conduct extends to all subsidiaries and branches of IPCO AB, as shown in this structure chart, and all of the territories where we have operations.

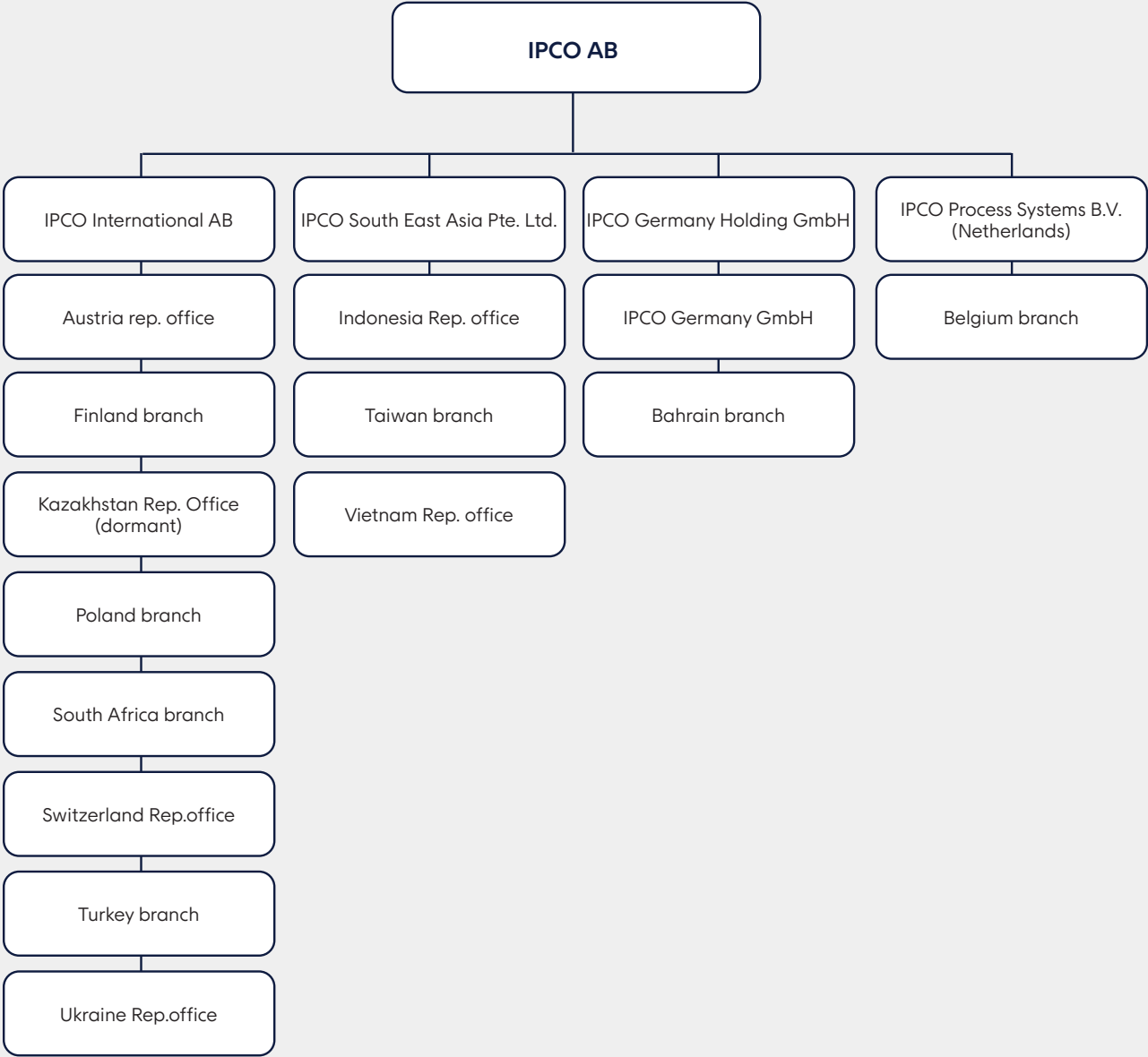
Explore IPCO
To find out more about
IPCO AB scan the QR code



* Ownership: 100 %
** Ownership: ~99 % of the shares held by IPCO AB and ~1 % of the shares held by IPCO Sweden AB
^ No business is being conducted through IPCO Rus Ltd. Wind-down started August 2023.

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RISK MANAGEMENT

HOW WE MANAGE OUR MATERIAL RISKS

MATERIAL TOPIC	RISKS/OPPORTUNITIES	RISK MITIGATION	POLICY
Climate impact Driving down our CO ₂ e emissions through our operations, our supplier operations and our customers' use of equipment.	Risks Regulatory changes in trade laws or environmental legislations. Stricter sustainability requirements. Industry shifts and market development changing the competitive landscape with reduced demand for certain products or segments and an increased demand for a sustainable offering. Risk of losing customers and market share due to inability to meet customer expectations of environmental performance and/or being unable to comply with new or changed legislation. Physical risks from climate change, such as extreme weather, affecting our own operations and our supply chain. Opportunities Being more sustainable could have a positive impact on our brand and open up new opportunities to partner with customers and find new business. Lower costs with less air freight.	We monitor initiatives to reduce emissions and continuously evaluate their impact on the business. We also monitor changes in environmental regulations to make sure we keep up with latest requirements. The product areas are working with proactive business and product development to meet present and future demands. Strong focus on product segmentation to diversify the product portfolio and reduce dependence on individual customer segments. Keep high awareness in the organization regarding market demands, customer expectations, business development and legislation. Improving efficiency to minimize environmental impact in our own operations. Working with our suppliers and customers to reduce emissions from the supply chain and the use of sold equipment. Carrying out a climate scenario analysis to address long-term physical risks related to climate change, a climate scenario analysis will be conducted as the next step.	EHS Policy Company car policy Travel policy Code of Conduct Supplier Code of Conduct
Circularity Increasing the proportion of fossil-free and reused materials as well as minimizing waste.	Risks Changes in trade laws or environmental legislations. Stricter sustainability requirements. Industry shifts and markets development changing the competitive landscape with decreased demands for certain products or segments and an increased demand for a sustainable offering. Opportunities Lower costs with a lower scrap rate in production.	The product areas are working with proactive business and product development to meet present and future demands. Strong focus on product segmentation to diversify the product portfolio and reduce dependence on individual customer segments. Keep high awareness in the organization regarding market demands, customer expectations, business development and legislation. Focus on improved efficiency to minimize environmental impact in our own operations, including in the supply chain and the use of sold equipment.	EHS Policy

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MATERIAL TOPIC	RISKS/OPPORTUNITIES	RISK MITIGATION	POLICY
Own workforce Ensuring health and safety, workers' rights, gender equality and wellbeing.	Risks Limited recruitment base if not using full talent pool, hence affecting the company's ability to reach the full potential. Reliance on key personnel: Limited number of specialists covering critical areas. 30% of the workforce between 50 and 65 years.	Minimum of one female on the shortlist in all recruitments. Strategy set to make sure we attract females to open positions including visibility of female role models in IPCO. Improved succession planning for key positions and development of high potentials. Strengthened internal mobility and cross functional/role training.	EHS Policy Employee Code of Conduct
	Opportunities Employer branding attracting young talents.		
Supplier workforce Setting high labor, ethical and environmental standards in our supply chain.	Risks Non-compliance with labor standards such as: health and safety, working hours, wages, forced labor and child labor, and freedom of association.	The IPCO Code of Conduct and Supplier Code of Conduct clearly states IPCO's position on human rights violations. IPCO publishes a modern slavery statement each year.	Supplier Code of Conduct
Business conduct Going beyond compliance with legislation and maintaining high standards of ethics and integrity.	Risks Breach of anti-bribery, anticorruption, competition or anti-trust laws, General data Protection Regulations (GDPR) or trade compliance. Bribes, price-fixing, dividing of customers and geographical markets, cartels, and abuse of dominant position. Cyber security risks including ransomware attacks and data privacy breaches.	The Group has a governance framework available on the intranet, How we run the company including global policies, Group instructions and other steering documentation. The scope of the governance framework, including the controls implemented, is based on legal requirements and risk exposure. The IPCO Code of Conduct (CoC), Supplier Code of Conduct and IPCO Core Values clearly state IPCO's position on compliance matters. In addition, a specific ABC policy is implemented. The Code of Conduct, policy framework and Core Values are included in the onboarding process and are in addition followed up every two years internally as well as with suppliers.	Anti-bribery and corruption policy Anti-trust and fair competition policy Conflict of interest policy Code of Conduct
	Opportunities Potential positive impact on animal welfare through our future core segment supplying equipment for production of sustainable leather.	IPCO has a Security Operation Center (SOC) and all employees are trained in IT security to strengthen our resilience to cybersecurity treats. Protection is provided for employee devices, and most of servers are held in the cloud.	



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