# Sustainability Report

2024

ipco

# Contents

# About the report

Welcome to IPCO's Sustainability Report outlining our sustainability priorities, goals and performance in 2024. This report is inspired by the European Sustainability Reporting Standard (ESRS). It includes general disclosures on issues such as how we report, our sustainability governance, strategy and business model, how we engage with stakeholders, how we manage risk, and our materiality assessment process. It also includes disclosures highlighting our actions and performance in the areas where we have the greatest impact on the environment and society, and which impact on us. These topics were identified through our first materiality assessment carried out in 2023.

During 2024 we have worked to improve our processes for collecting, gathering and reporting data on the material topics with the aim of making our reporting as complete as possible this year.

To enable this work, this year we invested in a reporting tool, which supports the reporting and consolidation of relevant data. The tool will make reporting more transparent and easier to audit, while systemizing data collection so it is less reliant on individuals within the company.

These improvements mean that our data collection for 2024 is more granular than in 2023 and the emission factors we use have changed slightly, making it difficult to make detailed year on year comparisons. Changes in accounting methods also highlighted some errors made in 2023, including under- and over-reporting of emission and waste data in some countries, leading to significant one-off variations.

During 2025, we will continue to improve our reporting processes and data collection and expect to have full and accurate data that is directly comparable year on year in our 2025 report, to be published in 2026.

## IPCO's material topics

→ **Environment**
E1 Climate change
E5 Circularity

→ **Social**
S1 Own workforce
S2 Workers in the value chain

→ **Governance**
G1 Business conduct

**Message from our CEO**

# Embedding sustainability across our value chain

Welcome to IPCO's Sustainability Report 2024, a year in which the evidence of climate impacts, and the need for action to tackle global environmental and social challenges, became ever clearer.

### Focusing on material impacts

As a responsible business, we have a duty to our customers, partners and stakeholders to be part of the change that is needed. We do this by focusing on the five areas where we have the greatest impact on people and planet, identified through our double materiality assessment.

- **Climate:** driving down emissions from our operations, supply chain and products
- **Circularity:** using more fossil-free materials and minimizing waste
- **Own workforce:** ensuring health and safety, workers' rights and equality
- **Supplier workforce:** setting high labor and human rights standards
- **Business conduct:** maintaining high standards of ethics and integrity

Our aim is to become more sustainable in our own business, and to support our customers and suppliers to work more sustainably. We also help to accelerate the green transition by prioritizing sales growth in areas such as clean technologies and for customers who wish to use our equipment to make sustainable materials.

### Reducing emissions and waste

During 2024, we continued our efforts to reduce greenhouse gas emissions from our operations, and the carbon embedded in our materials and supply chain. A key part of this is our proposal to use $CO_2$-neutral steel in the manufacture of our belts and equipment. We're currently exploring technical options with our partners and planning the implementation phase, which is expected by 2026.

IPCO is also committed to contributing towards a circular economy, and to support our customers in their ambition to do this. In the past year, we carried out more than 100 days of live production trials to help customers test the performance of a wide variety of products and materials made from recycled inputs such as plastic waste and biomass.

### Enhancing visibility

We have created a workstream to help us monitor sustainability in our supply chain and create a system to identify, prevent and mitigate negative impacts on human rights, labor rights and the environment.

We've also restructured this report and expanded it to include more detail on our five material topics and align with the EU Corporate Sustainability Reporting Directive (CSRD). The company has invested in an advanced reporting tool that will enable us to gather and verify sustainability data more easily and systematically. This will give us clearer visibility on our performance and lead to greater traceability and comparability of information.

### Looking forward

In 2025, we will continue to press forward with our plans to reduce our climate impact, improve circularity and improve oversight of our supply chain. We will also resume work begun in 2024 to revitalize our workforce culture, based on the input and feedback provided by our employees through our quarterly Pulse employee engagement survey.

**Robert Hermans, IPCO CEO**

# Sustainability highlights
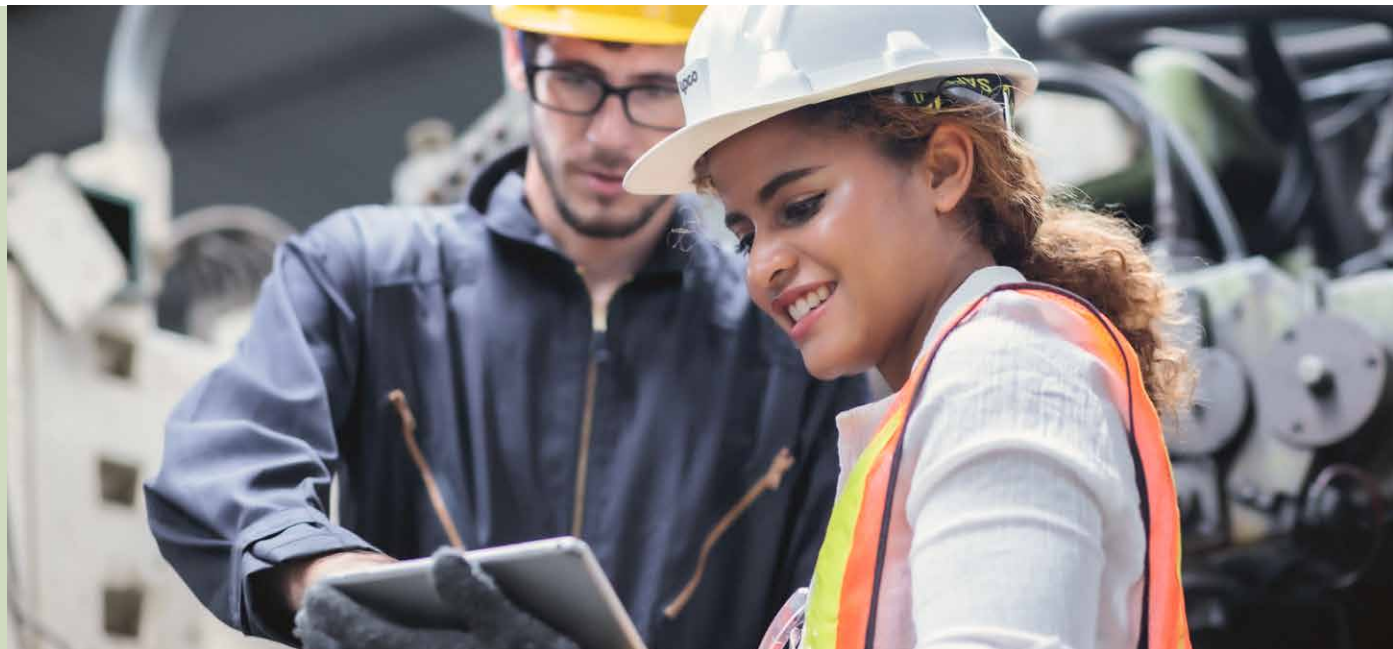


### Increasing renewable energy
We added solar generation in the Netherlands and increased our energy share from renewables from 60% to 64%.

### Reducing emissions
Emissions from transportation fell sharply as we transported less by air and more by sea.

### Sending less waste to landfill
We achieved a significant reduction in the volume of waste we sent to landfill during 2024.

### Accelerating the green transition
We hosted 100 days of test runs to help customers test products made from recycled materials and biomass.

### Switching to electric cars
Emissions from vehicles dropped as a result of our new company car policy prioritizing electric cars.

### Improving employee engagement
Satisfaction as measured by our Pulse employee engagement survey increased to +14 compared with +8 in 2023.

### Procuring low carbon steel
We agreed with our suppliers to reduce the carbon content with the aim of moving to carbon-neutral steel.

### Improving our carbon accounting
We adopted a new carbon accounting tool that will help us collect and verify accurate emissions data.

## 64%
of our energy is from renewable sources, up from 60% in 2023

## 100
days of test runs to help customers develop green products

## +14
employee engagement net promoter score, up from +8 in 2023

> 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

Spotlight

# The Wallenberg ecosystem

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 44bn SEK 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

## ESRS 2
# General disclosures

### BP-1
### Basis for preparing our statements

This report covers IPCO AB and all its subsidiaries' own facilities, products, services and employees. Other partner locations and employees are not included.

The report presents our sustainability statements on a consolidated basis, which mirrors the scope of consolidation in the company's main financial statements, ensuring consistency and comprehensive coverage of our operations and activities.

Our sustainability statement covers both upstream and downstream aspects of our value chain, including suppliers, production processes, distribution, product use and end-of-life management.

The report includes detailed actions, targets and metrics related to the sustainability topics that are most material for IPCO, which were identified in a double materiality assessment. We have not omitted any information about intellectual property, know-how or the results of innovation.

### BP-2
### Specific circumstances affecting preparation

In late 2023, IPCO acquired its partner company Long Win, giving us steel belt production capabilities for the Chinese market. We do not yet have sufficient data to include Long Win in the report for the full year 2024.

## Sustainability governance

### GOV-1/GOV-2
### Administrative, management and supervisory bodies

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

#### Board

The Board of Directors provides oversight of IPCO's business strategy and risk management, including sustainability topics. Members of the Board have longstanding experience of working in sustainability governance, and in-depth knowledge of IPCO and its operations.

The Board also has an HR and Sustainability Committee, which provides information, advice and updates to help Board members carry out their role.

The Board meets quarterly to set expectations and ensure that sustainability principles and governance are integrated into IPCO's structures and operations. It also oversees sustainability reporting, making sure that it is transparent and accurate, and approves policies when appropriate.

The Board has six members, four male (66%) and two female (33%). All of the Board members (100%) are non-executive.
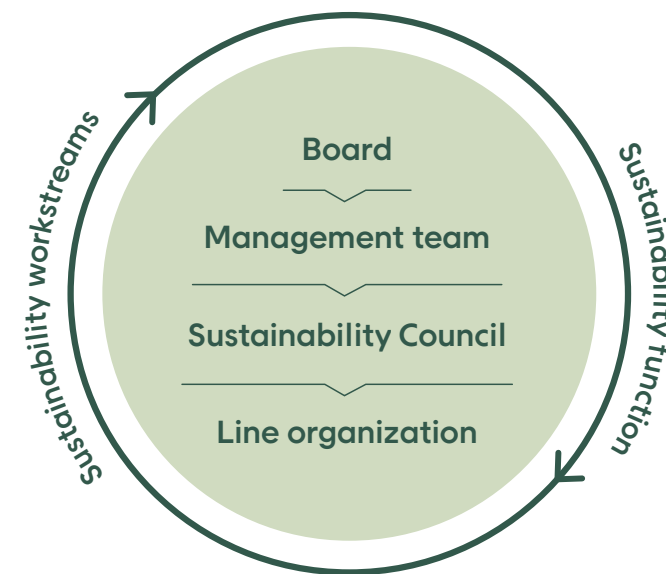


#### Management team

The senior 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.

The Chief HR and Sustainability Officer oversees actions and progress, supported by other team members, including the Chief Executive Officer, Chief Financial Officer, Chief Technology Officer and product area General Managers.
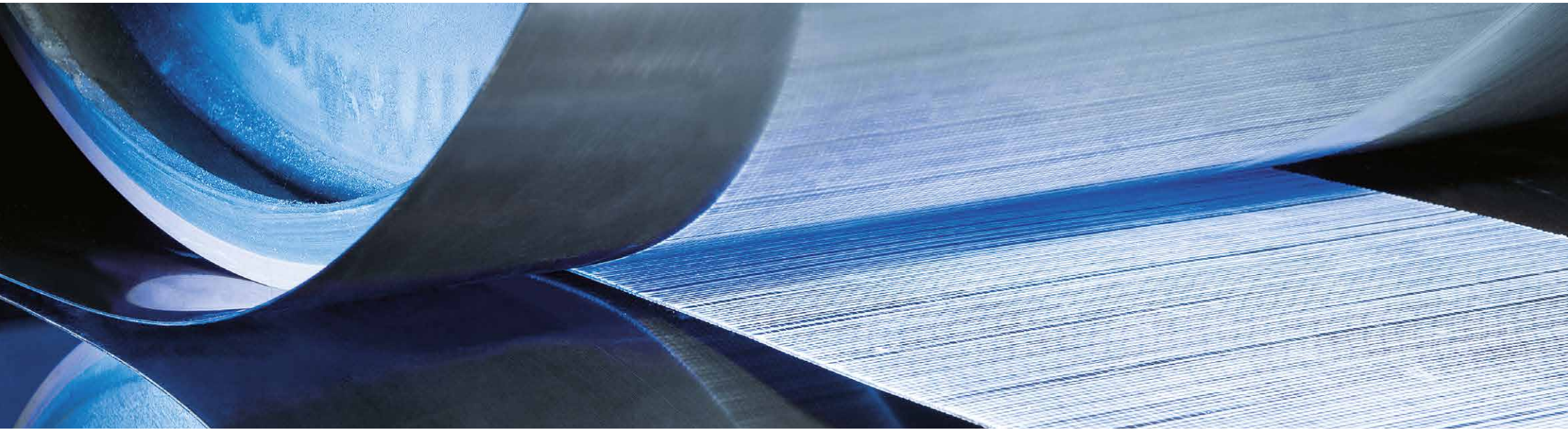
### Sustainability Manager

The Sustainability Manager is responsible for IPCO's strategy and driving the sustainability agenda across the company, raising awareness and making sure it is embedded in all departments and functions. They also manage sustainability projects, oversee data collection and reporting, and follow up on actions and targets.

### Sustainability Council

In 2024, we strengthened the composition of our Sustainability Council. It now includes senior managers from our biggest operational units and largest markets around the world, as well as our General Counsel, Chief Technology Officer and the Sustainability Manager. The Council meets every other month to drive change in IPCO's sustainability mindset, oversee targets and ensure implementation, and to integrate targets into business and production processes. It also decides on new sustainability projects and allocates colleagues to run them.

Members follow up on workstreams related to our material topics in Council, ensuring that required actions are carried out by production and operational units.

### Line organization

Several functions within IPCO, including R&D, HR, local factories, quality and procurement, 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 established a series of workstreams to drive action on issues related to our material topics, including health and safety, risk management in our supply chain, energy efficiency of sold goods and sustainability reporting. These workstreams will make sure that action plans are being implemented globally and consistently.

## GOV-3
### Integrating sustainability in incentives

The Sustainability Manager is directly responsible for driving company-wide action on sustainability. The Sustainability Manager's remuneration package therefore includes incentives linked to measurable progress on material topics. Nobody else in the business has similar incentives.

## GOV-4
### Statement on due diligence

We have included a full index of the core elements of our sustainability due diligence and where the relevant information can be found in the Appendix of this report.

## GOV-5
### Sustainability report risk management and controls

IPCO's sustainability reporting is exposed to the risk of material misstatement due to human error or incomplete data. To minimize the risk of such reporting errors, IPCO invested in an advanced reporting tool during 2024. The software provides a unified data framework for the entire business, standardizing definitions, calculations and critical metrics like emission factors.

This standardized and unified approach allows the Sustainability Manager to verify data input and identify and rectify inconsistencies or errors in data submitted by the business units. As well as improving the accuracy and reliability of data, the tool also makes it easier to trace reported data through the system.

# Our business and strategy

## SBM-1
## Strategy, business model and value chain

### 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 630 employees, IPCO has 10 production and assembly sites and five productivity centers in Europe, Asia and the Americas, and operates from 25 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 remain a market leader today.
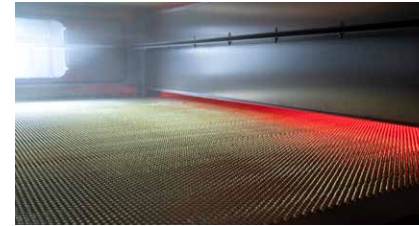


**Equipment**
We supply advanced high-performance processing equipment for a wide range of industries.



**Service**
Our local service and support experts in 25 countries maximize production uptime throughout the product life.

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### IPCO in brief

**Sweden**
Global HQ

**25**
countries with local presence

**10 sites**
for production and assembly

**2.1** BSEK
annual sales

**120+**
years in business

**c. 630**
employees worldwide

This map shows the countries in which our production and assembly sites are located. Some countries have more than one site.

## SBM-1
## Strategy, business model and value chain

**Our customer segments**

IPCO provides steel belts, equipment and services for a wide range of manufacturing and production sectors and applications, including:

- Battery technology and fuel cells
- Building materials and wood-based panels
- Composite materials
- Food and chocolate
- Cosmetics
- Digital printing
- Electronic and optical displays
- E-mobility and transportation
- Oil and gas
- Chemicals
- Pharmaceuticals and medical
- Pulp and paper
- Powder coating equipment

As part of our work with the oil and gas industry, our solutions are used to process sulphur generated as a waste product during refining. Our equipment pelletizes this waste so that it can be reused as an ingredient in products such as fertilizer for the agricultural sector. This work accounts for approximately 5% of our revenue.

**Our strategy**

IPCO innovates, produces and services equipment and steel belts to enable continuous processing of a wide variety of materials. At our productivity centers and production hubs, we partner with our customers to help them achieve their objectives through a combination of cutting-edge innovation, specialist materials expertise and equipment excellence.

Customers can test our technologies on the material they want to process at industrial scale before making an investment. We develop bespoke solutions and support customers with installation and service throughout the product's lifetime.

A key part of our growth strategy is working with industries that are vital for the green transition, such as battery technology and sustainable composites. We maximize our positive impact by helping customers to scale products and innovations so they can be used more widely. For example, we have helped customers to develop membranes for batteries and fuel cells at scale, and to increase the scope of plastic recycling.

We are also focused on supporting the development of new, more sustainable alternatives to existing materials. Through IPCO's part-ownership of Natural Fiber Welding, we support the development of plastic-free alternatives to fabrics for the clothing industry.

**Our strategy for the period 2023-27 is focused on four key objectives:**

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

## MISSION
To deliver customer success based on sustainable process solutions with an innovative and engaged global team
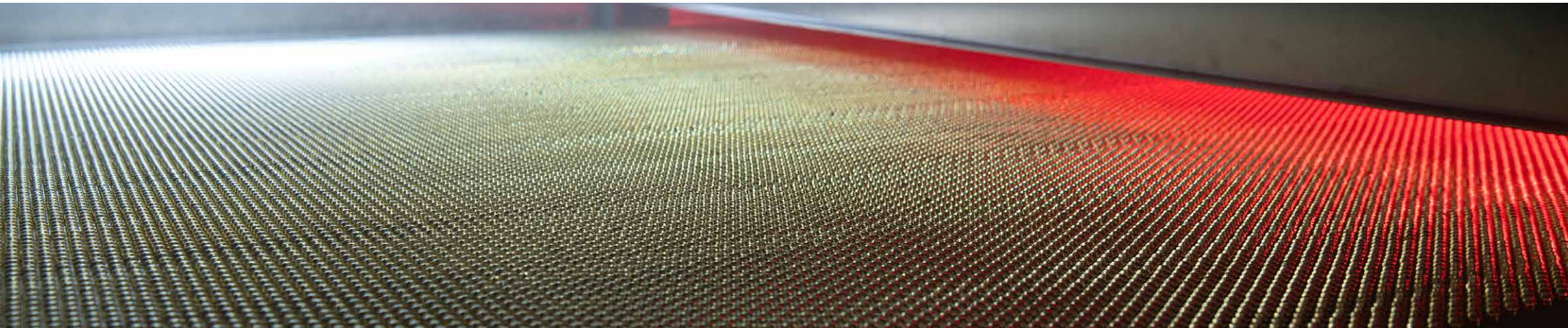
## VISION
The process solution partner of choice enabling our customers to win

## PURPOSE
To enable customer success

## SBM-1
## Strategy, business model and value chain

**Our business model**

IPCO offers two key product areas: Steel belts and Equipment, complemented by a global service and support organization.

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.

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. This includes on-site installation and commissioning to ensure a successful start-up, as well as ongoing technical support to ensure reliability and performance through inspection, maintenance and upgrades.

**Steel belts**

Designing and producing market leading conveyor belt products

**External original equipment manufacturers (OEMs)**

**Industrial processing customers**

**Service and support**

Maximizing production uptime over the product life cycle

**IPCO equipment**

Designing and producing complex industrial processing products

**Productivity centers**
Innovating materials and processes in partnership with customers

**SBM-1**
## Our strategy and business model

**Our value chain**

### Extraction of resources for raw materials

The steel used to produce our belts and equipment depends on mining of iron ore, and production processes that are fuel and energy intensive. These activities create significant emissions and pollution risk. To minimize the impact, we are constantly looking for ways to source steel responsibly and reduce its environmental footprint.

**Ability to influence: Small**

### Production of raw materials

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.

**Ability to influence: Medium**

### Design, manufacturing and assembly

Manufacturing and assembly of steel belts and equipment is energy and resource intensive. We aim to reduce this environmental impact at every stage, starting in the design phase when we work to make our manufacturing processes cleaner and more efficient. This, in turn, helps to cut the amount of energy we use and the waste we generate in production while also reducing our water consumption. We also recycle waste from the production process.

**Ability to influence: High**

### Transportation

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.

**Ability to influence: High**

### End-of-life management

Both our belts and equipment are made from steel that is highly reusable, so it is economically viable to recycle. We work to inform and engage our customers about how they can reuse and recycle our products at end of life.

**Ability to influence: Low**

### Production of components

We aim to source components for production of equipment 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.

**Ability to influence: Medium**

### Maintenance and repairs

By supporting our customers with maintenance and upgrades, we prolong the operational lifespan of our equipment. We offer service contracts including proactive maintenance to our customers to help them avoid breakdowns and keep our machinery working longer.

**Ability to influence: Medium**

### Use of sold equipment

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.

**Ability to influence: Medium**

| Share of GHG emissions | |
|---|---|
| Extraction of resources, production of raw materials and production of components | 8% |
| Design, manufacturing and assembly | 5% |
| Transportation | 1% |
| Use of sold equipment | 86% |

**SBM-2**
# Interests and views of our 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, advances the green transition.

The table gives a snapshot of the needs and interests we address with stakeholders and how we engage with them.

| Key stakeholders | Interest in sustainability/ purpose | How we engage | Outcome |
|---|---|---|---|
| **Customers** | Interested in securing a sustainable supply chain and how our equipment can help them achieve their goals. | Regular customer meetings and service calls. | Being ahead of customers' expectations on sustainability. Understanding our customers' challenges to help improve and refine our products. Programs to reduce energy consumption of our equipment. Products that cater to our core customers of the future. |
| **Employees** | Want a safe, balanced and fulfilling work experience where they have a chance for personal growth, and to work for a company that has a positive impact. | PDA meetings, Pulse survey, all-employee town hall meetings, CEO newsletters, 'Samverkan' cooperation with local unions and employee representatives. | Clear personal goals and development plans. Structured meetings with managers two times per year, to act on Pulse results. A safe work environment and more engaged employees. |
| **Owners** | See sustainability as a measure of long-term viability and set high standards in order to futureproof their businesses. | Quarterly dialogues with our owners to update them on our sustainability strategy and progress. Board and committee meetings. | Clear policies, targets and actions signed off by the Board to ensure the long-term sustainability of the company. |
| **Banks** | Want to know that the businesses they directly and indirectly finance meet their sustainability criteria. | Regular conversations to keep banks up to date with our progress. | Stable and secure access to financial resources. |
| **Suppliers** | Want the efforts they make to become more sustainable to be rewarded. IPCO wants to secure a sustainable value chain in which our suppliers make constant improvements that in turn can help us reach our sustainability targets. | Regular meetings with suppliers, the Code of Conduct for Suppliers and audits. | Workstream to launch a system for managing sustainability risks in our supply chain. Accessibility to steel with a low carbon footprint. |

# Material topics

## IRO-1

### Materiality assessment process

IPCO carried out a double materiality assessment in 2023 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, data from suppliers and scientific studies.

Based on the impact assessment, as well as the ESRS materiality topics and IPCO's ongoing stakeholder engagement work, we ran a series of double materiality assessment workshops with the management team 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

• 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 actual and 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.

In 2025, we plan to review and update our double materiality assessment. As part of that exercise, we will widen our engagement with stakeholders to ensure we get a 360-degree view of our impacts, risks and opportunities. We will also develop a more detailed method of assessing and rating the impacts, risks and opportunities, as well as completing our assessment of the financial impacts.

## IRO-1
# Materiality assessment process

### Material topics
Through our materiality assessment, we identified the sustainability topics that are most important to IPCO and which are now the focus of our improvement efforts and performance monitoring.

### Climate impact
Driving down our $CO_2e$ 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 good working conditions, health and safety, workers' rights and equal treatment.

### 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.

**Environment**
Climate impact
Circularity

**Social**
Own workforce
Supplier workforce

**Governance**
Business conduct

### Material sub-topics
During the double materiality assessment, we analyzed all sustainability topics and sub-topics listed in ESRS 1, AR16. The table below shows the sub-topics that emerged from that process as material to IPCO. Sub-topics that were not found to be material are not shown.

#### Environment
**Climate impact**
- Climate change mitigation
- Energy
- Climate change adaptation

**Circularity**
- Resource inflows, including resource use
- Resource outflows related to products and services

#### Governance
- Corporate culture
- Corruption and bribery

#### Social
**Own workforce**
- Equal treatment and opportunities for all
- Working conditions

**Workers in the value chain**
- Working conditions
- Other work-related rights

**SBM-3**

# Material impacts, risks and opportunities

The material impacts, risks and opportunities identified during our materiality assessment are summarized in the tables on these pages, and are outlined in the relevant sections of this report, as listed below.

→ E1 Climate change, page 19

→ E5 Resource use and circular economy, page 26

→ S1 Our workforce, page 31

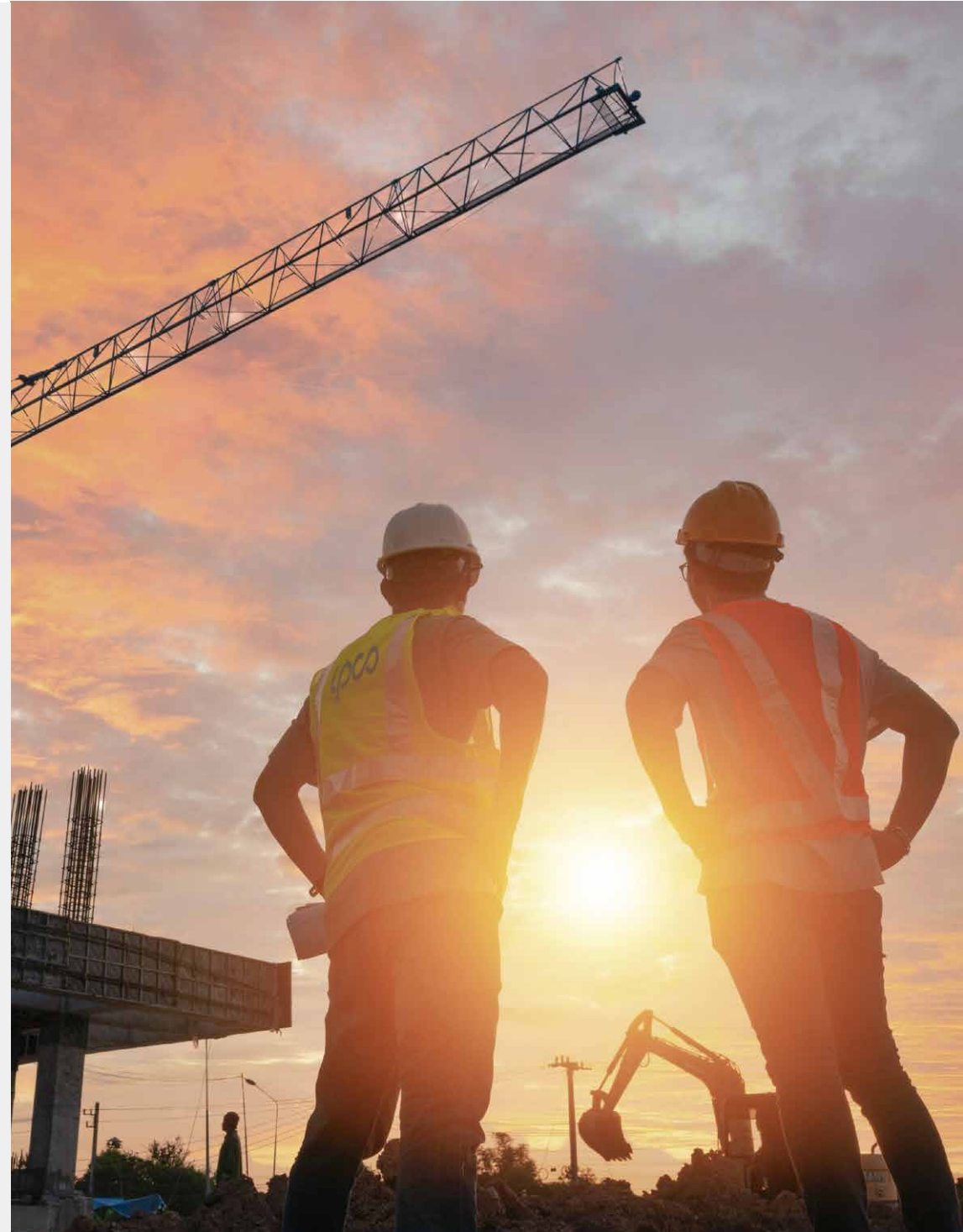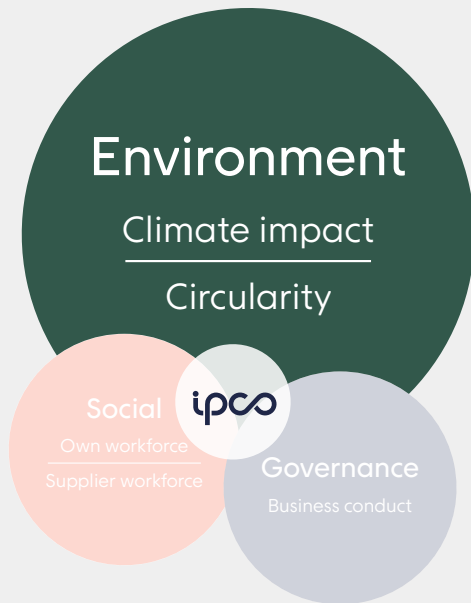→ S2 Workers in our value chain, page 39

→ G1 Business conduct, page 42

| E1 - Climate change | Impact, risk, opportunity | Where in value chain | | | Time horizon | | |
|---|---|---|---|---|---|---|---|
| | | Up | Own | Down | Short | Med | Long |
| **Climate impact from own operations** | | | | | | | |
| CO$_2$e emissions from cars, electricity and heating. | Actual negative impact | | ● | | ● | ● | ● |
| **Climate impact from supply chain, transportation and sold equipment** | | | | | | | |
| The majority of our emissions come from production of materials, including steel, transportation of materials and finished products, and the use of sold equipment by customers. | Actual negative impact | ● | | ● | ● | ● | ● |
| **Accelerating the green transition** | | | | | | | |
| Our equipment can help scale production of items needed for the transition to a green economy, such as components for batteries and fuel cells. | * Potential positive impact  * Opportunity | | | ● | ● | ● | ● |
| **E5 - Resource use and circular economy** | **Impact, risk, opportunity** | **Up** | **Own** | **Down** | **Short** | **Med** | **Long** |
| **Making our operations more circular** | | | | | | | |
| By reducing waste and recycling more, we can not only make our own business more circular, but also support our customers to reduce their environmental impact. | * Opportunity | | ● | ● | ● | ● | ● |

| E5 - Resource use and circular economy | Impact, risk, opportunity | Up | Own | Down | Short | Med | Long |
|---|---|---|---|---|---|---|---|
| **Enabling production using recycled material** | | | | | | | |
| Manufacturing waste, from both fossil-based and bio-based sources, can be recycled into new products. | * Potential positive impact * Opportunity | | | • | • | • | • |

| S1 - Own workforce | Impact, risk, opportunity | Up | Own | Down | Short | Med | Long |
|---|---|---|---|---|---|---|---|
| **Working conditions** | | | | | | | |
| Being an attractive employer is crucial. If we don't offer good working conditions, we may struggle to recruit and retain employees. We rely heavily on a limited number of specialists covering critical areas of the business. | * Potential negative impact * Risk | | • | | | • | • |
| **Health and safety** | | | | | | | |
| In factories there is an enhanced risk of accidents. | * Potential negative impact * Risk | | • | | • | • | • |
| **Diversity, equality and inclusion** | | | | | | | |
| If we don't hire from a diverse talent pool, we may limit our recruitment base and reduce the company's ability to reach its full potential. | * Risk | | • | | • | • | |

| S2 - Workers in the value chain | Impact, risk, opportunity | Up | Own | Down | Short | Med | Long |
|---|---|---|---|---|---|---|---|
| **Human and labor rights** | | | | | | | |
| Non-compliance with labor standards such as health and safety, working hours, fair wages, forced labor and child labor, and freedom of association. | * Potential negative impact | • | | | • | • | • |

| G1 - Business conduct | Impact, risk, opportunity | Up | Own | Down | Short | Med | Long |
|---|---|---|---|---|---|---|---|
| **Corporate culture** | | | | | | | |
| Breach of anti-bribery, anti-corruption or fair competition regulations. | * Risk | | • | | | • | • |
| **Cyber security** | | | | | | | |
| Cyber security risks including ransomware attacks and data privacy breaches. | * Risk | | • | | • | • | • |

# Environment

IPCO is a resource-intensive business. We recognize the impact we can have on the environment, both through our own operations and our value chain. To address this, we have set ambitious targets to reduce emissions that include our production facilities, suppliers, transportation, materials and sold products. We are also working towards a more circular economy and have set goals for reducing waste and increasing reuse and recycling. We have ISO 14001 certification for our environmental management system.

### Environment

Climate impact

Circularity

Social
Own workforce
Supplier workforce

ipco

Governance
Business conduct

## ESRS E1
# Climate change

As a global industrial processing company, we impact the climate both directly, through our operations, and indirectly, through supplier operations and the energy used by customers to run our equipment. We are working to reduce the greenhouse gas (GHG) emissions that come from all of these sources.

Through our double materiality assessment, we identified three priority areas, which are the focus of our efforts to measure and monitor performance and drive continuous improvement.

- Climate impact from own operations
- Climate impact from supply chain, transportation and sold equipment
- Accelerating the green transition

Though we don't think climate change poses any short-term physical risks to our operations, we recognize that this might change in the medium to long term. During 2025, we will carry out a climate scenario analysis to better understand these risks and how we can mitigate them.

### ESRS 2 SBM-3
## Impacts, risks and opportunities

### Climate impact from own operations
Emissions from our own operations include energy used in our manufacturing and production processes, heating and office buildings, as well as company vehicles, commuting and business travel. These sources generate emissions through the burning of fossil fuels, which can contribute to climate change over time.

### Climate impact from supply chain, transportation and sold equipment
We are indirectly responsible for emissions from:

- purchased supplies such as raw materials, components, packaging, office equipment and capital goods

- transportation of materials and finished products
- the energy used by customers to operate our equipment

These emissions occurring upstream and downstream in our value chain can have a long-term impact on climate change. We recognize that, due to the nature of our businesses, we face challenges in mitigating some of these impacts (see Decarbonization levers and limitations in E1-1).

### Accelerating the green transition
Our steel belts and process equipment can be used to scale up production of input materials for green technologies such as batteries and fuel cells. This gives us an opportunity to have a positive climate impact by enabling the shift towards renewable energy and materials, contributing to the wider decarbonization of society.

### E1-1
## Transition plan for climate change mitigation

### Embedding climate targets into strategy
The move towards a green economy is central to IPCO's business strategy and our plan for future growth. Much of our new business comes from customers in industries, such as sustainable composites and battery technology, which are powering this transition.

To achieve our goals, and be relevant to these customers, we have set targets to reduce our emissions by 2030 and 2050 based on what is required to limit the rise in global temperatures to 1.5°C above pre-industrial levels.

All our sustainability targets are followed up in our Sustainability Council, by the Board Committee for HR and Sustainability and in Board meetings (see ESRS 2 Sustainability governance, page 7).

## Decarbonization levers and limitations

**Reducing the energy required to run our machines**

By far the biggest contributor to our total $CO_2$e emissions is the energy consumed by our equipment when in use at our customers' sites.

- **Lever:** we aim to reduce this by making our equipment more efficient and less resource intensive to operate.

- **Limitation:** energy consumption can vary widely depending on what our customers use our equipment for, limiting our scope to influence those emissions.

**Reducing emissions from purchased materials**

The second biggest contributor to our $CO_2$e footprint is the emissions embedded in the materials and components that we buy from suppliers.

- **Lever:** we are working with suppliers of our main raw materials, such as steel, to explore how they can move towards carbon-neutral production. We also aim to develop a better understanding of the carbon impact of other components, as a first step towards decarbonization.

- **Limitation:** depending on the purpose for which a belt is required, we may need steel of a specific grade and quality, which may be difficult to obtain from low carbon sources. It can be difficult to assess the carbon footprint of other metal components, which may have undergone many layers of processing before we receive them.

**Limiting transport of materials and finished products**

Transportation, both inbound materials and delivery of finished products, also accounts for a large portion of our emissions.

- **Lever:** we aim to minimize the use of air transport to our customers and choose local suppliers whenever possible to keep transportation distances low.

- **Limitation:** air transport may be necessary where customers require fast delivery, for example if a belt is broken bringing production to a standstill.

**Reducing emissions from our own operations**

**Lever:** we constantly review our manufacturing systems and processes, as well as building services such as heating, across all our facilities with a view to reducing energy consumption.

## Progress in implementing the transition plan

During 2024 we invested in a reporting tool that will make our measurement of emissions and carbon accounting more accurate and robust and give us a clearer picture of our climate impact over time. The tool will give each reporting unit an easy way to see what was reported the year before and collaborate with colleagues to gather the data. They will have access to documents on how the numbers were collected the year before and an overview of what drives the emissions for that unit. This, in turn, will help us accelerate our efforts to reduce emissions.

In 2024, we also identified potential emission savings in areas such as procurement of products and services, transportation and energy use, and took steps to achieve them. These measures are outlined in E1-3 Actions to implement climate change policies.

## E1-2
## Our policies

The principles that govern our approach to climate change mitigation are defined in our Sustainability Policy. This commits us to:

- set climate targets that align with the Paris Agreement's ambition to keep the increase in global temperature to 1.5 degrees Celsius

- integrate climate considerations in our procurement and production processes

- monitor climate risks throughout our value chain

- provide a more detailed and accurate picture of our carbon footprint year on year

Our Code of Conduct sets out the behaviors we expect from our people, including working to continuously reduce our environmental impact and assisting our customers in reducing theirs.

Our Supplier Code of Conduct requires our partners to strive to reduce their emissions and to monitor and document the emissions associated with the materials and products they make for IPCO.

## E1-3
## Actions to implement climate change policies

### Reducing emissions from own operations

**Renewable energy:** in 2024, we continued to add renewable energy sources at our production sites and sales offices, for example, installing solar panels at our site in the Netherlands. In 2024, 64% of the energy we purchased was renewable, up from 60% in 2023.

**Site efficiency:** we consolidated our operations in Germany from three sites into one production center at Fellbach, which is more energy efficient. We also installed heat pumps at Fellbach to further reduce energy consumption.

**Production efficiency:** we took steps to reduce the energy required in our production process. For example, at Fellbach, we developed a more precise and efficient way to apply heat in production, while at Sandviken in Sweden we achieved better control of electric motors.

**Car and business travel:** we implemented a new car policy, which prioritizes low emission vehicles. Several business units have switched to hybrid or battery electric cars and trucks, while two sites have installed charging stations for employees. We also continued to promote the use of video as an alternative to business trips wherever possible.

### Reducing emissions from supply chain, transportation and sold equipment

**Raw materials:** we are working with our suppliers to find lower carbon sources for the quality of steel we need, looking at the energy used to produce and transport the steel and the amount of recycled material in it, which affects its carbon footprint.

One initiative is to source steel made using new, more efficient methods that reduce $CO_2$ emissions from the production process. Other actions include increasing the amount of steel we buy from the Nordic region, where the recycled content tends to be higher and the transport distances shorter, reducing overall emissions.

Our aim is to offer our customers the quality of steel they require in a low carbon alternative, to help facilitate the transition away from resource-intensive materials.

**Components:** we aim to buy components as close as possible to our production sites to reduce transportation emissions. During 2025, we will work to gain a better understanding of the carbon embedded in our components and to integrate data on this footprint into our design process.

**Sold equipment:** we design our equipment to operate as efficiently as possible and collaborate with customers to help them find energy savings. This includes measures such as optimizing heating and cooling systems, increasing the energy efficiency of electrical components, and investing in design changes to lower energy use over the long term.

**Transportation:** we continue to reduce the use of air transportation to deliver our products. Recent actions included the acquisition of Chinese steel belt producer Long Win, which will shorten transportation distances to our customers in Asia and limit the need for air transport. We are also working with our suppliers to improve how we measure inbound transportation of raw materials and components.

## Accelerating the green transition
Our global R&D function supports green transition businesses to develop innovations in fields such as electrification, organic composite materials and cellulose-based materials. This includes:

- helping customers to manufacture elements such as membranes for batteries and fuel cells more efficiently, so they can scale up production

- enabling customers to process fossil and organic waste and make it into useful materials

This, in turn, can help other industries to decarbonize and become more sustainable. We prioritize investment and resource allocation to grow our offering for these green transition businesses, which we see as our future core customers. We have invested in NFW, a U.S. company that makes fossil-free faux leather, and have provided the company with a production line to help them scale up production of this innovative material. Producing green materials at scale is critical to their viability and ease of adoption, helping to increase their positive impact.

During the year, we have helped many companies to run manufacturing tests with different types of recycled plastic at our production center in Fellbach (see Enabling production using recycled materials in E5-2). We have also supported manufacturing tests and provided equipment to make board materials from agricultural waste. This both saves trees and results in less waste being burned.

Case study

# Helping to build a renewable future

IPCO is helping a new company deliver its vision of a world built from carbon-negative construction materials made with renewable grass.

Plantd is a start-up based in North Carolina with a transformative mission to revolutionize construction with renewable, carbon-storing materials. By working with local farmers to grow perennial grass, Plantd is creating sustainable building panels that support a cleaner, more resilient future.

### Developing sustainable materials
This drought- and flood-tolerant species of grass can grow 20 to 30 feet in a year. Unlike a tree, it can be harvested up to three times per season and continues to grow back, absorbing more carbon with each cycle. The panels made from it are not only carbon-negative but also twice as moisture-resistant and 1.4 times stronger than traditional wood-based boards.

### Proving the concept in production
IPCO has supported Plantd by providing key components for its production process, including the two steel belts at the core of the machine that presses dried grass fibers into boards. Additionally, IPCO offered guidance on optimizing belt performance within the system.

IPCO continues to support Plantd with inspections and belt maintenance. "We visit them whenever we're in the area because we recognize the value of what they are doing and understand they need additional support in the early stages of operation," says Sales and Marketing Director Craig Bartsch.

As Plantd continues its mission to revolutionize construction with renewable materials, the company has plans to expand production by opening factories across the U.S. in the coming years.

## E1-4
## Targets for reducing climate impact

IPCO has set climate targets for 2030 and 2050 that are in line with the Paris Agreement, limiting the rise in global temperatures to 1.5°C above pre-industrial levels.

### Targets for 2030
- To reduce Scope 1, 2 and 3 emissions, excluding the use of sold equipment by customers, by 42% compared with 2023.
- To source 95% of the energy we purchase from renewables.

### Targets for 2050
- To reduce Scope 1, 2 and 3 emissions by 90% compared with 2023.

### Target for use of sold equipment

In 2023, we set a target to reduce emissions per running hour of our sold equipment by 42% by 2030. However, we have since found this metric does not reflect operational realities. The emissions generated per running hour may vary widely depending on the purpose for which the equipment is used by the customer. For example, some applications require both heating and cooling, which are energy intensive, while some applications require neither. This can produce a large fluctuation. In 2025, we will revise the target based on a metric that more accurately reflects the intrinsic carbon footprint of our sold equipment.

## E1-5
## Energy consumption and mix

Our energy consumption comes from the electricity we use heating our premises and company vehicles. Our aim is to both reduce overall consumption and gradually switch to renewable sources and electric vehicles. In 2024, nearly two-thirds (64%) of our electricity came from renewables, up from 60% in 2023. Total energy consumption fell by 15%. This was partly due to a drop in consumption at our Forsbacka facility in Sweden, where we are switching from district heating to heat pumps. IPCO self-generated 136 MWh of energy from solar panels in 2024.

### Energy consumption in our own operations 2024 (MWh)

|  | Fossil | Renewable | Nuclear | Total |
|---|---|---|---|---|
| Electricity | 1 156 | 6 329 | 343 | 7 829 |
| Stationary combustion | 2 259 | 0 | 0 | 2 259 |
| District heating | 8 | 5 261 | 1 | 5 269 |
| Company vehicles | 2 773 | 0 | 0 | 2 773 |
| Total | 6 197 | 11 590 | 344 | 18 131 |

**Energy mix 2024**



- Renewable: 64%
- Fossil: 34%
- Nuclear: 2%
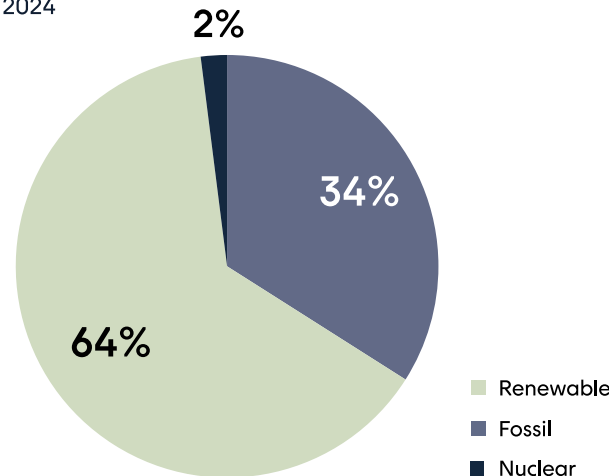
### Energy use of our sold equipment

We began measuring the energy used by customers to operate our equipment for the first time in 2023, based on the estimated product lifespan, the equipment's energy needs, and the number of hours the customer operates the equipment. However, our data is not yet complete and verifiable due to issues including lack of consistent data from customers and lack of evidence of the type of energy used in some countries. As a result, some of our data includes estimates based on an average for sites in that geographic location.

Overall, our data for 2024 shows that the lifetime energy consumption of our equipment, and resulting emissions, rose sharply compared with 2023. This is because several of the machines we supplied in 2024 were configured for manufacturing processes that are very energy intensive. These machines are expected to have a relatively long life, which will also increase their total lifetime energy use.

Such fluctuations are beyond our control. During 2025, we will explore ways to accurately measure the energy used by our customers and find a more stable metric to measure emissions from sold equipment.

### Energy use/emissions from sold equipment

|  | 2023* | 2024 |
|---|---|---|
| Lifetime operational hours | 6 716 010 | 3 289 770 |
| Average estimated lifespan | 17 years | 18 years |
| Average energy use per hour | 40 kWh | 151 kWh |
| Average $CO_2$e per operating hour | 17 kg | 53 kg |
| Lifetime energy use | 269 776 MWh | 497 057 MWh |
| Lifetime emissions $CO_2$e | 115 460 tons | 175 427 tons |

* The numbers in our 2023 Sustainability Report for total operational hours, energy use per hour and $CO_2$e per operating hour were incorrect due to a calculation error. We have updated the figures in this table.

## E1-6
# Scope 1, 2 and 3 emissions

### Note on accounting method
During 2024 we changed the way we do our carbon assessment, investing in a web-based reporting and analytics tool to enable more accurate data collection and analysis.

Since the accounting for 2024 is now more granular, and includes slightly different emission factors, the aggregated values are not directly comparable to the values for 2023. This means it is not meaningful to make an in-depth analysis of the variation in emissions from year to year. However, the data does give an indication of broad trends.

When we measure for 2025 we expect to get numbers that are highly comparable year on year, which will help us monitor progress more clearly at both unit and group level.

### Scope 1 and 2
Our Scope 1 emissions come from burning natural gas for heating and use of company vehicles. These emissions fell by 15% from 1,284 in 2023 to 1,086 tons of $CO_2$e in 2024. However, this result is subject to the accounting caveats mentioned above.

Our use of gas increased slightly but this change was mainly due to more accurate reporting. Gas consumption is expected to decrease in 2025 as a result of heat pumps installed at our largest production facility in Germany.

Emissions from company cars fell, partly because of improved reporting and partly because of an increase in the use of hybrid and electric vehicles as part of our new car policy.

Our Scope 2 emissions come mainly from purchased electricity, as well as use of district heating at some facilities. We saw a decline in emissions from both these sources in 2024.

### Scope 3
Our Scope 3 emissions mostly come from purchased materials and supplies, transportation of materials and finished products and the energy used by customers to operate our equipment. These emissions increased significantly in 2024, driven by two major factors:

- A large increase in the amount of steel we purchased, most of which was for a major project in India, where we provided large structural elements, such as silos, that we normally don't supply. For more information about purchased material, see section E5-4 on page 27.

- A big jump in emissions from the use of sold products by our customers, resulting from the sale of machines configured for energy-intensive applications (see E1-5 above).

However, we saw a big decline in emissions from transportation, including a large reduction in the use of air transport to deliver our equipment. Emissions from truck transportation also fell. This is partly due to more accurate reporting of the use of larger trucks in 2024, which translates into lower emissions per transported ton.

Emissions related to waste increased due to more granular reporting — see section E5 Resource use and circular economy, page 26.

A reduction in emissions from business travel is mainly due to variations in how travel is reported in the group. During 2025, we will look at ways to collect this data in a consistent and accurate way.

### Greenhouse gas emissions

| | 2023 tCO$_2$e | 2024 tCO$_2$e |
|---|---|---|
| Scope 1 | 1 284 | 1 086 |
| Scope 2 market-based | 1 442 | 1 342 |
| Scope 2 location-based | 1 447 | 1 096 |
| Scope 3 | 139 463 | 202 608 |
| Total market-based | 142 189 | 205 037 |

### Scope 3 emissions

| | 2023 tCO$_2$e | 2024 tCO$_2$e |
|---|---|---|
| Purchased goods and services | 8 497 | 17 413 |
| Capital goods | 4 948 | 2 957 |
| Fuel and energy-related activities | 675 | 509 |
| Upstream transportation and distribution | 5 271 | 2 472 |
| Waste | 13 | 43 |
| Business travel | 3 906 | 2 732 |
| Employee commuting | 693 | 622 |
| Downstream transportation and distribution | Not reported | 434 |
| Use of sold products | 115 460 | 175 427 |
| Total Scope 3 | 139 463 | 202 608 |

## E1-7

### Carbon credits

IPCO has not used carbon credits to finance any greenhouse gas emission reduction or mitigation projects.

## E1-8

### Internal carbon pricing

IPCO does not use a system of internal carbon pricing in any of our operations.

## How we measure emissions

IPCO reports its emissions in line with the Greenhouse Gas Protocol Corporate Standard (GHG Protocol). 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 the Netherlands, as well as the major sales offices in India, Brazil and the U.S. For our smaller sales offices around the world, we collected data on Scope 1 and 2 emissions, business travel and the procurement of IT equipment. Data for some sales offices has been estimated based on the number of employees.

During 2024 we invested in a reporting tool that will make our measurement of emissions and carbon accounting more accurate, building on the progress we achieved in 2023.

### 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 based on 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, the type of materials and where the material has been produced. In some cases, estimations are made for the type of material. Data is 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 is collected 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 is collected from internal systems

- **Use of sold equipment:** energy use by customers based on factors including the energy consumption per hour, estimated lifetime of the equipment, the number of hours customers operate the equipment, and the type of energy used in the country of use. Data is collected from internal systems

- **Business travel:** air, rail and hotel nights based on reports from travel agencies and from internal accounting

- **Transportation of finished products:** the weight and delivery destination together with the transport mode. Data is collected from internal systems

- **Waste:** all production sites report their waste based on information from waste suppliers or internal measurements

- **Commuting:** estimated, based on the number of employees and average distance to work

## ESRS E5
# Resource use and circular economy

IPCO is committed to moving towards a more circular economy and reducing dependence on virgin raw materials. As a resource-intensive business, we can make a significant contribution by minimizing waste and reusing and recycling more.

We design our products and processes to reduce the amount of material we use and the waste material we generate, while also analyzing and optimizing material flows for improved waste management and recycling.

We can also make a positive impact by supporting our customers to use recycled materials. Our know-how and equipment can be instrumental in enabling the manufacture of useful new products from waste materials such as plastics and bio-waste. We've identified this as one of our future growth areas.

## ESRS 2 SBM-3
### Impacts, risks and opportunities

**Making our operations more circular**
The main material we use to make our products is steel, which takes a lot of resources to produce, from mine to steel plant. Mining can cause pollution and be harmful to biodiversity. The steel industry is also responsible for a large share of total global emissions of greenhouse gases. These factors can lead to significant negative environmental impacts.

However, steel is very suitable for recycling. Most products made of steel can be recycled, including in the production of new steel. Products made of steel can have a very long life, particularly if they are well-designed and properly maintained. We see a strong opportunity for IPCO to reduce the need for virgin steel by making our products more circular and increasing their lifespan. In doing this, we can also help the customers who use our products to reduce their footprint.

**Enabling production using recycled materials**
Lower grade plastics can be difficult to sort and recycle. Much of this waste finds its way into the environment, through landfill or in nature, or is burned, releasing $CO_2$. IPCO technology can make it possible to recycle these plastics, for example into board materials that can be used for different purposes. As interest in circularity grows, this is an opportunity to grow our business.

We also see a great opportunity to reuse bio-waste from agriculture and forestry, which is normally burned. With our equipment this waste can be used to make boards that in some cases can replace wooden board materials. This could mean trees used for making boards today can be left standing. See the case study 'Helping to build a renewable future' on page 22.

## E5-1
### Our policies
The principles that guide our approach to circularity are outlined in our Sustainability Policy, which commits us to:

- integrate circularity in our procurement and production processes
- keep resource use in our product design to a minimum
- increase the percentage of recycled content in the raw materials and components that we buy
- minimize scrap
- service and repair our sold equipment in order to extend its lifespan
- provide documentation about the content of our products to support our customers' recycling efforts at end of life

Our Code of Conduct sets out the behaviors we expect from our employees, including working systematically to make our operations more resource-efficient and improve waste management.

Our Code of Conduct for Suppliers requires our business partners to reduce or eliminate waste through practices such as materials substitution, recycling and reusing materials.

## E5-2
### Actions to strengthen the circularity of our business

**Making our operations more circular**
During 2024, we focused on making improvements that promote circularity through the whole product life cycle from product design to end of life.

**Design phase:** rethinking our products to make them less resource intensive. For example, by using higher grade, higher strength steel, our belts can be made thinner, requiring less material.

**Sourcing:** prioritizing suppliers whose steel includes a high proportion of recycled steel, reducing the need to extract new raw materials.

**Production:** reducing scrap and sorting the scrap we do produce to make it easier to recycle. We have recycling programs at our production sites for steel, chemicals and packaging such as wood, paper and plastic.

**Use phase:** working with customers to prolong the lifespan of our belts and equipment, through maintenance, support and aftermarket service, jointly identifying opportunities to optimize the operating efficiency of our products. We also help our customers reduce waste from their operations. A good example is our ProRelease System, which reduces the amount of release agent chemicals and liquid used on our belts in production (see case study, page 29).

**End of life:** providing knowledge and resources to inform and engage our customers about how to reuse and recycle our products at the end of their life. During 2025, we will also work to provide more information to our customers on the life cycle emissions of our products.

### Enabling production using recycled materials

Developing new and innovative products using recycled materials can be challenging and typically requires a lot of testing to refine parameters, assess material properties and optimize production methods. At IPCO's productivity center in Fellbach, Germany, we offer customers test runs, so they can trial their materials and products in a real-world manufacturing setting.

During 2024, we carried out more than 100 days of test runs on different types of equipment, including a double belt press, helping customers test a wide variety of products made from recycled materials such as plastic waste and biomass. This included:

- Materials made from natural ingredients such as seaweed
- Bio-based materials for manufacturing faux leather
- Materials made from shredded plastic waste
- Alternative flooring materials
- Recycled fish net waste

## E5-3

## Targets for resource use and circularity

To increase the circularity of our business we have set the following targets:

- 90% of purchased steel should be recycled or fossil-free by 2030
- 0% of our production waste should go to landfill
- 100% of delivered products to include information on reuse and recycling by 2028

We are working towards these targets in our day-to-day operations. At the same time we are improving our data collection, from both our suppliers and our own units, so we can measure and monitor our progress with greater accuracy. We have not yet set a target for enabling production using recycled materials, but we will continue to support customers with trials and work to realize the growth potential that we see in this area.

## E5-4

## Resource inflow

IPCO purchases a wide range of materials and resources used in our products and production processes.

- Raw materials, such as coils of steel used for making belts
- Components, including manufactured parts used in our equipment
- Packaging materials, such as plastic, paper, wood and metal
- Chemicals used in different stages of the production process
- Water, mainly used for cooling and cleaning

We report on the resources used in each of these categories. However, our ability to report fully and accurately is limited in some areas.

- Our internal systems are not yet set up to measure the content and weights of individual materials contained within manufactured components. In this report, we have accounted for components based on the main material in each. This means most are considered 100% metal, though they may contain other materials such as plastic.
- We currently do not have a way to accurately estimate the recycled content of the raw materials and components that we buy.

During 2025 we will work to improve how we capture data on material composition so we can report with greater accuracy in next year's report and accelerate progress towards meeting our targets. Meantime, we are taking action to increase the recycled

content of materials, for example buying more steel from the Nordic region, where we know the recycled content is higher. The total amount of steel we bought increased threefold from 1,286 tons in 2023 to 3,921 tons in 2024. Most of this increase was due to a major project in India, for which we provided structural elements, such as silos, that we normally don't supply.

The data for 2024 shows a significant increase in our use of chemicals and water year on year. However, this is mainly related to an under-reporting error in 2023. We are working to improve our data collection methods, so the figures for 2025 will be more accurate and comparable.

| Material consumption (tons) | | |
|---|---|---|
| **Material** | **2023** | **2024** |
| Stainless steel | 511 | 1 319 |
| Other steel and iron | 775 | 2 602 |
| Other metals | 32 | 14 |
| Plastics | 43 | 109 |
| Wood | 610 | 486 |
| Paper | 3 | 5 |
| Electrical items | 24 | 47 |
| Chemicals | 19 | 31 |
| Total | 2 017 | 4 613 |

| Water consumption (tons) | |
|---|---|
| **2023** | **2024** |
| 16 469 | 22 612 |

## E5-5
## Resource outflow

IPCO's main outputs are steel belts and production equipment that is heavily steel-based. We work with our customers to maximize the circularity of this material by extending the life of our products while they are in use and encouraging recycling at the end of their life.

Our aftermarket service team helps our customers to service and repair steel belts and equipment in ways that keep them working for longer. The average expected lifetime of the equipment we sell is 18 years. We provide information and support for customers on how to reuse and recycle our products at the end of their life.

Our operations also result in material and resource waste, including scrap metal, plastic and packaging waste, as well as chemicals and wastewater from the production process. We constantly work to become more resource-efficient and minimize waste in all of these categories.

During 2024, we sent 22 tons of waste to landfill, a major decrease compared with 81 tons in 2023. A proportion of this variation was due to an over-reporting error in 2023. However, we did make some progress in reducing waste in line with our target of zero waste to landfill by 2030.

We saw an increase in the volume of hazardous waste. As with the result for landfill waste, some of this is due to changes in how we measure and account for waste. During 2025, we will work to ensure our data is accurate and comparable year on year.

| Waste (tons) | | |
|---|---|---|
| Waste type | 2023 | 2024 |
| Landfill | 81 | 22 |
| Hazardous waste: recycled | 186 | 224 |
| Hazardous waste: non-recycled | 22 | 118 |
| Waste treatment with energy recovery | 57 | 71 |
| Recycled materials (excl. hazardous waste) | 730 | 700 |
| Total | 1 076 | 1 135 |
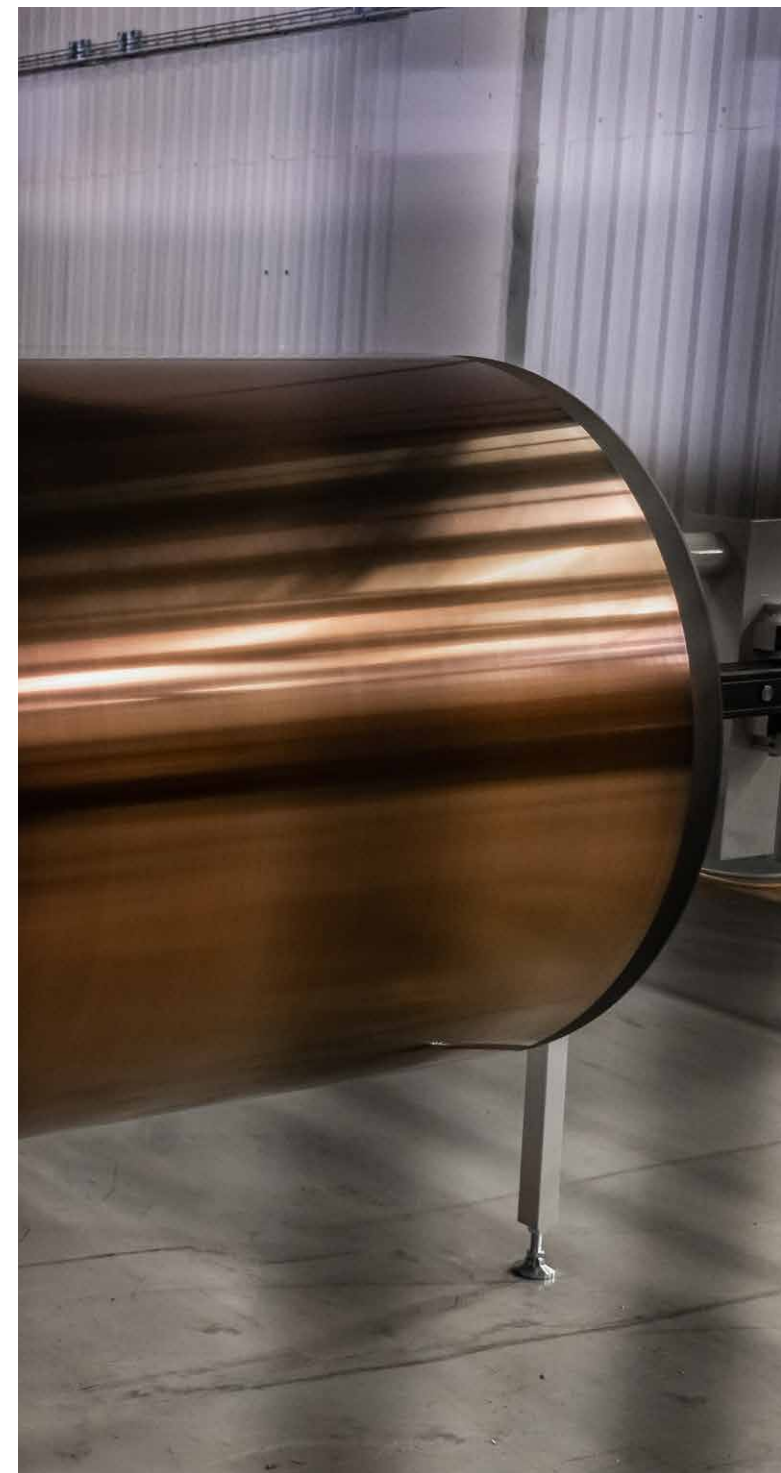
Case study

# Reducing chemicals and waste in production

IPCO engineers have developed a unique spray system that reduces the chemicals needed to operate production presses, while creating a safer working environment for employees.

The ProRelease System is a new, cleaner and more efficient way to apply release agents, which are needed to prevent products such as wood panels from sticking to belts when they are pressed.

### Precision engineered spray system
ProRelease's unique spray bar design and precision engineered nozzles deliver an extremely fine mist that results in a more even and uniform coverage, while using less water and fewer chemicals. The spray bar is enclosed in a chamber that eliminates waste and prevents spray from entering the workplace, so it is safer for employees.

The system is also cleaner than traditional sprays. This results in a better finished product, so there is less need for post-production sanding and grinding — creating less waste and dust in the atmosphere.

### Improving sustainability and quality
ProRelease is the product of two years of research, innovation and collaboration by our teams in Sweden, Spain and Germany. It was developed at our state-of-the-art testing facility in partnership with a wood panel customer who reported benefits including:

- a dramatic 90% reduction in the amount of release agent required
- fewer truck journeys required to transport the liquid and less space needed to store it
- less downtime required for maintenance
- improved health and safety and a higher quality product

While ProRelease has been tested in the production of boards and wood panels, it can be applied to any kind of product made using a press belt system.
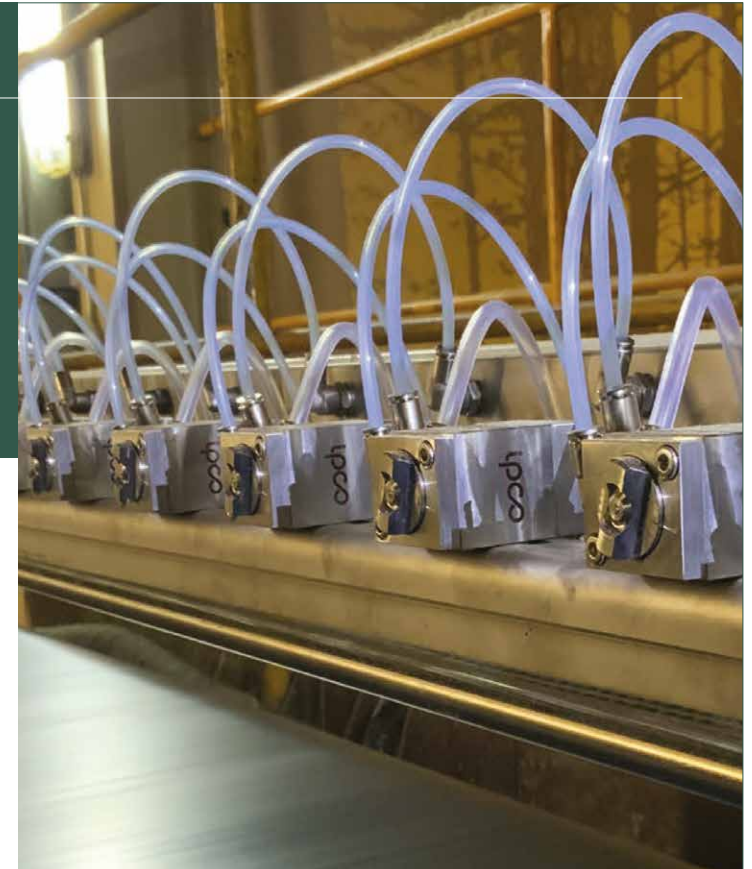
> "
> IPCO's ProRelease System reduces the amount of release agents needed, which is better for the environment and for employees.
>
> Linda Ahlqvist,
> Chief People and Sustainability Officer

# 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. We have ISO 45001 certification for our occupational health and safety management system.

### Social
Own workforce

Supplier workforce

ipco

**Governance**
Business conduct

**Environment**
Climate impact
Circularity

## ESRS S1
# Our 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.

We respect and protect workers' fundamental liberties and human rights in each of the 25 countries where we have a presence. We have signed the UN Global Compact and we're committed to the UN Sustainable Development Goals. We support the International Labor Organization conventions, the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights, as well as the OECD Guidelines for Multinational Enterprises.

During our materiality assessment, we identified three priority areas that are most important for our workforce. We will focus on these areas to assess impacts, risks and opportunities, measure and monitor performance and drive continuous improvement.

- Working conditions, including workers' rights, employee engagement and wellbeing
- Health and safety
- Diversity, equality and inclusion, including gender equality

## Working conditions

### ESRS 2 SBM-3

#### Impacts, risks and opportunities
IPCO depends on the unique skills and talents of our people to succeed. We aim to be an attractive employer offering secure employment, decent pay and workplace rights and benefits.

We recognize that if our working conditions fall short of these aims, we might be perceived as a bad employer and would not be able to recruit the highly skilled people we need.

In some countries where we operate, there is a higher risk of poor working conditions and fundamental rights and liberties not being upheld. This requires us to be vigilant in monitoring and reviewing our working practices to make sure that our people are treated with the same respect and care, regardless of where in the world they work.

### S1-1

#### Our policies
Our approach to working conditions is defined in our Code of Conduct and our new Sustainability Policy, adopted in February 2025, which codifies and updates our positions and commitments into one overarching document.

Our policies and Code of Conduct apply to all of our own workforce in every global location, including our consolidated subsidiaries, and commit us to:

- Show zero tolerance of child labor or any form of forced labor or human trafficking
- Strictly adhere to national and international minimum age laws wherever we operate and high standards of care when we recruit young people
- Never require an employee to hand over identification documents or pay a deposit when they start employment
- Handle all personal data and disclosures that employees make to the company in accordance with applicable data protection laws and rules

- Promote open and honest dialogue with employees and their representatives, where everyone is welcome to express their views about their workplace with their managers
- Recognize employees' right to decide if they want to be represented by labor unions and the right of those unions to engage us in collective bargaining
- Respect the right of employees not to join a union
- Pay salaries and benefits based on collective agreements and applicable laws, or, where no collective agreement exists, pay the appropriate living wage in each country

Our Code of Conduct further reinforces these commitments by setting out the standards of behavior we expect from all employees. Every employee who works for IPCO is required to sign the Code as part of their induction into the company.

### S1-2

#### Process for employee engagement
As part of our commitment to having an open dialogue with employees, we hold all-employee meetings that everyone is invited to attend in person or online at least six times a year. This helps our people to understand the direction the company is headed and gives them an opportunity to ask questions of management. We also have a monthly letter from the CEO sent to all employees by email in which the latest company news is communicated.

We value employee input and actively encourage feedback from across the company through our quarterly employee engagement survey called Pulse. Employees are asked to rate how they feel on issues such as inclusion, development opportunities, autonomy, clarity about future plans and motivation. The survey, which was relaunched in 2023, generates high response rates, 78% of employees taking part in December 2024.

The results of the survey are published through internal communication channels each quarter. Managers throughout the organization are responsible for discussing them with their teams and working to address any areas for improvement.

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 (eNPS), which helps us make continuous improvements. Our eNPS improved from +4 in the first quarter of the year to +14 in the last quarter to December 2024.

eNPS 2024



| | | | |
|---|---|---|---|
| | | | 14 |
| | | 10 | |
| | 8 | | |
| 4 | | | |
| Q1 | Q2 | Q3 | Q4 |
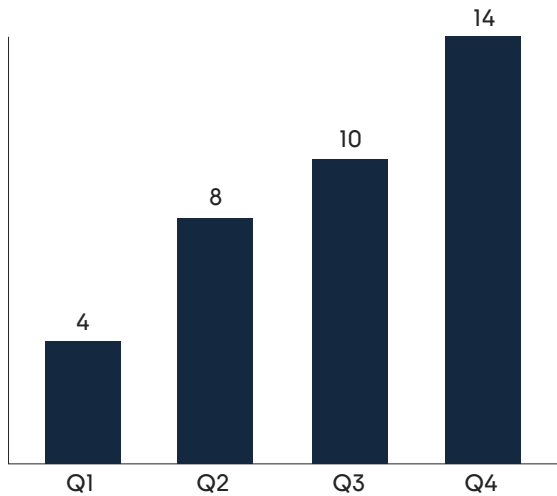
### S1-3

## Channels for raising concerns

We encourage employees to report any concerns or complaints about misconduct, discrimination, harassment or impropriety to their manager or human resources. They can also use our dedicated whistleblowing service to report serious misconduct and actions that could have a detrimental impact on our organization or a person's life or health, or any concerns they feel they cannot raise with their manager.

Our whistleblowing service is described in more detail in the Governance chapter of this report, in G1 Business conduct.

### S1-4

## Taking action to secure good working conditions

During 2024, we have taken action to mitigate impacts and risks, including those identified in our employee engagement survey.

**Action on 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 offer interesting, relevant and fulfilling work. Our commitment includes fostering strong team dynamics and empowering employees through effective management and inspiring leadership.

The Pulse survey results in 2023 showed there was room for improvement on 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". During 2024, we addressed these issues in our all-employee meetings. Managers in each business unit then took them forward, working with their teams on ways to improve.

**Improving communication:** to increase the accessibility of our town hall meetings, we introduced subtitles on all presentations in the main languages spoken by our global workforce. These include Chinese, Japanese, Korean, Swedish, Italian, Spanish, French, Brazilian Portuguese, Dutch and German. We are also in the process of renewing our intranet to make information clearer and more easily available to employees.

**Enhancing our policies:** we also began work to develop a new People Policy in 2024. This will bring greater clarity and understanding of our commitments and positions on working conditions and all aspects of working at IPCO. The new policy was adopted by the Board in February 2025.

## S1-5
## Targets related to working conditions

Our Pulse employee engagement survey is our primary method of assessing and monitoring progress on working conditions, employee experience and wellbeing.

We aim to improve our eNPS score year on year and have set a target eNPS of +25 to be achieved by 2027.

## S1-8
## Collective bargaining

IPCO recognizes the rights of unions representing our employees to engage us in collective bargaining. We currently have collective bargaining agreements in place in several countries, including Sweden and Germany, covering more than two-thirds of our employees (68%).

## S1-10
## Adequate wages

IPCO aims to pay a living wage as a minimum in all of the countries where we operate, following the Directive on Adequate Minimum Wages in the EU and applicable national benchmarks

in non-EU countries. In some non-EU countries, there is a risk that standard minimum wages may be lower than the local living wage and we constantly review our pay structures to ensure we do not fall below the living wage in any location.

Individual salaries are decided based on clear criteria related to the difficulty of the job, performance and contribution to business improvements. Salary increases are linked to an employee's role, development and achievements. The same principles apply regardless of gender, age, disability or sexual orientation and are made clear to each employee in an annual salary review.

## S1-11
## Social protection

Our employees' welfare is a top priority for IPCO. We are committed to providing social protection support for our employees, meeting accepted local standards in all the countries where we operate. This includes a competitive range of employee benefits, sick pay and help for people navigating around life events such as sickness, employment injury and retirement planning.

## S1-15
## Work-life balance

IPCO supports the rights of parents to maternity and paternity leave and we're committed to meet or exceed the standard local entitlements at all locations. We also assess requests for compassionate leave and leave to deal with caring responsibilities and family emergencies on a case-by-case basis.

## S1-17
## Human rights incidents

No cases of serious human rights abuses, such as forced labor, human trafficking or child labor, were raised in 2024. We did deal with some issues raised through our whistleblowing service — these are detailed in G1 Business conduct.

## S1-13
## Training and skills

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 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. 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.

As well as job-related training, we also offer company-wide learning to address important issues and challenges. For example, we have recently rolled out a structured program of bite-sized e-learning on data security, including topics such as how to spot phishing and recognize domains that could be a threat. This has been sent by email to all employees, so they can access it easily and fit the training into their working day.

## S1-6
## Employee characteristics

IPCO is headquartered in Sweden and has a presence in 25 countries across Europe, the Americas and Asia.

In 2024, we employed 630 people. A total of 63 employees left IPCO, amounting to a turnover rate of 10%.

### Employees by gender 2024 (head count)

| Gender | Number of employees |
|---|---|
| Male | 501 |
| Female | 129 |
| Other | 0 |
| Not disclosed | 0 |
| Total employees | 630 |

### Employees by contract type/gender

| Status | Female | Male | Other | Not disclosed | Total |
|---|---|---|---|---|---|
| Total employees | | | | | 630 |
| Permanent employees | 124 | 489 | 0 | 0 | 613 |
| Temporary employees | 5 | 13 | 0 | 0 | 18 |
| Non-guaranteed hours | 0 | 0 | 0 | 0 | 0 |
| Full-time employees | 110 | 484 | 0 | 0 | 594 |
| Part-time employees | 19 | 17 | 0 | 0 | 36 |

### Employees by contract type/region 2024 (head count)

| Status | Europe | Americas | Asia | Total |
|---|---|---|---|---|
| Total employees | 431 | 54 | 145 | 630 |
| Permanent employees | 425 | 54 | 134 | 613 |
| Temporary employees | 6 | 0 | 11 | 17 |
| Non-guaranteed hours | 0 | 0 | 0 | 0 |

### Employee turnover (head count)

| Status | 2024 |
|---|---|
| Total employees | 630 |
| Total leavers | 63 |
| Attrition % | 10% |

### Employees by region 2024 (head count)

| Region | Number of employees |
|---|---|
| Europe | 431 |
| Americas | 54 |
| Asia | 145 |
| Total employees | 630 |

# Health and safety

## ESRS 2 SBM-3
## Impacts, risks and opportunities

IPCO is committed to providing a safe and healthy working environment for all our employees. We recognize the critical importance of safety for the welfare of our people and the successful operation of our business. We work in busy factories with heavy machinery, which could pose a risk of accidents and injuries if our safety systems and protocols do not work effectively. Our service and support teams also work in customer facilities which are outside our control and which may be unfamiliar to them. This poses extra risks, which we need to manage and control.

## S1-1
## Our policies

Our approach to working conditions is defined in our Sustainability Policy and our Code of Conduct, which commit us to provide a safe, healthy and accident-free working environment and comply with all legislation, regulations and directives that apply to us.

As part of this commitment, we:

- Work continuously to eliminate obvious physical hazards, as well as negative psychosocial effects and ergonomic risks that can lead to strain or injury over time

- Foster a health and safety culture in which everyone takes responsibility to inform each other about health and safety risks

- Make sure that all employees know and follow all the rules, policies and processes necessary to maintain a safe and healthy workplace

## S1-4
## Taking action on health and safety

We provide regular safety training for managers and employees and work systematically to improve work environments and implement continuous near miss management.

Our major sites are certified to ISO 45001 safety management standard. 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. We review the causes of each accident and use the learning to improve our safety procedures and reduce the risk of future accidents.

This relentless focus on safety is bringing results. For example, at our Sandviken factory in Sweden, we have seen a large increase in reporting of safety risks, and a consequent reduction in accidents. The factory had no LTIs for more than two years from the end of January 2023 and was still accident free at the time this report was finalized. Read more about health and safety at Sandviken in the case study on page 36.

### Ensuring safety for service and support employees
We have developed a safety booklet which shows service and support employees how to carry out a safety risk assessment before starting work at customer sites, to help them minimize risks when working in unfamiliar environments.

We are also working on a structured program of safety awareness and training for our service and support teams to be rolled out in 2025. This will include knowledge and awareness of risks at customer sites, building safety systems and culture, and how to respond to incidents and accidents and report them to minimize future risks.

### Taking responsibility for safety
All IPCO managers are responsible for the health and safety of their teams. They must make sure that all the employees and contractors working for them receive the safety training and protective equipment required for their job.

Employees must know and follow the safety rules and procedures that apply in their area of operation. They must also remedy or report high-risk work conditions, accidents, work-related injuries and illnesses when they see them, and object if a colleague is careless with safety or takes unnecessary risks in performing their work.

## S1-5
## Health and safety targets
Our target for 2024 was to have zero accidents. We have set the same target for 2025 and are working systematically to eliminate risks and hazards in all our facilities.

## S1-14
## Health and safety metrics
We report on all accidents, near misses and reported hazard risks, as shown in the table. In 2024 performance was broadly similar to the previous year with zero fatalities and a slightly lower lost time injury frequency per million hours worked. We also closed out more reported hazards than in 2023.

| Health and safety performance | 2023 | 2024 |
|---|---|---|
| Total hours worked | 1 108 964 | 1 145 360 |
| Total recordable injuries | 11 | 29 |
| Lost time injuries | 5 | 5 |
| Total recordable injury rate (per million hours) | 14.4 | 25.3 |
| Lost time injury frequency (per million hours) | 4.5 | 4.4 |
| Cases of work-related ill health | | N/A |
| Fatalities | 0 | 0 |
| **Hazard reporting** | | |
| Near misses | 28 | 29 |
| Near misses resolved | 13 | 27 |
| Hazards reported | 111 | 112 |
| Hazards closed out | 82 | 94 |
| Hazard closed out ratio | 74% | 84% |

During 2024, we began a program to help our customers implement safe operational procedures when using our steel belts and equipment. This is in addition to the rigorous safety assessments and checks we perform during the design and build of all equipment, and draws on the learnings from an accident which occurred at a customer facility during the year.

Case study

# Proactive health and safety



**Thanks to a revitalized safety program, IPCO's two Swedish factories reported 0 accidents involving time off work during 2024.**

"Proactive health and safety is about a combination of two things: consistent reporting and consistent focus with action and teamwork as a guiding star," says Peter Hamne, General Manager of IPCO's sites in Sandviken and Forsbacka in Gävleborg, Sweden.

### Consistent reporting

Everyone in the factory is encouraged to report risk observations, near misses and accidents using the company's reporting tool. Each of these is followed up, addressed and closed. The manager and the safety leads for each area are kept informed about every report, from loose electrical cables and oil spills to hand injuries and psychosocial hazards.

"It is a matter of culture. By showing our teams how seriously we take their reports, people feel comfortable making them," says Peter. "I am proud that the number of risk observations has consistently been around 20 each month. And from a wide range of individuals — not just the same people."

### Consistent focus

Keeping health and safety consistently in focus is key. Every morning at 9.30, safety is the first topic to be discussed in team meetings. Teams discuss all risk observations, near misses and accidents, and whether to implement new procedures. Safety is also a key topic at management meetings and during the monthly all-hands town hall.

As part of this consistent focus, the factories have an annual regime of safety tours. Several times a year, the manager for each area of the factory reviews specific topics, such as electrics or fire safety equipment. This regime is designed to leave nothing to chance. So that all risks are identified early before they have a chance to become near misses or accidents.

> " Even with all these preventative actions, we had some accidents during 2024. Fortunately, there were no critical injuries. But we must never become complacent, and must maintain our consistent focus.
>
> Peter Hamne
> General Manager of IPCO's sites in Sandviken and Forsbacka in Gävleborg, Sweden

# Diversity, equality and inclusion

## ESRS 2 SBM-3
### Impacts, risks and opportunities

IPCO's success depends on having a workforce with a range of competences, perspectives and experiences. We value diversity and strive to create a more inclusive and well-balanced workforce, where everyone is treated equally, with dignity and respect. But we recognize the barriers to recruitment and progression that some groups, including women, can face in our industry. If we don't address these barriers, we may have to recruit from a limited pool of talent, which could prevent the company reaching its full potential.

## S1-1
### Our policies

Our approach to diversity and inclusion is defined in our Sustainability Policy and Code of Conduct, which commit us to:

- Recruit based on merit

- Create a better gender balance, both in the workforce and at management level

- Strive for equal pay for equal work

- Eliminate discrimination, bullying and harassment based on personal characteristics

## S1-4
### Taking action on diversity, equality and inclusion

Our recruitment process has been developed to promote inclusion and equal opportunities, hiring the best people, regardless of gender, marital status, parenthood, ethnic or national origin, sexual orientation, faith, political affiliation, age or disability.

Our hiring managers are trained in diversity to ensure they are fair to all potential candidates and do not apply unconscious biases in recruitment decisions. We apply gender-neutral role descriptions and we strive for balanced shortlists and interview panels.

We are currently working on how to encourage more women to apply for roles with IPCO, for example by making job advertisements more engaging and relevant to them. We will report on the outcome of this work in 2025. When we find unreasonable differences in pay between men and women, we work to reduce or eliminate the discrepancy.

IPCO takes immediate disciplinary action against physical or verbal harassment, bullying, discrimination, or any behavior that victimizes employees at work based on their personal characteristics.

Employees can report discriminatory or victimizing behavior through our confidential whistleblowing service, which is detailed in our Code of Conduct and publicized through internal communication channels. We also ask employees whether they have been subject to discrimination in our confidential quarterly Pulse survey in some countries and encourage them to speak up and seek help.

## S1-5
### Diversity, equality and inclusion targets

To drive change towards a better gender balance, we set a target to have at least 30% women in the workforce, and at least 30% women managers by 2030.

## S1-9
### Diversity metrics

We report data on the gender makeup of our workforce, the gender and age of our Board and management, as well as the gender balance among new hires. In 2024 the proportion of women working in production rose slightly, as did representation of women on the Board of Directors. However, gender diversity

fell in management. We expect to see an improvement in the overall gender balance in 2025 as a result of work to encourage more women to apply for roles at IPCO.

## S1-16
### Remuneration metrics

We constantly monitor pay in both our workforce and management to make sure we are awarding equal pay for equal work.

We are currently developing systems and processes to improve the quality of our data on pay and remuneration throughout the company, so that we can report more accurately on gender pay differentials. This data is not yet available but we hope to include it in our 2025 report.

### Employees by gender and employment category

|  | 2022 | | 2023 | | 2024 | |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Female %** | **Male %** | **Female %** | **Male %** | **Female %** | **Male %** |
| Office | 25% | 75% | 26% | 74% | 25% | 75% |
| Production | 6% | 94% | 5% | 95% | 7% | 93% |
| **Total** | **20%** | **80%** | **19%** | **81%** | **20.5%** | **79.5%** |

### Diversity of governance bodies and breakdown of other employees

|  | Share of women | Share of employees | | |
| --- | --- | --- | --- | --- |
|  |  | **Under 30** | **30–50** | **Over 50** |
| Board of Directors | 33% | 0% | 20% | 80% |
| Group Management | 10% | 0% | 20% | 80% |
| PA Belt Management | 25% | 0% | 25% | 75% |
| PA Equipment Management | 0% | 0% | 0% | 100% |
| Managers | 13% | 0% | 45% | 55% |
| Non managers | 22% | 10.5% | 55% | 34.5% |

### Total number and rate of employee hires by gender

|  | 2022 | | 2023 | | 2024 | |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Number hired** | **% of total hires** | **Number hired** | **% of total hires** | **Number hired** | **% of total hires** |
| Female | 27 | 31% | 22 | 27% | 12 | 20% |
| Male | 59 | 69% | 61 | 73% | 48 | 80% |
| **Total** | **86** | | **83** | | **60** | |

### Supporting employees and 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, recruiting 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.

Where appropriate, we also volunteer our time to support local charities. For example, our U.S. team supports a local soup kitchen every winter. In Sandviken, Sweden, we contribute our time throughout the year to a charity for young people.

## ESRS S2

# Workers in our value chain

As a global industrial processing company, IPCO works with suppliers of raw materials, components and services, from fabricators to software designers, in many different countries. We expect all of these partners to meet the standards we set for ourselves and to run their business in compliance with national laws and international labor and human rights standards.

### ESRS 2 SBM-3

#### Impacts, risks and opportunities

We know that, through our relationships with suppliers around the world, we have a significant impact on the workers in our value chain and that we need to work to reduce the risk of adverse impacts. In particular, we recognize that there is a heightened risk of non-compliance with labor standards such as health and safety, working hours, wages, forced labor and child labor, and freedom of association, in some of the countries where we operate.

The steel belts and process equipment we make also have an impact on workers who use them in our downstream value chain. We understand that we have a duty to make our equipment safe and minimize the risk of industrial accidents or ill health.

### S2-1

#### Our policies

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
- Eliminate child labor and all forms of forced labor and human trafficking
- Conduct their business in an ethical manner

### S2-2

#### Process for engaging with value chain workers

We currently don't have a formal process for engaging with workers in our value chain.

### S2-3

#### Channels for raising concerns

IPCO's whistleblowing service is open to all of our stakeholders, including workers in our supply chain. It can be found at ipco.com. Workers can use the service to report serious misconduct and mistreatment, actions that could have a detrimental impact to life or health and non-compliance with labor and human rights standards.

Our whistleblowing service is described in more detail in the Governance chapter of this report, in G1 Business conduct.

## S2-4

## Taking action on workers in the value chain

### Supplier workforce

We manage relationships with suppliers through our procurement function, which is decentralized to our 10 production units around the world. Historically, this meant we did not have the level of supply chain visibility that we would like at a group level and made it difficult to assess compliance with our Supplier Code of Conduct.

During 2024, we have taken action to rectify this. We set up a workstream to implement a group-wide system to manage supply chain sustainability risks. As part of this, we held a series of workshops with purchasing teams from across the business, to get a better understanding of the suppliers they work with, the circumstances they operate in, and what they need to be able to collect more data on workers in the supply chain and assess compliance with the Supplier Code of Conduct.

The results of these workshops will inform how we define and implement the system. Our aim is to develop a process for identifying, preventing, mitigating and remediating negative impacts on human rights, labor rights and the environment in our supply chain. This should include initial risk screenings, self-assessment questionnaires and on-site audits to ensure compliance with our Supplier Code of Conduct, especially for high-risk countries and suppliers, as well as a defined process for corrective actions when needed.

### Customer workforce

Our steel belts and process equipment are used every day by workers in our customers' factories and facilities. We do everything we can to make them safe and reduce any risk of accidents.

We carry out a safety risk assessment for all our belts and equipment before installation. Our design process meets the safety standards of the EU Machinery Directive and all our belts and equipment come with a CE conformity declaration. We also provide an operating manual with instructions for the safe operation of our equipment.

Safety measures include:

- mechanical protection such as protective covers and access restrictions

- safety switches, emergency switch and pull ropes around the machine

- hazard operation procedures where physical and technical protection is not possible

## S2-5

## Targets for workers in the value chain

Our aim is that all of our suppliers should be signed up to our Supplier Code of Conduct, but we recognize 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. We were not able to gather reliable data on the number of suppliers who have signed the Code in 2024. We will work to gather this data during 2025, as part of our workstream on managing supply chain sustainability risks.

# Governance

At IPCO, we are committed to the highest standards of business ethics and acting with fairness and integrity in all of our relationships. We have zero tolerance for bribery and corruption and any measures designed to impede fair competition. We take great care to protect the information and data that our customers and partners share with us.

## Governance

### Business conduct

ipco

**Environment**
Climate impact
Circularity

**Social**
Own workforce
Supplier workforce

## ESRS G1
# Business conduct

### ESRS 2 SBM-3
## Impacts, risks and opportunities

IPCO operates in a wide range of countries with different cultures and business practices. Much of our decision making is decentralized to local managers. This business model helps us meet the needs of our markets and respond to changing demand. However, it also brings risks, including potential non-compliance with laws on bribery, corruption and unfair competition practices in higher risk countries.

We recognize that the data we hold from customers and stakeholders could be compromised by a cybersecurity breach and that we must work to prevent this happening.

### G1-1
## Policies and corporate culture

IPCO aims to build a culture of professional, honest and ethical behavior. 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, and we comply with all applicable laws, regulations and standards in the countries where we do business around the world.

The principles, rules and guidelines that govern our business conduct are set out in:

- Our Code of Conduct
- Supplier Code of Conduct
- Anti-Bribery and Corruption Policy
- Conflict of Interest Policy
- Anti-Trust and Fair Competition Policy

### Code of Conduct

The IPCO Code of Conduct sets out our rules of business conduct and how employees should behave in their interactions with customers and stakeholders. It provides guidance on how to translate our principles into behaviors and actions in daily work and business relationships.

The Code 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. It applies to all of the countries where we operate and do business and covers topics including:

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

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. It is distributed in English and Chinese.

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.

Our aim is for 100% of employees and consultants to have signed the Code when they join IPCO, and whenever it is updated.

### Data protection and security

IPCO's IT policy regulates the company's IT environment and sets out the principles by which our digital infrastructure is managed.

All employees are required to attend IT security training in how to keep information safe and secure and strengthen our resilience to cyber threats. All employees and consultants with IPCO devices received mandatory IT security training during 2024.

IPCO has a Security Operation Center (SOC) to identify and monitor potential threats and take action to prevent them. We provide protection for employee devices, and most of our servers are held in the cloud.

### Responsible tax

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

### G1-2
## Supplier relationships

We expect all our suppliers to comply with all applicable laws, rules and regulations and meet the same standards of behavior that we set for ourselves. We manage supplier relationships based on the principles set out in our Supplier Code of Conduct.

### Supplier Code of Conduct

The Supplier Code outlines a set of standards we expect from companies in our supply chain, covering business ethics, labor and human rights and environmental practices.

**Minimum standards,** which all suppliers must meet in order to do business with us, include:

- Rules against bribery and corruption and conflicts of interest
- The prohibition of forced labor and child labor, discrimination, harassment and harsh or inhumane treatment
- An environmental policy statement

**Qualifying standards,** which we expect all suppliers to work towards, include:

- Freedom of association and collective bargaining
- Reasonable working hours
- Compensation that meets minimum wage requirements
- Health and safety practices that meet international standards
- Good environmental practices on greenhouse gas emissions, pollution, waste and recycling, chemicals and hazardous materials and energy management

Through this balanced approach, we ensure that basic standards are met now, while acting as an agent of change to bring suppliers up to the higher standards we expect over time. We are currently setting up a program to monitor progress and ensure that suppliers establish milestones and management systems in order to meet the qualifying standards.

**Supply chain risk management**
During 2024, we created a workstream to investigate how we can improve risk management in the supply chain. The goal is to implement a system to identify, prevent, mitigate and remediate actual or potential negative impacts on human rights, labor rights and the environment.

## G1-3
## Preventing and detecting corruption and bribery

IPCO complies with all laws related to anti-bribery and corruption in all jurisdictions where we operate. The principles that guide our approach are outlined in our Code of Conduct. Our Anti-Bribery and Corruption Policy reinforces this with detailed rules and guidance for employees on what is and is not acceptable. This includes real-world examples of potential wrongdoing and clear dos and don'ts to help employees avoid breaching the rules. It covers topics such as:

- Offering and receiving bribes
- Bribing foreign officials
- Facilitation payments and kickbacks
- Gifts, hospitality and expenses
- Donations and sponsorships
- The importance of record keeping

We recognize there may be a higher risk of bribery and corruption in some countries. In Germany, our biggest purchasing unit, we have annual training on anti-bribery and corruption. We are exploring further training options as we strive to create a corporate culture where there is no room for non-compliance.

Our rules against bribery and corruption are also made clear to all partners in our supply chain through the Supplier Code of Conduct.

## G1-4
## Incidents of corruption or bribery

IPCO received one report of breaches of the Code of Conduct in 2024. One incident relating to human rights, fraud, corruption, bribery or breach of anti-trust or competition laws was reported in 2024.

We did not receive any convictions or fines for violation of anti-corruption or anti-bribery laws and we have not had any legal actions taken against us relating to corruption or bribery in 2024.

## G1-5
## Political influence and lobbying activities

IPCO does not provide funding to political parties. We only make charitable contributions that comply with local laws and ethical standards. All donations must be approved at a local level. No members of the Board of Directors or management team have held roles in public administration or regulatory bodies during 2024.

## IPCO whistleblowing service

We encourage employees to use IPCO's whistleblowing service to raise concerns over actions or behaviors 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 service is available online at ipco.com. It is run by a specialist external provider to safeguard the anonymity of the whistleblower and 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. The service is password-protected and all communications are processed in confidence. Messages are encrypted and can only be decrypted by designated individuals.

After submitting a message, specialist staff may contact the employee with follow-up questions. The employee receives an ID and password and can choose an anonymous email if they wish their identity to be protected during follow-up and any subsequent investigations. Cases are escalated by the provider to the appropriate level within IPCO depending on the nature of the concern.

During 2024, one case was reported and investigated according to the laws on whistleblowing and IPCO's policy. It was discussed in IPCO's management team and referred to the Board, before being addressed and closed.

We also offer protection for employees who choose to report misconduct through other communication channels.

# Appendix

## GOV-4
# Statement on due diligence

| Core elements of due diligence | Paragraphs or pages in the Sustainability Statement | Does the disclosure relate to people and/or the environment? |
|---|---|---|
| **a) Embedding due diligence in governance, strategy and business model** | ESRS 2 GOV-2, page 7 | People and environment |
| | ESRS 2 GOV-3, page 8 | |
| | ESRS 2 SBM-3, page 16 | |
| | ESRS 2 SBM-3-E1, page 19 | Environment |
| | ESRS 2 SBM-3-E5, page 26 | |
| | ESRS 2 SBM-3-S1, page 31, 35, 37 | People |
| | ESRS 2 SBM-3-S2, page 39 | |
| | ESRS 2 SBM-3-G1, page 42 | People and environment |
| **b) Engaging with affected stakeholders in all key steps of the due diligence** | ESRS 2 GOV-2, page 7 | People and environment |
| | ESRS 2 SBM-2, page 13 | |
| | ESRS 2 IRO-1, page 14 | |
| | ESRS 2 MDR-P: | Environment |
| | E1-2, page 20 | |
| | E5-1, page 26 | |
| | ESRS 2 MDR-P: | People |
| | S1-1, page 31, 35, 37 | |
| | S2-1, page 39 | |
| | G1-1, page 42 | People and environment |
| | S1-2, page 31 | People |
| | S2-2, page 39 | |
| **c) Identifying and assessing adverse impacts** | ESRS 2 IRO-1, page 14 | People and environment |
| | ESRS 2 SBM-3, page 16 | |
| | ESRS 2 SBM-3-E1, page 19 | Environment |
| | ESRS 2 SBM-3-E5, page 26 | |
| | ESRS 2 SBM-3-S1, page 31, 35, 37 | People |
| | ESRS 2 SBM-3-S2, page 39 | |
| | ESRS 2 SBM-3-G1, page 42 | People and environment |

| Core elements of due diligence | Paragraphs or pages in the Sustainability Statement | Does the disclosure relate to people and/or the environment? |
|---|---|---|
| **d) Taking actions to address those adverse impacts** | ESRS 2 MDR-A: | Environment |
| | E1-3, page 20 | |
| | E5-2, page 26 | |
| | ESRS 2 MDR-A: | People |
| | S1-4, page 32, 35, 37 | |
| | S2-4, page 40 | |
| | E1-1, page 19 | Environment |
| | G1-1, page 42 | People and environment |
| | G1-2, page 42 | |
| | G1-3, page 43 | |
| **e) Tracking effectiveness of these efforts and communicating** | ESRS 2 MDR-T: | Environment |
| | E1-4, page 23 | |
| | E5-3, page 27 | |
| | ESRS 2 MDR-T: | People |
| | S1-5, page 33 | |
| | S2-5, page 40 | |
| | ESRS 2 MDR-M: | Environment |
| | E1-5, page 23 | |
| | E1-6, page 24 | |
| | E5-4, page 27 | |
| | E5-5, page 28 | |
| | ESRS 2 MDR-M: | People |
| | S1-8, page 33 | |
| | S1-9, page 38 | |
| | S1-10, page 33 | |
| | S1-11, page 33 | |
| | S1-13, page 33 | |
| | S1-14, page 35 | |
| | S1-15, page 33 | |
| | S1-16, page 38 | |
| | S1-17, page 33 | |
| | ESRS 2 MDR-M: | People and environment |
| | G1-4, page 43 | |
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