

# SUSTAINABILITY KPI'S

Reporting Boundaries & Methodologies



The reporting boundaries and methodologies outlined in this document relate to sustainability performance disclosures which IPL Plastics will report on for each reporting period.

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## 1.0. REPORTING BOUNDARIES

The reporting boundaries and methodologies outlined in this document relate to sustainability key performance indicator (“KPI”) disclosures which Intelligent Packaging Sub Limited Partnership (“IPL”) will report on externally for the relevant financial year.

Our sustainability reporting will cover all manufacturing operations and R&D activities in the relevant financial year, also known as the “reporting period”. The boundaries for all data disclosed will include the results of the Company and its subsidiaries.

For Sustainability KPIs, our aim is to integrate data from acquisitions as soon as it is practically possible to do so, and ideally not later than after we have collated one full year’s data. This is because systems and processes for the collection of non-financial data often vary in different parts of the world, and it takes time to integrate different systems, and, in some cases, set up those systems.

### 1.1 Uncertainty and estimates

While we make every effort to capture all information as accurately as possible, it is neither feasible nor practical to measure all data with absolute certainty. Where we have made estimates or exercised professional judgement, this is highlighted within the reporting methodologies shared with our auditors in advance of each reporting period.

## 2.0 REPORTING METHOLOGIES

The IPL Sustainability Strategy<sup>1</sup> set out three focus areas to address and strengthen our performance around relevant key environmental, social and governance topics. These focus areas are summarized under the following headings:

1. Innovation and the Circular Economy
2. Environmental Stewardship
3. People, Safety and Communities

Sections 3.0 to 5.0 below provide an explanation of our methodology for calculating IPL’s sustainability performance and other key information under these three focus areas.

### 2.1 Alignment to Standards

In mapping the Sustainability KPIs referenced in this Report, the following Standards have been referenced, namely:

- Global Reporting Initiative (GRI) Standards (“GRI Standards”)<sup>2</sup>;
- New Plastics Economy Global Commitment (“Global Commitment”)<sup>3</sup>; and

<sup>1</sup> [https://www.iplglobal.com/docs/default-source/default-document-library/ipl-sustainability-strategy-2019---2022.pdf?sfvrsn=f8ea276d\\_0](https://www.iplglobal.com/docs/default-source/default-document-library/ipl-sustainability-strategy-2019---2022.pdf?sfvrsn=f8ea276d_0)

<sup>2</sup> The G4 Guidelines have been superseded by GRI Standards which are effective for all reports published on or after 1 July 2018. <https://www.globalreporting.org/standards/>

<sup>3</sup> New Plastics Economy Global Commitment 2020 [Global Commitment - Definitions and Framework | Shared by New Plastics Economy](#)

- Sustainable Accounting Standards Board (SASB)<sup>4</sup>

For the preparation of this Boundary Report, the GRI Standards Core Option was considered. Where applicable, the Global Commitment documentation and SASB Standards for Containers and Packaging are also referenced to further align IPL's sustainability KPIs to international best practice.

### 3.0 INNOVATION & CIRCULAR ECONOMY

IPL monitors and assesses the type and volume of plastic resin raw materials inputs used and alternatives available to ensure, where practical, that our products are delivered to the customer with the smallest possible environmental footprint.

IPL will prepare and report recycled raw materials data from all plastic manufacturing plants in the Group, using internally developed reporting methodologies based on the SASB Standards for Containers and Packaging. Here we explain our methodology for gathering data relating to Circular Economy & Innovation Key Performance Indicators (KPIs):

1. % of raw materials from recycled content; and
2. Total spend on research and development activities

#### 3.1 Recycled content

In a Circular Economy<sup>5</sup>, products and components are to be made from as much recycled content as possible (where legally and technically possible). This enables a reduced dependence on virgin (fossil) feedstocks and creates a demand for recycled plastics<sup>5</sup>. In addition, greenhouse gas savings using recycled resins are estimated to be up to 85% less when compared to virgin resins<sup>6</sup>.

In recent years we have focused on the amount of recycled content used in our products across IPL, offsetting the sourcing of virgin resin raw material inputs. A core part of our Sustainability Strategy is to increase the amount of recycled content used in our products.

IPL will prepare and report recycled content from our manufacturing plants using internally developed reporting methodologies which are aligned to the SASB Standards published in December 2023, summarized below:

*Recycled content is defined, consistent with definitions in ISO 14021, Environmental labels and declarations—Self-declared environmental claims (Type II environmental labelling), as the proportion, by mass, of recycled or recovered material in a product or packaging, for which only pre-consumer and postconsumer materials shall be considered as recycled content.*

*1.1.1 Recycled material is defined as material reprocessed from recovered (or reclaimed) material through a manufacturing process and made into a final product or a component to be integrated into a product.*

*1.1.2 Recovered material is defined as material that would have otherwise been discarded as waste or used for energy recovery, but which has instead been*

<sup>4</sup> <https://sasb.ifrs.org/standards/download/>

<sup>5</sup> <https://www.ellenmacarthurfoundation.org/circular-economy/what-is-the-circular-economy>

<sup>6</sup> University of Sheffield 2023, Emission Factor Technical Report, Castleford, UK

collected and recovered (or reclaimed) as a material input, in lieu of new primary material, for a recycling or manufacturing process.

1.1.3 Pre-consumer material is defined as material diverted from the waste stream during a manufacturing process. This definition excludes materials such as rework, regrind or scrap that are generated in a process and are capable of being reclaimed within the same process in which they were generated.

1.1.4 Post-consumer material is defined as material generated by households or by commercial, industrial and institutional facilities in their role as end-users of a product that can no longer be used for its intended purpose. This includes returns of material from the distribution chain.

1.2 The percentage shall be calculated as the weight of raw materials from recycled content divided by the total weight of all raw materials for products, such that:

1.2.1 the scope of raw materials in the denominator of the percentage calculation includes all inputs processed to be sold as a finished good, including recycled raw materials and virgin raw materials;

1.2.2 the weight of raw materials may be calculated as the quantity of materials in inventory at the beginning of the reporting period, plus any purchase of materials made during the reporting period, minus any materials in raw materials inventory on hand at the end of the reporting period.

## 3.2 Total spend on research and development (R&D) activities

IPL will prepare and report R&D spending across all our manufacturing locations using internally developed reporting methodologies, namely:

*Total R&D spend is defined as the sum of R&D expenditure incurred in the period, which is either capitalized in the Balance Sheet or recorded in the Profit and Loss (P&L). R&D expenditure may include but is not limited to:*

- development of molds or machines;
- setting up/commissioning of new recycling plant, grinders, shredders, pelletizers;
- spend on molds or machines related to customer product innovation/investment,
- product innovation (be it at the request of a customer or at our own behest);
- process/cycle time improvements;
- formulation, design, evaluation and selection of alternatives for materials e.g. testing around increasing recycled resins, lightweighting; and
- external consultancy costs incurred in connection with R&D together with employee time incurred in connection with the above.

## 4.0 ENVIRONMENTAL STEWARDSHIP

### 4.1 Overview

Greenhouse Gas (GHG) emissions contribute to climate change. For the tracking of GHG emissions associated with our activities, IPL will use the GHG Protocol<sup>7</sup> to report emissions relating to our operating Plants.

The GHG Protocol has established a classification of GHG emissions under Scope 1, 2 and 3. IPL will track and report our Scope 1, 2 and 3 emissions using the following reporting methodologies outlined in Sections 4.2 to 4.4 below.

<sup>7</sup> Homepage | GHG Protocol <https://www.globalreporting.org/standards/gri-standards-download-center/gri-305-emissions-2016/>

## 4.2 Scope 1 GHG Emissions

### Background

Scope 1 emissions are defined as direct emissions from owned or controlled sources. Scope 1 emissions (i.e. direct carbon dioxide equivalents (CO<sub>2</sub>e) missions) from IPLs activities fall into three headings, namely:

- On-site stationary energy consumption (boilers/heaters);
- Mobile combustion (forklifts and other on-site mobile plant; and
- Fugitive emissions.

De minimis quantities of CO<sub>2</sub>e per annum<sup>8</sup> are excluded, such as carbon emissions associated with leased cars and delivery trucks since they are considered immaterial to the company's overall GHG impacts.

### Stationary & Mobile Combustion

Sources of stationary emissions in IPL typically include boilers for heating buildings and gas-fired wrapping stations. The most common fuels include natural gas, diesel, gas oil and light fuel oil.

Sources of mobile emissions in the IPL Group typically include forklifts and other mobile machinery activities associated with movement of raw materials and finished goods, which typically run on gas/propane.

Based on a review of Scope 1 data from previous periods across IPL's operations, the following combustion emission sources have been identified, which include approximate % contributions to these Scope 1 emissions:

- *Natural Gas (52%);*
- *Propane/Liquid petroleum gas (24.5%);*
- *Diesel (17.5%);*
- *Light fuel oil (5%); and*
- *Other (1%)*

## 4.3 Scope 2 GHG Emissions

Scope 2 emissions (i.e. indirect CO<sub>2</sub>e emissions) are defined as indirect emissions from the generation of purchased energy e.g. purchased electricity and heat (*Note: heat not applicable to IPL operations, e.g. district heating system typically seen in continental Europe*).

Following a review of data from previous reporting periods, the following Scope 2 indirect emission sources have been identified in the Group, which include approximate % contribution to these Scope 2 emissions:

- Purchased Electricity (100%)

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<sup>8</sup> **Note:** De minimis thresholds to be confirmed once the full year reporting period data has been verified. These thresholds will be reviewed annually to reassess the materiality of the data.

## 4.4 Scope 3 GHG Emissions

Upstream Scope 3 emissions primarily arise from virgin and recycled resin inputs, which is the current focus of the reporting period. In future reporting periods, IPL will introduce other downstream Scope 3 emission sources.

These primary input raw materials comprise of a range of plastic resin pellets with different characteristics. The pellets are manufactured using a polymerisation process that results in different grades of plastics. The plastic resin pellets can be produced using virgin or recycled resins and perform in different ways, which determines their use in products.

### Conversion factors

In accordance with the GHG Protocol, IPL will defer to national standards, where available. Where official national standards are not available, IPL will then use data produced by third parties such as established non-governmental organisations. IPL's preference is to use openly published data wherever possible and links to the source data will be included in IPL's Power BI reporting system. The links will be reviewed annually, and IPL's will undertake to keep the underlying data updated on a regular basis.

Where no third-party data is available, IPL will calculate an appropriate emissions factor and document its methodology or consider the purchase of proprietary data as a last resort.

## 5.0 PEOPLE, SAFETY & COMMUNITIES

### 5.1 Background

People and communities are the cornerstones of IPL's success. We rely on motivated and healthy people to meet the needs of our customers. In addition, we rely on strong local communities to support and enable our operations.

Helping our people and local communities thrive is a focus area of our Sustainability Strategy. We will further invest in protecting our people and encourage greater engagement with our local communities. IPL's approach to tracking this focus area is summarized under Sections 5.2 and 5.3 below.

### 5.2 Health & Safety

A core value at IPL is the safety of our employees and external contractors. It is the direct responsibility, dedication, and commitment of all IPL employees to maintain a safe workplace and support our overall sustainability efforts.

IPL tracks the total recordable incident rate as our KPI for health and safety. Our recordable incident rate is calculated using the U.S. OSHA classification criteria. The industry average is based on the incident rate of occupational injuries and illnesses for Plastics Product Manufacturing (NAICS 326100) as published (and updated annually) by the U.S. Department of Labor's Bureau of Labor Statistics<sup>9</sup>.

IPL will track all injury and illnesses under the following incidence rate:

1. *Total Rate = Total recordable injury and illness cases;*
2. *Days Away Rate = Cases involving days away from work;*
3. *Job Transfer/Restriction Rate = Cases involving job transfer or restricted work*

<sup>9</sup> <https://data.bls.gov/iirc/>

- activity only; and*
4. *DART Rate = Total cases involving days away from work, days of restricted work activity, and/or job transfer.*

For external disclosure purposes, IPL's safety performance will be summarized using the Total Recordable Injury rate for employees (direct and indirect labour) only (no. 1 above).

### 5.3 Local Communities

Another key ambition of our Sustainability Strategy is to actively engage with local communities where we operate to create a positive impact and contribute to the local economy.

To track our performance against this ambition, IPL will prepare and report community spending and associated activities in the vicinity of all our plants using the following internally developed reporting methodology:

***Financial contribution*** (US\$) to the community e.g. Sponsorships, Charitable Contributions, fund raising initiatives, community support programs, staff volunteering time etc.; and

***Narratives*** on any engagements associated with the above financial contributions.