



Sustainability Report 2023

sustainability.ifs.com

Introduction

Our approach

Our business

Our customers

Broader impact

Annex

We report on sustainability annually on our website, *Year in Review* report and *Annual Report*. The contents of this report, including all information and data, have been internally reviewed and assessed by management. Additionally, EY provided limited assurance over selected environmental and social key performance indicators. The report is for the calendar year 2023 and is for the organization IFS AB and its subsidiaries, reported at the entity level of IGT Holding III AB, referred to as 'IFS', 'Group' or 'the company' throughout. Our Sustainability Report was prepared with reference to the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) Standards and Task Force on Climate-Related Financial Disclosures (TCFD).

For further information or queries about the report please contact sustainability@ifs.com.



Our approach	3
Introduction & Leadership Reflections	3
Our 2023 Sustainability Highlights	5
Our mission, strategy, and key targets	6
Strategy & Governance	8
TCFD Report	10
Excellence in our business	15
Environmental Impact	15
Sustainable Procurement	19
Carbon Offsets	20
Diversity & Inclusion and Employee Wellbeing	21
Human Rights and Anti-Corruption	24
IFS Cyber Security and Privacy	25
Tax Strategy	26
Supporting our customers	27
Strategic focus of IFS Cloud	28
IFS Cloud Emission Tracker	29
ESG Lobbies	29
Broader impact	32
IFS Foundation	32
IFS Education Program	35
Volunteering	36
Annex	37
Auditor's Report	38
KPI Definition	39
GHG Inventory Breakdown	40
GRI Index Table	41
SASB Index Table	43
UN Global Compact Principles	44



Our approach

As we reflect on the past year, it is clear that 2023 was a year of both challenges and progress.

Our approach	3
Introduction & Leadership Reflections	3
Our 2023 Sustainability Highlights	5
Our mission, strategy, and key targets	6
Strategy & Governance	8
TCFD Report	10

CEO Letter

Despite global challenges such as geopolitical instability, macro-economic upheaval, and the worsening impact of climate change, IFS has strived to remain united in our commitment to our customers and to sustainability. We continued to work strategically and collaboratively to align our sustainability efforts with our business goals, so that we may contribute to the greater good of our planet.

In 2023, we made great strides in integrating Environmental, Social, and Governance (ESG) into our everyday business. We established a network of Sustainability Business Partners, who helped advance our sustainability agenda. We also made progress in our three ESG pillars: “Excellence in Our Business,” “Supporting Our Customers,” and “Having a Broader Impact” - which are each detailed in this report.

As sustainability requires collaboration, we worked closely with our customers to identify opportunities to support them. We also integrated ESG more deeply into our product development, such as introducing the IFS Cloud Emission tracker for Scope 1 and 2 emissions in November 2023. To accelerate the adoption, we are collaborating with ClimaTiq to bring scientifically embedded carbon data to our early adopters.

We also aligned with external sustainability disclosure requirements, including the Task Force on Climate-Related Financial Disclosures (TCFD).

This year, IFS conducted climate scenario analysis and received approval for our science-based emissions reduction target from the Science Based Targets initiative (SBTi).

It is clear that embracing diversity enables us to make better business decisions and I am proud of the progress we made in the social area. We collaborated with educational institutions and increased the percentage of female managers, demonstrating our commitment to gender equality and talent development. As a result of our efforts, we received an EcoVadis Silver Medal, placing IFS in the top 25% of vendors who use the EcoVadis platform. This represents an improvement from last year’s Bronze Medal and reflects our efforts to embed sustainability principles into our core processes, especially procurement.

While we are proud of our progress, we know there is still room for improvement. In the coming year, we will continue to expand our sustainability efforts and make further progress across all three of our ESG pillars. ESG will be integrated across our business and build on our support for our customers to achieve a wider impact, together.

Together, we can overcome the challenges of our time and make meaningful progress towards a more sustainable future. Let us continue to work collaboratively and strategically to align our sustainability efforts with our business goals and contribute to the greater good of our planet.

Mark Moffat
CEO



Sophie Graham
Chief Sustainability Officer

In today’s spotlight, sustainability takes center stage. Companies must not only demonstrate responsible practices but also drive innovation to address global challenges, including climate change. This holds particularly true for the technology sector. As we embark on digital transformation, sustainability becomes an essential companion. I’m genuinely enthusiastic about our commitment to assisting customers in achieving their

ESG (Environmental, Social, and Governance) goals. Equally, I take pride in the strides we’re making within our own organization. Sustainability is a team endeavor, and this report highlights the impact we’re creating through cross-functional collaboration, strategic external partnerships, and our unwavering support for the IFS Foundation.

* CEO appointment and Chief Sustainability Officer appointment were made in January 2024

Jacqueline de Rojas
Board Level Sustainability
Representative



“
At IFS, sustainability is ingrained in our core values, driving our commitment to a better future.

To accelerate our impact, our leadership has made the strategic decision to embed sustainability into every aspect of our business operations.

As part of this initiative, **we launched the Sustainability Business Partners (SBP) network last year**, serving as a crucial platform for integrating sustainable practices across all our business units and regions. By providing comprehensive sustainability training to our network members, we ensure that these values are not just adopted but actively embraced and implemented throughout our organisation.

Kate Bishop
Chief Human Resources Officer



“
Reflecting on our sustainability journey in 2023, I'm proud to highlight our strides in diversity, equality and inclusion.

This year, we've seen great progress, particularly in **increasing female representation in management roles - rising to 31.91%** from 28.26% last year. Additionally, 41.1% of our new people manager hires this year have been women, a testament to our commitment to gender diversity.

Multiple initiatives like IFS Women, panel discussions and mentoring reinforce our dedication to creating an inclusive workplace in all of our global locations. Here's to continuing this important work and building an even more diverse and inclusive IFS.

Matthias Heiden
Chief Financial Officer



“
Carbon offset hedging is an important element of good sustainability practice and is one of the areas where finance can lead from the front on ESG.

To address residual emissions that we cannot yet reduce, **in 2023 IFS partnered with Patch to source multiple high-quality, high-integrity carbon credits.**

This is a strategic decision that aims to remove real tonnes of carbon from the atmosphere and support our overall decarbonization strategy. I look forward to further progress in 2024 and leading the finance function's vital contribution to a more sustainable future.

Christian Pedersen
Chief Product Officer



“
We recognize the impact that technology can have in empowering our customers and **2023 saw IFS proudly integrate more sustainability features into our product suite than ever, reflecting our commitment to investing in this critical area.**

As customers and consumers become more demanding of a company's sustainability stance, a clear strategy and ability to deliver results will create long-term value. IFS Cloud is designed to help manage and achieve sustainability goals, profitably and transparently.

Updates introduced in 2023 allow industries to leverage data to measure progress against commitments, demonstrate accountability, reuse components, reduce production costs and increase revenue.

Sustainability highlights



Excellence in Our Business



Female managers reached*

31.91%

(2022 YE: 28.26%)



Reportable data breaches for last 5 years**

0



Near-term 2030 Science Based Target approved by the Science Based Targets initiative



100% renewable electricity across our sites in 2023



Launched our internal network of Sustainability Business Partners



Received EcoVadis Silver Medal for our Group performance

* This KPI demonstrates the percentage of women among the Group's executives, directors, officers and management roles ('People Managers') against the total number of employees at those levels. Data is calculated as a point in time average of the actual number of female managers at each quarter end in the year 2023. For more details please refer to our "KPI Definitions" section of Annex, p.39.



Supporting Our Customers



Released IFS Cloud Emissions Tracker Available for Scope 1 and 2



Released ESG Lobby First version released in November 2023



Progressed with standardized approach for supporting Corporate Sustainability Reporting Directive (CSRD)



Established partnership agreements for supporting customers with CSRD

** This KPI includes major Reportable Events of data security breaches. "Reportable Event" means any major security incident resulting in:
 1 Loss of customer, employee or financial data outside of the Group;
 2 Major business and operational disruption to services as a direct result of such cyber incident; and
 3 Financial loss, in each case as a result of a ransomware or other major cyber-attack, and which the Group is obligated to report to the relevant regulator. For more details please refer to our "KPI Definitions" section of Annex, p.39.



Making a Broader Impact



Collaborated with 123 educational institutions through the IFS Education Program

123

(2022 YE:99)



CSR Volunteering Days taken by 17.20% employees (1010 employees)***

17.2%



IFS Foundation activities expanded to second site, with initial sanitation project completed late Q4

Awards



Business Intelligence Award
 Category: Sustainability
 Status: Won



ERP Today
 Category: Sustainability Hero
 Status: Shortlisted

*** This KPI demonstrates the percentage of employees who used their CSR leave in part or whole against the average number of employees across the Group in the period. For more details please refer to our "KPI Definitions" section of Annex, p.39.

Our mission

Sustainability Strategy

IFS develops and delivers cloud enterprise software for companies around the world who manufacture and distribute goods, build and maintain assets, and manage service-focused operations. Within our single platform, our industry-specific products are innately connected to a single data model and use embedded digital innovation so that our customers can be their best when it really matters to their customers - at the Moment of Service.

In 2023, we continued our efforts in delivering on our mission to **transform and improve entire industries as well as individual lives through technology**, making further strides in integrating ESG into our everyday business. We established a sustainability strategy designed to drive action against the material ESG topics where we can have the biggest impact. This is framed around three key pillars which support a clear and actionable mission: 'Excellence in Our Business', 'Supporting Our Customers' and 'Making a Broader Impact'.



Materiality Assessment

Our current materiality assessment is based on surveys to business leadership, our investors, customers and suppliers, which scored the importance of ESG topics. This provided key input to our sustainability strategy in reporting. In 2024, we are conducting a double materiality assessment. IFS will engage with a third-party expert for this data-driven analysis that will support our preparation for the EU Corporate Sustainability Reporting Directive (CSRD) requirements.

Three key pillars



* For more details on our Science Based Target please refer to our "Environmental Impact" section, p.15

Year-Over-Year Progress Table*

Target	2022 Status	2023 Progress
Female Managers**	28.26%	31.91%
Number of Reportable Data Breaches***	0	0
Number of Educational Institutions Engaged (cumulative)	99	123
Number of CSR Volunteering Days****	570 (12.4% of employees)	947 (17.2% of employees)
Carbon Neutrality	100% Electricity consumption matched with 100% renewable electricity across global operations*****	100% Electricity consumption matched with 100% renewable electricity across global operations. In addition, IFS purchased a first batch of high-quality, certified carbon credits*****
Near-term 2030 Science Based Target	Committed to Science Based Targets initiative (SBTi) and baseline carbon footprint established	Near-term 2030 Science Based Target approved by the SBTi

* For more information on our KPIs, please refer to our "KPI Definitions" section of Annex, p.39

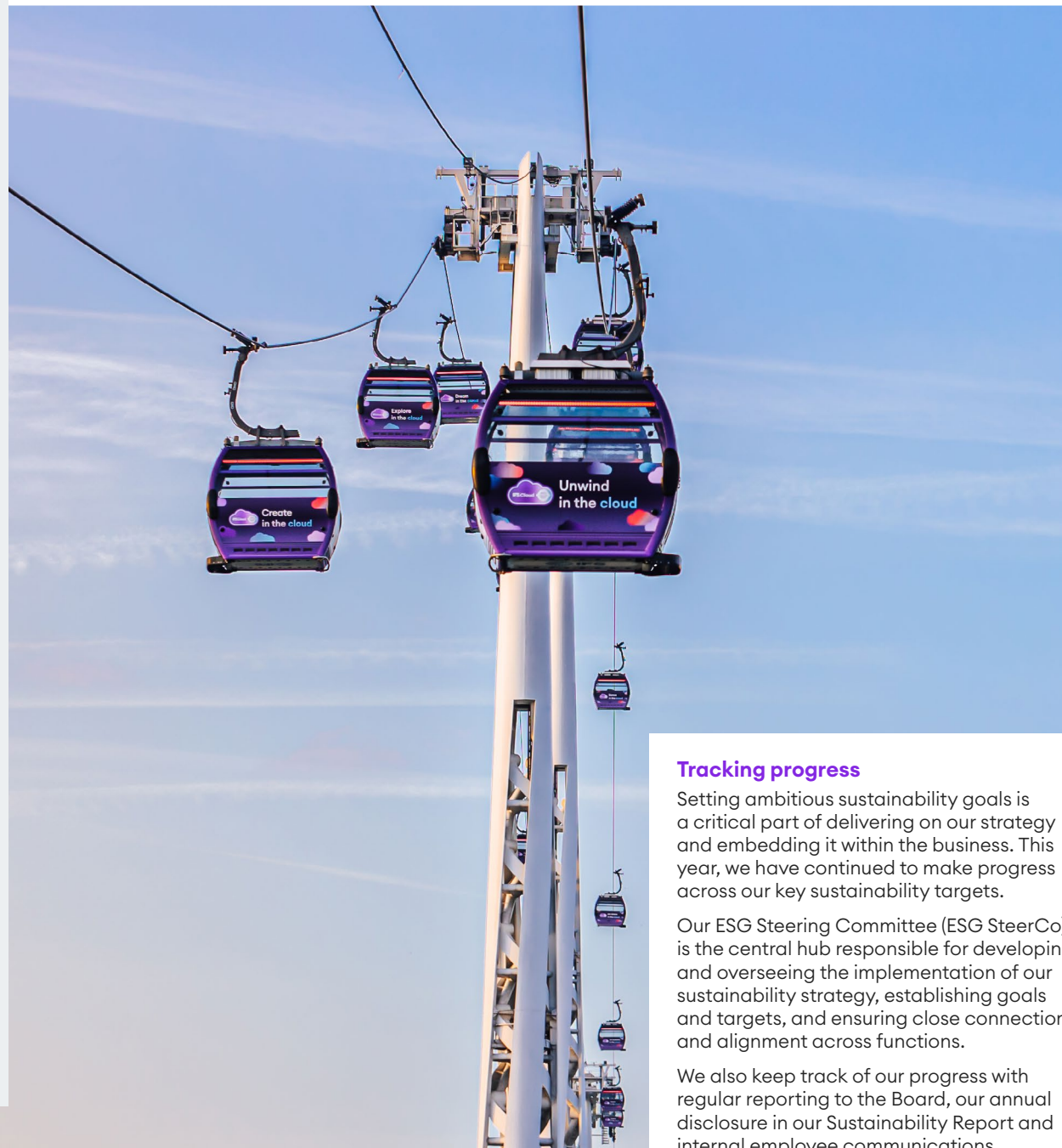
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*** This KPI includes major Reportable Events of data security breaches. "Reportable Event" means any major security incident resulting in:
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2 Major business and operational disruption to services as a direct result of such cyber incident; and
3 Financial loss, in each case as a result of a ransomware or other major cyber-attack, and which the Group is obligated to report to the relevant regulator. For more details please refer to our "KPI Definitions" section of Annex, p. 39.

**** This KPI demonstrates the percentage of employees who used their CSR leave in part or whole against the average number of employees across the Group in the period. For more details please refer to our "KPI Definitions" section of Annex, p. 39.

***** IFS used 100% renewable electricity (RE) across global operations in 2022 and 2023, covering all non-renewable electricity volumes via purchase of Energy Attributes Certificates (EACs) and green tariffs, except for 2022 Sri Lanka volumes (2,253 MWh) as no EACs were available in this market for this period. 1 EAC represents 1 MWh of 100% RE generated by a provider. Green tariffs refer to contracts for 100% RE that usually consist of bundled EACs. RE is generated from renewable resources, which are naturally replenished on a human timescale, such as sunlight, wind, rain, tides, waves, and geothermal heat. Purchasing EACs therefore enables IFS to decarbonize its electricity supply. For more details please refer to our "KPI Definitions" section of Annex, p.39.

***** All purchased carbon credits adhere to Patch's quality standards ensuring appropriate levels of transparency and verifiability, additionality and permanence, whilst ensuring minimal leakage. For more details on our approach to carbon credits please refer to p.20.



Tracking progress

Setting ambitious sustainability goals is a critical part of delivering on our strategy and embedding it within the business. This year, we have continued to make progress across our key sustainability targets.

Our ESG Steering Committee (ESG SteerCo) is the central hub responsible for developing and overseeing the implementation of our sustainability strategy, establishing goals and targets, and ensuring close connection and alignment across functions.

We also keep track of our progress with regular reporting to the Board, our annual disclosure in our Sustainability Report and internal employee communications.

Strategy

External Frameworks

UN Global Compact Signatory

We are proud to be a signatory to the UN Global Compact, which acts as a framework and guidance for all businesses and companies to support in defining sustainability strategy and provides a universal language for corporate responsibility. For more information on the Compact please refer to unglobalcompact.org

UN Sustainable Development Goals

IFS supports achievement of the UN's Sustainable Development Goals (SDGs). Adopted globally, the **SDGs** are a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

We identified five key SDGs most relevant to our business and sector, based on our sphere of impact and materiality to our key stakeholders.

Find out more about our SDGs contributions in the case studies in this report.



Science Based Targets initiative (SBTi)

This year, the SBTi approved IFS' near-term (2030) science-based emissions reduction target following our submission earlier in the year. We have committed to reduce absolute Scope 1 and 2 GHG emissions 42% by 2030 from a 2022 base year, and reduce absolute Scope 3 GHG emissions from purchased goods and services, business travel, and employee commuting 25% within the same timeframe.

In setting this target, IFS have joined a global community of companies and financial institutions that are taking vital science-aligned actions to help deliver a net-zero economy and keep global warming below 1.5°C.

TCFD

In 2022, IFS committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to better understand the risks and opportunities that climate change presents to our business and develop our strategy planning to effectively mitigate risk and capitalise on opportunities.

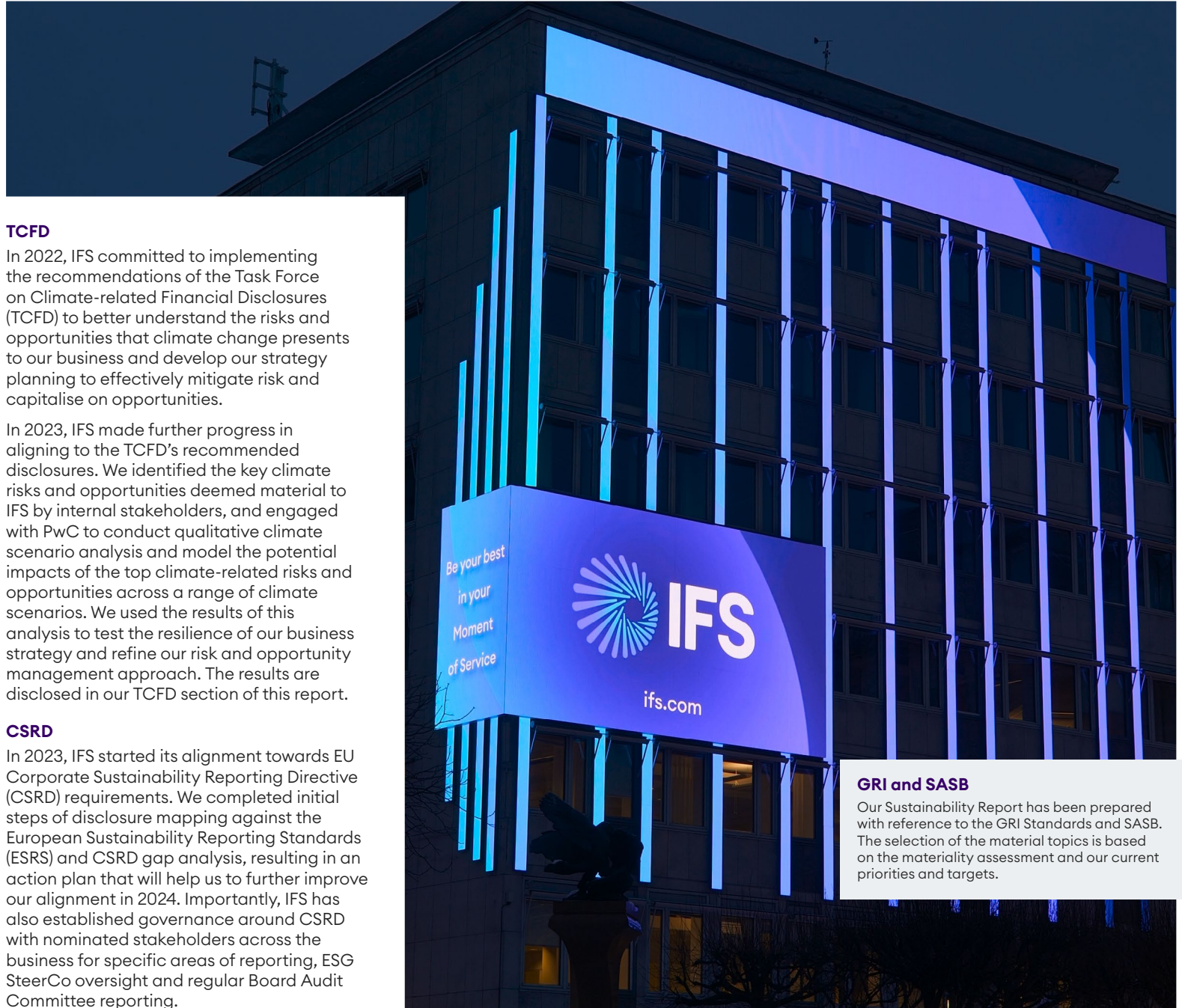
In 2023, IFS made further progress in aligning to the TCFD's recommended disclosures. We identified the key climate risks and opportunities deemed material to IFS by internal stakeholders, and engaged with PwC to conduct qualitative climate scenario analysis and model the potential impacts of the top climate-related risks and opportunities across a range of climate scenarios. We used the results of this analysis to test the resilience of our business strategy and refine our risk and opportunity management approach. The results are disclosed in our TCFD section of this report.

CSRD

In 2023, IFS started its alignment towards EU Corporate Sustainability Reporting Directive (CSRD) requirements. We completed initial steps of disclosure mapping against the European Sustainability Reporting Standards (ESRS) and CSRD gap analysis, resulting in an action plan that will help us to further improve our alignment in 2024. Importantly, IFS has also established governance around CSRD with nominated stakeholders across the business for specific areas of reporting, ESG SteerCo oversight and regular Board Audit Committee reporting.

GRI and SASB

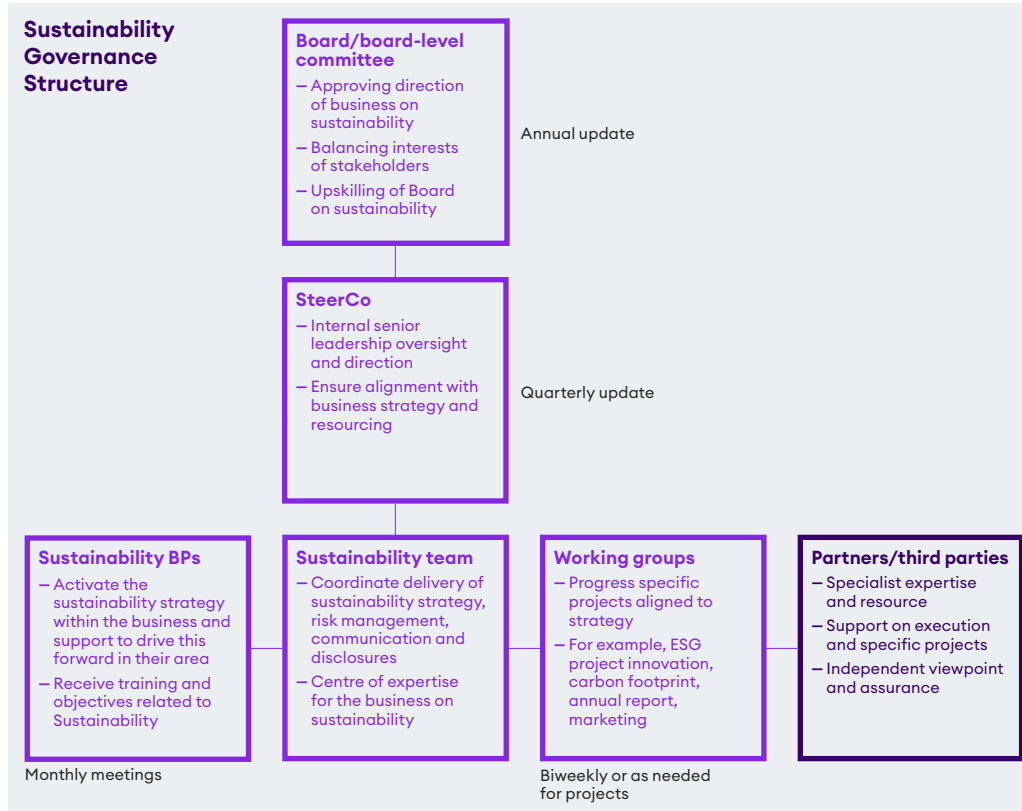
Our Sustainability Report has been prepared with reference to the GRI Standards and SASB. The selection of the material topics is based on the materiality assessment and our current priorities and targets.



Governance

Sustainability is governed by a quarterly ESG SteerCo, chaired by the Chief Sustainability Officer. The SteerCo includes executives and colleagues with direct responsibility for elements of the ESG agenda to enable regular updates on progress and top-level support.

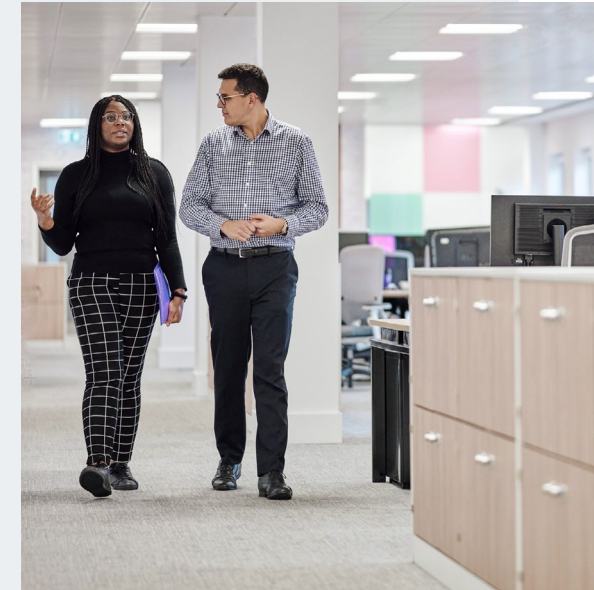
During 2023, the SteerCo's agenda covered the development of our sustainability Product suite, our preparations for the upcoming CSRD regulation, our Science Based Target and decarbonization strategy, work on our TCFD disclosure, as well as diversity, equity and inclusion.



CASE STUDY Sustainability Business Partners

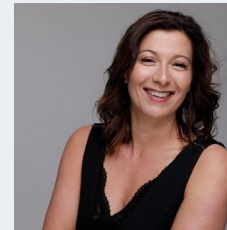
We created a focused, layered governance model to ensure accountability to Board, oversight by senior leadership and alignment with business strategy. In 2023, IFS launched a network of internal **Sustainability Business Partners (SBP)**, nominated by senior leadership to be the point person on ESG in their function & geography. One of the main goals of this network is to scale up the integration of sustainability across the business and make sure it is part of our business as usual (BAU) approach.

We have also developed a specific training program for our SBPs that goes beyond the employee-wide Sustainability courses. Completing this training is crucial to understand and effectively implement our Sustainability agenda in SBPs' areas.



“ Business partnering is pivotal to foster the transition to a sustainable future. We need to collaborate to enable this transformation. Our training program was such an eye opener - besides growing my interest and my commitment in that area, the quality of learning made a massive impact on my understanding of ESG challenges adding value to my SBP role.

Candice Jarre, Global Governance Director at IFS



“ As a proud sustainability business partner at IFS, I've gained a comprehensive insight into the profound impact sustainability has on every facet of the organization. Recognizing the collective responsibility we share in achieving our sustainability goals, the training enabled by IFS has not only heightened my appreciation for its significance in organizational success but has also motivated me to contribute more actively towards a sustainable future.

Rachel Hindley, Vice President of Corporate Development



Sustainability Risk Management

This year, IFS Internal Audit developed Minimum Internal Control Registers for Group functions through engagement with business function owners, which included ESG indicators. This was achieved through engagement with ESG management who determined the minimum key controls related to sustainability that would mitigate material risks and which they would own and monitor on a frequent cadence. The scope of the risks

covered not only environmental topics, but also social and governance areas. Some of the identified topics were carbon reporting, country regulations and our social KPIs. Validation testing on minimum key controls for ESG indicators was also performed following ESG managements self-assessment on the operating effectiveness of controls which they identified as effective. This has successfully provided additional assurance to ESG management and the Audit Committee.

TCFD disclosure



Compliance with the TCFD's recommendations is rapidly becoming standard practice for market-leading enterprise software-as-a-service (SaaS) businesses and aims to improve businesses' ability to assess and act on business risks and opportunities, inform strategic planning and investment, and ultimately help drive business value.

IFS is committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to better understand the risks and opportunities that climate change presents to our business and develop our strategy planning to effectively mitigate risk and capitalise on opportunities.

IFS is committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

TCFD Roadmap

Area	Progress to date	2024 targets
Governance	<ul style="list-style-type: none"> Board Committee member assigned to represent Environment, Social and Governance (ESG) ESG Steer Co established SBP network established and expanded from 15 to 18 members in 2023 	<ul style="list-style-type: none"> Upskill Board and Executive Leadership Team (ELT) in climate Further integrate climate related topics into Board and ELT strategic decisions Continue to expand and upskill SBP network
Strategy	<ul style="list-style-type: none"> Sustainability strategy launched in 2021 covering ESG Initial TCFD exposure analysis conducted in 2021 to identify key climate-related risks and opportunities Five climate related opportunities identified in 2023 exposure refresh Qualitative climate scenario analysis conducted in 2023 for two transitional opportunities 	<ul style="list-style-type: none"> Enhance risk and opportunity screening to involve wider range of internal, senior, and possibly external stakeholders Review existing risk and opportunity time horizon classifications to factor in climate related topics that may materialise over the long term Conduct quantitative climate scenario analysis to assess financial impacts of material climate-related risks and opportunities
Risk Management	<ul style="list-style-type: none"> ESG recognised as a risk within IFS' enterprise risk management framework (ERM) in 2022 In 2023, qualitative climate scenario analysis conducted on two transitional and one physical climate-related risk 	<ul style="list-style-type: none"> Integrate identified climate-related risks into risk libraries and upskill operational risk owners in climate related risk Consider relative prioritisation and materiality of climate and ESG-related risks and other business risks
Metrics & Targets	<ul style="list-style-type: none"> Carbon neutrality by 2025 target agreed in 2021 Near-term 2030 Science Based Target approved in 2023 	<ul style="list-style-type: none"> Report progress against agreed targets and aim to improve data accuracy across all three Scopes Consider metrics to track progress relating to identified climate-related risks and opportunities Evaluate business case for additional corporate climate related targets

Our TCFD Journey

In 2022 we undertook our first steps towards TCFD alignment by conducting a climate exposure analysis with stakeholders across the business including Internal Audit, Procurement, Facilities, Marketing, Research & Development, and IT Operations. We developed a heatmap illustrating the relative exposure of IFS against TCFD's identified climate-related risk and opportunity categories, which helped inform our sustainability strategy for 2023.

In 2023, we refreshed the previous year's exposure analysis, working with a range of internal stakeholders from across our Sustainability Business Partner (SBP) network to determine a list of material, IFS-specific, climate-related risks and opportunities. We worked with an external partner, PricewaterhouseCoopers (PwC), to conduct qualitative climate scenario analysis and model the expected impacts of three key risks and two opportunities across a range of climate scenarios. The results helped us to assess the resilience of our business strategy against climate-related risks and opportunities.

Governance

Our approach to climate-related risks and opportunities is managed under the IFS Sustainability governance framework in close collaboration with the IFS Global Risk function (see Risk Management section below).

For full sustainability governance model please refer to p.9 of our “Our Approach” section.

Strategy

In 2023 IFS built on the exposure analysis conducted in 2022 to reassess and rank a list of IFS-specific climate-related risks and opportunities. This work included a series of interviews and workshops with key internal stakeholders from across the business, including our SBP network, to identify and score IFS’ exposure to relevant risks and opportunities.

A sector benchmarking analysis was conducted by PwC, comparing the list of material items and scoring to several peers. PwC also performed qualitative climate scenario analysis for three risks and two opportunities to explore the potential range of outcomes over several different scenarios and time horizons. This enabled us to consider the potential impacts of climate change on our business and evaluate the resilience of our business strategy.

Risk	Business Impact	Mitigation Response
<p>IFS faces increased cost of compliance due to additional emissions-reporting obligations</p> <p>Time Horizon* Medium to Long Term (3-5+ years)</p> <p>Type Transition</p>	<ul style="list-style-type: none"> – Emissions-reporting obligations may increase due to increase in regulation, public commitments and frameworks (e.g. SBTi), and customer, shareholder, and employee expectations – This may result in increased financial costs to keep up with increasing reporting requirements as a result of new systems, processes, data collection, and additional headcount – Not complying with new reporting requirements could affect IFS’ licence to operate 	<ul style="list-style-type: none"> – Active monitoring of global regulatory landscape by the ESG function to assess potential changes and implications for IFS, our customers, and our suppliers – Engagement with trusted partners to get the latest expert opinion on the state of the ESG regulatory market (e.g. Forrester and Patch) – Proactive preparations for the CSRD regulation (24 months ahead of reporting date) including full gap analysis, engagement with key stakeholders, delivery of action plan to effectively address gaps, and partnership with ESG experts, Datamaran
<p>IFS required to make significant investments to decarbonise its value chain</p> <p>Time Horizon* Medium to Long Term (3-5+ years)</p> <p>Type Transition</p>	<ul style="list-style-type: none"> – IFS’ operating costs may increase as a result of carbon taxes passed on to IFS through the supply chain – IFS may face increased costs of engagement with suppliers and customers as we aim to reduce value chain emissions – There may be reductions in customer demand as they seek lower-carbon software services 	<ul style="list-style-type: none"> – Established decarbonization strategy in 2022 to direct emission-reduction efforts – Implemented 100% renewable electricity across IFS operations since 2022, reducing our market-based Scope 2 emissions by a significant amount – Updated responsible sourcing and procurement policies to encourage suppliers to consider sustainability in their own operations (and affecting our Scope 3) – Encouraged customers to move to our cloud-based platform to reduce emissions – IFS plan to: provide more information to employees on Business Travel emissions and encourage greener transportation via external partner, Egencia; continue to support hybrid working, build more EV chargers and bike-to-work schemes where practical; reduce data infrastructure emissions through improvements to efficiency of data architecture and continue to promote transfer to our cloud-based solutions with customers
<p>Disruption to workforce and facilities caused by adverse changes in weather</p> <p>Time Horizon* Medium to Long Term (3-5+ years)</p> <p>Type Physical</p>	<ul style="list-style-type: none"> – IFS may face increased risk of revenue loss from disruptions to business continuity as a result of increasing extreme weather events such as cyclones and floods, as well as rising temperatures and sea levels impacting facilities and workforce. This may affect IFS operations but also our supply chain and our customers – Operational costs for IFS’ data infrastructure may increase from the increased use (frequency and intensity) of Heating, Ventilation, and Air Conditioning (HVAC) systems 	<ul style="list-style-type: none"> – Equipped IFS workforce to work from home if required to deliver client services and minimise business disruption – Facilities primarily based in city centres or in business industrial complexes on outskirts of cities therefore minimal exposure to sea level rise or river flooding – Facilities team actively considering sustainability criteria in selection of facilities since 2022 to ensure selected buildings are energy efficient and provide employees with a healthy working environment – Facilities team also consider exposure to high physical climate risk when assessing potential office locations – IFS data infrastructure managed via portfolio of trusted third-party suppliers with effective risk mitigation strategies including primarily global distribution and data redundancy

* IFS has defined time horizons for the classification of risks and strategic opportunities as per our Enterprise Risk Management framework: Short Term: 1-3 Years (2023-2026), Medium Term: 3-5 Years (2026-2028), Long Term: 5+ Years (2028+)

Opportunity	Business Impact	Business Response
<p>Increased revenue from new IFS sustainability-focused solutions</p> <p>Time Horizon* Short to Medium Term (1-5 years)</p> <p>Type Transition</p>	<ul style="list-style-type: none"> – Revenue may increase from growing sales of cloud-based solutions that satisfy customers growing sustainability needs including measurement and tracking of emissions and compliance with increasing ESG disclosure frameworks and regulations – Targeted sustainability solutions may generate competitive advantage which may increase as the IFS brand becomes more recognised for sustainability excellence 	<ul style="list-style-type: none"> – IFS are investing in sustainability solutions to address our customers' needs - we will specifically focus on data at the source, our strategy is to seamlessly embed sustainability in IFS Cloud and leverage our suite of diverse solutions – We are also investing in new solutions to support customers with reporting, managing, and accelerating their sustainability performance, this includes: <ul style="list-style-type: none"> – IFS Cloud Sustainability Management: offering customers seamless access to key sustainability metrics within IFS Cloud, in alignment with evolving ESG regulations – IFS Cloud Emission Tracker: delivering organisational carbon footprints for Scope 1 and 2, with support extended to Scope 3 with the help of our technical partner, Climatix – To drive forward our Product vision we plan to significantly grow our Product and ESG teams
<p>Talent management and reputational benefits from delivery of sustainability strategy and initiatives</p> <p>Time Horizon* Short to Medium Term (1-5 years)</p> <p>Type Transition</p>	<ul style="list-style-type: none"> – There may be improvements in employee satisfaction, increase in hiring of superior talent, and reduction in talent management costs associated with high attrition rates resulting from positive sustainability initiatives and brand messaging – There may be increased sales associated with recognition as a sustainable brand 	<ul style="list-style-type: none"> – IFS drives sustainability initiatives across the business through our Sustainability Business Partner (SBP) community which is made up of representatives for each function within IFS who are senior enough to effect change. They help embed sustainability into the business by providing cross-functional resource and support to sustainability initiatives and ensure employees across the business are engaged – IFS provides training to employees on sustainability through our L&D platform, IFS Academy, and regularly engages employees on IFS' sustainability strategy and the initiatives being delivered across the business through internal communications – IFS also delivers regular employee engagement surveys to assess interest in and address key sustainability topics in a targeted manner – IFS employees have access to a range of social initiatives including annual CSR days and support for projects by the IFS Foundation in Sri Lanka

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Scenario Core Characteristics

Warming trajectory by 2100*	Scenario Type	Selected Physical Scenarios (IPCC) (Used for analysis of physical risk & opportunity only)	Selected Transition Scenarios (IEA) (Used for analysis of transition risk & opportunity only)
1.5°C	Rapid transition to a global low carbon economy	Not considered for physical risk and opportunity analysis	Net Zero Emissions by 2050 scenario (NZE) – Shows a narrow but achievable pathway for the global energy sector to achieve Net Zero emissions by 2050.
<2°C	Steady transition to a global low carbon economy. This is required by TCFD recommendations and aligns with a Net Zero target	SSP1-2.6 (SSP1 / RCP2.6) – Makes the assumption that there are low challenges to mitigation and adaptation. – Management of the global commons improves, and education and health investments accelerate the demographic transition.	Announced Pledges Scenario (APS) – The APS scenario takes account of all the climate commitments made by Governments around the world, including NDCs and Net Zero targets. – It assumes that they will be met in full and on time.
2-3°C	Delayed transition leading to notable transition and physical impacts. Considered a “middle of the road” scenario where both physical and transition impacts occur	SSP2-4.5 (SSP2 / RCP4.5) – Also known as the middle of the road path, assumes medium challenges to mitigation and adaptation. – Institutions make slow progress in achieving sustainable development goals and environmental systems continue to experience degradation.	The Stated Policies Scenario (STEPS) – The STEPS does not assume that Governments will reach all announced goals – It explores where the energy system might go without additional policy implementation, using a granular, sector-by-sector approach.
>4°C	Business as usual emissions, extreme warming	SSP5-8.5 (SSP5 / RCP8.5) – The fossil-fuelled development scenario places a greater emphasis on competitive markets, innovation and participatory societies to produce rapid technological progress towards sustainable development. – Globalisation and the exploitation of fossil fuels continue.	Not considered for transition risk and opportunity analysis

* **Warming** relative to a 1850–1900 reference period (‘pre-industrial times’)
SSP: Shared Socioeconomic Pathway, scenarios of projected socioeconomic global changes up to 2100
RCP: Representative Concentration Pathway, greenhouse gas concentration trajectories
IPCC scenarios: [International Panel on Climate Change \(IPCC\) Technical Summary Contribution of WGI to AR6 of IPCC](#)
IEA scenarios: [International Energy Agency \(IEA\): World Energy Outlook 2023](#)

Qualitative Climate Scenario Analysis

In 2023, IFS worked with PwC to evaluate a selection of our most material physical and transition risks under high, medium, and low-carbon climate scenarios. The scenarios we selected are described in the table above and the results of the analysis are summarised below.

Results

The analysis scored risks from low to high as follows: controlled, serious, disruptive, severe and critical, while opportunities were scored: very low, low, moderate, high, and very high. Each risk and opportunity was assessed over three time horizons: 2025, 2030 and 2050, and across the relevant scenarios described above.

Transition risks

IFS faces increased cost of compliance due to additional emissions-reporting obligations – ‘controlled’ risk to IFS by 2025 across all scenarios, increasing to ‘severe’ by 2030 in the NZE scenario, and to ‘disruptive’ by 2050 for the APS or ‘middle of the road’ scenario given global net-zero expectations. Risk was ‘controlled’ through 2050 for STEPS. The lower risk in the short to mid-term is due to IFS’ established reporting governance and proactive preparation for future reporting requirements.

IFS required to make significant investments to decarbonize its value chain – ‘critical’ risk from 2025 through 2050 in the NZE scenario; ‘severe’ under APS through 2030 before increasing to ‘critical’ in 2050; and ‘controlled’ in 2025 under STEPS, up to ‘serious’ by 2030 and ‘critical’ by 2050. High risk impacts are primarily driven by increased carbon taxation over time in the NZE and APS scenarios, and which could affect IFS indirectly through the value chain. IFS is effectively mitigating this risk through our focused decarbonisation strategy in alignment with our 2030 Science Based Target.

Physical risk

Disruption to workforce and facilities caused by adverse changes in weather – ‘disruptive’ by 2025 across all scenarios, increasing to ‘severe’ by 2030 in the <2°C (SSP1-2.6) scenario and ‘critical’ by 2030 for 2-3°C (SSP2-4.5) and >4°C (SSP5-8.5) scenarios. Elevated risk is due to potential business and supply chain disruption from increasing extreme and chronic weather events as well as increased operational costs for data infrastructure and facilities as global temperatures rise. IFS are addressing this risk through our facilities selection and workforce management strategies, and active supplier engagement.

Transition opportunities

Increased revenue from new IFS sustainability-focused solutions – ‘moderate’ opportunity by 2025 across scenarios, scaling to ‘high’ by 2030 in NZE and APS scenarios only, and declining to ‘low’ by 2050 for STEPS. Demand for sustainability software is expected to increase as customers look to decarbonize and comply with increasing disclosure requirements in NZE and APS scenarios.

Talent management and reputational benefits from delivery of sustainability strategy and initiatives

– also ‘moderate’ by 2025 across scenarios, scaling to ‘high’ by 2030 for NZE, and by 2050 for APS, and declining to ‘low’ by 2050 for STEPS. Reputational benefits of being a sustainable business with a clear climate strategy and targets are expected to increase in line with increasing climate policy and market demand in the NZE and APS scenarios, resulting in increased employee attraction and retention as well as improved brand image.

Business Strategy & Resilience

Overall, the analysis did not present a level of inherent risk beyond IFS' expectations, and testing of our business strategy against each climate risk and opportunity demonstrated that it is both tailored and resilient to the impacts of climate change that were identified. We believe the mitigation strategies we have in place are fit-for-purpose and that the level of residual risk post-implementation of these strategies is controlled.

The results also highlighted the significant potential that climate-related opportunities present for our business. Attracting and retaining the best talent whilst supporting our customers with sustainability challenges such as climate change are key priorities for our business in the years ahead, and sustainability solutions represent a clear opportunity for IFS to support decarbonization beyond our own value chain.

In terms of next steps we will seek to expand the scope and granularity of our analysis to include financial quantification of the potential impacts of identified risks and opportunities to better inform strategic and financial planning.



Risk Management

Enterprise Risk Management Framework

Risk Management is essential to IFS Governance and to the sustainable operation of its services. Risks are identified, evaluated and managed by members of the local management team in each region or function. The IFS Risk Register is reviewed at least annually to identify any new potential risks and to determine the status of the existing risks relative to the company's structure, processes, operations in consideration of material changes in the Group. Material business risks and risk incidents are reported to the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Audit Committee and Board of Directors for review and monitoring against mitigating strategies and action plans to assess effectiveness in reducing residual risk within the defined risk appetite levels for the Group.

Climate-Related Risk Progress and Integration

In 2022 IFS ran an exposure analysis exercise with key internal stakeholders to score the TCFD's recommended categories of climate-related risks and opportunities. Climate risk was added to IFS' CSR and ESG risk register.

In 2023 IFS built on this work and ran an exercise to identify and score a list of **IFS-specific risks and opportunities**. This was run in parallel with IFS' existing risk identification processes as a one-off exercise. Our ambition moving forwards is to fully integrate climate-related risk management with our existing risk management processes, and to increase understanding of and visibility of climate-related risks across the business.

Metrics

Targets

- IFS has a carbon neutrality by 2025 target which covers Scope 1 and 2 and Scope 3 Business Travel emissions
- IFS has an approved 2030 Science Based Target
 - IFS commits to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2022 base year.
 - IFS also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, business travel, and employee commuting 25% within the same timeframe.

Metrics

- IFS tracks energy consumption and Scope 1-3 emissions through a third-party global energy management and carbon accounting platform, Schneider Electric's Resource Advisor
- IFS utilises Scope 1-3 emissions and energy consumption as measures for performance against targets

Excellence in our business

Addressing climate change is fundamental to our future. At IFS, we are committed to playing our part in cutting greenhouse gas emissions and moving towards a greener, more sustainable economy.



Environmental impact

We are focused on reducing our environmental footprint by constantly tracking our progress, enhancing our approach and expanding the scope of our commitments. In 2021, we announced our ambition to become carbon-neutral across our operations by 2025. In 2022, we made initial progress on our commitment by establishing our decarbonization strategy. This year we made further progress by **aligning to the TCFD's recommended disclosures** and having our 2030 near-term science-based emissions reduction target approved by the **Science Based Targets initiative**, demonstrating our ambition to drive real decarbonisation throughout our value chain.

Excellence in our business	15
Environmental Impact	15
Sustainable Procurement	19
Carbon Offsets	20
Diversity & Inclusion and Employee Wellbeing	21
Human Rights and Anti-Corruption	24
IFS Cyber Security and Privacy	25
Tax Strategy	26

Wave of ESG regulations

Incoming waves of sustainability regulations are expected to drive significant changes in the way businesses consider and report on environmental risks, opportunities and KPIs across different geographies. Several regions have recently released new ESG regulations:

- EU CSRD
- US SEC, federal and state-level regulations
- UK legislation
- Australia legislation

TCFD Alignment

We are committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to better understand the risks and opportunities that climate change presents to our business.

In 2022, we undertook our first steps towards TCFD alignment, which included an internal heatmap exposure analysis.

This year, IFS made further progress on delivering the TCFD's recommended disclosures, engaging an external partner, PwC, to conduct qualitative climate scenario analysis and model the expected impacts of climate-related risks and opportunities across a range of climate scenarios.

This work helps IFS to obtain a holistic view of climate impacts and ensure this can feed into our business strategy on an ongoing basis. These disclosures also allow us to be transparent with our stakeholders and help focus engagement on the most relevant ESG topics.



CASE STUDY

Science Based Target

We have set ambitious climate action goals as part of our strategy to address climate change. Last year we committed to the Science Based Targets initiative (SBTi) which required us to clearly define the targets and pathway we plan to take to reduce our greenhouse gas (GHG) emissions.

This year we made further progress, with our near-term 2030 Science Based Target (SBT) being approved by the SBTi. They are widely considered the 'gold standard' for emissions reduction target-setting and the approval of our SBT represents a key milestone for IFS on its climate journey.

Our near-term target is aligned with the Paris Agreement goals and requires significant absolute emissions reductions by 2030.

Our SBTi Commitment

- IFS commits to reduce **absolute scope 1 and 2 GHG emissions 42% by 2030** from a 2022 base year.
- IFS also commits to reduce **absolute scope 3 GHG emissions from purchased goods and services, business travel, and employee commuting 25%** within the same timeframe.



Our Decarbonization Strategy

Our decarbonization strategy focuses on the following three areas

Reducing

emissions across our operations

- Upskilling of Board on sustainability
- Moving to/opening new sustainable facilities (and closing less sustainable facilities)
- Establishing energy efficiency policies
- Hybrid working & reducing business travel

Replacing

energy used with greener alternatives:

- Electricity from renewable sources through annual sources through annual purchase of energy attribute certificates (EACs) covering 100% of our global electricity usage
- Site-specific green tariffs for 100% renewable electricity*

* Green tariffs refer to contracts for 100% RE that usually consist of bundled EACs.

Engaging

with customers and suppliers to reduce value chain emissions

- Transitioning customers to cloud deployments, significantly reducing emissions vs on-premises deployments
- Development of new ESG policies for suppliers to encourage more sustainable practices in IFS' supply chain
- Partnership with Egencia (our business travel provider) to bring in additional emissions information to users to enable them to make more informed, sustainable choices about business travel

Emissions Category	2022* (tCO ₂ e)	2023 (tCO ₂ e)
Scope 1	279	354
Scope 2 (Market-based)	1,681	93
Scope 2 (Location-based)	2,355	2,334
Scope 3	22,630	27,072
Total Scope 1-3 (Scope 2 Market-based)**	24,591	27,518
Total Scope 1-3 (Scope 2 Location-based)**	25,265	29,759

* These numbers differ from those presented in the IFS 2022 Sustainability Report and have been adjusted to account for emissions from recent acquisitions and joint ventures in alignment with the SBTi's requirements. The adjusted numbers represent an 11.5% increase compared to the original 2022 numbers when considering Scope 1-3 emissions for both market-based and location-based reporting. The increase in emissions due to acquisitions and joint venture was estimated from increase in headcount.

** Subtotals may not 100% match due to rounding.

Renewable electricity*

This year, we used **100% renewable electricity across our operations**, successfully covering all of our non-renewable electricity volumes via green tariffs or Energy Attributes Certificates (EACs). IFS manage energy consumption through global Facilities and look to minimise this wherever possible.



● Covered by Renewable Electricity Instruments ● Not covered

* Renewable electricity (RE) is generated from renewable resources, which are naturally replenished on a human timescale, such as sunlight, wind, rain, tides, waves, and geothermal heat. IFS purchases Energy Attribute Certificates (EACs) to cover its grid electricity consumption across global facilities that are under its operational control. 1 EAC represents 1 MWh of verified 100% RE generated by a provider. Green tariffs refer to contracts for 100% RE that usually consist of bundled EACs. Purchasing EACs therefore enables IFS to decarbonize its electricity supply. For more details please refer to our "KPI Definitions" section of Annex, p.39.

** In 2022 we used 100% renewable electricity across our operations, successfully covering all of our non-renewable electricity volumes via green tariffs or Energy Attributes Certificates (EACs), except for our Sri Lanka volumes (2,253 MWh), as no EACs were available in the 2022 period in this market.

Carbon Emissions Reporting Standards*

IFS reports an annual GHG inventory in line with GHG Protocol standards covering all three Scopes. IFS utilises Schneider Electric's Resource Advisor, a global energy management and emissions calculation system, to manage energy and carbon accounting.

Scope 1

Direct emissions

Sources

Stationary combustion of fuels (natural gas and fuel oil)

Scope 2

Indirect emissions from purchased energy

Sources

Purchased Electricity

District Heating

District Cooling

Scope 3

Indirect value chain emissions

Sources

Purchased goods and services

Capital goods

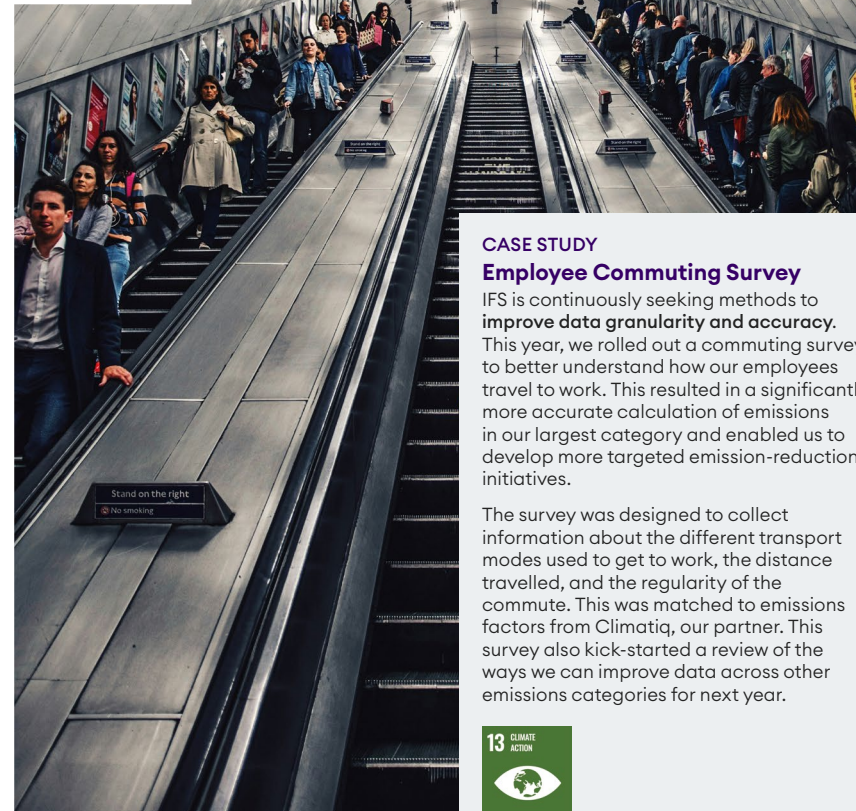
Fuel- and energy-related activities

Business travel

Employee commuting

Investments

* For more details, please refer to our "GHG Inventory Breakdown" section of Annex, p.40.



CASE STUDY

Employee Commuting Survey

IFS is continuously seeking methods to **improve data granularity and accuracy**. This year, we rolled out a commuting survey to better understand how our employees travel to work. This resulted in a significantly more accurate calculation of emissions in our largest category and enabled us to develop more targeted emission-reduction initiatives.

The survey was designed to collect information about the different transport modes used to get to work, the distance travelled, and the regularity of the commute. This was matched to emissions factors from Climatiq, our partner. This survey also kick-started a review of the ways we can improve data across other emissions categories for next year.



Property portfolio management

Green Building Strategy

At IFS, the selection of new premises incorporates a strong focus on sustainability and energy performance credentials. Factors considered in this regard include elements such as EPC ratings, as well as other reputable building certifications like LEED or BREEAM.

In 2023, we have successfully signed a green energy certification with the extension until 2026 for our Staines office.

As part of our property portfolio strategy, we aim to create a dedicated pack for each of our new properties we have entered into. This pack includes:

- 1 Copy of green rating certificate;
- 2 Details of policies implemented by the landlord to ensure compliance with green rating certificate, including metrics and audits;
- 3 Key components of the building that make this happen;
- 4 Overview of planned and completed tasks & objectives for further improvements.



CASE STUDY Waste Management & Conscious Consumption

This year we continued our efforts in establishing a waste management system across our global offices. In 2023, we have successfully launched our detailed waste reports in Ottawa's IFS office, which aim to increase our recycling procedures with a decrease in landfill. We plan to further improve our waste management systems across our other global offices in the next few years.

As part of this effort, we always strive to leverage conscious consumption. In cases of downsizing, our furniture is either repurposed by either IFS and the landlord or it is sold to external companies. The money raised for these efforts goes directly to the IFS Foundation to support its multiple initiatives.

Our Staines office in the UK also continues to be zero to landfill, demonstrating our effort in establishing a solid waste management system.



Sustainable procurement

We are committed to facilitating an ethical supply chain where modern slavery, human rights, and environmental considerations are integrated into our supplier due diligence and management.

In 2023, IFS made notable strides in integrating sustainable sourcing practices into its operations. We are focused on enhancing awareness and fostering a sense of responsibility throughout the company, encouraging more conscious sustainable purchasing and supplier selection decisions.

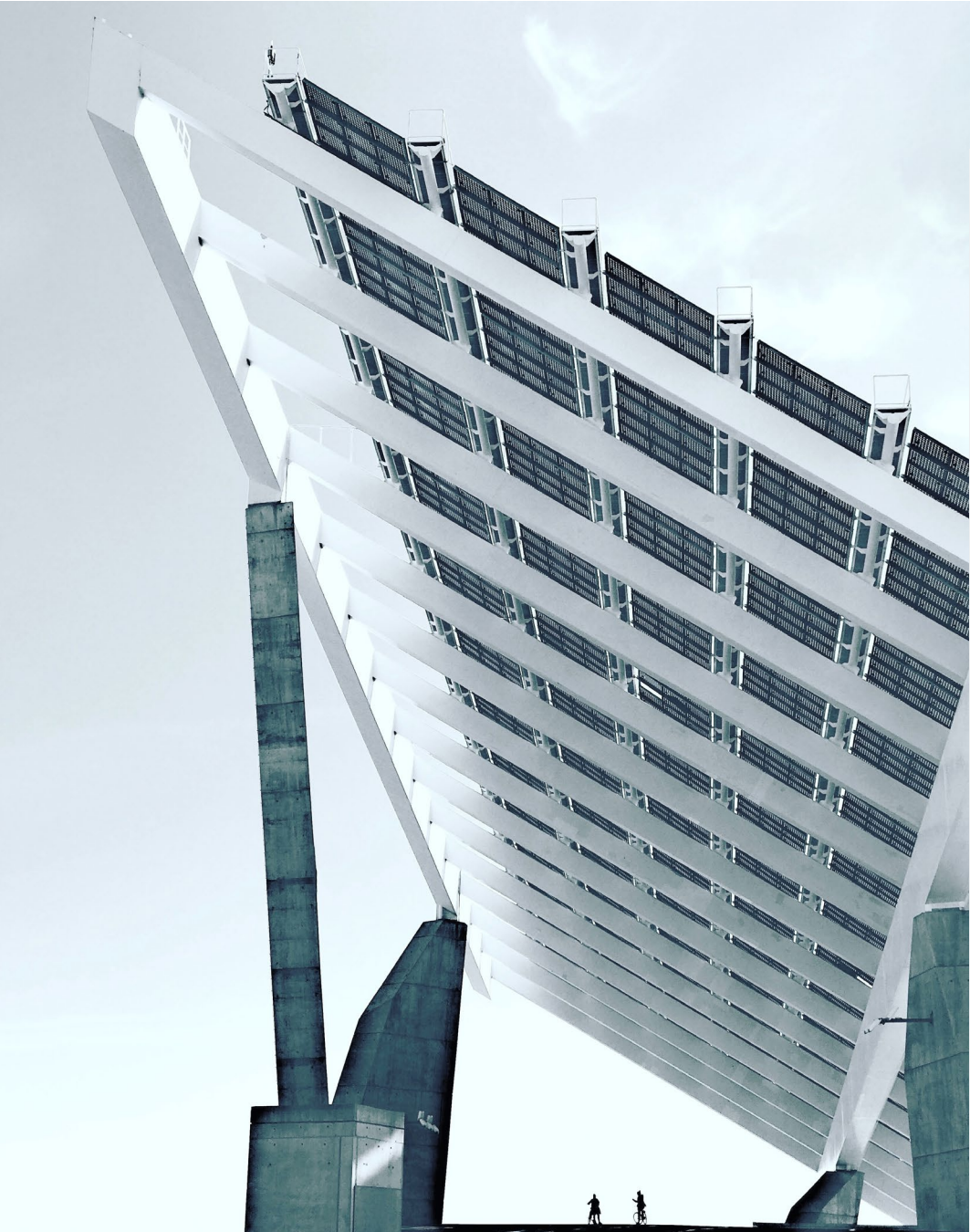
Future plans

Looking ahead to 2024, we will be working to deepen our commitment to sustainable practices in supplier selection and due diligence. These efforts will include conducting comprehensive sustainability risk assessments and enhancing our focus on awareness, monitoring and reporting.

CASE STUDY ESG criteria in supplier contracts

This year, we have enhanced our supplier contract templates by incorporating several ESG terms, including environmental sustainability practices, greenhouse gas emissions, climate risk management, renewable energy sources, and diversity & inclusion measures.

This update strengthens our stance on limited tolerance for substandard practices in our supply chain, ensuring our suppliers align more closely with our sustainability commitments. We also clearly stated our consequences of non-compliance, warning if a supplier fails to comply with the responsible sourcing and climate-related requirements or does not address identified non-compliance within the specified timeframe, IFS reserves the right to take appropriate action.



Key milestones

The key milestones reached this year represent an essential advancement in our procurement strategy, laying a solid foundation for a future of more sustainable sourcing practices. Some of our main 2023 initiatives include:

- 1 Sustainability-related targets**
The integration of **sustainability-related targets** into our Procurement team's departmental objectives. This is aimed at encouraging the team to actively integrate sustainability agenda into their work with potential suppliers.
- 2 Internal policies and procedures**
A **refresh of our internal policies and procedures** has been undertaken, enhancing accountability throughout the organization. This revamp has not only improved our sourcing practices, but also brought the entire team into closer alignment with principles of sustainable and responsible sourcing.
- 3 Carbon emissions**
We have made a concerted effort to **measure and report on carbon emissions**, particularly regarding business travel. This initiative marks an important step in improving our transparency and lays the groundwork for impactful environmental initiatives starting in 2024.
- 4 Sustainability training**
The complete 100% participation of our procurement team in **sustainability training** underscored our dedication to these critical values.

Carbon offsets

Carbon offset approach

In order to address residual emissions that we cannot yet eliminate, IFS have partnered with Patch to source verified, high-quality, and high-integrity carbon credits. We have entered into a multi-year offtake agreement to secure curated credits at a fixed price, protecting us from market volatility, whilst helping carbon project developers scale these very important projects.

We have collaborated closely with Patch to ensure the carbon credits we are purchasing meet the following five criteria for quality and are certified by an International Carbon Reduction and Offset Alliance (ICROA)* endorsed organisation.



Websites

*Full list of ICROA-Endorsed Organisations
www.icroa.org/endorsed-organisations
www.patch.io



IFS is dedicated to making a genuine, positive impact on the climate crisis – that's clear from their commitment to buy high-integrity carbon credits. This is a strategic purchase that will not only remove real tonnes of carbon from the atmosphere, but will help scale these projects to the gigatonne-levels we need to ensure a liveable future. Patch is proud to partner with IFS to rebalance the planet together.

Brennan Spellacy

Co-founder and CEO of Patch

What are the criteria for high quality offsets?



Real and verifiable

The project uses scientifically rigorous methods for monitoring and verification



Leakage

Avoiding an unintended increase in emissions or shift of emissions from one place to another



Negativity

The projects result in a net negative reduction in atmospheric carbon dioxide



Additionality

The impact would not have occurred without this project



Permanence/Durability

How long the carbon will be sequestered for

Diversity & Inclusion

As a global company, we understand our responsibility to reflect the diverse world we work in. At IFS, we are **committed to promoting an inclusive workforce that fully represents the many different cultures, backgrounds, and viewpoints of our customers, our partners, and our communities.** We hope this helps to bring out the very best of our global workforce and to encourage creativity and innovation to flourish.

We continuously strive to improve, whether this includes celebrating awareness days, reviewing and developing supporting policies or training opportunities. As part of this effort, this year we have implemented a monthly **Diversity & Inclusion Calendar**, which is shared with the business on a monthly basis. It covers a range of events and engages with employees to understand and celebrate observances across the world. We also ran in depth campaigns around International Women's Day, Black History Month, LGBTQ+ History Month and Pride 2023. We aim to continue publishing our observances calendar in 2024, expanding its scope to cover and celebrate even more global events.

We continuously strive to improve, whether this includes celebrating awareness days, reviewing and developing supporting policies or training opportunities

2023 Gender Diversity

As part of our Sustainability linked loan, IFS has committed to increasing the number of Female Managers throughout the organisation. In 2023, **IFS has increased the number of female managers to 31.91% of the business (2022: 28.26%).** This was achieved through several measures, including an establishment of diversity toolkit, decoded job descriptions, recruitment best practices and a candidate shortlist target, according to which at least 2 of the final 5 should be female. As a result of our efforts, at IFS, 36% of employees are women, 5% above industry average.*



* Deloitte Insights 2021, Gartner 2022 Gender Benchmark report
 ** This KPI is calculated as a point in time average of the actual number of female managers at each quarter end in the year 2023
 *** This refers only to IFS' Board of Directors, excluding shareholder companies



CASE STUDY IFS Women

We have taken multiple steps in the past years to promote diversity, equity and inclusion in the workplace, but we know there is more to be done. In 2023, we launched **Global IFS Women Employee Resource Group**, which marks our commitment to continuing to promote gender equity across our global offices.

This group was set up to be an inclusive community open to all genders to build networks, share learning opportunities, create awareness of issues women face in the workplace, and take action to address barriers faced for current and future generations. Since the launch, this group has gained **557 members** and has held **two panel discussions** – ‘Setting Boundaries’ and ‘Allyship’.



IFS Pride

Last two years we put our focus around LGBTQ+ support and visibility, launching our transitioning policy, our e-learning to support allyship and an employee resource group, LGBTQ+@IFS.

Following the anniversary of its formation, LGBTQ+@IFS has rebranded itself as **IFS Pride** following an ERG vote in 2023. The group also took a lead role in the development of content for Pride 2023, including an interview with our Executive Sponsor, Elni Kullmer, Employee Spotlights initiative and the creation of a crowd-sourced playlist.



CASE STUDY
Armed Forces Covenant

In March 2023, IFS UK signed the armed forces covenant expressing our support to the Armed Forces Community, Veterans and Reservists. This was signed by Kate Bishop, CHRO and Alan Laing, UK MD in 2023. By signing, IFS has made a series of commitments to help support members of the Armed Forces and underlined its promise to consider members and allies of the UK armed forces as an integral part of the IFS team.

The Armed Forces Covenant is a promise by the nation to ensure that those who have served in the Armed Forces of the Crown are treated fairly. By signing the Covenant, IFS is also committing to being flexible to the unique situations of the wider Armed Forces Community, ensuring fair and appropriate treatment to all who are involved, including the spouses and partners, and cadet force adult volunteers.



Employee Engagement

Building and maintaining an engaged workforce is a key priority for us. This means seeking, listening to and acting on employee feedback. As we continue our growth journey, **our global employee engagement survey is a key opportunity to provide open and honest feedback about the employee experience at IFS.** Thoughts and suggestions shared by our employees help us to continually improve our company's work practices and culture, shaping the future of IFS.

IFS measures success by circulating the **Heartbeat survey** to all employees three times a year. This short and regular survey allows us to regularly measure employee engagement throughout the year and helps us to tailor surveys to specific themes, while maintaining a list of consistent questions.

Some of the actions we have taken as a result of our last Heartbeat survey

- ✓ Introduced new global policies such as enhanced reservist leave, and transitioning guidance
- ✓ Provided more focus on mentoring programs and succession planning to encourage professional development and career growth globally
- ✓ Introduced the LetsTALK mentoring program in Sri Lanka to promote mental wellbeing
- ✓ Introduced a new sponsorship for English language lessons and expanded the Early Careers Program to Asia Pacific and Japan region
- ✓ Expanded employee survey with dedicated questions for new hires to help improve our onboarding experience
- ✓ Included our newest acquisitions in the Heartbeat survey

Overall, the October pulse survey received a **94% participation rate and an engagement score of 8.3.** IFS bases the assessment of Diversity & Inclusion on two questions within the employee engagement survey.

Firstly 'people of all cultures and backgrounds are respected and valued here' with a score of **9.2.** The second was a newly implemented question in 2023, 'I am satisfied with IFS's efforts to support diversity and inclusion' – this scored **8.9.**

IFS measures success by circulating the Heartbeat survey to all employees three times a year

Heartbeat Summary

IFS Global – October 2023 Pulse Survey

Participation	Engagement Score (eNPS)	Engagement Score (EEI)	Number of comments across all questions
94% (+1) N = 5,383	47	8.3 True Benchmark 8.3	17,986
eNPS Distribution (%) 12 (Unhappy) 29 (+1) 59 (-1) Promoters		Top Drivers Management Support: 9 Peer relationships: 9 Diversity & Inclusion: 8.9 New hire onboarding: 8.9	Bottom Drivers Accomplishment/Growth: 8.2 Workload: 8 Strategy: 8 Reward: 7.4

Employee Wellbeing

IFS is committed to ensuring that mental and physical support is actively provided to all employees across the business. Therefore, we continuously aim to increase the awareness around the importance of wellbeing, as well as develop accessible training modules to facilitate good health and wellbeing practices. As part of this effort, this year we updated training programs with refreshed wellbeing content and refreshed our Wellbeing MyIFS pages with relevant resource links.

In 2023, we focused our efforts on establishing our **IFS Wellbeing Strategy**, which is aimed to focus on how to best meet our colleagues' wellbeing needs and provide clarity on the future roadmap. We hope this strategy will act as a framework and guidance for all of our future initiatives around employee health & wellbeing.

Heartbeat Survey Wellbeing

In order to better understand our colleagues and their needs, the employee engagement survey specifically addresses health and wellbeing as part of its agenda. This year IFS scored 8.3 across this area, demonstrating an improvement from last year's 8.2 score.



Mental Health Initiatives

This year, IFS has successfully trained another cohort of volunteers across Asia Pacific and Japan (APJ) region through its Let's Talk programme. In 2022, we sponsored 16 employees to go through the training. This year's cohort consisted of 53 employees, which demonstrated a growing interest around the topic of mental health & wellbeing.

At IFS, the **Let's Talk Program** was implemented in 2020 and has been run annually since across the Asia-Pacific region. The program focuses on building a more connected, caring, and collaborative culture through a structured approach to open communication. The talk method consists of:

- Tell when something might be going on
- Acknowledge any concerns
- Listen with intent
- Keep in touch with ongoing support.

In addition to Let's Talk, IFS UK ran a **panel on Mental Health & Wellbeing**, featuring managers from the business and our mental health first aiders. The session focused on mental fitness and resilience in the workplace, which also included useful tips and resources from the experts.

This received great engagement as 120 of our colleagues joined the session, actively sharing their personal thoughts and experiences on the topic.

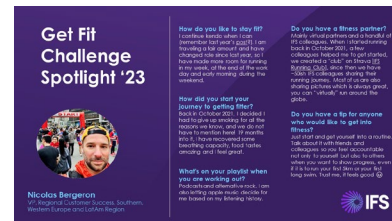
IFS highlighted the following observances as opportunities to engage employees and highlight the importance of wellbeing awareness throughout the business:

- Suicide awareness day
- World mental health day
- International men's day.

Global Get Fit Challenge

Following its success over the past two years, IFS ran another round of the Global Get Fit Challenge in 2023. This initiative not only encouraged employees to set themselves a fitness challenge over the course of a week, but also provided a fundraising opportunity for the IFS Foundation through participant sponsorship.

This year we also established **Get Fit Challenge Spotlights**, which featured fitness habits of our colleagues across the globe.



CASE STUDY Neurodiversity Mini-Series

As part of our approach to Diversity & Inclusion (DEI), this year we successfully established our **Neurodiversity Mini-Series**, which featured the experiences of IFS colleagues and how we can better support each other. We truly believe that understanding neurodiversity can help to identify the challenges and opportunities faced by individuals and reduce stigma associated with these conditions.

Neurodiversity is a popular term that is used to describe differences in the way people's brains work. Some of the examples of such conditions include ADHD, dyslexia, dyspraxia and dyscalculia. As part of our DEI approach considering diversity of backgrounds, gender and culture, we also made a decision to include neurodiversity.

In 2023, this initiative expanded its scope and featured employee spotlights on dyslexia and ADHD. This was an opportunity to open our diversity agenda into a new space and to look at the intersectionality between neurodiversity and wellbeing.



Human Rights & Anti-Corruption

Safeguarding fundamental rights concerning dignity, fairness, respect, and equality is a core commitment at IFS. We are devoted to upholding the human rights of our employees, ensuring they are treated with dignity and respect in alignment with international standards. All employees and business partners are required to adhere to the principles outlined in the Universal Declaration of Human Rights. As part of our commitment, we adhere to the UN Guiding Principles on Business and Human Rights, having signed on to the UN Global Compact.

IFS is committed to upholding human rights, encompassing adherence to the International Labor Organization Core Conventions governing labor conditions. We actively collaborate with our partners to ensure the consistent respect of these rights, prohibiting any engagement in forced labor, child labor, or discriminatory practices related to employment and occupation. We avoid any transactions where there is a potential risk of human rights neglect, and we assess and manage such risks in accordance with the UN's framework for business and human rights.

Our updated Code of Conduct covers many internal policies, communicating IFS common set of ethical values and business principles to the company's stakeholders and providing internal guidance. Some of the policies covered include:

- Environmental Policy (Air Emissions; Environmental Reporting & Permits; Energy Consumption)
- Health & Safety (Occupational Safety; Emergency Preparedness; Industrial Hygiene)
- Work Environment (Fair Labor and Employment Practices; Diversity, Discrimination and Harassment; Salaries, Wages and Benefits).

Updated Code of Conduct

IFS' commitment to customer-centricity and corporate social responsibility goes hand in hand with the company's culture of being agile, collaborative, and trustworthy. These cultural values must be at the heart of, and embodied in, the actions and decisions that all employees undertake every single day.

As part of this commitment, in 2023, we dedicated our efforts to updating our IFS Code of Conduct. This was a notable change as our newly published version demonstrates a much wider scope of principles with a detailed focus on each of the areas, such as Employment Practices, Health & Safety, Fair Business Practices and many others.

The IFS Code of Conduct is based on the Universal Declaration of Human Rights adopted by the United Nations, the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the International Labor Organization's Conventions and Recommendations, and the Swedish Corporate Governance Code.

Anti-Corruption

At IFS, we maintain a strict stance against corruption, adhering to a zero-tolerance policy. Our dedication extends to ensuring compliance with relevant anti-corruption laws, utilizing guidance from industry and regulatory authorities to shape our compliance initiatives. Additionally, we adhere to the legally binding standards established by the OECD Anti-Bribery Convention.

Mandatory anti-bribery and corruption training is provided to all employees, with those at elevated risk receiving regular training in accordance with a predefined schedule. As an integral component of the onboarding procedure, new employees are obligated to undergo training covering anti-corruption, fraud, and money laundering.

Whistleblowing

Our whistleblowing platform empowers both employees and business partners to confidentially report concerns related to actual or suspected serious wrongdoings within the Group. Hosted by an external and independent third party, the system allows whistleblowers to track the status of their cases. Oversight of the whistleblower function is maintained by a cross-functional team of senior staff. At IFS, **we enforce a zero-tolerance policy** against any form of retaliation towards individuals who report wrongdoings in good faith.

Compliance Trainings

Our dedication to quality training and education for all employees is illustrated by our partnership with a digital learning platform. This collaboration enables us to offer courses that instruct employees at various levels and across all divisions. As part of our commitment to continuous improvement, employees are mandated to retake courses periodically, particularly after any content updates to ensure their knowledge remains up-to-date.

Mandatory training ensures that every member of IFS has the right knowledge and skills to carry out our duties in the safest ways possible, minimising any risk to ourselves and others.

Each course is delivered in bite-sized pieces, on average 12 minutes, making it easier to consume. Total duration of all mandatory content is 3 hours. In addition, every member of staff must read and acknowledge our company Code of Conduct.

Course	2023 numbers and % of total
International Fraud, Bribery, and Corruption*	5050 (93%)
Data Privacy, General Data Protection Regulation (GDPR), and Information Security	4577 (84%)
Ergonomics: 01. The Basics	3902 (72%)
Ergonomics: 02. Chairs 101	3877 (71%)
Ergonomics: 03. Reducing Eyestrain	3851 (71%)
Ergonomics: 04. Adjusting Your Workspace	3844 (70%)
Ergonomics: 05. Stretching at Work	3848 (71%)
Modern Slavery	4886 (90%)
Criminal Finance Act	4815 (88%)
Unconscious Bias	3841 (70%)

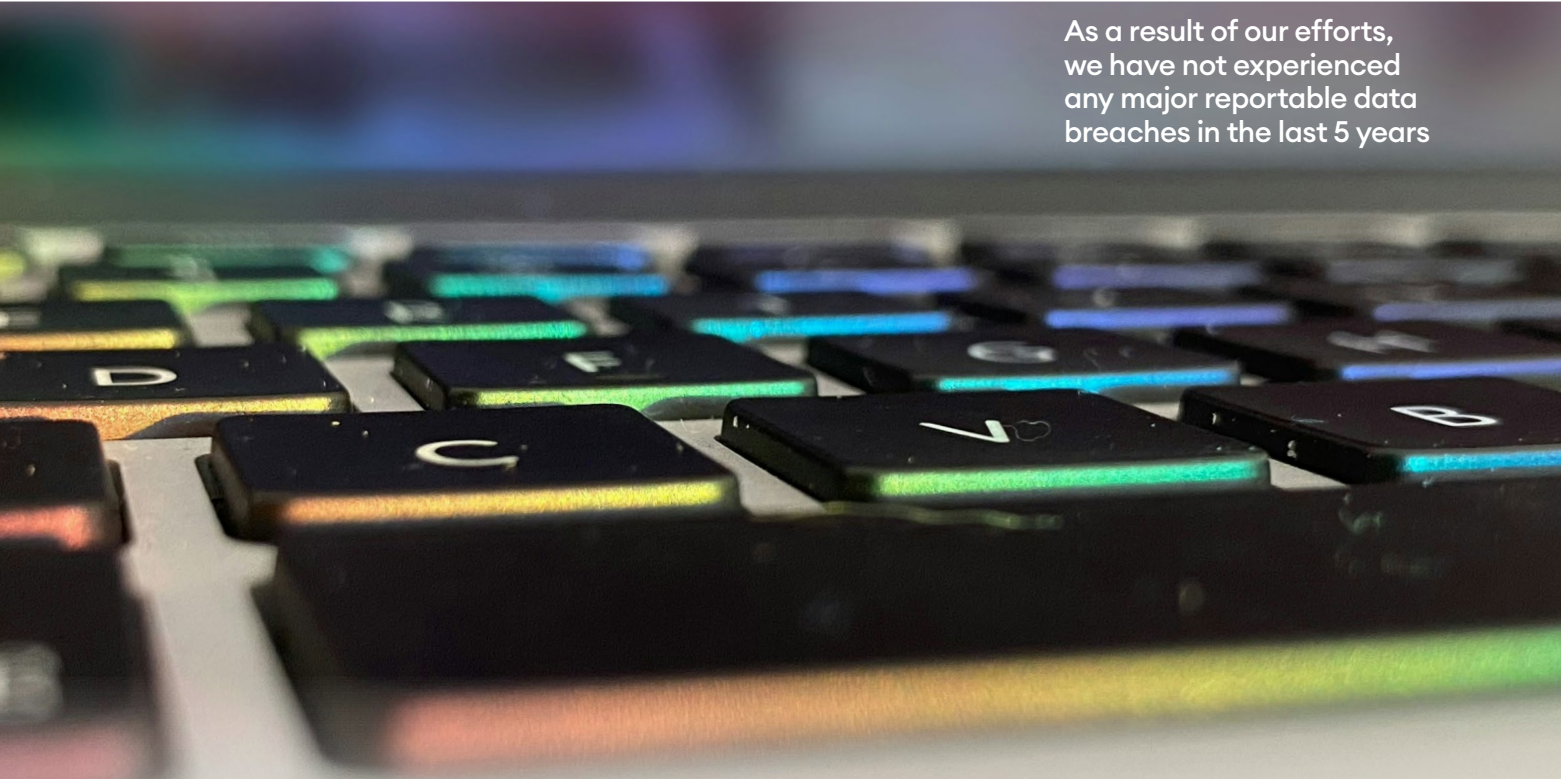
* This KPI includes the number of existing IFS employees, who completed the IFS's mandatory Anti-bribery and Corruption training in the period of 2021-2023, if not required to re-take the training in 2023. For more details, please refer to our "KPI Definitions" section of Annex, p.39.

IFS Cyber Security

Given the dynamic nature of cyber threats, our approach to cybersecurity is proactive and subject to constant review. Our cyber security program comprises the combination of effective technical security controls, continuous monitoring and detection processes, education and awareness for our employees, and a continuous cycle of testing and improvement.

Built in accordance with the most effective security frameworks including ISO 27001, SSAE18/ISAE3402, SOC 1 & 2, and the National Institute of Standards and Technology (NIST), our Internal Information Security Management System (ISMS) is constantly reviewed and updated to keep pace with evolving threats and best practice.

As a result of our efforts, we have not experienced any major reportable data breaches in the last 5 years.



As a result of our efforts, we have not experienced any major reportable data breaches in the last 5 years

Key 2023 updates

We continuously strive to improve, whether this includes expanding the scope of our cyber security program, updating our security certifications or investing in research. This year we took strides forward on our commitment and initiated multiple key initiatives:



IFS Business Plan Alignment

We continued to ensure that our security strategy is aligned and scaled in accordance with the IFS business plan and tracking evolving cyber threats.



AI Technology Integration

We have ensured that cyber security risk associated with the use of evolving AI technologies by IFS and third parties, including Threat Actors, are considered and mitigated through the introduction of additional governance processes, guard rails and defensive technology. This enabled IFS to leverage the value of AI without exposing itself or our stakeholders to any associated risk.



Certification Updates

In 2023, we maintained and updated our certifications. Our ISO re-certification was updated to the **ISO 27001:2022** standard this year and we continue to extend the scope of our SOC Reporting certifications to cover our expanding portfolio of products.



Threat Intelligence

We continued to develop our internal proactive Threat Intelligence capability, with the aim of keeping pace with, if not staying ahead of the latest cyber threats.



Cyber Security Management System Improvement

We continued to invest in improvement of our Cyber Security Management System with focus on the three pillars of people, process and technology. We educated our employees on the evolving cyber threats and techniques used by Threat Actors. We exercised and measured our processes to ensure they remain effective and look for performance improvement opportunities. In addition, we effectively maintained and updated our tooling, leveraging AI and machine learning opportunities where appropriate.

Tax Strategy

In line with IFS' Sustainability strategy, IFS aims to make a positive contribution across society and is committed to paying its taxes and supporting communities.

We are committed to complying with all tax laws and regulations in the territories in which we operate including the UK, while also maintaining open and constructive relationships with tax authorities.

The publication of this IFS Tax Strategy complies with the duty specified in paragraph 16 (2) of Schedule 19 (Publication of Tax Strategies) in Finance Act 2016. This strategy applies to the overall IFS Group, which includes the application of UK legislation to the operations of IFS and our relationship with Her Majesty's Revenue and Customs (HMRC). It is published on behalf of all our UK companies and UK branches which are direct or indirect subsidiaries of IGT Holdings 1A AB for the year ended 31 December 2023.

The IFS Group is committed to:

- Following all applicable laws and regulations relating to its tax activities.
- Maintaining an open and honest relationship with the tax authorities based on collaboration and integrity.
- Ensuring that the tax strategy adopted is consistent with the Group's overall strategy.
- Applying diligence and care in our management of tax risks and ensuring that our tax governance is appropriate.
- Using incentives and reliefs to minimize the tax cost of conducting our business while ensuring that these reliefs are not used for purposes which are knowingly contradictory to the intent of the legislation.

Where we have choices in how we structure our commercial activities, structuring these with a view to maximising value on a sustainable basis for our shareholders, considering both the letter and the spirit of the tax laws of the countries within which we operate and the OECD domestic base erosion and profit shifting initiative including Pillar 2.

Our approach to tax planning is to align any choices with commercial and economic substance and regard to the potential impact on our reputation and broader goals. We will not undertake planning that is contrived, artificial or knowingly contradictory to the intent of the legislation.

Tax Risk Management

IFS Group actively seeks to identify, evaluate, monitor, and manage tax risks. We are committed to correctly applying the tax legislation to our business operations having our communities in mind, and we intend to conduct our tax affairs to the highest standards and to comply with all applicable anti-bribery, money laundering and anti-tax evasion legislation. Internal controls and escalation procedures are put in place with the aim of identifying, quantifying, and managing key tax risks.

The Group Audit & Risk Committee oversees IFS's tax control environment through the regular review of the tax strategy.

Appropriate training is carried out for staff who manage or process tax matters. We recognize that tax legislation can be complex and sometimes subject to interpretation and this uncertainty could give rise to tax risk. Where there is uncertainty in how the relevant tax law should be applied, external advice is sought to support the Group's decision-making process. Where tax positions are subject to significant unresolved uncertainty, filing positions should be subject to robust risk assessment and supported by full disclosure. We may also look to engage with global tax authorities ("Tax Authorities") to disclose and resolve issues, risks, and uncertain tax positions.

We ensure documentation is collected and retained for at least the minimum statute of limitations period and if under audit, a time period needed to satisfy such activities.

Tax Governance

IFS's Chief Financial Officer (CFO) has executive responsibility for tax matters, while the ultimate responsibility for tax strategy, its approval, and compliance rests with the Group Board. They work towards ensuring that the appropriate framework is in place to oversee the identification and management of tax risk. Day-to-day management of tax affairs is delegated to the Global Head of Treasury and Tax for corporate income tax, indirect taxes and withholding tax, and to the Chief Human Resources Officer for employment taxes. They are supported by local finance and payroll teams who work on an integrated basis to identify and manage tax risks utilizing their combined knowledge of operations and law. The Group CFO, together with the Global Head of Treasury and Tax and, where relevant, the Chief Human Resources Officer, conduct regular assessments on significant tax developments and participate in all material tax-related decisions.

Supporting our customers

We recognize the impact that technology has in empowering our customers, and the industries that we work with, to achieve their sustainability goals and commitments.



IFS is committed to building a sustainable future through our own efforts and by supporting our customers. This year we continued our efforts to embed sustainability in the core of our IFS products. In 2023, we not only developed new products and offerings around ESG but also further embedded principles of sustainability into our IFS Cloud product suite.

We are firm believers that sustainability takes a collaborative approach. This is why we continue to work very closely with our customers, identifying the opportunities to support them and continue to evolve our offering in the areas where it makes the most sense.

Supporting our customers	27
Strategic focus of IFS Cloud	28
IFS Cloud Emission Tracker	29
ESG Lobbies	29

Strategic focus continued

Strategic focus for IFS Cloud

With IFS Cloud, our distinct positioning enables us to effectively navigate the sustainability landscape. Our open architecture and comprehensive portfolio of solutions provide the foundation to assist customers in seamlessly incorporating sustainability into their business strategies. Sustainability can never stand alone, it must be embedded in an organisational business strategy and day-to-day operations. This is why **Sustainability Embedded** is the core of our message.

We aim to specifically focus on data at the source, strategically placing environmental and social data where it has a logical place within our customers' business processes.

Recognizing the significance of emissions data for compliance and emissions reduction goals, we are developing the IFS Cloud Emissions Tracker, where we are collaborating with ClimaTiq for access to global emission factors.

Avoiding silos is crucial, and IFS Cloud Lobbies offer the ability to share sustainability-related insights across the organization. A prime example lies within procurement practices, where the integration of emissions data into decision-making processes transforms how organizations approach supplier selection and purchasing decisions.

Benefits



Sustainability Embedded: By strategically placing environmental and social data at the source within customers' business processes



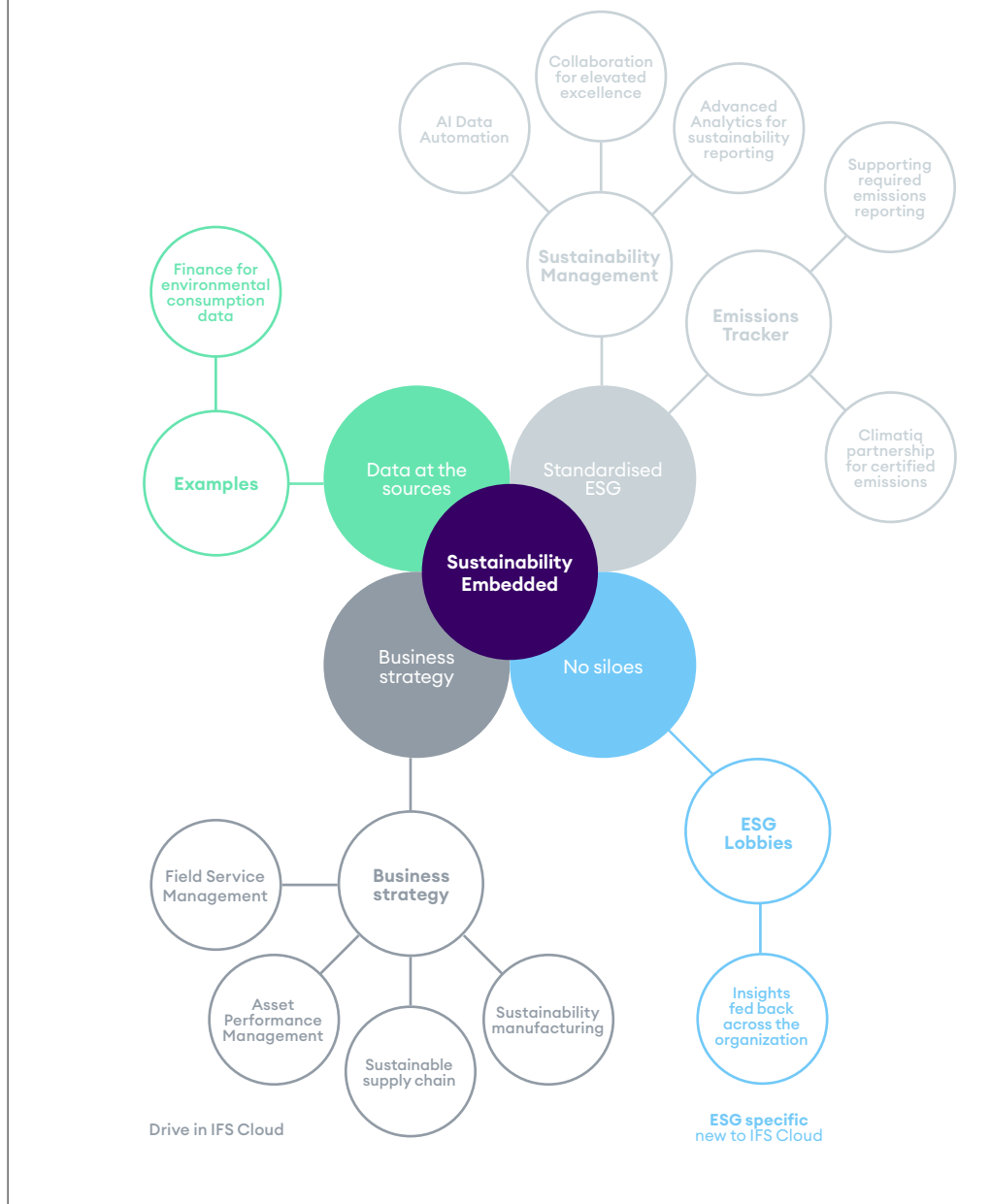
Standardization: Leveraging strong partnerships and collaboration with experts, we ensure that our ESG approach is consistent with global goals



Data-Driven Decisions: IFS Cloud breaks down data siloes for informed and holistic sustainability decision making

Sustainability Embedded

Key focus areas



Data at the source, standardization, and eliminating siloes, are all factors which support businesses to embed sustainability. Going beyond reporting, we offer solutions for transitioning to a circular economy, enhancing efficiency, and gaining greater visibility into supply chains. In creating more data and valuable insights throughout this process, we emphasize 'sustainability by design', where integrating sustainability data into core systems is essential.

Our strategy is to seamlessly embed sustainability in IFS Cloud, leveraging our diverse solutions. We are also investing in new solutions to support customers with reporting and managing their sustainability performance:

- **Sustainability Management**
Our vision revolves around offering our customers seamless access to sustainability data within IFS Cloud. We aim to introduce a dedicated management module for sustainability in 2024 and beyond, which also includes ESG Lobbies.
- **IFS Cloud Emissions Tracker**
In 2023, we introduced IFS Cloud Emissions Tracker for Scope 1 and 2 in collaboration with ClimaTiq for scientifically vetted emissions. Going into 2024, we plan to extend our support to Scope 3.

Avoiding siloes is crucial, and IFS Cloud Lobbies offer the ability to share sustainability-related insights across the organization

IFS Cloud Emissions Tracker

In 2023, we introduced IFS Cloud Emissions Tracker for Scope 1 and 2 with Climatiq, for calculating an organizational carbon footprint. This new product aims to help customers to effectively manage their carbon footprint, integral to sustainability efforts. We have prioritized the development of this tool as emissions disclosures are key part of growing regulations and ESG frameworks around the globe.

We are collaborating with Climatiq, a carbon intelligence software company that provides emissions calculations for over fifty thousand sources across three hundred regions. Climatiq brings credibility through numerous certifications and a climate advisory board. This means that our customers have access to scientifically vetted emissions calculations.

IFS Cloud Emissions Tracker is currently available for Scope 1 and 2 emissions. Going forward, we intend to expand to include Scope 3. We are currently piloting our Tracker with select IFS customers.

Benefits



Calculate Scope 1 and 2 emissions



Support for setting and tracking targets for managing emission reduction commitments



Enable accurate, transparent and up-to-date emissions calculations with Climatiq API connectivity



CASE STUDY Sustainability in Manufacturing

Manufacturing places a significant emphasis on sustainability, confirming our continued investment in circular operations.

Circular operations are a high focus for several discrete manufacturers, which is why IFS are focusing on enhancing our remanufacturing solution. This means evolved solutions within costing, planning and execution specifically targeting remanufacturing operations.

Disassembly and remanufacturing operations reduce overall waste, lower cost, and improve our customers' competitiveness in the circular economy.

Circular operations are only one example highlighted of our holistic support for sustainability. Our direction is for sustainability to be embedded in IFS Cloud, allowing managers to avoid the pitfalls of disconnected solutions or bolt-on offerings.



ESG Lobbies

Our ultimate objective is to maximize the potential of IFS Cloud's advanced analytics capabilities for ESG. As part of this initiative, we are committed to analysing existing ESG data within IFS Cloud and making this available as easy to digest information for our customer.

The initial step involves surfacing this data, and our plan is to present it through IFS Lobbies – a visual interface that serves as a gateway to valuable sustainability-related insights. In 2023, we have incorporated a curated selection of ESG topics, and we have plans to expand the range of these categories and Key Performance Indicators (KPIs) as these lobbies evolve. This expansion aims to provide our customers with more comprehensive insights into sustainability metrics.

Benefits



Enable real-time insight into sustainability related KPI's for informed decision making



Save time by accessing a centralized location view of sustainability-related data and metrics



Begin to leverage Lobbies for sustainability insights

Supplier Performance

Helping our customers with their sustainability goals

IFS Cloud embeds sustainability into our customers' business processes in multiple ways:

Reduce carbon footprint through circular manufacturing operations

IFS Cloud enables the reuse of components, helps reduce production costs and provides greater support to adapt circular economy business models.

Drive more sustainable and greener operations with optimal asset performance

IFS Cloud allows our customers to monitor their assets' energy consumption and react to unexpected deviations through condition-based and predictive maintenance to drive down carbon footprint, maintain costs and extend asset life.

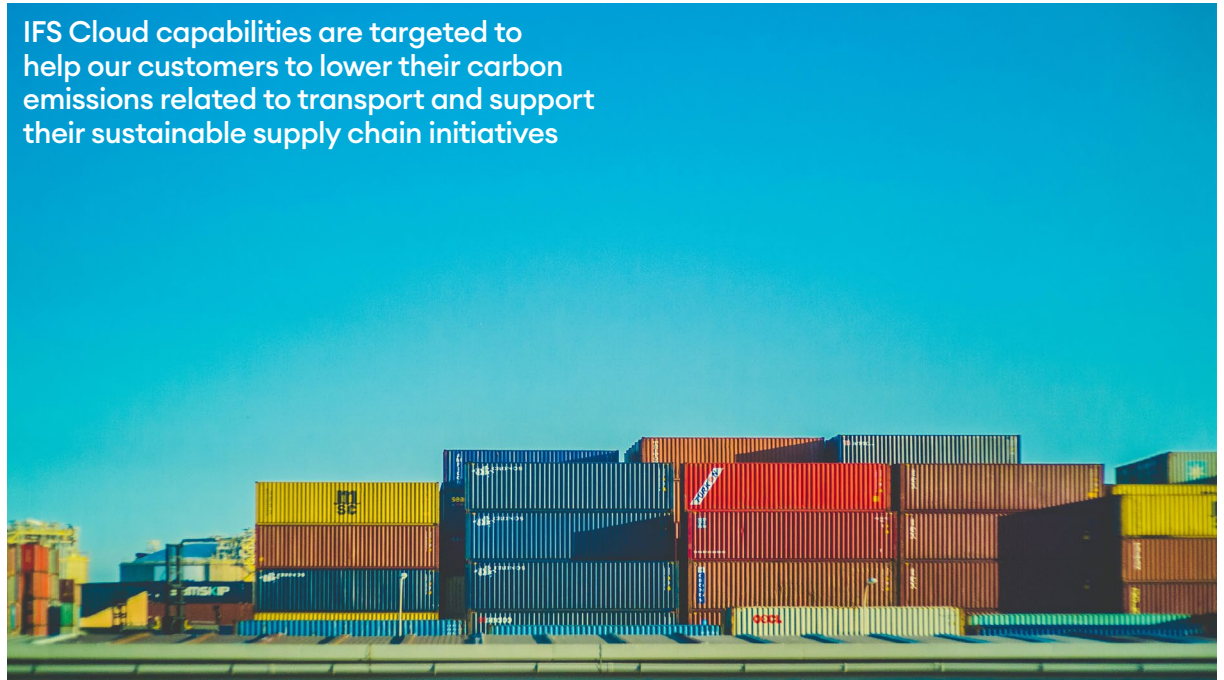
Enable a more sustainable supply chain

IFS Cloud aims to decrease the amount of throwaway materials used and reduce the number of trucks on the road, helping to lower our customers' overall carbon footprint.

Reduce carbon emissions during service delivery

IFS Cloud optimizes schedules, reduces travel times, and selects the best technicians to deliver a first-time-fix.

IFS Cloud capabilities are targeted to help our customers to lower their carbon emissions related to transport and support their sustainable supply chain initiatives



CASE STUDY IFS Scheduling Optimization and Emissions Reductions

With global gasoline prices soaring and the climate emergency looming, customers need to streamline their field workforce. IFS provides the industry leading **scheduling optimization engine**, enabling reduction of fuel costs, carbon footprint, and optimization of workers.

On average, companies reduce their technician travel time between 35%-50% and **reduce emissions by 30%**. Over time, the benefits of the solution improve through **machine learning capabilities**. The solution also includes a unique predictive planning tool: 'What-If' Scenario Explorer (WISE), permitting customers to explore how their business could cope with scenarios such as switching to an electric fleet.



IFS Cloud's Sustainable Supply Chain Capabilities

IFS Cloud capabilities are targeted to help our customers to lower their carbon emissions related to transport and support their sustainable supply chain initiatives.

Route Planning

Customer orders can have Ship Date and Time collected into Delivery Route departures. When set up it applies automatically at order intake including Available to Promise (ATP) consideration. This reduces the number of times transport providers need to come and pick up goods by moving to a scheduled number of times per day and week to meet the expected load per transport option.

Consolidated Shipments

Orders are consolidated into Shipments and can thereby have picking and packing executed more efficiently. In addition to this, Shipments can be consolidated further for transport reasons.

Packing

Packing of goods into shipment handling unit types and accessories like collars, lids, or plastic wrap makes sure that no waste is caused further down the supply chain by re-packing or reorganizing the way goods are packed to fit next stage of the supply chain. This packing can be multi-layers of different types of handling units.

There is also an embedded capability to fill up a handling unit with empty boxes, which means handling units becomes stackable to enable more optimal truck loadings.

Change for Good Awards

We leverage our voice to champion transformation within both industry and society. A prime illustration of this is our IFS Change for Good Sustainability Awards program, dedicated to celebrating customers at the forefront of embracing sustainable initiatives. Engaging with our customers on sustainability not only deepens our understanding of their needs but also fosters a meaningful dialogue that can shape the direction of our product development.

For the third year in a row, IFS received numerous customer nominations from around the globe, allowing our customers to showcase efforts in the sustainability space.

Change for Good Awards Winner 2023

INTERNATIONAL - العالمية
MARITIME - للملاحة
INDUSTRIES - للصناعة

International Maritime Industries (IMI)

Category: Journey of transformation to a sustainable business



Bugaboo

Category: Journey of transformation to a sustainable business



CASE STUDY

Farrow and Ball's journey with IFS

The use of historical data extracted from IFS Cloud allows Farrow and Ball to determine a baseline on which to build comparative measures on sustainability issues and helps to inform strategic decisions it makes as a global business. The data from IFS Cloud is also used to build comprehensive carbon footprint report and assists in setting up its key sustainability targets:

- 100% Scope 1 and 2 by 2025 with max 10% offsetting vs 2019 baseline.
- 50% reduction in Scope 3 emissions by 2030 vs 2019 baseline.

"In addition, we use IFS Cloud to identify the 'journey' toward a more environment-friendly range of products, specifically embodied Carbon and Water, biocide levels and VOC's. We are currently reviewing the IFS Cloud output to inform decisions in our marketing strategies, and commercial and operational activities," says Sabi Andreotti, Business Design Analyst.

Data originated in the following IFS modules is used by Farrow and Ball to calculate its carbon footprint:

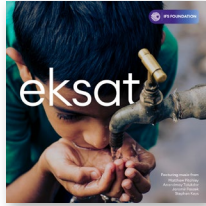
- Sales data to identify volumes and countries of destination for all our products.
- Engineering for Calculation of VOC (at recipes level)
- Production data to identify volumes and levels of VOC originated in our factories.
- Procurement/Purchase ledger data to identify volumes of components (raw materials) used in our manufacturing processes and other products, such as packaging, IT equipment, safety wear, lab equipment.
- Transport data to calculate carbon footprint from supplier to F&B sites.
- Expense module to track employees' travels and therefore their carbon footprint.
- HR module to identify FTE by country and calculate commuting carbon footprint.



Having a broader impact

At IFS, we constantly strive for good corporate citizenship as we gain greater outreach and impact on a global level through our activities

Broader impact	32
IFS Foundation	32
IFS Education Program	35
Volunteering	36



IFS Foundation

We harness the global fundraising potential of IFS for our charity of choice, the IFS Foundation. The IFS Foundation is a group of independent charities established to reduce poverty in rural Sri Lanka, investing in projects to address access to clean water, sanitation, healthcare, education and employment opportunities.

This year we have facilitated multiple fundraising opportunities through launching IFS Foundation Album, supporting Global Get Fit Challenge, promoting the IFS Foundation at SaKO, customer events and other initiatives.

IFS Foundation Album

At IFS, we always strive to implement creative ways in engaging our colleagues and spreading awareness around our partnerships. In 2022, we launched the IFS Foundation Travel Guide, which featured travel recommendations submitted by colleagues globally. This year, we wanted to collaborate once more to create and enjoy music together through **launching a dedicated IFS Album**.

The album was a compilation of our colleagues' original music which then was made available to stream and download, free of charge, with **a suggested donation to the IFS Foundation**. All donations went towards supporting the work of the Foundation to relieve poverty in rural Sri Lanka.

This demonstrated a fun, collaborative way to display our unity, diverse cultures and passion to improve the lives of local communities.

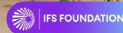
Local fundraising initiatives: Cinema New Release

This year, we also held some local fundraising initiatives, such as exclusive cinema screenings with every ticket supporting the IFS Foundation.

As an example, our Colombo IFS office invited colleagues to join for an exclusive screening of "Aquaman and the Lost Kingdom" and gave a chance to win gifts with multiple raffles. This was also one of the great ways to engage our colleagues in fun teambuilding activities outside of workplace.



Veralugahamula is a peaceful, resilient rural community here in Sri Lanka



CASE STUDY

Welsumanapura and Weralugahamula

In 2023, IFS supported the IFS Foundation on several projects in two villages, Welsumanapura and Weralugahamula.

Welsumanapura

- We actively participated in the construction of six new classrooms, expanding capacity from 450 to over 700 students.
- IFS donated three additional sewing machines to support home employment.
- IFS supported the work of the Welusumanapura sewing collective, purchasing and distributing cloud keychains to donors to thank them.

Weralugahamula

- In 2023, the IFS Foundation extended its work to support the community in Weralugahamula. IFS supported the evaluation and selection process
- IFS funded a Reverse Osmosis (RO) plant at the Madampe Divisional Hospital, located in Weralugahamula to secure a regular supply of fresh water
- IFS funded the completion of a new sanitary facility at the Madampe Divisional Hospital, preventing the risk of communicable disease



IFS Foundation volunteering initiatives

The CSR Volunteer Day is one way in which we enable colleagues to play an active role in directly supporting our Sustainability strategy. This year, multiple IFS employees chose to spend their CSR days by **volunteering for the IFS Foundation**.

In 2023, 83 of our colleagues used their CSR Day Leave to help **refurbish the Welasiya Government School** in Puttalam. Over the course of two days, the volunteers painted buildings, desks, and chairs, along with support from the IFS Foundation's partners, parents of the school children, and the children themselves.

Following the success of our first campaign, another 47 IFS volunteers spent their CSR Day Leave in December to paint the new classroom buildings at the Welasiya Government School. These classrooms, built by the IFS Foundation, will help improve educational outcomes and are a crucial part of our commitment to breaking the poverty cycle in remote and rural communities across Sri Lanka.

Throughout 2023, IFS Employees also volunteered at a local school to provide English lessons to students. This demonstrated an effective way to collaborate with local communities and learn more about them.



Other Fundraising Initiatives

Whilst the IFS Foundation is our 'charity of choice', we always encourage our colleagues to support other causes close to their hearts. This was demonstrated by our French office, who run for the Odyssea Foundation to unite their efforts to support the fight against breast cancer.

Education program

Education is the foundation of stronger and prosperous societies. As a large employer, we want to promote the benefits of education to individuals and families. This is one of the main drivers for our commitment to expand our Program to 150 institutions globally over the next 3 years. In 2023, we reached a total of 123 educational institutions engaged.

IFS Education Program looks to encourage interest and engagement in STEM subjects as well as to expand opportunities and facilitate routes into the technology sector for young people. We do this through four main methods: scholarships and internships, the use of IFS software, donation of equipment and employees volunteering their time.

Number of Educational Institutions Engaged (cumulative)

2021	50
2022	99
2023	123

As a large employer, we want to promote the benefits of education to individuals and families



Student Mentoring Program

In 2023, we put our effort in developing a dedicated student mentoring program. Starting in the next year, ten of our mentors will be advising students across UK, Sweden, Netherlands, Sri Lanka and the US. Throughout eight weeks, our mentors will be encouraged to share their journeys at IFS, leveraging their expertise and hands-on experience.

This new program will be fully focused on supporting our goal of encouraging young people to consider a career in technology sector by helping them understand themselves and what opportunities a career in this professional sector can hold.

CASE STUDY

University Collaboration

Throughout 2023, IFS held multiple educational sessions at universities in Sri Lanka. Some of our highlights include:

- University of Colombo, Faculty of Technology where we conducted a Level Up session.
- University of Wayamba where we welcomed a group of 40+ students to our office in Colombo and successfully delivered a series of insightful sessions.
- Informatics Institute of Technology, School of Computing where we supported the event 'CodeSprint' organized by IEEE.
- NSBM Green University, Faculty of Computing where we conducted an IPT session.





1010

employees volunteered,
resulting in a total of 947
CSR days used

The CSR Volunteer Day is one way in which we enable colleagues to play an active role in directly supporting our Sustainability strategy. Each of our colleagues has one day of paid volunteering leave to spend time supporting their local communities and organizations close to their hearts.

In 2023, 1010 employees volunteered via IFS, contributing to 947 days donated to local causes. This is 17.2% of our employee population.



Employee Feedback

In 2023, **81%** of IFS employees who participated in our internal survey claimed that their wellbeing either “**significantly improved**” or “**somewhat improved**” as a result of volunteering. On the same survey, 90% of our respondents claimed that they would recommend volunteering to a colleague. This demonstrates that CSR Leave not only positively impacts the community, but also enables our colleagues to feel better by improving their wellbeing.

CASE STUDY

CSR Days

IFS Employees used their CSR Days across a variety of causes, including litter picking, collaborating with the IFS Foundation, supporting local charities and helping in hospitals, schools and care homes.



Germany (Residential home)

In Germany, our colleagues spent their CSR day in a residential home, supporting their residents and preparing for a summer festival to support the anniversary of the home. This included setting up a marquee, planting shrubbery and cleaning the garden area.



Sri Lanka (Conservation Project)

In Sri Lanka, the R&D Supply Chain Team came together to support one of the largest Mangrove Conservation Projects at Koggala Lake. The team successfully helped to plant 500+ mangrove plants.



Canada (Community Housing)

In Canada, the team supported Ottawa Community Housing (OCH), helping with the construction of a 16-person bench with 4 plant boxes for the community.

Annex



Annex	37
Auditor's Report	38
KPI Definition	39
GHG Inventory Breakdown	40
GRI Index Table	41
SASB Index Table	43
UN Global Compact Principles	44

Auditor's Limited Assurance Report on IGT III Holding AB's Sustainability Report

To IGT Holding III AB, corporate identity number 559033-9742.

Introduction

We have been engaged by the Board of Directors of IGT Holding III AB ("IGT") to undertake a limited assurance engagement on below specified information, presented in IGT Holding III AB's annual accounts and consolidated financial statements for the year 2023.

- Number of data breaches (page 5)
- % of employees who have taken CSR leave (page 5)
- % of renewable energy in IFS operations (page 17)
- Total scope 1 and scope 2 emissions tCO₂e (page 17)
- % of Group's female managers (page 21)
- % of women within the organization's board (page 21)
- Number of Anti-bribery and Corruption training participants (page 24)

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria for the above specified information, as defined on page 39 in IFS AB's Sustainability Report for 2023 available on ifs.com, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to express a conclusion on the above specified information based on the limited assurance procedures we have performed. The selection of information to be reviewed has been made by the management of IGT Holding III. Our review is limited to the above specified information in this document and does not include future oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards.

The firm applies International Standard on Quality Management 1, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of IGT in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed, consequently, do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the above specified information is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm, 22 April 2024
Ernst & Young AB

Andreas Nyberg Selvring
Authorized Public
Accountant

Outi Alestalo
Specialist member
of FAR

KPI definition

ESG Category	Metric	Definition of the KPI	Scope	Methodology
Environmental	% of renewable electricity in IFS operations	Renewable electricity (RE) is generated from renewable resources, which are naturally replenished on a human timescale, such as sunlight, wind, rain, tides, waves, and geothermal heat. IFS purchases Energy Attribute Certificates (EACs) to cover its grid electricity consumption across global facilities that are under its operational control. 1 EAC represents 1 MWh of verified 100% RE generated by a provider. Green tariffs refer to contracts for 100% RE that usually consist of bundled EACs. Purchasing EACs therefore enables IFS to decarbonize its electricity supply.	IFS sites under operational control	Reported via Schneider Electric's energy management system, Resource Advisor
Environmental	Scope 1 greenhouse gas (GHG) emissions	IFS reports direct GHG emissions from sources under operational control as IFS Scope 1. Emissions are generated from stationary combustion of fuels (natural gas and fuel oil) at global facilities.	IFS sites under operational control	Reported via Schneider Electric's energy management system, Resource Advisor
Environmental	Scope 2 greenhouse gas (GHG) emissions	IFS purchases electricity, district heating and district cooling for consumption at global facilities under its operational control. The indirect GHG emissions released from the generation of this purchased energy by utilities and power generators is reported as IFS Scope 2. IFS reports its Scope 2 emissions under both location-based and market-based approaches as defined by the Greenhouse Gas Protocol.	IFS sites under operational control	Reported via Schneider Electric's energy management system, Resource Advisor
Social	% of Group's female managers	This KPI demonstrates the percentage of women among the Group's executives, directors, officers and management roles ('People Managers') against the total number of employees at those levels. Data is calculated as a point in time average of the actual number of female managers at each quarter end in the year 2023.	IFS employees	Obtained via internal HR Dashboard
Social	% of women within the organization's board	The percentage of women among the Group's board against the total number of board members that are Non-Executive Directors. This does not include owner representatives.	Non-executive directors	available on IFS' website: "Leadership" section. Internal monitoring by Company Secretary
Social	% of employees who have taken CSR leave	This KPI demonstrates the percentage of employees who used their CSR leave in part or whole against the average number of employees across the Group in the period. These hours include volunteering in company time that has been directly recorded via internal HR system.	IFS employees	Obtained via internal HR Dashboard
Governance	Number of reportable data breaches	This KPI includes major Reportable Events of data security breaches. "Reportable Event" means any major security incident resulting in: 1. Loss of customer, employee or financial data outside of the Group; 2. Major business and operational disruption to services as a direct result of such cyber incident; and 3. Financial loss, in each case as a result of a ransomware or other major cyber-attack, and which the Group is obligated to report to the relevant regulator.	IFS operations	Continuous monitoring via formal system reporting
Governance	Number of Anti-bribery and Corruption training participants	This includes the number of existing IFS employees, who completed the IFS's mandatory Antibribery and Corruption training in the period between 2021 and 2023, if not required to re-take the training in 2023.	IFS employees	Tracked by internal training platform, IFS Academy

GHG Inventory Breakdown

A full breakdown of our 2023 greenhouse gas (GHG) inventory or 'carbon footprint' is provided below. The 'estimated' emissions below are defined as being calculated using either a spend-based approach or using an activity-based approach where the activity data is itself estimated based on historical 'real' data or assumptions. IFS calculated our 2023 carbon footprint and energy consumption metrics with support from Schneider Electric and their platform, Resource Advisor. We are committed to seeking methods to improve data quality over time to enable more targeted decarbonization actions.

Scope 1

Emissions Source	Emissions (tCO ₂ e)	Share (%)	Estimated (%)
Fuel Oil	6	2	100
Natural Gas	348	98	53
Total	354	100	54

Scope 2

Emissions Source	Market-Based Emissions (tCO ₂ e)	Share (%)	Estimated (%)	Location-Based Emissions (tCO ₂ e)	Share (%)	Estimated (%)
District Cooling	18	20	9	18	1	9
District Heating	75	80	4	75	3	4
Electric Power	0	0	N/A	2,241	96	20
Total	93	100	5	2,334	100	20

Scope 3

Emissions Source	Emissions (tCO ₂ e)	Share (%)	Estimated (%)
1. Purchased goods and services	12,725	47	89
2. Capital goods	634	2	100
3. Fuel-and energy-related activities	899	3	100
6. Business travel	9,115	34	18
7. Employee commuting	3,484	13	0
15. Investments	214	1	100
Total	27,072	100	54

Statement of use

IFS AB has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023, with reference to the GRI Standards.

GRI 1 used

GRI 1: Foundation 2021

GRI Standard	Disclosure	Location in Sustainability Report 2023 [SR], Year in Review 2023 [YR] or our website [IFS.com]
GRI 2: General Disclosures 2021	2-1 Organizational details	Our Approach [SR] and [IFS.com]
	2-2 Entities included in the organization's sustainability reporting	Our Approach [SR]
	2-3 Reporting period, frequency and contact point	Our Approach [SR]
	2-4 Restatements of information	Emissions [SR] Renewable Energy [SR]
	2-5 External assurance	Our Approach [SR]
	2-6 Activities, value chain and other business relationships	About us [IFS.com]
	2-7 Employees	Our Business in Numbers [YR]
	2-8 Workers who are not employees	Not currently disclosed
	2-9 Governance structure and composition	Leadership [IFS.com]
	2-10 Nomination and selection of the highest governance body	Not currently disclosed
	2-11 Chair of the highest governance body	Leadership [IFS.com]
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance [SR]
	2-13 Delegation of responsibility for managing impacts	Governance [SR]
	2-14 Role of the highest governance body in sustainability reporting	Governance [SR]
	2-15 Conflicts of interest	Anti-corruption [SR]
	2-16 Communication of critical concerns	Whistleblowing [SR]
	2-17 Collective knowledge of the highest governance body	Governance [SR]
	2-18 Evaluation of the performance of the highest governance body	Governance [SR]
	2-19 Remuneration policies	Not currently disclosed
	2-20 Process to determine remuneration	Not currently disclosed
	2-21 Annual total compensation ratio	Not currently disclosed
	2-22 Statement on sustainable development strategy	Our strategy [SR]
	2-23 Policy commitments	Human Rights [SR]
	2-24 Embedding policy commitments	The IFS Code of Conduct [SR]
	2-25 Processes to remediate negative impacts	The IFS Code of Conduct [SR]
	2-26 Mechanisms for seeking advice and raising concerns	Whistleblowing [SR]
	2-27 Compliance with laws and regulations	Not currently disclosed
	2-28 Membership associations	External standards and frameworks [SR]
	2-29 Approach to stakeholder engagement	Not currently disclosed
	2-30 Collective bargaining agreements	Human Rights [SR]

GRI Index Table

continued

GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality assessment [SR]
	3-2	List of material topics	Materiality assessment [SR]
	3-3	Management of material topics	Materiality assessment [SR]
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Anti-corruption [SR]
	205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption [SR]
	205-3	Confirmed incidents of corruption and actions taken	Anti-corruption [SR]
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti-corruption [SR]
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Emissions [SR]
	305-2	Energy indirect (Scope 2) GHG emissions	Emissions [SR]
	305-3	Other indirect (Scope 3) GHG emissions	Emissions [SR]
	305-4	GHG emissions intensity	Emissions [SR]
	305-5	Reduction of GHG emissions	Emissions [SR]
	305-6	Emissions of ozone-depleting substances (ODS)	Not currently disclosed
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not currently disclosed
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Not currently disclosed
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not currently disclosed
	401-3	Parental leave	Not currently disclosed
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Compliance trainings [SR]
	404-2	Programs for upgrading employee skills and transition assistance programs	Compliance trainings [SR]
	404-3	Percentage of employees receiving regular performance and career development reviews	Not currently disclosed
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Diversity & Inclusion [SR]
	405-2	Ratio of basic salary and remuneration of women to men	Not currently disclosed
	406-1	Incidents of discrimination and corrective actions taken	0
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	IFS Cyber Security & Privacy [SR]

Topic/Code	Accounting metric	Location in Sustainability Report 2023 [SR], Year in Review 2023 [YR], website [IFS.com] or answer
Environmental Footprint of Hardware Infrastructure		
TC-SI-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Renewable energy [SR]
TC-SI-130a.2 x	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Not currently disclosed
C-SI-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	Environmental Impact [SR]
Data Privacy & Freedom of Expression		
TC-SI-220a.1	Description of policies and practices relating to behavioral advertising and user privacy	IFS Cyber Security & Privacy [SR]
TC-SI-220a.2	Number of users whose information is used for secondary purposes	0
TC-SI-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	0
TC-SI-220a.4	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	0
TC-SI-220a.5	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	0
Data Security		
TC-SI-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	IFS Cyber Security & Privacy [SR]
TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	IFS Cyber Security & Privacy [SR]
Recruiting & Managing a Global, Diverse & Skilled Workforce		
TC-SI-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	Not currently disclosed
TC-SI-330a.2	Employee engagement as a percentage	Measuring our Success: Key Heartbeat Results [SR]
TC-SI-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Gender Diversity [SR]
Intellectual Property Protection & Competitive Behavior		
TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Not currently disclosed
Managing Systemic Risks from Technology Disruption		
TC-SI-550a.1	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	Trust Center [IFS.com]
TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	IFS Cyber Security & Privacy [SR]
Topic/Code		
Activity metric		
Location in Sustainability Report 2022 [SR] or answer		
TC-SI-000.A	Description of policies and practices relating to behavioral advertising and user privacy	Sustainability [YIR]
TC-SI-000.B	Number of users whose information is used for secondary purposes	Not currently disclosed
TC-SI-000.C	Total amount of monetary losses as a result of legal proceedings associated with user privacy	Not currently disclosed

UN Global Compact Principles

Topic/Code	Principle	Location in this report [SR]
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Human Rights [SR]
	Principle 2: make sure that they are not complicit in human rights abuses.	Human Rights [SR]
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Human Rights [SR]
	Principle 4: the elimination of all forms of forced and compulsory labor;	Human Rights [SR]
	Principle 5: the effective abolition of child labor; and	Human Rights [SR]
	Principle 6: the elimination of discrimination in respect of employment and occupation.	Human Rights [SR]
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	Environmental Impact [SR]
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	Environmental Impact [SR]
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Environmental Impact [SR]
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Anti-corruption [SR]

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Photography

Jason Ng Zoh	Nick Fewings
Agnieszka Kowalczyk	David Cristian
Thomas Richter	Igne B
Kurt Rebry	Geovanni Herrera
Luis Eusebio	Ruben Bagues
Tom Parsons	Getty Images

For further information or queries about the report please contact sustainability@ifs.com

