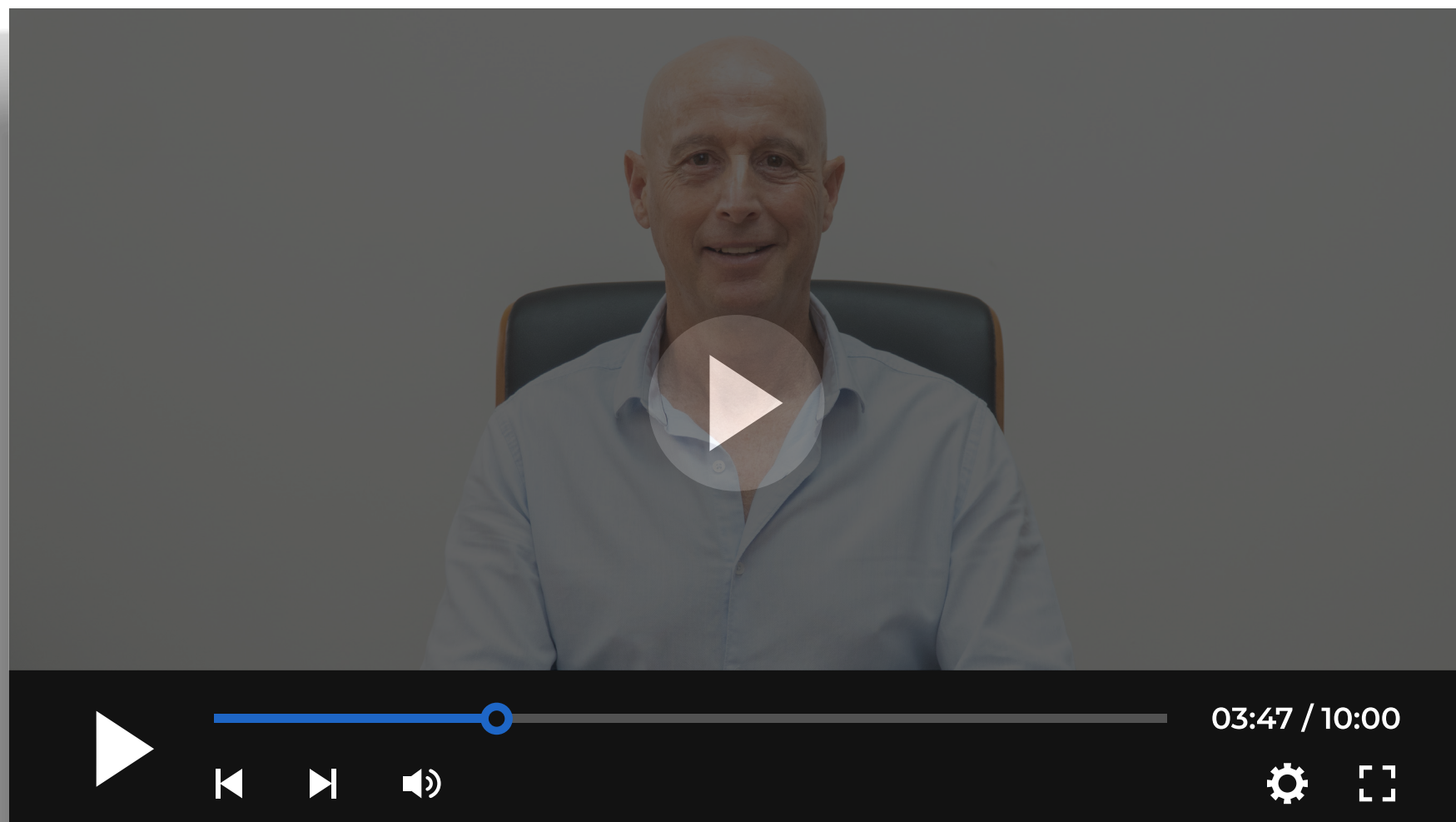


Sustainability Report 2022







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Digital and Interactive Report

This **Sustainability Report** is a **digital and interactive** document. This format allows any reader **to use buttons, links, videos, icons, and images digitally**, throughout the document.

Therefore, we aim to get a **good communication with interest groups** through the content of this report. Additionally, this transparency and accountability exercise will help us to show **IPAC's good practices, during the year 2022**.



Video



Photo Slideshow



Web Page



E-mail



Telephone

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Chapter 1:

Corporate Information

Message from the **General Manager**



Robert Pakuts

General Manager



2022 has been a challenging year amid post-pandemic recovery and due other events. **IPAC, with over 50 years in the market, is a company dedicated to manufacturing steel products, standing out for its innovation and the use of the most advanced technology worldwide,** to offer the widest range of products with the highest quality, which let us position as the leading company in the industry.

Our company is aimed at creating value not only through the commercialization of products and services, but also by promoting a **philosophy that is not only focused on the economic growth, but also in the human development, our environment and planet,** where we actively involve the personnel, clients, shareholders, suppliers, and the community. **Our sustainability fundamentals are based on the environmental care and commitment to reach our goal to become a carbon neutral company;** thus, also helping to promote a circular economy in operations, with the purpose of reducing, re-using, recycling, and recovering, especially focused on our people's well-being and environment.

We are certain that a commitment to our personnel, society and planet, by giving priority to the Sustainability Agenda, will allow us to continue to grow and contribute to build a better world.

History

IPAC S.A. was founded in 1972, starting its business activities with a plant in Guayaquil for the manufacture of steel profiles, with a successful introduction which promoted a sustained growth and leading to set up a second plant, along with the addition of new manufacturing lines to produce pipes, steel sheets and strips.

The construction of an extensive distribution network at national level, including warehouses and distribution centers in the main cities of the country, along with the international expansion through exports to main markets of the region, made it necessary the installation of a **third Manufacturing Plant equipped with new state-of-the-art production lines**, allowing us to reach an annual capacity of 280,000 tons per year of steel products, **thus covering the needs of different sectors, such as construction, infrastructure, agriculture, fishing, transportation, communications, energy, hydroelectric, institutional, commercial, and general industry.**



First plant



Third plant



1972 - 1990

First plant in Guayaquil.

Initial production of open profiles.

Inauguration of the first point of sale in Quito.

Incorporation of pipe and steel sheets production lines.

Galvanizing plant installation.

2003 - 2010

Integration to Duferco Group.

12 warehouses / branches.

Certifications: ISO 9001, ISO 14001, UL and INEN.

Expansion of second plant with a total of 40.000 m2.

Start of commercial alliance with Disensa.

Modernization and automation of the galvanizing plant.

Production capacity of 120.000 ton/per year.

2017 - 2022

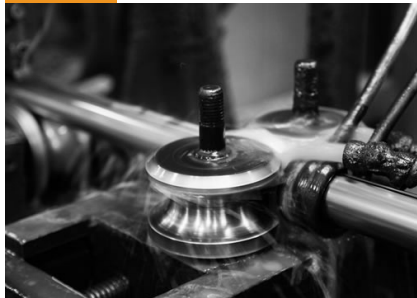
Expansion of third production plant with a total of 80.000 m2.

20 warehouses operating around the country.

26 production lines.

Production capacity of 280.000 ton/per year.

Inauguration of the largest private photovoltaic plant in the country with 1MW.



1991 - 2002

Second plant in Guayaquil with a total of 30.000 m2.

Expansion to 10 production lines.

Starting export of its products.

8 warehouses / branches.



2011 - 2016

20 production lines.

Inauguration of the third plant in Guayaquil, with a total of 76.000 m2.

17 warehouses / branches and a large distribution network.

Exports to 8 countries.

Production capacity increases to 240.000 ton/per year.

Organization and Culture

We are recognized for providing high-quality products and services, mainly, by raising awareness on the importance of preserving the environment. In addition, the policies of tolerance, respect, diversity and human rights constitute the guidance for interrelationships with our personnel, clients and communities. Below, we present the principles of the company itself and our environment.



CONDUCT

The code of ethics is used to guide the behavior and culture where each individual and group recognizes its responsibility.



OCCUPATIONAL HEALTH & SAFETY

It is an area of special care, in which continuous training and identification of risks aim to reduce incidents.



CLIMATE CHANGE

Our goal is to reduce waste, save energy, generate our own green energy and reduce our carbon footprint.



ENVIRONMENT

We focus on the reduction of operational losses that mitigate the environmental impact, as well as the control of emissions and recycling of water.



SOCIAL RESPONSIBILITY

We have commitments of responsibility and respect for human rights, we promote and help the development of communities and we try to create an impact in our field of action.



Purpose

We build a better world,
by focusing on people's
well-being and caring
for the planet.

Certifications, Recognitions and Strategic Alliances

We have **various certifications and recognitions** for products and processes, which reflect our quality and performance, and exceed the highest demands of national and international standards.

Product Certifications:



Quality Certificate granted by the Ecuadorian Standardization Service for products manufactured and sold by the company, which also guarantees compliance with technical standards and regulations, ensuring the quality and conformity of processes and products.



Certificate with worldwide recognition, issued by Underwriters Laboratories - based in the United States - that tests and certifies the high-quality standards of products.



Product certification that ensures compliance with Technical Standards for the colombian market, and particularly in applications for the electrical sector.



Strategic Alliances:

There are strategic alliances with companies, institutions, organizations, and trade associations, which strengthen the growth and leadership of the company at a national and international level. Some of them, as an associate member are:



Management System Certifications:



A Quality Management System Certificate ensures that products and services meet customer requirements, standards and regulations, including continuous improvement processes, customer satisfaction, as well as internal and external requirements.



A Certificate of Compliance with high standards serves to control all production processes, packaging, and national and international transportation of products, ensuring safe trade, and promoting a culture of safety, protection, and trust.



An Environmental Management Certificate confirms the reduction of environmental impact, reduction of waste and the use of energy, by taking care of the environment in which the company operates, including air, land, water, natural resources, people and their interrelationships.



In November 2021, IPAC seals its commitment to the "Ecuador Zero Carbon Program" led by the Ministry of Environment (MAATE). In this way, CO2 emissions into the environment and the impact it generates on climate change will be mitigated.

IPAC and its commitment to the Sustainable Development Agenda

Following the **United Nations** model in favor of compliance with the 2030 Agenda, **we guide our actions toward the achievement of the Sustainable Development Goals (SDGs)**. Below, we present some activities carried out in 2022:



In order to provide quality services, we have conducted various activities aimed at taking care of health and wellbeing, with the involvement of all our personnel and their families.



We reward the performance and academic effort of IPAC community's children, who have demonstrated academic excellence.



We strengthen the integration of women into the steel industry, which has traditionally been dominated by men. Additionally, we have promoted good practices aimed at creating spaces free of violence and discrimination against women, intended to foster equal employment opportunities. Currently, there is already many women in some administrative and sales areas of the company.



We use solar energy, a natural and renewable resource, to generate our own energy and thus mitigate environmental impact and reduce our carbon footprint. We make significant investments into Guayaquil plant, by installing photovoltaic panels, providing green energy and thereby helping to preserve the environment.



Commitment to the community
Housing construction in Guayaquil



Sustainability Committee:

The Social Responsibility Committee was created several years ago, which from 2022 became the Sustainability Committee. The purpose of the committee is to plan the company's Sustainability strategy and promote all action plans for their correct implementation.



Environmental commitment
Internal activity with square cleaning staff



We are involved in the construction of shelters and infrastructure for community schools, as part of social support provided.

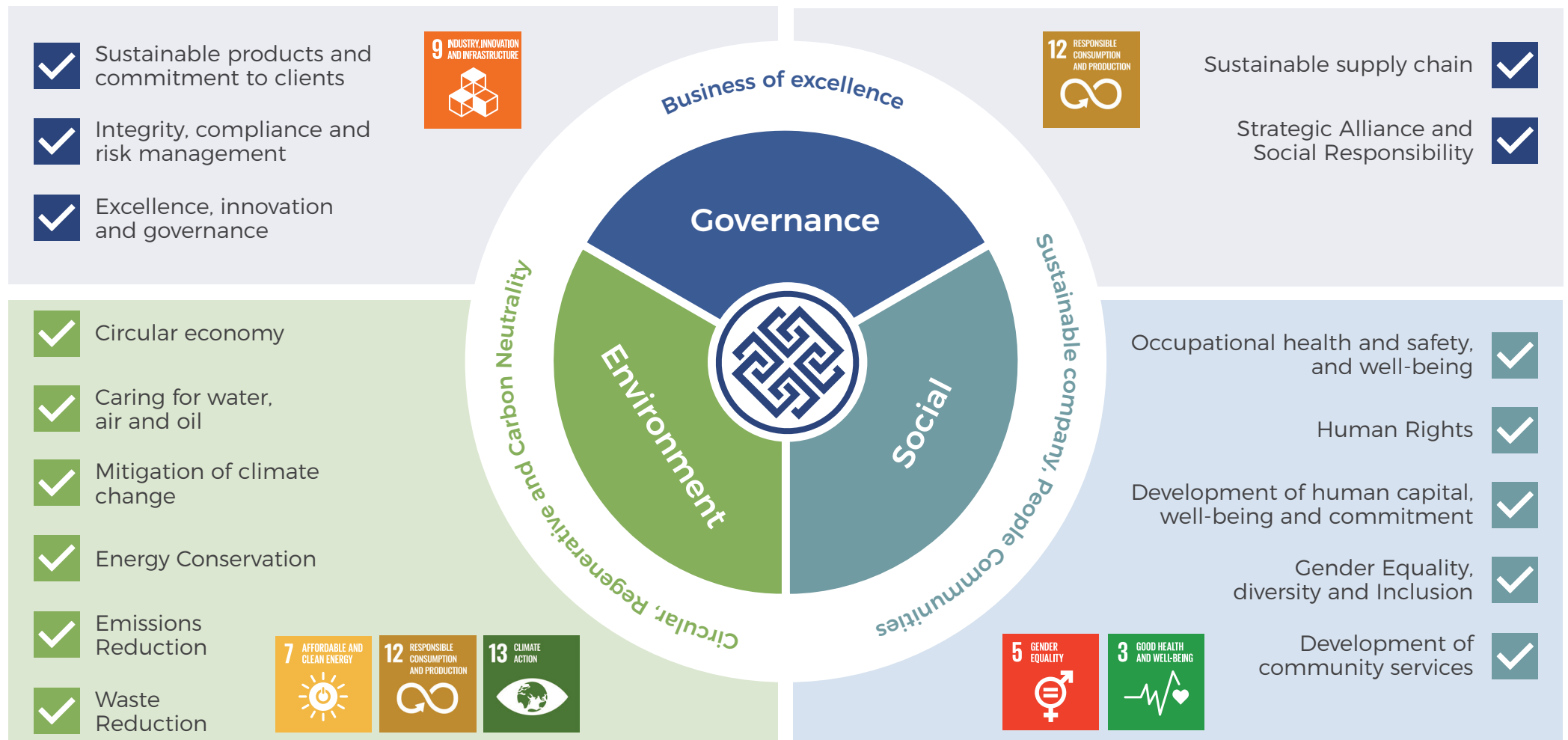


We participate in several activities with the purpose of helping mitigate the impacts of climate change, through programs like beach cleanups, planting of trees and awareness-raising talks about taking care of natural resources, addressed to employees and their families. We adhered to the “Ecuador Zero Carbon” program, an initiative led by the Ministry of Environment, Water and Ecological Transition.



IPAC Sustainability Model

Our Sustainability model is linked to the Sustainable Development Goals and their relationship with Good Governance, Social, and Environmental issues. It is detailed below:



Innovation

From our beginnings, we have been known for **actively contributing to the development of the industrial and construction sector in the country through effective and innovative solutions.**

We pioneered the incorporation of technology specialized in the manufacturing of multiple steel products, which has positioned us as market leaders. In addition, we have been able to explore international markets, letting our company rank among the main exporters of flat steel in Ecuador.

The quality of our products and solutions are key cornerstones of our company, for which we have the necessary resources and procedures where we ensure continuous improvement processes, where the efficient use of resources prevails.

Furthermore, **we promote excellence within our operations through Lean Manufacturing,** a methodology which seeks to provide the best solutions and value to clients by reducing and eliminating waste. We offer products manufactured and distributed in a responsible manner, across the whole value chain, and we have a human team and cutting-edge technology that allow us to be more efficient at the best cost and level of service.





Our value proposition is innovative, by offering products generated with sustainable energy and production processes that mitigate environmental impact, and are aimed at reducing our carbon footprint. As part of our comprehensive and differentiating offer, we maintain closeness with customers, and we focus on value for money as a competitive variable that positions us as market leaders.



Communication and Transparency

Stakeholders



To achieve strategic and close relationships with each of our interest groups, we maintained diverse communication channels, among them: participation in fairs and advertising campaigns, POP material, business, and social meetings, as well as corporate discussions about our products and services. Digital media, social networks and other internal media platforms are the main communication channels which keep us informed and connected with the community and personnel.

Anti-corruption

We have a strong commitment to anti-corruption practices at all levels. We make sure that all of our interest groups comply with the highest standards of correct behavior and ethical integrity. Our interest groups should also comply with laws, rules and regulations in this matter.

We conduct all business activities within the legal framework, transparency and ethics. We have signed a Code of Ethics used to guide our corporate conduct and culture.



Chapter 2:

Economic Development

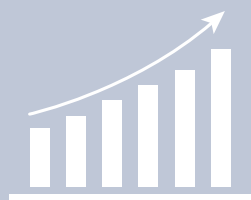
Figures or Numbers

Our company seeks to provide the best service experience to clients, as well as the best work experience for our staff. Below, you will find the main figures corresponding to fiscal year 2022:

Financial Figures

**USD 227
Millions**

Net Income



**USD 26
Millions**

EBITDA



Staff-related Figures

**USD 7
Millions**

Investment
in labor, wages,
and benefits



Acquisition Practices and Value Chain

We carefully analyze and select our commercial partners, and particularly, of consultants, intermediaries and suppliers, as we make sure that they fulfill their commitments in an ethical, transparent and documented manner. We comply with these processes, ensuring ethics and transparency. We maintain all supply and consulting contracts subject to the rules of the **Code of Ethics** and under constant and rigorous control by the company.

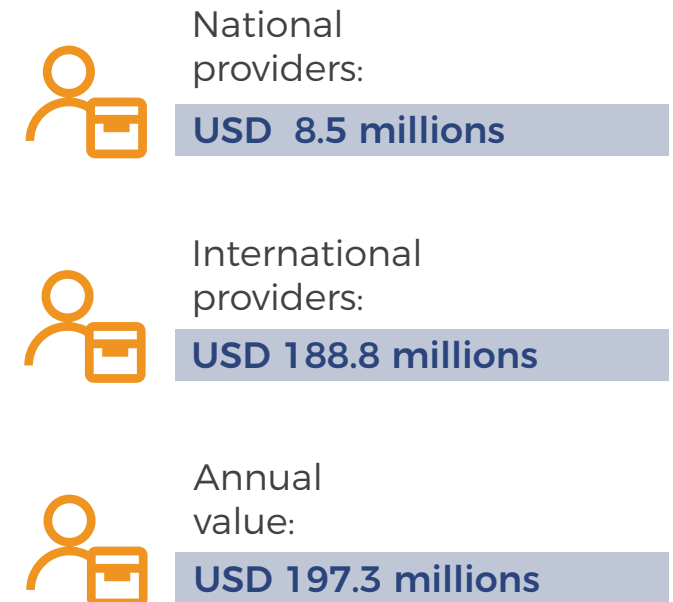
Our raw material is mostly imported from main countries of origin like **Japan, Korea, China, Brazil, among others**. The supply of this raw material is shipped by sea, entering through the port of Guayaquil. The distribution to our clients is carried out by land transport throughout the country, and for exports, both by land and sea.

Supply Chain



We have a total of **228 suppliers**, which in turn are divided into **201 nationally** and **27 internationally**.

Suppliers Data



This information considers the purchase of raw materials plus inputs and services.

Ethical Commitment



We have a **Code of Ethics that establishes standards, codes of conduct and rules of behavior in our company.** This is a commitment that we must adhere to, and it allows us to improve the quality of work with our community and associates. Our company develops the best practices, which involve declining any conduct that may affect the company's reputation, by establishing fair, transparent processes, and always in compliance with legal regulations; **we reject bad practices of any kind including bribery, corruption or any other type of proposals that do not fall within our code of ethics and legality.**

We acknowledge and respect the dignity, privacy and rights of all individuals. Likewise, we condemn any form of discrimination or harassment. The staff must be treated and should treat each other with respect and dignity, without tolerating any sexual or other forms of harassment, hostile behavior, intimidation, or humiliation. We have Zero Tolerance for any act that violates people's rights.

Our business is carried out in strict compliance with current environmental and legal regulations, at a national and international level, by supporting behaviors, programs and activities **aimed at reducing environmental impact as an integral part of our strategy and actions.**



Chapter 3:

Environmental Commitment

Commitment to the Environment

We are a company committed to caring for and respecting the environment in the daily exercise of our activities, also ensuring full compliance with all existing regulations and standards.

We recognize the active participation of our employees and community, while promoting the reduction of waste, the application of solutions that minimize environmental impact, and the constant search for sustainable and innovative alternatives, to contribute to having a healthier planet.

Our principle for all operational activities is based on continuous improvement, waste reduction, recycling, control, and efficiency in all our processes, along with cutting-edge tools to manufacture products of the highest quality for our clients, always showing respect for sustainability and the environment.



Water and Energy



We deeply care for and contribute to reduce the consumption of water and energy. Control and recirculation systems are in place for production processes that require the use of water, allowing to operate in a closed circuit where this water is reused, and nothing is wasted. We have intelligent energy saving systems that help us minimize and avoid energy consumption when it is not required and optimize it when it is needed.

In 2022, we inaugurated a Photovoltaic (PV) Power Plant which serves to capture solar radiation, with a capacity of 1 megawatt (MW), being one of the largest in the country at a private level. It allows savings of 20% in the total energy consumed by our production activities and help us reduce the environmental impact.



Additionally, in 2022, we were one of the first companies to join the “Ecuador Zero Carbon” program, by expressing our commitment to the Ministry of Environment and Government, with the transition toward decarbonization and on the way to achieving the goal of being a Carbon Neutral Company in a near future.

1

20% savings in electrical energy by using the solar PV plant.

2

Total consumption of fuels from non-renewable sources 108,000 gallons/year.

3




Types of fuels used from non-renewable sources. Electricity consumption 5,400 MWh per year.

Management of Emissions, Residues and Wastes

Our goal is to reduce emissions, percentage of losses and wastes, **through optimization of reuse and recycling.**

The steel used as a raw material, as well as in its processing to convert it into finished products, is **100% recyclable**, therefore, all waste obtained from it is channeled properly for reuse and thus prevents it from being discarded.

The same occurs with other inputs used, such as plastic and paper, where recycling is also put into practice to minimize waste disposal. In such case, indicators of those materials and inputs are monitored and records are kept, so that their analysis allows adopting measures to optimize their consumption.

| Materials | Unit | Renewables |
|---|------|------------|
|  Steel | Tm | 171,136 |
|  Paper & Cardboard | Kg | 21,873 |
|  Plastic | Kg | 5,685 |

We have **commercial agreements with companies specialized in waste management**; additionally, collection centers are in place together with control and waste management procedures.

 Oily Sludge | 141 Tn.

 Mineral Oils | 30 Tn.

 Solid Waste | 28 Tn.

 Oily Mixtures | 10 Tn.

Total 209 Tn.

Some wastes which require special treatment or disposal, **such as those containing oily mixtures, are managed by authorized companies for recovery and/or final disposal.**



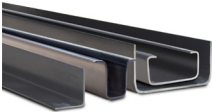
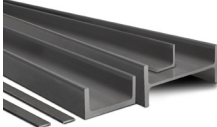

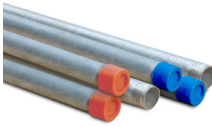

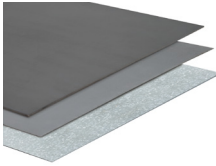
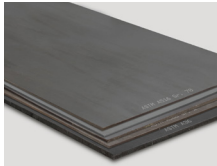
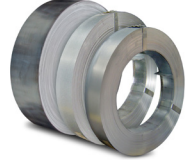


Chapter 4:

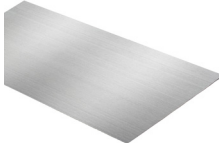
Our Business

Product Portfolio

The product portfolio is quite extensive, **with more than 2,500 products that satisfies a wide range of applications and solutions**, being the widest and most important in the market. This range of steel products covers the needs of different types of industries like mining, housing, infrastructure, construction, commerce, agriculture, fishing, oil, communications, energy, and all kinds of projects in general.

| Steel Profiles | Steel beams / laminated angles | Welded tubes | ERW Pipes | Electrical Conduits | Steel Sheets | Steel Plates | Steel Strips |
|--|--|--|--|---|---|---|--|
|  |  |  |  |  |  |  |  |
| Mainly used in the construction of structural elements and roofs. There are different types of steel profiles for every need. | Used for metallic structures, locksmith, metal-mechanic industry, and construction in general. | Multiple uses in construction, metal-mechanic industry, bodywork, auto parts, signage, fences, poles, etc. | Used for conducting fluids under pressure, water and steam, fire networks, etc. | Used for electrical installations, in homes, buildings, commerce, industries. | Hot-rolled, cold-rolled and galvanized stainless steel, widely used in all kinds of industries, in household appliances, transportation, refrigeration, signage, etc. | Used in the construction of bridges, tanks, structural elements, large welded beams, in earthworks, hydroelectric plants, piles, etc. | For industrial applications of all kinds, rolling doors, auto parts, appliances, locksmith, etc. |



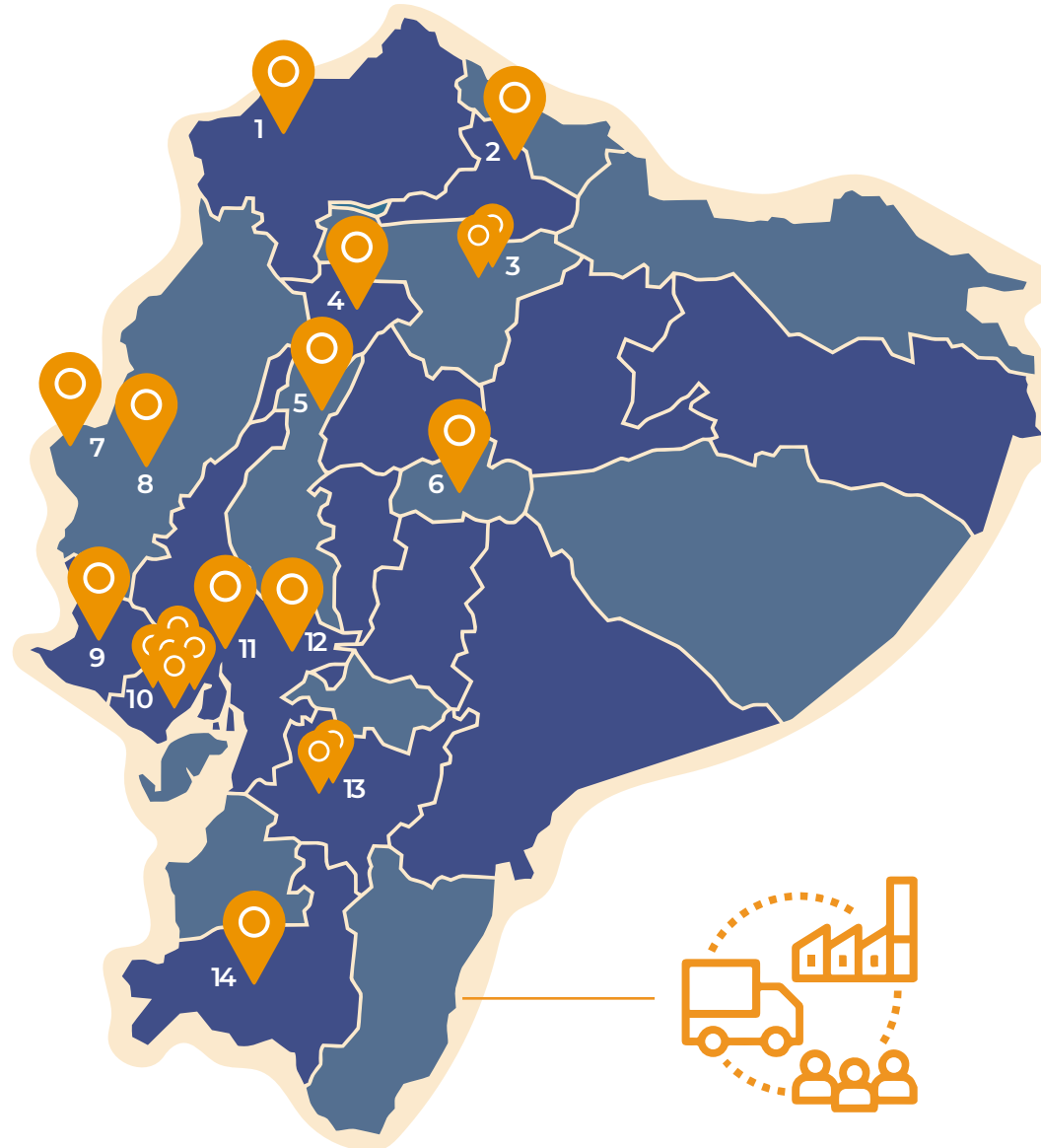
| IPAC Zinc | IPAC Roof | IPAC Deck | Stainless Steel Bars/Rods | Transmission Shafts | Aluminium Sheets & Plates | Stainless Plates | Stainless Pipes/tubes |
|---|---|---|--|---|---|---|---|
|  |  |  |  |  |  |  |  |
| It can be used as a roof or wall panels. | It is mostly used in industrial and commercial roofing. | For construction of concrete slabs, used as a supporting plate in general construction. | Special steels used in applications that require greater protection against corrosion. | In manufacture of machinery parts, rollers, shafts, flanges. | They are used for stair flooring, bodyworks, walkways. | For uses that require greater protection against corrosion and aesthetics. In appliances, sinks, exhaust pipes and ornamental applications. | For high corrosion resistance applications. Fluid conduction, handrails, auto parts, ornamental applications. |

Local and International Presence

We have the largest sales network and we are the largest exporter of steel products in the country.

Our specialized vendors, possess high technical and commercial knowledge, and **provide personalized service to the various market segments and clients**, ranging from household needs to large construction and infrastructure projects.

Our warehouses and branches are distributed in the main cities of the country: **Guayaquil, Durán, Milagro, Ambato, Manta, Portoviejo, Esmeraldas, Quevedo, Quito, Santo Domingo, Cuenca, Ibarra, and Loja**. In addition, we have a wide network of distributors that support the commercialization and ensure the greatest coverage to expand the reach of our products.



- 1 Esmeraldas
- 2 Ibarra
- 3 Quito
- 4 Santo Domingo
- 5 Quevedo
- 6 Ambato
- 7 Manta
- 8 Portoviejo
- 9 Santa Elena
- 10 Guayaquil
- 11 Durán
- 12 Machala
- 13 Cuenca
- 14 Loja



At an international level we have a wide presence and distribution of our products, especially in countries of the region such as **Colombia, Peru, Bolivia, Chile**, among others.



Activities with Clients



Business and Training Activities

We recognize that clients are the reason for our company's existence. That is why, we constantly participate in joint activities to strengthen and retain relationships.

The various activities with clients include fairs, business roundtables, promotional and advertising activities, talks and training, information and sales support material, attention and personalized visits, technical advice, loyalty programs and other activities aligned with the company's corporate sustainability strategy.



Chapter 5:

Social Development

People Management in Figures

The company has a total of **432 employees**, **20% of employees are women**, who in some areas such as sales, show a predominance exceeding **50%**. A respectful work environment and equality is fostered, along with an atmosphere of open communication and a place free of discrimination, harassment and any other form of intolerance or violence.

Likewise, there is place and importance for people with disabilities, and our company employs **15 collaborators who belong to this most vulnerable group**.

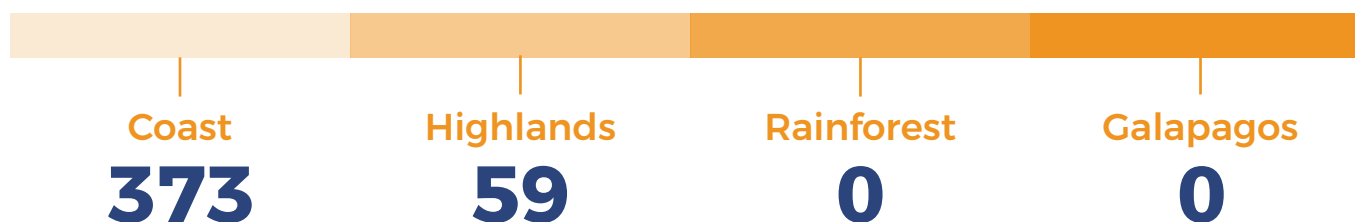
There is support for students, and **we welcome young people in their last years of higher education as interns**, who in some cases have continued their professional career within the Company.

By gender:



People with disabilities: 15

Geographic Region:



By age group:



Employment and Benefits



In addition to the **benefits of belonging to a company that provides them with an adequate and positive work environment, with a view to getting career growth, as well as personal and family satisfaction**, our collaborators or employees enjoy other additional benefits, such as complementary health, life and accident insurance, medical exams, consultations, vaccinations, and general preventive exams.

There is an on-site clinic and a permanent medical team to aid any employee who requires it. There are also appropriate facilities for breast-feeding, rest, dressing rooms, bathrooms and showers, as well as a food service for employees who take care of their health with a complete and balanced diet.



Personnel vaccinated
against Tetanus

250



Personnel who
received 3 doses
of covid-19 vaccine

425



Glucose monitoring and
electrocardiogram
tests

50

We have a special concern for our employees' children, that is why we give prevention talks on alcohol and drug use to family members of our collaborators and the community, reaching a total of 420 hours of training in these topics during 2022. Additionally, we encourage academic effort, and we reward children of employees who have excelled in their studies.

**12 boys and girls were awarded with laptops
and tablets for their performance at school.**



Equal Opportunity and Diversity

Gender Equality

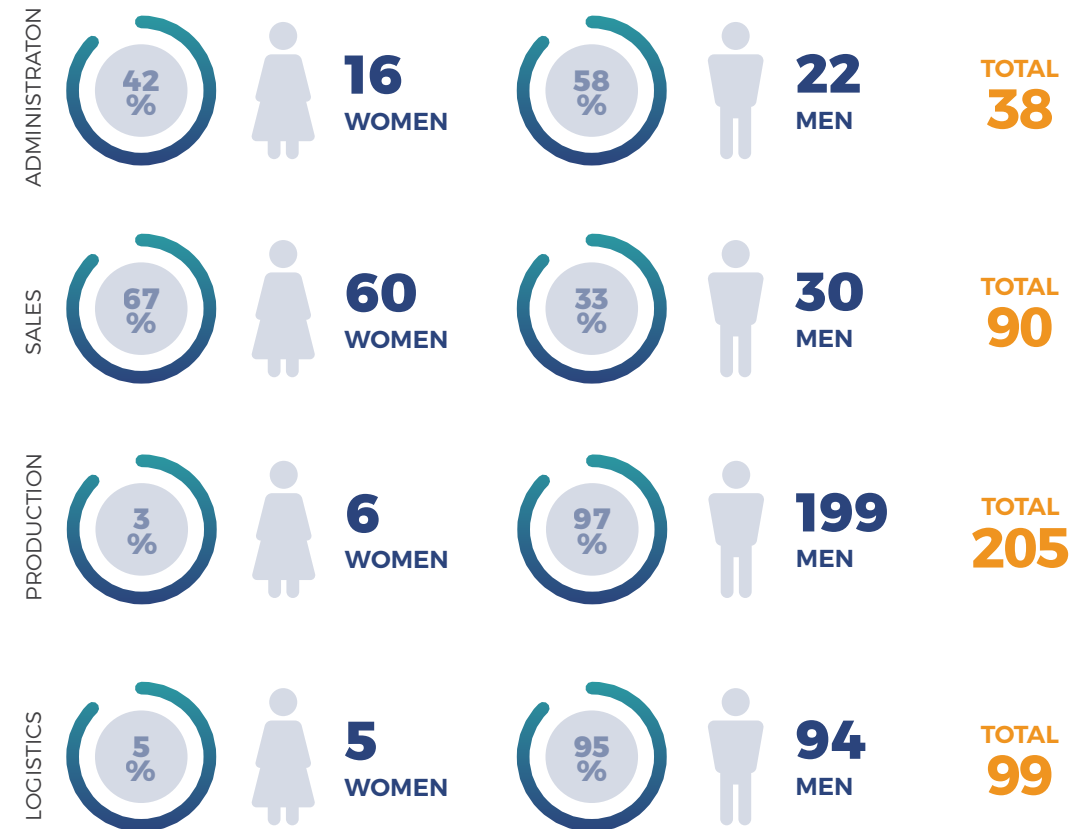
We respect the rights of employees and promote **equal employment opportunities**. For this reason, we joined the program called “Mujeres de Acero”, a participation with Fedimetal, which emphasizes women’s participation in less traditional areas, such as production. In other areas such as sales, there is a majority of women.



20%
WOMEN



80%
MEN





Reduction of Inequalities

We promote a culture of labor equality and non-discrimination. Furthermore, we guarantee equal opportunities for each employee of the company. In the hiring processes, we offer the same employment opportunities to candidates regardless of race, color, religion, gender, sexual orientation, marital status, disability or any other situation.

30 trained families

We conduct talks about autism with the staff and their families to understand this condition, and in order to create adequate awareness through different activities.

Commitment to the Community

We have an Sustainability Committee, whose main axis is to provide guidance and align corporate objectives with the collective well-being.

It is made up of voluntary personnel who represent different areas of the company, and who, together with the Sustainability Department, execute plans corresponding to the Corporate Sustainability Strategy, under the guidance of the Company's General Management and Board of Directors.

Several activities have been carried out within 3 fundamental axes:

- ✓ Individual Well-being
- ✓ Social Well-being
- ✓ Caring for the Environment

We have carried out activities that promote **recycling, saving energy and water**, as well as the correct disposal and collection of waste, and care for the environment.

There is a **close community connection**, particularly with the management of “Bastion Popular”, a residential area close to our plant in Guayaquil, where we develop joint activities, such as the one focused on the youngest children, and where awareness-raising campaigns are launched about water and environment care.

Also, a community park was built, with the collaboration where the Municipality of Guayaquil, so that residents of the area and especially their children, may have a space for recreation and family gatherings.

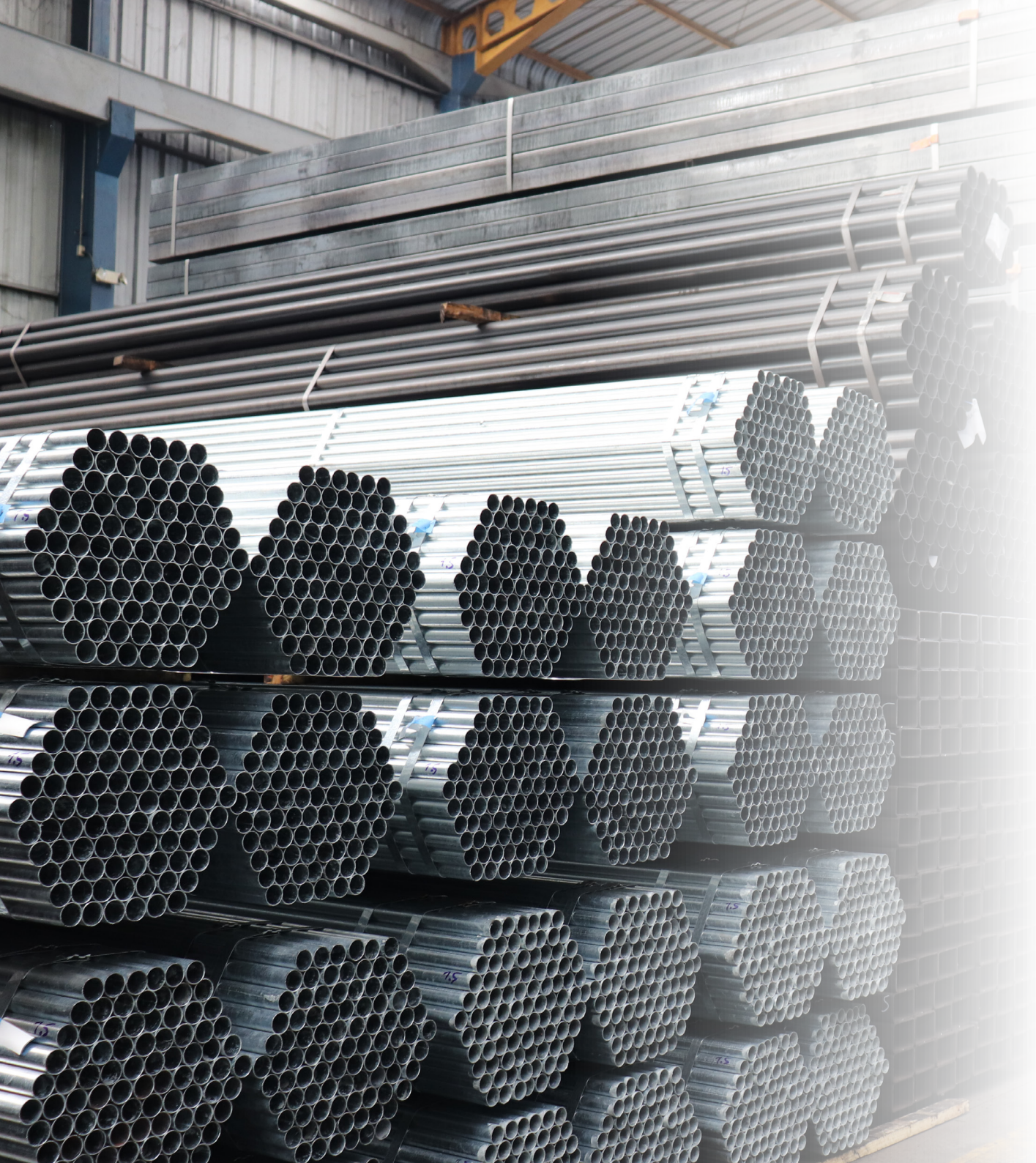
An especially outstanding activity, with the collaboration of “Hogar de Cristo”, was the **participation in the construction and donation of a full equipped house for a vulnerable family with limited resources**, ensuring that the family and their children have a better quality of life and better future perspectives.



250 people have been benefited with house donations and steel roofing.



150 trees planted at La Prosperina protected forest.



Sustainability Report 2022

We build a better world by focusing on people's well-being and the caring for the planet.