

Decarbonization Plan

November 2024

Welcome to Netceed's Decarbonization Plan. This document sets out our company's climate ambition and action plan to reduce our emissions across our value chain, for a transition to a global low-carbon economy.

Our group has been working on different initiatives over the years and for the first time, we are consolidating our global approach for the challenges ahead of us.

We hope to contribute to the climate challenge our planet is facing, answering our stakeholders' expectations and build our resilience for the future.



1. Ambition

We commit to reduce our emissions Scopes 1, 2 and 3 to achieve the Paris Agreement 1.5°C objective, according to the latest climate science.

Pages 5-8



2. Actions

To achieve our ambitions, we defined various actions across our value chain, and we will partner with our industry.

Pages 9-13



3. Governance & Reporting

We will steer and report regularly on our progress towards this Plan.

Pages 14-16

Message from the CEO



“ As one of the largest telecom distributors, and a global leader in value-added services and solutions, Netceed shapes the future of communication networks across the globe. And, with this leadership position comes responsibilities. We have the responsibility as an institution to contribute to a more sustainable planet for our communities, countries, and families for generations to come.

2024 has been a crucial year for us as, marked by the development of our group sustainability strategy, the launch of our ESG policies, and a strengthened focus on climate action. With this Decarbonization Plan, we are committing ourselves for the years to come. Our targets are aligned with science, with a commitment to reduce our greenhouse gas emissions across our Scopes 1, 2 and 3.

We want to play our role to drive change in the telecom industry and help our customers and partners fulfil their responsibility. We will use our voice to engage our customers, employees, and decision-makers on how to accelerate climate action, toward a better world.

Following the definition of our Decarbonization Plan, we will commit to the Science-Based Target Initiative, with the aim to get our target approved in 2025.

This Plan is just the beginning.

”

Alper Turken
CEO, Netceed

Executive summary

This Decarbonization Plan sets out Netceed's roadmap to reduce greenhouse gas (GHG) emissions in line with science and to remain in the 1.5 degrees pathway from the 2015 Paris Agreement. We aim for the below targets to be approved in 2025 by the Science-Based Target Initiative (SBTi).

We commit:

- To reduce Scope 1&2 absolute GHG emissions by **63%** by 2035 (baseline 2022)
- To reduce Scope 3 GHG emissions from use of sold product by **67%** per unit value added by 2035 (baseline 2022)
- That **67%** of our suppliers by spend covering purchased goods and services set SBTs by 2030

We aim to achieve our target by driving actions in our operations, making further energy efficiency gains at our facilities, shifting to electric vehicles among various actions. As more than 99% of our emissions lie in our Scope 3, working with our partners and suppliers to reduce emissions from the use of our sold produce and for the goods we purchase will be crucial.



1. Ambition

Our ambition

We set science-based emission reduction targets, meaning that our targets are intended to be in line with what is required to achieve the Paris Agreement 1.5°C objective, according to the latest climate science. Setting science-based targets makes sense for us as a business – we believe it will encourage innovation and demonstrate to employees and customers our long-term commitment to sustainability.

Our targets have been developed with representatives of all functions of our organizations to ensure this Plan is realistic and actionable.

We plan to commit to the SBTi, and we aim for the below near-term targets to be approved in 2025:



63% reduction in absolute Scope 1&2 GHG emissions by 2035 (baseline 2022)



67% reduction per unit value added Scope 3 use of sold products category GHG emissions by 2035 (baseline 2022)



67% of our suppliers by spend covering purchased goods and services to have science-based targets by 2030.



The Science-Based Target Initiative (SBTi) is an international project that came into being in 2015, following COP21. It aims to offer companies a reference framework for reducing their greenhouse gas emissions that is compatible with the objectives of the Paris Agreement. The signatories of the Paris Agreement have undertaken to limit the rise of the average temperature of the planet to +1.5° compared to pre-industrial levels.

To achieve this, SBTi offers companies:

- Rules and minimum targets for reducing Scope 1, Scope 2 and Scope 3 emissions
- An independent process for validating reduction targets.

Netceed aims for its near-term targets to be approved in 2025.

Using the Greenhouse Gas Protocol

Decarbonization Plan - Ambition

We use the Greenhouse Gas (GHG) Protocol, the most widely used international standard for GHG emissions accounting, to calculate our emissions and as basis for our target setting. According to the **GHG Protocol**, corporate emissions can be divided into **three scopes**:



Scope 1

Direct emissions from sources owned or controlled by an organization.



Company's thermic vehicles



Natural gas consumption

Scope 2

Indirect emissions resulting from the production of electricity, heat or steam purchased and consumed by an organization.



Electricity consumption

Scope 3

All other indirect emissions upstream or downstream of an organization's value chain. 15 categories in total, the most important for Netceed are:



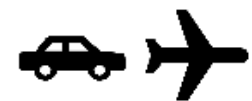
Purchased goods and services



Use of sold products



Transport of goods

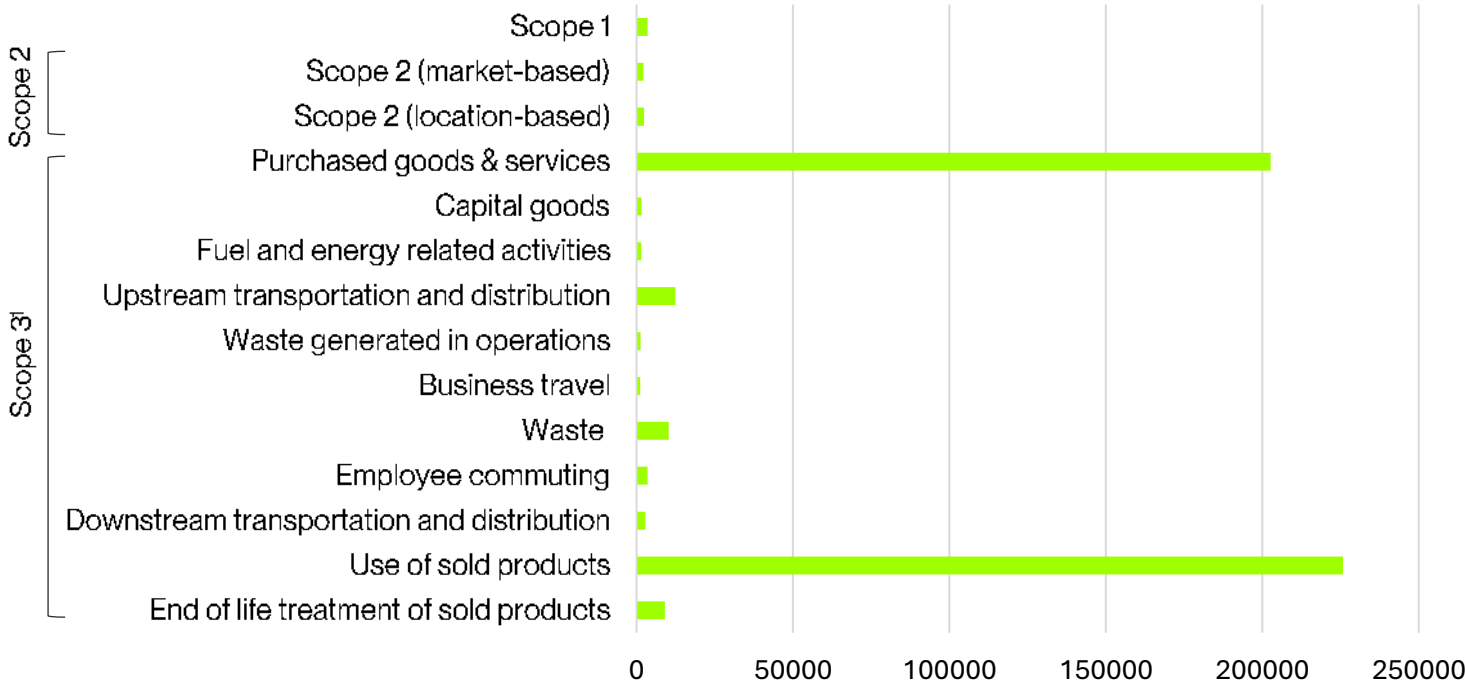
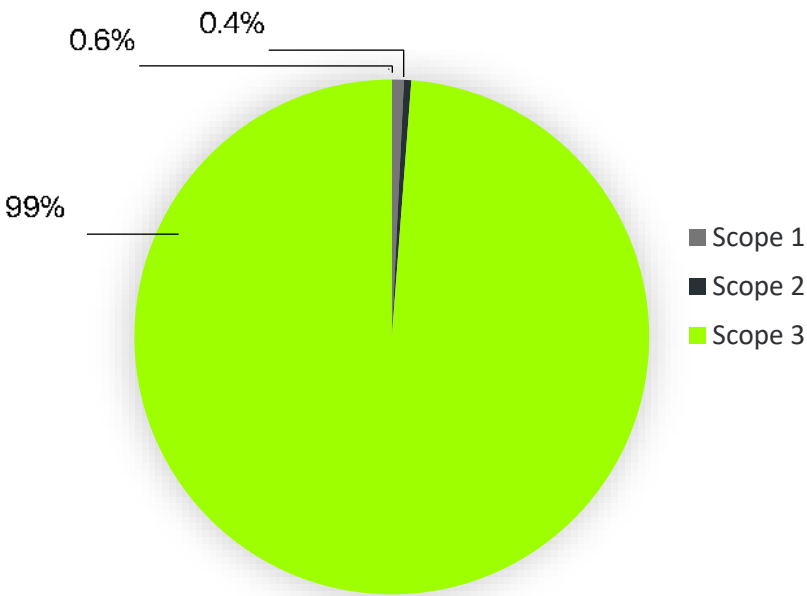


Business trips / Commute

Our GHG emissions

At the end of 2023, our total GHG emissions was 467,733 tCO₂e. Most of our carbon footprint – 91% – was due to the production (cradle-to-gate) and the use phase of the products sold to the customers (e.g., when active products are in operation). Emissions related to our buildings represented only 1% of our total emissions. In line with the SBTi requirements², we've set targets for our Scope 1&2 (absolute reduction), as well as for our emissions from the use of sold product (intensity reduction target) and purchased goods (supplier engagement target). The baseline year for these targets is 2022.

Netceed's emissions 2023 (tCO₂e)



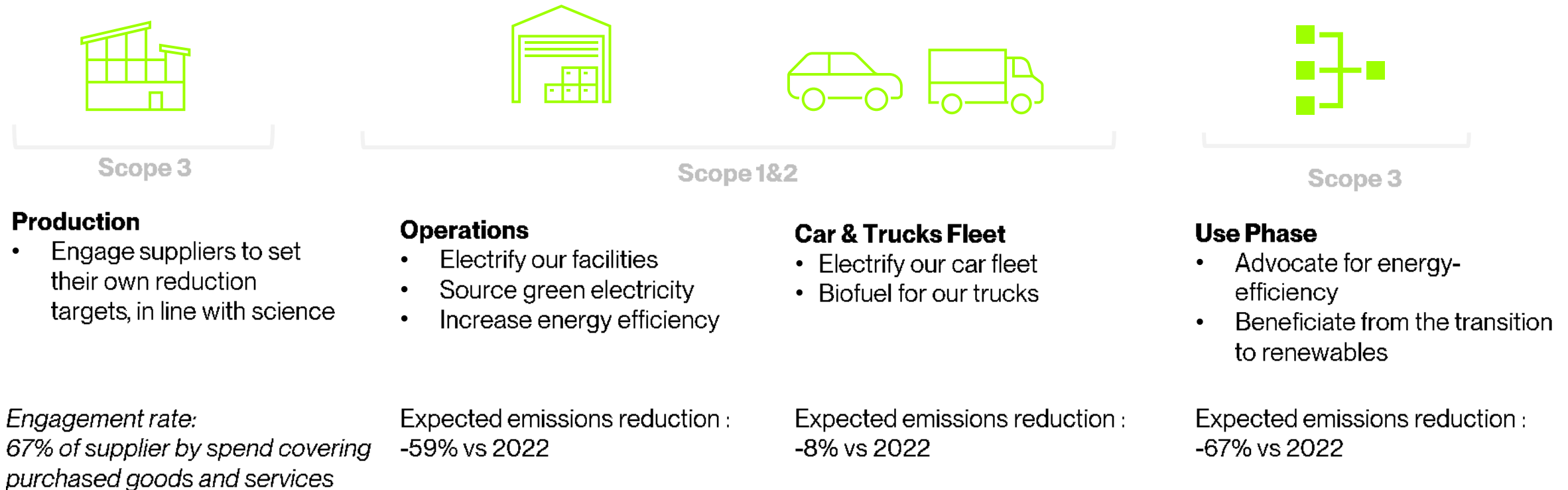
¹Other emissions from Scope 3 categories are equal to 0.

²Scope 1 & 2: 95% of emissions must be covered by targets; Scope 3: 67% of emissions must be covered by targets.

2. Actions

Summary of our actions

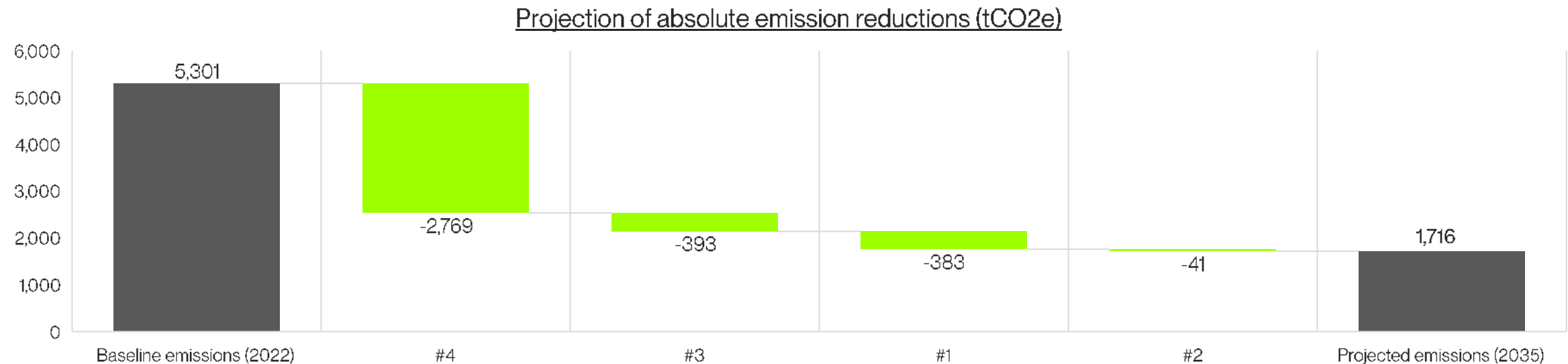
To meet our targets, we have defined a series of actions across our business and value chain. They are summarized below.



Reduce emissions from Scope 1 & 2

To achieve our target of **63%** reduction in absolute Scope 1&2 GHG emissions by 2035 (baseline 2022), we have defined four main actions in the next 10 years:

- **#1:** 80% of Netceed global fleet to be electric by 2035
- **#2:** 100% of Netceed trucks running on B20 by 2035
- **#3:** 40% of European facilities having electric heating by 2035
- **#4:** 100% global green electricity by 2035



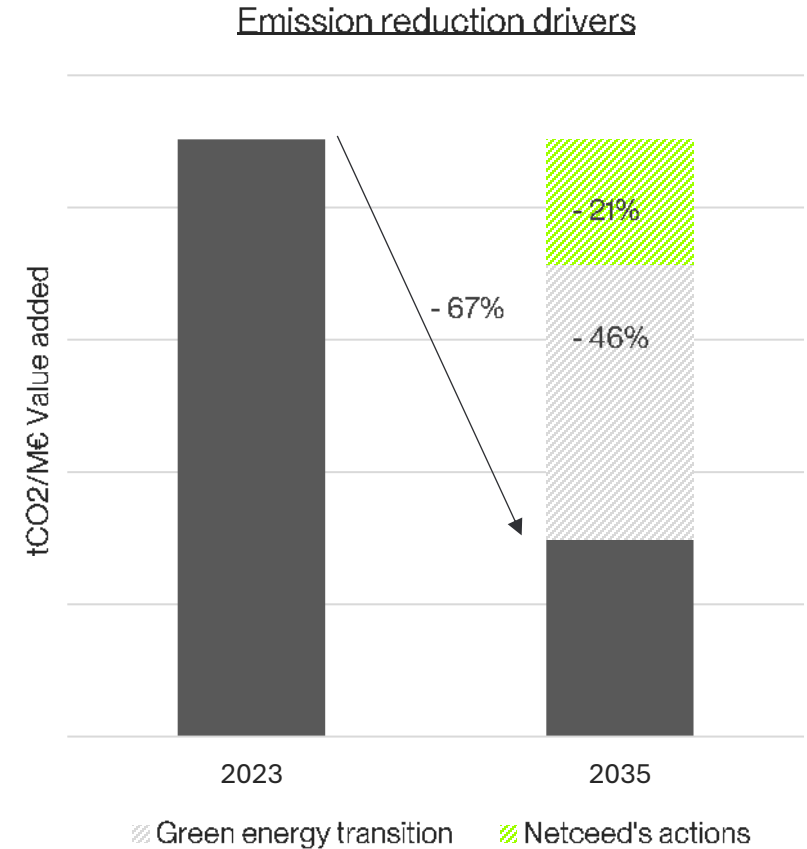
Reduce emissions from use of sold products

Reducing Scope 3 GHG emissions from use of sold product by **67%** per unit value added by 2035 (baseline 2022) will only be possible if efforts are made across our entire value chain.

We estimate that **46%** of required reduction of emission from use of sold products will be driven by the decrease of the electricity carbon intensity worldwide.³

The remaining **21%** will be achieved through initiatives promoting the energy efficiency of our active portfolio in our company, at our customers and within our supply chain. Examples of actions that we plan to put in place are listed below:

- Implement a tool to collect and track active sold products data
- Include energy-efficiency related topics in buyer-supplier dialogues
- Encourage customers to consider low-energy consumption options
- Systematise the computation of carbon business plans when considering a strategic change (e.g. new geography, change in product mix, new activity launch, etc.)



³ Assumptions:

- Calculations based on our 2023 carbon footprint and projections are made assuming the same portfolio mix of sold products in 2035 (same models, equal sales and equal gross profit).
- 4% year-on-year decrease of the electricity carbon intensity worldwide, which is conservative compared to the OECD countries trend.

Reduce emissions from purchased goods & services

Collaborating with our suppliers is essential for reducing our indirect GHG emissions. To address this, we have established an engagement target for Scope 3 GHG emissions from purchased goods and services. By encouraging our suppliers to set their own emission reduction targets, we aim to drive meaningful reductions across our supply chain and contribute to broader industry progress.

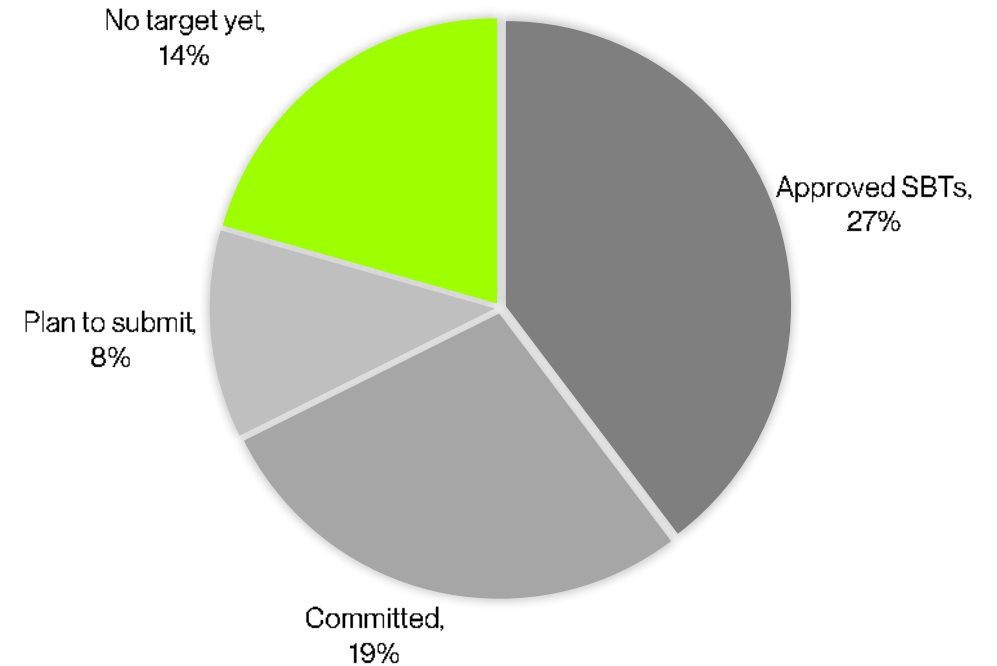
We are actively collaborating with suppliers to reduce emissions. In 2024, over 50% of our total spending was directed toward suppliers who either have approved science-based targets by the SBTi, are committed to setting them, or plan to do so.

In the next five years, we will continue our engagement program so that 67% of our supplier by spend for purchased goods and services establish science-based targets by 2030.

We plan to:

- Engage top suppliers on setting targets
- Track and monitor annually suppliers' progress
- Include carbon targets in supplier due diligence
- Develop a reward program for top performers

OVERVIEW TOP SUPPLIERS* ENGAGEMENT WITH THE SBTi



*Data based on Q3 2024 global spend, where top suppliers are 28 suppliers represent 68% of our global spend.

3. Governance & Reporting

Governance & Reporting

The management of Netceed's Decarbonization Plan lies in the Sustainability function headed by the Group Sustainability Lead and falls under the responsibility of the Group Chief Financial Officer (CFO). All Board members are responsible for ESG and climate action.

Actions are planned to be operationalized, and efforts to be led across functions and countries where the organization is present. Targets have been set at global level and are aimed to be cascaded at country level to contribute to the achievement of the Plan.

Our ESG Committee, chaired by the Group Sustainability Lead, is formed of internal stakeholders across our global footprint. During the ESG Committee meetings, progress towards this Plan will be reviewed, and corrective actions will be taken if necessary. Information, results, and strategic issues are communicated to the Board of Directors on a regular basis.

This Plan has been reviewed and approved by the Board of Directors in November 2024.

This Plan is in line with the requirements of both the EU's Corporate Sustainability Reporting Directive (CSRD) and the UN Sustainable Development Goals (SDGs) under SDG 13 Climate action.

Conclusion

We are proud to share our first Decarbonization Plan, which outlines a pragmatic yet effective pathway for our organization to reduce its carbon footprint. We want our approach to be grounded in the realities of our current capabilities and market conditions, ensuring that each step can be achievable and measurable.

Our focus on realistic goals helps us to remain flexible and resilient, enabling us to make meaningful contributions to sustainability today.

As we continue to monitor our progress and adapt to emerging technologies and regulations, we believe this Plan provides a solid foundation for future growth and deeper climate commitments, aligning our business objectives with the imperative of climate action.

Netceed Decarbonization Plan

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Shaping the future of communication networks across the globe

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