

SBTi Progress Report 2024



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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1. Our Commitment

As a frontrunner in ESG, we acknowledge the global climate challenges and the challenges for our industry and company specifically. In October 2022, we first committed to the Science Based Targets initiative because we recognize the value of having climate science at the foundation of our ambitions and targets. We value external validation to increase reliability and accountability and promote transparency through reporting.

In September 2023, we submitted our targets to SBTi for validation and in May 2024, our targets were approved for scope 1, 2 and 3 near-term targets for 2030, absolute long-term targets and a Net-zero target for 2050. All our targets are within the 1,5C limit to global warming.

We share our SBTi target approval documents in the [ESG Document Library](#) on our website.

XD Connects has formulated a neutralization commitment with a path to neutralizing our emissions by 2030. This aligns with SBTi Beyond value chain mitigation (BVCM) describing these additional efforts as: “mitigation action or investments that fall outside a company’s value chain, including activities that avoid or reduce GHG emissions, or remove and store GHG’s from the atmosphere”. Over calendar years 2022, 2023 and 2024 XD Connects has started implementing this neutralization path and invested in the purchase of accredited carbon credits. We share this in our [Annual Impact Report](#), on pages 18 and 19.

We share our SBTi target approval documents in the [ESG Document Library](#) on our website.

2. Targets

The targets that XD Connects is reporting progress on are currently active on the target dashboard of the SBTi website.

In case of significant changes to the base year that could compromise relevance and consistency of the existing targets, XD has a Recalculation Policy in place. This policy follows the requirements of

SBT for mandatory recalculations including the application of a 5% significance threshold for recalculations.

FLAG emissions were considered through the validation process but found not to be significant (below the required threshold) for target setting and reporting.

Target type	Target wording	Scopes covered	Level in Paris Agreement
Absolute (near term)	XD Connects commits to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2022 base year	1 + 2	1.5 C
Intensity (near term)	XD Connects also commits to reduce scope 3 GHG emissions from purchased goods & services 51,6% per EUR value added within the same timeframe	3 category 1, purchased goods & services	1.5 C
Absolute (Overall Net Zero)	XD Connects commits to reach net-zero greenhouse gas emissions across the value chain by 2050	1, 2 + 3	1.5 C
Absolute (Long-Term)	XD Connects commits to reduce absolute scope 1 and 2 GHG emissions by 90% by 2050 from a 2022 base year. XD Connects also commits to reduce absolute scope 3 GHG emissions 90% within the same timeframe	1, 2 + 3	1.5 C

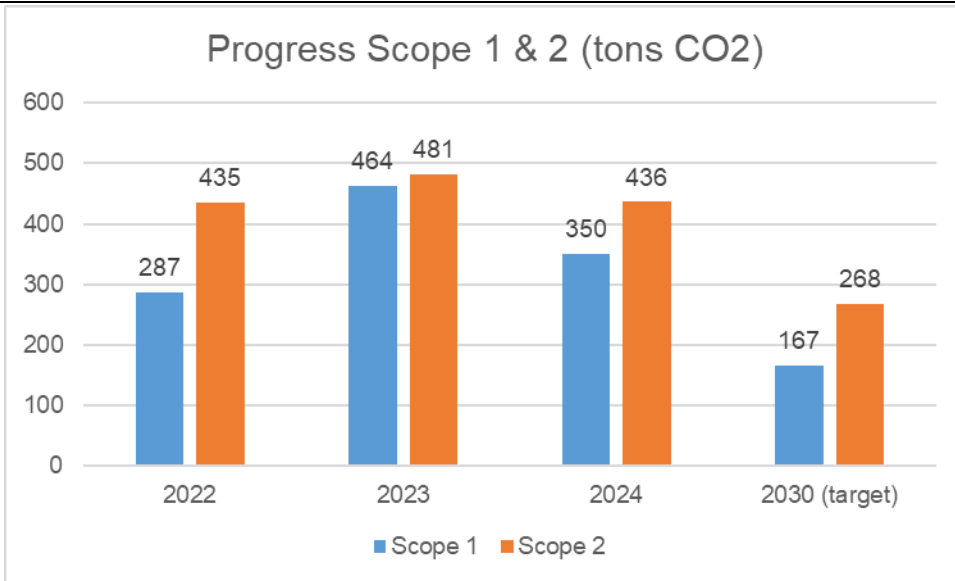
Table 1. approved Science Based Targets

All calculations of emissions are performed according to Greenhouse Gas (GHG) Protocol. XD has issued annual GHG reports since 2020, consisting of scope 1, 2 and 3 inventory. The reporting period follows a calendar year, running from 1st January to 31st December. The most recent GHG report of 2024 is available in our [ESG Document library](#).

There are no exclusions in the emissions inventory.

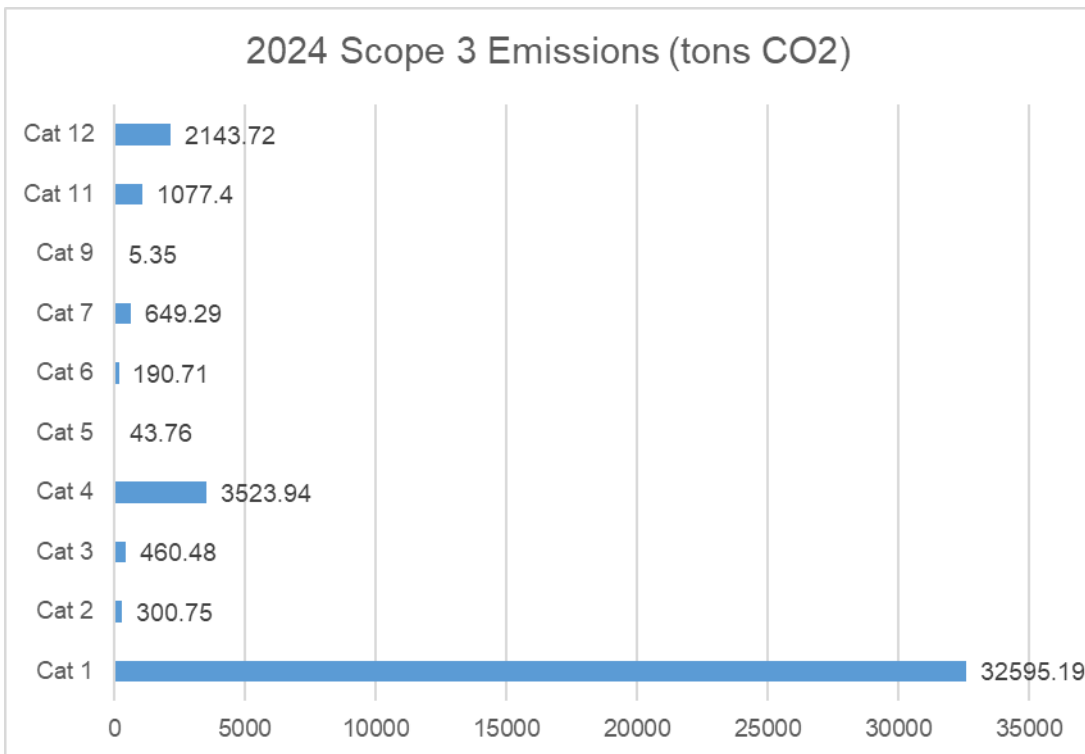
3. Progress scope 1 and 2

In 2024, XD Connects saw a **decrease** in total scope 1 and 2 emissions compared to 2023. However, there was small increase compared to 2022 base year. The positive aspect is that after an increase in 2023 we managed to lower emissions again to 2022 levels, with the intention to further reduce them to align with our commitment and targets.



4. Progress Scope 3

In scope 3, category 1 Purchased goods & services covers the largest part of our emission: 80% of total scope 3 emissions, and 78% of total scope 1, 2 and 3 emissions. Progress on category 1 is measured as intensity per EUR added value towards our 2030 target. In 2024, XD Connect saw an increase in Scope 3 category 1 emissions compared to 2023 and to the base year 2022.



5. Target progress:

Reporting item	Base year value 2022 TCO2	Base year emissions covered by targets TCO2, %	FY 2022 Reporting value	FY 2023 Reporting value	FY 2024 reporting value	FY 2024 % change from base year 2022
Scope 1	287	100%	287	464	350	+21.8%
Scope 2 Market based	435	100%	435	481	436	+0.4%%
Total scope 1 +2 market based	722	100%	722	945	786	+8.9%%
Scope 3 category 1: Purchased goods & services	30257	100%	30257	30380	32595	+7.7%
Overall emissions intensity (TCO2/EUR value added)	421.9	100%	421.9	399.9	420.8	-0.3%

Table 4. target progress per year and in % of base year

6. Targets & Actions

Target	Progress
Reduce absolute scope 1 and 2 emissions 42% by 2030 from 2022 base year	<p>Target completion: -22%</p> <p>Scope 1 increased in 2023 and was reduced again in 2024 working towards further reduction on the base year.</p> <p>Scope 2 increased slightly from 2022 to 2024 by 0.4%. Reduction was only achieved compared to 2023.</p> <p><u>Implemented:</u> Use of solar panels (half year in 2024). REGO certificate for our UK office.</p> <p><u>To be implemented:</u> Further solar/renewables for other offices.</p>
Reduce scope 3 purchased goods & services 51.6% per EUR value added in 2030 from a 2022 base year	<p>Intensity reduction <u>not achieved</u> due to increase in sales of a product group (Apparel) that is relatively high in CO2 compared to other product groups.</p> <p>Reduction <u>achieved</u> in rest of collection (non- Apparel)</p> <p><u>Implemented:</u> replaced virgin and high impact materials in our products with recycled/lower impact materials. Removed high impact products from the collection.</p> <p><u>To be implemented:</u> Further improvements to the product collection. Where possible: supply chain</p>

	decarbonisation strategy for suppliers
Reduce absolute scope 1, 2 and 3 GHG emissions 90% by 2050 from 2022 base year	<p>Reduction on scope 1 varies per calendar year; after an increase in 2023 we are moving back towards the emissions in our base year 2022.</p> <p>Reduction on scope 2 will focus on annual decrease towards using only renewable energy.</p> <p>Reduction on scope 3 shows no absolute decrease for category 1 yet.</p> <p><u>To be implemented</u>: further focus on product collection and suppliers for long term plans on decarbonisation of production processes.</p>
Reach net-zero GHG emission across the value chain by 2050 from 2022 base year	<p><u>Implemented</u>: adjustments to our products to reach lower emissions in scope 3, category 1.</p> <p><u>Implementation commenced</u>: Neutralizing remaining emissions (10%) through purchase of carbon offsets.</p> <p><u>To be implemented</u> To reach net-zero XD Connects will implement reduction projects and work further on its decarbonisation strategy in the supply chain, especially regarding Apparel.</p>
Use of offsets and avoided emissions	<p>XD Connects purchases carbon offsets from a third party but does not count them as progress towards targets, nor does progress include avoided emissions accounting.</p> <p>XD Connects purchases carbon credits at 12EUR/TCO2 from Anthesis verified to recognized Carbon standards (VCS, Puro.earth). These credits are used to counterbalance the unabated emissions as the company reduces its value chain emissions in line with its 1,5 C target.</p> <p>Towards 2050 Net-Zero, offsets are considered as Beyond Value Chain mitigation (BVCM) efforts.</p>
Climate Transition Plan and information progress	<p>Our Climate transition plan is part of our overall ESG strategy and focus areas. We will further specify this as a separate plan in next years. Company progress is shared in the annual ESG Impact report https://media.xdconnects.com/Downloads/ESG/Report/Annual_Impact_Report_2024.pdf</p>

Table 5. Target progress actions

Target completion was calculated using the formula provided in the SBTi Corporate Manual v 2.1

7. GHG emissions inventory

Full emissions inventory for 2022 (base year) 2023 and 2024

Scope	Description	2022	2023	2024
Scope 1	Natural gas	64.18	160.48	115.36
Scope 1	Other fuels	1.3	4.67	1.45
Scope 1	Fugitive emissions	50.11	76.96	38.31
Scope 1	Owned vehicles	171.72	221.62	194.87
Scope 2	Purchased electricity (market based)	433.33	435.64	412.43
Scope 2	Purchased heating, cooling, and steam (market based)	1.24	45.74	23.84
Scope 3	Purchased goods and services	30257	30380.01	32595.19
Scope 3	Capital goods	2793	817.58	300.75
Scope 3	Upstream fuel & energy	238.27	206.62	460.48
Scope 3	Upstream transportation & distribution	3102.56	3338.77	3523.94
Scope 3	Waste generated in operations	43.82	57.89	43.76
Scope 3	Business travel	96.02	223.25	190.71
Scope 3	Employee commuting	307.21	713.16	649.29
Scope 3	Downstream transportation	0	0	5.35
Scope 3	Use of sold products	1055.42	926.41	1077.4
Scope 3	End of life of sold products	1994.42	2132.96	2143.72
Total		40609.6	39741.76	41776.85

8. Verification of GHG emissions

XD Connects GHG report 2024 which contains the inventory is available in this location:

<https://media.xdconnects.com/Downloads/ESG/GHG-Holding-Report-2024.pdf>

An external party, Nexio Projects, generates the report based on data and supporting evidence provided by XD Connects, however an assurance statement is not available. Reports of the three main entity-groups that make up the Holding report contain a Data Quality evaluation, Data Collection Evaluation and Emission Factor evaluation.