Foxway

Handbook

Foxway Decarbonization plan 2030

Decarbonization plan 2030

This document is a roadmap, handbook, and policy on how to reach the science-based targets that Foxway committed to in 2022.

Background

On October 27th, 2023, Foxway submitted its short- and long-term net zero emissions reduction targets (for 2030 and 2050, respectively) for approval by the Science Based Targets initiative (SBTi). The targets were officially validated in May 2024 by the SBTi organization.

Foxway set the following targets:

- Reduce absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2022 base year.
- Reduce absolute Scope 3 GHG emissions by 25% by 2030 from a 2022 base year.
- Increase annual sourcing of renewable electricity to 100% by 2030 (from a 47% base level in 2022).
- Reduce Scope 1, 2 and 3 emissions by 90% (and as well as beyond value chain mitigation covering the remaining 10% by carbon removal) by 2050 from a 2022 base year (so-called "Net Zero" goal).

We have developed a viable plan to reach our near-term reduction targets, and the general strategy for that is outlined in this document.

Foxway's base year (2022) emissions profile

In the base year 2022, Foxway emitted a total of 409,483 tons of CO_2e (verified by DNV in Q1 2024). Scope 1 and 2 (emissions from purchased heat, electricity, and company vehicles) represented merely 0.2% of total emissions, while Scope 3, which relates to our procurement, sales, and use of products, represented the vast majority — 99.8%. Thus, the focus of emissions reduction will be on Scope 3. Nevertheless, reductions to our own emissions are still required, e.g., purchasing only renewable electricity, phasing out fossil fuel use in heating systems, switching to electric vehicles, etc.

Given the majority of emissions stem from these categories, the three main focus areas going forward for Foxway will be: 1) Purchased goods and services; 2) Upstream transportation; 3) Use of sold products. The actions and strategy presented in this document on how to reach our targets are to be seen as a methodology, directive, and a minimum ambition from Foxway's

GHG emissions (tCO2e per category, marked-based)

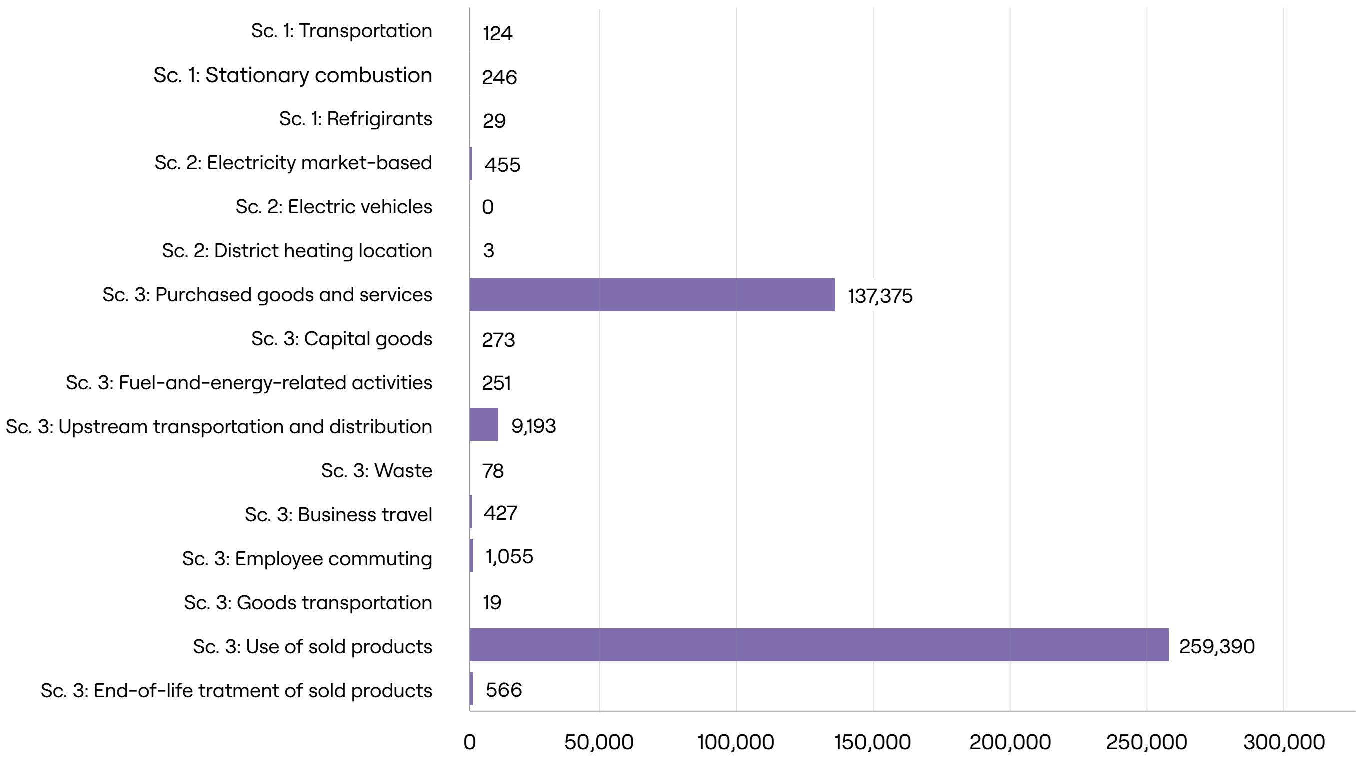


Figure 1: Foxway's GHG emissions in 2022

board and management team. Prioritizing is made by targeting activities with the best effectiveness or "return" on investment (CO_2e reduction per € spent).

Scope 1 and 2 GHG emissions reduction

We have set the following targets:

- Reduce absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2022 base year. **This requires a yearly reduction rate of 6%.**
- Increase annual sourcing of renewable electricity to 100% by 2030 (from a 47% base level in 2022).

Emissions from Scope 1and 2 originate from our own operations: fuel consumption in company owned vehicles, electricity, and fossil-based heating (natural gas). This is a small portion of our total GHG footprint but nevertheless in focus since the use of fossil-based energy sources in our own operations is targeted as a reduction area by SBTi and other stakeholders of Foxway. Specifically, procurement of renewable electricity and phasing out fossil energy are defined in our commitment to the SBTi.

To reach our Scope 1 and 2 targets, the following measures will be implemented across Foxway:

1. All purchased electricity must have SBTi-approved renewable energy certificates (REC). This is a mandatory and immediate policy for all locations and facilities.
2. All facilities using fossil-based energy sources for heating must provide a viable transition plan to switch to renewable energy (e.g., district heating, biogas, etc.) before 2025. All fossil-based energy/heating consumption is to be terminated before 2030. The transition should be financed or co-financed by the landlord and not require outside market standard prolonged rental contract terms.
3. A vehicle policy starting from 2024, which requires a 100% electric car fleet group wide. Charging stations at all Foxway locations are to be set up to facilitate on-site charging of electricity covered by Renewable Energy Certificates (RECs). Any proposed hybrid vehicle will require approval from the Chief Sustainability Officer (CSO).

Scope 3 GHG emissions reduction

Target: Reduce absolute Scope 3 GHG emissions by 25% by 2030 (with 2022 as the base year). **The reduction target requires a yearly reduction of 4%.**

The GHG emissions from Scope 3 originate from our interaction with suppliers and customers. Foxway has a vision of becoming the leading circular tech company and a sustainability leader. This vision gives a clear direction on how to reach the targets. Since every refurbished device has a (refurbishment) production carbon footprint roughly 3% in comparison to that of a new device (see Foxway Handprint report), our circular business model is the obvious strategy for Foxway.

Approximately 1/3 of our emissions are related to sold goods — the emission type most easily affected by our business strategy. Our total footprint can be lowered by increasing the share of refurbished devices among the device variety sold by Foxway, as refurbished devices carry no legacy production emissions according to current GHG reporting standards. The use of sold goods represents nearly 2/3 of our emissions footprint — an area that we can influence by seeking and supporting activities that influence end-user behavior. This includes activities such as encouraging our customers to use renewable energy sources, as well as optimizing transport (11% of our Scope 3 emissions) in our value chain with land-based transport, bulk shipments, and enhanced cooperation with low emission partners for logistics operations.

Lastly, as mentioned in our travel policy, targeting to minimize flights and business travels are seen as both good business ethics as well as a cost saving strategy.

To reach our Scope 3 targets, the following initiatives will be implemented across Foxway:

1. Encourage our customers to buy and use renewable energy and provide Foxway with a copy of their REC. Create a bid & price model rewarding customers with RECs. Include the share of customers using RECs in our sales targets to incentivize sales teams.

   For customers providing Foxway with a REC for their electricity consumption, the corresponding GHG emissions may be deducted from our footprint (in Scope 3 category "Use of Sold Products") thus helping us reach our targets. Furthermore, the request for a deeper dialogue including RECs will benefit customer relationships and increase our end-customers' awareness of this issue.

2. Increase circularity in our core business. A refurbished device replacing a new sold product equals a reduction of about 98% in our footprint reporting (in category: Purchased goods and services). Encourage the organization by connecting higher remuneration for offering refurbished devices. Communicate a long-term phase out plan for all CWS customers not willing to implement a share of refurbished devices or RECs in our partnership.

3. Establish a task-force logistics team to target emissions reductions in inbound and outbound transport. Examples of actions that would likely generate cost savings as well:
   - **i)** Promote local bulk stock to minimize single-drop shipments.
   - **ii)** Partner with logistic providers offering low-carbon transportation alternatives.
   - **iii)** Avoid air freight in the EU if not specifically requested.
   - **iv)** Re-negotiate all CWS agreements with SLA requesting air transport.

4. Restructure global customers with a global set-up of transportation and return delivery logistics model towards local partnerships.

   Analyze all linear sales (new products from OEMs without a customer return commitment or as-a-service model): sold products and product category carbon footprint in relation to the gross profit per sold product/product category. Identify the low performers in relation to GP/CO_2 footprint and plan a phase-out of the worst 3% yearly. If a product/product category is not of strategic importance, it will be included in a phase-out plan. The analysis will be made by the CSO and CFO office bi-yearly and presented to the Foxway Management Team for approval.

Tentative example categories of low performers in GP/CO_2 footprint metric could be:

- **a)** Low price laptops with short lifetime
- **b)** Uninterruptible Power Supply units
- **c)** Audio-visual units
- **d)** Point of sale products
- **e)** Monitors larger than 27"

5. Incentivize sales in the Recommerce business area made by small retailers and consumers to B2B and consumer DaaS ensuring opportunity to include RECs and circular business models.
6. Target a >90% use of refurbished devices internally in our own operations.

Potential challenges

A potential future risk to reaching our science-based targets is our partners' trend toward outsourcing, i.e. handing over all hardware purchases to Foxway. In addition, the growth of sales of new products within the CWS business area might challenge our ambitions of reaching absolute GHG reductions.

Regarding the long-term target (Net Zero by 2050), the steps outlined in this handbook will not be sufficient to reach our goal. The CSO office is aware of this fact and has also notified SBTi of this issue in the application. This is because reaching our Net Zero target depends largely on third parties. Namely, on the manufacturers (OEMs) to evolve and reduce the GHG footprint of new products sold beyond 2030, and on countries to decarbonize their electricity grids. Nevertheless, we deemed it important to set long-term ambitions, sending a clear signal to other market players that we expect our partners to actively pursue significant emissions reductions in line with the Paris Accord.

Governance

The responsible governance owner of the GHG reduction targets is the CEO of Foxway assisted by the CSO. The CEO will approve the targets and strategy to reach the goals on a yearly basis.

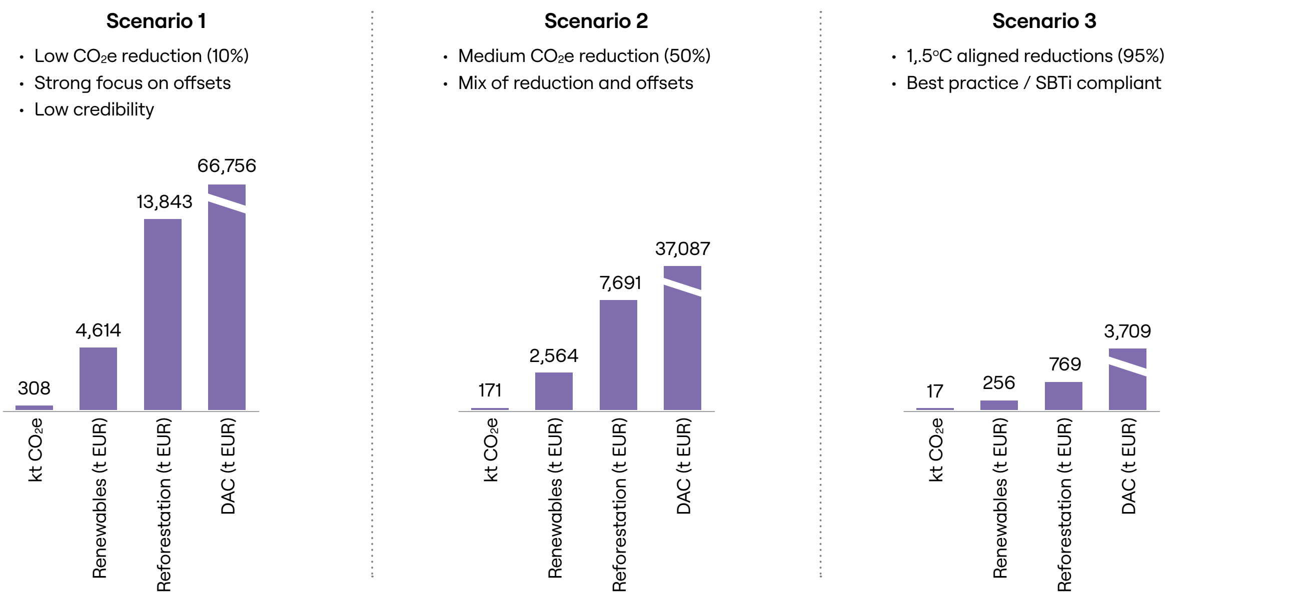
Financial implications

The strategy aims to maintain our position as a leading advocate for sustainability in the industry while making smart investments. We prioritize reducing our environmental impact by focusing on activities that offer the greatest return on investment.

In addition to our annual decarbonization plan, we'll conduct a cost analysis to determine the hypothetical expenses involved in achieving our goals through purchasing credible offset projects (for shadow cost comparison; see Figure 2 below for average offsetting costs, where Direct Air Capture would be considered the most credible approach to offsetting emissions that are outside our control and therefore hard to reduce).

Conclusion

Foxway has committed to science-based targets and intends to fulfill its pledge by providing a viable and transparent strategy on how to reach our goals. As a sustainability leader in the industry, Foxway has a zero-green-washing policy and always strives to connect our business with our sustainability ambitions. This also applies to our ambition to reduce our carbon footprint.



Assumed offsetting costs / t CO_2e (April 2023)

- Renewable Energy Projects: 15 EUR / t CO_2e
- Reforestation Projects: 45 EUR / t CO_2e
- Direct Air Capture: 217 EUR / CO_2e

Figure 2: Illustrative offsetting costs to reduce emissions in different scenarios.

This document will be updated and reviewed yearly by the CSO office to ensure a reasonable and viable strategy toward the short-term goals and our net-zero target.

5.2 Version history

Version	Approval date	Owner	Author	Approved by	Change history
v 1.1	2024-01-24	Kai-Riin Kriisa	Stefan Nilsson	Martin Backman	