Planet
Reducing environmental impacts of our operations

SHI is dedicated to reducing our environmental footprint throughout our operations and value chain, aligning with our sustainability goals, industry best practices, ISO standards, and relevant laws and regulations. By actively addressing climate change and implementing environmental initiatives within our operations, we enhance the efficiency, resilience, and safety of our organization, earning the trust and appreciation of employees, suppliers, customers, and the broader community. Recognizing that, as a reseller, our direct environmental impact constitutes only a small portion of the entire IT lifecycle impact, we engage with suppliers to promote adherence to environmental standards and assist customers in making informed procurement decisions.

13 CLIMATE ACTION
Take urgent action to combat climate change and its impacts

Highlights

↓ **2%**
decrease in total scope 1 and scope 2 (location-based) GHG emissions

↑ **10%**
share of renewables in total energy consumption

↓ **22%**
decrease in water withdrawn across organization

Management approach

Our management approach to climate and the environment is based on our Global Health and Safety & Environmental Policy. The policy confirms our commitments and outlines measures to reduce SHI's environmental impact.

Energy monitoring and audits

SHI monitors our energy consumption and associated GHG emissions utilizing the Atrius system, which was implemented as part of the energy audit conducted by our partner EN-POWER GROUP. This technology provides real-time insights and the data points are captured directly from utility billing information, reducing the risk of errors and ensuring independent verification from EN-POWER GROUP.
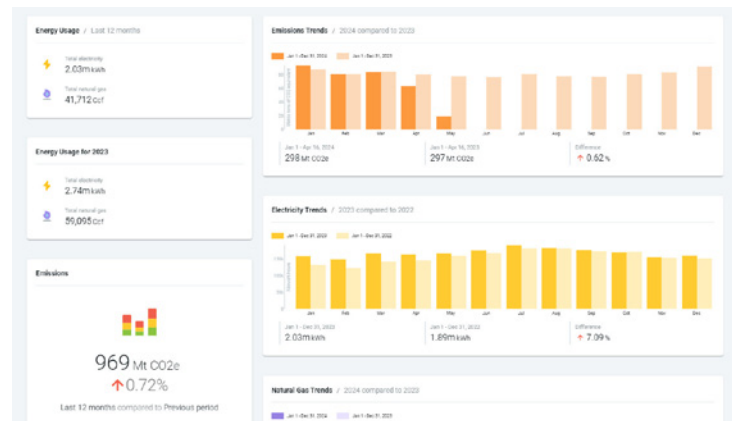
In 2024, SHI conducted energy audits at our major facilities in the U.S. and the U.K. In 2025, we plan to assess the recommendations from these audits and integrate them into our decarbonization plan.

ISO 14001 certification

In the U.K., our Data Center Factory at Nexus is certified under the ISO 14001 Environmental Management System. SHI is actively working towards obtaining the same certification for our Data Center Factory at Ridge and End-User Integration Center.
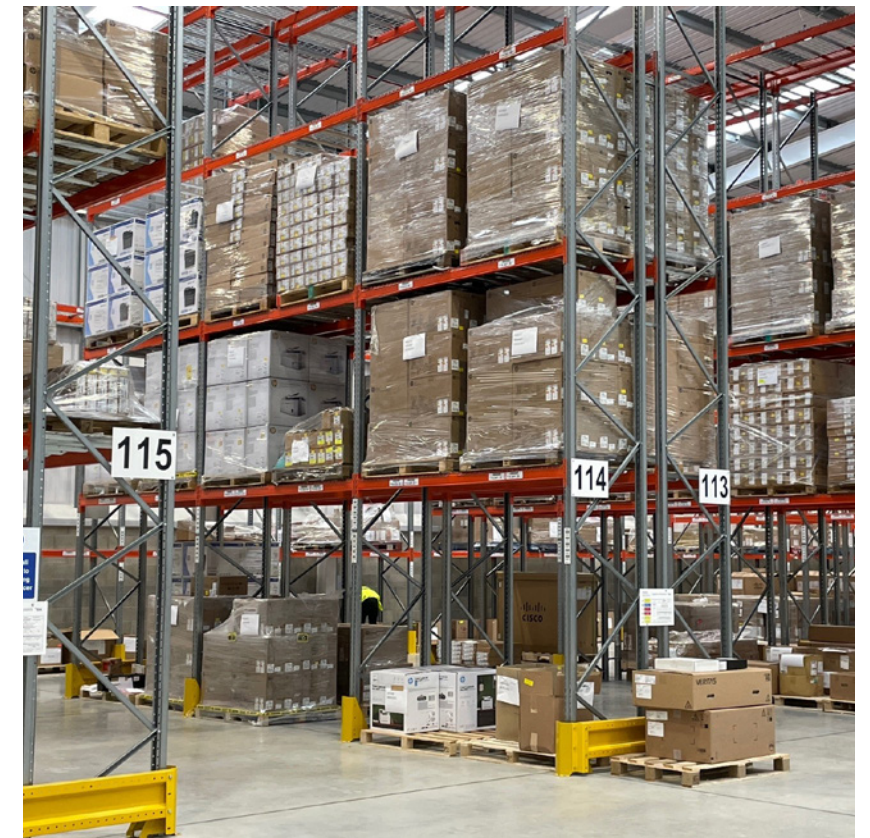
Climate action

Climate targets and decarbonization plan

SHI is committed to addressing climate change as a significant challenge requiring exceptional commitment, cooperation, and investment from all sectors. Since 2023, SHI has been on a journey to understand and measure our carbon footprint, deliver decarbonization initiatives, define science-based climate targets for the near term, and obtain external independent assurance over 2024 GHG emissions data.

In early 2025, SHI's science-based climate targets received validation from the Science Based Targets initiative (SBTi). Our ESG and operations teams are collaborating to finalize SHI's Decarbonization Plan. By setting climate targets, SHI fosters a culture of sustainability that extends beyond our operations, engaging and encouraging both upstream and downstream partners on climate.
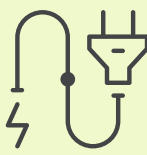
Our near-term targets are to halve direct greenhouse gas (GHG) emissions from our operations (scope 1 and 2) and reduce our indirect emissions (scope 3) from waste generated in operations and business travel, by 2030 (as compared to the 2023 level).

Additionally, SHI aims to ensure that our key suppliers, accountable for 70% of expenditure, will have science-based targets by 2029. This commitment extends to customers generating 13% of our revenue, particularly those purchasing hardware from SHI.

To effectively reduce our GHG emissions, SHI will employ a strategic mix of decarbonization levers to support emissions reduction across all scopes, ensuring a comprehensive approach to the climate targets. Some of these measures have already been implemented, and we will continue to build on these actions. We plan to report on our progress against the targets in the next reporting cycles.

SHI's climate targets and decarbonization measures

Operating our company		Selecting, deploying, and managing IT				Customers using products
Scope 1 Direct emissions	**Scope 2 Indirect emissions**	**Scope 3 Category 1 Purchased goods and services**	**Scope 3 Category 4 Transportation and distribution**	**Scope 3 Category 5 Waste generated in operations**	**Scope 3 Category 6 Business travel**	**Scope 3 Category 11 Use of sold products**

Science-based targets

Operating our company	Selecting, deploying, and managing IT		Customers using products
50% reduction of scope 1, 2 emissions by 2030 **100% electricity matched with renewable energy by 2025***	**70% of suppliers by spend have science-based targets by 2029**	**50% reduction of category 5 and 6 by 2030**	**13% of customers by spend have science-based targets**

Decarbonization measures

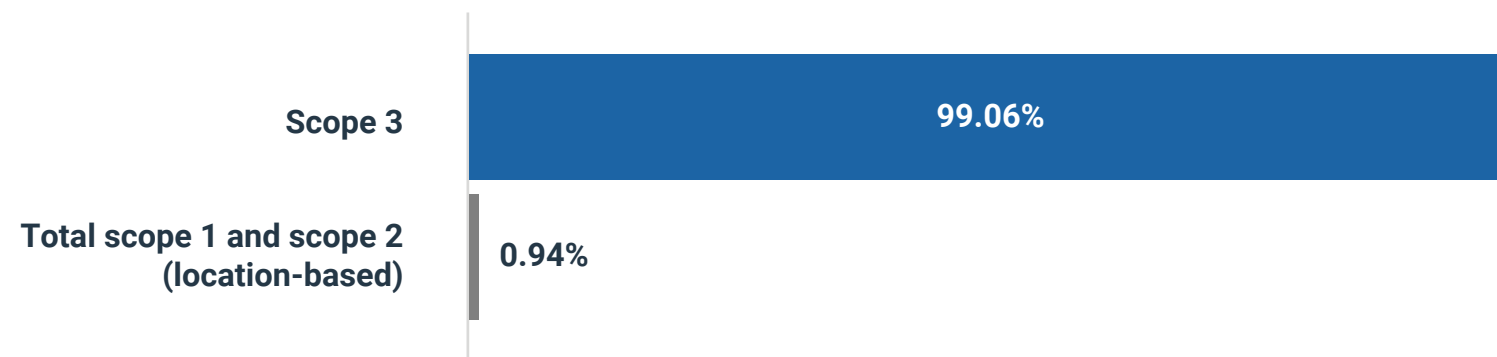| Scope 1	Scope 2	Category 1	Category 4	Category 5	Category 6	Category 11
• Infrastructure improvements (efficient heating, cooling, lighting) • Hybrid working	• On-site generation of renewable energy (solar PV) • Purchasing of renewable energy certificates	• Partnering with vendors offering energy-efficient hardware • Monitoring suppliers' participation in the SBTi and engaging key suppliers on climate	• Partnering with logistics providers participating in the EPA SmartWay program	• Bundling shipments to reduce packaging volume • Introduction of less carbon-intensive packaging • Increasing share of recyclable packaging	• Promotion of remote collaboration • Matching air travel with traceable environmental attributes of SAF	• Engaging customers on climate via product marketing and communications • Providing customers with lifecycle carbon footprint insights of hardware products

* Voluntary target
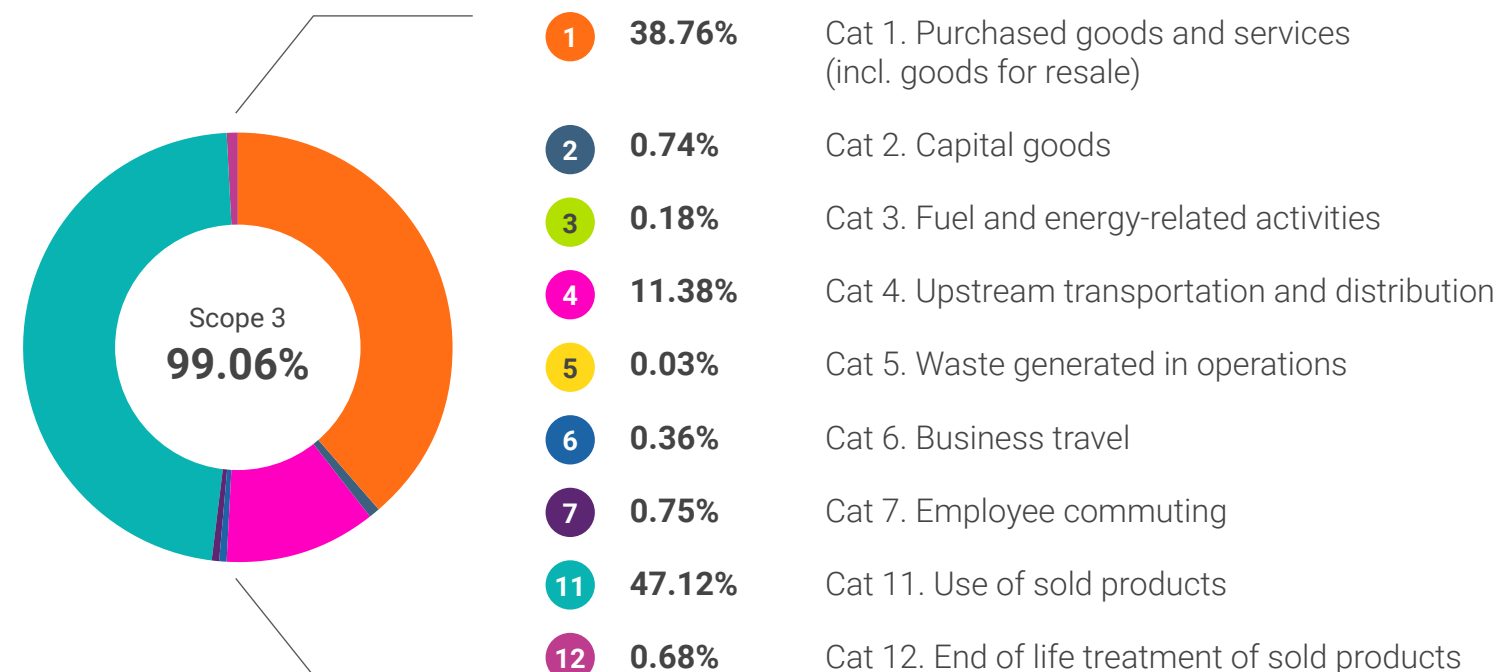
Greenhouse gas emissions profile

SHI conducts an annual GHG inventory in accordance with the GHG Protocol and our internal GHG Accounting Policy. In 2024, we significantly improved our Scope 3 methodology by adopting an activity-based approach for product-related emissions (categories 1, 11, and 12), expanding and reclassifying the scope of logistics emissions (category 4), and including capital goods (category 2) and upstream energy (category 3) emissions. We also factored well-to-tank transportation emissions in categories 4, 6, and 7. By broadening and refining our reporting, we reported more accurate, but lower, emissions figures. We have restated our 2023 emissions using our consistent, enhanced methodology for both 2023 and 2024.

Between 2023 and 2024, SHI's total Scope 1 and 2 (location-based) GHG emissions decreased by 2%. Scope 1 emissions increased by 12% due to additional heating of U.S. sites during colder-than-usual months. Scope 2 emissions declined by 3% (location-based) and 4% (market-based), reflecting ongoing energy efficiency measures, a slight reduction in purchased electricity, and a 37% increase in the use of electricity from on-site solar PV arrays. Most notably, Scope 3 emissions decreased by 7%, primarily due to a 16% reduction in the lifecycle GHG emissions of hardware products sold.

Breakdown of GHG emissions by scope

Scope 3 — 99.06%

Total scope 1 and scope 2 (location-based) — 0.94%

Breakdown of Scope 3 GHG emissions by category

Scope 3
99.06%

	%	Category
1	38.76%	Cat 1. Purchased goods and services (incl. goods for resale)
2	0.74%	Cat 2. Capital goods
3	0.18%	Cat 3. Fuel and energy-related activities
4	11.38%	Cat 4. Upstream transportation and distribution
5	0.03%	Cat 5. Waste generated in operations
6	0.36%	Cat 6. Business travel
7	0.75%	Cat 7. Employee commuting
11	47.12%	Cat 11. Use of sold products
12	0.68%	Cat 12. End of life treatment of sold products

See the ESG factsheet for more details

GHG emissions, MTCO$_2$e

Scopes 1 and 2

■ 2023   ■ 2024
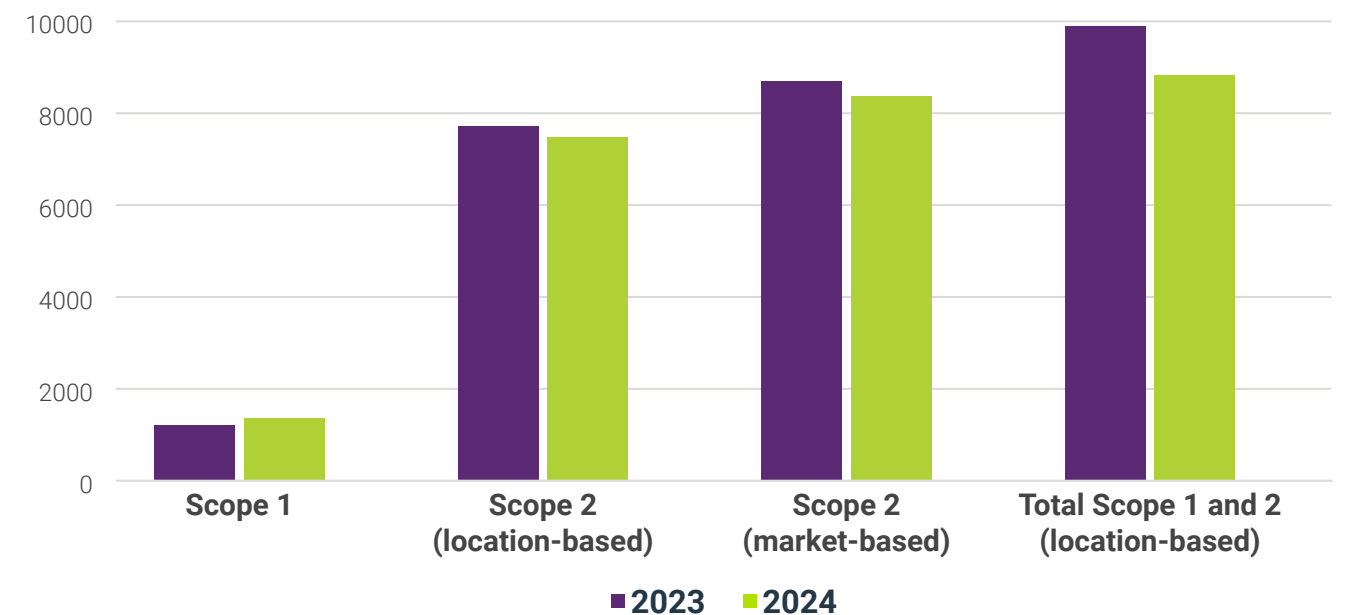
Scope 3
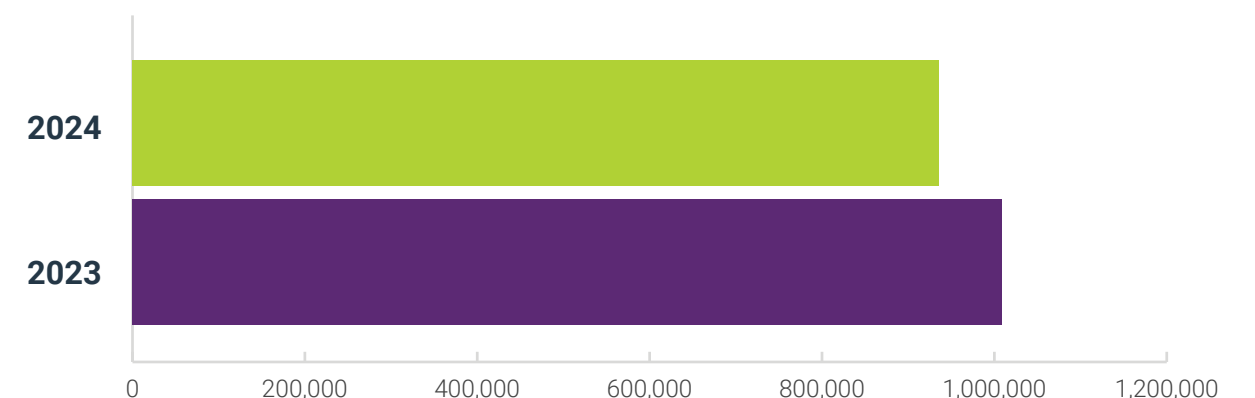
Emissions reduction measures
Energy efficiency and renewable energy measures

In 2023, SHI completed significant upgrades to our headquarters buildings at 290 and 300 Davidson Avenue in Somerset, NJ. These upgrades introduced measures to improve energy efficiency in lighting and HVAC systems and increase our renewable energy usage. Throughout the reporting year, we continued to build on these efforts.

Lighting improvements

- In 2024, we upgraded lighting in our Bethlehem, Pennsylvania office, replacing fluorescent fixtures with LED lighting equipped with motion detection programming.

- In 2023, we replaced all non-LED lighting fixtures with LED alternatives at both HQ buildings. We also integrated advanced lighting controls with motion sensors and daylight harvesting capabilities to optimize energy use.

- In 2022, we chose passive infrared (PIR) lighting as part of our energy-efficient design for the grand opening of our Data Center Factory at Nexus in the U.K.
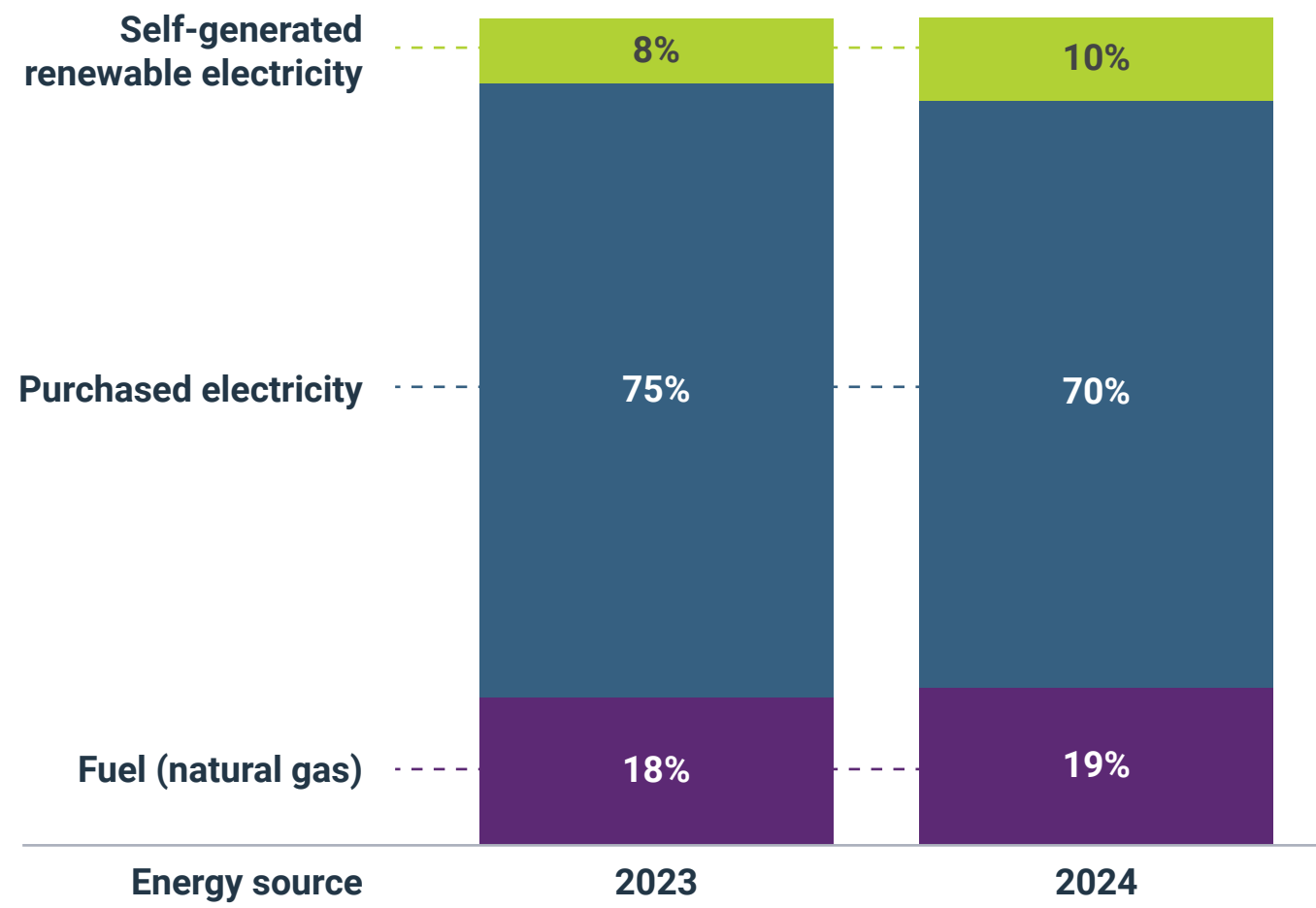
Renewable energy initiatives

- In 2024, we switched to 100% renewable energy at our Data Center Factory at Nexus, further supporting our sustainability goals.

- In 2023, we doubled our onsite solar capacity at our Data Center Factory at Ridge by installing 2,197 additional solar panels, bringing the total to 9,392 (about 1 MW of additional capacity), allowing us to increase the use of renewable energy generated on-site by 42% in 2024.

HVAC improvements

- In 2024, we installed an automatic fresh air damper system at 290 Davidson to regulate the flow of cold or hot air, enhancing temperature control and energy efficiency.

- In 2024, we upgraded to the EcoStruxure platform for 300 Davidson building management, which reduces unnecessary energy consumption by automatically shutting off fan-powered box (FPB) fans when heating is not required.

- In 2024, we also installed a new chiller system with variable frequency drives (VFDs) at the 300 Davidson, allowing motors to adjust speed and power consumption based on demand, improving energy efficiency.

- In 2024, we upgraded McQuay AC units at 300 Davidson to provide direct fresh air to office floors, improving indoor air quality and leveraging natural temperature differences to reduce reliance on mechanical cooling systems.

- In 2022, we installed advanced heating and cooling systems at our Data Center Factory at Nexus. We continue to utilize these systems, which prioritize fresh air systems over traditional HVAC solutions.

SHI's energy mix

Energy source	2023	2024
Self-generated renewable electricity	8%	10%
Purchased electricity	75%	70%
Fuel (natural gas)	18%	19%

In addition to infrastructure improvements, we also use behavior change measures such as energy-related signage and training sessions. Additionally, we regularly share environmental tips with employees.

Hybrid working

SHI maintains a hybrid working policy and uses technology for remote working and collaboration, which supports employees' physical and mental well-being while also reducing our environmental impact. By decreasing office operations and employee commutes, we achieve lower emissions through reduced car usage and power consumption. Additionally, our "Dark Fridays" initiative in the U.S., where offices limit lighting, heating, and air conditioning, further contributes to emissions reduction.

Environmental stewardship

Water conservation

SHI primarily uses water for sanitation, hygiene, and liquid cooling in data centers. The water is sourced from municipal systems and discharged back to them.

SHI's facilities were designed with environmental impact in mind, featuring installations such as dual-flush toilets and water-efficient equipment, like the dishwashers in our Data Center Factory at Nexus.

Using the WRI Aqueduct tool, we determined that SHI locations with material water metrics (addresses in NJ and TX) do not fall in the High or Extremely High Baseline Water Stress range. The NJ locations are Medium – High (20-40%), while the TX location is Low – Medium (10-20%).

The implementation of water-efficient measures across SHI's facilities is having a positive impact globally, contributing overall to a 22% year-over-year decline in total water consumption across the organization. Many of our locations are driving this improvement.

- We reduced water consumption by 15% in 2024 at our 300 Davidson Headquarters in Somerset, NJ.
- Our SHI Austin Headquarters was built with low-flow showers, which enabled us to reduce water consumption by 31% in 2024.
- We reduced water consumption by 40% in 2024 at our Data Center Factory at Ridge.

Waste optimization

Waste generated by SHI's operations mainly consists of packaging materials, such as cardboard and plastic wrapping. These materials are associated with hardware devices received at our warehouses for customization or assembly before being dispatched to customers. Additionally, general waste is produced from our routine office activities.

Electronic waste (e-waste) from SHI's operations is disposed of via a certified partner. We also assist customers in recycling or redeployment of their hardware through our ITAD services (see page 15).

In 2024, the total volume of waste generated by SHI's activities was 1,548 tons, including trash (which accounts for 74% of SHI's waste total) at 1,234 tons and mixed paper and cardboard at 315 tons.

We reduced waste generation by 27% at our Data Center Factory at Nexus. Additionally, we reduced waste generation by 12% at our End-User Integration Center.

Packaging tracking in Singapore

To comply with Singapore's Mandatory Packaging Reporting (MPR) scheme, SHI collaborated with ZWC to assess our Singapore packaging streams. We focused on:

- Identifying all packaging streams.
- Analyzing packaging composition and volumes.
- Compiling a comprehensive report.
- Establishing targets and timelines for packaging improvements.

This collaborative effort led to the timely submission of SHI's MPR report. Moreover, our insights will contribute to broader packaging optimization initiatives, supporting SHI's global goal to reduce greenhouse gas emissions from operational waste.

Waste management at SHI U.K.

In 2024, SHI U.K. made several efforts to decrease overall waste and enhance recycling efforts:

- Removed plastic cups from vending machines to promote the use of reusable cups and bottles.
- Replaced plastic packaging with paper filling.
- Used cardboard boxes made with at least 30% recycled materials.
- Transitioned from plastic pallet banding to fiber-based banding.

These measures contributed to overall waste reductions in the U.K., where our corrugated cardboard volume fell by 31% compared to 2023 levels. Additionally, we reduced paper usage by 91%.

Upstream environmental impacts

SHI acknowledges that the production of IT hardware can lead to environmental issues, including air, water, and soil pollution. It may involve the risk of using hazardous substances and impact ecosystems and species. Additionally, we recognize that using IT hardware contributes to energy consumption and carbon emissions, poses potential health and safety risks for customers, and has social and environmental impacts during the disposal and treatment of IT hardware at the end of its lifecycle.

To address the impacts across the value chain, SHI expects our suppliers to align with the SHI Partner Code of Conduct and Sustainability Policy. As a standard practice, SHI shares all relevant product health, safety, and environmental information from OEMs with our direct customers.

However, as a Value-Added Reseller of third-party products and services, SHI disclaims any warranty responsibility regarding the third party products and services we sell. Customers must look solely to the OEM for satisfaction of any and all warranty claims related to that OEM's products and services.