SHI

Smarter choices, stronger impact

2024 Sustainability and Action Report

Reflections
from our senior management

Thai Lee
President and CEO

Why does sustainability matter to SHI?

Embracing sustainability supports our growth objectives, enhances operational efficiency, reduces risk, and fosters greater employee engagement and pride. We are mindful that we serve a diverse client base. Many of our customers across the world have established climate targets and expect their supply chain partners, including SHI, to demonstrate climate action and meet broader environmental, social, and governance criteria. Ultimately, it's about building a better and more resilient business.

What were SHI's 2024 milestones, and how do they relate to sustainability?

In 2024, SHI surpassed $15 billion in gross revenue while embedding sustainability across our offerings, operations, and partnerships. Our investment in the business increased by 80% as compared to the previous year, including the renovation of our headquarters to improve energy efficiency. A third of that investment focused on our people — our most valuable asset — enhancing their well-being and work environment.

Our acquisition of Locuz expanded our presence in India and added ESG software implementation and green operations capabilities. We also significantly advanced our AI capabilities, both in expertise and infrastructure, allowing us to support our customers' efficiency and cybersecurity goals.

We are grateful to our partners who share our sustainability vision and look forward to continued collaboration in supporting our customers' journeys.

James Prior
Chief Financial Officer

How has SHI progressed in managing and reporting on sustainability?

We embarked on our ESG journey in 2022, continuously refining our approach and deepening our commitment to sustainability. Over time, our sustainability strategy has become an integral part of SHI's business, driving sustainable digital transformation and shaping our long-term vision. Our science-based climate targets were validated by the SBTi. We refreshed our governance, splitting responsibilities between a senior-level Sustainability Committee, a central ESG team in Finance, and a cross-departmental working group.

We started the implementation of a new supplier due diligence tool and conducted a double materiality assessment, which informed our risk decision-making. We also transitioned to activity-based accounting for product-related GHG emissions, increasing the scope and granularity of carbon data.

This third annual report is broader in scope and includes independent assurance over emissions and key indicators. Our EcoVadis score improved from 62 to 73, placing us in the top 15% of assessed companies.

What are SHI's priorities for 2025?

In 2025, we will continue to enhance our sustainability reporting. Our greatest opportunity for progress lies in delivering on our climate targets. Given that 86% of our total carbon emissions come from the products we buy and sell, this will require not only accelerating internal initiatives but also fostering more proactive collaboration with both our suppliers and customers. Our goal is to support customers in making smarter, more impactful choices in the selection and use of IT.

Products

Melissa Graham
SVP Sales

How is SHI delivering on its product-related sustainability goals?

We partner with manufacturers advancing energy efficiency and circularity. Our catalog now features over 700,000 products certified by ecolabels like ENERGY STAR, EPEAT and TCO. In 2024, the lifecycle GHG emissions from the products we sold dropped by 7%. We now provide carbon insights into product lifecycle emissions, adding to our growing portfolio of sustainability services around device recycling, data center efficiency, and ESG software. Nearly 100% of shipments from OEMs or SHI warehouses involved carriers with climate commitments. SHI is ready to meet our customers' diverse IT and sustainability needs.

See pages 13-17 for information on Products >>

People

Ellen Mass
VP Human Resources

How is SHI investing in its people?

In 2024, a third of our overall investment was aimed at our workforce through hiring, improved working conditions, compensation, and development. Flexibility remains key: over 90% of employees work in hybrid or remote roles. Approximately one-third of our global workforce is women, matching tech sector benchmarks. We foster an inclusive environment and support community engagement through donation matching and social responsibility initiatives.

See pages 27-37 for information on People >>

Planet

Steve Alt
VP Operations

What operational progress has SHI made in 2024?

Despite business and headcount growth, combined Scope 1 and 2 emissions decreased by 2%. Renovations and LED upgrades at our headquarters boosted energy efficiency. We also benefited from the increased capacity of solar PVs at our Data Factory at Ridge, raising renewables' share to 10% in SHI's energy mix. Our Data Center Factory at Nexus transitioned to 100% renewable electricity and cut gas use by 13%. Waste and materials use also declined, demonstrating our integrated approach to sustainable operations.

See pages 18-26 for information on Planet >>

Principles

Kevin McCann
General Counsel

How does SHI uphold ethical and governance standards?

We maintain high ethical standards through our Code of Conduct, policies, and a strong internal control framework. In 2024, we updated our Partner Code of Conduct and Sustainability Policy, Health, Safety and Environment Policy, and our risk assessments. Our alignment with the UN Global Compact and the Sustainable Development Goals (SDGs) underpins our long-term commitment to integrity, transparency, and responsible business.

See pages 38-44 for information on Principles >>

2024 Highlights

Products

Over
735,500
products offered by SHI are covered by ENERGY STAR, EPEAT, or TCO certifications

↓7%
YoY reduction in lifecycle carbon footprint of products sold

↑72%
growth in the number of customer devices recycled or remarketed

Planet

↓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

People

15.7
hours were spent on training by employees, on average

34.5%
of SHI's employees were women, consistent with 2023

181
employee donations were matched as part of the SHI Giving Program

Principles

98.9%
of employees trained on anti-bribery and corruption[1]

Top 15%
ranking among all organizations assessed by EcoVadis

[1]As of end of year

Who we are

SHI International Corp. (SHI) is a leading global provider of IT solutions across IT infrastructure, end-user computing, cybersecurity, artificial intelligence, and IT optimization. We guide over 17,000 customers worldwide to better technology decisions by combining the scale and portfolio of a global solutions integrator with the resources and personal service of a local value-added reseller (VAR).

SHI was co-founded in 1989 by Thai Lee, who has served as the only President and CEO of our private business. Today, SHI is recognized as the largest Minority- and Woman-Owned Business Enterprise (MWBE) in the United States. From humble beginnings as a $1 million software reseller to becoming a $15 billion global solutions integrator with nearly 7,000 employees[2], we haven't lost our obsession with customer service. Thirty-five years on, we're still passionate about delivering exceptional value and experience as we help customers select, deploy, and manage technology.

Acquisition of Locuz

In 2024, SHI International Corp. expanded our global footprint and capabilities with the acquisition of Locuz, a security-led digital transformation company based in Hyderabad, India. As part of the SHI group of companies, SHI Locuz leads with security to solve complex business and technical challenges for global customers. From designing and implementing IT infrastructure for moon missions to building a tsunami warning system, solving human challenges with technology is in our DNA.

Locuz's focus on innovative platforms like ClouTor and GANANA pushes the boundaries of CloudOps, data and virtualization, and high-performance computing. By leveraging cutting-edge technologies such as AI, machine learning, analytics, data, cloud, and DevOps, Locuz enables organizations to innovate and modernize their environments efficiently. This acquisition strengthens SHI's commitment to delivering exceptional value and tailored IT solutions to our diverse clientele.

Since Locuz joined SHI in late 2024, we will incorporate it into our sustainability reporting framework for 2025.

[2]Includes Locuz employees.

Contents

Where we are

As a truly global IT solutions provider, SHI supports customers in more than 30 countries worldwide. Headquartered in Somerset, NJ, we have operations that span North America, Europe, Asia-Pacific, and beyond. SHI's Integration Centers allow us to configure and ship thousands of devices every day, while our Customer Innovation Centers offer hands-on experiences with the latest technologies. Our Executive Briefing Centers bring together our customers, partners, and experts to share thought leadership and participate in workshops throughout the year. This strategic network allows us to provide localized support and solutions tailored to regional requirements.

We're your *trusted*, *dependable*, and *connected* technology solution partner for growth and innovation.

Company profile

1989
Year founded

1,000+
Technical resources

99%
Annual customer retention rate

7,000
Employees worldwide
Includes Locuz employees

$15B
Gross sales

30+
Locations in North America, EMEA, and Asia-Pacific

We are global

with offices and integration centers around the world

Forbes **2024**
BEST EMPLOYERS FOR DIVERSITY
POWERED BY STATISTA

Forbes **2023**
AMERICA'S BEST MIDSIZE EMPLOYERS
POWERED BY STATISTA

Forbes **2023**
AMERICA'S LARGEST PRIVATE COMPANIES

Largest MINORITY- AND WOMAN-OWNED ENTERPRISE in the U.S.

+ Advanced Integration Centers, Innovation Labs, and Executive Briefing Centers

+ Dedicated, tenured account teams fostering long-term partnerships
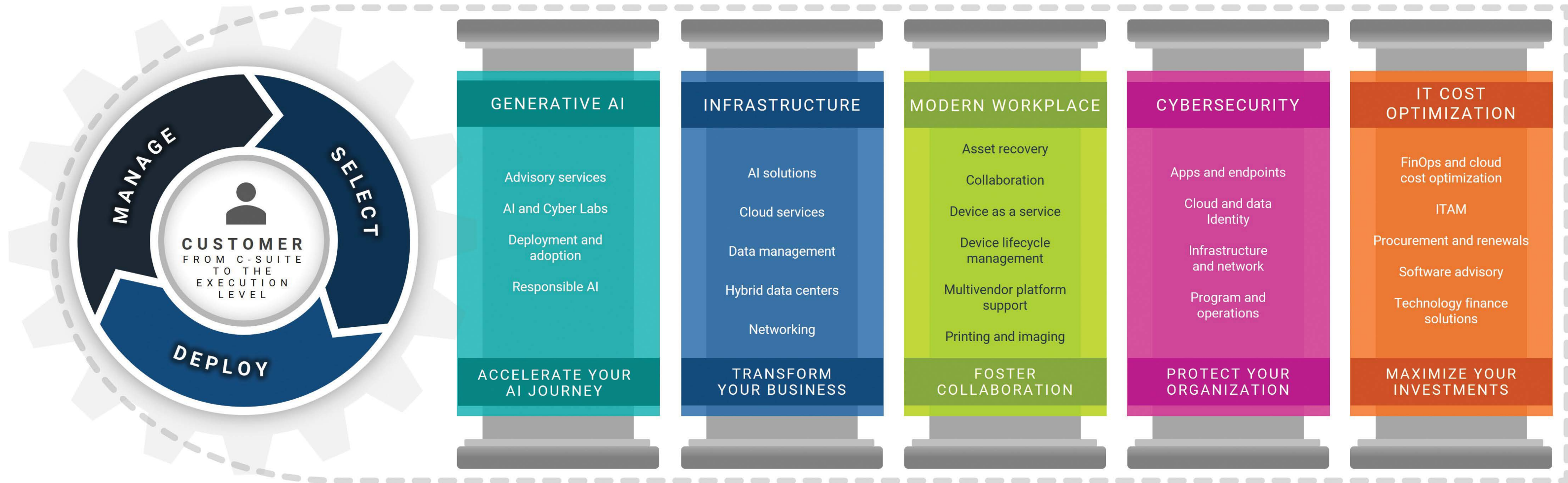
+ Sales solution support for emerging and disruptive technologies

What we do

SHI offers an extensive array of IT solutions and services designed to cater to our customers' diverse needs. Our portfolio includes — but is not limited to — generative AI solutions, hardware and software procurement, cloud and data center solutions, cybersecurity services, and IT asset management. By partnering with leading technology providers, we deliver best-in-class solutions that drive business transformation and success.

We help you *select*, *deploy*, **and** *manage* **across five core pillars designed to help you build a technology foundation strong enough to support your boldest ideas.**

MANAGE — SELECT — DEPLOY

CUSTOMER
FROM C-SUITE TO THE EXECUTION LEVEL

GENERATIVE AI

Advisory services

AI and Cyber Labs

Deployment and adoption

Responsible AI

ACCELERATE YOUR AI JOURNEY

INFRASTRUCTURE

AI solutions

Cloud services

Data management

Hybrid data centers

Networking

TRANSFORM YOUR BUSINESS

MODERN WORKPLACE

Asset recovery

Collaboration

Device as a service

Device lifecycle management

Multivendor platform support

Printing and imaging

FOSTER COLLABORATION

CYBERSECURITY

Apps and endpoints

Cloud and data Identity

Infrastructure and network

Program and operations

PROTECT YOUR ORGANIZATION

IT COST OPTIMIZATION

FinOps and cloud cost optimization

ITAM

Procurement and renewals

Software advisory

Technology finance solutions

MAXIMIZE YOUR INVESTMENTS

Awards, assessments, and certifications

Sustainability-related awards received in 2024

North America Sustainability Channel Partner of the Year (canalys)

Q4 FY24 ESG Spotlight Partner — North America (DELL Technologies — TITANIUM BLACK PARTNER)

Sustainability Leader of the Year (INGRAM MICRO)

Forbes 2024 BEST EMPLOYERS FOR DIVERSITY — POWERED BY STATISTA

AMERICA'S GREATEST WORKPLACES FOR DIVERSITY 2024 — Newsweek — PLANT-A INSIGHTS GROUP

Sustainability assessments

ecovadis
Score: 72 out 100 (93rd percentile)
SILVER | Top 15% ecovadis Sustainability Rating DEC 2024

CDP
Climate Change score: C (2023)[1]
Water Security score: C (2024)

SCIENCE BASED TARGETS
Near-term climate targets verified

HP SUSTAINABLE IMPACT / AMPLIFY
HP Amplify Partner Program

Certifications

ISO 14001
Environmental Management System
Data Center Factory at Nexus

ISO 45001
Occupational Health and Safety Management Systems
Data Center Factory at Nexus

certified WBENC
WOMEN'S BUSINESS ENTERPRISE
Corporate Plus Member

NMSDC National Minority Supplier Development Council — Advancing Business Connections that Count
New York & New Jersey Minority Supplier Development Council

Living Wage Foundation
Living Wage Employer
SHI U.K.

BREEAM®
Very good
Data Center Factory at Nexus

U.S. GREEN BUILDING COUNCIL — LEED GOLD — USGBC
Gold for commercial interiors
SHI Headquarters, Somerset, NJ

Gold for building design and construction
SHI Austin Headquarters, Austin, TX

[1]The 2024 score is under review by CDP

Sustainability strategy and governance

Sustainability is embedded within SHI's business strategy; it's essential for ensuring our future resilience and operational efficiency. Our four-pillar approach is centered on key material topics and underpinned by our corporate values, driving inspired action across our operations. By establishing science-based climate targets and aligning with the UN Global Compact, we champion global sustainability goals and motivate our partners to maintain similar standards. Our robust governance framework, led by our CFO and ESG Committee, ensures accountability and seamless integration with business growth. Through active stakeholder engagement, we prioritize transparency and trust, fostering collaborative progress and shared success.

Sustainability strategy

Sustainability is an integral part of SHI's business strategy, helping us drive a sustainable digital transition. It enables us to influence sustainable IT procurement and usage decisions among our customers while simultaneously safeguarding and fortifying our business for the future.

Value protection. By aligning with our customers' ESG requirements, we foster long-term relationships and pursue shared objectives. Our sustainability initiatives help us manage operational and supply chain risks, comply with laws and regulations, boost efficiency, and reduce costs — all contributing to our operational excellence.

Value creation. Sustainability contributes to business growth, as we can better respond to customer requests, offer energy-efficient hardware, and provide innovative services with sustainability benefits. By focusing on sustainability, we enhance our customers', suppliers', and communities' trust in SHI. We also strengthen SHI's corporate culture and employer brand.

Our sustainability strategy is structured around the **four Ps: Products, Planet, People, and Principles**, with focus areas informed by a double materiality assessment, internal priorities, and feedback from stakeholders. We strive to make the strategy comprehensible and relatable to our stakeholders, inspiring them to align their activities with sustainability priorities and embrace change.

Since 2022, SHI has been a signatory of the UN Global Compact, aligning our sustainability strategy with its core principles. We adhere to these principles in our operations and expect our suppliers to do the same by following our Partner Code of Conduct and Sustainability Policy.

Through our core business activities and sustainability strategy, we aim to contribute to the following UN Sustainable Development Goals (SDGs):

Smarter choices, stronger impact

Products
Enabling sustainable digital transformation

Energy-efficient hardware
Circular economy
Sustainable solutions
Responsible delivery

Planet
Reducing environmental impacts of our operations

Climate action
Environmental stewardship

People
Caring about our employees and communities

Safe and rewarding working conditions
Equal treatment and opportunities for all
Community investment

Principles
Running our business responsibly

Corporate ethics and data protection
Sustainable supply chain management
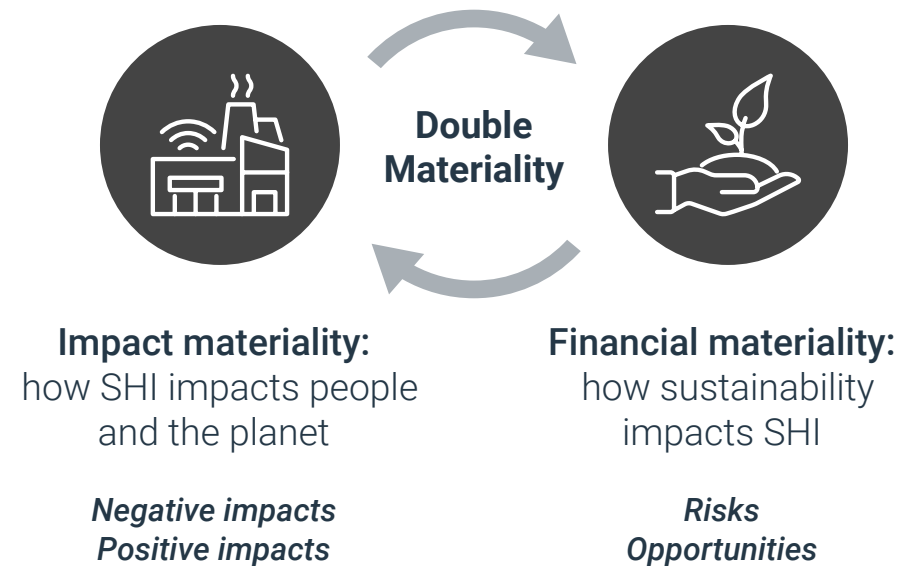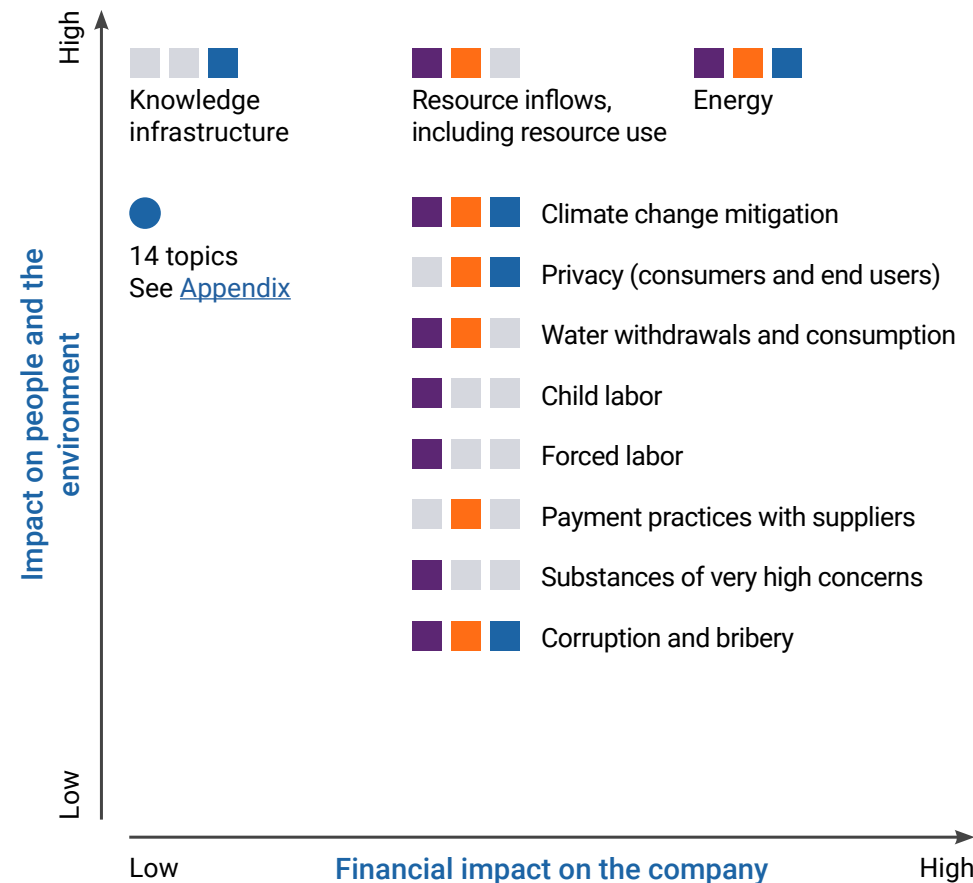Compliance and transparency

Metrics   Policies   Targets   Actions

Impacts, risks, and opportunities

As SHI continues to advance our sustainability efforts, understanding and implementing the concept of double materiality has become integral to our sustainability strategy. Double materiality assessment (DMA) involves assessing both the financial impact of environmental and social factors on our business (risks and opportunities) and the influence of our operations on the environment and society (impact). This dual perspective allows us to identify and prioritize the topics that are essential for sustainable business growth and fulfilling our broader responsibilities.

Material topics (across value chain)

Knowledge infrastructure

Resource inflows, including resource use

Energy

14 topics
See Appendix

Climate change mitigation
Privacy (consumers and end users)
Water withdrawals and consumption
Child labor
Forced labor
Payment practices with suppliers
Substances of very high concerns
Corruption and bribery

Impact on people and the environment (vertical axis: Low to High)

Financial impact on the company (horizontal axis: Low to High)

Double Materiality

Impact materiality:
how SHI impacts people and the planet

Negative impacts
Positive impacts

Financial materiality:
how sustainability impacts SHI

Risks
Opportunities

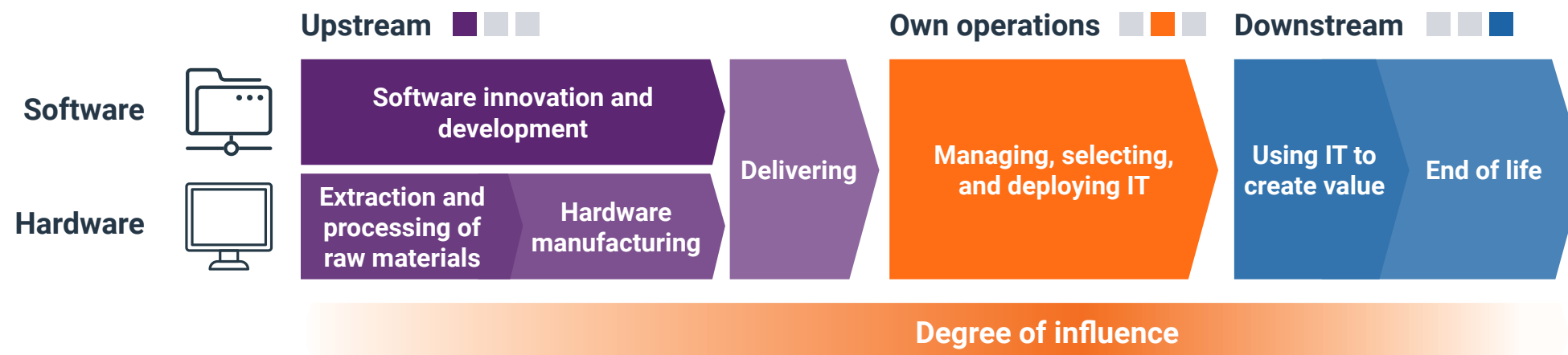### DMA process

Our DMA process included the following steps:

1. Understanding context: We collected data on SHI's business model, products, key ESG parameters, and revenue and expenditure structure.

2. Science-based analysis: Utilizing the Upright platform, we identified material impacts, risks, and opportunities by extracting and analyzing information from scientific articles and public databases.

3. Validation: We critically reviewed and validated the initial DMA results with internal stakeholders from across the organization.

4. Integration: We used the DMA results to guide our reporting scope, supplier due diligence program, and sustainability strategy development.

During the DMA, we explored topics spanning SHI's entire value chain, reaching beyond our immediate operations. We recognize the importance of taking accountability for material issues connected to our suppliers and customers. As a value-added reseller, we can engage our business partners, but we are not directly involved in manufacturing and cannot dictate our customers' choices.

While the DMA provides valuable insight into key sustainability topics, it does not capture the full range of risks and opportunities that SHI is facing.

See the full list of material topics in the Appendix.

Value chain

Upstream
Own operations
Downstream

Software
Hardware

Software innovation and development

Extraction and processing of raw materials

Hardware manufacturing

Delivering

Managing, selecting, and deploying IT

Using IT to create value

End of life

Degree of influence

Climate-related risks and opportunities

Climate change is a megatrend impacting the entire IT sector. At SHI, we assess climate-related risks and opportunities through a double materiality lens (see page 10), complemented by analysis of supplier disclosures, climate scenario analysis, and previous risk assessment for business continuity planning. This evaluation spans our full value chain and considers both physical and transition risks.

Key risks for SHI include rising costs driven by energy market volatility and growing demand from AI workloads. Physical risks such as extreme weather may disrupt supply chains, leading to delays, increased insurance, and procurement costs. We also monitor evolving regulatory landscapes and the potential for carbon pricing on IT products.

Our opportunities arise from shifting customer preferences toward sustainable procurement and market growth for green IT solutions. Decarbonization efforts can also drive operational efficiency and cost savings.

Many of these risks and opportunities are already addressed through our sustainability strategy and business continuity plans. We expect to identify and integrate additional measures into SHI's Decarbonization Plan. However, we remain aware of the limits of our control as a reseller.

SHI's sustainability strategy, along with our group and site-level policies, addresses material topics related to our operations, as well as upstream and downstream activities. We recognize our varied influence in supplier and customer engagement and, therefore, prioritize actions within SHI's own operations where we can make a tangible difference.

For upstream activities, our strategies and actions rely heavily on our key suppliers, including OEMs, distributors, and logistics providers. We are proud to collaborate with partners that have established sustainability programs. Upstream topics are managed through our Partner Code of Conduct and Sustainability Policy, the implementation of a supplier sustainability due diligence system, and direct engagement with key suppliers. For more details, see our Sustainable supply chain management section.

For downstream activities, management relies on the choices our customers make when procuring and utilizing hardware and software. Our goal is to provide complete and transparent information about our products and services, ensuring necessary health, safety, and environmental data from OEMs is passed on to customers. We also offer insights into product carbon footprints and ESG credentials of vendors, extend our range with energy-efficient products, and provide supporting sustainability solutions to empower customers to make informed choices. For additional information, see our Sustainable solutions section.

Sustainability governance

At SHI, we are committed to embedding sustainability into our strategic decision-making and operational practices. Our governance framework ensures clear oversight, accountability, and execution across all levels of the business.

Our executive leadership team, including our CEO and CFO, is directly responsible for driving our sustainability strategy and aligning it with business growth and financial planning.

ESG Committee

Our ESG Committee offers strategic guidance, monitors sustainability performance, and ensures execution. Chaired by the CFO, the ESG Committee consists of senior leaders from sales, partner management, human resources, and operations. In 2024, the committee met once in its new format and discussed compliance with sustainability reporting regulations.

ESG Team

On an operational level, our central ESG team, which is part of the Finance department, is responsible for coordinating SHI's sustainability strategy development. They ensure regulatory compliance, lead external engagement and reporting, and initiate internal projects to improve sustainability performance. The ESG team also works with the Internal Audit and Risk Management teams to ensure sustainability is part of SHI's corporate business assurance strategy.

ESG Working Group

Working closely with the ESG team, our cross-departmental ESG Working Group includes operational managers from HR, Operations, and Legal. They focus on implementing ESG initiatives, enhancing internal reporting systems, and providing data that informs groupwide ESG reporting.

This multi-tiered governance approach ensures that ESG remains a core pillar of SHI's long-term value creation and risk management strategy.

Stakeholder engagement

At SHI, we recognize that our stakeholders, including customers, employees, partners, and the wider community, are integral to our success and sustainability. By fostering open communication, collaboration, and mutual understanding, we aim to build trust and create value for all parties involved. Our approach involves actively listening to stakeholder feedback, addressing concerns, and incorporating their insights into our decision-making processes.

SHI's stakeholder engagement channels

Employees
- Annual survey
- Employee Resource Groups
- Intranet
- Town halls
- Volunteering initiatives
- Yammer

Customers
- Annual summits
- B2B events
- Business reviews
- ESG requests
- Product marketing
- SHI Resource Hub

Suppliers
- B2B events
- Business reviews
- Onboarding

All stakeholders
- Annual Sustainability and Action Report
- Website and social media

Products
Enabling sustainable digital transformation

At SHI, we are committed to empowering our customers to make informed and sustainable decisions in purchasing and managing IT resources. We offer a range of energy-efficient hardware solutions and provide comprehensive sustainability services, including ITAD, cybersecurity risk management, and server energy efficiency advisory. Our partnerships with manufacturers, distributors, and logistics providers who have robust sustainability programs further enhance our ability to deliver eco-friendly solutions. By integrating these practices, we support our customers in their sustainability journeys, helping them reduce environmental impact and achieve their sustainability goals.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
To ensure sustainable consumption and production patterns

Highlights

Over
735,500
products offered by SHI are covered by ENERGY STAR, EPEAT, or TCO certifications

↓ **7%**
YoY reduction in lifecycle carbon footprint of products sold

↑ **72%**
growth in the number of customer devices recycled or remarketed

Sustainable solutions

Energy-efficient hardware

SHI offers over 735,500 hardware devices that have either ENERGY STAR, EPEAT, or TCO certifications. These environmentally certified devices encompass key product categories such as computers and laptops, multifunction machines and printers, workstations, and peripheral equipment, and represent 28% of our entire product range. We are committed to supporting customers who wish to prioritize energy-efficient devices in their procurement practices.

SHI partners with many original equipment manufacturers (OEMs) that have established sustainability programs focused on reduction of carbon emissions, circularity, supply chain management, and social impact. This, in turn, improves the sustainability credentials of the products we sell. For example, Apple and Lenovo have science-based climate targets, while ASUS, Dell, and HP have committed to set such targets. SHI is engaged in sustainability learning circles set up by OEMs and participates in direct discussions with them to exchange best practices across a broad range of sustainability topics.

In 2024, SHI launched a pilot project to estimate the lifecycle carbon emissions and energy consumption of the hardware devices we sold. The assessment revealed a 16% reduction in average emissions per device across key categories compared to 2023. Future improvements in energy efficiency will depend on the decarbonization actions taken by customers and end users, as a significant portion of emissions is linked to the use of these devices.

Change in the average lifecycle carbon footprint of hardware products sold

Product category	Change as compared to 2023
Data centers	-8%
End-user devices	0%
Peripheral end user devices	-26%
Networking	-4%
Unified communication and collaboration	+8%
All hardware	**-16%**

AI and sustainability

SHI has made significant investments in our generative AI capabilities, notably through the launch of our AI & Cyber Labs. This facility provides a sandbox for customers to validate AI solutions with their actual data, workloads, and integration requirements across leading platforms prior to commitment.

Recognizing the growing carbon footprint of the AI industry, largely due to the energy demands of training large language models, SHI is dedicated to addressing these environmental concerns.

The AI & Cyber Labs are supported by an in-house data center, enhanced with liquid cooling, hot aisle containment, and advanced power management technologies like Sunbird's DCIM. These upgrades are designed to optimize power usage and manage heat efficiently, minimizing environmental impact.

Looking ahead, SHI will continue to assess the energy use of our AI equipment, both pre- and post-implementation, to optimize consumption and further reduce carbon emissions.

Circular economy: Recycling and asset recovery

SHI is committed to reducing e-waste and minimizing associated environmental impacts while addressing the IT asset management (ITAM) challenges our customers face. For many organizations, the COVID-19 pandemic resulted in the accumulation of significant IT equipment stockpiles. These corporate-owned devices are now approaching the end of their lifecycles. With global economic pressures increasing hardware costs and stagnant IT budgets, efficient asset management has become more crucial than ever. Moreover, rising concerns about data security, hardware return rates, and the growing emphasis on sustainability and carbon footprint reduction add complexity to these challenges.
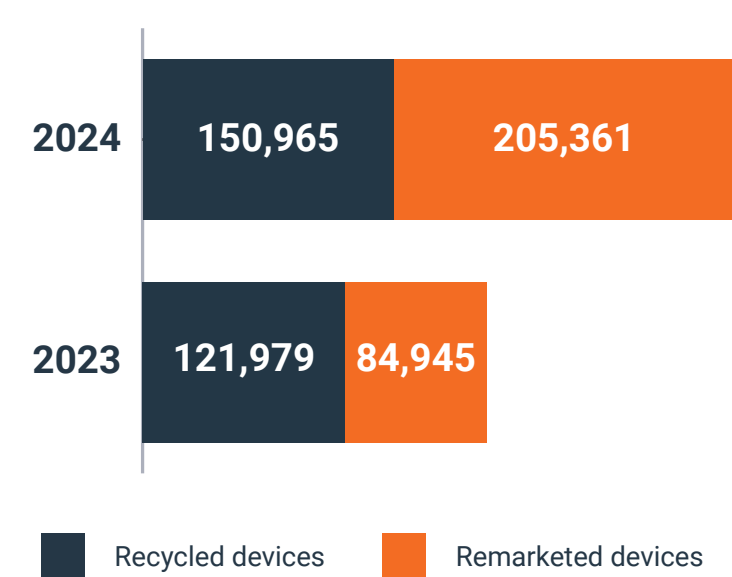
Since 2007, SHI has operated our ITAD program, designed to offer flexible asset recovery methods tailored to diverse customer needs. These include onsite collection or destruction, pre-paid shipping options, and certified DoD-level data destruction. Through meticulous program management and transparent reporting, SHI ensures seamless multi-site asset recovery and data center decommissioning services. By maximizing asset recovery value through payment and credit towards new equipment, SHI empowers businesses to achieve their sustainability goals while maintaining operational efficiency.

SHI's ITAD services

Recycling	Remarketing	Secure logistics	Redeployment	Decommissioning

In 2024, SHI successfully processed over 350,000 assets across 35 countries, a 72% increase as compared to 2023. Our unified device lifecycle management service offering not only addresses immediate IT asset challenges but also significantly contributes to a sustainable and circular economy.

SHI's ITAD performance

Year	Recycled devices	Remarketed devices
2024	150,965	205,361
2023	121,979	84,945

■ Recycled devices   ■ Remarketed devices

In addition to SHI's ITAD activities, IT manufacturers offer takeback and reuse programs to encourage recycling and upgrades. Apple, Asus, Cisco Systems, Dell, HP, Lenovo, LG, and other manufacturers provide credits for old devices, often with extra incentives. SHI helps facilitate our customers' participation in these programs, promoting device recycling and environmentally responsible upgrades.

Use of recycled materials

SHI collaborates with leading equipment manufacturers who are prioritizing the use of recycled materials in their products and packaging. Some of their short-term commitments include:

Manufacturer	Target	Period
Apple	Use 100% recycled cobalt in all Apple-designed batteries	2025
Dell	Have 100% of packaging made from recycled or renewable material or be reused packaging	2030
HP	Use 30% postconsumer recycled content plastic across HP's personal systems and print product portfolio	2025
HP	Eliminate 75% of single-use plastic packaging, compared to 2018	2025
Lenovo	Have 90% of plastic packaging made from recycled plastics for notebooks, desktops, and workstations	FY 2025/2026

Circular product design and repairability

Although wear and tear are unavoidable, discarding nearly functional products should not be. In 2024, SHI sold 60,000 end-user devices across 50 product categories, including smartphones, laptops, mini PCs, and more, assessed by iFixit for repairability. Notably, 83% of these devices, covering 32 different products, achieved a repairability score of over 5 out of 10. SHI is dedicated to helping customers procure IT devices with longer lifespans and better repairability.

Broader sustainability solutions
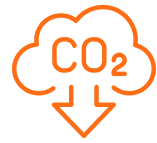
ITAM sustainability solutions. SHI's ITAM sustainability solutions are designed to save energy, cut costs, and reduce carbon emissions from data centers. SHI analyzes the performance and energy usage of IT hardware, identifying underperforming servers and recommending cost-effective, energy-efficient alternatives. Our solutions can reduce energy costs and carbon emissions by up to 60 -75% while enhancing computing power. Additionally, we provide essential calculations for scope 2 and 3 emissions for regulatory compliance, prepare for future data demands, optimize server efficiency, and deliver ROI through our advanced tools and expertise.

Protecting identities and assets (cybersecurity). In today's rapidly evolving digital landscape, cybersecurity plays a vital role in safeguarding identities and assets, ensuring resilience against external threats and supporting everyday life. Through our subsidiary Stratascale, SHI serves as an authorized channel for delivery of comprehensive cybersecurity solutions designed to manage cyber risks and prevent business disruptions. By quantifying risks, SHI aids strategic planning and reporting while developing robust cybersecurity programs that seamlessly integrate people, processes, and technology. We help customers navigate complex vendor ecosystems, enabling informed decisions about consolidation and emerging technologies. Furthermore, SHI fortifies defenses through offensive security programs and operationalizes risk registers to bolster cyber resiliency, creating a secure digital environment for all.

Software for sustainability management. As part of our comprehensive software portfolio, SHI offers solutions designed to collect and manage sustainability data. In 2024, we sold subscriptions to innovative software solutions that automatically consolidate corporate energy and sustainability data, ensuring data accuracy, enhancing data coverage, tracking sustainability goals, performing carbon accounting calculations, and facilitating regulatory compliance. These solutions enable energy, water, waste, and emissions data tracking.

Sales enablement for sustainability

To support our customers in their sustainability journeys, in alignment with SHI's customer engagement target on climate, our ESG team collaborates with sales leads to develop tools that facilitate meaningful conversations on sustainability. For instance, we piloted a tool with a few customers to estimate the lifecycle carbon emissions of the hardware products we sold to them, enabling more informed procurement decisions. By leveraging our supplier sustainability due diligence program, we provide customers with detailed vendor information based on material impact parameters. Additionally, our ESG team keeps sales teams updated on the latest sustainability news and resources.

Responsible delivery

SHI delivers physical products to our customers through various channels, including shipping from SHI's warehouses, direct shipping from OEMs to customers, or shipping via distributors on our behalf. When shipping to and from SHI's warehouses, we collaborate directly with logistics companies that are committed to sustainability.

Our distribution and logistics partners are committed to reducing their carbon footprints and enhancing sustainability. 99.8% of shipments to or from SHI warehouses were handled by logistics providers with climate targets. Additionally, 58.2% of these shipments were performed by companies with established science-based targets. For example, UPS and FedEx are leading the way in achieving carbon neutrality, with UPS targeting 2050 and FedEx aiming for 2040. They are expanding their electric vehicle fleets and optimizing energy use to meet these goals. They also focus on right-sizing and sustainable packaging practices.

Many of SHI's direct logistics providers are participants in the U.S. EPA SmartWay program, which enables them to measure, benchmark, and improve their performance in air quality and fuel efficiency metrics related to freight transportation. The SmartWay program plays a crucial role in advancing supply chain sustainability by providing tools and resources for companies to improve transportation efficiency.

*GHG emissions by mode of transport**

2024 | 15% | 85%

2023 | 13% | 87%

■ Air   ■ Ground   ■ Ocean
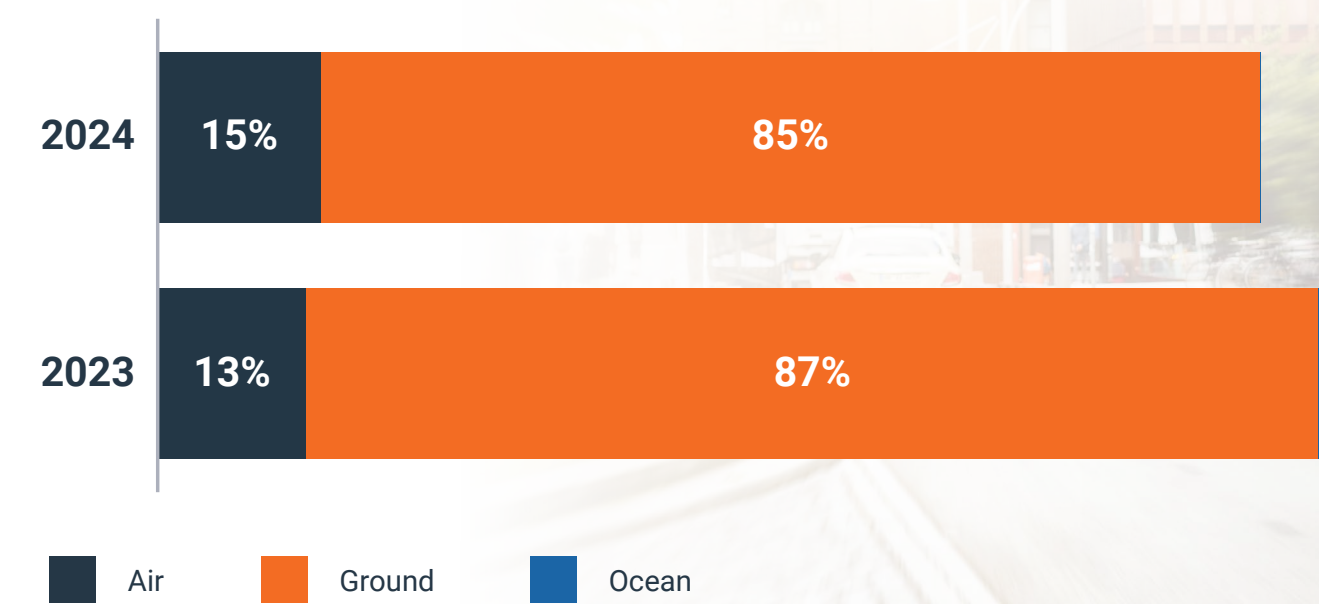
* Includes shipments to/from SHI warehouses and shipments by OEMS and distributors on behalf of SHI; includes well-to-tank emissions and doesn't include emissions associated with storage.

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.
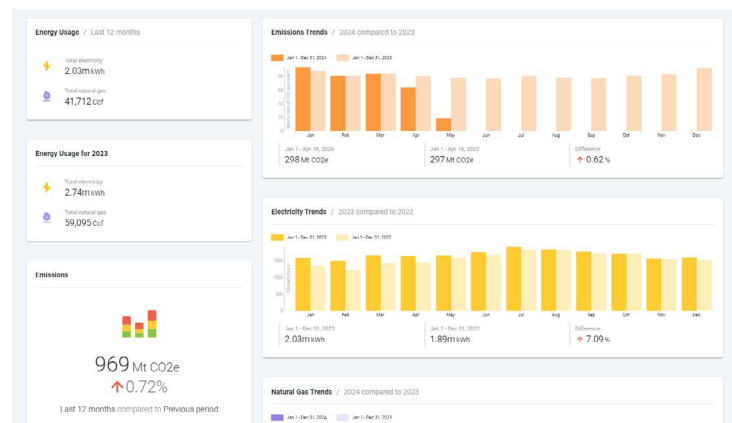
In 2024, SHI conducted energy audits at our major facilities in the U.S. and the U.K. In 2025, we plan to assess the recommendations from these audits and integrate them into our decarbonization plan.

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.
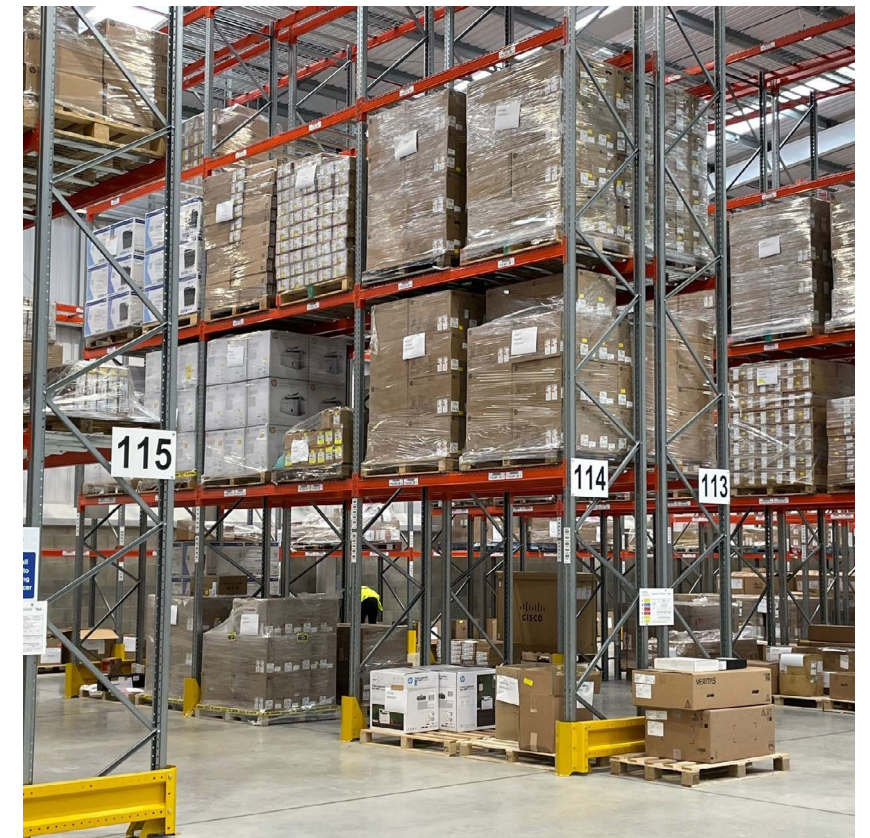
Climate action

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.
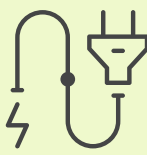
Our near-term targets are to halve direct greenhouse gas (GHG) emissions from our operations (scope 1 and 2) and reduce our indirect emissions (scope 3) from waste generated in operations and business travel, by 2030 (as compared to the 2023 level).

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**
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**
• 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

(Left side row label: **Science-based targets**; lower row label: **Decarbonization measures**)
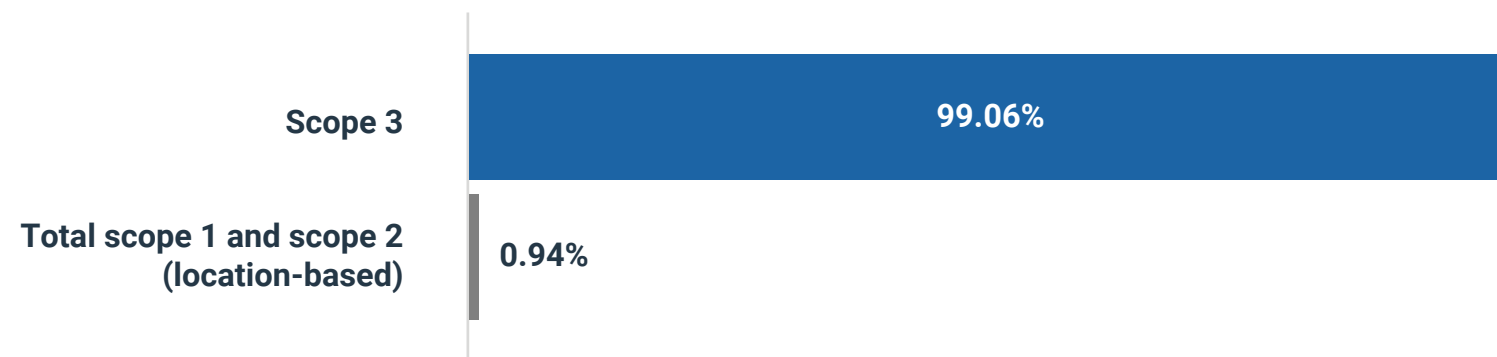
* Voluntary target
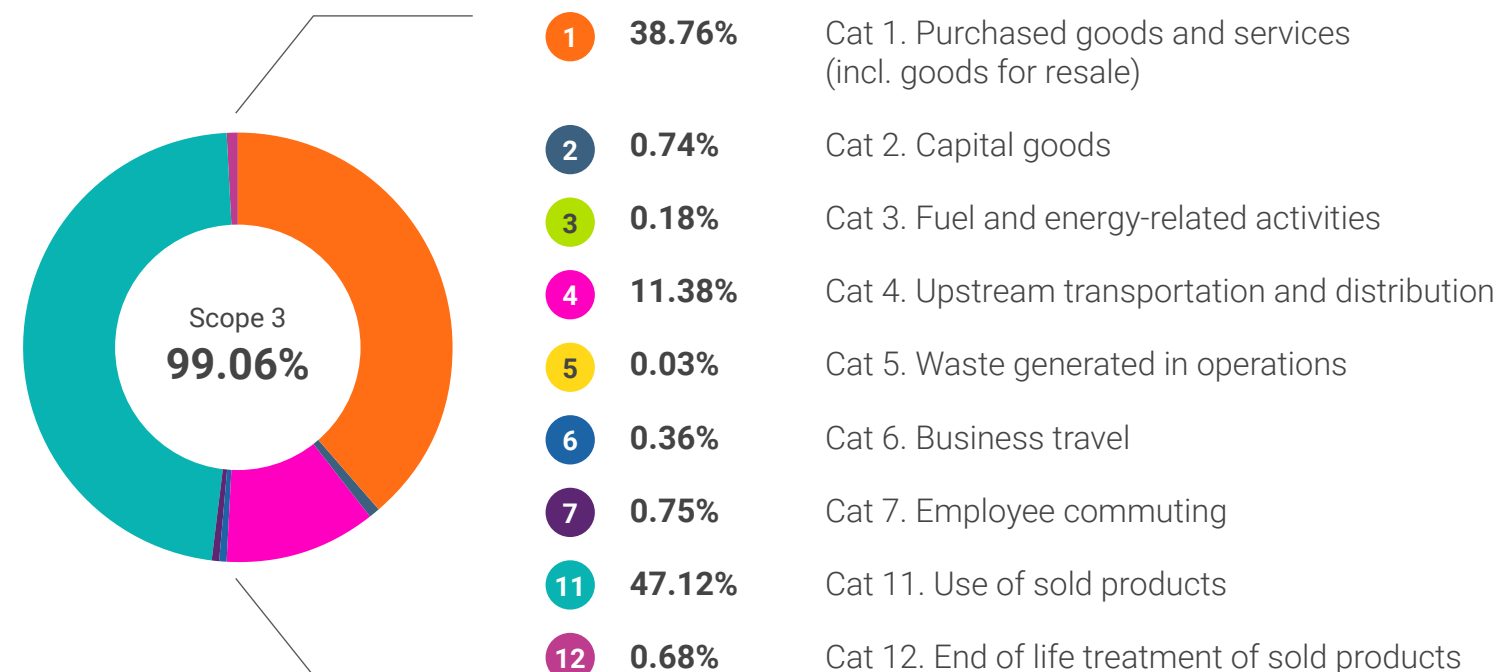
Greenhouse gas emissions profile

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	%
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

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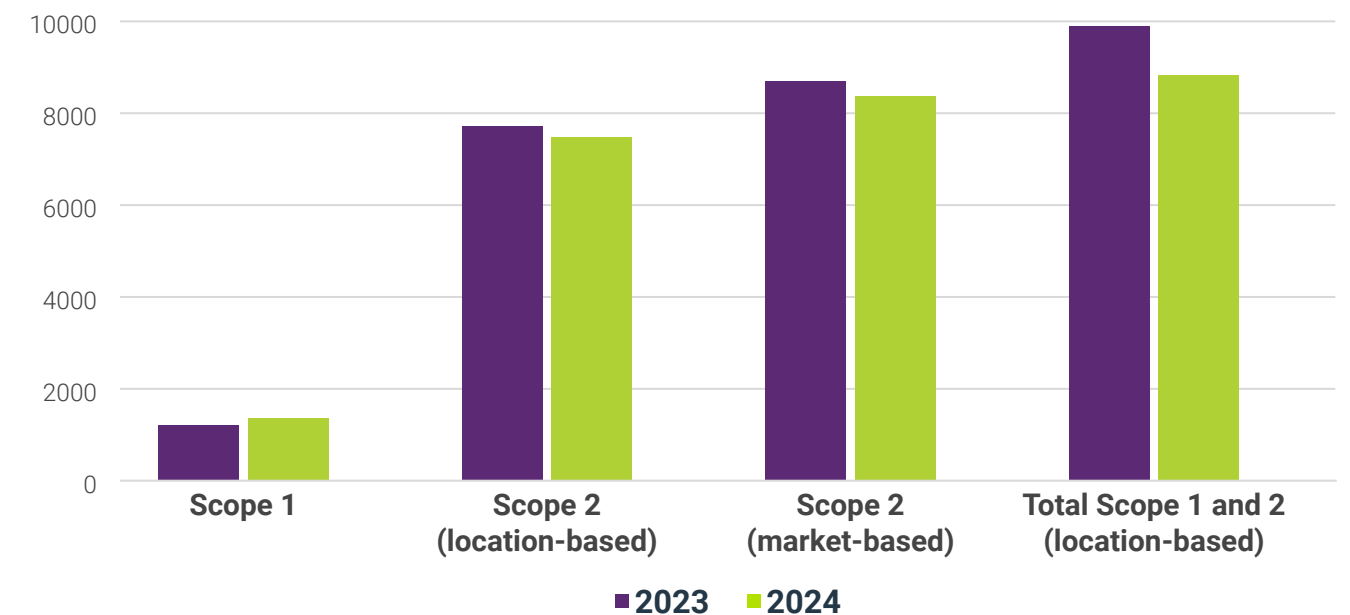
Scope 3
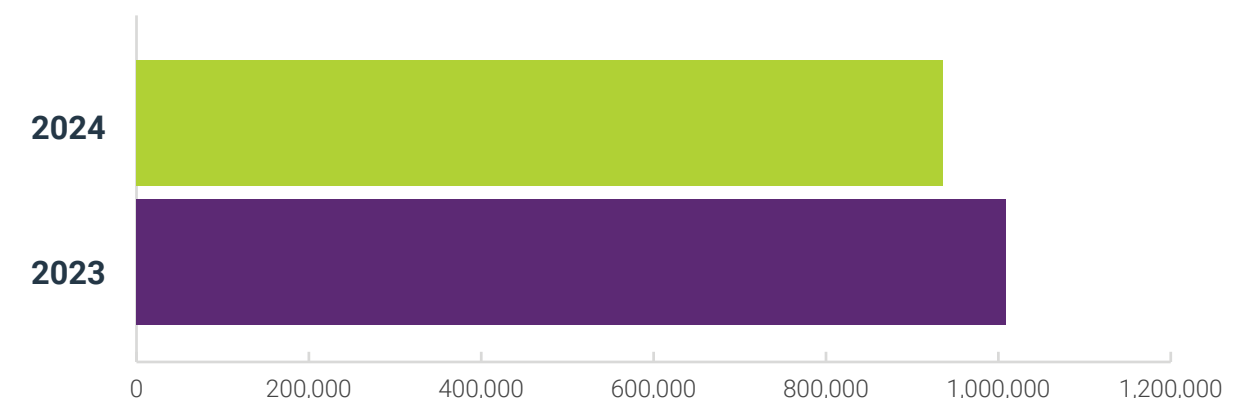
Emissions reduction measures
Energy efficiency and renewable energy measures

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.
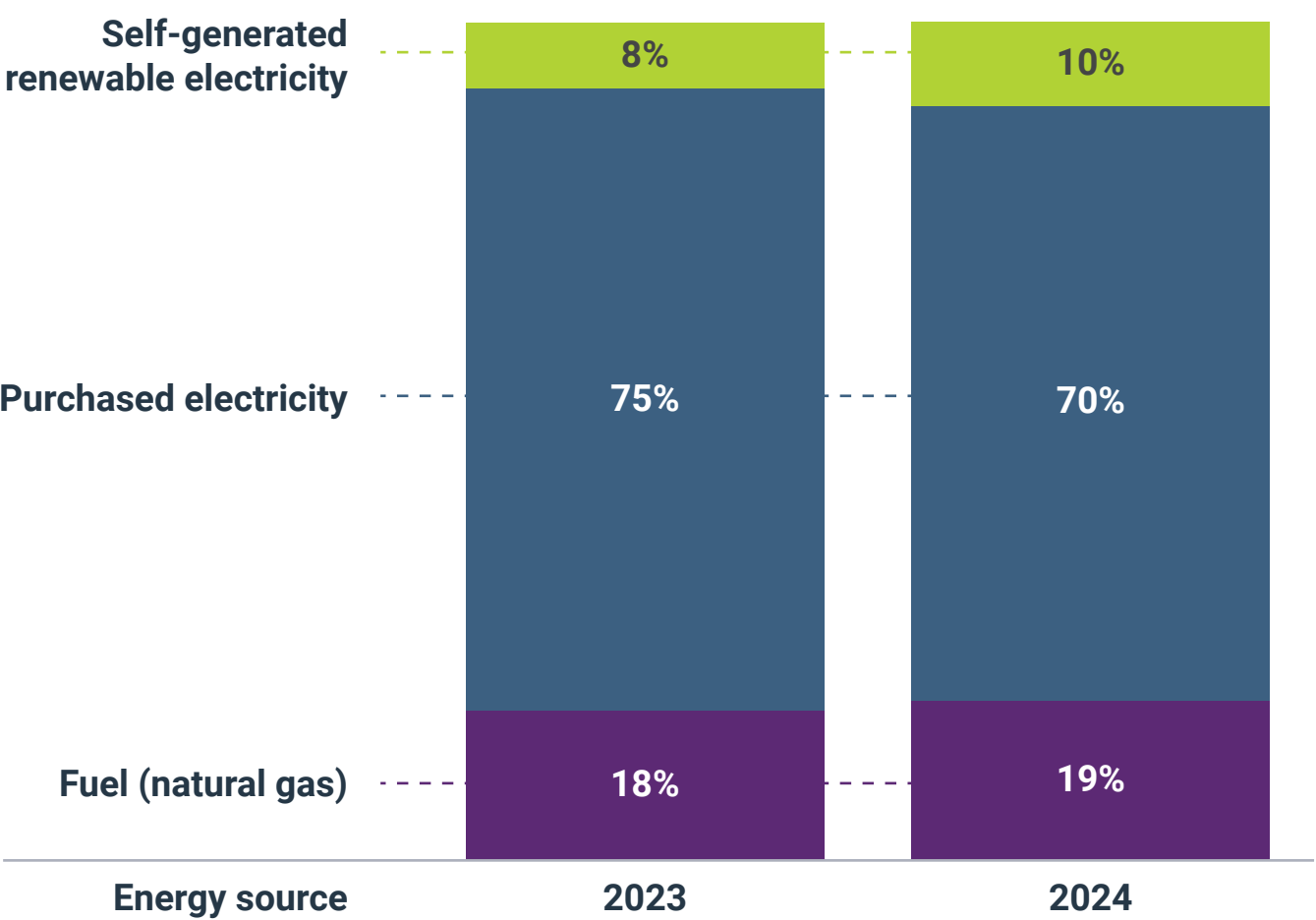
Renewable energy initiatives

- 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.
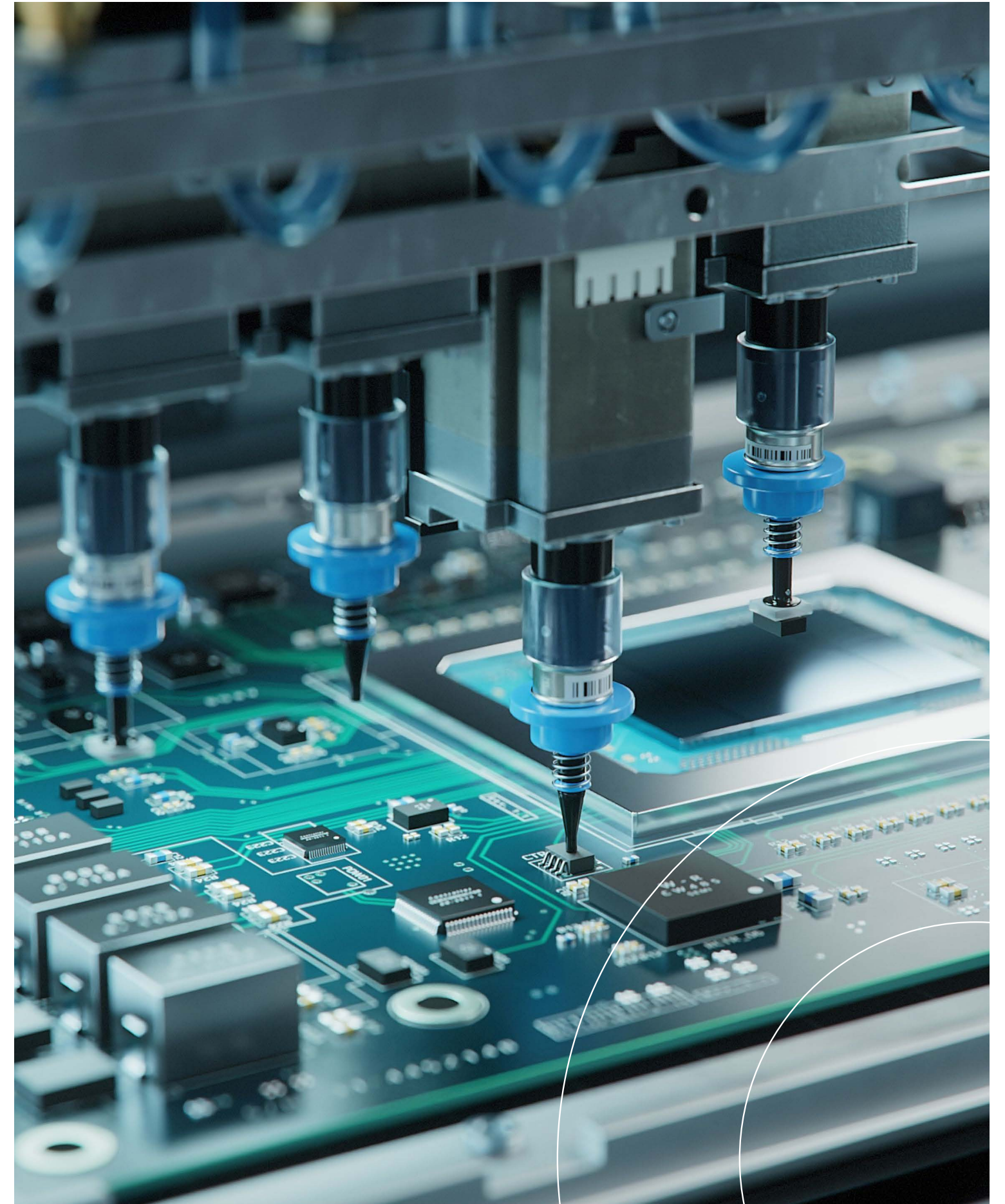
People
Caring about our people and communities

At SHI, the well-being of our nearly 7,000 employees[3] is a top priority. We are dedicated to fostering a supportive and nurturing workplace that values each individual and promotes personal and professional growth. We remain vigilant about social risks within our supply chain, addressing them through policies and supplier assessments. Through community engagement, employee development programs, and well-being initiatives, we strive to make a positive impact within our organization and our communities.

[3]Includes Locuz employees.

5 GENDER EQUALITY	Achieve gender equality and empower all women and girls
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Highlights

15.7
hours were spent on training hours by employees, on average

34.5%
of SHI's employees were women, in line with 2023

181
employee donations were matched as part of the SHI Giving Program

Management approach

SHI's people strategy is built around delivering a meaningful and empowering employee experience, recognizing that our people are key to the company's success. This strategy focuses on five core pillars: career development, technology and resources, how we work, compensation and rewards, and engagement and well-being.

SHI invests in helping employees enhance their skills and advance their careers while ensuring they have the necessary tools and resources to perform at their best. The company fosters a culture of respect, innovation, and collaboration, where ideas are shared freely in a safe and productive environment.

To attract, retain, and motivate talent, SHI offers competitive compensation, benefits, and rewards that make employees feel recognized and valued. Just as importantly, we prioritize a sense of belonging and well-being by embracing diversity and encouraging shared purpose through unifying activities.

SHI's people strategy

Our people strategy is supported by a set of policies designed to manage risks associated with both our own employees and employees in the supply chain. Key global policies include SHI's Labor and Human Rights Policy, Code of Conduct (Ethics Policy), Career Management, Learning and Development Policy, and Health, Safety, and Environmental Policy. These global policies are further complemented by national employee handbooks and entity-level policies and procedures, which reflect local regulatory requirements and behavioral norms.

CAREER DEVELOPMENT
Empower employees to enhance their individual skill sets and advance in their careers.

TECHNOLOGY and RESOURCES
Ensure employees have the tools and resources they need to do their best work most efficiently.

EMPLOYEE EXPERIENCE

ENGAGEMENT and WELL-BEING
Inspire community by embracing our differences, purposes, passions, and engaging employees through unifying activities.

HOW WE WORK
Build a culture that fosters respect, innovation, and the exchange of ideas in a safe and productive environment.

COMPENSATION, BENEFITS, and REWARDS
Provide compensation, benefits, and an environment that makes employees feel valued.

SHI's people profile

At SHI, we are committed to fostering a diverse and inclusive workplace that reflects our core values and supports our business objectives. Our workforce is a testament to this commitment, and understanding our demographics and dynamics is crucial to improving our work environment and entire operations.

At the end of 2024, SHI had 6,000 employees across all of our operations. Additionally, over 800 skilled employees joined SHI's workforce due to the integration of Locuz[4]. The vast majority of employees (92%) were based in the U.S., followed by the U.K. (5%). The remaining 3% of employees were spread globally.

SHI is committed to promoting work-life balance through flexible work arrangements. At the end of 2024, over 90% of our global workforce worked in hybrid or remote roles. Additionally, 99% of SHI's positions are full-time, underscoring the company's commitment to providing stable and consistent employment opportunities while meeting the diverse needs of our employees.

Number of SHI employees broken down by countries

Legend: 2023, 2024

Categories: United States, United Kingdom, Other
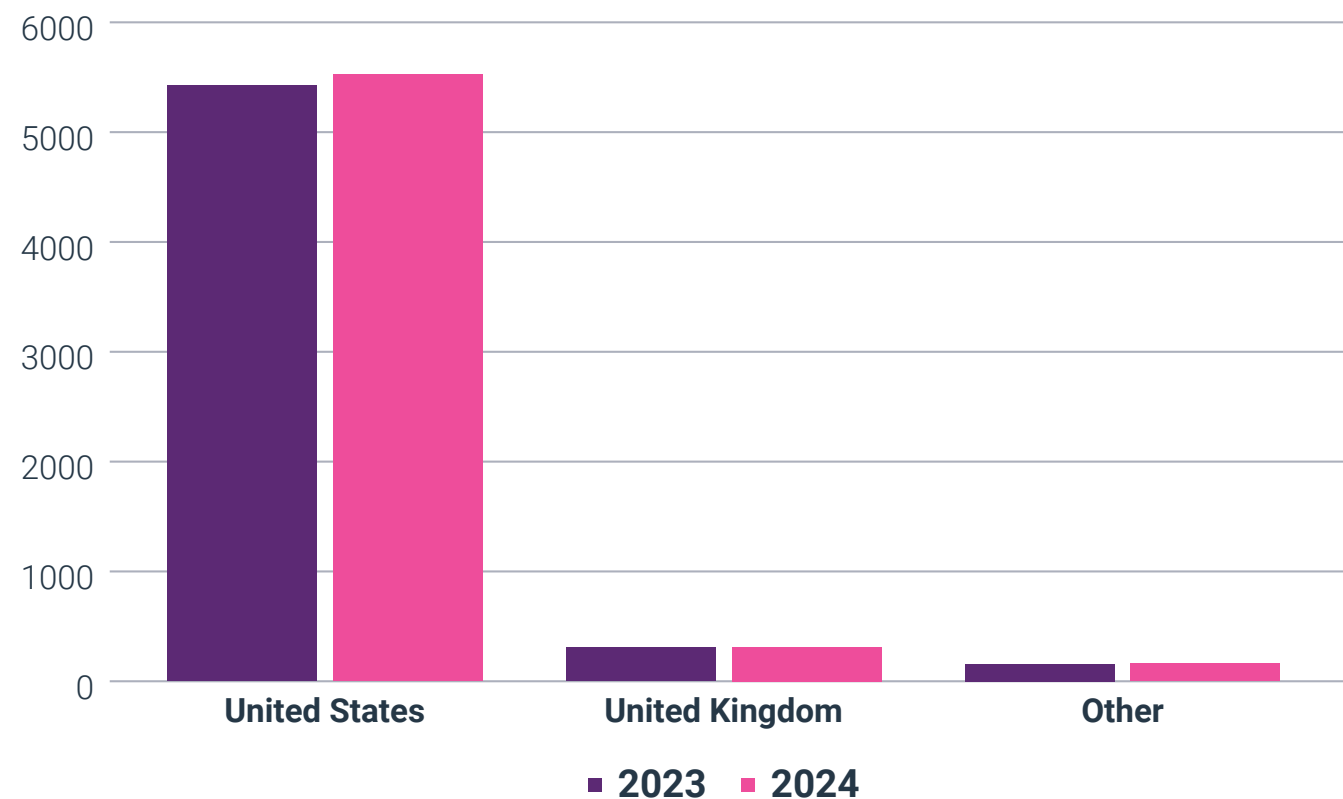
[4]Excluded from the 2024 reporting scope.
All employee demographic metrics are reported as of year-end.

Safe and rewarding working conditions

SHI aims to foster a safe and rewarding work environment by adopting a holistic approach to well-being, encompassing physical, mental, and financial health and community engagement. The company is committed to ensuring employees receive fair compensation, benefits, and rewards, while also encouraging their professional growth.

Supportive work environment

Aligned with our global Labor and Human Rights Policy, SHI is dedicated to ensuring safe, secure, clean, and productive working environments for all employees. We foster a workplace that aims to prevent violence, intimidation, harassment, and unsafe or disruptive conditions stemming from internal or external threats. SHI provides employees with job descriptions before they begin employment and ensures they are not subjected to inappropriate working hours.

Health and safety

At SHI, we strive to create a safe working environment through regular risk assessments and proactive hazard mitigation. Our commitment to safety is supported by ongoing monitoring and comprehensive staff training, all meticulously documented on our learning platform, SHI Learn.

Key initiatives include:

- **Health and safety committees:** SHI convenes monthly health and safety meetings, which involve employee consultations and external consultants when necessary. These meetings are informed by data analysis and insights from relevant departments and are integral to our safety strategy.

- **Budgeting and resource allocation:** Our leadership oversees the annual budgeting process to ensure that resources are appropriately allocated to meet our safety objectives.

- **Audits and inspections:** Internal and external audits and monthly and quarterly site inspections are fundamental to maintaining and expanding our international safety standards. These processes help us identify potential risks and ensure compliance.

- **Accident reporting and first aid:** Our HR department manages a robust accident reporting procedure, ensuring timely documentation and response. Additionally, first-aid suppliers undergo monthly third-party inspections to guarantee their readiness.

- **Safety culture:** To minimize workplace injuries and foster a culture of safety, we conduct regular safety training, enforce safety protocols, provide appropriate personal protective equipment (PPE), and promote open communication about safety concerns.

SHI is committed to enhancing our sustainability reporting systems annually. We pursue external assurance and certification to strengthen our reporting processes, improve controls, and ensure the integrity of our reporting.

ISO 45001 certification

Our Data Center Factory at Nexus in the U.K. is certified with the ISO 45001 Occupational Health and Safety Management Systems standard. We are currently working towards obtaining ISO 45001 certification for our Data Center Factory at Ridge and End-User Integration Center in NJ.

Compensation, benefits, and social protection

We strive to ensure that our employees feel valued, supported, and fairly compensated for their contributions.

Compensation

At SHI, we are committed to offering competitive compensation packages that reflect industry standards and recognize the expertise of our employees. We conduct annual reviews of base pay to ensure our team members are fairly rewarded. Across all markets where we operate, we consistently meet or exceed statutory minimum wage requirements, often offering compensation well above this level based on regional factors, market value, and individual expertise. In the U.K., we also benchmark our wages against the Real Living Wage threshold.

Living Wage accreditation in the U.K.

SHI U.K. holds accreditation from the Living Wage Foundation, certifying that all employees receive a wage that reflects the true cost of living. Unlike statutory minimum wages, the Real Living Wage is voluntarily adopted by businesses that believe their employees deserve a wage that meets their everyday needs.

Each year, SHI U.K. conducts a thorough analysis of salary data to identify any instances where employees might fall below the Real Living Wage threshold. In cases where such discrepancies are found, corrective actions are taken to ensure all employees are compensated in line with the cost of living.

In 2024, 100% of internal employees and contract workers were covered by the Living Wage benchmarking analysis, and 0% of them had wages below the threshold.

Social protection

SHI provides social protection benefits in accordance with relevant laws, including parental leave and other types of leave for specific family circumstances. Additionally, SHI offers compensation for work-related injuries, illnesses, or fatalities.

Benefits and rewards

Besides monetary compensation in the form of salaries, bonuses, and commissions, SHI provides benefits to employees. Benefits packages differ slightly by country of operation.

Globally, we provide two well-being days in addition to annual leave that employees can spend on activities improving well-being, such as community volunteering.

In the U.S. and U.K., where 97% of our employees are based, we provide the following benefits:

- Health insurance
- Employee assistance program
- Pension and retirement saving programs
- Employee discount platforms
- Standard life insurance, with an opportunity for voluntary extension of coverage

In the U.S., we also provide additional voluntary benefits:
- Long-term disability benefits
- Flexible spending accounts for full-time employees

Our primary U.S. facilities include amenities such as gyms and basketball courts, which encourage physical wellness and team collaboration.

Culture and employee engagement

At SHI, our corporate culture is profoundly influenced by our core values. We believe our culture not only sparks innovation but also drives business growth, allowing us to respond swiftly to trends, challenges, and our customers' needs.

To build a culture of trust, SHI emphasizes stakeholder engagement and values employee feedback. We keep employees informed through various communication channels, including company-wide quarterly updates, the CEO's monthly update, and the weekly SHI Digital Digest. Departments also hold their own town halls and regular meetings.

To assess employee sentiment, SHI uses Glint for annual surveys. In 2024, participation in the survey was 64%, down from 70% in 2023.

In response to the employee feedback we received in 2023, SHI maintained a hybrid work schedule, improved company-wide communication, and introduced new training courses.

SHI After-Hours Program

Through our After-Hours Program, SHI offers diverse clubs and organizations to support employee interests and enhance work-life balance. Meetups are scheduled during lunch or after business hours, allowing employees to participate without interfering with work commitments. The program encourages personal growth and community building through activities that foster new hobbies, shared passions, and relaxation. Employees have the option to join existing clubs or start their own.

In 2024, SHI After-Hours featured a variety of clubs, including:

WiSH — Celebrating women in technology by hosting events and forums for inspiration and collaboration.

JUNTOS — SHI's Latinx & Hispanic community group.

Book Club, Bowling Club, Co-ed Softball, Garden Club, Hiking Club, Ladies Golf, Pickleball Club, Running Club, Soccer Club, Ski and Snowboard Club, and **Toastmasters**.

This program provides a vibrant platform for employees to pursue their interests and build connections within the SHI community.

SHI's values

- **Build a culture of equality, inclusion, and diversity**
- **Be accountable and act with integrity**
- **Seek understanding to support sincerely**
- **Embrace change, collaborate, and innovate**
- **Show initiative and execute efficiently**
- **Be resourceful and cost-conscious**
- **Adapt, persevere, and succeed**
- **Learn, grow, and teach**
- **Strive for wellness to achieve balance**
- **Be bold, be fun, behave, and be you**
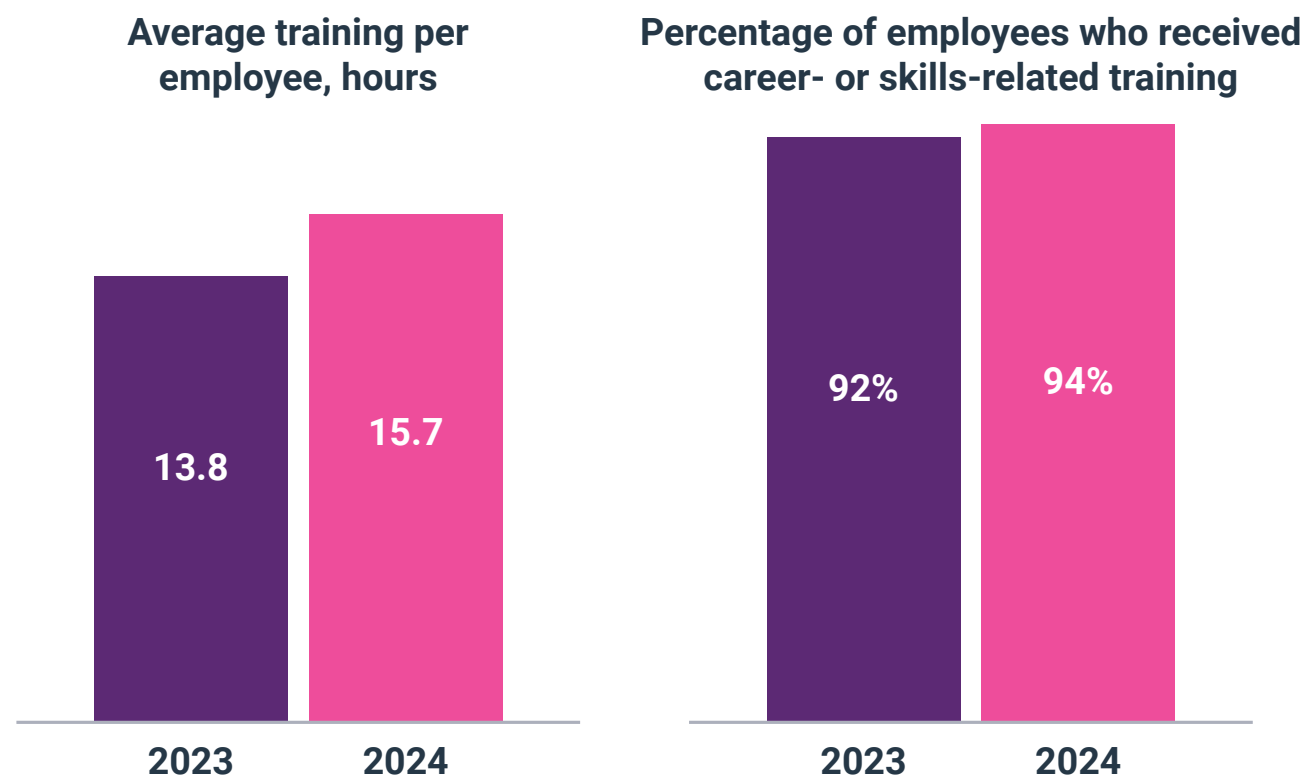
Learning and development

SHI invests in our employees' leadership development and professional growth by offering comprehensive training opportunities that align with our strategic goals. SHI ensures equitable access to career management programs and learning and development opportunities in accordance with our Career Management, Learning, and Development Policy.

In 2023, SHI launched SHI Learn, a platform offering diverse training resources, including SHI-specific courses and LinkedIn Learning content. In 2024, SHI Learn expanded, providing additional growth opportunities.

In 2024, SHI offered tailored courses and workshops on communication, productivity, problem-solving, self-development, teamwork, and adaptability to boost employee skills and drive innovation. SHI also introduced the Leadership Academy to cultivate future leaders.

The expansion of SHI Learn and training programs significantly increased employee engagement, with training attendance rising to 15.7 hours per employee from 13.8 hours in 2023, indicating a strong commitment to personal and professional development.

Training attendance

Average training per employee, hours

13.8	15.7
2023	2024

Percentage of employees who received career- or skills-related training

92%	94%
2023	2024

Equal treatment and opportunities for all

Talent attraction

We understand that our success is deeply connected to our ability to attract, develop, and retain top talent. As an equal opportunity employer, SHI is committed to creating a work environment that respects individual differences and upholds the principles of meritocracy, openness, fairness, and transparency. In accordance with our Labor and Human Rights Policy, SHI firmly opposes the use of child labor and forced labor in our operations and supply chain. We design our job postings and recruitment processes to attract a diverse pool of candidates.

To enhance the integration of new employees, we introduced a comprehensive orientation week for new hires, which covers essential topics such as compliance eLearning, productivity tools, company culture, benefits, and customer engagement.

Social dialogue

SHI is committed to fostering an open and inclusive environment where communication with employees and their representatives is encouraged and valued. While we do not have a formal collective bargaining agreement, we respect our employees' right to freedom of association.

Diversity, equity, and inclusion (DEI)

At SHI, we are dedicated to fostering an inclusive work environment that reflects the diverse world we serve. We ensure compliance with laws and promote individual initiative, excellence, and hard work. Our approach to workforce diversity aims to empower all employees to reach their full potential, emphasizing merit-based opportunities and eliminating barriers to success. By prioritizing respectful communication, cooperation, and collaboration, we strive to create a culture where every team member can contribute their unique talents to drive our global success.

WBENC
WOMEN'S BUSINESS ENTERPRISE
NATIONAL COUNCIL
JOIN FORCES. SUCCEED TOGETHER.

NMSDC
National Minority Supplier
Development Council

SHI is certified as a Women's Business Enterprise (WBE) through the Women's Business Enterprise National Council (WBENC) and as a Minority Business Enterprise (MBE).

Leadership diversity

SHI proudly stands as the largest minority- and woman-owned business in the U.S., guided by our co-founder and CEO Thai Lee, who has been at the helm for 35 years.

SHI's leadership team is a dynamic group that brings a diverse range of expertise, experiences, and perspectives to drive the company's business strategy. Currently, 25% of our CEO's direct reports are women, a slight decrease from 32% in 2023. This is attributed to a new male hire related to the company's growth.
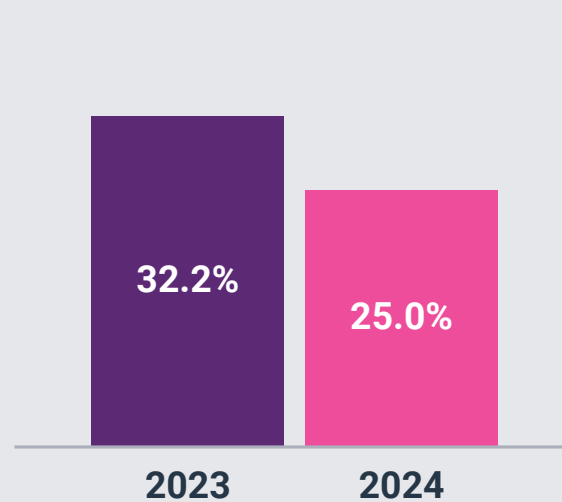
Workforce diversity

Through strategic talent acquisition and retention efforts, SHI ensures that a wide range of perspectives are represented in our workforce. Enabling all SHI employees to thrive and excel in diverse environments is crucial to our business success.

At the end of 2024, women made up 34.5% of our workforce, which is in line with the average share of women in the U.S. tech sector. Additionally, our 2024 operational capabilities and strategic thinking were maximized by our age-balanced workforce. Employees with one or more racial/ethnic characteristic represent 33.8% of our entire workforce and 22.1% of all people managers within the organization.

Gender diversity

Percentage of women in senior leadership positions

2023	2024
32.2%	25.0%

Percentage of women in SHI workforce

2023	2024
34.4%	34.5%
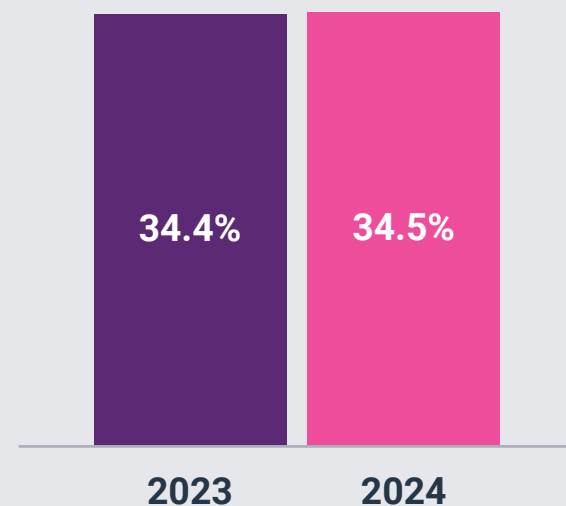
Age diversity

Age distribution of SHI employees

Under 20　20-23　24-34　35-54　55-65　Over 65

■ 2023　■ 2024
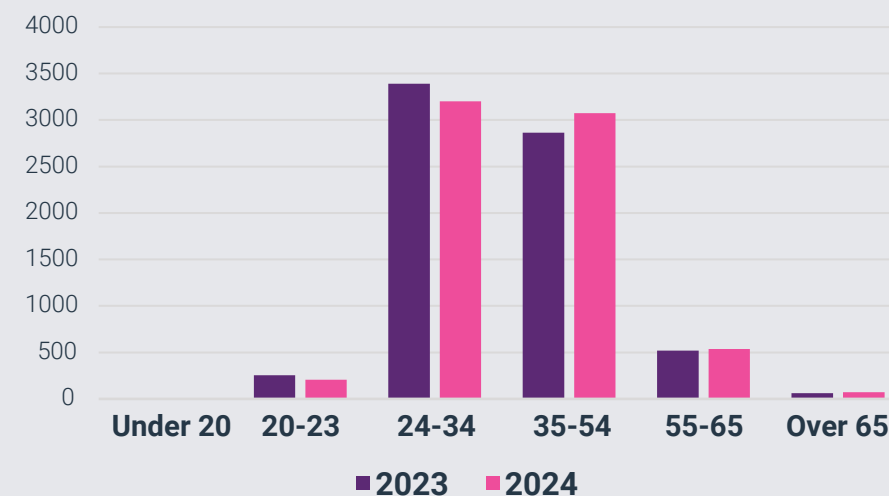
Ethnic diversity

All employees with one or more racial/ethnic characteristic

33.8%

People managers with one or more racial/ethnic characteristic

22.1%
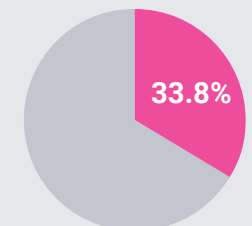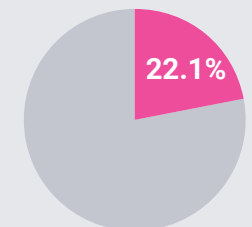
Measures to provide equal opportunities

We aim to embed equality principles in everything we do. From tailored training programs to inclusive career management and flexible working arrangements, each measure is crafted to empower our employees and create an environment where everyone can thrive.

Training
Our programs are designed to be inclusive and accessible to all employees, empowering them to develop the skills needed to navigate and thrive in diverse, multicultural environments. We aim to foster a culture of inclusion and respect, encouraging each individual to take charge of their career development and growth.

Processes
We design our job specifications to attract a diverse audience and promote them through accessible channels both internally and externally. We strictly prohibit discrimination based on race, color, religion, sex, national origin, age, gender identity or expression, sexual preference/orientation, genetic information and testing, pregnancy, family and medical leave, disability, or veteran status to ensure a fair hiring process.

Career management
SHI ensures equitable access to career management programs and learning opportunities. We track key metrics such as learning hours and career events to encourage continuous improvement and career advancement.

Employee Resource Groups (ERGs)
Our ERGs, including the Asian Business Community, the Black Culture Collective, and EMBRACE, provide platforms for connection, growth, and support, fostering an inclusive environment.

Hybrid working and well-being
Our hybrid working policy enhances employees' physical and mental well-being by reducing the number of in-office days and minimizing commute times. This approach ensures effective collaboration on designated in-person days, strengthening team dynamics.

Employee Resource Groups (ERGs)

SHI fosters a sense of community and belonging by supporting employee resource groups (ERGs) dedicated to celebrating diversity and enhancing our workplace culture. Each ERG is backed by a senior leader from SHI who actively engages in their events and dialogues.

Our ERGs include:

SHI actively participates in annual events celebrating diversity and equity, including Asian American and Pacific Islander Heritage Month, Black History Month, Pride Month, and Women's History Month. Our ERGs lead panel discussions and organize group activities, volunteer events, and educational webinars, spreading awareness about their individual missions.

Workers in the value chain

Through our Partner Code of Conduct and Sustainability Policy, we set expectations of our suppliers to adhere to labor and human rights standards mirroring our own policies in relation to the following topics:

· Prevention of forced labor, child labor, human trafficking, and slavery

· Working hours, wages, and benefits

· Non-discrimination and professional standards

· Health and safety

· Freedom of association

Modern slavery statements

SHI is committed to respecting human rights and advancing the dignity of all persons. SHI explicitly prohibits human trafficking, child labor, the use of involuntary labor, and all forms of modern slavery in its operations and within its supply chain.

In accordance with the California Transparency in Supply Chains Act of 2010 and the U.K. Modern Slavery Act 2015, each year we publish a Statement Against Modern Slavery, Child Labor, and Human Trafficking.

Read our 2025 statement.

In 2024, we started the implementation of a digital platform to help SHI assess environmental, social and governance risk in the supply chain and engage suppliers, if necessary. See more in the Sustainable supply chain management section.

Community investment

At SHI, we empower our employees to serve our communities, extending our values beyond corporate boundaries. Our employees participate in local initiatives like blood drives, food bank donations, and fundraising efforts for causes important to our employees. Additionally, we offer two paid well-being days annually to encourage employees to volunteer their time and skills in support of local charities and initiatives.

The SHI Giving Program allows employees to support charitable causes close to their hearts. Our employee resource groups also run individual initiatives such as tree planting with the International WeLoveU Foundation.

SHI Giving Program

The SHI Giving Program is designed to enhance the reach of employee contributions and strengthen our community ties. Each year, SHI supports employees in their philanthropic endeavors by matching their donations up to $2,500.

In 2024, the program received 289 matching requests from 181 dedicated employees to support a broad range of causes, including healthcare, sports, and education. The top beneficiaries of the SHI Giving Program last year were:

SHI x International WeLoveU Foundation

Our partnership with the International WeLoveU Foundation exemplifies our commitment to environmental and social impact. In 2024, we collaborated with WeLoveU to plant 1,000 trees, engaging SHI employees in meaningful volunteer activities aimed at enhancing planetary well-being and fostering community involvement.

A highlight of this collaboration was the E.A.R.T.H. Center event, where 40 volunteers from WeLoveU, SHI, and our Black Culture Collective (BCC) planted sunflowers, transplanted perennials, and maintained over 1,150 plants. This initiative supports WeLoveU's Mom's Garden Project, which aims to plant one million trees by 2026, aligning with our goal to reduce carbon emissions and promote biodiversity.

The BCC's leadership in these efforts earned them the Heart of the Community award from WeLoveU, honoring their environmental contributions and community service. Through such initiatives, SHI demonstrates that collective efforts can drive meaningful change and create a healthier planet for future generations.

Principles
Running our business responsibly

For SHI's board and senior management, upholding the highest standards of ethics is crucial. Our ethics management approach is grounded in our core values, formalized through our Code of Conduct, and supported by comprehensive policies and procedures. We are dedicated to operating responsibly and transparently by strengthening our internal control framework, including risk management, internal audits, and collaboration with external auditors. We set high ethical standards for both employees and suppliers through sustainable supply chain management and engagement, ensuring alignment across our business ecosystem with our commitment to integrity and transparency.

Highlights

98.9%
of employees trained on anti-bribery and corruption[1]

Top 15%
ranking among all organizations assessed by EcoVadis

[1]As of end of year

Corporate governance

At SHI, we prioritize accountability and transparency to achieve our strategic goals in the interests of our founders, employees, customers, and broader stakeholders. As a private company, our board consists of two co-founders, with Thai Lee, co-founder and CEO, leading SHI's management team. This team is comprised of leaders who are well-equipped to drive SHI towards success.

Our corporate governance framework emphasizes the importance of having reliable data, foresight into risks, and the ability to make balanced and informed decisions. Central to this framework is our Audit Committee, chaired by CFO James Prior and comprising members of our Executive Leadership team. Meeting quarterly, the Audit Committee plays a vital role in ensuring the integrity of our financial reporting, internal controls, and compliance with laws and regulations. This committee is fundamental to our dedication to maintaining ethical practices and high standards of corporate governance.

The Business Assurance function within our Finance department, reporting directly to the CFO, includes our Internal Audit, Risk Management, and ESG teams. These teams lead efforts to improve data quality, streamline processes, and effectively manage risks.

Ethics policies

At SHI, we prioritize ethical conduct through comprehensive entity-level controls that shape our corporate culture and guide employee behavior. Our senior management sets a strong tone at the top for ethical conduct, and our employees are required to read and acknowledge key ethics policies and complete mandatory annual training to reinforce ethical standards. We also provide anonymous reporting channels via whistleblower policies to protect against retaliation, conduct regular assessments of ethical and information security risks, and ensure ongoing communication and updates to our policies.

Key policy provisions

The Code of Conduct forms a comprehensive framework that upholds our commitment to integrity and ethical behavior across all organizational levels. These guidelines, which are applicable to every employee, are designed to prevent misconduct and ensure compliance with relevant laws and standards.

The General Counsel's oversight guarantees these policies are readily accessible to all team members, reinforcing our dedication to ethical practices and regulatory adherence. The Code of Conduct is complemented by employee handbooks and policies of individual SHI entities that reflect local regulations and customs.

Anti-Bribery and Anti-Corruption: We strictly prohibit any form of bribery, kickbacks, or unethical inducements. To reinforce this, all employees are required to undergo annual training on identifying and preventing corrupt practices. Additionally, we ensure that all business practices comply with applicable competition laws, promoting fairness and transparency in the marketplace.

Anti-Fraud: All employees serve as the first line of defense against fraud by staying vigilant and following comprehensive training programs. We have a detailed fraud checklist for detecting suspicious activities and a clear protocol for reporting suspected fraud immediately to a dedicated email alias and managers. Upon detection, a formal, confidential investigation is initiated. Repercussions may range from disciplinary actions to financial penalties and potential legal proceedings.

Anti-Competition: We aim to foster ethical, fair and vigorous competition. SHI prohibits anti-competitive practices such as price fixing and bid rigging and mandates independent decision-making. Employees are encouraged to report suspected violations via dedicated channels, with anonymous options available. Violations lead to thorough investigations and potential disciplinary actions including termination. The policy is reviewed annually to remain effective and compliant with relevant laws.

Whistleblowing: Our policies enable employees and external stakeholders to report ethical

Key policy provisions (continued)

concerns. SHI has set up multiple channels, including a secure and confidential email and an anonymous hotline, to ensure concerns are submitted safely and securely.

When a report is received, SHI follows a structured process for investigation and resolution. The Ethics team conducts thorough and impartial investigations, gathering evidence and interviewing involved parties. Disciplinary actions are taken according to the severity of the violation and may result in termination of employment. All findings are evaluated to determine the need for follow-up measures, such as additional training or policy revisions, to prevent future occurrences.

The Information Security Management System (ISMS) Policy safeguards data and ensures business continuity, aligning with ISO 27001 to reflect our commitment to high-security standards. 96% of all SHI locations are covered by at least one of the following security audits: ISO, SOC 2, PCI DSS, and/or Cyber Essentials. SHI has established, documented, and regularly tested internal control procedures on information security.

The ISMS Policy is communicated through regular training, accessible documentation, and direct channels for reporting concerns. Enforcement is maintained via management oversight, regular audits, and disciplinary actions for non-compliance. Key measures include strict access to controls, effective cryptography, physical security, incident management, and ongoing compliance checks to protect sensitive information and ensure data privacy and security.

Regular information security risk assessments are integral to SHI's security strategy. These assessments identify potential risks, evaluate their impact, and determine their likelihood. We also conduct information security audits to assess the effectiveness of existing controls and identify areas for improvement, ensuring that security measures are up to date and effective against evolving threats. Additionally, SHI's Resale system, comprising software licensing, hardware procurement, and IT services, adheres to SOC 2 standards, encompassing employees across SHI's locations.

The Supplier Code of Ethics and Sustainability Policy sets expectations of SHI's suppliers, mirroring the company's ethics policies. Suppliers are required to acknowledge that they agree to abide by social, environmental, and ethics standards and practices. SHI's standard Purchase Order templates include clauses on ethics, including anti-bribery and corruption.
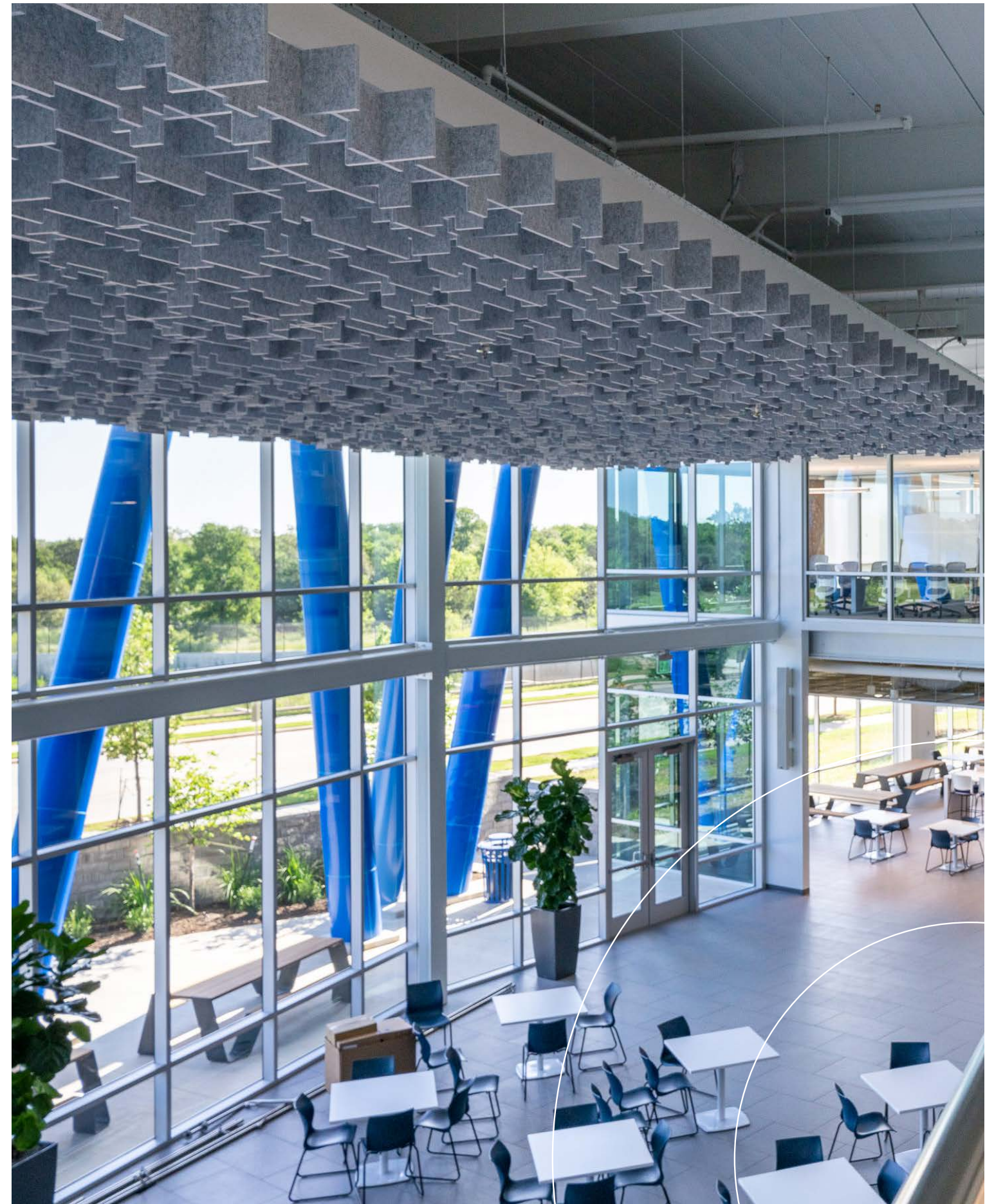
Policy enforcement

Our policies and procedures have significantly enhanced SHI's security and compliance measures, fostering a culture of integrity and accountability. By ensuring confidentiality and protection against retaliation, SHI has built trust among stakeholders, reinforcing our commitment to ethical practices and transparency.

SHI effectively communicates our policies through onboarding processes, our intranet, and mandatory annual training sessions. Based on risk assessments, internal audits are used to design control procedures that ensure the enforcement of these policies.

Our Code of Conduct is rigorously enforced through regular reviews, continuous improvement, and clearly defined roles and responsibilities across all organizational levels. In 2024, our Risk Management department conducted a comprehensive risk assessment focused on anti-bribery, corruption, and anti-competition measures, covering 100% of operational sites.

The company frequently communicates updates and reminders about ethical policies and practices through internal communication channels.

SHI's Code of Conduct guarantees thorough and confidential investigations while protecting whistleblowers from victimization. Additionally, support is always available through HR and the WeCare program, ensuring employees feel safe and supported when raising concerns.

Mandatory ethics training

SHI has developed a comprehensive ethics training program to uphold high ethical standards among our employees. New employees receive this training during onboarding, while all other staff participate in annual refresher sessions. To reinforce these lessons, SHI conducts quarterly awareness campaigns focusing on key ethical issues and best practices.

The training covers essential topics, such as general ethical conduct, fraud prevention, compliance with anti-bribery and anti-corruption laws, adherence to fair competition regulations, and information security. By doing so, SHI fosters a culture of security awareness, ensuring employees understand their roles in protecting sensitive information and responding to potential threats.

Participation is mandatory for all employees, with HR monitoring completion and addressing non-compliance. Severe non-compliance can result in termination, emphasizing the importance SHI places on ethical conduct.

Percentage of employees trained on anti-bribery and corruption[1]

2023	2024
94.0%	98.9%
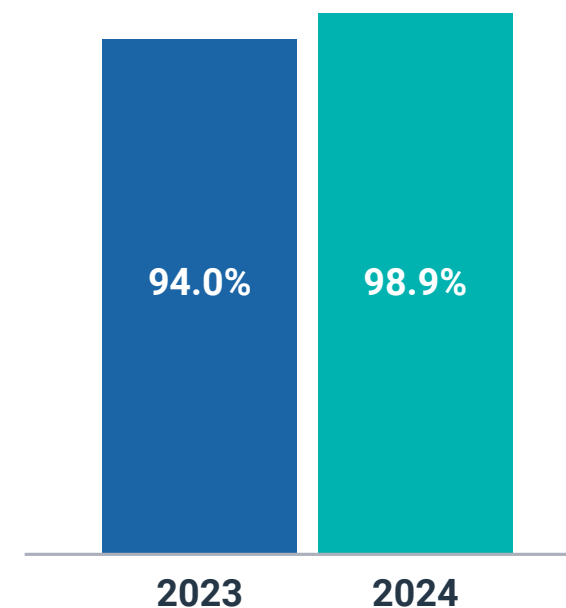
Percentage of employees trained on anti-harassment and discrimination[1]

2023	2024
96.7%	98.9%
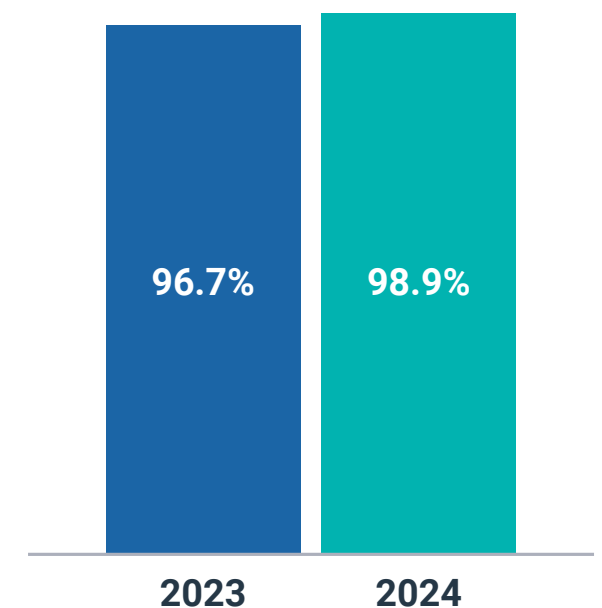
[1]As of end of year

Sustainable supply chain management

Embedding sustainability in procurement and supply chain management helps SHI mitigate risks associated with regulatory compliance, reputational damage, and supply chain disruptions. It aligns with SHI's sustainability strategy, particularly our science-based climate targets, and helps us meet our customers' sustainability requirements.

By sharing our sustainability expectations with suppliers, we help our suppliers positively influence their own suppliers by adhering to social, environmental, and ethical standards. This drives innovation and competitiveness by encouraging suppliers to develop more sustainable products and processes.

Sustainable supply chain management is driven by SHI's purchasing team, which is supported by the ESG team.

Supplier risk assessments

SHI has been on a journey to develop our approach to sustainability due diligence of suppliers, moving from desk-based assessments to automation of supplier due diligence.

Risk assessment studies

Between 2022 and 2023, we conducted a supplier review with an external provider, examining sustainability reports and external ESG databases to evaluate the sustainability maturity of our direct and indirect suppliers. The study covered 40 direct suppliers (such as equipment manufacturers), accounting for 70% of spend, and 14 indirect suppliers (such as distributors), accounting for 66% of spend in this category. Additionally, in 2023 all 145 purchasing team buyers completed Sustainable Supply Chain Training.

The 2022-23 supplier review was complemented with desk research on SHI's top suppliers by spend, focusing on a broad range of ESG metrics. Moreover, as part of developing science-based climate targets, we conducted a screening of our supplier base against the Science-Based Target initiative (SBTi) dashboard.

Supplier engagement

Our primary goal for supplier engagement is to have 70% of suppliers by spend establish science-based climate targets by 2029. Since at least 60% of our suppliers by spend either already have science-based targets or commitments to set them, we will focus on the remaining suppliers to help them understand the importance of setting science-based targets and provide necessary support. Addressing Scope 3 emissions in their value chain is particularly important as they advance or develop their science-based targets.

We also plan to use a risk-based approach to engage suppliers on a broader set of sustainability topics as we implement our due diligence system.

Supplier due diligence platform

In 2024, we decided to enhance our supplier reviews by implementing an AI-enabled platform to conduct sustainability due diligence of our supplier base. The platform will be fully rolled out in 2025.

The platform will allow us to understand our suppliers' risk profiles by aggregating information from the following sources:

- **Risk resources:** Over 50 industry and geographical risk data resources, as well as previous violations.

- **Third-party databases:** 600 accreditations, disclosures, audits, lawsuits, and sanctions.

- **Supplier communication:** Content on suppliers' websites, reports, and press releases.

- **Adverse news:** 300,000 historical news sources spanning over 20 years.

Our review will focus on key topics in the supply chain, such as climate and human rights, identified through the double materiality assessment exercise. In 2025, we will focus on key suppliers representing at least 90% of our expenditure and then consider extending the scope to the whole supplier base. We will also be able to share outcomes of our due diligence with customers upon request.
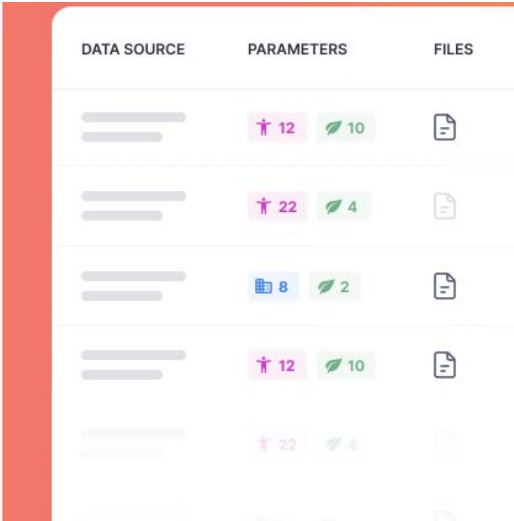
Sustainability compliance and transparency

SHI is committed to strict compliance with applicable laws and regulations. Accordingly, we provide information to regulatory authorities worldwide, including:

- GHG emissions disclosures in the U.K. (SECR and ESOS)
- Gender pay gap reporting in the U.K.
- Packaging reporting in Singapore
- Modern slavery statement in the U.S. and U.K.

As a private enterprise, we have fewer disclosure mandates than public corporations, but we choose to align our sustainability strategy and reporting with a range of voluntary standards.

SCIENCE BASED TARGETS

Science-based targets provide companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals. In early 2025, SBTi validated SHI's near-term climate targets.

United Nations Global Compact

The United Nations Global Compact (UNGC) is a voluntary initiative that encourages businesses and organizations to adopt sustainable and socially responsible policies and practices. In 2022, SHI signed up with the UNGC and publicly declared our commitment to sustainable development and responsible business practices.

SUSTAINABLE DEVELOPMENT GOALS

The Sustainability Development Goals (SDGs) are a set of 17 global objectives focused on tackling global issues. We have aligned ourselves with five of these goals:

5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

SASB

SASB Standards enable organizations to provide industry-based disclosures about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flow, access to finance, or cost of capital over the short, medium, or long term. SHI reports select indicators from the SASB Standard for Software and IT Services.

CDP

CDP is a global nonprofit that helps organizations disclose their environmental impacts, focusing on climate change, water security, and deforestation. SHI participates in the annual CDP climate and water assessment, and our 2024 assessment results are as follows:

Climate Change score: C (2023)[1]

Water Security score: C (2024)

ecovadis

EcoVadis is a platform that assesses and rates companies' sustainability practices. In 2024, SHI successfully retained our Silver EcoVadis badge, significantly increasing our score from 62 to 73. This accomplishment places SHI in the 93rd percentile, demonstrating that we outperformed 93% of all assessed organizations. SHI continues to lead in the IT hardware and software wholesale sector.

SILVER | Top 15% ecovadis Sustainability Rating DEC 2024

GREENHOUSE GAS PROTOCOL

The GHG Protocol is a globally recognized initiative establishing standardized frameworks for measuring and managing GHG emissions. SHI's GHG Accounting Policy is aligned with the GHG Protocol.

[1]The 2024 score is under review by CDP

Appendices

Appendix 1. About this report

SHI International Corp. ("SHI", "Company") publishes annual Sustainability and Action Reports on a voluntary basis, encompassing Environmental, Social, and Governance (ESG) indicators. Reliable ESG data is important to inform our strategy, measure progress, and meet customer expectations and regulatory requirements.

This document outlines SHI's approach to our annual sustainability reporting and provides definitions and methodologies for key quantitative indicators related to our material topics.

Reporting period

The reporting period is a calendar year starting on January 1 and ending on December 31.

Organizational boundaries

SHI uses the organizational control approach when defining organizational boundaries of sustainability reporting. When it comes to reporting energy and environmental data for buildings, we include buildings where SHI is an owner and tenant.

Divestments or site closures are removed from scope from the date of divestment or notification of ceasing routine operations. Site closures are not retrospectively removed from the data. Acquisitions, as aligned with the reporting boundary, will come into scope the following year, after review and update of the controlled real estate database.

SHI's operations

As of the end of 2024, SHI operated 21 sites across 7 countries.

Eight sites are within the company's operational control, which refers to site locations where SHI owns or is a prime tenant and has the authority to implement our operational requirements fully. We are restricted in introducing environmental measures where we are a non-prime tenant.

Alignment with standards

Our GHG emissions approach is based on the GHG Protocol, including the Product Lifecycle Accounting and Reporting Standards for product-related Scope 3 emissions categories.

For industry-specific disclosures, we use the Sustainability Accounting Standards Board (SASB) Standard for the Software and IT Services industry.

Methodologies and definitions

The methodologies and definitions for key sustainability indicators are provided in the Basis of Sustainability Reporting document published on our website.

Activities	Operational control (8 sites)	No operational control (13 sites)
GHG inventory	Yes, based on primary data	Yes, based on estimates
Other sustainability reporting	Yes, based on primary data	Yes, based on estimates
ISO certification	Yes	No
Energy audits	Yes	No

Appendix 2. Environmental, Social, and Governance (ESG) factsheet

Topic	SASB Code	Metric	Unit	2023	2024
Environmental					
Climate change mitigation		Scope 1 GHG emissions	Metric tonnes CO2e	1,214.97	◆1,360
		Scope 2 GHG emissions (location-based)	Metric tonnes CO2e	7,720	◆7,471
		Scope 2 GHG emissions (market-based)	Metric tonnes CO2e	8,690	◆8,364
		Scope 3 GHG emissions	Metric tonnes CO2e	1,009,273	◆935,330
		Cat 1. Purchased goods and services (PG&S)	Metric tonnes CO2e	371,438	362,507
		Cat 2. Capital goods	Metric tonnes CO2e	8,823	6,903
		Cat 3. Fuel and energy-related activities	Metric tonnes CO2e	1,795	1,702
		Cat 4. Upstream transportation and distribution	Metric tonnes CO2e	111,663	106,404
		Cat 5. Waste generated in operations	Metric tonnes CO2e	303	323
		Cat 6. Business travel	Metric tonnes CO2e	2,843	3,348
		Cat 7. Employee commuting	Metric tonnes CO2e	10,479	7,018
		Cat 11. Use of sold products	Metric tonnes CO2e	495,278	440,773
		Cat 12. End of life treatment of sold products	Metric tonnes CO2e	6,649	6,352
Energy	TC-SI-130a.1	Total energy consumption	MWh	37,627	◆39,028
		Natural gas	MWh	6,642	7,502
		Electricity from the grid	MWh	28,135	27,469
		Renewable energy	MWh	2,850	◆4,057
		Purchased renewable electricity	MWh	25	192
		Self-generated renewable electricity	MWh	2,826	3,865
Water withdrawals and consumption	TC-SI-130a.2	Total water withdrawn	Gallons	22,419,546	17,525,584
		Percentage of water withdrawn from regions with high or extremely high baseline water stress	Percentage (%)	0%	0%
Resource outflows and waste		Total waste generated	Tons	1,948	1,968
		Percentage of general waste	Percentage (%)	62%	63%
		Weight of electronic waste	Tons	48,399	41,115
		Total number of customer devices recycled	Number	121,979	150,965
		Total number of customer devices remarketed	Number	84,945	205,361
Environmental considerations in data center strategic planning	TC-SI-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	N/A	N/A	See "AI and sustainability" on page 14

◆Limited assurance provided by ERM Certification and Verification Services Limited ('ERM CVS'). See Appendix 4 for more details.

Topic	SASB Code	Metric	Unit	2023	2024
Social					
Equal treatment and opportunities for all		Number of employees at end of year	Number	5,888	◆6,000
		Breakdown of employees by gender, end of year			
		Male	Percentage (%)	66%	66%
		Female	Percentage (%)	34%	◆34%
		Gender diversity within senior leadership, end of year			
		Percentage of women in senior leadership positions	Percentage (%)	N/A	◆25%
		Breakdown of employees by location, end of year			
		U.S.	Percentage (%)	92%	92%
		U.K.	Percentage (%)	5%	5%
		Other	Percentage (%)	3%	3%
		Breakdown of employees by age, end of year			
		Under 20	Percentage (%)	0%	0%
		20-23	Percentage (%)	1%	2%
		24-34	Percentage (%)	44%	43%
		35-54	Percentage (%)	46%	46%
		55-65	Percentage (%)	8%	8%
		Over 65	Percentage (%)	1%	1%
	TC-SI-330a.3	*Breakdown of employees by racial/ethnic background, end of year*			
		Percentage of all employees with one or more racial/ethnic backgrounds	Percentage (%)	33%	34%
		Percentage of people managers with one or more racial/ethnic backgrounds	Percentage (%)	23%	22%
		Percentage of individual contributors with one or more racial/ethnic backgrounds	Percentage (%)	35%	36%
		Mean (average) gender pay gap (SHI U.K.)	Percentage (%)	32%	33%
Training and skills development		Average number of training hours per employee	Number	13.8	◆15.7
		Percentage of employees trained on anti-harassment and discrimination (as of end of year)	Percentage (%)	96.7%	98.9%
		Percentage of employees who received career/skills-related training (throughout the year)	Percentage (%)	92%	94%
Health and safety		Lost time injury (LTI) frequency rate for employees	Number	0.3	◆0.4
		Lost time injury (LTI) severity rate for employees	Number	7.7	◆15.8
		Number of days lost to work-related injuries, fatalities, and ill health	Number	97	◆193
		Number of work-related lost-time injuries (LTI)	Number	4	◆5
		Number of fatalities as a result of work-related injuries and ill health	Number	0	◆0
Topic	**SASB Code**	**Metric**	**Unit**	**2023**	**2024**

◆Limited assurance provided by ERM Certification and Verification Services Limited ('ERM CVS'). See Appendix 4 for more details.

Governance					
Corruption and bribery		Percentage of employees trained on anti-bribery and corruption (as of end of year)	Percentage (%)	94.0%	◆98.9%
Privacy (consumers and end users)	TC-SI-230a.2	Approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	N/A	See page 38 in the Sustainability and Action Report 2023	See page 41
Risk management and internal controls	TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	N/A		SHI's business continuity management (BCM) program is guided by policies aligned with ISO 22301 and industry best practices

◆Limited assurance provided by ERM Certification and Verification Services Limited ('ERM CVS'). See Appendix 4 for more details.
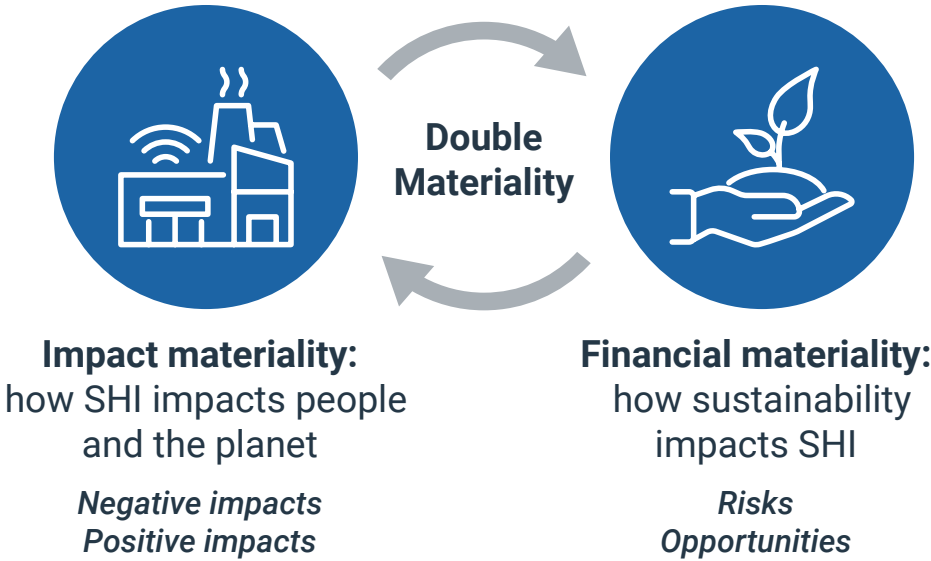
Appendix 3. Double materiality assessment (DMA)

In 2024, we conducted a formal double materiality assessment (DMA) to evaluate both our impacts on the environment and society, and the sustainability-related risks and opportunities that could influence our financial performance. Although the DMA offers valuable insight into key sustainability topics, it does not encompass the complete range of risks and opportunities that SHI encounters.

Understanding double materiality

Double materiality is an approach to assessing and reporting sustainability information that considers two distinct perspectives: impact materiality and financial materiality. Impact materiality focuses on how an organization's activities affect the environment and society — both positively and negatively — across its operations and value chain. This includes assessing direct and indirect, actual and potential impacts over the short, medium, and long term. Information is considered material if it is necessary for understanding the organization's significant impacts on people or the environment.

Financial materiality, on the other hand, addresses how sustainability issues can influence the organization itself. It considers whether certain environmental, social, or governance matters could affect the organization's development, financial performance, position, or cash flows. Information is deemed financially material if its omission or misstatement could reasonably be expected to influence the decisions of users of financial or sustainability reports. Double materiality, therefore, ensures that reporting captures both how an organization affects the world and how sustainability issues affect the organization.

Double Materiality

Impact materiality:
how SHI impacts people and the planet

Negative impacts
Positive impacts

Financial materiality:
how sustainability impacts SHI

Risks
Opportunities

No	Sustainability topic	Strategy pillar	Impact on people and the planet	Financial impact on SHI	Upstream	SHI Operations	Downstream
1	Energy	● ●	High	High	•	•	•
2	Resource inflows, including resource use	● ●	Medium	High	•	•	
3	Climate change mitigation	● ●	Medium	Medium	•	•	•
4	Privacy (consumers and end users)	●	Medium	Medium		•	•
5	Water withdrawals and consumption	● ●	Medium	Medium	•	•	
6	Child labor	●	Medium	Medium	•		
7	Forced labor	●	Medium	Medium	•		
8	Payment practices with suppliers	●	Medium	Medium		•	
9	Substances of very high concern	● ●	Medium	Medium	•		
10	Corruption and bribery	●	Medium	Medium		•	•
11	Knowledge infrastructure	●	High	Low			•
12	Health and safety	●	Medium	Low	•	•	
13	Pollution of air	● ●	Medium	Low		•	
14	Pollution of water and soil	● ●	Medium	Low		•	
15	Working time (employees)	●	Medium	Low		•	
16	Resource outflows and waste	● ●	Medium	Low	•	•	•
17	Pollution (impact on biodiversity)	● ●	Medium	Low		•	
18	Gender equality and equal pay	●	Medium	Low	•	•	
19	Prevention of violence and harassment at work	●	Medium	Low		•	
20	Diversity	●	Medium	Low		•	
21	Substances of concern	● ●	Medium	Low		•	
22	Water discharges	● ●	Medium	Low		•	
23	Freedom of association	●	Medium	Low		•	•
24	Privacy (employees)	●	Medium	Low		•	
25	Land-use change, fresh water-use change, and sea-use change	● ●	Medium	Low		•	

● Planet   ● Products   ● Principles   ● People

Appendix 4. Independent assurance report

ERM CVS

Independent Limited Assurance Report

ERM Certification and Verification Services Limited ("ERM CVS") was engaged by SHI International Corp. ("SHI") to provide limited assurance in relation to the Selected Information set out in Appendix A and presented in SHI's 2024 Sustainability and Action Report (the "Report").

ENGAGEMENT SUMMARY

Scope of our assurance engagement	Whether the Selected Information for 2024 as listed in Appendix A is fairly presented in the Report, in all material respects, in accordance with the reporting criteria. Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.
Selected Information	As listed in Appendix A
Reporting period	1st January 2024 – 31st December 2024
Reporting criteria	• SHI's Basis of Sustainability Reporting available on SHI's website • Sustainability Accounting Standards Board (SASB) Sustainable Industry Classification System® (SICS®): Standard for the Software and Information Technology Services Industry • WBCSD/WRI GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition 2015) for Scope 1 and Scope 2 GHG emissions • WBCSD/WRI GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard (WRI 2015) for Scope 2 GHG emissions • WBCSD/WRI GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WBCSD/WRI 2011) for Scope 3 GHG emissions
Assurance standard and level of assurance	We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board. The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
Respective responsibilities	SHI is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the Selected Information. ERM CVS' responsibility is to provide a conclusion to SHI on the agreed assurance scope based on our engagement terms with SHI, the assurance activities performed and exercising our professional judgement.

OUR CONCLUSION

Based on our activities, as described overleaf, nothing has come to our attention to indicate that the Selected Information for 2024 is not fairly presented in the Report, in all material respects, in accordance with the reporting criteria.

OUR ASSURANCE ACTIVITIES

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Evaluating the appropriateness of the reporting criteria for the Selected Information;
- Interviewing management representatives responsible for managing the Selected Information;
- Interviewing relevant staff to understand and evaluate the management systems and processes (including internal review and control processes) used for collecting and reporting the Selected Information;
- Reviewing of a sample of qualitative and quantitative evidence supporting the Selected Information at a corporate level;
- Performing an analytical review of the year-end data submitted by all locations included in the consolidated 2024 group data for the Selected Information which included testing the completeness and mathematical accuracy of conversions and calculations, and consolidation in line with the stated reporting boundary;
- Evaluating the conversion factors, emission factors and assumptions used; and
- Reviewing the presentation of information relevant to the assurance scope in the Report to ensure consistency with our findings.

OTHER MATTERS

Our assurance activities related to the following Scope 3 GHG emissions categories:

- **Category 1. Purchased Goods and Services and Category 2. Capital Goods:** Our testing of the spend values used in the calculation of GHG emissions for these Categories entailed an evaluation of the consistency of spend values with SHI's internal reporting systems, as SHI have reported these spend values are sourced from systems that are used in preparing audited financial statements. We did not independently assure any spend values used in the calculation of GHG emissions.

- **Category 11. Use of Sold Products and Category 12. End-of-Life Treatment of Sold Products:** Our testing of the hardware sales values used in the calculation of GHG emissions for these Categories entailed an evaluation of the consistency of the hardware sales values with SHI's internal reporting systems, as SHI have reported these hardware sales values are sourced from systems that are used in preparing audited financial statements. We did not independently assure any hardware sales values used in the calculation of GHG emissions.

OUR INDEPENDENCE, INTEGRITY AND QUALITY CONTROL

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly, we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of the IESBA Code relating to assurance engagements.

ERM CVS has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to SHI in any respect.

Appendix 4. Independent assurance report (continued)

THE LIMITATIONS OF OUR ENGAGEMENT

The reliability of the Selected Information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information.

In respect of the selected Health and Safety metrics 11-14 listed in Appendix A: Our assurance activities were limited to reviewing the consistency of the injury classification and number of days lost in line with SHI's reporting criteria, based on SHI's injury descriptions and management assertions. We did not independently review any corresponding SHI incident forms or official medical records associated with the classification of these injuries or the number of days lost.

It is important to understand our assurance conclusions in this context.

ERMCVS

12 June 2025
London, United Kingdom

ERM Certification and Verification Services Limited
www.ermcvs.com | post@ermcvs.com

APPENDIX A: SELECTED INFORMATION

#	Selected Information	Unit of Measure	Page # within SHI's 2024 Report
Environmental: Climate change mitigation			
1	Total Scope 1 GHG emissions	metric tonnes CO$_2$e	47
2	Total Scope 2 GHG emissions (location-based)	metric tonnes CO$_2$e	47
3	Total Scope 2 GHG emissions (market-based)	metric tonnes CO$_2$e	47
4	Total Scope 3 GHG emissions	metric tonnes CO$_2$e	47
Environmental: Energy			
5	Total energy consumption	MWh	47
6	Total renewable energy consumption	MWh	47
Social: Equal treatment and opportunities for all			
7	Number of employees at end of year	number	48
8	Breakdown of employees by gender, end of year: Female	%	48
9	Percentage of women in senior leadership positions	%	48
Social: Training and skills development			
10	Average number of training hours per employee	number	48
Social: Health and safety			
11	Lost time injury frequency rate for employees	number	48
12	Lost time injury severity rate for employees	number	48
13	Number of days lost to work-related injuries, fatalities and ill health	number	48
14	Number of work-related lost-time injuries	number	48
15	Number of fatalities as a result of work-related injuries and ill health	number	48
Governance: Corruption and bribery			
16	Percentage of employees trained on anti-bribery and corruption (as of end of year)	%	49