

TechNova International Environmental, Social, and Governance (ESG) Report – Fiscal Year 2024

1. Executive Summary

TechNova International, a global technology company operating in 38 countries with 72,000 employees, generated \$24.6 billion in revenue during fiscal year 2024. Listed on the New York Stock Exchange and prominent sustainability indices (including the Dow Jones Sustainability Index and FTSE4Good), TechNova made significant progress across its ESG initiatives. This report details key accomplishments, ongoing challenges, and future strategic priorities. Key highlights include a 17% reduction in Scope 1 and 2 GHG emissions, a 61% utilization of renewable electricity globally, and an 81% employee engagement score.

2. Context and Objectives

TechNova's ESG strategy is integrated into its overall business strategy, guided by a commitment to sustainable practices, social responsibility, and strong governance. Our objectives include minimizing environmental impact, fostering a positive social footprint, and maintaining the highest standards of ethical conduct and transparency. This report outlines our performance against these objectives during fiscal year 2024.

3. Methodology, Data Sources, and ESG Framework

This report utilizes data collected through internal reporting systems, supplier surveys, employee surveys, and third-party audits where applicable. Emissions data adheres to the Greenhouse Gas Protocol. Social performance metrics are based on established industry benchmarks and internal surveys. Governance data is drawn from board meeting records, internal compliance reports, and external audits. We are aligning our reporting with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the UN Sustainable Development Goals (SDGs), with a goal of enhanced transparency and third-party assurance in future reporting cycles.

4. ESG Performance Analysis and Key Findings

4.1 Environmental Performance

- **Greenhouse Gas Emissions:** Scope 1 and 2 greenhouse gas (GHG) emissions were reduced by 17%, totaling 410,000 metric tons of CO₂e. Scope 3 emissions decreased by 6%, reaching 1.85 million metric tons.
- **Renewable Energy:** Utilization of renewable electricity sources increased to 61% globally (from 47%), with several facilities in the U.S., Germany, and Japan achieving 100% renewable energy utilization.
- **Waste and Water Management:** Operational waste diverted from landfills reached 74%, and water consumption was reduced by 9%, resulting in a total reduction of 2.8 million cubic meters.

4.2 Social Performance

- **Workforce Development:** \$62 million was invested in employee training (averaging 42 hours per employee). Employee engagement scores improved to 81% (a 3-point year-over-year increase). 68% of employees utilize hybrid or remote work arrangements.
- **Workplace Safety:** The workplace injury rate improved by 15%, reaching 0.23 injuries per 100 full-time equivalents.
- **Community Engagement:** TechNova reached 1.2 million individuals through non-profit partnerships and 420,000 through digital inclusion programs. Employee volunteer hours totaled 138,000.
- **Supply Chain Sustainability:** 97% of Tier 1 suppliers underwent human rights vetting. Spending with women- and minority-owned businesses increased by 21%.

4.3 Governance Performance

- **Board Composition and Oversight:** The 11-member board of directors maintains 45% female representation and 36% representation from diverse ethnic backgrounds. Board attendance averaged 98% across 11 meetings.
- **ESG Performance-Based Compensation:** 22% of executive bonuses were tied to the achievement of sustainability goals.
- **Ethics and Compliance:** 100% of employees and 96% of suppliers completed ethics training. The whistleblower hotline received 138 reports, resulting in 17 disciplinary actions and 4 terminations.
- **Cybersecurity:** \$136 million was invested in cybersecurity, resulting in zero major data breaches. All major data centers maintain ISO 27001 certification.

5. Risks, Challenges, and Opportunities

Key challenges and strategic priorities for the coming year include:

- **Scope 3 Emissions Reduction:** A 30% reduction in Scope 3 emissions by 2030 is targeted.
- **Net-Zero Emissions Target:** Achieving net-zero emissions by 2040 remains a strategic objective.
- **Circular Economy Initiatives:** Increased utilization of recycled materials in product manufacturing and expansion of product take-back programs are planned.
- **Digital Inclusion Program Expansion:** The goal is to reach 2 million beneficiaries by 2027.
- **Enhanced Transparency and Reporting:** Increased third-party audits and alignment with the UN Sustainable Development Goals (SDGs) and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations are planned.

6. Conclusions and Recommendations

TechNova remains committed to integrating ESG principles into its business strategy and operations. The company's continued progress demonstrates a strong dedication to sustainability, social responsibility, and robust governance practices. Further efforts will

focus on addressing remaining challenges and capitalizing on opportunities to advance ESG performance. A continued focus on robust data collection, third-party verification, and stakeholder engagement will be crucial in achieving our ambitious sustainability targets.

(Appendices – To be included as separate documents if applicable)