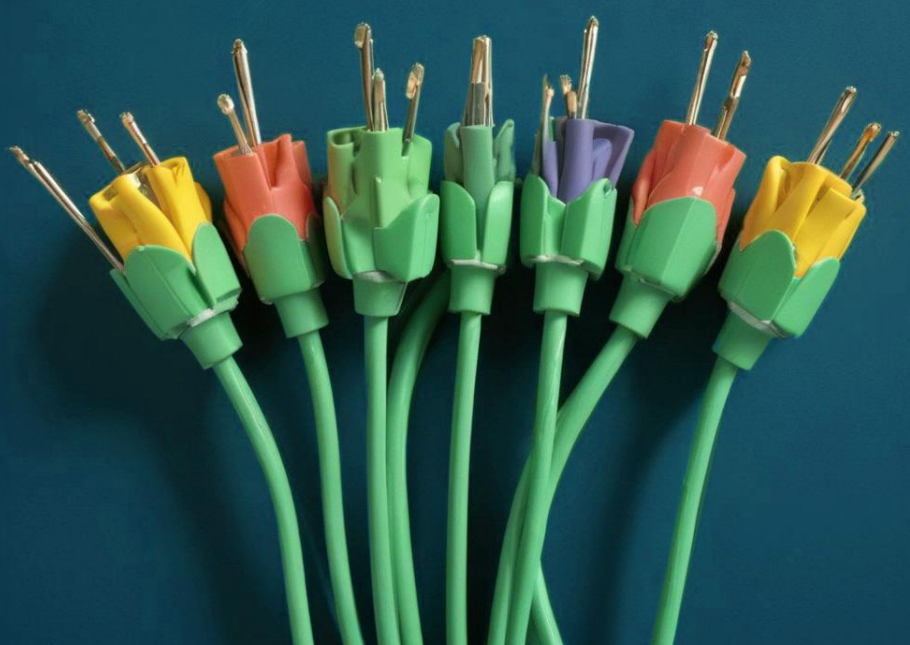
CABLES DE COMUNICACIONES ZARAGOZA S.L.

GREENHOUSE GAS STRATEGY

CABLESCOM SPAIN
A MEMBER OF HENGTONG GROUP

2030 Carbon Footprint Reduction Plan



July 2025

v.1

EMISSION REDUCTION PLAN 2030

1. INTRODUCTION

As part of the Hengtong Group, a leading company in its sector, Cablescom works actively to provide quality products and services, always taking into account the current situation of its environment. The company is committed to a circular economy model and for this purpose establishes actions oriented to the use of resources and prioritizes the reuse of materials that, due to their properties, cannot be returned to the environment.

For Cablescom, Corporate Social Responsibility is part of its management strategy. It is a factor of competitiveness and a fundamental element of linkage with society. That is why since 2010 and continuously, the company has been committed to the Global Compact initiative and its Sustainable Development Goals within the framework of the 2030 Agenda.

As part of this socially responsible policy, Cablescom has launched its Greenhouse Gas Strategy to evaluate its GHG emissions annually and has developed an Emissions Reduction Plan with a target date of 2030, which is presented in this document and seeks to establish clear lines of action, as well as a global emissions reduction strategy for the coming years.

2. SCOPE

This GHG Emissions Reduction Plan is applicable to **all areas and all activity carried out by Cablescom**, so actions are considered for all sources included in the carbon footprint of the organization, although paying special attention to emission sources controlled by the company, such as Category 1 (direct emissions) and Category 2 (indirect emissions from imported energy consumption), but also to emissions from the other categories, especially those related to purchased materials.

The entire organization, including management and staff, are committed to implementing the measures included in the Plan as effectively as possible. This reduction plan, which will be created in the year 2023 to start its actions progressively from its publication, contains the measures to be taken to reduce emissions by the year 2030.

3. BASE YEAR

The year considered as the base year is 2023, as it is the first year of calculation of the organization's Greenhouse Gas Inventory.

The emissions calculated for the base year, and therefore included in this plan are Direct Emissions (Category 1), Indirect Energy Emissions (Category 2) and Other Indirect Emissions (Other categories).

Base year emissions were as follows:

CATEGORY 1: Direct Emissions	t CO_2e	tCO_2	CH_4 (tCO_2e)	N_2O (tCO_2e)	HFCs (tCO_2e)
Direct Emissions	650,99	624,46	1,51	0,16	24,87
CATEGORY 2: Indirect Emissions from Imported Energy					
Electricity at the work place	2.226,10				
CATEGORY 3: Indirect Emissions from Transport					
Shipments to customers	774,37				
Return of drums from customers	31,68				
Material input	844,13				
Employees commuting	356,26				
Corporate travels	79,27				
CATEGORY 4: Indirect Emissions from the use of products and services					
Component manufacturing	32.451,14				
Office equipment	11,36				
Purchased machinery	151,66				
Water consumption	4,66				
Waste management	162,75				
TOTAL GHG EMISSIONS 2023	37.744,38				

4. REDUCTION POTENTIAL

After conducting the organization's Greenhouse Gas Emissions Inventory for the base year (2023), the following is observed:

CATEGORY 1 EMISSIONS (650,99 t CO_2 eq.)

In Cablescom there is only one source of GHG emissions within Category 1, and that is the burning of natural gas for heating in the Zaragoza plant which is the 93% of the emissions in this category. In addition to this source, there is an auxiliary diesel generator as well as company vehicles using diesel or petrol. In the base year, there has been one refrigerant recharge, but this is considered a one-off event that will not be repeated regularly and is therefore not considered in this emissions plan.

In these circumstances, all Category 1 emission reduction options involve reducing natural gas consumption, which can be achieved in two main ways:

- Reducing the need for heating by improving the thermal insulation of facilities.
- Substituting natural gas for other less emitting energy sources, such as electricity from own generation or from sources with a 100% renewable origin guarantee.

In addition to reducing emissions from natural gas consumption, it is also possible to reduce emissions by renewing fleet vehicles, replacing them with vehicles with lower fossil fuel consumption.

CATEGORY 2 EMISSIONS (2.226,10 t CO_2 eq.)

Category 2 emissions at Cablescom come from a single source, which is the consumption of purchased electricity. Therefore, reduction options, as in category 1, should be based on reducing consumption, through various actions, but adding the possibility of using energy with lower emissions:

- Energy efficiency measures that entail lower consumption.
- Installation of equipment that allows self-consumption.
- Contracting electrical energy with a Guarantee of Renewable Origin.

CATEGORIES 3 & 4 EMISSIONS (34.867,29 t CO_2 eq.)

The main emissions in categories 3 and 4 are due to the production and transportation of purchased materials, and the shipment of products to customers.

Currently, the transportation of purchased materials is not controlled by Cablescom, so it is not possible to realistically propose measures to improve route efficiency.

In terms of products shipped and drum returns, although there is a greater possibility of influencing transports, since it is possible to choose between different logistics service providers, some with services marketed as "more sustainable", there is currently no real ability to assess potential emissions improvement as long as transport providers do not report their actual emissions per ton transported and kilometer traveled.

Therefore, the reduction of emissions related to purchased products can be tackled from three areas:

- Eco-design of products, so that they require fewer raw materials. This would reduce both the emissions associated with manufacturing, by requiring less material, and the emissions associated with transport, by having to move less weight.
- Green "purchasing", i.e. developing an internal policy in Cablescom in which less emissions criteria are used when purchasing materials, involving manufacturers.

5. SPECIFIC REDUCTION MEASUREMENTS

Accordingly, the following specific measures are proposed for each of the emission categories:

CATEGORY 1 MEASURES

1.1. Reduction of heating needs.

In the base year, 3,321 MWh of natural gas was required for heating, resulting in emissions of 606.05 t CO2e. The current heating system consists of a set of natural gas-fired hot air generators.

The plant expansion works will include systems that will allow certain areas of the plant to have no or very limited heating. This will allow a reduction in the consumption of natural gas until the natural gas heating system is completely replaced by an electric one.

Estimated reduction capacity: According to internal estimates, it is estimated that a 10% reduction in natural gas consumption will be possible.

Difficulties:

- The estimation is a theorical calculation. It is possible that its implementation will lead to a different reduction, which may be lower than expected, but also higher.

1.2. Replacement of the natural gas heating system by an electric system and electricity procurement with GdO.

The size of the current building means that the recommended method of space heating is hot air convection, so it is proposed to replace it with an electric heat pump system.

The aim of this document is to establish reduction targets and general lines of work to reduce emissions, and is not intended to be an energy audit, so to calculate the potential reduction in emissions it is estimated in a simplified way that the energy requirements in a similar heating system but with electrical energy would be approximately the same, 3,321 MWh per year. Considering the emissions of the current energy supplier, this would result in emissions of 860.13 t CO2e, i.e. an increase in emissions. Therefore, this measure must be accompanied by the contracting of electricity supply with a guarantee of renewable origin. The aim is to achieve 100% renewable electricity supply by 2025.

Estimated reduction capacity: By progressively contracting 100% renewable Guarantee of Origin energy, emissions from overall electricity consumption will also be reduced, leading to an estimated total reduction of 2,226 tCO2 eq in 2025 before the overall target year of this plan. By making the technology substitution, emissions would move from Category 1 to Category 2. In the target year of this plan (2030) the amount of electricity

with Guarantee of Origin is 100%. This measure therefore includes reductions in both Category 1 and Category 2.

Difficulties:

- A prior study will be necessary to select the most efficient electricity alternative, to avoid an excessive increase in consumption.
- Purchasing GoO energy can lead to increased costs.
- In the long term, there may be a shortage of GoO energy due to increased demand.

1.3. Renewal of fleet vehicles

The company's leasing vehicles currently use only fossil fuels. A progressive renewal of the vehicles is planned, replacing them with hybrid or electric vehicles. The company will support by providing electric recharging at the organisation's premises.

Estimated reduction capacity: 50% when the fleet is completely renewed.

Difficulties:

- The consumption of hybrid vehicles, and especially plug-in hybrids, varies greatly depending on the driving and recharging profiles of each user, which may affect the estimated consumption forecast.
- The cost and availability of vehicles can affect fleet composition and reduction potential.

1.4. Replacement of natural gas by biogas.

To produce heat for heating, the currently installed equipment uses natural gas as fuel. This gas can be replaced by biogas, which consists mainly of methane of biogenic origin, with zero fossil emissions and a small proportion of biogenic emissions other than carbon dioxide. This makes biogas combustion emissions 93% lower than those of natural gas. This measure plans to use 40% biogas from 2025 onwards.

Estimated reduction capacity: 37% of current natural gas emissions.

Difficulties:

- The cost and availability of biogas may affect the proportion of biogas purchased in the target year.

CATEGORY 2 MEASURES

2.1. Installation of photovoltaic panels on the roof

The installation of photovoltaic panels on the roof of the plant is planned to supply renewable energy for self-consumption. Once the facility is commissioned, a generation capacity of 977 MWh per year is foreseen for the existing building, which will avoid consumption from the conventional electricity grid. In the new building under construction, the estimated generation capacity will be 736 MWh, which would avoid the emission of an additional 190 tCO2 eq.

Estimated reduction capacity: 253 tCO2 eq (+190 tCO2 eq in the new hall, not included in the base year calculation) when the installation is fully operational, without considering Measure 1.1.

Difficulties:

- In the construction year of the installation, Scope 3 emissions will increase due to the materials used and installation works.
- The generation potential may be different than expected.

2.2. Replacement of screw compressors by spindle.

A large number of screw compressors are currently in use, which can be replaced by screw compressors, which have lower power consumption.

Estimated reduction capacity: 48 tCO2 eq (14 tCO2 eq including Measure 1.1)

Difficulties: Consumption reduction estimate may not match reality.

2.3. Installation of lighting systems

More efficient lighting with lower consumption and fewer active hours will reduce emissions in this category. This installation is planned to be carried out at 50 points over two years.

Estimated reduction capacity: 4.5 tCO2 eq (1 tCO2 eq including Measure 1.1

Difficulties: The project is already planned, so no start-up difficulties are expected.

CATEGORY 3 & 4 MEASURES

Categories 3 and 4 are described together below, as the envisaged measures would affect both categories simultaneously.

3.1. Eco-design. Lighter products with lower-emission components.

Cablescom is currently working on the Life Cycle Analysis of some of its products. The company's R&D department is considering the technical possibility of modifying the design of the cables manufactured, using fewer resources, resulting in cables that do not reduce their technical characteristics. Specifically, two actions are proposed within this measure:

- Reduction of the diameter of the cables, requiring less plastic.
- Use of fiber optics with a smaller diameter.

This measure would avoid emissions from the manufacture of materials that would no longer be purchased, as well as from their transport, both from the manufacturer and to the customer.

Estimated reduction capacity: 4.944 tCO2 eq.

Difficulties: Estimated material use reduction may not match reality.

3.2. Promoting "Green Purchasing".

It is proposed to set up a project with three relevant Cablescom suppliers, in which they will be asked annually to provide information on the carbon footprint of their products and their reduction plans. This measure aims to seek the collaboration of suppliers in Cablescom's most emitting category, making them part of a common goal to reduce emissions.

Estimated reduction capacity: 20%

Difficulties: This measure implies a commitment from suppliers to the fight against climate change, but the outcome will depend on their actions and reduction targets.

3.3. Emission reductions in purchased products

In addition to the application of emissions criteria, greater involvement with the main suppliers is necessary in order to achieve a reduction in their manufacturing emissions. Therefore, direct relations will be established with material suppliers to involve them in reducing emissions by collaborating in the development and implementation of energy efficiency measures, reducing the use of fossil fuels both in production and in the transport of materials, reducing the use of resources and raw materials, and upstream green purchasing measures by selecting local suppliers and more efficient transport.

Estimated reduction capacity: 40%.

Difficulties: This measure implies a commitment by suppliers to combat climate change, but the outcome will depend on their actions and reduction targets.

3.4. Lighter products and transport efficiency

With the involvement of the main manufacturers, it is expected that the weight of purchased materials can be reduced, which would reduce the emissions associated with their transport, both in the arrival of materials at the plant and in their delivery to customers. This can be complemented by the selection of more efficient transport providers, as indicated in measure 3.2.

Estimated reduction capacity: 25%.

Difficulties: The results of this measure also depend on the effectiveness of the implementation of measures 3.2 and 3.3.

6. PLANNED REDUCTIONS

The following table shows a summary of the projected emission reductions up to the target year 2030 and for the intermediate year 2025 for each emitting source.

2025 TARGET

	t CO2e 2023	t CO2e 2025	REDUCTION
CATEGORY 1	650,99	382,25	41%
CATEGORY 2	2.226,10	0,00	100%
TOTAL 1+2	2.877,09	382,25	**87%**
CATEGORY 3	2.085,71	1.772,86	15%
CATEGORY 4	32.781,57	27.864,34	15%
TOTAL 3+4	34.867,29	29.637,19	**15%**
TOTAL	37.744,38	30.019,44	20%

The target for the year **2025** is a reduction of

- **Categories 1 and 2: 87%.**
- **Categories 3 and 4: 15%.**

Overall reduction 2025: 20%.

2030 TARGET

	t CO2e 2023	t CO2e 2030	REDUCTION
CATEGORY 1	650,99	35,68	95%
CATEGORY 2	2.226,10	0,00	100%
TOTAL 1+2	2.877,09	35,68	**99%**
CATEGORY 3	2.085,71	1.228,86	41%
CATEGORY 4	32.781,57	12.095,59	62%
TOTAL 3+4	34.867,29	13.324,44	**62%**
TOTAL	37.744,38	13.360,13	65%

The target for the year **2030** is a reduction of

- **Categories 1 and 2: 99%.**
- **Categories 3 and 4: 62%.**

Overall reduction 2030: 65%.

7. NET-ZERO TARGET 2040

In addition to this emissions reduction plan, in its commitment to the fight against climate change, Cablescom wants to go one step further by committing to being a net zero emissions company by 2040.

To this end, it will implement the measures included in this plan, which will be enhanced, if necessary in future years, with the aim of minimising its emissions in all emissions categories by 2040, and compensate emissions that cannot be further reduced.

These actions and objectives will be developed within initiatives such as SBTi 'Science Based Targets Initiative' or ISO 14068:2023 'Climate change management - Transition to net zero'.

FOLLOW-UP REPORT ON THE EMISSIONS REDUCTION PLAN FOR THE CALCULATION YEAR 2024

1. 2024 FOLLOW-UP REPORT

This section, dedicated to monitoring emissions and reductions that took place in 2024, has been incorporated into the original 2030 reduction plan document. More detailed information related to this year can be found in the Emissions Inventory Report.

For 2024, emissions by category and emission source are as follows:

CATEGORY 1: Direct Emissions	t CO2e	tCO2	Kg CH4	Kg N2O	R-442A (tCO2e)
Direct Emissions	536,37	532,83	45,77	0,64	2,04
CATEGORY 2: Indirect Emissions from Imported Energy					
Electricity in the workplace	1.964,36				
CATEGORÍA 3: Emisiones Indirectas por Transportes					
Shipments to customers	445,84				
Return of reels from customers	29,90				
Receipt of materials	1.121,19				
Employee commuting	828,69				
Business travel	48,54				
CATEGORY 4: Indirect emissions from the use of products and services					
Component manufacturing	30.153,14				
Office equipment	5,96				
Machinery purchased	98,72				
Water consumption	3,61				
Waste management and transport	137,03				
TOTAL EMISSIONS GEI 2024	35.373,34				

Table of results considering location-based and market-based electricity factors, which in this case coincide.

Emissions grouped by category are also included:

CATEGORY 1	536,37	t CO2 eq.
CATEGORY 2	1.964,36	t CO2 eq.
CATEGORY 3	2.474,16	t CO2 eq.
CATEGORY 4	30.398,46	t CO2 eq.
TOTAL EMISSIONS	35.373,34	t CO2 eq.

2024 results table by category, considering market-based electricity factors.

The year 2023 was established as the base year, which was indicated and justified in the report for that calculation year. Currently, 2023 remains the base year.

The comparison of emissions between the current year and the base year 2023 is as follows:

	Base Year **2023**	Year **2024**	Units	Percentage reduction 23-24
CATEGORY 1	650,99	536,37	t CO2 eq.	17,61%
CATEGORY 2	2.226,10	1.964,36	t CO2 eq.	11,76%
CATEGORY 3	2.085,71	2.477,52	t CO2 eq.	-18,62%
CATEGORY 4	32.781,57	30.277,33	t CO2 eq.	7,27%
TOTAL EMISSIONS	37.744,38	35.255,57	t CO_2 eq.	6,28%

Comparative table between the calculation year and the base year considering market-based electricity factors. Reductions are represented as positive values and increases in emissions as negative values.

Comparing this year, 2024, with the targets and values of the Reduction Plan for 2030, we can see that the organisation is on track to meet the targets set for 2025 (intermediate target year). Categories 1, 2 and 4 have seen significant reductions, bringing Cablescom closer to its reduction target. The measures detailed in the 2030 Reduction Plan are being progressively implemented for all categories and sources of emissions. Category 2 will find it particularly easy to reach the 2025 target, as there are plans to switch electricity suppliers to a GdO option.

Reductions by detailed categories are also compared between the base year 2023 and the calculation year 2024:

Category	Percentage reduction 23-24
Direct emissions	17,61%
Electricity in the workplace	12,10%
Shipments to customers	42,43%
Return of reels from customers	5,63%
Input of materials	-32,82%
Employee commuting	-132,61%
Business travel	38,76%
Component manufacturing	7,08%
Office equipment	47,56%
Machinery purchased	34,90%
Water consumption	22,60%
Waste management	15,80%

Table showing the percentage reductions (positive values) or increases (negative values) in emissions for 2024 compared to 2023.

Almost all emission sources have experienced a reduction. The increases in the area of material input are explained by the increase in purchases from distant destinations such as China, while the increase in the area of employee commuting may be due to the increase in the number of employees together with a change in the forms of transport used by employees recently.

Significant and satisfactory reductions are reported, which are in line with and meet expectations regarding the Reduction Plan and the values set for the intermediate year 2025 and the target year 2030.