OUR SUSTAINABILITY STRATEGY

Sustainability is core to our strategy. It is important to XP Power and all stakeholders. Sustainability is not just about doing the right thing; it is intrinsically linked to our ability to drive growth. We strive to minimise impact and create value across our value chain.

Our sustainability strategy addresses issues material to our business determined through our materiality analysis results from 2021. The issues identified shape our priorities, approach and reporting. We group our material issues into four areas – Sustainable Products, Environmental Leadership, People and Workplace, and Ethics and Compliance, which are aligned to relevant UN Sustainable Development Goals (SDGs). Through our continued engagement with internal and external stakeholders, XP Power still considers the material topics to be pertinent to our business strategy and stakeholders. See our Section 172 statement for how we engage with our stakeholders pages 54–55. We endeavour to update our materiality assessment in line with evolving requirements.

- The results for our materiality assessment can be found on page 54 of our 2021 Annual Report corporate. xppower.com/investors/reports-and-presentations.

A summary of our material topics and their relevance to our sustainability strategy can be found below.

1. Sustainable Products

Produce quality products that are safe, and solve our customers' power problems.

Our power converters are the safety critical element of the end application, providing the isolation barrier between the end user and the relatively high-voltage mains electricity.

Link to

Material issues

01 03

UN SDGs

2. Environmental Leadership

Minimise the impact we, and our products, have on the environment and adopt responsible sourcing practices considering social and environmental impacts.

Our sustainable business goal is to be the leader of our industry regarding environmental matters, and to minimise the impact we, and our products, have on the environment.

Link to

Material issues

09 10 11

UN SDGs

3. People and Workplace

Make XP Power a workplace in which our people can be at their best, ensuring an environment that is safe, diverse, inclusive and attracts and retains the best talent.

Our sustainable business goal is to improve the physical and mental health of our employees, provide them with a safe place to work and create an environment in which our people can be their best.

Link to

Material issues

04 05 06 08

UN SDGs

4. Ethics and Compliance

Uphold the highest standards of business ethics and integrity.

Our sustainable business goal is to have zero breaches of our Code of Conduct and uphold the highest standard of ethics and integrity.

Link to

Material issues

02 07

UN SDGs

Material issues key:

01	Product responsibility (safety and quality)	05	Employee welfare	09	Energy efficiency
02	Responsible supply chain	06	Health and Safety (inc. Occupational)	10	Waste management
03	Product solutions and innovation	07	Ethical conduct and compliance	11	Emissions
04	Attracting retaining and rewarding talent	08	Diversity and equal opportunity		

OUR STRATEGY IN ACTION

Internally, our Sustainability Council is tasked with the successful delivery of the XP Power sustainability action plan and, within this, the net zero action plan. The Council is a cross-functional team chaired by the CEO, supported by sustainability representatives within each business unit, who play an active part in reporting and leading site specific ESG initiatives. Full details of our sustainability governance model and its responsibilities are outlined in the Taskforce on Climate-related Financial Disclosures (TCFD) report on pages 70–84.

What we've done this year

- Our Science Based Targets were approved by the Science Based Targets initiative in February 2024. The validation of our targets re-affirms the Group's long-term goal of net zero across our value chain by 2040, ahead of global ambition.
- From the beginning of 2024, all electrical energy in our EU operations was provided from 100% renewable sources. We also purchased Energy Attribution Certificates (EACs) for our operations in USA, Singapore, Vietnam and China. Renewable energy procurement and EACs result in the Group achieving zero Scope 2 market-based electricity emissions.
- We continued our Supply Chain engagement with key suppliers. This is currently a manual process requiring suppliers to complete a sustainability questionnaire. This will allow for much deeper dialogue and collaboration with our suppliers regarding sustainability and specifically, carbon reduction programs. Engagement is needed to help reduce our upstream Scope 3 emissions and better manage our sustainability risks and opportunities in the supply chain. We hope to extend our sustainable supply chain capability in 2025 with the introduction of new software platform that will assist our supply chain risk assessment and improve supplier engagement.
- Our New Product Development (NPD) teams are focused on designing the most economically efficient power converters. Efficiency gains will reduce operational costs for our customers and also reduce the amount of energy wasted during operation (due to heat loss), this directly impacts Scope 3 downstream emissions.
- We received EcoVadis Bronze Medal status for our 2024 disclosure, an improvement on the prior year, placing us in the top 35% of businesses assessed. Our overall score improved from 48/100 to 60/100 and we aim to improve further this year.
- We launched our new Product Carbon Rating system to replace our XP Green Power products framework. Our new rating system gives customers optionality to choose the components that best suit their requirements. It also allows customers to get a better understanding of the emissions associated with the use of our products.

2025 plan

- Develop and implement an action plan that will help us deliver improvements against key rating agencies such as CDP and Ecovadis.
- Continue to assess our sales and NPD against our Carbon Rating Framework and evolve as required.
- Progress with the rollout of our supply chain engagement programme and select a provider to facilitate our supply chain risk assessments.
- Continue to focus on delivery against our science based targets.

Our Key Performance Indicators

Rating Agency Scores

We use the following rating agencies as external parties to assess our sustainability performance and delivery against our strategy.

MSCI

ESG Rating:
AA

Sustainalytics

ESG risk rating:
23.0
(Medium Risk)

Ranked 102nd out of 299 within the Electrical Equipment Industry

EcoVadis Sustainability Rating

Overall score:
60/100
'Bronze Medal'

CDP Climate Change score

Climate Change 2024:
B
(2023: B)

Water 2024[1]:
C

ISS Corporate Score

Performance score:
47.99

Rating
C
Non-Prime with a decile ranking of 3/10 (2023: C-, Non-Prime with a decile ranking of 4)

ESG Risk Management score:
55.5
(Strong)

1 XP Power was requested to respond to CDP water by external stakeholders. However, unlike some of our industry peers, we note water is not a material issue for XP Power as outlined in the "water section"

In the following chapters, we report on our performance in 2024 in line with our strategic pillars on sustainability.

OUR SUSTAINABILITY REPORT

OUR SUSTAINABILITY REPORT

SUSTAINABILITY REPORT
1. SUSTAINABLE PRODUCTS

How this strategic pillar links to the UN SDGs

This strategic pillar aligns with UN SDG 9 “Industry, innovation and infrastructure” in promoting sustainable industrialisation, and UN SDG 12 “Responsible consumption and production” in the efficient use of natural resources.

Our R&D investment is vital to the Group’s strategy and ability to deliver on our ambition to be an industry leader on sustainability. As the first to introduce greener, safer converters in the market, we believe that we have the broadest product portfolio in our industry. For our business to be sustainable, we must continue to be deliberate in developing low-carbon products and solutions that solve our customers’ power problems, while balancing cost and efficiency.

The carbon footprint of power conversion products or systems is mainly related to conversion efficiency over the service life. By increasing energy efficiency, we reduce the environmental impact of the power system and the equipment into which it is installed, while supporting compliance with any end product specific energy efficiency criteria. By developing smaller power conversion products, which consume less physical material, and produce less waste power, we can minimise our own carbon footprint and help our customers limit their environmental impact.

CASE STUDY

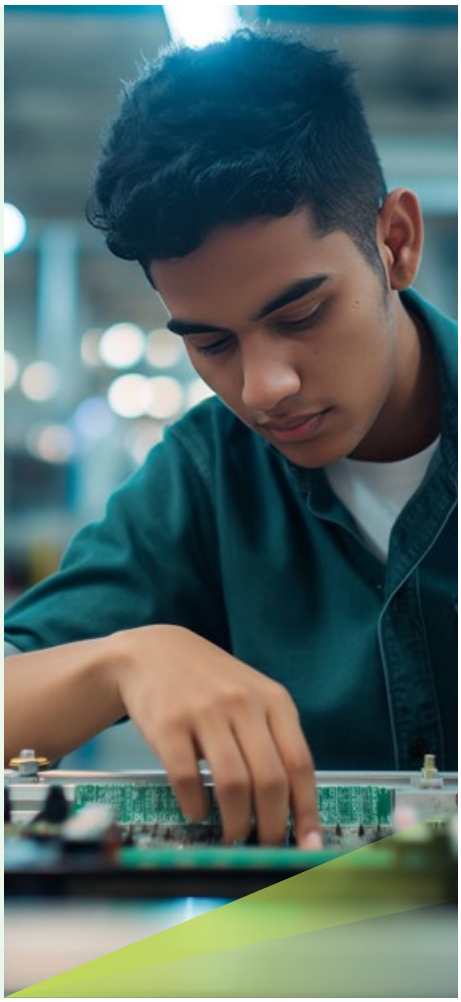
XP Product Carbon Rating System – A new framework to measure our products delivering leading efficiencies

To be an industry leader, we must be at the forefront of sustainable product design and communicate this to our stakeholders. Our XP Green Power Product Framework was designed to make our components comparable against Energy Star ratings, particularly for our low voltage AC/DC components which do not have regulated efficiency requirements.

The Green Power Products Framework has served us well for measuring the environmental benefit of developing efficient products. As the industry has evolved and brought more efficient products to market, we recognise that the Green Power Product Framework no longer represents industry-leading efficiency thresholds.

Our new Product Carbon Rating system is more applicable to today’s market and allows us to remain at the forefront of the industry. The updated rating system provides a more detailed hierarchy related to efficiency levels in our products, providing a more precise stratification of our product suite by efficiency. For continuity, we will report on our XP Green Power products on the same basis as last year. This will be the last year we report on this framework.

Our Product Carbon Rating system creates an easy and transparent process for customers to identify external and component power supplies that have the highest energy efficiency and lowest waste power, when selecting a power system for their application. The system divides products classified as “Green Power Products” into five groups reflecting various efficiency levels – Titanium, Platinum, Gold, Silver, Bronze.



This table outlines how our Green Power Products framework has been translated into the Product Carbon Rating system and the efficiency thresholds applied. The Green Power Products Framework covered low voltage AC/DC external power and component power products. The boundary of products analysed under the Product Carbon Rating system has not changed. The focus is on low voltage AC/DC products due to their high sales volumes. Our High voltage and RF products are excluded from the analysis. They have lower sales volumes and efficiency is not a primary driver. These products tend to power customers' core processes, so performance, stability and accuracy are the critical product features. In addition, our DC-DC products are not rated due to high efficiency rates and limited ability for customers to select based on efficiency. All Products deemed to be Green Power Products have been assigned a Carbon Rating Category based on their efficiency. Low voltage external and component power products that did not meet the efficiency thresholds of Green Power Products have not been rated.

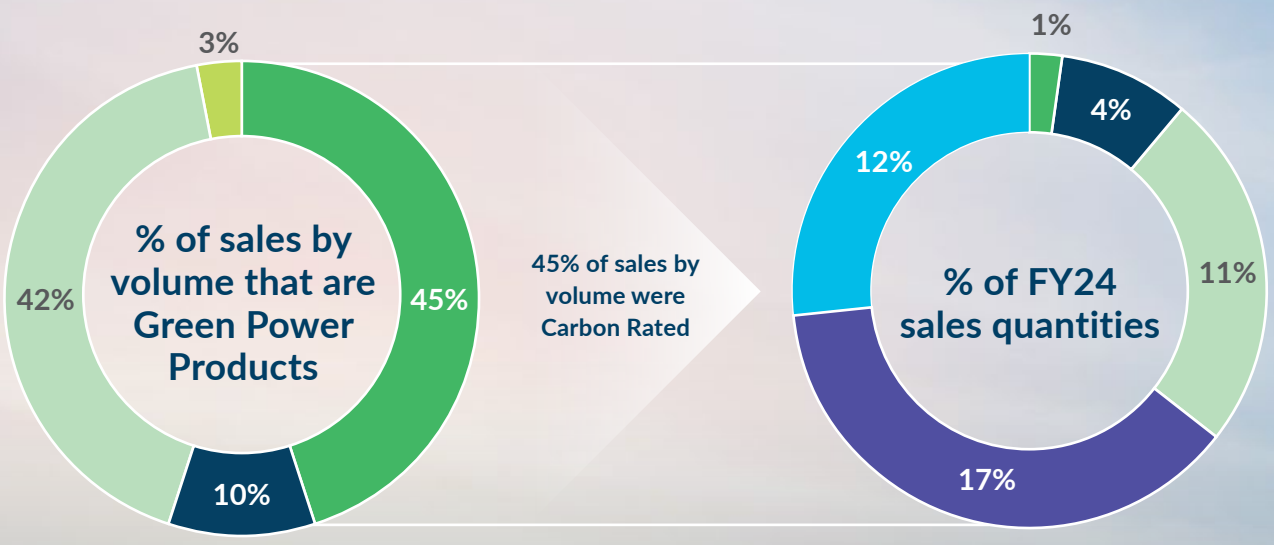
In 2024 – 41% of Group revenue (55% of sales volume) were included in the analysis boundary of our Product Carbon Rating Framework.

Green Power Products	Product carbon rating category	Low voltage external power	Low voltage component power
XP Green Power Products (Level IV and V Energy Star efficiency)	Low Carbon Power Titanium	Efficiency: >=94%, Standby Power: <0.3W	Efficiency: >=94%, Standby Power: <0.3W
	Low Carbon Power Platinum	Efficiency: >90%, Standby Power: <0.3W	Efficiency: >90%, Standby Power: <0.3W
	Low Carbon Power Gold	Energy Star Level VI Efficiency	Energy Star Level VI Efficiency, Standby Power: <0.3W
	Low Carbon Power Silver	Energy Star Level V Efficiency	Energy Star Level V Efficiency, Standby Power: <0.3W
	Low Carbon Power Bronze	N/A	Energy Star Level IV Efficiency
Low voltage AC/DC external power and component power products not deemed to be Green Power products		Not Rated	
High voltage, RF and DC/DC components		Not included in analysis	

Initial results from the Product Carbon Rating Framework

In FY24, 5% of sales by volume were from Titanium and Platinum products (representing products with efficiency over 90%), 11% were Gold products (with efficiency equivalent to Energy Star level 6). Silver was the dominant category with 17% of sales by volume coming from the sale of products with an efficiency equivalent to Energy Star level 5. 45% of sales volumes came from the sale of Green Power Products under the legacy framework.

Our Green Power and Carbon Rated Product Frameworks are applied to our low voltage AC/DC products which have high sales volumes and low value



Rateable Products
- Green Power
- Non Green Power

Not Rateable Products
- DC/DC*
- HV/RF

- Low Carbon Power Titanium
- Low Carbon Power Platinum
- Low Carbon Power Gold
- Low Carbon Power Silver
- Low Carbon Power Bronze

* DC/DC products make up a significant portion of our sales volumes. We consider these to be highly efficient products. However, they are not rated because there is limited scope for customers to make choices based on efficiency.

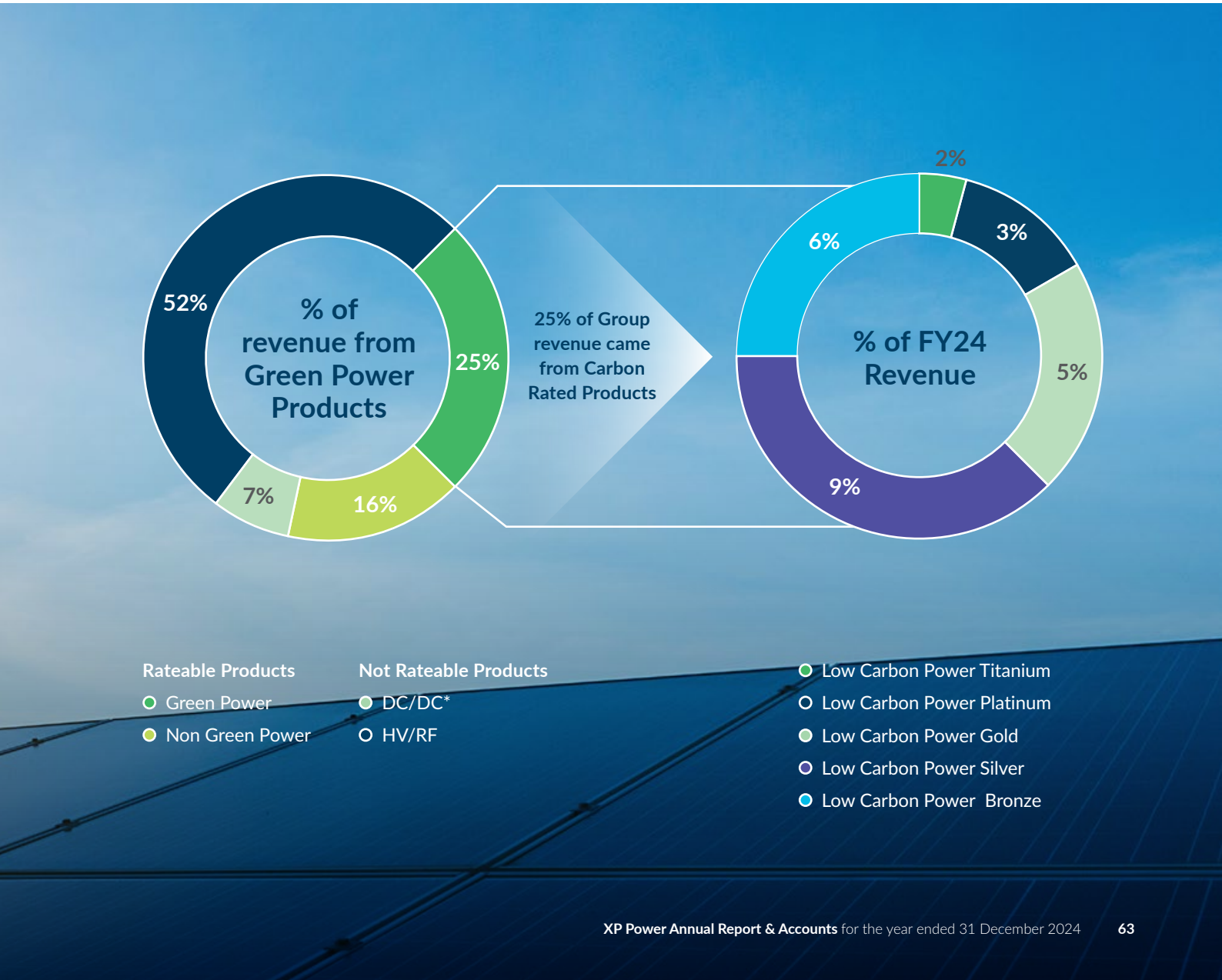
The intention of our Product Carbon Rating framework is to enable our customers to select the most suitable product that meets their needs in terms of performance, cost and efficiency. The framework also informs our New Product Development process, which is already aligned to the market trend of external and component power supplies becoming smaller and more power dense. At this stage, we are not setting any targets for product sales from more efficient product categories as we need to balance our customers' commercial considerations alongside efficiency.

In 2024, we introduced six new Carbon Rated Product families. Two introduced products were platinum rated with a >90% efficiency. Four introduced products were gold rated, equivalent to Energy Star Level 6 rating.

		Number of products introduced
XP Carbon Rated Products	Platinum	2
	Gold	4

The estimated lifetime savings carbon rated products shipped during 2024 is 93,000 tonnes of CO_2. In estimating these savings, we assume:

- XP Carbon Rated Product efficiency of 90% versus average power converter efficiency of 80%.
- The power converter will run for eight hours a day, five days a week, 50 weeks a year, for seven years, in the customers' equipment.
- The customer will run the power converter at 75% of its rated power.
- 1kWh of electricity produces 0.418kg of CO_2.



Boosting innovation

We consider and respond to environmental issues through our product development process, and our high-efficiency products help the economy move towards a low-carbon future. Our New Product Development process has a sustainability policy that requires the development team to ensure that, where economically feasible, both product efficiency is maximised and component count reduced. Design for sustainability is a metric in our sustainability scorecard tracked by the Sustainability Council. Innovation in this area is commercially sensitive; therefore, we will not disclose targets externally.

We are seeing some signs of our customers pushing for higher in-use efficiencies as this impacts their end-to-end carbon footprint. A great example of this can be seen in the release of our new programmable HPF3K0 power supply developed by our Irvine design facility in the USA. This product boasts market leading efficiency of 92% and this in turn helps reduce our customers carbon footprint.

We use design and manufacture partners for some of our smaller, higher volume products. Similar to our own internal design requirements, they are under increasing pressure to ensure that all new products achieve market leading product efficiencies.

Our effective product development rate is slow; in relation to useful product life, replacement rates are low, and customer approval timelines for critical power supply units are elongated. Together, this leads to a slow diffusion rate of new products into the market, so significant value chain emissions reductions will only present in the medium to long term. Sustainability innovation also requires a balanced approach, as our actions can impact the cost and size of products, which remain key customer considerations.

Our product design process considers:

- **Energy efficiency** – We consistently lead the industry in developing high-efficiency XP Carbon Rated Products (formerly XP Green Power products) in the Industrial and Healthcare sectors, which consume and use less electricity in both powering the application or on standby. This results in significantly reduced CO_2 emissions over the lifetime of the customers' equipment (c.7–10 years).
- **Novel materials** – Wherever possible, we introduce novel materials into our higher-end products, such as ultra-efficient silicon carbide devices. We use new semiconductor components to control our power supplies, allowing soft switching to reach very high-efficiency rates and low-standby power ratings. Future developments in power transistor technology are expected to allow the size of power converters to be significantly reduced, increasing their efficiency in some applications. In products such as Power FET, IGBT and ceramic capacitor products, we use over 4,000 key materials and components to produce durable, quality products. We will investigate opportunities to reduce this component count.
- **Product lifecycle management** – Our design processes consider the complete product lifecycles of our power conversion products from the outset, extending useful product life wherever possible. Extending the useful life of our products, reduces environmental impact via reduced replacement rates and waste to landfill. Product characteristics that improve energy efficiency also increase reliability and useful lifetimes as highly efficient products run cooler, which increases the heat sensitive components, such as electrolytic capacitors, lifetime. Efficient products do not require an electromechanical fan, traditionally an unreliable component, to exhaust waste heat.
- **Hazardous substances** – We avoid the use of hazardous substances in our products, facilitating the recycling at the end of their lifetime and reducing their environmental impact.
- **Low-carbon manufacturing** – Alongside designing highly efficient products, we also consider the manufacturing process. Post manufacturing, products traditionally undergo stress testing (burn-in) to eliminate early failures. When products are burned-in, we recycle the power into the manufacturing facility to significantly reduce our carbon footprint. Burn-in cycles are monitored and reduced based on defect data, further reducing CO_2 emissions.
- **Product safety** – A power converter is critical to the safety of any electrical system or application as it provides the isolation barrier between the end-user and the potentially lethal high voltage mains electricity. For example, a mains-powered drug delivery system connects directly to a patient, so it relies on the safety isolation within our power supply to keep the patient safe. All our products come under the remit of our ISO 9001 registration.
- **Packaging** – Plastics used within our product packaging are an area for improvement. While most products are shipped using cardboard containers, there are still many items that use plastic or foam packaging. This project is at an early stage with no progress to report at this time.

Product recall procedure

XP Power's established product recall procedure provides a system and assigns responsibilities for product recall, enabling us to monitor product safety and performance. If a customer complaint, field non-conformance or manufacturing defect is discovered regarding the safety or quality performance of an XP Power product, it is investigated.

The investigation and failure analysis of a suspect product is reviewed by XP Power Quality and Engineering. If it is determined that the return is a potential safety risk or an abnormal field reliability issue, then XP Power Quality initiates and coordinates a Recall Committee team meeting. Quality also notifies the CEO immediately if there is a potential safety issue. If it is agreed that a recall is the appropriate action, then a Recovery Plan must be developed by the Recall Committee. Customer complaints are monitored and recorded regularly with all corrective and preventive actions implemented effectively.

Product Responsibility Policy

Our Product Responsibility Policy outlines our commitment to the responsible design, manufacturing and disposal of products and their positive impact on individuals, society and the environment. The policy can be found here: corporate.xppower.com/sustainability/policies-and-procedures.

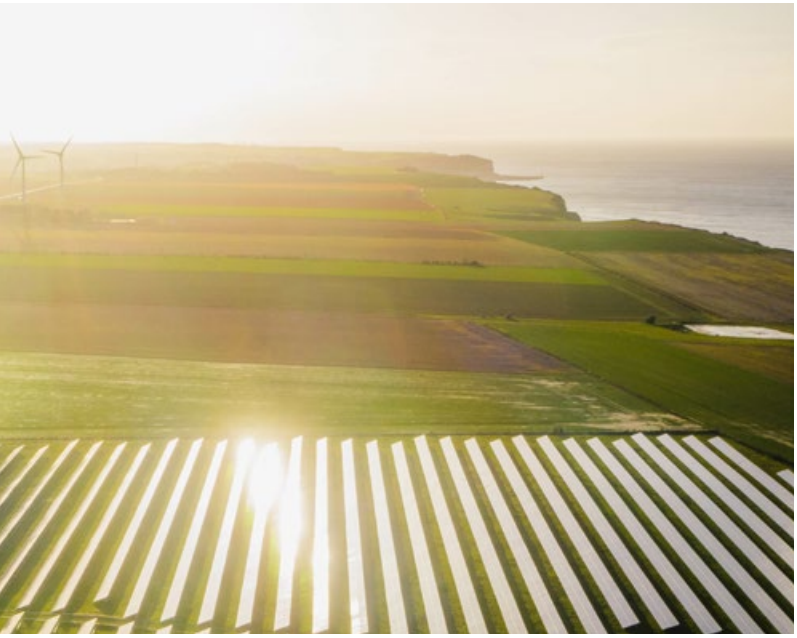
Responsible sourcing and supply chain

We require all suppliers to adhere to our Code of Conduct and Supply Chain Policy, which cover diversity, modern slavery and human trafficking, health and safety, business integrity and ethics, environment, and sustainability. It is vital that our suppliers apply the same principles of value, transparency and respect as we do. In our supplier contracts we require compliance with the Responsible Business Alliance (RBA) Code of Conduct. We also require next-tier suppliers to acknowledge and implement the RBA Code. Our supplier qualification and ongoing audit programme reviews supplier compliance with our Code of Conduct and Supply Chain Policy. We disengage with suppliers who do not meet these standards. As part of our net zero plan, we will expand our supplier and component distributor engagement when managing our upstream emissions.

XP Power's Code of Conduct and Supply Chain Policy are available at corporate.xppower.com/sustainability/policies-and-procedures.

Last year we created a new supplier survey covering a range of Environmental, Social and Governance (ESG) topics, such as carbon emissions, health and safety, and business ethics. The survey was sent to our tier 1 suppliers (third-party manufactures and component suppliers) on a trial basis. We are still in the process of data gathering and developing a baseline. During FY24, we repeated the survey with the same suppliers as in FY23. As we are at the development stage, no strategic measures have been established, but we aim to develop this to improve supply chain performance.

As part of our commitment to a responsible supply chain, we are also investigating the use of third-party systems to gather supply chain data. This will allow us to better understand the risks and opportunities in our supply chain and improve supplier engagement, especially beyond tier 1.



Conflict minerals

We support initiatives and regulations to avoid the use of any "conflict minerals", which originate from mining operations in the Democratic Republic of the Congo (DRC) and adjoining countries. These involve tantalum, tin, tungsten, and gold. We purchase our electronic components only from reputable sources, and materials such as solder are purchased from vendors on the Conformant Smelter & Refiner Lists. We obtain information from our suppliers concerning the origin of the metals used in the manufacture of our products. This way, we can assure our stakeholders that we are not knowingly using conflict minerals. Our supply chain organisation is responsible for the qualification and ongoing monitoring of our suppliers. We can confirm that 100% of our products' minerals come from verified conflict-free suppliers. XP Power's policy on conflict minerals is set out at xppower.com/company/policies.

Substances of concern

Our use and management of substances of concern in our operations are conducted within the bounds of international regulation and our Environmental Management System. We are governed by ROHS, REACH and Conflict minerals directives and our sites are ISO 14001 approved. This means we have third party audited systems in place to ensure we have appropriate controls in our operations for the management of substances of concern.

SUSTAINABILITY REPORT
2. ENVIRONMENTAL LEADERSHIP

How this strategic pillar links to the UN SDGs

Taking urgent action to combat climate change aligns with UN SDG 13 “Climate action”.

Key areas and commitments
Managing environmental performance
Energy and Greenhouse gas emissions
Water
Waste Management
Biodiversity

XP Power recognises the significance of climate change, and aims to reduce its climate impact across all operations by managing and reducing carbon emissions. In February 2024, both our near and long-term emissions targets were approved by the SBTi. Our targets reaffirm our long-term goal of net zero across our value chain by 2040, while introducing interim targets for 2030. More detail on our targets and plans for achieving them are included in our Net Zero Transition Plan corporate.xppower.com/storage/reports/XPPower-NetZero2023.pdf.

Our transparency commitments include regular public disclosures of our carbon emissions, collaboration with CDP Climate Change, and reporting against TCFD recommendations (page 70), which includes details of our oversight, risk assessment and climate-related strategy.

Managing environmental performance

Our Governance structure is outlined in our TCFD report. Site representatives are responsible for the monitoring and monthly reporting of relevant ESG data, including energy use, Scopes 1 and 2 emissions, water, and waste. Each site has a 2030 action plan to address Scope 1 and 2 emissions. In some cases, further monitoring of the processes and equipment is required to identify the main drivers at each location.

The Group has a comprehensive Environmental policy that outlines our commitment to continuously improving our Environmental performance. We communicate our environmental policy and objectives to our suppliers and employees, encouraging their participation in environmental best practices. Our environmental policy is available at corporate.xppower.com/sustainability/environment.

As part of our environmental commitment, and to monitor environmental performance, our main production centres have an internationally accredited Environmental Management System (ISO 14001), which account for around 73% of the Group’s employees. Among other issues, our ISO 14001 certified management system includes our handling of waste and hazardous materials. Compliance is ensured through our internal audit process together with external assessments by our registrar, British Standards Institution (BSI). The Group has had no environmental fines in the last 12 months (2023: nil).

Energy and greenhouse gas emissions

This section has been prepared for the reporting period 1 January 2024 to 31 December 2024. The Group has defined its organisational boundary using an operational control approach with no material omissions from within the organisational boundary of the Group. We report on all material GHG emissions sources and GHG emissions have been calculated from business activities in accordance with the principles and requirements of the World Resources Institute (WRI) GHG Protocol: A Corporate Accounting and Reporting Standard (revised version) and Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019). The information in this section and tables in our key non-financial performance indicators on pages 94–99 address our requirements under Part 7 of the Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013 and under the UK’s Streamlined Energy and Carbon Reporting (SECR). In line with the Greenhouse Gas Protocol, we continue to review our reporting in light of any changes in business structure, calculation methodology and the accuracy or availability of data. Our target base year Scope 1, 2 and 3 GHG emissions for 2022 were verified in accordance with requirements of “Limited Assurance” procedures by Intertek Assuris for the fiscal year 2022. The verification was performed in accordance with the International Standard on Assurance Engagements (ISAE) 3410. We will assess the benefits of assurance of our FY 2024 emissions and may undertake assurance later this year.

Our full emissions data and tables can be found in our non-financial performance indicators section on pages 94–96.

Update on net zero

Our net zero targets were approved by the Science Based Target initiative (SBTi) in February 2024. This year, we continue to report our progress against our net zero targets in line with the SBTi and Transition Plan Taskforce (TPT) criteria.

	Near-term target (2030)	Long-term target (2040)
Scope 1 & 2	42% reduction	net zero
Scope 3	25% reduction	net zero

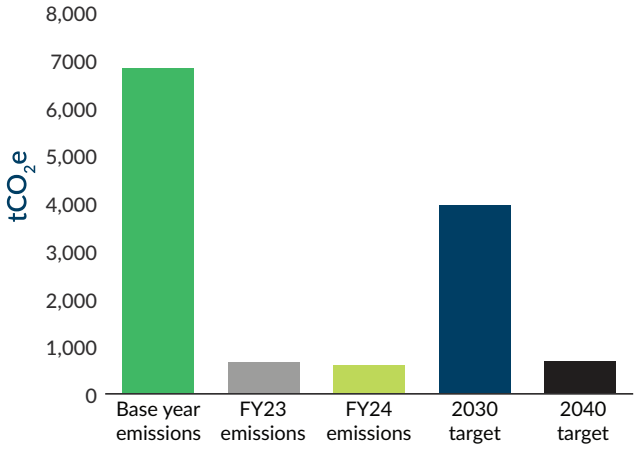
Scope 1 and 2 emissions

Our 2024 market-based operational emissions were 596 tCO_2e. This reflects a 91% reduction on our base year emissions, which were 6,821 tCO_2e. We have surpassed our near-term targets and have nearly achieved net zero Scope 1 and 2 emissions, relative to our 2022 base year. This is largely due to our purchase of Energy Attributable Certificates (EACs) to reduce Scope 2 emissions, which contributed the largest portion of our base year emissions. During 2024, all electrical energy within our EU operations was procured from renewable sources. For our operations in USA, Singapore, Vietnam and China, we have purchased EACs. This has resulted in the Group having zero market-based Scope 2 electricity emissions for 2024. The grid has residual market based emissions from purchased heat and steam in Germany operations.

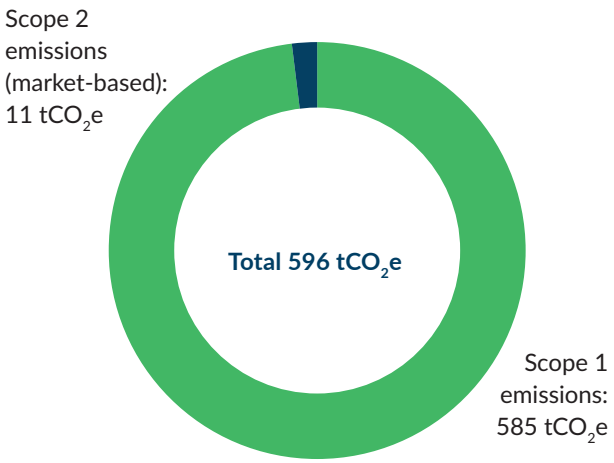
During 2024, absolute location-based Scope 1 and 2 emissions decreased 17% year on year. This was primarily due to a reduction in electricity usage across the Group, particularly outside of the UK. UK electricity usage reduced 47% and non-UK electricity usage reduced 8% largely driven by reductions in our Vietnam and Kunshan sites which dominate electricity usage. There was an overall increase in Scope 1 emissions by 8%. This was driven by increased gas usage in our US sites. UK Scope 1 emissions reduced significantly due to the closure of one of our sites.

Our emissions and energy intensity are reported as tonnes CO_2e/£m revenue and kWh/£m revenue (see non-financial performance indicators on page 94-95). Our overall location-based Scope 1 and 2 emissions intensity increased by 7% this year, while our energy intensity increased by 21%. The general energy efficiency measures used to achieve energy reductions are discussed in detail below.

Scope 1 and 2 emissions (market-based)



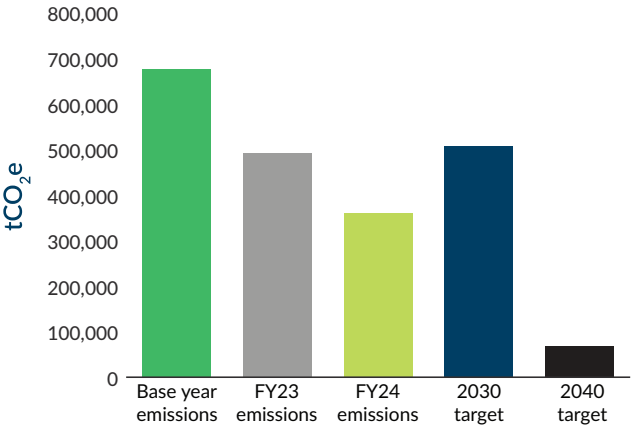
Location-based Scope 1 and 2 emissions 5,771 tCO_2e



Scope 3

Our FY24 Scope 3 emissions were 360,635 tCO_2e. This reflects an 47% decrease on our base year emissions of 674,968 tCO_2e. Our reductions in Scope 3 to date put us on track to achieve our interim target.

Scope 3 emissions



During 2024, our Scope 3 footprint reduced 38% year on year, with the categories 'Use of Sold Products' and 'Purchased Goods and Services' remaining the most material. Use of sold products (81% of Scope 3) has decreased 40% compared to 2023 for two reasons: 1) There was a reduction in sales volumes, and 2) There has been reductions in grid intensities in the main markets XP sells into. Purchased goods and services (18% of Scope 3) reduced by 30% compared to 2023. These lower emissions were due to purchasing less stock and raw materials. We have seen the impact of our concerted shift to sea freight. Upstream transport emissions have reduced emissions 44% year on year, primarily through our continued modal shift from air to sea. Sea freight increased from 71% of freighted weight in 2023 to 82% in 2024.

Energy efficiency initiatives

Energy efficiency initiatives are key to reducing our operational emissions. During 2024, a range of initiatives were implemented that reduced our energy consumption and carbon footprint. Notable examples are listed below.

Energy consumption reduction activities in Vietnam

Description of activity	Estimated savings kWh
Kaizen project linking the compressed air pipelines between pipelines. Compressed air phase 1 can be switched off during low load production or during night shift to save electricity.	600 kWh per day (18,250 kWh per month)
All unnecessary lighting, wave and reflow machines powered off during the night shift and on Sundays.	3,400 kWh per day (10,3417 kWh per month)
Mag Shopfloor air-conditioning unit powered off during mealtimes to reduce chiller load and electricity.	50 kWh per day (1,521 kWh per month)
Implemented a separate controller switch for ceiling light to turn off at the line that is not working on Mag shop floor.	36 kWh per day (1,095 kWh per month)
Implemented a separate controller switch for ceiling light to turn off after office time at HVHP Test Cell area.	17 kWh per day (517 kWh per month)
Cleaning cooling tower and condenser to increase heat transfer efficiency for reducing consumed electricity of chiller.	300 kWh per day (9,125 kWh per month)
Implemented automatic power off air-conditioning and switching chiller 1 to chiller 2 at 4h30 to reduce electricity consumption.	93 kWh per day (2,829 kWh per month)

Energy consumption reduction activities in China

Description of activity	Estimated savings kWh
Two out of four Manual Insertion and Touch Up lines have been shut down.	20,160 kWh/month
We are continually optimising Burn-In times to reflect production yields and field reliability. This will help to reduce energy usage during this essential process.	To be determined

Renewable energy installation

In 2024, XP Power continued to implement and maintain solar projects. Solar panels were installed in Kunshan and broken panels were replaced in Vietnam. An extension to the existing solar capacity in Vietnam was scoped out. The planned extension could cover 5% of daily power consumption.

Ensuring modern facilities

Our facilities in Silicon Valley and Orange County, were moved to new buildings, compliant to the latest building regulations. The new facilities have the latest energy-efficiency technology installed to help reduce energy costs and emissions.

TCFD

Recommendation	Recommended disclosures	Page reference	CA 414CB
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a. Describe the Board's oversight of climate-related risks and opportunities	Page 71	(a)
	b. Describe management's role in assessing and managing climate-related risks and opportunities	Page 71	(a)
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning, where such information is material.	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Pages 72–81	(d)
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Pages 72–81	(e)
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Pages 72–81	(f)
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.	a. Describe the organisation's processes for identifying and assessing climate-related risks	Page 72	(b)
	b. Describe the organisation's processes for managing climate-related risks	Page 72	(b)
	c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Page 72	(c)
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Pages 82–84	(h)
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Pages 82–84	(h)
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Pages 82–84	(g)

This report, in conjunction with our net zero ambition, covers our governance of climate change and demonstrates how we incorporate climate-related risks and opportunities into our risk management, strategic planning, and decision-making processes.

Specific details of our pathway to net zero are outlined in our Transition Plan. We believe the following disclosure to be consistent with the TCFD All Sector Guidance and the obligations under Listing Rule 6.6.6(8). Additionally, they fulfil the climate-related financial disclosure requirements outlined in the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. This alignment is further detailed in the TCFD cross-reference and disclosure consistency summary provided above.

Governance

Board level

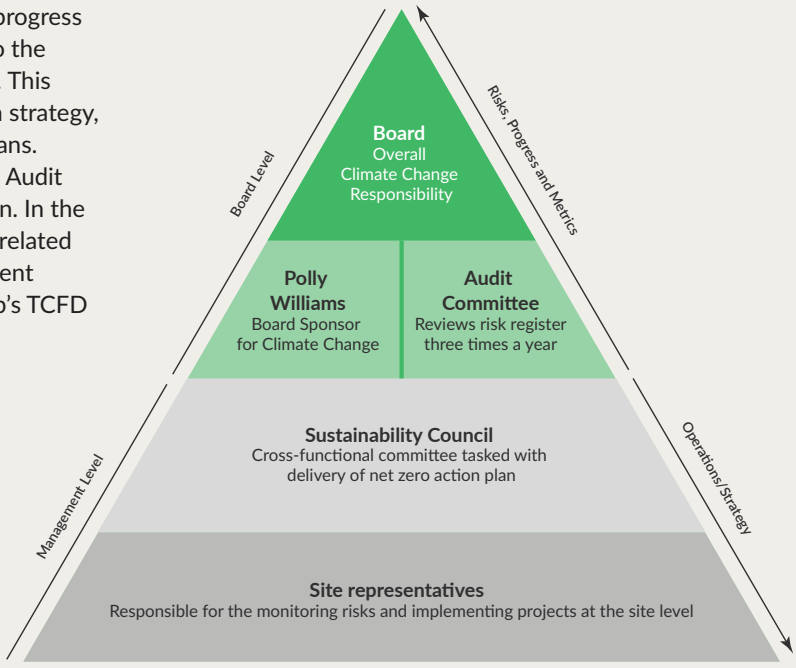
XP Power has a robust governance structure to manage our climate-related risks and opportunities. The Board of Directors has overall responsibility and oversight of climate-related risks and opportunities, all Group policies, including the Environmental Policy, and all matters that impact the strategy, risk management, vision and values of the Group.

Climate change is a standing item on the board agenda to be discussed annually, discussed twice a year at scheduled Board meetings and more regularly if anything more urgent is required, such as signing off major capital expenditure. The flow of information regarding climate-related issues occurs within both the strategic and risk functions of the Group. The Board monitors the Group's sustainability strategy, progress against key initiatives and performance in relation to the net zero plan, as well as our sustainability scorecard. This ensures climate-related issues are considered within strategy, budgets, major capital expenditures and business plans. Polly Williams, the Senior Independent Director and Audit Committee Chair, supports the Board in this function. In the risk function, the Audit Committee ensures climate-related issues are integrated into the Group's risk management process and are responsible for approving the Group's TCFD disclosure.

Management level

At management level, the Executive Leadership Team (ELT) meets monthly to monitor progress and key sustainability strategy actions, and reports to the Board. The Sustainability Council supports the ELT with the Group's sustainability objectives. The Sustainability Council, which meets quarterly, is a cross-functional team chaired by the CEO tasked with the formation and successful delivery of our sustainability action plan (including the net zero plan). The Council monitors the policies, processes, objectives, targets and KPIs linked to our sustainability issues. By reviewing our sustainability scorecard, the Council determines progress against our plan, resolves issues, mitigates plan risks and creates actions for the ELT, senior management and site representatives. In relation to Net Zero, the sustainability scorecard tracks our Scope 1, 2 and 3 emissions, renewable electricity roll out, low-carbon product introduction, waste reduction and supply chain initiatives.

Sitting below the Sustainability Council, sustainability reps are appointed within each business unit and play an active part in reporting and leading site specific ESG initiatives. Each representative is responsible for the regular monitoring and reporting of site-specific sustainability metrics and risks, as well as the implementation of site-level corporate projects.



Risk management

Our process for identifying and assessing climate-related risks

External consultants, CEN Group, assisted in the identification and analysis of climate-related risks and opportunities, which were refined through Sustainability Council consultation. XP Power considers climate-related risks and opportunities in all physical and transition risk categories (current and emerging) whether they occur within our operations, upstream or downstream of the Group. Stakeholder engagement as well as a desktop review ensures we are aware of relevant or emerging risks. Risks are assessed within our short-, medium-, or long-term strategic planning horizons. Typically, transition risks occur top down and are considered at Group level. As part of operational risk assessments, the Group undertakes site level environmental risk assessments. Our site-level analysis of physical climate risks enhances the depth of insight into or global operations and this year we had zero physical climate-related incidents that impacted our operations.

The management of climate-related risks is integrated into the XP Power risk management framework. Risks are assessed in the same manner as other Group risks, so their relative significance is comparable. This includes an assessment of likelihood (on a five-point scale, low to high) and impact (on a five-point scale, minor to severe), to ensure the significance of climate-related risks is considered in relation to risks identified during our standard risk management processes. The same process is used for assessing climate-related opportunities. Climate-related risks are included in the risk register and reviewed by the Audit Committee to incorporate ongoing refinement and quantification of risks, and to ensure the register reflects any material changes in the operating environment and business strategy. Further details on each key risk and opportunity, such as a quantification of the financial impact, the appropriate strategic response, the cost of response and the variance of key risks regarding climate-related scenarios, have been developed where possible. Combining this with the impact and likelihood assessment aids in determining the treatment of each risk (e.g. mitigation, acceptance or control) so we can prioritise resources to manage the most material climate-related impacts, with other risks requiring further analysis or accepted as being within the Group's business-as-usual risk appetite. This year, we have reviewed both our transition and physical risks and opportunities to ensure there has been no change in exposure during the year.

Strategy

Climate-related risks and opportunities

The identification of climate-related risks and opportunities underpins our net zero strategy and the management of these dovetails with our Net Zero Transition Plan; the mitigation of climate-related risks and the development of opportunities are effectively integrated into our strategic planning. The analysis has helped focus our strategy towards managing these issues.

The time horizons for our assessment of climate-related risks and opportunities consider: our commitment to net zero by 2040 and our net zero transition plan targets; that the Group owns some of its key operating sites, the timeframes required for climate change impacts to manifest and alignment to overall strategic planning horizons. The time horizons for our climate-related risk assessment are as follows:

Time horizon		Rationale
2025–2028	Short term	In line with the existing risk management time horizon and specific business plan strategy
2028–2035	Medium term	Encompasses XP Power's near-term emission targets
2035 onwards	Long term	Encompasses the Group's net zero by 2040 target and the UK Government's net zero by 2050 target

As part of our assessment of climate-related risks and opportunities, we have conducted climate scenario analysis to assess the resilience of the Group's business model and strategy to climate change under different scenarios. Please see the risk and opportunities tables on pages 74–81 for the implications of this scenario analysis. We have used different scenarios for both physical and transition risks and opportunities. Scenarios have been selected that provide comparisons of ambitious, baseline and optimistic climate scenarios, which are appropriate for the nature of our business and our operating environment. The scenarios used are outlined below.

In aggregate, our risk assessment and scenario analysis has shown that our overall climate risk exposure is moderate. The Group is financially resilient and strategically robust to climate change. Our current understanding is that, considering our existing and planned mitigation strategies and net zero action plan, any asset impacts are limited and risks can be accommodated in our business-as-usual activities. We do not foresee any additional fundamental changes to our business strategy or capital expenditure envelopes resulting from climate change or net zero for the foreseeable future. There are no effects of climate-related matters reflected in judgements and estimates applied in the financial statements.

This year, we have enhanced our quantification of risks and opportunities. We will continue to develop our analysis as new data becomes available, internally and externally, and we will continue to monitor our climate exposures and action plans through the Group's risk management framework. The opportunities identified continue to be developed in line with Company strategy and objectives.

Transition risks and opportunities

We have assessed the risks and opportunities, arising from the transition to a low carbon economy, which may have a material impact on the Group. Risks may carry financial, legal and/or reputational impacts. Our Net Zero Transition Plan helps mitigate transition-related risks. The following two International Energy Agency (IEA) scenarios have been used to perform scenario analysis for our transition risks and opportunities.

Net Zero 2050 (NZE)[1]: a narrow but achievable pathway for the global energy sector to achieve net zero CO_2 emissions by 2050. This scenario meets the requirement for a "below 2°C" scenario and is used as a positive climate pathway. NZE also informs the decarbonisation pathways used by the Science Based Targets initiative (SBTi).

Stated Policies Scenario (STEPS)[2]: represents projections based on the current policy landscape and is used as a base/low-case pathway. Global temperatures rise by around 2.5°C by 2100 from pre-industrial levels, with a 50% probability.

Assumptions

- Scenarios often only provide high level global and regional forecasts.
- Not all risks are easily subject to scenario analysis.
- Scenario analysis requires analysis of specific factors and modelling them with fixed assumptions.
- Impacts are to be considered in the context of the current financial performance and prices.
- Net impacts are assumed to occur with assumptions and reduction initiatives from our Transition Plan used to mitigate risk exposure.
- Impacts are modelled to occur in a linear fashion, when in practice, dramatic climate related impacts may occur suddenly after tipping points are breached.
- The analysis considers each risk and scenario in isolation, when in practice, climate related risks may occur in parallel as part of wider set of potential global impacts.
- Carbon pricing is informed by the Global Energy Outlook 2024 report from the International Energy Agency ("IEA").

1 iea.org/reports/global-energy-and-climate-model

Transition risks identified

Risk	Risk description	Risk type	Potential impact on the business	Response/actions we're taking and how they are managed
Carbon price impacts in the value chain	XP Power is exposed to potential carbon prices within our direct operations.	Policy and Legal	Higher cost of inputs	Our Scope 1 and 2 exposure is low, and planned mitigation will further limit potential carbon price impacts on our direct operations. As part of the Group's net zero plan, we aim to reach a 42% reduction in Scope 1 and 2 emissions by 2030. The Group has reduced its market-based Scope 2 emissions to almost zero, reducing exposure to potential future carbon taxes.
Carbon price impacts in the value chain	XP Power is exposed to potential carbon price impacts within the upstream value chain, which may result in increased cost of transportation and goods sold.	Policy and Legal	Higher cost of inputs	As part of our net zero plan, we aim to reduce Scope 3 emissions by 25% by 2030 and achieve net zero across the value chain by 2040, thereby mitigating the impacts of carbon pricing on our value chain. We have identified our carbon-intensive inputs within our purchased goods and services (18% Scope 3 emissions). Mitigating embedded carbon comes from both our product and supplier strategy. Our innovation has a specific focus on improving our products in use efficiency, and criteria has been introduced to reduce component count in our product development process. Our continued supplier engagement will help us understand how our suppliers decarbonise their own operations. The impacts of global grid decarbonisation are also factored into our upstream expectations. The Group is also exposed to potential carbon costs within transportation (1% Scope 3 emissions). We have reduced air freight during 2024 to 18% of shipping by weight (previously 25%). We remain committed to investigating opportunities within our logistics strategy to reduce this further, cognisant that customer service remains an important consideration.
Risk of not meeting our net zero target	The ability to deliver on our net zero target and Transition Plan is partially reliant on third parties and/or technologies yet to be developed, especially in the long term. Failure to meet the defined net zero targets may cause reputational damage, dissuade potential investors, or result in sustained cost impacts from any introduction of carbon pricing.	Market and Reputation	Lower profit margins through increased costs and lower revenue	Our ability to decarbonise our operations is dependent on grid decarbonisation and renewable energy availability in the countries in which XP Power operates. The Group purchases renewable Energy Attribution Certificates (EACs) to reduce Scope 2 emissions and will continue to investigate measures to reduce energy consumption, improve energy efficiency and invest in onsite renewable installations. Our ability to reduce use phase emissions is heavily reliant on grid decarbonisation in countries in which our customers operate and on which we have no influence. Nonetheless, we are taking action to reduce use phase emissions through the product development process. Transportation-related emissions reductions are reliant on global transportation and freight decarbonisation. We are taking action to reduce emissions in this area by switching freight mode, reducing business travel, and encouraging lower-carbon commuting patterns for employees.

KPIs	Time horizon	Likelihood	Magnitude of impact	Scenario implications
Scope 1 and 2 emissions	Medium term	Medium	Moderate	Under the NZE (to a greater extent) and STEPS scenarios, carbon prices are projected to increase operationally and in our supply chain. It is unclear whether, or how, carbon prices are applied to purchased goods and transport, as is our ability to pass on cost.
Upstream Scope 3 emissions	Medium term	Medium	Moderate	Under the NZE (to a greater extent) and STEPS scenarios, carbon prices are projected to increase operationally and in our supply chain. It is unclear whether, or how, carbon prices are applied to purchased goods and transport, as is our ability to pass on cost.
Scope 1, 2 and 3 emissions	Long term	Low	Major	The speed and magnitude of policy and technological development would increase more substantially under NZE, which would mean XP Power would be more likely to meet its net zero target. STEPS poses a greater risk due to slower development.

Transition opportunities identified

Opportunity	Opportunity description	Opportunity type	Potential impact on the business	Response/actions we're taking and how they are managed
Solar power	The Group pursues solar self-generation wherever practically possible and economically viable as part of our Transition Plan. Some sites already have solar panels, and more installations are planned. Solar installations will reduce reliance on local grids, reduce our emissions and carbon tax exposure and can provide operating cost savings.	Energy Source and Resilience	Reduced direct costs	Scaling of global solar capacity is likely to reduce the cost of adoption and allow us to increase the capacity of potential renewable generation. We have scoped installation of new solar panels across the entire roof at our Vietnam site, which will cover c.25% of the site's electricity needs. This project is being assessed against other Group requirements.
Purchased renewable energy	Energy Attribution Certificates (EACs) such as Renewable Energy Certificates (RECs) allow us to reduce our market-based Scope 2 emissions without capital spend.	Energy Source	Reduced direct costs	This year, all our non-European sites are covered by EACs. Our European sites are covered by Purchased Power Agreements (PPAs), which provide better certainty of renewable supply and additionality of renewables into the grid. We are small electricity users, so we are not well placed to secure high-demand PPA supply contracts outside of Europe. We assume the ability to find EACs at our European and US sites (c.14% of the Group's Scope 2 emissions combined) in the future will be high, while we expect greater uncertainty in the availability of renewable energy at our sites in Asia in the near term.
Reduction of air freight	Shifting from air to sea freight provides reductions in both costs and emissions for the Group. We have analysed operating cost savings and the reduction of upstream transportation carbon pricing exposure through transport modal shift.	Transportation	Reduced costs	We have assessed our supply routes to determine our transportation-related emissions and to provide a basis for managing these emissions within the net zero action plan. Customer service remains imperative to our strategy, and freight model changes only occur where supply to customers will not be impacted or where engagement with suppliers assists with lead times. We reduced air freight as a proportion of total freight during 2024 and will continue to identify reduction opportunities.

KPIs	Time horizon	Likelihood	Magnitude of impact	Scenario implications
Scope 2 emissions % of renewable from total electricity	Short to medium term	Medium	Minor	Under a STEPS scenario, Global solar PV capacity is expected to double by 2030, rising four-fold under the NZE scenario. This will lead to reduced costs for onsite generation.
Scope 2 emissions % of renewable from total electricity	Short to medium term	High	Minor	Under NZE, global investment in renewable energy needs to be $2.5tn by 2030 compared to $1.7tn in STEPS, so NZE provides higher opportunity exposure.
Scope 3 emissions - upstream transportation and distribution	Short to medium term	Medium-high	High	While both STEPS and NZE provide opportunities for more sustainable forms of freight, NZE provides a greater opportunity due to the higher rate of investment and faster electrification and decarbonisation of freight.

Transition Opportunities Identified continued

Opportunity	Opportunity description	Opportunity type	Potential impact on the business	Response/actions we're taking and how they are managed
Innovation for lower carbon products	The full analysis of the carbon footprint of our products has enabled us to better understand impact areas and identify improvement opportunities. The Group's NPI process includes goals to develop lower carbon products, through increasing use phase efficiency and lowering component count. Increasing lower carbon products will also help us reduced exposure of our upstream supply chain to carbon pricing mechanisms.	Products and Services, Market	Higher Revenue	We expect a range of market and policy factors to support the uptake of our low carbon innovation outputs and increase the rate of diffusion. For example, policy mechanisms such as increasing scope on legislation for power conversion efficiency requirements; the Group expects standards to cover industrial and healthcare applications over time.
Electrification	Electrification represents a global megatrend with potential new opportunities for the Group within existing and new markets. It is critical in the transition to a zero-carbon economy as it reduces reliance on fossil fuel-based systems.	Market	Higher Revenue	We have assessed the potential impacts of this opportunity through increases in sales attributable to electrification. To capitalise on electrification opportunities, the Group monitors interest areas, such as wind turbines, 5G infrastructure and mobile network densification, which could provide new opportunities for the Group.
Energy and waste savings	Actions to improve energy efficiency and reduce energy consumption provide incremental improvements to our emissions profile at limited costs, with certain behaviour and process changes being achieved at zero cost.	Material Efficiency	Reduced costs	We have outlined various site-level efficiency projects, according to the requirements and opportunities at each site, in addition to Group-wide initiatives such as packaging reductions.
Supplier efficiencies	We are committed to maintaining ambitious supplier standards to reduce environmental based risks and costs and foster long-term partnership success. Through this process we hope to increase supplier efficiencies in relation to both carbon and cost.	Material Efficiency and Products and Services	Reduced costs	We have started the process of engaging with key suppliers to drive material and energy efficiencies, as well as collaboratively develop value-adding products. We believe in the quality of our suppliers and our alignment on decarbonisation. As such, we anticipate suppliers will be receptive to discussions around enhancing efficiencies.

KPIs	Time horizon	Likelihood	Magnitude of impact	Scenario implications
Scope 3 emissions – use of sold products, purchased goods and services	Long term	High	Minor	Within the NZE scenario, the widespread enforcement of minimum energy performance standards are expected in the industry, alongside mandatory energy management systems and energy audits, which will increase customer requirements for energy-efficient products. STEPS sees a more gradual development.
Revenue Growth Rate	Medium to long term	High	Major	Electrification continues to underpin both NZE and STEPS scenarios, primarily driven by increased uptake of electric mobility and heating technologies as well as rising market confidence in newer technology. The share of electricity in total final consumption rises to 30% by 2030 under the NZE scenario, exceeding 50% by 2050. Under STEPS, electrification evolves at a slower rate reaching 30% by 2050.
Energy Use Scope 1, Scope 2 emissions (Location-based) Waste generation	Medium term	Medium-high	Minor	NZE provides greater opportunities than STEPS due to increased investment and a focus on energy-efficiency measures.
Scope 3 emissions – Purchased goods and services	Medium term	High	Minor	A NZE scenario will likely place more regulatory and market pressure on suppliers to decarbonise. In this scenario, suppliers are likely to be more willing to engage and drive efficiencies.

Physical climate-related risks

We continue to use a location risk analysis tool to better understand the exposure of our sites and develop further mitigation efforts. The risk assessment evaluates site-specific exposure to natural hazards, and the evolution of climate risks under the scenarios for global temperature rise. The scenarios embedded in the physical risks tool are:

RCP 4.5[1]: an intermediate scenario, more likely than not to result in global temperature rise between 2°C and 3°C, by 2100.

RCP 8.53[1]: a bad case scenario where global temperatures rise between 4.1–4.8°C by 2100.

Our physical climate-related risk analysis covered all 12 Group sites, including our site under construction in Bota, Malaysia. Our sites have varying levels of risk exposure depending on their location. Our most material physical risk exposure is flood risk (see below). Our Gloucester, MA site is at risk from tropical cyclones, but we view this exposure as manageable. Some identified climate-related risks, such as heat stress, water stress, and wildfire risk have been determined immaterial due to: the sites size and strategic importance, the site's position in its geographical location, the nature of our processes and operations, and the existing mitigation strategies already. There was no material increase in site risk exposure under the analysed scenarios and time horizons. In our analysis, we approximate a revenue contribution to determine site size, business importance, and physical risk implications. The financial impact figures disclosed in relation to our physical risks are largely mitigated by the Group's insurance policies, which protect against business disruption.

1 www.ipcc.ch/report/ar5/syr/.

Risk	Risk description	Risk type	Potential impact on the business	Response/actions we're taking and how they are managed
Flood Risk	Our site at Kunshan, China (~15% revenue contribution) is at risk from river flooding and coastal inundation, and FuG, Germany (~5% revenue contribution) is at risk from river flooding. Flood risk modelling forecasts that potential flooding in Kunshan would cover a large geographical area, disrupting local infrastructure and employees; however, at FuG, flood risks are localised to the river, so flood impacts are potentially more meaningful at Kunshan. Our analysis highlights potential operational disruption from floods that could lead to loss of output.	Acute	Lost production and revenue	We do not forecast any asset or material financial risk because the Group has appropriate insurance policies in place to protect against business disruption and the Group operates a flexible model, allowing production to be moved to different sites, although relocation time would incur a loss of output. Short-term interruptions can also be overcome with working pattern changes to compensate for temporary loss of output. The construction of our third major site in Malaysia will provide further manufacturing flexibility and reduce reliance on the Kunshan site.
Supply Chain Risks	Physical climate-related impacts could cause supply chain disruptions, through supplier sites being directly affected or by disruption to transportation and energy supply. Our supply of metals and fabricated items is flexible; however, some electronic components are specialised and cannot be easily switched out for alternatives.	Acute	Lost production and revenue	Individual supplier exposure is reduced as we source components from several suppliers and distributors. Our ongoing strategic supplier reviews incorporate analysis of our critical supplier relationships and options for switching to alternatives. Our recent supplier engagement survey, which incorporates engagement on our upstream emissions, will help assess our suppliers' exposures.

KPIs	Time horizon	Likelihood	Magnitude of impact	Scenario implications
Approximate revenue contribution	Medium term	Medium	Moderate	The intensity and frequency of heavy rainfall is expected to increase more under RCP 8.5 than RCP 2.6, which may translate to a greater risk of flooding.
n/a	Medium term	Medium-high	Moderate	RCP 8.5 sees a greater frequency of extreme weather events and a greater exposure to this risk in strategic regions of our supply chain.

Metrics and targets

Climate-related metrics

We report on our Scope 1, 2 and 3 emissions. Our carbon footprint is calculated using methodologies consistent with the Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard, with additional guidance from the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions, as required. We measure all greenhouse gases as relevant and our targets cover CO_2, CH4, N_2O and HFCs. Our Scope 1 and 2 GHG emissions are derived from measured data sources with no estimates. Most of our emissions are represented by our Scope 3 emissions (98% of footprint) and within that our downstream Scope 3 emissions associated with the use phase of our products (81%). We calculated all applicable Scope 3 categories for our 2024 carbon footprint. Five categories of Scope 3 are not applicable to our business. Four categories of Scope 3 (Capital goods, Waste generated in operations, Processing of sold products and End of life treatment of sold products), are excluded from our reporting and our science-based targets as they are negligible and collectively account for under c.0.5% of our Scope 3 inventory. For more information on our emissions, see Energy and Greenhouse Gas Emissions (pages 94–95).

Additional environmental metrics we monitor include emissions intensity, energy use, energy intensity, renewable solar energy generation, freshwater withdrawal and waste management, as reported on page 96. We report on our annual launches products under our new Product Carbon Rating system (formerly XP Green Power product families), designed for a lower-carbon economy, and the lifetime emissions savings from the use of efficient products (in relation to standard products) sold in the year as reported on pages 61–63.

Climate-related targets

Our science-based, net zero targets ensure that we are aligned to the UK Government's Net Zero Strategy, setting out a pathway to reaching net zero GHG emissions ahead of 2050. Our science-based targets were approved by the Science Based Targets initiative (SBTi) in February 2024. See XP Power Transition Plan for further details on our science-based targets and Transition Plan. In line with the SBTi, our targets and Transition Plan do not include the use of carbon credits. While no such action is planned currently, we may consider using offsets as an option for additional emission reductions beyond the science-based targets.

Our aim is to be net zero across Scopes 1, 2 and 3 by 2040 with minimal use of offsets. Our absolute emissions reduction targets, which have been approved by the Science Based Targets initiative (SBTi), are to:

- reduce absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2022 base year;
- reduce absolute Scope 3 GHG emissions by 25% by 2030 from a 2022 base year; and
- reach net zero GHG emissions across the value chain by 2040.

Our Executive leadership team have ESG targets embedded in their remuneration. Part of this includes climate action.

For more information on our performance against these targets, see Energy and Greenhouse Gas Emissions (pages 94–95).

Water

In comparison to some of our industry peers, we do not consider water to be a material topic for our business. We have a low water intensity in operations, and water is not used in the design, manufacture or services of our products. To confirm water as an immaterial topic for XP power, we undertook a water risk assessment using the WRI Aqueduct Tool. This exercise also sought to identify if any sites mat be at risk of water stress[1]. Our Southern Californian design centre is the only facility located in an area of extremely high-water stress, but as an R&D-focused facility, water requirements are minimal.

The Group recognises the importance of water management as a finite resource. Water management is considered throughout Group activities as we employ best practices to limit its usage across all our facilities. At our Vietnam facility, this includes rainwater capture, installing water-saving appliances and the instalment of reduced flush toilets throughout our facilities.

Our water policy is to:

- employ best practices to maximise efficient water use and minimise pollution and waste;
- regularly review and report on the water use of our facilities and activities;
- commit to continuous improvement in responsible water management through identifying objectives and setting measurable goals;
- involve and educate employees, contractors and customers in our water use programmes;

1 Assessed using the World Resources Institute's (WRI) Aqueduct Water Risk Atlas tool. Areas of extremely high-water stress, according to the WRI definition, are areas where human demand for water exceeds 80% of resources.

- engage with suppliers, encouraging their participation in responsible water management best practices; and
- disengage with suppliers who are negligent or non-compliant with responsible water management and who fail to aggressively implement corrective actions; our water policy is available at xppower.com/company/policies.

Global water metrics and targets

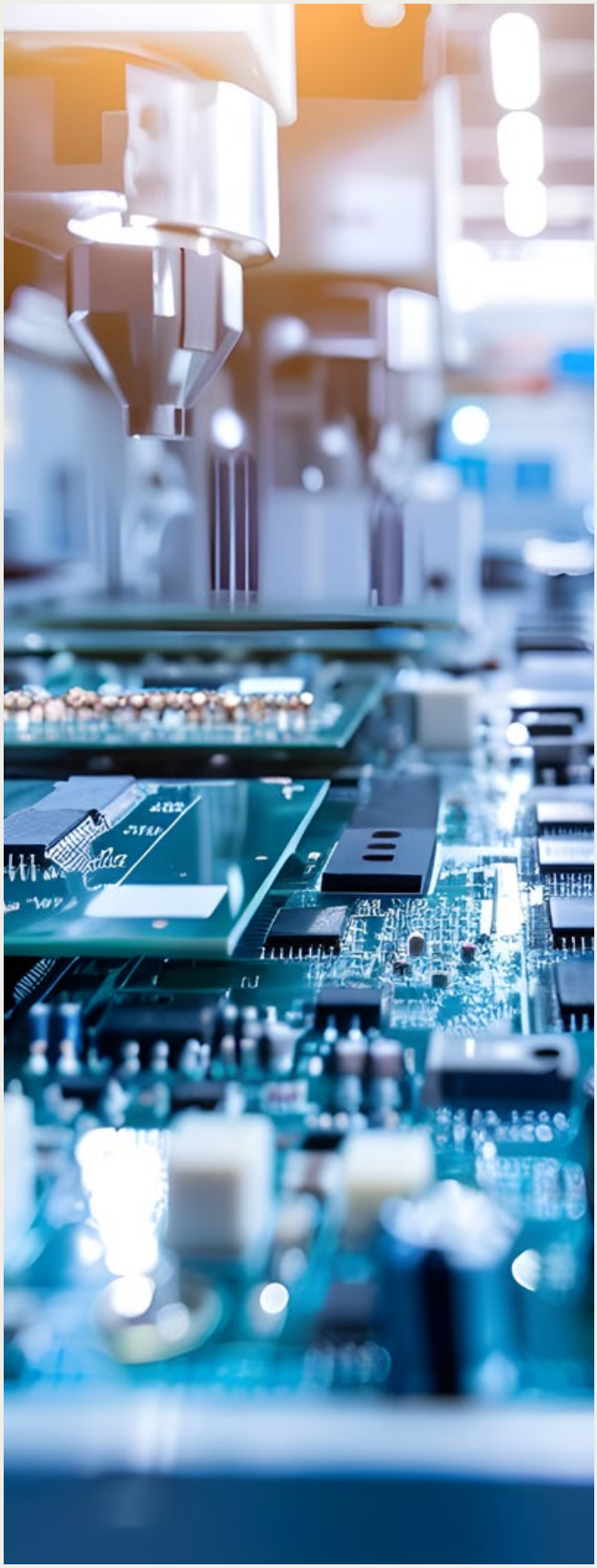
Our global freshwater withdrawal is outlined in the table below. Our full data on water, including regional breakdown, are included in the non-financial metrics section on page 96.

	2024	2023
Freshwater withdrawal (m^3)	51,800	61,353
Freshwater withdrawal intensity (per employee)	23	23

In 2024, our freshwater withdrawal reduced by 16%. Water withdrawal per employee was 23m^3, which is in line with our 2023 intensity.

Actions to reduce water usage

We established a range of initiatives to reduce our water withdrawal, and increase the amount of water recycled and reused. Such examples include, upgrading to more efficient water-use appliances and harvesting air conditioning condensate for use in toilets and when watering plants.



Waste management

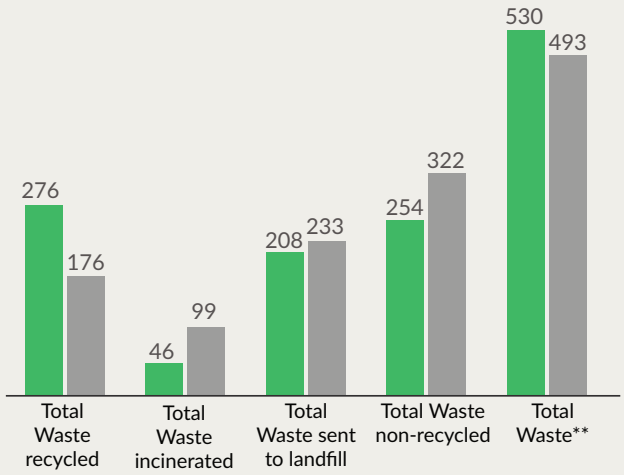
Our manufacturing processes produce relatively little waste, but we are committed to reducing both non-hazardous and hazardous waste where possible across our operations. We have a specific Waste Management Procedure, outlining risk prevention measures, how waste should be classified, handled, collected, stored and disposed. In case of waste-related emergencies, employees follow the "Emergency Preparedness and Response Control Procedure". Additionally, any employees involved in hazardous waste disposal have appropriate personal protective equipment (PPE) to protect them against environmental and health and safety accidents. Our HR department supervises annual training on waste management with prompt additional training if procedures or personnel change. Training includes waste management proficiency, including handling measures in emergency situations and enhancing environmental awareness.

As part of our RBA compliance, our facilities receive customer-managed audits, which involve a facility assessment overseen by one of its customers. These audits include environmental aspects that relate to issues such as waste, air emissions and water.

A major waste source is excess solder from wave solder machines, so-called “solder dross”, which is recycled into new solder and reused. In 2024, we sent 7.6 tonnes of solder dross for recycling and received 5.5 tonnes of recycled solder back, which is a 72% recovery rate. We use activated carbon and certain chemicals to clean flux from printed circuit boards. These chemicals and their containers are safely disposed of through a certified, licensed third-party professional. In 2024, we had no reportable spills.

The figure below outlines XP Power’s waste by treatment type. Full waste data can be found in our non-financial performance indicators section on page 96. We are still refining our processes for the collection and reporting of waste data. Consequently, we expect some variability in the waste data as coverage of reporting increases across sites.

Waste management data (tonnes)



We aim to reduce our waste intensity (tonnes/$m) by 10% year-on-year. This year we achieved a reduction in total waste generated, however, our waste intensity increased from 2023.

Biodiversity

We understand the importance of, and are committed to, protecting the natural environment, preserving biodiversity, and where possible, minimising the potential negative impact that our business may have on the environment. We recognise that climate change, deforestation, land degradation and water pollution each pose a severe threat to the sustainability of important ecosystems, and that business and industry can contribute to these negative effects. Our biodiversity policy is also available at corporate.xppower.com/sustainability/environment.

CASE STUDY

Kunshan recycling programme

In FY2024, XP Power conducted a package recycling programme for suppliers, including the recycling of waste pallets and rubber frames. As of September 2024, 3,565 kg of waste pallets and 2,474 kg of rubber frames have been recycled.

SUSTAINABILITY REPORT
3. PEOPLE AND WORKPLACE

How this strategic pillar links to the UN SDGs

Strategic pillar links to the UN SDGs: This aligns with UN SDG 3 “Good health and wellbeing”, 5 “Gender equality”, 8 “Decent work and economic growth”, and 10 “Reduced inequalities”.

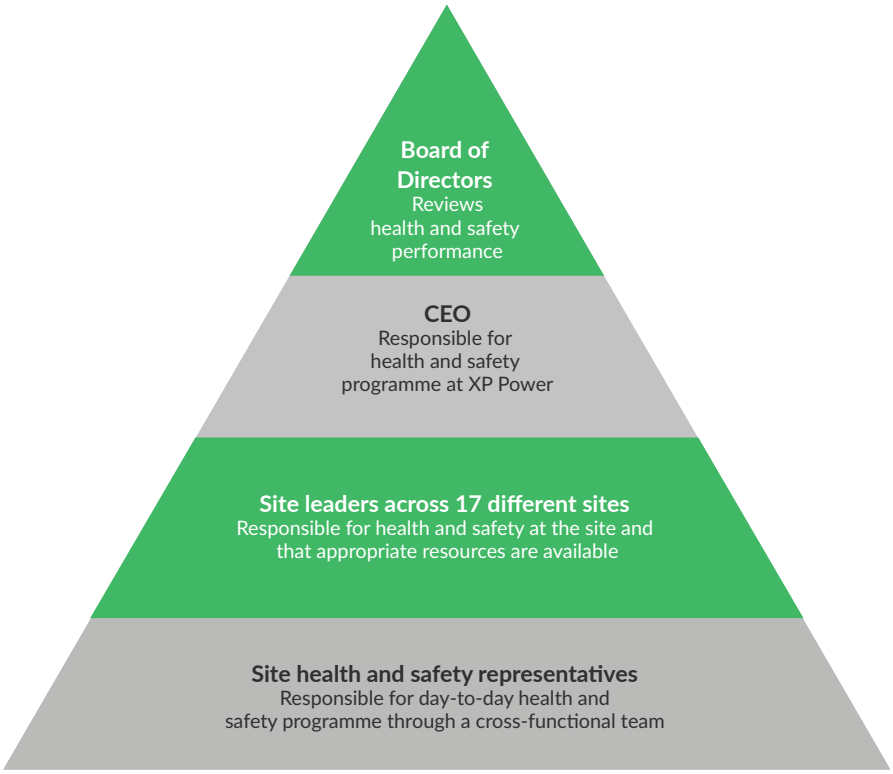
As a responsible employer, health and safety is of paramount importance. Whether working on site, or from home, we strive to safeguard the health, safety and wellbeing of all our people (including contractors). Our health and safety programme is driven from the top, with the Board having ultimate responsibility; while benefiting from shared experiences, health and safety is coordinated globally and managed locally. Our corporate health and safety framework defines those who are responsible and accountable at each of our key sites, while the procedure defines the minimum standards required. These can be summarised as follows:

- Risk assessments are based on the activities performed at each site, which are reviewed and updated annually.
- An annual internal audit of the health and safety processes is conducted at each site to ensure they are in line with corporate procedure.
- Health and safety metrics are recorded covering incidents and near misses, and these are reported and analysed. The Board reviews these metrics at each Board meeting.
- Metrics relating to walkthrough safety audits, fire drills and update of risk assessments are recorded and monitored.
- Consideration is given at each site to ergonomics, laboratory and electrical safety, legal requirements, use of chemicals, use of equipment and tools, facility preparedness and evacuation, and slips, trips and falls.

We are committed to maintaining a healthy and safe working environment to minimise the number of occupational accidents, diseases and illnesses, and ultimately achieve an accident-free workplace. We encourage our people to look out for each other, which keeps us all safe. Health and safety at XP Power has been enhanced through improved product racking, use of health and safety consultants, advisers and auditors. XP Power’s Health and Safety Policy is available on our website at xppower.com/company/policies.

All our employees have role-appropriate health and safety training. The number of employees trained on health and safety standards within 2024 is: 2,465 (2023: 2,524).

Our full list of employee-related data can be found in our non-financial performance indicators section, page pages 97-99.



Safety performance

We report all health and safety incidents whether they resulted in lost time or not. We encourage the reporting of near misses so we can learn from these events. Our goal is to have no injuries.

The safety of XP Power employees is paramount and we do everything we can to protect them. Safety policies have been established to ensure systems to control hazards are effective and to achieve our no injury goal. In 2023, we updated our H&S processes and deployed the EHS framework throughout Europe and Asia. Following this, we anticipated an increase in injury rate, which was observed in 2024. We witnessed a 20% increase in TRIR between FY23 and FY24 due to an increase in near misses, first aid injuries and a reduction in total hours worked. We focus on correcting the root cause of injuries and near misses and to prevent more serious incidents. We aim to learn from incidents and near misses so we can promote safe practices and correct unsafe behaviours. We saw a 17% reduction in the lost time injury rate, which reflected a positive improvement in reducing the frequency of, or more serious, injuries.

This year, we will build on our momentum, establish a unified standard for EHS (SOPs and Training), continue engaging our teams and evolve our culture to ensure everyone goes home safely.

Our H&S statistics are reported below. The figures cover all employees and contractors.

Health and safety LTIR[1] and TRIR[2] table

	FY24	FY23
LTIR	0.19	0.23
TRIR	0.42	0.35

1 Lost-time Incident Rate (LTIR) is defined as total number of lost time incidents in a year, divided by the total number of hours worked, multiplied by 200,000. We define a lost time incident as an incident that occur when a worker sustains a lost time injury that results in time off from work, or loss of productive work.

2 Total Recordable Incident Rate (TRIR) is defined as total number of medical injuries, divided by the total number of hours worked, multiplied by 200,000.

CASE STUDY

Health and safety training

At XP Power, we foster a strong culture of health and safety across all our global sites, and our Health and Safety Training System is central to this effort. Our global training programme is facilitated through a comprehensive Learning Management System (LMS), which provides a variety of safety courses designed to ensure all employees have the knowledge and skills to work safely. The system allows us to assign training courses and track progress by individual site, ensuring that each location meets its specific training goals.

Safety culture is introduced from the start to new employees who carry out safety-focused training as part of their orientation programme. Core safety competencies, such as Electrical Safety and Emergency Response, are required annually, so all staff remain up to date on critical safety practices. We also offer customised programmes such as Safety Begins with Me, which supports the advancement of our safety culture by fostering a mindset through which safety is everyone's responsibility. This initiative encourages all employees to participate in safety programmes and take ownership of their own safety as well as the safety of others. Each course includes a quiz or assessment to check employees have understood what they have been taught.

Our objective is to achieve 100% completion of safety training each month and we monitor progress through a Key Performance Indicator (KPI) dashboard. This ensures that each site is on track and any gaps in training can be addressed. As well as the global training modules, each site has its own Safety Champions who provide site-specific training. These localised sessions are tailored to meet the unique regulatory requirements and safety concerns of the region, ensuring that all employees are equipped with the knowledge they need to stay safe in their work environment.

By combining global training standards with localised initiatives, XP Power ensures a consistent and effective approach to health and safety that empowers employees to take an active role in maintaining a safe workplace.

Health and wellbeing

We encourage our employees to have active lifestyles and provide facilities and programmes designed to improve wellbeing. These include sports facilities (e.g. basketball courts), shower facilities on site, and group events (e.g. softball leagues and yoga sessions. The wellbeing of our people is vital to us at XP. Below are some examples of initiatives run by our sites to promote health and wellbeing among our employees.

Our comprehensive Employee Assistance Programme (EAP) provides confidential expert advice and compassionate guidance 24/7, online or by phone. The programme is delivered in the relevant languages and covers a wide range of topics and resources for our employees and their families. It is a complete support network.

Our people

We look after our employees, support their training and development, recognise cultural differences, respect their human rights and promote a fair working environment with equal opportunities for all. As a global business, we capitalise on our cultural differences and strive to make XP Power a fulfilling workplace. During 2024, we developed a new Human Resources dashboard, which will enable us to track key people metrics such as age and gender at site level across our global operations.

3 Results exclude Vietnam and China employees.

Engagement

Our vision is to deliver the ultimate experience for our stakeholders. Through workforce engagement, employee views are heard at Board level and are considered in discussions and during decision making. Pauline Lafferty is the designated Non-Executive Director responsible for workforce engagement. As a former Chief People Officer, she is passionate about employee engagement.

We use several methods to engage our people but derive high value from our Gallup engagement survey, first conducted in 2020. It is used to drive further employee programmes and enhancements to our engagement and retention. Participation rates were excellent again in 2024, at 92% (2023: 89%). This year, our engagement score was 4.03 out of 5.00 (2023: 3.99), putting us at the 44th percentile in the Gallup database[3]. By comparing our year-on-year results, we can observe consistent significant improvements in the engagement levels of our people within the organisation. This is encouraging, considering the market environment. Our Goal is to offer a consistent employee experience globally and observe the current spread in results. To further engage our employees and keep them informed of our progress and sustainability-related information, such as plastic reduction initiatives, we distribute newsletters, hold townhalls and update the intranet.

CASE STUDY

Employee health and wellness initiatives

UK & EU: XP Power held a training session provided by BUPA, followed by a Q&A session with the EPA Provider. Later in the year, XP Power also held a focus on World Mental Health Day and created a three day initiative that covered topics such as: How to cope with stress, eating clean and moving well.

Germany: At Salach and Rosenheim, employees are provided with an EGYM Wellpass - this includes a lot of online health prevention trainings as well as the opportunity to use fitness studios, climbing gyms, swimming pools and other wellness centres throughout Germany for free. At all German locations, we held a Health & Wellbeing Day in cooperation with the Social Insurance provider KKH where employees had the ability to book training on topics such as stress analysis, quick relaxation, hand strength measurement or lung function test. We also had the "day of movement", where you could swap your car for your bike.

US: We partner with Spring Health to offer our employees personalized, confidential care and support. Employees take an assessment and then are paired with a dedicated Care Navigator who guides them through their mental health journey. They address a broad spectrum of mental health needs, as well as offer personal and professional empowerment through coaching, counselling and webinars.

CASE STUDY

Europe Fitness Challenge

During spring of 2024, XP Power held a European Fitness Challenge to encourage both employee wellness and team bonding. Teams competed against each other to achieve the most exercise activity. The initiative was successful at bringing people together around our EU facilities, building personal bridges and raising awareness of the importance of fitness and wellbeing.

Labour

We are committed to the fair treatment of our employees. Our goal is to pay competitively and reward exceptional performance. We pay all employees fair salaries and other terms of conditions of employment as appropriate, as per our policy. We recognise the importance of work–life balance is important and, where possible, we offer flexible working arrangements to allow employees to balance their work with their other priorities. The Group aims to eliminate excessive working hours and respect national legislation and industry-referenced standards on maximum working hours.

Diversity and equality

Becoming a truly diverse and inclusive company is the right thing to do and is crucial to supporting business growth and innovation, attracting and retaining talent, and engaging customers. Different experiences, views and opinions allow us to explore options and decisions more widely, which generates better outcomes for the business and stakeholders. We recognise cultural differences that may exist in our global operations, while acknowledging that a diverse workforce reflects our markets and will aid us in succeeding. We are committed to non-discrimination and offer equal opportunities in all our employment practices, procedures and policies. We operate an externally hosted whistleblowing hotline, which enables our employees to report any concerns or violations relating to discrimination or any other aspect of the Code of Conduct. When hiring, promoting or considering business partners, we choose the best candidate irrespective of age, race, national origin, disability, religion, gender, gender reassignment, sexual preference, social background, political opinion, marital status or membership/non-membership of any trade unions. 2023 marked the initiation of the Womens Employee Resource Group (Womens ERG), whose purpose is to provide women a platform to share experiences, network and develop their skills. This remains a priority for the Group for 2025.

In 2024, we celebrated International Women's Day for the month of March by hosting a Speaker's Series where we invited four external speakers to engage with our employees on topics that impact women within the workplace.

The Board has oversight of the Company's Diversity Policy, which is embedded in our Code of Conduct corporate. xppower.com.

Our employees receive training on diversity annually through our Code of Conduct training. UK and Europe employees also receive bi-annual training on Equality, Diversity and Inclusion[1]. This course is CPD accredited and IIRSM & Citation approved. In 2024, 57 employees completed this training (2023: 64).

1 Excludes Rosenheim and Salach sites.

We will:

- create an environment where individual differences and the contributions of all team members are recognised and valued;
- create a working environment that promotes dignity and respect for every employee;
- not tolerate any form of intimidation, bullying or harassment, and will discipline those that breach this policy;
- make training, development and progression opportunities available to all employees;
- promote equality in the workplace, which we believe is good management practice and makes sound business sense;
- encourage anyone who feels they have been subject to discrimination to raise their concerns so we can apply corrective measures; and
- regularly review our employment practices and procedures to maintain fairness.

The Group is supportive of flexible working, including working from home, part-time and flexible hours according to the requirements of the position.

The Group employs contract and temporary workers across many locations to fill local requirements, sometimes for short periods. This is particularly the case in our manufacturing facilities globally, to ensure we are meeting customer requirements. Many temporary staff choose to become permanent employees.

In the UK, our employees who have more than two years of service are paid maternity or adoption leave for three months at 100% of salary compared to the statutory six weeks at 90% of salary. We also provide two weeks of paid paternity leave at 100% of salary compared to statutory paternity leave of two weeks at £151 or 90% of usual pay if lower.

We recognise the importance of pay equality and have undertaken analysis around gender representation to help understand our gender pay gap. We report our UK gender pay gap, even though we have fewer than 250 employees in the UK and are exempt from gender pay gap reporting. For 2024, our mean gender pay gap is 36.4% and our median gender pay gap is 38% (2023 mean: 39.9%, median 41.2%). We eliminate any form of discrimination.

Our workforce in numbers

This page provides a summary of our workforce. Full data can be found in our non-financial performance indicators, section page 99.

Number and percentage (%) of contract or temporary workers to total employees[1]

		2024
Global	Average number of employees	2,303
	Average number of temporary or contract employees	263
	Percentage of temporary or contract employees to permanent	11.4%

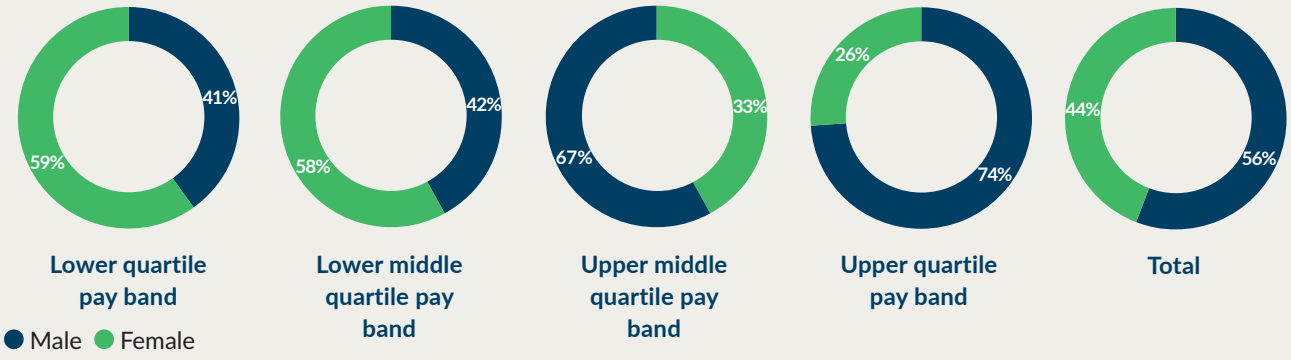
1 In 2024 we changed our definition for reporting this metric to average temporary employees for the year. Therefore, only one year of data is provided.

Full-time employee voluntary turnover percentage (%)

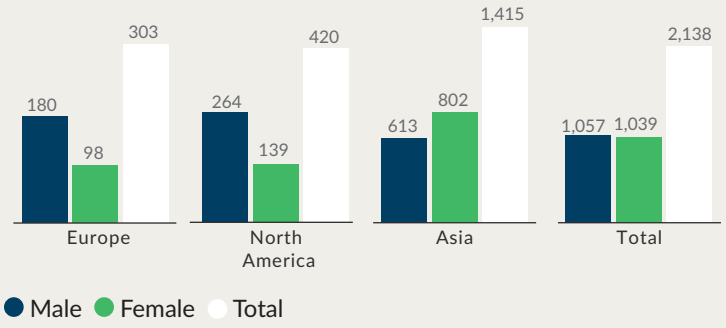
		2024	2023
Global	Average number of employees	2,303	2,669
	Voluntary leavers	870	987
	Voluntary turnover	37.8%	37%

Our workforce in numbers continued

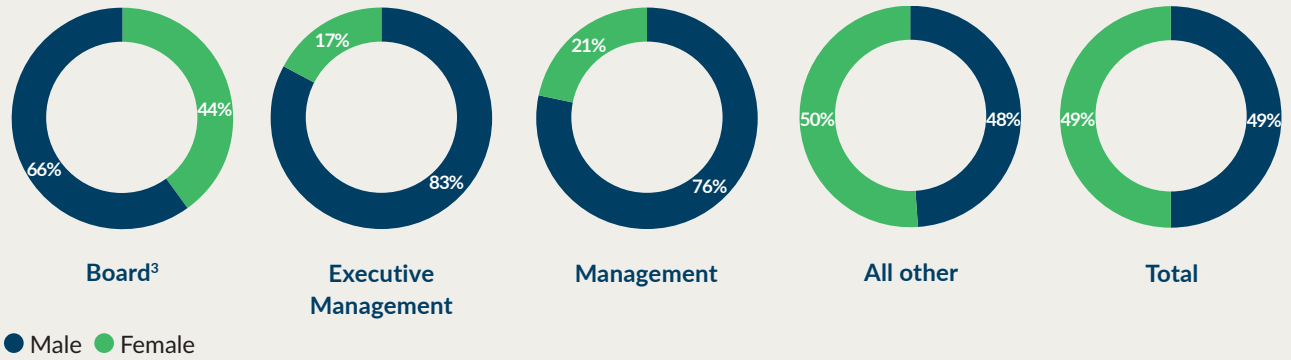
UK gender pay gap – April 2024



Employees by gender and region as of 31 December 2024



Gender diversity statistics[2]



2 There are a total of 42 undisclosed employees, 25 of which are in Europe and 17 in North America. 3 are in a management position and the remaining 39 in 'All other' layer.

3 Daniel Shook was appointed as a Non-Executive Director from 1 January 2025.

XP Power is committed to meeting the recommendations of the FTSE Women Leaders and Parker Review. 44% of our Board are women, including in roles such as Chair of the Remuneration Committee, Senior Independent Director, Chair of the Audit Committee and Designated Director for Workforce Engagement. The composition of our Board meets the recommendations set by the Parker Review Committee and the FTSE Women Leaders (formerly the Hampton–Alexander review).

Talent and career management

We have a wealth of talented individuals working across the business and recognise the importance of supporting and developing the skills, knowledge and experience of our teams. From a more structured onboarding process, which

ensures managers identify a day-one buddy and build a detailed initial training plan, to career conversations as part of the annual review process, we commit to promoting training and career development.

Developing our talent is key to our ongoing success. As a key leadership responsibility, our line managers identify high-potential employees, create development opportunities and support internal progression. Talent management and succession planning for the Executive Directors and Senior Leadership team is reviewed and discussed at Board level. Personalised people and organisation plans, aligned with the attainment of the Group's strategy, are agreed with all our executive leaders. Our people leaders (who have more than four direct reports) complete a people leadership programme, which emphasises employee engagement and clear expectations to drive high performance.

We aspire to ensure that all XP Power employees receive regular performance feedback. This runs alongside our formal performance review process, through which objectives are set, aligned and measured against our Core Values and key business priorities. In most cases, employees receive performance reviews twice or more in a year. 100% of employees receive a performance review at least once a year. We operate various bonus schemes, and all non-sales commissioned employees are eligible to participate in our general or executive bonus scheme. The overall bonus pools is determined by the financial performance of the Group, with individual bonuses allocated based on individual performance. We also have several spot recognition award schemes, which are occasionally given to teams to recognise and promote collaboration. Healthcare benefits and life assurance are also provided according to the customs in the regions in which we operate.

In 2024, we had 18 apprenticeships and 31 interns (2023: 22 apprenticeships and 26 interns), and ran programmes in areas such as finance, human resources, information technology and logistics.

Average training time (in days) per employee

		FY24	FY23
Global	Average number of employees	2,303	2,669
	Total hours	21,971	30,148
	Hours per employee	10	11
	Days per employee	1.2	1.4

Freedom of association

We allow our employees to freely associate with any relevant unions, but only employees in Vietnam are members of the local union. The number and percentage of employees covered by collective agreements in 2024 is 818 and 36% (FY23: 1390 and 52%). See page 99 for a full breakdown of employees covered by collective bargaining agreements by region.

Community partnerships

We believe that we should give back to the communities we work in as they are an integral part of our lives. All employees are encouraged to get involved in local environmental and community activities and every employee can take a day's paid leave to contribute to a charitable or worthy cause in the community.

CASE STUDY

Community engagement

Singapore Beach Clean Up

- The Singapore team recently embarked on a beach cleanup. A total of 78 participants, including employees and their family members, came together to make a positive impact on our environment.
- Through our collective efforts, we managed to collect an impressive 113kg of rubbish, helping to restore the natural beauty of our local beaches. This initiative not only reflects our dedication to environmental sustainability but also strengthens our community bonds and fosters a sense of shared responsibility.

Typhoon Yagi

- In September 2024 Typhoon Yagi hit and serious consequences followed. To support those affected, XPVN and Trade Union have decided to allocate 100m VND in aid. We hope that this assistance will help citizens in North Vietnam overcome difficulties and restore their lives as soon as possible.

Toy and Food Giveaway

- Across our North America facilities, staff generously donated for the annual food and toy drives. The donations go to local communities who need assistance.

Our activities in 2024 included the following:

The Group and our employees made donations to local charities totalling £4,003 in 2024 (2023: £15,339).

SUSTAINABILITY REPORT
4. ETHICS AND COMPLIANCE

How this strategic pillar links to the UN SDGs

This aligns with UN SDG 16 "Peace, justice and strong institutions" through internationally promoting the rule of law and reducing corruption and bribery in all forms.

It is Company policy to conduct all business in an honest and ethical manner. The first of our five core values is "Integrity", and is, therefore, embedded into our culture, as well as our Code of Conduct and the policies outlined in the following sub-sections. To ensure that employees are aware of and understand the Code of Conduct, we use our learning management system to monitor all employees on their annual Code of Conduct training. Employee compliance with the annual Code of Conduct training was 96% for 2024 (2023: 61%). This is a significant increase in compliance, which was anticipated after our Code of Conduct training campaign in Vietnam.

The Group relies on its general financial controls, authority matrix, general management oversight and review of financial and other reporting. An independent whistleblowing service is available to employees who do not feel they can raise issues of concern to their line manager or superior. The Audit Committee is responsible for monitoring this, and compliance matters are regularly reviewed by the Board.

Whistleblowing

We are committed to an environment in which open, honest communications are expected. Employees should feel comfortable bringing forward any concerns regarding violations of policies or standards, in the secure knowledge that their concerns will be taken seriously and that, when they have acted in good faith, they will be protected from adverse repercussions and/or detrimental treatment, as embedded in our Code of Conduct. We operate an internal, confidential whistleblowing programme administered through an independent third party, which is available 24/7. "Speak Up" runs in each operational country, and is available in each local language. This guarantees that employees' experiences of legal or ethical misconduct, such as discrimination, will be heard and acted upon quickly wherever it occurs. Concerns can be raised online or by phone, on an anonymous basis and in any chosen language.

Our whistleblowing policy encourages our employees to report issues if they have a reasonable belief that:

- our Code of Conduct has been breached, such as an incident of discrimination;
- a criminal offence has been committed, is being committed, or is likely to be committed;
- a person has failed, is failing, or is likely to fail to comply with a legal obligation;
- a miscarriage of justice has occurred, is occurring, or is likely to occur;
- the health and safety of any individual has been, is being, or is likely to be endangered;
- the environment has been, is being, or is likely to be damaged; or
- information that shows any matter falling within any one of the above categories has been, is being, or is likely to be deliberately concealed.

A whistleblowing report is automatically distributed to the Chair of the Audit Committee by the independent third-party provider. It is then reviewed and assigned to management or an independent third party for further investigation and response as required. Whistleblowing and Fraud is a scheduled agenda item at Audit Committee meetings. The Company is committed to taking appropriate action regarding all upheld qualifying disclosures. In 2024, there were five whistleblowing reports (2023:0)[1]. All reports were investigated and closed. As a result of whistleblowing reports, four were investigated with no further action required, one report was investigated and resulted in the implementation of a new process to address the concern raised.

Anti-bribery and corruption

It is our policy to conduct all business in an honest and ethical manner. We will not accept or give bribes or other means of inducement to obtain improper advantage. XP Power has a zero-tolerance approach to bribery and corruption, and is committed to acting professionally, fairly and with integrity in all business dealings and relationships, enforcing effective systems to counter bribery. Our policy on anti-bribery and corruption is embedded in our Code of Conduct. Employees are trained on bribery and corruption through our annual Code of Conduct Training. Our Code of Conduct's section on bribery and corruption is detailed and includes numerous examples, to ensure employees understand what is acceptable and unacceptable. Our Code of Conduct requirements are communicated to our suppliers, who must comply with its provisions. In 2024, Executive Management and the Board were aware of zero instances of bribery and corruption.

1 Includes whistleblowing reports raised through both formal and informal channels.

Our UK and EU employees also conduct biennial training on anti-bribery that is CPD accredited and IIRSM approved. In 2024, 79 employees conducted Anti-Bribery training (2023: 61). In 2024, internally led business ethics training was also provided to all employees at our Kunshan site.

Modern slavery

The Board reviews and published an annual statement, which sets our relevant and supporting policies to prevent slavery or human trafficking in our own business and supply chains. A copy of the latest Modern Slavery Statement is available on the Company's website at corporate.xppower.com

Any abuse of human rights will be acted upon immediately and appropriate action taken. All employees are trained on our Modern Slavery Policy through annual Code of Conduct training.

Human rights

Human rights are at the heart of sustainable business. We are committed to respecting human rights in accordance with international principles including the UN Guiding Principles on Business and Human Rights, the UN Universal Declaration of Human Rights, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. Employees are trained on Human Rights through our annual Code of Conduct training. No human rights violation incidents were reported during 2024 (2023: 0). The policy can be found here: corporate.xppower.com/about-us/corporategovernance.

Information systems and technology

The Group has appropriately robust and secure information technology (IT) systems, but acknowledges that no IT system can be completely secure. The Group IT Director is responsible for the integrity and security of the IT systems and communications network. The Group has penetration testing, data back-up and recovery processes in place and various processes, software and hardware prevent data security breaches and unauthorised access to the Group's systems and data. The Group holds regular cybersecurity training and awareness to ensure that our employees remain alert to threats.

During FY24, the Group experienced one cyber incident with no breaches reported. As a result, appropriate precautions were established to minimise the risk of further similar incidents.

Tax transparency

The Group is committed to compliance with all applicable tax laws and regulations in all areas in which it operates or is required to make filings. All required tax filings are made accurately and on time with the relevant authorities. It is Group policy to not engage in any aggressive tax planning or tax avoidance schemes.

We believe that our tax activities should adhere to the spirit and the letter of all relevant tax laws and regulations where we operate. We are committed to a transparent and open approach to tax reporting. Our policy, as part of our governance framework, is to file all tax returns on time, and to pay tax as it falls due.

The Group has a low-risk tolerance for uncertain tax positions where it operates. We broadly aim to align tax payments to revenue generation. We do not knowingly help others avoid their tax obligations.

We prohibit tax avoidance through transfer pricing. All intra-group transactions must be priced on an arm's length basis in accordance with the Group's internal transfer pricing policies, which reflect internationally accepted transfer pricing standards and local tax laws. We commit to not transfer value created to low tax jurisdictions and not use tax structures intended for tax avoidance. We do not operate in countries considered as partially compliant or non-compliant according to the OECD tax transparency report, or in any countries blacklisted or greylisted by the EU for tax avoidance and harmful tax practices, apart from Vietnam, where our site is based due to availability of suitable labour and not located for tax purposes.

Our commitments on taxation are implemented through a system of procedures and controls in place across the Group. Tax is a regular agenda item for the Audit Committee, which meets at least four times a year and reports to the Board. Tax compliance risks are managed through the Group's governance framework, overseen by the Audit Committee and supported by the CFO.

Government contracts

The Group has no direct relationships where it sells products or services to any government entity.

KEY NON-FINANCIAL PERFORMANCE INDICATORS

Environmental data

Emissions and energy

Operational emissions	FY24 UK	FY24 Global (excl UK)	FY24 Group Total	FY23 UK	FY23 Global (excl UK)	FY23 Group Total
Group turnover £m			247.3			316.5
Scope 1 Fugitive Emissions (tCO_2e)	9	188	197			228
Scope 1 Combustion Emissions (tCO_2e)	4	384	388	26	291	318
Total Scope 1 (tCO_2e)	**13**	**572**	**585**	**26**	**291**	**545**
Scope 2 market based (tCO_2e)	0	0	0	0	105	105
Scope 2 location based (tCO_2e)	13	5,161	5,174	30	6,351	6,381
Scope 2 purchased heat and steam (tCO_2e)	0	11	11	0	15	15
Total Scope 2 – Market based (tCO_2e)	0	11	11	**0**	**119**	**119**
Total Scope 2 – Location based (tCO_2e)	13	5,173	5,186	**30**	**6,366**	**6,396**
Total Scope 1&2 – Market based (tCO_2e)	13	584	596	**26**	**411**	**665**
Total Scope 1&2 – Location based (tCO_2e)	26	5,745	5,771	**56**	**6,657**	**6,941**
Scope 3 emissions (tCO_2e)						
1. Purchased goods and services			63,145			90,564
2. Capital goods			Not relevant, immaterial			
3. Fuel-and-energy-related activities (not included in Scope 1 or 2)			1,123			1,547
4. Upstream transportation and distribution			2,367			4,243
5. Waste generated in operations			Not relevant, immaterial			
6. Business travel			420			716
7. Employee commuting			2,764			3,324
8. Upstream leased assets						
9. Downstream transportation and distribution			Not relevant, not applicable			
10. Processing of sold products			Not relevant, immaterial			
11. Use of sold products			290,817			480,487
12. End-of-life treatment of sold products			Not relevant, immaterial			
13. Downstream leased assets						
14. Franchises			Not relevant, not applicable			
15. Investments						
Upstream Scope 3 (tCO_2e)			69,818	–	–	100,394
Downstream Scope 3 (tCO_2e)			290,817	–	–	480,487
Total Scope 3 (tCO_2e)			**360,635**			**580,881**
Total Scope 1, 2 & 3 – Market based (tCO_2e)			361,231			581,546
Total Scope 1, 2 & 3 – Location based (tCO_2e)			366,406			587,822
Scope 1&2 GHG Emissions Intensity ratio (Location based) (per Group turnover) £m			23.3			21.9

Environmental data continued

	FY24			FY23		
Energy consumption (kWh)	UK	Global (excl UK)	Group Total	UK	Global (excl UK)	Group Total
Total renewable fuels consumption (kWh)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Diesel	0	5,603	5,603	0	10,598	10,598
Gas	21,929	1,640,772	1,622,701	0	1,165,310	1,165,310
Propane		381,448	381,448	121,857	362,186	484,043
Total non-renewable fuels consumption (kWh)	**21,929**	**2,027,823**	**2,049,751**	**121,857**	**1,538,095**	**1,659,952**
Total fuels consumption (kWh)	**21,929**	**2,027,823**	**2,049,751**	**121,857**	**1,538,095**	**1,659,952**
Consumption of purchased or acquired electricity renewable	63,507	540,660	604,167	144,624	310,737	455,361
Consumption of self-generated non-fuel renewable energy (solar)	27,887	28,606	56,493	27,887	30,126	58,013
Consumption of purchased or acquired electricity non-renewable	0	10,862,794	10,862,794	0	12,107,007	12,107,007
Total electricity consumption (kWh)	**91,394**	**11,432,060**	**11,523,454**	**172,511**	**12,447,870**	**12,620,381**
Consumption of purchased or acquired heating (kWh)	0	63,808	63,808	**0**	**82,365**	**82,365**
Total renewable energy consumption (kWh)	**91,394**	**569,266**	**660,660**	**172,511**	**304,863**	**513,374**
Total non-renewable energy consumption (kWh)	**21,929**	**12,954,424**	**12,976,353**	**121,857**	**13,727,467**	**13,849,324**
Total energy consumption (kWh)	**113,323**	**13,523,690**	**13,637,013**	**294,368**	**14,068,329**	**14,362,698**
% renewable electricity from total electricity	**100%**	**100%**	**95%**	**100%**	**99%**	**99%**
% On-site solar generation	31%	0.25%	0%	16%	0%	0%
% Renewable electricity purchased	69%	5%	5%	84%	2%	4%
% Electricity purchased covered by Energy Attribute Certificates (EACs)	0%	95%	94%	0%	96%	94%
% Grid electricity from total electricity	0%	95%	94%	0%	97%	96%
Energy Intensity ratio (per Group turnover) £m			55,144			45,380

KEY NON-FINANCIAL PERFORMANCE INDICATORS CONTINUED

Environmental data continued

Freshwater withdrawal	FY24	FY23
UK	372	1,369
Germany	2,052	2,233
China	11,787	14,619
USA	8,539	5,361
Vietnam	26,193	35,386
Singapore	2,799	2,385
Global (excl UK)	**51,371**	59,984
Group Total	**51,743**	61,353
Water Intensity ratio (per Group turnover) £m	**209.2**	193.8
Water Intensity ratio (per employee)	**22.5**	22.9

Waste generation (tonnes)	FY24	FY23
Hazardous Waste	18	15
Non-Hazardous Waste	512	577
Total Waste	**530**	**592**
Hazardous Waste Intensity ratio (per Group turnover) £m	**0.07**	**1.8**

Waste Treatment/disposal (tonnes)	FY24	FY23
Hazardous Waste recycled	13	14
Hazardous Waste incinerated	3	6
Hazardous Waste sent to landfill	1	0
Non-Hazardous Waste recycled	263	158
Non-Hazardous Waste incinerated	43	93
Non-Hazardous Waste sent to landfill	207	223
Solder sent for internal recycling	8	17
Recycled waste (solder) received and used	5	13
Internal rate of recovery of solder (%)	72%	78%
Solder dross disposed[1]	2	2
Total Waste recycled	***276***	**172**
Total Waste incinerated	**46**	**99**
Total Waste sent to landfill	**208**	**223**
Total Waste non-recycled	**254**	**322**
Total Waste	**530**	**493**

1 Transferred to treatment contractor for recycling.

Social data

Health and safety training	2024	2023
Europe	233	139
Asia	1,775	1,899
US	457	486
Global	**2,465**	**2,524**

Full-time employee voluntary turnover percentage (%)		2024	2023
Europe	Average number of Employees	319	344
	Voluntary Leavers	17	44
	Voluntary Turnover	5.3%	13%
Asia	Average number of Employees	1,522	1,825
	Voluntary Leavers	793	880
	Voluntary Turnover	52.1%	48%
US	Average number of Employees	463	500
	Voluntary Leavers	60	63
	Voluntary Turnover	13.0%	13%
Global	**Average number of Employees**	**2,303**	**2,669**
	Voluntary Leavers	**870**	**987**
	Voluntary Turnover	**37.8%**	**37%**

Number and percentage (%) of contract or temporary workers to total employees[1]		2024
Europe	Average number of Employees	319
	Average number of temporary or contract employees	17
	Percentage of temporary or contract employees to permanent	5.2%
Asia	Average number of Employees	1,522
	Average number of temporary or contract employees	226
	Percentage of temporary or contract employees to permanent	14.8%
US	Average number of Employees	463
	Average number of temporary or contract employees	21
	Percentage of temporary or contract employees to permanent	4.6%
Global	**Average number of Employees**	**2,303**
	Average number of temporary or contract employees	**263**
	Percentage of temporary or contract employees to permanent	**11.4%**

1 In 2024, we changed how this metric was reported to average temporary workers rather than total number of temporary workers. Due to the change in definition, we have only reported 2024 data.

KEY NON-FINANCIAL PERFORMANCE INDICATORS CONTINUED

Social data continued

UK gender pay gap – April 2024	Male (Hourly Pay)	Female (Hourly Pay)	Total	Male %	Female %
Lower quartile pay band	11	16	27	41%	59%
Lower middle quartile pay band	11	15	26	42%	58%
Upper middle quartile pay band	18	9	27	67%	33%
Upper quartile pay band	20	7	27	74%	26%
Total	**60**	**47**	**107**	**56%**	**44%**

	2024			2023		
Employees by gender and region	Male	Female	Total	Male	Female	Total
Europe	180	98	303	198	109	340
North America	264	139	420	316	165	503
Asia	613	802	1,415	701	881	1,584
Total	**1,057**	**1,039**	**2,138**	**1,215**	**1,155**	**2,427**

	2024			2023		
Gender diversity statistics[1]	Male	Female	Total	Male	Female	Total
Board	4	4	8	4	4	8
Executive Management	5	1	6	5	2	7
Management	69	19	91	73	20	98
All other	980	1,019	2,038	1,137	1,133	2,322
Total	1,058	1,043	2,143	1,219	1,159	2,435
Board	50%	50%		50%	50%	
Executive Management	83%	17%		71%	29%	
Management	76%	21%		74%	20%	
All other	48%	50%		49%	49%	
Total	**49%**	**49%**		**50%**	**48%**	

[1] There are a total of 42 undisclosed employees, 3 of which are in management layer and remaining 39 in 'All other' layer.

Social data continued

Average training time per employee		2024	2023
Europe	Average number of employees	319	344
	Total hours	2,476	4,476
	Hours per employee	8	13
	Days per employee	1.0	1.6
Asia	Average number of employees	1,522	1,825
	Total hours	15,411	17,623
	Hours per employee	10	10
	Days per employee	1.3	1.2
US	Average number of employees	463	500
	Total hours	4,085	8,049
	Hours per employee	9	16
	Days per employee	1.1	2.0
Global	**Average number of employees**	**2,303**	**2,669**
	Total hours	**21,971**	**30,148**
	Hours per employee	**10**	**11**
	Days per employee	**1.2**	**1.4**

Freedom of Association		2024	2023
Europe	Average number of employees	319	344
	Average number of employees covered by collective agreements	0	0
	Percentage of employees covered by collective agreements	0%	0%
Asia	Average number of employees	1,522	1,825
	Average number of employees covered by collective agreement	818	1,390
	Percentage of employees covered by collective agreements	53.8%	76%
US	Average number of employees	463	500
	Average number of employees covered by collective agreement	0	0
	Percentage of employees	0.0%	0%
Global	**Average number of employees**	**2,303**	**2,669**
	Average number of employees covered by collective agreement	**818**	**1,390**
	Percentage of employees	**35.5%**	**52%**

SASB INDEX

Topic	Metric	Category	Unit of measure	Code	2024 Response
Energy Management	(1) Total energy consumed	Quantitative	Gigajoules (GJ), Percentage (%)	RT-EE-130a.1	P94–95
	(2) Percentage grid electricity				
	(3) Percentage renewable energy				
Hazardous Waste Management	(1) Amount of hazardous waste generated	Quantitative	Metric tonnes (t)	RT-EE-150a.1	P96
	(2) Percentage recycled waste				
	(1) Number and aggregate quantity of reportable spills		Percentage (%)		P84
	(2) Quantity recovered (long-term activities to remediate spills that occurred in years prior to the reporting period but for which remediation activities are ongoing)		Number, Kilogrammes (kg)	RT-EE-150a.2	
Product Safety	(1) Number of recalls issued	Quantitative	Number	RT-EE-250a.1	Not Reported
	(2) Total Units Recalled		Number		
	Total amount of monetary losses as a result of legal proceedings associated with product safety		Presentation currency	RT-EE-250a.2	Not Reported
Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances 4	Quantitative	Percentage (%) by revenue	RT-EE-410a.1	Not Reported
	Percentage of eligible products, by revenue, certified to an energy efficiency certification	Quantitative	Percentage (%) by revenue	RT-EE-410a.2	P61–63
	Revenue from renewable energy-related and energy efficiency-related products	Quantitative	Presentation currency	RT-EE-410a.3	
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	RT-EE-440a.1	P65
Business Ethics	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behaviour	Discussion and Analysis	n/a	RT-EE-510a.1	P92
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	Presentation currency	RT-EE-510a.2	Zero
	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	Quantitative	Presentation currency	RT-EE-510a.3	Zero


Ki-AOI
KHÔNG ĐẶT FIXTURE TRÊN MÁY
REPAIR STATION
AOI Input Station
Pass
BenQ