



RIBBON TCFD – Lightweight Report: v2 Aug 2021

G20 Finance Ministers and Central Bank Governors asked the Financial Stability Board (FSB) to review how the financial sector can take account of climate-related issues. The FSB established the Task Force on Climate-related Financial Disclosures (TCFD) to develop recommendations for more effective climate-related disclosures that: could promote more informed investment, credit, and insurance underwriting decisions, and in turn, would enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

TCFD is a voluntary, consistent climate-related financial risk disclosures to provide information to investors, lenders, insurers and other stakeholders.

We expect to deliver a comprehensive TCFD report in the future, after further science-based analysis of our operations and potential climate change risks. In the meantime, we are pleased to provide an overview for the benefit of our stakeholders.

For further information, see also our CDP Climate Change Submission for 2021.

1. Governance

1.1 Board oversight

Ribbon's Board of Directors reviews and supports Ribbon's sustainability strategy and climate change goals and aspirations. Our overall sustainability program is led by Ribbon's Executive Vice President and Chief Legal Officer, who updates the President and Chief Executive Officer and Board of Directors several times a year.

1.2 Management's role

Our Executive Team takes responsibility for Ribbon's climate change strategy, under the leadership of Executive Vice President and Chief Legal Officer. In 2020, our Executive Team developed and authorized a multi-year sustainability strategy, following a robust materiality assessment and selection of the most important sustainability topics that are relevant for Ribbon and Ribbon's stakeholders. The sustainability strategy comprises four pillars, one of which is Low Carbon Economy, addressing our aspiration to contribute to decarbonizing the global economy through innovative technologies and resource efficiency. As an initial target, we commit to reducing our direct greenhouse gas emissions by 30% by 2030 (Scope 1 and 2 CO₂e, from a base year of 2018), with an ultimate aspiration to achieve net zero emissions.

Within Ribbon, our Real Estate and Supply Chain Management divisions monitor our energy consumption and track our performance at each of our sites around the world. These teams are responsible for recommending and implementing operational efficiencies and recommending capital investment where relevant to support improving our energy and emissions performance.

2. Strategy

2.1 Climate-related risks and opportunities

Ribbon is primarily a contributor to climate change mitigation through the products and service we provide that accelerate and amplify digital transformation, which is proven to be an enabler of a low carbon economy. As a business that does not directly manufacture products, our infrastructure and direct greenhouse gas emissions are modest. We outsource our component manufacturing to large, reliable, robust third-party manufacturers who have a presence in multiple international locations. This enables us to implement a flexible manufacturing and logistics landscape for each product line and target markets. This structure also facilitates business continuity to mitigate risks related to trade tariffs, natural disasters and other climate change impacts.

Risks: We review risks to our business annually in our Enterprise Risk Management program and seek to mitigate identified risks through risk management actions and also through our Business Continuity Management program.

A preliminary assessment of climate change risks to our business indicates that there are no expected material impacts in the short term. In the medium to long term, we face potential disruption to services at our facilities, or disruption to internet infrastructure that could affect our customers. These risks will be mitigated through our considerable flexibility in the area of manufacturing and with our operations from our regionally diverse R&D and testing sites.

Our robust business continuity planning enables us to prepare effectively to safeguard against these risks. Additionally, in the medium to long term, we may face risks from increasing carbon regulation and pricing. We do not expect that this will materially affect our business, given our low carbon footprint today. Similarly, as we plan to reduce our carbon footprint, we expect this risk to reduce further in significance.

Opportunities: With ICT as a major contributor to sustainable development and a low carbon economy, we see significant business opportunity in the continuation of our products and service offerings which support digitization of communications and national digital transformations.

2.2 Impact on strategy

Ribbon intends to conduct a science-based analysis of potential climate change impacts on our business strategy, and we expect to disclose more extensively on this in future reports. Given the modest risk exposure of our business, we do not anticipate that a major strategic transformation will be required, but rather adjustments to new and emerging realities.

2.3 Climate resilience

With developing 5G and 6G infrastructure and providing essential services for national governments, utilities, education and healthcare sectors, we believe we are supporting climate resilience in our markets and expect accelerated and expanded demand for our products over time, as global digital transformation continues to advance, especially in emerging economies.

3. Risk Management

3.1 Process to identify climate change risk

We review risks to our business annually in our Enterprise Risk Management program and seek to mitigate identified risks through risk management actions and also through our Business Continuity Management program.

3.2 Process to manage climate change risks

Our Enterprise Risk Management program seeks to mitigate identified risks through risk management actions and also through our Business Continuity Management program. We maintain a companywide program that is carefully reviewed at each stage and approved by our Executive management.

3.3 Climate change integration

We have risk management, disaster preparedness, and business continuity plans that are fully integrated into our business planning and ongoing review. We believe these are robust enough to safeguard against climate change risks to Ribbon's business.

4. Metrics

4.1 Metrics

Ribbon measures Scope 1 & Scope 2 GHG emissions, and partial Scope 3 emissions. We are looking to enhance our understanding and monitoring of Scope 3.

Scope 1 emissions	Unit	2017	2018	2019	2020
Natural gas	MT CO ₂ e	695	959	1,127	983
Diesel	MT CO ₂ e	127	198	129	69
Gasoline	MT CO ₂ e	1,364	2,762	1,007	1,643
Total Scope 1 GHG emissions	MT CO₂e	2,186	3,919	2,263	2,695
Scope 2 emissions	Unit	2017	2018	2019	2020
Purchased electricity (market based)	MT CO ₂ e	18,786	21,641	21,218	20,422
Purchased heating	MT CO ₂ e	-	23	-	101
Purchased cooling	MT CO ₂ e	-	268	-	916
Total Scope 2 GHG emissions	MT CO₂e	18,786	21,932	21,218	21,439
Total Scope 1 & 2 GHG emissions	MT CO₂e	20,972	25,851	23,481	24,135

Scope 3 GHG emissions	Unit	2017	2018	2019	2020
Business travel	MT CO ₂ e	3,676	3,343	3,416	632
Employee commuting	MT CO ₂ e	-	-	-	1,198
Total Scope 3 GHG emissions	MT CO₂e	3,676	3,343	3,416	1,830
Scope 3 GHG emissions intensity	MT CO ₂ e /employee	0.89	0.87	0.86	0.48

4.2 Targets

Reduce direct carbon emissions by 30% by 2030 (Scope 1 and 2 CO₂e, from a base year of 2018).

Longer term, we aspire to achieve net zero greenhouse gas emissions.