



Technology
Group

Sustainability
Framework
2022/23

Doing the right thing

CONTENTS

- 02** BTG at a glance
- 04** A view from the Board
- 06** Our ESG strategy
- 08** Our sustainability framework
- 10** Targets and initiatives
- 12** Reporting mechanisms
- 14** Additional information

Cover image: the Surrey Hills near
Bytes Software Services office in Leatherhead
This page: the view from Sutton Bank near
Phoenix Software office in Pocklington

Bytes Technology Group plc (BTG) is one of the UK's leading providers of software, IT security, cloud services and hardware.



What we do

We are a value-added IT reseller, focusing on security and cloud software developed by leading vendors. We also provide professional and managed IT services, and hardware, in order to deliver complete tailored solutions.

Our purpose

We empower and inspire our people to fulfil their potential, so they can help our customers make smarter buying decisions and meet their business objectives through technology.

Our values

Be passionate about our employees, vendors and customers.

Act with integrity at all times.

Work together and collaborate across all teams.

Be kind and respectful to all people, all of the time.

Get business done and have fun doing it.



Our drivers

An **evolving portfolio of products** that customers want to buy.

Our **broad network** of IT vendor partners.

Long-standing, **trust-based relationships** with customers, who often recommend us.

Investment in **engaged, expert employees** with whom customers enjoy working.

A dynamic, **customer-focused culture** where people can thrive.

Our **wider commitments** to our community, society and environment.

Our strategy

We aim to grow organically by winning new customers and increasing our business with existing ones. We will complement this approach with carefully selected acquisitions to boost our future value when appropriate opportunities arise. This strategy has delivered double-digit growth every year for more than a decade.

Our responsibilities

As a responsible business, we recognise our duty to everyone who works for us, with us and around us. It's a philosophy underpinned by our core values of integrity, respect and kindness. We focus on doing the right thing by **our people, our communities and our planet.**



A view from the Board



The Board embraces the principles of the UK Corporate Governance Code, especially those aimed at promoting transparency around stakeholder engagement. We consider the interests of Bytes Technology Group's (BTG/Group) investors, customers, suppliers, vendors and communities, and the environment, in our decision-making and in how we deliver our strategy to achieve long-term, sustainable success.

Our carbon reduction goals

50% targeted reduction in Scope 1 and 2 emissions by 2025/26

50% targeted reduction in Scope 3 emissions by 2030

Net zero emissions by 2040

“ We have set ambitious goals and strategic priorities and are committed to achieving these in a sustainable manner.



We have set ambitious goals and strategic priorities and are committed to achieving these in a sustainable manner. This means that we take a holistic approach to how we do business, considering more than just financial prosperity. It means we provide a diverse and inclusive place to work, that we are genuine towards our vendors and customers, and that we live up to the high expectations of our stakeholders – and ourselves – to always conduct business with integrity, kindness and respect. And it means that our organisation must be built on good governance practices, that we comply with legislative and regulatory requirements, and that our conduct is ethical.

Being a responsible business needs decision-making that is informed by balanced and integrated information. To build resilience and make sure BTG is here for the long term, we must fully understand the environment we operate in, the legitimate needs and interests of our stakeholders, and our risks and opportunities. Taking a sustainable approach to business helps to make our operations more efficient and to differentiate our products – and that improves our processes and profitability.

That's why we've developed a sustainability framework that highlights the values that drive our business and the matters material to it, and that guides how we monitor our sustainability impact and performance. This framework lets us understand the holistic performance of our organisation and to report on it in a balanced and integrated way.

Sustainability remains core to BTG's strategy. This is not just the responsibility of leadership – it is embedded at every level of the organisation, within our growth and social impact areas, our product and service segments, and in all our stakeholder engagements and decisions.

Our approach

Our approach to sustainability is rooted in the idea of shared prosperity within the Group, which means we aim to deliver positive outcomes for our customers, colleagues and communities across four key themes of sustainability:

- Financial
- Environmental
- Social, including culture
- Governance.

Sustainability relies on business practices that are environmentally, socially and financially responsible – and on good governance and ethical decision-making that is transparent and for the long term.

Our approach to sustainability is defined through this sustainability framework, which we refine and update as our sustainability focus matures and evolves.

The framework's purpose is to detail our sustainability drivers, performance and targets as our business adapts to change. It highlights our strategic objectives and leadership accountability for each material matter, supports how we determine targets for those matters, and outlines our activities to meet our objectives and progress towards our goals.

The framework is used internally to inform BTG employees as part of their induction process, to increase general sustainability literacy and to help those working directly with customers deliver the Group's message and core principles. We also reference the framework in our Annual Report to provide more detail to investors and other stakeholders about our sustainability priorities.

Our commitment

We are committed to achieving our strategy in a sustainable manner: building our business on good governance practices, ethical conduct and legislative compliance, improving our environmental impact and creating long-term value for the Group and our stakeholders.

Our ESG strategy

At BTG we strive to do more than is demanded and expected of us. We believe that business can be a force for good, which is why we value all our stakeholders – internal, external and environmental – and why environmental, social and governance (ESG) issues are so important to our business and our values.

ESG is about making a difference for the external environment and for our business – that is, creating sustained outcomes for environmental and societal good. We also know that ESG factors affect the financial performance and sustainability of BTG as an investment over the long term.

Although ESG is presented as separate areas, the overlap between them means good governance is needed to progress initiatives in the other areas. Environmental concerns have a big impact on mental health, for example, and we know this can affect our employees

and society at large. Doing our bit for the planet also supports the health and wellbeing of our employees, customers and communities.

Employee-led corporate social responsibility (CSR) teams within each of the Group’s businesses undertake environmental and social initiatives, to give back to the community and reduce our impact on the environment. These initiatives are driven by BTG’s core values and have already produced significant change.



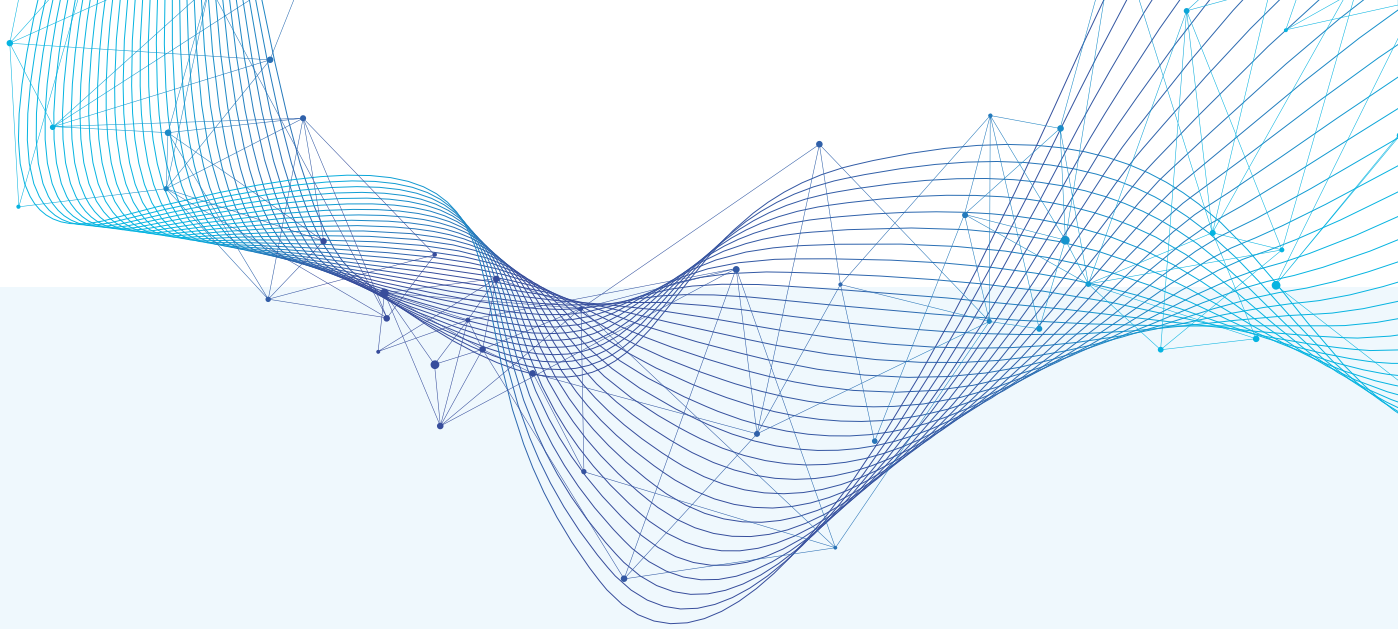
Our sustainability governance and management structure

BTG’s Board is accountable and responsible for sustainability and is supported by the CEO and other senior leaders in ensuring that sustainability remains core to our strategy.

The Board provides a strategic and oversight role and monitors our sustainability performance. The leadership teams are responsible for determining the strategic objectives and targets for each material matter and for supporting business operations to identify and implement activities to achieve these targets. Relevant performance information is reported to the Board on a half-yearly basis, with any material matters discussed and actions identified, as necessary. Activities and performance against targets are also reported in our Annual Report.

The Group sustainability manager is responsible for reporting sustainability activities.

| |
|---|
| The Board <ul style="list-style-type: none">• Overall responsibility for the effective delivery of our environmental targets• Oversees climate-related risks and opportunities• Considers climate change as part of our engagement with stakeholders• Our CFO is BTG’s executive director for sustainability• The Board, with senior leadership, also oversees governance aspects of ESG |
| Executive Committee, management and Group sustainability manager <ul style="list-style-type: none">• Operational management of environmental targets and stakeholder engagement• Review and monitor climate-related risks and opportunities |
| Sustainability Steering Committee <ul style="list-style-type: none">• Sustainability Steering Committee (previously environmental and social steering committees) created in 2021/22• Members drawn from senior leadership and across the business• Considers progress against targets and assesses operations from a sustainability viewpoint• Meets quarterly |
| Operational teams (Better Bytes team and Phoenix Sustainability Network) <ul style="list-style-type: none">• Champion practical environmental activity• Raise awareness of local social and environment issues• Meet regularly |



Stakeholder engagement

Our stakeholders – our employees, customers, suppliers and vendors, the environment and communities in which we operate, and investors – have an important role to play in the successful operation of our business, and our Board takes its responsibilities to these stakeholders seriously.

We believe it appropriate to consider the potential impact on our stakeholders when considering BTG's strategy or other actions. Indeed, these responsibilities are rooted in our culture, values and company

purpose. The Board continues to consider our stakeholders in its decisions and actions – and in a way that will continue to promote the success of BTG for the benefit of its members as well as all other stakeholders.

As our approach to measuring carbon emissions matures, for example, we are engaging more widely in our value chains to understand how our suppliers and customers are working to reduce their own carbon footprints, which also affects our own.

Our material matters

Our approach to responsible business is informed and shaped by the ESG issues that matter most to our stakeholders. We combine this with our own assessment of what has the greatest impact on our business and our ability to create long-term financial and non-financial value. As social norms and stakeholder priorities evolve over time, we take an iterative approach, engaging with stakeholders and adapting as necessary.



Environmental

Environmental criteria includes our use of natural resources, directly and through our value chain. It encompasses carbon emissions, waste, water use and biodiversity. How we and other businesses respond to environmental impacts will affect current and future generations.



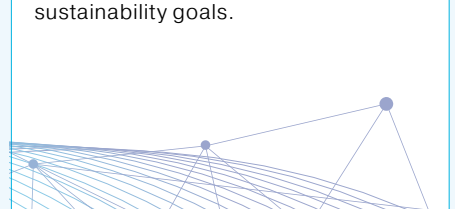
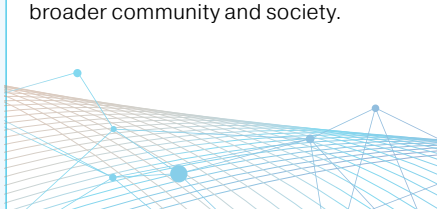
Social

Social criteria addresses the relationships we have and the reputation they foster with people and institutions in the communities where we do business. This includes labour relations, employee development, diversity and inclusion, responsible sourcing practices, and our relations with the broader community and society.



Governance

Governance is the internal system of practices, controls and procedures that we adopt to govern the company transparently and with integrity. This pillar includes board diversity, shareholder rights, executive compensation and how this compensation aligns with sustainability goals.



Our sustainability framework

Our sustainability framework identifies the four value drivers – financial sustainability, environmental, social and governance – that promote our strategy, purpose and values, and the material matters that could affect our ability to create value over time.

Sustainability framework

| Financial sustainability | Environmental | Social | Governance |
|--------------------------|-------------------------|-----------------------------------|--------------------|
| Sales growth | Risks and opportunities | Human rights | Board structure |
| Profitability | Carbon and climate | Labour, health and safety | Compensation |
| Investor relations | | Stakeholders and society | Shareholder rights |
| | | Product safety, quality and brand | Audit/risk |

These value drivers are underpinned by governance practices, integrity, risk and reputation management, and compliance requirements. The material matters related to each value driver have specific owners and defined strategic objectives. Those objectives are linked to our KPIs, providing a means of measuring, tracking and benchmarking performance – and are realised through the activities and initiatives we describe on the following pages.

The structure provides a high-level, strategic perspective of our sustainable business priorities, while also offering details of our progress.

Reviewing and updating the framework

Our framework will evolve as we continue to engage with stakeholders and regulators – and as our approach to sustainability evolves. Since the framework’s previous iteration, we have been through a formal process to align our net zero targets with a greater understanding of our greenhouse gas (GHG) emissions and have created more avenues for formally reporting our environmental and social progress.

Activities, targets and accountability for performance will increasingly be embedded within our day-to-day operations, through workshops and one-to-one engagements. Although the framework will be updated regularly, it will be formally documented and reviewed annually, and signed off by senior leadership.



UN Sustainable Development Goals

Led by the UN, world leaders have agreed to implement strategies that aim to help the way countries use resources to be more sustainable. The UK Government has committed to the SDGs and has stated that local government can support delivery against two-thirds of the targets.

BTG has committed to seven SDG goals – around poverty, hunger, health, education, equality, work and climate – which are detailed in our CSR strategy. Having a CSR strategy allows us to share our goals with our colleagues, customers and communities. Read more about the goals and our strategy in our CSR Policy Statement at bytesplc.com.

These seven goals align with areas where we believe we can make an impact and work to improve within our own business, and where we can support initiatives in our communities and further afield through volunteering and donations. We also support climate action projects with financial contributions, which meet many of these goals (see [page 11](#)).



Measuring, monitoring and reporting

The executive team is responsible for determining the strategic objectives and targets for each material matter and for supporting business operations to identify and implement activities to achieve these targets. Relevant performance information, including any performance discrepancies, are reported to the Board at regular intervals during the year.

Regulatory and voluntary codes and standards

The framework is also used to support content and performance disclosure for BTG's Annual Report, which we prepare in line with the UK Corporate Governance Code.

Partnerships and alignments

We have aligned to several initiatives and regulatory frameworks to guide and provide transparency on our actions. These include the UN Global Compact, UN Sustainability Goals, ISO 14001, CDP and the Science Based Target initiative (SBTi).

We are looking to develop our goals and will be pursuing a B Corp submission in 2023/24. We will also strengthen our disclosure with CDP and submit our Carbon Reduction Plan to the SBTi by the end of our financial year.



United Nations
Global Compact



SCIENCE
BASED
TARGETS

Targets and initiatives

As a responsible business that is committed to protecting the planet, we are reducing our carbon emissions and helping our customers to do the same. Our goal is to reach net zero emissions by 2040, at the latest.

Carbon Reduction Plan

BTG achieved carbon neutrality for Scope 1, 2 and business emissions Scope 3 in 2022 through our work investing in projects with Ecologi. We are aware that this is a transitional phase, while our focus remains on reducing our carbon emissions. In 2023/24, we will focus on expanding our measurements for Scope 3 emissions and reducing our GHG emissions across all scopes. In 2022, we also moved to 100% renewable electricity supplies across our business.

Our focus in the past year and into this year has been to:

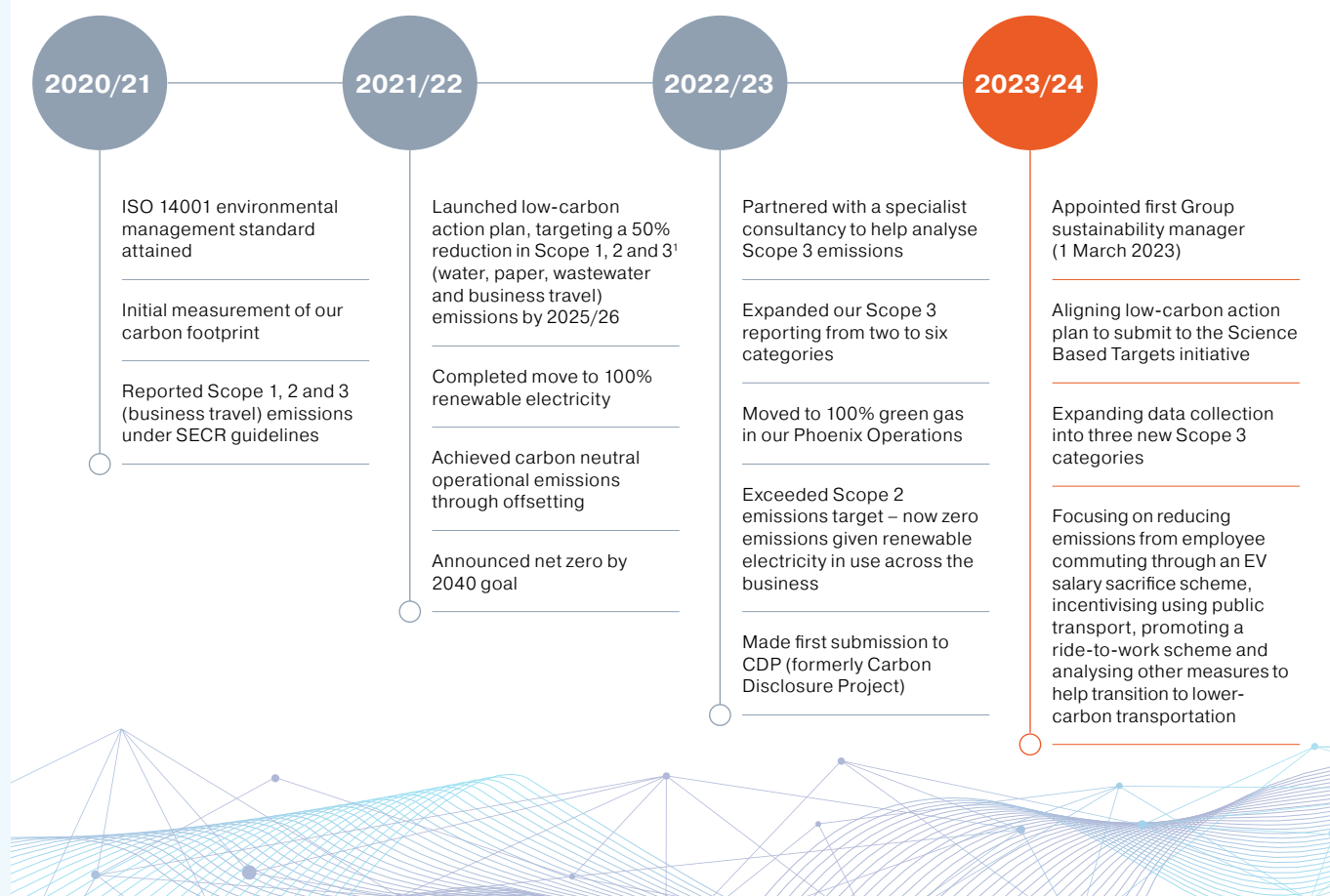
- Identify which categories of Scope 3 are relevant to our business – this has been achieved, with nine of the 15 categories identified
- Create realistic targets for transitioning to net zero, aligned with Science Based Targets – this has been achieved and updated targets are given on the next page
- Measure additional categories for reporting emissions in 2022/23 – this has been achieved, having increased our measurements from four to six categories
- Measure and report on all relevant categories – this is ongoing and a focus for 2024.

Analysis of Scope 3 emissions and reporting status

| Category ¹ | Commentary | Status |
|---|---|--|
| 1 Purchased goods and services | A subset – paper, water and wastewater – first measured in 2021/22. Other subsets of this category need more analysis through work with our suppliers | Partially reported 2023/24 focus area |
| 2 Capital goods | Identified as relevant; aiming to expand data collection in 2023/24 | 2023/24 focus area |
| 3 Fuel and energy-related activities | First measured in 2021/22 | Reported |
| 4 Upstream transportation and distribution | First measured this year; aiming to improve accuracy of data in 2023/24 | Reported |
| 5 Waste generated in operations | First measured in 2021/22 | Reported |
| 6 Business travel | First measured in 2020/21 (car only) as part of our original Scope 3 reporting; expanded into all means of transport in 2021/22 | Reported |
| 7 Employee commuting | First measured this year; aiming to improve accuracy of data in 2023/24 | Reported |
| 8 Upstream leased assets | Identified as not relevant | N/A |
| 9 Downstream transportation and distribution | Identified as not relevant | N/A |
| 10 Processing of sold products | Identified as not relevant | N/A |
| 11 Use of sold products | Identified as relevant; aiming to expand data collection in 2023/24 | 2023/24 focus area |
| 12 End-of-life treatment of sold products | Identified as relevant; aiming to expand data collection in 2023/24 | 2023/24 focus area |
| 13 Downstream of leased assets | Identified as not relevant | N/A |
| 14 Franchises | Identified as not relevant | N/A |
| 15 Investments | Identified as not relevant | N/A |

¹ Categories as defined by the Greenhouse Gas Protocol.

The road to net zero – our journey so far



Scope 3 breakdown

When we first announced our low-carbon action plan, we included aims to reduce our Scope 1, 2 and 3 emissions by 50% by 2025/26, from our 2020/21 baseline.

Since we launched the plan, we have begun working with a specialist carbon emissions consultancy, CBN Expert, to gain a much better understanding of our Scope 3 emissions and so broaden our reporting of the categories that apply to us (as defined by the Greenhouse Gas Protocol).

We have now identified that nine of the 15 Scope 3 reporting categories are relevant to our business and amended our targets for Scope 3 to align with Science Based Targets and balance ambition with realistic achievement.

Net zero and interim emissions reduction targets

- 2026 – reduce Scope 1, 2 and a subset of Category 1 Scope 3 emissions by 50%
- 2030 – reduce all remaining (relevant) Scope 3 emissions by 50%
- 2040 – net zero across all Scope 1, 2 and 3 emissions (nine categories).

Each of our underlying operations – Bytes Software Services and Phoenix Software – has published its own Carbon Reduction Plan, focusing on the activities and initiatives to reach the overall Group targets. The outline of these plans is available on their websites: bytes.co.uk and phoenixs.co.uk.

Investment in carbon action projects

Carbon neutrality has been used as an end goal or has had more focus than carbon reduction in some businesses. At BTG, our focus is firmly on reducing our emissions. But we believe that while we take these actions, we will also invest in climate action and community projects to the value of our emissions. We do this through a trusted partner, Ecologi, to financially help fund four global projects:

- Protection of the Matavén forest in eastern Colombia (REDD+)
- Small-scale onshore wind power in Sri Lanka
- Avoiding methane emissions from landfill in Brazil
- Distributing cleaner cookstoves in Kenya.

Between them, these projects work to meet 12 different SDGs, including the seven we have focused on.

Reporting mechanisms

We follow an approach to responsible business informed and shaped by the ESG issues that matter most to our stakeholders, combined with our own assessment of what has the greatest impact on our business and our ability to create long-term financial and non-financial value.

ISS ESG reporting

| | Element/value driver |
|---|---|
| Financial sustainability | 1. Sales growth 2. Profitability 3. Investor relations |
| Environmental (99) Net zero target | 1. Risks and opportunities (11) 2. Carbon and climate (52) 3. Natural resources (9) 4. Waste and toxicity (27) |
| Social (116) | 1. Human rights (34) 2. Labour, health and safety (43) 3. Stakeholders and society (34) 4. Product safety, quality and brand (5) |
| Governance (102) | 1. Board structure (41) 2. Compensation (35) 3. Shareholder rights (11) 4. Audit/risk (15) |

Note: Figures in brackets denote number of assessment points under each element/value driver, with a total of 317 points (excluding Financial sustainability).
Lower Governance Risk = 1
Higher Governance Risk = 10
Higher E&S Disclosure = 1
Lower E&S Disclosure = 10

| ESG Quality Score | |
|--------------------|-------|
| Area | Score |
| Environment | 2 |
| Social | 2 |
| Governance | 5 |

The scoring for ISS ESG is tracked monthly, and we continue to work on improving our score. As a stretch goal, we aim to be at or under a combined score of 3 across these areas. We will publish the score annually in this framework, at the end of each financial year.



Our current combined ESG score of 3/10, meets our internal goal, and is made up as follows (as at 1 March 2023):

Other disclosures

Streamlined Energy and Carbon Reporting (SECR)

Each year, we work with a third-party consultancy to assess our carbon emissions against Scope 1, 2 and a subset of Scope 3. As discussed on [page 11](#), this will expand into the other areas of Scope 3, which have been identified as relevant to our business, over the next year. For more detail and our full emissions reporting, see our Annual Report and Accounts 2022/23 (pages 44-49).

Task Force on Climate-related Financial Disclosures (TCFD)

The Financial Stability Board created the TCFD to improve and increase reporting of climate-related financial information. It focuses on analysing risks to the business that could affect strategy, stability and governance. See our Annual Report and Accounts 2022/23 (pages 50-56) for our full response to the TCFD recommendations.

Energy Savings Opportunity Scheme (ESOS)

This is a mandatory energy assessment scheme for BTG, because we meet the ≥ 250 employees' criteria. Reporting is once every four years and was last completed in 2019. Reporting must next be submitted by 5 December 2023. As with our last submission, we will work with a third-party consultancy to assess our energy audit and ESOS assessment.

Carbon Disclosure Project (CDP)

CDP is a voluntary scheme to enable disclosure on climate change, forests and water security. It is aligned with the TCFD recommendations. BTG considers it a key tool in becoming more transparent as we continue to reduce our carbon emissions, by tracking and benchmarking our progress. We submitted our first disclosure on climate change to CDP in 2022/23. This first submission was on a non-scoring basis, but will be rated by CDP from the next submission, which will be submitted in July 2023.

Ecovadis

Ecovadis is a well-respected and recognised ESG assessment and rating tool. For Bytes Software Services, we submit data to Ecovadis every year, with the primary outcome of sharing our scorecard and data with customers and other stakeholders. The assessment is divided into four areas: Environment, Labour and Human Rights, Ethics and Sustainable Procurement. The next submission is due in July 2023, and we are aiming to improve our score in all areas.

Additional information

Corporate policies

Our sustainability framework complements our corporate policies and procedures, as detailed below, which we continuously review and update. More Group policies are available at bytesplc.com



Bytes Software Services

[Anti-bribery policy](#)

[Equality and diversity policy](#)

[Business terms and conditions](#)

[Sanctions policy](#)

[GDPR](#)

[Health and safety policy](#)

[ISO standards/certification](#)

[Modern slavery statement](#)

[Supplier code of conduct](#)

[Social engineering fraud](#)



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For more information, contact
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Sustainability initiatives, partnerships and associations

- ISO 14001 Environmental Management
- Octopus electric vehicle salary sacrifice scheme
- Living Wage Employer
- onHand volunteering
- Ecologi for funding carbon action projects
- Microsoft Partner Pledge
- Prompt Payment Code
- Great Place to Work
- Tech Talent Charter
- Fairtrade, Rainforest Alliance Certified Coffee
- Cloud First business approach and customer engagement
- IEMA Associate membership
- The Prince's Regeneration Trust
- Mental health first aiders
- Food bank scheme
- DigiGirlz Microsoft STEM events for schools
- Signatory to Time to Change Employer Pledge
- Multidiscipline apprenticeship scheme
- Awareness among customers around options available to them through programmes such as the Microsoft UK Digital Skills Hub
- Women in IT membership
- Signatory to the Race at Work Charter
- Disability Confident Committed employer

