

Sustainability review

“ This has been an excellent year for progress in environmental and social goals. In fully understanding and quantifying our carbon emissions across Scope 3 and submitting our targets to SBTi, we have achieved two big milestones.

Lisa Prickett, Group Sustainability Manager



“ At Phoenix, we take sustainability seriously. Our investments this year have opened up opportunities to reduce our carbon emissions and build new partnerships to make a positive impact in our customer communities.

Jennifer Clewley, Sustainability Lead, Phoenix



We're a responsible business, with a duty to everyone who works for us, with us and around us. This philosophy is underpinned by our core values of integrity, respect and kindness. We strive to do the right thing by **our people, our communities** and **our planet**.



Our people

We aim to attract, engage and retain employees, helping them build fulfilling and rewarding careers in a supportive and fun environment.

- Our headcount rose from 930 to 1,057.
- Our employee net promoter score reached 71.

>> [Read more on pages 32 to 35](#)



Our communities

By extending our long track record of volunteering our time and giving money in the areas where we work, we're creating stronger communities.

- Our people devoted more than 1,500 hours to voluntary work.
- We donated money and goods to numerous good causes, from the Turkey–Syria earthquake appeal to charities supporting young people from marginalised communities.

>> [Read more on pages 36 to 37](#)



Our planet

In our own actions, and by supporting our customers to use IT more sustainably, we're helping to protect the planet for future generations.

- We made major progress in more fully measuring our Scope 3 emissions – the indirect emissions across our value chain.
- We submitted our carbon reduction targets to the Science Based Targets initiative for validation.

>> [Read more on pages 38 to 43](#)

Our Sustainability Framework

Our Sustainability Framework is published as a separate document and is available at bytesplc.com.

We support all the UN Sustainable Development Goals, but focus on the seven where we can have the most impact:



Sustainability review continued

Our people

Our talented people drive our success as a business, and we strive to help them build fulfilling careers, with clear progression paths. In 2023/24, for the first time, we had more than 1,000 employees, as we continued to expand our teams to serve our growing customer base.

Two leading brands, one set of values

Our two businesses, Bytes and Phoenix, have 631 and 420 people respectively. Each business operates autonomously and has its own identity, headquarters and management team, but they have many commonalities. These include similar employment policies, industry-leading knowledge and, most importantly, the same values and culture. The businesses also look for opportunities to share good practice and insights, for the benefit of BTG.

Communicating with our employees

Along with the regulatory announcement to the market, communicating with employees was one of our primary concerns after the former CEO's resignation. New CEO, and former MD Phoenix, Sam Mudd communicated with all staff to introduce herself to those at Bytes and reassure employees that Neil's resignation would have minimal impact on the continuity of the business. We also prepared an interview piece about Sam that went out to all employees. Throughout this period, Sam led by example with her honest, open approach, which helped all managers and employees do the same.

We were pleased to hear that people generally felt that the situation was, as we characterised it, the actions of one individual and was in no way a reflection on the company or the rest of the BTG team.

Growing our great team

Every year our customer base grows and the technology powering the products we provide evolves. To keep offering the high levels of service and expertise for which we are renowned, we also need to expand and adapt. That means recruiting new people with a passion for technology, as well as training and retaining our existing employees.

“ Apprenticeships are an important and successful part of our efforts to develop our talent from within. This year, for the first time within Bytes, we had people doing degree apprenticeships – gaining valuable work experience while they study – a development that we are really pleased with.

Clare Wicks, Career Pathway Manager, Bytes



Impressive outcomes from our Great Place to Work surveys

Based on staff surveys, Phoenix was certified as a Great Place to Work in the 2021/22 financial year, and Bytes followed a year later. We continued to generate impressive survey results this year, with 94% of employees at Phoenix and 87% at Bytes agreeing that they work at a 'great place', compared to 54% of employees at a typical UK-based company. Both businesses featured in the following Best Workplaces lists this year too: women, wellbeing and tech. In addition, Phoenix was ranked seventh in the UK's Best Workplaces among large organisations, and Bytes moved up ten places in the same overall rankings during the year.



This year, we increased our headcount by almost 14%, to 1,057. We're proud of the loyalty of our people, many of whom have been with us for a long time. We ran new apprenticeships in HR, marketing, sustainability, governance and business analysis in 2023/24 and, across the Group, doubled the degree-level apprenticeships we offer. Apprenticeships are an important and successful part of our efforts to develop our talent from within, and our new employees included 15 sales and technical apprentices across our two businesses. This year, and for the first time within Bytes, we had four people doing degree-level apprenticeships – gaining valuable work experience while they study – a development that we are really pleased with.

With many new people joining us, it was important to make sure we had the capacity to integrate them, to offer support and to help them understand our culture. Our induction programmes, which run over several weeks, are designed to get people quickly up to speed with our way of working. All our managers receive training on how to onboard employees, and this year we appointed leaders in the various departments to provide additional

support. Other measures include pairing new staff with an experienced 'buddy', introductory meetings with department heads and directors, and a check-in from the welfare manager after a few months.

Rewarding our people, whatever their roles

We pay our people fairly, but we also reward high achievers and those who go the extra mile for our customers and colleagues. Our employee recognition programmes, based on the achievement of business objectives, both for sales and non-sales staff, include prizes such as a scuba-diving trip to Malta. We also offer awards for employees of the month and people who are seen to be 'living our values' in all they do at work. At Bytes this year, eight people recognised for supporting their colleagues' wellbeing were rewarded with a stay at a wellness spa near Lake Garda in Italy.

We also recognise and reward long service. This year, Phoenix aligned its policy with Bytes, to give an additional day of annual leave for anyone who has been with us for five years, rising to an extra five days' paid holiday for those with 25 years of service.

Our values

- Be passionate about our employees, vendors and customers
- Act with integrity at all times
- Work together and collaborate across teams
- Be kind and respectful to all people, all of the time
- Get business done and have fun doing it

In June 2023, we launched our third Sharesave scheme, which was again well received. More than half our staff have participated in one or more of these plans. Taken together, all these initiatives contribute to our high employee net promoter score (eNPS) of 71, which measures the likelihood of people recommending their employer to others.

Sustainability review continued



Supporting wellbeing and promoting good mental health

We do all we can to support the health and happiness of our people. They can, for example, use the free or subsidised gyms at or near our offices, and buy reduced-price bicycles through our cycle-to-work programme. In our offices we provide free fruit and healthy meal options.

We take mental health seriously, encouraging openness and providing support for anyone who needs it. We have a 24/7 employee assistance programme, offer up to two extra days of discretionary paid leave for people in difficulty, and our designated wellness ambassadors are

always available for a chat. This year we held informative sessions for staff about men’s mental health, menopause and, given the high cost of living, financial wellbeing. Our managers also received training on mental health issues, and an introduction to neurodiversity.

Our hybrid-working policy – which, with their manager, lets people determine the best approach for them and the business – contributes to wellbeing. People whose role doesn’t require them to be fully office-based can spend around half their hours working remotely. We believe this gives us and our people the best of both worlds: the benefits of collaboration,

innovation and social interaction in the office, with the flexibility and positive work-life balance that comes from being at home.





Helping our people fulfil their potential

We want all our people to reach their potential. Every employee, whatever their role, is given an opportunity to be supported on a personal development plan. We provide regular opportunities for training, which not only benefits our employees, but also the business, since we can offer our customers greater expertise. In addition, public sector tender frameworks require us to have certain accreditations, and vendors pay us higher rebates if we are well accredited. At Phoenix, for example, we focused heavily on digital training this year, so all our staff can operate at a high level using Microsoft applications.

Identifying and developing future leaders is a strong priority for us. At Bytes, we selected 12 people, most aged under 30, to participate in a programme run by an external consultant to help develop their leadership skills and style, and we will extend that programme in the coming year.

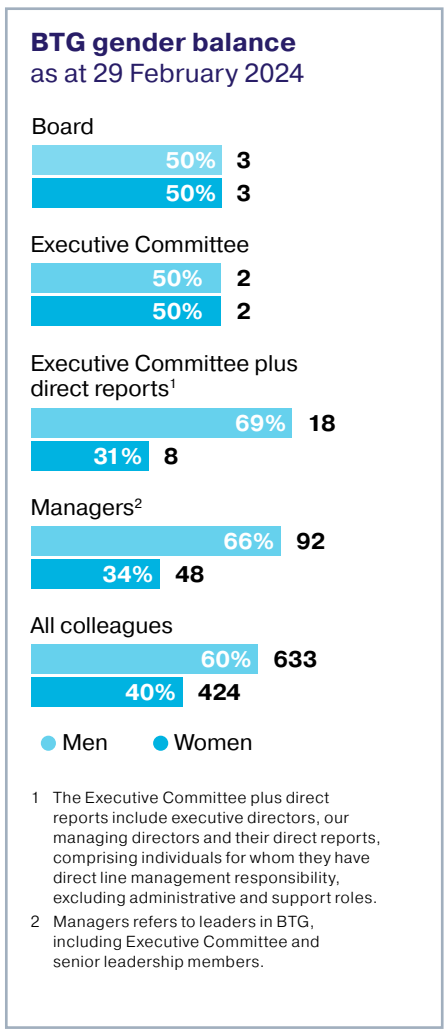
Working towards greater gender and ethnic diversity

Providing equal opportunities to people of all genders and ethnicities is not just something we believe in – we see it as our responsibility. In recent years we’ve made good progress in gender parity. Sam Mudd is our CEO, and Clare Metcalfe the new MD Phoenix. Women now represent 34% of the combined managers at Bytes and Phoenix, and around 40% of our total workforce. By comparison, across the UK, less than a third of people in the technology sector are women.¹ At a Board level, our gender balance was 50% at year end, compared with 29% at the end of 2022/23.

We’ve also seen progression in the types of roles women hold at BTG – for example, we have more women entering technology sales positions, which are typically better paid. As part of our commitment to encourage more women to enter the technology sector, we work with local schools and attend events that promote women in IT.

We are also trying to become more ethnically diverse, though progress has been slower than with gender. Our workforce has a higher proportion of people from a White British ethnicity than reflects UK society as a whole, but it does reflect the demographics of the locations of our head offices, in Surrey and East Yorkshire. As part of our efforts to actively encourage more diverse hiring, we provided training this year to our hiring managers on how to avoid unconscious bias when recruiting. We also work with a specialist agency that helps companies hire people from minority groups. We’ve continued to collect data on our ethnicity breakdown, based on voluntary self-reporting from our some of our employees and, in 2024/25, aim to have a self-reporting ethnicity option for all employees.

We have held awareness activities to promote understanding and inclusion. Our employees created a Ramadan awareness session, for example, with people taking on a day of Ramadan fasting.



¹ womenintech.co.uk/women-in-tech-survey-2023

Sustainability review continued

Our communities

One of the things we are most proud of about our people is their passion for making a real difference in the communities in which we work.



Volunteering enriches our local areas, aligns with our goal of supporting social causes and builds the reputation of our businesses. It's also really enjoyable and rewarding for our employees and enhances their wellbeing.

In addition, as part of BTG's commitment to support positive change in our environment and communities where we operate, we continue to make financial contributions in various ways to corporate social responsibility activities.

Giving our time to help others

Volunteering is at the heart of our community work. We give everyone one fully paid volunteering day a year to help causes that are close to their hearts. And many of them use this opportunity to do a wide range of wonderful work. At Bytes, for example, more than 100 people spent time helping at an animal charity close to our office in Surrey. The Wildlife Aid Foundation, which is one of the UK's busiest wildlife rescue and rehabilitation centres, needed assistance in moving to a bigger site, so over the summer our staff got their hands dirty planting trees and hedgerows and building ponds and pathways.

The work was greatly appreciated and, besides the satisfaction of a job well done, our employees also benefited from getting to know each other better. In all, BTG employees contributed more than 1,500 hours to supporting our local communities.

We know how much our staff like helping other people so, to make it easier to find ways to do that, we partner with the onHand volunteering platform. This enables people to sign up for 'missions' that take as little as an hour. Among the local causes supported this way in 2023/24 was the Wetherby Foodbank, and two swimming clubs: East Riding Leisure Driffield and Pocklington Dolphins.

Case study

Partnering with the Rio Ferdinand Foundation to promote IT to girls

At Phoenix, we're delighted to have built a partnership with the Rio Ferdinand Foundation, which was set up by the former professional footballer to create opportunities for young people to tackle inequality, achieve their personal potential and drive social change. This year, the foundation ran a digital leadership programme for 50 high-school girls from deprived areas of Manchester. We provided a full day of career advice from two women in our cybersecurity team, who talked about what it was like being a woman in tech and what their jobs entailed, before leading some fun digital activities.

A few weeks later, the same students came to our offices in Salford, where they received a tour of Media City and took part in several immersive IT activities, including learning about sustainable cities and then putting their knowledge to the test using Minecraft, and experiencing virtual reality technology. In feedback, the girls said the workshops had really inspired them, and more than three quarters of them said they were thinking about careers in technology.





Community activities

- ① Wildlife Aid Foundation
- ② Dragon Boat racing
- ③ Thames River Kayak Challenge
- ④ Christmas fair at Leatherhead

1,110
hours of volunteering
by Bytes staff

Raising and donating money for good causes

As a Group, and through our people, we donate money to charities and institutions that can use it to help others. At Phoenix, we again supported two great causes this year: St Leonard's Hospice and York Special Care Baby Unit. In total our people raised more than £11,000 for them, as well as other charities and causes, including Save the Children, Macmillan Cancer Support and the Turkey–Syria earthquake appeal. Fundraising activities included entering several teams to run the relay event at the Yorkshire Marathon, Christmas jumper day, an Easter raffle, a bake-off, and golf and horse-racing fun days. To further support our local communities, we also sponsored a girls' and a boys' football team, and held an autumn fair, where nearby businesses were invited to sell their wares.

Many of our employees raise money in their own time, and we're pleased to support their efforts. At Bytes, we match fundraising pound for pound up to £1,000 per employee per event. Bytes supports many good causes but focused on four in particular this year: the Wildlife Aid Foundation; the Change Foundation, which uses sport to help marginalised young people; the Rainbow Trust, which provides emotional and practical support to families who have a child with life-threatening or terminal illness; and Movember, which raises awareness of men's physical and mental health.

For the Change Foundation, we took part in the Thames River Kayak Challenge, along with one of our vendors, raising around £5,000, and also ran cybersecurity awareness and social media safety workshops for young people supported by the charity. To raise money for Movember, we organised a charity football tournament and set up a barbershop in our office so one of our employees – a former barber – could give people wet shaves. And for the Rainbow Trust we held various fundraising activities and promoted awareness among our staff of their amazing work. All four charities were supported through a Christmas fair, where handmade items, baked goods and other gifts were sold and proceeds of £330 split between the charities. We also supported the Macmillan Coffee Morning, which was held at Leatherhead, with the charity benefiting from the proceeds of £565. Bytes staff also took on the mighty Dragon Boat racing, supporting Playwise.

Bytes also made direct financial donations to causes that our staff really care about, including local sports clubs and schools. Because of a laptop refresh, Bytes was able to donate 140 laptops to employee-nominated non-profit organisations and charities. These laptops have supported Lifeshare, a homeless charity in Manchester, schools and nurseries, local youth groups and a wildlife rescue charity in East Sussex.

Delivering social value in areas where we work

Phoenix does business almost entirely in the public sector, and this comes with a commitment to deliver social value where the work is done. We take this responsibility seriously and are pleased to be able to use our skills to make a positive impact on people's lives around the country. Our social value projects this year included building a community directory for charities in Hull, and providing digital skills support for refugees who have been resettled in Lancashire. We held an event for the Sunderland and County Durham Royal Society for the Blind to demonstrate how technology can help visually impaired people – including Seeing AI, a Microsoft application that uses a phone camera to identify and then audibly describe people and objects.

We also love working with young people, and this year our education outreach programme involved nearly 2,000 school children and young adults. This included helping young people from disadvantaged backgrounds explore technology, using fun activities to encourage Year 8 girls to take IT as a GCSE subject, and supporting digital bootcamps for young people aged 19 and over from minority and disadvantaged backgrounds.

Sustainability review continued

Our planet

We believe that everyone has a part to play in caring for our planet. As a responsible business, we are reducing our carbon footprint and helping our customers to do the same.

Although we haven't identified a material impact to our business through the scenario analyses in our TCFD (see pages 44 to 52), climate change is too important for us not to take action. It is our duty as a responsible business to measure our carbon emissions and undertake initiatives to reduce our impact. It is also expected of us by a wide range of stakeholders, from investors, employees and customers. Our aim is to reach net zero emissions by 2040 at the latest, ten years ahead of the UK goal of 2050.

This year, we made major progress in more fully measuring our Scope 3 emissions – the indirect emissions across our value chain. We are now able to report on all the Scope 3 categories relevant to our business, which makes a considerable difference to our overall footprint. This is because we are including purchased goods and services in full, which make up 93% of our total emissions, while Scope 3 overall now makes up over 99.9% of total emissions. This comprehensive Scope 3 reporting is a significant milestone for us and the culmination of several years of work. It is helping us to better understand the potential effects of climate change on our business – and the role we can play in collective efforts to achieve a net zero economy.

Our science-based targets

In 2021/22 we announced our ambition to be net zero by 2040, along with near-term Scope 1, 2 and 3 goals to help us get there. This year we went further, by submitting a set of targets to the Science Based Targets initiative (SBTi), the global organisation that helps businesses set emissions reduction targets in line with climate science. This step is vital to make sure we are in line with the Paris Agreement goal of limiting the global temperature rise above pre-industrial levels to 1.5°C, which would substantially limit the effects of climate change. To achieve this, global greenhouse gas emissions must halve by 2030 – and drop to net zero by 2050.

Adding to our targets and revising our Scope 3 baseline year

The 50% reduction targets for Scope 1 and 2 have been maintained and additional interim targets submitted to the SBTi. These are a 60% reduction in Scope 1 by 2030 and maintaining a 100% reduction in Scope 2 by 2028/29. These additional targets enable us to have near-term targets under validation by the SBTi, while also maintaining the targets we previously committed to.

For Scope 3, our previously stated aim was to reduce our emissions by half by 2030, but without articulating a baseline year. For our CDP submission in July 2023, we used different baseline years depending on when each category, or subset of a category, was first measured. While we've kept the same 2030 goal, we decided to adjust the base year to 2022/23 – the first year for which we had data for all the relevant Scope 3 categories. This change applies to all Scope 3 categories, even those we measured in previous years, to give us a baseline year that is consistent and realistic. Although we had hoped to maintain the challenging baseline year set during Covid for business travel, the changes to UK policy on the ban on sales of new petrol and diesel cars have made achieving reductions unreasonably difficult. The change to our baseline, however, has not affected our strong focus to reduce all our Scope 3 emissions as quickly as we can.

In our original low-carbon action plan in 2021/22, we had set interim targets for category 5 (waste), and a subset of category 1 (paper, water and wastewater), of a 50% reduction by 2025/26. These are now incorporated in the overall Scope 3 reduction targets for 2030 and 2040. As our sustainability strategy matures, we're developing specific waste and water policies, with targets based on a quantity reduction and lifecycle processes, which we hope to publish next financial year. We believe this is a more robust way to target efficient resource use. Having removed water and waste as separate targets, leaving paper, we will continue to monitor paper usage and make more reductions where possible. But, given paper alone is a tiny fraction* of our emissions, its impact on our footprint is minimal and not deemed to warrant a separate carbon reduction target.

Our targets

By 2025/26 (from 2020/21 baseline)	By 2028/29 (from 2020/21 baseline)	By 2030/31 (from 2022/23 baseline ²)	By 2040/41
<p>Reduce Scope 1 emissions by 50% Reduce Scope 2 emissions by¹ 50%</p>	<p>Maintain a reduction of Scope 2 emissions by 100%</p>	<p>Reduce Scope 1 emissions by 60% Reduce Scope 3 emissions by 50%</p>	<p>Reach net zero emissions across the value chain</p>

1 We achieved our Scope 2 target in 2021/22 by completing a Group-wide switch to renewable energy for all our electricity at our owned offices.
2 2022/23 baseline applies only to Scope 3 target. Both Scope 1 targets are from a 2020/21 baseline.

*Actual, 0.0000014%

A joined-up approach to net zero

Our carbon reduction efforts were overseen this year by our first Group Sustainability Manager, Lisa Prickett, who is coordinating the approach across our two businesses, Bytes and Phoenix. Lisa works with the senior leadership team, our Sustainability Steering Committee and the wider business to coordinate our activities, ensure progress against our targets and report performance. The role requires staying up to date on corporate and public sector expectations, and working with our customers and suppliers to make sure we are putting resources where we can have the biggest impact. For full details of how we oversee and manage environmental issues, see our TCFD report on pages 44 to 52.

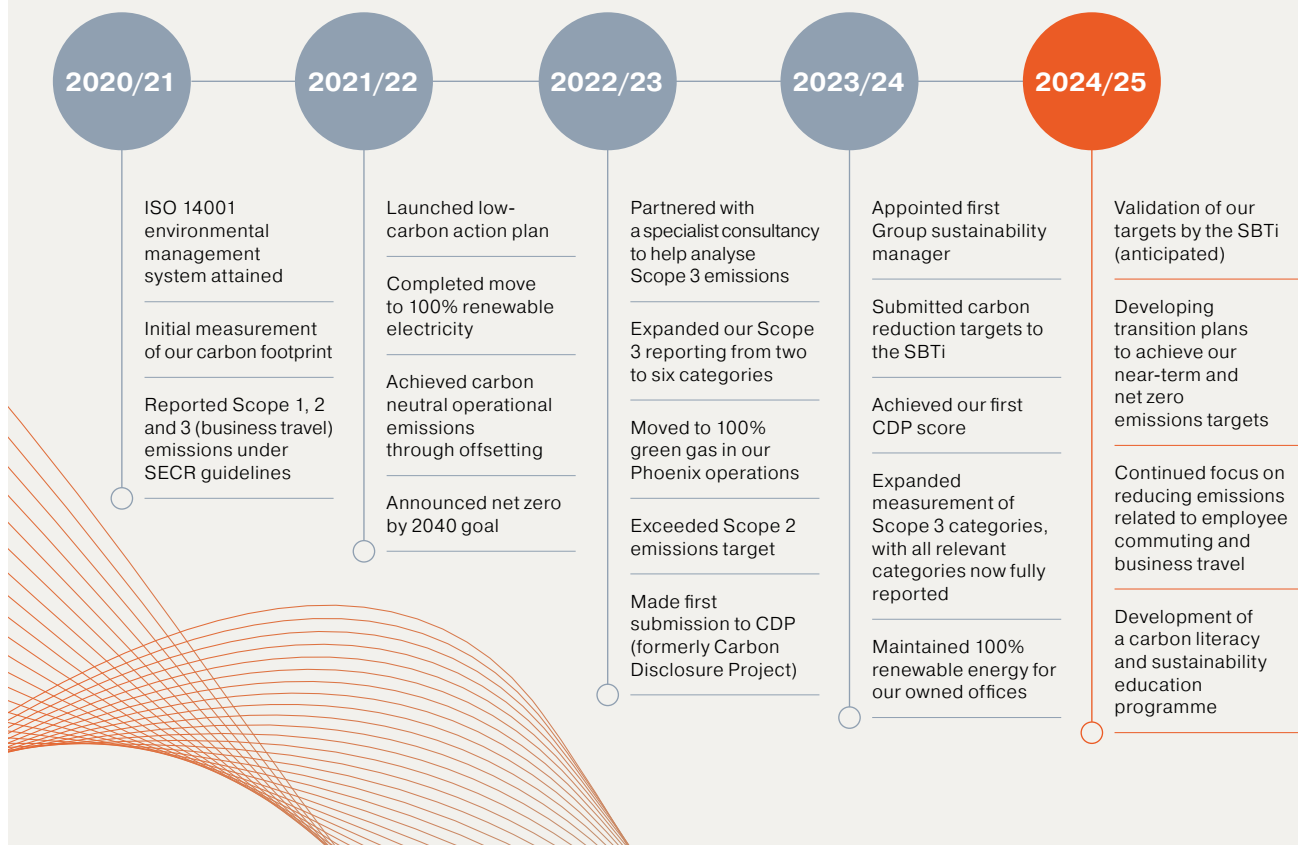
How we contribute to the environment

We're a value-added IT reseller, focusing on cloud and security software developed by leading vendors, so don't manufacture or transport physical goods. While we have two big offices, many of our people work part of the week from home under our hybrid-working policy. This means that our direct impact on the environment is quite small, and mostly relates to carbon emissions.

It also means that the positive effect we can have through our direct emissions is limited, because what we do ourselves will only have a relatively small effect on overall greenhouse gas emissions. However, we must all play our role, because if everybody does what's within their power, the overall impact will be significant. As our expanded Scope 3 reporting shows, value-chain emissions are key to our commitment to get to net zero. This means we need to work with our suppliers to understand their emissions and carbon reduction plans, so we can prioritise low-carbon technologies and vendors that demonstrate the same commitment as ourselves. And although our own emissions that relate to our customers are minimal, we can make a positive contribution to a net zero future by supporting them to make more sustainable IT decisions.

The importance of collective action is reflected in the increasing expectations from all stakeholders, including regulators, that businesses take responsibility for minimising their own emissions. Under UK regulations, companies will soon be required to report on their net zero transition plans, alongside the existing requirement to report against the recommendations of TCFD (see pages 44 to 52).

The road to 2040 – our journey so far



Sustainability review continued

Taking responsibility for our environmental footprint across the value chain

Since the start of the 2022/23 year, we've worked in partnership with a specialist carbon emissions consultancy to get a greater 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, which is used as the methodology for all our carbon reporting – see the appendix on page 195). Having comprehensive data has enabled us to become far more sophisticated in our analyses and reporting.

We have identified that ten of the 15 Scope 3 reporting categories are relevant to our business. This is a change from our expected nine categories last financial year, because we have moved our leased offices emissions into category 8, upstream leased assets. This was done because they are not required to be reported in Scope 2 under our use of financial control as our organisational boundary. In 2020/21, we reported on only one category: category 6, business travel, and only to the extent that it related to cars. By the end of 2022/23, we had measured five categories in full and one partially – a very small subset of category 1, purchased goods and services. These emissions were disclosed in our 2022/23 Annual Report, in our report to the CDP and in our individual operating company reports.

This year, we expanded our emissions data collection to cover in full all ten categories that are relevant to us, with effect from the 2022/23 year – having continued our journey from the mandatory SECR emissions reporting in 2020/21, to adding more categories as required by PPN06/21, to being able to fully report on all emissions in our third year of carbon reporting. We have been able to obtain data for and include four categories we had not previously reported on: capital goods, upstream leased assets, use of sold products and end-of-life treatment of sold products. Most significantly, we fully reported for the first time on purchased goods and services, which meant including all the emissions from our vendors that relate to the solutions and services we provide. As a result of this additional measurement, we have expanded the reporting of the emissions for 2022/23 that were published in last year's Annual Report, which we set out in the charts on these pages.

This additional data measurement means that Scope 3 emissions now account for 99.9% of our total emissions for 2022/23, up from 93.5% previously (before all categories were reported). The change is mostly due to purchased goods and services, which constituted 93% of our total emissions in 2022/23. For context, before completing our comprehensive reporting this year, our biggest Scope 3 category was employee commuting, accounting for 67% of Scope 3 emissions. This is now 1% of total Scope 3 emissions, as shown in the charts.



Our total carbon footprint (2023/24)



Description

Scope 1 Direct emissions from our sites	45.5
Scope 2 Indirect emissions from the energy we buy	0
Scope 3 All other indirect emissions across our value chain	151,777.2



Category

1 Purchased goods and services	141,420.9
2 Capital goods	914.9
3 Fuel and energy-related activities	78.9
4 Upstream transportation	3.7
5 Waste generated in operations	1.1
6 Business travel	258.9
7 Employee commuting (including working from home)	1,018.6
8 Upstream leased assets	39.2
11 Use of sold products	8,041.0
12 End-of-life treatment of sold products	negligible**

Restatements to our Scope 1, 2, and 3 reporting for the 2022/23 financial year

- Scope 1 and 2 have been amended to remove assumptions related to leased offices, because we don't have financial control. These emissions have been added into Scope 3, category 8, upstream leased assets.
- Scope 3, category 5, additional data was made available for a waste stream, which was not previously captured.

Additions and amendments to our Scope 1, 2 and 3 reporting for the 2022/23 financial year

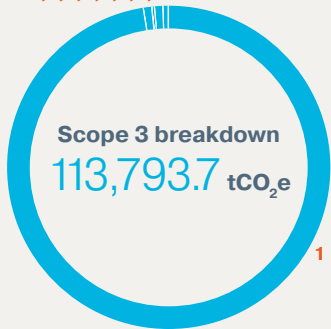
- Scope 3, category 1 has been expanded to all purchases (except where covered in other categories, e.g. capital goods). Previously this only measured paper, water and wastewater. Category has been measured through analysing top vendors' emissions related to BTG spend.
- Scope 3, category 2, purchased capital goods, has been added.

Our 2022/23 restated total carbon footprint (baseline for Scope 3)*



Description	
Scope 1	Direct emissions from our sites
73.2	
Scope 2	Indirect emissions from the energy we buy
0	
Scope 3	All other indirect emissions across our value chain
113,793.7	

2,3,4,5,6,7,8,11



Category	
1	Purchased goods and services
105,537.9	
2	Capital goods
880.1	
3	Fuel and energy-related activities
58.0	
4	Upstream transportation
4.3	
5	Waste generated in operations
1.0	
6	Business travel
214.5	
7	Employee commuting (including working from home)
1,142.6	
8	Upstream leased assets
33.8	
11	Use of sold products
5,921.5	
12	End-of-life treatment of sold products
negligible**	

Our 2021/22 total carbon footprint



Description	
Scope 1	Direct emissions from our sites
62.1	
Scope 2	Indirect emissions from the energy we buy
26.7	
Scope 3	All other indirect emissions across our value chain
89.5	

1,5



Category	
1	Purchased goods and services (paper, water and wastewater only)
1.0	
3	Fuel and energy-related activities
19.9	
5	Waste generated in operations
2.2	
6	Business travel
66.4	

Our 2020/21 total carbon footprint (baseline for Scope 1 and 2)



Description	
Scope 1	Direct emissions from our sites
54.5	
Scope 2	Indirect emissions from the energy we buy
233.0	
Scope 3	All other indirect emissions across our value chain
27.6	



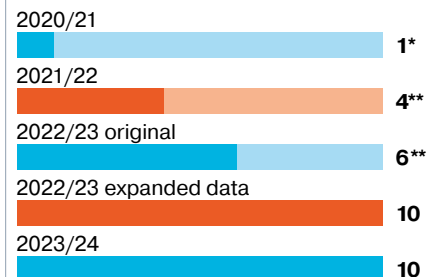
Category	
6	Business travel
27.6	

- Scope 3, category 3, our well-to-tank emissions have been included in this category, which has been expanded across other areas, including business travel and upstream transportation and distribution.
- Scope 3, category 4, methodology for calculation was improved by using tonnes per kilometre.
- Scope 3, category 6, business travel calculations have been improved by using an activity (mileage) methodology rather than on a spend basis.
- Scope 3, category 7, employee commuting, has been expanded to include the 'optional' remote working criteria, because we offer hybrid working.
- Scope 3, category 8, upstream leased assets, has been added because we do not have financial control of leased offices. Last year, the category was identified as not relevant, with these estimated emissions reported in Scope 1 and 2.
- Scope 3, category 11 has been measured using data from our sold products, using the upper range of estimates, to give the 'worst case' scenario.
- Scope 3, category 12 has been measured using data on our sold hardware products, but the emissions are considered immaterial at 0.001%, based on fair use.

* Changes to 2022/23 reporting from the Annual Report 2022/23 (in tCO₂e):
 Recalculated: upstream transportation = -248.2. Leased offices (using improved estimates) = -6.9 location-based, +16.8 market-based. Fuel and energy-related activities = +41.2. Waste = +0.81. Business travel = +1.6.
 Expanded categories: Scope 3, categories 1 and 7 = +105,819.8.
 New categories: Scope 3, categories 2 and 11 = +6801.6.
 Moved: emissions in Scope 1 and 2 from leased offices moved to Scope 3, category 8. Scope 1 = -16.5. Scope 2 = -24.2 location-based, 0 market-based.

** Category 12 has been excluded because it is considered immaterial at 0.001% of our emissions and due to the assumptions necessary in the calculation.

Number of Scope 3 categories reported



* car only for category 6

** paper, water and wastewater only for category 1

Sustainability review continued

Performance in 2023/24

Our total carbon emissions for 2023/24 were 151,822.7 tonnes carbon dioxide equivalent (tCO₂e), and our expanded 2022/23 emissions were 113,867.0 tCO₂e. These headline figures appear to represent a very big increase compared to the previous financial years. However, this is accounted for by the much broader reporting of our Scope 3 emissions this year, in particular the inclusion for the first time of purchased goods and services, as discussed above.

This year, we have been able to collate and measure emissions more accurately, with an improvement to the methodology for our expanded and recalculated 2022/23 emissions, with 2023/24 following the same methodologies. It has been a significant piece of work, but one which will ensure we have the most reliable baseline to compare future Scope 3 emissions. Our emissions increased in 2023/24, largely due to higher vendor spend and revenue. Our actions for this next year will be to create a transition plan for our route to net zero, which will include working with our vendors to understand their journeys and commitments to reduce emissions. Although our largest

emissions are those not in our direct control, we will also focus on actions that we can take to influence a reduction in other areas.

In 2022/23, we reduced our market-based Scope 2 emissions to zero by moving to renewable electricity. We were able to maintain that this year through purchasing renewable energy for our owned offices. In 2023/24, our Scope 1 emissions reduced due to a move to green gas in York and having overcome the air-conditioning maintenance issues that increased our emissions in the prior year. We continue to embed sustainability in our decision making, which contributed to choosing our shared office space in London, which we moved into in March 2023. This office is run by a certified B Corp company and uses 100% renewable energy.

Government action on policy and infrastructure is crucial to enable the universal adoption of electric vehicles. This year the UK Government announced a five-year delay to the proposed ban on new petrol and diesel cars, from 2030 to 2035. However, we are continuing to play our role, through a scheme that allows

employees to buy electric vehicles via salary sacrifice. It has proved more successful than we expected, with 29 people entering the scheme since we rolled it out in 2023/24. We will continue to promote the scheme in the coming year.

This year we expanded our approach to taking responsibility for emissions. The value of our Scope 1 and 2 emissions has been covered by investing in a carbon removal mangrove restoration project in Pakistan. This not only supports carbon sequestration but also provides biodiversity net gain and community benefits through reducing erosion and supporting fish nurseries.

We've offset our business emissions under Scope 3 (categories 2 to 8, inclusive). The carbon removal and offsetting are purchased through our partner Ecologi, which supports Gold Standard and Verra-approved carbon reduction, and community- and biodiversity-enhancing projects around the world. This year we are backing projects in Morocco, Pakistan and Peru, among others. Over the long term, however, we are committed to reduction rather than offsetting.

Energy and carbon data*

Showing expanded Scope 3 from prior year 2022/23

Energy and carbon emissions (kWh and tCO ₂ e)	2023/24		2022/23 (restated**)		Change
	kWh	tCO ₂ e	kWh	tCO ₂ e	
Group					
Energy consumption	4,989,909		4,186,753		+803,156 kWh
Scope 1 – Direct emissions from our sites	152,163	45.5	166,558	73.2	-27.7
Scope 2 – Indirect emissions from the energy we buy					
Location-based ¹		207.1		161.2	+45.9
Market-based ²	1,000,124	0.0	823,998	0.0	0
Scope 3 – All other indirect emissions across our value chain	3,837,622	151,777.2	3,196,197	113,793.7	+37,983.4
Total emissions – location-based¹		152,029.8		114,028.1	+38,001.6
Relative emissions – location-based tCO₂e/£m		83.4		79.2	+4.2
Taking our renewable energy into account					
Total emissions – market-based²		151,822.7		113,867.0	+37,955.6
Relative emissions – market-based tCO₂e/£m		83.3		79.1	+4.2

* Our methodologies for reporting energy and carbon data are set out in the appendix on page 195.

** 2022/23 emissions figures are restated for Scope 1, 2 and 3, categories 5 and 8. They include enhanced disclosures based on our comprehensive reporting in 2023/24.

¹ Location-based emissions are calculated as the average emissions intensity of the electricity grid.

² Market-based emissions take renewable energy purchasing into account.

Entrenching sustainability in our culture

Reducing emissions is an ongoing reality that must be lived in the choices we make every day. Across both our businesses, we focus on helping our people make sustainable choices, including:

- Reducing our business travel by encouraging our people to contact customers and vendors by phone or videoconference whenever possible
- Supporting hybrid working and efficient working practices to reduce commuting
- Encouraging our people to commute in a more efficient way by installing electric car charging points at our main locations, setting up a car sharing network and installing secure cycle parking
- Partnering with Octopus Energy to allow our people to buy electric vehicles under a salary sacrifice scheme
- Using materials, energy and water efficiently – for example, through PIR sensors, reduced printing, a request system for consumables and low-flow bathroom fittings
- Continuing to highlight the importance of good environmental management throughout BTG, including controlling office heating and cooling in a smart manner
- Working with suppliers and partners to reduce their carbon footprints
- Developing a carbon literacy programme for our employees, to raise understanding of environmental issues.



Supporting our customers to reduce their emissions

While reducing our own environmental impact is crucial, one of the biggest contributions we can make to hastening the UK's move to a low-carbon economy is through the software and technical solutions we sell to our customers. In particular, we do this by supporting them in moving their on-site servers, products and services to the cloud, which has the potential to be more energy efficient than customers hosting data centres themselves. We can also support in an advisory capacity, so customers are able to add sustainability into their decision making.

We support customers to become more sustainable by enabling them to hold online meetings, which reduces travel emissions, and through solutions such as Phoenix's sustainability app. The app – developed with Microsoft and winner of Sustainable Solution/Service of the Year 2022 at the CRN Tech Impact Awards – connects to energy, water and mileage data, allowing organisations to start measuring and understanding their emissions. However, we are also mindful of the environmental impact of new technologies such as AI-enabled tools, which require additional computing power and cloud storage, which consume a lot of energy. We will continue to monitor this in the coming year.

Looking ahead

We are clear on what we aim to achieve in the coming year. Once the SBTi validates our carbon reduction targets, we will develop our net zero transition plan to help us achieve them, and this will build on the low-carbon action plans we have used so far. This will include working even more closely with our top-tier vendors, which account for more than 80% of our Scope 3 emissions, to gain a greater understanding of their net zero plans.

We take confidence from the fact that many of them have well-publicised and ambitious carbon reduction programmes. Our biggest partner, Microsoft, for example, has an ambitious plan to be 'carbon negative' by 2030; this includes reducing Scope 1 and 2 emissions to near zero in 2025, and cutting Scope 3 emissions in half by 2030. And, of course, we will strive to keep reducing our own emissions, as a business and through the actions we take as individuals, to help protect the planet for future generations.

