

Sustainability Report 2025/26

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Introduction

This standalone report brings together all the sustainability-related information from BTG's latest Annual Report, so readers can find specific details for their own reporting, analysis and interest.

Sustainability is a key tenet of our business and our operations, and will be into the future. Here we gather our reporting on people, communities and planet, alongside our GHG emissions and other environmental data, the report of our ESG Committee, and our analyses of risks and opportunities in the TCFD report. Sustainability does not stand apart from the rest of the business, so we also provide links in this report back to the Annual Report and Accounts 2025/26.

More information about our sustainability commitments and progress can be found at bytesplc.com. Our operating companies, Bytes Software Services and Phoenix Software, report their sustainability progress separately at phoenixs.co.uk and bytes.co.uk, where their carbon reports and information on community initiatives can also be found.



Sustainability review

Being a responsible business is at the core of our culture and our strategy of achieving sustainable growth over the long term. Every day across the Group we strive to do the right thing by our people, our communities and our planet.



“ Every year we strive to advance our environmental agenda and 2025/26 was no exception. Progress included widening our targets to include waste and water use, and agreeing the actions required for us to get to net zero, which will form the basis of our net zero transition plan, due to be published in 2026/27.

Lisa Prickett
Group Sustainability Manager

“ Since joining BTG this year, I’ve been struck by the exceptional talent across BTG and the strength of the relationships our people build with customers. Our people are our differentiator, and I’m committed to shaping a people strategy that supports our continued growth.

Kally Kang-Kersey
Chief People Officer



Our people

We aim to attract, engage and retain talented people, supporting them to develop their skills in a high-performing and fun environment.

Ranked UK’s Best Employers 2026 by *Financial Times* and Statista

14

Our headcount rose by 6.9% to

1,331

➔ Read more on pages 5 to 8.



Our communities

Through our charitable and volunteering activities we support digital inclusion and create stronger communities.

Number of hours devoted to volunteering

2,159

Number of young people engaged through community education outreach programmes

6,700+

➔ Read more on pages 9 to 10.



Our planet

By reducing our own emissions and helping our customers to do the same, we’re playing a positive role in caring for our planet.

We aim to reach net zero by

2040

Renewable electricity and green gas in owned offices*

100%

➔ Read more on pages 11 to 15.

External recognition of our progress



*Backed by Renewable Energy Guarantees of Origin (REGOs) and Renewable Gas Guarantees of Origin (RGGOs).



Our people

BTG’s people drive our success, and we strive to help them build fulfilling and rewarding careers in an inclusive, high-performance workplace where every individual can thrive. In 2025/26, we grew our teams across the business to serve our expanding customer base, improved our systems and processes around hiring and career development, and appointed our first Chief People Officer to lead the development of a long-term people strategy.

Growing our teams in a measured way

With our business continuing to expand, we need to grow our teams to maintain our high levels of customer service. And we need to do it in a smart, measured way: hiring the right people with the right expertise to serve the market areas where we see the biggest opportunities.

In 2025/26, we increased our headcount by 7% to 1,331. Specialist IT skills were again in strong demand, but the steps we’ve taken to bolster our recruitment capabilities meant we were still able to identify and attract the talent we needed this year. At Bytes, we employed an additional recruiter this year, enabling us to hire specialists in AI, data and cybersecurity, as we look to boost our service offerings. Phoenix also benefited from having a dedicated recruitment manager in place for the full year for the

first time, as we hired more technical consultants and customer success managers. Staff referrals also continued to be a valuable part of our recruitment, with referred candidates more likely to fit into our culture.

As in prior years, we ran apprenticeship schemes in both businesses and as part of our sales training programmes we welcomed 21 new colleagues at Bytes and 13 at Phoenix this year. These schemes reflect our strong focus on developing and promoting talent from within the company – one of the reasons many of our people stay with us for a long time. This loyalty is reflected in our low attrition rates. Although the rate increased slightly this year at Bytes, where we restructured our private sector sales team, our combined attrition rate for BTG was 18%, in line with the industry average range.

Two leading brands, one strong culture

Bytes and Phoenix, our two complementary businesses, have 795 and 527 employees respectively, with Phoenix passing the 500-employee milestone for the first time this year. Each business operates autonomously, with its own identity, headquarters and management team. But they have many commonalities, including similar employment policies, industry-leading knowledge and the same values and culture. Wherever possible, the businesses share good practice and insights for the overall benefit of BTG.

Our people continued

Digital processes that improve feedback and enhance career mobility

As a technology company we should be using the best digital systems, tools and processes to support our colleagues. We have made important progress this year to make our people processes more efficient and user-friendly. At Bytes, for example, we focused on simplifying our processes around performance, to make them much easier for managers and their teams to follow and understand. To give people even more opportunities to move around the business, we created a digital tool that matches people's skillsets with new vacancies.

At Phoenix we also focused on encouraging internal mobility, with a new policy to make sure colleagues are more aware of vacancies and how to apply for the jobs. Linked to this, we improved how we process and track employee changes using our HR system. And we centralised our recruitment tracking system, reducing our spend on external agencies and cutting the time to fill vacancies.

Recognising and rewarding excellence

We are a real Living Wage employer and pay our people fairly. Through our employee recognition programmes, we also reward sales and non-sales staff who achieve business objectives, and we give incentives to people who go beyond what's expected to serve our customers and support their colleagues. Incentives this year included ice skating and dinner, a day at the races, spa days and a long weekend in Seville.

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

Engaging with our colleagues

We are proud of the dynamic, supportive culture that has brought us this far. But we know that as we get bigger and our business evolves we need to nurture our culture. We keep a very close eye on this, measuring our success as an employer in several ways. The most important key performance indicator on culture is our employee net promoter score (eNPS), which measures the likelihood of someone recommending their employer to others.

Our eNPS of 62 was up from 57 in 2024/25. While this remains well above the industry average, it is down from a few years ago. We believe the lower score reflects the challenging period of internal transformation that began in the prior year, as well as economic and political uncertainty. To gain additional insights into the strength of our culture, we take part in annual Great Place to Work surveys. This year we again achieved good results. At Phoenix, 91% of employees agree that they work at a 'great place', and at Bytes, 82% do. This compares very favourably to the 54% of employees at a typical UK-based company who say that. In the UK's Best Workplaces among large organisations (201–1,000 employees), Phoenix was ranked 4th, and Bytes 64th, while both businesses featured in the Best Workplaces lists for development, wellbeing and technology for 2025. BTG was also delighted to be awarded 14th place in the *Financial Times* and Statista's UK's Best Employers 2026 rankings, out of 500 companies assessed through independent surveys of employees.

Along with quarterly town hall meetings for all employees, we hold other events for colleagues to engage with management and each other, including annual kick-off meetings for the sales and technical teams. At Phoenix, we also check in weekly with our people through an app, asking them to respond to a few culture-related questions. Around two thirds of colleagues respond each week, providing us with good data on what we need to work on.



Our people continued



New BTG recruits this year

314

Building skills and developing leaders

We want all our employees to keep learning and broadening their skills. So, in addition to giving everyone the opportunity for support through a personal development plan, we constantly offer opportunities for training. This benefits our business too, because public sector tender frameworks require us to have a certain level of accreditations, and vendors pay us higher rebates if we have more accreditations. At Bytes this year we upgraded our learning management system, adding mobile access and new resources for self-development so that colleagues can learn on their own.

For both businesses, we launched 'CEO for a day', where two people were chosen to shadow our CEO Sam Mudd. Phoenix expanded its own shadowing scheme, enabling people to accompany a colleague in another area of the business. Phoenix also started a pilot mentoring scheme, where colleagues can apply to be mentored by one of Phoenix's senior leaders for six months. Another focus area this year was leadership excellence, with the rollout of a new training course for 'managers of managers', which will be expanded in the coming year.

Looking after our people's wellbeing

Our people's physical and mental wellbeing is important to us, and we work hard to support it. This includes operating a hybrid working policy. People whose roles do not require them to be in the office full time have the option of spending around half their time working from home. While we constantly monitor our approach to make sure it benefits our business, we believe it combines the best of both worlds for us and our people: the advantages of collaboration, learning and social interaction in the office, with positive work-life balance and flexibility from being at home.

We encourage openness about mental health issues and provide guidance and support for anyone who needs it, including through our designated wellbeing ambassadors. At Bytes, the 24/7 employee assistance programme was expanded this year to include access to an

online GP service. Bytes introduced 'meaningful Mondays', a lunchtime forum open to all that tackles a range of wellbeing topics. And Phoenix rolled out a new online wellness service run by an external provider, which includes resources on all aspects of wellbeing, from mental health to neurodiversity and diet. Both businesses engaged occupational health providers so we can better support our people who have experienced health issues to get back to work.

In 2025, Phoenix engaged with a bee keeper and brought two hives on to the site at Pocklington. Inductions and training were given to staff who have volunteered to monitor and support the bee keeper in their duties. This project is all about engaging employees in activities that span the business, increasing skills outside direct work and encouraging care of our natural environment. These bee enthusiasts have created one of the most lively Employee Resource Groups at Phoenix.

To support physical health, we offer free or subsidised gym plans at or near our offices, and encourage staff to buy reduced-price bicycles through our Cycle to Work scheme. We provide free fruit in our offices and employees have the option to join a private health and dental insurance plan.

Total headcount at BTG

1,331



Our people continued



“ The Women in Tech community has grown from nine to around 40 women and allies since we started in November 2024. We will look to grow our engagement through activities and events to strengthen our culture and empower every woman at Bytes to thrive.

Abbey Long
Chair of the Women in Tech group at Bytes

Promoting diversity and fostering inclusivity

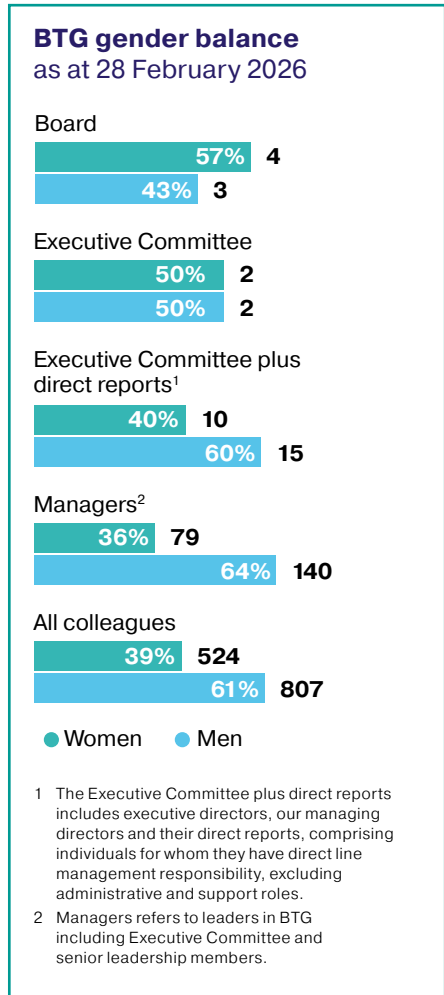
Providing equal opportunities to all, regardless of gender and ethnicity, is not just the right thing to do; having diversity of thought and an employee base that reflects society makes for a stronger, more innovative business. In recent years we have made good progress towards gender parity. Our CEO, Sam Mudd, and the MD of Phoenix, Clare Metcalfe, are both women and, at year end, 57% of our Board were women. At Bytes and Phoenix overall, women represent 36% of managers, and around 39% of our total workforce.

This is significantly higher than the average in the UK technology industry. But we still want to go further. At Bytes we had five colleagues shortlisted at the

Women & Diversity in Channel Awards 2025, and the Women in Tech group has been working on several initiatives including recruitment and diversity. At Phoenix, we provided specific training for women in sales, an underrepresented area, and held workshops for women employees on business finance.

Progress on ethnic diversity remains slower than with gender. Our workforce has a higher proportion of people from a White British background than the UK as a whole, though this reflects the demographics of our main office locations, in Surrey and East Yorkshire.

To better understand our diversity, we continue to collect data on gender, ethnicity, disability and neurodiversity, based on voluntary self-reporting from our employees, and we have built this into a standard onboarding questionnaire. We have also been working on processes and training around neurodiversity and will continue to focus on this area in the coming year.



Our communities

Our people’s commitment to making a positive difference in our communities is an integral part of our culture and who we are.

We support social causes in several ways. The most important and meaningful is through volunteering our time. Besides enriching the areas in which we work and enhancing our reputation, volunteering is enjoyable and rewarding for our people, and helps them to get to know each other in a social setting while boosting mental wellbeing. As a business we also donate money and IT equipment to support positive change in the communities where we operate.

Supporting our people to make a difference

We have a proud history of encouraging and helping our people to support causes that matter to them. Every employee gets one fully paid volunteering day a year and many take the opportunity to spend time with charities and people who need assistance, while also getting to know each other more.


At Bytes in 2025/26, we focused our volunteering and fundraising efforts on four main charities, each linked to one of our offices. Near our headquarters in Surrey, we again supported The Wildlife Aid Foundation, an animal charity, helping construct new pens for rescued foxes. In Port Solent we partnered with The Muscle Help Foundation, a muscular dystrophy charity, and in Manchester with Mustard Tree, which works to combat poverty and prevent homelessness. From our Reading office, our colleagues supported The Ways and Means Trust, which provides social and practical skills for people with disabilities or poor mental health. These focused partnerships have helped align volunteering opportunities and fundraising efforts.

Volunteering hours at Bytes and Phoenix

2,159

Case study

Racing for a reason



Combining adventure with purpose, 30 Phoenix employees embarked on a four-day race through the Benelux region in July – using only public transport. Based on the BBC television series, *Race Across the World*, Phoenix's Race for a Reason saw the ten three-person teams striving to reach a dozen checkpoints scattered across the cities and countryside of Belgium, the Netherlands and Luxembourg. The teams needed to strategise carefully because the goal was not just speed, but maximising points, as the checkpoints carried different scores based on how hard it was to get to them.

The 'reason' for the unique race event was to raise money and awareness for St Leonard's Hospice in York, Phoenix's chosen charity partner for 2025/26. Phoenix fully funded the event, and the prizes, so St Leonard's received every penny of the more than £20,000 raised.

“ We simply couldn't do what we do without the incredible support of businesses like Phoenix Software. Their Race for a Reason challenge is a fantastic example of how companies can make a real difference. ”

Annie Keogh
Corporate Partnerships Development Fundraiser, St Leonard's Hospice

Our communities continued

Our people also volunteered with the Rainbow Trust, which assists families who have a child with life-threatening or terminal illness, Celia Cross Greyhound Trust, Mid Surrey Mencap, which supports adults with learning disabilities, and PlayWise Learning, which helps young, disabled children and their families.

At Phoenix, as in previous years, many colleagues volunteered as part of our education outreach programme, where we engaged with more than 6,700 schoolchildren and young adults this year. Our Phoenix colleagues also used their volunteer day to help organisations such as Scouts and a local hospice, or to assist with prisoner rehabilitation, or to perform their volunteer role as a special constable, trustee or school governor. In total in 2025/26, BTG employees contributed 2,159 hours to supporting our local communities.

Raising funds and donating to great causes

As a business and through our people we take pride in raising and donating money for organisations that do excellent work in our communities. At Phoenix, in addition to St Leonard's Hospice, we raised funds for Macmillan Cancer Support and Oscar's Paediatric Brain Tumour Charity, and we entered several teams to run the Yorkshire Marathon Relay for charity.

Our direct donations included Christmas presents for Leeds Children's Hospital, paying for Christmas decorations at a community centre in Tower Hill, London, and funding a digital information screen for Burnby Hall, a historic community building in Pocklington. As part of our commitment to support and invest in our region, we signed on as the official digital sponsor of York City Football Club for the 2025/26 season. As a business founded and based in Yorkshire, we're proud to back a local club that plays such an important role in the community. To enable us to better support and encourage our people's personal fundraising efforts, we introduced a new charitable giving policy this year. We now match fundraising for up to £500 per employee per event and colleagues can also apply for financial help for their fundraising projects.

At Bytes, we have a similar match-funding policy, and we donated more than £14,000 this way in 2025/26. Beneficiary charities included Cancer Research UK, Shelter, Men and their Emotions, and The Wildlife Aid Foundation. As a business we supported numerous other good causes, including Movember and The Giving Tree's Christmas appeal. We also donated used IT hardware to not-for-profit groups handpicked by our employees. In 2025/26 we donated 19 second-hand laptops predominantly to Mustard Tree, which focuses on retraining homeless people to equip them with better IT skills.

Delivering social value where we work

Phoenix operates mainly in the public sector, which comes with a commitment to drive social value where the work is done. This fits in with our ethos of building stronger communities, and we take this responsibility seriously. As a STEM Ambassadors Partner and a member of the National Cyber Security Centre's CyberFirst programme, we deliver our biggest social value contribution through our education outreach programme. The programme is designed to unlock opportunities and foster economic empowerment by inspiring students to take IT as a GCSE subject and consider careers in technology. In 2025/26, this outreach work included partnering with Developing the Young Workforce, a Scottish organisation that connects employers with education so that young people develop the skills needed for the workplace. We delivered career talks and interactive sessions at schools in Glasgow, where we have an office, as well as in West Dunbartonshire, Stirling and Alloa.

Beyond education, we continued to support TechHub at The Beam, where we help deliver workshops and courses for local businesses, the voluntary sector and schools.

Our approach to charitable giving and volunteering

We want our time and money to have the greatest impact. So in 2026/27, we will focus on delivering cyber awareness, digital skills and technology education to disadvantaged and underserved groups. This is also part of the UK Government's 'opportunity mission', which is supported by the CEO Steering Council.

For more details, see our CEO review.



Sam Mudd at the House of Lords for a CEO Steering Council session

Our planet

The impacts of climate change, water stress, waste pollution and biodiversity loss are being felt across the world. As a responsible business, we are committed to playing our part in caring for the environment by reducing our greenhouse gas (GHG) emissions, making efficient use of resources and helping our customers to do the same.

How our environmental reporting is structured

To help readers to find the information they're looking for, our reporting on climate issues is structured as follows:

Our planet

This section tells the story of our impact on the planet, our actions and how we are performing against our targets.

Additional environmental disclosures

Here we give detailed environmental disclosures, including our GHG emissions figures and methodology.

Task Force on Climate-related Financial Disclosures (TCFD)

This details our compliance with the recommendations, including our risks and opportunities assessed over multiple climate scenarios.

Overview

As a technology business, we have both opportunities and limitations when it comes to making a positive impact on the planet. Because we are an IT reseller, we don't make or transport physical goods. We own four office buildings and lease several smaller offices, with 1,331 employees in total, but many of our people work from home for part of the week. Our carbon footprint is therefore relatively modest and our direct impact on broader environmental issues such as biodiversity, waste and water is also quite small.

However, while our own initiatives will only have a limited effect on overall GHG emissions, we recognise the wider potential impact across our value chain, from our suppliers and customers. If we all play a role, and encourage and support each other to do what is within our power, the overall effect will be considerable. Individual and collective action is, simply, the right thing to do.

We have set near-term and net zero GHG emissions reduction targets and these were validated in 2024 by the Science Based Targets initiative (SBTi), the global organisation that helps businesses set emissions reduction targets in line with the Paris Agreement's goal of limiting the

global temperature rise to 1.5°C above pre-industrial levels to avoid the worst effects of climate change. To achieve our target of reaching net zero by 2040 at the latest, value-chain emissions are key, as our Scope 3 reporting shows (see page 14). So, we are working with our suppliers to better understand their emissions and reduction plans. By understanding if our suppliers align with our goals and those of our customers, we can help make more informed choices for our own IT and help our customers make more sustainable IT purchasing decisions.

The coming year is likely to see regulatory changes related to sustainability reporting, both within the UK and globally, and we are monitoring developments. We are working on our net zero transition plan to guide our path towards reaching our goals and expect to be in a good position to transition to the new reporting requirements. We also report against the recommendations of the TCFD, which form part of the Financial Conduct Authority's UK Listing Rules. We did not identify a material impact on our own business operations from climate change in our TCFD scenario analyses (see pages 24 to 33). However, climate change is too important for us not to act. This is also expected of us by our stakeholders, from investors to employees and customers.

Our science-based targets¹

By 2028/29

Maintain our reduction in Scope 2 (market-based) emissions at

100%^{2,3}

By 2030/31

Reduce Scope 1 emissions by

60%²

Reduce Scope 3 emissions by

50%⁴

By 2040/41: Reach net zero

Reduce Scope 1 emissions by

90%²

Maintain our reduction in Scope 2 (market-based) emissions at

100%³

Reduce Scope 3 emissions by

90%⁴

- 1 Validated by the SBTi.
- 2 From a 2020/21 baseline.
- 3 In 2021/22 we exceeded our original Scope 2 target of reducing emissions by 50% by 2025/26. In 2022/23 we further reduced Scope 2 emissions to 0tCO₂e, by ensuring that all our electricity came from Renewable Energy Guarantees of Origin (REGO)-backed renewable sources.
- 4 From a 2022/23 baseline.

Our planet continued

Our performance this year

Taking action on waste and water usage

Along with reducing our emissions, we also committed to using our resources more sparingly and to reducing waste. This year we established targets to reduce our waste and water usage, and policies to help us achieve them. On waste, for example, we aim to have 50% of our waste recycled by 2030/31, from a 2023/24 baseline of 41%. On water, our goal is to reduce consumption on a per employee basis by 25% by 2030/31, again using a 2023/24 baseline. (Read more about our targets on page 20).

Our initiatives to meet these goals include education and training on the importance of reducing waste and using water efficiently. We will also use more targeted actions, such as improving signage at bins, looking at ways to install low-flow and water saving devices, and conducting water leak surveys. Technology is an important part of our business, so we will look to increase lifespan and source refurbished products, where possible.

Part of the FTSE4Good Index

In July 2025, BTG was pleased to become a constituent of the FTSE4Good Index Series for the first time. The index series is designed to measure the performance of companies demonstrating strong environmental, social and governance practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

This year we saw a 10% reduction in our emissions intensity, even with additional buildings occupancy and growth in revenue and people. This is largely because our suppliers, such as Microsoft, Adobe and AWS, reduced their emissions intensity. In 2025/26 our absolute overall emissions increased through growth in the business and from methodology improvements we made to our second largest emissions category (use of sold products).

This year, we reached the completion date of our first emissions reduction target: reducing our Scope 1 emissions by 50%, from a 2020/21 baseline. We exceeded this target by reducing emissions by 68%. All our offices now run on a renewable energy tariff for electricity and, where heating gas is used, we have switched to a biogas tariff. The most significant source of reduction for Scope 1 is from the replacement of the HVAC system in Bytes House. We had already exceeded our initial 2025/26 Scope 2 target of a 50% reduction on our base year (four years early), having switched all our electricity to renewable sources in our owned offices and introduced solar panels at our York office. As we continue to grow, our challenge is to maintain our reduction in Scope 2 emissions at 100%.

This is our first year reporting against our waste and water targets. Our waste results are mixed: we saw an increase in the percentage of waste recycled from 38.4% to 44.7%, but we also saw the total volume of waste per employee over the year increase from 19kg to 19.6kg. Our recycling rate should improve next year, following some issues with recycling collections at Bytes in 2025/26. The introduction of food waste collections has been successful, with almost 3,100kg of food being diverted from general waste.

Our targets for water reduction are based on water use per employee – and this year we saw the volume of water per employee increase at both Bytes and Phoenix. Some of this increase may be down to moving into a new building, but we need to do more work to fully understand the change.

Working with our value-chain partners to reduce emissions

Suppliers

Managing our value-chain emissions is crucial to our net zero ambitions. This year, 88% of our total emissions came from purchased goods and services. Of this, 80% are from our top 13 vendors. Microsoft is our largest supplier and formed 59% of our emissions in 2025/26. However, its emissions intensity decreased by 9% in the past year, with AWS, Adobe and Palo Alto also making energy intensity reductions. If our suppliers meet their stated emissions targets, then we should also be able to meet ours. Our approach is to work with our suppliers to better understand their emissions, their plans to reduce them and also how we can help effect change based on their technology and knowledge. In 2026/27 we will increase our focus on working with our supply chain.

Customers

We can help accelerate the UK's move to a low-carbon economy through the solutions we provide to our customers, through our vendors and our services. One of the main ways we do this is by supporting our customers to understand their emissions from using technology we provide, such as helping customers understand Microsoft M365 and Azure carbon reports and by advising them on more sustainable hardware and software approaches. Aligned with this are services we provide through FinOps and GreenOps, which optimise workloads in the cloud to avoid unnecessary spend and resource wastage.

Increasingly, AI is adding to carbon footprints. To promote efficient use of AI, we provide 'prompt' training to customers (and our own employees) on using Microsoft Copilot to reduce the number of queries and refinements needed to get to the desired answer.

Our planet continued

Case study

Supporting climate solutions through considered use of removal and offsetting

Reducing our emissions is our highest priority for our transition to net zero. We have used the Oxford Principles for Net Zero Aligned Carbon Offsetting (revised 2024) to guide our approach to funding carbon avoidance and removal. As part of our approach to increasing the storage durability of our carbon removal, this year we are incorporating a UK Biochar project. In addition, we want to support projects that benefit local communities and nature, because a just transition and the biodiversity crisis are also important global issues.

We're aware of the challenges inherent in carbon removal and offsetting, so we are careful to ensure that the programmes we invest in are backed by recognised carbon standards. We work with Ecologi, a leading climate action platform, to manage our residual emissions by investing in a diverse portfolio of high-quality carbon credits. Ecologi supports Gold Standard and Verra-approved carbon reduction, and community- and biodiversity-enhancing projects around the world. This year, we joined Ecologi and a research fellow from Oxford Net Zero on a webinar to discuss our real world example of applying the Oxford Principles. To cover the value of our Scope 1 and 2 emissions across the Group, we invested in a UK Biochar project, based close to our Leatherhead office, to provide durable long-lived carbon storage as our removal credits. This is in line with our net zero strategy, which mandates the use of carbon removal credits to cover the residual emissions – up to 10% of our emissions – for areas where we cannot remove the carbon from the activity, such as air travel.

For Scope 3 (categories 2 to 8), Bytes has invested in nature-based carbon removal credits to cover its business travel (category 6), including mangrove restoration in Pakistan and reforestation in Mexico, supporting jaguar habitats. For the remaining categories, carbon avoidance credits have been purchased, including in a clean cookstoves project in Uganda, supporting healthier communities, and rainforest protection through the Matavén REDD+ project in Columbia.

Phoenix is investing in UK nature projects for peatland, meadow and seagrass restoration to support UK nature initiatives. While we can't allocate this against our emissions, it supports initiatives in one of the most nature-depleted countries in the world. For more details, see Phoenix's carbon report at phoenixs.co.uk.



BTG joined Phoenix as a member of the Government Digital Sustainability Alliance (GDSA) this year. BTG now sits on the Scope 3 Working Group, contributing to the UK Government's understanding and strategy around reducing Scope 3 emissions from technology. The GDSA was established to improve digital sustainability outcomes for the UK Government and its supply chain – and in so doing, support wider strategies, such as the Greening Government Commitments, the Net Zero Pathway and the UN Sustainable Development Goals. We were also proud of our scores from EcoVadis, which assesses companies across four pillars: environment, labour and human rights, ethics, and sustainable procurement. Both Bytes and Phoenix achieved silver medals this year, placing them in the top 15% of companies. Phoenix was awarded a bronze medal the previous year.

Exceeding our Scope 1 target

We exceeded our 2025/26 target to reduce Scope 1 emissions by 50% this year by achieving a 68% reduction from our 2020/21 baseline year.

Staying on track for Scope 2

We met our 2025/26 Scope 2 target early – and we continue to meet it. This year we brought our emissions back to 0.0tCO₂e, so are confident we will meet our 2028/29 target to maintain a 100% reduction from our 2020/21 baseline year.

Our planet continued

On course for our long-term Scope 3 targets

Our Scope 3 emissions increased this year but only by 0.3%, while our energy intensity (by revenue) decreased by more than 10%. This was mostly because of the reduction in absolute emissions from our purchased goods and services, which in turn was a result of the reduction in emissions intensity from our suppliers. Our capital goods emissions also reduced.

There was a large increase in category 11 (use of sold products) emissions because of more accurate data being available across the Group. We also changed our baseline year figure for category 11, to reflect the earlier methodology change for calculating the lifetime use of sold product and the more accurate data sets from both operating companies.

Although far smaller categories, our business travel and employee commuting (including homeworking) emissions have increased this year, both in absolute and energy intensity terms. This may be a consequence of having more accurate activity-based rather than spend-based data available. The signs that the energy intensity is decreasing in our supply chain are encouraging. Now we need to focus on capturing data from our suppliers and reviewing our own data to see where we can support and drive lasting change.

Expanding our carbon literacy programme

Collective action on climate is not just for businesses; as individuals we all have a part to play. We are supporting our people to do more through carbon literacy awareness training. Launched in 2024/25, the training aims to increase our people's understanding of the causes and impacts of climate change, and the steps they can take to reduce their own carbon footprint. It also explains our reporting requirements, our GHG emissions reduction targets and our plans to get us there.

This year we expanded the programme, providing virtual and in-person training sessions. Additionally, we have incorporated sustainability into our onboarding programme for new starters at Phoenix, and we will expand this for all new employees in the new year. In 2026/27 we will build carbon literacy into mandatory annual training and onboarding across the Group.

Third-party assurance

For the first time this year, in addition to having an external consultant calculate our emissions, we worked with a different third-party consultancy, Carbonology, to audit and verify our emissions data against ISO 14064-1. We opted for the highest level of assurance (reasonable) across all three scopes, and were delighted to gain assurance for our 2025/26 GHG emissions data at the end of April 2026.

Our planet continued

How we work collaboratively towards our sustainability targets

Our sustainability work across our two businesses is led by Lisa Prickett, our Group Sustainability Manager. Lisa works with the senior leadership team, our Sustainability Steering Committee, the Board’s ESG Committee and the wider business to coordinate our approach and activities, ensure progress against our targets and report on performance.

Cutting emissions and protecting the planet more broadly is a collective goal, so we also work with others beyond BTG. This year we responded to consultations on the UK’s Sustainability Reporting Standards, the SBTi and research

around incorporating nature in reporting. Lisa is a member of the Institute of Sustainability and Environmental Professionals (ISEP, formerly the IEMA), the GDSA and the Sustainable Business Network, which supports and empowers Surrey businesses to adopt low-carbon behaviours and operations. Jennifer Clewley, ESG Lead at Phoenix, is a member of the GDSA and regularly collaborates with public sector bodies. For full details of how we oversee and manage environmental issues, see our TCFD disclosures on pages 24 to 33.

Accreditations

Bytes and Phoenix certified to ISO 14001

CDP score of B-

ISS ESG Corporate Rating score B- (top decile)

ISS ESG quality scores:

- Environmental 1
- Social 2
- Governance 1

EcoVadis silver medals

Looking ahead

In the coming year we will focus on formalising and publishing our net zero transition plan, to stay on track to meet our targets. In addition to our own actions, we will be increasing our supplier engagement activities, particularly with our main vendors, who are responsible for most of our Scope 3 emissions, to understand their GHG emissions, reduction plans and progress. Most leading vendors take sustainability very seriously, with clear and well-publicised net zero plans, which gives us reassurance. And we will keep striving to reduce our own emissions and taking other positive steps, including through advocacy, working with external bodies, and increasing awareness among our employees and partners, to help to protect the planet.



Read more about our approach to sustainability on our website

Promoting, enabling and inspiring sustainable practices

In 2025/26, we continued our electric vehicle (EV) scheme, which enables employees to buy cars through salary sacrifice. Since we first introduced the scheme in 2023/24, 112 people have used it to buy an EV, including 42 this year. All our main office locations have electric car charging points, and we also have a car sharing network and secure cycle parking. We encourage energy and waste efficiencies in our offices through infrared sensors, reduced printing, a request system for consumables, off screens overnight and sensor taps that reduce water usage. We also set an example by producing some of our own power. At Phoenix, the 264 solar panels we installed in 2025/26 produced around 23% of our energy requirements, and 15% went back into the grid to support local renewable energy use.



Solar panel installation at our Phoenix office in Pocklington, Yorkshire

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



Additional environmental disclosures

With the increased attention on environmental performance, this year we've again brought together in one place the environmental disclosures we make in addition to our TCFD reporting – and to support the narrative in Our planet on pages 11 to 15.

This includes progress against our GHG emissions, waste and water targets, so here we provide detailed disclosures on our carbon footprint (including our Scope 1, 2 and 3 GHG emissions), our Streamlined Energy and Carbon Reporting (SECR) data, waste data and water usage, and the related methodologies.

Changes to our carbon accounting

Since the start of 2022/23, we've worked in partnership with a specialist GHG emissions consultancy, which has helped us to report on all Scope 3 categories relevant to our business and to improve our methodologies every year. We use the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard as the methodology for all our carbon reporting (see page 21). Having comprehensive data has enabled us to become far more sophisticated in our analyses and reporting.

This year the most significant changes have been in the data accuracy behind Scope 3, category 11, where we now have data from both operating companies, rather than needing to extrapolate from one business. This has increased our emissions in this area. We also worked with our consultants to re-calculate our baseline year of 2020/21 for Scope 3, category 11, because we updated our methodology for 2024/25 to include full lifetime emissions from use of our sold hardware and also to use hardware reports from both operating companies for more accurate calculations.

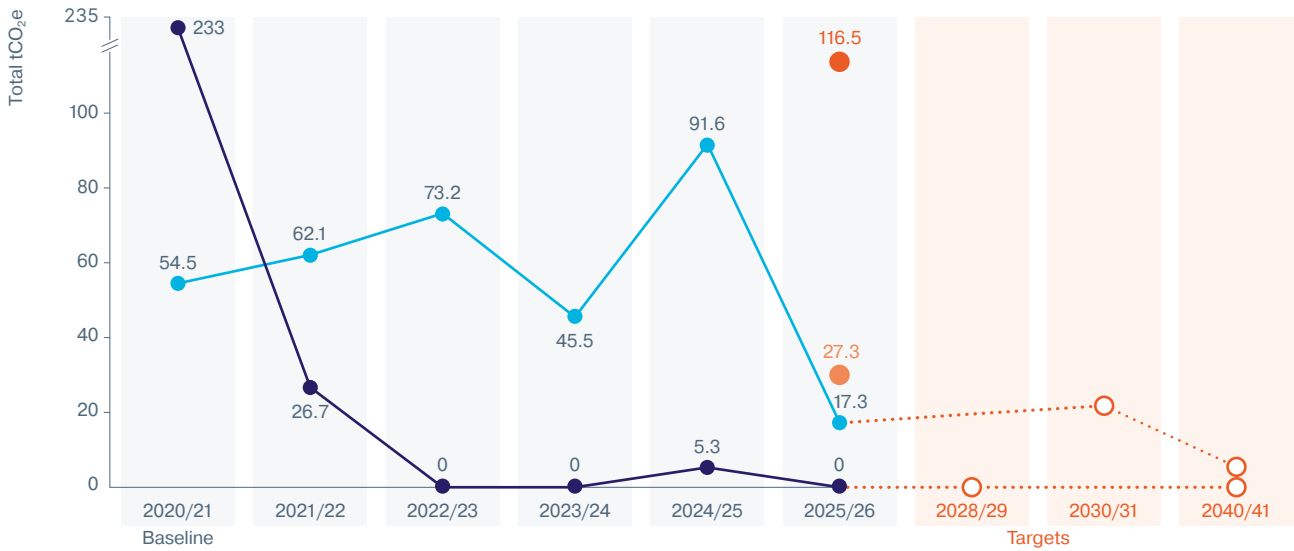
In December 2024, Bytes purchased two buildings next to our Leatherhead head office. One building, Cassini Court, is fully leased, and Bytes and BTG employees began occupying the other, Pascal Place, in October 2025. Both buildings were brought under a renewable energy tariff, but we expect the energy requirement for Pascal Place to increase in financial year 2026/27 given its part occupation.

During financial year 2025/26, we measured our emissions from these buildings more accurately and determined a lower-than-5% increase in our Scope 1 and 2 emissions. Given we have not reached the 5% materiality threshold, we have not needed to rebaseline our emissions or resubmit our targets to the SBTi.

As part of our commitment to integrity and transparency, this year we engaged a third party, Carbonology, to assure and verify our GHG emissions data against ISO 14064. This has been done across Scope 1, 2 and 3 to a reasonable assurance level.



Scope 1 and 2 data year-on-year comparison



Our Scope 1 emissions for 2025/26 decreased from 91.6tCO₂e in the prior year to 17.3tCO₂e. This reduction is because of a new HVAC system at Bytes House, which is more efficient and has required less maintenance. The heating gas used in the two purchased buildings has been transitioned to a green gas tariff, which has also had a carbon avoidance impact.

Although market-based Scope 2 emissions decreased from the prior year because we brought the purchased buildings under a renewable tariff, the 0.04tCO₂e is from two months of car park lighting under a standard tariff, which was only switched over to the renewable tariff in May 2025. Given our practice of reporting to one decimal place, this will show as zero emissions.

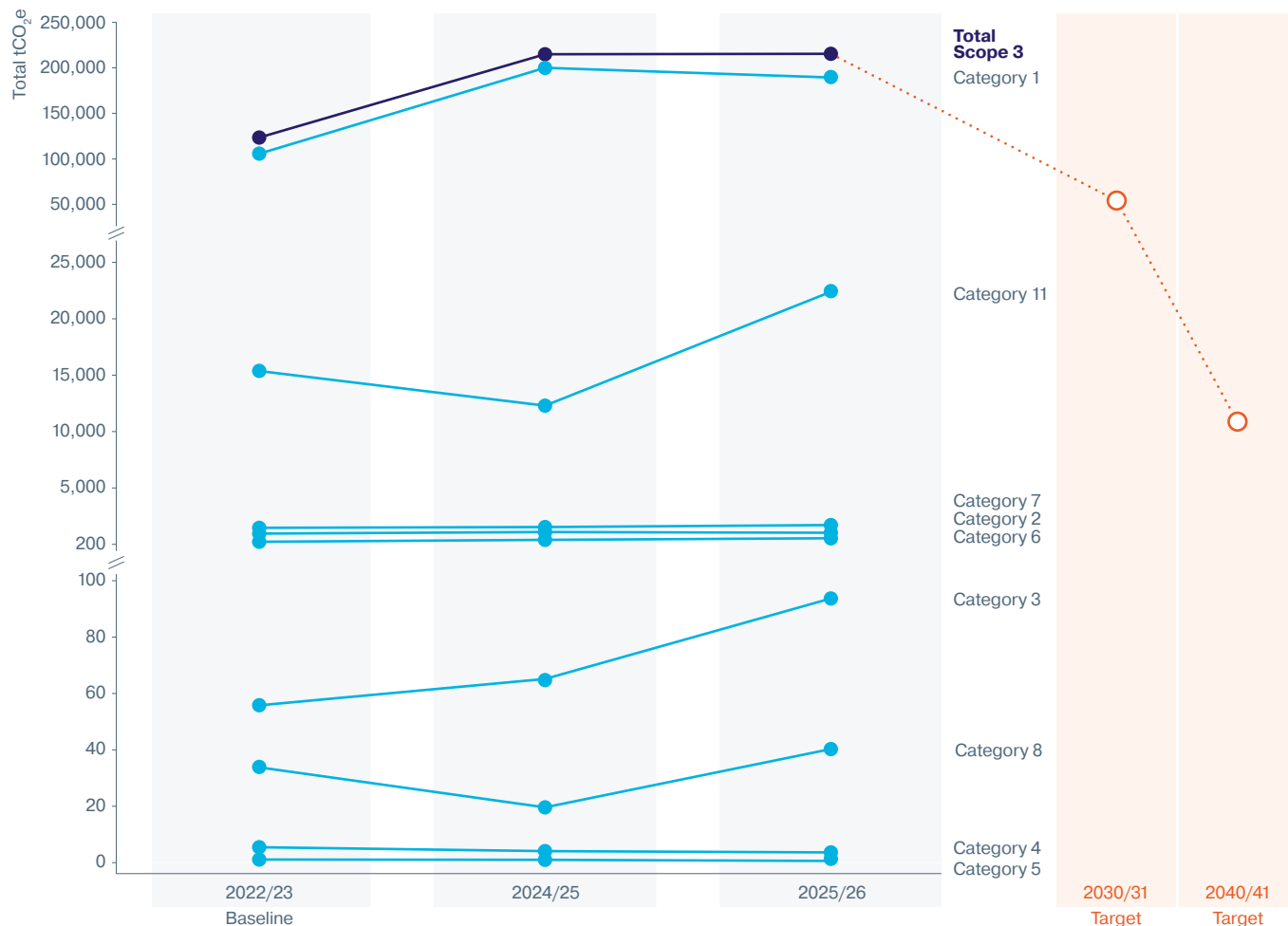
This year we reached one of our first reduction targets, which, given the timing, was not validated by the SBTi but is important to keep the business on track. Our Scope 1 target was to reach 50% emissions reductions in 2025/26 from a 54.5tCO₂e baseline figure in 2020/21,

so the target meant reaching 27.3tCO₂e by 2025/26. We surpassed this by reaching 17.3tCO₂e, which is a 68% reduction in Scope 1 emissions from our 2020/21 baseline.

In addition, we met our original Scope 2 target of a 50% reduction in market-based emissions from a 2020/21 baseline. We met this target the following year by shifting to renewable energy tariffs, and reached zero emissions in 2022/23. As such, we amended our target to maintain a 100% emissions reduction. Apart from emissions related to the timing of switching over contracts for the purchased buildings, we continue to meet this target.

- **Scope 1** Direct emissions from our sites
- **Scope 2** Market-based indirect emissions from the energy we buy
- Scope 1 50% reduction target set in 2020
- Scope 2 50% reduction target set in 2020

Scope 3 data year-on-year comparison



Scope 3 data (revised for 2022/23 and 2024/25)

Scope 3 categories	2022/23 (tCO ₂ e)	2024/25 (tCO ₂ e)	2025/26 (tCO ₂ e)
1 Purchased goods and services	105,537.9	199,618.6	189,712.9
2 Capital goods	880.1	1,026.5	1,001.1
3 Fuel and energy-related activities	55.8	64.7	93.7
4 Upstream transportation and distribution	5.4 ^a	3.9	3.4
5 Waste generated in operations	1.0	0.6	0.7
6 Business travel	264.0	398.1	523.5
7 Employee commuting (including working from home)	1,372.0	1,508.1 ^c	1,706.7
8 Upstream leased assets	33.8	19.6	40.2
11 Use of sold products	15,366.7 ^b	12,236.8 ^b	22,432.7
Total Scope 3	123,516.7	214,876.9	215,514.9

a Revised in 2025 because of a corrected well-to-tank calculation.
 b This year, we calculated our category 11 (use of sold products) using the full lifetime methodology, as well as having more accurate data from both operating companies. In 2024/25, we corrected the calculation to include the full lifetime use of the hardware, but had to extrapolate the data from only one operating company, which proved to be significantly different. For our baseline year 2022/23, we recalculated using the same lifetime methodology and the more accurate data from the two operating companies.
 c The employee commuting figure was amended for 2024/25 because of an error. Data from questionnaires had been collected from both operating companies but one had been missed, so the data was extrapolated from one set of results. This was rectified in June 2025.

Energy and carbon data

The SECR regulation requires that UK businesses in scope of the regulation report on their kWh energy usage, as well as carbon emissions and at least one intensity metric.

The methodology for our calculations is on page 21, while more details can be found in the annual carbon reports published by each of our operating companies at bytes.co.uk and phoenixs.co.uk.

The table below shows our energy use and carbon emissions across Scope 1, 2 and 3 in 2024/25 and 2025/26. The intensity metrics are shown for both market- and location-based emissions and are based on our energy intensity per million pounds of gross invoiced income (GII).

Energy and carbon data^a

Energy, GHG emissions and intensity metrics (kWh and tCO₂e)

Group	2024/25 (revised ^b)		2025/26		Change
	kWh	tCO ₂ e	kWh	tCO ₂ e	
Energy consumption	1,839,096.9		2,512,388.2		+673,291
Scope 1 – Direct emissions from our sites	191,676	91.6	421,439.3	17.3	-68.3%
Scope 2 – Indirect emissions from the energy we buy					
Location-based ^c		179.9		200.8	+10.4%
Market-based ^d	955,574	5.3	1,223,627.2	0.0	-100%
Scope 3 – All other indirect emissions across our value chain ^b	691,846.5 ^e	214,876.9	867,321.1	215,514.9	+175,475
Total emissions – location-based^c		215,148.4		215,732.9	+0.3%
Relative emissions – location-based tCO₂e/£m GII		102.4		92.2	-10.0%
Taking our renewable energy into account					
Total emissions – market-based^d		214,973.8		215,532.2	+0.3%
Relative emissions – market-based tCO₂e/£m GII		102.3		92.1	-10.0%

a Our methodologies for reporting energy and carbon data are set out on page 21.
 b Our kWh emissions have been revised for Scope 3 to only include business travel, as per SECR guidelines.
 c Location-based emissions are calculated as the average emissions intensity of the electricity grid.
 d Market-based emissions take renewable energy purchasing into account.
 e Scope 3 kWh figure revised to account for only business travel, because this is the standard approach.

Waste

This year we set ourselves ambitious targets for waste reduction and recycling. The targets are published within our new waste and water policy (available at bytesplc.com/about-us/governance). We have established a baseline of 2023/24, which is when we had more accurate and comparable data for waste reporting. Our targets are based on a reduction of waste produced per employee and a percentage of waste recycled across the whole business, which allows for growth while ensuring our targets remain relevant.

Our waste targets, from a baseline of 2023/24, are:

- 0% to landfill by 2027/28
- Percentage of waste recycled – 50% by 2030/31 and 65% by 2035/36
- Reduction in total waste intensity (per employee) – 15% reduction by 2030/31 and 25% reduction by 2040/41.

Waste performance

Financial year	Total waste (kg)	General (kg)	Recycled (kg)	WEEE ¹ (kg)	Food waste ² (kg)	Recycled (%)	Total waste per employee (kg)
2023/24	23,824	13,999	9,346	479	n/a	41.2%	22.5
2024/25	21,834	13,834	7,747	601	n/a	38.4%	19.0
2025/26	25,236	13,932	7,103	1,079	3,097	44.7%	19.6

¹ Waste electrical and electronic equipment.
² Food waste included from 2025/26.

Water

BTG’s operations are within the UK and all the water the Group uses is sourced from the mains through UK utility companies. In 2021 the Department for Environment, Food and Rural Affairs (Defra) identified regions in the south of England – where our Leatherhead, Reading, Portsmouth and London offices are – as ‘Serious’ under its water stress classification, and regions in the north of England where we are located – York, Manchester and Salford – as ‘Not Serious’. Globally, the World Resources Institute’s (WRI) Aqueduct tool has identified the UK’s baseline water stress as low–medium (10–20%), although the UK’s drought risk is measured at medium–high. This means that,

although none of our water is sourced from areas the WRI deems to be under ‘high water stress’, given the impacts of climate change – including increasing drought periods – we cannot be complacent in the UK about water availability. So, BTG is taking steps to measure and reduce water use.

This year we also set ourselves ambitious water reduction targets and published these within our new waste and water policy. We have established a baseline of 2023/24, which is when we had more accurate and comparable data for water reporting. Our targets are based on a reduction of water used per employee, which allows for growth while ensuring our targets remain relevant.

Water performance



- Location**
- Bytes House and Pascal Place, Surrey, UK
 - East Yorkshire, UK
 - Targets

ADDITIONAL ENVIRONMENTAL DISCLOSURES

This year we saw our water use per employee increase, which, for Bytes, was possibly caused by occupying a new office building. However, usage has also gone up in Bytes House and in Pocklington, so more work is needed to understand the causes of the increase – such as more people working more days in the office, a change in water-use behaviour or potential leaks.

Methodology

We have reported on the emission sources required under the Companies Act 2006 Strategic Report and Directors' Report Regulations 2013 and have followed the requirements of the SECR framework. We have used the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard to calculate our GHG emissions, and applied the emission factors from the UK Government's GHG Conversion Factors for Company Reporting for the most recent year published when we conduct analysis.

We report on all emission sources required by SECR under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. These sources fall within our consolidated financial statements.

We were verified against the methodology of ISO 14064-1, which provides guidance at the organisational level for quantifying and reporting GHG emissions and removals.

Our approach to reporting GHG emissions

We have reported on our GHG emissions since we listed in December 2020. Before this, GHG emissions reporting was an established part of our operating companies' reporting process, as a required regulatory disclosure for our former listed group. In 2025/26 we worked with our consultancy using the notch carbon accounting platform to map our energy and carbon data (Scope 1, 2 and 3), using our 2020/21 baseline for Scope 1 and 2 and our 2022/23 baseline for Scope 3, which we report under the SECR regulations.

In our GHG emissions reporting, as well as recording carbon dioxide (CO₂), we include all other GHGs covered under good practice reporting – that is, methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). We calculate and report GHG emissions in tonnes of carbon dioxide equivalent (tCO₂e), following recommended best practice. Procured renewable electricity and gas is calculated in accordance with the WBCSD-WRI Scope 2 Guidance on procured renewable energy (2015). Conversion factors have been applied based on activity data wherever possible, using 2025 factors as published by Defra and DESNZ (Department for Energy Security and Net Zero). Where activity data is not available, conversion factors have been applied based on Defra-published 2021 EEIO (environmentally extended input output) spend-based conversion factors. Scope 3, category 1 (purchased goods and services) emissions constitute the majority of declared emissions, and were calculated based on supplier-stated emissions, where available. A proportion of supplier-stated emissions were then allocated to category 1, based on spend with supplier, as a percentage of total reported revenue.

For non-vendor spend, where activity data was not available, conversion factors have been applied based on Defra-published 2022 EEIO spend-based conversion factors, adjusted for inflation. Scope 3, category 1 emissions constitute the majority of declared emissions, and were calculated based on supplier-stated emissions, where available. For vendor spend, a proportion of supplier-stated emissions were then allocated to category 1, based on spend with supplier, as a percentage of total reported revenue. (This approach calculated emissions based on 82.3% of Bytes vendor spend and 84.4% of Phoenix vendor spend.)

In line with ISO 14064-1, when reporting our carbon footprint we use the principle of operational and financial control. This involves us accounting for GHG emissions from operations over which BTG has control: both financial control, where we direct the financial and working policies of our businesses to gain economic benefits

from our activities, and operational control, where we have full authority to introduce and implement our working policies.

To calculate our emissions, we use Greenhouse Gas Protocol standards, which categorise emissions into three scopes. More information about our GHG emissions targets and performance data is set out in this section, on pages 16 to 19 and at bytesplc.com.

We will continue to improve the quality and coverage of our GHG emissions and associated reporting. As this process matures, we will continue to work with external experts to assure our carbon data disclosures. The annual carbon reports published by our operating companies give more details of the data sources and assumptions used to calculate emissions. These reports are available on the companies' websites.

Water and waste measurements

Water usage is taken from our utility bills in m³. There are separate meters for Bytes House, Pascal Place and Phoenix Software's Pocklington building.

Waste stream data is collected from our waste carriers each month. However, this data was incorrect in May 2025. There was an estimation made for both recycling and general waste for that month. Where data is provided in tonnes, this is converted to kilograms for all waste streams.

Where data is provided in handwritten form, a best conservative estimate will be made for any unclear entries, based on the items collected.

More work is needed to understand the data that is routed to energy-from-waste facilities versus landfill for Bytes.

Nature and biodiversity

In addition to the areas we measure, we consider that impacts relating to biodiversity and land use are not material to our business and so are outside our measurement scope. However, we will continue to undertake initiatives to improve the biodiversity in our local areas, through volunteering with charities, and to advocate for the importance of our natural world, through our offsetting initiatives, which also have a biodiversity benefit.

ESG Committee report

In its first full year, the ESG Committee supported the business, and held it to account, in progressing and meeting its ESG goals.



The ESG Committee was established in June 2024. Our main role is to add rigour to BTG's ESG processes: setting clear targets, overseeing and monitoring progress, and driving improvements in data accuracy and reporting integrity.

Our remit covers three areas, central to the Group's ESG strategy:

- **Environmental** – overseeing performance and initiatives to meet BTG's GHG emissions reduction and resource-use targets, including its net zero transition plan
- **Social** – overseeing BTG's people, culture and workforce matters, with a strong emphasis on diversity, equity and inclusion
- **Governance** – overseeing BTG's business conduct, and identifying and preparing for emerging sustainability regulation and reporting requirements.

Our non-executive directors serve as committee members, with our meetings routinely attended by CEO, Sam Mudd, and CFO, Andrew Holden. BTG's Group Sustainability Manager, Lisa Prickett and, since her appointment in July 2025, the CPO, Kally Kang-Kersey, also attend our meetings.

Overseeing key milestones

During the year, the committee oversaw several ESG milestones. Within the environmental pillar, these included the establishment of targets and policies to reduce BTG's water use and waste, and the completion of the first phase of the Group's plan to reach net zero by 2040, which our committee formally approved in March 2026.

Within the social pillar, Kally's appointment as CPO has brought dedicated HR expertise to the Group and our committee. In our first meeting after she joined for example, the committee focused on people and culture, with Kally feeding back on her early impressions and meetings with employees.

Embedding a winning culture

Appointing a CPO also gives renewed momentum to the Group's commitment to embedding a positive and winning culture across BTG. In 2025/26 our committee's contribution to culture included our programme of employee forums, through which BTG people share their honest feedback of working for the Group. Shruthi Chindalur, our designated non-executive director for employee engagement, and who reports to our committee, oversees these forums.

This year, to increase directors' engagement with the workforce, all non-executive directors – rather than the designated director alone – led individual employee forums. While the non-executive directors' main role at the forums is to listen and observe, when meeting BTG people we also aim to promote positive and constructive discussion around cultural themes, such as diversity of thought, ethnicity and gender, as well as equity and inclusion.

Trust is a cornerstone of a winning culture. Those who participate in employee forums must believe that their voices are being heard. In 2025/26 our committee approved a structured communications programme – devised by our designated director and our CPO, for launch next year – that will ensure that employee forum participants know what actions have resulted from their feedback.

Having the CPO and the Group Sustainability Manager at our meetings has mutual benefits. It enables them to draw on the experience and insights of, and receive support and challenge from, the committee members, each of whom has a strong track record with a wide range of companies. It also allows the non-executive directors to stay informed about the external ESG picture, by receiving updates on regulatory change and its impacts on company risk from functional experts, and to develop a deeper understanding of BTG's own ESG activity.

Holding the business to account

This year, our committee's oversight activities included:

- Monitoring BTG's progress against managing the risks identified in the most recent internal ESG and talent retention audits
- Receiving updates on the rollout and impact of the employee carbon literacy awareness programme, which aims to deepen understanding of the causes and effects of climate change and how individuals can limit their impact
- Overseeing the Speak-up programme to ensure that it continues to operate effectively.

Continued external recognition

This year BTG again received external recognition for its progress in ESG. This included gaining silver medals across the Group from sustainability management system rating provider EcoVadis, with both Bytes and Phoenix in the top 15% of its rated companies. In July 2025, BTG became a constituent of the FTSE4Good Index Series, which measures the performance of companies demonstrating strong and verifiable ESG practices.

BTG gained third-party assurance for the first time on its GHG emissions, providing a layer of integrity that was welcomed by the committee.

In 2026/27, the company will take more steps to communicate our ESG initiatives and the significant achievements around them, both within and outside the business.

Prioritising ESG

I am pleased how, in the committee's first full year, we have formalised and advanced the Group's approach to ESG. Having a standalone committee gives us dedicated time and a platform to address ESG issues in more depth than was possible at the main Board.

The ESG Committee complements the work of other committees – for example, the Audit Committee oversees financial KPIs and our committee has oversight of non-financial indicators.

Geopolitical shifts have changed the sentiment to ESG in some quarters. However, integrating good ESG practice into the business remains a priority for the committee, our Board, our employees and, I believe, our investors.

Priorities for the coming year

The coming year is likely to see regulatory changes in ESG, both in the UK and globally. The ESG Committee will maintain close oversight of the regulatory environment and ensure BTG is well prepared to meet any new requirements.

As well as regulatory compliance, in 2026/27 our committee will focus on:


- Advancing BTG's net zero transition plan
- Continuing to develop the environment for employees to perform and prosper, in particular recruiting and retaining the right people, strong succession planning and embedding a positive and winning culture

Committee attendance

Committee member	For the financial year to 28 February 2026
Anna Vikström Persson	2/2
Patrick De Smedt	2/2
Erika Schraner	2/2
Shruthi Chindalur	2/2
Ross Paterson	2/2

- Overseeing the ongoing assessment of our supplier base to ensure it meets the Group's ethical and regulatory standards, both to manage risk and reinforce Group values.

I look forward to reporting to shareholders in 2026/27 on what the ESG Committee has delivered in the year.



Anna Vikström Persson
 ESG Committee Chair
 11 May 2026

ESG Committee's terms of reference

General	Environmental	Social	Governance
Significant ESG-related projects, including their impact, materiality and budget.	BTG's impact on the natural environment and our response to climate change, including reviewing plans and targets.	Progress against targets for gender balance, the gender pay gap and ethnic diversity.	Reviewing ESG content in our Annual Report and Accounts to ensure it is fair, balanced and understandable.
Relevant internal audit reports and BTG's response to actions that affect people, planet and communities, including interacting with the Audit Committee.	BTG's performance against our science-based targets, and the implementation of relevant policies and practices.	Board member employee engagement and ways to enhance employee welfare and performance.	Reviewing other reports and statements, including our modern slavery statement and human rights policy.
Monitoring emerging regulatory and reporting requirements for ESG issues to ensure the Group remains compliant.	The potential impact on BTG of climate-related risks and opportunities.	Key BTG charitable and community initiatives and partnerships, monitoring alignment with Group ethics and transparency.	

Task Force on Climate-related Financial Disclosures (TCFD)

We are committed to protecting the environment by reducing our GHG emissions and helping our customers to do the same.

We are acutely aware of the impacts that climate change could have on our business and society – and of the related risks businesses are exposed to through their activities and supply chains.

BTG responded to the UK Government's consultation on the future of the UK Sustainability Reporting Standards (SRS) in 2025. The government published these standards as SRS S1 and S2 in February 2026, but they are not yet mandatory. Although TCFD has been disbanded and its recommendations adopted into broader IFRS S1 and S2 standards – and subsequently the UK SRS S1 and S2 – we continue to report using the TCFD recommendations. We also maintain our wider GHG emissions reporting – see Additional environmental disclosures on pages 16 to 20 and Our planet on pages 11 to 15. Through its focus on climate policy and regulation, the UK Government has also made climate change a priority for all businesses. This includes the upcoming requirement to publish net zero transition plans to support the UK's overall net zero target.

This year, through our new waste and water policy, we added seven targets and their associated metrics, which are detailed on page 20. These focus on the broader environmental impacts of waste and water use but are also relevant to our GHG emissions reporting.

Our view is that the direct impact of climate change on BTG will be relatively low, given our primary business is in software, IT services, and security and cloud solutions, working with large software companies. Unlike many companies in other sectors, we do not have factories or facilities outside the UK and, currently, consider the impact of extreme weather events in the UK to be relatively low. Employees and customers are not always required to attend our offices in person, and the hardware we sell, although transported by third parties, is a relatively small part of our business.

But, like all responsible companies, we will continue to focus on our environmental impacts and support the transition to a low-carbon economy. Adapting, alongside our customers, to climate change and more weather extremes is the right thing to do. From a risk perspective, it also helps keep the business resilient – but it brings us opportunities too, as companies look to technology for the systems and services that they need to manage transition risks and move to a low-carbon economy.

Complying with TCFD

This is our fifth report against the recommendations of the TCFD, which we expanded previously to incorporate the requirements of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 – which itself aligns with the recommendations.

We have again complied with all 11 areas of the TCFD and summarised this in the following table. To avoid repetition, we have cross-referenced to relevant information elsewhere in this document or the Annual Report and Accounts 2025/26 – particularly in Our planet on pages 11 to 15 and in Additional environmental disclosures on pages 16 to 21, which should both be read in conjunction with this TCFD report.

TCFD recommendation	Compliance and cross reference	Comments/next steps
Governance see pages 26 to 27		
a. Describe the board's oversight of climate-related risks and opportunities.	Fully compliant – see page 26	n/a
b. Describe management's role in assessing and managing climate-related risks and opportunities.	Fully compliant – see pages 26 to 27	n/a
Strategy see pages 28 to 33		
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Fully compliant – see pages 30 to 33	n/a
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Fully compliant – see pages 29 to 33	n/a
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Fully compliant – see pages 28 to 33	n/a
Risk management see pages 26 to 27		
a. Describe the organisation's processes for identifying and assessing climate-related risks.	Fully compliant – see pages 26 to 27	n/a
b. Describe the organisation's processes for managing climate-related risks.	Fully compliant – see pages 26 to 27	n/a
c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Fully compliant – see pages 26 to 27	n/a
Metrics and targets see pages 11, 16 to 20 and the Directors' remuneration report		
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Fully compliant – see pages 11, 20 and the Directors' remuneration report	n/a
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks.	Fully compliant – see pages 16 to 19	n/a
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Fully compliant – see pages 11, 20 and the Directors' remuneration report	n/a

Governance and risk management

Given that scientific understanding of and regulations relating to climate change and its impacts evolve, we oversee its risks and opportunities at the highest level of the Group. Our governance structure ensures we factor climate-related issues into our thinking throughout the business,

while our overall enterprise risk management framework integrates climate assessments and sets out our risk management process for climate-related risks. Read more in our Risk report.

Focused oversight at Board level

Our Board is responsible and accountable for sustainability, including the achievement of our environmental targets, and for overseeing climate-related risks and opportunities. The Board receives relevant performance information from the ESG Committee, which meets three times a year, including on progress against targets, significant actions taken and any changes to risk. Any material matters are discussed and actions identified, as necessary. For more information on the ESG Committee's activities, see pages 22 to 23.

Sustainability strategies may also be discussed at the annual budget meeting to review any material projects with capital expenditure, such as on-site renewable energy generation projects. As part of our enterprise risk management framework, our principal and emerging Group risks, and any changes to these, are also presented to the Board twice a year for approval.

The Board delegates the authority for delivering the risk framework to the Audit Committee, which formally reviews our risk performance twice a year. The committee also receives Group risk updates for review. Since 2022/23, the Audit Committee has considered climate-related risk as part of its work reviewing risk overall.

Our Board-level ESG Committee has increased the scrutiny of our climate-related activities, monitoring how we implement the company's ESG and sustainability strategy. During the year, the ESG Committee received updates on our ESG strategy, and was briefed on our environmental, and waste and water, policies, on phase one of our net zero transition plan, and on the progress of our sustainability initiatives and climate-related risks and opportunities. The committee also received standing updates on emerging external trends and developments, and stakeholder expectations around commitments to net zero.

The Board

- Overall responsibility for the effective delivery of our sustainability targets
- Considers reports from the ESG Committee
- Our CFO is BTG's executive director for sustainability
- The Board, with senior leadership, also oversees governance aspects of ESG

ESG Committee

- Reviews progress against sustainability targets
- Monitors the changing regulatory requirements and trends in ESG
- Reviews climate-related risks and opportunities
- Considers sustainability as part of our engagement with stakeholders

Executive Committee, management and Group Sustainability Manager

- Operational management of environmental targets and stakeholder engagement
- Review and monitor climate-related risks and opportunities

Sustainability Steering Committee

- Members drawn from senior leadership and across the business
- Considers progress against targets and assesses operations from a sustainability viewpoint

Operational teams

- Champion practical environmental and social activity, including volunteering
- Raise awareness of local social and environmental issues

Governance and risk management continued

Responsibility and management at executive level

Beyond the Board, we have a tiered chain of responsibility within the business for driving, embedding and monitoring our approach to environmental issues, including considering the potential effects of climate change.

Our Executive Committee is responsible for the delivery of our environmental targets, and reviews and monitors climate-related risks and opportunities, reporting to the Board. Our CFO is the executive director responsible for overseeing climate-related activities and, working with our Group Sustainability Manager and the senior leadership of our operations, leads the development of our climate change policies. Our CFO is also responsible for overseeing climate-related financial activities and reporting, including sponsoring the Sustainability Steering Committee and the Group risk forum. The forum comprises senior colleagues from across our governance, sustainability, risk management and finance functions.

The Executive Committee also receives Group risk updates for review, in line with our risk review cycle. Our CFO oversees the implementation of our enterprise risk management framework, and compliance with it across the Group. Risk management, which includes a review of climate-related risks together with other risks faced by the business, is a standing item on the agenda of our Executive Committee meetings.

Formal feedback on risk management is also integral to our operating company board meetings, so reviewing climate risk forms part of Bytes’s and Phoenix’s board agendas – see the risk management section of our Risk report. This ensures accountability at each level for identifying, monitoring and proactively managing risk and compliance issues.

Delivering at an operational level

At an operational level, we have our Sustainability Steering Committee, which aims to meet quarterly, but at least twice a year. It discusses the impact of climate change and ensures we integrate environmental issues into our strategic planning. The Group Sustainability Manager keeps up to date with the latest science and regulations, and works with other members of the committee to understand the implications of the potential risks across the business. As well as the Group Sustainability Manager, the committee includes our CFO and other members of senior leadership, plus colleagues with relevant functional roles or who have a particular interest in this area. Our CFO reports on the committee’s work, the progress of our environmental initiatives, and our risks and opportunities to the Executive Committee.

We also have employee-led initiatives at operational level, which promote engagement, raise awareness of the

importance of environmental issues and organise local activity. These groups form an important part of our collective efforts and report into our Sustainability Steering Committee.

Our business processes ensure that the policies, procedures and control environment set by the Board, and our commitments on topics such as climate risk, are understood and adhered to across BTG. The factors we consider when drafting policies and procedures include regulatory requirements, reputational and physical risks, and opportunities to advise our customers on sustainable technology solutions. The evaluation criteria include relevance to our industry and sustainability, regulatory and legal risks, financial implications and the areas of our business that might be affected.

We manage our environmental impacts through the framework of the ISO 14001 environmental management system. ISO 14001 requires that risks and opportunities be identified, and processes put in place to mitigate and manage them. Both Bytes and Phoenix are certified to ISO 14001. For more about our principal risks and how we manage and mitigate them, see Our principal risks and uncertainties.

Our climate-related risk process

Risk identification	We identify risks at any level of the business, with climate-related risks channelled through either the Sustainability Steering Committee (bottom up) or the ESG Committee and our executives (top down). The Group Sustainability Manager stays informed about climate science and regulatory changes, raising any potential risks identified through these forums.
Risk assessment	We then discuss any identified risks at ESG Committee, Sustainability Steering Committee and Group risk review meetings. These forums comprise individuals with wide-ranging knowledge of the business and its operations and who are well placed to interpret the impact of the risk on different areas. The risk impact is then measured against the chosen climate scenarios, and a financial impact estimated.
Risk management	If a risk is considered to have a potentially material impact, we will add it to the Group’s risk register as either an emerging or a principal risk. Such risks will be managed through our enterprise risk management framework. If a risk is considered immaterial, it will be added to the climate-related risk assessment and be reviewed annually, with Board oversight. If a risk changes from immaterial to material, or vice versa, it will move to the appropriate channels and be managed accordingly. We will also consider mitigating actions and alignment with strategy, depending on the risk impact.

Strategy

Our strategy is to grow organically by doing more with existing customers and winning new ones. But we also want to grow while minimising our impact on the environment, which is why our focus on achieving net zero by 2040 matters, since it enshrines that aim into our strategic plans. Depending how the effects of climate change materialise, there could also be opportunities for us as more customers look to technology to reduce or mitigate its impacts.

The Board is supported by our CEO, CFO and other senior leaders in ensuring that sustainability remains core to our strategy. Forming the ESG Committee, meanwhile, has added another level of oversight to how we manage our climate-related risks and opportunities.

Analysing our climate-related risks and opportunities

In 2025/26, we again reviewed the latest output from organisations such as the Intergovernmental Panel on Climate Change (IPCC), reassessed our climate-related risks and opportunities alongside the TCFD recommendations, and conducted scenario and financial analyses and a financial risk assessment.

Scenario methodology

To incorporate the most realistic changes in temperature for the UK, where the Group's operations are located, we have selected three scenarios: two scenarios of 2°C or below of global warming above pre-industrial levels and one scenario of 3°C. Our analyses covered physical risks (acute and chronic threats relating to extreme weather) and transition risks (such as financial, political, social and reputational factors), which could have a

negative impact on our business, supply chain and employees.

Given the differences between physical and transition risks, two different mechanisms have been used for the scenarios. For physical risk scenarios, we have selected three relevant categories from the eight identified in the IPCC AR6 Categories from Working Group III (IPCC AR6 WGIII). These eight categories range from C1 (>50% chance of limiting warming to 1.5°C with no or limited overshoot) to C8 (>50% chance of global warming exceeding 4°C). BTG has chosen to use C1, C3 and C6, as detailed in the physical risk scenarios table below. For transition risks, we have chosen to use the International Energy Agency (IEA) World Energy Outlook 2025 scenarios, which relate to global energy policy decisions and the adherence to these. These range across three different trajectories, as detailed in the transition risk scenarios table below.

Physical risk scenarios		
Group notation	IPCC AR6 WGIII category	Description
Low	C1	Limit warming to 1.5°C (>50%) with no or limited overshoot
Medium	C3	Limit warming to 2°C (>67%)
High	C6	Limit warming to 3°C (>50%)

Transition risk scenarios		
Group notation	IEA	Description ¹
NZE	Net Zero Emissions by 2050 Scenario	The NZE translates the 1.5°C goal into an updated global pathway for the energy sector to achieve net zero carbon dioxide (CO ₂) emissions by 2050. The NZE sees temperatures rise by around 1.65°C above pre-industrial levels before falling back to 1.5°C by 2100.
STEPS	Stated Policies Scenario	This scenario considers the application of a broader range of policies, including those that have been formally tabled but not yet adopted, as well as other official strategy documents that indicate the direction of travel. Barriers to the introduction of new technologies are lower than in the CPS (see below), but this scenario does not assume that aspirational targets are met. By 2100, the global temperature is projected to rise by 2.5°C.
CPS	Current Policies Scenario	This scenario considers a snapshot of policies and regulations that are already in place and offers a generally cautious perspective on the speed at which new energy technologies can be deployed in the energy system. Under this scenario, total GHG emissions lead to a global average surface temperature rise of around 2°C in 2050 and 2.9°C in 2100.

¹ From the IEA World Energy Outlook 2025.

Strategy continued

We considered these risk scenarios over a broad timeframe, from 2025/26:

- **Short term:** one to three years – the depreciation of the majority of our IT assets, which reflects the length of our typical customer software contracts
- **Medium term:** three to ten years – incorporating 2030, the target date for our main emissions goal
- **Long term:** ten to 24 years – which covers our net zero goal of 2040/41, and the start of 2050, the UK’s net zero target.

Some risks may arise in the shorter term; however, many of the effects of climate change will arise in the longer term and so come with an inherent level of uncertainty. We have identified those – and potential opportunities – most likely to affect BTG, as set out in the tables on pages 30 to 33. The magnitude of our climate-related risks and opportunities not only depends on the physical impacts on our business operations but is also shaped by regulatory developments in our markets, our goal to reduce our GHG emissions, and our efforts to understand and shape a culture of climate action.

We acknowledge that some physical risks will be present well below the 2°C threshold but, given these risks are largely immaterial to our business, we have deemed them to be a minor financial risk – except for under the C6 scenario, where more extreme weather events and heating might require capital investment. We have confidence that the business would be resilient against the physical risks of climate change under the scenarios assessed. We will, though, continue to monitor the potential impact of changes in global temperatures and adapt our analyses as necessary.

Risks and opportunities	
Estimated annual financial impact	Risk category
<£2.5m	Minor
£2.5m to £5m	Moderate
£5m to £7.5m	Material
£7.5m+	Severe

Overall, our analyses showed no immediate material risks that would affect our strategy or performance, so concluded that climate change remains an emerging risk for BTG. However, as the analyses demonstrate, the transition risk that suggests a moderate financial impact is about staying aligned with stakeholders’ expectations and regulation relating to climate change. Our Sustainability/ESG risk incorporates all aspects of sustainability and, in particular, relates to predicted and unforeseen future regulations, which may assess areas we have not measured with the same focus as climate, such as biodiversity and social aspects of sustainability. We have identified the physical risk from climate change as an emerging risk (see our Risk report for more details).

To analyse the materiality of climate-related risks, we used the same process and financial impact categories as we do for principal risks. We have assessed the potential financial cost/benefit for each of those identified, which then dictates the relevant materiality of each risk/opportunity. The materiality of the risks then informs whether the business needs to consider the risk/opportunity in strategic or financial planning. At present, the materiality of the risks and opportunities to the business is

considered low and our resilience to risks high. The table above shows these categories, which are also referenced in the risks and opportunities tables on pages 30 to 33. We have not changed our initial conclusions around the nature of climate change this year, and we are confident that it has had a limited effect on our accounting judgements and estimates. We have therefore determined that it has had no material impact on our asset and liability valuations at 28 February 2026.

Assurance and target validation

In 2024, the SBTi validated our near-term and net zero targets, creating a pathway for the work we need to do to achieve these targets. For our 2025/26 emissions data, we obtained third-party assurance on our Scope 1, 2 and 3 emissions data to a reasonable level. For more details, see Our planet on page 14.

Summary of our key climate-related risks

Risk description	Risk category	Potential impact	Mitigation actions	Scenario and potential financial risk
Transition risks				
<p>Increased pricing of carbon (or carbon-intensive materials, goods and services), carbon reporting obligations, regulation of products and services, and exposure to litigation</p> <p>S</p>	Policy and legal	<p>The most likely effect of any changes would be an increase in operating costs. For example, reporting criteria could involve additional time and expertise, or a mandatory reduction in GHG emissions could require extra capital expenditure. Failure to comply with this risk, which is relatively low, could result in damage to our reputation and possible regulatory fines in certain instances.</p>	<p>We have several internal groups in place to manage sustainability, including the impact of climate change on our business. We continually monitor the regulatory and legal environment and take external advice as required.</p> <p>A large percentage of our supply chain is with Microsoft, which has a 'carbon negative' date of 2030. If it achieves this, it will mitigate the majority of our supply chain Scope 3 emissions from 2030 onwards. We will continue to monitor our other vendors too, including new ones, and will expand our supplier engagement to better understand their GHG emissions and reduction targets.</p>	<p>NZE – minor STEPS – minor CPS – minor</p>
<p>Changes in customer working behaviour and infrastructure requirements</p> <p>M L</p>	Market	<p>The move away from full-time, office-based working could accelerate if climate change-related extreme weather events routinely make it difficult to reach centralised workplaces. This could further encourage employees to work from home or at other non-office locations.</p> <p>These changes could also mean that customers no longer needed so much of the hardware infrastructure that we supply, such as desktop computers and telephones. However, hardware makes up less than 3% of gross profit of our business, and the software side is unlikely to be affected. So, the impact on us would be relatively small and potentially feeds into some of the opportunities identified around increased cloud computing.</p>	<p>Given this risk is relatively insignificant, and within BTG's risk tolerance, we have not developed formal mitigation plans.</p>	<p>NZE – minor STEPS – minor CPS – minor</p>
<p>Substitution of existing products and services that we currently sell with new technologies that are not in our portfolio</p> <p>S M</p>	Technology	<p>On balance, we believe that most of the software we sell would not be affected by this situation, which presents both risks and opportunities to BTG. If our customers moved away from our existing products and services, and we did not have relationships with vendors that sold the new in-demand products and services, we would lose sales. However, if we had built those relationships and could offer those new products and services, we would benefit from additional revenue opportunities. This forms part of our Emerging technology principal risk.</p>	<p>We analyse market trends to keep up with changes in technology and customer preferences and draw on assistance and guidance from external advisors as required. We also have internal groups that focus on managing sustainability, including the effects of climate change on our business. For details of our mitigation actions, see our Emerging technology principal risk.</p>	<p>NZE – minor STEPS – minor CPS – minor</p>

S Short term: one to three years **M** Medium term: three to ten years **L** Long term: ten to 24 years

Strategy continued

Risk description	Risk category	Potential impact	Mitigation actions	Scenario and potential financial risk
Transition risks continued				
<p>Concerned or negative perceptions from stakeholders that we have not responded appropriately to climate change</p> <p>S M L</p>	Reputation	<p>Damage to our reputation could affect all our stakeholders. Investors increasingly have a sustainability mandate – so a poor or damaged reputation could negatively affect our investment case. Customers often include a sustainability score when comparing suppliers. Reputational damage would lower our score, which, over time, would have a negative impact on our revenue. Our suppliers could also exert pressure on us if our reputation was tarnished.</p> <p>Any damage to our reputation could also affect our ability to attract and retain skilled staff, who now look to employers for more than just financial reward and advancement opportunities.</p>	<p>We monitor our external reputation through regular dialogue with our PR agency and external advisors, and engagement with our institutional investors; our vendors' perception through periodic reviews; our customers' views through our customer NPS; and our people's views through our employee NPS, and through briefings from our designated non-executive director for employee engagement and our Chief People Officer.</p> <p>We monitor investor-focused scoring through ISS, and act on areas where we can improve. Public disclosures through CDP and EcoVadis enable us to understand our position within our peer network and engage with customers.</p> <p>We also create opportunities for engagement with all our stakeholders through our Annual Report and Annual General Meeting. We receive insights on our performance from our internal sustainability-focused groups. We take account of the feedback from these sources in the context of our public commitments.</p>	<p>NZE – moderate</p> <p>STEPS – minor</p> <p>CPS – minor</p>
<p>The impact of AI</p> <p>S M</p>	Market	<p>The use of AI – in particular, the expansion of large language models (LLMs) – is consuming greater levels of power than traditional searches, and with the addition of producing pictures and videos, the number of data centres has expanded, as has the power and cooling that they need.</p> <p>Given we sell AI products to customers, this forms part of our own GHG emissions reporting. The risk is that without a shift to renewable-electricity-powered grids, we may miss our GHG emissions reduction targets, which could affect our reputation and ability to retain high scores with ESG ratings agencies.</p> <p>There is also a risk if customers, conscious of their own impact, choose to avoid or limit their use of AI.</p>	<p>Despite an acceptance that this risk is largely out of a business's control, we provide training to customers that includes 'prompt' training, which reduces the number of times an LLM is engaged. We have also given our employees carbon literacy training on the impact of AI.</p> <p>At present, it is difficult to establish the GHG emissions solely from AI because it is embedded in other products – but we are tracking annual emissions and intensity from our top vendors.</p> <p>The impact could be lowered by using global grids, which use a larger percentage of renewables, and if vendors focus on building where the grid is greener and on using less-damaging refrigerant gases for cooling.</p>	<p>Low (C1) – moderate</p> <p>Medium (C3) – moderate</p> <p>High (C6) – moderate</p>

S Short term: one to three years **M** Medium term: three to ten years **L** Long term: ten to 24 years

Strategy continued

Risk description	Risk category	Potential impact	Mitigation actions	Scenario and potential financial risk
Physical risks				
<p>Increase in extreme weather events and variable weather patterns in the UK causing disruption to energy and related systems</p> <p>M L</p>	Acute/chronic	<p>Low-impact scenario (C1) will have a limited impact on the business, as coastal inundation and localised flooding is likely to be minimal. Under medium- and high-impact scenarios, this risk increases but is dependent on tipping points, such as that of the Greenland ice sheet, which could increase sea levels. However, none of our UK locations is at high risk of flooding – although, in extreme weather conditions, commuting could be challenging. Once-a-decade extreme events (pre-industrial) will become more frequent under each scenario as warming increases. Periods of extreme heat could affect productivity and increase emissions from offices through more frequent use of air conditioning. Prolonged heatwaves are still expected to be limited in the UK under 2°C or lower scenarios, with a relatively small impact to the business and on energy use. Increased extreme weather could affect power lines. Such physical risks could make it difficult for our people to get to work, or our vendors and subcontractors to deliver their products and services to us or our customers because of blocked roads or public transport failure, for example.</p>	<p>If extreme weather events affect power lines, or flooding affects travel to offices, mobile connectivity and our network access mean that our employees could work remotely during times of power interruption to our offices. Most of our IT requirements are hosted in the cloud, so we have limited physical connectivity to any one site. We have alternative power supply capabilities, and multiple vendors can provide additional data connectivity, to serve locations with on-site computing needs.</p> <p>In a hotter climate and with more frequent heatwaves, the office environment would need to maintain comfortable working conditions for employees, which is currently serviced through the HVAC system. To manage emissions, we would look to use the most efficient and least polluting refrigerant gases and explore alternative options to ensure a comfortable working environment, while also maintaining carbon efficiency. This may include increasing the number of solar panels to provide more self-generated power.</p> <p>In more extreme scenarios, the UK may look to amend working hours to a working pattern similar to how more southerly European countries operate today.</p>	<p>Low (C1) – minor</p> <p>Medium (C3) – minor</p> <p>High (C6) – moderate</p>
<p>Supply chain disruption from the physical impacts of climate change</p>	Acute/chronic	<p>Global supply chains could be affected by the locations of our suppliers in more severely affected parts of the globe and through disruptions to distribution channels.</p>	<p>Issues are most likely to affect the relatively small hardware and IT services parts of BTG. Software, which makes up 95% of our gross invoiced income, is unlikely to be affected, but we will work with our suppliers to understand their climate change-related risks. We perceive that the impact from this will be fairly small, given our top-tier suppliers will already be taking steps to ensure the sustainability of their own businesses.</p>	<p>Low (C1) – minor</p> <p>Medium (C3) – moderate</p> <p>High (C6) – moderate</p>

S Short term: one to three years **M** Medium term: three to ten years **L** Long term: ten to 24 years

Strategy continued













Summary of our key climate-related opportunities

Opportunity	Description	How we are responding	Scenario and potential financial impact
Expansion of cloud products and services S M	The desire to be more sustainable – and limit climate change – is already encouraging organisations to move their IT servers to the cloud. This is likely to continue, and may accelerate, as the climate-related risks of accessibility and physical damage prompt organisations to untether themselves from their physical locations.	Since we are specialists in cloud technology, this trend would have positive effects on our sales. We already actively promote the sustainability benefits of moving to the cloud, along with our expertise in this. Under the more progressive scenarios, such as NZE, our opportunity would be greater than under the slower mechanisms – but there are several reasons for shifting to the cloud, so this may continue to increase irrespective of changes in jurisdictional climate policies.	NZE – minor STEPS – minor CPS – minor
Demand for resource and energy efficiency S M L	The growing demand for more energy efficiency, and for lower consumption of water and materials, presents opportunities for us because customers are likely to need new technology to help them identify, monitor and manage risk and to comply with regulation on climate-related matters. Factors linked to the drive for low-carbon energy – such as policy incentives, new technologies, participation in carbon markets and localised energy generation – could present more opportunities for us.	Given BTG’s established relationships with leading vendors and our understanding of their software offerings, we are well positioned to provide appropriate solutions, as and when demand increases. This could enhance our product portfolios, leading to additional revenue streams. Under the more progressive scenarios, customers might be more likely to request information about product sustainability, which could open up opportunities for other services.	NZE – moderate STEPS – moderate CPS – minor
Demand for sustainable hardware S M L	Customers pursuing renewable energy programmes, energy-efficiency measures and resource replacements or diversification may need new, more sustainable hardware as well as associated software.	Although hardware sales are not our primary revenue stream, we can advise customers on the most environmentally friendly models, and this could positively affect our revenue. We can also support customers by advising on models that meet certain certifications, such as TCO, ePEAT or EnergyStar. As with the Demand for resource and energy efficiency opportunity above, under more progressive scenarios customers might be more likely to request information about hardware sustainability, and this could open up opportunities for other services.	NZE – minor STEPS – minor CPS – minor
Keeping up with social change S M	Companies with a market-leading response to climate change could attract new suppliers, customers, investors, markets and assets. Some public sector frameworks already rate suppliers on their sustainability credentials. Being known for our sustainability credentials could help us to attract and retain talent. The IT jobs market is extremely competitive and increasing our headcount is essential for our growth.	We are raising our sustainability profile, for example by having validated our emissions targets with the SBTi, through public disclosures such as CDP and by taking into account the expectations of sustainability ratings agencies to improve our scores. We are also proactive about our support for the environment and promote this to our employees through, for example: <ul style="list-style-type: none"> • Employee-led sustainability committees • An employee EV and cycle-to-work programme • A carbon literacy awareness programme • Hybrid working (reducing commuting emissions) • Electric charging points in our car parks. Under the various scenarios, STEPS and CPS would provide us with the biggest opportunity to be leaders in our field. In comparison, however, it might be more difficult to achieve our goals if government policy lags behind.	NZE – minor STEPS – moderate CPS – moderate

S Short term: one to three years M Medium term: three to ten years L Long term: ten to 24 years

Key 2025/26 statistics and certifications

<p>Scope 1 GHG emissions</p> <p>63%</p> <p>reduction from baseline year, exceeding 2025/26 50% reduction target</p>	<p>Scope 2 GHG emissions</p> <p>100%</p> <p>reduction from baseline year, exceeding 2025/26 50% reduction target</p>	<p>Overall GHG emissions</p> <p>10%</p> <p>reduction in energy intensity from prior year</p>
<p>Purchased</p> <p>100%</p> <p>of energy for owned offices from renewable sources</p>	<p>Gained third-party</p> <p>reasonable assurance</p> <p>across Scope 1, 2 and 3 GHG emissions</p>	<p>Implemented a</p> <p>waste and water policy</p> <p>with targets</p>
<p>Raised more than</p> <p>£20,000</p> <p>for St Leonard's Hospice</p>	<p>Volunteered</p> <p>2,159</p> <p>hours</p>	<p>Raised more than</p> <p>£15,000</p> <p>in matched funding</p>

Policies and sustainability information for
the Group, Bytes and Phoenix are available at
bytesplc.com
bytes.co.uk
phoenixs.co.uk

For more information, contact Lisa Prickett,
Group Sustainability Manager, Lisa.Prickett@bytesplc.com

