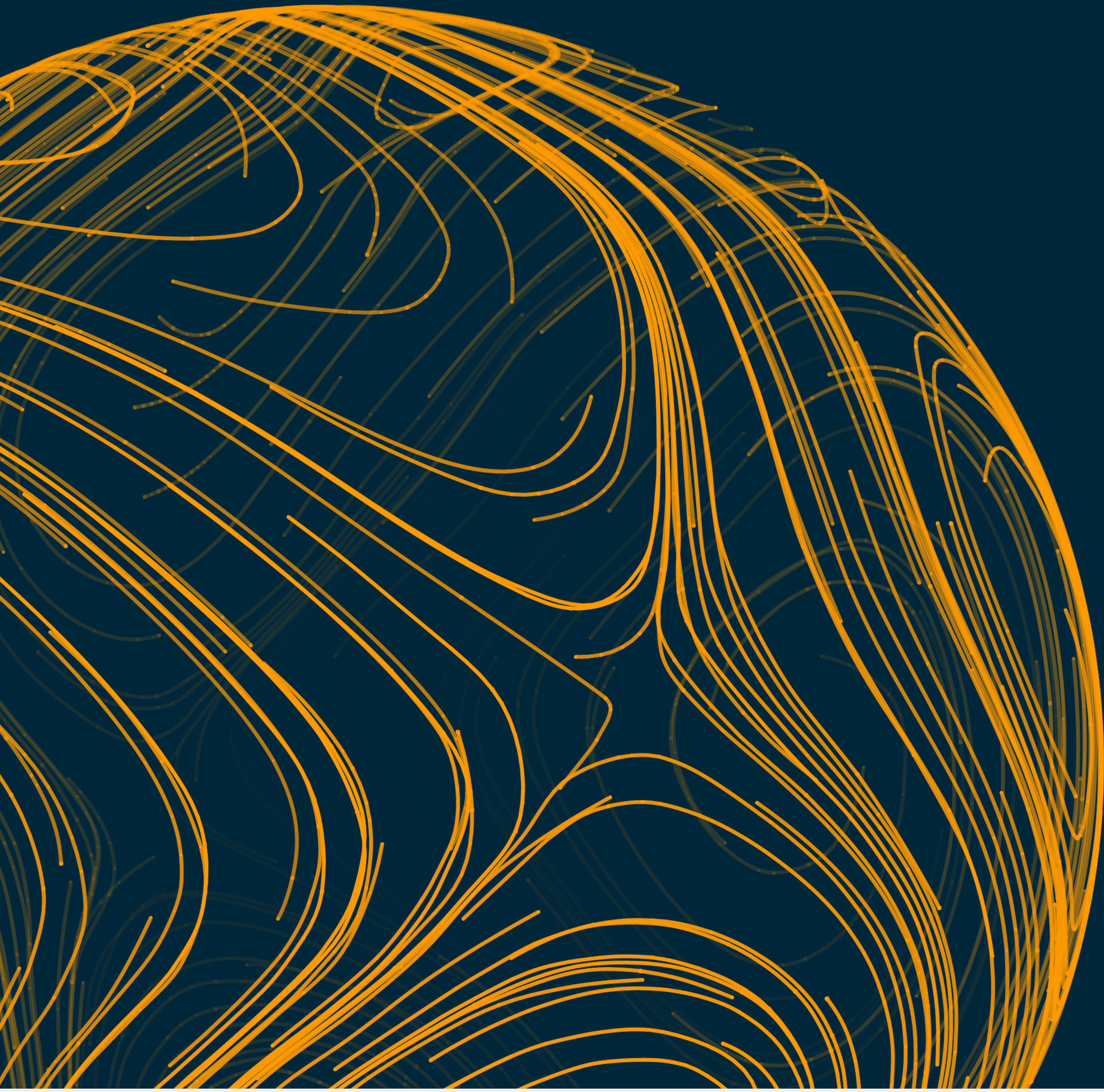


Net Zero Report

Carbon Reduction Plan – July 2023

transparity

transformation • partnership • clarity

Message from our CEO

Publication date: July 2023

Signed: Paul Bolt

Position: CEO

We want to be part of the solution, not the problem

We are incredibly proud to present our first ever Net Zero impact report as part of our wider Environmental, Societal and Governance (ESG) commitments. Our ESG plan is aligned to the United Nations Sustainable Development Goals – a blueprint for achieving a better and more sustainable future for all.

This has been produced in partnership with Sustainable Advantage to ensure independence and that best practices are being leveraged. Sustainable Advantage have used their robust process to calculate total emissions across Scope 1, 2 ,3 and work with us to build our plan to Net Zero by 2045. Our 2045 target is five years ahead of the UK net carbon emissions target of 2050.

For those not familiar with the ‘ Scope’ terminology, it is detailed in this report and covers not just the emissions generated by our organisation, but those upstream in our supply chain too. In short, all the emissions generated by us directly or indirectly.

Our culture and the ethical principles of our business are incredibly important to us. We recognise the climate challenge and are committed to being an organisation that does the right thing and hopefully inspires other organisations to act.

We believe this is the responsibility of all organisations - big or small.

Through our unique culture, based on trust, empowered by digital tools and our values of Transformation, Partnership and Clarity we have been able to embrace a new way of working, we call it Winning From Anywhere®.

Winning for us means winning on all angles, not just commercial performance, but customer experience, employee wellbeing and undoubtedly the greatest challenge we face today, tackling climate change. We are convinced that our business model, partnership approach and digital tools provide us with a blueprint to ensure everyone at Transparity can support the work we are doing in reducing emissions.

This is not just carbon offset, which we are doing, but fundamentally re-engineering, analysing and decreasing emissions in our entire supply chain – asking and demanding more of our suppliers but also supporting customers to reduce the carbon output of their Microsoft Cloud environments through a carbon measurement and reduction toolset we have built.

We also partner with the Woodland Trust to support our Winning From Anywhere® strategy, by planting trees for every consulting day we deliver remotely. Last year over 95% of professional services work was delivered through our Winning From Anywhere® approach resulting in £28,000 supporting their Emergency Tree Fund. This year we will be purchasing a Woodland Trust Grove to both offset emissions but also encourage re-wilding and the re-introduction of native tree species to the UK

Our business model has enabled us to significantly reduce our emissions through this and, by supporting some verified carbon emission programmes through Carbon Neutral Britain™, we can fully offset our Scope 1 and 2 emissions. Winning From Anywhere has enabled us to partially offset our Scope 3 emissions.

Based on this report and Sustainable Advantage’s findings, we can say proudly that Transparity is a carbon neutral organisation today and we are fully committed to achieving our Net Zero plan by 2045.

Each year we will publish our progress, so we are publicly accountable and the results are independently verified.

There is more for all of us to do, but this is tremendous start for Transparity.

Paul Bolt, CEO

About us

We are the UK's most accredited, pureplay, Microsoft partner. We have unparalleled knowledge of the Microsoft cloud and support our customers through a range of Professional Services, Managed Services and licencing. We help organisations deliver digital transformation on the world's most trusted and comprehensive cloud platform.

This includes our 'Winning From Anywhere™' approach to work which is helping us to reduce our travel related emissions, and work that we're undertaking with the Woodland Trust to plant trees.

Microsoft Solutions Partner
Business Applications

Microsoft Solutions Partner
Infrastructure
Azure

Microsoft Solutions Partner
Modern Work

Microsoft Solutions Partner
Data & AI
Azure

Microsoft Solutions Partner
Security

Microsoft Solutions Partner
Digital & App Innovation
Azure

Our commitment to Net Zero

Transparity is committed to ensuring that we play our role in working alongside other UK organisations to achieve the UK Government's Net Zero target of at least a 100% reduction in the net UK carbon emissions by 2050 (based on 1990 levels) for our UK Operations.

We are committed to taking action to reduce our annual emissions and achieving Net Zero emissions by 28th February 2045, five years earlier than the UK Government's target. We will aim to reduce our emissions year-on-year and will achieve:

51%

Reduction in our Scope 1 and 2 emissions by 2030

Since 2023

Offsetting our residual Scope 1 and 2 emissions by 2023 to become carbon neutral via high-quality verified offsets

96%

Overall reduction in all Green House Gas (GHG) emissions across Scopes 1, 2 and 3 by 2045, offsetting any residual emissions via high-quality nature-based or direct air capture projects and becoming Net Zero

To achieve these goals, Transparity has taken the following actions:

1. We have appointed an external specialist carbon consultancy to collate and verify data, calculate carbon emissions and help advise on carbon reduction options
2. Set our base year (March 2022 – February 2023) and calculated our carbon footprint in line with the GHG protocol for that base year:

Scope 1

i. Transport and gas

Scope 2

i. Electricity

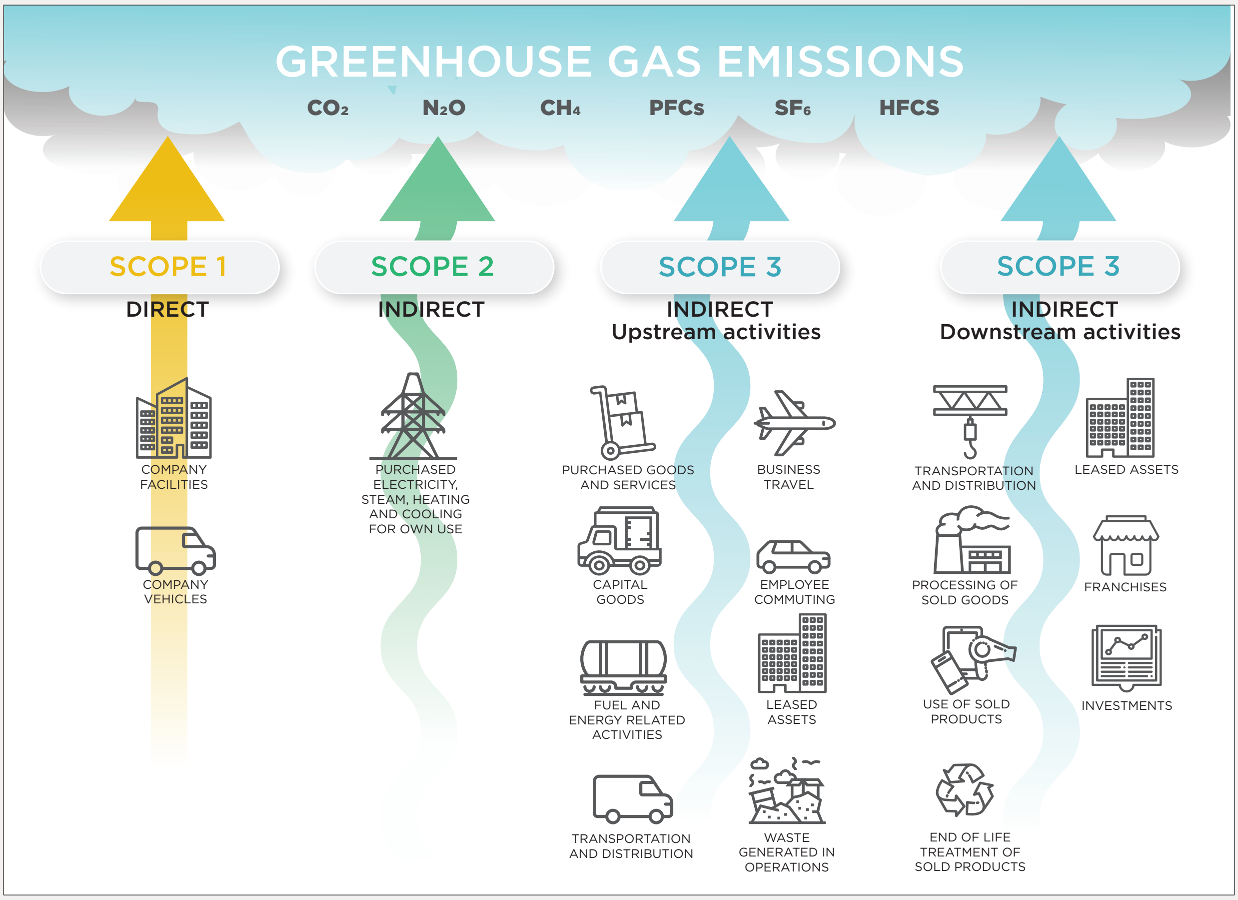
Scope 3

Selected categories from the below based on materiality:

i. 8 upstream categories
ii. 7 downstream categories

3. Created a carbon reduction plan for each Scope and category
4. Set the Net Zero date and committed to updating our carbon footprint annually with February 2024 to be the first year post the base year

Overview of GHG Protocol Scopes and emissions across the value chain

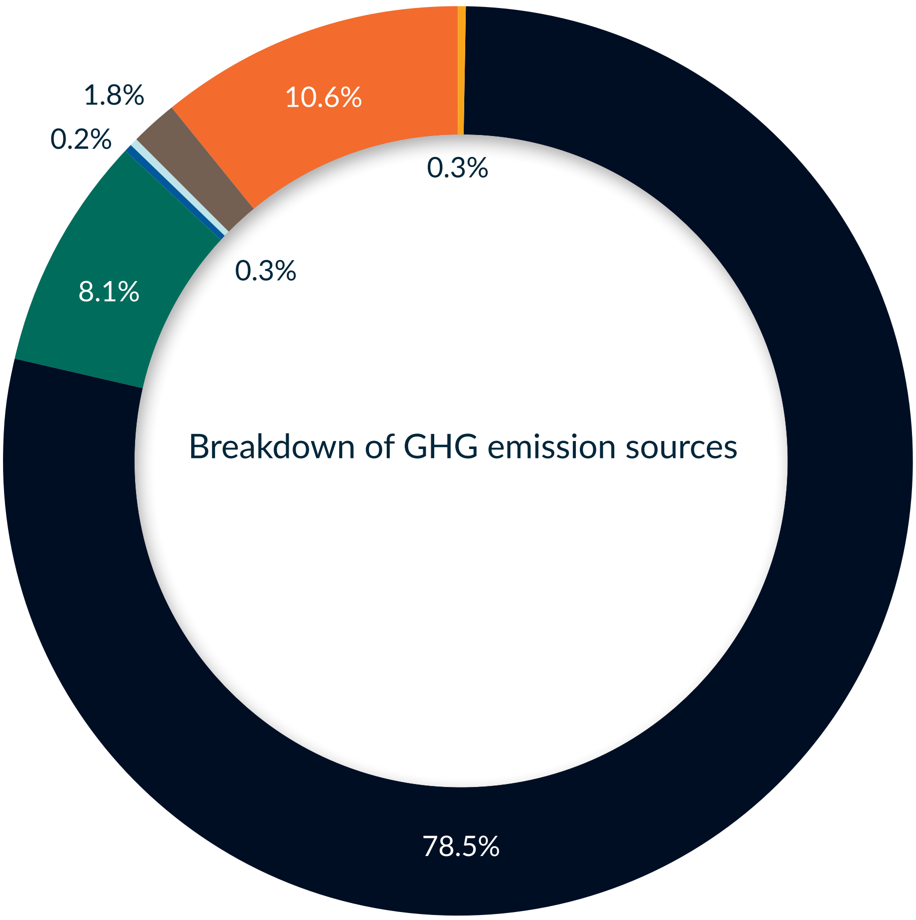


Source: GHG Protocol

Baseline emissions footprint

Baseline emissions are a record of the greenhouse gases that were produced in a previous year prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured. Transparity has chosen March 2022 – February 2023 as our baseline year. Transparity's February 2023 baseline carbon emissions footprint is as follows:

- Refrigerants 0%
- Electricity (market based) 0%
- Electricity (location based) 0.3%
- Purchased goods & services 78.5%
- Capital goods 8.1%
- Fuel & energy related activities 0.1%
- Waste 0.2%
- Business travel 0.3%
- Employee commuting 1.8%
- Employee homeworking 10.6%



Below is an itemised breakdown showing the amount of carbon emissions (tCO_2e) produced by each Scope and category for our March 2022 - February 2023 baseline calculation.

Scope/Category	Item	Total tCO_2e	%
SCOPE 1			
Refrigerants	HVAC's	0.31	0.02%
SCOPE 2			
Electricity (Location based)[1]	Purchased electricity, for own use (grid average)	4.29	0.3%
Electricity (Market based)[2]	Purchased electricity, for own use (specific contract or onsite generation)	4.29	N/A
SCOPE 3			
Cat 1: Purchased goods and services	Goods and services	1,077.82	78.5%
Cat 2: Capital Goods	CapEx expenditure	111.84	8.1%
Cat 3: Fuel & energy related activities (Scopes 1 & 2) (Location based)	WTT (Well-To-Tank) & T&D (Transmission & Distribution losses) for S1 and 2	1.51	0.1%
Cat 4: Upstream transport	Paid transport for goods (upstream & downstream) WTW (Well-To-Wheel)	0.20	0.015%
Cat 5: Waste	Waste	2.43	0.2%
Cat 6: Business travel	Land and air travel for business purposes	4.62	0.3%
Cat 7: Employee commuting	Employees commuting to and back from work (WTW)	24.54	1.8%
Cat 7: Employee homeworking	Employees working from home	145.04	10.6%
Total Gross Emissions (Location based)		**1,372.59**	**100.00%**
Less emissions avoided by procurement of renewable electricity		(0)	(0)
Total Gross Emissions (Market based)		**1,372.59**	
Less carbon offsets		(182.74)	
Total Net Emissions		**1,189.85**	

[1] Location based represents emissions from electricity consumption based on grid average emissions

[2] Market based represents emissions from electricity consumption based on specific energy contracts

To further understand our emissions, we have also recorded them using intensity ratios as this will allow us to track our emissions as our business grows and develops.

Intensity Ratios	Quantity	Gross Emissions (Location based)	Gross Emissions (Market based)	Net Emissions
tCO_2e per employee (start of year)	213.65	6.42	6.42	5.57
tCO_2e per square metre	315.87	4.35	4.35	3.77
tCO_2e per million £ turnover	40.60	33.8	33.8	29.3

When calculating carbon emissions, the GHG Protocol Corporate Accounting and Reporting Standard states that a company must set its organisational boundaries.[3] This can be done either by an "Equity Share" or "Control" approach. The Equity Share approach reflects a company's economic interests and percentage ownership of companies or subsidiaries to assign GHG emissions. The Control approach can follow two routes and defines the boundary by looking at either how much Financial or Operational Control a company has. To fully cover all of its operations and subsidiaries, Transparity has selected the Operational Control method when setting our organisational boundary. The Operational boundary will include all three Scopes as outlined by the GHG Protocol. Transparity's emissions are reported in tCO_2e and have been calculated utilising the following formula:

Source emissions data x conversion factor* = total source emissions

Source unit x (tCO_2e/unit) = tCO_2e

* Conversion factors are primarily derived from the latest:
- UK Government GHG conversion factors
- DEFRA 2022 (Department for Environmental, Food and Rural Affairs)
- Environmentally extended input-output (EEIO) tables - EPA

[3] https://ghgprotocol.org/corporate-standard

Emissions methodology: Inclusions within current numbers

Scope 1

Sources included in the inventory are fugitive emissions of refrigerant gases. Excluded from the inventory are onsite (or "stationary") natural gas combustion and mobile fuel combustion from leased and owned vehicles. Transparity rents a portion of an office building that does not consume any gas and we do not own or lease any vehicles

Scope 2

Purchased electricity was the only identified Scope 2 emissions source. However, per the GHG Protocol Scope 2 Guidance, Scope 2 emissions have been calculated and reported using two separate methodologies:

- A location-based method reflecting the average emissions intensity of grids on which energy consumption occurs
- A market-based method reflecting emissions from the contract specific electricity that Transparity has purposefully chosen via our energy procurement activities. This accounts for energy purchased from green energy suppliers

Scope 3

Category 1: Purchased goods and services

Includes all upstream (i.e., cradle-to-gate) emissions from the production of goods purchased or acquired by Transparity in the reporting year

Category 2: Capital goods

Includes all upstream (i.e., cradle-to-gate) emissions from the production of goods purchased or acquired, classified as capital expenditure, by Transparity in the reporting year

Category 3: Fuel and energy related services

This relates to transportation and distribution losses, and the well-to-tank emissions for all fuels consumed as a result of Transparity's operation

- Well-to-tank emissions account for all the emissions related to the extraction, production, and shipping of fuels excluding only the direct combustion of the fuel. (e.g., fuel consumed by employees' vehicles used for commuting, vehicles used for business travel, etc)
- Transmission losses account for all the energy that is lost between the electricity production in the powerplant and when it is used (e.g., resistance in power lines)

Category 4: Upstream transportation and distribution

Includes all upstream (i.e., tank-to-wheel emissions) emissions from the transportation and distribution of the goods purchased or acquired by Transparity in the reporting year, between Transparity's tier 1 suppliers and our operations or between our operations in vehicles not owned or operated by Transparity. Outbound logistics services purchased by Transparity are categorised as upstream because they are a purchased service

Category 5: Waste

Includes emissions from third-party disposal and treatment of waste generated in Transparity's owned or controlled operations in the reporting year

- We have utilised the 'waste–type-specific' method, which involves using emission factors for specific waste types and waste treatment methods

Category 6: Business travel

Includes emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars. This also includes emissions resulting from hotel stays resulting from business-related trips

- We have used the distance-based method, which involves determining the distance and mode of business trips, and then applying the appropriate emission factor for the mode used where possible
- We have used the number of nights stayed in hotels to calculate the emissions

Category 7: Employee commuting

Includes emissions from the transportation of employees between their homes and Transparity's office. Emissions from employee commuting may arise from car, bus or train travel.

- Where appropriate, we have used the average-data method, which involves estimating emissions from employee commuting based on average (e.g., national) data on commuting patterns

Category 7: Working from Home

Includes emissions from energy consumption and waste production which occur whilst employees work from home

Emissions methodology – non-material exclusions for FY21 baseline emissions:

Scope 3

Category 8: Upstream leased assets

Upstream Leased Assets is excluded from FY23 baseline emissions, as we do not lease any assets

Category 9: Downstream transportation and distribution

Is excluded from FY23 baseline emissions, as we do not distribute any products

Category 10: Processing of sold products

Is excluded from FY23 baseline emissions, as we do not manufacture products

Category 11: Use of sold products

Is excluded from FY23 baseline emissions, as we do not sell physical products

Category 12: End-of-life treatment of sold products

Is excluded from FY23 baseline emissions, as we do not sell physical products

Category 13: Downstream leased assets

Is excluded from FY23 baseline emissions, as we do not own any leased assets that we lease to other businesses

Category 14: Franchises

Is excluded from FY23 baseline emissions, as we do not operate franchises

Category 15: Investments

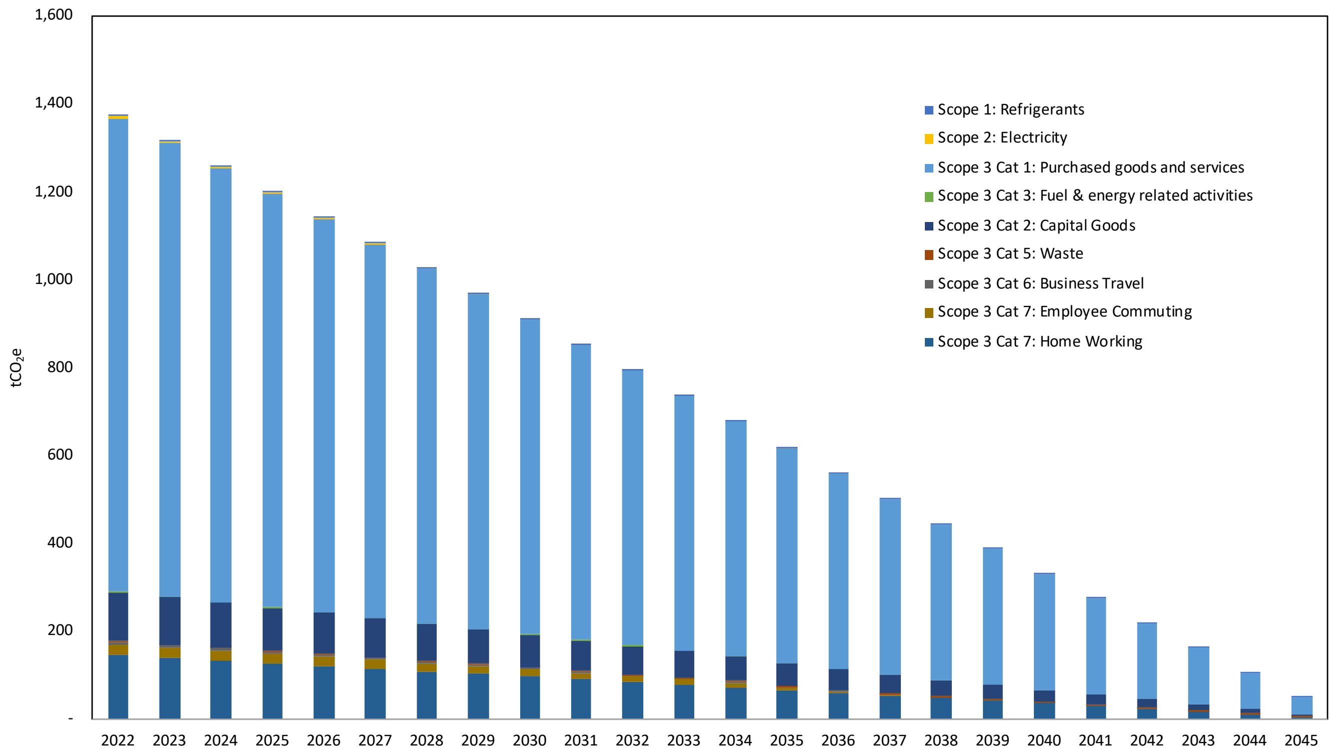
Is excluded from FY23 baseline emissions, as we do not have any investments whereby we provide capital or offer financing as a service

Emission reduction targets

In order to continue our progress to achieving Net Zero, we have mapped out and planned a number of positive actions in order to achieve the following carbon reduction targets:

- **34% absolute reduction in emissions by 2030 from 2022 baseline levels**
- **55% absolute reduction in emissions by 2035 from 2022 baseline levels**
- **76% absolute reduction in emissions by 2040 from 2022 baseline levels**
- **96% absolute reduction in emissions by 2045 from 2022 baseline levels**

Carbon Emission Glidepath tCO_2e



Transparity's approach is to always focus its efforts on reducing our own emissions, with significant planning and finances set aside to do this. However, a large proportion of our carbon emissions lie within Scope 3; it is difficult to reduce these emissions within the short term as these are within our supply chain where we have influence but not control. To try and reduce these emissions we will collect more accurate data and use our purchase power and choice of suppliers to encourage the correct carbon reducing behaviour within our supply chain.

Our emission reduction plan

As a responsible business, from the outset we have had a focus on the environment and reducing our carbon emissions. To drive this to the next level, we engaged the services of Sustainable Advantage to advise the Transparity Board on global best practices on carbon reduction. We have a detailed carbon emissions reduction plan, the key actions of which are summarised below:

Scope 1: Refrigerants

Whilst it is assumed fugitive emissions from refrigerant gases will remain the same due to lack of knowledge surrounding new technologies, we will endeavour to reduce our impact where possible:

- Avoid emissions through improved leak tightness; consider fitting leak-detection systems and following a regular maintenance schedule
- Ensure correct end-of-life treatment of refrigerant gases; recover and dispose of refrigerant gases correctly when maintaining, upgrading or decommissioning a system
- Substitute refrigerants with other less harmful substances e.g., refrigerant gas with zero ozone depletion potential (ODP) and low global warming potential (GWP)
- When renewing HVAC system, choose the most efficient systems:
  - Investigate systems using least damaging refrigerant gasses with low potential leakage
  - Installing new systems may offer energy savings as well as next generation refrigerants (HFOs (hydrofluoro-olefins) and natural refrigerants)
- Limit use of refrigeration / air conditioning systems

Scope 2: Electricity

Switch our electricity contracts to 100% green through engaging with the ESG and facilities management team at our leased office. We will also endeavour to reduce our electricity consumption via the following:

- Energy efficiency guides will be issued to all site staff to facilitate positive behavioural change
- Encourage the facilities management team at our leased office to undertake an energy survey to identify capex opportunities
- Encourage the use of energy efficient systems in our leased office wherever possible e.g., replacing lights with LED and using passive infra-red sensors (PIRs) where possible
- Encourage the investigation into installing green energy production facilities onsite where practicable

(e.g., solar panels, wind turbines)

- Green/Energy champion(s) to be appointed to gather ideas from colleagues across our organisation. These ideas will be collated and shared, supplemented by what we consider to be best practice
- Green/Energy champion(s) will be gathering up-to-date monthly energy performance data to provide feedback

Scope 3: Category 1: Purchased goods and services

We realise that much of the GHG reductions in this category will happen because of our suppliers reducing their carbon emissions and becoming more carbon aware as the UK progresses towards a Net Zero 2050. However, that does not mean that we will take a passive approach to the category, especially as it accounts for 78.5% of our total emissions. To try and enact positive change on our suppliers we will:

- Analyse our supplier list and consider where more sustainable choices can be made
- Prefer local suppliers where possible
- Engage with tier 1 suppliers to first understand their carbon footprint (Scopes 1 and 2) by sending out carbon surveys
- Be selective about working with sophisticated carbon suppliers, where possible
- Work with and support suppliers to encourage carbon reduction behaviours, reduce their emissions and collaboratively set carbon emissions reductions targets
- Request life cycle assessments for products purchased and choose lower emission products

Scope 3: Category 2: Capital goods and services

We realise that much of the GHG reductions in this category will happen because of our suppliers reducing their carbon emissions. Whilst this category makes up 8.1% of our base year's carbon emissions, this may fluctuate in future years depending on the level of internal investment at Transparity. Similar Environmental Management strategies can be employed as mentioned previously in Category 1 Purchased goods and services to try and enact positive change with our suppliers.

Scope 3: Category 4: Upstream transportation and distribution

In the same way as category 1, much of the GHG reductions in this category will happen because of our suppliers reducing their carbon emissions and becoming more carbon aware as the UK progresses towards a Net Zero 2050. We will endeavour to:

- Engage with transportation providers to establish the modes of transport used to transport and distribute goods
- Consider working with suppliers who use alternative low carbon fuels

Scope 3: Category 5: Waste

Waste counts for a small proportion of our carbon emissions. However, we realise that reducing waste is important. We already follow the waste hierarchy where a preference is given in order to:

- Reduce the waste generated
- Re-using / recycling as much as possible
- Residual general waste to be incinerated to limit the volume of waste that goes to landfill

- Staff training programmes will be rolled out to provide clear, consistent training and information to minimise waste and maximise recycling

Scope 3: Category 6: Business travel

- COVID-19 has taught us that video conferencing tools such as Teams and Zoom can very successfully host meetings. We are encouraging our staff to continue to embrace this technology to minimise travel where possible
- Where travel is required, we will prioritise carbon-reducing travel modes, choosing rail over air and cars
- Encourage the uptake of EV vehicles by paying favourable mileage reclaim rates and considering the installation of EV charging points at our site, where practical
- We will also begin collecting more granular data on hotel stays to better calculate our GHG emissions in future years

Scope 3: Category 7: Employee commuting and homeworking

We recognise that we cannot massively influence what modes of travel our employees use. That said we need to do all we can to encourage them to join us on our sustainable journey. We are already reducing our emissions within this category by:

- Offering increased opportunities to work fully from home, through our 'Winning from Anywhere' strategy
- Introducing an EV salary sacrifice scheme and cycle to work scheme.
- We will in future years supplement the above with employee travel surveys which collect data from employees on commuting patterns (e.g., distance travelled, and mode used for commuting) and apply the appropriate emission factors for the modes used using the distance-based method

In the future, we will look to do the following:

- Regularly send out an employee commuting survey to understand how our employees currently get to and from work. This will also encourage conversations about the different forms of low carbon transport available.
- Helping employees working from home to reduce their emissions by promoting better practices through home working guides, providing support for procuring renewable electricity for their home, and encouraging energy consumption and waste consumption reduction. We will also consider collecting granular data by sending a survey to all employees working from home to understand their energy, waste and water usage during working hours.

Conclusion

Transparity recognises the imminent threat of climate change to both people and planet, which is why we are taking urgent action to manage our impact. We want to be part of the solution, not the problem. Our values of Transformation, Partnership and Clarity can be seen in the decisions we make today, for the future of the planet and people. From empowering those who partner with us to take control of their environmental impact to addressing our own, we're committed to building a better future, aided by the limitless potential of cloud technologies. Going forward, we will be actively working with our suppliers to help facilitate a reduction of our Scope 3 emissions. Initially, this will incorporate better data gathering and engagement with our key suppliers. In the long term, this will involve encouraging behavioural change with the end goal of leading more sustainable livelihoods.

We will recalculate our carbon footprint annually for each year ending 28th February with 2024 being the first post-base year calculation. We will track how we are performing versus our targets and adjust our methods to ensure we stay on track to hit our Net Zero target. We will continue to do all we can to minimise our emissions and do our part to minimise the negative effects of climate change on the planet.

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