

Net Zero Report

Carbon Reduction Plan – FY 2024

Year 2

transparency

transformation • partnership • clarity

Executive Summary

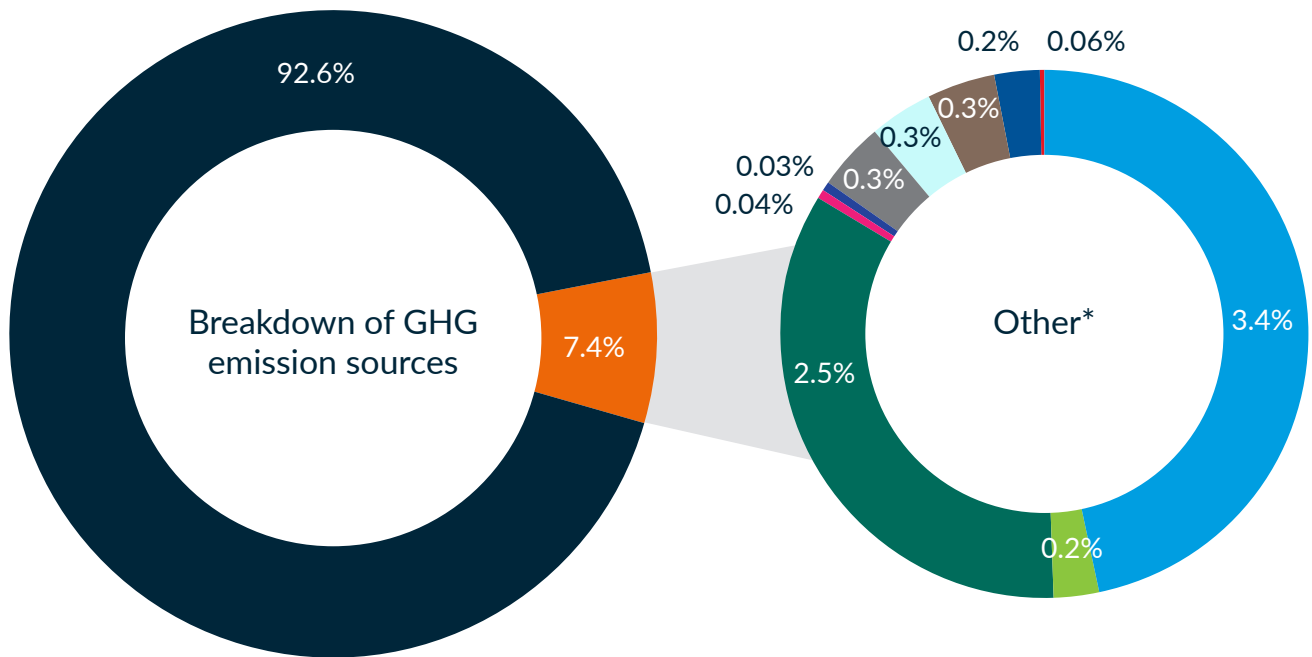
Signed: Paul Bolt

Position: CEO

As a leading Microsoft Partner that supports the delivery of their Azure Cloud to clients across the UK, we understand the importance of decarbonisation and across our industry. This is our second year to reflect on our emissions. By comparing the emissions each year, we will be able to demonstrate our reductions.

Our emissions have significantly increased this year when compared to our baseline emissions. The main reason for this is a significant expansion of our business and therefore increase in emissions associated with

our supply chain. We've undertaken improvements to our methodology for Waste we generate, Employee commuting and Working from home, and increased the granularity of oversight related to miles reclaimed. This has led to us separating out the emissions between miles reclaimed for commuting to the office and for other business trips. This is all part of our Net Zero journey to focus on areas that we can reduce and systems we will look to implement to help us to decouple growth.



- Purchased goods & services 92.6%
- Other* 7.4%

***Other:**

- Employee working from home 3.4%
- Electricity (market-based) 0.2%
- Capital goods 2.5%
- Fuel & energy related activities 0.04%

- Upstream transport 0.03%
- Waste 0.3%
- Business travel - mileage reclaim travelling to the office 0.3%
- Business travel - mileage reclaim for business purposes 0.3%
- Business travel 0.2%
- Employee commuting 0.006%

About us

Transparity is a world leading Microsoft partner offering bespoke and tailored support services, advice, and solutions to match client's needs. Transparity is committed to the sustainability of the planet by empowering partners to take control of their environmental impact. This includes our 'Winning From Anywhere' approach to work which is helping us to reduce our travel related emissions. We are also undertaking with the Woodland Trust to plant trees.



Commitment to Net Zero

Transparency 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, Transparency 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 the base year (March 2022 – February 2023) and calculated our GHG emissions footprint in line with the GHG protocol for that base year and subsequent years:

Scope 1

- i. Refrigerants

Scope 2

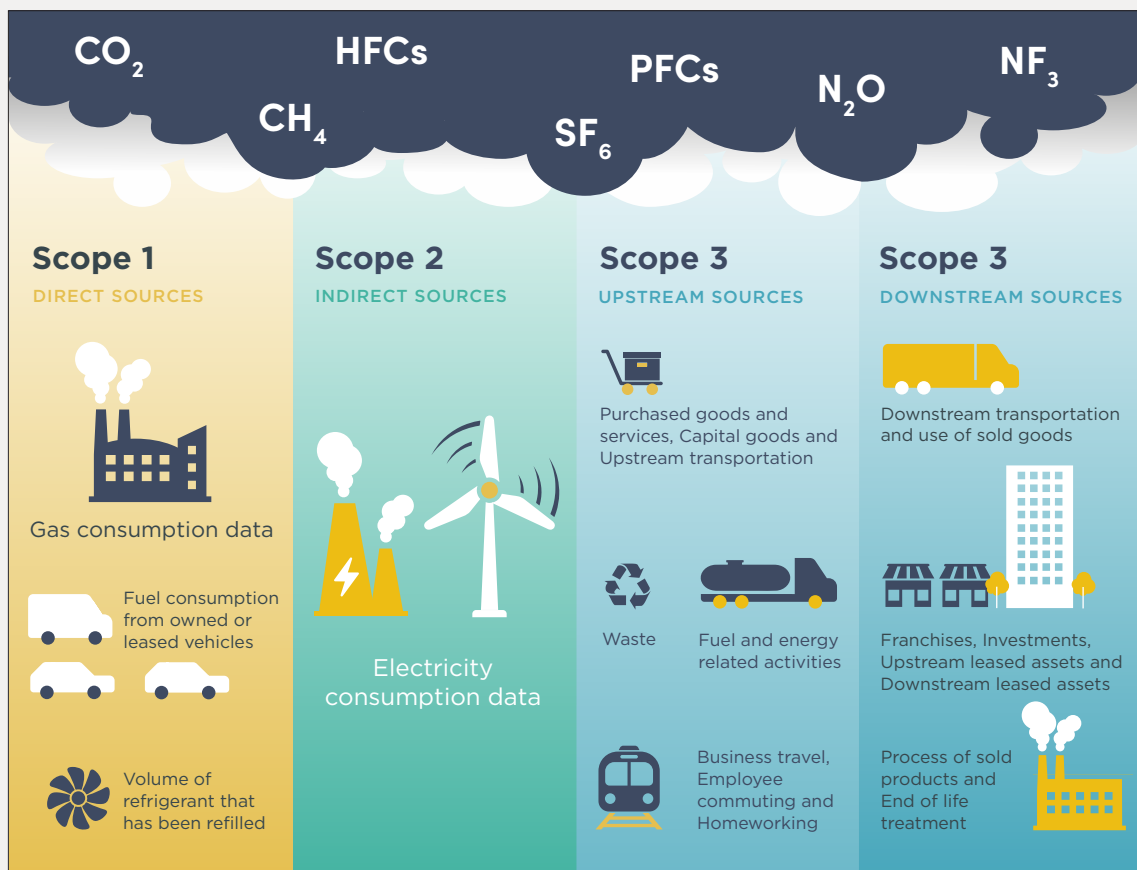
- i. Electricity

Scope 3

Of the 15 Scope 3 categories (8 upstream and 7 downstream) we have selected the following:

- i. Category 1 – Purchased goods and services
 - ii. Category 2 – Capital goods
 - iii. Category 3 – Fuel and energy
 - iv. Category 4 – Upstream transportation
 - v. Category 5 – Waste
 - vi. Category 6 – Business travel
 - vii. Category 7 – Employee commuting and working from home
3. Calculated our GHG emissions for the most recent year (March 2023 – February 2024) and reported them against our reductions target

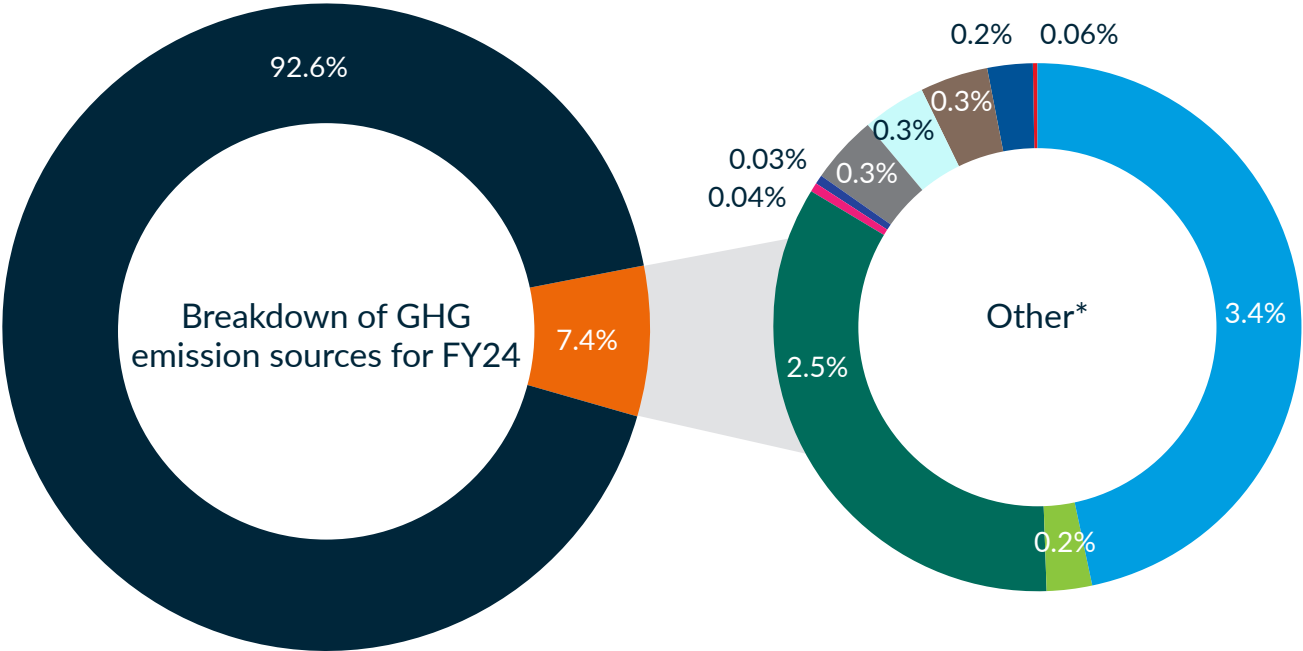
Overview of GHG Protocol Scopes and emissions across the value chain



Greenhouse gas emissions footprint

This is our second year calculating our GHG emissions. As such, this is the second time we are able to assess how we are progressing towards our reduction targets against our baseline year emissions. 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.

Comparing our emissions each year to our baseline year will allow us to see how far we have come on our journey to Net-Zero and allow us to identify which areas we are succeeding in, as well as which areas need more focus.



Below is an itemised breakdown showing the amount of GHG emissions (tCO₂e) produced by each Scope and category, comparing emission from FY24 to our baseline year calculation.

Category	Description	FY23 Total tCO ₂ e	FY24 Total tCO ₂ e	FY24 GHG Footprint % make up	% Change between FY23 and FY24
SCOPE 1					
Stationary combustion (Gas)	Gas consumed	-	-	0.0	0.0
Transportation	Owned and leased vehicles	-	-	0.0	0.0
Refrigerants	HVAC's	0.3	-	0.0	0.0
SCOPE 2					
Electricity (Location-based) ¹	Purchased electricity, for own use (grid average)	4.3	5.6	N/A	+30.4
Electricity (Market-based) ²	Purchased electricity, for own use (specific contract)	4.3	10.4	0.2	+141.3
SCOPE 3					
Category 1: Purchase goods and services	Goods and services	1,077.82	4,149.9	92.8	+308.3
Category 2: Capital goods	CapEx expenditure calculated from spend methodology	111.8	112.7	2.5	-0.8
Category 3: Fuel and energy related activities	WTT ³ & T&D losses ⁴ from electricity, stationary combustion of fuels and transport	1.5	1.8	0.04	+22.3
Category 4: Upstream transportation and distribution	Transport between tier 1 suppliers or paid transport for goods (upstream & downstream) WTW ⁵	0.2	1.5	0.03	+661.4
Category 5: Waste generated in operations	Waste	2.4	13.9	0.3	+478.3
Business travel - Mileage reclaim travelling to the office	Mileage reclaim – no WTT value included	<i>Calculated as part of Business travel</i>	13.0	0.3	<i>Calculated as part of Business travel</i>
Business travel - Mileage reclaim travelling for business purposes	Mileage reclaim – no WTT value included	<i>Calculated as part of Business travel</i>	12.2	0.3	<i>Calculated as part of Business travel</i>
Category 6: Business travel ⁶	Land and air travel and hotel stays for business purposes WTW	4.6	10.96	0.2	+138.2
Category 7: Employee commuting	Employees commuting to and back from work WTW	24.5	0.25	0.006	-99.0
Category 7: Employee working from home	Employees working from home	145.0	154.0	3.4	+6.2
Total Gross Emissions (Location based)		1,372.6	4,475.96		+240
Change in emissions from market-based and location-based electricity emissions		(0.0)	(4.8)		
Less emissions avoided by production of renewable electricity		(0.0)	(0.0)		
Total Gross Emissions (Market based)		1,372.6	4,471.2		+240
Less carbon offsets		(182.7)	(0.0)		
Total Net Emissions		1,189.9	4,471.2		+240

¹Location-based represents emissions from electricity consumption based on grid average emissions

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

³WTT – Well-to-tank emissions. Emissions associated with the extraction, refinement and transport of fuels before consumption

⁴T&D losses – Transmission and distribution losses. Emissions associated with the energy lost during the transmission of electricity through the network

⁵WTW – Well-to-wheel emissions. Includes emissions associated with the extraction, refinement, transport, and consumption of fuels

⁶Transparency reimburses colleagues commute to the office. We have therefore split business travel into three areas to make it our business travel emissions more transparent

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	Gross Emissions (Location based)		Gross Emissions (Market based)		Net Emissions	
	2023 (Year 1)	2024 (Year 2)	2023 (Year 1)	2024 (Year 2)	2023 (Year 1)	2024 (Year 2)
tCO ₂ e per employee (start of year)	6.4	14.2	6.4	14.2	5.6	14.2
tCO ₂ e per square meter	4.35	20.2	4.35	20.1	3.8	20.1
tCO ₂ e per million £ turnover	33.8	87.4	33.8	87.3	29.3	87.3

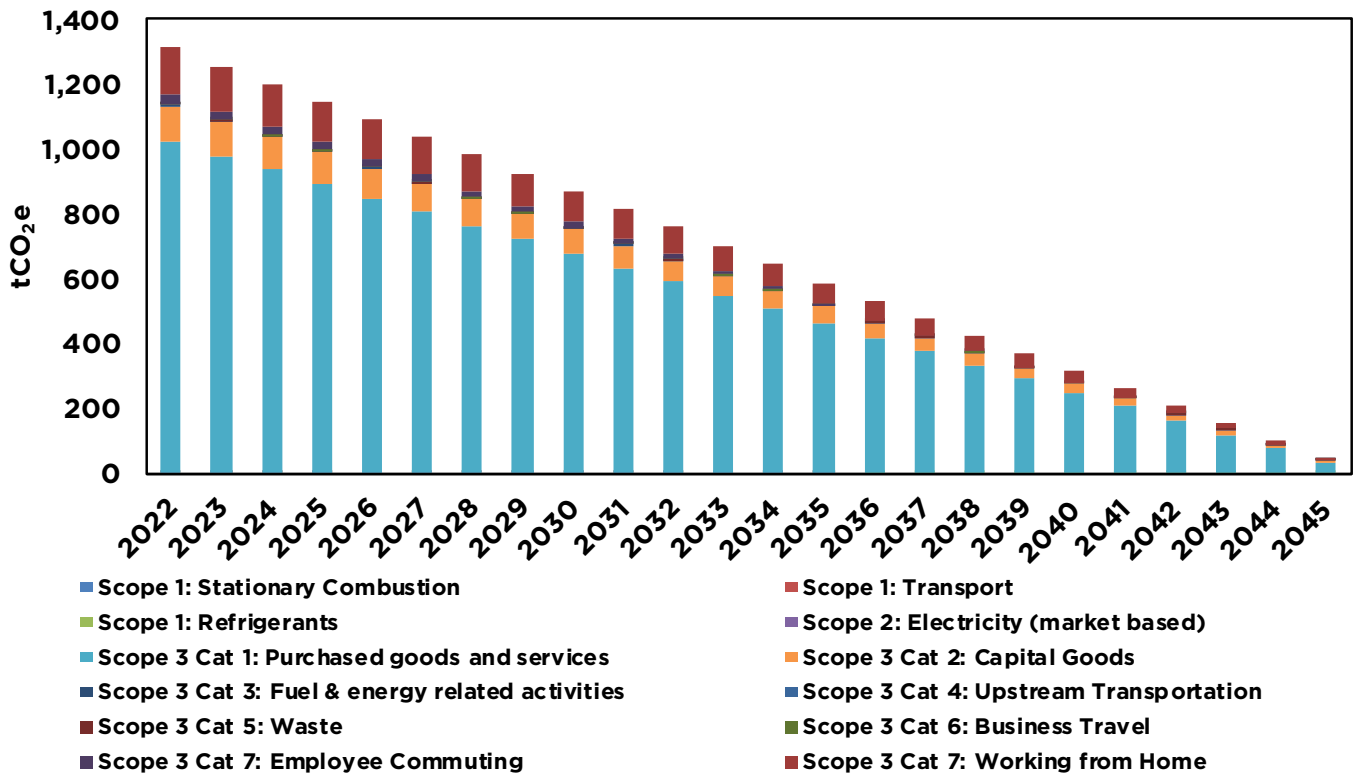


Emission reduction targets

In order to continue our progress toward achieving Net Zero, we have mapped out and planned a number of positive actions to help us achieve the following GHG emissions 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

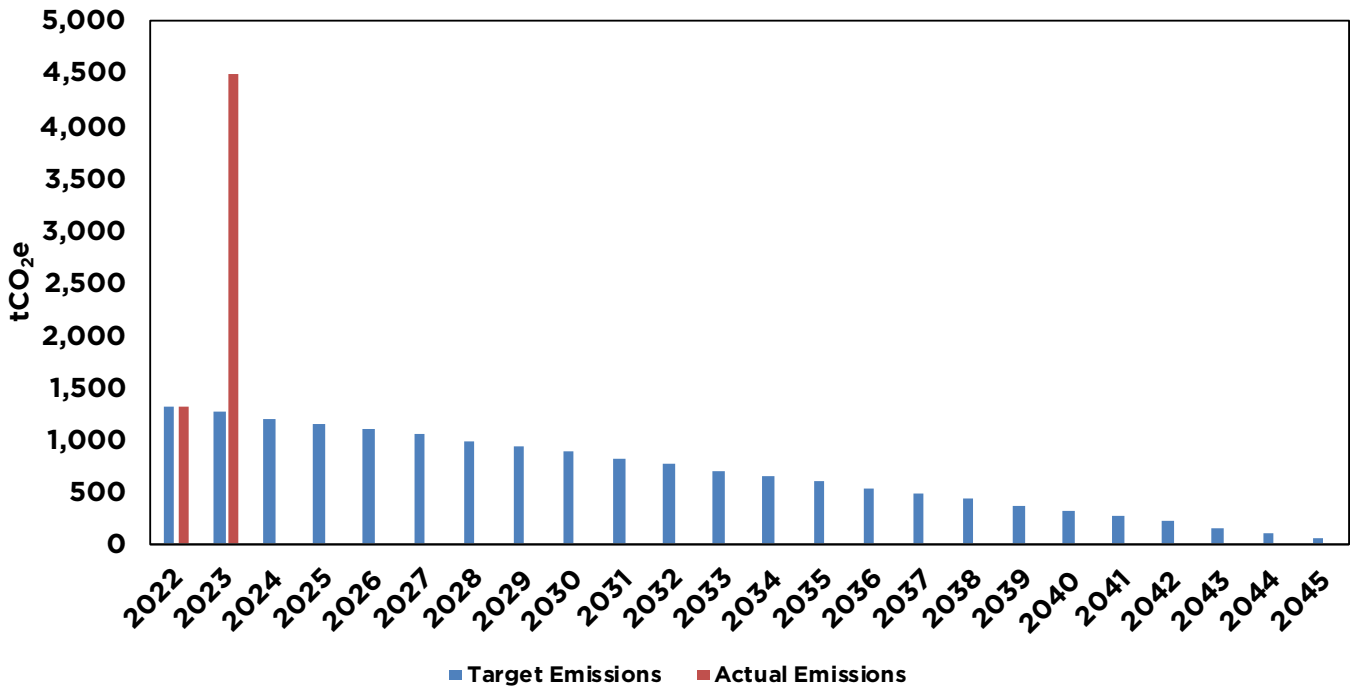
Carbon Emission Glidepath tCO₂e



To keep our target GHG emissions reduction pathway on track to reach our Net Zero goal, we will report our total emissions against our target emissions every year. We are aware, as a company, that some years we will make better progress than others. However, by regularly assessing and reporting our emissions we can ensure that we are holding ourselves accountable to our target reductions.

Glidepath Target vs Actual:

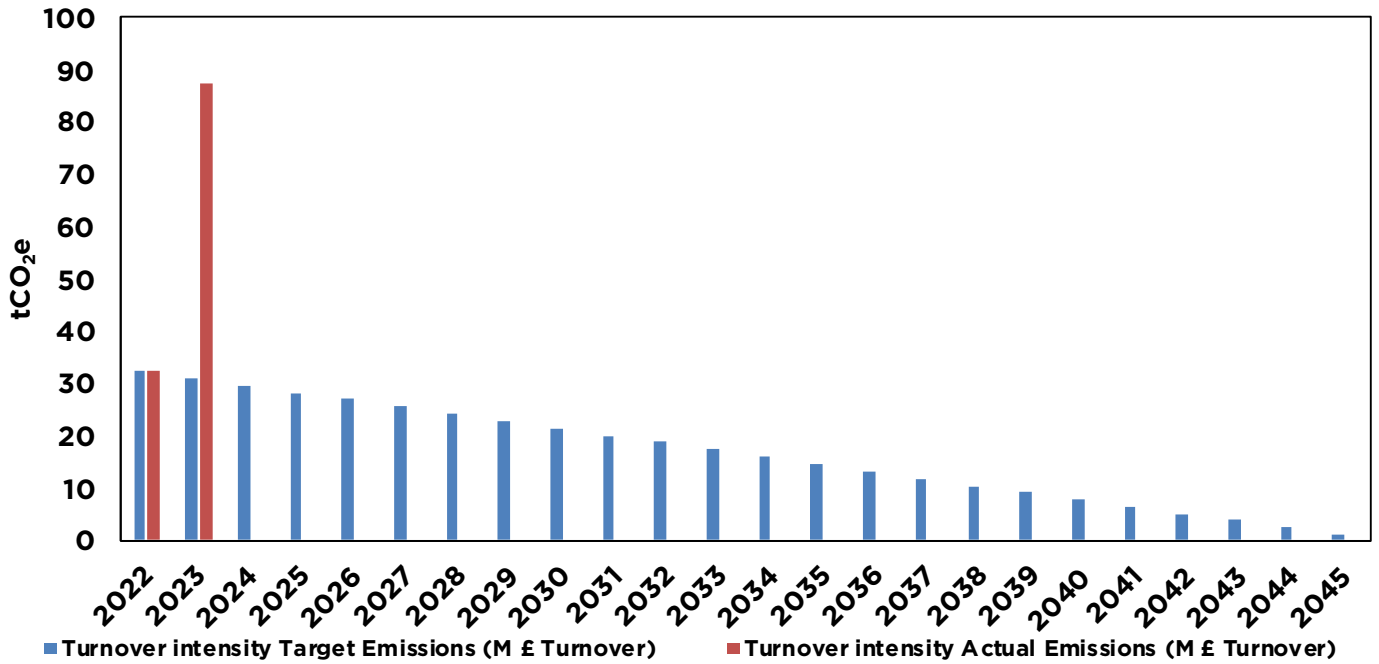
FY 23 vs FY 24 Actual vs Target



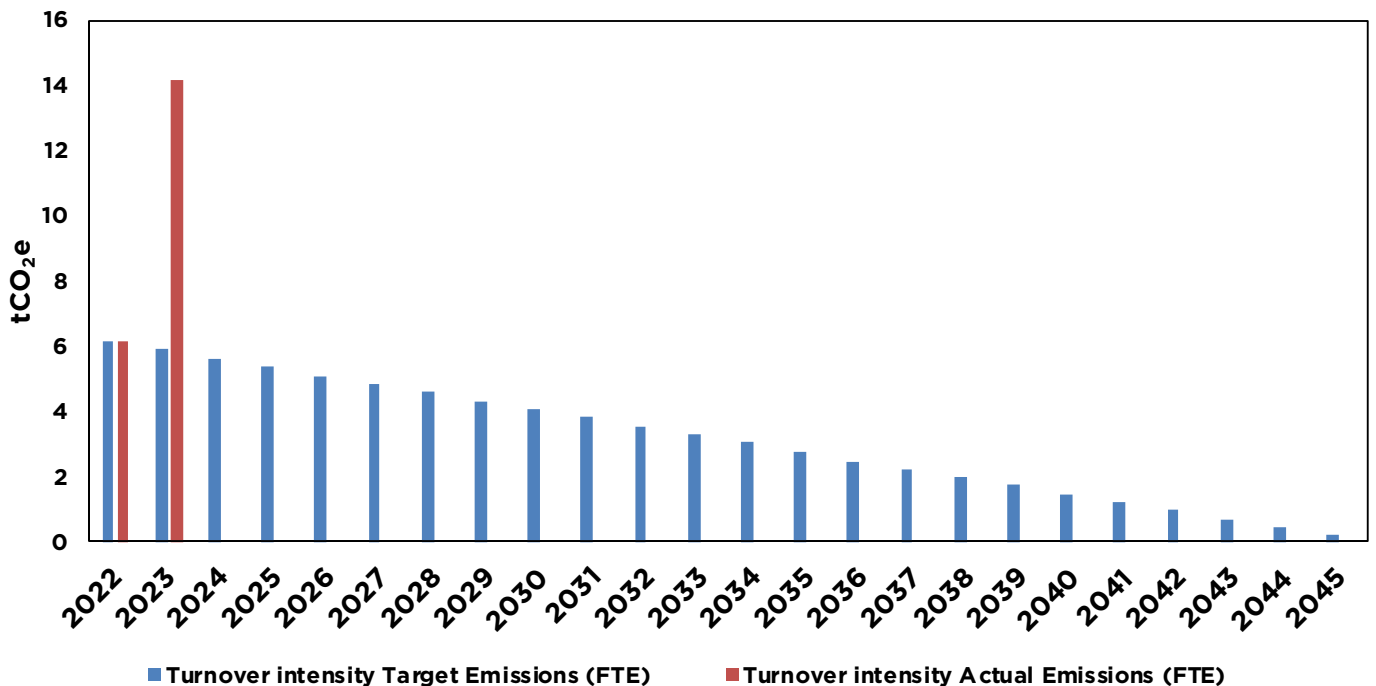
Additionally, we've improved methodologies for accounting for the carbon within areas such as Employee commuting, Working from home and Waste. We've been able to consider the exact number of days that employees work from home and the office. This has helped us to account for the emissions more accurately. For waste, we have also considered the emissions of WEE waste when computers are reprocessed at the end of their life.

Our emissions have increased significantly since last year as our business has grown. The intensity ratio has also increased per an employee and per million-pound turnover as we've made two acquisitions and have also substantially grown as a business both from the number of clients we support and the new types of cloud-based services that we provide. This has led to increased revenue and supporting consultants (employee numbers).

FY 23 vs FY 24 M £ Turnover Intensity Actual vs Target



FY 23 vs FY 24 Employee Intensity Actual vs Target



Transparency’s approach is to always focus our 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 purchasing power and choice of suppliers to encourage the correct carbon reducing behaviour within our supply chain.

Environmental management measures / emission reduction plan

As a responsible business, we have for many years 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 Transparency 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 investigation into installing green energy production facilities onsite such as solar panels for applicable roof spaces
- 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



Scope 3: Category 1 and 2: Purchased goods and services and Capital goods

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 92.8% of our total emissions. To try and enact positive change on our suppliers we will:

- Analyse the supply chain to review best in case opportunities
- Engage with the supply chain to understand the maturity and the practical reductions they can make for us
- Educate the supply chain and manage them as part of a stakeholder working group as part of our Carbon and ESG maturity journey
- Utilise a Supply Chain Environmental Management System approach to regulate emissions and environmental impacts as we continue to grow
- Utilise an extended methodology across Carbon and Environmental impact assessment to help to decouple consumption, and start reducing our supply chain impacts across planetary boundaries and systems



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 suppliers to understand and appraise how they can reduce the emissions related to the transport of products



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
- We will continue to improve the recycling of our end-of-life treatment of our computers. We've recently started to recycle them through a WEE waste management company where the parts and computers are prevented from entering landfill



Scope 3: Category 6: Business travel

- We will continue to prioritise teams meeting using our leading 'Winning from Anywhere' where we are utilising the latest cloud-based services to support the reduction of face-to-face meetings and their emissions
- We will continue to subsidise at a higher rate EV and car sharing. This is helping us to optimise and reduce our emissions for miles being reclaimed
- Where travel is required, we will prioritise carbon-reducing travel modes, choosing rail over air and cars
- 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

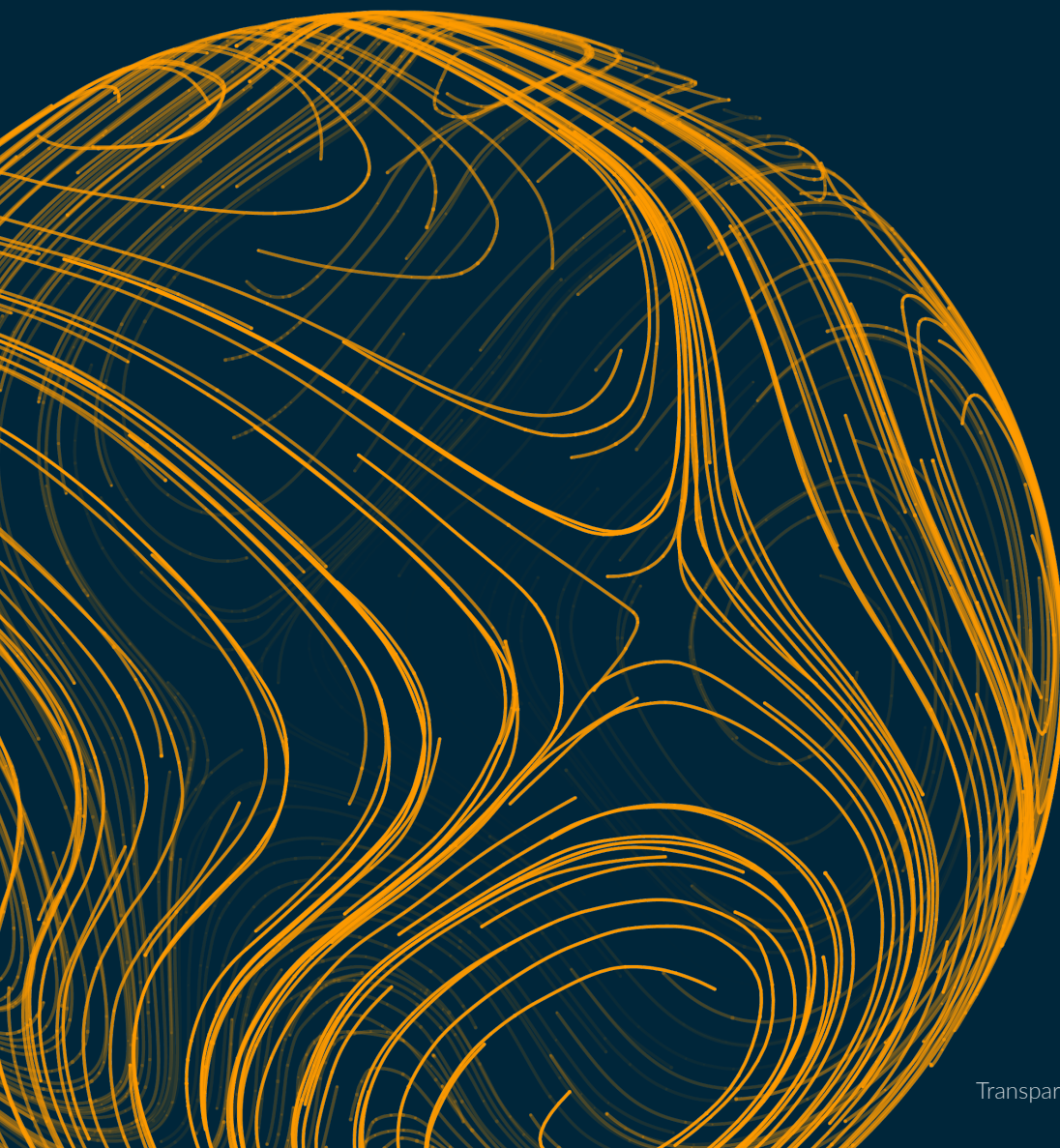
We recognise that we cannot massively influence what modes of travel our employees use. That said we need to do all we can to encourage them to join us on our sustainable journey. We are already reducing our emissions within this category by:

- Offering increased opportunities to work fully from home, through our 'Winning from Anywhere' strategy
- 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, what the barriers are for their use and how we can help to develop more sustainable lifestyles as part of our values and working culture
- Helping employees working from home to reduce their emissions by surveying our employees and understanding what opportunities they do have to reduce, and what Management Systems would help us to plan, check and do as part of our action to control our environmental and carbon impacts as we continue to grow

Conclusion

Transparency recognise 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 strategic evaluation of all our suppliers and instigation of Management Systems to reduce and help to decouple our growth. In the long term, this will involve encouraging behavioural change with the end goal of leading more sustainable livelihoods through key metric gathering and evaluation to ascertain if our campaigns our helping us and our employees to reduce their impacts on the environment.

We will recalculate our carbon footprint annually for each year ending 28th February with 2025 being the second post-base year calculation. We will track how we are performing vs 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.



GHG Emissions Glidepath:

When calculating carbon emissions, the GHG protocol corporate accounting and reporting standard states that a company must set its organisational boundaries⁷. 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, Transparency 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. Transparency’s emissions are reported in tCO₂e and have been calculated utilising the following formula:

Source emissions data x conversion factor* = total source emissions

Source unit x (tCO₂e/unit) = tCO₂e

*Conversion factors are primarily derived from the latest:

UK Government GHG conversion factors - DEFRA 2023 (Department for Environmental, Food and Rural Affairs)

Environmentally extended input-output (EEIO) tables - EPA 2022

⁷<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. Transparency 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:

- 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 Transparency has purposefully chosen via our energy procurement activities. This accounts for energy purchased from green energy suppliers and residual mix for any brown contracts we hold

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 Transparency 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 Transparency 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 Transparency’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 Transparency in the reporting year, between Transparency’s tier 1 suppliers and our operations or between our operations in vehicles not owned or operated by Transparency. Outbound logistics services purchased by Transparency 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 Transparency’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 Transparency'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 FY24 baseline emissions:

Scope 3

Category 8: Upstream leased assets

Is excluded from FY24 baseline emissions, as we do not lease any assets

Category 9: Downstream transportation and distribution

Is excluded from FY24 baseline emissions, as we do not distribute any products

Category 10: Processing of sold products

Is excluded from FY24 baseline emissions, as we do not manufacture products

Category 11: Use of sold products

Is excluded from FY24 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 FY24 baseline emissions, as we do not own any leased assets that we lease to other businesses

Category 14: Franchises

Is excluded from FY24 baseline emissions, as we do not operate franchises

Category 15: Investments

Is excluded from FY24 baseline emissions, as we do not have any investments whereby, we provide capital or offer financing as a service

transparity

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SUSTAINABLE ADVANTAGE
Hersham Place Technology Park
Molesey Road, Hersham
Walton-on-Thames
Surrey
KT12 4RS

0203 544 2020

info@sustainable-advantage.com

sustainable-advantage.com