



## Environmental, Social and Governance (ESG) Report FY2023/2024

At SysGroup ('the Group') we aim to continue to grow our business sustainably benefitting both our stakeholders and the environment. Although we are not subject to mandatory ESG regulatory reporting requirements due to our size, in FY22, the Board decided to proactively commit to reducing our environmental impact and supporting local communities. Consequently, we launched an ESG Project to understand the environmental and social impacts of our operations. The project includes disclosing our Greenhouse Gas (GHG) emissions and reporting on our social and governance activities.

Operating as a responsible business is embedded within SysGroup's purpose, culture, and core values. We strive to act responsibly, considering both the environment and the local communities where we operate. We have partnered with a specialist ESG consultancy, to assist in developing our ESG strategy.

### Governance

SysGroup delivers solutions that enable clients to understand and benefit from industry-leading technologies and advanced hosting capabilities. By focusing on our customer's strategic and operational requirements, we enable them to free up resources, grow their core business and avoid the distractions and complexity of delivering IT services. Our business is structured to operate in line with our core values, to ensure we meet our strategic goals. The SysGroup Board has overall responsibility for the Group's ESG Strategy and ensures that the Group builds a business strategy that is as resilient as possible to climate change.

### Social

At SysGroup, we are committed to acting responsibly and making a positive impact on our employees and the communities in which we operate.

### Employee Engagement

We recognise that a motivated and engaged workforce is essential to our success. To support this, we encourage our team leaders (employees in managerial roles) to regularly hold face-to-face meetings with their team members, to address any work or personal concerns. Additionally, we conduct employee surveys, to capture the views and feedback of our team, helping us to identify opportunities to improve our business. In FY24, we had a significant response rate of 85%, with 80% stating they were extremely satisfied working for us. We analysed the feedback from our employees, with the main areas of improvement being in relation to cultural working patterns. As a result, we have implemented a hybrid working pattern, which improved wellbeing and engagement. We will continue to develop employee engagement processes across the Group, where possible.

Last financial year, we successfully launched a Company Newsletter, which continues to be circulated quarterly to all employees and distributed electronically on our intranet. The newsletter is a fun and inclusive way to showcase monthly events, provide business updates and highlight employee recognition for all colleagues. Our quarterly newsletter has gained a positive reception among employees, serving as a reliable source of updates and insights. This is an important platform for distributing key information so that new employees can learn more about the Group. In FY25, we will develop the existing culture advocate program into 'Engagement Cells'. This will consist of quarterly team meetings at each site, where employees can provide feedback, and action plans can be developed. This initiative will highlight any issues and result in increased engagement across the Group.

In addition to the newsletter, the Executive Chairman distributes a 'Chairman's Message' to all employees via email, typically on a quarterly basis, with key business updates. This ensures employees are up to date in terms of strategy and progress made by the Group.

As part of our strategic plan, we are embarking on a comprehensive review of our organisational values. Led by our leadership, this initiative focuses on improving Learning, Integrity, Kindness, and Entrepreneurship. These values are to be embedded in the daily operations, empowering every team member to embody them authentically. Concurrently, we are committed to nurturing a robust 'Learning Culture' across the organisation, fostering continuous growth and development. This involves a focus on project-based learning, where employees will acquire new skills by learning in the role. To support this, we are introducing a dedicated space for collaboration and idea-sharing in FY25. Additionally, in FY25, our People and Culture team will explore avenues to enhance feedback mechanisms, ensuring that every voice is heard and valued going forward, for example, through the Engagement Cells.

In FY24, we improved our employee shoutout system, which employees use to send messages to each other, such as messages of thanks, by creating summaries in our newsletter, allowing for even greater impact and recognition. Small monetary vouchers are provided to employees who are performing well, as a form of recognition. This enhancement streamlines the process and elevates the value of recognition within our workplace culture. Furthermore, to help our people spread the positivity that we implement

into our working environment, we have continued our Candidate Referral Bonus Policy. The purpose of this scheme is to incentivise our team members to refer people they know directly to the Group as candidates for positions.

Throughout the previous financial year, the People and Culture (P&C) team focused on decentralising activities, aiming to improve engagement at localised levels. During the festive season in December, we opted to host different events at areas local to SysGroup sites rather than just one location. This change resulted in increased attendance rates and the ability to tailor each gathering to the individuals attending. Events included Clay Pidgeon shooting, F1 simulator driving and various meals. Members of the leadership team attended multiple site events, to ensure that the events remained inclusive whilst separate. We aim to continue to arrange similar events at various times during the year, to encourage direct interaction amongst colleagues.

### Employee Welfare

At SysGroup, we take the well-being and health of our employees seriously. We ensure that all meetings are well structured, to effectively address both immediate needs and long-term strategic goals. Our Leadership Team meets weekly to tackle practical, day-to-day matters, and convenes bi-monthly to discuss long-term initiatives, strategic planning, and execution and milestones for project work.

## Employee Benefits

At SysGroup, we aim to provide benefits to our employees, wherever possible. All employees are offered the opportunity to sign-up for a private medical insurance scheme upon completing their probation period. They can increase their level of insurance coverage and add their families to the Group scheme, at a reduced rate compared to the external market rate.

In May 2023, we successfully launched our Employee cycle-to-work scheme. Other SysGroup employee benefits include financial advice, free quarterly prize draws of vouchers typically valued at £50 or £100, annual events to support team health and wellbeing, and an additional half-day of annual leave on their birthday.

In August 2024, we will be launching a Save As You Earn (SAYE) scheme, accessible to all employees, offering them the option to buy shares at a discounted price. This initiative aims to provide a valuable benefit and to foster an entrepreneurial spirit within our workforce.

We believe it is important that employees can provide feedback on their roles and the working environment. Employees are encouraged to share feedback with the Leadership Team on an ad hoc basis. Feedback from leadership indicates that most of our employees thrive when challenged and given opportunities to learn and grow. Additionally, we remain proactive in our aim to implement innovative ideas to enhance our flexible benefits package, ensuring it evolves in alignment with the diverse needs and preferences of our workforce.

## Diversity, Equality, and Inclusion

Acknowledging the widely recognised challenge of female representation within the IT industry, SysGroup is committed to addressing this issue and encouraging women to enter the industry and apply for roles at SysGroup. Notably, we have made significant strides in increasing female representation on our leadership team, with the proportion rising to 37.5% in FY2023/2024 (FY2022/2023: 22%). Furthermore, we have implemented an enhanced maternity policy, to better support working mothers. Additionally, our adoption of hybrid working models, aims to provide greater flexibility, encouraging improved work-life balance for all employees.

## Learning and Development

We remain committed to developing our employees' technical skills and have commenced a program of training colleagues in Machine Learning and AI capability. Colleagues are granted permission to complete relevant training courses, to develop their knowledge and skills.

In FY24, we supported employees through professional qualifications such as Augmentative and Alternative Communication (AAC), and technical certificates, such as Cisco Certified Network Associate (CCNA) or similar from Microsoft and CyberArk. These efforts aim to provide tailored pathways for career advancement.

The success of the Cyber Graduate Apprentice Program continues, which we offer every three years in partnership with Edinburgh Napier University. Apprentices are with SysGroup four days a week and spend one day at university. A new starter was onboarded in FY24, with an additional two participants scheduled to complete the course in FY25. This continued success highlights the effectiveness of the program in nurturing ability and developing future talent. Encouraged by these achievements, we are exploring opportunities to replicate this model within other areas of our business, as well as hiring more apprentices in September 2025.

Mirroring our decentralised approach to engagement events, we adopted a similar strategy for 'bitesize learning', which proved particularly successful within the sales function. By focusing on these learning

opportunities, we could effectively engage vendors and partners, to provide tailored training and upskilling sessions relevant to each team member's role. This approach facilitated targeted learning and promoted closer collaboration with external stakeholders.

### Charitable and Local Communities

At SysGroup, we aim to have a positive impact on the local communities in which we operate. We partner with organisations to donate unused and refurbished laptops, to underprivileged children in our local areas, including the Young Men's Christian Association (YMCA), typically twice a year. We try to 'buy local' and partner with local businesses, where possible, to support the local economies. We are committed to promoting the circular economy and therefore donate old furniture to not-for-profit organisations, providing them with good condition second-hand office equipment, alleviating significant costs for the organisations. During the refurbishment of our Bristol office in the current financial year and the closure of the Liverpool office, we collaborated with Collecteco, an organisation dedicated to redistributing unwanted furniture and office items to UK not-for-profit organisations. This partnership had multifaceted benefits, facilitating a smooth transition between offices and providing a valuable benefit by diverting usable items from landfills to support charitable causes.

Through our continued support of our chosen charity, Mind, elected by our team members, we have opportunities to make a positive impact on communities' mental health and well-being. SysGroup supports and works with the Grace Eyre Foundation (Grace Eyre), which supports people with learning disabilities and mental health needs in Brighton, Hove and across Sussex. Grace Eyre helps people develop their independence, obtain housing, find employment and learn new skills. SysGroup provides technical consultancy, strategic advice and IT problem resolution to support Grace Eyre in operating more efficiently.

### Environment

Responsible environmental operation is a key value embedded within our culture and our growing ESG Strategy. We are committed to developing and improving our ESG Strategy, by growing our understanding of ESG processes and our environmental impact. To underpin our growth and development, we are committed to continually improving our data collection processes and introducing new initiatives to support our efforts to become a more sustainable business. We are committed to understanding and minimising our environmental impact across all our operations, including greenhouse gas emissions.

At SysGroup, our waste is typically domestic due to the nature of our business. We promote recycling efforts through fitted recycling bins accessible across our offices, and employees are actively encouraged through posters and signs to fully recycle where they can.

Our colleagues will participate in a Group-wide sustainability drive from September 2024, where they can share their thoughts and ideas on how SysGroup can be more sustainable. We will aim to demonstrate our commitment to protecting the planet. We ensure that our products and service delivery have minimal packaging. We are committed to taking a sustainable approach to disposal when required, separating waste materials for recycling.

At SysGroup, we recycle old office equipment through a scheme which allows employees to offer a small donation to a charity of their choice in exchange for the recycled equipment. Where equipment is not taken by employees or donated, we recycle the old IT equipment through Computer Equipment Recycling (CPR). This collaboration ensures our equipment follows General Data Protection Regulation (GDPR) legislation as the data is removed, restored and recycled. The profits from retail sales and this partnership are donated to UK charities. Additionally, our partnership with Collecteco helps further reduce our waste generation and foster a circular economy. SysGroup remains committed to considering the environment in our business decisions and striving for sustainability wherever possible.

## Water

Although we do not operate in a high water-intensive sector, we try to ensure that water consumption by employees, across the Group, is kept to a minimum.

## Materials

We recognise that our operations have an impact on the environment, and we aim to minimise the negative effects as much as possible. To this end we aim to partner with companies that share our ethos or ESG values. When sourcing materials, we particularly engage with companies committed to operating responsibly, both environmentally and socially. For each office fit-out, we strive to source ethical and sustainably made products, including those incorporating recycled materials.

## Greenhouse Gas Emissions ('GHG')

Reducing our greenhouse gas emissions is at the forefront of our sustainability journey. We have established an ambition to be net zero (90% reduction in emissions prior to any residual offsets, up to 10% of the baseline being offset using carbon removal offsets) for Scope 1 and 2 by 2030 and for Scope 3 by 2040, compared to an FY2021/2022 baseline. As we have more control over reducing our Scope 1 and 2 emissions, our net zero target year is earlier than our Scope 3 target year.

Our emissions are defined and classified as follows:

- Scope 1 emissions are direct GHG emissions that occur from sources that we control our own, i.e., gas usage and transport fuels. In FY2023/2024, our total Scope 1 emissions were 29.46 tCO<sub>2</sub>e.
- Scope 2 emissions are indirect GHG emissions associated with our purchase of electricity. Our offices and data centre racks consume electricity, which comprises 88.04% of our total Group emissions. In FY2023/2024, our total Scope 2 emissions were 360.60 tCO<sub>2</sub>e.
- Scope 3 emissions are the indirect GHG emissions associated with our value chain. Our SECR Scope 3 (Transport) emissions in FY2023/2024 were 19.53 tCO<sub>2</sub>e.

Table 1: Our Scope 1, 2 and 3 (transport) emissions for FY2023/2024.

Emissions Scope	FY2023/2024 SECR Emissions (tCO <sub>2</sub> e)	Percentage of Total SECR Emissions
Scope 1	29.46	7.19%
Scope 2	360.60	88.04%
Scope 3 (transport)	19.53	4.77%
Total	409.58	100%

## Data Centres

We have taken steps to manage our Scope 2 emissions at data centres. At our data centres, the energy we use for cloud hosting is responsible for a high proportion of our Scope 2 emissions, equating to 339.76 tCO<sub>2</sub>e in FY2023/2024. Despite our limited ability to influence energy efficiency within our data centres, we have taken steps to consolidate our locations. We have exited the Bristol data centre and transferred most of the usage to the Vantage data centre in Cardiff. Vantage has a public net zero commitment for 2030, along with many of our other data centres with net zero ambitions. We plan to further engage with our data centres in FY25, to further understand their energy consumption and initiatives for sustainable operation, energy conservation and carbon reduction.

## Streamlined Energy and Carbon Reporting (SECR)

To enhance our reporting and deepen our understanding of our environmental impact, we have voluntarily disclosed all measured emissions sources as required by the UK Government's SECR policy.

SECR mandates that companies report their energy usage (kWh) and the corresponding emissions (tCO<sub>2</sub>e). For SysGroup, this involves categorising our energy usage into Scope 1 Natural Gas and Transport, Scope 2 Grid-supplied Electricity and Scope 3 Transport emissions. This comprehensive reporting enables us and our stakeholders to understand the Group’s energy performance accurately and create initiatives to promote energy efficiency. We have reported our intensity metric of tCO<sub>2</sub>e per £m turnover, to track our progress at the unit level as our business grows and allow meaningful year-on-year comparisons to monitor energy management initiatives.

Table 2: SysGroup FY2023/2024 Total Energy Consumption (kWh) for Scope 1, Scope 2 and Scope 3 (transport only).

	FY2023/2024 Consumption kWh	FY2022/2023 Consumption kWh	FY2021/2022 Consumption kWh (baseline)	Percentage change from FY2023/2024 against baseline
Utility and Scope	Total			
Scope 1 Total	137,762	142,939	0	N/A
Natural Gas (Scope 1)	35,175	85,136	0	N/A
Transportation (Scope 1)	102,587	57,803	0	N/A
Scope 2 Total	1,741,398	1,430,125	1,676,193	+3.89%
Grid-Supplied Electricity (Scope 2)	1,741,398	1,430,125	1,676,193	+3.89%
Scope 3 Total	86,821	50,084	101,523	-14.48%
Transportation (Scope 3)	86,821	50,084	101,523	-14.48%
<i>Total</i>	1,965,981	1,623,148	1,777,716	+10.59%

Table 3: SysGroup FY2023/2024 Total Location-based Emissions (tCO<sub>2</sub>e) Scope 1, Scope 2 and Scope 3 (transport only).

	FY2023/2024 Consumption tCO <sub>2</sub> e	FY2022/2023 Consumption tCO <sub>2</sub> e	FY2021/2022 Consumption tCO <sub>2</sub> e (baseline)	Percentage Change from FY2023/2024 against baseline
Utility and Scope	Total			
Scope 1 Total	29.46	28.67	0.00	N/A
Natural Gas (Scope 1)	6.43	15.54	0.00	N/A
Transportation (Scope 1)	23.02	13.13	0.00	N/A
Scope 2 Total	360.60	276.56	355.91	+1.32%
Grid-Supplied Electricity (Scope 2)	360.60	276.56	355.91	+1.32%
Scope 3 Total	19.53	11.55	23.54	-17.03%
Transportation (Scope 3)	19.53	11.55	23.54	-17.03%
<i>Total</i>	409.58	316.78	379.45	+7.94%

Increased on-site activity has contributed to an increase in electricity consumption. Also, new data centres added to the Company portfolio during FY2023/2024 have increased electricity demand. As a result, overall emissions increased by 7.94% compared to the baseline year.

Table 4: SysGroup PLC Total Emissions Intensity Metric.

Intensity Metric	FY2023/2024 intensity metric	FY2022/2023 intensity metric	FY2021/2022 intensity metric	Percentage Change from FY2023/2024 against baseline
tCO <sub>2</sub> e/£m turnover	18.04	14.63	25.73	-29.89%

### Energy Efficiency

Our primary objective has been to thoroughly understand and accurately calculate our environmental impact. To achieve this, we have implemented a comprehensive data collection process, enabling us to report in alignment with SECR. By growing our understanding of our energy consumption and carbon footprint, we can identify emissions hotspots and areas of significant environmental impact across our portfolio. This insight allows us to target these areas for improvement, driving more sustainable practices and reducing our overall carbon footprint.

A register of energy efficiency measures has been compiled, with a view to implementing these measures in the next five years. In the last year, we have been reviewing and consolidating our suppliers, with ESG performance forming a growing part of our decision-making process. We have also continued our partnership with a specialist ESG consultancy, to support us in navigating the ESG reporting landscape. Ongoing in-depth reviews of our current processes and policies have also contributed towards the development of our ESG Strategy, to introduce social and environmental initiatives. Our colleagues will also be participating in a companywide sustainability drive from September FY24, where we aim to demonstrate our commitment to protecting the planet.

### Methodology

SECR Scope 1, 2 and 3 consumption and CO<sub>2</sub>e emissions data has been calculated, in line with the 2019 UK Government environmental reporting guidance and the GHG protocol - a Corporate Accounting and Reporting Standard. Government Emissions Factor Database 2023 version 1.1 has been used, utilising the current published gross calorific value (CV) and kgCO<sub>2</sub>e emissions factors relevant for reporting year 01/04/2023 – 31/03/2024. An intensity metric has been calculated using total tCO<sub>2</sub>e figures, and the selected performance indicator agreed with SysGroup PLC for the relevant report period (total turnover), which was £22.70m and £21.65m in FY2023/2024 and FY2022/2023, respectively.