Annual Carbon Report



March 2024 - February 2025

Report Author: notch

Report Date : 30-05-2025



Powered By:





This report has been produced by **notch** using notch accounting platform for **Bytes Software Services**.

Company Overview

Bytes Software Services (Bytes) is a leading provider of world-class IT solutions. Our growing portfolio of services includes cloud, security, licensing, SAM, storage, virtualisation and managed services. Since being established in 1982, Bytes has grown rapidly and now employs over 760 people in the UK and Ireland. Thanks to our passionate people and close partnerships, we've helped hundreds of top brands to transform, grow and adapt to the changing technology landscape.

Year Incorporated	1982
Industry	Other information technology service activities
No. of Staff	760
No. of Offices	5
No of Owned Buildings	3
No. of Production Sites	-
No. of Company Vehicles - Trucks	-
No. of Company Vehicles - Other	-

Reporting Period

March 2024 - February 2025

Benchmark Year

Scope 1 and 2: March 2020 to February 2021

Scope 3: March 2022 to February 2023

Qualification & Reporting Methodology

This report has been created using the Environmental Reporting Guidelines, including Streamlined Energy & Carbon Reporting (SECR) guidance issued by the UK Government in April 2019.

Where they exist, CBN Expert uses the UK Government published carbon conversion factors relevant to the reporting period. Where emissions, without published conversion factors have been used, these have been determined by CBN Expert in consultation with relevant stakeholders and any industry norms or standards that exist. The details of these are included in the Data Declaration section of this report.

Net Zero History

As part of Bytes Technology Group, in 2023 we calculated our Scope 3 emissions across all 10 categories, relevant to the business, for the first time. Our baseline for Scope 3 was set at FY 2022/23 and at the end of 2023 we submitted our GHG emissions reduction targets to the Science Based Targets initiative (SBTi). In June 2024 we received validation of our near-term and net zero targets (2040).

Scope 3 Category 1 - purchased goods and services is by far our largest emissions source and has led to greater work with our suppliers, which will gain increasing focus to understand their emissions and reductions plans. In addition we continue to focus on initiatives that will drive down emissions we can direct impact such as energy efficiency in buildings and green transportation. This supports our work to achieve a 50% reduction by 2030 in Scope 3.

Net Zero Committed Date

2040

Reporting Boundary

Financial

Optional Scope

Emissions from Scope 1 and 2 have been measured in accordance with SECR requirements. The Scope 3 emissions that have been included are:

- Purchased Goods & Services
- Capital Goods
- Fuel & Energy Related Activities
- Upstream Transportation & Distribution
- Waste Generated From Operations
- Business Travel
- Employee Commuting
- Upstream Leased Assets
- Use of Sold Products



Net Zero Leadership

Bytes Software Services is fully committed to achieving Net Zero across its organisation. To support its transition to Net Zero Bytes Software Services has appointed and communicated publicly senior sponsor(s). The appointed sponsor(s) are

Sponsor(s):	Lisa Prickett
Position:	Group Sustainability Manager
Appointed:	March-2023



Net Zero Priorities

Bytes Software Services is serious about reducing its GHG emissions across all scope 1, 2 and 3 emissions to enable us to meet our ambitious targets.

The carbon reduction goals of the company are as follows:

Near-Term targets

- Bytes Technology Group plc commits to reduce absolute scope 1 GHG emissions 50% by 2025/26 and 60% by 2030/31 from a 2020/21 base year.
- Bytes Technology Group plc commits to maintain a 100% absolute reduction of scope 2 GHG emissions by 2028/29 from a 2020/21 base year.
- Bytes Technology Group plc commits to reduce absolute scope 3 GHG emissions 50% by 2030/31 from a 2022/23 base year.

Net Zero target

• Bytes Technology Group Plc commits to reach net-zero GHG emissions across the value chain by 2040/41.

The company has implemented several initiatives during the year to both mitigate GHG emissions as well as to expand the company's visibility and understanding of key categories of Scope 3 emissions.

The key areas of focus are:

- Building a comprehensive net zero transition plan
- Reducing emissions from transportation
- Reducing waste
- Positively influencing our supply chain partners

tonnes CO2e	20-21 Baseline Scopes 1 & 2	21-22	22-23 Baseline Scope 3	23-24	24-25 Reporting Year
Scope 1	19.6	32.2	56.9	45.5	91.6
Scope 2 (Market Based)	171.3	26.7	0.0	0.0	5.3
Scope 3	14.8	63.6	68,980.2	89,960.6	134,671.9
Total (Market Based)	205.7	122.5	69,037.1	90,006.1	134,768.8

Emissions Summary

The emissions for 2024/25 show an increase of c.50% year-on-year as a result of the growth of the business, as well as updates to the calculation methodology (primarily in Category 11) and the increase in carbon intensity of our vendors (which is most likely a consequence of the increased use of artificial intelligence (AI)). The most material increase resides within Category 1, reflecting the nature and dynamics of Bytes' business model. This accounts for approximately 93.4% of total reported emissions. Significant work has been undertaken to understand and mitigate Scope 1 and 2 emissions, and this is reflected in the downward trend, however there has been an increase in Scope 1 and 2 emissions this year. This is due to an increase in fugitive emissions from maintenance in year of an aging HVAC system (due to be replaced in 2025) and the purchase of two new offices, for which the associated Scope 1 and 2 emissions have been estimated, since the actual data was not yet available. Given the HVAC replacement and that next year the actual energy use of these offices will be known (and it should be confirmed that this will be REGO-backed electricity), we expect a reduction in Scope 1 and 2 emissions. More detail regarding all scopes and categories of emissions are detailed within this report, along with the activities that have and will be carried out to reduce emissions, where Bytes has an influence. As part of Bytes Technology Group, in 2023 we calculated our Scope 3 emissions across all 10 categories, relevant to the business, for the first time. Our baseline for Scope 3 was set at FY 2022/23 and at the end of 2023 we submitted our GHG emissions reduction targets to the Science Based Targets initiative (SBTi). In June 2024 we received validation of our near-term and net zero targets (2040) Scope 3 Category 1 - purchased goods and services is by far our largest emissions source and has led to greater work with our suppliers, which will gain increasing focus to understand their emissions and reductions plans. In addition we continue to focus on initiatives that will drive down emissions we can direct impact such as energy efficiency in buildings and green transportation. This supports our work to achieve a 50% reduction by 2030 in Scope 3. Following our 2023/24 reporting, our work with SBTi led to some changes in our baseline year 2022/23 and the following year 2023/24. We moved the Well to Tank emissions from Cat 3 into their respective transport categories and as software is optional under the GHG Protocol as indirect use phase under Cat 11 - Use of Sold Product - this was removed from our data. There have been minor updates to scope 3 calculations for 22/23 and 23/24 to reflect updated CFs published by DEFRA and updates to WTT calculations.



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Emission Map

Bytes Software Services - Emissions Mapping by Scope & Category

Year: *Mar 2024 – Feb 2025*

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Scope 2

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Category Status Total Emissions tonnes CO₂e % Reported Emissions

tonnes CO₂e





This second emissions map shows all reported scopes and categories, with the exception of categories 1 and 11. The purpose of this view is to show the relative emissions of reported categories, on an appropriate scale. Although Category 12 - end of life treatment of sold products is relevant to our business the emissions are approximately 0.0001% of our total. Due to hardware forming approximately 2% of our revenue. With regards to impact and due to the nature of the assumptions to calculate these emissions they are determined as de minimis and not reported, as agreed with the SBTi.









Energy & Other Efficiency Projects

Completed projects

Site	Country	Project	Emissions Impacted
Leatherhead	UK	PIR installed	Scope 2
Leatherhead	UK	Switch from diesel to HVO for backup generator	Scope 1
Leatherhead	UK	Installation of EV charger in head office car park	Scope 3 - Cat. 6 and 7 - Business Travel and Commuting
Leatherhead	UK	Vape recycling bins added	Scope 3 - Cat. 5 - Waste
All	UK	Laptops from refresh programme donated to non-profit organisations nominated by employees	Scope 3 - Cat. 5 - Waste
Leatherhead	UK	Installed new bin system at head office following new regulations around food waste	Scope 3 - Cat. 5 - Waste
Leatherhead	UK	EV salary sacrifice scheme implemented	Scope 3 - Cat. 6 - Business Travel and Cat. 7 - Employee commuting
Leatherhead	UK	Refurbishment at head office included transition to LED lighting and installation of sensor taps (saving 50-75% in water use)	Scope 2 - Electricity usage, Scope 3 - Cat. 1 and. 5 - water use and wastewater
All	UK	Data collected on home working emissions	Scope 3 - Cat. 7 - teleworking
Leatherhead	UK	New water meters installed for new buildings to give more detailed reports on usage.	Scope 3 - Cat. 1 and 5 - water use and wastewater
All	UK	SBTi validation of near-term and net zero targets	All emissions

In process projects

Site	Country	Project	Emissions Impacted
Leatherhead	UK	Explore potential for car-sharing scheme	Scope 3 - Cat. 7 - Employee commuting
Leatherhead	UK	Explore options for installing solar panels at Leatherhead head office	Scope 2 - (location-based) Scope 3 - Cat. 3 - Fuel and Energy related activities
All	UK	Carbon literacy and sustainability training for all employees. Delivered to non-sales in FY25 to be expanded to sales and further non-sales in FY26	All Emissions
All	UK	Net zero transition plan	All Emissions
Leatherhead	UK	Replacement of HVAC system with more modern and more efficient system.	Scopes 1 and 2 - fugitive emissions and electricity usage



Scope 1 & 2 Emissions

880

Scope 1 - Direct Emissions

91.58 tonnes CO2e

Emission Type	Unit	Volume	tonnes CO ₂ e
Gas	kwh	21,941.24	401
Fuels	litres	2,346.25	5.22
Fugitive Emissions	kg	42.8	82.35
Total			91.58

Scope 1 emissions include estimated emissions from gas use at Cassini Court and Pascal Place, the two office buildings purchased by Bytes in December 2024. Estimations have been based on the buildings' floor area, EPC rating, and conversion factors from the PCAF database for commercial office buildings in England. Actual figures for gas use were not available for these buildings, but should be available for the next reporting cycle. The majority of Scope 1 emissions come from fugitive emissions, which were higher during 2024-25 than the prior year. Work in 2025 to replace an aging HVAC system at Head Office should reduce the emissions.

Scope 2 - Indirect Emissions

5.32 tonnes CO₂e

Emission Type	Unit	Volume	tonnes CO ₂ e
Electricity (Grid)	kwh	25,693.54	5.32
Green Electricity (Grid)	kwh	532,977.73	0.0
Total			5.32

Market-based Scope 2 emissions are zero for BSS's main office, since this continues to be supplied with REGO-backed renewable electricity. There are some market-based emissions this year for Cassini Court and Pascal Place, estimated per the method described above. It is assumed that these buildings are also supplied with renewable, REGO-backed, electricity, but since this could not be evidenced at this stage, the estimated electricity emissions have been calculated as standard grid electricity.

Scope 3 Emissions - Analysis by Reporting Category

Scope 3: Category 1 - Purchased Goods & Services

125,856.11 tonnes CO2e

Emission Type	Unit	Volume	tonnes CO ₂ e
Water Supply	m3	1,350	0.21
P G& S	£	1,158,146,931.43	125,855.91
Total			125,856.11

Software and hardware purchases were based on 13 top vendors for the 2024/25 reporting period, which contributed 77.1% of overall spend, and 79.7% of vendor spend. Spend with vendors was used to determine a fair share of scope 1, 2 and 3 emissions. All vendors' scope 2 emissions used were market-based, in order to recognise the impact of their commitment to consumption of cleaner energy and actual attributable emissions during the period. Where vendors did not publish emissions data, a similar vendor's emissions were used as a representative benchmark. For External Consultancy, the 2021 BEIS spend-based CF for 'Other Professional, Scientific and Technical Services' was applied. For Overheads, and BTG Spend Attribution (75% attributed to Bytes), the 2021 BEIS spend-based CF for 'Services of head offices; management consulting services' was applied. Water supply was included based on actual supply volumes, and paper has been included based on weight.

For further details on the expansion and recalculation work in emissions from FY23 to FY25 see the Group's Annual Report 2024/25 available at <u>www.bytesplc.com</u>.

Scope 3: Category 2 - Capital Goods

897.57 tonnes CO₂e

Emission Type	Unit	Volume	tonnes CO ₂ e
Non-capitalised goods	£	116,388.82	49.32
Capital Goods	£	4,373,956.53	848.25
Total			897.57

Conversion factors for capital goods were based on 2021 EEIO spend based factors derived from BEIS. Right of use assets (EVs for the employee car scheme) were excluded since Bytes does not have financial or operational control of these assets, nor access to any data regarding the use or charging of these vehicles.

Scope 3: Category 3 - Fuel & Energy Related Activities

40.83 tonnes CO2e

Emission Type	Unit	Volume	tonnes CO ₂ e
EV Chargers	kwh	3,340.98	0.69
Well-to-tank Emissions	kwh	1,141,630.02	29.91
Transmission & Distribution - Electricity	kwh	558,671.26	10.22
Total			40.83

Cat.3 emissions include all well-to-tank (WTT) and transmission & distribution emissions from scope 1 and 2 fuel and energy use, in addition to the generation emissions from electricity sold by Bytes via EV chargers. WTT emissions for vans (Cat.4) and plane travel (Cat.6) have now been included in their respective categories, having been incorrectly included in Cat.3 in the prior year.

Scope 3: Category 4 - Upstream Transportation & Distribution

Transport type	Unit	Volume	tonnes CO ₂ e
Upstream T& D	tonne.km	3,370.53	1.37
Well-to-tank Emissions	tonne.km	3,370.53	0.34
Total			1.71

Upstream Transportation and Distribution emissions have been calculated for couriers and distributor dispatched hardware and outsourced deliveries. It has been assumed that parcels travel by Average Van, and pallets by Average HGV. It has been assumed all deliveries by van are point-to-point (without any uplift to reflect potential inefficiencies in the supply chain).

Scope 3: Category 5 - Waste Generated From Operations

Type of waste	Unit	Volume	tonnes CO ₂ e
Waste Disposal	tonnes	13.01	0.08
Water Treatment	m3	1,282.5	0.24
Total			0.32

Waste weights have been used to calculate emissions, with all waste being diverted from landfill. One month of data for general waste from Bytes was unavailable at the time of reporting and data extrapolated from prior months. Water treatment has been included at 95% of water supply volumes.

Scope 3: Category 6 - Business Travel

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tonnes CO2e Unit Volume **Emission Type** Cars miles 444,106,9 119.29 659,855.96 23.4 Rail km Plane 222,653.65 47.81 km 22,067.32 3.28 Taxis km 1.556.66 17.93 Hotel Stav room per night Well-to-tank emissions 1.348.683.83 44.05 miles Total 255.75

Business travel emissions include travel by plane, train, car and taxi, as well as hotel stays. Plane travel emissions have been calculated using known distances travelled for the majority of flights, and average distances used for those where origin/destination details were not available. Train travel has been calculated from spend-based expense data, based the assumption that an average of £0.40/km was paid for train travel. Taxi distances were also calculated based primarily on spend-data. For a few journeys, where the distance travelled was known, the average price per mile was calculated at £4.29. It was assumed that an average of 1.5 passengers travelled in each expensed taxi journey, based on the information available. Car mileage was known from the expense system, but the type of vehicle was not, therefore all mileage has been included as 'Average Car'. Hotel stays have been included as either UK, UK (London), or international. International hotel stays have a blended CF applied, based on those stays where the countries are known. WTT emissions have been calculated for all transport modes.

Scope 3: Category 7 - Employee Commuting

869.87 tonnes CO2e

Emission Type	Unit	Volume	tonnes CO ₂ e
Cars	miles	2,174,857.95	564.24
Bus	km	57,009.48	7.41
Rail	km	564,276.54	20.01
Motorbike	miles	13,939.19	2.55
Walking	miles	3,904.59	0
Cycling	miles	1,672.7	0
Well-to-tank Emissions	km	2,810,083.17	158.85

0.32 tonnes CO₂e

1.71 tonnes CO₂e

255.75 tonnes CO₂e

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Emission Type	Unit	Volume	tonnes CO ₂ e
Homeworking	hours	349,981.0	116.82
Total			869.87

Bytes' employee commuting survey was completed by 347 employees. The results of the survey were converted into annual distance per transport type, assuming 46 working weeks per year. This was grossed up to account for the actual total number of employees on a monthly basis, averaging 701 in the year (696 Bytes and 5 BTG). WTT emissions for all relevant transport types have been included. Bytes' survey also gathered data on employees' homeworking patterns. The results of this survey were used to estimate the total number of homeworking hours per month for all employees, based on 46 working weeks in the year, and an 8-hour work day.

Scope 3: Category 8 - Upstream Leased Assets

19.21 tonnes CO₂e

6,730.54 tonnes CO₂e

Emission Type	Unit	Volume	tonnes CO ₂ e
Leased Offices	kwh	99,940.11	19.21
Total			19.21

This category includes emissions associated with all leased offices across Bytes, which in 2024/25 were Reading, Manchester, London, and Portsmouth. In September 2024, Bytes moved to a larger space in the same London office, and in February 2025, leased a second office in Portsmouth. Detailed activity data was not available consistently across sites, therefore estimates have been generated based on regular office user headcount benchmarks for waste, water supply and water treatment. Where electricity use was not known for Manchester, this has been estimated based on statistics for non-domestic buildings from ND-NEED.

Scope 3: Category 11 - Use of Sold Products

Emission Type	Unit	Volume	tonnes CO ₂ e
Laptops / Desktops	tonnes	98.54	98.54
Servers	tonnes	6,521.42	6,521.42
Small Devices	tonnes	37.56	37.56
Video Conferencing Systems	tonnes	73.01	73.01
Total			6,730.54

Use of sold products has been updated this year based on more granular information being made available on the product makeup of hardware sold within the Group, which has been used as a proxy for Bytes since the detail was not available for Bytes itself. The majority of products (by volume and percentage of total hardware revenue) are servers and laptops. Dell provided use-phase emissions for servers and personal computing devices, and these have been included (at an average level) to calculate use phase emissions from these products. All other power consuming products have been grouped as either video conferencing equipment (VC) or small form factor devices (phones), with 7-year and 4-year lifespans, respectively. The annual power consumption has been estimated at 7.3 kwh per annum for small form factor devices, and 1,000 kwh per annum for VC facilities. The latter is broadly in line with 30% of the estimated p/a kwh consumption for a server from Dell. Use of sold products emissions have increased significantly this year due to changes in the methodology used to calculate these. Emissions are now calculated based on the whole product life, and no longer apportioned to BSS based on profits.

The amendments to the methodology this year to include lifetime emissions of hardware devices, has significantly increased emissions in this category. Under Group, we are assessing if we need to re-baseline our emissions and resubmit our targets to SBTi.



Immediate Carbon Reduction Priorities

The need for taking immediate and bold action on climate change is being increasingly recognised by businesses, government and the general population. **Bytes Software Services** recognises that its activities have an impact on the environment and are committed to minimising any adverse impact wherever practical.

Bytes Software Services' Carbon Reduction Plan is aligned with science-based targets and is being incorporated into a more formal net zero transition plan. We are working to both mitigate emissions already identified and to ensure that sustainability and carbon reduction are baked into future business decisions.

The immediate priorities of the company to drive down its climate impact, in addition to the in process projects on page 8, are:

ltem	Description	Action Type	Emissions Impacted	Target	Time frame
1	Create waste and water policy with annual usage metrics and targets for reduction	Carbon reduction	Scope 3 - Cat. 1 (water) Scope 3 - Cat. 5 Waste	Appropriate target creation for reduction in usage	Q3 2025
2	Develop supply chain engagement strategy and risk assessment	Stakeholder engagement	Scope 3 - Cat. 1 Purchased goods and services	Better understanding of supplier emissions	Q2 2025
3	Engage with hardware distributors for better data on upstream transportation emissions	Data Improvement	Scope 3 - Cat. 3 Upstream transportation	Better understanding of supplier emissions	Q2 2025
4	Develop carbon data checklist and methodology to aid governance of data collection and reduce any errors	Data Improvement	All emissions	Better understanding of all emissions	Q2 2025
5	Refurbishment of new leatherhead building with LED lighting	Carbon reduction	Scope 2	Improvement in energy efficiency relating to lighting	Q3 2025
6	Explore options for a new expenses system	Data Improvement	Scope 3 - Cat.6 – Business Travel	Data improvement would lead to greater accuracy in emissions reporting, reducing the use of averages and assumptions.	Q3 2025



Data Declaration

Bytes Software Services categorises its Greenhouse Gas (GHG) emissions as Scope 1,2 and 3 as referred to in the WBCSD – WRI Greenhouse Gas Protocol (revised edition, dated March 2014). Emissions in Carbon Dioxide equivalent (CO₂e) for all scopes are calculated using the conversion factors listed in BEIS/DEFRA Greenhouse Gas Conversion factors for the relevant 12 month period over which the emissions are calculated. Procured renewable electricity and gas is calculated in accordance with the WBCSD – WRI Scope 2 Guidance on procured renewable energy (2015).

Data Quality / Confidence

The data used to generate this report has been collected from various sources from within the company and its stakeholders. Where available emissions have been converted to CO₂e using the published Conversion Factors published by BEIS/DEFRA for the relevant 12 month Reporting Period.

Data quality across scopes and categories was predominantly good. Any gaps have been noted and documented within commentary for each scope and category, and any assumptions generated to substitute these gaps have been detailed. Further efforts will focus on establishing operational measures to systematically curate, validate and refine data from source systems.

Scope 3 Emissions

Bytes Software Services is committed to measure and act to reduce its emissions in all 3 scopes. This report reflects the Scope 3 categories that are relevant to the business. Scope 3 category 12 – end-of-life of sold products is also relevant to the business but is deemed de minimis and not reported in our annual carbon reports.. **Bytes Software Services** remains committed to work with its entire value chain to ensure as much of its Scope 3 emissions can be accurately measured and to develop actions that target long term reductions aligned to science-based targets.

Carbon Removals & Offsets

As part of the commitment of **Bytes Software Services** to target reductions in its GHG emissions and, ultimately attain Net Zero the company will review and report all carbon removals and offsetting that it uses. All removal and offsetting options will be considered and reported including formally certified schemes (e.g. Gold Standard) as well as more informal schemes.



Third Party Verification

The data in this report has been produced using the notch accounting platform and verified by notch.

Carbon Removal & Offset Schemes used in Reporting Year

Carbon removal credits are purchased to cover all Scope 1 and Scope 2 emissions. Carbon avoidance credits are purchased for business emissions in Scope 3 (categories 2, 3, 4, 5, 6, 7 and 8). Credits are purchased through Ecologi, for projects which are backed through Gold Standard or Verra Carbon Standard certifications. Projects are chosen based on their carbon removal / avoidance and also through benefits to local communities and biodiversity.

ОРСО	Scheme Name	Details	tonnes CO ₂ e
Bytes Software	Ecologi	Restoring mangroves for blue carbon removal in Pakistan	49
Services	Carbon Removal		
Bytes Software	Ecologi	Carbon removal through reforestation in Australia	48
Services	Carbon Removal		
Bytes Software	Ecologi	Protection of the Matavén forest in eastern Colombia	1,043
Services	Carbon avoidance		
Bytes Software	Ecologi	Fuel-efficient cookstoves in East Africa	1,043
Services	Carbon avoidance		

Signature

Signed on behalf of Bytes Software Services

Jack Watson Name:....

Position : Managing Director

Signed :Jakk Watson

Signed on behalf of notch

Phil Rolling Name :

Position : Head of Delivery

Signed :