

Annual Carbon Report



March 2025 - February 2026

Report Author: **Lemonade**

Report Date: 26-05-2026

Prepared By: **Lemonade.**

Powered By:  **notch**



This report has been produced by **Lemonade** using the 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 nearly 800 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	795
No. of Offices	5
No. of Owned Buildings	3
No. of Company Vehicles - Trucks	-
No. of Company Vehicles - Other	-

Reporting Period

March 2025 - February 2026

Net Zero Committed Date

2040

Benchmark Year

Scope 1 and 2: March 2020 - February 2021

Scope 3: March 2022 - February 2023

Reporting Boundary

Financial

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.

Emissions have been calculated under the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and were later third-party-verified against the methodology of ISO 14064-1, which provides guidance at the organisational level for quantifying and reporting GHG emissions and removals. Where they exist, Lemonade 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 Lemonade 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.

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:

- Category 1 - Purchased Goods & Services
- Category 2 - Capital Goods
- Category 3 - Fuel & Energy Related Activities
- Category 4 - Upstream Transportation & Distribution
- Category 5 - Waste Generated From Operations
- Category 6 - Business Travel
- Category 7 - Employee Commuting
- Category 8 - Upstream Leased Assets - Leased Offices
- Category 11 - Use of Sold Products

Net Zero History

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

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

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: 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 it to meet its ambitious targets.

This year Bytes has reached its first GHG emissions reduction target date of 2025/26. In this financial year, Bytes aimed to reduce Scope 1 emissions by 50% from a 2020/21 baseline and Scope 2 (market-based) emissions by 50% from a 2020/21 baseline. Bytes has achieved a 43% reduction for Scope 1, narrowly missing the target, however a 68% reduction was achieved at group level. For Scope 2 it exceeded its target by reaching 0.0 tCO_{2e} in 2025/26.

Bytes' GHG emissions reduction targets, which have been validated by the Science Based Targets initiative (SBTi) are as follows:

Near-Term targets

- Bytes Technology Group plc commits to reduce absolute scope 1 GHG emissions 60% by 2030/31 from a 2020/21 base year.
- Bytes Technology Group plc commits to maintain a 100% absolute reduction of scope 2 (market-based) 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 supply chain partners

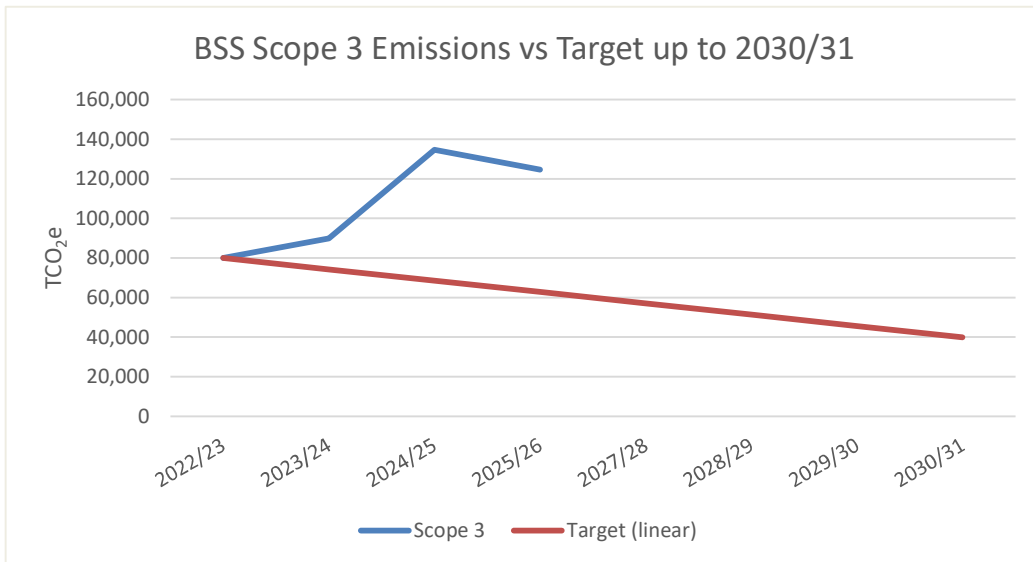
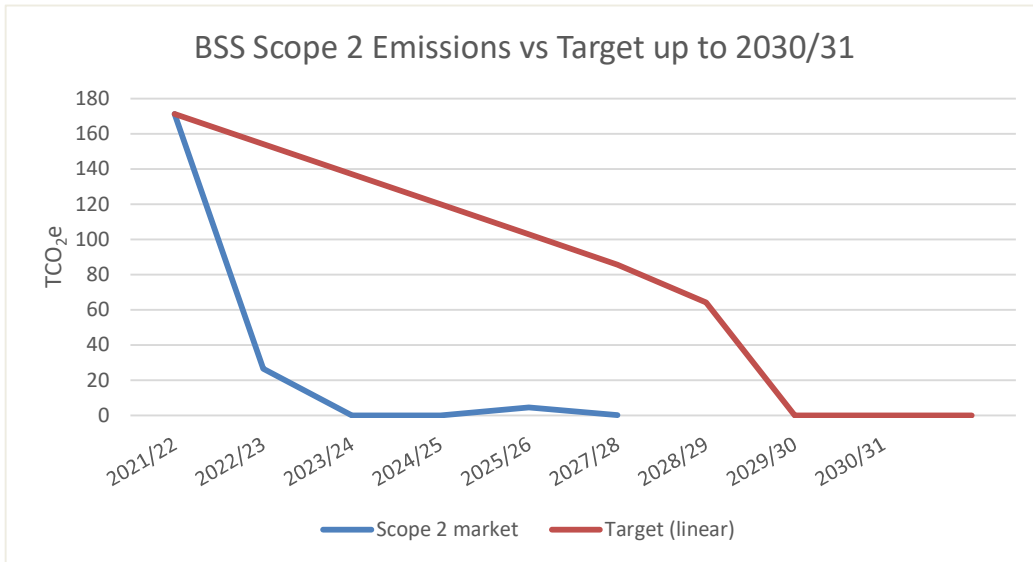
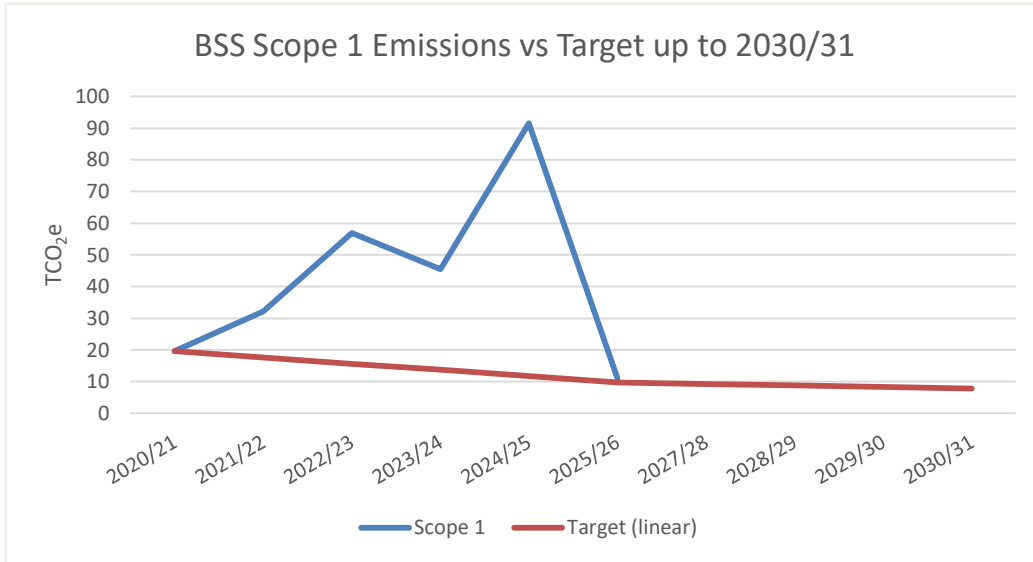
Emissions Summary

tonnes CO _{2e}	20-21 Baseline Scopes 1 & 2	21-22	22-23 Baseline Scope 3	23-24	24-25	25-26 Reporting Year
Scope 1	19.6	32.2	56.9	45.5	91.6	11.1
Scope 2 (Market Based)	171.3	26.7	0.0	0.0	4.6	0.0
Scope 3	14.8	63.6	80,015.4	89,960.7	134,670.3	124,729.7
Total (Market Based)	205.7	122.5	80,072.3	90,006.2	134,766.6	124,740.8

The emissions for 2025/26 show a decrease of c.7% from prior year primarily driven by a decrease in carbon intensity of vendors. Purchased goods and services (Category 1) emissions account for approximately 85% 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 - emissions have decreased by 88% year-on-year. This is due to a decrease in fugitive emissions after replacement of aging HVAC systems and a full year of actual Scope 1 and 2 emissions reporting from the two new buildings, where prior year emissions had to be estimated. Further, historical hardware sales data for 2022/23 were used to recalculate baseline emissions for Scope 3 – Category 11 using the same method as 2025/26 to support target setting and progress tracking.

More details regarding all scopes and categories of emissions are shared within this report, along with the activities that have and will be carried out to reduce emissions, where Bytes has an influence.



Initiatives to get to Net Zero

Completed projects

Site	Country	Project	Emissions Impacted
All	UK	Data collected on home working emissions	Scope 3 - Cat. 7 - teleworking
All	UK	Install vape recycling bins - now removed in line with changed legislation on disposable vapes	Scope 3 - Cat. 5 - Waste
Leatherhead	UK	PIR installed	Scope 2
Leatherhead	UK	Switch from diesel to HVO for back-up generator	Scope 1
Leatherhead	UK	Installation of EV charger in head office car park	Scope 3 - Cat. 6 and 7 - Business Travel and Commuting
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
All	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
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
Leatherhead	UK	Refurbishment of new leatherhead building with LED lighting	Scope 2
Leatherhead	UK	New buildings switched to a renewable electricity and biogas tariff	Scopes 1 and 2 – gas and electricity usage
Leatherhead	UK	Replacement of HVAC in Bytes House with more modern and more efficient system	Scopes 1 and 2 - fugitive emissions and electricity usage
All	UK	Created a waste and water policy with annual usage metrics and targets for reduction	Scope 3 - Cat. 1 (water) Scope 3 - Cat. 5 Waste
Leatherhead	UK	Refurbished new buildings with LED lighting	Scope 2

In progress 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	Net zero transition plan	All Emissions

Emissions by Scope

Scope 1 - Direct Emissions				11.1 tonnes CO ₂ e
Emission (tonnes CO ₂ e)	20-21 (baseline year)	24-25	25-26 (reporting year)	% change (from baseline year)
Gas	0.0	4.0	0.1	100%
Fuels	2.9	5.2	5.5	88%
Fugitive Emissions	16.7	82.3	5.6	-67%
Total	19.6	91.6	11.1	-43%

Scope 1 emissions include full year emissions from gas use at Cassini Court and Pascal Place, the two office buildings purchased by Bytes in December 2024. All gas use is green gas, backed by RGGOs. The majority of Scope 1 emissions come from fugitive emissions and fuel use.

Scope 2 - Indirect Emissions				0.0 tonnes CO ₂ e
Emission (tonnes CO ₂ e)	20-21 (baseline year)	24-25	25-26 (reporting year)	% change (from baseline year)
Electricity (grid)	232.9	4.6	0.0	-100%
Green Electricity (grid)	0.0	0.0	0.0	0%
Green Electricity (generated)	0.0	0.0	0.0	0%
Total	232.9	4.6	0.0	-100%

Market-based Scope 2 emissions are zero for Bytes' main office, as well as the two new office buildings (Cassini Court and Pascal Place), since they are all supplied with REGO-backed green electricity. For two months of the reporting year, electricity was supplied to the car park of Cassini Court and Pascal Place which was not REGO-backed, therefore some electricity market-based emissions are reported for this usage.

Scope 3 - Indirect Emissions				124,729.7 tonnes CO ₂ e
Emission (tonnes CO ₂ e)	22-23 (baseline year)	24-25	25-26 (reporting year)	% change (from baseline year)
Purchased Goods & Services	67,112.8	125,856.1	105,855.3	58%
Capital Goods	615.2	897.6	907.0	47%
Fuel & Energy Related Activities	35.2	40.9	69.7	98%
Upstream Transportation & Distribution	3.5	1.7	2.0	-43%
Waste Generated From Operations	0.6	0.3	0.4	-32%
Business Travel	181.6	254.3	354.1	95%
Employee Commuting	821.0	869.7	1,143.8	39%
Upstream Leased Assets	33.4	19.2	39.9	19%
Use of Sold Products	11,212.1	6,730.5	16,357.4	46%
Total	80,015.4	134,670.3	124,729.7	56%

Category 1 - Purchased Goods & Services

Software and hardware purchases were based on 13 key vendors for the 25/26 reporting period. 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. This supplier-specific approach made up a total of 80.1% of Bytes' spend. For External Consultancy, the 2022 BEIS spend-based CF for 'Computer programming, consultancy and related services' was applied, inflation-adjusted to 2025. For Overheads, and BTG Spend Attribution (75% attributed to Bytes; 25% to Phoenix), costs were broken down into categories and the most appropriate spend-based CF was applied (BEIS 2022, inflation-adjusted) to calculate emissions. Water supply was included based on actual supply volumes, and paper has been included based on weight.

Category 2 - Capital Goods

Conversion factors for capital goods were based on 2022 BEIS spend-based conversion factors, inflation-adjusted for 2025. 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.

Category 3 - Fuel & Energy Related Activities

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.

Category 4 - Transportation & Distribution

Upstream Transportation and Distribution emissions have been calculated for Westcoast, TD Synnex dispatched hardware and outsourced deliveries, in addition to couriers. 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).

Category 5 - Waste Generated From Operations

Waste weights have been used to calculate emissions, with all waste being diverted from landfill. Water treatment has been included at 95% of water supply volumes.

Category 6 - Business Travel

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 a mix of known-journey data and spend-based expense data. Spend data was converted into distance using the assumption that of £0.35/km was paid for train travel, which is the average from the known distance data. Taxi emissions were calculated primarily from spend data. For a few journeys, where the distance travelled was known, the average price per mile was calculated at £2.21. 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 the specific country where the stay took place (where this is known and a CF is available from DEFRA), 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.

Category 7 - Employee Commuting

Bytes' employee commuting survey was completed by 514 employees (65% response rate). 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 777 in the year (771 Bytes and 6 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 workday.

Category 8 - Upstream Leased Assets

This category includes emissions associated with all leased offices across Bytes, which in 25/26 were Reading, Manchester, London, and 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 was known for London and Portsmouth, so the average use by headcount was used to estimate water supply for Reading and Manchester.

Category 11 - Use of Sold Products

Detailed hardware sales information has been made available for Bytes, and an exercise has been undertaken to categorise products into generic product groups. The groups include "servers" including routers, switches, tape drive systems, servers; "laptops" including medium size monitors, PCs, printers and other similar devices; "VC" which includes video conferencing systems, larger monitors greater than 40"; "small" including tablets, phones and other low power consuming devices such as UPS (uninterruptible power supplies); "software" for items on the hardware list that relate to product support, extended warranty or software subscriptions that have been bundled with hardware devices; and finally "N/A", which includes non-power consuming hardware such as cables, server racking, and very low power consumption peripherals such as mice or keyboards, etc. The list has been categorised based on keywords, pricing and other indications of the underlying product. It should be noted that there will undoubtedly be errors in this approach as the product descriptions are not always fully descriptive, and the efforts to comprehensively categorise products was deemed beyond reasonable efforts under this project.

Use phase emissions have been calculated using typical refresh cycles as 4 years for laptops, 10 years for servers, 4 years for small devices and 7 years for VC systems. Laptops and servers use phase emissions have been calculated based on use phase emissions provided by Dell in the 24/25 reporting cycle and then applied to servers and laptops from other vendors. VC systems have been assumed to consume 1,000 kwh per annum. The 22/23 baseline figures have also been updated to reflect the change in methodology.

In 24/25, detailed hardware sales information was not available for Bytes, so Cat.11 emissions were calculated based on extrapolation from Phoenix calculations. These 24/25 emissions have not been updated to be based on Bytes' actual data, like 22/23 baseline and 25/26 reporting year emissions.

Carbon Intensity

While Bytes' emissions targets are absolute, intensity metrics have been used to normalise emissions and to measure year-on-year progress. The intensity metric for the current year is 95.0 tonnes CO₂e/£m turnover, which is a 12.1% decrease from the previous year.

Emission Intensity (tonnes CO ₂ e)	22-23 (Scope 3 baseline year)	24-25	25-26 (reporting year)	% change (from baseline year)
Per £m turnover	86.9	108.0	95.0	9%
Per employee	154.3	192.2	160.5	4%

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. **Bytes** is 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 progress projects on page 6, are:

Site	Description	Action Type	Emissions Impacted	Target	Time frame
Bytes Technology Group	Engage with hardware distributors for better data on upstream transportation emissions	Data Improvement	Scope 3 - Cat. 3 Upstream transportation	Better understanding of supplier emissions	Q4 2027
Bytes Software Services	BTG transformation - understanding impact on Bytes' baseline and future reporting	Reporting	All	Accurate reporting	Q4 2026
Bytes Technology Group	Building carbon literacy into onboarding and mandatory annual training	Behaviour change	Business related and outside value chain	Informed employees	Q3 2027
Bytes Software Services	Replacement of HVAC in Pascal Place with more modern and more efficient system	UK	Scopes 1 and 2 - fugitive emissions and electricity usage	Emissions reduction	Q4 2028
Bytes Software Services	Develop supply chain engagement strategy and risk assessment	Policy	Scope 3 - Cat 1 Purchased goods and services	Better understanding of supplier emissions	Q3 2027

Data Declaration

Bytes Software Services undertook a structured activity to fully align to the GHG Protocol Corporate Standard, and Corporate Value Chain (Scope 3) Accounting and Reporting Standard in designing its GHG emissions inventory. This approach resulted in selecting the appropriate control boundary (Financial). Specifically to ensure leased office space energy consumption was correctly allocated within Scope 3. All scope 3 categories were assessed for relevance and prioritised according to materiality (including size, influence and importance to stakeholders, for example), and various data sources for each category were considered and assessed, including a plan formed to improve quality and completeness of data over time. 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** 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 **Lemonade**.

BTG's emissions data, including Bytes', as presented in this report for March 2025 to February 2026, has been validated through third-party assurance by Carbonology. This process assured Scope 1, 2 and 3 emissions data and calculations against ISO 14064-1 to a reasonable level (the highest level of assurance).



Carbon Removal & Offset Schemes used in Reporting Year

Bytes Software Services has followed the guidance of the 'Oxford principles for net zero aligned carbon offsetting' by increasing the proportion of removal credits in their portfolio from 4.4% in 2024/25 to 14.5% for 2025/26 emissions. They have purchased credits that cover their business emissions Scope 1, Scope 2 and Scope 3 (Categories 2-8).

Carbon removal credits are purchased to cover all Scope 1 and Scope 2 emissions and Scope 3 business travel. With Scope 1 and 2 being removed through durable, long-lasting biochar, which stores carbon in the ground, also enhancing the soils and water management. Business travel emissions have been removed through a mangrove restoration project in Pakistan and a reforestation project in Mexico. These projects not only store carbon but also provide nature and community benefits.

Carbon avoidance credits are purchased for the remaining business emissions in Scope 3 (categories 2, 3, 4, 5, 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 for benefits to local communities and biodiversity.

OPCO	Scheme Name	Oxford Offsetting Principles Classification	Details	tonnes CO _{2e}
Bytes Software Services	Ecologi Carbon Removal	V	Producing biochar from waste biomass in Surrey - Ecologi	11.5
Bytes Software Services	Ecologi Carbon Removal	IV	Restoring mangroves for blue carbon removal in Pakistan	177
Bytes Software Services	Ecologi Carbon Removal	IV	Reforestation of the land of the Jaguar - Ecologi	177
Bytes Software Services	Ecologi Carbon avoidance	II	Protection of the Matavén forest in eastern Colombia - Ecologi	1,082
Bytes Software Services	Ecologi Carbon avoidance	I	Fuel-efficient cookstoves in Uganda - Ecologi	1,081
TOTAL				2,528.5

Signature

Signed on behalf of **Bytes Software Services**

Name :

Position :

Signed :

Signed on behalf of **Lemonade**

Name :

Position :

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