2022 Task Force on Climate-related Financial Disclosures (TCFD)

Gamma

Working smarter, together.

Our Commitments & TCFD

Gamma takes its responsibilities towards the environment seriously and we are systematically assessing our environmental impact and developing programmes to minimise it.

Gamma and the Environment

In 2006, Gamma recognised the importance of assessing our environmental impact and measuring our carbon footprint, and since that date we have committed to offsetting our emissions. Gamma has held a certified CarbonNeutral® company status (conferred by Climate Impact Partners) for 17 years, during which time we have invested in a variety of Gold Standard and VCS verified carbon offset projects.

Alongside carbon offsetting we have made good progress on investing in internal improvements to our network and energy consumption trends, for example by purchasing 100% renewable energy to power our business in the UK.

In 2021, we conducted a materiality exercise which ranked climate change as one of the key priorities that our internal and external stakeholders wanted Gamma to address, and we have continued to be approached by stakeholders who wish to understand more about our environmental approach, including our investors, suppliers and customers.

In 2021, we announced our commitment to move from a CarbonNeutral® business to become a carbon net-zero business by 2042, supporting both the Paris Treaty's aims to limit the temperature increase to 1.5°C globally and the UN Sustainable Development Goal 13: Climate Action.

Gamma has also committed to set near- and long-term company-wide emission reductions in line with climate science with the Science-Based Target initiative (SBTi) and the company is seeking validation of its target by the end of 2023.

Task Force on Climate-related Financial Disclosures

In June 2017, the Task Force for Climate-related Financial Disclosures (TCFD) presented a set of recommendations aimed at helping businesses to disclose climate-related financial information in a clear, comparable and consistent way.

The Task Force acknowledged that they were beginning to see a significant increase in demand from investors for improved climate-related financial disclosures as well as unprecedented support among companies for action to tackle climate change.

The TCFD structure consists of a set of core recommendations, based on the themes of governance, strategy, risk management, and metrics and targets (see next page). Supporting each of the core recommendations are a total of 11 recommended disclosures and these are further underpinned by 7 fundamental principles for effective disclosure.

As part of our Environment, Social and Governance agenda, Gamma has committed to disclose in line with the recommendations and structure of the Task Force. This report will share our current response to climate change and detail the considerations that we have made in the past year in assessing the potential impact to our business. The report will show our approach to assessing both the transitional and physical risks that it may pose to our business, along with consideration of the opportunities it will bring.

We will also outline our current challenges and the next steps that we are taking.

TCFD Core Recommendations

Governance

Describe the board's oversight of climate-related risks and opportunities.

Describe management's role in assessing and managing climate -related risks and opportunities.

Risk Management

Describe the organisation's processes for identifying and assessing climate-related risks.

Describe the organisation's processes for managing climate-related risks.

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

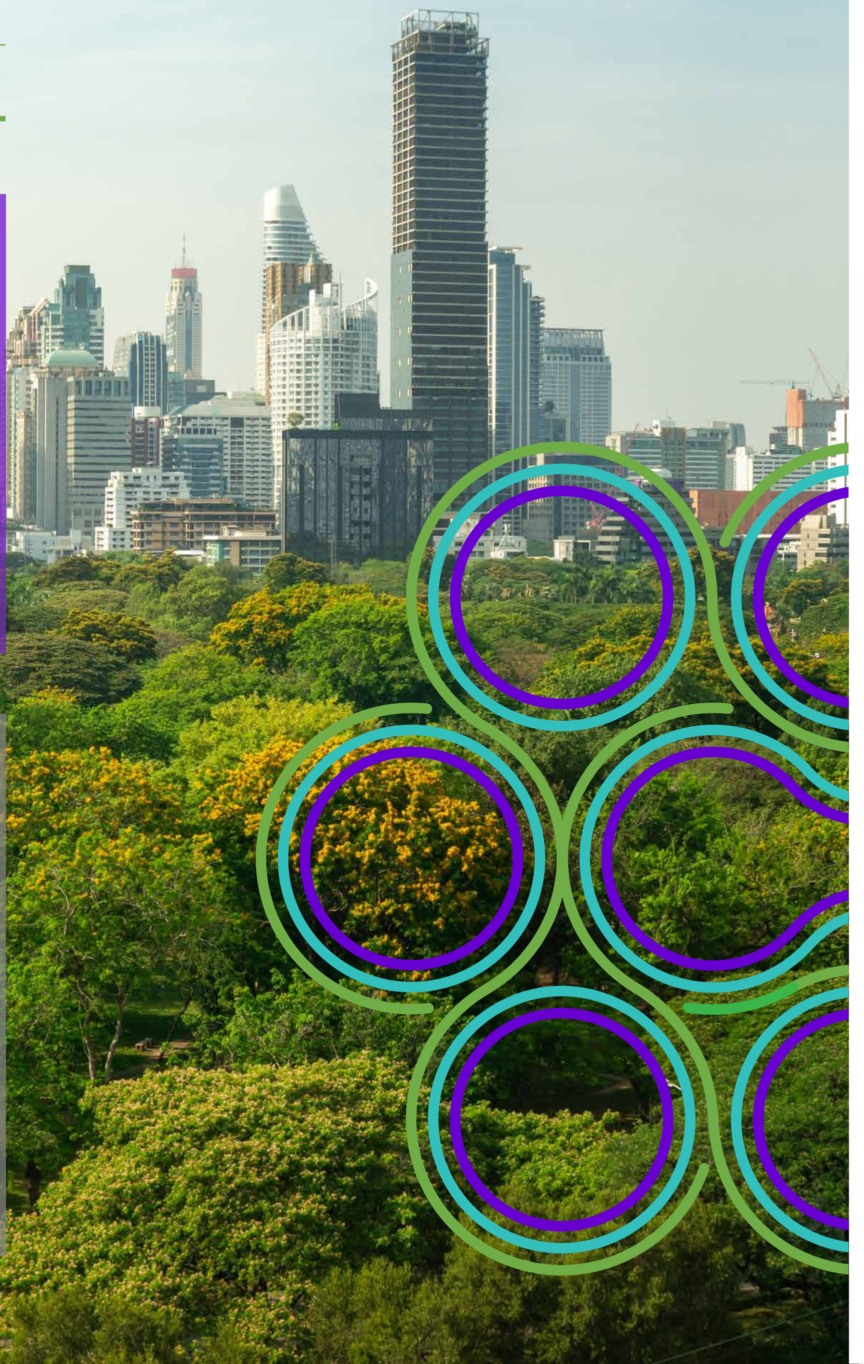
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Metrics & Targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.



Board Oversight of Climate-Related Risks & Opportunities

The Gamma Board has a coherent corporate governance framework, with clearly defined responsibilities and accountabilities designed to safeguard and enhance long-term shareholder value and provide a robust platform to realise the Company's strategy.

ESG Committee Purpose

Environmental matters considered by the ESG Committee refers to the Company's impact on the natural environment and its response to the challenge of climate change including; greenhouse gas emissions, energy consumption, generation and use of renewable energy, biodiversity and habitat, impact on water resources and deforestation, pollution, efficient use of resources, the reduction and management of waste, and the environmental impact of the Company's supply chain.

Through the ESG Committee, the Board ensures that environmental policies and suitable governance structures are established to align with Gamma's committed environmental targets.

You can find out more about our approach to emissions data in the **2022 Annual Report**

The Board also ensures that the Company

- monitors and reviews current and emerging environmental trends, relevant international standards and legislative requirements
- monitors and reviews climate-related risks and opportunities
- identifies how the above are likely to impact on the strategy, operations and reputation of the Company
- determines whether and how these are incorporated into or reflected in the Company's policies and objectives

The ESG Committee makes recommendations to the Board in relation to the required resourcing and funding of ESG-related activity, and on behalf of the Board, oversees the deployment and control of any resources and funds.

The Committee is responsible for ensuring that there is an evolving ESG awareness and culture throughout the organisation.

ESG Attendance

The ESG Committee comprises three of the Company's Non-Executive Directors, the CEO, the CFO, and the Board Chair.

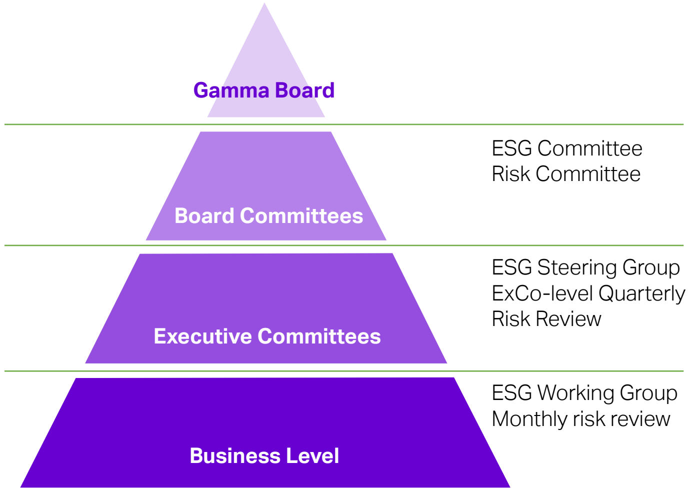
The Chief People Officer, Chief Operating Officer, the Company Secretary, the Group Procurement Director, and the Group Sustainability Director all normally attend the ESG Committee each quarter.

ESG and the Risk Committee

The ESG Committee works in conjunction with the Risk Committee to oversee the identification and mitigation of risks relating to climate change, as well as the identification of opportunities relating to climate change. This ensures that the Board has oversight of management's response to climate-related risks.

This is done through the update of a risk register each quarter (as a minimum) and it is expected that more frequent updates will occur against risks that are likely or very likely to occur within the next 5 years.

Climate change risks include both transitional and physical risks. More detail on the Gamma Risk Management process can be found later in this document.



"We remain strongly committed to our ESG programmes and the overarching principles of the UN Sustainable Development Goals.

We will continue to develop Gamma's credentials as an environmentally and socially conscious business partner with high standards of governance, and will endeavour to transparently disclose our progress and performance to all of our key constituents."

Martin Lea Chair, ESG Committee

Management Role In Assessing & Managing Climate-Related Risks & Opportunities

Many of Gamma's Executive Committee (ExCo) attend the ESG Committee and/or the Risk Committee each quarter, including our Chief People Officer, Chief Operating Officer, our Chief Financial Officer and the CEO.

The ESG Steering Group consists of management roles that are responsible for implementing the ESG strategy and related policies, including environmental matters and value chain management. The Group is chaired by the Chief Operating Officer and meets quarterly.

The ESG Steering Group is responsible for assessing and monitoring climate-related risks and opportunities, and agreeing associated planning. Risks are managed via the existing Gamma risk management process, reporting into the Risk Committee.

Many of the same ExCo roles attend and contribute to both committees.

For the past two years, we have linked a percentage of the annual bonus available to eligible senior managers, in particular those working directly in Sustainability and Procurement, to our environmental targets and emissions reductions activities.

Executive remuneration is also linked to climate-related objectives, specifically asking all ExCo members to demonstrate how they have factored environmental considerations into decision making, and progress being made to proactively reduce emissions, for example through choosing greener business travel alternatives, or choosing lower emissions suppliers/products. These are incorporated either into personal objectives, or via a common set of more general ESG objectives, applicable to all ExCo members, and are overseen by the Remuneration Committee.

Chief Operating Officer

- Has executive-level accountability for sustainable business activity across the Gamma group in the UK and in Europe
- Provides quarterly updates to the Board-level committees on climate-related risks and opportunities

Group Sustainability Director

- Leads management in the identification and assessment of climate-related risks and opportunities, against the short-, medium-, and long-term time horizons
- Using the existing risk management framework, reports climate-related risks and opportunities to the Chief Operating Officer, including potential financial impact to the Company

Group Risk & Governance Director

- Assures the health of the Gamma risk management framework
- Responsible for reporting material climate-related risks and issues to management and the Board
- Responsible for managing the policy framework for regular review by both management and the Board

Group Operations Director

- In operating and running a network, Gamma recognises that there are potential physical risks linked to our data centres. Our business continuity plans ensure that our network performance is maintained and our Group Operations Director is responsible for managing any potential physical climate-related risks

Group Procurement Director

- Has accountability for identifying and managing climate-related risks and opportunities in the supply chain
- Accountable for working with our suppliers to ensure adherence with the Gamma Ethical Procurement Policy.

Environmental Data Manager

- Reports into the Group Sustainability Director
- Responsible for the collation of all GHG data across the Group
- Contributes key climate-related data to our scenario planning
- Works with our procurement team to identify risks and opportunities in our supply chain on climate-related matters

Gamma's processes for identifying, assessing and managing climate-related risks

The Gamma risk management policy outlines a framework to manage risks which arise within business operations or in the external market and helps us to assess substantive financial and strategic impact.

The Gamma Risk Management Process

The policy aims to achieve the following objectives:

- To empower us to grow in a safe way, by managing risks which arise as Gamma seeks to achieve its strategic objectives.
- To facilitate conversations around risk to make informed decisions as we challenge our boundaries.
- To create trust and assurance for key stakeholders, including our regulators, customers, investors, employees, and wider society.
- To enable us to respond to risks in a timely and proportionate manner, relative to the size of the risks we are facing.
- To provide clarity for our employees on the boundaries within which our business operates and when to challenge them.
- To clearly communicate Gamma's risk management approach to all of its stakeholders

Gamma has defined the risk assessment criteria which looks at the likely impact of a risk across 5 areas (Financial, Legal, Stakeholder Consequences, Management Effort, and Disruption to Operations or Supply Chain) and 4 levels (from minor to severe), and with 4 levels of likelihood. Each of the 4 impact levels has an associated financial impact (lost profit/increased cost). The risk timeframe used on our risk management process is up to 5 years.

The impact levels are:

Minor	(£0-£500k),
Moderate	(£500k-£1m),
Significant	(£1-3m),
and Severe	(>£3m)

The likelihood levels are:
Unlikely (to occur in the next 5 years), Possible (could occur in the next 5 years), Probable (likely to occur in the next 5 years), and Very Likely (to occur in the next year or could occur multiple times in the next 5 years).

The framework also incorporates the monitoring of emerging risks for anything that is deemed to be a potential new area of risk for which the exact impact/likelihood has yet to be fully assessed and/or understood.

The risk management process consists of 4 steps:

1) risk identification
2) risk assessment
3) risk response
4) risk monitoring, reporting and escalation.

Identifying, Assessing and Responding to Climate-related risks

This process is being used to assess our physical and transitional climate-related risks and will be used to manage and monitor our response to the identified risks.

The Risk Committee works with other governance committees, including the ESG Committee, to oversee management's response to risks relevant to those committees. This is done through the update of a risk register each quarter (as a minimum) and it is expected that more frequent updates will occur against risks that are likely or very likely to occur within the next 5 years.

Gamma's Risk Management Team reviews the risk register and identifies the most significant risks for quarterly review and discussion by the Group Executives.

The Risk Management Team incorporates the outcome of the discussion into the risk register and submits the principal risks to the Risk Committee for its review.

Example of integration into multi-disciplinary company-wide risk management process

The trend of increase in carbon offset credit costs, along with the current increase in demand, was deemed by Gamma to be very likely. Our expanded presence in the UK and Europe through acquisition increased our emissions in 2021 and as a growth company, we are aware that any significant acquisition in future will increase our emissions once again.

Gamma has pledged to remain a CarbonNeutral® company as part of our carbon net-zero plans and we have been closely monitoring the increase in prices for carbon credits which appears to be trending ahead of the UK Government forecast.

In 2022, we took the decision to invest in a significant number of carbon credits for us to offset over the next 8 years, enabling us to remain CarbonNeutral® until our first major emissions reduction target in 2030.

Although we recognise that our strategy to grow the business may increase our emissions in the short term, we have now mitigated much of the impact that we believe will be felt from increasing carbon offset credits prices.

Next Steps

Opportunities management is not yet part of the wider Gamma risk management framework but we will continue to identify, collate and log climate-related opportunities within the ESG team, under the guidance of the ESG Committee and ESG Steering Group.

The climate-related risks and opportunities that Gamma has identified over the short-, medium-, and long-term

Under the ongoing stewardship of our Board and our Executive Committee, we seek to continually improve our understanding of our impact on the environment and update plans to reduce any negative impact.

Our Approach

The output of the 2021 materiality exercise informed our planning cycle during 2022. The materiality exercise identified which ESG matters were most important to a wide range of stakeholders, including our employees, investors, shareholders and customers.

Climate change was identified as highly important across all stakeholders and over the past 12 months we have worked to further refine our climate-related risks and opportunities; in particular, the potential impacts of climate change on our business locations and operations.

Gamma has set a carbon net-zero date of 2042, supported by an Annual Energy Review. We have also developed a carbon reduction plan (CRP) to support the carbon net-zero ambition and this will be updated frequently to address new risks and opportunities that might present themselves in future. Specifically, the CRP will flex depending on the different challenges the business faces in reducing its carbon emissions.

Through this work, dedicated resources tracking our environmental impact, and the likely market and economic changes, we believe that Gamma is well positioned to both mitigate and manage risks that have been identified so far.

Using the TCFD structure and our own risk management framework, we have assessed the potential severity of risks over the short-, medium-, and long-term, in the UK and our European operations.

Climate Risks Time Horizons

Gamma identifies all risks, including any associated with climate-change, within an existing group-wide risk management framework.

We have also considered our carbon net-zero ambitions and how the phasing of the emissions reduction targets align to the risk management framework timeframes.

In our short-term horizon of 0-5 years any priority climate-related risks identified will be managed against the relevant risk assessment criteria and process, and escalated via a risk register accordingly.

Although we acknowledge that climate impacts are unlikely to differ significantly between now and 2027, we have chosen to remain consistent with our risk management framework and policy.

Our medium-term horizon has been set between 5-10 years. This allows Gamma to capture emerging risks with reference to climate-related scenarios that develop in the next decade. It is also aligned to the UK Government's Nationally Determined Contribution (NDC) committing the UK to reducing economy-wide greenhouse gas emissions by at least 68% by 2030, compared to 1990 levels.

Finally, our long-term horizon is from 10-30 years, taking us just over the 2050 Paris Agreement Treaty goal of limiting global warming. to "well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels".

Action to date

Our understanding of the climate-related risks and opportunities presented to Gamma has improved significantly over the past 12 months.

Through in-depth analysis of climate scenarios, we have detailed the potential impact of climate change on all of our own offices and locations across the UK and Europe.

Our Group Sustainability Director is engaged with the development of the wider business strategy. Climate-related risks are part of the business acquisitions process, and we ensure that the environmental impact is considered when assessing changes to our offices or data centre space.

All new suppliers are risk assessed as part of the onboarding process, and guided by our Ethical Procurement Policy, we are also assessing existing suppliers for their impact on the environment. This has been a significant development in our Scope 3 calculations for 2022.

The work to refine our emissions data is ongoing, driven by our commitment to the Science-Based Targets initiative (SBTi), and our desire to identify opportunity for emissions reduction.

Our high-level risks and opportunities will continue to be captured and managed via our existing risk management process and where data does not yet exist, we will strive to improve our data capture methods to enable us to model the impact in the future. We will continue to ensure that all climate-related risks are aligned to the wider organisational risk management policy and framework.

We continue to assess that our exposure to climate-related risks is minimal, both now and in the short-medium term, and that our impact on the environment is limited.

Climate Change – an Emerging Risk

Gamma assesses principal risks by assessing their potential impact on achieving Gamma's strategy, their movement in the year, and how we seek to mitigate them. The framework also incorporates the monitoring of emerging risks for anything that is deemed to be a potential new area of for which the exact impact/ likelihood has yet to be fully assessed.

We ensure that any potential risk scenario that could, to a greater or lesser extent, result in damage to Gamma's reputation and/or business performance is included as a principal risk. The risk impact considers both the financial impact of the risk, when it may impact Gamma and the likelihood of it occurring.

Gamma includes **'Response to climate change is misaligned with stakeholder expectations'** as one of its emerging risks.

Changes in customer, regulator and investor choices may result in the devaluation of the Company were we to become out of step with stakeholder expectations.

Gamma has published a target to become a carbon net-zero business by 2042 and could be further at risk should this not be achieved, for example as a result of investment needs being compromised by other priorities.

Potential Impact

Our failure to align with expectations on climate change risk management and reporting would cause both financial and reputational damage through legal and regulatory fines or loss of customers or investment.

In terms of physical risks, during 2022 Gamma completed climate-scenario analysis on its main offices and data centre locations across Europe, using three different pathways that describe different climate futures, all of which are considered possible depending on the volume of greenhouse gases emitted in years to come.

The time horizons considered were medium-term, up to 2030, and long-term, up to 2050. None of the output data for current locations indicated a material risk posed by climate change either in the medium or long-term.

In terms of transition risks, we have assessed reputational damage to be the biggest threat, either through our failure to align to legal disclosures, or by failing to achieve targets. This is considered to be a short-, medium-, and long-term risk given then evolution of the environmental disclosure landscape and the potential loss of our enterprise and public sector customers should we fail to meet our carbon net-zero ambition.

Mitigating Actions

Gamma has developed a strong environmental governance structure under its Board-level Environmental, Social and Governance (ESG) Committee.

1 ESG Disclosures

The ESG Committee monitors external developments with regards disclosures, and we aim to stay ahead of regulatory and/ or mandated reporting in order to satisfy our public sector and enterprise customer requirements with regards the environment.

We are currently monitoring progress being made by the International Sustainability Standards Board in delivering a comprehensive global baseline of sustainability-related disclosure standards and we are preparing for the potential impact that the newly-announced EU Corporate Sustainability Reporting Directive (CSRD) may have on us over the next few years.

Gamma has also committed to set near- and long-term company-wide emission reductions in line with climate science with the Science-Based Target initiative (SBTi) and the company will seek validation of its target during 2023.

2 Dedicated Resources

A Group Sustainability Director was appointed at the start of 2022 and part of the role is to establish and oversee Gamma's carbon reduction programme. An Environmental Data Manager was also appointed to ensure climate planning scenarios and carbon reporting disclosures remain accurate.

3 Embedding climate considerations into strategy

ESG objectives are also part of executive bonus schemes with specific incentives related to carbon reduction initiatives.

4 Transparent reporting

Gamma seeks to increase transparency on all matters relating to its climate impact, and has published targets on a dedicated section of the corporate website; ESG Environmental, Social and Governance - Gamma Group (gammacommunicationsplc.com).

For the past 2 years we have also chosen to disclose via the Carbon Disclosure Project (CDP) and in 2022 we achieved a B rating, recognising that we are taking coordinated action on climate issues, and performing above the global average score.

5 Environmental Management System accreditation

We are certified to ISO14001 standards for Environmental Management.

Risk/Opportunity	Category	Description of potential impact	Mitigating actions	Risk Level (2030)	Risk Level (2050)
Risk	**Current Regulation**	**Existing Disclosures** As a fast growing public company, Gamma is being impacted by requirement from investors and stakeholders to demonstrate robust environmental stewardship and to complete carbon disclosures across all markets in which it operates.	Resources in place to monitor external and regulatory disclosure developments, in conjunction with the ESG Committee. We already submit to the Carbon Disclosure Project (CDP) and monitor external developments and propose our response via the ESG Committee.	Low risk	Medium risk
Risk	**Emerging Regulation**	**New & Additional Disclosures** Alongside current regulation we undertake ongoing activity to monitor and understand the impact of emerging regulation across our UK and European businesses. Of particular interest is the establishment of the International Sustainability Standards Board (ISSB) in late 2021, and the newly approved Corporate Sustainability Reporting Directive (CSRD) in the EU.	Gamma is monitoring the development of and feedback to the draft disclosure frameworks, as well as assessing potential impact on our own annual reporting. We have resources in place to monitor external and regulatory disclosure developments, in conjunction with the ESG Committee.	Medium risk	Medium risk
Risk	**Emerging Regulation**	**Carbon offset cost increases** Gamma has pledged to maintain its CarbonNeutral® status alongside pursuing its carbon net-zero ambition. We are already seeing an increase in market demand for carbon offset credits for Gold Standard and VCS projects which we have supported since 2006. The general market trend is likely to increase further in our view, with mandatory reporting driving the voluntary and mandatory carbon markets. Gamma is conscious that prices for carbon offset credits may impact our business financially in due course, potentially impacting our ability to remain CarbonNeutral®.	In 2022, Gamma opted to purchase carbon offset credits for Gold Standard and VCS projects which, based on our current carbon emissions, should be enough to last us through to 2030. These were all purchased at 2022 prices, mitigating the likelihood of carbon offset credit price increases. In the longer term to 2050, we are aiming to be on track with carbon emissions reductions to reduce the spend required to remain CarbonNeutral®.	Low risk	Medium risk
Risk	**Legal**	**Carbon Taxation** Assessment of our network and points of presence in several data centres (PoPs) is part of our environmental programme of work and we are cognisant that costs associated with carbon emissions from electricity consumption across our estate may increase, both through company acquisition as well as increasing electricity costs and/or carbon charges. Future government carbon taxation could impact us financially in future.	Gamma maintains a rolling network programme of work to replace old infrastructure components with new, and reduce power consumption across our existing estate. We monitor our HVAC systems closely and believe that there may be further opportunities to enable efficiency improvements across our European estate through new technologies and investments. Our ESOS audit in 2023 will provide us with recommendations for further energy efficient measures.	Medium risk	Medium risk

Risk/Opportunity	Category	Description of potential impact	Mitigating actions	Risk Level (2030)	Risk Level (2050)
Risk	**Legal**	**Litigation** Increase in Gamma's exposure to litigation due to lack of action to tackle environmental impact, or from being seen to harm the environment through business operations.	We are committed to reducing our impact on the environment and we are making good progress, ahead of sector regulation, in capturing and disclosing environmental data. Our ESG programme will further assess our environmental impact and activity to reduce carbon emissions will be put in place in the next 6-12 months. We therefore do not believe that there is a material risk of being exposed to litigation regarding Gamma's failure to mitigate the impacts of climate change, to adapt our operations or to disclose in full.	Low risk	Low risk
Opportunity	**Market**	**Changing Customer Behaviour** Customer and End User preferences to utilise unified communication services across all our UK and European markets. Customers also have greater choice to change the products and services that they use due to climate change concerns.	We believe that our products provide customers and users with an opportunity to reduce their travel through remote working and enables remote job opportunities for people across a wider selection of businesses who utilise our product set. Our efforts in addressing the climate-change challenge have been significant over the past 18 months and we are able to respond to customer queries about our action positively.		
Risk & Opportunity	**Market**	**Energy Demand** Increases in demand for low-carbon energy and escalating energy costs will drive up energy prices which will impact on our operational costs. Cloud computing plays a part of our business and the costs of growth could increase due to the lack of available grid and/or higher energy prices via our suppliers. Higher demand on the grid may also impact energy costs in the areas in which we have offices and data centres.	Gamma's energy is a small proportion of our costs, and we currently believe that increased energy costs are manageable. We continue to review the use and efficiency of our office and data centre premises, including monitoring of HVAC in our largest UK data centre. We have included energy as part of assessments for new offices and we believe that there are opportunities to reduce energy consumption through consolidation of office space, or a move to more efficient office space.	Medium risk	Medium risk
Risk & Opportunity	**Reputation**	**Reputational and Market Valuation** Lack of action around climate-related matters could potentially lead to stakeholder concern or negative stakeholder feedback, including from our customers and employees. We believe that this risk is greater with our public sector customer base.	We engaged with our key stakeholders through a materiality exercise in 2021 and following that we have set ambitious targets across all three Greenhouse Gas (GHG) scopes via the publication of our carbon net-zero plan. We will be transparent in reporting progress against those via CDP, TCFD and our Annual Report and see the opportunity to increase the value of our business through sound and transparent environmental management and policies.	Low risk	Low risk

01. Executive Summary
02. Governance
03. Risk Management
04. Strategy
05. Metrics & Targets

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

Our environmental programme of work has been designed to ensure that an appropriate level of stewardship exists, with the correct resources involved in assessing the impact of all risks and opportunities.

Environmental Planning

Gamma has invested in resources aligned to climate-related work, including the appointment of a Group Sustainability Director and an Environmental Data Manager. Both roles are dedicated to defining and leading a programme of carbon reduction activities, assessing climate-change related risks, and seeking out opportunities across our business to influence positive change.

The ESG Committee reviews transitional risks relating to policy or regulation. Gamma assesses government regulation and reporting obligations to ensure that we will not suffer any risks to our reputation through non-compliance. We seek regular assistance from third-party specialists where required.

Operations

From an operational perspective we are now including environmental risks and opportunities in our facilities planning.

New offices or premises are now assessed against a standard list of factors relating to energy sources, building classification rating, and wherever possible we negotiate proactive environmental improvement terms into landlord contracts (e.g. renewable energy use). Gamma considers office and data centre consolidation to be a potential opportunity to reduce costs and emissions.

We have established and well-rehearsed business continuity plans for all of our network infrastructure and mitigating activities are owned by various engineering teams across Gamma for asset lifecycle – from acquisition of assets, to reuse/replacement, as well as damage response.

The risk assessments of acute weather events and chronic weather pattern changes have been completed in more detail for our locations and this will feed into our business continuity planning and inform our future ability to maintain our network.

We will continue to assess our supply chain and risks/opportunities associated with our key suppliers, some of whom run critical infrastructure on which we rely.

Strategy

We have recognised that our growth strategy through mergers and acquisitions will potentially have an impact on our carbon net-zero pledge, carbon reduction plans, and possibly our CarbonNeutral® status. We therefore ensure that our M&A due diligence process incorporates environmental considerations.

Financial Planning

Gamma has pledged to remain CarbonNeutral® across its estate and to mitigate the impact of the increasing prices of carbon offset credits, we chose to purchase enough credits to remain CarbonNeutral® until 2030, based on current operational activity.

Proposed carbon reduction activities across our Group will be supported by business cases to justify any additional financial investment although we will seek in the main to carry out carbon reduction activity through our BAU operational costs.

We will apply forecasting to our existing baseline, both for carbon offset credits and an increase in GHG Scope 1 and Scope 2 emissions, to understand the likely financial costs as a result of M&A activity.

Finally, our investment in R&D for our own UCaaS products supports our ongoing product strategy, providing options for our end users and customers to work remotely, thus reducing the need for travel.

Procurement and the Supply Chain

Over the last 18 months we have been working to continually improve our Greenhouse Gas emissions (GHG) reporting through greater primary data collation and expanding the categories that are included in the calculation.

Prior to 2021, much of the Scope 3 data was benchmarked, and remains challenging for all organisations because of a lack of clarity around calculation/inclusions.

We have completed analysis of the top suppliers across the Gamma Group, representing 75% of our total annual procurement spend. Suppliers have been assessed for a) their commitment to a net zero date, b) SBTi commitment/validation, c) CDP submission and d) TCFD publication.

From a climate-scenario risk perspective, we have assessed the approach being taken by our larger suppliers when it comes to environmental stewardship, particularly where climate risks may impact on the ability of service providers to maintain their services to Gamma.

The resilience of Gamma's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Climate scenario analysis provides useful insights about potential future outcomes, and is based on the Representative Concentration Pathways (RCPs).

Climate Scenario Analysis Methodology

An RCP is a greenhouse gas (GHG) concentration trajectory, which were developed by the Intergovernmental Panel for Climate Change (IPCC) in 2014 to describe diverse futures based on a range of GHG concentration levels in the atmosphere, driven by economic activity, energy sources, population growth and other socio-economic factors.

The pathways describe different climate futures, all of which are considered possible depending on the volume of GHGs emitted in the years to come.

The three RCP scenarios that Gamma chose for its analysis cover the future warming of 0.9-2.3°C (RCP2.6), 1.7-3.2°C (RCP4.5), 2.0-3.7°C (RCP 6.0). We chose not to include the RCP8.5 scenario in this initial analysis which is future warming of between 3.2-5.4°C and is currently considered a doomsday scenario.

In addition, we also considered the Network for Greening the Financial System scenarios of which there are three categories;

Orderly – Net Zero 2050 which is 1.6°C with smooth and immediate policy reaction

Disorderly – Delayed transition which is 1.6°C with a delayed policy reaction

Hot house world – Current Policies which is 3°C+ with no additional policy reaction

The benefit of these is that they reflect the new country-level commitments to reach net-zero emissions made at COP26 in November 2021, reflecting the transition pathways and policies set out by countries and sectors.

Scope

UK and European portfolio of offices and datacentres.

Indicators

Climate
- Change in Precipitation in %
- Change in Wind speed in %

Mean Air Temperature
- Change in Daily Maximum Air Temperature in °C
- Change in Daily Minimum Air Temperature in °C

Freshwater
- Change in Maximum of Daily River Discharge in %

Time Horizons considered

Medium Term – 2030
Long term – 2050

These scenarios and scope were chosen because they not only meet the TCFD recommendations but because the timeframes align to the Paris Treaty and other governmental net zero 2050 targets in the countries in which we currently operate.

Outcomes

Based on the locations of Gamma facilities in each country, several factors were assessed using verified datasets in order to quantify risk. Analysis of physical risk factors in different geographic areas has informed our future planning considerations across Gamma locations, particularly where we have network infrastructure.

With respect to climate risk and Gamma's network, the operation of datacentres emerges as the main risk to consider. Our main datacentre in Manchester, UK, is the least likely to be affected by daily maximum air temperature changes by 2030 under RCP 4.5.

However, the heatwave experienced across the UK in summer 2022 gave us early insight into the likelihood of all datacentres being affected, and what the impact is likely to manifest as, e.g. increase in energy cost, disruption to service through air cooling failure. In conjunction with our standard business continuity planning, this event has helped to shape our planning and considerations for datacentre management moving forwards.

As a growth business, should future acquisitions be considered in the UK and/or Europe, Gamma has the data available to focus in on localities to examine and assess the specific climate change risks of those locations. This is an important step in managing climate-change risk in the coming decade and beyond, as we anticipate temperatures to rise.

Metrics used by Gamma to assess climate-related risks and opportunities in line with our strategy and risk management process

Over the past 12 months, our key environmental focus has been on the improved collation of primary environmental data across our entire Group. Additionally, our commitments to the Carbon Disclosure Project (CDP) and this TCFD framework have shaped our approach to embedding climate-related risks and opportunities into our existing risk management process.

Key Metrics

In support of our CarbonNeutral® operation, Gamma has been measuring its greenhouse gas emissions (GHG) since 2006 and we remain committed to measuring and reducing our GHG emissions. GHG data is continually informing our carbon net-zero and carbon reduction plans.

Water and waste are included in our key metrics. We have additionally undertaken a review of the locations in which we operate, and Key Biodiversity Areas (KBAs) will continue to be assessed, including new locations through acquisition.

Targets

We are using our baseline in 2021, alongside improvements in data collection in 2022, to define targets in line with our commitment to become a carbon net-zero business by 2042. We have set near- and long-term company-wide emission reductions in line with climate science with the Science-Based Target initiative (SBTi) and Gamma will seek validation of its target within the SBTi timeframe of 24 months from commitment.

2022 Data

Gamma set an energy and carbon emissions baseline in 2021, ensuring that we could provide a basis for comparison of energy/carbon performance over time. Gamma specifies the period to which baseline data applies as one year.

Even with the inclusion of Mission Labs (acquired in 2021) for the first time in 2022, Gamma has recorded a reduction in emissions from the 2021 baseline, driven in part by a significant reduction in electricity consumption.

We are committed to continually improve the quality of our data collection methods across the Group.

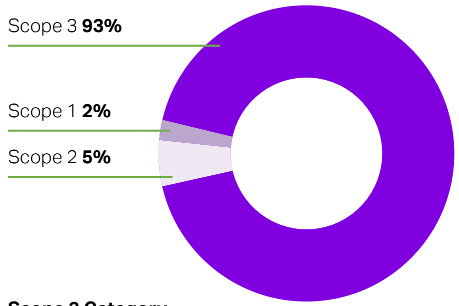
A significant amount of work was undertaken in 2022 to estimate emissions sources such as purchased goods and services that had not been previously calculated (see fig.1). This has involved a significant amount of work with our suppliers, assessing their environmental management commitments, and encouraging greater transparency by our smaller suppliers via basic emissions reporting.

Gamma will continue drive consistency in our disclosures through the continual improvement of data collection methodologies.

GHG Scope	tCO2e (2022)	tCO2e (2022)	YoY Change (%)
Scope 1	**573.2**	**439.9**	**+30.30**
Scope 2 (location)	**1,270.4**	**2,443.3**	**-48.00**
Scope2 (market)	**143.9**	**993.1**	**-85.51**
Scope 3 (selected)	**1,968.8**	**1,610.2**	**+22.27**

You can find out more about emissions data/results in the **2022 Emissions Summary**

fig. 1 Emissions source categories



Scope 3 Category

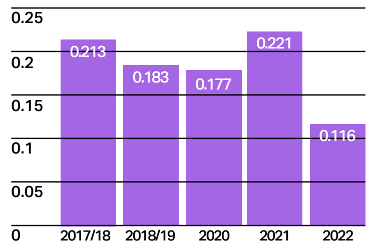
Purchased goods and services	**94.4%**
Employee commuting	**2.4%**
Fuel and energy	**1.5%**
Business travel	**1.1%**
Other	**0.6%**

Emissions Intensity

Gamma's chosen emissions intensity metric is floorspace (m2). In the 2022 GHG Assessment total floorspace increased by 22% year on year, which results in an encouraging direct emission intensity trend.

For every m2 reported in 2022, Scope 1 and 2 tCO2e reduced by 47%, with a similar trend being seen in reported emissions relative to headcount.

Gamma emissions intensity (tCO_2 e/m^2)



There are two risks that emerge in relation to Gamma's aim to achieve net-zero emissions; Mergers and Acquisitions and Purchased Goods and Services.

Mergers & Acquisitions (M&A)

For Scope 1 & 2 emissions (see fig. 2), the most significant risk is that Gamma is a growth business. M&A activity has the potential to cause spikes to our reported emissions (e.g. 2021, accounting for European acquisitions) given that we inherit emissions not previously accounted for.

In order to mitigate M&A risk and continue to reduce our emissions intensity, investments in a greener fleet, energy efficiency measures and the continued purchase of renewable energy for electricity consumption will be important at group-level.

Through our acquisition and integration planning, Gamma will assess the ability of acquired businesses to conform to our Group Environmental Policy at pace, aligned to our ambition to achieve our short-term net-zero target date of 2030.

Purchased Goods & Services

In order to achieve our long-term net-zero target date of 2042, we will need to reduce total emissions (including from Scope 3 sources) by at least 90%.

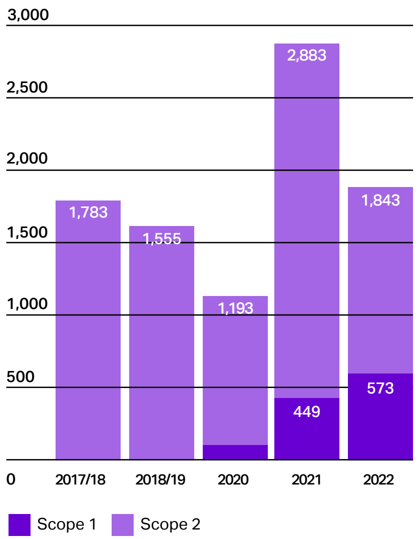
Purchased goods and services account for 94% of all Scope 3 emissions calculated in 2022 (fig. 1). This constitutes the principle carbon reduction risk from a singular emissions source category.

In order to mitigate this risk, Gamma will aim to increase the proportion of product-specific calculations included in the hybrid method with time in order to improve the accuracy of emissions reported under this category.

We will continue to implement the principles contained in the Group Ethical Procurement Policy, ensuring that sustainability matters are considered and promoted in the supply chain.

Gamma emissions by scope (tCO2e)

Location-based



*Increased Scope 1 and Scope 2 emissions between 2020 and 2021 was driven by the inclusion Gamma's European acquisitions to GHG reporting.

fig. 2. Gamma Emissions by Scope 1 and Scope 2 (location-based)

Next Steps

We remain committed to assuring our key carbon emissions data across the Gamma Group. During 2023 we will;

Continue to maintain a GHG inventory to maintain CarbonNeutral® status

Continually improve methodology for primary data collection for the GHG inventory

Undertake an annual review to assess energy efficiency and carbon costs

Publish our detailed carbon net-zero emissions plan

Ensure net-zero emissions plan is validated within SBTi timeframes (before January 2024)

- Confirm near-term science based target (for 2030)
- Confirm long-term science based target (for 2042)
- Confirm approach to neutralising residual emissions

Undertake an Energy Review

Consider recommendations made in energy audits (ESOS)

Publish Carbon Reduction Plans for the requisite time periods

Continue to refine emissions data from our supply chain as well as assess potential risks from location and service perspectives. This work will be completed in conjunction with our Procurement Team.

You can find out more about emissions data/results in the **2022 Emissions Summary**

You can find out more about our approach to emissions data in the **2022 Annual Report**