Annual Carbon Report

PHOENIX

March 2023 - February 2024

Report Author: CBN Expert Direct

Report Date: 26-04-2024

Prepared By: **CBN** EXPERT

Powered By: **CBN** EXPERT

This report has been produced by **CBN Expert** using CBN Expert accounting platform for **Phoenix Software Ltd**

Company Overview

Phoenix Software Ltd enables digital transformation in the workplace, empowering UK organisations to innovate and transform with cloud and hybrid infrastructures data, AI, security, and collaboration tools. By understanding the individual goals of its customers, Phoenix delivers remarkable, outcome-focused IT solutions and services that allow UK organisations to make a difference to the lives of their employees, service users, and communities.

Year Incorporated	1990
Industry	**Wholesale of computers, computer peripheral equipment and software**
No. of Staff	422
No. of Offices	2
No. of Production Sites	0
No. of Company Vehicles - Trucks	0
No. of Company Vehicles - Other	0

Reporting Period

March 2023 - February 2024

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

Throughout 2023, we have been working with an external consultancy to focus on expanding our knowledge and reporting in Scope 3, which now covers all ten categories of Scope 3 relevant to the business, including purchased goods and services. Phoenix Software Ltd Net Zero goal is aligned with science-based targets and their targets have been submitted to the Science Based Targets initiative (SBTi) for validation. Their core short term focus being on reducing emissions from transport, whether that be business, commuting and emissions from suppliers, to work towards the Net Zero target of 2040 and an interim target of 50% reduction in these areas by 2030/31.

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 - Water Supply
- Purchased Goods & Services - PG&S
- Capital Goods - Capital Goods
- Capital Goods - ICT Equipment
- Capital Goods - EV Scheme / Furniture
- Fuel & Energy Related Activities - WTT - Electricity (generation)
- Fuel & Energy Related Activities - WTT - Electricity (T&D)
- Fuel & Energy Related Activities - WTT - Vans
- Fuel & Energy Related Activities - WTT - Gas
- Fuel & Energy Related Activities - WTT -Business Travel - Air
- Upstream Transportation & Distribution - Upstream T&D
- Waste Generated From Operations - Waste Disposal
- Waste Generated From Operations - Water Treatment
- Business Travel - Cars
- Business Travel - Rail
- Business Travel - Taxis
- Business Travel - Hotels
- Business Travel - Plane
- Business Travel - Hotel Stay
- Employee Commuting – Cars
- Employee Commuting – Taxis
- Employee Commuting – Bus
- Employee Commuting – Rail
- Employee Commuting – Motorbike
- Employee Commuting – Cycling
- Employee Commuting - WFH
- Upstream Leased Assets - Leased Offices
- Use of Sold Products - Use of Sold Products

Net Zero Leadership

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

Sponsor(s):   Clare Metcalfe

Position: Managing Director

Appointed: June 2019

Net Zero Priorities

Phoenix Software Ltd has the mitigation of GHG Emissions as a priority for the business, initially with a focus on Scope 1 and 2 emissions as well as key Scope 3 categories, to enable us to meet our ambitious targets.

The carbon reduction goals of the company are as follows:

- Phoenix Software Ltd has met and exceeded its previously stated targets of a 50% reduction in Scopes 1 and 2 by 2025/26. Scope 1 target was met in 2023/24 and Scope 2 target in 2022/23. In 2023/24, Phoenix recorded zero tCO2e emissions for Scope 1 and Scope 2 (market based) and as such the targets are now to maintain those reductions at 100% from base year 2020/2021.
- To reduce absolute Scope 3 GHG emissions to 50% by 2030/31 from a 2022/23 base year
- To reach net-zero GHG emissions across the value chain by 2040/41

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

Phoenix Software Ltd, as part of Bytes Technology Group Plc, has submitted its targets to the Science Based Targets initiative (SBTi) for validation. Carbon reduction activities are aligned to these targets and will form part of a net zero transition plan. These steps for emissions reporting and transparent declarations are key parts of Phoenix's strategy. The immediate priorities of the company to drive down its climate impact are:

- Reduce travel emissions
- Reduce waste
- Positively influence supply-chain emissions

Emissions Summary

tonnes CO$_2$e	20-21 (Baseline Scopes 1 and 2)	21-22	22-23 (Baseline Scope 3)	23-24 Reporting Year
Scope 1 (Market Based)	34.9	29.9	16.3	0.0
Scope 2 (Market Based)	61.6	0	0.0	0.0
Scope 3	12.9	31.1	41,136.8	57,194.5
Total (Market Based)	**109.4**	**61.0**	**41,153.1**	**57,194.5**

Material progress has been made in reducing Scope 1 and Scope 2 emissions, primarily through the procurement of REGO backed certified electricity and gas as well as the introduction of an employee EV scheme and active car share programme. Comparing like-for-like emissions from the baseline year, Scope 1 and Scope 2 have reduced by 100% and are at 0.0 tCO2e for the reporting year, exceeding our original reduction targets for both these scopes.

The baseline for Scope 3 emissions has been updated in 2022/23 to include all categories material to the business. Scope 3 emissions have increased from 41,136.8 tCO2e to 57,194.5 tCO2e. This is an increase of 39%, which is attributable to business growth and is reflective of the **Phoenix Software Ltd** business model. There are continued efforts underway to further reduce consumption through continued expansion of the EV scheme, installation of solar panels and through working with our top tier suppliers to understand and support their journeys to net zero.

The significant increase in reported emissions for Scope 3 from 2021/22 to 2022/23 is as a direct result of the inclusion of all relevant Scope 3 categories, in particular Category 1 – Purchased Goods and services which accounts for ~93% of total emissions.

Emission Map

All categories that are material and relevant to **Phoenix Software Ltd** have been measured and included based on the data available. Any categories not reported are not applicable to **Phoenix Software Ltd**.
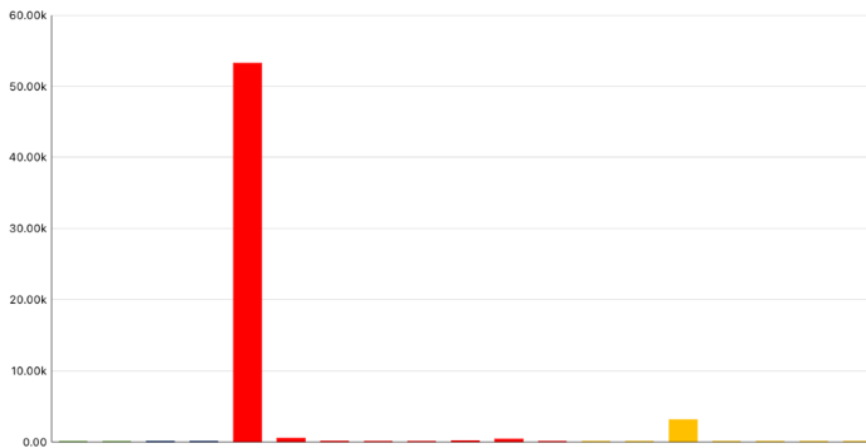

Phoenix - Emissions Mapping by Scope & Category

Year: *Mar 2023 - Feb 2024*

	Fuels		Energy		Embedded in what you buy								As a consequence of what you sell						
	Scope 1		Scope 2		Scope 3 - Upstream								Scope 3 - Downstream						
Category Status	✓	CNR	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✓	✗	✗	✗	✗
Total Emissions tonnes CO_2e	0		0		53.2K	454	36	2	0	92	341	1			3.06K				
% Reported Emissions	0		0		93	1	0	0	0	0	1	0			5				

✓	Reported	✗	Not Applicable	CNR	Category Not Reported

The second emissions map below 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.
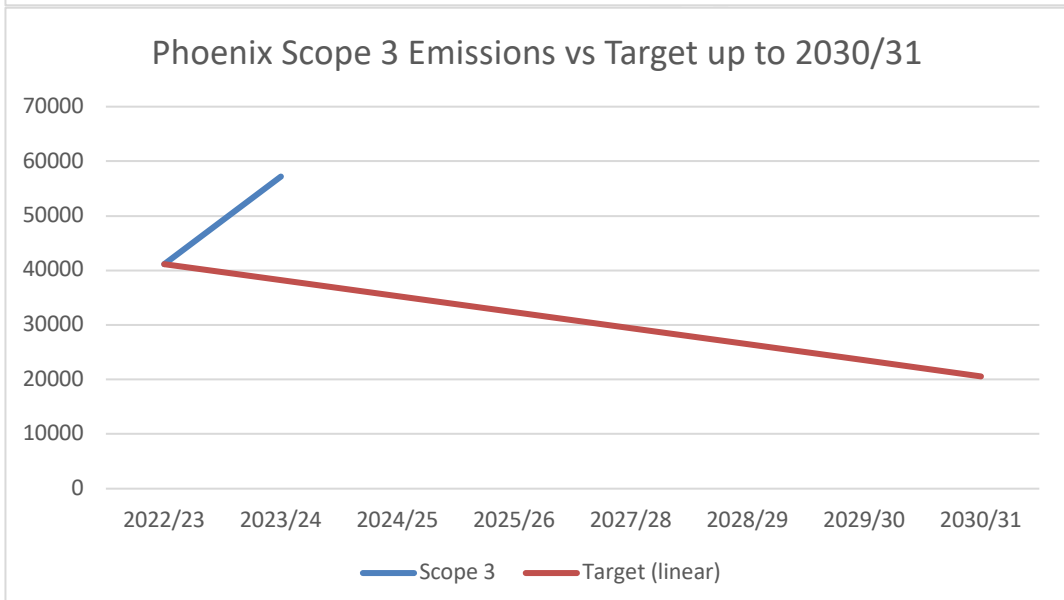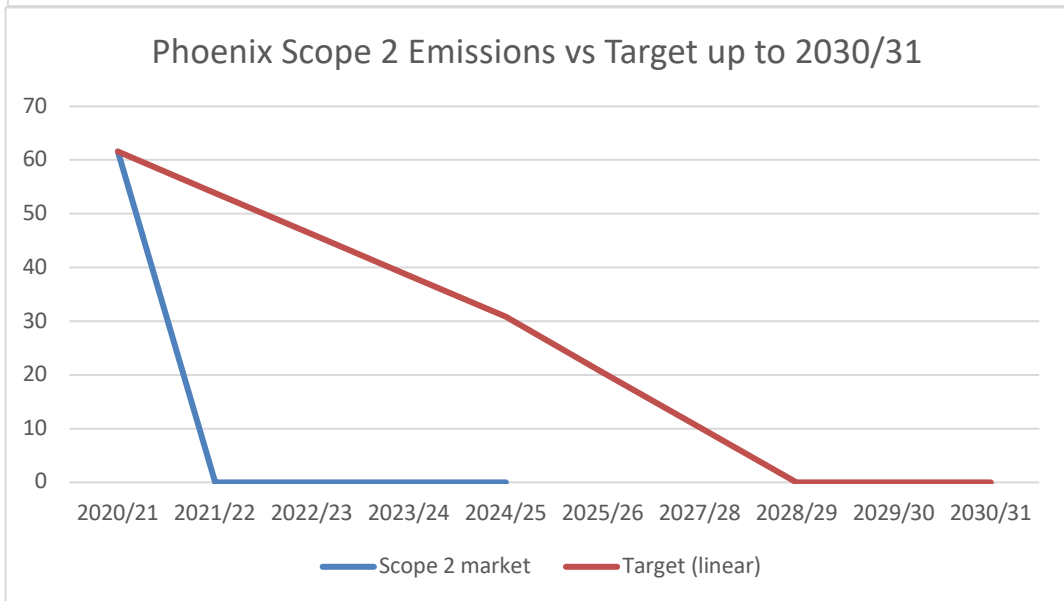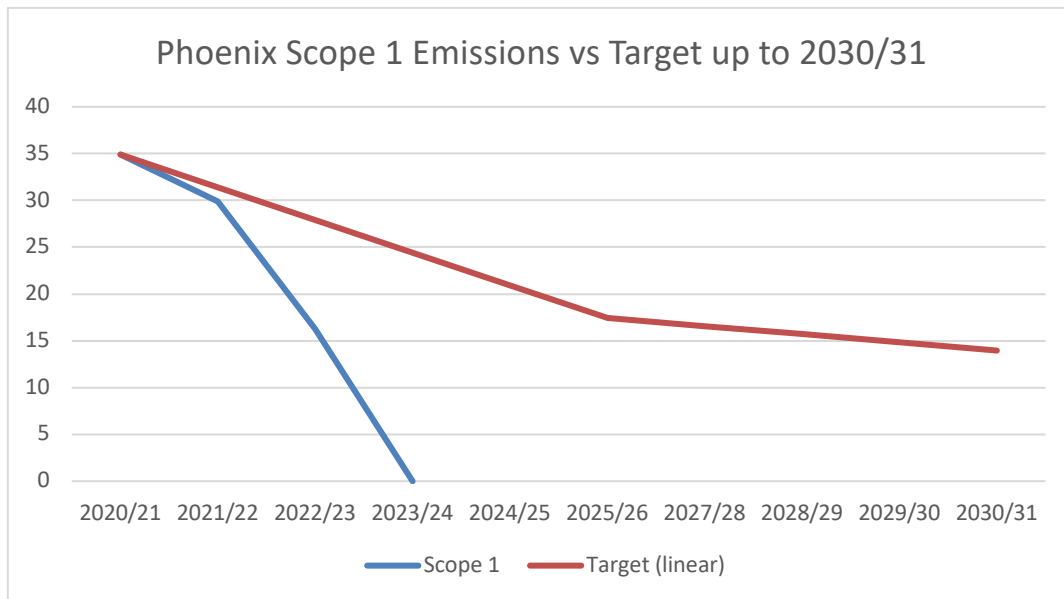
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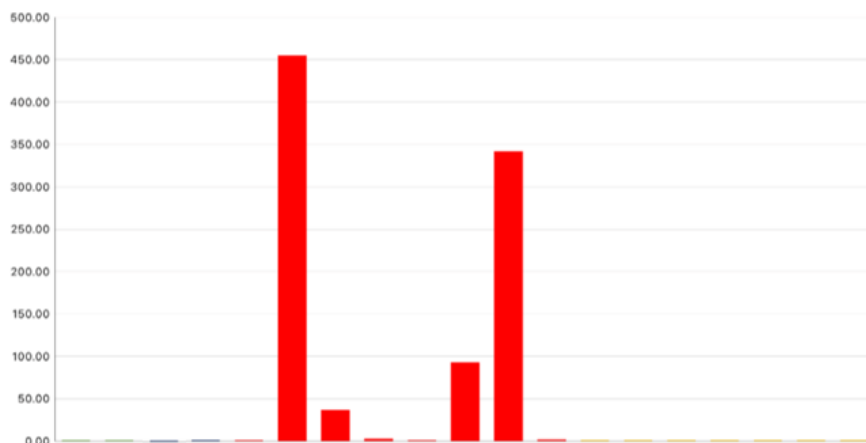
Carbon Reduction: Projected vs. Actual

Phoenix Scope 1 Emissions vs Target up to 2030/31

Phoenix Scope 2 Emissions vs Target up to 2030/31

Phoenix Scope 3 Emissions vs Target up to 2030/31

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Carbon Reduction Projects

Completed projects

Site	Country	Project	Emissions Impacted
Pocklington	UK	PIR sensor installation completed Q3 2023	Scope 2
Pocklington	UK	Implemented EV car scheme Q2 2023	Scope 3 – Category 6 – Business travel and Category 7 – Employee commuting
Pocklington	UK	Removal of all aerosols from site. Replaced with gel block air fresheners in toilets and kitchens	Scope 3 – Category 5 – Waste
Pocklington	UK	Staff allotments initiative completed Q3 2023	N/A
Pocklington	UK	LED lighting for car parks completed Q3 2023	Scope 2
Pocklington	UK	Removal of single use plastic bottles, replaced with cans or recyclable boxes in Q3 2023	Scope 3 – Category 5 – Waste
Pocklington	UK	Zero waste to landfill waste management contract	Scope 3 – Category 5 – Waste

In process projects

Site	Country	Project	Emissions Impacted
Pocklington	UK	"No mow May" to increase and benefit insect and plant biodiversity	N/A
Pocklington	UK	Solar panel installation	Scope 2 and Scope 3 – Category 3 – Fuel & energy related activities
Pocklington	UK	Supply chain environmental survey	Scope 3 – Category 4 – Upstream T&D
Pocklington	UK	Embed and encourage use of EV scheme and car share programme	Scope 3 – Category 6 – Business travel and Category 7 – Employee commuting

Scope 1 & 2 Emissions

	Scope 1 - Direct Emissions	0.0 tonnes CO$_2$e

Emission Type	Unit	Volume	tonnes CO$_2$e
Gas	kwh	147,565	0.0
Total			**0.0**

Phoenix Software Ltd sourced 100% REGO certified renewable gas for its main office. Leased offices emissions are captured within Scope 3 – Category 8 and reported separately.

	Scope 2 - Indirect Emissions	0.0 tonnes CO$_2$e

Emission Type	Unit	Volume	tonnes CO$_2$e
Green Electricity (Grid)	kwh	398,820.96	0.0
Total			**0.0**

Phoenix Software Ltd sourced 100% REGO certified renewable electricity for its main office. Leased offices emissions are captured within Scope 3 – Category 8 and reported separately.

Scope 3 Emissions - Analysis by Reporting Category

	Scope 3: Category 1 - Purchased Goods & Services	53,204.7 tonnes CO$_2$e

Emission Type	Unit	Volume	tonnes CO$_2$e
Water Supply	m3	1,012	0.2
P G& S	tonnes	53,204.529	53,204.5
Total			**53,204.7**

Purchased Goods and Services calculations were based on spend across 8 of Phoenix Software Ltd's top vendors, accounting for 96% of Phoenix Software Ltd's vendor spend. Where available, Scope 1, 2 and 3 data was collated, and the proportion of unit spend used to calculate share of emissions. Where emissions data was not published, the closest peer organisation emissions data was used on a tCO2e per £ basis. Professional services CFs have been derived from UK DEFRA EEIO Spend Conversion Factors for "Other professional, scientific and technical services" at a rate of 0.191 kgCO2e per £.

Due to the expansion and recalculation work to 2022/23 reported emissions, this is the second reporting of a full category 1 (see the Group's Annual Report 2023/24 for more detail on this expansion work – available at www.bytesplc.com).

	Scope 3: Category 2 - Capital Goods	453.8 tonnes CO$_2$e

Emission Type	Unit	Volume	tonnes CO$_2$e
ICT Equipment	£	210,982	104.5
EV Scheme / Furniture	£	928,018.682	349.3
Total			**453.8**

Capital Goods spend was categorised and spend based conversion factors applied from UK DEFRA EEIO Spend Conversion Factors, in two different categories.

Scope 3: Category 3 - Fuel & Energy Related Activities   35.9 tonnes CO_2e

Emission Type	Unit	Volume	tonnes CO_2e
WTT - Electricity (generation)	kwh	398,820.958	18.3
WTT - Electricity (T& D)	kwh	398,820.958	1.6
WTT - Vans	kg	594.994	0.6
WTT - Gas	kwh	147,565	4.5
WTT - Business Travel - Air	passenger.km	233,568	3.8
Transmission & Distribution	kwh	398,820.96	7.1
Total			**35.9**

Electricity T&D, Electricity generation WTT, Electricity T&D WTT and Delivery Vehicles WTT calculations have been included and detailed within Cat 3. WTT emissions have previously been reported under Cat 4 Upstream T&D. These have now been moved to Cat 3 along with other F&E related factors, as this is where the emissions should be reported and was also amended in the revised 2022/23 figures,

Scope 3: Category 4 - Transportation & Distribution   2.4 tonnes CO_2e

Transport type	Unit	Volume	tonnes CO_2e
Upstream T& D	kg	2,422.205	2.4
Total			**2.4**

More granular shipment information made available by freighting companies for upstream supply chain has resulted in tonne.km calculations for the majority of shipments. The nature of Phoenix Software Ltd's business fulfilment model means that there are no further emissions to report in Cat 9 – Downstream.

Scope 3: Category 5 - Waste Generated From Operations   0.4 tonnes CO_2e

Type of waste	Unit	Volume	tonnes CO_2e
Waste Disposal	tonnes	9.51	0.2
Water Treatment	m3	961.4	0.2
Total			**0.4**

Detailed waste available for all sites except leased offices, where quantities are estimated and added into Category 8. Zero waste to landfill. Water Treatment assumed to be 95% of Water Supply volumes.

Scope 3: Category 6 - Business Travel   92.3 tonnes CO_2e

Emission Type	Unit	Volume	tonnes CO_2e
Cars	miles	163,067	45.3
Rail	km	196,833.55	7.0
Plane	km	233,568	31.4
Taxis	km	5,507.04	1.1
Hotel Stay	nights	383	7.5
Total			**92.3**

Hotel stay emissions based on a custom blended conversion factor of 19.5 kgCO2e per night to reflect a proportion of hotel stays were not in UK locations.

Scope 3: Category 7 - Employee Commuting

341.2 tonnes CO$_2$e

Emission Type	Unit	Volume	tonnes CO$_2$e
Cars	miles	1,140,282.54	291.3
Bus	km	33,191.94	3.9
Rail	km	27,024.38	1.0
Taxis	km	4,455.58	0.9
Motorbike	miles	4,596.32	0.8
Cycling	miles	137.89	0.0
Homeworking	hours	129,587.215	43.3
Total			**341.2**

A detailed employee commuting survey was conducted in 2023 with responses from 77% of the employee population. The emissions values were grossed up to represent 100% of the (increasing) employee population over the course of the reporting period. Cat 7 now also includes homeworking.

Scope 3: Category 8 - Upstream Leased Assets

0.8 tonnes CO$_2$e

Emission Type	Unit	Volume	tonnes CO$_2$e
Leased Offices	kwh	3,871.519	0.8
Total			**0.8**

This category includes emissions associated with all leased offices across Phoenix Software Ltd, which in 2023/24 was Salford. Detailed activity data was not available; as such estimates have been generated based on regular office user headcount benchmarks for waste, water supply and water treatment. It is assumed Salford has two regular users. No other fugitive emissions data were available. Although it is claimed by the freeholder that energy is renewable, no REGO certifications are available, so emissions have been calculated as non-renewable. Category 3 emissions also deemed beyond Financial Control scope boundaries.

Scope 3: Category 11 - Use of Sold Products

3,063.0 tonnes CO$_2$e

Emission Type	Unit	Volume	tonnes CO$_2$e
Use of Sold Products	£GBP	£692,041,000	3,063.0
Total			**3,063.0**

Use of Sold Products was calculated based on average revenue per unit sold, for software and hardware, and assumed energy consumption per unit, plus an attribution factor based on group profitability. Enhancements could be made to this calculation, to understand the energy efficiency of specific products per vendor, within data centres, but this is deemed beyond reasonable efforts at this stage.

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. Phoenix Software Ltd recognises that its activities have an impact on the environment and are committed to minimising any adverse impact wherever practical.

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

A full supplier engagement programme is now underway to understand and influence emissions in the supply chain, alongside introducing an environmental procurement policy.

The immediate priorities of the company to drive down its climate impact are:

Item	Description	Action Type	Emissions Impacted	Target	Time frame
1	Solar panel installation	Energy	Scope 2	Minimise electricity usage	Q1 2024
2	Supply chain environmental survey	Supply chain	Scope 3	Improve data	Q1 2024
3	Increase EV Scheme sign ups through the used car programme	Carbon reduction	Scope 3 – Category 7 – Employee commuting	Reduced emissions from commuting	Q4 2024
4	Collate data through surveying employees on homeworking emissions	Data improvement	Scope 3 – Category 7 – Homeworking	Greater understanding of emissions from homeworking	Q3 2024
5	Develop ISO14001 Aspect Register	Governance	N/A	Improved risk management	Q2 2024
6	Develop next stage Carbon Reduction Plan - Transition plan to Net Zero	Planning	All emissions	Model of options for emissions reduction, to be discussed and approved by senior executives	Q4 2024
7	Increase nature around the site – explore option for natural roofs	Nature	N/A	Increased biodiversity	Q2 2024
8	Install vape recycling bins	Carbon reduction	Scope 3 – Category 5 – Waste	Reduced general waste	Q1 2024
9	Staff sustainability training	Governance	N/A	Increased knowledge and behaviour change	Q4 2024

Declaration

Phoenix Software Ltd 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 (CO_2e) 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 – WSI   Scope 2 Guidance on procured renewable energy (2015).

Scope 3 Emissions

Phoenix Software Ltd is committed to measure and act to reduce its emissions in all three scopes. This report reflects the amount of Scope 3 emissions that it has been technically feasible and cost effective to measure and act against. **Phoenix Software Ltd** 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.

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 CO_2e 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.

Carbon Removals & Offsets

As part of the commitment of **Phoenix Software Ltd** 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 scheme

Third Party Verification

The data in this report has been produced using the CBN Expert accounting platform and verified by **CBN Expert Direct**

Carbon Removal & Offset Schemes used in Reporting Year

Scheme Name	Details	tonnes CO_2e
Ecologi Carbon Removal	Restoring mangroves for blue carbon removal in Pakistan	6.6
Ecologi Carbon avoidance	Avoiding methane emissions from landfill in Brazil	463
Ecologi Carbon avoidance	Fuel-efficient cookstoves in Uganda	462

Signature

Signed on behalf of **Phoenix Software Ltd**

Clare Metcalfe
Name : ....

Managing Director
Position : ....

Clare Metcalfe
Signed : ....

Signed on behalf of **CBN Expert**

Philip Rolling
Name : ....

Head of Delivery
Position : ....

Signed : ....