Virtue Technologies Limited

Carbon Reduction Plan

June 2023

Commitment to Achieving Net Zero

Virtue Technologies is committed to achieving the UK Net Zero emissions by 2050 and have implemented solutions to become Net Zero from this year. We have partnered with Switch2Zero to support offset and tree planting.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline Year: FY19/20		
Our first year of recording, our baseline year, was financial year 1st May 2019 through to 31st April 2020. At this time, we had minimal business-wide proactive plans in place for the reduction of our carbon footprint. In addition, we were in the early stages of our growth plans. Our average employee number for the year was 46.		
Baseline year emissions:		
Emissions	**Total (tCO$_2$e)**	**Total Per FTE (tCO$_2$e)**
Scope 1	7.044	0.153
Scope 2	6.732	0.146
Scope 3 **(Included Sources)**	59.158	1.286
	Our scope 3 travel by our employees by rail, personal vehicle use (through business mileage), employees commuting to our offices and waste generation.	
Total Emissions	72.934	1.586

Current Emissions Reporting

Reporting Year: FY22/23
Our overall carbon usage has risen by 11% on the previous year. However, as a business, we have continued to grow, increasing our Team members by 16%. Our average employee number for the year was 73. We have proactive measures in place to reduce our carbon usage and are committed to reducing

our overall footprint. We have implemented an offset/ tree planting scheme to achieve overall Net Zero for the year.		
FY22/23 Emissions:		
Emissions	**Total (tCO$_2$e)**	**Total Per FTE (tCO$_2$e)**
Scope 1	9.988	0.137
Scope 2	0.202	0.003
Scope 3 (Included Sources)	74.998	1.027
	Our scope 3 travel by our employees by rail, personal vehicle use (though business mileage), employees commuting to our offices and waste generation.	
Total Emissions	85.187	1.167
Total Offset	86.00	0.00
Net Emissions	-0.813	0.00

Emissions Reduction Targets

We have implemented an offset and tree planting programme to achieve Net Zero.
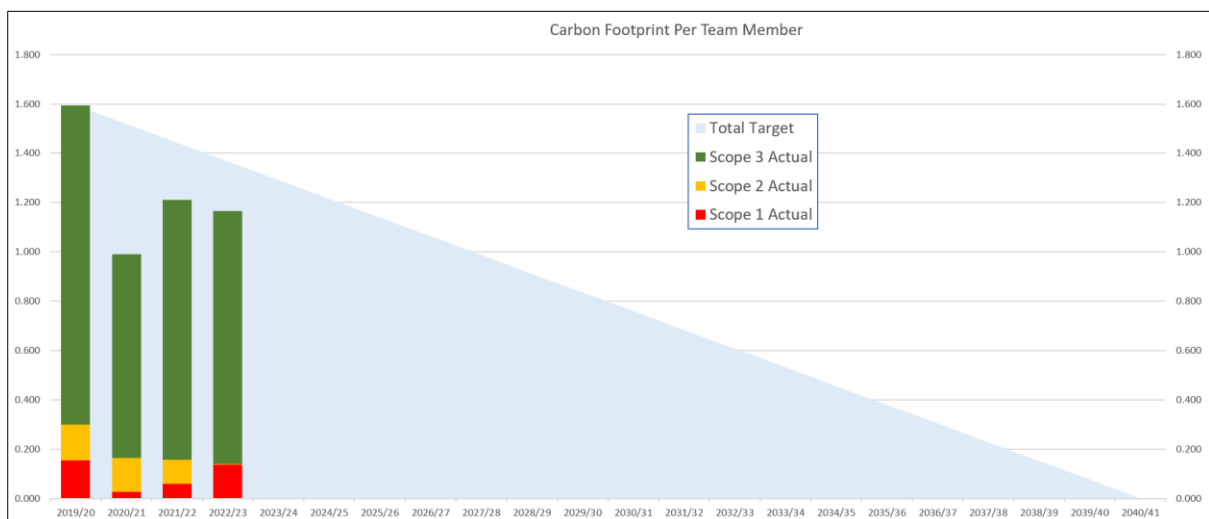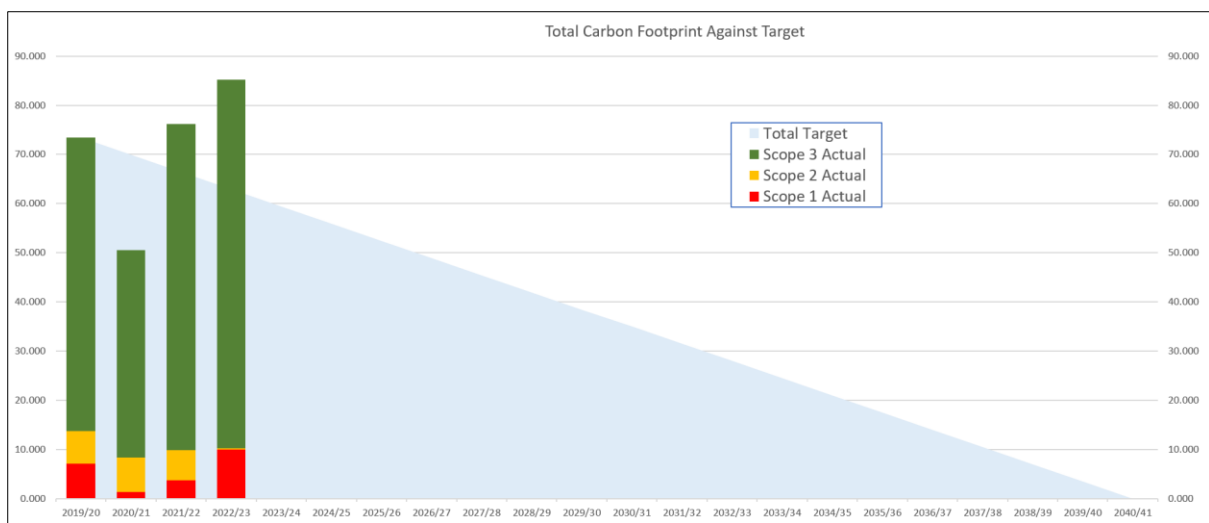
Progress Against Target

Our plans to reduce our carbon emissions without tree planting continue and we have made positive steps throughout the year.
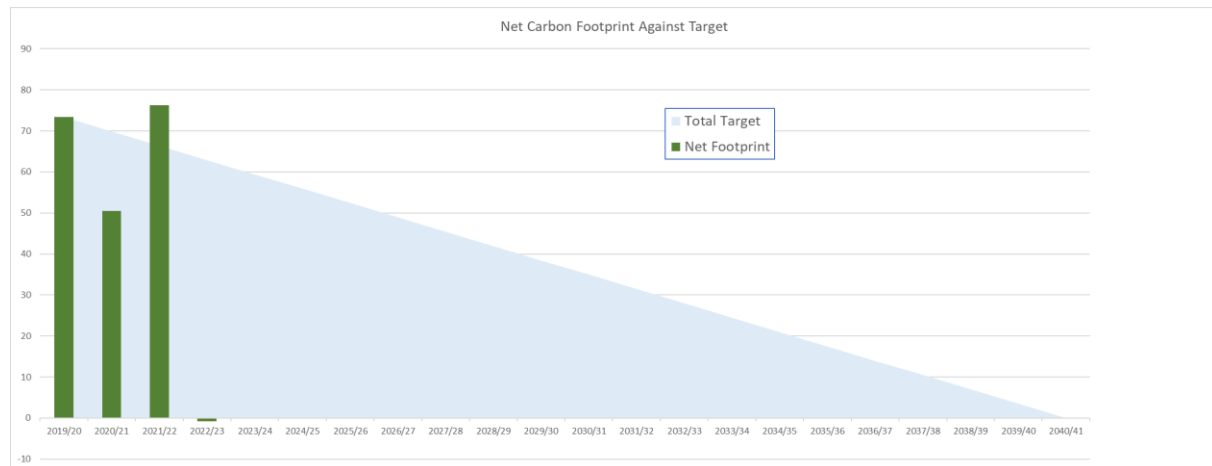
- We achieved Net Zero on our energy usage across our three offices. We transitioned our third office in Batley to a renewable energy tariff in August 2022, having previously moved Skelmersdale in April and Leamington Spa in May of the same year.
- Our company car fleet passed the 50% electric measure with 55% of our company vehicles now being fully electric. Free charging is available at our Head Office, using 100% renewable energy.
- We have entered into an agreement with our fuel card provider to offset the carbon emissions for our diesel and petrol company vehicles.

We have increased from one office in Skelmersdale to three offices, with additional offices now in Batley and Leamington Spa. Our Team has grown in all regions, from an original baseline of 46 to an average FTE of 73 in the 2022/23 reporting period.

As we grow, we remain focused on our Net Zero plans and appreciate that we may not see a reduction each year. As a guide, we are also measuring our footprint per FTE, as a secondary measure to provide a guide to our ongoing efforts.

Our growth is currently having a negative impact on our overall plans. However, our carbon footprint per employee continues to drop with a reduction of 9% from the last reporting period and 31% from our baseline year. We are also offsetting this in partnership with Switch2Zero to achieve Net Zero each years from 2022/23.

Carbon Reduction Projects

Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented since the 2019/20 baseline.

- **Scope 1:** Our scope 1 emissions increased by 41%, predominantly due to the increased company cars in our business, driven by growth. This will be reduced in the FY23/24 due to our fuel offset agreement.

- **Scope 2:** Emissions in Scope 2 have reduced by 97% due to changes to our office power now being 100% Green Energy.

- **Scope 3:** As we grow, our Scope 3 emissions has grown by 25% since the baseline year, predominantly driven by employee commuting and business mileage. However, over the same the employee numbers have increased by 60%.

To achieve Net Zero across all scopes, we have implemented a Tree Planting scheme with Switch2Zero where we will plant trees for each order we receive for our cloud services. However, we remain committed to reducing our actual footprint where possible and have the completed the following reduction initiatives:

- **Renewable Power.** All three of our offices have transitioned to use 100% renewable energy, completed in August 2022. This has reduced our energy emissions from 6.692 tCO2e to Zero. However, we continue to strive to reduce our overall energy usage.
- **Virtual meetings.** Relationships with our customers are critical to our business and we strive for person to person contact to support our long-term relationships. However, we encourage virtual meetings where possible, which can reduce the need for travel and, thus, carbon emissions.
- **Hybrid working.** We have deployed a hybrid working programme for staff to reduce the time Team members spend in the office and the associated emissions from commuting. Currently, Team members work 4 days per week in the office and one at home, leading to a 20% reduction in the maximum (Scope 3) commuting emissions.

- **Recycling and responsible disposal.** We have implemented recycling programs in our offices and responsibly dispose of equipment in line with WEEE regulations to reduce the amount of e-waste generated and minimise the environmental impact of our waste.
- **Energy-efficient equipment.** We consider energy use for all our equipment purchases and, where possible, purchase energy-efficient equipment, such as monitors & printers, and have installed boiling water taps in the place of kettles to reduce our overall energy consumption. All IT equipment is configured, where available, to turn off or sleep when not in use.
- **Green Fuels.** From March 2023, our Company Car Fuel Card agreement will offset all company ICE and Hybrid vehicle fuel by the fuel card provider, resulting in carbon neutral company cars.
- **Printer Reduction.** We have reduced the printers in each office to just 1 to support the reduction in paper usage.

Current and Future Carbon Reduction Initiatives

We have a number of carbon reduction projects in place at the moment, including:

- **Reducing Paper.** We are actively reducing paper consumption and printing by moving towards a paperless office. We have already limited our printers to one per office building, achieving three printers across our three offices. Departments such as Technical Services, Operations and Sales have now achieved an almost 100% paperless office and the bulk of the printing is completed by one Team, Finance.
- **Electric Vehicles.** Continuing the reduction in the use of fossil fuels by transitioning our fleet to Hybrid/ Fully electric vehicles. Our company car fleet is currently 55% electric, 11% Hybrid and 34% ICE. This will continue to reduce over the next 10 years to be a Net Zero fleet.
- **Tree planting.** We will plant 10 trees for every customer order that utilises services from our data centre.

In the future we hope to implement further measures such as:

- **Car Sharing/ Public Transport.** We want to explore more ways to encourage employees to use public transportation or carpool to work and when on business.
- **Single Use Plastics.** We want to explore a further reduction in our waste output by removing all single use plastics from our office waste, potentially by stopping the use of any single use plastics in the office.
- **Net Zero Couriers.** We are already using couriers that are actively working towards becoming Carbon Neutral & are creating a preferred list of couriers, based primarily on their commitment to sustainable deliveries.

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and the associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[i] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting[ii].

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard[iii].

This Carbon Reduction Plan has been reviewed and signed off by the directors of Virtue Technologies Limited.

Signed on behalf of Virtue Technologies:

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Name: Will Stead

Role: Operations Director

Date: 3rd October 2023