

ESG report

Conducting business to the highest ethical standards

D4t4 conducts its business activities to the highest ethical standards and expects clients and suppliers to embrace these same principles.

This report outlines how we conduct our activities and should be read in conjunction with other sections of the Annual Report, notably the Corporate Governance section, as well as reports on the D4t4 website.

Introduction and overview

In last year's first ESG Report to stakeholders, we reported on the first carbon audit for the calendar year 2021. The inclusion this year of the 2022 carbon audit findings, in the first section, provides a good insight into progress, as well as pointers to what further action we can take to reduce the Group's carbon footprint.

The second section focuses on the social impact we have been able to have on our communities but also on our employees and their safety and wellbeing.

The third section discusses our approach and initiatives to being a good corporate, and ensuring we treat all our stakeholders fairly, including policies covering matters such as tax fairness, bribery and whistleblowing. These were described in detail last year and this year we focus on the key matters with other information being available on the ESG section of the D4t4 website.



ESG report continued

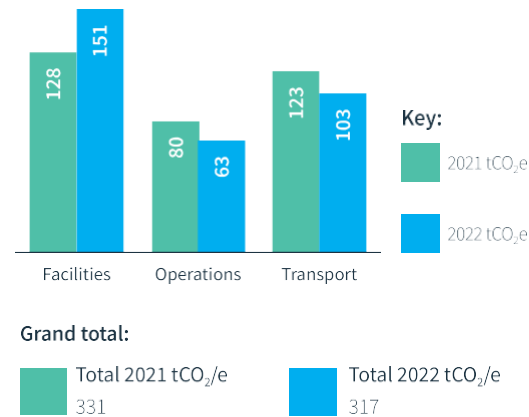
Environmental

D4t4 cares about the environment and fully supports, and is committed to, the principles of promoting good environmental practice and sustainability in the conduct of its activities. The Group wants to ensure that any adverse effects on the environment are kept to a minimum.

It aims to do this by:

- wholly supporting the requirements of accepted international standards and current EU environmental legislation and codes of practice;
- minimising consumption through the reduction, reuse, or recycling of materials as much as possible;
- encouraging efficient use of energy, utilities, and natural resources;
- continually striving to improve environmental performance; and
- communicating its environmental commitment to clients and suppliers and encouraging their support.

Carbon audit 2022



D4t4 reappointed Alectro LLP to perform a carbon audit for the calendar year 2022. This report sets out the 2022 results compared to 2021 and describes progress on the recommendations for reducing our carbon impact.

During the year, the Group's activities including our facilities, operations and transport generated 317 (2021: 331) tonnes of CO₂ equivalent to a per employee emission of 2.13 tCO₂/e (2021: 2.26 tCO₂/e).

Facilities accounted for 151t (2021: 128t) and the increase was due to increased electricity usage (102t vs 79t) with the offices being open more than in 2021. Whilst we have green electricity tariffs in our US and UK offices which produce no CO₂, this is more difficult to do in India where in the Chennai area 76% of electricity is coal, diesel or gas, with 24% being nuclear, hydro or other renewables, and no purely green tariffs are available. This will be addressed when the Indian business undertakes an office move to a smaller facility. On a positive note, over the last few years we have been working on reducing our consumption of natural gas and this year, for the second time, we maintained it at zero.

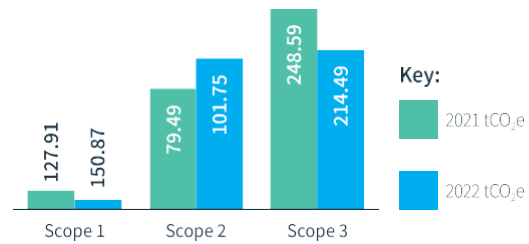
Transport emissions were down to 103t (2021: 123t) as travel, particularly international flights were controlled more tightly, coming down from 64t to 34t, but with Employee commute up from 59t to 69t, with employees returning to regular office attendance compared to 2021. Despite the increase in emissions, the percentage of the distance travelled by low-carbon methods increased from 16% to 26%. Although this is still a work in progress, the early signs of improvement are positive.



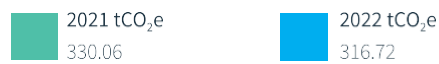
ESG report continued

Operations emissions accounted for 63t (2021: 79t), with fewer emissions relating to purchased goods, and a reduction in waste generated for landfill. The impact from cloud infrastructure is largely low carbon, based on the offsetting undertaken by Microsoft Azure, one of our cloud computing suppliers, but with AWS contributing to the overall impact.

These figures include Scope 1, 2 and 3 emissions as defined under the Greenhouse Gas (GHG) Protocol, and the breakdown is shown below.



Grand total:



Carbon offset

For the first time, in 2022 we made investments into projects to offset all of the 334 tonnes of 2021 carbon emissions. The projects were;

- A 400 MW Solar Power Project, in Rajasthan state in India.
- A 20 MW biomass-based power project in Chhattisgarh state also in India.
- A clean cooking stoves project in Nepal.

These are all projects accredited by Gold Standard, a body founded by the WWF and other NGOs.

This is a significant step forward in our ESG activities though, whilst offset is a good thing to do, ultimately, we continue to look at ways to reduce our overall carbon emissions.

Electric car scheme

Over the last year, we have launched an electric car scheme in the UK, covering electric and hybrid cars up to a maximum emissions level of 50g/km of CO₂. This has had good initial take-up as it is a salary sacrifice scheme with payments being made from gross pay and the benefit in kind being much lower than the normal income tax rate, thereby providing a tax saving to the employee on top of having a car with low or zero emissions. We expect further take-up as employees reach the renewal point in the ownership of their petrol/diesel vehicles.

Future progress

The 2022 carbon audit report provides useful confirmation of progress in the year, especially on Scope 1. Focus will now be directed to Scope 2 and 3 emissions.

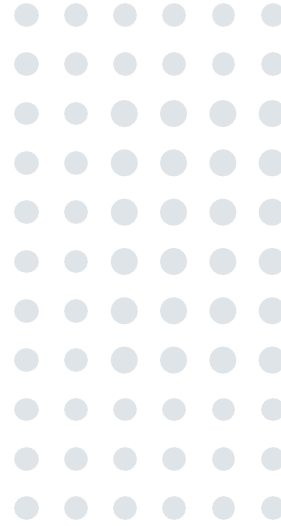
The challenges and opportunities in 2023 are expected to be:

- A likely increase in travel, due to our attendance at trade conferences as well as meeting our customers face-to-face, especially our project and customer success teams.
- The planned office move in India later this year is expected to significantly reduce our emissions in 2024. The emissions profile of the new office building will be a key criterion in our search and selection.
- The planned office move in the UK, will reduce our space usage from 17,000 sq.ft to under 7,000 sq.ft. The impact on our carbon footprint will be minimal as the current office already benefits from a renewable energy tariff.
- Review of our supply chain to seek further reductions in emissions.

We will test more rigorously the need to travel, especially by air, and we will encourage the use of public transport whenever it is a suitable mode of transport and consider hiring personnel closer to key customer locations to reduce transcontinental flights.



Whilst offset is a good thing to do, ultimately, we continue to look at ways to reduce our overall carbon emissions.”



ESG report continued

Social

Our employees

As a technology business, the Group's success is built on the intellectual capital of our people, and the pride they feel in working for the Group. The aim of the leadership team and the HR function is to enable, empower and strengthen this drive through the creation of a positive working culture in which employees feel engaged and motivated.

Hybrid working

As a people-led, technology-driven business, innovation is driven from personal interaction across the firm and with customers, so following the easing of lockdown last year, in September 2022 we moved to a hybrid working model. This is a combination of home and office working, in which employees are able to work from home, but also come into the office in teams so as to foster relationship building, personal development and creative interaction. We have found hybrid working to be an essential component of our employer offering with increasing numbers of employees and potential employees viewing it as a key factor in joining and staying with D4t4.

Embedding our culture and values

In last year's report we talked about how our ambitious growth plans required a review and reset of the Company culture and values, and how we decided to expand the HR role to help develop a culture focused more on accountability and empowerment, and to create a more vibrant working environment. This investment into HR and people has proven to be effective and during the year we undertook an employee survey to gauge employee happiness and satisfaction. The key findings were:

- 92% of participants feel the management team is invested in the success of the Company & team.
- 63% of participants are happier in their job than a year ago, scoring between 4-5 / 5.
- What participants like MOST about their job/Company:
 - The people – friendly environment, strong teamwork, culture.
 - The benefits – employee-focused, hybrid working, flexibility, work-life balance.
 - The technology – strong product, interesting, evolutionary, variety.
 - The management – trust, ambitious, encouraging, supportive, investment.

Highest score

The management team is invested in the success of the Company and your team

92%	7%	4.6
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The management team openly communicated with the business

83%	11%	6%	4.2
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I feel I can give my input and that input is taken into account by management

75%	16%	9%	4.1
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Strategy feedback

I understand the strategy of D4t4 Solutions

78%	11%	11%	4.1
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I understand how my role fits in with the overall strategy of D4t4 Solutions

79%	15%	6%	4.2
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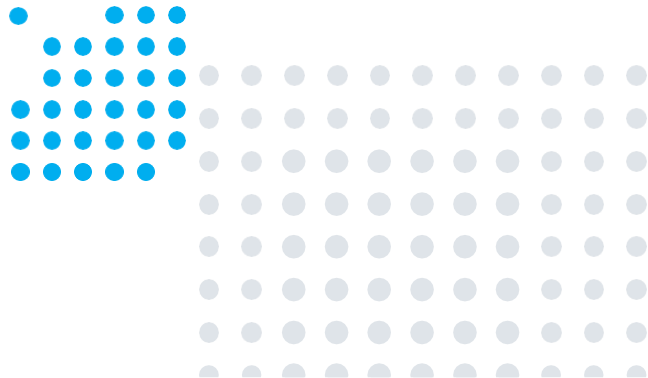
I believe that our Company strategy is likely to succeed

82%	17%	4.3
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■ Positive ■ Moderate ■ Negative

The areas for improvement identified in the survey are being addressed and included:

- More frequent communication; we have increased the frequency of our all-employee Town Hall meetings from every three months to every two months. We are also utilising our HR portal, HiBob, to engage more informally with the employee base.
- Development and training; this was already known to management as we consider it essential to make the business scalable. A proactive process has been put in place for line managers to identify training and development needs.
- Social activities; after the long period of home working, employees are keen to build relationships through informal and social interaction. We re-booted this during the last year by having a number of employee events, including a Christmas party, and the 14th anniversary event in India (see page 34).



ESG report continued

Diversity of employee base, equal opportunities, inclusion and treating people fairly

We treat individuals openly and fairly with dignity and respect, and we value their contribution towards providing a quality service to our customers.

Our focus on diversity and inclusion extends to treating all our employees and job applicants fairly and equally, and ensuring that longlists have a broad range of candidate backgrounds from which the successful candidate will be chosen.

It is our policy not to discriminate based on gender or gender identity, sexual orientation, marital or civil partner status, gender reassignment, race, religion or belief, colour, nationality, ethnic or national origin, disability or age, pregnancy, or trade union membership or the fact that they are a part-time worker or a fixed-term employee. The equal opportunities policy operated by the Group ensures all workers have a duty to act in accordance with this.

With employees in three different countries and coming from many different backgrounds, D4t4 is proud to have a diverse workforce. Nevertheless, we recognise that more can always be done. In the previous year we had added more women into key roles such as VP-Marketing, Head of Public Relations, Head of HR, People and Culture. This past year we have added to this in roles such as Non-Executive Director, Head of Professional Services, Head of Lead Generation and Head of Brand. Consequently, 19% of our line management team is now women.

Our geographical diversity is also important. To that end, 19% of lines managers are in India, 16% in the United States, with 65% being located in the UK and RoI. The nationalities of our staff are shown in the box below.

Employee reward and recognition

The Company recognises the need to reward and recognise our employees for their contribution to the Group's success as well as supporting their overall wellbeing. We provide an attractive range of benefits tailored to each location.

In both the UK and the US, we offer a company pension contribution higher than the statutory minimum, and during the year we improved our pension plan in the US, moving to a provider with lower costs for employees whilst retaining a good range of investment choices.

We also offer a company-funded healthcare scheme and in the UK we upgraded the scheme to include mental health, better cancer cover and 24/7 online access to a GP.

We also offer a comprehensive Employee Assistance Program to assist employees with issues of any kind, including problems at home, issues with work, housing concerns, legal problems etc. There is also support for face-to-face counselling in complex cases, as well as online live-chat counselling.

The Group has an employee share option scheme to motivate and retain key staff and allow them to share in the success of the Group.

Non-financial benefits include the ability to work on a hybrid basis and on a flexible basis if required, allowing employees to work from home on a regular basis to cater, for example, for family obligations etc. This is a core component of building a culture of accountability and empowerment throughout the organisation with clear goals and expectations for every role.

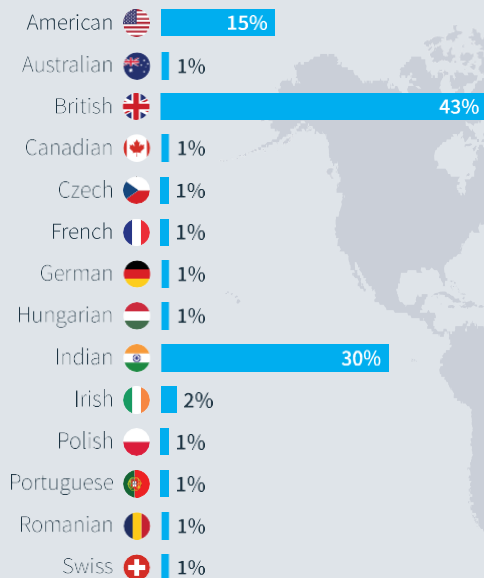
Health and safety

It is our policy that all of the Group's facilities, products and services comply with applicable laws and regulations governing safety and quality, so that we can maintain a safe working environment for our employees, customers, partners, and visitors.

During the year there were no major injuries reported under the Reporting of Injuries, diseases, and Dangerous Occurrence Regulations.

Employee nationalities

Row labels %



ESG report continued

India 14th Anniversary

In February 2023, our India team of approx. 50 employees celebrated the 14th anniversary of the Chennai office having been set up. This was also the first opportunity to get together after the recent years of lockdown and distancing.

The team started their day early, departing at 7 am for a coach journey to a beachside resort in Tamil Nadu. They were greeted with garlands upon arrival, and before the day's events unfolded, they enjoyed a traditional Chennai breakfast with coffee and tea.

The morning session was filled with fun-filled team-building activities and sports. The team engaged in various games, obstacle courses, and challenges, fostering collaboration and strengthening bonds. The atmosphere was filled with laughter and camaraderie.

In the afternoon, the team enjoyed a friendly game of cricket on the beach, showcasing their skills and enjoying the competitive spirit. The day concluded with a prize distribution ceremony at the beachside resort. The winners of the team-building activities, cricket match and the sports committee were recognised and rewarded with trophies. As the day drew to a close, they relaxed with a high tea, savouring a variety of snacks and beverages.

Exhausted but satisfied, the team boarded the coach and returned, enjoying the evening breeze from the sea and the soothing melodies playing in the background.



Community: Interview training for college students

Undoubtedly, this was the most significant community event we undertook during the year.

In November, some members of our India team (Aravindh, Soundhariya, Preethaa, Nandakumar) working with volunteers from the Rotary Club of Chennai Titans conducted a mock interview session for a group of 60 final year college students from the Sri Venkateswara College of Technology in Chennai.

This was a novel idea of helping imminent graduates to get a feel of the interview process. A group discussion was undertaken for 30 minutes with a chosen topic, which was followed by 1:1 interviews for all 60 students. This process was intended to benefit every student to better face the real interviews that would start for them soon.

The event was concluded with a meeting including all the students and a summary on their performance was shared by every interviewer.

As well as helping the students, this was a fun day and our team also managed to give some insight to future careers for these technology undergrads.



ESG report continued

Governance



ESG is no longer just about a philanthropic desire to do good and be a good corporate citizen. It heavily influences the way that investors, customers, and potential hires look at us as well.”

Hatem Dowidar, Group CEO of e& McKinsey Quote of the Day

Corporate governance is described in detail on pages 42 to 64. The section below outlines other aspects of governance and best practice within the Group.

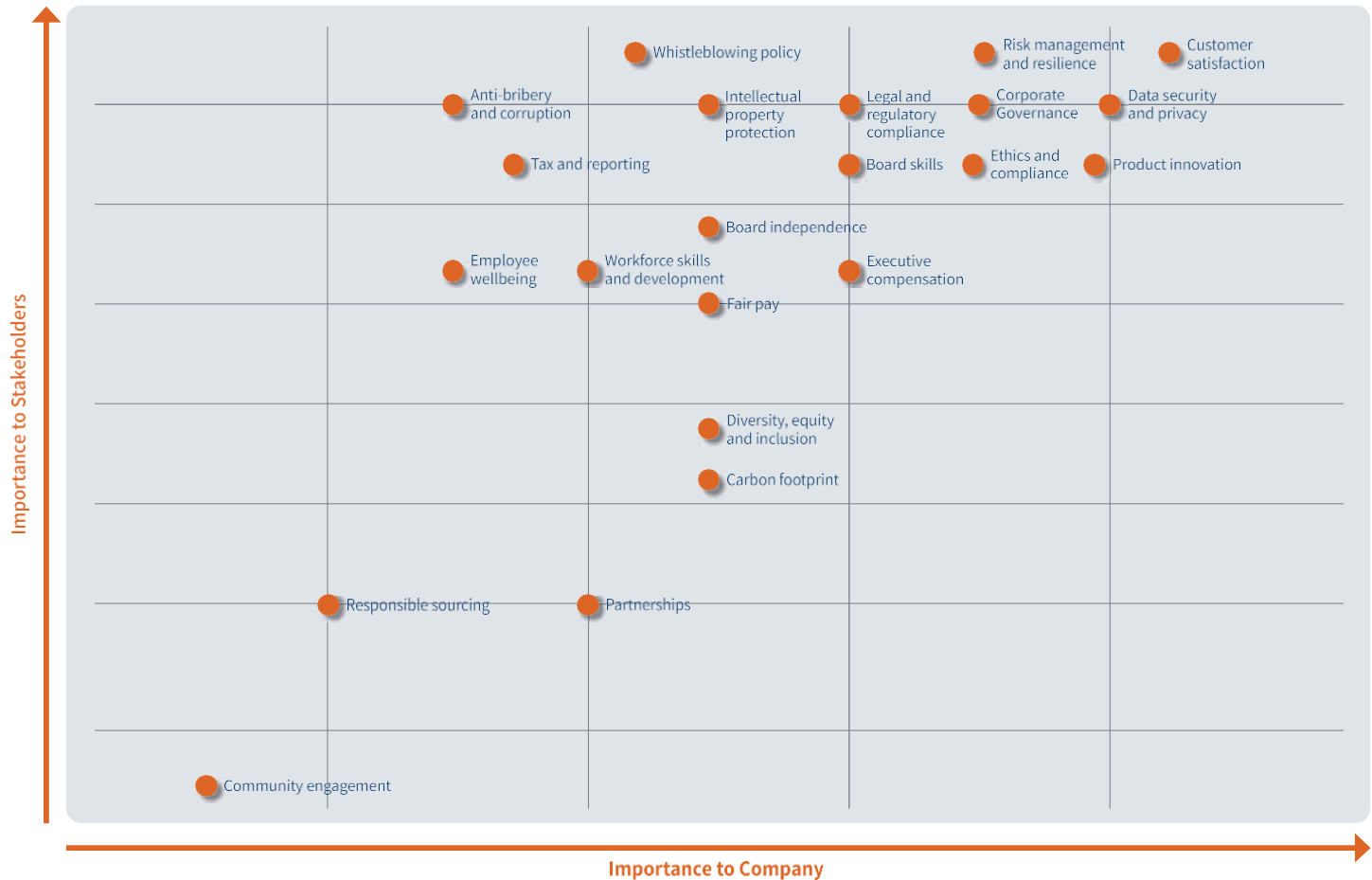
Materiality Matrix

To make sure that we tackle the issues that really matter, we prioritise them by assessing their ‘materiality’ – i.e. the extent to which they impact our business and society. We do this by using a ‘Materiality Matrix’ which helps us focus activity in areas where we can, and should, have the greatest impact.

As part of this process, we consider the risks and opportunities facing our business in the immediate and longer term, and score them based on their level of importance. This involves drawing on external insight from a range of stakeholders such as customers, colleagues, investors and suppliers.

Prioritising issues through this process enables us to focus our efforts on effectively managing our impact as well as our stakeholder relationships.

This Materiality Matrix will be used over the next two years to guide our ESG activities.



ESG report continued

Good corporate conduct

D4t4 has policies in place to help ensure that the Company is a good corporate citizen, in its own right and through the actions of its employees. These policies are reviewed regularly and the key policies include:

- Employee code of conduct.
- Bribery and corruption policy.
- Modern slavery statement.
- Whistleblowing policy.
- Supplier code of conduct.

Tax fairness

D4t4 is committed to being a responsible taxpayer, acting in a fair and legal manner at all times. We have in place intragroup trading agreements ensuring that costs are passed into the tax jurisdiction to which they relate and out of jurisdictions where there were originally incurred, typically in the UK but for the benefit of our overseas operations. These agreements are made available to tax authorities as requested to support recharging between Group companies and demonstrate that recharges are fair, legitimate and reflect the commercial substance of the activities to which they relate.

In FY23, our total tax contribution was £4.7m (FY22: £4.7m). Taxes borne by the Group totalled £1.0m (FY22: £0.9m) and consist of corporation tax, employer's NICs and stamp duty. Taxes collected by the Group totalled £3.7m (FY22: £3.8m) and consist of PAYE deductions, employees' NICs and net VAT collected.

Data security

Data security is core to our business, with our multinational customers entrusting us with access to their data and information systems. We handle this through a range of initiatives and further information is available in the report from our Chief Security Officer on page 22.

Executive remuneration

The Board regards ESG to be an important part of its oversight and activities and seeks to ensure that ESG is a consideration across the whole business. Therefore, when appropriate for business priorities the remuneration of the executive directors may have a proportion related to ESG objectives.

Future ESG developments

This second ESG Report demonstrates the progress of ESG activities across the D4t4 business. Based on benchmarking discussions with advisers and consultants we believe we are in a strong position relative to our peer group of smaller quoted public companies. We will continue our efforts and this coming year we expect the most significant advance will be to reduce emissions from our India office. We look forward to reporting on progress periodically through the ESG section of our website.

Ash Mehta
Chief Financial Officer
11 July 2023

Monika Biddulph
Non-Executive Director
11 July 2023

