2023 TCFD COMPLIANCE

We recognise that changes to the climate present extensive risks and opportunities; with the TCFD recommendations representing a valuable and effective method of bringing about the systemic and permanent changes to business processes, practices and operations that are needed to accelerate the pace of change and protect our world; which is why we continued our support throughout 2023.

The Company's TCFD compliance statement for the year ended 31 December 2023 is set out in the following table.

RECOMMENDATION	DISCLOSURE	COMPLIANCE	SUMMARY OF PROGRESS
GOVERNANCE The organisation's governance around climate-related risks and opportunities.	a) Board's oversight of climate-related risks and opportunities b) Management's role in assessing and managing climate-related risks and opportunities	Fully compliant Fully compliant	• The Board has overall responsibility for risk management and internal control (including climate-related); formally reviewing climate-related matters twice-yearly, alongside updates on developments within the climate space, and monthly Board packs containing climate-related risk updates. • Chief Executive, Ian Manocha, has ultimate responsibility for oversight and monitoring of climate-related risks and opportunities and integrating these considerations into the Company's strategic response and decision-making. • The Risk Review Board, made up of departmental management and a Non-Executive Director, carries out quarterly reviews of Group-level risks; with a section specifically dedicated to climate-related risks. • Group COO, Jonathan Cathie, appointed to chair future Sustainability Committee meetings to aid in the governance around ESG, climate change and sustainability.
STRATEGY Actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	a) Climate-related risks and opportunities b) Impact on the organisation's businesses, strategy, and financial planning c) Resilience of the organisation's strategy	Fully compliant Fully compliant Fully compliant	• Climate-related risks and opportunities have the potential to affect our business over the short (0-3 years), medium (3-10 years) and long-term (10+ years). • We conduct annual Group-wide climate risk and opportunity evaluations (see heat map and table below). • Climate-related scenario analysis was undertaken in the year to develop a more comprehensive understanding of the Group's material climate-related risks (see page 30). Noting the IPCC's AR6 report, our scenario analysis models have been based on average global temperatures of 1.5°C, 2°C and 3+°C above pre-industrial levels.

RECOMMENDATION	DISCLOSURE	COMPLIANCE	SUMMARY OF PROGRESS
RISK MANAGEMENT How the organisation identifies, assesses, and manages climate-related risks.	a) Risk identification and assessment process b) Risk management process c) Integration into overall risk management	Fully compliant Fully compliant Fully compliant	• Our risk management framework ensures a dedicated climate risk and opportunity assessment; with any climate-related risks considered by the Risk Review Board having oversight before reporting to the Board of Directors. • A climate-related scenario analysis was carried out by the company secretariat with input from departmental managers. • For risks identified, assessments were carried out to determine potential impact to the business within various scenarios before considering financial impacts. • Where climate-related risks have a risk rating outside of tolerance, these were further considered as potential principal risks in the context of our business.
METRICS AND TARGETS The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process b) Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas ("GHG") emissions, and the related risks c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Not compliant Partially compliant Not compliant	• Following our climate-related scenario analysis, we plan to develop our climate-related metrics. • Our Scope 1 and 2 GHG emissions are disclosed in the table below. • In future we plan to collect and measure our Scope 3 GHG emissions, setting targets against metrics in our most relevant areas for reduction.

CLIMATE-RELATED RISKS AND IMPACT

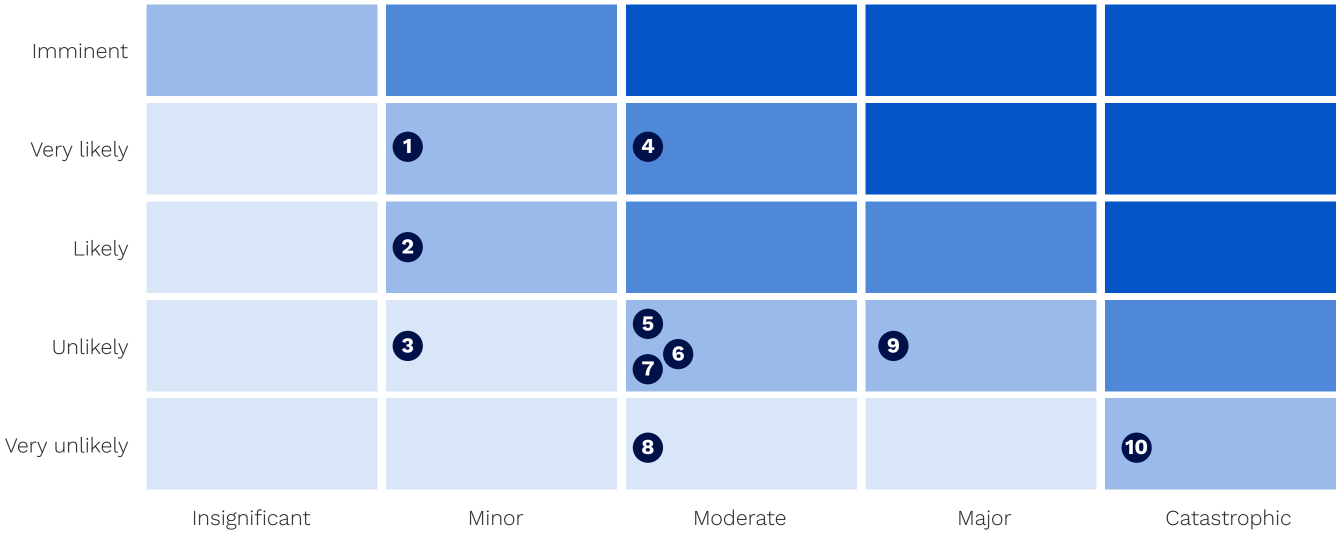
Based on our assessment to date, we have identified several potential climate-related risks, the key ones of which are outlined in the following table.

RISK	RISK DESCRIPTION	POTENTIAL FINANCIAL IMPACTS	TIME HORIZON	OUR RESPONSE/ MITIGATING ACTIONS
PHYSICAL RISKS				
DIGITAL INFRASTRUCTURE	Floods, storms, and extreme heat is testing the resilience of vital infrastructure including data centres and cloud stability which we rely on to deliver our core services.	• Any outages caused by damage to digital infrastructure could affect service delivery, affecting client relationships with negative impact on revenue and trust in Gresham's platform and products. • The business could face increased operating costs as data centre providers are forced to invest more in adaptation and resilience measures.	Medium-long	• We were not impacted by any data centre outages in the year that were due to climate-related incidents, as far as we are aware. • To date, we have not been notified of any current or future cost increases linked to climate-related adaptation and resilience, although we keep this under review.
FACILITIES AND WORKFORCE	Heatwaves, flooding, storms and drought have the potential to damage our facilities, local infrastructure and affect the physical safety, security, productivity and availability of our people.	• Lost revenue through impacts on business continuity. • Increased costs through reduced workforce productivity and absenteeism. • Damage to buildings and equipment could result in financial impact through uninsured losses and increased insurance premiums.	Short-medium	• Our hybrid working policy continues to enable our people to operate effectively from any location. • Our BCP provides guidance and structure in the event that our facilities and/or workforce are affected by climate-related incidents. • We occupy leased offices, meaning landlords take all buildings risks. Should costs increase materially, we would review our real estate footprint. • We maintain contents insurance, but should this not be available, we would consider self-insuring. • Consideration given to reducing our physical server footprint in our office locations.
TRANSITION RISKS				
COST PRESSURES	Climate-related operational cost pressures due to supplier energy price rises (due to increased energy costs, renewables investment and global conflicts) and increased costs of cloud computing.	• If increased operating costs could not be passed onto customers, margins and profitability could affect inward investment through perceived attractiveness to investors. • Subsequent cost increases to our services could impact customer relationships and ultimately revenue if customers decide to "shop around".	Short-medium	• By considering the reduction of our server footprint throughout our office locations, cost pressures would increase due to higher cloud-hosted costs. • Regularly review suppliers to ensure positive tackling of climate-related issues as well as best value for money.

RISK	RISK DESCRIPTION	POTENTIAL FINANCIAL IMPACTS	TIME HORIZON	OUR RESPONSE/ MITIGATING ACTIONS
TRANSITION RISKS CONTINUED				
REPUTATION	Reputational risks if we are unable to fully understand, reduce or evidence our total carbon footprint in line with stakeholder expectations, or through our association with customers, suppliers and third parties.	• Reductions in revenue as a result of the impact of reputational damage on customer attraction and retention. • Increased expenditure on climate mitigation and adaptation including external support, and switching to more sustainable data service providers.	Medium	• Our newly created Sustainability Committee will focus on ESG, climate-related and sustainability matters to ensure consideration as part of key business decisions and strategy. • Our climate-related scenario analysis (see page 34) has enabled the business to understand its longer-term risks. • Board reviews of sustainability on a twice-yearly basis ensure matters are regularly considered in strategic decision-making. • Sustainability experience and knowledge within the company secretariat team has been expanded during the year.
PRODUCT AND COMPETITION	If our solutions are not successful in supporting our customers to achieve their climate change goals, there is a risk that they will look elsewhere; or that new operators will enter and disrupt the market.	• Reduced revenues through customer churn. • Increased expenditure on sustainability-related R&D.	Medium-long	• We are seeing very few product requests related to climate change.
CHANGES IN CONSUMER/ CLIENT PREFERENCES	Client preferences, exacerbated by climate policy, see their global supply chain focused only on those suppliers who are able to commit to, and deliver, net zero business operations, products and services.	• Reduced revenues through cost reduction pressures from customers and suppliers. • Reduced revenues through customer churn.	Medium-long	• We respond to all client and supplier procurement/sourcing requests related to climate change and sustainability. • Our climate change programme is designed to support a range of stakeholders, and customer requirements.
REGULATORY	We face an increasingly uncertain regulatory environment as a result of climate change that has the potential to change rapidly.	• Increased expenditure on resources (internal and external) to comply with increasing climate-related legislation and regulation reporting requirements. • Regulation and/or pricing of GHG emissions and policy could increase expenditure related to data centres, estate operations and supplier pricing. • Costs from any fines or penalties as a result of non-compliance.	Short-medium	• We continue to invest in our people to ensure our company secretariat team remain on top of legislation and regulatory changes, specifically climate-related. • We collaborate with a range of advisers to ensure we remain compliant with reporting requirements. • Climate change features on meeting agendas of our Board and Risk Review Board.

RISK	RISK DESCRIPTION	POTENTIAL FINANCIAL IMPACTS	TIME HORIZON	OUR RESPONSE/ MITIGATING ACTIONS
TRANSITION RISKS CONTINUED				
INVESTMENT	Technology companies who use data centres, such as Gresham, becoming less attractive to investors; especially those with ESG and climate-change scoring matrixes within their investment decision-making frameworks, making the Group less attractive.	• Reduced external investment as a result of negative impacts on our attractiveness to investors.	Short-medium	• We continue to invest to support our climate change programme and broader ESG strategy. • We undertake externally facilitated assessments to consider areas of improvements to our ESG strategy and reporting. • We respond to investor enquiries on climate change and ESG matters.
PEOPLE	Our response to climate change has the potential to affect talent attraction and retention in an already competitive labour market.	• Increased expenditure on employees, including for example; recruitment costs, productivity losses and higher salaries to attract talent. • Reduced revenues through impact of resource challenges and talent gaps.	Medium-long	• Ensure the Group continues to address climate-related issues in accordance with regulation and legislation. • Strong engagement with our people on climate-related issues, including via our ESG Champions Network.
LIABILITY RISKS				
LITIGATION	Climate change litigation could manifest as a result of a perceived failure to consider, mitigate or adapt to risks associated with climate change.	• Increased legal costs to cover litigation; including those related to “greenwashing”. • Reduced external investment if investors lose appetite to invest in the business. • Reduced revenues if brand equity is damaged, affecting customer attraction and retention.	Medium-long	• Ensuring climate-related, ESG and sustainability matters remain a focus for the Board of Directors in strategy setting and business reviews.
TRANSBOUNDARY RISKS				
FINANCIAL SYSTEM INSTABILITY	Financial stability is under threat from climate change and increased volatility in the market could affect our future ability to raise capital.	• Reduction in capital and financing affecting our ability to invest in future growth. • Reduced revenues if customers reduce or defer IT investments, or cease to trade. • Increased expenditure on data centres due to a higher level of customer transactions being processed by our software.	Medium-long	• Maintaining the stability of the financial system under close review. • Ensuring financial system risks are taken into account in major and strategic decisions. • Customer base predominantly made up of blue-chip financial services firms with significant financial resilience. • Monitoring customer and supplier base for exposure to financial stability risks.

CLIMATE-RELATED RISK MATRIX



1 Regularity
2 Market risk – reputation
3 Facilities & workforce
4 Cost pressures
5 Financial system instability
6 Investment
7 People
8 Litigation
9 Market risk – product & competition
10 Digital infrastructure

CLIMATE-RELATED OPPORTUNITIES

Based on our assessment to date, we have identified several potential climate-related opportunities, the key ones of which are outlined in the following table.

OPPORTUNITY	OPPORTUNITY DESCRIPTION	POTENTIAL FINANCIAL IMPACTS	TIME HORIZON
REPUTATION	Demonstrating a thorough understanding of climate-related risks, opportunities and impacts; with integration into business strategy; could strengthen our reputation with climate-conscious stakeholders.	• Increased revenue as result of company and product differentiation and our ability to attract and retain customers, and support their sustainability ambitions. • Increased reputation (and thereby increased revenue) by reducing carbon footprints of customers using on-premise solutions, by moving to the Cloud. • Lower recruitment costs due to increased ability to attract and retain talent.	Short
SERVICE OFFERINGS	Innovating, evolving or developing products and/or services that support climate mitigation or adaptation activities, or help facilitate a low carbon transition, for our customers.	• Increased revenue through new channels and product diversification.	Medium-long
COST EFFICIENCIES	Assessing our impacts and investing in new and improved ways of working that are more climate-friendly could lead to cost savings and increased resilience.	• Reduced operational costs through, for example, reduced travel, energy efficient measures, and reduced office estate costs. • Productivity and efficiency gains.	Short-medium
ENHANCED REPORTING INFRASTRUCTURE	Formulating and acting on a deliberate climate action and net zero strategy, supported by a robust governance and risk management reporting framework could enable better understanding and management of business performance.	• Potential to further understand the non-financial metrics that drive long-term stakeholder value; accessing an expanded pool of investors who are focused on ESG performance.	Medium

CLIMATE-RELATED SCENARIO ANALYSIS

The Group has chosen three climate scenarios with differing temperature models through to 2050 to run its first climate-related scenario analysis. Using the NGFS Climate Scenarios has enabled integrated assessment modelling, which has considered the inter-relationships between physical and transitional risks. Impact ranges are considered against FY23 Group revenue.

RISK	RISK DESCRIPTION	CURRENT POLICIES (3°C+ by 2050)	DELAYED TRANSITION (2°C by 2050)	NET ZERO 2050 (1.5°C by 2050)
ENERGY AND COMMODITY MARKET VOLATILITY	Increased uncertainty in financial planning and forecasting for key commodities, as well as higher costs associated with energy consumption and spend.	**LOW IMPACT** Costs remain steady with lack of investment in renewable sources, carbon pricing and net zero plans by energy and commodity markets.	**LOW IMPACT** Net zero plans, carbon pricing and renewable energy investment cause increases to energy and commodity costs.	**LOW IMPACT** Net zero plans, carbon pricing and renewable energy investment cause sharp and high rises to energy and commodity costs.
CLIMATE CHANGE RISKS TO DATA CENTRES	Inability of suppliers to cool data centres due to droughts and increased global temperatures, which Gresham relies on to deliver core services.	**HIGH IMPACT** Data centre costs increase as air and land temperatures increase, and cooling efficiencies require further investment.	**HIGH IMPACT** Data centre costs increase as air and land temperatures increase, and cooling efficiencies require further investment; as well as investment in renewables.	**LOW IMPACT** Data centre costs would increase due to a drive to ensure a net zero future, by investing in renewables.
CLIMATE CHANGE RISK TO BUSINESS OPERATIONS, OFFICE LOCATIONS AND PEOPLE	Increases in the frequency and/or severity of climate-related events affecting business operations, working locations and our people[1].	**HIGH IMPACT** Greater focus on cross-regional support required in regions susceptible to climate change; with their long-term viability of consideration.	**MEDIUM IMPACT** BCPs would plan for short-term interruptions in regions most susceptible to climate change to be accommodated across the wider Group.	**LOW IMPACT** Business interruptions which could not be managed in the short-term across the wider organisation would remain rare.
CARBON PRICES AND OFFSET COSTS	Financial costs of carbon prices and offsetting of carbon emissions (via voluntary removal) that cannot be reduced by the business or its supply chain.	**LOW IMPACT** Policy reaction remains low, with little appetite to increase offset costs or carbon pricing.	**LOW IMPACT** Policy reaction sees offset costs and carbon pricing increasing to ~$276 per t/$CO_2e$[2].	**LOW IMPACT** Greater policy reaction, resulting in rapid increases in offset costs and carbon pricing (significantly higher than ~$276 per t/$CO_2e$)[2].

Impact ranges

LOW	<1%-5% Group revenue
MEDIUM	5%-10% Group revenue
HIGH	+10% Group revenue

1 GDP impact data: Swiss Re Institute The economics of climate change: no action is not an option.
2 WorldBank State and Trends of Carbon Pricing 2023.