

ESG Committee report

ESG Committee

The ESG Committee is primarily responsible for:

- Overseeing the development of the Group's ESG strategy and governance structures and associated goals and policies.
- Ensuring that management establish appropriate ESG KPIs and related targets, and for overseeing their ongoing performance measurement and reporting.
- Monitoring ESG trends and related standards and legislative requirements and how those are likely to impact on the Group's strategy and financial performance.
- Making sure that the Group is transparent in its reporting of ESG matters to all its key stakeholders and that an ESG awareness is promoted throughout the organisation.

Meetings attended:

Andrew Belshaw (CEO) ¹	4/4
Andrew Taylor (CEO) ²	2/2
Bill Castell (CFO) ³	2/2
Henrietta Marsh	4/4
Martin Lea (Chair)	4/4
Richard Last	4/4
Shaun Gregory ⁴	2/2
Wu Long Peng ⁵	2/2

- 1 Andrew Belshaw attended two meetings as CFO and two as Interim CEO.
- 2 Andrew Taylor was a member of the Committee until 4 July 2022 when he retired from the Board.
- 3 Bill Castell joined the Committee from 3 May 2022.
- 4 Shaun Gregory joined the Committee when he joined the Board on 1 July 2022.
- 5 Wu Long Peng left the Committee at the time he stood down from the Board at the AGM on 19 May 2022.

In addition to the Committee members, quarterly meetings are also normally attended by the Group Operations Director, the Company Secretary, the Chief People Officer, the Group Sustainability Director, and the Group Procurement Director.

Dear shareholder,

I am pleased to introduce the ESG Committee report for the year ended 31 December 2022.

There have been four changes to the composition of the Committee during the year with Wu Long Peng and Andrew Taylor ceasing to be members when they retired from the Gamma Board and Bill Castell and Shaun Gregory joining the Committee at the time of their appointment to the Board. The Committee now comprises four of the Company's Non-Executive Directors, the CEO, and the CFO.

Details of our Environmental, Social and Governance related strategy, policies, activities and performance are presented on pages 41 to 51 of the Strategic report. In addition, more detailed disclosures can be found in the 'ESG Information Hub' on the Company's website.

Role of the ESG Committee

The Committee is responsible, on behalf of the Board, for overseeing the development of the Group's ESG strategy and governance structure and the establishment of related goals and policies. It also should ensure that appropriate KPIs are established, together with performance targets across each key area of the ESG spectrum, and for overseeing their ongoing monitoring and reporting. In addition, the Committee is responsible for making sure that the Group is effectively monitoring ESG trends, and in particular the evolution of standards and legislative requirements, and how those may impact the Group in terms of strategy and financial performance. The Committee works in conjunction with the Risk Committee to oversee the identification and mitigation of risks relating to ESG matters, and for the identification of related opportunities. It is also required to ensure that the Group provides appropriate information and is transparent in its reporting of ESG strategy, policies, activities and performance to all its key stakeholders. The Committee is responsible for ensuring that there is an evolving ESG awareness and culture throughout the organisation. In order to reinforce this commitment, we introduced ESG objectives into the 2022 senior executive bonus scheme and that will be repeated for 2023.

Activities of the ESG Committee in 2022

The Committee held four quarterly meetings during 2022, in order to review; strategy, risks and opportunities, policy, governance, key initiatives, reporting and communications developments across all areas of ESG. In addition, it received regular updates from management regarding the regulatory environment and the evolution of various ESG standards.

The Committee has overseen good progress in all three areas of environment, social, and governance during 2022. ESG priorities for the Group are well understood, with plans based on the 2021 materiality exercise and ongoing discussions with our key stakeholders. The ESG Executive Steering Committee, comprising members of the Executive Committee continued to oversee governance and ownership around our various ESG priorities. This together with ongoing ESG communications via newsletters, the 'Gammabox' vlog interview series, and surveys is helping to increase levels of awareness and engagement across the Group. During 2022, we also launched the new ESG Hub on the website, informing and updating the wider stakeholder community of our ESG plans, initiatives and progress.

Expanding on the climate and environmental work completed during 2021, we have continued to develop our carbon net-zero plan and published a Carbon Reduction Plan in July 2022, and are working towards the Science Based Targets initiative (SBTi) validation, which we plan to submit to by mid-2023.

Our understanding of Gamma's environmental impact is continually improving through the collation of more primary data, incorporating more of the GHG Scope 3 emissions categories. Recognising the demands of the SBTi validation process, a significant amount of work has been completed on analysing our supply chain and understanding the carbon emissions associated with purchased goods and services. The Committee also approved the undertaking of a climate-scenario analysis for all Gamma offices and key facilities in the UK and Europe, which was completed in November 2022. This has strengthened our understanding of risk exposure from climate change and we remain of the opinion that Gamma's risk is currently low. The Committee is pleased with the Group's Carbon Disclosure Project (CDP) score which has improved from our 2021 score of B- to B in 2022, demonstrating the progress achieved over the last 18 months.

With respect to Social impacts, in an earlier report we highlighted the UN Sustainability Goals where we thought Gamma could have the biggest positive impact, and these included Goals 5 and 10 dealing with Equality. Equality, Diversity and Inclusion (ED&I) has therefore continued to be a key focus area for the Group. A full diversity audit was completed in the first half of 2022, providing management with a clear overview of the opportunities and challenges that the Company faces. The changes in the job market and the challenges that businesses all face in terms of talent attraction and retention reinforces the importance of our focus on Employee Experience and Social Value. This work has led to the development of a number of initiatives including "You Belong" which is a three-year roadmap to support Gamma in maintaining an inclusive culture that enables us to attract, recruit, and retain a diverse workforce and to create an inclusive workplace where all Gamma employees feel they belong. In addition a framework for a more comprehensive set of key ED&I metrics has been developed and will facilitate improved measurement and reporting moving forwards.

The Committee is pleased that Gamma now has a Charity Forum comprised of volunteers from all of our business units supporting our "Giving Back" initiatives through either match funding of employee charitable initiatives or designing and coordinating our own charitable events. All Gamma employees are given a day each year to participate in charitable activity and the Charity Forum also supports those that need practical help such as by providing funding for equipment etc. Most notably in 2022, the Charity Forum organised the Gamma Anniversary Adventures which celebrated our 20th anniversary as a Company. Our employees and some of our suppliers took part in a physical bike ride, starting from our Glasgow office, going to Manchester, Newbury, Port Solent, and finally ending in London, linking up the Gamma offices in the UK. In parallel, we ran a virtual route whereby employees endeavoured to cover over 5,000 miles, equivalent to linking up all of our European and UK offices, through any means they wished – cycling, walking, running, swimming etc. Our employees voted to support UNICEF through this event, and we are proud that our customers, employees, and suppliers raised £16.8k for the charity.

In terms of Governance, our focus has been on the development of a new Group Policy Management framework which is now fully implemented. In addition we have introduced a number of key new policies and supporting controls including; Ethical Procurement, Equality Diversity and Inclusion, Data Protection and Information Security all of which are now published on the Company's website. The Committee is responsible for ensuring that all policies and their controls are subject to annual review, and re-approval by the Board.

Engagement with stakeholders

The Committee is responsible for ensuring that the Group provides appropriate visibility of its ESG credentials to the investment community, as well as other stakeholders. We are pleased to report that during the year the Company has received positive ratings from the Carbon Disclosure Project (CDP) (B) and Morgan Stanley Capital International (MSCI) (AA) as well as an updated assessment and rating from Sustainalytics. We have also engaged individually with a number of larger shareholders whose ESG teams have requested meetings.

We will continue to expand on the ESG-related information available on our ESG Hub providing our stakeholders with updates on our progress. We are pleased to be publishing a new Sustainability Report for 2022 which will be available on the Gamma ESG Hub. This reflects on progress made over the last 12 months across all ESG initiatives, as well as collating key metrics.

We continue to receive interest from employees and potential new recruits in ESG matters, for example in our plans for carbon net-zero and ED&I. In a competitive recruitment market, we believe our ESG efforts are a point of potential differentiation.

Some larger customers also require detailed questionnaires to be completed covering ESG matters and the results contribute directly to their decisions on contract awards. We consider that we are currently well placed competitively but need to keep investing in this area. We have worked closely with our public sector customers to ensure that our Carbon Reduction Plan meets their supplier selection criteria.

Looking forward

Looking to the year ahead, the Committee together with management, will focus on several areas. Considering the broad ESG scene, we will continue to carefully monitor progress by the International Sustainability Standards Board (ISSB) in achieving a harmonised set of ESG disclosure standards as well as any further developments with UK and European legislation. We are currently assessing the impact of the new EU Corporate Sustainability Reporting Directive (CSRD) on Gamma and believe we stand in good stead to react positively to any additional disclosure requirements.

On the environment, we will focus on submitting our carbon emissions reduction plan for SBTi validation. We will further improve the extent of our emissions measurement across the Group, aiming to collate as much primary data as possible. We will remain ISO14001 certified and we will also undertake an ESOS (Energy Savings Opportunity Scheme) Phase 3 review during 2023. We have also made good progress to be in the position to report in line with TCFD reporting requirements in 2023.

We will continue to further develop our social programmes relating to our employees and the broader community, and as part of that continue to develop metrics and KPIs that will enable us to objectively and transparently report our performance. In particular our focus will be on the deployment and adoption of our Group ED&I strategy, "You Belong".

From a governance perspective, we will continue to review key policies and monitor how they are being implemented. We will continue to roll out appropriate training packages to support our employees with understanding the requirements of our policies.

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 our key stakeholders.

Martin Lea
ESG Committee Chair

20 March 2023