

Statement on Task Force on Climate-Related Financial Disclosures

Financial Year 2021

1. Introduction

Gresham Technologies PLC (“**Gresham**” or the “**Company**”) is committed to operating its business in a sustainable way, which includes managing its impact on the environment. We strongly believe that urgent action is needed to combat climate change and we support the Task Force on Climate-related Financial Disclosures (“**TCFD**”) and the wider movement on climate change.

We recognise that changes to the climate present extensive risks and opportunities, and that the TCFD recommendations represent 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.

In 2021, we completed a review of environmental, social and governance (“**ESG**”) considerations and developed a three-pillar ESG strategic direction for Gresham under the umbrella proposition of ‘Scaling Up Responsibly’. This is illustrated in the figure on page 24 of the Company’s Annual Financial Report 2021. Consideration of TCFD recommendations, and other environmental considerations, fall under the ‘Our World’ pillar of our ESG strategy.

2. TCFD Compliance Statement

This statement represents Gresham’s first climate-related financial disclosures aligned with the TCFD recommendations and recommended disclosures (as set out in Figure 4 of Section C of the report entitled ‘Recommendations of the Task Force on Climate-related Financial Disclosures’ published in June 2017 by the TCFD). This statement covers the financial year 1 January to 31 December 2021.

The following table summarises what disclosures the Company has made either in this statement or in the Annual Financial Report 2021, by reference to the 11 TCFD recommended disclosures.

Governance	
a) Describe the board’s oversight of climate-related risks and opportunities.	<p>The Board oversees and is responsible for ESG matters, including climate-related risks and opportunities. Reports on ESG matters (including climate-related) are regularly provided to and reviewed by the Board. Risks are recorded in the Company’s risk register and managed in line with the Company’s risk management framework.</p> <p>See section 3 (Governance) below for further information.</p>

<p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>Management provide leadership and guidance to the wider business and the Board on the Group's risks and opportunities, including climate-related, and are responsible for reporting to the Board and ensuring that the Company's risk management systems are properly implemented. During 2021, management participated in the Company's ESG workshops and strategy development, and will be responsible for ESG strategy (including climate) execution in 2022 and beyond.</p> <p>See section 3 (Governance) below for further information.</p>
<p>Strategy</p>	
<p>a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p>	<p>The Company did not specifically identify any climate-related risks and opportunities during 2021. The Company intends to conduct risk and opportunity identification during 2022, and include TCFD aligned disclosures in the Annual Financial Report 2022.</p> <p>See section 4 (Strategy) below for further information.</p>
<p>b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.</p>	<p>The Company did not specifically identify any climate-related risks and opportunities during 2021 and, therefore, no impact analysis was conducted. The Company intends to conduct the impact analysis during 2022 and include TCFD aligned disclosures in the Annual Financial Report 2022.</p> <p>See section 4 (Strategy) below for further information.</p>
<p>c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>The Company did not specifically consider climate-related scenarios in relation to the resilience of the organisation's strategy. The Company intends to do this during 2022, and include TCFD aligned disclosures in the Annual Financial Report 2022.</p> <p>See section 4 (Strategy) below for further information.</p>
<p>Risk Management</p>	
<p>a) Describe the organisation's processes for identifying and assessing climate-related risks.</p>	<p>Climate-related risks are identified and assessed on an ongoing basis by the Board and by management in line with the Company's risk management framework, alongside other categories of risks. During 2022, the Company will specifically consider climate-related risks at Board, management and departmental levels, to identify and assess emerging climate-related risks.</p> <p>See section 5 (Risk Management) below for further information.</p>
<p>b) Describe the organisation's processes for managing climate-related risks.</p>	<p>Climate-related risks are managed in line with the Company's risk management framework. A new risk management framework was designed in 2021 for implementation in 2022. This includes the establishment of a new Risk Review Board to formally oversee Group-level risks, including climate-related risks.</p> <p>See section 5 (Risk Management) below for further information.</p>

<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.</p>	<p>The Company adopts an integrated risk management framework for all categories of risks, including climate-related risks. The Company keeps its risk management framework under review and intends to develop it further in 2022 to specifically consider climate-related priorities.</p> <p>See section 5 (Risk Management) below for further information.</p>
<p>Metrics and Targets</p>	
<p>a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>The Company did not use any climate-specific metrics to assess climate-related risks and opportunities in 2021, although the framework for consideration of risks is established. The Company intends to identify climate-specific metrics during 2022 as part of risk and opportunity mapping, and will include TCFD aligned disclosures in the Annual Financial Report 2022.</p> <p>See section 6 (Metrics and Targets) below for further information.</p>
<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>Included on page 27 of the Annual Financial Report 2021 and repeated in section 6 (Metrics and Targets) below for ease of reference.</p>
<p>c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p>	<p>The Company did not set any targets to manage climate-related risks or opportunities. The Company intends to do this during 2022 as part of risk and opportunity mapping, and will include TCFD aligned disclosures in the Annual Financial Report 2022.</p> <p>See section 6 (Metrics and Targets) below for further information.</p>

3. Governance

During 2021, we have been focusing on climate change awareness for our Executives and Board of Directors, as well as conducting an annual Board-level review of climate-related matters, as part of Gresham's broader ESG programme. This accords with our plans and roadmap for climate-related activities, which are outlined in section 7 (Climate Change Programme Roadmap).

Gresham's Board of Directors has ultimate oversight and responsibility for reviewing the Group's principal risks and uncertainties, as well as their potential impact, evolution and mitigating measures. These risks are updated on a monthly basis and provided to the Board of Directors as part of monthly board packs for review in advance of each Board meeting. Climate-related risks are treated in the same way as any other risk in terms of governance, although there was no specific focus on climate-related risks in 2021 and therefore no climate-related risks were identified or reported in 2021. The Audit Committee (acting on behalf of the Board of Directors) is responsible for ensuring the effectiveness of the Group's risk management and internal control systems.

Management (including the CEO and CFO) provide leadership and guidance to the wider business and Board of Directors on the Group's identified risks and opportunities. Management are responsible for operational risks within their respective departments, as well as for Group risks, and for reporting principal risks and uncertainties to the Board of Directors via the agreed risk management structures. Management act as Executive Sponsors for specific risks within the Group's Risk Register and have responsibility for ensuring risks are correctly identified, measured and controlled. Management also work closely with the Company Secretarial team to regularly review existing risks and the emergence of new risks. Key risks are reported to the Board through monthly reporting as stated above.

During 2021, the Chief Corporate & Legal Officer led the design of a new Group-wide risk management framework for implementation in 2022, and leads the identification, assessment and management of risks and opportunities on an ongoing basis across the business. Additionally, responsibility for the Group's business continuity programme, reporting risks into the Board on a monthly and half-yearly basis, and promoting climate-related discussions (as part of the broader ESG programme) falls within the role's remit.

During 2022, the newly designed risk management framework will be implemented. This new framework includes the establishment of a new Risk Review Board made up of senior management and an independent Non-Executive Director. The purpose of the Risk Review Board will be to formally oversee Group-level risks, major operational risks, cyber security risks, climate-related risks and any other material emerging risks, and to monitor the effectiveness of the Company's risk management systems generally, reporting to the Board of Directors. The Audit Committee will remain responsible for financial control and financial fraud risks.

In future phases of our climate change roadmap, it is anticipated that the Audit Committee will become responsible for monitoring climate-related financial disclosure data and metrics, although this has not yet been confirmed. As regards succession planning, the Nomination Committee will, when considering new appointments (particularly Non-Executive Directors), actively consider the need for candidates with ESG and climate-related expertise. The Remuneration Committee will also consider including specific climate-related objectives when setting remuneration targets for executive directors.

4. Strategy

Whilst Gresham did not specifically consider climate-related risks and opportunities in relation to its strategic and financial planning for 2021, work has been signed off during the year to ensure that this is addressed as a matter of priority for 2022 and 2023. See section 7 (Climate Change Programme Roadmap) for an outline of the Company's current plans and roadmap for climate-related activities.

Our strategic approach to climate-related risks and opportunities is framed through our newly-developed ESG strategic direction. Having completed a review of ESG considerations in the year, the Group developed a three-pillar strategic direction to sustainability under the umbrella proposition

of 'Scaling Up Responsibly'. The three pillars are: 'Our Customers', 'Our World' and 'Our People'. 'Our World' seeks to manage the Group's impact on the environment, which will include climate change and climate-related risks and opportunities, focussing on supply chain impacts, green procurement, energy efficiency, renewables and waste. Within this pillar, we believe Gresham can help the transition to net-zero economy in the UK and beyond.

During 2022, the Board approved for an external consultancy to support the Company in conducting a Group-wide climate risk and opportunity mapping exercise. This exercise, with involvement from Non-Executive Directors, the Executive Board, Company Secretarial function and those with responsibilities for identifying risks and opportunities (e.g. innovation and development), will identify the climate-related risks for the Group. It is anticipated that climate-related risks will be assessed across the categories of physical, transition, liability and transboundary, using a double materiality lens that takes into account both our impacts on the climate, as well as the potential impacts of climate risk on our business, strategy and financial position. The outcome of this activity will be reported in the Annual Financial Report 2022, along with the impact analysis of these risks, which will also be conducted during 2022. Opportunities will also be mapped, considering activities that aim to mitigate or adapt to these risks, and wider climate-related opportunities.

In subsequent phases of our climate change roadmap, the Company will define its climate-related global policy trends and practices and introduce scenario planning for climate-related matters into risk assessment and monitoring procedures, to ensure compliance with TCFD recommendations.

5. Risk Management

In Gresham's Annual Financial Report 2021, the Company confirmed that it did not consider that there were any significant risks associated with climate change affecting the Group, on the basis that no specific climate-related risks had been identified. However, there was no specific climate-related risk identification exercise or impact assessment in 2021, and the Company is therefore aware that this statement is open to challenge, and that more analysis and research is required to get to a more nuanced and detailed statement. In 2022, Gresham intends to introduce climate-related risks alongside all other types of risk, as part of its Group-wide risk management framework.

With the increased importance and focus on climate-related risks, both management and the Board of Directors are committed to refining the risks (and opportunities) identification and assessment of physical, transitional, liability and transboundary risks in relation to climate change. As well as Group-wide operational, enterprise and financial risks, there will be a key focus on climate-related risks.

As referred to in section 3 (Governance), for 2022 the Board has approved for a new Risk Review Board to be established, which will be implemented by the Chief Corporate & Legal Officer, who will also act as Chair, to facilitate the management of risks of all nature (including climate-related) with a bottom-up approach across the organisation. The Risk Review Board will include an independent Non-Executive Director as a standing member, along with senior management representatives and other key stakeholders, and will meet quarterly. We expect climate-related risks to begin to be

embedded in our mechanism for approaching other risks, although we are aware that climate change risks have specific characteristics that may lead to alterations needing to be made to this approach.

Following the new risk management framework design, each functional area will be responsible for identifying their own risks, which can include climate-related risks, with the support from the Chief Corporate & Legal Officer. Identified risks are reported in the specified form (including, where applicable, details of existing risk controls and mitigation plan) and then reviewed by the responsible Executive and the Chief Corporate & Legal Officer. Depending on the classification and severity of risk, details are reported to the Risk Review Board, Audit Committee and/or the Board of Directors at the relevant time. On an ongoing basis, the Company Secretarial team is responsible for the Group Risk Register and facilitates regular 1:1 sessions with risk owners (and/or responsible Executives) to undertake a review of current risks, as well as ensuring any new risks are captured for the Group.

In the future, the risk management framework will be further developed to ensure the framework aligns to climate-related priorities. To achieve this, it is anticipated that we will implement both a top-down and bottom-up system, as follows. The Board of Directors will determine, from a top-down perspective, what climate-related risks they consider to materially affect the Group. These will then be communicated to functional areas who will be required to consider these as part of their departmental risk management duties. In addition, department heads and other risk owners will be requested to consider climate-related risks that may affect their department specifically (whether or not they are likely to affect the Group as a whole), so as to ensure that bottom-up risks are also captured on an ongoing basis. This work will be overseen by the Risk Review Board.

6. Metrics and Targets

As the Company did not complete a climate risk and opportunity mapping exercise during 2021, no metrics or targets for climate-related risks or opportunities have been set or disclosed. The Board of Directors are considering this as part of their increased focus on climate-related matters. Any metrics and targets determined during 2022 will be disclosed within the Annual Financial Report 2022, and performance reported against from 2023.

Gresham's current Group Risk Register captures all Group-level risks across the business. Existing risks metrics include the 'impact' and 'likelihood', as well as assigning a 'risk value' with corresponding action to be taken. Our current intent is to adopt the Group Risk Register framework to assess and capture climate-related risks and opportunities by reference to standardised metrics. However, we recognise that the approach used for climate-related risks may differ from the assessment of traditional business risks due to criteria such as longer timelines and heightened levels of uncertainty, and we therefore anticipate that we will need to adapt our approach to risk assessment accordingly. We will provide further information on climate-related metrics and targets in the Annual Financial Report 2022.

Emissions data

The following part of this section 6 is a direct extract from page 27 of Gresham's Annual Financial Report 2021.

This section includes Gresham's mandatory reporting of greenhouse gas emissions pursuant to the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (the "**Regulations**").

Gresham's reporting year is the same as its fiscal year, being the year ended 31 December 2021. This greenhouse gas reporting year has been established to align with our financial reporting year.

Gresham reports emissions data using an operational control approach to define organisational boundary, which meets the definitional requirements of the Regulations in respect of those emissions for which it is responsible. Gresham has reported on all material emission sources which it deems itself to be responsible for. These sources align with Gresham's operational control and financial control boundaries. Gresham does not have responsibility for any emission sources that are beyond the boundary of Gresham's operational control. For example, business travel other than by car (including, for example, commercial flights or railways) and fully managed offices are not within Gresham's operational control and, therefore, are not considered to be its responsibility.

The methodology used to calculate Gresham's emissions is based on the "Environmental Reporting Guidelines: including mandatory greenhouse gas emissions reporting guidance" (June 2013) and "The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018" issued by the Department for Environment, Food and Rural Affairs ("**Defra**"). Gresham has also utilised Defra's 2016 conversion factors within the reporting methodology.

For the purposes of global greenhouse gas emissions data for the year ended 31 December 2021, the following disclosure is made:

Emissions from	UK		Group	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Electricity, heat, steam and cooling purchased for own use – tonnes of CO ₂ e	19	24	40	37
Group's chosen intensity measurement				
Emissions reported above normalised to tonnes of CO ₂ e per total £1,000,000 revenue	1.8	2.3	1.1	1.5

The Group's total energy consumption for the year ended 31 December 2021 was 186,000 kWh (2020: 158,000 kWh).

Emissions data has been reported for Gresham's operations in the UK, USA, Luxembourg and Australia, with locations in Malaysia and Singapore considered not material to the scope of this reporting.

In order to express Gresham's annual emissions in relation to a quantifiable factor associated with the Group's activities, the Directors have used revenue as Gresham's intensity ratio as this is the most relevant indication of its growth and provides for the best comparative measure over time.

7. Climate Change Programme Roadmap

The following table outlines the Company's current plans and roadmap of key activities in relation to climate change.

	Phase 1 FY 2021	Phase 2 FY 2022	Phase 3 FY 2022 - 2023	Phase 4 FY 2023
	<i>Foundational work</i>	<i>Setting strategy, targets and performance criteria</i>	<i>Framework alignment, reporting and communication</i>	<i>Long-term ESG and climate change strategy development</i>
Governance	<ul style="list-style-type: none"> Building climate change awareness at Executive and Board level 	<ul style="list-style-type: none"> Annual review of climate-related matters by Board of Directors Establish Risk Review Board Integrate climate risk into Board governance Establish internal ESG Champions Network (with climate change within scope) Develop climate-related financial disclosure data collection system and include metrics within Board KPI packs when available 	<ul style="list-style-type: none"> Audit Committee to monitor climate-related financial disclosure data and metrics Review other relevant frameworks (e.g. TNFD, GRI, SASB, SDG, and GPG) and consider merits of early reporting Map climate change initiatives to regulatory shifts in key markets Board training on climate change and required disclosures 	<ul style="list-style-type: none"> Board succession planning to consider need for NED with ESG and/or climate-related expertise Executive remuneration to include climate-related objectives Introduce ESG and climate change policy Half-yearly climate-related risks and opportunities reporting to Board of Directors
Strategy	<ul style="list-style-type: none"> Approved sustainability (ESG) strategy development with external supplier Disclosure in 2021 AFR of sustainability (ESG) strategy: 'Scaling Up Responsibly' 	<ul style="list-style-type: none"> TCFD risk and opportunity mapping exercise Include climate change as a key consideration within risk management framework Undertake materiality assessment to identify climate-related risks and opportunities Assess the impacts of internal and external climate-related risks and 	<ul style="list-style-type: none"> Define climate-related global policy trends and practices 'Double materiality' to be captured in 2022 AFR Review corporate strategy and business model to align with climate-related priorities Develop internal and external communications on climate-related priorities 	<ul style="list-style-type: none"> Ongoing monitoring of climate-related risks and opportunities Prioritise climate-related issues Consider aligning Group strategy to United Nations SDGs Align core markets with climate change strategic objectives Embed scenario analysis (including 2°C or lower) as part of risk assessment

		opportunities		and management process
Risk Management	<ul style="list-style-type: none"> • New risk management framework design 	<ul style="list-style-type: none"> • Implementation of new risk management framework 	<ul style="list-style-type: none"> • Define key industry macro trends for reporting purposes • Review risk register framework to ensure alignment climate-related priorities 	<ul style="list-style-type: none"> • Embed climate considerations into relevant business processes (i.e. risk management, monitoring and reporting)
Metrics and Targets	Report on Scopes 1 and 2 in Annual Financial Report 2021	<ul style="list-style-type: none"> • Report on Scopes 1 and 2 in Annual Financial Report 2022 	<ul style="list-style-type: none"> • Define and quantify impact of Gresham services/products on client base, with focus on climate change • Design data tracking process for climate-related risks and opportunities • Disclose the metrics used by the Group to assess climate related risks and opportunities • Groundwork for Scope 3 disclosures 	<ul style="list-style-type: none"> • Consider decarbonisation targets • Consider setting a science-based emissions reduction target for Group financed emissions • Scope 3 disclosures in Annual Financial Report 2023