

## Strategic Report

### SOCIAL AND COMMUNITY ISSUES (CONTINUED)

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#### • Tax Efficient Charitable Schemes

The Company runs Payroll Giving or Give as You Earn Schemes. These are an easy and cost-effective way for employees to make charitable contributions without the administrative and cost implications usually involved. GGS encourages this kind of employee initiative as a way of participating in community projects.

#### Anti-Slavery and Human Trafficking Policy

GLORY Limited, the group's parent company in Japan, signed the United Nations Global Compact on 11 March 2014 thereby committing to contribute to a sustainable and inclusive global economy that delivers lasting benefits to people, communities and markets. In compliance with the 10 Principles of the UN Global Compact, GLORY Limited actively strives to eliminate all forms of forced and compulsory labour; and bring about the effective abolition of child labour.

### ENVIRONMENTAL MATTERS

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The Company has a solid foundation in environmental management and is committed to a process of continuous performance improvement and was recognised by winning the Oracle Sustainability Innovation award in 2017.

GGS complies with all current environmental legislation and is committed to a process of continual improvement, including the on-going assessment and reduction in use of raw materials and CO<sub>2</sub> footprint. Further information in respect of the Company's regulatory obligation to report greenhouse gas ("GHG") emissions is included in the Director's report on page 10.

The Company continually monitors and implements initiatives to address environmental issues such as: reduction of electrical and water consumption, recycling of materials, motion sensitive light switches and the centralising of facilities such as copiers and printers. The service operation utilises electronic management processes to ensure minimal travel distances and use of paper by engineers, thus making more efficient use of fuel, reducing paper waste, and thereby reducing the Company's carbon footprint. Within finance, the use of paper is now minimal, with electronic filing being widely utilised.

In terms of Waste Electrical and Electronic Equipment ('WEEE') Regulations, GGS actively assists customers with compliance for products deemed to be end of life. GGS also complies with the RoHS, REACH and Battery EU Directives.

Initiatives have been undertaken to reduce packaging levels and to ensure that parts used in the manufacturing process are shipped more efficiently. Within the supply chain processes used by the Company, major tier one partners also hold ISO14001 registration.

### RESEARCH AND DEVELOPMENT

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GGS has a heritage of innovation which continues to be developed through enhancements to existing products, enabling the business to maintain market leadership within an evolving industry. The Company is dedicated to the development of new inventive solutions, to align with customer needs and developments in technology.

GGS and our parent company have over 1,800 patents and designs granted across 34 countries and the Company remains committed to an extensive programme of Research and Development. This investment is undertaken in order to build new capability to satisfy customers' current and future needs and enlarge the Group's intellectual property portfolio. Areas include software, electromechanical technology and detection capability. During the year, several new product extensions and features were delivered to market and both mid-term and long-term product and technology roadmaps are in place.

GGS firmly believes that the wealth of knowledge and inherent expertise of employees is one of the main contributing factors to the Company's success in this area and recognises this contribution through the GGS Patent Incentive Award Scheme. The scheme focuses on technical innovation and is designed to reward employees who originate a patentable idea which has commercial potential.

Working closely with currency issuers, prototyping and research continues in key detection capabilities. In terms of software development and connectivity, GGS is engaged in a number of projects both internally and with partners to continually enhance the ability to connect GGS products into ever more demanding customer IT environments.

The acquisition of Acrelec Group SAS during the financial year, a group which is aligned with GGS in its attitude to innovation further evidences the commitment to research and development.

## Directors' Report

### STREAMLINED ENERGY AND CARBON REPORTING

In accordance with the Company's regulatory obligation to report greenhouse gas ("GHG") emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon) Regulations 2018 which implement the UK Government's Policy on Streamlined Energy and Carbon Reporting ("SECR"), during the year to 31 March 2021, our measured Scope 1 and 2 emissions (market-based) totalled 364 (2020: 535) tonnes of Carbon Dioxide equivalent (tCO<sub>2</sub>e). This comprised:

	2021 (tCO <sub>2</sub> e)	2020 (tCO <sub>2</sub> e)
Scope 1	302	441
Scope 2	62	94
<b>Total</b>	<b>364</b>	<b>535</b>

This is equivalent to 0.590 kgCO<sub>2</sub>e (2020: 0.538 kgCO<sub>2</sub>e) per service kilometre driven, based on 616,935 (2020: 993,749) of kilometres driven in providing servicing to our customers and this represents our intensity metric.

The annual quantity of emissions has been calculated by converting the total UK energy use from electricity, gas and transport (as disclosed below) using the UK Government June 2020 published conversion factors and conversion guidance.

During the year to 31 March 2021, our total fuel and electricity consumption totalled 1,603,145 kWh (2020 2,313,914 kWh), of which all was consumed within the UK and the split between fuel and electricity consumption is displayed below.

	2021 (kWh)	2020 (kWh)
Electricity	266,785	367,439
Fuel <sup>1</sup>	1,336,360	1,946,475
<b>Total</b>	<b>1,603,145</b>	<b>2,313,914</b>

*1 – Natural gas and transportation fuels*

The Company quantifies and report its organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. It consolidates the Company's organisational boundary according to the operational control approach, which includes all offices within the UK and the UK offshore area.

The GHG sources that constituted the operational boundary for the year to 31 March 2021 are:

- Scope 1: natural gas combustion within boilers and fuel combustion within leased vehicles;
- Scope 2: purchased electricity and heat consumption for own use; and
- Scope 3: purchased goods and services, fuel-and-energy related activities, waste generated in operations, business travel and employee commuting.

In some cases, where data is missing, values have been estimated using either extrapolation of available data or data from the previous year or month as a proxy.

Whilst the Company has a relatively low footprint on the environment, it is committed to reducing it further. During the previous year the Company engaged with external experts to provide advice on energy consumption and usage patterns and to provide suggestions on how energy consumption can be reduced in future years. The Company will continue to engage with external experts at regular intervals. The Company has encouraged all employees, focusing on senior members, to use internal communication systems to reduce avoidable travel, reducing carbon emissions in respect of national and international travel. Other initiatives have been identified to implement after the year end to reduce the Company's carbon footprint, including reducing the use of heating, ventilation and air conditioning system outside of core working hours. Covid-19 has reduced the carbon footprint of the Company through restrictions on the use of offices and global travel restrictions and where possible any positive impacts from Covid-19 on the carbon footprint of the company will look to be adopted as long-term policies.

The Company has not chosen to report voluntarily scope 3 indirect emissions. As the branch located in Bern, Switzerland, is not part of the United Kingdom or its offshore area, the above figures do not include any amounts in respect of that branch in accordance with the SECR requirements.