Sustainability

Sustainability is at the heart of our purpose and our products

Chris Barnes
Chief Executive Officer

Our approach to sustainability

Tracsis is fully committed to delivering sustainable growth that benefits the communities in which we, and our customers, operate. The Group's products and services are well aligned with this vision and support its customers in delivering positive environmental and social outcomes. This is achieved by maximising operating efficiency, improving health and safety performance and delivering enhanced customer experience. Our growth strategy is focused in these areas.
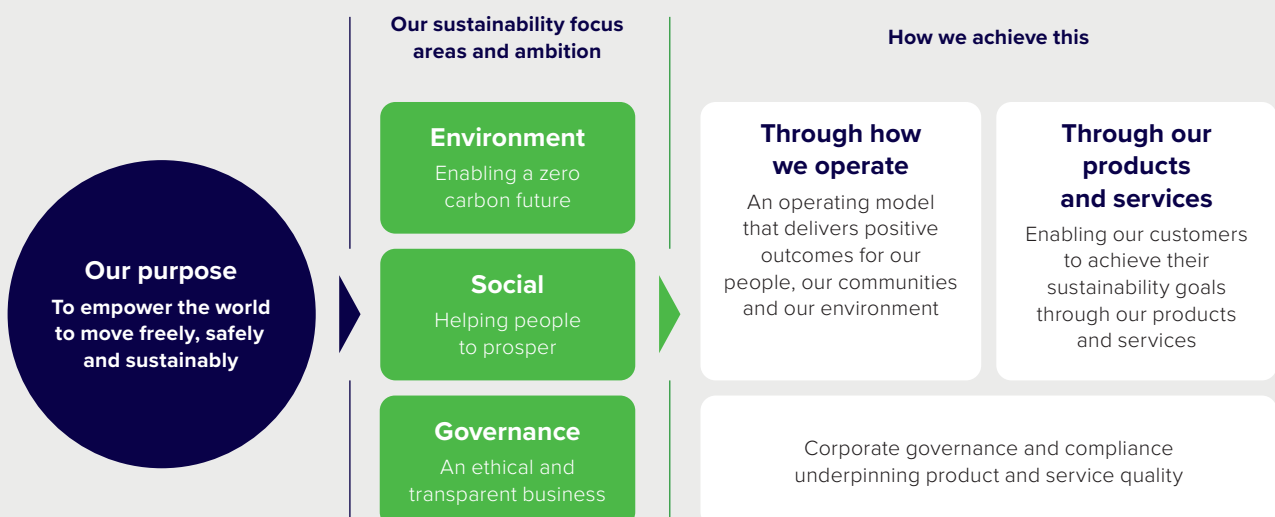
Sustainability is a fundamental component of how we deliver long-term stakeholder value and of our employee proposition in order to attract and retain talent. Our environmental, social and governance ("ESG") strategy articulates our sustainability ambitions and provides a framework for delivering these. The execution of this strategy embeds ESG as a core component of our operating model.

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Tracsis is committed to delivering sustainable growth, and ensuring that its products, services and activities all make positive contributions to the world around us. We are using our ISO 14001 management system to continually improve our environmental performance and take tangible steps towards substantially reducing our emissions and achieving our goal of being carbon neutral for scope 1 and 2 emissions across Tracsis operations, by 2030."

Chris Barnes
Chief Executive Officer

Tracsis sustainability framework

Our sustainability focus areas and ambition

How we achieve this

Our purpose
To empower the world to move freely, safely and sustainably

Environment
Enabling a zero carbon future

Social
Helping people to prosper

Governance
An ethical and transparent business

Through how we operate
An operating model that delivers positive outcomes for our people, our communities and our environment

Through our products and services
Enabling our customers to achieve their sustainability goals through our products and services

Corporate governance and compliance underpinning product and service quality

United Nations Sustainable Development Goals ("UN SDGs")

Our business model aligns with the UN SDGs summarised in the table below. In reviewing this alignment, we have considered the sub-indicators within each of the SDGs.

UN SDG
3 – Good health and well-being

Sustainable development target

3.6 – Halve the number of global deaths and injuries from road traffic accidents.

Tracsis alignment

Our Rail Technology & Services products help to deliver a modern, efficient railway with high levels of availability and an improved customer experience, to encourage increased use of public transport. Our traffic data business provides data used in the planning of a safe road network.

UN SDG
4 – Quality education

Sustainable development target

4.4 –Increase the number of youths and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

Tracsis alignment

Our community outreach activities focused on encouraging careers in tech and improving access and diversity.

UN SDG
5 – Gender equality

Sustainable development target

5.5 – Ensure women's full and effective participation and equal opportunities for leadership.

Tracsis alignment

33% of the Tracsis Board is female.

We are acting to increasing female representation across all levels in leadership positions throughout the business.

UN SDG
9 – Industry, innovation and infrastructure

Sustainable development target

9.1 – Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Tracsis alignment

The core purpose of our Rail Technology & Services business is to enable the digital transformation of the railway to improve reliability, efficiency and sustainability and to increase passenger volumes, by rail.

UN SDG
11 – Sustainable cities and communities

Sustainable development target

11.2 – Provide access to safe, affordable, accessible and sustainable transport systems for all.

11.6 – Reduce the adverse per capita environmental impact of cities.

Tracsis alignment

Our Rail Technology & Services products help to deliver a modern railway, with high levels of availability, increased efficiency, improved safety outcomes, and access to pay-as-you-go ticketing. Our Data, Analytics, Consultancy & Events Division provides expert advice and analysis to deliver optimised transport infrastructure solutions which contribute to sustainable transport initiatives and CO_2 reduction.

UN SDG
13 – Climate action

Sustainable development target

13.2 – Integrate climate change measures into policies, strategies and planning.

Tracsis alignment

Our target is to be carbon neutral for scope 1 and scope 2 emissions from Tracsis operations by 2030.

Our products and services support optimised transport infrastructure solutions and the increased use of public transport, to help reduce GHG emissions.

Sustainability *continued*

Our ESG goals

The following table summarises our current ESG goals and its alignment to our operating model, products and services.

Environment

Sustainability ambitions

We see reducing carbon emissions as the area in which Tracsis can deliver the most material positive environmental impact.

Tracsis operating model

We are focused on reducing the carbon emissions from Tracsis' operations.

Our target is to be carbon neutral for scope 1 and 2 emissions across Tracsis operations by 2030.

Tracsis products and services

We envisage a zero carbon, energy efficient transport future.

Our products and services enable this by improving transport effectiveness and efficiency.

Social

Sustainability ambitions

We want to ensure Tracsis has a positive impact on the people who work for us, and on the communities where we operate.

Tracsis operating model

We want to provide our employees with meaningful, rewarding and sustainable employment:

- ensuring they are safe and protected from harm in the workplace – our 2030 target is for zero lost time injuries;
- creating a diverse and positive culture, with progression based on merit and capability;
- ensuring equal pay for equal work, and fairly rewarding success;
- providing training and development for all employees through formal programmes; and
- identifying potential and supporting career progression.

Tracsis products and services

We want to deliver a positive social impact on society at large:

- supporting our customers to deliver positive social impacts through the application of our products and services;
- delivering improved health and safety outcomes for our customers through our Rail Technology & Services products; and
- Our operations having a positive impact in the communities where we operate.

Governance

Sustainability ambitions

Our ambition is to be a successful, innovative and sustainable business that delivers long- term value and is accountable for its actions and behaviour.

Tracsis operating model

Effective and transparent stakeholder engagement.

Tracsis products and services

Managing sustainable value throughout the Company.

Key ESG highlights and progress in the last year

Environment

- Developed an Operational Carbon Reduction Plan with leaders from across the Group, focused on what needs to be done, when, and by whom, to reduce carbon across our business operations

- Energy Saving Opportunity Scheme Phase 3 Audit and development of a measurable action plan for Phase 4; further strengthening our Carbon Reduction plan and resilience

- Estate rationalisation leading to a reduction in office footprint and a 11% reduction in energy usage

- Review gate implemented to ensure carbon emissions are considered when capex is authorised

- Upskilled the Group Environmental Manager, who is now IEMA trained and certified

- Specialist ESG consultancy retained to support strategic decision making and policy creation as well as external validation of our carbon reporting methodology and compliance with GHG protocol and ESG-related regulations

Social

- 75% increase on internal moves across the Group, with suitable positions being advertised internally and the introduction of structured secondments

- Maintained a high retention rate of 89% pan-Group, 4% higher than the industry average for our sector

- An increase in our employee engagement score to 66% (vs 60% FY23)

- Invested in a new training platform to provide unlimited training opportunities to our colleagues. Since roll-out, 981 training hours have been logged by employees

- Accredited HR colleagues in Insights (Insights Discovery® | Official flagship product) and commenced training to contribute towards generating high performing teams across the Group

- Strengthen our diversity through training, recruitment, and flexible and remote working initiatives

- Continued our communication engagement programme including – Sponsorship of STEM-related events, running "Hackathons" and running CV writing workshops at Leeds and Manchester Digital Festivals, and increased number of colleagues volunteering in their local communities to 18 (4 in 2023)

- Introduced a Group-wide HR platform which will help to optimise both recruitment and the ongoing performance management of our teams

Governance

- Maintained ISO 27001 (information security, cyber security & privacy protection) accreditation in UK and US Rail, and EU Data Analytics business units

- Maintained ISO 14001 (environmental management) accreditation pan-Group

- Maintained ISO 9001 (quality management) accreditations, in our remote event & condition monitoring product, and traffic data collection services

- Commenced introduction of a Rail Technology UK ISO 9001 compliant quality management system

- Commenced a Group level service desk and service management function with a view to achieving ISO 20001(1) certification within 18 months

- Maturing, and better qualified Group governance, risk & compliance team, defining standards in a number of areas across an increasingly federated Tracsis Group

- Gap analysis completed against the new QCA corporate governance code, against which we will report in the FY24/25 Annual Report

Sustainability *continued*

Environment

Our Group-wide ISO 14001 compliant environmental management system ("EMS") provides a framework for the business to understand and continually improve its environmental performance. By adhering to the standard, we can ensure that we are taking proactive measures to minimise our environmental footprint, comply with relevant legal requirements (in the UK, EU and USA), and achieve our environmental objectives.

The EMS provides the framework within which we can:

- blend environmental performance with strategic business growth;
- report on our carbon emissions, to a defined standard;
- understand and report on our supply chain and value chain emissions; and
- achieve tangible benefits such as reduced waste, energy conservation and cost savings.

Our approach to climate change

The latest scientific findings about climate change underpin the urgency to act, and the need for businesses to support a wider societal transition to a climate resilient economy with low greenhouse gas ("GHG") emissions.

We also understand the ambitious and legally binding targets set by the UK government to achieve net zero GHG emissions by 2050. To play our part, we will need to change the way we operate to meet these requirements, as well as adapt to a more comprehensive, transparent, and prescribed framework for disclosing our evolving approach and progress on this journey.
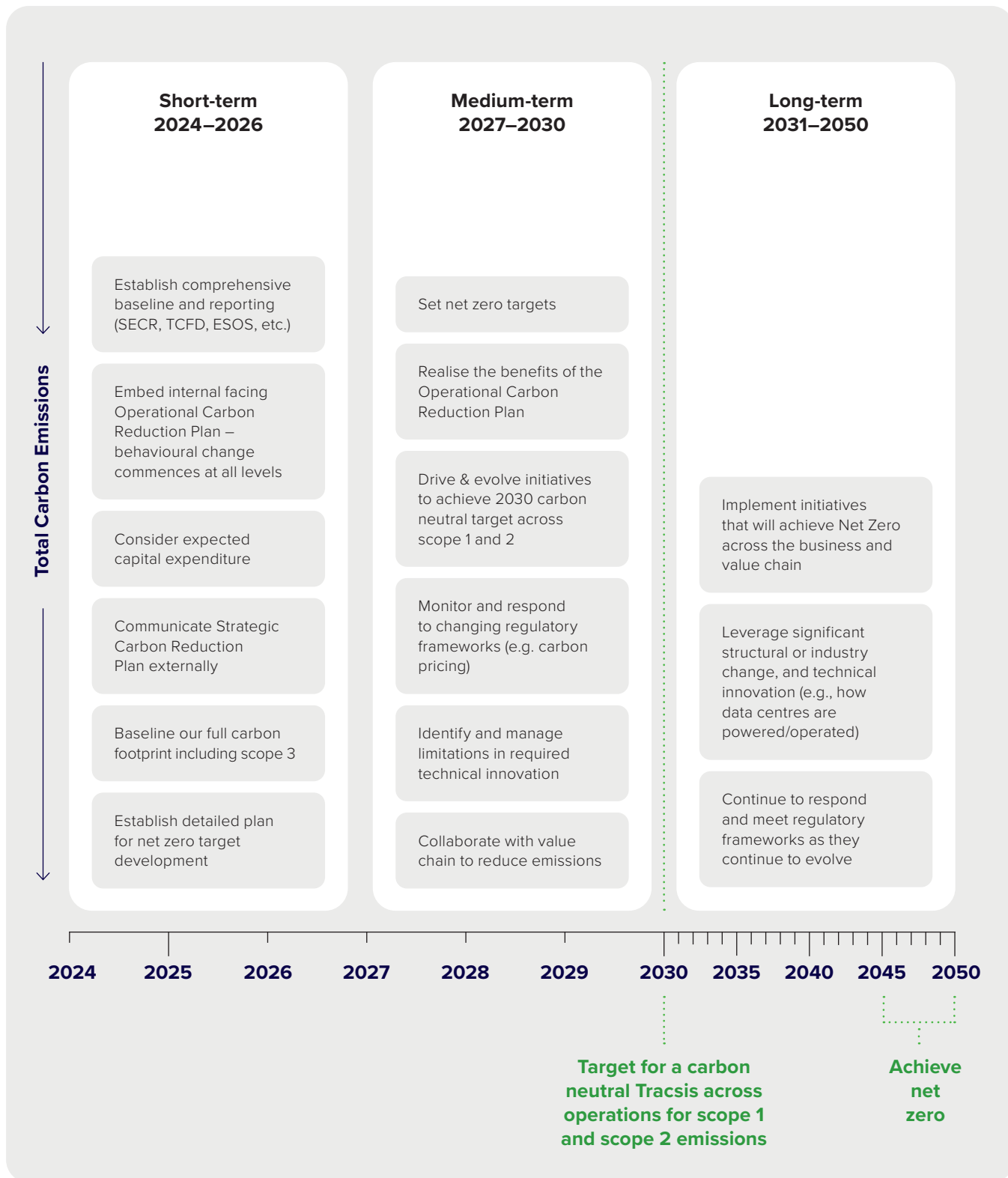
Strategic Carbon Reduction Plan

We understand that our climate transition plans need to be robust, realistic, and credible. Therefore, we have chosen to predicate our Group-wide Strategic Carbon Reduction Plan on the UK Transition Plan Taskforce ("TPT") sector neutral Disclosure Framework which we will publish on our website in spring 2025[1]. This framework, launched by HM Treasury, was created to help companies develop, disclose and deliver on their carbon reduction activities. The Framework incorporates three guiding principles of Ambition, Action, and Accountability. Our Strategic Carbon Reduction Plan is built upon our Operational Carbon Reduction Plan that we developed this financial year with leadership across all business units and sets out the key steps in how we will make measurable progress towards our commitment to becoming a net zero business.

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1   The Transition Plan Taskforce ("TPT") was launched in April 2022 to develop the gold standard for private sector climate transition plans. Its materials were informed by global engagement with financial institutions, real economy corporates, policymakers, regulators and civil society Transition Plan Taskforce | Setting a gold standard (transitiontaskforce.net).

Path to net zero – time horizons

The below schematic sets out the key activities and approximate timings on our path to achieving net zero.

Total Carbon Emissions

Short-term 2024–2026

Establish comprehensive baseline and reporting (SECR, TCFD, ESOS, etc.)

Embed internal facing Operational Carbon Reduction Plan – behavioural change commences at all levels

Consider expected capital expenditure

Communicate Strategic Carbon Reduction Plan externally

Baseline our full carbon footprint including scope 3

Establish detailed plan for net zero target development

Medium-term 2027–2030

Set net zero targets

Realise the benefits of the Operational Carbon Reduction Plan

Drive & evolve initiatives to achieve 2030 carbon neutral target across scope 1 and 2

Monitor and respond to changing regulatory frameworks (e.g. carbon pricing)

Identify and manage limitations in required technical innovation

Collaborate with value chain to reduce emissions

Long-term 2031–2050

Implement initiatives that will achieve Net Zero across the business and value chain

Leverage significant structural or industry change, and technical innovation (e.g., how data centres are powered/operated)

Continue to respond and meet regulatory frameworks as they continue to evolve

| 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2035 | 2040 | 2045 | 2050 |

Target for a carbon neutral Tracsis across operations for scope 1 and scope 2 emissions

Achieve net zero

Sustainability *continued*

Environment *continued*

Reducing our impact in the environment

We are committed to environmental sustainability. Progress towards achieving our 2030 targets for Tracsis operations are as follows:

Aim	Metric	2030 target	FY24 performance	Change in the year
Carbon neutral (Scope 1 and 2)	Tonnes of equivalent carbon dioxide emissions (tCO_2e)	Zero	2024: 984* 2023: 953* 2022: 917*	3.3% higher
Fleet electrification (owned and hired for operations)	Number of electric vehicles/total number of vehicles	100%	2024: 16% 2023: 16% 2022: 3%	No change
100% renewable energy supply	% kWh of renewable electricity supply (scope 2)	100%	2024: 52% 2023: 32% 2022: 40%	20% higher

* Reported as total emissions in 2023.

The key focus for Tracsis is to be carbon neutral by abating our scope 1 and scope 2 emissions by 2030. Since our baseline year in 2022 and alongside our efforts to reduce our emissions, we have continued to refine our calculation methodology, with increased granularity in measurements, providing greater insights into emission generating activities, which in turn feed into our carbon reduction activities and plans.

Overall, our Group's total location-based emissions have increased by 5% year on year to 1,057 tCO_2e. Despite great progress being made in our electricity energy reduction, as well as increased use of renewable sources, our scope 1 and scope 3 emissions have increased. Whilst aspects can be attributed to calculation refinement in certain locations, our emission increases are largely due to an increase in in both our own fleet (scope 1) and grey fleet (scope 3) vehicle mileage. As our revenue has reduced slightly, our market-based intensity metric has increased by 6% to 1.30 this year.

Over 70% of the Group's carbon emissions are generated from the vehicle fleet, which is primarily in the Traffic Data & Events business within the DACE division. Although we have reduced the number of vehicles in our fleet during FY24, our mileage has increased, and the proportion of electric vehicles has remained at 16%. Reaching our carbon neutral goal is based on achieving 100% electrification of this fleet requires us to progressively increase the utilisation of electric vehicles however our ambition is dependent on the primarily UK's transition to electric vehicle infrastructure, alongside the innovation in manufacturing of load bearing electric vehicles at scale, which we continue to monitor the risk of closely. Due to the change in policy progress in the year we have increased the likelihood of this transition risk and included it in our TCFD-aligned report this year.

Our scope 2 energy usage has decreased by over 11% year on year. We have made excellent progress with our transition to 100% renewable supply and are proud to report more than half of our electricity is now generated from renewable energy sources including our Rail Technology US business' 100% hydropower use. This is reflected in our market-based scope 2 emissions calculations and totals, which we are pleased to be reporting for the first time this year, showing how our procurement decisions are positively impacting our footprint. We have also transitioned one of our locations to renewable gas in the year.

This year we have also expanded our grey fleet scope 3 calculation to include casual workers, which has also been backdated into our FY23 calculations. Whilst we have focused our carbon calculation and reduction efforts on those we have greatest control, we are taking steps to reduce our wider scope 3 emissions and a key next step for Tracsis is to expand our footprint calculation to consider all scope 3 categories, to inform our scope 3 reduction activities and enable the development of a full net zero target.

Looking ahead, we are continuing to take action to reduce our office footprint as well realise opportunities, such as those identified during our ESOS audit, by taking proactive action to improve our energy efficiency across the business. Our actions are documented in our Operational Carbon Reduction Plan which all business leaders have taken an active role in defining and have accountability to deliver. Our overarching Strategic Carbon Reduction Plan, to be published in spring 2025, will provide further visibility of our net zero strategy to our stakeholders.

Tracsis recognise that we have a huge task ahead and are committed to continuing to invest in our carbon reduction activities, expanding our carbon footprint calculation, and communicating our progress transparently with our stakeholders.

Energy consumption & emission data

Carbon emissions are the primary metric for monitoring progress towards achieving our carbon neutral and eventual net zero ambitions. The below has been prepared in line with the Streamlined Energy and Carbon Reporting ("SECR") regulations.

	By region				By division				Group total	
	FY24		FY23		FY24		FY23		FY24	FY23
	UK	Global excl. UK	UK	Global excl. UK	Rail Tech and Services	DACE	Rail Tech and Services	DACE	FY24	FY23
Energy consumption/kWh										
Scope 1: Gas and own transport fuel	**3,279,071**	**210,785**	3,286,640	240,195	**127,340**	**3,362,516**	81,178	3,445,657	**3,489,856**	3,526,836
Scope 2: Electricity and own electric transport	**339,772**	**209,659**	387,879	232,040	**373,662**	**175,769**	400,609	219,310	**549,431**	619,919
Scope 3: Grey fleet (category 6)	**273,214**	**26,439**	198,945	43,780	**27,909**	**271,744**	32,931	209,793	**299,653**	242,725
Energy consumption total	**3,892,057**	**446,883**	3,873,464	516,015	**528,911**	**3,810,029**	514,718	3,874,761	**4,338,940**	4,389,479
Emissions/tCO$_2$e										
Scope 1: Direct emission from owned/controlled operations	**826**	**52**	787	57	**28**	**850**	17	827	**878**	844
Scope 2: Indirect emissions from use of electricity	**77**	**29**	75	34	**68**	**38**	62	47	**106**	109
Scope 1 & 2 total	**903**	**81**	862	91	**96**	**888**	79	874	**984**	953
Scope 3: Grey fleet (category 6)	**66**	**6**	46	10	**7**	**66**	8	49	**73**	57
Calculated emissions total	**969**	**87**	908	101	**103**	**954**	86	923	**1,057**	1,009
Intensity ratio/tCO$_2$e per £100,000 revenue										
Scope 1 & 2	**1.38**	**0.51**	1.40	0.45	**0.25**	**2.05**	0.21	1.98	**1.21**	1.16
Scope 1, 2 & 3	**1.48**	**0.56**	1.47	0.50	**0.27**	**2.20**	0.23	2.09	**1.30**	1.23

Methodology

Reporting (and the organisational boundary to which it applies) uses the control approach as defined in the GHG Protocol Corporate Standard (Revised). BEIS-DEFRA 2024 conversion factors are used for UK emissions and Sustainable Energy Authority of Ireland ("SEAI") 2023 conversion factors are used for Ireland. US figures use the 2007 IPCC Fourth Assessment conversion factors (to be consistent with the BEIS-DEFRA 2024 conversion factors which are based on the 2007 IPCC Fourth Assessment figures). Our process for collecting and reporting emissions data has been validated by external consultants as appropriate and sufficient.

Scope 1 emissions: Emissions from combustion of gas are based on kWh consumption. Emissions from combustion of fuel for transport purposes are based on litres of purchased fuel (converted to kWh for the energy consumption calculation above using BEIS-DEFRA 2024 conversion factor ratios).

Scope 2 emissions: Emissions for location-based purchased electricity are based on kWh consumption. Owing to the nature of the events industry, it has not been possible to produce carbon emission figures for remote event sites where event organisers provide electricity supply to temporary cabins, so these emissions are excluded.

For scope 1 and 2 emissions, the primary sources of data are invoices and service reports.

Scope 3 emissions: Currently we only calculate a small proportion of our scope 3 emissions, and those are from business travel in rental cars, permanent and casual employee-owned vehicles where the Company is responsible for purchasing the fuel. Calculations are based on mileage from expense claim data or, where unavailable, maximum estimated mileage for each business given the nature of its operations. As noted above, a key next step for Tracsis is to fully identify its scope 3 footprint and reduce the key emission sources.

Sustainability *continued*

Task Force on Climate-related Financial Disclosures

The following comprises our second Non-Financial and Sustainability Information Statement in response to the requirements of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, based on the Task Force on Climate-related Financial Disclosures ("TCFD") framework. The TCFD framework is designed to help our stakeholders understand the impact of climate change on our business and long-term strategy.

This is our second disclosure aligned to the TCFD framework and whilst we maintain the opinion that significant financial planning or budgetary change as a result of climate change is not likely to be required, we have continued to invest and evolve our approach to reducing our impact on the planet and mitigate the adverse impacts of climate change. We remain committed to reducing our emissions and impact on the environment, and this year we have made a significant step forwards with our development of an internal Operational Carbon Reduction Plan, as detailed further in the Environment section of this report on page 38.

Area	Our approach
Governance **Disclosure:** (a) a description of the **governance arrangements** of the Company in relation to assessing and managing climate-related risks and opportunities;	At Tracsis, the Board has overall responsibility for sustainability issues including the oversight of climate-related matters and effective management of climate-related risks and opportunities, in line with the responsibility to monitor any issues which impact the strategy, risk management, and operations of the Group. The roles of the Board (through the Audit & Risk Committee), Group Executives (through the Group Risk Oversight Committee), Divisional management, and the Group governance, risk & compliance Team, in governing the Group's principal risks and opportunities can be found in the Risk Management section of this report. For climate-related matters, this governance framework is supplemented with the executive-level Sustainability Committee which is responsible for the definition and execution of the Group's sustainability strategy including its response to climate change and the risks and opportunities it presents. ISO 14001 certified environmental management system and Group Environmental Manager provide additional controls Group-wide through process and best practice knowledge. External advice is also sought as needed from the ESG specialist consulting firm, Addidat. Pages 51-53 provide more detail on how we govern ESG/sustainability at Tracsis. The Board is responsible for approving the Group's TCFD-aligned disclosures, as well as the wider Group sustainability strategy and that it is effectively responding to the identified climate-related risks and opportunities.
Please also see...	→ Risk Management section on pages 56 and 57 → Governance section of our ESG Report on pages 51-53
Strategy **Disclosure:** (b) a description of: (i) the principal **climate-related risks and opportunities** arising in connection with the operations of the Company, and (ii) the **time periods** by reference to which those risks and opportunities are assessed; c) a description of the **actual and potential impacts** of the principal climate-related risks and opportunities on the business model and strategy of the Company; (d) an analysis of the **resilience** of the business model and strategy of the Company, **taking into consideration of different climate-related scenarios;**	Our view remains that significant financial planning or budgetary change as a result of climate change is not likely to be required given our expectation that digital transformation will continue to be a critical component of achieving a sustainable and less carbon intensive transport infrastructure. Implementing a robust Carbon Reduction Plan will have some cost, including capital investment in decarbonising our vehicle fleet; however, this is considered business as usual with respect to operational and capital costs. Similarly, realising market opportunities will not require significant investment as the current skillset and business model support the new work that could arise. There are no effects of climate-related matters reflected in judgements and estimates applied in the financial statements as a result. We will continue to develop our analysis as new data becomes available, both internally and externally, and we will continue to monitor our climate exposures and action plans through the Group's risk management framework. We assess climate-related risks and opportunities against the following defined time horizons: • Short: 2024 – 2026; in line with business plan forecasting. • Medium: 2027 – 2030; Encompassing the Group's ambition for carbon neutral Scopes 1 & 2 by 2030. • Long: 2030 – 2050; encompassing longer-term industry and policy, including UK's net zero by 2050. Tracsis has identified and manages four climate-related transition risks and two climate-related opportunities. Following a detailed assessment of the physical climate impact on the business, including use of geospatial risk modelling in FY23, we have not identified any physical climate-related risks to the Tracsis business. For our first TCFD analysis, as disclosed on pages 44-47 of the FY23 Annual Report, we also conducted a resilience analysis of our strategy against three physical climate scenarios and two transition scenarios. As there has been no significant change to the Group strategy or business model since the analysis was undertaken, and no new key climate-related risks have been identified, we did not consider it necessary to repeat the scenario analysis during FY24, in line with the regulatory guidance.
Please also see...	→ Key climate-related risk & opportunities → Strategy scenario analysis, contained within FY23 Annual Report or TCFD on the Company's website

Area	Our approach
Risk management **Disclosure:** (e) a description of how the Company **identifies, assesses, and manages** climate-related risks and opportunities; (f) a description of **how processes for identifying, assessing, and managing climate-related risks are integrated** into the overall risk management process in the Company;	The assessment and management of climate-related risks is integrated into the Group-wide approach to risk management as outlined on pages 56 to 57 and is overseen by the Group Risk Oversight Committee, which maintains a Group-wide risk register which includes the most significant risks from across the entire business. In maintaining this risk register, it considers risks identified at the operational level. The Committee assesses any changes to the Group's risk profile and identifies risks being managed at a Group level. It then develops risk appetites and future mitigation plans. The Committee is chaired by the Chief Executive Officer and includes the Chief Financial Officer, Group People Director, Group Governance, Risk & Compliance Director, and is supported when needed by specialists from across the Group. For climate-related risks and opportunities, Tracsis also conducts a qualitative scenario analysis which feeds into the assessment process. This analysis provides a financial impact assessment of risks and opportunities over various time horizons, using data from reputable, internationally recognised sources. This allows Tracsis to stress-test the Company's strategy over the medium and longer term. The regular assessment ensures Tracsis can proactively adapt to the evolving conditions and latest scientific thinking on climate change. Tracsis conducted this scenario analysis during FY23 and information can be found on pages 42-47 of last year's Annual Report. Unless there is a significant change in the business, Tracsis plans to repeat this scenario analysis in FY26 to reassess the impacts.
Please also see…	→ Risk Management section on pages 56 and 57
Metrics and targets **Disclosure:** (g) a description of the **targets used by the Company to manage** climate-related risks and to realise climate-related opportunities and of performance against those targets; and (h) the **key performance indicators** used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a **description of the calculations** on which those key performance indicators are based.	We recognise that setting measurable targets is essential for driving focus, activity and demonstrating progress. Our ambition is to significantly reduce our emissions and be carbon neutral by 2030 across scope 1 and 2. In parallel, we are committed to continue to invest in and evolve our Net Zero strategy. This year, we have developed our Group Strategic Carbon Reduction Plan, which will be published in spring 2025. A summary is in the Environment section of the ESG Report above, which includes our FY24 Group emissions and methodology, as well as a framework of enhanced, operational, governance and value chain related targets which have now been adopted.
Please also see…	→ Carbon metrics – GHG & targets → Strategic Carbon Reduction Plan on website, once published

Sustainability *continued*

Task Force on Climate-related Financial Disclosures *continued*

Key climate-related risks and opportunities

Transition risks

Risk	Impact description	Response
Reputational risk linked to sustainable performance and reporting Downstream value chain Medium – Long Major – Lost revenue Group-wide, especially RTS Probable External ESG ratings, lost tenders, customer feedback	Our focus is on the transport industry, particularly rail, as decarbonisation becomes a key priority for customers and policymakers. Customers are increasingly requesting sustainability plans, emissions targets, and science-based targets. Additionally, while our operational carbon footprint is low, we have not yet calculated our full scope 3 footprint, which could lead to additional risk.	We remain committed to communicating our sustainability progress to stakeholders; reflected by the development of our Strategic Carbon Reduction Plan. We will continue to monitor trends, widen our scope 3 reporting, and consider science-based targets. By staying ahead of expectations, we aim to turn this risk into an opportunity and become a preferred choice in the market.
Carbon pricing in operations Own operations Medium Significant to Major. Higher costs Group-wide, especially within Data Analytics, Consultancy and Events Frequent Scope 1 & 2 emissions	Carbon pricing on direct emissions is expected to rise significantly, posing a 'Significant' to 'Major' financial risk for Tracsis based on projected carbon prices under IEA scenarios, impacting both UK and North America. (See scenario analysis in our FY23 Annual Report for more information – page 42 onwards).	Through reducing scope 1 and 2 emissions, largely through electrification of the fleet and switching to 100% renewable electricity, we are actively taking steps to mitigate the risk of carbon pricing in our operations. See energy consumption and emissions data above.
Carbon pricing in supply chain Upstream value chain Medium Major. Higher costs Group-wide, especially within Data Analytics, Consultancy & Events Frequent Scope 3 emissions	Carbon pricing is also expected to impact Tracsis' value chain beyond its own operations. As Tracsis improves its scope 3 emissions reporting, it will gain better insight into the financial risks posed by expanding carbon pricing on its indirect emissions. The main upstream scope 3 drivers are likely electricity usage by data centres and purchased goods/services.	Addressing scope 3 emissions is crucial for Tracsis to manage the financial impacts of expanding carbon pricing across its value chain. In FY25 we are undertaking an assessment of our full scope 3 emissions. This will identify the focus areas to expand our carbon reduction activities into the value chain where we hold the highest risk.
Electric vehicle technology innovation Upstream value chain Medium Major. increased cost to the Data Analytics, Consultancy & Events business Probable Scope 1 vehicle emissions	Over 70% of the Group's carbon emissions are generated from the vehicle fleet, which is primarily in the Traffic Data & Events business within the DACE division. Our ability to achieve our ambition to abate our scope 1 emissions by 2030 has a significant dependency on the UK government's policies around transition to electric vehicles and infrastructure development to facilitate the UK's transition to load bearing electric vehicles at scale.	We continue to monitor UK government policy relating to net zero and its initiatives and funding to support the required transition to electric load bearing vehicles. We continue to work with our vehicle partners to support their development of electric vehicles and enable our transition as soon as feasible at a reasonable cost.

Climate-related opportunities

Opportunity	Impact description	Response
Market **Products and services** ⊞ Own operations ⏱ Medium – Long 📈 Major – Increased revenue Group-wide 📊 Probable 🥧 Revenue from low carbon economy products and services	Tracsis' focus on the transport industry, especially rail, positions it well to capitalise on the transition to a net zero future. Its products and services help optimise rail network performance and enable predictive maintenance, supporting customers' sustainability goals. Opportunities include expanding remote condition monitoring, integrating data sources for optimised decision making, and developing environmental management systems. Tracsis' data analytics and geospatial capabilities also provide insights to help customers adapt to climate-related risks.	While the pace of adoption may vary, these identified opportunities align with Tracsis' strategy and require maintaining close customer relationships to deliver solutions that meet their evolving sustainability needs. The revenue from low carbon economy products and services remains constant year on year.
Operational **Resource efficiency and energy source** ⊞ Own operations ⏱ Short – Medium 📈 Major – Reduced costs & exposure to carbon tax, Group-wide 📊 Frequent 🥧 Scope 1 & 2 emissions; percentage of renewable energy	Increasing energy efficiency across Tracsis' sites will reduce energy costs and mitigate the impact of future carbon pricing by reducing emissions. The biggest emissions reduction opportunity is transitioning over 70% of emissions from the vehicle fleet to electric vehicles ("EVs"). Currently, only 16% of the 101 owned and leased vehicle fleet* is electric, so there is significant potential for electrification. * As at September 2024.	We are committed to achieving full fleet electrification by 2030, however this will require advancements in EV technology and adapting Tracsis' operating model. Integrating the Traffic Data & Events transport planning and management businesses will also help enable this transition. We continue to invest in solar panels and transition to renewable sources from providers.

Key

Area
Own operations, or area of value chain where risk or opportunity manifests

Timeframe
Short (now–2026)
Medium (2027–2030)
Long (2030–2050)

Impact
Management's assessment of reputational and financial risk on an annualised basis.

Critical | >£2.5m EBITDA
Major | £1–2.5m EBITDA
Significant | <£1m EBITDA

Likelihood
Based on the potential for a risk to manifest within a set period.

Frequent
within one year / > once per annum

Probable
within one to five years / > once in five years, < once a year

Remote
not more than one in five years / >five years away

Metrics
To monitor

Sustainability *continued*

Social

Ensuring that Tracsis has a positive impact on the people who work for us, and across society at large, including in the communities where we and our customers operate, is fundamental to our ambition to deliver sustainable growth and long-term stakeholder value. Our strategy remains focused on four key areas:

- Health and safety
- Employee engagement
- Training, development and opportunities
- Community engagement

Health and safety

Ensuring our people are safe and protected from harm in the workplace is a key priority and the Board is committed to driving a strong safety culture throughout the Group and has set a target for zero lost time injuries by 2030. During the financial year ended 31 July 2024 our Traffic Data & Events business maintained a low lost time injury frequency rate of 5.5; there were two RIDDOR reportable incidents (FY23: 2), no fatalities (FY23: 0).

The Executive Management Team and Board takes a leading role in ensuring health and safety is a priority for employees across the Group and that a culture of continuous improvement is implemented by way of the following framework:

Element	Function/responsibilities
Executive Management Team	• Sets strategy and targets • Ensures accountability
Group Governance Risk & Compliance Director	• Oversight of the health and safety function • Adviser to the Executive Management team • Leading safety training
Divisional level Managing Directors	• Some hold statutory responsibilities for specific legal entities • Line management of health and safety managers • Allocation of health and safety resource • Implementation of policy, process and procedures • Responsible for health and safety outcomes
Health and safety managers	• The Group retains two dedicated, experienced and qualified health and safety managers • Responsible for delivering the day-to-day health and safety function at the operational level, i.e. policy, process, procedures and reporting
Health and safety trained colleagues	• In addition to their primary role, a number of managers are "Managing Safety" trained, and hold a defined role in supporting the formal health and safety function

In addition to the above, the Board receives a summary of health and safety incidents and remedial actions, which are reported to each Board meeting. The senior Group Health & Safety Manager generates a detailed monthly health and safety report capturing all health and safety incidents (including near misses) that have occurred in the previous month. This report is subsequently reviewed by the Executive Management team, Governance, Risk & Compliance Director and relevant Managing Directors. The review is aimed at understanding what happened, allocating resources, deciding on mitigation actions, informing trend analysis, holding business units and the health and safety function to account, and ensuring the prevention and continuous improvement principles are applied.

Employee engagement

Communication

The Group is focused on offering a compelling proposition to current and future employees, in order to retain and attract the best talent. A key component of this is regular and meaningful engagement between leadership and employees from all parts of the Group. Communication occurs on both a formal and an ad hoc basis throughout the year. The CEO and CFO provide regular updates to senior leaders throughout the business to keep them informed of what is happening across the wider Group. They also make regular visits to offices providing opportunities for all staff to engage directly and to ask questions in a more informal setting. The Board continues to rotate the location of its meetings around Tracsis operating locations, which provides an opportunity to engage with employees in their workplaces, formally through presentations as well as informally, usually over lunch. This type of engagement activity enables Board members to grasp a better understanding of the challenges faced by our employees, and the opportunities open to them.

In a more formal capacity, throughout the year Group HR has run a number of listening groups in several office locations, encouraging an honest and open dialogue with colleagues. Communication continues to be an area of focus, with planned townhalls to communicate future plans. We ran our second Group-wide employee engagement survey in November 2023, and achieved a rise in engagement, with a 66% completion rate (vs 60% in FY23).

The Group's retention rate has remained high again this year, at 89%, which is 4% higher than the industry average for our sector.

1   Tracsis Traffic Data and Events business. Measured as number of long term injuries (classified as a workplace injury resulting in one or more days absent from work x 1,000,000/ number of hours worked).

5.5
Lost time injury frequency rate[1]

66%
completion rate of employee engagement survey

89%
retention rate

Sustainability *continued*

Social *continued*

Training, development and opportunities

Training and development

We have made significant investment in our people operating model this year. We implemented a Group-wide HR platform that helps to optimise both recruitment and the ongoing performance management of our teams.

We have successfully rolled out an employee learning and development platform across the Group in support of developing an 'always learning' culture. Since roll-out we have seen some 981 hours (130 days) of employee learning time banked on subjects ranging from effective management to software development such as python bootcamps. All colleagues are encouraged to invest on their careers and development and as the learning platform becomes further embedded and our learning culture matures, we expect employee learning rates to increase.

To help support the creation of high-performance teams at middle and senior management level, we have invested in Insights Discovery training and qualification for several colleagues, enabling them to subsequently offer internal training. Insights is a psychometric tool designed to help colleagues understand themselves and others and make the most of the relationships that affect them in the workplace. As the new Divisional structures take form, we are already starting to see the benefits of more effective and better performing management teams, in the way those teams are collaborating to interpret intent and deliver strategic objectives, especially in our UK Rail business.

Internal mobility

We have started to focus on internal mobility opportunities for existing employees. We have launched an internal vacancy intranet page, accessed through our applicant tracking system which means all colleagues have access to positions advertised within the Group. In addition, the Group HR team works closely with managers to understand where the business can be flexible and also seeking out opportunities for internal secondments. These actions have increased accessibility to opportunities, resulting in a 75% year-on-year increase in internal moves across the Group.

Fair treatment for all

We remain committed to creating an inclusive and open culture for all, and to this end we have undertaken several initiatives this year which demonstrate this ongoing commitment, as follows:

- **Circle Back initiative:** Tracsis has been endorsed by the Circle Back Initiative. This globally recognised programme drives commitment to providing feedback to all candidates who apply for roles at Tracsis. Ensuring everyone is acknowledged and updated on their progress is essential as we adhere to our "honest" value.

- **Work 180:** Thanks to a range of benefits, including flexible and remote working options, Tracsis has also qualified as a Work180-endorsed employer, underscoring our commitment to supporting women in their careers.

- **Removing gender bias:** Throughout the year, our recruitment team has acted to ensure a fair gender balance in the recruitment process. By incorporating gender diversity throughout the screening and interviewing process, we are reducing bias, fostering inclusivity and promoting fairer decision making through diverse perspectives.
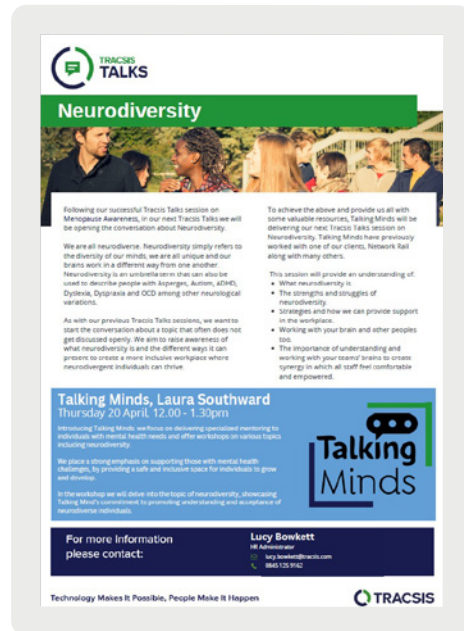
- **Blind recruitment:** We have also introduced a pilot program for blind recruitment as part of our ongoing efforts to challenge both conscious and unconscious bias in the hiring process. By removing identifiable information, we aim to ensure candidates are qualified solely on their skills, qualifications or behaviours. We are planning to roll out blind recruitment fully across all early-career recruitment, reinforcing our commitment to creating a more equitable and unbiased selection process.

- **Diversity, Inclusion and Equity training:** We have run a series of remote lunch and learn workshops open to all employees, to educate our teams on key diversity, inclusion and equity topics and the individual's role in ensuring an equitable culture. Sessions were very well attended and will continue through FY25. Topics covered in the last reporting period, included neurodiversity, menopause awareness and LGBT+ awareness.

Our neurodiversity lunch and learn presentation was followed by a neurodiversity workbook and manager's toolkit being issued. The toolkit was designed to provide managers with valuable insights, practical strategies and resources to promote inclusivity and to enable the provision of support for colleagues with neurodiverse conditions in the workplace.

981
hours of employee learning time

Community engagement

Our community engagement continued this year with several initiatives where our employees and leadership have engaged with the local communities in which we work.

Skills and opportunities

Tracsis served as the headline sponsor for Manchester's largest careers fair, the Manchester Digital Festival, attracting over 3,000 attendees, primarily students and early-career professionals. Our Talent team was on-site to offer career advice, one-on-one CV writing workshops, and interview tips to help the younger generation secure employment. This also enabled us to begin building talent pools and networks for potential early-career programmes in the future. Additionally, we extended our support to experienced job seekers who are currently out of work, conducting virtual workshops to help them improve their LinkedIn presence and navigate their way back into employment.
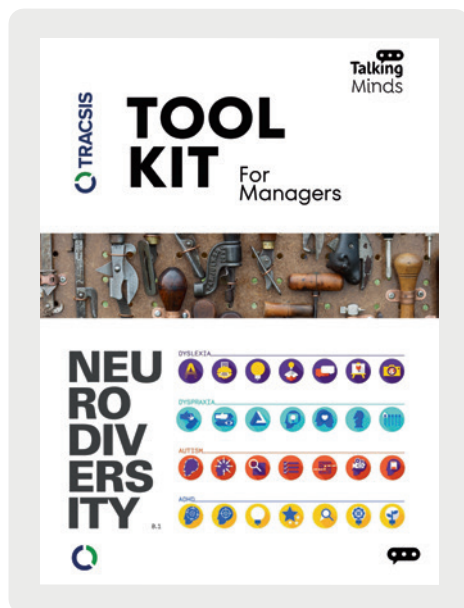
Volunteering

Volunteering is an important aspect of our community engagement programme, and where possible we seek to contribute to science, technology, engineering, and mathematics ("STEM") related activities. The number of employees engaged in volunteering initiatives was up year on year by 350%[1] and in June 2024 Chris Barnes our CEO, volunteered to support the Greenwood Greenpower event.

- The Greenpower Education Trust is a UK-based charity that works to kick start careers in engineering. It helps unlock potential and spark enthusiasm for STEM through the excitement of motorsport. They inspire 10,000 participants a year to excel in STEM.

- The Greenpower challenge is to design and build an electric car. A Formula Goblin kit car (designed for 9-11 year olds) takes around 15 hours to build and can be dismantled and rebuilt each year with a new team of children who can compete at Greenpower race days. The school children design the bodywork on the karts round a particular environmental theme and produce a project portfolio on the work completed.

- Tracsis provided sponsorship funding to support Newick Primary School which is based in East Sussex which entered two electric cars into the 9–11-year-old Formula Goblin racing series. The school ran a bi-weekly after school Engineering Club for 12 children over several months and Tracsis joined several of these sessions as a volunteer to help them prepare for the event.

- The activities culminated in a full day of racing at the historic Goodwood Motor Racing circuit where over 100 electric cars from schools across the UK took place in a series of events including drag and slalom races, a pitstop challenge and the 'lap of champions'.
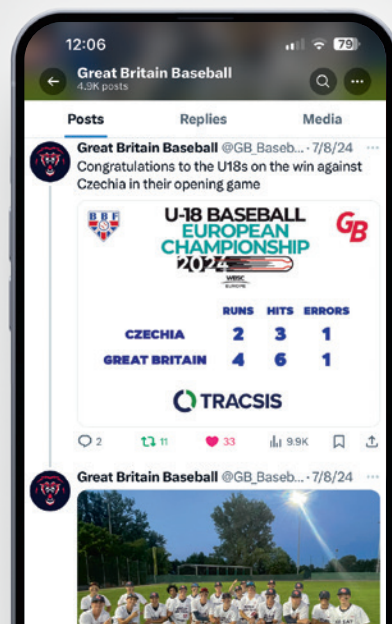
1 4 colleagues in FY22/3 to 18 colleagues in FY23/24.

Sustainability *continued*

> **It was fantastic to see how much the children enjoyed taking part in such an opportunity and how much it inspired their interest in engineering and technology."**
>
> **Chris Barnes**
> Chief Executive Officer

Tracsis Sponsorship of Great Britain U18s Baseball

Tracsis sponsored the GB U18s Baseball team who reached the semi-final of the World Baseball Softball Confederation ("WBSC") European Championship in July 2024. The GB team finished 4th, the highest ever placing for GB at the European Championships, and the games were streamed globally with extensive social media coverage.

This year, some of the Tracsis US team participated in the J P Morgan 5K Corporate Running Challenge.
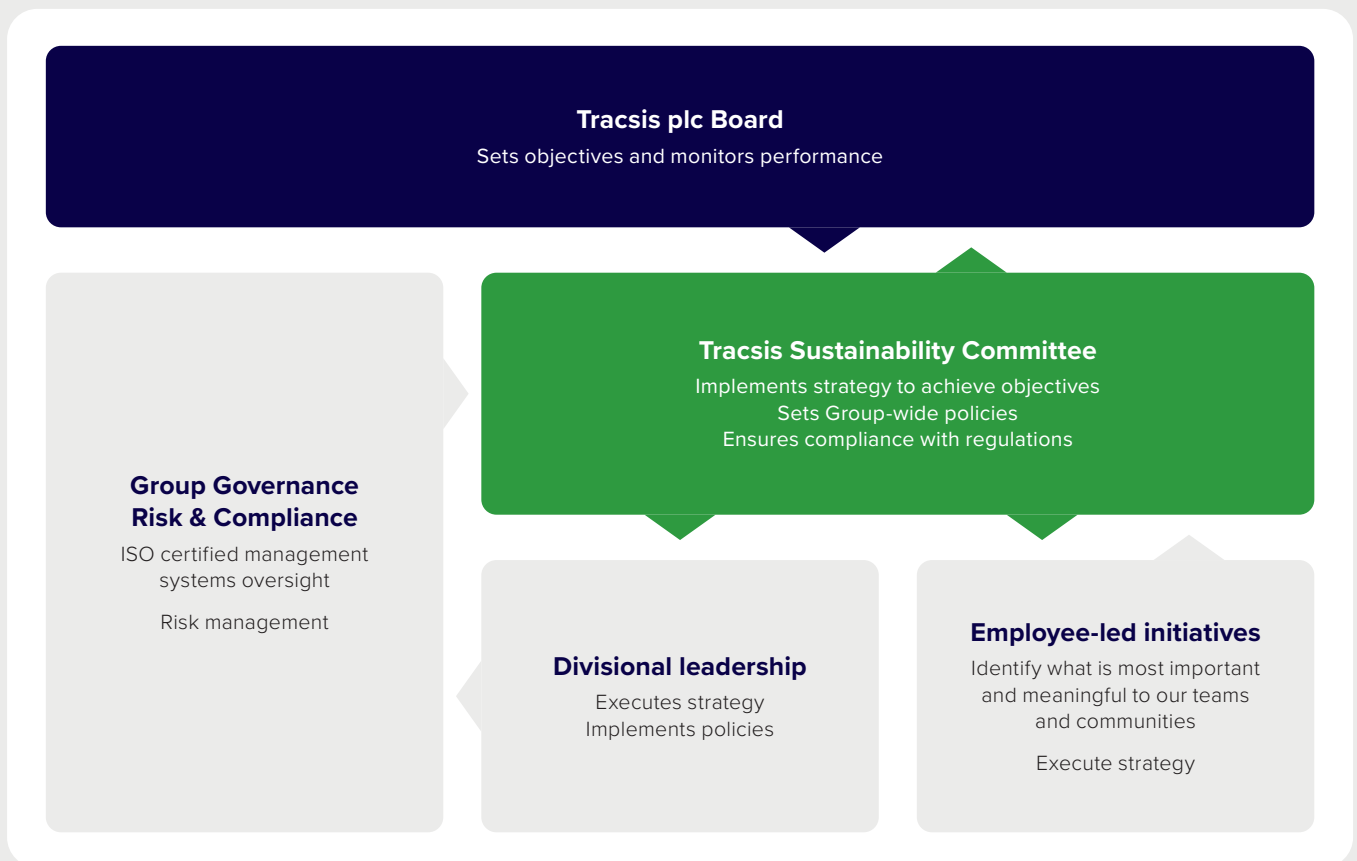
Governance of ESG

Overview

The Board continues to maintain high standards of corporate governance in Tracsis, to ensure the Group remains compliant and in line with best practice; supported by high quality management controls and a robust risk management framework.

In addition to the sustainability and ESG-related disclosures below, please also see our Corporate Governance Report on pages 66 and 67, and our Principal Risks and Uncertainties on pages 56 to 61.

How we manage sustainability

We recognise the increasing importance of sustainability to our stakeholders. The Tracsis Board provides oversight and has overall responsibility for the Group's sustainability performance. It sets the ESG targets for the Group and monitors progress on delivering these. In addition, as detailed in the Directors' Remuneration Report on pages 68-77, 33% of the Group Chief Executive's business objectives relate to ESG and we have taken steps to further strengthen our ESG governance for FY25, with James Routh, Non-Executive Director having Board-level responsibility for driving our ESG agenda and overseeing the Group's overarching approach to managing ESG risks and opportunities.

Tracsis plc Board
Sets objectives and monitors performance

Tracsis Sustainability Committee
Implements strategy to achieve objectives
Sets Group-wide policies
Ensures compliance with regulations

Group Governance Risk & Compliance
ISO certified management systems oversight

Risk management

Divisional leadership
Executes strategy
Implements policies

Employee-led initiatives
Identify what is most important and meaningful to our teams and communities

Execute strategy

The Group's Sustainability Committee is responsible for implementing the ESG strategy to deliver our targets. Its remit also includes developing ESG policies, providing oversight of ESG initiatives, and ensuring compliance with relevant legal and regulatory matters. The Sustainability Committee is chaired by the Group Chief Executive Officer and comprises senior colleagues from other areas of the business.

The Committee works with business unit leaders to implement the Group's sustainability strategy. These activities range from Group-wide implementation of policies, for examples in line with our numerous ISO certifications, to initiatives delivered at a site level or by individual employees. More complex workstreams that require cross-Divisional co-ordination are overseen by the Group Governance, Risk & Compliance Director, who also oversees the risk assurance team responsible for the measurement of performance and KPIs.

The Sustainability Committee is being reconstituted as Board level Environmental, Social and Governance Committee and we will report on its activities in the next Annual Report.

Sustainability *continued*

Governance of ESG *continued*

Embedding defined standards

The Group's governance, risk and compliance ("GRC") function plays a pivotal role in ensuring appropriate standards are defined, monitored, met and continually improved. The GRC team is made up of the following:

Group Governance, Risk & Compliance Director

- Works with the Company Secretary on Governance related issues
- Sits on the Group Risk Oversight Committee ("GROC")
- Divisional-level risk management
- Compliance programmes and ISO Management Systems
- Business continuity and crisis response functions in support of organisational integrity and resilience

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Group Head of Quality and Privacy

- ISO 9001
- Maintaining high product and service quality standards, data protection, and compliance with relevant regulations and industry good practices

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Group Environmental Manager

- ISO 14001
- Develops and implements environmental policies, monitors compliance, and drives environmental sustainability initiatives across the Group
- Carbon reporting

Group Information Security Manager

- ISO 27001
- Managing the confidentiality, availability and integrity of business tech assets and data

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Group Health & Safety Manager

- Health and safety oversight and routine reporting to the Executive Management team

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Our management of standards includes the development and implementation of several key management systems implemented across the organisation to an ISO certification level. These management systems demonstrate our commitment to create a highly effective, collaborative working environment within which we can deliver consistently to defined standards. They also demonstrate our commitment to continually invest in and evolve the Group operating model to remain in line with good practice, reduce risk and continually improve customer satisfaction and operational efficiency.

Below are the Group's ISO management systems, which have been externally certified by a UKAS registered certification body:

Tracsis ISO certified management systems

Type	Certification scope	Objective	Certification body 👑UKAS
ISO 9001 **QUALITY** management systems –requirements	**Embedded and certified:** • Remote event and condition monitoring • Data collection **Emerging:** • Rail software and services for the planning and management of mass transit systems	Consistently deliver products and services that meet customers' needs and regulatory requirements	**ISO 9001** certificate no. 12654-QMA-001 **ISO 14001** certificate no. 12655-EMS-001 **ISO 27001** certificate no. 11752-ISMS-001 (UK) **ISO 27001** certificate no. 11752-ISMS-010 (US)
ISO 14001 **ENVIRONMENTAL** management systems – requirements with guidance for use	Pan-Group certification covering the UK, US and EU (Ireland) regulatory environments	Minimise and reduce environmental impact, including waste, emissions, and resource consumption	
ISO 27001 **INFORMATION SECURITY, CYBER SECURITY AND PRIVACY PROTECTION** information security management systems – requirements	Certification covering the UK and US Rail business units, and the EU (Ireland) Data Analytics business Events and Traffic Data division adopt best practice but are not externally certified	Effective risk-based management of the confidentiality, availability and integrity of business technical assets and data	**LRQA** **ISO 9001: 2015** 00003740 (002, 003 & 004)

Looking ahead, over the next 12 to 18 months it is our intent to seek certification of the Group's internal and external facing, service desk and service management functions, to the ISO/IEC 20000-1:2018 Information technology — service management.