

ESG Report: Our Impact on the Environment

“From first being introduced to the Green17 team it was clear to see their passion for sustainability and their dedication to making a positive impact on the environment.”

Blacksalt Games, DREDGE developer



Our Focus for 2022

The focus over the past year on environmental matters covered the following:

-  → Achievement of PAS 2060 status certifying Team 17 Digital's carbon neutrality covering 74% of the Group's Scope 1 & 2 emissions.
-  → MSCI ESG rating score improved from BB to BBB, work is ongoing to help drive further improvement.
-  → Working through this PAS 2060 exercise and working with the ratings agencies has helped us understand better our impact on the environment. This has directed us where to look for energy savings projects, how to optimise recycling opportunities and the best travel methods to reduce our impact on the environment.
-  → With most of our emissions related to energy, we have purchased offsets through a United Nations project that moves energy production from coal to clean hydropower. This reduces the use of fossil fuels, reduces pollution, and creates new jobs.
-  → Development of our longer-term environmental strategy including the appointment of a designated ESG Reporting Manager.
-  → Recognising the growing importance of ESG matters for all of our stakeholders, the Board recently established a Board level ESG Committee led by our Independent Non-Executive Director Penny Judd. Looking forward into 2023, the Committee will add additional focus on ESG and will look to gather feedback on progress on key initiatives across the Group.
-  → A key aim for 2022 has been looking at ways to broaden our stakeholder engagement with green issues. We organised beach cleans for team members to get involved with, where they spent a day cleaning a local beach, reducing pollution and improving the local environment. We are also looking in 2023 to mirror the employee-led group Green17 with a similar group for our developer partners.

Progress in 2022

Carbon Neutrality

During the year we have successfully achieved carbon neutrality status for Team 17 Digital's FY21 emissions, independently verified against the PAS 2060 standard.

In addition to Scope 1 emissions that are direct greenhouse gas emissions, occurring from sources that are controlled or owned by the company and Scope 2 emissions that are indirect greenhouse gas emissions associated with the purchase of electricity. This carbon neutrality also covers scope 3 emissions which included emissions from the following categories: Purchased goods and services; business travel; employee commute and fuel and energy related (staff working from home). In total the emissions under PAS 2060 were 417 CO2e tonnes which have been fully offset. With most of our emissions related to energy, we have purchased offsets through a United Nations project that moves energy production from coal to clean hydropower. This reduces the use of fossil fuels, reduces pollution, and creates new jobs.

Our certificate of compliance for Team 17 Digital for carbon neutrality can be found here: <https://www.team17groupplc.com/esg/>.

Net Zero

As a result of our PAS 2060 audit, we concluded we will not be able to make further significant savings in our total Scope 1 emissions at this stage. Accordingly, to show our understanding and continue our journey towards net zero we have purchased carbon removal credits to cover the whole of the Group's 17 tonnes Scope 1 emissions in 2022. Given that global efforts are currently aiming at achieving net zero by 2050, we are developing our plans to achieve this goal across Scope 1-3 emissions, but we continue to work on ways that we can improve on this target.

Green Deposit Scheme

Team17 has utilised HSBC's Green Deposits to support its environmental goals by allocating funds to finance eligible businesses and projects that promote the transition to a low-carbon, climate resilient and sustainable economy.

Future Goals

As part of the PAS 2060 exercise undertaken during the year, Team17 has identified carbon reduction plans that address our already relatively low scope 1 & 2 emissions. Initially these focus on energy usage, reductions in air conditioning equipment usage and automatic switch-off of computers overnight but longer term we want to better understand the impact of travel on our carbon footprint and make appropriate adjustments. Team 17 Digital Limited was carbon neutral for 2021 by offsetting our emissions through a United Nations project in China focussing on creating hydropower.

We will carry out similar offsets in the future whilst also exploring carbon removal opportunities as we plan our future strategy toward net zero.

Net Zero

Our journey to net zero commenced by understanding the different ways and the resultant costs of carbon being removed from the atmosphere – our future strategy will be to reduce our emissions first and once these emissions have been reduced as far as possible, we will plan how to develop carbon removal projects to compensate for the remaining emissions. These carbon removal projects to balance our emissions will be developed on a Scope-by-Scope basis as our emissions develop over time.

Raising Awareness of the Difference in Emissions for Different Modes of Travel

Having calculated our emissions for home working, commuting and different modes of transport, we will raise awareness with all of our team members of the emissions implications of different modes of travel. By carrying out this exercise we will be able to continue to develop our hybrid working policy and achieve the right balance between home and office working and take account of the emissions implications in developing our travel policy.

Roll out to Subsidiary Companies and our Developer Partners

The PAS 2060 certified status achieved by Team 17 Digital Limited for FY21 year is to be rolled out to all Group companies covering our FY22 emissions. We have already started this exercise and through the process it will enable benchmarking to be made between our respective divisions and offices.

The rollout of findings will also be spread to our developer partners during FY23. We anticipate sharing our learning but also working with our development partners to share best practice, reduce emissions and improve sustainability throughout our supply chain.

How We Will Achieve This

Spreading our Learning

A key element of our environmental strategy is developing an engagement with a broader stakeholder base. We have already built a strong engagement model for Teamsters with Green17 within the core Games Label division, and plan to role this model out to each of the divisions as well as our development partners in 2023 and subsequently to the rest of our supply chain and potentially look at inclusion within our games in the future.

Office Comparison and Benchmarking

Team17 have reviewed office requirements post Covid and will review ongoing office space requirements to reflect new hybrid working arrangements. We will also be comparing environmental metrics across each of our office locations to identify best practice in each area.

Identification of a Unifying Cause to Focus on by Carrying out a Stakeholder Engagement Exercise

We recognise the importance of bringing our Teamsters, developer partners, supply chain and gamers together. We will look to identify a specific environmental theme which is important to each of these stakeholders and then support this going forward via our future offsetting.

Align ourselves with Sustainable Development Goals Green17 is very appropriately named considering there are 17 Sustainable Development Goals. With the importance of our relationships with our developer partners, we have selected the following 3 goals to align ourselves with:

- SDG 17 'Partnerships for the Goals',
- SDG 16 'Peace, Justice, and Strong Institutions'
- SDG 13 'Climate Action'.

Ratings Agencies

We have been working with rating agencies and specifically MSCI to ensure that they have access to information relating to social and governance initiatives and practices within the Group and are pleased with an initial improvement in the rating from BB to BBB but look forward to seeing our rating scores improve further in future.

Scope 1 and 2 Emissions

The Scope 1 and 2 emissions have increased in 2022 due to astragon and StoryToys being included in the 2022 figures with StoryToys for a part year in 2021.

	2022 CO2e tonnes	2021 CO2e tonnes
Scope 1	17	11
Scope 2	126	98
Total	143	109
UK proportion of energy usage reported	84%	95%
Energy consumption used to calculate above emissions (kWh)	725,213	510,233
Average number of employees	362	263
Emissions per FTE (CO2e tonnes)	0.4	0.4
Emissions per FTE (kWh)	2,003	1,940

The statistics above are based on emissions data from 1 January to 31 December calculated following the Greenhouse Gas Protocol, which incorporates the scope 2 location-based emissions methodology. The data has been collected from the business during the year and converted using the conversion factors published by the UK Government.

We have undertaken work as part of our PAS 2060 exercise to identify emissions and review options to reduce these emissions. During 2022 we reduced the energy consumption of our server rooms and are looking at further energy saving projects in 2023.

<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

“Team17 are an active and valued member of UKIE's Sustainability Group and are leading the way in tackling their impact on the environment.”

UKIE, 2023

