



Climate Risk Policy

redcentric

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Applies to:	Redcentric Employees, contractors, and customers
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Document Ownership

Redcentric’s **Chief Technical Officer** is the owner of this document and is therefore responsible for ensuring that this policy is reviewed in line with the review requirements of Redcentric’s **ISO Management Systems**

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Climate Risk Policy

1 Sustainability Reporting

At Redcentric, we recognise the importance of addressing the potential risks and opportunities presented by climate change. We are committed to being responsible and sustainable in our operations, as an IT company.

As part of our efforts to be at the forefront of the IT sector's net-zero goals, we have voluntarily reported against the Task Force on Climate-Related Financial Disclosure (TCFD) recommendations this financial year.

The TCFD framework provides a comprehensive structure, which enables us to identify and address climate-related risks and opportunities that may affect our business. This will position us better to comply with the BEIS Climate-Related Financial Disclosure for FY23/24.

As an IT service provider, we acknowledge our responsibility to the environment. We are currently developing our Net Zero targets and strategy, which will be finalised in H1 FY23/24 and align with UK government's 2050 net-zero target.

2 About us

Redcentric is a digital transformation partner. We deliver highly available cloud, communications, network and cyber security solutions that help public and private sector organisations succeed. Founded in 1997, we have fast and secure datacentres in 11 locations around the UK.

2.1 Our Vision

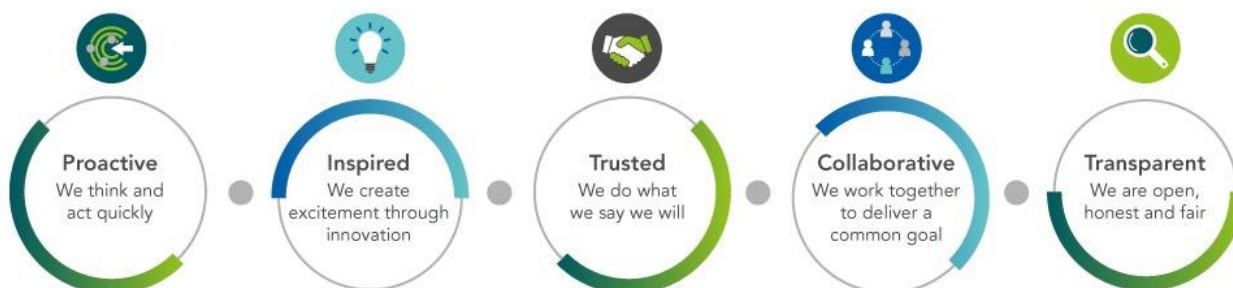
- A trusted cloud and communications transformation partner, underpinned by strong networking and security services.

2.2 Our Mission

- We deliver agile, available and assured solutions that help organisations succeed.

2.3 Our Values

- Our values support our strategic objectives and sit at the heart of our business and our culture. We work hard to integrate our values into everything we do.



2.4 Governance

Redcentric remains committed to a rigorous and reliable approach to identifying, monitoring and managing risk across all aspects of our business. Our consistent risk management approach is grounded in our core values and supports our overall business strategies, to ensure their success.

2.5 The Board of Directors

The Board is responsible for the company's response to climate change. They ensure that appropriate climate management practices are integrated into our future business operations and financial strategy. The Board provides oversight on climate-related risks and opportunities and annually evaluates progress in this area. The Board are supported by our third-party ESG specialists, who provide expertise on climate change to support this process.

Chief Executive Officer (CEO), Peter Brotherton, and Chief Finance Officer (CFO), David Senior, oversee sustainability and regularly communicate with our stakeholders, management, and the Board regarding climate change-related issues. The Board recognises its unique role in representing and promoting the interests of all Redcentric's stakeholders. They are accountable to shareholders for the company's performance and activities.

Through their commitment to strong governance and oversight, Redcentric can effectively manage climate-related risks and opportunities. This approach enables the company to promote long-term sustainability while delivering value to our stakeholders.

2.6 Strategy

The Board's strategy for growth involves identifying acquisition opportunities, investing in Redcentric's own infrastructure, and effectively using Redcentric's scale and resources to explore and invest in new technologies, to benefit our customers. Climate change poses a risk to this strategy, in all scenarios and timeframes, with the risks outlined in the tables below.

Over time, we have continued to develop and refine our risk management framework, enabling us to maintain confidence levels throughout our leadership team. This framework provides us with the ability to focus on our customers' needs while delivering on our product enhancement and business growth strategies seamlessly.

By effectively managing risks, we can proactively identify and address potential threats to our business operations, including those related to climate change and other environmental factors. This enables us to sustain and grow our business, in a way that is financially responsible and sustainable. Also, by promoting the long-term health and resilience of the wider community.

3 Climate Scenarios

To assess the impact of identified risks on our operations and financial planning, we utilized three climate change scenarios as suggested by TCFD. Our scenarios were developed using various internationally recognized frameworks, which are outlined in our 2023 TCFD report. The three climate change scenarios are outlined in Table 1.

Table 1 – A table to show the three scenarios.

Scenarios	Description
Proactive	<ul style="list-style-type: none">• Governments, corporations, and the public collaborate to keep global warming below 2°C, compared to pre-industrial levels and take strict climate change mitigation initiatives.
Below 2°C by 2100	<ul style="list-style-type: none">• The Paris Agreement's commitment to achieving Net Zero carbon emissions by 2050 is upheld by various companies.• Governments establish stringent rules and regulations to limit greenhouse gas (GHG) emissions.

	<ul style="list-style-type: none"> Although the physical effects will not be harmful, this consistent and well-planned approach to combating climate change will cost businesses more in the short term, as we transition to a low-carbon economy.
Reactive 2-3°C by 2100	<ul style="list-style-type: none"> A delayed reaction to climate change, will force unanticipated implementation of policies, to cut global emissions at short notice. This is where the COP26 agreements and policies fit. In the short term, business as usual (BAU) continues. Due to the delayed response, transition risks increase and some physical risks occur in the medium and long term. Only the most innovative companies will actively decrease their carbon footprint. Governments will rely on technology to cut emissions.
Inactive Above 3°C by 2100	<ul style="list-style-type: none"> Limited action is taken to combat climate change. Business as usual continues for the ensuing few decades. Through 2040, rising global emissions will cause temperatures to rise by more than 3°C. Physical threats will be at their peak impact, as numerous climate tipping points are anticipated to be crossed, according to the IPCC (Intergovernmental Panel on Climate Change). Governments and organisations will finally act, resulting in the implementation of rushed and fragmented policies.

4 Time Horizons

Climate change effects are likely to extend beyond conventional boundaries. Therefore, we have used three-time frames recommended by TCFD and aligned these with the UK Government's 2050 Net Zero target, to model the above three scenarios (Table 2).

Table 2 – A table to show the three-time horizons.

Timeframe	Description
Short-term 2020-2025	Within the short term, we may implement strategies that have noticeable effects and lay the groundwork for long-term sustainability. We want to lower risks and position ourselves for sustainable growth, by proactively adjusting to changing environmental conditions and incorporating climate considerations into our daily operations. We would typically experience greater transitional risks and limited physical risks in the short term.
Medium-term 2025-2035	Our medium-term analysis includes a crucial time frame for addressing climate change. We foresee significant changes in the regulatory environment, technological improvements, and changing stakeholder expectations during this era. We want to manage transition risks and take advantage of fresh sustainable solutions, by proactively matching our business practises with developing low-carbon prospects. This window of opportunity enables us to fund essential infrastructure, promote innovation, and support the overall decarbonisation drive.
Long-term 2035-2050	We approach climate studies from a long-term perspective in keeping with our dedication to securing a sustainable future. With more time to prepare, we can evaluate any long-term physical risks brought on by climate change and develop elaborate plans to limit the effect on our business. We want to ensure resilience, lower emissions, and support the transition to a low-carbon economy by including climate considerations into our long-term planning. In the long term, we will typically see greater physical risks over transition risks.

Table 3: The Group's climate-related transitional risks.

Area	Risk	Warming Scenario	Time horizon	Impact	Description	Response
Policy & Legal	Increased cost of energy and raw materials	<2°C 2-3°C	Short - Medium (2020-2035)	Expenditures - Increased indirect (operating) costs Impact score: 3 2/4 Likelihood: 3/4	Increases in costs could impact Redcentric's profitability.	At Redcentric, we maintain strong relationships with key suppliers and regularly review our suppliers. In FY22/23 and beyond, we will continue to monitor and maintain these relationships with our current suppliers so we will be informed as early as possible if there are any delays or issues with receiving the stock. Energy prices variations are not in our direct control. However, we monitor energy prices and always aim to be on the best renewable tariff.
					Over the past few years, the escalation of worldwide events, for example, the pandemic and other geopolitical issues, have caused widespread supply chain disruption in the technology sector.	
Market	Changing consumer preferences to more sustainable products and services	<2°C 2-3°C	Medium (2025-2035)	Revenue - Decreased revenue due to reduced demand for products and services Impact score: 3/4 Likelihood: 1/4	An unpredictable climate could exacerbate the impact of existing supply chain issues, with increased pressure on the sourcing of raw materials and finished goods.	We would expect our total CO2 emissions to reduce over time given our commitment to Net Zero (targets and timelines to be agreed during FY23/24). This risk can be mitigated by generating our own renewable energy (through Solar PV) and reducing our reliance on the National Grid.
					Climate change is likely to exacerbate these issues resulting in potentially increased costs, supply disruptions and delayed deliveries. Increased energy costs are already impacting the business and are likely to continue to rise.	
					Failure to effectively predict and respond to changes could affect Redcentric's sales and financial performance.	

Technology	Increased stakeholder concern for ESG	<2°C 2-3°C	Short – Medium (2020-2035)	Capital and Financing – Decreased access to capital	As the world transitions to a decarbonised economy, our stakeholders are likely to have increased interest and concern for our Sustainability credentials.	We have already allocated internal resources through a sustainability programme and have engaged with a third-party specialist, to ensure compliance with current and emerging regulations.
				Impact Score: 4/4 Likelihood: 1/4	An actual or perceived inability to understand and be seen to be taking action to reduce our overall carbon footprint is likely to negatively impact investor sentiment / ratings. This could potentially limit our access to capital, as the focus on environmental impacts, climate change and net zero targets increases.	We will publish a TCFD Report to communicate our efforts to our stakeholders, including customers, and ensure our ESG strategy develops with guidance from best practices. Redcentric created a new ESG committee and held meetings in FY22/23. We appointed a third-party expert, to conduct a thorough ESG assessment of our business, so we can identify areas for us to improve. We are conducting our first TCFD disclosure in FY22.23, to understand the climate-related risks and opportunities associated with our business.

Table 4: The Group's material climate-related physical risks. The full risk register can be found in our 2023 TCFD report.

Area	Risk	Warming Scenario	Time horizon	Impact	Description	Response
Acute	Increased severity of flooding	2-3°C >3°C	Medium - Long (2025-2050)	Expenditures – Increased direct and indirect costs Impact score: 3/4 Likelihood: 2/4	<p>After conducting climate scenario analysis on all our sites, we have ascertained that 8 of the eleven sites are exposed to a risk of flooding. This risk is expected to amplify in frequency and severity because of climate change. This vulnerability has the potential for direct damage to property, plant, equipment, and transportation networks, thereby increasing our costs.</p> <p>Additionally, there exists the possibility of delivery delays and further disruptions to our operational activities. These expenses may escalate, as the global premiums for property insurance are projected to surge by 29% by 2040, due to the impact of climate change.</p> <p>While extreme weather conditions have the potential to increase production costs or induce disruptions within our supply chain, it is improbable that they would irrevocably impede our long-term operational capability. Nevertheless, these disruptions may lead to heightened costs and potential price increases.</p>	<p>We recognise that increased flooding could result in disruptions to our business.</p> <p>We have conducted climate scenario analysis on all our eleven sites. We found that flooding was a direct risk for eight of the sites in the medium and long term. Some sites have mitigation measures in place to deal with flooding events or are situated on elevated ground thereby reducing the overall impact.</p> <p>We will continue to conduct this assessment on an annual basis and expand the analysis to include our supply chain.</p> <p>We have conducted specific flood risk assessments on the most at-risk sites, and we ensure that we are comprehensively covered by insurance.</p> <p>In the longer term, Redcentric will have to ensure that drainage systems at our sites are well-maintained and serviced.</p>
	Increased severity of heatwaves and extreme heat	2-3°C >3°C	Medium - Long (2025-2050)	Expenditures – Increased direct and indirect costs Impact: 3/4 Likelihood: 3/4	<p>The frequency and intensity of heatwaves are expected to rise in the UK with climate change. In 2022, the heatwaves in the UK lead to 40-degree temperatures and disruption to multiple transport links. This leads to increased demand for cooling and energy (Air-conditioning, fans, water) at Redcentric's sites.</p> <p>Power outages become more common due to a reduction in power production and an increase in energy demand.</p> <p>Supply routes may be disrupted as railways buckle and roads melt.</p> <p>Regular comfort breaks may be needed to ensure employees do not suffer from heat-related illness, which reduces productivity</p>	<p>Our data centres were impacted by the 2022 heatwaves, especially our sites in Shoreditch, West Byfleet, Woking and Crawley. At our Shoreditch data centre, we had to cool the temperature down when temperatures rose well above 30 degrees during the 2022 summer heat waves.</p> <p>The data centres must be cooled to operate under their capacity, which is optimal. Cooling will likely increase as climate change will be associated with hotter summers and heatwaves in the UK.</p> <p>We will in the coming years equip our data centres to deal with the increasing heatwaves over the medium and long term. This may over time require Capex investment and lead to an increase in</p>

Chronic	Rising mean temperatures	>3°C	Long Term (2035-2050)	Expenditures – Increased direct and indirect costs Impact score: 3/4 Likelihood: 3/4	<p>Rising mean temperatures will lead to a higher demand for cooling.</p> <p>Energy costs will rise as sites will require additional cooling, to maintain optimum temperatures for staff and operations.</p> <p>Staff wellbeing may be impacted if adequate cooling is not maintained.</p> <p>Employees may require more frequent breaks to avoid health risks associated with higher temperatures.</p> <p>Productivity may be impacted across the Company.</p> <p>Power outages due to increased demand and pressure on the grid can lead to operation disruption</p>	operating cost associated with air conditioning over the summer months.
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Table 5: The Group's climate-related opportunities. The full register can be found in our 2022 TCFD report.

Area	Opportunity	Warming Scenario	Time horizon	Description	Response
Energy Resources	Linking energy performance change in data centres to external weather conditions to track performance.	<2°C 2-3°C	Medium (2025-2035)	As the climate changes, so will the technology to monitor the changes more accurately in weather patterns. The costs of operating our datacentres are intrinsically linked to the weather. We must keep the servers within a certain temperature range, to ensure they are operating at maximum efficiency.	We can track this performance and improve monitoring of the effects the weather will have on our datacentres. By accurately planning and tracking the performance of our datacentres, we will be able to ensure our sites are operating at their optimum capacity. It will allow us to mitigate any other acute physical risks from climate change, such as flooding and heatwaves.
	Use of lower emission sources of energy.	<2°C 2-3°C	Short - Medium (2020-2035)	Investment in resource efficiency will lower energy intensity and should lead to cheaper and more consistent operating costs, enhancing operating efficiency. This will be accomplished by decreasing energy use across the Group. The power needed for our datacentres, heating, ventilation, air conditioning, and lighting are the main energy users on the sites.	At Redcentric we are committed to decarbonising our operations as we embark on a journey to net-zero. We understand we will be required to invest in lower emissions technology across our operations, as more innovative solutions come to market over time. Increased energy efficiency technology will decrease our energy consumption and the energy costs for our business. The payback associated with lower-emission sources of energy will mitigate the upfront cost of technology investment. Exploring other options such as installing Solar PV could further reduce this cost over time. Also, this would reduce our reliance on the National grid and help mitigate any carbon tax.

5 Risk Management

We follow a tiered hierarchy for risk management, where each functional unit of the business manages and owns risks in their respective areas scientifically and consistently. Risks with significant value are escalated upwards to the Operating Board level and beyond to the Group level, alongside principal risks. This approach ensures the appropriate level of visibility, ownership, and management, with complete consistency and transparency.

In recent years, UK businesses have experienced some challenging external forces, such as the repercussions of the pandemic, escalating inflation, and a cost-of-living crisis. These factors have heightened numerous key risks that we have experienced. Nonetheless, our capacity to promptly respond and adapt to these shifting circumstances has set a precedent for effectively tackling unforeseen disruptions within our organisation.

The advent of climate change is poised to exacerbate these challenges, thereby necessitating ongoing monitoring and proactive measures to mitigate risks. To fortify our preparedness for such occurrences, the Group has implemented a resilient and well-defined framework for risk management. Over the past couple of years, we have increasingly integrated the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) into our risk management approach, aligning ourselves with emerging climate-related risks.

We have developed a four-step framework for managing climate risks, which guides the identification, rating, and monitoring of business risks. Working with a third-party ESG consultancy, we have established a stand-alone climate risk management framework, as part of our TCFD programme. This enables us to identify and evaluate climate-related risks and opportunities. This framework has been integrated into our broader business risk management processes, which ensures that we maintain a comprehensive and systematic approach to climate risk management.

5.1 Identify

During FY22/23, we engaged with third-party ESG specialists, to help identify and assess the appropriate climate-related risks and opportunities that may impact our business. The climate scenario analysis identified 14 climate-related risks and two opportunities. In the previous financial year, we identified climate change as a principal risk for the first time, under our broader principal risk of environmental impact.

5.2 Assess

To understand how the impact of climate change could affect the risks and opportunities to the business over time, we facilitated a climate risk management workshop in February 2023, with our ESG partners (Inspired PLC). We discussed the impact of each risk and opportunity on the business across three scenarios (<2°C, 2-3°C and >3°C) and three timeframes (short (2020-2025), medium (2025-2035) and long-term (2035-2050)), enabling us to understand where the impact would be greatest on Redcentric's business operations.

5.3 Appraise

Once we assessed the impact of each risk and opportunity, we assigned a range of risk management options. During the climate risk management workshops, we assessed the effectiveness of each current risk mitigation action, for each climate-related risk and opportunity. The climate-related risks were given a score for impact and likelihood, between 1 and 4, which is consistent with our risk-management framework, 1 being low and 4 being high.

Post-workshop we developed a climate risk management framework that will feed into our business's existing risk management process, to ensure that our operations remain resilient to climate change. Each risk was ranked from 1 – 8, using the existing risk management framework rankings. The combination of these rankings provided the overall risk level. As we are at the start of our TCFD journey, we have not performed financial modelling of the climate-related risks. We will endeavour to undergo this analysis next year.

5.4 Address

To reduce the impact that climate change will have on our business, we have introduced mitigation actions, to reduce the climate-related risks. On an annual basis, the Sustainability Committee will re-evaluate the risks and opportunities presented by climate change and review our mitigation actions to understand their effectiveness.

It will remain the Sustainability Committee's responsibility to review and update the climate risk register, to ensure that the opportunities and risks associated with climate change are accurately assessed, acknowledged and monitored.

5.5 Transitional Risk Mitigation

We realise how important it is to take climate-related risks and opportunities into account when making strategic decisions. These risks are managed by our Sustainability Committee. They provide the Board with regular status reports. It is vital that we identify and manage these risks, whilst embracing opportunities, to realise our strategic goals. Our main goal is to demonstrate to our stakeholders the effectiveness of our strong risk management process. We can guarantee openness and comprehension throughout the company. We also work to improve our mitigation strategies, by coordinating them with our main goals and objectives.

Table 6 A table to show the actions to mitigate the transition risks.

Area	Climate-related Risk	Mitigating Actions
Policy & Legal	Increased reporting requirements due to climate change	<ul style="list-style-type: none"> To guarantee that we can react effectively and rapidly to new climate change laws, we continuously monitor regulatory changes. We have worked with a third-party ESG services advisor that keeps us updated on any new or proposed regulations from the perspective of climate change.
	Mandates on and regulation of existing products and services	
	Carbon Pricing Mechanisms in the value chain	<ul style="list-style-type: none"> We will put into practice an action plan for scope 3 emissions and value chain participation as part of our Net Zero strategy. To lower the expense of offsetting, we want to reduce emissions as much as possible. Although we will monitor progress of carbon taxes, we don't expect it to suddenly affect our industry.
Market	Changing consumer preferences and increased sensitivity to ESG	<ul style="list-style-type: none"> We must make sure that changes to our ESG strategy and the work we are doing across our company to operate more sustainably are made available to the public for the benefit of our stakeholders and customers. We will monitor customers' feedback in relation to sustainability and how our sustainable products are performing.
	Increased costs of raw materials	<ul style="list-style-type: none"> To ensure that we can cut our energy expenditures as much as possible, we must keep up with energy-saving measures. To ensure a diverse supply chain, we must maintain solid relationships with all our suppliers and frequently review our suppliers.
Reputation	Increased stakeholder concern damaging our reputation	<ul style="list-style-type: none"> To demonstrate our progress with climate change risks, opportunities and mitigation, we will continue to publish an annual TCFD report. We are aware that ESG and sustainability are crucial to the long-term success of our company and vital to our stakeholders. The sustainability committee will continue to oversee and refine our sustainability plan, with regular updates sent to the Board.
Technology	Substitute existing products to lower emissions alternates	<ul style="list-style-type: none"> Substituting our data center equipment with lower-emissions alternatives will be associated with a substantial cost to the Group in all scenarios and timeframes. We are taking steps to increase our data centers' efficiency by 40%. We will continue to invest in and explore the possibility of improving the energy efficiency in our facilities.
	Costs to transition to lower emissions technology	<ul style="list-style-type: none"> To reach our climate objectives, we might need to set aside money for capital expenses so that we can spend it on lower-emission technology. We must make sure we thoroughly plan for these charges each financial year because these may be associated with significant costs to the business.

5.6 Physical risk mitigation

The COVID-19 pandemic has shown the operational disruptions that can ensue from unforeseen and abrupt events. We take pride in our response to the pandemic, as it serves as validation of the efficacy of our current resilience strategy. Drawing from this experience, we are now factoring in the physical risks associated with climate change. The six risks we have identified could cause significant business disruption in the worst-case scenario.

Therefore, we will continue to assess these risks on an annual basis, promptly reporting any alterations that may transpire.

As we expand our TCFD process to encompass our supply chain, we anticipate that the impact of these risks will change. Table 7 outlines the mitigation actions for the three acute physical risks and three chronic physical risks. Acute physical risks encompass sudden occurrences that elicit short-term consequences, such as floods, storms, and heatwaves. Chronic physical risks denote a more gradual impact, such as sea level rise and extreme heat. Our dedication lies in diminishing our exposure to physical risks and safeguarding the resilience of our business.

Table 7 A table to show the actions to mitigate the physical risks.

Area	Climate-related Risk	Mitigating Actions
Acute	Increased severity of flooding	<ul style="list-style-type: none"> As our staff have the ability to work from home, the impact of floods is minimal at our office locations. However, this is not the case at our data centers. To reduce the physical effects of floods at these sites, adequate upkeep of drainage networks will be conducted along with continuous robust flood risk assessments. All sites considered at risk will receive the proper insurance coverage.
	Increases severity of forest fires	<ul style="list-style-type: none"> This risk is more significant to our global supply chain, than to our UK operations. We will conduct a climate scenario analysis next year of our supply chain, to evaluate this risk. The risk of forest fires presents a small risk to our Woking site. We will monitor fires when they develop in the surrounding areas. To date, wildfires have not posed an issue. However, with climate change we may have to increase our surveillance and develop a continuity plan in the event of a wildfire.
	Increased heatwaves and extreme heat	<ul style="list-style-type: none"> Our offices have air conditioning, and we will ensure that they will be fully equipped to manage heatwaves. Staff can work from home in periods of intense heat. The cooling of our data centers poses a risk for Redcentric. In the summer of 2022, some of our sites did not have adequate cooling, for example, Shoreditch. We are currently working on improving the cooling systems at these sites and will continue to evaluate each site's performance annually.
Chronic	Rising mean temperatures	<ul style="list-style-type: none"> Regular breaks and hydration will be provided, to ensure the health and well-being of staff on extremely hot days.
	Sea level rise	<ul style="list-style-type: none"> In the coming years, we plan to extend our climate scenario analysis to include key suppliers for a better understanding of this risk's implications.
	Water stress	<ul style="list-style-type: none"> We already monitor water use at all our data centers. Two of our sites use water as their primary cooling system. Our West Byfleet and Crawley sites rely on water to cool them down, so we may have to invest in changing this cooling methodology, if access to water poses a threat in the future. Our TCFD process next year will include a climate scenario analysis of our key suppliers and supply routes, to assess this risk in our supply chain.

6 Metrics & Targets

During this financial year, we initiated our voluntary TCFD reporting and incorporated our sustainability strategy, as a crucial aspect of our business's growth. To help us advance on our sustainability journey, we appointed a third-party ESG specialist, to assist us in enhancing and evaluating our environmental performance and data collection procedures. Under their and the ESG Committee's guidance, we calculated our complete carbon balance sheet for the first time, which will serve as a starting point for our Net Zero target and transition plan that we plan to finalise in H1 FY23/24.

We have chosen to evaluate our sustainability performance, strategy, and our resilience against climate-related risks and opportunities through various metrics, including carbon emissions. These metrics are outlined below and will assist us in measuring our progress and informing our sustainability-related decision-making processes.

6.1 Metrics used to measure and manage our climate risks and opportunities

Redcentric's climate risk register contains the metrics the company will use to measure and monitor climate-related risks and opportunities. As a company that is at the start of its TCFD journey, we aim to collate this data within the next two years and report annually thereafter on the progress of each climate risk against the identified metrics.

Table 8, A table to show the metrics used to measure and monitor the transition risks.

Transition climate risks	Metrics
Increase in regulation due to climate change, enhanced emissions reporting obligations.	<ul style="list-style-type: none"> Annual cost (£) of internal resources used to monitor climate legislation and compliance.
Carbon pricing mechanisms.	<ul style="list-style-type: none"> An internal carbon price will be calculated within the next two years.
Mandates on and regulation of existing products and services.	<ul style="list-style-type: none"> Percentage cost of adhering to new regulation on our products and services.
Increased cost of energy and raw materials.	<ul style="list-style-type: none"> Annual cost increase (£) linked to energy.
Changing consumer preferences to more sustainable products and services.	<ul style="list-style-type: none"> Annually evaluating customer sentiment for sustainability among our products and services.
Increased stakeholder concern for ESG.	<ul style="list-style-type: none"> Annually evaluating sustainability criteria on capital.
Substitute existing products and services to lower emissions alternates.	<ul style="list-style-type: none"> Percentage of revenue investment in improving energy efficiency in our data centers.
Costs to transition to lower emissions technology.	<ul style="list-style-type: none"> Cost (£) of reducing our Scope 1 and 2 emissions. Cost (£) of reducing our Scope 3 emissions, such as our EV salary sacrifice scheme.

Table 9 A table to show the metrics used to measure and monitor the physical risks.

Transition climate risks	Metrics
Increased severity of flooding.	<ul style="list-style-type: none"> Value (£) of key site assets located within flood risk zones. Annual flood insurance premiums for sites. Annual maintenance costs due to damage from floods and storms.
Increased severity of heatwaves and extreme heat.	<ul style="list-style-type: none"> Energy use (KWh) and associated costs (£) from periods of extreme heat.
Increased frequency of wildfires.	<ul style="list-style-type: none"> Metrics will be calculated in the next two years, when we consider our value chain.
Sea level rise.	<ul style="list-style-type: none"> Value (£) of key sites located near coastal areas.
Rising mean temperatures.	<ul style="list-style-type: none"> Energy use (KWh) and associated costs (£) from periods of extreme heat.
High water stress.	<ul style="list-style-type: none"> Water use (m³) at Redcentric's sites and data centers.

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