Non-financial and sustainability information statement

Climate-related Financial Disclosures Regulations 2022 Statement

We recognise the climate change risks facing the global environment, and at Knights we support the global transition towards a sustainable low carbon economy with a transition towards net zero.

In this section we report climate related disclosures in accordance with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 which has requirements aligned to the Task Force on Climate-related Financial Disclosures (TCFD) Statement.

This year our focus has been on refining our understanding of the climate-related impacts and required disclosures, as applicable to the Group. We have worked on agreeing challenging, but achievable, targets for the Group and formalised our internal reporting structure on climate related issues.

Knights supports the TCFD recommendations and is committed to implementing them, providing all stakeholders with full information on our exposure to climate-related risks and opportunities, aiding them in making informed investment and other decisions.

Governance	
Describe the Governance arrangements of the Group in relation to assessing and managing climate-related risks and opportunities.	The Board has ultimate responsibility for the Group's overall strategy and appetite for risk, including areas relating to sustainability, the environment and carbon emissions. The Executive Board sets Knights' ESG and climate strategy and takes responsibility for the implementation of the ESG strategy including the impact of climate related risks and opportunities that this poses for the Group. The ESG Committee ensures that climate related matters are considered and reported to the Plc Board as appropriate. Any specific climate related risks are included within the Group's overall risk register which is reviewed by the Board and the Audit Committee annually. Our ESG Committee and internal operational Directors ensure that all potential risks and opportunities are considered in all areas across the business including, but not limited to: Estate management, Procurement, Health and Safety, IT, HR policies and Finance. Any emerging risks are included within the Group's risk register which is then reviewed annually by the Executive and PLC Board. Where potential opportunities are identified these are discussed internally at monthly management meetings and actioned as necessary. We will continue to develop the roles and responsibilities of the management team in assessing and managing any climate related risks and opportunities across the Group. Climate related issues are taken into consideration when reviewing and making strategic and operational decisions, considering risk management, preparing annual budgets and assessing capital expenditure and acquisitions. The Group's continual focus on operating in a 'paper-lite' environment from Grade A highly energy efficient office spaces with a focus on utilisation of technology and Audio Visual equipment to reduce unnecessary travel, demonstrates our commitment to ensuring our business strategy aligns with the need to focus on relevant climate related issues.

Strategy	
Describe (i) the principal climate-related risks and opportunities arising in connection with the operations of the Group, and (ii) the time periods by reference to which those risks and opportunities are assessed.	Our analysis of the key risks and opportunities in respect of climate related issues over the short, medium and long term are summarised in the tables below. These opportunities and risks will continue to be reviewed and updated in response to the evolving landscape and as our climate related strategy develops further. We have defined the length of our terms to align with the wider business strategy: Our short term is one to three years; medium term is three to five years and long term is over five years.
Describe the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the Group.	Knights is a low-impact, low carbon-intensive business that aims to reduce its environmental impact by reducing carbon emission, waste and considering environmental and sustainability issues in all business decisions. Not only are we low-carbon intensive in our own operations but, through sustainable procurement, where possible, we aim to minimise our environmental impact across our entire value chain. Our intensity measure per employee is relatively low and we have plans in place to reduce this further by subletting or offloading underutilised offices and refitting old energy inefficient offices to Grade A, energy efficient spaces. Physical climate related risk is also considered low. Subsequently, our assessment of business activities did not identify any significant climate related risks that need to be reported in our Principal Risks and Uncertainties report on pages 61 - 69.
Describe the resilience of the business model and strategy of the Group, taking into consideration different climate-related scenarios.	As a low-carbon-intensive business, we consider our organisation to be resilient to the risks identified in the tables below. We will be assessing further with external professional advisers in the next financial year to evolve this analysis further. Whilst we recognise climate creates some risks and uncertainties for our business, we consider the risk is low as there would be sufficient time to evolve our business model and activities to mitigate any risks.

Risk Management	
Describe how the Group identifies, assesses and manages climate-related risks and opportunities.	Risk management is an integral part of our governance and we focus on the key risks that could impact our ability to achieve our financial and strategic goals. We recognise the impact that climate change is having globally and that it presents a risk and uncertainty to our business in the future. We identify and assess climate-related risks and opportunities as part of our financial planning processes, strategic review and as part of our ongoing risk review process. We consider climate change as an emerging risk to our business rather than a principal risk and it is included as such in the Group's Risk Register. As well as the potential risks that climate change itself poses to the Group, we perceive any failure to comply with required reporting is identified as a reputational risk. The Board and Audit Committee oversee the risk assessment framework across the Group. We have an established risk management framework and register that is maintained by our Compliance team. This framework ensures that we centrally capture, document, review and manage the risks facing the business. As part of this process we work towards ensuring appropriate mitigating factors are in place for all risks identified. Climate related risks are managed by the Executive Board and management team and reported to the Board as part of the review of the overall Risk Register.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process in the Group.	Climate and environmental related risks are considered in all significant business decisions and are included within our Risk register as an emerging risk. We continually embed into our culture the consideration of climate and environmental related issues across our business by engaging with all of our senior management team.

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Metrics and Targets	
Describe the targets used by the Group to manage climate-related risks and to realise climate-related opportunities and performance against targets.	As the Group has a strategy of organic and acquisitive growth, any measures and targets used to assess the Group's climate related risks and impact are based on intensity levels as a percentage of absolute numbers of full time equivalent number of employees and revenue. The Group has set targets to reduce both the scope 1 and scope 2 location based emissions by 10% based on reported levels for the year to 30 April 2023 within the next five years.
Describe 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 calculation on which those key performance indicators are based.	As a professional service based business, the key areas that the Group is focussed on in order to manage its impact on the climate are reducing the carbon usage of the Group per employee and as a percentage of Revenue. As part of the annual SECR report the Group (assisted by an external consultant) reports on Scope 1, 2 and 3 emissions in absolute terms. These calculations include all seven Kyoto protocol GHGs (Co2, N2O, CH4, HFCs, PFCs, FF6 and NF3) and are expressed as tonnes of carbon dioxide equivalent (tCo2e). These are then converted to the relevant intensity values using the average number of full time equivalent employees for the period or reported revenue figure for the year as appropriate.

Risks and opportunity identification and assessment

We have categorised the climate related risks and opportunities as follows: Transition risk;: Policy and Legal; Reputational; Market; and Technology as shown below.

Due to the nature of our business and our low carbon environment we have not identified any risks that will significantly impact on our short, medium and long-term strategy. We continue to monitor the risk and will consider further risks and opportunities as our climate related risk strategy is developed further and embed these climate related risks and opportunities into all strategic decisions.

Short term

We consider the short term to cover a period of up to three years which aligns with our financial forecasting period. In this period we will continue to take a proactive approach to minimise climate related risks and maximise any potential opportunities. This will involve the following areas:

- Efficient use of office space (consolidation of any excess office space where possible);
- Where feasible, real estate and construction related procurements will be environmentally sustainable;
- Replacement of old inefficient energy systems with new more efficient technology such as LED lighting, lighting control systems (absence detection) and VRF heating and cooling systems;
- Switching to carbon-neutral energy contracts;
- Use of technology to reduce travel for individual meetings; and
- Ensuring compliance with all climate related disclosures and regulations (e.g. TCFD, ISSB).

Medium term

We define the medium term as a period of three to five years. Over this term we will focus on further identifying and managing financial risks and opportunities associated with climate change. Potential considerations are:

- Regulatory net-zero carbon requirements;
- Increased regulatory reporting; and
- Increasing energy and other related costs within the value chain.

Long term
In the long term, being a period over five years, we need to consider the implications of government policy, market trends and physical climate conditions:

– Impact of increased temperatures on our day to day operations and infrastructure; and
– The impact on our customers, suppliers and stakeholders on the UK's net-zero commitment.

Climate change related risks
Although we do not consider there to be any significant climate related risks and opportunities, the tables below summarise the areas considered as part of our assessment of the potential impacts of climate change on the business.

	Risk	Potential business Impact	Mitigation
Transition Risks			
Policy and Legal	Non-compliance with the enhanced reporting obligations.	With the emergence of more enhanced and detailed reporting requirements the management team need to ensure they remain up to date and ahead of reporting requirements to ensure there is the ability to comply with enhanced reporting obligations in a timely manner.	The Group has engaged an external consultant to assist with the detailed energy and emissions data reporting requirements. Training of key individuals on an annual basis to ensure full compliance with the emerging legislation.
Reputational	Increased expectations from Investors, colleagues and clients for climate related issues to be a key focus in the strategy and to be clearly communicated across all stakeholders.	**Investors** Knights' reputation could be impacted if the Group was perceived not to be taking appropriate actions in connection with climate change and complying with all reporting requirements. This could potentially reduce capital available for investment if we do not meet investors' ESG requirements. **Colleagues** A poor reputation in the market in respect of our climate related position could impact the recruitment and retention of key individuals which is key to our short and long term success. **Clients** Clients are increasingly selecting suppliers and advisers based on ESG and climate related policies. Therefore any perceived negativity around these policies may lead to lost clients and revenues.	Operating in a low carbon industry, the risk is considered to be low from negative climate related impacts. However, to demonstrate our positive approach towards addressing climate related issues we propose increased and improved reporting internally and externally on all climate related issues. Although we do not believe that Knights currently acts for any clients believed to be high risk from a climate related risks strategy, the Group is in the process of developing a central policy for identifying clients and industries that may damage our reputation. Further involvement of all Client Services Directors and operational leads in the ESG strategy and ensuring it is fully embedded into our everyday actions is key to maintaining a positive reputation in this area.

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	Risk	Potential business Impact	Mitigation
Transition Risks			
Technology	We do not believe there are any risks to Knights in relation to the potential introduction of lower emissions technology.	Not applicable.	This area will continue to be monitored.
Market	Uncertainty over future costs of energy and other related operating costs.	Although Knights has relatively low energy usage, with over 20 offices across the UK an unexpected increase in energy and related costs could have an impact on profitability and margin achieved.	To keep its energy consumption as low as possible, Knights has a policy, wherever possible, to occupy grade A office space with highly efficient energy systems in place. Also, where possible Knights purchases energy on advanced contracts to ensure surety of pricing for the foreseeable future hence minimising any short term impact. On an ongoing basis we review our business travel requirements to minimise unnecessary travel and identify reduction opportunities. We have been introducing electric vehicles to the internal carpool.
Physical Risks			
Weather	Changes in weather patterns and temperatures.	Increased costs from heating and cooling office spaces impacting the margin achievable. Our business is dependent on our IT infrastructure. Extreme weather conditions could impact reliability of power supplies causing disruption to our ability to operate.	Switching to more efficient and green energy sources across our property portfolio. We have a Tier 3+ off site data centre with multiple paths for power and cooling supported by a dedicated generator that can run for a number of days without additional fuel, providing the ability to operate in any general power outage.

Climate change related opportunities

The table below summarises the potential climate related opportunities identified as part of our assessment of the potential impacts of climate change on the business.

	Opportunity	Potential business Impact	Current status
Resource efficiency	Reduction in data storage	Reduced energy consumption, reducing operating costs and increasing margin.	We plan to review the amount and type of electronic data stored and make reductions in order to reduce data centre energy consumption.
	Recycling	Reduced operating costs.	We engage with our electrical waste suppliers to ensure there is a high component of reuse and recycling of our retired IT equipment.
	Office space kept under review	Reduction in establishment costs.	We keep the amount of office space utilised under close review. We will 'right-size' underutilised assets where feasible either through sub-letting or surrender of excess space hence reducing heating and cooling requirements.
Energy Source	Use of lower-emission energy sources	Increased reputational benefits amongst colleagues and external stakeholders.	We will look to switch our electricity and gas contracts to carbon neutral contracts where possible, balanced with the need to also control total costs. When entering into any new office space we will aim to ensure that, where possible, these all meet minimum energy standards achieving a minimum energy performance rating of B and BREEAM of 'very good'.
	Use of new technologies	Increased reputational benefits. Reduced operating costs and more efficient use of time, increasing productivity and margin.	We will continue to review the heating and cooling systems used within our offices. We continue to upgrade our conferencing facilities to enhance the virtual meeting experience, enabling colleagues to reduce unnecessary travel.

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Streamlined Energy and Carbon Reporting

Greenhouse gas emissions ('GHG') statement

Knights Group Holdings plc has reported scope 1, 2 and 3 greenhouse gas ('**GHG**') emissions in accordance with the requirements of Streamlined Energy and Carbon Reporting ('**SECR**').

This includes Knights Group Holdings plc's stated emissions for the reporting year – the 12 months starting 01/05/2022 and ending 30/04/2023 with comparatives for the year ended 30 April 2022.

Energy and GHG sources included in the process:

- Scope 1: Fuel used in company vehicles and natural gas
- Scope 2: Purchased electricity
- Scope 3: Fuel used for business travel in employee-owned or hired vehicles
- All seven Kyoto protocol GHGs were included: CO_2, N2O, CH4, HFCs, PFCs, SF6 and NF3

The figures were calculated using UK government 2022 conversion factors, expressed as tonnes of carbon dioxide equivalent ('tCO_2e').

Energy Efficiency Actions

Energy efficiency and climate change are at the centre of Knights Group Holdings plc's strategy. Prior to/during the reporting period the following projects have taken place:

- LED lights have been fitted at the York, Maidstone and Oxford offices with a programme for the same in Portsmouth which is 50% complete.
- Chester and Maidstone offices use 100% renewable electricity.

Annual energy consumption (kWh)	01/05/2022 to 30/04/2023	01/05/2021 to 30/04/2022
Electricity	**2,708,773**	1,447,100
Gas	**346,388**	324,385
Transport fuel	**855,769**	459,826
Total	**3,910,930**	2,231,311

Annual GHG emissions (tCO_2e)		
Scope 1		
Emissions from combustion of gas	**63.2**	59.6
Emissions from combustion of fuel for transport purposes	**19.3**	15.0
Scope 2		
Emissions from purchased electricity – location-based	**523.8**	337.0
Emissions from purchased electricity – market-based*	**502.1**	280.6
Scope 3		
Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel	**185.7**	78.0
Total tCO2e emissions (location-based)	**792.1**	490.0
Total tCO2e emissions (market-based)**	**770.3**	433.6

Note

* Chester and Maidstone offices use 100% renewable electricity; all others were assumed to use the grid average in the absence of supplier fuel mix in order to calculate market-based electricity emissions.

** Train travel taken from Trees 4 Travel data Inntel data held for a period and multiplied across year.

Annual energy consumption (kWh)	**01/05/2022 to 30/04/2023**	**01/05/2021 to 30/04/2022**
Intensity (tCO_2e/FTE)		
Full Time Equivalent ('FTE') Employees	**1,353**	1,306
Intensity ratio: total location-based tonnes per FTE employee tCO2e/FTE	**0.58**	0.44
Intensity ratio: total market-based* tonnes per FTE employee tCO2e/FTE	**0.57**	0.39
Intensity (tCO_2e/£m revenue)		
Revenue (£m)	**142.1**	125.6
Intensity ratio: total location based tonnes per £m revenue tCO2e/£m	**5.58**	4.59
Intensity ratio: total market based tonnes per £m revenue tCO2e/£m	**5.42**	4.04
Methodology	GHG Protocol Corporate Accounting and Reporting Standard	

Responsibilities of Knights Group Holdings plc and Carbon Numbers

Knights Group Holdings plc was responsible for the internal management controls governing the data collection process. Carbon Numbers was responsible for the data aggregation, any estimations and extrapolations applied (as required) and GHG calculations performed, and the emissions statements.

Greenhouse gas emissions were calculated according to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

Scope and Subject Matter

The boundary of the report includes all UK offices that were operational for any time during the reporting period (Birmingham, Brighton, Bristol, Cheltenham, Chester, Crawley, Exeter, Kingshill, Leeds (Majestic & Wellington Place), Leicester, Lincoln, Manchester, Newbury, Nottingham, Oxford, Portsmouth, Southampton, Stoke, Teesside, Wilmslow, York).