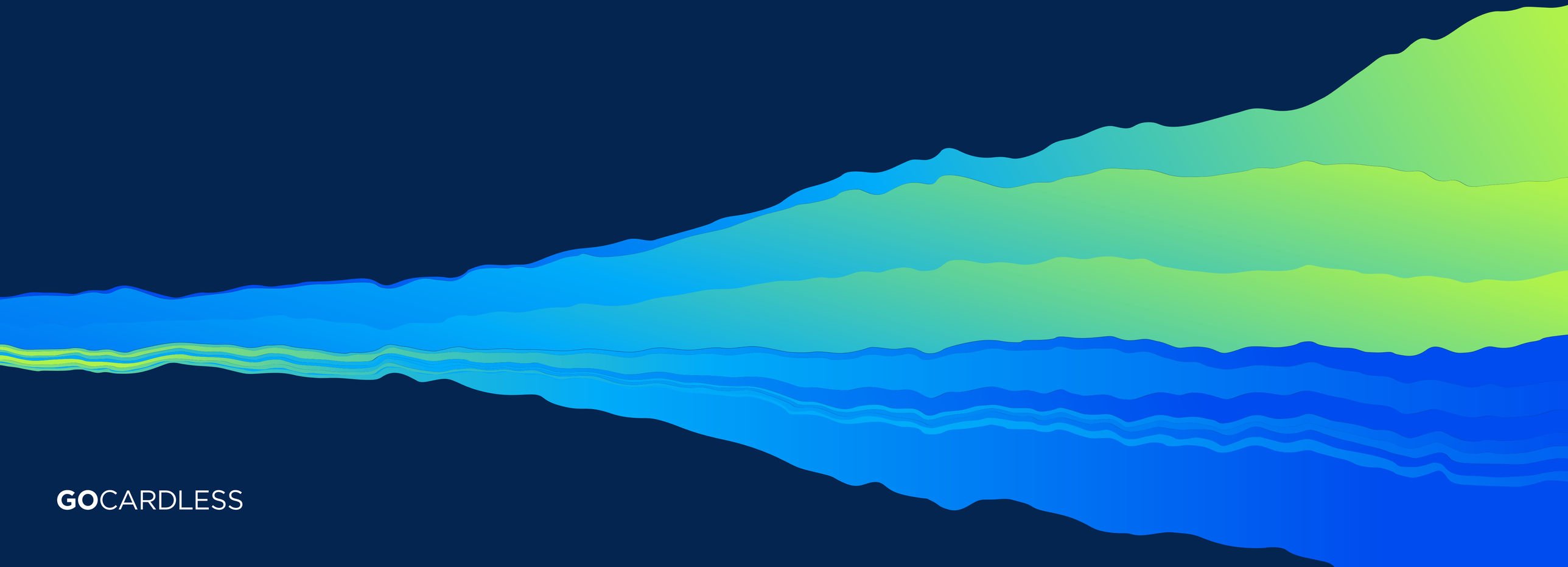
Environmental Sustainability Strategy



GOCARDLESS

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It is vital for businesses to take measurable climate action as part of a wider sustainability strategy, not only to reduce our impact on the natural world, but also to create positive change for our employees, customers and suppliers. To operate as a responsible business, it is crucial that we act in a sustainable way, allowing us to continue to attract the best talent, aligning with customer sentiment and new markets, and ensuring that we can transition to - and be part of - the low-carbon economy of the future.

An important focus for us is collaborating to drive wider sustainability. We are not only interconnected with the economy, society and the natural world, but also hundreds of employees and over 70,000 customers. Helping our stakeholders transition to a sustainable economy is a key element of becoming sustainable ourselves.

Catherine Birkett

GoCardless CFO

Start with why

Our Environmental Sustainability Strategy has four core pillars:

 **Prosperity**  **People**  **Planet**

At GoCardless we are committed to reducing our impact on the natural environment and seeking opportunities to create positive change, leaving a more sustainable world for future generations. By helping our customers get paid, our platform plays an important role in creating economic sustainability **(prosperity)** for businesses and the wider economy.

However, we need to ensure that in the process of creating economic value, we are conscious of the wider wellbeing of communities **(people)** and the natural environment **(planet)**. We do not want to borrow from the future to provide for the present.

We recognise that we are interconnected with the natural world and understand that the prosperity of our stakeholders – including our employees and our customers – is dependent on the services that our planet provides. Yet with humanity currently using the equivalent of **1.75 Earths** for the provision of resources and absorption of waste – including greenhouse gases – it is vital for businesses to take urgent action.

In parallel with our strategies on diversity, inclusion and wellbeing, we will use the Paris Agreement and the UN Global Goals as a compass to build our sustainability strategy, committing to:

→ Not only **reduce our impact**, but actively seek opportunities to **create positive change**

→ Create value for **customers, employees**, **communities**, and the **natural environment**

→ **Align** with our core business values and **embed** sustainability across our business through engagement, consultation, and training

Care Deeply: Help GeeCees and customers **succeed in the transition** to a low-carbon economy whilst identifying new markets

Be Humble: Measure and Review to continually improve performance

Act With Integrity: Report against global standards; delivering quantifiable and meaningful change

→ Regularly consult with our stakeholders

→ **Collaborate** to drive wider sustainability across the sector and beyond

= Become a **sustainable, resilient service**

Reducing our impact: GoCarbonless

The primary focus in reducing our impact is taking action on climate change. As co-founders of the Tech Zero coalition we are part of the UNFCCC Race to Zero campaign, and in September 2021 we committed to Businesses Ambition for 1.5°, aligning our strategy with the Science Based Targets Initiative Net Zero Standard. To deliver on these commitments, we will take action on both mitigation and adaptation.

Mitigation

Measure and reduce our greenhouse gas emissions in line with the Paris Agreement; setting short term reduction targets and reaching science-based Net-Zero in line with what climate science stipulates is required to keep global temperature rise to 1.5°.

A. Short term science-based target: 2027

- ☐ Scope 1, 2 and 3 reduction in line with 1.5° by 2027
- ☐ 100% renewables by 2024
- ☐ 75% of suppliers to have a Net-Zero target by 2024, and 100% renewables by 2027
- ☐ 75% of GeeCees to use renewable electricity at home

B. Long term science-based target: 2035

- ☐ Net-Zero across Scope 1, 2 and 3 in 2035, and neutralising residual emissions via removals
- ☐ 100% of GeeCees to use renewable electricity at home
- ☐ 90% of customer measuring emissions and setting Net-Zero targets

Adaptation

Assess and adapt to climate and transition risks, identify opportunities, and build resilience.

- ☐ Develop climate & transition risk assessment in line with TCFD : 2022
- ☐ Develop nature-related risk assessment in line with TFND: 2023

Environmental management

Climate action is directly interlinked with other environmental aspects. We will therefore develop a Environmental Sustainability Policy to ensure we reduce our impact across other areas of environmental impact:

- ☐ Waste (aiming for Zero Waste)
- ☐ Pollution (including use of single-use plastics)
- ☐ Resource efficiency (including water and energy)
- ☐ The protection and enhancement of nature and biodiversity
- ☐ Ensuring we develop responsible, sustainable supply chains, considering both environmental impact alongside social and governance aspects, including diversity & inclusion, human rights, and labour.

Creating Positive Change: GoBeyond

Reducing our own emissions in line with climate science is crucial, but the positive impact we can have across the UN Global Goals – from climate action and biodiversity to education and equality – both through our technology, and working collaboratively with our employees, customers, and supply chains is substantial.

Planet (Climate & Biodiversity):

- **#NetZero, Nature & People Positive**
  Seek opportunities to use our platform to create a measurable positive impact upon the natural world, becoming a regenerative business

People (GeeCees, customers, communities)

- Embed our strategy so all GeeCees feel empowered to view their day-to-day work through the lens of sustainability, through workshops, team talks, employee resource groups, and action days
- Help GeeCees in the transition to a sustainable economy via engagement and education
- Develop incentives, tools and resources to help businesses (including our customers and supply chain) and communities become more sustainable

  Helping our 70,000+ customers reach net-zero could save millions of tCo2e per year; hundreds of times more impactful than just focusing on our own emissions.

- Collaborate with our value chain to bring about wider positive change across all sectors.

Net Zero Action Plan: GoCarbonless

What is Net-Zero?

There is often talk a lot of discussion around terms such as Net-Zero, Carbon Neutral, Climate Positive, and Carbon Negative. So what is Net-Zero?

The Science Based Targets Net-Zero Standard defines it as:

- "...making rapid emissions cuts now, halving emissions by 2030. By 2050, organizations must produce close to zero emissions and will neutralise any residual emissions that are not possible to eliminate"

What does this mean for us?

- Setting both short and long-term targets to **reduce our emissions** as much as possible (more Zero, less Net), and **permanently removing residual emissions**.

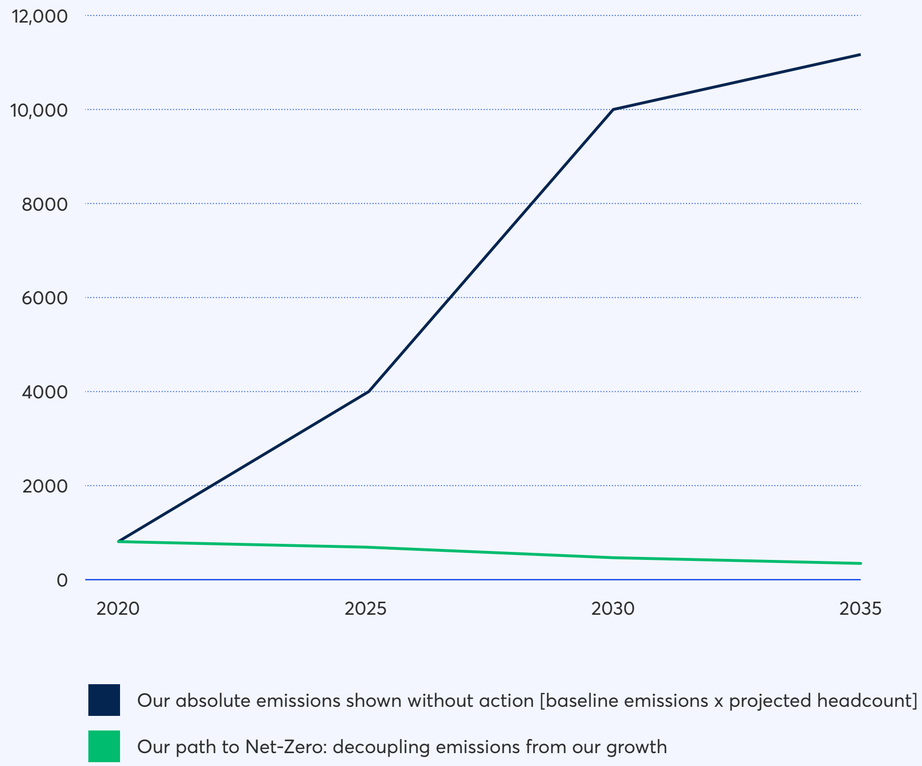
  We may choose to go beyond this and purchase offset measures ("beyond value chain mitigation") – but these do not count towards emissions reductions.

What is the level of reduction needed for Net-Zero?

A. 90% reduction for absolute (total) emissions, or;

B. 97% reduction when measured against employee number (tonnes per FTE)

What does it look like if we don't reduce our emissions?



Net-Zero: GC Targets

Primary Targets

Short term: 2027

- Reduction of 82% Co2e per GeeCee

Long term: Net-Zero 2035

- Reduction of 97% Co2e per GeeCee

Secondary Targets

Value chain

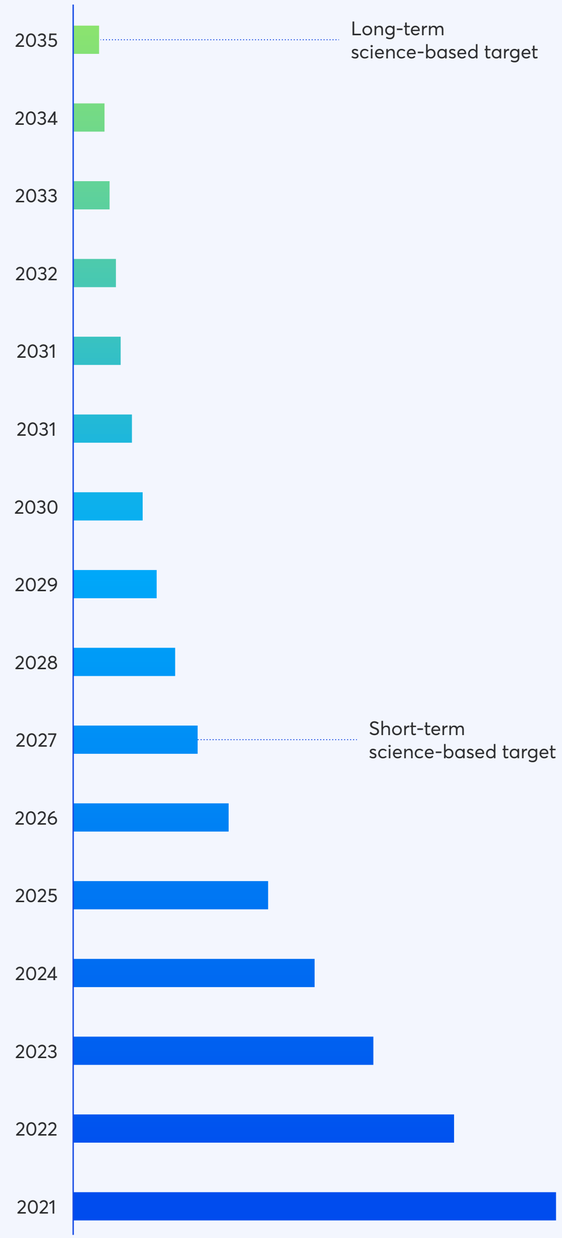
- 100% Renewables electricity by 2024
- 75% of GeeCees using renewable electricity by 2027, 100% by 2035
- 90% of suppliers to have Net-Zero target by 2024, and 100% renewables by 2027
- 50% of customers setting Net-Zero targets by 2027, 90% by 2035

Beyond Value Chain Mitigation (Offsets)

- 10% in 2019, rising to 100% in 2035
- We chose to not off-set all our emissions and instead opt to invest in decarbonising our emissions
- Any investment in offsets will be in projects that consider biodiversity and communities alongside climate action

Neutralisation

- At the year of Net-Zero we will remove any residual emissions from the atmosphere



Net Zero Pathway

How do we get to Net-Zero?

With the majority of our emissions in **scope 3**, engaging with our value chain is essential

A. Supply Chain

- Purchased goods and services

B. Employees

- Travel, homeworking and commuting

C. Customers

- Use of our service, transactions, website

Other Areas of impact:

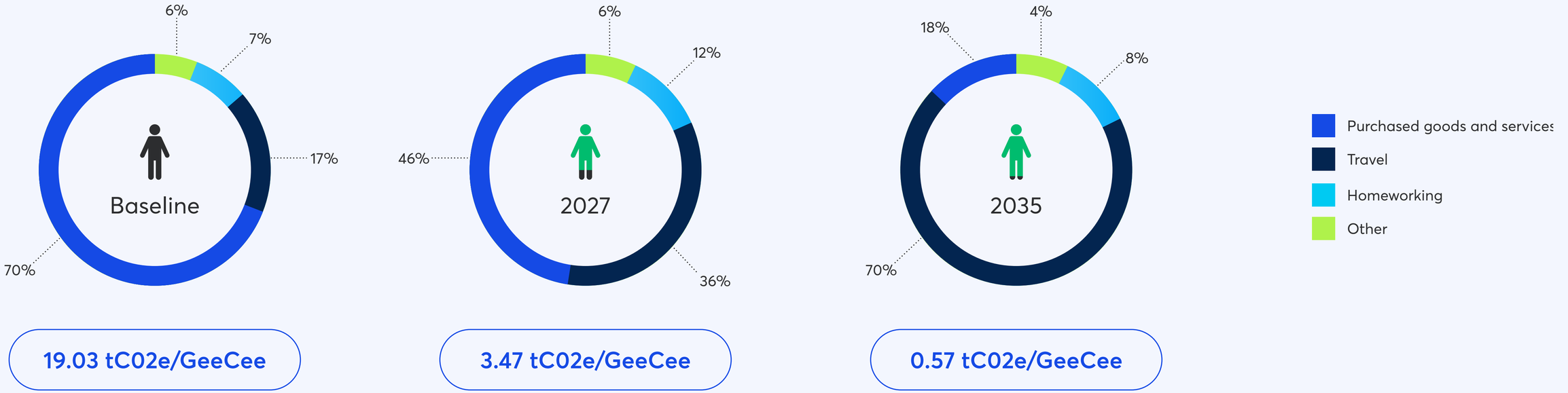
- Energy in offices
- Waste
- Investments
- Logistics
- HVAC (Air conditioning)

Outside our footprint, but important:

- Emissions from facilitated purchases
- Financed emissions (banks, insurance, pensions)

How do we get to Net-Zero?

We will aim to reduce the emissions for areas wherever we can, allowing the business to scale-up whilst on the path to Net-Zero



19.03 tC02e/GeeCee

3.47 tC02e/GeeCee

0.57 tC02e/GeeCee

Areas of impact

Scope one

HVAC (Heating & Cooling Systems)

Zero emissions from HVAC by ensuring regular maintenance of systems

When? **Immediately**

Natural Gas

Zero emissions from gas use in offices by ensuring any future new offices use low-carbon heating

When? **Immediately**

Kitchen Tap

Eliminate emissions from kitchen tap

When? **When we move our office to a new premises**

Scope two

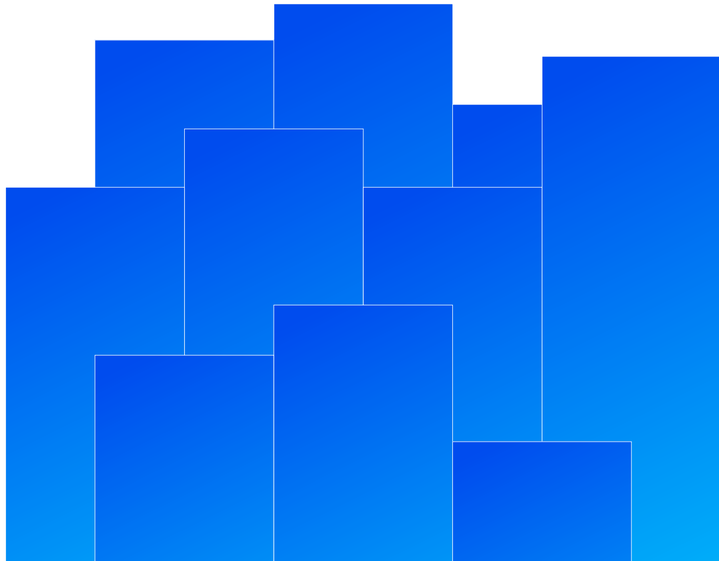
Purchased electricity

100% renewables globally

When? **By 2024**

#GoBeyond

Purchasing renewable energy is an important first step, but until all energy comes from a renewable source, this means that the residual energy from non-renewable sources is pushed elsewhere in the grid. We will therefore assess the feasibility of moving to 100% self-generation of our electricity use by 2027.



Areas of impact

Scope three

Travel

As an international business, we recognise that travel is required to maintain engagement between our teams, and to meet customers and suppliers. However, the emissions related to travel are significant, especially with low-carbon flight still some way off.

However, we will establish a Sustainable Travel Policy to reduce the impact of travel, and work with a travel provider to help us monitor associated emissions.

To help us reduce emissions, the Policy will prioritise Video Calls over in-person meeting. Where travel is needed, we will encourage sustainable travel by:

- Prioritising low-carbon travel such as trains over flying, or the tube/ metro over taxis.
- If air travel is needed, prioritising direct flights and economy class
- Incentivising the use of low-carbon travel
- Establishing a carbon budget per team, which if not used, can be traded at the end of the year.

When? **Jan 2022**

How can we reduce travel-related emissions? Consider these simple steps (with the help of some music—just click the links):

→ **Pleased to e-meet you!**
Is Is travel needed in the first place? Use video conferencing as a preference, saving both emissions and money. Don't feel afraid to ask, "do we need to meet in person?"

→ **Meet Me Halfway**
If you do need to travel, can you meet somewhere that reduces the distance?

→ **Ticket To e-Ride**
Prioritise low-emission transport. Going by train instead of plane can reduce emissions, whilst using the metro/tube produces less emissions than hiring a car or taxi.

→ **Fly Away**
If you do need to fly, then choose a direct route, travel in economy, and pack light. Going direct saves fuel and reduces emissions, whilst the emissions per passenger from flying in economy are the lowest.

→ **Hotel California/London/Melbourne/Munich/New York/Paris**
Can you stay in a sustainable hotel? Hotels use lots of energy and produce a lot of waste.
Choose hotels who are active on sustainability such as Hilton, Sofitel, Mercure, Novitel and Ibis.

Areas of impact

Purchased Goods and Services

This is our biggest area of impact, and the most difficult to directly change. The emissions produced in providing goods and services – from financial services to purchased food – are largely outside our direct control. Collaboration with our value chain here is essential. How will we work with our suppliers to reduce these emissions?

A. Establish a Sustainable Procurement Policy:

- Ensuring future suppliers are aligned with our Net-Zero targets (Q1 2022)

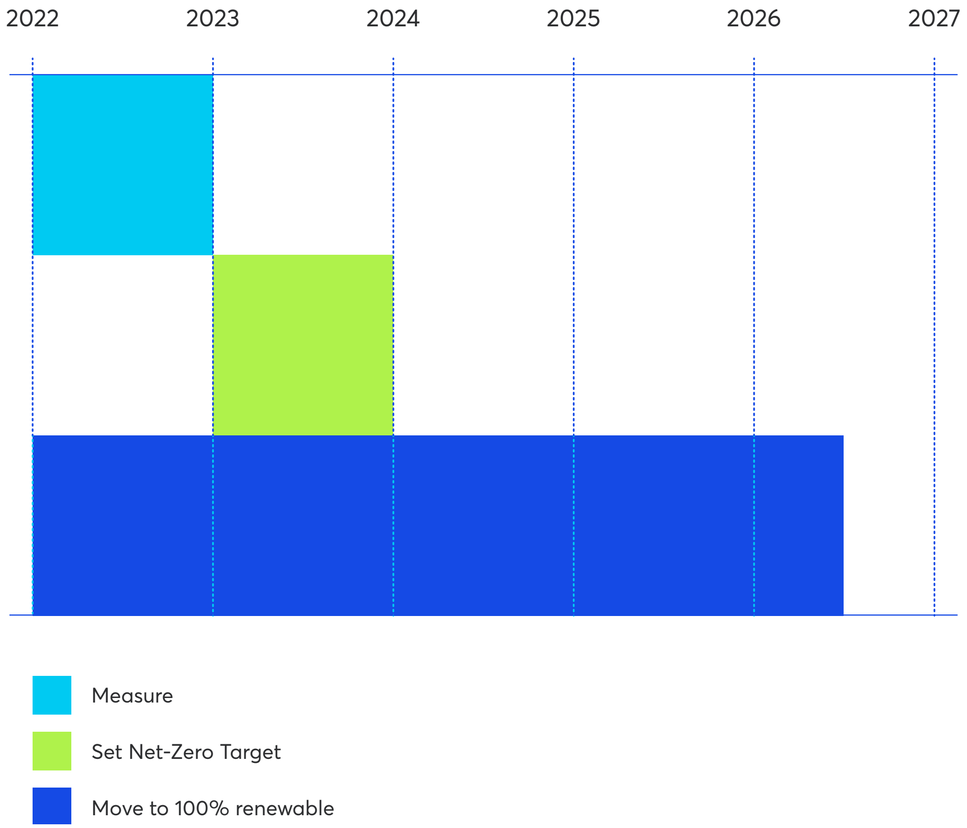
B. Map out our existing suppliers and internal owners;

- Improve accuracy of measurements (Q1 2022)

C. Engage with existing suppliers (Q2 2022) and ask them to:

- Measure their 2021 emissions by 2023
- Move to 100% renewables as early as possible, and at least by 2027
- Set a Net-Zero target by 2024
- Encourage alignment with the Science Based Targets standard

D. Offer support in measuring, setting targets, and reducing emissions



Areas of impact

Homeworking

The shift to homeworking has seen an increase in related home-working emissions, with many homes – especially in the UK – using gas heating. This is a difficult area for us to reduce our emissions, but through incentive schemes and a long term approach to household heating, we can also help our employees become more sustainable and resilient.

A. **Conduct** a 2022 commuting and homeworking survey, building on the 2021 survey with more details on home heating

B. **Identify** short-term opportunities to decarbonise heating as part of homeworking package (2022)

C. **Incentivise** renewable energy (2022); currently 50% of GeeCees are on renewable electricity tariffs

D. **Seek** longer-term opportunities to decarbonise home-heating (2024+)

E. **Aim** for 75% of GeeCees to use renewable electricity at home by 2027, and 100% by 2035

Commuting

The move to homeworking has seen a reduction in commuting, yet this still has a considerable impact. To reduce these emissions we will:

A. Conduct a 2022 commuting and homeworking survey

B. Promote active travel such as cycle to work scheme and assess future EV schemes (Q2 2022)

C. Consider commuting distances and routes for any future new offices

Waste

One of the areas missing from our baseline measurements was waste generated from our office operations.

A. Measure the impact of our waste (Q1 2022)

B. Identify areas to reduce waste through procurement, and improve waste segregation (Q1 2022)

Areas of impact

Customer Use Of Service

The energy used by our customers in using our service and transactions has an impact. To reduce these emissions, we will:

A. Improve measurement of the associated energy use of our service

B. Make efficiency improvements through digital design

C. Engage with customers to improve their sustainability, and help them to move towards renewables and Net-Zero

Q1 2022: Measure the energy use in more depth of our customer facing services, including:

- Data transfer for a transaction
- Energy use of customer in using GC platform

Q3 2022: Guide our customers to measuring their emissions and setting a Net-zero target; provide tools and guidance on how to do this

Q2-4 2022: Develop the digital design of our product to reduce emissions via digital sustainability methods

Customer Use Of Website

Our website also generates emissions via its use. To reduce the impact, we will:

A. Display Co2e tracker on website to communicate impact to users (Q2 2022)

B. Reduce energy use and Co2e by areas such as using good SEO, clear copy writing, reducing images and video, less Java, and clear code (Q2-4 2022)

Investments

Any future investments we make as a business have an impact on our scope 3 emissions. Therefore we will ensure that any future investments are aligned with our Sustainable Procurement Policy (Q1 2022)

Our Net Zero pathway

How do these actions reduce our emissions?

Purchased Goods and Services

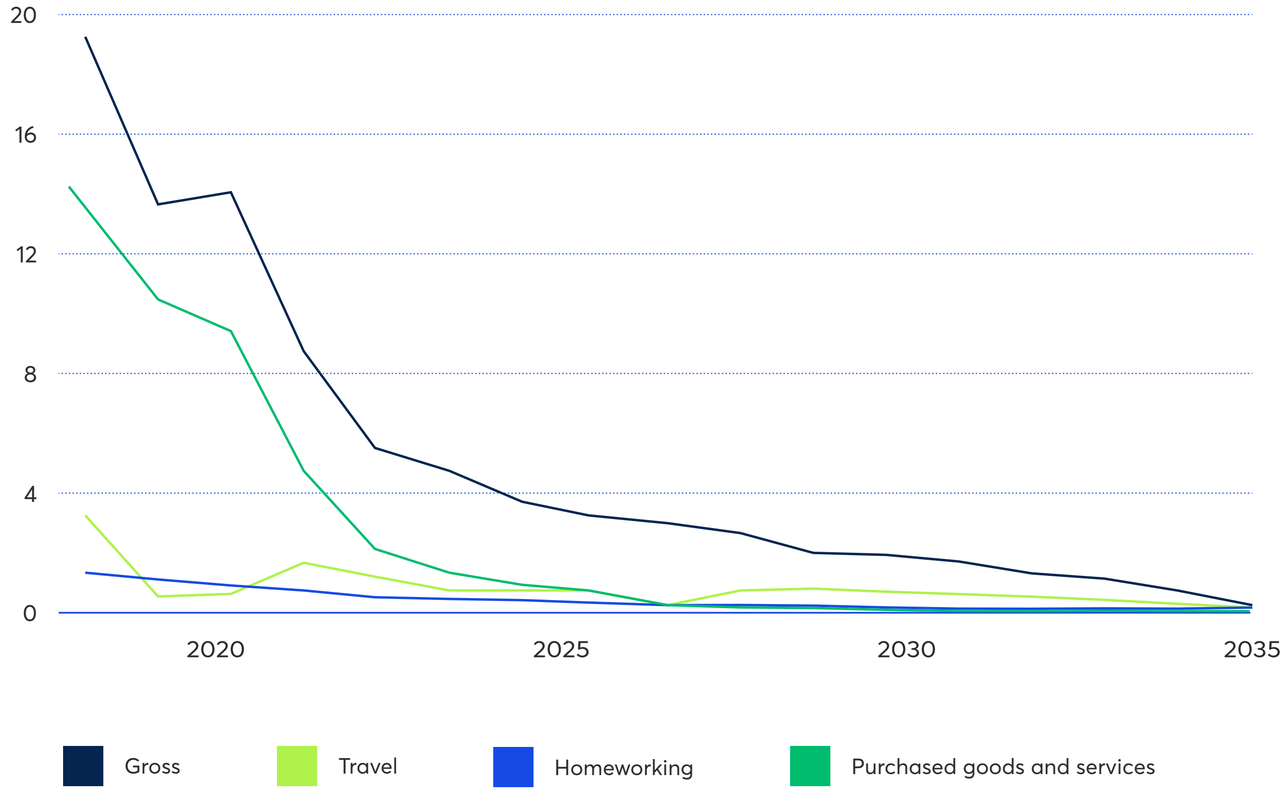
88% reduction by 2027; 99.25% reduction by 2035

Travel

61% reduction by 2027; 87% reduction by 2035

Homeworking

70% reduction by 2027; 97% reduction by 2035



Continual improvement

To ensure continual improvement, we will review the effectiveness of this action plan in Q3 2022, updating and improving where needed. In Q1 2023 we will carry out this process again, alongside the measurement of our 2022 GHG emissions.