CARBON-ZERO

CARBON MANAGEMENT PLAN

Prepared for: Ethypharm UK

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1. Executive Summary

This Carbon Management Plan sets out ambitions for Ethypharm UK (Ethypharm) and acts a roadmap for progress. The emissions from the wider Ethypharm Group are not considered as part of this plan. Reducing carbon emissions is not just about commitment to the environment. The same processes used to identify carbon emissions reduction will also identify and realise financial savings through improved efficiency in the procurement and operation of buildings, transport, manufacturing, and supply processes. The actions outlined within this Carbon Management Plan form part of an efficiency plan to reduce consumption and provide value for money.

Reductions will be achieved through a range of projects including energy initiatives, travel policies and changes to the manufacturing and supply processes. This Carbon Management Plan is viewed as a 'live' document and will be updated annually with project updates.

The 2022 baseline carbon footprint was calculated to be **7,266 tonnes** of carbon dioxide equivalent (tCO_2e).

Ethypharm is committed to achieving Net Zero emissions by 2050

Ethypharm have established short term targets on their journey to Net Zero. By 2027, Ethypharm will have reduced their carbon emissions by 10%, saving approximately 727 T/CO_2e, compared to the 2022 baseline.

2. Background and Context

Purpose of the Carbon Management Plan:

Facilitate Sustainability	Reduce Carbon Footprint	Path to Carbon Neutrality
Support an organisational culture that embraces being a sustainable business	Reduce business carbon emissions and improve cost efficiency	Support the business transition to carbon neutrality in the long term

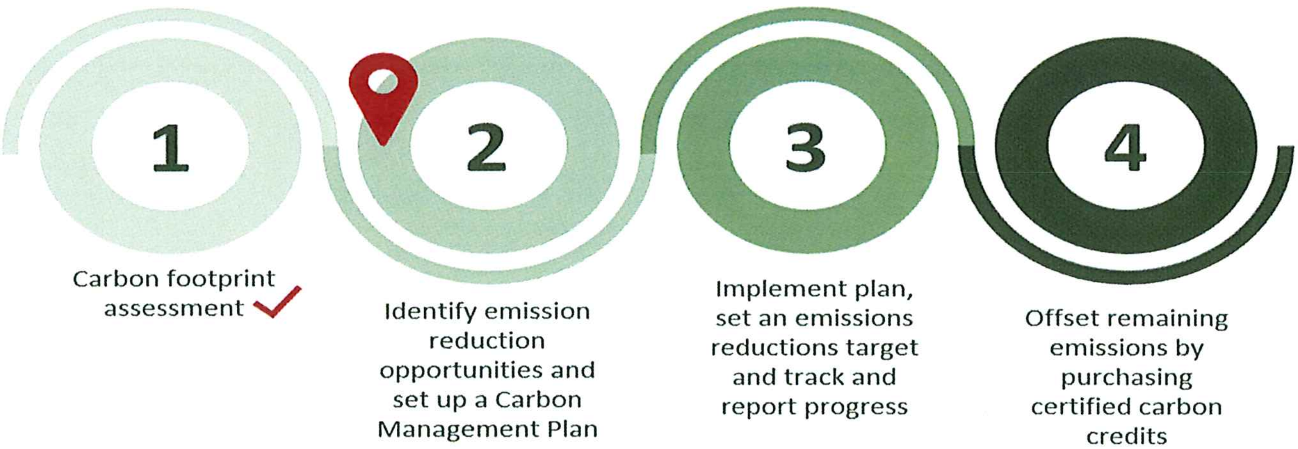
Drivers for Carbon Management:

Organisations and businesses face a complex set of drivers for managing carbon emissions. These drivers should not be considered in isolation and should be considered in reference to the overall goal of minimising environmental impact while contributing to society and the economy.

Carbon Management Plan Drivers			
UK Government Targets	NHS Net Zero Targets	Rising Energy Costs	Corporate Social Responsibility

Becoming a Carbon Neutral Company:

The below summarises the process Ethypharm can undertake to achieve carbon neutrality as part of an overarching Net Zero strategy aligning with broader Government goals.



Scope and Boundaries of the Carbon Footprint:

The scope of this assessment extends to the carbon emissions associated with Ethypharm's annual business operations. The reporting methodology has been aligned to the GHG Protocol Corporate and Value Chain Standards. The inclusion of scope had been aligned to the mandatory reporting requirements identified by NHS England. The figure below details the mandatory and recommended emissions sources as outlined in these standards, along with confirmation of their inclusion.

GHG Assessment Emissions Sources				Required or Optional (NHS)	Included in Scope
Category	Emissions Source Category (Aligned to GHG Protocol Corporate and Value Chain Standards)				
Scope 1	Direct emissions arising from owned, leased or directly controlled stationary sources that use fossil fuels and/or emit fugitive emissions.			Required	✓
Scope 1	Direct emissions from owned, leased or directly controlled mobile sources.			Required	✓
Scope 2	Location-based emissions from the generation of purchased electricity, heat, steam or cooling.			Required	✓
Scope 2	Market-based emissions from the generation of purchased electricity, heat, steam or cooling.			Required	✓
Scope 3 – Upstream	1	Purchased goods and services		Optional	x*
Scope 3 – Upstream	2	Capital goods		Optional	x
Scope 3 – Upstream	3	Fuel and energy related activities (not included in Scope 1 or 2)	3a Upstream emissions of purchased fuels	Optional	✓
Scope 3 – Upstream	3	Fuel and energy related activities (not included in Scope 1 or 2)	3b Upstream emissions of purchased electricity	Optional	✓
Scope 3 – Upstream	3	Fuel and energy related activities (not included in Scope 1 or 2)	3c Transmission and distribution (T&D) losses	Optional	✓
Scope 3 – Upstream	4	Upstream transportation & distribution.	Outbound courier deliveries of packages	Required	✓
Scope 3 – Upstream	4	Upstream transportation & distribution.	Third-party transportation and storage of inbound production related goods	Required	✓
Scope 3 – Upstream	5	Waste generated	Waste treatment	Required	✓
Scope 3 – Upstream	6	Business travel	All transportation by air, public transport, rented/leased vehicles and taxi.	Required	✓
Scope 3 – Upstream	6	Business travel	Emissions arising from hotel accommodation associated with business travel.	Required	✓
Scope 3 – Upstream	7	Employee commuting	Employee transport between home and places of work.	Required	✓
Scope 3 – Upstream	7	Employee commuting	Emissions from employee home and remote working.	Required	✓
Scope 3 – Upstream	8	Upstream leased Assets	Operation of assets leased by the reporting company in the reporting year and not included in scope 1 and 2.	Optional	x
Scope 3- Downstream	9	Downstream transportation and distribution		Required	✓
Scope 3- Downstream	10	Processing of sold products		Optional	x
Scope 3- Downstream	11	Use of sold products		Optional	x
Scope 3- Downstream	12	End of life Treatment		Optional	x
Scope 3- Downstream	13	Downstream leased Assets		Optional	x
Scope 3- Downstream	14	Franchises		Optional	x
Scope 3- Downstream	15	Investments		Optional	x

Table 1- Scope of Carbon Emissions Assessment

*Includes packaging emissions only.

Ethypharm have included emissions from packaging materials and will capture pharmaceutical emissions by 2025, in alignment with NHS requirements.

3. Emissions Baseline

The baseline reporting period covered 1st January 2022 to 31st December 2022. The table below details the emissions per scope for this period.

GHG Assessment Emissions Sources			T/CO_2e	% of Total Emissions
Category	Emissions Source Category			
Scope 1	Direct emissions arising from owned, leased or directly controlled stationary sources		1,584.7	21.8%
	Direct emissions arising from owned, leased or directly controlled mobile sources		16.9	0.2%
Scope 2	Market-based emissions from the generation of purchased electricity, heat, steam or cooling		895.7	12.3%
Scope 3	1	Purchased goods and services	3,111.1	42.8%
	2	Capital goods	-	0.0%
	3	Fuel and energy related activities	520.8	7.2%
	4	Upstream transportation & distribution.	64.8	0.9%
	5	Waste treatment	97.0	1.3%
	6	Business travel	169.6	2.3%
	7	Employee commuting & homeworking	771.5	10.6%
	8	Upstream leased assets	-	0.0%
	9	Downstream transportation and distribution	33.5	0.5%
		Total Emissions	7,265.6	

Table 2- Baseline Carbon Emissions

4. Current Emissions Reporting

Due to a cyber-attack, retrieving data for 2024 was not possible for all categories. Where data could not be retrieved the 2022 data was used. All data should be available for the 2025 assessment onwards.

GHG Assessment Emissions Sources			T/CO_2e	% of Total Emissions
Category	Emissions Source Category			
Scope 1	Direct emissions arising from owned, leased or directly controlled stationary sources		1,218.7	15.4%
	Direct emissions arising from owned, leased or directly controlled mobile sources		130.8	1.7%
Scope 2	Market-based emissions from the generation of purchased electricity, heat, steam or cooling		696.5	8.8%
Scope 3	1	Purchased goods and services	4,218.5	53.4%
	2	Capital goods	-	0.0%
	3	Fuel and energy related activities	417.3	5.3%
	4	Upstream transportation & distribution.	132.4	1.7%
	5	Waste treatment	111.3	1.4%
	6	Business travel	108.6	1.4%
	7	Employee commuting & homeworking	829.5	10.5%
	8	Upstream leased assets	-	0.0%
	9	Downstream transportation and distribution	37.5	0.5%
		Total Emissions	7,901.0	

Table 3- 2024 Annual Carbon Emissions

5. Carbon Footprint Projections

Ethypharm have established short term targets on their journey to Net Zero. By 2027, Ethypharm will have reduced their carbon emissions by 10%, saving approximately 727 T/CO_2e, compared to the 2022 baseline. The figure below details Ethypharm's annual emissions for 2022-2024 and forecasted emissions for 2025-2027. With the Carbon mitigation projects planned for the upcoming years Ethypharm are expected to achieve their short-term goal by 2027.

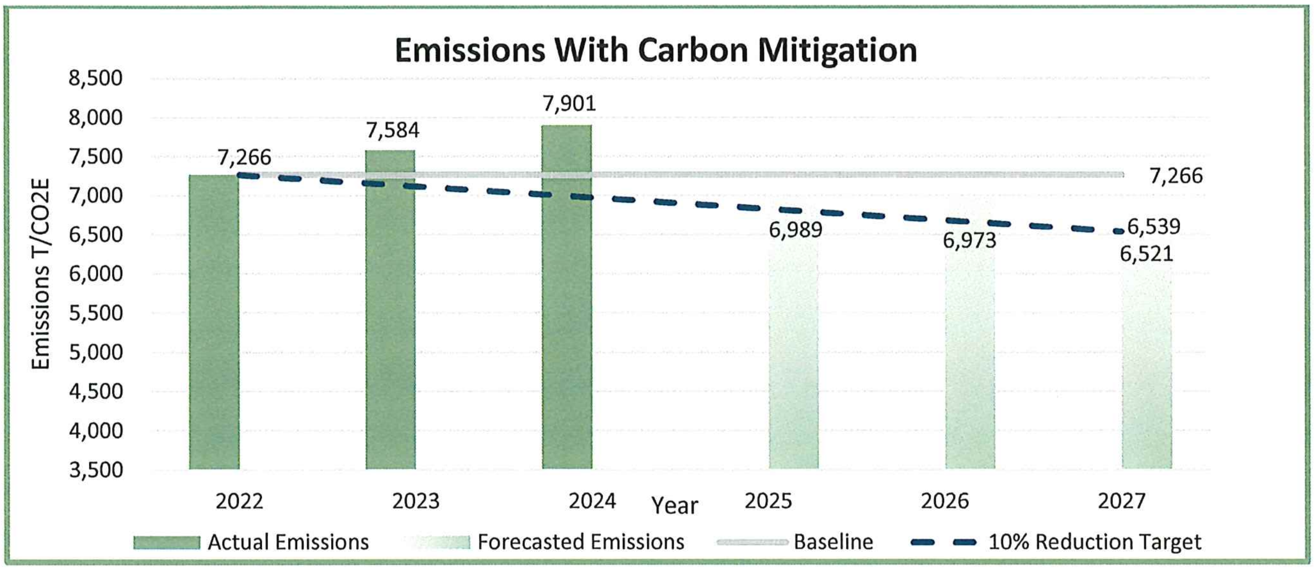


Figure 1- Carbon Emissions Forecast Including Mitigation

Between 2022-2024 Ethypharm's production increased by 27% and turnover increased by over 100%. Despite these significant increases, the emissions increase is only equivalent to 9% of the baseline. The figure below highlights the potential emissions if they had been consistent with the business growth rate.

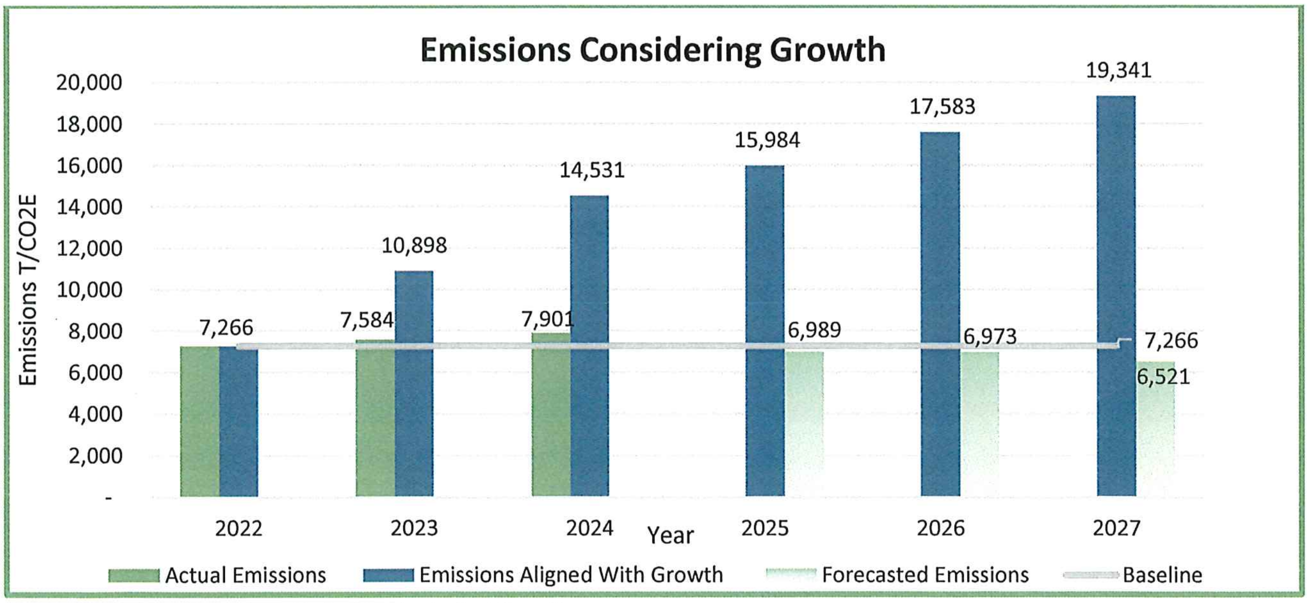


Figure 2- Carbon Emissions Projection Including Growth

Had emissions increased with growth they are expected to be 14,531 T/CO_2e by 2024. Current emissions are 6,630 T/CO_2e below this figure. By limiting emissions increases despite significant growth Ethypharm have reduced the emissions intensity of their operations. In 2022 the emission intensity was 134 Kg/CO_2e generated per £1000 of turnover. By 2024 this figure has reduced to 66 Kg/CO_2e per £1000 of turnover.

6. Completed Carbon Reduction Initiatives

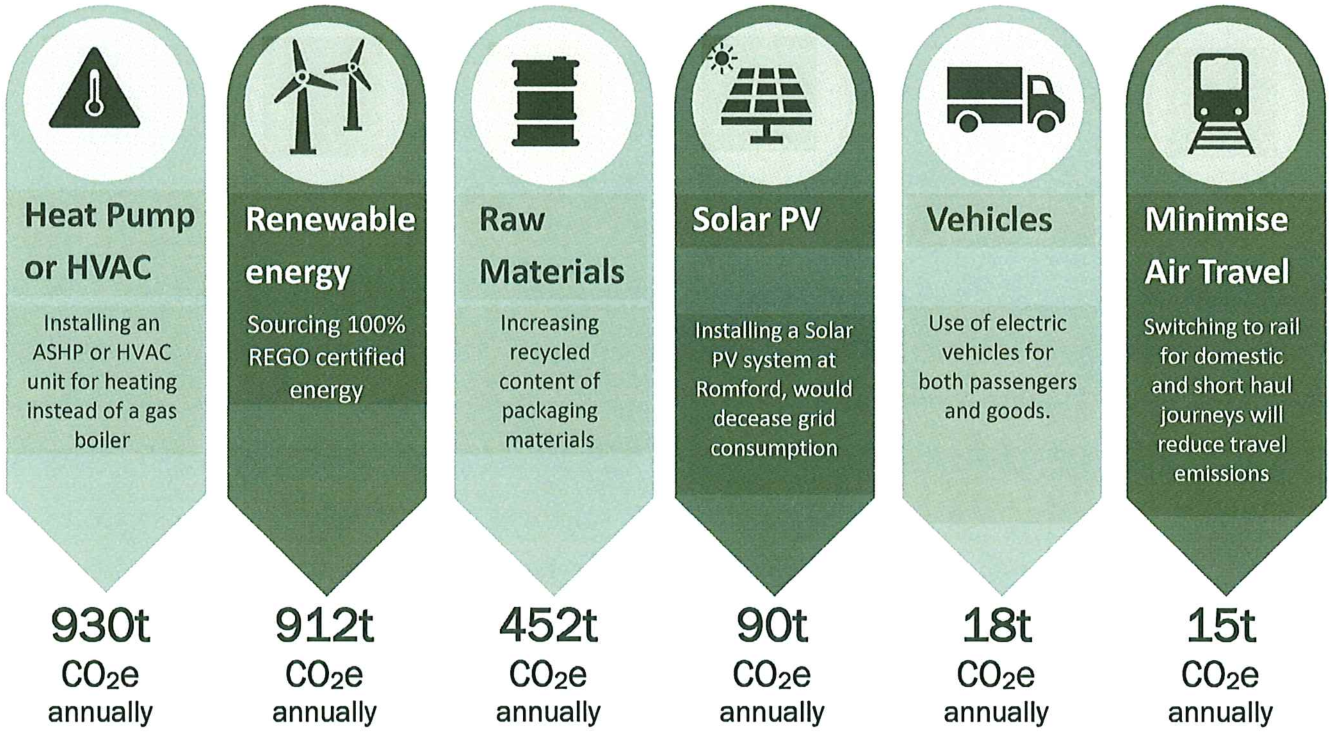
The following environmental management measures and projects have been completed or implemented since the 2022 baseline:

- Certification of ISO 14001
- Pledge to SBTI targets
- A renewable energy tariff was obtained late in 2024 therefore the full benefits will be realised from the 2025 reporting year onwards.

7. Carbon Reduction Opportunities

In order to achieve emissions reductions Ethypharm is committed to identifying opportunities for carbon reduction and implementing carbon saving projects. The following sets out some of the opportunities identified through the business carbon assessment as areas to consider for targeting carbon reduction.

The following carbon mitigation projects will be explored further and implemented if deemed feasible. An annual carbon savings value has been estimated for each measure.



It is noted that the above projects are considered separately and may have overlapping benefits.

In order to achieve the 10% emissions reduction target by 2027 the following mitigation measures will be implemented.

- 100% of electricity consumed will be from a REGO supplier
- At least 30% of packaging materials will be made of recycled content
- All domestic journeys will be made via transport methods other than flight

8. Management and Delivery of the Carbon Management Plan

In order to ensure that there is effective and ongoing ownership of the Carbon Management Plan, it is important to have a fully defined governance structure.

The Carbon Management Plan and carbon saving target will be approved by internal management, providing endorsement and a clear commitment at the highest level, reinforcing the need for action across the business.

The specific objectives of the Carbon Management Plan will be included in the organisation's strategic plan and other high-level plans. Key stakeholders at all levels of the business will provide overall support for promoting a culture of carbon reduction. The key to success of this Carbon Management Plan is effective engagement within the different areas of the business.

9. Progress Reporting

This Carbon Management Plan is considered as a 'live' document – envisaged to change with the needs and scope of business operations. To ensure the Plan remains fit for purpose the document should be reviewed annually, with attention to:

- Progress towards the overall carbon reduction target (in terms of tCO_2e)

- Progress of identified carbon reduction projects, including;
  - Any financial savings achieved
  - Costs of implementing projects
  - Wide benefits of projects

10. Decleration

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans. Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard and uses the appropriate Government emission conversion factors for greenhouse gas company reporting .

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard . This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Name: BRUNO BARCELOS
Position: MANAGING DIRECTOR
Date: 24/7/25