Carbon Reduction Plan FY23

Produced for Alliance Pharmaceuticals Limited
By Inspired
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ALLIANCE

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Introduction

Alliance Pharmaceuticals Limited (Alliance Pharma) aims to achieve net-zero Scope 1 and 2 emissions by 2030 from a 2018 base year, and net-zero Scope 3 emissions by 2044 from a 2022 base year.

Document Purpose

Our reduction plan is presented in response to the recent Procurement Policy Note (PPN) 06/21 and provides transparency and demonstrates our progress towards building a robust carbon reduction programme.

Overview

To achieve net-zero, we are aiming for an at least 90% reduction in absolute emissions compared to our base year – any residual emissions will be offset with carbon sequestration offsets, as per the Science-Based Targets Initiative's Net-Zero Standard guidance.

Our Scope 2 emission target will be reported using a market-based methodology.

On the journey to net-zero, Alliance Pharma commits to the following science-aligned near-term targets:

Alliance Pharma commits to reduce Scope 1 and 2 emissions by 65% by 2025 from a 2018 base year.

Alliance Pharma also commits to reduce Scope 3 emissions by 25% by 2030 from a 2022 base-year.

PPN 06/21: Carbon Reduction Plan Baseline Emissions

Supplier name: Alliance Pharmaceuticals Limited
Publication date: 16/08/2024

Scope 1 and 2 (2018) and Scope 3 (2022)

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

The baseline emissions have been calculated using an operational control model following the GHG protocol guidance. The baseline includes all applicable Scope 1, 2 and 3 emissions. Emissions have been calculated following the GHG Protocol Guidelines, in particular the Corporate Value Chain (Scope 3) Standard.

Emissions Scope & Category	Source	tCO_2e
Scope 1 (2018 baseline)	Direct	**7**
Scope 2 (location-based) (2018 baseline)	Indirect	**107**
Scope 3 (2022 baseline)	Indirect	**47,974**
1. Purchased Goods & Services		34,345
2. Capital Goods		124
3. Fuel-related Emissions		17
4. Upstream Transportation and Distribution		6,962
5. Waste Generated in Operations		0.8
6. Business Travel		825
7. Employee Commuting		499
8. Upstream Leased Assets		42
9. Downstream Transportation and Distribution		4,972
12. End-of-life Treatment of Sold Products		187

Recent-year Emissions

Scope 1, 2 and 3 – 2023 (1 January 2023 – 31 December 2023)

Additional Details relating to the Baseline Emissions calculations.

The baseline emissions have been calculated using an operational control model following the GHG protocol guidance. The baseline includes all applicable Scope 1, 2 and 3 emissions.

Emissions have been calculated following the GHG Protocol Guidelines, in particular the Corporate Value Chain (Scope 3) Standard.

Emissions Scope & Category	Source	tCO_2e
Scope 1	Direct	**0**
Scope 2 (location-based)	Indirect	**59**
Scope 3	Indirect	**50,125**
1. Purchased Goods & Services		43,034
2. Capital Goods		121
3. Fuel-related Emissions		17
4. Upstream Transportation and Distribution		2,894
5. Waste Generated in Operations		1
6. Business Travel		1,014
7. Employee Commuting		376
8. Upstream Leased Assets		35
9. Downstream Transportation and Distribution		2,433
12. End-of-life Treatment of Sold Products		199
Total emissions (location / market -based)		**50,184**

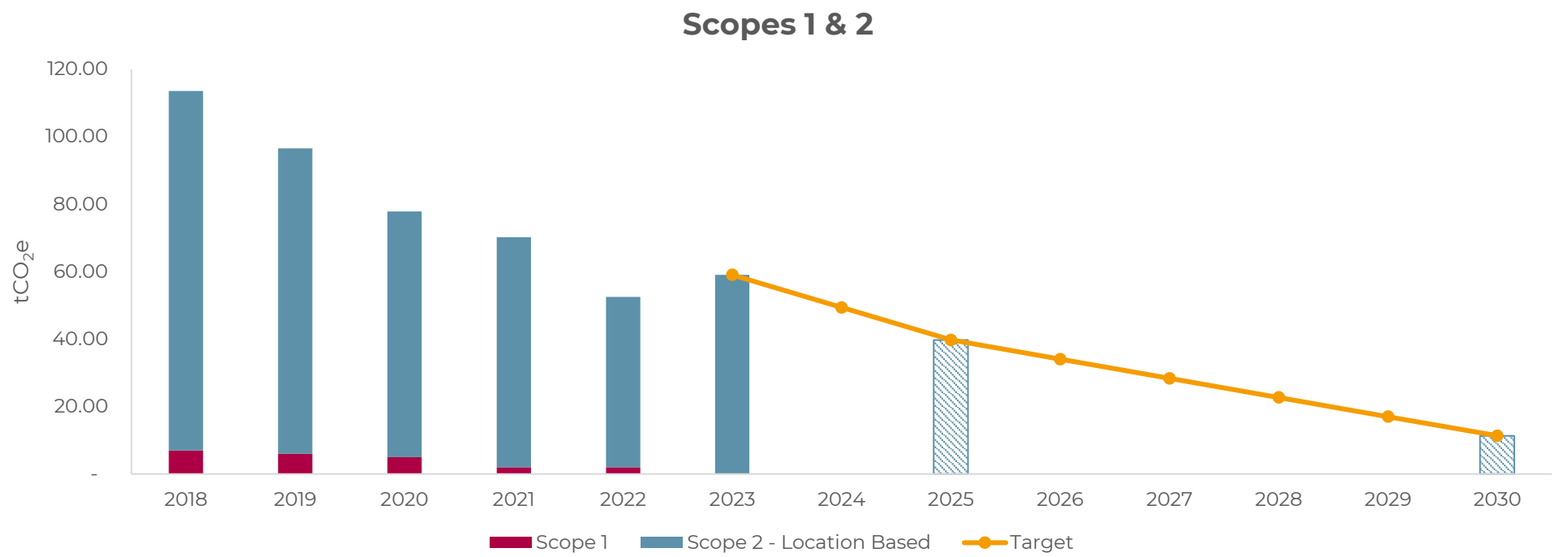
Net-zero Targets

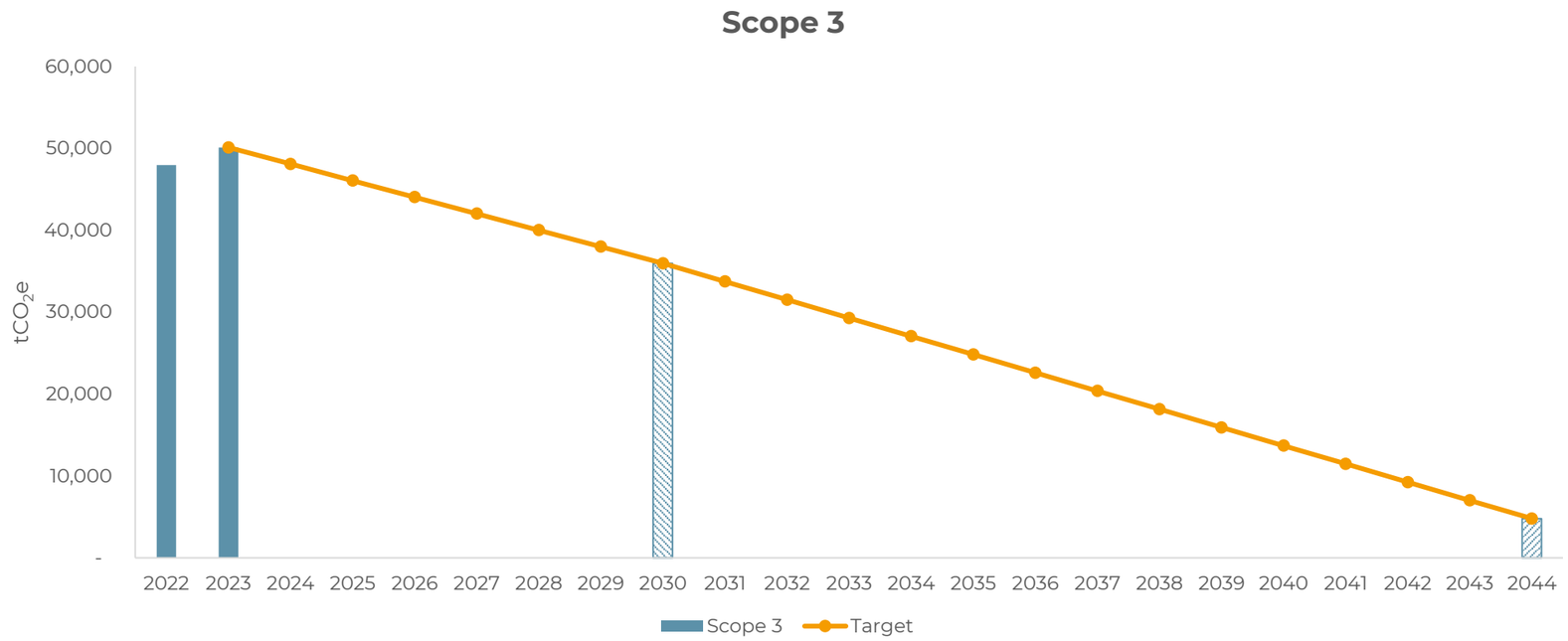
Alliance Pharma aims to achieve net zero Scope 1 and 2 emissions by 2030, compared to a 2018 baseline, and net zero Scope 3 emissions by 2044, compared to a 2022 baseline.

In order to continue progress to achieving net zero, Alliance Pharma have adopted the following near term emission reduction targets:

- 65% reduction in Scope 1 and 2 GHG emissions by 2025
- 25% reduction in Scope 3 GHG emissions by 2030.

Scope 1 and 2 emissions have already reduced 48% between 2018 and 2023. We project that Scope 1 and 2 emissions will decrease a further 36 tCO_2e by 2028, resulting in an 80% reduction compared to our base year of 2018.





Carbon Reduction Projects

Completed actions

Alliance Pharma is committed to year-on-year improvements in its operational energy efficiency. A register of energy efficiency measures has been compiled, with a view to implementing these measures in the next five years.

Measures ongoing and undertaken through FY2023:

Green Energy Procurement

During FY2023, Alliance Pharma switched to REGO-backed 100% renewable electricity contracts for all UK sites. This has allowed their Scope 2 (market-based) emissions to drop significantly compared to FY2022.

LED Lighting

Alliance Pharma's Head Office is very energy efficient, relying primarily on LED lighting throughout the site. A motion-sensor system is also utilised within these offices, where the lighting automatically switches off when rooms are not in use. These measures help minimise energy wastage that can often occur in office buildings where employees may not be concerned with efficiency.

Identified opportunities for implementation

Installation of PV panels

Alliance Pharma began installing solar PV panels on the roof in FY2023, which will be completed in FY2024. This initiative will help Alliance Pharma generate 25% of its electricity needs when it is in operation. The addition of on-site generation to Alliance Pharma's head office in the UK will help to provide an ongoing source of renewable electricity for its operations that will also help to reduce reliance on electricity generated off-site.

Installation of new substation and EV charging points

Alliance Pharma has started to install a new substation and EV charging points. This will lead them to become more energy efficient in the future. Alliance Pharma have significant grey fleet emissions; therefore, installing EV charging stations at its sites will encourage employees to purchase electric vehicles and reduce their dependence on petrol and diesel-fuelled vehicles for business travel.

Developing Travel Policy

Alliance Pharma is developing a travel policy that encourages virtual meetings over in-person or face-to-face meetings. This policy also intends to prioritise train travel over car and air travel.

Behaviour Change

Alliance Pharma is engaging with employees to encourage more efficient use of energy-consuming equipment such as laptops and computer monitors. For example, initiatives to get employees to turn off equipment at the end of the working day will help to minimise energy consumption outside of working hours and improve the lifespan and performance of that equipment.

I: Declaration & Sign Off

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[5] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting[6].

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and 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[7].

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier: Alliance Pharmaceuticals Limited

Name: Cora McCallum

Role: Head of Investor Relations & Corporate Communications

Signature:

Date: 16 August 2024

II: Reporting Methodology

Scope 1 and 2 greenhouse gas emissions have been calculated according to the 2019 UK Government environmental reporting guidance. Consistent with the guidance, relevant emissions factors published in the UK Government's Department for Business, Energy and Industrial Strategy (BEIS) "Greenhouse gas reporting: conversion factors" database-specific reporting year have been used. The CO_2 equivalent conversion factor has been used throughout and, where applicable, the kWh gross calorific value (CV) was used.

Scope 1 and 2 emissions have been calculated using both a location-based and market-based approach:

Location-Based: This method calculates emissions associated with fuel and electricity consumption by using UK average emissions intensities. BEIS provides UK emissions factors for fuel and grid electricity annually, which are used in location-based reporting.

Market-Based: This method calculates emissions associated with fuel and electricity consumption by using contract-specific emissions intensities. Market-based reporting enables companies that purchase lower carbon fuel and electricity to demonstrate the benefit of their investment.

Transport-related emissions from fuel combustion were calculated using the BEIS "Greenhouse gas reporting: conversion factors" database.

Scope 3 emissions have been calculated based on the guidance in the Greenhouse Gas Protocol "Corporate Value Chain (Scope 3) Standard".

For all operations, applicable Scope 3 categories were identified based on an operational control boundary. Scope 3 emissions for applicable categories were calculated following methodologies outlined in the GHG Protocol "Technical Guidance for Calculating Scope 3 Emissions", with further guidance taken from the GHG Protocol's detailed methodology chapters for each applicable Scope 3 category.

Most conversion factors were sourced from the BEIS Greenhouse gas reporting: conversion factors, v1.1 2023 database. Where a spend-based approach was used, as per the GHG Protocol guidance, conversion factors were taken from the University of Leeds and the Department for Environment, Food and Rural Affairs' UK Footprint Results (1990 – 2018)' study or the Department for Environment, Food and Rural Affairs' Indirect emissions for the supply chain' database. Scope 3 emissions include Well to Tank and T&D losses.

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