

JSC "Grindeks" Group GHG Emission Reduction Plan

Name: JSC "Grindeks" group

Date of publication: 07.08.2024.

Commitment to net-zero

JSC Grindeks Group is committed to achieving net-zero emissions by 2040.

Baseline Emissions Footprint

Baseline emissions are an inventory of greenhouse gases produced in the past and produced before the introduction of any emission reduction strategies.

Baseline emissions are the reference point against which emission reductions can be measured.

Base year: 2023 (01.01.2023 – 31.12.2023)
Additional information on baseline emission calculations.
<p>Emissions data for previous years were not published across all scopes, so 2023 is chosen as the base year to gather all the necessary information for company. In 2024, the calculations will be updated with additional categories for Scope 3 and information about the Grindeks Group.</p> <p>In 2023, the company has established 29 subsidiaries and continues to do so rapidly around the world, which, accordingly, does not allow to get a full picture of the existing emissions and their significant share within the entire group.</p> <p>"JSC 'Grindeks' emissions calculations were performed in accordance with regulatory requirements and the GHG Protocol: Corporate Accounting and Reporting Standard (Corporate Value Chain Scope 3 Standard) guidelines.</p> <p>Scope 1 calculations include emissions from the company's transport, fuel, and cooling equipment.</p> <p>Emissions of the second scope have not been large before, because there was no such need from the side of regulatory acts and the context of sustainability for the company's concern is crushing with the entry into force of Directive 2013/34/EU of the European Parliament and a accordingly, the year 2023 selected as the base year for 2 scope emissions, after obtaining all the necessary. In 2023, Scope 2 included electricity, heat, and steam. "In 2024, Scope 2 will be expanded to include information about the Grindeks Group.</p> <p>Also, the third scope emissions have not been received before, because there was no such need from the side of regulatory acts and the sustainability context for the company's concern is striking with the entry into force of Directive 2013/34/EU of the European Parliament. Since the third scope covers a very broad range of categories in 2023, calculations were made for two categories: waste and water. In 2024, obtaining all the necessary information and creating an accounting system for the entire AS 'Grindeks' concern, which will include a broader range of third scope emissions. The company has identified for the time being that it could be bound by the following third scope issues:"</p> <ol style="list-style-type: none">1. Purchased goods and services;2. Raw materials;
<ol style="list-style-type: none">3. Upstream value chain logistics;4. Garbage;5. Commands;6. Employees' way to work;7. Leased assets;

8. Logistics of the descending value chain;
9. Disposal of products;
10. Processing of sold products;
11. Use of sold products;
12. Investments.

The company is creating its own sustainability system, which is aimed at solving and implementing sustainability issues in the company's operations and processes, starting from the strategy to conducting a double materiality assessment, which allows determining the main directions of action and the achievable goals, preparing the relevant transition plans for achieving the set goals, and reflecting data on it. Also, the company is looking for technical solutions for data processing (IT programs) and human resources for reflecting and processing these current sustainability issues.

Current reports on emissions to JSC "Grindeks" Baseline: 2023	
EMISSIONS	Together (tCO ₂ e)
1. Scope	349,489 (included: fuels (type: AdBlue, petrol, diesel), refrigerant)
2. Scope	5,1467 (included: electricity, heat and steam)
3. Scope	354,507 (included: water and waste (type: municipal waste, recycled waste, glass and hazardous waste)
Total emissions	709,143

Current reports on emissions to JSC "Grindeks" Reporting year: 2024	
EMISSIONS	Together (tCO ₂ e)
1. Scope	169,74 (included: fuels (type: AdBlue, petrol, diesel), refrigerant)
2. Scope	2,483 (included: electricity, heat and steam)
3. Scope	173,25 (included: water and waste (type: municipal waste, recycled waste, glass and hazardous waste)
Total emissions	345,473

GHG emission reduction targets:

JSC Grindeks Group has not had emission reduction commitments in previous years.

Continuing our path towards net-zero in 2040 since base year 2023, we have adopted the following carbon emission reduction target.

The main objective of JSC Grindeks for 2024 is to identify all sources of emissions identifiable from a scope of one, two and three and to start accounting for their emissions, so that in the 2024 we have chosen, all data are available and appropriate methods for their accounting and calculation are selected.

Those scopes will include the scopes of key activities (i.e. scope activities, geographical aspects of the upper and/or lower value chain and, where relevant, affected stakeholder groups).

We expect carbon emissions to decrease in the coming years in line with the percentages set out in the graph relative to the base for 2023 using decarbonisation levers in the areas subsequently distributed. But this does not prevent reducing emissions more rapidly than set out in the emissions reduction plan.

	2024.year	2027. year target	2028. year target	2030. year target	2032. year target	2040. year target
GHG emissions (kt CO ₂ eq.)	100	90	65	45	20	20
Energy efficiency and reduction in consumption	-	-7	-5	-5	-	-
Material efficiency and reduction in consumption	-	-	-1	-1	-1	-1
Change of fuel	-	-	-5	-5	-5	-5
Transport	-	-	-5	-5	-5	-5
Electrification	-	-	-1	-1	-1	-3
Use of renewable energy	-	-3	-3	-3	-3	-3
Phasing-out, replacement or alteration of products	-	-	-	-	-1	-
Progressive termination, replacement, or modification of proceedings	-	-	-	-	-2	-
Decarbonising the supply chain	-	-	-4	-	-5	-2
Efficiency at the stage of using products	-	-	-1	-	-2	-1
Other	-	-	-	-	-	-

As previously mentioned, **zero emissions are projected to reach 2040.**

It is envisaged that carbon offsetting or technologies will be used that will make it possible to achieve the difference between the real and net zero carbon content, considering the scope of the group's activities - the production of pharmaceuticals.

Previous progress towards achieving these objectives can be seen in the graph below (applicable to the combustion of natural gas), based on available data and presented in accordance with Directive 2013/34/EU of the European Parliament, ESRS E 1 - 4-point 35 c (English version):

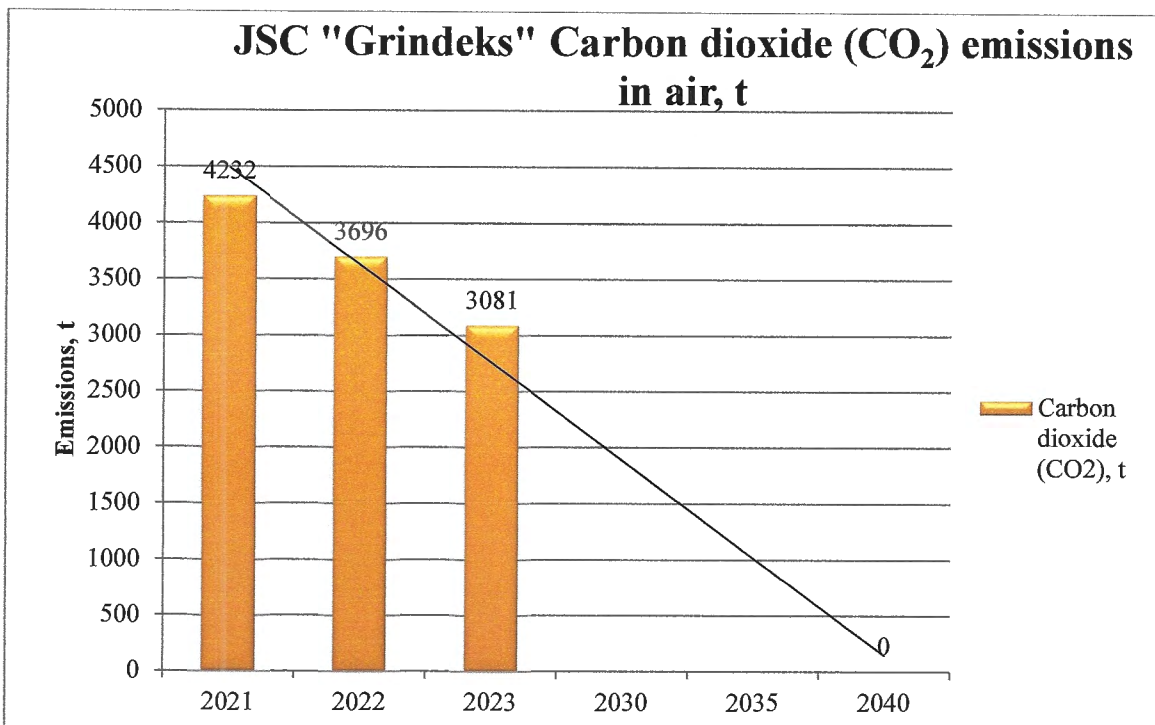


Figure 1.

Carbon reduction projects

JSC Grindeks has implemented and certified integrated quality management system in accordance with ISO 9001, as well as Environmental management system in accordance with ISO 14001 and Energy Management System - ISO 50001. Under this, continuous internal and external audits are provided to verify compliance with the requirements and identify continuous improvements.

Key improvements include:

- Replacement of lighting fixtures to newer more energy-efficient LED luminaires is constantly being carried out;
- Installation of motion sensors is carried out, which ensures a decrease in electricity consumption;
- Regular replacement of windows and doors is monitored and carried out, which increases energy efficiency;
- Reconstruction of the water metering unit has been carried out;

- Building management systems have been upgraded to reduce energy consumption;
- The waste sorting system is regularly improved;
- Various projects are being implemented in the digitization of the company through IT systems, which allows to reduce the circulation of paper in the enterprise, which made it possible to reduce the number of printers existing during 2023 from 400 units to 99 units;
- Carbon reduction plan to be reviewed in February 2025;
- An emission limit plan has been developed that allows to calculate, depending on the series of manufactured products, the emissions into the air generated by the company;
- The purchase of green energy (with a base value above 500 MWh) is provided from January 1, 2023. Conventional electricity is procured above the baseline.

In the future, JSC Grindeks Group plans to implement the following measures, such as:

- Arrangement of sustainability processes and establishment of an accounting system for emissions and sustainability reporting requirements of the whole group.
- Introducing a new sustainability app to help you get 1 more accurately; Scope 2 and 3 data.
- Providing remote work opportunities for positions for which it may apply.
- Measures to reduce energy consumption by focusing on air conditioning, building structure, insulation, space heating, ventilation, and hot water.
- Feasibility study for on-site renewable energy through solar panel installation.
- Work with all landlords/building providers to ensure 100% renewable energy purchase.
- Further transition to zero-emission vehicles through the continuous promotion of the electric vehicle rental scheme.
- Requiring suppliers to report their carbon footprint data to us to improve the accuracy of carbon measurements and to work with suppliers to support our net-zero goal.
- All suppliers must develop their own net-zero target and plan (by 2030 at the latest).
- Achieve by 2028 the goal of paperless document circulation, where legislation does not require it;
- Evaluation of all purchased clinical and non-clinical products with concrete plans for more efficient use, such as reducing single-use plastics, the transition from single-use to reusable equipment.
- Active management and reduction of emissions from the movement of workers. Measures including a review and reinforcement of the already ongoing travel policy.
- Achieving further emission reductions from commuting to work. Encouraging staff to use low-carbon transport methods such as walking, cycling and public transport, as well

as a scheme to promote the use of low- or zero-emission cars, including the provision of recharging points for ERV (electric rechargeable vehicles);

- Explore a new partnership that will help us define our compensatory approach to achieving the emissions target of 0 by 2040, aiming to fully offset emissions that cannot be reduced due to complex production processes.

Declarations and subscriptions

This GHG emission reduction plan has been finalised in accordance with the guidance and reporting standard carbon reduction plans of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and considers the requirements of UK Procurement Policy Notes PPN 06/21.

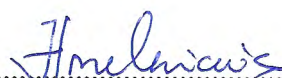
Emissions have been and will be reported in accordance with regulatory requirements, carbon reduction plans of published reporting standards, the corporate standard of the GHG reporting protocol, and the corresponding government emissions conversion factors are used to report greenhouse gas companies as far as they are applicable.

For the 1st; Scope 2 and 3 emissions have been reported as far as regulatory action applies and will be reported in accordance with the guidance provided for in Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013.

This GHG emission reduction plan has been revised and signed by Grindeks Group management.

Signature:

Ph.D. Juris Hmelnickis

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Date: 07.08.2024