Miscellaneous	
Title:	Carbon Reduction Plan FY2425
Code:	MISC-CRP

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Commitment to achieving Net Zero

This Carbon Reduction Plan sets out Smartway Pharmaceuticals Limited approach to measuring and reducing greenhouse gas emissions using the 2024/25 financial year as the baseline. The plan supports our Streamlined Energy and Carbon Reporting obligations and provides a clear, transparent framework for stakeholders to understand our emissions, our planned interventions, and our trajectory to Net Zero.

Smartway Pharmaceuticals is committed to achieving an 80% reduction in Net Zero emissions by 2032 and achieving companywide Net Zero by 2040. For the emissions we can influence, we will achieve Net Zero by 2045 with an ambition to reach an 80 per cent reduction between 2036 and 2039. For emissions we control directly, our ambition is to reach Net Zero by 2040 with an 80 per cent reduction ambition between 2028 and 2032.

This document establishes our baseline, our short-term actions and our medium- and long-term strategic trajectory. It also records commitments we have already implemented and remaining priorities to improve data quality, particularly for Scope 3 supply chain emissions.

Scope and methodology

Baseline period: from 1 April 2024 to 31 March 2025.

Emissions reported: Scope 1, Scope 2, and a selected subset of Scope 3 categories. Scope 3 categories reported were selected to align with NHS Artemis expectations and with the approach taken by our independent energy and carbon adviser during ESOS Phase 3.

Data sources: ESOS Phase 3 assessment outputs, supplier spend records where primary activity data was not available, business travel logs, employee commuting surveys, vehicle fuel records, utility bills, and maintenance records.

Calculation protocols: Emissions have been calculated in line with the GHG Protocol corporate standard and the Government conversion factors for company reporting currently available at the time of preparation. Where supplier specific primary data was not available, we used spend based emission factors. We acknowledge the limitations of the spend method and are working with tier one suppliers to obtain activity-based data for future reporting cycles.

Baseline Emissions Footprint

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 report represents our baseline report. It is from here that we expect to demonstrate annual emissions reductions.

Baseline Year: 1st Apr 2024 31st Mar 25 - Baseline	
Additional Details relating to the Baseline Emissions calculations.	
Smartway Pharmaceutical's baseline is 2024/25. This data was produced from our independent Energy Efficiency Directive ESOS Phase 3 assessments and provides data that we have confidence in. We conducted EED ESOS during 2024, notifying compliance in January 2025 and so also have this data as a baseline. Whilst we collected only scopes 1 and 2 data for the purposes of ESOS, we are assessing data with the aim of addressing the first five of 15 Scope 3 categories in line with NHS Artemis requirements.	
Baseline year emissions: 2024/25	
EMISSIONS	**TOTAL (tCO2e)**
Scope 1	19.70
Scope 2	12.56
Scope 3 Business Travel Waste and Clinical Waste Water Supply and Treatment Employee Commuting Grey Fleet Mileage Reimbursement Upstream Transportation and Distribution Downstream Transportation and Distribution	105,172.74
Total Emissions	105,205

All tables featured within this report have been rounded to the nearest 2 decimal points.

Fuel	Scope	CO2e (Tn)	%age
Mains Gas Combustion	1	4.77	0.00
Van Diesel	1	14.93	0.01
Fugitive emissions (F Gas) *	1	0.00	0.00
Purchased Electricity	2	12.56	0.01
Flights	3	16.14	0.02
Taxis	3	0.16	0.00
Water and Waste	3	4.87	0.00
Commuting	3	151.23	0.14
Grey Fleet	3	0.39	0.00
Scope 3 Up and Down	3	104,999.96	99.81
Total		**105,205.00**	**100.00**

**According to maintenance reports provided, there has been no F gas leakage over this reference year*

Upstream and downstream transportation dominates our Scope 3 inventory at 104,999.96 tCO2e. For this first baseline year, this category has been estimated using spend based methods because activity data from tier one suppliers was not available. We accept that spend based figures will tend to overestimate emissions for logistics categories and that the result is therefore a conservative baseline for Scope 3. We are working with tier one suppliers to obtain activity based primary data for future reporting cycles. This will be an iterative process and will materially improve our understanding of our supply chain footprint.

Emissions reduction targets

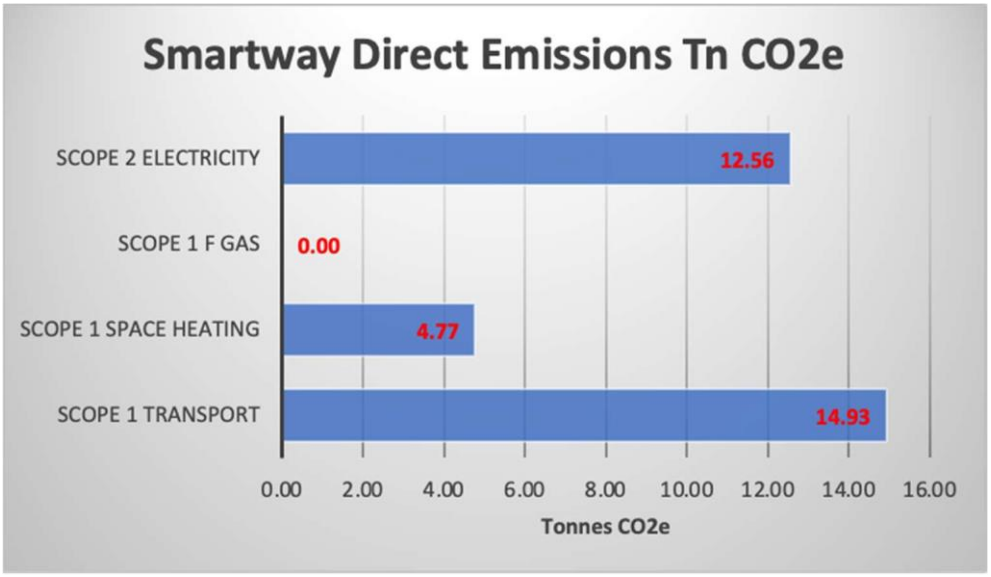
In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets:

- Achieve an 80 per cent reduction in Net Zero emissions by 2032 and reach companywide Net Zero by 2040.
- For the emissions we can influence, achieve Net Zero by 2045 and an 80 per cent reduction between 2036 and 2039.
- For emissions we control directly, achieve Net Zero by 2040 and an 80 per cent reduction between 2028 and 2032.
- Short term priority is to reduce Scope 1 and Scope 2 emissions and to improve completeness and quality of Scope 3 data.

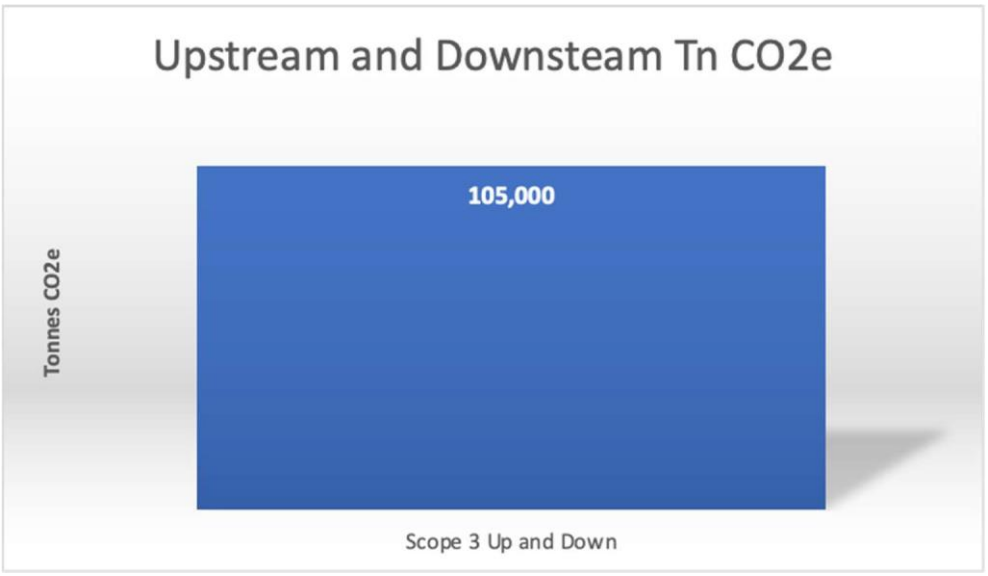
Intensity metrics used for internal performance tracking and external comparison

- Scope 1 and Scope 2 intensity: 0.132 tCO2e per 1 million pounds turnover.
- Scope 1, Scope 2, and Scope 3 intensity: 430.46 tCO2e per 1 million pounds turnover.

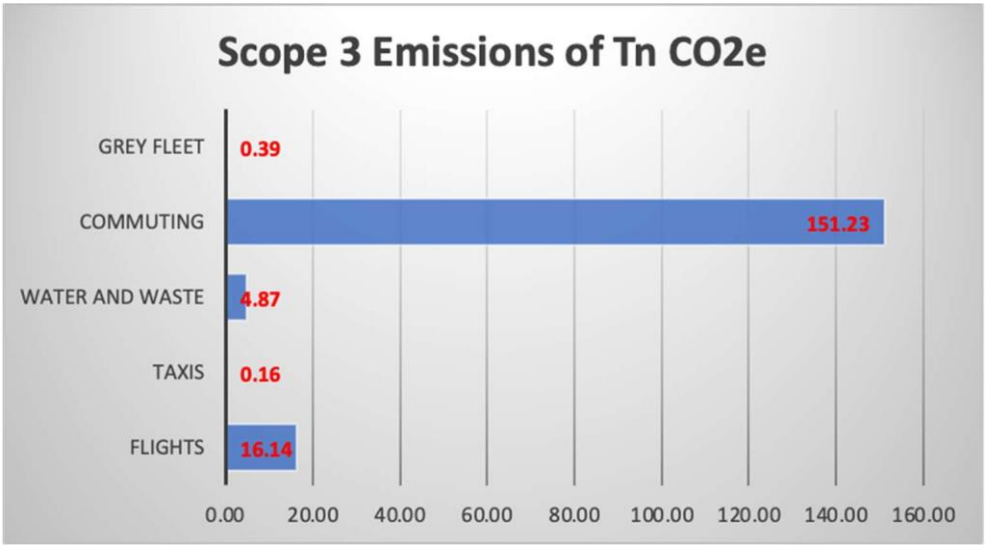
During the 2024/25 baseline period our transport fuel consumption was the largest contributor to our direct emissions, accounting for 14.93 tCO2e. This was followed by electricity at 12.56 tCO2e and mains gas at 4.77 tCO2e. There were no recorded F gas emissions during the baseline year.



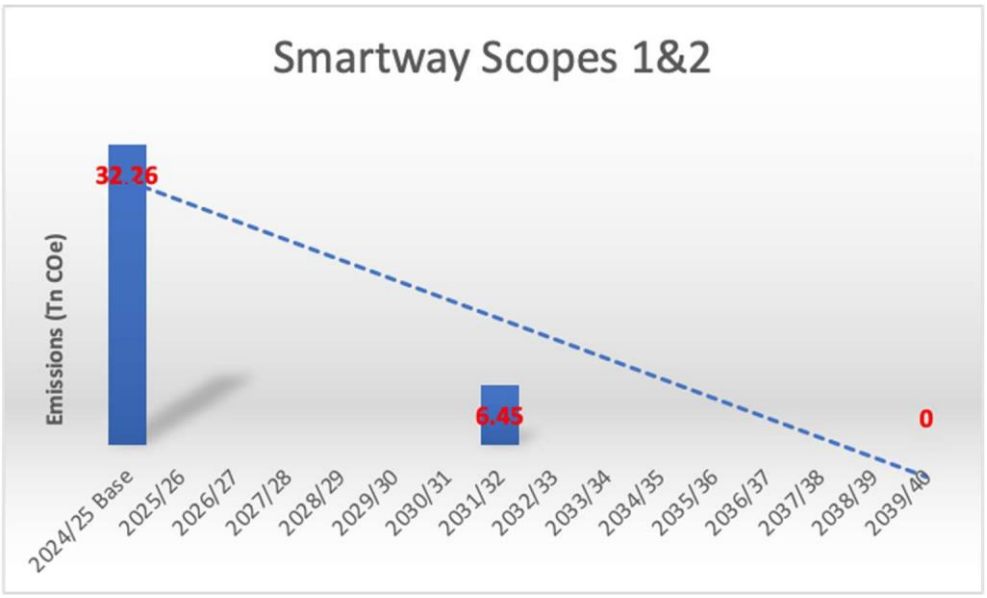
Within Scope 3, upstream and downstream transportation represents by far the single largest source of emissions at 104,999.96 tCO2e. This elevated figure reflects the use of spend based estimation for this initial reporting year, owing to a lack of activity-based data from tier one suppliers. We recognise the limitation of spend based methods and are working with our suppliers to secure more granular, activity-based data for future reporting cycles.



The remaining Scope 3 emissions reported comprise grey fleet, employee commuting, water supply and treatment, waste, and business travel, the latter being predominantly flights and taxis:

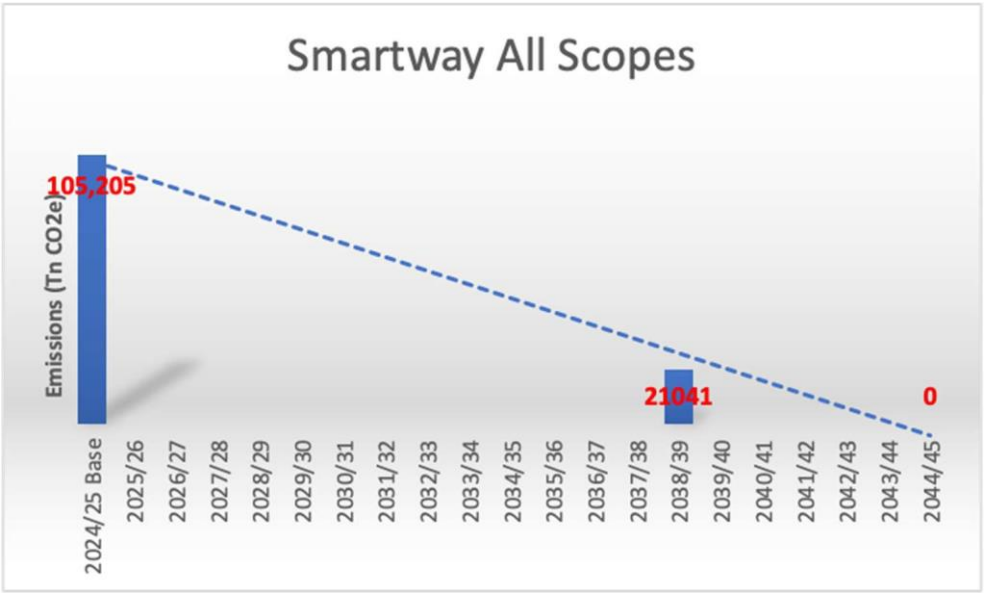


Our projected trajectory for Scope 1 and Scope 2 emissions is presented below. As this is our baseline year, those projections are illustrative; actual year by year direction of travel will be established once comparative data for 2025/26 and subsequent years are complete.



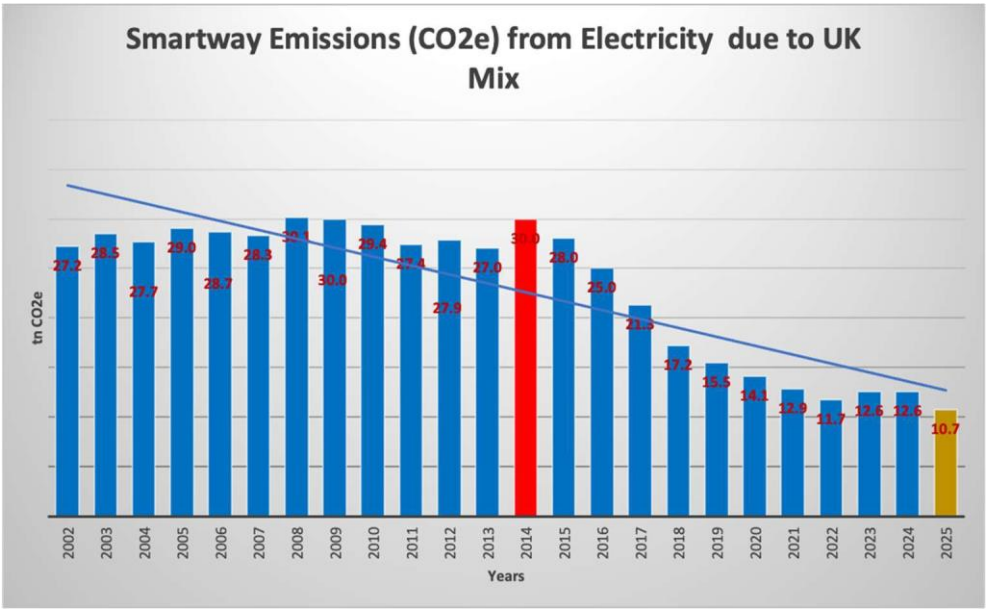
For Scope 3 we will focus on improving data collection for commuting and home working. We will encourage home working where operationally appropriate and will capture the data more comprehensively to improve the accuracy of future Scope 3 reporting.

The overall trajectory across Scope 1, Scope 2 and Scope 3 is shown below. Given the baseline status of 2024/25, this initial trajectory is a projection and will be validated as real data become available.

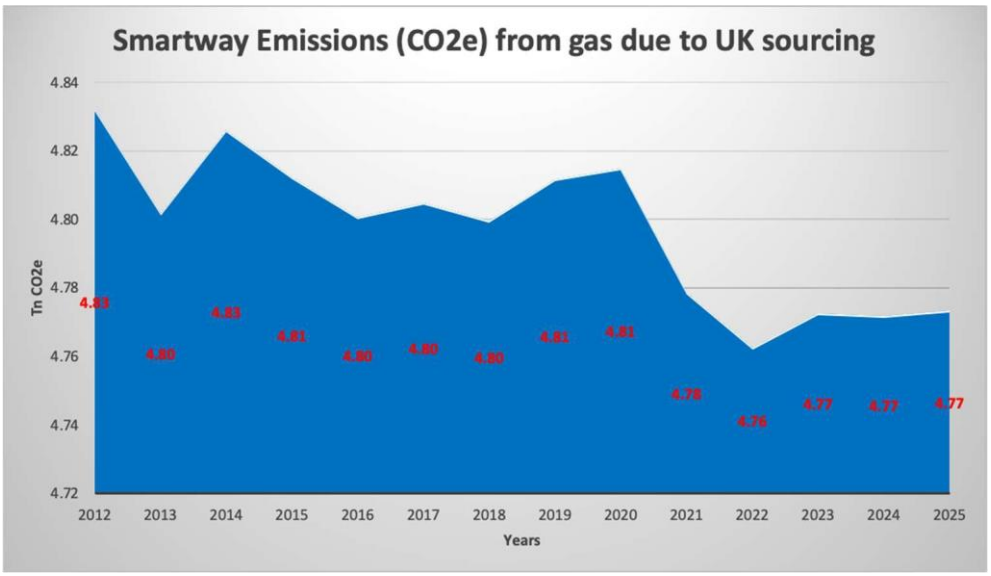


We expect Scope 1 transport emissions to fall as we transition to a fully electrified fleet and as the national grid continues to decarbonise. A move away from mains gas to electric heating will reduce our heating emissions and combined with targeted energy efficiency measures, will also reduce electricity consumption.

We expect the UK national grid decarbonisation program to meet us on this journey. This is demonstrated in the graph below that shows grid emissions as far back as 2002 and specifically as they were in 2014, and as they are today. The same level of electricity consumption that would have produced about 30 tCO2e in 2014 produced approximately 10.7 tCO2e in 2025, a reduction of 19.3 tCO2e over eleven years.

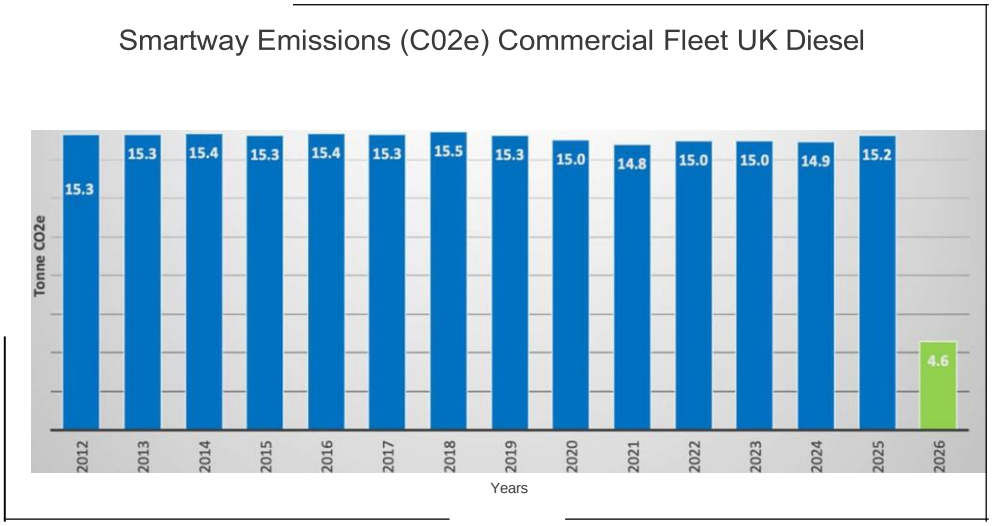


By contrast, emissions associated with mains gas have shown negligible change. The same level of gas consumption would have produced 4.83 tCO2e in 2012 and 4.77 tCO2e in 2025, a reduction of only 0.06 tCO2e, or around 60 kilograms. For this reason, we intend to transition to electrified heating where technically and economically feasible.



By transitioning our commercial diesel fleet to battery electric vehicles, we expect to reduce our emissions by 70-75%.

The scenario model below illustrates the anticipated reduction in fleet emissions should such a transition commence in 2026, assuming the 2024/25 diesel consumption profile.



Carbon Reduction Projects

This plan groups measures into completed initiatives, near term actions and strategic investments.

Completed Carbon Reduction Initiatives
The following environmental management measures and projects have been completed or implemented in the baseline year:

- LED lighting and lighting controls installed at the Lyon Road site in London.
- Behaviour change campaign delivered through policy updates and site posters.
- Server room temperature adjustment implemented.
- Adjustment to air conditioning comfort zones and settings.
- Replacement of remaining fluorescent tubes in the CRM space with LED tubes.
- Maintenance responsibility for vehicles allocated to drivers.

The carbon emission reduction achieved by these schemes equate to 1.98 tCO2e, and measures to reduce this will continue as we address comprehensive transport actions.

Smartway Pharmaceuticals holds an ISO 9001 as an independently certified quality management system and maintains an ESG policy available on the company website. Having completed this baseline 2024/25, are currently in the process of compiling and completing and documenting Greenhouse Gas emissions for 2025/26 with the guidance of our independent carbon advisor.

Having conducted ESOS in 2024, we have a good understanding of our energy use and our scope 1 and 2 emissions and where we need to target our actions to reduce these significantly. Our fleet represents over 46.3% of our scopes 1 and 2 energy use and emissions.

Our absolute emissions for scopes one and 2 in percentage terms are shown below:

Scope 1 and 2 only	Tn CO2e	Percentage
Scope 1 Transport	14.93	46.3
Scope 1 Space Heating	4.77	14.8
Scope 1 F Gas	0.00	0.0
Scope 2 Electricity	12.56	38.9
Total Scopes 1 and 2	**32.26**	**100.0**

In line with several similar industries, our intensity metric used is Tn CO2e per £m of turnover. This demonstrates our direction of travel set against the growth in the company:

- For scope 1 and 2 emissions this is 0.132 Tn CO2e/£1m turnover
- For scope 1, 2 and 3 emissions this is 430.46 Tn CO2e/£1m turnover

We have set in place actions on our fleet to:

- Driver responsibility for maintenance and tyre pressures
- Replace worn tyres with high efficiency low rolling resistance tyres at each new changeover
- Address vehicle speed through telematics and behavioural control, fixing these at 60mph
- Reduce harsh braking, acceleration, and cornering through use of telematics
- Reduce driver idling

We will look to change our diesel van fleet to battery electric vehicles at the next lease renewal. This transition will deliver the single largest reduction in our direct emissions, but it must be implemented alongside a well-resourced electric charging infrastructure plan to ensure operational resilience and to maximise the emissions benefits.

Future Measures

Smartway has worked with our independent consultants CLS Energy (Consultancy) Ltd to capture the first 5 aspects of the globally recognised 15 Scope 3 categories aligned with the Artemis methodology for the NHS. These include:

- Upstream transportation
- Waste generated in operations
- Business travel
- Hotel accommodation
- Home working
- Employee commuting
- Water supply and treatment, and
- Downstream transportation.

Many of these data rely on reporting from our tier one suppliers and we are actively engaging with them to improve data quality and completeness.

Plans to implement a fully electric vehicle fleet are advanced. We are also assessing a solar PV installation at our London site to support on site energy consumption, provide power for fleet charging, and enable energy storage solutions. The site currently benefits from a 7.4 kW Rolec EV charge point.

We recognise that, while we are making progress reducing electricity and gas consumption, our fleet remains our most significant energy consumer. As the company grows, we expect to address this through

a combination of fleet electrification, onsite renewable generation, the replacement of fossil fuel heating with electric heating where feasible, and the continuing decarbonisation of the national grid.

Our target is to transition fleet and equipment to all electric no later than 2035, with a preference to complete this by 2030 where technically and financially feasible.

Declaration and Sign Off

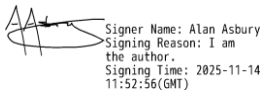
This Carbon Reduction Plan has been completed in accordance with the associated Technical Standards, Guidance and Reporting Standards referenced in this Appendix for Carbon Reduction Plans. Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[4] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting[5].

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[6].

This Carbon Reduction Plan has been independently produced, reviewed, and signed off by Smartway Pharmaceuticals board of directors.

Energy Consultant:
Alan Asbury, CEnv, FEI, FISEP (Ex FIEMA), CMILT, Chartered Energy Manager, EurEM (AEM), MICFM, MCIWM, ESOS Lead Assessor, MSc, BSc (Hons).

Director



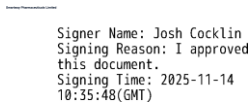
On behalf of
Smartway Pharmaceuticals
The Old Mill, 9 Soar Lane, Leicester. LE3 5DE.
Companies House Registration Number: 08481191

The Company:
Directors Responsibility

The Directors acknowledge their responsibility for ensuring the accuracy of this Carbon Reduction Plan, confirming that it has been prepared in accordance with applicable UK regulations. This carbon report has been approved by the Company Board of Directors and signed on behalf of all directors. To the best of our knowledge, based on the work undertaken during this audit, the information in the Directors' Report:

- Is consistent with the financial statements
- Has been prepared in accordance with applicable legal requirements
- Contains no material misstatements.

Josh Cocklin
Chief Executive Officer and Director



1. https://ghgprotocol.org/corporate-standard
2. https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting
3. https://ghgprotocol.org/standards/scope-3-standard