

Target Healthcare's Journey to Going Carbon Neutral

The Target Healthcare Group has made a strong commitment to protect the planet by pledging to go carbon neutral by 2045 — five years ahead of the UK's statutory Net Zero target of 2050 under the Climate Change Act 2008 (as amended in 2019), and aligned with the NHS Net Zero target of 2045 for supply chain emissions (the NHS Carbon Footprint Plus). To support our sustainability pledge, we have planned and continue to deliver several initiatives to play our part in a sustainable future. The Group-wide initiatives have and will continue to contribute significantly to the reduction of carbon emissions across our operations.

As a manufacturer and supplier of generic, branded and unlicensed medicines to NHS hospitals, private hospitals and community pharmacy outlets across the United Kingdom, and wider international markets, we recognise both our responsibility and our opportunity to contribute meaningfully to the decarbonisation of the healthcare supply chain. We are fully engaged with supporting the sustainability objectives of our customers, most notably the NHS, which has set the objective of achieving Net Zero by 2040 for emissions within its direct control (the NHS Carbon Footprint) and by 2045 for its wider supply chain emissions (the NHS Carbon Footprint Plus).

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.

Original Baseline Year to 31 December 2022

Target Healthcare Group began collecting emissions in accordance with the Streamlined Energy and Carbon Reporting (SECR) requirements for our financial year ending 31 December 2021. Our original baseline used data for the year ended 31 December 2022.

Emissions	Total (tCO ₂ e)
Scope 1	215.31
Scope 2	314.88
Scope 3 (including services)	—
Total Emissions	530.19

Intensity Ratio	
Tonnes CO ₂ e per employee	1.54

Energy Consumption	kWh
Gas and electricity combined *	1,628,274
Fuel consumed for transport	1,113,428
Total	2,741,702

* See note on 2022 energy consumption data below.

Scope 3 emissions were not collected in 2022 (and are not currently collected) as it is not required under SECR.

Note on 2022 energy consumption data: The figure originally reported as gas combustion in the 2022 disclosure has been identified as including both gas and electricity consumption. These were not separately disaggregated in the first year of reporting following the acquisition of Quantum Pharmaceutical Limited. This classification error means that a direct like-for-like comparison of gas consumption or electricity consumption between 2022 and subsequent years is not possible at an individual fuel-type level. The total combined energy consumption figure for 2022 (2,741,702 kWh) remains valid and comparable on an aggregate basis. From 2023 onwards, gas combustion and electricity purchased have been reported separately, providing a reliable basis for year-on-year comparison.

Revised Operational Baseline: Year to 31 December 2024

Since the original 2022 baseline was established, the Group has undergone significant expansion — adding new sites, growing the fleet and increasing headcount. As a result, the 2022 figure of 530.19 tCO₂e no longer reflects the current scale and nature of operations. The Group has improved its data collection processes over successive reporting periods, and the 2024 emissions figure of 850.54 tCO₂e represents the most complete and accurate picture of the Group's carbon footprint to date.

The Group has therefore adopted the year ended 31 December 2024 as its revised operational baseline for the purpose of setting emissions reduction targets. This is a more honest and representative starting point against which to measure genuine progress, and avoids the risk of overstating reductions that are simply the result of improved data capture or the comparison of figures from materially different operating footprints.

All interim and long-term reduction targets set out in this plan are measured against the 2024 baseline unless otherwise stated. The original 2022 data is retained as a reference point for historical continuity.

Reporting Emissions

Year Ended 31 December 2024 (Revised Operational Baseline)

The Group's estate and fleet have continued to expand during 2023 and 2024, since the original 2022 baseline. This has underpinned the annual increase in energy consumption and emissions over the period.

Emissions

Emissions	2024 (tCO ₂ e)	2023 (tCO ₂ e)	Variance from 2023 (tCO ₂ e)	Variance from 2023 (%)	2022 Baseline (tCO ₂ e)	Variance from 2022 (tCO ₂ e)	Variance from 2022 (%)
Scope 1 — Gas combustion	142.24	135.44	+6.80	+5%	†	†	†
Scope 1 — Fuel consumed for owned transport	425.20	309.28	+115.92	+37%	†	†	†
Total Scope 1	567.44	444.72	+122.72	+28%	215.31	+352.13	+164%
Scope 2 — Electricity purchased	283.10	240.32	+42.78	+18%	314.88	-31.78	-10%
Scope 3 — Other indirect emissions	—	—	—	—	—	—	—
Total Emissions	850.54	685.04	+165.50	+24%	530.19	+320.35	+60%

† The 2022 SECR disclosure did not separately identify gas combustion and owned transport within Scope 1. A like-for-like comparison at sub-category level is therefore not available against the 2022 baseline.

Intensity Ratio

Measure	2024	2023	Variance from 2023	Variance from 2023 (%)	2022 Baseline	Variance from 2022	Variance from 2022 (%)
Tonnes CO ₂ e per employee	1.59 (535 e'ees)	1.45 (471 e'ees)	+0.14	+10%	1.54	+0.05	+3%

Energy Consumption

Source	2024 (kWh)	2023 (kWh)	Variance from 2023 (kWh)	Variance from 2023 (%)	2022 Baseline (kWh)	Variance from 2022 (kWh)	Variance from 2022 (%)
Gas combustion	711,214	677,223	+33,991	+5%	‡	‡	‡
Electricity purchased	1,617,012	1,381,820	+235,192	+17%	‡	‡	‡
Gas and electricity combined	2,328,226	2,059,043	+269,183	+13%	1,628,274	+699,952	+43%
Fuel consumed for transport	1,700,783	1,237,109	+463,674	+37%	1,113,428	+587,355	+53%
Total	4,029,009	3,296,152	+732,857	+22%	2,741,702	+1,287,307	+47%

‡ Gas combustion and electricity purchased were not separately disaggregated in the 2022 energy consumption disclosure (see note on 2022 energy consumption data). A combined gas and electricity line has been included to enable a like-for-like comparison against the 2022 combined figure.

Commentary on Reported Emissions

The increase in absolute emissions between 2022 and 2024 reflects the continued expansion of the Group's operations. Revenue grew from £147.1m (2022) to £249.3m (2024) and headcount increased from 345 to 535 employees. Total emissions have increased by 60% from the original 2022 baseline of 530.19 tCO₂e to 850.54 tCO₂e in 2024.

The most significant driver of emissions growth in the last 12 months is owned transport fuel, which increased by 37% year on year (from 309.28 to 425.20 tCO₂e) and now represents 50% of total emissions. This reflects the significant expansion of the fleet and associated direct travel required to service the growing customer base. Gas combustion emissions increased modestly from 2023 to 2024 (+5%), and Scope 2 emissions from electricity increased by 18%, both driven by additional site capacity and operational activity.

Scope 2 emissions from electricity purchased have, however, fallen 10% from the 2022 baseline (from 314.88 to 283.10 tCO₂e) despite a material increase in operational scale, demonstrating that building efficiency measures are having a positive impact.

Total combined gas and electricity consumption has increased steadily from 1,628,274 kWh (2022) to 2,059,043 kWh (2023, +26%) and 2,328,226 kWh (2024, +43% from 2022 baseline). This progression is consistent with the expansion of the Group's estate over the period. As noted above, the 2022 figure originally reported as gas combustion has been identified as a combined gas and electricity figure, which was not disaggregated in the first year of reporting. From 2023 onwards, these have been reported separately, and the year-on-year

movements at individual fuel-type level between 2023 and 2024 (+5% for gas, +17% for electricity) provide a reliable basis for tracking performance.

The emissions intensity ratio has moved from 1.54 tCO₂e per employee in 2022 to 1.45 in 2023 (–6%) before rising to 1.59 in 2024 (+10% year on year; +3% from 2022 baseline). The 2024 increase reflects the higher proportion of transport-related emissions relative to headcount growth. The Group recognises that as it continues to grow, managing the intensity ratio — alongside reducing absolute emissions — is critical to achieving its Net Zero target.

Note on quantification and reporting methodology: The Group has followed the 2019 HM Government Environmental Reporting Guidelines and the GHG Reporting Protocol – Corporate Standard, using the appropriate UK Government Conversion Factors for Company Reporting. All calculations have been performed using actual data across the reporting period. Energy and electricity usage data was obtained from utility invoices.

Emissions Reduction Targets

To continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets. We will reduce our carbon emissions from Scope 1 and Scope 2 to achieve Net Zero by 2045, and we have established stage-gate targets to ensure we are making sufficient progress towards this goal.

All targets below are measured against the revised operational baseline of 850.54 tCO₂e (year ended 31 December 2024) unless otherwise stated.

Target-Setting Approach

The Group has adopted dual targets — expressed in both absolute terms and on an emissions intensity basis (tCO₂e per employee) — to ensure that reduction targets remain fair and meaningful as the business continues to grow. A purely absolute target would penalise operational growth even where that growth is delivered efficiently; a purely intensity-based target would permit total emissions to rise indefinitely. Using both measures together keeps the targets honest regardless of the Group's growth trajectory.

Near-Term Targets (by end of 2026)

Target	Measure
Emissions intensity ratio	Reduce the emissions intensity ratio year on year from the 2024 baseline of 1.59 tCO ₂ e per employee, targeting ≤ 1.35 tCO ₂ e per employee
Scope 3 baseline	Progress towards publishing an initial Scope 3 baseline covering waste flows, employee commuting and business travel by mid-2026
Site-level tracking	Establish site-level emissions tracking for all existing and new sites, enabling like-for-like comparisons year on year

These near-term targets focus on stabilising the intensity ratio through fleet route optimisation, the ongoing EV transition and building energy efficiency measures, while closing the identified Scope 3 data gap.

Medium-Term Targets (by end of 2028 and 2030)

Target	Measure
Scope 3 Carbon Reduction Plan (by 2028)	Work towards publishing a Scope 3 Carbon Reduction Plan in line with the NHS Supplier Roadmap timeline. Continue to embed sustainability considerations in procurement processes and contract terms and conditions.
Total Scope 1 & 2 emissions (by 2030)	Achieve a meaningful reduction in absolute Scope 1 and 2 emissions from the 2024 baseline, taking account of business growth

Target	Measure
Emissions intensity ratio (by 2030)	Target a significant reduction in the emissions intensity ratio towards 1.00 tCO ₂ e per employee or below
Fleet electrification (by 2030)	Substantially increase the proportion of EVs within the fleet, subject to the availability of temperature-controlled EV vehicles suitable for pharmaceutical distribution
Renewable electricity (by 2030)	100% of purchased electricity from certified renewable tariffs

The medium-term targets require active investment decisions. Fleet transport accounts for 50% of total emissions (425.20 tCO₂e in 2024) and is the single largest lever for absolute reduction. Procuring renewable electricity would substantially address the Scope 2 figure (283.10 tCO₂e in 2024). The Scope 3 timeline is aligned with the NHS Supplier Roadmap, which will require Scope 3 Carbon Reduction Plans from suppliers by 2028 — we believe that achieving this ahead of the deadline will be a competitive differentiator in NHS procurement processes.

Long-Term Targets (2035 and 2045)

Target	Measure
Total Scope 1 & 2 emissions (by 2035)	Continue to reduce absolute emissions towards a level consistent with the Group's 2045 Net Zero commitment
Emissions intensity ratio (by 2035)	Maintain a downward trajectory in the intensity ratio as the Group grows
Fleet (by 2035)	Pursue full fleet electrification as technology permits. Explore on-site renewable energy generation. Demonstrate progress on Scope 3 reductions.
Net Zero (by 2045)	Achieve Net Zero across all scopes, with any residual emissions addressed through verified carbon removal schemes (not avoidance credits). Support supply chain decarbonisation in line with NHS and national targets.

Target Review

These targets represent an initial benchmark based on the data available as at the date of this plan. They will be reviewed annually and adjusted as the Group improves its data collection, establishes site-level baselines, gains greater visibility over Scope 3 emissions and establishes working partnerships and alliances with our supply chain in relation to emissions and decarbonisation. Where the Group's growth trajectory or the pace of technology adoption (particularly in temperature-controlled EV transport) changes materially, targets will be recalibrated to remain stretching but achievable.

Carbon Reduction Projects

The following environmental measures and projects have been completed or implemented since we first began to gather carbon data. Whilst we know that these projects have led to a reduction in carbon emissions at a site level, the Group's overall growth has meant that absolute emissions continue to rise. By developing a more complex model per site, we will be able to measure the efficacy of initiatives and separate growth-related increases from underlying efficiency gains.

Completed Carbon Reduction Initiatives

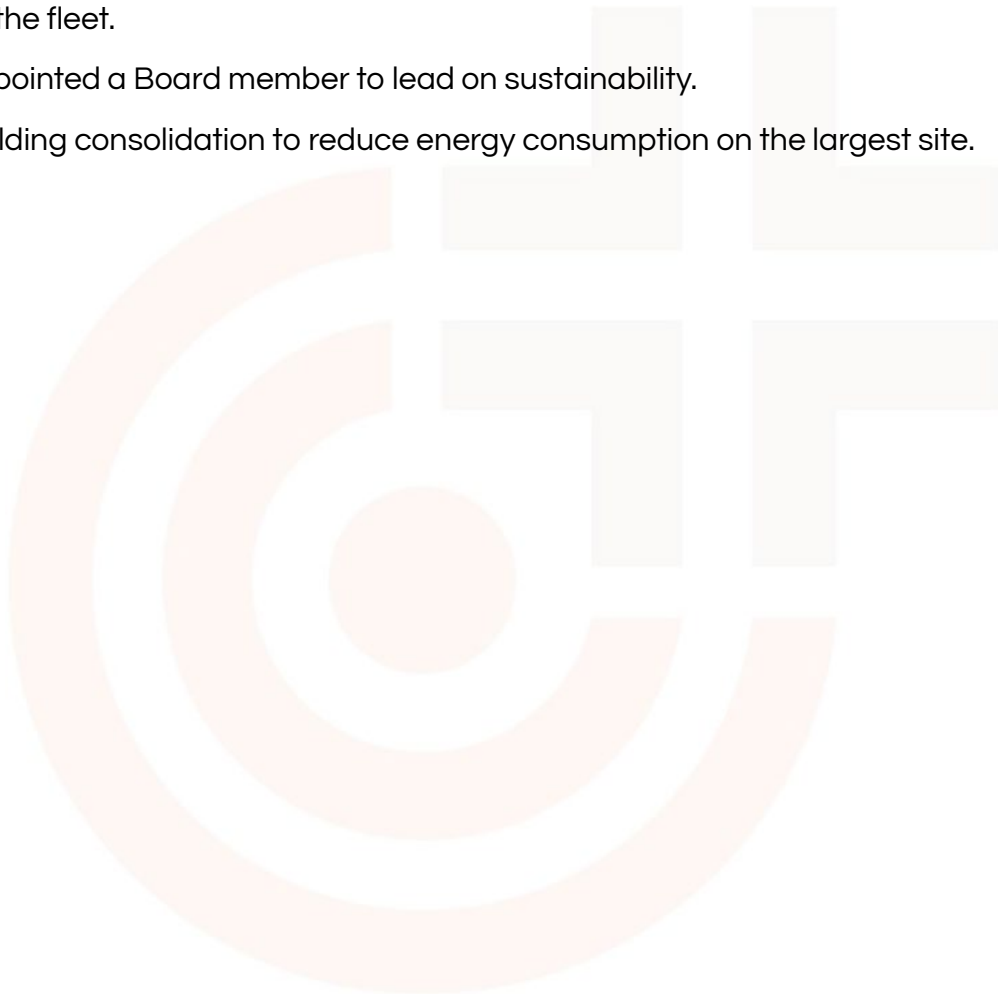
Measures completed in the year to 31 December 2024:

- Reiterated and formalised the Group's commitment to Net Zero through the Carbon Reduction Plan.
- Continued focus on any new company car being an electric vehicle (EV).
- Increase in electric vehicles across the Group's fleet, along with provision of EV chargers across our estate.
- Building construction works to reduce energy consumption on the largest site.
- Fleet management software in operation to ensure optimal routes are planned for vehicles and to track fleet mileage.
- Driver efficiency training and guidance available to all drivers through the Group's training platform, supporting fuel-efficient driving techniques and reduced vehicle emissions.
- Environmentally conscious practices including increased use of recycled and sustainable materials and waste reduction across our manufacturing and distribution activities.
- Consideration of the environmental impact of employee business travel, utilising sustainable options whenever possible.
- Encouragement of suppliers, customers and partners to align with our environmental standards.
- Continued development of the Carbon Champions network and establishment of employee focus groups across the Group to identify and progress environmental initiatives at a local and Group-wide level.

Measures completed in preceding years:

- Installation of EV charging points on key sites to encourage employees to move away from combustion engines.
- Launched the Cycle to Work scheme in September 2023 across the full Group for all eligible employees.
- Identified and launched an EV Salary Sacrifice Scheme in October 2023 for all eligible employees.

- Coordinated a series of meetings to gather feedback from teams across sites on potential measures the Group could take.
- Appointed Carbon Champions to explore opportunities for the Group to undertake positive environmental initiatives.
- Environmental assessments prioritised for the fit-out of new sites, including recycling furniture and equipment.
- Researched carbon offsetting schemes and how the Target Group can offset any residual emissions.
- Route analysis tools deployed to ensure optimal transportation routes are followed by the fleet.
- Appointed a Board member to lead on sustainability.
- Building consolidation to reduce energy consumption on the largest site.



Planned Carbon Reduction Initiatives

Over the next year we plan to progress our understanding and knowledge by implementing the following projects:

Data, Measurement and Targets

- Dedicate resources to identify and close remaining gaps in Scope 1, 2 and 3 reportable carbon emissions, with a priority focus on establishing an initial Scope 3 baseline covering waste flows, employee commuting and business travel by mid-2026.
- Establish a consistent methodology for capturing emissions data at a site level and publish site-normalised baseline emissions to enable like-for-like year-on-year comparisons.
- Develop a more complex emissions model per site to enable measurement of the efficacy of individual initiatives, separating organic growth impacts from genuine efficiency improvements.
- Review and, where appropriate, align our emissions measurement and reporting with the Science Based Targets initiative (SBTi) framework.

Fleet and Transport

- Continue the transition of the Group fleet towards electric vehicles, with particular focus on exploring the viability of temperature-controlled EV vans to maintain compliance with the transportation of pharmaceuticals (GDP requirements).
- Expand the EV charging infrastructure across newly acquired and existing sites.
- Promote and monitor the uptake of the Cycle to Work and EV Salary Sacrifice schemes.

Energy and Buildings

- Assess the feasibility of procuring renewable electricity tariffs or on-site renewable energy generation (such as solar PV) for key sites, with a view to transitioning to 100% renewable electricity procurement across the estate in line with emission reduction targets noted.
- Conduct energy audits across the estate, informed by the requirements of the Energy Savings Opportunity Scheme (ESOS), to identify further opportunities for energy efficiency improvements, including LED lighting upgrades, improved insulation and HVAC optimisation.
- Ensure that environmental impact assessments are embedded in the fit-out and design of all new sites.

People and Engagement

- Establish and empower the committee of Carbon Champions across the Group, with clear terms of reference and reporting lines.
- Provide Carbon Literacy training to key staff, including Carbon Champions, procurement teams and site managers.
- Develop internal communications about the importance of the Net Zero project and engage colleagues with practical ways to reduce their environmental impact, both at work and at home.

Supply Chain and Procurement

- Continue to work with the procurement functions to embed sustainability criteria in procurement processes and contract terms and conditions.
- Expect suppliers to demonstrate their commitment to achieving Net Zero by 2050.
- Explore opportunities to reduce packaging waste and increase the use of recycled and recyclable materials in distribution.

Waste and Circular Economy

- Improve recycling rates across all sites to ensure a greater proportion of waste is recycled and diverted from landfill.
 - Work with waste management companies to obtain accurate data on waste volumes and disposal routes to support Scope 3 reporting.
 - Investigate opportunities to reduce pharmaceutical waste and explore circular economy approaches where feasible.
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Additional Considerations for a UK Pharmaceutical Manufacturer

As a pharmaceutical manufacturer and distributor supplying NHS hospitals, private hospitals and community pharmacy outlets, the Group recognises the following additional frameworks and considerations that are relevant to its carbon reduction and environmental planning:

NHS Net Zero and the Greener NHS Programme

The NHS has committed to reaching Net Zero by 2040 for its direct emissions (the NHS Carbon Footprint) and by 2045 for its wider supply chain emissions (the NHS Carbon Footprint Plus). As a supplier to the NHS, the Target Healthcare Group falls within the scope of the NHS Carbon Footprint Plus. We are committed to supporting our NHS customers in meeting their sustainability objectives and recognise that demonstrating credible carbon reduction activity is increasingly relevant to procurement decisions and tender evaluations.

PPN 06/21 — Taking Account of Carbon Reduction Plans in Procurement

Procurement Policy Note PPN 06/21 requires suppliers bidding for UK government contracts (including NHS contracts) above certain thresholds to provide a Carbon Reduction Plan. This plan has been prepared in accordance with PPN 06/21 and associated guidance. The Group will continue to ensure that its Carbon Reduction Plan is updated annually and that it meets the requirements for current and future public procurement processes.

The Greener NHS Supplier Roadmap

The NHS Supplier Roadmap sets out expectations for suppliers, including the publication of a Carbon Reduction Plan, reporting of emissions, and a commitment to Net Zero. By 2028, NHS suppliers will need to publish a Carbon Reduction Plan for their Scope 3 emissions. The Group is working proactively to establish its Scope 3 baseline ahead of this deadline, with the target of publishing an initial Scope 3 baseline by mid-2026 and working towards a full Scope 3 Carbon Reduction Plan in line with the 2028 timeline.

Environmental, Social and Governance (ESG) Reporting

The Group actively identifies risks and mitigation strategies associated with ESG practices. As the regulatory landscape for sustainability reporting evolves — including the potential application of UK Sustainability Disclosure Standards — the Group will keep its reporting practices under review to ensure alignment with emerging requirements.

Good Distribution Practice (GDP) and Temperature-Controlled Transport

The Group's distribution activities are subject to GDP requirements, which mandate temperature-controlled transportation for certain pharmaceutical products. This presents specific challenges for fleet decarbonisation, as temperature-controlled EV vans are still an emerging technology. The Group is actively exploring the viability of these vehicles and will adopt them as they become commercially and operationally feasible. This constraint has been reflected in the phasing of the Group's fleet electrification targets.

MHRA Regulatory Compliance and Environmental Impact

The Group operates under licences governed by the Medicines & Healthcare products Regulatory Agency (MHRA), including compliance with Good Manufacturing Practice (GMP) and GDP standards. Environmental improvements — such as changes to energy sources, building infrastructure or manufacturing processes — must be assessed for any impact on regulatory compliance. The Group ensures that sustainability initiatives are implemented in a manner that maintains full compliance with all applicable MHRA requirements.

Pharmaceutical Waste and the Circular Economy

Pharmaceutical manufacturing and distribution generates specific waste streams, including out-of-date medicines, manufacturing by-products and packaging waste. The Group will continue to investigate opportunities to reduce waste, increase recycling and explore circular economy approaches, while ensuring that all waste disposal complies with environmental regulations and pharmaceutical waste handling requirements.

Climate-Related Financial Disclosures

While not currently mandatory for the Group, the Task Force on Climate-related Financial Disclosures (TCFD) framework — and the emerging UK requirements under the Sustainability Disclosure Standards — represents best practice for identifying, assessing and reporting climate-related risks and opportunities. The Group will consider adopting elements of climate-related financial disclosure as part of its broader risk management and reporting framework.

Social Value and the Public Services (Social Value) Act 2012

When bidding for public sector contracts, including NHS tenders, the Group recognises that environmental sustainability is increasingly assessed as part of social value evaluation criteria. Our Carbon Reduction Plan and wider environmental initiatives support our ability to demonstrate meaningful social value in procurement processes.

Biodiversity and Environmental Stewardship

As the Group expands its estate, it will consider the biodiversity impact of new developments and seek to minimise habitat disruption. Where appropriate, the Group will explore opportunities for biodiversity net gain on its sites, consistent with the requirements of the Environment Act 2021.

Declaration and 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, 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 for 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.



Kenny Barclay

Group Finance Director

5 March 2026