

GREENHOUSE GAS REPORT 2023

Meditrade UK

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1. INTRODUCTION

As Meditrade UK continues to uphold its commitment to sustainability and environmental responsibility, we are proud to present the Greenhouse Gas (GHG) Emissions Report for the year 2023. This report reflects our ongoing efforts to monitor, analyse, and mitigate our carbon footprint as we strive towards a more sustainable future.

In order to navigate the complex landscape of sustainability, we consider that collaboration and innovation are of utmost importance in our approach. We acknowledge that meaningful progress requires collective action, and we actively engage with stakeholders, partners, and industry peers to drive continuous improvement and explore new opportunities for environmental stewardship.

Meditrade UK aims to achieve a Net Zero carbon emissions balance by 2045. Through ongoing measurement, analysis, and adaptation, we will continue to pursue innovative solutions and best practices to mitigate climate change, protect the environment, and create a healthier, more resilient future for generations to come.

Our GHG 2023 Report serves as a comprehensive overview of our emissions profile, highlighting key metrics, and initiatives undertaken to manage and reduce our greenhouse gas emissions. Through transparent reporting and data-driven analysis, we aim to enhance stakeholder understanding of our environmental performance and demonstrate our dedication to sustainability. Therefore, the intended use of the GHG Inventory includes guiding strategic planning, tracking progress towards emission reduction targets, and informing sustainability initiatives. Intended users encompass Meditrade UK's management team, employees, investors, customers, regulatory authorities, and other relevant stakeholders.

2. METHODOLOGY

The report has been prepared in accordance with the requirements established in the GHG Reporting Protocol corporate standard (1) and ISO 14064-1:2018: "Greenhouse gases. Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals". It uses the UK Government GHG Conversion Factors for Company Reporting (2).

The methods used to compile the inventory are based on the GHG Calculation Guidance (3). Most emission estimates are compiled by combining activity data (e.g., fuel use) with a suitable emission factor (e.g., amount of CO₂ emitted per unit of fuel used).

The GHG inventory covers the seven direct greenhouse gases under the Kyoto Protocol:

- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitrous oxide (N₂O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulphur hexafluoride (SF₆)
- Nitrogen trifluoride (NF₃)

In general terms, the largest contributor to global warming is carbon dioxide which makes it the focus of many climate change initiatives. In this report and all our calculations, the universal unit of measurement to indicate the global warming potential (GWP) of GHGs, Carbon dioxide equivalent (CO₂e), expressed in terms of the GWP of one unit of carbon dioxide, is used to represent emissions of all greenhouse gases.

The CO₂e calculations rely on Global Warming Potentials (GWPs) derived from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) over 100 years. This approach ensures that the Conversion Factors align with prevailing national and international reporting standards.

The Quality Assurance Manager is responsible for drafting this report. Specific responsibilities involve various departments and individuals contributing data relevant to their operational areas, such as the Finance Department and the Procurement Department.

Meditrade UK publishes the GHG Report annually to ensure regular monitoring and evaluation of our environmental performance, providing stakeholders with updated insights into our sustainability efforts and progress over time. This report is approved by the Operations Director.

This report undergoes rigorous verification by a third-party auditing firm to ensure accuracy and reliability. The verification statement confirms that our GHG emissions data has been scrutinised and validated following established standards and methodologies. The GHG inventory was verified using a limited assurance engagement. The level of assurance provided by the verification is deemed "Reasonable," signifying a thorough examination of our emission data and processes. Additionally, the materiality threshold for our GHG emissions stands at 5%, demonstrating our commitment to transparency and accountability in reporting significant emissions factors.

This report aligns with the commitments outlined in our sustainability policies:

- MED 1015 Environmental Policy (3): To provide an effective framework for realising Meditrade UK's commitment to protecting the environment by reducing the company's environmental impacts, preventing pollution, mitigating and adapting to climate change and a low carbon future.
- MED 1018 Sustainable Procurement Policy (4): To outline our commitment to responsible sourcing, environmental protection, social responsibility, and ethical considerations in our procurement processes.

2.1 DATA SELECTION

The data collected for our GHG Report comprises primary and site-specific information, adhering to the principles outlined in ISO 14064 Clause 4. These principles encompass several key considerations, including relevance, completeness, consistency, accuracy, and transparency.

Data gathered includes, but is not restricted to:

- Activity data, such as mass, volume or energy;
- Emission factors, typically expressed as tCO₂e per quantity of activity data;
- Conversion factors;
- Monetary values, typically representing expenditures on specific products, materials, or services.

Meditrade UK prioritizes primary activity data, which is typically of higher quality and site-specific. In instances where site-specific data is unavailable, estimated activity data sourced from literature or recognized databases (secondary data) is used. To ensure the integrity of our GHG reporting, we establish, document, implement, and maintain written procedures governing data flow activities for monitoring and reporting GHG emissions.

3. REPORTING BOUNDARIES

3.1 GHG INVENTORY BOUNDARIES AND EXCLUSIONS

This report encapsulates the 2023 calendar year emissions attributable to Meditrade UK, comprising emissions stemming from our operations at both our central London office and our warehouse located in East Drayton, and accounting for all GHG emissions from facilities over which it has financial or operational control.

The organization has not excluded the quantification of any relevant category of direct or indirect emissions. However, it has partly excluded emissions with low representativeness (<2%) relative to the total emissions. In this group, we find:

- **Fire extinguishing equipment (recharge and/or use):** The facilities operated by Meditrade UK have a total of 4 fire extinguishers associated with the risk of fire in our buildings: 2 in the warehouse and 2 in the office (1 CO₂ and 1 AFFF per building). At the date of this report, it has not been necessary to use any of this equipment, and they will be changed every 5 years.
- **Hotel emissions:** In accordance with the GHG Protocol Scope 3 Calculations Guidance (3) document, "Companies may optionally include emissions from business travellers staying in hotels" in Scope 3 Category 6, Business Travel. However, due to our current lack of a validated system to efficiently and accurately collect this information, and considering that this category does not constitute a significant portion of our GHG emissions profile, it will be excluded from our calculations.
- **Purchased goods for office activities:** Office supplies expenses are omitted from waste management calculations for two primary reasons. Firstly, they represent an insignificant portion of the total expenses incurred in the operation of our business, rendering them inconsequential. For context, office supplies expenditures amount to less than 1% of the company's expenses solely related to domestic distribution of goods. Secondly, a substantial portion of these expenses is shared with another company since our office operates within a shared office space. While the finance team diligently issues receipts and invoices to the other company, it is challenging to precisely track the usage of office supplies by each entity, thereby introducing uncertainty and reducing the reliability of the data.
- **Emissions from visitors of the premises:** Meditrade UK experiences minimal visitor traffic at our office or warehouse premises, primarily limited to occasional annual audits, totalling approximately 1-5 visits per year at most. Given the infrequency and limited scale of these visits, they are considered inconsequential in the broader context of our operations.
- **Upstream transportation and distribution:** The exclusion of the transportation route taken by our products from the suppliers' factories to the shipment departure ports in this report is based on two primary considerations. Firstly, this aspect falls outside our financial or operational control, and suppliers do not provide us with precise data and details regarding transportation modes or routes to the shipment port. Secondly, our suppliers are located in diverse geographic regions, and we receive shipments from at least 5 different departure ports. Attempting to estimate or average this data set would introduce significant uncertainty and undermine data accuracy, adversely affecting the overall precision of the GHG report. Following discussions with Management, it was decided to exclude this component to safeguard the accuracy of our results. In 2024, efforts will be made to implement an efficient method for tracking and recording this aspect of the data.
- **Waste generated in operations:** The warehouse occasionally uses foam packaging for specific products. Due to the difficulty in accurately assessing the mass of the foam packaging and its rare use, this kind of material will be excluded from the final calculations.

3.2 UNCERTAINTY ASSESSMENT

The data disclosed in this report is sourced from established scientific and industry-recognized methodologies, which, in some cases, rely on assumptions and estimations. Although our data undergoes internal review and approval, certain aspects of our activities are managed by third-party entities, introducing a level of uncertainty beyond our direct control (e.g., the information provided in Downstream transportation and distribution). Despite our efforts to maintain accuracy and transparency, and while we believe the information provided is reasonably accurate, we acknowledge that the data presented is subject to the limitations inherent in its collection.

The uncertainty is a result of the estimation of the combined uncertainties in the emissions factors and the company's activity data. As quantitative estimation of the uncertainty values is not yet plausible due to the level of maturity of the recently developed processes, a qualitative assessment of the uncertainty has been conducted. We have categorized uncertainties for each scope and category, taking into account the efficiency of the method employed and the accuracy of the collected data. Within each section, statements assigning uncertainty levels as low, medium, or relatively high can be found to provide clarity on our assessment process.

The emissions factors are extracted from the official 2023 government sources and are specific to each category to minimise the effects of uncertainty as much as possible. Normal probability density functions are assumed in the absence of clear conclusive evidence suggesting otherwise.

4. QUANTIFIED GHG INVENTORY OF EMISSIONS

4.1 BASE YEAR

Since sufficient historical data on GHG emissions is not available, the reference year or base year established for Meditrade UK's GHG verification is 2023, marking the commencement of meticulous data collection and the external auditing process to verify our carbon emissions. This serves as a pivotal starting point for our sustainability initiatives, allowing us to establish a clear benchmark against which we can measure progress and track improvements over time.

4.2 SCOPE 1 – DIRECT GHG EMISSIONS

Scope 1 GHG emissions refer to direct emissions that occur from sources that are owned or controlled by Meditrade UK. In the context of our operations, Scope 1 emissions primarily arise from the combustion of fuel in our company vehicles. In the year 2023, Meditrade UK's Scope 1 emissions, generated through the combustion of fuel in our own company vehicles, amounted to 0.13 metric tons of carbon dioxide equivalent (tCO_{2e}). The uncertainty for this category is deemed to be low.

4.3 SCOPE 2 – INDIRECT EMISSIONS

Scope 2 emissions encompass indirect emissions associated with the consumption of purchased electricity, heat, or steam. For Meditrade UK, these emissions reflect the environmental impact generated from the energy consumed at their office and warehouse facilities.

Since the office premises are shared with another company and individual electricity bills are not accessible, our company has resorted to employing an average estimate of annual electricity consumption based on Energy Performance Certificate (EPC) data and the square meters of our facilities. While we aim to enhance this calculation methodology promptly for improved accuracy in data monitoring and reporting, we currently consider this method the most suitable given the obligatory reporting on scope 2 emissions. Additionally, considering that the total emissions from this scope are not anticipated to constitute a substantial portion of our business or annual emissions, this approach is deemed appropriate for the time being.

In 2023, Meditrade UK's Scope 2 emissions totalled 10.92 tCO₂e, as determined by calculations based on Energy Performance Certificate (EPC) data. This data provides insights into the energy efficiency and consumption patterns of our facilities, aiding in the quantification and monitoring of Scope 2 emissions. The uncertainty for this category is deemed to be relatively high due to the lack of individual electricity consumption values. In 2024, we aim to be able to implement a more effective method for monitoring and assessing the amount of electricity used in our facilities.

4.4 SCOPE 3 – INDIRECT EMISSIONS

Scope 3 GHG emissions encompass all indirect emissions that occur as a result of Meditrade UK's activities but are not directly owned or controlled by the company. These emissions include a broad range of sources such as upstream and downstream supply chain activities, employee commuting and business travel. While Scope 3 emissions may not be under our direct operational control, they reflect the broader environmental impact of our business activities.

Understanding and addressing Scope 3 emissions are essential components of our sustainability strategy, as they provide insights into areas where we can collaborate with partners, suppliers, and stakeholders to minimize our overall carbon footprint and contribute to the transition to a low-carbon economy. The total scope 3 emissions for Meditrade UK in 2023 amounted to 472.64 tCO₂e. We will now proceed to present a breakdown of these emissions by category.

4.4.1 APPLICABLE CATEGORIES

According to the GHG Protocol Guidelines, Meditrade UK's business activities encompass a range of Scope 3 categories:

- Category 4, Upstream transportation and distribution
- Category 5, Waste generated in operations
- Category 6, Business travel
- Category 7, Employee commuting
- Category 9, Downstream transportation and distribution (*included in Category 4 as per guidance*)
- Category 12, End-of-Life treatment of products

By identifying and mitigating emissions across these categories, Meditrade UK aims to minimise its overall carbon footprint and contribute to global efforts to combat climate change.

4.4.2 CATEGORY 4. Upstream transportation and distribution

Category 4 of the GHG Protocol Guidelines involves emissions associated with upstream transportation and distribution, focusing on the transportation activities involved in the supply chain before the goods or materials reach Meditrade UK. This category includes emissions from the transportation of products from suppliers to Meditrade UK's facilities or distribution centres.

In assessing the emissions within Category 4, Meditrade UK utilized the distance-based method, which is a commonly employed approach for estimating transportation emissions. This method involves calculating emissions based on the distance travelled by the goods or materials and the mode of transportation used. Different transportation modes, such as road, rail, air, and sea, have varying emission factors based on their energy consumption and efficiency.

To apply the distance-based method, we gathered data on the distances travelled by its materials and products from suppliers to its facilities or distribution centres. This data included information on the mass of goods, modes of transport, and distances covered. By combining this data with appropriate emission factors for each transportation mode, we were able to estimate the carbon dioxide equivalent emissions associated with its upstream transportation and distribution activities within Category 4. In

the year 2023, Meditrade UK's emissions within this category totalled 374.18 tCO₂e. These emissions signify the environmental impact generated during the transportation and distribution of goods and materials used in our operations.

As previously mentioned in the exclusions section, the transportation route taken by our products from the suppliers' factories to the shipment departure ports will not be included mainly to diminish the impact of inaccurate estimations lowering the overall quality of the combined carbon emissions. In 2024, Meditrade UK will focus efforts on finding an efficient and reliable method to track and calculate these emissions.

Category 9 encompasses the transportation and distribution of products sold by the reporting company in the reporting year between the reporting company's operations and the end consumer (if not paid for by the reporting company), including retail and storage (in vehicles and facilities not owned or controlled by the reporting company). In the case of Meditrade UK, where goods are distributed with the assistance of a third-party logistics company purchased and therefore not owned by the reporting company, these emissions would fall within Category 4.

For our emissions assessment, the spend-based method was employed to calculate emissions associated with distributing goods through third-party logistics providers. This method involves analysing the financial expenditure on transportation and distribution services provided by external companies.

This involved associating emission factors with the type of transportation utilized and the amount spent for the transported goods. The overall uncertainty of Category 4 is deemed as low, and the total emissions value for 2023 resulted in 61.60 tCO₂e, reflecting the environmental impact of distributing goods through external logistics channels.

4.4.3 CATEGORY 5. Waste generated in operations

Category 5 pertains to emissions associated with the disposal of waste generated during operations. This category encompasses emissions resulting from various waste management activities, including landfilling, incineration, and composting, among others. For Meditrade UK, Category 5 emissions reflect the environmental impact of waste such as warehouse waste, packaging materials, and other potential by-products.

The foam packaging occasionally utilized by the warehouse for specific products is not included in the calculations. This omission is attributed to challenges associated with accurately assessing the mass of the foam, coupled with the insignificance of its overall usage volume.

To assess emissions from waste generated in operations, we employed the average-data method, which involves the collection of the types and quantities of waste generated across its operations during the 2023 reporting period, the proportion of waste being treated by each disposal method, and the emission factor associated with each waste treatment method. The emissions value for 2023 amounted to 0.02 tCO₂e, reflecting the minimal environmental impact of waste management practices implemented by Meditrade UK. The uncertainty for this category is classified to be low.

4.4.4 CATEGORY 6. Business travel

Category 6 is associated with emissions produced from the transportation of employees in business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars. To assess these emissions, the distance-based method was employed, which involves calculating emissions based on the distances travelled by employees or representatives during business trips.

Data was collected on the modes of transportation utilised, the distances covered, the number of passengers and the corresponding emission factors associated with each transportation mode. The emissions value for 2023 amounted to 14.48 tCO₂e. The uncertainty for this category is deemed to be medium mainly due to a lack of precise railway distance assessment methods for the trips that were taken inside other countries like China.

4.4.5 CATEGORY 7. Employee commuting

Category 7 addresses emissions associated with employees commuting to Meditrade UK's facilities, including both the head office and warehouse locations. This category encompasses the carbon footprint resulting from the daily transportation activities of employees as they travel to and from work using various modes of transportation, such as personal vehicles, public transit, cycling, or walking.

To assess these emissions, the average-data method was employed, and data was collected on the commuting behaviours of its employees during the 2023 reporting period, including information on the modes of transportation utilised, the average distances travelled, and the corresponding emission factors associated with each commuting mode. The uncertainty for this category is deemed to be low, and the emissions value for 2023 amounted to 4.51 tCO₂e.

4.4.6 CATEGORY 12. End-of-life treatment of sold products

Category 12 comprises emissions resulting from the waste disposal and treatment of products sold by the reporting company during the reporting year, at the end of their useful life.

This category encompasses the total anticipated emissions from all products sold within the reporting period. In order to calculate emissions for Category 12, making assumptions regarding the methods of end-of-life treatment employed by consumers is necessary, as stated in ISO 14064-1:2018. In this instance, our calculations were based on gloves, masks, and wound care products sold in 2023, which accounted for 99.6% of our product sales.

Currently, the majority of single-use medical devices are disposed of via incineration. Therefore, we assume that the products themselves are incinerated, while consumers recycle the packaging.

As outlined in the GHG Protocol Scope 3 emissions calculations, the emissions generated from downstream end-of-life treatment of sold products are to be calculated using the methods specified in category 5 (Waste generated in operations). However, instead of gathering data on the total mass of waste generated in operations, companies are instructed to collect data on the total mass of sold products (including packaging) from the point of sale by the reporting company until the end of life after use by consumers. Therefore, the same calculation method utilized in category 5, the average-data method, was applied in this context. The emissions value for 2023 resulted in 17.85 tCO₂e and the uncertainty for this category is classified as low.

4.4.7 TOTAL EMISSIONS

In 2023, Meditrade UK's total GHG emissions amounted to 483.69 tCO₂e. As part of our sustainability strategy for the upcoming year, we intend to implement calculations of emissions based on revenue, which will provide clearer and more accurate data regarding our environmental impact. This approach will enable us to more precisely assess our progress towards sustainability and our journey to achieving Net Zero emissions.

Additionally, we are actively planning to introduce carbon offsetting plans, which will be fully incorporated into our operations by 2024. These initiatives underscore our commitment and determination to address climate change while fostering sustainable growth and development proactively.

5. ACTIONS TOWARDS NET ZERO EMISSIONS

In the pursuit of environmental sustainability and the mitigation of climate change, Meditrade UK remains steadfast in its commitment to achieving net zero emissions. As we navigate the complexities of today's global challenges, we recognize the urgent need for bold and decisive action to reduce our carbon footprint and transition towards a sustainable, low-carbon future.

In Meditrade UK, we focus our efforts on continuously developing comprehensive strategies, initiatives, and milestones aimed at achieving net zero emissions across our operations. From reducing waste and investing in renewable energy sources to implementing innovative technologies and fostering a culture of sustainability, Meditrade UK is taking proactive steps to address climate change and make meaningful contributions to environmental preservation.

Over the years, the company has implemented various internal initiatives aimed at reducing our carbon footprint, including:

- Transition to ISCC-certified Biofuel: we are committed to achieving sustainable ocean shipping practices by transitioning from conventional fossil bunker fuels to the utilisation of ISCC-certified Biofuel, which reduces 100% of sea freight emissions connected to our shipments.
- Successfully completed operational updates such as LED light fittings in all our UK office spaces.
- Enrolment in the Cycle to Work Scheme for our employees.
- Continue to engage our employees with Carbon Reduction Educational Awareness training programmes.

In 2023, Meditrade UK achieved ISO 14001 certification, a significant milestone that underscores our unwavering dedication to environmental responsibility. This accreditation reaffirms our commitment to sustainable practices and demonstrates our proactive approach to minimizing our environmental footprint. Additionally, our 2022 Carbon Reduction Plan received official approval from the NHS, reflecting our alignment with industry standards and best practices in emissions management. These achievements underscore our continuous efforts to prioritize sustainability and set high standards for environmental stewardship within our operations.

In our continuous journey towards sustainability, we aspire to implement a series of forward-thinking measures.

- Firstly, we aim to develop a comprehensive transportation strategy integrating low-carbon modes such as electric vehicles, while optimizing delivery routes and consolidating shipments to minimize overall travel distances.
- Additionally, we plan to incentivize suppliers to embrace sustainable transportation practices by establishing clear sustainability targets and offering incentives for carbon footprint reduction.
- Furthermore, our vision includes the acquisition of a new logistics hub that will embody eco-design principles and Net Zero technology, adhering to the Construction Playbook guidelines and incorporating passive design elements, LED lighting, and sensor technologies.
- To address unavoidable emissions, we intend to initiate a robust carbon offset program, investing in renewable energy and carbon capture projects.
- Finally, we pledge to regularly measure and report on our progress to ensure the effectiveness of our carbon reduction plan, maintaining transparency and accountability as we strive towards a more sustainable future.

By implementing innovative measures and embracing best practices, Meditrade UK is dedicated to reducing its carbon footprint and making meaningful contributions to combating climate change. As we look to the future, we remain resolute in our pursuit of a greener, more sustainable world. Together, let us forge ahead on this transformative path towards a brighter and more sustainable future.

6. REFERENCES

- (1) GHG Protocol Corporate Value Chain (Scope 3) Standard: <https://ghgprotocol.org/corporate-value-chain-scope-3-standard>
- (2) UK Government GHG Conversion Factors for Company Reporting: <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>
- (3) GHG Calculation Guidance: <https://ghgprotocol.org/scope-3-calculation-guidance-2>
- (4) MED 1015 Environmental Policy
- (5) MED 1018 Sustainable Procurement Policy