## Commitment to achieving Net Zero

Schultz Medical is committed to achieving Net Zero emissions by 2035.

## 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.
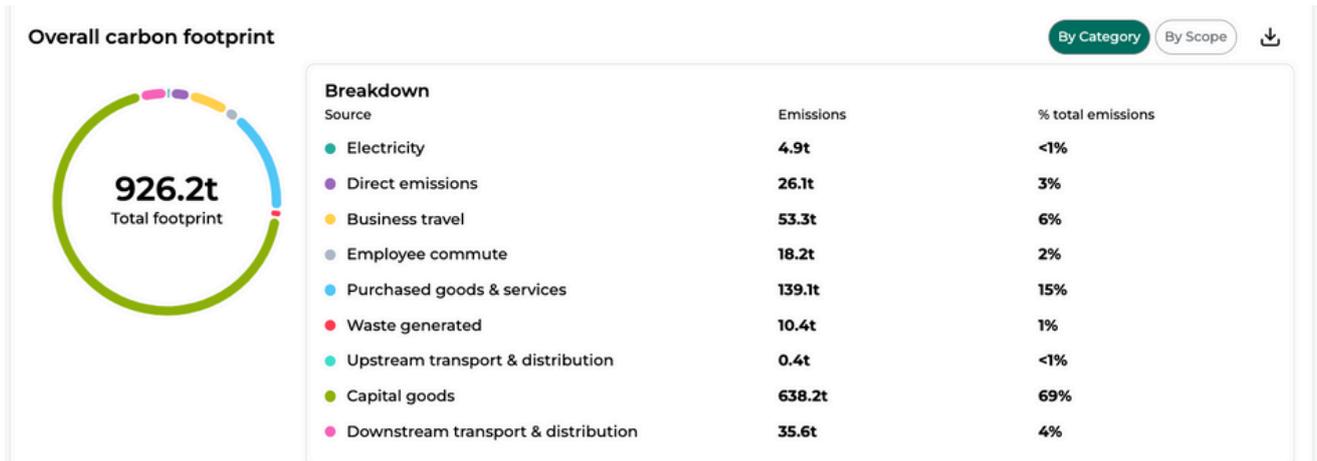
Emissions data were first measured in calendar year 2023, therefore we selected calendar year 2023  as our base year. The methodology for measuring our carbon footprint is in line with the Greenhouse Gas protocol. The calculations were made leveraging Trace's proprietary carbon assessment methodology (see appendix for more detail).

### Baseline Year: CY 2023 (January 1, 2023 - December 31, 2023)

Our baseline emissions inventory includes all our measurable Scope 1, 2 and the required subset of Scope 3 emissions.

| Emissions | Total tCO2e |
|---|---|
| **Scope 1** | 26.5 tCO2e |
| **Scope 2** | 7.9 tCO2e (see appendix for approach) |
| **Scope 3**<br>(Included Sources) | **Scope 3 Total -** 803.8 tCO2e<br><br>**Upstream Transportation & Distribution  -** 0.3tCO2e<br><br>**Waste -** 4.2 tCO2e<br><br>**Business Travel -** 23.3 tCO2e<br><br>**Employee Commuting -** 17.5 tCO2e<br><br>**Purchased Goods & Services -** 178 tCO2e<br><br>**Capital Goods -**  580.4 tCO2e<br><br>**Downstream Transportation & Distribution -** As a part of our initial carbon accounting, we focused on Upstream Transport & Distribution emissions. However, moving forward, we will calculate both Upstream and Downstream emissions for a more comprehensive assessment. |
| **Total** | **838.2 tCO2e** |

# Current Emissions Footprint

## Overall carbon footprint

By Category | By Scope

**926.2t**
Total footprint

### Breakdown

| Source | Emissions | % total emissions |
|---|---|---|
| ● Electricity | 4.9t | <1% |
| ● Direct emissions | 26.1t | 3% |
| ● Business travel | 53.3t | 6% |
| ● Employee commute | 18.2t | 2% |
| ● Purchased goods & services | 139.1t | 15% |
| ● Waste generated | 10.4t | 1% |
| ● Upstream transport & distribution | 0.4t | <1% |
| ● Capital goods | 638.2t | 69% |
| ● Downstream transport & distribution | 35.6t | 4% |

| **Current Reporting Year: CY 2024** (January 1, 2024 - December 31, 2024) | |
|---|---|
| Our current emissions inventory includes all our measurable Scope 1, 2 and the required subset of Scope 3 emissions. | |
| **Emissions** | **Total tCO2e** |
| **Scope 1** | 26.1 tCO2e |
| **Scope 2** | 4.6 tCO2e (see appendix for approach) |
| **Scope 3** (Included Sources) | **Scope 3 Total -** 895.6 tCO2e<br><br>**Upstream Transportation & Distribution -** 0.4 tCO2e<br><br>**Waste -** 10.4 tCO2e<br><br>**Business Travel -** 53.3 tCO2<br><br>**Employee Commuting -** 18.2 tCO2e<br><br>**Purchased Goods & Services -** 139.1 tCO2<br><br>**Capital Goods -** 638.2 tCO2e<br><br>**Downstream Transportation & Distribution -** 35.6 t CO2e |
| **Total** | **926.2 tCO2e** |

# Emissions Reduction Targets

## Net Zero targets:

The graph below illustrates the projected progress towards Net Zero target, highlighting a total reduction goal of 90% by 2035 compared to the base year. All uncontrollable residual emissions (at 10% of total emissions) that cannot be eliminated will be offset through carbon removal projects.
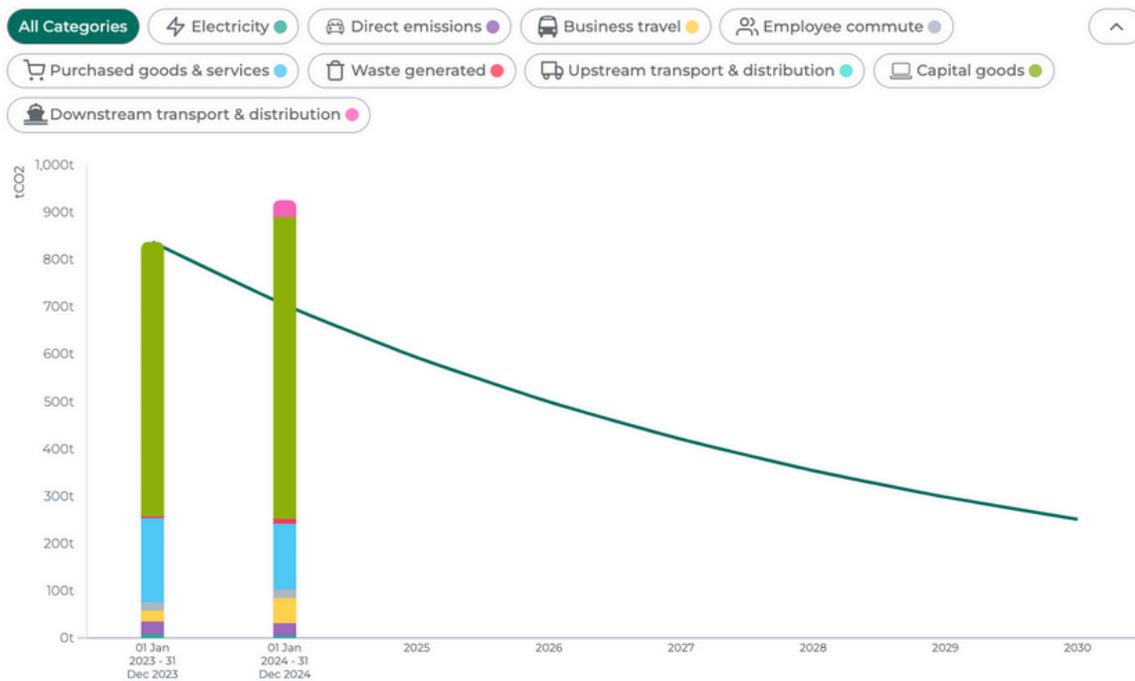


Total emissions have increased during the current reporting period compared to the baseline measurement. This change is primarily attributed to the following factors:

1. Growth in staff size.
2. An increase in business travel, particularly air travel, accommodation, and private transportation.
3. The inclusion of a new emissions category, "Downstream Transportation & Distribution," which was not accounted for in the baseline assessment.

As we continue to work towards our net-zero emissions goal, enhancing data quality remains a top priority. While this may lead to a temporary increase in reported emissions, the adoption of a more accurate and standardized data collection process will ensure greater consistency and comparability in future reporting periods

## Near term targets:

Schultz Medical is proud to have shared our initial emissions report and set our net-zero target. In 2030, following consecutive years of data collection and emissions measurement, we plan to disclose our near-term targets, having gained a clearer understanding of our emissions profile. In the meantime, we are committed to reducing our emissions through a thorough review of our operations, enhancing the accuracy and quality of our emissions data, implementing energy-efficient practices wherever possible, and engaging with suppliers and partners to promote sustainability throughout our value chain.

# Carbon Reduction Projects

In order to continue making progress towards Net Zero, we have built a decarbonisation plan.

The following outlines the carbon reduction projects we successfully completed before the 2024 reporting period, as well as the initiatives we are currently pursuing and those planned for future implementation.

We will monitor and reassess these initiatives annually to ensure meaningful progress and adapt to any changes in our operational activities.

## Completed

**Setting a CO2 emissions baseline**
We have set the baseline (year 2023) with the goals to : 1. Seek clarity on emissions, 2. Guiding action, 3. Resource allocation

**Offsetting emissions**
As part of our decarbonization plan, we have successfully offset 250 tonnes ( 25.9% ) our current emissions through verified carbon offset projects. This action has been completed and will continue to support our efforts in achieving net-zero emissions while we work on reducing our carbon footprint.

# Carbon Reduction Projects

## In Progress

**Enhance data quality to improve Year-On-Year measurement:** We are actively enhancing data quality for our carbon reduction plan by improving carbon measurement accuracy. Key steps in progress include tracking electricity usage, travel kms, upstream transport details as well as standardizing supplier records and waste tracking. We are also addressing data gaps and implementing Trace recommendations for better data collection. By focusing on data accuracy, we aim to ensure reliable emissions tracking, identify reduction opportunities, and strengthen our reporting.

**Educate team on Carbon emissions:** The Carbon Emissions Educational Programme is underway to help raise awareness about climate change and carbon emissions. The program covers key topics such as the role of carbon/GHG emissions in climate change, the importance of reducing emissions, and concepts like carbon neutrality, climate positivity, and net zero.

**Creating an EV adoption strategy:** We are actively progressing with fleet electrification to reduce Scope 1 emissions. We are currently reviewing vehicle usage and identifying which fleet vehicles can be replaced with EVs. Plans are underway to develop the required charging infrastructure and a detailed deployment strategy. We are also exploring financing options such as operational leasing and partnerships with EV solution providers. Staff training and performance monitoring will be implemented to ensure effective EV integration and ongoing operational efficiency. This initiative aligns with our commitment to sustainability and emission reduction.

**Create plan to reduce commuting emissions:** We are implementing several strategies to reduce commuting-related emissions. These include surveying staff on commuting habits, introducing a flexible remote work policy, promoting carpooling with incentives, and encouraging cycling through bike repairs and subsidies. Prepaid public transport cards will be provided, and EV charging stations will be installed to support sustainable transportation. These actions will help reduce our carbon footprint and promote a sustainable work culture.

**Align with NHS requirement:** To report all the scope 3 emissions as applicable and align our operations with the NHS Evergreen Assessment framework to ensure long-term sustainability.

# Carbon Reduction Projects

## Planned

**Develop a sustainable supplier policy:** Establish clear criteria and expectations for our suppliers so we can make more environmentally responsible choices and align our procurement practices with our sustainability goals.

**Conducting a waste audit and going paperless:** To transition to a paperless office to reduce waste and emissions by implementing digital management, e-signatures, cloud storage, and promoting efficient document handling practices.

# 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 standard1 and uses the appropriate Government emission conversion factors for greenhouse gas company reporting2.

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) Standard3.

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

| Ahmed Bhayat (Managing Director) | | 15/04/2025 |
|---|---|---|
| **Name** | **Signature** | **Date** |

# Appendix

## Methodology

Our carbon emissions were measured based on our operational footprint, leveraging Trace's proprietary carbon assessment methodology. The emissions factors used were from peer-reviewed sources. Below is a breakdown of the GHG protocol Scope 3 categories in and outside the scope of our footprint.

## Boundaries

### In-scope

| | | |
|---|---|---|
| Category 1 - Purchased Goods & Services | Category 2 - Capital Goods | Category 4 - Upstream T&D |
| Category 5 - Waste Generated | Category 6 - Business Travel | Category 7 - Employee Commuting |
| Category 9- Downstream T&D | | |

### Out-of-scope

The following emissions categories either do not occur, have been deemed irrelevant or are out of our operational control.

| | | |
|---|---|---|
| Category 3 - Fuel & energy (non scope 1 or 2) | Category 8 - Upstream Leased Assets | Category 10 - Processing of Sold Products |
| Category 11 - Use of Sold Products | Category 12 - End-of-life treatment of sold products | Category 13 - Downstream Leased Assets |
| Category 14 - Franchises | Category 15 - Investments | |

## Location-based vs. Market-based approach

The location-based method was applied to calculate Scope 2 purchased electricity emissions. Given the absence of product and supplier specific data, grid-average emissions factors were used.to account for market-based Scope 2 emissions.

GREENHOUSE GAS PROTOCOL

trace.

Certified B Corporation
This company meets high standards of social and environmental impact.