Advanced Medical Solutions Group plc

Environmental, Social and Governance

ESG Report - 2023

Embedding a sustainable and ethical approach in everything we do

Message from our Board

"ESG is a focus area for our stakeholders and we continue to devote significant time and resource to our ESG strategy. Building an innovative, sustainable and resilient business is more important than ever, and as we continue to grow we must do so in a sustainable way by reducing our emissions (having set a Net Zero target of 2045), improving our products and packaging and ensuring we achieve this with an ethical approach as a diverse and inclusive business. We are striving to deliver sustainable environmental, financial and social value, responsibly."

Eddie Johnson,
Chief Financial Officer & ESG Lead

A Advancing sustainability
M Minimising environmental impact
S Socially responsible

AA
MSCI ESG rating

Net Zero
carbon target - 2045

70%
renewable/low carbon energy mix (inc nuclear)
(2022: 46%)

83%
Positive or neutral responses based on the external benchmark of our Engagement Score

ESG Principles

1. Operate in an ethical and responsible manner
2. Minimise any negative impact on the environment
3. Have a positive impact on the local communities in which we operate
4. Offer our employees a safe, supportive working environment with a positive culture
5. Contribute to society by developing products to improve patient outcomes
6. Uphold the highest standards of corporate governance and responsibility
7. Build and develop an ESG reporting framework with meaningful targets
8. Ensure that ESG is at the heart of our business

ESG Governance and Integration

Board-level consideration of ESG
- Covered in Board Agenda with regular updates
- Consideration on risks and opportunities

The Board delegates ESG matters to Committees

INFORMING

ESG Steering Committee
- ESG strategy & implementation
- Disclosure & compliance

Remuneration Committee
- ESG targets as part of incentives (Personal objectives in 2023)

Audit Committee
- Risk management
- Financial statements

Senior Management Team
- Operational responsibility

ESG Champions
- Drives sustainability and communicate ESG priorities
- Ensure each site understands what is expected

Operational Management
- Dissemination of information and raise issues
- Enable ESG actions to be implemented at local level

Operations
- Implement initiatives, policies & share best practice while meeting site-level targets
- Raise issues directly with management

REPORTING

Environmental, Social and Governance

continued

ESG Framework

Building on engagement with stakeholders and our understanding of our most material ESG sustainability issues, we have developed a strategic framework aimed at delivering sustained environmental, financial and social value.

	Environment	Social		Governance
	Planet	**People**	**Product**	**Policy**
Principles	• Minimise any negative impact on the environment. • Uphold the highest standards of corporate responsibility.	• Having a positive impact on the local communities in which we operate. • Offer our employees a safe, supportive working environment with a positive culture.	• Operate in an ethical and responsible manner. • Contribute to society by developing products to improve patient outcomes.	• Uphold the highest standards of corporate governance. • Build and develop an ESG reporting framework with meaningful targets.
Stakeholder engagement	• Communities and Environment. • Supply Chain. • Investors.	• Patients, Partners, Clinicians. • Employees.	• Regulators. • Supply Chain.	• Investors. • Partners. • Employees.
Commitments	• Minimise negative environmental impact, combat climate change. • Manage energy use more efficiently and increase renewable and sustainable resources. • Reduce waste, protect water, improve recycling, reuse materials. • Expand scope of ISO Certification. • Promote Environmental Pledge Scheme.	• Attract, retain and develop our talent to support future growth. • Promote equality, diversity and inclusion. • Support employees on health, safety and all forms of wellbeing, including Employee Assistance Programme ('EAP') and mental wellness app. • Provide financial support for employees' charity work, chosen charities and community volunteering.	• Uphold ethical standards across our value chain. • Work with patients, partners and clinicians to identify unmet needs. • Improve transition of early stage R&D, reduce waste. • Manufacture products focused on quality, customer safety, welfare. • Transition to recyclable packaging, apply regulations and certification.	• Uphold external standards to protect human rights. • Zero tolerance towards bribery, corruption and fraud. • Robust data governance and compliance. • Ensure equal pay regardless of gender, ethnicity or disability. • Enrol in UN Global Compact, embed Ten Principles across business.
ESG metrics	• Pathway to reduce emissions, Scope 3 plan. • CO_2e emissions per £k sales (kg). • Gas usage, water, electricity (total, by person). • Waste (landfill).	• Charitable donations. • YOY Health & Safety score. • Employee Engagement score. • Training and development spend. • Participation in Employee Share Plan.	• Number of new products released per year. • % new products released with recyclable packaging. • Product safety rates in market. • % suppliers signed up to Supplier Charter.	• Reported cases of bribery, corruption or fraud. • Whistleblowing reports.
UN Sustainable Development Goals	12 Responsible Consumption and Production 13 Climate Action	3 Good Health and Well-Being 5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities	3 Good Health and Well-Being 12 Responsible Consumption and Production	5 Gender Equality 8 Decent Work and Economic Growth

Our ESG Framework is built around our Mission:

To develop | **To make a real difference** | **To add value**

CASE STUDY

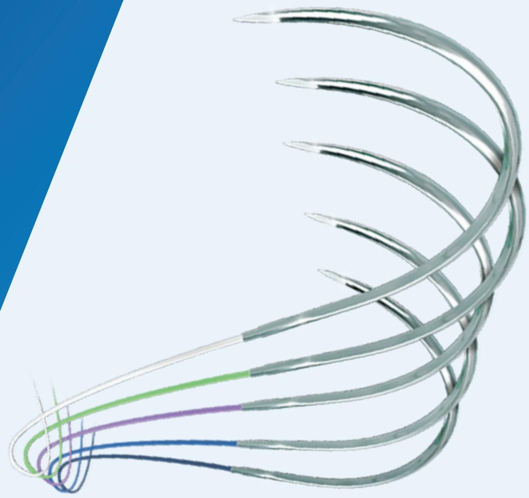
Development and installation of improved technologies

In 2022 our Neustadt site in Germany began to plan for the introduction of a new sterilisation unit to replace an aged unit that had serviced the site for over 25 years. This project involved multiple work streams from EHS, Operations, Regulatory, R&D & Quality teams. The brief was to install a modern, future-state system with capacity for business growth, that is more energy efficient and operates in a more sustainable way.

AMS, along with its' chosen supplier, have installed a system with six times the capacity of the old system, but with technological advances and processes. These have removed the need for contaminated water to be collected and sent for further processing as the waste product has been removed. There is also a reduction in ethaline oxide concentrations needed which makes this sterilisation system energy efficient and sustainable in use:

- Reduction in Ethylene Oxide strength from 15% to 5%.
- Local environmental permit allowing operation issued with no conditions placed on AMS.
- Zero Health & Safety events reported during the project.
- Zero environmental incidents reported within the project.
- Zero complaints from neighbouring businesses and/or other local area users.

Link to Our Growing Sustainably Strategy. For more information see Page 21



UN Sustainability Development Goals

The SDGs which we consider to be most relevant to AMS are:

UN Goal	How AMS contributes
3 GOOD HEALTH AND WELL-BEING — **Ensure healthy lives and promote wellbeing for all at all ages**	• Improve patient outcomes. • Focus on employees (mental, wellbeing, Employee Assistance Programme, flexible working).
5 GENDER EQUALITY — **Ensure gender equality and empower all women and girls**	• Ensure equal opportunities during recruitment and promotion. • Equality, Diversity and Inclusion programme.
8 DECENT WORK AND ECONOMIC GROWTH — **Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**	• Work closely with clinicians and partners investing in industry-leading training and education.
10 REDUCED INEQUALITIES — **Promote innovative and sustainable economic growth, full and productive employment and decent work for all**	• Ensure employees are engaged, skilled and motivated. • Pay living wage and support lower earners.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION — **Ensure sustainable consumption and production patterns**	• Ensure all products meet highest standards of quality, safety and efficiency, and are ethically sourced.
13 CLIMATE ACTION — **Take urgent action to combat climate change and its impacts**	• Committed to reduce our carbon footprint, reduce waste and utilise renewable energy, where possible.

Other key ESG activities

Modern Slavery Act

AMS takes its responsibility to protect human rights very seriously. We do not tolerate slavery or human trafficking either internally or in our supply chain. We will never knowingly deal with any organisation which is connected to slavery or human trafficking.

Our full compliance statement can be found on the Company website **www.admedsol.com**

Gender Pay Gap Reporting – Ensuring Opportunities for All

AMS believes in being an inclusive and diverse employer.

We remain confident that employees are paid equally for doing equivalent jobs, and have opportunities for development and advancement.

Our latest report under the Gender Pay Gap Regulations is available on the Company website **www.admedsol.com**

Carbon Reduction Plan

Emission reduction targets

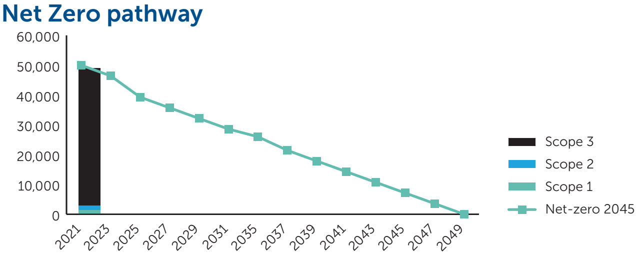
AMS aims to achieve Net Zero Scope 1, 2 and 3 emissions by 2045, compared to a 2021 baseline.

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

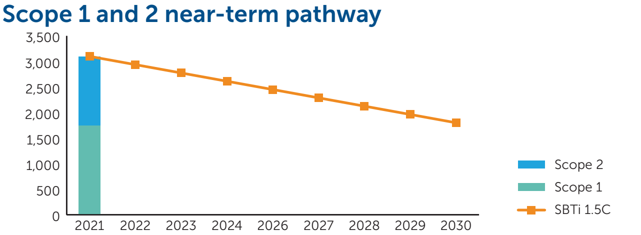
- 42% reduction in Scope 1 and 2 GHG emissions by 2030
- 72% of suppliers to have science-based targets by 2028
- Reduce Category 12 – End-of-Life Treatment of Sold Products GHG emission 30% per tonne product sold by 2033

We project that Scope 1 and 2 emissions will decrease over the next five years to 2,066 tCO_2e by 2028. This is a 33% reduction compared to our base year of 2021.

Net Zero pathway



Scope 1 and 2 near-term pathway



Four focus areas have been identified to action AMS's emissions, and short-, medium-and long-term actions for each focus area have been set out. Actions have been mapped for each focus area to ensure near- and long-term targets can be met.

Decarbonisation Roadmap Summary

Decarbonisation focus areas

Products	Supply Chain	Sites and buildings	People
Short-term Gather product data Conduct LCAs Customer engagement	**Short-term** Supply analysis Supplier engagement Update procurement policy	**Short-term** Energy saving actions Energy efficiency actions Staff training and awareness	**Short-term** Employee engagement workshops Review travel system and policy Transition on site vehicles
Medium-term Product design review	**Medium-term** Request product and journey specific data from suppliers	**Medium-term** Solar PV installation Strat to replace gas boilers	**Medium-term** Incentivising green commuting
Long-term Insetting	**Long-term** Insetting Purchase low-carbon products	**Long-term** Offsetting	

Recognition

'AA' rating in the MSCI ESG Ratings assessment

Assessed to be at 'Low Risk' of experiencing material financial impacts from ESG factors by Sustainalytics - Top 5% of Healthcare companies

Achieved Silver Sustainability rating from EcoVadis - Top 25% of companies

We maintained and developed ISO 14001 and 50001 Certification

In 2023 we published the Carbon Reduction Plan, setting out our commitments to reach Net Zero by 2045. To achieve our target, we require a 90% reduction in Scopes 1, 2 & 3 emissions (3.75% annually against our 2021 baseline year). The final 10% of emissions require investment in low carbon activities and manufacturing processes, using sustainable offsetting and insetting within our own value chain.

Our work on Net Zero and Carbon Reduction is a key part of our ESG Strategy, but only part of a wide range of activities for which we have gained positive recognition (as outlined below). We continue to work to implement all areas of our ESG Strategy and our ESG Lead has addressed some key ESG issues in his Q&A (see right).

> We have a culture based on the principles of Care, Fair, Dare, where our people take accountability and responsibility and, like our approach to ESG, do the right thing.

Sedex Member

We are a Sedex B membership and worked towards the ETI basecode

Q&A

with

Eddie Johnson,
Chief Financial Officer and ESG Lead

Q How would you summarise progress on ESG?

A AMS has continued to make positive progress on ESG, building on the foundations reported last year, further developing our Net Zero Strategy and agreeing key targets that will drive this activity, for example: to be Net Zero by 2045. AMS has also strengthened its preparations for Climate-Related Financial Disclosures ('CFD') and in conjunction with our ESG consultants, will continue to progress this area. There are also numerous and wide-ranging ESG activities driven by employee suggestions and actions, as well as Board and ESG Committee initiatives.

Q How will you further strengthen your ESG commitments in 2024?

A Our commitment to sustainable business practices on important topics such as human rights, environmental stewardship and ethical behaviours extends to all those we work with – colleagues and through our global supply chain. At AMS, we are committed to building stakeholder trust and confidence by meeting standards that demonstrate our ESG commitments. To further demonstrate this to stakeholders we will join the UN Global Compact in 2024.

Q Is Equality, Diversity, Inclusion still a focus?

A We further strengthened Board diversity with the appointment of a new Chair at the beginning of 2024. While we focus on recruiting on merit, it is the Board's intention to work towards both gender and ethnic diversity in line with external targets. We are committed to drive equality, diversity, inclusion across AMS and recognise that if we harness the power of our differences and encourage diverse thinking we can deliver more for our stakeholders. We help our colleagues around us grow, develop and thrive, so they can fulfil their potential as we build a diverse workforce.

Planet

We are committed to minimising any negative impact on the environment and upholding the highest standards of corporate responsibility.

Emissions per £k sales

20.83 CO_2e

Scope 1 (direct)/Scope 2 (indirect) emissions intensity

(2022: 19.51 CO2e per £k sales)

0.96 tons/employee

total waste

(2022: 0.92 tons/employee)

2,486,522 kg CO_2e

Scope 1 and 2 emissions

(2022: 2,268,009 CO2e)

38 m^3/employee

total water usage

(2022: $38m^3$)

70%

reduction year-on-year Scope 1&2 energy use

(2022: 11% increase in units)

0%

waste to landfill

(2022: 0%)

Highlights

Completed ESOS Phase 3 audits across UK sites.

Continued investment in Heating, Ventilation, and Air Conditioning (HVAC) to maintain zero F-gas losses.

Increase in Scope 1 emissions due to a site which is not on the main line using fuel oil at the same level as 2021. Electricity use at this site also increased and our solar panels at Plymouth were not as efficient as 2022. Our Carbon Reduction Plan can be seen on Pages 28 to 29.

Continued to develop and ingrain our ISO Management Systems at our certificated locations.

Developed and published our Carbon Reduction Plan endorsed at the highest levels.

Continued with our electric car lease scheme in the UK and electric bike schemes in Germany. All pool cars in the UK changed to either plug in hybrid or electric.

Developed our risk and mitigations around our CFD reporting.

Reduced year-on-year energy requirements based on UK location based conversion factors.

Reviewed and developed internal waste recycling processes across several locations.

Encouraged employee participation in ESG activities and idea generation.

Looking forward

- Develop data reporting systems moving to proactive energy management and resource forecasting.
- Review and where applicable develop our metrics to show developing and emerging trends and react to stakeholder questions.
- Continuing our waste review process, look at where waste can be repurposed into the circular economy.
- Work on our opportunities for energy reduction, increasing our sustainability and meeting our Net Zero commitments, internally with our customers and within in supply chains.

People

We are committed to having a positive impact on the local communities in which we operate and offering our employees a safe, supportive working environment with a positive culture.

80%
employee engagement survey response rate
(2022: 74%)

83%
positive or neutral responses based on the external benchmark of our Engagement Score[1]
(2022: 87%)

0
reported incident of discrimination
(2022: 0)

29%
invested in the Employee Share Plan
(2022: 21%)

2
Lost Time Incidents ('LTIs') >7days)
(2022: 4)

3.04
H&S (AMS Accident Incident Rate)
(2022: 3.3)

Highlights

The actions progressed from the **employee engagement survey** in 2022 resulted in positive results in the 2023 survey. Positive or neutral responses fell in 2023, although the fall was not significant considering the challenges faced in 2023.

Completed two SEDEX/Smeta ethical-based audits within our estate and received no adverse reports.

Completed EDI/Unconscious bias training across Group, utilising an interactive platform to test understanding of the topic as they progressed through the topic.

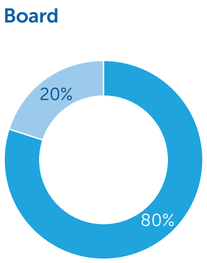
Celebrated World H&S Day with several events around sites promoting safety, wellbeing and developing Environment, Health and Safety ('EHS') knowledge.

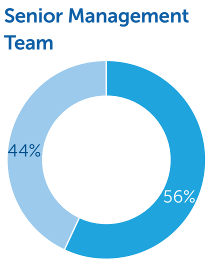
Looking forward

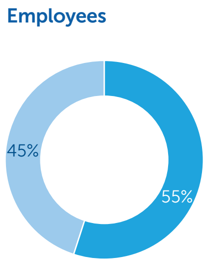
- Further expand our support for the mental wellbeing of our employees. Continuous review of our benefits proposition.
- Increase training and development budget to develop key staff.
- Focus on building our approach to charitable giving and engagement by development of the Communities Strategy.
- Further expand work and profile of Altogether AMS, our Diversity and Inclusion Programme, and EDI Committee. Board refreshment indicates progress at the highest level.

Employee gender diversity

Female Male

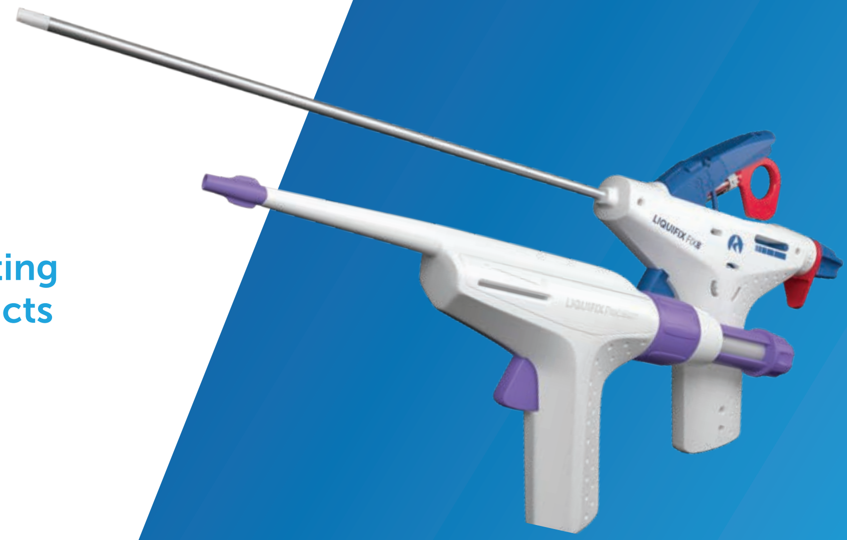






1. As defined by the Culture Amp software.

Product



We are committed to contributing to society by developing products to improve patient outcomes.

£12.6m
dedicated investment in R&D
(2022: £12.3m)

10%
of revenue spend on R&D and innovation
(2022: 9.9%)

1
new product released in 2023
(2022: 2)

95%
of key[1] materials suppliers met with, visited and/or audited in the past year
(2022: 98%)

0
deaths caused in the market by AMS products
(2022: 0)

Highlights

Began engagement in the supply chain and reviewing potential short-to-medium and long-term risks through the CFD process.

The CFD process has enabled us to identify and exploit potential opportunities within our supply chain.

Completed processing of customer and supplier data to deepen our understanding of our supply chain's Net Zero and sustainability objectives.

Engaged successfully with several customers from across the globe in their Net Zero, ESG and sustainability studies.

Shared our Ethical audit and EcoVadis reports with customers.

Looking forward

- Develop a plan for lifecycle analysis to begin (this is crucial in NHS plans and we expect increased customer requests).
- Plan, prepare and complete a Modern Slavery Assessment using the Modern Slavery Assessment Tool ('MSAT').
- Launch our combined code of conduct and commitment charter.
- Share with our customers and suppliers our carbon Reduction Plan and our new ESG reporting areas on the AMS website.
- Develop working relationships with customer sustainability teams to see how AMS and our customers/suppliers targets support each other.
- Look at developing new technologies that reduce resource requirements, can be produced via sustainable methods, and could be developed to fit into a circular economy.

1. Ranked critical, crucial or major.

Policy

We are committed to operating in an ethical and responsible manner, upholding the highest standards of corporate governance and to building and developing an ESG reporting framework with meaningful targets.

0 fines
and non-monetary sanctions from non-compliance with environmental laws and/or regulations
(2022: 0)

4
ESG Steering Committee Meetings held during 2023
(2022: 5)

0
reported incidents of human rights violations in our supply chain
(2022: 0)

£0
spend on political campaigns, lobbying or think tanks
(2022: £0)

0 incidents
of bribery, corruption or fraud
(2022: 0 incidents)

0
whistleblowing reports
(2022: 0)

Highlights

Continued adherence to the UK Corporate Governance Code, explaining where AMS does not comply with the Code (see Pages 76 to 77).

Appointment of Liz Shanahan as Chair and progressed through appointment process for a new Non-Executive Director, which will further diversify the Board.

ESG Steering committee supporting, developing, and putting in place sustainable actions within AMS, including the completion and compliance with CFD reporting.

Review, updating and issuing of several policies that have been uploaded and shared to customers and other stakeholders on request.

Continual development of our Health & Safety and Environment & Energy policies.

Compliance training rolled out Group-wide and further expanded to include environmental considerations.

Successful ISO 50001 and ISO 14001 audits at a number of sites.

Looking forward

- Risk-based assessment on the development of Energy and Environmental ISO-certificated locations.
- Continual engagement with the SEDEX and EcoVadis Platform, giving us the ability to centrally control data and share successes with those parties we share our data with.
- Develop and refine our CFD risk and opportunity registers and develop our short-to-medium-and longer-term mitigation plans.
- Continuation of integrating AMS processes and policies as well as operating expectations into our new acquisitions.
- Formally sign up to the UN Global Compact which commits us to standards on human rights, labour standards, environmental goals and anti-corruption.

Environmental, Social and Governance
continued

Becoming a more sustainable business.

Environmental Review of 2023

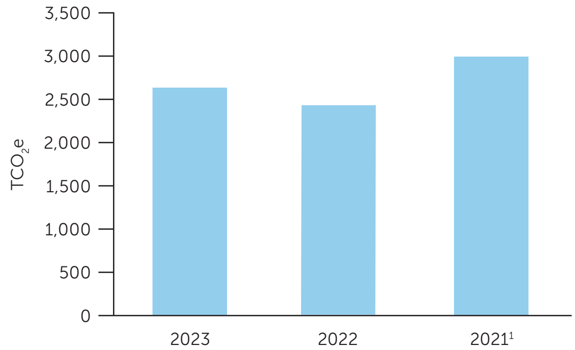
In 2019 AMS completed its first Streamlined Energy and Carbon Reporting ('SECR') review and set its SECR reporting baseline. Although we have seen small increases in total emissions against 2022, we are starting to see our investments in energy reduction techniques show results, with an 11% reduction in energy consumption (gas & electric kWh consumed).

AMS relies on Natural gas in several locations and fuel oil within one site in Germany, a fuel oil increase of 73% in emissions through increased use on 2022 figures. AMS has identified gas and fuel oil use as a key area to look at in 2024 and beyond.

Our new reporting process, using a cost-based review of Scope 3, increases the levels of emissions. This can be seen in our Carbon Reduction Plan and can be viewed on our website www.admedsol.com. This plan will support our improvements and reductions.

Our high-level findings for 2023 are presented below.

Total AMS Emissions per year (TCO_2e)



Environmental Impact

We have seen increases in emissions from gas and oil, and an overall increase in the use of electrics that has is in contrast to other areas such as reduction in business travel, zero F-gas emissions. Our gross emissions are still lower than calculated for our SECR reporting baseline of 2019 with 6% reduction in emissions (TCO_2e).

Total Scope 1,2 & 3 (TCO_2e)

2023	**2,628.37**
2022	2,425.31
2021	2,981.22
2020	1,899.00

Environmental Development

In 2023 we committed to establishing a Net Zero target and developing actions around carbon reduction; this has been achieved and in Q2 2023 we published our first Carbon Reduction Plan making this publicly available on our website.

We have further developed our Environmental and Energy Policies which drive our ambitions and ensure that environmental and energy reduction are built into our projects (highlighted by the Case Study on new sterilising system technology in Germany (Page 27). We have continued to see an increase in customer and other stakeholder requests around environmental data, which we have responded to comprehensively. We have completed our first EcoVadis submission, providing a more efficient way to share ESG data and, in the long-term, allow us to see the progress suppliers, customers and other linked parties are making in their environmental and sustainability journeys.

2023 Targets

No breaches of environmental permits or consents	**Achieved**
Set Net Zero target date and publish Carbon Reduction Plan	**Achieved**
Retain and develop ISO 14001 and ISO 50001 programmes	**Achieved**
Compliance with changes around packaging process and procedures	**Achieved**
CFD reporting and compliance	**Achieved**

Future development

Our future developments revolve around progressing our ambitions set out in our Carbon Reduction Plan:

- Engagement with our customers and suppliers around their specific Net Zero ambitions.
- We plan to develop the works around our CFD opportunities and risk mitigation processes. If we can realise our opportunities, we should be able to reduce our risks.
- Develop our sustainability programme based around our EcoVadis action plans.
- Develop plans for life cycle analysis as this is an area where we need to develop our actions and responses.
- Work with our suppliers and customers using the principle that we can support each other with carbon reduction plans. We are all intrinsically linked as part of each other's Scope 3 emissions (those out-side of our control and upward and downward supply chain systems).

By the end of 2024 we hope to report our Scope 3 emissions are falling in line with base year Scope 1 and Scope 2 processes.

The work we have done to increase sustainable awareness, developed our systems to fit more into the circular economy and reducing risk to habitats, including resource scarcity.

Our reporting

Our emissions reporting represents all core business operations within scope of our Consolidated Financial Statements. Primary data from energy suppliers has been used wherever possible.

Following the Companies (Directors' Report) and Limited Liability Partnerships (Energy & Carbon Report) Regulations, 2018 and to meet our SECR reporting requirements, we report within AMS's report the following recognised Scopes.

These Scopes are listed within ISO 14064-1, which describes the principles, concepts and methods relating to the quantification and reporting of direct and indirect greenhouse gas ('GHG') emissions for an organisation.

Scope 1 – All Direct Emissions from the activities of an organisation or under their control, including fuel combustion such as gas boilers, fleet vehicles and air-conditioning leaks.

Scope 2 – Indirect Emissions from electricity purchased and used by the organisation. Emissions created during the production of the energy eventually used by the organisation.

Scope 3 – All Other Emissions from activities of the organisation, occurring from sources that they do not own or control. Our calculations are based on records we hold and use location-based emissions in compliance with the factors published by BEIS/ DEFRA in June 2022. We report all our Scope 1 and Scope 2 emissions. Following a commitment in 2019, we report some elements of Scope 3.

Environmental, Social and Governance
continued

The table below covers the total emissions from AMS activities for all locations in 2023, it also offers a comparison to both 2022 and our base year data 2020.

	Yearly comparison (kg CO_2e)			
Emissions type/scope	**2023**	**2022**	**2021**	**Commentary**
Total Scope 1 (kg CO2e)	**1,340,831**	**1,272,869**	**1,726,938**	
Natural gas (kg CO_2e)	978,472	996,411	899,415	Gas emissions based on usage in all but one geographical location
Gas oil (kg CO_2e)	125,489	33,626	145,425	Emissions through use of oil powered heating and supply system in one AMS location
AMS Company cars (kg CO_2e)	236,870	242,832	248,891	Emissions generated from AMS owned vehicles, this is combined petrol, diesel, hybrid and electric emissions
F-gas loses (kg CO_2e)	0	0	433,207	Emissions captured through F-gas loses across AMS systems (HVAC systems upgraded in 2022)
Total Scope 2 (kg CO2e)	**1,145,691**	**995,141**	**1,111,481**	
Location based electricity (kg CO_2e)	1,145,691	995,141	1,111,481	Electricity emissions based on use in each geographical location
Total Scope 3 (kg CO2e)	**141,849**	**157,301**	**142,798**	
Electricity, transmission and distribution loss (kg CO_2e)*	99,120	91,033	97,136	Covers loses within network and usage
Water in (kg CO_2e)	5,818	5,009	4,501	Water delivered to AMS locations for all types of use ranging from manufacturing processes to sanitary use
Private business miles (kg CO_2e)*	17,796	40,997	19,751	Business miles completed in privately owned vehicles, based on the definition of a medium sized car powered by petrol, diesel, hybrid or electric
Waste processing, all types (kg CO_2e)	19,115	20,262	19,130	Emissions generated through waste processing based on types of waste generated, both recycled and non recyclable
Total Scope 1, 2 & 3 (kg CO2e)	**2,628,371**	**2,425,311**	**2,981,217**	
Intensity measure -(£K Sales) (kg CO_2e)	20.83	19.51	27.45	kg CO_2e emissions per £ of sales
Intensity measure - Eaches (kg CO_2e)	0.08	0.08	0.03	kg CO_2e emissions per unit (eaches) produced
Intensity measure - Percentage of waste to landfill (% T)	0	0	2.2	Percentage of waste that cannot be recycled, further processed but has to go to landfill
Intensity measure - Percentage of Energy from renewable sources (%)	70	46	51	Percentage of Electricity from renewable sources (inc Nuclear), with contract renewals driving improvement
Renewable energy excluding Nuclear (%)	**29**	**22**	**30**	

1. Raleigh included for first time in 2021.
2. COVID-19 impacted year.

Non-Financial and Sustainability Information Statement

Climate-related Financial Disclosures Report

Opening Statement

The Companies (Strategic Report) Climate-related Financial Disclosure (CFD) Regulations 2022 (the Regulations), require certain publicly quoted companies and large private companies to incorporate climate disclosures in their annual reports. As a company with more than 500 employees, which is listed in the Alternative Investment Market (AIM), Advanced Medical Solutions is captured by the Climate-related Financial Disclosure (CFD) Regulations and is required to implement the reporting recommendations.

In 2023, we have complied with all eight of the reporting disclosure requirements of CFD. We are currently working to further understand our emissions and climate change KPIs, before setting further targets.

Overview

Advanced Medical Solutions Group plc (AMS) is a UK-based world-leading specialist in tissue-healing technologies. It operates globally, with over 850 employees. Its operations include manufacturing, sales, and R&D, spread across multiple countries, including the UK, Germany, France, Ireland, and the Netherlands.

The coronavirus pandemic has highlighted the importance of the resilience of the healthcare sector, including its providers. Similarly, climate change poses a tangible financial risk to the business and to local communities, which highlights the importance of preventing global warming from reaching threatening levels. AMS is committed to understanding the physical and transitional climate-related risks to the company, developing and implementing long-term business strategies, and introducing green initiatives into our daily operations.

This financial year, we have followed the guidelines of the CFD Regulations, that relies on the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD), for the first time to evaluate the company's climate-related risks and opportunities. Operating in a sustainable manner is very important to the Group, aiming to make year-on-year progress, as part of our target to become Net Zero by 2045 as a global business. For additional details, see Page 45, in our Metrics & Targets section.

Governance

Environmental, Social and Governance (ESG) matters extend to all areas and levels of the business. It is ingrained within our Board structures, and our governance framework is further fortified by Committees comprised of employees engaged in diverse ESG activities. Our staff, empowered to initiate and propel enhancements, play a pivotal role. Engagement at all levels is essential for attaining our objectives.

Our Board of Directors has full responsibility for all ESG matters. In 2021, the Board established our ESG Steering Committee to guide our ESG strategy, and its implementation, and to manage our climate reporting. The Committee identifies, assesses, and manages climate-related risks and opportunities. The Committee communicates directly with the Board to update them on climate-related risks and opportunities, progress of mitigation plans, and new ESG regulatory changes. The members of the Committee include the Chief Financial Officer, the Company Secretary, the Group Health and Safety Manager, the Group Operations Director and several other Senior Managers from operations, supply chain, sales and marketing, and meets at least quarterly.

During November 2023, the ESG Steering Committee held two climate workshops with third-party ESG consultancy, Inspired ESG. The workshops included training and a materiality assessment of the climate risks and opportunities. The work in these workshops later produced our climate risk register. In 2024, our priority will be to assign risk owners with the responsibility to manage our response to each risk, and to expand the risk register further to include a value-based estimate, which will help us in our financial planning.

This financial year, the Board reviewed the climate-related risks and opportunities in October and December. The Board signed off on the climate risk register, prepared by our ESG Steering Committee and our ESG consultancy, Inspired ESG. Furthermore, Inspired ESG held a training session for our Board that covered information about global warming, policy and legal actions, and climate risks.

Since August 2023, climate risk has been regularly discussed in Board meetings and in December 2023, the Board signed off on the climate risk register.

Remuneration

Starting in 2022 and continued into 2023, to drive our ESG objectives forward, delivery of ESG targets was included in the personal objectives for our Executive Team. This ensures that our Senior Managers are committed to reducing the business carbon impact and aligning business actions with the latest climate goals.

Non-Financial and Sustainability Information Statement

continued

Risk Management

Navigating the current post-COVID landscape, further influenced by the conflicts in Ukraine and the Middle East, we persist in integrating a thorough and methodical approach to risk management throughout our operations. We are convinced that recognising and addressing key risks, will underpin the success and longevity of AMS across the short, medium and long-term horizons.

The Business Units, Senior Management Team (SMT), Audit Committee and the Board review risks throughout the financial year. These risks are documented in the Risk Register, which is formally reviewed by the SMT and the Board at least twice annually. The plans and actions assigned to the Executive Directors and SMT members are reviewed to ensure progress is being made with risk actions and mitigation plans. It was noted that we need to incorporate climate risk into this process with the emergence of threats to our operation from climate change.

A robust methodology is used to identify key risks across the Group. This is a continuous four-stage process, conducted in accordance with the relevant provisions, outlined in the UK Corporate Governance Code.

Figure 1: AMS Risk Management Cycle

Identifying, assessing, and managing climate-related risks.

In 2023, we worked with Inspired ESG, an ESG consultancy, to perform an assessment of the impact climate risk may have on our physical sites globally. Also, we explored the risks associated with the transition to a decarbonised economy.

The climate-related risks were identified at the company level by first considering all risks that the TCFD suggested, followed by two risk-scoring workshops to identify key material risks. Subsequently, we determined the risks that were material to AMS's operations. The climate-related risk identification discussions were held in two workshop sessions, in conjunction with climate change training for our teams, to ensure that they consider climate change in their day-to-day work, from material sourcing to energy usage. The risk scoring was subject to the same methodology we use to rate business risks, assessing the likelihood and significance as follows:

Table 1: AMS risk significance and likelihood rating

Significance rating from 1-5	
5	> £20m
4	£10.1m - £19.9m
3	£3.1m - £10.0m
2	£1.0m - £3.0m
1	< £1.0m

Likelihood rating from 1-5	
5	> 70% - 100%
4	> 50% - 70%
3	> 30% - 50%
2	> 10% - 30%
1	< 10%

Climate-related risks that were rated four and above in either likelihood or significance were deemed material and therefore are heightened risks to monitor and manage. Material risks were evaluated, to identify the root causes, financial, and non-financial impacts. Then, effectiveness, adequacy of controls and mitigating actions are assessed, and if additional controls or actions are required, these are identified, and mitigation steps are assigned to the relevant teams.

We have controls in place to limit the financial exposure of climate-related risks. In 2024, we will assign risk owners to the individual risks. Assigning risk owners who will lead the mitigation plans and assist in implementing our Net Zero Plan by 2045. This will ensure that our risk controls, align with delivering our carbon reduction ambitions.

The SMT is responsible for monitoring progress to mitigate key risks. The risk management process is continuous; key risks and risk mitigation plans and progress are reported to and reviewed by the Board, following the SMT's review of the Group's Risk Register. Climate risk is reviewed as part of this process.

This year, as agreed by the board, climate change was not identified as a principle or emerging risk, because of the low likelihood assigned to it by our ESG Steering Committee. Thus, our climate risk register and our normal risk register were monitored separately. In 2024, we will assess if climate change should be incorporated as an individual risk in the business risk register or reviewed as an emerging risk. This will be determined by the SMT and the ESG Steering Group according to the financial materiality assessment we will conduct in 2024.

Strategy – Building Climate Resilience into Business Strategy

In 2023, AMS conducted a comprehensive analysis to determine the climate-related risks relevant to our business. To guide our risk analysis, we partnered with an ESG consultancy, Inspired ESG, to conduct climate change training for our employees and to incorporate a rigorous risk analysis on various parts of our global operations.

As this is our first year of aligning with the reporting requirements of the CFD, before embedding sustainable approaches, we wanted to focus on assessing the magnitude of the impact climate-related risks could pose on our revenue and costs. Hence, Inspired ESG held a climate risk workshop for the relevant teams at AMS, where we developed a climate risk register for both transition and physical risks. The risk register screens climate impact across our direct global operation. In the next financial year we aim to include our key suppliers. Where possible, the potential financial impacts of the assessed climate-related risks will be considered and disclosed in 2024.

Transition risks are associated with the impact on our business in the time during which we decarbonise the economy, and it has four areas of consideration: policy and legal, technology, market, and reputation. Physical risks are associated with the physical impacts of weather events on our manufacturing sites, warehouses, staff, and customers. Our patients are of our utmost importance. Understanding the physical risks of climate change to our staff, local communities, assets, and the supply chain is crucial. By adopting a proactive approach, we aim to reduce reactive responses and minimize disruptions caused by extreme weather events throughout our operations and value chain.

The physical risks were assessed against the locations of 12 sites. If a site was near a historic climate event impact, we considered the site to be vulnerable, as these types of events in the vicinity of our sites, will impact our supply routes.

Aligned with the CFD guidelines, we tried to forecast the future to estimate the potential impact on our business, using three possible future scenarios and global warming pathways.

Global Warming Scenarios

The climate scenario analysis explores three distinct scenarios; Proactive (<2°C), Reactive (2-3°C), and Inactive (>3°C), based on projected increases in global average temperature by 2100 compared to pre-industrial levels to correspond with the goals in the Paris Agreement. A climate scenario depicts potential future climate conditions that may directly or indirectly impact business operations, such as through regulatory changes, evolving market dynamics, or acute weather events such as storms and wildfires.

To conduct climate scenario analysis, several climate models and internationally established frameworks were used. These included the International Energy Agency's World Energy Models (WEM), the Shared Socioeconomic Pathways (SSPs): Climate Natural Catastrophe Damage Model, the Co-ordinated Regional Climate Downscaling Experiment (CORDEX) forecasts, Central Banks and Supervisors Network for Greening the Financial System (NGFS) and Integrated Assessment Models (IAM). These models provide comprehensive insights into global climate and energy systems, and therefore integrate various socioeconomic, environmental, and technological factors to assess the long-term consequences of different climate policies and mitigation strategies.

The table below explains what conditions impacted our forecasts. Each scenario identifies critical thresholds beyond which aspects of the climate may not revert to their previous state, known as a tipping point. Tipping points represent components of the Earth's system that can undergo sudden and irreversible changes in response to warming. Even a minor alteration can signify a point of no return, leading to permanent shifts in climate patterns. Our climate modelling extends until 2052 and aligns with the UK's net zero target of 2050. We have divided the risk register into three time frames (Table 2).

Table 2 – Climate Scenario Analysis Timeframes.

Time Horizons	
Short Term (2023-2027)	In this timeframe, we gain insights into imminent climate change implications, guiding decisions for enhanced resilience. We anticipate strict enforcement of transition risks, as we move towards a low-carbon economy.
Medium Term (2028-2037)	The effects of climate change are anticipated to become more noticeable, particularly in terms of Reactive and Inactive scenarios for physical risks. Transition risks will intensify in this period, requiring governmental responses to tackle evolving challenges.
Long Term (2038-2052)	The most substantial threat arises from physical risks, especially in reactive and inactive scenarios. Businesses need comprehensive preparation to navigate and manage the resulting outcomes in these situations. This timeframe is consistent with the UK Government's Net Zero pledge by 2050.

Table 3 – Three Temperature Warming Scenarios

Scenarios Warming Pathway	
Below 2°C ("Proactive"): Organisations begin to align more closely with the Paris Agreement and Science Based Targets initiative (1.5°C), for an orderly and coordinated transition to a low-carbon economy.	In this scenario, there is a concerted effort to address climate change. Governments, industries, and the public collaborate to ensure that the global average temperature rise remains significantly below 2°C by the year 2100. Organisations proactively align with the Paris Agreement and the Science-Based Target Initiative, working towards achieving net zero emissions by 2050. While there are notable transition risks associated with this scenario, the proactive measures taken can mitigate the severity of the long-term physical hazards of climate change.
Between 2-3°C ("Reactive"): Businesses respond to patchwork policies, with intermittent action, aligning with current forecasts.	The outcomes of COP26 are likely to steer us towards this scenario. In this context, the response to climate change is characterised by delays and ad-hoc measures, resulting in a projected global warming of 2-3°C by the year 2100. Governments implement policies and legislation in an unstructured manner, contributing to heightened transition risks in the medium term. Short-term business operations persist as usual, with decarbonisation efforts concentrated primarily in high-emission sectors. This trajectory carries the highest transition risks, due to a lack of coordinated efforts from governments, amplifying the severity of physical impacts as specific tipping points are reached.
Above 3°C ("Inactive"): The business-as-usual scenario. The Bank of England models a recession; minimal climate action and global emissions rise unchecked.	Under this scenario, business operations persist without significant changes, and emissions continue to climb until 2040, resulting in a global temperature increase surpassing 3°C. Public pressure and a rise in physical climate change events compel governments to finally take decisive climate action. The energy and fuel markets experience high levels of volatility. Long-term policies are introduced in a piecemeal fashion, creating a patchwork of initiatives. Governments resort to costly low-carbon technologies, such as carbon capture and storage, as a solution to address the climate crisis. This scenario witnesses the surpassing of several tipping points, leading to an escalation in the severity of physical impacts.

Transition and Physical risks identified

Six transition risks (policy and legal, market, and technology) and three physical risks (heatwaves, flooding and sea level rise) were deemed material to our business. Transition risks are expected to be most relevant in the near-term and the below 2°C scenario or 2-3°C scenario, as the government introduces more policies and regulations to mitigate climate change. Physical risks are more severe in the medium to long-term and, expectedly, in the higher warming pathways of 2-3°C scenario and above 3°C.

Our priorities for 2024, involve evaluating both types of risks against a revenue-based assessment and to include our suppliers' sites in the physical risk assessment. The climate-related metrics that are used to measure and manage our climate-related risks can be found in the Metrics and Targets section of this report.

Our resilience to the identified risks

As detailed in the table below, the business-as-usual scenario (above 3°C) that was modelled is expected to bring a more substantial impact on our operation, and hence, can increase our costs and reduce our revenue. However, since the physical risks are only material in the long term, between 2038 and 2052, they are not currently considered to pose a high financial exposure to our revenue and assets. Given the nature of our business, we cannot replace suppliers quickly, as this will require new FDA or MDR approvals which take time to process. Therefore, every year, we will monitor any developments in the physical risks posed to our manufacturing sites, to ensure we deliver the best results to our patients and stakeholders.

Transition risks are deemed more important to us in the near future, because of recent changes in increasing legislation in the past few years. For example, we are captured under the CFD, and the Streamlined Energy and Carbon Reporting (SECR). If the governments in any of our operational locations globally decide to accelerate climate mitigation, we want to be prepared to respond to these demands. Therefore, we partnered with Inspired ESG in 2021, to guide our work around climate reporting. Inspired ESG monitors recent regulatory developments and provides updates, to ensure that we comply with all mandatory reporting. Furthermore, our internal ESG governance has been adapted, to work internally to mitigate transition risk, which is monitored by our Board of Directors. Given the risks and opportunities identified and laid out below, and the scenarios considered, management are satisfied that the business strategy is resilient to climate change.

Table 3- Identified Climate-related Risks: Transition and Physical Risks

Climate-related Risk	Proximity	Global Warming Scenario	Potential Impact and Risk Rating	Impact Description	Business Response to Climate-related Risks
				Transition Risks	
Policy & Legal					
Increase in regulation due to climate change	Short - Medium Term (2023-2037)	<2°C 2-3°C	• Costs increase. • Reduced profit. • Loss of reputation. **Significance: 1** **Likelihood: 5**	**Actual Risks:** • AMS is impacted by government regulation which has been introduced to reduce energy use and emissions. Introduced regulation includes SECR and more recently CFD regulation. Currently, AMS's annual climate-compliance costs with its ESG consultancy are less than £30,000. • LEZ: There is a risk of increased operational expenditures as the distribution supply fleet is exposed to low-emission zones in London. **Potential Risks:** • Increased compliance costs: Operational costs and resources required to ensure AMS remains compliant with additional reporting and to manage internal climate initiatives, are likely to increase. • In the event of non-compliance with regulations, there is a potential risk of financial claims, penalties, awards of damages, or fines. AMS is exposed to increased regulation across all its locations in the UK, EU, Israel and Russia. • Germany plans to implement a Single-Use Plastics Tax (the EWKFondsG) from 1 January 2024 and requires that Companies which operate in Germany appoint a responsible person to report the produced waste by May 2025, according to type and mass (kilograms). The tax varies between the type of waste and material. • AMS has two sites in Germany: Nuremberg (collagen production from animals), and Hamburg (suture manufacturing, packaging and sterilisation). Currently, AMS is not affected by this law or by a similar requirement in the Netherlands, which targets food and beverage containers, plastic bags, wet wipes, and tobacco filters. However, if it is expanded, AMS will need to report its packaging quantities. A non-compliance fine could reach €100,000. • AMS do not currently meet the reporting threshold for Corporate Sustainability Reporting Directive (CSRD). Reporting under CSRD would result in significant costs and the potential need for an increase in internal resources.	• We engage with a third-party ESG Consultancy. We will annually review the reporting requirements for CSRD. • We adapted our internal governance structure to manage climate risks. • In 2023, we developed a Net Zero reduction plan, with the help of our ESG consultants, Inspired ESG. AMS aspires to become a Net-Zero company by the end of 2045.
Mandates on and regulation of existing products and services	Short-Medium Term (2023-2037)	<2°C 2-3°C	• Costs increase. **Significance: 1** **Likelihood: 5**	**Actual Risks:** • The impact of Climate Change could increase the impact of the UK's Plastic Packaging Tax (PPT) on organisations that manufacture or import ten or more tonnes of finished plastic packaging material applies if the packaging does not contain at least 30% recycled plastic. Therefore, the organisation will be charged at a rate of £210.82/tonne. **Potential Risks:** AMS's main packaging materials are cardboard, plastic and foil. • UK EPR (Extended Producer Responsibility): AMS may be impacted by EPR, which will be introduced in the UK in 2024. This policy is designed to transfer a £1.7 billion financial burden of household packaging waste collection. • Germany's single-use plastic tax (the EWKFondsG): If the taxes on packaging and plastic are expanded to more products, it will impose financial risks to AMS, which uses plastic for its packaging (according to the law's draft, the levy rate would be €0.180/kg for non-deposited beverage containers up to three litres or €3.790/kg for lightweight plastic carrier bags).	We plan to monitor this risk annually, to ensure that any levies imposed on AMS for plastic or packaging are not substantial.

Climate-related Risk	Proximity	Global Warming Scenario	Potential Impact and Risk Rating	Impact Description	Business Response to Climate-related Risks
				Transition Risks continued	
Market					
Changing customer behaviour	Medium Term (2028-2037)	<2°C 2-3°C	• Costs increase. • Loss of competitive advantage. • Erosion of revenue. • Reputational damage. **Significance: 5** **Likelihood: 2**	**Potential Risks:** • With ESG growing in importance, some healthcare providers, including the NHS, are prioritising and even substituting medical supplies that correspond with their GHG emissions Scope 3 reduction targets. • Failure to effectively predict and respond to changes could affect AMS's financial performance.	In 2021, we commenced our pathway to become Net Zero by 2045. We completed the work in 2023 and are now working to implement sustainability targets.
Increased cost of energy and raw materials	Short - Medium Term (2023-2037)	<2°C 2-3°C	• Costs increase. • Loss of competitive advantage. • Erosion of revenue. • Market expectations missed. **Significance: 4** **Likelihood: 2**	**Potential Risks:** • Raw materials: A potential Introduction of the carbon border tax, will increase the costs of high carbon-impact products imported into the UK and EU. EU's Carbon Border Adjustment Mechanism (CBAM) has already entered into force, but until 2026 it will only include import of raw materials that are not relevant to our business. For example, hydrogen, steel, aluminium, fertilisers, and cement. If this increases the price of electricity it will increase our operating expenditures. • The UK has not introduced a similar policy yet, but this financial year they stated it was under review. • Levies on fossil fuels will increase the cost of energy, leading to increased operational spending. This risk is currently heightened, supply chain costs may increase as physical climate risks cause impact to the mining and extraction of raw materials and global transportation networks. • General inflation may increase the price of raw materials and energy. If climate events or chronic changes in climate are more frequent, it is likely that costs will increase even further.	We have installed 95.3 MWh of renewable (solar) energy generation capacity at one of our sites that has supplied 21% of our electricity needs, which reduced our dependency on market prices. This has helped to reduce our Scope 2 emissions.
Technology					
Substitute existing products and services with lower emissions alternates	Short – Medium Term (2023-2037)	<2°C 2-3°C	• Costs increase. **Significance: 2** **Likelihood: 4**	**Potential Risks** • Increase in initial Capex investments: The costs to ensure our products are sustainable are likely to increase as we may need to invest in more carbon friendly technology, materials, and packaging. • Increased capital spend on low carbon products compared with conventional technology. • Cost of upgrading entire portfolio to more efficient technology. • Shifting to more efficient technology and sustainable products may require a write-off or the retirement of existing assets at a high impact on businesses and increased capital investments over time, due to a reduced demand for existing products and services that is high emitting.	AMS continuously monitors developments that could impact the cost of our products. Our improved planning processes and risk management controls guarantee that we are prepared for any potential costs to invest in substituting current products to lower-emissions alternatives.
Costs to transition to lower emissions technology	Short – Medium Term (2023-2037)	<2°C 2-3°C	• Costs increase. **Significance: 2** **Likelihood: 4**	**Potential Risks** • There is a risk that an investment initiated today would be outdated by an even more advance solution closer to the investment decision. • Increased capital cost of lower emission technology • Increased operational disruption as new technology takes time to successfully integrate into business processes	AMS will evaluate the cost and benefits of low-emission technology, assessing the associated payback periods. AMS will also continue to engage with third-party consults to support the transition towards lower-emissions technology.

Non-Financial and Sustainability Information Statement
continued

Climate-related Risk	Proximity	Global Warming Scenario	Potential Impact and Risk Rating	Impact Description	Business Response to Climate-related Risks
				Physical Risks	
Acute					
Heatwaves/ Extreme heat	Short - Long Term (2023-2052)	2-3°C >3°C	• Inability to supply product. • Shortfall in profit. • Reputational loss. **Significance: 3-4** **Likelihood: 1**	All 12 sites will experience heatwaves in the short and long term in the Reactive and Inactive scenarios. • Extreme heat/heatwaves may adversely impact staff, causing a decrease in productivity. • In extreme heat, governments can impose restrictions on outside work, like for manual labour. • To maintain optimal temperatures for staff, there may be an increased demand for cooling through air-conditioning units, leading to an increase in energy costs and Scope 1 and 2 emissions. • Employees may want to work for other companies that provide cooling during extreme heat events. • Certain construction materials and their properties may change under extreme heat conditions, leading to increased maintenance or repair costs. • Increased risk of supply disruption to transport as roads melt and rails buckle. • Increased operational spend on water/ice for keeping employees and/or stock cool.	Our offices, manufacturing sites, and warehouses are all equipped with HVAC (Heating, Ventilation and Air Conditioning) systems. This ensures that AMS are equipped to handle days of extreme heat and that our inventory is kept in the best condition, which reflects our commitment to providing the best quality to our customers.
Increased Severity of Flooding	Medium - Long Term (2028 – 2052)	>3°C	• Inability to supply product. • Shortfall in profit. • Reputational loss. • Expenditures – Increased direct and indirect costs. **Significance: 5** **Likelihood: 1**	**Actual Risks:** • There are nine sites (Etten-Leur, Haifa, Moscow, Neustadt, Nuremberg, Plymouth, Stafford, Winsford and Teesdorf) that could be indirectly affected by the high flood risk zones disrupting transport routes, affecting accessibility of suppliers and employees reaching the sites. **Potential risks:** • Located in a high flood-risk zone may cause an increase in property insurance premiums, as resources show globally that premiums are expected to rise by 29% by 2040 due to climate change. • Flooding can impact local infrastructure, impacting transport, telecommunication and energy networks. • Long-term effects could cause the building's physical structure to be damaged and lengthy ongoing repairs. • Increased cost of maintaining drainage systems. • Increased capital cost of installing building flood defences.	AMS will conduct an analysis of the company's sites to determine the financial impact on sites that are most at risk from flooding.
Chronic					
Sea Level Rise	Long Term (2038 – 2052)	>3°C	• Costs increase. • Inability to supply. **Significance: 4** **Likelihood: 1**	• Sea level rise increases the risk of erosion and storm surges. As sea level rises, damage to sites could lead to closures and increased insurance premiums. • Damage and disruption to major transport routes may prevent staff from being able to access a site and supplies being transported. • Sea level rise may lead to damage to ports, roads, railways, and other logistical infrastructure related to suppliers, resulting in the delay of purchased goods. • Climate-related economic disruption may have knock-on impacts on consumer spending. • This risk could be more impactful to AMS's supply chain and supply routes.	AMS will conduct climate scenario analysis annually to assess the potential impact that sea level rise may have on the business.

Table 4 – Identified Climate-related Opportunities

Opportunity Area	Opportunity	Timeline	Potential Impact	Impact Description
Technology	Use of lower-emission sources of energy to reduce costs.	Short – Medium Term (2023-2037)	Reduction in operating expenses and increased revenue as a result of increased efficiency.	Energy savings from off-site and on-site energy generation systems in the medium- to long-term, due to the transition to renewable energy sources. Potential to sell excess renewable power back to the grid.
Policy & Legal	Use of more efficient suppliers and diversifying AMS's supply chain.	Short – Medium Term (2023-2037)	Reduction in Scope 3 GHG emissions.	Our suppliers constitute our Scope 3 emissions. If we collaborate with suppliers in transitioning to a decarbonised operation, this will reduce our Scope 3 emissions and help us achieve our net zero target.
Reputation	Reputational gain.	Short – Medium Term (2023-2037)	Positive external impact among customers and stakeholders.	Reputational stability from implementing lower emission technologies. Increased share price and market cap.

Metrics & Targets

In 2023, we completed our long-term plan to become a Net Zero business by 2045. AMS aims to achieve absolute Net Zero Scope 1, 2 and 3 emissions by 2045, compared to a 2021 baseline. Our targets have not yet been validated by SBTi, however we will begin the validation process towards the end of 2024. Net Zero requires a concerted effort over time to eliminate GHG emissions, with compensatory measures as an ultimate step for any emissions that cannot be reduced. The SBTi net-zero standard requires a 90% absolute reduction in emissions prior to any residual offsets, up to 10% of the baseline, being offset using carbon removal offsets. These metrics and targets will help to reduce our climate-related risks outlined in Table 3.

To continue progress to achieving Net Zero, we have adopted the following carbon reduction targets, all based on a 2021 baseline year:

- 42% absolute reduction in Scope 1 and 2 GHG emissions by 2030.
- 72% of suppliers to have science-based targets by 2028.
- Reduce Scope 3 Category 12 – End-of-Life Treatment of Sold Products GHG emissions by 30% per tonne product sold by 2033.

Moving forward, we commit to annual reporting on our environmental performance. We started this process in 2023, when we launched an extensive data collection effort to comprehensively measure our GHG emissions and ensure transparency with our stakeholders. In 2024, we will expand our sustainability metrics to include KPIs (Key Performance Indicators) that will measure our resource use against our production and a year-on-year progress in carbon reduction.

AMS aims to act in a sustainable manner, and we project that our Scope 1 and 2 emissions will decrease over the next five years to 2,066 tCO_2e by 2028. This is a 33% reduction compared to our base year of 2021. 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 our emissions reduction will be measured.

Non-Financial and Sustainability Information Statement
continued

Streamlined Energy and Carbon Reporting ('SECR')

In accordance with SECR requirements, the information below summarises AMS's energy usage, associated emissions, energy efficiency actions, and energy performance, across its sites in the UK, France, Germany, Czech Republic and the Netherlands. Carbon emissions are categorised as follows:

- **Scope 1:** Consumption and emissions related to direct combustion of natural gas, fuels utilised for transportation operations, such as company vehicle fleets and refrigerant gases.
- **Scope 2:** Consumption and emissions from indirect emissions, relating to the consumption of purchased electricity in daily business operations.
- **Scope 3:** consumption and emissions cover emissions from sources not directly owned by AMS, i.e., grey fleet business travel undertaken in employee-owned vehicles only.

Energy efficiency measures have included new heating, ventilation, and air conditioning (HVAC) system and building management systems in place around the site. Further energy efficiency measures included LED lighting, warehouse sites have been fitted with PIR sensors, we have provided energy knowledge and behavioural change initiatives.

Table 5 – Scope 1, 2 and 3 (SECR) emissions

Emissions Scope	FY2021 tCO_2e (baseline) (location-based)	FY2022 tCO_2e (location-based)	FY2023 tCO_2e (location-based)	Progress since 2021 Baseline
Scope 1	**1,716**	**1,401**	**1,342**	**-21.8%**
Natural Gas, Other Fuels, & Refrigerant	1,467	1,157	1,110	-24.3%
Transportation	249	243	233	-6.4%
Scope 2	**1,352**	**1,313**	**1,344**	**-0.6%**
Grid-Supplied Electricity	1,352	1,313	1,344	-0.6%
Scope 3	**18**	**22**	**17**	**-11.1%**
Transportation (grey fleet)	18	22	17	-11.1%
Total	**3,086**	**2,736**	**2,703**	**-12.4%**

Table 6 – Scope 1 and 2 and transport only for Scope 3 (SECR)

	FY2021 tCO_2e (baseline) (location-based)	FY2022 (location-based)	FY2023 (location-based)	Progress since 2021 Baseline
tCO_2e/FTE	4.41	3.08	3.14	-28.8%
FTE	700	889	860	

Monitoring our energy consumption in FY2023

Table 7 – Total Reportable Energy Supplies Consumption (kWh) for Global Operations

Emissions Scope	2021 (baseline) Consumption (kWh)	2022 Consumption (kWh)	2023 Consumption (kWh)
Scope 1	**6,597,290.84**	**6,991,155.48**	**6,749,191.99**
Natural Gas & Other Fuels	5,560,313.51	6,019,863.75	5,810,892.19
Transportation	1,036,977.33	971,291.73	938,299.80
Scope 2	**5,234,687.50**	**5,149,507.20**	**5,548,823.89**

Scope 1 and 2 greenhouse gas emissions have been calculated according to the 2019 UK Government environmental reporting guidance. Consistent with the guidance, relevant emissions factors published in the UK Government's Department for Business, Energy and Industrial Strategy (BEIS) "Greenhouse gas reporting: conversion factors" database-specific reporting year have been used. The tCO_2 equivalent conversion factor has been used throughout and, where applicable, the kWh gross calorific value (CV) was used. A third party uses the Company's data to calculate emissions, but no formal assurance is provided.

Carbon Balance Sheet

AMS began measuring its full carbon footprint in 2021, following the guidelines of the Greenhouse Gas Protocol. Eleven of the fifteen Scope 3 categories are applicable to AMS. AMS has no leased assets not already included in Scope 1 and 2 (8: Upstream Leased Assets) or franchises (14: Franchises. Additionally, none of AMS's products consume energy during their use (11: Use of Sold Products), and AMS has no investments (15. Investments). All applicable categories have been quantified. In FY24, the focus will be on continuing to improve Scope 3 data quality and working with suppliers to collect their own Scope 1, 2 and 3 emissions.

Table 8 – Carbon Balance Sheet for 2021, 2022 and 2023

Emissions	2021 tCO_2e	2022 tCO_2e	2023 tCO_2e	Progress since 2021 baseline
Scope 1	**1,716**	**1,401**	**1,342**	**-21.8%**
Scope 2 – location-based	**1,352**	**1,313**	**1,344**	**-0.6%**
Scope 3	**46,649**	**48,070**	**50,503**	**+8.3%**
1: Purchased Goods and Services	19,060	18,280	19,726	+3.5%
2: Capital Goods	6,130	9,676	12,661	+106.5%
3: Fuel-related Emissions	705	612	594	-15.7%
4: Upstream Transportation and Distribution	5,063	4,722	5,102	+0.8%
5: Waste Generated in Operations	326	21	25	-92.3%
6: Business Travel	86	383	369	+329.1%
7: Employee Commuting	825	1,102	1,042	+26.3%
8: Upstream Leased Assets	N/A	N/A	N/A	N/A
9: Downstream Transportation and Distribution	4,515	4,956	4,780	+5.9%
10: Processing of Sold Products	9,751	8,171	6,047	-38.0%
11: Use of Sold Products	N/A	N/A	N/A	N/A
12: End-of-life Treatment of Sold Products	125	75	83	-33.6%
13: Downstream Leased Assets	61	73	73	+19.7%
14: Franchises	N/A	N/A	N/A	N/A
15: Investments	N/A	N/A	N/A	N/A
Total Scope 1, 2 and 3 (location-based)	**49,715**	**50,783**	**53,189**	**+7%**

Since 2021, our Scope 1 emissions have decreased by 21.8% and our Scope 2 emissions have decreased by 0.6%. Therefore, our total Scope 1 and 2 emissions have decreased by 12.5% from a 2021 baseline. We will continue to invest in energy saving initiatives to help meet our Scope 1 and 2 reduction target of a 42% absolute reduction by 2030. Also, we have reduced our Scope 3 Category 12 - End-of-Life Treatment of Sold Products by 33.6% since 2021 (baseline). Please see Page 46 for our energy efficiency improvements.

Waste Management and Plastic

AMS will continue to look at waste management processes and separation to further increase the amount of waste product that can be re-used within a circular economy. Within the UK, working with our packaging compliance partners, in order to meet the requirements of Extended Producer Responsibility (EPR), which is part of the Packaging Waste Regulations which came into force in the UK in 2023, we will promote the re-use of packaging and other recyclable materials.

Next steps for FY2024

Looking forward, AMS plans to focus on four different areas of our operation to reduce our carbon footprint: Product, Supply Chain, People, and Sites and Buildings. Our actions to reduce emissions will be split across the short-, medium- and long-term for each focus area that we have set out. We will continue to report on our GHG emissions and progress towards our targets in line with the GHG Protocol guidance for defining and calculating our carbon footprint in 2024.

In 2024, we aim to progress with key mitigation steps to respond to the most significant climate risks relevant to our operation and strengthen our resilience to global warming.

Advanced Medical Solutions Group plc

Registered Office:
Premier Park, 33 Road One
Winsford Industrial Estate
Winsford, Cheshire, CW7 3RT

Company number: 2867684

Tel: +44 (0)1606 863500
Tel: +44 (0)1606 863600
E-mail: **info@admedsol.com**

www.admedsol.com