

# Net Zero

**Our goal is to reach Net Zero Emissions by 2050 and reduce 50% of our own operations' emissions and 28% all other indirect emissions from our value chain by 2030.**

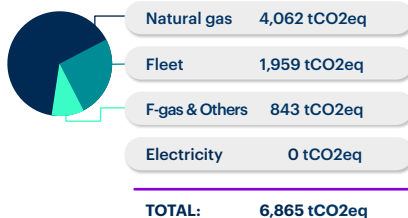
Our Purpose in Almirall is to improve our patients' lives, and that is only viable by **taking care of our planet**. For us, it is essential to look after our environment and be conscious of our actions in order to **make our mark in a responsible way**.

That is why, we have developed a strategic climate plan to reduce emissions and deliver energy decarbonisation, sustainable mobility and sustainable procurement plans.

## 2019 OUR BASELINE EMISSIONS

### SCOPE 1 & 2

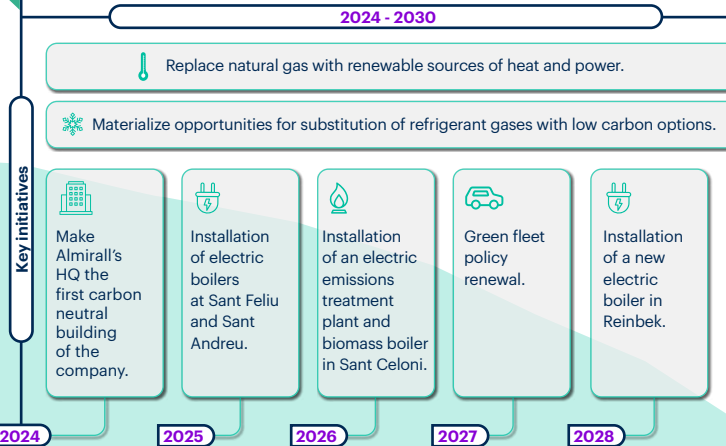
Emissions from our own operations (sites and fleet)



## WHAT WE HAVE ACHIEVED

- ✓ From 2011 to 2023 we reduced our energy consumption by 29%<sup>1</sup>.
- ✓ We approved a new green fleet policy: promotion of hybrid, plug-in hybrid and electric vehicles.
- ✓ 100% of our electricity comes from renewable sources.
- ✓ From 2014 to 2023 we reduced our emissions by 42%<sup>2</sup>.
- ✓ We have installed photovoltaic panels in our sites with a capacity of 2 MW.

## OUR ROADMAP



## 2030 TARGET



**OUR GOAL IS TO REDUCE ABSOLUTE GHG EMISSIONS BY 50%**

## 2019 OUR BASELINE EMISSIONS

### SCOPE 3

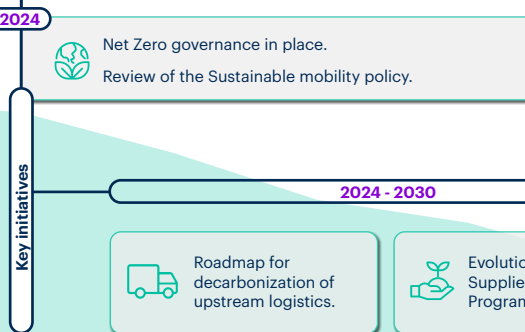
All other indirect emissions that occur in our value chain



## WHAT WE HAVE ACHIEVED

- ✓ We verified our targets with the SBTi\* Corporate Net-Zero Standard.
- ✓ We include a sustainability clause in our key contracts with suppliers and other value chain partners.
- ✓ Engagement with our suppliers to measure, report and reduce their GHG\* footprint.
- ✓ We are members of the PSCI\*.
- ✓ 59% of our spending comes from suppliers enrolled in EcoVadis\*.

## OUR ROADMAP



## 2030 TARGET



**OUR GOAL IS TO REDUCE ABSOLUTE GHG EMISSIONS BY 28%**

**2050 NET ZERO EMISSIONS**

Sustainability is a pillar that drives us to become a global leader in Medical Dermatology. With our Net Zero Strategy we are ready to take care of our planet and **ACT4IMPACT**

<sup>1</sup> Almirall developed an "Efficiency plan 2012-2030" that aims to reduce energy consumption by 35% in 2030 compared to 2011. 2011 also marks the achievement of the ISO 50001. <sup>2</sup> In 2014, we started to calculate our Scope 1&2 footprint.

\* GHG (Greenhouse gas), SBTi (Science-Based Targets initiative), EcoVadis (a globally recognized assessment platform that rates businesses' sustainability), PSCI (Pharmaceutical Supply Chain Initiative).

## Net Zero – Frequently Asked Questions (FAQs)

### 1. What is the greenhouse effect?

The greenhouse effect is the process through which heat is trapped near Earth's surface by substances known as 'greenhouse gases.' These gases act as a blanket enveloping our planet, helping to maintain a warmer temperature than it would have otherwise. Main greenhouse gases consist of carbon dioxide, methane, ozone, nitrous oxide and chlorofluorocarbons. Without the heating caused by the greenhouse effect, Earth's average surface temperature would be only about  $-18^{\circ}\text{C}$ .

Although the greenhouse effect is a naturally occurring phenomenon, the effect could be intensified by the emission of greenhouse gases into the atmosphere as the result of human activity. From the beginning of the Industrial Revolution through the end of the 20th century, the amount of carbon dioxide in the atmosphere increased by roughly 30 percent and the amount of methane more than doubled. According to the scientific community, human-related increases in atmospheric carbon dioxide and other greenhouse gases could lead by the end of the 21st century to an increase in the global average temperature of  $3 - 4^{\circ}\text{C}$  relative to the 1986–2005 average. This global warming could alter Earth's climates and thereby produce new patterns and extremes of drought and rainfall and possibly disrupt food production in certain regions.

### 2. Why is $1.5^{\circ}\text{C}$ the danger line for global warming?

In 2015, in response to the growing urgency of climate impacts, nearly every country in the world signed onto the [Paris Agreement](#), a landmark international treaty under which 195 nations pledged to hold the Earth's temperature to "well below 2 degrees Celsius above pre-industrial levels," and going further, aim to "limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels<sup>1</sup>."

The treaty was informed by a fact-finding report<sup>2</sup> which concluded that, even global warming of 1.5 degrees Celsius above the preindustrial average, over an extended, decades-long period, would lead to high risks for some regions and vulnerable ecosystems. The recommendation then, was to set the 1.5 degrees Celsius limit as a "defense line" — if the world can keep below this line, it potentially could avoid the more extreme and irreversible climate effects that would occur with a 2 degrees Celsius increase, and for some places, an even smaller increase than that.

A rise of just  $2^{\circ}\text{C}$  would mean<sup>3</sup>:

- Severe storms and floods in many countries, particularly impacting coastal areas, with droughts also affecting many parts of the world.
- Seas become more acidic, coral and krill die, food chains are destroyed.
- Little or no Arctic Sea ice in summer – which not only means less habitat for polar bears, but also means the global climate warms faster, as there is less polar ice to reflect sunlight.

Beyond  $2^{\circ}\text{C}$ :

- Rainforests dying.
- Unthinkable loss of ancient ice sheets of Greenland and Antarctica, causing dramatic sea level rises.
- Mass displacement of people and widespread species loss and extinction.

### 3. How do we measure a company's impact on climate change?

A carbon footprint is defined as the total amount of greenhouse gases emitted into the atmosphere, such as carbon dioxide ( $\text{CO}_2$ ), methane ( $\text{CH}_4$ ), nitrous oxide ( $\text{N}_2\text{O}$ ), hydrofluorocarbons (HFCs), expressed in equivalent tons of  $\text{CO}_2$ . A company's carbon footprint determines the greenhouse gas emissions from across its operations, including power generation used in building structures, industrial activities, and machinery and equipment.

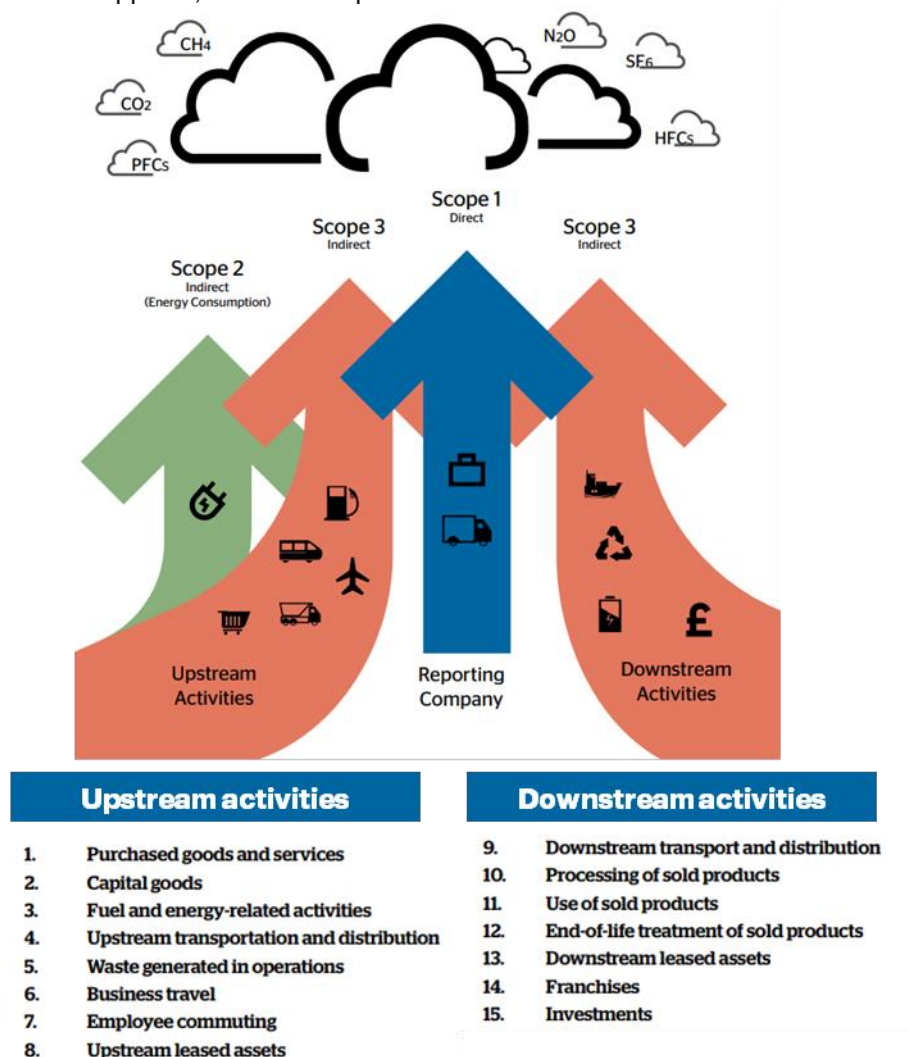
<sup>1</sup> The treaty did not define a particular preindustrial period, though scientists generally consider the years from 1850 to 1900 to be a reliable reference.

<sup>2</sup> IPCC's Global Warming of  $1.5^{\circ}\text{C}$ , available [here](#).

<sup>3</sup> Adapted from WWF, available [here](#).

A company's carbon footprint is typically classified into three 'scopes'. Scope 1, 2 and 3 is a way of categorising the different kinds of carbon emissions a company creates in its own operations, and in its wider value chain.

- **Scope 1 emissions**— direct emissions from own or controlled sources – for example while running its boilers and vehicles.
- **Scope 2 emissions** — These are the emissions it makes indirectly from the generation of purchased energy, i.e. when the electricity or energy it buys for heating and cooling buildings, is being produced on its behalf.
- **Scope 3 emissions** — All other indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. For example, from buying products from its suppliers, and from its products when customers use them.



*Image 1. Overview of carbon footprint scopes and emissions across the value chain (adapted from the Greenhouse Protocol Standard, available [here](#).)*

#### 4. What sectors contribute the most to global warming?

The world emits over 35 billion tonnes of greenhouse gases each year - measured in carbon dioxide equivalent (CO<sub>2</sub>e)<sup>4</sup>. The pharmaceuticals and life sciences industry accounts for approximately between 4.5<sup>5</sup> – 5.8%<sup>6</sup> of worldwide greenhouse gas (GHG) emissions and similar percentages of toxic air pollutants.

<sup>4</sup> Our world in data, Global CO<sub>2</sub> emissions ([CO<sub>2</sub> emissions - Our World in Data](#))

<sup>5</sup> Industry overview, Pharmaceuticals and life sciences, Willis Towers Watson, 2021. Available [here](#).

<sup>6</sup> Our world in data, Global CO<sub>2</sub> emissions ([CO<sub>2</sub> emissions - Our World in Data](#)) assigns to the "Chemical & Petrochemical" sector, including the Pharmaceutical, a total of 5.8% of global emissions (3.6% energy use + 2.2% industry).

## ➤ **Pharmaceutical corporate action**

Health and climate are inextricably linked, from the impact of extreme weather on food security to air pollution due to wildfires or the growing spread of infectious diseases. [According to the World Health Organization](#), climate change is now the biggest health threat facing humanity and it is projected to cause an additional 250,000 deaths every year between 2030 and 2050 from malnutrition, malaria, diarrhoea and heat stress. Given this link between climate and health, the pharmaceutical industry has a unique responsibility to act, not only to reduce its greenhouse gas emissions through net-zero strategies but to combat the adverse health consequences of the climate emergency.

The pharmaceutical sector must play a fundamental role in reducing GHG emissions. A sizeable — and influential — number of pharmaceutical companies have set ambitious goals to reduce their carbon footprints. An estimated [46% of pharmaceutical and biotech](#) companies by revenue signed the United Nation's [Race to Zero](#) campaign and committed to halve their emissions by 2030, with the ultimate goal of reaching net zero emissions by 2050. And last November, seven of the largest pharmaceutical companies came together to [quicken climate action](#) along their supply chains.

## **5. What are science-based targets?**

Prior to the launch of Science Based Targets, organisations were free to set emission reduction targets themselves. Targets have typically been based on predicted organisational performance, energy efficiency feasibility as well as the performance of a peer group, the expectations of stakeholders or a combination of the above.

Science-based targets (SBT) focus not on the organisation, its commercial environment or its ability to meet a predefined and achievable goal but are aligned with climate science and what we collectively need to do to limit the impacts of climate change. [The Intergovernmental Panel on Climate Change \(IPCC\) states that we must halve global emissions by 2030 if we are to keep within 1.5°C of global warming and reach net-zero by 2050.](#)

Essentially, SBTs establish emission reductions that support the global actions required to limit temperature increases to this level. Organisations should set both near- and long-term emissions reductions targets in order to reach net-zero and align with the science. Near-term targets should focus on emissions reductions over the next 5-10 years and long-term targets on achieving net-zero by 2050, both aligned to the 1.5°C reduction trajectory<sup>7</sup>.

## ➤ **What is the Science Based Target Initiative (SBTi)?**

Science-based targets are validated by the [Science Based Target Initiative \(SBTi\)](#). The SBTi is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

## **6. What is Net Zero?**

Essentially, net-zero is a state where **no incremental greenhouse gases are added into the atmosphere**. This means achieving a balance between carbon emissions and carbon removals through a combination of emissions reduction and carbon sequestration<sup>8</sup>.

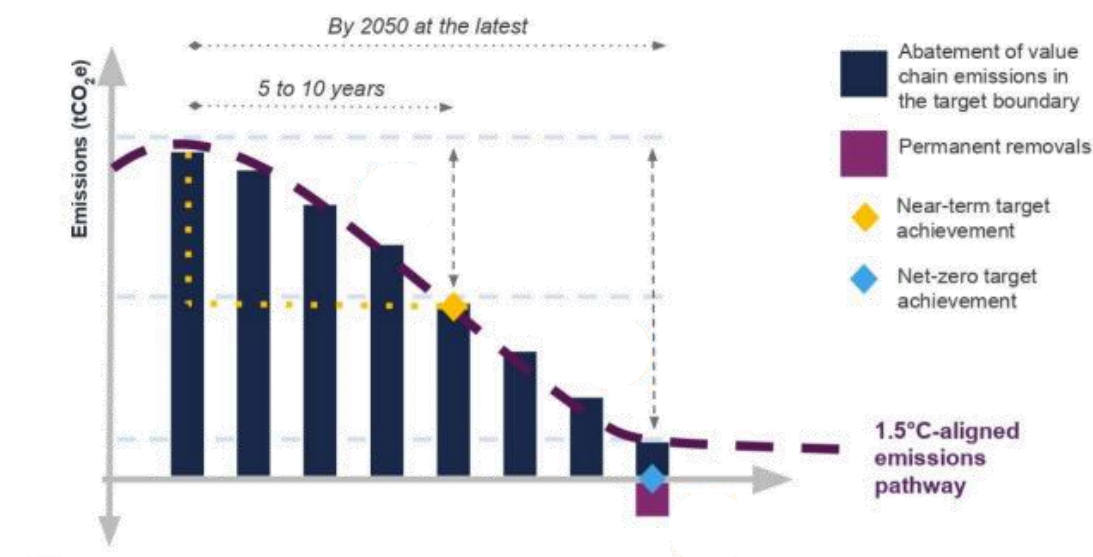
To reach a state of net-zero at the corporate level, companies must deeply reduce emissions and counterbalance the impact of any emissions that remain.

The SBTi Net-Zero Standard defines corporate net-zero as:

- Reducing scope 1, 2, and 3 emissions to zero or a residual level consistent with reaching net-zero emissions at the global or sector level in eligible 1.5°C-aligned pathways; and
- Permanently neutralizing any residual emissions at the net-zero target year and any GHG emissions released into the atmosphere thereafter.

<sup>7</sup> <https://sciencebasedtargets.org/net-zero>

<sup>8</sup> <https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf>



*Image 2. Net Zero definition*

### ➤ What is neutralization?

For achieving neutralization, companies will take measures to remove carbon from the atmosphere and permanently store it, counterbalancing the impact of emissions that remain unabated after the long-term science-based target is achieved.

**A company cannot claim to have reached net-zero until the long-term science-based target for all scopes is achieved and the company has neutralized residual emissions.**

Neutralization can be achieved through carbon offsetting – an internationally recognized mechanism to incentivize climate action and work towards decarbonization on a global scale. Offsetting typically consists on purchasing carbon credits that provide critical finance for advancing new greenhouse emission reductions and removal technologies.

Carbon offset projects generally fall into two categories: Avoidance and carbon removals<sup>9</sup>.

- **Avoidance offset projects** reduce or prevent greenhouse gas emissions from being emitted – for example by generating electricity through renewable technologies or by capturing and destroying methane in a landfill. Some types of avoidance offsets can also fund community and environmental benefits that go beyond carbon – such as biodiversity and ecosystem services (forest and land protection projects) and improved health and pollution reduction (efficient cookstoves and clean water projects).
- **Carbon removal offsets** provide funding for nature-based solutions or implementing new direct air capture or other advanced technologies. Nature-based solutions sequester and store carbon through reforestation, mangrove restoration and soil regeneration. Other advanced removal technologies capture and store carbon in products like biochar or bio-oil to name a few.

Both mechanisms are highly recommended by the Science Based Target standards.

<sup>9</sup> Adapted from World Economic Forum, [Carbon insetting vs offsetting – an explainer | World Economic Forum \(weforum.org\)](https://www.weforum.org/articles/2020/01/29/carbon-insetting-vs-offsetting-an-explainer/)