



Flen Health

Carbon Reduction Plan

July 2026

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Table of Contents

Executive Summary	3
Introduction	4
Baseline Carbon Footprinting Summary	5
Carbon Reduction Frameworks and Target Setting	6
Scope 1 & 2 Recommendations	10
Scope 3 Recommendations.....	12
Carbon Credits & Offsetting.....	18
Next Steps.....	20
Conclusion.....	22
Appendix 1: Alternative Carbon Reduction Frameworks and Target Setting.....	24

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Executive Summary

Overview

Flen Health's total 2024 carbon footprint is 3,092 tCO₂e, with Scope 3 emissions, dominated by Purchased Goods & Services and Business Travel, representing 91% of the total GHG emissions. This Carbon Reduction Plan provides a framework to achieve measurable reductions across all scopes, in line with Flen Health's ambition of Net Zero by 2045 and aligned with the SBTi Corporate Net-Zero Standard, the recognised global standard for corporate net-zero target setting.

Key recommendations

- **Scope 1 & 2 reductions** through renewable electricity procurement (green tariffs, PPAs and Guarantees of Origin) across its Belgium and Luxembourg sites, together with completing the transition of its seven-country vehicle fleet to electric vehicles.
- **Scope 3 reductions** via supplier engagement across Purchased Goods & Services, a sustainable business travel policy for an internationally distributed workforce, and development of Product Carbon Footprints (PCFs) for core wound-care product lines.
- **Data quality improvements** to replace spend-based industry averages and floor-area/benchmark proxies with primary supplier and activity data, particularly across Non-Production Purchased Goods & Services, Business Travel, Waste and Transportation; several categories (Capital Goods, Processing and Use of Sold Products, Franchises, Investments) are deliberately excluded or grouped elsewhere for documented, company-confirmed reasons rather than being data gaps.

Next Step and Conclusion

To support its ambition of Net Zero by 2045, Flen Health should prioritise absolute emissions reductions across Scope 1, 2 and 3, following a linear annual reduction trajectory aligned with SBTi Corporate Net-Zero Standard Version 2.0 criteria, before neutralising the residual ($\leq 10\%$ of baseline emissions) with high-quality carbon removals. Immediate next steps include formalising near-, medium- and long-term targets for 2030, 2035 and 2045, embedding renewable electricity procurement and fleet electrification, developing PCFs for priority product lines, and initiating targeted supplier engagement across Purchased Goods & Services and Business Travel.

By implementing these measures, Flen Health can build a credible, science-aligned pathway to Net Zero by 2045 while strengthening resilience across its international value chain.

Introduction

Carbon Reduction Plan Overview

As sustainability becomes increasingly important, it is essential for organisations to implement and demonstrate a clear commitment to reducing their environmental impact. A Carbon Reduction Plan provides a practical and measurable way to track and monitor progress towards these goals.

This Carbon Reduction Plan takes into consideration the results of the carbon footprint baseline for Flen Health, as set out in Flen Health's 2024 Carbon Footprint Report (Eight Versa, July 2026), which quantified emissions across the 2024 reporting year. This report details recommendations and guidance to help reduce carbon emissions across the organisation and provides advice on target setting. This report therefore forms a key part of Flen Health's long-term sustainability strategy and will allow the organisation to identify key opportunities for reduction and assist with any sustainability ambitions. The recommendations and guidance within this report should be used to assist decision making across Flen Health as the organisation seeks to reduce their carbon emissions.

Flen Health Ltd

Flen Health is a biopharmaceutical company founded in 2000, headquartered in Luxembourg, with a second innovation centre in Belgium. The company operates affiliates across the globe, distributing its product portfolio worldwide, with additional presences in the Netherlands, Germany, the UK, Ireland and Italy. Flen Health specialises in skin and wound-healing solutions, core products include Flaminal, Flamigel and Flamirins. For the 2024 reporting period, Flen Health employed 101 FTEs across its operations.

Sector and Regulatory Context

Flen Health sits at the intersection of the medical device/MedTech and pharmaceutical sectors, and its UK affiliate supplies wound-care products used within NHS clinical pathways. This creates specific regulatory drivers that this Carbon Reduction Plan has been designed to anticipate:

- **NHS Net Zero Supplier Roadmap (Greener NHS):** from April 2026, the NHS extends its Net Zero Commitment requirement to all new procurements below the Public Contracts Regulations high-value threshold, and all suppliers must complete an Evergreen Supplier Assessment achieving at least Level 1 (a public net zero commitment plus evidence of sustainability engagement). Contracts of £5m/year or more require a published Carbon Reduction Plan covering UK Scope 1 & 2 emissions and a subset of Scope 3.
- **EU Corporate Sustainability Reporting Directive (CSRD):** at 101 employees, Flen Health currently sits below the mandatory CSRD scope (which requires meeting 2 of 3 thresholds: more than 250 employees, more than €50m turnover, or more than €25m balance sheet), but as a Luxembourg-headquartered group it should monitor future scope expansion and anticipate indirect pressure, since larger customers and distributors who are within CSRD scope will increasingly request Scope 3 data from suppliers such as Flen Health.
- **MedTech Europe Sustainability Charter and sector peer benchmarking:** positioning this Carbon Reduction Plan as aligning Flen Health with broader medical device sector decarbonisation expectations reflects growing procurement-led pressure on healthcare suppliers globally and supports benchmarking against sector peers.

Baseline Carbon Footprinting Summary

2024 Carbon Footprint

The carbon footprint of Flen Health for the 2024 reporting year (calendar year) has been completed, analysed and is currently pending 3rd party verified by NCS as **Carbon Measured**. A summary of the results is presented in this section. Total Greenhouse Gas (GHG) Emissions for the organisation have been calculated following Natural Carbon Solutions methodologies that harmonise and align best-practice methodologies from across the sector, including the GHG Protocol and requirements of ISO 14064-1:2018.

Total GHG emissions (Scope 1, 2 and Scope 3) across Flen Health for the 2024 reporting year amount to **3,092 tCO₂e**¹:

- **Scope 1 Emissions: 79 tCO₂e**
- **Scope 2 Emissions¹: 214 tCO₂e**
- **Scope 3 Emissions: 2,800 tCO₂e**

The following sources of emissions have been identified as key emissions hotspots across the organisation:

- **Hotspot 1: Purchased Goods & Services (Scope 3): 2,050 tCO₂e (66%)**
- **Hotspot 2: Business Travel (Scope 3): 456 tCO₂e (15%)**
- **Hotspot 3: Purchased Electricity (Scope 2): 214 tCO₂e (7%)**

2024 Total Carbon Footprint (tCO₂e)

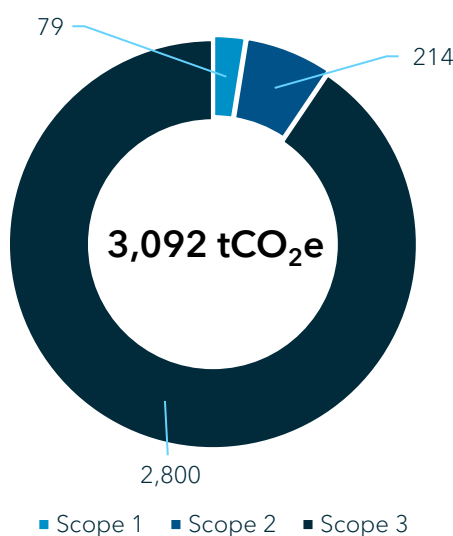


Figure 1: Total Scope 1, 2 & 3 Emissions for Flen Health 2024

¹ Scope 2 emissions are reported here as a single figure representing location-based emissions; a location-based/market-based split was not available in the source data for the 2024 reporting year and is recommended for future reporting years.

Carbon Reduction Frameworks and Target Setting

Climate Action

Reducing greenhouse gas (GHG) emissions is critical to addressing climate change and limiting global warming to safe levels. The latest climate science shows that global temperature rise should be limited to 1.5°C above pre-industrial levels, as set out in the Paris Agreement. Achieving this requires global emissions to be cut by roughly half by 2030 and to reach net zero by 2050. For organisations, this means actively measuring, managing, and reducing emissions across all operations and supply chains.

Acting on emissions not only supports the transition to a low-carbon future but also helps organisations stay ahead of regulatory change, improve resilience, and meet growing expectations from clients, investors, and communities. By setting credible targets and tracking progress, organisations contribute to the collective effort to mitigate climate change impacts, while positioning themselves as leaders in sustainability.

Frameworks

A range of recognised frameworks and standards can guide organisations in accurately measuring, managing, and reducing their greenhouse gas (GHG) emissions. These provide structured methodologies, ensure consistency, and support progress towards decarbonisation goals. Due to Flen Health's 2045 Net Zero target, the SBTi should be considered as the key framework for alignment. Alternative frameworks and pathways will be detailed at the end of this report in Appendix 1. An explanation of how the SBTi pathway works is provided below.

SBTi Corporate Net-Zero Standard Version 2:

The SBTi Corporate Net-Zero Standard is the Science Based Targets initiative's (SBTi) global standard for corporate net-zero target setting. Its Version 2.0 was finalised in June 2026, and, because Flen Health has not yet submitted targets to the SBTi, Flen Health should align directly with Version 2.0 (companies without an existing SBTi commitment must use Version 2.0 for all new commitments registered after 31 January 2027). The Standard requires organisations to set near-term and long-term science-based targets covering their full value chain, to follow a 1.5°C-aligned linear reduction trajectory, and ultimately to neutralise only a limited share of residual emissions with high-quality carbon removals. NCS, ISO 14068 and other third-party certification pathways remain available as optional verification routes and are detailed in Appendix 1.

Company Categories: SBTi Category A and Category B

Under Version 2.0, the requirements that apply to an organisation depend on whether it is classified as Category A or Category B, as summarised below.

Category	Classification criteria (SBTi Corporate Net-Zero Standard V2.0)
Category A	Meets ANY of: (a) net turnover $\geq$ €450 million; (b) $\geq$ 1,000 full-time equivalents (FTEs) in any country; or – if headquartered in a high-income country – (c) Scope 1 and 2 emissions $\geq$ 10,000 tCO ₂ e, OR at least two of: balance sheet $\geq$ €25 million, net turnover $\geq$ €50 million, $\geq$ 250 FTEs.
Category B	Does not meet any of the Category A criteria. Geography is based on the jurisdiction of incorporation of the ultimate parent company.

Flen Health is headquartered in Luxembourg (a high-income country), has 101 FTEs – well below both the 1,000 and 250 FTE thresholds – and Scope 1 and 2 emissions of 292 tCO₂e, far below the 10,000 tCO₂e threshold. It therefore does not meet the employee-count or emissions routes to Category A, and could only fall into Category A if it met both the €25 million balance sheet and the €50 million net turnover thresholds simultaneously. Flen Health is therefore likely Category B based

on employee count and emissions, though this should be confirmed against its turnover and balance-sheet data before formal SBTi engagement.

For a Category A company, separate Scope 1, Scope 2 and Scope 3 near-term targets are all mandatory (the Scope 3 target must include every Scope 3 category representing more than 5% of total Scope 3 emissions); a long-term net-zero target is recommended; and transition-plan disclosure, independent third-party assurance of base-year and target data, and a neutralisation ramp (at least 1% of Scope 1-3 emissions neutralised by 2035, rising to 100% by the net-zero target year) are also required. For a Category B company, only separate Scope 1 and Scope 2 near-term targets are mandatory; Scope 3 target-setting, transition-plan disclosure, independent assurance and participation in the recognition programme are recommended or voluntary rather than required. Because Scope 3 represents 91% of Flen Health's total footprint and Flen Health has already voluntarily committed to full value-chain Net Zero by 2045, it is recommended that Flen Health voluntarily exceed the Category B minimum and adopt Category-A-equivalent ambition: separate Scope 1, 2 and 3 targets, a documented transition plan, and annual progress tracking.

Scope 3 Target-Setting Approaches

Under Version 2.0, Scope 3 targets can be set using any of five approaches, which may be combined across categories:

- **Absolute emissions reduction** – cutting total Scope 3 emissions (tCO₂e) by a set percentage against the base year.
- **Intensity reduction** – reducing emissions per unit of economic or physical output.
- **Supplier/customer engagement alignment** – targeting that a defined share of suppliers (by emissions or spend) hold their own science-based targets by a set year.
- **Volume alignment** – aligning emissions growth to stay below the growth in a relevant activity volume (e.g. emissions per FTE, per shipment or per unit produced), useful for categories that naturally scale with business activity.
- **Product alignment** – targeting the carbon intensity of specific products against a sector benchmark.

Flen Health should apply absolute emissions reduction as its primary Scope 3 approach across all material categories, layering in supplier/customer engagement alignment for Purchased Goods & Services, Transportation & Distribution and Leased Assets, and volume alignment for Business Travel (which scales with headcount and business activity). Its Scope 2 target can be set through absolute contraction or low-carbon electricity alignment (committing to a 0.048 kgCO₂e/kWh threshold via renewable procurement instruments).

Target Setting Recommendations

Following recent discussions, Flen Health has confirmed an ambition of Net Zero by 2045 – five years ahead of the SBTi default long-term year of 2050 – and it is recommended that Flen Health align its Net Zero by 2045 ambition directly with the SBTi Corporate Net-Zero Standard Version 2.0. This requires a linear annual reduction trajectory using an absolute contraction approach: a minimum 90% absolute emissions reduction across Scope 1, 2 and 3 before neutralising the residual (up to 10% of baseline) with high-quality carbon removals. Third-party certification of this pathway – for example via Natural Carbon Solutions, ISO 14068 or an equivalent scheme – remains an optional complement and is detailed in Appendix 1. Because Scope 3 represents 91% of Flen Health's total footprint, a Scope 3 target is mandatory; under Version 2.0 this must include every Scope 3 category above 5% of total Scope 3 emissions, namely Purchased Goods & Services (73% of Scope 3) and Business Travel (16% of Scope 3), both already prioritised as focus areas within this Carbon Reduction Plan.

To support this, a set of targeted carbon reduction measures has been developed and is presented in the following chapter. These measures are designed to address both operational efficiency and supply chain impacts. Eight Versa recommend that Flen Health reviews these actions in detail and incorporates them into operational planning and decision-making. Annual measurement and monitoring of carbon emissions will be essential to track progress and maintain compliance with recognised reduction requirements.

For clarity and ease of implementation, the proposed measures are categorised as:

- **Scope 1 & 2 recommendations** – Directly under the organisation's operational control, such as energy efficiency improvements, process optimisation, and transition to renewable energy.
- **Scope 3 recommendations** – More complex and strategic measures requiring collaboration with suppliers, customers, and wider stakeholders across the value chain.

The recommended reduction trajectory, aligned with a linear annual reduction consistent with the SBTi Corporate Net-Zero Standard and an absolute contraction approach, is summarised below:

Scope	2030 (short-term)	2035 (medium-term)	2045 (long-term / Net Zero)
Scope 1	50% reduction	80% reduction	Net Zero (100%, no residual)
Scope 2	50% reduction	80% reduction	Net Zero (100%, no residual)
Scope 3	26% reduction	47% reduction	≥90% reduction; residual ≤10% neutralised via high-quality carbon removals
Total	~28% reduction	~50% reduction	Net Zero by 2045 (≥90% absolute reduction + neutralisation of residual)

Scope 1 and 2 decarbonise faster via direct operational levers – renewable electricity procurement and fleet electrification – reaching Net Zero by 2040, five years ahead of the group-wide 2045 Net Zero target, reflecting the fact that these emissions sit within Flen Health's direct operational control. Scope 3, by contrast, requires multi-year supply chain engagement, reflected in the more gradual reduction curve above and the extended 2045 timeline.

Finally, the carbon reduction plan should remain a living document. It is recommended to review and update the plan every 3–5 years to reflect organisational changes, market developments, and emerging technologies that could further reduce emissions. This ensures that Flen Health remains responsive, competitive, and aligned with evolving climate standards and stakeholder expectations.

Scope 1 & 2 Recommendations

In the 2024 reporting period, Scope 1 and 2 emissions for Flen Health totalled 292 tCO₂e. Flen Health has physical, leased operational sites with metered electricity and gas consumption in only two countries – Belgium and Luxembourg – and it is these two sites that Scope 1 and 2 emissions, and the recommendations below, relate to. Although these emissions accounted for only 9% of the organisation's total footprint, it is important to recognise their direct impact and maximise energy efficiency wherever possible, as these are the categories Flen Health can decarbonise fastest and most directly.

Based on this analysis, the following recommendations outline key areas Flen Health could consider, if not already in place, to further reduce emissions across the organisation and progress towards its Scope 1 and 2 targets of 50% reduction by 2030, 80% by 2035, and Net Zero (100%) by 2040 – five years ahead of Flen Health's group-wide 2045 Net Zero target, reflecting the fact that these emissions are within Flen Health's direct operational control.

Recommendation 1: Fleet Decarbonisation

Mobile Combustion (Scope 1.2) is Flen Health's largest Scope 1 category at 77 tCO₂e (98% of Scope 1 emissions). It is recommended that Flen Health complete the transition of any remaining fossil-fuel vehicles across its seven-country vehicle fleet – Belgium, Luxembourg, the UK, Ireland, Germany, Italy and the Netherlands – to electric vehicles, paired with renewable electricity procurement (Recommendation 3), supporting the Scope 1 50%/80%/100% reduction trajectory to 2030/2035/2040.

The extent of the associated Scope 2 impact and increase due to additional electric vehicle usage and potential on-site charging, will depend on the sources of electricity used to charge the fleet: EV-charging electricity already accounts for 92% of Flen Health's Scope 2 emissions (197 tCO₂e), so fleet electrification without renewable electricity procurement risks shifting emissions from Scope 1 to Scope 2 rather than reducing them. Implementing Recommendations 1 and 3 together is therefore essential for a genuine, combined reduction.

Recommendation 2: Energy Audit

It is recommended that Flen Health carry out a detailed energy audit across its Belgium and Luxembourg sites, its only two physical premises with metered energy consumption. An energy audit will systematically evaluate energy consumption across building services (heating, cooling, lighting and ventilation) and equipment performance, providing a data-driven foundation for targeted action. Of the two sites, only Luxembourg utilises and consumes natural gas (Scope 1.1 Stationary Combustion); Belgium does not use gas. Notably, the Luxembourg site's heating is supplied on an 'invoice heating' basis – district/city heating with no on-site heating system in the building – meaning on-site heat pump retrofits are not applicable at this site; instead, it is recommended that Flen Health engage the landlord and the city heat provider on the decarbonisation of the district heat network serving the Luxembourg site, or explore alternative heating arrangements if and when feasible.

The insights gained can be used to pinpoint low-cost, quick-win improvements (e.g. optimising system controls, LED lighting, improved insulation) at both sites, and develop a prioritised action plan that balances cost-effectiveness, operational impact and carbon reduction potential.

Although Stationary Combustion (1 tCO₂e) is a small share of Flen Health's footprint, a comprehensive audit will support the Scope 1 and 2 Net Zero target by 2040 and complement the renewable electricity procurement, on-site solar feasibility study, and fleet decarbonisation measures outlined above. Additionally, whilst Scope 1.3 Refrigerants was reported as zero for the 2024 reporting period, Flen Health should ensure to check AC system, refrigerant use, regular inspections for leakages and if appropriate recommend the refrigerant replacement to one with lower impact.

Recommendation 3: Renewable Electricity Procurement

Purchased Electricity (Scope 2) is Flen Health's largest Scope 1 and 2 category at 214 tCO₂e (7% of total footprint), of which 92% relates to Electric Vehicle charging electricity (197 tCO₂e). Securing renewable electricity – through green tariffs, Power Purchase Agreements (PPAs) and Guarantees of Origin – is therefore, one of Flen Health's most directly-controllable Scope 2 reduction lever, covering both the Belgium and Luxembourg sites (Flen Health's only two physical, metered electricity sites) and the wider seven-country EV-charging footprint (Belgium, Luxembourg, the UK, Ireland, Germany, Italy and the Netherlands), reflecting the fact that company vehicles operate more broadly than the two fixed sites.

Renewable electricity procurement can be implemented quickly relative to on-site generation or fleet replacement, and directly targets both purchased electricity at the Belgium and Luxembourg sites and the growing EV-charging load associated with fleet electrification (Recommendation 3) across all seven countries. Procurement routes will need to be assessed market-by-market (e.g. Guarantees of Origin in Belgium, Luxembourg and the Netherlands, REGOs in the UK, and equivalent renewable energy instruments in Ireland, Germany and Italy).

Implementation should prioritise:

- Securing green electricity tariffs or Guarantees of Origin for the metered electricity supplies at the Belgium and Luxembourg sites.
- Exploring Power Purchase Agreements (PPAs) for the Belgium and Luxembourg sites as consumption grows
- Prioritising renewable electricity coverage for EV-charging infrastructure across all seven countries where company vehicles operate, which accounts for 92% of Scope 2 emissions.
- Extending renewable electricity procurement on a phased basis as the vehicle fleet and EV-charging infrastructure expand across Belgium, Luxembourg, the Netherlands, Germany, the UK, Ireland and Italy.

By implementing renewable electricity procurement across its estate, Flen Health can address its single largest Scope 1 and 2 category directly and cost-effectively, underpinning the Scope 2 50%/80%/100% reduction trajectory to 2030/2035/2040.

Recommendation 4: On-Site Solar PV Feasibility Study

No on-site solar PV installations are currently in place across Flen Health's estate. Given that Purchased Electricity is Flen Health's largest Scope 1 and 2 category, it is recommended that a feasibility study be undertaken for on-site solar PV generation at Flen Health's Belgium and Luxembourg sites, to complement the renewable electricity procurement outlined in Recommendation 1.

Should the feasibility study confirm a viable business case, Flen Health should consult with a specialist PV installer to confirm system sizing, panel selection, and any structural requirements. Ensuring the organisation can utilise the electricity generated on-site will optimise carbon savings and cost efficiency alongside the renewable electricity procurement outlined in Recommendation 1.

On-site generation and renewable electricity procurement are complementary: on-site PV reduces demand for grid electricity, while Guarantees of Origin and PPAs (Recommendation 1) address any remaining grid-supplied consumption. Together, these levers directly target Flen Health's largest Scope 2 category and support the Scope 2 50%/80%/100% reduction trajectory to 2030/2035/2040.

Scope 3 Recommendations

Flen Health's Scope 3 target is a 26% reduction by 2030, 47% by 2035, and at least 90% by 2045 (net of high-quality carbon removals for the residual), consistent with the trajectory set out in the Target Setting Recommendations section above. Scope 3 emissions represent 91% of Flen Health's total carbon footprint (2,800 of 3,092 tCO₂e), so reductions in this area are critical to achieving meaningful overall carbon impact. Unlike Scope 1 and 2, Scope 3 emissions largely occur across the supply chain and are influenced by suppliers' processes, product lifecycles, business travel, and transportation and distribution networks. Purchased Goods & Services (66% of the footprint) and Business Travel (15%) alone account for around 81% of Flen Health's total footprint.

The central challenge for Scope 3 is data quality. Most Scope 3 categories – particularly Non-Production Purchased Goods & Services and Business Travel – currently rely on spend-based / financial-proxy data rather than primary activity data, which limits precision and must be addressed if real progress is to be tracked. Accurate, granular information allows the organisation to identify hotspots, evaluate alternative materials, transport modes and processes, and prioritise the interventions with the greatest impact.

Alongside better data, Flen Health should progressively tighten its procurement: embedding emissions criteria into procurement policy and supplier contracts so that the organisation increasingly buys goods and services with minimised embodied emissions.

Scope 3 Focus Areas:

- **Supplier Engagement:** Engage key suppliers individually to collect primary data on their emissions, either through questionnaires or digital reporting platforms. As carbon reporting regulations expand, suppliers will increasingly track and disclose their emissions, allowing Flen Health to replace generic emission factors with more accurate, product-level data.
- **Continuous Data Improvement:** Data collection should be iterative. Many organisations start with spend-based analysis as a proxy for emissions, but over time, replacing estimates with verified primary data improves accuracy and reduces uncertainty in carbon reporting.
- **Product-Level Analysis:** Where feasible, gather detailed information on the carbon intensity of materials, components, and production processes. This allows the organisation to identify opportunities for low-carbon alternatives, optimise sourcing, and prioritise emission reductions across the supply chain.
- **Material efficiency and substitution:** To reduce emissions in Scope 3.1 (Production), priorities include targeting high-impact materials and substituting them with lower-carbon alternatives, reformulating products to reduce material demand, and embedding green procurement into supply chain decisions.
- **Transportation and Distribution:** Assess emissions from logistics, including inbound materials, outbound products, and third-party transport providers. Data on fuel consumption, vehicle types, distances, and delivery frequency can reveal opportunities for route optimisation, modal shifts (e.g., from road to rail), or the adoption of low-emission transport solutions.
- **Reduction in end-of-Life Treatment of Sold products emissions:** To reduce downstream impacts, Flen Health should prioritise recyclable materials, refillable systems, clear disposal guidance, and low-impact packaging to drive meaningful emissions reductions.

By focusing on supplier collaboration, product-level analysis, transportation efficiency, and continuous improvement of data quality, Flen Health can gain the insight necessary to meaningfully reduce Scope 3 emissions while laying the groundwork for more strategic, long-term interventions across its supply chain.

Supplier Engagement and Procurement

Effective supplier engagement is critical for reducing Scope 3 emissions, particularly in Category 3.1: Purchased Goods & Services, which is split across Non-Production PG&S (1,983 tCO₂e), Production PG&S (57 tCO₂e – raw materials, packaging and lab supplies for the Flaminal, Flamigel, Flamirins and extracalm product lines) and Travel Expenses PG&S (9 tCO₂e). Production PG&S already benefits from a relatively robust bottom-up, ingredient-level methodology, with activity data drawn from 2024 purchase order records across Flen Health's five reporting entities, covering 37 different product SKUs, and emission factors built bottom-up from each product's ingredient composition using Flen Pharma formulation data and published literature, sourced from Ecoinvent v3 and cross-checked against UK DEFRA sector averages.

Non-Production PG&S – the majority of this category – remains spend-based, using SWC EEIO 2022 emission factors, and carries substantially higher uncertainty; Flen Health should therefore prioritise supplier engagement and primary-data collection for Non-Production PG&S, while continuing to refine the existing bottom-up model for Production PG&S, including obtaining full ingredient lists, confirming the Extracalm propellant composition, and incorporating supplier-specific data or Product Carbon Footprints (PCFs) as they become available. By actively collaborating with suppliers across these categories, Flen Health can improve data quality, influence supplier practices, and prioritise low-carbon sourcing across its value chain.

In SBTi Version 2.0 terms, Purchased Goods & Services should be addressed primarily through an absolute emissions-reduction target, supported by a supplier-engagement alignment target (for example, a defined share of PG&S spend covered by suppliers holding their own science-based targets by a set year). It is also worth noting that Non-Production PG&S appears large relative to Production PG&S largely for data and methodology reasons rather than literal environmental impact: it includes Capital Goods spend (grouped into Scope 3.1 rather than reported as a separate Scope 3.2 category, owing to data availability) and is calculated using broad spend-based (SWC EEIO 2022) emission factors applied to a wide basket of goods and services, whereas Production PG&S uses a far more precise bottom-up, ingredient-level model – which is why Non-Production PG&S is the top priority for primary-data collection.

For clarity, two related product-level tools are referenced in this plan. A Product Carbon Footprint (PCF) is a carbon-only life cycle assessment of a product, calculated in line with the GHG Protocol Product Standard or ISO 14067. An Environmental Product Declaration (EPD) is a broader, independently verified environmental disclosure covering multiple impact categories (not only carbon), prepared to ISO 14025 / EN 15804, which typically incorporates a PCF as one component. Because Flen Health is the manufacturer and formulator of its own core wound-care product lines (Flaminal, Flamigel and Flamirins), it should commission PCFs directly for these products as the practical near-term deliverable, and treat EPDs as a longer-term, more rigorous option once PCF data matures or if customers or regulators require them. For externally sourced components or contract-manufactured inputs, Flen Health should request PCFs (or EPDs) from its suppliers and mandate this through its procurement requirements.

Key Principles for Supplier Engagement:

1. **Prioritise High-Impact Suppliers:** Focus on suppliers with the largest emissions contributions, using carbon footprint analysis to guide selection.
2. **Collect Accurate Emissions Data:** Encourage suppliers to provide primary data on their emissions rather than relying on industry averages. This improves the accuracy of Flen Health's Scope 3 footprint and supports more targeted reduction strategies.
3. **Support and Guide Suppliers:** Provide guidance, tools, and incentives to help suppliers set science-based targets and implement carbon reduction measures. Engagement can include workshops, questionnaires, reporting platforms, and recognition schemes.
4. **Integrate Decarbonisation into Procurement:** Embed sustainability criteria into supplier contracts and new tenders. This could include emissions thresholds, decarbonisation clauses, or requirements for suppliers to have science-aligned reduction targets.

5. Monitor, Track, and Report: Regularly review supplier data, track progress against targets, and report transparently. Use recognised platforms like CDP to benchmark performance and enhance accountability.

Through a structured engagement strategy, Flen Health can not only improve the quality of Scope 3 data but also drive measurable emissions reductions across its supply chain while reinforcing sustainable procurement practices.

Product Level Analysis

As set out above, Purchased Goods & Services (Scope 3.1) is Flen Health's single largest emissions category, split across Non-Production, Production and Travel Expenses PG&S. This section sets out the product-level action plan. It is important to note that the bottom-up Production PG&S methodology is not limited to raw materials: consistent with the underlying footprint methodology, its boundary covers raw material extraction, transport to the manufacturer and manufacturing (including primary packaging). Only the use phase, secondary packaging and end-of-life fall outside it, and end-of-life is captured separately under Scope 3.12 (End-of-Life Treatment of Sold Products). This bottom-up, ingredient-level model was developed by Eight Versa using Flen Health's and Flen Pharma's own product formulation and patent data.

To build on this existing bottom-up model and move the remaining spend-based baseline to actionable insights, Flen Health should continue developing Product Carbon Footprints (PCFs) for its core wound-care product lines – Flaminal Hydro, Flaminal Forte, Flamigel, Flamigel RT and Flamirins product – to identify the specific materials and processes driving emissions within Production PG&S, incorporating full ingredient lists and supplier PCFs as they become available.

Key actions:

- Prioritise products with the highest total emissions or carbon intensity.
- Set boundaries (e.g., cradle-to-gate) aligned with Scope 3.1 priorities.
- Engage suppliers for primary emissions data, using quality secondary data where necessary.
- Collect internal data on energy, waste, and processes for each product line.
- Identify reduction opportunities such as material substitution, packaging changes, or lower-carbon suppliers.

PCFs will give Flen Health the clarity needed to target material changes with the greatest carbon reduction potential while maintaining product quality.

Develop and Implement Transportation and Delivery Policies

Upstream and Downstream Transportation & Distribution together account for 154 tCO₂e (5% of Flen Health's total footprint), reflecting the international distribution of wound-care products to global healthcare professionals. In SBTi Version 2.0 terms, this category should be addressed primarily through absolute emissions reduction, supported by supplier alignment with its logistics and courier partners. Below is the emission breakdown by category:

- Upstream Transportation & Distribution (Scope 3.4): 110 tCO₂e
- Downstream Transportation & Distribution (Scope 3.9): 44 tCO₂e

Emissions for these categories were estimated using known delivery locations and weight (kg) data across Flen Health's supplier, internal and customer delivery flows. Distances are estimated from known geography rather than measured or routed distances, and all road freight is modelled as a single blended 'All HGVs, average laden' non-refrigerated standard diesel HGV. Given the scale of international distribution, refining freight mode and vehicle assumptions is a priority area for improved data collection.

Below are some strategies that Flen Health can take to improve activities around both upstream (inbound) and downstream (outbound) transportation and distribution:

1. **Improve data and reporting** – Flen Health has tracked outbound transportation by postcode and weight, which is a strong starting point. It is recommended that Flen Health engage courier and logistics suppliers to obtain shipment-level primary data – including distance travelled, vehicle type, fuel type and weight of goods transported – which would materially improve the accuracy of both Upstream and Downstream Transportation & Distribution categories.
2. **Use lower-carbon carriers** – If applicable, Flen Health should look into engaging with freight partner or using company-owned fleets that use lower-carbon fuels such as:
 - Alternative fuels – biodiesel, HVO, LNG
 - Electric delivery vans for last-mile distribution
 - Fleet efficiency programmes, such as the use of telematics system
3. **Improve load efficiency** – Work with distributors and logistics partners to increase average load factors. Flen Health could also look into adjusting production or distribution schedules to allow for larger, less frequent shipments, rather than multiple small consignments. Alternatively, Flen Health could explore packaging designs that maximise pallet and delivery space utilisation.
4. **Shorten distances where possible** – For larger retail order, Flen Health could explore direct-ship models to skip intermediary warehouses.

Manage Business Travel Emissions

Business Travel (Scope 3.6) is Flen Health's second-largest emissions category at 456 tCO₂e – 15% of the total footprint – reflecting the international nature of the business, with operations, commercial presence and distribution partners across Belgium, Luxembourg, the Netherlands, Germany, the UK, Ireland and Italy. In SBTi Version 2.0 terms, Business Travel should be addressed primarily through absolute emissions reduction, supported by a volume-alignment target – for example tracking travel emissions per FTE or per unit of revenue – because travel naturally scales with headcount and business activity, so a pure absolute target could otherwise be undermined by legitimate business growth. Below are strategies to reduce this footprint:

1. **Introduce a sustainable travel policy** – Establish a formal sustainable business travel policy that sets out preferred modes of transport, approval thresholds for flights, and expectations for minimising travel-related emissions.
2. **Prioritise rail over short-haul flights** – Where a train journey of under 4-5 hours is a practical alternative to a short-haul flight between affiliate offices; rail should be the default option.
3. **Adopt a virtual-meeting-first policy** – Adopt a virtual-meeting-first approach for internal affiliate meetings and routine supplier catch-ups, reserving in-person travel for activities where it adds clear commercial or relationship value.
4. **Introduce travel budgeting** – Introduce a carbon or cost budget for business travel by team, with visibility of cumulative emissions to encourage more selective trip planning.
5. **Improve travel data capture** – Track flights, rail and car travel by trip purpose and distance band to identify the highest-impact routes and prioritise them for policy changes.
6. **Deliver awareness training** – Deliver awareness training on the sustainable travel policy and its emissions impact.

Reduce Employee Commuting Emissions

Employee Commuting (Scope 3.7) accounts for 39 tCO₂e – 1% of Flen Health's total footprint – across its 101 employees. Primary commuting data was collected for 16 of 22 Luxembourg employees and 24 of 31 Belgium employees (grossed up to 100% using multipliers of 1.375 and 1.29 respectively); all other regional staff are modelled as 100% remote/homeworking, based on an assumed 48 weeks per year at 8 hours per day. Below are strategies to reduce this footprint:

Short-term (by 2030):

1. **Support hybrid working** – Continue to support hybrid working arrangements where roles allow, reducing average weekly commuting distance.
2. **Introduce a cycle-to-work scheme** – Introduce a cycle-to-work scheme and secure on-site cycle storage to encourage active travel for local employees.
3. **Improve commuting data** – Extend primary commuting data collection to 100% of Belgium and Luxembourg office-based staff (currently 16/22 and 24/31 respectively) and run a homeworking survey for remote staff – capturing heating system type, electricity usage patterns, home office setup and frequency of remote working – to replace the current modelled assumption and improve the accuracy of this category's emissions estimate over time.
4. **Improve commuting awareness** – Deliver awareness training on commuting options and their carbon impact.

Long-term (by 2035-2045):

5. **Offer EV salary sacrifice** – Offer an electric vehicle salary sacrifice scheme to help employees transition personal vehicles used for commuting to lower-carbon alternatives.

Engage on Upstream and Downstream Leased Assets

Leased Assets together account for 69 tCO₂e (2% of the total footprint), split across Upstream Leased Assets (Scope 3.8: 23 tCO₂e – leased pallet storage space for stock) and Downstream Leased Assets (Scope 3.13: 46 tCO₂e – one leased-out office space for the full year, with electricity and gas consumption). In SBTi Version 2.0 terms, Leased Assets should be addressed primarily through absolute emissions reduction, supported by supplier and landlord alignment (green lease clauses and requests for primary energy data). Below are strategies to reduce this footprint:

1. **Introduce green lease clauses** – Where Flen Health leases office, warehouse or vehicle assets, work with landlords and leasing partners to include energy efficiency and renewable energy commitments in lease renewals.
2. **Engage landlords and lessors on data** – Collect primary energy consumption data (kWh) for the leased pallet storage space (Upstream Leased Assets) to replace the current floor-area-based estimate.
3. **Engage downstream lessees** – Obtain primary electricity and gas utility data from the tenant/landlord of the leased-out office space (Downstream Leased Assets) to replace the current floor-area-based estimate.

Improve Waste Management

Waste Generated in Operations (Scope 3.5) accounts for 4 tCO₂e – 0% of Flen Health's total footprint. Office-based waste at the Belgium and Luxembourg sites is currently estimated using floor area and BSI benchmarks, as primary data was not available, whereas packaging and stock waste is based on primary weight (kg) data. Whilst a small category, improving data and segregation practices supports the wider data quality agenda. Below are strategies to reduce this footprint:

1. **Introduce a waste reduction policy** – Set targets for minimising waste generation at source across all Flen Health sites.
2. **Deliver employee awareness training** – Provide training on waste segregation and reduction.
3. **Improve waste segregation** – Ensure consistent segregation of recyclable, general and clinical waste streams across all Flen Health sites.
4. **Improve waste data** – Introduce primary waste tracking (by material type, treatment type and weight) at the Belgium and Luxembourg offices specifically, to replace the current floor-area-based estimate for office waste with primary data.
5. **Engage waste treatment and disposal contractors** – Obtain primary disposal-method data and identify opportunities to reduce recycling-related emissions.

Reduction in End-of-Life Treatment of Sold products emissions

End-of-Life Treatment of Sold Products (Scope 3.12) accounts for 17 tCO₂e – 1% of Flen Health's total footprint. As Flen Health's products are consumed by end users rather than physically returned or processed, this category only covers the packaging waste generated from sold products, not the product itself – for example through landfilling, incineration, or recycling of packaging materials after they leave Flen Health's control.

In this baseline assessment, available weight data for products sold during the 2024 reporting period was used, applying representative disposal method ratios to estimate total emissions from sold products during the reporting period. As a medical device manufacturer, Flen Health's packaging and end-of-life reduction opportunities are constrained by sterility, shelf-life, biocompatibility, and clinical waste regulations, which limit the scope for material substitution compared to less regulated sectors.

It should also be recognised that Flen Health's core wound-care gels and creams are consumed or absorbed during use and are not circular materials, so only the packaging component of this category can realistically be reduced – through recycling, mono-material design or take-back schemes. Reduction potential here is therefore inherently limited, and a portion of these emissions should be understood as residual emissions: emissions that cannot be eliminated through further operational reduction and that will ultimately need to be addressed through neutralisation (high-quality carbon removals), consistent with the GHG mitigation hierarchy of avoiding, then reducing, and only then offsetting residual emissions discussed elsewhere in this report.

Below are some strategies that Flen Health can take to ensure some improvement on the treatment of the sold products:

1. **Use recyclable or mono-material packaging where clinically compliant** – Flen Health should evaluate opportunities to redesign secondary (non-sterile-barrier) packaging for its wound-care product lines using more recyclable or mono-material formats, subject to medical device regulatory and clinical compliance requirements:
 - Assess recyclable or mono-material alternatives for secondary and outer packaging (e.g. cartons), which are not subject to sterile-barrier requirements.
 - Engage packaging suppliers and regulatory affairs teams jointly to ensure any material changes maintain product sterility, shelf-life, and biocompatibility.
 - Where clinically feasible, reduce multi-layer or composite packaging materials that are difficult to recycle.
 - Standardise mono-material secondary packaging across product lines for easier processing, where regulatory approval permits.
2. **Provide disposal guidance;**
 - Add clear recycling or disposal instructions on product packaging and websites for both healthcare professionals and patients.
 - Where products involve any clinical waste considerations, ensure disposal guidance aligns with local healthcare waste regulations in each market.
3. **Engage suppliers to improve packaging choices** – work with packaging suppliers to select materials with lower end-of-life emissions where clinically and regulatorily permissible, e.g. recyclable cardboard for secondary and outer packaging.

Given these medical device packaging constraints, reduction opportunities in this category are likely to be incremental and slower to implement than in less regulated sectors, but remain an important long-term focus.

Carbon Credits & Offsetting

As Flen Health progresses on direct emissions reductions across its operations and supply chain, carbon offsetting can serve as a complementary tool to address remaining emissions. Eight Versa recommend a cautious, high-quality offset strategy that emphasises long-term impact and aligns with the Oxford Principles for Net Zero Aligned Offsetting, gradually transitioning from traditional avoidance projects toward verified carbon removals.

To sustainably integrate offset into organisation roadmap to Net-Zero, below are different types of carbon offsetting within the voluntary carbon market that organisation can consider:

1. Carbon Avoidance (lower-integrity; not a priority for Flen Health)
2. Carbon Reduction
3. Carbon Removal/Sequestration

It's important to note that offsetting should not replace direct emissions reductions, but it is a valuable bridge while deeper operational and supply chain decarbonisation measures take effect. Over time, Flen Health should aim to shift its offset strategy toward permanent carbon removal solutions, such as reforestation with robust permanence guarantees or engineered removals, to align with long-term goals. In line with this, Flen Health should not rely on lower-integrity carbon avoidance credits; its strategy should focus on carbon reduction and, ultimately, carbon removal/sequestration to neutralise its residual emissions.

The average price of voluntary carbon credits currently varies widely depending on the project type, region, and credit quality—typically ranging from around £7 to £22 per tonne for generic or nature-based avoidance credits (e.g. REDD+ or cookstoves), with high-integrity nature-based removals (afforestation, biochar or enhanced rock weathering) typically £26 to £130 per tonne, and technology-based removals (such as direct air capture and BECCS) typically £130 to over £435 per tonne; a typical corporate buyer today pays a blended portfolio average of roughly £22 to £70 per tonne, depending on how much durable removal the portfolio contains. These differences highlight the importance of assessing the integrity and transparency of offset projects, including whether they offer:

- **Permanence** (long-lasting carbon removal or avoidance),
- **Additionality** (wouldn't have happened without the offset),
- **Verification** by reputable third-party standards.

The SBTi Corporate Net-Zero Standard Version 2.0 endorses the use of carbon credits specifically for neutralising residual emissions, and makes neutralisation mandatory for Category A companies from 2035 onward – at least 1% of Scope 1–3 emissions neutralised by 2035, rising to 100% by the net-zero target year. For a Category B company such as Flen Health, neutralisation and participation in the associated recognition programme are voluntary.

SBTi Version 2.0 introduces an Ongoing Emissions Responsibility (OER) recognition programme with three tiers, based on the share of emissions neutralised:

- **Engaged** – neutralise at least 1% of Scope 1–3 emissions.
- **Advanced** – neutralise 100% of Scope 1 and 2 plus 10% of Scope 3 emissions.
- **Leadership** – neutralise 100% of Scope 1–3 emissions (for a Category A company), or 100% of Scope 1 and 2 plus at least 10% of Scope 3 for a Category B company.

Given Flen Health's own commitment to Net Zero across all scopes by 2045, it is recommended that Flen Health voluntarily target Advanced-tier neutralisation (100% of Scope 1 and 2 plus 10% of Scope 3) by 2035, en route to full neutralisation of its residual emissions (100% of Scope 1–3) by its 2045 net-zero year – exceeding the Category B minimum but matching its own stated ambition.

Target setting

The organisation may choose to set an earlier or later target year for achieving Carbon Neutrality, depending on its ambition, resources, and operational realities. Regardless of the chosen date, targets should remain aligned with either absolute reduction pathways (cutting total emissions) or intensity-based pathways (reducing emissions per unit of output) and be consistent with recognised frameworks to ensure credibility and comparability.

Next Steps

Flen Health should use the findings of this Carbon Reduction Plan as a guide to prioritise key action and emissions reductions across the organisation.

Target Setting

- Document and seek Board sign-off on the SBTi Version 2.0-aligned targets and transition plan.
- Use the carbon footprint analysis to identify emissions hotspots (e.g., energy use, key suppliers) and prioritise reductions in these areas for more significant, faster impact.
- Track progress annually against the emissions reduction trajectory already set out in the Target Setting Recommendations section.
- Recalculate the base year if a structural change (for example a merger, acquisition, divestment, or a category shifting by more than 5% of total emissions) occurs, consistent with the SBTi base-year recalculation trigger.

Complete an annual carbon footprint year on year

- Flen Health should complete an annual Carbon Footprint measurement to allow the organisation to track the year-on-year progress being made across the organisation in comparison to the 2024 baseline.

Collaboration with suppliers to develop Product Carbon Footprint (PCF) and other reduction measures

- Flen Health should request suppliers to undertake PCF assessments for priority product lines using recognised methodologies (e.g. GHG Protocol Product Standard, ISO 14067) to quantify cradle-to-grave emissions.
- Flen Health should Identify product hotspots across the life cycle (materials, manufacturing, transport, use phase, end-of-life) to target high-impact reduction opportunities.
- Explore material substitutions and low-carbon alternatives, such as recycled content or sustainably sourced raw materials.
- Optimise product design for energy efficiency in manufacturing, reduced material use, and improved durability or reusability.
- Review packaging impacts and consider lightweighting, recycled content, or alternative low-impact materials.
- Investigate circular economy options such as product take-back schemes, remanufacturing, or closed-loop recycling.
- Collaborate with customers to reduce emissions in the use phase and promote sustainable disposal or recycling.

Scope 3 Supply Chain Engagement & Decarbonisation

- Flen Health should look to implement a Supply Chain Engagement Strategy which sets out how the organisation will seek to engage and work closely with selected suppliers.
- Working with suppliers, Flen Health should prioritise the collection of more accurate datasets for Scope 3 reporting, prioritising the transition away from financial based data.
- For new suppliers, Flen Health should consider developing a green procurement framework to support in procurement decisions and tenders.
- For all suppliers across the organisation, Flen Health should consider developing specific supplier engagement targets to work towards.
- As part of a longer-term strategy, Flen Health should begin to identify and work with companies who have already begun their sustainability journey and set organisational-level targets.
- Integrate green procurement principles into supplier selection and evaluation to drive environmental alignment across the value chain.

Data Quality

- Flen Health should review all suggestions indicated above which specifies data quality improvements for all relevant categories.
- Flen Health should continue to develop datasets that are used for future footprint calculations.
- Working closely with suppliers that do not currently have product footprint reports available to improve the quality of data being provided for these assessments will also provide the organisation with a more detailed and reliable understanding of where key emissions hotspots are.

Regulatory and Buyer-Driven Monitoring

- Complete an NHS Net Zero Supplier Roadmap Evergreen Sustainability Assessment at Level 1 ahead of the April 2026 deadline, to maintain eligibility for NHS contracts.
- Monitor the EU Corporate Sustainability Reporting Directive (CSRD) as it phases in for large undertakings and their value chains, to identify when and how Flen Health or its customers may be brought into scope of mandatory sustainability reporting.
- Track alignment with the MedTech Europe Charter and other sector sustainability commitments as they evolve.

Conclusion

Given Flen Health's current emissions profile – 3,092 tCO₂e, 91% of which sits in Scope 3 – this report should be used as the foundation for a comprehensive carbon management plan targeting its major emissions hotspots: Purchased Goods & Services, Business Travel, and Purchased Electricity. Absolute reductions across these hotspots, aligned with the confirmed Net Zero by 2045 target and the SBTi Corporate Net-Zero Standard, will ensure that reduction strategies are measurable and consistent with global climate goals.

Priority actions include developing Product Carbon Footprints, implementing a robust supply chain engagement strategy, and embedding green procurement practices to accelerate Scope 3 reductions, alongside renewable electricity procurement and fleet decarbonisation in Scope 1 and 2. Regular annual carbon footprint assessments, underpinned by improved data quality, will enable accurate progress tracking and targeted interventions. Several Scope 3 categories – notably Purchased Goods & Services, Transportation & Distribution and Leased Assets – can also layer a supplier or customer alignment target alongside absolute reduction, as set out in the Scope 3 Target-Setting Approaches subsection.

To achieve Net Zero by 2045, Flen Health should:

- Maximise absolute emissions reductions across all identified hotspots, following the GHG mitigation hierarchy of avoiding, then reducing, emissions ahead of offsetting.
- In the years approaching 2045, begin engaging with reputable carbon removal providers to secure high-quality credits for the residual ($\leq 10\%$) emissions that cannot be eliminated through direct action.
- Prioritise high-quality, verified removals over lower-cost avoidance credits when the time comes to neutralise residual emissions.
- Demonstrate measurable year-on-year reductions to maintain credibility.

Action Plan Summary

Action	Target	Target Year	Key Steps
Fleet decarbonisation	Scope 1: 50% / 80% / 100% reduction	2030 / 2035 / 2040	Transition remaining fossil-fuel vehicles to EV across the seven-country fleet, paired with renewable electricity procurement
Renewable electricity procurement	Scope 2: 50% / 80% / 100% reduction	2030 / 2035 / 2040	Secure Guarantees of Origin / PPAs at the Belgium and Luxembourg sites; extend renewable coverage to EV-charging infrastructure across all seven countries
Energy audit & on-site solar PV	Support the Scope 1 & 2 trajectory	2027 (audit); 2030 (PV feasibility)	Complete an energy audit at the Belgium / Luxembourg sites; assess on-site solar PV feasibility
Supplier engagement & procurement (PG&S)	Scope 3: 26% / 47% / ≥90% reduction	2030 / 2035 / 2045	Prioritise Non-Production PG&S suppliers for primary-data collection; embed emissions criteria into procurement; layer in supplier-alignment targets
Product Carbon Footprints (PCFs)	Improve Scope 3.1 data quality	2027 onward	Develop PCFs for the Flaminal, Flamigel, Flamirins and extracalm product lines
Sustainable business travel policy	Reduce Scope 3.6	2027 onward	Introduce a travel policy; rail-over-flight preference; travel budgeting; volume-alignment tracking (emissions per FTE)
Employee commuting & waste programmes	Reduce Scope 3.5 / 3.7	2027 (policy/training); 2030 (data); 2035 (EV salary sacrifice)	Waste-reduction policy; awareness training; primary-data collection; EV salary-sacrifice scheme
Annual footprint & data quality	Track progress vs 2024 baseline	Annually	Annual carbon footprint measurement; replace spend-based / benchmark estimates with primary data
Residual emissions neutralisation	Net Zero by 2045	2035 (Advanced tier); 2045 (100%)	Engage carbon-removal providers; prioritise high-quality, verified removals for residual emissions

Focusing on these immediate priorities will position Flen Health to meet its Net Zero by 2045 target while building a credible, well-evidenced pathway toward carbon reduction across its value chain.

Appendix 1: Alternative Carbon Reduction Frameworks and Target Setting

Natural Carbon Solutions

Natural Carbon Solutions (NCS) is a verification and certification body with comprehensive and third party-verified carbon footprinting Protocols aligned and audited for alignment with International Standards. It integrates multiple global methodologies and standards to create a holistic footprinting methodology which is relevant for all sectors, anywhere in the world.

Natural Carbon Solutions provides the following certification pathways options:

Target	Standard based on
Carbon Efficient	Alignment with UN Stocktake targets
Carbon Neutral	ISO 14068
Net Zero	SBTi

Carbon Efficient Pathway (verified by NCS):

Carbon Efficient certification provides independent verification of carbon efficiency improvements. This approach acknowledges that organisations can make meaningful environmental contributions by improving how effectively they use carbon to create value; a metric particularly relevant for businesses experiencing growth or focused on providing new products and services. Typical metrics are tCO₂e emitted per unit of product sold or £ of revenue.

The certification verifies that an organisation has implemented effective carbon management practices and demonstrated measurable efficiency improvements, providing stakeholders with confidence in their environmental progress.

The Carbon Efficient pathway is designed for organisations that view sustainability and growth as complementary rather than conflicting objectives. The intensity-based approach means that business success and environmental progress are measured together; a 43% reduction in emissions per unit by 2030 can be achieved through process improvements, product innovation, or supply chain efficiency, regardless of whether production or distribution volumes increase or decrease. For Flen Health, this framework could support continued international expansion of its wound-care product portfolio whilst demonstrating year-on-year improvements in carbon efficiency; however, given Flen Health's confirmed ambition of Net Zero by 2045 (see Target Setting Recommendations below), the Net Zero Carbon Pathway is considered the more appropriate framework overall.

From a practical standpoint, the certification provides clear benefits for stakeholder communication. Rather than explaining why growth might increase absolute emissions despite efficiency improvements, Flen Health can present a straightforward narrative: each product is being made with progressively lower carbon impact. This resonates with B2B customers who have their own sustainability targets but still require reliable supply, and with investors who seek evidence of sustainable business practices without compromising returns. The pathway's structure, with defined targets for 2030, 2035, and 2050, provides long-term clarity while allowing tactical flexibility in how improvements are achieved. Whether through reformulation, energy efficiency, or supplier engagement, the focus remains on continuous improvement in carbon productivity rather than prescriptive measures that might not align with business realities or market opportunities.

Key requirements for NCS Carbon Efficient pathway are summarised below:

	2030	2035	2050
Scope 1			
Scope 2	43% intensity reduction	60% intensity reduction	90% intensity reduction
Scope 3			

Carbon Neutral Pathway (verified by NCS):

NCS Carbon Neutral certification represents a high level of verified climate ambition. Aligned with Science-Based carbon reductions, this certification verifies your organisation's comprehensive commitment to deep decarbonisation across your entire value chain.

Carbon neutrality is defined as the balance between carbon emissions and the absorption of carbon from the atmosphere by carbon sinks. Achieving carbon neutrality can also be seen as an important milestone on the pathway to Net Zero but can also be pursued on its own merits. Carbon neutrality generally involves balancing unavoidable emissions through the purchase of high-quality carbon credits; however, it is not the final goal. The ultimate aim is to drive ongoing reductions in actual greenhouse gas emissions across all scopes.

The Carbon Neutral pathway follows ISO 14068 requirements, which crucially mandate that organisations must demonstrate continuous emissions reduction alongside any offsetting activities. This means Flen Health cannot simply purchase credits to achieve neutrality; they must show year-on-year improvements in actual emissions performance.

The science-based reduction thresholds require a halving of emissions by 2030, and a 90% reduction by 2050. These reductions form the foundation of the certification, with carbon credits addressing only the residual emissions that remain after reduction efforts. For a company with Flen Health's current footprint of 3,092 tCO₂e, achieving neutrality by 2030 under this pathway's default halving requirement would mean reducing actual emissions to approximately 1,546 tCO₂e and purchasing credits for this residual amount. At projected market prices of carbon credits in 2030 (£30-50 per tonne for verified credits), this represents an annual investment of approximately £46,000-77,000, decreasing as further reductions are achieved.

From a strategic perspective, Carbon Neutral certification offers distinct advantages in certain markets and contexts. Healthcare procurement frameworks (including the NHS Net Zero Supplier Roadmap referenced in the Introduction) and other public sector contracts increasingly require or preferentially select Carbon Neutral suppliers, potentially opening significant commercial opportunities. The certification provides immediate market differentiation while the company works toward longer-term net zero goals. However, it requires careful budget planning for both reduction initiatives and credit purchases.

The certification also demands robust carbon accounting and annual verification to ensure both the reduction trajectory and offset quality meet standards. For Flen Health, pursuing Carbon Neutral certification would signal serious climate commitment to stakeholders while maintaining flexibility in how reductions are achieved, whether through absolute emissions cuts during stable periods or intensity improvements during growth phases. The key consideration is whether the combined investment in reductions and credits delivers sufficient commercial and reputational value to justify the costs, particularly as credit prices are expected to rise as demand increases toward 2030.

Key requirements for NCS Carbon Neutral pathway are summarised below:

	Reduction	Offsetting
Scope 1		
Scope 2	Annual science-based reduction	Annual carbon offsetting for residual emissions
Scope 3		

Net Zero Carbon Pathway (verified by NCS):

NCS Net Zero certification represents a very high level of verified climate ambition. Aligned with Science-Based Targets initiative (SBTi) criteria, this certification verifies your organisation's comprehensive commitment to deep decarbonisation across your entire value chain.

The Science Based Targets initiative (SBTi) is a global partnership that helps organisations set greenhouse gas (GHG) emissions reduction targets in line with the latest climate science. Its goal is to ensure that corporate climate action contributes meaningfully to limiting global warming to 1.5°C above pre-industrial levels, in line with the Paris Agreement.

Based on our understanding, Flen Health's Scope 1 and 2 emissions (292 tCO₂e combined) fall well within the SBTi's SME thresholds². However, Scope 3 emissions represent 91% of Flen Health's total footprint (2,800 of 3,092 tCO₂e) – comfortably above the SBTi materiality threshold of 40% of total emissions – meaning a Scope 3 target is mandatory regardless of SME status. Under SBTi Version 2.0, every Scope 3 category representing more than 5% of total Scope 3 emissions must be included; for Flen Health this covers Purchased Goods & Services (73% of Scope 3) and Business Travel (16% of Scope 3), both already prioritised as focus areas within this Carbon Reduction Plan.

Flen Health has confirmed an ambition of Net Zero by 2045 – five years ahead of the SBTi default long-term year of 2050. Achieving this requires a linear annual reduction trajectory consistent with the SBTi Corporate Net-Zero Standard: a minimum 90% absolute emissions reduction across all scopes before neutralising the residual (up to 10% of baseline emissions) with high-quality, permanent carbon removals. The recommended trajectory covering Scope 1, 2 and 3 targets for 2030, 2035 and 2045 is set out in the Target Setting Recommendations section below. Given this ambition and the materiality of Scope 3 emissions, the Net Zero Carbon Pathway (NCS) is considered the most appropriate certification pathway for Flen Health, verified against SBTi-aligned criteria even though formal SBTi validation is not being pursued at this stage. As set out in the main Frameworks section, Flen Health should align directly with the SBTi Corporate Net-Zero Standard Version 2.0; the NCS Net Zero pathway is presented here only as an optional third-party certification route.

Key requirements for NCS Net Zero Carbon pathway are summarised below:

	Near-term	Long-term
Scope 1	4.2% absolute linear annual reduction Mandatory given Scope 3 materiality; every Scope 3 category above 5% of total Scope 3 emissions must be included	90% absolute reduction and carbon offsetting for residual emissions
Scope 2		
Scope 3		

² According to the SBTi's Corporate Net-Zero Standard V2, SMEs are categorised as follows: 1) Medium-sized companies located in lower-middle and low-income countries, or/and 2) Small and micro companies in all countries that meet the following criteria: Emit less than 10,000 tCO₂e (Scope 1 and Scope 2 emissions); Have a net turnover below 50 million (USD or EUR); Employ fewer than 250 people; Have a balance sheet total under 25 million (USD or EUR).