

Climate-related Financial Disclosures Statement

30 September 2023

As one of the largest veterinary groups, we have a responsibility to use our scale and influence to reduce greenhouse gas and improve standards of sustainability, both within our own operations, and then more widely in the veterinary profession. As well as reducing the impacts of our direct and indirect operations, we are working to better understand the risks and opportunities that a changing climate may bring, specifically what this will mean for animal health, the choices owners make for their animals and also our business and supply chain.

This disclosure has been made under the required BEIS CFD requirements and the company is working towards including all required disclosures under the Taskforce for Climate-related Financial Disclosure (TCFD) framework for future periods. The table on the following page reports our progress to date against each of the disclosure recommendations of TCFD, providing a summary of climate related risks and opportunities, the potential impact on our business and actions we are taking to respond. We will continue to develop the detail of our TCFD disclosures as we complete further analysis and strengthen our approach, including financial assessments of the scenario analysis.

Governance

IVC Evidensia's sustainability strategy, known as the Positive Pawprint, is one of our key business initiatives and climate impact is one of the principal commitments within the Planet pillar of the strategy.

The Group Board has ultimate responsibility for ensuring that our sustainability strategy is implemented, and key sustainability and climate risks are effectively managed. Non-executive director, Jarl Dahlfors, has responsibility for sustainability and climate issues at Group Board level and is supported by the Chief Operating Officer to ensure that environmental initiatives are implemented at Executive Committee level and across the IVC Evidensia Group.

The Group Board undertakes regular reviews of sustainability governance, performance against targets and risk management. This includes tracking progress with sustainability and climate risk analysis and management, and performance against IVC Evidensia's science-based greenhouse gas targets.

During the year, the Group Board approved investment in country-level decarbonisation strategies focused on delivering progress against IVC Evidensia's published science-based greenhouse gas reduction targets. The Group Investment Committee will evaluate and approve investment proposals associated with the Group's decarbonisation strategy. The Committee is chaired by the Chief Operating Officer.

The Group Board and Group Executive Committee delegates the management of sustainability strategy and climate related risks and opportunities to the Positive Pawprint Steering Committee. The Committee oversees the implementation of the Positive Pawprint Strategy (including climate related workstreams), progress including performance against specific targets (such as Country Level Operational Carbon Reduction Plans), whilst also reviewing sustainability-related risks, developments, and opportunities

The Positive Pawprint Steering Committee is also supported by specialist working groups. These groups have been developed to facilitate the business in understanding and managing climate risk, implementation of its decarbonisation strategy and align this to the Group's commercial and clinical strategies. Working groups include:

- Sustainability Initiatives in Crematoriums, with a focus on operational decarbonisation of this fossil fuelled process.
- Low carbon anaesthesia, looking at lower flow techniques, lower carbon gases and capture technology.
- One Health Working Group, with a focus on improving our understanding of the environmental impact of IVC Evidensia's clinical activities and the impact that a changing environment will have disease patterns, welfare, drug availability and efficacy, thereby influencing our clinical approaches.
- Sustainable Procurement and Procurement
- Farm Sustainability, with a focus on understanding the role of veterinarians in supporting farm clients adapting to a changing climate and changing requirements of food manufacturers and consumers.

Each region has a sustainability lead to ensure that sustainability risks and opportunities are embedded into their strategies and performance is monitored. We also have functional sustainability leads for specific areas of the business, including Procurement, Crematoriums and Finance.

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We have a specialist Group Sustainability team, led by our Group Sustainability and ESG Director, and with specialist expertise on climate strategy. This team supports the regional teams in developing their own sustainability strategies, whilst also leading group-level projects across markets.

Strategy

Climate related risks are a principal risk to IVC Evidensia and have an ability both directly and indirectly to impact our business to varying degrees in the short (2030), medium (2040) and long (2050) term.

We have assessed both transitional and physical risks to IVC Evidensia. The physical risks from climate change include acute impacts, such as increased severity of extreme weather events such as floods and heatwaves, and chronic impacts, including changes in precipitation patterns and extreme variability in weather pattern and rising mean temperatures.

We have also assessed transitional risks across the business including policy, technology, market,

and reputational risks. Some of these also represent opportunities for our Group. More detail can be found in the 'Climate-Related Risks and Opportunities' section below.

These risks are reviewed and assessed on an ongoing basis, with a formal review undertaken by the Positive Pawprint Steering Committee at least annually, to identify changes in the risk profile and report findings and recommendations to the Group Executive Committee and Group Board.

Scenario Analysis

We have used a scenario analysis to inform both parameters in the context of climate risks and opportunities. To undertake this analysis, we used the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) which states limiting warming to 1.5°C above pre-industrial levels is necessary to prevent the severe environmental consequences that are likely to occur in a 2°C warmer world and that catastrophic impacts would occur if temperatures rose by 4°C.

Table 1 Scenarios for the Identification of Future Climate Risks

SSP Pathway	RCP Pathway	2100 Warming	Description	Key Elements
SSP1 (Low challenges to mitigation and adaptation)	RCP 2.6	1.8°C	This scenario is aligned to the current commitments under the Paris Agreement. The world shifts towards a more sustainable path, emphasizing more inclusive development, driven by an increasing commitment to achieving the United Nations Sustainable Development Goals. Implementation of carbon taxation system targeting carbon emissions and a fully functional circular economy by 2100.	<ul style="list-style-type: none"> Global Net-Zero reached in 2050 Net negative emissions from 2050 onwards Renewables account for more than half of the energy supply by 2050 Few challenges to climate mitigation and adaptation
SSP2 (Medium challenges to mitigation and adaptation)	RCP 4.5	2.7°C	Intermediate GHG emissions scenario and has CO _{2e} emissions remaining around current levels and peaking in 2040, with social, economic and technology not shifting substantially. Environmental systems continue to degrade but overall resource and energy intensity decline. Inequalities persist and there is continual reliance on fossil fuel.	<ul style="list-style-type: none"> Emissions peak in 2040
SSP5 (High challenges to mitigation, low challenges to adaptation)	RCP 8.5	4.4°C	High emissions scenario with reduced public support for carbon taxation and/or financing green transformation. Demand continues for cheaper more readily available fossil fuels and increasing levels of reliance on future technological innovation to manage social and ecological systems including by geo-engineering if required. Many challenges to climate mitigation with few challenges to adaptation.	<ul style="list-style-type: none"> Emissions double by 2050 compared to 2015 and peak in 2090 Technological challenges to change remain

Note: AR6 indicates that the policies currently implemented by the end of 2020 are projected to result in global warming of 3.2°C by 2100.

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Climate-related Risks and Opportunities

We maintain an Enterprise Risk Management (ERM) process to identify and assess risk factors via a multifunctional team across the business including internal stakeholders from business activities such as veterinary services, crematoriums and e-commerce in addition to Group Support office functions such procurement (including own brand products), finance and sustainability. Through the ERM process, significant risks that may adversely impact the business operations, current or future financial performance (including environmental sustainability risks) are assessed and reported to the Executive Committee.

Our Positive Pawprint Strategy is one of our key business initiatives and climate impact is one of the principal commitments within this.

We recognise that climate change is having a profound impact on the global ecosystems, economies and populations and is an extremely important issue for IVC Evidensia, with the potential to impact our business in the short, medium, and long term. This view has been confirmed by our materiality assessment carried out in 2022 which looked at relevant ESG topics that might significantly influence IVC Evidensia's sustainability performance in the next three to five years. Internal and external stakeholders identified climate change as one of the most important sustainability issues for IVC Evidensia.

We are committed to take action to reduce the climate impact of our own operations and those within our supply chain. As part of this, we are working towards reducing our GHG and have recently had our Science Based Targets (SBTs) validated by the Science Based Targets initiatives (SBTi). We are aiming to reduce our Scope 1 and 2 by 50% and Scope 3 by 30% by 2030 against our FY22 baseline. We are targeting to be net zero across Scope 1, 2 and 3 by 2050. Our approach to Net Zero will be in alignment with the SBTi Foundations for Science- Based Net Zero Target Setting in the Corporate Sector and we aim to submit our Net Zero target to the SBTi for validation in the coming years.

Supply Chain

The majority of our GHG footprint sits within Scope 3 and specially within the pharmaceutical supply chain. In FY23 we launched our Supply Chain Engagement Programme, working in partnership with our key suppliers and supporting

them to develop and work towards Science Based Targets. We are also aware that the potential chronic physical risks associated with suppliers who have a large water footprint, for example in pharmaceutical manufacturing, requires further review to fully understand the impacts of an intermediate or high emission scenario. This assessment will be undertaken in FY25.

Crematoriums

We are developing mitigation strategies across our business activities, and our crematorium business is a particular focus. Currently our crematoriums are reliant on fossil fuels (including natural gas and burning oil) and we are working towards identifying alternative lower or zero carbon technology, which can scale to meet our energy demand for this process.

Animal Health

The impacts of climate change on animal health will further increase and will transcend species and borders. Animals will continue to experience increased heat-related distress, the impacts of extreme weather events, and be impacted by the movement of parasites and water-borne and vector-borne diseases. The movement and, in some geographies, increase in these vector-borne diseases is a major consideration for our clinical teams will continue to monitor the trends closely to ensure that we adapt our patient care appropriately.

Nutrition

Climate driven food insecurity and supply instability is projected to increase with increasing global warming, interacting with non-climatic risk drivers including competition for land between urban expansion and food production.

With further warming, every region is projected to increasingly experience concurrent and multiple changes in climatic impact-drivers, for example, compound heatwaves and droughts, or flooding. This has a potential to impact upon our own brand nutrition range and we are working with suppliers to understand their own risk mitigation strategies as well as identifying opportunities for lower carbon protein sources.

We have used two of the SSP Pathways to further assess modelled scenarios for climate risks and opportunities, these are displayed in Table 2. The risks and opportunities are based upon the likelihood of the risk / opportunity occurring and the impact it would have on the business.

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Table 2 Modelled Scenarios for the Identification of Future Climate Risks and Opportunities

Area	Risk	Description	Warming	Short Term	Medium Term	Long Term
Transition Risks						
Policy and Legal	Increased pricing of GHG emissions	Emerging regulations implementation carbon pricing mechanisms and increasing the price and boundary of these mechanisms. IVC Evidensia will be increasingly exposed, particularly in the use of anaesthetic gas and fossil fuel power crematoriums in our operations and potentially exposed to additional supply chain costs being passed on.	1.8°C	H	H	H
			2.7°C	M	M	H
Technology	Transitioning to lower emissions technology	To reach IVC Evidensia's near-term Science Based Target (SBT) and proposed Net Zero target, investment will be required to decarbonise capital assets, from buildings, crematorium ovens to anaesthetic machines. In addition, there will be associated costs for training personnel on carbon efficient processes and business model adaptation to modified processes. Efficiencies currently available will be sufficient for the short-term but to achieve net zero, technological advances are required in low carbon cremation, anaesthetic gas capture and recycling and within our supply chain, particularly in pharmaceuticals, nutrition, and consumables.	1.8°C	H	H	H
			2.7°C	M	H	H
Market	Changing customer behaviour	As government, investor, employee and customer awareness and requirements for achieving decarbonisation grow there may be increased competition within the veterinary sector to offer lower carbon alternatives. Initially, we believe this may be seen in the petfood we place onto the market, both via our own brand and from other suppliers. Potentially this could be shown through an increased demand for meat alternatives within the pet food market.	1.8°C	M	H	H
			2.7°C	L	L	M
Physical Risks						
Acute	Increased severity of extreme weather events such as draughts, floods, heatwaves and coldwaves	Extreme weather events from flooding through to heatwaves have an ability to impact upon the >2,400 locations IVC Evidensia operate from. In some instances, weather events may hinder personnel from attending work, leave customers unable to reach our locations or make it difficult for our teams to reach patients due to flooding. Heatwaves also have a potential to impact upon operating theatres, onsite animal housing and those locations where we store pharmaceutical and nutraceutical products which are generally required to be stored below 25°C, a temperature which may commonly be exceeded in the future heatwaves and require the installation and operation of additional air conditioning units across our sites. Further analysis is required to understand IVC Evidensia's exposure to supply chain distribution and locations to extreme weather.	1.8°C	M	M	M
			2.7°C	M	H	H
Chronic	Longer term shift in climatic patterns	Long-term shifts in climate patterns may result in the physical damage of IVC Evidensia properties, impact business continuity or lead to financial investment in preventative measures. This includes the potential for sea level change and/or flood zone implications on operations. In addition, our pharmaceutical and nutraceutical supply chain are dependent upon water supply to ensure production and the potential of water scarcity and drought upon their operations may have a further supply chain impact on IVC Evidensia, especially in a higher emissions scenario.	1.8°C	-	L	L
			2.7°C	-	L	M
Transition Opportunities						
Market	Increased revenue / consultations from: <ul style="list-style-type: none"> • shift in the volume of infectious diseases • increased distribution of tick and fleas • extreme weather impacts on animals 	Climate has influenced, and will continue to influence, the occurrence and severity of infectious diseases in the natural and agricultural systems. This is likely to include an increase in vector-borne diseases, waterborne, windborne, and enteric infections. The distribution of ticks and fleas across Europe and Canada has the potential to increase, both in spatial distribution and duration, due to more temperate climates in areas like the Nordics and North America. Both of the above trends are likely to lead to increasing demand for veterinary advice. Extreme weather will likely see an increase in consultations directly from incidents such as burned paws, dehydration and heat stress (particularly in brachycephalic dogs).	1.8°C	L	L	M
			2.7°C	L	M	M

Note: H: High, M: Medium, L: Low
Short Term: 2030, Medium Term: 2040, Long Term: 2050

Date:

Metrics and Targets

We use a series of key metrics and targets to assess and manage our climate risks both internally and across our value chain. Two of our targets have been validated by the SBTi including our target to reduce absolute Scope 1 and 2 emissions by 50% and Scope 3 emissions by 30% (from a 2022 base year) by 2030. We also have a target specifically focused on the sourcing of renewable electricity, aiming for 85% of Group electricity to be from renewable sources by December 2023, rising to 100% by December 2025.

We have started our supplier engagement programme, focusing on our largest and strategic suppliers to help us achieve our targets. This includes engaging with suppliers to determine their Scope 1, 2 and 3 emissions and working with them as they set science-based reduction targets and take the necessary actions to achieve those targets.

We are at the start of our emissions reduction journey and our progress with delivering emissions reductions. Our full GHG inventory is provided in Table 3.

Table 3 GHG Inventory

Scope	Emissions (tCO ₂ e)	
	FY22*	FY23
Scope 1	41,267 tCO ₂ e	43,942 tCO ₂ e
Scope 2 (Market Based)	11,323 tCO ₂ e	6,819 tCO ₂ e
Scope 3	334,171 tCO ₂ e	392,922 tCO ₂ e
TOTAL	386,761 tCO₂e	443,683 tCO₂e

Note: * FY22 have been restated following the collection of additional data streams for Scope 1 and 2. In addition, Scope 3 have been restated following an update to the calculation methodology from QUANTIS to the USEPA EEIO Emission Factor Set and the inclusion of Scope 3 Category 12 End of Life Treatment of Sold Products.

We use the World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol Corporate Standard to guide our reporting of Carbon Dioxide equivalent (CO₂e) emissions. In addition, we utilise supporting standards including:

- GHG Protocol Scope 2 Guidance, 2015
- GHG Protocol Corporate Value Chain (Scope 3) Standard, 2011

We report emissions where we have Operational Control and report our emissions in CO₂e emitted across our financial year (1 October to 30 September).