Task Force on Climate-Related Financial Disclosures Report

2023

ALLIANCE

Contents

AN ALLIANCE OF PEOPLE, PARTNERS AND BRANDS, **WORKING TOGETHER TO ACHIEVE MORE**

Introduction

The COVID-19 pandemic has highlighted how important it is to have a resilient health sector. Similar to the pandemic, climate change could expose millions of people to health risks, adding pressure on economies and societies to act in a responsible manner. To ensure that Alliance Pharma ("Alliance") is well adapted to mitigate the risks arising from climate change, we welcome the recommendations of the FCA (Financial Conduct Authority) and are proud to report on our climate risks and opportunities in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) Framework.

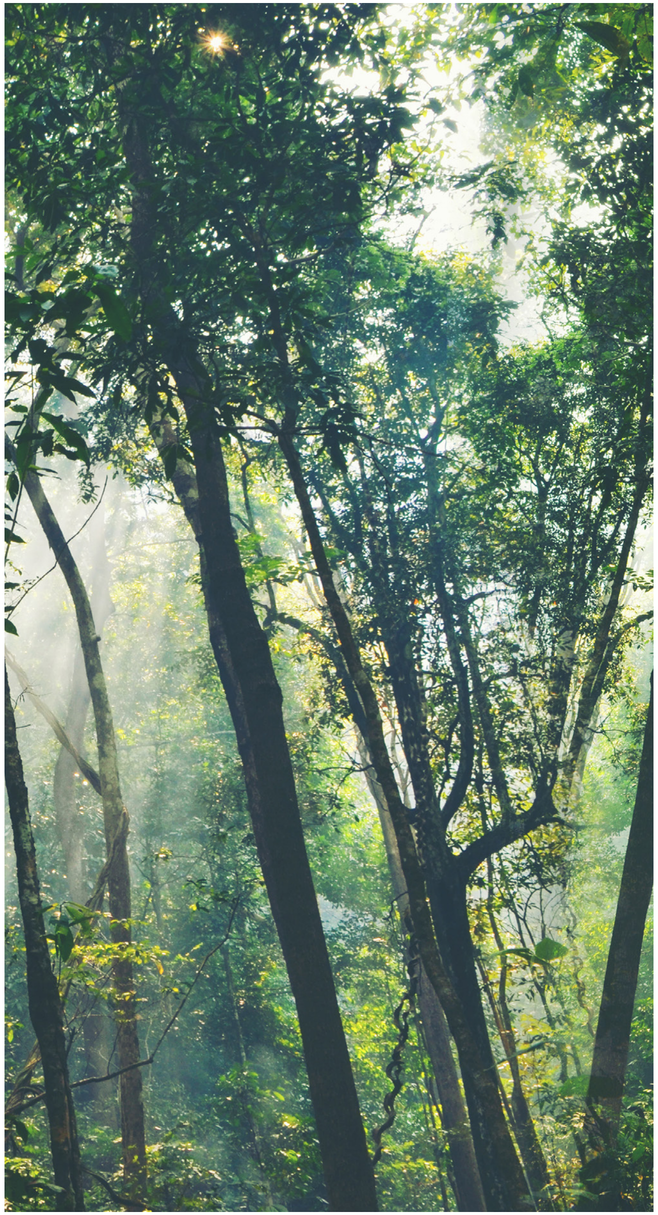
As this is our second year of TCFD reporting voluntarily, in 2023, we were delighted to have received the award for the best communication of Sustainability in the small-cap category from the IR Society. This demonstrates the Company's commitment to sustainability and to ensuring we effectively communicate our journey with all stakeholders.

Whilst there is no current requirement for us to comply with the mandatory requirements of TCFD, we welcome the recommendations and are pleased to report voluntarily on our progress in 2023, integrating climate considerations into our existing business strategy and risk management processes. This has been completed through the inclusion of extended voluntary disclosures in our 2023 Annual Report (pages 34-41) and the publication of this supplementary standalone TCFD Report. This report provides further details associated with the risks and opportunities for the business as a result of climate change and how we plan to address these risks.

During 2023, we worked with an external Environmental, Social and Governance (ESG) consultancy, Inspired ESG, to support us with evaluating our business from a TCFD perspective. We undertook the analysis and risk evaluation required to assess our exposure to climate-related risks, considering both our own operations and the locations of our key supply partners. As a result of this process and the associated climate risk review, we concluded that we should recognise the impact of climate change as a principal risk, and the impact of climate change was therefore added to our Principal Risks and Uncertainties coverage in 2023. More information can be found on pages 49-57 of our 2023 Annual Report.

In 2022 and 2023, we included our key supplier sites in our climate scenario analysis. In 2023, we have assessed climate related risk against our 25 largest contract manufacturers (CMOs) and our 11 Distributors. This will allow us to reduce the level of the overall risk climate change might pose to our business through our supply chain. We also considered the impact of disruptions to global supply chains due to the war in Ukraine, in our assessment of both physical and transition risks. This process provided insights into the resilience of the business and supply chain to climate change. In 2023, we continued to deepen our relationships with our partners, to support the mutual dissemination of knowledge around climate risks and opportunities.

This allows us to better understand their emissions management strategies as a precursor to developing our Scope 3 emissions targets.



About the TCFD

We are aware that to reduce the impact of climate change, we must limit global warming to well below 2°C (above pre-industrial times) by 2100, as outlined in the Paris Agreement. To help achieve this ambition, the UK Government is committed to reaching Net Zero carbon emissions by 2050. This relies on all sectors of the economy to support them on this journey. As part of the government's effort, The Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) requires companies to assess and understand the financial impact of climate change on their business. Whilst we are currently outside the scope of the mandatory disclosure requirements, we consider it helpful to our shareholders and other stakeholders to provide these disclosures on a voluntary basis.

Considering the TCFD guidance, we understand that a range of challenges may impact our operations because of climate change. To ensure our long-term business strategy remains resilient to these challenges, we first must understand what the risks. Alliance fully complies with the TCFD framework which follows 11 recommended disclosures, spanning four themes, representing core business elements: Governance, Strategy, Risk Management and Metrics and Targets.

This framework supports Alliance to identify and assess the impact of climate-related risks and opportunities on our business and communicate our ability to manage this impact to our stakeholders.

Developing our TCFD reporting ensures that climate change is considered throughout our main business functions and that we can effectively communicate its impact on our business to our stakeholders.
In 2023, as in previous years, we partnered with an external ESG consultancy, Inspired ESG, to support us in the identification and assessment of climate-related risks and opportunities that are relevant for our business operations in the short (2023-2027), medium (2028-2037) and long-term (2038-2052).

Climate change presents two different types of risks to businesses: physical risks and transition risks. Physical risks are the risks associated with the physical impacts of climate change, which are grouped into acute (event-driven) and chronic (long-term change in weather patterns). Transition risks are the risks associated with the transition to a decarbonised economy.

Transition risks span across the themes of policy and legal; market; reputation; and technology. The climate-related risks and opportunities we have identified are detailed on pages 16 and 17 in the Strategy section. The processes for identifying, assessing, and addressing climate-related risks and opportunities can be found on page X in the Risk Management section, along with details of risk mitigation and opportunity management. We have outlined the methods we use to measure and manage our impact in the Metrics & Targets section of this report, starting on page 20.

This disclosure outlines our approach to mitigating and addressing physical risks (the physical impact of climate change, such as flooding), and transition risks (those associated with the transition to a decarbonised economy). This financial year, we conducted repeated our climate scenario analysis to effectively understand the impact of future projections of our changing climate.

About Us

Alliance is a growing consumer healthcare company. We aim to empower people to make a positive difference in their health and well-being, by making our trusted and proven brands available worldwide.

We deliver organic growth through investing in our priority brands and channels, in related innovation, and through selective geographic expansion, to increase the reach of our brands. Periodically, we may enhance our organic growth through selective, complementary acquisitions.

Headquarters in the UK, the Company employs 202 people based in locations across Europe, North America, and the Asia Pacific region. By outsourcing our manufacturing and logistics we remain asset-light and focused on maximising the value we can bring, both to our stakeholders and to our brands.

Our Vision

To be a high-performing consumer healthcare company built on a portfolio of leading, trusted and proven brands.

Our Purpose

We empower people to make a positive difference to their health and well-being.

Our Values

Our PRAISE values are at the heart of how we work together; they are central to what makes Alliance unique.

- Performance
- Realism
- Accountability
- Integrity
- Skill
- Entrepreneurship

More detail on our values can be found on pages 5, 6 and 7 of our 2023 Annual Report.

Our Business Strategy

During 2023, we have continued to evolve into a predominantly consumer healthcare company. Our strategy focuses on the priority categories of helping damaged skin and supporting healthy ageing.

More information on our strategy can be found in our 2023 Annual Report on pages 16-18.

Our Business Model

The platform we have created across Europe, the Middle East and Africa (EMEA), Asia-Pacific (APAC) and Americas (AMER) enables us to both drive the growth of our existing brands and to selectively acquire and integrate new assets with ease. This is how we create value and execute our growth strategy.

To enable the successful delivery of our strategy we have identified four priorities for the business over the next three to five years.

- Brand growth: We will build fast-growing brands where consumer choice is driven by the positive difference we make.
- Commercial execution: We will increase the impact of our commercial execution with a major focus on ecommerce.
- Strategic supply partnerships: We will transform our supply chain by investing in a network of strategic partnerships.
- Organisational agility: We will continue to cultivate an agile organization and culture that delivers our growth.

Statement from Nick Sedgwick, Group Chief Executive Officer

"I am pleased to introduce Alliance's second voluntary standalone TCFD report for the year 2023. This report showcases the advancements we have made in understanding and addressing the impact of climate change on our operations.

Environmental sustainability remains a cornerstone of our strategic focus as we continue to set and pursue targets for reducing our carbon emissions an deepen our comprehension of the emissions beyond our direct control. Acknowledging the significant risks and opportunities posed by climate change, we have dedicated substantial effort this year to refining our understanding of these dynamics. The scenario analyses and risk assessments we undertook have been instrumental in highlighting the potential business risks associated with climate change and identifying pathways for adaptation and mitigation.

Despite the challenges we faced in 2023, our resolve to minimise the environmental impact of our operations has never been stronger. We have made significant strides in enhancing our climate disclosures, data collection processes and overall sustainability practices.

We are proud of our progress and remain dedicated to achieving our long term sustainability goals. Thank you for your continued support as we strive to make meaningful contributions to building a resilient, sustainable future for Alliance."

Nick Sedgwick
Group Chief Executive

Our Progress

2023 progress

- Conducted climate scenario analysis to assess the impact of climate-related risks and opportunities on our operations, 25 largest contract manufacturers (CMOs) and our 11 Distributors.
- Calculated our full 2023 carbon balance sheet, covering Scope 1, 2 and 3 carbon emissions.
- Delivered a 100% reduction in our Scope 1 emissions in 2023 compared to 2022.

Focus for FY2024:

- Operationalise the solar PV panels at our Chippenham HQ site.
- Continue improving methodologies to increase the accuracy of emissions measurement across all categories.
- Assess the feasibility of setting waste and reduction targets.
- Collect data to further understand the breakdown of our packaging materials.
- Develop a sustainable packaging strategy with appropriate KPIs
- Publish a travel policy for employees to encourage more sustainable modes of transport

Our Net Zero Journey

2018 – Baseline year for calculating Scope 1 and 2 emissions.

2019 – Energy efficiency and environmental improvements implemented at our Chippenham office HQ.

2020 - Energy efficiency and environmental improvements implemented at our Chippenham office HQ.

2021 - Calculated our full carbon footprint for the first time using 2020 data.

2022 – Set absolute targets to reduce our Scope 1 and 2 carbon emissions.

2023 – Began installation of solar PV at our Chippenham HQ site (subject to receipt of all required consents).

2023 – Set a Scope 3 emission reduction target.

2024 – Solar PV at our Chippenham HQ site will be fully operational.

2025 - Interim target, with a 65% absolute reduction in Scope 1 and 2 carbon emissions compared to a 2018 baseline.

2030 – Net zero target (absolute 90% reduction) for Scope 1 and 2 carbon emissions from a 2018 baseline.

2030 – A 25% reduction in Scope 3 emissions by 2030 from a 2022 base year.

2044 – Net zero (emissions equal to your carbon footprint are removed from the atmosphere) target for Scope 3 carbon emissions.

Governance

Disclose the organisation's governance around climate related risks and opportunities

Climate governance

Organisations are recommended to establish and disclose appropriate internal governance processes for climate-related risks and opportunities.

Disclosure recommendations:

- **Describe the Board's oversight of climate-related risks and opportunities.**
- **Describe management's role in assessing and managing climate-related risks and opportunities.**

Climate governance has been integrated into our existing corporate governance structures, with the Board having overall responsibility for Alliance's response to climate change and providing oversight on climate-related risks and opportunities, ensuring suitable management processes are integrated into future financial planning, business strategy and operations.

Whilst climate-related performance metrics are not currently linked to Executive remuneration, this is an area of focus for 2024. More detail is provided in the ESG Committee report on pages 83-85 of the 2023 Annual Report and Accounts.

Board-level Oversight

The Board's role is to provide oversight on climate-related risks and opportunities, ensuring suitable management processes are integrated into future financial planning, business strategy and operations. The Board is responsible for signing off on carbon reduction targets and, ultimately, our journey to net zero. The Board ensures Alliance's ESG, and climate action is progressing in line with stakeholder expectations, and in 2023 ESG was discussed four times in Board meetings. Peter Butterfield (CEO) is the Board Director responsible for sustainability and ensuring effective communication between stakeholders, the Board, management, and employees around our climate action. In 2021, we developed our Sustainability Framework, providing guidance on our key focus areas. More information on our Sustainability Framework and the progress we have made in delivering against this in 2023 can be found on pages 28-29 of our 2023 Annual Report and in our Online Sustainability Report.

To support the Board in fulfilling their climate-related duties our third-party ESG consultancy, provided a capacity-building session in December 2023,. This session covered the climate-related risks identified in the workshops, and key next steps in climate reporting and climate mitigation initiatives. Through this presentation, the Board was able to review and approve climate-related risks for 2023. There is currently no link between Board remuneration and climate change, however this will be considered in FY24.
To fulfil its oversight obligation and ensure appropriate attention is dedicated to sustainability, including climate change, the Board established a specific ESG Board Committee in 2021. This has formalised our approach to sustainability and strengthened our governance processes. More information about the ESG Committee and its activities throughout the year can be found on pages 83-85 of our 2023 Annual Report.

The Board of Directors

Table 1: : Overview of the Group's Board of Directors

<table>
<tr><th>Board Member</th><th>Responsibility</th></tr>
<tr><td>Camillo Pane
Independent Non-executive Chairman
Camillo joined the Board of Alliance and was appointed Chair on 19 February 2024</td><td>• Primary responsibility for leading the Board and facilitating the effective contribution of all members to meetings.
• Maintains a strong focus on governance, including our developing climate governance structures, ensuring good practice is embedded in the business, with good flows in communication and reporting.</td></tr>
<tr><td>Nick Sedgwick
Chief Executive Officer
Nick joined Alliance in May 2024</td><td>• Oversees the management of climate-related risks and opportunities. Throughout his career, Nick has worked in multiple countries, always delivering high revenue growth through consumer-centric strategies, high performance teams and excellence in execution.</td></tr>
<tr><td>Andrew Franklin
Chief Financial Officer
Andrew joined Alliance in September 2015</td><td>• Ensures climate change is considered in long-term business strategy and financial planning.
• Ensures Alliance complies with current and emerging ESG regulations because of climate change.</td></tr>
<tr><td>Kristof Neirynck
Independent Non-executive Director
Kristof joined Alliance in December 2021</td><td>• Chairs the ESG Committee to ensure the Board fulfils its role of oversight and responsibility for climate-related issues.</td></tr>
<tr><td>Richard Jones
Independent Non-executive Director
Richard joined Alliance in January 2019</td><td rowspan="4">• Responsible for making informed decisions on Alliance's sustainability framework, including the Scope 1 and 2 carbon reduction targets.
• Constructively challenges to help develop and execute the agreed strategy.
• Satisfy themselves as to the robustness of the internal controls of climate-related risks and opportunities.</td></tr>
<tr><td>Martin Sutherland
Independent Non-executive Director
Martin joined Alliance in February 2023</td></tr>
<tr><td>Richard McKenzie
Independent Non-executive Director
Richard joined Alliance in November 2023</td></tr>
<tr><td>Eva-Lotta Sjöstedt
Independent Non-executive Director.
Eva-Lotta joined Alliance in November 2023</td></tr>
</table>

ESG Committee

To support the Board in managing and overseeing climate change, the Board established an ESG Committee in 2021. In May 2023, the ESG Committee was restructured, and Kristof Neirynck was appointed as the ESG Committee Chair. Three independent Non-Executive Directors, who are members of the Board, served on the ESG Committee. In addition, the CEO, COO and Head of Investor Relations and Corporate Communications, who is also the Corporate Sustainability Lead, were invited to attend the Committee. Previously, in 2022, the ESG Committee comprised all Board members and was Chaired by the Chair of the Alliance Board.

The ESG Committee is responsible for setting the Company's overarching sustainability strategy and identifying relevant ESG priorities that most significantly impact the Company, including those relating to climate change. The Committee is responsible for ensuring that climate change priorities are anchored as an integral part of the Company's business strategy.

The ESG Committee and Board consider climate change when guiding the business strategy and developing risk management procedures. Risk assessments of climate risk impacts, such as flooding, have been taken as part of our ESG reviews. In addition, Alliance now aims to prioritise the transporting its products by sea rather than air to minimise its carbon footprint and climate impact.

The ESG Committee has delegated management responsibility for climate-related risks and opportunities to three members of the Senior Leadership Team (SLT), supported by the Corporate Sustainability Lead. Collectively, they ensure the development and implementation of the Company's sustainability strategy, including climate action and TCFD reporting. Three SLT members sit as observers on the ESG Committee.

During the financial year, the ESG Committee held four scheduled meetings and provided quarterly updates to the Board regarding its activities and progress against goals and targets. Progress has been made in several areas during the financial year, with key activities focused on the scoping and resourcing of sustainable packaging, net zero strategy and roadmap, climate risks, Task Force on Climate-Related Disclosures (TCFD), carbon action planning, employee engagement, supply chain oversight and responsible partnering. Climate Change is a standing agenda item at all ESG Committee meetings.

Duties of the Committee

- To ensure that the views of stakeholder groups on ESG and climate-related matters are solicited and understood to inform the Company's long-term strategic decisions.
- To identify the relevant ESG and climate-related priorities that most significantly impact the Company and its stakeholders, its reputation and public interest role.
- To assist in defining and executing the Company's strategy and to agree on the annual plan and targets relating to climate-related matters.
- To review the Company's performance against its annual plan and ESG targets, initiatives and commitments, including its journey to net zero Scope 1,2 and 3.
- To guide the Company's ESG communication strategy.

The Committee's key climate-related ESG priorities in 2023 have been:

- Developing a net zero strategy and roadmap that includes a Scope 3 emissions target.
- Presenting mitigation steps to climate risks.
- Scoping a Sustainable packaging plan.

ESG Committee continued

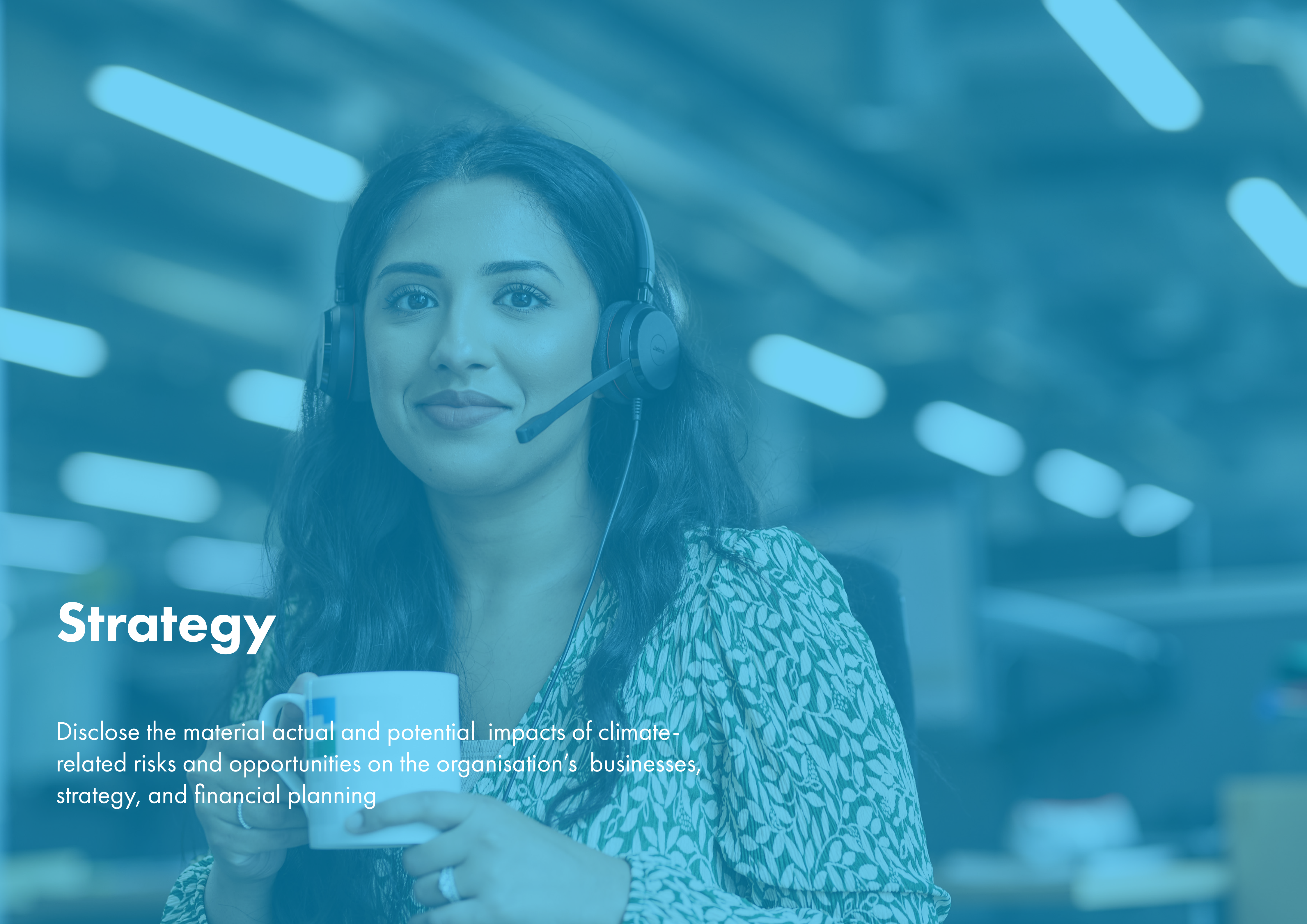
Throughout the financial year, members of the ESG Committee, SLT and wider management team worked with our third-party ESG consultancy, to identify and assess the impact of climate change on our operations. In November 2023, two Climate Risk Management Workshops were held for members of our Facilities Team, Supply Chain Leads and SLT. These workshops helped to build internal capability across all levels within the organisation associated with climate change and its impacts.

Following the workshops, we held follow-up calls with team members to collect additional information from across the departments, mainly regarding supplier sites. Data was collected to support the identification of climate-related risks and opportunities in accordance with the TCFD recommendations. Processes and procedures across risk management, facilities, supply chain and finance were analysed to assess how resilient our business operations would be to the impact of climate change over time. The Climate Risk Register will be reviewed and maintained throughout FY24, considering climate scenario analysis, with key information provided to the Board when necessary.

As an outcome of the workshops, we developed a Climate Risk Register, which will be maintained annually and overseen by SLT, to ensure climate risks and opportunities are accurately updated, monitored, and reported.

Figure 1: Structure of Climate Risk Management.

The Alliance Pharma Board
The ESG Committee
Senior Leadership Team (SLT) supported by the Corporate Sustainability Lead



Strategy

Disclose the material actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning

Climate change strategy

It is recommended that organisations disclose the nature and impact of their material climate-related risks and opportunities, as well as the resilience of their strategy under each climate scenario chosen.

Disclosure recommendations:
- **Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.**
- **Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.**
- **Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.**

Alliance has a clear strategy to deliver sustainable business growth, whilst maximising the value of our core Consumer Healthcare business. With the increased risk of our operations potentially being impacted by climate change, we welcomed the recommendations of the TCFD and analysed the impact that global warming may have on our operations and growth. In 2023, for the third year, we continued to embed the recommendations of the TCFD, identifying climate-related risks that may impact the business and the climate-related opportunities on which we aim to capitalise. Although this is not a mandatory disclosure for Alliance, this forward-looking analysis has helped us consider sustainability in our long-term planning, to ensure that our business strategy remains resilient to the impacts of climate change.

We used our established risk management framework, to assess and rate climate change risks.

Climate-related risks were scored using Alliance's business risk rating system for likelihood (likelihood of the risk occurring) and impact (the potential or actual impact that the risk may have on the business) (Table 2). The impact of climate-related risks on the revenue of the business will be fully considered in FY24, where possible.

Table 2: Scoring system used to identify the likelihood and impact of climate-related risks for the business.

	LIKELIHOOD		IMPACT
5	Already occurring	5	Highly significant / Over £3.5M
4	Very likely	4	Material / £2.5M - £3.5M
3	Likely	3	Medium / £1.5M - £2.5M
2	Low	2	Small / £0.5M - £1.5M
1	Remote	1	Negligible / Less than £0.5M

Our climate risk management framework identified the climate-related risks and opportunities, which could potentially impact our business. To strengthen this process, we utilised climate scenario analysis, investigating the resilience of our business strategy across differing future projections of climate events. Climate scenario analysis was conducted for all seven of our operational sites, allowing Alliance to assess the impact on our future operations.

As a Consumer Healthcare company, we rely heavily on third-party partners, such as our distributors, contract manufacturers (CMOs) and logistic service providers (LSPs). Any climate-related impacts on their operations, could potentially present a significant risk to our business. Therefore, we widened our assessment of physical risks by conducting a climate scenario analysis on 25 of our largest supplier sites, representing 83% of total supplier spend, and our 11 key Distributor sites, chosen based on financial spending. This allowed us to begin to understand how climate change may impact our value chain.

Our Climate Scenarios

To analyse the impact of climate risks in accordance with the TCFD guidance, we employed three climate change scenarios, each depending on the action that countries, businesses and the public will take to respond to global warming. The three scenarios are described in Table 3.

Several established international frameworks were used to develop these scenarios. These included the International Energy Agency's World Energy Models ("WEM"), the Shared Socioeconomic Pathways ("SSPs"): Climate Natural Catastrophe Damage Model, the Co-ordinated Regional Climate Downscaling Experiment ("CORDEX") forecasts, Central Banks and Supervisors Network for Greening the Financial System ("NGFS") and Integrated Assessment Models ("IAM").

While climate models offer detailed insights into potential futures based on different emission pathways, their accuracy is not guaranteed. Notably, certain climate models may either exaggerate or underestimate the significance of climate variables in the climate system, such as downwelling pressure, wind, clouds, temperature, precipitation, ocean currents, sea ice, permafrost, and others. Furthermore, disparities between model predictions and actual observations are common when assessing these elements or features.

Table 3: The three warming pathways used in the climate scenario analysis.

Scenarios warming pathways		
Below 2°C (Proactive scenario)	**Between 2-3°C (Reactive scenario)**	**Above 3°C (Inactive scenario)**
In this scenario, global efforts to mitigate climate change are substantial. Governments, businesses, and the public unite their efforts to limit global warming to below 2°C, compared to pre-industrial levels. Many organisations follow the Science-Based Targets Initiative and the Paris Agreement to achieve net zero emissions by 2050. Governments work together to put strict laws and regulations into effect that will lower carbon emissions. Every company aspires to set the bar high for climate action to cut emissions. This planned strategy for addressing climate change produces a structured process at an additional cost to businesses. Although there are significant transition risks in this case, the physical hazards of climate change will be less severe.	This scenario is the result of the COP26 policies and accords. It foresees a postponed response to climate change, resulting in the introduction of measures in an unplanned manner to cut global emissions. In the near term, business as usual continues, but due to the delayed response, there are higher levels of transitional risks and some physical risks in the medium term. Governments will heavily rely on technology to mitigate the effects of climate change. Only the most dedicated enterprises will take real action.	In this scenario, business as usual is maintained, where limited climate action is taken. Global emissions will increase until 2040, causing a rise in global temperature of more than 3°C. The IPCC (Intergovernmental Panel on Climate Change) predicts that multiple climate tipping points will be met. This will lead to the highest levels of physical risk. Governments and organisations will eventually feel pressure to act due to the physical risks brought on by the inevitable rise in temperatures. As a result, rushed and disorganised policies will be implemented in the long term.

Our Climate Scenarios continued

The following list outlines the time horizons Alliance used to identify when a risk or opportunity will have the most significant impact on the business. These timeframes were chosen to align with the UK's target to be Net Zero by 2050.

- **Short (2023-2027):** The greatest changes would be in the proactive scenario over this period.
- **Medium (2028-2037):** Physical impacts would start to be experienced, and policies would tighten in the proactive/reactive scenarios.
- **Long (2038-2052):** The greatest physical impacts would be experienced in this period in the inactive scenario.

The results from the climate scenario analysis were presented to our Facilities Team, Supply Chain Leads Team, Corporate Sustainability Lead, Head of Investor Relations and SLT in our Climate Risk Management Workshops in November 2023, to determine the likelihood and impact of each potential climate-related risk. Through this process, we identified nineteen climate-related risks and three climate-related opportunities. The risks that were deemed to have a high impact and are material to the business are those which have an impact score of 4 or higher and a potential associated cost of £2.5M or more. The impact of this risk on business strategy and financial planning will be further considered in FY24.

Of the nineteen risks, one was deemed material to the business (increased frequency and severity of flooding). This material risk is outlined in Table 4, with the climate opportunities provided in Table 5.

Transition Risks

Our business operating expenditures may increase as we experience higher compliance costs, increased resource requirements and supply chain shifts to meet the demand for sustainable materials. Other costs to the business include a potential carbon tax, increased capital expenditures and impacted capital availability as investors' ESG expectations are heightened. Alliance may be subject to transition risks spanning across policy & legal, market, reputation and technology however, in 2023, we estimate a negligible financial impact and therefore classified transition risk as low.

Physical Risks

We have assessed the impact of physical risks across our office locations, as well as the locations of our key CMOs and distributors. As we can conduct most of our business functions remotely, the impact of physical risks on our direct operations is relatively low. Physical risks may cause disruptions to our supply chain, given their global footprint, as well as the global nature of our logistics activities, both upstream and downstream. Physical risks pose the biggest threat to our value chain in the above 3°C scenario in the long term, where global warming has far surpassed the key tipping point beyond which the chances of extreme flooding, drought, and wildfires will increase dramatically.

Opportunities

At Alliance, we are committed to reducing our impact on the environment and supporting the transition to a decarbonised economy. We recognise that a below 2°C scenario may present opportunities that we may be able to capitalise on. We aim to continue to invest in energy efficiency technology across our sites (where possible) to reduce our direct emissions in line with our targets. Reduced energy usage will result in reduced costs to the business.

The climate-related metrics that are used to measure and manage our climate-related risks and opportunities can be found in the Metrics and Targets section of this report.

Climate-related risks

Table 4: Physical risks identified in 2023 that may impact the business.

Area	Climate-related risk	Scenario	Time Horizon	Impact	Likelihood	Impact description	Mitigation description
Acute	Increased frequency and severity of flooding	>3°C	Medium – Long Term (2028-2052)	5 – Highly significant/ Over £5.5M	Medium	• A total of five of Alliance's Offices, 20 CMOs and nine Distributor sites are in potential high flood-risk zones. • There is a high flood around the Largo, Florida site (flooding has previously been seen at this site). • Flood events could lead to a closure of sites, which will result in a loss of revenue. • Flooding can damage property and equipment, leading to an increase in renovation, repair and maintenance costs. • Flooding could impact critical transport routes, resulting in an increase in maintenance costs, along with supply chain and customer delays. • Building standards such as the Building Research Establishment Environmental Assessment Method (BREEAM) may be introduced to mitigate flood risk which will increase capital costs. • Damages may require stock to be replaced, leading to an increase in capital spending. • Manufacturing sites may be impacted, which could lead to potential delays or pressure on sourcing materials. Significant damage or disruption to a key product supply chain could impact Alliance's revenue. Indirect impacts: • Transport networks around the site may be inundated, which can prevent employees from reaching the site and hamper product distribution to customers, leading to a reduction in revenues and productivity. • Research shows that sites in or around high flood risk zones are expected to see a 29% rise in insurance premiums by 2040 without climate action. • Flash floods have occurred in Bangkok.	• This risk is low for Alliance's direct business operations as Alliance has the capacity to work from home and continue daily business operations. • This risk is higher within Alliance's supply chain, where manufacturing may be impacted, with potential delays or pressure on sourcing materials. • In response to supply chain disruption caused by the global pandemic and, subsequently the war in Ukraine, Alliance introduced several mitigation actions, to reduce the impact of disruptions and build a more resilient supply chain. • Longer lead times and increased safety stock, ensure that a delay because of a one-off event will have less of a direct impact on Alliance's operations. • Alliance has increased transparency and communication throughout its supply chain, with top suppliers sharing their Business Continuity Plans (BCPs), many of which include mitigation strategies for flooding, storm surges and typhoons. • Alliance will continue to conduct annual climate scenario analysis across its operations and supply chain to monitor this risk. • Alliance has conducted site-specific flood risk assessments and flood impacts at the Chippenham HQ office is monitored for long term impacts. • Alliance maintains appropriate business interruption insurance cover. • Alliance has flood defences installed in its Largo facility.

Climate-related risks continued

Table 5: Climate-related opportunities

Opportunity Area	Opportunity	Time Horizon	Scenario	Potential Impact
Energy resources	Use of lower-emission sources of energy.	Short – Medium Term (2023-2037)	<2°C 2-3°C	• Reduction in operating expenses as a result of increased efficiency (energy costs).
Technology and changing customer behaviour	Consumer shift towards sustainable designs and solutions presents a significant market opportunity.	Short – Medium Term (2023-2037)	<2°C	• Increased revenue generation from an increase in demand for sustainable products and services.
Reputation	Champion Alliance as a market leader in the consumer healthcare industry.	Short – Medium Term (2023-2037)	<2°C 2-3°C	• Increased revenue generation as a result of (stakeholders) customers being attracted to the business's proactive agency regarding climate change.

Risk Management

Disclose how the organisation identifies, assesses
and manages climate-related risks

Embedding climate into our risk management framework

It is recommended that organisations disclose their processes for identifying, measuring and managing climate-related risks, as well as describing how these processes are integrated into the organisation's overall risk management.

Disclosure recommendations:
- Describe the organisation's processes for identifying and assessing climate-related risks.
- Describe the organisation's processes for managing climate-related risks.

At Alliance, we have an established and comprehensive risk management framework, which informs how business risks are identified, rated, and monitored. Through our TCFD programme and with the support of our third-party ESG consultancy, we have created a standalone climate risk management framework, to identify and assess our climate-related risks and opportunities.

The creation of our climate risk management framework consists of four key steps:

1. Identify

In November 2023, we conducted a climate scenario analysis, to identify climate-related risks and opportunities for the business and our key suppliers and distributors. New risks were considered, and we identified nineteen climate-related risks, one of which was deemed material to the business, and three climate-related opportunities.

2. Assess

The impact of each risk and opportunity was assessed across three scenarios (<2°C, 2-3°C and >3°C) and three-time horizons: short-term (2023-2027), medium-term (2028-2037) and long-term (2038-2052). This enabled us to understand where the impact for Alliance would be highest. In 2023, a total of two Climate Risk Management Workshops (November 2023) were held for our facilities team, supply chain leads and SLT, to understand the impact of current climate-related risks across the business, which was used to support our analysis. This was followed by a presentation to the ESG Board Committee in December 2023.

3. Appraise

After assessing the impact of each risk, we appraised a range of risk management options. During the Climate Risk Management Workshops, we evaluated the effectiveness of the current risk mitigation actions for each climate-related risk and opportunity. For example, a key supplier site had been flooded before and flood defences were implemented, reducing the risk at this site. We developed a climate risk management framework, to ensure our business operations remain resilient to climate change.

4. Address

Our main aim is to ensure that we effectively manage and minimize the impact of climate risk on our operations. In 2022, climate change was determined as a principal risk to the business after being reviewed by the Audit and Risk Committee.

In 2023, we engaged with our key suppliers and distributors to understand how they are mitigating the potential impacts of climate change. Key distributors, such as a distributor located in Florida, US, have implemented flood defences around their buildings. We plan to continue reviewing our climate-related risks and opportunities annually, to monitor the performance of our mitigation plans and reassess the impact accordingly.

The SLT, who are responsible for climate risks in Alliance, will review and update our Climate Risk Register to ensure that any risks, opportunities, or mitigation steps taken are reported with accuracy and transparency.

Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities

Measuring and managing our climate impact

Aligning with the TCFD recommendations, in this section we:

- Present our roadmap to become net-zero.
- Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
- Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.
- Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and the related risks.

We have continued to focus on developing our sustainable business strategy during 2023, under the direction of the ESG Committee. We are committed to reducing our environmental impact, while delivering sustainable business growth. We assess our sustainability performance and resilience against climate-related risks and opportunities through various metrics including carbon emissions, packaging and supply chain environmental impact. Our external ESG consultancy has supported us to improve our environmental performance and data collection processes.

Calculating our Carbon Emissions

As part of our wider sustainability programme, we are committed to reducing the carbon emissions associated with our business operations. We appreciate that understanding our carbon footprint is the first step in achieving this goal. We have reported our UK Scope 1 and 2 carbon emissions since 2018, as required by the Streamlined Energy and Carbon Reporting (SECR) requirements. In 2021, we began developing our carbon action plan. This included widening our data collection processes, to include the quantification of our Scope 3 carbon emissions as well as our global Scope 1 and 2. The carbon emissions are categorised as follow:

- **Scope 1:** Consumption and emissions related to direct combustion of natural gas, fuels utilised for transportation operations, such as company vehicle fleets.
- **Scope 2:** Consumption and emissions from indirect emissions, relating to the consumption of purchased electricity in daily business operations.
- **Scope 3:** Consumption and emissions relate to emissions resulting from sources not directly owned by us. This relates to grey fleet (business travel undertaken in employee-owned vehicles) only.

Alliance's total greenhouse gas location-based emissions for 2023 were 59 tCO_2e from Scope 1 and 2 and 50,125 tCO_2e from Scope 3. Scope 1 and 2 represented 0.1% of the total carbon footprint, with Scope 3 representing the remaining 99.9%. The increase in emissions was mainly driven by an increase in Scope 3 Category 1 (Purchased Goods and Services) and Category 6 (Business Travel) emissions, which increased by 25% and 23% respectively. The most significant emissions source is from the embedded emissions in goods and services that Alliance Pharmaceuticals Limited purchases - this Scope 3 category accounted for 85.8% of the company's total carbon footprint.

No external assurance has been provided for emissions calculations.

Measuring and managing our climate impact continued

Table 6: Scope 1, 2 and 3 location- and market-based emissions.

Emission Type	2023 Calculated Emissions (tonnes of CO_2e)	2022 Calculated Emissions (tonnes of CO_2e)	Emissions % change between 2023 and 2022	2021 Calculated Emissions (tonnes of CO_2e)	2020 Calculated Emissions (tonnes of CO_2e)	2018 Calculated Emissions (tonnes of CO_2e)	Emissions % change between 2023 and 2018 baseline	2023 Calculated Emissions (tonnes of CO_2e)	2022 Calculated Emissions (tonnes of CO_2e)	2021 Calculated Emissions (tonnes of CO_2e)	2020 Calculated Emissions (tonnes of CO_2e)	2018 Calculated Emissions (tonnes of CO_2e)
	Location-based	*Location-based*	*Location-based*	*Location-based*	*Location-based*	*Location-based*	*Location-based*	*Market-based*	*Market-based*	*Market-based*	*Market-based*	*Market-based*
Scope 1 (direct)	**0**	**2**	**-100%**	**2**	**64**	**7**	**-100%**	**0**	**2**	**2**	**-**	**-**
Scope 2 (indirect)	**59**	**50**	**+18%**	**68**	**89**	**107**	**-44.9%**	**13**	**52**	**16**	**-**	**-**
Scope 3 (indirect)	**50,125**	**47,973**	**+4%**	**37,648**	**32,243**	**-**	**-**	**50,125**	**47,973**	**37,648**	**-**	**-**
1. Purchased Goods & Services	43,034	34,345	+25%	-	-	-	-	43,034	34,345	-	-	-
2. Capital Goods	121	124	-2%	-	-	-	-	121	124	-	-	-
3. Fuel-related emissions	17	17	-	-	-	-	-	17	17	-	-	-
4. Upstream Transportation	2,894	6,962	-58%	-	-	-	-	2,894	6,962	-	-	-
5. Waste Generated in Operations	1	1	-	-	-	-	-	1	1	-	-	-
6. Business Travel	1,014	825	+23%	-	-	-	-	1,014	825	-	-	-
7. Employee Commuting	376	499	-25%	-	-	-	-	376	499	-	-	-
8. Upstream Leased Assets	35	42	-17%	-	-	-	-	35	42	-	-	-
9. Downstream Transportation and Distribution	2,433	4,972	-51%	-	-	-	-	2,433	4,972	-	-	-
10. Processing of Sold Products	N/A	N/A	-	-	-	-	-	-	N/A	-	-	-
11. Use of Sold Products	N/A	N/A	-	-	-	-	-	-	N/A	-	-	-
12. End-of-life Treatment of Sold Products	199	187	+6%	-	-	-	-	199	187	-	-	-
13.Downstream Leased Assets	N/A	N/A	-		-	-	-	-	N/A	-	-	-
14.Franchises	N/A	N/A	-	-	-	-	-	-	N/A	-	-	-
15.Investments	N/A	N/A	-	-	-	-	-	-	N/A	-	-	-
Total	**50,184**	**48,025**	**+5%**	**37,627**	**32,396**	**114**	**-**	**50,138**	**48,026**	**37,575**	**-**	**-**
Emission intensity*	**275**	**279**	**-**	**128**	**128**	**-**	**-**	**275**	**279**	**128**	**-**	**-**

*Defined as tCO_2e per £m of revenue.

Scope 1 and 2 emissions

Location-based

This method calculates emissions associated with fuel and electricity consumption by using UK average emissions intensities.

Our location-based Scope 1 and 2 emissions for 2023 were 59 tCO_2e. We aim to reduce our Scope 1 and 2 emissions annually, for example reductions in our UK emissions will be driven primarily by electricity generation at our Chippenham HQ, for which proposals have been submitted and the necessary planning consents are awaited.

Market-based

This method calculates emissions associated with fuel and electricity consumption by using the supplier or contract specific emissions factor. Reductions in emissions at our international sites (where we control the supply) will be driven primarily by switching to renewable tariffs. We also expect to benefit from small reductions in consumption, driven by energy-saving measures, through increased colleague awareness and engagement across all our offices and from grid-driven reductions in electricity tariffs.

Reducing Our Emissions

Scope 1 emissions are from natural gas and other fuels used at Alliance's sites and in its assets, plus fuels used in Alliance's vehicle fleet. Scope 2 emissions come from electricity used at Alliance's operating sites. Scope 3 emissions are indirect emissions associated with Alliance's value chain.

During 2023, we remained committed to reducing our environmental impact while delivering sustainable business growth. Alliance's ESG consultancy has supported us in 2023 for the third year, to improve our environmental performance and data collection processes. We continued to work towards our target of achieving Net Zero absolute Scope 1 and 2 emissions by 2030 and have now set an absolute Scope 3 emissions target of Net Zero by 2044 (versus 2022 baseline), with an interim target of 25% reduction by 2030. We are on track to meet our interim target of a 65% reduction in absolute Scope 1 and 2 emissions by 2025 (versus 2018 baseline). The 2030 targets for Scope 1 and 2 differ from the 2044 objectives for Scope 3 due to the complexities associated with mitigating emissions beyond direct operational control. The baseline for the Scope 3 target also differs due to the complexity of collecting accurate data from our partners.

We assess our sustainability performance and resilience against climate-related risks through various metrics including greenhouse gas emissions, packaging and waste, as outlined below.

As part of our wider sustainability programme, we are committed to reducing the greenhouse emissions associated with our business operations. We appreciate that understanding our carbon footprint is the first step in achieving this goal.

Scope 1 and 2 – Decarbonising Our Operations

Alliance has reported under the government policy Streamlined Energy & Carbon Reporting (SECR), detailing its UK energy usage, associated emissions, energy efficiency actions and energy performance, as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Table 7: The total Consumption (kWh) figures for energy supplies reportable by the Company.

Utility & Scope	2023 UK Consumption (kWh)	2022 UK Consumption (kWh)
Gaseous and other fuels (Scope 1)	0	8,604
Grid-Supplied Electricity (Scope 2)	220,105	229,932
Transportation (Scope 3)	239,614	193,853
Total Energy Use All Scopes	**459,719**	**432,389**

Table 8: The total emission (tCO2e) figures for reportable energy supplies are as follows. Conversion factors utilised in these calculations are detailed in the appendix.

Utility & Scope	2023 UK Consumption (tCO_2e)	2022 UK Consumption (tCO_2e)
Gaseous and other fuels (Scope 1)	0	1.57
Grid-Supplied Electricity (Scope 2)	45.58	44.46
Transportation (Scope 3)	55.47	45.38
Total Energy Use All Scopes	**101.05**	**91.42**

Intensity Metrics

An intensity metric of tCO_2e per UK turnover (£million) has been applied to our annual total emissions. A further intensity metric of tCO_2e per UK headcount has been applied to our annual total emissions. The methodology of the intensity metric calculations is detailed in the appendix, and the results of this analysis are detailed in Table 9.

Table 9: The intensity metrics of tCO_2e per UK £million turnover and headcount applied for the annual total emissions.

Intensity Metrics	2023 UK Intensity Metric	2022 UK Intensity Metric
tCO2e/UK turnover £m	0.81	0.79
tCO2e/UK headcount	0.50	0.48

Intensity Metrics continued

Whilst the environmental impact of our own operations (Scope 1 and 2) is low and considered not material to our longer-term sustainability performance, reducing them is important to us from a broader societal perspective. To decarbonise our own operations, we have taken two main steps in 2023. Firstly, we have initiated the process of installing solar panels on the roof of our head office in Chippenham. This process was completed in March FY24 and solar panels are projected to become fully operational once the electrical substation has been installed. Secondly, our office uses 100% renewable energy through green tariffs and Energy Attribute Certificates (EACs).

Most of our global office real estate is leased. Therefore, whenever possible, we work with property owners to optimise sustainability. Outside the UK, our office premises tend to be held on all-inclusive operating leases, which provides limited opportunities to control environmental footprint. However,we will seek to increase our understanding on an office-by-office basis, to determine potential measures in FY24.

We continue to identify opportunities to reduce Scope 1 and 2 emissions, which amounted to 59 tCO_2e in 2023, and intend to offset these emissions to achieve carbon neutrality as an interim measure. In March 2023, we published our Scope 1 and 2 emissions targets, to achieve net zero in 2030, with an interim target of 65% reduction by 2025, using 2018 as our baseline. In 2023, we purchased offsets to cover all of our scope 1 and 2 emissions in 2022 and 2023 to help us achieve carbon neutrality.

Scope 3 - Decarbonising Our Value Chain

Calculating our Scope 3 emissions enables us to understand and evaluate the full impact of our operations on the environment and develop our roadmap to net zero emissions by 2044 at the latest for Scope 3. Given the nature of our business, and because we use third-party distributors, CMOs and LSPs, most of our carbon emissions are classified as Scope 3 (99.9% of total emissions for 2023). The environmental impacts of these activities constitute one of the material focus areas within our Sustainability Framework.

In 2021, we began developing our carbon action plan. This included widening this data collection process to include the quantification of our Scope 3 carbon emissions. Of the fifteen Scope 3 Categories, ten were applicable to the business. Category 10 (Processing of Sold Products), 11 (Use of Sold Products), 13 (Downstream Leased Assets), 14 (Franchises), and 15 (Investments) were not applicable to the business. These categories were deemed as not applicable as we do not have any Franchises, Downstream Leased Assets, significant Investments and as we do not process the End-of-life Treatment of Sold Products.

In 2023, we worked to improve our Scope 3 data collection processes, following the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standards. We worked with our largest suppliers, CMOs and LSPs, to understand their emission sources (scopes 1 and 2) and reduction plans, to help improve the methodology used in our Scope 3 calculations.

This helped us to identify hot spots and seek opportunities to reduce the Scope 3 emissions in our supply chain, as part of our overall carbon reduction plan. Also, we are seeking ways to reduce emissions attributable to the other categories under Scope 3. For example, non-stock purchases, business travel and employee commuting. Further details can be found in our Online Sustainability Report.

Prioritising the Planet

Our Approach

We are committed to operating our business in a responsible way, which minimises negative impacts on people and planet, makes a positive contribution to society and promotes the sustainability of our business for the longer term.

Our Sustainability Framework

Our sustainability framework identifies the key areas we are focusing on, to deliver on our purpose and assure the future of our business for the longer term. We recognise that everything we do has an impact on the natural environment. Following an internal and external stakeholder engagement process, we have identified our material focus areas from an environmental perspective as:

- **Environmental impacts –** supply chain and logistics.
- **Environmental impacts –** our own operations.
- **Packaging lifecycle management.**

In 2023, we continued the development of our carbon action plan and our response to climate change, looking at how we quantify and reduce our emissions, deliver sustainable change across our packaging estate and how we build an understanding of the impacts of climate change on our business, on our journey to mandatory reporting under TCFD.

Environmental Impacts – Supply Chain and Logistics

We have a responsibility to work with our partners to understand product-related Greenhouse Gas (GHG) emissions and other environmental impacts associated with our supply chain and logistics activities (product manufacture, storage and distribution), including onward transportation of products by our distributors. Whilst we have limited control over these emissions, we are engaging with our partners to understand the steps they are taking to quantify and reduce their GHG emissions, to help us refine the calculation of our Scope 3 emissions. We would like to be able to determine the carbon footprint of each of our products on an individual basis. However, we face significant challenges associated with the availability of data and the lack of a comparable basis of measurement.

Focus for FY24

- Continue engagement with our CMOs and logistics partners around climate change to help improve the accuracy of our emissions calculations, with better quality data, and to increase our understanding of their emissions reduction strategies.

- Continue to develop the understanding of our distributor logistics management activities and identify opportunities to support our distributors to reduce the emissions associated with the downstream transportation of our products.

Waste Management

Reducing our product packaging is a priority for the Company. We continue to improve our understanding of our primary packaging (directly in contact with a product) and secondary packaging (holds all individual units of a good) across our estate. In FY24, we will collect data to further understand the breakdown of our packaging materials.

We are excited by the potential to bring about positive change, through working in partnership with our suppliers to source new and better alternatives to some of our current packaging, in furtherance of our ambition to reduce our reliance on single-use plastics. In FY24, we will assess the feasibility of setting waste targets.

Water

Alliance water consumption is low, with most usage being domestic. However, we still aim to minimise water use. In 2024, we intend to begin engagement with our key suppliers to understand how they are minimising their water consumption, and discussed their water-related targets. In FY25, we will assess the feasibility of setting water targets.

Appendix - Methodology

The relevant GHG Standards have been used to calculate Scope 1, 2, and 3 GHG Emissions. Scope 1, 2 and 3 consumption and CO_2e emissions data have been calculated in line with the 2019 UK Government environmental reporting guidance. Emissions Factor Database 2023 version 1.1 has been used, utilising the published kWh gross calorific value (CV) and kgCO_2e emissions factors relevant for reporting period 01/01/2023 – 31/12/2023.

Estimations undertaken to cover missing billing periods for properties directly invoiced to Alliance have been calculated on a kWh/day pro-rata basis at the meter level. These full-year estimations were applied to one electricity supply and one gas supply and equate to 8% of reported consumption.

For properties where Alliance is indirectly responsible for utilities (i.e. via a landlord or service charge), an average consumption for properties with similar operations has been calculated at meter level and applied to the properties with no available data.

Market-based Scope 2 emissions for 2020 were not calculated but have since been calculated in 2021, 2022 and 2023. Market-based Scope 2 emissions were calculated based on Alliance's electricity suppliers' reported fuel supplier-specific fuel mixes, the emission factors associated with these fuel mixes are only reported on a kgCO_2 basis.

Intensity metrics have been calculated using total tCO_2e figures, and the selected performance indicators agreed with Alliance for the relevant reporting period:

- Total UK turnover (£m) in 2023 £125.20: (2022: £115.50m)
- Total UK headcount in 2023: 202 (2022: 190)

Scope 3 Emissions

Alliance's Scope 1, 2 and 3 emissions are reported on a consolidation, operational control approach, as defined by the GHG Protocol. All emissions have been calculated following the GHG Protocol's Corporate Accounting and Reporting Standard.

Unless stated otherwise, all conversion factors are sourced from UK Government (BEIS) GHG Conversion Factors for Company Reporting, v1.0 2021, and include Scope 3 Well to Tank and Transmission & Distribution (T&D) losses.
The Greenhouse Gas Protocol Value Chain methodology is followed in all cases. Well to Tank refers to the emissions associated with extracting raw materials (e.g. oil and gas), processing them into fuels and transporting them to the point of use e.g. the fuel tank or the power station. T&D losses represent the electricity consumed and lost in the network between the power generators and the consumers.

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