



## Carbon Reduction Plan FY 2022



# Organisational Structure

Aspire Pharma is the parent company of Morningside Pharmaceuticals and Morningside Healthcare





## Executive endorsement

Aspire board of directors has provided approval of this Carbon reduction plan in line with PPNO6/21. Aspire are trusted suppliers for NHS England and are committed to revising and implementing sustainability practices including: carbon saving, promoting carbon literacy, and carbon offsetting.

Aspire seeks to create sustainable value for people and society through engaged ownership, placing ESG at the heart of our business and investments. We base our work and approach to corporate social responsibility on a strong set of values and an ambition to become an ESG leader within the pharmaceutical sector, as underpinned by the commitment to achieve our ESG targets outlined in this document.

Aspire exhibit strong environmental commitment, integrating climate risks, pursuing Net Zero GHG emissions, and prioritising sustainable energy, responsible waste management, and

eco-friendly vehicles. Environmental activities for 2023 include risk centralisation, carbon footprint calculations, and packaging reviews.

This document confirms a Net Zero target date of 2045 across PPNO6/21 categories. The strategies that we will use in future projects are related to the upstream transportation emissions reduction, supply chain management, and reducing our business travel where possible.

This document will be updated by June 2024 to include our FY 2023.

**Jon May**

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**Chief Operating Officer/Board Director**

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# About us



Aspire Pharma is an asset-light virtual business offering a wide range of products that support patients globally across multiple therapy areas. Established in 2009, Aspire has become one of the fastest growing pharmaceutical companies in the UK, supplying a range of pharmaceuticals and medical devices, both prescribed and over-the-counter. Aspire's products are carefully selected to deliver value and differentiation to both patients and prescribers. Due to the company's continued expansion, its focus is on extending its portfolio of innovative products, for the long-term benefit of patients, partners, and customers. This strategy was demonstrated further in 2022, with the acquisition of Morningside Pharmaceuticals and Morningside Healthcare.

## Commitment to Net Zero

Aspire are committed to ensuring that we play our role in working alongside other UK organisations to achieve the NHS England's Net Zero supplier sustainability and carbon reduction planning. To begin this journey, we have put in place near term targets to include:

**50%** reduction in our Scope 1 and 2 emissions by 2030

Offsetting some of our **Scope 1, 2 and 3 emissions** as part of the Net Zero process and continuing to offset all residual emissions by 2045

To achieve these goals, Aspire has taken the following actions:

1. We have appointed an external specialist carbon consultancy to collate and verify data, calculate GHG emissions in line with PPNO6/21 and help advise us on carbon reduction options
2. Set the base year (1st January 2022 - 31st December 2022) and calculated our carbon footprint in line with the GHG protocol for that base year:

**Scope 1**

- i. Stationary combustion, and Refrigerant gasses

**Scope 2**

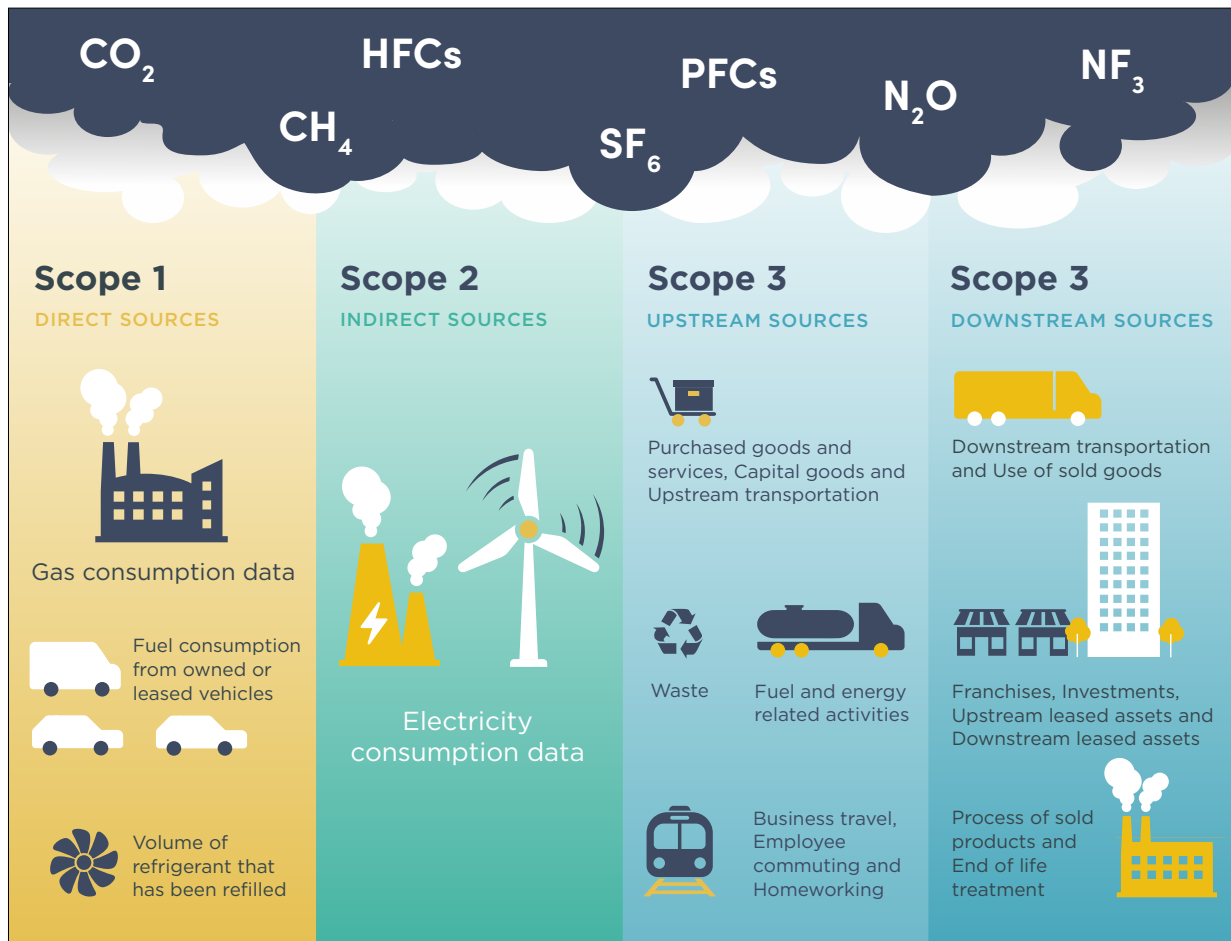
- i. Electricity

**Scope 3**

PPNO6/21 categories only

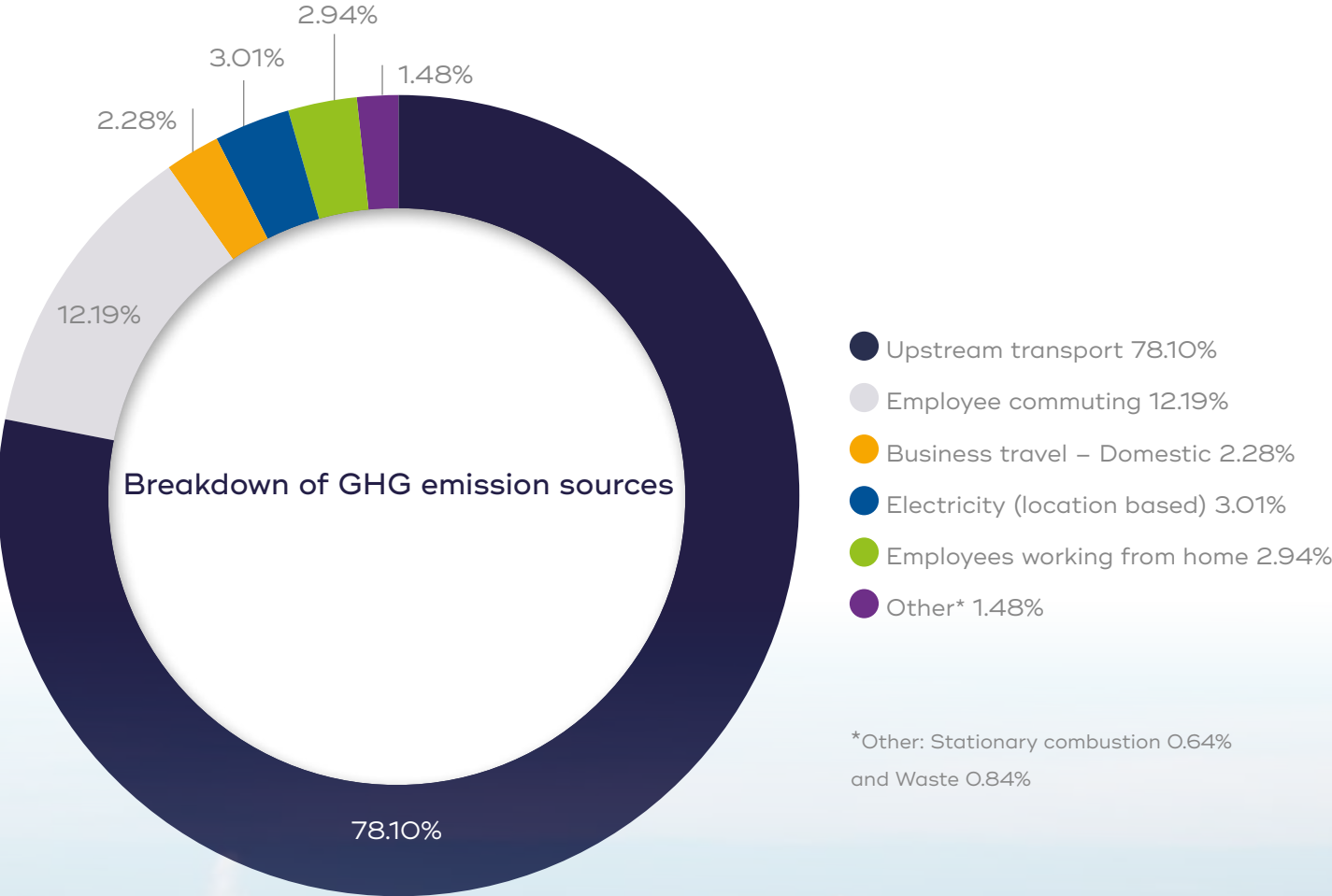
- i. Scope 3 Category 4: Upstream Transportation
  - ii. Scope 3 Category 5: Waste
  - iii. Scope 3 Category 6: Business Travel
  - iv. Scope 3 Category 7: Employee Commuting
3. Created a carbon reduction plan for each Scope and category
  4. Set the Net Zero date and committed to updating our carbon footprint annually with 1st January 2023 - 31st December 2023 to be the first year post the base year study for this Carbon Reduction Plan

**Overview of GHG Protocol scopes and emissions across the value chain**



# Baseline emissions footprint

Baseline emissions are a record of the greenhouse gases that were produced in a previous financial year prior to the introduction of any strategies to reduce emissions. Emissions are the reference point against which emissions reduction can be measured. We have chosen 1st January 2022 - 31st December 2022 as our baseline year, GHG emissions footprint is as follows:



Below is an itemised breakdown showing the amount of carbon emissions (tCO<sub>2</sub>e) produced by each Scope and category from FY 22 within the Carbon Reduction Plan.

Scope/Category	Item	Total tCO <sub>2</sub> e	%
<b>SCOPE 1</b>			
Stationary combustion (Gas)	Gas consumed	14.17	0.64%
Transportation	Owned and leased vehicles	0.00	0.00%
Refrigerants	HVAC's	0.00	0.00%
<b>SCOPE 2</b>			
Electricity (Location based) <sup>1</sup>	Purchased electricity, for own use (grid average)	66.84	3.01%
Electricity (Market based) <sup>2</sup>	Purchased electricity, for own use (specific contract or onsite generation)	0.00	N/A
<b>SCOPE 3</b>			
Category 4: Upstream transportation <sup>†</sup>	Transport between tier 1 suppliers or paid transport for goods (upstream & downstream) WTW <sup>3</sup>	1,735.70	78.10%
Category 5: Waste generated in operations	Waste	18.72	0.84%
Category 6: Business travel – domestic	Land and air travel and hotel stays for business purposes WTW (Domestic only)	50.61	2.28%
Category 6: Business travel – international <sup>4</sup>	Land and air travel and hotel stays for business purposes WTW (Foreign territories only)	64.52	N/A
Category 7: Employee commuting	Employees commuting to and back from work WTW	270.98	12.19%
Category 7: Employee homeworking	Employees working from home	65.33	2.94%
Category 9: Downstream transportation and distribution	Paid customer transport of goods to customers WTW	0.00	0%
<b>Total Gross Emissions (Location based)*</b>		<b>2,222.36</b>	<b>100%</b>
Less emissions avoided by procurement of renewable electricity		(66.84)	
Less emissions avoided by procurement of renewable electricity		(0.00)	
<b>Total Gross Emissions (Market based)*</b>		<b>2,155.52</b>	
Less carbon offsets		(0.00)	
<b>Total Net Emissions*</b>		<b>2,155.52</b>	

<sup>1</sup> Location based represents emissions from electricity consumption based on grid average emissions

<sup>2</sup> Market based represents emissions from electricity consumption based on specific energy contracts

<sup>3</sup> WTW – Well-to-wheel emissions. Includes emissions associated with the extraction, refinement, transport, and consumption of fuels

<sup>4</sup> International Business Travel has been calculated by reviewing geographical data that suggests that the business travel is foreign in nature and not related to domestic emissions. Specifically, nondomestic air travel has been included within this category, along with any nondomestic hotel stays as their boundary is outside the scope of the domestic focused PPNO6/21, and therefore Aspire has decided to report these emissions within two sub categories for the purpose of the transparency of this disclosure.

\*The international emissions for business travel have been excluded from the Total Gross Emissions and Net Emissions as PPNO6/21 only relates to UK domestic emissions.

\*Aspire pays for all transport to customers and intermediates. This means that all our GHG emissions for transportation and distribution are within Scope 3 category 4. This means that following the GHG reporting protocol, we have no emissions within downstream transportation.

To further understand our emissions, we have also recorded them using intensity ratios as this will allow us to track our emissions as our business grows and develops.

Intensity Ratios	Gross Emissions (Location based)*	Gross Emissions (Market based)*	Net Emissions*
tCO <sub>2</sub> e per employee (start of year)	14.11	13.69	13.69
tCO <sub>2</sub> e per square meter	0.68	0.66	0.66
tCO <sub>2</sub> e per million £ turnover	13.57	13.16	13.16

When calculating carbon emissions, the GHG Protocol Corporate Accounting and Reporting Standard states that a company must set its organisational boundaries<sup>5</sup>. This can be done either by an “Equity Share” or “Control” approach. The Equity Share approach reflects a company’s economic interests and percentage ownership of companies or subsidiaries to assign GHG emissions. The Control approach can follow two routes and defines the boundary by looking at either how much Financial or Operational Control a company has. To fully cover all of its operations and subsidiaries, we have selected the Operational Control method when setting our organisational boundary which will cover the GHG emissions categories that align to PPNO6/21 over which we have operational control. The Operational boundary will include all Scopes and categories as outlined by the PPNO6/21. Our emissions are reported in tCO<sub>2</sub>e and have been calculated utilising the following formula:

**Source emissions data x conversion factor\*\* = total source emissions**  
**Source unit x (tCO<sub>2</sub>e/unit) = tCO<sub>2</sub>e**

<sup>5</sup> <https://ghgprotocol.org/corporate-standard>

\* The international emissions for business travel have been excluded from the Total Gross Emissions and Net Emissions as PPNO6/21 only relates to UK domestic emissions.

\*\* UK Government GHG conversion factors for Company Reporting

- DEFRA (Department for Environmental, Food and Rural Affairs)
- Environmentally extended input-output (EEIO) tables
- Environmental Protection Agency



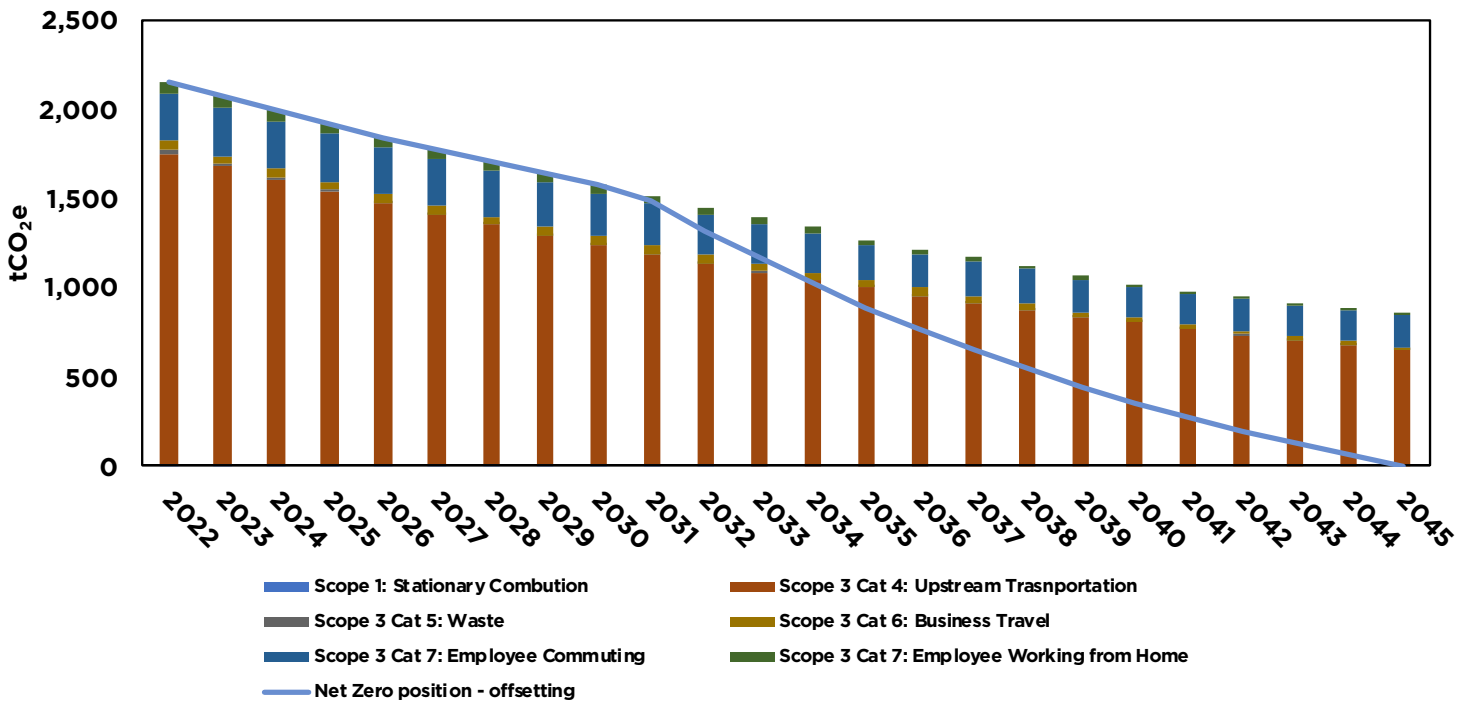
# Emissions reduction targets

In order to continue our progress to achieving Net Zero, we have mapped out and planned a number of positive actions to achieve the following carbon reduction targets:

- **11%** absolute reduction in emissions by 2025 from 2022 baseline levels.  
This is made up of reductions in the below groups of Scopes:
  - Scope 1 and 2 = 21%
  - Scope 3 = 11%
- **27%** absolute reduction in emissions by 2030 from 2022 baseline levels.  
This is made up of reductions in the below groups of Scopes:
  - Scope 1 and 2 = 50%
  - Scope 3 = 27%
- **41%** absolute reduction in emissions by 2035 from 2022 baseline levels.  
This is made up of reductions in the below groups of Scopes:
  - Scope 1 and 2 = 75%
  - Scope 3 = 41%
- **53%** absolute reduction in emissions by 2040 from 2022 baseline levels.  
This is made up of reductions in the below groups of Scopes:
  - Scope 1 and 2 = 100%
  - Scope 3 = 52%
- **61%** absolute reduction in emissions by 2045 from 2022 baseline levels.  
This is made up of reductions in the below groups of Scopes:
  - Scope 1 and 2 = 100%
  - Scope 3 = 59%



## Carbon Emission Glidepath tCO<sub>2</sub>e



The graph above shows that Aspire is offsetting a portion of their Scope 1, 2 and 3 emissions from 2035 onwards. We’re using this as a means to prepare for Net Zero where we will offset all the residual emissions we have.

Aspire will focus on reducing our emissions as much as possible, however, we realise that there will be emissions that we cannot avoid as such we plan to utilise offsets to abate these emissions on our journey to become Net Zero. The graph above shows the absolute emissions reductions that we plan to make and overlaid is our Net Zero position we will aim to achieve by the additional utilisation of offsets as we approach our target year neutralising all residual emissions.

Aspire’s approach is to always focus efforts on reducing our own emissions, with significant planning and finances set aside to do this and target setting within the supply chain to support our carbon reduction goals.



# Environmental management measures / emission reduction plan

As a responsible business, Aspire has for many years had a focus on the environment and reducing our carbon emissions. To drive this to the next level, we engaged the services of Sustainable Advantage as independent experts to help define targets, measure and to benchmark best practice against not only the pharmaceutical industry but other industries too.

We have a detailed carbon emissions reduction plan, the key actions of which are summarised below:



## SCOPE 1: Stationary combustion (Natural gas)

We use gas heating at only one of our sites in Loughborough, this means that our Scope 1 emissions within this area are small. However, we will still endeavour to reduce our emissions by:

- Replacing brown gas consumption with renewable gas consumption

To help us to reduce the demand for heating sources we will collaborate with the landlord to understand if it is possible to:

- Reduce reliance on gas use and replace gas boilers with electrical heating systems such as air source heat pumps, infra-red panels, electric storage heaters etc., where practical
- Ensure that all our facilities use minimal heating by making sure buildings are fully insulated



## SCOPE 1: Refrigerants

Whilst it is assumed fugitive emissions from refrigerant gases is zero. Although our facilities are leased, we will endeavour to reduce our impact from the use of refrigerant gases where possible. This will involve engaging with the landlord and building engineers relating to the maintenance and possible replacement of any HVAC related units. We will work with our landlords to:

- Avoid emissions through improved leak tightness; consider fitting leak-detection systems and following a regular maintenance schedule
- Ensure correct end-of-life treatment of refrigerant gases; recover and dispose of refrigerant gases correctly when maintaining, upgrading or decommissioning a system
- Substitute refrigerants with other less harmful substances e.g., refrigerant gas with zero ozone depletion potential (ODP) and low global warming potential (GWP)
- When renewing HVAC system, choose the most efficient systems:
  - Investigate systems using least damaging refrigerant gases with low potential leakage
  - Installing new systems may offer energy savings as well as next generation refrigerants (HFOs (hydrofluoro-olefins) and natural refrigerants)
  - Limit use of refrigeration / air conditioning systems



## SCOPE 2: Electricity

Our electricity contracts are a mixture of blue (nuclear) and green (renewable) contracts. We don't procure any brown electricity. However, whilst our Scope 2 market-based electricity GHG emissions are zero we will still endeavour to reduce our electricity consumption via the following to support a decoupling of growth and emissions:

- Communicating ways to reduce electricity consumption by educational posters that remind colleagues to turn off lighting
- ESG Ambassadors who act as our green champions, will be gathering up-to-date monthly energy performance data to provide feedback. As well as gathering ideas from colleagues across our organisation. These ideas will be collated and shared, supplemented by what we consider to be best practice
- Ensure we use energy efficient systems wherever possible e.g., replacing lights with LED and using passive infra-red sensors (PIRs) where possible

Engage with the landlord to support the following interventions in their buildings and assets:

- Energy surveys at all sites to understand what energy efficiency measures can be put in place to reduce electricity consumption
- Investigate opportunities to install green energy production facilities onsite where practicable (e.g., solar panels, wind turbines)



## SCOPE 3 Category 4: Upstream transportation and distribution

Aspire realises that much of the GHG reductions in this category will happen because of our distributors are reducing their carbon emissions and becoming more carbon aware as the UK progresses towards a Net Zero 2050. However, that does not mean that we will take a passive approach to the category especially as it accounts for 78.10% of our calculated emissions<sup>6</sup>. To try and enact positive change on our suppliers we will:

- Understand if it is possible for the warehouses to use green electricity contracts
- Collaborate with the warehousing partners for the installation of solar panels
- Gather more specific data that relates to the warehouse's electricity consumption
- Consider the possibilities of loading efficiencies together with route optimisation for the distribution of medical products
- Engage with our distribution partner to understand if electrification or biofuel use, is possible instead of diesel

<sup>6</sup> Percentage excluding non-domestic business travel emissions



## SCOPE 3 Category 5: Waste

- Aspire already follows the waste hierarchy where a preference is given in order to:
  - Reduce the waste generated
  - Re-use / recycle as much as possible
  - Limit the volume of waste that goes to landfill, residual general waste will be incinerated
- Staff training programmes will be rolled out to provide clear, consistent training and information to minimise waste and maximise recycling
- We will track the disposal methods of our various waste streams and encourage waste management companies to change suppliers who send waste to landfill
- Aspire aims to have zero waste to landfill by 2027



## SCOPE 3 Category 6: Business travel

Aspire understand that business travel makes up a relatively small proportion of our emissions. However, we should support the reduction of these emissions as part of our Carbon Reduction Plan as it makes up approximately 2.28% of our total calculated emissions<sup>6</sup>. To do this we will:

- Utilise video conferencing tools such as Teams and Zoom to host meetings. We are encouraging our staff to embrace this technology to minimise travel
- Where travel is required, we will prioritise carbon-reducing travel modes, choosing rail over air and / or cars



## SCOPE 3 Category 7: Employee commuting

We recognise that we cannot directly influence what modes of travel our employees use, we need to do all we can to encourage them to join us on our sustainable journey. We will endeavour to achieve this by:

- Continuing to send out an employee commuting survey to each one of our employees to understand how they currently get to and from work
- Putting in place initiatives to include:
  - Cycle-to-work schemes
  - Encouraging carpool arrangements
  - Providing information on public transport alternatives
  - Installing EV charge points at our office location
  - Supporting the uptake of EV's by providing our employees with free low carbon EV charging on site

<sup>6</sup> Percentage excluding non-domestic business travel emissions



## SCOPE 3 Category 7: Employee homeworking

Employee Commuting relates to the emissions associated with employees working from home. The boundaries of these emissions cover areas such as electricity and gas consumed during an employee's working hours, and the waste and water consumed. As part of our efforts to reduce the emissions in this category we will consider:

- Collecting more granular data by sending a survey to all employees working from home to understand their energy, waste and water usage during working hours
- Implement an awareness campaign for reducing working from home carbon footprint:
  - Encourage switching to renewable energy tariffs where possible
  - Install SMART meters
  - Reduce energy consumption of home appliances
  - Reduce, reuse, recycle and limit waste sent to landfill



# Conclusion

Aspire will recalculate our carbon footprint annually for each year ending 31st December, with 2023 being the first post-base year. We will track how we are performing vs our targets and adjust our methods to ensure we stay on track to hit our Net Zero target. Aspire will continue to do all we can to minimise our emissions and do our part to minimise the negative effects of climate change on the planet.

## Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard and uses the appropriate Government emission conversion factors for greenhouse gas company reporting<sup>7,8</sup>.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard<sup>9</sup>.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body). Signed on behalf of Aspire<sup>10</sup>:

Jon May

Date: 12th February 2024

<sup>7</sup> <https://ghgprotocol.org/corporate-standard>

<sup>8</sup> <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

<sup>9</sup> <https://ghgprotocol.org/corporate-value-chain-scope-3-standard>

<sup>10</sup> This information has been taken from the UK Governments concluding remarks for their PPNO6/21, document titled 'Procurement Policy Note – Taking Account of Carbon Reduction Plans in the procurement of major government contracts. Action Note PPNO6/21' – the link can be found at [https://assets.publishing.service.gov.uk/media/62066d5ae90e077f7dec749e/PPN-O621-Taking-account-of-Carbon-Reduction-Plans-Jan22\\_\\_1\\_.pdf](https://assets.publishing.service.gov.uk/media/62066d5ae90e077f7dec749e/PPN-O621-Taking-account-of-Carbon-Reduction-Plans-Jan22__1_.pdf)

# Emissions methodology – inclusions within current numbers:

## Scope 1

Scope 1 sources included in the inventory are onsite (or “stationary”) natural gas combustion and mobile fuel combustion from leased and owned vehicles.

## Scope 2

Purchased electricity was the only identified Scope 2 emissions source. However, per the GHG Protocol Scope 2 Guidance, Scope 2 emissions have been calculated and reported using two separate methodologies:

- A location-based method reflecting the average emissions intensity of grids on which energy consumption occurs
- A market-based method reflecting emissions from the electricity that Aspire has purposefully chosen via our energy procurement activities. This accounts for energy purchased from green energy suppliers

## Scope 3

### Category 4: Upstream transportation and distribution

Includes emissions from warehouses and distribution of medical products which is paid for by Aspire.

- We have used the distance-based method, which involves determining the distance and mode of distribution, and then applying the appropriate emission factor for the mode used where possible
- We have also used the spend based method for a small proportion of the distribution as the distances and locations where unknown, which involves determining the amount of money spent on each mode of business travel transport and applying secondary (EEIO) emission factors.

### Category 5: Waste

Includes emissions from third-party disposal and treatment of waste generated in Aspire’s owned or controlled operations in the reporting year

- We have utilised the ‘waste-type-specific’ method, which involves using emission factors for specific waste types and waste treatment methods



## Category 6: Business travel

Includes emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars. This also includes emissions resulting from hotel stays resulting from business-related trips

- We have used the distance-based method, which involves determining the distance and mode of business trips, and then applying the appropriate emission factor for the mode used where possible
- We have used the number of nights stayed in hotels to calculate the emissions

## Category 7: Employee commuting

Includes emissions from the transportation of employees between their homes and Aspire offices. Emissions from employee commuting may arise from car, bus, train, or taxi travel. We have also included energy consumption and waste production which occur from employees working from home in this category

- Where appropriate we have used the average-data method, which involves estimating emissions from employee commuting based on average (e.g., national) data on commuting patterns
- We will in future years supplement the above with employee travel surveys which collect data from employees on commuting patterns (e.g., distance travelled, and mode used for commuting) and apply the appropriate emission factors for the modes used using the distance-based method

## Category 7: Employee homeworking

Includes emissions which relate to the electricity, gas, waste, wastewater, and drinking water consumed and produced during a working day.



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