

SANDOZ

Sandoz UK

Carbon Reduction Plan

July 2025

MLR-1616-UK

Geographical scope

Sandoz is the global leader in the development and manufacture of generic pharmaceuticals and biosimilars. Sandoz operates in more than 100 countries and, in 2024, provided approximately 902 million patient treatments. This translates to an estimated social impact of \$400bn worldwide.¹

Sandoz Limited is a UK subsidiary of Sandoz AG (“**Sandoz**”). Our Carbon Reduction Plan has been completed in accordance with PPN 06/21 but given Sandoz’s global reach and the cross-border nature of climate change, we have opted to share emissions figures and reduction targets from an enterprise perspective. Such figures are global in scope but inclusive of UK geographical emissions.

Commitment to achieving net zero

Sandoz is committed to achieving Net Zero emissions by 2050.

Baseline footprint and current emissions reporting

Baseline year: 2023²

Scope	Global greenhouse gas emissions (1000 tCO2e)
Scope 1	86.2
Scope 2	122.3 (market-based)
Scope 3	2051.7 (purchased goods and services, capital goods, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, use of sold products)
Total	2260.1

Reporting year: 2024³

Scope	Global greenhouse gas emissions (1000 tCO2e)
Scope 1	82.1
Scope 2	157.6 (market-based)
Scope 3	1748.8 (purchased goods and services, capital goods, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, processing of sold products, use of sold products, end-of-life treatment of sold products) ⁴
Total	1988.5

¹ Sandoz (2025) *Pioneering Access for Patients: Integrated Annual Report 2024*, p. 1, available at: [Sandoz 2024 Business Report](#).

² Sandoz (2025) *Pioneering Access for Patients: Integrated Annual Report 2024: ESG Additional Disclosures*, p. 175, available at: [Sandoz ESG data 2024](#).

³ Sandoz (2025) *Pioneering Access for Patients: Integrated Annual Report 2024: ESG Additional Disclosures*, p. 175, available at: [Sandoz ESG data 2024](#).

⁴ Change between 2023 and 2024 attributed to methodology enhancement and business changes following Novartis spin-off. The categorisation of this indicator has been updated in 2024 by adding 4 new categories that were not included in 2023 disclosure. 4 categories have been assessed not material for Sandoz in 2024. For more details per category, please refer to the Reporting Criteria on [Sandoz Supplementary ESG disclosures 2024](#).

Our commitment to decarbonisation

In January 2024, Sandoz submitted a Commitment Letter to the Science Based Targets initiative (SBTi) that confirms our intent to set science-based carbon reduction targets in line with the Paris Agreement goals to limit global warming to 1.5 degrees Celsius above pre-industrial levels. We also committed to achieving Net Zero emissions by 2050.

We made solid progress in 2024, our first full year of independence after separating from Novartis in October 2023. We measured and validated our carbon emissions across all scopes, in line with the GHG Protocol. We have committed to submit our targets to SBTi by the end of January 2026. We intend to set decarbonisation near-term targets for 2030 and 2035 respectively, and we plan to report annually on our progress. These targets will advance our commitment to work to achieve Net Zero emissions by 2050.

We have also developed preliminary plans to reduce Scope 1, 2 and 3 emissions, coupled with strong internal governance to ensure delivery. The long-term incentives of our executives are aligned to delivering our decarbonisation plans by including SBTi target validation and achievement.⁵

Governance of ESG practices

The Board of Directors holds ultimate responsibility for our ESG strategy. It has assigned the oversight of our ESG strategy, governance of ESG and review of the related targets, to its Human Capital and ESG Committee. Management oversight of the Group's sustainability agenda is led by the CEO, in cooperation with other members of the Executive Committee. Moreover, a management-level ESG Council guides ESG decision-making within the group.

The members of the Human Capital and ESG Committee are elected individually by the shareholders of the Annual General Meeting of Shareholders for a term of office lasting until completion of the next Annual General Meeting of Shareholders. If there are vacancies at the Human Capital and ESG Committee, the Board shall appoint substitutes for the remaining term of office.

Task Force on Climate-related Financial Disclosures

Sandoz supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We are committed to transparency and disclosing the impact of our business activities on the environment and have set clear targets covering climate, water and waste.

In our 2023 Integrated Annual Report, we reported on climate-related risks and opportunities as recommended by the Task Force on Climate-related Financial Disclosures. The 2024 analysis focused on confirming these risks (or updating where relevant) and reporting in more detail the mitigation actions in place to manage them. We assessed risks and opportunities across different climate scenarios and time horizons as outlined in the Representative Concentration Pathways (RCP) and the Shared Socioeconomic Pathways. We considered two climate scenarios, namely scenario RCP 2.6, which aligns with the Paris Agreement, and RCP 8.5, which considers a business-as-usual trend. This analysis follows the Intergovernmental Panel on Climate Change and the TCFD recommendations. We considered time horizons to 2030 and to 2050.

For 2024, we confirmed the risk scoring from 2023; we did not observe material changes versus the previous year. The 2024 focus was on developing and reporting risk mitigation plans in more detail, including specific actions to address each risk with dedicated responsibilities. The TCFD strategic alignment table and overview of physical and transition risks can be found in our 2024 Integrated Annual report.⁶

⁵ Sandoz (2025) *Pioneering Access for Patients: Integrated Annual Report 2024*, p. 34, available at: [Sandoz 2024 Business Report](#).

⁶ Sandoz (2025) *Pioneering Access for Patients: Integrated Annual Report 2024: ESG Additional Disclosures*, pp. 180-181, available at: [Sandoz ESG data 2024](#).

Our progress so far

In 2024, our total Scope 1, 2 and 3 emissions were lower than in 2023, driven by an increased share of renewable energy use and reductions in corporate travel. The figure is also lower due to improvements in overall data quality, such as using actual supplier data for logistics emissions.

We focus on supply chain decarbonisation, as supplier emissions account for most of our carbon footprint

Starting from our top suppliers, we are working to ensure that all Sandoz suppliers play a part in driving our ESG mission. In 2024, we engaged with key suppliers to agree on emissions reduction action plans. We aim to extend the practice to more suppliers in 2025. We also worked with our logistics suppliers to shift some of our shipping from air to sea, reducing shipping costs by USD 3.6 million and CO₂e logistics emissions by 10,000 tonnes.

We invest in energy-efficient equipment and pursue environmental certifications

Nine of our locations are covered by ISO 14001 (environmental management) and six are covered by ISO 50001 (energy management). In 2024, we launched an energy audit program for our manufacturing sites, and the results will inform our 2030 and 2035 decarbonisation plans. We have also integrated energy-efficiency objectives into our real estate contracts, with our Hyderabad office already achieving platinum LEED certification.

We are continuously seeking to leverage renewable energy

We use 100% renewable electricity in our manufacturing sites in Austria and Brazil, and we are increasing the renewable share of energy we use in India, in addition to finalising renewable power purchase agreements (PPAs) to further decarbonise our European operations. In 2023, we opened our expanded production facility for penicillin in Kundl, Austria to strengthen Europe's supply of antibiotics. Since 2014, electricity in Kundl has come exclusively from renewable energy sources.

We are identifying circular economy opportunities

Our primary focus is to foster operational and emissions-reduction efficiencies in our product design and manufacturing processes. We introduced a 'Design-to-Sustainable-Value' workstream in 2024, which is looking into products with materials and emissions reduction opportunities. As part of our Product Carbon Footprint analysis, we have identified products where packaging is driving a significant part of our products' lifecycle emissions, and we are investigating ways to improve.

We prioritise alternative waste routes over landfill

In 2024, 75% of our sites in scope are confirmed as zero waste to landfill, and we are committed to sending zero waste to landfill by 2030. We are also ensuring that we comply with relevant regulation in our assets' lifecycle. In the past five years, Sandoz has not been subject to material fines in connection to environmental liabilities.

We continuously ensure that our water use, quality and management follow industry best practice

Our net water use in manufacturing operations is minimal, as most of our activities do not occur in areas of water stress. We perform wastewater analysis on a regular basis and focus on minimising the risk of discharge of active pharmaceutical ingredients into water systems. We track this by measuring the ratio of predicted environmental concentration (PEC) to the predicted no-effect concentration (PNEC). We aim to achieve a PEC/PNEC ratio of less than one for all manufacturing sites in scope by 2030, and we have made good progress so far: 84% of our wastewater by volume is compliant with $PEC/PNEC < 1$.⁷

⁷ Sandoz (2025) *Pioneering Access for Patients: Integrated Annual Report 2024*, pp. 34-36, available at: [Sandoz 2024 Business Report](#).

Partnering externally

We recognise that we can't meet our targets alone, so we engage proactively with peers and suppliers regarding ESG topics that require broader collaboration. In the UK, Sandoz Limited is an active member of Medicine UK's Sustainability Working Group. It is primarily via this forum that we engage with the UK Government and NHS to discuss how our industry can align with the sustainability objectives of the health service we supply.

We also partner on a global level with a range of organisations and belong to several industry alliances, including the following:

- Pharmaceutical Supply Chain Initiative
- International Generics and Biosimilar Medicines Association
- Medicines for Europe
- Association for Accessible Medicines

Sandoz has also joined Energize, a first-of-its-kind programme designed and delivered by Schneider Electric Sustainability Business and endorsed by the Pharmaceutical Supply Chain Initiative (PSCI). It fosters collaboration between leading pharmaceutical companies and their suppliers to mitigate the overall environmental impact of our industry.

The programme provides suppliers of any size and at any stage of decarbonisation with access to sustainability expertise and renewable electricity education at no extra cost – helping them to take concrete steps towards net zero. As a sponsor of the program, Sandoz offers suppliers access to these resources – supporting them to reduce their Scope 2 greenhouse gas emissions, which in turn will help Sandoz to drive down emissions generated by our supply chain (Scope 3).

This supports a key pillar of our environmental commitments in engaging with suppliers to encourage ESG best practices. In 2024, the first cohort of suppliers joined Energize following our invitation. We hope to run our first joint renewable energy procurement project with suppliers in 2025.⁸

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.

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.

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⁸ Sandoz (2025) *Pioneering Access for Patients: Integrated Annual Report 2024*, p. 35, available at: [Sandoz 2024 Business Report](#).

Approval Statement

This Carbon Reduction Plan has been approved by the Board of Directors of Sandoz Limited on 7th July 2025.

This Carbon Reduction Plan has been signed on behalf of Sandoz Limited by:

Signed by:

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Diane Digangi Trench
Country President UK and Director of Sandoz Limited
7th July 2025