Wellspect®
A REAL DIFFERENCE

# CLIMATE DISCLOSURE 2023

# Pre-amble

We aspire to be a force of positive change in our industry by developing more sustainable solutions and products, without compromising the reliability and the clinical performance that our products are known for.

As a responsible business, we strive to promote business practices that respect human rights and social needs, and that incorporate consideration for environmental impact. Our sustainability strategy, which was initially established in 2020, has continuously evolved. In 2021, we further enhanced it by setting a net-zero target. While it remains a work in progress, our sustainability strategy ties into our mission of empowering our users to lead independent and dignified lives by creating reliable and user-friendly products, with reduced environmental impact.

## Climate change impact

The latest climate science shows it is still possible to limit global temperature rise to 1.5°C, but collective and urgent action is required across all sectors. At Wellspect, we are committed to the 1.5°C business ambition campaign, and to achieving net-zero by 2045. In 2023, we submitted our commitment to climate action with the Science Based Target initiative (SBTi)[1], with the validation of targets by SBTi following in March 2024. This commitment included the setting of near- and long-term company-wide emission reductions in line with science-based net-zero with the SBTi. Beyond aligning our own business operations with climate science, we also encourage our suppliers to do so by committing to science-based 1.5°C and net-zero targets.

*"In 2021 we made the decision that Wellspect will go all the way to reach net-zero by 2045. Our dedication to improve the carbon accounting and identify our reduction potentials made it possible. I am confident in the delivery on our promise."*

Maria Berntsson

Manager Environment Health and Safety, Wellspect HealthCare

1. The Science Based Targets initiative (SBTi) is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science. It is focused on accelerating companies across the world to halve emissions before 2030 and achieve net-zero emissions before 2050.

## Table of Contents

# Introduction

## Vision and strategy

We aim to be a force of positive change in our industry, going beyond the minimum requirements of the law. Our vision of making a real difference underpins our sustainability strategy which is guided by three pillars of action — Good Health and Well-being; Safe, Committed and Inspiring Workplace; and Reduced Environmental Footprint. The success of our strategy builds on close collaboration with all of our stakeholders, including employees, healthcare professionals, suppliers and end product-users.

As a responsible business, we strive to promote business practices that respect human rights and social needs, and that incorporate consideration for environmental impact. Our sustainability strategy, which was initially established in 2020, has continuously evolved. In 2021, we further enhanced it by setting a net-zero target. While it remains a work in progress, our sustainability strategy ties into our mission of empowering our users to lead independent and dignified lives by creating reliable and user-friendly products, with reduced environmental impact.

## Why greenhouse gas emissions matters

Greenhouse gas emissions drive temperature increases, leading to adverse effects like glacial melting, rising sea levels, extreme weather events, and biodiversity loss. A significant 59% of Wellspect's greenhouse gas emissions (2023) originate from purchased goods and services. Therefore, it is essential to reduce emissions from our own operations as well as throughout the entire value chain.

## Impacts, risks, and opportunities

Wellspect's activities, both directly and indirectly, negatively impact the climate through greenhouse gas emissions across its value chain. This impact spans all stages, including raw material procurement (which accounts for the largest share), production, capital expenditure (such as machines and facilities), and transportations.

We have the ambition to achieve net-zero emissions of greenhouse gases by 2045. Our commitment is declared by science-based targets for Scope 1, 2 and 3, including our own operations and our full value chain. Failing to meet these targets poses a significant risk for us, potentially leading to reputational damage and, consequently, revenue losses. It may also create challenges in raising and accessing capital and financing. The possibility of stricter emission regulations and associated costs further motivates our efforts to reduce emissions. If we are unable to lower greenhouse gas emissions, we may face increased restrictions or taxes, impacting overall costs. Additionally, changes in customer requirements could negatively affect future income.

Looking into the near future, we see ample opportunities to further reduce our emissions, Wellspect has for instance the opportunity to utilize fossil-free electricity at all its locations. It also has the opportunity to use biogas as an energy source instead of fossil natural gas, as soon as it becomes available at our different locations. We can also cut direct emissions by changing the chemicals we use and transitioning to an electrified vehicle fleet. Additionally, we can reduce greenhouse gas emissions throughout the value chain by focusing on product

design and material selection, as well as opting for transportation methods with a lower environmental footprint.

### Main activities to reduce our carbon footprint

- Drive innovation throughout the company.
- Select materials and services with the lowest environmental footprints.
- Maximize use of renewable energy for our manufacturing.
- Reduction of emissions from transportation.
- Encourage environmental considerations in customer requirements on products

### Objective of this report

This report outlines the methodology used for GHG emissions reporting for Wellspect in 2023, presenting the results, and the plans for future reductions.

## Governance and materiality analysis

Our sustainability management evolves in tandem with our learning as a company and sustainability has been a vital driver in Wellspect's business strategy. It has been integrated into operational processes and business functions.

### Organization and responsibilities

Wellspect HealthCare (Wellspect), which consists of Wellspect AB and its subsidiaries, is a division of the Dentsply Sirona group. Dentsply Sirona has a board of directors and an executive team. The board has the oversight of the group's sustainability strategy while the ESG Steering Committee develops and implements the strategy. The ESG Committee is composed of executive and senior team members from multiple departments, who embed various sustainability measures and actions across the organization including Wellspect. The group's sustainability strategy is integrated and implemented within Wellspect's sustainability strategy. Top Wellspect representatives, together with representatives of shared service functions within Dentsply Sirona, constitute the Wellspect management team. Wellspect's Group Vice President reports to Dentsply Sirona's Executive Vice President and Chief Business Officer. The management team is responsible for executing the sustainability strategy and verifying the sustainability performance. Each local business unit within Wellspect is responsible for implementing the sustainability strategy and for complying with local regulations. Wellspect's two manufacturing sites (Kazan and Mölndal), have engaged EHS committees that include representatives from all business areas. To represent all employees that are involved in the EHS work, safety representatives from the internal union working groups are integral to the committees.

### Integrated sustainability

The "Sustainability integrated in everything we do" program has been active for several years. For 2023, the program's focus was on the scrutinization of material, machinery, and energy sources to enable a transition to lower climate impact options where such options are feasible. Sustainability aspects in the supply chain have also been part of the focus. Similar to previous years, sustainability continues to be present within every employee's individual goal and development plan.

### Framework

The company has established an evolving quality management system. Our operations are certified to comply with ISO 13485, EU MDD, and EU MDR. They also comply with FDA 21CFR, Part 820 and other international regulations. The two manufacturing sites are certified according to ISO 14001. As part of the quality management system, external audits by independent bodies were performed to ensure adherence to policies and requirements. EHS compliance and performance was meanwhile verified through local audits and inspection programs.

### Materiality analysis

Materiality analysis is conducted both at the group level for Dentsply Sirona and at the division level for Wellspect. This means that relevant aspects from Dentsply Sirona are reflected in what we do in our operations at Wellspect. Since our stakeholders vary from those of Dentsply Sirona as a whole, a materiality analysis is also conducted at Wellspect to ensure awareness and engagement of aspects related to our specific stakeholders. To ensure that we prioritize the relevant sustainability areas in our work, we perform continuous updates of our materiality analysis. In 2023, we mapped the preferences of our internal stakeholders to ensure alignment in relation to the targets and commitments made. Out of 14 material ESG topics, we have identified the main focus areas within our sustainability work that are of relevance to our stakeholders. The results proved identical to 2022 in that Innovation, Climate Impact, Business Ethics, Emission Reduction Initiatives and Waste Management of Products and Packaging still rank at the top. For further information on group level materiality analysis, please see Dentsply Sirona 2022 sustainability report Page 16.

## Methodology

This greenhouse gas (GHG) report for Wellspect HealthCare (Wellspect) is based on the GHG Protocol guidelines, which is the most widely accepted global standard for the calculation and reporting of greenhouse gas emissions. The five reporting principles of the GHG Protocol contribute to doing the result as useful, traceable and credible as possible:

- **Relevance** - ensure the GHG inventory appropriately reflects the GHG emissions of the company.
- **Completeness** - account for and report on all GHG emission sources and activities within the chosen inventory boundary. Disclose and justify any specific exclusions.
- **Consistency** - use consistent methodologies to allow for meaningful comparisons of emissions over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.
- **Transparency** - address all relevant issues. Disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.
- **Accuracy** - ensure that the quantification of GHG emissions is as close to the actual emissions as possible.

The methodology is divided into three “scopes”:

**Scope 1:** represents the direct GHG emissions linked to processes and combustion at our own sites and use of our own vehicles.

**Scope 2:** accounts for GHG emissions from the generation of purchased energy that is used in our facilities. These emissions are directly linked to our production sites and offices.

**Scope 3:** are indirect emissions linked to our value chain, which include raw materials, distribution of products and business flights. Scope 3 is divided into 15 subcategories for upstream and downstream activities.

The calculations have been performed in accordance with these standards and guidelines:

- GHG Protocol Corporate Accounting and Reporting Standard
- Scope 2 Guidance
- The Corporate Value Chain (Scope 3) Standard
- Scope 3 Calculation Guidance

Overview of GHG Protocol scopes and emissions across the value chain, as pictured by GHG Protocol:

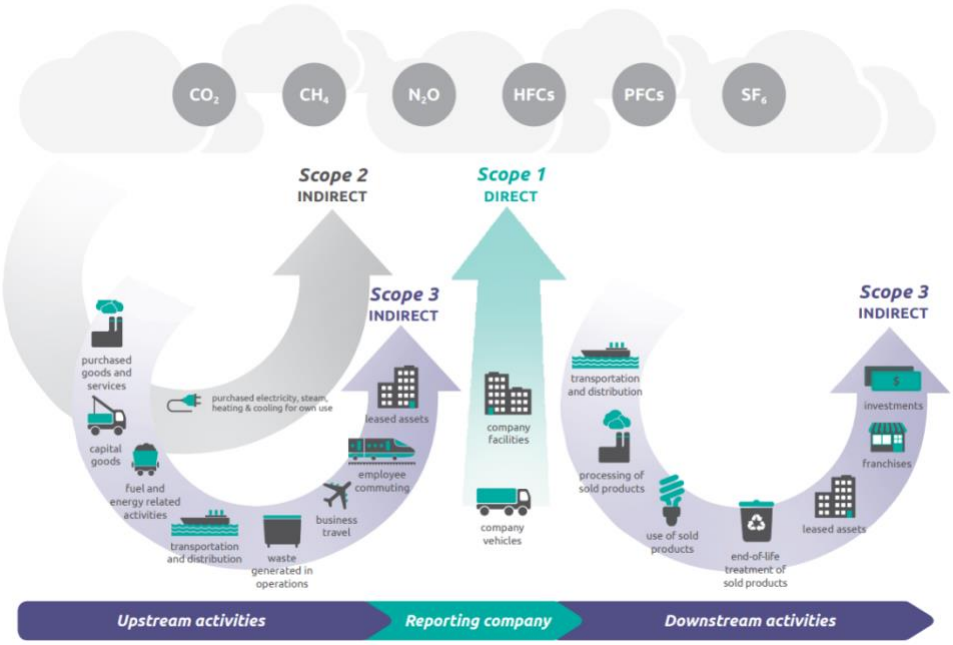


*Figure 1 GHG Protocol* Scope 3 Calculation Guidance www.ghgprotocol.org

## Reporting period

This report covers the full year 2023.

## Organizational boundaries

Wellspect is a stand-alone part of Dentsply Sirona. Wellspect provides medical supplies on an international market, including development, manufacturing, sales

and distribution. Wellspect is a global company with approximately 1100 employees, operations in 16 countries, and distributors around the world.

The legal Wellspect entities are separated from Dentsply Sirona. We draw our organizational boundaries within these entities. The reporting includes all parts of our operations; including production units, warehouses, and sales offices.

## Chosen consolidation approach

Operational control: Wellspect has the full authority to introduce and implement its operating policies at the operation.

## Greenhouse gases covered

CO2, CH4, N2O, HFCs, PFCs, and SF6 are covered and presented as CO2 equivalents.

Biogenic CO2 emissions are calculated separately.

## Units used

In the GHG emission disclosure, emissions are reported in metric tons of carbon dioxide equivalents (CO2e). This metric allows for the comparison of emissions from various greenhouse gases based on their global warming potential (GWP), by converting the amounts of other gases to the equivalent amount of carbon dioxide with the same GWP.

## Emissions/removals associated with sequestered atmospheric carbon

During photosynthesis, plants remove carbon (as CO2) from the atmosphere and store it in plant tissue. Until this carbon is cycled back into the atmosphere, it resides in one of a number of "carbon pools." These pools include (a) above ground biomass (e.g., vegetation) in forests, farmland, and other terrestrial environments, (b) below ground biomass (e.g., roots), and (c) biomass-based products (e.g., wood products) both while in use and when stored in a landfill.

It is generally recognized that changes in stocks of sequestered carbon and the associated exchanges of carbon with the atmosphere are important to national level. However, consensus methods have yet to be developed under the GHG Protocol Corporate Standard for accounting of sequestered atmospheric carbon.

Wellspect purchases ethanol derived from "above ground biomass" and this is reported as "outsides scopes" in Scope 1.

## Scope 3 category inclusion

| **Category** | **Boundary** |
|---|---|
| **Upstream Scope 3 emissions** | |
| Category 1: Purchased goods and services | Included |
| Category 2: Capital goods | Included |

| | |
|---|---|
| Category 3: Fuel- and energy-related activities<br>(not included in scope 1 or scope 2) | Included |
| Category 4: Upstream transportation and distribution | Included |
| Category 5: Waste generated in operations | Included |
| Category 6: Business travel | Included |
| Category 7: Employee commuting | Included |
| Category 8: Upstream leased assets | Included |
| **Downstream Scope 3 emissions** | |
| Category 9: Downstream transportation and distribution | Excluded in 2023 GHG emissions reporting since Wellspect does not have the control of this part of the supply chain, nor possibility to influence it |
| Category 10: Processing of sold products | Excluded as there is no downstream processing of Wellspect products |
| Category 11: Use of sold products | Excluded in 2023 GHG emissions reporting since it is not material. Very few of Wellspects products needs a source of energy, and the required electricity is very low. The total sum of GHG emissions from use phase of the products is < 1 ton GHG |
| Category 12: End-of-life treatment of sold products; | Included |
| Category 13: Downstream leased assets | Excluded as Wellspect is not a lessor |
| Category 14: Franchises | Excluded in 2023 GHG emissions reporting since Wellspect does not have the control of this part of the supply chain, nor possibility to influence it |
| Category 15: Investments | Excluded as Wellspect is not an investor nor a company offering financial services |

# Emissions reporting 2023

## Summary

| Scopes and categories | Metric tons CO2e |
|---|---|
| Scope 1: Direct emissions from owned/controlled operations | 2 702 |
| Scope 2: Indirect emissions from the use of purchased electricity, steam, heating, and cooling (using Market-based method)* | 165 |
| | |
| Scope 3, Category 1: Purchased goods and services | 16 066 |
| Scope 3, Category 2: Capital goods | 2 237 |
| Scope 3, Category 3: Fuel- and energy-related activities (not included in scope 1 or scope 2) | 915 |
| Scope 3, Category 4: Upstream transportation and distribution | 2 498 |
| Scope 3, Category 5: Waste generated in operations | 210 |
| Scope 3, Category 6: Business travel | 590 |
| Scope 3, Category 7: Employee commuting | 598 |
| Scope 3, Category 8: Upstream leased assets | 651 |
| | |
| Scope 3, Category 9: Downstream transportation and distribution | n/a |
| Scope 3, Category 10: Processing of sold products | n/a |
| Scope 3, Category 11: Use of sold products | n/a |
| Scope 3, Category 12: End-of-life treatment of sold products | 449 |
| Scope 3, Category 13: Downstream leased assets | n/a |
| Scope 3, Category 14: Franchises | n/a |
| Scope 3, Category 15: Investments | n/a |
| **Scope 3, total** | **24 213** |
| **Scope 1,2,3 total** | **27 080** |

*Scope 2 with location-based method is 1343 tons CO2e.

## Offsets

No offsets have been purchased or developed outside the inventory boundary.

No reductions have been sold/transferred as offsets to a third party.

## Emissions/removals associated with sequestered atmospheric carbon

Wellspect purchases ethanol derived from “above ground biomass”. For 2023; 215 tons CO2e is reported as “outsides scopes” in Scope 1.

## Accounting policies

Methodology in general as outlined in the GHG Protocol.

### Scope 1 Direct emissions

Generally: Activity data is generated at each relevant organizational entity, and the emissions calculation is made on centralized level.

Emissions from sterilization gas and process chemicals are calculated with a mass-balance approach, multiplied with emission factors from DEFRA 2023.

Emissions from refrigerants are calculated based on emitted amounts from reports from authorized service companies, multiplied with emission factor from DEFRA 2023.

Emissions from natural gas for heating/cooling purposes, fuels for spare capacity and LPG for manufacturing processes are calculated based on the purchased quantity, multiplied with emission factor from DEFRA 2023. Natural gas is converted using Gross CV and Density factors from DEFRA 2023.

Emissions from mobile combustion from owned or leased vehicles is calculated through either purchased fuels or driven distance and multiplied with emission factor from DEFRA 2023. Where there is no activity data, assumptions on driven distance have been made, based on contractual setup with the leasing company.

Bioenergy: Wellspect procures bioenergy used as solvent in the production process. Biogenic CO2 from this is reported separately. The impact of carbon captured and released when using the biofuel is nullified. Bioenergy is reported as “outsides scopes”.

### Scope 2 Purchased electricity, steam, heating, and cooling

Generally: Activity data is generated at each relevant organizational entity, and the emissions calculation is made on centralized level.

Market-based method is chosen as the primary calculation method.

Purchased electricity to our facilities is quantified either with meters (via suppliers’ portal), or with amounts stated on invoices. As all electricity is from certified renewable sources, the emission factor is zero. When calculating the emissions using location-based method, IEA country-specific emissions factors are used including CH4 and N2O factors.

Own produced electricity (through solar panels) is calculated as 0 emissions.

Electricity for cars is calculated based on actual or estimated data for distance, with a conversion factor to kWh from “EV database”. Country-specific emission factor from AIB Residual mix is used, as the electrical vehicles in general are not charged at our own sites. For Turkey, location-based emission factor is used since there was no residual mix factor provided.

District heating to facilities is quantified with meters (via suppliers’ portal). Emission factor (Combustion) from Energiföretagen: “Fjärrvärmens lokala miljövärden 2022” as 2023 data was not available at the time of calculation.

Emissions from heating/cooling purposes using natural gas as source, is calculated based on the purchased quantity, multiplied with emission factor from the supplier.

## Scope 3 Indirect emissions (other than Scope 2)

Generally: Where available, suppliers emissions reports are used. Where not available, activity data is generated at each relevant organizational entity, and the emissions calculation is made on centralized level.

**Purchased goods and services**

CO2 emissions calculations for own manufactured products are based on cradle to gate in Life Cycle Assessments (LCA) multiplied by the amount of sold products. For all other purchased goods and services, spend data split per supplier is used together with spend emission factors from US EPA (USEEIO). The emission factors are applied based on suppliers NAICS codes.

**Capital goods**

Spend-based method: Spend data split per supplier is used together with spend emission factors from US EPA (USEEIO). The emission factors are applied based on suppliers NAICS codes.

**Fuel and energy related activities**

Emissions from natural gas for heating/cooling purposes and fuels for spare capacity are calculated based on the purchased quantity, multiplied with emission factor from DEFRA 2023; WTT. Natural gas is converted using Gross CV and Density factors from DEFRA 2023.

Emissions from mobile combustion from owned or leased vehicles is calculated through either purchased fuels or driven distance and multiplied with emission factor from DEFRA 2023; WTT for average car size. Where there is no activity data, assumptions on driven distance have been made, based on contractual setup with the leasing company.

Purchased electricity to our facilities are quantified either with meters (via suppliers' portal), or amounts stated on invoices. IEA country-specific emissions factors are used; Total upstream + Life cycle Transmission % Loss).

Own produced electricity (through solar panels) is calculated as 0 emissions. Emissions from capital expenditure has been included in previous years emissions reporting.

Electricity for cars is calculated based on actual or estimated data for distance, with a conversion factor to kWh from "EV database". IEA country-specific emissions factors are used; Total upstream + Life cycle Transmission % Loss).

District heating to facilities is quantified with meters (via suppliers' portal). Emission factor (Transport and Production) from Energiföretagen: "Fjärrvärmens lokala miljövärden 2022" as 2023 data was not available at the time of calculation.

**Upstream transportation and distribution**

Transportation of raw materials to our manufacturing sites, when invoiced to Wellspect: Spend data split per supplier is used together with spend emission

factors from US EPA (USEEIO). The emission factors are applied based on suppliers NAICS codes.

Transportation between our manufacturing sites, and to our central warehouses and customers, when invoiced to Wellspect: When available, suppliers GHG reports are used, including WTW. When no reports are available, mainly distance-based method is used, with DEFRA 2023 emission factors (WTW). Where weight and/or distance is not available, extrapolation is made based on volumes.

Packaging material: Spend data split per supplier is used together with spend emission factors from US EPA (USEEIO). The emission factors are applied based on suppliers NAICS codes.

**Waste generated in operations**

GHG emissions from waste generated at our two manufacturing sites are calculated by categorizing waste volumes into types and treatment methods and applying emissions factors either from the supplier or from DEFRA 2023.

For all other sites (where we are invoiced the waste separately): Spend data split per supplier is used together with spend emission factors from US EPA (USEEIO). The emission factors are applied based on suppliers NAICS codes.

**Business travel**

Covering emissions from company air travels. Emissions are calculated by the travel agency. Coefficients with radiative forcing are used. Emission factor from DEFRA 2023.

**Employee commuting**

GHG emissions from employee commuting are based on commuting surveys, where the result has been extrapolated to cover all our employees. Emission factor from DEFRA 2023.

**Leased assets upstream**

Emissions from leased assets upstream (where not included in Scope 1 and 2 with activity data): Spend-based method: Spend data split per supplier is used together with spend emission factors from US EPA (USEEIO). The emission factors are applied based on suppliers NAICS codes. The emissions are reported as part of Category 1, Purchased goods and services, due to difficulties to separate these suppliers from the others.

Emissions from homeworking is calculated as the number of employees working fully outside our sites, multiplied with an average working hour/year and emission factor from DEFRA 2023.

**End-of-life treatment of sold products**

For the portion of products that are neither incinerated with energy recovery nor fully recycled, emissions are calculated as zero according to the GHG Protocol.

Where incineration without energy recovery or landfill: The recycling rate and waste handling in each country is taken into consideration, based on statistics

from Eurostat. GWP factors in the LCAs from incineration without energy recovery and landfill, multiplied by the amount of sold products.

### Changes in accounting policies compared with previous years

2023 years calculations for Scope 3 are using more spend-based method, and other emission factors for spend, compared to previous years. The reason being the need to align with corporate accounting methods.

# Key Performance Indicator

Wellspect measures Scope 1 and 2 emissions split per sold products, and compares with Baseline 2021:

| Year | 2021 | 2022 | 2023 |
|---|---|---|---|
| Scope 1 and 2 (Market-based) /sold product (kg CO2e/sold unit) | 0,02428 | 0,01797 | 0,01733 |
| Comparison with previous year | | -26% | -3,6% |
| Comparison with Baseline 2021 | | | -29% |

Target for 2025 is -75% compared with baseline year 2021. The target is based on the plan to replace the catheter coating process in Turkey by 2025. The project has started but is delayed, the target will unlikely be reached by 2025. Wellspect's science-based target on Scope 1 and 2 is to reach 80% **absolute** reduction by 2030, there is no intensity target set.

## Comparison with previous years

**Scope 1 and 2**

| Year | 2021 | 2022 | 2023 |
|---|---|---|---|
| Scope 1 (ton CO2e) | 2 853 | 2 908 | 2 702 |
| Scope 2* (ton CO2e) | 1 295 | 159 | 165 |
| Scope 1+2* (ton CO2e) | 4 148 | 3 067 | 2 867 |

*Market-based

See *Actions taken for reduced climate footprint 2023* for a description of the reasons for the reduction 2023.

**Scope 3**

Due to modified calculations methods, Scope 3 cannot accurately be compared with previous year. A restatement of the calculations for 2021 will be made, being our baseline year, according to our recalculation policy.

Major changes identified:

- Capital goods decrease is a consequence of less machine projects in 2023.
- Business travel increase is an effect of 2021 being a pandemia year with less travelling.
- Upstream transportation and Distribution is increasing when suppliers' reports are used instead of distance-based method, even when the activity is the same. It will be considered to adjust the distance-based method according to these experiences, including the inventory 2021.

# Actions taken

## Actions taken for reduced climate footprint 2023

Scope 1 reductions are primarily explained by improvements in the sterilization process at our Mölndal production site, which has lead to less emissions. The isolation gas used in the sterilization process (a greenhouse gas) was reduced by 26% compared to the previous year. This builds in turn on a positive reduction seen in previous years (37% reduction from the baseline 2021).

In the UK, the replacement of the heating system at our distribution center reduced the use of natural gas by 25%. In Germany, the transition to renewable energy sources has led to an absolute reduction of 21 tons CO2e. These two actions are the primary reason to reduced Scope 2 emissions.

In Mölndal, we took further strides in our transition into more energy efficient cooling systems. The new units, which rely on the ammonia refrigerant, enable an annual decrease of 200 tons of CO2e when compared to previous systems. They are also more energy-efficient, allowing us to achieve double climate benefits. The project continues during many years, replacing the units when possible, without impacting the production severely.

At the Swedish site, the charging stations for electrical vehicles were doubled. Although the emission reductions attained by encouraging more staff to buy electrical vehicles and by providing them with the ability to charge them on site are difficult to calculate, they contribute meaningfully to total emission reductions.

In 2023, we introduced the use of renewable plastic, showcasing how fossil-based materials can be replaced with bio-based raw materials without jeopardizing clinical performance. The pilot, represented by our LoFric Elle female catheter, earned us the Sustainable MedTech Innovation of the Year award for 2023.

To identify additional improvement areas that can lower our products' environmental footprint, we expanded our products' Life Cycle Assessments (LCA) into the consumables that accompany our Navina bowel product(s).

To optimize our packaging further, we reduced the material thickness of our LoFric Origo customer boxes, lowering the raw material weight by 16% per box, which in turn translated into a reduction in GHG (excluding biogenic) of 20%. As a consequence, the transport route of this material to our production was optimized, resulting in a 17% reduction of CO2e emission for this specific transport.

We inaugurated a large distribution center in Italy in 2023, to optimize logistics and cut down on air transports. Still, our ambitions to cut down on transport emissions was not realized. In 2023, we fell short of meeting our air transport reduction target of 2.1% with 1.5%. Overall, we relied on road and sea transport to a far greater extent than air transport. Meeting customer deadlines and delivering on a superior customer experience occasionally necessitates the non-planned use of air transport.

## Actions for 2024, aiming to reduce GHG emissions

- The project in Turkey, aimed at replacing the coating process and thereby reduce emissions from chemicals, continues.
- Additional measures are being implemented at our Swedish manufacturing site to reduce emissions from sterilization gas.
- A pilot project for transportation utilizing HVO is set to commence.
- In 2024, our UK site will transition to certified biogas for heating and cooling.
- The district heating provided to our Swedish site will be certified, resulting in a lower emission factor.

## Actions for improved calculations for next reporting period

- Scope 1 and 2: Leased vehicles: Activity data should be more precise.
- LPG and Ethanol is used in Wellspect's manufacturing and is reported as direct emissions in Scope 1. Upstream and T&D loss emissions are presently part of Scope 3 Category 1, but being classified (by GHG Protocol) as principally being fuels, upstream and T&D loss emissions shall be reported in Category 3. This is however relatively small amounts of emissions and as the emissions still are part of Scope 3 reporting, this error is not considered to be significant.
- Scope 3: The use of spend-based method includes uncertainties in relation to the application of supplier codes and the application of US based emission factors. Improvements has been identified to ensure a more proper split between Scope 3 categories and to improve the calculation in general. It is assessed that the calculated GHG emissions are over the actual emission level. A comparative calculation using more supplier specific emission factors resulted in 8% less GHG emissions in Scope 3.
- Scope 3 Category 4: Increase number of transportation suppliers that are providing reports on emissions and ensure that the calculations are properly made. It is acknowledged that the distance-based method applied to some routes, gives too low emissions compare with the reporting from the suppliers. This is however a smaller part of the emissions, and the error is deemed to be insignificant.
- Scope 3 Category 5 Waste: Use supplier-specific emission factors for hazardous waste (Mölndal), that will be provided by Stena Recycling from 2024.
- Scope 3 Category 7 Employee commuting is based on surveys made within the organization, but the number of replies has been low which means the underlaying data quality is not secure. This portion of the total emission is however small, and the potential error deemed insignificant.
- According to SBTi, all categories may have to be included in the reporting, also when considered not material. Needs to be clarified for reporting year 2024. If so, establish data collection methods for Scope 3 categories 9,11,14.
- 2024 years reporting must include comparison with baseline year 2021 also for Scope 3. Ensure that the years ´ reporting is consistent and comparable.

# Risk assessment

The below describes the mitigation of risks of not meeting the principles of GHG Protocol.

### Relevance

No changes in operational control since inventory 2021. Wellspect AB together with its subsidiaries still has the full authority to introduce and implement its operating policies at the operation.

The calculations appropriately reflect the GHG emissions of the company and serves the decision-making needs of stakeholders – both internal and external to the company.

### Completeness

No changes in operational control since inventory 2021, the organizational boundaries remain. The reporting instruction I-9008 ensures that the calculations correspond to the current organizational boundaries.

### Consistency

Methodologies are explained in the underlaying documents of the calculations, and briefly explained in this report. The reporting instruction I-9008 has been followed for data collection, data processing and reporting. Changes have been documented.

### Transparency

The underlaying documents of the calculations includes review and recommendation for improvements. This report addresses relevant issues.

### Accuracy of calculations

The quantification of GHG emissions is systematically performed. Scope 1 and 2 is mainly using activity data with good accuracy with some improvement areas identified in this report, whereas Scope 3 is a mix of different types of data with varying accuracy. Improvement areas for next reporting period has been identified in this report.

### Conclusion of risk assessment

The calculations have been conducted with an acceptable level of risk, ensuring the integrity of the reported information. Wellspect have prioritized the need to have a systematic, and practicable system to calculate and continuously visualize the emissions, over having a time-consuming and error prone method that potentially can give lower summary of emissions.

# Auditor's Limited Assurance Report on Wellspect AB's $CO_2$ emission data for 2023

To Wellspect AB, Corp. id. 559332-0673

## Introduction

We have been engaged by the Management of Wellspect AB ("Wellspect") to undertake a limited assurance engagement of the 2023 outcome of consolidated $CO_2$ emissions data in Scope 1, Scope 2 and Scope 3, which is reported on pages 9-12 in Climate disclosure 2023 ("information subject to assurance").

## Responsibilities of the Board of Directors and Executive management

Wellspect's management are responsible for the Emissions Data reported in accordance with applicable criteria in The World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas (GHG) Protocol standards and guidance: Scope 1: The GHG Protocol: A Corporate Accounting and Reporting Standard (revised edition); Scope 2: GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard and Scope 3: GHG protocol Scope 3 Guidance: A corporate Accounting and Reporting Standard (revised edition). (the "Criteria"). This responsibility includes the internal control relevant to the preparation of Emissions Data that is free from material misstatements, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express a conclusion on the $CO_2$ emissions data included in the Climate disclosure 2023 based on the limited assurance procedures we have performed. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements.* A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the information subject to assurance and applying analytical and other limited assurance procedures. A limited assurance engagement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Wellspect AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Management as described above. We consider these criteria suitable for the preparation of the information subject to assurance. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

## Conclusion

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the $CO_2$ emissions data for 2023 within the Climate disclosure 2023 is not prepared, in all material respects, in accordance with the criteria defined by the Management.

Västerås, the date indicated by my electronic signature

KPMG AB

Johan Bergkvist
Authorized Public Accountant

# Definitions and abbreviations

| | |
|---|---|
| AIB | The purpose of the AIB is to develop, use and promote a standardised system: the European Energy Certificate System |
| CH4 | Methane. A greenhouse gas |
| CO2 | Carbon Dioxide. A greenhouse gas |
| CO2e | CO2 equivalent. See GWP |
| DEFRA | Department for Environment, Food and Rural affairs (UK). Also known as Department for Business, Energy, and Industrial Strategy (BEIS) |
| Distance-based method | Determining the mass, distance, and mode of each shipment, then applying the appropriate mass-distance emission factor for the vehicle used |
| EHS | Environment, Health and Safety |
| ESG | Environmental, social, and governance |
| EU MDD | EU Medical Device Directive, now replaced by MDR. |
| EU MDR | EU Medical Device Regulation |
| FDA 21CFR | The portion of the Code of Federal Regulations that governs food and drugs within the United States |
| GHG | Greenhouse gas |
| GWP | Global warming potential. An index to measure how much thermal radiation a greenhouse gas would absorb over a given time frame after it has been emitted to the atmosphere, expressed as a multiple of the radiation that would be absorbed by the same mass of added carbon dioxide (CO2), the reference gas. |
| HFCs | Synthetic organic compounds that contain fluorine and hydrogen atoms. A group of greenhouse gases |
| HVO | Hydrotreated vegetable oil is a biofuel made from vegetable oil |
| I-9008 | Wellspect's reporting instruction, part of the quality management system |
| IEA | International Energy Agency |
| ISO 13485 | Standard for Medical devices - Quality management systems |
| ISO 14001 | Environmental management system |
| LCA | Life Cycle Assessment |
| Location- based | Reflects emissions using emission factors that provide an average of emissions from all power sources within a specific geographic region over a given period of time |
| LPG | Liquid petroleum gas |
| Market-based method | Reflects the emissions from the electricity that a company is purchasing |
| N2O | Nitrous oxide. A greenhouse gas |
| NAICS | North American Industry Classification System. A standard for classifying US business establishments and industries for statistical purposes |
| PFCs | Perfluorinated compound. A group of greenhouse gases |
| SBT | Science Based Targets. Aims to provide companies with a path to reduce emissions in line with the Paris Agreement goals |
| SBTi | Science Based Targets Initiative. An organization with objective to help companies to set emission reduction targets in line with climate sciences and Paris Agreement goals |
| SF6 | Sulfur hexafluoride. A greenhouse gas |
| Spend-based method | Estimate emissions by collecting data on the economic value for purchases and multiplying by the relevant industry average emission factor |
| T&D | Transmission and Distribution |
| US EPA | US Environmental Protection Agency |
| USEEIO | A model estimating the environmental and economic impacts of goods and services |


Wellspect®
A REAL DIFFERENCE