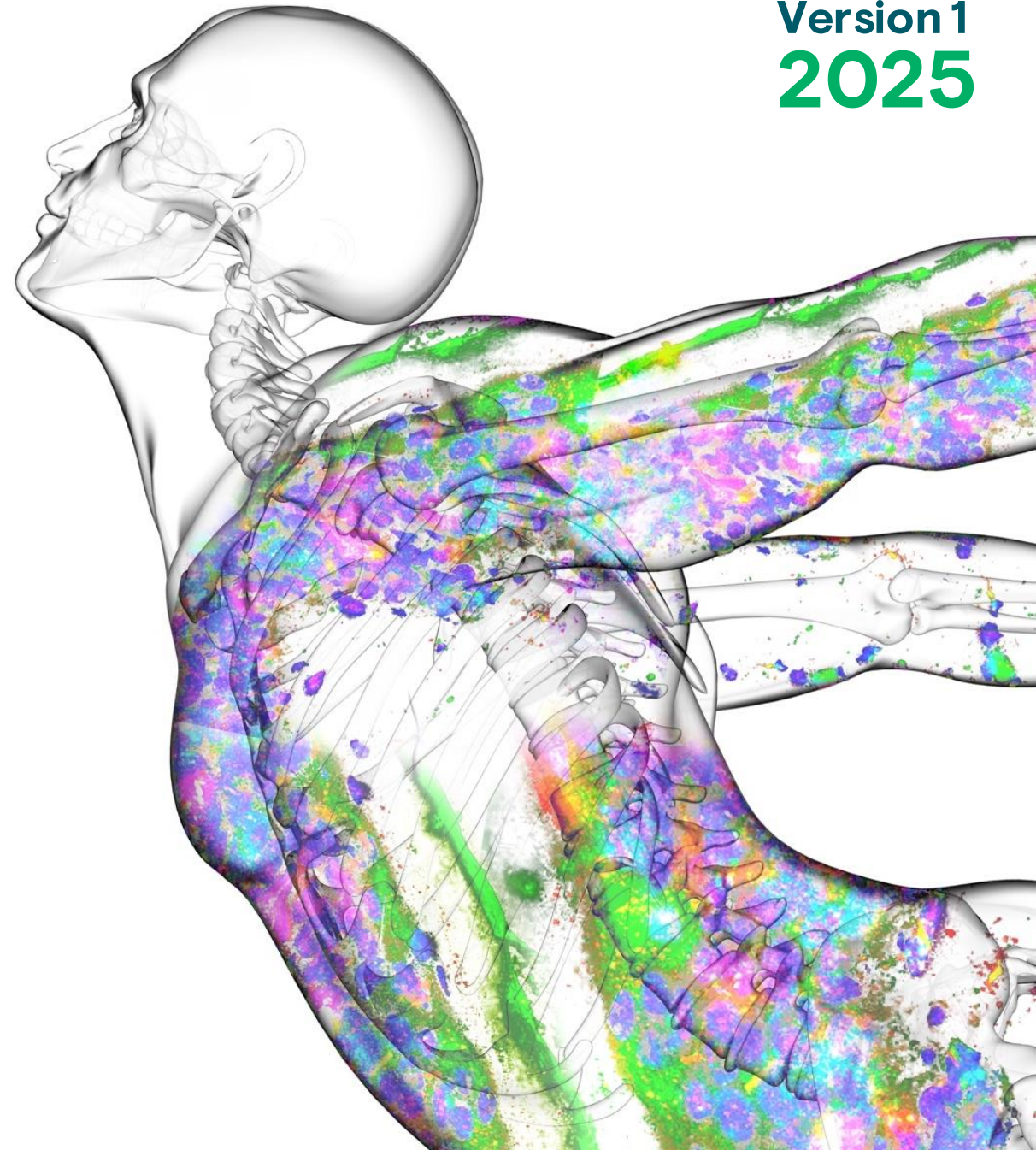


# Responsible Sourcing Toolkit for Business Partners





# Welcome to the Responsible Sourcing Supplier Toolkit

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## Introduction



## Responsible sourcing for business partners



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### Dear Business Partners,

At Grünenthal, we work towards our vision of a World Free of Pain. To achieve this, we depend on reliable supply, product quality, and patient safety – delivered together with you, our trusted business partners. Lasting success also means addressing sustainability challenges across our supply chains as part of how we work.

Responsible Sourcing is our shared commitment to integrating Environmental, Social and Governance (ESG) standards into daily business. By embracing this together, we can build more resilient supply chains, reduce environmental impact, and create positive outcomes for patients and communities.

Our approach to responsible sourcing reflects this commitment. Through it, we aim to:

- Work with you to advance performance across key ESG areas
- Support progress on ESG maturity at every stage of your sustainability journey
- Enhance transparency, collaboration, and continuous improvement
- Prepare all of us to meet – and exceed – emerging regulatory standards

This handbook is your toolkit. The first section walks you through Grünenthal's general ESG strategy and introduces our Responsible Sourcing Programme. The second section outlines what we expect from you as a business partner, providing clear standards, practical resources, and tools to support improvement and alignment with our ESG values.

We thank you for your commitment and partnership. By working side by side, we can ensure supply chains that are not only reliable but also responsible and ready for the future.

Warm regards,

Elke Geysen  
Head of Global Procurement & External Supply Operations



“At Grünenthal, we work towards our vision of a World Free of Pain. To achieve this, we depend on reliable supply, product quality, and patient safety – delivered together with you, our trusted business partners.”



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# An introduction to responsible sourcing with Grünenthal

- In this section, we'll share how we approach responsible sourcing and the context behind our work.
- We'll outline what guides us, from our Corporate Responsibility Programme and environmental strategy to our responsible sourcing structure and standards.





# Our Corporate Responsibility Programme

**Grünenthal's Corporate Responsibility Programme** integrates sustainability into the heart of our business operations, managing Environment, Social and Governance (ESG) topics on a global scale. Through our responsible sourcing, we extend this commitment across the supply chain, ensuring our values and accountability are upheld at every stage. Across all business areas, teams work together to address ESG risks and create a net positive impact through targeted initiatives in our three focus areas: Patient, People, and Planet.

### Patient

- Patient safety and product quality
- Access to healthcare
- Responsible use of pain medication
- Improving quality of life through innovative medicine



**+46%**

more patient programmes for better pain management through increased disease awareness 2024 vs 2023

### People

- Diversity, inclusion, equal opportunities
- Fair working conditions and remuneration
- Workplace safety and health protection
- Training and development



**20**

countries certified as a Great Place to Work® in 2024

### Planet

- Commitment to minimising the negative environmental impacts of our global operations
- Reduction of emissions from production-related processes
- Minimising pollution across our operations and supply chain



**-83%**

reduction of emissions resulting from purchased energy\* 2024 vs 2023

## Governance

Learn more about our Corporate Responsibility Programme on our website 

# Planet strategy

## Sustainable operations

- We are reducing the environmental footprint of our own operations through targeted climate action. This is connected to Scope 1 and 2 emissions, and includes switching to renewable energy, reducing greenhouse gas emissions, managing industrial waste, and improving wastewater treatment across all sites.

### Our target:

**55%**  
reduction of Scope 1 & 2 greenhouse gas (GHG) emissions by 2030 (vs. 2020 baseline)

## Sustainable products

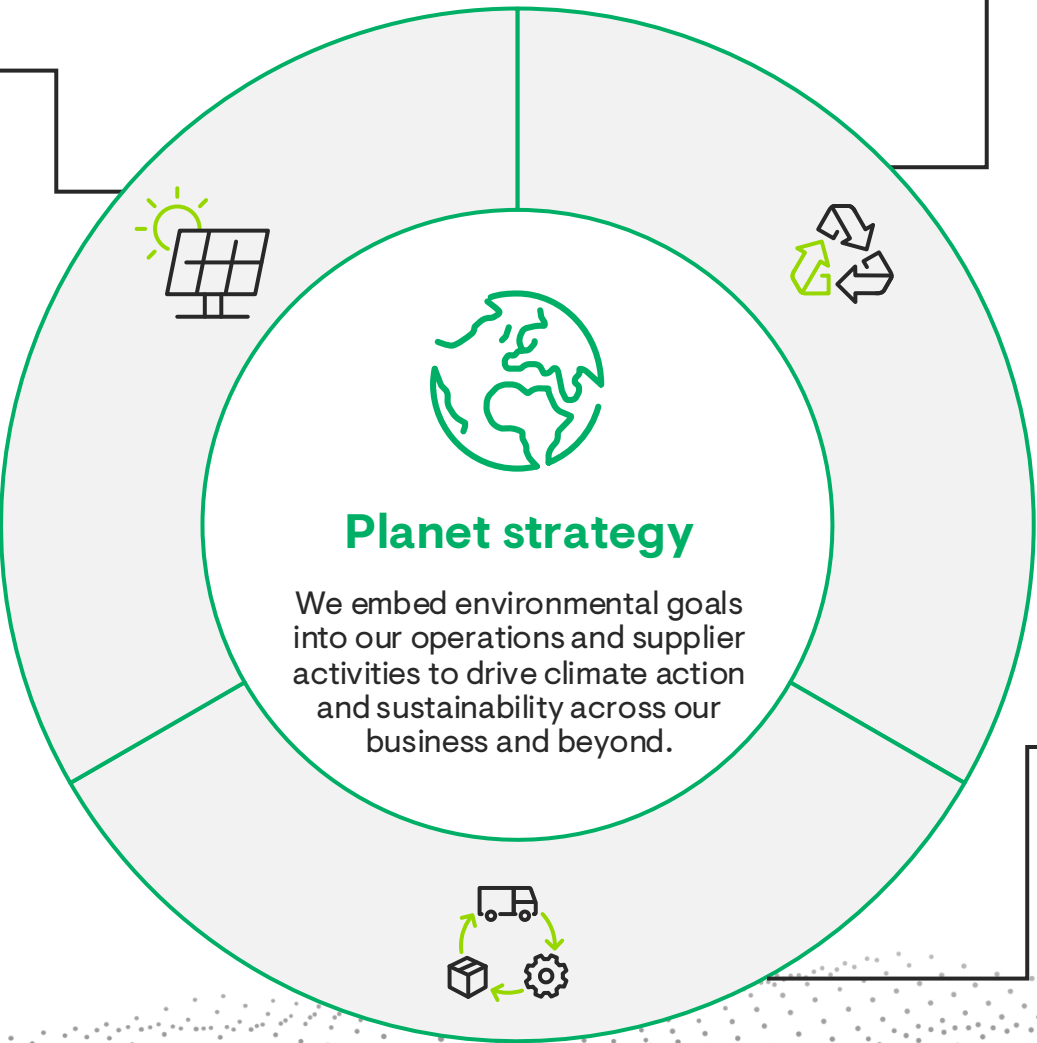
- Our product strategy focuses on circularity, designing packaging with reuse, recycling, and minimal waste in mind. We're also exploring after-use solutions that reduce environmental harm and support a circular economy approach.

## Sustainable procurement

- We work closely with suppliers to improve sustainability across our supply chain. This means sourcing responsibly, engaging suppliers to have science-based targets, and assessing ESG performance related to climate-change actions. This is connected to the Scope 3 emissions.

### Our target:

**100%**  
of suppliers in scope\* have validated science-based targets by 2028



**Our near-term climate targets have been validated by the Science Based Targets initiative (SBTi), guiding our decarbonisation and emission reduction efforts.**



\*Suppliers in scope are those responsible for 74.1% of our Scope 3 emissions from purchased goods and services, as well as upstream transportation and distribution (logistical activities from suppliers prior to production).

# 2024 progress on Planet commitments

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We are advancing on key climate and resource efficiency goals, from cutting emissions to switching to renewable energy sources.



## Sustainable operations



**-42%**

reduction in Scope 1 and 2 greenhouse gas emissions since 2020

Largest solar power system in Aachen installed in 2024, **cutting 366 tonnes** of CO<sub>2</sub> annually

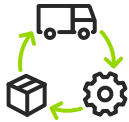
Reached **Zero waste** to landfill from all manufacturing activities

**100%** renewable electricity achieved across all manufacturing sites

Earned **My Green Lab®** certification for our research labs

**39,086** trees planted since 2021

## Sustainable procurement



**50%**

of suppliers in scope\* have validated science-based targets or an action plan to have validated science-based targets by 2028

## Sustainable products



**+80%** recycling rate for the solvent tetrahydrofuran at our site in Switzerland

\*Suppliers in scope are those responsible for 74.1% of our Scope 3 emissions from purchased goods and services, as well as upstream transportation and distribution (logistical activities from suppliers prior to production).

# Our responsible sourcing

## Overview

Responsible sourcing is an extension of our Corporate Responsibility Programme and is built on principles that enhance our purchasing decision-making. We prioritise supplier transparency on ESG data, support supplier growth and collaboration, and drive change through industry best practices, reinforcing our commitment to ethical and sustainable sourcing.

### We prioritise three key areas:

#### Environment



- Water usage
- Circularity
- Renewable energy

#### Social



- Human rights
- Health and safety
- Diversity, equity, and inclusion

#### Governance



- Ethics
- Public policy and regulations
- Anti-bribery and anti-corruption

## Principles

- Value beyond savings
- Supplier's ESG data transparency
- Supplier development & collaboration mindset
- Leverage industry ecosystem to drive change



# Our responsible sourcing standards



Click the boxes below to explore each document:



## Code of Conduct for Business Partners

We are committed to ethical business practices and only work with business partners who uphold the same high standards.



## Responsible Sourcing Standard for Business Partners

Our Responsible Sourcing Standard clearly states our requirements and expectations for suppliers. It forms the basis for all relationships within our supply chain and aims to boost transparency, collaboration, and progress for ESG topics.

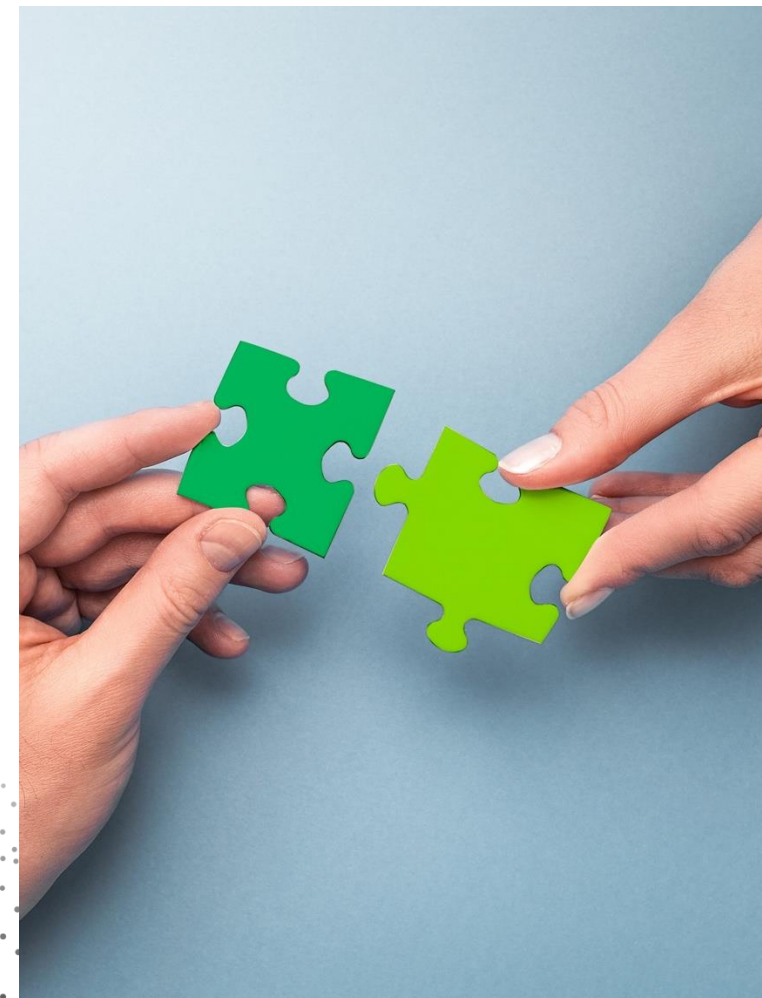


## Statement of Compliance with Human Rights and Environmental Standards

This statement outlines our commitment to creating a safe and respectful workplace for our people, while also minimising risks to the environment.



If you have any questions, doubts, or concerns, you can reach out to our Ethics Helpline. The confidential internet-based platform can be used 24/7.



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## Our responsibility

What Grünenthal requires from suppliers to ensure compliance:

- Comply with local laws and global environmental and health and safety standards
- Promote human rights and fair labour practices
- Endorse our Code of Conduct for Business Partners
- Align with ESG regulations

# How we structure our responsible sourcing

Responsible sourcing is an important part of our collaboration, ensuring compliance with new regulations and exceeding our responsibility for sustainable excellence across our supply chains.



## Our ambition

What we aim to achieve together:

- Validated Science Based Targets (SBT) to reduce greenhouse gases
  - Roadmap to Net Zero emissions
- Increase transparency and collaboration
- Promote a culture of Diversity, Equity, and Inclusion (DEI)

# Partnerships with external initiatives

We have partnered with several initiatives that reflect our commitment to responsibility. Below are some examples of ones you can also get involved with.



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**The UN Global Compact** is the world's largest corporate sustainability initiative, promoting responsible business practices.



**The Pharmaceutical Supply Chain Initiative (PSCI)** sets up Principles for Responsible Supply Chain Management in the pharmaceutical industry concerning ethics, labour, health & safety, environment, and management systems.



**The Science Based Targets initiative (SBTi)** is a global body which assess carbon emission targets in line with the 1.5 degrees pathway.



Widely regarded as the gold standard for lab sustainability worldwide, **My Green Lab®** is a non-profit organisation whose programme is recognised by the UN's Race to Zero campaign as a key benchmark for zero-carbon progress.



**ImpactHero** enables businesses to seamlessly embed verified positive actions—like tree planting, plastic collection, coral reef restoration, and more—into their operations to advance the UN's Sustainable Development Goals.





# ESG certifications and ratings

Our leadership in responsibility has been recognised through the following external certifications:

## MSCI Provisional ESG RATINGS

|         |       |        |         |       |        |         |
|---------|-------|--------|---------|-------|--------|---------|
| (p) CCC | (p) B | (p) BB | (p) BBB | (p) A | (p) AA | (p) AAA |
|---------|-------|--------|---------|-------|--------|---------|



As of Oct 2024



### Laggard

A company lagging its industry based on its high exposure and failure to manage significant sustainability risks

### Average

A company with a mixed or an unexceptional record of managing the most significant sustainability risks and opportunities

### Leader

A company leading its industry in managing the most significant sustainability risks and opportunities



Top ratings affirm our ESG leadership position.

**Sebastian Köhler**  
General Counsel  
and Member of the  
Executive Board Team





# Responsible sourcing for business partners

- As a business partner of Grünenthal, you play an important role in strengthening our supply chains by upholding high ESG standards.
- This section will outline our expectations of you, how we assess your ESG performance, and how we will support you in improving if necessary.



# What we expect from you as a business partner



## Decarbonisation

- Set climate/carbon reduction science-based targets and deliver against them
- Leverage renewable energy



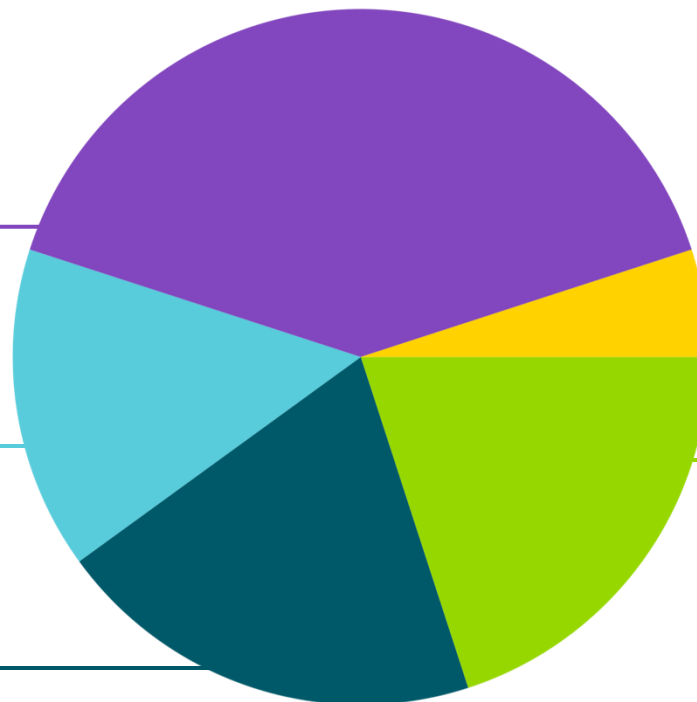
## Business Conduct

- Align with Grünenthal's Code of Conduct for Business Partners
- Have a structured compliance and management system



## Human Rights

- Respect and promote human rights in all areas (e.g., prevent forced child labour, ensure fair working conditions, and uphold non-discrimination)



## ESG performance

These are the key areas we use to assess our suppliers



## Diversity, Equity & Inclusion (DEI)

- Integrate into your company's culture



## Environmental, Health & Safety (EHS)

- Maintain a robust EHS management system. Comply with environmental laws (e.g., waste, water, hazardous materials)
- Hold accredited EHS certifications

# ESG assessment process

## Step 6: Report

We communicate and share best practices identified with our suppliers, while also creating visibility into our risk exposure, progress, and corrective actions.

## Step 5: Monitor and reward

We will track your progress. Improvement can lead to a higher ESG score and new business opportunities.

## Step 4: Act

Through communication and close collaboration, we will work on an action/development plan with you.

## Our ESG assessment process

Grünenthal follows the “six steps of responsible sourcing” to assess you.

## Step 1: Implement

We start by developing governance and sourcing processes for new regulations and initiatives around ESG.

## Step 2: Identify risk

We then conduct an ESG risk assessment or greenhouse gas (GHG) analysis. Based on the results, you may be invited to complete an ESG in-depth assessment.

## Step 3: Verify compliance

The results from your in-depth assessment via IntegrityNext (INX) will be reviewed to provide your ESG risk/score and identify potential risks/development areas.



**No immediate action from you is required.**

If relevant, you will be contacted to participate in this assessment as part of our procurement process.

**IntegrityNext (INX)** is our all-in-one platform that supports supply chain sustainability management. It helps us meet due diligence obligations and uphold human rights and environmental standards. **Click here to learn more**



**INTEGRITY  
NEXT**

# How we measure your ESG performance

To determine your ESG score, we assess five categories, each weighted differently. Your score places you into one of five ESG performance levels, with the specific criteria outlined in our ESG supplier matrix. The steps for progressing to higher levels are also briefly described here.



ESG assessment categories

ESG performance levels

# The ESG supplier performance matrix

This matrix outlines the standards you must meet for each of the five ESG performance levels.

| Topic                                    | Level 1<br>Defective (0-20)                                                                           | Level 2<br>Operational (21-43)                                                                                                                                   | Level 3<br>Standard (44-65)                                                                                                                                                                                            | Level 4<br>Professional (66-89)                                                                                                                                                                 | Level 5<br>World Class >90                                                                                                                                                   |
|------------------------------------------|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Decarbonisation</b>                   | N/A                                                                                                   | <ul style="list-style-type: none"> <li>Initial GHG inventory provided (Scope 1 &amp; 2)</li> <li>Plans to set Science Based Target (SBTs) in ~3 years</li> </ul> | <ul style="list-style-type: none"> <li>Assess and disclose your emissions (GHG inventory Scope 1, 2, and 3)</li> <li>Develop and submit your SBTs</li> <li>Commitment to increase renewable electricity use</li> </ul> | <ul style="list-style-type: none"> <li>Near-term SBTs approved</li> <li>Build your Net Zero Roadmap</li> <li>Public disclosure of decarbonisation progress verified by a third party</li> </ul> | <ul style="list-style-type: none"> <li>Long-term SBTs approved</li> <li>Drive decarbonisation of your supply chain</li> <li>Life Cycle Assessment (LCA) available</li> </ul> |
| <b>Environment, Health &amp; Safety</b>  | <ul style="list-style-type: none"> <li>Critical misconduct in past 36 months (unaddressed)</li> </ul> | <ul style="list-style-type: none"> <li>Compliance with local laws and regulations</li> </ul>                                                                     | <ul style="list-style-type: none"> <li>EHS certifications</li> </ul>                                                                                                                                                   | <ul style="list-style-type: none"> <li>Established energy, water, and waste management</li> <li>Risk management system for suppliers</li> </ul>                                                 | <ul style="list-style-type: none"> <li>Water and waste: &gt;80 % recyclable</li> </ul>                                                                                       |
| <b>Human Rights</b>                      | <ul style="list-style-type: none"> <li>Critical misconduct in past 36 months (unaddressed)</li> </ul> | <ul style="list-style-type: none"> <li>Compliance with local laws and regulations</li> </ul>                                                                     | <ul style="list-style-type: none"> <li>Code of Conduct</li> <li>HR policy and/or statement</li> <li>Adherence to international standards</li> </ul>                                                                    | <ul style="list-style-type: none"> <li>Enforced HR policy</li> <li>External verification</li> <li>Signatory of the UNGC</li> <li>Risk management system for suppliers</li> </ul>                | <ul style="list-style-type: none"> <li>HR certification</li> <li>Monitor and report progress related to HR</li> </ul>                                                        |
| <b>Business Conduct</b>                  | <ul style="list-style-type: none"> <li>Critical misconduct in past 36 months (unaddressed)</li> </ul> | <ul style="list-style-type: none"> <li>Compliance with local laws and regulations</li> <li>Code of Conduct</li> </ul>                                            | <ul style="list-style-type: none"> <li>Established compliance &amp; management system</li> <li>Adherence to international standards</li> </ul>                                                                         | <ul style="list-style-type: none"> <li>Code of Conduct for suppliers</li> <li>Enforced policies</li> <li>External verification</li> <li>Risk management system for suppliers</li> </ul>         | <ul style="list-style-type: none"> <li>Grievance mechanisms are encouraged to suppliers</li> <li>Progress is monitored and reported</li> </ul>                               |
| <b>Diversity, Equity &amp; Inclusion</b> | N/A                                                                                                   | N/A                                                                                                                                                              | N/A                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>DEI integrated into company culture</li> </ul>                                                                                                           | <ul style="list-style-type: none"> <li>DEI programme and KPIs implemented</li> </ul>                                                                                         |

**Level 3 is the minimum expectation for all our suppliers.**





These are PSCI Member companies with an SBTi commitment.

If you see a customer logo on this slide, you will be expected to make a **Science Based Target Commitment**.

## Near-term Target

Catalent

ORION

teva

CHUGAI  
A member of the Roche group

Leo Pharma  
Pharmaceutical company

GRÜNENTHAL

M

Boehringer  
Ingelheim

HALEON

CENTRIENT

Piramal  
Pharma Limited

SHIONOGI

SANDOZ

ORIFARM

abbvie

charles river

GILEAD

AMGEN

VIATRIS

Johnson & Johnson

sobi  
rare strength

## Net Zero Target

2035

Chiesi

2040

NOVARTIS

Takeda

karo

Pfizer

2045

AstraZeneca

Eisai Biogen

MERCK

gsk novo nordisk

moderna

Roche sanofi

ucb Inspired by patients.  
Driven by science.

2050

aragen

Bristol Myers Squibb

BAYER

almirall

BD

ten 23

Committed

kenvue

ONO PHARMA



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# Guidance materials



# What you need to know about ESG audits as a business partner

|  <b>Who needs to do it</b>                                                                               |  <b>Why do we do it</b>                                                                                       |  <b>Benefits for you</b>                                                                                                                                                                                                                                            |  <b>What we ask of you</b>                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Only business partners in scope will undergo an ESG audit. This is based on several factors, such as your industry and ESG performance.</li> </ul> | <ul style="list-style-type: none"> <li>An ESG audit helps you align with pharmaceutical industry standards on Ethics, Human Rights, Health &amp; Safety, Environment, and Governance.</li> </ul> | <ul style="list-style-type: none"> <li>Builds trust and transparency across the supply chain</li> <li>Meets growing regulatory and customer expectations: One audit can satisfy multiple PSCI members</li> <li>Identifies and helps mitigate sustainability-related risks</li> <li>Strengthens long-term business resilience and reputation</li> </ul> | <ul style="list-style-type: none"> <li>Participate in our PSCI shared audits</li> <li>Provide documentation and access: policies and procedures, as well as provide site access for verification</li> <li>Collaborate on improvements: Work with us on corrective action and continuous improvement</li> </ul> |

As a member of the Pharmaceutical Supply Chain Initiative (PSCI), Grünenthal adopts the audit approach and tools published on the [pscinitiative.org](https://www.pscinitiative.org)





## SCIENCE BASED TARGETS

**The Science Based Targets initiative (SBTi)** is a **global body** which assess carbon emission targets in line with the 1.5 degrees pathway.



### Why we use it

- To align Grünenthal's climate goals with the 1.5°C pathway
- To validate both near-term and long-term decarbonisation plans
- To support Scope 3 supplier engagement targets
- To build trust in our climate ambition



### Benefits to suppliers

- Defines and promotes best practice in line with climate science
- Provides technical assistance and expert resources
- Provides companies with independent assessment and validation of climate targets
- Enhances risk management capabilities



### Where can you learn more?

**The SBTi website**



**A resource for SBTi**



**The SBTi library**





IntegrityNext is a cloud-based platform for **supply chain sustainability and compliance monitoring.**

It helps companies assess their suppliers against regulatory requirements, international standards, and voluntary goals, and gives them a clear view of ESG risks and performance.



### Why we use it

- Supports ESG risk management in the supply chain to comply with upcoming regulations
- Enables collaboration through transparent outcome and actions documentation



### Benefits to suppliers

- Benchmark ESG performance & identify areas for improvement
- Use results in customer and investor communications
- Reduce duplication by meeting multiple customer expectations at once
- Strengthen credibility & long-term partnerships



### Where can you learn more?

The Integrity Next Website

Our responsible sourcing page





The **Pharmaceutical Supply Chain Initiative (PSCI)** is a collaboration of pharmaceutical companies that aim to build responsible supply chains and sustainability capability throughout the supply chain. It provides a shared platform for improving supplier performance in ethics, labour, health and safety, environment, and management systems.



### Why we use it

- Align our operations with the PSCI Principles
- Share experiences and learn from other members
- Provide transparent information about our supply chain practices
- Pursue continuous improvement to enhance our supply chain practices



### Benefits to suppliers

- Access **free training**, tools, and webinars from PSCI experts
- Join a **community of responsible suppliers** advancing industry standards
- Participate in a single ESG audit accepted across multiple pharma customers



### Where can you learn more?

- Join the online supplier community:

**Supplier Registration - PSCI**



- Access best practice documents here:

**Resources - PSCI**



- Download the PSCI Maturity Model App to learn how to develop capabilities across sustainability/ESG topics:

**Resources - PSCI**





**My Green Lab®** is a non-profit organisation whose programme is recognised by the UN's Race to Zero campaign, as a key benchmark for zero-carbon progress. It is widely regarded as the gold standard for lab sustainability worldwide.



### Why we use it

- Aligns our laboratories with global sustainability standards
- Recognized by the UN's Race to Zero campaign
- Provides actionable ways to make meaningful changes toward sustainability in day-to-day operations



### Benefits to suppliers

- Demonstrates commitment to sustainability in laboratory practices
- Aligns with global sustainability standards, enhancing credibility
- Provides a framework for continuous improvement in environmental performance



### Where can you learn more?

- Learn about our involvement:

**Our certification**



- Learn more about the initiative:

**My Green Lab® Website**



# FAQs



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## 1 What is the purpose of assessing suppliers against our ESG standards?

Our ESG assessment helps us understand ESG performance across our supplier base. It allows us to meet regulatory requirements, align with our science-based targets, and identify areas for collaboration and improvement.

## 2 Is participation in IntegrityNext mandatory?



It is highly encouraged. Suppliers above a defined risk or spend threshold are required to complete the IntegrityNext assessment. This ensures transparency across our supply chain and allows us to track sustainability progress consistently. For more information on this tool, check out the **IntegrityNext Help Center**.

## 3 How will my assessment data be used?

Assessment data will be used to evaluate ESG risks, support internal reporting (including Scope 3 emissions), and identify opportunities for joint improvement. Data is treated confidentially and only shared with relevant internal stakeholders for responsible sourcing purposes.

## 4 What support is available to help me complete the assessment?

We provide access to training materials, guidance documents, and internal support.

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## What happens after I complete the assessment?

After submission, your responses will be reviewed. Based on your results, you may receive follow-up requests, suggested improvement actions, or be prioritised for further collaboration. High-performing suppliers may also be highlighted in internal evaluations.

8

## Will sustainability performance affect sourcing decisions?

Yes. ESG performance is a factor in supplier selection, renewals, and risk management. Strong ESG credentials not only reduce risk but position suppliers as preferred partners for long-term collaboration.

6

## What are Science-Based Targets (SBTs) and why are they relevant to me?

Science-Based Targets (SBTs) align emissions reductions with climate science and the Paris Agreement. As we pursue Net Zero goals, we encourage suppliers to set SBTs, especially for Scope 1 and 2. We also rely on your Scope 3 data to complete our own climate reporting.

9

## What happens if I am not participating in IntegrityNext?

The goal of fulfilling the assessment via IntegrityNext is to gain a better understanding of the environmental, health, and safety standards situation in their supply chain. Your participation in the self-assessment is very important for our business relationship and will allow other customers using IntegrityNext to get immediate access to your sustainability profile.

In case you have an alternative report, such as an EcoVadis scorecard, we would appreciate if you could share with us your full report or details and provide the information if your ESG management system has been externally certified (e.g. ISO). If you neither complete the questionnaires nor provide the listed certificates, this will result in a low ESG rating.

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## How do you define Scope 3 emissions?

Scope 3 includes indirect emissions that occur in our value chain, particularly emissions from purchased goods and services. This data is essential for accurate reporting and achieving our climate goals.

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## 10 What happens if I am not setting SBTs?

Failing to set a science-based target could have several medium- and long-term implications for our relationship. For example, you will receive a lower ESG rating, which could result in reduced supplier attractiveness and missed opportunities in our collaboration. Setting science-based targets is not only an expectation from Grünenthal, but also from other pharmaceutical companies.

## 11 What is an ESG audit and when is it required?

An ESG audit is an independent evaluation of your company's practices related to environmental, social, and governance (ESG) factors. Audits may be required for higher-risk or strategic suppliers, or when an assessment highlights potential gaps. ESG audits help validate sustainability claims and identify targeted improvement areas.

## 12 What are the benefits of participating in an ESG audit?

An ESG audit provides credibility, transparency, and actionable feedback. It can strengthen your position in procurement decisions, prepare you for customer or investor scrutiny and uncover practical steps for improvement. Audit participation also enhances your standing in our supplier performance review.

## 13 What happens if my ESG performance is rated low?

If your ESG performance is below expectations, you may be asked to submit an improvement plan or participate in an audit. Procurement and ESG teams will offer support where needed. Continued underperformance, however, may impact future sourcing decisions. Please review the supplier performance matrix to understand our expectations.

## 14 Do I need to validate my science-based targets by SBTi?

You need to have your science-based targets validated by SBTi or SBTi equivalents if they meet the SBTi criteria and are validated by a 3rd party.



# Glossary of terms and concepts



## Greenhouse Gas (GHG) Emissions

Gases that trap heat in the atmosphere, contributing to global warming. The most common include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O).



## Paris Agreement

A legally binding international treaty to limit global warming to well below 2°C, preferably 1.5°C, compared to pre-industrial levels.



## Scope 1, 2, and 3 Emissions

- Scope 1: Direct emissions from owned or controlled sources (e.g., company vehicles, facilities).
- Scope 2: Indirect emissions from purchased electricity, heating, or cooling.
- Scope 3: All other indirect emissions across the value chain, including supplier and customer activities.



## Science-Based Targets (SBTs)

GHG emissions reduction goals aligned with climate science and the Paris Agreement, validated by the Science Based Targets initiative (SBTi).



## Near-Term Targets

Emissions reduction goals to be achieved within the next 5–10 years. Often the first milestone toward long-term climate strategies.

# Glossary of terms and concepts



## Long-Term Targets

Ambitious reduction goals that extend beyond 2030, typically aiming for full decarbonisation by 2040 or 2050.



## Net Zero

A state in which greenhouse gas emissions are balanced by removals (e.g., carbon capture) so that overall emissions equal zero.



## Supplier Engagement Target

A goal to ensure that a defined portion of upstream suppliers set their own science-based emissions targets, driving decarbonisation across the supply chain.



## Corporate Sustainability Reporting Directive (CSRD)

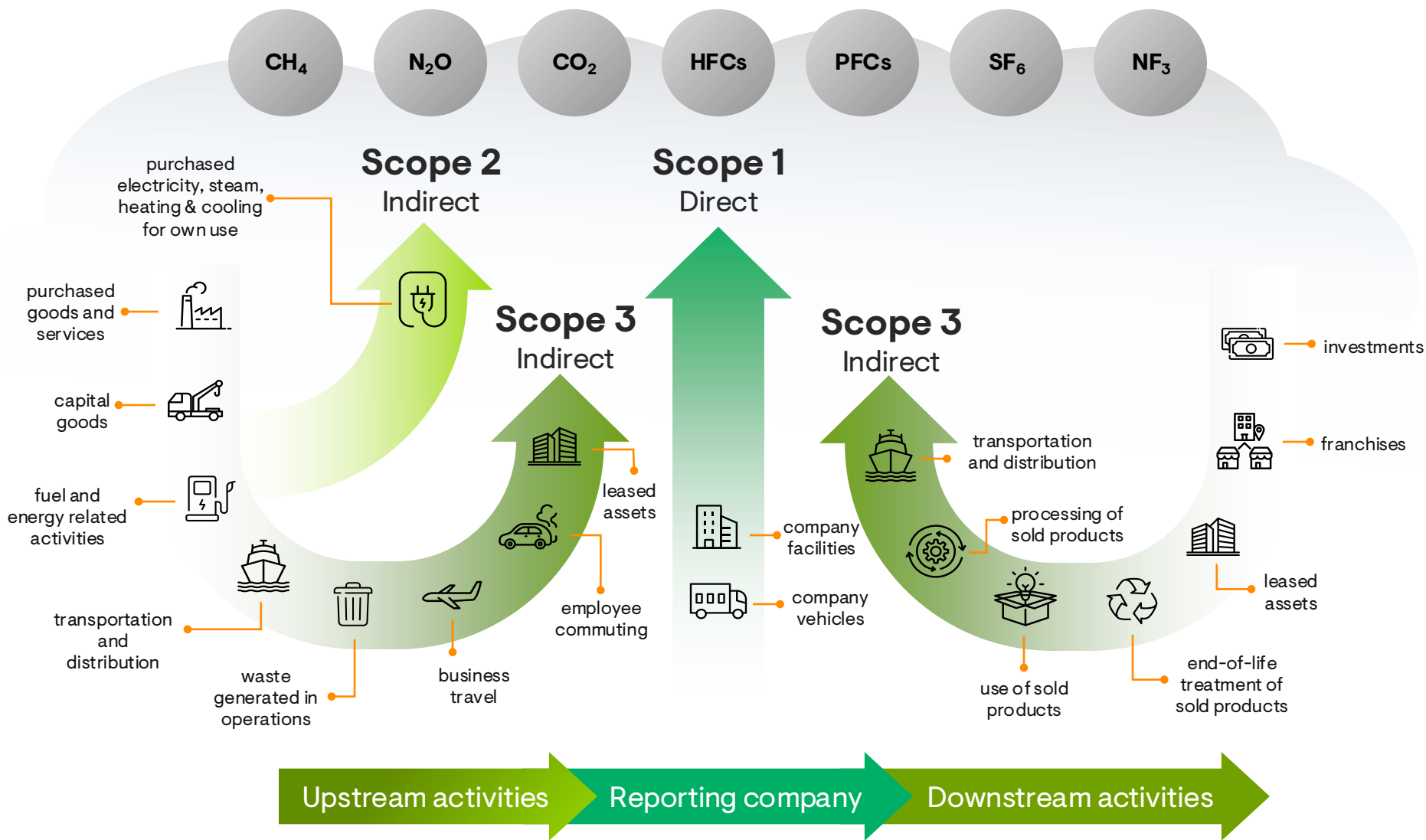
An EU regulation requiring companies to report on ESG impacts and performance, including Scope 3 emissions, starting in 2025 for Public Interest Entities (PIEs).



## GHG Calculation – Scope 3 Data from Suppliers

The process of collecting emissions data directly from suppliers to calculate and report Scope 3 emissions more accurately. This supports transparency, target-setting, and regulatory compliance.

# Understanding greenhouse gas emissions



## Scope 1

All direct GHG emissions resulting from the company's own business activities  
(~15% of total CO<sub>2</sub>e emissions)

## Scope 2

Indirect GHG emissions resulting from the production of energy procured by the company  
(~5% of total CO<sub>2</sub>e emissions)

## Scope 3

All other indirect GHG emissions from upstream and downstream activities  
(~80% of total CO<sub>2</sub>e emissions)

