iNIZIO

Our Climate Transition Plan

2024 - 2027

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1. Our Vision

i. INTRODUCTION

Sustainability can mean many things. To us, it's about minimizing our environmental impact, championing diversity and inclusion, promoting health equity (and thereby contributing to a just transition), and operating in a robust, ethical manner that allows us to grow in a way that benefits everyone. Our approach to sustainability is shaped by global trends and our commitment to doing the right thing. We recognize the enormous, complex challenges our societies face and are determined to address them wherever we can.

Focusing on environmental impact, the healthcare industry that we serve is responsible for 4.4% of global carbon emissions[1]. If the healthcare sector were a country, it would be the fifth biggest emitter on the planet. Purchased pharmaceuticals and medical devices make up the largest proportion of the sector's carbon emissions[2]. This explains the surge of ambitious emission reduction initiatives by the pharmaceutical industry, which is engaging its supply chain partners in setting science-based emissions targets.

As a responsible supplier, we're fully committed to reducing our own operational emissions and working with our supply chain to reduce theirs, so we can become a Net Zero business by 2040 aligned with the 1.5°C pathway as set out in the 2015 Paris Agreement. To underpin this overall commitment, we have set near-term science-based targets and have outlined a detailed net zero roadmap as part of our transition plan to achieve a healthier society and environment.

ii. THE ROLE OF REGULATION

Regulation plays an important role in the transition to net zero and during 2023, we were working on voluntarily integrating and disclosing against the International Sustainability Standards Board (ISSB)'s IFRS S2 standards and have responded to the CDP questionnaires since 2022. This reporting year, we have enhanced our processes for assessing and managing our climate-related risks and opportunities by including the financial quantification modelling of our climate transition risks relating to both the decarbonisation of the wider health-care sector and the increased stringency of climate-related regulations. We have also worked on engaging our Enterprise Risk Management team more closely to better integrate, monitor and manage climate-related risks and opportunities across our business units. Our Transition Plan has also been informed by the OCED Guidance on Transition Finance[3], which seeks to drive credibility in Corporate Climate Transition Plans. All these developments are discussed in more detail in Section 2, which outlines Inizio's governance and approach to managing risk.

This work has also helped us to justify significant investments to reduce our emissions in line with our science-based targets for 2031, which were validated last year by the Science-Based Targets Initiative (SBTi). Our progress towards those targets is summarised in Section 3, which outlines our roadmap towards Net Zero. Our investments over the last year include additional internal resource within the Sustainability team, third party consultancy, investments in procuring renewable energy for our offices and the roll out of an ESG supplier engagement platform. These are discussed in more detail in Section 4, which provides details of our transition plan and key actions.

We have made significant progress in the previous 12 months to advance our decarbonisation efforts as demonstrated by the validation of our near-term science-based targets. While much remains for us to do, Inizio is ambitious. We are keen to play a wider role in helping our customers to commercialize forms of health care that have a much lower climate impact. This is the subject of Section 5.

2. Governance and Inizio's Approach to Managing Risk

Ensuring a robust governance framework aligned with our climate transition plan is essential to sustaining its delivery over time. At Inizio, we incorporate our climate transition agenda into our governance processes at all levels, from our Board- to the various global business units we manage.

i. THE BOARD'S OVERSIGHT OF THE TRANSITION PLAN

All matters relating to climate are reported on and considered at every Board meeting through a standalone ESG update, followed by updates from the Non-Executive Director (ESG Sponsor) on the latest Sustainability Committee meetings that occur at least twice a year. Each year, the Board reviews progress against our climate strategy as part of Inizio's broader Sustainability Strategy.

Our Board also undertakes the role of reviewing our enterprise risks, whereby our climate-related risks captured in the Enterprise Risk Management process are highlighted within a Sustainability Risk Dashboard. This dashboard is presented to the Board's Audit Committee for review and assessment. As part of our Sustainability Strategy, the Board additionally reviews and approves all climate-related KPIs to measure and track progress on near term and long term targets that we have set as part of our climate transition plan.

ii. MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES TO GUIDE OUR TRANSITION

The Board has delegated responsibility to the Board's Sustainability Committee to oversee the creation, implementation, and execution of the Group's climate strategy. This includes keeping track of broader stakeholder expectations on climate issues and regularly updating the Board on the progress of our transition plan. The Sustainability Committee is tasked with setting targets and overseeing the collection of emissions data, guided by a formal terms of reference document outlining the committee's key responsibilities.

Reporting to the Group Corporate Development Director is the position of our Chief Sustainability Officer (CSO), also known as our Head of ESG. This assigned role entails the management of annual budgets for climate mitigation initiatives, developing Inizio's climate transition plan which includes our 2040 Net Zero commitment, conducting regular climate-related scenario analysis exercises to assess climate risks and opportunities, and monitoring progress against climate-related targets.

A further layout on specific roles and reporting lines amongst our Board and senior levels of management are provided below in Figure.1:

Figure. 1 Inizio's governance structure in place to develop and oversee the implementation of climate transition plan

iii. ENTERPRISE RISK MANAGEMENT APPROACH

We consider climate-related risks and opportunities as an important component of our business continuity planning which is closely linked with our ability to deliver our services to clients. Therefore, we make sure that any climate-related risks we might encounter are identified, evaluated, and addressed within our core Enterprise Risk Management (ERM) process. As part of this process, climate-related risks are assessed and ranked for likelihood and impact alongside other business risks. We consistently manage climate-related risks at both the business unit and Group levels, treating them the same as all other risks identified within the Group. High-impact risks, including risks relating to climate, are documented in a Principal Risk Dashboard, which is then presented to the Board's Audit Committee for review and to monitor mitigation strategies.

iv. SCENARIO ANALYSIS

In 2023, we carried out a risk identification and prioritisation exercise to determine the most significant physical and transition risks and opportunities for our business. We then conducted scenario analysis on five physical and 12 transition risks and opportunities using the scenarios in Figure 2 and their associated time horizons. The following time horizons over which to apply our scenario analysis were considered to be relevant to our business:

- **Short-term:** Within the **next 2 years.** This is the timeframe we see as critical and highly reflective of the rapidly changing industry we operate in.
- **Medium-term:** Between years **3 to 8** into the future. We see more strategic and financial planning to be achieved over this timeframe.
- **Long-term:** From years **9 to 16.** This reflects our long-term vision for net zero by 2040.

The scenarios used in our analysis below are aligned to the CSRD's ESRS E1 requirements for the use of a 1.5 degrees world scenario to assess climate risks and opportunities.

2. Governance and Inizio's Approach to Managing Risk

Physical Scenarios Used		Transition Scenarios Used	
IPCC SSP5-8.5 – 4.4°C mean warming by 2100	This is a business-as-usual, high emission scenario with no additional climate policy. Energy demand triples by 2100, dominated by fossil fuels. Current CO_2 levels double by 2050.	Stated Policies Scenario (STEPS)	This scenario is most aligned with current policy and economy wide progress. It does not assume that aspirational targets are met.
IPCC SSP1-2.6 – 1.8°C mean warming by 2100	This scenario is aligned to the current commitments under the Paris Agreement. It is implied that the world reaches net-zero emissions in the second half of the century.	Net Zero Emissions by 2050 scenario (NZE)	This is an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO_2 emissions around 2050.
Time Horizons	2030 and 2050	2030, 2040 and 2050	

Figure. 2 Physical and transition scenarios used in scenario analysis

As it stands today, our identified physical climate-related risks relating to the impacts of extreme heat and weather (including extreme rainfall and storms) on our office buildings, employees and fleet movement are likely to become more relevant in the longer-term. The risk of extreme heat was found to potentially impact our employee productivity and could cause delays or disruptions to our direct operations over this time period. The risks of extreme winds and storms could similarly impact our fleet movement in our downstream supply chain to deliver services to clients.

Following the review of 12 of our potential transition risks, the most material of those risks in the short and medium term relate to the expected impact of the decarbonisation of the healthcare and pharmaceutical sector on Inizio. This risk is mainly driven by widespread client demands for suppliers such as us to transition to net zero as swiftly as possible. We could face potential losses of revenue should our clients decide that, based on our current climate ambitions and progress in meeting those ambitions versus our clients' decarbonisation trajectory, they no longer wish to partner with us. Additionally, we identified the medium- to long-term effects of heightened reporting requirements on Inizio as climate regulations become more stringent in the regions where we operate. This could increase the reporting cost burden for us in the form of internal employee and GHG tracking costs and external third-party consulting costs.

Identifying our climate-related risks and opportunities and how they may manifest in the future continues to play an important role in shaping our business model and strategic planning. This is because we recognise that the identified physical and transition risks from climate change have the potential to impact us from a financial materiality perspective-driven by potential future losses in revenue or increases in OpEx costs. These potential impacts have compelled us to examine further by financially quantifying the impacts related to our most material short-medium term transition risks. A detailed outline of the two short-medium term transition risks we quantified can be found in the 'Determining the financial impact of our material transition climate-related risks' section.

Upon completing the scenario analysis exercise, we also recognize that transitioning to a low-carbon economy is essential to fulfilling the expectations from our clients and wider stakeholders. We have therefore established near-term science-based targets and commitments for net zero by 2040. Scope 3 emissions comprise over 70% of our emissions globally and is therefore a focal point of our transition plan for us to reach net zero by 2040. To actively engage our supply chain, we have introduced a series of minimum environmental standards for suppliers whose spend exceeds a certain value. More information on our plans to reduce scope 3 emissions can be found in the 'Net Zero Roadmap' section.

Of equal importance, is our commitment to delivering a just transition, that does no significant harm to the communities and people that we serve or to the environment. While our climate transition will require some changes to the way we do business, we do not currently anticipate that these changes will have a significant impact on our communities and the people we serve. Nevertheless, we remain committed to identifying and managing any risks resulting from our climate transition activities.

v. DETERMINING THE FINANCIAL IMPACT OF OUR MATERIAL TRANSITION CLIMATE- RELATED RISKS

Across our full list of physical and transition climate risks and opportunities, the identified transition risk of the decarbonising healthcare and pharmaceutical sector was determined to most likely impact Inizio in the short to medium term. Identified physical risks were deemed to become material in the longer term given we are an asset-light services business. As a result, we proceeded to financially quantify our two most material short-medium term transition risks. The results of these two quantified risks are provided in the subsequent sections.

vi. SECTORAL PATHWAYS: DECARBONISATION OF THE HEALTHCARE SECTOR

To enhance our scenario analysis and align more closely to the IFRS S2 standards and upcoming CSRD reporting requirements, we chose to financially quantify the anticipated impact on our revenue as a result of the varying climate ambitions of our pharmaceutical clients. This exercise allowed us to compare our climate ambition with our top 14 clients and map any potential revenue losses as a result of client climate ambitions exceeding our current ambition.

2. Governance and Inizio's Approach to Managing Risk

We note that governments in our key markets such as the U.S. and Europe have set decarbonisation targets to reach net zero by 2050. On a global level, COP 26 has acted as a catalyst for over 80 countries to develop plans to strengthen the climate resilience and lower the emissions of healthcare systems. These commitments have accelerated countries to set targets and commit to publishing net zero action plans.

Most notably, the UK and Germany have set targets to meet net zero by 2045. These targets are being rolled out through their respective economies including the healthcare sector. As an example, in the UK, the NHS has set a target to be net zero by 2045. Some of the key milestones along the way include:

- A reduction of scope 1 and 2 emissions by 80% between 2028 to 2032
- A reduction in scope 3 emissions by 2036 to 2039

From April 2023, a key lever being employed by the NHS to mobilise its decarbonisation programme is for all suppliers with contracts above £5 million per annum, to publish a carbon reduction plan[4]. This is a good example of the interplay between healthcare decarbonisation pathways and national government commitments.

With regard to our pharmaceutical clients, many of whom have set ambitious SBTi targets and net zero commitments between 2040 to 2045, we will support them in their decarbonisation efforts by following through on our own decarbonisation commitments at sufficient pace that meets both national and sector level ambition. In doing so, our aim with this assessment was to better understand our current and future market position in relation to our climate transition goals and strategy.

Assumptions used in the model

The model used a number of assumptions. The largest assumption was that any factors outside of differences in climate ambition that could impact our future revenue were not accounted for in the model. Hence, changes in revenue are solely based on climate ambition. To calculate the base case revenue projections for Inizio from each client, it was assumed that the client's spend on Inizio's services as a percentage of client's revenue will remain constant. It was also assumed that the revenue gain or loss for us will vary linearly with the difference in our climate ambition with clients. Finally, the calculation did not account for our clients' climate ambitions in comparison with our competitors' climate ambitions. Excluding this data point removed the variances associated with a competitive landscape and its effects on revenue gain/loss into the model.

High level results

As shown in Figure 3, under the 'Pharma Success' scenario (based on the IEA'S Net Zero emissions by 2050 scenario), we are projected to experience an initial decline in revenue due to a shortfall in our near-term climate ambition compared to our clients. However, by 2035, we are projected to gain revenue due to our long-term climate ambitions surpassing those of clients. Under the 'Inizio Leading' scenario (based on the IEA'S Stated Policy Scenario (STEPS)), we are projected to see consistent revenue gain from clients. The magnitude of these gains is expected to rise steadily, reaching a peak in 2040.

Inizio emissions reduction ambition surpasses key client's ambition in the long term, leading to potential revenue upside

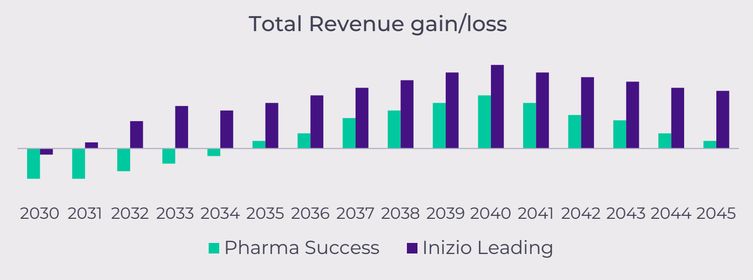


Figure. 3 Changes in revenue as a result of varying client climate ambition until 2045, under the pharma success and Inizio leading scenarios

Pharma Success →	IEA Net Zero Emissions by 2050 Scenario (NZE)
Inizio Leading →	IEA's Stated Policy Scenario (STEPS)

Strategic considerations

The output from this model has in part informed our engagement with stakeholders to consider how revenue gain and loss figures in each scenario can be used in our ERM assessments. We are working to consider how Inizio can manage and monitor this risk going forward, especially as more of our clients strive to reach Net Zero earlier than 2040, and whether current control measures are sufficient to manage the risk on a local and global scale of our business. Additionally, we are considering the feasibility of cost and timescale for Inizio to match our short-term climate ambitions with those of our key clients. Achievement of our short-term emissions reductions targets has shown to be key in mitigating our exposure under the 'Pharma Success' scenario.

2. Governance and Inizio's Approach to Managing Risk

vii. THE INCREASING STRINGENCY OF CLIMATE-RELATED REPORTING REQUIREMENTS

In addition to the above financial quantification item, we also chose to quantify the potential impact on our operational costs as a result of the increasing stringency of the climate-related reporting landscape. This exercise allowed us to understand our future reporting cost burden from an internal and external resourcing perspective.

We modelled the anticipated increase in stringency of the following frameworks:

- Carbon Disclosure Project (CDP)
- Transition Plan Taskforce (TPT)
- International Sustainability Standard Board (ISSB)'s IFRS S2
- Science-Based Targets Initiative (SBTi)
- Energy Savings Opportunity Scheme (ESOS)
- Corporate Sustainability Reporting Directive (CSRD)
- OECD Guidance on Transition Finance

Assumptions used in the model

The model used a number of assumptions. Reporting costs including assurance were assumed to increase linearly with stringency of regulations, specifically based on the number of new reporting elements introduced each year. Employee costs were assumed to increase annually, based on the average rate of increase in regulations stringency (number of new reporting elements) and the rate of inflation. In addition to the stringency of regulations, it was assumed that the rate of inflation, set at 3% will also contribute to the increase in reporting costs.

High level results

For CSRD, CDP and ESOS requirements, there is a clear indication (extracted from published plans by the framework bodies) of additional reporting requirements in 2024 and beyond. For the other frameworks (TPT, IFRS S2 and SBTi) there are no clear developments plans in or beyond 2024.

Beyond 2024 under both scenarios across all frameworks, there is a steady increase in the number of reporting elements, with the highest rise in reporting costs occurring under the 'Increased Ambition' scenario. Increases in the number of reporting elements is assumed to result in an increase in Inizio's reporting costs for the year. Reporting costs include employee, third-party consulting and GHG emissions tracking costs.

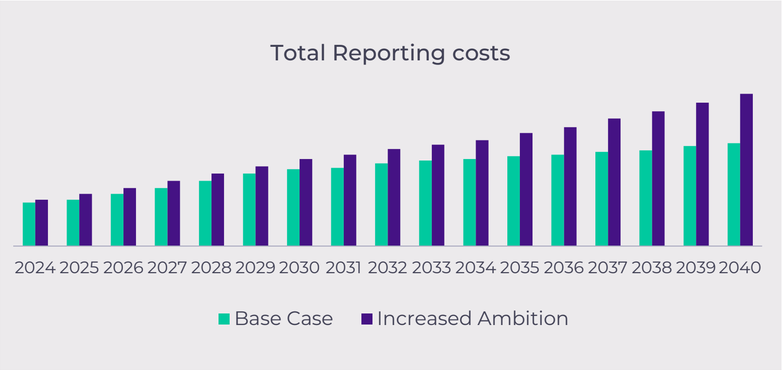


Figure. 4 Changes in OpEx costs as a result of increasing stringency of climate-related reporting requirements, under the base case and increased ambition scenarios

Base Case →	IEA's Stated Policy Scenario (STEPS)
Increased Ambition →	IEA's Announced Pledges Scenario (APS)

2. Governance and Inizio's Approach to Managing Risk

Strategic considerations

The output from this model has in part informed our engagement with our executive management team and Board on resourcing and budgetary decisions relating to climate. We are working to consider how Inizio can manage and monitor this risk going forwards, especially as more climate-related reporting frameworks are entering the landscape and moving from voluntary to mandatory reporting.

viii. OUR APPROACH TO USE OF VOLUNTARY CARBON CREDITS

For the last two years' Inizio has purchased voluntary carbon credits, certified by both the Gold Standard and the Verified Carbon Standard, to compensate for the emissions arising from Inizio's air travel, emissions which we currently have limited control over. To date we have not used these credits to reduce our scope 3 business travel emissions as part of our GHG accounting.

We recognise that over the last few years there has been significant work undertaken to improve the credibility of the voluntary carbon market and in particular we welcome the work of the Integrity Council for the Voluntary Carbon Market (ICVCM) in developing more stringent core carbon principles. As accreditation bodies such as the SBTi continue to monitor their approach to carbon credits, we too will review our approach in line with any changes in the broader carbon market.

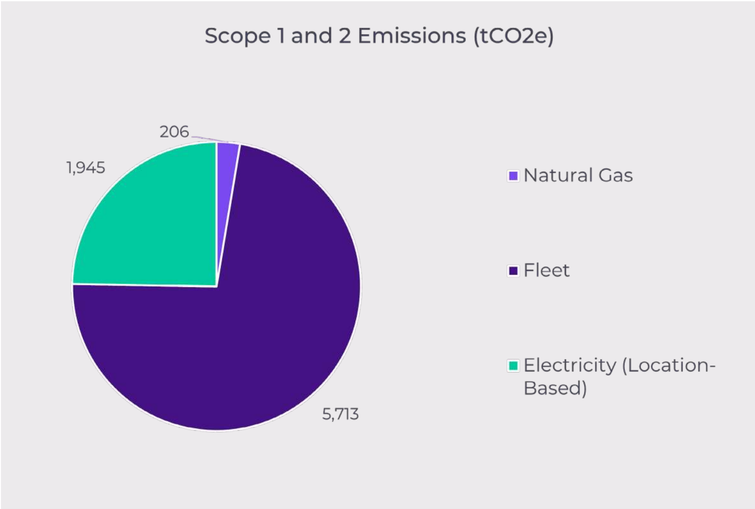
3. Our Net Zero Roadmap

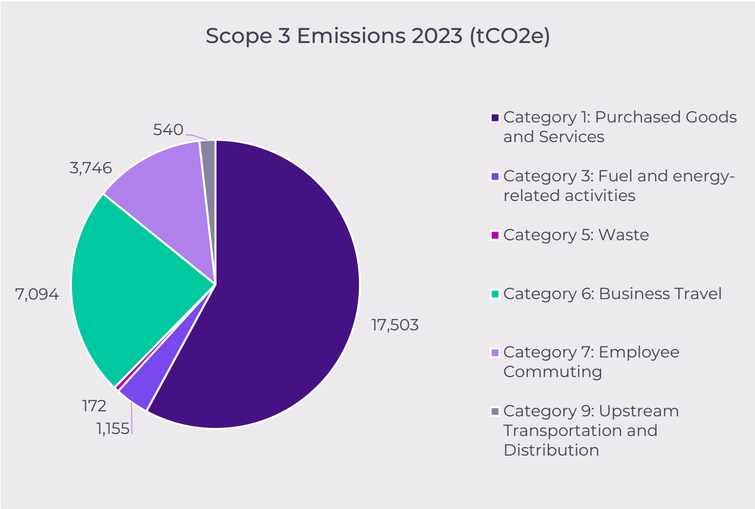
i. ESTABLISHING CURRENT EMISSIONS PROFILE

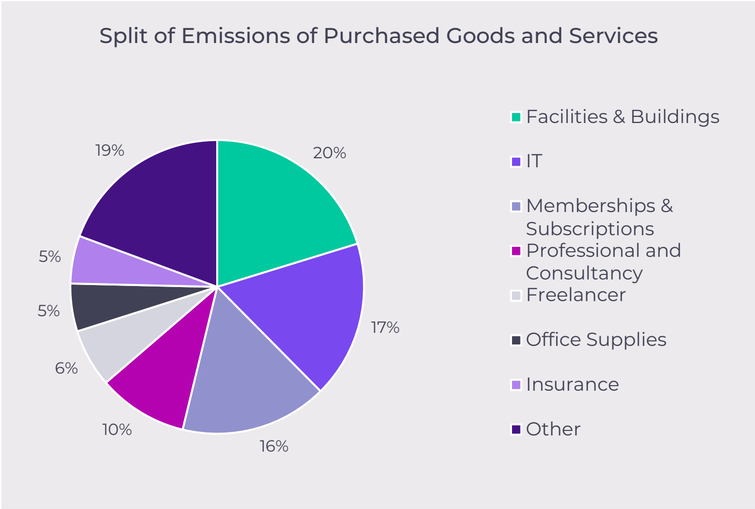
As a primarily service-based business, our emissions footprint is typical of many in our sector. Inizio's Scope 1 and 2 emissions arise from the core activities of our business: heating our offices (primarily with natural gas), running HVAC and lighting (with electricity) and running our vehicle fleet (primarily with diesel and petrol/gasoline). A summary of our Scope 1 and 2 emissions, by source, is shown below.

As would be expected for a business with our profile of activities, Inizio's Scope 3 emissions are significantly larger than our Scope 1 and 2 emissions. They arise predominantly from purchased goods and services, which make up approximately 58% of our Scope 3 emissions. Business travel (by air and other transport modes), and fuel and energy related activities are also significant contributors to our Scope 3 emissions profile, as shown in the chart below.

More detailed assessment of Scope 3 (Category 1) emissions from our purchased goods and services shows that over 80% of these emissions are generated by five sub-categories of our spend on purchased goods and services. These are facilities & buildings, IT hardware and software services, professional consultancy, insurance and professional memberships & subscriptions. This is shown in the chart below.







3. Our Net Zero Roadmap

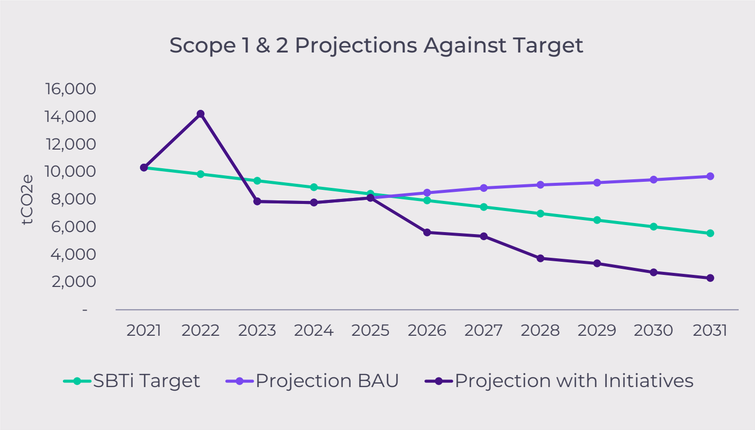
Our Scope 3 (Category 1) emissions profile for purchased goods and services is currently estimated using the spend-based method, applying EEIO-based emissions factors which are broad industry averages that often do not truly reflect the actual emissions in our value chain. While there are significant limitations with this method, it is a widely used approach within GHG inventory calculations and we follow global best practice accounting principles to ensure that our data is as accurate as possible under this approach.

Equally, we recognise that, in order to meet our 2031 scope 3 science-based target Inizio will need to move towards a hybrid approach of both activity-based and supplier-specific emissions factors for our Scope 3 calculations. We have already begun the process of requesting GHG emissions data from our key suppliers so that we can move in this direction. Our early analysis of a small sample of key suppliers' GHG emissions data shows us that their emissions vary significantly from the EEIO-based sector averages (from 33% higher than the sector average, to 70% lower than the sector average) and thus it is vital we adopt this hybrid approach to obtain a more accurate profile of our Scope 3, category 1 emissions.

ii. CURRENT TRENDS AND FUTURE FORECAST

We have been making significant progress in reducing our Scope 1 and 2 emissions over the last three years, in line with our 2031 science-based target to reduce Scope 1 and 2 emissions by 46.2% from a 2021 baseline.

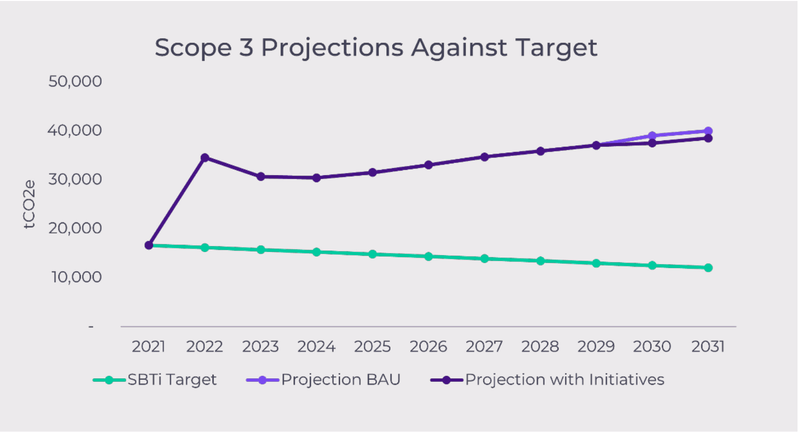
As shown in the chart below, we have reduced our absolute Scope 1 and 2 emissions by 24% compared to our 2021 baseline year. A 'Business As Usual' forecast, incorporating planned company growth and expected sectoral decarbonisation rates, shows that we are broadly on track to deliver our target, although this is highly dependent on the progress of our fleet EV transition.



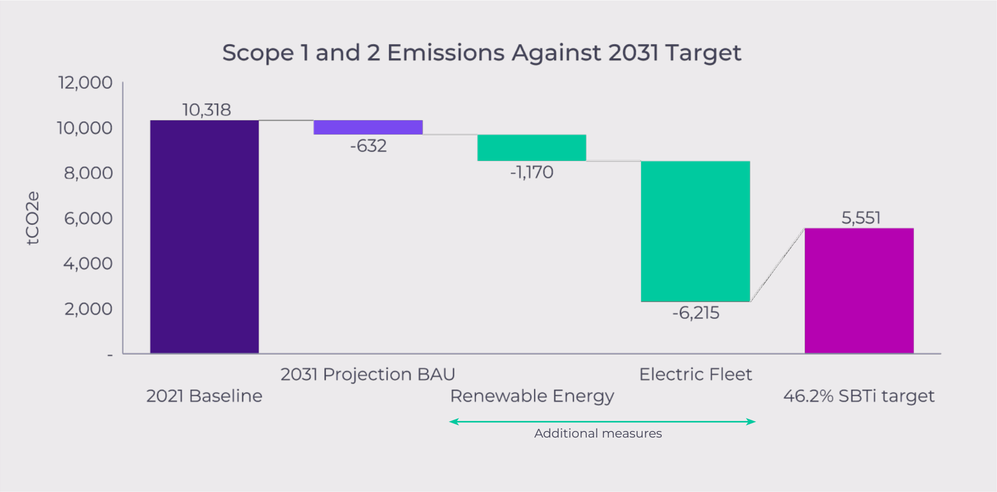
A similar assessment of our Scope 3 emissions shows that additional measures will be needed in order to achieve the emissions reductions required to meet our 2031 science-based target, which is to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel- and energy-related activities and business travel by 27.5%, compared to a 2021 baseline.

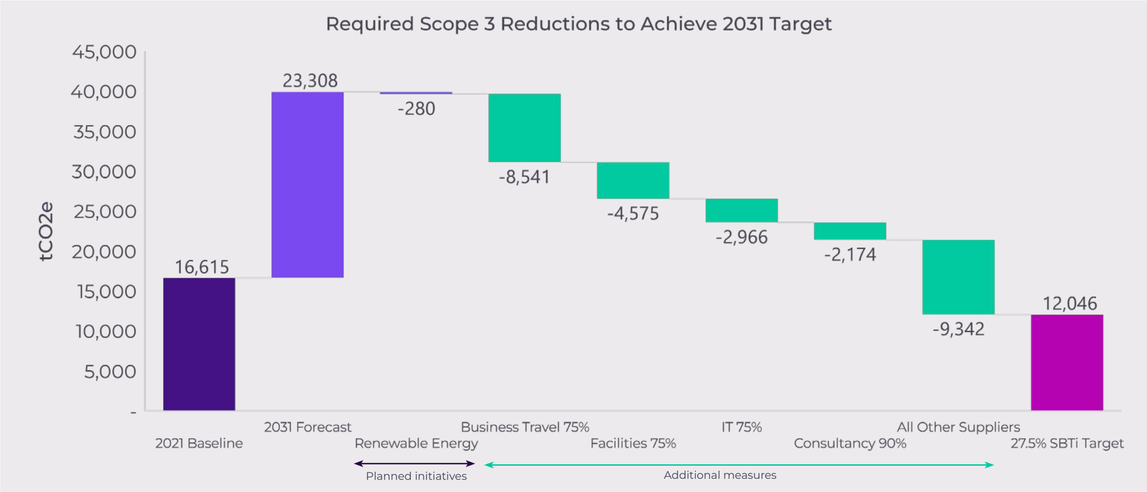
2021 was the first year our predecessor companies came together to create Inizio and our base year emissions calculations are challenging as a result. Embarking on the journey to monitor and disclose the emissions of the new entity was a significant undertaking for us, and this exercise has been subject to a process of continual improvement since then. The key improvements in these years pertain to improvements in internal data collection practices, and we are now looking forward to engaging our suppliers to further enhance the accuracy of these figures.

The charts below show that our calculated scope 3 emissions have increased since 2021, with the difference being a combination of these improvements accompanied by business growth and also the fact that 2021 was a pandemic-affected year in which the level of Inizio's business travel was lower than usual, in common with much of the industry in which we operate. Our 'Business As Usual' forecast, incorporating planned company growth and expected decarbonisation rates in our supplier sectors, illustrates the gap that needs to be closed. As can be seen below, the impact of renewable energy purchases which is included within the "Projection with Initiatives" line, does little to mitigate the overall emissions increase, with any differences only being noticeable from 2030 onwards.



3. Our Net Zero Roadmap





For scope 1 & 2 emissions, when we incorporate the expected reductions from our decarbonisation initiatives into our projections, we are able to clearly demonstrate that we're on track to exceed our 2031 scope 1 & 2 SBTi target. In line with the European Sustainability Reporting Standards recommendations, this is illustrated in the waterfall chart above. It includes the quantified impacts from business growth and industry decarbonisation (which still leaves us lower than our 2021 baseline) and the expected decreases from our renewable energy and electric fleet programme, which for the purposes of this calculation assumes we are 75% of the way to our 100% EV target by 2031.

However, additional measures, particularly for our suppliers, are required to meet our scope 3 target. These additional measures are represented by indicative figures in the waterfall chart above.

As shown in the above charts, these additional measures will need to include:

- For Scope 1, continued investment in the transition of our vehicle fleet towards electric (BEVs) and hybrid vehicles, supplemented by continued investment in the energy efficiency of our offices;
- For Scope 2, continued transition towards the purchase of 100% renewable electricity for our office footprint and consideration of renewable electricity for our BEV charging needs;
- For Scope 3 purchased goods and services, gathering of GHG emissions data from our suppliers to improve Scope 3 category 1 data quality, combined with targeted engagement of our suppliers to set their own science-based emissions reduction targets;
- For Scope 3 business travel, investigation of options to moderate Inizio's use of air travel, combined with purchase of Sustainable Aviation Fuel (where possible, as permitted by the market);
- Emissions from Scope 3 fuel and energy-related activities are likely to decrease further as a result of the actions taken to reduce Inizio's Scope 1 and 2 emissions.

These additional measures are discussed in further detail in the next section.

As part of our ongoing decarbonization strategy, Inizio anticipates a significant reduction in emissions intensity in the coming years. By minimizing our own emissions, we not only move closer to our sustainability goals but also help lower emissions for companies within our value chain.

4. Our Plan & Key Actions

i. FLEET TRANSITION

Inizio Engage operates a fleet of approximately 1,000 light commercial vehicles across 11 counties in Europe and the US. The transition of our fleet to Battery Electric Vehicles (BEVs) represents approximately 75% of our Scope 1 & 2 emissions reduction goal.

The BEV market differs significantly across countries depending on local policies, energy prices and infrastructure availability. In most countries BEVs are more popular than Plug-in Hybrid Electric Vehicles (PHEV) and we expect this trend to continue with the ratio of BEV to PHEV only growing over time.

Policy also drives differences in who is buying BEVs in different countries. For example, in the UK, policy support is much larger for company cars resulting in over 80% of new BEVs going to the company car market.[5] By comparison Germany, which until recently had very large universal grant support for BEVs, had the reverse with 26% of private buyers choosing a BEV but only 16% of company car buyers choosing BEVs.[6] Monitoring these trends will enable Inizio to make optimal investments to meet its internal target of transitioning at least 50% of all vehicles to BEVs or hybrid by 2025.

On average BEVs are approximately 30% more expensive to purchase than a ICE vehicle[7] but this is heavily skewed by the large luxury vehicle market where premium BEV SUVs command a very high price. In the medium size car market, in which Inizio operates, the cost difference is considerably less. We anticipate that over the next two years, the additional leasing costs for BEVs will reduce as vehicle manufacturers accelerate the cost competitiveness of their BEV offering to meet the EU CO2 standards in 2025, the Chinese BEV offering continues to expand and electricity prices fall. We will continue to monitor the BEV market to ensure we can transition our fleet at the most favourable rate to meet our decarbonisation targets.

ii. RENEWABLE ENERGY

We've made a commitment to purchase 80% of our electricity from renewable sources by 2025 and 100% from 2030. We achieved this target early through a combination of renewable energy tariffs, and through the purchase of energy attribute certificates.

For the majority of Inizio's offices, the choice of energy tariff is within the remit of the management company and not the purview of the tenant. Over the last 18 months, we have engaged extensively with the relevant management companies to ascertain their intentions to move to a renewable energy tariff. We have experienced mixed results from this engagement with some management companies agreeing to move to a renewable energy tariff within a set time period whereas others have not responded positively. In fact, we have found that for a small number of our offices within the U.S, renewable energy from the national grid is not available within the local region.

We understand that energy attribute certificates are not a long term solution and we will therefore continue to engage with the management companies for the offices we lease so that over time all of our offices will have renewable energy at source. In addition, where leases for new offices buildings are being agreed, we will look to ensure that renewable energy is a pre-condition within the lease negotiations.

To supplement our efforts at procuring renewable energy, Inizio has also participated in the Energize program, a first-of-its-kind collaboration of 19 pharmaceutical companies across the world, many of which are Inizio clients. The program is designed to help pharmaceutical and healthcare suppliers learn about and engage in renewable electricity purchasing. Through this program, we have explored the possibility of signing up to a Virtual Power Purchase Agreement (VPPA). However, as it stands today, Inizio does not currently meet the minimum electricity consumption threshold required to participate in a VPPA.

iii. UNDERSTANDING OUR SUPPLIERS

Supplier Input to our GHG Accounting

As mentioned in the section "Our Net Zero Roadmap", our GHG accounting for Scope 3, Category 1 relies on the spend-based method. To improve the accuracy of our Scope 3, Category 1 emissions, we are aiming to move towards a hybrid/supplier-specific method in the short – medium term.

For some of our largest suppliers, verified supplier-specific cradle-to-gate emission factors are already available. For our smaller suppliers, where supplier-specific emission factors are less readily available, we are implementing a strategy whereby we encourage suppliers to provide us with supplier-specific emission factors. We will then review the reliability of such supplier-specific emission factors that serve as input to our future GHG calculations. Additionally, we will continue to ensure that our emissions inventory has the necessary level of assurance underpinned by enhancing our data quality. We will also look to verify the time period for which our suppliers

4. Our Plan & Key Actions

provide emissions factors for consistency and to improve data quality. Where supplier-specific emission factors are less readily available for our smaller suppliers, we will continue to use the spend-based approach.

Supplier Target Setting and Decarbonisation

In addition to understanding the availability of supplier-specific emission factors to influence our decision-making process for suppliers, we will also undertake a review of our suppliers' decarbonisation strategies. This will include identifying if they have set any GHG emission reduction targets, and whether such targets are aligned to the SBTi. Similarly, it will also involve evaluating if a robust decarbonisation plan has been implemented, and if the actions are sufficient to achieve any target commitments. For example, we will seek to review evidence that planned decarbonisation measures will facilitate the achievement of any target commitments.

iv. BUSINESS TRAVEL

We know that business travel is a significant contributor to our Scope 3 emissions. Therefore, to meet our science-based targets we are exploring how to reduce such emissions in the near term. For our car fleet, we are transitioning from internal combustion-engine cars to hybrid and electric options. Regarding air travel, we urge employees to assess whether a flight is essential or if video conferencing technology "virtual first" can serve as an alternative. While we do compensate for our emissions from air travel by investments in high-quality carbon offset programmes delivering social impact benefits to communities, families and the environment, we do not claim these as reductions against our targets.

As our business grows and our potential travel requirements increase, the rise in air travel emissions could outpace the benefits gained from decarbonisation advancements in aviation technology and the adoption of Sustainable Aviation Fuels (SAF), leading to a net increase in carbon emissions despite these innovations. We will continue to evolve our approach to business travel to continue to reduce our environmental impact.

Sustainable Aviation Fuel / Aircraft Efficiency

One factor which may support meeting our business travel targets is SAF usage by airlines. Both the UK and EU have plans to introduce mandates from 2025 onwards on the amount of SAF used to refuel aircrafts departing UK/EU airports – which will drive SAF uptake in the aviation sector. As SAF uptake increases we could potentially see a reduction with our business travel GHG emissions. Another factor which may support meeting our business travel targets is Aircraft efficiency improvements. Aircraft manufacturers (e.g. Airbus, Boeing) are investing in aircraft technologies and producing more fuel-efficient and design optimisation systems which may result in a reduction in emissions per passenger km.

v. INTEGRATION WITH BUSINESS FINANCIAL PLANS

Many of the initiatives described in this plan are already underway and incorporated into our existing business plans and annual budgets. However, we recognise that further resources and OpEx will be required in the future to meet our net zero commitment. As an example, the continued investment in the transition of Inizio's fleet to BEVs will be considered and integrated within the budget process of our Inizio Engage business unit.

vi. CHALLENGES, BARRIERS & DEPENDENCIES

We recognise that we have much to do in order to transition Inizio's business towards Net Zero and it will undoubtedly involve taking some difficult decisions now and in the future to achieve the necessary emission reductions. Our transition plan outlines our planned steps which we anticipate will evolve and become more sophisticated in the years ahead.

The following components of our transition plan will be particularly challenging to implement:

1. Switching our business car fleet to hybrid and BEVs is one of Inizio's key decarbonisation levers, but needs to be implemented in a way that maintains the safety of our personnel in all of our markets globally. Our ability to implement this switch relies not only upon the necessary technological advancements being made by the automotive sector, but also upon implementation of appropriate government policy frameworks to ensure adequate levels of charging infrastructure.
2. Driving reductions in emissions from our purchased goods and services will require the introduction of GHG emissions reduction as a core objective in our relationships with our suppliers. Some of these suppliers are large corporations with in-house capability, but others are smaller firms who will need support to reduce their emissions.
3. In a growing multinational business such as ours, the ability to reduce air travel emissions will depend upon a number of factors, including technological advancements from the aviation sector (such as significant uptake of Sustainable Aviation Fuels). We will also potentially need to make changes to our delivery model as we serve our clients in multiple geographies.

To support our efforts, it's important for Inizio to be able to rely upon a strong and consistent message from our clients and broader stakeholders that a transition to Net Zero is an imperative for us all and not an optional 'nice to have', thus helping us to maintain our focus, even when we face these challenges.

5. Supporting Our Customers

i. CUSTOMER PARTNERSHIPS

Through our work, we connect every day with providers of pharmaceuticals, innovators in biotech, developers of medical devices and digital therapeutics, health plans, providers and public health agencies and, of course, with patients, the ultimate recipients of the services we provide.

We recognise that the healthcare sector, whose mission is protecting and promoting health, has a significant carbon footprint of its own[8]. This footprint risks further driving climate change and the resulting threats to human health around the world. To align with its mission, the sector therefore has a crucial role to play in demonstrating leadership in the transition to Net Zero.

It is a priority for Inizio to play our part in the transition. Perhaps most critically, we are keen to apply our strategic, analytic, and creative capabilities to support our customers in commercializing forms of health care that have a much lower climate impact.

As we continue to transition the business to achieve our net zero ambition, we welcome any considerations and questions regarding our climate transition plan from our stakeholders.

Please feel free to reach us at: **ESG@inizio.health**

We will endeavour to update this transition plan every three years to reflect both our evolving journeys and to keep our stakeholders informed of our progress.

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