

# Norton Healthcare Limited

## Directors' report for the year ended 31 December 2020 (continued)

### Directors' duties in accordance with s172 (continued)

#### 3. Consideration of the impact of the company on the community and environment

The company is included in the Group Environmental Report and the Group Social Impact Report. The company operates within global guidelines and is actively taking steps to engage on such matters. A copy of the Environmental, Social and Governance Progress Report can be found at: <https://www.tevapharm.com/globalassets/tevapharm-vision-files/tevaesgprogressreport2020.pdf>

The Board considers the impacts of its operations on the environment. The Board is committed to contributing zero waste to landfill and, as such, implements waste management controls and processes that facilitate this.

The Board considers its impact and interaction with the local community as an important part of the company's operations in the area. In recent years, the Board has facilitated and approved a variety of projects and the company has worked with a local palliative care hospice, providing charitable support in order to improve its facilities. This support has been in the form of fund-raising activities and volunteer resource, with the money raised being used to buy materials to enable the construction of a woodland path on the hospice land. The company's senior management and employees spent time at the hospice helping to build the path and perform other activities such as creating a garden and painting. The Board believes these activities are key to ensuring the integration of the company in the local community and its performance of its corporate social responsibility.

#### Streamlined Energy and Carbon Reporting

In accordance with the Streamlined Energy and Carbon Reporting ('SECR') regulations that came into force on 1 April 2019, the company is required to report its annual energy usage and associated greenhouse gas ('GHG') emissions relating to gas, electricity and transport. The company has elected to also include gas oil usage in the disclosures below in order to provide a complete analysis of its emissions.

Additionally, the company is also required to report each year its intensity ratio and information relating to energy efficiency initiatives. The intensity ratio reported below is calculated as total gross tCO<sub>2</sub>e emissions in metric tonnes (mandatory emissions) per million doses of medicine manufactured by the company. The directors consider this metric to be the most appropriate to the company's activities and to provide the most relevant comparison of performance over time.

In accordance with the regulations, the amounts reported pertain to UK assets only, as defined by the operational control approach. This includes manufacturing and office facilities based in Runcorn, company vehicles, and personal vehicles used for business mileage.

#### Reporting year 1 January 2020 to 31 December 2020

Total energy usage covering electricity, gas, transport, and gas oil	23,210,176	kWh
Total emissions generated through combustion of gas	1,763.7	tCO <sub>2</sub> e
Total emissions generated through combustion of gas oil	18.4	tCO <sub>2</sub> e
Total emissions generated through use of purchased electricity	3,154.1	tCO <sub>2</sub> e
Total emissions generated through transport (company-owned and employee-owned vehicles)	4.4	tCO <sub>2</sub> e
Total gross emissions	4,940.6	tCO <sub>2</sub> e
Intensity ratio	12.3	tCO <sub>2</sub> e per million doses manufactured

## **Norton Healthcare Limited**

### **Directors' report for the year ended 31 December 2020 (continued)**

#### **Streamlined Energy and Carbon Reporting (continued)**

##### **Energy efficiency actions**

Climate change represents one of the most significant issues facing the planet and the company has a responsibility to lessen its impact on the environment. As part of a multi-national group, the company is fully committed to meeting the group's long-term goals of reducing its absolute Scope 1 and 2 GHG emissions by 33%, increasing energy efficiency by 10%, and utilising the total proportion of energy generated from renewable sources to 50% (relevant targets vs. 2017 levels).

Throughout 2020 the company undertook the following actions to improve energy efficiency and assess further opportunities for reducing energy consumption and emissions:

- Installed new chiller units which offer improved performance over the units they replace. This is expected to reduce grid electricity usage by circa 325,000 kWh per year, reducing carbon emissions by 75.8 tCO<sub>2</sub>e annually.
- Continued with the replacement of lighting with high-efficiency LED units.
- Implemented an annual steam trap survey to reduce energy loss within the steam distribution system. This is expected to reduce natural gas usage by circa 400,000 kWh per year, reducing carbon emissions by 73.5 tCO<sub>2</sub>e annually.
- Continued its planned and preventative maintenance programmes to ensure that plant is operating as efficiently as possible.
- Undertook a technical feasibility study to review options for implementing an Automatic Metering and Targeting system

##### **Methodology used in the calculation of disclosures**

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The UK Government GHG Conversion Factors for Company Reporting were used to calculate GHG emissions.

##### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.