Carbon Reduction Plan Template

Supplier name: Mölnlycke Health Care Ltd

Publication date: 4 Jul 2024

Commitment to achieving Net Zero

Mölnlycke Health Care is committed to achieving Net Zero greenhouse gas (GHG) emissions by 2050 at the latest.

Baseline Emissions Footprint

Baseline Year: 2021	
Additional Details relating to the Baseline Emissions calculations.	
Mölnlycke Health Care AB has submitted their GHG inventories for review by SBTi's Target Validation Team. In the calendar year of 2021 (baseline) the company has reported total of 655,156 GHG emissions (tCO2e) in the full minimum boundary (scopes 1, 2 and 3). Additionally, Mölnlycke Health Care AB has reported emissions from the combustion, processing and distribution phase of bioenergy and the land use emissions and removals, associated with bioenergy feedstocks. Scope 2 emissions are reported using market-based data.	
Baseline year emissions:	
EMISSIONS	**TOTAL (tCO_2e)**
Scope 1	**55890**
Scope 2	**53280**
Scope 3	**545980**
Total Emissions	**655156**

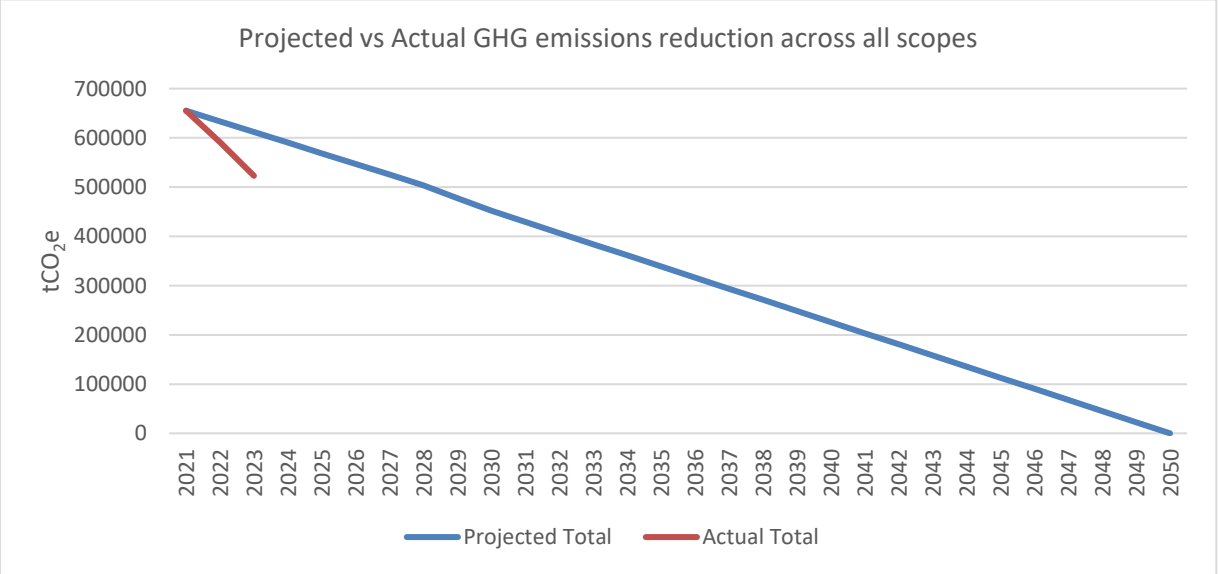
Current Emissions Reporting

Reporting Year: 2023	
EMISSIONS	**TOTAL (tCO_2e)**
Scope 1	**57200**
Scope 2	**20900**
Scope 3	**444900**
Total Emissions	**523000**

Emissions reduction targets

Mölnlycke Health Care commits to:

- reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2021 base year.
- increase active annual sourcing of renewable electricity from 23% in 2021 to 100% by 2024 and continue active annual sourcing of 100% renewable electricity through 2030.
- reduce absolute Scope 3 GHG emissions from purchased goods and services (cat. 1), fuel and energy related activities (cat. 3), upstream transportation and distribution (cat. 4) and waste generated in operations (cat. 5) by 20% by 2028 from a 2021 base year.



Carbon Reduction Projects

Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented since the 2021 baseline. The carbon emission reduction achieved by these schemes equate to 131,700 tCO_2e, a 20.2% reduction against the 2021 baseline. Progress on these and other reduction initiatives will continue.

ISO14001 certified sites

93% of Mölnlycke manufacturing sites are ISO14001 certified, with the aim to reach 100% by the end of 2024.

Energy consumption optimization assessment

An energy consumption optimisation assessment has been conducted at all our sites in Malaysia and in the Czech Republic during 2023, covering more than 60% of Mölnlycke's total energy consumption. Opportunities in this area include continuing to implement energy reduction projects, fossil-free electricity solutions to replace fossil fuels.

Energy efficiency

In its commitment to enhancing energy efficiency, Mölnlycke aims to continually diminish reliance on finite energy resources, reducing environmental risks and enhancing its financial performance. In 2023, Mölnlycke's total energy consumption reached 1.214.715 GJ, marking a 1.1% reduction from the previous year's consumption, despite the increase in production. In relative terms, in 2023, Mölnlycke celebrated a noteworthy accomplishment – a 4.3% reduction in intensity, decreasing from 20.7 megajoules per kilogram (MJ/kg) of produced product to 19.8 MJ/kg.
In tandem with Mölnlycke's systematic energy management which during 2023 focused on improvement projects such as shutdown management and LED installation, the company has actively undertaken initiatives to raise awareness, disseminate best practices, and enhance competency regarding energy conservation among all its employees. This has been realised through training programs and regular internal communication efforts.

Renewable energy

2023 saw a continued reduction in Scope 2 emissions, driven by the transition to fossil-free electricity at seven Mölnlycke sites, including a full year realisation at Mölnlycke's three most energy intensive manufacturing facilities in Malaysia. In total, nine sites are utilising 100% fossil-free electricity, leading to an overall decrease of 8.72 kt CO2 eq. in Scope 2. Together with an improved energy management resulting in a 3.3% decrease in overall energy consumption compared to 2022, this led to an absolute Scope 1 and 2 reductions by 28% in 2023 versus 2021 baseline.

Part of the substantial increase in the share of renewable electricity was driven by installation of solar panels. Firstly, two sites in Malaysia completed installation of the solar panels, which are expected to account for 10% of annual electricity consumption in Malaysia. Secondly, the factory in Oldham, UK installed solar panels with the estimates to cover 12.4% of the site's consumption. Mölnlycke is also installing a comprehensive solar photovoltaic system on the rooftop of its two factories in Thailand.

Carbon pricing

Sustainability assessments have been put in place for all material investment projects since 2022 and as of this year, an internal carbon price has been implemented for these investment.
decisions, anticipating the impact of any future carbon pricing.

Raw material

Raw material is a critical aspect of Mölnlycke's decarbonization journey. Mölnlycke has to cut the total demand for resources and replace the rest with recycled and renewable resources with the lowest emissions possible. In 2023, the amount of raw materials and components procured for production was 74,600 tonnes. This was approximately 12% less than the previous year, despite the increase in production.

As part of the WeCare roadmap, Mölnlycke continuously strives to increase the share of biobased raw materials in its polymer use. Building on the success from 2022 in this area, Mölnlycke increased its procured amount of ISCC-certified material by almost five times, amounting to 72.6 tonnes. In 2023, 8.6% of all procured material was composed of certified renewable streams proven to come from responsibly managed sources (for example FSC or ISCC Plus certified). The majority of the renewable raw materials are used in packaging, or paper coating, as well as in the supply of natural fibres and natural latex. In total, 31% of all procured raw materials came from renewable streams, amounting to 23,237 tonnes, which is a slight increase from the 30% reported in 2022.

SBTi validation

Mölnlycke takes immense pride in being among the pioneering companies in its industry to have had its targets validated by SBTi. This endorsement underscores Mölnlycke's firm commitment to taking decisive action against climate change and positions the company as a catalyst for innovation within its supply chain and in collaboration with customers.

Specifically, Mölnlycke committed to:

- Reducing absolute Scope 1 and 2 GHG emissions by 50% by 2030 from a 2021 base year.
- Increasing active annual sourcing of renewable electricity from 23% in 2021 to 100% by the end of 2024 and continuing active annual sourcing of 100% renewable electricity through 2030.
- Reducing absolute Scope 3 GHG emissions from purchased goods and services (cat. 1), fuel and energy related activities (cat. 3), upstream transportation and distribution (cat. 4) and waste generated in operations (cat. 5) by 20% by 2028 from a 2021 base year.
- Having 63% of its suppliers by emissions covering purchased goods and services (cat. 1), capital goods (cat. 2), and upstream transportation and distribution (cat. 4) committed to the Science Based Targets Initiative by 2028.

Declaration and Sign Off

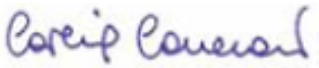
This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[13] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting[14].

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard[15].

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier:



Caterina Camerani

Vice President Sustainability

Date: 4 July 2024

[13] https://ghgprotocol.org/corporate-standard
[14] https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting
[15] https://ghgprotocol.org/standards/scope-3-standard