

Climate-related Financial Disclosures (CFD) Statement

As one of the largest veterinary groups, we have a responsibility to use our scale and influence to reduce greenhouse gas and improve standards of sustainability, both within our own operations, and then more widely in the veterinary profession. As well as reducing the impacts of our direct and indirect operations, we are working to better understand the risks and opportunities that a changing climate may bring, specifically what this will mean for animal health, the choices owners make for their animals and also our business and supply chain.

This disclosure has been made under the required BEIS CFD requirements and the company is working towards including all required disclosures under the Taskforce for Climate-related Financial Disclosure (TCFD) framework. The table on page 10 reports our progress to date against each of the disclosure recommendations of TCFD, providing a summary of enhanced risk management measures since our previous disclosures and our further understanding of the potential impact of climate on our business.

Governance

IVC Evidensia's Sustainability Strategy, known as the [Positive Pawprint](#), is one of our key business initiatives and climate impact is one of the principal commitments within the Planet pillar of the strategy. An overview of the Positive Pawprint governance structure is provided below.

The Group Board has ultimate responsibility for ensuring that our sustainability strategy is implemented, and key sustainability and climate risks are effectively managed. Non-Executive Director, Chris Hadley has responsibility for sustainability and climate issues at Executive and Group Board level to ensure that environmental initiatives are implemented at Executive Committee level and across the IVC Evidensia Group. Jarl Dalfours previously had responsibility for ESG until his retirement.

The Group Board reviewed sustainability governance, performance against targets and risk management at least annually in FY24. This includes tracking progress with sustainability and climate risk analysis and management, and performance against IVC Evidensia's science-based greenhouse gas targets. During the year, the Group Board have approved investment in a series of decarbonisation projects to facilitate progress towards IVC Evidensia's published science-based greenhouse gas reduction targets including LED lighting and heating controls, anaesthetic gas capture trial and natural gas cremation oven burner modification trials, all with an ambition to reduce our overall greenhouse gas footprint.

The Group Investment Committee will continue to evaluate and approve investment proposals associated with the Group's decarbonisation strategy, working towards our FY30 targets to halve operational emissions. The Group Board and Group Executive Committee delegates the management of sustainability strategy and climate related risks and opportunities to the Positive Pawprint Steering Committee. The Committee oversees the implementation of the Positive Pawprint Strategy (including climate related workstreams) and progress whilst also reviewing sustainability-related risks, developments, and opportunities on a quarterly basis. The Committee includes the Director of ESG and Sustainability, Group Sustainability Team, Country Level CEOs, HR Lead and Clinical Leads, Commercial and Finance teams. Climate-related risks are reviewed in-depth on an annual basis following updates to this Climate-related Financial Disclosure.

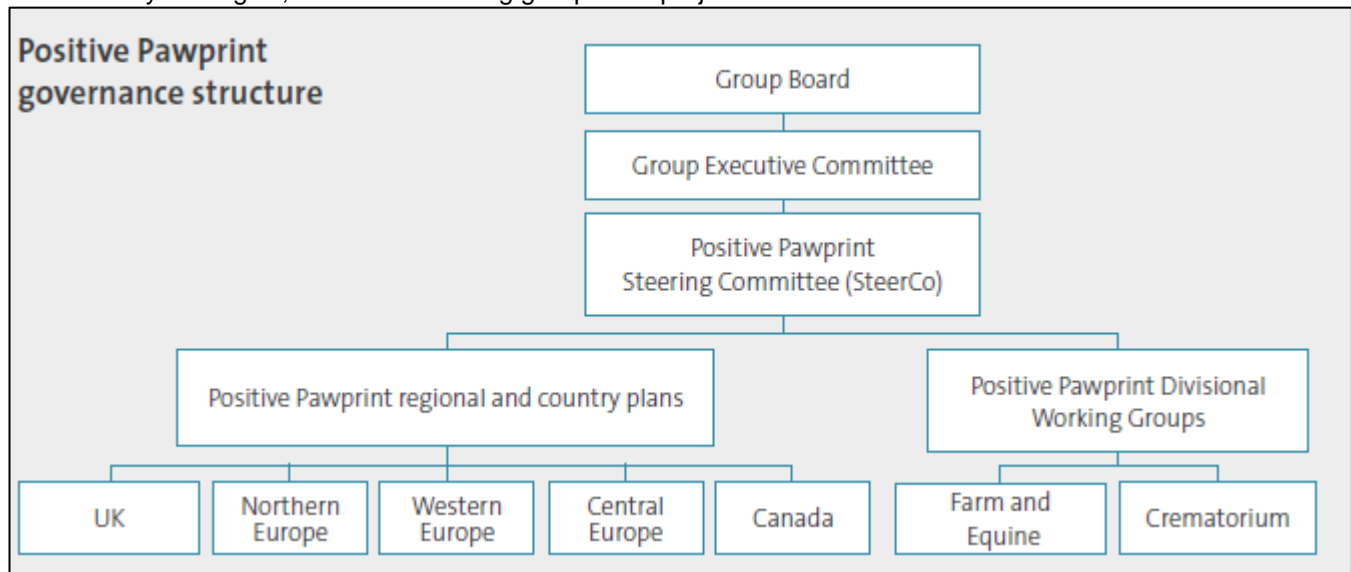
The Positive Pawprint Steering Committee is also supported by specialist workstreams which report progress, outcomes and opportunities to the Committee. These workstreams continue to facilitate the business in understanding and managing climate risk, implementation of its decarbonisation strategy and align this to the Group's commercial and clinical strategies. Workstreams include:

- Sustainability Initiatives in Crematoriums, with a focus on operational decarbonisation of this fossil fuelled process.
- Low Carbon Anaesthesia, looking at lower flow techniques, lower carbon gases and capture technology.
- Sustainable Procurement Engagement, working across procurement and with strategic suppliers to decarbonise our value chain.
- Farm Sustainability, with a focus on understanding the role of veterinarians in supporting farm clients adapting to a changing climate and changing requirements of food manufacturers and consumers.
- One Health, with a focus on improving our understanding of the environmental impact of IVC Evidensia's clinical activities and the impact that a changing environment will have on disease patterns, welfare, drug availability and efficacy, thereby influencing our clinical approaches.

Each region has a sustainability lead to ensure that sustainability risks and opportunities are embedded into their strategies and performance is monitored. We also have functional sustainability leads for specific areas of the business, including Procurement, Crematoriums and Finance.

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We have a specialist Group Sustainability team, led by our Group Sustainability and ESG Director, and with specialist expertise on climate strategy. This team supports the regional teams in developing their own sustainability strategies, whilst also leading group-level projects across markets.



Risk Management

The active management of risk is integral to the achievement of IVC Evidensia’s strategic objectives. Our approach is designed to provide the Board with a clear line of sight over risk and to enable informed decision making to improve business resilience.

We recognise that the management of risk is critical to ensuring healthy animals and happy owners by delivering exceptional veterinary services and customer satisfaction, as such our risk management approach continues to mature in line with best practice to ensure that it supports the Group’s growth and strategic objectives.

Our Risk Management Policy sets out the framework and roles and responsibilities for risk management. This Policy is reviewed and re-approved by the Group Board at least every three years. We hold regular discussion and workshops with our senior management team to ensure clear accountability for the identification, assessment, and mitigation of risk throughout the Group.

Our Regional CEOs, Country Leads, Clinical and HR Leads and Group Sustainability Team support identification, assessment and management of risks. These risks (and opportunities) feed into our potential climate-related risks and opportunities but also into the Positive Pawprint Steerco to identify actions to manage. The climate-related risks are reviewed annually as part of updating our CFD statement and the associated climate-related risk register and are collectively reported and communicated and reviewed under the Principal Risk ‘Sustainability and Climate Change’ as part of the Audit and Risk Committee reviews.

Risk Assessment

Climate-related risks and opportunities are assessed against the ability to impact the business and the likelihood of occurrence to provide an overall risk level between Low and High, across the short-, medium- and long-term for each climate scenario. The risks are then taken through an assessment of the potential revenue impact as detailed in Table 2.

Strategy

In FY24 we completed a Corporate Sustainability Reporting Disclosure (CSRD) aligned Double Materiality Assessment to develop a list of material ESG-related Impacts, Risks and Opportunities (IROs) through consultation across the Group. Internal and external stakeholders identified climate change as one of the most important sustainability issues for IVC Evidensia. Further details on this assessment can be found in the [FY24 Positive Pawprint Report](#).

Climate-related risks are a principal risk to IVC Evidensia and have an ability both directly and indirectly impact our business to varying degrees in the short (2030 – aligning with short term financial planning), medium (2040 – aligning with broader strategic planning) and long (2050 – aligning with our net-zero target) term.

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We have assessed both transitional and physical risks to IVC Evidensia. The physical risks from climate change include acute impacts, such as increased severity of extreme weather events such as floods and heatwaves, and chronic impacts, including changes in precipitation patterns and extreme variability in weather pattern and rising mean temperatures.

We have also assessed transitional risks across the business including policy, technology, market, and reputational risks. Some of these also represent opportunities for our Group. More detail can be found in the 'Climate-related Risks and Opportunities' section below.

These risks are reviewed and assessed on an ongoing basis, with a formal review undertaken by the Positive Pawprint Steering Committee at least annually, to identify changes in the risk profile and report findings and recommendations to the Group Executive Committee and Group Board.

Further details about the Positive Pawprint Strategy, targets, progress and definitions can be found on the [Sustainability](#) page of our website.

Scenario Analysis

We have used a scenario analysis and risk identification to provide us with a clearer understanding of the short, medium and long-term risks and opportunities for the business. To undertake this analysis, we used the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) which states limiting warming to 1.5°C above pre-industrial levels is necessary to prevent the severe environmental consequences that are likely to occur in a 2°C warmer world and that catastrophic impacts would occur if temperatures rose by 4°C.

We have aligned our timeframes for this assessment with our Science Based Targets (SBT) approach, with the short-term aligning with our near-term SBT and long-term aligning with our proposed net-zero target. The modelled scenarios for climate risks and opportunities are displayed in Table 3.

Table 1 Scenarios for the Identification of Future Climate Risks (not subject to audit)

SSP Pathway	RCP Pathway	2100 Warming	Description	Key Elements
SSP1 (Low challenges to mitigation and adaptation)	RCP 2.6	1.8°C	This scenario is aligned to the current commitments under the Paris Agreement. The world shifts towards a more sustainable path, emphasising more inclusive development, driven by an increasing commitment to achieving the United Nations Sustainable Development Goals. Implementation of carbon taxation system targeting carbon and a fully functional circular economy by 2100.	<ul style="list-style-type: none"> Global Net-Zero reached in 2050 Net negative emissions from 2050 onwards Renewables account for more than half of the energy supply by 2050 Few challenges to climate mitigation and adaptation
SSP2 (Medium challenges to mitigation and adaptation)	RCP 4.5	2.7°C	Intermediate GHG emissions scenario and has CO2e emissions remaining around current levels and peaking in 2040, with social, economic and technology not shifting substantially. Environmental systems continue to degrade but overall resource and energy intensity decline. Inequalities persist and there is continual reliance on fossil fuel.	<ul style="list-style-type: none"> Emissions peak in 2040

Table 2 Financial Impact Summary

Potential Financial Impact		
0.01 to 0.04%	0.04 to 0.14%	0.14 to >0.3%
★	★★	★★★

Climate Related Risks and Opportunities

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Our Positive Pawprint Strategy is one of our key business initiatives and climate impact is one of the principal commitments within this.

We recognise that climate change is having a profound impact on global ecosystems, economies and populations and is an extremely important issue for IVC Evidensia, with the potential to impact our business in the short, medium, and long-term.

We are committed to take action to reduce the climate impact of our own operations and those within our supply chain. As part of this, we are working towards reducing our GHG and have recently had our SBTs validated by the Science Based Targets initiatives (SBTi). We are aiming to reduce our Scope 1 and 2 by 50% and Scope 3 by 30% by 2030 against our FY22 baseline. We are targeting to be net zero across Scope 1, 2 and 3 by 2050. Our approach to Net Zero is aligned with the SBTi Foundations for Science- Based Net Zero Target Setting in the Corporate Sector.

By reducing our emissions, we are both doing our part to reduce GHG emissions to the atmosphere but we are also mitigating the potential impact of policy or regulatory frameworks that could put a price on our emissions.

Supply Chain

The majority of our GHG footprint sits within Scope 3 and specially within the pharmaceutical and nutrition supply chain. During FY24, our Supply Chain Engagement Programme continued to work with our pharmaceutical suppliers focusing on their commitments to decarbonise via the Science Based Targets initiative (SBTi), determining when supplier specific emissions data (and hotspot reductions) will be available and establishing opportunities for joint sustainability workstreams.

Currently 60% of our largest pharmaceutical suppliers have committed to 1.5°C near-term Science Based Targets (SBTs). Our aim is for all our key suppliers to have set SBTs by the end of FY25.

We are also aware that the potential chronic physical risks associated with suppliers who have a larger nature related footprint (i.e. freshwater, land, oceans, waste, etc) for example in nutrition manufacturing and will be expanding our Supply Chain Engagement Programme to include our key nutrition suppliers and work with them to address risks in these areas. We are continuing to review nature-based impacts associated with our supply chain, and this will become more of a focus during the year ahead.

Crematoriums

In FY24, we launched a technical review of lower carbon crematorium technology. The Review is being undertaken by a specialist third party consultancy and assessing available lower carbon technology for the cremation of pets, a key emission hotspot for IVC Evidensia. Key elements of the review include regulatory compliance and a review of applicable technologies within the human cremation market as well as similar industries (i.e. kiln furnaces), both those technologies that are available at present, and also those technologies that will be available in the short to long term.

Ultimately, IVC aims to identify potential lower carbon solutions appropriate for the different types of cremations sites within the Group, whilst also developing an understanding of potential energy recovery systems including the potential efficiencies in CAPEX and OPEX. Initial results have been encouraging, and we aim to use this as the basis of a decarbonisation plan for crematoriums across the Group.

Animal Health

Research suggests that the impacts of climate change on animal health will further increase and will transcend species and borders. Animals will continue to experience increased heat-related distress, the impacts of extreme weather events, and be impacted by the movement of parasites and water-borne and vector-borne diseases.

Tick-borne diseases are considered a major health problem and, in recent decades, climate change has, and, it is projected, will continue to, affect vector biology and disease transmission leading to an increase in parasites. Research indicates ticks will become more prevalent as a result of projected climatic changes, with clear range expansions into Eastern Europe specifically into Estonia, Latvia, Finland, Sweden, Norway and Poland and in Canada where IVC Evidensia operate. It is estimated that areas of Spain and South of France will develop regions unsuitable for ticks.

In locations with existing suitable habitat, mild winters are likely to elongate the duration of activity for ticks and rising temperatures could shorten the duration of tick development cycles (i.e. ticks mature faster and become a higher risk to humans) and enhance local abundances.

We are continuing to monitor the trends closely to ensure that we adapt our patient care appropriately.

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Nutrition

Climate driven food insecurity and supply instability is projected to increase with increasing global warming, interacting with non-climatic risk drivers including competition for land between urban expansion and food production.

With further warming, every region is projected to increasingly experience concurrent and multiple changes in climatic impact-drivers, for example, compound heatwaves and droughts, or flooding. This has a potential to impact upon our own brand nutrition range and we are working with suppliers to understand their own risk mitigation strategies as well as identifying opportunities for lower carbon protein sources.

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Table 3 Modelled Scenarios for the Identification of Future Climate Risks and Opportunities

Area	Risk	Description	Warming	Short Term	Medium Term	Long Term	Mitigations	Potential Financial Impact Across Scenarios
Transition Risks								
Policy and Legal	Increased pricing of GHG emissions	Emerging regulations implementation carbon pricing mechanisms and increasing the price and boundary of these mechanisms. IVC Evidensia will be increasingly exposed, particularly in the use of anaesthetic gas and fossil fuel power crematoriums in our operations and potentially exposed to additional supply chain costs being passed on. Introduction of carbon pricing mechanisms and / or cap and trade schemes in regions where our key suppliers operate might impact our suppliers' operating costs. This may, in turn, directly or indirectly increase the cost from our suppliers. Suppliers who do not have credible and robust GHG reduction strategies may face challenges continuing to operate, which may lead to disruptions to our supply chain.	1.8°C	H	H	H	<ul style="list-style-type: none"> IVC Evidensia have committed to reducing our Scope 1 and 2 emissions by 50%, Scope 3 emissions by 30% by 2030 (vs. a FY22 baseline) and achieve 100% renewable electricity by FY30. We have implemented workstreams for emission hotspots such as anaesthetic gas, cremations and supply chain to facilitate decarbonisation activities across the group. 	★★ to ★★★
			2.7°C	M	M	H		
Technology	Transitioning to lower emissions technology	To reach IVC Evidensia's near-term Science Based Target (SBT) and proposed Net Zero target, investment will be required to decarbonise capital assets, from buildings, crematorium ovens to anaesthetic machines. In addition, there will be associated costs for training personnel on carbon efficient processes and business model adaptation to modified processes. Efficiencies currently available will be sufficient for the short-term but to achieve net zero, technological advances are required in low carbon cremation, anaesthetic gas capture and recycling and within our supply chain, particularly in pharmaceuticals, nutrition, and consumables.	1.8°C	H	H	H	<ul style="list-style-type: none"> Technological review of cremation technology available in the short, medium and long term developing a decarbonisation road map and focussing on infrastructure closest to life expectancy. Anaesthetic gas capture trials have taken place in FY24 in the UK, potential expansion opportunities will be identified in FY25. 	Impact to be quantified once technology is available
			2.7°C	M	H	H		
Market	Changing customer behaviour	As government, investor, employee and customer awareness and requirements for achieving decarbonisation grow there may be increased competition within the veterinary sector to offer lower carbon alternatives. Initially, we believe this may be seen in the petfood we place onto the market, both via our own brand and from other suppliers. Potentially this could be shown through an increased demand for meat alternatives within the pet food market. In addition, our reputation could be damaged if we do not (or are perceived not to) act responsibly with respect to the environmental and social impacts of deforestation through our supply chain and associated practices.	1.8°C	M	H	H	<ul style="list-style-type: none"> Supply chain engagement to continue with top pharmaceutical providers and expanding to include top 3 nutrition providers. Engagement will expand from suppliers setting SBTs to include nature-related impacts (water, land use change, etc). Own Brand Sustainability Principles focussing on packaging, manufacturing environmental impact, animal welfare, aquaculture and wild fisheries to facilitate implementing the voice of the consumer. Carbon footprint our existing Own Brand Nutrition Products and identify opportunities to reduce the carbon footprints including the development of options for communicating lower carbon products. Develop alternative protein-based strategy to meet evolving consumer expectations. 	★ to ★★★★★
			2.7°C	L	L	M		

Physical Risks

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Area	Risk	Description	Warming	Short Term	Medium Term	Long Term	Mitigations	Potential Financial Impact Across Scenarios
Acute	Increased severity of extreme weather events such as draughts, floods, heatwaves and coldwaves	Extreme weather events from flooding through to heatwaves have an ability to impact upon the >2,400 locations IVC Evidensia operate from. In some instances, weather events may hinder personnel from attending work, leave customers unable to reach our locations or make it difficult for our teams to reach patients due to flooding.	1.8°C	M	M	M	<ul style="list-style-type: none"> Installation of energy efficiency measures across the real-estate to reduce electricity consumption but ensure temperatures remain suitable for pharmaceutical storage, animal and human welfare. 	-
		Heatwaves also have a potential to impact upon operating theatres, onsite animal housing and those locations where we store pharmaceutical and nutraceutical products which are generally required to be stored below 25°C, a temperature which may commonly be exceeded in the future heatwaves and require the installation and operation of additional air conditioning units across our sites. Further analysis is required to understand IVC Evidensia's exposure to supply chain distribution and locations to extreme weather.	2.7°C	M	H	H		
Chronic	Longer term shift in climatic patterns	Long-term shifts in climate patterns may result in the physical damage of IVC Evidensia properties, impact business continuity or lead to financial investment in preventative measures. This includes the potential for sea level change and/or flood zone implications on operations.	1.8°C	-	L	L	<ul style="list-style-type: none"> Plan to implement enhanced supplier due diligence approach in FY25 to facilitate ESG supply chain risk and compliance. Strategic pharmaceutical and nutraceutical suppliers will be requested to undertake WWF Water Risk Filter to help prioritise action for enhancing business resilience. 	-
		In addition, key suppliers in areas such as pharmaceutical, nutraceutical and nutrition are dependent upon stable weather conditions and water supply to ensure production. The potential expansion of water scarcity, drought and quality water have potential to impact upon our supply chain, especially in a higher emissions scenario.	2.7°C	-	L	M		
Transition Opportunities								
Market	Increased revenue / consultations from: <ul style="list-style-type: none"> shift in the volume of infectious diseases increased distribution of tick and fleas extreme weather impacts on animals 	Climate has influenced, and will continue to influence, the occurrence and severity of infectious diseases in the natural and agricultural systems. This is likely to include an increase in vector-borne diseases, waterborne, windborne, and enteric infections.	1.8°C	L	L	M	<ul style="list-style-type: none"> Additional services being offered including routine faecal testing by farm vets to support tailored prescription of parasite treatment Awareness campaigns and testing being offered to clients in key markets including Canada and The Netherlands Ongoing communication of Pet Health Plans which offer pet owners tailored parasite treatment appropriate to the local level of risk 	-
		The distribution of ticks and fleas across Europe and Canada has the potential to increase, both in spatial distribution and duration, due to more temperate climates in areas like the Nordics and North America. Both of the above trends are likely to lead to increasing demand for veterinary advice. Extreme weather will likely see an increase in consultations directly from incidents such as burned paws, dehydration and heat stress (particularly in brachycephalic dogs).	2.7°C	L	M	M		

Note: H: High, M: Medium, L: Low

Based on our analysis to date, the business is sufficiently resilient to the impacts of climate change under both climate scenarios considered with the identified risk mitigation measures being implemented.

Metrics and Targets

We use a series of key metrics and targets to assess and manage our climate risks both internally and across our value chain. Two of our targets have been validated by the SBTi including our target to reduce absolute Scope 1 and 2 by 50% and Scope 3 by 30% (from a 2022 base year) by 2030. We also have a target specifically focused on the sourcing of renewable electricity, we achieved 85% renewable electricity in FY23 and FY24, this will rise to 100% by FY30.

We commenced record our GHG emissions in FY22 and our business has been rapidly growing since this time. We are in the process of preparing for rebaselining the business in FY25 to account for both acquisitions and divestments in FY24.

Operational Emissions (Scope 1 and 2)

Overall we have delivered a 11.7% reduction against our FY22 Scope 1 and 2 emissions, this has predominately been delivered through the increase in renewable electricity and EAC procurement. In addition, we are seeing a reduction in onsite combustion for both heating and hot water and crematorium fuels from energy efficiency activities across the Group. Emissions associated with fleet have increased 33% since FY22, this is generally due to an improved dataset being recorded and will be rectified during rebaselining.

Value Chain (Scope 3)

As we continue to grow and acquire businesses, we are seeing an increase in overall procurement costs. This is directly illustrated through our current spend-based accounting approach to Scope 3. Since FY22 we have seen a 21% increase in Scope 3 emissions, this will be reduced during our rebaselining activities in FY25. In addition, we are working towards improving our calculation accuracy in FY25 with a revised carbon tool allowing supplier specific emission factors.

We will continue our supplier engagement programs with our pharmaceutical and white label suppliers and work towards expanding into nutrition products.

We are at the start of our emissions reduction journey and our progress with delivering emissions reductions. Our full GHG inventory is provided in Table 3.

Table 4 GHG Inventory

Scope	Emissions (tCO ₂ e)		
	FY22*	FY23*	FY24
Scope 1	41,267	43,746	41,015
Scope 2 (Market Based)	11,323	5,438	5,405
Scope 3	386,971	453,936	469,393
TOTAL	439,561	503,120	515,813

Note: * FY22 and FY23 have been restated following the collection of additional data streams for Scope 1 and/or 2 and updated Scope 3 calculation methodologies.

We use the World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol Corporate Standard to guide our reporting of Carbon Dioxide equivalent (CO₂e) emissions. In addition, we utilise supporting standards including:

- GHG Protocol Scope 2 Guidance, 2015
- GHG Protocol Corporate Value Chain (Scope 3) Standard, 2011

We report where we have Operational Control and report our emissions in CO₂e emitted across our financial year (1 October to 30 September).