

**Preventx.**

# ESG Strategy 2024-2027



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## Introduction – What is Environmental, Social, Governance (ESG)

- The **E** in ESG, *environmental criteria*, includes the energy your company takes in and the waste it discharges, the resources it needs, and the consequences for living beings as a result. Not least, *E* encompasses carbon emissions and climate change. Every company uses energy and resources; every company affects, and is affected by, the environment.
- **S**, *social criteria*, addresses the relationships your company has and the reputation it fosters with people and institutions in the communities where you do business. *S* includes labour relations and diversity and inclusion. Every company operates within a broader, diverse society.
- **G**, *governance*, is the internal system of practices, controls, and procedures your company adopts in order to govern itself, make effective decisions, comply with the law, and meet the needs of external stakeholders. Every company, which is itself a legal creation, requires governance.

From the above descriptors of the elements that make up ESG you can see it is an inextricable part of how Preventx does business. In addition, due to the nature of the criteria, the individual elements are themselves intertwined.

For example, social criteria overlap with environmental criteria and governance when companies seek to comply with environmental laws and broader concerns about sustainability. This strategy is mostly focussed on the environmental and social criteria, as we have many governance frameworks we already work to in CQC, CAP and CLIA for example, but it is also clear that governance can never be truly separate. Indeed, excelling in governance calls for mastering not just the letter of laws and regulations but also their spirit—such as anticipating and preventing violations before they occur, or ensuring transparency and dialogue with regulators instead of formalistically submitting a report and letting the results speak for themselves.



### Environmental Criteria

Considers environment-related impact and risks - and what the company may or may not be doing to reduce or mitigate them.

#### Examples:

Carbon footprint, waste management, pollution, and sustainability efforts that make up its supply chain.



### Social Criteria

Includes social impact generated by relationships with the company's workers, customers, suppliers, and its communities.

#### Examples:

Workplace safety, wellbeing and culture, diversity, equity & inclusion, customer satisfaction, and data privacy.



### Governance Criteria

Details roles, responsibilities, and expectations to ensure good decisions are made for customers, employees, shareholders regulators and the community.

#### Examples:

Board member composition, executive pay & rewards, and how a company conducts audits and operates ethically.



## Why have we developed an ESG Strategy?

This strategy has been developed to help Preventx and its people measure and act on what is mutually good for people, profits, and the planet.

Thinking and acting on ESG in a proactive way has lately become even more pressing. We are in a climate crisis so the need to reduce environmental harm and foster more sustainable business is a global priority. Preventx needs to be part of the solution. From a social perspective, we need to champion diversity and inclusion in the workplace and to drive higher standards of health, wellbeing and welfare for our employees, the communities with which we work and support, and across our supply chains.

Global sustainable investment has accelerated and has been driven by heightened social, governmental, and consumer attention on the broader impact of corporations, as well as by the investors and executives who

realise that a strong ESG proposition can safeguard a company's long-term sustainability and success. The magnitude of investment flow suggests that ESG is much more than a fad or a feel-good exercise.

So does the level of business performance. The overwhelming weight of accumulated research finds that companies that pay attention to environmental, social, and governance concerns do not experience a drag on value creation—in fact, quite the opposite. A strong ESG proposition correlates with higher value creation and therefore increased equity returns.

## Overall objectives of the ESG Strategy

To enable the organisation to deliver its ESG objectives through its people.

For our ESG strategy to be truly successful it will take more than a few quick meetings with a working group, and a corporate pledge on our Intranet or our website. Its success requires commitment and ongoing involvement from leadership, employees, suppliers and more.

We could jump straight to data collection, focusing on quantifiable metrics before we fully understand why we are even undertaking work related to ESG. In order to continue to develop this strategy, we need to undertake the below few steps:

1. Determine which elements of ESG are material to Preventx via a materiality assessment. This needs to be kept to an appropriate size and scope for our organisation as this could become a substantial project in itself.
2. Explore relevant frameworks. There are so many, so again we need to look at best fit for Preventx right now but also with an eye to the future when there are obligations to ESG reporting, as we grow and diversify.
3. Collect Data & Benchmark – some of this will be governed by the Carbon reporting platform we use, and some will be set by us based on the materiality assessment and other criteria such as bid tenders.
4. Set Targets & Goals – being clear on what our focus is now and over the next 3 years will help us set relevant targets and goals.
5. Prepare Reports
6. Update Reports & Monitor Success

Preventx's 3-year ESG strategy sets out ambitious aims to 2027.

This is a stretching challenge, and we cannot do it alone. To achieve our vision and to reach our targets, Preventx needs to evolve and improve everything about the way we deliver our work. We need to continually strive for excellence and continuous improvement. It goes without saying that none of this can be achieved without you, our employees, and our partners.

Having an ESG strategy, which compliments the Preventx Value Creation Plan and other departmental strategies ensures that:

- a) We have a vision or 'roadmap' for our ESG activities.
- b) We understand what needs to be delivered now and by 2027 to achieve our ambitions.
- c) It sets out a clear direction and expectations for all our people.
- d) Enables us to put plans and priorities in place now to deliver our future requirements.
- e) Ensures we don't put in place any policies or processes which conflict or do not work towards the aims of the strategy.
- f) Helps to identify priorities for action and where resources need to be deployed.

The strategy will also inform programmes of work identified in the three-year plan under some of the categories in the ESG Framework below:

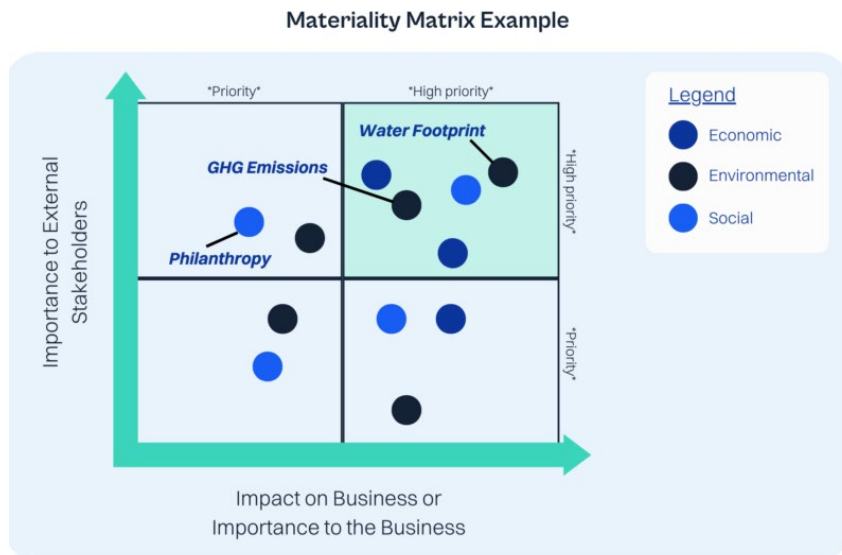


## Our Approach

### Materiality Assessment

Due to the enormity of the elements of ESG, focusing on what is material to Preventx acts as the north star to ensure our ESG program doesn't become lost and ensures we do not track less impactful issues and actions.

A materiality assessment is a process to identify how material or critical certain ESG topics are to Preventx. The main idea of creating such an assessment is to identify the factors that are being impacted the most by our operations and ones which stakeholders care more about.



To conduct the assessment and populate the example matrix above there are 5 steps we need to take:

1. Identify stakeholders – internal and external.
2. Determine how you will engage with the stakeholders.
3. Identify your Material Topics
4. Speak to stakeholders to determine their priority areas and impact on business.

5. Collect survey data and begin analysis.

## ESG Frameworks

There are so many ways to approach ESG and so many providers and tools and “best practices” out there it can be difficult to know what will work best for Preventx.

There are also some well-regarded and well-known standards we could consider. Such as

- ISO 14064-1 – Carbon Footprint verification (CFV) which is an independent verification of our carbon footprint.
- Science Based Targets Initiative or SBTi – this program is specifically for private sector organizations trying to meet Net Zero pledges. Companies setting Science Based Targets will have those targets published online through the SBTi website.
- Global Reporting Initiative or GRI – this is the most well-known standard, used by 73% of the world’s 250 largest companies. GRI includes standards for environmental, economic, and social reporting, as well as sector-specific standards.

However, at this stage, due to the size and immaturity of ESG knowledge and focus to date within Preventx, we will use the very simple ESG framework shown on page 6.

As the programme of work progresses and we have more insight using data we will adapt to whatever framework best suits the organisation and ESG best practice at that time.

## Collect Data & Benchmark

We have already collected much of the Scope 1, 2 and 3 data for the work already undertaken with Flotilla. However, before we embark on any actions, we need to review the data, update where necessary and make sure our focus going forwards is guided by what we have said is material to Preventx in the previous exercise of the Materiality Assessment. This will keep us from spending time and effort on aspects that are outside of our control, will provide limited benefit later or is not on our current roadmap and priorities.

The boundaries of an ESG program and strategy will vary from one company to the next and can depend on the standard you work from and the goals you defined at the start. Boundaries might include:

- How far up and down the value chain you will collect data and report. This might be a geographic boundary, or exclude certain tiers of suppliers where you have no control over operational practices or risk management. Some suppliers may be unable or unwilling to provide data.
- Which products or services are included in your data gathering. In some frameworks and standards, allowances are made so that you only need to account for, say, the top three products, or processes that result in 90% or 95% of your total carbon emissions.
- Franchises, leased properties, or portfolio companies. While many of these are now included in reporting for Scope 3 carbon emissions, you want to avoid duplicate accounting. Determine if Scope 1 and 2 emissions will be rolled up into a central corporate report or reported individually by separate entities.

As we will have conscientiously followed the steps above, as well as having completed our materiality assessment, then our ESG “team” will be in good shape when it comes to data gathering. Clear goals and well-defined boundaries will mean we know where to prioritise our efforts. However, this will be a time-consuming and labour-intensive activity, since data will need to be gathered from across Preventx business units, as well as from suppliers and customers.

Capacity building, stakeholder communication, and having the right tools to facilitate data gathering are critical to the success of our ongoing ESG strategy. Clear leadership support needs to be communicated not just within the company but also outside so that the value of the undertaking is fully understood.

Using a platform that can be shared with a variety of internal and external stakeholders will help streamline data gathering. It also means information can be entered by the people who have it, such as operations, finance, commercial and even suppliers.

Data gathering is a critical step for the foundation of our ESG strategy and should be done thoroughly and conscientiously. Without it, our targets will lack robustness, and we won't have any meaningful way to track progress or benchmark ourselves against competitors and other industry members.

## Set Targets & Goals

Thoughtfully considering the reason we have developed an ESG strategy will greatly impact our outcomes and should be clearly defined at the outset to avoid wasting time and resources.

ESG broadly covers aspects of business operations from carbon emissions and water stewardship to employment rights and diversity & inclusion to transparency in financial practices. Some of these will need greater focus and have greater importance at Preventx. We should consider one or several of the below:

- Reducing our carbon footprint to meet Net Zero pledges by 2030 and beyond.
- Showing ethical leadership and business operations to as a core activity while at the same time being more attractive to customers, investors and other stakeholders.
- Demonstrate economic, wellbeing and environmental social value in our local communities

Having defined those aspects that are most material to Preventx and determined our baseline data, it's time to set targets and goals. These are often numerical and time-bound targets and will be included in our reports. At present there is no requirement to submit to groups like the SBTi, who verifies the carbon emissions targets of all companies registered with their program, but we should strive for this in coming years.

## Prepare Reports

Once data gathering is finished, we can complete our ESG assessment. Using one of the platforms available to us and focusing on an agreed framework will ensure that the reports generated from that platform can be replicated to show our progress against our targets and goals. It will also set us up for success when we move to formal external reporting when this becomes mandatory.

The platform report will be supplemented with commentary on data quality, assumptions made, and where data gaps may exist. The numbers generated as part of our ESG report will need to be updated as part of annual reporting, and we will need to document where methodologies may change, either as better data becomes available, or standards change.

## Update Reports & Monitor Success

An ESG strategy isn't a set-it-and-forget-it activity. It is an ongoing initiative. Reporting organisations, regulators, and investors may all require updated reports that track progress toward achieving targets. Just like the initial data gathering, updating our ESG reports will need input and collaboration across departments, offices, international subsidiaries, and throughout the value chain.

Reporting on the success of an ESG strategy is a multi-year process. It needs to survive employee promotion and turnover, be easy to incorporate new suppliers and customers, as well as adapt for evolving frameworks and methodologies.

Before the development of platforms, a program like this might have lived as a maze of spreadsheets and documents on a company server, with all the accompanying risks and roadblocks related to version control and human error when it comes to data entry.

Therefore, the procurement of a fit for purpose and scalable platform solution that does much of the behind-the-scenes work for us will allow this continuity, keep our reporting simple and up to date with current standards and calculation methodologies, streamline data collection and updates, and will provide customisable reports that can be shared with investors, leadership, and the public.

## Get Started

Building an effective ESG strategy is no small undertaking, but the first step is to start. Whether we're looking to reduce our environmental impacts, reduce risk, or bring in new investment, a solid ESG program will build a strong foundation for Preventx's future.

## Vision of 2027

If we achieve all our Preventx ambitions by this date, what would our organisation look like or have become?

Preventx will have a reputation for excellence in ESG with a proven track record of success in reducing our carbon footprint, increasing our community engagement and showing ethical leadership in decisions made. We will understand the impact of Preventx, its employees and its suppliers on the Environment and be making changes to protect that environment.

## ESG Strategy Recommendations

### Evolving the culture of ESG

In order to achieve the vision outlined above, a number of behavioural and cultural changes will need to occur in terms of normal working practices. It is emphasised this does not apply to everyone equally, as some parts of the organisation have been considering ESG in what they do and how they do it, but other sections are not.

Changing behaviours and culture takes time and skill.

In order to achieve our three-year plan ambitions, ESG needs to be clearly recognised as part of our decision making when choosing suppliers, materials and even recruitment and selection decisions. It is not an edge of desk task, or something considered as an extra to the day job. Managers and employees need to be given the space and supported and developed to have the knowledge, capabilities, and skills to understand and execute on ESG thinking.

Of course, people have certain levels of understanding on the impact they have on ESG in their work lives and their personal lives but effective education and planning, while requiring an investment of time and resources, will reap additional benefit for the organisation.

Preventx will be developing a detailed ESG framework which outlines our priorities for action and the areas people must consider in relation to ESG in all that we do. The framework demonstrates how Preventx's ESG priorities values are applied in practice. In the future vision of Preventx, all employees will be working consistently with the areas outlined in this framework.

#### Recommendations:

- I. Procure and deliver ESG training for all employees.
- II. Engage employees from all parts of the business in an ESG Steering Committee
- III. Undertake Materiality Assessment



## Environmental - Data Collection, benchmarking & Transparency

Dates, data, and metrics have a pivotal part to play in our ESG story. We can't just say we're serious about ESG, we need to demonstrate exactly how we are making a difference, so baseline data is key.

We have already captured a great deal of data as a result of Flotilla working with Synova and their portfolio companies. However, this was some time ago and will need a refresh as much has changed since they were last reported.

In year one of this strategy plan there is a good chance we won't have everything we ideally need but the capture of the updated data will evidence our direction of travel and identify where our gaps are and what we need to do to close those gaps.

We can also use the data to set ourselves benchmarks and publish these benchmarks to our employees and investors.

There are many providers and platforms out there that Preventx can utilise. A detailed review of five of those providers has been undertaken on the criteria below:

- The overall offering
- Ease of Use - Dashboard
- Ease of Use - Reporting and functionality
- Extensive Database with coverage of appropriate industries, countries, and departmental operations
- Level of expertise and support available post data submission.
- Pricing

### Recommendations:

- I. Socialise the provider comparison matrix with Exec team.
- II. Make final selection and contract with them on implementation and go-live
- III. Agree what benchmarks we wish to use for E, S & G.

## Social Value – what does it mean?

The social pillar in ESG is critical because it reflects the “how and why” of Preventx, and social movements are the only real way to create the positive and lasting changes the planet needs.

At its core, the social element is about building trust. All business transactions are built around trust and by promoting social good and forging healthy relationships, that level of trust between all stakeholders will grow and investor confidence will grow with it.

A company's focus on the S means putting positive human impact at the centre of Preventx' ESG transformation. It is however harder to assess than the 'E' part of ESG.

We will consider that the social component of ESG is made up of four categories:

- Staff: diversity, retention, training.
- Safety: managing safe workplaces, measurement, tracking – both of employees, but also of customers.
- Supply chain: modern slavery assessments, occupational health and safety management of suppliers, fair pay.
- Community: managing relationships with the communities that Preventx operates in physically and commercially.

The exposure and impact in these areas varies for Preventx, some have greater importance than others or at least some are a greater priority to focus on than others.

Effectively addressing these areas means rethinking everything from recruiting to compensation to ensuring an equitable playing field for all employees. Implementing this transformation will require buy-in and accountability across an organisation's entire leadership team.

**Recommendations:**

- I. Work with the ESG steering Committee to determine our priorities in the 'S' part of ESG
- II. Understand from the Commercial team the impact and requirements related to ESG and specifically the 'S' when submitting bids or tenders.
- III. Create a knowledge base that Commercial can draw upon in relation to the 'S'
- IV. Work with the Social, Wellbeing and Outreach committee members to deliver key 'S' initiatives

### Governance

The 'E' and 'S' focus on Preventx's relationship with the wider world whereas the purpose of the 'G' is to look internally and assess how the company is run, whether it follows best practice for transparent and ethical leadership.

It refers to the governance factors of decision making. Poor corporate governance practices have stood at the core of some of the biggest corporate scandals and can have a devastating impact on the financials and reputation of an organisation.

'G' is the internal system of practices, control and procedures Preventx adopts in order to govern itself, make effective decisions, comply with the law and meet the needs of external stakeholders.

Some examples of the governance factors of an organisation are:

- Makeup of the Board
- Shareholder rights
- Corporate performance metrics
- Management structure
- Company policies and values
- Health and safety
- Information disclosure
- Auditing and corporate compliance
- Data security and cyber risk

So, for example in terms of makeup of the board. If there is a lack of diversity this has been proven to have an impact on the financial and reputation performance of the organisation.

**Recommendations:**

- I. Assess current governance practice in each function of Preventx.
- II. Implement corporate governance best practices where necessary.
- III. Determine appropriate governance reporting.

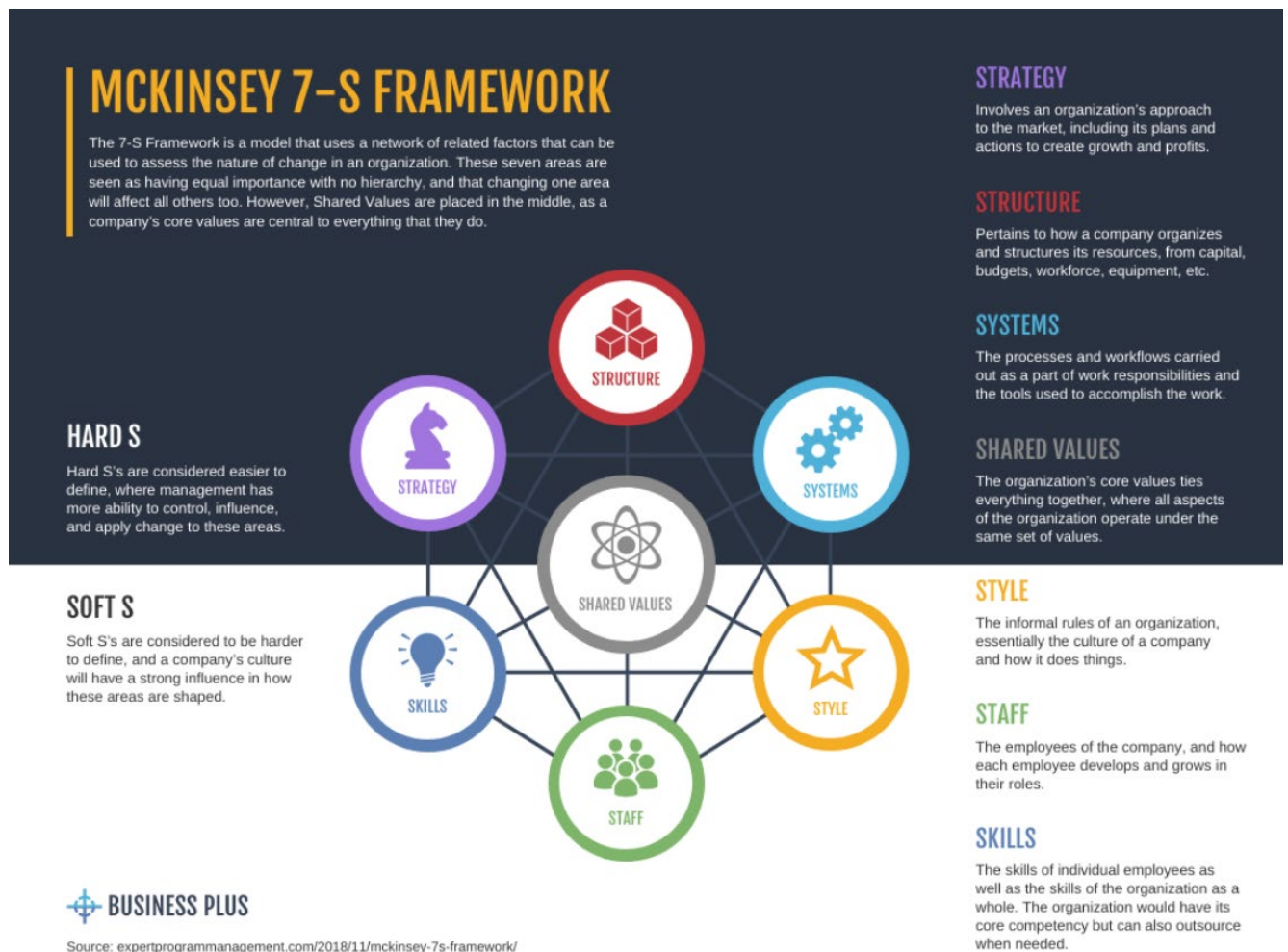
## Conditions necessary to enable change.

To achieve success in an organisation change programme, there are a number of interdependent elements which each have a part to play. Simply developing a process or system is in itself not sufficient to ensure that will address the issue which are attempting to improve or resolve.

One model used to help explain these interlinked dependencies is the McKinsey's 7S's model. The model is based on the theory that for an organisation to perform well, these seven elements need to be aligned and mutually reinforcing. So, the model can be used to help identify which what needs to be realigned to improve performance or to maintain alignment and performance during other types of change.

Therefore, it is suggested that all these factors need to be considered and addressed for Preventx to achieve its ESG strategy goals. If we have alignment of these interlinking factors, the outcomes will not only be longer lasting but embedded and become part of the normal way of doing business at Preventx. The shared values and style are particularly crucial and often more difficult to achieve as they are the culture, behaviours, and traits of the people within the organisation. Much of what is proposed in this strategy will require a shift in culture as well as process, and the scale of this change should not be underestimated.

When developing plans for each of the recommendations in the ESG strategy consideration must be given to each of these factors. This will help ensure Preventx delivers in its ESG commitments within this strategy by 2027.



## The future of ESG – trends

In 2023, the future of ESG is expected to be a time for accelerated global efforts in addressing critical environmental, social, and governance concerns. The trends in ESG reporting and due diligence have largely

been steered by developments in the EU and U.K. to date, but 2023 could be a watershed year for ESG-focused regulatory developments in the United States as well. More and more organisations in the US are looking for suppliers who actively promote diversity, inclusion and work with minority communities, e.g. The Biden Minority Procurement Initiative. New rules will ensure consumers and investors have access to information they need to assess risks arising from climate change and other sustainability issues and create a culture of transparency regarding the impact companies have on people, their communities and the environment.

Therefore, it would be advisable for Preventx to consider, as part of its long-term plans, the resource it wishes to invest in ESG initiatives and dedicated resources. While long range predictions are always difficult, Forbes published an article in June 2023 entitled what next for ESG which Preventx should consider when planning long term strategy for ESG.

[Forbes.com - What's next for ESG?](#)

## Management overheads associated with ESG.

### Resourcing

This is a 3-year plan and it is unrealistic to expect all the recommendations to be implemented immediately. They will require prioritisation and will need to be appropriately resourced.

To achieve the changes identified as important for success, the organisation will need to be prepared to invest in resourcing to deliver the outcomes.

Each of the key themes for action will need to be taken forward as an individual project where the details of operational implementation can be fully assessed and delivered. It will be incorporated into the Preventx business planning cycle, so appropriate resources can be allocated and to ensure that the work can sensibly running parallel with other projects ongoing.

Training and development is a crucial factor in the implementation of this strategy. The changes in process and ways of working will all need to be accompanied by suitable learning and development to embed behaviours and cultures across Preventx.

However, as the success of the strategy will be determined largely by changes in culture and ways of thinking about how we work, it is important that the themes of the ESG strategy are embedded in Preventx projects going forward. This will ensure there is not a conflict with the changes we wish to make and how new projects and work will be delivered.

The implementation of the ESG strategy will be the responsibility of the Group Human Resources Director and the Executive leadership team.

It should also be taken into consideration that during this period, there are likely to be changes which will have a direct impact on how we address ESG at Preventx and may even means change in strategic direction. Some will be expected, some unexpected. The ESG strategy provides a road map for our future direction, but it and the work accompanying it will need to be flexed to accommodate changes both in the external landscape but internal responses to that landscape.