

2024 – 2025 Greenhouse Gas (GHG) Emissions Report

Executive Summary

Formative Pharma's 2024 – 2025 Greenhouse Gas (GHG) Emissions Report outlines the company's commitment to environmental sustainability through the measurement, monitoring, and reduction of greenhouse gas emissions across its operations and value chain.

The report highlights strong progress, with a **14% reduction in Scope 1 and 2 emissions** and a **57% reduction in Scope 3 emissions** year-over-year, driven by operational efficiencies, a remote-first model, and engagement with sustainability-focused partners.

Formative Pharma has set a target to achieve net-zero Scope 1 and 2 emissions by 2030 and is committed to continuous improvement through emissions reduction initiatives, operational optimization, and the use of high-quality carbon offsets.

Introduction

Formative Pharma recognizes the importance of measuring and managing GHG emissions as part of its broader commitment to environmental stewardship and sustainable business practices. The company conducts an annual assessment of its GHG emissions to better understand the environmental impacts associated with its operations and supply chain.

The resulting emissions inventory provides a foundation for identifying reduction opportunities, improving operational efficiency, and tracking performance over time. By regularly monitoring emissions and integrating sustainability considerations into business decisions, Formative Pharma seeks to support continuous improvement and contribute to a lower-carbon future.

Background

Gases that trap heat in the atmosphere are called greenhouse gases. Different gases have different GWP. An organization's GHG emissions footprint is influenced by any gas that has a GWP, and is organized into Scope 1, Scope 2, and Scope 3 emissions.

Scope 1 emissions are direct GHG emissions that occur from sources that are controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles, etc.). Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Although Scope 2 emissions physically occur at the facility where they are generated, they are accounted for in an organization's GHG inventory because they are a result of the organization's energy use.

Scope 3 encompasses emissions that are not produced by the organization itself and are not the result of activities from assets owned or controlled by them, but by those up and down its value chain. An example of this is the purchase, use, and disposal of products from suppliers.

Accurate GHG emissions reporting requires a detailed understanding of footprints, and more specifically the contribution of Scope 1, Scope 2, and Scope 3 emissions.

Methodology

Table 1: Data Summary

Scope 1 Emission Sources	
a. Natural Gas Usage	Includes: i. Household: Total employee natural gas consumption values attributed to working from home (i.e., assuming 40/168 hours per week, or approximately 25% attributed to work). ii. Rented Offices: Total natural gas consumption for Formative Pharma's rented office spaces. Consumption was estimated based on combined square footage (346 square feet).
Scope 2 Emission Sources	
b. Electricity Usage	Includes: i. Household: Total employee electricity consumption values attributed to working from home (i.e., assuming 40/168 hours per week, or approximately 25% attributed to work). ii. Rented Offices: Total electricity consumption for Formative Pharma's rented office spaces. Consumption was estimated based on combined square footage (346 square feet).
Scope 3 Emission Sources	
a. Water Usage	Includes: i. Household: Total employee water consumption values attributed to working from home (i.e., assuming 40/168 hours per week, or approximately 25% attributed to work). ii. Rented Offices: Total water consumption for Formative Pharma's rented office spaces. Consumption was estimated based on combined square footage (346 square feet).
b. Vehicle Usage	Estimated total mileage per year for each vehicle per employee, as a percentage of total that is attributed to work.
c. Manufacturing (Contract)	Energy used by contract manufacturers that can be attributed to Formative Pharma. Includes utility bills for electricity, natural gas, water, and other fuels (if applicable), with an estimate of the percentage of that energy that can be attributed to manufacturing for Formative Pharma.
d. Warehousing / Distribution (Contract)	Energy used by contract warehousing and distribution companies that can be attributed to Formative Pharma. Includes utility bills for electricity, natural gas, water, and other fuels (if applicable), with an estimate of the percentage of that energy that can be attributed to warehousing and distribution for Formative Pharma.
e. Transportation (Contract)	Energy used by contract transporters that can be attributed to Formative Pharma. Includes vehicle mileage driven by the contract transport company, with an estimate of the percentage of that mileage that can be attributed to shipping for Formative Pharma.

Relying on data provided by employees and third-party contractors, estimates were prepared for GWP for direct and indirect GHG emission sources associated with Formative Pharma's operations and those of its contractors. The GHG emissions footprints were expressed as CO₂e. Given Formative Pharma's rapid growth and expanding product portfolio, Scope 3 emissions were normalized by expressing them on a per-unit-distributed basis. This intensity metric enables meaningful year-over-year comparisons by accounting for the company's growth and changes in distribution volume.

All global warming potential (GWP) values are from Schedule 3 of the Greenhouse Gas Pollution Pricing Act (GGPPA).

All transportation emissions factors are sourced from The Green Freight Handbook developed by the Environmental Defense Fund (EDF).

All other emission factors are sourced from the Government of Canada's National Inventory Report 1990-2023: Greenhouse Gas Sources and Sinks in Canada.

Findings

A summary of Formative Pharma's GHG emissions footprint for the periods of January 1, 2024 to December 31, 2024 and January 1 2025 to December 31, 2025 are provided below in **Table 2**.

Table 2: Summary of Formative Pharma's Organizational GHG Emissions Footprint

	January 1, 2024 to December 31, 2024 CO ₂ e (tonnes)	January 1, 2025 to December 31, 2025 CO ₂ e (tonnes)
Scope 1 Emission Sources		
Natural Gas Usage	18.60	16.05
Scope 2 Emission Sources		
Electricity Usage	1.16	0.92
Scope 3 Emission Sources		
Water Usage	0.14	0.15
Vehicle Usage	3.54	3.65
Manufacturing (Contract)	171.17	101.16
Warehousing/Distribution (Contract)	49.98	98.79
Transportation (Contract)	312.05	358.26
Total Organizational Emissions		
Scope 1 Emissions	18.60	16.05
Scope 2 Emissions	1.16	0.92
Total	19.77 CO₂e	16.97 CO₂e
Year-Over-Year Change	-	-14%
Scope 3 Emissions	536.88	562.01
Units Distributed	395,035	974,233
Total	0.00136 CO₂e / unit	0.00058 CO₂e / unit
Year-Over-Year Change	-	-57%

Conclusion

This GHG assessment indicates a positive trajectory, with a 14% year-over-year reduction in Scope 1 and Scope 2 emissions and a 57% year-over-year reduction in Scope 3 emissions from 2024 to 2025. This Scope 3 reduction is measured on a per-unit-distributed basis, normalizing emissions relative to the company's growth and expanding product portfolio, and reflects a meaningful improvement in emissions intensity despite increased operational scale. This improvement reflects Formative Pharma's commitment to responsible environmental stewardship and its proactive approach to reducing emissions across both direct operations and contracted activities.

Looking ahead, Formative Pharma is committed to continuing to reduce emissions on a year-over-year basis. The company will support these efforts through its remote work environment, which minimizes direct operational emissions, and by partnering with contractors that share a commitment to emissions reduction and sustainable business practices.

Formative Pharma has established an objective of achieving net-zero Scope 1 and Scope 2 emissions by 2030. Achievement of this target is expected to be supported through a combination of operational efficiencies, emissions reduction initiatives, and the purchase of high-quality, verified carbon offsets. The company will continue to evaluate and implement the most effective measures available to support progress toward its net-zero objective.