Pharming's GHG emission calculation methodology

This document describes the methodology Pharming Group N.V. uses to measure and report on our greenhouse gas emissions globally. The methodology follows best practice from the Greenhouse Gas Protocol and the Science Based Targets initiative.

We consider the following data quality table to be a representation of our maturity journey at Pharming, as we move from Tier 1 to Tier 3 and Tier 4. Whilst we acknowledge Tier 5 data is idealistic, it is not realistic to achieve such detailed measurements, nor necessary for an organization of the size of Pharming today to reduce our emissions in line with Climate Science.

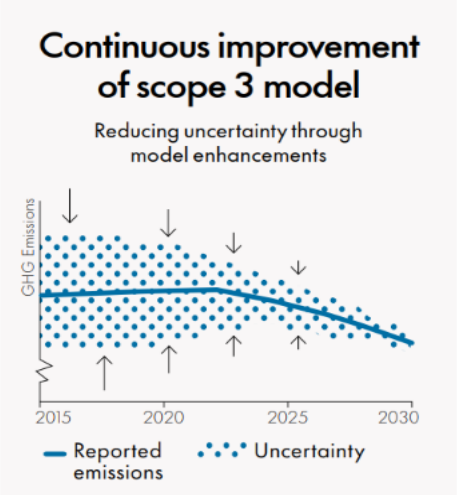
Tier	Type of Activity Data	Type of Emission Factor (EF)	Application example
Tier 1	Financial Spend Data	Environmentally Extended Input-Output (EEIO)	Purchased goods and capital goods
Tier 2	Financial Spend Data	Supplier or Industry-Specific EF	Purchased goods and capital goods
Tier 3	Supplier-Specific Activity Data	Supplier-Specific EF or LCA Data	Purchased goods, upstream transport
Tier 4	Direct Activity Data (e.g., fuel, kWh, km)	Default or Region-Specific EF	Scope 1, Scope 2, some Scope 3
Tier 5	Measured Emissions (e.g., CEMS, sensors)	No EF needed	Specific industrial processes, large facilities

Scope 1 and Scope 2

We have used 'Tier 4' for all measurements in our Scope 1 and 2 emissions, for example we capture the kilowatt hours of electricity use at all sites, and the liters of fuel used for lease vehicles operated by Pharming. At times we have had to make estimations where data is unavailable for a specific period of time from suppliers, or data is unreliable. This has been made clear in our annual emissions inventories where such estimations have been made. We will continue to improve our data collection via implementation of smart

Scope 3

The modelling of scope 3 GHG emissions is an iterative process for Pharming as it is for all companies. We have a continuous improvement approach mindset to ensure we continue to improve our scope 3 model over the years, since our first efforts to measure a baseline in 2023 for 2022 data. We have started our first full scope 3 inventory based largely on financial activity data using emissions factors from Environmentally-Extended Input-Output (EEIO) models such as those published by the United States Environmental Protection Agency (US EPA) and the United Kingdom's Department for Environment, Food and Rural Affairs (DEFRA).



We have calculated emissions across the following eight Scope 3 categories:

- 3.1 - Purchased Goods and Services
- 3.2 - Capital Goods
- 3.3 - Fuel and energy-related activities
- 3.4 - Upstream Transportation & Distribution
- 3.5 - Waste generated in operations
- 3.6 - Business travel
- 3.7 - Employee commuting
- 3.15 - Investments

We anticipate being able to disaggregate downstream and upstream Transport & Distribution (T&D) in the near future, but at present all upstream and downstream T&D is included in category 7.

Baseline recalculation policy

In order to enable a meaningful comparison of environmental performance over time, Pharming is establishing a standard process, based on the GHG Protocol, to recalculate its 2022 baseline inventory in case of structural changes such as acquisitions, changes in calculation methodology or inventory boundaries. This needs to be enabled by adequate tools, and will allow us to compare performance on a like-for-like basis over time. The policy includes definitions of recalculation triggers and the process of reporting the information regarding the changes. With this policy we are able to track and communicate our climate performance in a transparent manner and with confidence that the data are accurate despite changes related to business growth.

Global Warming Potentials

The global warming potentials (GWP) for all GHGs are based on the 100 year GWP from the Intergovernmental Panel on Climate Change Sixth Assessment Report.