

What is Hachette UK's Sustainability Report?

Hachette UK's second annual Sustainability Report sets out and explains our company's targets for reducing carbon emissions as part of our action to address climate change. It also gives an overview of our past and future work toward sustainability. We believe that transparency is crucial for us to hold ourselves accountable. We produce the report annually to track and share our progress, showing staff how far we have come and how far we have to go. More information can be found in the Sustainability Hub on Workplace.

Summary

We have worked with the Science Based Targets initiative (SBTi) to set three targets related to the greenhouse gas emissions associated with our business. The SBTi is a global collaboration of environmental organisations that helps companies to follow best practice in setting sustainability targets and then independently assesses progress toward those targets.

Our targets relate to different kinds of greenhouse gas emissions called Scope 1, 2 and 3.

- Scope 1 and 2 emissions are, respectively, those that we produce directly and those that result from the production of energy we use. We committed to reduce Scope 1 and 2 emissions by 56.8% from 2019 level by 2030. As the report shows, we have already exceeded this target, cutting these emissions by 57.8%.
- We also committed to source 100% of our electricity from renewable sources by 2030, up from 25% in 2019. The report shows that we now get 94% of our electricity from such sources and we are on track to meet this target.
- Scope 3 emissions are those that arise upstream or downstream of HUK in the value chain and are out of our direct control but are a result of our commercial activities. We pledged to reduce these emissions by 27.5% from their 2019 level by 2030. The report shows that we are facing challenges with this target. By 2024, these emissions were 11.3% below the 2019 level. So while we have made some progress here, there is much more for us to do.

Despite fantastic progress toward our targets, our biggest challenge is our Scope 3 emissions, which now account for 99.3% of HUK's total carbon footprint. Scope 3 emissions have levelled over the past few years because our business is in growth: we are selling more products than in 2019; and the HUK Group has expanded with the acquisitions of Paperblanks and Welbeck. One positive is that the intensity of our emissions, which is the amount of emissions per pound of revenue we made, has halved from 0.4 kg in 2019 to 0.2 kg in 2024.



This report goes into more details on the progress we are making toward our targets, and the actions we are taking to mitigate and reduce our carbon emissions. There is a lot of activity taking place right across the business, all of it designed to reduce our emissions. We have made a good start, but there is more we can and will do to reach our sustainability goals.

Engagement is key. Talk to your peers and your suppliers - reducing our Scope 3 emissions relies upon our continued collaborative approach. Once the conversations start, measurable change follows quickly.

By setting ambitious targets and working with others across the publishing industry, Hachette UK is committed to making a positive and meaningful difference to our planet and the fight against climate change. And beyond our efforts to reduce greenhouse gas emissions, we are also playing a key role in driving positive climate action through our books, gifts and games.

Our commitment to sustainability

Climate change is the defining challenge of our times. The UK government has committed to a <u>legally binding target</u> to bring greenhouse gas emissions to net zero by 2050, and all businesses need to play their part. At Hachette UK, we take seriously our responsibility to conduct our business sustainably.

In 2021, for example, we were founding signatories of the Publishing Association's 'Publishing Declares' statement, declaring a climate emergency and pledging to take action. In 2024, our ambitious near-term climate targets were approved by the Science Based Targets initiative (SBTi), and we track our progress toward these targets annually.

The targets are aligned with Hachette Livre's 30/30 Strategy for reducing carbon emissions by 30% by 2030, and with the Lagardère Group's decarbonisation strategy, which is also based on the SBTi approach.

The targets for our operational footprint are in line with the Paris Agreement on climate change, the international treaty adopted in 2015 to limit global warming to 1.5°C above pre-industrial levels.

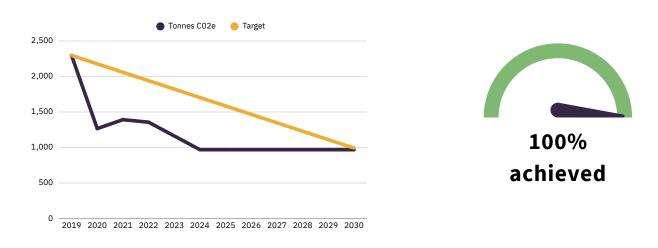
Hachette UK's mission is to make it easy for everyone to discover new worlds of ideas, learning, entertainment and opportunity. To fulfil this mission, it is vital that we do all we can to combat climate change and reduce our environmental impact.



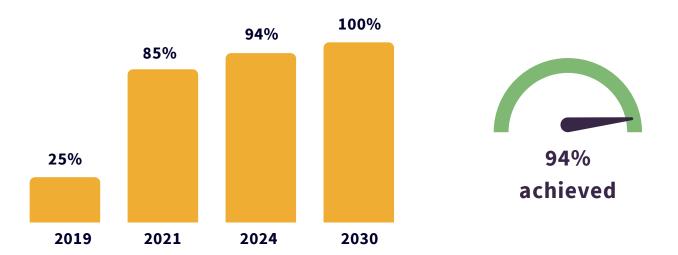
What are our sustainability targets?

In 2021, Hachette UK, and all of its entities committed to science-based targets. In 2024, these targets were approved. These approved targets give us a clear goal to aim for in reducing all three scopes of greenhouse gas emissions, helping to prevent the worst impacts of climate change. The three commitments the SBTi has validated are:

To reduce absolute scope 1 and 2 GHG emissions by 56.8% from 2019 levels by 2030

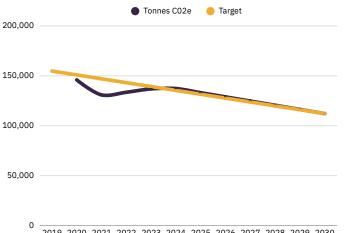


To source 100% of our electricity supply from renewable sources by 2030, up from 25% in 2019



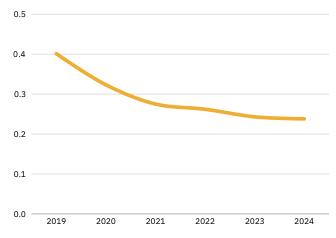


To reduce absolute scope 3 GHG emissions by 27.5% from their 2019 level by 2030





Emission intensity Average carbon footprint per £ (kg CO2e)





^{2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030}



Hachette UK's greenhouse gas emissions: 2018 - 2030

(CO2e tonnes)	2019	2020	2021	2022	2023	2024	2030 target
Scope 1	1,068	644	843	708	528	457	462
Scope 2 (location based)	2,244	1,861	1,692	1,643	1,471	1,420	
Scope 2 (market based)	1,228	622	548	648	611	512	530
Total (owned) operational carbon footprint (location based)	3,313	2,505	2,535	2,352	2,000	1,877	
Total (owned) operational carbon footprint (market based)	2,296	1,266	1,392	1,356	1,140	969	992
Scope 3	154,788	145,916	130,976	133,622	137,019	137,365	112,222
Scope 3 (% of overall; market based)	99%	99%	99%	99%	99%	99%	
Hachette UK carbon footprint (location based)	158,101	148,421	133,511	135,974	139,019	139,242	
Hachette UK carbon footprint (market based)	157,085	147,182	132,368	134,978	138,159	138,334	113,214

WHERE WE ARE NOW AND OUR PROGRESS SO FAR CARMELITE HOUSE



Electricity consumption

- Electricity is 100% renewable, sourced solely from solar, wind and hydro
- Effective running of the central plant systems, motion sensor lighting out of hours,
 half-hourly electricity monitoring
- 2025 LED Lighting Replacement Project

Waste management

- 68.4% recycling, no landfill general waste goes to create energy
- Clearly labelled waste bins to assist with accurate waste separation by preventing contamination





Water consumption

• Sensor tap timings in the toilet facilities have been reduced from eight seconds to three seconds

Housekeeping services

• Chemical-free cleaning products; toilet paper, hand towels and kitchen towels all made from recycled paper; plastic-free period products





Landscaping

- Carefully selected planting schemes to support early and late pollinators
- Four insect hotels were installed on the roof garden to further support and encourage pollinators

Stationery

- Reduced deliveries thanks to a predictive stock check and replenish system of resource hubs
- All cut paper used at Hachette UK is FSC (Forest Stewardship Council) Certified





Postroom

 Padded bags, book wraps and brown manilla envelopes are produced using recycled material, and bubble wrap is also 100% recyclable

Print Room services

- All paper used in the print room is FSC-compliant
- FollowMe printing reduces paper waste
- All toners are recycled
- PrintReleaf enables us to offset the environmental impact of local printing through certified reforestation and carbon offset projects for all of our UK site



DISTRIBUTION



Reducing materials usage

- Hachette UK Distribution has reduced micron levels in pallet wrap to a minimum level consistent with maintaining quality
- Hachette UK Distribution uses recirculating totes for deliveries to a number of large customers
- 75% of all broken pallets at Hachette UK Distribution sites are returned to the supply chain. The remaining 25% go through a partner-owned chipping machine, then are put into a biomass boiler that provides the fuel to heat the factory and kiln to heat-treat wooden products for export shipments
- Cardboard manufactured using 70% recycled paper
- Plastic for carton liner reduced microns by 42% in 2024 and made up of 50% recycled content
- Plastic wrap for pallets iWrap product reduced by 10 microns and made from 30% recycled content
- 100% plastic-free book-wraps

Recycling

- 98.3% of waste is recycled from Hachette UK Distribution sites,
 and 1.7% is sent for incineration
- Zero material goes to landfill from all Hachette UK Distribution sites
- All waste is sorted and categorised on site in Didcot





Reducing energy usage

- Electricity in both of Didcot locations is also 100% renewable, sourced solely from solar, wind and hydro
- Hachette UK Distribution's main warehouse has an 'A' energy rating
- All warehouse equipment at Hachette UK Distribution charges during off-peak hours
- Hachette UK Distribution's conveyors and spirals go into sleep mode when not in use
- The shuttle system and conveyors recover kinetic energy (up to 17%) on braking
- Hachette UK Distribution implemented a cut-down solution for cartons of books so that they do not ship partially filled boxes
- Hachette UK Distribution uses double-decker DPD trailers to reduce overall road miles.

TRAVEL



<u>HUK's travel policy</u> has been updated to encourage and empower staff to choose the most sustainable option when travelling for work

OUR BOOKS AND PRODUCTS

Hachette UK continues to work with and supports the certification process. Where possible, all printed paper stocks are FSC certified and, during 2024, 99% of paper material used in our products was FSC certified. This a continual improvement year on year.

The FSC confirms that the forests from which the raw material used to make our paper stocks comes from are being managed to strict environmental, social and economic standards.

Also, FSC chain of custody certification ensures that FSC-certified material has been identified and separated from non-certified and uncontrolled material as it moves through the supply chain. More information can be found here. Where FSC-certified material is not available, stock with alternative certification is used.







Our next steps to achieve our SBTi targets:

We are incredibly proud to say that we have already achieved 50% of our targets. However, there is still more work to be done to reach our goals.

Hachette UK's SBTi targets give us a clear goal to aim for in reducing all three scopes of greenhouse gas emissions, ensuring Hachette UK is helping to prevent the worst impacts of climate change.

By meeting our objective to source 100% of our electricity from renewable sources by 2030, we will have ensured we are on track to be carbon neutral by 2030 in our own operations.

We are also working collaboratively with key printers, distributors, manufacturers and other suppliers throughout the supply chain to reduce our Scope 3 emissions by 27.5%.

Actions we have taken in 2024-2025 to fully achieve our targets:



We have removed under-desk bins: rubbish is now being put into the correct streams, significantly reducing the amount of waste sent for incineration



We are creating Environmental Awareness Training for all staff, which will be available later on in the year



We have launched a Sustainable IT Best Practice Guide for colleagues across the business



We have decluttered old data from inboxes, personal folders and OneDrives, freeing up 17,570 gigabytes of data



We have participated in Cleanup Australia Day events, collecting a total of 15kg of litter from local public areas





We have produced an Eco Design Guide for staff to follow when designing our books, gifts and games



Hachette UK is running a project for us to become EUDR compliant. By committing to the EU Regulation on Deforestation-free products, we will ensure the materials we use are not contributing to deforestation



We donated 70 laptops to <u>SOFEA</u>, an organisation working to provide education, employability and wellbeing programmes for vulnerable young people



Hachette UK's new <u>Travel Policy</u> encourages and empowers staff to choose the most sustainable option when travelling for work



We have installed coffee cup recycling stations on every floor at Carmelite House, including 6th Story

Actions we have taken prior to 2024 to fully achieve our targets:



We have improved data collection and our understanding of emission factors from freight and transport operators and are actively working on the full optimisation of container and lorry fill



We have defined standards for carbon reporting by paper suppliers and printers in order to accurately measure our performance and progress





We are setting selection criteria based on environmental performance and commitment and, from 2025, a maximum emission intensity cap for products and materials use



We continue to focus on improving demand planning across our businesses to minimise overproduction and waste



We have set targets to reduce returns over the next 5 years working with our customers and sales teams



We have implemented a Hachette UK scheme to target overproduction and returns. Our lean stock programme is focusing on obsolescence and, as with returns, we will set targets over the next 5 years



We have engaged with our suppliers and continually work with them to find opportunities to reduce emissions



We continue to aim for more local printing where appropriate



We introduced a Group-wide plan to minimise proof production and waste



Hachette Livre initiatives

As an industry pioneer in environmental protection with a record of significant results in the field, Hachette Livre has also committed to an ambitious trajectory to reduce its carbon footprint.

Its '30/30 Strategy' is a trailblazing commitment in the publishing industry thanks to its international scope, its inclusion of all three scopes and its goal of reducing overall emissions tied to its business by 30% by 2030 – a 2.5% annual reduction.

The Hachette Livre Group has set bold, quantifiable targets for 2030:

- a 30% reduction in the proportion of books that are shredded
- a 26% reduction in the carbon intensity of paper manufacturing
- an 18% reduction in the carbon intensity of book printing and binding
- 1% and 1.5% annual reductions in upstream and downstream freight respectively

Cross-industry initiatives



Sustainability Industry Forum









Conclusion

- We have hit our Scope 1 and 2 targets. We have reduced the emissions that we produce directly, and those that result from the production of energy we use, by 57.8%.
- We get 94% of our electricity from renewable sources and we are on track to meet this target.
- Scope 3 emissions are where we face our greatest challenge. We have achieved 47% of our target, and these emissions have not fallen in the past few years.
- This is largely because our business is growing more than expected. When setting our targets, we predicted growth of 16% from 2019 to 2024. In reality, our revenue grew by 48% in that period. This is because we are selling more products than in 2019 and we have expanded through the acquisitions of Paperblanks and Welbeck.
- Our strong commercial performance necessarily comes with increased Scope 3 emissions, but it is important to note that, overall, the total emissions associated with our sales have halved and that is something to celebrate.

How you can get involved

- For more information about Hachette UK's sustainability work, please see the
- Sustainability Hub on Workplace.
- Talk to members of Hachette UK's <u>Sustainability Advisory Group (SAG)</u>. This group is dedicated to reducing the company's carbon emissions.
- Join Hachette UK's <u>Sustainability Network!</u> Launched at the start of 2023, the Sustainability Network aims to help communicate our environmental goals and targets, encourage sustainable practices in and outside of the workplace and respectfully hold Hachette UK to account to drive positive change where possible.





USEFUL INFORMATION

Understanding our targets

All businesses need to consider their impact on the climate by understanding what level of greenhouse gases they are responsible for emitting, either directly or indirectly (their 'Carbon Footprint').

There are three scopes of emissions to consider when measuring the carbon footprint of a business:

Scope 1: Direct GHG emissions from owned or controlled sources, including emissions from the combustion of fuels by sources owned or controlled by the reporting company.

For Hachette UK, Scope 1 includes emissions from our use of natural gas in our offices, any vehicles owned or leased by us, the air conditioning used in our buildings, and fuel for business machinery, such as forklift trucks and generators.

Scope 2: Indirect GHG emissions from the generation of purchased energy. This includes the emissions from the combustion of fuels to generate electricity, steam, heating and cooling purchased and consumed by Hachette UK.

Scope 2 emissions are produced by the electricity Hachette UK buys. Most companies must report scope 2 according to both a location-based method and a market-based method. A location-based method reflects the average emissions intensity of the country the company is based in; a market-based method reflects emissions from electricity that companies have purposefully chosen (for example, renewable energy). We include electricity for our offices in Ireland, Australia, New Zealand, India, Singapore & Canada as well as the UK for our location-based method. 100% of electricity used at Carmelite House, HUKD, Hachette Australia and Alliance Distribution Services comes from renewable sources so is not included in the market-based calculation.

Scope 3: All other indirect GHG emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions, including the materials the company uses, the investments we manage, our employees and customers using our products.

Scope 3 emissions refer to emissions produced by anything Hachette UK buys. This includes paper manufacturing, printing, and binding; end-of-life of products sold; rents used to secure the use of our offices, transportation of materials like books and paper; emissions produced by employee commutes and business travel, authors travelling to literary festivals, and events or staff travel to Frankfurt Book Fair; collected and recycled waste, including returns, proofs and point-of-sale wastage; and emissions from IT-related activities, including data centres.

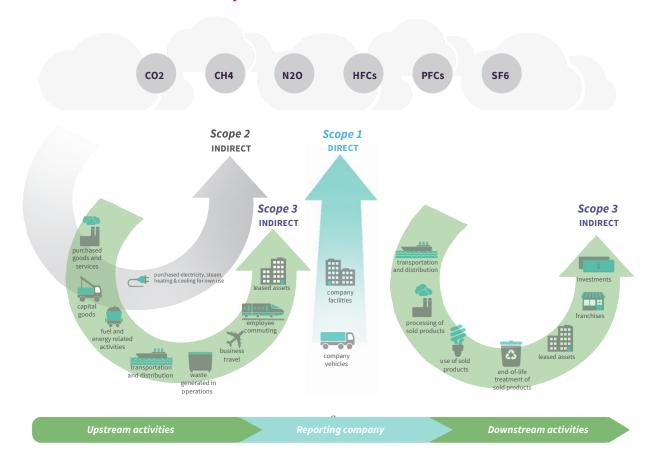


What do our SBTi targets mean?

The Greenhouse Gas Protocol provides standards and guidance used by most companies and governments across the world, including the SBTi, to measure and manage climate-warming emissions. Six main greenhouse gases - CO_2 , CH_4 , N_2O , HFC, PFCs, and SF_6 - are responsible for trapping heat inside the Earth's atmosphere and warming the planet.

The different greenhouse gases vary in how much heat they trap. To make it easier to understand how emissions of each gas contribute to global warming and climate change, the quantities are converted to their equivalent amount of carbon dioxide (CO₂e)

Overview of GHG Protocol scopes and emissions across the value chain





Appendix - data

Scope 3 categories and CO2e tonnes 2019 - 2024

Category	(CO2e tonnes)	2019	2020	2021	2022	2023	2024
1	Purchased goods and services (paper and print)	95,267	93,011	84,195	88,769	86,175	87,068
1	Purchased goods and services (other)	17,625	17,000	16,936	16,389	20,303	18,668
2	Capital goods	3,932	3,860	2,119	2,474	390	391
3	Fuel and energy-related activities	466	415	826	494	433	408
4	Upstream transportation and distribution	29,618	26,312	20,988	18,778	22,388	22,388
5	Waste generated in operations	157	137	157	113	165	149
6	Business travel	2,029	251	99	737	1,378	1,923
7	Employee commuting	635	62	67	210	241	262
8	Upstream leased assets						31
9	Downstream transportation and distribution	169	71	79	79	77	77
11	Use of Sold Products	6	6	4	5	5	7
12	End-of-life treatment of sold products	4,891	4,873	5,466	5,578	5,939	5,993

Scope 3 categories 2024

