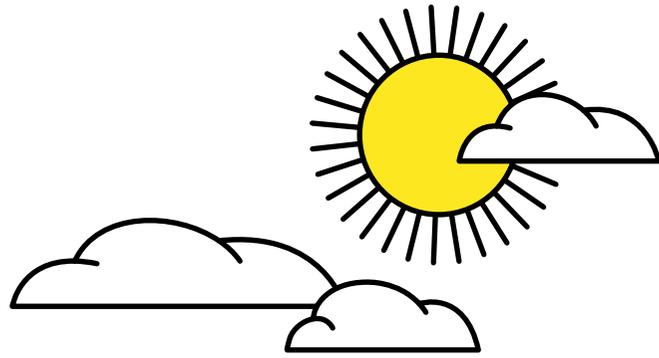


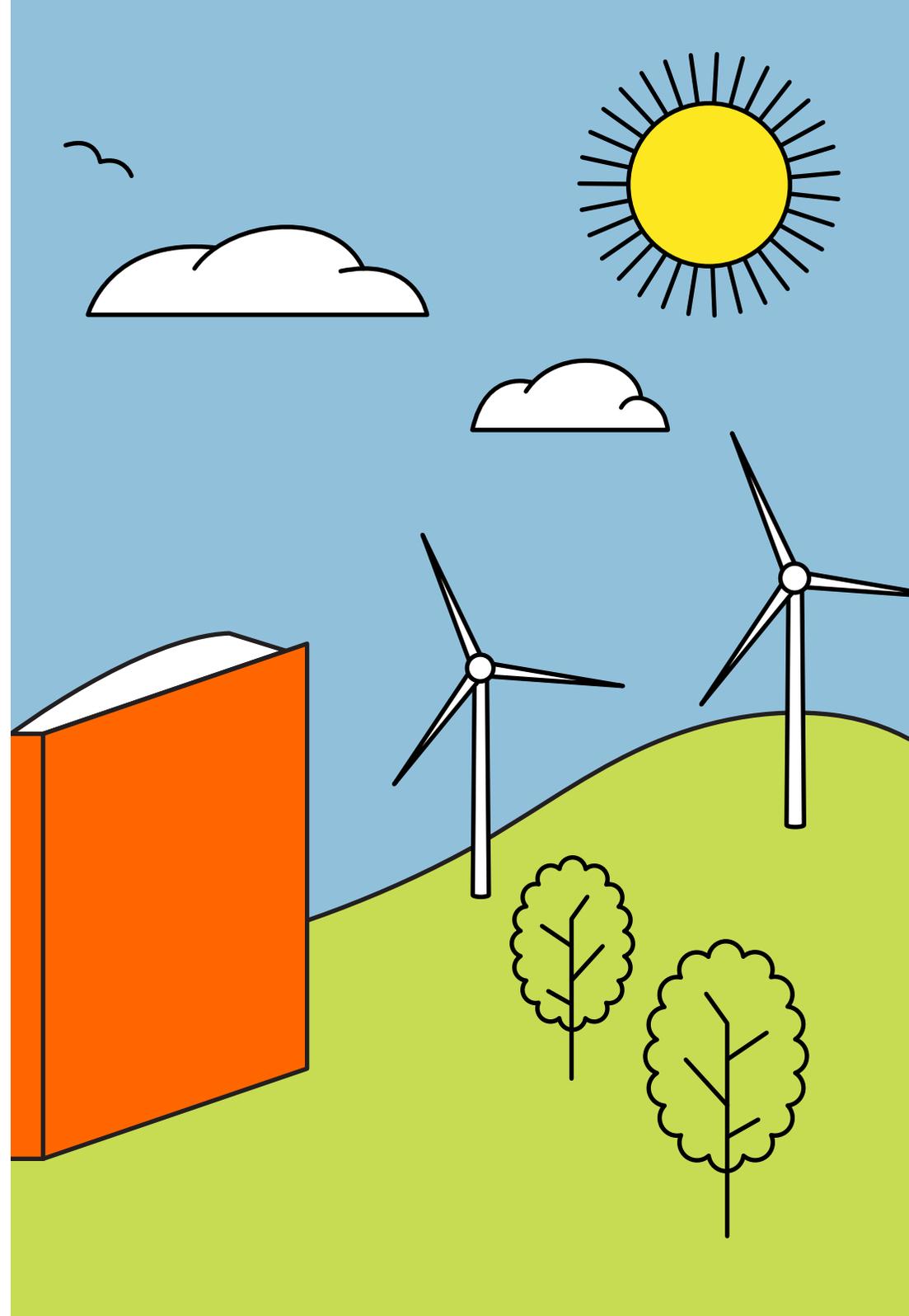
Our Sustainability Story **2022**



Penguin
Random House
Australia & New Zealand

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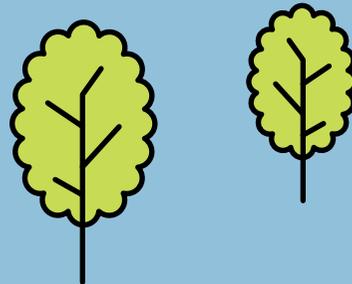
Foreword

Our planet is at serious risk, and in recent decades it has been shown that a changing climate will not only influence our day-to-day weather, but also has severe social, economic and environmental impacts. Now is the time to make changes that help safeguard our future and our children's future, and the biggest way to influence that is to reduce our greenhouse gas emissions (GHG) and become sustainable.

At Penguin Random House we are committed to embedding sustainability into everything we do to ultimately achieve our target of becoming climate neutral by 2030. We recognise the importance of each individual action, and how one person can inspire change amongst many, and how we, as an industry leader, can play our part towards a better future.

It is important that we are transparent on where we stand and that we constantly report on our progress. In line with our values we believe it is important to discover new and innovative ways to achieve sustainability, respect our planet (and therefore to limit our impact on it), engage with our authors, customers and business partners who share our sustainability values, and disseminate our knowledge to ensure we all move towards sustainability.

In 2022 we continued to experience disruptions to our supply chain and rises in costs as the world recovered from the COVID-19 pandemic. Despite this, we maintained our sustainability efforts and continued to grow whilst decreasing our emissions.



“Our world is constantly changing. To maintain our position as industry leaders we must meet the ongoing challenge of sustainability and continue to find ways to innovate and thrive.”

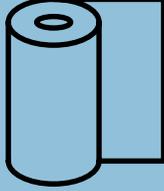


**JULIE BURLAND,
CEO PENGUIN RANDOM HOUSE
AUSTRALIA & NEW ZEALAND**

Our Sustainability Pledge



Climate Neutral by
2030



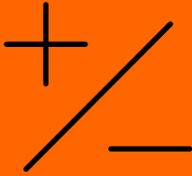
100%
sustainably sourced
paper



100%
renewable energy at
all sites by end of 2023*



50%
minimum reduction in
greenhouse gas (GHG)
emissions compared to 2018



100%
compensation of
remaining emissions

*Any sites that were not using renewable or green power from January 1st 2023, have been offset through the purchase of Energy Attribute Certificates, purchased through Bertelsmann.

Methodology

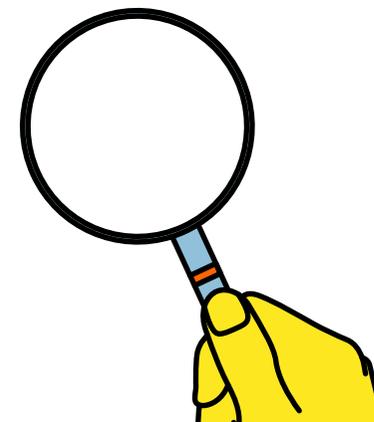
We believe it is important to be transparent and accountable, which is why we once again engaged an independent consultancy firm to analyse our carbon footprint. The firm analysed and reported on our Scope 1, 2 and 3 emissions, and detailed our impact in accordance with the ISO 14064-1:2018 standard. This methodology lists six categories of emissions:

GHG PROTOCOL SCOPE	ISO 14064 CATEGORY	DESCRIPTION
1	1	Direct GHG emissions from stationary and mobile combustion sources
2	2	Indirect GHG emissions from imported energy
3	3	Indirect GHG emissions from transportation
	4	Indirect GHG emissions from products used by the organisation
	5	Indirect GHG emissions associated with the use of products from the organisation
	6	Indirect GHG emissions from other sources not covered in categories 1 to 5

As per ISO 14064-1:2018, we have consolidated our facility-level GHG emissions and removals by the control approach, accounting for all GHG emissions and/or removals from facilities over which we have financial or operational control. This approach considers all emissions that PRH exercises "control" over but not necessarily financial control.

The most significant application of this approach is the inclusion of emissions from third party transport providers, UBD Distribution Centre, and employee emissions across the PRH sites in Australia and New Zealand that support the service offering to customers. In these instances, PRH has or can exert control over the way that this service is delivered.

In addition to the emissions reported by the firm, paper mill, printer and printer materials emissions were calculated using industry data, in conjunction with our parent company. Data on each paper mill and printer was collated with final emissions calculated based on the total amount of paper purchased and the number of books printed.



Our 2022 Emissions

Scope	Category	CO ₂ e Aus (tonnes)	CO ₂ e NZ (tonnes)	Total	Percentage of Total
1	Mobile fuels (cars, trucks etc.)	69.3	37.75	107.05	0.50%
1	Stationary fuels (boilers, generators etc.)	7.46	0	7.46	0.03%
2	Imported electricity consumption	1,048	6.79	1054.79	4.93%
3	Paper mill/Printer/Printer materials	4,835.94	939.06	5775	27%
3	Business travel and accommodation	121.87	13.42	135.29	0.63%
3	Staff commute	565.24	34.25	599.49	2.8%
3	Inbound transport and distribution	9,837	0	9,837	46%
3	Outbound transport and distribution	2,039	1,621.45	3,660.85	17.12%
3	Energy transmission and distribution losses for natural gas	86.83	1.47	88.30	0.41%
3	Working from home	0.93	0.66	1.59	0.01%
3	Water supply and wastewater treatment	1.41	0.41	1.82	0.01%
3	Waste disposal and recycling	206.13	14.79	220.92	1.03%
3	End-of-life book disposal	-25	0	-25	-0.12%
3	Emissions offsets	-80	0	-80	-0.37%
TOTAL		19,653	1,730.99	21,384.29	100%



Calculating CO₂e

CO₂e means Carbon Dioxide Equivalent, as emissions have been calculated looking at carbon dioxide, methane and nitrous oxide. Each gas has different global warming potentials (GWP) so it is easier for reporting to express emissions as one factor.

Our 2022 Emissions: At A Glance

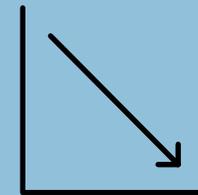


Our total carbon footprint was **21,384 tonnes** of CO₂e, down 3% on 2021



Our highest categories continue to be:

- Inbound and outbound freight at 63%
- Paper mill, printer and printer materials at 27%
- Imported electricity consumption at 5%

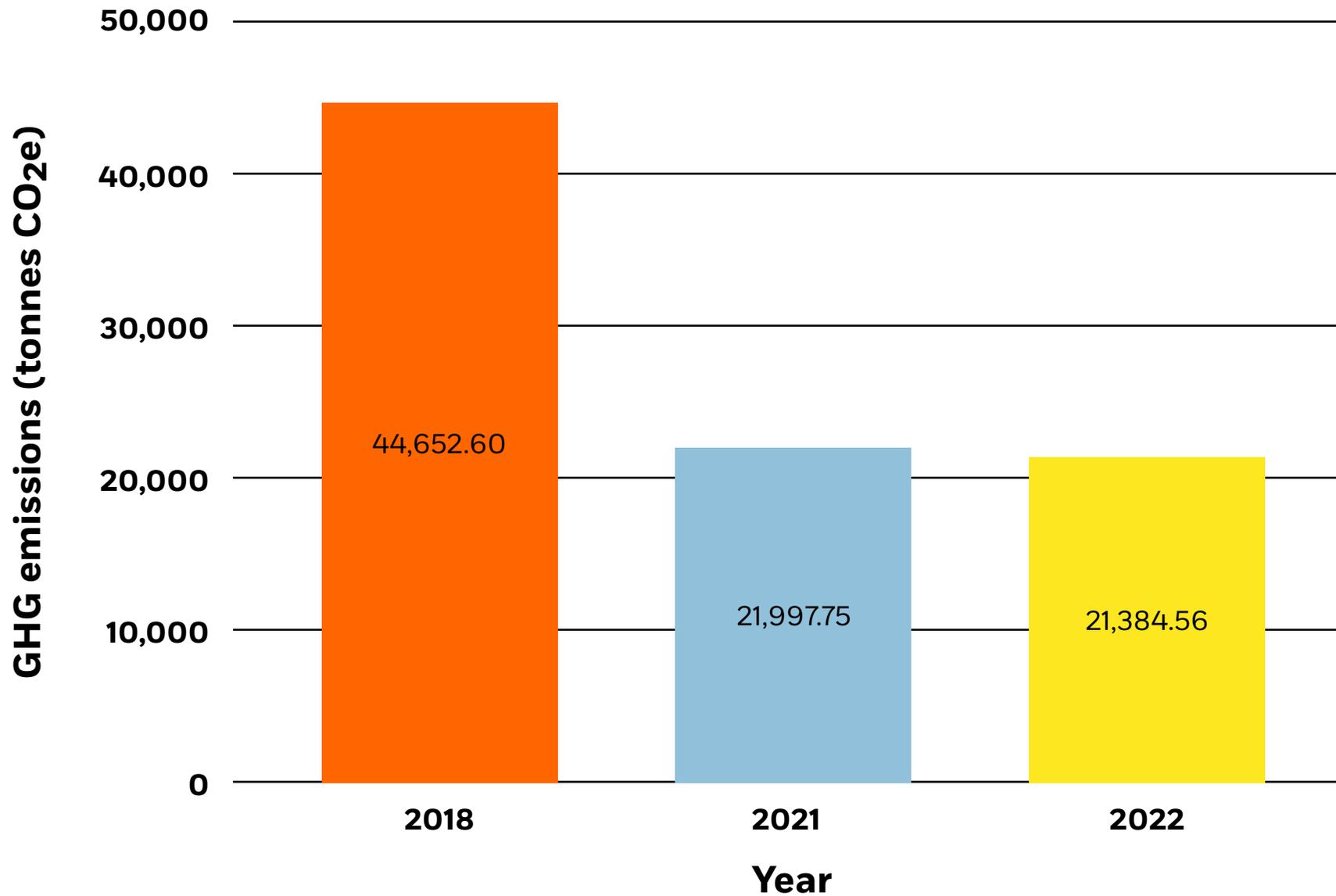


Our 2022 emissions results mean we have continued to reduce our emissions and have now achieved a 52% reduction on 2018.

Our Emissions Progress

Scope	Category	Total CO ₂ e 2022 (tonnes)	Total CO ₂ e 2021 (tonnes)	Total CO ₂ e 2018 (tonnes)	Change of emissions since 2018 (%)
1	Mobile fuels (cars, trucks etc.)	107.05	96	170	▼37%
1	Stationary fuels (boilers, generators etc.)	7.46	5	20	▼63%
2	Imported electricity consumption	1,054.79	1,381	1,732	▼39%
3	Paper mill/Printer/Printer materials	5,775	7,652	5,268	▲10%
3	Business travel and accommodation	135.29	10.6	557	▼76%
3	Staff commute	599.49	29	839	▼29%
3	Inbound transport and distribution	9,837	9,380	26,597	▼63%
3	Outbound transport and distribution	3,660.85	2,646	8,477	▼57%
3	Energy transmission and distribution losses for natural gas	88.30	140.72	164	▼46%
3	Working from home	1.59	35	2	▼21%
3	Water supply and wastewater treatment	1.82	1.61	1.1	▲65%
3	Waste disposal and recycling	220.92	634	838	▼74%
3	End-of-life book disposal	-25	-13	-12	N/A
3	Emissions offsets	-80	-	-	N/A
TOTAL		21,384.56	21,997.75	44,652.60	▼52%

Our Emissions Progress: Summary



Recent Achievements



Packaging

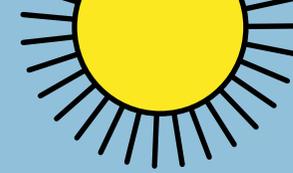
As members of the Australian Packaging Covenant Organisation (APCO), we are continuously working to improve our packaging and aiming to achieve the APCO 2025 National Packaging Targets. Pleasingly, we have already reached two of the four targets, as our packaging from UBD is now made of at least 51% recycled materials, and 80% of the plastics used in our packaging, while very minimal, can be recycled. This is an incredible achievement and helps to contribute to a circular economy. We have also reduced our warehouse pallet wrap usage even further, now using a 10micron thick wrap which has removed a potential 9,656kg of plastic from our supply chain. We are constantly looking for ways to remove plastics, including plastic tape from warehouse processes.



Marketing Materials

We undertook a re-vamp of our marketing materials for send-outs, to be aligned with our focus on sustainability, we developed some eco-friendly branded material. The bookmark and 'thank you' card are printed on recycled paper with vegetable inks. The two large stickers and sticker sheets are also printed with vegetable inks on FSC certified paper and liners, with water-based adhesives, meaning they can all be recycled or composted. Our mailouts were already using 100% recycled material jiffy bags, but we wanted to add branding to the bags and make the experience more fun for the end user, whilst limiting our impact on the planet.

Recent Achievements



Book Design

Following on from our internal education and book design guide, we have changed a few of the designs of our books. Most of our young readers book sets now come in cardboard casing instead of shrink wrap. This has removed an incredible 1,425kg of potential plastic from our products.

Our advanced reader copies of new adult books are now made with no lamination on the covers, to reduce material usage and ensure they can be recycled. We are currently looking to reduce coated paper usage in picture books and are continuing to seek sustainable alternatives such as vegetable inks.



Localising the Supply Chain

Recently we expanded our print-on-demand service to include an extra 2,700 US titles to be printed locally in Australia. This has meant any reprints no longer have to be printed overseas and shipped to us, reducing freight costs and emissions, and increasing speed to market delivery. We will continue to expand our print-on-demand list in the coming years.

We have also collaborated with our key customers in consolidating orders which in-turn has reduced deliveries and associated emissions.

Staff Engagement

Our staff and Green Team love getting involved in environmental initiatives and doing good. We have continued to participate in key environmental days such as *Clean Up Australia Day* (pictured) and *National Tree Day*. We are always looking for more ways to celebrate our environment and help preserve it for future generations.

We held a full program of events during *National Recycling Week* last November, educating staff on recycling best practice, engaging them in healthy competitions and holding e-waste recycling drives across our sites. Most recently, we celebrated *World Bee Day*, with visits by apiarists educating us about the importance of bees and how honey is made.

Our Green Team also help to implement eco-friendly habits in our offices and warehouse, including composting, recycling, and saving electricity.



Penguin Foundation

PRH is incredibly proud to be a partner of the Penguin Foundation, of Phillip Island Nature Parks in Victoria. We believe it is important to support organisations that share our values and can contribute to making the world a better place. With Phillip Island being home to the largest colony of Little Penguins, native to only Australia and New Zealand, it made sense to support the incredible work they do to conserve this colony and their habitat.

‘At PRH, we have a strong focus on sustainability and green initiatives so we feel this partnership was a perfect fit for us. The work the Foundation does to look after the 40,000 Little Penguins is incredible and we are very proud to be a part of it. And of course, we just happen to be particularly fond of Penguins.’

JULIE BURLAND, CEO PENGUIN RANDOM HOUSE AUSTRALIA AND NEW ZEALAND

The Penguin Foundation focuses on protecting the little penguin colony from oil spills, invasive animal species, bird flu and other emerging threats from climate change. They work to restore their habitat, rescue and rehabilitate other sea birds, and conduct research on the littlest penguin of them all. We are thrilled to be able to support the amazing work they do on Phillip Island.



Progress Towards Our Goals



Climate Neutral by 2030

We are making great progress towards our overarching goal of climate neutrality by 2030, with a continuous trend of decreasing emissions year on year. Our main focus is to reduce emissions as much as we can and minimise the amount we need to offset come 2030. Compared to 2021, we have reduced our emissions by a further 3%. We are beginning to look into offsetting schemes, including the continuation of our New Starter Employee Offset Scheme through GreenFleet, which plants trees to offset 10 tonnes of CO₂e per new employee. In 2022 roughly 4,000 trees were planted to offset 80 tonnes. We can't wait to see how many more trees we plant in 2023.



100% sustainably sourced paper

100% of our text papers are sustainably sourced, either through FSC, PEFC or SFI accreditation.

In addition to our pledge we are working towards seeking alternatives for cover board and other material to ensure they are also sustainably sourced, as well as confirming chain of custody certificates from all our printers.

Within our operations, all the paper used in offices for printing and administration is made of 100% recycled material and is carbon neutral. Similarly, our book cartons are made of a mix of recycled material and PEFC certified cardboard.

Progress Towards Our Goals



100% renewable energy at all sites by end of 2023*

In our last report New Zealand was the only site run on renewables. Pleasingly, as of June 2023, all sites but one are now run on renewable energy with our North Sydney office set to fully transition in October of 2023. We are thrilled that we will reach this target as it helps us in achieving our overarching climate neutrality and helps to drive the uptake of renewable energy in Australia and New Zealand. We will continue to implement energy saving practices throughout our sites to reduce energy usage and costs.

*Any sites that were not using renewable or green power from January 1st 2023, have been offset through the purchase of Energy Attribute Certificates, purchased through Bertelsmann.



50% minimum reduction in greenhouse gas (GHG) emissions compared to 2018

We are thrilled to have already reduced our emissions by 52% compared to 2018, having reduced them by a further 3% on 2021. Despite reaching this goal almost seven years early, we are committed to continuing to decrease our emissions wherever possible and will strive to do so. It is encouraging that despite the supply chain returning to some normalcy our emissions have remained on a downward trend. A major contributor to our reduction is our localising the supply chain initiative. We are committed to not reverting back to heavy use of sea and air freight and maintaining the benefits of reduced emissions in the supply chain.

Progress Towards Our Goals



+ / -
100%
compensation of
remaining emissions

100% compensation of remaining emissions

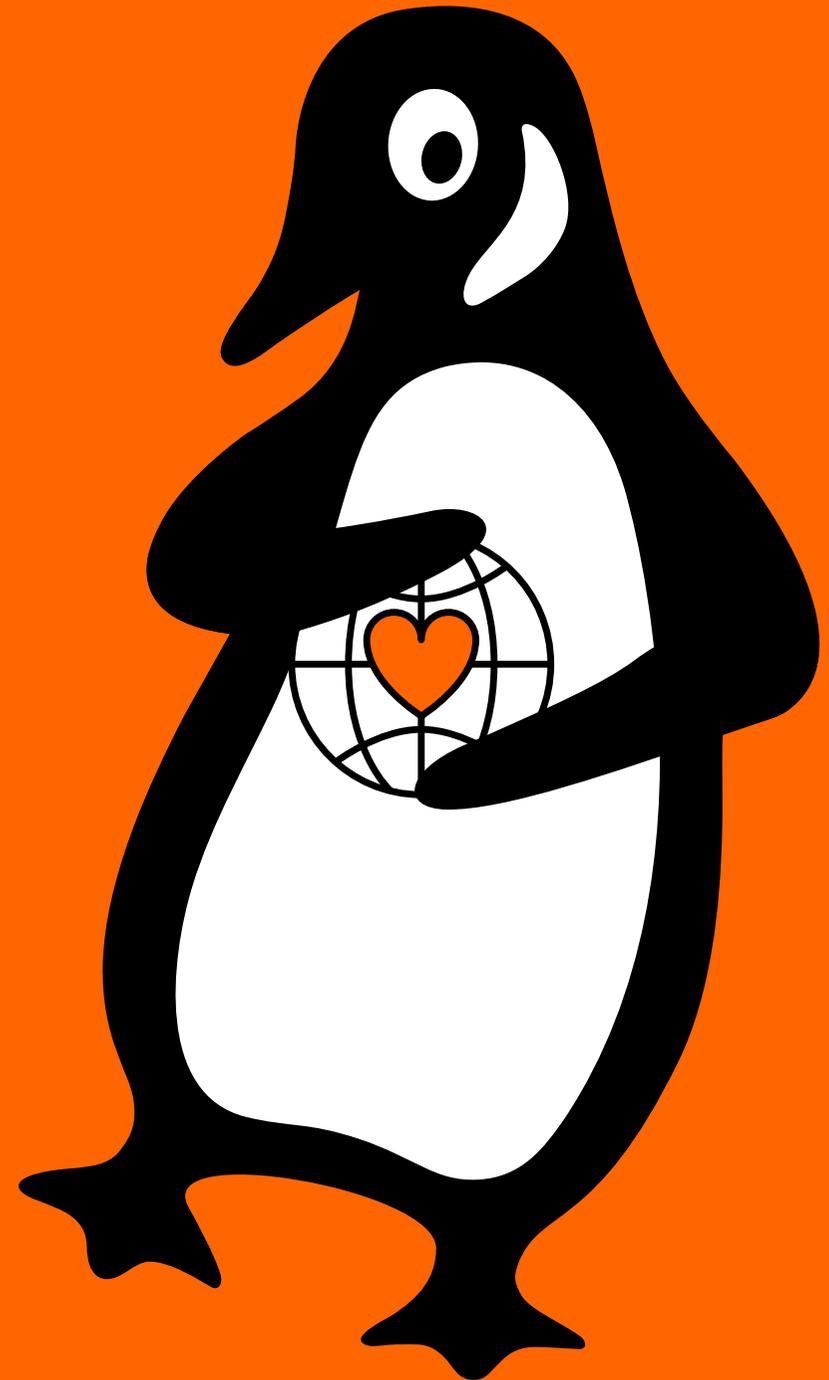
The final step of becoming climate neutral is to offset any remaining emissions that we can't reduce, so that our impact on the planet is balanced. For any emissions we are creating, we are also investing in projects that balance out the negative impacts of our emissions – for example, planting trees that are carbon sinks and can absorb the amount of CO₂ being emitted by our supply chain.

As mentioned, we are still focusing on reducing our emissions as much as possible and when the time comes, we will look to offset all remaining hard-to-reduce emissions.

The Bigger Picture

As global citizens, and as part of Bertelsmann, Penguin Random House Australia & New Zealand supports the UN Sustainable Development Goals.

Our work directly impacts the following goals:



Our Action Plan

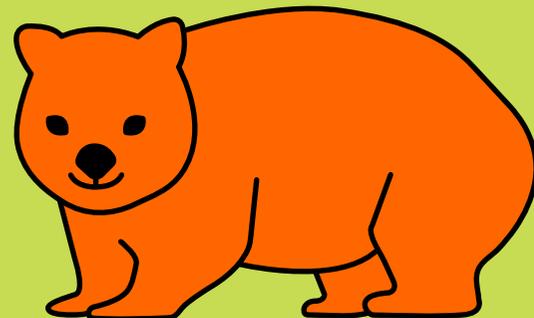
Penguin Random House Australia & New Zealand Sustainability Action Plan

<p>Our Plan</p>	<p>Carbon neutral by 2030</p>	<p>50% reduction in Scope 1 and 2 emissions by 2025</p>	<p>25% reduction in product-related emissions by 2030</p>	<p>100% compensation of remaining emissions by 2030</p>
<p>Direct operations</p>	<p>Offices and distribution centres powered by 100% renewable energy in 2023</p>	<p>Limiting business travel through online communication</p>	<p>Using 100% recycled office printer paper and sustainable stationery</p>	<p>Thorough recycling and waste initiatives in our offices and distribution centres</p>
<p>Supply Chain</p>	<p>Finalise eliminating single use plastics by using sustainable alternatives</p>	<p>100% recyclable packaging with a composition of at least 50% recycled materials</p>	<p>Reducing the amount of inbound international freight by localising the supply chain</p>	<p>Conducting audits of our paper mills and printers to monitor their environmental and social impacts</p>
<p>Our People & Books</p>	<p>100% sustainably sourced paper that's FSC certified (or equivalent)</p>	<p>Utilising a sustainable design guide for books and covers to ensure we reduce the environmental impact of each and every book</p>	<p>Our Green Team; volunteer staff across all our sites who promote and engage with green initiatives aimed at reducing our footprint</p>	<p>Partnering with charities such as the Penguin Foundation, and participating in <i>Clean Up Australia Day</i> and <i>Planet Ark's National Tree Day</i></p>



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