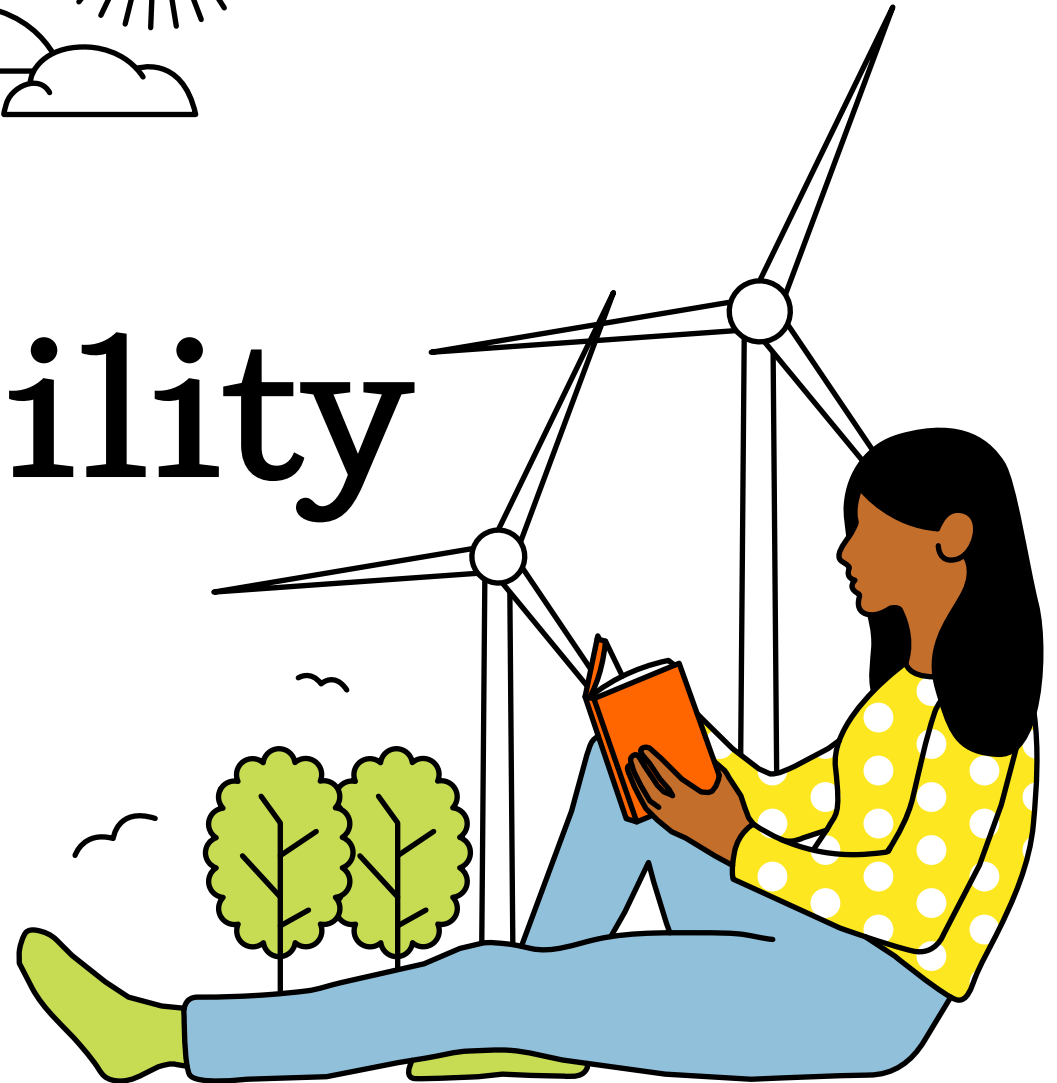
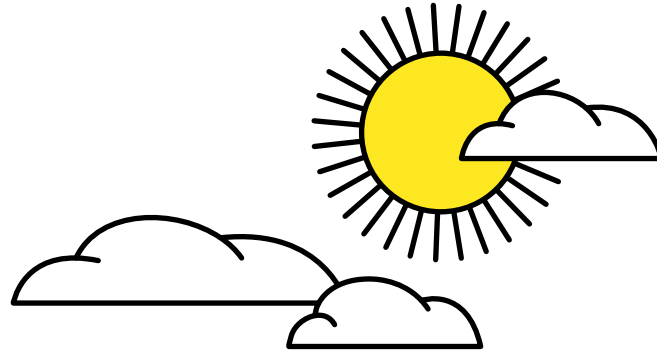


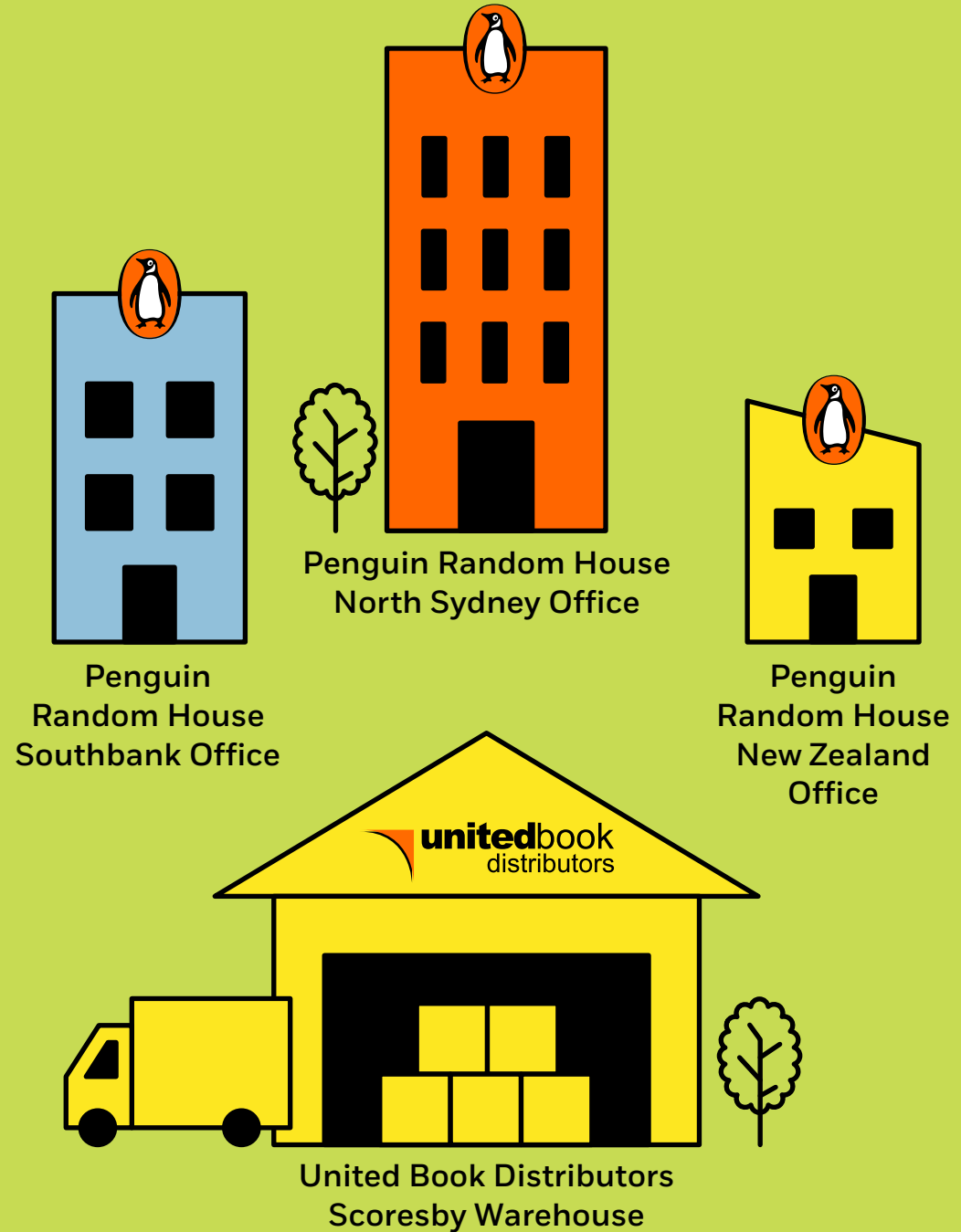
Our Sustainability Story



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.

“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.”

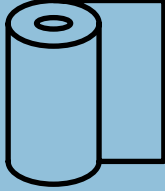
**JULIE BURLAND, CEO
PENGUIN RANDOM
HOUSE AUSTRALIA
& NEW ZEALAND**




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 aren't 100% renewable by January 1st 2023 will be offset through the purchase of government approved carbon credits

Methodology

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

CATEGORY	EMISSIONS
1	Direct GHG emissions
2	Indirect GHG emissions from imported energy
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, 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.

Our 2021 Emissions

Scope	Category	CO ₂ e Aus (tonnes)	CO ₂ e NZ (tonnes)	Total	% of total emissions
1	Mobile fuels (cars, trucks etc)	58	38	96	0.51%
1	Stationary fuels (boilers, generators etc)	5	0	5	0.03%
2	Imported electricity consumption	1,376	5	1,381	7.32%
3	Paper mill/printer/printer materials*	4,280	233	4,513	23.93%
3	Business travel and accommodation	6	4.6	10.6	0.06%
3	Staff commute	27	2	29	0.15%
3	Inbound transport and distribution**	9,380	0	9,380	49.73%
3	Outbound transport and distribution	1,776	870	2,646	14.03%
3	Energy transmission and distribution losses for natural gas	140	0.72	140.72	0.75%
3	Working from home	32	3	35	0.19%
3	Water supply and wastewater treatment	5	0.05	5.05	0.03%
3	Waste disposal and recycling	622	12	634	3.36%
3	End-of-life book disposal***	-13	0	-13	-0.07%
TOTAL		17,694	1168.37	18,862.37	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.

**Proxy data based on confirmed emissions per book at each mill and printer for ANZ published titles*

***All NZ inbound freight is accounted for in Aus emissions, as our main distribution centre is in Melbourne, Victoria.*

****End-of-life data for NZ unavailable at the moment, but will be obtained soon.*

Our 2021 Emissions: At A Glance

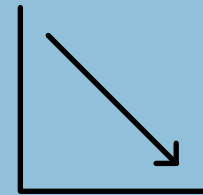


Our total carbon footprint was
18,862 tonnes of CO₂e.



Our biggest categories were:

- Inbound and outbound transport and distribution at 64%
- Paper mill/printer/printer materials at 24%
- Imported electricity consumption at 7%



Pleasingly we have reduced our emissions by 63.6% since 2018, the challenge now is to maintain that reduction as the supply chain returns to some normality.

Recent Achievements



Corporate Social Responsibility

Our office-based CSR/Green Teams has implemented a number of initiatives, including appropriate waste disposal, photocopying reduction, transition to renewables and so on.

The teams also organise staff involvement through participation in events such as tree-planting.

Packaging

Our Cartonisation project has resulted in 8,800 cubic metres less freight per annum - that is 5,200 fewer pallets shipped! It also resulted in the elimination of 44 tonnes of enviro fill from our supply chain.

We have managed to reduce the used pallet wrap by 8 tonnes per annum. We are members of the Australian Packaging Covenant Organisation and have made significant changes in recent years to ensure ALL packaging is recyclable.

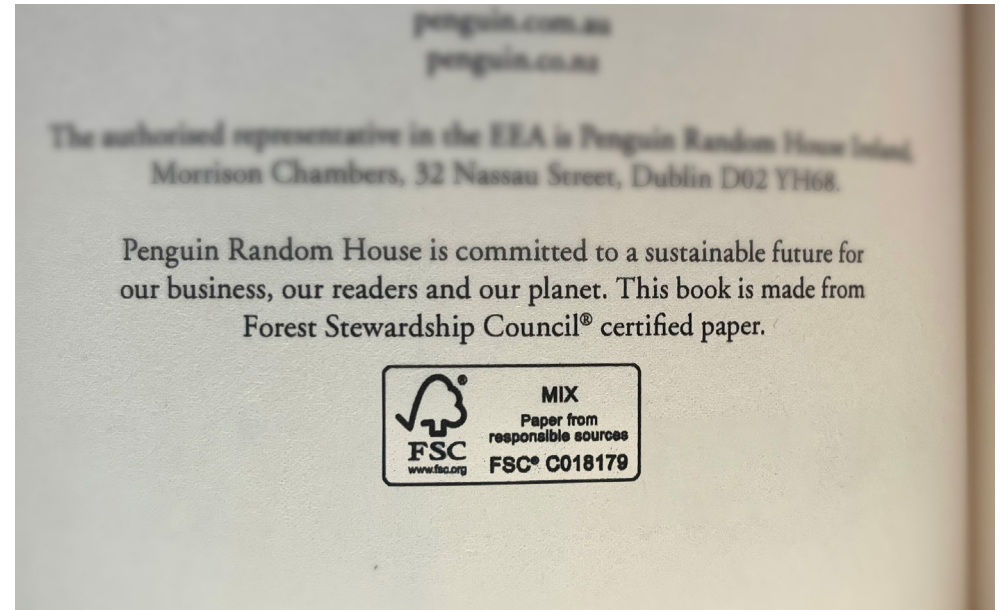
Recent Achievements



Local

We localised much of our supply chain, meaning we have significantly reduced our inbound freight footprint, contributing to a 63.6% reduction in GHG emissions from 2018.

Some of our offices and distribution sites are already accessing 100% renewable energy and the rest will follow in 2023.

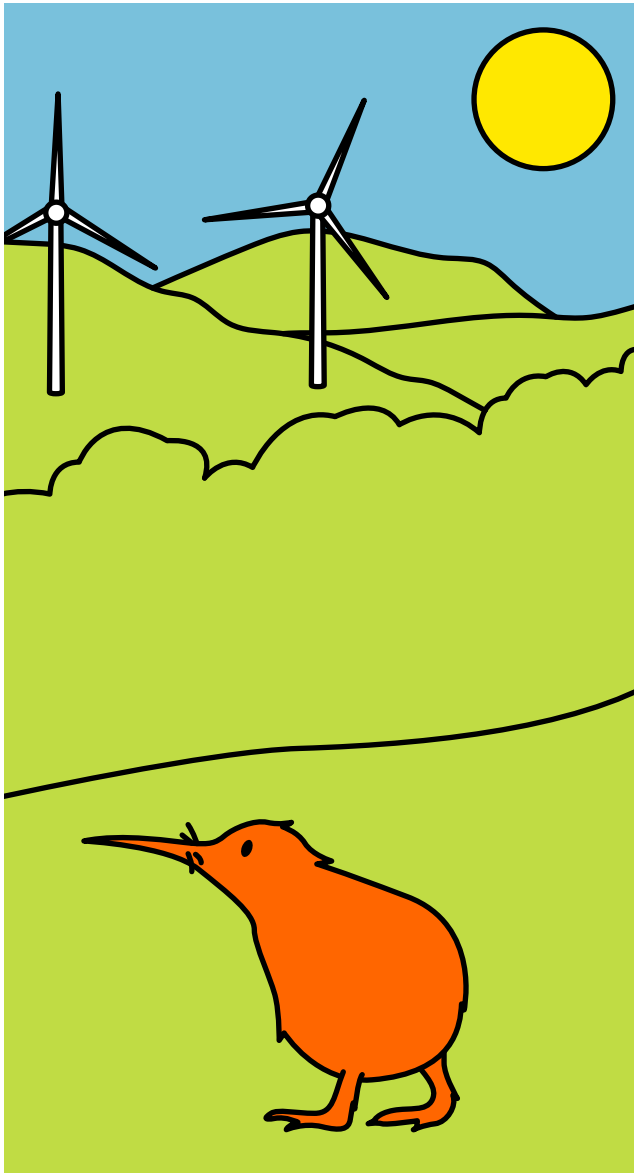


Book Design

All of our printing paper is either FSC certified or compliant with overseas certification.

We have conducted internal education on the impact of varnishes, laminates, inks, dyes, adhesives and embellishments for book design.

Our Goals



Climate Neutral by 2030

Our greenhouse gas report was able to show us where our biggest opportunities lie in order to be on track to achieve climate neutrality.

In order to be climate neutral, we are focusing our efforts on reducing our carbon footprint by converting our current processes and packaging to sustainable alternatives.

We aim to limit our use of virgin materials, and instead turn to recycled materials or options that can be re-used and/or recycled. We have already made great progress on this front in changing our cartons to fit more books, reducing the amount of void fill and ultimately empty space in trucks.

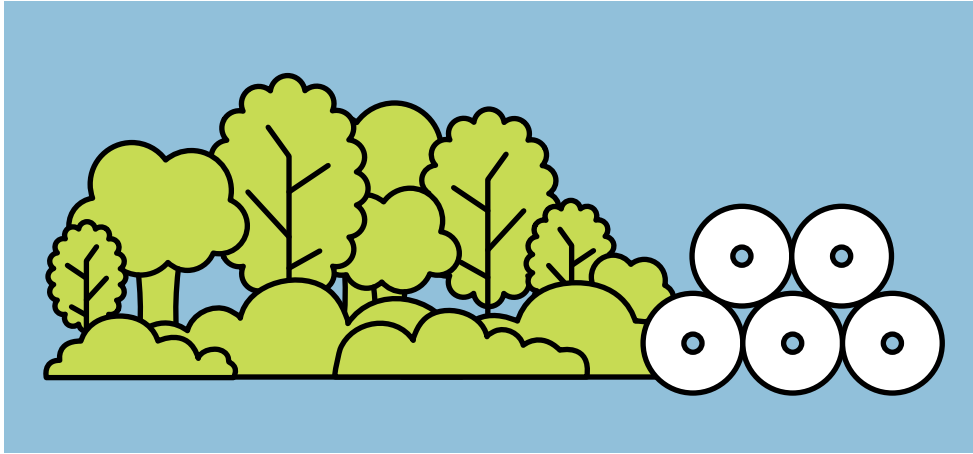
We keep track of the materials we are using at UBD by grading their ability to be compostable, biodegradable,

renewable and made from recycled content. We are engaging with all our suppliers and keeping up to date with technological advancements to make sure we can convert all of our packaging to improved sustainable alternatives.

Understandably, freight represents the major part of our footprint, so we are working closely with our carrier partners to ensure their sustainability measures are aligned with our goals.

With technology constantly improving, and sustainable transitions becoming more and more readily available, we believe we will be able to reach our target.

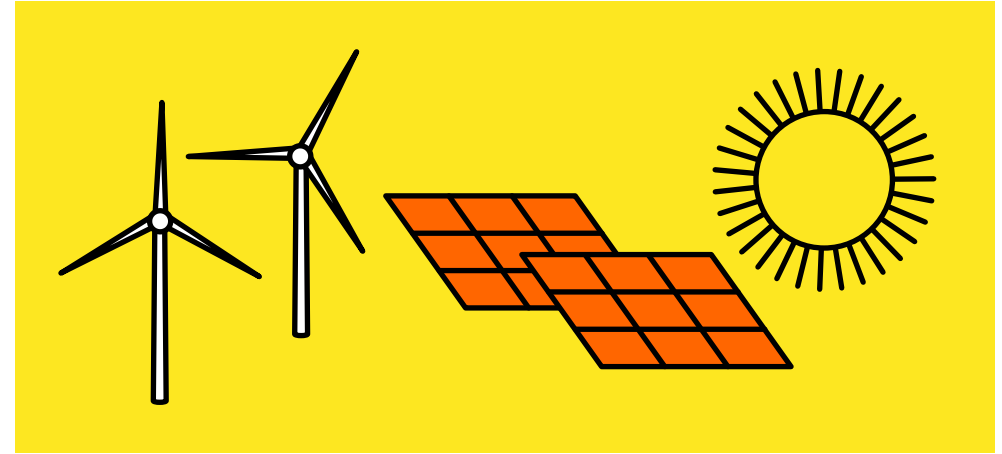
Our Goals



100% sustainably sourced paper

Books are at the heart of our business, and so it is up to us to make sure that all of our books are made sustainably. Sustainably sourced paper means paper that has come from well-managed forests, that adhere to strict environmental standards and help lower carbon emissions, as well as guaranteeing ethical working environments for workers and their families. The Forest Stewardship Council offers certification for forests to guarantee they are sustainable, and so we aim to use only FSC certified paper (or overseas equivalent).

In conjunction with our paper for book production, all our cardboard for boxes and office paper is made out of 100% recycled material.



100% renewable energy at all sites by end of 2023

With energy usage being our second highest emissions category behind transport, it is important that we switch to renewables as soon as possible – doing so will lower our greenhouse gas emissions by another 7%. Currently, our New Zealand site is already run on 100% renewable energy and Australia is soon to follow suit. Our Melbourne Southbank office will be renewable from January 1st 2023, followed by our UBD warehouse from April 2023. North Sydney will become 100% renewable from September 2023 and will be the last stage of converting all our sites.

The emissions from UBD and North Sydney will be offset through the purchase of local carbon credits from January 1st 2023, until they are run by renewables.

Our Goals



50% minimum reduction in greenhouse gas emissions based on 2018

In addition to being climate neutral by 2030, we will reduce our greenhouse gas emissions by at least 50%. Our 2021 emissions were 18,862 tonnes of CO₂e, with our biggest area of opportunity being our Scope 3 emissions – mostly from transport.

In recent years we have successfully localised much of our supply chain, printing more onshore. This has resulted in a significant reduction in inbound transport and means we have now achieved our goal of 50% reduction compared to 2018. However, we will continue to lower our emissions as much as possible.



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.

We have recently started an Employee Offset Program; for every new employee hired from September 2022 we will offset the equivalent of 10 tonnes of CO₂e, said to be the average work-related emissions for a full-time employee.

Our focus, for now, is on implementing strategies that reduce our footprint.

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

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



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