



CARBON REDUCTION PLAN

— 2022 —

FOR THE UK AND IRELAND



CARBON REDUCTION PLAN

Lyreco recognises that climate change is one of the most significant global challenges of the century, and that we are in a climate emergency. The United Kingdom, along with more than 170 other countries, officially signed the Paris Agreement in 2016. The Agreement sets out a global target to reduce greenhouse gas emissions, and a decisive call to action to mitigate dangerous climate change caused by human activity. In 2019, the UK government passed legislation to reduce the UK's net emissions of greenhouse gases by 100% by 2050.

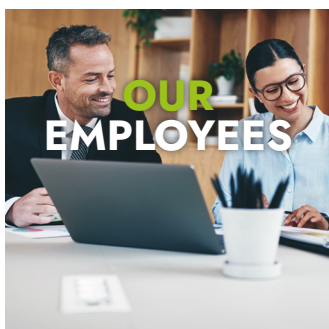
To meet this challenge and to support the world's transition to a low carbon economy, Lyreco UK and Ireland has set out these ambitious, but achievable targets. Mitigation and adaptation open up opportunities to apply new technologies, increase efficiency and reduce costs while reducing emissions.

This Carbon Reduction Plan (CRP) lays out a comprehensive approach to climate change mitigation and adaptation to achieve our ambitious targets. It focuses on actions around our operational estate and other areas of sustainability that make up our carbon impact.

Lyreco UK and Ireland has around 1400 employees, 28 regional distribution centers (RDC) and one national distribution center (NDC) within the UK and Ireland. Although only our NDC in Telford and our RDC in Airdrie is owned by Lyreco, we have included the emissions produced by all properties that we own or rent within our scope of any data in this document.

All our social responsibility and sustainability initiatives that take place as part of our Lyreco Goodness umbrella program are those that strengthen our social values and sustainability commitments. Lyreco Goodness exists primarily to meet the needs of our key beneficiaries:

LYRECO'S COMMITMENT TO ACHIEVING CARBON NEUTRAL BY 2030 - CARBON REDUCTION PLAN



SCOPES AND DRIVERS

There are generally three scopes of emissions referred to according to the Greenhouse Gas Protocol Initiative, "A Corporate Accounting and Reporting Standard" as:

SCOPE 1

Direct emissions produced from sources that are owned or controlled by the Lyreco WISE. This covers the combustion of fuels – such as natural gas, oil and fuel used by the vehicle fleet. Also covered are fugitive emissions such as refrigerants from air conditioning systems.



Vehicle fleets and equipment



On-site facilities and fugitive emissions

SCOPE 2

Indirect emissions caused through purchase of electricity and heat.



Purchase electricity



Purchased heating, cooling, and steam

SCOPE 3

Covers all other indirect emissions which are a consequence of the activities of the Lyreco WISE but occur from sources it does not own or control. For example, waste disposal, water supply, business travel, staff commuting and procurement of goods and services.



Employee commuting & business travel



Contracted solid waste or wastewater services



Transportation and distribution



Leased assets and investments

OUR COMMITMENT

LYRECO UK AND IRELAND COMMITS TO BEING CARBON NEUTRAL FOR SCOPE 1,2 AND 3 EMISSIONS BY 2030, AS WELL AS SUPPORTING GROUP TO MEET THEIR TARGETS.

LYRECO GROUP COMMITS TO:

- Being Carbon Neutral for Scopes 1 & 2 by 2050 with an interim 50% by 2030 (stretched 2026) with 2019 as a base year.
- A baseline and strategy being implemented to reduce Scope 3 by 2030 (stretched 2026) and carbon neutral by 2050.
- 67 % of suppliers (by emissions) must have an emissions Science Based Target by 2026

SBTi

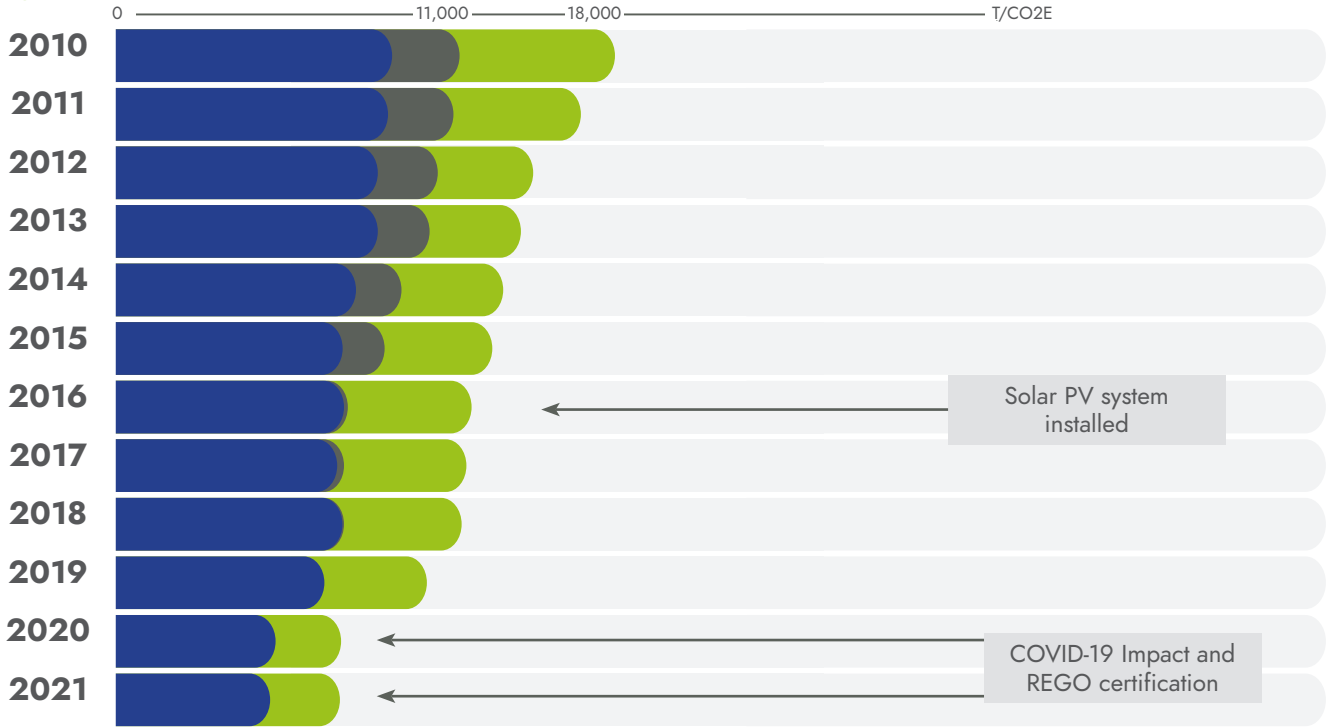
In 2020, Lyreco Group defined its new Climate Policy, setting new CO2 reduction targets based on the Science-Based Targets Initiative (SBTi) methodology. The Science Based Targets initiative (SBTi) is a joined initiative by CDP, the UN Global Compact, the World Resources Institute and WWF.

Its goal is to increase corporate ambition on climate action by mobilising companies to set greenhouse gas emission reduction targets to less than 1.5°C / 2°C, in line with the Paris Agreement on Climate Change.

HISTORIC EMISSIONS

The following graph maps our historic emissions between our Baseline year 2011 and our last financial year 2021.

Figure 1: Historic emissions since 2011



BASELINE EMISSIONS FOOTPRINT

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured. The below summarises our baseline emissions from 2011 with our emissions from our last financial reporting year 2021.

BASELINE YEAR: 2011	CURRENT YEAR: 2021	
Notes: Baseline was chosen as it was the year with the most accurate data for most of our emissions with the largest impact	Notes: NA	
EMISSIONS	TOTAL (TCO2E)	
SCOPE 1	8,601	3,548
SCOPE 2	2,730	- 609
SCOPE 3 - Including: <ul style="list-style-type: none"> • Indirect fuel from third parties • Air business travel • Public Transport business travel • Waste • Procurement (consumables and Materials) • Transmission Losses • Water • Employee Commuting 	6,429	2,700
TOTAL EMISSIONS	17,761	5,639

INITIATIVES THAT LYRECO HAVE ALREADY IMPLEMENTED

OUR SOLAR PV PANELS

We have 13,860 panels that generate on average 3 million kWh / year, which is significantly more than the electricity required to power the site (National Distribution Centre and Head Office) for the whole year.

Before any PV installation could take place in 2016, we were required to replace 50,000 of the original roof fixings, as well as repairing and treating over 10,000 linear meters of cut-edge corrosion. This maintenance work also helped to reduce draughts to our distribution center. Once completed, it is one of the UK's largest rooftop solar PV systems.

REGO CERTIFIED GRID ELECTRICITY

Lyreco took the decision in 2019 to purchase 100% Renewable Energy Guarantee of Origin (REGO) certified electricity from our electricity supplier. Renewable Energy Guarantee of Origin (REGO) certificates have a purpose to prove to the customers that a given share of energy was produced from renewable sources. Having REGO certificates supports and pushes suppliers to invest in further renewable technologies so that that grid electricity can reduce its carbon impact for all customers. Ofgem advise that companies who purchase 100% REGO certified electricity from the grid can classify this as carbon neutral.

However, having these certificates is just a first step in becoming fully carbon neutral for our Scope 1 and 2 emissions. This document goes through other initiatives to drive Lyreco to meet its target.

OUR ONSITE BATTERY STORAGE

Lyreco's installation of a Tesla 500 kW / 950 kWh battery energy storage system (BESS) at our Telford headquarters created (at time of installation) the UK's largest 'behind the meter' installation of its kind combining both battery storage and solar PV. Being one of the first 'behind the meter' commercial & industrial battery solutions, the site is now a reference site in the UK for other businesses to learn the benefits of BESS and associated technologies in a working environment.

- This innovation gives the following advantages: The ability for Lyreco to load-shift their energy demand; buying in energy during the cheaper periods, storing this in the BESS, and releasing the energy into the business during the peak rate periods where load demand is also higher. This will provide Lyreco with substantial energy savings on their bills
- With Lyreco releasing energy into the business during the peak demands in winter months
- The ability to provide a service to support the National Grid through a 15-year frequency response contract, managed by an aggregator to optimise income generation for Lyreco.

INSTALLATION OF SMART LED

Lyreco has installed SMART LED lighting throughout our main office building, car park street lighting and within our distribution centers including our national distribution center (NDC) in Telford, and ten other regional distribution centers (RDC). The SMART system exploits "Digital Technology" to provide a simple, effective method of lighting control which minimises energy consumption whilst retaining high levels of user comfort. Lighting controls include motion sensor, outside light level sensors and time controls.





ELECTRIC FLEET

Lyreco welcome 17 all-electric light commercial vehicles to our London fleet in 2021. In 2019, Lyreco signed up to the Clean Van Commitment Pledge, which is a public commitment for fleets to switch to zero tailpipe emission vans in cities by 2028, and with the arrival of our Renault Master E-Tech vans – we're well on our way to a more sustainable delivery process for our customers. Not only do our new vans bring a new look to the roads with their sustainable, environmentally friendly wraps, but they are also filled with state-of-the-art batteries – providing up to 75 miles of all-electric power; with an 80 percent charge being achievable in only 4.5 hours. This means we're able to ensure all of our packages from our Greenford, Tottenham and Dartford depots are delivered quickly, efficiently, and sustainably as possible – with zero fuel emissions.

FLEXIBLE WORKING

Our FlexWork provides new ways for our employees to enjoy a better work-life balance, whilst preserving our planet, by giving them a choice to work from home up to two days per week (pro-rata for part-time employees). Reducing the number of people coming into work will help to reduce our direct electricity usage as well as emissions produced through commuting. Technology to support dynamic working, such as virtual meeting software, has also contributed to a reduction in business travel by our employees.

Other initiatives that have been implemented include:

- The change from gas hot water heaters to electric at source hot water heaters for our toilets with our Telford headquarters.
- A number of behavioral change initiatives that get staff to be more energy conscience and engaged such as closing our large

Between 2010-2019 the Lyreco WISE also looked to mitigate its Scope 3 emissions impact. In particular projects to reduce emissions for staff commuting, business travel, waste and water treatment have been implemented to various extents. These include:

- Implementing more reduce, reuse and recycling schemes throughout the Lyreco WISE. This includes introducing new waste disposal streams and looking at disposal behavior and procedures to prevent contamination of waste.
- The installation of low flow sensor taps and toilet cisterns.
- Implementing sustainable travel initiatives and supporting sustainable travel options for commuting and business travel.
- Implementing IT technology that supports digital conferencing and agile working to reduce the need to travel to face-to-face meetings.



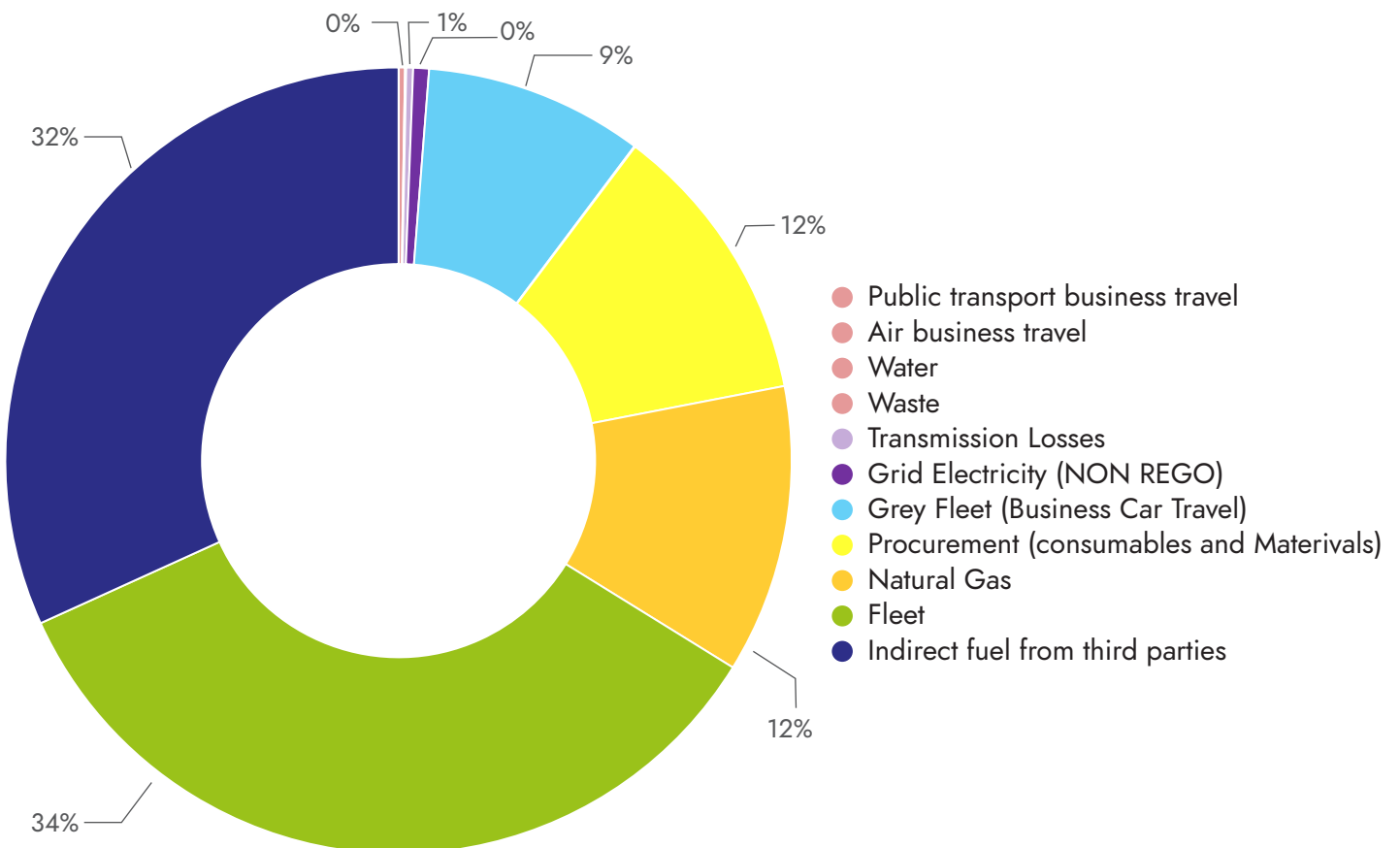
TOTAL EMISSION BASELINE

A review of the Lyreco’s carbon emissions within the UK and Ireland, since 2011, provided an opportunity to see where reductions have been made and what areas need to be included in further data collections.

The total baseline for all our Scope 1, 2 and 3 emissions is 5806 tCO₂e in 2021. However, it does not include all procurement categories only what we class as consumables and materials or our secondary packaging. We are looking to collect the remaining procurement emissions to include in future editions of this report. This is a reduction of 65% since 2011.

Over time, the Lyreco UK and Ireland will both adopt best practice and seek to take the lead through our carbon and sustainability reporting, recognising the need to move beyond merely operational carbon reporting into attempts to quantify broader benefits from our activities. Our efforts here also fit with broader ambitions to show leadership in integrated reporting and linking our annual accounts.

Carbon emissions from 2021 split over key areas



NEXT STEPS TO MEET CARBON NEUTRAL

The following will help the Lyreco WISE to reduce its emissions to as close to zero as possible.

DECARBONISATION OF THE ELECTRICAL NETWORK

As the UK and Ireland invests in renewable energy to replace high emitting fuels (i.e., coal) the UK electrical network has a natural progression to becoming low carbon. Lyreco does not need to invest directly in this initiative but will see emissions drop in the electricity it buys from the grid. However, unit rates will rise for suppliers to maintain and invest in renewables.

REMOVING GAS FUELED SYSTEMS

Compared to the electrical network, it is currently difficult to decarbonise the gas network. Eventually the electrical network will have a lesser carbon impact than that of natural gas. Lyreco needs to remove its reliance for natural gas fueled systems and move these heating systems to a lower carbon alternative.

REPLACING OUR FLEET

Lyreco is constantly reviewing its commercial and sales fleet. On our sales fleet (as of Feb 2022) we currently have 23.5% of vehicles that are hybrids and have started to purchase fully electric cars. On our commercial fleet, following the purchase of 17 electric vans, a further 50 electric vans have been ordered and awaiting delivery later this year. Lyreco also needs to support our employees when it comes to choosing sustainable travel options when commuting into work.

UNDERSTANDING AND WORKING WITH OUR SUPPLY CHAIN

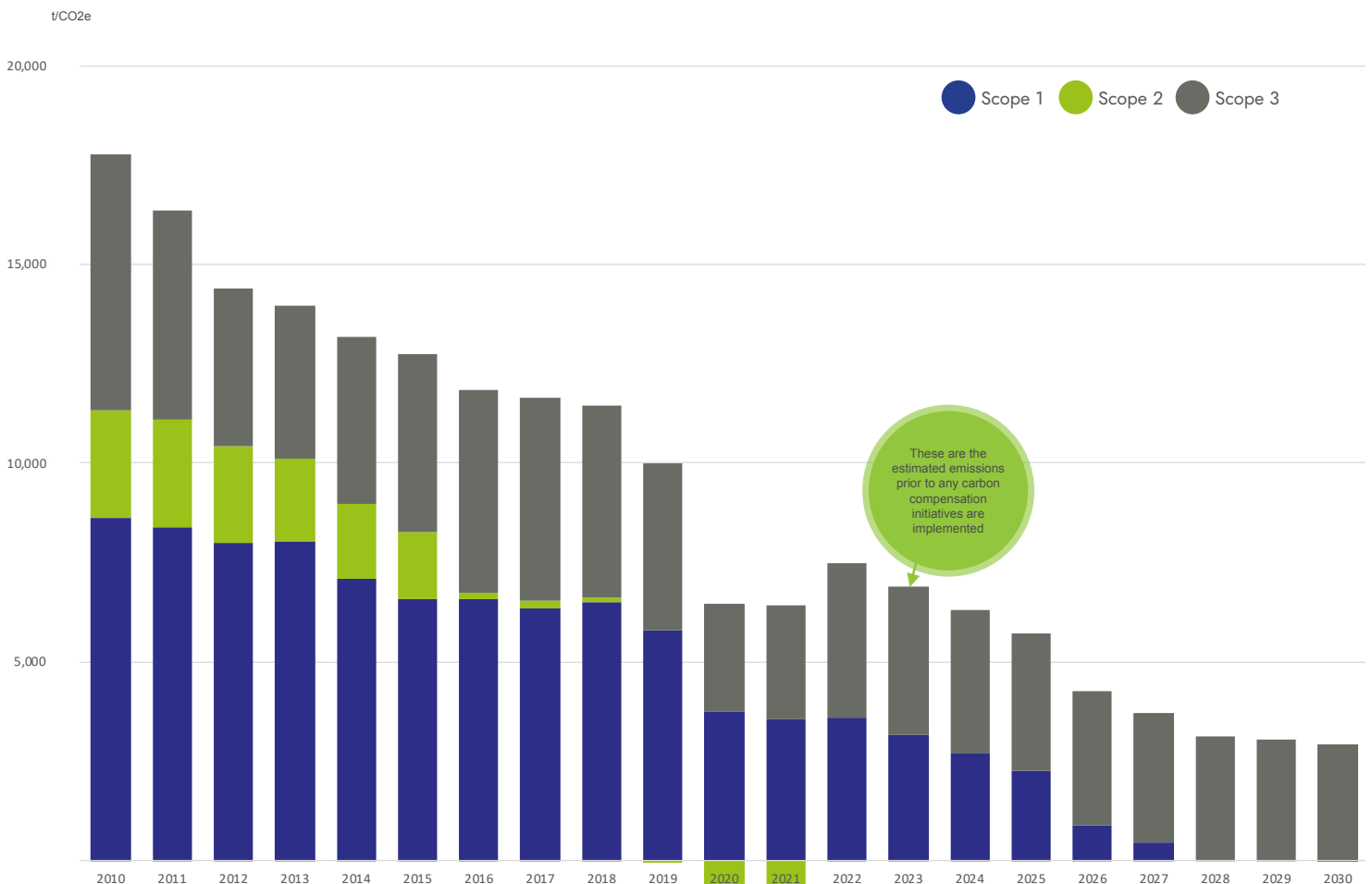
For Lyreco to reduce its Scope 3 emissions, it needs to have a better understanding of our procurement spend. Working with suppliers that share the same strategic focus is important to help reduce our emissions in this area.



REACHING CARBON NEUTRAL

Based on the strategic themes and potential actions an initial review has been made on where main carbon emission saving would be made in order to hit a carbon neutral target. The below figure shows the extent of reductions that Lyreco predict over the next eight years.

Emissions that could be reduced in line with this plan



Ref: Greening of electrical network = Valuation of Energy use and greenhouse gases (data sheet appendix), Department for Energy, Business and Industrial Strategy.

OFFSETTING

Lyreco's carbon targets look to reduce our UK and Ireland emissions to as close to zero as possible. From the above, Scopes 1 and 2 emissions have been significantly reduced and will be eliminated with some further investment in our building infrastructure, especially in how we heat our buildings.

All companies will find it challenging to reduce their emission by 100%, especially with Scope 3 emissions. Therefore, carbon offsetting can play an important role to meeting net-zero carbon targets. Lyreco are focusing on only offsetting to close the gap. This often consists of efforts in multiple areas to reduce direct emission, involve suppliers to reduce indirect emission, and buy offsetting credits for the remaining share. Lyreco are reviewing a normal of offsetting opportunities that align with our culture and meet the requirements of our strategy.

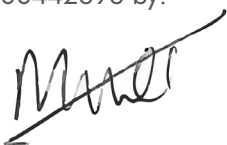
DECLARATION AND SIGN OFF

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standards for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard and uses the appropriate government emission conversion factors for greenhouse gas company reporting.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.

This Carbon Reduction Plan has been reviewed and signed of by the Senior Management Team of Lyreco UK Ltd; company number 00442696 by:



Michael Milward
Managing Director

