



# Sustainability Newsletter

December 2024

By its nature, printing has an impact on the environment, the economy and society. The development of our sustainability strategy aims to continually improve our impact in these areas through innovating our business with industry and supply chain solutions.

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# Introduction

**Welcome to our fifth sustainability newsletter!** This edition covers our plans to meet scopes 1 and 2 emissions targets by upgrading our heating system, boosting site energy efficiency, and improving energy procurement.

We'll also introduce our **supplier engagement framework**, aimed at reducing scope 3 emissions and integrating broader sustainability goals in the delivery of our targets.

This year, we've seen an increase in **supply chain legislation**, with expanded reporting requirements and increased demands for transparency and traceability. Key legislation highlighted in this issue is the **EU's Deforestation Regulation (EUDR)** and the **Extended Producer Responsibilities (EPR)** for waste packaging.

Finally, we'll update on our work on **industry projects** and our efforts transition to more **sustainable materials**.

Tom Scatchard

Sustainability Advisor



# Scopes 1 and 2

We are concentrating on three key areas to meet our scopes 1 and 2 reduction targets. These objectives are designed to work together to reduce our energy costs, support regulatory compliance and minimise the embedded impacts of every book we produce.

## 1 Heating

**Over 90% of our scope 1 emissions come from heating the factory,** which currently relies on fuel oil. To address this, we're upgrading to more efficient equipment that uses less fuel oil and supports lower emission fuels.

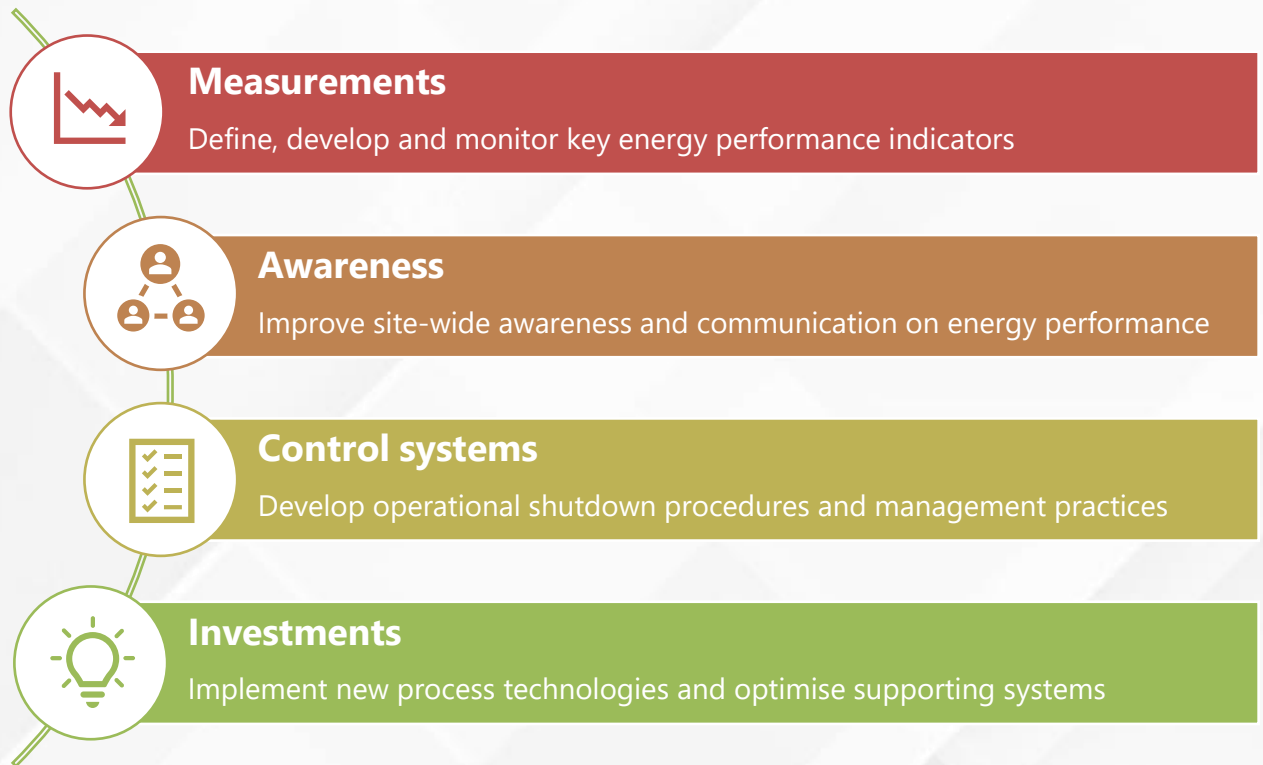
We've installed a steam flow meter to study heating patterns, optimise equipment, and explore alternative fuels like lighter petroleum-based options and biofuels. **These changes will reduce fossil fuel reliance,** minimise emissions, enhance safety, and lower energy costs.

In the long term we'll assess alternatives to steam boilers, such as electrification, **and explore further ways to reduce overall heating demand.**

# Scopes 1 and 2

## 2 Energy Efficiency

**Approximately 80% of our emissions within our scopes 1 and 2 are from our electricity use.** We have charted out a programme to reduce our electricity consumption, split into four separate tangents.



**Earlier in 2024, we completed our Energy Savings and Opportunities Scheme (ESOS) Phase 3 submission,** requiring us to undertake an energy audit and identify potential savings.

We'll be building on these recommendations and our SBTi work to publish an energy efficiency action plan ahead of the next compliance deadline in March 2025.

# Scopes 1 and 2

## 3 Energy Procurement

We aim to improve energy procurement by **purchasing more electricity directly from renewable generators using bundled renewable energy certificates (RECs).**

**We are delighted to announce** that since October 2024 we entered a new contract to begin **purchasing directly from hydropower**, which will enable us to **zero our Scope 2 market-based emissions** for the duration of the contract.

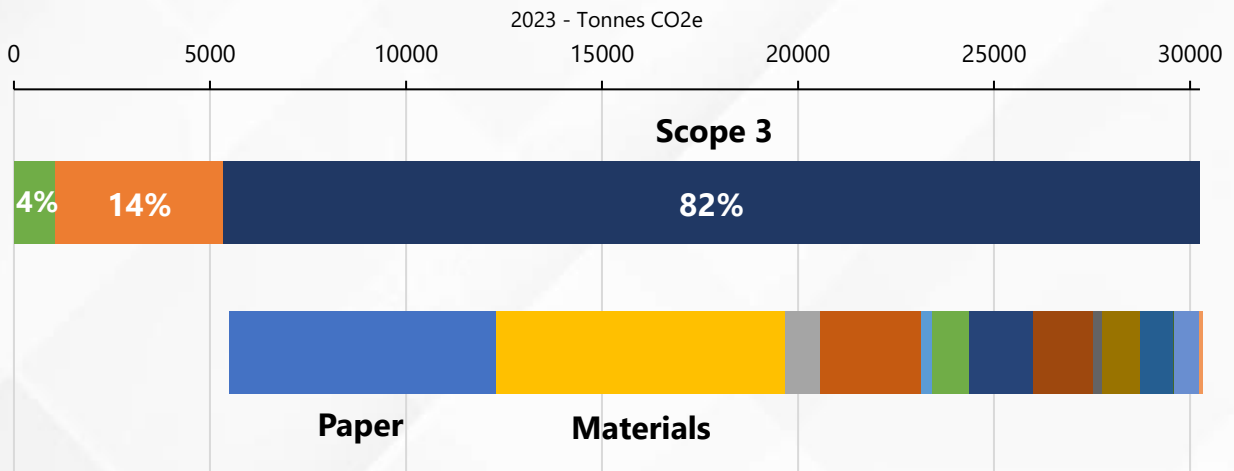
We should remember that not all bundled certificates ensure additionality; we may only claim existing renewable energy rather than supporting new capacity. **Long-term, we aim to drive new capacity to boost the renewable energy transition.**

We should also note that our scope 2 doesn't capture all environmental impacts, like emissions from infrastructure and transmission. Rising energy costs and renewable premiums make efficiency essential to offset expenses. **Factoring in additionality concerns, balancing procurement and efficiency is crucial for sustainability.**

We will explore Scope 3 considerations (for example book finishes, individual materials) in our next issue.

# Supplier Engagement

**Over 80% of our emissions occur in our upstream and downstream supply chain.** Approximately a third are from manufacturing the paper and boards we purchase, and another third from producing our materials and packaging.



Fundamentally, these are areas which we cannot control and our approach to drive sustainability in the supply chain needs to be situated within a wider ecosystem involving our publishers, other printers, industry groups, regulatory bodies and other stakeholders.

**Firstly, we plan to introduce our minimum expectations on sustainability as part of a new Supplier Code of Conduct.** This includes elements for every supplier to embed sustainability within their internal practices, to understand their impact on climate change and take efforts to manage their sustainability impact. **The Code of Conduct reflects the values we look to operate by which inherently extend to the way we manage our supply chain.**



# Supplier Engagement

Our values apply universally, irrespective of the significance or risk in different impact areas. However, **our scope 3 emissions are highly concentrated and in delivering our targets, we need to embed a more rounded view of sustainability.** This needs to balance social responsibility, pollution and biodiversity in tandem with climate change and wider supply chain management.

We will identify prevalent sustainability topics, regulations, barriers, and aspects of our supplier relationships alongside understanding the maturity of each of our suppliers to address sustainability.



**This will guide engagement approaches**, ranging from sharing our SBTi commitments to more collaborative initiatives involving other stakeholders. We expect our supply chain to progress in different ways through a **balanced approach**, considering supplier maturity and the context of the relationship.

Since starting our SBTi journey, **sustainability has grown in procurement importance** and this framework will strengthen its role in our supply chain.

# EU Deforestation Regulation (EUDR)

The European Union Deforestation Regulation (EUDR) restricts the sale of products associated with deforestation and forest degradation on the EU market or exported outside the EU. In July 2024, we shared our [interpretation](#) and outlined compliance steps to support our publishers.

The European Parliament have since approved a 12-month delay to EUDR implementation (to December 2025), but we aim to establish supporting systems promptly with our supply chain and publishers.

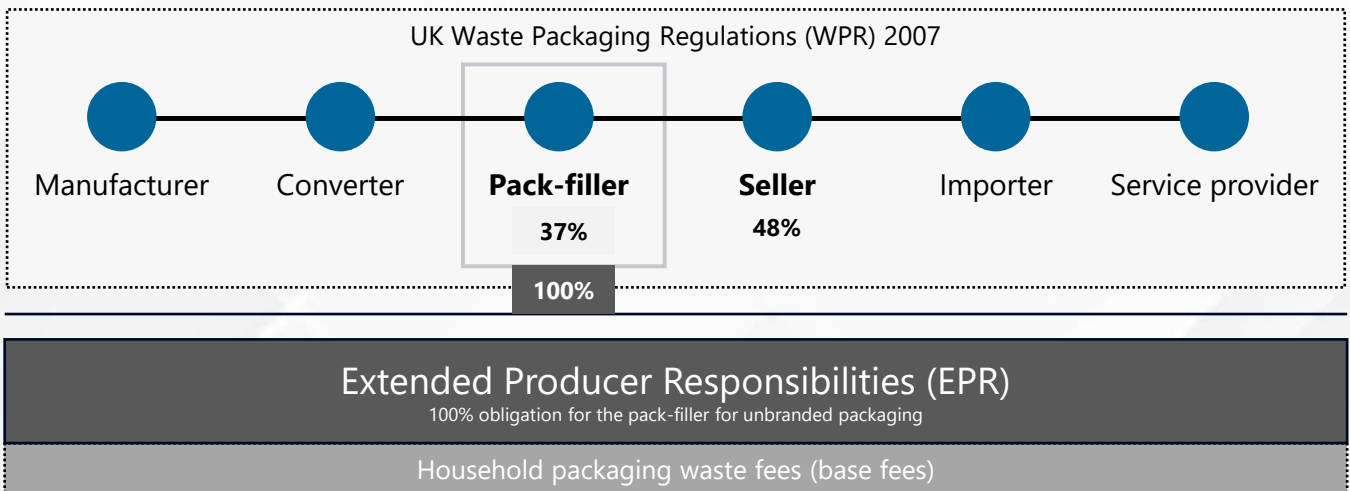
Additionally, non-EU entities will have access to the EU Traces information system. As Clays are neither operators nor traders, we are developing systems to track material provenances in our processes to then relay EUDR-related information to publishers outside this system. We will keep engaging in industry discussion on EUDR and continue to advise publishers to seek secondary legal advice on compliance.



# Extended Producer Responsibilities (EPR)

In 2023, new regulations came into effect in the UK changing the way waste packaging is reported by businesses through the supply chain.

The purpose of waste packaging regulations is ultimately to fund the development of recycling and recovery infrastructure across the UK. All companies within the scope of the regulations are obligated to pay fees for the packaging they handle, with the intention to incentivise the use of 'easier to recycle' materials and to reduce packaging volume over time.



Previously, the financial responsibility was shared with multiple companies reporting the same packaging throughout the supply chain based on the activities they perform.

The EPR shifts responsibility to a single point of compliance, meaning only one company is responsible for a packaging item, as well as introduces fees for any 'household' packaging waste disposed at curb side.

# Extended Producer Responsibilities (EPR)

The obligated company is primarily determined by whether the packaging is physically branded or unbranded. **Branded** packaging must be reported by the brand owner and **unbranded** packaging by the filler of the packaging. The majority of packaging we apply is unbranded, therefore Clays are obligated to report our packaging between different materials and classes to the government every 6 months.

The EPR additionally introduces more obligations to report on the packaging waste we discard on behalf of other organisations as 'self-managed organisation waste', no matter of its branding status.

Within the next couple of years, we are expecting further requirements such as 'nation data' reporting on where our packaging is disposed, mandatory labelling and modulated fees based on the recyclability characteristics of the material. We are monitoring all these changes to develop our internal reporting processes and our procurement strategy alongside internal initiatives.

You can find more information on the [guidance page here](#). Given the complexity of the regulations, we advise all our publishers to seek further legal advice to determine their compliance obligations under the UK's EPR.

# Industry Update

Earlier in 2024, BIC launched part 3 of the **Designed for Recycling** project focusing on post-production, from book creation to the end consumer. The team has mapped packaging materials, their environmental characteristics and the alignment between packaging regulations in different regions.

This is designed to help the industry reduce waste and improve performance on sustainability in this area of the supply chain. You can download the project reports for parts 1 and 2 [here](#).

We have also contributed to another BIC project, **The Principles of Carbon Offsetting**, which aims to understand carbon offsetting schemes for the book industry. Whilst we are prioritising emissions reductions, we acknowledge the importance of offsetting and the need to engage with the industry on this topic. Find the project brief [here](#).

And finally, in September, we participated in a **HP ConTEXT** webinar discussing some of the practical outcomes of the BIC Green Supply Chain agenda and working groups. You can find a recording of this [webinar here](#).



# Materials Updates

**Parcel wrap:** We have now transitioned over to our 30% recycled content parcel wrap, containing a mixture of pre- and post- consumer recycled content and fully exempt from the UK's Plastic Packaging Tax (PPT). Similar to our current material, our parcel wrap is recyclable in common soft plastic recycling streams used throughout the book industry.

**Pallet wrap:** We are now trialling a new pallet wrap product containing 30% recycled content, similarly commonly recyclable and exempt under the PPT. If the trials are successful, we look to adopt this product as a permanent change.

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In the autumn budget, we also saw the announcement of changes to the PPT to only allow the use of post-consumer recycled content and the permitting the mass balance approach to enable the use of different types of plastic recycling. We are staying informed of these regulatory developments to understand the implications for our purchasing decisions.

# Next time

In the next edition of our sustainability newsletter, you can expect updates on:

- Energy efficiency projects
- Sustainable materials guide
- EUDR implementation
- Industry projects
- Materials updates

Please see our sustainability page for the previous editions of the newsletter and a further glossary of key terms, now updated with the terms used in this edition.

[Sustainability - Clays](#)

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