

# **BONNIER**

## Books

Production Sustainability Commitments &  
Implementation

Version 1.5 | October 2020

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# BONNIER

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## Bonnier Books

With a heritage stretching back to 1837, when Albert Bonniers Förlag published its first work "Proof that Napoleon never existed", Bonnier Books has grown to include a great variety of publishing houses and book retailers across Europe. Originating from, and headquartered in, Stockholm, Bonnier Books is currently active in Sweden, Finland, Norway, Denmark, Germany, Poland and the UK.

Bonnier Books incorporates Bonnier's overall book publishing and retail activities, ranging from traditional and digital-first publishing, to quality bookstore chains, paperback retailers and digital subscription services. The publishing arm of Bonnier Books consists of several publishing houses (listed below). Together, these publishing houses provide readers with everything from award-winning contemporary fiction to children's books, illustrated non-fiction and innovative audiobooks.

Bonnier Books is owned by Bonnier Group. Having been owned by the Bonnier family for seven generations, the Bonnier Group is a family company dedicated to sustainable growth and strengthening the company for future generations. The family is committed to ethics, integrity and loyalty and firmly devoted towards using its roots as a compass for its future. To find out more please visit: [www.bonnier.com](http://www.bonnier.com)

## Publishing houses within Bonnier Books

Bonnierförlagen (Sweden), [www.bonnierforlagen.se](http://www.bonnierforlagen.se)

Bonnier Media Deutschland, [www.bonnier.de](http://www.bonnier.de)

Bonnier Books UK, [www.bonnierbooks.co.uk](http://www.bonnierbooks.co.uk)

Werner Söderström OY (Finland), [www.wsoy.fi](http://www.wsoy.fi)

Bonnier Books Polska (Poland), [www.marginesy.com.pl](http://www.marginesy.com.pl)

Gutkind Forlag A/S (Denmark), [www.gutkind.dk](http://www.gutkind.dk)

Alpha Forlag (Denmark), [www.alphaforlag.dk](http://www.alphaforlag.dk)

Cappelen Damm AS (50 %) (Norway) – not included in Bonnier Books sustainability approach

For more information on the Bonnier Books publishing houses, please visit [www.bonnierbooks.com](http://www.bonnierbooks.com)

## Introduction

As a media company, we feel a special responsibility for making our society more open, interesting, entertaining and well-informed. This is where Bonnier Books can be of most value to society and the planet.

At the same time, we recognize that the way we produce our content can have a considerable impact. We want that impact to be positive, taking into account both the environmental and human aspects. This document sets out Bonnier Books' commitments to ensuring that our products are produced in a sustainable manner.

This document is divided into two parts:

- Part I (Our Commitments) sets out our commitments, guided by our three policy areas: Environment, Materials, and Labor & Human Rights.
- Part II (Our Suppliers) provides guidance to our suppliers on how to implement these commitments.

This document is primarily written for our suppliers, partners, and our production teams as they engage with each other. However, we hope that Part I (Our Commitments) will be of interest to all of our stakeholders.

Throughout this document we use the following logos:



These logos relate to the UN Sustainable Development Goals (SDGs). There are 17 Goals in total. These four are the ones which we think we have the greatest potential impact during the production of our books.

Wherever one or more of these logos is used, it indicates that by supporting our approach we will, together, be making a positive contribution to the Goal.

The SDGs are part of the 2030 Agenda for Sustainable Development, adopted by all UN Member States in 2015. They are an urgent call to action for governments, businesses and civil society to come together and tackle the greatest issues of our time, including poverty, health and education, inequality, as well as climate change and all its associated impacts.



## Policy review date

We commit to reviewing our policy regularly. This version was issued in **October 2020**. The latest version can always be found at [bonnierbooks.com/sustainability](https://bonnierbooks.com/sustainability).

## Part I: Our Commitments



All Bonnier Books production staff are trained to ensure they are fully aware of our sustainability policy areas and that they are confident that our suppliers are fully compliant. For each Business Unit within Bonnier Books, the respective management is responsible for providing information about, implementing, and monitoring the guidelines as stated in this document.



At Bonnier Books, we aim to conduct business in an ethical way and to limit our environmental impact. One of the ways in which we aim to deliver sustainability in our own business is to ensure that high environmental and labor standards are upheld by our suppliers within our supply chain. We want to help our suppliers meet the expectations set out in this document.



We are committed:



1. **To use materials with the lowest possible environmental impact.** Where product design and material decisions are made, we will constantly seek to make decisions that reduce our environmental footprint.
2. **To uphold labor & human rights standards across our supply chain.** Specifically, we will only place orders at manufacturing sites that meet the standards laid out in our Labor & Human Rights Policy (page 7), and our Bonnier Books Supplier Code of Conduct (by adhering to the Book Chain Project Code of Conduct).
3. **To manage and reduce our environmental impact.** We will work closely with our suppliers to identify, measure and improve environmental performance.

### Climate Change Commitment

We are acutely aware of the climate emergency that we all face. Consequently, we want to contribute to the mitigation of carbon emissions across our entire value chain. Therefore we have set a target reduction for the total emissions from our operations and supply chain of 25% by 2025, taking 2019 as our baseline. Emissions in excess of this target will be compensated for by robust offsetting programs. Additionally, we have committed to offset a further 20%, thereby reducing and removing more carbon from the atmosphere than we currently emit.

To guide our suppliers, in Part II of this document we provide a detailed description of our key values, standards, and commitments against each of our three policy areas. They set our expectations and the minimum standards we require our suppliers to uphold.

We will only work with suppliers that are able to demonstrate their contribution to our shared commitments, their compliance with our policy documents, and their long-term efforts to improve standards and mitigate impacts. By doing this, we will support and stimulate suppliers which are spearheading the development of sustainable business and production.

## Management of Sustainability



Bonnier Books has invested in order to make significant progress towards our sustainability targets. This includes the introduction of a dedicated Global Production CSR team, a full-time Production CSR Project Manager, and a Production CSR R&D team represented by team members from Bonnier Books' three main regions (Germany, Scandinavia and the UK) – all working towards continuously improving the Bonnier Books' sustainability standards throughout our supply chain. We encourage both our suppliers and our co-workers to reach out to the CSR R&D team to share relevant information. This information will be processed and distributed to our stakeholders at the discretion level required.

Our approach is a comprehensive structure which includes a forward-looking Research & Development team, a set of minimum requirements for suppliers, and three key policy areas: Materials, Labor & Human Rights and Environment. With this module-based structure, we cover all vital aspects of our book production from paper sourcing through manufacturing and working conditions all the way to warehouse delivery of the finished product.

## The Book Chain Project

Our participation in the Book Chain Project is a key element of our sustainability management in the supply chain.

The Book Chain Project is a collaboration of 28 book publishers that have come together to build better, transparent supply chains. The project provides up-to-date information on sustainability issues by collecting data directly from paper mills, print sites, material suppliers and NGOs. Our teams use this information to keep up to date and help assess suppliers. To read more about the Book Chain Project, please visit the website <https://bookchainproject.com/home>.

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## Materials Policy



At Bonnier Books, we strive to source materials with the lowest possible environmental impact. To make our products, a wide range of different types of materials can be used – including paper, ink, adhesives, varnish, laminates amongst many others. Each product is unique and understanding the different environmental impacts of each material as well as understanding the trade-off between different alternatives within one material type is key to ensuring that we source the materials with the lowest environmental impact. As such, where product design and material decisions are made, we are (and expect our suppliers to be) committed to:



- Constantly implementing sustainability innovations throughout the business;
- Considering and investigating the environmental impact of each material;
- Replacing, whenever possible, materials with alternatives that have a lower environmental impact; and
- A long-term goal of tracing the raw materials in our products throughout the supply chain.



We recognize the importance, both for us and our industry, of having a set of stand-alone commitments for one specific material – paper. Paper is at the heart of what we do and the choices we make are key to ensuring that we contribute to the fight against deforestation and climate change.

## Paper Sourcing

At Bonnier Books, we recognize the importance of forests and their ecosystems. The world is losing forest cover at a rapid rate which is threatening the lives of indigenous communities, increasing biodiversity loss and contributing to the climate change crisis. Deforestation represents a major source of GHG emissions, accounting for 10% of the global GHG emissions. Never has it been more important than now to take action and combat both deforestation and climate change.

In most markets where we operate, we achieve very high rates of certified material in our books. Therefore, Bonnier Books is committed to sourcing a minimum of 95% of our papers from approved sources until 2025 (for further information on approved sources, please refer to the glossary). We perform random third-party paper-tests on our titles to investigate potential non-conformities, such as the inclusion of any prohibited tree species, or any tree species that are listed as ‘vulnerable’ or above on the IUCN Red List.

We understand that raw materials – predominantly paper manufacturing – represent a significant share of our supply chain greenhouse gas emissions (our Scope 3). Consequently we are taking time to understand where our biggest GHG emissions are when it comes to paper sourcing. We will also be selecting papers made by mills that have energy reduction programmes in place that, in turn, reduce the GHG emissions deriving from the papers we source.

In addition, we would like our suppliers to understand the risks within their paper supply chain and take significant and innovative steps to mitigate them. Suppliers that meet these expectations will get the highest score in our supplier evaluation questionnaire (EVA). Therefore, we strongly urge our suppliers to:

- Implement time-limited and measurable targets for fiber sourcing;
- Provide evidence of proactive management, progress towards targets and periodic reviews in line with best practice;
- Report publicly on paper performance.

## Labor & Human Rights Policy



We are committed to providing an inclusive, safe and healthy working environment. We also strive to ensure that our supply chain employs safe and ethical working practices at all times. Any form of human rights abuse, slavery, forced or bonded labor, child labor and human trafficking will not be tolerated.



We want to ensure that those working in our supply chain are treated fairly, with dignity and operate in a safe and healthy working environment.

The Bonnier Books Code of Conduct sets out the minimum standards we expect of suppliers to ensure that these rights are upheld. This code is based on the Book Chain Project Code of Conduct. All suppliers are required to sign and commit to compliance with these standards. By committing to these standards, suppliers will need to put in place the processes and actions necessary, outlined in the Code.

In some cases, we may require suppliers to undergo an audit to help us to understand how these standards are being applied at their site.

All print suppliers operating in regions identified as high-risk shall be required to have a valid audit in place. Valid audits are those carried out by approved third-parties that are less than one year old. We accept the following audits: BSCI (not less than Grade C), ICTI, ISO 45001, SA 8000, SMETA (Sedex) 4-pillar.

We are also committed to performing regular on-site factory visits of our manufacturing partners in order to carry out our own internal assessments.

## Environment Policy



We are committed to managing and reducing our environmental impact across our supply chain. To do so, we will be tackling environmental issues including water scarcity, water pollution, air pollution, the release of hazardous materials, and waste. We are also focused on making sustainable product choices (for more information, please see our Materials Policy, below) throughout the supply chain for the good of both the planet and the people across our value chain. Over time, as environmental innovation improves, we will be implementing relevant new measures. We expect our suppliers to take these steps with us.



Climate change is one of the biggest challenges of our times. Bonnier Books is committed to meeting this challenge. Consequently, we want to contribute to the mitigation of carbon emissions across our entire value chain (Scope 1-3). Therefore we have set a target reduction for the total emissions from our operations and supply chain of 25% by 2025, taking 2019 as our baseline. Emissions in excess of this target will be compensated for by robust offsetting programs. Additionally, we have committed to offset a further 20%, thereby reducing and removing more carbon from the atmosphere than we currently emit.



In support of our climate change commitment, we want to work with our suppliers, where possible, to utilize transportation cargo space more efficiently. In addition, where the use of parcel couriers is unavoidable, we will focus only on courier services which offset their carbon emissions.



Further details on paper sourcing and emissions can be found in the Paper Sourcing section on Page 7.

## GREENHOUSE GAS REDUCTION GOAL

**REDUCE**

Bonnier Books' emissions - deriving from our offices, the manufacturing of our books and the raw materials we use - will be reduced by 25% by 2025 from 2019 levels.

**OFFSET**

For the emissions we cannot avoid, we will fully compensate through third-party certified carbon reduction programmes, starting 2021.

**BEYOND**

For every compensation program that we sponsor, we will compensate with a further 20%. By doing so we will reduce and remove more carbon from the atmosphere than we emit.

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## Part II: Our Suppliers



All Bonnier Books production suppliers are required to comply with the standards set out in this document and take them into consideration in their decision making. For example, when ordering and using materials on our behalf, it is crucial that the supplier adheres to the Materials Policy.



Suppliers and their factories will be subject to assessment and ongoing monitoring to ensure that they consistently demonstrate robust social, environmental and quality management practices that adhere to Bonnier Books' Production Sustainability Commitments.



We see our suppliers as the experts within their categories and expect their role and responsibilities to reflect this in order to ensure that products consistently meet legal requirements, agreed specifications and expected qualities.



An essential pillar of our sustainability strategy is to work in partnership with our suppliers with a shared commitment to social responsibility and environmental sustainability. It is a team effort that requires clear steps, a clear progression and an easy-to-understand format. In essence, this process is quite simple:

1. Set commitments
2. Measure baseline performance
3. Take action and measure progress
4. Refine and repeat above

## Taking each process step in turn

### 1. Set commitments

All print suppliers are required to sign and adhere to the Bonnier Books Code of Conduct. As our Code is based on the Book Chain Project (BCP) Code of Conduct, this is done by registering in the BCP database ([please see here](#)) which is free of charge, helps us to better manage our supplier portfolio and also represents a chance for our suppliers to be visible to other publishing houses that are members of the BCP.

As part of the Code, our suppliers must:

- Comply with all local environmental laws and regulations;
- Complete a supply chain risk assessment to understand the potential impact of their operations on labor & human rights and the environment;
- Establish written policies and procedures based on this risk assessment;
- Have a written plan for managing environmental impacts, including targets, in order to facilitate continuous improvement;

This is not an exhaustive list, [please follow this link](#) to find out more about our Bonnier Books Code of Conduct.

We expect suppliers to work actively on the following, in line with our Sustainability Commitments:

- Measure GHG emissions where possible, working with us at Bonnier Books to better understand emission performance in manufacturing;
- Improve environmental performance where possible, including implementation of environmental innovations;
- Reduce water consumption so that we can mitigate our contribution to water scarcity;
- Carefully manage pollution from wastewater;
- Carefully manage the release of hazardous substances into the environment, and where possible, replace substances that pose a concern with safer alternatives;
- Carefully manage local air pollution; and
- Carefully manage wastage across all material types.

While we require all suppliers to read, understand, and communicate their commitment to the Bonnier Books Production Sustainability Commitments and our Code of Conduct, we do not expect them to make this journey alone. We are committed to working closely with all suppliers to ensure they are able to meet these requirements.

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If there are any areas of our Sustainability Commitments or Policy documents that are unclear, or which create barriers to commitment, please get in touch. Our global Production CSR team will be able to discuss our commitments in depth, including why we have set these requirements.

### 2. Measure baseline performance

We encourage a system of accountability and continuous improvement. We regularly audit our suppliers to enforce our policies, assessing performance in three ways:

#### a. EVA – Evaluate, Validate, Approve ([please see here](#))

All our consumer goods manufacturing suppliers with an annual group spend higher than 50,000 EUR or working for us at least two consecutive years are required to answer our sustainability questionnaires on an annual basis, in order to enable us to regularly audit our targets. We have therefore developed an easy-to-use scoring system called [EVA](#) that underpins our questionnaires and reflects our own interpretation of good practice in assessing and managing risk in our supply chain. This tool is being used by our many production departments to assess and find approved suppliers within our portfolio of suppliers. As such, it is not only mandatory for our suppliers to provide the EVA data, it is also an excellent tool for suppliers to establish wider contacts within Bonnier Books.

#### b. On-site Audits

We require all suppliers to have an in-date audit, both to commence working with them, and to continue working with them on an ongoing basis. We are flexible about the type of audit undertaken, but we expect it to meet the ethical business standards recognized by third-party international bodies, such as BSCI (no less than Grade C), ICTI, ISO 45001, SA 8000, SMETA (Sedex) 4-pillar.

Audit results should be uploaded to the Book Chain Project Labour & Environment platform and shared with Bonnier Books so we are able to access them.

We are also committed to performing regular on-site factory visits to our manufacturing partners in order to carry out our own internal assessments.

#### c. GHG Emission Performance

In order to reach our GHG reduction target of 25% by 2025, we will be tracking supplier performance. We will be measuring our key suppliers' GHG emissions annually through a third-party consultant and building GHG Emission Performance Reports. By doing this, we will ascertain where our biggest Scope 3 emissions are coming from. We will then work with the suppliers that are the heaviest emitters to help reduce these emissions wherever possible.

It is important to us that we work closely with our suppliers to drive progress over time. This is a journey that we need to undertake together, and as Bonnier Books we are here to support continuous development of our suppliers.

### 3. Take action and measure progress

We will use the data provided through EVA, in-date third-party audits and, if relevant, our own on-site factory visits, and the GHG Emission Performance reports to build a picture of supplier performance.

We will let our suppliers know annually how they are performing against each of our three policy areas based on their questionnaire responses. We will use the information we collate to identify specific areas where we can drive improvement together with our suppliers. To do this, all suppliers must commit to our requirements set out in our Production Sustainability Commitments, and in turn, we will ensure all suppliers have access to the most recent document ([please find it online here](#)) and our Global Production CSR team, in case of any questions. Our intention is to provide appropriate support and clear information to our suppliers, allowing sufficient time and opportunity to align with our sustainability approach.

We believe that there is no 'one size fits all' approach when it comes to addressing sustainability challenges. This is why we strongly believe in close relationships and engagement with our suppliers, allowing the flexibility of adopting approaches that best suit them whilst simultaneously meeting our Bonnier Books requirements.



#### 4. Refine and repeat above

We acknowledge that in order to achieve our commitments and to ensure that we build a better supply chain for our book production, we need to regularly review, assess and track performance so that we continuously adapt our approach to the fast-changing circumstances of our time.

## Glossary

### Audit

An audit is, in our context, an official examination of the quality or standards of our suppliers. In this document we have referred to third-party social audits, which means that an independent third-party company will conduct an audit against a certain set of social standards.

### Approved sources (of paper)

Approved sources are evaluated and confirmed by the Bonnier Books CSR team. These include papers that are BCP Grade 3 or above, and those listed under Certified Paper.

### Blauer Engel (Blue Angel)

The Blue Angel, a German ecolabel, guarantees that a product or service meets high standards when it comes to its environmental, health and performance characteristics. In the process, these products and services are always evaluated across their entire life cycle. Criteria are developed for each individual product group that must be fulfilled by those products and services awarded with the Blue Angel (refer to link for printing industry and printed matters). In order to reflect technological advances, the German Federal Environmental Agency reviews these criteria every three to four years.

<https://www.blauer-engel.de/en/products/paper-printing/print-houses-and-printed-matters/books>

### Book Chain Project, The

The Book Chain Project is an initiative run by Carnstone and involves leading book and journal publishers worldwide and includes the participation of many other groups and companies along the book supply chain and around the world.

The project enables publishers to make their own supply chains more transparent. Registration to this platform is free of costs for suppliers. It has three workstreams:

- *Forest Sourcing* assesses responsible forest sources for hundreds of paper brands, examining the pulps to identify the tree species and the countries in which those trees were harvested.
- *Chemicals & Materials* collects and screens the chemicals and materials used in book components – inks, varnishes, glues etc. – and alerts publishers to the safety laws that govern their use and importation.
- *Labour & Environment* shares publishers' expectations for labor conditions and environmental performance at the manufacturing sites that make books.

<https://bookchainproject.com/home>

### BSCI

The *amfori Business Social Compliance Initiative* (BSCI) is a leading business-driven initiative supporting retailers, importers and brands to improve working conditions in supplying factories and farms worldwide. Their vision is a world of free trade and sustainable global supply chains, in which factories and farms are compliant with national labor legislation as well as with ILO Conventions protecting workers' rights.

<http://www.bsci-intl.org/content/what-we-do-o>

### Certified Paper

There are many different paper certifications on the market, all addressing similar goals and requirements, responsible fiber sourcing and manufacturing. We use the term "Certified Paper" as a collective name for papers certified with FSC, PEFC, Nordic Swan, Blauer Engel and EU Ecolabel.

### EU Ecolabel

The EU Ecolabel is a label of environmental excellence that is awarded to products and services meeting high environmental standards throughout their lifecycle. The EU Ecolabel promotes the circular economy by encouraging producers to generate less waste and CO<sub>2</sub> during the manufacturing process. For more information, please visit:

<https://ec.europa.eu/environment/ecolabel/>

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## FSC

The Forest Stewardship Council (FSC) is an international, non-governmental organization dedicated to promoting responsible management of the world's forests. FSC runs a global forest certification system with two key components: Forest Management and Chain of Custody certification. Those certifications are executed by third-party certification bodies that are accredited by FSC. This system allows consumers to identify, purchase and use timber and forest products produced from well-managed forests.

<https://ic.fsc.org/en/what-is-fsc>

## GHG

A greenhouse gas, GHG, is any gas in the earth's atmosphere that produces the greenhouse effect like Carbon dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous oxide (N<sub>2</sub>O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs) and Sulphur hexafluoride (SF<sub>6</sub>). (According to IPCC AR4, 2007)

## ICTI (International Council of Toy Industries)

The ICTI CARE (Caring, Awareness, Responsible, Ethical) Process is the ICTI Ethical Toy Programme (ETP) Certification to promote ethical manufacturing, in the form of fair labor treatment, as well as employee health and safety, in the toy industry supply chain worldwide. Its initial focus is in China, where 80 percent of the world's toy volume is manufactured. Its intent is to provide a single, fair, thorough and consistent program to monitor toy factories' compliance with ETP's Code of Business Practices (the "Code").

[http://www.toy-icti.org/info/care\\_process.pdf](http://www.toy-icti.org/info/care_process.pdf)

## Nordic Swan

The Nordic Swan Ecolabel was established in 1989 by the Nordic Council of Ministers as a voluntary ecolabelling scheme for the nordic countries Denmark, Finland, Iceland, Norway and Sweden. It is possible to obtain a certification with the Nordic Swan Ecolabel within 60 different product groups counting more than 200 different product types. For the printing industry, topics of raw material consumption, energy consumption, usage of chemicals, waste generation, emission of air pollutants and hazardous substances in wastewater are focused upon – and companies applying for this label need to fulfill the requirements within these areas.

<https://www.nordic-ecolabel.org/product-groups/group/?productGroupCode=041>

## OHSAS

OHSAS 18001 is an international occupational health and safety management system specification. It was substituted by ISO 45001:2018. Those organizations who have an OHSAS 18001 certification in place need to upgrade to ISO 45001 by March 2021 at the latest.

<https://www.bsigroup.com/en-GB/ohsas-18001-occupational-health-and-safety/>

## ISO 45001 (Occupational Health and Safety Management)

ISO 45001:2018 is the world's first International Standard for occupational health and safety (OH&S). It provides a framework to increase safety, reduce workplace risks and enhance health and well-being at work, enabling an organization proactively to improve its OH&S performance. ISO 45001:2018 substituted OHSAS 18001 and provides a wider action field in certain areas (e.g. definition of worker, including supply chains). By becoming an ISO standard, integration into pre-existing systems like ISO 9001 or ISO 14001 is made easier.

<https://www.bsigroup.com/en-GB/Occupational-Health-and-Safety-ISO-45001/>

## PEFC

The Programme for the Endorsement of Forest Certification (PEFC) is an international non-profit, non-governmental organization dedicated to promoting Sustainable Forest Management (SFM) through independent third-party certification. PEFC works through the entire forest supply chain to promote good practice in the forest and to ensure that timber and non-timber forest products are produced with respect for the highest ecological, social and ethical standards. Thanks to its eco-label, customers and consumers are able to identify products from sustainably managed forests.

<http://www.pefc.org/about-pefc/who-we-are>

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## SA8000

Social Accountability International (SAI) is a non-governmental, international, multi-stakeholder organization dedicated to improving workplaces and communities. It does this work with two principal types of tools; developing and implementing socially responsible standards, the first of which was SA8000; training and capacity building about specific standards and management systems for implementing social standards for workers, managers and auditors throughout the supply chain. SA8000 is an auditable certification standard based on international workplace norms of International Labour Organization (ILO) conventions, the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child. This standard is the benchmark against which companies and factories measure their performance. Those seeking to comply with SA8000 have adopted policies and procedures that protect the basic human rights of workers. To see more, please visit: <http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=1689>

## Scope 1-3

For better understanding and analyzing the source of GHG emissions, they are assigned to three categories according to the Greenhouse Gas Protocol.

Scope 1 emissions are direct emissions from owned or controlled sources within a company's own operations, for example company-owned vehicles or fuel combustion within company facilities.

Scope 2 emissions are indirect emissions from the generation of purchased energy that is needed for the company's operations, for example purchased electricity.

Scope 3 emissions are all indirect emissions (excluding Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions, for example purchased goods or services, emissions from the transportation and distribution of products.

## SMETA (Sedex Members Ethical Trade Audit)

SMETA is the audit methodology created by the Sedex membership to give a central agreed audit protocol which can be confidently shared and is given out by Sedex, a non-profit-organization dedicated to ethical and responsible business practices. SMETA uses the Ethical Trading Initiative Base Code and local law as its monitoring standards. It describes an audit procedure based on three elements: a common corrective action plan format, best practice guidance on conducting ethical trade audits, and a common audit report format.

There are two types of SMETA audit: 2-pillar and 4-pillar. While the 2-pillar audit comprises labor standards, health & safety and some additional elements, the 4-pillar audit contains in addition an extended environmental assessment and business ethics.

The SMETA documents are designed to be used in conjunction with current established practices by experienced auditors to help them to conduct high quality audits that will be accepted by multiple retailers and brands.

For more information on SMETA guidance and methodology, please refer to:

<https://cdn.sedex.com/wp-content/uploads/2016/09/Publicly-available-SMETA-Best-Practice-Guidance-4-Pillar-5.0.pdf>