

A photograph of two polar bears walking across a large, melting ice floe in the Arctic. The bears are moving from left to right. The ice is white and blue, with some water visible around the edges. The background shows more ice and a clear sky.

Videndum

Task Force on Climate-related Financial Disclosures Report 2021

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Introduction

We recognise that climate change is a complex issue. The negative impact it is having and will continue to have on all of society is something that Videndum and our employees must work harder at addressing. We all have a part to play and the Videndum Board are firmly committed to ensuring that Videndum enhances its sustainability efforts.

To represent our commitment to addressing climate change and improving our position as a sustainable business, we are proud to publish our first Task Force on Climate-related Financial Disclosures ("TCFD") Report. This report builds on our existing responsible business programme and has enhanced many sustainable processes across the Group. We have introduced robust data collection processes throughout the business and improved our ESG disclosures to communicate our ambitions and progress in managing climate-related risks and opportunities accurately for our stakeholders.

Although climate change risk to the Group's operations is minimal, we have worked closely with an independent, specialist consultancy to rigorously assess the impact of climate change on the business.

In our first year of reporting, we have focused on three key areas:

- First, we have worked to understand our Scope 3 carbon emissions **to develop our net zero targets for Scope 1 and 2 by 2035, and 2045 for Scope 3.**
- Second, we have created a climate risk management framework incorporating climate-related scenarios to assess climate change's potential risks and opportunities on our business, strategy and financial planning.
- Third, we have introduced robust governance processes to mitigate the risks and capitalise on the opportunities climate change presents.

About the TCFD

We understand that climate change presents potential risks which may impact the longevity and success of our business. We are also aware there are potential opportunities associated with climate change which we may be able to capitalise on to enhance our business model and position in the market.

The TCFD is a framework for assessing and managing the climate-related risks and opportunities to an organisations' operations, strategy and financial planning. The framework has four interconnected themes: Governance, Strategy, Risk Management, Metrics and Targets (as shown on the right) and 11 disclosure recommendations. The TCFD groups climate-related risks and opportunities into two significant categories: transition risks and opportunities, and physical risks and opportunities. Transition risks are associated with the decarbonisation of the global economy with four areas of consideration: policy and legal, technology, markets and reputation. Physical risks are associated with the physical impacts of climate change.

This TCFD Report provides transparency to our stakeholders about the development of our understanding of climate change and our approach to managing its impact on our business. We have followed the TCFD framework and structure to share our progress.

In 2021, we embedded the recommendations of the TCFD into our existing processes in order to assess and understand our climate-related risks and opportunities. We have developed an internal climate risk framework, details of which can be found in the Risk Management section on page 24. We identified eight risks and two opportunities, and have detailed their associated impacts in the Strategy section of this report on page 14.

In addition, the Directors have assessed the financial and strategic impacts of climate change as a principal risk to ensure we are in the best position to deliver long-term growth and sustainable value. They determined it does not materially impact the Group's longer term viability assessment.

We have outlined the roles and responsibilities of the Board, its committees and executives throughout the Group for managing and mitigating climate-related risks and opportunities in the Governance section on page 7. We have also detailed our targets and the steps we will take to achieve these in the Metrics and Targets section on page 30.



About us

Videndum is a leading global provider of premium branded hardware products and software solutions to the growing content creation market. Our customers include broadcasters, film studios, production and rental companies, photographers, independent content creators ("ICCs"), vloggers, influencers, gamers, professional sound crews and enterprises. We employ around 2,000 people in 11 different countries and are organised in three Divisions:

Media Solutions, Production Solutions and Creative Solutions.

Videndum's purpose is to enable our customers to capture and share exceptional content. Our portfolio of market-leading brands encompasses a variety of technologies designed and engineered to ensure that, whatever the conditions, the content creator has the best equipment to capture the moment. These technologies range from traditional mechanically engineered products, such as manual camera supports, to electronics and software.

We sell our products globally via multiple distribution channels, our own sales teams, and e-commerce via our own and third-party websites.

Our Divisions

Media Solutions

The Media Solutions Division designs, manufactures and distributes premium branded equipment for photographic/video cameras and smartphones, and provides dedicated solutions to professional and amateur photographers, videographers, ICCs, vloggers/influencers, gamers, enterprises and professional sound crews. This includes camera supports and heads, smartphone accessories, lighting supports, LED lighting, lighting controls, motion control, audio capture and noise reduction equipment, camera bags and backgrounds.

Production Solutions

The Production Solutions Division designs, manufactures and distributes premium branded and technically advanced products and solutions for broadcasters, film and video production companies, ICCs and enterprises. Products include video heads, tripods, LED lighting, prompts, robotic camera systems and mobile power solutions. It also supplies premium services including equipment rental and technical solutions.

Creative Solutions

The Creative Solutions Division develops, manufactures and distributes premium branded products and solutions for film and video production companies, ICCs, gamers, enterprises and broadcasters. Products include wireless video transmission and lens control systems, monitors, camera accessories, live streaming and IP video devices, and software applications.

Capture. **Share.**

Statement from Stephen Bird, Group Chief Executive



Videndum has a clear purpose and strategy, and a strong belief in doing business the right way. Throughout 2021, we enhanced our approach to sustainability and our climate disclosures. We are proud to present our first TCFD Report, providing insight into our climate-related risks and opportunities and how climate change is embedded throughout the business.

Sustainability was a major area of focus for the Group in 2021 as we ensure that the business continues to operate responsibly. I have worked with our cross-Divisional ESG Committee to improve our data collection, expand carbon reporting and understand our impact on the environment.

This year, we set ourselves clear objectives and goals, and have begun a challenging programme to enable the Group to achieve net zero for Scope 1 and 2 by 2035 and net zero for Scope 3 by 2045. I am really pleased with our progress to date. We have also published a standalone ESG Report for the first time this year. Together our TCFD and ESG Reports will enable our stakeholders to gauge the progress that we have made and our ambitions for the future.

Stephen Bird



We have begun a challenging programme to enable the Group to achieve net zero for Scope 1 and 2 by 2035 and net zero for Scope 3 by 2045.



Videndum's pathway to net zero

We have worked on our net zero strategy throughout 2021. We have set out our energy efficiency measures for the next five years to begin decarbonising our Scope 1 and 2. We have set near-term targets as we journey to be net zero for Scope 1 and 2 by 2035 and Scope 3 by 2045.

Over the coming months, the Board will review the various strategic options to achieve our near-and-long-term targets.

We intend to align our net zero strategy with the Science Based Targets Initiative ("SBTi") in 2022, demonstrating our commitment to the UK's Nationally Determined Contribution ("NDC") 2020 under the Paris Agreement 2015 to limit global warming to 1.5°C. Our net zero strategy outlines the delivery roadmap to achieving our net zero target by 2045. Videndum's carbon reduction targets are detailed in the Metrics and Targets section on page 34.

Videndum's roadmap to net zero by 2045

2022	- Set Science Based Targets ("SBTi") - align our reduction targets with a 1.5°C global warming scenario
2024	- Reduce Scope 1 and 2 emissions by 25% from our 2019 baseline - Scope 1: Convert 24% of fleet to electric/hybrid
2025	- Carbon neutral for Scope 1 and 2
2027	- Reduce Scope 2 emissions by 35% from our 2019 baseline
2030	- Reduce Scope 1 and 2 emissions by 75% from our 2019 baseline
2035	- Reach net zero for Scope 1 and 2
2045	- Reach net zero for Scope 3

A person wearing a winter jacket and a backpack stands on a large, flat rock in a snowy, desolate landscape. They are holding a camera on a tripod, which is positioned on the rock. The person is facing away from the camera, looking towards a sunset or sunrise. The sky is a mix of orange, yellow, and blue, with some clouds. In the background, there are several large, ancient stone arches made of stacked stones, some of which are partially covered in snow. The ground is covered in snow and small rocks.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Ensuring accountability for climate change

Governance

Organisations are recommended to establish and disclose appropriate internal governance processes for climate-related risks and opportunities.

Disclosure recommendations:

- Describe the Board's oversight of climate-related risks and opportunities.
- Describe management's role in assessing and managing climate-related risks and opportunities.

We have a robust governance framework with a Code of Conduct that sets out our values and the behaviour expected from Videndum, our people and our supply chain. Climate governance has been integrated into our existing processes and this framework underpins a sustainable and responsible business for our stakeholders.

Accountability for managing climate-related risks and opportunities is held by various senior leaders, and facilitated by the collaboration of multiple governance forums at Board, executive and employee level.

Board-level oversight

The Board provides oversight on climate-related risks and opportunities which have been integrated into the business strategy and targets. The Board recognises the adverse impacts of climate change on wider society and believes everyone has a part to play to mitigate the long-term impacts. We are committed to enhancing our position as a sustainable business. This is demonstrated through our areas of capital allocation for onsite renewable energy generation and research and development into improving our sustainable products. In 2021, the Board set several ambitious targets to manage climate-related risks and reduce our impact on the environment, such as becoming net zero for Scope 1 and 2 by 2035 and net zero for Scope 3 by 2045. Our net zero strategy can be found on page 6.

The roles and responsibilities of each Board member are outlined on page 9.

Following the growing importance of sustainability, and particularly climate change, amongst our stakeholders, the Board established a cross-Divisional Environmental, Social and Governance (“ESG”) Committee in early 2021.

The Committee reviews Divisional progress and provides updates to the Board twice a year on Videndum's management of climate-related risks and opportunities. More information on the ESG Committee can be found on page 11.



The Board of Directors

Below is an overview of the Board of Directors and their responsibilities in relation to climate change. More information can be found in the 2021 [Annual Report](#).

Director	Responsibility
<p>Ian McHoul (62) - Chairman Appointed in 2019 Committee Membership: Nominations (Chairman)</p>	<ul style="list-style-type: none"> - Ensures that the Board constructively plays a part in ensuring climate-related impacts shape the development of strategy - Ensures effective engagement between the Board and all stakeholders
<p>Stephen Bird (61) - Group Chief Executive Appointed in 2009 Committee Membership: Nominations</p>	<ul style="list-style-type: none"> - Manages the Group's climate-related risks and implements mitigation plans - Leads the Group's ESG programme including the response to climate change
<p>Martin Green (53) - Group Finance Director Appointed in 2017</p>	<ul style="list-style-type: none"> - Supports the Group Chief Executive in embedding climate change into business strategy - Provides financial and risk control leadership for climate-related risks
<p>Christopher Humphrey (64) - Senior Independent Director and Chairman of the Audit Committee Appointed in 2013 Committee Membership: Audit (Chairman), Nominations, Remuneration</p>	<ul style="list-style-type: none"> - Acts as the Chairman if the Chairman's position is in any way conflicted - As Chairman of the Audit Committee, leads the work of the Committee in connection with the integrity of climate risk management and financial reporting
<p>Caroline Thomson (67) - Designated Non-Executive Director for Employee Engagement and Chairman of the Remuneration Committee Appointed in 2015 Committee Membership: Audit, Nominations, Remuneration (Chairman)</p>	<ul style="list-style-type: none"> - As Chair of the Remuneration Committee, leads the work of the Committee in connection with Directors' remuneration including aligning remuneration with climate-related issues
<p>Richard Tyson (51) - Independent Non-Executive Director Appointed in 2018 Committee Membership: Audit, Nominations, Remuneration</p>	<ul style="list-style-type: none"> - Gives constructive challenge and advice to the Executive Directors, assisting in development of strategy and monitoring performance - Acts with the highest levels of integrity and governance and helps to ensure this culture is promoted within the Group
<p>Duncan Penny (59) - Independent Non-Executive Director Appointed in 2018 Committee Membership: Audit, Nominations, Remuneration</p>	<ul style="list-style-type: none"> - Oversees and sets levels of remuneration for key senior management - Ensures that financial and risk appetite and mitigating controls are appropriate and robust

How we govern

Audit Committee

The Group has a well-established framework for reviewing and assessing risks on a regular basis and has put in place appropriate processes and procedures to mitigate against risk. The Board has delegated responsibility to the Audit Committee for oversight of the Group's system of internal controls to safeguard shareholders' investments and the Company's assets.

As part of its responsibility, the Audit Committee formally reviews the effectiveness of the Group's internal controls twice a year. The Audit Committee reviews financial and non-financial risks outlined in the Group Risk Register, including the Climate Change Principal Risk. In addressing these risks, we understand the importance of putting mitigations in place and building resilience to emerging risks for our Company and its stakeholders.

In accordance with the TCFD regulation, we prepared a climate change risk analysis and disclosure. More details of our climate risk mitigation plan are outlined on pages 27 and 28. Our external auditors have provided an overview of climate change regulatory requirements to the Audit Committee.

The Videndum Board		
Executive Responsibility Group Chief Executive Stephen Bird		
<i>The appropriate Board Committees handle oversight for certain sustainability topics</i>		
Nominations Committee Chaired by Ian McHoul	Audit Committee Chaired by Christopher Humphrey	Remuneration Committee Chaired by Caroline Thomson
Membership: Chairman, Group Chief Executive and the independent Non-Executive Directors	Membership: The independent Non-Executive Directors	Membership: The independent Non-Executive Directors
Ensures there is the required expertise on the Board, including the background and skills to grow sustainably	Oversees risk management and control systems, including climate-related risks and opportunities	Reviews policy on Executive Director and senior management remuneration to ensure alignment with strategy and performance, including ESG targets
ESG Committee Chaired by the Group Chief Executive		
Membership: Group Chief Executive, Group Company Secretary and HR Director, Group Communications Director, Group Risk Assurance Manager and Divisional representatives Supports the Board's ESG standards and ambitions		
Divisional ESG responsibility Management and execution of ESG initiatives is the responsibility of each Division and the respective Divisional CEOs		

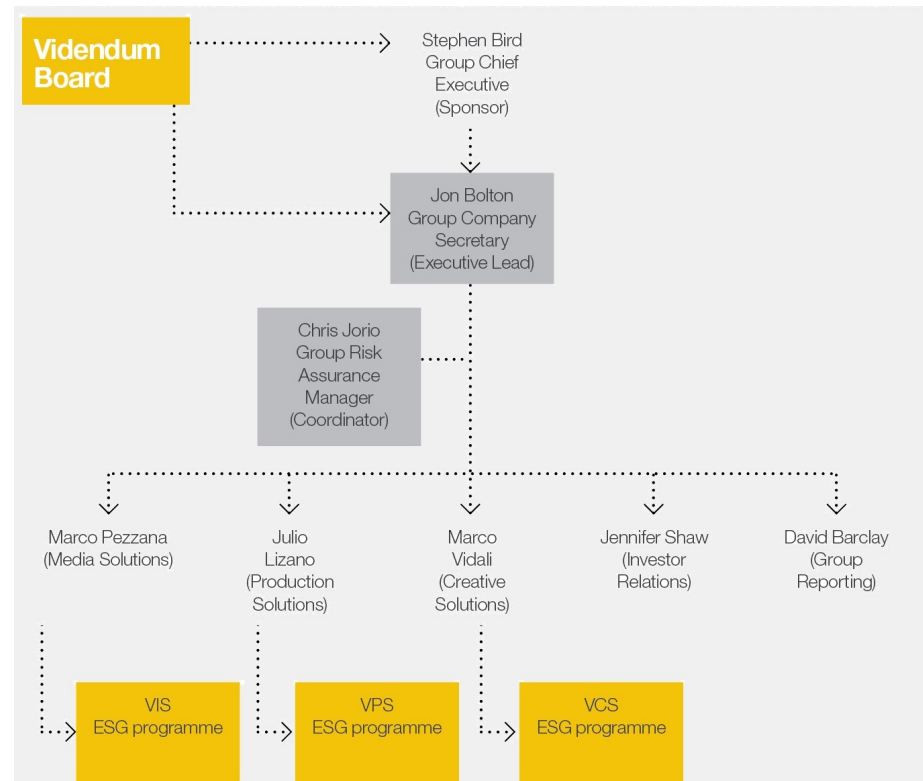
ESG Committee

The ESG Committee was established to support the Board in achieving our targets of net zero for Scope 1 and 2 by 2035, and 2045 for Scope 3.

The ESG Committee is mandated by the Board to set objectives, and has responsibility for climate change policy for the Group. It oversees environmental reporting and initiatives to mitigate the impacts of climate-related risks across the Group, capitalise on opportunities and ensure compliance with emerging regulation.

Chaired by the Group Chief Executive, the committee comprises of the Group Company Secretary and HR Director, Group Communications Director, Group Risk Assurance Manager and Divisional representatives. The ESG Committee meets bi-monthly to review Divisional progress and provides updates to the Board twice a year on Videndum's management of climate-related risks and opportunities.

This year, the ESG Committee prepared this report as our disclosure of the Group's progress against the adoption of the TCFD recommendations throughout our Company and in our key markets, as required as a UK listed company. The Committee also oversaw a robust data collection process as we calculated our carbon footprint and monitored many environmental initiatives across the Group.



2021 progress

- Embedded climate-related risks and opportunities within our financial, operational, technological and wider ESG performance using scenario analysis.
- Supported the calculation of the Group's full Carbon Balance Sheet.
- Established carbon reduction targets and additional environmental targets including waste, product sustainability and supply chain vetting. More detail can be found on pages 34 and 35.
- Introduced processes to continuously review our key metrics to measure and manage our climate-related risks and capitalise on potential opportunities.

Executive responsibility

Executive responsibility for climate issues is held by the Group Chief Executive, Stephen Bird. Together with the Operations Executive and senior management, he ensures that climate-related risks and opportunities are integrated into existing business strategy.

The Group Risk Assurance Manager, Group Company Secretary and HR Director and Deputy Group Finance Director work with third-party experts to assess the potential climate-related risks for the short, medium and long-term to annually review the Climate Change Principal Risk criteria.

Control of each climate risk has been agreed upon and assigned by the ESG Committee. The responsibility for managing Videndum's climate-related risks and opportunities is assigned between Divisional CEOs, Operations Directors, the Group Risk Assurance Manager and the Group Company Secretary and HR Director. The Group Risk Assurance Manager regularly reviews mitigation plans on behalf of the ESG Committee and provide annual updates on climate-related issues to Group operations.

Several sessions were facilitated by the aforementioned third-party expert, to explain and raise awareness of the concepts of climate change. These sessions have involved the Board and senior management.

Aligning remuneration

A percentage of the Group Chief Executive's remuneration has been tied to the Group's ESG performance, which includes climate-related matters. Senior employees are also assigned specific individual performance objectives related to ESG. More details can be found in the Directors' Remuneration Report in the [Annual Report](#) on page 106.

Role	Climate-related risks responsibility
Group Chief Executive	- Responsible for Group climate policy and action. Oversees reputation and regulations around climate-related matters
Group Finance Director	- Responsible for financial risks around increased costs (carbon pricing, energy, materials or carbon credits and offsetting) as well as cost and disruption of phasing out of non-renewable energy sources such as gas
Group Company Secretary and HR Director	- Responsible for supporting on Group reputation and regulations around climate-related matters - Responsible for supporting on financial risks around increased costs (carbon pricing, carbon credits and offsetting)
Divisional CEOs	- Responsible for adapting to changing customer preference and market demands due to climate change - Responsible for mitigating physical risks, including rising mean temperatures, water stress and flooding risks
Divisional Operations Leads	- Responsible for managing local climate change regulation and taxes affecting operations e.g. Plastic Tax - Responsible for financial impact of increased cost of energy and materials, as well as cost and disruption of phasing out of non-renewable energy sources such as gas - Responsible for mitigating physical risks, including rising mean temperatures, water stress and flooding risks

Managing climate change

The responsibility for managing climate-related risks is delegated to senior management throughout the Group based on the classification of risk level at each site. The Group Risk Assurance Manager coordinates the work between the ESG Committee and Divisional management across the business to ensure that climate risks and opportunities are identified, the potential impacts are accurately reported and risk mitigation measures are adopted.

Videndum is focused on ensuring that the Group works towards dealing with its impact upon the environment and the impact of climate change. We have developed short and medium-term targets to align progress between each Division and report collectively at Group level. Performance against these targets is tracked by our ESG Committee, with bi-monthly reports from each Divisional representative, allowing for greater transparency and visibility. Our targets and motivations are communicated across the business and where necessary incorporated into Divisional plans.

Each Division has established its own ESG team and network to ensure climate change related issues are embedded into our day-to-day operations. These ESG teams oversee the implementation and progress of sustainability initiatives and mitigation plans.

Our Divisions take their environmental responsibilities seriously and have implemented initiatives with the aim of reducing the environmental impacts of our operations, products and services, based upon their expertise. More details on our environmental initiatives can be found on pages 34 to 37 in the Metrics and Targets section of this report.

We operate an [Environmental Policy](#) and [Responsible Sourcing Policy](#) across our business.





Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities.

Building climate resilience into our business strategy

Strategy

It is recommended that organisations disclose the nature and impact of their material climate-related risks and opportunities, as well the resilience of their strategy under each climate scenario chosen.

Disclosure recommendations:

- Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.
- Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.
- Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Our approach

Videndum has an established strategy and purpose. To ensure business longevity, we have worked to understand the impact of climate change on the Group's operations, strategy and financial planning. Adopting the TCFD recommendations within our existing risk management processes has enabled Videndum to develop a climate-risk impact framework.

The framework considers transitional and physical risks and opportunities through climate scenario analysis in the short, medium and long-term. A climate scenario is a plausible representation of future climate that has been constructed for explicit use in investigating our future vulnerability to the impacts of climate change. We have considered the potential impact of each climate-related issue across our global operations.

Climate scenario analysis was conducted across 14 countries on all 33 operational Videndum sites to understand how climate-related issues impact our business. A comprehensive analysis was conducted for the Group's 12 largest sites (page 23), which were selected based on revenue and employee numbers. The findings were presented and discussed during Climate Risk Management Workshops with the Group Risk Assurance Manager, ESG Committee members and site managers to assess and appropriately classify the potential climate-related risks and opportunities across Videndum's operations.

The Group Risk Assurance Manager, together with the Group Finance Director, assess if the potential climate-related risks and opportunities will significantly increase the Climate Change Principal Risk criteria in the short, medium and long-term.



Climate scenarios

Consistent with the TCFD recommendations, we consider a range of scenarios to assess the impact of climate change on our organisation. The scenarios model warming pathways from the best-case global warming scenario below 2°C to the worst-case scenario above 3°C. Climate scenarios provide a common reference point for understanding how climate change (physical risk and climate policy, market, technology and reputational trends (transition risk) could evolve under different warming pathways. This enables us to evaluate the operational resilience of our business under a range of future uncertainties. We modelled our climate scenarios across three-time horizons using several established models: Climada natural catastrophe damage model, CORDEX regional climate projections and Integrated Assessment Models (“IAM”). We used the following time horizons to identify when a risk or opportunity will have the most significant impact on the business:

Time horizons

- Short-term (2020-2025)
- Medium-term (2025-2035)
- Long-term (2035-2050)

About scenario warming pathways

The climate scenario analysis investigates three separate scenarios based on the predicted increase in global average temperature by 2100 compared to the pre-industrial era. Our climate modelling is carried out until 2050 to align with the UK net zero target. Each scenario highlights significant points in which parts of the climate cannot return to normal, known as a tipping point. Tipping points are elements of the Earth's system that have the potential to change abruptly in response to warming; a small change marks a point of no return and permanently alters our climate.

Below 2°C scenario

In this scenario, efforts to curb climate change are taken seriously. Governments, industry and the public collaborate to keep the global average temperature rise well below 2°C by 2100. In this scenario, organisations begin to align with the Paris Agreement and the Science-Based Target Initiative to be net zero by 2050. Governments coordinate to implement firm policies and regulations to reduce carbon emissions. Each business strives to lead the way in climate action to reduce emissions.

This organised approach to taking climate action results in a well-structured process at an incremental cost to businesses. Although transition risks are high in this scenario, this will limit the severity of the physical hazards of climate change in the long-term.

2-3°C scenario

The commitments made at COP26 will likely take us to this scenario. In this scenario, the response to climate change is delayed and ad-hoc, leading to global warming of 2-3°C by 2100. Governments implement policies and legislation in an unstructured manner, leading to high transition risks in the medium-term. Business continues as usual in the short-term, and decarbonisation efforts remain in the high emitting sectors. Governments will rely heavily on technology such as carbon capture to help alleviate the strain of climate change. This pathway has the highest transition risks due to a lack of coordination from governments, resulting in increased severity of physical impacts as specific tipping points are reached.

Climate scenarios/continued

Above 3°C scenario

In this scenario, business continues as usual, and emissions continue to rise until 2040, leading to a global temperature rise above 3°C. Pressure from the public and an increase in physical climate change events forces governments to take climate action. Energy and fuel markets are highly volatile. Policies are introduced in a patchwork manner in the long-term. Governments turn to expensive low carbon technology such as carbon capture and storage to fix the climate problem. Several tipping points are passed in this scenario resulting in increased severity of physical impacts.

Analysis outcome

We identified eight material climate-related risks and two opportunities that will impact the Group. The transition risks were analysed at Group level and physical risks by location and then consolidated at Group level. The tables on pages 19 to 22 summarise the material risks and opportunities to the Group, which resulted in climate change being reported as a principal risk for the first time. Although climate change is a principal risk, our analysis has determined that the impact of climate change is low in the medium-term.

Transition risks

Given our sizeable global carbon footprint, transition risks are the most significant to the Group, specifically for policy and legal. We anticipate transition risks to increase over time as the global economy decarbonises, impacting all businesses. Transition risks are more prominent in the below 2°C scenario or 2-3°C scenario as governments introduce more aggressive climate change reporting requirements and expand carbon pricing.

Making climate disclosures involves many moving parts in the business, increasing labour demands. Our reports must stand up to external scrutiny, or the business is at risk. In addition, as the demographic and expectations in the labour market shift, we expect potential employees to place an increasing value on Videndum's reporting and ESG credentials, further compounding this potential financial impact.

Carbon pricing aims to reduce greenhouse gas emissions by placing a fee on emitting and/or offering an incentive for emitting less. The price signal creates shifts in consumption and investment patterns.

Our carbon costs refer to carbon taxes and offsetting to hit our emission reduction targets. We have internally developed an estimated cost of carbon emissions as a critical forward-looking metric. As regulation on carbon pricing increases through emission trading schemes and/or taxes, we will utilise the internal pricing figures to anticipate the financial impact.

Physical risks

Several risks have been flagged for the future, and we plan to monitor and review these on an annual basis. The impact of the physical risks increases across the scenarios and time horizons, with the above 3°C scenario in the long-term posing the most considerable risk. The potential physical risks far outweigh the transition risks in this scenario. We anticipate extreme weather to become more frequent and intense, impacting locations and transport routes. We aim to expand our climate scenario analysis to all our key supply chain routes in our next TCFD report to account for further potential business interruption.

Climate scenarios/continued

Seizing opportunities

We have not quantified the opportunity value at this stage. However, we continue to invest in our digital capabilities, environmental projects and lower emission products. We anticipate the demand for sustainable products to increase as the world transitions to a low carbon economy. There is an increase in demand for our products. We believe that Videndum has a significant competitive advantage as many of our competitors lack the digital talent, supply chain and global infrastructure to seize the opportunities for sustainable products.

Substituting existing products with lower emission alternatives depends on how long it takes to implement change at Videndum. Our analysis indicates that only a few competitors would introduce innovative products, especially in the 2-3°C scenario. We expect some raw material costs to reduce by localising our supply chain and projects such as the Bury St Edmunds solar PV will generate a financial return within five years as energy prices increase. Capitalising on these opportunities will increase our resilience to some transition and physical risks.



Climate-related transitional risks in the below 2°C scenario

The following climate-related risks and opportunities have been identified.

Category	TCFD	Climate-related risk	Timeline	Impact range	Description
Transition risks	Policy & legal	Increased reporting requirements due to climate change.	Short/Medium/Long-term (2020-2050)	Additional cost of £0.3m – £0.7m per annum.	This reflects the incremental headcount required to deliver initiatives related to climate change and reporting thereof, increased management effort, steering Group activities and third-party consulting costs. We expect additional resourcing to work with the supply chain to reduce Scope 3 (indirect) emissions.
		Mandates on and regulation of existing products and services.	Short/Medium/Long-term (2020-2050)	-	The impact is currently negligible based on new/imminent legislation but may increase in the future as countries introduce new forms of environmental taxes.
	Market	Changing consumer preferences and increased sensitivity to ESG.	Medium/Long-term (2025-2050)	-	This is an increasingly important area of focus; however, we believe that Videndum is well-positioned, given the initiatives already underway to improve the sustainability of Videndum's products. We will improve our quantification and tracking of the risks and opportunities relating to changing consumer preferences.
		Increased cost of raw materials.	Short/Medium-term (2020-2035)	-	Climate change may result in increased energy and raw material cost. The impact will be offset by Videndum's ability to pass incremental input costs onto customers and efforts to increase the use of sustainable components and renewable energy. No financial impact is assigned at this point.

Climate-related transitional risks in the 2-3°C scenario

Category	TCFD	Climate-related risk	Timeline	Impact range	Description
Transition risks	Policy & legal	Increase in carbon pricing associated with carbon taxes and offsetting to hit our emission goals.	Medium/Long-term (2025-2050)	Additional cost of up to £0.3m per annum.	The additional cost is derived by reference to available carbon cost benchmarks, applied to Videndum's projections for Scope 1 and 2 emissions over the next 15 years. The costs are modelled to reduce year-on-year as we implement our net zero strategy before reaching a floor in 2032. The annual charge may reach £0.3m in 2026, under the 2-3°C scenario assumption model defined on page 16, when the carbon cost is projected to peak.
	Market	Changing consumer preferences and increased sensitivity to ESG.	Medium/Long-term (2025-2050)	-	This is an increasingly important area of focus; however, we believe that Videndum is well-positioned, given the initiatives already underway to improve the sustainability of Videndum's products. We will improve our quantification and tracking of the risks and opportunities relating to changing consumer preferences.
		Increased cost of raw materials.	Short/Medium/Long-term (2020-2050)	-	Climate change may result in increased energy and raw material cost. The impact will be offset by Videndum's ability to pass incremental input costs onto customers and efforts to increase the use of sustainable components and renewable energy. No financial impact is assigned at this point.

Climate-related risks in the above 3°C scenario

Category	TCFD	Climate-related risk	Timeline	Impact range	Description
Physical risks	Acute	Increased frequency of natural disasters.	Short/Medium/Long-term (2020-2050)	£0.1m - £0.2m per annum (additional property and business continuity insurance cost).	Most Videndum sites are currently rated as low risk from a climate change perspective (page 23), following a rigorous assessment of our sites. Nonetheless, the risk of damage to property and surrounding infrastructure increases with time under the different scenarios. Climate change is expected to result in an overall increase in insurance premiums due to the increased frequency of natural disasters.
	Chronic	Insidious changes relating to climate change worsen over time.	Medium/Long-term (2025-2050)	-	Increased heat waves may have health and safety implications and require more energy for cooling. Additional costs will be offset by increased energy efficiency and self-sufficiency.
Transition risks	Reputation	Increased stakeholder concern damaging our reputation.	Short-term (2020-2025)	-	We minimise the impact on our reputation, by monitoring closely and responding to our stakeholders' concerns.

Climate-related opportunities

Category	TCFD	Climate-related opportunity	Timeline	Impact range	Description
Transition opportunities	Technology	Substituting existing products to lower-emission alternatives for a competitive edge.	Short/Medium-term (2020-2035)	-	The opportunity is not fully quantified at this point. We expect that the current plans to improve product sustainability may generate a competitive advantage, especially in the 2-3°C as we anticipate fewer lower-emission products in the market.
	Market	Decreasing costs of raw materials from solar panels and localising our supply chain.	Short/Medium/Long-term (2020-2050)	-	This opportunity is not fully quantified at this point, but some projects are already expected to generate a financial return. For example, the ongoing installation of solar panels in Bury St Edmunds has an associated payback period of less than five years.

Physical risks across the Group

The physical risks identified from a comprehensive analysis of the Group's 12 largest sites in terms of revenue/employee numbers are detailed below. The vast majority of risks are rated as low risk from a climate change perspective. This is due to a low likelihood/impact of risks materialising and protective measures in place at the Videndum sites. The Stroud site is identified as high risk, due to the high probability of floods affecting the area, which we mitigate through business continue planning.

Stroud, UK - High Risk

- Flooding
- Rising mean temperatures

Ashby-de-la-Zouch, UK - Low Risk

- Flooding
- Rising mean temperatures

Bury St Edmunds, UK - Low Risk

- Flooding
- Rising mean temperatures

Feltre, Italy - Low Risk

- Flooding
- Landslide
- Earthquakes
- Rising mean temperatures

Dayton, New Jersey, USA - Low Risk

- Flooding
- Rising mean temperatures

Irvine, California, USA - Medium Risk

- Wildfires
- Earthquakes
- Rising mean temperatures

Connecticut, USA - Low Risk

- Flooding
- Rising mean temperatures

North Carolina, USA - Low Risk

- Flooding
- Rising mean temperatures

Cartago, Costa Rica - Low Risk

- Mudslide
- Landslide
- Earthquakes
- Rising mean temperatures



Cassola, Italy - Low Risk

- Landslide
- Earthquakes
- Rising mean temperatures

Tokyo, Japan - Low Risk

- Flooding
- Earthquakes
- Rising mean temperatures
- Water stress

Ra'anana, Israel - Low Risk

- Flooding
- Earthquakes
- Rising mean temperatures
- Water stress

	Flooding	Wildfire	Water stress	Rising mean temperatures	Earthquakes	Landslide	Mudslide	Overall
Number of sites impacted	9	1	2	12	6	3	1	12
% of sites at risk	75%	8%	17%	100%	50%	25%	8%	-



Risk Management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

Climate risk management

Risk management

It is recommended that organisations disclose their processes for identifying, measuring and managing climate-related risks, as well as describing how these processes are integrated into the organisation's overall risk management.

Disclosure recommendations:

- Describe the organisation's processes for identifying and assessing climate-related risks.
- Describe the organisation's processes for managing climate-related risks.

As climate change is classified as a principal risk, the Board has ultimate responsibility for climate-related risks and opportunities. We have a well-established framework for assessing our risks and assigning mitigation actions from years of development in a competitive business landscape. We have embedded the TCFD recommendations within our risk management process. The transition and physical risks frame the problem of climate change, and climate scenarios contextualise the potential impacts over time on our operations.

Our climate risk management process follows four interconnected steps to identify, assess, appraise and address potential risks and opportunities associated with climate change to our operations.

Step 1: identifying risks

We identified risks through stakeholder engagement and climate risk management workshops held across our Divisions. Stakeholders were engaged in sharing their local knowledge of the region and Videndum. The Group's decentralised structure across the three Divisions enables us to manage climate-related issues on a location basis. The workshops addressed the relevant climate conditions and potential impacts of transition and physical risks to each site. In total, eight climate-related risks and two opportunities were identified.

Step 2: risk assessment

We assessed each risk and opportunity using our climate scenario analysis, accounting for the full range of each one's potential impact. This enabled us to determine the material impact and rank each risk and opportunity. Where possible, the financial impact of some risks was considered – we aim to develop this process further in 2022.

The assessment concluded that most Videndum sites are at low risk from climate change. The risk of property damage will increase across all scenarios and time horizons. However, our mitigation measures, such as business continuity plans and business interruption insurance, will reduce the impact on the business.

Further, during this assessment process, secondary risks were identified, which we will explore in greater detail in 2022, such as the risk of earthquakes to the Japanese consumer market. Although earthquakes are not climate change-related risks, the impacts of earthquakes are exacerbated by climate change.

Climate risk management/continued

Step 3: appraising risks

We appraised our risk management options. We recognise that all good decisions rely on the effective analysis of alternative options. This involves identifying and considering a range of risk management strategies as climate change presents many challenges. A risk management response was selected depending on how it would best manage the risk. The effectiveness of the risk management option will be reviewed annually by management and the Group Risk Assurance Manager.

Step 4: addressing risks

Finally, we addressed each risk and opportunity, and controls were implemented to prevent, reduce or mitigate downside risks, or increase the likelihood of opportunities. As with our existing risk management process, we identify an initial risk level and a final risk level once our controls are implemented for each issue. We recognise that residual risks will remain and communicate this across the business. Our management teams and Group Risk Assurance Manager will annually review climate-risk exposure against business risk level tolerances.



Climate-related risk mitigation

The following mitigation plans have been introduced to address climate-related risks and capitalise on the opportunities.

Category	TCFD	Climate-related risk	Mitigating our climate-related risks
Transition risks	Policy & legal	Increased reporting requirements due to climate change.	We engage with third-party specialists to support data capture and reporting in line with requirements and plan to increase investments in this area moving forward.
		Increase in carbon pricing.	Aggressive targets to reduce our Scope 1 and 2 emissions through energy efficiency, waste management and other initiatives have been set. Implement our action plan for Scope 3 emissions and supplier engagement. We aim to reduce emissions to minimise the cost of offsetting. Continue to monitor the development of carbon taxation applied to mainstream sectors and the EU's proposed carbon border adjustment mechanism.
		Mandates on and regulation of existing products and services.	We continually evaluate our pricing and sourcing strategy to mitigate the impact of additional tariff costs. The Group has a third-party specialised tariff and taxes consultant. We want to engage with suppliers to introduce initiatives to reduce plastic across our supply chain.
	Market	Changing consumer preferences and increased sensitivity to ESG.	Gradually roll out brand sustainability programmes and make key investments in the greening of product life cycle. We are staying up-to-date on market trends to do with environmental performance. We will develop metrics to measure the relative environmental impact of different product lines. We will continue to increase Gross R&D expenditure enabling us to develop and launch new products to remain competitive. 2021 Gross R&D spend was c.£25 million representing c.6.5% of Group revenue (2019: c.6%).
		Increased cost of raw materials.	We plan to ramp up the movement to self-sustaining renewable energy production and partner with innovative waste management organisations. The financial impact will be offset by Videndum's ability to pass incremental input costs onto customers and our efforts to increase the use of sustainable components and improve energy efficiency. We will also streamline capital costs across Divisions.
Reputation	Increased stakeholder concern.	Report on sustainability initiatives. Publicise green projects and targets. Strive for B-Corp certification. Science-based targets to be implemented.	

Climate-related risk mitigation/continued

Category	TCFD	Climate-related risk	Mitigating our climate-related risks
Physical risks	Acute	Increased frequency of natural disasters.	Our balanced portfolio of sales and operations means a major disaster at one site would not jeopardise the Group's viability. We have additional site control measures in place such as improved drainage, business interruption insurance and business continuity plans for key sites. Most Videndum sites are currently rated as low-risk from a climate change perspective, and our key sites are built to robust standards, often to withstand seismic pressure and climate threats. We recognise that the risk of damage increases across our scenarios and time horizons. We will monitor the risk rating of each site on an annual basis, and if necessary, consider the options to relocate operations. We plan to increase the interoperability and diversification of our supply chain and monitor all-natural disaster risks. Where possible, we aim to source away from countries with higher risk from climate change.
	Chronic	Insidious changes relating to climate change which worsen over time.	Continue to install LED lighting and solar panels while tracking our energy usage. We will introduce more energy efficiency measures within our net zero strategy. Increase the use of renewable raw materials and further develop our product sustainability strategy and effective management of water.

Climate-related opportunity management

Category	TCFD	Climate-related opportunity	Managing our climate-related opportunities
Opportunities	Technology	Substitute existing products to lower emissions alternatives.	We have already implemented some initiatives to make some of our products more sustainable which may also make these products more competitive. We will develop metrics to measure the relative environmental impact of different product lines and increase Gross R&D (c.£25m in 2021) to help remain competitive. Upcycle environmentally unfriendly assets. Collaborate with suppliers to advance efficiency gains in resource use and operational processes. Continue to progress with strategic acquisitions to develop the products we offer.
	Market	Decreasing costs of raw materials from solar panels and localising our supply chain.	Expand solar panel installations to other key manufacturing sites across the Group. Existing projects such as installing solar panels in Bury St Edmunds have an associated payback period of less than five years. To support the interoperability of our Divisions, we strive to manufacture as many components as possible, both locally and within the Group. The recent in-sourcing of JOBY is environmentally beneficial and improves our cost base.



Metrics & Targets

Disclose how the organisation identifies, assesses and manages climate-related risks.

Measuring and managing our climate impact

Metrics and targets

It is recommended that organisations disclose the metrics and targets they use to assess and monitor climate-related risks and opportunities.

Disclosure recommendations:

- Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
- Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (“GHG”) emissions and the related risks.
- Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

We use a wide variety of metrics to measure and manage climate-related impacts on our business. These metrics consist of Videndum's GHG inventory, including the Group's Scope 1, 2 and 3 GHG emissions, and the emissions reduction pathway (page 6) aligned with the Paris Agreement 1.5°C warming scenario.

We have been measuring and reporting on our energy usage, associated emissions, energy efficiency action and energy performance for the Group since 2018 under the government policy Streamlined Energy & Carbon Reporting (“SECR”. Our 2021 SECR Report can be found in our 2021 [Annual Report](#).

In addition, we have set several ambitious targets to manage climate-related risks and opportunities described on pages 19 to 22, and reduce our impact on the environment, such as becoming carbon neutral for Scope 1 and 2 by 2025, net zero for Scope 1 and 2 by 2035, and net zero for Scope 3 by 2045. Videndum's other environmental indicators on energy efficiency measures, waste reduction, water consumption, product sustainability, and supply chain integrity contribute towards mitigating some transition and physical risks and capitalise on the potential opportunities in substituting products to lower-emission alternatives. Details of these initiatives can be found on pages 34 to 37. We will annually measure and monitor performance of our initiatives in reaching our targets across the Group.



Reducing our greenhouse gas emissions

Reducing the Group's carbon footprint is a priority for Videndum. We engage external specialists to determine our carbon emissions to ensure accuracy, using the Greenhouse Gas Protocol as the basis of the calculations for our Scope 1, 2 and 3 emissions.

The Group's total greenhouse emissions were **3,881 tCO₂e** from Scope 1 and 2 (location-based) in 2021 and **119,434 tCO₂e** Scope 3 in 2020. We have been reporting our Scope 1 and 2 emissions since 2018.

The pandemic reduced Group carbon emissions in 2020. As the pandemic has subsided and regular work practices have resumed, 2021 carbon emissions have increased.

Emissions scope	Absolute emissions (tCO ₂ e)		
	2019	2020	2021
Scope 1	1,479	833	1,357
Scope 2	3,101	2,072	2,524
Scope 3	-	119,435	-

Scope 3 emissions

In 2021, we began calculating our entire Scope 3 emissions for the first time following the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard using 2020 data to set our baseline. However, category 9 Downstream Transportation and Distribution was omitted for 2020 because there is no feasible system to capture this data.

In 2022, we will introduce measures to begin to capture this data. Further, given the magnitude of assessing the carbon emissions of our value chain, we have set yearly milestones to extend the reporting boundaries of complex categories. We will begin to calculate our 2021 Scope 3 data in Q2 of 2022 and intend to align our Scope 3 with our annual SECR reporting period.

By widening our emissions data collection, we better understand our operations and value chain's high emitting areas, which will help us develop our roadmap to achieve net zero for Scope 1 and 2 by 2035, and net zero for Scope 3 by 2045.

Emissions scope	Absolute emissions (tCO ₂ e)	% of carbon footprint
Scope 1	1,357	1%
Scope 2 (location-based)	2,524	2%
Scope 3 (2020)	119,435	97%
Total	123,316	100%

Emissions scope	Absolute emissions (tCO ₂ e)	% of carbon footprint
Scope 1	1,357	1%
Scope 2 (market-based)	971	1%
Scope 3 (2020)	119,435	98%
Total	121,763	100%

Carbon balance sheet

Our carbon balance sheet provides us with our full Scope 1, 2 and 3 inventory. Scope 1 and 2 emissions have been calculated for the most recent year, 2021. Scope 3 emissions have been calculated for 2020 as this will be the Scope 3 baseline year.

The carbon balance sheet enables us to identify the material emissions sources throughout our value chain and where we can make the most significant impact on global emission reductions.

Our Scope 1 and 2 (location-based) emissions represent 3% of our total Group emissions, with our Scope 3 emissions representing the remaining 97%. The most significant emissions sources are from the purchased goods and services consumed by the Group, accounting for 59% of the Company's total carbon footprint.

Our 2020 Scope 3 emissions are to be used as our baseline for developing our net zero strategy to achieve the Group's target of net zero by 2045 for Scope 3 emissions. This approach provides us with a consistent way to report and measure our progress year-on-year.

Emissions categories	Absolute emissions (tCO ₂ e)	% of carbon footprint
Scope 1 2021	1,357	1%
Gas	1,027	0.83%
Transportation (excluding grey fleet)	316	0.26%
Refrigerants	14	0.01%
Scope 2 (location-based) 2021	2,524	2%
Scope 3 2020	119,435	97%
1. Purchased goods and services	71,858	58%
2. Capital goods	4,002	3%
3. Fuel-related emissions	816	1%
4. Upstream transportation and distribution	18,182	15%
5. Waste generated in operations	45	0.04%
6. Business travel	679	1%
7. Employee commuting	1,828	1%
8. Upstream leased assets	N/A	N/A
9. Downstream transportation and distribution	N/A	N/A
10. Processing of sold products	N/A	N/A
11. Use of sold products	22,017	18%
12. End-of-life treatment of sold products	7	0.01%
13. Downstream leased assets	2	0.001%
14. Franchises	N/A	N/A
15. Investments	N/A	N/A
Total all Scopes	123,316	

Our carbon reduction targets

We have established aggressive action plans to reduce carbon emissions and to accelerate Videndum achieving **net zero for Scope 1 and 2 by 2035, and net zero for Scope 3 by 2045**. Our detailed environment targets are outlined below.

Area	Target	2021 progress
Reduce carbon emissions	<ul style="list-style-type: none"> - Ensure that 100% of Group operations capture and report on CO₂ emissions; currently only capture 90% of Group. - Reduce our Scope 1 and 2 emissions by 25% by 2024: 50% by 2030: 90% by 2035 based on our 2019 baseline of 4,580 tCO₂e. - Reach net zero in our Scope 1 and 2 emissions by 2035. - Reduce Scope 1 emissions by 35% by 2027. - Reduce Scope 2 emissions by 50% by 2030 and 90% by 2035. - Reduce business air travel by 50% by 2024 (from a baseline of c.1,000 tCO₂e in 2019). - Strategically reduce our Scope 3 emissions to meet our 2045 net zero target. 	<p>Scope 1 emissions are direct greenhouse (“GHG”) emissions that occur from sources that are controlled or owned by Videndum i.e. gas usage and transportation fuel</p> <ul style="list-style-type: none"> - In 2021, we conducted site surveys to establish energy savings options to reduce demand and use of gas. - We are gradually converting the Company motor fleet to electric/hybrid vehicles. - In 2021, the Group started to measure its refrigerants which account for 1% of the Group’s Scope 1 emissions and 0.01% of the Group’s total carbon emissions. <p>Scope 2 emissions are indirect GHG emissions associated with Videndum's purchase of steam, heat or cooling</p> <ul style="list-style-type: none"> - Measures were initiated to optimise consumption, including solar energy systems implemented in Bury St Edmunds, UK and Cartago, Costa Rica. Currently assessing the feasibility at other Group sites. - Full conversion to LED lighting at Feltre, Italy in progress. - Secured renewable energy contracts in Italy, the UK and Costa Rica. <p>Scope 3 emissions are indirect GHG emissions of Videndum's value chain</p> <ul style="list-style-type: none"> - Limited flights where appropriate by moving to virtual meetings instead. - Most Scope 3 categories calculated and revised our target to be more achievable and aligned with wider society. - Category 7 Employee Commuting example: Hybrid approach to working implemented and promoted cycle to work scheme. Employee Commuting accounts for 1% of the Group’s total carbon emissions. - Category 5 Waste Generated in Operations, where possible we collected and presented activity based data on waste (i.e. waste type, mass and disposal method).

Additional environmental targets

Area	Targets	2021 progress
Reduce packaging and waste	<ul style="list-style-type: none"> - 50% of current cardboard packaging consumption will be replaced by sustainable, FSC grade cardboard or eliminated. - 50% reduction in annual consumption of single-use plastics by 2024. - Continue to reduce waste to landfill. - Start recording water consumption. 	<ul style="list-style-type: none"> - We continue to drive initiatives for improved recyclability of all inputs and raw materials used in the manufacturing process. - Initial measurement complete and several initiatives underway. - Our largest manufacturing sites are already close to 0% waste to landfill, supported by ISO environmental programmes. - Information on water consumption is being gathered and a metric developed to be disclosed alongside energy usage.
Embed sustainability into product life cycle	<ul style="list-style-type: none"> - By 2025 have implemented a Product Life Cycle (cradle to grave) for five of the Group's top-selling products. 	<ul style="list-style-type: none"> - Media Solutions leads the way through a detailed cross-functional exercise with Bologna Business School. Product Life Cycle management is already in place for some products (Gitzo) with a roadmap for completion in 2022. - We target the most significant areas of concern in other Divisions, such as lithium batteries and recycling around electrical components.
Formalise the integrity of our supply chain	<ul style="list-style-type: none"> - Work with our top five biggest suppliers by revenue to request supplier-specific product data by 2025. To understand the impacts of procured products on the environment and society, e.g. virgin materials vs recycled materials. 	<ul style="list-style-type: none"> - Assurance to be provided as soon as possible, no later than mid-2022. This will entail: <ul style="list-style-type: none"> - Granular operations review of all components. - Vetting of all direct suppliers to encompass ESG dimensions. - Reputational risk around supply chain already actioned through RiskRate vetting. - A responsible sourcing policy is in place but must be communicated to internal and external stakeholders.

Our progress

Videndum and its subsidiaries take our environmental responsibilities seriously and have implemented initiatives with the aim of reducing the environmental impacts of our operations, products and services. We recognise that a responsible and sustainable business must endeavour to reduce its long-term impact upon the environment. Each business unit within the Group is encouraged to develop the most appropriate measures to reflect their particular operations, but focus on our aim is driven by oversight and ownership at Board level. More detail of the Board's role and our governance structure can be found in the Governance section on page 7.

Our aim is to ensure we limit any negative impact on the environment and protect the natural resources we rely on, creating long-term sustainability for the business. We have adopted new technologies, materials and processes that ensure we maximise our use of sustainable resources.

Additional environmental initiatives

Energy usage

We monitor and track our usage of electricity, gas and water across our manufacturing, warehouse and administrative sites and make efforts, where possible, to reduce our usage.

The Group is committed to year-on-year improvements in our operational energy efficiency. A register of energy efficiency measures has been compiled and will be implemented within five years.

- Solar PV installation to the roofs of the Cartago, Costa Rica and Bury St Edmunds, UK sites has been implemented and commissioned in Q1 2022.
- 11 high-efficiency air compressors were installed at the Feltre, Italy site, resulting in a 20% energy reduction.
- Power supply contracts at the Feltre, Ashby-de-la-Zouch and Byfleet sites have been moved to REGO backed suppliers guaranteeing energy from renewable sources.
- The Byfleet site has installed insulation in the roof void to reduce the gas usage requirements associated with space heating.
- Business travel in 2021 and early 2022 is still considerably lower than pre-pandemic levels.

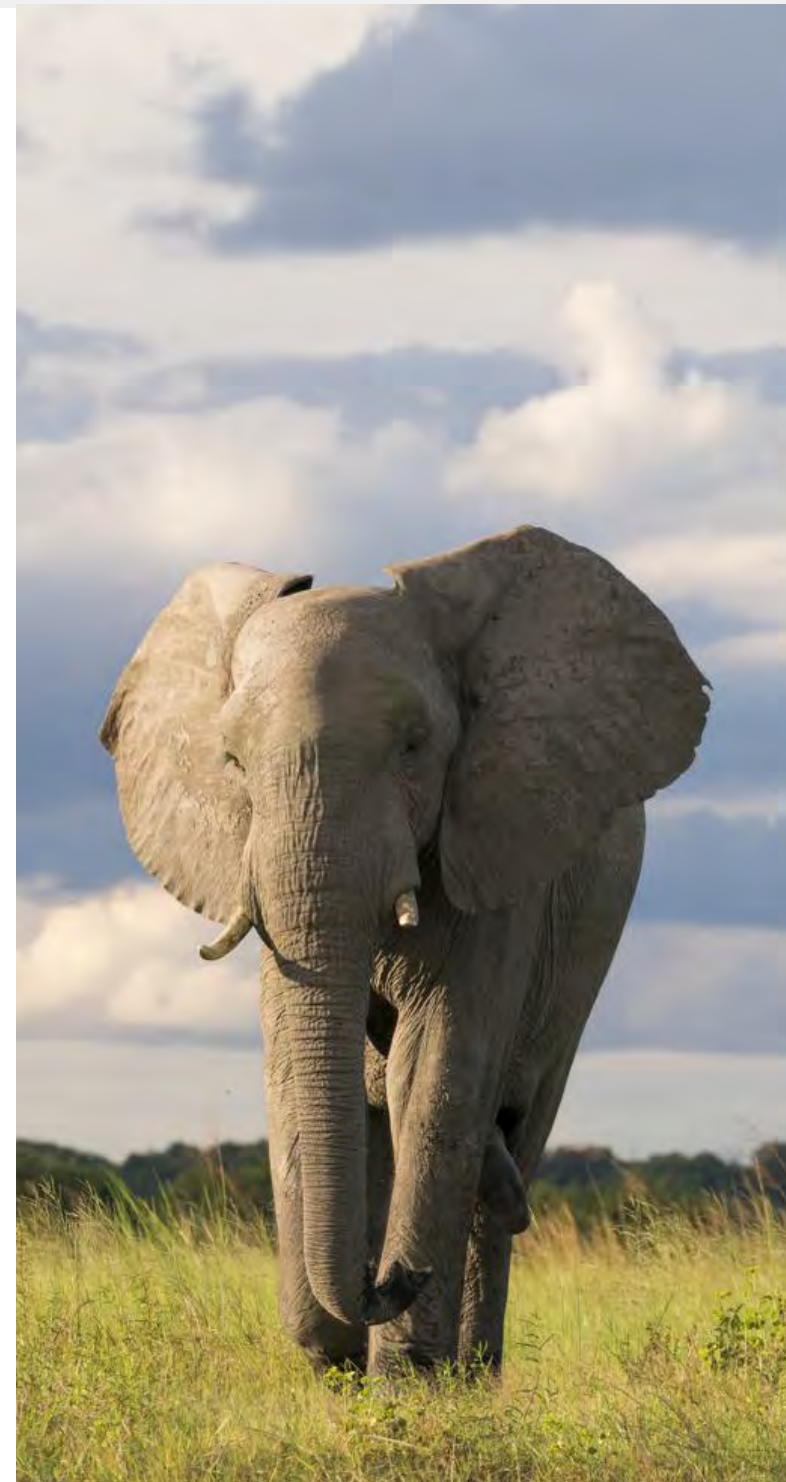


Our progress/continued

Waste reduction

Various initiatives around the Group took place in 2021 to build on our work to reduce the amount of waste created in our operations. Below are a few examples:

- Waste is sorted for recycling at our manufacturing sites across the Group in Italy, the UK, the US and Costa Rica.
- Media Solutions launched the Safe & Green Project which aims to reduce plastic use within the Division.
- All employees across the Media Solutions Division were provided with reusable stainless steel water bottles to eradicate the need for plastic water bottles. Still or sparkling water is available from dispensers in all break areas.
- Disposable plastic coffee cups were replaced with tetra pack ones at Media Solutions sites, and all stirrers are now wooden. With this initiative the Division estimates that they will eliminate 1,500kg of plastic waste per year from their Italian sites alone. The aim of this initiative is also to encourage employees to start adopting sustainable behaviours in their everyday lives.
- The printers at our Italian facilities are automatically programmed to print in black and white and double-sided to reduce costs, waste and emissions.
- Production Solutions continue to partner with Call2Recycle to recycle batteries at the site as well as for existing US customers.
- Production Solutions has adopted DocuSign to reduce its impact on the environment by enabling employees to electronically sign documents reducing the need for printing.
- Production Solutions reuses packaging boxes and bubble wrap to ship between sites to reduce waste generated. Our Bury St Edmunds, UK, and Cartago, Costa Rica, sites are both certificated to ISO14001 environmental management systems. The management system audit helps in building a framework to manage environmental impacts and assist in meeting legal compliance.
- In our Creative Solutions Ra'anana office in Israel, colleagues have embraced a Green Revolution, whereby they aim to stop using disposable tools in order to reduce unnecessary waste.
- Our Media Solutions Division is leading the work in sustainable packaging by replacing product boxes with recycled and FSC compliant paper, designing packaging to be used as part of the product and reducing the volume of products and utilising reusable packaging.



Appendix - Methodology

Scope 1 and 2 greenhouse gas emissions have been calculated according to the 2019 UK Government environmental reporting guidance. Consistent with the guidance, the following emissions factors – using the kWh gross calorific value (CV) where applicable, and CO₂ equivalent conversion factors – were applied.

Scope 3 emissions have been calculated based on the guidance in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Standard.

Scope 1 Emissions are direct emissions from our own operations e.g. fuel combustion.

Scope 1 fuel consumption - natural gas, transport fuel and other fuels - are converted to CO₂e figures using conversion factors published by BEIS/DEFRA in June 2020. These factors are also used for converting UK and global data into kWh.

- To convert natural gas consumption in the UK, US, and Australia, to tCO₂e (Scope 1 emissions) the UK Department for Business, Energy & Industrial Strategy's ("BEIS") "Greenhouse gas reporting: conversion factors 2021" database was used.
- Transport related emissions from fuel combustion in Company cars (Scope 1 emissions) and grey fleet vehicles (Scope 3 emissions) in the UK, US, Australia and New Zealand were calculated using the BEIS "Greenhouse gas reporting: conversion factors 2021" database.

Appendix/continued

Scope 2 Emissions are indirect emissions generated from purchased electricity.

Scope 2 emissions are calculated based on both the "location" and "market" methods outlined in the GHG Protocol.

Location-based methodology

Methodology to calculate Scope 2 emissions using the average electricity grid emission conversion factor of a region.

For all UK facilities we use the BEIS/DEFRA 2020 conversion factors. For all non-USA facilities we use national carbon conversion factors for grid purchased electricity from a variety of published sources; including national grid suppliers and government agencies (see table on next page).

For USA sources we use the latest regional intensity factors available from the Environmental Protection Agency's Emissions & Generation Resource Integrated Database (eGrid).

Emissions associated with the use of purchased electricity (Scope 2 emissions) were calculated using country-specific electricity emissions factors as per the sources in the table on the next page.

Market-based methodology

Methodology to calculate Scope 2 emissions using electricity conversion factors specific to the contractual instruments in place for procured electricity. In order to select conversion factors for market-based reporting, the following hierarchy of choice is implemented:

1. Electricity conversion factors as provided on an energy agreement contract.
2. Supplier specific electricity conversion factors as per the supplier's fuel mix disclosure.
3. Emission conversion factors derived from published residual mix emissions factors (please see below for definition of residual mix).
4. If none of the above can be sourced, default to the location-based emissions factor.

A market-based approach is only applied to Scope 2 emissions, as per the existing GHG protocol guidance. Scope 1 and Scope 3 emissions therefore remain the same for both the location-based and market-based reporting.

Residual mix

The proportion of electricity remaining in the grid once certified/tracked renewable electricity has been removed. It is used in a market-based approach where brown energy is purchased or if the contractual instrument is unknown. This is so that the reporting company does not account for renewable energy that other consumers have already claimed.

Appendix/continued

Country	Source used	Country	Source used
Australia	Australia National GHG Accounts 2021	Italy	European Environmental Agency 2021
China	IGES 2021	Japan	Bureau of Environment - Tokyo Met Government
Costa Rica	IRENA 2019	New Zealand	Default to BEIS 2021
France	European Environmental Agency 2021	Singapore	IGES 2021
Germany	European Environmental Agency 2021	UK	BEIS 2021
Hong Kong	Hong Kong Electric	Ukraine	Default to BEIS 2021
India	IGES 2021	USA	EPA 2021
Israel	Default to BEIS 2021		

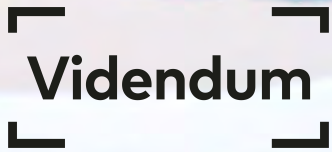
Scope 3 Emissions are all the indirect emissions (excluded in Scopes 1 and 2) that occur in our value chain.

For all Videndum sites, applicable Scope 3 categories were identified based on an operational control boundary. Scope 3 emissions for applicable categories were calculated following methodologies outlined in the GHG Protocol "Technical Guidance for Calculating Scope 3 Emissions", with further guidance taken from the GHG Protocol's detailed methodology chapters for each applicable Scope 3 category.

For UK sites, the majority of conversion factors were sourced from UK Government GHG Conversion Factors for Company Reporting, v1.0 2020. Where a spend-based approach was used, as per the GHG Protocol guidance, conversion factors were taken from the University of Leeds and Department for Environment, Food and Rural Affairs' "UK Footprint Results (1990 – 2018)" study or the Department for Environment, Food and Rural Affairs' "Indirect emissions for the supply chain" database. Scope 3 emissions include Well to Tank and T&D losses.

For international sites, country specific emissions factor databases were used where available. For example, for US sites, 2020 specific emissions factors were taken from the EPA GHG Emission Factors Hub and spend based emission factors were sourced from a Quantis database.

Country-specific 2020 electricity emissions factors were used to estimate emissions associated with Categories 11: Use of Sold Products and 13: Downstream Leased Assets. These factors were taken from the sources outlined in the table above.



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