

Task Force on Climate-Related Financial Disclosures Report 2022



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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 second Task Force on Climate-related Financial Disclosures (“TCFD”) Report. This report builds on our existing responsible business programme and first year of TCFD progress. In 2021, we determined climate change as a principal risk and uncertainty, of which more details can be found in our Annual Report on pages 44 to 49. Throughout 2022, we have enhanced many sustainable processes across the Group. We have conducted 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.

We have worked closely with an independent, specialist consultancy to rigorously assess the impact of climate change on the business.

In 2022 we have:

- Worked to align our Scope 3 reporting to our financial reporting period, calculating both our full 2021 and 2022 carbon balance sheets.
- Developed our long-term and near-term carbon reduction targets, in line with the Science-Based Targets Initiative (“SBTi”) best guidance. Our transition plan can be found on page 7.
- Widened our climate scenarios analysis to consider the vulnerability of our supply chain and key supplier routes to climate change in our risk assessment process.
- Established dedicated ESG coordinators and an ESG working group, which are responsible for the management of climate-related risks and opportunities.



About TCFD

We understand that climate change presents potential risks, which may impact the longevity and success of our business. Also, we are 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. In 2022, Videndum reported in line with the FCA Listing Rule 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures.

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.

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 2022, we continued to develop our TCFD reporting, as we further embedded the recommendations and latest guidance into our existing processes. We aim to continuously improve our TCFD reporting over time, as guidance evolves and our responsible business programme progresses.

We have an internal climate risk framework, details of which can be found in the Risk Management section on page 28. We identified ten risks and four opportunities, and have detailed their associated impacts in the Strategy section of this report on page 16. 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 11. 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 1,900 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, prompters, 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.



Statement from Stephen Bird, Group Chief Executive



"Videndum has a clear purpose and strategy, and a strong belief in doing business the right way."

These behaviours are well embedded within the organisation and are closely monitored by the Board. Throughout 2022, we enhanced our approach to sustainability and our climate disclosures, focusing on the end-to-end supply chain as well as direct operations.

We are proud to present our second 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 2022, 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. Throughout 2022, we strengthened our relationship with our independent, specialist ESG company, Inspired ESG, working to enhance our ESG strategy, to improve our data collection in order to comprehensively, clearly and consistently report our progress and credentials. We continue to make progress on the challenging programme, to enable the Group to achieve carbon neutrality by 2025, 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 again 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
Group Chief Executive

Videndum's transition plan – a roadmap to net zero

Scope	Area	Short-term (to 2025)				Medium-term (2025-2035)			Long-term (2035-2050)	
		2022	2023	2024	2025	2027	2030	2035	2045	
Scope 1 and 2	Near-term target	Ensure that 100% of Group operations capture and report on CO ₂ emissions.		25% reduction	Carbon neutral	35% reduction	50% reduction	90% reduction		
	Key actions	Improve energy efficiency of electricity and gas – Measurable actions have been identified to further reduce emissions for Scope 1 and 2. This includes: further solar panel projects (Feltre, Italy and Ashby, UK); increased LED lighting coverage; investment in more energy-efficient machinery; and continued conversion of Company cars to electric as and when leases expire.								
	Electricity	Solar panel installation to the roof of Cartago, Costa Rica and Bury St Edmunds, UK. 100% completion of compressed air leak detection and repairs and heating and air conditioning controls in Feltre, Italy.	Energy metering and circuit level monitoring. LED lighting upgrade in Feltre, Italy, and Ashby, UK. Implementation of LED Lighting in Savage. Conduct environmental survey in respect of key US sites. Carbon fibre upgrade and other investment in more modern and energy efficient machinery.	Installation of solar panels at Feltre, Italy and Ashby, UK (reducing approximately 750tCO ₂ e per annum).	Reduction in size of property portfolio (under-utilised sites) will reduce annual emissions by 500tCO ₂ e per annum.	Introduce energy efficiency measures across our US sites following energy site surveys (reducing approximately 500tCO ₂ e per annum).	Continue to implement the more complex/expensive site survey recommendations to ensure further reductions.	All site survey recommendations implemented and residual Scope 2 emissions that cannot be eliminated are offset using 'carbon removal offsets'.		
	Gas	Leverage solar panel installation to install electric systems thereby substituting natural gas for heating purposes at our Feltre, Italy, and Ashby UK site (reducing approx. 800tCO ₂ e).			All company cars will be substituted to electric or hybrid by 2025 (thereby reducing approximately 150tCO ₂ e).	Begin to implement site survey recommendations to improve efficiency of gas consumption.	Continue to implement the more complex/expensive site survey recommendations to ensure year on year reductions.	All site survey recommendations implemented and residual Scope 1 emissions that cannot be eliminated are offset using 'carbon removal offsets'.		
	Carbon neutral target	Reduce Scope 1 and 2 emissions as much as possible.			From 2025, we will annually purchase offsets to be carbon neutral until we reach our Scope 1 and 2 net zero target in 2035. At the end of 2025, we expect that circa 1,600tCO ₂ e i.e. the remaining emissions, will be offset using quality offset programmes available including afforestation/reforestation, or carbon removal woodland projects. We are also investigating tree planting opportunities on land owned by the Group.					
	Net zero target	Net zero by 2035								
	Scope 3	Near-term target	Ensure that 100% of Group operations capture and report on CO ₂ emissions.	50% reduction in business air travel	-	-	-	-		90% reduction
Key actions		Implement measures to reduce Scope 3 emissions from supply chain, transportation of goods and employee commute. This includes: <ul style="list-style-type: none"> Conduct Product Life Cycle Assessments ("PLCA") (cradle to grave) for five of the top-emitting products we sell by 2025. Work with our top five biggest suppliers by revenue to request supplier-specific data on products by 2025. We conducted an all-employee commute survey in 2022 								
Net zero target		Net zero by 2045								

Videndum's transition plan — a roadmap to net zero continued

In 2022, we worked to develop our transition plan and a strategy to support us on our journey to net zero for Scope 1 and 2 by 2035 and Scope 3 by 2045. We analysed and improved the data for Scopes 1, 2 and 3 in accordance with the Greenhouse Gas ("GHG") Protocol. Further details can be found on page 32 to 35. The transition plan on page 7 outlines our interim targets and the necessary steps we plan to take to meet our long-term targets.

We are working to be carbon neutral on our operational emissions by 2025. We will work to reduce our Scope 1 and 2 emissions as far as possible before this target date. From 2025, we will annually purchase offsets, to be carbon neutral, until we reach our Scope 1 and 2 net zero target in

2035. On page 33, we have outlined our energy efficiency measures for the next five years, to begin decarbonising our Scope 1 and 2 emissions. Videndum committed to having near-term and long-term net zero emission reduction targets validated by the SBTi in 2022, demonstrating our commitment to the UK's Nationally Determined Contribution ("NDC") under the Paris Agreement 2015 to limit global warming to 1.5°C. We are currently in the process of reviewing our targets, to align with the latest SBTi criteria. We have rebaselined our proposed Scope 1, 2 and 3 SBTi targets on 2021 data. We plan to submit them for review in 2023 for validation by the SBTi.





Governance

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

Climate 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 outlines our values and the behaviour expected from Videndum, our people and our supply chain. Climate governance has been integrated into our existing processes. 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 levels.

Board-level oversight

The Videndum Board have at least six scheduled meetings a year, and is responsible for overseeing and approving major decisions regarding business strategy and financial planning. In 2022, the Board met nine times. Regarding its role, 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.

The Board considers climate change in long-term financial planning and are committed to enhancing our position as a sustainable business. This is demonstrated through our recent areas of capital allocation for energy generation (for example, solar panel installation to the roof of the Cartago site, Costa Rica and Bury St Edmunds, UK), which was implemented and commissioned in Q1 2022. The Board has signed off on other onsite energy efficiency technology across the Group, as well as research and development into improving our sustainable products. We work closely with our independent, specialist ESG company, Inspired ESG, to assess the potential climate-related risks for the short, medium and long-term across all sites and selected supply chain operations. To support the Board with their

role and responsibility, ESG and TCFD training sessions were provided for all members in 2022. These sessions were facilitated by Inspired ESG. It covered educational background on climate change as well as associated risks and opportunities specific to Videndum. This session included an overview discussion of progress in reducing emissions from 2019 and an evaluation of the business's current position on net zero targets to inform decision-making. Updates on the impact of climate related risks and opportunities on Videndum's operations are presented to Board members at least once a year. The roles and responsibilities of each Board member are outlined on page 11.

The Board have set several ambitious targets to manage climate-related risks and reduce our impact on the environment. For example, committing to net zero for Scope 1 and 2 by 2035 and net zero for Scope 3 by 2045. We continued to work on achieving these targets in 2022. Our transition plan and roadmap to net zero can be found on page 7.

Following the growing importance of sustainability and climate change amongst our stakeholders, the Board established a cross-Divisional Environmental, Social and Governance ("ESG") Committee in early 2021. During 2022, the Committee has continued to develop its processes and achieve a coordinated ESG approach across Divisions.

The Committee reviews Divisional progress and provides updates to the Board at least twice a year on Videndum's management of climate-related risks and opportunities. More information on the ESG Committee can be found on page 13.

The Board of Directors

The following table provides an overview of the Board of Directors and their responsibilities in relation to climate change. More information can be found in the 2022 Annual Report.

Director	Responsibility
 <p>Ian McHoul - Chairman; Chairman of the Nominations Committee 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 - 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>Andrea Rigamonti – Group Chief Financial Officer Appointed in 2022</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>Caroline Thomson – Independent Non-Executive Director; Chair of the Remuneration Committee, Responsible for Employee Engagement Appointed in 2015 Committee Membership: Audit, Nominations, Remuneration (Chair)</p>	<ul style="list-style-type: none"> As Chair of the Remuneration Committee, leads the work of the Committee in connection with Directors' remuneration with climate-related issues.
 <p>Dr Erika Schraner – Independent Non-Executive Director; Chair of the Audit Committee Appointed in 2022 Committee Membership: Audit (Chair), Nominations, Remuneration</p>	<ul style="list-style-type: none"> As Chair of the Audit Committee, oversees the financial reporting and risk management for the Group, including TCFD and climate change risk.
 <p>Richard Tyson– Independent Non-Executive Director; Senior Independent Director Appointed in 2018 Committee Membership: Audit, Nominations, Remuneration</p>	<ul style="list-style-type: none"> Provides constructive challenge and advice to the Executive Directors, assisting in the 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>Teté Soto – Independent Non-Executive Director Appointed in 2022 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. It 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. The Group Risk Assurance Manager provides updates on TCFD to the Audit Committee at least once a year. External auditors provide an overview of climate change regulatory requirements to the Audit Committee. 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 20 to 24.

Videndum's governance framework for ESG

The Videndum Board

Executive Responsibility
Group Chief Executive Stephen Bird

The appropriate Board Committees handle oversight for certain sustainability topics

Nominations Committee

Chaired by Ian McHoul

Membership:
Chairman, Group Chief Executive
and the independent Non-Executive
Directors

Ensures there is the required expertise
on the Board, including the background
and skills to grow sustainably

Audit Committee

Chaired by Dr Erika Schraner

Membership:
The independent Non-Executive
Directors

Oversees the risk management and
control systems, including climate-
related risks and opportunities

Remuneration Committee

Chaired by Caroline Thomson

Membership:
The independent Non-Executive
Directors

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 Chief
Financial Officer, 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

How we govern continued

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 Group Company Secretary and HR Director, Group Communications Director, Group Chief Financial Officer, Group Risk Assurance Manager and Divisional Management. The ESG Committee met five times during 2022 to review Divisional progress against our targets. Divisional management updated the Committee on action against the seven key pillars (health and safety; carbon reduction; packaging and waste; diversity and inclusion; sustainable products; supply chain integrity; and impacting communities).

Each Division has developed site plans to reduce our Scope 1 and 2 emissions to support us on our journey to net zero for Scope 1 and 2 by 2035. Divisional management provides updates to the Committee on the impact of climate change. In 2022, updates were provided on transition risks, such as emerging regulation, supply chain disruption and costs, sustainable products, and lower emissions technology. Updates on physical risks throughout the year included storms, heatwaves and flooding on an event basis.

The ESG Committee made considerable progress during 2022, including launching an ESG Supplier Questionnaire and an Employee Commuting Survey. This has led to improved data collection for employee commuting and initial engagement on carbon reduction data associated

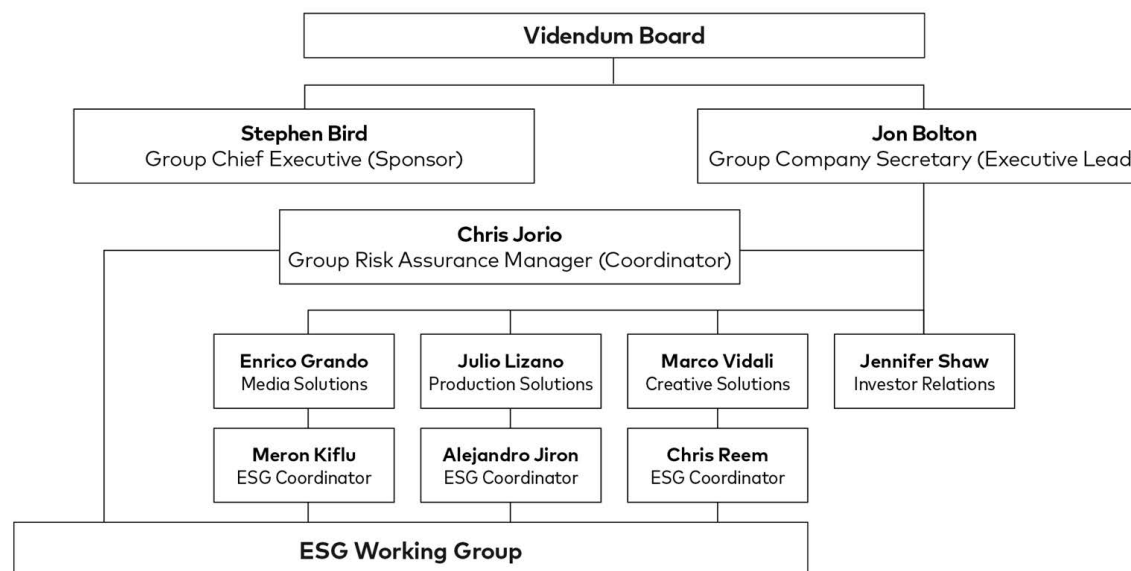
with supplier operations. In 2023, the ESG Committee aims to continue improving the formalisation of internal ESG data collection (waste and water management). Key focus areas moving forward include developing a more consistent framework for product sustainability across the business, widening the scope of supplier engagement, and kickstarting downstream customer engagement processes.

The ESG Committee was responsible for the development of this TCFD 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 ESG Committee updates the Board at least twice a year on Videndum’s management of climate-related risks and opportunities.

2022 progress

- Further embedding of climate-related risks and opportunities within our financial, operational, technological and wider ESG performance using scenario analysis.
- Expanded attendance at Divisional climate-risk discussions to include management across the business, such as supply chain and procurement, site management, risk and finance.
- Supported the calculation of the Group’s full Carbon Balance Sheet for 2021 and 2022.
- Developed an ESG Working Group, with dedicated ESG resources in each Division (further information can be found on page 15).
- Engaged with the top seven largest suppliers, based on spend across the Group (representing 13% of our supplier spend), to inform our climate risk assessment and Scope 3 carbon analysis.

Videndum’s ESG Committee structure



Executive responsibility

Executive responsibility for climate issues is held by the Group Chief Executive, Stephen Bird, as the ESG sponsor. 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, Group Communicator Director and Group Chief Financial Officer work with third-party experts. They 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 provides updates on climate-related issues to Group operations.

Aligning remuneration

A percentage of the Group Chief Executive's remuneration is tied to the Group's climate action and wider ESG performance, including the progress made towards net zero targets. Senior employees are assigned specific individual performance objectives related to ESG. We aim to develop these further. More details can be found in the Directors' Remuneration Report in the Annual Report on pages 122 to 158.

The following table shows Videndum's executive roles and responsibilities in relation to climate change.

Role	Climate-related risks responsibility
Group Chief Executive	<ul style="list-style-type: none"> Responsible for Group climate policy and action. Oversees reputation and regulations around climate-related matters.
Group Chief Financial Officer	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Responsible for supporting the Group's reputation and regulations around climate-related matters. Delegated responsibility from the Group Chief Executive for overseeing day-to-day climate related actions and reporting.
Divisional CEOs	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Responsible for managing local climate change regulation and taxes affecting operations, for example, Plastic Tax to be introduced in 2023 in France and UK. Responsible for financial impact of increased cost of energy and materials. Also, the 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. Oversees Divisional ESG Coordinators and their progress to drive ESG initiatives in coordination with other Divisions.

Managing climate change

The responsibility for managing climate-related risks is delegated to senior management throughout the Group. 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 on 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 the 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.

We recognise the importance of climate change and sustainability as a whole to represent this importance we have invested in dedicated internal resources for this area and established ESG Coordinators across all of our Divisions. These ESG Coordinators report to respective senior Divisional management and are responsible for progress against our Group ESG targets. Each Division has established its own ESG team, which is led by the ESG Coordinator 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.

ESG Working Group

To ensure our ESG strategy develops holistically, we have created an ESG Working Group. The formation of an inter-Divisional ESG Working Group in early 2022, comprised of the Divisional ESG Coordinators and the Group Risk Assurance Manager, which increased lines of communication and collaboration across all parts of the business. The ESG Working Group meets bi-weekly

to provide regular updates and feedback, allowing for a collective and holistic approach to achieving our ESG and net zero targets.

Several Divisional climate risk management workshops were held in 2022 to identify and assess our climate-related risks and opportunities. This year we developed our climate analysis across our operations and supply chain. These sessions were attended by Inspired ESG, Divisional ESG Coordinators, Group Risk Assurance Manager, and the relevant operational lead, together with finance representation. The risks are individually reviewed, followed by a discussion of their potential and realised impacts and mitigation strategies.

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 on their expertise. More details on our environmental initiatives can be found on pages 37 to 40 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.

Climate resilient business strategy

It is recommended that organisations disclose the nature and impact of their material climate-related risks and opportunities, as well as 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 a well-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.

This framework considers transition 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 assessed the potential impact of each physical and transition risk across our global operations. A detailed climate scenario analysis was conducted in 2022, reassessing the analysis completed in 2021 on 33 of our operational sites to identify any changes in impact. We then widened our climate scenario analysis to include all newly acquired sites across the Group and our top suppliers' locations and key supplier routes.

The findings of the climate scenario analysis were presented in the Divisional Climate Risk Management Workshops to the Group Risk Assurance Manager, ESG Committee members, supply chain management and site managers to reassess and ensure the classification of the potential climate-related risks and opportunities across Videndum's operations remained appropriate. We have also added new risks, which were assessed and classified suitably, such as in relation to sites added during 2022.

The Group Risk Assurance Manager, together with the Group Chief Financial Officer, 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. Initial risk levels were considered before determining a final risk level based on mitigating measures. The tables on pages 20 to 26 summarise the risks and opportunities which feed into Climate Change being reported as a principal risk. More information on our Principal Risks and Uncertainties can be found in our 2022 Annual Report.

In accordance with the 2018 UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three-year period, taking account of the principal risks and uncertainties outlined in our 2022 Annual Report on pages 44 to 49, which include the climate-related risk. The Directors believe that a three-year period is an appropriate period, which a reasonable expectation of the Group's longer-term viability can be evaluated and is aligned with the Group's business and strategic planning time horizon.

The climate-related risk does not materially impact the Group's longer-term viability assessment. The maximum annuity impact of climate change, based on the impact ranges below, was factored into the long-term financial modelling for the Group's cash generating units ("CGUs"). There is no material impact on the available headroom. Any impact assessed in respect of 2023, is already incorporated in the budget, such as in relation to additional headcount/consultancy costs.

Climate scenario analysis

Consistent with the TCFD recommendations, we consider a range of scenarios to assess the impact of climate change on Videndum. 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 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").

The following table outlines the time horizons used to identify when a risk or opportunity will have the most significant impact on the business.

Time horizons	
Short-term up to 2025	Aligns to the viability statement 3 year lookout period, and is also consistent with the Group's first major milestone which will be the achievement of Carbon neutrality by the end of 2025.
Medium-term 2025-2035	Is consistent with the Group's net zero target by 2035.
Long-term 2035-2050	Is consistent with the UK Government net zero pledge by 2050. Videndum long-term goal is to become net zero by 2045.

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 conducted 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. The following table provides detail of Videndum's climate scenarios.

Scenarios warming pathways	
<p>Below 2°C Scenario: Organisations begin to align more closely with the Paris Agreement and Science Based Targets initiative (1.5°C), for an orderly and coordinated transition to a low-carbon economy.</p>	<p>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 achieve 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.</p>
<p>Between 2-3°C Scenario: Businesses respond to patchwork policies, with intermittent action, aligning with current forecasts.</p>	<p>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.</p>
<p>Above 3°C Scenario: Bank of England models a recession; minimal climate action and global emissions rise unchecked.</p>	<p>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.</p>

Analysis outcome

We identified ten climate-related risks and four opportunities that will impact the Group. The transition risks were analysed at Group level and the physical risks by location, which were then consolidated at the Group level. The tables on pages 20 to 26 summarise the risks and opportunities to the Group, which together form the classification of our climate change principal risk and uncertainty. Although climate change is a principal risk, our analysis has determined that the impact of climate change is low in the short-term.

Cross-industry metrics form the basis of estimating the financial impact of climate-related risks and opportunities on our business. These metrics include GHG emissions, transition and physical risks, climate related opportunities, capital deployment, carbon pricing and remuneration. We have considered all the cross-industry metrics as per TCFD guidance. We will look to continuously develop these metrics as our climate reporting progresses.

Transition risks

Given the nature of our business, transition risks are the most significant to the Group. 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. Increased management time and additional resources are required. 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 GHG 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. We recognise that in order to reduce our carbon emissions as part of our journey to net zero, we must invest in lower emission alternative technology across our operations, as well as the procurement of lower emissions alternative products from suppliers. Demand for these technologies and materials will be reflected in higher costs for the business.

Physical risks

Several risks have been flagged for the future. We plan to monitor and review these risks 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 have expanded our climate scenario analysis to assess the impact on our top suppliers and crucial supplier routes. These results show extreme weather events have a higher potential impact on our supply chain operations, with many suppliers or supply chain routes located across higher risk locations.

Capitalising on opportunities

In 2022, we identified four climate-related opportunities which could contribute to our success as a business. 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, resulting in potential increased revenue for the business. 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.

Lower emission energy projects have been identified as an opportunity for the business; for example, the solar panels at our Bury St Edmunds, UK and Cartago, Costa Rica sites. These projects are already generating a financial return. We are in the process of rolling these projects out to other sites. As we optimise the use of our sites and the rationalisation of our site portfolio, our costs and associated carbon emissions, will likely decrease. Capitalising on these opportunities, will increase our resilience to some transition and physical risks.

Climate-related risks

The table below shows the Group's climate-related transition risks.

Area	Climate-related risk	Scenario	Timeline	Impact	Explanation and mitigation
Policy and legal	Increased reporting requirements pertaining to climate change	Below 2°C Between 2-3°C	Short/ Medium/Long-Term (2022-2050)	Expenditures - Increased operating costs Additional expenditure of between £0.3m-£0.7m per annum. Additional cost for 2023 is factored into the Group's 2023 budget	<p>This impact refers to the additional cost of reporting, management time and additional resources to manage the ESG-related initiatives, including climate change. Videndum is already impacted by existing environmental reporting regulation and recognises that this is likely to increase over time as the world transitions to a decarbonised economy.</p> <p>With this, the costs and resources required to ensure we remain compliant with additional reporting and to coordinate internal processes and management is likely to increase. Increased costs reflect 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.</p> <p>We recognise that regulation will increase as the EU aims to reduce carbon emissions by 55% by 2030. We are reviewing emerging regulation which will impact Videndum and our supply chain, including regulation on battery life cycles. We continuously review emerging regulation over time to understand the impact.</p> <p>We are working with external consultants to help support our PLCA programme. The maximum cost per annum is approximately £0.1m.</p>
	Carbon costs associated with carbon taxes and offsetting to reach our emissions goals	Between 2-3°C	Medium/Long-Term (2025-2050)	Expenditures - Increased direct costs. Additional expenditure of up to £0.6m per annum. Our projections have increased due to the EU Carbon Border Tax, which was recently announced and will apply to certain commodity imports into Italy, from 2026 onwards.	<p>Videndum is not currently subject to carbon tax. However, as the world transitions to a decarbonised economy, a carbon tax may be applied to our sector over time, resulting in increased direct costs. This risk would be of highest impact in the 2-3°C scenario, where carbon costs are projected to peak as governments introduce carbon taxation abruptly. An additional cost of £0.3m per annum 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. This includes projections for any offset cost from 2025 onwards.</p> <p>In addition, the EU Carbon Border Adjustment Mechanism ("CBAM") regulation being introduced in 2026 may result in up to £0.3m per annum cost, due to the import of aluminium in our Media Solutions Division.</p> <p>Videndum is committed to becoming net zero for Scope 1 and 2 emissions by 2035, with an interim reduction target of a 50% reduction by 2030. As we work to meet these targets, our carbon emissions will decrease, reducing the impact of this risk.</p>

Climate-related risks continued

The following table shows the Group's climate-related transition risks.

Area	Climate-related risk	Scenario	Timeline	Impact	Explanation and mitigation
Policy and legal	Mandates on and regulation of existing products and services	Below 2°C Between 2-3°C	Short/ Medium/ Long-Term (2022-2050)	Increased direct costs; at this point the impact is deemed minor (less than £0.1m per annum).	The impact is currently minor based on new/imminent legislation, but this may increase in the future as countries introduce new forms of environmental taxes. We are investigating alternative sustainable packaging options and aim to roll them out throughout our product range. Sustainable packaging prices are likely to be higher than their non-sustainable alternatives, resulting in further costs to the business.
Markets	Increased cost of energy and materials	Below 2°C Between 2-3°C	Short/ Medium-Term (2022-2035)	Expenditures - Increased indirect (operating) costs. Increased operating costs. Net impact not quantified but we expect to be broadly offset by initiatives to manage energy consumption.	Climate change may result in increased energy prices and cost of raw materials. Supply chain disruptions will likely become exacerbated with climate change, along with wider geopolitical events. We aim to procure more sustainable materials, which are likely to be more expensive, resulting in increased operating costs for the business. For example, initial reviews of recycled certified packaging material costs are 5-15% higher than their non-recycled and non-certified counterparts. The impact will be reduced by Videndum's ability to pass incremental input costs onto customers, an increased demand for sustainable products, as well as reduced energy usage through energy efficiency measures and reduced energy consumption. At this point, we are not able to estimate the impact of climate change on cost of energy and materials. The increases we have experienced recently are linked to geopolitical issues and post COVID-19 supply chain issues. Our 2023 financial year Budget, reflects assumptions of increased energy costs and higher inflation, mainly due to the war in Ukraine. At this point, we assess the impact to be neutral based on initiatives to reduce energy consumption. We will seek operational efficiencies and implement cost reduction initiatives. On our journey to net zero by 2035 for Scope 1 and 2, we are reducing the energy usage of our operations by introducing energy efficiency technology and renewable power generation. These measures will likely reduce the impact of rising energy costs.
	Changing consumer preferences and increased sensitivity to ESG	Below 2°C Between 2-3°C	Short/ Medium/ Long-Term (2022-2050)	Revenue - Decreased revenue due to reduced demand for products and services. Financial impact is not quantifiable at this point.	As sustainability grows in importance, our customers may alter their consumer habits, to make more sustainable choices. Although the Group's brands are market-leading, if Videndum does not remain on top of these trends and cater to changing customer preferences, our position in the market may be at risk. This is a significant concern. However, we believe that Videndum is well-positioned, given the development of our ESG Programme and the focus already underway to improve the sustainability of Videndum's products. We are planning to implement PLCA (cradle to grave) methodology and tools across a wider range of products. As part of our R&D efforts, we continue to research environmentally sustainable solutions.

Climate-related risks continued

The following table shows the Group's climate-related transition risks.

Area	Climate-related risk	Scenario	Timeline	Impact	Explanation and mitigation
Reputation	Increased stakeholder concern damaging our reputation	Below 2°C	Short/ Medium-Term (2022-2035)	Capital and Financing – Decreased access to capital.	Videndum's sustainability credentials is a growing interest amongst our stakeholders and this interest is likely to increase. Failing to communicate our ESG strategy and plans to reduce our carbon emissions could result in low investment opportunities and potential damage to our reputation. We minimise the impact on our reputation by monitoring our stakeholder's feedback closely and responding to their concerns. As our ESG strategy is continuously being developed with our stakeholders areas of focus in mind, we do not believe there is any significant risk.
		Between 2-3°C			
		Above 3°C			
Technology	Substitute existing products to lower emissions alternates	Below 2°C	Short/ Medium-Term (2022-2035)	Reallocation of R&D expenditure effort to more sustainable products.	As we aim to develop more sustainable products to remain competitive in a growing market. Costs for materials may increase. We aim to procure more sustainable/recycled materials, which are likely to be more expensive, resulting in increased operating costs for the business. For example, initial reviews of recycled certified packaging material costs are 5-15% higher than their non-recycled and non-certified counter parts.
		Between 2-3°C		The impact is not quantifiable but likely to be a straight reallocation so no net impact.	An increasing proportion of our R&D will be directed to the development of more sustainable products and services. This programme will be further accelerated in 2023 with the expansion of PLCA programmes. The increased capital expenditures associated with this risk will be mitigated by our opportunity to increase revenue from an increase in demand for sustainable products.
	Costs to transition to lower emissions technology	Below 2°C	Short/ Medium-Term (2022-2035)	Capital expenditure expected to increase by £1m to £2m over the next couple of years.	Videndum is committed to becoming net zero by 2035 for Scope 1 and 2. To meet this target, we will have to invest in lower emissions technology across our operations as more innovative technology is developed. We have already invested a significant amount of capex for energy efficiency technology across the Group, including LED lighting and other energy management systems. During 2022, £1m worth of capital expenditure was allocated to the implementation of energy efficiency initiatives.
		Between 2-3°C		Depreciation will be offset by energy savings.	From the results we have seen to date, we believe this is a low risk to the business as the pay back associated with the use of lower emissions energy use (energy efficiency technology and renewable power generation) outweighs the upfront cost of investment. Significant capital expenditure is projected to take place at several sites over the next two years, including but not limited to rollout of solar panels in Feltre, Italy, and Ashby, UK sites, continued investment in LED solutions, upgrade of carbon fibre cell and other more energy efficient machinery. In all these cases, there is a compelling payback. We are planning several site rationalisations, which will help towards progress on achieving net zero target.

Climate-related risks continued

The following table shows the Group's climate-related transition risks.

Area	Climate-related risk	Scenario	Timeline	Impact	Explanation and mitigation
Acute	Extreme weather events	Above 3°C	Medium/Long-Term (2025-2050)	<p>Cost of property and business interruption insurance may increase by up to £0.2m per annum.</p> <p>Other risks of supply chain disruption are difficult to quantify at this point.</p> <p>We may need to increase safety stock, therefore affecting working capital</p>	<p>Increased frequency of natural disasters including flooding, wildfires and heatwaves may impact Videndum's sites, causing severe damage to Property, Plant and Equipment as well as disruptions to logistics and key supply chain operations. We have assessed the value of assets located in high flood risk sites to understand the potential impact on our operations. The majority of our valuable assets are not located in high flood risk areas and are therefore less vulnerable to direct damage from climate change. Following a rigorous assessment, we have determined that most of Videndum's sites are currently rated as low risk from a climate change perspective. Our key sites are built to robust standards often to withstand seismic pressure and climate threats. Nonetheless, we recognise the risk of damage to property and surrounding infrastructure increases with time under the >3°C scenario. We mitigate this risk through additional site mitigation measures (for example, improved drainage systems), business continuity plans, global insurance for property damage and business interruption, covering loss of earnings.</p> <p>Extreme weather events have a higher potential impact on our supply chain operations, with many suppliers or supply chain routes located across higher risk locations. Asia has the potential to be most significantly impacted region in the near term. Combined with geopolitical issues, this may lead the Group to reduce its overall dependence on that region from a sourcing point of view, or to increase its stock holdings.</p> <p>Our suppliers may be impacted by increasing frequency and intensity of weather events, such as typhoons. This may delay the shipment of components, which could jeopardize the fulfilment of large orders or lead them to be cancelled.</p> <p>Where possible, we diversify our supplier base and source away from countries with higher risk from a climate change perspective. For example, we have in-sourced some of the production relating to JOBY. Our business is less reliant on the camera industry, which had been severely impacted by natural disasters in the Far East.</p>

Climate-related risks continued

The following table shows the Group's climate-related transition risks.

Area	Climate-related risk	Scenario	Timeline	Impact	Explanation and mitigation
Acute (cont')					<p>Climate change is expected to result in an overall increase in insurance premiums due to increased frequency of natural disasters. We factor an increase in property and business interruption cost of £0.2m per annum. Extreme weather events may result in higher working capital due to increased buffer stock needs and disruption to logistics, as we are no longer able to rely on just-in-time operations. Mitigation efforts remain following the COVID-19 pandemic, such as safety stock, increased lead times and enhanced supplier communication. These can help to reduce the impact of this risk. Our supplier engagement questionnaire launched in 2022 has initiated a discussion around climate change risk and mitigation plans, which we will develop over time.</p> <p>We will monitor the risk rating of each site on an annual basis, where necessary, considering the options to relocate operations.</p>
Chronic	Long-term shifts in climate patterns	Above 3°C	Long-Term (2035-2050)	<p>Expenditures – Increased direct and indirect costs.</p> <p>No quantified impact.</p>	<p>Long-term shifts in climate patterns such as rising mean temperatures, sea level rise and water stress may result in increased costs for the business.</p> <p>Increased rising mean temperatures may cause a higher demand for cooling to maintain optimum temperatures for our staff and products, resulting in higher energy costs. Increased energy usage in summer months will obstruct our progress in reaching our targets to be net zero for Scope 1 and 2 by 2035.</p> <p>There may be an impact on productivity, for example, having to arrange break times, or health and safety concerns. Possible loss of efficiency and changes to work patterns assessed during the recent heatwaves in 2022 were estimated to have cost the business less than £20,000.</p> <p>While we are not a big user of water in our production processes, our supply chain relies on water as a resource for their operations. Sites in an area of high-extremely high-water stress may impact the ability to conduct day-to-day activities as fresh water becomes less available.</p> <p>Rising sea levels may result in damage to ports along key supply chain routes, resulting in delays and increased costs for the business. In the longer term, some sites may no longer be viable or so inhospitable that workforce cannot be attracted. This is a Group wide risk. However, certain regions will be more impacted, for example, Phoenix, Arizona, USA with significant rising mean temperatures.</p>

Climate-related opportunities

The following table shows the Group's climate-related opportunities.

Area	Climate-related opportunity	Timeline	Impact	Explanation and management
Energy resources	Use of lower-emission sources of energy	Short/Medium-Term (2022-2035)	Reduction in operating expenses because of increased efficiency (for example, energy costs). Moderate benefit >£0.25m per annum.	Use of lower emission technology such as LED lighting, Building Energy Management Systems and solar panels improves energy efficiency and reduces energy usage. Therefore, this will reduce energy costs over time. The payback associated with the use of lower emissions energy (energy efficiency technology and renewable power generation) outweighs the upfront cost of investment. Projects are already generating a financial return. For example, the solar panels installed in Bury St Edmunds, UK have a payback period of less than five years, including tax incentives, as well as generating additional revenue through exported energy of around £50,000 per annum. Ongoing energy efficiency projects in Media Solutions, including LED lighting, heater controls and compressed air leak repairs, will save £90,000 per annum with an estimated reduction of 110 tCO ₂ e.
Resource efficiency	Dispose of under-utilised sites through improved management of property portfolio.	Short/Medium/Long-Term (2022-2050)	Reduced indirect (operating) costs. Major benefit >£1m per annum.	One of our strategies for reducing emissions is to optimise the use of our sites and the rationalisation of our site portfolio. For example, we plan to lease and relocate employees into smaller properties, where there is unutilised space. In 2022, the Chatsworth, US site was closed and employees were relocated to a nearby existing facility which resulted in savings of £0.3m per annum. This will lead to a net reduction of an estimated 49.5 tCO ₂ e per annum. Due to the relatively high number of sites, this is a significant opportunity for the business. This strategy will ultimately result in a substantial cost saving, which is currently unquantified but likely to be greater than £1m per annum.
	Use of more efficient production and distribution processes	Short/Medium-Term (2022-2035)	Reduced indirect (operating) costs. Major benefit >£1m per annum.	Where possible, we diversify our supplier base and source away from countries with higher risk from a climate change perspective. For example, we have in-sourced some of the production relating to JOBY. Our business is less reliant on the camera industry, which had been severely impacted by natural disasters in the Far East. This is beneficial from an ESG standpoint as it increases the utilisation of Videndum sites that have sound environmental credentials (Feltre, Italy and Cartago, Costa Rica) and reduces emissions relating to transport. This is financially beneficial due to a greater proportion of margin remaining within the Group. While the impact is unquantified, it is likely to be greater than £1m per annum as there are several insourcing opportunities (such as prompters, batteries, LED Lights, etc.).

Climate-related opportunities continued

The following table shows the Group's climate-related opportunities.

Area	Climate-related opportunity	Timeline	Impact	Explanation and management
Products and services	Development of new products or services through R&D and innovation	Short/Medium-Term (2022-2035)	<p>Increased revenues resulting from increased demand for products and services.</p> <p>Benefit not quantified at this point but likely to be major.</p>	<p>As sustainability grows in importance, there will be an increased demand for sustainable products. We believe that Videndum is well-positioned to capitalise on this opportunity, given the development of our ESG Programme and the focus already underway to improve the sustainability of our products.</p> <p>As we enhance the sustainability of our products, our Creative Solutions Division is exploring service and repair activity for our customers. This revenue stream for Creative Solutions remains extremely small. However, as pressure grows for products to be more durable, there is an opportunity to increase this revenue stream.</p> <p>The development of sustainable packaging in our Media Solutions Division is predicted to result in significant cost savings. Savings of around £0.2m per annum may be generated from using monocolours, reducing and simplifying packaging.</p>



Risk Management

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

Climate 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.

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, of which the Board has ultimate responsibility. We have embedded the TCFD recommendations within our risk management process. The transition and physical risks frame the problem of climate change. Climate scenarios contextualise the potential impacts over time on our operations.

During 2022, we worked on our climate risk management process to improve the identification, evaluation and management of potential risks and opportunities associated with climate change to our operations. Our climate risk management process follows four interconnected steps:

Step 1: identifying risks

Potential climate-related risks and opportunities facing Videndum were identified in 2021, during our first round of TCFD reporting, through research, stakeholder engagement and risk workshops.

During 2022, we repeated this process on existing climate risks to determine whether they were still relevant to Videndum, or if there are any new risks or opportunities. 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. To enhance our process, we worked to identify the risks and opportunities at new sites acquired during the current financial year and across our top suppliers. In total, ten climate-related risks and four opportunities were identified in 2022.

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. The financial impact of risks was assessed and considered where possible. The assessment concluded that most of Videndum's 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 second year assessment process, more granular analysis of physical risks highlighted the most vulnerable sites across our estate, as well as their potential impacts on the Group's operations. Building upon our previous year of analysis, our risk assessment process now considers the vulnerability of our supply chain and key supplier routes to climate change. For seven of our top suppliers, climate scenario analyses was conducted to model the potential impacts of climate change in regions where our suppliers operate, for example, in China and Thailand. Examples of modelled risks for our suppliers include sea level rise and rising mean temperatures, which allows us to forecast potential disruption to our supply chain.

Step 3: appraising risks

We continue to appraise our risk management options, ensuring that the response remains relevant and most effective. In 2022, we assessed the quality of existing risk mitigation options and – where necessary – investigated potential options to manage the impact of risks and opportunities at new sites and within our supply chain. We recognise that all good decisions rely on the effective analysis of alternate options. This involves identifying and considering a range of risk management strategies,

Climate risk management continued

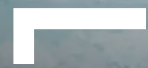
as climate change presents many challenges. A risk management response was agreed depending on how it helped build our resilience to the climate-related issue. The effectiveness of the risk management option will be reviewed annually by management and the Group Risk Assurance Manager.

Step 4: addressing risks

Finally, we addressed each risk and opportunity. Controls were implemented to prevent, reduce or mitigate downside risks, or increase the likelihood of opportunities. In 2022, mitigation actions remained in place from the previous financial year. Following an assessment of their progress, additional measures have been introduced at new sites and through our relationships with our suppliers. We recognise that residual risks will remain and we will communicate this across the business as appropriate. At a minimum, our management teams review risk exposures against business

risk level tolerances annually. Our management teams and Group Risk Assurance Manager will annually review climate-risk exposure against business risk level tolerances. More information on how we manage and mitigate our climate-related risks and opportunities can be found in pages 20 to 26.





Metrics and Targets

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

Metrics and Targets

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

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 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 climate-related impacts. These metrics consist of Videndum's GHG inventory, including the Group's Scope 1, 2 and 3 carbon emissions. Our emissions reduction pathway is aligned with the Paris Agreement 1.5°C warming scenario.

Since 2018, we have been measuring and reporting on our energy usage, associated emissions, energy efficiency action and energy performance for the Group, under the UK government's policy on Streamlined Energy and Carbon Reporting ("SECR"). Our 2022 SECR Report can be found in our 2022 Annual Report. We monitor and track our usage of electricity, gas and water across our manufacturing, warehouse and administrative sites. Where possible we aim to reduce our usage.

We have set several ambitious targets to manage the climate-related risks described above (see page 37) and to 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 (see page 38) 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 39 to 40. In 2022, we measured and monitored severe weather events across our sites. We aim to repeat this process annually.



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 GHG Protocol as the basis of the calculations for our Scope 1, 2 and 3 emissions. Our 2022 Scope 1 and 2 emissions represent 2% of our total Group emissions, with our 2022 Scope 3 emissions representing the remaining 98%.

Scope 1, 2 and 3 emissions

The following table shows the Group's Scope 1, 2 and 3 emissions.

Emissions Scope	2022 Gross emissions (tCO ₂ e)	2021 Gross emissions (tCO ₂ e)	2020 Gross emissions (tCO ₂ e)	2019 Gross emissions (tCO ₂ e)	Interim target	Net zero target year
Scope 1	1,467	1,456 ¹	-	-		2035
Scope 2	2,773	2,524	-	-	50% reduction by 2030	2035
Total Scope 1 and 2	4,240	3,980	3,535	4,580		
Scope 3	173,148	154,550	130,820 ²	Not fully captured	-	2045
Total	177,388	158,530	134,355	-	-	-

¹ We have re-stated our 2021 Scope 1 figure which was previously 1,357.08 tCO₂e due to recalibration of our natural gas emissions. This has resulted in a slight increase in our overall emissions for 2021.

² We have re-stated our 2020 Scope 3 figure which was previously 119,435 tCO₂e due to recalibration of our category 1 emissions. This has resulted in an overall increase in our 2020 Scope 3 emissions.

We recognise the pandemic reduced the Group's carbon emissions in 2020. As the pandemic subsided and regular work practices resumed, our 2021 carbon emissions began to increase. The growth of our business through acquisitions (notably Savage and Audix) is the reason for our further increase in 2022 carbon emissions. We use intensity metrics to represent our carbon reductions efforts throughout this growth.

We calculated our 2019 Scope 1 and 2 carbon emissions across our key manufacturing sites. In 2021, we partnered with Inspired ESG to improve our data collection, expanding it to cover all our operations. Our Scope 1 and 2 carbon emissions now cover all sites across our estate. Since 2019, we have measured a 22.9% reduction in Scope 1 and 2 carbon emissions from 4,580tCO₂e in 2019 to 3,530tCO₂e in 2022, not including newly acquired sites. This demonstrates the energy efficiency measures rolled out across our key manufacturing sites.

Scope 1 and 2 – decarbonising our operations

We are committed to reducing the environmental impact of our operations. We are committed to reducing our Scope 1 and 2 carbon emissions with an aim to becoming net zero for Scope 1 and 2 by 2035. Near-term targets have been developed to support us on this journey including reducing our Scope 1 and 2 carbon emissions 25% by 2024, 35% by 2027 and 50% by 2030.

We are working to be carbon neutral on our operational emissions by 2025. We will work to reduce our Scope 1 and 2 emissions as far as possible before this date. From 2025, we will annually purchase offsets to be carbon neutral until we reach our Scope 1 and 2 net zero target in 2035. To meet our long-term and near-term targets, the Group is committed to year-on-year improvements in our operational energy efficiency to begin decarbonising our Scope 1 and 2 emissions.

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. We invested in solar panel installation to the roof of the Cartago, Costa Rica and Bury St Edmunds, UK sites. These were implemented and commissioned in Q1 2022. This has been an excellent success, generating 739,245kWh and saving 75.93tCO₂e across the business. Following this success, solar panel installation to the roof at the Feltre, Italy and Ashby, UK sites are under evaluation with suppliers and planned for installation by early 2024. Throughout the current financial year, we implemented energy metering and circuit level monitoring in Feltre, Italy which is an estimated to save 40tCO₂e upon its completion in 2023.

LED lighting roll out continues throughout the Group, with 80% and 50% of LED lighting upgrades completed in Feltre, Italy and Ashby, UK respectively in 2022. The complete transition to LED lighting in Feltre, Italy, by 2023 will result in an estimated 80% reduction in electricity consumption for lighting and cost savings of €70,000 per annum. LED lighting conversion for our sites in Arizona, US, Germany and China is under evaluation with suppliers and planned for the next financial year.

Compressed air leak detection and repairs along with heating and air conditioning controls have been installed

across many of our sites. During 2022, we have closed our Chatsworth, US site, saving £0.3 million and reducing an estimated 49.5tCO₂e per annum. Site rationalisation continues to be a key priority moving forward. All UK and Italian sites now procure electricity using renewable energy contracts, while our Irvine, US site switched to 100% renewable energy procurement in April 2022.

We will continue to convert our motor vehicles to electric, once they have reach their end of life.

The following table shows the total consumption (kWh) figures for energy supplies reportable by the Group.

Utility and Scope	UK (kWh) (2022)	UK (kWh) (2021)	Global (excluding UK) (kWh) (2022)	Global (excluding UK) (kWh) (2021)	Total kWh (2022)	Total kWh (2021)
Scope 1 - gaseous and other fuels (voluntary)	872,109	945,124	6,042,044	5,184,450 ³	6,914,153	6,129,574
Scope 1 - transport (company fleet)	275,041	243,081	672,259	1,104,929	947,300	1,348,010
Scope 2 - electricity	1,328,047	1,716,613	8,942,427	8,784,640	10,270,474	10,501,253
Scope 2 - purchased heat, steam and cooling	2,675	9,148	-	-	2,675	9,148
Scope 3 - grey fleet *	35,880	51,642	69,097	53,895	104,977	105,537
Total energy use - all Scopes	2,513,752	2,965,608	15,725,827	15,127,914	18,239,579	18,093,522

³ We have re-stated our 2021 global kWh consumption of Scope 1 fuels which was previously 4,639,214 kWh. This is due to recalibration of our natural gas usage. As a result, our total kWh consumption for 2021 has increased when compared to our previously stated figure.

* Grey fleet are the use of employees' personal vehicles for business purposes, as opposed to belonging to the company.

Scope 1 and 2 – decarbonising our operations continued

The following table shows the total consumption (kWh) figures for energy supplies reportable by the Group.

Utility and Scope	UK (tCO ₂ e) 2022	UK (tCO ₂ e) 2021	Global (excluding UK) (tCO ₂ e) 2022	Global (excluding UK) (tCO ₂ e) 2021	Total (tCO ₂ e) 2022	Total (tCO ₂ e) 2021
Scope 1 total					1,467	1,456
Scope 1 - gaseous and other fuels	159	173	1,084	953 ⁴	1,243	1,126
Scope 1 - transport (company fleet)	65	57	159	259	224	316
Scope 1 – refrigerants	-	-	-	14	-	14
Scope 2 total					2,773	2,525
Scope 2 – electricity	257	365	2,516	2,158	2,772	2,523
Scope 2 - purchased heat, steam and cooling	1	2	-	-	1	2
Scope 3 total					25	24
Scope 3 - grey fleet	8	12	16	12	25	24
Total emissions - all Scopes	490	609	3,775	3,396	4,265	4,005

⁴ We have re-stated our 2021 global emissions arising from the use of Scope 1 fuels which was previously 853.91 tCO₂e. As a result, our overall Scope 1 emissions have increased when compared to our previously stated figure

The following table shows the intensity metric of tCO₂e per £million turnover applied for the annual total consumption.

Intensity metric	UK Intensity metric (2022)	UK Intensity metric (2021)	Global (excluding UK) Intensity metric (2022)	Global (excluding UK) Intensity metric 2021	Total Global Intensity metric 2022	Total Global Intensity metric 2021
tCO ₂ e / £m turnover	3.7	4.8 ⁵	11.9	12.7 ⁵	9.5	10.2 ⁵

⁵ We have re-stated our 2021 intensity metrics as a result of now applying a UK only specific £m revenue value to UK only emissions. This methodology has also been applied to global (excluding UK) intensity metric calculations. i.e., applying a global (excluding UK) only £m revenue value to global (excluding UK) emissions.

Scope 3 — Improving our data collection and decarbonising our value chain

We began to calculate our entire Scope 3 emissions for the first time in 2021, following the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, using 2020 data. During 2022, we worked to align our Scope 3 reporting, to our financial reporting period, calculating both our 2021 and 2022 carbon footprints.

Under the GHG protocol, there are 15 reporting categories, of which 11 apply to Videndum. In 2022, we introduced measures to improve the accuracy of our data collection. We conducted an all employee commuting survey to improve our analysis of Category 7: Employee Commuting. This financial year we launched an ESG Supplier Questionnaire, engaging with seven of our top suppliers based on spend. The questionnaire requested details of our suppliers' Scope 1 and 2 carbon emissions, energy usage, reduction targets and wider ESG programmes. Moving forward, we will use this information, to improve the accuracy of our Category 1: Purchased Goods and Services and Category 2: Capital Goods data. The top seven suppliers that we engaged with during the current financial year account for 13% of Scope 3 carbon emissions. We deem this approach to be effective and will widen the scope over time.

Our Divisions are working to improve data collection, progressing from spend-based to activity-based for Category 5: Waste Generated in Operations and Category 6: Business Travel, resulting in more granular data for analysis. Category 9: Downstream Transportation and Distribution has currently been omitted, as there is no feasible system to capture this data at this time. Furthermore, given the magnitude of assessing the carbon emissions of our value chain, we have set annual milestones to extend the reporting boundaries of complex categories.

By widening our emissions data collection, we can improve our understanding of the high emitting areas of our operations and value chain, which will help us develop our roadmap to achieve net zero in 2035 for Scope 1 and 2, and net zero by 2045 for Scope 3.

Across the Group, we are increasing environmental conscientiousness and reducing attendance at trade shows to reduce our business travel. Air travel emissions have reduced by 6.8% relative to 2019 benchmark.



Carbon balance sheet

Our carbon balance sheet provides us with our full Scope 1, 2 and 3 for the current financial year inventory. This 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 2% of our total Group emissions, with our Scope 3 emissions representing the remaining 98%. The most significant emissions sources are from the purchased goods and services consumed by the Group, accounting for 64% of the Company's total carbon footprint. This approach provides us with a consistent way to report and measure our progress year-on-year.

GHG Inventory

Emissions Scopes and Categories	Location-based and Market-based tCO ₂ e		
	2022	2021	% Change
Scope 1	1,467	1,456	1%
Natural Gas	1,226	1,106	11%
Transportation (excluding grey fleet)	224	316	-29%
Other Fuels	17	20	-16%
Refrigerants	0	14	-100%
Scope 2 (Location-based)	2,773	2,524	10%
Scope 2 (Market-based)	1,175	971	21%
Scope 3	173,148	154,550	12%
1. Purchased Goods and Services	112,701	100,257	12%
2. Capital Goods	2,543	4,030	-37%
3. Fuel-related Emissions	977	1,120	-13%
4. Upstream Transportation and Distribution	29,115	30,726	-5%
5. Waste Generated in Operations	229	84	171%
6. Business Travel	1,041	357	192%
7. Employee Commuting	3,726	2,141	74%
8. Upstream Leased Assets	N/A	N/A	N/A
9. Downstream Transportation and Distribution	*	*	*
10. Processing of Sold Products	N/A	N/A	N/A
11. Use of Sold Products	22,796	15,818	44%
12. End-of-life Treatment of Sold Products	20	9	113%
13. Downstream Leased Assets	0	8	-97%
14. Franchises	N/A	N/A	N/A
15. Investments	N/A	N/A	N/A
Total All Scopes (Location-based)	177,388	158,530	12%
Total All Scopes (Market-based)	175,790	156,977	12%
All Scopes tCO₂e per £ turnover (Location-based)	393	402	-2%

* Applicable but not yet assessed

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 in the table below.

Area	Target	Progress achieved in 2022
Reduce carbon emissions	<ul style="list-style-type: none"> Reduce our Scope 1 and 2 emissions by 25% by 2024: 35% by 2027: 50% by 2030: by 90% by 2035, based on our 2021 baseline of 3,980 tCO₂e. Reach net zero by 2035 in Scope 1 and 2. Reach carbon neutrality for Scope 1 and 2 in 2025. Reduce business air travel by 50% by 2024 (from a 2019 benchmark of c.1,000 tCO₂e). Strategically reduce our Scope 3 emissions to meet our 2045 net zero target. 	<ul style="list-style-type: none"> Scope 1 and 2 emissions have reduced by 22.9% since 2019 (excluding the impact of newly acquired businesses). <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"> We are gradually converting the Company motor fleet to electric/hybrid vehicles. <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 is 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. Air travel emissions have reduced by 6.8% relative to the 2019 benchmark. This reflects increased environmental conscientiousness and reduced attendance at trade shows. Scope 3 emissions are now calculated up to 2022, aligning with our Scope 1 and 2 data collection. We have engaged several key suppliers to understand their energy consumption and identify improvement opportunities. Employee survey conducted to measure the impact of employee commuting and identify opportunities to reduce 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 metrics and targets

The following table shows the 2022 progress achieved against additional environmental targets.

Area	Target	Progress achieved in 2022
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 in landfills. Start recording water consumption 	<ul style="list-style-type: none"> The bulk of our paper and cardboard packaging usage sits within our Media Solutions Division. For our core brands, 47% was FSC-graded and 72% from recycled material in 2022. Water consumption monitoring has commenced at all key sites. Our largest manufacturing sites are already close to 0% waste to landfill, supported by ISO environmental programmes. Tradebe in the US recycles electronic waste from our Shelton site, partnering with a certified downstream vendor. Industrial scraps from our aluminium and magnesium stages of production are targeted for waste reduction, both in the design of our products and the end of life scraps. Waste to energy projects are being explored at our Feltre, Italy site. A large recycling effort in Cartago, Costa Rica sorts material which are transferred to a third-party recycling company. We re-evaluate the condition of returned products to resell or reuse parts within the manufacturing processes.
Embed sustainability into our product life cycle	<ul style="list-style-type: none"> PLCAs (cradle to grave) for five of the top-emitting products we sell by 2025. 	<ul style="list-style-type: none"> PLCA methodology and Sustainable Design Principles are embedded in internal design processes in Media Solutions and used to support R&D decisions around sustainability. PLCA was completed for Gitzo and Manfrotto products during this financial year, hence establishing a benchmark for tripod production. Gitzo Légende bag launched in June 2021, comprising 65% recycled fabric, non-animal tested and non-toxic synthetic eco-leather. Loweepro launched the Adventura III and Tracker light lines made from up to 85% and 80% of recycled and solution-dyed materials respectively. By 2024, all Loweepro products and packaging will have the green line which clearly shows our commitment to sustainable product development. The green line bar represents the percentage of recycled fabric content and percentage of solution-dyed fabric calculated using GRI 301 – 2 standards. Loweepro launched PhotoSport bag in 2021, with 75% recycled fabric and the aspiration for Loweepro Bags full product range is to be 100% recycled fabric by 2024. A new Eco version of Manfrotto PIXI is at a design phase (launch date to be determined). The emissions associated with this new product will be significantly reduced. For top selling products, we will conduct a customer study to ascertain the method of disposal and identify opportunities to reduce the environmental impact. Production Solutions is currently developing an PLCA programme, which will commence in 2023.
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 data on products by 2025. 	<ul style="list-style-type: none"> A detailed ESG survey has been completed with Videndum's seven most significant vendors based on spend. Supplier due diligence and supplier audit programme has been strengthened to focus on all relevant ESG dimensions.

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 Videndum 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 9. 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.

Waste reduction

Various initiatives around the Group took place during the year to reduce the amount of waste created in our operations. Waste is sorted for recycling at our manufacturing sites across the Group in Italy, the UK, the US and Costa Rica. We improved our waste data collection for more accurate analysis and understanding of processes.

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.

Media Solutions launched the Safe and Green Project, which aims to reduce plastic use within the Division. All employees across the 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. 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 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, white, and double-sided to reduce costs, waste and emissions. This programme continues to be rolled out to all newly acquired sites.

Production Solutions continue to partner with "Call2Recycle", to recycle batteries at the site and for existing US customers. The Division 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 build 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 to reduce unnecessary waste.

Supply chain

We aim to work with our supply chain to ensure preference is given to materials with a low embodied energy, minimal environmental impact and locally sourced materials where possible. We have long-standing relationships with many of our suppliers and operate in a transparent and timely manner. Moving forward, we look to further formalise our supply chain integrity. We aim to upgrade our supply chain

analysis to reduce environmental-related impact and risk. We will conduct a Group-wide formal review to ensure all suppliers operate in terms broadly similar to our policies and procedures (at a minimum consistent with Videndum's Code of Conduct) and that all raw materials are sourced ethically and sustainably. As a part of our Industry 4.0 programme, we look to localise our supply chain. We have brought major brands such as JOBY from China to Italy.



Our progress continued

Sustainable products

Our products and services have a comparatively low impact on the environment. We use low hazard materials and minimise the use of resources during the manufacturing process. In 2022, PLCA methodology was embedded into Media Solutions' internal design processes and used to support R&D decisions around sustainability. Production Solutions is currently developing an PLCA programme, which will commence in 2023.

Sustainable alternative packaging, including FSC-graded paper and cardboard, and recycled plastic, and non-plastic bags continues to be investigated and implemented. We continue to share our learnings across the Group, testing and trialing different packaging materials to find the best-suited material.



Water stewardship

While our water usage is relatively low, used mostly for human consumption, we are reducing our usage where possible. All Divisions have implemented water-saving initiatives, such as waterless urinals, limiting flushing options on toilets and installing motion-controlled faucets in lavatories. Production Solutions has explored rainwater collection at their Cartago, Costa Rica site to be stored for industrial use, irrigation of green areas and sanitary services and more, which is a promising initiative for the future.

Biodiversity

Although the Group has little direct contact with biodiversity, we recognise its importance for the planet. Across our Divisions we ensure our sites emit limited pollution and are not disruptive to any nearby wildlife. Production Solutions donated £8,000 to "The Rainforest Trust" in this financial year. This donation is enough to ensure the protection of 1,146 acres in the Peruvian Amazon Watershed, which is equivalent to 230,000 tCO₂e. This project helps protect the endangered Andean Night Monkey local to the area.



Appendix – methodology

Scope 1 and 2 consumption and CO₂e emission data for UK sites have been calculated according to the 2019 UK Government environmental reporting guidance, the GHG Protocol. An operational reporting boundary was used. Consistent with the guidance, the following emissions factors utilising the current kWh gross calorific value (CV) and kgCO₂e emissions factors relevant to reporting year 1 January – 31 December 2022 were applied.

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

Scope 1 emissions

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 Scope 1 natural gas usage in the UK, the UK BEIS 2022 emissions factors database was used. For the US, the United States Environmental Protection Agency GHG Emissions Factors Hub 2022 was used. For Australia, the Australia National GHG Account Factors 2021 database was used. For remaining countries, we default to the UK BEIS 2022 emissions factors database.
- Scope 1 (Company fleet) and Scope 3 (grey fleet) – the UK BEIS 2022 emissions factors database was used to convert transport fuel consumption in the UK into CO₂e emissions. For the US, the United States Environmental Protection Agency GHG Emissions Factors Hub 2022 was used. For Australia, the Australia National GHG Account Factors 2021 database was used. For remaining countries, we default to the UK BEIS 2022

emissions factors database.

Scope 2 emissions

Indirect emissions generated from purchased electricity.

Scope 2 emissions are calculated based on both the "location" and "market" methods outlined in the GHG Protocol. Scope 2 country-specific electricity emissions factors were used on the sources in the table on page 42.

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 2022 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 and 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.

Where billing data was missing for properties directly invoiced to the Group, usage was estimated at the meter level by pro-rating the kWh/day known consumption. The estimations equate to 1% of reported consumption. For properties where the Group is indirectly responsible for utilities (i.e. via a landlord or service charge), average kWh/m² consumption for properties with similar operations was calculated at meter level and applied to the properties with no available data.

Intensity metrics have been calculated utilising the 2022 reportable figures for the following metrics, and tCO₂e for both individual sources, and total emissions were then divided by this figure to determine the tCO₂e per metric.

Appendix – methodology continued

Scope 3 emissions

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 2022. 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, 2022 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 2022 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 to the left.

Country	Source used
Australia	Australia National GHG Accounts 2021
China	IGES 2022
Costa Rica	IRENA 2019
France	European Environmental Agency 2022
Germany	European Environmental Agency 2022
Hong Kong	Hong Kong Electric
India	IGES 2022
Israel	Default to BEIS 2022
Italy	European Environmental Agency 2022
Japan	Bureau of Environment Tokyo Met Government
New Zealand	Default to BEIS 2022
Singapore	IGES 2022
UK	BEIS 2022
Ukraine	Default to BEIS 2022
USA	EPA 2022

A composite image featuring a winter landscape with snow-covered mountains and a frozen lake in the background, and a close-up of a water splash in the foreground. The splash is rendered in a vibrant blue color, contrasting with the white and grey tones of the landscape.

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