# ACCO BRANDS EMEA SUSTAINABLE DEVELOPMENT 2018





#### INTRODUCTION



Simplifying and organizing modern work!

That is what we aim to do at ACCO Brands. And our portfolio of well established brands are at the very core of what we do. We aim to provide our end consumers with products which delight and fulfil the necessary tasks. And where they can feel confident, that all efforts are being made to work toward reducing their environmental impact and the impact on the communities and partners with which we work.

This report aims to provide some insight into our company, how we operate and how we work toward reducing those impacts.



#### **COMPANY PROFILE**

### \$2 billion company listed on NYSE, \$600 million+ in EMEA

Products sold in more than **100** countries

**21** factories around the world (11 in Europe)

6 500 employees







Cezary Monko
Executive Vice President and President
ACCO Brands EMEA

#### STEP-BY-STEP TOWARD A BETTER FUTURE

Dear Stakeholders,

For nine years now, we have been gathering the results of our work on reducing our environmental and social impacts. Year-by-year, step-by-step we have made improvements. Sometimes the steps are smaller and sometimes they are bigger. It is hard to ensure the right focus is put on these projects and targets, when there is always so much else to do, as well. And yet, we are happy to do it for the sake of the long-term health of our company, the business partners we work with, the communities around us and our children, who today march the streets and demand that we do more.

It is not easy and sometimes we must observe that we could do better. But we must maintain focus and keep working toward our goals. There is no other option.

This year, we have seen many changes within our company. By becoming a leaner, more efficient operation, we can also be more efficient with the resources we use. We have made good progress in reducing our water consumption and we are again proud of our RoSPA award for Health & Safety. We have made good progress on waste reduction in our factories, but need to find ways to make further improvements in our warehouses.

"Taking Care of Tomorrow" remains a key focus for all of us at ACCO Brands and I urge that together we take the next firm steps towards a better one.

Yours,

Cezary Monko



#### ACCO BRANDS EMEA SUSTAINABLE DEVELOPMENT STRATEGY

#### STRATEGY & TARGETS 2016 - 2020

## Reducing our Environmental Impact

- We will reduce our scope 1 and 2 CO₂ emissions, at our manufacturing, warehousing and sales office sites by 25 percent.
- We aim to further reduce our total water consumption by 15 percent.
- We have the ultimate goal of achieving a Zero Waste Rate in our manufacturing and warehouse facilities.
- All of our sites will be ISO 9001 and ISO 14001 certified.
- We aim to increase our sales of Environmentally Preferable Products.

### Stewardship of Paper & Paper-based Materials

- We are committed to using recycled or responsibly sourced fibers, wherever possible.
- All of our manufacturing plants producing fiber-based products have been FSC<sup>®</sup> Certified since 2011.
- We aim to use FSC, Blue Angel or EU Eco label certified paper only in our offices.
- We will design our products to minimize the use of packaging.
- In addition, we will source other materials, such as plastic and metal, in environmentally responsible ways.

#### Good Working Relationships

- We aim to have a transparent and principled working relationship with all of our stakeholders, from employees and suppliers, to customers and consumers.
- Our principles are based on the international standards set by the UN and the ILO Declaration of Fundamental Principles and Rights.
- We will establish a clear set of policies on health & safety, the environment and supply chain and create a workplace based on high standards and fair-working practices.
- We will maintain a safe and healthy workplace with a target of zero accidents.
- We require our suppliers to fulfil the same standards and monitor this according to a set of specific metrics.



#### ACCO BRANDS EMEA COMPANY PROFILE

#### **KEY PRODUCTS:**



Lever Arch Files & Binders



Staplers & Perforators



Computer & Mobile Device Accessories



Pockets, Folders, Indices & Dividers



Storage & Archiving



Binding & Lamination



Hanging Files & Presentation Folders



Paper Pads



**Paper Shredders** 



Letter Trays/ Moulded Products



Ergonomics & Wellbeing



**Visual Communication** 



#### ACCO BRANDS EMEA COMPANY PROFILE

#### **KEY PRODUCTS:**



Manual Tackers



Hot Air Guns



Print Finishing Solutions (PFS)



**Hammer Tackers** 



Glue Guns



**Xyron Creative Solutions** 



Electric Tackers & Nailers



Riveting



Fine Art Supplies



**Pneumatic Nailers** 



Cassette Stapling Units Printers & Copiers



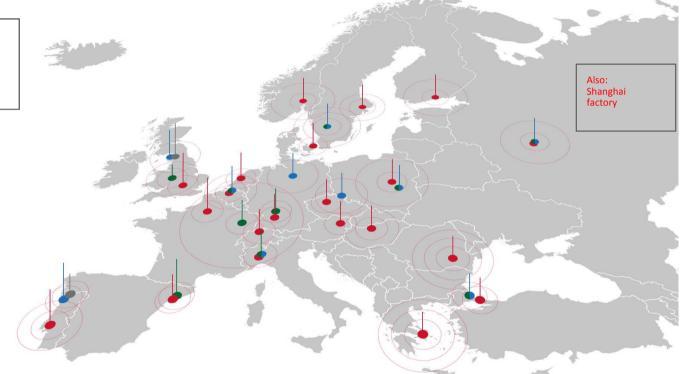
#### ACCO BRANDS EMEA COMPANY PROFILE

#### Manufacturing & Distribution

#### Eleven Factories:

- Sint Niklaas, Belgium
- Arcos, Portugal
- Lillyhall, U.K.
- Uelzen, Germany
- Gorgonzola, Italy
- Hestra, Sweden
- Lanov, Czech Republic
- Kozienice, Poland
- Hotkovo, Russia
- Cerkezkoy, Turkey
- Shanghai, China

- Sales Offices
- Manufacturing
- Distribution
- Testing (ES), Museum (UK)



#### Five Additional Distribution Centers:

- Halesowen, U.K.
- Barcelona, Spain
- St. Amé, France
- Heilbronn, Germany
- Prague, Czech Republic



#### ISO CERTIFICATION

ACCO Brands is committed to maintaining internationally recognized quality and environmental standards across all of our EMEA production facilities. As such, they are all ISO 9001 and 14001 certified. In addition, all warehouses and Sales offices in Europe are also certified to these management systems.

Additionally, we have had the ISO 50001 Energy Management certification in three locations in Germany since 2016.









#### ACCO BRANDS EMEA: SUSTAINABLE FOUNDATIONS

Working in a lean way is the foundation of all our sustainability efforts. Reducing waste in all areas and keeping processes simple and short help with many of our objectives. Our ISO 9001 and ISO 14001 certifications provide the framework and tools to help achieve this.

# LEAN

Sales/Communication	Transparency, Honest Communication		
Working Methods/Processes/Admin	ISO 14000, ILO Agreement, CESMP Programme		
Products/Packaging	QUALITY FSC® Certification, Blue Angel, Nordic Swan, Materials		
Manufacturing/Purchasing/ Logistics/Suppliers	ISO 9000, ISO 14000, FSC® Certification, Supplier Audits and Monitoring		



#### **ACCO BRANDS EMEA: SUSTAINABILITY MANAGEMENT**

#### SUSTAINABILITY STEERING COMMITTEE

We host a quarterly meeting to go over current position and plan future projects and goals.

#### Attended by:

- Senior Vice President, Operations
- Senior Vice President, Marketing and R&D
- Vice Presidents, Operations and Logistics
- Vice President, Procurement
- Vice President, Human Resources
- Vice President, Category Management
- Quality Production Europe and FSC Central Office Manager
- Sustainability Manager, Europe





# RESULTS



#### **KEY ACHIEVEMENTS IN 2018**



#### WATER

Twenty-three percent less water consumed in 2018 than 2015. Original target of a 25 percent reduction set for 2020 almost reached, despite the addition of three additional sites in 2017. We saved the same amount of water in 2018 compared to 2017 that more than 8000 EU citizens would consume annually\*!

#### **WASTE REDUCTION**

The percentage of total waste recycled increased in 2018. The 91 percent recycling rate is climbing slowly toward the 98 percent target. We saved the same amount of waste going to landfill in 2018 compared to 2017 as 255 EU citizens would send in one year\*!

#### **HEALTH & SAFETY**

Our continuous achievements here have again lead to a RoSPA award. We are proud of the projects and activities which lead to safer, more pleasant working conditions for all of the ACCO Brands EMEA team.

<sup>•</sup> Statistics taken from www.europarl.europa.eu and www.ec.europa.eu/eurostat



# CO<sub>2</sub> EMISSIONS



#### **SCOPE EMISSIONS**



- Scope 1 (direct)
- Scope 2 (indirect emissions from consumption of purchased electricity, heat or steam)

All European manufacturing facilities were monitored from the start in 2010, except Arcos, Portugal, and Lillyhall, U.K. (added in 2017). Lillyhall (pencil manufacturing) runs a biomass boiler to heat the plant using waste material. This has been classified as carbon neutral by the Carbon Trust and is therefore not included in the results.

We continue to report the Rapid Shanghai factory as most of the production is for EMEA and it is a key facility for us. The warehouse in Shanghai has been removed.

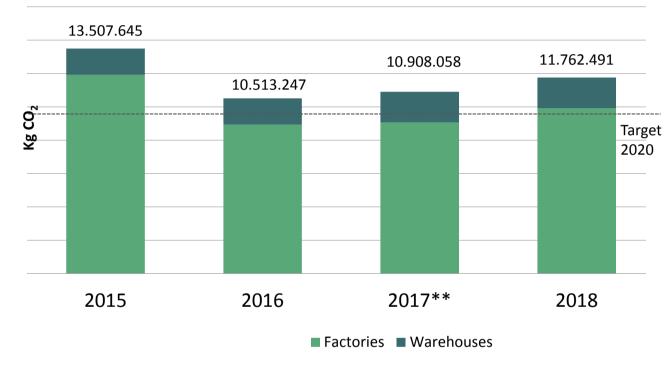
Warehouses have been included since 2016, except Halesowen added in 2017. The Born and Tornaco warehouses, stated last year as not included, have been closed.

All facilities are listed on Page 8. Sales offices, which are not physically part of one of the listed facilities, are not included, as they are classed as immaterial.

Scope 3 emissions are not included to date.



## CO<sub>2</sub> EMISSIONS: ACCO BRANDS EMEA FACTORIES and WAREHOUSES



2017 and 2018 show ACCO Brands EMEA plus Shanghai. All previous years refer to legacy Esselte sites only (two
manufacturing and one distribution site fewer). Sites outside of EMEA removed from 2015 and 2016 for
comparison. Hence, figures are slightly different from previous years' reports, but comparable.

Total  $CO_2$  emissions in 2018 (according to scope on previous page) were 11.8k tonnes, 7.8 percent higher than 2017.

This is caused almost entirely by the increase in conversion rate in Poland from 0.69 to 0.85 kg  $\rm CO_2/kWh$ . The mix of power production in Poland has been shifted further to coal. Currently, a lower-impact supply is not available. We have to consider how to meet this challenge for our largest factory.

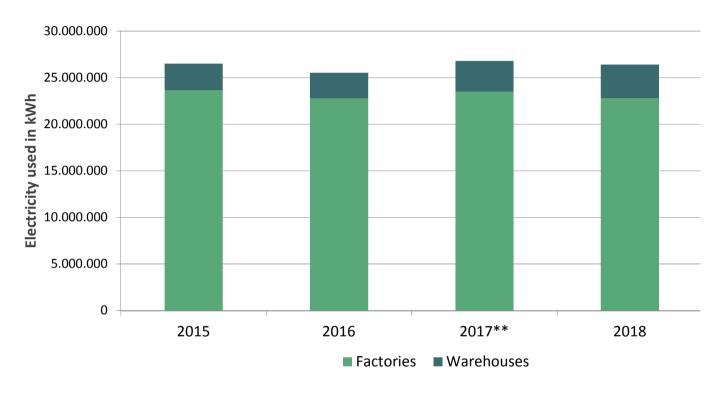
Overall, nine out of 18 sites achieved a reduction in  $CO_2$  emissions in 2018 and two sites remained at zero emissions. So, we are seeing good improvements on many sites, but finding a solution in Poland will be key in achieving our 2020 emissions goal of 9 450 tonnes.

The biomass boiler in Lillyhall has been declared carbon-neutral by the Carbon Trust and is therefore excluded from these figures.



<sup>\*\*2017</sup> figures have been adjusted slightly upward due to a correction in the readings from Lillyhall, U.K. and the removal of the Shangahi warehouse.

#### **EMISSIONS: ELECTRICITY IN KWH**



2017 and 2018 show ACCO Brands EMEA plus Shanghai. All previous years refer to legacy Esselte sites only (two
manufacturing and one distribution site fewer). Sites outside of EMEA removed from 2015 and 2016 for
comparison. Hence, figures are slightly different from previous years' reports, but comparable.

Total ACCO Brands EMEA electricity consumption (according to the scope on slide 16) was 1.5 percent lower in 2018 than in 2017. Electricity consumption makes up 80 percent of our total CO<sub>2</sub> emissions and is something we have direct influence over.

After the merger of ACCO Brands with Esselte, consolidation lead to the closure of two warehouses (Born and Tornaco), which were not included in these figures before, and eight Sales offices, which are not in scope. Overall, we know that the impact of our combined company is lower, it is just not possible to measure this exactly, due to lack of data for those sites.

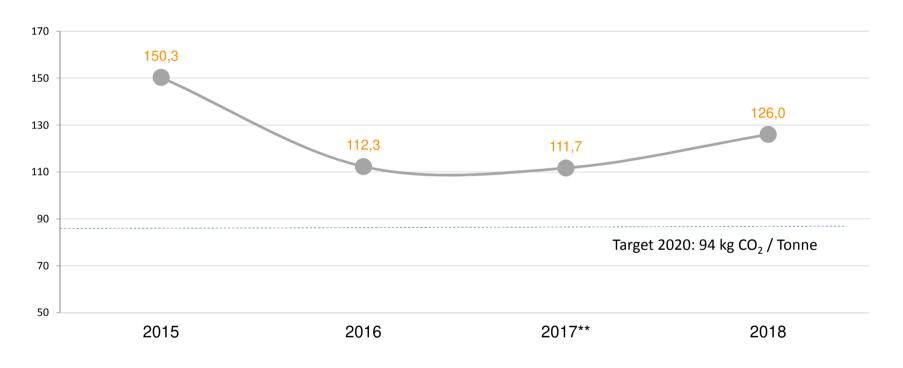
We now have a clear baseline from which to work and need to focus further on energy-saving activities.



<sup>\*\*2017</sup> figures have been adjusted slightly upward due to a correction in the readings from Lillyhall, U.K. and the removal of the Shangahi warehouse.

#### **ACCO BRANDS EMEA MANUFACTURING**

#### CO<sub>2</sub> Emissions in kg/tonne Production



The increase in conversion rate in Kozienice (PL) also carries through of course to the emissions/tonne produced. The Derwent pencil production in Lillyhall U.K., which was not included in last year's report, but is now included in both 2017 and 2018, also has an impact due to the different nature of production there to our other sites.

Seven out of 11 sites improved their emissions of CO<sub>2</sub>/tonne produced in 2018.

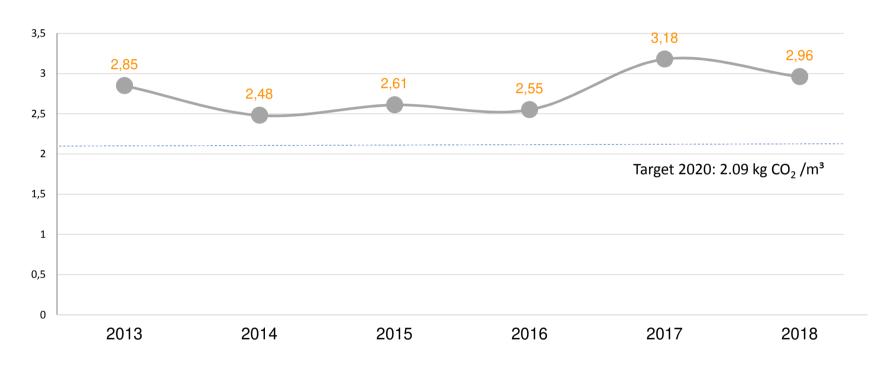
<sup>\*\*2017</sup> amended to include Lillyhall, U.K., which was not covered in last year's report. This has increased the rate from 105.6 kg/tonne to 111.7kg/tonne.



 <sup>2017</sup> and 2018 show ACCO Brands EMEA plus Shanghai according to scope on Page 15. All previous years refer to legacy Esselte sites only.
 Years can be compared as CO<sub>2</sub> is related to production volumes

#### **ACCO BRANDS EMEA WAREHOUSES**

#### CO<sub>2</sub> Emissions in kg/m³ shipped



• 2017 and 2018 show ACCO Brands EMEA plus Shanghai, according to scope on Page 15. All previous years refer to legacy Esselte sites only. Years can be compared as  $CO_2$  is related to production volumes

The warehouses require more heating than the factories (which use a lot of residual heat from machinery for heating), meaning they are more affected by the winter temperatures. However, despite the poor result for the Kozienice warehouse, due to the higher conversion rate, many of the other warehouses managed to compensated for this through improved results, St. Amé, France, in particular.



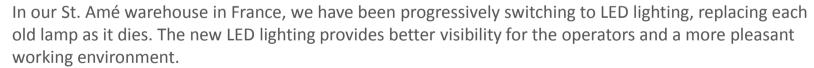
#### **EMISSIONS**

#### LED Installation in the St. Amé, France, Warehouse









In addition, the LED lighting lasts longer and uses less electricity, leading to a lower carbon footprint with savings of around 7.5 tonnes of  $CO_2$  since we started the replacements in 2017.



Before Orange light: 280W



After
Daylight simulation: 120W

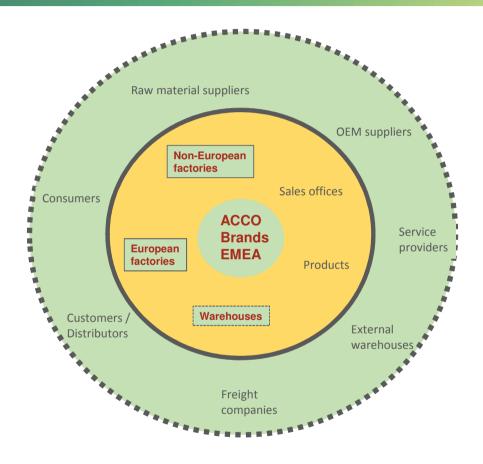




# WATER CONSUMPTION



#### **SCOPE WATER**



#### SCOPE WATER CONSUMPTION

2017 and 2018: Total water consumption for all ACCO Brands EMEA plants and warehouses except the warehouses in Born, Netherlands, and Tornaco, Italy, which were closed in 2018 - for which no data is available.

Previous years to 2017 show the same scope of sites, except the data for Arcos, Portugal, Lillyhall, U.K., and Halesowen, U.K., is not available.

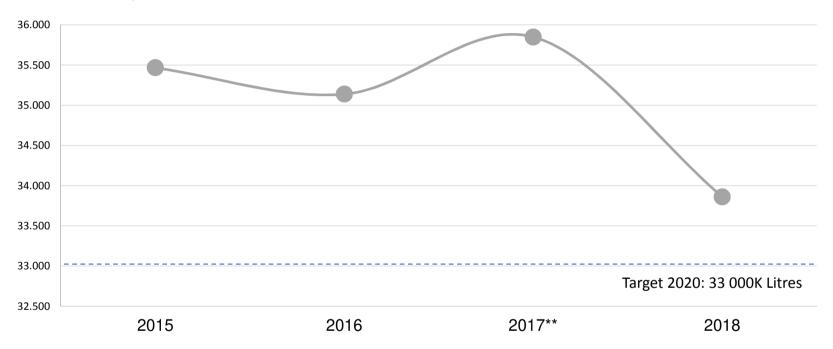
All facilities are listed on Page 8.

Local Sales offices, which are not physically part of one of the listed facilities, are also not covered but as these are generally small, we can conclude that these would not have a material impact on the result.



#### **ACCO Brands EMEA Water Consumption**

#### Water consumption in 000 L



After consistently reducing our water consumption for many years, we experienced some problems from 2013 to 2017, which increased the levels. Also, an additional three sites were added in 2017 after the merger. In 2018, we managed to once again make significant progress, bringing us much closer to our 2020 target of 33 000K litres. This is mainly due to fixing leakage issues in Turkey and Italy.

<sup>\*\*</sup> A small correction to the Halesowen, U.K., figure for 2017 means that the figure shown here is slightly higher than reported in 2017.

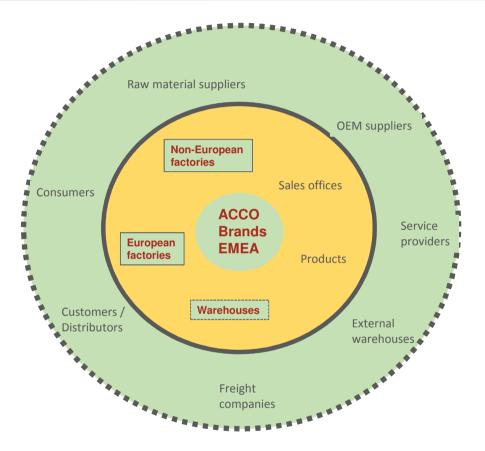


<sup>• 2017</sup> and 2018 refer to ACCO Brands EMEA plus Shanghai only. Previous years refer to legacy Esselte sites only.





#### SCOPE WASTE REDUCTION & RECYCLING



#### SCOPE WASTE MANAGEMENT

Aim: Zero Waste

Zero Waste is generally defined as 98 percent of waste being recycled. "Thermal recycling" (burning) is not counted as recycled and hazardous waste is not included.

Hence, data for all types of waste is collected from all sites. We have some difficulties with recycling companies which do not disclose if waste has been "thermally recycled", but will work further to see if we can gain more knowledge on this.

2017 and 2018 data covers all ACCO Brands EMEA plants and warehouses plus the Shanghai factory. The warehouses in Born, Netherlands, and Tornaco, Italy, were closed in 2018, meaning no data is available.

Years previous to 2017 show the same scope of sites, except the data for Arcos, Portugal; Lillyhall, U.K.; and Halesowen, U.K. is not available. All facilities are listed on Page 8.

Local Sales offices, which are not physically part of one of the listed facilities, are also not covered, but waste volumes here are far smaller than at the plants and warehouses, meaning we can conclude that these would not have a material impact on the result.

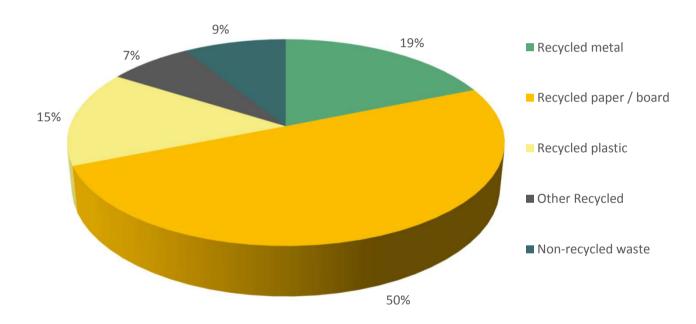


Ninety-one percent of all waste (excluding hazardous waste) was recycled in 2018 (Target 98 percent).

This is a further improvement on 2017 when we achieved 89 percent.

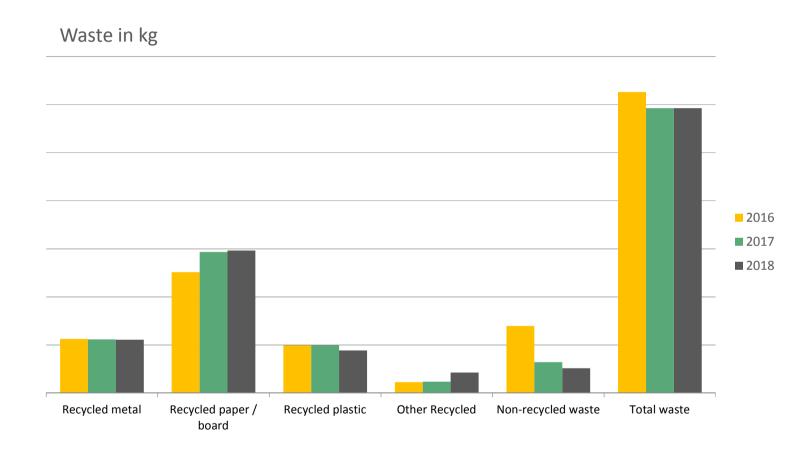
It remains a challenge to gain further information from various recycling companies regarding exactly how much of the waste they collect from us is recycled back into materials and how much is "thermally recycled."

#### Waste in kg 2018





Total scrap was on the same level in 2018 as 2017. Although the factories achieved a 4.3 percent reduction through Kaizen projects, this was cancelled out due to the warehouse consolidation which lead to more waste at some of those locations. This should hopefully improve, moving forward.





#### SCRAP REDUCTION IN LANOV, CZECH REPUBLIC: REPAIR CENTRES

#### Aim:

To repair small production errors on products which would otherwise be scrapped.

#### **Actions:**

One repair station set up for each line where missing or damaged parts, such as rivets, rados or rings, can be added/repaired manually.

#### Result:

Repairing these types of error saves about 30 000 binders a year from being scrapped.







#### RE-USING SCRAP MATERIAL IN KOZIENICE, POLAND

#### Aim:

In the past, the ends of the reels of raw material and damaged greyboard sheets (often corners/edges damaged) were scrapped, but this material can be re-used.

#### **Actions:**

Reels of plastic are sent back to the supplier for re-pelletising. Cardboard sheets are cut-down and used for smaller products.

#### Result:

This saves around 35 tonnes of plastic and around 11 tonnes of cardboard a year.

This is the equivalent weight in plastic (although a different type) of almost 270 000 one-litre bottles.











Forests are the key to climate change and protecting biodiversity and the homes of the indigenous population. This is why the protection of forests and life on land has been declared a "Sustainable Development Goal" by the UN. At ACCO Brands, we understand the importance of protecting these landscapes and have made it a priority to help protect them.



#### SUPPORTING THE SDGs

### SUSTAINABLE GALS DEVELOPMENT



13 CLIMATE ACTION



14 LIFE BELOW WATER













15 LIFE ON LAND



16 PEACE, JUSTICE AND STRONG INSTITUTIONS









Protecting life on land, forests in particular, has been identified by the UN as one of the 17 Sustainable Development Goals. At ACCO Brands, we are supporting this important goal through our Paper Stewardship strategy and targets. By using recycled and FSC certified fibres, we are working toward SDG Goal 15 targets 15.2 and 15B.

Read on to find out more about how we are working toward these targets.



#### ACCO Brands EMEA FSC® Certification



The mark of responsible forestry

- The Forest Stewardship Council (FSC®) is dedicated to the promotion of responsible forest management worldwide. It helps take care of forests and the people and wildlife that call them home.
- ACCO Brands EMEA is proud to hold FSC certification for our relevant manufacturing and administrative sites.
- Our FSC-certified paper and board products are independently audited and help to promote and support the responsible management of forests.



#### ACCO Brands EMEA FSC® Certification

- We launched over 100 new FSC-certified products during 2018. First, the high volume range of Leitz® spine labels were switched to FSC-certified material in May. Our FSC certification was then used to support the Rexel® brand, switching the "Choices" range and various other ringbinders and presentation ringbinders to FSC-certified.
- The percent of paper-based raw materials, which are FSC-certified, has however gone down slightly (0.63 percentage points), as we now have data from the remaining three sites, including the wood used for pencil manufacturing at Lillyhall, U.K. (Derwent®). The packaging data for Lillyhall, U.K. is still outstanding, but will not have a large impact on the result.

	31.12.2018
FSC-certified factories and warehouses	8
FSC-certified Sales offices	17
FSC-certified paper-based raw materials*	
FSC-certified products 31.12.18.	1 548



The mark of responsible forestry



#### PAPER USAGE IN MANUFACTURING AND SHIPPING

	2015	2016	2017	2018
Percent of paper purchased which is FSC®-certified, or recycled	99.3%	99.4%	99.2%	99.5%
Paper/Board from non-FSC, virgin Fibres	0.7%	0.6%	0.8%	0.5%
Paper types in use				
Recycled paper total*	95.4%	95.8%	96.4%	96.2%
FSC-Certified paper*	83.6%	80.46%	80.75%	80.12%

- ACCO Brands is committed to the responsible use of paper and paper-based materials in the manufacturing of our products and used for our packaging.
- Our long-term target is to source 100
  percent of our paper used in the
  production of our products from FSCcertified or recycled sources.

<sup>\*</sup> Paper can be both recycled and FSC-certified.
2018 not including packaging in Lillyhall, U.K. (Derwent® products), 2017 and before, data for legacy Esselte sites only.





### ENVIRONMENTALLY PREFERABLE PRODUCTS



#### PRODUCT PHILOSOPHY

#### Quality Lasts:

At ACCO Brands, we firmly believe that the best way to reduce environmental impact, is to provide high quality, long-lasting products. Having to replace broken or worn-out products within a short period of time means the environmental impacts of raw material production, manufacture, transport of materials and finished goods and disposal of the old product are doubled or tripled. A study carried out in 2014\* showed, for example, that a Leitz® stapler or hole punch is in use for approximately 10 years, whereas a lower positioned model is used for only approximately four years. This means that in 10 years the user of a lower-positioned model causes roughly twoand-a-half times the environmental impact than a user of a longer-lasting model, such as a Leitz<sup>®</sup> stapler or punch.

#### Recycled/Environmentally Responsible Materials:

Wherever we can, we use recycled materials. And when that is not possible, we aim to use responsibly sourced material, particularly when it comes to paper and board. We use externally awarded certificates and labels to validate these claims. Around 900 products carry the Blue Angel label for recycled paper (UZ14), cardboard (UZ56) and plastic (UZ30a). Further products hold the FSC® Recycled label, the FSC® Mix label, or the Austrian Environment label.



Re-use before recycle: **Quality Lasts** 



Reduce **Packaging** 



Simple Materials Ease recycling





Recycled Materials





<sup>\*</sup> Total Cost of Ownership Study carried out for Esselte by Vocatus in 2014



## BRANDED PRODUCTS WITH ENVIRONMENTAL LABELS

In our efforts to analyze sales of products that are environmentally preferable, we currently see no alternative for measurable target than to measure the products which hold a environmental label awarded by a third party, such as Blue Angel or FSC°. Of course, only certain products within a category can gain such a label and not all categories have applicable labels (e.g. computer accessories).

With the merging of two companies in Europe in 2017, some categories were added where it could be possible to gain such labels, but which we did not have before. These are listed below the total. Also, some categories, such as laminating and Viscom, became much larger. As these categories with relatively few labeled products gained weight, the overall proportion of products with labels has gone down, although the level within most of the categories has remained stable.

	% Sales with Eco Label				
Product Categories	2015	2016	2017*	2018	
Lever Arch Files & Binders	81%	81%	79%	80%	
Indices & Dividers	47%	47%	42%	43%	
Pockets & Folders	1%	1%	1%	1%	
Document Presentation & Organisation	34%	35%	30%	31%	
Archive Boxes & Storing	54%	54%	46%	46%	
Suspension Filing	72%	72%	48%	48%	
Paper Products (pads, forms and books)	84%	84%	64%	61%	
Desktop (Moulded)	0%	0%	0%	0%	
Lamination Machines % Suppliers	2%	0%	0%	0%	
Visual Communication	20%	19%	2%	2%	
General Office Articles	15%	15%	6%	7%	
Total	52%	52%	45%	45.5%	
Binding Machines & Supplies			0%	0%	
Shredders			0%	0%	
Drawing & Writing Instruments			0%	0%	



<sup>\* 2017</sup> has been corrected since the publication of the 2017 report to include the extended sales in the categories as explained above, which leads to a lower overall proportion of labeled products sold than in 2016.

### SPINE LABELS SWITCHED TO FSC® CERTIFIED MATERIAL

All of our Leitz® lever arch files are FSC®-certified and supplied with the corresponding label. But users often want to re-use and re-label their long lasting Leitz files.

In 2018, we certified our range of 26 spine labels which can be put through a printer. Now, re-used files can also be re-labeled with responsibly sourced paper labels.







#### INSOURCING PRODUCTS LEADS TO LOWER TRANSPORT IMPACT

One of the benefits of the merger is that we can combine our manufacturing capabilities. We were able to move the production of the Dox files sold in Italy from Egypt to Italy. It makes perfect sense to make these voluminous products close to the market where they are sold.

In this way, we could save shipping many containers over the ca. 2600km journey from Cairo, Egypt, to Genoa, Italy. This saves around 230 000 tonnes of  $CO_2$  emissions a year, which is the equivalent of what around 36 000 EU households use per year.







## GOOD WORKING RELATIONSHIPS



We can succeed at what we do, when we work together. We rely heavily on the hard work and expertise of our suppliers in order to be able to supply our customers with the high-quality products and service they expect. We can only deliver the quality and innovative designs expected of our brands with the support of our suppliers and a solid supply chain.

Therefore, good relationships with our suppliers are key. We value long-term relationships with a clear understanding of what is required from both sides. We ask all of our suppliers to sign our Supplier Code of Conduct, which covers social and environmental topics and we administer audits where we feel it is necessary.



## SUPPLY CHAIN RESPONSIBILITY

#### **Supply Chain Responsibility**

#### **ACCO Brands-Owned Facilities**

- ISO 9001, 14001
- The ILO Declaration on Fundamental Principles and Rights at Work forms the basis for social standards on every site.
- Follow the ACCO Brands H&S policy and Comprehensive Environmental & Safety Management Plan with regular training
- Sustainability reporting: CO<sub>2</sub>, water, waste, paper and board use.

#### **Suppliers**

- Focus on long-term relationships
- Must comply with REACH and are asked to comply with the ACCO Brands Restricted Substances List
- Suppliers in risk countries must sign Supplier Code of Conduct
- Finished goods suppliers in risk countries: Audits covering social and environmental aspects carried out and followed up on by a third-party service provider with close monitoring by the ACCO Brands Vendor Compliance and Sourcing teams.

#### **Products/Marketing**

- Comply with REACH, RoHS, WEEE packaging and all relevant EU regulations
- Environmental labels: FSC®, Blue Angel and Nordic Swan certifications held for 2,000+ products
- Use FSC®-certified/recycled paper and board
- Honest and transparent communication



## SUPPLY CHAIN RESPONSIBILITY

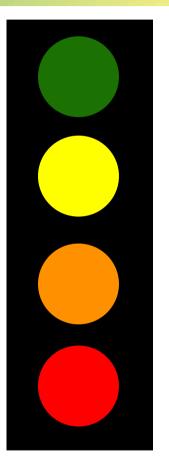
#### SUPPLY CHAIN MONITORING

We work together with our suppliers to ensure that our products are made in safe conditions, under fair working conditions and without damage to the environment.

In countries where the risk of a supplier not meeting our expectations is higher, we control this by carrying out regular (at least one per year) audits. The audits are carried out by a third-party company and follow the a similar scheme to SMETA IV.

If non-conformances are found, then the ACCO Brands compliance team sets a corrective action plan and works with the supplier on fulfilling it. The ACCO Brands team also offers regular training for suppliers.

Suppliers also receive a numerical scoring (not published) which is used to measure progress from year to year.



#### Acceptable

The factory complies with all applicable laws and regulations in the country in which it is doing business, as well as the ACCO Brands Supplier Code of Conduct.

#### Minor

ACCO Brands provides the factory with a Corrective Action Plan and the factory must provide evidence of corrections.

#### Major

Corrections are followed up according to deadlines set by ACCO Brands' Compliance team. If a follow-up audit is required, the supplier must pay.

#### Zero Tolerance

Unacceptable rating given due to child labour, prison/forced labour, physical/sexual punishment or abuse, life threatening health, safety, environmental issues, denied access, etc.

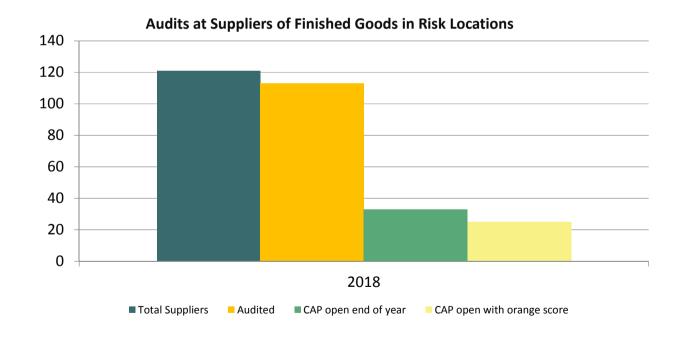


#### SUPPLY CHAIN RESPONSIBILITY: SUPPLIER CSR RATINGS IN 2018

In 2018, 93 percent of all suppliers were audited. No serious (zero tolerance) non-conformances were identified at any audits.

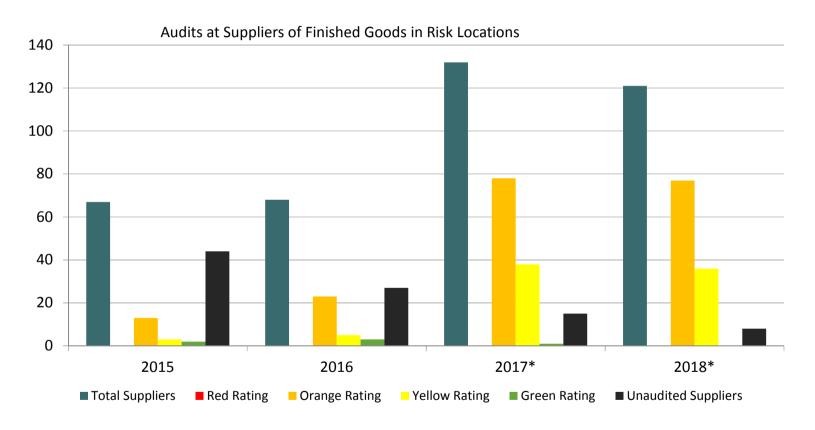
After each audit, which does not result in a green rating, we work with our suppliers on a Corrective Action Plan. By the end of 2018, 71 percent of all CAPs were completed (some audits also took place in November/December).

Of those audited, at the end of the year, 22 percent of suppliers still had "orange" level points to close on their CAP. The work on improving on this carries on into 2019. These are all improvements on the previous year, but we still have some small gaps to close.





#### SUPPLY CHAIN RESPONSIBILITY: SUPPLIER CSR RATINGS IN 2018



The number of suppliers increased with the merge of the two companies in 2017. In 2018, we still missed a few audits, due to the moving of factories and timing issues. It is company policy to audit all new suppliers.

<sup>\* 2017</sup> and 2018 refer to all ACCO Brands EMEA suppliers. All previous years refer to legacy Esselte suppliers only.









At ACCO Brands, we are committed to pursuing continuous improvement in Health & Safety within all our locations and attaining our goal of zero accidents and incidents. This is our Mission Zero!

Our Health & Safety management system is laid out in the "Comprehensive Environmental and Safety Management Plan," which is activated in every ACCO Brands EMEA location.

We strive to achieve a culture where all employees contribute and take ownership for creating and maintaining a safe working environment.





### RoSPA Occupational Health & Safety Award

We are proud to have been awarded the Royal Society for the Prevention of Accidents (RoSPA) gold medal for 22 years running and to hold the RoSPA Order of Distinction. RoSPA is a leading and well-respected Health and Safety organization with the aim of reducing accidents both in the workplace and at home. RoSPA present awards to organizations for their occupational health and safety excellence annually.









### ACCO Brands Global Safety Day

On our Annual Global Safety Day, teams all over Europe and the world were reminded of our goals and their responsibility to look out for each other, notice and report risks and avoid accidents and incidents as much as possible. Children of our employees in Europe were asked to join in and design a poster about health and safety at work. Nine-year-old Martyna from Poland won with this rousing message to come back home safely.







#### **ACCIDENT PREVENTION**

At locations across EMEA, actions are constantly being taken to reduce risks and lower the chance of an accident happening.





**Blue warning lights** on fork lifts in warehouses to warn pedestrians.

#### **Cleaning products**

Using eco products instead of products with hazard warning signs.





#### Warning cyclists crossing!

Clear warning for trucks turning into or out of the warehouse that cyclists could be crossing the entrance.



#### NOISE REDUCTION IN KOZIENICE



At our largest plant in Kozienice, Poland, we found that the noise levels were over 85 decibels in 27 areas of the factory. We managed to reduce these levels to 85 decibels or less in 13 areas during 2018. The target is to reduce this to zero. The noise levels in the remaining areas range from just over 85 decibels to 89.3 decibels.



### **HEALTHY AND SAFE WORK ENVIRONMENT**

Total Statutory Reportable Accidents at Factories and Warehouses

Facilities EMEA	2015	2016	2017	2018
Kozienice, Poland	6	16	9	3
Uelzen, Germany	6	2	2	0
St. Niklaas, Belgium	5	1	2	3
Gorgonzola, Italy	5	4	0	3
Cerkezkoy, Turkey	1	0	1	0
Lanov, Czech Republic	12	7	4	3
Hotkovo, Russia	0	0	0	0
Hestra, Sweden	4	8	1	2
Arcos, Portugal	1	0	0	0
Lillyhall, U.K.	0	0	0	0
Shanghai, China	11	2	4	1

Warehouses EMEA	2015	2016	2017	2018
Heilbronn, Germany	9	4	1	7
St. Amé, France	7	4	3	3
Halesowen, U.K.	1	0	0	0
Barcelona, Spain	0	0	1	0
Other warehouses			0	
Total Accidents	68	48	28	25





## RESULTS & OUTLOOK



## ACCO Brands EMEA Sustainability Scorecard 2020: Environmental Impact and Paper

	Target 2020	Target change from 2015	2017 Result*	2018 Result	Progress	
Emissions: CO <sub>2</sub> Factories CO <sub>2</sub> Warehouses Total CO <sub>2</sub>	94 kg/Tonne 2.09 kg CO <sub>2</sub> /m³ 9 450 T CO <sub>2</sub>	-25% -20% -30%	111.7 kg CO <sub>2</sub> /T 3.18 kg CO <sub>2</sub> / m <sup>3</sup> 10 908 T CO <sub>2</sub>	126.0 kg CO <sub>2</sub> /T 2.96 kg CO <sub>2</sub> /m <sup>3</sup> 11 762 T CO <sub>2</sub>	Despite many sites consuming less power, the worsening conversion rate in Poland has a major impact on the final results.	
Water Consumption: All Factories & Warehouses	33 000K Litres	-25%	35 849K Litres	33 861K Litres	A further drop in consumption brings us close to our target.	<b>(</b>
Zero Waste	98% of total waste recycled	+21%	89% of total waste recycled	91% of total waste recycled	We expect further improvement once the warehouse consolidation is completed.	$\odot$
FSC* /recycled paper used in manufacturing	100%	+0.7%	99.2%	99.5%	This result is now including Lillyhall production (Derwent®) and only missing Lillyhall packaging.	
Env. Preferable Products Percentage of sales of branded products which have an Eco Label in categories where label is available	54%	+2%	45%	45.5%	Few additional products with an Eco Label in 2018. The mix of products we now sell takes us far away from our 54 percent target.	

<sup>\*</sup> Some adjustments have been made since the publication of the 2017 report, please see the appropriate sections for explanations.



## ACCO Brands EMEA Sustainability Scorecard 2020: Good Working Relationships

	Target 2020	2018 Result	Progress	
Tier 1 suppliers signed up to the ACCO Brands Code of Conduct	100%	95 percent of non-European OEM suppliers have signed our Code of Conduct.	Although we are close, we are still missing the documentation on a few small suppliers. We will focus on resolving this in 2019.	
Suppliers of Finished Goods in Risk Countries audited	100%	93 percent	The much higher number of suppliers than in previous years is under control. We need to pull in the last few missing audits.	
Audited Suppliers on Level Green or Yellow	100%	Audit result yellow or green: 32 percent Total suppliers with closed CAP or on level yellow/green: 95 percent	A clear improvement on managing the CAPs as we now have 95 of suppliers on an acceptable level at the end of the year.	
Supply Chain (tier 1) mapped in detail and risk assessed	100%	Finished goods and raw material suppliers for EMEA are known but not fully documented (mapped and risk assessed).	This task has been carried out for the highest risk group of suppliers, non-European OEM. At the moment, fulfilling this target completely will be challenging.	
Zero Accidents	0	25	Further reduction in the number of accidents.	$\odot$





## **CLOSING THOUGHTS**



Working towards Taking Care of Tomorrow is at the heart of what we do at ACCO Brands. We know that it is what consumers expect of our brands and it is what we expect of ourselves. Our focus on continuous improvement and reducing our impacts therefore remain at the core of what we do.





# THANK YOU



