

Carbon Reduction Plan

Supplier name: Crown Paints, part of the Hempel A/S group (Hempel)

Publication date: 25.03.2024

Please note the following information is based on the overall global performance of Hempel A/S (from now on referred to as "Hempel") and its subsidiaries. Crown Paints is wholly owned by Hempel. Where available, information specific to Crown Paints is included. Steps will be taken to develop an entity-specific carbon reduction plan as soon as practicable. Reliance on Hempel's plan is a temporary measure.

Commitment to achieving Net Zero

Crown Paints is committed to achieving Net Zero emissions latest by 2050. We will drive this commitment in accordance with industry best practice i.e. rules set out by the Science Based Target Initiative. This in turn means alignment with the Greenhouse Gas Protocol as relevant. Progress toward achievement will be assessed as part of our independent verification processes.

Baseline Emissions Footprint

Baseline Year: 2019	
Additional Details relating to the Baseline Emissions calculations.	
In 2024 Hempel will conduct a comprehensive baseline recalculation exercise to account for business changes (e.g. acquisitions) since the target was first submitted to SBTi for validation (2021).	
Baseline year emissions	
EMISSIONS	TOTAL (tCO₂e)
Scope 1	<u>8,808</u>
Scope 2	<u>34,281</u>
Scope 3 (Included Sources)	<u>1,506,493</u> Category 1: Purchased goods and services Category 2: Capital goods <u>22,292</u> Category 3: Indirect energy Category 4: Upstream transportation and distribution

	<u>2,649</u> Category 5: Waste generated in operations Category 6: Business travel Category 7: Employee commuting Category 9: Downstream transportation and distribution <u>391,261</u> Category 11: Use of sold products Category 12: End of life treatment <u>1,922,694</u> Total Scope 3
Total Emissions	<u>1,965,784</u>

Current Emissions Reporting

Reporting Year: 2022	
EMISSIONS	TOTAL (tCO ₂ e)
Scope 1	<u>8,163</u>
Scope 2	<u>26,317</u>
Scope 3 (Included Sources)	<u>1,308,302</u> Category 1: Purchased goods and services <u>5,408</u> Category 2: Capital goods <u>12,899</u> Category 3: Indirect energy <u>69,952</u> Category 4: Upstream transportation and distribution <u>1,126</u> Category 5: Waste generated in operations <u>2,940</u> Category 6: Business travel <u>2,456</u> Category 7: Employee commuting <u>3,389</u> Category 9: Downstream transportation and distribution <u>976,077</u> Category 11: Use of sold products <u>19,705</u> Category 12: End of life treatment <u>2,402,253</u> Total Scope 3
Total Emissions	<u>2,436,734</u>

Scope 1 covers direct emissions originating from Hempel sites. Scope 1 emissions are based on energy consumed in fuel (fuel oils and natural gas) and refrigerants (top-up). The consumption of fuels is converted to CO₂e emissions by applying relevant Greenhouse Gas Conversion Factors for Company Reporting from the UK government agency BEIS (previously Defra) for the relevant year.

Scope 2 covers indirect emissions from electricity and district heating consumed at Hempel sites. The consumption of electricity and district heating is converted to CO₂e by applying the relevant emission factors (market or location based). Sites using documented renewable electricity contribute with zero emissions in the market-based approach. Electricity supplied through use of renewable certificates is, in the market-based approach, deducted in accordance with the guiding principles provided by RE100.

Scope 3 covers all relevant categories in the Greenhouse Gas Protocol. The emission factors used to convert to CO₂e are from the following datasets:

- Ecoinvent 3.4
- Raw materials LCI database for the European coatings and printing ink industries (CEPE database)
- BEIS (previously Defra 2021 v.1 and 2022 v.1)
- Intergovernmental Panel on Climate Change (IPCC) (2013)
- BEIS Greenhouse Gas Conversion Factors for Company Reporting (2020 v.1) (BEIS GHG)
- BEIS input/output emission factors for indirect supply chain emissions (2020 v.1) (BEIS indirect)
- BEIS Recovery Rate from Non-Hazardous Construction and Demolition Waste for the UK and England (2020) (BEIS waste)

Emissions reduction targets

In March 2022, Hempel's climate targets for reducing carbon emissions were independently validated by the Science Based Targets initiative (SBTi). These targets cover both scope 1 & 2 and scope 3 carbon emissions and were selected to be in line with a 2050 Net Zero commitment. The baseline year for both targets was set as 2019. Specifically, Hempel committed to:

- Reduce scope 1 & 2 CO₂e emissions by 90% by the end of 2026
- Reduce scope 3 CO₂e emissions by 50% by the end of 2030

On top of these climate targets, Hempel has established a series of additional environmental targets and programs that contribute towards our carbon reduction ambitions. Specifically, we have committed to:

- Achieve zero waste to landfill and halving scrap at our production sites by 2025
- Achieve 50% recycled content in primary packaging by end of 2025
- Collect and recycle 1.3 million used paint cans in 2023 through the can-back scheme
- Make sustainability a key driver of all product development and innovation

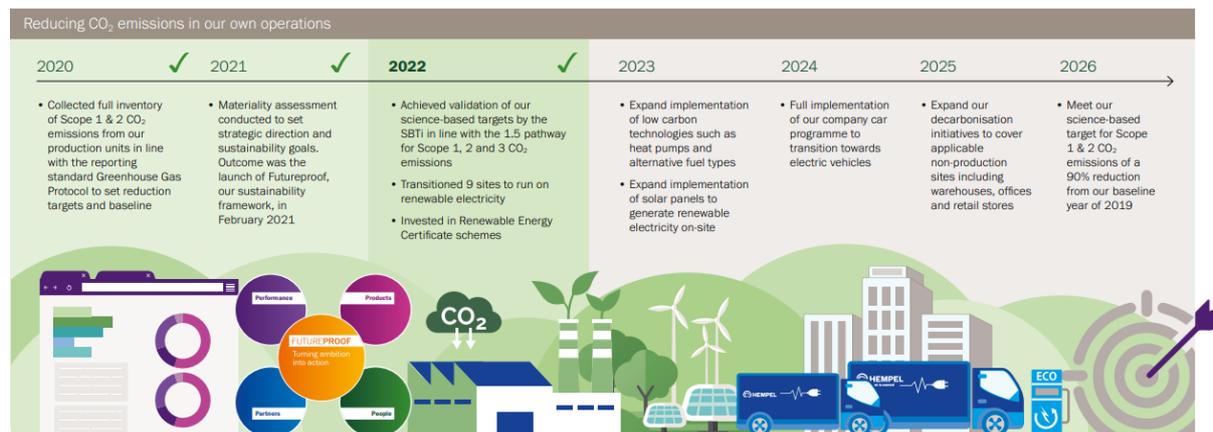
Lastly, as an indication of how seriously we take our climate and sustainability commitments, as of April 2022 we have linked EUR 1.5 billion in credit facilities to four of our sustainability targets: (i) Scope 1 & 2 CO₂e emissions reduction, (ii) Scope 3 CO₂e emissions reduction, (iii) Reducing waste to landfill at production sites, (iv) Reducing and phasing out hazardous raw materials in our products

Crown Paints, as a part of Hempel since 2011, participates fully in all the above targets and initiatives. Below we provide further information on these carbon reduction projects.

Carbon Reduction Projects

Reduce scope 1 & 2 CO₂e emissions by 90% by the end of 2026

In 2022, Hempel reduced its scope 1 & 2 emissions by 56 per cent compared to 2019, exceeding the target of 40 per cent for the year. This performance is in line with our validated science-based target for scope 1 & 2. For Scope 1, we continued to phase-out fossil fuel driven equipment and began exchanging our combustion engine forklift trucks with electric equivalents. Crown Paints has been among our leading subsidiaries in scope 1 & 2 reduction. Since 2022 all facilities have been powered by 100% renewable electricity. This is primarily grid-supplied 'green energy' and supplemented with some on-site power generation from solar panels. Regarding scope 1, a program of phasing-out fossil fuel driven assets has resulted in a 35 per cent reduction compared to our 2019 baseline year. Crown Paints was recognized for its carbon reduction efforts by the British Coatings Federation by winning the 2023 "Race to Net Zero" award.



Reduce scope 3 CO₂e emissions by 50% by the end of 2030

In 2022, Hempel began creating the foundation and governance to support group-wide Scope 3 reduction ambitions. To allow objective evaluation of potential Scope 3 reduction activities and make implementation easier, we created a prioritisation tool that enables us to analyse and rank projects in terms of anticipated CO₂e savings. From this detailed and systemic evaluation, three key themes emerged.

- **Use less paint**, by providing longer-lasting coating solutions and through our services
- **Sell different products** by optimising our product assortment and providing coatings that deliver the same technical performance with a lower CO₂e footprint
- **Improve existing products** by working with our product formulations and suppliers to phase out raw materials with the greatest CO₂e footprint

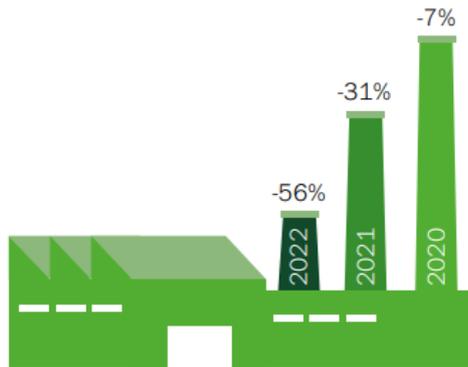
In 2022, Hempel's scope 3 emissions were reduced by 14 per cent compared to 2021.

Achieve zero waste to landfill and halving scrap at our production sites by 2025

In 2022, Hempel reduced waste sent to landfill by 45 per cent at Hempel production sites compared to 2021. Compared to our base year of 2019, this is a total reduction of 83 per cent

(excl. acquisitions). **In Crown Paints operations, landfilling has dropped from 1422 tons in 2019 to 36 tons in 2023, a reduction of 97.5%.** This was achieved through waste reduction initiatives and by increasing recycling and reuse rates. We have also committed to achieving a 50 per cent reduction in the value of raw materials and finished goods being scrapped by our facilities by 2025 (compared to the base year of 2019). This target was exceeded in 2022 when we achieved a 65 per cent reduction in the value lost from scrap and a similar reduction in scrap volume. **In Crown Paints, we are sending scrap paint to secondary manufacturers that reprocess it into recycled paint.**

**CO₂e emissions in our own operations
(Scope 1 & 2 reduction compared to 2019)**



**Waste to landfill at production sites
(per cent reduction since 2019)**



Achieve 50% recycled content in primary packaging by end of 2025

Hempel is committed to increase the recycled content in our global plastic packaging to 50 per cent by 2025. This is a target that challenges our Decorative brands, which are responsible for most of the plastic packaging we put on the market as a Group. Crown Paints is by far our best performing brand in this area. In 2018, it was the first to introduce a paint pail with 100 per cent post-consumer-recycled (PCR) plastic. This product (the result of a collaboration between Crown Paints, Emballator Packaging UK and Engel UK) was first-of-its-kind in the UK and won “Best Industrial Product Design” award at the Plastics Industry Awards 2022. In 2021, Crown Paints in collaboration with plastic packaging manufacturer Berrys trialed pails using PCR plastics and in 2022 Crown Paints started to receive pails using 50 per cent PCR material, 20 per cent above the UK Government requirement. **By the end of 2022, recycled plastic represented 79 per cent of the plastic packaging purchased by Crown Paints that year.**

Collect and recycle 1.3 million used paint cans in 2023 through the can-back scheme

Crown Paints is running the Can Back Scheme, through which customers across the UK can return empty paint cans to our local stores and warehouses. The Can Back Scheme accepts both metallic and plastic cans from any manufacturer or brand. The returned cans are processed by NIMTECH, our waste management partner, and both the plastic and metal are sent for recycling. **Our goal was to collect and recycle more than 1.3 million empty paint cans in 2022. We exceeded this target by recycling more than 1.4 million cans** through better promotion and by expanding the scheme to more stores and warehouses. This is an increase of 155% compared to 2021 when we recycled 550.000 cans.

Make sustainability a key driver of all product development and innovation

In 2022, Hempel further focused the efforts on making sustainability a driver for product innovation through the company-wide roll-out of our sustainability product scorecard. This digital tool enables us to quickly evaluate current and future solutions using quantifiable metrics material to our business, including carbon footprint. This data is used to integrate sustainability into product strategies and technology roadmaps, drive future product portfolio in an increasingly sustainable direction and decrease the carbon footprint of our products. **Crown Paints has integrated its portfolio into the product scorecard and follows Hempel’s sustainability and carbon criteria in its product development process.**

Declaration and Sign Off

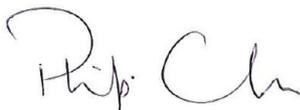
This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard¹ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting².

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard³.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier:



.....

Date: 17 April 2024

[\(link to Hempel AR \)](#)

¹<https://ghgprotocol.org/corporate-standard>

²<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

³<https://ghgprotocol.org/standards/scope-3-standard>