PRIMARK®

CARBON

Primark Environmental Insights 2021/22

WHY IT MATTERS

Climate change poses a significant risk to our business, while also presenting opportunities to fundamentally re-examine how we operate and make changes that will deliver a lasting impact. Addressing this risk is not only important to us, but to all our stakeholders and to the communities in which we operate.

Reducing carbon emissions is viewed as one of the most effective ways to limit climate change and mitigate its impacts. The fashion industry is a significant contributor to global carbon emissions. It is crucial we do our part to significantly reduce our emissions across our value chain, in addition to using our influence to create a more sustainable, viable industry for years to come.

Our commitments and partnerships

With the launch of Primark Cares in September 2021, we cemented our commitment to halving carbon emissions across our value chain by 2030. This commitment covers emissions across Scopes 1, 2 and 3, as defined by the Greenhouse Gas (GHG) Protocol, so includes our supply chain, which is where 88% of our carbon emissions occur. Establishing our baseline was fundamental to tracking our progress on this commitment – we set a baseline on emissions from our financial year 2018/19. Our process and calculation aligns with the GHG Protocol Standard, and we also had our Scope 3 methodology and baseline calculation independently verified by the Carbon Trust.

Our industry commitments

In 2020, we became a signatory to the Fashion Industry Charter for Climate Action, a collaborative initiative from the United Nations Framework Convention on Climate Change (UNFCCC). We welcomed the adoption of a more stringent target by the Charter during COP26 in 2021, to support the Paris Agreement ambition of limiting the global temperature rise to 1.5 degrees Celsius above pre-industrial levels, which also aligns with our Primark Cares carbon emissions target.

Building on our efforts under the Sustainable Clothing Action Plan (SCAP) 2020, we've committed to Textiles 2030, a voluntary initiative led by WRAP, which includes a target to reduce the aggregate greenhouse gas footprint of new products by 50%. The initiative also brings businesses together to create a uniform standard of durability, with the aim of driving higher standards across the industry. Under Primark Cares, we've committed to strengthen the durability of our clothes by 2025. Where clothes don't meet our new enhanced durability requirements, we will work with suppliers to drive improvements in line with our standards – for example exploring the use of different dyes or making adjustments to fabrics to strengthen them and make them more durable.

We have also committed to set near-term, company-wide emissions reductions in line with climate science with the Science Based Targets Initiative (SBTi). This commitment aligns with our Primark Cares carbon emissions target but adds an additional level of scrutiny to ensure our approach is in line with the latest criteria and recommendations of the SBTi.

As a division of Associated British Foods plc (ABF), we also contribute to the ABF Carbon Disclosure Project (CDP) Report and Task Force on Climate-related Financial Disclosures (TCFD) submission.

OUR APPROACH

We're a large business, responsible for producing over six million tonnes of CO_2e emissions across our value chain each year[1]. Reducing our carbon footprint is imperative to meet our environmental commitments and ensure we do our part to mitigate the impacts of climate change.

We don't own any of the factories in our supply chain, so we continue to work in partnership with our suppliers and other brands to achieve our goal, leveraging our scale to take a leading role in driving our industry to reduce its impact. Many of the initiatives within Primark Cares contribute to this decarbonisation goal. This includes our commitment to ensure all our clothes will be made from recycled or more sustainably sourced materials by 2030; to eliminate single-use plastics and all our non-clothing waste by 2027 and to use more regenerative agricultural practices in the Primark Sustainable Cotton Programme (PSCP) by 2030.

What we're doing

Working with our suppliers to tackle emissions and reduce their carbon footprint is crucial, however, we continue to look carefully at the footprint of our own operations. Our Energy Policy was developed in 2018, and updated in 2022, and is just one of the foundational tools we've put in place to reduce emissions within our own operations.

Energy management system (EnMS)

Our energy management system is certified to the ISO 50001 standard in stores, offices and distribution centres across all of the markets where we trade.

ISO 50001 certification provides a structure to optimise energy performance across our buildings portfolio and ensures that we are meeting our legal obligations under the EU's Energy Efficiency Directive. To maintain this certification, we also must improve performance every year, so it enables continuous development of our approach.

Energy bureau

An energy bureau is designed to monitor and manage energy consumption across multiple sites using smart analytical hardware and software systems. We began rolling out an energy bureau service across our stores in June 2021, starting with the UK.

The bureau connects remotely to the Building Management Systems in our stores to identify anomalies in energy consumption, resolve issues and schedule changes. At the same time, we deliver bespoke training packages, energy reports and dashboards for each site, so that teams can better manage energy use.

LED lighting

We've introduced LED lights into 37 stores across the UK and Republic of Ireland this year, leading to an energy consumption reduction of 35-37% across these individual stores. Based on this success, we've accelerated our LED programme for the 2022/23 financial year to include 120+ new stores. As part of this project, we are also introducing occupancy sensors in all back-of-house areas.

Energy procurement

With the support of a third-party provider, we're developing a Green Procurement strategy designed to incorporate renewable energy across our sites. The initial stage of the strategy involves tendering our international supply agreements to use green energy supplies wherever possible.

Addressing Scope 3 emissions

Scope 3 emissions represent the largest share of our greenhouse gas impact with our largest contribution being driven from our product supply chain and upstream transportation. Reducing emissions in these two areas has been our priority over the last year.

Our business model demands that most of our shipping is done via ocean freight therefore it is crucial that we look for ways to reduce our emissions here. Through our partner Maersk's EcoDelivery solution, we will be able to replace traditional fuels with greener fuel alternatives, reducing our emissions in shipping our products.

To build on this work, we will continue to work with suppliers and factories in tier one and tier two of our supply chain to reduce the emissions associated with manufacturing our products. Our approach is to support them to implement energy efficiency measures and switch to low-carbon and renewable energy sources.

Energy efficiency

Through our work with the Apparel Impact Institute (Aii) and its Clean by Design (CbD) programme, we have been running pilots in China to gain insights into factories' operations and create a business case for investing in efficiency measures. You can read more about this initiative below.

This year, we are hiring for regional carbon leads across Bangladesh, India and China to support our engagement with suppliers in this area.

Renewable energy

It can be difficult for individual factories to engage with energy suppliers and negotiate a power purchase agreement so we are working with RenEnergy to help our suppliers source and switch to energy from renewable sources.

RenEnergy is mapping energy consumption in key strategic supplier factories so that we can identify opportunities where we could pool their purchasing power and access alternative energy options that they wouldn't otherwise have access to individually.

1. This figure reflects the measurement of Primark's carbon emissions for the last four years. Due to disruption during COVID-19, two of those years saw our impact drop below 6 million tCO_2e. 2018/19: 6.4 million tCO_2e; 2019/20: 5.2 million tCO_2e; 2020/21: 4.7 million tCO_2e; 2021/22: 6.6 million tCO_2e.

OUR PROGRESS

This year, there has been an overall increase of 2.6% in carbon emissions across our value chain against our baseline financial year 2018/19. This is largely the result of the increased volume of material used to produce the products sold over that period. Over the short term, this trend is likely to continue but there will be a decline once our energy programmes that are being rolled out across our supply chain begin to deliver at scale.

Due to ongoing work on our energy bureau and LED lighting upgrades, we have reduced our combined Scope 1 and 2 emissions by 22.9%.

So far, the energy bureau programme has seen us optimise the efficiency of more than 140 UK stores, saving 11% (kWh) of electricity compared to our 2018/19 baseline. We are continuing to roll out the energy bureau to all UK stores and are trialling its use in the Republic of Ireland, Spain, the Netherlands and the US.

We have also recently entered into a new electricity supply agreement in the UK where 100% of our electricity will be supported by Renewable Energy Guarantees of Origin, providing full transparency about the proportion of electricity sourced from renewable generation. Our energy consumption in the UK for 2021/22 equated to approximately 35% of our Scope 1 and 2 emissions, so an agreement of this scale will greatly reduce our impact going forward.[2]

Carbon emissions

GHG Protocol Scope	2018/19 (tCO_2e)	2021/22 (tCO_2e)	Difference
Scope 1 & 2	160,443	123,772	-22.9%
Scope 3	6,246,005	6,451,835	+3.3%
Total	6,406,448	6,575,607	+2.6%

Clean by Design

Reducing energy and water consumption in China

Textile manufacturing is traditionally energy, water and chemicals-intensive and as a result of high global demand, many mills operate to produce fabric or yarn for multiple customers around the world.

Partnering for shared benefits

A dyeing mill, located in Anhui Province, China, supplies dyed yarn for a number of different Primark socks suppliers. Like many facilities of this type, it needs water, chemicals and energy to process raw materials and create yarn.

To support improvements in both energy and water use at the mill, we worked with the Apparel Impact Institute (Aii). Together, we ran workshops to familiarise the mill management team with the Clean by Design (CbD) initiative, which provides guidance to identify, fund, scale and measure stepwise solutions for reducing environmental footprints in textile manufacturing.

Following on from these workshops, the mill was assessed by Aii and supported to develop an action plan to implement improved practices across its operations.

As a result of wide-ranging changes in its processes, the mill improved its environmental impact. These changes included:

- insulating steam pipes, steam valves and condensing water pipes;
- consolidating maintenance of dye vats;
- improving the efficiency of its wastewater heat exchanger;
- recovery and recycling of condensate water.

Altogether and over a 12-month period, these actions resulted in the mill saving around 7,624 tonnes of coal, which is equivalent to 19,368 tonnes of CO_2e, and delivering operating cost savings of RMB 3.95m (equivalent to £485,950).

Looking ahead

The mill is now exploring further ways of becoming more energy efficient, including the possible installation of on-site solar panels. It is also embedding these new ways of working into its operational guidelines to ensure its workers can integrate these practices into their daily work routines.

Initially piloted with three factories in China, we are now looking to expand the programme to over 50 factories across China, India and Bangladesh and share the learnings from the initial phase with other factories in our supply chain.

2. GHG Protocol Category: Supplier Emissions: Scope 3 Cat. 1-6, Customer Emissions: Scope 3 Cat. 11-12, Own operations: Scope 1 & Scope 2.

GLOSSARY

Aii	Apparel Impact Institute. A collaboration of brands, manufacturers and industry associations that have come together to select, fund and scale high-impact projects to improve the sustainability outcomes of the apparel and footwear industry.
CbD	Clean by Design. An approach to green supply chain efficiency which brings together multinational apparel retailers and fashion brands to improve upon environmental impacts in their factories across the globe.
GHG emissions	Emissions of the seven greenhouse gases covered by the Kyoto Protocol – carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).
GHG emissions (Scope 1)	Direct GHG emissions from owned or controlled sources. For example, the use of non-renewable fuels such as natural gas in boilers, as well as fugitive emissions.
GHG emissions (Scope 2)	Indirect GHG emissions from purchased electricity, heat or steam used in Primark's own operations.
GHG emissions (Scope 3)	GHG emissions which are the result of activities from assets not owned or controlled by Primark, but that Primark indirectly impacts in our value chain. The following categories of the GHG Protocol Corporate Value Chain (Scope 3) Standard are included: Upstream emissions • Category 1: Purchased goods and services • Category 2: Capital goods • Category 3: Fuel and energy-related activities • Category 4: Upstream transportation and distribution. • Category 5: Waste generated in operations • Category 6: Business travel Downstream emissions • Category 11: Use of sold products • Category 12: End-of-life treatment of sold products
Greenhouse Gas Protocol Standard	GHG Protocol Corporate Value chain (Scope 3) Accounting and Reporting Standard, and Technical Guidance for Calculating Scope 3 Emissions (Version 1.0), standard used to develop Primark Scope 3 calculation methodology.
Greenhouse gases (GHG)	The atmospheric gases responsible for causing global warming and climate change. The major GHGs are carbon dioxide (CO_2), methane (CH4) and nitrous oxide (N20). Less prevalent – but very powerful – greenhouse gases are hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF6).
SBTi	Science Based Targets initiative (SBTi): • Defines and promotes best practice in emissions reductions and net-zero targets in line with climate science. • Provides technical assistance and expert resources to companies who set science-based targets in line with the latest climate science. • Brings together a team of experts to provide companies with independent assessment and validation of targets. • The SBTi is the lead partner of the Business Ambition for 1.5°C campaign - an urgent call to action from a global coalition of UN agencies, business and industry leaders, mobilizing companies to set net-zero science-based targets in line with a 1.5°C future.
TCFD	The Task Force on Climate-related Financial Disclosures. Created by the Financial Stability Board, the TCFD was developed to provide recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks-related to climate change.
UNFCCC	United Nations Framework Convention on Climate Change. The United Nations Framework Convention on Climate Change has near universal membership (198 countries) and is the parent treaty of the 2015 Paris Agreement to keep the global average temperature rise this century as close as possible to 1.5 degrees Celsius above pre-industrial levels.
WRAP	Waste and Resources Action Programme. A climate action NGO working around the globe to tackle the causes of the climate crisis and give the planet a sustainable future.