

Hachette Book Group (HBG) is dedicated to protecting the environment and to the responsible use of natural resources. We are committed to publishing this annual report on our progress toward the goals laid out in our environmental policy.

Reducing Climate Impacts

We are continuing to optimize wherever possible to reduce our carbon footprint, with an annual reduction goal of 2.5% for the 2017–2020 period. In 2017, we reduced our carbon footprint by 2%, and managed to achieve this improvement during a period of growth related to HBG's acquisition of Perseus Books, which significantly expanded our catalog (increasing paper demand, and transportation of product), our employee base (increased employee commuting), added four new offices across the country and a new warehouse facility in Indiana (additional electricity, office paper).

Increasing Certified and Recycled Fiber

In 2017, our FSC (Forest Stewardship Certified) fiber usage was 97.4% (a 3.7% improvement over prior year). Combining FSC and SFI (Sustainable Forestry Initiative), 100% of HBG's overall paper usage in 2017 came from certified fiber, exceeding our combined FSC/SFI goal of 95%.

We have an aggressive target for recycled fiber, and seek to increase recycled fiber to 20% of our overall paper use, from a 3% benchmark in 2008. In 2017, recycled fiber was 9.6% of our overall paper usage, a slight increase over the prior year. Despite serious challenges with sourcing of recycled fiber, including scarcity, low quality, and high cost, we continue to push for improvements in recycled usage.

Fiber Testing

HBG began fiber testing in the second half of 2016. Thus far, we have not found any at risk fibers nor any tropical hardwood fibers in our title sampling. We will continue to test on a quarterly basis and monitor results, and we will manage our supply chain to align with our strict environmental policy.

Protecting Endangered Forests

Our goal in this area is to continue HBG's diligent oversight of our supply chain to ensure that we avoid using any controversial sources of paper fiber, and require our paper to be free of unacceptable sources as defined by FSC's controlled wood standard. We regularly discuss paper sourcing with our suppliers and remind them of their strict adherence to HBG's paper and environmental standards.

Monitoring and Reporting

HBG's environmental initiatives span many different areas, including paper sourcing, office recycling, energy usage, product transportation, and packaging. We are guided by our industry-leading environmental policy, and our commitment to communicating consistently about our progress on our green goals.

Hachette Book Group CEO Michael Pietsch said, "In a year of major expansion at Hachette Book Group, we were able to reduce our carbon footprint, while also increasing recycled fiber and certified fiber in our books. The environmental goals we've set through 2020 focus on continued improvement in our paper, production, and energy use. I'm confident that we'll see further progress on all fronts. Social and environmental responsibility is a high priority globally for our parent company Hachette Livre, and I'm happy to see HBG contribute in meaningful ways to progress in this area."