



PUBLISHING
2030 ACCELERATOR

Publishing 2030 Accelerator

Navigating towards net zero: The role of finance
as a driver for climate action acceleration

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Introduction to Publishing 2030 Accelerator

The fear that books would lose their value in the digital era has proved unfounded, with fresh evidence coming to light year on year to demonstrate consistent demand for the printed book.

One thing that is clear is that publishers must continuously adapt to changing circumstances and evolving buying behaviours. In the past 10 years alone, the industry has responded to the introduction of e-books and audiobooks, the migration of retail from physical stores to online, the emergence of niche communities, and changes in reading genres. The publishing sector is clearly adept at managing change.

However, like many other business sectors, book publishing is under scrutiny for the negative environmental impact of many of the outdated processes still in use across the industry. With sustainability an increasing priority for brands and consumers, there is an urgent need to relook at the printed book and consider how we can make it more sustainable.

The good news is that businesses across the publishing supply chain are expressing their interest and commitment to improving their own practices and making the industry more sustainable as a whole. We know that seismic shifts will not happen overnight. It takes research, testing and scaling before substantial changes can be implemented industrywide. But, importantly, there is positive intent, growing collaboration and forward momentum.

With the aim of accelerating the industry's progress towards a more sustainable future, a group of industry stakeholders at Canon's Future Book Forum in 2022 formed the Publishing 2030 Accelerator strategic initiative. Our collective aim is to build awareness among book publishers and producers of the opportunity to optimise the existing book supply chain and, ultimately, drive positive systemic change.

The Publishing 2030 Accelerator initiative followed the COP 26 Joint Statement, which highlighted the prioritisation of climate action, and the International Publishers Association (IPA) Sustainability Summits, which called for an internationally coordinated approach to tackling the sector's climate impact.

“What our industry must do to address our climate impact entails fundamental, and sometimes challenging, rethinking. This requires buy-in from all sectors, all jurisdictions, and all participants at every level and in every function. Ageing publishers need to embrace and encourage those changes which will make books and journals ever more sustainable for following generations.”

Richard Charkin
Publisher and former IPA President

The Publishing 2030 Accelerator Manifesto

All active participants in the Publishing 2030 Accelerator have committed to a five-point manifesto setting out our mission and principles:

1. Take responsibility for the world we create. The book has the power to educate, entertain, promote culture, and stimulate diversity and democracy. As an industry, we must work to reduce negative impact, specifically concerning the resources, energy, transportation and waste associated with the production and distribution of books.

2. Drive change by putting a sustainability-led purpose at the heart of our organisations and the 'smart' innovations we develop in the future. Let us join forces to empower the wider sector to act and challenge the established thinking and processes that often impede progress. Our passion is to transform ideas into reality, to help both our own organisations, and the wider sector, to be successful and make a positive impact for people and the planet.

3. Accelerate action because the time to talk is over. The technology needed to address sustainability concerns is already in reach. The United Nations has called for action on sustainability. Let's build a community of like-minded people to test ideas and assumptions, and reconsider what we refer to as 'standard' in our industry.

4. Share experiences as members of the Publishing 2030 Accelerator. We recognise that we must use our knowledge, passion and resources to help the whole sector, experiment and try new approaches, and deliver simple solutions that will leave our planet and society in good hands for future generations.

5. Hold one another accountable for putting the ideas generated from the Publishing 2030 Accelerator initiative into practice, acknowledging that the stakes are high because the future depends on connections and these new approaches to the printed book.

The Publishing 2030 Workstreams

The Publishing 2030 Accelerator is committed to climate action through three distinct workstreams.

Workstream one The carbon footprint of a book

Lead: Rachel Martin, Global Director of Sustainability, Elsevier

The first workstream focuses on the development of a label prototype that can be included in printed books, detailing the carbon footprint breakdown of the book. An example of such a label would be the Nutriscore food label. The role of such a label is not to suggest that a book is good or bad based on its carbon footprint, or to make a promise that it is sustainable. Its intention is to educate and inform publishing stakeholders - including the readers themselves - and empower them to explore changes that will benefit the environment.

Workstream two Distributed Book Printing Network

Leads: Jörg Engelstädter, Tino Wägelein, Canon Europe

One contributor to the publishing industry's environmental impact is the carbon emissions from the global shipping of printed books. The second workstream is exploring how to build an international network of digital print-on-demand facilities whereby print files can be shared globally so that books can be produced locally to their point of sale to minimise transportation distance. The outcome vision for this workstream is an easily accessible global 'data highway' with a network of professional print-on-demand book printers, available for all publishers irrespective of size.

Workstream three Navigating towards net zero: the role of finance

Lead: Richard Charkin, Publisher and former IPA President

There is a perception that the traditional approach to book production, where large quantities of books are printed and stored centrally and then shipped to their point of purchase, minimises the unit cost of the book. However, this does not consider the financial or environmental impact of shipping books worldwide, warehousing, and discarding unsold stock, nor the unseen but material overhead costs of managing these transactions. This workstream focuses on shifting cost analysis away from cost per unit to take full consideration of the book's overarching lifecycle cost.

This white paper focuses on the third workstream - the role of finance as a driver for climate action acceleration. Our aim is to provide clarity around the relationship between sustainability, profitability and business success in the publishing sector.

It is important to highlight that, as signatories of the Publishing 2030 Accelerator, we have worked independently and our findings in this white paper provide a basis for further discussion and dialogue across the publishing ecosystem.





Executive Summary



Insight 1: Publishing is seriously committed to net zero

Setting net zero targets and prioritising climate action within a wider Environmental, Social and Governance (ESG) framework is standard practice across large publishers. Chief Financial Officers (CFOs) all agreed that these targets were being taken “seriously”, and there is accountability in the form of senior leaders remuneration being tied to progress being made on such targets. This prioritisation was viewed to be driven primarily by investors and employee expectations.



Insight 2: Sustainability is a spectrum of choices

CFOs do not view business growth as a trade-off with environmental sustainability. Rather, sustainability was viewed as a spectrum of choices, which are not black and white and that must be balanced within an organisation’s finite resources. In some cases, choices to be more efficient may lead to cost savings and in other times a more sustainable choice might be initially more expensive. Across the board, CFOs indicated there was increased willingness to take extra steps towards sustainability focused decisions but recognise that this requires effort and resources. The perspective from the CFOs confirmed that the market has changed, moving beyond a perception of environmental sustainability being a “nice to have” to something that is essential for being able to operate successfully.



Insight 3: Taking action means prioritisation

Large publishers have set net zero targets that will take between 15 – 25 years to achieve. As such, large publishers have moved beyond target setting, to start driving down emissions. CFOs advocated for the role of finance to help embed net zero targets into the organisation and creating awareness of the carbon impact of daily choices. In the short term, publishers prioritise reducing emissions in their own operations, whilst harder areas, such as reducing supply chain emissions are longer term objectives. CFOs expect higher industry standards, such as environmental regulation, seen today as a restriction, will in the future again ensure that sustainable choices become business as usual.



Insight 4: Innovation as our net zero secret weapon

Net zero success depends on being innovative. Publishers need to be thinking about the future of business models, the role of digitalisation, technology and value creation. CFOs also agree that further innovation on the production and operation is also needed to better scale solutions such as print on demand.



Insight 5: Finance can help embed net zero into the business

Net zero success will depend on making sure everyone from the sales team, to marketing, to production and editorial are aware of the net zero goals and understand the carbon impact of their daily choices. Pressure from finance on controlling costs can also be an effective tool to drive down emissions. CFOs also reported that finance plays a key role in helping to define and translate high level overall net zero goals into specific departmental or team objectives.

Recommendations



1. Understand that climate action is good for business and set targets:

Successful publishers who wish to attract investors, the best talent and successfully run their companies will need to be prioritising net zero goals under the broad ESG framework. Adding a specific ESG performance target into the CFO and/or CEO objectives will bring accountability at the top level for climate action.



2. Bring sustainability into decision making:

Rather than sustainability being a trade off with profitability, publishers should instead view this as a spectrum of choices to be made along a journey towards net zero. With a finite set of resources, finance teams can help the business understand and resource such choices. The CFOs confirmed that many environmentally sustainable choices are now either cost neutral or cost savers but do require effort and resource to execute.



3. Prioritise areas where you can influence:

Net zero is a journey and all actions help. It is important to prioritise your areas of focus, starting with direct emissions where you can easily influence sustainable choices.



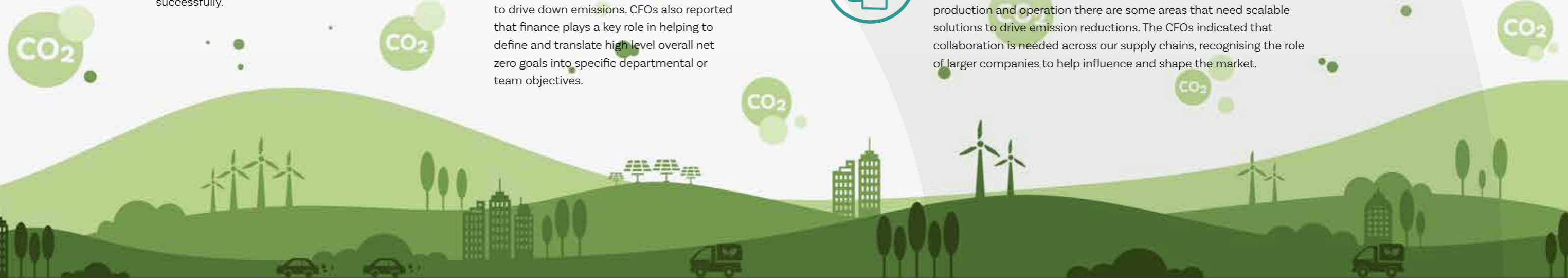
4. Embedded sustainability into account reporting:

CFOs are encouraged to review their management accounting, reporting, and budgeting processes to reflect sustainability. For example, to ensure that full landed cost of products, including the costs of multiple handling, transport etc - all CO2 emitting activities - are included rather than simply print costs.



5. Start innovating:

Successful publishers will need to innovate. Leveraging technology and experimenting with new business models and formats will create environmentally sustainable products of the future. Innovation is also needed in the short term. Within the production and operation there are some areas that need scalable solutions to drive emission reductions. The CFOs indicated that collaboration is needed across our supply chains, recognising the role of larger companies to help influence and shape the market.





Workstream three introduction

Governments around the world have embraced the concept of net zero, helping to align on a common goal of rapid decarbonisation. In the private sector, organisations have also recognised the need to decarbonise and have made commitments to achieve net zero and address wider responsibilities under an Environmental, Social and Governance (ESG) framework.

One of the obstacles commonly identified in achieving emission reductions is the perceived conflict between business growth and net zero targets. The current assumption is, to grow a business, you must produce more, hence require more energy and create more emissions. Additionally, business models can benefit from economies of scale in areas such as printing, shipping, and freight providing, in theory, an incentive to over produce. This raises an important question around achieving net zero: is there a trade-off between sustainability and business success?

Methodology

Hypothesis

As global economic and financial systems evolve to better account for sustainability, publishers and the publishing sector must continue to operate in the economic realities of today. Achieving business growth is traditionally done through a combination of growing revenue and reducing costs. The hypothesis is that a tradeoff exists between making sustainable or net zero choices, and business growth.

This whitepaper seeks to explore the economic challenges and opportunities of using environmental sustainability as a driver for business growth and the role finance should play in helping publishing become net zero.

Research design

In 2023, we conducted six interviews with Chief Financial Officers (CFOs) in large international publishing houses that included Bloomsbury, Elsevier, Planeta, Springer Nature, Wiley, and Wolters Kluwer. All participation was voluntary and responses have been anonymised. The focus of the discussion and questions were primarily to gather expert insights based on historical information, personal expertise, and experience in the publishing sector. For legal reasons all participants were asked not to disclose any specific pricing nor data on future strategy, pricing, marketing, or sales.

This whitepaper, the final output of the Publishing 2030 Accelerator, seeks to provide clarity around the relationship between sustainability, profitability and business success in the publishing sector. The themes and insights generated, have been synthesised based on a series of interviews conducted with the Chief Financial Officers (CFOs) in large, international publishing houses. The final recommendations serve as an opportunity and basis for further exchange and engagement with the aim to help further integrate sustainability into the publishing sector and drive climate action.



Research questions:

Each interview was either structured with responses submitted in written form, or semi structured with responses collected in a face-to-face interview. Each participant was asked to respond to three research questions:

- **Question 1:** Does your publishing house have a net zero goal or prioritise climate action?
- **Question 2:** Traditionally, the focus of finance is on financial measures such as revenue, profit, return on investment and earning per share; often with a strong focus on growth. Based on your expertise, do you see a potential conflict between traditional finance measures and sustainability goals that may ultimately require investments/costs with limited financial returns?
- **Question 3:** From your expert finance perspective, how do you expect the overall publishing sector will change in the next 2-5 years to meet net zero targets?

Background context: origins of net zero

Net zero emission concept

In 2018, the Intergovernmental Panel on Climate Change (IPCC) introduced the concept of “net zero”. This refers to a state where global greenhouse gas emissions would be “balanced” by removing the same amount from the atmosphere through either carbon removal technology or natural carbon sinks (for example, forests or oceans). To achieve a net zero, there is a need to limit the rise of global temperatures, which implies a finite budget of carbon dioxide, alongside other greenhouse gases, that can be emitted into the atmosphere. Staying within this carbon budget, according to the IPCC, requires CO₂ emissions to peak before 2030 and fall to net zero by around 2050.

International climate policy has focused on setting a goal to achieve net zero emissions by a specific date. For example, countries such as South Africa, United Kingdom, United States, Kuwait and Sri Lanka have committed to becoming net zero by 2050. As such, the concept of net zero provides governments, organisations and individuals a framework to structure and understand climate action².

Redefining economic growth and success

Achieving net zero emissions requires systemic change in all parts of society that include our economic and financial systems. Broadly speaking in society, economic growth is understood through the measurement of gross domestic product (GDP). This index typically measures the market value of goods and services within a country's boarder and is used to guide economic policy. Growth in a nation's GDP has long been associated as a proxy for rising living standards³.

However GDP as an index largely ignores other elements that can negatively effect the economy and society. Specifically, environmental economists have long argued that GDP does not count environmental factors. On a basic level, this means that producing more products will improve GDP, but it will not account for the emissions or environmental damage that is suffered as a result. The shortcomings of GDP are stimulating wider discussions⁴ around how to go beyond GDP and help align economic and financial institutions with the sustainability of both people and the planet.



1 <https://www.annualreviews.org/doi/full/10.1146/annurev-environ-112320-105050>

2 <https://www.nature.com/articles/s41558-021-01245-w>

3 <https://unstats.un.org/sdgs/report/2019/goal-08/>

4 https://environment.ec.europa.eu/economy-and-finance/alternative-measures-progress-beyond-gdp_en#:~:text=The%20Beyond%20GDP%20Initiative%20aims,health%20and%20quality%20of%20life.



Results



Insight 1: Publishing is seriously committed to net zero

“We prioritise climate action...our teams are fully aware of this goal, and we have recently created a position fully dedicated to it.”

Net zero target setting

In our study, all respondents had set organisation-wide net zero goals and prioritised climate action within the wider Environmental, Social and Governance (ESG) framework. The net zero targets were typically validated by the Science Based Targets initiative (SBTi) with the net zero transition dates varying between 2040 and 2050. All included actions were to address direct emissions (scope 1 and scope 2) as well as indirect emissions found in the value chain (scope 3). As such, we can assume that net zero targets are a standard practice across large publishers.

“We have set near-term emissions reduction targets to cut scope 1 and 2 emissions by 50% by 2030 and cut scope 3 emissions by 30% by 2030. These targets have been validated by the Science Based Targets initiative.”

CFOs also recognise the immense challenge of meeting net zero, and the associated pressure that creates for the organisation. All CFOs felt that the climate commitments made by their respective organisations were being taken “seriously”. Two respondents mentioned that senior leadership remuneration had already been linked to net zero targets indicating accountability measures for action are already in place.

“Net zero is a huge challenge and a massive milestone to achieve”

“The Management Board are accountable for the delivery of the plan and goals which are clearly articulated as part of our current business objectives. We publish a Sustainable Business report each year”

Key drivers for climate prioritisation

“There is recognition more widely that there are many actions a publisher could take more broadly on things like the environment.”

In addition to net zero targets being a driver for climate prioritisation, CFOs identified investor expectations as being the most prominent driver for ESG action. Respondents indicated they had seen a change in how investors evaluated business “performance” with an increased desire to invest in responsible businesses which, in turn, has assisted the prioritisation of ESG related action.

For other stakeholder groups such as readers, customers, and consumers, CFOs acknowledge there is an increase in awareness of climate impact of products and services but didn’t see the same level of expectation and visibility compared to investors. The exception was employee expectations. This was identified from both the perspective of existing employees and prospective employees who both wish to work for responsible organisations taking ESG action.

“Getting the best people is starting to depend on businesses having sustainability goals and programmes. People want to work for companies being active in this area”



Insight 2: Sustainability is a spectrum of choices

“Financial measures and sustainability goals are not necessarily in conflict”

As publishers develop their net zero transition plans, all the CFOs interviewed felt that the net zero ambitions of their organisations were not in conflict with the profitability or long-term success of their organisation.

“The market is changing. I think it used to be about costs. That you pay more for FSC certified paper and that was a choice. Now that is changing, we see decisions being made that are not primarily about costs”.

From the CFO perspective, profitability and sustainability, were not seen as a trade off, but rather as a balance of choices made within their organisation. With a finite amount of money to spend each year, CFOs all indicated that their organisations had to make certain choices and that sustainability was increasingly factored into such decisions. CFOs also indicated that sustainability considerations were nuanced, rarely presented as a black and white choice, but rather as a series of choices that could be made over time towards sustainability. However, the CFOs interviewed varied in their opinion as to if these choices would be more expensive, or instead actually save costs.

Some agreed that to achieve sustainability, the choices will result in increased costs:

“We have to think about how our processes can first be as sustainable as possible, more sustainable in terms of net zero. We have to do this even if it is more expensive”

“We made the choice to pay more for recycled and FSC certified paper. It costs more, but we need to that for our ESG strategy”.

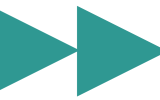
Some agreed that sustainability could save costs, and even positively contribute to the bottom line:

“For example, we are balancing the demand for office space, reduction in environmental impact and spend per square metre. As a result, we have been able to identify ways to achieve cost reductions as well as CO2 emission reductions.”

“...If they are not killing you on the margin, you make the right decision. In fact, in most cases they [sustainable choices] can be margin neutral. You just need to make the effort to go out and do them.”

Another indicated that sustainability choices are not binary in nature, but exist in a spectrum of options:

“There are so many different choices you can choose to make. This is not just a binary decision to choose something that is sustainable vs something that is not sustainable.”



Results (cont.)



Insight 3: Taking action means prioritisation

“Short term financial goals will still be the factor to optimise, and environmental goals will come as a restriction. In the medium and long-term, both sets of objectives will converge.”

The net zero goals set by the organisations interviewed varied in time period between 15 – 25 years. Although such dates initially seem distant, from the CFO perspective, this adds a dimension of timing to how choices between sustainability, profitability and net zero must be balanced. From the CFO perspective, this will mean certain choices will be prioritised in the short term compared to longer term. The dimension of timing also means that while external drivers, such as evolving environmental regulation, may initially be seen as “restrictions”, over time these will evolve into industry standards and part of “business as usual”.

“Most net zero targets are for the 2030-2050 timeframe, so the publishing sector still has time to achieve net zero. In the near term (2-5 years), the focus of the publishing sector – in anticipation of net zero – will likely be on plans to reduce emissions in their own operations and supply chain.”

“In my modest opinion, environmental net zero goals will not be achieved in the next five years, but a lot of progress will be made”.



One CFO indicated that choices will vary depending on the right timing:

“This is about thinking about net zero on a case-by-case basis. You cannot impose an immediate blanket regulation on one thing. We need to be flexible and see where we can push certain areas at the right time as we move through the net zero transition”

Finally, CFOs also understand how external drivers such as environmental standards will ultimately accelerate some of the choices that the sector prefer during such a transition.

“...the publishing industry is moving towards higher and stricter environmental standards, sometimes from own conviction, some others from readers preference that come from higher environmental standards in our societies”.



Insight 4: Innovation as our net zero secret weapon

One key assumption tested in this whitepaper was that business success was a trade-off between making sustainable choices and being profitable, primarily in terms of choices around production and operations. One new insight from the CFOs revealed the need for innovation to play a key role in helping organisations achieve business success:

“Innovation has been a strategic priority for us, as we see it as a key driver of organic growth and value creation for our customers. In the past years, we have been spending approximately 8-10% of total revenues each year in product development.”

New business models, digitalisation and value creation were all seen as areas where publishing should be focusing as part of a longer-term net zero transition. The CFOs also recognised that different sectors have different needs and will move accordingly.

“It is true that for some of them [publishers] it might be more difficult than for others, depending on the content, primary customers, available technology but all of us should move in the same direction.”

“Publishers should foster innovation, in terms of business models leading towards achieving net zero goals. In this respect, we expect an increase of digital books and audiobooks in our markets, as well as new digital business models.”



Results (cont.)



Insight 4: Innovation as our net zero secret weapon (cont)

Alongside product innovation, there was agreement across CFOs that further innovation was needed to solve some more short-term issues in supply chains that can accelerate decarbonisation efforts. CFOs indicated that the sector had to move together on some of these issues, recognising that larger publishers play a role as early movers to help shape and influence their respective sectors.

Print runs were identified by the CFOs as an example of an area that needed a scalable solution. There was recognition that while solutions such as smaller print runs and print-on-demand (POD) exist, they didn't work for all business cases. CFOs clearly saw this as one area where choices do trade-off between business and sustainability and where innovation and scale must play a role:

“Smaller print runs can be more efficient and lower carbon. Bigger print runs are harder. The unanswered question is what about mid-sized runs – when do we accelerate solutions to move at scale towards new technology.”

“Big print runs don't work on POD. We need a solution that works effectively. It cannot be that a solution leads to increasing production time. If the solution is disaggregated, it won't work”.

“Very few publishers have the ability to influence their suppliers and distributors. But they are key. If one distributor takes POD, it makes sense for everyone.”



Insight 5: Finance can help embed net zero into the business

“What are those targets? How do you measure them? And how do you get them into the business through the various operating dashboards? That is where finance can help”.

The final question this whitepaper set out to understand was on the role of finance to drive net zero action within publishing organisations. Often the focus in the publishing industry has been either on the lead for ESG and/or climate goals or on production and operations. Whilst they are important in driving action at a programme level, the interviews also revealed the important role finance plays a function within an organisation to allocate resource and embed net zero goals.

CFOs reported that they felt net zero goals needed to be integrated into the whole organisation. Success will depend on making sure everyone from the sales team, to marketing, to production and editorial are aware of net zero goals and understand the carbon impact of their daily choices. As outlined in Insight 2, often lower carbon choices result in less costs. Pressure from finance on controlling costs can also be an effective tool to drive down emissions.

“Having margin pressure means getting us all to ask, do we really need this? And having sustainability sit alongside it. We need publishers to know what finishes are best, and the margin argument can often help here alongside sustainability.”

CFOs also reported that finance plays a key role in helping to define and translate high-level overall net zero goals into specific departmental or team objectives. This points to the importance of data collection and reporting to ensure the business remains on track and works towards their net zero goals.





Recommendations

The perspective from the CFOs interviewed indicates how a combination of prioritisation of ESG, innovation and external regulations are helping to integrate business success and sustainability. There was also a sense that, while cost may have been a driver of past behaviour, the industry has moved past this as a sole focus for business success. All the CFOs confirmed they do not see sustainability as conflicting with business success but recognise that the transition towards net zero requires many diverse choices that depend on sector and market dynamics. Such choices will evolve over time and in response to evolving environmental regulation.

The top recommendations for the publishing sector were:



Understand that climate action is good for business and set targets: Successful publishers who wish to attract investors, the best talent and successfully run their companies will need to be prioritising net zero goals under the broad ESG framework. The perspective from the CFOs confirmed that the market has changed, moving beyond a perception of environmental sustainability being a “nice to have” to something that is essential for being able to operate successfully.



Bring sustainability into decision making: Rather than sustainability being a trade off with profitability, publishers should instead view this as a spectrum of choices to be made along a journey towards net zero. With a finite set of resources, finance teams can help the business understand and resource such choices. The CFOs confirmed that many environmentally sustainable choices are now either cost neutral or cost savers but do require effort and resource to execute.



Prioritise areas where you can influence: Net zero is a journey and every action helps. It is important to prioritise your areas of focus, starting with direct emissions where you can easily influence more sustainable choices.



Embedded sustainability into account reporting: CFOs are encouraged to review their management accounting, reporting, and budgeting processes to reflect sustainability. For example, to ensure that full landed cost of products, including the costs of multiple handling, transport etc. - all CO2 emitting activities - are included rather than simply print costs.



Start innovating: Successful publishers will need to innovate. Leveraging technology and experimenting with new business models and formats will create environmentally sustainable products of the future. Innovation is also needed in the short term. Within the production and operation there are some areas that need scalable solutions to drive emission reductions. The CFOs indicated that collaboration is needed across our supply chains recognising the role of larger companies to help influence and shape the market.





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