



# Environmental, Social and Governance Report

Sustainability is now the driver for every business decision we take.

2021/2022

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## WELCOME FROM THE CEO

**Sustainability is the now driver for every business decision we make. We all know that without sustainability there is no viable economic future, both on a personal, local and global level.**

Paragon launched our Sustainability Ambition 2030 in January 2021, and we are excited to make this long-term commitment to support our local and global stakeholders in solving some of the world's most pressing sustainability challenges. COP 27 in November 2022 reiterated that this remains a long journey, and not necessarily one that will get easier.

In line with the universal agreement, that social, economic and environmental concerns need to shape business, we continue our holistic approach and focus on the well-being of our Planet, People and Partners. Paragon's sustainability targets will help deliver our clients' goals and aspirations, exceed legislative and regulatory commitments, and support the United Nations' Sustainable Development Goals. They will also demonstrate our commitment to our employees and local communities, helping Paragon become the partner and employer of choice.

We are committed to Net Zero, because our planet needs us to be. We are committed to creating social value, because of our employees, their families

and communities deserve it. We are committed to sustainable business growth to support all our partners because it is the only way to properly succeed.

We are not doing any of this alone, and I would like to say thank you to everyone who is contributing to our ambition, and to colleagues throughout the company who, guided by our strong values, are driving our strategy forward. We want to keep growing as a business, and as a sustainability innovator, to build reliable and sustainable futures for all our stakeholders. We will take a leading stance on sustainability by influencing and challenging an industry we know well.

I have personally experienced the invaluable work and positive impact we have seen through our Reverse Mentoring Programme, and I invite you all to read and enjoy the stories and successes of this amazing initiative.

I am incredibly proud of what we have achieved so far and excited for what the future holds.

**Jeremy Walters**  
Chief Executive Officer | Paragon



*There have been reports in the media that business sectors and governments are falling behind and do not have robust enough plans to meet Net Zero by 2050. I am determined that Paragon will take a leading position in solving this challenge.*

## WELCOME FROM THE SUSTAINABILITY TEAM

*The scale of transformation needed by our Planet and People means collaboration across our joint value chains is vital. We are committed to finding the opportunities to drive these changes in everything we do.*

Welcome to our **seventh Sustainability Report**, and the first to be branded as an 'ESG Report', in recognition that environmental, social and governance factors are closely linked. This reflects the integrated approach we take to sustainability at Paragon, with ESG now at the core of our business strategy.

The World Economic Forum's 2022 Global Risk Report draws a bleak picture; the Global Slavery Index and reports from the United Nations on the lack of adequate planning from governments and businesses to meet the climate crisis are disheartening. Climate change remains an existential risk to us all and our way of life. Sustainability ambitions and transformation need to accelerate rapidly to address these risks.

The Paragon **Sustainability Ambition** sets out our path to drive sustainability performance throughout the lifecycle of our products and services. Our strategy focuses on sustainability analysis across that lifecycle, through an Environmental, Social and Governance (ESG) framework. By providing this knowledge and information for our stakeholders, we can support them to make responsible choices across the value chain. Our framework is built on strong partnerships and will reduce our impact on the planet, while helping to create a fairer, more equitable society.

Our framework is already embedded within our operations. Here are some of the actions and achievements resulting from its implementation from the current reporting period:

- The launch of our science-based Carbon Net Zero Target.
- We retained our prestigious EcoVadis Platinum status.
- We completed CDP, a global disclosure system, scoring B- for our first submission
- The progress with our Diversity and Inclusion agenda.
- Benchmarking ESG performance in our supply chain.

We are excited to report on our progress and to keep finding the collaborative opportunities that will ensure Paragon plays our part in fighting climate change and tackling inequality in our societies.

We want this ESG Report to be of interest to everyone, whether they work in sustainability or for those who are new to the topic. This report outlines our values and actions, and we want to be accountable for what we say and do. We want to be as clear in words as we are in our actions, so have introduced a Sustainability Glossary throughout this report that explains key words and concepts, and some of our more technical terms.

We have learned and achieved a lot since our sustainability journey began. We still don't have all the answers, but we know that we want to drive sustainable transformation. We invite you all to join, share your ideas and become Sustainability Champions, and we welcome you all on this journey.

**Lucy Klinkenberg-Matthews**  
Head of ESG



## ECOVADIS



**Paragon has been awarded EcoVadis Platinum status for the second consecutive year, placing us within the top 1% of companies assessed for sustainability performance.**

With over 100,000 companies across 160 countries and 200 industries assessed annually, EcoVadis is a trusted provider of business sustainability ratings for global supply chains.

Status ratings are awarded based on the EcoVadis Corporate Social Responsibility (CSR) analysis system, which assesses 21 criteria across four themes:

- Environment
- Fair Labour and Human Rights
- Ethics
- Sustainable Procurement

The methodology for each of the four themes is built on international CSR standards, including the Global Reporting Initiative and the United Nations Global Compact.

We submitted evidence of actions, policies and procedures relating to CSR practices across the business to support the themes, and independent category experts then assessed the evidence we submitted. Paragon achieved the highest available Platinum status, and improved our score by 5 points.

## GLOSSARY

**ESG – Environmental, Social and Governance**, three dimensions that need to be considered for any sustainable thinking and action. These three pillars of Sustainability have been an integral part of the Sustainability discussion, since the United Nations publication of “Our Common Future”, also known as the Brundtland Report, in October 1987.

**SDG - United Nations Sustainable Development Goals (UN SDGs)** The Sustainable Development Goals are a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere. The 17 Goals were adopted by all UN Member States in 2015, as part of the 2030 Agenda for Sustainable Development, which set out a 15-year plan to achieve the Goals.

**Paragon SDG goals** - By aligning our strategies with the UN SDGs, Paragon demonstrates how we will help drive global change, and support our stakeholders in tackling the biggest risks our planet, our economies and our people face. The goals most relevant to our business activities are:

Goal 3: Good Health and Wellbeing

Goal 8: Decent Work and Economic Growth

Goal 9: Industry, Innovation and Infrastructure

Goal 10: Reduced Inequalities

Goal 12: Responsible Consumption and Production

Goal 13: Climate Action

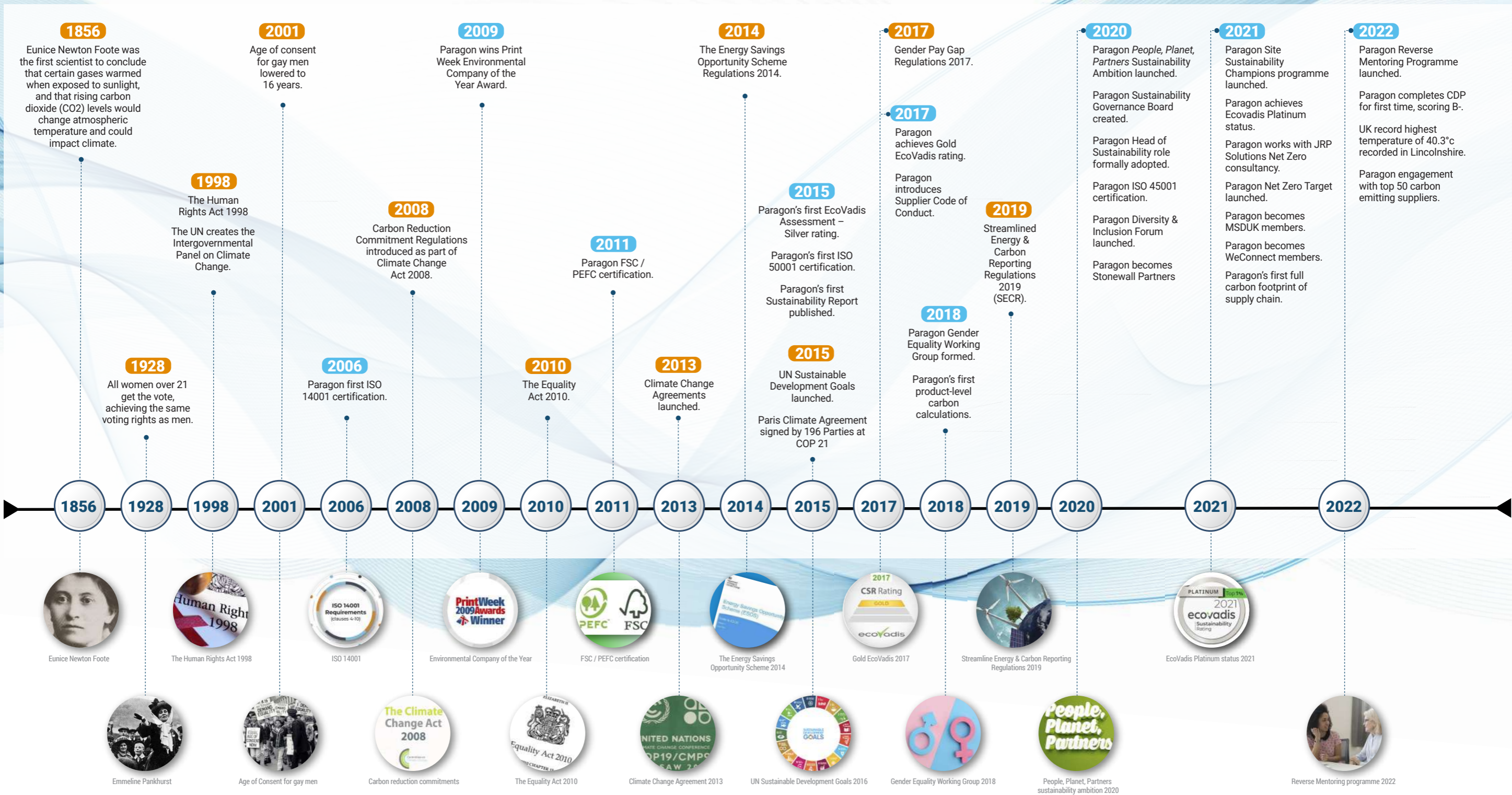
Goal 17: Partnership for the Goals



# OUR SUSTAINABILITY TIMELINE

Global and Historical Events

Paragon Achievements



Eunice Newton Foote



The Human Rights Act 1998



ISO 14001



Environmental Company of the Year



FSC / PEFC certification



The Energy Savings Opportunity Scheme 2014



Gold EcoVadis 2017



Streamline Energy & Carbon Reporting Regulations 2019



EcoVadis Platinum status 2021



Emmeline Pankhurst



Age of Consent for gay men



Carbon reduction commitments



The Equality Act 2010



Climate Change Agreement 2013



UN Sustainable Development Goals 2016



Gender Equality Working Group 2018



People, Planet, Partners sustainability ambition 2020



Reverse Mentoring programme 2022

# 1. THE COMPANY

BUILDING A SUSTAINABLE FRAMEWORK ACROSS EVERYTHING WE DO

ESG HIGHLIGHTS 2021/2022

	Key Topics	Progress	Plans
Planet	Carbon Net Zero	External consultancy to develop Net Zero inventory and plan Science based Carbon Net Zero Target set Scope 1 and 2 reduction targets achieved Sustainability Champions network implemented 72% electricity from REGO backed renewable tariff	Internal price for Carbon and site level carbon reporting to drive accountability 100% REGO backed electricity Renewables feasibility study for in-scope sites
	Diversity and Inclusion	Diversity and Inclusion Forum Reverse Mentoring Scheme Diversity and Me podcast Sponsorship of Paralympian, Mel Nicholls	Benchmark staff diversity and inclusion, then set targets to improve Paragon Women's Network
People	People Development	Paragon Ignite apprentice scheme Young Paragon Network Quantum Management Programme European Leadership Development Programme	Paragon Leadership Forum Continued management training programmes Sustainability Academy to increase staff awareness and drive behaviour change
	Wellbeing	70 mental health first aiders Menopause support group	Christmas support network Men's Mental Health Group
Partners	Supply Chain	Carbon analysis of supply chain spend Engagement with top 25 carbon emitting suppliers MSDUK and WeConnect membership	Carbon Net Zero commitment in supply chain Benchmark spend with diverse suppliers Extend Modern Slavery risk assessment to include industry risk in addition to country risk Water scarcity assessment of supply chain
	Carbon Calcuator	Engagement with 50% of clients by revenue on Net Zero and lifecycle carbon Delivery of Carbon Calculator platform to provide product-level lifecycle carbon analysis of print products and services Members of Climate Partner to facilitate offsetting of client's work	Automate carbon calculations into quoting and MI systems Extend carbon calculator to all products and services
	Charity and Community	Site charity and community fundraising and engagement Supported holiday camp near Gdansk to take in 250 Ukrainian orphans Corporate partnership with St Mungos homeless charity	Continue to seek opportunities to engage with local communities

# 1.1 COMPANY OVERVIEW

The general public will interact with something Paragon produces every day. We deliver business-critical products and services for many of the UK and Ireland's best-known brands. Our offering is extensive and ranges from the production of bank statements, mobile phone bills, and SMS messages to Point of Sale units in supermarkets. We're multichannel, and responsible for websites and ordering systems that process everything, from Covid testing kits to pizzas!

We combine leading-edge technology and exceptional people to deliver business-critical products and services that achieve enhanced performance for our clients.

## OUR STRUCTURE

### PARENT COMPANY

Paragon is part of Paragon Group Holdings Ltd. (Paragon Group), which has four divisions:



### DIVISION

Paragon is the largest division within Paragon Group, and itself is split across four regions:

- UK, Ireland & Luxembourg (covered by this report)
- Western Europe
- DACH & CEE
- Netherlands & Belgium

### REGION

The scope of this report covers Paragon UK Ltd, which is commonly referred to as Paragon throughout this report and covers Paragon UK, Ireland & Luxembourg (UKIL).

This report covers our financial reporting period of 01/07/2021 - 30/06/2022.

Paragon is structured across seven lines of business:

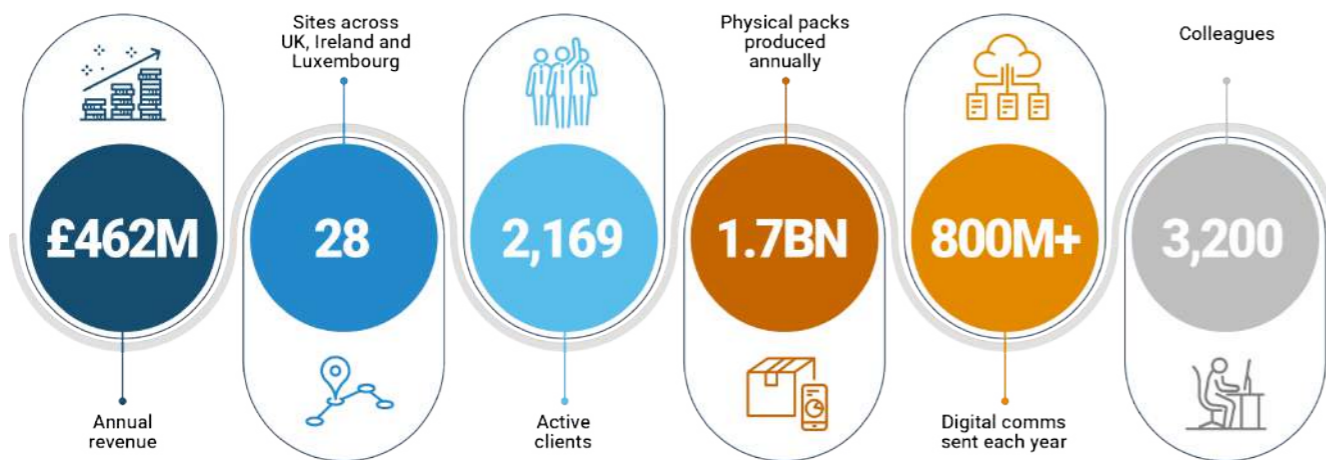


## KEY FACTS

### OUR PRODUCTS AND SERVICES

Paragon UK, Ireland and Luxembourg (UKIL) provides an extensive range of business-critical products and services to help our clients to enhance their business performance. We work with our clients to simplify the complexity of today's business landscape throughout the lifecycle of our clients' relationships with their customers and employees. Paragon is one of the UK's largest business services providers and we provide our clients with a safe pair of hands, delivering rigorous governance to manage risk and improve efficiency across their processes.

Investment in production, technology and innovation has driven growth throughout Paragon

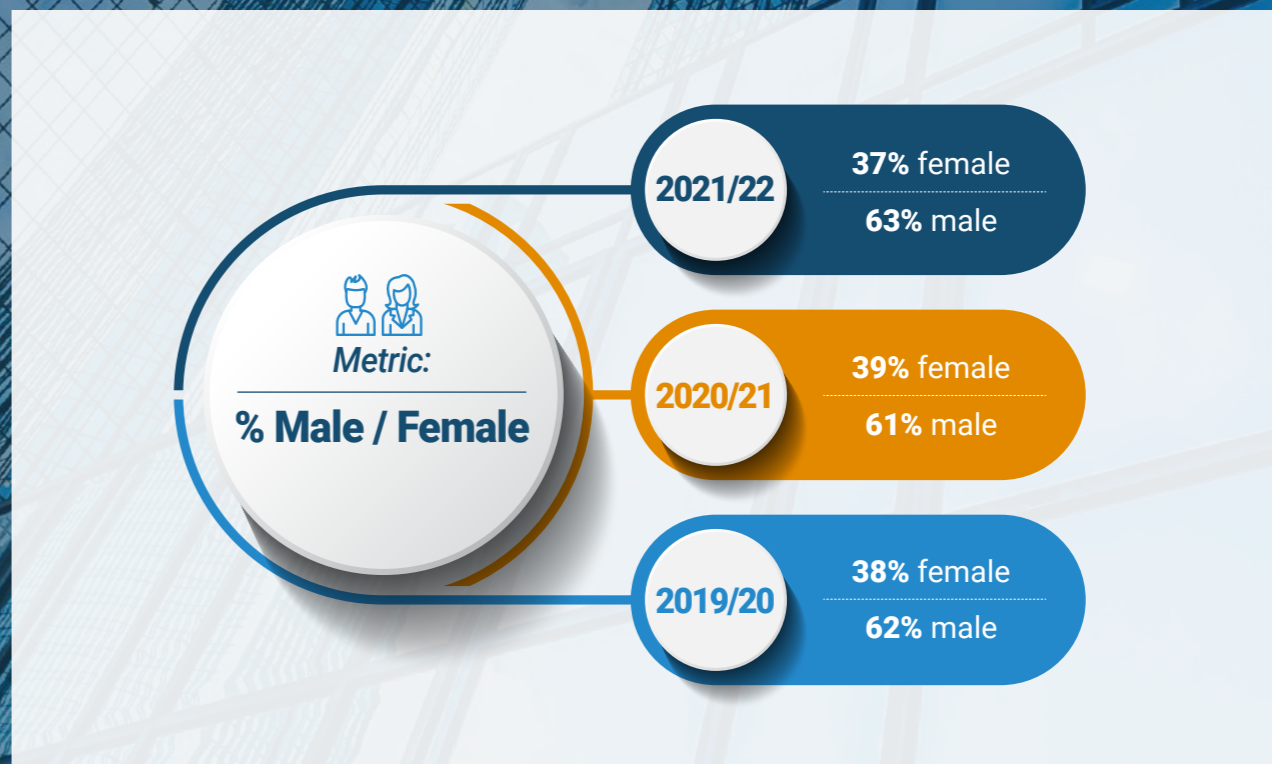
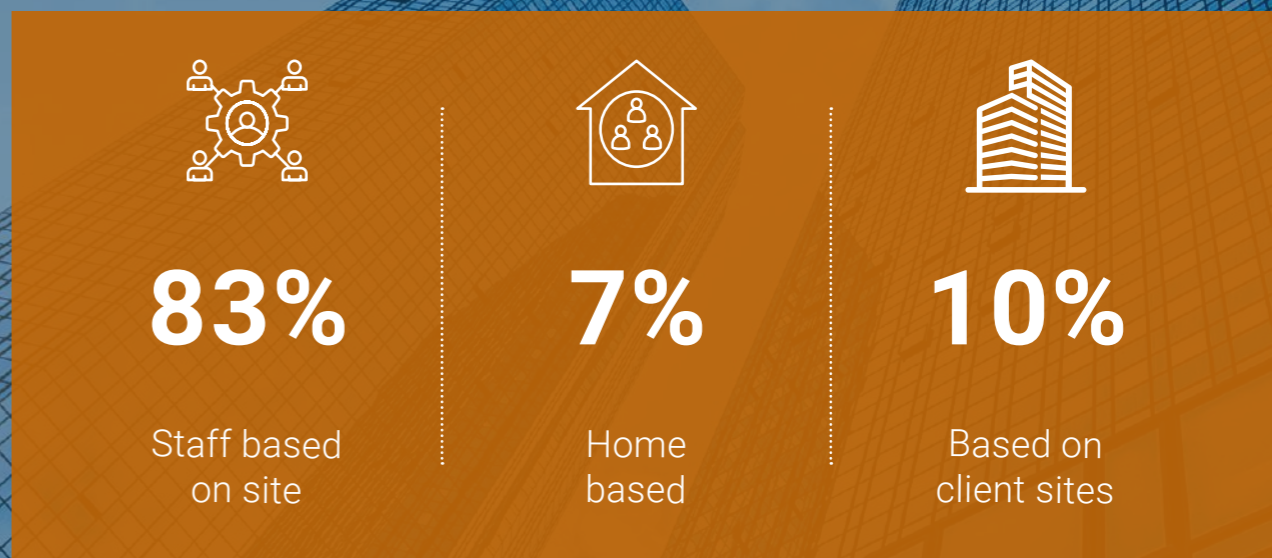


## OUR KEY LOCATIONS





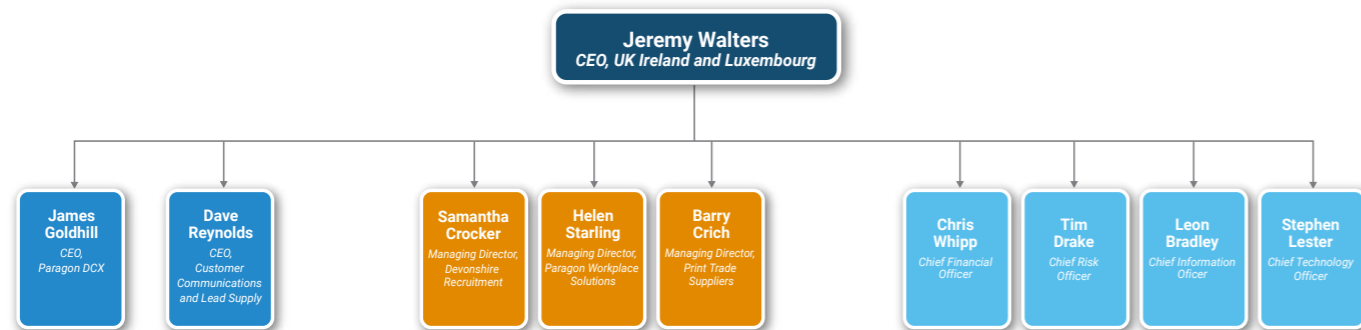
Our services are delivered by  
**over 3,200 colleagues**  
 (based on employee contract)



# GOVERNANCE

## GENERAL GOVERNANCE STRUCTURE

### Paragon Board



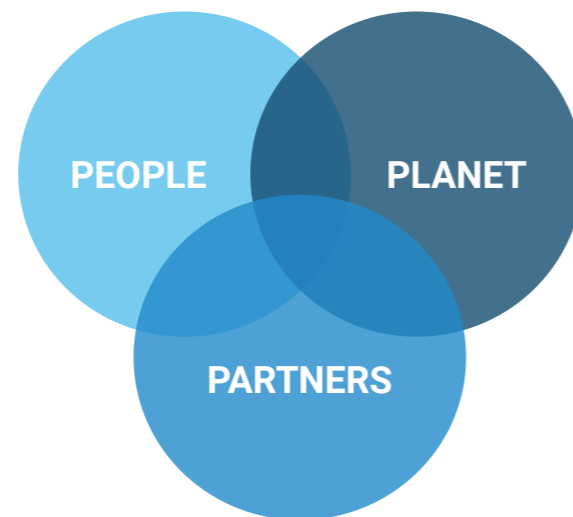
## 1.2 SUSTAINABILITY STRATEGY

**Our Sustainability Ambition 2030 provides the framework to reduce our impact on the planet while helping to create a fairer, more equitable society.**

Paragon's Sustainability Ambition 2030 was approved by the Paragon Board and launched in January 2021. It is based on three key pillars: People, Planet and Partners.

Using lifecycle ESG analysis and solutions, and involving all our stakeholders from suppliers, clients and employees, will ensure we provide the information to enable our stakeholders to make informed, responsible decisions.

The following sections of this report provide more details on the roadmap and programmes that will drive our strategy.



A summary of our People, Planet, Partners strategy and progress can be seen below:

Area	Target	Progress	Status
Planet - Net Zero	Carbon Net Zero Strategy in place by 2022	Carbon Net Zero plan launched November 2021	Achieved
	46.2% reduction across Scope 1, 2 & 3 by 2030 (against baseline period of 2019/2020)	Scope 1 – 19% reduction Scope 2 – 20% reduction Scope 3 – 39% increase	On track On track Requires attention
	100% renewable energy tariff by 2023	72% electricity from REGO backed tariff. September 2022 100% REGO backed electricity RGGG for gas tariff will be assessed in 2023	On track
	Carbon neutral options for all products and services	Carbon-balanced paper available through World Land Trust. Membership of Climate Partner to provide access to externally verified offsetting schemes	On track
Planet - Circular Economy	Zero waste to landfill at all Paragon sites by 2022	All non-recyclable waste is sent for incineration for energy generation. Recycling rate of over 90% maintained	Achieved
	Zero avoidable single-use items in own operations	Site-level activities to identify and replace single-use items. Requires coordinated approach to accelerate the programme.	Requires attention
	Recyclable options for 100% of products by 2030	Membership and use of POPAI Sustain tool to assess sustainability of Point of Purchase products. Client-specific projects to address design for end-of-life treatment in our Lead Supply (outsourcing) model. Requires coordinated approach to accelerate the programme	Requires attention
People - Diversity & Inclusion	Measure diversity & inclusion in our workforce by 2023	Gender split at different job levels measured and reported Diversity metrics scoped for inclusion within HR portal for launch early 2023. Scoping of framework for Inclusion / staff engagement survey in progress	On track
	People - Staff Value & Purpose	Create a culture where everyone is valued and respected	Diversity & Inclusion Forum Reverse Mentoring Programme Diversity & Me podcast Mental Health First Aiders
People - Staff Development & Skills	Create a workplace where everyone has the opportunity to progress their career	Paragon Ignite Apprentice programme Paragon Quantum Leadership programme European Leadership Development Programme Young Paragon Network	On track
People - Social Value	Implement Social Value Index by 2023	Scoping of framework for metrics and data collation underway for first reporting cycle for year ending June 2023	Requires attention
Partners - Lifecycle Carbon Calculator	Develop Carbon Calculator for all products and services	Carbon Calculator tool in place for all Paragon produced print items. Roadmap in place for integration into quoting and internal Management Information systems	On track
	Partners - Net Zero	Top 50 carbon suppliers with Net Zero Plan in place by 2025	Top 20 supply partners benchmarked
Partners - Supply Chain assessment	Improved sustainability assessment of supply chain by 2024 to benchmark: • Net Zero commitment • Spend with diverse suppliers • Modern Slavery risk • Ethics and compliance	Scoping of system requirements completed. Currently RFI phase to identify suitable providers.	On track
	Partners - Community & Charity Engagement	Implement framework to facilitate staff engagement with charities and local communities by 2024	All large sites have nominated charities. Sites work with local councils and organisations to attract local people into our workforce. Partnership with West Ham Foundation

## 1.3 SUSTAINABILITY MANAGEMENT

To educate and empower our people, we have developed effective **sustainability governance structures**. Bringing about change requires ownership, providing the information to allow responsible decisions to be taken, and educating our people to equip them to be agents of change. We have made bold commitments and will continue to drive our company to achieve them by defining, measuring, and benchmarking our performance.

### BOARD ACCOUNTABILITY

The Paragon Board is ultimately accountable for the success of our business. With the guidance of the sustainability team, the board provides the resources and sponsorship for our sustainability strategy. The Board provided approval on our Sustainability Ambition 2030 in January 2021 and subsequent supporting programmes, such as our Net Zero Plan.

The CEO for our Customer Communications Lead Supply business lines is the Board-level sponsor of the Sustainability Ambition 2030 and Carbon Net Zero Plan. Guided by the Head of ESG, this role provides support for the programmes, keeps the rest of the board up to date with developments, liaises with client board counterparts on sustainability and climate change, and ensures resource is provided to ensure delivery of the Sustainability and Net Zero programmes.



## HEAD OF ESG

The Head of ESG has overall programme accountability. She is responsible for the development and execution of innovative, marketing-leading sustainability strategy. Her objective is to deliver the current and future requirements of our local and global stakeholders, which includes:

- Provide expert leadership and advice to all business divisions and operational departments on key sustainability initiatives, to support the delivery of the overall sustainability strategy
- Work closely with procurement functions to set frameworks to ensure an ethical, sustainable, environmentally-sound and resilient supply chain
- Support the Communication team to build the business' brand and reputation as a sustainability leader
- Build sustainability networks with external stakeholders (client and supplier forums)
- Provide framework and direction to measure and analyse data to track progress against targets; produce internal and external ESG reports

### SUSTAINABILITY GOVERNANCE BOARD

Created in March 2021, the Sustainability Governance Board (SGB) has operational accountability for the delivery of the Sustainability Ambition 2030. The team consist of senior leaders from across multiple business functions and units. Under the leadership of the Head of ESG, they drive operational ownership of the People Planet, Partners strategy, setting the agenda with our operational teams to deliver our ambitious programmes.

#### The Sustainability Governance Board members:

Lucy Klinkenberg-Matthews (Chair) - Head of ESG

Lorraine Findlay - Chief HR Officer

Dave Reynolds - (Board Sponsor) Chief Executive Officer, Customer Communications and Lead Supply

James Goldhill - Chief Executive Officer, DCX

Samantha Crocker - Managing Director, Devonshire Recruitment

Helen Starling - Managing Director, Paragon Workplace Solutions

Chris King - Quality, Continuous Improvement and Compliance Director, Bristol

Hannah Stapleford - Commercial and Operations Director, DCX

David Taylor – Communications Director

Neil Matthews - Director of Technology Services

Mark Ralphs – Site Director, Nottingham

Kirstein Stein - Senior Account Director

Susan Evren - Site Director, Bristol

David Phillips - Site Director, Dagenham

Mitch Cornelia - Managing Director, Lead Supply

**SUSTAINABILITY CHAMPIONS**

To drive behaviour change and directly tackle sustainability issues within our everyday activities, we have set up a new network of Sustainability Champions across all our sites.

The Sustainability Champions all have key roles within our operations teams. Their objectives are to embed sustainability into our day-to-day activities, identify opportunities for improvement, and help educate and inspire our people. Our Sustainability Champions have identified over 100 energy, material and waste reduction opportunities in just 12 months.

**GOVERNANCE RISK AND COMPLIANCE TEAM**

This company-wide team supports the Sustainability Ambition by providing the frameworks to deliver our measurements, continual improvement programmes and the management of our ISO certifications and associated audit and risk management functions.

**1.4 OUR STAKEHOLDERS AND ESG IMPACT**

During the next reporting period, Paragon is committed to undertaking a full stakeholder analysis with the following internal and external stakeholders:

**Internal**

- Owners and Shareholders (incl. investors)
- Employees (incl. board)
- Acquired companies

**External**

- Clients
- Suppliers
- Regulatory Bodies
- Local Communities

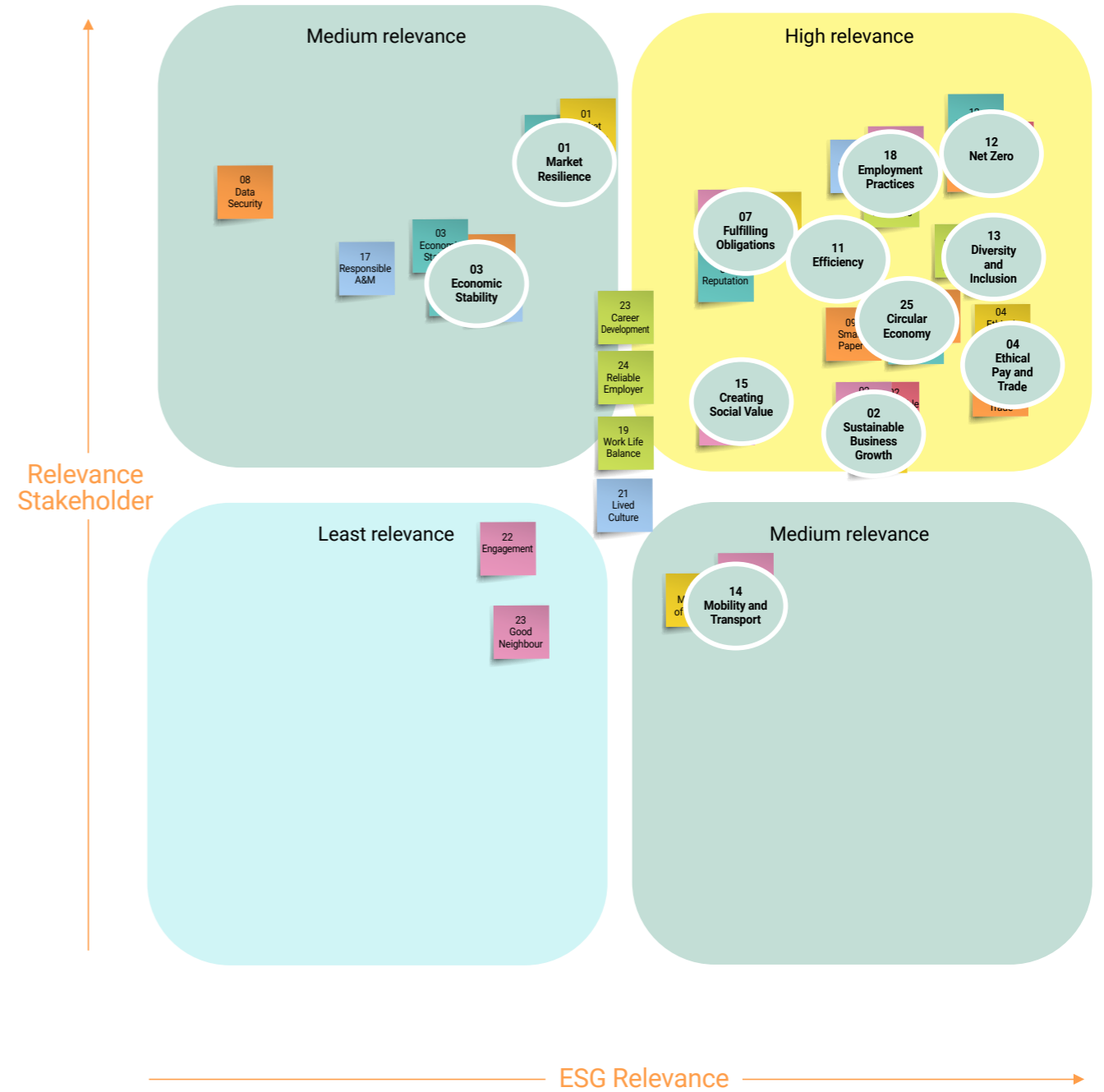
For the current reporting period, the stakeholder analysis has been completed by the Head of ESG, based on high-level themes from client interactions and Bids and Tender engagement.

**CLIENTS**

Our clients span all sectors of industry and each bring their own sustainability priorities to our relationship. However, the common themes include carbon net zero, circular economy, single-use items, social value, community engagement, diversity and inclusion and equality and supply chain governance.

60% of our strategic clients have a net zero plan extending to their supply chain. We have directly engaged with around 50% of clients (by revenue) on multiple areas of sustainability, including net zero, diversity and inclusion, and social value.

**Materiality Matrix**



Relevant Topics	SDG	PPP	ESG
01 Market Resilience and Influence	9 Industry, Innovation and Infrastructure	Partner	G
02 Sustainable Business Growth	8 Decent Work and Economic Growth	Partner	G
03 Economic Stability	9 Industry, Innovation and Consumption	Partner	G
04 Ethical Procurement	12 Responsible Production and Consumption	Partner	G
05 Sustainable Products and Services	9 Industry, Innovation and Infrastructure	Partner	G
06 Transparency and Credibility (Reputation)	12 Responsible Production and Consumption	Partner	G
07 Regulatory Obligations and Certifications	12 Responsible Production and Consumption 16 Peace Justice and Strong Institutions	Partner	G
08 Data Security (Clients)	12 Responsible Production and Consumption	Partner	G
09 Sustainable Raw Materials	12 Responsible Production and Consumption	Planet	E
10 Production, Resource and Energy Efficiency	9 Industry, Innovation and Infrastructure 12 Responsible Production and Consumption	Planet	E
11 Net Zero	13 Climate Action	Planet	E
12 Diversity and Inclusion	10 Reduced Inequalities	People	S
13 Transportation of Goods and Staff Travel	9 Industry, Innovation and Infrastructure	Planet	E
14 Social Value and Local Engagement	10 Reduced Inequalities	People	S
15 Strategic Stakeholder Partnership	17 Partnership for the Goals	People	S
16 Responsible Mergers and Acquisitions	17 Partnership for the Goals	Partner	G
17 Ethical Business Practices	8 Decent Work and Economic Growth 16 Peace, Justice and Strong Institutions	People	S
18 Wellbeing	16 Good Health and Wellbeing	People	S
19 Career Development and Training	8 Decent Work and Economic Growth 3 Quality Education	People	S
20 Culture and Balues	17 Partnership for the Goals	People	S
21 Charity and Local Engagement	11 Sustainable Cities and Communities	People	S
22 Circular Economy	12 Responsible Production and Consumption	Planet	E

60% of our strategic clients have net zero plans extending to their supply chain.

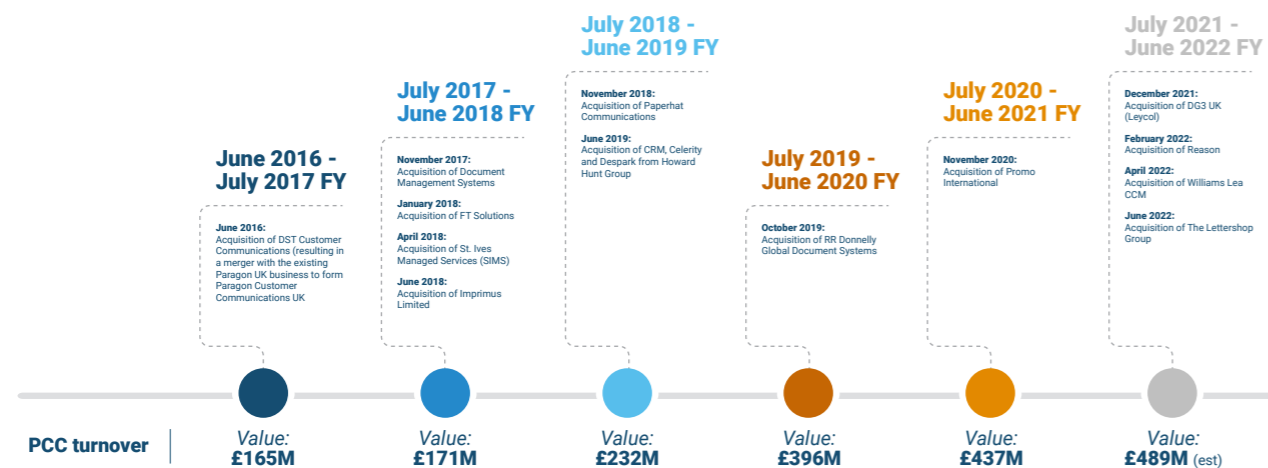


## 1.5 SUSTAINABLE BUSINESS GROWTH

Since 2016 the business has almost tripled our revenue, through acquisition and organic growth. As well as increasing the number of sites and employees, this has also expanded our product offering and grown our supply chain. Accompanying our own growth has been a massive increase in the importance of sustainability – to individuals, to businesses and to governments.

Paragon recognised that, as well as the risks facing our planet and our societies, there is a tremendous opportunity to change the way we do business, and this period of rapid growth has allowed us to identify and implement best practice within our own operations. While building our Sustainability Ambition we undertook materiality studies to determine our areas of focus. This included analysis of our clients' commitments and requirements as well as those of local and national governments.

Paragon, UK, Ireland and Luxembourg Acquisition Timeline



We enjoyed new business wins, contract renewal and organic growth. These wins included some of the world's most prestigious brands, listed below:

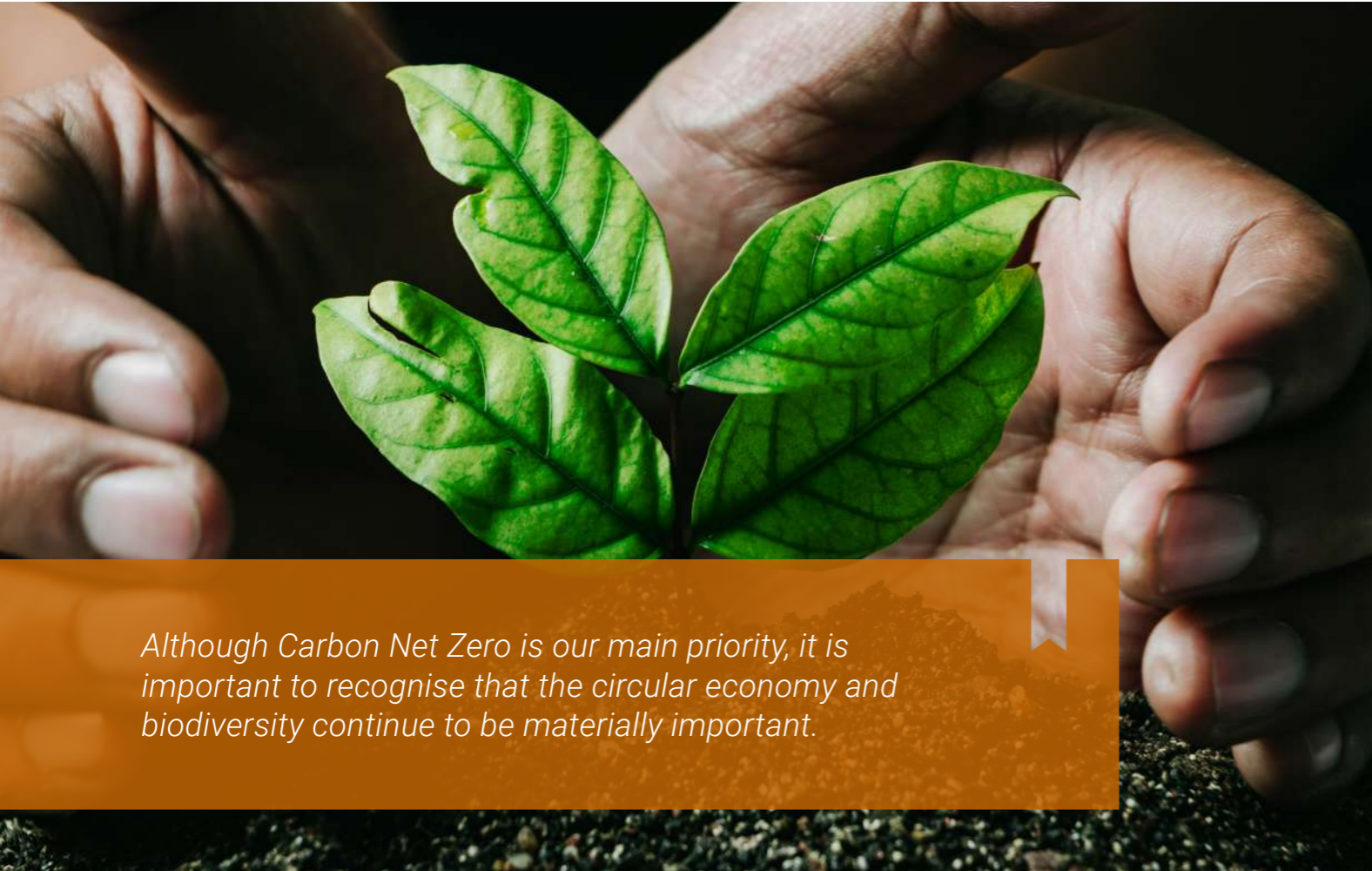


There have been multiple acquisitions during the reporting period:

- DG3 (Leycol) – specialising in high-end print, in December 2021 we welcomed two new sites and 137 new colleagues.
- Williams Lea CCM – in April 2022 we welcomed three new sites and 289 new colleagues.
- The Lettershop Group – in June 2022 welcomed one new site and 137 new colleagues.

## 2. PLANET

OUR COMMITMENT TOWARDS A NET ZERO ECONOMY



*Although Carbon Net Zero is our main priority, it is important to recognise that the circular economy and biodiversity continue to be materially important.*

**In this year's report we want to put our planet first, changing the order in which we talk about the three pillars of our Sustainability Ambition 2030 (normally People, Planet and Partners).**

This is because the threat of climate change poses an existential risk to human and non-human life on our planet as we know it, including our business. The wellbeing of our planet is the basis for our own wellbeing. Climate change, coupled with political instability, directly affects the availability and cost of our raw materials, our insurance and our labour costs.

In November 2021 Paragon launched a Science Based Carbon Net Zero Plan in line with the Science Based Targets Initiative (SBTi) Net Zero Standard.

Since 2015 more than 1,000 companies have joined the initiative to set a science-based climate target, and we are extremely proud to be one of them.

Paragon has also completed CDP for the first time, scoring "B-", and we are closely following the work and recommendations by The Intergovernmental Panel on Climate Change (IPCC), an intergovernmental body of the United Nations responsible for advancing knowledge on human-induced climate change.

Although Carbon Net Zero is our main priority, it is important to recognise that the circular economy and biodiversity continue to be materially important.

## GLOSSARY

**Carbon Net Zero** - Reducing carbon emissions to a minimum, then offsetting residual emissions. This should be achieved through a rapid reduction in carbon emissions, but where zero carbon cannot be achieved, offsetting through carbon credits or sequestration.

**Science Based Target** - Commits to reducing carbon emissions in line with Paris Climate Agreements goal to limit global warming to 1.5 degrees.

**Carbon Neutral** - Removing an equivalent amount of carbon that you emit (usually through offsetting)

**Scope 1** - Emissions from fuel used in own operations (gas, transport fuel)

**Scope 2** - Emissions associated with production of electricity consumed in own operations

**Scope 3** - 15 defined scopes, all other emission sources over which we have no direct control but require to function. EG, purchased goods and services, waste, staff travel, pension investments etc.

**Greenhouse Gases (GHG)** - Gases that trap heat in the atmosphere are called greenhouse gases. The primary greenhouse gases in Earth's atmosphere are water vapour (H<sub>2</sub>O), carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and ozone (O<sub>3</sub>).

**Spend-Based Emission** - The spend-based method takes the financial value of a purchased good or service and multiplies it by an emission factor – the amount of emissions produced per financial unit – resulting in an estimate of the emissions produced.

**Product Lifecycle Emissions** - Product lifecycle emissions are all the emissions associated with the production and use of a specific product, from cradle to grave, including emissions from raw materials, manufacture, transport, storage, sale, use and disposal.

**Carbon Offsetting** - A reduction or removal of emissions of carbon dioxide (or other greenhouse gases made) to compensate for emissions made elsewhere. Offsets are measured in tonnes of carbon dioxide-equivalent.

**CDP** - CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

**Circular Economy** – the three Principles of Circular Economy – as opposed to a linear economy – focus on Eliminating Waste (Reduce), Circulating Products and Materials at the highest value (Re-cycle and Re-use) and Regenerate Nature (rebuild versus extract).

**Value Chain** - A value chain refers to the full lifecycle of a product or process, including material sourcing, production, consumption and disposal/recycling/reuse.

**REGO** – The Renewable Energy Guarantee of Origin (REGO) scheme provides transparency to consumers about the proportion of electricity that suppliers source from renewable generation.

## 2.1 OUR COMMITMENT TOWARDS A NET ZERO ECONOMY



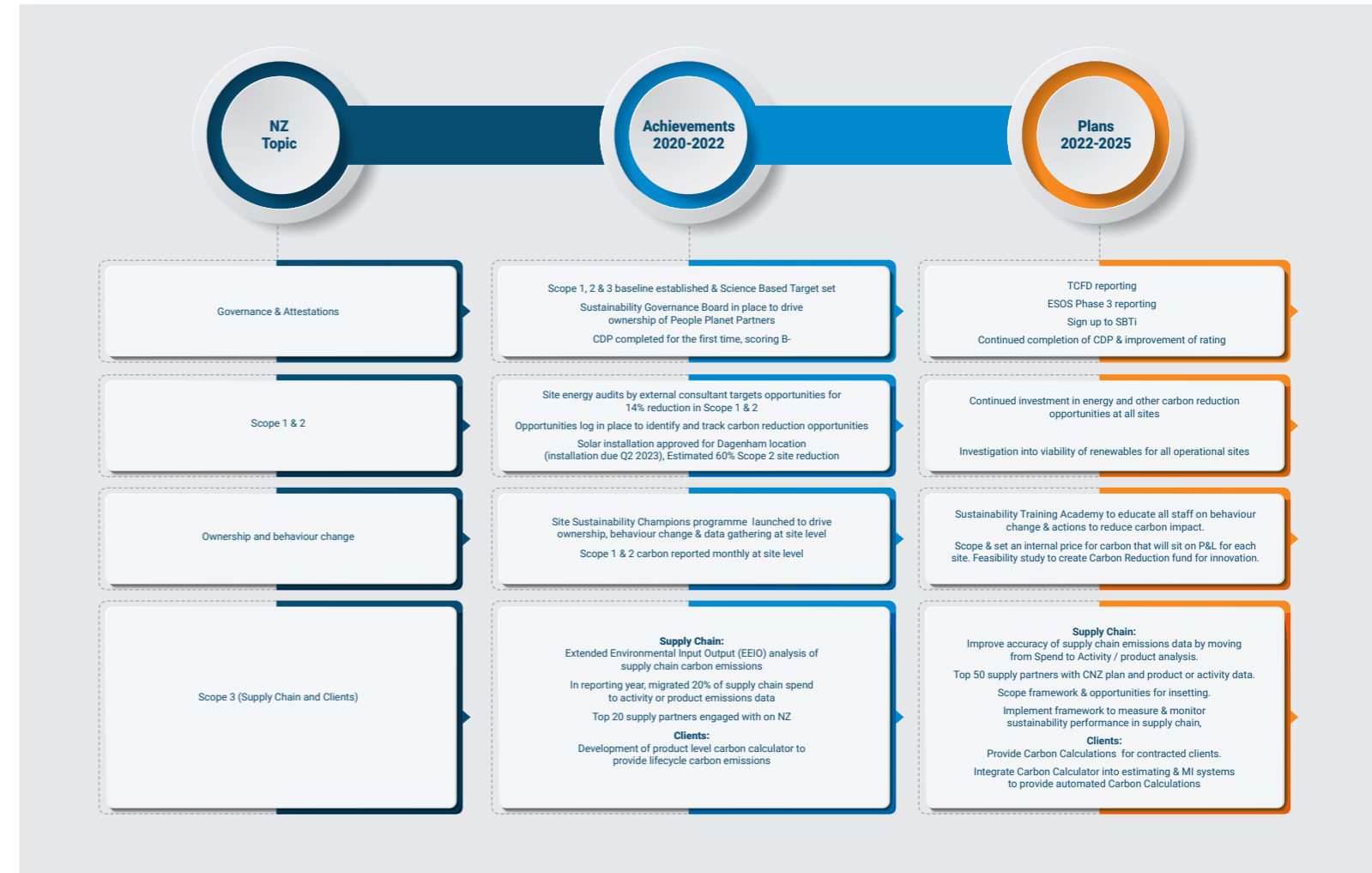
Scan here to view our Net Zero Plan

Our Carbon Net Zero Strategy was published in November 2021 and was developed in collaboration with external consultants JRP Solutions. We follow the SBTi's Corporate Net-Zero Standard, which is the world's first framework for corporate net zero target setting in line with climate science. The Net Zero Standards support the Paris Climate Agreement to limit global warming to a 1.5°C increase on pre-industrial levels.

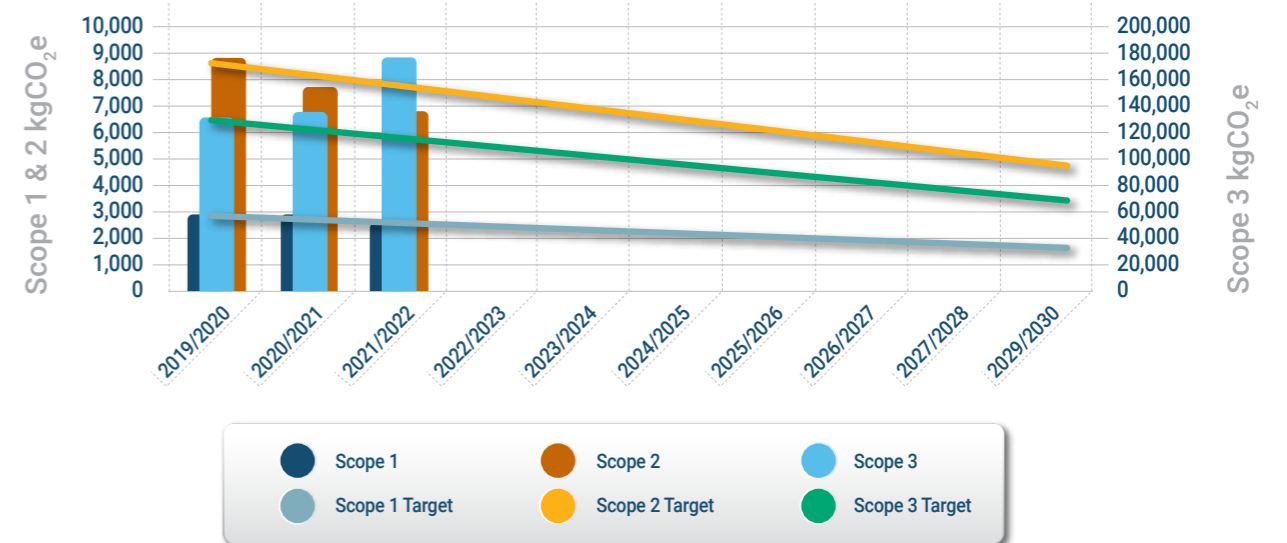
Net Zero is both a global challenge and a business necessity. The growing threat of increased global warming will affect the basic existential needs for human civilisation and goes far beyond any corporate interest. It is our responsibility as a business to ensure that we do everything we can to address this risk.

Within our operations Carbon Net Zero is a complex and long-term commitment that spans all business activities, and will be achieved in steps. In order to set up a clear and achievable plan, we worked with JRP Solutions over a six-month period to:

- Review our corporate governance policies and the effectiveness of our ISO management frameworks
- Perform Extended Environmental Input Output (EEIO) spend-based analysis of our supply chain carbon footprint
- Complete site energy savings audits at our three largest locations, which identified over £600,000 energy saving opportunities
- Set up effective data reporting frameworks
- Set a Net Zero target aligned with SBTi Net Zero Standard
- Create the Net Zero Action Plan



Carbon Emissions Target and Progress





## 2.2 OUR CARBON NET ZERO PLAN

### WHAT IS OUR CARBON NET ZERO TARGET IN NUMBERS?

The Data

46.2% Reduction across Scope 1, 2 and 3 by 2030

90.0% Reduction by 2050

Against a baseline period of 01/07/2019 – 30/06/2020

We have set Science Based Targets (SBT) to deliver a 46.2% reduction in Scope 1, 2, and 3 emissions by 2030. From 2030 to 2050, we will commit to a 90% reduction in carbon emissions, with all residual emissions removed through credible offsetting schemes.

Our Carbon Net Zero Plan lays out the short and long-term targets, and how they will be achieved to help deliver the lasting change our planet and societies need.

You can download our Carbon Net Zero Plan via the link below:

[Click here to download our Carbon Net Zero Plan](#)

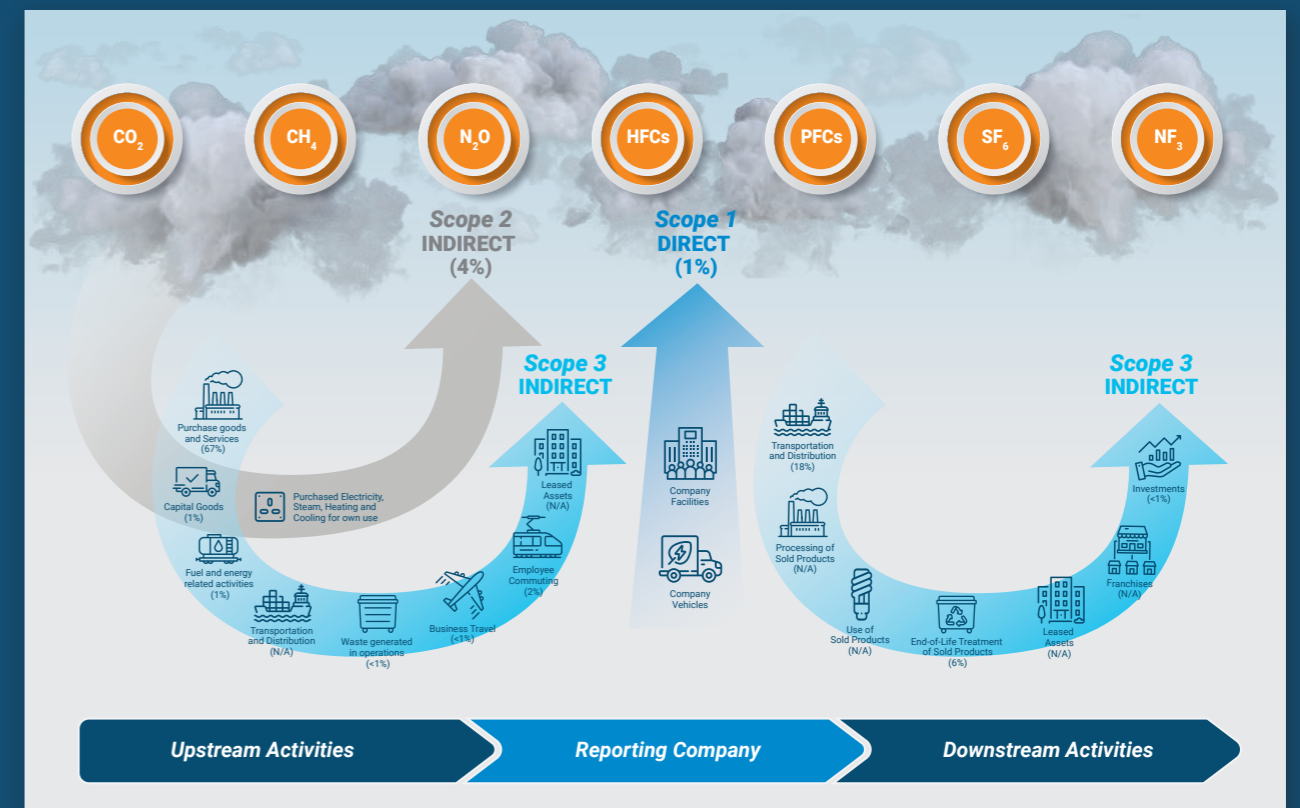
## 2.3 STEP ONE: MEASURING CARBON EMISSIONS

Since the baseline period we have achieved the following reduction successes:

**Scope 1 = 19% reduction | Scope 2 = 20% reduction**

The methodology for calculating Paragon's emissions footprint uses the Greenhouse Gas Protocol: Corporate and Accounting Standard (revised 2004, further amended 2013).

The organisational boundary established and recommended for Paragon is the 'Operational Control' approach, which ensures that emissions reported comprise all the activities and assets under Paragon's direct control. The agreed baseline reporting year for establishing the company's greenhouse gas emissions footprint was the financial year 1st July 2019 to 30th June 2020 so emissions and financial performance can be aligned.



The term 'carbon emissions' represents all greenhouse gases that affect climate change. 'Carbon emissions' is the term used to describe the seven main greenhouse gases responsible for global warming. It is commonly expressed as CO<sub>2</sub>e, i.e. carbon dioxide equivalent, based on the global warming potential over 100 years of GHGs such as methane and nitrous oxide in relation to carbon dioxide.

Across Scope 1 we have a total of 19% decrease in CO<sub>2</sub>e emissions since the baseline period. The most significant reductions came from changes to our forklift fleet, upgrades to our cooling systems and reductions in company vehicle fuel consumption.

Within **Scope 2** we have achieved a 20% decrease since the baseline period, During the reporting period, 72% of electricity was covered by Renewable Energy Guarantees of Origin (REGO) certificates, and this has already increased to 100%.

Part of this reduction was delivered through site facilities and production equipment upgrades. Our Site Sustainability Teams work hard to identify local carbon, energy and waste saving opportunities, and then share that best practice with their colleagues across our operations.

Opportunities range from large complex projects such as the viability for onsite renewable energy generation, to small changes such as removing plastic vending cups from our drinks machines; from investment in kit and technology to staff education and behaviour change programmes.

Currently we have 112 Carbon Reduction Opportunities on our opportunities tracker, 30 of which have already been implemented in the last two reporting periods, resulting in carbon saving of approximately 1,995 tonnes. An estimated further reduction of 1,215 tCO<sub>2</sub>e has been identified from the pipeline of feasible projects.

Both Scope 1 and 2 are currently tracking well ahead of our year-on-year reduction targets.

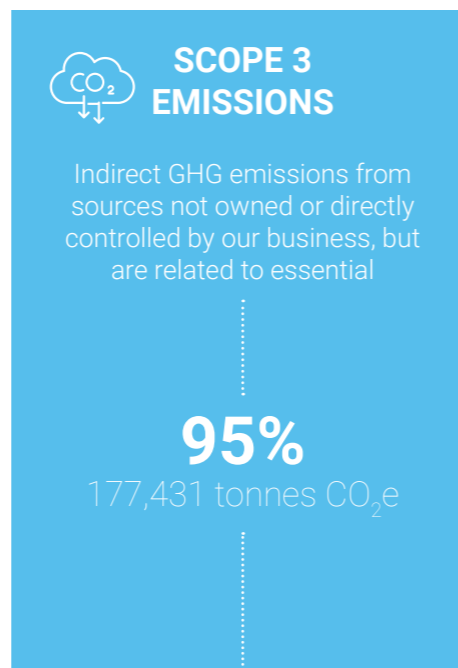
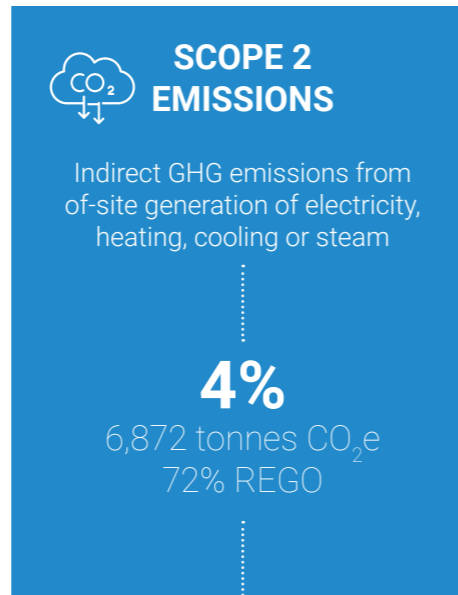
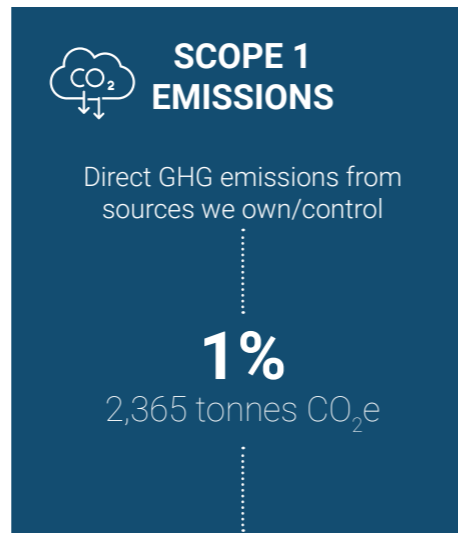
**Scope 3** is measured across 15 defined scopes, and they include emission sources over which we don't have direct control but require to function, such as purchased goods and services, waste, staff travel and pension investments. Our Scope 3 carbon emissions have increased by 39% since our baseline period, and Scope 3 presents by far the largest part of our current carbon emissions. Our supply chain emissions are calculated using a combination of Extended Environmental Input Output (EEIO) spend-based analysis, and product and activity data of our supply chain carbon footprint.

**External Verification**

Paragon's carbon emissions calculations have been externally validated and verified by JRP Solutions in line with the principles of ISO 14064-3: specification with guidance for the verification and validation of greenhouse gas statements.

JRP Solutions provided "reasonable assurance" that our inventory conforms to the GHG Protocol Corporate and Scope 3 standards.

In depth look at our Carbon Emissions



Supply chain carbon analysis



	2019/2020 Tonnes CO2e	2020/2021 Tonnes CO2e	2021/2022 Tonnes CO2e	% Increase / Decrease	Comments
<b>Scope 1 Total</b>	<b>2,906</b>	<b>2,639</b>	<b>2,364</b>	<b>19% decrease</b>	
Company Facilities Total	2,419	2,343	2,061	15% decrease	
Natural Gas	2,307	2,326	2,049	11% decrease	Warmer weather coupled with heating control upgrades
Refrigerant	104	16	11	90% decrease	Upgraded air conditioning units and improved leak management
LPG	9	2	1	100% decrease	All gas FLT replaced with electric
Company Vehicle Total	486	297	305	37% decrease	2020/21 saw a dramatic decrease in transport during Covid, this has not returned to pre-Covid activity levels

	2019/2020 Tonnes CO2e	2020/2021 Tonnes CO2e	2021/2022 Tonnes CO2e	% Increase / Decrease	Comments
<b>Scope 2 Total (Grid Electricity) Market Based</b>	<b>8,573</b>	<b>7,662</b>	<b>6,872</b>	<b>20% decrease</b>	
Of which was covered with REGO	1,217 covered by REGO certificates	947 covered by REGO certificates	4,959 covered by REGO certificates		In September 2022, 100% of electricity now covered by REGO certificates

	2019/2020 Tonnes CO2e	2020/2021 Tonnes CO2e	2021/2022 Tonnes CO2e	% Increase / Decrease	Comments
Scope 3 Total	127,436	134,583	177,431	39% increase	
Cat 1 - Purchased Goods and Services	89,420	87,555	124,228	39% increase	Increased supply chain spend, particularly in Materials and Outsourcing to meet changing scope of work
Cat 2 - Capital Goods	532	580	1,076	102% increase	Investment in new kit to meet changing scope of work
Cat 3 - Fuel and Energy Related Activities	2,568	3,343	2,751	7% increase	-
Cat 4 - Upstream Transportation and Distribution	0	0	0	N/A	-
Cat 5 - Waste Generated in Operations	200	195	200	0% change	-
Cat 6 - Business Travel	808	109	352	56% decrease	Business travel, whilst increased since 2020/2021 has not returned to pre-pandemic levels
Cat 7 - Employee Commuting	3,886	3,886	3,665	6% decrease	Increased number of staff working from home since the pandemic
Cat 8 - Upstream Leased Assets	100	100	308	207% increase	Increased investment in kit and facilities upgrades to meet changing scope of work
Cat 9 - Downstream Transportation and Distribution	19,791	27,702	32,807	66% increase	Increased spend with postage providers as client accounts migrate to Paragon management
Cat 10 - Processing of Sold Goods	N/A	N/A	N/A	N/A	No processing of sold goods required
Cat 11 - Use of Sold Products	N/A	N/A	N/A	N/A	Sold products do not produce carbon when in use
Cat 12 - End of Life Treatment of Sold Goods	10,054	11,007	11,948	19% increase	Increase use of paper (primary raw material)
Cat 13 - Downstream Leased Assets	N/A	N/A	N/A	N/A	No downstream leased assets
Cat 14 - Franchises	N/A	N/A	N/A	N/A	No franchises
Cat 15 - Investments	77	106	107	40% increase	-

**The Scope 3 Challenge**

Scope 3 emissions from our purchased goods and services has increased 39%. To put this number into context we need to consider the nature of our business:

In our baseline year of 2019/2020 we carbon footprinted around 60% of our supply chain by spend, and this rose to 69% in 2021/2022 as a result of increased visibility of our supply chain following initial spend-based analysis. This means we are proportionately including more spend in our analysis.

Since our baseline year, our turnover as a business has grown by 23.5% and our supply chain spend by 34%. This has been the result of several factors:

- Changing scope of work resulting in more outsourcing and purchased goods and services.
- Changing scope of work resulting in production upgrades, new leased and purchased machinery and facilities management





**23.5%**

Since our baseline year, our turnover as a business has grown by 23.5% and our supply chain spend by 34%.

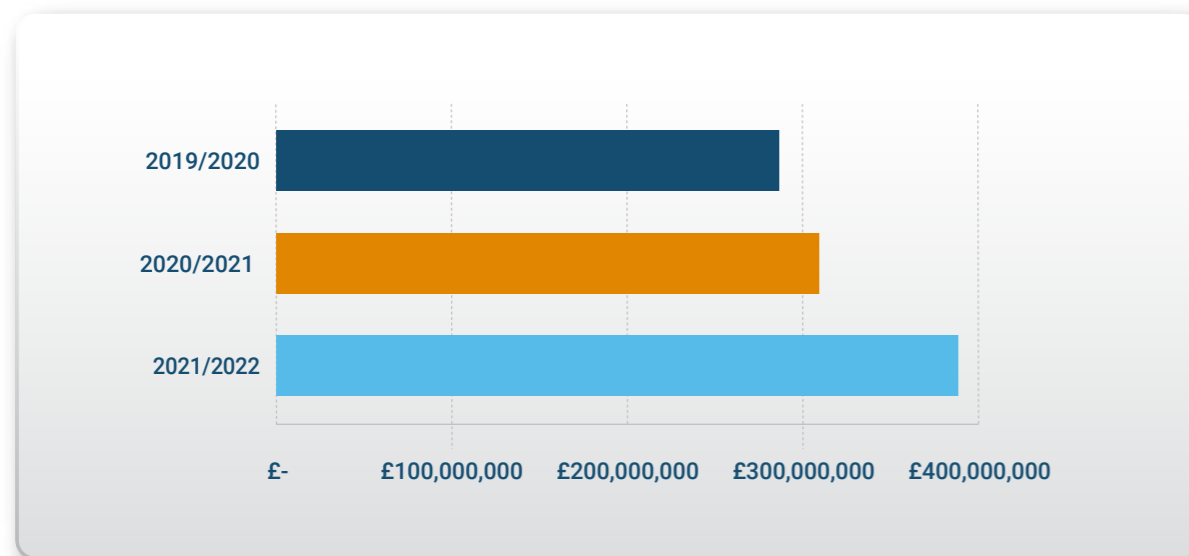
- Inflation is impacting the cost of all raw materials. Spend on paper has increased 42% since the reporting period, however, the amount purchased has only increased 18%. Spend on utilities (excluding gas, electricity and rent) also increased by 80%.
- Spend on postage increased 100% since the baseline period. Our financial targets drive us to increase revenue, and we actively seek to manage our clients' accounts with postal providers on their behalf.
- In the baseline year, 100% of our supply chain emissions were calculated using spend-based analysis of supply chain spend. In the reporting period 80% of the supply chain spend used spend-based analysis, with 20% using activity or product data.

We calculate our emissions using spend-based analysis and this is posing some serious challenges in the measurement, management and reduction of our Scope 3 emissions.

tonnes CO2e per supply chain category

Supplier Category	2019/2020 tCO2e	2020/2021 tCO2e	2021/2022 (Current reporting period) tCO2e	% of Supply Chain emissions in reporting year
Facilities	825	1,280	1890	1.19%
HR	47	47	47	0.03%
IT	3,161	3,733	5,750	3.63%
Machines	2,637	3,117	4,344	2.74%
Material	53,949	57,248	78,308	49.4%
Outwork	28,422	22,154	34,309	21.64%
Postage	14,148	23,827	28,479	17.97%
Transport	6,020	3,914	4,418	2.79%
Software	2	2	2	0%
Finance	153	204	190	0.12%
Professional	106	221	235	0.15%
Utilities	298	287	538	0.34%

Supply Chain Spend (normalised for acquisitions)



Both Scope 1 and 2 are currently tracking well ahead of our year-on-year reduction targets.

As we move forwards with our Scope 3 programmes, we will address these measurement challenges in the following ways:

- Improving the accuracy of emissions data by moving our top carbon emitting suppliers from spend-based analysis to product or activity data. This has already been implemented for 20% of our supply chain spend during the last reporting period
- Benchmarking Net Zero commitments in our supply chain to map supply partners' reduction trajectories into our own.
- Seek further advice from our external carbon consultants, JRP Solutions on best practice around measurement. The following questions are being considered:
  - Should we move from a financial control to an operational control model for supply chain emissions?
  - Should we redefine the scope of measurement to exclude outsourced products and services?

## OTHER ENVIRONMENTAL METRICS

Through our ISO 14001 and ISO 50001 accreditations, Paragon has measured and monitored environmental impacts for many years. The table below shows our key environmental metrics.

	2019/2020	2020/2021	2021/2022 (Current reporting period)
Gas - kWh	12,546,282	12,697,664	11,223,657
Electricity - kWh	36,772,915	36,085,836	35,538,423
Water Use - m <sup>3</sup>	15,705 (not adjusted for acquisitions)	18,042 (not adjusted for acquisitions)	14,705
Waste - Tonnes	8,956 (not adjusted for acquisitions)	8,942 (not adjusted for acquisitions)	9,235
Paper Waste - Tonnes	7,515 (not adjusted for acquisitions)	7,238 (not adjusted for acquisitions)	7,512
Paper Purchased - Tonnes	35,035 (not adjusted for acquisitions)	35,849 (not adjusted for acquisitions)	39,216
Recycling Rate	94.8%	91.6%	91.9%
Environmental Incidents	0	0	0
% Manufacturing Sites with ISO 14001 and / or ISO 50001	100%	100%	100%

## 2.4 REDUCING CO<sub>2</sub> THROUGH OUR VALUE CHAIN ACTIVITIES

Paragon continues to drive change internally to embed tangible improvements throughout the business that contribute towards becoming a market-leader in sustainability. We take a holistic view on improvement programmes, accreditations and certifications to drive progress in key areas, including: process and performance efficiency; reduction in the use of raw materials; staff development and retention; client satisfaction and incident management; legislative compliance; and reduced operating costs.

### PRODUCTION AND PROCESS EFFICIENCY

Across all Paragon operations our improvement programmes focus on production governance and supply chain consolidation. Production and process efficiency are powerful tools to apply sustainability-focused improvements to our supply chain and our in-house processes. Our detailed Scope 1,2 and 3 reporting and analysis allows us to identify areas for efficiency improvement, not only for our own business, but our use of resources and reduction of emissions in general.



### CASE STUDY |

#### Nottingham Upgrades

Our Nottingham site accounts for around 20% of our electricity consumption. In October 2021 the site upgraded their Kodak Prosper printer, saving an estimated 119,628 kWh electricity per year as a result of lower consumption and increased running speeds. It also saves around 419 tonnes of paper every year. This has helped our Nottingham site **reduce its electricity consumption by 6%** since the baseline reporting period.

## SUSTAINABLE RAW MATERIAL

Paper is by far our largest raw material used across our own production sites and our supply chain. We use our status as an industry leader to further develop our relationships with key paper supply chain partners, with the aim of continuing to help drive down carbon emissions across the 'chain of custody lifecycle' of the company's products and services.

Paper and cardboard are truly sustainable products. Wood is a natural and renewable material, trees absorb CO<sub>2</sub> as they grow and paper continues to store carbon throughout its lifetime. Paragon only procures paper from suppliers that hold FSC and PEFC certification. Both these schemes are committed to the independent verification of responsibly managed forests, with a focus on conserving natural habitats and respecting the rights of forestry workers and local communities. Through these schemes Paragon can be sure that the paper we use to deliver communications for our clients has a fully traceable supply chain from forest to doormat. As FSC and PEFC certifications also focus on workers' rights and the protection of local communities, this reduces the risk of modern slavery and human rights abuses across the supply chain and lifecycle of our printed products.

Paragon predominantly used FSC Mix stock, with some FSC Recycled stock in use too.

Recycled stock is largely not used for high-speed printing as recycled fibre is much weaker, resulting in increased web break and slowed production. Paper can only be recycled a finite number of times (around 6- 7) before the fibre becomes unusable, so a supply of virgin fibre is always required.

You can read more about the sustainability of the European paper industry here:

[Click here to read more](#)

Paragon can procure carbon balanced paper via our supply partners, and procured 1,850 tonnes of carbon balanced stock in the reporting period. Carbon balancing is where the carbon impacts of a product or service are estimated and an equivalent amount of CO<sub>2</sub> is either prevented from being released into, or is absorbed from, the atmosphere. Carbon balanced paper is delivered through The World Land Trust's carbon offsetting programmes. Their Carbon Balanced Programme offsets emissions through the purchase and preservation of high conservation value forests. Sir David Attenborough is a key patron of the trust.



## CASE STUDY |

### Paper Saving at our Bristol Location

**Our Bristol site uses around 14% of our total electricity and around 6,764 tonnes of paper every year. With the rapidly rising prices of both these commodities accelerating the drive to reduce carbon, the Bristol Continuous Improvement team set to work.**

#### A number of projects were identified:

Pinless paper – by upgrading our enclosing machines we removed the requirement for pin hole paper and the additional trim waste that goes with it. This reduced our paper consumption by around 233 tonnes a year. That meant 233 tonnes less paper waste and reduced the associated Scope 3 emissions by around 190 tonnes CO<sub>2</sub>e.

An additional focus on 'right first time' reduced the volume of remakes, further reducing paper consumption and waste by 11 tonnes.



## 2.5 CARBON CALCULATOR AND CARBON NEUTRAL OPTIONS

### Establishing a baseline emissions breakdown



#### MARKET RESILIENCE AND INFLUENCE

Paragon is committed to delivering sustainability improvements on behalf of our clients across the lifecycle of our products and services. As a market leader we will use our status and scale to both support sustainability efforts within the sector and to influence through best practice.

We tackle this by providing our clients with information to make informed decisions and giving them different options to improve sustainability performance. We also offer lifecycle carbon analysis for our products and services.

We have made strong progress on our own, but recognise the huge value in collaborating with clients and suppliers that share our our ambition, and have mature sustainability strategies in place. We are keen to form new alliances to establish industry best practice and lead change.

Our commitment to leading industry change will be consolidated in 2022/2023 by driving best practice throughout our supply chain, and by establishing the key supply chain performance indicators.

#### CARBON CALCULATOR AND CARBON NEUTRAL OPTIONS

Paragon is an important part of our clients' value chain and Scope 3 carbon emissions. Our clients are on a similar journey to Paragon and need to understand the carbon emissions across their value chain.

Paragon developed our own Carbon Calculator to provide our clients with greater transparency of the carbon emissions associated with the products and services they purchase from us.

Currently this tool is operational for our printed products and our roadmap will see us extend this across all the products and services we provide. This lifecycle calculation uses a combination of industry standard conversion factors (including Ecoinvent and UK GHG Conversion rates) and Paragon emissions data to cover the carbon associated with:

- Raw material extraction and production
- Packaging
- Transportation of goods
- Production
- Delivery to end location (to single locations or through postal delivery)
- End of life treatment

An initial 12 months' analysis of client work provides a clear understanding of where in the value chain the carbon footprint lies, and a benchmark against which to measure the impact of future carbon reduction programmes. Clients may choose to make the work carbon neutral through a variety of externally verified offsetting schemes available through our membership with Climate Partner.

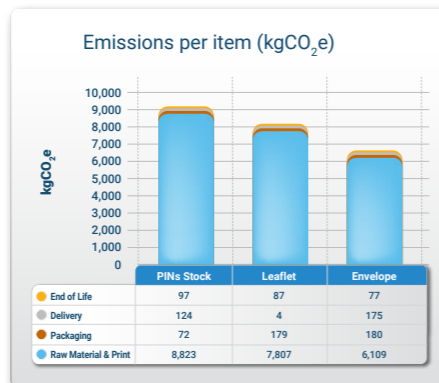
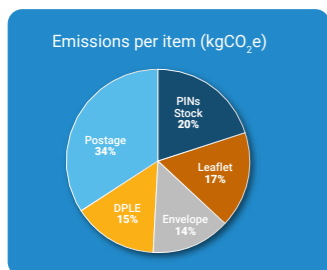
Providing clients this level of clarity means we can enable responsible decision making and drive behaviour change to ensure clients' own communication strategies are based on the impact to the planet alongside the financial cost. This also enables the development of a specific Carbon Reduction Plan at product level.

#### Example Carbon Report

##### OVERVIEW

At printed product level the bulk of the carbon footprint lies in the raw material production and print processes.

- PINs Stock – 20%
- Leaflet – 17%
- Envelope – 14%
- Data Process, Laser & Enclose – 15%
- Postage – 34%



##### PRODUCT LEVEL ANALYSIS

Enabling detailed product level analysis of carbon impact across workstreams:

- Understand where in the lifecycle the impact lies
- Understand which workstreams have the most impact



Carbon Calculator



**Paragon helps our clients to implement carbon reduction programmes across the lifecycle of our products and services using the following approach:**

- Product Optimisation - intelligent material management, resource-saving production, stock & format optimisation
- Product Transformation – review of communication effectiveness using eye tracking software and analytics to reduce unwanted volume to call centres and follow-up communications
- Communications transformation - integrated communications platforms, data analytics and digital conversion.

In a landscape where transparency and avoiding “greenwashing” is increasingly important, this level of analysis provides clients with credible plans that stand up to the highest levels of scrutiny.



Paragon has a roadmap and funding dedicated to further development of our carbon calculator, which will integrate carbon calculations into our quoting and Management Information systems, to provide visibility of carbon emissions at the point of decision making and further enable behaviour change.

**REDUCING SINGLE-USE PLASTIC**

Our operational sites are working to identify all single-use items and more sustainable

alternatives where available. This programme also extends to our outsourced products, and we engage with our supply partners to produce reusable and recyclable alternatives.

**CIRCULAR ECONOMY: LIFECYCLE ZERO WASTE**

Paragon is committed to promoting and enabling the circular economy and programmes to ensure that we can offer 100% recyclable products, and that end-of-life treatment is built into their design.

We want to demonstrate to our sector and industry that Lifecycle Zero Waste needs to be the new standard, and we are transparent in how we achieve this.

Our production sites have a Zero Waste to Landfill policy. Any waste that cannot be recycled is sent for incineration for Energy for Waste. We have maintained a recycling rate of over 90% for the past five years. Our production locations are also undertaking a programme to identify single-use items and seek more sustainable alternatives wherever possible. This has included providing reusable hot drinks mugs and water bottles allowing the removal of plastic cups, replacing plastic wrapping with paper for packaging goods, use of re-usable pallets for internal deliveries, and replacing bottles of deionised water with on-site systems, so bottles can be re-used.

Paragon Lead Supply works closely with our clients to ensure that procured items are designed for re-use or recycling. For point of sale items we utilise POPAI's online sustainability calculator. As a POPAI member, we have access to the system which allows us to input information about material types, weights, volumes and manufacturing processes, as well as sourcing and logistics. It then provides an indicative environmental performance of a display. It also gives design advice on the use of recycled materials and associated carbon savings.



*Paragon is committed to promoting and enabling the circular economy and programmes to ensure that we can offer 100% recyclable products, and that end-of-life treatment is built into their design.*

## 2.6 PROGRESS AND CHALLENGES

To hit our Net Zero target of a 46.2% reduction in emissions by 2030, we are targeting a 5% year-on-year reduction between the baseline year of 2019/2020 and the target year of 2029/2030. We recognise that the reduction pathway may not be linear; there may be some bumps along the way as the market and business reacts to external events such as political instability, recession, climate events and technological advances.

All of our sites, except one, are leased. We are currently negotiating with the landlord of our largest facilities to investigate the feasibility for solar on our roof spaces and grounds. Solar panels will be fitted at our Dagenham location during the 2022/2023 reporting period, which will mean we will be able to generate around 60% of the site's electricity requirement from onsite renewables.

All businesses face challenging times; the rising cost of energy and raw materials alone has put pressure on all our operations. Never has using our resources carefully been more important, for our planet, our people and our economic sustainability.

## 3. PEOPLE

TOGETHER WE ARE SHAPING THE FUTURE - FOR ALL OF US

**We are adding social value through the actions of our business to create a fairer and more equitable society.**

Climate change has the greatest impact on the poorest people in our global societies, and over the last few years we've also seen this disparity play out during the coronavirus pandemic. Whether that's through limited access to medical care, poor nutrition or lower vaccination rates, the differing responses to global challenges between developing countries and our own only serves to increase inequality.

If you factor in political instability, which drives mass migration alongside climate change and war, the contrast becomes even more stark. It's a daunting global issue. So how do we as a business try to tackle it? We have to start with social inequality in the communities in which we operate.

The Social element, the S in ESG and the People aspect of our sustainability strategy, are intrinsically linked to a sustainable future. People are individuals, they are our employees, they are our communities and wider society. Paragon works to enable and support personal wellbeing and development and social value at the same time.

Behaviour change is powerful tool in delivering solutions. It is the actions of our people that will tackle climate change, social inequality and create a working environment where everyone feels valued and respected.

Our own people and the people we work with across our clients, suppliers and regulatory bodies are crucial stakeholders in delivering change.

Our commitment to social value will be further measured in 2023 with the implementation of social value and diversity metrics, which will allow us to identify future targets in this area.

### PEOPLE STRATEGY: OUR EMPLOYEES

Paragons' People Strategy has been in place since 2018. It continues to play a critical role in ensuring we have a progressive, sustainable, and healthy working environment for our colleagues. It outlines the values, practices and behaviours that are at the heart of what we do.

Paragon's core strength is our people and we continue to develop an environment with a structure that enables them to fulfil their career ambitions in an organisation that supports their development, embraces inspirational ideas, and recognises the value of diversity of thought. Our people are what makes Paragon special – nothing this business achieves is possible without the contribution of our colleagues, whatever their role. Our "My Paragon" series introduces some of our amazing people. Please click here to meet some of our people.

[Click here for My Paragon](#)

Our People Strategy focuses on people development, diversity and inclusion, and wellbeing. These programmes run at all levels of the business, from on the job training for operators, our apprentice programmes, our Leadership Development programmes and our Young Paragon network. This includes the development of our Diversity and Inclusion programmes to ensure that all prospective and current employees have equal access to opportunity.

We know we have done some good work already, including the introduction of a Diversity and Inclusion Forum, our partnership with Stonewall, devising a reverse mentoring programme, instigating our Ignite apprenticeship programme and creating a Paragon Wellbeing Team.

## 3.1 ETHICS AND COMPLIANCE

### AN ETHICAL WORKING ENVIRONMENT

It is our ambition to establish Paragon as a place where people want to work, with inclusion, diversity and sustainability as a priority, and we want to lead our industry in these areas.

#### Our Health and Safety Governance

We take the health, safety and wellbeing of our staff seriously, and Paragon has a centralised Health and Safety function led by Jeff Landels, Director of Health and Safety. We continue to operate under the important principle that the safety of employees, the regulatory compliance of our sites and the sustainable management of our resources are key identifiers of operational excellence and sustainable growth.

The Paragon Health and Safety committee works tirelessly to embrace the philosophy that Health and Safety is the shared responsibility of all colleagues. As we witnessed from 2020 onwards, when Health and Safety is embedded into our operations, and when accountability for Health and Safety performance is incorporated into all we do; our employees remain safe; injuries are reduced; compliance is sustained; and cultures changes for the better.

The number of RIDDORs has decreased over the past 24 months, despite the increase in staff numbers and number of sites. Paragon remains without any HSE / HAS improvement notices, prohibition notices or prosecutions.

In 2020/2021, the COVID-19 pandemic placed added importance on our Health and Safety principles. This included introducing COVID-secure workplaces across Paragon sites, and delivering mandatory training sessions to colleagues as they adapted to new working environments and procedures. As our colleagues are classed as key workers we also had to complete several successful HSE COVID spot-checks across our sites.



During 2022 and beyond, our committee will continue to consolidate processes and standards, innovate and enhance our safety management technology, and simplify and aid collaboration. Full Health and Safety statistics can be provided on request.

#### **ILO 10 Labour principles**

Paragon follows The International Labour Organisation ILO 10 Labour Principles:

Paragon complies with all human rights, employment and health and safety laws in the countries we operate in.

Paragon fully supports the International Labour Organisation (ILO) and promotes the four categories of Fundamental Principles and Rights at Work (FPRW). The principles cover:

- Freedom of association and the effective recognition of the right to collective bargaining
- The elimination of all forms of forced or compulsory labour
- The effective abolition of child labour
- And the elimination of discrimination in respect of employment and occupation

#### **Modern Slavery**

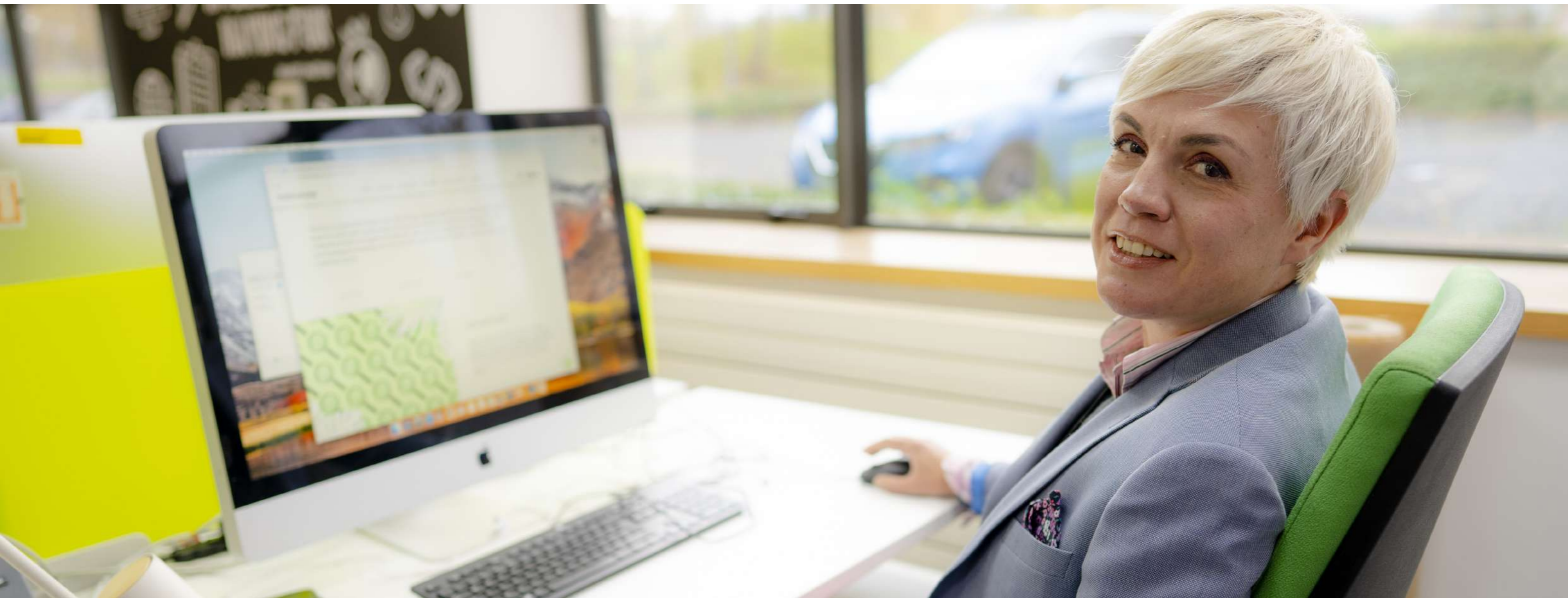
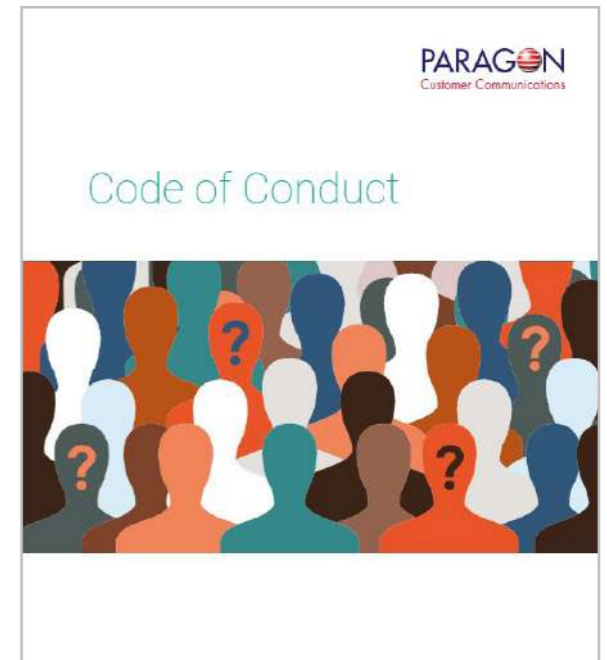
Modern slavery and human trafficking are abhorrent crimes. Paragon has robust processes in place to assess and address the risk of modern slavery across our own activities and our supply chain. In compliance with the Modern Slavery Act 2015, Paragon publishes our annual Modern Slavery Statement here:

[Click here to view statement](#)

#### **Fraudulent Activities and Behaviours**

Paragon has a suite of policies in place to assess the risk of, protect against, and provide mechanisms for reporting fraudulent activities and behaviours. These policies include; Anti-Corruption and Anti-Bribery, Conflicts of Interest, Anti Money Laundering, Financial Sanctions, Procurement Policy, Whistleblowing and Procedure, Gifts and Expenses and Paragon's Ethical Code of Conduct Policy.

To reinforce these policies, we have a range of complementary training modules for all employees; these are completed upon induction and then again on an annual basis.



## 3.2 EQUITY AND EQUALITY

### Equal Opportunities Employer

Paragon is a committed equal opportunities employer who values diversity of life experiences and perspectives, and we want to create a work environment that ensures equal access to opportunities for professional growth and advancement. This means that the company operates a policy of fair and equitable treatment for all employees and for all applicants for employment. We are opposed to any form of less favourable treatment or financial reward through direct or indirect discrimination, harassment, victimisation to employees or job applicants on the grounds of race, religious beliefs, political opinions, creed, colour, ethnic origin, nationality, marital / civil partnership status, parental status, sex, sexual orientation, gender reassignment, disability or age.

We are a 'Disability Confident Employer' and we use this to increase the understanding of disabilities, remove barriers, and ensure equal opportunities for people with disabilities to fulfil their potential.

We also hold an MOD Covenant to signify our support in the employment and development of ex-services personnel, and hold an Investors in People standard.

In 2022/23, our commitment to Diversity of Workforce will be focused on a review of staff policies and defining diversity benchmarks, enabling us to set specific targets for improvement.

### DIVERSITY AND INCLUSION

We see ourselves as part of a wider societal and global movement to remove barriers to equality and equity. We recognise the practical requirement and impact of this ambition but we are determined to create a working environment in which diversity and inclusion is business as usual.

We recognise that we have to improve our measurement of DE&I across our workforce.

Understanding the dynamics and makeup of our workforce is the primary focus for the business in the immediate future. Until we have a clear picture of diversity and inclusion across our employees it is difficult to set clear goals, or measure the success of our programmes.



Paragon has grown rapidly through acquisition, and will continue to do so. That presents some challenges in measuring diversity and inclusion and bringing new colleagues into our culture. It also creates a continually changing dynamic in our metrics, and explains some of the fluctuations in our performance metrics. Implementing measurement and setting and achieving targets for the improvement of diversity and inclusion requires a long-term plan. We have built this plan and are now in full flight, delivering against it. Our early successes are a strong motivator and we are confident that we will have our measurement framework in place by the time we publish the next ESG report.

### OUR DIVERSITY AND INCLUSION FORUM

The Diversity and Inclusion Forum was established in 2020 so that Paragon can better foster an environment where all staff feel valued and supported. Some staff may be members of minority groups or require permanent ongoing support, others will have temporary periods where they need additional support such as a period of illness, caring for family members or becoming a parent.



The vision statement for the forum is:

*Creating an inclusive culture  
Everyone respected and valued*

One of the benefits of lockdown has been that we have got to know our colleagues on a much more personal level. We have seen inside their homes, met their children, their partners, and their pets! This has broadened our understanding of each other as individuals.

The Diversity and Inclusion Forum, with the full support of the Paragon Board, is delivering an integrated inclusion strategy that drives company best practices. It will help identify specific education content to be included in employee training and development; identify barriers that impact recruitment, retention and advancement; create content and custom messages for employee communications; and act as change agents for the organisation to challenge the status quo.

## DIVERSITY AND ME PODCAST

As part of our diversity and inclusion programmes we launched a "Diversity & Me" internal podcast. We wanted to create a safe space where we could bring together diverse groups to have honest and sometimes uncomfortable discussions about the challenges they face in the workplace and their lives because of their backgrounds.

Our first podcast featured "people of colour". In a two part podcast the participants gave an open and honest overview of their experiences, and many colleagues found this deeply insightful.

## FEEDBACK

*"It was important and interesting to hear about the individuals' personal experiences. I enjoyed the discussion around the post George Floyd reactions and how permanent these may be."*

*"I think this podcast was great. As a white person, I know I need to do more to not only keep educating myself, but also to challenge any other racist behaviour, whether intentional or unintentional."*

In March 2021, to coincide with International Women's Day, our second "Diversity & Me" podcast featured women in our workplace.

## FEEDBACK

*"Several topics resonated with me. I was happy to see that I was not alone and other women were having the same issue or thoughts as me."*

*"I really liked the honesty of the podcast and situations the ladies gave. I could really understand some of the reasonings, e.g. one of the ladies doing school pick up was too embarrassed to say so she said she had another meeting. It's sad that it happens."*

## PARTNERSHIP WITH STONEWALL

Paragon has established an exciting partnership with Stonewall, an LGBTQ+ charity organisation whose mission statement is 'Acceptance Without Exception'.

We recognise that everyone, regardless of sex, race or sexual orientation has the right to work in a healthy and inclusive work environment, one where individuals can be themselves without the fear of reprisals, intimidation or bullying.

Stonewall's objective is to create an inclusive workplace for all, and this is something we view as being of the utmost importance. We are proud to partner with them to support this cause.

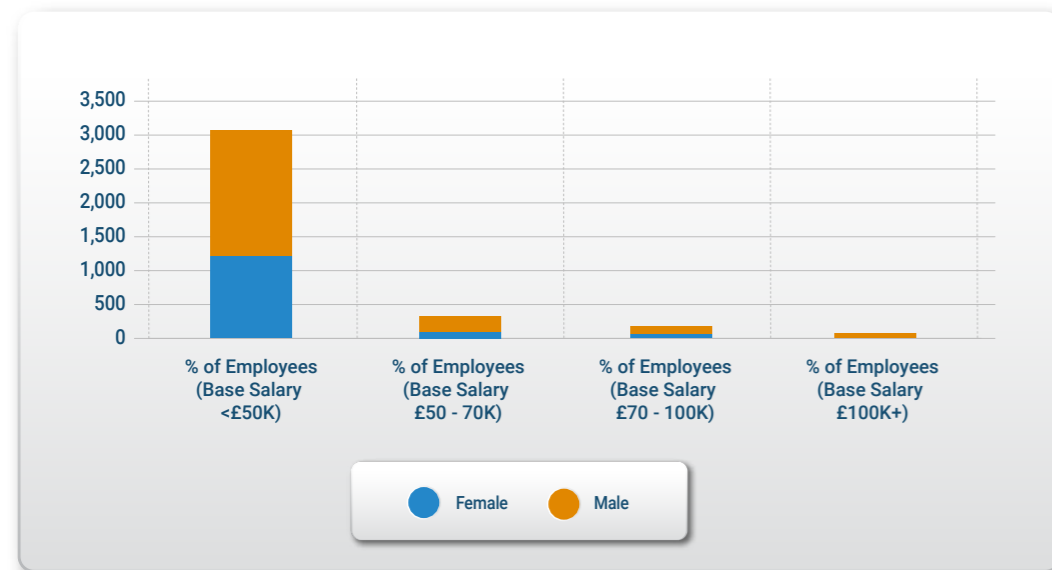


### 3.3 GENDER PAY GAP

**Paragon employs over 3,500 colleagues across multiple operational sites, home-based workers and client sites.** Historically, Paragon has grown from a manufacturing base. This industry tends to be male owned and dominated. Changing this dynamic is a journey, and one on which Paragon is already embarked on and fully committed to addressing.

Although we have made progress in this area we recognise the need to maintain focus on improvements. We will include specific gender-based measurements and targets as part of our diversity and inclusion plan. These will be published in our next ESG report.

Gender Pay Gap | Male / Female Salary Split



Metric	2021/2022	2020/2021	2019/2020
% Male / Female	37% female - 63% male	39% female - 61% male	38% female - 62% male
% Women in senior management role (defined as salary if over £70,000pa)	22%	26%	25%
% Women on Board	18% (Business restructure, board decreased in size 15 to 11, of whom 2 identify as female)	33%	38%
% Staff paid Real Living Wage or above	Not yet measured following acquisitions	75%	Not measured
Full time / Part time	91% 7% part time - 2% casual	Not measured	Not measured
% Staff with Base Salary <£50K	85.8 % of which: 40% female - 60% male	Not measured	Not measured
% Staff with Base Salary £50 - 70K	8.6 % of which: 26% female - 74% male	Not measured	Not measured
% Staff with Base Salary £70K - £100K	4.1 % of which: 26% female - 74% male	Not measured	Not measured
% Staff with Base Salary of >£100K	1.5 % of which: 12% female - 88% male	Not measured	Not measured

### 3.4 STAFF AND WELLBEING

Paragon recognises that our people bring their best to the workplace when they are mentally and physically well.

Mental health support is available to every Paragon colleague through the Wellbeing Team, who deliver company-wide Be Well Programme. The three key aims of Be Well are to focus on improving colleagues' working environments, encouraging physical and mental personal wellness, promoting awareness of available health campaigns, and offering practical support

The majority of Paragon sites provide free breakfast provisions for our people - instant porridge, fresh fruit and cereal bars meaning all our people can access a healthy snack to keep them going at work.

#### BE WELL PROGRAMME

To provide this positive environment, support is available to every Paragon colleague through the Wellbeing Team, who are responsible for delivering the company-wide Be Well Programme.

The Be Well Programme is supported by on-site wellbeing advisors at each Paragon location. They are on hand to provide an independent helpline for mental health support, and they also deliver a range of national and localised wellbeing initiatives for colleagues.

We are committed to taking steps to promote positive mental health in the workplace and support those employees who may be experiencing mental health issues of any description. By putting in the right support, we aim to break the stigma of mental ill health and create an open and supportive culture that enables staff to be honest with managers, to access support and enjoy a healthy personal and working life.

We have over 70 trained Mental Health First Aiders to provide first hand confidential support for anyone experiencing mental ill health.

25% of our employees have been supported with mental health problems in 2021.

#### SUPPORTING OUR COLLEAGUES DURING COVID-19

The COVID-19 pandemic has seen dramatic changes to how we operate as a business. Paragon employees were classed as essential workers, so we had to quickly implement controls to enable production colleagues to continue working on site to deliver services to our clients while ensuring their safety and welfare. At the same time, we enabled all office-based employees to work from home, with a quick migration onto a new IT infrastructure and working processes that supported colleagues to adapt to this change.

At the height of the pandemic in mid-2020, our Chief Risk Officer, Tim Drake, provided a Q&A on our response to COVID-19.

In response to the global risk posed by COVID-19 our Incident Response Team (IMT) was instigated on 12th February 2020 and remained in place throughout 2020 and into 2021. Paragon's primary concern throughout was the health, safety and welfare of our people.

**MENOPAUSE SUPPORT GROUP**

Every single person in our business will be affected by menopause, whether that is our female workforce experiencing long-term symptoms, or our friends and relatives, all of whom will require our support. Over 25% of women consider leaving their role, due to the symptoms they are experiencing while going through the menopause. Menopause symptoms can continue for 3 to 12 years.

More than 1 million women in the UK could be forced out of their jobs this year because their employers are failing to support them as they go through the menopause.

In October 2021 Paragon set up our Menopause Support Group to ensure that we started to address these inequalities and to retain our talented people.

Kim Hill, HR Business Partner, describes how the programme was set up:

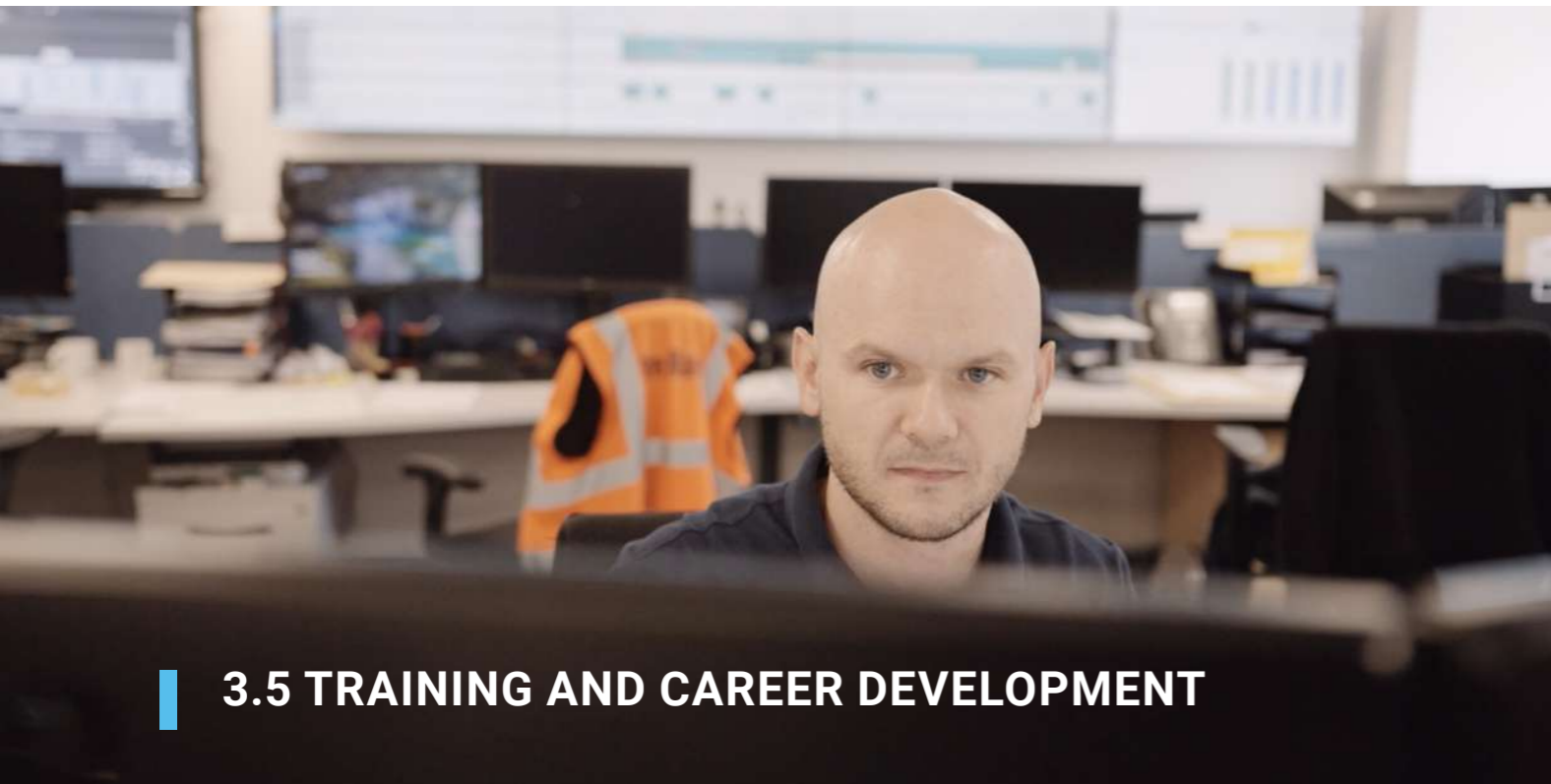
"I have used my experience and my position as HR Business Partner to introduce our first Menopause Support Policy, created a library of information within our Mental Health programme and set up a Menopause Support Group. We meet every month and have a WhatsApp group where we share experiences of treatments and products that have helped us, and also reach out for moral support when we are having a bad day."



**Testimonials from members of our Menopause Support Group:**

*"Being thrown into menopause after having a hysterectomy has had a massive effect on my mental health. No surgeon told me the effects of menopause can be devastating and can effect everything from brain function to joints. Knowing that there are other people in the business going through what I am is a huge support."*

*"Such a great thing that as a business Paragon recognises menopause and the ongoing affects it can have on the daily lives of its employees. Being part of this group is not only an opportunity to let off steam and share personal challenges, it's a group of people of all ages and all different stages of this life journey lending an ear and supporting each other."*



## 3.5 TRAINING AND CAREER DEVELOPMENT

**Paragon encourages the advancement of our colleagues by providing a range of learning, development, and expertise transfer programmes to facilitate personal growth while broadening their knowledge of the business and our industry.**

### COMPULSORY TRAINING

Paragon has an online training platform which provides all employees with access to all our compulsory and regulatory training as well as a wide range of additional professional development opportunities.

- 3,805 learners
- 69,267 courses completed
- 92% completion rate on compulsory courses
- 504 courses available

### REVERSE MENTORING

Our Reverse Mentoring Programme positions colleagues from minority groups to act as mentors to those with influence. Reverse mentoring switches the roles, with board members and executive leaders being mentored by someone more junior than themselves to provide fresh insight and share lived experiences. The aim of the programme is to drive transformational change and enable a culture of diversity, equity, and inclusion where the power of difference is respected.

We've flipped the traditional format of a business mentoring scheme and created a channel to

reveal the challenges faced by people from diverse backgrounds to those at the highest levels in our business. Our objective is to generate awareness and understanding from the Board down, and drive change where it is needed.

We paired up members of our senior leadership team with a mentor, with the aim of giving them an alternative perspective on our business, including our strategy and culture, and to share the unique challenges faced by these groups in society. Representation and visibility are so important and this scheme gives marginalised groups a platform, to nurture an understanding of other people's experiences to develop their own empathy for others.

Our mentors covered a wide demographic, from colleagues with (dis)abilities and lower socio-economic circumstances; different sexualities and genders; parental status or care responsibilities; and diverse educations, to those from a broad range of ethnic, racial, and religious backgrounds. We wanted to ensure that the diverse voices within our organisation were heard.

In our first cohorts we had 30 pairings, who held one-hour mentoring sessions once a month for six months. A framework for feedback was provided and specific actions resulting were captured and progress was governed and reported upon. The programme has been hugely successful and Cohort Two is being launched in early 2023.

A Mentor's View: Alison Jackson, Paragon Customer Communications' HR Director, was involved with the RMP from the start, and took part as one of the mentors:

*"In terms of my journey, working as a woman of colour in this organisation, I wanted to learn about the business too. Our industry can appear male-dominated and there are still more men than women in senior roles here. We have work to do as an organisation, but the RMP has planted the seed. The challenge is to ensure that we don't slip back and forget what we've learned. The Diversity and Inclusion Forum now needs to keep that momentum going and keep these issues relevant and in front of the board, so they continue that learning process."*



**Alison Jackson**, HR Director

## Testimonials

*"I am very much enjoying being part of this. It is really making me feel included and listened to."*

*"What is great is being able to mentor someone in such a senior position who can make real change."*

*"These sessions have been excellent for me and given a real insight to the daily challenges faced by our employees. My mentor has been very open and honest, and I feel we have built a strong trust."*

**Our CEO, Jeremy Walters, was a mentee in this first cohort and has been a strong supporter of the programme and the momentum it has built. Jeremy's quote from the closing session we held says it all:**

***"In my ten years as CEO of this business, the Reverse Mentoring Programme is the single most impactful programme I have been involved with."***



## REVERSE MENTORING

Smita Poojary, Digital Specialist

### Key Outcomes

**60**

Participants

**30**

Mentors  
(53% Male, 47% female)

**200+**

Hours of mentoring  
session over the period  
of 6 months

**10%**

Hours of training  
and support provided to  
all mentors by RMP  
programme leaders

**109**

Total Responses  
to the feedback survey

**30**

Mentees  
(67% male, 33% female)

**20+**

Hours spent on  
analysing  
the data collected from action  
based report

**95%**

Rated their sessions  
as 'good' or 'very good'

### YOUNG PARAGON

The Young Paragon Network (YPN) was set up in 2020 to bring together colleagues from across Paragon. This international programme includes our four regions, UK Ireland & Luxembourg (UKIL), Western Europe, The Netherlands and Belgium, and DACH & CEE.

Young Paragon is a fantastic opportunity for young and enthusiastic professionals across Paragon to expand their network while working together with employees from around the company that they would not normally get to work with. Participants are split into teams and work on tactical and strategic challenges set by senior sponsors from across the business. The sponsors help the teams by providing relevant business knowledge, guidance and contacts needed, while allowing the teams the freedom to explore their own ideas.

Challenges run for three months and the teams then present their findings and recommendations to the Paragon Board and senior leadership team.

Challenge topics cover a broad range of business themes and have included sustainability, pricing models, remote working models, employee diversity and outsourcing.

Iris Duijghuisen from PCC Netherlands is the person behind the idea for the Young Paragon Network and has project managed the scheme for the last two years.

### Iris tells us more

"Paragon is such a large organisation and I was keen to understand more about what we do and meet colleagues from across our regions. The idea of the Young Paragon network was born! Our CEO, Mike Gordon agreed that it was a great idea to bring together the future business leaders".

"It has been a great experience for me participating in Young Paragon. I have had the opportunity to work with colleagues from different PCC sites like The Netherlands, France and Germany. It has definitely helped me build more connections, develop my leadership skills and understand the wider business."

– Smita Poojary

## QUANTUM LEADERSHIP PROGRAMME

Quantum is a development programme for senior business leaders to increase leadership capacity, spanning three modules over a 12-month period. Paragon Quantum was created to help enable the senior team below the board to 'step up' when required by the business. This included:

- Working together to resolve problems between themselves without needing to refer to the board.
- Proactively getting problems off their bosses' desks.
- Developing the team below them, and seeing this as their responsibility.
- Boosting morale.

Following the success of the Quantum programme that saw 16 senior members of the Paragon team complete the modules between November 2019 and July 2020, the second year's cohort kicked off in April 2021. The latest Quantum intake of 20 individuals undertook three modules and eight days training, finishing up in November 2021.



## ATTRACTION AND RECRUITMENT

We have our own recruitment agency, Devonshire, which works with three partners to provide opportunities to candidates who can have difficulties accessing the workplace:

- **Remploy** - a leading provider of specialist employment and skills support for disabled people and those with health conditions
- **Maximus** – a partner of Remploy, who help people overcome barriers, gain new skills and find work. They have helped over 250,000 people get back into the workplace
- **Stonewall** - a 'Diversity Champion' organisation, now trialling a job site, Proud Employers, aimed specifically at the LGBTQ community



Young people with special needs have difficulties in participating in an apprenticeship or any kind of work programme because of negative preconceptions about their capacities and lower educational attainment. We are delighted to report that our Learning and Development Manager and Head of HR worked closely with Barking and Dagenham Council to facilitate a young person with autism from Barking to gain work experience with us. The individual started the 10 week programme, tailored to meet his needs, in August 2022.

## PARAGON IGNITE APPRENTICE PROGRAMME

Back in 2019, Paragon launched the Ignite apprenticeship scheme. We are always looking for ways to develop our people, in particular we looked at how apprentices can help us grow and move our business in a different direction. The Paragon Ignite programme is open to anyone over the age of 18 and starts with the learners competing a 10-week paid rotation at our Dagenham location. Participants experience a number of different roles across various print specialisms, which allow them to get to know Paragon first hand, whilst ensuring the role they apply for at the end of the programme is right for them.

On the back of our Ignite Apprenticeship scheme, we have formed a strategic partnership with the HomeServe Foundation, which sees us work together on key initiatives to support the foundation's vision to increase the number of apprentices in the UK.

Paragon extended our Ignite programme to the West Ham Foundation to offer 10-week paid work experience opportunities in our Dagenham location. The West Ham Foundation is committed to supporting participants in their community in developing new skills and forging a career.

### 3.6 GOOD NEIGHBOUR Supporting our Communities

We want to become a truly sustainable business and the diversity of our workforce is a key part of that. The profile of our teams should reflect the communities in which we live and work. At Paragon we encourage colleagues to pursue their philanthropic passions and we provide opportunities for individuals and teams to give back to their local communities. We want to empower our people to make a difference, and all our sites have nominated charities and our people hold regular fundraising events. Each site has a nominated charity and organise regular fundraising and volunteering events at a local level.

Being members of local associations further entrenches Paragon within the roots of the communities in which our sites operate, increases awareness of the business, and opens up opportunities on a regional level. We also utilise local association memberships to provide opportunities for colleagues to attend local networking events and give them access to regional information toolkits.

We support several local hospices, sports teams, and local colleges to help expand their students' programming and software development skills.

Local associations are also used to identify careers fairs and recruitment events within the region, which Paragon regularly attends to help attract new colleagues.

We also support charities on a national level and we regularly run charity initiatives, which colleagues throughout the business are encouraged to participate in and support. Each year we coordinate companywide fundraising activities for Breast Cancer Now and their Wear It Pink day.

#### St Francis Hospice, Dagenham

Our Dagenham location partners with St Francis Hospice who we have supported since 2014 and have raised over £90,000. In addition to fundraising Paragon has also provided expertise to help the charity prepare for GDPR, and helped with their brand redesign.



#### Charity Fundraising: Wear it Pink

October is Breast Cancer Awareness month, and colleagues from across PCC get involved each year with a variety of fundraising activities, culminating in Wear It Pink day.

In support of our latest fundraising drive two colleagues, Gemma Higgs and Tracy Scott, provided their own deeply personal reasons for supporting Breast Cancer Now. These were shared both internally and externally to highlight why PCC support this great cause each year.

You can view Gemma and Tracy's stories here:  
<https://www.paragon-cc.com/en-gb/inspiration/pcc-turns-pink-breast-cancer-awareness>

The final total raised across the business was £4,000.



## Supporting Ukrainian Orphans

Paragon understand that our people are actively involved in charity work that matters to them.

One of our own people, Elwira Bemka, who has worked at our Leicester site since 2009, took matters into her own hands following the outbreak of war in Ukraine. El started her own fundraising campaign and then travelled multiple times to her home city of Gdansk and purchased provisions for the refugees crossing the border from the Ukraine.

During one of these trips El met a coach of 250 Ukrainian orphans and their carers who had to flee Ukraine after their homes were destroyed. They were heading for a holiday camp near Gdansk. El approached Paragon to seek support for her activities and Paragon, both in the UK and our counterparts at our Warsaw office, have been supporting the holiday camp as they adapted to care for the Ukrainian orphans for the long term. In addition to providing art supplies, toys and clothing for the children, Paragon funded the fit out of a new industrial kitchen to enable the centre to provide hot, home-cooked meals for the children. This has also provided employment for 10 Ukrainian refugees. Our own employees also raised enough funds to provide an adventure playground for the children, enabling them to not just survive, but to thrive.

The centre is now well supported in terms of funds and resources from the Polish government and the EU. Paragon were proud to enable effective action from one of our own people to help these vulnerable children while local support networks and systems were put in place.



## 4. PARTNERS

### THE VITAL ROLE OF PARTNERSHIPS IN ACHIEVING OUR GOALS

Like most businesses, the majority of our sustainability footprint lies with our partners.

Paragon recognises that our business activities have a direct and indirect impact on the societies in which we operate. How we interact with the world determines our place within it.

We are dedicated to developing an environment of trust, collaboration, and respect in all our relationships and our ethics and compliance programmes empower us to operate with integrity, confidence and honesty.

We expect the same standards from our supply chain partners, including clear policies in relation to fraudulent activities and behaviours, anti-bribery and corruption, financial sanctions, and labour principles.

The Partners pillar of our Sustainability Ambition represents the biggest challenge for Paragon. 95% of our carbon footprint lies with our supply partners which extends across 35 countries. We are part of our clients' Scope 3 emissions and part of multiple businesses' joint value chains. This means we have multiple partners to bring with us on this journey, and extraordinary opportunities to drive improvements with thousands of stakeholders.

We have identified that this pillar in our ambition, although applicable to many of the United Nations SDGs, closely aligns to the three goals listed below:



Paragon is a vital part of our clients' value chain, along with our supply partners. It will take collaboration across all parts of our joint value chains to bring about the changes required to meet Carbon Net Zero, and the creation of a fairer, more equitable society. Paragon is excited to collaborate with our partners, change conversations and find opportunities to drive the change required.

Acquisitions have broadened our product and solution offering and vastly extended our outsourcing model, and we are developing our supply chain framework to ensure sustainability risks and opportunities are fully assessed and managed.

We are committed to developing our technology to better support the benchmarking of sustainability performance and diversity in our supply chain. This will allow our stakeholders to select suppliers based on a range of sustainability performance criteria, alongside traditional economic models.

In support of this, we are also developing product lifecycle sustainability analysis across all products and services, for all supply partners and geographies. This will provide the information for our stakeholders to make informed, responsible choices on the products they select.



*We are dedicated to developing an environment of trust, collaboration, and respect in all our relationships and our ethics and compliance programmes empower us to operate with integrity, confidence and honesty.*

## 4.1 CERTIFICATIONS & ATTESTATIONS

### REGULATORY & LEGISLATIVE FRAMEWORKS

Paragon firmly believes that certificates are not just a tick in the box. We have seen an increase in the ESG reporting requirements affecting all large businesses, which is driving transparency of data and actions. Paragon welcomes legislation across the ESG framework including Gender Pay Gap Reporting, SECR, ESOS, Social Value Act and Modern Slavery Act.

Paragon's SECR report is included in the Paragon Group Ltd Annual Report.

Paragon holds a range of certifications across all our production locations. These provide the framework to identify and drive best practice throughout the business to ensure compliance with all applicable legislation. Our ISO certifications are regularly audited by our UKAS-accredited audit body BSI. Some of the key certifications Paragon holds are listed below:

- ISO 9001 Quality Management
- ISO 14001 Environmental Management
- ISO 27001 Information Security Management
- ISO 50001 Energy Management
- ISO 22301 Business Continuity Management
- ISO 45001 Health and Safety Management
- ISO 13485 Medical Device Management
- FSC/PEFC Chain of Custody
- PCI DSS
- BPIF Health and Safety Seal of Excellence
- SEDEX membership
- Mastercard PINS 2000204 and 2000248
- SEDEX membership
- BS 10008 Evidential Weight and Legal Admissibility of Electronic Devices

For the second year running Paragon is proud to have our efforts recognised through achieving EcoVadis Platinum status.

Status ratings are awarded based on the EcoVadis Corporate Social Responsibility (CSR) analysis system, which assesses 21 criteria across four themes:

- Environment
- Fair Labour and Human Rights
- Ethics
- Sustainable Procurement

The methodology for each of the four themes is built on international CSR standards including the Global Reporting Initiative and the United Nations Global Compact.

Please get in contact for a copy of our EcoVadis scorecard.



#### Supply Chain Management

Our sustainability risks and opportunities are all linked across our joint value chains. It will be the collaboration between all our partners that will deliver the solutions needed.

Since our baseline year, our turnover as a business has grown by 23.5% and our supply chain spend by 27% to £302m. This has been the result of several factors.

Our changing scope of work has resulted in an increase in purchased goods and services. This has been coupled with strong investment in our production kit and facilities. We have seen an increase in spend on facilities and machines of 32% & 19% respectively. Spend on material also increased by 17%, partially driven by inflation and the difficulty in sourcing paper, our primary raw material.

### PAPER TRENDS AND OUTLOOK

Paper costs have risen since the baseline period, driven by multiple factors:

- Energy costs are the highest ever seen, with European gas prices almost six times higher in 2022 than 2020
- Pulp, which accounts for over half of the input cost for paper, has risen steadily since Jan 2021 with prices in 2022 71% higher than 2020
- Labour, shipping and other materials have also increased in cost

Since the baseline period it has become increasingly challenging to procure paper with availability impacted by several factors:

- Workers strikes in Finnish mills
- Products from Russian pulp and paper mills are no longer available to global markets
- Over the past two years significant paper capacity has been closed or repurposed to produce packaging rather than paper.

Expanding into new markets and geographies requires adaptation of our due diligence requirements to address the changing risk landscape.

The challenge of growth through acquisition also impacts supply chain management, with new suppliers being added to our portfolio and requiring re-categorisation and management. Paragon expects all suppliers to agree to the principles and undertakings of its 'Supplier Code of Conduct'. In addition, it is Paragon's objective that, as far as is reasonably practical, it will only employ suppliers and third parties who subscribe to and operate on similar principles.

#### Supply Chain Spend by Category

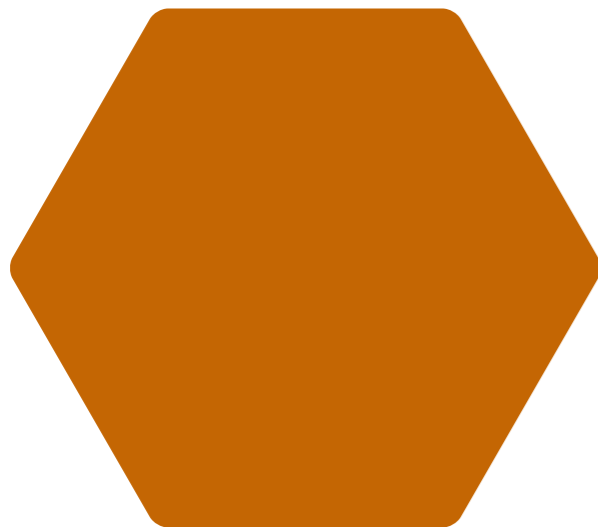
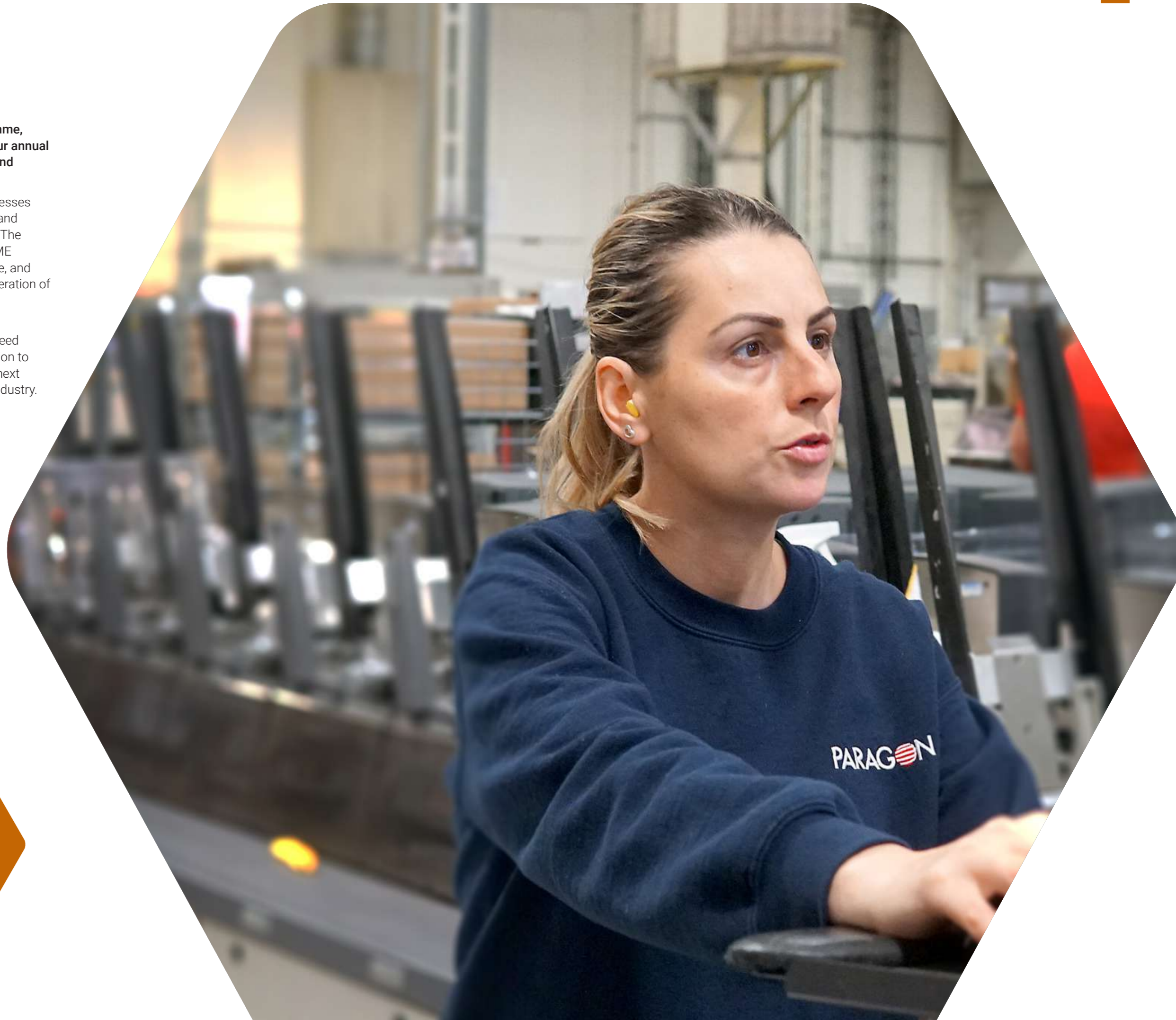
Category	Spend 2021/2022	% of Spend	% Increase / Decrease since baseline year
Facilities	£3,817,018	1%	32% increase
HR	£24,428,754	8%	102% increase
IT	£18,983,142	6%	34% increase
Machines	£18,066,714	6%	19% increase
Material	£99,850,575	33%	28% increase
Outwork	£36,551,090	12%	6% decrease
Postage	£64,150,156	21%	27% increase
Transport	£6,560,607	2%	10% decrease
Finance	£10,987,654	4%	17% increase
Legal	£592,130	<1%	3% increase
Professional	£9,431,708	3%	174% increase
Utilities (excluding energy)	£8,677,760	3%	80% increase

#### APPRENTICE LEVY

**As part of our Ignite Apprenticeship Programme, Paragon has opted to transfer a portion of our annual apprenticeship levy funds to support small and medium-sized enterprises across the UK.**

We have committed to supporting SME businesses with funds to provide apprenticeship training and assessments for both existing and new staff. The aim of this initiative is to support the wider SME community to create a progressive, supportive, and healthy working environment for the next generation of professionals.

As part of our strategic partnership with the HomeServe foundation, Paragon has also agreed to donate a portion of our levy to the Foundation to help bridge the UK skills gap and bring in the next generation of talent to the communications industry.





### WATER SCARCITY

Water is an increasing scarce commodity and under pressure from the global economy. A McKinsey study predicts that by 2030 water demand will outstrip supply by 40% and half the world's population will live in water-scarce areas. Although Paragon use very little water in our own production processes, the pulp and paper industry depend heavily on water. Paper accounts for around 13% of our supply chain spend and it is our largest raw material for producing our printed products and services. Paragon will extend its supply chain assessment to map our exposure to water scarcity across our value chain. Paragon has reduced its own water consumption, mostly used in site bathrooms and kitchen spaces, by 6% since the baseline period. This was largely a result of hybrid working across our workforce with lower number of people in our offices.

## 4.2 SUPPLY CHAIN DUE DILIGENCE

Paragon has over 2,500 active suppliers in 35 countries.

Paragon has improved its supplier relationship management framework to ensure sustainability and security risk are addressed across our supply chain.

Our online assessment tool facilitates the capture and reporting of risk levels across our supply chain. Suppliers must provide detail that covers the following areas: Employment (including modern slavery) / fair business practice (incorporating anti-bribery and corruption), information security, environmental performance and supply chain management.

Over 678 supply partners have completed the updated and improved assessment.

### Supply Chain Split by Geography

Country	No. Suppliers	Spend (£)	%
Australia	2	19,676.57	0.01
Austria	1	6,057.44	0.00
Belgium	3	78,104.28	0.02
Canada	4	110,306.32	0.03
China	30	2,506,160.37	0.68
Cyprus	1	3,600.00	0.00
Czech Republic	2	652,715.35	0.18
Denmark	5	1,446,527.08	0.39
Egypt	1	11,389.70	0.00
Finland	2	5,550,347.17	1.50
France	4	53,353.16	0.01
Germany	20	1,186,600.81	0.32
Great Britain	2112	322,075,764.99	86.95
Hong Kong	8	367,473.86	0.10
India	7	5,565,949.77	1.50
Ireland	28	3,405,090.86	0.92
Israel	1	18,360.00	0.00
Italy	7	814,316.72	0.22
Luxembourg	4	176,977.06	0.05
Netherlands	21	13,619,712.91	3.68
Norway	1	17,046.35	0.00
Pakistan	2	181,670.00	0.05
Philippines	2	97,373.19	0.03
Poland	6	495,911.99	0.13
Portugal	1	458,920.92	0.12
Singapore	1	7,800.30	0.00
Spain	6	47,211.91	0.01
Sri Lanka	1	540,523.95	0.15
Sweden	5	557,335.18	0.15
Switzerland	2	4,820.55	0.00
Turkey	1	1,199,627.65	0.32
Ukraine	1	90,146.35	0.02
United Arab Emirates	3	17,494.51	0.00
USA	40	2,327,226.90	0.63

Countries highlighted in orange have a high risk or prevalence of modern slavery according to the Global Slavery Index 2018.

### SUPPLY CHAIN EMISSIONS REDUCTION

The carbon emissions associated with our supply chain, along with our supply chain spend have increased since our baseline year. Our commitment to supply chain emissions reduction will be delivered through our supplier engagement programmes and by cascading specific emission reduction targets into our supply chain.

Our roadmap to tackle supply chain emissions is laid out below.

2022/2023 Data Accuracy & Engagement	2024/2025 Target Setting & Reporting	2026 - 2030 Accelerate Action and Carbon Reduction
<ul style="list-style-type: none"> <li>Benchmark supply chain Net Zero credentials and map into Paragon reduction trajectory</li> <li>Carbon Net Zero session with top 20 carbon emitting supply partners</li> <li>Move carbon emissions data for top 20 supply partners from financial to activity or product-based data</li> <li>Extend programme to top 50 carbon-emitting supply partners</li> </ul>	<ul style="list-style-type: none"> <li>All Tier 1 suppliers' carbon data based on activity or product data</li> <li>All Tier 1 suppliers either have set a NZ target, or working towards setting a target</li> <li>Top 20 carbon emitting suppliers with NZ plan</li> <li>Embed sustainability SLAs and reporting into Tier 1 supplier metrics</li> <li>Embed sustainability criteria into tender and RFP requirements</li> <li>Scope framework for insetting programme</li> <li>Introduce supplier network and Net Zero events</li> </ul>	<ul style="list-style-type: none"> <li>Whole supply chain measuring carbon emissions</li> <li>Framework for insetting in place to accelerate Scope 3 reduction</li> </ul>

### SUPPLY CHAIN DIVERSITY

Paragon's commitment to providing equal access to opportunity extends to our supply partners. Businesses that are owned by minority or underrepresented groups find it harder to access opportunities. Paragon is committed to measuring spend with diverse enterprises. Diversity within supply chains can not only bring new ideas and solutions, but also boost competitiveness and market growth. It also provides the ability to reduce socio-economic inequality and create stronger, more stable communities.

We have a wide variety of suppliers ranging from large, global multinationals to micro, family-run businesses, and everything in between. Paragon is a member of We Connect and MSDUK, which provide access to a wide range of female-owned and minority-owned suppliers respectively.

We are currently benchmarking diversity within our supply chain in the following categories:

- Micro, small and medium sized businesses
- Female owned / operated
- Minority owned / operated
- LGBTQ+ owned / operated
- Veteran owned / operated
- Disabled owned / operated
- Social enterprise



Following this assessment, we will develop targets to increase spend with diverse enterprises in relevant categories.

% Spend with Supply Chain by Size



## 4.3 DELIVERING SOLUTIONS TO COVID WITH PARTNERS

**Paragon, in conjunction with Royal Mail, won the contract to distribute Covid testing kits across the UK.**

The Department of Health & Social Care (DHSC) needed to quickly establish a robust and scalable solution to securely and quickly distribute Covid-19 test kits via home delivery to the British public. During a time of national crisis, this was a high-profile and complex project that required rapid mobilisation and deployment, a very high level of BAU service delivery, and operation to very stringent SLAs.

We partnered with Royal Mail Group to design and execute an end-to-end proposition for the delivery of a robust, UK-wide fulfilment and distribution solution for the home delivery of Covid-19 test kits.

### The Result

In 2021 and 2022 we fulfilled and dispatched more than 90 million test kits to people across the UK. Paragon was proud to play our part in fighting the COVID-19 pandemic. We helped the UK population to safely and conveniently test themselves, minimised the spread of disease and help return the country to a sense of normality.



## 4.4 MEMBERSHIPS AND REGULATORY BODIES

Paragon hold membership of the following organisations and regulatory bodies:

Direct Marketing Association (DMA)  
Two Sides

## Contact

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## GRI INDEX

This report has been prepared with reference to the Global Reporting Initiative (GRI) Standards, core option. The scope of this report covers the environmental, social and economic performance and impact of Paragon UK Ltd, and covers the reporting period 1st July 2021 to 30th June 2023.

GRI Indicator	Topic/Link	Page
GRI 1	Foundation 2021	
2-1	Organisational details	1.1 Company Overview P11-15
2-2	Entities included in the organisation's sustainability reporting	1.1 Company Overview - GRI 2.1 P15
		Welcome from the CEO and the Sustainability Team P5-6
2-3	Reporting period, frequency and contact point	Welcome from the CEO and the Sustainability Team Credits P4-5
2-4	Restatements of information	There are none
2-5	External assurance	Credits P81
		2.3 Measuring our Carbon Emissions: External Verification: P32
2-6	Activities, value chain and other business relationships	1.1 Company Overview - GRI 2.1 P11-15
2-7	Employees	1.1 Company Overview - GRI 2.1 P15
2-22	Statement on sustainable development strategy	Welcome from the CEO and the Sustainability Team P4-5
2-28	Membership associations	4.4 Memberships and Regulatory Bodies P77
3-1	Process to determine material topics	1.3 Sustainability Management - including Material Matrix P20-22
3-2	List of material topics	1.3 Sustainability Management - including Material Matrix P20-22
3-3	Management of material topics	1.3 Sustainability Management - including Material Matrix P20-22
201-1	Direct economic value generated and distributed	1.1 Company Overview - GRI 2.1 P12
302-1	Energy consumption within the organisation	2.3 Measuring CO <sub>2</sub> - Emissions at Paragon across Scope 1-3 P31-34
302-4	Reduction of energy consumption	2.4 Reducing CO <sub>2</sub> impact across Value Chains- (GRI 305-3 other indirect (Scope 3) GHG emissions) P39-41
103-1	Explanation of the material topics and its boundaries	2. Planet: Our contribution towards a carbon net zero economy Roadmap P28-29
103-2	The management approach and its components	2. Planet: Our contribution towards a carbon net zero economy Roadmap P28-29

103-3	Evaluation of the management approach	2. Planet: Our contribution towards a carbon net zero economy Roadmap P28-29
305-1	Direct (Scope 1) GHG Emissions	2.3 Measuring CO <sub>2</sub> - Emissions at Paragon across Scope 1-3 P32-34
305-2	Energy indirect (Scope 2) GHG	2.3 Measuring CO <sub>2</sub> - Emissions at Paragon across Scope 1-3 P32-34
305-3	Other indirect (Scope 3) GHG emissions	2.3 Measuring CO <sub>2</sub> - Emissions at Paragon across Scope 1-3 P32-34
305-5	Reduction of GHG emissions	2.2. Our Carbon Net Zero Plan P30-41
103-1	Explanation of the material topics and its boundaries	3. People: Together we are shaping the future – for all of us P46
103-2	The management approach and its components	3. People: Together we are shaping the future – for all of us P46
103-3	Evaluation of the management approach	3. People: Together we are shaping the future – for all of us P46
403-1	Workers representation in formal joint management - worker health and safety committees	3.4 Staff and Wellbeing P55-57
403-6	Promotion of worker health	3.4 Staff and Wellbeing P55-57
103-1	Explanation of the material topics and its boundaries	3. People: Together we are shaping the future – for all of us P46
103-2	The management approach and its components	3. People: Together we are shaping the future – for all of us P46
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103-1	Explanation of the management approach	3.2 Diversity and Inclusion (GRI 405: Diversity and Equal Opportunity /GRI 406) P50-51
103-2	The management approach and its components	3.2 Diversity and Inclusion (GRI 405: Diversity and Equal Opportunity /GRI 406) P50-51
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405-1	Diversity of governance bodies and employees	3.2 Diversity and Inclusion (GRI 405: Diversity and Equal Opportunity /GRI 406) P50-53
405-2	Ratio of basic salary and remuneration of women to men	3.3 Gender Pay Gap P54

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	4.2 Supply Chain Management	P72-73
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414-1	New suppliers that were screened using social criteria	4.2 Supply Chain Management	P72

## CREDITS

This report has been prepared in reference to the Global Reporting Initiative (GRI) Standards, core option. The scope of this report covers the social, environmental and economic performance and impact of the Paragon UK Ltd, and covers the reporting period 1st July 2021 to 30th June 2023.

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UNO INO is a cooperative and consultancy network to support and accompany corporations and organisations towards sustainable business transformation. Our consultation services range from strategy to implementation, monitoring to reporting, and innovation to participation. Our work is guided by the belief that we can only achieve a sustainable future by collaborating and colliding top-down and bottom-up strategies. The knowledge for a sustainable future lies within all of us, and sustainability means mind-set, making and measuring. You know, I know.

### Disclaimer

This report contains forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially. The terms "anticipate", "assume", "estimate", "expect", "intend", "may", "plan", "project", "should" and similar expressions are intended to identify forward-looking statements. No guarantee can be given for the actual occurrence of forecasts and planning values concerning economic, currency-related, technical, competition-related and some other important factors that could cause actual results to differ from those assumed in the forward-looking statements. We have prepared this report with the greatest possible care and reviewed its data.



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