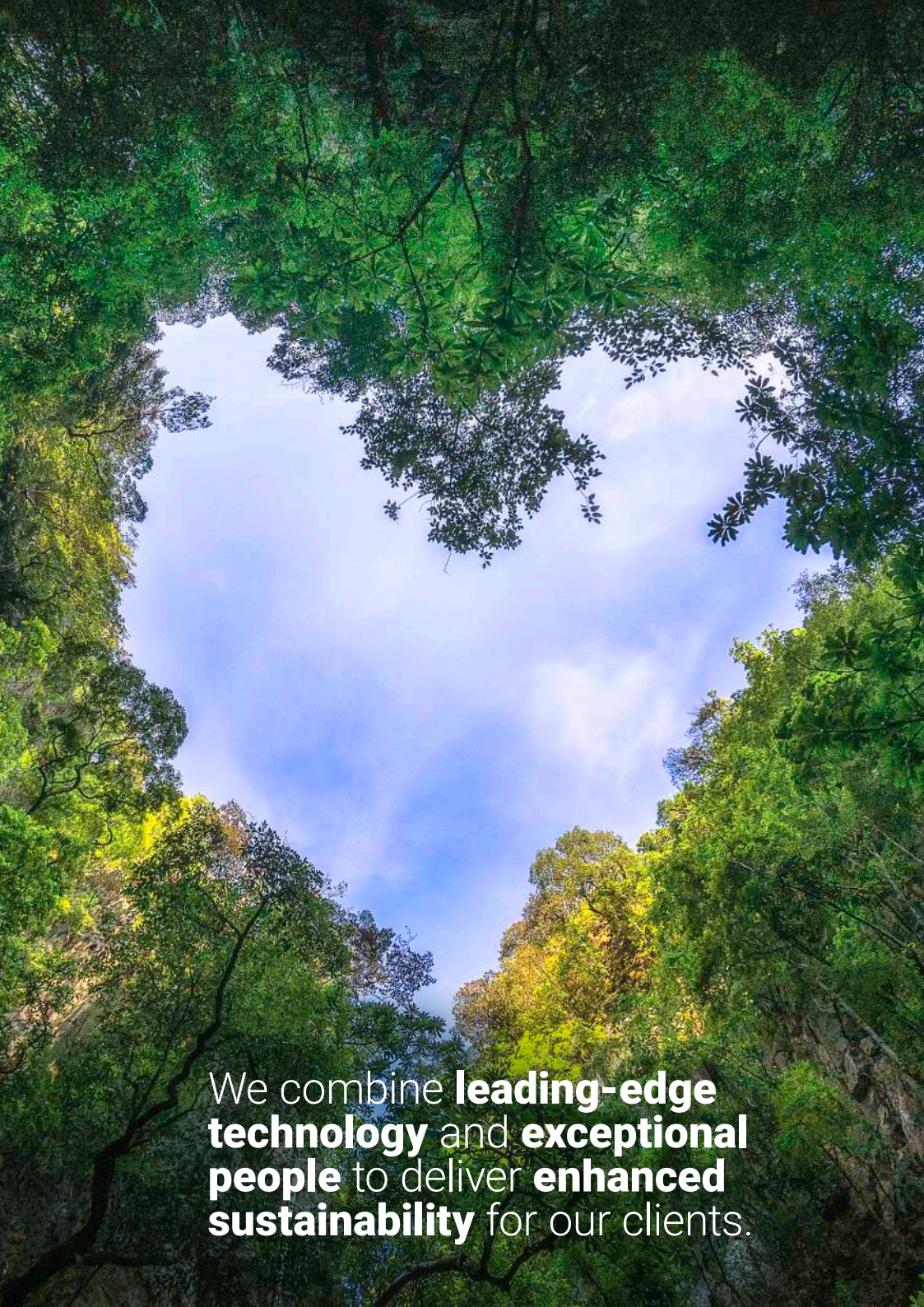


The background of the entire page is a photograph of a large, leafy green tree on the left side of a vast, green field. The sky is filled with soft, colorful clouds in shades of orange, yellow, and blue, suggesting a sunset or sunrise. The overall mood is peaceful and natural.

Paragon Carbon Net Zero Plan 2023 Update



We combine **leading-edge technology** and **exceptional people** to deliver **enhanced sustainability** for our clients.

Our Business

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 their relationships with their customers and employees. Paragon is one of the UK's largest business services providers. We offer our clients a safe pair of hands by delivering rigorous governance to manage risk and improve efficiency across their processes.

The scope of this report covers all Paragon legal entities and activities across the UK, Ireland and Luxembourg.

Achieving Net Zero by 2050

Paragon is committed to supporting our clients' ambitions and the UK Government's targets by achieving Carbon Net Zero by 2050. This plan sets out short and long-term targets we have set to achieve this.

In order to align with the Paris Climate Agreement to limit global warming to a 1.5°C increase on pre-industrial levels, we have set Science-Based Targets (SBT) of a 46.2% reduction in Scope 1, 2 and 3 emissions by 2030. The proceeding years to 2050 will see a further commitment to a 90% reduction, with residual emissions removed through credible offsetting schemes.

With an increasing emphasis on sustainable business operations set against increasingly stringent regulations on the horizon, Paragon has developed a Net Zero Strategy and Implementation Plan. This will ensure the future sustainability of the business, add further value for clients, and help deliver the lasting change our planet and societies need.

Paragon's Carbon Net Zero Plan will be updated following annual calculations of our carbon emissions to provide visibility of our progress and programmes.

Put simply, we help clients to transform how their businesses operate.

Defining Net Zero

'Carbon emissions' is the term used to describe the seven main Greenhouse Gases (GHGs) responsible for global warming. It is commonly expressed as CO₂e (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.

Achieving Net Zero means that our total annual GHG emissions would be equal to, or less than, the emissions we can actively remove from the environment. Thus, through a combination of emissions reduction and emissions-removal measures, Net Zero is achieved over a given timeframe.

Setting a Science-Based Target (SBT)

Science-based reduction targets for GHG emissions need to be in line with the latest climate science to meet the goals of the Paris Agreement. The Agreement limits global warming to less than a 2°C increase on pre-industrial levels, but there is common agreement that it is better to aim for limiting warming to below 1.5°C.

The Science-based Targets Initiative (SBTi) launched the world's first Corporate Net Zero Standard for corporate net zero target setting, in line with climate science to limit warming to below a rise of 1.5°C. The SBTi advises that most companies will require deep decarbonisation of 90-95% to reach net zero under the Standard.

We have aligned our Net Zero strategy with the SBTi Net Zero Standard, focussing on the following requirements:

- I. **Rapid, deep emission cuts:** Rapid and deep cuts across Scopes 1 and 2, and all relevant categories of Scope 3, thus covering our entire value chain emissions.
- II. **Near and long-term targets:** Setting near-term and long-term science-based targets, making rapid emissions cuts in the next five to 10 years, and by 2050 producing close to zero emissions and neutralising any residual emissions that are not possible to eliminate, by credible offsetting or 'carbon removal' measures.
- III. **No net zero claims until long-term targets are met:** Net Zero is only reached when its long-term science-based target is delivered.
- IV. **Go beyond the value chain:** The SBTi recommends that companies go further by making investments outside their science-based targets to help mitigate climate change elsewhere. Companies should follow the mitigation hierarchy, committing to reduce their value chain emissions before investing to mitigate emissions outside those value chains.



Our services and processes
**work efficiently to support
the sustainability targets** of
our many, varied customers.

Establishing the Baseline

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

The organisational boundary is the 'Operational Control' approach, which ensures that the emissions reported comprise all the activities and assets under our direct control.

The agreed baseline reporting year for establishing the company's greenhouse gas emissions footprint was the financial year 01/07/2019 to 30/06/2020. This enables the alignment of financial and emissions reporting frameworks.

The GHG Protocol is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions.

The different types or 'scopes' of emissions are:

Scope 1 emissions – These are direct GHG emissions from sources that are directly owned or controlled by our business. Scope 1 includes emissions from fossil fuels burned on site, such as natural gas for space heating and catering, emissions from entity-owned or entity-leased vehicles using petrol or diesel fuel, and other direct sources of combustion. Also, this includes fugitive emissions such as refrigerants that may leak from air conditioners and similar equipment at sites.

Scope 2 emissions – These are indirect GHG emissions resulting from the off-site generation of electricity, heating, cooling, or steam purchased.

Scope 3 emissions – These are the indirect GHG emissions from sources not owned or directly controlled by our business, but which are related to essential activities, including all goods and services bought by the business, employee commuting, business travel, contracted solid waste disposal and contracted wastewater treatment. In total there are 15 categories of Scope 3 GHG emissions and our baseline emissions inventory has been screened for materiality against each of these categories.

Current GHG Footprint

During the latest reporting period, Paragon expanded through acquisition. As a result, and in accordance with our Carbon Re-baselining Policy, we recalculated our baseline year of 01/07/2019 to 30/06/2020 to reflect newly acquired activities within the business.

	2019/20 Baseline	2020/21 Reporting Year	2021/22 Reporting Year
	Tonnes CO ₂ e Total	Tonnes CO ₂ e Total	Tonnes CO ₂ e Total
Scope 1 emissions	2,906	2,640	2,365
Company Facilities Total	2,419	2,343	2,061
Natural Gas	2,307	2,326	2,049
Refrigerant	104	16	11
LPG	9	2	1
Company Vehicles Total	486	297	305
Diesel	475	297	305
Petrol	11	0	0
Scope 2 Total Emissions	8,573	7,662	6,872
Grid Electricity	8,573	7,662	6,872
Scope 3 Total Emissions	127,436	134,583	177,431
Scope 3 Emissions (Upstream)	97,514	95,768	132,569
Cat 1 - Purchased goods & services*	89,420	87,555	124,228
Cat 2 - Capital Goods	532	580	1,076
Cat 3 - Fuel & energy related activities	2,568	3,343	2,751
Cat 4 - Upstream transportation & distribution	N/A	N/A	N/A
Cat 5 - Waste generated in operations	200	195	200
Cat 6 - Business travel	808	109	352
Cat 7 - Employee Commuting	3,886	3,886	3,655
Cat 8 - Upstream leased assets	100	100	308
Scope 3 Emissions (Downstream)	29,922	38,815	44,862
Cat 9 - Downstream transportation & distribution*	19,791	27,702	32,807
Cat 10 - Processing of sold products	N/A	N/A	N/A
Cat 11 - Use of sold products	N/A	N/A	N/A
Cat 12 - End-of-life treatment of sold products	10,054	11,007	11,948
Cat 13 - Downstream leased assets	N/A	N/A	N/A
Cat 14 - Franchises	N/A	N/A	N/A
Cat 15 - Investments	77	105	107
Total emissions/GHG baseline footprint	138,915	144,886	186,669

These results are a direct reflection of the company's use of paper-based goods and other products derived from raw materials production from the forestry and land-based sectors, the provision of its other services, and the physical delivery of products through the postal system and other transport providers. The bulk of supply chain emissions are from upstream activities concerned with primary raw materials production, processing and transportation.

Data Gaps

Paragon does not lease any property, nor offer any of its own assets out on lease, nor run any franchises. The following categories are not applicable:

Cat 4 – Upstream transportation & distribution. Paragon does not undertake upstream transportation; the emissions associated with delivery of raw materials is included within Cat 1 Purchased Goods & Services

Cat 10 – Processing of sold goods. All goods / services sold by Paragon are finished products and do not require further processing

Cat 11 – Use of sold products. All products / services sold by Paragon do not produce any emissions whilst in use

Cat 13 – Downstream leased assets. Paragon does not lease any property, nor offer any of its own assets out on lease.

Cat 14 – Franchises. Paragon does not run any franchises.

There are no omissions in our data.

SBT for Emissions Reduction

The SBTi's free-to-use tool has been used to generate SBT emissions reduction trajectories for Scopes 1, 2 and 3 for the next 15 years. Trajectories beyond this date are not given because technological and policy changes will occur beyond this timeframe, with implications for target trajectories for 2050.

During the 2022/2023 reporting period, Paragon is committed to signing up to the SBTi.

SBT Trajectory for 2030

Our target emissions reduction for Scopes 1, 2 & 3 requires a 46.2% decrease by 2030 to meet the 1.5°C scenario using the absolute contraction method.

Emissions Scope	Baseline Year 2019/20	Target Year 2030 46.2% reduction	Target Year 2050 90% reduction
Scope 1 tCO ₂ e	2,906	1,563	290
Scope 2 tCO ₂ e	8,573	4,612	857
Scope 3 tCO ₂ e	127,436	68,560	12,743

SBT Trajectory for 2050

Our target emissions reduction for Scopes 1, 2 & 3 requires a 90% decrease by 2050 to meet the 1.5°C scenario using the absolute contraction method.

Emissions Scope	Baseline Year 2019/20	Target Year 2030 46.2% reduction	Target Year 2050 90% reduction
Scope 1 tCO ₂ e	2,906	1,563	290
Scope 2 tCO ₂ e	8,573	4,612	857
Scope 3 tCO ₂ e	127,436	68,560	12,743

Implementation

Paragon have ISO 14001 and/or ISO 50001 at our manufacturing locations and have active programmes addressing materials and energy efficiency which have been running for around 15 years.

These management systems provide the framework to drive both site and group level improvements to our energy and carbon reporting, efficiency and emissions.

Our Net Zero Plan builds on these foundations.

To deliver effective governance and drive specific actions we have expanded the sustainability team to include a Sustainability Operations Manager and a Supply Chain Sustainability Manager. We have also developed site level carbon reporting to achieve transparency and accountability at local levels.



The **Sustainability Governance Board** are driving the programmes that will **deliver our carbon net zero plan**

PCC's Plan to 2030 Comprises

NZ Topic	Achievements 2020 - 2022	Plans 2022-2025
Governance & Attestations	<p>Scope 1, 2 & 3 baseline established & Science Based Target set.</p> <p>Sustainability Governance Board in place to drive ownership of People Planet Partners.</p> <p>CDP completed for the first time, scoring B-.</p>	<p>TCFD reporting.</p> <p>ESOS Phase 3 reporting.</p> <p>Sign up to SBTi.</p> <p>Continued completion of CDP & improvement of rating.</p>
Scope 1 & 2	<p>Site energy audits by external consultant targets opportunities for 14% reduction in Scope 1 & 2.</p> <p>Opportunities log in place to identify and track carbon reduction opportunities.</p> <p>Solar installation approved for Dagenham location (installation due Q1 2023), Expected 4% Scope 2 reduction.</p>	<p>Continued investment in energy and other carbon reduction opportunities at all sites.</p> <p>Investigation into viability of renewables for all operational sites.</p>
Ownership & behaviour change	<p>Site Sustainability Champions programme launched to drive ownership, behaviour change & data gathering at site level.</p> <p>Scope 1 & 2 carbon reported monthly at site level.</p>	<p>Sustainability Training Academy to educate all staff on behaviour change & actions to reduce carbon impact.</p> <p>Scope & set an internal price for carbon that will sit on P&L for each site. This will generate a Carbon reduction fund for innovation.</p>
Scope 3 (Supply Chain & Clients)	<p>Supply Chain:</p> <p>Extended Environmental Input Output (EEIO) analysis of supply chain carbon emissions.</p> <p>In reporting year, migrated 20% of supply chain spend to activity or product emissions data.</p> <p>Top 20 supply partners engaged with on NZ.</p> <p>Clients:</p> <p>Development of product level carbon calculator to provide lifecycle carbon emissions.</p>	<p>Supply Chain:</p> <p>Improve accuracy of supply chain emissions data by moving from Spend to Activity / product analysis.</p> <p>Top 50 supply partners with CNZ plan and product or activity data.</p> <p>Scope framework & opportunities for insetting.</p> <p>Implement framework to measure & monitor sustainability performance in supply chain.</p> <p>Clients:</p> <p>Provide Carbon Calculations FOC for contract clients.</p> <p>Integrate Carbon Calculator into estimating & MI systems to provide automated Carbon Calculations.</p>

Carbon Reduction Progress

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

Scope 1 = 19% reduction. The most significant reductions came from changes to our forklift fleet, upgrades to our cooling systems and reductions in company vehicle fuel consumption.

Scope 2 = 20% reduction. During the reporting period, 72% of electricity was covered by Renewable Energy Guarantees of Origin (REGO) certificate. This has increased to 100% in this financial year.

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 of onsite renewable energy generation, to small changes like 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 tracker, 30 of which have already been implemented in the last two reporting periods, resulting in carbon savings of approximately 1,995 tonnes. An estimated further reduction of 1,215 tCO₂e has been identified from the pipeline of feasible projects.

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

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, product and activity data.

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 increased outsourcing and purchased goods and services.
- Changing scope of work resulting in production upgrades, new leased and purchased machinery and facilities management.
- Inflation is impacting the cost of all raw materials. Spend on paper has increased 42% since the reporting period, but the amount purchased by weight has only increased 18%. Spend on utilities (excluding gas, electricity and rent) also increased by 80%.

- Spend on postage has increased by 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 on supply chain spend. In the reporting period 80% of the supply chain spend used spend-based analysis, with 20% using activity or product data.

Because we calculate our emissions based on spend, growth and inflation poses some serious challenges in the measurement, management and reduction of our Scope 3 emissions.

As we move forwards with our Scope 3 programmes, we are currently addressing these 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.
- We are seeking further advice from our external carbon consultants on best practice around measurement.

Declaration and Sign Off

Our Carbon Net Zero Plan has been reviewed and signed off by the Board of Directors.

Signed:



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Jeremy Walters - Chief Executive Officer, Paragon Customer Communications Ltd.

Date: 09.01.2023
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For more information on the contents of this report, please contact:

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