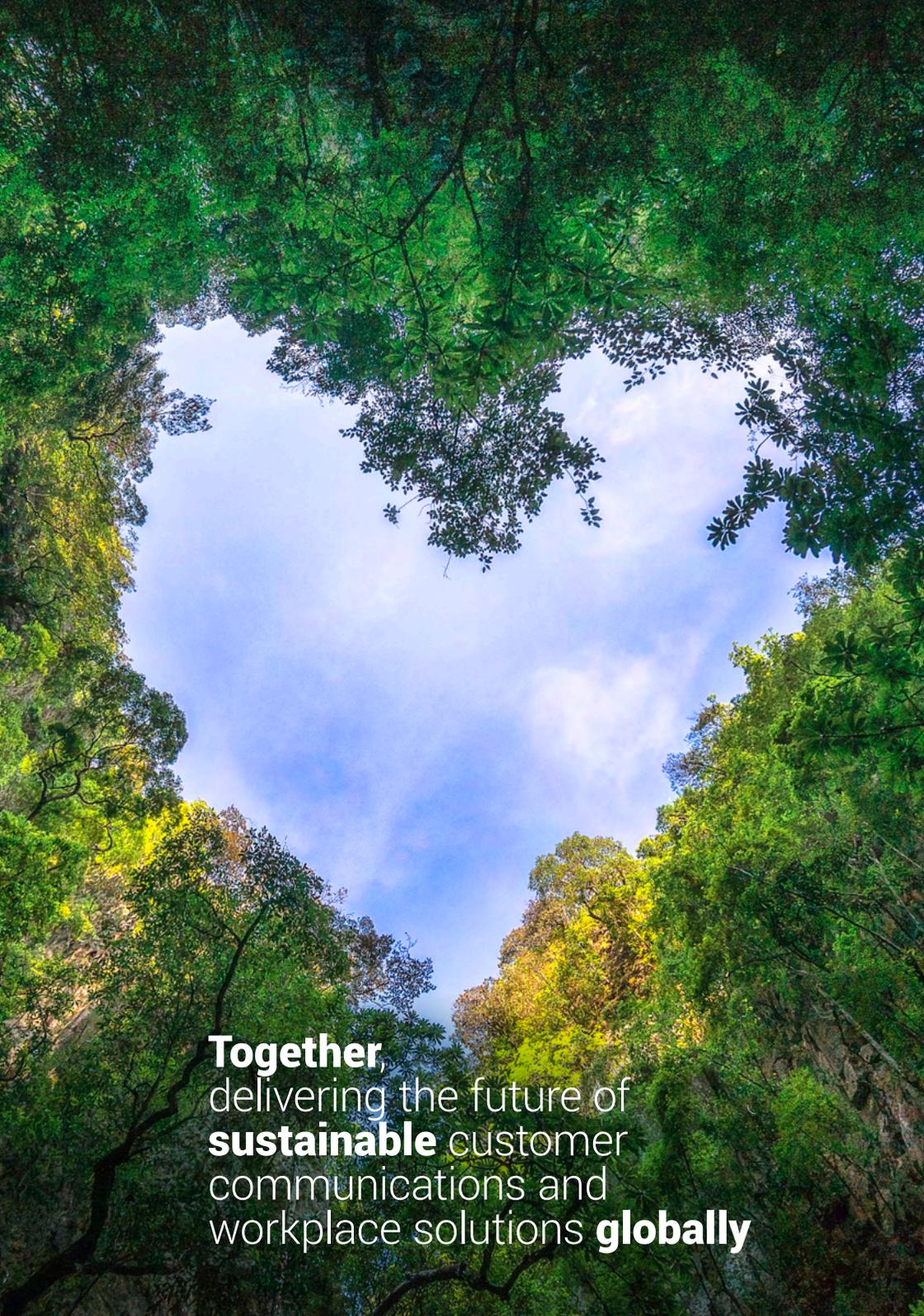


Paragon Customer Communications

Carbon Net Zero Plan



Together,
delivering the future of
sustainable customer
communications and
workplace solutions **globally**

Our Business

Paragon Customer Communications UK, Luxembourg, and Ireland (PCC) is the largest division in Paragon Group.

PCC provides five key service lines



Marketing Services



Customer Communications Management



Inbound Document Management Services



Digital Customer Experience (DCX)



Workplace Solutions

These services are built on a powerful base of purpose-built digital platforms and the unparalleled expertise and experience of our people.

PCC are at the leading edge of customer communications and workplace solutions. We are determined to lead our industry, working constantly to develop stronger processes, adopting new standards, and exceeding regulatory demands across all channels and sectors.

The scope of this report also covers Devonshire Recruitment, our leading recruitment agency who operate within the PCC UK, Ire & Lux division.

Achieving Net Zero by 2050

Paragon Customer Communications are 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 on how we will 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 are setting 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, we have 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.

This document lays out our high-level carbon reduction plan, outlines our short and long-term targets, and explains how they will be achieved.

PCC works to connect our clients with their customers and employees across every channel by providing expert support at every stage of their journey. Our solutions address clients' needs for data-driven customer engagement, multichannel marketing, transactional communications, workplace solutions, recruitment services and automated inbound communication workflows.

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 it 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) recently 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 are committed to aligning 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 'Financial Control' approach, which ensures that the emissions reported comprise all the activities and assets under our direct financial 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

The results of the energy audit for Scope 1 and 2 emissions, and Scope 3 supplier expenditure-based emissions have been used to generate our baseline emissions footprint for the 2019/20 financial reporting year.

The summary below (Table 1) confirms that our total GHG emissions for the agreed baseline reporting year totalled 139,120 tonnes CO₂e, of which 2% are Scope 1, 5% are Scope 2, but the majority (92%) are Scope 3 supply chain emissions.

GHG Current Reporting Year	2020/21			
GHG Baseline Reporting Year	2019/20			
Total Number of Sites	17			
	2019/20 Baseline	2019/20 % Baseline	2020/21 Rep Yr	2020/21 %
Scope 1 emissions	Tonnes CO ₂ e Total	%	Tonnes CO ₂ e Total	%
Company Facilities Total	2,774	3	2,079	1.8
Natural Gas	2,224	32	2,062	1.8
Refrigerant	104	0	15	<0.1
LPG	9	0	9	<0.1
Company Vehicles Total	550	1	289	0.3
Diesel	186	0	95	0.1
Petrol	363	0	195	0.2
Scope 2 Total Emissions	6,916	75	6,133	5.4
Grid Electricity	6,916	7	6,133	5.4
Scope 3 Total Emissions	86,688	89	104,996	92.6
Scope 3 Emissions (Upstream)	59,504	62	68,735	60.6
Cat 1 - Purchased goods & services*	55,731	58	67,481	59.5
Cat 3 - Fuel & energy related activities	2,207	2	540	0.4
Cat 5 - Waste generated in operations	200	0	190	0.2
Cat 6 - Business travel	1,050	1	236	0.2
Cat 8 - Upstream leased assets	316	0	288	0.3
Scope 3 Emissions (Downstream)	27,184	28	32,261	32.0
Cat 9 - Downstream transportation & distribution*	17,130	18	25,254	22.3
Cat 12 - End-of-life treatment of sold products	10,054	10	11,007	9.7
Total emissions/GHG baseline footprint	97,377	100	113,208	100

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

We do not lease any property, offer any of its own assets out on lease, or run any franchises; the only data unavailable for the 'all scopes' analysis was for the following Scope 3 categories:

Category 7 - Employee commuting: This comprises the Scope 1 and Scope 2 emissions of employees and transportation providers, such as bus and rail companies, that occur during use of vehicles for employee commuting. A framework for measurement will be in place for 2022. However, this is likely to be immaterial to the company's current footprint given the scale of other emissions.

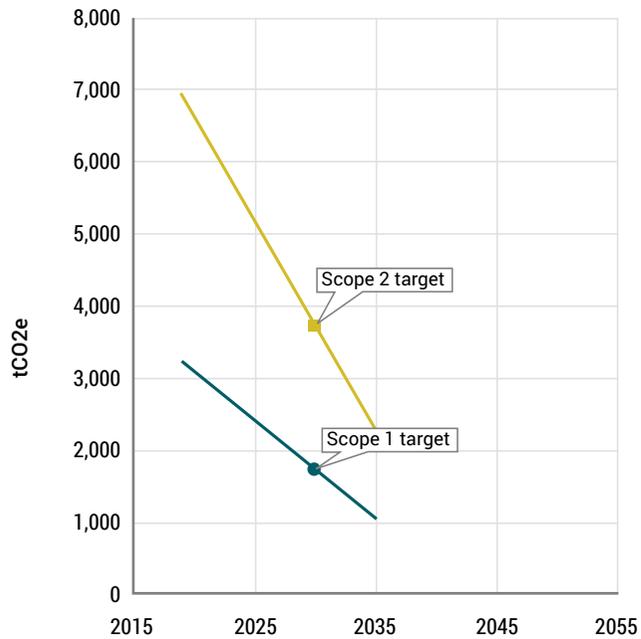
Category 15 - Investments: Operation of investments (including equity and debt investments and project finance) in the reporting year, not included in Scope 1 or Scope 2. This category includes investments made by the company in its pension portfolio. This will be explored in more detail to ensure that Paragons pension scheme is not unwittingly investing in fossil fuels or deforestation activities.

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.

As a subsidiary of a larger corporate entity, we are unable to make a formal commitment to the SBTi, but we are committed to aligning our Net Zero Strategy with the SBTi Net Zero Standard.

Absolute Emissions Targets | 1.5°C



SBT Trajectory for 2050

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 2910/20	Target Year 2030 46.2% reduction	Target Year 2050 90% reduction
Scope 1 tCO ₂ e	2,774	1,196	222
Scope 2 tCO ₂ e	6,916	3,721	691
Scope 3 tCO ₂ e	86,688	46,638	8,668

Implementation

We already have ISO 14001 and/or ISO 50001 at our manufacturing locations, and has 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. Across our operations, improvement programmes focus on the following areas:

- Production efficiency – Lean manufacturing, kit optimisation and upgrades.
- Facilities efficiency – HVAC, lighting, and facilities infrastructure.
- Supply chain governance and supply chain consolidation.
- Specific programmes across our production facilities in the reporting period include:
 - Consolidation of work and production locations.
 - Lighting upgrades to LED technology.
 - Air conditioning upgrades to production, offices, and server rooms.
 - Investigation into photovoltaic panels at our Dagenham, Bristol, and Nottingham sites.

From ISO Certification to Carbon Net Zero

We recognised that in order to develop a credible Carbon Net Zero Plan, we would need some expertise. In May 2020, we engaged external consultants JRP Solutions to help define our Carbon Net Zero strategy. This vital project determined how Net Zero could be achieved through governance enhancements, resource efficiency measures and behavioural shifts, both within the business and through working closely with its supply chain.

The scope of work comprised:

- A desk-based corporate governance review, including the current 14001 EMS framework.
- Establishing a greenhouse gas (GHG) emissions baseline and inventory.
- Undertaking a site energy and environmental audit at key locations.
- Advising on an effective data collection and reporting process.
- Determining a science-based target (SBT) and trajectory.
- Developing an outline Net Zero Strategy, including environmental aspects and impacts.
- Establishing a forward-looking Net Zero Action Plan.

PCC's Plan to 2030 Comprises

2020/21	2022/23	2024/25	2026/27	2029/30
<p>Governance:</p> <ul style="list-style-type: none"> • Programme Charter established • Gap analysis review 	<p>Governance:</p> <ul style="list-style-type: none"> • Align all policies with Net Zero Charter • ISO 50001 behavioural change programme • ISO 14001 standard upgrade 	<p>Governance:</p> <ul style="list-style-type: none"> • Paragon Group (parent company) commitment to SBTi 	<p>Governance:</p> <ul style="list-style-type: none"> • SBTi submission 	<p>Governance:</p> <ul style="list-style-type: none"> • Group review of Carbon Net Zero & Plan for 2050
<p>Reporting & Data:</p> <ul style="list-style-type: none"> • Scope 1,2&3 scoped & quantified • Baseline year established • Science Based Target (SBT) trajectory scoped • Reporting framework scoped 	<p>Reporting & Data:</p> <ul style="list-style-type: none"> • Track & report emissions & savings annually • Complete CDP • Preparation for ESOS Phase 3 	<p>Reporting & Data:</p> <ul style="list-style-type: none"> • Task Force on Climate-related Financial Disclosures (TCFD) preparation & reporting 	<p>Reporting & Data:</p> <ul style="list-style-type: none"> • Group review of corporate measurement & reporting framework 	<p>Reporting & Data:</p> <ul style="list-style-type: none"> • Framework creation for 2050
<p>Scope 1 & 2 Emissions Reduction:</p> <ul style="list-style-type: none"> • Energy audits completed at 3 sites 	<p>Scope 1 & 2 Emissions Reduction:</p> <ul style="list-style-type: none"> • Energy audits at all operational sites • Site carbon reduction programme • Scope onsite renewables programme 	<p>Scope 1 & 2 Emissions Reduction:</p> <ul style="list-style-type: none"> • Continued site carbon reduction programme & renewables • Scope Carbon Neutral framework 	<p>Scope 1 & 2 Emissions Reduction:</p> <ul style="list-style-type: none"> • Continued site carbon reduction programme • Implement Carbon neutral programme alongside emissions reduction 	<p>Scope 1 & 2 Emissions Reduction:</p> <ul style="list-style-type: none"> • Continued site carbon reduction & carbon neutral programme • SBTi 46.2% reduction
<p>Scope 3 Emissions Reduction:</p> <ul style="list-style-type: none"> • Carbon emissions from supply chain spend analysed 	<p>Scope 3 Emissions Reduction:</p> <ul style="list-style-type: none"> • Benchmark supply chain ESG credentials • Scope supplier engagement programmes & initiate with top 20 suppliers • Establish supply chain emissions reporting process 	<p>Scope 3 Emissions Reduction:</p> <ul style="list-style-type: none"> • Extend supplier engagement programmes • Establish supplier emissions reduction commitments 	<p>Scope 3 Emissions Reduction:</p> <ul style="list-style-type: none"> • Extend supplier engagement programmes & embed into contracts • Establish Insetting opportunities in supply chain 	<p>Scope 3 Emissions Reduction:</p> <ul style="list-style-type: none"> • Supplier emissions corporate review and revised strategy to 2040-50 • SBTi 46.2% reduction

Scope 1 & 2 Opportunities

Site energy and environmental surveys were undertaken as part of the JRP consultancy project at our Bristol, Dagenham, and Nottingham sites. This identified opportunities that would reduce our Scope 1 & 2 carbon emissions by approximately 14%.

The opportunities are summarised below:

Theme	Scope	Carbon Saving tCO ₂ e	% of Scope 1 & 2
Governance	Behavioural & awareness programme	612.8	6
	Measuring & monitoring programme	105.3	1
Facilities	HVAC & Lighting	74.2	1
	Vacuum systems & compressed air	68.4	0.5
Production	Production equipment	164.1	1.5
Renewables	Photovoltaic at 3 sites	383.6	4
Total		1,408.55	14

Beyond 2030

We have intentionally avoided making reduction plans beyond 2030 as technological and policy changes will occur beyond this timeframe, with implications for target trajectories for 2050. During 2029 – 2030 we will review the technological and regulatory landscape to scope our trajectory and reduction programmes to achieve Net Zero by 2050.

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: 16.11.2021



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



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

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