

2024 Update

# Paragon's Carbon Net Zero Plan

PARAGON 

## Our Business

**Paragon UK, Ireland and Luxembourg (UKIL) provides an extensive range of outsourced business services to help our clients to enhance their 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.

## Scope of this Report

This report includes the requirements of PPN 06/21 Carbon Reduction Plan as required by the UK public sector.

## Achieving Net Zero by 2035

The worsening climate crisis has proven that we need to act now. A 1.5°C rise in temperature will severely impact the planet.

Paragon strives to do more than the minimum and has begun its journey of Transformation to Net Positive.

We have brought forward our original net zero target of 2050 to 2035, which is a significant leap in the level of our ambition.

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 the following targets:

**Scope 1 and 2: 90% reduction in emissions by 2030**

**Scope 3: 50% emissions reduction by 2030, followed by 90% reduction by 2035**

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.



## 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 CO<sub>2</sub>e (carbon dioxide equivalent), based on the global warming potential over 100 years and includes emissions such as methane and nitrous oxide.

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 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 committed to SBTi and will submit our targets for verification by July 2025. Our Net Zero Strategy is aligned with the SBTi Net Zero Standard, focusing on the following requirements:**

### 1. Rapid, deep emissions cuts

Rapid and deep cuts across Scopes 1 and 2, and all relevant categories of Scope 3, which covers our entire value chain emissions.

### 2. Near and long-term targets

Setting near-term and long-term science-based targets; making rapid emissions cuts in the next five to ten years; and by 2035, producing close to zero emissions, and neutralizing any residual emissions that are not possible to eliminate by credible offsetting or 'carbon removal' measures.

### 3. No net zero claims until long-term targets are met

Net zero is only reached when its long-term science-based target is delivered.

### 4. 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	2020/21	2021/22	2022/23
	Tonnes CO <sub>2</sub> e Total	Tonnes CO <sub>2</sub> e Total	Tonnes CO <sub>2</sub> e Total	Tonnes CO <sub>2</sub> e Total
<b>Scope 1 Emissions Total</b>	<b>2906</b>	<b>2624</b>	<b>2338</b>	<b>2287</b>
<b>Company Facilities Total</b>	2419	2327	2033	1982
Natural Gas	2307	2326	2031	1961
Refrigerant	104	0	0	20
LPG	9	2	1	1
<b>Company Vehicles Total</b>	486	297	305	305
Diesel	475	297	305	305
Petrol	11	0	0	0
Hybrid	0	0	0	3
<b>Scope 2 Total Emissions</b>	<b>8573</b>	<b>7662</b>	<b>6872</b>	<b>6712</b>
Grid Electricity	8573	7662	6872	6712
Steam, Heat & Cooling	0	0	0	0
<b>Scope 3 Total Emissions</b>	<b>146167</b>	<b>152262</b>	<b>192115</b>	<b>142128</b>
<b>Scope 3 Emissions (Upstream)</b>	<b>97531</b>	<b>95310</b>	<b>132265</b>	<b>78220</b>
Cat 1 - Purchased goods and services	89426	87097	123760	67973
Cat 2 - Capital Goods	532	580	1076	0
Cat 3 - Fuel & energy related activities	2568	3343	2899	2774
Cat 4 - Upstream transportation & distribution	0	0	0	0
Cat 5 - Waste generated in operations	210	195	215	215
Cat 6 - Business travel	808	109	352	1080
Cat 7 - Employee commuting	3886	3886	3655	3790
Cat 8 - Upstream leased assets	100	100	308	2389
<b>Scope 3 Emissions (Downstream)</b>	<b>48637</b>	<b>56952</b>	<b>59850</b>	<b>63908</b>
Cat 9 - Downstream transportation & distribution	15642	22969	27982	26037
Cat 9 - Downstream Postage	22861	22867	19810	25271
Cat 10 - Processing of sold products	0	0	0	0
Cat 11 - Use of sold products	0	0	0	0
Cat 12 - End-of-life treatment of sold products	10054	11007	11948	12583
Cat 13 - Downstream leased assets	0	0	0	0
Cat 14 - Franchises	0	0	0	0
Cat 15 - Investments	80	109	110	17
<b>TOTAL EMISSIONS/GHG BASELINE FOOTPRINT</b>	<b>157646</b>	<b>162549</b>	<b>201325</b>	<b>151127</b>

## Data Gaps

Paragon does not lease any property, offer any of its own assets out on lease, or run any franchises.

The following categories are not applicable:

### Cat 4 - Upstream transportation and distribution

Paragon does not undertake upstream transportation; the emissions associated with delivery of raw materials is included within Cat 1 Purchased Goods and 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 while in use.

### Cat 13 - Downstream leased assets

Paragon does not lease any property or 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

Paragon has committed to SBTi and will submit our targets for approval by July 2025.

### SBT Trajectory for 2035

Our SBT target trajectory for 2030 and 2035 are shown on the table below

Emissions Scope	Baseline Year 2019/20	Target Year 2030	Target Year 2035
<b>Scope 1 tCO2e</b> 90% reduction by 2030	2,906	290	290
<b>Scope 2 tCO2e</b> 90% reduction by 2030	8,573	857	857
<b>Scope 3 tCO2e</b> 50% reduction by 2030 90% reduction by 2035	146,167	73,083	14,616



## Governance

Paragon's Carbon Net Zero Plan is part of our ESG strategy, "Transforming to Net Positive".

The purpose is to create a prosperous business that puts back more than it takes out, and we'll execute this strategy through collaboration and innovation, using all means at our disposal from people to technology.

Our governance structure can be split into distinct areas, encompassing disclosure and accountability, and mobilising action, target setting and networks.

The model opposite shows the interdependency between functions and the collaboration needed to deliver on our strategy.

### ESG Team & CEO - Accountable

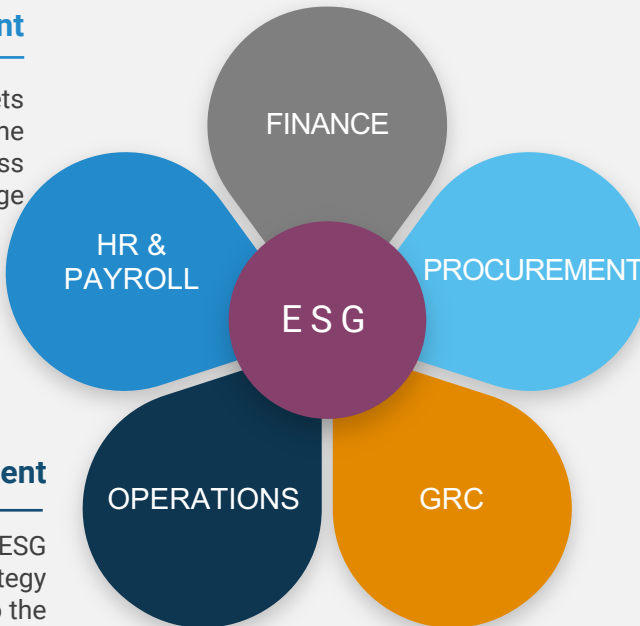
- Defines targets
- Implements via project initiation
- Controls with overall governance
- Owns strategy and communications
  - Provides expertise and advice
  - Adapts strategy

### HR & Payroll - Implement

- Owns People targets
- Delivers People data into the Governance process
  - Owns delivery of change

### Finance - Control

- Owns ESG measurement
  - P&Ls all levels
  - Regulatory reporting
- Provides regulatory expertise



### Procurement - Implementation

- Owns Sustainable Procurement Framework and targets
- Delivers change to achieve targets
- Delivers Partners data into the Governance process

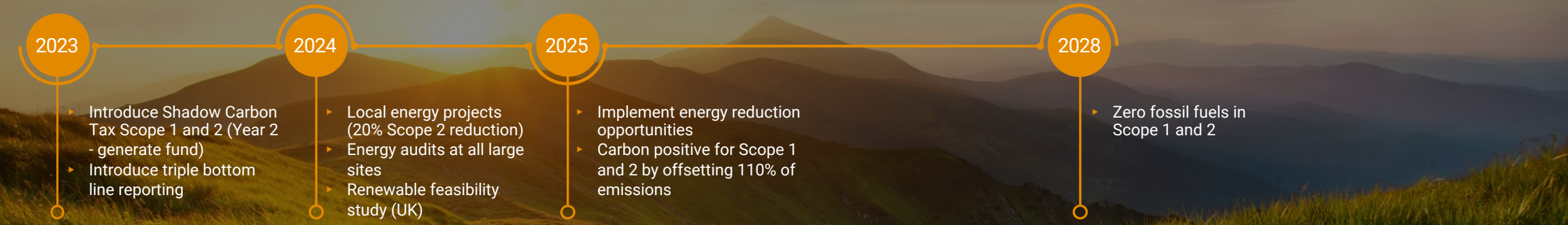
### Operations - Implement

- Owns local delivery of ESG strategy
  - Delivers data into the Governance process
- Ideas, innovation and bottom-up pressure

### GRC - Control

- Owns ESG risk planning
- Deliver audits and compliance actions
- Provides governance and regulatory expertise/advisory

## SCOPE 1 & 2 BY 2030



## SCOPE 3 BY 2035





## Carbon Reduction Plan Progress

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

Scope 1 - 21% reduction

Scope 2 - 22% reduction

Scope 3 - 3% reduction

### Scope 1 and 2

Behaviour change is crucial in becoming net positive, and key to this are our Sustainability Champions. Their role is to influence their peers and lead site sustainability programmes and events. They have monthly meetings where all 30+ of our Sustainability Champions share experience and best practice. This also provides centrality and transparency by facilitating clearer communication.

Each site has its own sustainability action plan, with the champions responsible for overseeing implementation. So far, we've identified over 400 opportunities for improvements through this programme, which will help us meet our net zero targets.

	Scope 1	Scope 2
<b>Number of identified Carbon Reduction Opportunities</b>	48	142
<b>Potential tCO2e saved</b>	391	3,521
<b>% Saving</b>	17%	52%



### Renewables Opportunities

For the first time since 2014, the UK grid emissions conversion factor increased. Coupled with rising energy prices, we need to decrease our reliance on grid electricity to protect our power supply and bottom line.

We purchase 100% of our electricity from REGO backed tariffs. However, in line with the SBTi guidelines, we've chosen not to claim this as a carbon reduction.

We're currently assessing the viability of onsite renewable generation, local opportunities for private wire connections and PPA agreements.

Seven renewable energy opportunities are under investigation across our sites, including solar, biogas and private wire.

Opportunity	Detail	Potential Carbon Saving
<b>Solar</b>	Under various stages of investigation at six locations	<b>778 tCO2e</b> <b>10% reduction</b> in Scope 2 emissions
<b>Biogas</b>	Direct Green Gas connection with neighbouring business at our Dagenham location	<b>270 tCO2e</b> <b>12% reduction</b> in Scope 1 emissions
<b>Private wire electricity supply</b>	Direct private wire connection with neighbouring business at our Dagenham location	<b>1,583 tCO2e</b> <b>24% reduction</b> in Scope 2 emissions

### Scope 3

During 2022/2023, we've put a lot of effort into improving our carbon measurements, especially for Scope 3 Cat 1 - Purchased Goods and Services. We switched to using our P&L sheets to calculate our supply chain spend (which accounts for more than 90% of our overall emission). This change has given us a much more accurate understanding of the carbon footprint across our spend and enabled reporting of each category of Scope 3, both business-wide and at site level.

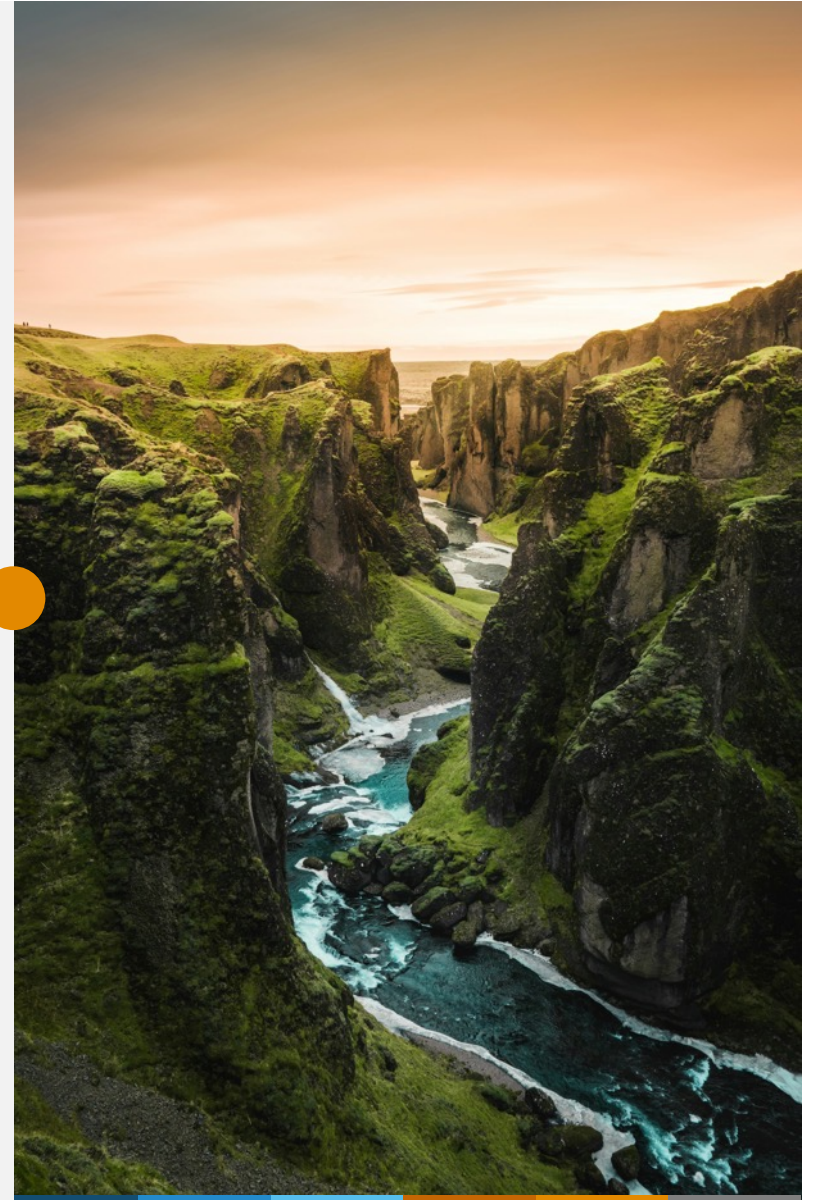
This improved measurement has provided the data for sites to take accountability and responsibility for their own carbon reduction activities, resulting in our first reported reduction in Scope 3 emissions.

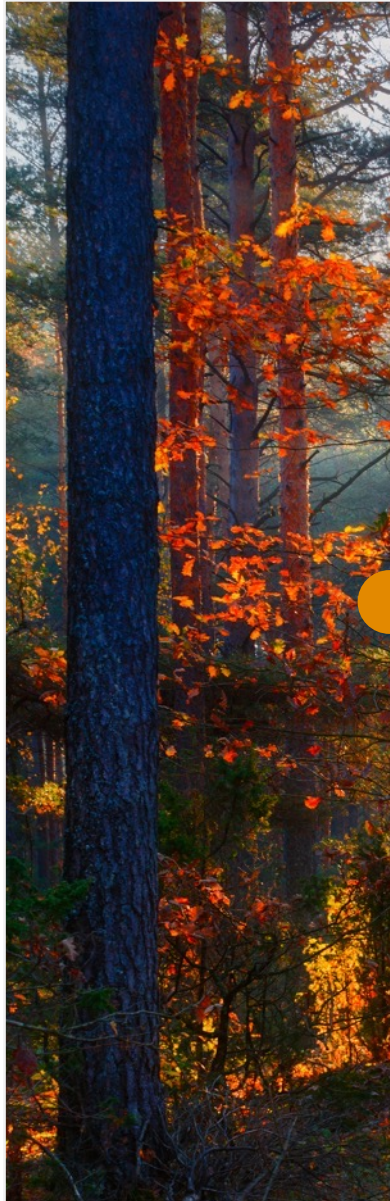
Scope 3 is the biggest challenge for most business, and we recognised we needed to invest in the tools to allow improved benchmarking and engagement with our supply chain across a wide range of sustainability topics.

During 2023 we implemented a new supplier relationship management portal, PartnerHub, which will not only facilitate improved supplier performance programmes but will also provide the technology to more easily benchmark our supply partners' ESG credentials.

It will also help us gather more accurate ESG data and integrate with our purchasing and financing systems to allow purchasing decisions to be made not just on price, but on the ESG credentials of a supplier and product.

The system will provide the tools needed to benchmark and set net zero targets with our key supply partners, facilitating the collaboration and innovation needed to achieve our mutual net zero targets.





### Declaration and sign off

---

Our Carbon Net Zero Plan has been reviewed and signed off by the CEO.

Signed:

Jeremy Walters  
**CEO – Paragon**

Date: 16.01.2024



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

**Lucy Klinkenberg-Matthews | Head of ESG**

e: [lucy.klinkenbergmatthews@paragon-cc.co.uk](mailto:lucy.klinkenbergmatthews@paragon-cc.co.uk)

w: [www.paragon.world/en-gb](http://www.paragon.world/en-gb)

Park House, Lower Ground Floor, 16-18 Finsbury Circus, London EC2M 7EB

An underwater photograph showing sunlight rays filtering through the water, illuminating a patch of green seaweed and coral on the seabed.

PARAGON