

May 2026

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.

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: (against a baseline of FY 2019/2020)

90% reduction in emissions by 2030

Scope 3: (against a baseline of FY 2019/2020)

90% supply chain spend with partners with a science-aligned Carbon Net Zero Plan by 2032.

50% reduction in carbon intensity by 2032, followed by 97% reduction by 2045

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 CO₂e (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.

Our Carbon Net Zero target is aligned with science-based targets to limit global warming to 1.5C rise.



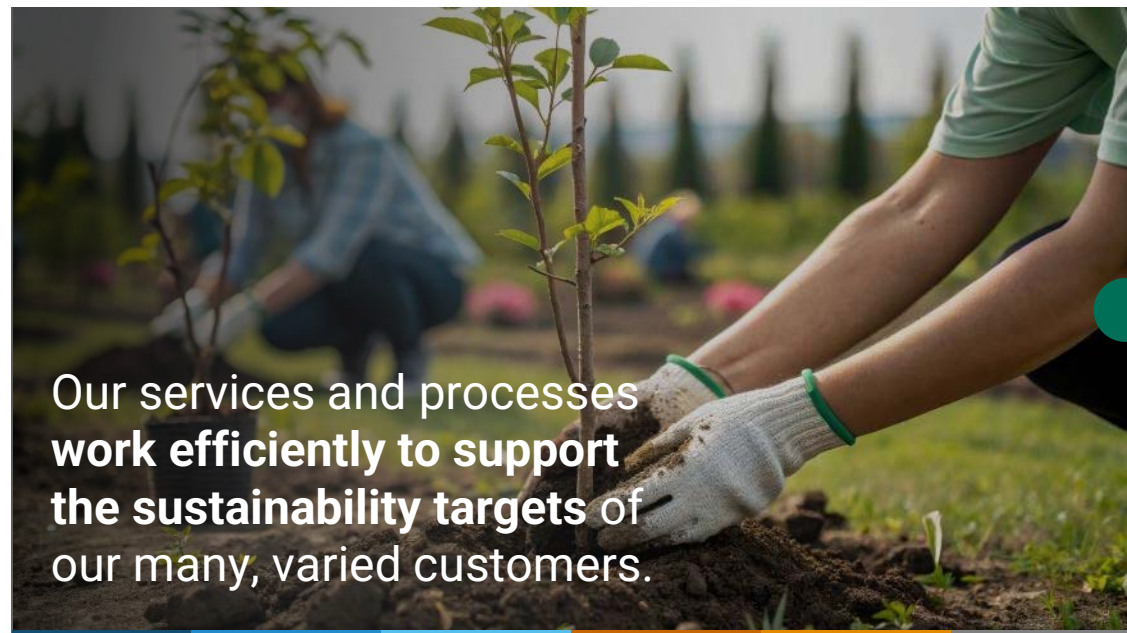
Establishing the Baseline

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.



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

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

Paragon’s re-baselining policy dictates that should Paragon undergo a structural change involving the transfer of ownership or control of emissions-generating activities or operations, we will examine the impacts to our emissions baseline.

Should any single change, or the cumulative effect of several minor changes in the reporting years equate to over 5% of our original base year emissions, we will recalculate and restate our baseline and subsequent reporting year’s emissions.

During the reporting year the following acquisitions and restructures impacted carbon emissions by more than 5% and triggered our re-baselining policy.

The changes from the most recent reporting year are summarised below:

Communis Brand Deployment

*Acquired – 30/12/23

Service Graphics

(purchase from wider Grenadier Holdings group)

*Acquired – 30/05/25

Office Team and OT Group

(purchase from wider Grenadier Holdings group)

*Acquired – 30/05/25

	Baseline 2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Tons CO2e	Tons CO2e	Tons CO2e	Tons CO2e	Tons CO2e	Tons CO2e
Scope 1 Emissions Total	4,409	3,868	3,421	3,666	2,661	1,721
Company Facilities Total	3,845	3,549	3,115	3,359	2,221	1,453
Natural Gas	3,733	3,526	3,098	2,902	2,182	1,428
Refrigerant	104	16	16	382	9	14
Diesel Fuel (Generators)	0	5	-	72	28	3
LPG	9	2	1	4	1	9
Company Vehicles Total	564	319	306	307	440	268
Diesel	545	316	305	307	440	260
Petrol	18	3	1	0	0	0
Hybrid	0	0	0	0	0	8
Scope 2 Total Emissions	12,347	10,458	9,296	8,774	7,901	5,095
Grid Electricity	12,347	10,458	9,296	8,774	7,901	5,095
Steam, Heat & Cooling	-	-	-	-	-	-
Scope 3 Total Emissions	250,668	168,630	170,225	211,757	154,511	134,191
Scope 3 Emissions (Upstream)	164,083	98,661	104,205	120,932	81,969	84,670
Cat 1 - Purchased goods & services	150,184	80,781	84,454	97,125	65,435	71,201
Cat 2 - Capital goods	4,102	6,844	9,142	10,548	6,161	6,045
Cat 3 - Fuel & energy related activities	2,664	4,699	4,152	3,762	3,284	2,365
Cat 5 - Waste generated in operations	335	305	311	296	134	53
Cat 6 - Business travel	1,275	259	485	985	950	545
Cat 7 - Employee commuting	4,798	4,568	4,269	4,365	3,530	2,822
Cat 8 - Upstream leased assets	727	1,204	1,392	3,851	2,474	1,638
Scope 3 Emissions (Downstream)	86,585	69,969	66,020	90,826	72,542	49,521
Cat 9 - Downstream transportation & distribution	20,570	15,243	13,934	16,085	1,374	2,962
Cat 9 - Downstream Postage	34,604	37,076	34,496	56,314	54,366	34,048
Cat 12 - End-of-life treatment of sold products	30,907	17,058	16,961	17,696	16,795	12,507
Cat 15 - Investments	504	592	629	730	7	4
TOTAL EMISSIONS/GHG BASELINE FOOTPRINT	267,423	182,956	182,942	224,197	165,073	141,006

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 known omissions in our data.

Carbon Net Zero Trajectory for 2035

Our Carbon Net Zero trajectory for 2030 and 2035 are shown on the table below

Emissions Scope	Baseline Year 2019/20	Target Year 2030	Target Year 2035
Scope 1 tCO2e 90% reduction by 2030	4,409	441	441
Scope 2 tCO2e 90% reduction by 2030	12,347	1,235	1,235

Emissions Scope	Baseline Year 2019/20	Target Year 2032
90% Scope 3 supply chain spend with partners with Carbon Net Zero target by 2032.	Not measured	60%

Scope 3 Intensity Target	Baseline year 2021/2022 (tCO2e per €1m revenue)	Target year 2032 (tCO2e per €1m revenue)	Target year 2045 (tCO2e per 1m revenue)"
50% reduction in carbon intensity by 2032, 97% reduction by 2045	229 tCO2e	122 tCO2e	6.88 tCO2e



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

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

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

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.

Scope 1 & 2 By 2030

2023

- ▶ Introduced triple bottom line reporting
- ▶ Improved operational site energy monitoring & management

2024

- ▶ Local energy projects
- ▶ Energy audits at all large sites
- ▶ Commenced Renewable feasibility studies (UK)

2025

- ▶ Solar PV installed at largest operational site (Dagenham)
- ▶ Developed decarbonisation pathway for Bristol site
- ▶ Consolidated operational sites following new acquisitions

2026

- ▶ Develop decarbonisation pathways for remaining large operational sites
- ▶ Solar PV installations at more operational sites
- ▶ Develop decarbonisation program for Commercial fleet

2028

- ▶ Zero fossil fuels in Scope 1 and 2

Scope 3 By 2045

2023

- ▶ New supplier relationship management platform implemented
- ▶ Benchmarking of supply chain ESG credentials introduced

2024

- ▶ Decision making framework introduced for supplier selection and due diligence based on ESG
- ▶ Hosted supplier ESG forum/event

2025

- ▶ Baseline Carbon Net Zero target in supply chain

2026

- ▶ Define in scope supply chain categories, minimum ESG requirements and prioritise for engagement
- ▶ Supplier engagement and expectation setting

2028

- ▶ Monitor supply chain target setting progress
- ▶ Monitor progress towards supply chain Carbon Net Zero targets

Empowering Our People to Drive Sustainability

Collaborative behaviour change is fundamental to achieving our ambition of becoming net positive, and at the heart of this effort are our Sustainability Champions. These individuals play a pivotal role in engaging their peers and leading site-based sustainability programmes and initiatives across all emissions scopes and categories where possible.

Our Sustainability Champions meet monthly to exchange experiences, share successes and lessons learned, and disseminate best practices. This forum strengthens collaboration and ensures that effective approaches are replicated across the business, driving continuous improvement in sustainability standards.

Each of our sites has a tailored Sustainability Action Plan, with Champions responsible for capturing opportunities for improvement and overseeing their implementation.

Scope 1 and 2

Alongside our Champions program, all operational sites utilise improved energy monitoring systems to help measure, maintain and improve energy efficiencies. We also partner with independent decarbonisation experts and utilise results from operational audits, such as ESOS and ISO 50001 to identify practical solutions that support our transition.

To date, this approach has helped identify over 600 opportunities for improvement, representing a significant contribution towards meeting our net zero targets.

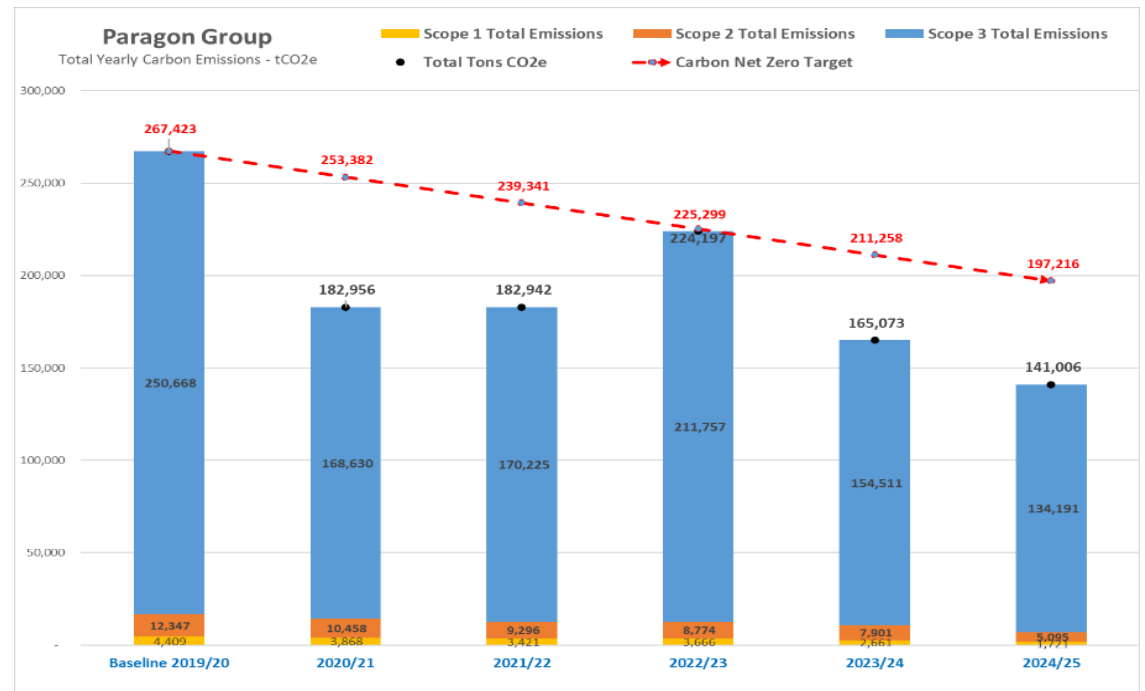
Comparing our 2024/25 energy consumption against our 2019/20 baseline year, shows our annual consumption has reduced by:

- Natural Gas – 12,498,316 kWh's (-62%)
- National Grid Electricity – 22,581,721 kWh's (-44%)

Carbon Reduction Plan Progress

Since the baseline period we have achieved the following CO₂e emissions reduction successes:

Scope 1	Scope 2	Scope 3	Total Emissions
↓ 61.0%	↓ 58.7%	↓ 46.3%	↓ 47.2%



Carbon Reduction Plan Progress

Renewables Opportunities

We continue to source 99.9% of our electricity from REGO-backed tariffs. However, in line with SBTi guidance, we do not claim these purchases as carbon reductions.

While Scope 2 emissions are decreasing nationally due to the UK Government's decarbonisation of the National Grid, we remain focused on further reducing our reliance on grid supplied energy. This not only supports our decarbonisation ambitions but also strengthens the resilience of our power supply and reduces exposure to energy market volatility.

As part of our renewables programme, our first UK solar PV installation was completed in August 2025 at our largest operational site in Dagenham. This system is forecast to generate 1,600 MWh of renewable electricity annually, delivering a reduction of approximately 290tCO₂e per year.

Looking ahead, we have plans to roll out additional solar PV installations across all feasible operational sites by 2028, alongside continued assessment of further on-site renewable energy opportunities.

Opportunity	Detail	Potential Carbon Saving
Solar	Under various stages of investigation at five locations	456 tCO₂e 9% reduction (scope 2 emissions)
Biogas	Direct Green Gas connection with neighbouring business at our Dagenham location	132 tCO₂e 10% reduction (scope 1 emissions)

Paragon Dagenham



Solar PV installation consisting of 3,680 solar panels, covering 7,500m²

Carbon Reduction Plan Progress

Scope 3

At our Sheffield and Dagenham sites, we transformed cardboard waste into a valuable resource by adapting our operational processes to convert it into eco-friendly packaging material.





This simple but effective behaviour change has reduced our reliance on single-use plastics, cut packaging and disposal costs, and lowered both Cat-1 purchasing and Cat-5 waste-related carbon emissions, demonstrating how small operational changes can deliver meaningful impact on our journey to net zero.

'Waste' Becomes a 'Resource' at Paragon Sheffield and Dagenham Paragon

Two Paragon Sites have invested in an industrial cardboard shredding machine to convert their cardboard waste into packaging material used within their packaging and distribution operations.

Previously, our Dagenham site and Sheffield site would purchase new packaging material required for their packing operation such as void fill and plastic bubble wrap

However, introducing the cardboard shredding machine and adopting new behaviours around repurposing tons of waste materials now allows cardboard waste to become a 'resource' providing the Sheffield and Dagenham sites with:

-  Reduced purchasing costs and packaging material
-  Reduced the use of single-use plastic bubble wrap
-  Reduced purchasing carbon emissions
-  Reduced waste disposal carbon emissions.



Cardboard waste is repurposed as an operational resource



Cardboard is shredded onsite and turned into eco-friendly packaging material



Packaging material is used during the packing process to protect clients' customer-bound goods



The packaging material is disposed by the customer and recycled

Carbon Reduction Plan Progress

Scope 3

Progress continues to be made with improving our Scope 3 carbon measurements, particularly our Cat 1 - Purchased Goods and Services (which accounts for more than 50% of our overall emission).

Thanks to the support from our suppliers, this year we we're able to increase the amount of 'product level' carbon accounting as we aim to improve our Cat-1 emissions accuracy. 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 businesses, 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.

Throughout 2024/25 we have been transferring existing suppliers onto our supplier relationship management portal, PartnerHub. This helps facilitate improved supplier performance programmes and provides the technology to more easily benchmark our supply partners' ESG credentials.

It also helps 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 now provides 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

This Carbon Reduction Plan has been completed in accordance with PPN 006 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard and uses the appropriate government emission conversion factors for greenhouse gas company reporting.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements (where required), and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the supplier:



Jeremy Walters
CEO – Paragon

Date:

11/05/20265



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

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