

MODERN SLAVERY & HUMAN TRAFFICKING: Board Statement

Executive summary

Paragon Group Limited is publishing this statement in accordance with the UK Modern Slavery Act 2015 (the 'Act') which requires businesses to state the actions taken throughout the financial year to ensure the risk of Modern Slavery is mitigated in its business and throughout its supply chains.

In this statement references to "Paragon" or the "Company" are references to Paragon Group Limited, and references to "the Group" or to the "Paragon Group" are references to Paragon and its subsidiaries.

This statement applies to the Company and each of its subsidiaries in respect of the financial year ended 30 June 2019.

Paragon supports the objectives of the Act in eliminating slavery, servitude, forced labour and human trafficking. We are committed to ensuring our practices and procedures, and those of our suppliers support these principles. We do not tolerate exploitation.

Paragon supports the Act in raising the awareness of Modern Slavery and Human Trafficking throughout the Group.

Our Anti-Slavery and Human-Trafficking policies apply to all persons working for, or on behalf of Paragon in any capacity, including but not limited to; employees, agency workers, temporary staff, agents, contractors, external consultants, third-party representatives and business partners.

Our expanding programmes have led to the development of an effective system to:

- Identify, assess and mitigate any potential risks within our own operation
- Identify, assess and mitigate any potential risks within our supply chain
- Undertake further due diligence on high risk supply partners
- Protect whistle-blowers

During the financial year ending 30 June 2019 there were no reported incidents of slavery, servitude, forced or compulsory labour or human trafficking relating to the Company's employment arrangements recorded through the whistleblowing process, and no issues came to the Company's attention through its other management and HR processes.

Paragon's business, structure and supply chains

Paragon Group is an international organisation present in over 20 countries with a global sales reach, €933m turnover and more than 7,500 employees. We are a privately owned company that is agile, innovative and dynamic. We help to transform our clients' businesses by providing them with technology-driven solutions that drive real change and deliver competitive advantage.

The group consists of three divisions, each with several subsidiaries:

- **Paragon Customer Communications (PCC)**

Enriching the customer experience

PCC offers complete communications solutions and works diligently to connect our clients with their customers across every channel. PCC delivers solutions in customer experience & marketing, business processes & transaction, and digital customer experience.

PCC has significant scale in the UK, France, Ireland, Germany, Benelux and Eastern Europe, plus an international supply chain supported by the broader Paragon Group structure, and as such PCC's activities carry the highest risk of modern slavery within the Paragon Group.

- **Paragon Graphics Services (PGS)**

Creating visual experience, everything print & design

PGS is divided into two areas 1) Creating visual experiences with promotion material and display which connects people with the brand. 2) Everything print & design from Print on demand, cloud services, Reprographics, design studio. We are the specialists and the largest supplier in the UK of large format and display solutions for point of sale and interior and exterior branding products.

- **Paragon ID**

Secure Technology for a connected world

Paragon ID is a leader in identification solutions in the e-ID, smart cities, track & trace and payments. Using the latest technologies such as RFID and NFC, Paragon ID provides smart cards, tickets, labels and tags to worldwide clients in diverse markets including public transport, aviation, automotive, manufacturing, logistics, gaming and retail.

With manufacturing sites in the US and Europe close to its customers, Paragon ID is listed on Euronext Paris with the majority of its shares being held by Paragon Group.

Business growth

Our business has grown significantly through acquisition in 2018 and 2019, with further ambitious growth targets. We are committed to integrating newly acquired businesses, harmonising processes and ensuring best practices are shared and implemented.

The companies in the Paragon Group have assessed their own activities against the list of products at risk of forced labour outlined by the Global Slavery Index 2018. The group does not produce any of these products directly, however a number are sourced in its behalf through its supply chain partners (e.g. textiles and timber (paper) and technology).





Supply chain

Due to the nature of the services that the Company provides our supply chain is complex. Our vast and diverse network of suppliers stretches globally into Europe, the Middle East, Asia and the Americas, and consists of small, medium sized enterprise and large scale corporations with the majority residing in the UK and mainland Europe. There are also various tiers of suppliers of the goods and services used by the Group in the services we provide to our valued client base.

The Group is committed to acting responsibly and supporting the objectives of the Modern Slavery Act and has established an enhanced strategic approach to vetting current and new suppliers.

Paragon expects all contractors, suppliers, and other business partners of the Group to uphold high standards in all business practices and to share our zero-tolerance approach to slavery and human trafficking. We expect all suppliers to comply with all relevant laws of the country in which they operate.

The procurement activities of the PCC UK division accounts for the largest proportion of the groups spend and product mix, hence presents the biggest risk of modern slavery within the Group. Therefore, additional due diligence resource has been focussed predominantly on assessing the PCC UK entities suppliers.

As part of the contracting processes, all PCC UK suppliers are required to:

- Sign the Paragon Supplier Code of Conduct which includes prohibitions against the use of staff sourced from forced, compulsory or trafficked labour, and anyone held in slavery or servitude.
- Confirm their approach and supply policies regarding ethical business practice including: Modern Slavery, Equal Opportunities and Anti-bribery & Corruption.

During the period covered by this statement, methodology was applied to assess the potential risk of modern slavery across the supply chain. Supply partners operating in countries and industries with a high prevalence and/or risk of modern slavery undergo further due diligence to ensure their employment practices are in line with the International Labour Organisations recommendations.

Our supplier due diligence is completed by a dedicated compliance team.

Supplier audit

Beyond the due diligence procedures outlined above, risk based audits and questionnaires are regularly conducted on our existing strategic supply base. These audits assess a wide variety of issues including:

- Employment policies, practices and compliance to Working Time Directive
- Subcontracting policies
- Confirmation of right to work as a condition of employment
- Working practices
- Management structures
- Assurance that the sites audited have capacity for types of workload reported (they are not subcontracted to an unreported 3rd party)
- Any accommodation and transport provided for workers
- Compliance with our Supplier Code of Conduct
- Providing a copy of their own Modern Slavery Statements

These audits are intended to identify any Modern Slavery and Human Rights Abuse practices. We review what appropriate investigative and remedial actions should be taken if issues of concern are identified. The Company is keen to work with our suppliers and respond to any reasonable situations as a responsible company, keeping in mind the best interest of any people that may be affected.

In the event of our procedures highlighting concerns in relation to Modern Slavery and Human Rights abuses among our supplier base, where necessary the Company may terminate the relationship with the supplier in an effort to protect our customers, our employee, our reputation and critically those people potentially at risk of human rights abuses.

Policies

The Company has a zero-tolerance approach to Modern Slavery. We are committed to acting ethically and with integrity in all our business dealings and relationships.

We have enforced effective systems and controls to minimise the risk of Modern Slavery in our own business and supply chains.

Control maturity varies across the Paragon Group businesses depending on the risk factors associated with the activities of each company. Policies and practices may include:

- Staff Handbooks
- Supplier Codes of Conduct
- Employment and Migration Policies
- Recruitment and Selection Policies
- Whistle Blowing Policy
- Equal Opportunities Policies
- Anti-Bribery and Corruption Policies
- Human Rights Policy Policies
- Principles of Business Ethics

Employment

Companies in the Paragon Group have been audited to assess their employment arrangements and Human Resources policies. It has been determined that the risk of any of these offences occurring in this area is low. As the businesses have experienced a period of rapid growth through acquisition throughout 2019, part of the integration process includes an assessment of newly acquired businesses employment practices.

All our employees receive a written statement of their terms and conditions, including but not limited to; pay, working hours, holiday entitlement and pay, overtime rates, sick pay and deductions. We carry out checks to ensure that our employees have a legal right to work in the UK or other countries in which they are employed.

Paragon utilises temporary workers in addition to our permanent employees to support our business needs. Any third party workers are subject to the same checks and policies as our employees. No recruitment fees are paid by the individual being considered for employment.

Paragon also adheres to the standards of the National Living Wage legislation and Minimum Wage legislation in the countries in which we operate. This is reviewed on an annual basis.

We undertake verification of all individuals, as required by UK legislation, prior to appointment and in certain roles, which includes DBS and other security checks.





Training

We are committed to ensuring that the Company's employees are equipped to understand the implications of the Modern Slavery and Human Rights abuses in our business and to identify risk factors and escalate appropriately.

Key performance indicators (KPIs) for 2019/2020

For the financial year to 30 June 2020 Paragon have committed to the following KPIs and targets:

- Re-assessment of Paragon Group policies and practices, including recent acquisitions
- All in scope PCC UK suppliers signed up to the PCC Supplier Code of Conduct and due diligence completed
- Additional due diligence of suppliers sourcing high risk products (as listed by Global Slavery Index 2018) (textiles and timber)
- Increase the role-based training delivered to in scope employees

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Paragon's Modern Slavery and Human Trafficking statement for the financial year ended 30 June 2019.

APPROVED BY THE BOARD, on **26th March 2020**

A handwritten signature in black ink, appearing to read 'Sean Shine'.

Signed:
Sean Shine, CEO Paragon Group Limited

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