

PARAGON ID



eID | Transport & Smart Cities | Traceability & Brand Protection | Payment

Extra-Financial Performance Statement

2022
2023

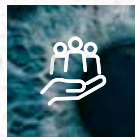
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Acronyms used to describe our subsidiaries:

Thames: Rayleigh site (UK)

BBP: Hull site (UK)

Security Label: Sarstedt site (Germany)

PIROM: Bucharest site (Romania)

PISAS: Argent-sur-Sauldre site (France)

PID: Mouans-Sartoux site (France)

ASK IntTAG: Burlington site (USA)

EDM: High Point site (USA)

Editorial

ALL DIVISIONS SAW DOUBLE-DIGIT GROWTH IN 2022/23

Paragon ID SA had another remarkable year of growth during 2022/23. The company recorded sales of €192M, representing an increase of 47% over the previous year, of which 44% was purely organic.

Revenues from **Transport & Smart Cities** increased by 44%, thanks to the large-scale return of passengers to public transport following the end of the pandemic, combined with price increases and the successful integration of EDM Technology in the USA.

The **Track & Trace and Brand Protection** division recorded a growth in sales of 44% in 2022/2023, thanks in particular to the sustained upward trajectory of air travel. In the **Payment** division, Paragon ID recorded a growth of 14% in 2022/23.

The **eID** division's sales figures recorded a very sharp rise in the second half of the financial year with the first deliveries of polycarbonate products following the significant orders received at the end of the 2022 calendar year. Over the whole financial year, this division recorded a growth in revenues of 91%.

STRATEGIC INITIATIVES IN LINE WITH STAKEHOLDER NEEDS AND REQUIREMENTS

During the 2022/23 financial year, Paragon ID continued to invest in its human, technical and industrial resources to bolster its strategic initiatives, aimed at fulfilling the social, societal and environmental expectations of its stakeholders.

These strategic initiatives – digital public transport ticketing platforms, RTLS solutions in healthcare and industry, plus UHF tags for the IoT sector – have served to support our clients in their digital transformation. We enable them to improve efficiency, digitise their processes and offer an improved user experience, whilst simultaneously reducing their carbon footprint.

INNOVATIVE, RESPONSIBLE AND FULLY-COMMITTED TEAMS

Achieving more than 100% growth in sales turnover in under two years is only possible with the dedication of a workforce comprising individuals with talent, training, resources and huge motivation, all committed to live the company values. Our commitment to ethical business, health, human rights, dialogue, empowerment and motivation of our employees lie at the forefront of Paragon ID's CSR strategy and approach.

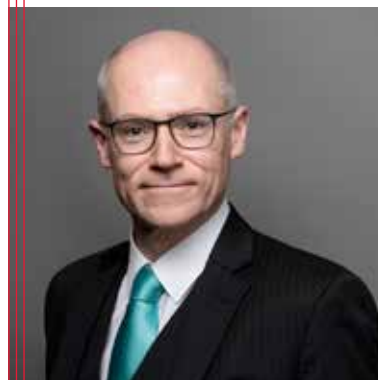
ENVIRONMENT AND ECO-DESIGN

Across all business divisions, Paragon ID strives to use environmentally-friendly materials and to develop sustainable industrial processes. Beyond the priorities of the Corporate & Social Responsibility (CSR) strategy, Paragon ID continuously works through its R&D activity, to develop innovative solutions which allow our clients to reduce the environmental impact of their business activities. Our strategic priorities commit the company to strive for sustainable and environmentally-responsible growth. Contactless technologies and digitisation represent a great opportunity to meet these challenges.

ECOVADIS AND GREENLY

Our primary industrial sites are continuing to make headway in gaining official recognition for the effort put into meeting sustainability objectives. This financial year (2022/2023), we kick-started our work with Greenly to assist us in measuring and, eventually, reducing our own carbon footprint, alongside the work already being undertaken with rating agency "EcoVadis".

"We are extremely proud of our results for 2022/23 and even more so of the dedication and commitment demonstrated by our employees without whom this simply wouldn't have been possible. The dedication demonstrated by our teams at Paragon ID in working towards these goals is testament to their belief in our mission and in the importance of the values within."



Clem GARVEY,
CEO

Connecting the world using secure technology

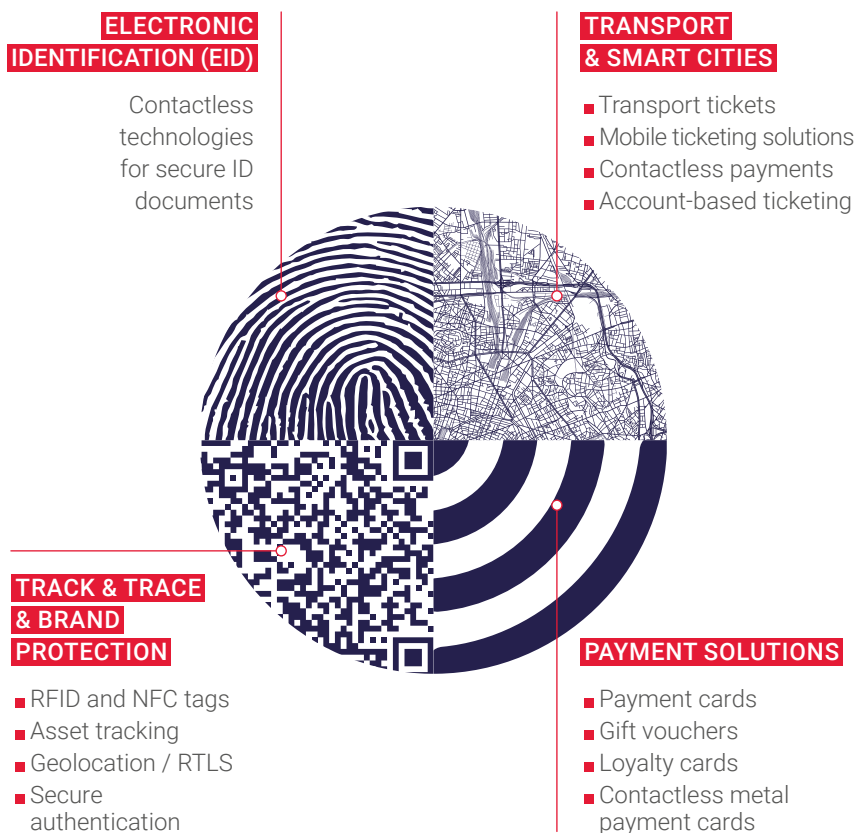
Paragon ID provides identification solutions based on contactless technologies such as radio-frequency identification (RFID). All of our RFID products, solutions, applications and our SaaS platforms are intended to securely connect and locate people, products and objects.

Paragon ID is the European leader in identification solutions dedicated to the eID, Transport & Smart Cities, Track & Trace & Brand Protection and Payment solutions markets. We provide ID control documents, physical and digital tickets for public transport services, labels, tags, tracking and geolocation platforms, as well as payment cards.

By relying on cutting-edge R&D and unique industrial expertise, we are able to fully harness the potential of our technologies to meet the following economic and social trends:

- population growth and urbanisation;
- acceleration of digital transformation;
- data traceability and security;
- new workplace organisation and customer experience;
- ecological transition and climate change.

Our 4 core strategic business areas



Our values



RESPECT AND TEAMWORK

Let's work together, sharing our ideas and knowledge, while respecting our differences



RESPONSIBILITY

Let's deliver on our commitments, and be accountable for our results



INNOVATION

Let's nurture an open mindset to encourage thoughtful, creative and inspirational ideas



SUSTAINABILITY

Let's make a net positive impact on the environment and enable our clients to do the same

Key figures

914 employees

798 within the scope of the EFPS

€192M sales turnover

€14.8M in EBITDA

Earnings before interest, taxes, depreciation and amortisation

47% annual growth

44% annual organic growth

7 countries

France, United Kingdom, Germany, USA, Romania, Australia, Spain

7 production sites

7 R&D and software development sites

International presence



INDUSTRIAL SITES



7 SECURE SITES

- Argent-sur-Sauldre, France
- Rayleigh & Hull, United Kingdom
- Sarstedt, Germany
- Bucharest, Romania
- Burlington & High-Point, USA



1 R&D CENTRE IN EUROPE

- Mouans-Sartoux, France



6 SOFTWARE DEVELOPMENT SITES

- Milton Keynes & London, United Kingdom
- Paris, Grenoble & Toulouse, France
- Barcelona, Spain

COMMERCIAL SITES

COMMERCIAL COVERAGE ORGANISED ACROSS 3 REGIONS

- Europe, Middle East and Africa (EMEA), Asia
- United Kingdom, Australia
- The Americas



COMMERCIAL OFFICE

- Sydney, Australia

Challenges and strategy

MISSION STATEMENT

Our mission is to provide innovative technologies and platforms which power contactless identification solutions and RFID applications to securely connect and locate people, products and objects, whilst contributing towards reducing our clients' carbon footprint.

Our four strategic business activities:

- Electronic Identification (eID);
- Transport & Smart Cities;
- Track & Trace and Brand Protection;
- Payment Solutions.

OUR STRATEGY

Our RFID products, solutions and applications all aim to connect and locate assets, products and people. They include electronic ID documents, physical and digital transport tickets, RFID tags and payment cards.

Moreover, we design, build and sell software platforms, which support the deployment and optimisation of these ID products:

- Open ABT: used to issue digital tickets and manage public transport user accounts;
- RFiD Discovery: used for real-time identification and location of people and objects thanks to a range of technologies including GPS, Wi-Fi, Bluetooth Low Energy (BLE) or RFID.

Paragon ID distributes its products and solutions, directly or via partners, to global manufacturers, integrators and worldwide operators, primarily using a B2B2C model.

Our brands and subsidiaries

The growth achieved by Paragon ID is built on innovation and investment in R&D and infrastructure, and bolstered by strategic acquisitions.

Paragon ID favours the acquisition of commercial entities to further enrich its industrial and technological know-how, whilst expanding its geographical remit in its markets. The companies that have joined and integrated into Paragon ID share an expertise aligned with our own strategic activities.

PARAGON ID



TRANSPORT & SMART CITIES

airweb
facilitateur de mobilité

EDM
TECHNOLOGY
A PARAGON ID COMPANY

urbanthingsTM
A PARAGON ID COMPANY

TRACK & TRACE

RFiD
DISCOVERY

SECURITY
LABEL

apitrak **tracktio** **UWINLOC**

Apitrak, Tracktio and Uwinloc now trade under the banner of RFiD Discovery.

PAYMENT

THAMES
TECHNOLOGY
A PARAGON ID COMPANY

AMATECH
GROUP



OUR GOAL:

to grow our sales turnover and continuously improve profitability through the expansion of our strategic business activities.



eID



Transports &
Smart Cities



Track &
Trace



Payment

Significant events

JULY 2022

Acquisition of Tracktio.

Publication of annual sales turnover:
€130.8M in 2021/2022,
56% annual growth.



NOVEMBER

Opening of the metal card production facility at Thames (UK).

Opening of the extension of our "Iris" RFID workshop at PISAS (F) by the Irish Ambassador to France, the state representative for the region and local MP as well as a number of regional representatives from the Centre-Val de Loire.



DECEMBER

Official launch of water-based magnetic tickets on the BBP site (UK).

JANUARY

Acquisition of Uwinloc.

Publication of sales turnover for S1 2022/2023:
€89.9M, **59% growth.**

FEBRUARY

SNCF Connect chose airweb to strengthen its all-in-one digital mobility offer.



APRIL

Launch of the batteryless radio-frequency energy collection solution for BLE and UWB with the longest reach on the market.

Publication of sales turnover for 9 months at €140M, sales targets increased to over €185M.



JUNE

Proposed simplified public takeover bid for Paragon ID shares initiated by Grenadier Holdings (formerly Paragon Group).

JULY 2023

Paragon ID's connected luggage tags were displayed at the Grande Exposition du Fabriqué in France held at the Élysée Palace (Paris, France).

Publication of sales turnover for 2022/2023:
€192M, **47% growth.**



Our business model

OUR VISION: Connecting the world using secure technologies.

OUR MISSION: Our mission is to provide technologies and platforms which power contactless identification solutions and RFID applications to securely connect and locate people, products and objects, whilst contributing towards reducing our clients' carbon footprint.



Four strategic business activities

FINANCIAL RESOURCES

€192M in sales turnover

€14.8M in EBITDA

HUMAN RESOURCES

914 permanent and temporary employees

Team expertise in R&D and process industrialisation

INTELLECTUAL RESOURCES

A total of 7 R&D and software development sites

Over 100 registered patents

€13.4M (Capex and Opex) in R&D developments

INDUSTRIAL RESOURCES

7 fully secure production sites across Europe and the USA

Leading manufacturer of RFID components in Europe

SOCIAL AND INTERPERSONAL RESOURCES

A diverse portfolio of clients and partners

ENVIRONMENTAL RESOURCES

Ratio of energy consumption (electricity and gas): 76.35 kWh/revenues k€

eID

Contactless technology for secure ID documents

14% of turnover

TRANSPORT & SMART CITIES

Ticketing solutions to streamline public transport access

36% of turnover

TRACK & TRACE & BRAND PROTECTION

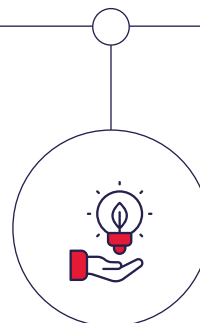
Tracking solutions for objects and people as well as brand protection applications

33% of turnover

PAYMENT

Payment cards, gift cards, contactless metal cards

17% of turnover



Our values

- Respect and teamwork
- Responsibility
- Innovation
- Sustainability

Social trends throughout our business lines

- Demographic growth and increased urbanisation of the population
- Accelerate digital transformation of companies
- Data traceability and security
- New workplace and customer experience
- Ecological transition and climate emergency

Strengths

MARKET DIVERSITY

retail, public transport, logistics, automotive, industry, finance, healthcare, pharmaceutical sectors, etc.

UNIQUE EXPERTISE

in RAIN RFID and NFC technologies for connected objects. ARC quality certification for RAIN RFID UHF tags.

AN ORGANIC GROWTH STRATEGY

based on investment in R&D and equipment, complemented by mergers and acquisitions.

INDUSTRIAL SITES

across Europe and the USA on our clients' doorstep.

Value creation



ECONOMIC

Annual growth of **+47%**

€11.5M in investments (excluding acquisitions)



CLIENTS

Efficiency and process improvements

Carbon footprint reduction through improved efficiency of industrial processes

Supply chain **security**

Data traceability

Fight against counterfeiting

Largest integrated inlay production site in Europe

Over **150 cities** provided with access-control solutions



EMPLOYEES

273 employees recruited throughout the year

89/100 Gender equality index (PISAS, France)

Employee engagement surveys in France and the UK



ENVIRONMENT

Development of eco-friendly solutions and products: sustainable payment cards, digital transport ticketing, water-based magnetic coating

Responsible management of production sites:

5 ISO 14001 certified industrial sites

Reduction of solvent use

EcoVadis: Gold certification (PISAS, France), Silver certification (Thames Technology, UK)

Paper usage:

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CSR Strategy

- Social responsibility at the heart of our strategic vision
- Partnerships and dialogue with our stakeholders
- Exemplary governance
- Quality, Safety, Environment (QSE) and data protection
- Understanding risks and challenges

Social responsibility at the heart of our strategic vision

Paragon ID is actively committed to a proactive CSR (corporate social responsibility) strategy, seeking to integrate social, environmental, ethical and economic concerns throughout all aspects of its business activities. Our company strives, through transparency, to comply with all standards and legislations in force, as well as actively contribute to a more sustainable future.



Corporate social responsibility is focused around four key areas, each broken down into several specific themes:



1. BUSINESS ETHICS (P. 20)

- Guaranteeing the respect of human rights
- Fight against corruption
- Fight against fraud



2. HUMAN RESOURCES (P. 26)

- Protecting health and safety at work
- Attracting and developing talent
- Promoting a culture of listening, communication, well-being and responsibility
- Promoting a workplace free of discrimination



3. ENVIRONMENT (P. 36)

- Reducing our environmental impact
- Controlling any risks of pollution
- Sustainable use of resources
- Anticipating future regulations
- Ensuring responsible waste management
- Tackling the scarcity of natural resources
- Protecting biodiversity
- Anticipating the financial impact of climate change



4. INNOVATION AND ECO-DESIGN (P. 46)

- Meeting stakeholder expectations
- Developing innovative solutions
- Investing in the industry of the future

Partnerships and dialogue with our stakeholders

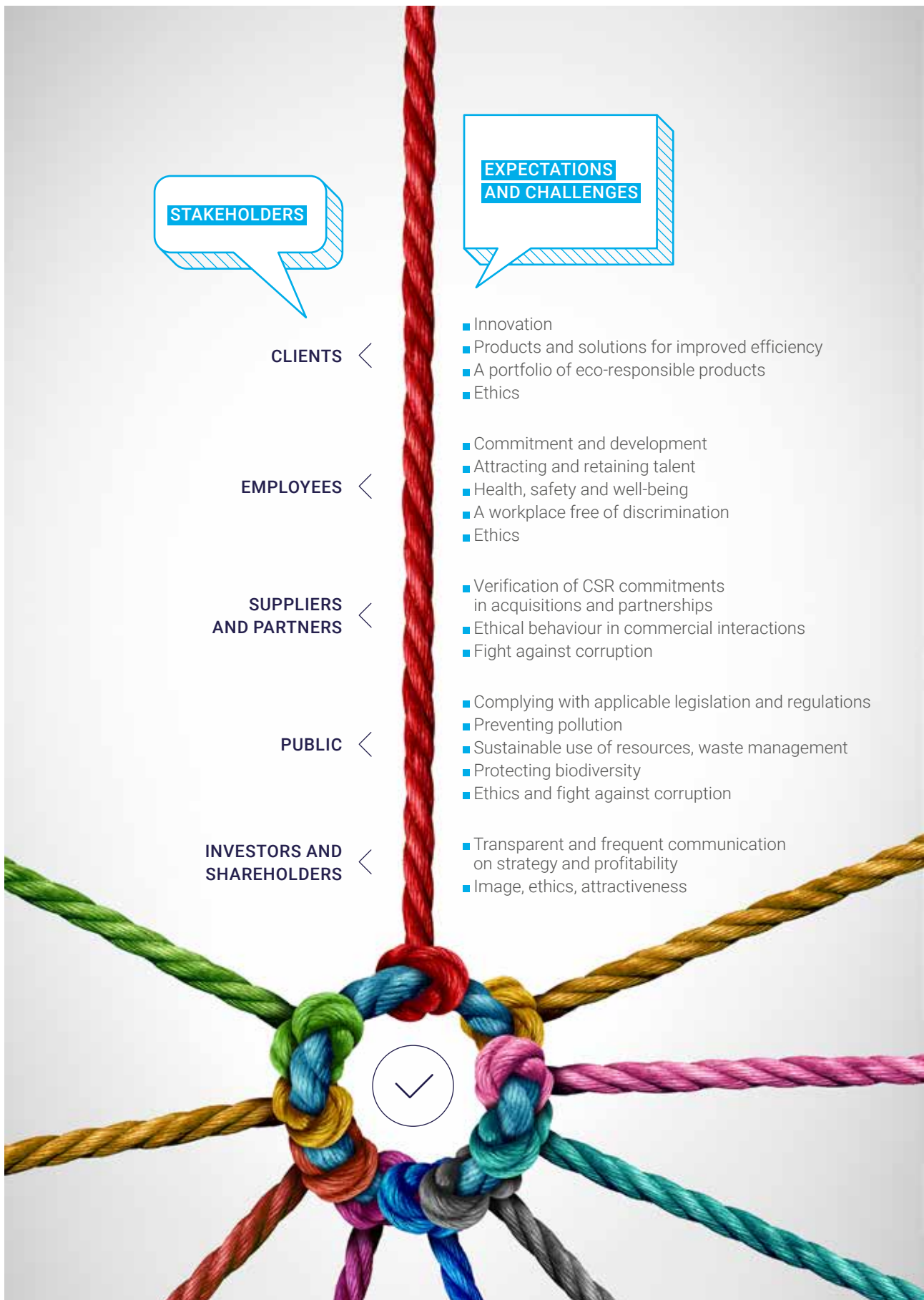
Our CSR strategy contributes towards pushing back our organisational boundaries, through collaboration and transparent business relationships with our stakeholders. We nurture solid relationships and regular dialogue with our clients, suppliers, investors, governmental and non-governmental organisations, as well as local communities.

Paragon ID relies on a wide variety of communication channels to both nurture and enrich dialogue with stakeholders. We organise meetings with employee representatives, publish press releases, participate in professional trade

events, lead steering committee meetings, and take part in conferences organised by professional bodies. This open and constant interaction gives us the opportunity to continuously re-evaluate and adjust our areas of work.



Our partnerships are a constant source of inspiration to help guide our actions and co-create sustainable solutions.



Exemplary governance

Our CSR commitment would not be complete without solid corporate governance to match. Paragon ID is committed to informed, ethical and transparent decision-making, at all levels of its organisation. This approach guarantees the sustainability of our CSR strategy and allows us to align our actions with our fundamental values and the expectations of our stakeholders.

BOARD OF DIRECTORS

Paragon ID has the status of a limited company with a board of directors.

The board is made up of experienced individuals with a wide variety of skills in line with our business activities. It has collective responsibility over the supervision of operational management of the company, by overseeing its long-term success and overall contribution to society. Furthermore, an audit and risks committee is responsible for identifying any major risks taking into account stakeholder interests.

6
members
of the Board
of Directors

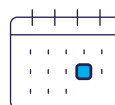


2
independent
directors



33%
women

11
meetings in
2022/2023



BOARD MEMBERS

- Laurent Salmon, director
- Dominique Durant des Aulnois, director and general secretary of PID SA
- Lis Icton, independent director
- John Rogers, chairman
- Alyn Whukowsky, independent director
- Valéry Huot, director and representative of LBO France Gestion (N.B. resigned in November 2023)

GOVERNANCE:

OUR CSR STRATEGY IN ACTION

Under the guidance of the CEO, the CSR policy is supervised with the support of the CFO and Company Secretary. At operational level, the directors of each entity are the forces in its implementation.

The policy may vary for each site and in line with applicable legislative frameworks. Our ethical and social guidelines combined with our environmental and information security policies are applied throughout our main subsidiaries, and their roll-out is currently under way across the others.

A dedicated Corporate Social Responsibility officer (CSR) is on the Paragon ID Board of Directors: this position is held by the general secretary who has the power to roll-out the strategy across all subsidiaries.

Naturally, in each operational management division, the approach may vary in line with requirements and national regulations. Consequently, specific committees have been set up.



Management Review Committee

The management review committee brings together local management and is held annually. Its role consists of analysing the QSE (Quality, Safety and Environment) strategy of its operational management, to ensure regular and advanced monitoring of our quality, safety and environmental commitments.

Safety Committee

The safety committee comprises the company director, the QSE manager, the data protection manager as well as the IT and infrastructure managers. The committee meets at least once a year in order to undertake a thorough analysis of actions and initiatives to be taken to further advance the safety of our system.

Ethics Committee

The ethics committee comprises the company director, the HR director, as ethics point of contact, the QSE manager and the IT production manager. The committee meets as required and depending on circumstances. Its role primarily consists of assessing new and emerging risks and implementing suitable measures to deal with them.

These three committees may each be convened in an emergency for major decisions. Their operation is subject to annual inspection led by the general secretary of Paragon ID group, whilst an HSE (Health, Safety and Environmental) audit is also planned as part of ISO certifications.

Some employees, due to their responsibilities or their interactions with clients, suppliers or other entities, are required to abide to safety and ethics policies. They are committed to respecting these and to ensure that they are respected throughout the company.

Quality, Safety, Environment (QSE) and data protection

At the heart of our Corporate Social Responsibility (CSR) strategy, both Quality, Safety, Environment (QSE) and data protection are fundamental pillars. Paragon ID considers environmental and data protection, as well as the respect of high-quality standards, to be fundamental to our overall mission. This section of our Extra-Financial Performance statement (EFPS) underlines our commitment to working with integrity, minimising our environmental impact and securing all sensitive data, whilst maintaining a high level of performance across our products and services.

GROUP GOVERNANCE BOLSTERED BY A QSE PROCESS

Analysis of our risks, our Quality, Safety, Environmental (QSE) management system and our continuous improvement approach, based in particular on ISO 9001, ISO 14001, ISO 27001 and EcoVadis standards (depending on the countries concerned), constitute just one of the pillars of our commitment taken towards clients, employees, suppliers and shareholders in order to:

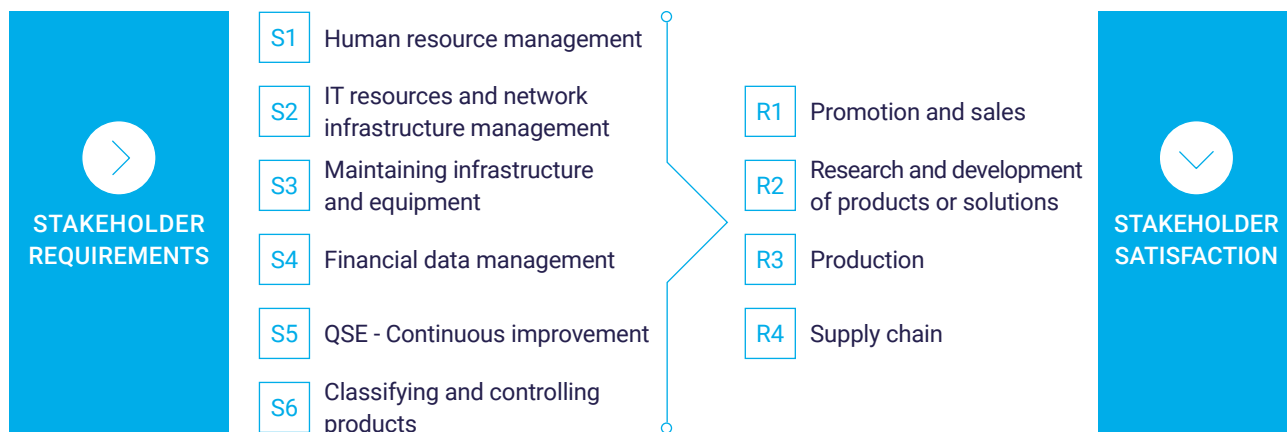
- develop our ability to innovate;
- improve the operational and management skills of our teams;
- protect the safety of people and assets;
- reduce environmental impact;
- comply with national and international legislation;
- maintain a high level of ethics.

The QSE process adopted within our French entity forms part of our overall process mapping, further underlining its essential role as part of our corporate governance.



PARAGON ID EMEA MANAGEMENT SYSTEM

M1. OUTLINING STRATEGIC PRIORITIES



IT SECURITY POLICY

Our IT security guidelines are intended to guarantee the control and protection of company data as well as that of our clients and suppliers. With the development of products and services requiring the handling of secure data, Paragon ID has implemented a policy to ensure its firm commitment to the protection of systems and data belonging to all stakeholders.

The management team provides active support and guidelines to the company's central IT management team, which is responsible for rolling out standards for IT security and cybersecurity. Our IT security approach is based on a set of fundamental pillars:

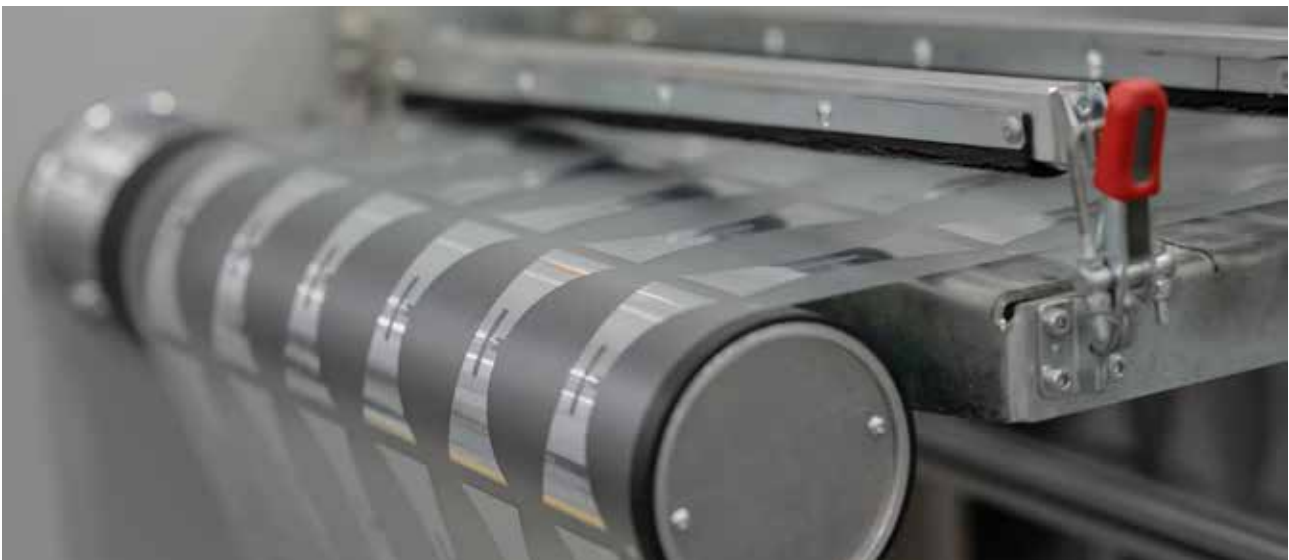
- identity and access management;
- data protection;
- network security;
- system security.

Identity and access management is responsible for administering users and their access to systems and applications. This process facilitates the creation of user accounts, password management, allocation of access authorisations as well as the implementation of security policies. Our systems are also capable of detecting any attempted intrusions and blocking any compromised user accounts.

Data protection is intended to protect sensitive company data. This means that our teams are committed to protecting data confidentiality on a daily basis. This constant vigilance allows us to guarantee that our data is never disclosed to unauthorised third-parties. Confidentiality is provided through various means including encryption and access control.

Network security protects companies against internal and external threats. Thanks to our internal security system, we can configure firewalls, filter content, detect intrusions and neutralise any breaches.

System security is intended to protect IT systems against viruses, malware and any internal or external attacks. The adoption of modern, reliable systems allows us to implement an agile data protection strategy. The availability of systems also plays a crucial role by allowing uninterrupted access to data for authorised users. This continuity is maintained thanks to various measures, including data and system redundancy, backups (on site and in the cloud) as well as post-incident recovery plans.



Understanding risks and challenges

In a constantly-changing world, the success of a business relies on its ability to anticipate and manage risks whilst making the most of opportunities. Paragon ID strives to deal with the challenges facing our industry specialising in cutting-edge technologies. This report highlights our in-depth analysis of relevant risks and major challenges and demonstrates our commitment and determination in guaranteeing sustainable and resilient performance.

For many years, our company has developed an exhaustive mapping of potential risks. Our strategy consists of drafting an annual inventory of risks, assessing their level of severity and seeking solutions to limit their potential impact.

This annual risk update is then submitted for the joint approval of General Management and the board of directors. Nine pertinent risks relevant to our Extra-Financial Performance Statement (EFPS) have been identified and classified into three distinct themes. Each of these risks, or risk areas, is then linked to one or more indicators and action plans. We monitor these using key performance indicators, calculated over the period running from 1st July 2022 to 30th June 2023. The full list of identified risks for our company is available in the Universal Registration Document (URD), which can be viewed on the Paragon ID website.

We have added seven challenges which we want to focus on in this Performance Report.

Innovation and eco-design are fundamental for Paragon ID and we have also chosen to outline our initiatives in these areas.

3 risks

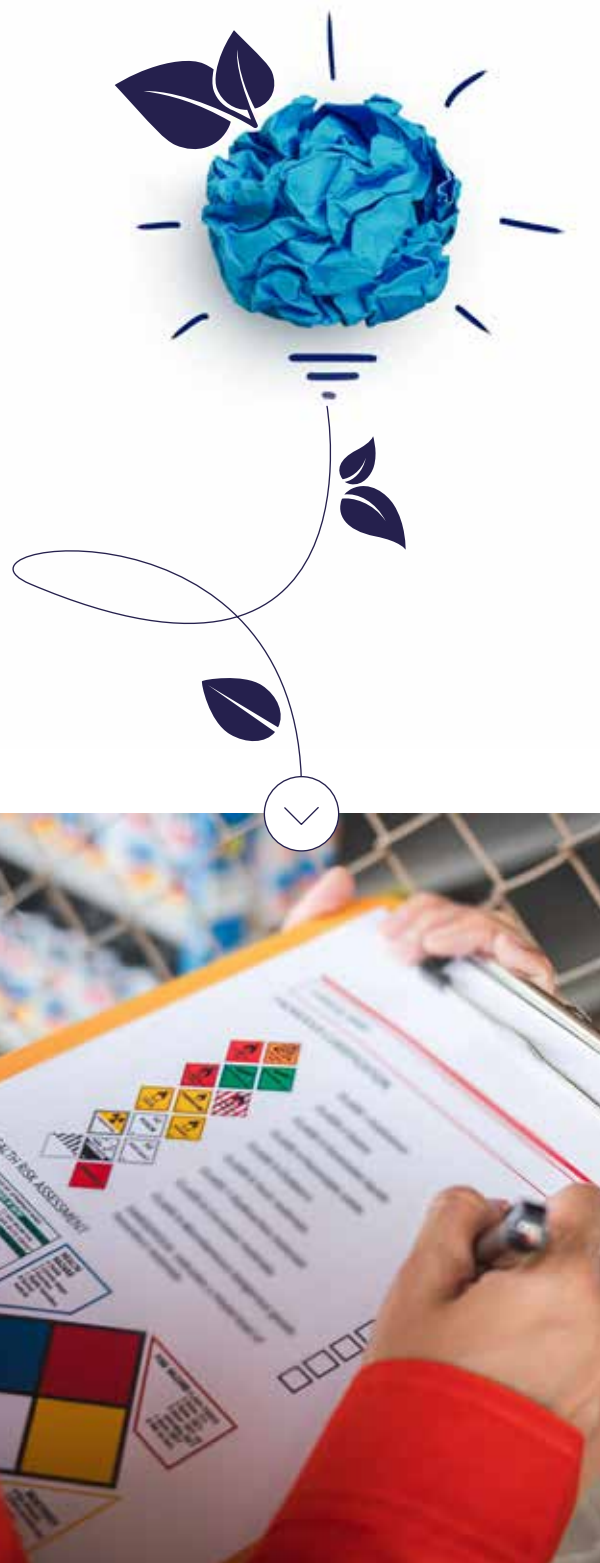
have a severity level of over 3/10 and are considered as primary risks (Compliance with regulations, Workplace accidents and Staff Turnover).

6 other risks,

although not primary risks, we wish to include these in the report.

7 challenges

which, after analysis, have a non-material severity level and are consequently considered as challenges.








RELEVANT RISKS identified, presented and considered by the Board of Directors in the meeting held on 28th March 2023, are listed below and divided into three categories:

Categories	Themes	Risks	Stakeholders	Severity*	Page
 Ethics	Combatting corruption and tax evasion	Risk of corruption	Clients, employees, partners, shareholders	2/10	22
	Business ethics	Risk of non-compliance (active and passive corruption) for contracts for which the company works alongside intermediaries and institutions	Clients, employees, partners, shareholders	2/10	24
	Initiatives promoting human rights	Risk of failure to respect human rights	Clients, employees, partners, shareholders	2/10	23
 Social	Health and safety	Risks related to workplace accidents and work-related illnesses (frequency, severity)	Employees, shareholders	4/10	28
	Employment	Risk of a high level of staff turnover	Employees, shareholders	4/10	30
 Environment	Environmental policy	Failure to guarantee compliance with regulations aimed at reducing our environmental impact	Clients, employees, society, shareholders	4/10	38
	Pollution	Failure to responsibly manage waste and emissions of pollutants which could lead to production stoppages	Society	2/10	41
	Pollution	Medium to long-term ban on PVC	Clients, society	2/10	42
	Circular economy - Waste prevention and management	Increase in waste generated by a % higher than the increase in our sales turnover	Society	2/10	43

* The severity level, up to a maximum value of 10, is calculated by multiplying the progress factor of the action plan to reduce the risk in question by the risk assessment level after drafting the action plan. This result is then multiplied by the estimated likelihood of occurrence of the risk after completion of the action plan.




Paragon ID has also identified **CHALLENGES**, which are also discussed in this document:

Categories	Themes	Challenges	Stakeholders	Page
 Ethics	Combatting corruption and tax evasion	Tax evasion and compliance with the purchasing charter by our suppliers	Clients, employees, partners, shareholders	25
	Social relationships	Promoting social dialogue and well-being in the workplace	Employees, shareholders	32
 Social	Equal opportunities	Combatting all forms of discrimination	Employees, society, shareholders	34
	Climate change	Rising temperature and natural disasters	Society	39
 Environment	Climate change	Financial impact of climate change	Clients, society, shareholders	45
	Circular economy - Sustainable use of resources	Sustainable use of resources	Society	44
	Protecting biodiversity	Protecting biodiversity	Society	44



In parallel to risks and challenges, Paragon ID drives innovation and eco-design **INITIATIVES**:

Categories	Themes	Stakeholders	Page
 Innovation and eco-design	Meeting stakeholder expectations	Clients, partners, employees, society, shareholders	47
	Developing innovative solutions	Clients, society, shareholders	47
	Investing in the industry of the future	Clients, employees, society, shareholders	49



Business ethics

- Basis of our commitments
- Fight against corruption
- Guaranteeing the respect of human rights
- Fight against fraud

Basis of our commitments

Here at Paragon ID, we fully understand the direct and indirect impact of our business activities on the companies with whom we work. We strive to establish an environment based on trust, collaboration and respect across all of our professional relationships.

Our code of ethics guides all of our staff in performing their daily work with integrity, trust, honesty and respect. This same charter also sets out those practices to be avoided and instructions to follow in interactions with clients, suppliers and competitors.

This commitment is shared by all members of our team, including members of the board of directors, and comprises the following:

AN ANTI-CORRUPTION CODE OF CONDUCT

This is intended to both prevent and combat all forms of corruption which may come in various forms including the payment of bribes, misuse of funds, undisclosed conflicts of interest and other disloyal practices which harm the integrity of business dealings and commercial operations.

DECLARATION AGAINST MODERN SLAVERY

Paragon ID is opposed to all forms of modern slavery throughout its commercial operations and supply chain: forced labour, human trafficking, child labour and all other forms of human exploitation are contrary to fundamental human rights and ethics.

HANDLING CONFIDENTIAL INFORMATION

This guarantees the protection of confidential information likely to influence financial performance. It is aimed at preventing illegal practices, such as insider trading, ensuring that all transactions are fully transparent and fair for each and every investor.

WHISTLEBLOWING PROCEDURE

This is aimed at promoting transparency, integrity and responsibility within the company by encouraging employees to report any inappropriate or illegal behaviour without the fear of retaliation. It quickly allows problematic practices to be identified and handled in the most appropriate manner to avoid any harmful consequences for both the company and its stakeholders.



3 RISKS AND 1 CHALLENGE IDENTIFIED



Risks

- Corruption
- Failure to respect human rights
- Non-compliance (active and passive corruption) for major contracts for which the company operates alongside intermediaries and institutions



Challenge

- Combatting tax evasion and ensuring suppliers comply with the purchasing charter



Fight against corruption

Paragon ID is extremely vigilant regarding any behaviour which contravenes the principles of loyalty and business ethics. Within our professional ecosystem, we aspire to ensure that all our employees, suppliers, sub-contractors and other partners share these values throughout all commercial interactions.

Our commitment is demonstrated by our zero tolerance approach to corruption. This is not simply a political manoeuvre, but a clear affirmation of our determination to protect the integrity and confidence which form the foundations of our professional relationships. We are well aware that ethical commercial practices not only further enhance our reputation, but also help build a sustainable and prosperous future for our stakeholders, and are a reflection of our commitment towards ethical and responsible growth.



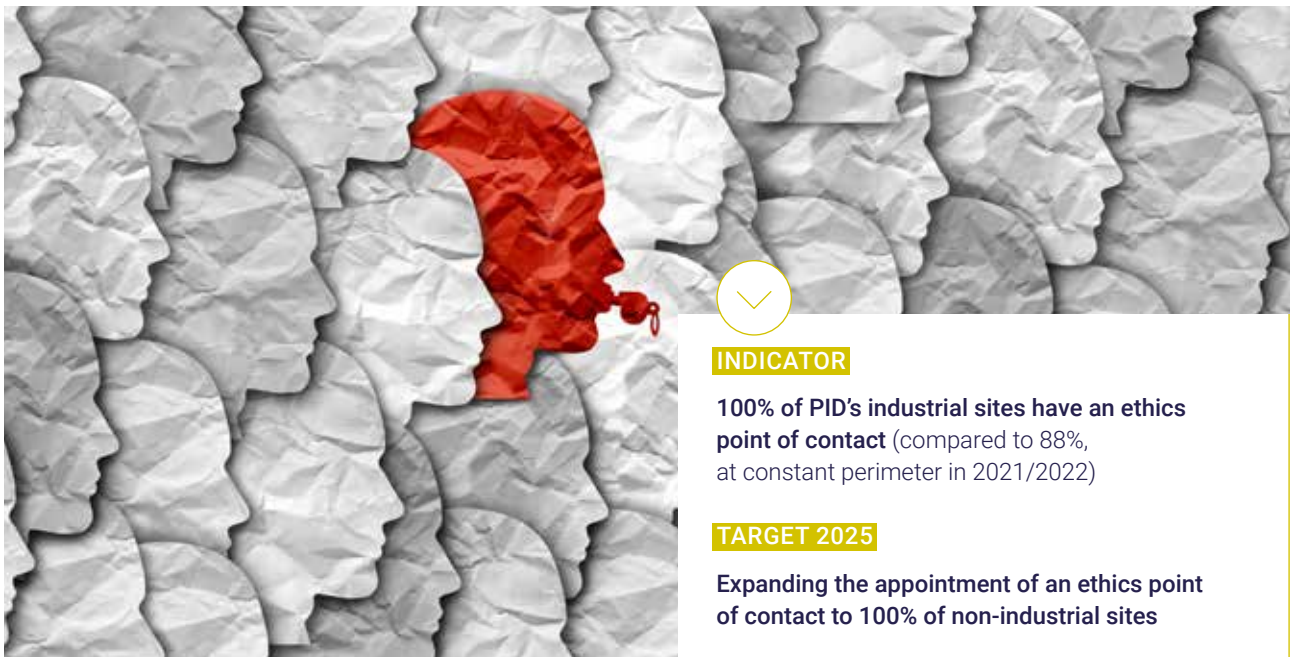
OBSERVATION


	Thames	BBP	Security Label	PIROM	PISAS	PID	EDM	ASK IntTAG
Ethics point of contact	✓	✓	✓	✓	✓	✓	✓	✓

ACTION PLAN

Each Paragon ID site should have a contact or “referent” whose role is to promote the ethics policy to all employees to guarantee compliance and to prevent any risk of corruption. The role of the referent is also to listen to employees if they have any questions or concerns.

Each referent receives a letter confirming their role and responsibilities.





INDICATOR

100% of PID's industrial sites have an ethics point of contact (compared to 88%, at constant perimeter in 2021/2022)

TARGET 2025

Expanding the appointment of an ethics point of contact to 100% of non-industrial sites



Guaranteeing the respect of human rights

We are an international company where respect of human rights is a fundamental part of our culture and our social commitments. Our company is made up of a host of subsidiaries who have come together over the years through shareholdings, acquisitions, mergers and incorporations. Whilst the DNA of each subsidiary is unique and inherent to itself, we all share the same foundations regarding the respect of human rights, which are shared across our culture and social commitments.

All of our subsidiaries are based in countries that have signed the United Nations Universal Declaration of Human Rights. In each country where we operate, this Declaration is integrated into the legislation to deal with the primary challenges:

- working conditions, for employees and sub-contractors (working hours and workload, health and safety);
- salary terms and social security cover;
- combatting all forms of discrimination and harassment;
- personal data protection;
- freedom of association and union membership;
- combatting child labour and all forms of forced labour (including practices similar to modern slavery).

Risk



FAILURE TO RESPECT HUMAN RIGHTS

OBSERVATION

Communication of the ethics policy	Thames	BBP	Security Label	PIROM	PISAS	PID	EDM	ASK IntTAG
Notice boards			✓				✓	✓
Employee booklets, HR online platform	✓	✓			✓	✓	✓	✓
Online or on-site training	✓	✓		✓				

ACTION PLAN

All team members should have access to our ethics policy. The ethics point of contact is responsible for guaranteeing access and understanding of this policy by all employees. Communication methods may vary depending on the site, country and technological resources available.

The ethics point of contact has three communication options available and chooses the one which is the most appropriate for the site:

- notice board;
- a booklet distributed to each employee;
- an online training tool/website.



INDICATOR

Employees have access to our ethics policy across 100% of our sites within the scope (50% in 2021/2022)

TARGET 2025

Expanding communication of our ethics policy to 100% of non-industrial sites



Fight against fraud

At the heart of our commitment towards ethical and responsible business are fundamental pillars aimed at maintaining integrity and transparency throughout our business activities. With this in mind, our approach to fighting fraud is of paramount importance. Two key areas reflect our commit-

ment towards sustainable and responsible performance: the management of major contracts by intermediaries and prevention of tax evasion. These strategic challenges form part of our commitment and illustrate our determination to uphold ethical and responsible commercial practices.

Major contracts

Risk



NON-COMPLIANCE FOR MAJOR CONTRACTS MANAGED WITH INTERMEDIARIES

Paragon ID works alongside agents and/or intermediaries for major contracts abroad where local presence is required (contract > €10M annually).

ACTION PLAN

In order to prevent the risk associated with the use of intermediaries and to guarantee regulatory compliance for major contracts, we undertake to submit these to an audit carried out by our auditors. During the 2022/2023 financial year, a single major contract was identified and submitted for an audit.



INDICATOR

100% of major contracts audited

TARGET

Maintaining 100% of major contracts audited

Tax evasion



Challenge

FIGHT AGAINST TAX EVASION AND SUPPLIER ETHICS

OBSERVATION

Supplier ethics	Thames	BBP	Security Label	PIROM	PISAS	PID	EDM	ASK IntTAG
Supplier audits		✓			✓			
Purchasing charter		✓			✓	✓		
Purchasing charters are signed by Paragon ID at the request of large international groups	✓	✓	✓	✓	✓	✓	✓	✓

Paragon ID is present in seven countries (France, UK, Germany, USA, Romania, Australia, Spain) with industrial sites, research and development sites, software developments sites and local sales representatives. Our tax contribution is located in these countries and complies with all local and international tax rules. Our presence has local economic impacts such as job creation. Beyond corporation tax, we are also liable for contributions in those countries where we operate, including: social security contributions, payroll deductions, taxes levied on goods and services (VAT, GST, etc.), local taxation, taxes on electricity and diesel and other local applicable taxes.

TRANSPARENT COLLABORATION AND TAX COMPLIANCE

Paragon ID upholds professional relationships, cooperation and trust with tax authorities in those countries where it operates and transparently communicates all relevant information in compliance with its legislative and tax obligations. Each subsidiary ensures that its tax returns and payments are made in accordance with applicable local regulations.

PROMOTING SUPPLIER ETHICS

As part of our CSR strategy, we are required to develop relationships with suppliers and partners which are mutually beneficial, based on the respect of our environmental and societal values and commitments.

Depending on the country and/or business sectors in which they operate, Paragon ID sites adopt a specific approach to supplier relationships, in harmony with their respective environments.

Many suppliers working with Paragon ID belong to large-scale international ventures including Idemia, NXP, Raflatac, Avery and UPM, which all adhere to a CSR charter.

With our smaller suppliers, we make sure that we carry out frequent visits and meetings.

In France, we also provide our suppliers with a guideline manual dealing with various issues such as quality, ethics, environment and health and safety in the workplace. This document also outlines our supplier assessment process.

In the USA, our sites also work hand-in-hand with large-scale entities. This is the case for ASK IntTAG, who is required to work with certain suppliers by its primary client, the US Government.

2



Human resources

- Acting as a responsible employer
- Protecting the health and safety of our employees
- Attracting and retaining talent
- Encouraging a culture of listening, communication and responsibility
- Promoting a workplace free of discrimination

Acting as a responsible employer

Human resource departments play a fundamental role in the promotion and facilitation of commercial growth. Thanks to their expertise in employee management, skills development and the creation of a favourable working environment, human resources actively contribute towards further enhancing the company's capabilities, nurturing innovation and maintaining a high level of organisational performance. Their involvement in recruitment, training, talent retention and in promoting a positive workplace culture creates synergies between individuals and the company's growth targets.

Our human resource strategy is based around the following challenges:

- ensuring the wellbeing of our employees;
- promoting a culture of inclusivity and diversity;
- eradicating all forms of discrimination within our workplace;
- continuously improving working conditions;
- prioritising the health and safety of all employees;
- encouraging the development of employee skills and expertise, in line with our fundamental values.

Our human resource policy integrates a procedure across all industrial subsidiaries within the Group. Furthermore, an annual assessment is led by the general secretary to ensure proper implementation.

This policy is further bolstered at an operational level by specific guidelines which comply with legislation and regulation requirements for each site. The central human resources division supervises, insofar as national legislation allows, the coherence of our policies and our staff development initiatives. This oversight ensures that we have the skills required to support company growth in line with our development plans.

Our human resource departments have the following goals:

TALENT DEVELOPMENT

We are continuously investing in the development of our employees thanks to a variety of learning tools, including internal and external training programmes. One-on-one meetings are also held to assist employees in achieving their own targets, in line with our desire to favour a workplace in which people can flourish.

LISTENING, COMMUNICATION AND INCREASED RESPONSIBILITY

We promote a feeling of belonging, connection and commitment, guaranteeing the frequent communication of professional and social information. We grant our employees the means to innovate, to be responsible and to work as a team.

EMPLOYEE MOTIVATION

We firmly believe in recognising a job well done and reward our employees for their contribution. Our aim is to ensure the loyalty of our teams by investing in their development, thanks to a fair and competitive remuneration policy.

DEVELOPMENT OF OUR CORPORATE CULTURE AND VALUES

We actively promote our values – respect, teamwork, responsibility, innovation and sustainability – throughout the entire organisation. We encourage diversity and inclusivity within the workplace.

2 RISKS AND 2 CHALLENGES IDENTIFIED



Risks

- Workplace accidents
- High staff turnover



Challenges

- Social dialogue and wellbeing at work
- Combatting all forms of discrimination





Protecting the health and safety of our employees

Employee safety is an absolute priority for Paragon ID. We maintain constant oversight of health and safety data, and

strive to create a safer workplace by thoroughly analysing the causes of accidents and near misses.

Risk



WORKPLACE ACCIDENTS

OBSERVATION

Workplace accidents	Thames	BBP	Security Label	PIROM	PISAS	PID	EDM	ASK IntTAG	Consolidation June 2023	Consolidation June 2022	Consolidation June 2021
Total number of accidents with lost days of work	0.00	4.00	2.00	0.00	5.00	0.00	0.00	3.00	14.00	13.00	5.00
Number of hours worked	0.28	0.18	0.06	0.26	0.43	0.09	0.09	0.12	1.51	1.25	1.01
Number of contracted employees	146.00	92.00	45.00	132.00	226.00	47.00	46.00	64.00	798.00	631.00	555.00
Workplace accident rate (number of lost time accidents per million hours worked; this rate does not include contractual labour)	0.00	22.64	33.33	0.00	11.70	0.00	0.00	24.41	9.30	10.41	4.95
Number of lost calendar days	0.00	5.00	47.00	0.00	233.00	0.00	0.00	3.00	288.00	676.50	34.50
Hours worked (thousands)	280.32	176.64	86.40	253.44	427.36	86.34	88.32	122.88	1,521.74	1,255.08	1,009.65
Rate of severity of workplace accidents (number of lost calendar days for 1,000 hours worked)	0.00	0.03	0.54	0.00	0.55	0.00	0.00	0.02	0.19	0.54	0.03

ACTION PLAN

At Paragon ID our priority is to ensure that employees understand and comply with safety and risk prevention guidelines. To meet these requirements, we have drawn up an action plan comprising of the following measures:

- a multidisciplinary team meets following each accident and aims to identify the cause and implement remedial measures;
- extension of the “TMS Pro” Programme (a programme aimed at preventing musculoskeletal disorders), already in place on the PISAS site, to other sites;
- raising employee awareness following any accident or near miss;
- promotion of a “zero accident” culture on the PISAS site when awarding quarterly bonuses, to further enhance awareness and responsibility of all employees confronted with potential risks.



INDICATORS

- **Workplace accident rate: 9.3**
(10.41 in 2021/2022)
- **Severity level: 0.19**
(0.54 in 2021/2022)

TARGET

Zero accidents



In 2022/2023, despite an increase to our workforce by 167 (EFPS scope), the number of accidents remained broadly similar to the previous year. This stability reduced the rate of workplace accidents by 10.7%, thereby illustrating our continuous efforts to promote safety in the workplace.



Attracting and retaining talent

Paragon ID is committed to attracting and retaining talent. Retaining talent whilst attempting to anticipate people leaving the company is a priority. With this in mind, we

undertake an annual assessment of age ranges and the turnover rate to better understand these challenges.



Risk

HIGH STAFF TURNOVER

OBSERVATION

Gender breakdown

Workforce/age pyramid		Thames	BBP	Security Label	PIROM	PISAS	PID	EDM	ASK IntTAG	Consolidation 2023	Consolidation 2022
< 20 years old	Women	0	2	0	3	0	0	0	1	6	1
	Men	0	3	0	2	0	0	0	0	5	4
20-29 years old	Women	5	5	0	13	11	1	3	5	43	33
	Men	11	10	5	10	21	1	2	6	66	58
30-39 years old	Women	14	7	3	29	20	0	6	9	88	55
	Men	13	8	6	6	32	7	5	16	93	83
40-49 years old	Women	14	6	2	37	26	8	5	3	101	73
	Men	23	12	6	11	48	9	9	3	121	100
50-59 years old	Women	17	10	6	15	20	2	5	6	81	64
	Men	33	13	8	3	40	17	6	8	128	115
60 years old and older	Women	4	2	2	3	2	0	0	4	17	10
	Men	12	14	7	0	6	2	5	3	49	35
Total	Women	54	32	13	100	79	11	19	28	336	236
	Men	92	60	32	32	147	36	27	36	462	395
Grand Total		146	92	45	132	226	47	46	64	798	631
% of staff 60 years old and older		10.96%	17.39%	20.00%	2.27%	3.54%	4.26%	10.87%	10.94%	8.27%	7.13%

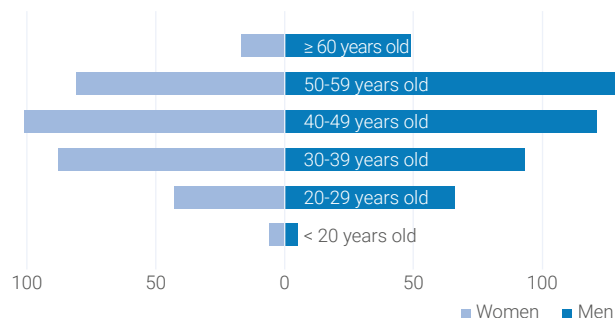
During the 2022/2023 financial year, the gender breakdown saw a slight shift marked by an increase in the overall proportion of women by

5%



Age pyramid

The age breakdown at Paragon ID, in terms of gender balance and in relation to the various age brackets, is similar to that of other industrial entities operating in our business sector. We have noted an increase in the percentage of employees over 60 years old in relation to the previous year by 1.14 points. It should, however, be noted that we have 24 additional employees under 30 years old compared to the previous year, which shows our ability to attract new talent.



Staff rotation

Staff turnover 2022/2023	Thames	BBP	Security Label	PIROM	PISAS	PID	EDM	ASK IntTAG	Consolidation 2023	Consolidation 2022
Workforce as of 30th June	146	92	45	132	226	47	46	64	798	671
New recruits	48	31	13	103	36	8	13	21	273	178
People leaving the firm	27	15	4	37	23	4	10	15	135	123
Including voluntary departures (resignation, "contractual termination")	23	12	3	10	12	4	8	10	82	88
Staff turnover: voluntary departures/workforce	15.75%	13.04%	6.67%	7.58%	5.31%	8.51%	17.39%	15.63%	10.28%	13.11%

ACTION PLAN

Recruitment

Our company values the diversity of staff and promotes inclusivity whilst guaranteeing equal opportunities for everyone. Each site is different and has its own restrictions when it comes to attracting staff members. Although recruitment is not generally a major issue, attracting and retaining talent can be increasingly challenging in countries such as Romania and the USA.

Throughout the Group, we work on developing our employer brand so as to constantly attract new talent.

Evolution of the age pyramid

This year, we managed to attract new talent, notably in the under 30 year-old category, with a workforce increase of 24 employees overall compared to the previous year. However, employees over 50 years old, now account for 50% of our total workforce, which means we must plan for their future retirement. With this in mind, we are continuing with the following measures:

- implementing internships and apprenticeship programmes to increase our appeal to young people, particularly in the USA and at the Thames site;
- developing a forward-looking management of jobs and skills (GPEC) within each entity, to aim to prevent future loss of expertise when experienced employees leave the company;
- implementing a progressive retirement policy, notably in France, aimed at improving the working conditions of senior employees whilst training young talent.


Talent retention

We implement initiatives aimed at retaining our workforce. Notable measures include:

- the improvement of onboarding processes to help new recruits better integrate into the company. Tools for these purposes have been implemented at BBP and are currently being rolled-out across France and the USA;
- an analysis of the root causes of voluntary departures (meetings, assessment of number of years' service when leaving the company) to adjust the action plan in line with identified causes;
- a programme of internal and external skills development training programmes;
- one-to-one meetings to assess skills and support career development and growth;
- adhering to the initiatives made by Grenadier Holdings (formerly Paragon Group) in respect to the personal and professional development of our future leaders (European Learning Development Programme) and young talent (Young Paragon Network);
- implementation of new industrial technologies to help develop unqualified roles. The ASK IntTAG (USA) and PIROM (Romania) sites have both benefited from the implementation of new industrial tools enabling more automation and the transformation of unqualified, low-paid jobs into more appealing positions;
- the implementation of a wellbeing focused workplace environment.

ELDP AND YOUNG PARAGON NETWORK

This year, Grenadier Holdings expanded these two programmes to all divisions, including Paragon ID. The "European Leadership Development Programme" allows future company leaders to receive support over 18 months to develop their skills and potential. The "Young Paragon Network" programme is intended to pool together new hires from various countries and divisions around concrete themes so as to develop their knowledge of the company and hone their project management skills.



The efforts made to reduce our staff turnover and to retain talent have begun to yield results, with an overall fall in the staff turnover rate from 13.11% to

10.28%

This reduction was particularly noticeable on the sites of PIROM (7.58% compared with 25.76% in 2021/2022) and ASK IntTAG (15.63% compared with 36.36% in 2021/2022).



INDICATOR

Staff turnover: **10.28%** (13.11% in 2021/2022) equating to an evolution of **-21.6%**

TARGET

Staff turnover: **< 10%**



Encouraging a culture of listening, communication and responsibility

Paragon ID listens to all of its employees. We promote open and compassionate dialogue, which we believe is essential to the commitment of each individual towards the company

strategy and encouraging individual responsibility. We also favour a workplace environment which is both collaborative and innovative.

Challenge



PROMOTING SOCIAL DIALOGUE AND WELLBEING AT WORK

OBSERVATION

Satisfaction surveys completed	Thames	BBP	Security Label	PIROM	PISAS	PID	EDM	ASK IntTAG
Sites that have completed a survey	✓	✓		✓	✓	✓		
Action plan implemented	✓	✓	✓	✓	✓	✓	✓	

Measuring satisfaction

To evaluate the wellbeing of our employees and better understand the potential psychosocial risks that our company could face, we have implemented satisfaction surveys across our largest sites.

France and the UK

In late 2021, we led surveys with all employees in France and the UK to measure their wellbeing and evaluate the psychosocial risks with which the company may be faced. Following these surveys, specific action plans were drawn up for each site and are currently being adopted by groups created specifically to deal with these issues.

The corresponding actions are taken with a view to promoting optimal quality of life at work and maintaining a good work-life balance.

They notably encompass working from home and promoting the right to disconnect.

Romania

In 2022, a similar survey was conducted at the PIROM site, leading to the implementation of a corresponding action plan.

Germany and the USA

At the Security Label and EDM sites with fewer than 50 employees, as well as the ASK IntTAG site with 64 employees,

communication is made easier due to the lower number of staff members. Regular meetings are organised during which senior executives openly accept comments and feedback from their teams. It should be noted that while no formal survey was undertaken, the Security Label and EDM sites drafted an action plan to deal with these issues.

Communication and wellbeing

We strive to develop a close dialogue with all employees.

Across our various sites, we implement actions and initiatives which bolster team spirit and cohesion between the different departments, managerial teams and local communities:

- organising regular team meetings;
- creating and distributing an internal magazine;
- organising fun and friendly events on each site, allowing teams to come together in an informal setting;
- supporting organisations and local charities such as the Maison de la Protection des Familles – 18 and the Réseau Initiative du Cher.

To promote a healthy lifestyle and encourage physical activity, we have also taken a host of actions, including:

- the creation of partnerships with health and wellbeing specialists (see inset);
- funding for electric bikes for employees working close to our PISAS site (France);
- free bike rental service at our Security Label site (Germany);

- free fruit and vegetables for employees on the Security Label site;
- support for sporting events such as the Sophia Games and the Pink October walk in France, as well as the “Cycling for the Climate” event in Germany.

Constructive dialogue with social partners

Social dialogue is key to nurturing a sustainable and productive working environment, which facilitates transparent communications around potential challenges. This productive working environment incorporates regular meetings with employee representatives, as well as the signing of collective inter-company agreements.

During 2022/2023, no fewer than 11 ordinary meetings of the Social and Economic Council (CSE) and 4 extraordinary meetings took place on the PID site. Similarly, 11 ordinary meetings of the CSE and 1 extraordinary meeting took place on the PISAS site, representing a total of 27 meetings in France over the course of the year.

On the PISAS site, two agreements were signed. Moreover, two members of the CSE at PID were appointed to attend the Board of Directors meetings, thereby ensuring employee representation during these meetings.

Increased responsibility

We actively work to ensure all our employees benefit from a workplace which encourages initiative, responsibility, commitment, mutual respect and teamwork.

ACTION PLAN

Throughout our Group, we have made the following commitments:

- to continue with the implementation of the action plans agreed following satisfaction surveys; and evaluate the results achieved;
- to expand these surveys to other sites and drawing up action plans where they do not yet exist, notably at the ASK IntTAG site;
- to continue the promotion of communication and well-being at work, whilst maintaining constructive dialogue.

A PROGRAMME DEDICATED TO HEALTH AND WELL-BEING

has been implemented on the BBP and Thames sites in the UK. Employees receive regular support from a professional coach, nutrition tips, “smoothie” mornings and mental health support.



INDICATOR

62.5% of sites have completed a satisfaction survey

TARGET 2025

75%



Promoting a workplace free of discrimination

Paragon ID is committed to complying with the 25 criteria for non-discrimination* taken from international and European regulations, as well as those stipulated by the applicable legislation of each country in which we operate.

We are committed to guaranteeing the equal treatment of all employees, regardless of skin colour, beliefs, gender, sexual orientation or any other factor.

We integrate the values of equality, diversity and inclusivity throughout our organisation, ensuring that each individual benefits from equal opportunities and that our employees are hired and trained on the basis of their skills and potential. Our continuous effort is aimed at creating a workplace which is inclusive, respectful and free from any forms of discrimination.

Challenge



FIGHT AGAINST ALL FORMS OF DISCRIMINATION

OBSERVATION

Nationalities working at Paragon ID	Thames	BBP	Security Label	PIROM	PISAS	PID	EDM	ASK IntTAG	Consolidation 2023
Number of nationalities on each site	22	3	11	1	6	3	2	3	51
Number of employees not holding the nationality of the country in which they work	48	8	14	0	6	2	11	19	108
Number of employees with an employment contract	146	92	45	132	226	47	46	64	798
Diversity as a % = Employees who do not hold the nationality of the site where they work / total number of employees on the site	32.88%	8.70%	31.11%	0.00%	2.65%	4.26%	24.00%	30.00%	14.00%

Equal opportunities

Paragon ID makes a firm commitment towards equal opportunities. We apply a fair and balanced policy to all employees and applicants. We reject any form of unfair treatment based on direct or indirect discrimination, harassment or victimisation, whether towards our employees or job applicants, due to factors such as race, religious beliefs, political opinions, ethnicity, nationality, marital status or civil partnership, parenting, gender, sexual orientation, disability or age.

Paragon ID and diversity

In 2022, 14% of employees throughout our Group did not hold the nationality of the country in which they worked. For instance, 30% of ASK IntTAG employees (USA) are not American, 31% of Security Label employees (Germany) are not German and almost 33% of Thames employees (UK) are not British.



* Source: www.defenseurdesdroits.fr

Gender equality

Although this was not identified as a major risk, we place a great deal of importance on this issue and use the gender equality index, which is a legal requirement in France.

Within each entity, we strive to guarantee that pay levels for women at Paragon ID are based on skills, experience and are comparable to that of their male counterparts.

In France, in accordance with the “Freedom to choose career” law of 5th September 2018, Paragon ID publishes the gender equality index for its two entities. This law aims to eliminate gender pay disparity.

In 2022, a gender equality commission was set up in France to draw up an action plan aimed at promoting equality and enhance the status of women within the company.

French companies are very different in terms of their workforce. Due to the low number of employees at PID, the index cannot be calculated. Consequently, for this indicator we have used the index for our largest entity, PISAS.

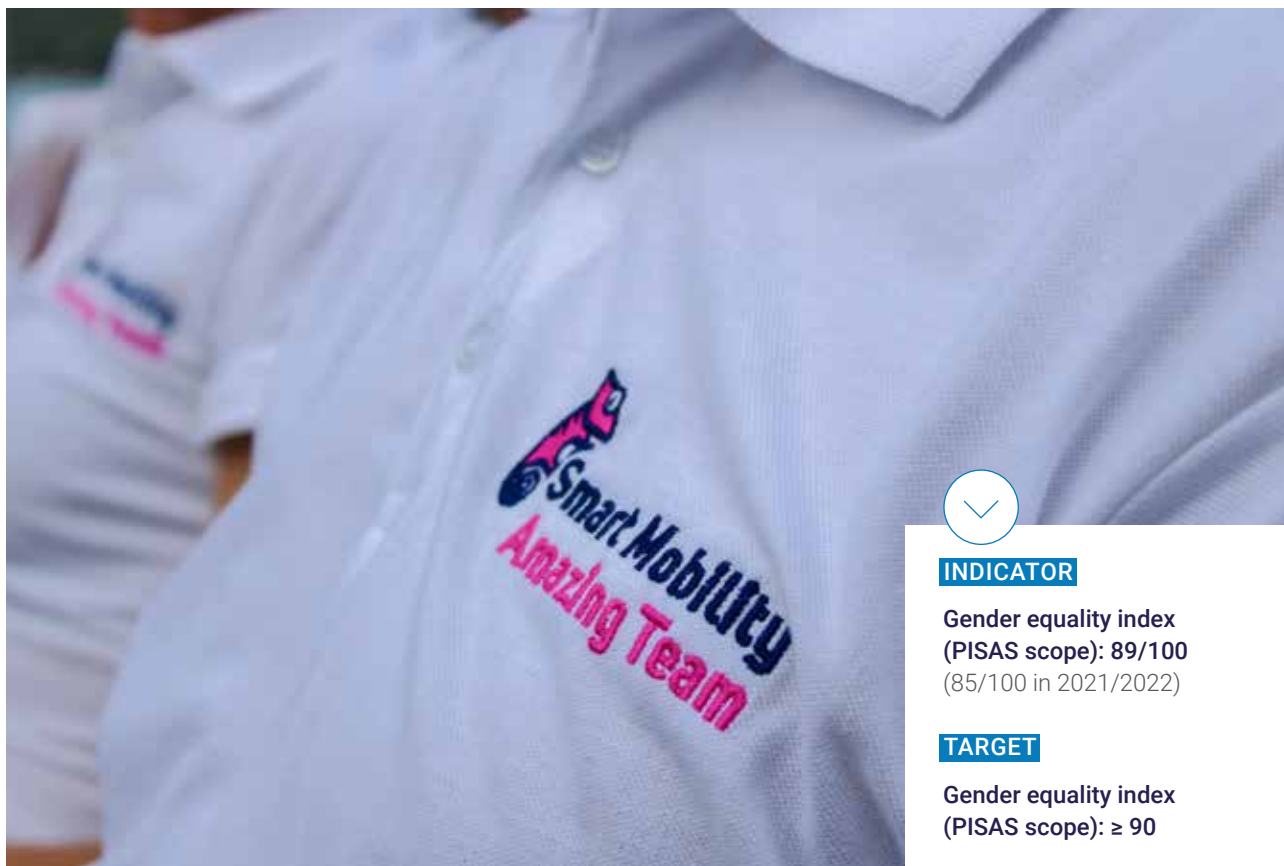
The average index in France in 2022 is 88/100.

Source: <https://entreprendre.service-public.fr>

ACTION PLAN

This year, we analysed nationalities that make up our workforce, and are planning to continue monitoring this indicator over time.

With regards to gender equality, we have drawn up an action plan which is clearly communicated, and the actions it sets out are regularly evaluated and monitored.



INDICATOR

Gender equality index
(PISAS scope): 89/100
(85/100 in 2021/2022)

TARGET

Gender equality index
(PISAS scope): ≥ 90

3



Environment

- Committing to protecting the environment
- Minimising our environmental impact
- Reducing our energy use
- Evaluating our carbon footprint
- Controlling the risk of pollution
- Anticipating future regulations
- Ensuring responsible waste management
- Limiting the depletion of natural resources
- Protecting biodiversity
- Anticipating the financial impact of climate change

Committing to protecting the environment

Paragon ID is firmly committed to protecting our environment. Our environmental policy is a clear demonstration of our awareness of the crucial challenges on this issue, and has been for a number of years. By adopting an eco-responsible and proactive approach, we are committed to continually improving our environmental performance.

Our commitment is based on several key targets, namely complying with applicable environmental regulations, preventing pollution risks and promoting the use of products that respect biodiversity. To this end, we have chosen to refer to the ISO 14001 standard to guide the implementation of our environmental management systems at all our sites.

At the heart of this strategy, we have defined guidelines which are the driving force behind our initiatives and decisions taken regarding the environment.



The three pillars of our environmental policy:

1

PREVENTING POLLUTION RISKS

Awareness-raising initiatives are organised for all employees so that everyone can be actively involved in helping protect our environment.

In each business sector, we conduct analyses to anticipate any risk of pollution that could affect our water, air and soil.

2

COMPLIANCE WITH REGULATORY REQUIREMENTS

The regulatory requirements are known, shared and complied with, for all regulations applicable to our business.

3

MANAGING THE END OF LIFECYCLE AND RECYCLING OUR PRODUCTS

The end of lifecycle and recycling of our products should be taken into consideration by our R&D teams at the design stage.

4 RISKS AND 4 CHALLENGES IDENTIFIED



Risks

- Failure to guarantee compliance with regulations aimed at reducing our environmental impact
- Failure to responsibly manage waste and emissions produced by pollutants which could lead to production stoppages
- Medium- and long-term ban on PVC
- Increase in waste generated by a % higher than the increase in our sales turnover



Challenges

- Combatting rising temperature and natural disasters
- Reducing the financial impact of climate change
- Sustainable use of resources
- Protecting biodiversity



Minimising our environmental impact

Paragon ID strives to both control and reduce its environmental impact across all production sites by implementing preventive measures developed by dedicated working groups.

We are committed to mitigating our impact on the environment in line with regulation, even amidst a context of sustained growth. This commitment is illustrated through our environmental action plans, as well as the development and release of products and solutions aimed at supporting our clients in their own social and environmental initiatives.

Risk



**FAILURE TO GUARANTEE COMPLIANCE WITH REGULATIONS
AIMED AT REDUCING OUR ENVIRONMENTAL IMPACT**

OBSERVATION

ISO 14001 certified production sites	Thames	BBP	Security Label	PIROM	PISAS	PID	EDM	ASK IntTAG
Certification awarded	✓	✓		✓	✓	✓		

The company has eight sites within its consolidation scope. Amongst these sites, Thames has been ISO 14001 certified since 2010, BBP since 2011, PISAS since 2015 and both PIROM and PID since 2022.

Each country adapts to its respective circumstances. For example, the ASK IntTAG site (USA) follows the ISO 14001 standard without being certified.

The Paragon ID environmental policy is integrated into the employee handbook.



ACTION PLAN

Security Label has committed to drawing up an action plan based on ISO 14001 guidelines.

ECOVADIS

EcoVadis Gold Certification has been awarded to the PISAS site, whilst the Thames site has received Silver certification.

The BBP site has already begun the accreditation process and should receive certification in 2023/24.



INDICATOR

62.5% of sites ISO 14001 certified

TARGET 2025

80%



Reducing our energy use

Fossil fuels such as oil, coal and gas release greenhouse gases into the atmosphere and contribute towards global warming. Close to 60% of global greenhouse gas emissions come from energy production sources. Furthermore, energy use is closely linked to economic considerations, as evidenced by the crisis in Ukraine, which has led to a significant rise in gas and electricity prices.

Faced with climate challenges and the unprecedented increase in energy costs, it is essential for us to have a rigorous energy usage management policy whilst taking into consideration our commercial growth.

Challenge



CLIMATE CHANGE AND NATURAL DISASTERS

OBSERVATION

Consolidated electricity and gas use (Thames, BBP, Security Label, PISAS, PIROM, EDM and ASK IntTAG sites):

Energy use	Consolidation 22/23	Consolidation 21/22*
Electricity in kW/h	9,637,906	8,299,655
Gas in kW/h	2,225,385**	3,166,633
Total kW/h per full year	11,863,291	11,466,289
Site revenue in k€	155,387	113,231
Ratio of kWh/revenues k€	76.35	101.26

* Excluding the Thames and Security Label sites in 2021.

** Excluding Security Label and ASK IntTAG who have not issued data for the period.

ACTION PLAN

Over the last 12 months, we have implemented an energy reduction strategy across all of our sites. This strategy is based on several measures, including campaigns to raise awareness among our employees, projects aimed at increasing the energy efficiency of our production processes, as well as targeted investments to reduce our overall energy consumption. These efforts have included the acquisition of new equipment and improvements to lighting systems.

However, it is worth noting that an incident occurred on the PISAS site, where the heating system broke down in the middle of winter. This situation impacted our gas use and explains the difference observed in our energy data. Despite this, our commitment towards reducing our energy usage stands firm and we are stepping up our efforts to further reduce the impacts of our energy consumption.



INDICATOR

Ratio of kWh/revenues k€: **76.35** (101.26 in 2021/2022) equating to an evolution of **-24.61%**

TARGET

Ratio of kWh/revenues k€: **< 70**



Evaluating our carbon footprint

In 2022/2023, we carried out a carbon assessment based on 2021/2022 data for Paragon ID France, covering the PID and PISAS sites, as well as Paragon ID UK, including the Hull and Thames sites. The aim was to draw up a full inventory of our greenhouse gas emissions (GHGs). We commissioned the services of Greenly in both countries to assist us in this process, which aims to obtain a comprehensive overview

of our greenhouse gas emissions, with particular attention paid to the sites indicated above.

This data is essential to identify all potential areas that we can step up efforts to further reduce our impact on climate change.

OUR EMISSIONS

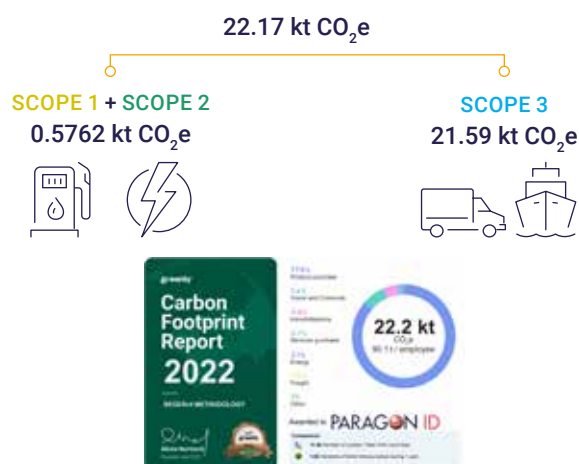
Data extraction using the "GHG Protocol" allowed us to organise the study of our emissions into three categories, themselves broken down into sub-divisions of emissions.

Supplies	Upstream freight	Production	Downstream freight	Waste processing
SCOPE 3 – “UPSTREAM” ACTIVITIES		SCOPE 1	SCOPE 3 – “DOWNSTREAM” ACTIVITIES	
8. Upstream energy 14. Upstream leased assets	1. Fixed fuel sources 2. Mobile fuel sources	17. Downstream transportation of goods		
9. Purchase of products and services 10. Amortisations	3. Non-energy processes 4. Fugitive emissions	11. Waste 19. End of lifetime of sold products		
12. Upstream transportation of goods	5. Biomass (land and forest)	18. Use of sold products 20. Downstream franchise 21. Downstream leasing		
13. Professional travel 16. Visitor and client transportation 22. Commuting to and from work	SCOPE 2			
	6. Electricity use			
	7. Steam, heating, cooling consumption			

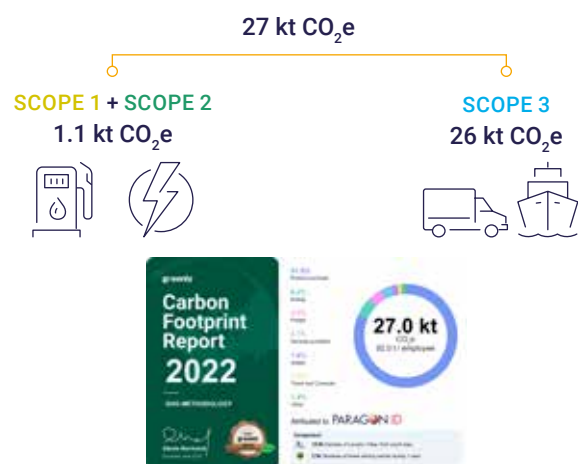


Paragon ID France and Paragon ID UK have been awarded Greenly Bronze Medals for their corporate climate strategies.

SUMMARY OF EMISSIONS PER SCOPE FOR PID AND PISAS



SUMMARY OF EMISSIONS BY SCOPE FOR PID UK



Given the weight of Scope 3, in 2024 we will be undertaking an analysis of the elements that form this Scope to help us draw up an action plan to reduce these emissions.



Controlling the risk of pollution

The BBP, PISAS and EDM sites emit solvents into the atmosphere which are regulated. These emissions are primarily generated by the production of magnetic tickets for urban transportation. The demand for this product has

a direct impact on our VOC (Volatile Organic Compound) emissions, which is why we measure the ratio between our solvent consumption and revenue.

Risk



FAILURE TO RESPONSIBLY MANAGE WASTE AND EMISSIONS OF POLLUTANTS

OBSERVATION

VOC emissions	BBP	PISAS	EDM	Consolidation 22/23	Consolidation 21/22*
Use of solvents in kg	37,137	45,518	4,354	87,009	102,950.8
Magnetic ticket revenue	8,000	6,251	6,910	21,161	14,769
Ratio of solvent use/ mag. tick. rev.	4.64	7.28	0.63	4.11	6.97
Site revenue in k€	22,431	54,492	12,359	89,282	67,385

In 2022, following the mass return of passengers to public transport after the pandemic, the demand for magnetic tickets returned to normal. This year, sales of this product increased, in part thanks to price adjustments. Despite the increase, our use of solvents did not rise, which led to an improvement in our ratio, thus showing that we use solvents more efficiently.

* For EDM, 2022/2023 was the first year this measurement was taken. The notable difference in the ratio can be primarily explained by the technology we use to manufacture and apply the coating.

ACTION PLAN

In November 2022, we officially launched our new water-based magnetic ticket at our Hull site. The aim was to completely eliminate the use of solvents in our production processes, unlike traditional tickets. This new ticket has been adopted across the British rail network.

However, due to some technical issues, the test phase was delayed by 6 months. We finally began full-scale production in Autumn 2023, with a view to roll-out the new tickets by the end of the calendar year. Our next objective is to expand this initiative to the PISAS and EDM sites.

Percentage of water-based magnetic tickets produced	2022/2023	Target 2023/2024
BBP	0%	70%
PISAS	0%	1%
EDM	0%	0%

We also offer our clients more environmentally-friendly alternatives to magnetic tickets. Many cities are now implementing our digital ticketing solutions for smartphones (mTicket) as well as our Tap and Pay solution, which notably allows people to pay and validate their travel ticket using a contactless bank card.

We also offer support to a host of cities and regions in the transition towards alternative solutions. This is the case in the Greater Paris region where we work closely with the transportation authorities to replace magnetic tickets and Navigo travel passes with contactless cardboard tickets and cards.



INDICATOR

Ratio of kg/k€: **4.11** (6.97 in 2021/2022)
equating to a reduction of **41%**

TARGET

Ratio of kg/k€: **< 4%**



Anticipating future regulations

In 2022, the European Commission presented a roadmap which included a gradual ban, on polyvinyl chloride (PVC) and its additives.

Risk



MEDIUM AND LONG-TERM PVC BAN

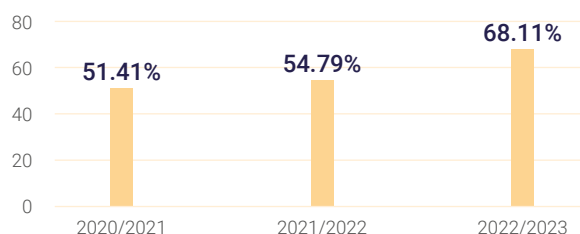
As part of "Payment Solutions" business activities, Paragon ID, through its subsidiary Thames Technology, produces and sells PVC cards. Any ban on PVCs could have a detrimental impact on its business. Consequently, in 2020 we introduced "green" cards to the market, which are more environmentally-friendly, as part of a voluntary process aimed at replacing traditional PVC cards.

Thames Technology offers a range of more environmentally-friendly cards manufactured using both plastic and non-plastic materials.

Over the last three years, the sales volumes of this environmentally-friendly cards have steadily increased, demonstrating the growing appeal of more sustainable solutions.

By 2025, Thames Technology aims to switch all of its clients to these sustainable products, consequently becoming the first card manufacturer in Europe to be fully "virgin plastic free". The company has also submitted its cardboard cards for Mastercard and Visa accreditation.

Percentage of environmentally-friendly cards sold / total number of cards sold



INDICATOR

% of Eden cards sold / total number of cards sold: 68.11% (54.79% in 2021/2022)

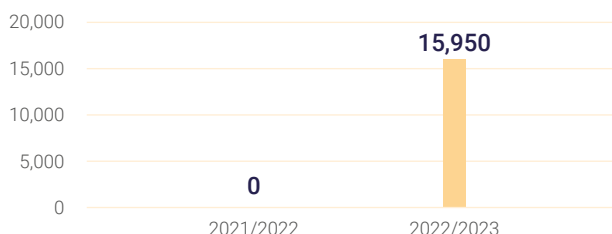
TARGET 2025

90%

Thanks to AmaTech's technology, Thames Technology also manufactures metal payment cards, offering an alternative to PVC. The production of metal cards at Thames Technology began during the 2022/2023 financial year, reaching 15,950 units produced over the year. The target is to produce 200,000 units by 2025.



Production of metal cards (in units)





Ensuring responsible waste management

We take a responsible approach to waste management, focusing on reducing waste at the source. Our aim is to minimise waste by implementing strategies reducing

the spoils during production and integrating environmentally-friendly design throughout our processes.

Risk



INCREASE IN WASTE GENERATED BY A % HIGHER THAN THE INCREASE IN OUR SALES TURNOVER

OBSERVATION

Over four of our industrial sites, accounting for 57% of our consolidated sales turnover, waste reduction measures have been implemented. For the first ever time, we carried out a comparison over two years, which allowed us to observe that with an increase of almost 24% of our consolidated sales turnover, the increase in material wastage was only 0.67%, maintaining a level below 3%.

Overall consolidation of the BBP, PIROM, PISAS and EDM sites	2021/2022	2022/2023
Material wastage in €	1,612,854	2,580,314
Site revenues in k€	72,595	89,282
Ratio of waste/revenue	2.22%	2.89%



INDICATOR

Ratio of waste/revenue: 2.89%
(2.22% in 2021/2022)

TARGET

< 2.5%

EEZEETAG: A REVOLUTION IN LUGGAGE TAGS

Security Label, European leader in the supply of luggage tags for the airline sector, produces and sells Eezeetag tags. These self-stick luggage tags without backing are designed to allow passengers to label their own luggage. This innovation offers a better customer experience by speeding up passage through airport terminals. In addition to these benefits, the product has more environmentally-friendly characteristics. Because they have no backing, they require less raw material and do not generate any additional waste.

The growing use of this product by many terminals and airlines shows its success and its potential to contribute towards more ecological practices in the air travel sector.



INDICATOR

% of Eezeetag tags sold / % total tags sold: 25.64%
(19.40% in 2021/2022)

TARGET

28%

RECYCLING GLASSINE FOR HOME INSULATION

Recently the PISAS site entered into a partnership with a company specialising in recovery of glassine, also known as silicon paper. This type of translucent waxed paper is often used as backing for sticky tags. The aim of this partnership is to collect glassine from clients for recycling and transformation into cellulose wadding, a material frequently used in home insulation.

Currently only 5% of glassine used across Europe is recycled in this way. We are hoping to improve this figure thanks to this partnership. We are planning to assess the situation by late 2024 to measure the progress achieved.

ACTION PLAN

Our main aim is to expand these measures to our other sites to cover 80% of our total sales turnover. During 2022/2023, the introduction of new products was particularly significant, notably at our Romania site where waste material saw a significant increase. However, the control of new production processes has already led to a clear improvement to this situation.

Simultaneously, we are committed to eco-design to reduce waste for our clients and end users.



Limiting the depletion of natural resources

Our business activities involve the creation of physical or digital interactions with our clients and, in some instances, their stakeholders such as citizens, urban

transportation users and patients. This process requires the frequent use of raw materials to manufacture our products and solutions.

Challenge



SUSTAINABLE USE OF RESOURCES

OBSERVATION

The supply of paper is a major environmental concern for our company, being the most direct physical link between our company and our clients. The vast majority of our paper is carefully selected in Europe and comes from sustainably managed forests. We ensure that our paper, including specialist paper used for magnetic tickets on the PISAS, BBP and EDM sites, is FSC or PEFC certified, guaranteeing no deforestation has taken place in its production.



INDICATOR

Percentage of paper raw materials certified, including adhesive tags.

TARGET 2025

> 80%



Protecting biodiversity

Biodiversity encompasses all living things. Integrating biodiversity into our CSR strategy is essential in order for our actions to have a tangible positive impact on nature.

Challenge



PROTECTING BIODIVERSITY

Over the last year, we have sponsored the installation of three bee hives with a local beekeeper, close to our PISAS site. The honey produced is then sold to our employees through the Social and Economic Council at the firm. We are also investigating other opportunities for similar partnerships in France and beyond so as to help preserve biodiversity.





Anticipating the financial impact of climate change

The ongoing climate change situation is leading to an increase in the number of natural disasters such as flooding, cyclones, droughts and fires.

The increase in these events can have significant repercussions on economic activity.

Companies located in high-risk areas (coastal regions, dry regions or those exposed to natural disasters) are particularly vulnerable. There are a variety of potential impacts including: increased insurance premiums, the need to reinforce infrastructure, and even potentially having to relocate business operations.

Challenge



FINANCIAL IMPACT OF CLIMATE CHANGE

We have received reports from our insurer which conclude that our primary sites are not at risk of natural disasters and the financial impact of climate change on our company is low. However, we are entirely aware that even companies located in relatively well protected areas could still be affected. Our supply chain and the procurement of our raw materials may also be affected by climate change as well as macroeconomic and geopolitical developments.

It is important to note that actions undertaken by government authorities to fight climate change, notably initiatives aimed at developing sustainable forms of transport, could have a beneficial impact on the increase in sales of our ticketing solutions.





Innovation and eco-design

- Meeting stakeholder expectations
- Developing innovative solutions
- Investing in the industries of the future

Meeting stakeholder expectations

Paragon ID is committed to the continuous development of innovative solutions to meet the expectations of our stakeholders in terms of social, societal and environmental performance. Eco-design plays a central part in our innovation strategy and contributes to the sustainable growth of our company.

Our investments and innovative initiatives carried out within our industrial infrastructure are geared towards improving and optimising our business activities. At the same time, we are actively seeking to transform unskilled jobs into skilled positions, thereby encouraging the professional development of our employees and retaining talent.

Through our new products and solutions, we facilitate the digital transition for both our clients and ourselves. This transition allows for optimisation of operational efficiency, offering an improved customer experience whilst reducing our carbon footprint.

Our digital solutions are already widely adopted across various sectors including public transport, healthcare, industry and payment services.

Developing innovative solutions

Paragon ID is committed to the development of solutions which offer clients the ability to:

- improve operational efficiency;
- digitalising their products;
- reduce waste by optimising processes;
- offer products designed with the environment in mind (e.g. water-based magnetic coating, Eden cards).

These solutions all support our clients in their Corporate Social Responsibility (CSR) initiatives.

TRACEABILITY IN HEALTHCARE, INDUSTRY, AVIATION AND LOGISTICS

RFID tags

We supply RFID tags to a range of sectors including retail, aviation, industry, logistics, healthcare and pharmaceuticals. This technology improves product traceability, reduces losses and optimises stock management. These innovative products are sparking a high level of global demand.

Geolocation and RTLS

Demand for RFID Discovery's SaaS tracking and geolocation solutions is rising. They track assets and other objects, offering clients the opportunity to optimise use of their equipment. The traceability of each item of equipment contributes towards improved use and avoids unnecessary purchases, thereby reducing the overall carbon footprint.

Eezeetag

As indicated previously (see p. 43), Security Label produces and markets luggage tags without liners, thereby reducing the volume of waste generated by end users.



INNOVATION IN PUBLIC TRANSPORT

The Open ABT platform, a result of the collaboration between Paragon ID and its subsidiary airweb, is a comprehensive, flexible ticketing solution. Focused on the digitalisation and improved access to public transport, it combines the know-how of both entities to offer a digital software as a service (SaaS) platform with solid expertise in secure ticketing solutions for public transport:

- Open mTicket (digital transport ticket), developed by airweb, meets the growing need of the market for mobile contactless solutions. mTicket is used to access public transport without requiring a physical ticket, eliminating the need for paper, ink and silicon...
- Open Tap & Pay provides bus users with P One validators (developed by Paragon ID and Ingenico), which accept various payment methods and ticket types such as contactless payment cards, QR code tickets, contactless cards and smartphones. Complementary to mTicket, this solution has already been rolled-out across several cities including the wider community of the French Riviera and Saint-Jean-de-Maurienne.

These digital solutions offer environmentally-friendly alternatives to physical tickets such as magnetic tickets and plastic cards.

PAYMENT SOLUTIONS

As previously indicated (see p. 42), in 2020, Thames Technology first introduced a range of environmentally-friendly "Eden" cards, made from wood, cardboard or recycled plastic. Sales of this range of cards have continued to grow year on year.

The metal "Fusion" card is also a more sustainable and environmentally-friendly alternative to PVC.

Investing in the industries of the future

This year Paragon ID has continued to invest in modernising its production capabilities, thereby capitalising on its operational excellence, expertise, creativity and innovative capability.

These criteria will remain at the forefront of Paragon ID's strategy for the year ahead.

As we emerged from the pandemic, Paragon ID continued with the initiatives launched during this period, focusing on those with a positive environmental impact:

- holding virtual meetings via Teams rather than face-to-face and using HoloLens for reviews and audits with suppliers to limit travelling;
- supporting our clients with environmental challenges: recycling, choice of raw materials, etc.

The company has also continued to modernise its production equipment, in particular with the installation of automated machines at the ASK IntTAG and Bucharest sites. These initiatives are intended to improve efficiency, reduce waste and free-up staff, transforming unqualified jobs into qualified positions, and thereby helping to retain talent.

Paragon ID will continue to invest in cutting-edge equipment to further consolidate its role as a key player in Industry 4.0.



Methodology

This Extra-Financial Performance Statement (EFPS) outlines the strategy, guidelines and initiatives taken by Paragon ID in terms of Corporate Social Responsibility (CSR). It forms an integral part of the management report and is based around the primary CSR challenges identified by Paragon ID.

DATA COLLECTION

The Extra-Financial Performance Statement has been reviewed and approved by the Board.

Data collection, consolidation, processing and analysis are undertaken by the Group's general secretary. An internal audit is carried out once a year by the general secretary whilst an external audit is carried out by PWC.

Data relates to the financial year ending on 30th June 2023 and is compared to data from previous years to monitor trends.

SCOPE OF INDICATORS

Social and societal challenges have been determined for the Group's entire industrial scope. Recently integrated entities offering software solutions are not included in the consolidation scope.

The indicators outlined below have all been selected to meet regulatory requirements in terms of extra-financial information. CSR information reflects the scope of Paragon ID and encompasses the following sites:

- France: PID and PISAS;
- United Kingdom: BBP and Thames Technology;
- USA: ASK IntTAG and EDM;
- Romania: PIROM;
- Germany: Security Label.

Those entities not included in the scope are airweb, Apitrak, Tracktio, AmaTech, Burall Infosmart, UrbanThings, Uwinloc, RFID Discovery and account for 8.53% of permanent employees. The consolidation scope therefore accounts for 91.47% of permanent employees.

Due to the nature of our business activities, the following areas do not constitute our primary risks:

- food waste;
- fighting food insecurity, animal well-being, responsible, fair and sustainable food sources;
- corporate commitments to sustainable development;
- fair practices: consumer health and safety measures;
- initiatives aimed at promoting the link between the nation and the armed forces and supporting military reserves.



For further details,
please contact the CSR manager
and publication director at Paragon ID:
Dominique Durant des Aulnois

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