OT GROUP

ENVIRONMENTAL& SOCIETY MANIFESTO



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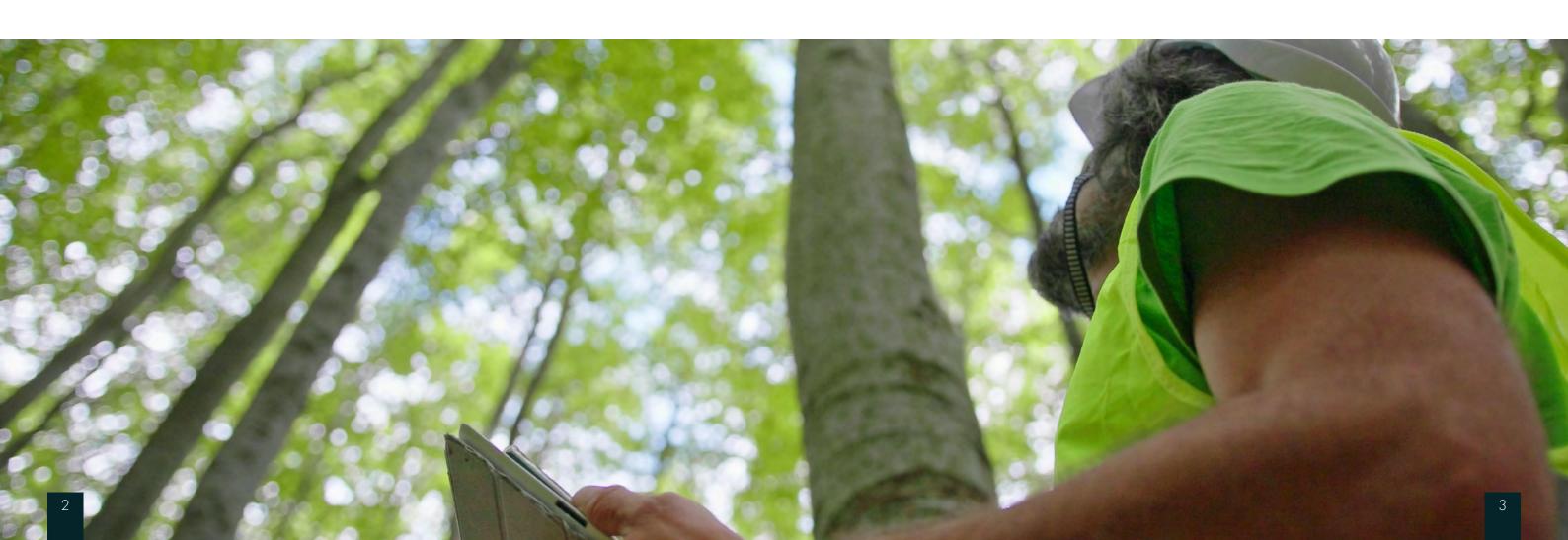
INTRODUCTION FROM OUR CEO.

OT Group champions environmental and societal change, and believes that responsible business is where we respect and nurture our planet, our community, and our people with the actions we take. We strive to be environmentally accountable and advocate for better sustainable principles to protect our planet. We consistently base our actions on achieving two key objectives – to reduce our carbon emissions against our 2021 carbon baseline by 50% by 2030, and to increase our social value by 50% against our 2021 baseline by 2030. We are committed to supporting the communities in which we live and work, creating long-lasting partnerships, delivering community-based projects, and ensuring our suppliers and partners live the same values as us.

We do this by engaging the support and help of our best assets – our employees, customers, suppliers, investors, and community. Our goal is to make sure diversity, equality and inclusivity are at the heart of our business, encouraging a culture that ensures everyone feels welcomed, respected, supported and appreciated - no matter who they are or where they come from.

As a leading provider of business services and workplace solutions, direct to end users and via the wholesale channel, we have a responsibility to ensure that all of our stakeholders are part of our continual journey to protect our Planet, Partners and People, as well as doing our best to make business decisions for a sustainable future. Over the following pages, we have laid out our plans and explore how our journey will continue over the next financial year.





OUR COMMITMENT TO THE ENVIRONMENT & SOCIETY.

Our Vision

Our activities are also mapped against the UN Sustainable Development Goals, to demonstrate how we will contribute to solving global sustainability issues. Our 2030 ambition is proposed with a two-phase approach:

Phase 1

2022–2023: Measurement and validation of our sustainability and social value

• Phase 2

2023–2030: Lifecycle reductions / improvements across our environmental and sustainable commitments

2023: Establish a strong program of societal activity including philanthropy, DE&I and Health and Wellbeing



PLANET

Sustainable solutions



PEOPLE

Driving a fairer, more equitable society, supporting our local communities and the wellbeing of our colleagues



PARTNERS

Driving responsible behaviours



OUR STRATEGY.

Our Focus

OT Group is building a reputation for being there for our clients, customers and communities. The events of the last two years — the COVID-19 pandemic, a societal reckoning with systemic racism and the increasingly visible effects of climate change - reinforces why understanding, anticipating and effectively managing Environmental, Social and Governance (ESG) is critical to delivering on our mission to serve our clients, customers and communities. Now more than ever, a strong focus on the environment and society is a business imperative — and a key driver for long-term business success.

Our focus over the coming years will be based around seven core objectives:

- 1. Address the climate crisis and protect the planet by acting on our own environmental impact, and support our suppliers and customers to do the same
- 2. Reduce Scope 1, 2 and 3 emissions by 50% by 2030 against our 2021 baseline
- 3. Increase our social value contribution by 50% by 2030 against our 2021 baseline
- 4. Build a business that ensures inclusivity and diversity, where colleagues are respected, welcomed, and appreciated
- 5. Support the communities where we operate to thrive and prosper, focusing on supporting young people and the environment
- 6. Innovate to find solutions to improve our carbon footprint and drive down sustainability risk and impacts across supply chains
- 7. Provide customers with the information to make informed decisions

STAKEHOLDER ENGAGEMENT.

OT Group has a broad range of stakeholders, including customers and clients, employees, members of the communities we serve. investors, suppliers, and influencers. We engage with these groups on an ongoing basis to gain insight into their needs and perspectives, as well as to share information about our strategy, practices and performance. Responsibility for engaging with stakeholder groups is widely shared across the business and corporate functions, and we engage through numerous channels.

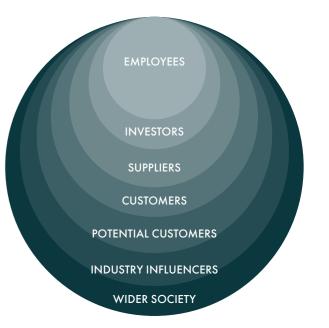
Stakeholders:













OUR COMMITMENT TO THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGs).



Plane

Led by our operations team and business leaders

- Goal-driven carbon reduction, externally-accredited
- Waste reduction and a larger volume recycled
- Reporting and regulatory compliance
- Reduction in the use of single use plastics across the business.





Product

Led by the procurement team and business leaders

- Establish a sustainable procurement process
- Implement tools to measure sustainability in the supply chain
- Develop a supplier strategy to engage with suppliers from diverse backgrounds
- Assist our suppliers to establish sustainable procurement practices.





People

Led by our human resources team and business leaders

- Diversity, Equity & Inclusion
- Health and Wellbeing
- Philanthrop
- Talent





It is important that all of our environmental and societal activity is mapped against the UN Sustainable Development Goals (SDGs), to demonstrate how we will contribute to solving global sustainability issues.

The SDGs promise action on 17 critical social and environmental issues — from ending poverty and homelessness, to protecting the planet and fighting inequalities — by 2030. While 193 world leaders have signed on to tackle the SDGs, governments can't achieve them alone. So, the 17th goal is a call for businesses and citizens to step up — to solve the world's biggest issues collectively and systemically.

The SDGs are an internationally understood and respected benchmark by which OT Group can measure, promote and index against when establishing and delivering a philanthropic programme. They will also provide a sense of purpose for employees, customers and suppliers that will connect them to the company.

OUR WORK TO DATE.

Over the last quarter we have engaged with external consultants to help define a carbon net zero strategy for our combined OT Group business, in line with our parent company Paragon Group's carbon net zero Framework. This vital project will determine how net zero will be achieved through governance enhancements, resouce efficiency measures, and behavioural shifts, both within the business and through working closely with our supply chain.

The scope of work currently being undertaken is to establish our carbon base rate and ensure that we have the correct reporting and external management frameworks in place. This work includes:





A desk-based corporate governance review, including the current 14001 EMS framework



Undertaking a site energy and environmental audit at key locations



Determining a science-based target (SBT) and trajectory



Establishing a forward-looking net zero action plan



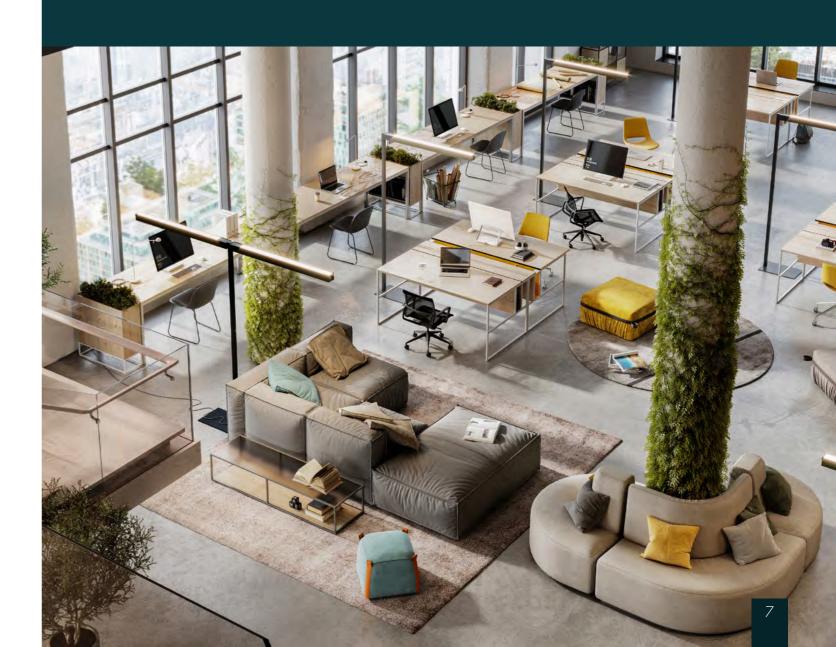
Establishing a greenhouse gas (GHG) emissions baseline and inventory



Advising on an effective data collection and reporting process



Developing an outline net zero strategy, including environmental aspects and impacts



PROVIDING GREENER PRODUCT CHOICES.

We offer over 3,000 environmental products across our branded and own-label ranges.

For businesses with environmental and social responsibility at the forefront of their procurement agendas, our assortment of Fairtrade, social value and 5 StarTM Eco products means there's a huge choice of sustainable options for our customers.



SmartChoice via SmartPad

With over 90% of our customers ordering online, our SmartChoice product flag empowers end-users to make a more sustainable choice when ordering their products; by clearly identifying products with environmental, social and sustainable accreditations and benefits, across our site.

As a supplier of 100,000s of products across 10,000s of suppliers, we are aware of our responsibilities to reduce our Scope 3 emissions and to ensure that our customers can make informed choices on the products they purchase. Our data team works closely with our key suppliers to validate the credentials of the products we supply. We regularly review and update our product data to ensure that our customers have visibility of these credentials, as well as sourcing sustainable alternative options.

As part of our sustainability ambition, we are committed to providing recyclable options of all core products by 2025 and for all of our products by 2030.





THE PLANET.

OT Group is committed and environmentally accountable, and we consistently base our actions on sustainability principles to protect our planet.

We champion environmental change and continue to build a sustainable business where we respect, nurture and support our planet with every action we take.

Over the next two years we will adopt the following environmental principles:

- Establish collaborative environmental working practices across the business and continue to measure, report, and monitor on our carbon emissions
- Implement competitive sustainable practices across all OT Group facilities and based on the 2021 carbon baseline, reduce our carbon footprint by 50% by 2030
- Reduce OT Group's largest contributors to our carbon footprint energy use, freight and logistics
- Educate and communicate for better climate action, and support the UN SDGs
- Improve waste management and reduction, starting with the elimination of single use plastics across all of our business facilities by 12/2023
- Reduce the amount of single-use plastics used in our packaging across the business by the end 2025



LIFECYCLE CARBON NEUTRAL

- 2021-2025: Carbon net zero & social value options available for core products & services
- 2021-2025: Initial reduction of own Scope 1, 2 & 3 emissions
- 2026-2030: Further reduction of Scope 3 emissions, all key suppliers committed to carbon net zero by 2050
- 2021-2023:100% gas & electricity for own activities from renewable sources (REGO backed)



CIRCULAR ECONOMY

- 2021-2025: Zero waste to landfill own activities
- 2021-2025: Key suppliers committed to zero waste to landfill
- 2026-2030: All suppliers committed to zero waste to landfill
- 2021-2025: Recyclable options for core products
- 2026-2030: Recyclable options for all products



WASTE

- 2021-2023: Zero avoidable single-use packaging in own operations
- 2026-2030: All key suppliers committed to removing all avoidable singleuse packaging



OUR PARTNERS.

OT Group is committed to supporting and collaborating with our customers, suppliers and partners, to drive forward positive sustainable procurement practices and impacts across our supply chain.

We encourage change by driving awareness and knowledge on responsible sourcing practices and empowering our customers, suppliers, and ourselves, to drive change together in all of our supply chains.

Over the next two years we will adopt the following principles in our work to support our partner stakeholders:

- Stablish collaborative working practices to find solutions to improve our sustainable and responsible business practices
- Work with our suppliers to establish accurate carbon data that is measured, reported and monitored, and is easily accessible for all stakeholders
- Ollaborate to establish a sustainable procurement process that supports our priorities, suppliers, and customers' environmental and responsible business practices
- O Introduce frameworks that report and improve OT Group's social values and help to reduce carbon emissions
- O Define and develop a diverse supplier strategy to engage with suppliers from diverse backgrounds



ETHICAL PROCUREMENT

- 2021-2025: Define and introduce ethical procurement charter/inclusive procurement strategy
- 2021-2023: Adoption of the Ethical Trading Initiative framework phase one is underway with completion of initial standards due for completion next year



SUPPLY CHAIN RISK MANAGEMENT

- 2021-2025: 100% due diligence completion with key suppliers
- Implement tools to measure sustainability in supply chain & set target for key suppliers



SUPPLY CHAIN ENGAGEMENT

- 2021-2023: Develop support mechanism for supply chain to drive sustainability best practice
- Define and develop a diverse supplier strategy to engage with suppliers from diverse backgrounds, including women, LGBTQ+ and minority groups
- Measure spend with diverse enterprise
- Define and set targets to increase spend with diverse suppliers



CASE STUDY.

Our relationships with our suppliers and partners are crucial to driving change. Menzies, our distribution partner, are key to reducing our carbon footprint and futureproofing our distribution plans.

World-class distribution partners: Menzies

Our strategic partnership with Menzies Distribution not only provides a world-class delivery and distribution network, but also a like-minded sustainable partner.

They focus on three main areas to make their business more sustainable and have a clear roadmap to Net Zero:

• Fleet • Energy consumption • Reuse and recycling for themselves and their partners

With innovations that span fleet electrification, vehicle to grid charging, vehicle design, alternative fuels, self-sufficient warehousing, carbon offsetting, and revisiting the need for PVC in vehicle livery, they are committed to shaping logistics for the future that directly address the climate change crisis.

A better fleet today makes a brighter tomorrow.

300,000 miles are driven by Menzies fleet every day, so making sure it's done in a way that's best for the planet makes a material difference.

The future's electric.

Menzies introduced their dedicated electric fleet because they know that fossil fuels aren't sustainable. It's their priority to expand it at pace – far ahead of regulatory deadlines.

For every electric vehicle introduced, they are improving air quality, cutting particulates and reducing harmful nitric oxide emissions. To enable this fleet to make as many carbon neutral deliveries as possible, Menzies has established a large commercial charging infrastructure in the UK. Through extensive trials, they've found the most energy efficient vehicle-to-grid charging process – meaning they charge at off-peak times and return spare charge to the grid at peak times when energy is in high-demand.

Menzies impact through choosing electric:

- Over 260,000 emission-free miles driven every year
 - 10 million items delivered emissions-free in 2019
- 2.5m kg of CO2 saved by replacing diesel with electric
- PVC-free livery biodegradable and free from toxic chemicals
- \bullet Zero-emission rural deliveries, including the Scottish Highlands and Islands

2.3m kg 1.5% 67% 260,000 100% Reduction in delivery time CO2 emissions reduced CO2 Emission free miles driven p.a. Renewable energy consumption

Menzies' overarching CSR strategy is the 'Road to Zero' – their ambition is to achieve Zero Harm, Zero Waste and Zero Emissions.

They see ensuring a safe working environment and positive safety culture as fundamental to their business, and strive to ensure business activities do not impact on the communities in which they operate and that their vehicles travel through.

Menzies also work hard to be as efficient as they can, maximising loads on every route, reducing the number of journeys made, and ensuring they incorporate the latest technology into their work.

Some of their latest achievements include:

- Reducing CO2 per vehicle kilometre by 12.3%
- Reducing CO2 per square foot of warehouse space by more than 60%
- Increasing liquid loads per tanker by an average 4.2% by using a lightweight chassis
- Using longer semi-trailers, double-deck and triple-deck trailers to reduce road miles
- Installing solar panels at their Wakefield site which will generate around 200,000 kWh of renewable energy per year, helping to avoid more than 50 tonnes of annual CO2 emissions
- Saving 90,000kg of CO2 by installing LED lighting across their Sheffield site





OUR PEOPLE.

The society element of our Environmental and Society Strategy is what we call 'People'. This is because it is made up of three areas of focus which all support the people, communities and society, both internally and externally within OT Group's microclimate.

These three areas are Diversity, Equity & Inclusion (DE&I), Philanthropy, and Wellbeing. Collaboratively, we make sure that we put people at the heart of our business and society, and support them to thrive, develop, and be valued members of the communities where we operate.



SOCIAL VALUE

- 2021-2025: Implement social value index and EcoVadis Framework



VALUE & PURPOSE



DIVERSITY & INCLUSION



- - engaging 60% of our colleagues and 50 customers and suppliers



DIVERSITY, **EQUITY AND** INCLUSION.

Over the next two years we will focus on four key areas to ensure that OT Group have an inclusive and diverse culture where innovation and diversity of thought helps to drive forward the success of the business.

- 1. Increase equality and strive to attract, recruit and retain the best talent within all available roles in the business, and ensure our remuneration is fair reward for the work
- 2. Build a pipeline of talent by educating and integrating young people from different ethnic and socio-economic backgrounds, through forming partnerships and education
- 3. Educate, communicate and celebrate the importance of all aspects of DE&I, including LGBTQ+, Ability, Equality and Ethnicity.
- 4. Implement tools to help gather and analyse recruitment and employee workforce data to monitor our continuous improvement.

We will meet the following objectives:

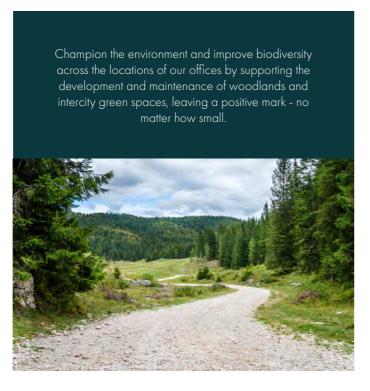
- Attract, recruit, and retain the best people by proactively ensuring recruitment processes are inclusive and reach appropriate audiences.
- Establish a pipeline of talent that includes everyone across all socio-economic
- Deliver a programme of Diversity, Equity and Inclusion training that ensures all team members understand the importance of DE&I.
- Continuously review policies and practices to ensure they are inclusive and reflective of our diversity, inclusion and equality aims.
- Celebrate all groups of society across the year, including IWD, PRIDE, National Volunteering Week, National Charity Day and World Earth Day.

PHILANTHROPY.

OT Group is committed to making a positive mark in the communities in which we live and work, through creating long-lasting partnerships, delivering community-based projects, and supporting the environment. We do this by engaging the support and help of our best assets – our employees, customers and suppliers.

We will make our mark by focusing on achieving these two strategic philanthropic pillars:





The Tree Council

We are delighted to have signed a multi-year partnership with The Tree Council who work tirelessly to bring everyone together with a shared mission to care for trees and our planet's future. As part of this partnership, we have contributed to The Tree Council Jubilee fund, a new community grants programme that will see an incredible 35,000 trees and 7 kilometres of hedgerow planted across the UK over the coming year.

The fund will enhance treescapes across the UK and create an environmental and cultural legacy in honour of the late Queen's historic 70 years on the throne. This celebration was part of the The Queen's Green Canopy and is a unique tree planting initiative created to mark Her Majesty's Platinum Jubilee in 2022, inviting people from across the United Kingdom to "Plant a Tree for the Jubilee."

Throughout the rest of 2022 and 2023, our colleagues will have the opportunity to use their volunteering days to join in on the delivery of these projects in our office's local communities and help us to meet our goal of planting 5,000 trees this year and a further 5000 in 2023.

We look forward to working on further projects with The Tree Council over the coming years.





THE PLATINUM JUBILEE 2022

VOLUNTEERING.

OT Group is proud to offer all of our staff one paid working day a year to volunteer for local community or charity projects.

That's 4,500 hours a year devoted to good causes that support charities and communities nationwide. Some of the local projects undertaken by our team include volunteering in charity stores, sponsored hikes and bike rides, donations of essential goods to local charities, deep cleaning of local night shelters and much more.









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PEOPLE - HEALTH AND WELLBEING.

Now more than ever, it is important to focus on wellbeing and build resilience to overcome and prosper during these challenging times.

OT Group is committed to ensuring that wellbeing is an integral part of the culture of the company. We will endeavour to provide resources and insights into all aspects of mental, physical and social wellbeing, to create a positive working environment where stress can be managed, and individuals can thrive. And so, we will improve and maintain the health and wellbeing of all staff to ensure better productivity and engagement across the business.

Over the next two years we will adopt the following health and wellbeing principles:



Increase mental health awareness and provide support to all staff members.



Provide leadership training to ensure managers and leaders have the skills required to promote positive wellbeing in the workplace.



Ensure positive mental and physical health activity is encouraged across the organisation, with resources made available to aid and assist all staff members to actively monitor and take care of their health.



Maintain high levels of health and safety across the organisation and ensure everyone is trained to a high standard.

And meet the following objectives:

- Educate and champion wellness across the workforce
- Stablish a network of health initiatives championed by the work force
- Build a culture of performance and accountability
 throughout the business
- Create a working environment that champions the health and wellbeing of the workforce
- Ensure that everyone is remunerated fairly and are given adequate job security in the roles they preform for the business



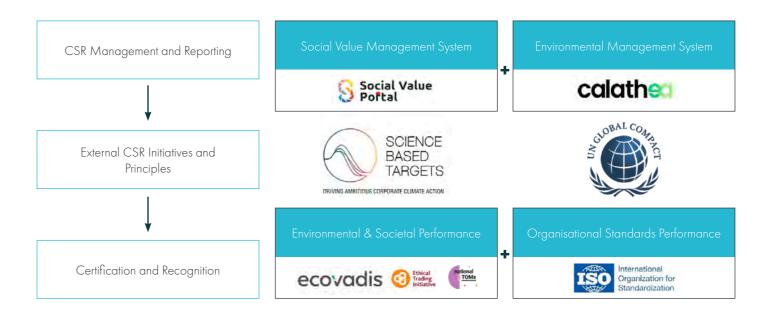


THE WAY FORWARD...

By successfully embedding an environmental and society strategy with good practices, strong frameworks and robust management systems, we will see several long-term benefits, both to OT Group and the wider society and environment.

Our systems, processes and reporting will also look to help our suppliers and customers on their own sustainability journey and provide them with the information they need to move forward. We will look to make sure that we stay on track by benchmarking our work externally, not only by adopting the UN Sustainability Goals, but by measuring our environmental and social performance within globally recognised frameworks such as EcoVadis, Ethical Trading Initiative and National TOMS.

MANAGEMENT, REPORTING AND CERTIFICATION.



There is strong business value to ensuring that our environmental and societal journey continues and is an incremental business practice across the business - promoting profitability, growth and employee retention. There is clear evidence of a growing market for sustainable goods, with our customers actively looking for a 'carbon neutral basket' and to replace many of their favourite products with sustainable items. As time progresses, customers are looking to only work with suppliers who have a strong sense of purpose and social responsibility.

Here are OT Group, we see this as an opportunity to champion innovation and work with our suppliers to create a competitive advantage for our customers and drive a stronger sustainable business. And, in the long-term, an opportunity to help to minimise the effect our work has on the world, and provide us with a platform to address some of the key social and environmental challenges that our communities face now and in the future.

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ENVIRONMENTAL & SOCIETY MANIFESTO