



PARAGON FILMS
DESTINATION SECURED

Sustainability **REPORT**

2023





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THINNER
STRONGER
GREENER®

Introduction

At Paragon Films, the word *character* lies at the heart of our mission. It is this value that drives us to champion the cause of sustainability within the stretch film industry. We believe this cause is not only essential to corporate responsibility, but also to being a good steward for the environment and the communities we serve.

The strongest pillar of our sustainability platform is reducing use—and we lead in the industry by thoughtfully engineering Thinner. Stronger. Greener.® stretch film products in the thinnest possible gauge. It is our goal to keep the highest possible volume of waste out of landfills and produce the highest quality materials to promote recycling.

When it comes to sustainability, Paragon Films' goal is to be the standard bearer for the industry. Why? ***Because it's the right thing to do*** and we owe it to our communities, our planet, and to you to champion this responsibility.

Sustainability Culture

A MESSAGE FROM PARAGON FILMS CEO DARIN TANG

At Paragon Films, sustainability isn't a casual concept—it's a culture.

Since 1988, our company has always followed a core principle: engineer ultra-high performance stretch films at the thinnest possible gauge to significantly reduce plastic stretch film use. This not only helps our customers minimize their environmental footprint, it helps them use less and spend less—all while better protecting their products. It's a principle best captured by our corporate motto "Thinner. Stronger. Greener." and it's a commitment that remains unwavering.

Today, we are investing more than ever before in the latest equipment, technologies, and research to bring the most advanced, sustainable packaging products to the market. We believe these efforts will bring tremendous results with the launch of products within our SVPR (Sustainability: Virgin Plastic Reduction) product category, including Beyond™ machine film and Power Edge PCR™ handfilm.

These products embody our "Thinner. Stronger. Greener." approach and provide the most advanced, cost-effective packaging solution to help our customers achieve their sustainability goals.

We are also taking bold steps to ensure sustainability across our packaging. This includes the application of polypropylene labels to our stretch film packaging, which will make recycling easier (no need to remove these labels prior to recycling) and help reduce contamination in the recycling stream. As an added resource, we have also created guides to educate our customers on how to recycle the packaging components of our finished good packaging.

We know encouraging recycling and reducing the plastic thickness of our films makes a real difference, but we also know a sustainability culture requires a holistic approach, which is why we are continuing our commitment to CDP reporting. We have been a CDP Discloser since 2021 and we are proud of this distinction. Through CDP reporting, we look forward to better understanding our environmental impact so that we can continue to leverage and improve our sustainability efforts for our stakeholders, customers, and communities.

Our 35-year tradition of creating the industry's most sustainable stretch film is just the beginning. Through the continued dedication of our efforts and resources, we look forward to creating a better, more sustainable stretch film industry in the years to come.

Darin Tang

Chief Executive Officer



At Paragon Films,
sustainability isn't
a casual concept—
it's a culture.

PARAGON MISSION



Continuously strive to be our customers' first choice in innovative, high quality, and value added packaging solutions, dedicated to securing a future for our employees, business partners, and shareholders, while embodying our **Circle of Excellence Values:**

CULTURE EXCELLENCE
Love, Passion, Integrity

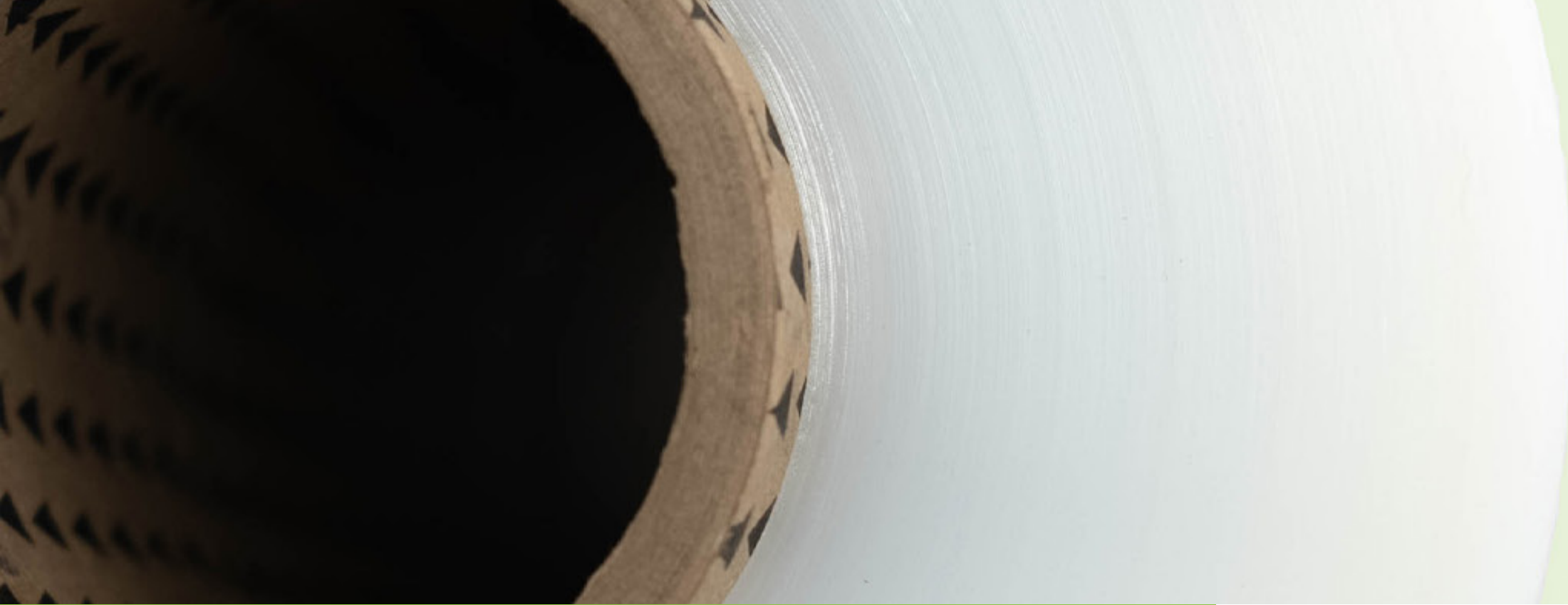
CUSTOMER EXCELLENCE
Partnerships, Representation, Commitments

LEADERSHIP EXCELLENCE
Servant Leadership, Inclusion, Diversity

SAFETY EXCELLENCE
Awareness, Accountability, Education, Uncompromising

OPERATIONAL EXCELLENCE
Quality, Technology, Sustainability, Innovation

FINANCIAL EXCELLENCE
Results Focused, Profitable Growth, Increase Shareholder Returns



Sustainability Mission

Sustainability at Paragon Films goes beyond producing the industry's thinnest stretch film—a superior product that significantly reduces waste. We are minimizing our environmental footprint and passionately leading others with integrity and excellence to do the same in order to secure a better future for our communities, customers, shareholders, employees, and their families.

Sustainability Approach

At Paragon Films, sustainability isn't just part of what we do, it's who we are. We believe in creating products our customers, stakeholders, and employees can feel good about, so that we can go home at the end of each day knowing the work we did made a difference—to our communities and our planet.

We do this by bringing technology, science, bold ideas, innovation, visionary problem solving, continuous improvement, and optimization into every aspect of what we do—channeling our efforts into a “lifecycle” approach to engineering stretch film. From design and formulation to end user application, we focus on stretch film sustainability at every step. The result is the industry's thinnest stretch film—a better product that significantly reduces waste and overall carbon footprint. **Thinner. Stronger. Greener.**® It's the purpose that drives our practice and our commitment to this cause will never waver.



Member of
SUSTAINABLE PACKAGING
COALITION®

Science Based Target (SBT)

According to the [Science Based Targets initiative \(SBTi\)](#), “Science-based targets provide a clearly-defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth.”

At Paragon Films, we understand the impact we can make when we choose to set and take action on a Science Based Target (SBT). We are proud to have set our own Science Based Target in 2023. By being committed to our SBT, we can not only help address climate change, but also benefit from cost savings, improved brand reputation, and increased employee engagement.

PARAGON FILMS SBT

Reduce Scope 1 & 2 GHG emissions

42% by 2030 from a 2020 base year

Measure and reduce Scope 3 emissions



42%



Emissions Reduction

SCOPE 1 AND 2

Over the past three years, Paragon Films has experienced significant business growth, with revenue almost doubling from 2020 to 2022. As a result, our Scope 1 and 2 emissions have increased by approximately 10 percent. Due to outliers such as the COVID-19 pandemic, we have been focused on developing a strong baseline to understand our emissions impact and believe 2022 results are the most representative of our true operations. Our 2022 Scope 1 emissions were 252 metric tons CO₂e, while our Scope 2 location- and market-based emissions were 29,030 metric tons CO₂e.

To reduce emissions without hindering business success, Paragon Films has assembled a cross functional sustainability coalition to identify large emissions contributors and brainstorm reduction strategies. In addition to the coalition, the Paragon Films Kata team, headed by our Chief Operations Officer, has prioritized energy efficiency and has committed to achieving progress on multiple initiatives every quarter.

SCOPE 1 EMISSIONS

Direct greenhouse (GHG) emissions from sources controlled by an organization

SCOPE 2 EMISSIONS

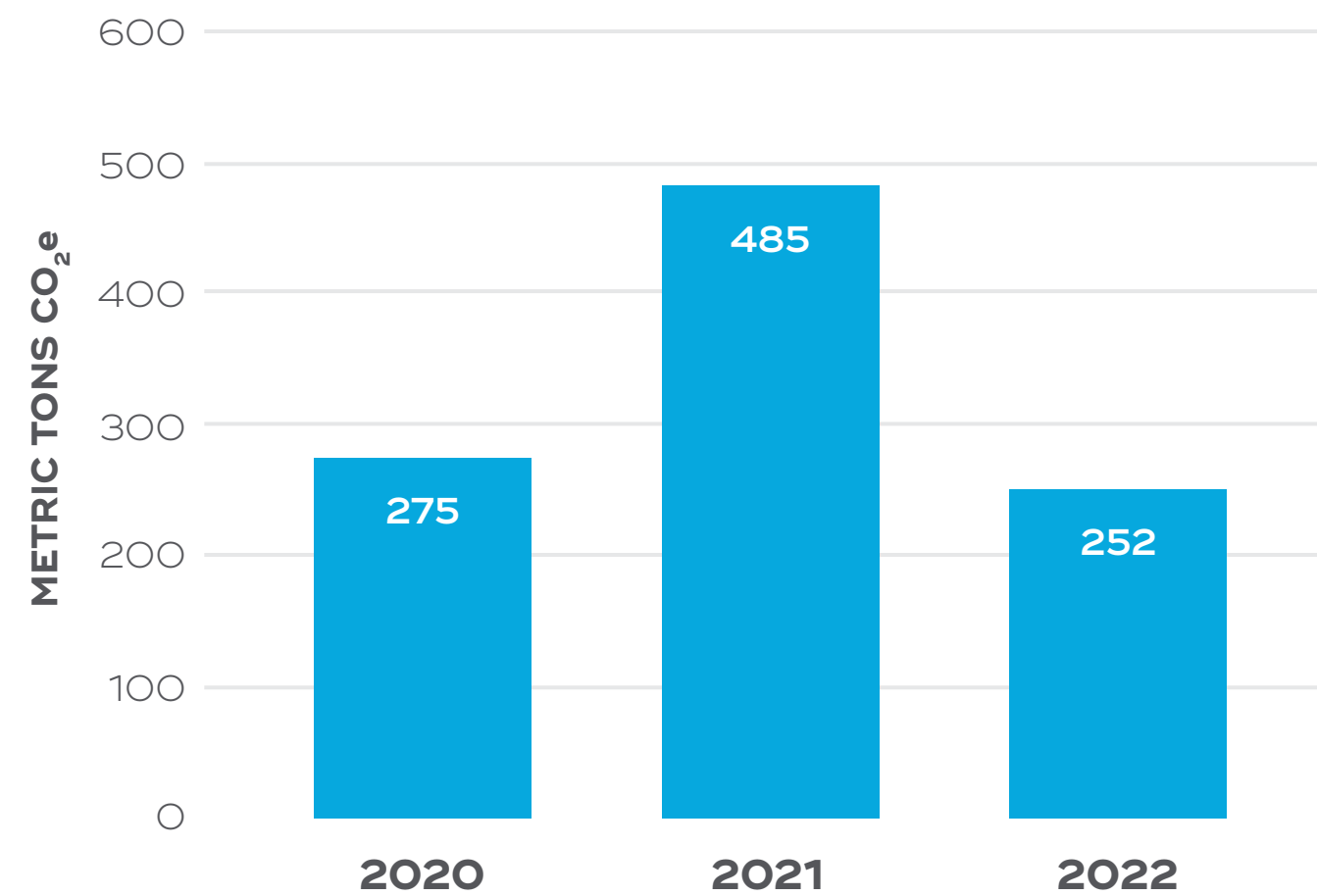
Indirect GHG emissions associated with purchase of electricity, steam, heat, or cooling

SCOPE 3 EMISSIONS

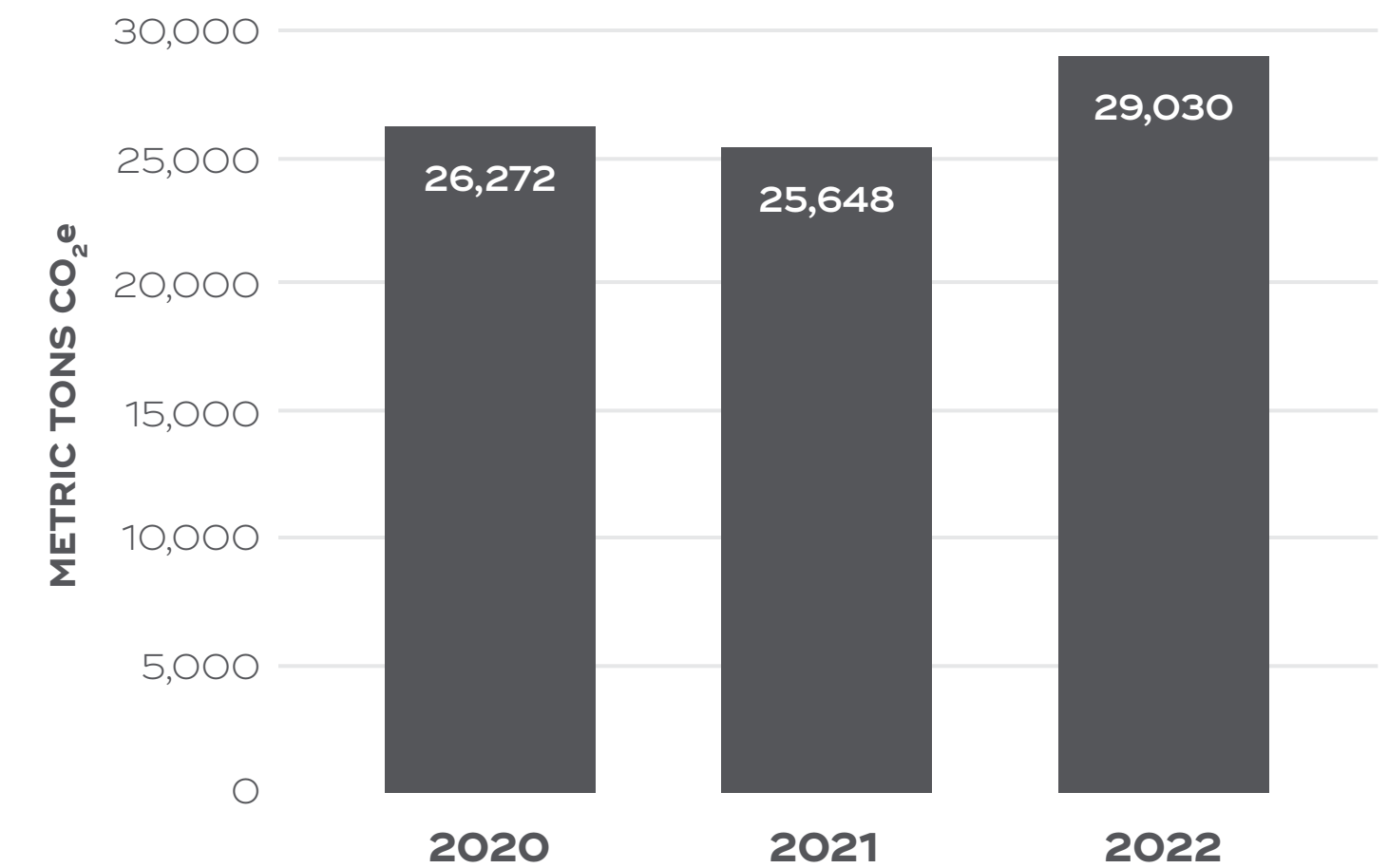
Value chain emissions resulting from assets not controlled by an organization, but that the organization indirectly affects

SOURCE: [EPA Center for Corporate Climate Leadership](#)

PARAGON FILMS SCOPE 1



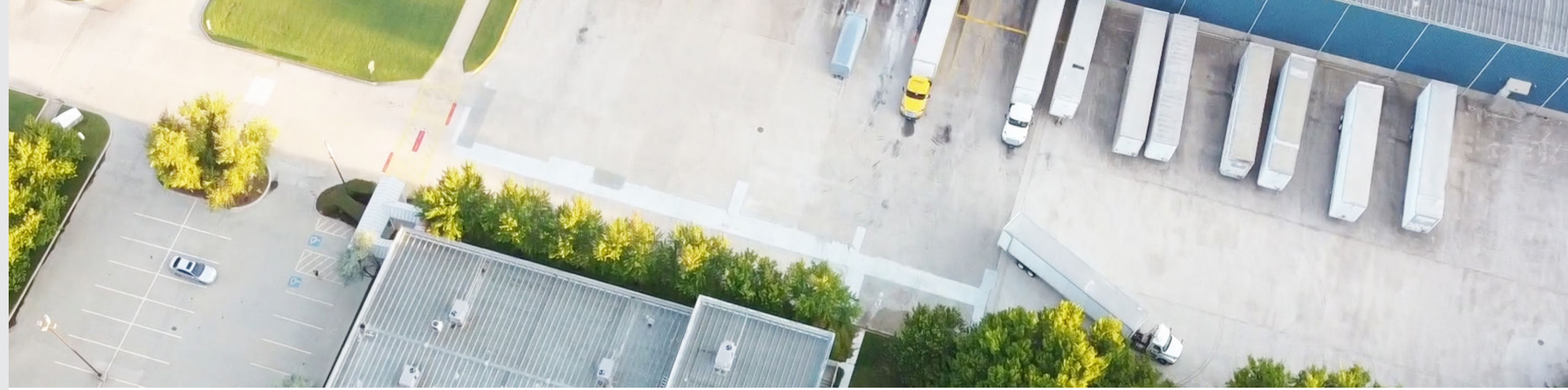
PARAGON FILMS SCOPE 2



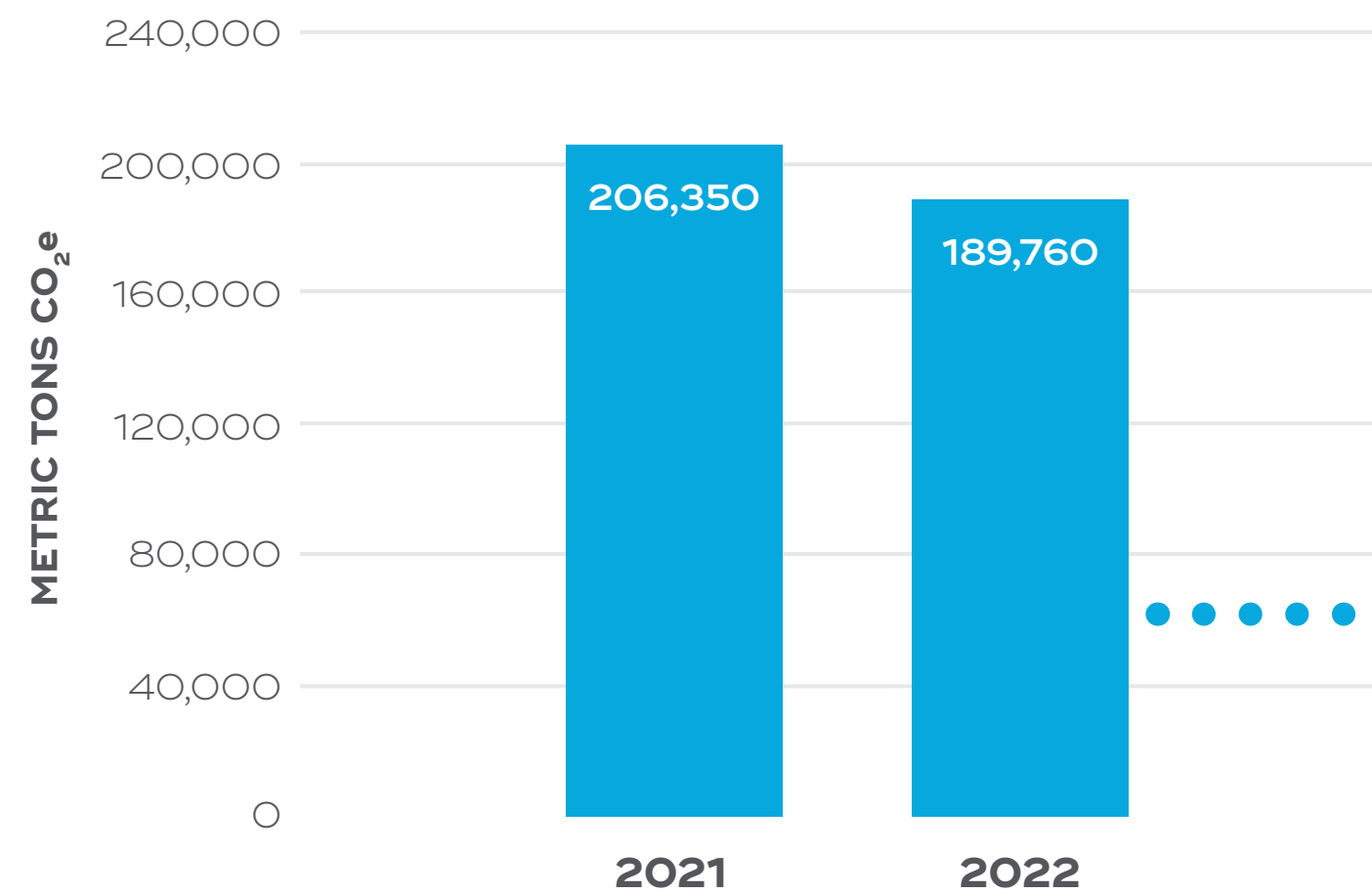
Emissions Reduction

SCOPE 3

In alignment with our SBT, Paragon Films has measured Scope 3 emissions for the past two years. Significant methodological improvements were made between 2021 and 2022, making the results incomparable. Scope 3 emissions in 2022 were 189,760 metric tons CO₂e, with Category 1 Purchased Goods and Services contributing 81 percent. Category 1 emissions were driven by our purchased resin. Paragon Films will continue implementing initiatives and new products to make Thinner. Stronger. Greener.[®] film, which will in turn reduce the amount of purchased resin needed.



PARAGON FILMS SCOPE 3



Projects to Reduce Emissions


FACILITY LIGHTING

Paragon Films operates three facilities in the United States: North Carolina, Oklahoma, and Washington. Over time, each of these locations has consistently worked on enhancing lighting and energy efficiency, with the latest upgrades happening in Washington.


In 2022, the Union Gap, Washington location committed to transitioning its entire facility to LED lighting, initiating the implementation at the beginning of the year and achieving project completion by summer 2023. It is estimated that this initiative will result in annual energy savings of over 200,000 kWh and subsequent cost savings.

POWER MONITORING SYSTEM

At the same Washington facility in 2022, installation began on a power monitoring system designed to generate reports and monitor equipment electrical use. While the power monitoring system itself will not directly reduce emissions, the data and knowledge that this system provides will help to identify where equipment upgrades are needed and assist in making changes to operational procedures, both of which have energy savings potential.



LED lighting initiative will result in an estimated annual savings of over 200,000 kWh



Our power monitoring system tracks energy consumption at each segment of our equipment

SVPR Product Line (Sustainability: Virgin Plastic Reduction)

When it comes to sustainability and doing the right thing, we will always challenge ourselves to do more. Nowhere is this commitment more visible than in our SVPR product line. Our Sustainability: Virgin Plastic Reduction products are our thinnest, most sustainable stretch films that are designed to help our customers' efforts in reducing virgin plastic use and promoting circularity in transportation packaging.



Beyond™ is one of our most sustainable machine stretch film products we offer. This 39 gauge machine film is designed for customers who are focused on better performance, less film used, and annual cost savings.



Power Edge PCR™ is a certified 25% Post Consumer Recycled (PCR) hand stretch film designed to support circularity. It is thinner, stronger, and greener than most PCR films available. Power Edge PCR uses less virgin plastic than other hand films on the market.



Titus®, designed with sustainability in mind, provides exceptional load security and excellent puncture resistance at an ultra-thin gauge. Titus delivers performance and dependability while using less film. The result is a hand film that provides both cost savings and source reduction.

Circularity

Plastic waste in North America is a problem. A solution is to promote circularity to reduce virgin plastic and reduce plastic waste. According to the Ellen MacArthur Foundation, the circular economy is a system where materials never become waste and nature is regenerated. A key aspect to circularity is when a product is purchased in the same geography as where the product is used, which is why US-based suppliers who make a post-consumer-based product are critical. We are proud of our leadership in this area, particularly with our introduction of Power Edge PCR—a **certified** 25% Post Consumer Recycled (PCR) hand stretch film specifically designed to support circularity.

SOURCE: LEK 2021 Market Study

1.5 BILLION

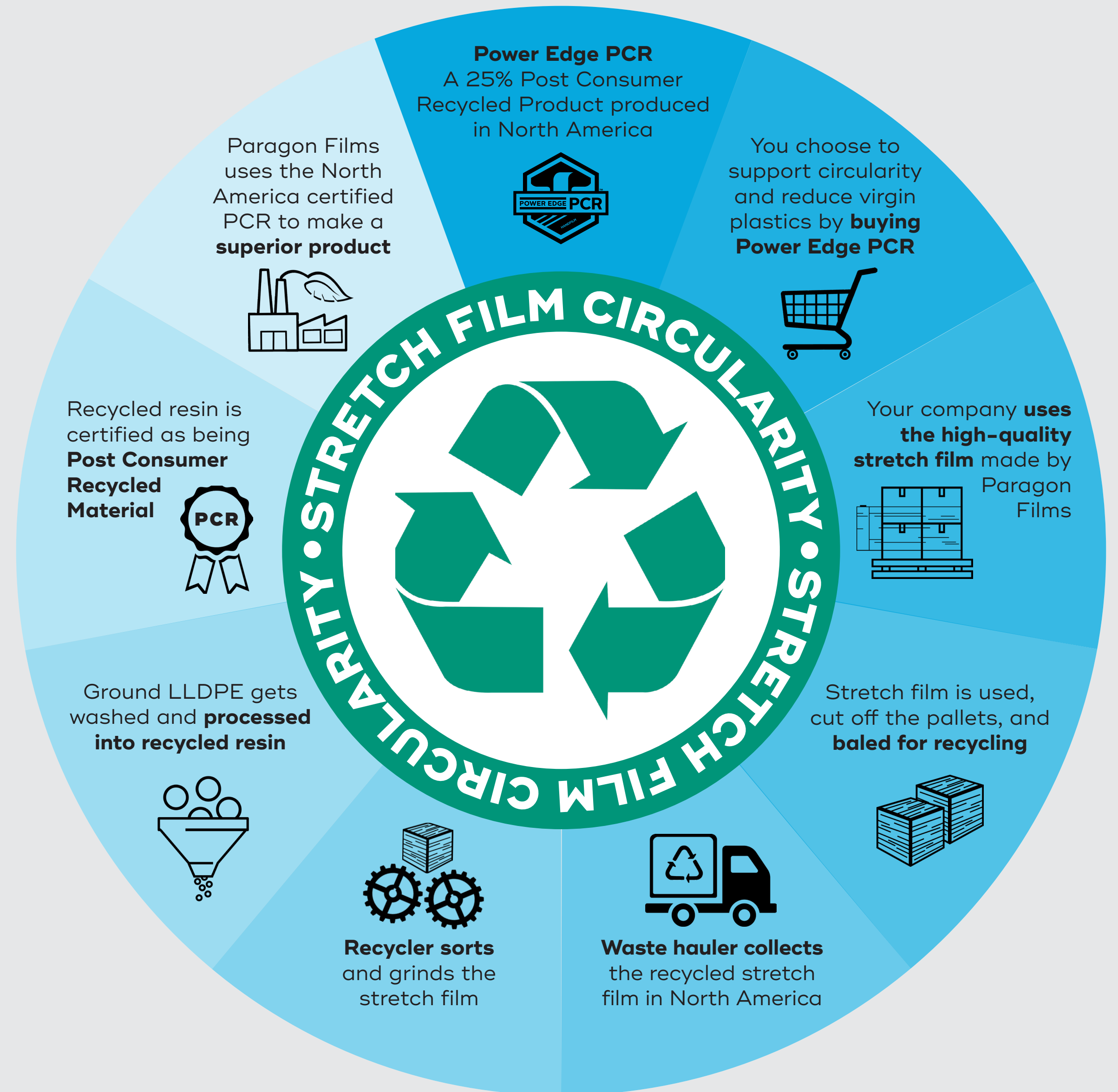
Pounds of Stretch Film Made in North America in 2020

16%

Stretch Film Recycled in North America

1%

Recycled into Stretch Film



PCR Certification

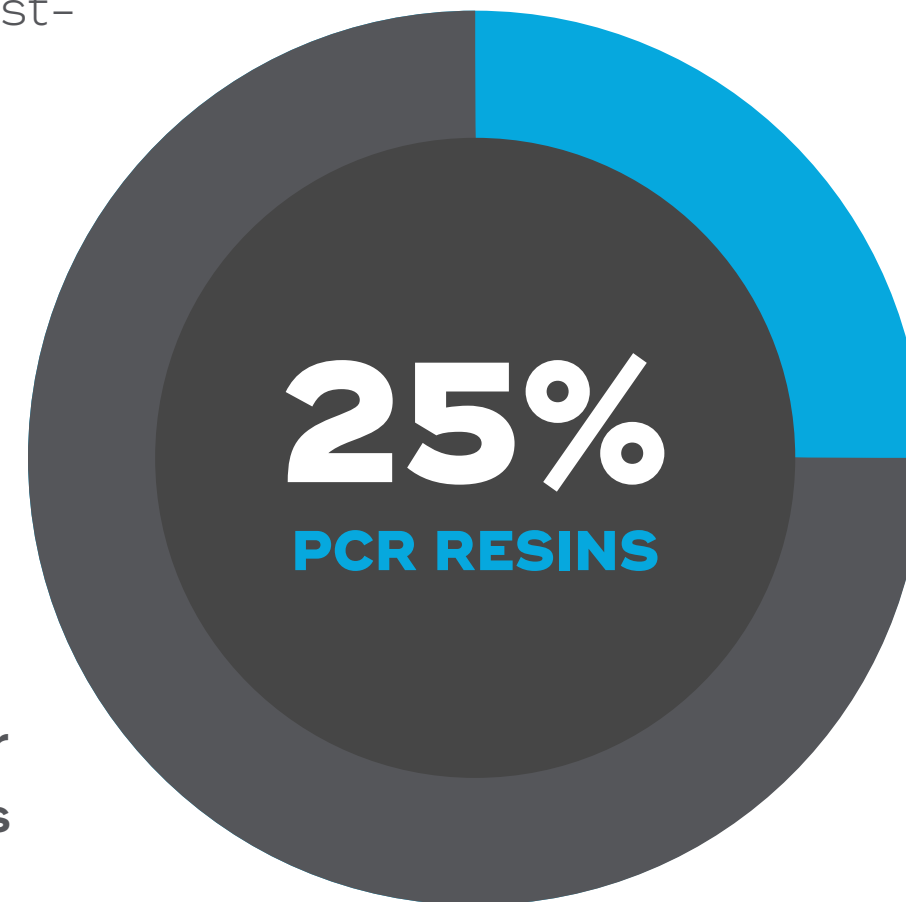
PARAGON FILMS POST-CONSUMER RECYCLED MATERIAL IS CERTIFIED BY SCS GLOBAL SERVICES.

Endorsed by the Association of Plastic Recyclers, SCS Global is a pioneer and the leader in sustainability standards and third-party certification. This certification provides clarity to the sustainability choice being made by those choosing to buy SCS Global-certified products.

Our Power Edge PCR™ hand film is specifically certified by SCS Global to have 25% Post Consumer Recycled (PCR) resins. Using SCS Global's strict standards, these resins have been certified through the entire value chain. Post-consumer resins must come from stretch film that an end-user customer has consumed. That stretch film is then picked up by a waste hauler and delivered to a certified recycler to be re-pelletized, cleaned, and then sold to Paragon Films to create 25% post-consumer-recycled hand film.

In total, our Power Edge PCR hand film contains a total of 51% recycled resin (25% post-consumer recycled resins and 26% post-industrial resins). **As leaders in stretch film sustainability, Paragon Films chooses not to certify the percentage of post-industrial recycled resin in our product.** Sustainability leaders know that using post-industrial recycled resin is like using virgin resin. It does little to prevent plastic waste. All stretch film manufacturers use their PIR; it's simply a good business practice that has been done since stretch film was invented. However, in contrast, the use of post-consumer resin in stretch film is new and it does indeed reduce plastic waste while it promotes circularity. Post-consumer recycled resin reduces the need for additional virgin plastic.

Paragon Films is proud of the clarity of our certification to point out the post-consumer recycled content in our product expressly. This clear certification helps sustainability leaders and consumers of our products understand the true impact of reducing plastic waste.



**MINIMUM 25% RECYCLED CONTENT
POST-CONSUMER**

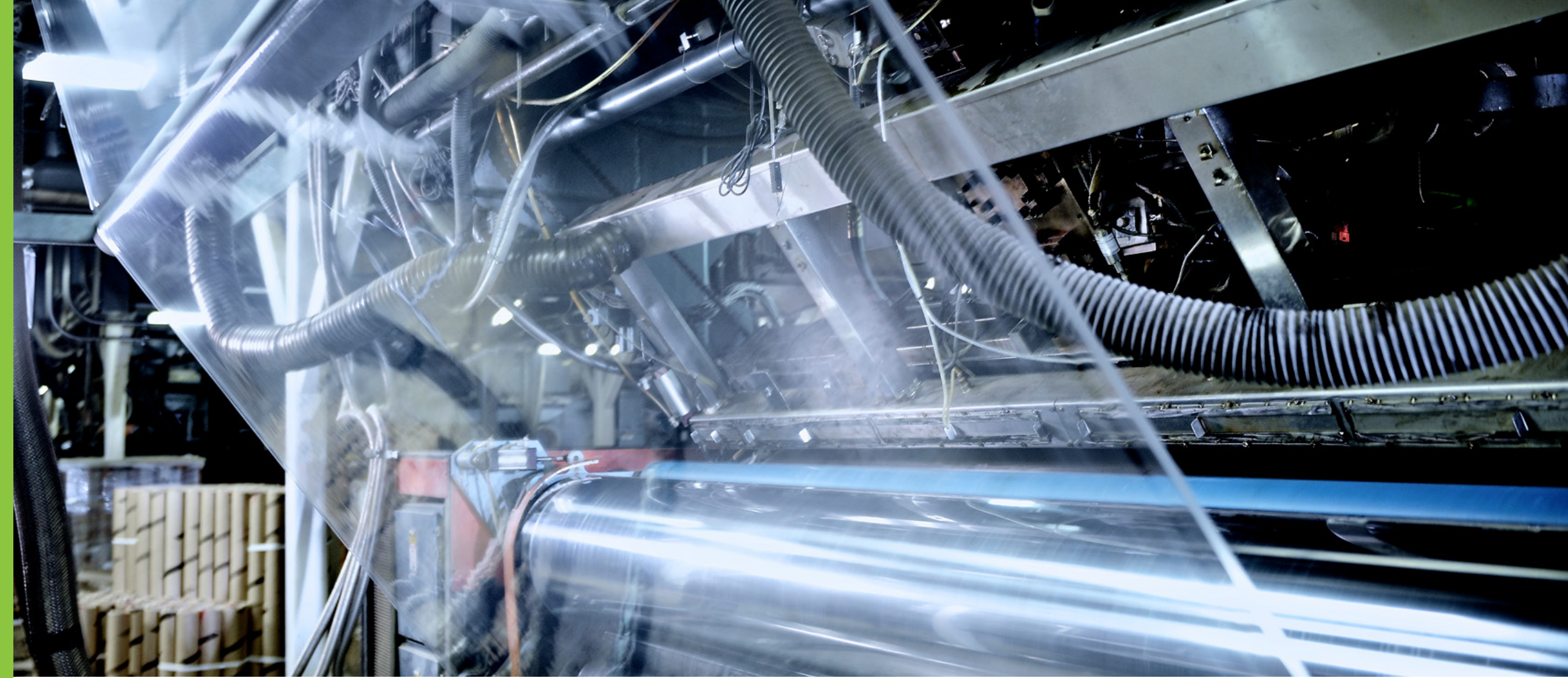


[View Here](#)

Updated Packaging

As part of our commitment to sustainability and a “lifecycle” approach to stretch film engineering, every pallet of Paragon Films stretch film we deliver has packaging components that can be recycled. This includes the application of polypropylene labels to our stretch film packaging, which makes recycling easier and helps reduce contamination in the recycling stream. We have also reduced the size of our (100 percent recyclable) packaging placards, which reduces both our paper usage and color printing resources.

To keep our customers informed about these packaging updates, we have published [a series of video guides](#) to educate our customers on how to recycle the packaging components of our finished good packaging for our bulk handfilm, case packed handfilm, and machine film products.



[Operation Clean Sweep \(OCS\)](#) is a program created by the Plastics Industry Association (PLASTICS) to reduce the environmental impact of plastic resin. As an OCS member, Paragon Films has pledged to prevent plastic resin, flake, and powder loss to the environment, landfills, and waterways.

We not only make this pledge at a corporate level—we also ask each employee to sign a personal pledge to help Paragon Films achieve the ultimate goal of zero resin, flake, and powder loss. Paragon Films encourages every employee to be fully engaged in following OCS principles each day. It is this personal commitment of every employee that is key to success.





We are proud to have scored above the average for North American plastic product manufacturing

CDP Reporting

Paragon Films is proud to be a CDP Discloser. We hope that through our disclosure to CDP, we can better understand our impact on the environment and continuously enhance our sustainability culture. By disclosing, we are prepared to handle the increasing demand for environmental transparency from investors, customers, and policymakers.

Our most recent CDP Score Report can be viewed [here](#). We are proud to have scored above the average for North American plastic product manufacturing and we continue to be the leader in sustainability for other stretch film manufacturers to follow.

You can also view our CDP Supplier Engagement Report [here](#). By evaluating supplier engagement and recognizing best practices, CDP aims to accelerate global action on supply chain emissions.





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