

CPG LOGISTICS ANNUAL REPORT 2023

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OUR COMPANY

MESSAGE FROM RICHARD LORD, MANAGING DIRECTOR

Welcome to the CPG Logistics Annual Report 2023. I am pleased to say that 2023 has been a positive year for us.

Over recent years we have rationalised our business. Covid-19 was an uncertain time for us all and we were unsure coming out of it the impact it would have on our customers and in turn how it would affect us. In 2023 we focused on investing in technology and equipment to make our facilities more operationally efficient and better suited to our customers order profile.

E-commerce grew rapidly during Covid and has continued to grow. To support this growth in our business and consumer expectations, we installed an automated vertical warehouse system to increase our picking capacity and also extended our e-commerce operation to 7 days a week. Integrating with Shopify and WooCommerce has further enhanced our systems integration offering for e-commerce customers. Our in-house technical teams have undertaken extensive projects upgrading to SAP S/4HANA and re-designing the reporting cube in line with these changes.

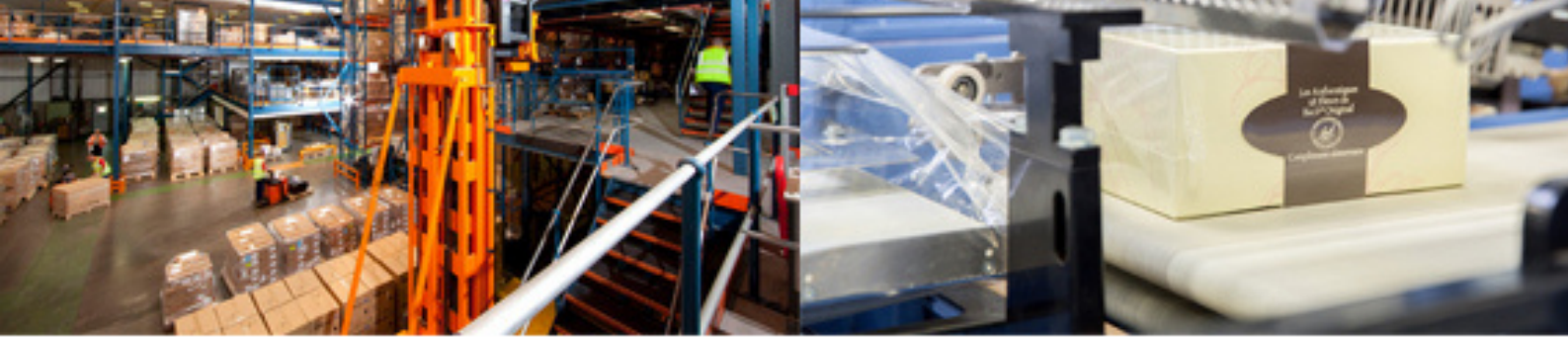
2022/2023 has seen unprecedented inflation and rising costs. Warehousing and logistics is a very competitive environment. Recruiting the right staff and staff retention is so important. I am proud that the average length of service across all employees is 9.5 years. CPG has always been a people business, and I value every colleague who helps us deliver a quality service for our customers and enables us to be the best at what we do.

In the current economic climate, we have worked hard to continue to deliver a sustainable service, driving out any unnecessary cost through the business and reducing waste where possible. This year we created the ESG committee which is something I believe is not only important for us as a business today but also the legacy of CPG. Focusing on it now and how we can operate to not only limit our environmental impact but also to have a positive impact where we can, is something which has my full support.

Our continued investment in the technology which drives our business, our facilities and the people who work at CPG, will ensure that we remain on a positive course.



RICHARD LORD
MANAGING DIRECTOR



VISION FOR THE FUTURE

In the coming years we seek to continue to build our business, maintaining our quality standards, investing in technology and our facilities as well as furthering our sustainability initiatives.

The culture at CPG is very important. It is the people that will always remain the core of CPG. As a company we need to continue to invest in our employees and we will be offering more tailored and technical training opportunities in addition to the existing learning tools.

Our focus is on developing our customer base and continuing to build strong relationships. It is important for us to work with like-minded customers, whose requirements advance us as a business. With the combination of services we offer, we believe CPG has a unique offering. The one thing we have always done and continue to do is engage with our customers, understanding the industries and environment they work in, to provide efficient and effective services.

Our vision: Providing world class logistics through our people, processes and systems.



COMPANY VALUES

Wellbeing

We treat everyone with respect and dignity to create a safe, positive, and healthy work environment for our teams where they feel valued and can thrive.

Innovation

We embrace change and continuously seek creative, improved solutions to meet our customers' needs. We use leading technologies to generate efficiencies, increase productivity and reduce waste.

Quality

We strive to do the right thing, every time. We prioritise quality in all we do and are committed to providing the highest standards of service.

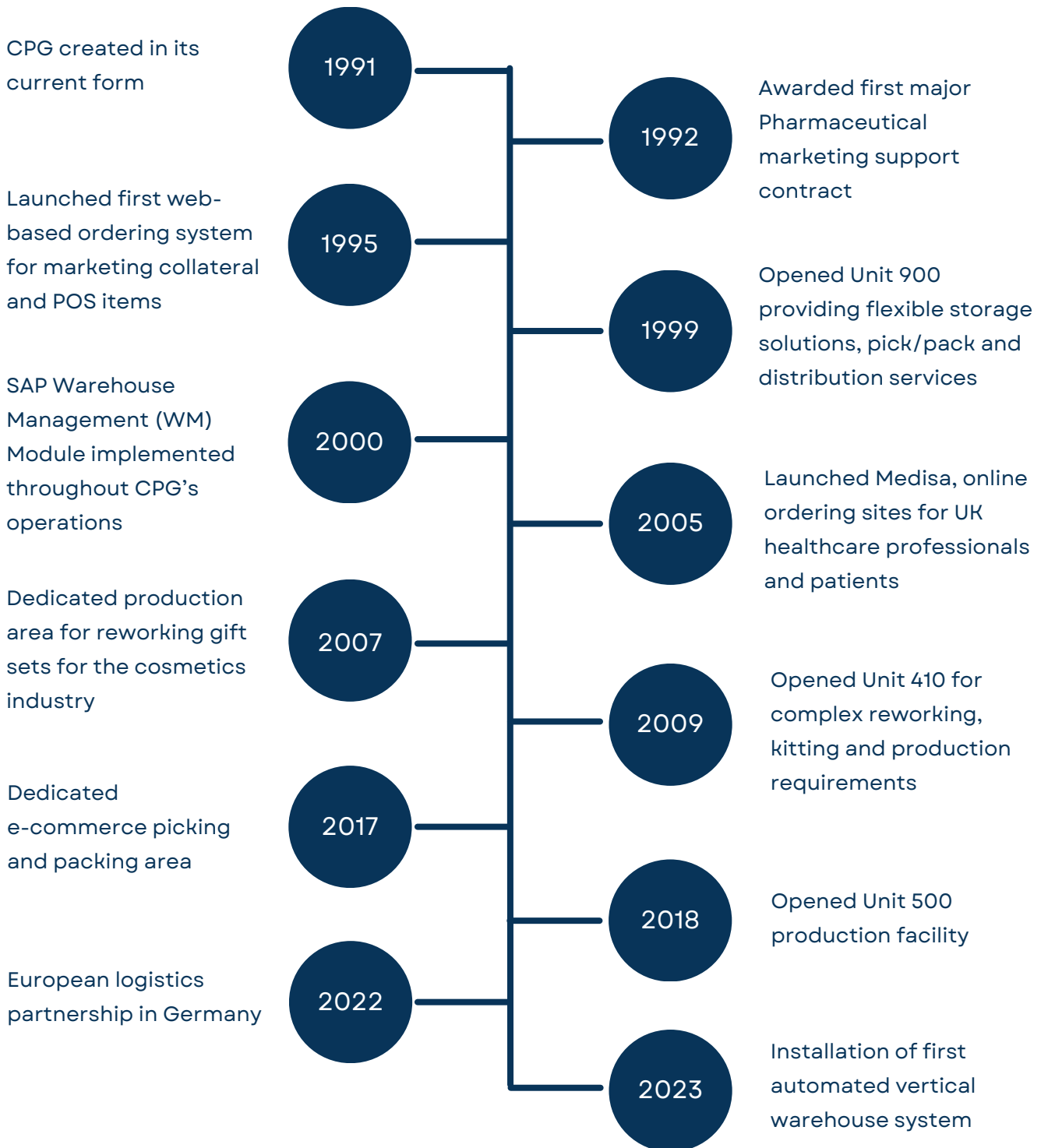
Teamwork

We believe in the strength of teamwork and shared success. We put customers first and seek to build long-term relationships.

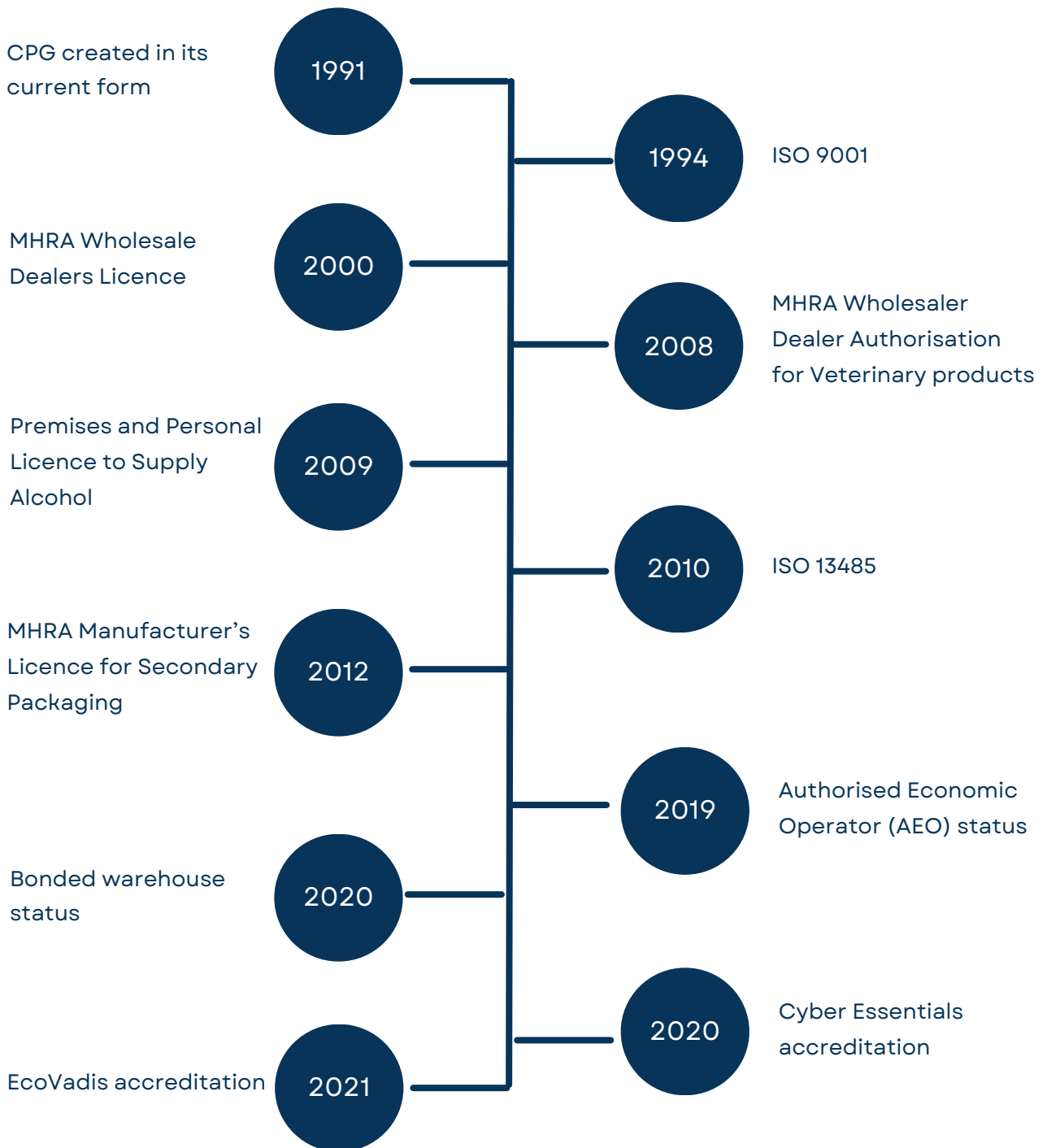
Accountability

We use sustainable practices and ethical sourcing to reduce our environmental impact. We take responsibility for the decisions we make and actions we take.

OUR STORY SO FAR



QUALITY STANDARDS & ACCREDITATIONS





OUR BUSINESS TODAY

CPG Logistics

- Warehousing and distribution
- Order processing and fulfilment
- E-commerce integration
- Production and co-packing services
- Supply chain management
- Inventory management
- Returns processing
- Secure destruction
- Reporting and forecasting

Pharmisa

- Warehousing and distribution
- Web based ordering and fulfilment
- Web based administration system
- Physical and digital asset management
- Mailings
- Meeting/events support
- Recall and withdrawal process
- Returns processing
- Secure destruction
- Reporting

Medisa

- Warehousing and distribution
- Web based ordering and fulfilment
- Physical and digital asset management
- Systems integration with online platforms
- Returns processing
- Secure destruction
- Reporting and forecasting
- Campaign support
- Patient support programmes

KEY STATS

2023 at a glance

150+ employees



Employee engagement



Deliveries to 123 countries



UK	EU	ROW
75%	23%	2%



4,900 Pharmisa users



58,000 Medisa users

CPG BOARD

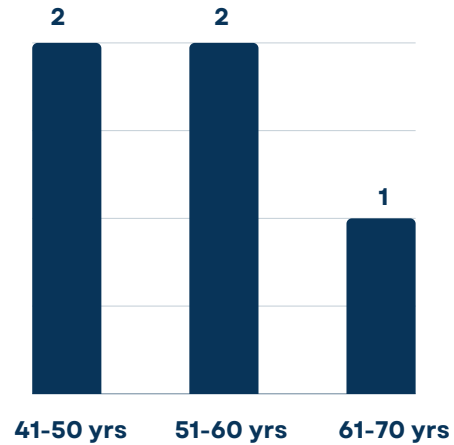
CPG's Board of Directors are collectively responsible for the strategic direction, management and continued profitability of the company.

All members of the board have grown and developed the business as it stands today.

Board statistics

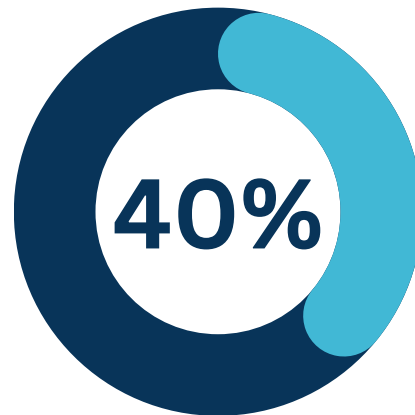
53 Years

Average age



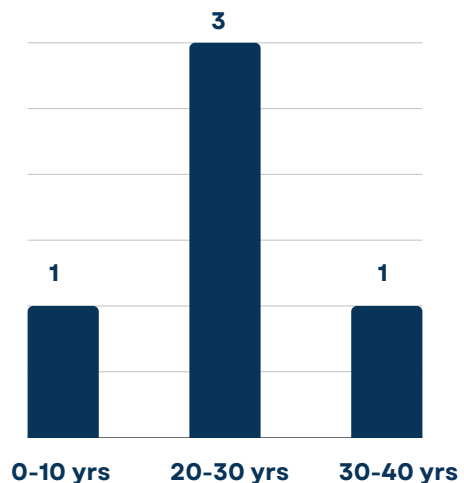
Women

(2 of 5 Directors)



20 Years

Average tenure



Richard Lord

Managing Director

Richard Lord joined CPG Logistics in 1993 as Sales Director before being appointed to Managing Director in 1998. Richard has overall responsibility for the growth and strategy of CPG. With a sales and operations background in global supply chain solutions, Richard's experience has been the driving force behind CPG's focus on technology and quality driven solutions.

**Suzy Lord**

Business Performance Director

Suzy joined CPG in 1994 and has held a number of senior management roles, appointed as Business Performance Director in 2011. Overseeing the Customer Service, Business Performance and IT departments, Suzy is responsible for optimising processes and driving continuous improvement across the business.

**Darren Jones**

Operations Director

Darren has been with CPG for over 30 years and oversees the core operational functions across CPG's facilities in the UK and Europe. Joining CPG in 1992, Darren previously led the packaging division. Promoted to Operations Director in 2001, Darren has responsibility for improving efficiencies and service levels and in recent years has been fundamental in the growth in our production services and e-commerce operation.

**Lisa Goddard**

Sales and Marketing Director

Lisa joined CPG in 2001 as Sales and Marketing Director. Coming from a mail and carrier background, Lisa's role has developed to include all commercial and client contract management as well as overseeing GDPR and data protection.

**Andy Haynes**

Finance Director

Joining CPG in early 2023, Andy's role is Finance Director and Company Secretary. Andy is qualified as a Chartered Certified Accountant (ACCA) and holds a BA (Hons) degree in Accountancy and Law. Prior to CPG, Andy held senior positions within the construction industry.



OUR PEOPLE

OUR PEOPLE

We are proud of our people and the depth of skills and knowledge across the business.

Whilst the average length an employee works at CPG is in excess of 9 years, this is coupled with colleagues who joined more recently bringing new and innovative ideas to the business.

64% of employees have been with CPG over 5 years and over 50% over 10 years. This truly demonstrates that people are at the core of our business.

Local talent is important to CPG, with 73% of employees travelling less than 5 miles to work. The locality of employees has a positive impact on commuting emissions, with 35% who walk, cycle or use public transport to travel to work, with a further 11% car sharing.

We promote CPG as a great place to work, a growing business where we continually invest in our facilities and people.

Average length of service

9.5 years
All employees

10 years
Management team

20 years
Board of Directors

64%

of employees have
been with CPG for
over 5 years

50%

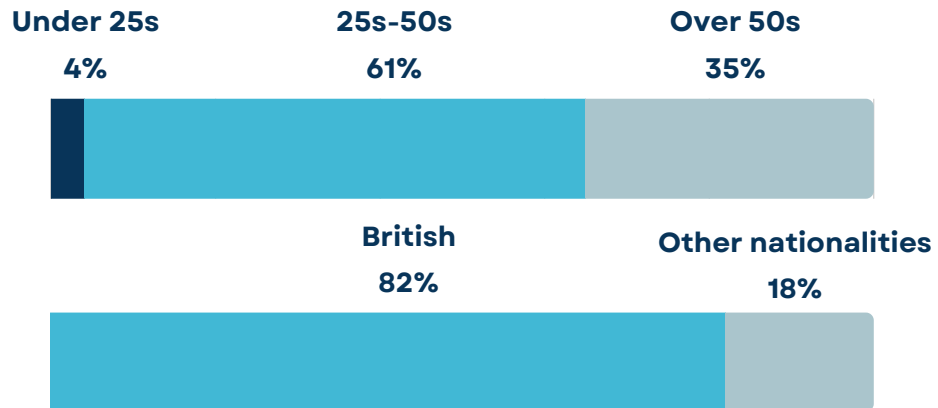
of employees have
been with CPG for
over 10 years

OUR PEOPLE

At CPG we are an equal opportunities employer, and we are fully committed to following practices which are free from unfair and unlawful discrimination.

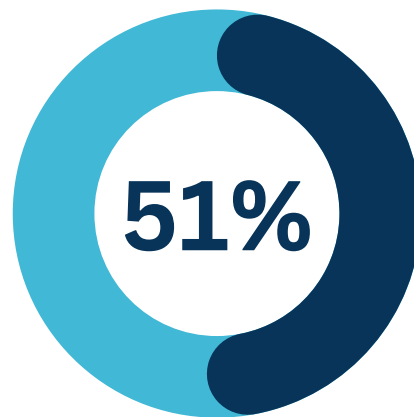
As a company we strive to provide a positive, supportive work environment for all employees.

We are proud to recruit and retain a diverse workforce. To ensure that all employees understand and support our culture of equal opportunities we carry out annual equality, diversity and inclusion awareness training.



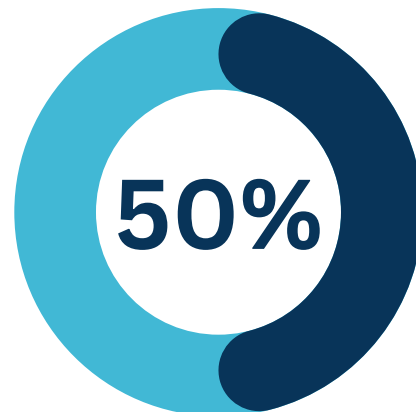
All employees

(51% Women)



Management team

(50% Women)



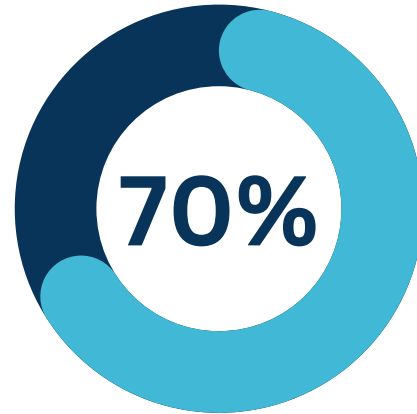
KEY STATS

Key to CPG's success is our people. We know that our employees' opinions, ideas and experience add to CPG's strength and forward development.

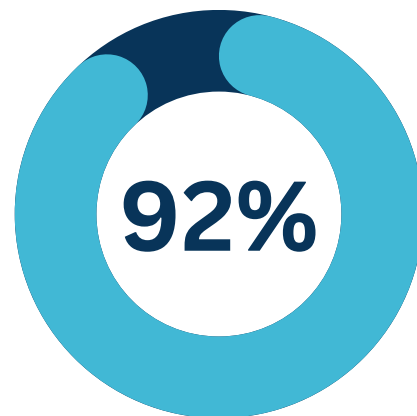
In April we conducted our annual employee engagement survey. All employees were offered the opportunity to complete the survey with 70% submitting a response.

Employee engagement

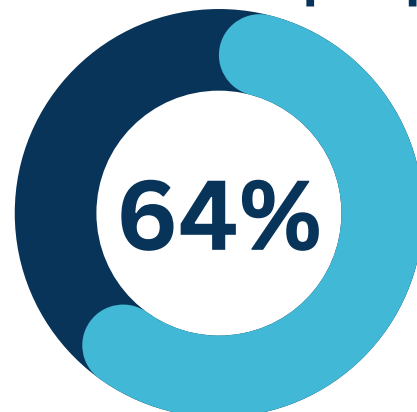
Recommend CPG as
an employer



Proud of their work



% of employees say the aspect
they enjoy most about working
at CPG is the people





INVESTING IN PEOPLE

We want every CPG employee to have access to training to help them grow and develop, and with this talent it will enable CPG to continue to grow and develop as a business. In this year's employee engagement survey 52% of respondents felt that their work challenged them and aided their development. We want our employees to feel that we create opportunities for growth and to boost their knowledge and skills. In 2024 we are looking to expand our training programme to offer a greater range of training courses.

Current training courses are in support of the employee's role or as a core business requirement such as fire and safety training and first aid training. Additional self-guided training courses are available on demand through our online HR system for employees to undertake at their own pace. Some of the courses available include Equality, diversity & inclusion awareness, Cyber security best practices, Understanding GDPR and Effective communication.

Annual appraisals review each employees' objectives from the previous year, agreeing personal development plans and any training requirements. This 1:1 engagement is designed to help each employee be the best at what they do and to help them reach their potential.



SOCIAL DIALOGUE

CPG's 'employee voice forum' meet every two months. The group consists of employee representatives of various levels bringing together views and feedback across the business. Led by CPG's Human Resources Manager, the forum welcomes all members to openly share any improvement suggestions, concerns, feedback on new initiatives and ensure that all employees have a platform where topics can be raised and discussed.

Forum minutes are shared across the business with senior management informed of any areas to address. Continuously listening and responding to colleague feedback is essential to fostering a healthy work environment. For those colleagues who prefer not to actively engage in social dialogue, feedback can also be provided using the suggestion boxes which are situated around our facilities.

EMPLOYEE WELLNESS

At CPG we prioritise the well-being of our employees. We understand that a healthy and happy workforce is essential to our continued success which is why we offer a comprehensive range of employee benefits. Investing in employees' well-being not only enhances their quality of life but also promotes a positive work environment.

Financial benefits: In 2023 we extended our long service award, financially rewarding employees for every 5 years at CPG.

Pension scheme: We offer all employees access to a company pension scheme with Aviva.

Healthcare benefits: Medicash health benefits scheme provides a contribution towards a range of health services such as eye care, dental care, prescriptions, complementary therapies, inoculations, and health screening. Medicash can be extended to cover up to four dependent children up to their 24th birthday at no extra cost. MetLife's Employee Assistance Programme (EAP) offers access to registered nurses for advice.

Financial wellbeing: MetLife Employee Assistance programme (EAP) offering confidential support from legal advisers.

Mental wellbeing: MetLife Employee Assistance programme (EAP) offering confidential support from qualified counsellors. mProve YOURSELF app provided by Medicash to help improve mind and body with helpful tips. We have three trained mental health first aiders, offering onsite confidential support as well as two trained menopause support staff.

Additional benefits: Medicash extra, providing online discounts on shopping, travel, entertainment, and dining. Bright Exchange providing various high street and online discounts. Discounted membership at gyms, pools, studios and outdoor fitness events.

Our aim is to create a safe, positive, and healthy work environment for all our employees.

CUSTOMERS AND SUPPLIERS



OUR CUSTOMERS

Over the past four decades, CPG has developed its services across a wide range of organisations and industries, typically characterised by complex requirements, where quality controls are mandatory, or products are high in value. We have continued to build our expertise and customer base, adding organisations within the pharmaceutical/healthcare, animal health, optical, cosmetics, education and defence industry. We actively engage with our customers and work hard to become an extension of their team.

We are proud to have retained long standing relationships with many of our customers whilst also working with new customers. Our aim is to continually develop innovative and creative solutions to meet our customers evolving business requirements. This year we have also seen the return of face-to-face meetings, whilst still limited in number it has been a welcome opportunity to continue to build on these relationships and physically show our customers our facilities. The majority of meetings are still held via video conferencing providing a time efficient and environmentally friendly approach to business meetings.

**Average customer contract's length is
10 years**

WHAT OUR CUSTOMERS SAY...

“Thank you for having such an amazing Team at CPG, there are not many companies that can boast of such a Team. The Warehouse Team and amazing Production Team are the core of our achievements.” *(Production services customer)*

“Just wanted to say a big thank you for the training sessions you have run for us over the last few days. I’m so glad we have moved to CPG and look forward to working with you.” *(New customer)*

“I am writing to express my deepest gratitude and appreciation for the exceptional work and unwavering dedication demonstrated by you all throughout the past three years. Your tireless work, attention to detail, and ability to adapt to ever-changing circumstances have been instrumental in the success of this project.” *(Long standing customer)*

“The Customer Services Team that support us are always very supportive, knowledgeable, approachable and efficient. I really enjoy working with them. Thank you to them and also the team that work in the warehouse alongside them plus the tech team that support with bespoke reports.” *(Long standing customer)*

“Prompt, professional & efficient.” *(Long standing customer)*

We regularly collect feedback from our customers who use our Pharmisa and Medisa platforms. We are pleased to summarise the feedback from 2023 below:

The Pharmisa customer service team received positive feedback from 99% of users.

96% of users provided positive feedback on the Pharmisa web ordering system.

98% of Medisa users rated the speed of ordering to delivery as good, very good or excellent.

The quality of how Medisa orders are packed was rated good, very good or excellent by 97% of users.



OUR SUPPLIERS

Sustainable procurement

This year we have focused on modifying our supplier onboarding to extend the information requested regarding anti-corruption, health and safety and environmental impact. As a business it is important we work with like-minded suppliers.

Supplier Code of Conduct

At CPG Logistics, we value the business relationships we have with our suppliers and seek to build lasting partnerships. CPG's Supplier Code of Conduct sets out the standards we expect our suppliers to comply with including the provision of safe working conditions, treating workers with dignity and respect, acting ethically and being environmentally responsible. The Code of Conduct is intended to ensure the highest level of ethical practices and business integrity from our suppliers.

ENVIRONMENTAL SOCIAL & GOVERNANCE



ESG

In 2023 we set up an Environmental, Social & Governance (ESG) group, consisting of team members from across the business. The aim of this cross functional team is to define our short and medium term milestones and put into place the required actions, whether it be new processes or procedures, staff training, sourcing from alternative suppliers etc.

It is important that we bring our suppliers and customers along the journey with us. By working with suppliers and customers who are also focused on sustainability, we will all feel the positive impact throughout the supply chain.

ECOVADIS

In May we were assessed by EcoVadis, the world's largest and most trusted provider of business sustainability ratings. The assessment analysed the quality of our Corporate Social Responsibility (CSR) management system focusing on 4 key areas: the environment, labour, ethics and sustainable procurement and we have been awarded a bronze medal.

This rating acknowledges the meaningful efforts that CPG have undertaken to create a more sustainable business and the result places CPG Logistics among the top 50% of companies assessed by EcoVadis. Our focus on sustainability and the environment is one which will continually evolve.

EcoVadis assessed the below areas:

Labour & Human Rights

- Career management and training
- Child labour
- Diversity, equity and inclusion
- Employee health and safety
- Social dialogue
- Working conditions

Ethics

- Corruption
- Responsible information management

Environment

- Air pollution
- Energy consumption and GHG's
- Environmental services and advocacy
- Materials, chemicals and waste

Sustainable Procurement

- Supplier environmental practices
- Supplier social practices



ENVIRONMENTAL FOCUS

As a warehousing and logistics company there are three vital areas that drive our carbon footprint and where we believe we can make the most impact: Energy, Packaging and Distribution.

Energy: Exploring how we can switch to more renewable energy sources.

In 2023 a survey was conducted to assess the feasibility of installing solar panels to provide onsite renewable energy to reduce the electricity we purchase from the grid. Unfortunately, the survey concluded that it isn't technically feasible due to the weight of the solar panels and no longer a viable option. Based on this outcome we are looking to switch to suppliers who provide a greater percentage of energy from renewable sources. These energy supplier contracts will be reviewed when they are due for renewal.



ENVIRONMENTAL FOCUS

Packaging: Re-evaluating packaging options to ensure the least impact to the environment whilst continuing to use packaging that will protect the goods we store and ship.

A full review of all CPG sourced packaging has been conducted. As we send out goods on behalf of customers, we always need to take into consideration any specific customer requirements and also ensure the packaging used is fit for purpose for the weight and type of goods being transported. This year we have focused heavily on increasing the amount of sustainably sourced packaging and utilising packaging materials which are made from recycled materials and/or which can be recycled.

Distribution: Minimising our distribution carbon footprint by using reputable UK and Global carriers who are focused on driving efficiency across their fleets, decarbonizing the fuels they use.

We work with a number of leading carriers, including [Parcelforce](#), [DPD](#), [Royal Mail](#) and [Whistl](#). Each of these carriers have their own sustainability goals focusing on reducing their carbon footprint and environmental impact. Solutions deployed include lower emission HGVs and biofuels, reducing the use of air freight, electric vehicles, using double decker trailers as well as advanced routing technology to increase efficiencies and maximise capacity. As a business it is important that we continue to work with suppliers, where progress towards their goals is reported and discussed as part of our supplier reviews.



PACKAGING

Our commitment to using responsibly sourced packaging is central to our sustainability journey. We are committed to sourcing packaging from FSC approved producers. The FSC system ensures that wood, paper and other products are made with materials from responsibly managed forests which provide environmental, social and economic benefits.

In 2023 we implemented the following changes:

- Paper document enclosed wallets have been introduced which are made from 100% paper, providing an eco-friendly alternative to plastic document wallets.
- Protega Protect void fill is being trialled, made from 100% recycled materials which is 100% recyclable, biodegradable and compostable. We are aiming to phase out plastic air bags in 2024.
- Padded jiffy bags have been introduced to replace the plastic bubble version. Manufactured from paper, they are compostable and made from approximately 65% recycled paper.
- Vinyl tape to seal boxes is being phased out as we move to paper tape.
- Switching to an alternative pallet wrap has reduced our annual use of plastic by 400Kgs.

We are increasing the amount of packaging which is made from recycled materials and 100% recyclable.



TREE PLANTING

We have worked with Treeapp since 2022. By planting trees with Treeapp, we are having a direct environmental and social impact around the world. While Treeapp plants in regions that are in desperate need of more trees such as Brazil or Indonesia, they also focus on planting activities in some of the poorest regions around the world to benefit indigenous farmers and local communities with revenues from tree planting.

In 2023 we planted 360 trees in The Americas (Brazil, Haiti and Peru) which created 3 workdays for local communities. 576m² of land has been reforested and across the lifetime of the trees, 39.24 tonnes of Co2 will be absorbed. We will continue to work with Treeapp in 2024.



2024 ESG FOCUS

1. Setting meaningful GHG reduction targets for Scope 1 and 2 emissions

2. Incorporating Scope 3 emissions both downstream and upstream into our footprint

3. Developing our sustainability action plan

4. Continued focus with our customers to reduce their waste

5. Reducing the volume of waste sent to landfill

6. Choosing our charity and local community focus

7. Continuing to plant trees with Treeapp
