

PARAGON BANKING GROUP PLC  
Equality, Diversity and Inclusion

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### a. Ownership

The policy is owned by the People Director. Changes to the policy require prior approval from the Board of Paragon Banking Group PLC, following recommendation from the Nomination Committee.

### b. Review

From 2018, the policy will be reviewed at least annually, or in line with regulatory changes as appropriate.

## 1 Introduction

The purpose of this policy is to provide equality, fairness and inclusion for everyone employed by Paragon Banking Group PLC (“PBG”) or (“Paragon”). We will treat everyone equally and with the same attention, courtesy and respect regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including colour, nationality, ethnic or national origin and caste), religion or belief, sex or sexual orientation. Paragon opposes all forms of unlawful and unfair discrimination by being committed to:

- Avoiding unlawful discrimination in all aspects of employment including recruitment and selection, promotion, transfer, opportunities for training, pay and benefits, other terms of employment, discipline, selection for redundancy or dismissal
- Seeking to provide a work environment in which all employees are treated with respect and dignity and one that is free from harassment and bullying

## 2 Who does this policy apply to?

This policy applies to all Board members of Paragon Banking Group PLC and Paragon Bank PLC (“the Board”), all contracted employees across Paragon’s businesses, either home based or located in any of the Group’s premises, as well as temporary workers and contractors.

## 3 Policy

Paragon is committed to eliminating discrimination and promoting equality, diversity and inclusion amongst all its employees through its policies, procedures and practices and through its professional dealings with each other, customers and third parties.

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Every employee is entitled to a working environment that promotes dignity, equality and respect for all. Paragon will not tolerate any acts of unlawful or unfair discrimination (including harassment) committed against an employee, contractor, job applicant or visitor because of a protected characteristic:

- sex;
- gender reassignment;
- marriage and civil partnership;
- pregnancy and maternity;
- race (including ethnic origin, colour, nationality and national origin);
- disability;
- sexual orientation;
- religion and or belief; and
- age.

Discrimination on the basis of work pattern (part-time working, fixed term contract, flexible working) which is unjustifiable will also not be tolerated.

The Board believes the achievement of a balanced workforce at all levels delivers the best culture, behaviours, customer outcomes, profitability and productivity and therefore supports Paragon's success as a business.

All employees are responsible for the promotion and advancement of this policy. Behaviour, actions and words that contravene the policy will not be tolerated and will be dealt with in line with Paragon's disciplinary procedure.

## 4 Objectives

This policy will ensure:

- All Board members and employees, whether part time, full time or temporary are treated fairly with dignity and respect
- Selection for employment and promotion is based on aptitude and ability; educational and professional background will only be considered where it is necessary or relevant to the role
- All employees are helped and encouraged to develop their full potential to ensure talents and resources are fully utilised to benefit the individual and Paragon
- Individual differences and the contributions of all employees are encouraged, recognised and valued
- No form of discrimination, intimidation, bullying or harassment is tolerated
- Training, development and progression opportunities are available to all employees with a continuing focus on under-represented groups
- Encouraging diversity, ensuring equality and inclusion is good management practice and promoting equal opportunities for those with protected characteristics defined under the Equality Act is a priority
- No one is treated less favourably because of their political affiliation, trade union membership or because of their ill health, including HIV/AIDS
- All employment policies, procedures and practices will be continually monitored and reviewed to ensure fairness

## 5 Section 1: Definition of terms

### 5.1 Discrimination

Treating someone less favourably than another individual because of a protected characteristic; age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex, sexual orientation.

### 5.2 Bullying

Offensive, intimidating, malicious or insulting behaviour through means intended to undermine, humiliate, denigrate or injure the recipient.

### 5.3 Harassment

Unwanted conduct which has the purpose or effect of violating the victim's dignity, creating an intimidating, hostile, degrading, humiliating or offensive environment.

### 5.4 Victimisation

Someone singled out for using workplace procedures to exercise their legal rights.

## 6 Section 2: Implementation

### 6.1 Governance

Since inception in March 2002, the policy has been regularly reviewed in line with legislative changes and from 2018, is reviewed annually as a minimum. Associated reporting is contained within Paragon's Annual Report and Accounts and further information is published on Paragon's website within the Corporate Responsibility pages.

PBG's Nomination Committee ("NomCo") takes an active role in setting and meeting diversity objectives and strategies for Paragon as a whole, and in monitoring the impact of diversity initiatives. Examples of the type of actions monitored by NomCo:

- Commitment to increasing the diversity of the Board by setting stretching targets
- Dedicated initiatives with clear objectives and targets in areas of the business that lack diversity
- Focussing on increasing diversity across middle and senior management roles
- Providing mentoring and sponsorship schemes
- Commitment to more diverse shortlists and interview panels
- Positive action to encourage more progression for women into non-traditional roles
- Ensuring diversity of personal attributes exists across teams, including the Board, to provide a range of softer skills

Executive Committee members' annual personal objectives include a focus on promoting equality, diversity and inclusion and individual performance is considered by PBG's Remuneration Committee when considering any annual variable pay award.

### 6.2 Training

Subject matter training is compulsory for all employees on an annual basis, the results of which are reviewed by the Head of HR who will initiate any remedial training as required.

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### 6.3 Equality, Diversity and Inclusion targets and commitments

NomCo agree and oversee the progress towards specific diversity targets detailed below on behalf of the Board. Progress is reported annually on Paragon's website and within the Annual Report and Accounts.

#### 6.3.1 Hampton Alexander

On 9 November 2017 the Hampton-Alexander Review published a supplementary report on gender balance in FTSE leadership. In its initial report, published in 2016, the Review set the following target, applicable to Paragon, to be achieved by the end of 2020:

- For FTSE 350 companies, a minimum of 33% women's representation on their boards

#### 6.3.2 Women in Finance

Paragon signed the voluntary Women in Finance Charter in December 2016, committing to achieve and maintain the following target by 31 January 2022:

- A minimum of 35% female representation in senior management roles (defined as members of the Board, Executive Committee, and the direct reports of Executive Committee members)

#### 6.3.3 Race at Work Charter

Paragon signed the voluntary the Race at Work charter in April 2021. The Race at Work Charter is a public commitment to improving the experiences of black, Asian and minority ethnic employees in the workplace. It sets out five actions for signatories to take:

- Appointing an Executive Sponsor for race
- Capturing data and publicising progress
- Ensuring zero tolerance of harassment and bullying
- Making equality in the workplace the responsibility of all leaders and managers
- Taking action that supports ethnic minority career progression

#### 6.3.4 Disability Confident

In April 2021, Paragon achieved Level 1 'Disability Confident Committed' status under the Government's Disability Confident scheme. As a Disability Confident Committed organisation, Paragon has agreed to the five Disability Confident core commitments and identified at least one additional action. Paragon will meet the following commitments:

- It will ensure its recruitment process is inclusive and accessible
- It will communicate and promote vacancies
- It will offer an interview to disabled people
- It will anticipate and provide reasonable adjustments as required
- It will support any existing employee who acquires a disability or long-term health condition, enabling them to stay in work

In addition, Paragon will provide paid employment opportunities to people with disabilities.

## 7 The Equality, Diversity and Inclusion Network

Paragon's Equality, Diversity and Inclusion ("EDI") Network launched in October 2020. The EDI network comprises of a group of employees from across Paragon, who have formed a committee to run the network. Committee members demonstrate an understanding and passion for promoting the benefits of equality, diversity and inclusion and each member is an advocate to raise awareness and promote EDI at both an operational and strategic level.

The Committee has agreed a terms of reference which has been approved by the People Director. The terms of reference is published internally and included in Appendix 1.

The EDI network is expected to:

- Meet regularly, share ideas and engage in discussion about a range of relevant subject areas
- Identify activities and events to engage, inspire and support employees across all areas of diversity and inclusion
- Actively encourage employee involvement by seeking views and feedback on EDI at Paragon
- Create learning opportunities for employees to deepen and develop their personal understanding of EDI issues
- Identify opportunities for the Group to engage with its local communities to promote EDI
- Provide feedback and insight to the Executive Committee on issues of culture and EDI in the workplace, including recommendations and actions to support the delivery of the Group's strategic goals
- Working with the External Relations team, communicate and celebrate EDI activities
- Actively work with key stakeholders to continually improve the network's activities and value

Updates regarding the EDI Network's activities are reported for review and noting at each NomCo meeting.

# Equality, Diversity and Inclusion Network

## TERMS OF REFERENCE

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### a. Ownership

This document describes the terms of reference for the Equality, Diversity and Inclusion (“EDI”) Network. Changes to the terms of reference require approval from the People Director, following recommendation from the Executive sponsor of the EDI Network and the EDI Network Chair.

### b. Review

The terms of reference will be reviewed at least annually, or in line with regulatory changes as appropriate.

## 1 Introduction

Paragon is committed to eliminating discrimination and promoting equality, diversity and inclusion amongst all its employees through its policies, procedures and practices and through its professional dealings with each other, customers and third parties.

The EDI network plays a vital role in delivering workplace equality for all employees, regardless of:

- sex;
- gender reassignment;
- marriage and civil partnership;
- pregnancy and maternity;
- race (including ethnic origin, colour, nationality and national origin);
- disability;
- sexual orientation;
- religion and or belief;
- age; and,
- work pattern.

The network is made up of volunteers from across the business who have been selected because of their passion to improve equality, diversity and inclusion across the Group and the experiences that they bring to the network.

### 1.1 Objectives

The primary objectives of the EDI Network are to:

- Raise awareness and understanding of what equality, diversity and inclusion in the workplace means;
- Provide feedback and advice to leadership on the issues affecting employees from underrepresented groups;
- Support the delivery of initiatives to improve equality, diversity and inclusion across the Group; and,
- Promote Paragon as a diverse and inclusive place to work.

## 2 Scope

The EDI Network represents all employees from across the Group and members are selected to sit on the network based on their experiences and knowledge of equality, diversity and inclusion. Whilst it is preferable to have all divisions and locations represented on the network, the priority is to have a broad level of representation from

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employees from different backgrounds who have a shared interest in improving diversity and inclusion across the Group. The EDI Network will ensure it engages with all business areas and locations as necessary.

HR will co-ordinate the nomination and subsequent selection of representatives, ensuring a fair process.

All members of the EDI Network will receive appropriate training and development which supports their commercial understanding and enhances their soft skills.

The Executive Sponsor of the EDI Network is Richard Rowntree, Managing Director – Mortgages; Andrea Knott, Head of HR Governance will be the Chair of the EDI Network; and the People Director's Executive PA will be the Secretary. These roles are outlined in Section 5.

### 3 Key activities

The EDI Network will:

- Examine issues, propose solutions and implement actions to support improvements to equality, diversity and inclusion;
- Identify opportunities to improve current processes and practices to improve equality, diversity and inclusion;
- Raise awareness and understanding of equality, diversity and inclusion through communications, engagement and training activities and events;
- Support the development of Paragon's Equality, Diversity and Inclusion strategy and its implementation;
- Identify external partners and campaigns that will promote the Group as an inclusive place to work; and,
- Monitor staff attitudes and opinions in relation to equality, diversity and inclusion and provide feedback accordingly.

This may involve establishing sub working groups to inform or lead specific activities and to report progress and outcomes.

### 4 Approach

Network members will be expected to gather feedback from colleagues and conduct their own research into best practices to inform the recommendations and plans of the EDI Network. Communications from the EDI Network to the Group will be managed centrally via the Network Chair.

### 5 Meetings

The EDI Network will meet at least monthly during FY 20/21.

The Chair is responsible for ensuring attendance at the meeting and will address any instances of repeat absences.

Agenda items must be forwarded to the Chairperson for inclusion seven working days ahead of the meeting to ensure sufficient time for preparation and discussion.

Minutes, agendas and papers will normally be circulated to members of the Network at least five working days in advance of the meeting.

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Non-contentious or urgent matters not on the agenda may be considered at a meeting subject to the agreement of the Chair.

Six members of the EDI Network shall be a quorum. The Head of HR Governance or the EDI Executive Sponsor must be present at all meetings for the meeting to be quorate.

Meeting minutes will be recorded by the Secretary (or by a person nominated by the Chair at the start of the meeting) and circulated within five working days after each meeting. It is the Chair's responsibility to ensure these are done promptly.

## 6 Roles and responsibilities

| EDI Network Role                  | Responsibilities   |
|-----------------------------------|--|
| Executive Sponsor                 | Overall oversight of the EDI Network and responsible for ensuring its effectiveness. Responsible for reporting on the progress of the Network to the Executive Committee and the Nomination Committee.   |
| Network Chair / HR representation | Set meetings and agree the agenda. Drive attendance at the meetings and deal with any issues in a prompt manner. Chair the meeting and ensuring that minutes are taken and circulated.<br><br>Responsible for ensuring suitable HR representation at each EDI Network meeting, keep representatives up to date, briefing and training individuals who are selected and supporting the selection of new representatives when necessary. |
| External Relations representation | Provide communications support and advice to the EDI Network. Also, to publish updates to raise awareness of upcoming EDI initiatives and keep EDI internal communications up to date, as well as those on the corporate website.  |
| Secretary                         | Record attendance and minutes, arrange meetings, issuing the agenda and invite representatives and other   |

|                     |   |
|---------------------|---|
|                     | specialist attendees as required by the Chair.  |
| EDI Network Members | Attend meetings, request agenda items, gather feedback from all those they represent ahead of the meetings, participate in the meetings, provide feedback following the meetings and liaise with business heads and management. |

## 7 Governance

The progress of the EDI Network will be reported to the Nomination Committee bi-annually and monthly updates will be provided to the Executive Committee. Any significant feedback will be discussed with the Chair and Sponsor, escalated to the People Director and appropriate actions identified and implemented.

All employees will have the ability to submit a question or comment to the EDI Network via the Hub, including an option to send this anonymously if preferred. All employees will be informed of who the EDI Network members are via the Hub.