

paragon



2021

Gender pay gap report



Gender equality continues to be an important part of our equality, diversity and inclusion strategy. Increasing female representation and leadership at higher levels of the Group is a particular area of focus.

We are committed to creating a fully inclusive culture, underpinned by our values which include respect and fairness. These values ensure good outcomes for our people and our customers and are embedded across all levels of the Group.



Richard Rowntree
Executive Sponsor, Equality, Diversity and Inclusion

What is the gender pay gap?

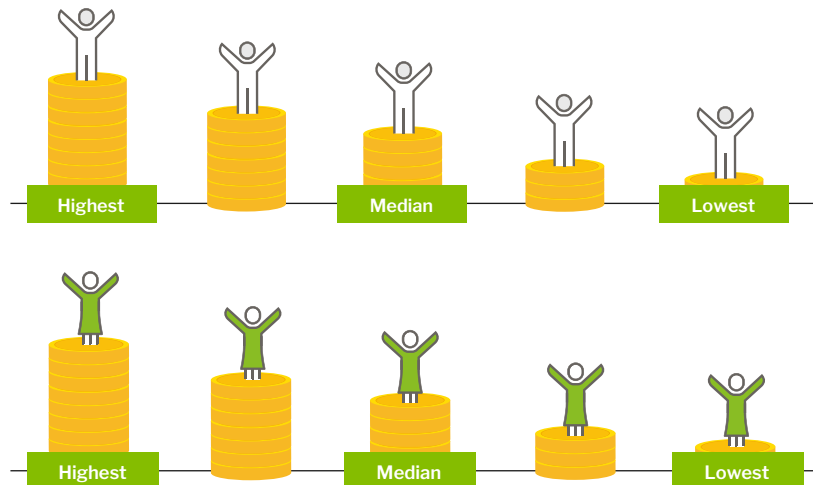
A gender pay gap is the **difference in average pay between all males and females** in an organisation.



A gender pay gap does not indicate that men and women in similar positions are paid different amounts, which would contravene equal pay legislation.

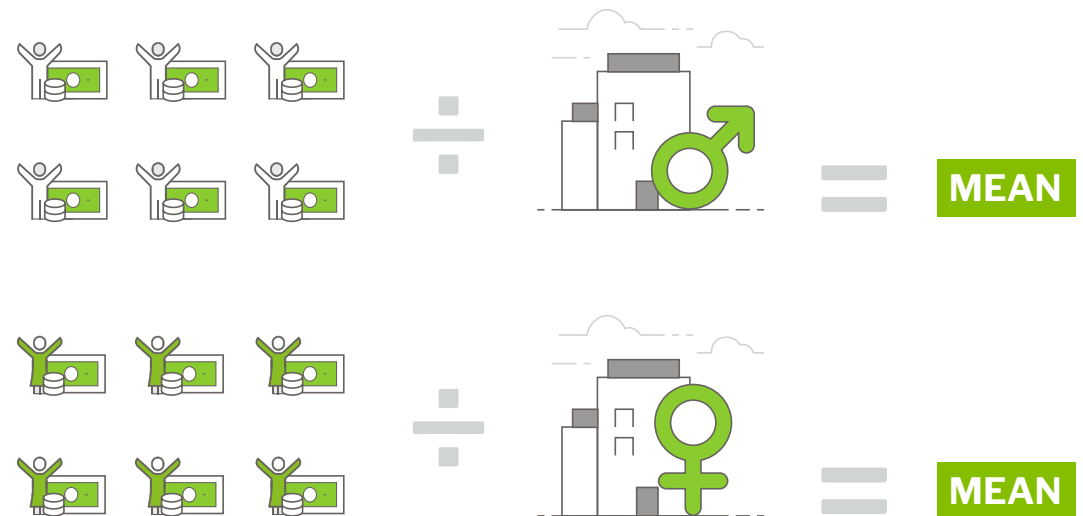
Median Gender Pay Gap

The median gender pay gap takes all male and all female salaries, orders them from lowest to highest, and is the difference between the midpoints for men and women.



Mean Gender Pay Gap

The mean gender pay gap shows the difference in the average hourly pay between all men and all women.





People

We believe the diversity of our directors, managers and employees should reflect the diversity in the world around us. People are at the heart of everything we do, and we understand the significance and value of building strong and diverse teams, helping us to broaden our perspective, understand our customers better and build a stronger business.



MALE

FEMALE

		MALE		FEMALE
Executive	(8)	67%	(4)	33%
Senior Management	(29)	66%	(15)	34%
Other employees	(628)	47%	(696)	53%

Data as at 5 April 2021

Our results

Our Gender Pay Gap

(Paragon Banking Group PLC)

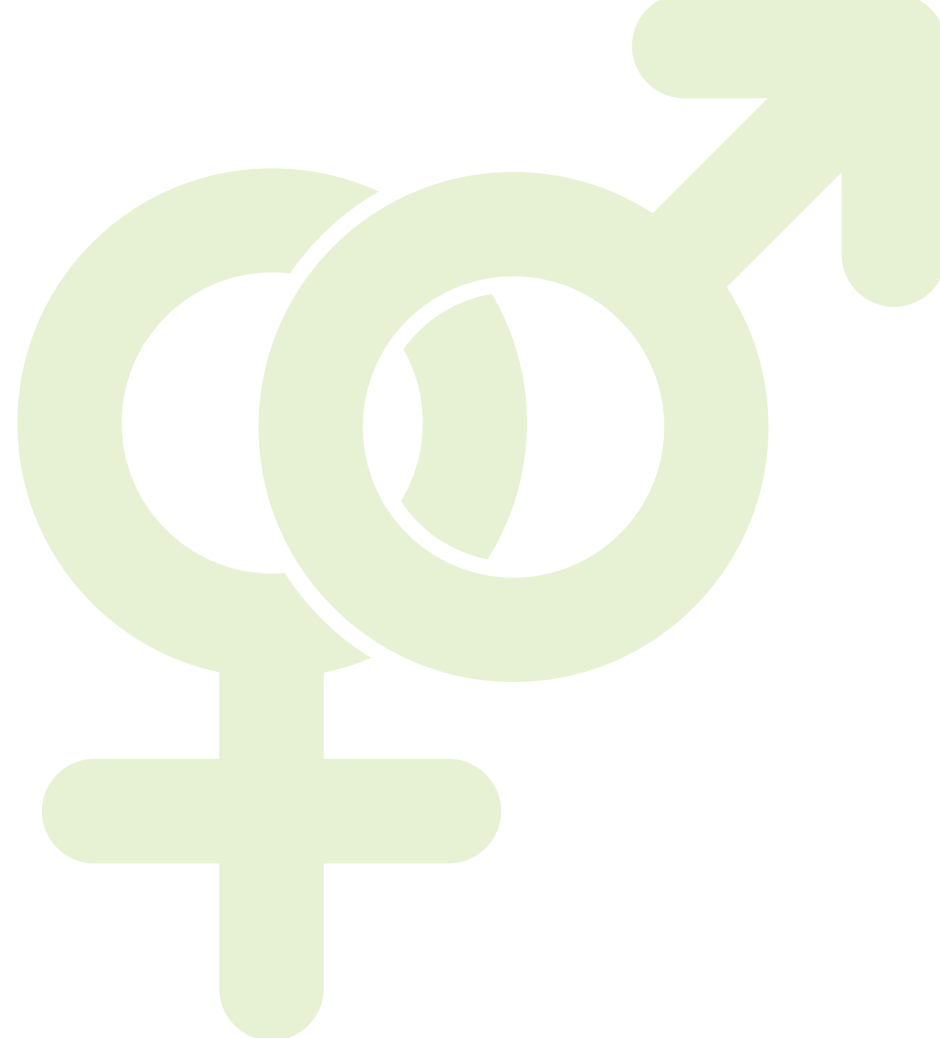
	2021	2020
Mean	38.4%	40.7%
Median	36.6%	36.9%

Data as at 5 April 2021. You can find equivalent information for our subsidiary Paragon Finance PLC on page 9.

This year's gender pay measures are similar to those for 2020 and remain larger than we would like. As evidenced by the gender split amongst our pay quartiles (page 5), this is predominately due to the seniority and nature of roles that men and women are undertaking in the organisation. The lower number of the Group's senior roles occupied by women brings down the average pay for women overall.

We are making progress in improving female representation and have achieved our FTSE Women Leaders' Review target of 33% representation on our Board (37.5% as at March 2021) and in senior leadership positions (34% as at March 2021).

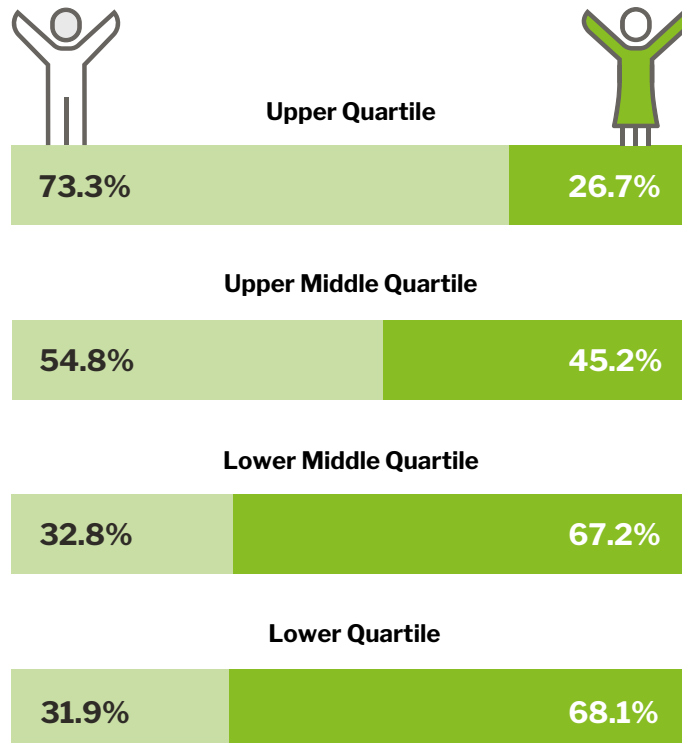
We are also a signatory to the Women in Finance Charter, sponsored by HM Treasury, and are pleased to have achieved the target of 35% of women in senior positions by January 2022.



Proportion of males and females in each pay quartile

These charts show the gender split of employees grouped by hourly pay rates into four equally sized quartiles. The upper quartile includes the highest paid employees.

At Paragon, we have more female employees in our lower pay quartiles. These are typically in operational roles, which lend themselves to particularly well to part-time working arrangements. Females account for the majority of part-time working arrangements and, due to the nature of the gender pay gap calculation taking no account of hours worked by employees in calculating averages, this further increases the size of our gender pay gap.



92% of part-time workers are females

We regularly assess pay levels across the Group and this demonstrates there is not a difference in pay between men and women undertaking the same role and this is not a contributory factor in our gender pay gap.



Anne Barnett
People Director

Bonuses

We are proud that the vast majority (82%) of our employees are eligible for a bonus under the Group's Profit Related Pay scheme; these awards lead to our small median bonus pay gap. 15% of employees are eligible for the Group's discretionary bonus scheme (23% of the scheme's participants are women), and 4% of employees are also eligible for share based awards of which 31% of recipients are female. This means that discretionary and share based bonus schemes are disproportionately awarded to men, and the large mean bonus gap is further driven by the largest bonuses being awarded to three male executive directors.

	2021	2020
Mean	76.5%	82.6%
Median	3.4%	2.5%

Data as at 5 April 2021

92% of male employees receive a bonus






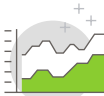


94% of female employees receive a bonus

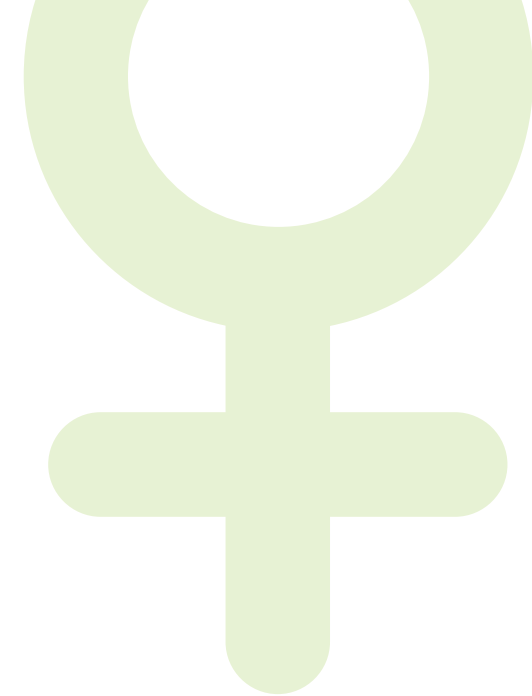


Taking action

We are taking steps to increase the pipeline of female candidates available to assume senior roles in the business, or elsewhere in the financial services sector.

Actions that we have taken this year include:

-  Insisting that all new senior manager vacancies must have credible, female candidates included in the shortlist
-  Involving members of the Group's **Equality, Diversity and Inclusion Network** in the selection process for talent programmes to challenge any unconscious bias
-  Collecting data to understand the composition of our workforce, monitor how diverse we are and identify the steps that we need to take to make Paragon a more inclusive place to work
-  Increasing the use of data to measure and monitor gender equality, including monthly Executive reports on the gender mix of the candidate pipeline for all vacancies, and analysis of employee engagement scores by gender
-  Our **Equality, Diversity and Inclusion Network** leading on a number of education and awareness campaigns
-  Launching inclusive leadership and inclusive workplace training for managers and employees



While the steps we are taking may not result in immediate progress on our gender pay gap measures, they will enhance opportunities for women and improve the reported metrics over the long term.



Richard Rowntree
Executive Sponsor, Equality, Diversity and Inclusion



EDI Network

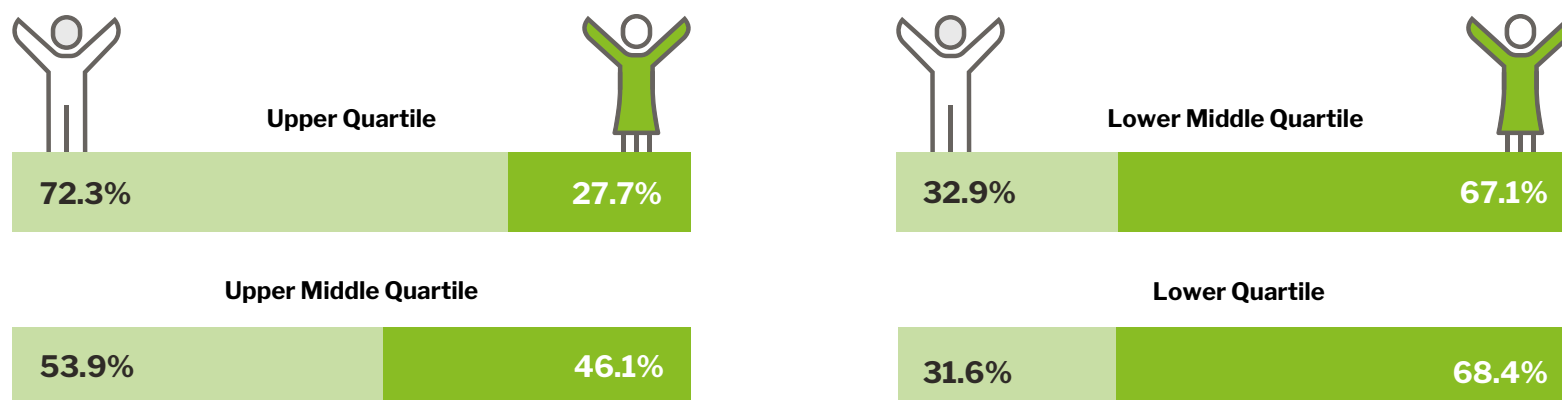
In 2020, we launched our Equality, Diversity and Inclusion Network designed to support all employees and raise awareness and understanding of equality, diversity and inclusion in the workplace.

It champions ideas to make Paragon an even more inclusive workplace and provides feedback to leadership on issues affecting underrepresented groups.

Appendix

	Group			Paragon Finance PLC		
	2021	2020	2019	2021	2020	2019
Mean gender pay gap	38.4%	40.7%	41.3%	38.1%	40.4%	41.4%
Median gender pay gap	36.6%	36.9%	33.9%	36.4%	35.0%	31.3%
Mean gender bonus pay gap	76.5%	82.6%	76.9%	76.7%	83.2%	77.7%
Median gender bonus pay gap	3.4%	2.5%	1.2%	3.4%	2.3%	1.2%
Proportion of males receiving a bonus payment	91.8%	88.0%	88.0%	92.2%	89.9%	91.5%
Proportion of females receiving a bonus payment	94.2%	90.3%	91.0%	95.8%	91.6%	94.0%

Proportion of males and females in each pay quartile (Paragon Finance PLC)



Confirmation statement

The accuracy of the information presented in respect of **Paragon Finance PLC** required by **Regulation 2 of “the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017** was confirmed by:

Richard Woodman
Chief Financial Officer
March 2022



paragon

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