

The Paragon Group of Companies PLC
Modern Slavery and Human Trafficking: Board Statement

<p>Introduction</p>	<p>Acting responsibly in the markets in which we operate, caring for our people and treating our customers fairly are key principles at the heart of everything we do.</p> <p>One of the Group's aims is that its employees, job applicants, retailers, business introducers and suppliers should be treated fairly and that they should not be disadvantaged by unjust or unfair conditions or requirements. As part of this The Paragon Group of Companies PLC ("PGC") is committed to ensuring that there is no slavery, servitude, forced or compulsory labour or human trafficking in our supply chains or within any part of our operations. We do not tolerate the exploitation of anyone who is employed by us or who works with us towards achieving our business goals.</p> <p>PGC supports the objectives of the Modern Slavery Act 2015 (the "Act"), in raising awareness of modern slavery and human trafficking. As required by Section 54 of the Act PGC presents its slavery and human trafficking statement for its financial year ended 30 September 2016. This statement is drawn up in accordance with the available government guidance.</p>
<p>Organisation's structure/our business</p>	<p>PGC is a FTSE 250 listed company which is incorporated in the UK and headquartered in Solihull. There are a number of subsidiaries within the group together with a number of related party entities that are consolidated into the financial reporting of PGC (together the "Group").</p> <p>The Group is a financial services business whose operations are conducted wholly within the United Kingdom. It does not operate in any fields generally considered to have a high risk of incidence of slavery and human trafficking. The Group's supply chain is mainly focussed on the provision of professional and office services within the UK, which, again, are not considered to be high risk sectors for slavery and human trafficking.</p> <p>This statement is made by PGC and applies to all its subsidiaries including Paragon Bank PLC and Paragon Finance PLC. For regulatory details regarding the Group's subsidiaries see http://www.paragon-group.co.uk/regulatory-status.</p>

The Paragon Group of Companies PLC
Modern Slavery and Human Trafficking: Board Statement

<p>Policies on slavery, servitude, forced or compulsory labour and human trafficking</p>	<p>We are committed to ensuring that none of these offences occur in our supply chains or in any part of our business. Our Modern Slavery Policy, was approved by the board of PGC and relevant subsidiaries (as defined by the Companies Act 2006) and, reflects our group wide commitment to acting ethically and with integrity in all our business relationships.</p> <p>All employees are required to read and sign our HR Policies which include the Modern Slavery Policy. HR Policies are regularly reviewed and are amended in accordance with changes in legislation and all employees are asked to read and sign the policy to confirm their understanding within the HR Policies database. In addition to the Modern Slavery policy the requirements of the Act are reflected in a number of our policies including recruitment, whistleblowing and anti-bribery and corruption.</p>
<p>Impact on our business</p> <p>Due diligence processes for slavery, servitude, forced or compulsory labour and human trafficking in our business</p>	<p>The Group has assessed its employment arrangements and its Human Resources policies and has determined that the risk of any of these offences occurring in this area is low.</p> <p>As a Group we utilise a relatively small number of temporary, contractor and vocational employees to support our business needs. All employees are thoroughly vetted prior to any appointment irrespective of whether they are permanent or temporary. All employees, including temporary or contract staff are paid the correct rates of pay in accordance with those paid to permanent employees. The Group also adheres to the standards of the Living Wage Foundation which are reviewed in accordance with the Living Wage legislation on an annual basis.</p> <p>We have in place rigorous recruitment processes to ensure that where we appoint a third party to assist with recruitment they do not charge recruitment fees to the individual being considered for appointment.</p> <p>We undertake verification of all individuals, as required by UK legislation, prior to their appointment and for certain roles this includes CRB checking.</p> <p>During the year to 30 September 2016 no incidents of slavery, servitude, forced or compulsory labour or human trafficking relating to the Group's employment arrangements were recorded through the whistleblowing process or came to the Group's attention through its other management and human resources processes.</p>

The Paragon Group of Companies PLC
Modern Slavery and Human Trafficking: Board Statement

<p>Impact on our supply chains</p> <p>Due diligence processes for slavery, servitude, forced or compulsory labour and human trafficking in our supply chain</p>	<p>The Group has assessed its supply chain (including its business introducers) and has determined that the risk of slavery, servitude, forced or compulsory labour and human trafficking in this area is low, due to the concentration of these suppliers in the UK and within industries generally considered low risk. Our supply chains are predominantly UK based corporate entities or organisations. We are reviewing our engagement policies and controls regarding supplier management for all suppliers and our initial due diligence procedures so that issues relating to these offences are addressed at the early stages of any business relationship and on renewal of that relationship or at least annually depending on the risk categorisation of the specific supplier.</p> <p>During 2016 the Group identified which of its suppliers might be considered higher risk, focussing on those suppliers together with the Group's larger suppliers determined by invoicing cost. In order to satisfy itself that these suppliers have appropriate procedures in place to combat Modern Slavery, we have contacted them to ascertain their compliance with the Act as part of an ongoing enhancement to our supplier management risk and control framework.</p> <p>These enhancements will ensure that we have effective systems to:</p> <ul style="list-style-type: none"> • Identify and assess potential risk areas in our supply chains. • Mitigate the risk of slavery and human trafficking occurring in our supply chains. • Monitor potential risk areas in our supply chains. • Protect whistle blowers.
<p>Supplier adherence to our values</p>	<p>We do not tolerate slavery, servitude, forced or compulsory labour and human trafficking. To ensure all those in our supply chain and contractors comply with our values we have in place a supply chain compliance programme. This is kept under review to ensure consistency of risk assessment, categorisation, on-boarding and ongoing management of suppliers.</p> <p>We have a dedicated first line control team as well as a second and third lines of defence model, which consists of representatives (or support) from the following departments:</p>

The Paragon Group of Companies PLC
Modern Slavery and Human Trafficking: Board Statement

	<ul style="list-style-type: none"> • Group Services • Sales and Servicing functions • Group Risk and Compliance • Group Legal • Group Human Resources • Group Internal Audit
Training	All employees will receive training on the requirements of the Act, including, how they might identify situations which could involve exploitation and what action to take if any such situations are identified and this training will be updated on a regular basis.
Sign off	<p>This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes PGC's slavery and human trafficking statement for the financial year ended 30 September 2016.</p> <p>APPROVED BY THE BOARD, THE PARAGON GROUP OF COMPANIES PLC ON 1 MARCH 2017.*</p>  <p>Nigel Terrington, Chief Executive The Paragon Group of Companies PLC Date: March 2017</p>

*This statement was adopted by the boards of Idem Capital Holdings Limited, Idem Capital Limited, Idem Capital Securities Limited, Paragon Bank Asset Finance Limited, Paragon Bank PLC, Paragon Finance PLC and Paragon Mortgages (2010) Limited in March 2017.