

paragon



Gender pay gap report 2020

Diversity continues to be an important element of our people strategy and we are working hard to build a more diverse organisation, including driving female representation and leadership at higher levels of the Group.

We are committed to creating an 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 through all levels across the Group.



Richard Rowntree
Executive Sponsor, Equality, Diversity and Inclusion

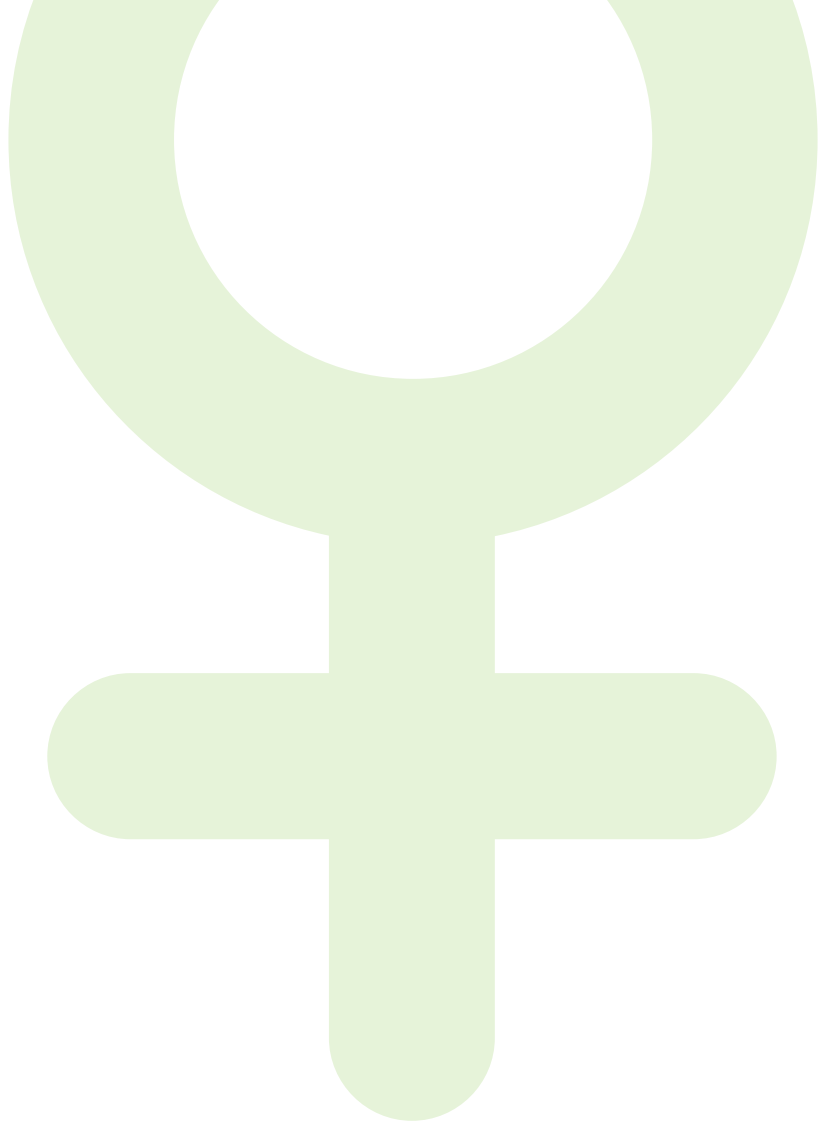


What is the gender pay gap?

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



- The mean gender pay gap shows the difference in the average hourly pay between all men and all women
- The median gender pay gap takes all female and all male salaries, orders them from lowest to highest, and is the difference between the midpoints for men and women

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



People

We believe the diversity of our 1,396 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
Executive	(8) 73%	(3) 27%
Senior Management	(29) 69%	(13) 31%
Other employees	(628) 47%	(717) 53%

Data as at 5 April 2020

Our results

Our Gender Pay Gap

(Paragon Banking Group PLC)



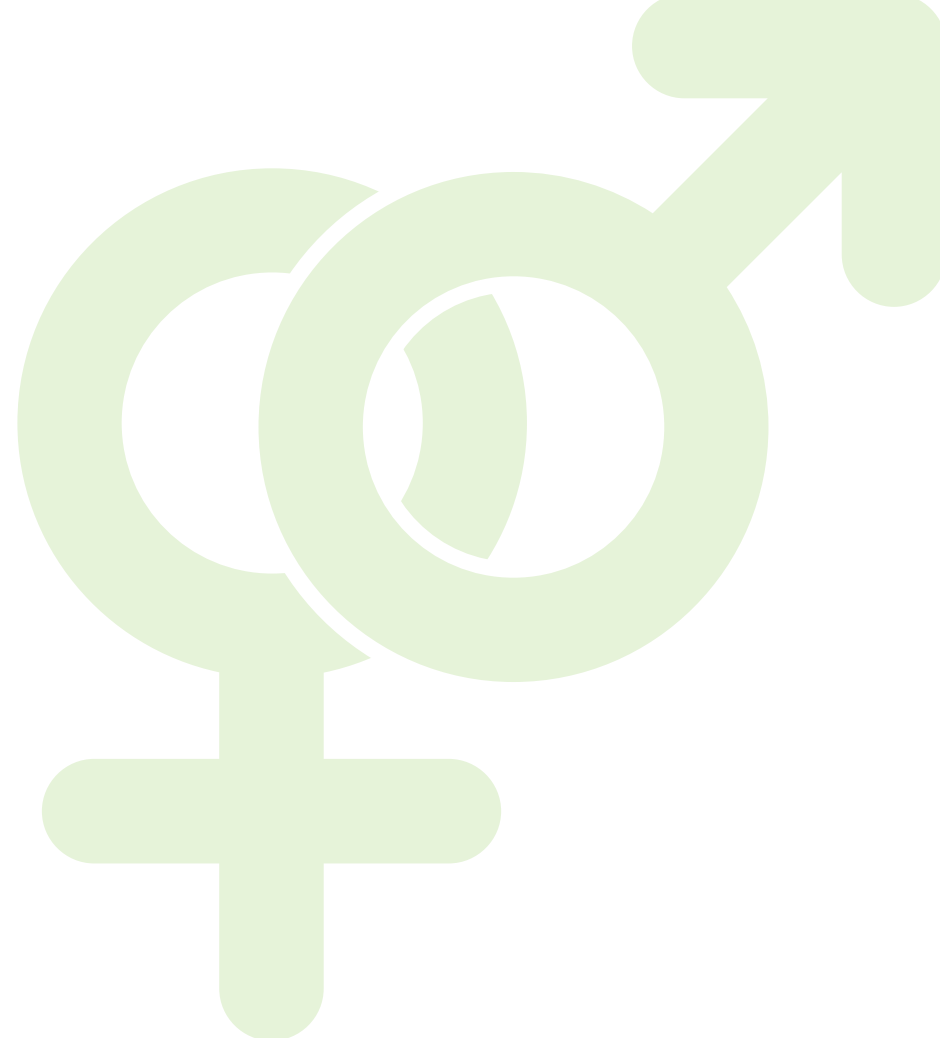
	2020	2019
Mean	40.7%	41.3%
Median	36.9%	33.9%

Data as at 5 April 2020. You can find equivalent information for our subsidiary Paragon Finance PLC on page 8.

This year's gender pay measures are similar to those for 2019 and remain larger than we would like. As evidenced by the gender split amongst our pay quartiles (below), this is predominately due to the seniority and nature of roles that men and women are undertaking in the organisation.

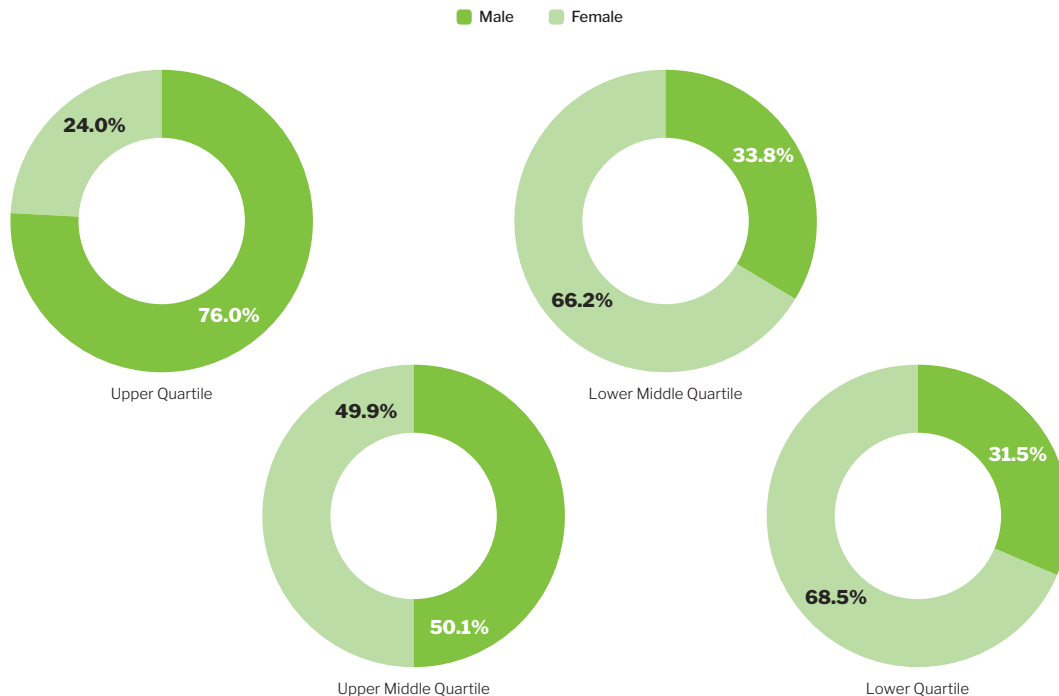
We are making strides to improve female representation at senior levels of the organisation as evidenced by our progress against our Hampton Alexander target of having 33% representation on our Board (37.5% as at March 2021) and in senior leadership (34.6% as at March 2021). Further improvements such as these will help us to improve our gender pay gap over time.

We are also a signatory to the Women in Finance Charter, sponsored by HM Treasury and have set ourselves the target of achieving 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.



Employees in our lower pay quartiles are predominantly female and typically include our operational roles. These roles lend themselves to particularly well to part-time working arrangements. Throughout the organisation 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.

We regularly assess pay levels across the Group and are confident 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

93% of part-time workers are females

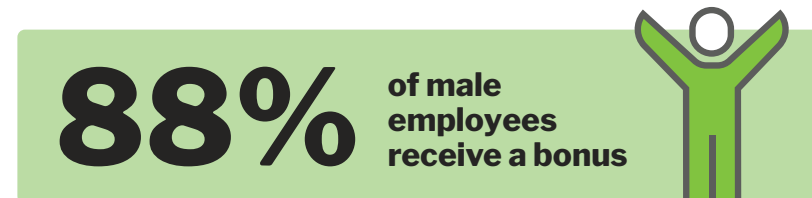
Bonuses

We are proud that the vast majority (79%) 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 (31% of the scheme's participants are women), and 5% of employees are also eligible for share based awards of which 27% 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 four male executive directors.



	2020	2019
Mean	82.6%	76.9%
Median	2.5%	1.2%

Data as at 5 April 2020



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.

Initiatives that the Group has implemented include:

- Enhancing the provision of maternity and adoption leave pay to 18 weeks full pay in April 2020
- Continuing to focus on providing women with more career development and support through mentoring and development initiatives, such as participating in the Women Ahead cross-company mentoring programme
- Working with The Women's Association on campaigns to increase the visibility of women in the workplace and inspire future generations of females
- Insisting that all new senior management vacancies must have credible, female candidates included in the shortlists
- Monitoring the gender diversity of candidate pools for all vacancies and using these as key performance indicators for any recruitment agencies we engage with
- Continuing with anonymous candidate screening by removing names from CVs
- Launching more in-depth unconscious bias training for all employees
- Conducting a regular diversity survey amongst our employees to understand the opinions of all employees considering intersectionality

EDI Network



We launched our Equality, Diversity, and Inclusion Network in October 2020. The network is made up of employees from across the Group and the purpose of the network is 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.

The EDI Network is putting plans in place that will further support the development of female and other underrepresented talent.

The steps we are taking will not result in immediate progress on our gender pay gap measures, but we are confident they will improve the reported metrics over the long term.



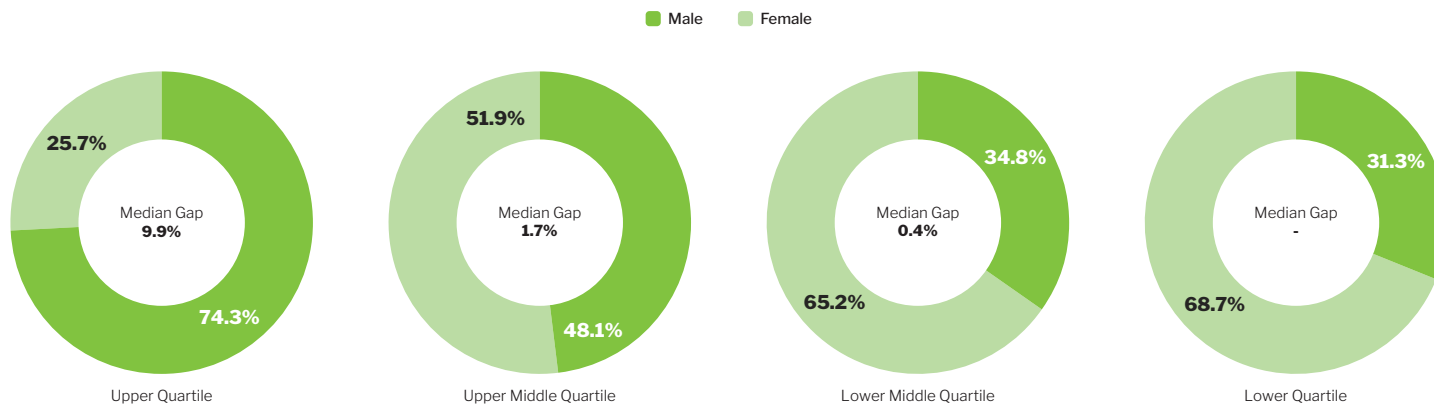
Richard Rowntree

Executive Sponsor, Equality, Diversity and Inclusion

Appendix

	Group			Paragon Finance PLC		
	2020	2019	2018	2020	2019	2018
Mean gender pay gap	40.7%	41.3%	39.7%	40.4%	41.4%	40.0%
Median gender pay gap	36.9%	33.9%	30.7%	35.0%	31.3%	29.5%
Mean gender bonus pay gap	82.6%	76.9%	84.9%	83.2%	77.7%	85.6%
Median gender bonus pay gap	2.5%	1.2%	3.4%	2.3%	1.2%	2.8%
Proportion of males receiving a bonus payment	88.0%	88.0%	84.0%	89.9%	91.5%	86.9%
Proportion of females receiving a bonus payment	90.3%	91.0%	89.8%	91.6%	94.0%	93.8%

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) Regulation 2017 was confirmed by:

Richard Woodman,

Chief Financial Officer,
March 2021.



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