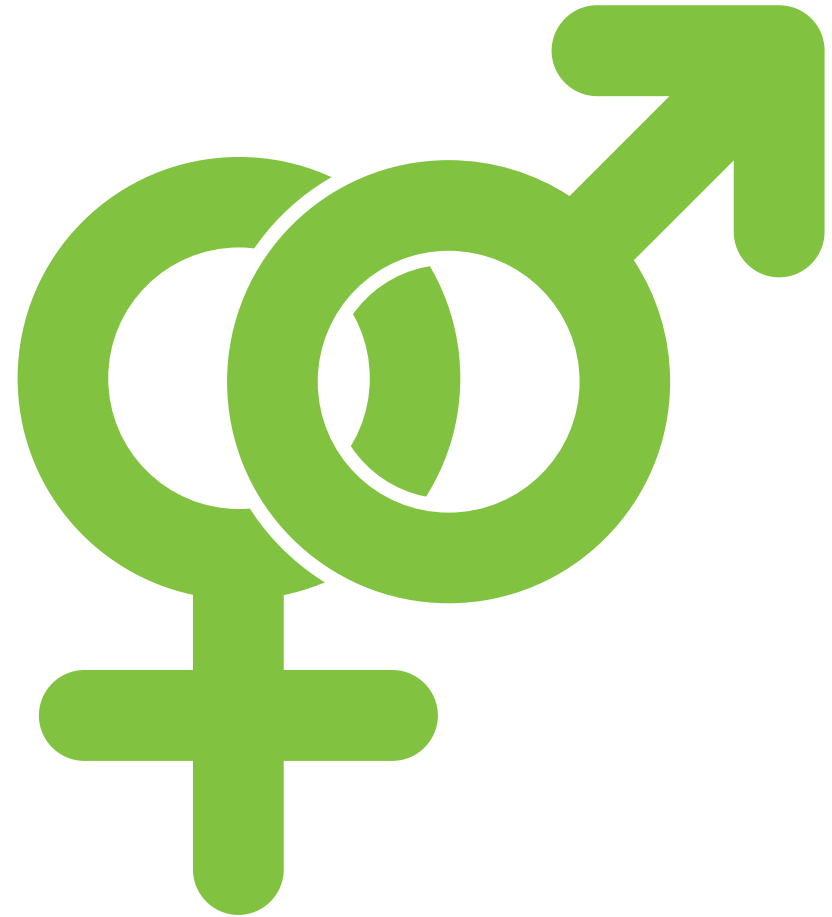


Gender pay gap report

2022





Diversity and inclusion are important elements of our people strategy and increasing female representation and leadership at higher levels of the Group remains a particular area of focus.

Our commitment to being an inclusive organisation is 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?

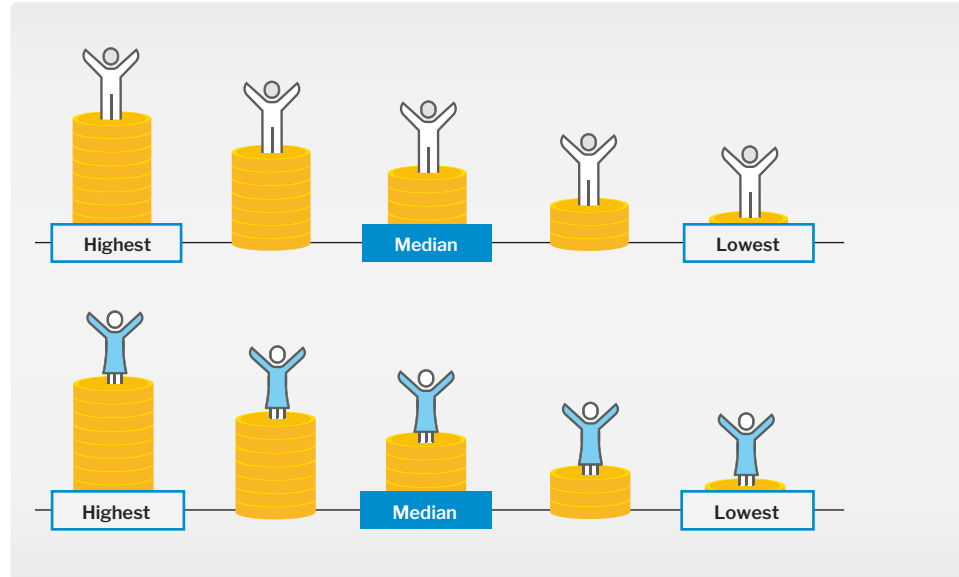
A gender pay gap is the **difference in average pay between all males and females** in an organisation.



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	
Executive	(8)	67%	(4)	33%
Senior Management	(27)	61%	(17)	39%
Other employees	(680)	49%	(713)	51%

Data as at 5 April 2022

Our results

Our Gender Pay Gap

(Paragon Banking Group PLC)



	2022	2021
Mean	36.3%	38.4%
Median	32.5%	36.6%

Data as at 5 April 2022. You can find equivalent information for our subsidiary Paragon Finance PLC on page 9.

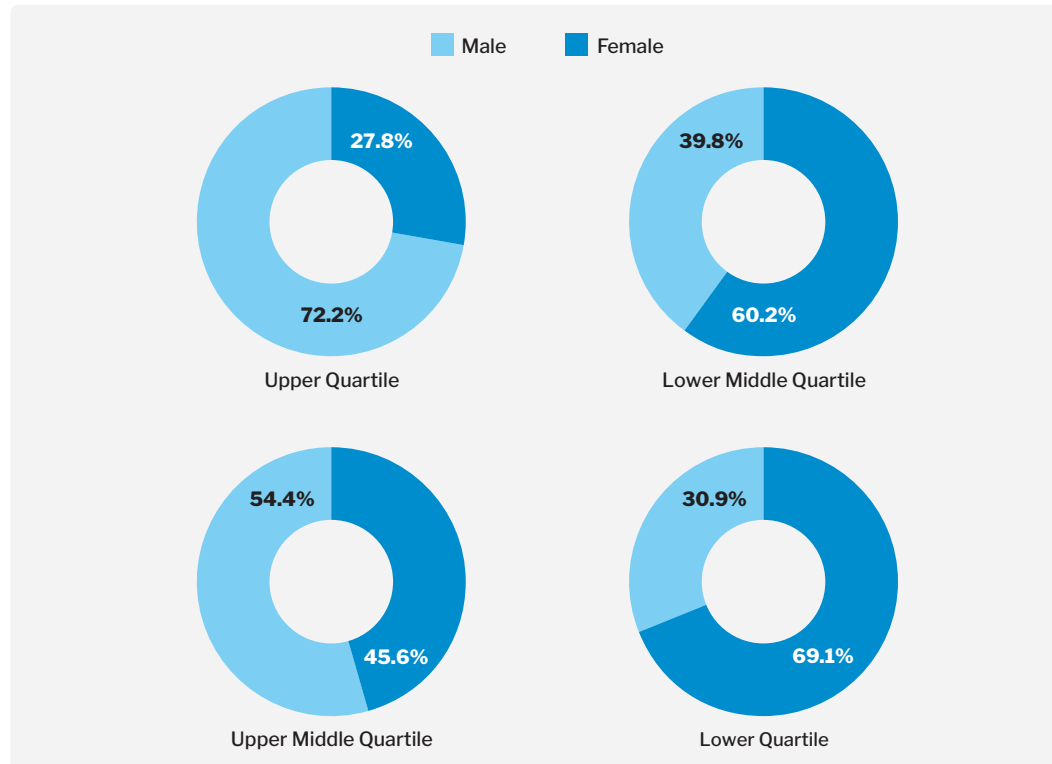
This year's gender pay gap shows a small improvement compared to 2021 but remains larger than we would like. As evidenced by the gender split amongst our pay quartiles (page 6), this is predominately due to the seniority and nature of roles that men and women are undertaking in the organisation. Lower numbers of female colleagues in more senior roles brings down the average pay for these colleagues.

We are making progress in improving female representation and achieved our Women in Finance Charter target of 35% of senior management roles filled with females by January 2022. In recognition of this, the Group has now revised its target to achieve 40% female representation in senior management positions by December 2025.



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.



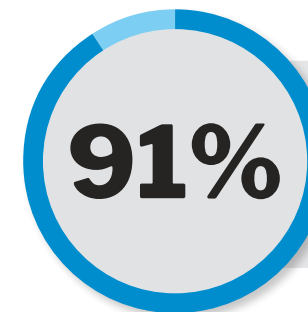
At Paragon, we have more female colleagues in our lower pay quartiles. These are typically in operational roles, which lend themselves to particularly well to part-time working arrangements. Females account for the majority of part-time working arrangements and, due to the nature of the gender pay gap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



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
Chief People Officer



of part-time workers are females

Bonuses

We are proud that the vast majority (86%) 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.

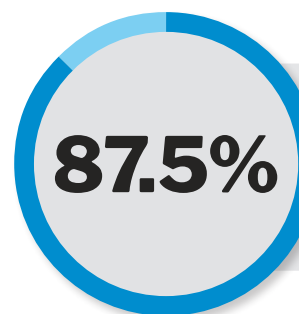
19% of employees are eligible for the Group's discretionary bonus scheme (36% of the scheme's participants are women), and 8% of employees are also eligible for share-based awards of which 28% of recipients are female.

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 two male executive directors.

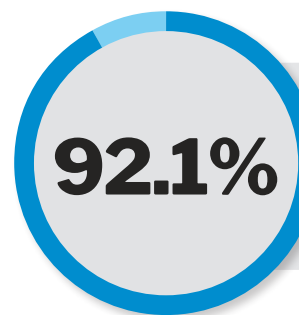


	2022	2021
Mean	84.4%	76.5%
Median	1.9%	3.4%

Data as at 5 April 2022



of male employees receive a bonus



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 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
- ✔ launching inclusive leadership and inclusive workplace training for managers and employees
- ✔ participating in the 30% Club's Mission Gender Equity, a cross company mentoring programme designed to support the ambitions of women
- ✔ our Equality, Diversity and Inclusion Network leading on a number of education and awareness campaigns
- ✔ increasing the use of data to measure and monitor gender equality, including monthly reporting to the Executive Committee on the gender mix of candidate pipelines for all vacancies, and analysis of employee engagement scores by gender
- ✔ collecting data to better 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
- ✔ raising awareness about menopause through training and menopause champions, to make sure we effectively support and retain our female employees through this stage of their lives

Building a truly diverse organisation means building a workplace where women can progress, regardless of any other characteristic. We know we have more to do to improve our gender pay gap and are taking action to make Paragon a better place for women to work.

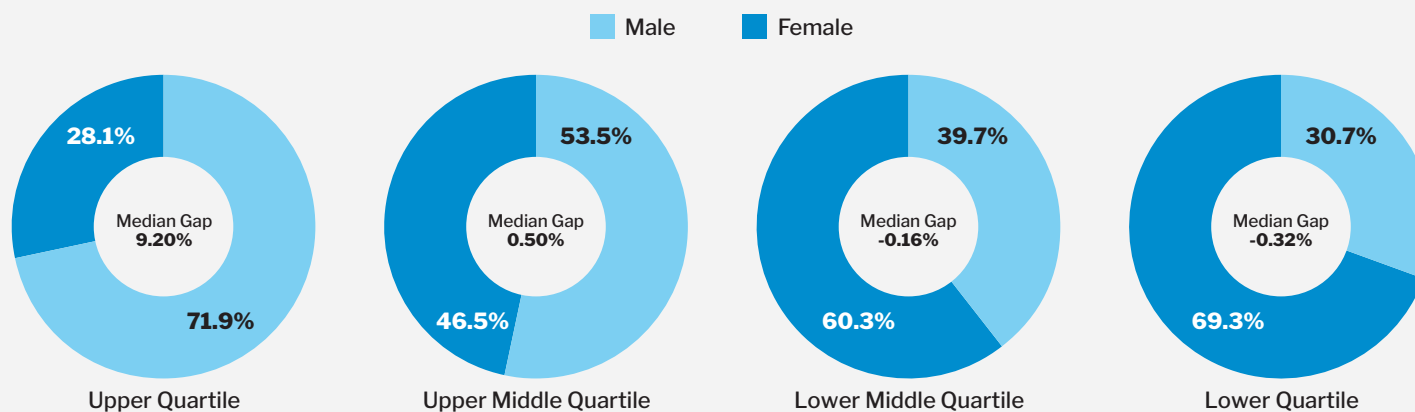
Richard Rowntree

Executive Sponsor, Equality, Diversity and Inclusion

Appendix

	Group			Paragon Finance PLC		
	2022	2021	2020	2022	2021	2020
Mean gender pay gap	36.3%	38.4%	40.7%	36.1%	38.1%	40.4%
Median gender pay gap	32.5%	36.6%	36.9%	31.7%	36.4%	35.0%
Mean gender bonus pay gap	84.4%	76.5%	82.6%	84.7%	76.7%	83.2%
Median gender bonus pay gap	1.9%	3.4%	2.5%	1.9%	3.4%	2.3%
Proportion of males receiving a bonus payment	87.5%	91.8%	88.0%	87.9%	92.2%	89.9%
Proportion of females receiving a bonus payment	92.1%	94.2%	90.3%	92.3%	95.8%	91.6%

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 2023



paragon

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