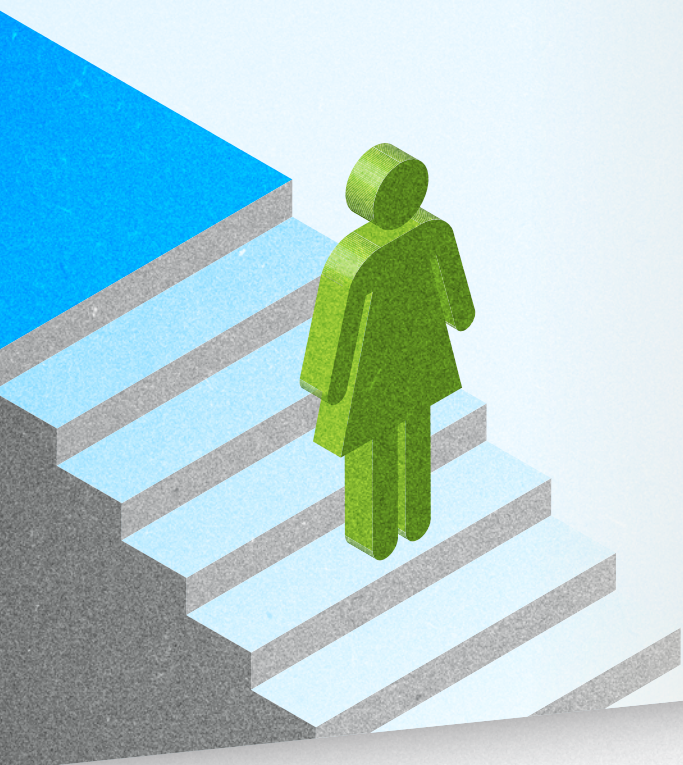


paragon

Gender pay gap report 2023





Organisations that are diverse and inclusive are more successful and better places for people to work. We are committed to creating and promoting opportunities where diverse talent can thrive and a culture that reflects the diversity of our communities.

We know there remains an underrepresentation of women in our most senior roles, which is reflected by our gender pay gap, and increasing female representation and leadership at higher levels of the Group remains a particular area of focus.

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.

Gender has been identified as a priority area for our equality, diversity and inclusion strategy, where we are setting targets and measuring progress, reaffirming our commitment to making a difference today but also for the generations to come.

Anne Barnett
Chief People Officer

What is a gender pay gap?

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

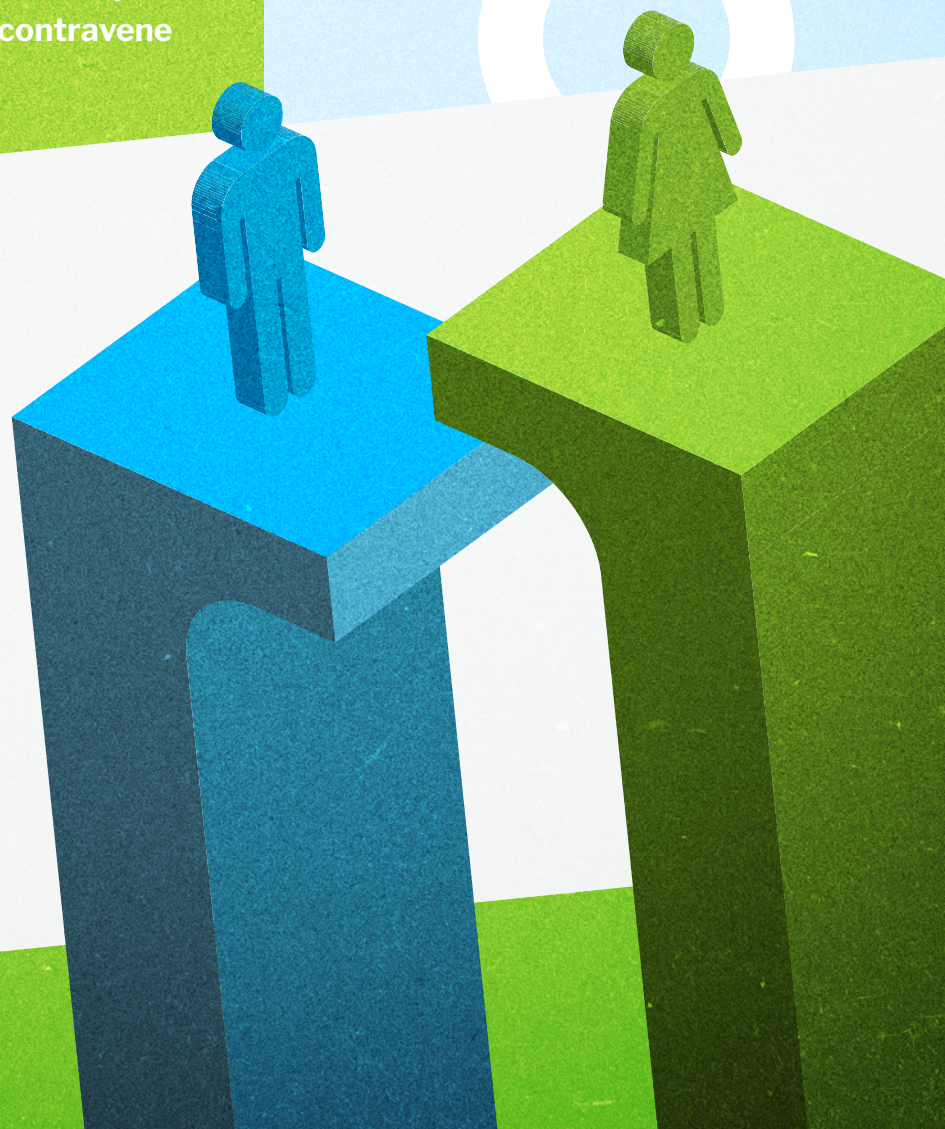
A gender pay gap does not indicate that men and women in similar positions are paid different amounts, which would contravene equal pay legislation.

Mean Gender Pay Gap

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

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.



Our results

Our Gender Pay Gap

(Paragon Banking Group PLC)

2023

Mean

35.0%

(2022 : 36.3%)

Median

33.5%

(2022 : 32.5%)

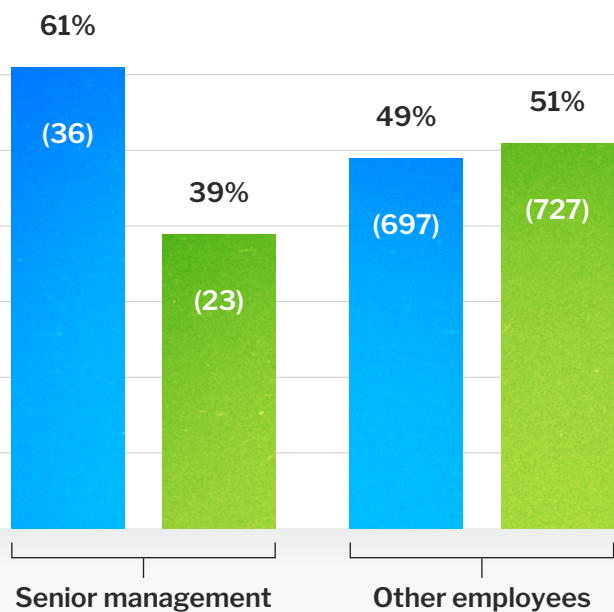
Data as at 5 April 2023. You can find equivalent information for our subsidiary Paragon Finance PLC on page 8.

Our people

● Male

● Female

Data as at 5 April 2023



Senior management includes Executive Committee members and their direct reports

Our 2023 gender pay measures were similar to those for 2022 and remain larger than we'd like them to be. As evidenced by the gender split amongst our pay quartiles, this is predominately due to the seniority and nature of roles that men and women are undertaking in the organisation.

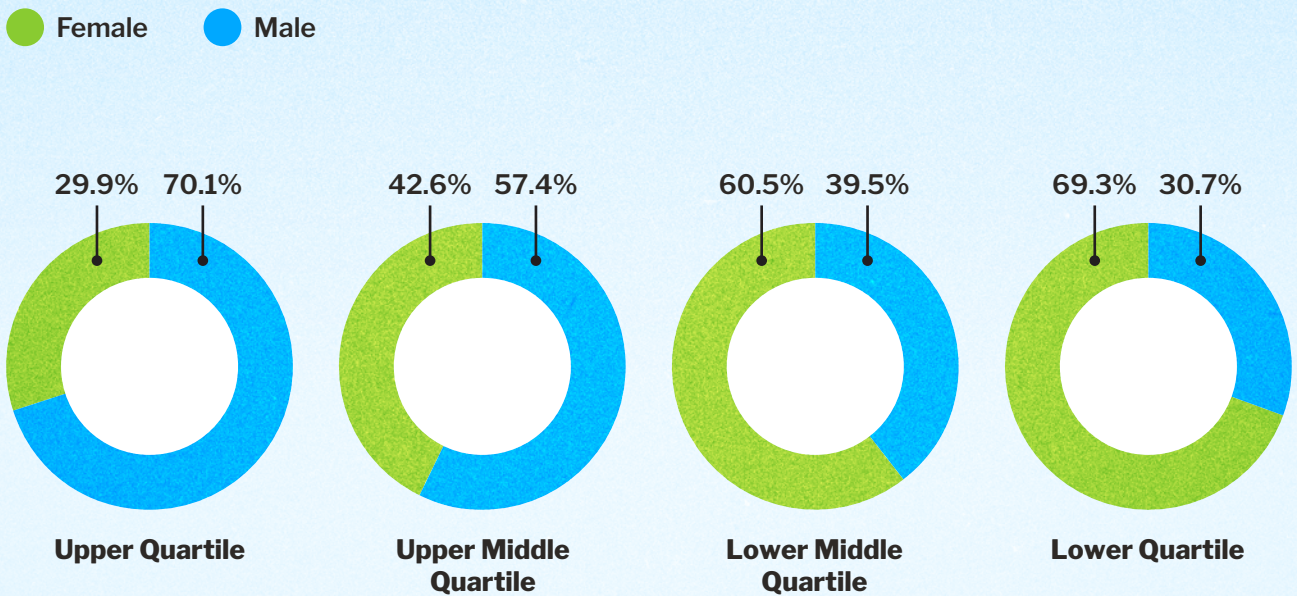
Employees in our lower pay quartiles are predominantly female and typically include our operational roles which lend themselves particularly well to part-time working arrangements.

Paragon is a signatory of HM Treasury's Women in Finance Charter, a pledge for gender balance across the financial services sector. The Charter requires signatories to set a target for female representation in senior management. We are proud that we met the initial target for 35% female representation in senior management positions by January 2022 and have now revised our target to achieve 40% 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 employees in our lower pay quartiles. These are typically in operational roles, which lend themselves 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.



Bonuses

We are proud that the vast majority (87%) 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 (34% 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.

2023

Mean

70.5%

(2022: 84.4%)

Median

0.5%

(2022: 1.9%)

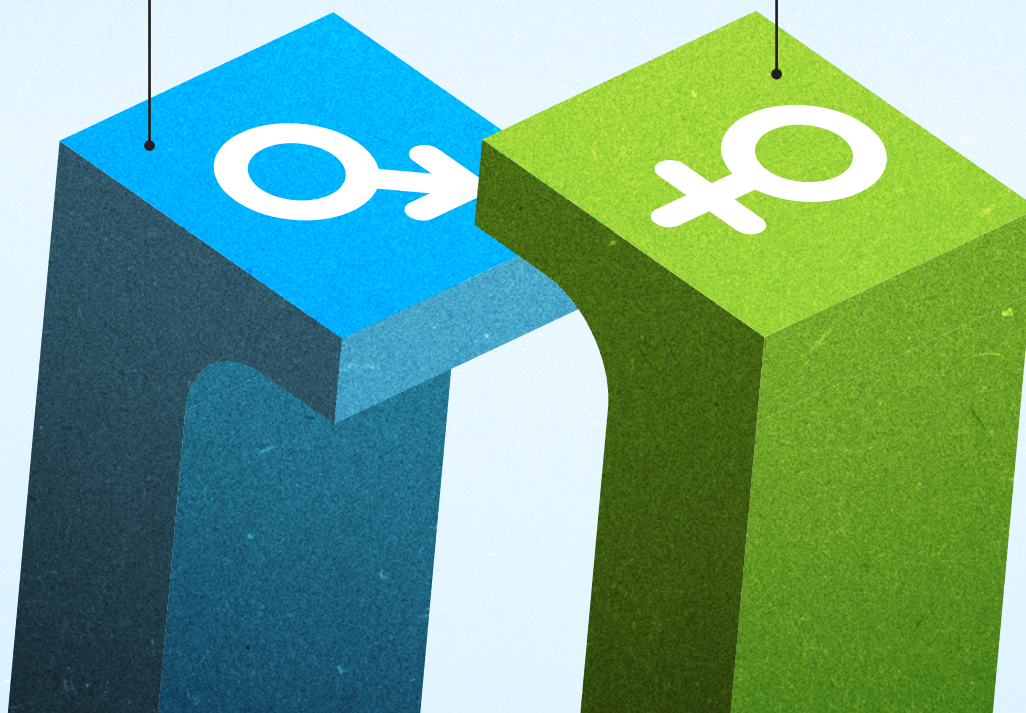
Data for the year ended 5 April 2023

90.4%

of male employees
receive a bonus

92.4%

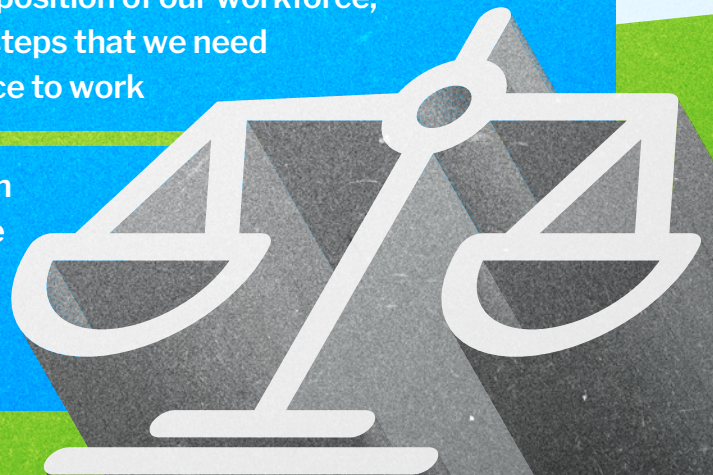
of female employees
receive a bonus



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

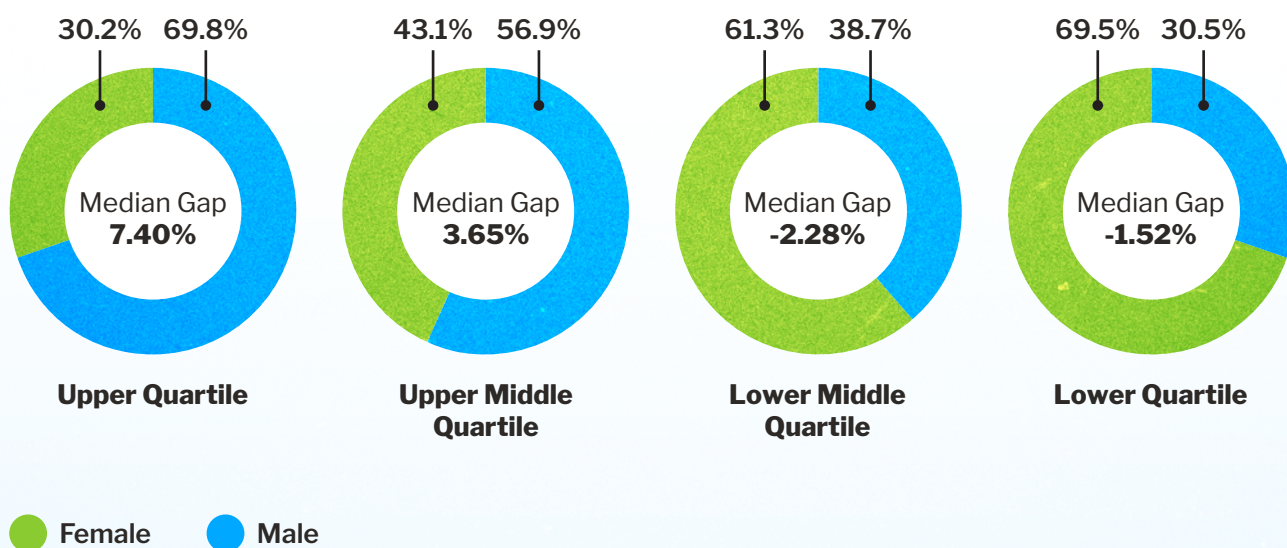


Appendix

	Group			Paragon Finance PLC		
	2023	2022	2021	2023	2022	2021
Mean gender pay gap	35.0%	36.3%	38.4%	34.7%	36.1%	38.1%
Median gender pay gap	33.5%	32.5%	36.6%	33.2%	31.7%	36.4%
Mean gender bonus pay gap	70.5%	84.4%	76.5%	70.6%	84.7%	76.7%
Median gender bonus pay gap	0.5%	1.9%	3.4%	0.5%	1.9%	3.4%
Proportion of males receiving a bonus payment	90.4%	87.5%	91.8%	91.0%	87.9%	92.2%
Proportion of females receiving a bonus payment	92.4%	92.1%	94.2%	92.7%	92.3%	95.8%

Data as at 5 April 2023

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 2024

The Paragon logo features the word "paragon" in a white, lowercase serif font. A small, stylized green starburst or spark is positioned above the letter 'a'.

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