

Modern Slavery and Human Trafficking Statement

Paragon Banking Group PLC ('PBG') considers acting responsibly in its operating markets, caring for its people, and acting to deliver good outcomes for its customers as key principles to be held at the heart of everything it does.

One of PBG's aims in meeting these principles is that employees, job applicants, retailers, business introducers and suppliers must be treated fairly and that they must not be disadvantaged by unjust or unfair conditions or requirements. As part of this, PBG is committed to ensuring that there is no slavery, servitude, forced or compulsory labour or human trafficking in its supply chains or within any part of its operations. The exploitation of anyone who is employed by PBG or who works with PBG towards achieving its business goals will not be tolerated.

PBG 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, PBG presents its slavery and human trafficking statement for its financial year ended 30 September 2024. This statement is drawn up in accordance with the available government guidance.

Our business

PBG is incorporated in the UK, listed on the London Stock Exchange and is a member of the FTSE 250. PBG has a number of subsidiary companies, which, together with a number of other related entities are included in its consolidated financial reporting (together the 'Group').

The Group is a banking group, headquartered in Solihull, whose operations are conducted wholly within the UK. It does not operate in any areas generally considered to have a high risk of incidence of modern slavery and human trafficking. The Group's supply chain is mainly focussed on the procurement of professional and office services within the UK, which, again, are not considered to be high risk sectors for modern slavery and human trafficking.

This statement is made by PBG and applies to all the entities within the Group. Regulatory and corporate details regarding the Group's subsidiaries can be found at:

[Regulatory Status | Paragon Banking Group](#)

Policies on slavery, servitude, forced or compulsory labour and human trafficking

PBG is committed to ensuring that none of these offences occur in its supply chains or in any part of its business. The Modern Slavery Policy was approved by the boards of PBG and relevant subsidiaries and reflects a Groupwide commitment to acting ethically and with integrity in all business relationships.

The Group is subject to the UK Human Rights Act 1998. The Board of PBG has overall responsibility for ensuring that all areas within the Group uphold and promote respect for human rights. The Group's policies and procedures seek to anticipate, prevent, and mitigate any potential negative human rights impacts as well as enhance positive impacts. In particular, this is managed through policies regarding employment, equality and diversity, modern slavery, conduct risk and information security.

The Group's approach to managing its risks is embedded through its policies and procedures and through its Enterprise Risk Management Framework. The policies and procedures provide the Group's people with clear minimum standards driving behaviours which reflect its values and ensure compliance with legal and regulatory requirements.

The Group's policies are formulated and kept up to date by the relevant business area, authorised in accordance with the Group's governance procedures and communicated to all employees through a number of methods including through eLearning and Human Resources policies, and the Group's [Employee Code of Conduct](#).

In addition to the Modern Slavery Policy, a number of the Group's other policies/procedures including recruitment, whistleblowing and anti-bribery and corruption contribute to ensuring compliance with the requirements of the Act.

The Group is also committed to the delivery of Sustainable Development Goals (SDGs), including the eradication of forced labour, modern slavery and human trafficking and the protection of labour rights, as described in SDG Goal 8.7.

Impact on our business

The Group has assessed its employment arrangements and its HR Policies and has determined that the risk of offences related to modern slavery being committed is low.

The Group utilises a relatively small number of contractors (short and longer term) and apprentices to support its business needs.

All employees, whether permanent, temporary, contracted, or on an apprenticeship scheme, are thoroughly vetted prior to appointment, and are paid on an equivalent basis for equivalent roles.

In addition, the Group adheres to the standards of the Living Wage Foundation which are reviewed on an annual basis.

Rigorous recruitment processes are in place to ensure that where a third party is appointed to assist with recruitment, they do not charge recruitment fees to the individual being considered for appointment.

Verification of all individuals is also undertaken, as required by UK legislation and regulation, prior to their appointment and for certain roles this includes criminal record checking.

The Group has in place a Wellbeing Strategy which provides a confidential facility for employees to discuss any concerns that they may have in relation to their own wellbeing or that of their colleagues.

Impact on our supply chains

The Group continues to determine that the risk of slavery, servitude, forced or compulsory labour and human trafficking within its supply chain is low due to the concentration of these suppliers in the UK and within industries generally considered low risk.

The Group has published a [Supplier Code of Conduct](#) which sets out its overall approach to supplier engagement and corporate responsibility and, importantly, the standards of behaviour expected from suppliers which include compliance with the Act. Alongside the Code of Conduct, Minimum Contracting Standards are in place, detailing the expected minimum requirements for a contract. Both documents sit within the Group's Sourcing Classification & Supplier Management Framework (the 'Framework') which is designed to reinforce the procurement risk evaluation process to ensure a consistent approach to risk assessment, supplier due diligence and ongoing supplier management across the Group. As part of this risk-based approach, the Group's due diligence controls include a requirement to ensure that its suppliers have their own policies in place in relation to the Act and where an organisation does not have an obligation to produce their own annual statement, the Group requires them to attest to their internal approach.

In relation to the requirements of the Act, the Framework:

1. ensures that suppliers are assessed using a risk-based approach
2. enables early identification of supply chain issues, including any relating to modern slavery

3. ensures each supplier is monitored, in accordance with its risk assessment, throughout the cycle of the business relationship

Continued assessment of the framework is managed by the Head of Procurement and Third-Party Assurance with the oversight of the Chief Operating Officer, a member of the Executive Committee of the Group, and operating within the governance structure of the Group.

Training

As part of the Group's commitment to ensuring that employees are aware of, and comply with, relevant legislation and its Modern Slavery policy, a dedicated online training module and assessment is in place. All employees undertake refresher training annually and it forms part of the Group's induction training

Our effectiveness in combating slavery and human trafficking

The Group uses the following key performance indicators ('KPIs') to measure how effective it has been in ensuring that slavery and human trafficking is not taking place in any part of the business or the supply chain.

- Whistleblowing reports – during the year ended 30 September 2024 no incidents of slavery, servitude, forced or compulsory labour or human trafficking relating to the Group's employment arrangements, or its supply chains were recorded through the whistleblowing process or came to the Group's attention through its other management and human resources processes.
- Supplier review – based on assessment around 16% of the Group's recorded suppliers have been identified as operating in areas of potential risk in relation to the Act. Processes for assessment of these suppliers have not raised any material concerns.
- Modern slavery on-line training module completion rates for 2024 – 100% of employees (excluding those on long term sick, maternity leave and in a probation period) completed the module.

Sign off

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Paragon Banking Group PLC's slavery and human trafficking statement for the financial year ended 30 September 2024.

APPROVED BY THE BOARDS OF PARAGON BANKING GROUP PLC AND PARAGON BANK PLC
ON 27 March 2025

A handwritten signature in black ink, appearing to read 'Nigel Terrington', with a stylized, cursive script.

Nigel Terrington, Chief Executive
Paragon Banking Group PLC
Date: 27 March 2025

This statement was also adopted by the boards of Paragon Banking Group PLC, Paragon Bank PLC, Paragon Finance PLC, Paragon Asset Finance Limited, Paragon Development Finance Limited, Paragon Business Finance PLC, Paragon Mortgages (No. 27) PLC, Paragon Mortgages (No. 28) PLC and Paragon Mortgages (No. 29) PLC on 28 March 2025