PFG

Our approach to sustainability

Corporate Responsibility Report 2020

In this year's report...

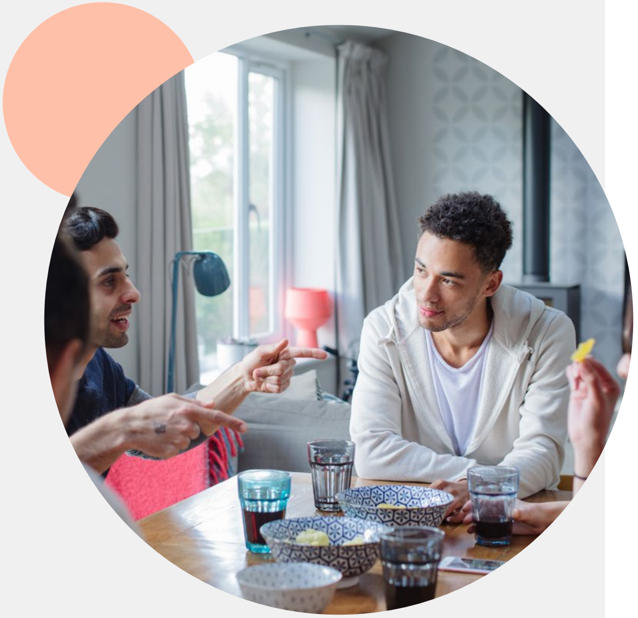
Provident Financial is the leading provider of credit products which offer financial inclusion to the 10 to 12 million consumers in the UK and Republic of Ireland (ROI) who are not well served by mainstream lenders or are excluded altogether. The Group serves 2.1 million customers through four brands: Vanquis Bank for credit cards, Provident for home credit, Satsuma for online loans and Moneybarn for car finance.

This Corporate Responsibility (CR) Report is designed to provide the reader with a balanced account of how Provident Financial's purpose and strategic drivers are aligned to the Group's responsible business strategy, as well as further details of the progress that has been made during 2020 in delivering against this strategy.

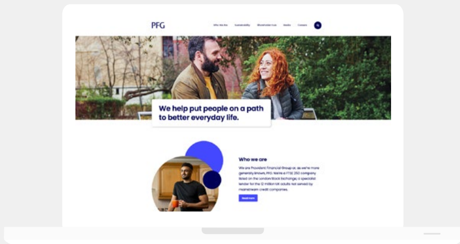
The report relates to the non-financial aspects of Provident Financial plc and its operating divisions – Vanquis Bank, Moneybarn and the Consumer Credit Division (CCD) – in the UK and ROI, and its key stakeholders: customers, colleagues, shareholders and debt investors, regulators, communities, suppliers and the environment. It provides information and updates on our CR activities, performance and achievements from 1 January to 31 December 2020 unless otherwise stated. The report also reflects the material developments announced in the trading update dated 15 March 2021 relating to the proposal for the payment of compensation claims through a Scheme of Arrangements and the opening of an enforcement investigation by the FCA.

Further information on Provident Financial can be found in its Annual Report and Financial Statements 2020.

As in previous years, this report has been independently assured by Corporate Citizenship in accordance with the ISAE 3000 Assurance Standard.



To view Provident Financial's past CR Reports and the Annual Report and Financial Statements 2020, go to **www.providentfinancial.com**



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Our highlights for 2020

Here are some key highlights from the Group for 2020. You will find more highlights like these throughout the report, and specifically at the beginning of each chapter.

As we navigated the challenges of 2020 we focused on meeting our customers' needs and expectations, keeping our colleagues safe, supporting the communities we serve and stepping up our plans to respond to climate change.

All so that we deliver both on our Purpose of helping to put people on a path to a better everyday life and the strategic objectives which ensure that our key decisions are aligned with the expectations of our stakeholders.

81

colleagues that are Mental Health First Aiders

Read more on **page 38**

72%

2020 colleague engagement score

Read more on **page 31**

4,507

tonnes of CO_2e offset

Read more on **page 46**

£1.2m

invested in the community

Read more on **page 53**

27%

of management representation are female

Read more on **page 35**

£8,169

donated to colleague fundraising efforts

Read more on **page 66**

Group snapshot

On this page you will find some key information about PFG and how we meet the needs of our customers through our three divisions: Vanquis Bank, Moneybarn and CCD.

To read more about the Group's businesses, see our **Annual Report and Financial Statements 2020**

Credit issued to customers
£2.5bn

Customers
2.1m
We serve customers from all across the UK and ROI

Colleagues
4,232
in the UK and ROI

Our three divisions

Credit cards and personal loans

VANQUIS

Credit cards
Vanquis Bank offers a range of credit cards, unsecured loans and retail deposits.

Customers:
1.7m

Loan terms:
1–3 years

Credit card and loan range:
£150–£4,000

Loan range:
£1,000–£5,000

Representative APR:
39.9%

Representative APR:
34.9%

Vehicle finance

moneybarn Vehicle Finance

Secured motor finance
Moneybarn offers secured motor finance on a range of asset classes, including cars, motorbikes and light commercial vehicles.

Customers:
91,400

Loan terms:
3–5 years

Representative APR:
31.9%

Loan range:
£4,000–£25,000

Consumer credit

Provident satsuma.

Home credit and online loans
CCD offers Provident home credit and provided short-term online loans through Satsuma until February 2020.

Customers:
311,000

Loan terms:
13–104 weeks

Representative APR:
535.5%

Loan range:
£100–£2,500

Our strategic objectives

The Group's strategy provides the direction needed to ensure that we're able to put people on a path to a better everyday life.

This strategy has remained consistent over time but has, more recently, been supported by our Blueprint. This defines not only what we do, but also how we do it. The three pillars of our strategy are aligned with the Blueprint, which ensures that our key decisions align with the expectations of our stakeholders.

In doing this, we can build a PFG that is sustainable and which continues to provide for both our current and future customers.

To read more about the progress made by the Group against these wider strategic objectives, see our **Annual Report and Financial Statements 2020**

1 Grow customer-centric businesses

which continue to diversify to meet customer expectations by delivering positive outcomes and provide positive returns for shareholders.

Objective

- Grow businesses to provide customers with products which put them on a path to a better everyday life.
- Tailor products to meet the needs of our customers.
- Ensure products are distributed and collected in a way which meet the expectations of our customers and regulators.
- Generate a sustainable return from each of our businesses which meet the Group's target returns.

2 Act responsibly and with integrity

in all we do. Creating sustainable businesses which our stakeholders are proud to be a part of.

Objective

- Lend to our customers in a responsible and sustainable manner, putting their needs at the heart of everything we do.
- Develop a positive and proactive relationship with the regulator.
- Ensure colleagues are proud of what they do and understand how it will benefit our customers' lives.
- Generate sustainable profitability to provide a positive return to shareholders.
- Continue to support the communities where we lend.
- Treat our suppliers fairly.

3 Maintain a secure funding and capital structure

to enable us to continue to provide for all of our stakeholders.

Objective

- Maintain a secure funding structure which meets contractual maturities and fund growth over the subsequent 12 months.
- Diversify the Group's funding sources.
- Maintain regulatory capital headroom in excess of 5% risk-weighted exposures (c.£100m), inclusive of all PRA and management buffers.
- Adopt a progressive dividend policy.

A message from our CEO

"The Covid-19 pandemic has impacted, and continues to impact, so many people from around the world and has created so much uncertainty for the UK and Global economies, and I would like to express my deepest condolences to anyone who has been personally affected by the virus.

Malcolm Le May
Chief Executive Officer

Welcome to our 2020 Sustainability Report

Dear Stakeholder

When we published last year's Corporate Responsibility Report alongside our Annual Report and Financial Statements on 27 February 2020, little did we know what the ensuing ten months would have in store for all of us. So, it is fair to say that the majority of 2020 has been unlike any other year in my career. The Covid-19 pandemic has impacted, and continues to impact, so many people from around the world and has created so much uncertainty for the UK and Global economies, and I would like to express my deepest condolences to anyone who has been personally affected by the virus.

We also had to respond to another material development during the second half of 2020 which is impacting the operational model of our CCD as we seek to address the issue of rising customer complaints within the Division.

Responding to a challenging 2020

The past two years have seen us build strong momentum around our Blueprint and continue to embed an improved culture to further increase customer centricity and unify our colleagues. This has not only enabled us to continue to meet the changing needs of our customers and evolving regulatory landscape, while managing our key sustainability impacts, it has also, I believe, meant that we have been well-placed to respond to the challenges we've encountered because of the Covid-19 pandemic during 2020.

A key priority throughout the year has been to adapt our operating models in accordance with the changing national and local lockdown restrictions so that we can safely help our customers through what will have been a difficult year for them. And despite the inevitable impact that Covid-19 has had on customer expenditure and loan origination, I am immensely proud with how well we responded to these challenges and how effectively we have operated to support our customers. This, as you can read from our 2020 Annual Report and Financial Statements, has enabled us to perform slightly better than management's expectations during the year, with Vanquis Bank and Moneybarn remaining profitable throughout 2020, and both businesses well positioned to develop growth opportunities over the medium term. That we are in this position is down to the collective effort of my colleagues from across PFG. Their energy, dedication and determination has enabled us to introduce innovative solutions for our customers and other stakeholders, enhance our digital strength and develop robust plans to help us to navigate the next 12 months.

However, as I mentioned earlier in my introduction, for the CCD, 2020 presented its business model with additional challenges which have impacted its customers and financial performance, and may have implications for its long-term viability.

In the trading update that was published in November 2020, I informed the market that I had asked the CCD's Managing Director to carry out an operational review of the business, with its findings to be announced when we publish our 2020 results. In the course of doing this, it was clear that the issue of heightened Claims Management Company (CMC) activity across our sector, leading to a rise in the number of customer complaints during the second half of 2020, needed to be addressed. This had seen the number of customer complaints referred to the Financial Ombudsmen Services (FOS) from across the UK home-collected credit sector increase by 200% during this period when compared to the figure for the first half of 2020. While colleagues from across CCE have worked tirelessly to deal with these complaints, the impact that they are having on this business is significant, and has resulted in around £25m of payments being made to customers during the period July to December 2020 (versus approximately £2.5m for the same period in 2019). In addition, the Division has processed balance reductions on the accounts of home credit customers of c.£11m during the last six months of 2020 (versus around £1m of balance reductions processed during the second half of 2019).

As a consequence of this, we have decided to pursue a Scheme of Arrangement, under Part 26 of the Companies Act 2006, in relation to potential redress claims arising from customer complaints based on historic lending at CCD prior to 17 December 2020. This Scheme is a legal process which is being proposed for the purpose of assessing and paying compensation, and we have provided further information about it on page 14 of this report.

A message from our CEO continued

> PFG is in a strong position operationally to support the financial needs of our customers now, and over the coming months as restrictions start to be eased and consumers gradually regain their confidence.

Malcolm Le May
Chief Executive Officer

Responding to a challenging 2020 continued

For the Scheme to be established, it will need to be approved by the requisite majority of customers with redress claims and the sanction of the High Court. If approval is received, the Scheme, I believe, will ensure that customers with a legitimate claim get fair access to redress payments, and bring certainty for our other stakeholders. In pursuing this Scheme of Arrangement, we have engaged, and continue to engage, in dialogue with the FCA, who has made clear that it will not support the Scheme as it will not provide customers with full redress. That said, they have also stated they believe it is for CCD customers to decide whether the Scheme should proceed or not. We will continue to engage constructively with the FCA to resolve its concerns. If the Scheme is not approved, it is likely that the CCD will be placed into administration or liquidation. If this were to happen, there would be repercussions for CCD's customers who would not be expected to receive any redress payments. There would also be implications for our colleagues and suppliers, which is why the proposed Scheme is considered by me and the rest of the Board to be in the best interests of our business and all its stakeholders. Subject to the decision of the High Court at its first hearing in April 2021, eligible customers will be able to vote on the Scheme in July 2021, which will lead to a second hearing where the High Court will consider whether to approve the Scheme. We will update our stakeholders on our progress with the Scheme as appropriate.

In addition to this, we were also informed that the FCA has opened an investigation into the affordability and sustainability of the CCD's lending and claims handling practices in the period between February 2020 and February 2021. While the appointment of investigators does not mean that the FCA has determined that rule breaches or any other contraventions have occurred, the CCD team will continue to work closely with the FCA in the coming months, including in relation to the investigation, which is unlikely to conclude until 2022.

Looking after our colleagues and communities during the pandemic

Throughout 2020, we have had our colleagues' safety and wellbeing at the forefront of our mind. This has seen us provide high-quality communication and information updates during the year to all colleagues, implement flexible work arrangements for those directly impacted by the pandemic or who are having to juggle work with other commitments such as home schooling, and ensure that our teams build time into their schedules so that they can provide social support to one another. To complement the Wellbeing Guide we updated and published in 2020, we also rolled out the Thrive app and a new Employee Assistance Programme to all colleagues to ensure that they are aware of where and how they can access mental health and psychological support services.

We have also looked beyond PFG to support our communities over the past 12 months. In doing so, we continued to fund our charity and community partners so that we could carry on supporting the communities we serve, some of whom have been disproportionately impacted by Covid-19. This involved us working with our education and skills partners to develop and deliver literacy and numeracy resources online or remotely to children and young people who have not able to go to school because of lockdown restrictions.

I would like to give special mention to those inspirational colleagues from across PFG who put themselves forward throughout the course of the year to support the response to the pandemic. This has seen colleagues give up their time to deliver workshops and presentations to students who have missed out on aspects of their education, provide learning resources to schoolchildren who are digitally excluded, make donations to foodbanks, and deliver shopping and prescriptions to the most vulnerable in our communities. They have, I believe, truly gone the extra mile to help put people on a path to a better everyday and, in doing so, continued the legacy of our founder Sir Joshua Waddilove of always looking out for our communities during the challenging periods of our 140-year history.

Our Purpose and culture

While it might have been easier for us to slow down the momentum we've built up over the past two years embedding our Blueprint within our business as we responded to the other challenges we've had to deal with in 2020, I was determined that this did not happen. I believe that it's vitally important that we continue to understand the role that our business plays in the lives of our customers and wider society, and why that matters. To this end, we rolled out a new framework that will enable all of us to define and measure the behaviours that will ultimately change and improve our culture and performance.

I also know that an important part of our Blueprint is about creating a culture that is open, inclusive and diverse. We want to ensure that our workplace is one where all colleagues can be themselves and which sees them be treated as equals wherever they work across PFG. To help us to do this, we launched our 'Be Yourself' programme during the course of the year, which is our Company-wide programme dedicated to promoting inclusion and diversity. As part of this, we established the PFG inclusion community, which is made up of four affinity groups based around disability, ethnicity, gender and LGBTQ+ to ensure that our colleagues help us to work towards our inclusion and diversity goals and ambitions.

We have also continued to ensure that, in moving to a more sustainable and inclusive path, we play our part in contributing to addressing the key global challenges of our time. As such, we have, in 2020, set long-term objectives which are aligned with the United Nations Sustainable Development Goals that relate to ending poverty, improving inclusion and diversity, and ensuring children and adults can access quality education, and decent jobs and other economic opportunities. We have also underlined our commitment to responding to the climate emergency by setting out our ambition to achieve net-zero greenhouse gas emissions.

Looking ahead

While it is still too early for us to know what the outcomes of the Covid-19 pandemic and operational challenges we're currently dealing with will be, and what consequences there will be for PFG, its customers and the wider economy, I know that PFG is committed to supporting the financial needs of our customers now, and over the coming months as restrictions start to be eased and consumers gradually regain their confidence. As we do this, I remain committed to harnessing the commitment and passion of PFG to stay true to our Purpose and help our colleagues, communities and other key stakeholders emerge from these most difficult of times and stay on a path to a better everyday life. As ever, I welcome any feedback that you may have on this report and our approach to sustainability more generally, so please do not hesitate to get in touch with us on corporateresponsibility@providentfinancial.com.

Malcolm Le May
Chief Executive Officer
Provident Financial plc

Q&A with our Head of Sustainability

> I have been immensely proud of how PFG responded to the challenges that many of our stakeholders have faced as a result of the Covid-19 pandemic throughout 2020.

Rob Lawson
Head of Sustainability

Q&A

With Rob Lawson, Head of Sustainability

The Group's Head of Sustainability, Rob Lawson, answers questions on our sustainability ambitions and performance during 2020, and other highlights of the year, as well as key challenges for the next 5 to 10 years.

Q. What has 2020 meant for the sustainability agenda at Provident Financial Group?

A. The sustainability agenda was always going to be front and centre for PFG in 2020. As we started what is being dubbed the 'decade of action', our priority was to develop the plans that will enable us to accelerate progress towards responding to global issues such as climate change, inequality and poverty. This saw us, as you'll see below, set a number of long-term objectives that are aligned with the United Nations SDGs, as well as set out our over-arching net-zero economy ambition. We did this because the Purpose of PFG that helps put customers on a path to a better everyday life through the responsible products our businesses offer also reflects the wider role that we play in society.

But as we moved from February into March, it became clear that playing an active role in the response to Covid-19 was going to be an important part of our sustainability agenda. Not only in the context of adapting our business models so that we could continue to respond to the needs of customers and support those who experienced financial difficulties throughout the year as a result of the pandemic, but also in terms of helping our colleagues to work safely, healthily and flexibly during the challenging and uncertain times we've faced during 2020. Finally, it was essential that we remained committed to working with our charity and community partners throughout the year because of the role they play in both addressing community needs right now, as well as supporting the pandemic recovery process. This has enabled our partners, many of whom are directly providing frontline community support or disbursing grants to organisations involved in the emergency response to the pandemic, to continue to support the communities we serve, some of whom will be facing a tougher recovery from the impacts of Covid-19.

While few would argue that dealing with the impacts of the Covid-19 pandemic has been one of the greatest challenges of our time which has spread so much suffering and destabilised the global economy, it has brought the sustainability agenda into sharper focus by exposing health and education inequalities, as well as the vulnerabilities of our business models and supply chains. It has also brought about changes to the way we do business and go about our lives, some of which have the potential to positively impact the sustainability agenda as we, for example, increase our use of technology, reduce the need to travel and further prioritise the mental health and wellbeing of our customers and colleagues. While we don't quite know what the post-Covid-19 world will look like and how long it will take for us to get there, it seems that it does present us with an opportunity to ensure that we prioritise a sustainable approach to recovery, which takes account of environmental, social and governance (ESG) factors alongside more traditional financial metrics.

Q. What have you been most proud of in 2020?

A. I have been immensely proud of how PFG responded to the challenges that many of our stakeholders have faced as a result of the Covid-19 pandemic throughout 2020. This saw us respond quickly to the lockdown restrictions and adapt our lending and collections practices so that we could keep supporting the financial needs of our customers. While we did this, we prioritised the safeguarding of our colleagues by introducing work-at-home arrangements and putting in place measures to protect those individuals performing essential functions in our offices from the risk of exposure to Covid-19. To support colleagues' mental health and wellbeing during the year, and to complement the work that has seen the launch of a new Group-wide Employee Assistance Programme and issuing of regular guidance and advice which relates to Covid-19, we also gave all the Group's colleagues free access to Thrive, the UK's only NHS-approved wellbeing app.

Finally, I'm proud of the way we continued to support our Social Impact Programme partners throughout the pandemic.

Q&A with our Head of Sustainability continued

"We have established long-term objectives which are aligned with the SDGs that relate to No Poverty, Quality Education, Gender Equality, Decent Work and Economic Growth, and Reduced Inequalities, as well as set out our ambition to achieve net-zero carbon dioxide emissions and meet the recommendations of the TCFD.

Rob Lawson
Head of Sustainability

Q. What have you been most proud of in 2020? continued

From working with them to derestrict our funding so that it can be repurposed for use in areas of immediate need, to adapting the advice and support that is usually delivered to recipients face-to-face in local schools and colleges, community centres or in our offices, so that it can be delivered online or remotely using technology, we have looked beyond our business as we mobilised PFG to respond and support the recovery effort.

And while we've been doing this, we have continued the work that will enable us to contribute to the building of a sustainable future by setting challenging, long-term objectives which relate to the five UN SDGs we prioritised last year, and initiated work that will see us meeting the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

Q. How does this agenda inform the Group's Purpose and culture?

A. I have always worked on the basis that our Purpose of helping to put people on a path to a better everyday life is not just about providing our customers with the tailored and affordable credit products that meet their particular needs and enable them to do the things they want to do in their lives. This is clearly an important part of why we exist and the role we play in ensuring that consumers are financially included. But being a purpose-led business also means that we have deeper connections with the other stakeholders that we touch. It is therefore essential that, in operating our business in accordance with our Purpose, we create an inclusive workplace culture for our colleagues, treat our suppliers fairly and operate with integrity, as well as play our part in addressing the key sustainability challenges of our time such as climate change, inequality and inclusive economic growth.

Q. Which people (or stakeholders) are interested in the Group's sustainability performance?

A. Stakeholders' interest in PFG's sustainability – or ESG – performance has increased over the past five years. It is certainly a topic that is of interest for PFG's Board, which is one of the reasons why we established our Customer, Culture and Ethics (CCE) Committee in 2019. It is also of great interest to both our current and future colleagues who are not only increasingly considering a company's sustainability performance when deciding where to work, but also have a key role to play as the advocates and enablers of ESG change within the Company.

The trend of ESG investing continues to gain momentum as more investors seek to understand whether the companies they invest in are exposed to environmental and governance-related risks. Interestingly, the Covid-19 pandemic has heightened investors' interest in the 'S' in ESG, in particular, issues such as health, safety and wellbeing, labour standards and responsible purchasing practices. Finally, our regulators and Government are increasingly interested in our response to global issues such as climate change, inequality and mental health and wellbeing.

Q. What are your main sustainability challenges for 2021 and beyond?

A. While a key priority for us in 2021 will be to continue to supporting customers, colleagues and communities to respond to, and recover from, the impacts of the Covid-19 pandemic, I recognise that there are other global issues that will shape PFG over the course of the next decade. This is why we have established long-term objectives which are aligned with the SDGs that relate to No Poverty, Quality Education, Gender Equality, Decent Work and Economic Growth, and Reduced Inequalities, as well as set out our ambition to achieve net-zero carbon dioxide emissions and meet the recommendations of the TCFD. When we report our sustainability performance in the coming years, our focus will be to show our stakeholders that we are committed to managing both material ESG issues, as well as contributing to the agenda for sustainable and inclusive growth through to 2030.

If you have queries about our CR programme, please do not hesitate to contact us on corporateresponsibility@providentfinancial.com.

Rob Lawson
Head of Sustainability
Provident Financial plc

Our commitment to delivering a sustainable future

The Purpose, strategic drivers and behaviours that make up our Blueprint are at the heart of PFG's approach to the sustainable growth of our business. This is not only about continuing to provide our customers with the responsible credit products and services that meet their particular needs, it is also about ensuring that we address the social, environmental and ethical challenges facing our business and the society at large.

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Our sustainability strategy

Our Purpose of helping to put people on a path to a better everyday life goes beyond the traditional concept of mission, vision and values; it articulates our reason for being, and helps differentiate the Company and contributes to the generation of trust among all our key stakeholders.

This Purpose encompasses the wide-ranging role that PFG has in providing solutions to global challenges and benefiting wider society, which positively expresses how, at the core of our business, we seek to create value for all our stakeholders in a way that supports the environmental and social systems we rely upon, by contributing to a sustainable future.

Our **sustainability strategy**, which we launched over five years ago, is aligned with this Purpose and centres on the following two areas:

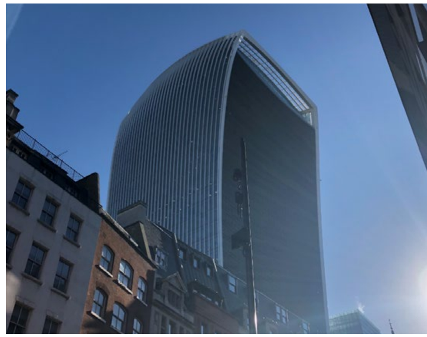
– Operating our business of lending to our customers in a responsible manner – we provide our customers with credit products that meet their particular needs, deliver fair outcomes throughout their journeys with us, and put them on a path to a better everyday life.
– Acting responsibly and sustainably in all our stakeholder relationships – we respond to the needs of our stakeholders by creating a fair, inclusive and diverse workplace, supporting our local communities, responding to climate change, treating suppliers fairly, and engaging with them on other ESG matters.

To further link our Purpose with the sustainability agenda, we aligned our strategy with five of the United Nations SDGs in 2020 (see pages 19 to 21 for further information about our contribution to these goals).

By doing this, we are seeking to further demonstrate how our Purpose and business strategy activity contribute toward the achievement of these important, global objectives and move us on a more sustainable and inclusive path.

Read more online www.providentfinancial.com




Sustainability governance and management

> In satisfying itself that the culture of PFG is aligned with its Purpose, Blueprint and strategy, the CCE Committee regularly reviews the metrics that are included in the Customer Outcome and Blueprint Dashboards that are tabled at each meeting.

Graham Lindsay
Customer, Culture and Ethics Committee Chairman

Effective governance and management structures

Further information on the CCE Committee and our workforce panels can be found in our Annual Report

The governance and management structures we have in place within our business ensure that we are able to continue to align the Group's culture more closely to the developing needs of the customer. It also enables us to oversee the development, embedding and monitoring of the culture and ethics of the Group with regard to a range of other matters which relate to the CR agenda, and ensure we operate our business in a way that is consistent with being a trusted, responsible and sustainable business.

Overall responsibility for the delivery of PFG's Purpose and the sustainability strategy that it is closely aligned with, rests with the Provident Financial plc Board generally and Malcolm Le May, the Chief Executive Officer (CEO), specifically. The PFG Executive Committee, which is chaired by the CEO, and includes the Group's Chief Finance Officer, General Counsel and Company Secretary, Chief Risk Officer, Chief Information Officer, Corporate Communications Director, HR Director, Chief Internal Auditor and Managing Directors of the operating companies, also plays an important role as it reviews and approves aspects of the responsible business programme and its budget. This Committee also continues to be tasked with overseeing the ongoing development, embedding and monitoring of the culture and ethics of the Group, ensuring they are consistent with being a trusted, responsible and sustainable business.

The day-to-day delivery of the PFG CR programme is carried out by the Group's CR team, which is supported by colleagues from across the CCD, Moneybarn and Vanquis Bank. This includes the colleagues who sit on the various working groups we have in place and oversee the management of environmental and community investment matters.

Towards the end of 2020, we established a new Climate Risk Committee to help us to meet the recommendations of the TCFD by strengthening our capabilities in climate risk and speeding up the integration of climate considerations into our existing risk management framework. This Committee, which is chaired by PFG's Chief Risk Officer, will ensure that our climate risk work gets fed into other forums that currently play a role in our approach to risk management such as the Group Executive Committee, Group Executive Risk Committee and Cross-Divisional Risk Forum (for more information, go to page 45).

Our CCE Committee also continues to play a key role in providing oversight of matters that relate to the sustainability agenda. The Committee is now chaired by Non-Executive Director Graham Lindsay and its members include other Non-Executive Directors, Elizabeth Chambers, Margot James and Robert East. Through active participation in Committee meetings by key senior management members, such as the CEO, Group General Counsel and Company Secretary, Group Communications Director and Head of Sustainability, the Committee is able to effectively challenge and discuss the embedding of our culture and the delivery of fair customer outcomes.

In satisfying itself that the culture of PFG is aligned with its Purpose, Blueprint and strategy, the CCE Committee regularly reviews the metrics that are included in the Customer Outcome and Blueprint Dashboards that are tabled at each meeting. The Committee members also listen to customer calls and provide feedback on whether fair customer outcomes have been achieved, as well as review the findings of PFG's Colleague Engagement Surveys. In 2020, the Committee also reviewed and recommended to the Board the approval of the Group's Modern Slavery Statement, considered the Group's stakeholders and their materiality through a stakeholder mapping exercise, evaluated the support provided by the Group to colleagues and local communities in response to the Covid-19 pandemic, and approved PFG's objectives/targets that are aligned with both the United Nations SDGs and the recommendations of the TCFD. For further information, refer to the report on the work of the CCE Committee on pages 131 and 132 of our 2020 Annual Report and Financial Statements.

Continuing to embed our Blueprint

Our Blueprint, which comprises our Purpose, strategic drivers and behaviours, articulates PFG's reason for being. It is also key to the sustainability of PFG and a cornerstone of our sustainable growth strategy, helping to differentiate our business and contributing to the building of trust among our key stakeholders.

88%

of colleagues either agree or strongly agree that they understand our Purpose and what it is trying to achieve

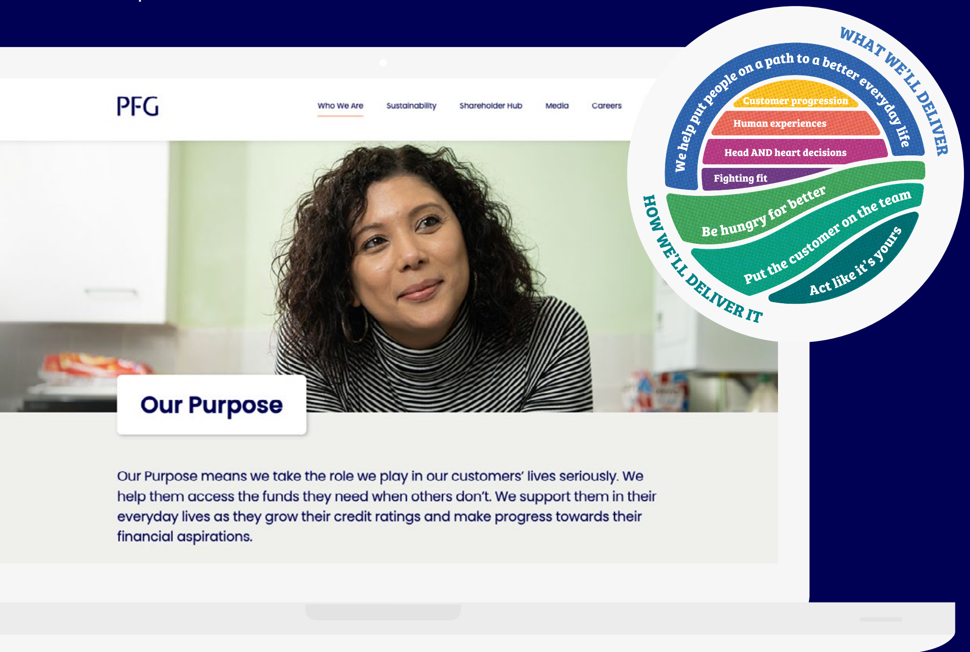
82%

of colleagues either agree or strongly agree that they feel people help and support each other at PFG

77%

of colleagues either agree or strongly agree that they know how the work they do helps PFG to achieve its vision

To find out more on our Blueprint visit:
www.providentfinancial.com



Throughout 2020, we continued to integrate the Blueprint we launched in 2018 into the fabric of the business. This saw us publish guides for colleagues and managers which embed our Blueprint behaviours within our performance management frameworks.

These guides set out for our colleagues:

- **What good looks like** – If we want to change and improve our culture and performance, we have to be able to define and measure the behaviours that will get us there, as well as those that will hold us back.
- **Clear expectations** – In order to be effective, the conversations we have with our colleagues, our teams and ourselves need to be carried out with this agreed set of principles clearly in mind.
- **Unity across the Group** – We're all working to achieve the same purpose, so it's essential our performance is measured and rewarded against the same criteria regardless of where we sit in the organisation.
- **Consistency at all levels** – Colleagues, managers and senior leaders each have their own set of behaviours that scale in line with expectation and responsibility; this gives individuals clearer sight of what they need to do in order to progress.

To accompany these guides we also rolled out an e-learning module to all colleagues across the Group.

We continue to use our annual Colleague Engagement Survey to track how our Blueprint continues to embed with our colleagues from across PFG. We do this through the Better Everyday Index we developed in 2019 which enables us to understand colleagues' understanding of, and engagement with, our purpose. This Index focuses on:

- our purpose and how it makes colleagues feel about their work;
- whether colleagues can be themselves at work;
- understanding whether colleagues have the freedom they need to get on with their jobs;
- colleague recognition;
- whether things have changed for the better at PFG over the last 12 months;
- the leadership team, their behaviours and whether they listen to colleagues;
- PFG's willingness to change;
- PFG's commitment to being a socially and environmentally responsible company; and
- our commitment to doing the right thing for our customers.

The customers we serve

The Group has been providing financial inclusion for consumers whose needs are not well met by mainstream lenders for nearly 140 years, since the Company was founded in Bradford in 1880. We are a responsible lender providing tailored products and service propositions for 2.1 million customers throughout the UK and ROI.

As a specialist lender, tailored products and services are offered to customers across three divisions – Vanquis Bank, Moneybarn and the CCD. Each division operates with the aim of supporting the financial inclusion of customers through lending responsibly. We achieve this by providing our customers with appropriate and affordable amounts of credit, maintaining close contact with them throughout the term of their loan, and working with them sympathetically if they experience difficulties.

Our customers

This market is large; there are around one in five UK adults, or 10–12 million people, looking to access credit but who are not well served by mainstream lenders. The consumers in this market may not be well served by mainstream providers for a number of reasons, including:

- Experienced a significant life event (e.g. job loss, ill health, divorce).
- Managing on below-average incomes with limited savings, meaning unforeseen expenses can be challenging.
- New to credit or new to the UK and therefore have little or no credit history.
- Have variable incomes (e.g. self-employed, on a zero-hours contract, have multiple part-time jobs).
- Looking to build or rebuild their credit rating.
- Value a more tailored product and service.

Our customers' typical characteristics

	Provident	satsuma.	moneybarn Vehicle Finance	VANQUIS
Income source	Not working/benefits/part-time and casual		Full-time salaried/15–20% self-employed	
Income levels	Below national average (£10–15k)		Around national average (£20–30k)	
Housing	Rented accommodation/ social housing		Renters/c.20% mortgages	
Typical age	35–64 years	18–34 years	25–44 years	35–54 years
Bank account	>80%	100%	100%	100%
Savings	Limited or no savings		Some savings for specific goals	

CCD operational review – Scheme of Arrangement

Rising costs of customer complaints

As part of our third-quarter trading update in November 2020, we communicated to the market our intention to initiate an operational review of CCD, to be carried about by Hamish Paton, the Division's Managing Director, and his team. In the context of Covid-19, and evolving regulatory landscape for the high-cost credit market and rising volumes of customer complaints driven by CMCs, it was clear that CCD needed to evolve its business model in order to continue to deliver value to our stakeholders and provide sustainable returns to shareholders.

In the course of carrying out this review, it became clear that CCD needed to address the issue of rising customer complaints for loans which may have been incorrectly issued. This issue was also happening more broadly across the high-cost short-term credit sector, with the number of customer complaints referred to the Financial Ombudsmen Services from the UK home-collected credit sector increasing by 200% during the second half of 2020 when compared to the figure for the first half of 2020. This, in turn, has resulted in CCD making around £25m of payments to customers during the period July to December 2020 (versus approximately £2.5m for the same period in 2019). In addition, the Division has processed balance reductions on the accounts of home credit customers of c.£11m during the last six months of 2020 (versus around £1m of balance reductions processes for the second half of 2019). The operational review determined that because of CCD's financial performance (it had been on track to break even on a run rate basis in 2020, following it being loss making since 2017) along with the rapidly increasing number of complaints claims which are being received, meant it could no longer afford to continue to pay all customer redress claims in full. As a consequence, on 15 March 2021, we informed the market of our decision to launch a Scheme of Arrangement to address the liability of ongoing customer complaints.

Scheme of Arrangement explained

We are pursuing a Scheme of Arrangement, under Part 26 of the Companies Act 2006, in relation to potential redress claims arising from customer creditworthiness complaints based on historic lending at CCD prior to 17 December 2020. The proposed Scheme is a court-approved agreement between ourselves and our creditors, and we have engaged in dialogue with the FCA in order to get to the point where it is being pursued.

For the Scheme to be established, it will need to be approved by the requisite majority of customers with redress claims and the sanction of the High Court. Customers will be able to vote for or against the Scheme from early May 2021, and the Scheme Meeting to count the votes will take place in July 2021. Following on, CCD will then need to ask the Court to approve the Scheme, and it will become effective if the Court approves it.

If approved, a Scheme will bring certainty for stakeholders and ensure that customers with a legitimate claim get fair access to redress payments. The Group will fund legitimate Scheme claims with £50m and will cover further Scheme related costs estimated at approximately £15m. If approval is gained, this total commitment will be met out of PFG's existing resources.

What complaints are covered by the proposed Scheme?

The Scheme is for complaints about unaffordable lending. This covers those circumstances where a customer was unable to afford the loan because CCD did not carry out the right checks to make sure that they could afford the loan at that time. All complaints of this type for loans issued between 6 April 2007 and 17 December 2020 (inclusive) will be dealt with by the Scheme.

PFG plans to process all outstanding relevant claims, as well as new relevant claims received before the proposed Scheme is sanctioned, under the Scheme, rather than on an ordinary course of business basis. For customers who have not received a Final Response Letter as of 15 March 2021, the relevant claims will be processed under the Scheme. For any customer who took out a loan after 17 December 2020 any claims in respect of such a loan will be processed outside of the Scheme. The Group believes that handling all outstanding and new relevant claims pursuant to the proposed Scheme in this manner would ensure a fairer and more equitable outcome for all customers, although redress payments ultimately determined may be significantly less than the amount claimed.

If the Scheme is not approved, it is likely that CCD will be placed into administration or liquidation. If this were to happen, there would be repercussions for CCD's customers who would not be expected to receive any redress payments. There would also be implications for our colleagues, suppliers and other stakeholders. Therefore, the proposed Scheme is considered by the PFG Board to be in the best interests of CCD, the Group and our stakeholders.

To provide customers with a legitimate claim with support on the Scheme, we have set up a call centre where colleagues are able to run through any frequently asked questions. We are also in the process of contacting customers by post and email, and have established a portal on a dedicated website so that we can provide them with up-to-date details on the Scheme.

Engaging with our stakeholders

Acting responsibly and sustainably in our stakeholder relationships

In order to operate in accordance with our Purpose of helping to put people on a path to a better everyday life, continue to maintain our 'licence to operate' from society, and for our directors to continue to meet their legal obligations, it is important that we act responsibly and sustainably in the relationships we have with our key stakeholders. These have been identified as being our customers, colleagues, communities, suppliers, investors (both debt and equity), regulators and government, as well as the environment. We engage with these key stakeholders in the ongoing running of our business to ensure that we understand any views and concerns they may have, making sure to factor them into decision making processes as and when it is appropriate to do so.

Further information on how each of these key stakeholders is relevant to PFG, along with examples of reasons why we engage with them on an ongoing basis, is set out opposite.

Stakeholder	Relevance to PFG	Reason for engagement
Customers	– To ensure that we are providing our customers with opportunities to access products and services that are transparent, responsible and sustainable, and which meet their specific needs.	– To measure customer engagement across PFG, including: customer satisfaction surveys, Net Promoter Score surveys and complaints monitoring through online forums, phone calls, face-to-face surveys and focus groups. – To engage with customers on a daily basis to responsibly lend and provide tailored products, assess customer vulnerability and address any complaints. – To support product and service development and innovation.
Colleagues	– Our colleagues have a direct stake in our company. They interact directly with our customers and therefore support the delivery of our Purpose, and they create and deliver the products and services that our current and future customers will consume. They also have a key role to play in supporting the development of a diverse, open and inclusive workplace culture where everyone is a valued member of PFG.	– To ensure that we maintain high levels of colleague engagement. – To support our employment practices to enable us to attract, retain and develop the talent we need to help us deliver our Purpose. – To provide a stimulating and rewarding working environment.
Communities	– To enable us to engage with the communities we serve to address factors, including lack of literacy or numeracy skills; disabilities and/or mental health issues; unemployment or under-employment; low levels of educational attainment; and low, uncertain or fluctuating incomes.	– To ensure that we fulfil our Purpose of helping to put people on a path to a better everyday life by investing in activities which seek to address key barriers to financial inclusion and helping people overcome them. – To encourage colleagues to volunteer to take part in our community investment activities.
Suppliers	– Our suppliers play a vital role in our operations and so it is important that we develop strong relationships with them and only buy products and services from those who operate responsibly. Strong relationships with suppliers can also mitigate risk in our supply chain.	– To engage with suppliers to identify and manage supply chain risks and comply with our own policy requirements and meet legislative requirements such as the Modern Slavery Act 2015. – To maintain good, long-term relationships with suppliers so that we have the products, services and skills required to run our business. – To ensure prompt payment of invoices.

Engaging with our stakeholders continued

> “In accordance with sustainability reporting best practice, we also continue to engage with our stakeholders to ensure that we manage and report on the CR issues that matter most to them and our business.

Stakeholder	Relevance to PFG	Reason for engagement
Investors	– It is key that we meet with shareholders and engage with investors, the owners of the Group, to maintain their support and to keep them updated on the Group's progress in delivering its Purpose, sustainable shareholder returns, strategy, governance and culture.	– To provide accurate and timely information such as regular financial statements and other material announcements. – To maintain investors' support by keeping them updated on the Group's progress in delivering its Purpose, sustainable shareholder returns, strategy, governance and culture. – To engage with the investment community on CR matters by responding to requests for information and through our inclusion in the Dow Jones Sustainability World Index, Dow Jones Sustainability Europe Index, and the FTSE4Good Index Series.
Regulators and Government	– The nature of our customer base and the market in which we specialise makes the building and maintaining of open and trusting dialogue with our regulators, the PRA, FCA and CBI, the FRC and FOS, as well as with policy makers and government critical to the sustainability of our business model.	– To build strong and enduring relationships with our regulators and government agencies to influence our strategic thinking and enable us to plan for regulatory change with greater certainty and confidence. – To maintain a sustainable business model and our reputation as a responsible lender. – To ensure compliance with regulations and avoiding disputes and prosecutions.
The Environment	– To ensure that the impacts that PFG has on the environment, whether directly as a result of the energy that we use, or indirectly through the activities in our supply chains or the use of our products, are kept to a minimum.	– To demonstrate to our stakeholders (e.g. investors, regulators, government and colleagues) that we continue to meet the requirements of ISO 14001 and are seeking to minimise our impact on the environment. – To report in line with the recommendations of the TCFD by 2022.

Engaging with our stakeholders continued

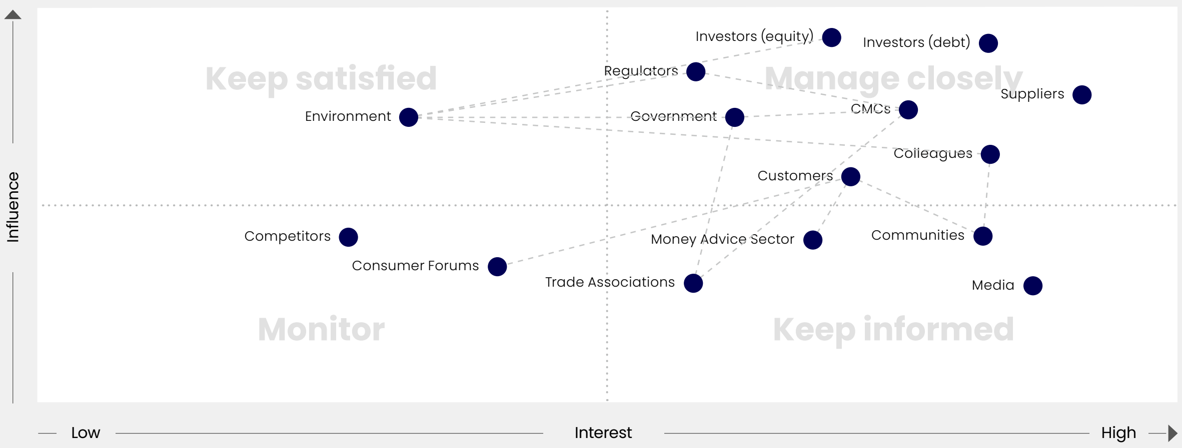
In 2020, to help us understand the nature of all our stakeholders' influence and interest in our business objectives and strategy, we undertook a stakeholder mapping exercise. This exercise enabled us to identify those stakeholders with the highest influence and interest in our business and therefore reconfirm which are the key stakeholder relationships we should continue to focus on. The stakeholder map that resulted from this exercise is set out below. The other stakeholders that were identified as a result of this exercise include the media, claims management companies, the money advice sector, consumer forums and trade associations. These are also important stakeholders for our business which is why we engage with them to ensure that no issues are arising from their perspective, and to help us to improve our products, services and the way we operate.

It is also important that the Provident Financial plc Board interacts with our key stakeholders. Further information on how the Board engages with our key stakeholders, along with details of the topics and issues on which we engage them, and the outcomes and actions of the engagement activities are set out in our Section 172 Statement on pages 91 to 98 of our 2020 Annual Report and Financial Statements.

2021 materiality assessment

To ensure that we produce sustainability reports in accordance with best practice, we engage with our stakeholders to ensure that we manage and report on the ESG issues that matter most to them and our business. We do this by undertaking a materiality assessment at least every two years to identify and prioritise the ESG issues that are material to the Group. Our most recent materiality assessment was undertaken in the first quarter of 2021 by the independent sustainability management consultancy Corporate Citizenship. The issues that were identified as a result of the materiality assessment exercise have been plotted on the matrix which is set out overleaf.

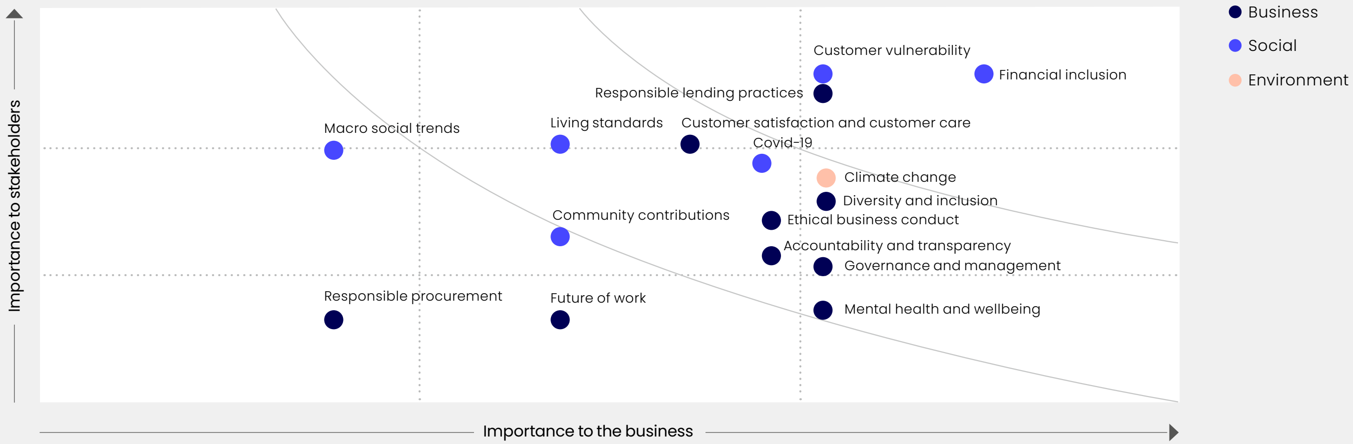
Stakeholder map



Engaging with our stakeholders continued

Following the materiality assessment exercise we undertook during the first quarter of 2021, we confirmed that customer vulnerability, responsible lending practices and customer satisfaction and care were the issues that rated highest in importance to both our business and our stakeholders. The exercise also identified the pandemic, climate change, diversity and inclusion, and mental health and wellbeing as issues that have grown in importance for both internal and external stakeholders since we last updated our materiality matrix, because of their potential to impact our future business performance and prospects.

Materiality matrix



Our commitment to the
UN Sustainable Development Goals

In aligning our sustainability strategy to the Sustainable Development Goals (SDGs), we focus our efforts on the Goals where our contribution can have the most impact. These are: Goal 1 No Poverty, Goal 4 Quality Education, Goal 5 Gender Equality, Goal 8 Decent Work and Economic Growth and Goal 10 Reduced Inequalities. In doing this, we can demonstrate how, in the day-to-day running of our business, we contribute towards the achievement on these important, global objectives and move us on a more sustainable and inclusive path. Integration of the SDGs into our business strategy and plans also enables us to strengthen the identification and management of material risks and opportunities, anticipate consumer trends and demand as consumption and production patterns change, attract, retain and develop the best colleagues, and strengthen our supply chains by, for example, reducing their exposure to the effects of climate change and depletion of natural resources.

This does not mean that the other 12 SDGs are less important than the five we've prioritised, as we do, in delivering on our sustainability strategy, contribute to many of them. For example, through our commitment to minimise PFG's impact on the environment, we contribute to Goal 12 Responsible Consumption and Production and Goal 13 Climate Action.

Our Purpose

Helping to put people on a path to a better everyday life

Our sustainability strategy

Lending responsibly

Provide our customers with the credit products that meet their particular needs and deliver fair customer outcomes throughout their journey with us

Acting sustainably

- Create an inclusive and engaging workplace
- Support our Purpose through our Social Impact Programme
- Respond to climate change
- Ensure that we treat our suppliers fairly
- Engage with the investment community on sustainability matters
- Remain a responsible taxpayer

Our sustainability targets

Below and overleaf are the Group's new sustainability targets. These targets have been created based on the SDGs that we believe we can have most impact on. In addition to this, you will also find the Group's new climate change-related objective; achieving net-zero carbon emissions by 2040.

SDG and aim	Relevance of SDG	PFG objective/target	PFG's main 2020 actions and achievements
1 NO POVERTY **No Poverty** To end poverty in all its forms everywhere.	To reduce people living in poverty, and improve access to appropriate financial services and technology.	By 2030, we will contribute to ending poverty in all its forms everywhere, by ensuring our customers have access to cost-effective and appropriate products for their needs and supporting them through financial difficulty.	Our Purpose is help to put people on a path to a better everyday life by addressing the key barriers to financial inclusion. We do this primarily by ensuring that our 2.1 million customers have access to cost-effective and appropriate products that meet their specific needs. We also invest in activities and initiatives that address key factors which may affect someone's likelihood of being accepted for credit. To contribute to this goal in 2020, we supported IncomeMax, a community interest company that helps people, some of whom are experiencing financial difficulties, to maximise their household income. Through the partnership that IncomeMax has with Vanquis Bank, customers receive independent personal money to help them take control of their finances and help them reduce their household bills and increase their income. We also worked with The Money Charity to deliver financial education workshops to help children and young people to develop their budgeting and money management skills.
4 QUALITY EDUCATION **Quality Education** To ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	To improve access to quality early childhood development, increase the number of youth and adults who have relevant skills, achieve literacy and numeracy.	By 2030, we will contribute to ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all by partnering with organisations that will help to equip children and adults with essential skills and knowledge that will allow them to excel in many different directions.	To contribute to this Goal we support children, young people and adults to boost their education, skills and aspirations. The work we have already done to support Quality Education includes being the lead supporter of National Numeracy and their National Numeracy Day Campaigns. These campaigns look to raise awareness of the importance of numeracy and help people take steps to improve their numeracy skills. We also continue to support National Literacy Trust to help develop the literacy skills of young people and give them the confidence and desire to widen their aspirations. Finally, through our work with School Home Support, we place practitioners in schools to work with young people and their families who need support to overcome challenges at home such as poverty, poor housing, domestic violence and other complex issues in order to get into school. We help to provide support in schools in Bradford and Chatham, where persistent absence levels are high.
5 GENDER EQUALITY **Gender Equality** To achieve gender equality and empower all women and girls.	To promote more women into senior level positions, and reduce the gender pay gap.	By 2024, we will have 40% female representation in the Group's senior management population.	PFG's senior management population currently has 27% female representation as defined by virtue of being a Women in Finance Charter signatory. The key actions we undertook throughout 2020 to support this SDG include: Delivering our Next Generation Women's Leadership Programme to a second cohort to help strengthen the female talent pipeline at the senior/middle management level; improving our reporting capability through better data collection by creating a standardised approach across the Group for a range of diversity strands; and setting up affinity groups linked to gender.

Our sustainability targets continued

SDG and aim	Relevance of SDG	PFG objective/target	PFG's main 2020 actions and achievements
Decent Work and Economic Growth To promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	To ensure full and productive work, equal pay for work of equal value, expand access to financial services, support economic growth.	By 2030, we will contribute to promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all by creating opportunities for all generations and protecting and promoting labour rights in both our business and supply chains.	Through our Social Impact Programme, we aim to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all by creating opportunities for all generations. We are a founding funder of the Social Mobility Business Partnership which provides an innovative programme bringing together large corporate organisations and professional sports clubs to remove barriers, develop skills and provide experiences to sixth form and college students from disadvantaged backgrounds. The programme helps build aspirations and inspire them to pursue a career in a profession which they may not have previously considered. We also support charities and other organisations in the communities we serve to help people to develop their skills and secure employment opportunities. For example, in 2020, we funded the Wecock Community Association in Hampshire to provide advice to young people who are not in education, employment or training (NEET) to access work opportunities, and our colleagues volunteered their time to deliver CV writing and job interview skills to young people in Bradford.
Reduced Inequalities To reduce inequality within and among countries.	To provide an inclusive and secure workplace for all and address key barriers to financial and social inclusion and help people overcome them.	By 2030, we will contribute to reducing inequality by building our capabilities to better identify, support and empower our stakeholders who may face inequality and exclusion whether it is because of their age/sex/gender identity/race/ethnicity/origin/disability/ability/where they live or what their economic status is.	Through this Goal, our aim is to contribute to reducing inequality by building our capabilities to better identify, support and empower our stakeholders who may face inequality and exclusion. We do this by supporting community projects in areas where people are more likely to face social and financial exclusion by providing them grants to support local people in improving aspects of their life. For example, we provided a grant to the Refugee and Migrant Forum of East London to enable it to deliver immigration casework to disadvantaged young refugees and migrants who are entitled to be in the UK but cannot afford to regularise their status. We also support the Newport Yemeni Community Association in Wales to deliver an online homework club that allows children from the Yemeni community to engage with tutors and access support in key subjects such as Maths, English and Science. We also seek to ensure that we create a workplace culture at PFG which aims reduce inequalities. In 2020, this saw us launch our overall inclusion community which comprises four affinity groups based around disability, ethnicity, gender and LGBTQ+ to discuss inclusion and diversity plans, developments and proposals across the Group.

Aim of TCFD recommendation	Relevance of TCFD recommendation	PFG target	What will our stakeholders think?	Monitoring progress
TCFD To support the UK's transition to a net-zero economy and take urgent action to tackle climate change and its impacts.	To strengthen businesses' resilience and adaptive capacity to climate-related risks.	To achieve net-zero carbon dioxide emissions by 2040.	Provident Financial is committed to minimising its environmental impacts as well as playing a role in moving the UK economy to net zero.	Progress will be monitored by: – continuing to reduce the environmental impacts of our operations; – committing to use 100% renewable electricity across the Group; and – calculating and offsetting our scope 3 greenhouse gas emissions.

Supporting customers by lending responsibly

Our Purpose is to help put people on a path to a better everyday life. To do this, we provide customers with opportunities to borrow a sensible amount in a transparent, responsible and sustainable way.

In this section

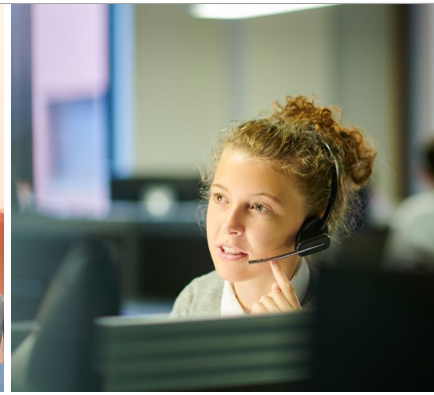
23 Serving our customers in a responsible manner
25 Improving customer satisfaction rates
27 Supporting customers in vulnerable situations

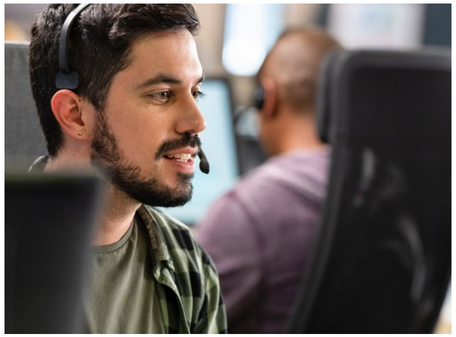
Serving our customers in a responsible manner

The Group's core business is to provide tailored and responsible products, services and partnerships that help put our customers on a path to a better everyday life. The 2.1 million customers we are proud to serve come from all across the UK and ROI.

The employment status of our customers can vary and, due to their personal circumstances, they can be in receipt of state support. As a result, they typically have low to average incomes. Some of them have also had to deal with significant life events such as divorce, loss of a job, long-term illness and other challenges which, given that they have low to average incomes, can occasionally cause them to fall behind with their financial commitments. This can cause their credit files to be impaired and contribute to them being underserved or totally excluded by mainstream credit providers.

The products, services and partnerships that we offer through our three divisions are therefore tailor-made to meet the particular needs of our customers. In general, the approach we take to providing credit to our customers involves lending smaller amounts over shorter periods of time. Under this approach, new customers to Vanquis Bank, Satsuma and Provident home credit get lower credit limits, or smaller, shorter-term loans to begin with. This enables us to observe and understand the behaviour of our customers before we consider granting further lending and it also enables the customers to experience our products and see if they suit their needs. It also enables our customers to enter or re-enter the credit market, stay in control of their finances and build credit scores for greater future access and choice. In the case of Moneybarn, where a vehicle is held as security, we are able to lend more credit for longer periods.





Read more

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Serving our customers in a responsible manner continued

Case study

Provident Direct case study

The Covid-19 pandemic has underlined how important technology is in keeping us connected with our customers.

A great example of this is Provident Direct. By using technology, we were able to bring the best of our face-to-face service in lending with a Continuous Payment Authority (CPA) then used for future agreed payments. The lockdown restrictions that have been in place during 2020 meant that the face-to-face relationship that customers have with their customer representative (CR) was prevented. Despite this, our CRs continued to support customers remotely and the national roll-out of Provident Direct, which was achieved by March 2020, provided a remote lending solution for existing customers. Customers were also offered greater control with a wider range of remote loan disbursement and repayment options (including the introduction of e-Disbursement – a loan transfer directly into the customer's bank account) and a choice of collection methods, including CPA, an automated payment line and debit card payments taken by the CR either in the home when permitted or over the phone.

Case study

Vanquis Bank and LOQBOX collaboration

Vanquis Bank has launched a new collaboration with LOQBOX that will help more UK consumers to build their credit score, save money and make themselves eligible for credit. The Bank will now refer applicants that it cannot immediately offer a credit card to, to credit builder LOQBOX, giving them a chance to build a credit score and eventually be able to access credit. This is the first time two financial institutions have partnered to offer initially unsuccessful applicants an actionable, free and positive next step towards building a stronger credit score.

In signing up to LOQBOX, consumers themselves decide the amount they can afford to save in a year (from £20 minimum monthly payments to £200 maximum) and a 0% loan is locked away for the same amount in the LOQBOX. They pay off the loan over 12 months, building a credit score as they go with the credit reference agencies. Once the 12 months is up, the loan is released into a bank account. Vanquis and LOQBOX will jointly reach out to customers at certain points within the 12-month journey, when they believe they have a better chance of approval for a card and let them know when to re-apply. Customers also have use of 'LOQBOX Learn' which provides coaching tips on how money and credit scoring works over a year. As well as building a credit history over time, the effects for people who are largely invisible to financial services firms can be much faster. If someone is on the electoral roll, for example, and they have a LOQBOX, they can pass an ID check with most institutions.

Case study

Moneybarn vehicle finance expand into the near-prime market

Moneybarn expanded its product offer during 2020 which means it can now offer vehicle finance in the near-prime sector. Moneybarn remains dedicated to serving customers who may struggle to find finance elsewhere, and this product expansion will allow it to support a wider customer base on to a better road ahead. The near-prime product will offer APRs from 14.9%, depending on personal circumstances, and will give applicants an instant accept or decline. This means customers will know within seconds if they have the vehicle finance they want.

With many lenders forced to close or lend less during the UK lockdown, Moneybarn remained open. Between March and November 2020, around 40% of customers supported were classified as keyworkers, which is one reason why the business continued to trade. It was also important to Moneybarn that it continued to support introducer partners and dealers through a difficult period for their businesses. Moneybarn adapted quickly to the new necessary way of working in order to continue trading and support its business partners.

When public transport was no longer a viable option for commuting or getting around, there was an increased need for vehicle finance across the UK. During the UK lockdown, Moneybarn recorded its highest number of new customers ever in a single month.

Moneybarn has also won awards for its service and approach to lending during the year. Most recently it was awarded 'Non-Prime Lender of the Year' at the Motor Finance Europe Awards 2020, Feefo's Platinum Trusted Service Award 2020 and 'Best Brand' at the Lending Awards 2020.

Improving customer satisfaction rates

170k
PFG customers took a payment holiday in 2020

> Customer satisfaction is a key metric for PFG which is why we include these figures in the Blueprint Dashboard which is shared with the Board's Customer, Culture and Ethics Committee at every meeting.

One of the key performance indicators we track to determine whether we are providing our customers with products, services and partnerships that meet their particular needs, and help put them on a path to a better everyday life is customer satisfaction. Measuring this year on year also gives us some insight into where we can make improvements to our offerings so that we can continually meet or surpass customers' expectations. Information on customer satisfaction is collected through a variety of methods such as online forums, phone and face-to-face surveys, as well as focus groups. Our businesses have supported our customers throughout the pandemic by continuing to lend to existing customers where appropriate and activating forbearance measures where needed. This has enabled us to maintain high customer satisfaction ratings across Vanquis Bank, Moneybarn and CCD. The overall customer satisfaction rates in 2020 for each of our brands are set out opposite.

As we supported our customers throughout the year, and following the publication of guidance by the FCA, payment holidays of between one and three months were offered to customers in Vanquis Bank, Moneybarn and the CCD, which could be taken if they were facing a drop in income as a result of the pandemic. During the year, 170,000 customers from across PFG took payment holidays to help them to navigate the challenges of 2020. Customers were also able to access a range of remote lending solutions so that they could continue to manage their accounts while restrictions were in place.

VANQUIS

Customer satisfaction rates for 2020	Customer complaints received in 2020
91% (2019: 90%)	**17,177** (2019: 34,123)

moneybarn Vehicle Finance

Customer satisfaction rates for 2020	Customer complaints received in 2020
4.5/5 Feefo rating (2019: 4.6/5)	**6,393** (2019: 5,053)

Consumer Credit Division

Provident satsuma.

Customer satisfaction rates for 2020	Customer complaints received in 2020
89% (2019: 91%)	**66,694** (2019: 36,722)

Handling our customer complaints responsibly

Ensuring that we keep customer complaints to an absolute minimum is also a good indicator that we are treating our customers fairly and that our products, services and partnerships meet their specific needs. Understanding the reasons behind complaints also helps us to improve the services we offer. We have well-established complaint-handling processes, procedures and timescales to guide our customer relations teams in resolving issues in a professional and timely way. Vital to resolving customer complaints satisfactorily is ensuring our staff are trained well enough to deliver excellent customer service whether face-to-face, on the telephone or via email. The total amount of hours colleagues spent on customer-focused training in 2020 was 55,229.

We provide the contact details of the Financial Ombudsman Services (FOS) to all our customers, so they have another option if they feel we have been unable to resolve their complaint to their satisfaction.

During 2020, the total number of complaints referred to the FOS was

13,736

(2019: 4,253)

In addition, 8,933 (2019: 1,489) complaints were upheld in favour of the customer in 2020

Complaints referred to the Financial Ombudsman Service

The Scheme of Arrangement that is outlined on page 14 of this report is being pursued because of heightened Claims Management Company activity across our sector. This has resulted in an increase in the number of complaints that are being referred to the FOS and which are subsequently being upheld in favour of customers. Details relating to the percentage of complaints that are upheld in favour of the customer by individual business unit are made publicly available twice a year on the FOS website. The most recent figures for the period July to December 2020 are as follows: Vanquis Bank – 59% (2019: 53%); Moneybarn – 35% (2019: 41%); and CCD – 75% (2019: 59%).

Read more in our Annual Report and Financial Statements 2020 at **www.providentfinancial.com**

Read more

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Supporting customers in vulnerable situations

The Purpose of our business is to help put people on a path to a better everyday life, by offering credit to those who need it, but who are not well served by mainstream lenders. We know, however, that with this Purpose comes great responsibility. This is why a key pillar of our Social Impact Programme focuses on providing grants to charities and specialist partners to address issues like customer vulnerability, product accessibility and financial difficulties. These organisations also guide and advise our colleagues to support our customers when addressing these kinds of issues.

We understand that our customers can find themselves, at times, in financially challenging situations due to unforeseen circumstances such as ill health, loss of income, family bereavement or other significant life events. Therefore, we ensure that our call centre colleagues are trained in recognising signs that might indicate a customer could be classified as 'vulnerable', or may be facing financial difficulty, whether in the short term or long term. We have also recently implemented a programme of work with Surviving Economic Abuse.

This initiative will allow us to deliver awareness sessions on domestic and economic abuse to a variety of colleagues.

We have developed relationships with organisations and charities such as IncomeMax and the Money Advice Trust, which provide training to our colleagues to enable them to communicate effectively with customers who are experiencing difficulties and to increase their understanding of the UK welfare system. The training and guidance our call centre colleagues receive is informed by the customer protocol TEXAS (Thank, Explain, eXplicit consent, Ask and Signpost), developed by the Money Advice Trust and Royal College of Psychiatrists, as well as guidance published by our regulators, the FCA and the PRA. In certain cases, our colleagues can offer customers forbearance options such as breathing space or an adjustment to their repayment plans so they can manage their finances better. In some cases, a decision may be taken to write the debt off completely.

1 No Poverty

We will contribute to ending poverty in all its forms everywhere, by ensuring our customers have access to cost-effective and appropriate products for their needs and supporting them through financial difficulty.

In addition to ensuring that our customer-facing colleagues are equipped with the skills they need to support our customers throughout their journeys with us, we are able to draw on the relationships we have developed over the years with organisations in the money advice sector. By supporting these organisations, our customers can also access free independent and personal financial advice and support if they are facing financial strain.

IncomeMax

Vanquis Bank continues to work with IncomeMax, through an innovative partnership that began in 2015, to support customers of the bank that are experiencing financial difficulties. IncomeMax is a community interest company that helps people to maximise their household income by providing them with independent personal welfare advice that helps them take control of their finances. The advice provided by IncomeMax helps households to increase their income, reduce household bills and get the debt advice they need. Where appropriate, the Vanquis Bank customer-facing colleagues who support customers experiencing financial difficulties will put customers in touch with IncomeMax. IncomeMax then provides independent personal money advice and makes sure that customers are not missing out on any state benefits or tax credits to help them to take control of their finances. Since 2015 IncomeMax has identified £865k of additional income for Vanquis customers experiencing financial hardship and struggling to make ends meet.

StepChange Debt Charity | christians against poverty CAP

While our divisions are working to collect outstanding debt from customers, they sometimes enter debt agreement plans with leading debt charities such as StepChange Debt Charity (a similar arrangement is in place with Christians Against Poverty (CAP)). We continue to accept the offers of payment when customers have sought advice from these charities and a financial assessment has been made. Through the 'Fairshare' agreements we have with these charities, we contribute almost 12% of any payment we receive from a customer who has entered a debt agreement plan to the charities. The 'Fairshare' contributions mean our operating businesses pay for the debt advice received by the customer. They provide the charities with financial support so that they can continue to provide free, independent advice and operate independently of taxpayer support. During 2020, the Group's operating companies paid £632,896 (2019: £766,631) to StepChange Debt Charity and CAP in 'Fairshare' contributions.

Supporting customers in vulnerable situations continued

National Debtline offers free and impartial debt advice by phone, webchat and online, and its specialist advisors help callers to understand their debt options and to confidently manage their money.

In 2020, we funded the equivalent of one specialist National Debtline advisor to assist around 1,200 clients. In 2020, the Money Advice Trust developed new information and training resources to ensure its staff and clients were informed and equipped to deal with the challenges to personal finances arising from the Covid-19 pandemic. Reliable advice and guidance on this topic was a key driver of 1 million visits the National Debtline website received between the start of the pandemic and end of December 2020.

Advice UK is a registered charity which supports a membership comprising the UK's largest network of independent advice service providers. The funding we provided to Advice UK in 2020 was used to support the work of its Policy and Campaigns Coordinator.

The Policy and Campaigns Coordinator is responsible for a range of key functions within Advice UK. These range from supporting members of Advice UK to provide professional and authorised assistance to their clients to representing the interests of members and clients in policy development and regulatory processes, including how best to provide a support framework for vulnerable customers.

Money Advice Scotland (MAS) is a membership organisation for money advisors providing support to clients based in Scotland. It also provides information resources and guidance for those seeking free, regulated debt advice and works to enhance financial wellbeing.

The funding we provided to MAS formed part of the bespoke support the organisation developed to help its money advice practitioner membership deal with the new challenges of providing client support during the Covid-19 pandemic. This assistance was delivered to advisors via a Quality Assurance Consultant who created and distributed toolkits and guidance on good practice in homeworking and set up a Discussion Forum.

Our funding also enabled MAS to retain the Gold Investors in People Standard it attained in 2018. Given that one of MAS's key objectives is to ensure the ongoing professional development of its members, our funding enables them to maintain this ethos with their own staff, ensuring they too have opportunities for training and career progression.

The Money Charity (TMC) specialises in improving financial capability. It does this by providing information, advice and guidance to people of all ages, so that they can manage their money well and increase their financial wellbeing.

In 2020, the support we provided to TMC assisted it to:

- deliver 183 hours worth of financial education workshops to 4,250 young people;
- deliver 9 budgeting and money management workshops to 85 adults;
- deliver 1 workshop to 12 young offenders; and
- distribute 395 teacher resource packs to schools and deliver 3 teacher support sessions.

We asked TMC to prioritise supporting the most disadvantaged students and hard to reach groups. In 2020, 90% of the workshops that were delivered to young people and adults were targeted at the most disadvantaged groups, including ex-offenders.

Following discussion with the charity on how best to deliver their support to schools and adult groups impacted by the Covid-19 restrictions, we agreed to support them to convert their learning resources to be delivered online. As a result, entirely new content has been created for adult workshops, tailored to the challenges individuals are most likely to face as a result of the Covid-19 pandemic.

How we manage arrears

> “We establish early contact and maintain ongoing dialogue with customers who experience difficulties, with a sympathetic approach, to understand their circumstances and offer appropriate levels of support and forbearance.

In unfortunate scenarios, some of our customers will fall behind on their repayments, meaning we have to make contact with them and rearrange their repayment schedule. It is of utmost importance that we are empathetic and understanding in these circumstances, and offer forbearance measures where possible, so we can protect their credit score. However, there are cases where customers, in spite of all efforts to assist them, either cannot or will not cooperate with our efforts to rearrange their repayment schedule. Our divisions therefore have systems and processes in place to deal with these situations; however, these processes differ slightly, due to regulatory requirements and the products we have on offer.

Vanquis Bank, Provident home credit and Satsuma all have internal recovery procedures in place which are aimed at reconnecting with customers via letter, telephone or SMS text message. These procedures enable us to determine whether customers are experiencing any personal difficulties which are preventing them from making repayments. If they are experiencing difficulties, we can agree with them for any appropriate forbearance options (e.g. a reduced payment arrangement). If, having used these internal processes to reconnect with a customer who we believe has the capacity to repay, it is still not possible to secure payments from them, we may appoint a debt collection agency (DCA) to pursue the debt. When this occurs, we retain the title and responsibility for the actions of the DCA and they will only receive commission on the payments they collect. Our operating businesses only use DCAs whose track record is known to them and who are members of the DCA trade body, the Credit Services Association. The activities that DCAs undertake on our behalf is contractually based and we formally audit their activity and performance every 12 months. These audits focus on all aspects of work that the DCAs undertake on our behalf, including ensuring that their activities are responsible and comply with our processes and procedures.

The management of customer accounts in arrears for Moneybarn is different due to the nature of the business. Moneybarn's policy is to try to keep as many customers as possible in 'live' agreements where they still have use of the vehicle. They do this through a series of forbearance strategies, including payment plans based on detailed income and expenditure assessments, providing breathing space and debt management agency referrals, as well as, in some circumstances, debt reduction or write-off. Particular emphasis is placed on higher risk, vulnerable customers, again, applying a case-by-case approach. Despite having these forbearance strategies available, some customer agreements will prove to be unsustainable, or the customer will not engage with attempts to find a solution to deal with their arrears. In these situations, the agreement will be ended and the vehicle recovered and sold. The sale value of the vehicle is offset against any shortfall debt the customer might have on their agreement. Prior to termination of the agreement, affected customers receive written confirmation of their termination rights and the likely financial implications of the options available to them. Any remaining shortfall debt is then recovered through payment arrangements with the customer. These payment arrangements are only entered into once a full income and expenditure assessment has been carried out to determine whether they are affordable for the customer.

Supporting our colleagues so they can be themselves

Providing an encouraging, supportive and inclusive workplace culture is vital to the happiness of our colleagues and the sustainability of our business.

In this section

31 Understanding our colleagues' thoughts and opinions
32 Spotlight on inclusion and diversity
35 Focus on gender diversity
38 Supporting colleague mental health and wellbeing

Understanding our colleagues' thoughts and opinions

Our colleagues are key to our long-term success, and their continued dedication and hard work is what gives PFG its unique character and culture, which enables us to deliver the best service to our customers. Needless to say, the last year has been challenging for many of our colleagues, so it is vital that we continue to engage and support them in whatever way we can.

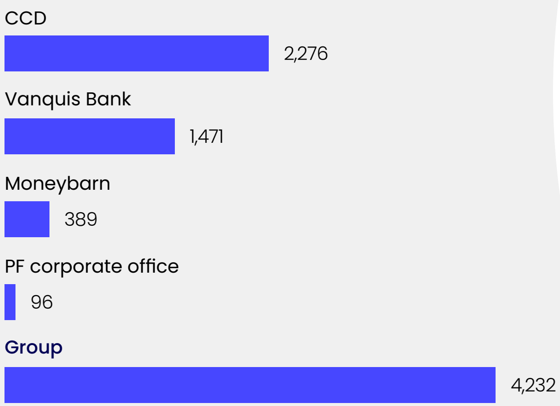
In November 2020, we carried out our second annual Group-wide colleague engagement survey. 74% of colleagues from across the Group took the time to have their say and respond to the survey. This is an increase of 6% on last year. As you can see below, colleague engagement levels across the Group have mostly increased.

Colleague engagement levels

Engagement refers to the extent to which colleagues feel passionate about their jobs, are committed to PFG and are prepared to use their discretionary effort.

- Moneybarn **81% (2019: 80%)**
- CCD **74% (2019: 76%)**
- PF corporate office **82% (2019: 70%)**
- Vanquis Bank **65% (2019: 58%)**

Number of employees at 31 December 2020: 4,232
(2019: 4,854)



88%
of colleagues care about the future of PFG (2019: 86%)

88%
of colleagues understand PFG's purpose and what we are trying to achieve (2019: 82%)

76%
of colleagues feel like they can be themselves at work (2019: 74%)

69%
of colleagues feel that the Group's Purpose makes them feel good about their work (2019: 61%)

74%
of colleagues would still like to be working for the Group in two years' time (2019: 68%)

63%
of colleagues believe the Group is a socially and environmentally responsible organisation (2019: 53%)

Above, are some of the key findings from this year's survey as well as the results from last year's survey so the changes can be compared.

We will continue to engage with our colleagues to understand how we can progress our ambition to build an inclusive and sustainable workplace culture.

Read more on **pages 32 to 34**

Spotlight on inclusion and diversity

5%
of colleagues disclosed to us that they had a disability (2019: 5%)

39%
of colleagues told us that they had caring responsibilities outside of the workplace (2019: 43%)

11%
of colleagues disclosed to us that they came from a black, Asian or minority ethnic background (2019: 12%)

0.4%
of colleagues told us that their sex is different to what it was when they were born (2019: 0.3%)

0.3%
of colleagues disclosed to us that they identified as a gender other than male or female (2019: 0.5%)

7%
of colleagues told us that they are part of the LGBTQ+ community (2019: 8%)

11%
of colleagues told us that they had caring responsibilities outside of childcare, e.g. caring for family members who may be elderly or have long-term illnesses (2019: 13%)

Understanding our colleagues

We want our business to be diverse and inclusive as employing people with different skills and backgrounds will help us understand our customers' needs and develop products and services that support them better. But more than this, having a diverse workforce means more opportunity to learn, to grow and meet people from different backgrounds – which is when people can really make a difference.

For the second year running, we invited our colleagues to disclose further information about themselves such as their ethnicity, religious beliefs, sexual orientation, disability status, caring responsibilities and gender identity through our Group-wide colleague engagement survey. We did this to gain a broader understanding of who our colleagues are so that we could open up new dialogue, educate ourselves and give support and representation for colleagues no matter their age, sex, disability, religious beliefs, gender identity or any other characteristic that makes them who they are, or may want to be. The information we collected through our 2020 survey is set out on the left of this page.

It is important to state that although approximately **74%** (2019: 68%) of colleagues completed our colleague engagement survey, not all of these colleagues chose to disclose this somewhat personal information. Throughout 2021, we will update our HR processes so that we can collect inclusion and diversity information from our colleagues in a systematic and consistent way.

> “For the second year running, we invited our colleagues to disclose further information about themselves such as their ethnicity, religious beliefs, sexual orientation, disability status, caring responsibilities and gender identity through our Group-wide colleague engagement survey.

Spotlight on inclusion and diversity continued

Be Yourself: Inclusion and diversity at PFG

Throughout 2020, we continued on the journey we have been on for the past couple of years towards being a more inclusive and diverse company. This saw us launch our overall inclusion community which comprises four affinity groups based around disability, ethnicity, gender and LGBTQ+. Each affinity group has a sponsor and chair drawn from the CCD, Vanquis Bank, Moneybarn and Provident corporate office, and these meet regularly with the overall executive sponsor to discuss inclusion and diversity plans, developments and proposals across the inclusion community as a whole. The affinity groups have a colleague lead and are made up colleagues from across our business, with support provided from our HR and Communications teams, and, since their launch in September 2020, have articulated their terms of reference and fed into the development of a Be Yourself Inclusion Calendar which includes a range of events that will be celebrated throughout the course of the year.

We also launched Be Yourself in 2020, which is our programme to promote and advance inclusion and diversity across PFG. The launch of this programme was borne out of the recognition that our colleagues and other stakeholders can only embrace our Purpose to move along a path to a better everyday life if they feel that it's their path and they feel comfortable walking it. To support the inclusion and diversity agenda at PFG, we designated an executive sponsor; Gareth Cronin, PFG's Chief Internal Auditor (Chief Risk Officer as of 1 May 2021).

"

I'm proud and thrilled to sponsor such an important initiative. I've been with PFG for just over a year now and have been impressed with the colleagues we have working throughout the business. I'm certain that we'll further improve as a Group by maximising inclusion and diversity. It's something I'm passionate about.

Gareth Cronin
PFG's Chief Internal Auditor
(Chief Risk Officer as of 1 May 2021)

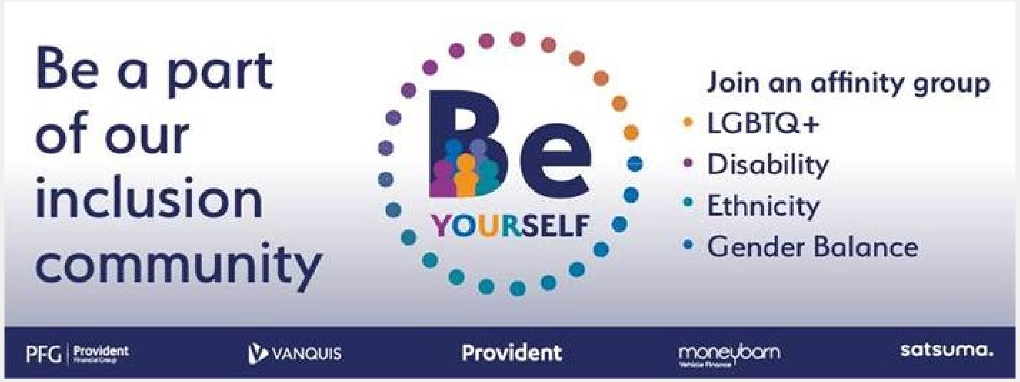
Spotlight on inclusion and diversity continued

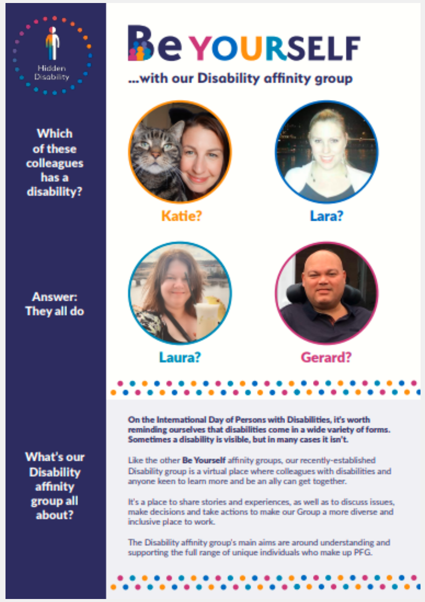
Be Yourself: Inclusion and diversity at PFG continued

To support the development of our inclusion community, we partnered with Inclusive Employers to deliver training to our affinity working groups and our Chairs and Sponsors. This has been well received and has validated people's understanding of the role they play within the inclusion community. It has also helped drive the focus for our affinity groups.

We have had a steady flow of communications to support the education and raising the awareness of inclusion and diversity. This activity has seen more colleagues register their interest in getting involved in the inclusion community. This programme of communications commenced in July with 'Pride' and the formal launch of the inclusion community in September, as a part of National Inclusion Week.

We also partnered with Diversion to develop the PFG Diversity Calendar, this calendar provides a selection of key dates, awareness raising days and events which reflect the diversity of our colleagues and customers. Since its launch, in October 2020 there have been a number of focus days which we have recognised through our various communications channels, including International Men's Day, World Aids Day, International Disability Day, LGBTQ+ History Month.





> "I've never worked somewhere with this opportunity available before, and have been an advocate for others in previous workplaces, so was excited to get involved and bring my knowledge and experience forward, and be a part of positive change.
>
> **A member of the Disability Affinity Group**

103
colleagues are involved in our Inclusion Community

10 **Reduced Inequalities**

We will contribute to reducing inequality by building our capabilities to better identify, support and empower our stakeholders who may face inequality and exclusion.

Focus on gender diversity

Throughout 2020, we continued to deliver the programme of work we initiated in 2019 which focused on improving gender diversity across PFG. Set out below are details of the progress we made as well as data which show what the gender diversity levels look like across the Group, from the colleague level, right up to the director level.

40% of employees who received a promotion identified as female

47% The percentage of first level managers who identify as women

27% of management representation is female

Be Yourself: Improving gender diversity at PFG

A key focus of the work we have delivered over the past 18 months to create and maintain a fair, diverse and inclusive culture for our colleagues and other stakeholders has been on achieving a better gender balance in our senior management population. This saw us, in 2019, become a signatory to the HM Treasury's Women in Finance Charter and set a target to have 40% female representation in the Group's senior management population by December 2024.

Gender pay gap reporting update

In our annual CR reports, we usually disclose the gender pay gap reporting figures we are required by the UK Government to publish which cover all colleagues that are employed across PFG. As a result of the challenges that businesses have faced because of the Covid-19 crisis, the Equalities and Human Rights Commission recently announced that we have until 05 October 2021 to report our 2020-2021 gender pay gap data (which uses the snapshot date of 05 April 2020). This information will be disclosed on the PFG corporate website by this deadline.

Women in Finance Charter: 2020 update

As of 31 December 2020, we had 27% female representation in our senior management population. We believe we are on track to meet our overall target of having 40% female representation in this population by December 2024. Over the course of the past 12 months, we have laid the foundation that will enable us to work towards meeting our targets. This has included:

- restructuring our Group Executive, which has enabled us to confirm the direct reports that are included in our defined senior management population, and creating a talent pipeline into this population;
- initiating work to review and update the HR policies and processes that will enable the Group's businesses to consistently support the work to improve our gender diversity performance;
- delivering the Next Generation Women's Leadership Programme to 21 high potential women from across Provident Financial Group (of these, 24% have gained promotion); and
- reviewing our external recruitment process to ensure a 50/50 gender balance in shortlists for all Senior Leadership vacancies.

Gender diversity across colleague levels as at 31 December 2020

	Female		Male	
Employee level	Number	%	Number	%
Total staff	2,280	54	1,952	46
Director*	6	19	25	81
Senior management	18	27	49	73
Middle management	133	38	221	62
First level management	158	47	177	53
Other colleagues	1,971	57	1,511	43

* Any colleague listed on an Executive Committee or as a director on Companies House.

5 Gender Equality

We promote more women into senior level positions, and reduce the gender pay gap to achieve gender equality.

Our commitment to colleague health, safety and wellbeing

Looking after the health, safety and wellbeing of all our people, whether they are colleagues, contractors, self-employed agents, suppliers or customers is always a high priority for PFG. Never more so than during a year when our colleagues have needed safe working conditions whether they have been at home or in an office.

Our commitment to do this is set out in our Group-wide health and safety policy which enables us to comply with health and safety legislation. Our three operating divisions also have additional policies on a range of health, safety and wellbeing issues which reflect the factors unique to their business. Throughout the year as we responded to Covid-19 and adapted to new ways of working both in the office and from home, we have also provided our colleagues with regularly updated policies and guidance so that they can be safe and healthy. All policies are made available to colleagues via our intranet sites, colleague handbooks and induction programmes, as well as mandatory training that is in place to help colleagues work safely at all times.

Read more

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Making our offices Covid-19 secure

Health and safety during Covid-19 in our offices

One of our overriding focuses during the challenges of 2020 has been on the safety and wellbeing of our colleagues. The majority of colleagues worked from home for much of the year, but for a small number it has been necessary for them to work from our offices. This happened in situations where it was impossible for the colleague to remain productive at home because, for example, of poor internet connectivity, or so that we could support the colleague's health and wellbeing. Before colleagues were allowed into our offices, an assessment was carried out to confirm the availability of workspace and to ensure that social distancing restrictions could be adhered to.

Colleagues were also required to complete a mandatory e-learning module which was tailored to specific locations and/or work roles, and provided them with clarity on what changes have taken place since they were last in the office as well as ensuring they know how to protect themselves and their colleagues. Finally, they were required to complete a Covid-19 Health and Wellbeing questionnaire to confirm that they had not tested positive for Covid-19, were not experiencing coronavirus symptoms, were not required to self-isolate and had been adhering to the most up-to-date Government guidance.

We have also issued our colleagues with regularly updated guidance throughout the year to enable them to work safely in our offices. This guidance has included information on personal protective equipment (PPE), travelling safely to and from work, and cleaning and sanitising the workplace.

Throughout the year, operational HR meetings have been held on a weekly basis with representatives from health and safety, facilities, communication and risk functions, with the purpose of ensuring that we stay up to date with the changing Government guidance on Covid-19 and that this was reflected in the policies and line manager guidance we have published through the year. These meetings have also supported the introduction of measures such as one-way systems and ensured that sufficient hand sanitising stations are in place. We have also consulted with our Colleague Forums to help us to monitor the efficacy of the measures we have introduced and to identify any other health and wellbeing risks.

We have also made toolkits available to our managers to ensure that they understand the key actions required when a colleague has been diagnosed with Covid-19, and to provide them with the practical steps to support the colleagues in the event that they have to self-isolate.

Across the Group, we have a number of indicators we use to measure the health and safety level of our colleagues, alongside programmes in place to support their physical and mental health. These range from discounted gym memberships to free counselling access and nutritional wellbeing courses.

7*
reportable accidents
(2019: 12)

277
non-reportable accidents
(2019: 740)

165*
reportable accidents when scaled up to 100,000 employees
(2019: 268)

6,545
non-reportable accidents when scaled up to 100,000 employees
(2019: 16,934)

* The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) define a reportable accident as an injury that is not 'major' but results in the injured person being away from work or unable to do their full range of normal duties for more than three consecutive days.

Supporting colleague mental health and wellbeing

The challenges we have faced into as a result of the impact of the Covid-19 pandemic have tested the resilience and strength of all our teams more than ever. As such, our priority during this period has been to make sure that our colleagues can stay safe, and to look after their wellbeing and mental health.

Mental health and wellbeing

Throughout 2020, we worked hard to ensure that all our colleagues could access support and tools to help them maintain positive mental health and wellbeing.

This included issuing a regularly updated guide to our line managers throughout the year so that they can support the colleagues they manage during the pandemic. These guides set out a range of principles and resources for line managers on matters including remote and flexible working, social distancing and returning to the office, and looking after colleague physical and mental wellbeing.

To complement this, we have also published a standalone Wellness Guide which is designed to enable all colleagues to learn more about how they can support and promote their own mental health and wellbeing at work. This Guide includes a number of tools to help colleagues to identify early warning signs, such as triggers of stress, so that they can proactively maintain their mental wellbeing and, where appropriate, get support from their line manager, our HR teams or existing charitable organisations such as MIND or the Bank Workers Charity.

Using technology to promote mental health and wellbeing

To support the many hundreds of colleagues who have been working remotely for much of 2020, it was vitally important that we used technology to deliver mental health and wellbeing advice and resources to them. In March 2020, following a pilot we undertook with Vanquis Bank colleagues in 2019, we gave all the Group's colleagues free access to Thrive, the UK's only NHS-approved wellbeing app.

24%

of colleague are active users*

This app includes psychological techniques and a cognitive behaviour therapy (CBT) programme, the ability to access further support via a Thrive coach at the touch of a button and a comprehensive and ever-changing programme of webinars covering a variety of topics that help colleagues and their families to manage their mental health and wellbeing.

We also rolled out a new Employee Assistance Programme to all colleagues in 2020. This is a 24-hour confidential helpline which provides support on range of topics including debt and consumer matters, personal and family relationships, stress and anxiety and lifestyle addictions. It also includes a Health e-Hub that all colleagues can access via an app or a dedicated portal which is home to a range of wellbeing resources such as webinars, CBT, factsheets and four-week programmes.

Our Mental Health First Aider network is made up of

81

colleagues

Keeping colleagues connected

Since the start of the pandemic, we have been exploring new ways to keep connected with our colleagues. We launched our own magazine – Stay Connected – and introduced 'Malcolm's Vlog'. Stay Connected is a channel to keep colleagues informed about the business and our customers and how they are being supported through the pandemic, and acknowledging and celebrating colleague-led news.

On a local level, our social committees have been actively involved in promoting wellbeing activities, such as offering meditation sessions to colleagues and various online social events to create online communities. 400 Vanquis Bank colleagues took part in a virtual challenge, the 'Tour de Vanquis', with colleagues logging over 2,000 miles of walking, jogging or running. The Tour raised over £2,000 for NHS charities.

Finally, our Colleague Forum was re-organised to reflect how colleagues are working from their locations. The new look Forum was finalised in June after elections were held. Since its formation, the Forum has played an active part in our Health and Safety initiatives during the Covid-19 pandemic.

Colleague absence

Following on from work we undertook last year to further analyse data around reasons for absence, we continued to broaden the scope of that work this year to gain a better insight to understand how absence rates are reflected in different role types. In the first instance, we measured absence rates of customer-facing staff compared with non-customer-facing staff, and the absence of people managers compared to non-people managers, to see if absence was higher or lower depending on the role that colleagues worked in. As a direct result of this additional reporting, we established a new Wellbeing Forum with representatives from all businesses to help us to review, monitor and analyse this data regularly, in order to plan and deliver preventive mental wellbeing activities and campaigns to support a culture of openness surrounding mental health. Our findings from this review are set out below.

- **32%** (2019: 33%) of absence days were reported to be for mental ill health, **21%** (2019: 9%) of those were reported to be due to workplace stress.
- **84%** (2019: 86%) of all absence days were taken by customer-facing staff, which make up **64%** (2019: 23%) of our workforce.
- **9%** (2019: 9%) of all absence days were taken by those with people management responsibilities.
- Of the absence days customer-facing staff took, **34%** (2019: 35%) of them were reported to be for poor mental health and, similarly, **39%** (2019: 33%) of those with people management responsibility stated mental health for their absence reason.

* Thrive have a high threshold for their Active Users, and these are individuals who use the app for a minimum of eight minutes per week, while Total Users are those who have downloaded the app and use it for less than eight minutes per week.

Colleague turnover

Throughout the year, we aimed to address the key findings that were identified by the colleague engagement survey we carried out in 2019 and, by doing this, we have improved engagement scores and reduced our overall colleague turnover rates in 2020 in comparison to the rates for 2019.

Average number of absence days per employee

CCD (2019: 13)	12
Vanquis Bank (2019: 13)	15
Moneybarn (2019: 9)	7
PF corporate office (2019: 3)	2
Group (2019: 12)	12

Number of employees who left the business*

26% of our workforce left in 2020 (2019: 40%)

CCD (2019: 1,379)	766
Vanquis Bank (2019: 440)	261
Moneybarn (2019: 109)	81
PF corporate office (2019: 26)	11
Group (2019: 1,954)	1,119

* These figures also include colleagues who have moved from one Group business to another.

Number of employees who left the business voluntarily

49% of employees who left the business in 2020 left voluntarily

CCD (2019: 1,034)	258
Vanquis Bank (2019: 368)	223
Moneybarn (2019: 77)	59
PF corporate office (2019: 22)	10
Group (2019: 1,501)	550

Empowering colleagues to raise concerns

We are committed to the highest standards of quality, transparency and accountability, so giving our colleagues channels to speak up about concerns is an important of our culture. We have whistleblowing policies in place which outline how concerns can be raised. All colleagues receive anti-bribery and corruption, and whistleblowing training on an annual basis. They also have access to a confidential third-party helpline through which they can raise a genuine concern about dangerous, unlawful or illegal activity at work.

In 2020, this helpline received 13 calls, which were thoroughly investigated and dealt with in accordance with the appropriate internal procedures.

Encouraging staff to save for their future

Because of the industry we work in, we feel that it is just as important to ensure that our colleagues, as well as our customers, manage their money in a sustainable way. This is why we offer initiatives that allow colleagues to either invest in the Company through a 'share scheme' or save for their future through a workplace pension.

Pensions

There are two main pension schemes for colleagues across the Group. New colleagues are automatically enrolled into the Provident Financial Workplace Pension Scheme after two months' service, and after two years of membership they are invited to join the PFG Retirement Plan; however, colleagues joining at a managerial level are invited to directly join the PFG Retirement Plan.

The Provident Financial Workplace Pension Scheme is provided through NEST and requires colleagues to contribute 3.2% of their pensionable salary after tax relief. On top of this, we will also contribute 4% of their pensionable salary.

The PFG Retirement Plan allows colleagues to contribute between 3 and 8% of their pensionable salary and we will contribute between 5 and 10%. All colleagues are entitled to a death in service payment; however, the PFG Retirement Plan includes an increased death in service payment of 3x salary and offers long-term sickness benefit.

Employee share schemes

Share schemes are a long-established and successful part of the total reward package offered by the Group, encouraging and supporting colleague share ownership.

1,088

employees participate in our save as you earn schemes

The Group's four schemes aim to encourage colleagues' involvement and interest in the financial performance and success of PFG through share ownership.

The current schemes for colleagues resident in the UK are the Provident Financial Savings-Related Share Option Scheme 2013 and the Provident Financial Share Incentive Plan (SIP).

The current scheme for colleagues resident in the ROI is the Provident Financial Irish Savings-Related Share Option Scheme 2014.

1,088 colleagues were participating in the Company's save as you earn schemes as at 31 December 2020 (2019: 1,756). The Group's SIP offers colleagues the opportunity to further invest in the Group and to benefit from the Group's offer to match that investment on the basis of one matching share for every four partnership shares purchased. 348 colleagues were participating in the SIP as at 31 December 2020 (2019: 553).

Responding to the climate crisis

We recognise that reducing greenhouse gas emissions is for the whole of society and we are committed to minimising our environmental impacts as well as determining the risks climate change presents to our business and stakeholders.

In this section

42 Understanding and disclosing how climate change may impact our business
46 Offsetting our carbon footprint
47 Reducing our carbon footprint

Understanding and disclosing how climate change may impact our business

In 2020, in support of the UK Green Finance Strategy, we set out our ambition to achieve net-zero greenhouse gas emissions by 2040. We also conducted a review to identify how the Group can work towards meeting the recommendations of the TCFD, which also took into account our environmental targets. In terms of the review of our environmental targets, we determined that we will need to achieve deeper emissions reductions that align with climate science and the rules governing the setting of science-based targets, while enabling us to deliver our commercial objectives. We will therefore develop and publish a science-based reduction target and other related targets that will enable us to realise our net-zero ambition by the end of 2021.

In terms of the TCFD, we fully support the aim of this framework, and will increase our disclosures in line with its recommendations. In order to do this, we have put new climate risk governance arrangements in place, as well as initiate work that will enable us to undertake a scenario analysis to determine what the impacts to the business would be if the temperatures were to rise by 1.5 degrees Celsius and 4 degrees Celsius.

To read more about our new climate risk governance, please see page 45

67%

reduction in our carbon footprint against a 2015 baseline

(scope 1, 2 and associated scope 3s)

Understanding and disclosing how climate change may impact our business continued

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Meeting the recommendations of the TCFD

The objective of the TCFD is to advance the quality of financial disclosures related to the potential impacts of climate change in order to improve investors, regulators and other stakeholders' ability to assess climate-related risks and opportunities. Unlike other reporting frameworks, TCFD is not about our impact on the environment, it is about the environment's impact on us. Put simply, its recommendations require us to disclose around the TCFD's four pillars of governance, strategy, risk management and metrics and targets. Set out below is a summary of the progress we made in 2020 in terms of reporting in line with the recommendations of the TCFD.

TCFD recommendation	Ongoing progress in 2020	Focus areas for 2021
Governance	In 2020, we established a Company-wide Climate Risk Committee to review our climate change strategy and monitor material risks and opportunities. This committee, which will have its first meeting in April 2021, will be chaired by the Group Chief Risk Officer and will report directly to the Group Executive Committee. It will also report into the Board's Customer, Culture and Ethics Committee and Group Risk Committee. Below this, the PFG Corporate Responsibility Function is responsible for monitoring climate-related issues.	In addition to finalising the Committee's terms of reference and PFG's new climate risk strategy, the focus for 2021 will be on agreeing the methodology that will be used to undertake a Group-wide climate risk scenario analysis which takes account of our value chain, divisions and functions, and the different aspects of our business models, assets, operations and organisational structures.
Strategy	Climate change risks have the potential to impact PFG's business strategy through increased costs for us operationally, as well as for our customers, reduced productivity of colleagues and reputational damage. Throughout 2020 and into 2021, we have undertaken work to understand what the most material climate-related risks are to our business, as well as the most material opportunities in the short term. This built on initial work carried out by Vanquis Bank to understand the short-term and long-term financial risks that climate change presents to its business models. We also initiated work to develop a methodology that will enable us, using the risks referred to above, to undertake scenario analyses to assess the probability and magnitude of the financial implications of climate change for our business (see page 44 for more information).	Through our Committee, we will work with colleagues from finance, risk and operations to undertake analyses to test the impacts on our business of the following scenarios: one in which rapid decarbonisation achieves a 1.5 degrees Celsius above pre-industrial levels increase; and one where emissions remain high (4 degrees Celsius above pre-industrial levels) and physical climate impacts dominate.
Risk management	Throughout 2020, we undertook work to start to identify the physical and transition climate-related risks that have implications for PFG's business models and stakeholders (e.g. customers, colleagues and suppliers). This built on the work that Vanquis Bank carried out to allocate responsibility for identifying and managing financial risks from climate change to the relevant senior management function(s) (SMF(s)) most appropriate within its organisational structure and risk profile as is requested by its regulator the PRA.	Once our Climate Risk Committee has started to meet, we will be able to ensure that material climate change risks are integrated into our risk management framework and through our registers, ensuring that the following are identified: risk driver, description of risk, potential impact, timeframe, whether the risk or opportunity is direct or indirect, likelihood and magnitude of impact. We will also ensure that material exposures to climate-related risks are included within Vanquis Bank's ICAAP.
Metrics and targets	During 2020, we set out our overall target to be net zero by 2040. We also continue to measure and monitor our scope 1 and 2 emissions, along with some of our scope 3 emissions, and report progress on a range of metrics covering our direct and indirect greenhouse gas emissions.	We will set a science-based carbon reduction target and other related targets that will enable us to realise our net-zero ambition by the end of 2021. To support us to do this, we will also sign up to the 'Business Ambition for 1.5°C' pledge.

"At PFG we understand that we have a key role to play in responding to the climate crisis. This means ensuring that our climate-related targets are aligned with the Paris agreement which aims to hold the increase in global average temperature to well below 2 degrees Celsius above pre-industrial levels, and ideally, to 1.5 degrees Celsius. And this is why we set an overall target in 2020 to achieve net-zero emissions by 2040.

Rob Lawson
Head of Sustainability

Understanding and disclosing how climate change may impact our business continued

Identifying material climate-related risks

Throughout 2020, we carried out an initial assessment to identify the main types of climate-related risks that could impact our business models and/or stakeholders. We did this by engaging with internal stakeholders from the Group's subsidiary businesses across the Group in order to identify risks that might potentially impact specific parts of our business. In doing so, we engaged with colleagues from a range of different departments and functions, including risk, investor relations, operations, finance and property so that we could understand how climate change might impact the operations in each business, and also to get a sense of our stakeholders' interest in the agenda. Using the information that was collected through this process, we carried out an initial assessment to rank each potential risk. This information, which is summarised below, was then shared with the Group Executive Committee and Board's Customer, Culture and Ethics Committee, and will be discussed further by the Climate Risk Committee at its first meeting.

Customer financial wellbeing

The risk that a customer is financially impacted by climate change and thus does not make the required payments in line with their agreements with the Group's businesses.

Supply chain/suppliers

The risk that a supplier is impacted by climate change which consequently affects the Group's operations.

Extreme weather events

The risk that the Group faces from extreme weather events that result from changes in temperature.

Climate risk management and reporting

The risk that the Group's structure, policies, processes and culture do not promote effective or ethical behaviour by senior management.

Increased costs

The risk that climate change results in price changes leading to increases in operational costs.

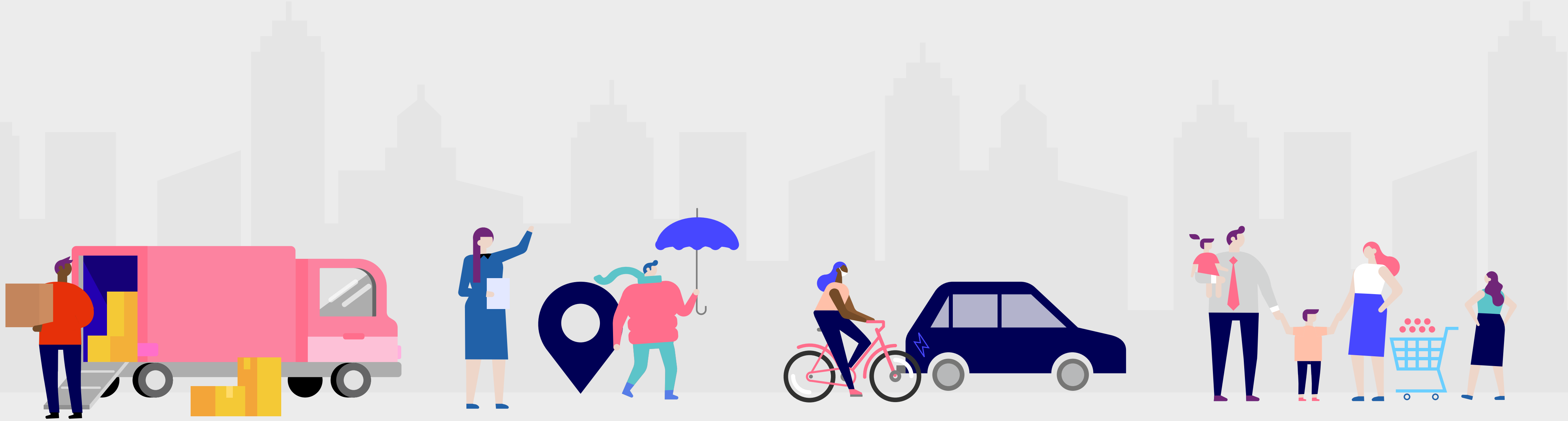
Colleague wellbeing

The risk that colleague wellbeing and productivity are impacted due to climate change.

Access to liquidity and funding

The risk that climate change impacts the Group's ability to maintain sufficient liquidity and funding.

Once the Climate Risk Committee has started to meet, we will work to ensure that any material risks are integrated into the Group's risk management framework and in our risk registers, ensuring that the following are identified: risk driver, description of risk, potential impact, timeframe, whether the risk or opportunity is direct or indirect, likelihood and magnitude of impact. We will also ensure that material exposures to climate-related risks are included within Vanquis Bank's ICAAP.



Our approach to environmental management and climate risk

The Group has set a new target to achieve net-zero carbon emissions by 2040, as well as meeting climate risk objectives. Set out below are further details of the governance and management arrangements we have put in place to support us to deliver these objectives.

A key tool in helping us to manage and reduce our impact on the environment is our environmental management system (EMS), which we have had in place for almost 20 years. Our EMS helps us to identify, assess and reduce key environmental risks and impacts; set and deliver against environmental targets; and ensure our legal compliance. This EMS is independently audited each year against the requirements of the international management standard ISO 14001:2015. Following the audits carried out in 2020, all our main premises in Bradford, London, Chatham in Kent and Petersfield in Hampshire are certified to ISO 14001:2015. The ongoing functioning of this EMS is overseen by the environmental working groups that are in place across PFG.

Climate risk governance

To help us to assess and manage material climate-related risks and opportunities, and undertake the technical work that will enable us to meet the recommendations of the TCFD, we have established a new Climate Risk Committee. This Committee will be chaired by Gareth Cronin, PFG's Chief Internal Auditor (Chief Risk Officer as of 1 May 2021), and include senior representatives from functions such as finance, risk, operations and sustainability.

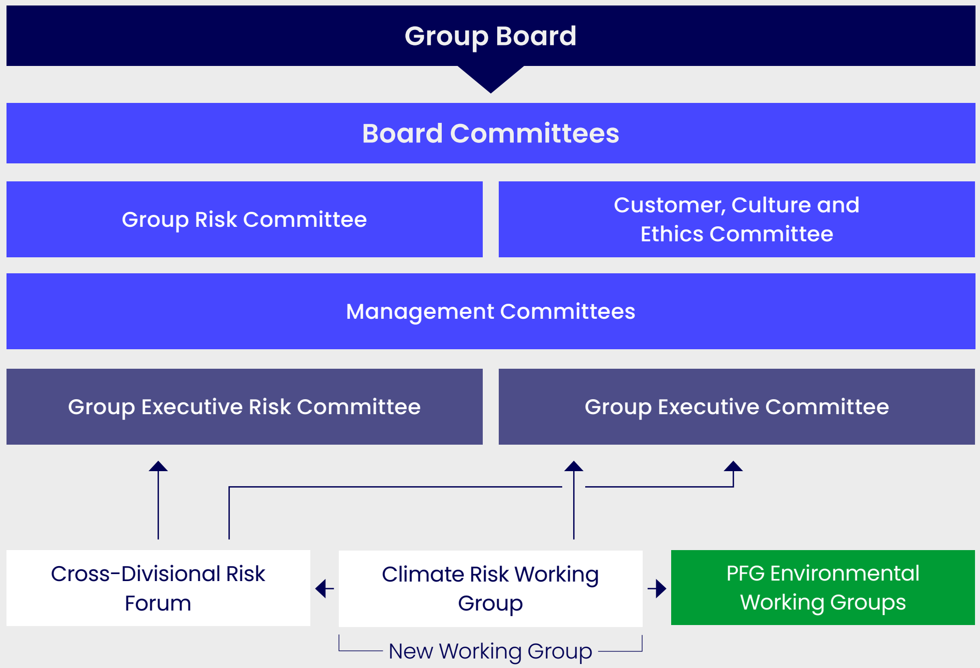
The Committee will report into the Group's Executive Committee and will play a pivotal role in developing and implementing PFG's new climate risk strategy. In doing so, it will ensure that our climate risk work takes account of our value chain, divisions and functions, and the different aspects of our business models, assets, operations and organisational structures.

The Committee will also ensure that the following inputs are fed into the TCFD process:

- a forward-looking view on our market's evolution, customers, consumer changes in behaviour, need and expectation, social activism in different scenarios, and time horizon;
- insights into possible political and legal evolution in certain markets;
- views on vulnerabilities and opportunities in the supply chain under a range of climate change impacts;
- understanding of the implications of local climate changes on operations, colleagues and other stakeholders;
- views on plausible technological developments and breakthroughs, and future developments of climate policy and international and national climate action; and
- insights on environmental and social cause-effect relationships of climate change.

> "I recognise that climate change poses risks to our business with the potential to impact the way we operate, as well as our customers, colleagues and supply chains. This is why we're committed to evolving our understanding of climate change risks, and our approach to managing them, by starting our work in 2021 to undertake climate-related scenario analyses.
>
> **Gareth Cronin**
> Chief Internal Auditor
> (Chief Risk Officer as of 1 May 2021)
> Provident Financial plc

See below for a guide to the new governance structure:



Offsetting our carbon footprint

4,507

tonnes of CO_2e offset

Carbon offsetting

We continue to offset our direct operational carbon footprint. We do this by financing sustainable development projects around the world which help to mitigate the effects our operations have on the climate.

This year, we offset 4,507 tonnes of CO_2e, which accounted for all of the Group's 2020 operational footprint. These emissions were offset through the purchase of carbon offset certificates in the Weyerhaeuser Carbon Sequestration Project in La Pitanga, Uruguay.

The forest sector of Uruguay plays a significant role in the socio-economic development of the country, especially its interior regions. The project comprises a total of 18,191 hectares of land previously under extensive grazing by beef cattle, converted into forest plantations for value added, long-lived timber products and for sequestering carbon dioxide from the atmosphere in different pools, reverting the existing soil degradation process that has been occurring for several years. The project will ultimately remove a total amount of 5,652,922 tonnes of carbon dioxide in a period of 100 years or an average of 56,529 tonnes of carbon dioxide per year.

The project also delivers a range of positive environmental and social impacts, including:

- the reduction of rural poverty through the generation of high-quality and stable employment, and reverting the process of rural migration to big cities in a region of Uruguay with elevated levels of poverty;
- the creation of almost 260 job positions during the agrarian phase, and provision of support to around 70 local farmers who are able to graze cattle on the farms in the project; and
- the provision of support to important ecosystems such as Sierra de Rios, Rio Yaguaron and Arroyo Tacuari which are the home to a number of vulnerable species or are at high risk of extinction in the wild environment.

Through the investment we make to this project, we are also able to contribute to four of the SDGs which relate to the decent work and economic growth, responsible consumption and production, climate action and life on land.

Reducing our carbon footprint

Set out below are key reductions in our carbon footprint which occurred throughout 2020, when compared to the same period in 2019. It is acknowledged that the Covid-19 pandemic has likely had a significant impact on our carbon footprint and is a key contributor to these reductions. We will continue to monitor our carbon footprint this year and reduce it in the future.

29%
of waste was recycled

67%
reduction in Company car fuel consumption

60%
reduction in the tonnes of CO_2e emitted through company car travel

53%
reduction in our total reported greenhouse gas emissions

68%
reduction in the amount of miles colleagues drive their own cars on business

84%
reduction in our air travel mileage

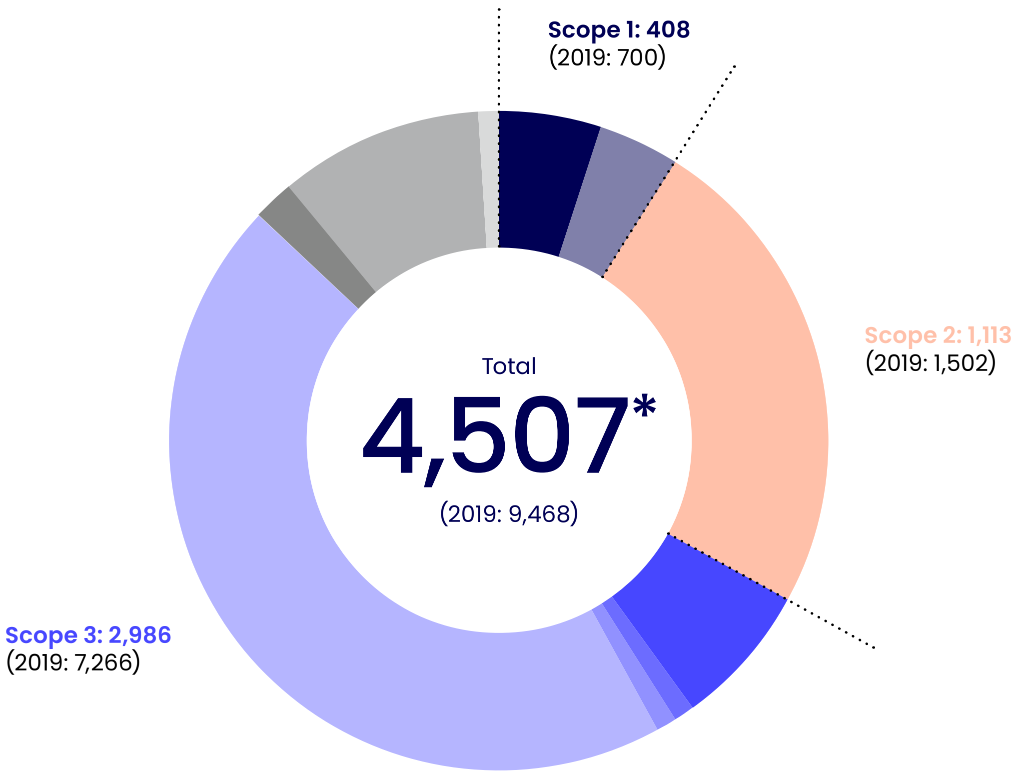
45%
reduction in our total scope 1 and 2 (and associated scope 3) emissions

Read more

Meeting the TCFD recommendations	**44**
Our carbon footprint	**48**
Details of our scope 1, 2 and 3 emissions	**49 and 50**

Our carbon footprint (tonnes CO_2e)

Like any other company, Provident Financial's business activities impact the environment, whether this occurs directly as a result of the energy that is used by our offices and by our people when they travel, or indirectly through the activities in our supply chains. We are committed to minimising our environmental impacts, in particular to reducing the greenhouse gas emissions associated with our business activities, thereby lessening our contribution to climate change.



	2020	2019
Scope 1 (tonnes CO_2e)		
Gas use†	230	266
Diesel and petrol†	178	434
Scope 2 (tonnes CO_2e)		
Electricity use	1,113	1,502
Scope 3 (tonnes CO_2e)		
Scope 1 and 2 associated 'well-to-tank' emissions†‡	327	500
Employee air travel	16	91
Employee rail travel	4	77
Grey fleet (employee own vehicle travel)	2,073	5,218
Waste collection and management	102	13
Scope 3 associated 'well-to-tank' emissions‡	440	1,367
Water	24	Not measured

* Our emissions are reported in accordance with WRI/WBCSD Greenhouse Gas (GHG) Protocol. We use a financial control approach to account for our GHG emissions and use emission conversion factors from Defra/DECC's GHG Conversion Factors for Company Reporting 2020. Our GHG emissions are calculated using energy use data accessed via meters and energy suppliers, and from records of fuel use, business travel bookings and waste management data. Where challenges have occurred in obtaining data, estimates have been used and assured by our assurance provider. Water has been totally excluded from reporting this year due to severe difficulty in obtaining accurate data.

† Mandatorily reported emissions to meet the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

‡ GHG emissions associated with the production, transportation and distribution of fuels used by transport and utilities providers.

A closer look at scope emissions

1 Scope 1

Direct emissions from sources owned or controlled by us, e.g. gas used in our boilers or fuel in company-owned cars.

2 Scope 2

Indirect emissions from the generation of purchased energy in our business, specifically from electricity.

3 Scope 3

All other indirect emissions, or emissions created on our behalf. The scope 3 emissions we calculate cover our colleagues' travel by train, plane and their own vehicles, waste management and 'well-to-tank' emissions associated with the production of fuel.

Intensity ratio

0.88

scope 1 and 2 (and associated scope 3) kg of CO_2e/per customer

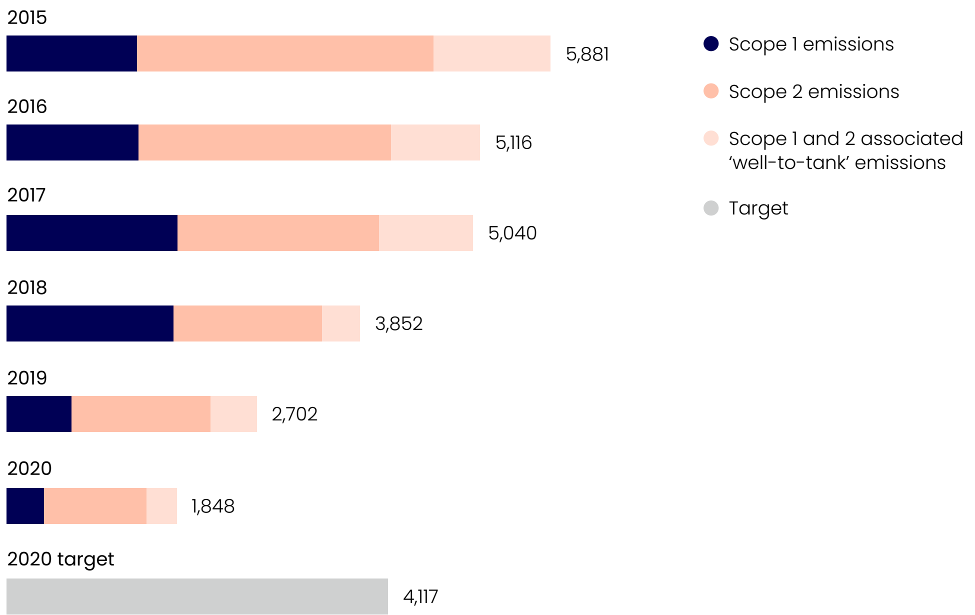
1 2

Scope 1 and 2 emissions – gas, company vehicles and electricity

During 2020, our scope 1 and 2 (and associated scope 3) emissions accounted for 1,848 tonnes of CO_2e.

This means we have reduced our carbon by 69% against our 2015 baseline, which is outlined in the chart below against our 2020 target.

Scope 1 and 2 (and associated scope 3) (tonnes CO_2e)



A closer look at scope emissions continued

3

Scope 3 emissions and business travel

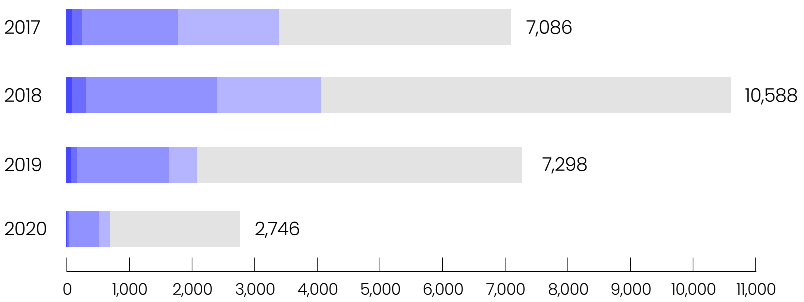
We continuously look to increase the breadth of our scope 3 reporting. However, we have not added any new elements in to our reporting whilst we focus on improving our data accuracy and transparency as well as committing to reporting in line with the Science Based Targets Initiative from next year. The decision to do this from next year is largely due to the fact that our scope 3 footprint has fallen this year due to Covid-19 impacting our ability to undertake business travel. Therefore, it would not be appropriate to use our 2020 carbon footprint as a baseline for a science-based target.

During 2020, we saw a significant reduction in the GHG emissions associated with our 'grey' fleet. This was due to the travel restrictions that were introduced throughout the year which resulted in colleagues making fewer journeys to see customers. In place of these visits, we rolled out Provident Direct, which gives customers access to a non-face-to-face payment channel through a Continuous Payment Authority.

44%

of waste was recycled or sent for energy recovery (2019: 87%)

Business travel GHG emissions (tonnes CO_2e)



- **Rail travel: 4** (2019: 77)
- **Air travel: 16** (2019: 91)
- **Travel-associated 'well-to-tank' emissions: 475** (2019: 1,478)
- **Company car (diesel and petrol use): 178** (2019: 434)
- **Grey fleet: 2,073** (2019: 5,218)

Business travel distance (miles)

Air travel
45,669 (2019: 288,776)

Rail travel
297,290 (2019: 1,167,100)

Grey fleet mileage
5,945,671 (2019: 18,305,919)

CCD and Moneybarn Company car mileage
509,570 (2019: 1,465,211)

Waste (tonnes)

Total waste generated
389 (2019: 397)

Recycled
113 (2019: 206)

Sent for energy recovery
59 (2019: 138)

Landfill
216 (2019: 53)

PF Company car fuel usage (litres)

2,307 (2019: 6,922)

Supporting our Purpose through our Social Impact Programme

Our social impact strategy supports our Blueprint by addressing key barriers to financial and social inclusion and helping people overcome them.

In this section

52 Our theory of change
53 Our social impact in 2020

Our theory of change

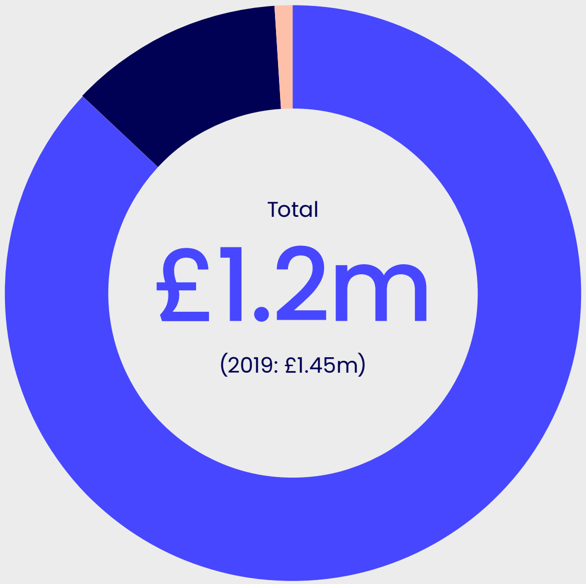
Our community investment strategy supports our Purpose by addressing key barriers to inclusion and helping people overcome them.

Our core themes	What we do	We do this through	Why we do this
Customers	Invest in activities and initiatives that address key factors which may affect someone's likelihood of being accepted for credit.	Ensuring colleagues have the skills to deal with customers with additional needs. Supporting independent research into financial decision making. Supporting financial education, including for hard to reach groups. Funding a range of debt advice organisations.	To ensure our customers and others have access to appropriate financial services. Where they do not, to help them recognise and overcome the barriers to financial inclusion. To ensure help is available to those with additional needs and those in financial difficulty.
Education	Support children, young people and adults to boost their education, skills and aspirations, in order to participate in society and secure a brighter financial future.	Providing support for programmes to boost the literacy and numeracy of children, young people and adults. Offering young people and adults insights into the world of work and the skills that will help them secure opportunities, including employment.	The right skill set is essential for social inclusion. Those who live in disadvantaged communities can lack confidence, as well as awareness of where and how they might acquire skills or boost those they have. Developing skills promotes personal confidence, aspiration and the potential to participate in society.
Community partners	Support community projects in areas where people are more likely to face social and financial exclusion.	Providing grants to grassroots organisations and charities through Community Foundations which will support local people in improving aspects of their life.	To help people overcome personal difficulties that might be preventing them from feeling socially or financially included in the communities in which they live and work.

Our social impact in 2020

In this chapter, you will find some of the highlights from our Social Impact Programme in 2020.

2020 community investment figures



- **Cash: £1,035,984**
(2019: £1,249,818)
- **Management costs: £143,129**
(2019: £149,605)
- **Value of employee time: £11,219**
(2019: £48,715)

£1.2m

invested to support community programmes, money advice programmes and social research (2019: £1.45m)

Read more on **page 54**

£265k

distributed to 44 grass roots voluntary organisations via Community Foundations

£8,169

donated to colleague fundraising efforts (2019: £29,817)

509

hours volunteered by colleagues during work hours (2019: 2,224)

54,000+

people engaged with the National Numeracy Challenge during May 2020

Supporting our communities

The primary way in which PFG fulfils its Purpose is through the provision of credit to customers who are not well served by other lenders or are excluded altogether by them.

We do this by responsibly providing our customers with appropriate amounts of credit, maintaining close contact with them throughout the term of their loan and supporting them sympathetically if they experience difficulties. It is through this knowledge and understanding of our customers, and the market we have proudly served since 1880, that we have been able to develop our approach to community investment and ensure that it is aligned with the Group's Purpose of helping to put people on a path to a better everyday life.

Our community investment activities are delivered through our Group-wide Social Impact Programme. The strategy of this programme is to invest in activities and initiatives which seek to address some of the key factors which, on their own or acting together, can reduce social and/or financial inclusion.

These factors include (although are not limited to) lack of literacy or numeracy skills; disabilities and/or mental health issues; unemployment or under-employment; low levels of educational attainment; and low, uncertain or fluctuating incomes.

The Provident Financial Social Impact Programme delivers community investment activities under the following three workstreams:

Customers – working with charities and specialist partners to provide support which addresses issues such as customer vulnerability, product accessibility and financial difficulties.

Education – supporting children, young people and adults to boost their education, skills and aspirations in order to participate in society and secure a brighter financial future.

Community – supporting Community Foundations and other partners to address the wide range of social inclusion and social mobility issues that are relevant to our customers and the communities where we operate.

Read more

Serving our customers in a responsible manner	**23**
Working with education partners	**55 to 57**
Community Foundations projects supported in 2020	**60 to 62**






Unlocking talent during lockdown

Whilst periods of lockdown and local restriction tiers are something we have all become accustomed to for over a year, the closure of our school gates has been one of the most difficult consequences of the Covid-19 pandemic, particularly for those students from disadvantaged backgrounds. It was right to close our schools in order to protect the NHS and reduce the spread of the virus, however it left some children and families in a difficult position to home-educate, with schools having to switch to online learning.

The education partners we support have worked hard during these difficult times to ensure disadvantaged students and vulnerable families get the help they need.

Quality Education

We will contribute to ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all by partnering with organisations that will help to equip children and adults with essential skills and knowledge.

Case study

National Literacy Trust

National Literacy Trust

During the first lockdown, the National Literacy Trust were able to support over 300,000 children and young people with printed writing materials and books and over 500,000 with access to high-quality digital literacy resources. Here at PFG, we were able to print and deliver resource packs to local foodbanks who then provided copies to digitally excluded families.

This need continued with each lockdown. We know that 1 in 11 children didn't have a book at home, many families could not access online learning, and 30% of low income households have bad or no broadband connection. Alongside this, it's now well understood that lockdown impacts negatively on wellbeing.

To support literacy and wellbeing in disadvantaged communities during lockdown, the charity focused on three key areas:

1. delivering high-quality programme content for teachers to support the delivery of online learning and in-school teaching for vulnerable and key workers' children through literacytrust.org.uk;
2. providing reading resources and activities for parents through wordsforlife.org.uk; and
3. giving digitally excluded children and young people printed resources to support their learning, distributed through their Hubs and partnerships.

In addition, we were able to work with the charity to adapt their Words for Work programme, which provides young people with the communication skills they need for the workplace, so that it could be delivered digitally. Moreover, colleagues volunteered online to help deliver virtual CV masterclasses.

> We are so grateful for PFG's support over the last year. Their partnership helped us immediately respond to school closures, giving us flexibility to adapt our programmes for home learning and digital delivery. They even helped us print and distribute literacy packs across Bradford, ensuring families using local foodbanks could access learning resources and activities to do at home. We look forward to continuing our support for disadvantaged children, young people and families in our shared communities.

Jonathan Douglas CBE
Chief Executive of the National Literacy Trust

Education case studies

Case study

Numbers for Life

Across the UK roughly 4 in 5 adults have a low level of numeracy, but just what do we mean by numeracy?

Numeracy is not always taught in the classroom: it means having the confidence and skills to use maths to solve problems in everyday life. For instance:

- at work – understanding spreadsheets and data;
- in managing our finances – setting and keeping to a budget, understanding interest rates, understanding the financial implications of borrowing money, working out how much money to put into a pension; and
- as parents – helping children with homework, playing board and puzzle games with children.

As a financial services business, we have a responsibility to make sure colleagues are explaining our products to customers correctly and we want our customers to understand the terms of products they are signing up for, too. To do that, they need basic numeracy skills.

In 2020, we were once again lead supporters of National Numeracy Day. The day looks to raise awareness of the importance of numeracy and helps people take steps to improve their skills. In the midst of lockdown, National Numeracy were able to adapt the day to run as an online festival. More than 50,000 people signed up to improve their numeracy skills during May 2020.

With many parents finding themselves in charge of home learning, there has never been such a stark need to empower children and adults to get on with numbers so they can fulfil their potential.

In light of this, National Numeracy wanted to support parents, carers and teachers with the challenges of remote learning and for every family to know that they can help their children with maths without having to be an expert. So, they launched some free online resources and activities that focus on helping parents, carers and teachers support children to develop number confidence and a positive attitude to maths.

54,000+ people engaged with the National Numeracy Challenge in May 2020 as a result of collaborative funding from 13 companies, including PFG.

Read the Impact Report 2020 here: https://www.nationalnumeracy.org.uk/sites/default/files/images/news-and-media/national_numeracy_day_2020_-_impact_report.pdf

Case study

Becoming a numeracy champion in the community

We are also working with National Numeracy to trial its new Becoming a Numeracy Champion training: Maths, Money and Mindset, for those who work in community-facing roles and who regularly communicate directly with clients or provide support to members of the community. The aim of the programme is to tackle the issues around maths anxiety in the UK and how low number confidence can impact on someone's ability or willingness to engage in conversations about maths and money.

> "It's 100% made a difference to my work already – much more than expected. It really changed the way I look at programme design and think about how our services can be more suitable for people with poor numeracy. We can't continue to not think about that when we design our services. I learnt that numeracy is not just a niche issue, it's a huge issue that impacts so many people's lives."

Community Partner Participant
Becoming a Numeracy Champion in the Community workshop

Education case studies continued

Case study

SOCIAL MOBILITY BUSINESS PARTNERSHIP smbp

Social Mobility Business Partnership (SMBP)

During the summer some of our colleagues played virtual hosts to Year 11 students in Bradford as part of a national Work Insight and Skills Week organised by SMBP.

SMBP is a charity which provides an innovative programme, bringing together large corporate organisations and professional sports clubs to remove barriers, develop skills and provide experiences to sixth form and college students from disadvantaged backgrounds. The programme helps build aspirations and inspire them to pursue a career in a profession that they may not have previously considered.

Usually, the event we deliver as part of the week is held in our Bradford head office, but due to school closures and lockdown restrictions the event was delivered online. Colleagues volunteered to deliver presentations and workshops on a range of legal and professional topics to inspire the young people who attended.

“

Team Provident rose to the challenge of providing a virtual Provident Financial Day this year.

The day provided the students with a great insight into the workings of a large corporate organisation and will hopefully help to broaden their understanding of the different career opportunities available to them which they shouldn’t be afraid to seek out. We were also able to share our Blueprint behaviours with them and show them how these could equally apply to them, as they should be hungry for better, act like it’s their own and seek out and take opportunities in life as they come along. This day hopefully gave them ideas, thoughts and inspiration as they start to map out a career path for themselves.

Mary Preston
Group Lawyer

1,710

the number of SHS interventions with families who were receiving casework support during 2020 by the Group

Case study

shs Children in school, ready to learn

School-Home Support (SHS)

There are many barriers that can prevent a child from getting to school in a morning. This can be because of personal struggles they may have, or perhaps financial, psychological or other challenges the parent or guardian may have.

SHS is a charity which places practitioners into schools across the country to work with children and families who need support the most. We provide funding for a practitioner at a school in Bradford and also at two schools in Chatham.

During the lockdowns in 2020, the charity has seen demand for its services more than quadruple but have continued delivering vital support to families facing issues such as domestic violence and food poverty. They also helped out with delivering digital devices to those without access.

In the lead-up to Christmas, our colleagues took part in a gift-giving appeal which meant that disadvantaged children across the UK woke up to gifts on Christmas morning.

We continued to work with all our partners through these difficult times and have been flexible with our funding to allow them to adapt the programmes to work for the less privileged young people and families they support.

“

As an SHS practitioner working in a secondary school in Bradford, I see how the added pressure of Christmas impacts the families I work with. Christmas isn’t always a happy time for families and even more so this year. I’m working with young people and their families who have had significant bereavements, parents who have lost their jobs due to the pandemic, living in poverty and suffering from poor mental health. These gifts will make a big difference and take away some of the pressures parents and carers feel around this time of the year.

SHS practitioner

Community partners

UK COMMUNITY FOUNDATIONS
GIVING FOR LOCAL GOOD

Supporting grass roots voluntary organisations through the pandemic

We have developed partnerships with Community Foundations throughout the UK to enable us to distribute grants effectively to organisations who are supporting the Community Foundations where our business operates. Community Foundations are place-based funders, working with local donors, funders and businesses to ensure that their grant-making is location-specific, tackling issues that are pertinent to their locality. Their insight and expertise are crucial to our partnerships. By working with Community Foundations, we have the confidence that we are directing our funding to the places where it is needed the most, and, in doing so, contribute to the sustainability of the small charity sector.

Whilst the Covid-19 pandemic has had a significant and ongoing impact on all sectors of the UK economy, it's put into sharp focus the huge strain that has been placed on the voluntary sector and has highlighted the important role this sector is playing to help support vulnerable groups throughout the virus outbreak. The sector will undoubtedly continue to play a crucial part in supporting them as we move beyond the pandemic and into a recovery phase. Not only has the voluntary sector been called upon to support new and emerging Covid-related issues, as well as continuing their existing services, but they have seen many of their income sources disappear. They have had to adapt quickly and deliver services differently, which has also come at a financial cost. However, there has also been widespread acknowledgement that it has been the small grass roots organisations to whom many have turned for support. This is no surprise as those providing frontline services into their communities are also those who often hold the greatest trust of the people they seek to help.

Our priority at the start of the outbreak was to speak to our Community Foundation partners to understand the issues and challenges that they were facing into. Whilst talking to each of them, a consistent theme evolved whereby, alongside a need to raise urgent funding to help build capacity in the sector to respond to the crisis' immediate needs, there has also been an urgent requirement to protect pipeline funding. Social and financial exclusion will present ever more challenges as we come through the other side of the pandemic, and small charities and community groups will be key to keeping communities on their feet. We therefore made the decision that rather than divert funding into the various emergency funds which have been set up, we would maintain our Social Impact Funds to enable the small voluntary organisations to continue their existing support programmes in the medium to longer term. In 2020, we were able to award grants totalling over £265k to 44 community organisations.

Our Community Foundation partners also told us that, unsurprisingly, flexibility for grantees was a priority. So, allowing our existing grants to be repurposed and used by our partners based on immediate need was essential. This meant that funding could be used in a variety of ways such as for additional core, service delivery and volunteering costs, ensuring that partners could continue to meet their charitable objectives whilst remaining viable in the longer term.

Ultimately, as funders, it has been vital for us to seek the best ways to support and sustain small charities and community groups because without these frontline organisations, our communities face an even tougher recovery from the impacts of Covid-19. Community Foundations are undoubtedly a core part of that solution and working with them has helped us to ensure we've been able to adapt our support to meet the needs of grantees and ensure that our funding continues to reach those who need it most.

The Group has also continued to work closely with Leeds Community Foundation, not only as a funder, but also to support their ongoing development in Bradford. This partnership work is important to the business as a long-established Community Foundation supporter and large employer in the city. It is also essential that a robust giving platform exists for individuals as well as the public and private sectors to guarantee the sustainability of small charities and voluntary organisations across the Bradford District. The Group also contributes to the wider functioning of Leeds Community Foundation as a member of its Board.

You can read more about how we involve our colleagues in the grant-making process on page 66.

10 Reduced Inequalities

We will contribute to reducing inequality by building our capabilities to better identify, support and empower our stakeholders who may face inequality and exclusion.

Foundation Scotland

"It's been important during the pandemic for our funders to understand and respond to the challenges faced by their communities. Our strong working relationship with PFG allowed us to have an early dialogue about the needs of our beneficiaries here in Scotland. This meant that through open and honest conversations, we could ensure PFG's funding was directed to the organisations best-placed to deliver trusted support in their communities at a time of heightened need.

Jennifer McPhail
Foundation Scotland

Our current partners are listed on page 59

How our Community Foundation partnerships work

PFG £ + Strategic criteria

Strategic criteria
- Improving people's personal finance capabilities (debt and financial advice/education)
- Improving physical and/or mental health
- Providing support which enhances, creates and sustains positive family relationships
- Addressing issues of low educational attainment and improving learning outcomes
- Providing people with opportunities to reduce inequality, exclusion and disadvantage, including projects which increase access to employment

Community Foundation partners
- Community Foundation Wales
- Essex Community Foundation
- Foundation Scotland
- Hampshire & Isle of Wight Community Foundation
- Kent Community Foundation
- Leeds Community Foundation
- London Community Foundation

7 PFG social impact funds

Funding disbursement
1. PFG agrees grant sizes and any special criteria with the Community Foundation
2. Community Foundation opens and advertises the Provident Social Impact Fund
3. Community Foundation receives and assesses grant applications and undertakes due diligence
4. Community Foundation presents short-listed applications to PFG colleague grants panel
5. Colleague grants panel reviews applications and meets to agree grants to be awarded
6. Community Foundation distributes grants and carries out ongoing monitoring and evaluation

Projects supported through our PFG Social Impact Programme funds

Community Foundation	Grant recipient	Project description
Essex Community Foundation	Basildon Community Resource Centre	To provide advice on welfare rights, benefits and housing needs, as well as helping people to complete forms or liaise with service providers.
	Basildon Foodbank	To deliver three-day emergency food parcels to individuals who have received a referral voucher from another local agency such as Citizens Advice or children's centre.
	Citizens Advice South Essex	To provide free advice covering a number of issues that can affect people's lives such as benefits, housing or unemployment.
	Signpost	To establish a job club at the Advice Store in Basildon which provides support for people who are unemployed, looking to change their careers or learn new skills.
	South Essex Advocacy Services	To extend operational hours of an advocacy service for victims of financial abuse covering the districts of Basildon, Rochford and Rayleigh.
London Community Foundation	Future M.O.L.D.S Communities	To deliver weekly physical activity sessions to young people aged 13-18 years and their families from the Gascoigne Estate, and also supporting the development of parenting skills.
	Barking & Dagenham Ab Phab Youth Club	To continue and expand delivery of weekly sessions to build the confidence and skills of 30 young people with disabilities and/or mental health conditions.
	Refugee and Migrant Forum of East London	To deliver immigration casework to disadvantaged young refugees and migrants who are entitled to be in the UK but cannot afford to regularise their status.
	Rainham Foodbank	To pilot a weekly debt advice service over one year, comprising three advice and advocacy drop in/appointment sessions per week and ten volunteer opportunities.
	Excel Women's Association	To support up to 900 disadvantaged BAME women over one year through the provision of advice, support, training, events and activities.
	Barking & Dagenham Progress Project	To deliver a Healthy Lives programme for young people aged 11-25 with disabilities, offering sessions which cover sports, arts and outings.
	Sarah Agnes Foundation	To fund six counselling sessions to disadvantaged people and families to support them to cope and recover from the impact of the Covid-19 pandemic.
	Empowering Deaf Society	To deliver workshops on various topics including health and wellbeing and fund a dedicated caseworker to support for deaf adults from Barking and Dagenham.
	My Family Organisation	To deliver training courses reaching 30 BAME young people in Barking and Dagenham who are not in education, employment or training followed by support to secure part-time or weekend work.
	Wellgate Community Farm	To deliver a supported volunteering scheme for 30 people who are not in education, employment or training and/or isolated people.

Projects supported through our PFG Social Impact Programme funds continued

Community Foundation	Grant recipient	Project description
Kent Community Foundation	Evelina Children's Heart Organisation	To support children and young people with heart conditions, and their families.
	Medway Watersports Ltd	To work with mainstream and disability schools across Medway to provide them with access to watersports.
	Rochester Indoor Skatepark Club	To engage and support young people, mainly from Medway towns, in physical activity and provide an opportunity to express themselves by enabling them to access a skatepark.
	Slide Away	To deliver workshops and 'memory days', and provide a safe and caring environment where children have time and space to deal with bereavement.
	Swale Gloves Amateur Boxing Club	To fund the purchase of a vehicle to enable local, young people to be transported to boxing events and support the delivery of healthy lifestyle sessions.
	The Princess Project	To support younger mums, especially those who are socially isolated, that have physical and/or mental health problems or have previous experiences of domestic violence.
Foundation Scotland	Articulate Cultural Project	To establish a 'creative assistant' programme for young adults which trains them in how to support other young adults through the delivery of creative experiences.
	Fablevision	To support the continued delivery of a creative media skills development programme for the long-term unemployed in a Covid-safe environment.
	Feel Women's Group	To continue to deliver free fitness classes for women from BAME backgrounds.
	Finding Your Feet	To provide counselling to individuals who have suffered the loss of one or more limbs.
	Kingston Gymnastics Club	To contribute to the cost of purchasing a children's agility and balance set piece of gym equipment and covering the cost of coaches to enable class fees to be removed.
	Potential in Me	To organise an online package of coaching/mentoring for families, bringing together two existing projects into one, all-encompassing programme.
	Youth Interventions	To contribute to the salary of the Young Person's Emotional Wellbeing Practitioner.

Projects supported through our PFG Social Impact Programme funds continued

Community Foundation	Grant recipient	Project description
Community Foundation Wales	CETMA	To provide individuals with advice and guidance so that they can re-evaluate their home finances, showing them how to make changes for the better.
	Hope Church Rhydyfelin	To provide a Christians Against Poverty 'Life Skills' course for 15 people, to give them the tools to budget correctly, cook nutritional meals, and perform household running tasks.
	Ystradgynlais Mind	To provide support to new mothers and their partners to address the specific perinatal mental health needs that have arisen during the Covid-19 crisis.
	Inside Out Cymru	To develop a creative hub in Newport to improve the mental health and wellbeing of young people and adults.
	Steps4change	To create a support service for the growing number of people living within deprived communities who are suffering from stress, anxiety and mental health problems.
	Newport Yemeni Community Association	To create an online homework club that will allow children to engage with tutors and access support in key subjects such as maths, English and science.
Leeds Community Foundation	Bradford Community Broadcasting (BCB)	To support young people to increase their oracy skills, confidence, self-esteem and educational outcomes through the production of radio programmes for broadcast on BCB radio.
	Common Wealth Theatre	To run a series of campaigns, workshops and events, designed, produced and delivered by Bradford-based young women and girls who are committed to creating social change.
	Muslim Women's Council	To enable and encourage Muslim mothers to have the confidence to empower and support their daughters to achieve their full potential and build active independence.
	Peak Tuition Academy	To raise children's career aspirations whilst developing their science capital, enhancing employability and bridging lost learning due to the Covid-19 lockdown.
Hampshire and IOW Community Foundation	Enterprise CIC	To support and encourage the development of enterprise initiatives which allow greater work opportunities for people with learning disabilities.
	Frontline Petersfield	To provide individuals with confidential benefit and debt advice.
	Hayling College	To support school-aged children from deprived backgrounds to participate in Duke of Edinburgh Award Scheme extra-curricular activity.
	Headway Portsmouth and South East Hampshire	To provide information, support, training, advice and signposting for adults with acquired/traumatic brain injury.
	Kings Arms Youth Centre	To contribute to funding for the provision of a mentoring service for vulnerable teenagers.
	Wecock Community Association	To provide social welfare, recreation, leisure activities and youth provision, supporting many single parents, the unemployed and people with poor physical/mental health.

Community Foundation case studies

PFG Social Impact Fund grants awarded to

44

small voluntary organisations in 2020

Community Foundation grant case study

Building confidence and aspiration

Keighley Association for Women and Children's Centre (KAWACC) is a small, needs-driven organisation that advocates for vulnerable and disadvantaged women. With a grant from The Manjit Wolstenholme Fund, set up in memory of PFG's former Executive Chair, they were able to provide mentoring to build the skills, interest in and confidence of young girls to consider science, technology, engineering and mathematics (STEM) subjects as a career.

"Having finished my A-levels, I came to KAWACC following advice from my mum because I'd always had an interest in engineering. Through the Manjit Wolstenholme Fund grant, I had STEM sessions which were very empowering. That led to one-to-one sessions where we worked on my personal statement and CV, and focused on career advice, because I was looking to apply for part-time jobs. One of the positions I applied for, and got, was at KAWACC, where I had to develop and run an environmental project and lead sessions with other girls.

"

KAWACC has helped me realise the opportunities available to me. In this area, not many people have the drive to go into higher education. They have some sort of barrier built up, especially if you're an Asian girl. Having support in a women's centre like this makes it more accessible. I feel a lot more confident in the next steps I'm going to take. I've decided to retake my A-levels so I can improve and expand my opportunities. I'm certainly more adaptable and know I have the right skills for the next stage in my life, whatever that brings!

Ayesha
KAWACC service user

Community Foundation case studies continued

Spotlight on our Moneybarn Social Impact Fund

moneybarn Vehicle Finance | HiWCF LOCAL GIVING FOR LOCAL NEEDS

Working in partnership with Hampshire & Isle of Wight Community Foundation (HIWCF), grants totalling £25,000 were awarded to six voluntary organisations during 2020. The funds were given to small organisations operating across Havant, Gosport, Fareham and Petersfield who are providing activities to support disadvantaged and vulnerable people in their local communities, thereby enabling them to address the barriers to social and financial inclusion.

The six organisations receiving grants were: Enterpride CIC, Frontline Petersfield, Hayling College, Headway Portsmouth and East Hampshire, the Kings Arms Youth Centre, and the Wecock Community Association.

“

We would like to thank the team at Moneybarn for their continued support for our local communities through their generous corporate social giving programme, helping to meet the needs of local people and giving them the life opportunities that they deserve. The Moneybarn grants aim to benefit those in the most deprived communities, and we know that hotspots of deprivation exist in Hampshire, particularly within the Havant and Gosport areas. Covid-19 has had a massive impact on local charitable and community organisations, many of whom are still reeling from the increase in demand for their services since lockdown began and this grant funding will make a huge difference to their services and resources.

Rebecca Kennelly MBE
HIWCF Chair

8 Decent Work and Economic Growth

We create opportunities for all generations, protect and promote labour rights in both our business and supply chain to contribute in achieving sustained, inclusive and sustainable economic growth and decent work for all.

Enterpride CIC is supporting greater work opportunities for people with learning disabilities at Storey Garden in Leigh Park. Our grant will enable development of a new community garden and help to purchase display units, cold storage facilities, seeds and plants, allowing fresh vegetables and produce to be sold at Staunton Country Park.

Debbie Lyall, Enterpride CIC, commented: “These funds will enhance our provision, assisting us to develop a new enterprise initiative, The Plant & Produce Store, where our teams will market and sell what they grow. This will add a new ‘Supported Work Opportunity’ to our Staunton Country Park provision and hopefully paid work in the future for some. People with learning disabilities have less than a 6% chance of work, so this project is important and the funds essential.”

A grant for Hayling College in Havant is offering young people access to the Duke of Edinburgh Award Scheme, allowing them to get involved in volunteering, learning new skills, training and the opportunity to take part in physical activities and expeditions.

Jonathan Pomfret, Duke of Edinburgh Award Scheme Manager at Hayling College, said: “We’re incredibly grateful for this grant which will help us to make the Duke of Edinburgh experience accessible to any pupil with an interest. We understand that outdoor education can quickly become quite an expensive hobby – and with so many families having endured a really tough 2020, this funding will mean that no young person at The Hayling College will miss out because of finances.”

Headway Portsmouth and South East Hampshire has seen a rise in mental health issues due to Covid-19, with the Group changing the way they deliver support to ensure clients remain safe.

Joy Ward, Funding Strategy & Trading Support Manager at Headway Portsmouth and South East Hampshire, said: “We are thrilled to have received a grant to deliver an inclusive service for 100 adults in Gosport and Fareham, living with the effects of brain injury. Brain injury has a huge impact on family life, finances, and an individual’s relationships. Headway provides support with information, guidance, and training in a nurturing environment. The outreach programme will include structured social activities and sports therapy, enabling attendees to socialise, share experiences, offer peer support and build friendships.”

Colleague volunteering and fundraising

We know that colleagues want to work for a business that supports them to make a positive and meaningful impact in their communities, so in addition to being the 'right thing to do', enabling this to happen is a crucial element of our HR processes. We provide the support and tools for them to engage in a variety of ways.

We have recently reviewed our volunteering and matched-funding policy to ensure all colleagues across the Group benefit from volunteering opportunities. Colleagues are able to take a full day's paid leave to volunteer for a community organisation or charity of their choosing.

In addition, we offer a number of Company-led opportunities to colleagues through our Social Impact Programme. There is no limit on how much Company-led volunteering colleagues can take part in. Here are some examples of volunteering opportunities that colleagues can participate in:

– Community Foundation grants panels;
– developing employment skills;
– developing literacy skills for the workplace;
– reciprocal reading;
– school business enterprise days; and
– mental health first aid.

Colleagues can also take part in community team challenges. Not only do these provide valuable resource in the community, but they also help colleagues to develop key interpersonal skills, such as communication and leadership, which they can apply in their work environment. During 2020, for obvious reasons these had to be put on hold.

Our matched funding programme continues to be popular with colleagues who tell us that being able to fundraise for the organisations that are close to their hearts is important to them. We provide matched funding up to £500 per person each year and in 2020, colleagues' causes benefited from matched funding of over £8,169.

We will continue to encourage colleagues to volunteer and fundraise by improving awareness of and, engagement with, our Social Impact Programme.

Fundraising case study

Crisis at Christmas

During December, we launched a fundraising campaign to raise money for Crisis. Many colleagues like to organise their own fundraising activities around Christmas in their teams, but that is usually reliant on face-to-face interaction. For 2020, we decided that we would encourage colleagues to instead do something locally, whilst fundraising towards one central cause – homelessness. By setting up a fundraising page, we encouraged colleagues to see this as the virtual 'collection bucket' that they might have walked around the office with. We matched all of our colleagues' fundraising efforts which even included Vanquis Bank Chief Risk Officer, David Poole, completing a marathon by running a mile every hour for 26 hours.

Fundraising for MACMILLAN CANCER SUPPORT

Macmillan Coffee Morning

At a time when colleagues were starting to feel the social distance between themselves and their teams, we decided that the Macmillan Coffee Morning would be a great way to get people together for coffee, cake and a chat. Teams were encouraged to organise their own bake-offs and other activities. Whilst able to make their own donations, we donated £5 per person for everyone who took part in the virtual coffee morning, to raise funds for this charity to be able to continue delivering its vital services.

Colleague volunteering and fundraising continued

Case study

Employee grants panels

Our Community Foundation partnerships provide the perfect opportunity for colleagues to input into the decision making process around how our funds are allocated in their local communities. Panel volunteers spend time reviewing funding applications and then sit as a collective group to discuss and agree which organisations will become the grant beneficiaries. This process enables us to access the local knowledge that our colleagues have, helping us to make better-informed decisions. It also gives them valuable insight and a good understanding of the issues that exist in the communities where our customers live and work.

In 2020, because of the social distancing restrictions that were in place, we held eight online grants panels to help us allocate funding. This worked well for the Community Foundations and for all of our colleague participants.

Case study

Providing skilled volunteering support

Through our long-standing partnership with Bradford-based Participate Projects, we were able to provide ad-hoc skilled volunteering support for local voluntary organisations in direct response to Covid-19.

Charlotte Nasey, Group Employment Relations and Policy Senior Manager, was able to use her expert knowledge to support a local charity to review their HR policies. They needed to understand the impact of the Covid-19 pandemic on their own HR practices and workforce. Charlotte said: "It was fantastic to be able to use my legal skills and advise a business in my local community. I felt like I made a real difference and the charity were so grateful for my help."

Sue Taylor, Group Data Protection Officer, helped a local community centre to review their data protection policies. The pandemic meant that their processes and service delivery had to adapt and they wanted to ensure they were managing their data in line with guidance. Sue said: "This was a great opportunity to apply my knowledge and experience in a different context to support my community. It's important to me to give something back and this felt like an ideal opportunity to do that."

41
colleagues took part in
8
online grants panels

"I enjoyed being on the panel. It felt good to contribute… everyone listened to each other and there was some healthy debate. It's so important for people to participate as there may be ideas that others have missed, so these can be shared and everyone's opinions heard.

Aarati Kapoor
Complaints Quality Monitor
Vanquis Bank

"The panel gave me a greater appreciation of the diversity within society and a glimpse into the amazing work that is taking place. I had a real sense of responsibility, by contributing to decisions on funding. Everyone on the panel wanted to make a difference.

Rebecca Todd
Internal Audit Manager
Provident Financial plc

Colleague volunteering and fundraising continued

Volunteering case study

Helping young people improve their literacy and employability skills

Colleagues from across the Group were involved in the delivery of the National Literacy Trust's Words for Work programme which provides young people with the communication skills they need for the workplace. A group of secondary school students took part in a virtual CV masterclass where they learned about the purpose, content and power of a well-written CV.

In addition, a group of primary school students took part in a virtual Words for Work – Dream Big session which helps to develop their literacy skills whilst raising aspirations and challenging stereotypes through a variety of interactive play and skills-building activities.

> By hearing from the volunteers, the young people were not only able to collect top tips for developing their own standout CV, but also learn about the importance of an up-to-date CV throughout their careers.

Hannah Hedges
Project Manager, Words for Work
National Literacy Trust

> I would like to thank you tremendously for the opportunity you have given to the children from a deprived area in Bradford. Many children wouldn't have the opportunity usually to talk to professionals and 'interrogate' them about their lives and jobs. They have enjoyed learning about different jobs and careers.

Teacher
Westbourne Primary School

Raising Aspirations case study

Despite school closures colleagues were still able to help raise aspirations of young people through virtual activities such as careers talks, mock interview practice sessions, lesson take-overs and work insight days.

> It's rewarding being able to share your experiences and put our younger generation at ease about their future. It felt empowering doing something I'm extremely passionate about.

Amber Gibson
Learning and Development Advisor
CCD

> I felt proud to take part and I would like to do this again. I feel ambitious and it has given me a new lease of motivation to keep volunteering and building upon my current skill set.

Tuesday Freeman
Specialist Support Agent
Vanquis Bank

Ensuring strong ethics and compliance

In this chapter you can read more about our work in the areas of modern slavery, prompt payment of suppliers, how we engage with investors on sustainability matters and what makes us a responsible taxpayer.

In this section

69 Our supply chain
70 Engaging investors on CR
71 What makes us a responsible taxpayer

Our supply chain

Responding to the Modern Slavery Act 2015

The Group is committed to understanding the risks posed by modern slavery and human trafficking, and ensuring that they do not exist in our businesses or supply chains.

As a business with a turnover of more than £36m, we are required to produce an annual statement which describes the steps that have been taken to prevent modern slavery and human trafficking from occurring in our supply chain and direct business activities. Our most recent statement, dated May 2021, sets out the actions that the Group is taking to ensure instances of modern slavery or human trafficking are not occurring directly in our businesses as well as indirectly in the supply chains that we use to procure goods and services. The statement also communicates the measures we have taken to improve internal understanding and awareness around modern slavery, human trafficking and other human rights issues.

You can view our statement on the homepage of our corporate website at **www.providentfinancial.com**

Treating our suppliers fairly

Our suppliers play a vital role in our operations, so it is imperative that we encourage best practice within our supply chain by ensuring we are compliant with legislation such as the Modern Slavery Act 2015 and support supplier payment by being signatories to the Prompt Payment Code.

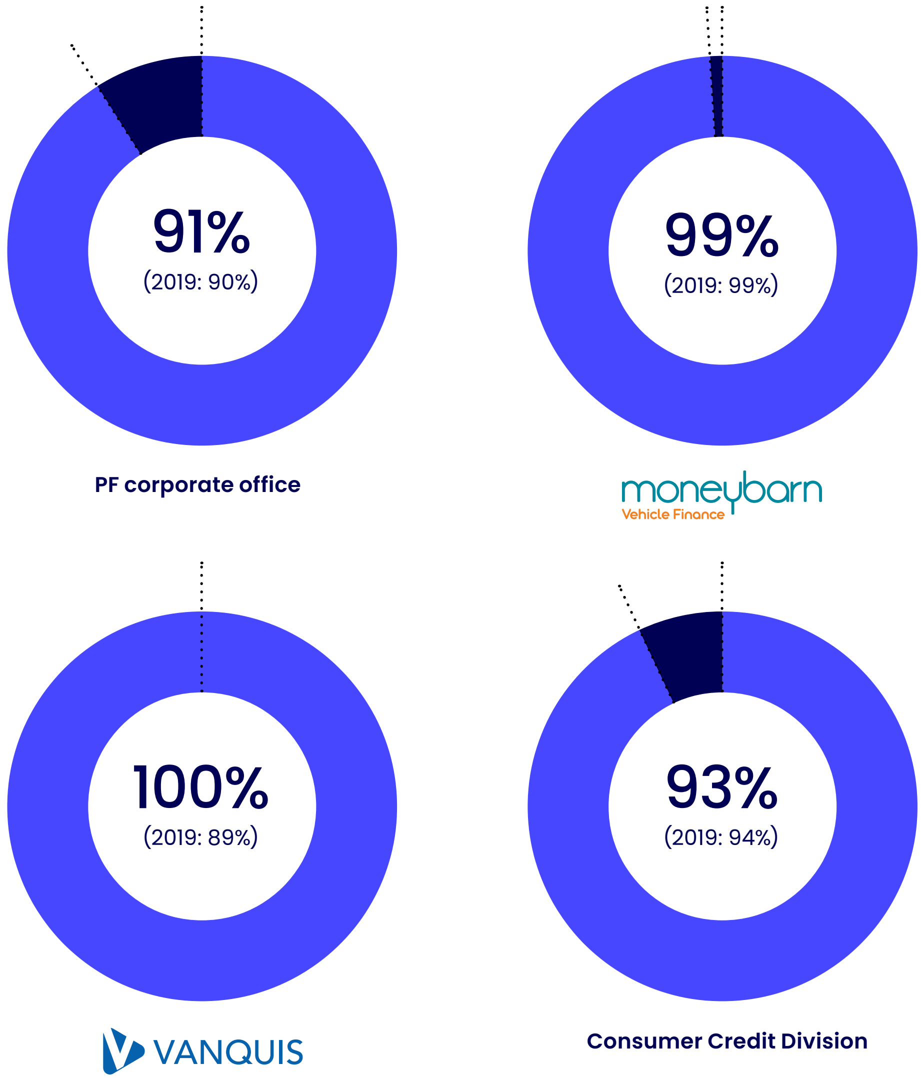
We use a large number of suppliers that range from small and medium-sized enterprises (SMEs) to large multinational corporations, and we are always seeking to be forward thinking in our approach to supply chain management and develop strong supplier relationships to ensure we only procure products and services from those who operate in a responsible manner.

We also understand that many of our suppliers are SME businesses and if we do not pay them on time, this can cause cash flow challenges. Therefore, we have signed up to the Prompt Payment Code, which requires us to pay suppliers within 60 days of receiving an invoice, and aim to pay all suppliers within 30 days of receiving an invoice.

In 2020, 97% (2019: 96%) of the Group's invoices were paid within 60 days and 92% (2019: 86%) of them were paid within 30 days.

We will continue to aim to pay all our suppliers, in particular smaller businesses, within 30 days. As such, we support the reform of the Code which obliges signatories to pay all small businesses within 30 days – half the time outlined in the original Code.

Percentage of companies paid in line with the Prompt Payment Code in 2020



Engaging investors on CR

We continue to share information on our sustainability performance, also referred to as environmental, social and governance (ESG) performance, alongside our financial performance, with the investment community so investors, analysts and other key stakeholders can see how we have, in delivering our business activities, balanced profit and purpose. We do this by responding directly to requests for information from individual investors and analysts, and by maintaining a presence on specific investment indices and registers which focus on sustainability matters. This enables us to share with the investment community information on the progress we are making in terms of delivering our business strategy in accordance with our Purpose, and on material issues such as responsible lending, customer satisfaction and corporate governance, as well as on a broader spectrum of issues such as climate change, inclusion and diversity, and human rights.

> "We continue to share ESG information with the investment community, as doing this enables us to show how we're helping to put people on a path to a better everyday life by providing our customers with responsible and sustainable products and services, while at the same time responding to climate change, inclusion and diversity, mental health and wellbeing, and other urgent issues of our time.
>
> **Rob Lawson**
> Head of Sustainability

In 2020, the Group engaged with:

CDP
DRIVING SUSTAINABLE ECONOMIES

We made our annual submission of climate change data to CDP in August 2020. CDP requests information on the risks and opportunities of climate change from the world's largest companies, on behalf of over 590 institutional investor signatories with a combined US$110 trillion of assets under management and 200 plus major purchasers with over US$5.5 trillion in procurement spend. Through the CDP submission, we can inform investors of any material climate change-related risks and opportunities, and how we manage them. Our 2020 CDP submission was rated 'D' which underlines our commitment to be transparent about climate-related issues and their potential to impact our business. Our most recent and previous CDP submissions are published at www.cdp.net.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

In November 2020, we were notified of our inclusion in both the Dow Jones Sustainability World Index (DJSI World) and Dow Jones Sustainability Europe Index (DJSI Europe) with a score of 61 out of 100. The DJSI is a category of the S&P Dow Jones Indices, one of the world's leading index providers, and our submission will be assessed by RobecoSAM, the investment specialist that focuses exclusively on sustainability investing. The DJSI World represents the top 10% of the largest 2,500 companies in the S&P Global BMI, and the DJSI Europe selects the top 20% of the largest 600 European companies in the S&P Global BMI based on long-term economic, environmental and social criteria.

FTSE4Good

Following the annual review undertaken by the FTSE4Good Advisory Committee in 2020, we were once again included in the FTSE4Good Index Series. Our overall score was 4.7 out of 5. The FTSE4Good is an extra-financial market index, which measures the performances of over 800 companies against a range of ESG criteria. To be included in the FTSE4Good Indexes companies must: support human rights, have good relationships with the various stakeholders, be making progress to become environmentally sustainable, ensure good labour standards in their own company and in companies that supply them, and seek to address bribery and corruption.

Corporate ESG Performance
Prime
RATED BY ISS ESG

During the summer of 2020, we engaged with ISS ESG, the responsible investment arm of Institutional Shareholder Services Inc, so that a corporate rating assessment of our ESG performance could be undertaken. As a result of this assessment, PFG continues to be rated as 'Prime', meaning that we fulfil ISS ESG's demanding requirements regarding sustainability performance in our sector.

What makes us a responsible taxpayer

Our approach to tax

Taxes allow governments to fund essential public expenditure, enabling them to meet economic and social objectives. Paying tax is a key part of how our business contributes to society.

We are committed to ensuring that we pay the tax we are legally required to pay in all the territories in which we operate, we comply with all tax rules and regulations in those territories and we safeguard our reputation as a responsible taxpayer. However, we recognise that we also have a duty to protect shareholder value by managing and controlling our tax liabilities.

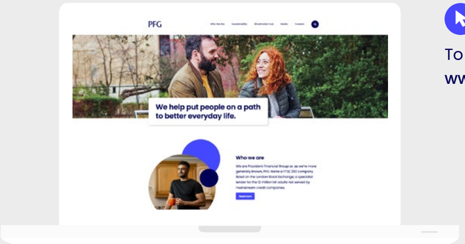
Our tax strategy

Our approach to tax is set out in our Board-approved tax strategy which can be accessed on our website at www.providentfinancial.com, and which was last approved by the Board in December 2020.

Our tax strategy is aligned with our corporate mission and values. We are committed to being a fair and responsible taxpayer, operating in an open, honest and straightforward manner in all tax matters and being fair and reasonable in all our dealings with tax authorities.

Our tax strategy is aligned with HMRC's Code of Practice on Taxation for Banks ('the Code') which sets out the principles and behaviours expected of banking groups with regard to tax, and we have unconditionally adopted the Code.

We operate only in the UK and the Republic of Ireland and do not operate, or generate revenue, in any other territory. We seek to ensure that all intragroup transactions are priced on an arm's length basis, in particular, transactions with our Irish operation, as well as transactions between Vanquis Bank Limited (which is subject to a higher rate of corporation tax as a result of the bank corporation tax surcharge) and the rest of the Group.



To find out more on our tax strategy visit **www.providentfinancial.com**

Our strategy comprises a number of key tax objectives and policies and is supported by our tax procedures manual which sets out how the objectives and policies are to be achieved.

It comprises a number of key principles, including:

- **Payment of taxes.** We seek to ensure that we always pay the tax we are legally required to pay and comply fully with our tax obligations in all territories in which we operate.
- **Dealings with tax authorities.** We are committed to dealing with tax authorities openly, honestly and proactively. This includes having a regular and constructive dialogue with HMRC across all taxes, seeking advance clearance where tax treatment is uncertain and discussing contentious issues as early as possible.
- **Mitigating tax liabilities.** We seek to ensure that genuine commercial transactions are structured with clear and unambiguous legislative support so that tax liabilities are controlled and minimised, but artificial structures without commercial or economic substance which give a result which is inconsistent with the underlying economic position will not be considered.
- **Mitigating and controlling tax risk.** We have a low appetite for tax risk. We set out how tax risk is mitigated and controlled by having documented processes and controls to ensure the correctness and completeness of data for tax returns and tax reporting purposes, documented principles for the involvement of the in-house tax function in transactions and business developments, the allocation of responsibilities between the tax function and the businesses and principles for the involvement of external advisors.
- **Prevention of tax evasion and the facilitation of tax evasion.** We do not tolerate any of our employees, agents or suppliers undertaking tax evasion themselves or facilitating tax evasion by another person whilst acting for us.

What makes us a responsible taxpayer continued

Tax risk management and principal tax risks

Our tax strategy, as well as setting out how we mitigate and control tax risk, also sets out our tax risk management framework. This explains: (a) how we identify, evaluate and manage tax risk; (b) independent review and challenge of first-line actions; and (c) independent assurance provided through a rolling programme review by the PFG Internal Audit function of the processes and internal controls underpinning the reporting and payment of UK taxes.

Insight into risk management and the principal risks facing the Group in 2020 is set out on pages 48 to 61 of the Annual Report and Financial Statements 2020. The principal tax risks facing the Group, how we mitigate those risks and progress made in 2020 are as follows:

Risk	Mitigation and progress in 2020
Self-employed status of agents The Group has been, and may continue to be, subject to claims brought against it by tax authorities challenging the historic employment status of the Group's home credit agents in the UK and the employment status of agents in the Republic of Ireland (ROI). Were the Group to be unsuccessful in defending such claims, it may be required to make payments to agents and pay additional taxes, in particular, national insurance contributions, to the relevant authorities.	– In July 2017, the Group changed the operating model of its home credit business in the UK from a self-employed agent model to an employed workforce so as to take direct control of all aspects of the customer relationship. In the Republic of Ireland, the Group continues to operate a self-employed agent operating model. – Policies and procedures were in place in the UK up to the transition to the new operating model in 2017 and continue to be in place in the Republic of Ireland to ensure that the relationship between the business and the agents it engages is such that self-employed status is maintained. Compliance with policies has been routinely evidenced and tested. – To date, the Group has successfully defended claims and challenges against the historical employment status of its home credit agents, although there is no guarantee that this will also be the case with future claims and challenges. – It is understood from discussions with HMRC that they have commenced an industry-wide review of the self-employed status of agents in the UK. – The Group's discussions with HMRC, which are focusing on the period from when the FCA took over responsibility for the regulation of consumer credit in April 2014 to the change of operating model in July 2017, remain in the preliminary stages. The Group is working positively and collaboratively with HMRC and it is expected that the review could continue for at least another year. – HMRC has raised protective assessments which have been appealed but these are purely a procedural matter to ensure that, in the event the review concludes that taxes are payable, HMRC can recover such amounts in respect of the oldest year that would otherwise drop out due to the lapse of statutory time limits. – The Group has worked with HMRC over many years to manage employment status risk and it remains confident based on advice received that agents were self-employed as a matter of law throughout their engagement by the home credit business.

What makes us a responsible taxpayer continued

Tax risk management and principal tax risks continued

Risk	Mitigation and progress in 2020
Other tax risks The Group has a number of tax risks across corporation tax, VAT and employment taxes. These include: (a) the risk that there is an unforeseen breakdown in the systems and processes which underpin the preparation of tax returns and identification of tax sensitive matters which results in an item being treated incorrectly for tax purposes; (b) the risk that the Group has not put in place adequate procedures to meet its legal and compliance obligations; and (c) the risk that tax authorities take a view that is different to the view that the Group has taken on the treatment of particular items in its tax returns.	– We place considerable importance on having in place robust processes and internal controls to ensure the correctness and completeness of data which needs to be captured and treated correctly in the various tax returns that the Group is required to make. As well as allowing the annual Senior Accounting Office certification to be made, these processes are a key control in our overall tax governance framework, providing assurance that tax sensitive issues are identified and taxes are correctly calculated. – During 2020, the Internal Audit function carried out its annual review of different aspects of the operational effectiveness of processes and internal controls over corporation tax, VAT and the employment status of agents in the home credit business in the Republic of Ireland. – An experienced central in-house tax function is in place, supported by tax aware personnel in the businesses, which deals with, or has oversight of, all of the Group's tax matters. – During the year, the Board was updated on key tax matters for the Group through the CFO's report, an update to the tax strategy was provided and approved, and regular updates were provided to both the Group Risk Committee and the Board on the progress of HMRC's review of the historical employment status of the self-employed agents. – Expert third-party tax advice is obtained on all material transactions and wherever the necessary expertise is not available in house. During 2020, advice was obtained on a range of issues including the tax treatment of the securitisation of Vanquis Bank's credit card receivables, HMRC's review of the historical employment status of agents in the UK, a Group reorganisation to incorporate a new intermediate holding and funding company into the Group structure and the tax deductibility of costs associated with the defence of the NSF bid in 2019. – In keeping with our strategy of having a regular and constructive dialogue with HMRC across all taxes: • We have continued to work constructively and collaboratively with HMRC in relation to its review of the historical employment status of agents in the UK. • We updated HMRC on a number of transactions undertaken in 2020, including the insertion of a new intermediate holding company into the Group structure, the disposal of Vanquis Bank's 'A' preference shares in Visa Inc, and held discussions on the Government's Covid-19 support in the form of tax deferrals and CJRS grants, all of which the Group voluntarily repaid in full in 2020. • We highlighted key features in the 2019 corporation tax returns, including the treatment of bid defence costs, the treatment of various provision releases in Vanquis Bank following completion of the ROP refund programme and the change of accounting policy in Vanquis Bank for directly attributable acquisition costs.

What makes us a responsible taxpayer continued

Our total tax contribution in 2020

Our total tax contribution comprises the direct tax we contribute to governments out of our own financial resources as well as the indirect tax we collect on behalf of governments, such as employment taxes deducted from payments to employees.

Over the last five years, our total tax contribution has been as follows:

	2016 £m	2017 £m	2018 £m	2019 £m	2020 UK £m	2020 ROI £m	2020 Total £m
Direct tax contribution							
Corporation tax (note 1)	57	40	7	14	13	–	13
Bank corporation tax surcharge	8	15	15	10	8	–	8
Employer's national insurance and equivalent (note 2)	18	23	23	22	20	1	21
Irrecoverable VAT	22	28	35	30	26	–	26
Business rates	3	3	2	2	2	0	2
	108	109	82	78	69	1	70
Indirect tax contribution							
Employee's income tax and national insurance (through PAYE) (note 2)	46	59	51	50	45	2	47
Tax deducted from interest paid on Vanquis Bank deposits and redress payments	2	–	1	1	3	0	3
	48	59	52	51	48	2	50
Total tax contribution	156	168	134	129	117	3	120

Note 1: Our Provident home credit business operates as a branch in the ROI. In 2020, it generated revenue of £19m (2019: £28m) and a loss before tax of £9m (2019: loss of £5m) and had, on average, 113 (2019: 119) employees.

Note 2: In July 2017, the operating model of our home credit business in the UK was fundamentally altered such that customers ceased to be served by self-employed agents; instead brand-new employed roles were created, tasked with serving customers in a way which was controlled and directed entirely by the business. As a result of these changes, the average number of employees increased.

What makes us a responsible taxpayer continued

Our total tax contribution in 2020 continued

Our direct tax contribution comprises:

Corporation tax

- This is the tax due on the profits we generate in the UK and the Republic of Ireland.
- In the UK, corporation tax is paid in quarterly instalments. For years up to and including 2019, 50% of the estimated corporation tax liability for the year was payable in the year concerned with the remaining amount in the subsequent year. For 2020 onwards, the estimated corporation tax liability for the year is payable fully within the year concerned.
- The reduction in corporation tax paid in 2017 and the further reduction in 2018 arose as a result of the losses generated in the home credit business in both 2017 and 2018 which substantially reduced the Group's corporation tax liabilities for both years. The reduction in the home credit losses in 2019 resulted in corporation tax paid increasing to £14m in 2019.
- Corporation tax paid in 2020 comprised the remaining 50% of the corporation tax liability for 2019 and 100% of the estimated corporation tax liability for 2020. Due to the Group having generated a loss in 2020, no corporation tax liability arose in respect of the 2020 period, and the tax paid in 2020 therefore relates entirely to the corporation tax liability for 2019.

Bank corporation tax surcharge

- A bank corporation tax surcharge of 8% was introduced with effect from 1 January 2016. It applies to the taxable profits of Vanquis Bank above £25m, where taxable profits are calculated after adding back bank compensation payments and the additional 10% deemed taxable receipt on such payments as well as other tax disallowable items, and it is payable through quarterly instalments along with corporation tax.
- The settlements payable to Vanquis Bank customers in respect of ROP following resolution with the FCA in 2017, and the further amounts recognised in 2019 related to balance reductions on charged off accounts net of the release of provisions related to other accounts following completion of the ROP refund programme, are treated as bank compensation payments, as explained in note 25 to the Annual Report and Financial Statements 2020. As well as increasing corporation tax liabilities, they also have the impact of increasing the bank corporation tax surcharge liabilities for 2017 and 2019 and therefore the amounts of bank corporation tax surcharge paid in 2017, 2018, 2019 and 2020.
- The bank corporation tax surcharge liability is not reduced as a result of losses generated in the non-banking segments of the Group. Accordingly, the losses generated by the home credit business in 2017, 2018, 2019 and 2020 have no impact on bank corporation tax surcharge liabilities.

Employer's national insurance contributions

- In 2020, we employed, on average, 4,232 (2019: 4,854) employees in respect of whom we pay 13.8% employer's national insurance contributions in the UK and the equivalent in the ROI. In 2020, along with the Apprenticeship Levy, this comprised £21m (2019: £22m) of our direct tax contribution.

Irrecoverable VAT

- As a provider of loans and other credit products, we are unable to recover VAT on most of the costs we incur. In 2020, £26m (2019: £30m) of our direct tax contribution comprised irrecoverable VAT incurred by our businesses.

Business rates

- The remaining £2m of our 2020 direct tax contribution (2019: £2m) comprised business rates payable on the various business premises we occupy.

Employer's national insurance contributions, business rates and irrecoverable VAT are taken into account in arriving at profit before tax. Irrecoverable VAT on capitalised costs is accounted for as part of the cost of the underlying asset.

Corporation tax and bank corporation tax surcharge are accounted for through the tax charge as explained in note 5 to the Annual Report and Financial Statements 2020. The corporation tax and bank corporation tax surcharge we paid in 2020 of £21m differed from the current tax credit for the year of £11m primarily due to: (a) the timing of quarterly instalment payments whereby 50% of the corporation tax and bank corporation tax surcharge liability for 2019 was paid in 2020, along with 100% of the bank corporation tax surcharge liability for 2020; and (b) a current tax credit in respect of prior years due to the benefit of claiming tax deductions for bid defence costs and a release of part of the provision for uncertain tax liabilities.

Our indirect tax contribution comprises:

Employee's income tax and national insurance contributions

- This represents the income tax and employee's national insurance contributions and the equivalent in ROI that we deduct from amounts paid to employees through PAYE. In 2020, it amounted to £47m (2019: £50m).

Income tax deducted from customer redress payments

- Prior to the abolition of the requirement to withhold tax from interest on retail deposits in March 2016, basic rate income tax was withheld from such interest and paid to the UK Government. In 2018 onwards, basic rate tax has been withheld from interest on Repayment Option Plan (ROP) redress payments made to Vanquis Bank customers, and to interest on redress payments made to customers elsewhere in the Group. In 2020, this primarily represents income tax withheld from redress payments made to customers in the CCD.

Information about our business

In this chapter you can read more about how our businesses are regulated and trade association memberships. You can also access our historical CR data.

In this section

77 How we are regulated
78 Data table

How we are regulated

Over the last 12 months, we have continued to strengthen our relationships with our regulators which has had added significance given the pandemic and resultant increased regulatory focus on our customers. In addition, while the Group is not a regulated entity in its own right, as we seek closer integration of the businesses, it is paramount that our regulatory interactions are effectively coordinated and managed.

Provident Financial, as a whole, is the subject of consolidated supervision by the Prudential Regulation Authority (PRA). This is because the Group is the parent company of Vanquis Bank. The PRA sets requirements for the consolidated Group in respect of capital adequacy, liquidity and large exposures.

In the UK, the Group's operating companies are regulated by the Financial Conduct Authority (FCA), which monitors all consumer credit lenders to ensure they comply with the Consumer Credit Act 1974 (as amended). Complaints are dealt with by the Financial Ombudsman Service. In the ROI, the Provident home credit business is regulated by the Central Bank of Ireland. Under the UK regulatory regime, both Moneybarn and the CCD are fully authorised by the FCA. Vanquis Bank is authorised by the PRA and dual-regulated by the FCA and the PRA.

As a result of historical regulatory infractions, in May 2018, the Group and divisions were placed on the FCA regulatory watchlist. The majority of these actions have now been completed with the FCA formally confirming on 11 December 2020 that Vanquis Bank has now been removed, and we are expecting the same outcome with Moneybarn in 2021. For the Group and CCD, future removal will be incumbent on the plans and outcomes of the review of the Division's strategy. This will also be contingent on the outcome of the enforcement investigation that was opened by the FCA on 15 March 2021 that will focus on the consideration of affordability and sustainability of lending to customers, as well as the application of a FOS decision into the complaint handling process, in the period between February 2020 and February 2021. The start of the investigation period relates to the FOS decision which was taken in February of last year. The appointment of investigators does not mean that the FCA has determined that rule breaches or any other contraventions have occurred. The FCA also continues to assess whether the Division is complying, and is likely to comply, with the standards it is expected to meet and the Group's proposed approach to future lending as and when further details of such proposal are made available. The CCD will work closely with the FCA in the coming months, including in relation to the investigation, which is unlikely to conclude until 2022.

Key regulatory developments, including those that relate specifically to supporting customers through the pandemic are (further information can be found on page 62 of our Annual Report and Financial Statements 2020):

- During the pandemic, the FCA issued specific guidance and rules covering payment deferrals with the aim of protecting those customers who were experiencing financial difficulty. Each of the divisions responded promptly and effectively to the guidance with this incorporated into existing forbearance strategies.
- Also as a result of the pandemic guidance (in March 2020), the FCA mandated that firms push back certain aspects of the persistent debt rules until the end of October 2020. In addition, and more recently in September 2020, Vanquis Bank reviewed its approach to engaging with customers who have been in persistent debt for 36 months (PD36) with FCA engagement. The FCA has now confirmed that they are supportive of the approach being adopted within Vanquis Bank.
- On 6 August 2020, the FCA issued their report findings covering relending by firms in the high cost lenders portfolio. This has potential widespread implications for PFG which are being considered as part of revisions to our business models including lending policies. This will further reinforce our customer creditworthiness assessments to ensure all lending remains affordable, suitable and sustainable.
- On 2 February 2021, the FCA published the 'Woolard review' which assessed change and innovation in the unsecured credit card market. There are 26 recommendations made by the FCA within the report which are also being considered at an industry level and within PFG. Amongst these, our initial assessment has identified eight of these recommendations as being particularly relevant.
- On 23 February 2021, the FCA published its finalised guidance (FG21/1) for firms on the fair treatment of vulnerable customers. This builds on two previous consultations issued by the FCA. The Group has detailed plans in place to assess its overall impact and ensure our plans adequately address any required policy changes.

PFG trade association membership

To help ensure we stay up to date with regulatory matters, PFG's businesses are members of the following trade associations:

Consumer Credit Association (CCA) – the CCA is the trade association for the home credit industry in the UK and ROI, promoting the highest possible standards of business and customer service.

Finance and Leasing Association (FLA) – the FLA is the leading trade body for the asset, consumer and motor finance sectors in the UK.

Consumer Finance Association (CFA) – the CFA is the principal trade association representing the largest share of the short-term lending sector in the UK.

UK Finance – UK Finance is a trade association for the UK banking and financial services sector.

Data table

Metric	2020	2019	2018	2017
Customer satisfaction				
Vanquis Bank customer satisfaction rate	91%	90%	86%	87%
Provident home credit customer satisfaction rate	89%	89%	87%	85%
Moneybarn Feefo score	4.5/5	4.6/5	4.7/5	4.7/5
Customer complaints				
Total number of complaints	89,687	75,898	79,902	70,713
Total number of complaints referred to the Financial Ombudsman (FOS)	13,736	4,253	4,302	1,792
% of complaints referred to FOS upheld in customer's favour	See page 26	35%	30%	20%
Total customer-focused training hours	55,229	19,140	134,055	49,754
Colleague numbers				
Group total	4,232	4,854	5,708	4,864
CCD	2,276	2,880	3,735	3,118
Vanquis Bank	1,471	1,577	1,612	1,469
Moneybarn	389	318	284	211
PF corporate office	96	79	77	66

Metric	2020	2019	2018	2017
Female representation				
Female colleagues	54%	55%	55%	55%
Female directors	19%	21%	23%	15%
Female colleagues in senior management positions	38%	30%	26%	29%
Female colleagues in middle management	38%	41%	35%	New measure for 2018
Female colleagues in first level management	47%	47%	44%	New measure for 2018
Female colleagues at colleague level	57%	58%	57%	New measure for 2018
Equality, diversity and inclusion				
Colleagues from BAME communities	11%	12%	9%	15%
Colleagues who have declared a disability	5%	5%	0.40%	0.37%
Colleagues with caring responsibilities	39%	43%	New measure for 2019	
Colleagues with caring responsibilities beyond childcare	11%	13%	New measure for 2019	
Colleagues that identify as a gender other than male or female	0.3%	0.5%	New measure for 2019	
Colleagues from LGBTQ+ community	7%	8%	New measure for 2019	

Data table continued

Metric	2020	2019	2018	2017
Learning and development				
L&D hours	56,501	105,978	161,560	137,983
Average number of L&D hours per colleague	13	28	28	28
Absence and turnover				
Average number of absence days per colleague	12	12	10	7
Average number of absence days CCD	12	13	10	4*
Average number of absence days PF corporate office	2	3	2	New measure for 2018
Average number of absence days Vanquis Bank	15	13	11	11
Average number of absence days Moneybarn	7	9	9	8
Colleagues who left	26%	40%	34%	37%
% of colleagues who left that left voluntarily	49%	77%	71%	New measure for 2018
Health and safety				
Reportable accidents	7	12	8	3
Reportable accidents scaled up to 100,000 colleagues	165	268	140	61
Non-reportable accidents	277	740	693	208
Non-reportable accidents scaled up to 100,000 colleagues	6,545	16,934	12,141	4,211

Metric	2020	2019	2018	2017
Whistleblowing				
Calls made to whistleblowing hotlines	13	21	37	6
Social impact				
Colleague volunteering hours	509	2,224	2,415	220
Grants distributed through Community Foundations	44	96	17	31
Colleague matched funding	£8,169	£29,817	£30,389	£43,348
Community investment breakdown				
Cash	£1,035,984	£1,249,818	£1,431,990	£2,354,863
Management costs	£143,129	£149,605	£210,759	£227,581
Value of colleague time	£11,219	£48,715	£37,829	£9,552
Total community investment	£1,190,332	£1,448,138	£1,680,578	£2,591,996
Environment				
Total greenhouse gas emissions (tonnes CO_2e)	4,506	9,468	12,409	10,697
Scope 1 emissions (tonnes CO_2e)	408	700	1,803	1,846
Gas use (tonnes CO_2e)	230	266	154	235
Diesel and petrol (tonnes CO_2e)	178	434	1,649	1,611
Scope 2 emissions (tonnes CO_2e)	1,113	1,502	1,637	2,176
Electricity use (tonnes CO_2e)	1,113	1,502	1,637	2,176

Data table continued

Metric	2020	2019	2018	2017
Environment continued				
Scope 3 emissions (tonnes CO_2e)	**2,986**	7,266	8,969	7,693
Scope 1 and 2 associated 'well-to-tank' emissions (tonnes CO_2e)	**327**	500	412	1,018
Air travel (tonnes CO_2e)	**16**	91	217	162
Rail travel (tonnes CO_2e)	**4**	77	86	88
Grey fleet (tonnes CO_2e)	**2,073**	5,218	6,524	3,699
Waste collection and management (tonnes CO_2e)	**102**	13	15	16
Water (tonnes CO_2e)	**24**	Not measured	15	Not measured
Scope 3 associated 'well-to-tank' emissions (tonnes CO_2e)	**440**	1,367	1,700	1,127
*Intensity ratio***	**0.88**	1.16	1.78	2.18
Air travel (miles)	**45,669**	288,776	623,488	500,321
Rail travel (miles)	**297,290**	1,167,100	1,208,771	1,173,865
Grey fleet (miles)	**5,945,671**	18,305,919	22,441,766	14,525,238
Company car mileage	**509,570**	1,465,211***	137,570	116,159
Company car fuel consumption for PF corporate office (litres)	**2,307**	6,922****	660,397	638,541

Metric	2020	2019	2018	2017
Absolute waste arising (tonnes)	**389**	397	457	729
Recycled (tonnes)	**113**	206	103	89
Sent for energy recovery (tonnes)	**59**	138	284	New measure for 2018
Landfill (tonnes)	**216**	53	70	New measure for 2018
Paper usage for admin and marketing (tonnes)	**95.2**	Not measured	994	1,593
Suppliers paid according to the Prompt Payment Code				
PF corporate office	**91%**	90%	94%	96%
Vanquis Bank	**100%**	89%	90%	95%
CCD	**93%**	94%	94%	93%
Moneybarn	**99%**	99%	100%	99%
Investor indices				
Dow Jones Sustainability Indices	**61**	61	62	75
FTSE4Good score	**4.7/5**	4.5/5	4.5/5	96
Carbon Disclosure Project	**D Disclosure**	C Awareness	C Awareness	C Awareness

* This figure includes data for PF corporate office staff.

** We changed the measurement in 2019 from CO_2e/£1,000 of receivables to CO_2e/per customer.

*** 2019 figures include both CCD and Moneybarn. In recent years this was just Moneybarn.

**** 2019 figure is just for PF corporate office. 2018 data and before was made up of both PF and CCD.

Provident Financial Group

Provident Financial plc
No. 1 Godwin Street
Bradford
BD1 2SU
United Kingdom

+44 (0)1274 351 351

www.providentfinancial.com

Company number 668987

Produced by
designportfolio