

Creating an inclusive and sustainable workplace

Our employees are a key stakeholder in our business. Without them we wouldn't be able to have customer relationships, engage with our investors, work with suppliers or get involved in our local communities.



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The 4,864 people we employed on average during 2017 range from those who have worked here their entire career, to those who joined the workforce more recently and are still finding their feet.

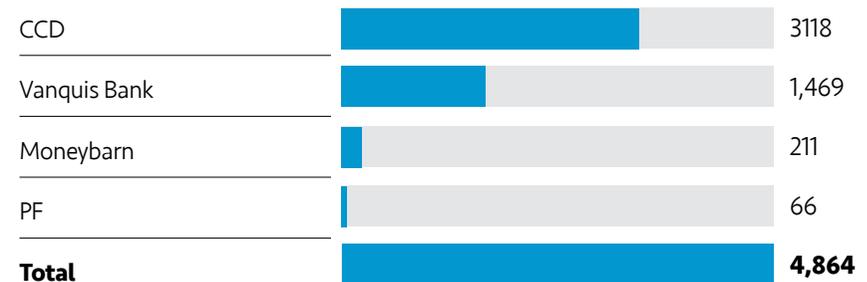
We recognise that for many, 2017 was a difficult year. It saw our colleagues put in extra hours and work in a difficult and uncertain environment while we focused on stabilising our business. Despite these difficult circumstances, the hard work shown by our people to turn our business around and their continued hard work and commitment to making this happen is acknowledged and appreciated.

The wellbeing, happiness, safety and security of our staff is vital to the health of our businesses. This is why in 2018 we will push ourselves even further to provide opportunities for our people to develop and promote their wellbeing, as well as investing more time and effort in keeping the dialogue and lines of communication with colleagues open.

We are also committed to providing an inclusive and diverse workplace where everyone is treated fairly and feels valued, and ensuring that our workforce is diverse and representative of the customers we serve remains a priority.



Average no. of employees in 2017: 4,864 (2016: 3550)



The 60% increase in CCD average employee numbers reflects the impact of the change in the UK operating model in 2017. This figure does not include any of the self-employed agents who were working for CCD throughout 2017, but does include the new Customer Experience Manager role implemented in 2017. Vanquis Bank average employee numbers have increased by 7% during 2017 due to the growth of the business, including the continued expansion of the second contact centre in CCD's head office in Bradford and resource to support collections activity for Satsuma. Moneybarn's 21% increase in average headcount reflects the resource required to support the growth of the business and bring processes into line with the rest of the group.

EMBEDDING EQUALITY, DIVERSITY AND INCLUSION IN OUR WORKPLACE SO THAT EVERYONE FEELS VALUED

We want our business to reflect the diversity of our customer base. This helps us to understand our customers' needs and develop products and services that support them better.

We signed up to the National Equality Standard (NES) in 2015 and completed the required NES assessments in all our operating businesses in May 2017. Having done this, the business initiated work to develop an action plan to progress the equality, diversity and inclusion (EDI) agenda across the group, including setting measureable group-wide objectives and targets on the full range of EDI issues.

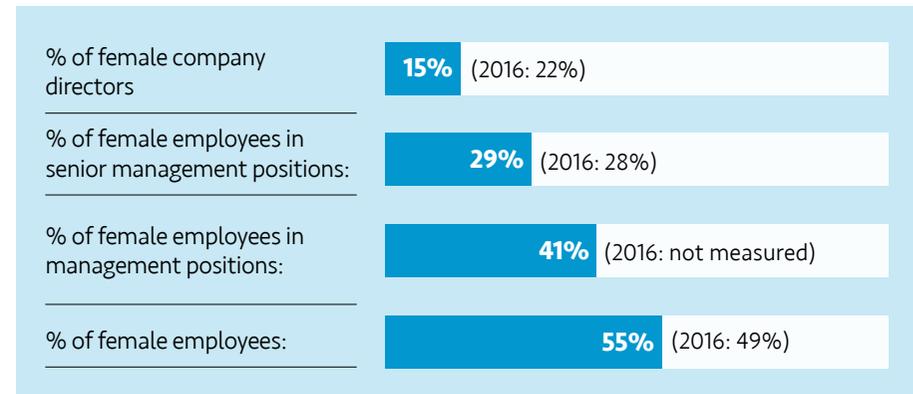
However, these plans were put on hold during the second half of 2017 as a result of the operational difficulties. As a result, the attention of the board and the senior management teams had to be focused on stabilising the business and improving the financial health of the group. Now this has been done, we are able to turn our attention back to addressing the NES findings, which we believe will play a key role in rebuilding our reputation with our customers, employees, regulators and shareholders.

Promoting Gender Equality

Workplace gender equality should achieve equal outcomes for both men and women regarding areas such as pay and opportunities, but we recognise that equality has not always existed and we know that cultural changes are necessary to ensure that equality, diversity and inclusion is truly embedded across the group.

In line with regulation and best practice, we have reported the gender diversity of our board and senior management. This year, we have extended this to also include the percentage of female employees in management positions, so that we can better understand the distribution of females and males from entry level to director or board level.

At the beginning of 2018, we were required to submit our gender pay gap alongside 9,000 other UK businesses. Although we are only legally required to submit the data for some of our subsidiary businesses and not the entire group, we recognise that the below information is not reflective of the gender pay gap across the whole group. This is something we hope to analyse and share in next year's report.



These figures have been calculated using the rolling monthly average number of employees in each of our subsidiary businesses.

At the beginning of 2017, the female composition of the board stood at 22%. At the end of 2017, it decreased to 15% following the death of Manjit Wolstenholme.

GENDER PAY GAP



The differences in the average pay between men and women.

GENDER PAY GAP

From April 2017 employers across the UK with more than 250 staff were required by law to publish the gender pay gap that existed in their company annually. Along with this they were also required to publish the proportion of men and women receiving bonuses and the proportion of men and women in each quartile of the organisation's pay structure. Not all incorporated businesses which are part of Provident Financial Group met the criteria that requires a business legally to report this information, however, three of our businesses, Provident Financial Management Services Limited, Provident Personal Credit, and Vanquis Bank met the criteria and reported their data for the first time in March 2018.

Across the group, we are aware that our gender pay gap is driven by the structure of our workforce where there is a much greater representation of men in senior roles, earning high salaries. However, we know that we need to have a greater gender balance across senior levels so that we can lessen the gender pay gap and promote equality and inclusivity. To do this, we need to put more focus on how we attract, develop and retain female talent. We created a working group in 2017 whose responsibilities are to further develop the equality, diversity and inclusion agenda across our businesses so that we can implement a one-approach strategy to ensure that we achieve our objectives in providing an inclusive workplace for our staff.

If you would like further information on this, please refer to www.providentfinancial.com for the official gender pay gap reports and disclosures from each individual business.

Pay and Bonus Gender Gap*

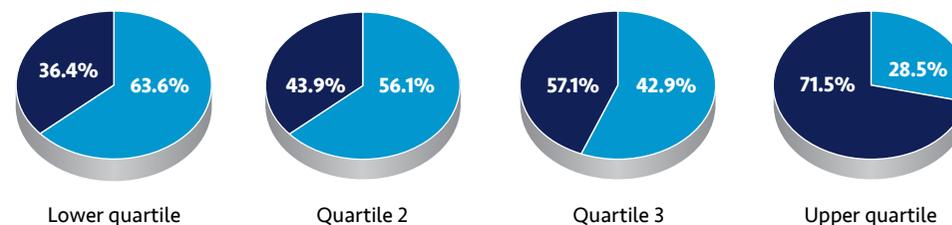
	Hourly pay		Bonus	
	Mean	Median	Mean	Median
Provident Financial Management Services Limited	34.9%	30.9%	65.3%	0.0%
Vanquis Bank	27.7%	14.4%	70.2%	21.8%
Provident Personal Credit	10.1%	4.1%	21.2%	14.0%

* as at April 5th 2017

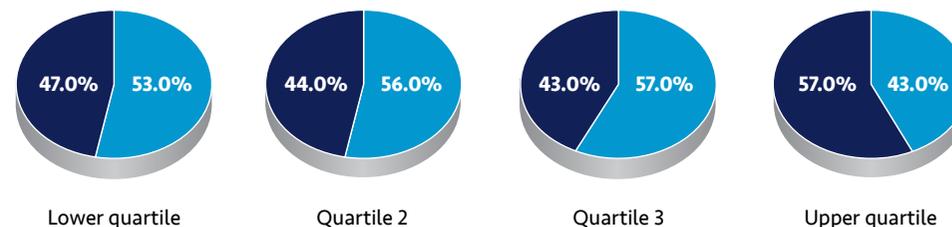
Gender representation by pay quartiles*

■ Men ■ Women

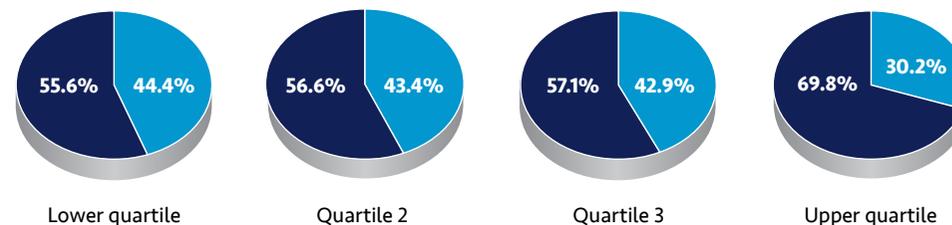
Provident Financial Management Services Limited



Vanquis Bank



Provident Personal Credit



*These charts above present the gender distribution in each organisation across four equally sized pay quartiles. These quartiles consist of: PMSL: 247 colleagues, Vanquis: 375 colleagues, PPC: 189 colleagues.

VALUING DIVERSITY IN THE WORKPLACE

15%

% of employees from BAME communities (2016: 17%)

Across the UK, Black, Asian and Minority Ethnic (BAME) people are under-represented at all levels in the workplace according to the *Race at Work 2015 report*.¹ The findings of this report showed that 1 in 8 of the working age population were from a BAME background, yet BAME individuals made up only 10% of the workforce and hold only 6% of top management positions. This statistic is unacceptable and as an employer with offices based in multi-cultural cities such as Bradford and London, we understand the need to ensure our workplaces are representative of these locations. We are committed to race equality across the group and will continue to work on shaping the organisational culture of our businesses to ensure that race equality remains a key objective within our equality, diversity and inclusion agenda.

0.37%

% of employees who have declared a disability (2016: 0.7%)

Supporting colleagues with extra needs

Although the number of staff who have declared a disability is extremely low, we are aware that people may not disclose information about a disability due to the fear of being treated unfavourably. We adhere to The Equality Act 2010, which makes it unlawful to discriminate against employees because of a mental or physical disability. We also understand that not all disabilities are visible and we aim to encourage an environment where colleagues feel safe and happy to disclose such information to others if they choose to do so.

TRAINING AND DEVELOPING OUR PEOPLE

We remain committed to attracting talented people to the business to ensure we develop services that are responsible and innovative. As well as supporting people to develop in their careers with us we are committed to providing opportunities for people at the start of their career. The performance management and career development programmes we have in place help identify training and development needs and facilitate discussions between managers and their teams, supported by learning management systems in each of our businesses. The development opportunities we offer range from apprenticeships to training courses accredited by professional bodies. This enables us to support our people to reach their ambitions throughout their careers.

137,983

L&D hours (2016: 64,520)

28

Average no. of L&D hours per employee (2016: 18.2)



¹ Business in the Community (2015): 'Race at Work 2015'. Available at: <http://race.bitc.org.uk/system/files/research/race>

APPRENTICESHIPS

Consumer Credit Division



"Following the introduction of the apprenticeship levy in April 2017, the Consumer Credit Division launched a Team Leader apprenticeship programme in October 2017 which was aimed at supporting existing employees to develop their leadership skills. The individuals selected came from a variety of different business areas and brought with them a range of experience. To date, they have participated in a number of workshops and development activities both internally and externally. We look forward to our colleagues graduating during 2018.

Given the changes within CCD and business performance during Q4 of 2017 and into Q1 of 2018, our initial priority has been exploring the ways in which we can upskill our existing workforce. Since the start of 2018, we have seen the launch of a variety of other programmes to our existing colleagues including the Professional Accountant, Cyber Security and Data Analyst programmes.

As CCD begins to set out its strategy for 2018, we will continue to review our existing workforce to identify key skills gaps and look to explore the opportunities available within leadership development and digital skills. For digital in particular we will explore the ways in which we can grow our own talent in this area through apprenticeships or graduate programmes and map out the development opportunities through building robust career pathways."

Leanne Kellett, Graduate and Apprenticeship Programme Manager

Vanquis Bank



"The changes to how apprenticeships operate and the opportunity provided by the Apprenticeship Levy, enables Vanquis to introduce new and diverse talent to the business and provide our existing employees with highly valued opportunities to build their skills and obtain a qualification while working.

So, to ensure the 20% off the job training and the opportunity to apply learning is facilitated without compromising performance and customer experience, we have taken a phased approach, ensuring we consider and implement proper guiding principles.

We currently offer three programmes; Supervisory Level 3; Intelligence Operations Level 4 and Department or Operations Manager Level 5. We have 33 apprentices in total across two locations. There was high demand for these programmes with more than double the number of applicants per available place. At Vanquis, we recognised there was a management capability skills gap, so ensured we offered apprenticeships in this area and chose the right people by matching the programme objectives to colleagues' personal development plans.

We are looking forward to reviewing and analysing feedback at the end of the programme year, as this will inform the next phase of implementation. As of now, anecdotal feedback is very positive and engagement and commitment remains high.

Additional apprenticeships are planned for 2018 and available places and programmes will be offered later in the year. We look forward to offering these programme to both entry-level and existing colleagues."

Bevan Heslop, Senior People Development Consultant, Vanquis Bank

EMPLOYEE ABSENCE AND TURNOVER

The health, wellbeing and happiness of our employees is crucial. Without good mental and physical health alongside happiness in the workplace, whether it is down to inclusion, management or workload, we cannot run a sustainable business. It is important that our employees have a good work/life balance and that we provide them with secure and sustainable employment.

6.5

Average no. of absence days per employee
(2016: 8.7)

We understand that some sick leave is unavoidable, and there will always be staff who leave the business, whether it is because they want to try something new or move to a new place. But beyond this, we want to be an employer who is seen to support and develop their people so we can reduce unnecessary absence and turnover.

4.3

Average no. of absence days CCD and PF
(2016: 8.6)

11.2

Average no. of absence days Vanquis Bank
(2016: 8.9)

8.2

Average no. of absence days Moneybarn
(2016: 3.5)

Unfortunately, over the past year, there have been instances where we have had to make some of our employees redundant due to re-sizing and re-structuring of our business. For us, this is never the first choice and never an easy option. However, to make sure our employees are impacted as little as possible, we have redundancy policies and structures in place to protect employees in times when they may feel vulnerable.

37%

% of employees left in 2017
(2016: 21.7%)

78% of the employees that left the business in 2017 were employed in the Consumer Credit Division and the group corporate office, with the former accounting for the majority of these. A significant amount of this staff turnover was due to the restructuring that took place in the Consumer Credit Division in 2017.

This restructuring took place to change the organisation and management of the Provident home credit business and resulted in the removal of some roles, reduction of other roles and the introduction of new roles. Whilst any job losses are regrettable, we sought to ensure that the restructuring was undertaken in a sensitive and responsible manner.

To ensure employees' voices were heard in the decision-making process, we held a collective consultation with employee representatives from CCD's elected Colleague Forum. The consultation focused on the proposed job roles that would be reduced. It lasted 45 days and enabled affected employees and their representatives to give feedback on the restructuring proposal, and for senior management to respond to that feedback.

Employees affected by redundancy received financial compensation that exceeded the statutory minimum level and, where appropriate, were offered early retirement. They also received support to find a new role including paid time off to find a new job; additional training; coaching; and online tools and resources. Support was also offered through our 24/7 Employee Assistance Programme.

Without good mental and physical health alongside happiness in the workplace...we cannot run a sustainable business.

ENSURING THE HEALTH, SAFETY AND WELLBEING OF OUR PEOPLE

Ensuring the health, safety and wellbeing of our employees is of paramount importance, as without this, we would be unable to provide services to customers.

Across the group, we have a number of indicators we use to measure the health and safety of our colleagues, along with having programmes in place to support their physical and mental wellbeing.

We understand that exercising both your body and your mind, and increasing your knowledge and awareness of health is one of the vital ingredients to living a healthy and happy life. From discounted gym memberships to nutritional wellbeing courses and free counselling and therapy, we offer a range of initiatives to promote and help with the health and wellbeing of colleagues.

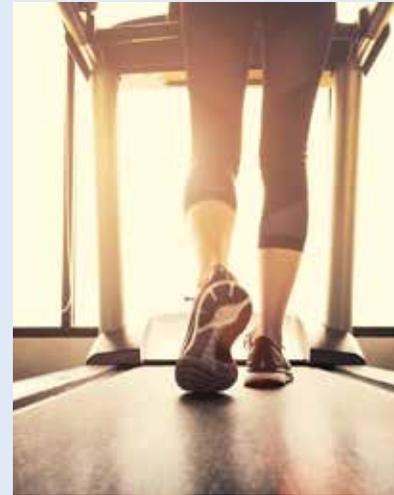
Nuffield Health Partnership

32%

% of staff based in Bradford are members of the on-site gym

37%

% of staff based in the Bradford Head Office are members of the gym



Although the average total of memberships has only increased by 7% since the opening of the gym in 2015;

Total gym attendance has increased by 43%

Total class attendance has increased by 73%

Health MOTs undertaken have increased by 343%

There has been an increase of 83% in the number of personal fitness programmes that have been created for members.

We recognise that the gym is only available for use to colleagues based in Bradford, therefore, we will be working with Nuffield Health throughout 2018 to extend the partnership to our colleagues working in the field, so that they too can have better access to health and wellbeing initiatives and opportunities. We believe that providing employees with accessible or low-cost health, fitness and wellbeing programmes and infrastructure will positively impact their day-to-day lives by reducing their level of illness and positively impacting their mental health. This in-turn will hopefully reduce their amount of sick leave and result in them being happier and more productive in their work.



Reporting accidents at work

3

Reportable Accidents (2016: 1)

61

Number of reportable accidents scaled up to 100,000 employees* (2016: 27)

208

Total number of non-reportable accidents (2016: 85)

4,211

Total number of non-reportable accidents scaled up to 100,000 employees* (2016: 2,290)

* 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; a major injury or a fatality.

A key reason for the increase of accidents is due to the change of the operational model in the Consumer Credit Division. This has seen the average number of staff employed by the Division increase from 1,943 in 2016 to 3,118 in 2017. This increase in employees has resulted

in a corresponding increase in the number of reportable and non-reportable accidents.

Due to the differing nature of where our employees work, we recognise the need to ensure their safety is a priority at all times. We have staff working in offices and out in the communities where our customers live, driving or walking around different areas at various times of the day. We ensure that personal safety training is undertaken by every member of staff at least annually and that there are stringent processes in place to report accidents or incidents.

Although we have a group corporate policy manual, which includes a policy on health and safety, our operating businesses also have their own policies which relate to a range of health, safety and wellbeing issues, and related topics such as flexible working. These policies are set-out in employee handbooks and on internal communications portals to encourage employees to read them and be able to access them at all times. You can find a summary of the corporate policies that are relevant to CR at www.providentfinancial.com. We also offer access to an Employee Assistance Programme (EAP) to all our employees and their families. The EAP offers support on financial, work, personal, health and family matters.

Empowering our people to raise concerns

Whistleblowing policies are in place in each of our operating companies. We are committed to the highest standards of quality, honesty, openness and accountability, so employees

6

No. of calls made to whistleblowing hotline (2016: 4)

are encouraged to raise genuine concerns under these policies either through their manager or by telephoning a dedicated external helpline. Throughout 2017, this external helpline received six complaints which were thoroughly investigated and dealt with in accordance with the appropriate internal procedures. It's important for us to provide this external helpline so that our employees can have concerns addressed, in confidence and with confidentiality.

Encouraging employees to save for their future

It is just as important to us to ensure that our staff, as well as our customers, manage their money in a sustainable way. This is why we offer a number of initiatives that encourage staff to either invest in the company through share schemes, or save for their future through a workplace pension.

Pensions

There are two main pension schemes for new employees. New employees are automatically enrolled into the Provident Financial Workplace Pension Scheme after two months service and after two years membership, they are invited to join the PFG Retirement Plan instead, which sees employees contribute 3-8% of their pensionable salary, and the company contributes 5-10%. However, new

employees at managerial level are invited to directly join the PFG Retirement Plan. This plan also includes an increased death in service payment of 3x salary and offers long-term sickness benefit.

Employee share schemes

There are a number of different schemes that exist across the group which are long-established and form a successful part of the total reward package. These schemes aim to encourage employees' involvement and interest in the financial performance and success of the group through share ownership.

An average of 1,673 employees (2016: 1,744) participated in the company's save as you earn schemes, allowing them to save a fixed sum each month for three or five years. At the end of this period, they can also choose to use the savings to purchase shares in the company at a discounted price which will have been set at the outset of their savings contract.

The HMRC approved Share Incentive Plan (SIP) scheme offer employees the opportunity to further invest in the company and to benefit from the company's offer to match that investment on the basis of one matching share for every four partnership shares purchased. On average across 2017, 376 (2016: 313) employees invested in company shares through SIP.

To read more about employee share schemes and other related initiatives, please refer to p.98 of the 2017 Annual Report which can be accessed at www.providentfinancial.com