

About this report

Provident Financial Group (“the group”) was founded 140 years ago with a clear social purpose of providing much valued access to credit for customers who often find themselves ignored or underserved by mainstream lenders.

The purpose of this report is to give a balanced account of Provident Financial Group’s performance across a range of social, ethical and environmental indicators.

The report relates to the non-financial aspects of Provident Financial plc and its operating companies – Vanquis Bank, the Consumer Credit Division and Moneybarn – in the UK and Ireland, and our six key stakeholders: customers, communities, employees, suppliers, shareholders and investors, and regulators. It provides

information and updates on our corporate responsibility (CR) activities, performance and achievements for the 1st January to 31st December 2017 unless otherwise stated.

This report has been independently assured by Corporate Citizenship – see page 68 for more information. It has also been prepared in accordance with the ‘Core’ Global Reporting Initiative’s (GRI) G4 sustainability reporting guidelines.

The format of this report has been changed when compared with the reports published in previous years. Firstly, it’s an entirely online report. And secondly, the new format allows us to convey our social purpose clearly.

To access our past reports go to www.providentfinancial.com.

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Provident Financial Group at a glance

Providing customers with access to credit, where others will not, for:

140 years

2.55 million CUSTOMERS



Established in 1880, Provident Financial Group, a FTSE 250 company, is one of the UK's leading specialist suppliers of personal credit products to those who are not well served by mainstream credit products or are excluded altogether.

VANQUIS BANK

Credit cards
1.7 million customers

Satsuma™
loans.co.uk

Online lending
79,000 customers

Provident
EST. 1880

Home lending
0.7 million customers

moneybarn
small business loans

Vehicle finance
50,000 customers

30%

REDUCTION IN THE GROUP'S SCOPE 1 & 2 CARBON FOOTPRINT SINCE 2015

£109.1 million
ADJUSTED PROFIT BEFORE TAX

£168 million
TOTAL TAX CONTRIBUTION

4,864 EMPLOYEES



Our social purpose is to provide financial inclusion for those consumers who are not well served by the financial services industry, or are excluded altogether.

£2.59 million
INVESTED IN THE COMMUNITIES WE SERVE





MESSAGE FROM THE CEO

Welcome from Malcolm Le May

Overview

I am pleased to welcome you to Provident Financial Group's 2017 CR report.

We have been publishing reports like this for almost 20 years to provide an annual account of how we are continuing to address the social, ethical and environmental issues that are material to both our business activities and key stakeholders. The reports are, by their very nature, backward-looking and review the previous calendar year's CR activities and explain, in a balanced way, the progress we've made in dealing with our CR priorities and goals. Given that this report looks back on 2017, it would be remiss of me not to begin this foreword without briefly reflecting on the developments that took place during the year.

2017 was one of the most difficult years in Provident Financial Group's 140-year history. It saw the group's trading performance significantly impacted by operational disruption caused by changes that were introduced in the Provident home credit business and regulatory investigations being launched in the group's Vanquis Bank and Moneybarn businesses. During this time, we also announced the sudden death of our colleague Manjit Wolstenholme who had showed exceptional leadership in stepping up to the role of Executive Chairman in August 2017. Manjit was known and respected for her achievements and championing diversity in British business, and I would like to pay tribute to the role she played in championing the responsible business agenda at Provident Financial Group.

As a result of the developments of 2017, the attention of the board and the senior management teams has been focused on stabilising the business and improving the financial health of the group. This also led to the group having to launch a rights issue in February 2018 to ensure the group has appropriate levels of regulatory capital to meet its current and future requirements. On 09 April 2018, the rights issue was completed which places the group on a sound and sustainable financial footing. I am keen that we now turn our attention to the group's social purpose and ensuring that the culture and governance arrangements throughout our business are aligned to this purpose.

Social purpose

Provident Financial Group was founded 140 years ago with a clear social purpose of providing much valued access to credit for customers who often find themselves ignored or underserved by mainstream lenders. This social purpose resonates as much today as it did back in 1880, and I firmly believe that the group has an important role to play in serving our customers responsibly and providing them with access to credit which is closely tailored to their needs and allows them to participate fully in the traditional and online economies.

Having been appointed Chief Executive Officer of the group in February 2018, my priorities have been to refocus on the customer first, by ensuring that we continue to offer products and services that are suitable to their needs at the various stages of their credit journey. I have also been focusing my attention on rebuilding the group's reputation with its customers, employees, regulators, shareholders and other key stakeholders. Key to this is recognising that our social purpose extends beyond financial inclusion for our customers and includes taking account of the group's wider impacts. The way we treat our people, contractors and suppliers, the role we play in our local communities and civic society, and as a steward of the environment, and how we engage with regulators and tax authorities, all have a role to play in underlining the importance of our social purpose.

Culture

Our social purpose also has a fundamental role to play in informing the group's culture. But I know that there is more we can do to ensure that there is greater alignment between our social purpose and culture across our businesses and with the group's governance arrangements.

To start to do this, we have begun the process of establishing a new Board committee, to be chaired by a new non-executive director that will focus on the customer, our culture and ethics and help to drive changes in behaviours and attitudes across the group.

We are also in the process of creating group-wide steering groups that will provide oversight to aspects of the group's CR programme and report into the new Board committee referenced

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above. For example, we are establishing a group-wide inclusive workplace culture steering group to enable the effective management of equality, diversity and inclusions issues across the group, and to ensure that we comply with legislative and policy requirements and that there is alignment between our social purpose, culture and employment practices. This steering group will also oversee the delivery of the actions that resulted from the National Equality Standard assessments that were undertaken across the group's three operating companies and completed in May 2017, but which were put on hold during the second half of 2017.

And finally, we are establishing a social impact programme steering group that will provide oversight to Provident Financial Group's community investment activities. This will ensure that they are aligned with the group's social purpose and reinforce the work being undertaken on culture, particularly in relation to financial inclusion and helping customers on their creditworthiness journey.

Closing remarks

While 2017 was a challenging year for Provident Financial Group, we have since made good progress in resolving many of the difficulties we experienced. However, we still have more to do as we continue on our journey of recovery and rebuild our reputation with our key stakeholders. As we do this, I am committed to ensuring that we keep the social purpose that has stood us in good stead since 1880 at the forefront of our minds, and that it plays a pivotal role in informing the culture of Provident Financial Group and the way it is governed. Doing this will ensure that we put our customers first in our thinking and actions, as well as take account of the wider CR impacts that our business has.

As ever, I welcome any feedback that you may have on this report and our approach to CR more generally, so please don't hesitate to get in touch with us on corporateresponsibility@providentfinancial.com.

Malcolm Le May

Chief Executive Officer
Provident Financial plc



“Our key focus is on: lending responsibly to customers; creating an inclusive workplace; and investing in the communities we work in.”

MESSAGE FROM THE HEAD OF SUSTAINABILITY

At Provident Financial Group we have always sought to operate our business in accordance with our social purpose. This means continuing with our primary role of supplying credit to our customers in a responsible manner. It also means taking account of the wider impacts that the group has whether they relate to the corporate governance of the business; the way we treat our employees, suppliers, local communities, wider society, and the environment; and how we deal with regulators and tax authorities.

The difficulties the group encountered in 2017 mean that it is essential we reinforce and build on the importance of our social purpose in the way that we operate our business and treat our stakeholders. This has led us to change both the format and structure of our CR reports so that they better reflect the social, ethical and environmental issues that relate to the group’s social purpose and matter to our stakeholders.

As such, you will see that this report looks very different when compared to the reports that we have previously published. Firstly, this is our first entirely online CR report. This will ensure that our approach to reporting is in line with best practice, and help us make our report more accessible, engaging and environmentally friendly. Secondly, we have restructured the content of the report so that it focuses first on the issues that are most closely aligned with our social purpose. So our key focus is on: lending responsibly to our customers, creating an inclusive and sustainable workplace and supporting the communities we work in. We also recognise that we need to provide an account of how we manage the other CR issues that relate to the day-to-day operations of our business. You can therefore find details of what we have done throughout 2017 to treat our suppliers fairly, minimise our impact on the environment, engage with the investment community on CR matters and deal responsibly with the tax authorities in the fourth chapter of the report.

I trust you find the new format and structure of our 2017 CR report intuitive and informative, and that it articulates clearly the importance of our social purpose to the way that we do business.

If you have any feedback on this CR report or on the programme that underpins it please forward it to us on corporateresponsibility@providentfinancial.com.

Rob Lawson

Head of Sustainability
Provident Financial plc