

Corporate responsibility

“The Group was founded 140 years ago with a clear purpose of providing much valued access to credit for customers who often find themselves underserved by mainstream lenders. This 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 helps put them on a path to a better everyday life.

I also recognise that this 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 purpose.”

Malcolm Le May
Chief Executive Officer



Corporate responsibility *continued*

Introduction

Provident Financial Group's purpose of **helping to put people on a path to a better everyday life** is about ensuring that our customers are provided with responsible and accessible products and services that meet their particular needs. This purpose is underpinned by the four strategic drivers and three behaviours described on page 34 and 35 of this report. This is our Blueprint and it is designed to help us to balance delivering responsible and sustainable products, services and partnerships to our customers, maintain high levels of regulatory compliance, and provide a stimulating and rewarding workplace for our employees, while generating appropriate, sustainable returns for our shareholders.

In this section of the report, you will see how both the purpose and strategic drivers are aligned to the Group's responsible business strategy, as well as a summary of the progress we've made during 2018 in delivering against this strategy.

Our strategy is to operate our business of lending to our customers in a responsible manner, and act responsibly and sustainably in all our other stakeholder relationships.

This means that we have to put the needs of our customers at the heart of everything we do; create

Ensuring that we operate our business in accordance with our purpose is about lending to our customers in a responsible manner and taking account of the wider impacts that the Group has on society and the environment.

Rob Lawson
Head of Sustainability,
Provident Financial Group

a working environment that is safe, inclusive and meritocratic; treat our suppliers fairly; support our communities; engage with the investment community on sustainability matters; and minimise the environmental impacts of our business.

Governance and management

Overall responsibility for the Group's responsible business programme rests with the Provident Financial plc Board generally, and Malcolm Le May, the Chief Executive Officer, specifically. The Group's Executive Committee, which is chaired by the Chief Executive Officer and includes the Group's Chief Financial Officer, General Counsel and Company Secretary, HR Director, Chief Risk Officer, Chief Auditor, Corporate Communications Director, and the Managing Directors of the operating companies, also plays an important role as it reviews and approves aspects of the responsible business programme and its budgets.

The Executive Committee is also tasked with overseeing the development, embedding and monitoring of the culture and ethics of the group, and ensuring they are consistent with being a trusted, responsible and sustainable business. This will involve ensuring that the policies, procedures, systems and behaviours of our operating companies are aligned to our Blueprint,

Alignment of our Blueprint to our Responsible Business Strategy

<p>Our purpose is that...</p> <p>...we help put people on a path to a better everyday life.</p>	<p>Our strategic drivers are...</p> <p>...customer progression, human experiences, head and heart decisions, and fighting fit.</p>	<p>The behaviours we are starting to embed within our culture are...</p> <p>...put the customer on the team, be hungry for better and act like its yours.</p>
<p>Our purpose commits us to...</p> <p>...not only provide 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, but also to ensure that we deliver fair outcomes to them throughout their journey with us, whether that's when we market our products to our customers and conduct affordability checks, or when we collect payments due or when we deal with customers who are in arrears or experiencing financial difficulties.</p> <p>It's also about ensuring that our community activities address the issues that matter most to the everyday lives of our customers, whether that's by addressing issues such as money advice, customer vulnerability and product accessibility, supporting both children and adults in their education, helping them to secure a better financial future, or by working with local community partners on social inclusion and social mobility issues relevant to our customers and their communities.</p>	<p>Our strategic drivers commit us to...</p> <p>...ensure that our corporate responsibility (CR) activities address the issues that matter most to our customers so that we can help change their lives for the better, build lasting relationships with all our stakeholders, whether they're customers, employees or suppliers, balance profit and purpose in all that we do to ensure that we generate a financial return while responding to the needs of our stakeholders. It is also about operating in an efficient and effective manner which, among other things, means seeking to minimise our environmental impacts, in particular by reducing our carbon emissions in order to lessen our contribution to climate change.</p>	<p>These behaviours commit us to...</p> <p>...create a culture where colleagues think 'customer' all the time, constantly innovate and make things better for all the Group's stakeholders, be they customers, employees, suppliers, regulators and investors, and hold ourselves personally accountable for success.</p>

and ensuring that any material issues which relate to the culture and ethics of the group are reported to other relevant Board committees.

In addition, as mentioned on page 16, the Board is finalising plans to establish a new committee that will focus on customer, culture and ethics. It is expected that this committee will focus on reviewing the Group's culture and business processes to ensure that they are focused on delivering fairer customer outcomes, provide oversight of management's delivery and embedding of the new Blueprint, and oversee the Board's compliance with the new corporate governance requirements under the 2018 UK Corporate Governance Code. In focusing on these areas, it is anticipated that the committee will, among other things, provide oversight and challenge to the group's Executive Committee to deliver real cultural change. As such, it will help to strengthen the way that the Group's responsible business programme is governed and managed by providing oversight of the Group's management of a number of key themes, including culture and ethics, being a responsible and inclusive employer; community involvement, environmental protection, and stakeholder engagement and reputation.

The Group's CR team continues to be responsible for the ongoing delivery of this programme and is supported by colleagues from the Group's operating companies. This includes the colleagues who sit on our environmental working groups and operate the environmental management system, which provides us with a framework for controlling and improving environmental performance across the group.

I am very passionate about our new purpose and the Group's role in society. Our purpose is underpinned by a number of strategic drivers and behaviours. These aim to deliver an appropriate balance between the needs of our customers, the regulator, shareholders and our employees in order to ensure that PFG is a successful and sustainable group for all of its stakeholders.

Malcolm Le May
Chief Executive Officer

Our Stakeholders

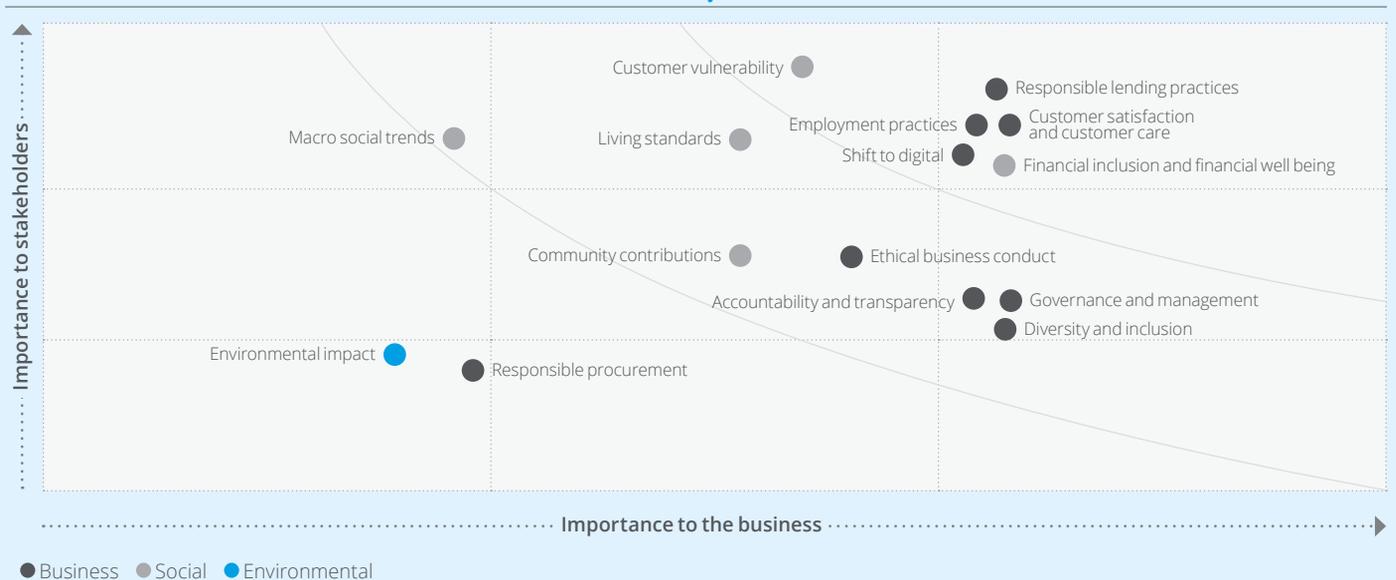
Provident Financial Group's key stakeholders are our customers, employees, shareholders and debt investors, regulators, communities and suppliers. We define our stakeholders as individuals or groups who have an interest in, or are affected by, the activities of our business. We engage with them regularly to ensure that we are aware of their views and concerns with regard to a wide range of issues. We do this through surveys and focus groups, and by participating in consultation exercises.



Further information on our stakeholder engagement activities is set out on pages 101-108.

We also engage with our stakeholders to ensure that we manage and report on the CR issues that matter most to them and our business. The below materiality matrix was developed in 2017. We undertake materiality assessments at least every two years to identify and prioritise the CR issues that are material to Provident Financial Group. This exercise helps to inform the Group's purpose and CR strategy, and ensures that our CR reports respond to the interests of our stakeholders and comply with the Global Reporting Initiative's G4 reporting guidelines. Our most recent materiality assessment was, as in previous years, carried out 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 materiality matrix below.

Materiality matrix



Corporate responsibility *continued*

Doing business transparently

Alongside being transparent about the products, services and partnerships we deliver to our customers, we also strive to be transparent in all other areas of our business. This includes maintaining our commitment to being a fair and responsible tax payer, operating in an open, honest and straightforward manner in all tax matters and being fair and reasonable in all our dealings with tax authorities. Through this commitment we seek to ensure that we comply with all tax rules and regulations in each territory in which we operate.

While we safeguard our reputation as a responsible taxpayer, we recognise that we also have a responsibility to protect shareholder value by managing and controlling our tax liabilities.

Our tax strategy is aligned with HM Revenue & Customs' (HMRC) 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. The Group's most recent tax strategy was last updated and approved by our Board in May 2018 and can be accessed on our website at www.providentfinancial.com.

This tax strategy is supported by our tax procedures manual, which sets out how the objectives and policies in the tax strategy are achieved, as well as setting out further details of our tax risk management framework. These details, as well as the total direct and indirect tax contributions we pay on an annual basis, are disclosed in our annual CR reports which we publish in June each year. The Group's annual CR reports can be found at: www.providentfinancial.com.

2.4m customers

We are proud to serve customers drawn from all across the UK and Ireland.

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 2.4 million customers we are proud to serve come from all across the UK and Ireland. 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 operating companies 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. In the case of Moneybarn, where a vehicle is held as security, we are able to lend more credit for longer periods.

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.



Further information on the responsible lending characteristics of our products is set out in **pages 37, 41 and 43**.

Improving customer satisfaction rates

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 customer 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. The overall customer satisfaction rates in 2018 for each of our brands are set out below. The improvement in customer satisfaction within our Provident home credit business reflects an improvement in customer service as a result of the successful ongoing implementation of the recovery plan during 2018. But we also recognise that there is more we can do in 2019 to continue to improve these scores, including:

- > In Vanquis Bank, continuing to make enhancements to the suite of forbearance tools that were rolled out in the second half of 2018 to support more customers who find themselves in short-term difficulties to recover, avoiding default.
- > In Provident home credit, continuing to review the additional controls, such as the voice recording technology we have been embedding throughout 2018, which is used by our Customer Experience Managers (CEMs) when interacting with customers. This technology not only enables us to review compliance and the quality of our interactions with customers to ensure that positive customer outcomes are achieved, it also plays an important role in enabling us to review other matters, for example, the health, safety and wellbeing of our CEMs, as they go about doing their jobs.
- > In Satsuma, continuing to review and update our mobile app to improve its repayment functionality and make it easier for customers to see when their next payment is due and enable them to make catch-up missed payments via the app to clear any arrears.
- > In Moneybarn, continuing to invest resource and technology in customer operations to help us to identify and resolve situations where customers are in financial difficulty.

Customer Satisfaction Rates for 2018

Vanquis Bank	86% (2017: 87%)
Moneybarn	4.7/5 (Feefo rating) (2017: 4.7/5)
Provident home credit	87% (2017: 85%)
Satsuma	4.7/5 (Review.co.uk rating) (2017: 4.8/5)

Dealing responsibly with customer complaints

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 e-mail. The total amount of hours employees spent on customer-focused training in 2018 was 134,055.

Customer complaints received in 2018

Vanquis Bank	38,767 (2017: 33,768)
Moneybarn	4,551 (2017: 3,691)
Consumer Credit Division	36,584 (2017: 33,254)

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 2018, the total number of complaints referred to the FOS was 4,302 (2017: 1,792). Of these, 1,278 or 30% (2017: 20%) were upheld in favour of the customer. During 2019, we will focus attention on ensuring that customer complaints are kept to an absolute minimum.

The FCA defines a complaint as an expression of dissatisfaction, whether oral or written, and whether justified or not, from or on behalf of an eligible complainant about the firm's provision of, or failure to provide, a financial service.

We recognise that our customers may, at any point in the relationship with us, find themselves in potentially financially difficult situations. This could be due to a significant life event such as a loss of income, illness or family bereavement.



You can read more about this on **page 81**.

Corporate responsibility *continued*

Creating a safe, inclusive and meritocratic 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.

Throughout 2018, we have made a number of management changes across the Group which have seen the introduction of new appointments working at a Group-wide level such as the Group HR Director, Group Director of Corporate Communications, Group Internal Communications Director and Chief Procurement Officer, as well as new positions being created in our operating companies. These appointments were made to create key Group functions and improve coordination, cooperation and efficiency across the business.

However, in 2018, we also had to make a number of redundancies in the Consumer Credit Division in order to reduce and reshape some of its central support functions. This was a difficult but necessary step that had to be taken to align the Division's cost base to the reduced size of the business.

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

Mental Health and Wellbeing

We are partnering with a variety of leading mental health charities to establish a Mental Health First Aider network, in line with best practice as outlined by Mental Health First Aid England. We are also piloting a programme of interactive sessions for our managers to understand the causes and impacts of stress, anxiety and depression and how to support people, in order to improve their ability to spot the signs of mental health distress amongst colleagues and help them to develop ways to reduce stress.

In 2019 we aim to have 48 qualified Mental Health First Aiders and put 100 people managers through the interactive mental health training sessions.

Spotlight on equality, diversity and inclusion

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.

During 2018, we appointed both a Group Human Resources (HR) Director, to ensure the HR teams in each of our businesses are tackling challenges and overcoming barriers together, and a gender diversity lead for the Group, Catherine Diamond, HR Director for Moneybarn. Catherine will lead on the gender diversity agenda for the Group, ensuring we are doing more to create a talent pipeline of future female leaders.

Gender diversity across employee levels at 31 December 2018

Employee level	Female	Female %	Male	Male %
Total staff	3,117	55	2,591	45
Director	7	23	24	77
Senior management	29	26	84	74
Middle management	103	35	190	65
First level management	186	44	239	56
Colleague	2,780	57	2,066	43

We are also aware that we need a strong benchmark for equality, diversity and inclusion (EDI) metrics, so that we can set targets and measure progress more effectively. Our HR teams recognise that we need to collect EDI data at the point of staff on-boarding, to ensure that we can monitor our performance in areas like ethnicity, race and physical/mental wellbeing or disabilities. By doing this, we can further underline the commitment set out in our corporate EDI policy which states that we will support diversity and create an inclusive workplace culture for employees and other stakeholders, including customers, suppliers and contractors.

We will therefore conduct a review of how this data is captured to help us monitor metrics relative to this area, and initiate projects to enhance the EDI performance of our workplace. As at 31 December 2018, the percentage of employees from Black, Asian and Minority Ethnic groups stood at 9% (2017: 15%) and the percentage of employees who had declared a disability was 0.4% (2017: 0.36%).

Catherine Diamond, HR Director, Moneybarn

"We are committed to creating a positive step-change in the senior leadership gender balance by supporting women in, or aspiring to be in, leadership positions. We are investing more in our gender diversity efforts and expect an increase in our gender representation at executive and senior leadership level over the coming years. We are setting the foundations on which to build upon, focusing action around attracting, retaining and developing female talent to contribute to us achieving gender balance over time."



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 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.

Paying suppliers promptly

As a Group, we are signatories of the Prompt Payment Code, which means we are committed to paying our suppliers promptly. We understand the pressure late payments can have on businesses, and particularly small to medium-sized local ones. Being signatories to the Prompt Payment Code allows us to encourage best practice within our supply chains. In 2018, 97% of invoices were paid in line with the Prompt Payment Code terms, and we continue to strive to achieve 100%.

Percentage of companies paid in 60 days

Group Corporate Office	94% (2017: 96%, 2016: 95%)
Consumer Credit Division	94% (2017: 93%, 2016: 95%)
Vanquis Bank	90% (2017: 95%, 2016: 95%)
Moneybarn	100% (2017: 99%, 2016: 99%)

Corporate responsibility *continued*

Preventing modern slavery in our supply chain

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 March 2018, 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 and human trafficking.

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

One of our key objectives for 2018 was to engage with a third-party consultancy to deliver a workshop to corporate responsibility and procurement personnel from across the Group to raise awareness and understanding of the changing expectations around human rights and modern slavery risks. This workshop took place in January 2018 with senior procurement representatives from each operating company in attendance. The workshop firstly provided background and up-to-date information on the Modern Slavery Act 2015, ensuring that the representatives had a good overall understanding of the purpose of the Act and why it was introduced in the UK. It then encouraged participants to review their own current procurement practices and assess whether there are any potential risks and opportunities that relate human rights in the Group's supply chains. It went on to highlight case studies of companies where instances of modern slavery and human trafficking had been identified. The session also supported a Group-wide piece of work that was initiated in 2018 to harmonise the due diligence processes and procedures used by the Group's operating companies to manage supply chain-based risks.

The workshop was very informative and opened my eyes to industries and work practices that you wouldn't normally expect to be exposed to risks associated with modern slavery. After the event, a reassessment of our supply chain was necessary to highlight those businesses that posed the greatest potential risk from a modern slavery and human trafficking perspective.

Steven Schools

Head of Procurement, Consumer Credit Division

Provident Financial Group's community investment strategy supports our purpose by addressing key barriers to inclusion and helping people overcome them.

Rob Lawson

Head of Sustainability,
Provident Financial Group

Supporting our communities

The primary way in which Provident Financial Group fulfils its purpose is through the provision of credit to customers who are not well served by other lenders or are excluded altogether. 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 to the Group's purpose of helping to put people on a path to a better everyday life.

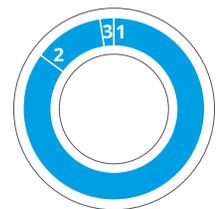
Our community investment activities are delivered through our Group-wide Social Impact Programme. The strategy of this programme is to invest in activities and initiatives which seek to address some of the key factors which, on their own or acting together, can reduce someone's likelihood to be accepted for credit. These factors include: 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 Group Social Impact Programme delivers community investment activities under the following three work streams:

- > **Customer and Vulnerability** – Working with charities and specialist partners to address issues such as money/debt advice, customer vulnerability, product accessibility and financial difficulties.
- > **Education** – Supporting both children and adults on aspects of education, particularly those that relate to literacy and numeracy.
- > **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.

2018 community investment figures

1 Cash	£1,431,990 (2017: £2,354,863)
2 Management costs	£210,759 (2017: £227,581)
3 Value of employee time	£37,829 (2017: £9,552)
Total	£1,680,578 (2017: £2,591,996)



Customer and Vulnerabilities

We support the vulnerable customer agenda through this dedicated work stream of the Group's Social Impact Programme. The focus of this work stream is to support charities and specialist partners to address issues such as money/debt advice, customer vulnerability and financial difficulties.

The Group has a long history of supporting a wide range of organisations within the free and voluntary money advice sector. This approach recognises that our customers and the other consumers within our market seek advice and support from a wide variety of organisations when they encounter financial difficulties. These include organisations within the free and voluntary money advice sector and fee-charging debt management companies. They will also seek advice and guidance from debt advice forums. Our approach also recognises that the interventions our customers require to help address any financial difficulties vary from the provision of generic money saving tips to more tailored and intensive advice. We currently provide funding to the following national money advice organisations and signpost customers to them via our operating companies' customer-facing websites:

- > **National Debtline** – National Debtline, which is part of the Money Advice Trust, offers free and impartial debt advice over the telephone and online to help clients manage their money with confidence. Our donations help support National Debtline to advise more than 170,000 clients per annum via telephone and webchat. Our funding also contributes to supporting over one million visits per annum made to the National Debtline website to access web guides, fact sheets and sample letters via the 'My Money Steps' tool.
- > **StepChange Debt Charity/Christians Against Poverty** – While our operating companies are working to collect outstanding debt from customers, sometimes they 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 subsidiary 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 2018, the Group's operating companies paid £864,107 (2017: £665,783) to StepChange Debt Charity and Christians Against Poverty in 'Fairshare' contributions.

Through our Social Impact Programme we work with charities and specialist partners to address issues such as money/debt advice, customer vulnerability, product accessibility and financial difficulties.

Annette Saunders
Customer and Vulnerabilities Lead,
Provident Financial Group

The operating companies of Provident Financial Group also provide their customers with information on the Money Advice Service (MAS). MAS, which was initially set up by the Government, provides free and impartial money advice to consumers. The service is funded by a charge levied on the financial services industry and collected by the FCA.

We also provide funding and support to a wide range of intermediary organisations in the money advice sector to build its capacity and contribute to the provision of advice to consumers who find themselves in financial difficulty. In 2018, the Group supported the following intermediary organisations:

- > **The Money Advice Trust** – Partnering with the Money Advice Trust we have completed a programme of training to improve the knowledge, skills and confidence of our colleagues when working with customers who may have a mental health problem or a wider vulnerable situation.
- > **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. Vanquis Bank's dedicated One Call team, which offers additional support through financial capability and capacity assistance, puts customers in touch with IncomeMax. IncomeMax then provides independent personal money advice to help customers take control of their finances.

Corporate responsibility *continued*

Education

Our work on the education theme began in 2017 when we created a communal book space at our Bradford head office, allowing staff to read and share books. Deciding that education should become one of the three pillars of our Social Impact Programme was a straightforward decision, as we know that enabling the children and adults in the communities we serve to improve their levels of educational attainment and develop new skills plays an important role in enabling them to have a better quality of life.

Throughout 2018, we worked with four key partners. These were the national charities the National Literacy Trust and National Numeracy and two smaller organisations; Leading Children and School-Home-Support. We are also a founding member and trustee of the Social Mobility Business Partnership.

National Numeracy Day 2018

From getting the best supermarket deals to managing family finances, or understanding salaries to gaining a promotion at work – we all use numbers in our everyday lives. Despite this, one in two working-age people have numeracy levels associated with primary schoolchildren. So when we were approached by National Numeracy to get involved in the first ever National Numeracy Day in May 2018, we were delighted to sign up as one of the Lead Supporters because, as a financial services business, ensuring that our customers and staff, and the children and adults in the communities we serve understand the basics of numeracy is fundamental to being a responsible financial services company.

Our purpose is to put people on a path to a better everyday life, and key to this is ensuring our customers understand the terms and conditions of the products they are purchasing from us. In order to do this, they require basic numeracy skills. It is also vital that our staff have the right level of numerical knowledge and skill to support our customers throughout their journey with us.

The day was a success and we achieved an excellent response from staff with 695 registering to use the National Numeracy's online assessment tool as well as other free learning resources.

We are in the process of establishing a three-year partnership with National Numeracy, with whom we are developing a programme that will help our colleagues, and those who live in the local communities where we operate, to increase their confidence with numbers.

Leading Children into Literacy



Leading Children is a Bradford-based learning consultancy which has developed a bespoke literacy programme for us to offer to 12 schools local to our head office in Bradford. We decided to develop this programme after becoming aware that only 70% of schoolchildren in Bradford achieve the expected standards in reading, and even less so for writing. There are a wide variety of reasons why this can occur – it could be due to a learning disability, or poor teaching, but it could also be because parents can't afford to buy their children books, or perhaps they can't help their child with their homework because they don't have good literacy standards themselves. Having difficulty when it comes to reading and writing can lead to low self-esteem and self-worth, closed mind-sets, disengagement and lower academic achievements and career prospects.

Through our work with Leading Children, we provide teachers with tools which combine the concepts of reciprocal reading and growth-mindset which helps to change their classroom culture into one that not only allows the children to learn the strategies they need to become good readers and increase their confidence and knowledge, but also enables them to develop a love for reading for pleasure.

Through the Leading Children literacy programme we:

- > Worked with seven primary schools and five secondary schools in Bradford.
- > Positively impacted almost 1,000 primary school students in reading, writing, mindset and wellbeing.
- > Provided training to 27 primary school teachers.

As a result of the programme, all seven primary schools have taken on board the programme as their principle method of teaching comprehension and supporting reading in children from Y2 and above. Out of the five secondary schools who took part, three achieved an average of 61% on their reading scores as a result of the programme whilst the other two achieved an increase of 50% on their reading ages.

Our partnership with the National Literacy Trust

Developing a partnership with National Literacy Trust was a natural progression for us having previously been involved in a small scheme which saw employee volunteers providing one-to-one reading support to children in a number of primary schools in Bradford. Our partnership with National Literacy Trust continued to progress in 2018. We funded the Trust's Words for Work programme in two Bradford secondary schools. This programme aims to increase aspirations for disadvantaged young people, and give them access to the communication and employability skills they may need for their futures. This insight is provided by inviting students into local businesses and engaging with business volunteers. We also funded two Early Words Together programmes which supports parents and carers from disadvantaged communities by giving them the tools they need to support their children's early communication and literacy development.

We have recently established a three-year partnership with the trust which began in January 2019, and will deliver activities with a focus on all stages of a person's literacy development. The activities include the Early Words Together programme, and Words for Work, which will be extended to include a primary school programme and a post-16 programme. In addition to this, we will also pilot a new programme in Bradford called School Gates Volunteers, which will aim to support schools in engaging hard-to-reach parents through a parental peer-to-peer support network.

The Social Mobility Business Partnership

The Group has been a supporter of, and involved in, the Social Mobility Business Partnership (SMBP) since 2014. SMBP is a registered charity, of which the Group is a founding member and trustee, which delivers activities across 16 clusters in Birmingham, Brighton, Bristol, Glasgow, Leeds and Bradford, London, Manchester, Norwich and Reading.

The SMBP works with Year 12 state school students from low income backgrounds to enable them to access business, with a focus on showcasing how commercial departments work with their legal and finance teams to deliver their business strategies. Through the programme, students attend a Work Insight and Skills week, spending a day at four different businesses and a fifth day at a professional sports club where they learn about the psychology of resilience and goal achievement models.

We're supporting both children and adults in their literacy and numeracy education because they are vital skills to securing a brighter financial future.

Cathy Prior
Education Lead,
Provident Financial Group

In 2018, the Group, along with the other regional SMBP partners Burberry, Yorkshire Water, the Ministry of Justice, BT Plusnet, Aviva and ITV, hosted 53 students in the Work Insight and Skills week held in the Leeds and Bradford cluster, with the resilience training provided by the Leeds Rhinos rugby league football club.

In addition to enabling these students to access business, legal and finance work experience during their week with the SMBP partners, they were also able to access support through the programme's bespoke coaching platform which was launched in 2018. Through this platform, participating students can draw on advice on writing impactful CVs and personal statements, completing university and job application forms and preparing for job interviews. As well as coaching guidance, students can opt to receive information and signposting to employment opportunities and recruitment events at our partner organisations.

Supporting the Bradford Literature Festival

In the 140 years since the Group was founded in Bradford, the city has transformed. It is now an incredibly multicultural city with a strong industrial and cultural heritage. But it is not without its challenges. The city is below the national average for primary education reading skills and lags behind Leeds and other northern cities in school league tables.

As one of Bradford's largest employers, we want to inspire young people living in deprived areas to raise their aspirations. We want to help them leave school with the skills they need and ensure a talent pipeline with the skills we need to drive both our business and the local economy forward. We believe our partnership with Bradford Literature Festival, alongside other local organisations, allows us to do this.

We are now in our third year of support for the Festival and have pledged to continue that support until 2020.

Key figures from the 2018 Bradford Literature Festival include:

- > The 2018 Festival successfully delivered 467 events across 10 days of activity.
- > The 335 public, and 132 schools events of the 2018 Festival, attracted an audience of 70,349; a 40% increase on the 2017 audience of 50,158.
- > 52% of tickets to BLF 2018 were given away, or sold at discounted rates as part of the Festival's ethical pricing policy.
- > The BLF Schools Programme more than doubled in scale, growing to 30,676 attendees.
- > Audience diversity increased by 2% to 51% BAME, with 61% of audiences reporting gross household incomes of less than £40,000 annually. 55% of audiences were female.
- > Audience geographic split was 1% international, 13% national, 33% regional and 53% local.

Corporate responsibility *continued*

- > The Festival delivered a new Early Years Programme, funded by the Bradford Opportunity Area, expanded City Park activity, and launched the Young People's programme, funded by the Esme Fairbairn Foundation.
- > The 2018 Festival also saw the launch of the Culture Sector Industry Day – to be significantly developed for BLF 2019.
- > The Festival attained a Net Promoter Score of 9.26, when audiences were asked how likely they would be to recommend the Festival to a friend, family member or colleague, with 10 being extremely likely and 1 not at all likely.

Supporting small community partners

We continue to develop partnerships with Community Foundations as an effective way of disbursing our funding, allowing us to leverage the expertise that they offer, including their due diligence support. It means that we can also harness their local knowledge. As Community Foundations are rooted in the communities they serve, they have unrivalled insight into the specific issues that those communities are dealing with, as well as the small charities that are helping to tackle them effectively. This means that we can channel our funding to the areas where it will have the greatest impact.

We currently have partnerships with:

- > Leeds Community Foundation
- > London Community Foundation
- > Hampshire & Isle of Wight Community Foundation
- > Kent Community Foundation
- > Community Foundation In Wales

In 2018, grants totalling £70,511 were awarded to 17 community organisations.

We partner with Community Foundations around the UK to support a range of small community organisations to address the social inclusion and social mobility issues that are relevant to our customers and the communities where they live and work.

Sharon Orr

Local Community Lead, Provident Financial Group

Tackling barriers to education with School-Home Support



School-Home Support (SHS) is a charity that provides personalised support to children and families to tackle the underlying barriers to successful education and improve the life chances of children. Partnering with schools, local authorities and communities, SHS looks beyond the classroom to understand and tackle the issues affecting children's learning, such as poverty, inadequate housing and mental ill health. The organisation uses early intervention to address the root causes of low attendance and poor behaviour, to ensure that children are in school, ready to learn.

The biggest influence on a child's life is their experiences at home. SHS employs expert practitioners to work with families on addressing a wide range of complex issues, building their engagement and resilience so that they can resolve future issues independently. Without this support, children are much less likely to achieve their best potential.

Working closely with our partner school in Bradford, One In A Million, we provided funding for an SHS practitioner to support a number of young people and their families. From January to December 2018, the practitioner supported 32 individuals on issues such as school attendance, poor housing and mental health. As a result of these interventions, more than half of the young people engaged in the programme saw their school attendance improve. In addition, the practitioner was able to use funding from the SHS Welfare Fund to provide essential items to eight of the families worked with. This included purchasing school uniforms, emergency food and bedding.

The contribution that the SHS practitioner makes not only to the students at One In A Million's school attendance, but also to their quality of life experience, cannot be underestimated or understated. For many young people and their families, she is an invaluable advocate and a bridge to accessing a meaningful educational experience.

Jaz Qadri

Deputy Head, One In A Million

#GiveBradford update



Our partnership with Provident Financial Group means that we can use our local knowledge and expertise to help them address the social inclusion issues that are important to them. We help them to effectively target their investment to the needs of the communities where they operate. It's essential for businesses to support the small charity sector, and Provident does this really well. Their ongoing commitment to small charities is essential.

The Group's employees also have the opportunity to be involved in the grant-making process, which means they can make a valuable contribution to deciding which organisations will receive a grant from the fund.

Matthew Roberts

Head of Development, Leeds Community Foundation

Supported by funding from Provident Financial Group, Leeds Community Foundation launched the #GiveBradford campaign in 2017. The aim of the campaign was to develop a giving platform for corporates and individuals across the district, and to leverage existing funding streams and investments already made. Initial development of the platform was informed by consultation with key stakeholders in the city and this process of collaboration continues through the campaign's steering group which comprises representation from businesses, such as Provident Financial Group and other key organisations from across the city, including Bradford Council.

Funding from the Group has also been used to underwrite the continued growth of The Bradford 100 Club which was launched in 2017. This has continued to attract new members from Bradford's business community who recognise the opportunity to support Bradford's local communities. A number of events have brought members together to network and hear first-hand feedback from organisations funded through the community foundation. As a result of the development of the #GiveBradford campaign, Leeds Community Foundation has been able to:

- > Distribute £1.2 million in grants across the Bradford District.
- > Identify £2.3 million in trust transfers.
- > Set up a new £375,000 "Holiday Hunger" fund with investment from the BG Campbell Trust, Morrisons and the Big Lottery.

Corporate responsibility *continued*

Adding value to United Estates of Wythenshawe (UEW)

UEW was established in 1996 by a group of families and local community leaders in Wythenshawe, South Manchester, and is a social enterprise that provides facilities for local people, including a professional gym, recording studio and therapy rooms, and seeks solutions to local problems such as anti-social behaviour.

When we began our funding partnership with UEW in 2015, we also identified a number of areas where we could offer added value support. We therefore enlisted the help of another of our community partners, Participate Projects, to provide expert and bespoke support for UEW, to help them to secure a more sustainable future. The Participate team are experts in working to address the specific needs of small charities, and following a strategic review and needs analysis, a number of areas were highlighted at UEW for particular focus and support. This has included key areas such as the organisation's strategic aims, governance and fundraising priorities.

As a result of this work, a range of positive outcomes have been achieved, including the securing of additional funding. Of particular importance has been the support provided to UEW to secure funding to enable it to recruit a Development Manager within the organisation. This role is expected to provide much needed resource, working with the CEO to drive the organisation's continued development and success.

I am immensely grateful to Provident Financial Group and Participate Projects for the support that has been provided to UEW. It positively influenced and greatly contributed to our ongoing success and progress in the last three years – all very much down to the experience, enthusiasm, unique delivery and informed support and advice.

Greg Davis

Founder and CEO, United Estates of Wythenshawe

It's important that we enable our people to engage with our community involvement programme. Volunteering provides them with valuable development opportunities, helping them develop skills and build teams while supporting initiatives close to their hearts.

Rob Lawson

*Head of Sustainability,
Provident Financial Group*

Colleague involvement

Our colleagues have a natural propensity to make a positive impact in the communities we serve in a number of ways, and we continue to support them to do this through a range of activities and schemes offered as part of our Social Impact Programme.

Our aim is to give colleagues the tools and resources to contribute to the causes and organisations that mean the most to them, in the way that they feel is most appropriate.

In Bradford, for example, we work with Participate Projects to provide community team challenges for staff to get involved in. These offer a number of important benefits in terms of behavioural and personal skills development. Significantly, during a period where there has been considerable restructuring across the business, the team challenges have been an effective vehicle for bringing new teams and colleagues together in an external environment, to work collaboratively, learn about each other and deliver something valuable for the local community. As a result, in 2018, we saw a significant increase in the number of employees taking part in the team community challenges, with 2,191 hours volunteered during working time.

And by using the expertise and local knowledge of Participate Projects, we can ensure that our community team challenges are tackling the issues where volunteers really can make a difference, based on the specific needs of the community organisation itself. It means that colleagues can truly feel they have added value within the community by working with the rest of their team to deliver something that is absolutely needed.

Employer-led volunteering programmes are also available. For example, staff can volunteer to take part in grant panels to help decide how to allocate funding via our community foundation partnerships. In 2018, we saw employees taking part in panels with the Kent Community Foundation, Leeds Community Foundation and Hampshire & Isle of Wight Community Foundation.

Our reciprocal reading scheme is growing with the ongoing development of our literacy programme. Employees are given specialist training and can use their paid volunteering allowance to support children's reading development as part of a structured programme.

Additionally, we encourage our colleagues to volunteer their time and skills for the community organisations of their choosing. They can also claim a volunteering grant for that organisation.

Our matched funding programme continues its popularity and in 2018 we matched employees fundraising efforts by £30,389.

Engaging the investment community in CR

Given that our CR programme is such an integral part of our purpose and strategic vision, we are keen to share information on our sustainability 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 material issues such as responsible lending, customer satisfaction and corporate governance, as well as on a broader spectrum of issues such as climate change, equality, diversity and inclusion, and human rights.

In 2018, the Group engaged with:

CDP – We made our annual submission of climate change data to CDP (formerly the Carbon Disclosure Project) in August 2018. CDP requests information on the risks and opportunities of climate change from the world's largest companies, on behalf of over 650 institutional investor signatories with a combined US\$87 trillion of assets under management. Through the CDP submission, we can inform investors of any material climate change-related risks and opportunities, and how we manage them. Our 2018 CDP submission was rated 'C Awareness' demonstrating that we have knowledge of our impacts on climate change and of climate change issues more broadly. Our CDP submissions are published at www.cdp.net.



Dow Jones Sustainability Indices – S&P Dow Jones Indices, one of the world's leading index providers, and RobecoSAM, the investment specialist that focuses exclusively on Sustainability Investing, announced the results of the annual Dow Jones Sustainability Indices (DJSI) review in September 2018. In the announcement, Provident Financial plc was notified of its continued inclusion in both Dow Jones Sustainability World Index (DJSI World) and the Dow Jones Sustainability Europe Index (DJSI Europe). Our DJSI score was 62 which is considerably higher than the sector average of 32 for the Diversified Financial Services and Capital Markets industry sector. 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.

MEMBER OF
**Dow Jones
 Sustainability Indices**
 In Collaboration with RobecoSAM

FTSE4Good – Following the annual review undertaken by the FTSE4Good Advisory Committee, we were once again included in the FTSE4Good Index Series. Our overall score was 4.5 out of 5. The FTSE4Good is an extra-financial market index, which measures the performances of over 800 companies against a range of environmental, social and governance (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.



FTSE4Good

Forum ETHIBEL – In September 2018, we were reconfirmed as constituent of the Ethibel Sustainability Index (ESI) Excellence Europe index. The ESI Excellence Europe index is an investment register of companies that show the best CR performance. Inclusion is based on our performance against a wide range of CR parameters and consultation with relevant stakeholders.



ISS-oekom – Also in September 2018, Provident Financial Group received a 'C Prime' corporate rating by ISS-oekom, one of the world's leading rating agencies on sustainable investments. Through corporate rating process, our management of key environmental, social and governance (ESG) issues was analysed on the basis of up to 100 rating criteria. This process was supported by the gathering of information through media and other public sources, conducting interviews with stakeholders, and collecting information on publicly available company policies and practices. Companies qualify as Prime when achieving or exceeding the minimum sustainability performance requirements in their industries. This means that Prime companies rank among the leaders in their industry in terms of their sustainability performance.



Maintaining our place in the mainstream sustainability indices during 2018 was a particularly encouraging achievement for Provident Financial Group. We place a very important emphasis on corporate responsibility and our purpose, and continuing to be represented in these indices helps to show 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.

Malcolm Le May
 Chief Executive Officer

Corporate responsibility *continued*

Our approach to environmental management

Like any other company, Provident Financial Group's business activities impact the environment, whether these occur 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 issues such as climate change.

Action on climate change

We recognise the importance of acting on climate change which poses a significant risk to the global economy and to society in general. In response, we have developed a low carbon strategy to help us reduce the carbon intensity of the Group's operations, products and services.

The Group's low carbon strategy aims to:

- > Demonstrate commitment and leadership in working towards achieving significant reductions in GHG emissions.
- > Continue to measure and benchmark our energy usage and carbon dioxide performance to ensure that we adhere to best practice in carbon management and reduction.
- > Establish challenging targets to enable us to be more efficient with the energy we consume and to reduce the emission of GHGs that arise from our operations, products and services.
- > Influence our customers, employees and suppliers to act on climate change and reduce their carbon footprints.
- > Engage positively and proactively with stakeholders to ensure that the voice of business is heard in the debate on climate change.

Provident Financial Group is committed to minimising its impact on the environment and acting to address specific environmental issues such as climate change.

Rob Lawson
Head of Sustainability,
Provident Financial Group

Environmental management at Provident Financial Group

A key tool in helping us to manage our environmental impacts is our Environmental Management System (EMS). This helps us to identify, assess, and reduce key environmental risks and impacts; set and deliver against environmental targets; and ensure our legal compliance. Our EMS is independently audited each year. The scope of these audits covers the business activities of our Bradford-based head office, a small sample of the Consumer Credit Division's branch offices, and Vanquis Bank's business premises in London and Chatham, Kent.

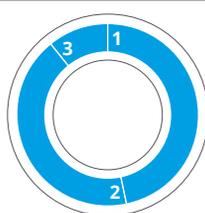
The EMS at our Bradford head office has been certified to the international management standard ISO 14001:2015 since 2011. And following the independent audit that was carried out in 2018, we successfully extended this ISO 14001: 2015 certification to cover all of Vanquis Bank's other operations in London and Chatham.

GHG emissions

During 2018, our scope 1 and 2 emissions and associated scope 3 emissions accounted for 3,852 tonnes of CO₂e. We have also voluntarily reported some of our scope 3 emissions; in particular, indirect 'well-to-tank' emissions from the extraction, refining, distribution, storage, transport and retail of the fuel we use.

GHG emissions in 2018 (tonnes of CO₂e)*

1 Direct CO ₂ (scope 1) CO ₂ e emissions	1,803 (2017: 1,846**)
2 Indirect CO ₂ (scope 2) CO ₂ e emissions	1,637 (2017: 2,176**)
3 Associated indirect CO ₂ (scope 3) CO ₂ e emissions	412 (2017: 1,018**)
Total	3,852 (2017: 5,040**)
Scope 1 and 2 (and associated scope 3) emissions intensity ratio (kg of CO ₂ e/£1,000 of receivables)	1.78 (2017: 2.18**)



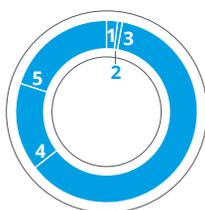
* Our emissions are reported in accordance with WRI/WBCSD Greenhouse Gas (GHG) Protocol. We use an operational control consolidation approach to account for our GHG emissions and use emission conversion factors from Defra/DECC's GHG Conversion Factors for Company Reporting 2013. Our GHG emissions are calculated using energy use data accessed via meters and energy suppliers, and from records of fuel use. These are the emissions the Group is required to disclose in order to meet the requirements of the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

** We have restated our carbon footprint for 2017 due to the availability of improved electricity and gas data at our Bradford head office.

The business travel of our employees continues to make a significant contribution to the Group's overall carbon footprint. During 2018, the business-related journeys made by employees accounted for 8,476 tonnes of CO₂e.

Business travel GHG emissions (tonnes of CO₂e)*

1 Air travel	217
2 Rail travel	86
3 Car travel – own vehicles	6,524
4 Company car fuel use	1,649
5 Extracting, refining and transportation of raw fuel associated with business travel	2,112
Total	10,588



We also monitor the GHG emissions associated with the waste that is generated and handled by the Group and the water that is used in our offices. The GHG emissions associated with these aspects of the Group's activities amounted to 30 tonnes of CO₂e.

3,852

(2017: 5,040)

Total scope 1 and 2 (and associated scope 3) emissions in tonnes of CO₂e

1.78

(2017: 2.18)

Scope 1 and 2 (and associated scope 3) emissions intensity ratio (kg of CO₂e/£1,000 of receivables)

12,409

tonnes of CO₂e

overall operational carbon footprint (2017: 10,697)

Carbon offsetting

We continue to offset all our operational carbon footprint. To offset these emissions, we finance renewable energy projects around the world which help to mitigate the effects our operations have on climate change. In 2019, we offset the GHG emissions associated with the Group's 2018 total operational footprint. This amounted to 12,409 metric tonnes of carbon dioxide equivalent (CO₂e).

Case study

We offset our 2018 GHG emissions through the purchase of Gold Standard-certified carbon credits in the Yuntdag wind power project in Northwest Turkey. This project comprises 17 turbines which each generate 2.5 megawatts of electricity per annum which, taken together, equates to clean and sustainable electricity for more than 80,000 households. The revenues generated by the carbon credits we purchase help to finance the ongoing running of this project which produces electricity that would otherwise have come from the combustion of fossil fuels. The project therefore reduces the amount of emissions going into the atmosphere which contribute to climate change.

The project also generates a number of economic benefits as it actively supports the development of sustainable industries in Turkey, which stimulates the market for renewable energy, and makes use of a local workforce which benefits the local community around the power plant.