



In this report...

Provident Financial is the leading provider of credit products which offer financial inclusion to the 10 to 12 million consumers in the UK and Republic of Ireland (ROI) who are not well served by mainstream lenders or are excluded altogether. The Group serves 2.4 million customers through four brands: Vanquis Bank for credit cards, Provident for home credit, Satsuma for online loans and Moneybarn for car finance.

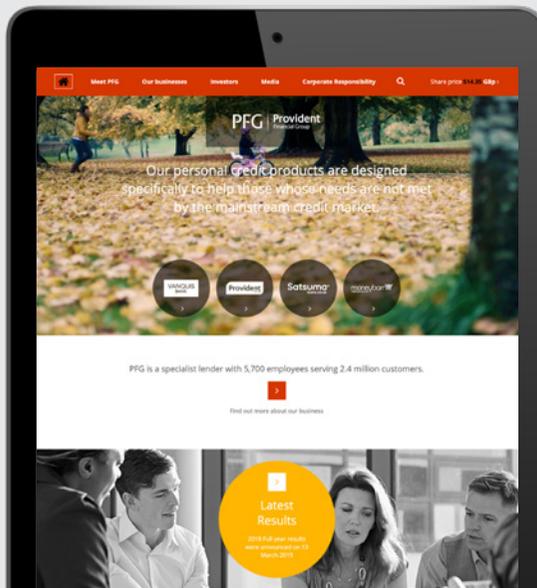
This corporate responsibility (CR) report is designed to provide the reader with a balanced account of how Provident Financial's purpose and strategic drivers are aligned to the Group's responsible business strategy, as well as further details of the progress that has been made during 2018 in delivering against this strategy.

The report relates to the non-financial aspects of Provident Financial plc and its operating divisions – Vanquis Bank, the Consumer Credit Division (CCD) and Moneybarn – in the UK and ROI, and its key stakeholders: customers, employees, shareholders and debt investors, regulators, communities and suppliers. It provides information and updates on our CR activities, performance and achievements for 1 January to 31 December 2018 unless otherwise stated. Further information on Provident Financial can be found in its Annual Report and Financial Statements 2018.

As in previous years, this report has been independently assured by Corporate Citizenship in accordance with the AA1000 Assurance Standard AS1000AS (2008) principles of inclusivity, materiality and responsiveness. It has also been evaluated against the 'Core' Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines – see page 70 for more information.



To view Provident Financial's past CR reports and the Annual Report and Financial Statements 2018, go to: www.providentfinancial.com



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Our highlights for 2018

Here are some key highlights from the Group for 2018. You will find more of these throughout the report, and specifically at the beginning of each chapter. We are particularly proud of the new strategic blueprint we have created, which you can find out more about on page 9.



Lending responsibly
Provident home credit customer satisfaction rate

87%

38%
of our Board are women

Environment

12,409
tonnes of CO₂e offset

Social impact

£1.7m
invested in the community



Read more

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Group snapshot

On this page you will find some key information about Provident Financial. To read more about the Group's businesses, go to page 63.

Adjusted profit before tax
£153.5m



2.4m
customers

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



Our divisions

Home credit

Provident

Customers: 440,000

Loan range: £100–£2,000

Provident offers home credit loans, typically of a few hundred pounds, to consumers on low incomes and tight budgets who require affordable credit to manage the household budget or one-off items of expenditure.

Credit cards

VANQUIS BANK

Customers: 1.8m

Loan range: £250–£4,000

Vanquis Bank is the leading supplier of credit cards to those not well served by mainstream lenders. We provide new customers with a low credit limit and only increase it when we have sufficient experience of the customer handling their account responsibly.

Online lending

Satsuma® loans.co.uk

Customers: 117,000

Loan range: £100–£1,000

Satsuma is our online instalment loan product. We give new customers a small-sum, short-term loan and collect repayments by continuous payment authority either weekly or monthly.

Vehicle finance

moneybarn credit you can trust

Customers: 62,000

Loan range: £4,000–£25,000

Moneybarn is the market leader in the provision of vehicle finance for people not well served by mainstream lenders.

5,708
employees in the
UK and ROI



Our purpose driven business

Malcolm Le May
Chief Executive Officer



This is the second foreword I have written for one of Provident Financial's annual CR reports in my time as the Chief Executive Officer, and it gives me great pleasure to welcome you to it.

I mentioned in my foreword to last year's CR report that during 2018 my priority would be to focus on the operational recovery of our business after the events of 2017.

This initially involved the recapitalisation of the Group's balance sheet through the successful completion of the rights issues in April 2018. Following on from this, my priorities have been to: continue implementing the Provident home credit recovery plan, ensuring full authorisation of the business by the Financial Conduct Authority (FCA), which we gained in November 2018; complete the delivery of the Repayment Option Plan (ROP) refund programme in Vanquis Bank, and ensure that the Bank's business model continues to evolve to meet regulatory changes; maintain a constructive dialogue with the FCA to progress the investigation at Moneybarn; and continue to strengthen the Group's funding, which we did in June 2018 through the issue of £250m of five-year fixed rate bonds. You can read more about the progress we made in all these priority areas on pages 64 to 66 of this report.

Throughout 2018, I have also focused a considerable amount of my attention on working with the Board and colleagues from across the Group to strengthen its corporate governance arrangements, ensuring that the culture of our business is centred on delivering fair and positive outcomes for our customers at every stage of their journey with us, and defining a clear sense of purpose for Provident Financial which takes account of the wider role that our business has in society.

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I am passionate about what our business does and proud of the role it plays in the lives of our 2.4 million customers.

Provident Financial's purpose and strategy

I am passionate about what our business does and proud of the role it plays in the lives of our 2.4 million customers, as well as the role it plays in wider society. This is why I spearheaded the considerable work we undertook throughout 2018 to help us to articulate how we, in running our business, balance providing our customers with excellent and responsible products and services with maintaining high levels of regulatory compliance, providing a stimulating and rewarding place to work for our employees, delivering appropriate and sustainable returns for our shareholders, and taking account of the interests of our other stakeholders. This work enabled us to build a new blueprint for the future of Provident Financial which brings together why we exist as an organisation, framed in the context of the role that we play in our customers' lives.

The first part of our blueprint is our purpose of **helping to put our people on a path to a better everyday life**. This is about ensuring that we 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 ensuring that we deliver fair outcomes to them throughout their journey with us, whether that is 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.

It is also about, for example, ensuring that our community investment activities address the issues that matter most to the everyday lives of our customers, whether that is 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 working with local community partners on social inclusion and social mobility issues relevant to our customers and their communities. I am particularly pleased with how we have used our knowledge and understanding of our customers, and the market we have proudly served since 1880, to shape our approach to community investment throughout 2018 so that is aligned to the Group's purpose.



[Read more](#)

Our blueprint

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Provident Financial's purpose and strategy continued

This purpose is supported by four strategic drivers which, in addition to being the critical pillars of our strategy, under which sit practical priorities, underpin our commitment to ensure that our 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 are customers, employees or suppliers, and 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.

Finally, both the purpose and strategic drivers are accompanied by three behaviours which will focus on creating 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.

Corporate governance

We also made great strides in strengthening the Group's corporate governance framework in 2018 to not only improve the oversight that is provided by the Board and the senior management team on regulatory, risk and conduct matters, but also in terms of overseeing the embedding of the blueprint, and monitoring the culture and ethics of the Group. This involved ensuring that the Group's Executive Committee, which was established in early 2018 and comprises Group and divisional executives, plays a far greater role in overseeing the development, embedding and monitoring of the culture and ethics of Provident Financial and ensuring that they are consistent with being a trusted, responsible and sustainable business.

It has also involved formally establishing the Customer, Culture and Ethics Committee, which is a Committee of the Provident Financial plc Board and will be chaired by non-executive director Elizabeth Chambers. This new Committee will oversee the Board's compliance with the new corporate governance requirements under the 2018 UK Corporate Governance Code, and will be responsible for reviewing the Group's culture and business processes to ensure that they are focused on delivering fairer customer outcomes and provide oversight of management's delivery and embedding of the new blueprint. In focusing on these areas, I am confident 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 CR programme is governed and managed by providing oversight of the 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.

Closing remarks

In 2018, we have made significant progress in delivering against the operational objectives that we set ourselves at the beginning of the year. We have also established a solid corporate governance foundation upon which we can build and embed a culture that is focused on achieving sustainable financial growth through the delivery of better outcomes for our customers and other key stakeholders, as well as taking account of our wider societal impacts.

As you may know from reading our Annual Report and Financial Statements 2018, on 22 February 2019, Non-Standard Finance plc made an unsolicited

offer for the Group. At the time, I, along with the rest of the Provident Financial plc Board, made clear that we believed that the offer was not in the best interests of Provident Financial's customers, shareholders and other stakeholders. On 4 June 2019, Non-Standard Finance plc announced the offer for the Group had formally been withdrawn. We will therefore continue to run our business in accordance with the Group's purpose and strategy, by providing our customers with credit products which are appropriate for their circumstances and deliver good customer outcomes. This will enable us to continue to grow our business in a responsible and sustainable way that balances profit and purpose.

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

Malcolm Le May
Chief Executive Officer
Provident Financial plc

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We have made significant progress in delivering against the operational objectives that we set ourselves at the beginning of the year.



Rob Lawson
Head of Sustainability



Serving our customers responsibly

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Our redefined purpose of helping to put people on a path to a better everyday life is an important first step in informing the culture of our business to ensure that it places customers and their needs firmly at the heart of the Group's strategy.

In my message in the introduction to last year's CR report, I made the point that in 2018, as we emerged out of the difficulties we encountered in 2017, it was essential that we reinforce and build on the importance and relevance of our purpose – Provident Financial's reason for being, not only in the way that we operate our business, ensuring that we continue to lend responsibly and sustainably to our 2.4 million customers, but also in the way that we treat our people, contractors and suppliers, the role we play in our local communities and as a steward of the environment, and how we engage with our shareholders and debt investors, regulators and the tax authorities.

Throughout the year, this is precisely what the Group has done. This has seen us undertake work which laid the foundations for the new purpose and strategy that we launched in February 2019. Our redefined purpose of **helping to put people on a path to a better everyday life** is an important first step in informing the culture of our business to ensure that it places customers and their needs firmly at the heart of the Group's strategy. This will ultimately help us to balance delivering responsible and sustainable products, services and partnerships to our customers, maintaining high levels of regulatory compliance, and providing a stimulating and rewarding workplace for our employees, while generating appropriate, sustainable returns for our shareholders. We also established the Customer, Culture and Ethics Committee, a new formal Committee of the Provident Financial plc Board, which will support the Board in overseeing policies, procedures, standards and progress against agreed metrics, to ensure that the Group conducts and develops business responsibly and consistently in accordance with the company's customer objectives, purpose and corporate culture. Both these significant developments will help to support the way that the Group's CR programme is governed and managed, and ensure that issues such as climate change, equality, diversity and inclusion, and business ethics are factored into boardroom discussions.

While we have dedicated a significant amount of time and effort during 2018 to articulating our new purpose and strategy, and strengthening our governance framework, we have also focused our attention on ensuring that our CR programme continues to evolve and address the issues that matter most to our business and stakeholders. This has seen us sign up to the Women in Finance Charter, work with a number of mental health charities to establish a network of Mental Health First Aiders, continue to invest in the many communities we serve, and extend the scope of the environmental management system that we have in place across the business that is certified to the internationally recognised standard ISO 14001:2015 to include all of Vanquis Bank's operations in Bradford, Chatham and London.

As Malcolm has mentioned in his introductory statement on the previous page, our business has spent the past few months defending an unsolicited offer that was made for the Group by Non-Standard Finance plc on 22 February 2019. Now that this offer has been formally withdrawn, we will return our attention to delivering a CR programme that continues to address the issues that matter most to our customers so that we can help change their lives for the better, building lasting relationships with all our stakeholders, whether they are customers, employees or suppliers, and balancing profit and purpose in all that we do to ensure that we generate a financial return while responding to the needs of our stakeholders.

If you have any feedback on, or require further information about, this CR report or the programme of activity that underpins it, please contact us at corporateresponsibility@providentfinancial.com.

Rob Lawson
Head of Sustainability
Provident Financial plc