

Our approach to sustainability

Corporate Responsibility Report 2019





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 2.3 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 2019 in delivering against this strategy.

The report relates to the non-financial aspects of Provident Financial plc and its operating divisions – Vanquis Bank, Moneybarn and the Consumer Credit Division (CCD) – in the UK and ROI, and its key stakeholders: customers, 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 2019 unless otherwise stated. Further information on Provident Financial can be found in its Annual Report and Financial Statements 2019.

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



To view Provident Financial's past CR Reports and the Annual Report and Financial Statements 2019, go to www.providentfinancial.com



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Our highlights for 2019

Here are some key highlights from the Group for 2019. You will find more of these throughout the report, and specifically at the beginning of each chapter.

86%

of colleagues care about the future of PFG

36%

of colleagues participate in Company-led saving schemes

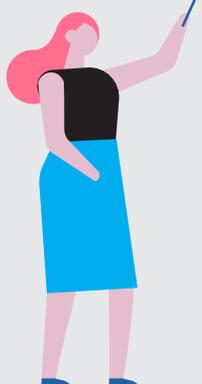
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10,000

tonnes of CO₂e offset

41%

of management representation are female



£1.45m

invested in the community

53

staff have been trained as Mental Health First Aiders

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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, see our [Annual Report and Financial Statements 2019](#).

www.providentfinancial.com/investors

Adjusted profit before tax

£162.6m

Customers

2.3m

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

Employees

4,854

in the UK and ROI



To read more about the marketplace of each business go to [page 24](#) of our [Annual Report](#)

Our divisions

Credit cards



Credit cards and personal loans

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.

Customers:

1.7m

Credit card and loan range:

£250–£4,000

Vehicle finance



Vehicle finance

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

Customers:

77,000

Loan range:

£4,000–£25,000

Home credit and online loans



Home credit

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.

Customers:

386,000

Loan range:

£100–£2,500



Online lending

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.

Customers:

136,000

Loan range:

£100–£1,000



A message from our CEO

This is the third 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.

Malcolm Le May
Chief Executive Officer



Introduction

Welcome to our 2019 Corporate Responsibility (CR) Report. This year, for the first time, our CR Report is being published on the same day as our 2019 Annual Report and Financial Statements. We have done this to further underline the important role that our CR programme plays in our business strategy and the long-term success of Provident Financial.

Provident Financial, for the last 140 years, has been helping to put people on a path to a better everyday life by providing our customers with the tailored and affordable credit products that meet their particular needs and enable them to do the things they want to do in their lives, and also by

ensuring that we deliver fair outcomes to them throughout their journeys with us. I am proud to say that this is our purpose, our reason for being, and what motivates me to work for Provident Financial.

But I know that our purpose is about so much more than this. It also reflects the wider role that Provident Financial plays in society and is about ensuring that operating responsibly and sustainably is at the core of what our business does. This means addressing the wider impacts that our business has. From climate change to equality, diversity and inclusion, and social mobility to mental health, I recognise that Provident Financial has an important role to play.

Embedding our Blueprint



Our purpose reflects the wider role that Provident Financial plays in society and is about ensuring that operating responsibly and sustainably is at the core of what our business does.

The CR programme we have operated across Provident Financial for well over 15 years, and which underpins the content of our CR Reports, is therefore fundamental to the successful delivery of our purpose and is a key component of our corporate culture.

Embedding our Blueprint

When I became Chief Executive Officer at Provident Financial in early 2018, I made it clear that a key priority for our business was to realign the culture of the Group to the developing needs of our customers to deliver better outcomes for them. In addition to this I wanted to balance profit and purpose to generate a financial return while responding to the important needs and wants of our key stakeholders. To enable us to do this, we developed our Blueprint to support our purpose of helping to put people on a path to a better everyday life. This also comprised our strategic drivers and behaviours. And despite having to successfully defend an unsolicited bid for the Group made by Non-Standard Finance plc, which caused a huge amount of disruption throughout the first half of 2019, we have made a huge amount of progress in integrating the Blueprint into what we do and how we do it. This has seen us launch the Blueprint to 150 leaders and influencers from across our business, roll it out to all colleagues via workshops, meetings and digital communications, and then convene a series of 'Big Blueprint Conversation' events to help colleagues make the connection between the Blueprint and the work they do.

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A message from our CEO continued



A key focus for us during 2019 was on improving colleague engagement. To this end, we carried out a Group-wide colleague survey so that all our colleagues had the opportunity to share their honest thoughts and feelings with us.

We have made excellent progress in delivering our business strategy in accordance with our Blueprint

Read more on [page 9](#)



Governing and managing our Blueprint

Having successfully launched and explained our Blueprint to colleagues throughout 2019, a key priority for us in 2020 will be to demonstrate that it is being lived by everyone within our business regardless of their role. To help us to do this we developed and approved Blueprint and customer outcome dashboards which contain a series of metrics that can be applied across the Group to measure our progress in terms of implementing the Blueprint, as well as monitor whether we are delivering our business activities in accordance with our purpose, strategic drivers and behaviours. These will be used by the Group Executive Committee to support the ongoing embedding of our Blueprint and to monitor the culture and ethics of Provident Financial more generally. They will also be used by the Customer, Culture and Ethics (CCE) Committee we established in 2019 to monitor and challenge the Group's performance both in terms of Blueprint implementation and the customer outcomes that are being delivered at a Group-wide level. As such, the governance and management arrangements we now have in place will have an important role to play in continuing to deliver cultural change across the Group and ensure we always put the customer on the team.

Continual improvement in our CR programme

Despite the turbulence we experienced in 2019, we have made great progress in ensuring that our CR programme continues to support our Blueprint. This has seen us focus our attention on ensuring that we do more to create a talent pipeline of future women leaders within our business, and deliver a Next Generation Women's Leadership Programme to the first cohort of

female colleagues at the middle/senior management level and host a number of 'speaker series' sessions at our main offices to encourage colleagues to think about how we can better nurture and celebrate a culture of equality, diversity and inclusion (EDI) across all our businesses. We also launched a new Group-wide volunteering policy in 2019 which builds on the great work we have been delivering in the communities we serve by offering colleagues a day of paid leave to volunteer for a community organisation of their choice. In doing so, our colleagues will hopefully be further motivated and engaged, and will understand the factors which can prevent people from getting onto a path to a better everyday life. Finally, it was heartening for Provident Financial to continue to be included in both the Dow Jones Sustainability World Index (DJSI World) and the Dow Jones Sustainability Europe Index (DJSI Europe). These important indices measure and analyse the impact that our business has in the world beyond our day-to-day business: in our environment, our industry and our wider society. Maintaining our position in these prestigious indices is, I feel, an acknowledgement of Provident Financial's continued efforts to ensure that our purpose is a core component of our business strategy.

Improving colleague engagement

I am aware that the past two years or so have been challenging and disruptive for many colleagues from across the Group. I was therefore keen that a key focus for us during 2019 was on improving colleague engagement. To this end, we carried out a Group-wide colleague survey through October and November so that all our colleagues had the opportunity to share their honest thoughts and feelings with us.

Almost 70% of colleagues took the time to respond to the survey and headline results are set out on page 31 of this report.

We have started to make good progress in analysing the findings and sharing them with colleagues in all parts of our business, and throughout 2020 we will focus our attention on the areas where we can improve colleague engagement. I also know that colleague engagement helps support the development of a diverse, open and inclusive workplace culture. This is why we signed up to the Women in Finance Charter in 2019. Being a Charter signatory underlines our commitment to focus on attracting, retaining and developing talented women to not only enable us to achieve a gender balanced workforce, but also to create a diverse, open and inclusive culture where everyone is a valued member of the Provident Financial team.

Closing remarks

Despite the challenges we faced in 2019, we have made excellent progress in delivering our business strategy in accordance with our Blueprint. Our future is bright and we are uniquely placed within our market to continue to help put people on a path to a better everyday life. As ever, I welcome any feedback that you may have on this report and our approach to 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



A message from our Head of Sustainability

Operating a responsible and sustainable business



In the words of that well-used sporting cliché, 2019 was very much a game of two halves.

We started the year in a positive manner by building on the foundations we laid in 2018 to realign the culture of the Group to the growing needs of our customers and other key stakeholders and launching our Blueprint to define our purpose and set out our long-term direction. However, much of the remaining first half of 2019 was spent successfully defending the unsolicited offer made by Non-Standard Finance plc which inevitably caused disruption and distraction for many colleagues across our business. Despite having had to deal with this challenge, during the second half of 2019 we made excellent progress embedding our Blueprint within the culture of our business and ensuring that our Group-wide CR programme supports our purpose of helping to put people on a path to a better everyday life.

This is, in and of itself, important for our business as we deliver our vision and plans, and continue to provide the one in five adults in the UK who are not well served by mainstream lenders with responsible and sustainable products and services. It also plays a vital role in enabling us to respond to the growing and varied needs of our key stakeholders, as well as be a positive force



This report is one of the main opportunities we have to share an open and honest account of the progress we have made in delivering our business activities in accordance with our Blueprint.

in tackling some of the significant shared challenges that are confronting the world and society.

We know that we have a responsibility to ensure that, through the running of our business, we have a positive impact on the natural world and the many communities that we interact with. Through the work we have undertaken over the past 18 months on the United Nations' Sustainable Development Goals, we are acutely aware that addressing the causes of poverty, taking action on climate change, improving diversity and reducing inequalities, and contributing to the provision of quality education are some of the key challenges that are relevant to our purpose and business strategy. This is why our CR programme seeks to make a positive contribution towards addressing them. This has seen us, during 2019, continue to have a positive impact in the communities we serve through the customer vulnerability, education and social inclusion workstreams of our Social Impact Programme, provide mental health support to colleagues, build on our work in the gender diversity space to address the broader diversity and inclusivity agenda, and take some initial steps towards meeting the recommendations of the Task Force on Climate-related Financial Disclosures.

In order for Provident Financial to contribute to addressing these key challenges, at the same time as continuing to embed our Blueprint within the Group, it is essential that we integrate sustainability considerations into the governance and management arrangements of the business. This is another area where we have made good progress throughout 2019. This has seen us develop our performance management frameworks so that they take account of issues such as gender diversity and also reflect our purpose and behaviours. Also, the formal establishment of the Customer, Culture and Ethics Committee, whose meetings I attend on a regular basis, will, through the work that we carried out to develop dashboards for the reporting on metrics relating to both our Blueprint and customer outcomes, enhance the Board's oversight of our culture and the journeys of our customers.

This report is one of the main opportunities we have to share an open and honest account of the progress we have made in delivering our business activities in accordance with our Blueprint, while at the same time managing our key sustainability impacts. It shows the areas where we have had great successes, as well as highlighting challenges where we know that there is a lot more for us to do. In terms of addressing these challenges, I recognise that it will require our continued commitment and dedication. However, I know that it will enable us to deliver our vision and plans, and ensure that we help put people on a path to a better everyday life.

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

Rob Lawson
Head of Sustainability
Provident Financial plc