

Engaging with our stakeholders

Acting responsibly and sustainably in our stakeholder relationships

Our key stakeholders have an important role to play in enabling us to operate our business in accordance with our purpose. This is why a key aspect of our CR strategy relates to acting responsibly and sustainably in all the relationships we have with our key stakeholders. We have therefore identified the following stakeholders as being key to our business activities: customers, colleagues, communities, suppliers, investors (both debt and equity), regulators and government. The Group can also impact, or be impacted by, the environment.

This year, in order to comply with the requirements of section 172 of the Companies Act 2006, we have produced a statement which is included in our 2019 Annual Report and Financial Statements and explains how the Provident Financial plc Board of directors has taken wider stakeholders' needs into account while performing its duties throughout 2019. This statement sets out more about the stakeholders we have identified as being relevant to our businesses, as well as how we engaged with them during 2019.

Our 2019 Annual Report and Financial Statements also provides an overview of how the Group more generally engages with key stakeholders to ensure that we can understand, and where appropriate respond to, their views and concerns with regard to a wide range of issues. By balancing the interests of our stakeholders, lending responsibly, and contributing to wider society we can maintain a reputation for high standards of business conduct. More information on our section 172 statement and wider stakeholder engagement activities can be found in our 2019 Annual Report and Financial Statements at www.providentfinancial.com/investors.

Undertaking materiality assessments

In accordance with sustainability reporting best practice, we also continue to engage with our stakeholders to ensure that we manage and report on the CR issues that matter most to them and our business. We do this by undertaking materiality assessments at least every two years to identify and prioritise the CR issues that are material to the Group. This exercise helps to inform our 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 undertaken in early 2019 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 matrix that is set out overleaf.

Clearly issues such as responsible lending practices, customer satisfaction and customer care, financial wellbeing and customer vulnerability continue to be priorities for the Group given what we do as a business. This is why we, in the day-to-day running of our business, place such emphasis on ensuring that we responsibly provide our customers with the credit products that meet their particular needs and deliver fair customer outcomes throughout their journey with us, whilst supporting their financial wellbeing and inclusion. The exercise also underlines how important issues such as environmental protection and equality, diversity and inclusion (EDI) have become to a business like ours.

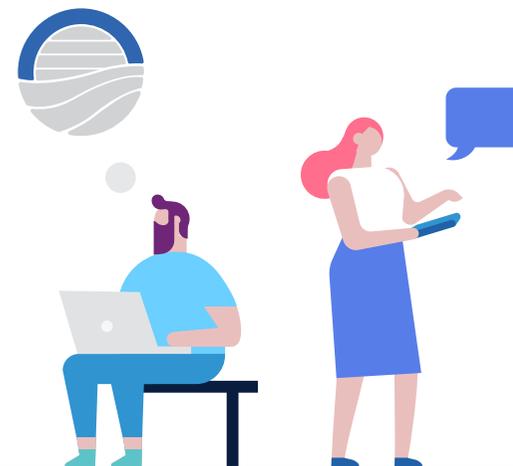
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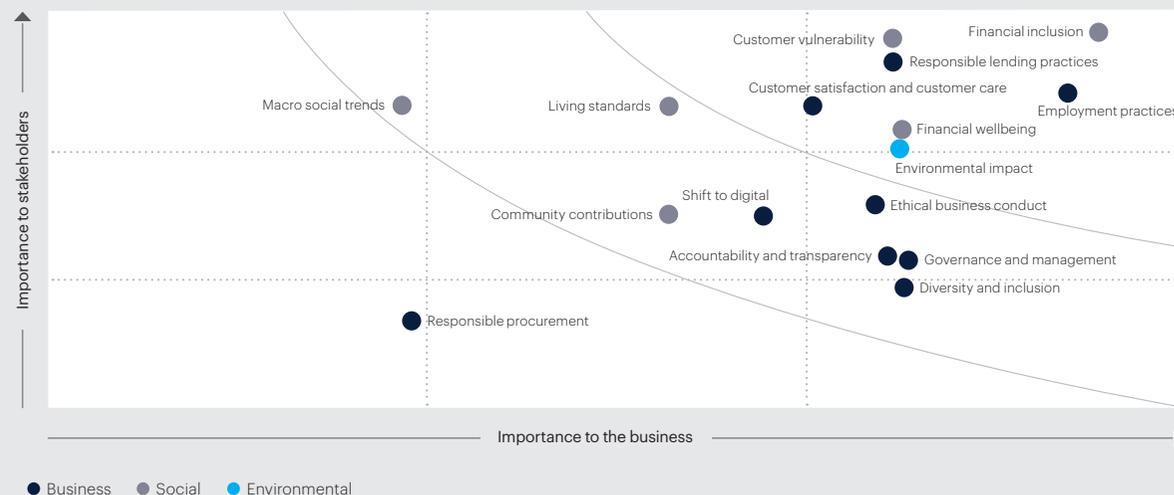
Engaging with our stakeholders continued



We have also aligned the most material issues to our business to our Strategic Blueprint, to ensure that we consider our responsibilities and behaviours towards these topics, each and every day.



Materiality matrix



Purpose

A great purpose leads to great action

- Financial wellbeing and financial inclusion



Strategic drivers

Customer progression

- Responsible lending practices

Head AND heart decisions

- Customer satisfaction and customer care



Behaviours

Be hungry for better

- Employment practices

Put the customer on the team

- Customer vulnerability

Act like it's yours

- Environmental impact