

PFG

Provident
Financial Group

Provident Financial Group
Corporate Policies

Introduction

The Provident Financial Group corporate policy manual, which is reviewed, monitored and approved by the board of Provident Financial plc, sets out the codes of conduct, controls, processes and requirements of all employees, divisions and the Corporate Office within Provident Financial plc. They are a key element of the Group's corporate governance framework and help the business to demonstrate that it meets the requirements of the UK Corporate Governance Code and complies with all applicable laws and regulations.

The detailed policy requirements are aligned with the Group's strategy, risk appetite and corporate values and support the Group's commitment to operate its business activities in a sustainable, socially responsible and ethical way which means that the Group must act with integrity in all of its business dealings and as a Group have zero tolerance to corruption in any form.

The divisional boards and senior management within the Corporate Office are responsible for maintaining adequate procedures and controls to ensure that they and their businesses comply with the corporate policies and the Group and divisional Finance Director's will be the responsible senior managers for ensuring compliance with the Corporate Policies within their division or corporate office.

Non-compliance with these policies is not acceptable and any potential areas of non-compliance must be immediately escalated to the relevant Policy Owner for the appropriate course of action to be considered. Persistent non-compliance may result in disciplinary action.

In order to demonstrate compliance, each divisional Managing Director, Finance Director and relevant senior management within the Corporate Office must certify compliance with the Group's corporate policies bi-annually within two weeks of the end of the relevant financial period for the Group reporting (i.e. June and December). The certification must be supported by documentary evidence that a due process has been followed in completing the certificate. The status of compliance along with a summary of the timeliness and adequacy of the certification received, together with specific policy exceptions, will be reported to the board of Provident Financial plc.

Finally, as part of their ongoing assurance programme, internal audit will review the adequacy of the procedures adopted by management in ensuring compliance with our corporate policies.

A summary of the policies that related to business conduct, corporate affairs, and legislation and regulation are set out below:

Business Conduct

Purpose

Provident Financial Group is committed to ensuring that the Group and its Divisions operate in a responsible and ethical manner in line with the Group's values and commitment to sound business practices which include the prevention of corruption.

Prevention of Tax Evasion and Facilitation of Tax Evasion

Provident Financial Group takes a zero-tolerance approach to criminal tax evasion and the criminal facilitation of tax evasion. Provident Financial will not tolerate any of its associates (employees, agents and other third party suppliers, including contractors) undertaking tax evasion themselves or taking action to facilitate tax evasion by another person.

Provident Financial Group, in accordance with its existing Anti-Money Laundering policy and procedures, is also committed to preventing its business activity and the services it provides

from being exploited for money laundering and financial crime purposes, including criminal tax evasion, and is committed to identifying and reporting any suspicion of criminal tax evasion that it encounters in the course of its business activity.

Health and Safety

The board of Provident Financial plc shall have overall responsibility for Group health, safety and well-being. It shall ensure that health, safety and well-being are integral to the way in which its Divisions operate and shall also consult with health and safety professionals, where required, in order to achieve this. Provident Financial Group is committed to protecting the health, safety and well-being for its employees, self-employed agents, contractors, suppliers and customers.

Conduct Affairs with Integrity

The trading activities of Provident Financial Group shall be conducted with honesty, integrity and in accordance with current law and regulation.

Whistleblowing

Provident Financial Group is committed to fostering a culture of openness, honesty and accountability and requires the highest possible standards of professional and ethical conduct of itself and from all employees, self-employed agents, contractors, and relevant third parties. It is also committed to ensuring that all employees, self-employed agents, contractors, and relevant third parties can raise any concerns they may have about illegal or improper behaviour without fear of victimisation, discrimination or disadvantage.

An external third party helpline facility has been established by Provident Financial plc for employees to raise anonymous concerns relating to the Provident Financial Group.

Corporate Hospitality

This policy does not prohibit normal and appropriate gifts and hospitality (given and received) to or from Third Parties per se. It does, however, include the following requirements.

Each Division and the Corporate Office shall design and implement a policy which provides for review, approval and documentation of any gifts or corporate hospitality which are accepted, offered or provided.

Anti-bribery and Corruption

Provident Financial Group takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships, wherever it operates, and implementing and enforcing effective management systems to counter bribery, corruption and other financial crimes.

This policy applies to all employees, self-employed agents, contractors and directors in relation to the business activities undertaken by, or on behalf of the Provident Financial Group. It also applies to any third party which is undertaking business for or on behalf of Provident Financial Group, who must comply with this policy or maintain equivalent standards and safeguards to prevent bribery and corruption.

Under this policy, all employees, self-employed agents, contractors, directors, and relevant third parties of the Group and its Divisions must comply with the following minimum requirements:

- They must not directly or indirectly engage in bribery or corruption in any form.
- They also must not accept, solicit, agree to receive, promise, offer or give a bribe, facilitation payment, kickback or other improper payment.

If an employee, self-employed agent, contractor, director or a relevant third party of the Group or its Divisions becomes aware of a breach of the above minimum requirements they must immediately comply with applicable protocols and procedures to inform an appropriate person within Provident Financial Group who must as soon as is reasonably practicable report the incident to the Deputy Company Secretary.

It is also not acceptable to threaten or retaliate against another individual who has refused to commit a bribery offence or who has raised concerns under this policy or to otherwise engage in any other activity that might lead to a breach of this policy.

No Political Donations

Provident Financial Group will not make direct or indirect financial contributions to government officials, representatives, politicians or political parties.

Equality, Diversity and Inclusion

The Group is committed to supporting diversity and to creating an inclusive culture for its employees and other stakeholders, including customers, suppliers and contractors. This means understanding the potential that all people bring to the workplace and recognising their differences regardless of: age, disability, gender, gender reassignment, marital and civil partnership status, pregnancy and maternity, race, religion or belief or absence of religion or belief, or sexual orientation.

The Group should seek to exceed the minimum requirements set out in legislation and proactively encourage a culture that supports equality, diversity and inclusion.

In the conduct of its business activities, the Provident Financial Group will respect all fundamental human rights. In doing so, the Provident Financial Group supports the United Nations Universal Declaration of Human Rights (UNUDHR), the United Nations Declaration on the Rights of Indigenous People (UNDRIP) and the International Labour Organization's (ILO) Fundamental Conventions which cover freedom of association and collective bargaining, the abolition of all forms of compulsory and forced labour, respect for equality and the elimination of child labour. The Group also acknowledges the United Nations Guiding Principles on Business and Human Rights as the recognised framework for the Group and its Divisions to respect human rights in their own operations and through their relationships with other key stakeholders (e.g. suppliers).

Each Division must design and implement an Equality & Diversity Policy which complies with statutory provisions and is approved by Group Legal Employment. The policy must comply with Equality legislation and must promote equality of opportunity for all employees. It must also focus on:

- Providing employees with a working environment that is free from discrimination.
- Ensuring that decisions affecting employment, training, promotion and career development are based on an individual's ability and genuine occupational requirements.
- Complying with relevant legislation by requiring all employees to meet the minimum standards of behaviour and conduct in relation to how they treat their colleagues and other people they have contact with as part of their work.
- Providing employees and managers with the appropriate information on equality, diversity and inclusion in the workplace as well as providing equality, diversity and inclusion training for all employees.
- Making adjustments to meet the needs of disabled employees, workers and customers where reasonable and practicable to do so.
- Providing products and services to customers without any form of unlawful discrimination and/or harassment.

Corporate Affairs

Purpose

Provident Financial Group is committed to meeting the highest practicable standards of corporate responsibility in its own operations.

Community Involvement

Provident Financial Group is committed to being an active and supportive member of the community and strives to ensure that its investment has a sustainable benefit to the communities it serves and the business itself. The Group's approach to community investment is to support charitable organisations, community organisations, social enterprises and other partners that support our social purpose by addressing key barriers to financial inclusion and helping people overcome them. Provident Financial Group does this not only through the provision of funding, but also through in-kind contribution and the volunteering time of our colleagues. In terms of the provision of funding, Provident Financial Group will invest at least 1% of group profit before tax in the community through its community investment activities, money advice programmes and social research.

Provident Financial Group's Head of Sustainability is responsible for ensuring that all the group's community investment activities are aligned to the social purpose of the Group.

Each Division must establish processes and procedures which enable employees to volunteer to participate in community investment and/or charity fundraising activities.

The Group Head of Sustainability is responsible for engaging in dialogue with internal and external stakeholders to review the scope, impact and efficacy of the Group's community investment strategy and to make recommendations and appropriate changes to the community programme which would improve the delivery and overall success of the scheme.

The Group's Head of Sustainability will oversee the monitoring and reporting of performance of the group's community investment activities.

This performance information will be published externally in the Annual Report & Financial Statements, the annual Corporate Responsibility Report, corporate website and other appropriate reporting channels, such as the London Benchmarking Group and in sustainability indices. It will also be, where appropriate, published internally and made available to colleagues.

Environmental Management Programme

Provident Financial Group is committed to conducting its business in a manner that minimises its impact on the environment. We recognise the importance of acting on climate change, as it poses a significant risk to the global economy and to society in general. By managing our day-to-day business operations in an efficient and responsible manner, we can reduce both our direct and indirect impacts on the planet.

The Provident Financial Group Environmental Policy sets out the requirements to control and mitigate the environmental risk within the group's businesses. This includes risks that are associated with the direct impacts of energy and resource consumption, as well as the indirect impacts of our procurement processes and lending activities. This is good practice and is an important facet of being a responsible and sustainable financial services provider.

The scope of this policy applies to all Divisions.

At a minimum, this policy requires that the Provident Financial Group meet or exceeds the requirements of all relevant environmental legislation, regulations and/or approved codes of practice in each country in which they operate.

This policy also commits the Group and its Divisions to:

- Operate a continuous improvement programme which aims to reduce the Group's consumption of resources (e.g. energy, fuel, paper and water) and increase the efficiency of the use of these resources. This will include establishing objectives and targets to measure environmental performance and subsequently to evaluate, on at least a bi-annual basis, whether such objectives and targets have been met and how further improvements in environmental performance could be achieved.
- Where practicable, avoid or minimise the use of hazardous or toxic material or products, and preventing pollution from their operations and facilities.
- Integrate environmental considerations into procurement processes for goods and services and encourage our suppliers and business partners, to adopt good environmental practices and where appropriate, collaborate with them on solutions to mitigate our impacts on the environment.
- Reduce greenhouse gas emissions from our direct operations by investing in sustainable buildings and technology, implementing energy efficient technologies and managing our business travel activities.
- Raise colleague awareness of environmental issues and encourage them to adopt environmentally responsible behaviour to enable them to play a meaningful role in implementing this policy.
- Ensure that this policy is brought to the attention of all employees and to third parties who work for the Group, as appropriate. Report annually on their environmental performance to the Group Head of Sustainability and to their divisional environmental working group. This information will be monitored and published externally in the Annual Report & Financial Statements and in the annual Corporate Responsibility Report and on the corporate website.

Annual Corporate Responsibility Report and Audit

Overall responsibility for the Group's Corporate Responsibility Programme rests with the Group Chief Executive Officer. Corporate responsibility and community affairs must be regularly considered by the Executive Committee, and a corporate affairs activity report, which includes updates on the Corporate Responsibility Programme and community involvement activities, must be presented at each board meeting.

The Executive Committee must review and approve the Corporate Responsibility Programme and budget, and will be responsible for monitoring the implementation of the Corporate Responsibility Programme.

Day-to-day management of the Corporate Responsibility Programme is undertaken by the Group Head of Sustainability, Group Community Affairs Manager and Group Community Affairs Executive.

The Group will also publish a stand-alone, annual Corporate Responsibility Report which provides stakeholders with a full and balanced account of the Group's social responsibility activities, progress and performance.

The data and accompanying commentary contained within the Group's annual Corporate Responsibility Report must be externally assured. This is done to reassure stakeholders that the Group's corporate responsibility management systems, processes and procedures are well managed and in accordance with legislation and best practice. It also provides reassurance that the Group's reports and any data disclosed in them are accurate, complete and material.

Legislation and Regulation

Purpose

Provident Financial Group is committed to complying with all applicable legislation and regulatory requirements.

Anti-Money Laundering and Counter Terrorist Financing

Divisional boards must take into account all relevant information and risk factors, including factors relating to customers, the geographic area or country from which divisional business activities are carried out, products, services, transactions and delivery channels in the evaluation of Anti-Money Laundering (AML) risks and Counter Terrorist Financing (CTF) risks associated with divisional business activities. Divisional boards must also take into account the size and nature of their business activity to determine what steps are appropriate and to create policies and procedures commensurate with the risks.

Divisional boards must appoint a responsible person as the Money Laundering Reporting Officer (MLRO) who will create, update and ensure compliance with policies and procedures. The MLRO will also ensure there are adequate controls in place to mitigate and manage effectively any AML and CTF risks.

All relevant employees must be trained in respect of AML and CTF with refresher training carried out and documented annually. Divisional managers must ensure their employees understand their AML and CTF obligations.

Divisional MLROs must agree a risk based approach to dealing with money laundering and terrorist financing risks which is consistent across the Divisions. Divisional boards must request a report from their MLRO annually which sets out the policies and procedures in place and reports on compliance with these procedures and the adequacy of its controls, highlighting any areas of concern.

Data Protection

Each Division and the Group/Corporate Office must have a designated individual responsible for data protection compliance (Data Privacy/Protection Officer (DPO)). The name and contact details of this individual must be sent to the Company Secretary and General Counsel.

The divisional DPO's must report to the Group DPO, at a frequency required by the Group DPO, on their compliance with data protection in relation to key activities such as, but not limited to:

- maintaining a record of divisional processing activities;
- ensuring that individuals' rights are processed within regulatory timescales;
- demonstrating a robust data protection framework and controls; and
- reporting on any non-compliance against any Divisional or Group Data Protection/Privacy Policies.

Procurement

All Divisions must implement appropriate procurement policies, processes and controls.

Procurement processes must involve due consideration of the corporate responsibility practices of the supplier to ensure that there are no conflicts with the Group's culture, relevant policies and the Group's core values. The Group's corporate responsibility assessment questionnaire should be used to support procurement decisions and areas of non-compliance should be referred to the Group Corporate Responsibility Manager for approval.