

Provident Financial
Corporate Responsibility Report



About this report

Welcome to our 2013 CR report. To access our past reports go to www.providentfinancial.com.

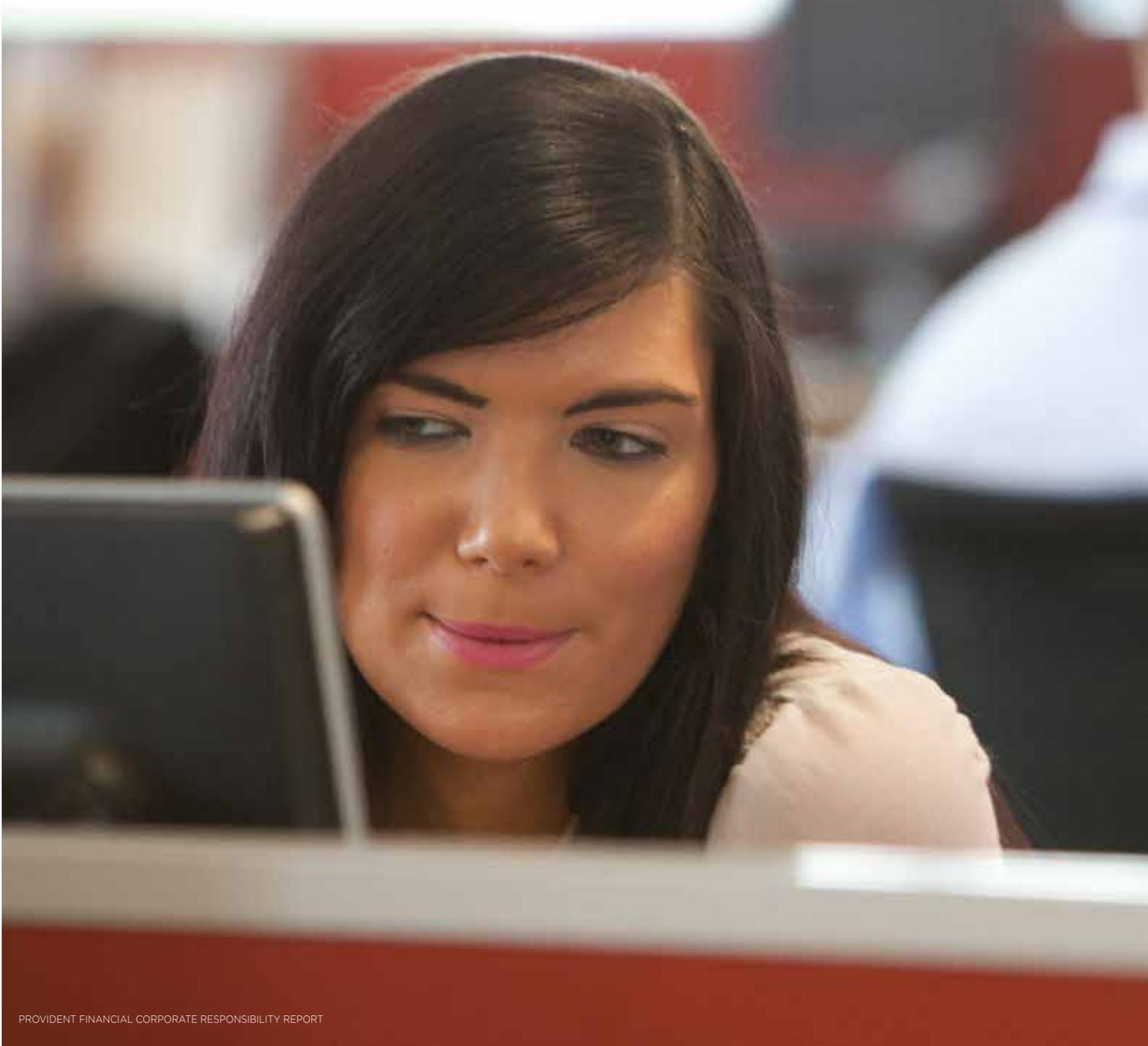
The purpose of the report is to provide our stakeholders with a balanced account of our CR activities, progress and goals.

The report relates to the non-financial aspects of Provident Financial plc and its subsidiary businesses – the Consumer Credit Division and Vanquis Bank – in the UK and Ireland, and our key stakeholders. The scope of the report does not extend to the pilot credit card operation in Poland.

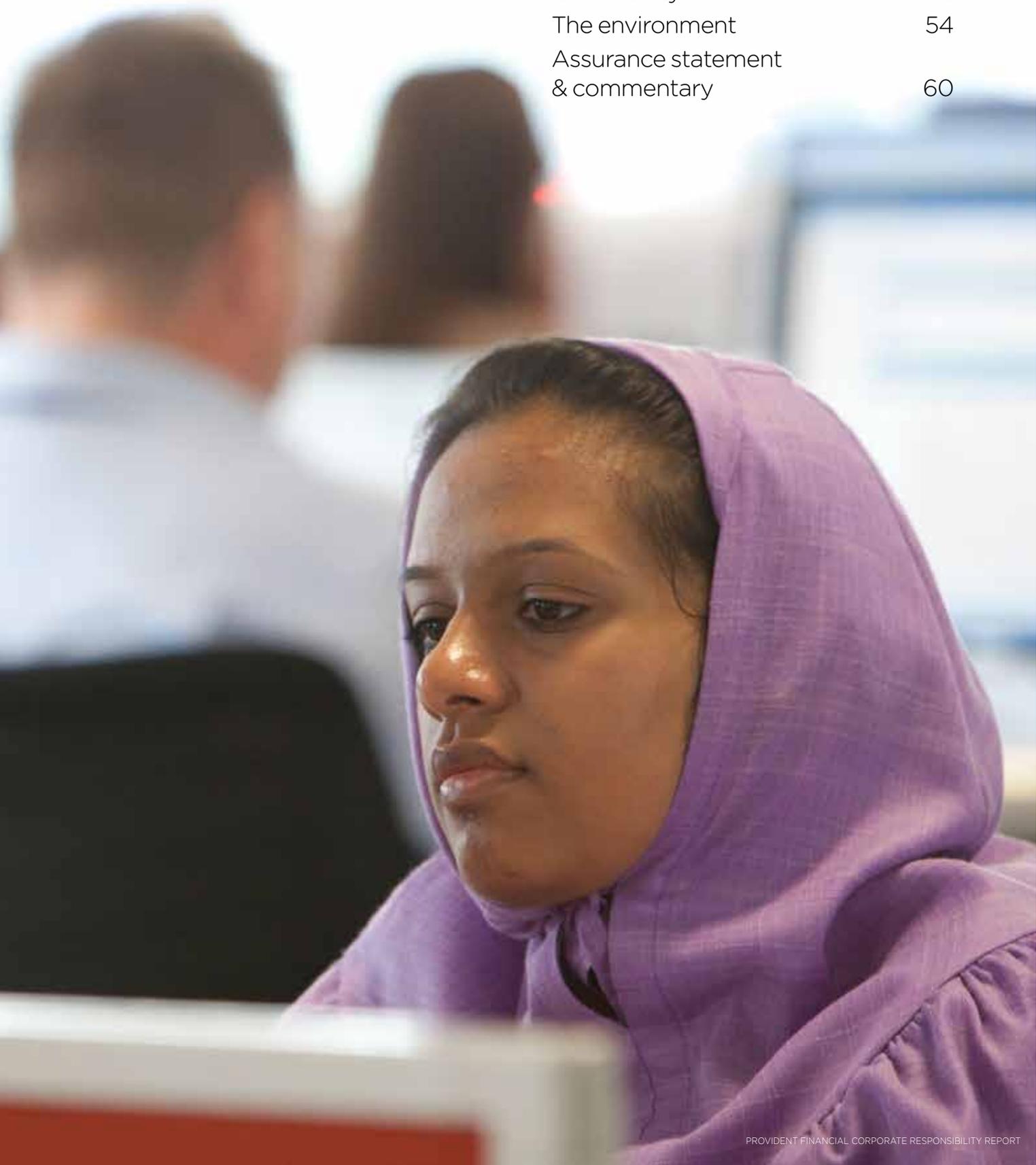
This report is based on the CR activities, performance and achievements for the year 1 January – 31 December 2013.

The data and accompanying commentary is externally assured by the management consultancy Corporate Citizenship. Please see the assurance statement on pages 60 to 62 for more information.

Full information about the Group's financial results, and governance and risk management practices, are set out in our 2013 Annual Report and Financial Statements.



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CEO statement

First and foremost, welcome to our 2013 corporate responsibility (CR) report.

Although the trend is moving towards businesses producing integrated reports and publishing more CR content in their annual report and financial statements, I believe it is important we also produce a stand-alone CR report.

This enables us to give you, our stakeholders, an update on our progress over the last calendar year. It is through this that we show how we are delivering against our mission: to be the leading non-standard lender in our chosen markets; to act responsibly in all our relationships; and to play a positive role in the communities we serve. It also gives me the opportunity to tell you how our commitment to running our operations in a sustainable and responsible way remains undiminished, despite the current challenges and changes facing our marketplace.

This commitment to being a sustainable and responsible company starts with putting the particular needs of our customers at the centre of what we do. 2013 was an interesting year for us in terms of the products we offer to our customers: Vanquis Bank continued to grow strongly, and we have started to reposition the Consumer Credit Division's home credit operation as a leaner, more modern business. 2013 also saw the Consumer Credit Division launch Satsuma Loans, an online instalment lending business. The online loans market is estimated to be four times the size of the home credit market and is primarily served by payday lending at present. But what all our products share, as this report shows, is the same responsible lending characteristics; they are small-sum products offering high levels of customer contact,

forbearance and flexibility. I believe this approach to lending enables our customers to access products that are tailor-made to their particular needs, and gives us a competitive advantage in our marketplace. It also inspires confidence among our stakeholders, which is fundamental to running a sustainable, profitable business.

Naturally, our desire to act sustainably and responsibly extends well beyond ensuring that we lend in a responsible manner. It also encompasses how we treat our employees, agents and suppliers, as well as supporting and investing in the many communities we serve, and minimising our impacts on the environment.

We have sought to systemically manage the social, environmental and economic issues that are material to our business activities for well over a decade now. In this time, we have established a well-developed and well-regarded community outreach programme which invests significant amounts in local, grass-roots projects, touching the lives of many people who often live in deprived communities. Additionally, we have supported our partners in the money advice sector, and also supported financial research projects that benefit society at large.

Our disclosures on our CR performance have been comprehensive and consistent, enabling us to continue to be included on the main global sustainability indices such as the FTSE4Good and

Dow Jones Sustainability indices. This allows us to foster good relationships with investors and financial analysts, as well as bringing mainstream sustainability issues into our investment case.

As I've already outlined above, 2013 was quite a year of change for us. It saw our businesses continue to evolve, embrace technology and enter into new areas of the market we have been proud to serve for almost 135 years. So, I feel the time is right to revisit the CR strategy that we launched in 2007, to ensure that it reflects the CR issues that relate to our business today. We will do this during 2014 and, in doing so, will engage with our internal and external stakeholders. The outcome of this work will be shared with you in our 2014 CR report.

I trust you find our CR report useful and informative, and that it enables you to see how we continue to take our corporate responsibility seriously by: lending responsibly to our customers, investing in the communities we serve, minimising our impact on the environment, and fulfilling our responsibilities to all our stakeholders.

As ever, please don't hesitate to contact us at corporateresponsibility@providentfinancial.com if you have any views that you'd like to share with us on the content of the report and/or the CR programme itself.

Peter Crook Chief Executive



Introduction

SPLIT OF CUSTOMER NUMBERS BY BUSINESS



Our business at a glance

We are the UK's leading lender in the non-standard credit market.

We have 3,833 employees and serve over 2.6 million customers in the UK and Ireland.

Our mission is to be the leading non-standard lender in our chosen markets, acting responsibly in all our relationships, and playing a positive role in the communities we serve.

The Provident Financial group has two divisions:

- **Vanquis Bank** comprises both the well-established UK credit card business and our more recent entry into Poland. Vanquis offers credit cards with smaller credit limits than mainstream credit card providers, allowing customers to build their credit profile with additional flexibility options.
- **The Consumer Credit Division** encompasses the traditional Provident Personal Credit business which stretches back to the company's foundation in 1880. It provides small home credit loans with weekly repayments, serviced in the customer's home by a local self-employed agent; there are no extra charges whatsoever.

Alongside this, our new Satsuma Loan business is extending our offering into the fast-growing online arena. With weekly repayments over the term of the loan, Satsuma Loans offer a UK-based contact centre for customers to discuss any issues they may have; again, there are no extra charges whatsoever.

Overview of our group

Division	Vanquis Bank		Consumer Credit Division	
	UK	Overseas	Home credit	Satsuma Loans
What we do	Vanquis Bank is the leading supplier of credit cards in the non-standard credit market. We also offer fixed-term retail deposit accounts to savers.	Following FCA approval of our UK banking licence into Poland in April 2012, we are conducting a pilot credit card operation in Poland. This testing will continue for the first part of 2014.	Provident Personal Credit offers home credit loans through a network of 9,000 local agents who issue loans and collect repayments at 1.5 million customers' homes in the UK and Ireland each week.	Satsuma Loans is our new, online loan service. We collect repayments once a week on an agreed day by Continuous Payment Authority. Our UK-based call centre is always there to discuss any issues customers may have.
Our products	Visa credit cards with a representative 39.9% APR. 1-, 2-, 3-, 4- and 5-year high-yield, fixed-rate deposit accounts for savers.		Cash loans, typically of a few hundred pounds, in the form of cash, shopping vouchers or our 24/7 re-loadable Mastercard.	Online loans repayable in weekly instalments over 13 or 26 weeks. Loans are for up to £300 for new customers, with a maximum of £800 for customers with whom we have built up some experience.
Our customer profile	<ul style="list-style-type: none"> • Socio-economic group C1, C2 and D • 52% men • Annual household income of £15,000 to £30,000 • Typically full-time employment • Mostly tenants • Average balance of £780 • 88% customer satisfaction • Credit card used for internet purchases, utilities and everyday spending • 12,000 savers using the Bank's retail deposit offerings. 		<ul style="list-style-type: none"> • Socio-economic group C2, D and E • 62% women • Average household net weekly income of £280 • Part-time/casual/manual employment • Mostly tenants • Average loan of £500 • 93% customer satisfaction • Loans used for Christmas, household items, holidays, etc. 	<ul style="list-style-type: none"> • 54% women • Average net weekly income of £363 • Generally in full-time or part-time employment • Mostly living with parents • Average loan of £260 • Loans used for personal items, family, vehicle repairs, etc.

18%

of total UK lending was to the non-standard market sector

Our customers at a glance

We lend to customers who others find it difficult to serve. Our customers come from the non-standard credit market, which comprises 12 million customers who demand credit products tailored to their very real needs. We tailor our products to meet these needs, offering:

- Smaller credit limits - a few hundred pounds rather than a few thousand
- High levels of contact - we are available to discuss any issues our customers may have concerning their loan, and
- Forbearance and flexibility - our customers typically have little leeway in their income. If they experience problems, they want to be able to reschedule repayments.

What is the non-standard credit market?

The UK non-standard credit market comprises around 12 million people who, for a variety of reasons, are not served well by the mainstream credit market. These people are generally on a relatively low income, some have a poor credit history due to past problems, or they have no credit history or a limited credit history. This means they are often not accepted by mainstream lenders and mainstream credit products do not suit their particular needs.

£69bn

lent to non-standard sector in 2013



The evolution of the non-standard credit market

Over the last six years, the non-standard credit market has evolved significantly. The credit crisis, together with the rapid increase in internet usage, has meant that customer behaviours and preferences have changed and product propositions have had to adapt in response.

The UK non-standard credit market in 2007

Market competitors

- Black Horse
- Capital One
- Beneficial Finance
- Barclaycard
- Citifinancial
- Monument
- HFC
- Welcome
- Ocean Finance

- *Over £100bn of advances per annum*
- *Market dominated by mainstream models and products*
- *Headline prices less than 100% APR with additional fees for PPI and default charges*
- *Mix of mainstream and specialist competitors*
- *Regulation by the Office of Fair Trading (OFT) and the Financial Services Authority (FSA) for banks.*



In 2007, the total non-standard credit market represented around 10 million consumers. The home-collected segment of the market was around three million consumers and our market share was around 60%. The direct repayment segment of this market represented around seven million consumers and was dominated by more mainstream business models and products.

The largest lending format was instalment loans, with customers mostly sourced through brokers or a branch network. Loans were typically between £2,000 and £10,000, over three or more years. Headline APRs were less than 100%, although there were also likely to be additional fees and default charges.

Vanquis Bank represented a relatively small part of the direct repayment market in 2007, as the business was still relatively new.



The UK non-standard credit market in 2013

Market competitors

- Wonga
- Capital One
- Payday UK
- Aqua
- QuickQuid
- Payday Express
- Pounds to Pocket
- Ladder Loans
- Cash Converters
- BrightHouse
- PerfectHome

- *Approximately £70bn of advances per annum and growing*
- *Specialist models and products dominate*
- *More transparent APRs in excess of 100% and into the thousands, but with no PPI*
- *Transition to the FCA and payday regulation is causing dislocation, which provides new opportunities for responsible lending businesses*
- *Satsuma Loans fills the under-served part of the direct repayment market between Vanquis Bank and home credit.*



In 2013, the non-standard credit market looked very different. The much tighter underwriting standards adopted by the mainstream lenders since the credit crisis means that the market has grown to 12 million consumers.

The home-collected segment of the market is still made up of around three million consumers being served by six large companies and 500 smaller, local operators. This part of the market is not showing any signs of growth. At the margins of this market, newer formats, such as rent-to-own and online lending, are reducing the flow of new customers into the home credit market.

The biggest area of change is in the direct repayment segment of the market, which has grown to nine million consumers. This market is now dominated by specialist non-standard lenders providing smaller loans at higher APRs, with customers typically being recruited online. With more mainstream lenders leaving the sector and some other lenders failing, credit card operators and payday lenders have grown.

In response to these changes in the market, we have launched an online instalment lending business, branded Satsuma Loans. Satsuma Loans will operate in the under-served part of the direct repayment market, between Vanquis Bank and the home credit business. Satsuma Loans shares the core strengths of both our operating divisions and is positioned as a sustainable and responsible alternative to payday lending.

Financial highlights

Group results - year ended 31 December 2013

	2013 (£m)	2012 (£m) (RESTATED ²)	CHANGE (%)
Vanquis Bank profit before tax and exceptional items	106.1	68	56.0
Consumer Credit Division profit before tax and exceptional items	102.5	122.9	(16.6)
Central costs	(12.5)	(12.5)	-
Profit before tax and exceptional items	196.1 ¹	178.4 ¹	9.9

¹ Profit before tax in 2013 is stated before an exceptional item of £13.7m, in respect of the cost of a business restructuring within the Consumer Credit Division. Profit before tax in earlier years is stated before an exceptional credit of £15.6m in 2012. Statutory profit before tax, after exceptional items, amounts to £182.4m in 2013 (2012: £194.0m).

² Profit before tax and exceptional items in prior years has been restated following the mandatory adoption and retrospective application of the amended IAS 19, 'Employee Benefits' from 1 January 2013 (2012: £181.1m to 178.4m).

Group highlights

During 2013, revenue less impairment was £679 million. Of this, £308 million was paid to brokers and suppliers of goods and services (including agents). The remaining £371 million is value added by Provident Financial which was distributed to employees (£159 million), shareholders (£108 million) and government in the form of taxes (£69 million). A further £2 million was donated to our community partners and a profit of £33 million was retained by the business.

A more detailed account of our financial performance is published in our Annual Report and Financial Statements 2013. Go to www.providentfinancial.com for more information.

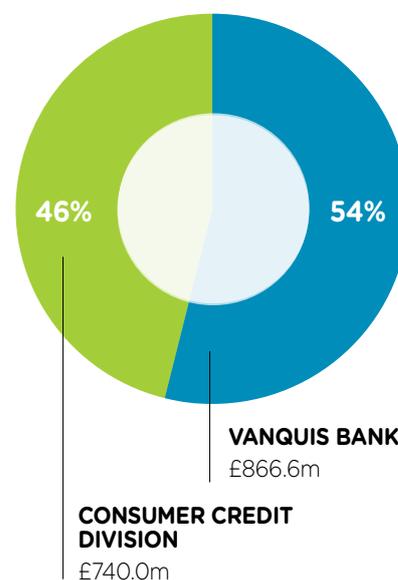
Committed to being responsible and sustainable

We continue to take our corporate responsibility seriously. For us, this means lending responsibly to our customers, investing in community outreach programmes, minimising our impact on the environment, and fulfilling our responsibilities to all our stakeholders. Acting responsibly and with integrity is a fundamental part of our overall strategy and we believe it is the bedrock of long-term value creation.

However, our approach to CR extends beyond this: it guides how we treat our 3,833 employees and the suppliers we engage with; it commits us to play a positive role in the many communities we serve; and it helps us to manage our environmental impacts.

Any queries which relate to this report should be directed to Rob Lawson, Provident Financial's Corporate Responsibility Manager at corporateresponsibility@providentfinancial.com

RECEIVABLES BY DIVISION 2013 (£m)







Governance and management

We take our corporate responsibility seriously: lending responsibly to our customers, investing in community outreach programmes, minimising our impact on the environment, and fulfilling our responsibilities to all of our stakeholders.

Good governance of our CR programme ensures we manage the issues that are material to our businesses, manage our key risks, and respond to the needs and concerns of our stakeholders.

We have structures in place to ensure that our products are responsible and have the needs of our customers at their heart. These structures also ensure we run our operations in a sustainable way across all our relationships – whether internal or external, commercial or charitable.

This section relates solely to the governance and management of our CR programme. Further information on how we have applied the principles and provisions set out in the UK Corporate Governance Code, and on directors’ remuneration, is disclosed in our Annual Report and Financial Statements 2013 (www.providentfinancial.com).

The strategic importance of CR

Our group mission, **“To be the leading non-standard lender in our chosen markets, acting responsibly in all our relationships and playing a positive role in the communities we serve”**, means that corporate responsibility is an important part of how we do business.

This mission is supported by our strategy, made up of four elements:



This means that CR is of strategic importance to our group of businesses. The strategy is organised around the following themes:

- Earning high levels of customer satisfaction
- Meeting or exceeding regulatory requirements on responsible lending
- Following our corporate mission and values in the treatment of our stakeholders
- Investing in the communities in which our customers and agents live, and in which our staff work and
- Maintaining a system to manage wider CR issues.

In order to assess the delivery of our CR strategy, the following two key performance indicators are used:

- Customer satisfaction – the percentage of customers surveyed who are satisfied with the service they have been provided with.
- Investment in the community – the amount of money invested in support of community programmes, money advice programmes and financial research projects.

2013 targets

Maintain our rating on the mainstream sustainability indices (eg Carbon Disclosure Project, Dow Jones Sustainability Indices, FTSE4Good, etc).

Achieved – see page 21 of this report for more information.

Engage with our executive directors and other senior management to raise awareness of our CR programme.

Achieved – Presentations were delivered and meetings took place with the boards of the Consumer Credit Division and Vanquis Bank during 2013.

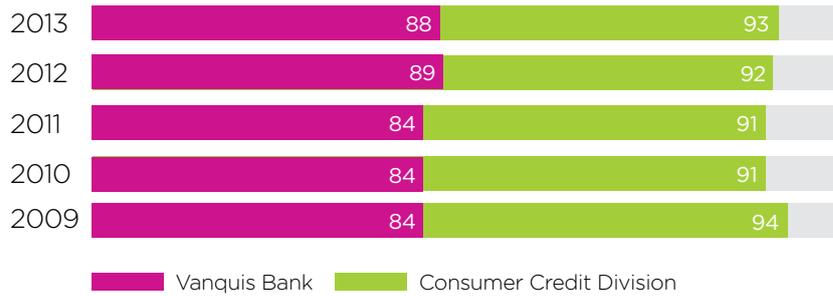
Engage and support Vanquis Bank in order to improve the way that its CR activities are reported.

Achieved – During September 2013, a workshop (on the topic of the London Benchmarking Group framework) was delivered to Vanquis Bank staff by Corporate Citizenship.

Ensure that our board comprises 25% women by 2015.

Achieved – The board now comprises 28.6% women.

Customer satisfaction (%)



Community investment (£m)



Our stakeholders

We have identified six main stakeholder groups that have an interest in, or are affected by, our business activities. They are: customers, communities, employees, suppliers, shareholders and regulators.

We engage with these groups regularly to ensure that we are aware of their views and concerns. We do this through surveys and focus groups, and by participating in consultation exercises.

Our stakeholder engagement activities during 2013 involved:

- Engaging with stakeholders to improve our CR performance. We worked with Corporate Citizenship to create an exclusive online forum for selected stakeholders. We used this forum to have discussions with a range of stakeholders around the CR issues that they consider material to our business activities. We used the feedback to ensure that our CR programme continued to evolve and respond to stakeholder views and concerns.
- Continuing to conduct regular surveys with our customers to determine levels of satisfaction with the products and services we provide, and to gather information on the profiles of our customers.
- Continuing to engage with our community involvement partners and employee volunteers to gather

information on the outcomes and outputs of our community involvement activities, and also to evaluate the efficacy of our programme.

Public affairs engagement

We also engage with the government, political parties, regulatory bodies, consumer groups, trade associations, money advice groups and think tanks. Our discussions with these groups enable them to get a better understanding of our businesses, customers and sector. It also ensures that the views of our businesses, customers and sector are represented in relevant debates and discussions.

This includes:

- **Engaging with government and regulators to understand changes to national and supranational legislation and government policy.** We do this by responding to formal regulatory consultation exercises, participating in government-sponsored initiatives, and attending meetings with government representatives. For example, Chief Executive, Peter Crook, was appointed to the Financial Conduct Authority (FCA) Practitioner Panel, a statutory body representing the interests of the financial services industry in the UK regulatory framework. His appointment will allow us to fully participate in

discussions on the transition of regulation to the FCA. This will enable us to develop appropriate work streams in both the Consumer Credit Division and Vanquis Bank. In addition, we submitted a response to FCA consultation on “A new approach to financial regulation: transferring consumer credit regulation to the Financial Conduct Authority”.

- **Supporting collaborative research with think tanks, the money advice sector and academic institutions.**

The main focus of this is to understand the financial behaviour of consumers on lower incomes. We believe this is of interest to a range of stakeholders, other financial service providers, regulators and government departments. All this research is placed in the public domain and so is freely accessible. An example of research we have supported is set out on page 35 of this report.

- **Facilitating the sharing of best practice within the money advice and financial education sector.**

This includes funding to support core activities, annual conferences, regional meetings and professional training and development. By doing this, we contribute to developing the capacity of the money advice sector. This increases the quality and availability of free, independent money advice in the UK. It also presents us with the opportunity to engage with the money advice sector on relevant issues. Further information on the work we have supported in the money advice and financial education sector is shown on pages 34 to 35 of this report.

The outcomes of these activities are reported to our board at every board meeting. We do not make any political donations.

Honesty and integrity is essential in our arena, so we ensure that all the public affairs advisors we work with are signatories to a range of codes of conduct, for example:

- Our UK-based advisor is a member of both the Association of Professional Political Consultants (APPC) and the Public Relations Consultants Association (PRCA).
- Our EU-based advisor is a member of the Interpublic Group (IPG) Code of Conduct and the European Public Affairs Consultancies' Association (EPACA).

How CR is governed

Overall responsibility for our CR programme rests with the Chief Executive, Peter Crook. CR and community affairs are regularly considered by the board. A corporate affairs activity report, which includes updates on our CR and community involvement activities, is presented at each board meeting. The group executive committee, which includes the executive directors and senior management, chaired by Peter Crook, reviews and approves the CR programme and budget.

Day-to-day management of the CR programme is undertaken by the CR Manager, Community Affairs Manager, and Community Affairs Executive. To support this team, the following working groups have been established:

- Corporate responsibility working group
- Environmental working groups within Vanquis Bank and CCD
- Vanquis Bank's Active Community Programme board and
- Head office travel plan steering group.

These groups are responsible for setting targets and ensuring that programmes are put in place to deliver these targets.

In addition to this, a range of other committees manage issues that specifically relate to our operating divisions; for example, we have credit committees within both the Consumer Credit Division and Vanquis Bank, and we also have Vanquis Bank's Treating Customers Fairly committee.

Policies

Our CR strategy is supported by a range of corporate policies. These set out the codes of conduct, controls, processes and requirements of all employees and divisions within the group, as well as at the corporate office.

The policies cover a wide range of CR-related issues including treating customers fairly, environmental management, community involvement, procurement, health and safety, and whistleblowing. In addition, our corporate policy manual includes a code of ethics and a HR policy which set out requirements concerning the way our businesses should operate.

2014 targets

Maintain our rating on the mainstream sustainability indices (eg Carbon Disclosure Project, Dow Jones Sustainability Indices, FTSE4Good, etc).

Undertake a review of, and where appropriate revise, the Provident Financial group CR strategy.

Convene a stakeholder roundtable session with peers from across the financial services sector to discuss and explore the CR issues that are material to our sector.

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.

To demonstrate compliance, our corporate policies are certified biannually by each divisional managing director and relevant senior management within the corporate office. The certification is supported by documentary evidence that a due process has been followed. The following are then reported to the board: the status of compliance, a summary of the timeliness and adequacy of the certification received, and any specific policy exceptions.

All our corporate policies were reviewed in 2012 and will be reviewed again in 2014. Any amendments made to the policies are approved by the board.

Risk management

The board is responsible for maintaining a comprehensive system of risk management and internal controls. We continue to improve our risk management processes and systems which are designed to manage, rather than eliminate, the risk of failing to achieve business objectives.

The key elements of the internal control system, including the financial reporting processes, have

been established in accordance with the Internal Control: Guidance for Directors and the Financial Conduct Authority's Disclosure and Transparency Rules.

Our robust risk management framework is overseen by the risk advisory committee, on behalf of the board. The committee is required to: consider the nature and extent of the risks facing the group; keep these risks under review; review the framework to mitigate such risks; and notify the board of changes in the status and control of these risks. It also reviews and approves our Internal Capital Adequacy Assessment Process (ICAAP) for submission to the board.

There are a number of committees and groups who oversee the risk management and internal controls.

Controls	Supporting documents and structures
<p>Executive committee</p> <p>The executive committee comprises the two executive directors and is chaired by the Chief Executive. The committee normally meets at least once a week (and more frequently as required) and deals with matters relating to the general running of the group. This includes: monitoring the weekly performance of our businesses; approving capital expenditure projects and long-term contracts subject to certain limits; approving treasury-related transactions; and approving all transactions that have the potential to impact adversely on our capital ratio.</p>	<p>Divisional boards</p> <p>The divisional boards and their committees are responsible for managing the divisional risks and preparing divisional risk registers for review by the risk advisory group and submission to the risk advisory committee.</p>
<p>Risk advisory committee</p> <p>Considers the nature and extent of the risks we face; keeps these risks under review; reviews the framework to mitigate such risks; and notifies the board of changes in the status and control of these risks. It reports to the board on a regular basis.</p>	<p>Corporate policies manual</p> <p>The board requires the divisions and the corporate office to operate in accordance with the corporate policies manual. The divisions and the corporate office are obliged to certify compliance on a biannual basis.</p>
<p>Remuneration committee</p> <p>The remuneration committee comprises the non-executive directors and is chaired by Malcolm Le May. It is responsible for the remuneration of the Chairman, the executive directors and the Company Secretary. The committee, which meets at least three times a year, also reviews the remuneration of the senior management team.</p> <p>The committee regularly reviews the remuneration policy in the context of the group's risk management framework to ensure it does not inadvertently promote irresponsible behaviour. It coordinates its work with the audit committee and risk advisory committee which assist with the monitoring and assessment of risk management, specifically in relation to the remuneration incentives in place.</p>	<p>Risk advisory group</p> <p>The risk advisory group formally reviews the divisional risk registers four times a year and reports to the risk advisory committee. It submits a schedule of key risks, the group and divisional risk registers, and the ICAAP to the risk advisory committee for review and approval.</p> <p>Treasury committee</p> <p>The treasury committee is chaired by the Finance Director and comprises the Group Treasurer, divisional finance directors, Group Financial Controller, Head of Tax, and other key members of the finance function. The treasury committee manages our treasury activities and meets at least six times a year. The treasury committee is not a formal sub-committee of the board but it regularly reports to the board on compliance with treasury policies and other treasury matters. The treasury committee is also responsible for monitoring our capital adequacy and liquidity positions.</p>

The processes that are used to identify and manage risks are set out in the diagram below.



Our key risk overview

Details of the group's key risks are as follows:

Regulatory risk The risk of loss which arises from a breach of existing regulation, or adverse future regulatory changes.	Reputational risk The risk that an event or circumstance could adversely impact on our reputation, including adverse publicity from the activities of legislators, pressure groups and the media.	Liquidity risk The risk that we will have insufficient liquid resources available to fulfil our operational plans and/or meet our financial obligations.
Credit risk The risk that we will suffer unexpected losses in the event of customer defaults.	Operational risk The risk of loss resulting from IT systems failure. Threats to agent safety make it unsafe to operate home-collected credit. The risk of loss resulting from loss or abuse of confidential data or systems.	Financial risk The risk that we suffer a loss as a result of unexpected tax liabilities.
Business risk The risk of loss arising from the failure of the group's strategy or management actions over the planning horizon.	Loss of key management or reduction in staff morale, impacting business performance.	Pension risk The risk of insufficient assets to meet the liabilities of our defined benefit pension scheme.

Our CR programme is one of the controls that helps us to mitigate the risk that an event or circumstance could adversely impact on our reputation.

For more information on our approach to risk management, please refer to the governance section of our 2013 Annual Report and Financial Statements or go to www.providentfinancial.com

Tax

In recent years, tax has become a significant corporate responsibility issue for organisations of all sizes. As such, we remain committed to reporting the way we manage our tax affairs in a transparent manner.

Tax strategy

We have a board-approved tax strategy which is fully aligned with our mission and core values, and which has been shared with HM Revenues & Customs (HMRC). Our strategy seeks to ensure that we: comply with all tax rules and regulations in each territory in which we operate; pay the tax we are legally required to pay; and safeguard our reputation as a responsible taxpayer, whilst also recognising that we have a responsibility to protect shareholder value by managing our tax liabilities. Our strategy also sets out our governance processes on tax, how we manage tax risk, and also how we ensure that tax is embedded into our risk management framework.

Policies and procedures are in place to support: the management of key tax risks; the involvement of the group tax function in relation to transactions and business developments; the allocation of responsibilities in relation to tax; and also those policies which set out principles relating to the involvement of external advisers regarding tax. This includes policies and processes which seek to ensure that the agents engaged by the home credit business maintain their self-employed status.

We have documented systems, processes and internal controls in place to support the various UK taxes which the group pays, the preparation and submission of related returns, and other tax reporting obligations. The group's internal audit function carries out an annual review of the processes and internal controls which support the payment of UK taxes and the preparation of related tax returns.

Internal audit work carried out in 2013 included: reviews of the operational effectiveness and controls over UK corporation tax and UK VAT returns; a review of the integrity, completeness and accuracy of key financial returns; and also the processes and controls that relate to the preparation of employment tax obligations. It also included a review of the governance framework for managing self-employed status risk in relation to the agents engaged by our home credit business.

Our strategy follows our corporate mission and values. We are committed to being a fair and responsible tax payer, operating in an open, honest and straightforward manner in all tax matters and dealings with tax authorities. We have regular and constructive dialogue with HMRC across all taxes, which includes advance discussions of transactions and keeping them informed of key business developments.

In 2013, we worked constructively with HMRC to enable them to successfully complete their review of the group's governance framework for tax. The group confirmed its unconditional adoption of HMRC's Code of Practice on Taxation for Banks ("the Code") which sets out the principles and behaviours expected of banking groups with regard to tax.

We sought advance approval from HMRC on a number of business developments potentially impacting on the self-employed status of agents. This is in line with our strategy of working constructively with HMRC,

which includes keeping them informed of key issues affecting the group, and seeking clarification from them where the tax position is uncertain. We also continued the work which commenced in 2012 to ensure that Vanquis Bank's expansion into Poland is carried out in a way which complies with Polish tax obligations. We also initiated work required to ensure the group can comply with its obligations under the US Foreign Account Tax Compliance provisions, as well as equivalent provisions in relation to other territories.

Our tax contribution

We seek to ensure that we pay the tax we are legally required to pay in all the territories in which we operate. As we operate primarily in the UK and generate most of our profits from our UK operations, most of the tax we pay is UK tax. In 2013, our total direct and indirect tax contribution was £109 million, of which £106 million was UK tax and £3 million was tax paid in the Republic of Ireland.

DIRECT TAX CONTRIBUTION

Our direct contribution is the tax we, as an organisation, incur on our operations. It includes corporation tax, employer's national insurance and irrecoverable VAT, all of which are direct costs which have an impact on our financial results. With the exception of corporation tax, our direct tax contribution is accounted for as administrative costs in arriving at profit before taxation. Corporation tax is the tax we pay on our profits

Direct tax contribution	£m	Indirect tax contribution	£m
Corporation tax	40	Income tax and employees' national insurance (through PAYE)	38
Employer's national insurance and equivalent	14	Tax deducted from interest paid on Vanquis Bank deposits	2
Irrecoverable VAT	12		
Business rates	3		
Total	69		40

which is accounted for through the tax charge explained in Note 5 to the 2013 Annual Report and Financial Statements, which can be found at www.providentfinancial.com.

Most of our direct tax contribution comprises corporation tax, which we pay on the profits we generate in the UK and Republic of Ireland. Corporation tax paid in respect of our 2013 profits amounted to £40 million, of which approximately £39 million was UK tax and £1 million was corporation tax paid on the profits generated by our Consumer Credit Division in the Republic of Ireland. The UK corporation tax we paid in 2013 was reduced by the losses incurred by Vanquis Bank's Polish business, which operates as a branch of Vanquis Bank Limited.

In 2013, we employed, on average, 3,833 employees in respect of whom we pay employer's national insurance (or equivalent). In 2013, this comprised £14 million of our direct tax contribution.

As a provider of loans and other credit products, we are unable to recover VAT on most of the costs we incur. In 2013, £12 million of our direct tax contribution comprised irrecoverable VAT incurred by our businesses.

The remaining £3 million of our 2013 direct tax contribution comprised business rates payable on the various business premises we occupy.

INDIRECT TAX CONTRIBUTION

Our indirect tax contribution represents the tax we collect on behalf of the UK and Ireland governments, from the income we pay to employees and depositors. In 2013, it amounted to £40 million and comprised £38 million of income tax and national insurance on employees' pay and £2 million of tax deducted from the interest paid on Vanquis Bank deposits.

Having won the FTSE 250 tax reporting award in 2012, we continued to receive recognition in PwC's Building Public Trust Awards in 2013. We were highly commended in the Tax Reporting in the FTSE 250 category, for preparing comprehensive, informative and clearly written tax disclosures. This included a discussion of the key tax risks we face, with detailed information on how these risks are mitigated with specific examples explaining how we interact with tax authorities. We were also commended for using our CR reports

to set out how our tax strategy is aligned with our broader mission and core values, as well as explaining our approach to managing tax on a day-to-day basis.

Membership

We continue to be an active member of a number of organisations and groups. This enables us to access best practice information on a range of social and environmental issues and share our experience of managing a CR programme with others. These include:

- Associate Parliamentary Corporate Responsibility Group
- Eco-Network
- Business in the Community and
- Employer's Forum on Disability.

Sustainability assessments

We continue to engage with the socially responsible investment (SRI) community through our participation in the main global sustainability indices and by responding to SRI analysts' enquiries. This is one way we can demonstrate our commitment to running our business in a responsible and sustainable manner. For example:

- In 2013, we achieved a score of 99 out of 100 in the FTSE4Good Index which we have been included on for the past seven years.
- We were included on both the Dow Jones Sustainability World Index (DJSI World) and Dow Jones Sustainability Europe Index (DJSI Europe) for the seventh consecutive year.
- During May 2013, Provident was selected for inclusion in the Ethibel PIONEER and Ethibel EXCELLENCE Investment Registers. By being included in these investment registers, which are managed and overseen by the socially responsible investment consultancy Forum ETHIBEL, we are considered to be a sector leader in terms of CR.
- We continued to be included on the Vigeo World 120 index, Vigeo Europe 120 index and Vigeo United Kingdom 20 index, all of which have been developed by Vigeo, in partnership with the global financial markets operator, NYSE Euronext.
- We submitted our eighth response to the Carbon Disclosure Project,

We are committed to being a fair and responsible tax payer, operating in an open, honest and straightforward manner in all tax matters and our dealings with tax authorities.

which provides over 767 institutional investors representing US\$92 trillion in assets with information relating to the way we manage the risks and opportunities associated with climate change.

Assurance and audit process

The commentary and data contained within this report is independently assured by Corporate Citizenship.

Assurance is provided to our CR reports to reassure stakeholders that our CR management systems, processes and procedures are well managed and in accordance with legislation and best practice. It also provides reassurance that our reports and any data we disclose are accurate, complete and material.



The assurance provided on our CR report evaluates the nature and extent of adherence to the AccountAbility AA1000 Assurance Standard (AA1000AS) principles of inclusivity, materiality and responsiveness. In addition, the content and quality of the information in the report is evaluated against the Global Reporting Initiative's G3 sustainability reporting guidelines. An assurance statement is set out on pages 60 to 62 of this report. Our environmental management system is also audited against the requirements of the international environmental standard ISO 14001. This audit work has been carried out by the consultancy firm SEQM since 2006.



Our customers

We provide tailored credit products to 2.6 million non-standard borrowers in the UK and Ireland. Typically, our customers are hard-working people living on modest incomes. They borrow relatively small amounts, but they need it to be easy to make repayments and they like the flexibility to adjust those payments if their circumstances change.

Our commitment to being responsible starts with putting the particular needs of our customers at the centre of what we do: small sums, high levels of customer contact, forbearance and flexibility. This commitment is evident throughout both of our divisions.

What our customers are looking for

- **Reliability**

We provide credit when others won't and we establish a routine with our customers, be it a weekly home visit or a telephone call, and help them to manage their finances.

- **Affordability**

We offer our customers sensible levels of credit with small, affordable repayments aiming to never overburden their limited incomes, but to be there at their time of need.

- **Flexibility**

We know that the circumstances of our customers can change – be it reduced hours at work or a change in a relationship. Our customers value the fact that their repayments can be flexible at such times.

- **Certainty**

In our home credit business and for our Satsuma Loans, the amount to be repaid is fixed, so the amount our customers agree to repay never rises, even if they miss some payments. There are no extra charges whatsoever.

2013 targets

Ensure that at least 80% of Vanquis Bank and 90% of Consumer Credit Division customers are satisfied with their experience.

Achieved – during 2013, 93% (2012: 92%) home credit customers were either very or quite satisfied with the service provided to them, and 88% (2012: 89%) of Vanquis Bank customers rated their experience as good or excellent.

2014 targets

Maintain or improve customer satisfaction levels in both Vanquis Bank and Consumer Credit Division.

Effectively manage the transition from regulation by the Office for Fair Trading and Financial Services Authority, to the Financial Conduct Authority.

Our customers and how they use our products

Vanquis Bank	Consumer Credit Division	
<p>The household income of most Vanquis Bank customers is between £15,000 and £30,000 per annum. They use the credit card in a similar way to users of mainstream cards, on the high street, and for internet shopping. It is often the only credit card they have.</p>	<p>Home credit customers are not always the main breadwinners, but they often control the household budget. The household incomes tend to be from hourly-paid, part-time or casual work, rather than from salaried employment, and just under half of our customers are in receipt of non-universal benefits. Home credit customers value the discipline of the weekly visit and appreciate having flexibility on repayments.</p> <p>Satsuma Loan customers tend to live with their parents and are in full-time or part-time employment.</p>	
Vanquis Bank credit card	Home credit	Satsuma Loans
<p>How it works</p> <p>First contact In 2013, 42% of new customers came from online channels, 42% from direct mail and 16% from other channels, including our new face-to-face approach.</p> <p>Applying for a card Online applicants get a provisional response within minutes. We interview customers by phone before making a final decision.</p> <p>Transparent terms Every new customer receives a welcome pack outlining their rights and responsibilities and offering tips on managing their finances and improving their credit rating.</p> <p>Payment channels Payments can be made online through internet account service (eVanquis) or directly at www.vanquis.co.uk. Direct card payments can be made by phone, standing order, direct debit or over the counter.</p> <p>Building trust With our 'low and grow' lending policy, new customers typically receive an initial credit limit as low as £250. We will then review the account after four months for potential credit line adjustments.</p>	<p>How it works</p> <p>First contact Many customers hear about us through a recommendation. Much of our new business comes from word of mouth, direct mail, the internet, or is sourced through our network of self-employed agents.</p> <p>The agent's visit After receiving a request to call at the customer's home, the agent will visit to discuss the various products the company offers and make an appointment to call back.</p> <p>Transparent terms There are no hidden charges. The maximum amount to be repaid is clear and fixed at the start, even if a customer misses payments.</p> <p>Applying for a loan An agent will visit the customer in their own home to conduct affordability and creditworthiness checks. They also complete the paperwork required and agree a suitable loan amount, having fully explained the loan terms and determined the loan to be suitable.</p> <p>Building trust We operate a 'low and grow' policy. First-time borrowers typically get smaller, shorter-term loans. Those able to manage their repayments become eligible for larger amounts over longer periods.</p>	<p>How it works</p> <p>First contact Most of our customers hear about us through our TV advertisement. Customers also hear about us through the internet and other affiliate company websites.</p> <p>Online application Our application process is simple and easy to understand and typically takes under 15 minutes to complete. Customers go on to the Satsuma Loans website and click 'apply now'. Once they complete their application, we give them a decision there and then. We use affordability and credit bureau information to help us to decide whether to offer the loan to the customer.</p> <p>Transparent terms We have absolutely no hidden fees or charges. Customers always know the full cost of their loan up front.</p> <p>Welcome call To complete the application process, we carry out a 'welcome call' with every customer to introduce ourselves, check facts and ensure the customer knows the details of their credit agreement. Following the welcome call, the amount borrowed is sent direct to the customers' bank account.</p> <p>Building trust We operate a 'low and grow' policy. First-time borrowers typically get smaller, shorter-term loans. Those able to manage their repayments become eligible for larger amounts over longer periods.</p>

The key differentiators of our products

Small sums:	High customer contact:
<p>People in the non-standard credit market tend to have relatively low incomes or have had trouble with credit in the past, so it makes sense for them to borrow smaller sums. This means borrowing the few hundred pounds they can afford with a Vanquis Bank credit card, a home credit loan, or a Satsuma Loan, rather than the few thousand they can't afford from a mainstream lender.</p> <p>Vanquis Bank credit limits start as low as £250.</p> <p>Home credit loans start as low as £50.</p> <p>Satsuma Loans for new customers are up to £300.</p>	<p>Those with little leeway in their income have to budget much more carefully than those with greater leeway. We've found that staying in close contact with our customers helps them to stay in control of their credit, as it enables us to discuss the inevitable bumps in the road at an early stage. It also helps us keep bad debt in check, which may allow us to lend to the customer again.</p> <p>Vanquis Bank has a 'welcome call' and contacts customers by text message and telephone.</p> <p>Home credit agents call at customers' homes every week.</p> <p>Satsuma Loans customers have a named person they can call to discuss any issues.</p>
Forbearance/flexibility:	Being a responsible lender:
<p>Over 130 years of serving the non-standard credit market has taught us that customers on relatively low incomes will occasionally have trouble in making repayments. In the mainstream market, the likelihood is that the customer would have to pay default charges and additional interest at the time they can least afford to. Our home credit and Satsuma Loans have no extra charges whatsoever when this occurs and Vanquis Bank offers a product which allows extra flexibility.</p> <p>Vanquis Bank customers have the option to take out a plan which gives them extra flexibility and freezes their account when they get into difficulty.</p> <p>Home credit loans have no extra charges and agents can suspend repayments at no extra cost to the customer.</p> <p>Satsuma Loans have no extra charges and representatives can suspend repayments at no extra cost to the customer.</p>	<p>We are responsible lenders in the non-standard credit market offering:</p> <ul style="list-style-type: none"> • Small sums advanced • High levels of customer contact • Forbearance and flexibility and • Good regulatory compliance. <p>Our high levels of customer satisfaction and low levels of customer complaints go some way to showing that we have tailor-made our products to ensure they meet the particular needs of our customers.</p>

Our products

Vanquis Bank

With Vanquis Bank we have established ourselves as the leading specialist provider of credit cards to customers in the non-standard segment of the UK market.

We bring the benefits of credit cards to consumers who are typically declined by mainstream lenders, helping people to establish or rebuild their credit profiles and enjoy the flexibility and the benefits of a credit card.

WHAT IS VANQUIS BANK?

In many ways, Vanquis Bank looks and operates like any other credit card provider:

- Our cards are Visa-branded
- The cards are accepted at over 15 million locations
- We use internet sales and servicing
- We accept standard payment methods and issue customer statements and
- We have contact centres to support our customers.

Our customers spend at many of the major merchants used by prime credit card providers, such as Tesco, Asda, Sainsbury's, Argos, Amazon and PayPal. However, our target customers have a very different profile to prime credit card users. They are typically employed, however their incomes are lower than those of prime customers and they typically live in rented accommodation (approximately 75%), whereas prime customers are predominantly home owners. Their use of debt and other credit cards is very low compared with prime customers, who have greater access to other forms of credit.

VANQUIS BANK'S KEY DIFFERENTIATORS

Individual relationships	Selective, gradual and flexible approach
<ul style="list-style-type: none"> • Welcome call for all new customers to establish personal contact • Over 650 contact centre staff • Online account access and management • Early engagement with customers before/as they show signs of problems • Customer satisfaction rating of 88% • For around half our customers, we are their first or only credit card. 	<ul style="list-style-type: none"> • 'Low and grow' approach with credit limits starting as low as £250 • Selective lending criteria - only 25% of applications are approved • Selective credit limit increase criteria, with credit limits only increased progressively over time • Repayment Option Plan allows customers to freeze their balance and suspend payments if they get into difficulty.
Simple, transparent products	Responsibility and compliance built in
<ul style="list-style-type: none"> • No teaser rates, no cash back incentives, no balance transfer deals, just simple, clear credit card products • Our representative APR reflects risk • Customers tell us they understand their statements and that we treat them fairly. 	<ul style="list-style-type: none"> • Continuous account monitoring • Fact-based, analytical approach to credit issue and extension • Full deposit-taking regulated bank • Card and deposit systems are outsourced to major industry suppliers.

VANQUIS BANK'S TAILORED APPROACH

We have always successfully used the internet and direct mail channels to recruit customers. These continue to be our major source of new leads, providing over 80% of new account bookings in 2013.

During 2013, we successfully developed a face-to-face channel to attract new customers. This involves our representatives introducing potential customers to our credit card

in locations such as on the high street or in shopping centres. This channel has proved successful in attracting new customers and mitigating some of the impact from a modest increase in competition.

We also work with retail partners. In 2012, we worked in partnership with Argos to launch an Argos credit card.

The core Vanquis Bank credit card brand is supplemented with a number of other brands targeting different markets. Aquis, Chrome and Granite

The representative APR of the Vanquis Bank credit card is:

39.9%

are all brand names that attract new customers with APRs ranging from 29.9% to 39.9%.

Starting the majority of our customers on a small initial credit limit, typically £250, is at the core of our 'low and grow' strategy. This allows us to observe and understand the behaviour of our customers before we consider granting further lending in a responsible and sustainable manner.

We have developed an unparalleled expertise in lending to the non-standard market in this way. This 'low and grow' approach has allowed the average customer balance to grow to £780 (2012: £750), whilst continuing to improve underlying credit quality.

Customers excluded by mainstream card issuers appreciate the regular contact we provide. They also appreciate the higher level of help and support provided by our contact centres in Chatham and Bradford, compared with that provided by the mainstream lenders.

High customer contact has helped us to maintain some of the best levels of customer satisfaction in the industry – nine out of ten customers say they would recommend Vanquis Bank.

In addition to credit cards, we offer savings products with fixed-rate deposits for fixed terms of either 1, 2, 3, 4 or 5 years – we do not offer instant access savings products.

POLAND

During 2011 and 2012, we undertook a review of potential overseas markets into which we could transport our successful UK business model. In May 2012, our pilot credit card operation in Poland began.

During 2013, we successfully developed the credit tools required to underwrite new business. We introduced scorecards, based on data from multiple bureau sources, which are proving effective at underwriting risks in our target market.

The focus is now on developing the marketing and distribution of the credit card. We are focusing on increasing customer numbers through brokers, which are a traditional and still important sales channel in Poland, and, to a lesser extent, via the internet. We are actively trialling telesales, direct mail and face-to-face sales, as well as testing TV and radio advertising for the first time.

This pilot operation is not included in the scope of this CR report.

Consumer Credit Division

The Consumer Credit Division has successfully applied a specialist non-standard business model to the home credit market for over 130 years. We are now applying many of the same characteristics to Satsuma Loans.

During 2013, in the face of difficult market conditions and due to the evolution of the non-standard market, we have developed a strategy to

reposition the Division over the next two years. We have become a more broadly-based consumer lending business, not just a home credit business.

The new strategy has two elements:

- Updating the home credit business to make it a leaner, better-quality, modern, more profitable business which is relevant in the digital age.
- Winning in the online loans market.

THE CONSUMER CREDIT DIVISION'S KEY DIFFERENTIATORS

Individual relationships	Selective, gradual and flexible approach
<ul style="list-style-type: none"> • Establish individual contact from the outset with the home visit in home credit, or the welcome call in Satsuma Loans. • Treat customers as individuals. • Customer satisfaction rating of 93%. • 9,000 home credit self-employed agents with excellent local knowledge. • Social investment in the communities we serve. 	<ul style="list-style-type: none"> • Selective lending criteria – only 20% of applications from new home credit customers are approved. • 'Low and grow' approach with loan sizes starting at only £50. • No charge for missing payments.
Simple, transparent products	Responsibility and compliance built in
<ul style="list-style-type: none"> • Cash, prepaid cards, shopping vouchers and online instalment loans. • Priced appropriately and transparently – customers tell us we are clear and offer good value for money. • Fixed weekly repayments that never go up. Our customers say that we are straightforward and trustworthy. 	<ul style="list-style-type: none"> • Agents are paid primarily based on what they collect and therefore have every reason not to lend more than customers can afford. • Lending decisions are made by the agent in the customer's home with home credit. • Rigorous controls and limits over lending.



THE HOME CREDIT BUSINESS

Our home credit business is our longest running business, stretching back to our foundation in 1880.

We are the largest home credit business in the UK and Ireland. Every week, 9,000 local, self-employed agents visit the majority of the Division's 1.5 million customers, to issue loans and collect repayments.

The home credit service is tailor-made to meet the needs of customers:

- The products are simple and transparent - all costs are included up front and there are no additional fees or charges whatsoever. For those managing on a tight budget, it's important to know that the amount to be repaid is fixed at the start and will never go up.
- The affordable weekly repayments suit those managing on tight weekly budgets - the agent's regular visit is not only convenient for the customer; it also acts as a useful reminder to put the money aside for the repayment.
- Forbearance is core to our product offering - when customers get into difficulty they know they'll get a sympathetic response, which could mean either making a reduced payment or missing a weekly payment altogether, depending on the circumstances.

Our home credit business has a long and proud track record over a considerable period of time. However, it is clear that the current economic backdrop and the evolution of the non-standard market are having a significant impact on our business.

The pressure on disposable incomes has resulted in home credit customer confidence falling consistently over recent years. In 2013, 63% of our customers agreed with the statement, "in the last 12 months I have felt a lot worse off than before". This is the highest level of agreement with this statement that we have ever recorded.

As a result of the pressure on disposable incomes and the very low customer confidence, demand for credit is weak and the home credit market is currently contracting. The nature of our customers' employment means that they are typically 'late cycle'; any improvement in their financial circumstances tends to lag behind the broader UK economy by at least 12 months. This is only a temporary position and, as disposable incomes recover, confidence will improve and demand may recover; however, we do not expect things to improve in the short term.

Also, more and more customers are moving online to source their credit. This has been accelerated by the rapid increase in the use of smartphones and tablet devices which are now relatively cheap. Over 75% of our customers now use the internet, with 50% of visits to our websites via smartphones, up from 10% two years ago. It is therefore harder to attract new customers with the traditional cash-only, home-based credit model.

TECHNOLOGY AND APPS

The Consumer Credit Division is making the most of new technologies to help agents and field managers use their time more efficiently. New smartphone and tablet apps enable them to focus on improving collections performance, arrears management and to spend more time with customers, as well as offering significant compliance benefits.

We have introduced a collections app for agents at a very low cost to the business. It is currently being used by almost all of the 2,500 agents that carry iPhones and has just been released for Android users, with a strong early uptake. It has been very well received, saving each agent around two to three hours a week that was previously being spent on paperwork.

The use of tablet devices for field managers is being trialled, effectively providing them with a mobile office. This will free up significant time currently spent on administration, allowing managers to spend more time with agents and assisting with arrears cases.

Agents are paid commission primarily on what they collect, not what they lend, so have no reason to lend more than their customers can afford to repay.

We are working towards making 'Chip and Pin' payments possible for our customers and we are also developing an app for agents to issue loan documentation electronically, which should be available in 2014. Both these developments will eliminate paper and save time. It will also allow the Division to enforce and record compliance to a level that is virtually impossible to achieve on paper.

Finally, we launched a trial of '24/7', a prepaid reloadable MasterCard, together with an online customer portal which allows customers to top up their card against agent pre-approved limits. These were launched in September in one region and the roll-out continues to progress well. Full roll-out will take place in the second half of 2014.

THE ROLE OF THE HOME CREDIT AGENT

Home credit is a face-to-face service, with loans delivered to customers' homes by self-employed agents. The agents usually call every week, or in some cases every month, to collect repayments. Agents often live in the same communities as their customers and understand their needs, developing an intimate knowledge of their circumstances through the weekly visit.

Every week, 9,000 local, self-employed agents visit the majority of the 1.5 million home credit customers, to issue loans and collect repayments.

Whilst central underwriting is also used, the self-employed agents make the final lending decision as they can assess customers' ability to repay and willingness to repay, in the home. Importantly, agents are paid commission primarily on what they collect, not what they lend, so they have no reason to lend more than their customers can afford to repay.

The profitability of an agency increases as the agent gets more experience. As a result, we have significantly changed the way we attract, induct and support agents to achieve higher retention and to reduce agent turnover. We have also combined agents' rounds to remove less profitable agencies, because higher levels of profitability increases agent retention as the commission earned meets the agents' needs. To support agents, a new development agenda is being introduced throughout the business to recruit,

retain and develop better leaders in our management team.

During 2013, the commission scheme for agents was changed and simplified following feedback from surveys and meetings with agents which highlighted that commission was being reduced when customers didn't pay.

Satsuma Loans

Whilst the home credit market is in a cyclical downturn, there are significant opportunities outside this market sector.

It is estimated that the online loans market is roughly four times the size of the home credit market. The market is primarily served by payday lenders and is set to grow further as customer preferences change.

With clearer, tighter regulation around payday lending, there is likely to be a shift in demand from payday loans to instalment loans. Restrictions on the use of rollovers and Continuous Payment Authorities (CPA) by payday lenders are starting to take effect, accelerating the shift to instalment loans.

We believe this offers great opportunities and that now is the right time for us to enter the online loans market with a unique customer proposition.

Following trials of online loan products on our website between May and October 2013, Satsuma Loans, an online instalment loans product, launched in November 2013.

The target customer of Satsuma Loans sits in the wide space between Vanquis Bank and home credit, not previously served by the group.

Satsuma Loans is based closely on proven home credit 'DNA'. Loans are for small amounts of up to £300 initially and are repayable weekly. Just like home credit, all the costs are fixed up front and there are no additional charges, even if customers' circumstances change or payments are missed due to financial difficulties.

All customers have a 'welcome call' with one of our telephone representatives who is always on the end of a phone to discuss a customer's account throughout the term of the loan.

Payments are collected via Continuous Payment Authority (CPA), based on a pre-agreed amount on a pre-agreed

date. If a repayment is missed, the customer is contacted immediately to discuss their situation; the CPA arrangement is never abused. The forbearance procedures used are similar to those successfully used currently in both home credit and Vanquis Bank.

The APR of our products

The representative APRs of our products are as follows:

- Vanquis Bank credit card - 39.9%
- Provident Personal Credit - 399.7%
- Satsuma Loans - 793.8%

In the case of Provident Personal Credit home credit and Satsuma Loans, APR is an imperfect measure for the small, short-term loans we provide because our charging structure takes into account the interest charge for the money with the reassurance that there will be no extra charges, even if the customer misses or makes a late payment. Most other lenders would apply additional charges for this facility, outside of their quoted APR.

Lending responsibly

For us, responsible lending is about developing and delivering products that meet the needs of our customers. Our Vanquis Bank credit cards, home credit loans and Satsuma Loans all share the same responsible lending characteristics:

- They are simple and transparent financial products delivered through a friendly and personal service and
- They have higher levels of forbearance and flexibility than products offered by other lenders.

Vanquis Bank

The Vanquis Bank credit card has credit limits, as low as £250, which are smaller than those of mainstream credit cards. This enables our employees to observe and understand the behaviour of customers before granting any further lending, in a responsible and sustainable manner.

Our bespoke underwriting processes have been developed over the last ten years. We have a conservative approach to risk, reflected in our

decline rates of around 75%. Our credit-granting scorecards are based on our extensive experience of dealing with non-standard consumers.

When a customer applies for a credit card, we combine their application data with credit bureau data and feed the information through our scorecards. We supplement the underwriting process with a welcome call from one of our contact centre representatives. This is unique in the credit card industry and provides us with the opportunity to gather additional information. This information is useful in helping to manage the customer's account at a later date and establishing a more personal relationship. It is also an important element of completing our underwriting. We generally turn down an application if we cannot contact a potential customer. All of our processes are the subject of ongoing development and enhancement.

We are also able to offer customers a range of extra features through our optional Repayment Option Plan. This includes features such as Account Freeze, Payment Holiday, Lifeline, Payment Reminders, and Over-limit Alerts, to help our customers to get back on track.

Consumer Credit Division

Our home credit and Satsuma Loans are for small sums and have their costs fixed at the outset – with no extra charges whatsoever. Repayments are collected on a weekly basis, by a self-employed agent in the customer's home in the case of our home credit loans, and via a CPA on a pre-agreed day for a pre-agreed amount only, in the case of Satsuma Loans. High levels of contact are maintained with home credit and Satsuma Loans customers through face-to-face meetings or over the telephone. This enables customers to discuss any difficulties or queries they might have at an early stage and agree a course of action to resolve them.

In terms of the home credit business, it is the self-employed agent that conducts the final assessment of the customers' creditworthiness and the affordability of the loan. They do this by assessing their likely intent and ability to repay a loan, and by understanding the stability of the customer's circumstances. Agents also have access to two tools which

support their lending decisions by filtering out higher credit risks. These are the System Enhanced Lending programme, for existing and previous customers, and the Single View of Customer system, for new customers.

In the case of Satsuma Loans, initial underwriting combines the unique proprietary knowledge we have of issuing weekly loans in the home credit business and remote non-standard credit in Vanquis Bank. These processes are supplemented by the

use of external credit bureau data which is included in the scorecards that are used to make lending decisions. Consistent with both the Vanquis Bank and home credit products, Satsuma Loans has adopted a prudent 'low and grow' approach to issuing credit.

We believe our home credit and Satsuma Loans products are the best customer proposition in our market. See below our offerings compared with other propositions in the market:

Needs of customers with little leeway in income:	Provident Personal Credit home credit loan	Satsuma Loans instalment loan	Typical payday loan	Typical instalment loan
Small sums (on first loan)	Up to £300/£500	Up to £300	Up to £1,000	Up to £2,000
Manageable rate	% APR in the 100s	% APR in the 100s	% APR in the 1,000s	% APR in the 100s
Affordable schedule	Weekly	Weekly	One-off payment	Monthly
Certainty on costs	Yes – not a penny more	Yes – not a penny more	No: incurs rollover fees	No: incurs late fees
Flexibility if things change	No penalties at all	No penalties at all	Rollover fees	Late fees
Someone to talk to if things change	Weekly agent visit	Welcome call and ongoing telephone contact	Online relationship only	Online relationship only
Certainty on when payments taken	Agent calls weekly to collect repayments	CPA on pre-agreed day for pre-agreed amount only	Multiple use of CPA	Multiple use of CPA

Maintaining high levels of customer satisfaction

Monitoring customers' satisfaction is key to determining whether we are delivering our business strategy. It is also a good indicator that we are developing products that meet the needs of our customers and that these are delivered in a responsible manner.

Customer satisfaction is monitored across the group by conducting regular surveys.

Dealing with customer complaints

It is important that customer complaints are kept to an absolute minimum and, where they do occur, that they are taken seriously and resolved in a professional and timely manner.

Both our businesses monitor the numbers of complaints they receive and, in the case of Vanquis Bank, as it was regulated by the Financial Services Authority in 2013, publish high level information relating to complaints.

We have clear complaint handling processes, procedures and timescales in place in both our businesses.

Our focus is on dealing with customers' grievances sympathetically and on resolving them as soon as possible. If this isn't possible, further procedures are set in motion within our businesses to resolve the complaint.

During 2013, the actual number of complaints received by both divisions was 32,361 (2012: 57,447). Of these, 20,581 of complaints were received by Vanquis Bank, with 11,780 received by the Consumer Credit Division. This figure translates into 1.2% (2012: 2.1%) of the total number of customers.

Where a customer's complaint is not resolved to their satisfaction, they may refer the complaint to the Financial Ombudsman Service (FOS), the contact details of which are provided to all customers.

During 2013, the total number of complaints referred to the FOS was 1,621 (2012: 2,046). Of these, 1,472 were not taken forward by the FOS, with 149, or 9% (2012: 5%) being upheld in favour of the complainant.

Engaging with customers to collect debt

We are committed to behaving responsibly throughout a customer's relationship with us, even if they experience difficulty in meeting their repayments along the way.

There are cases, however, where Vanquis Bank, home credit or Satsuma Loans customers, in spite of all efforts to assist them, either cannot or will not co-operate with our efforts. Both our operating divisions have systems and processes in place to deal with these situations.

Vanquis Bank

Collections are an extremely important aspect of the Vanquis Bank business model and we continue to develop new and innovative collection strategies designed to help customers stay on track.

The Vanquis Bank collections team use leading-edge technology and techniques to maximise efficiency and collect cash. These include facilities that allow customers to make payments online or via text message.

The collections team is highly trained and our 'promise kept' rate – the number of payments actually received from a promise given by a customer –

is consistently in excess of 70%, which is considered to be 'best in class'.

Our employees are trained to manage the accounts of customers who are identified as vulnerable and support them accordingly. For those customers who get into financial difficulty, we have a range of forbearance options to assist them whilst they get back on track.

Consumer Credit Division

In the case of home credit customers, their account is transferred to the Provident Central Collections (PCC) department at head office. The PCC department undertake work to contact the customer and re-establish payment.

In seeking to re-establish payment by the home credit customer, the PCC team's focus is to be fair, responsible and straightforward and treat our customers with courtesy. The PCC team let the customer know what they must do to either pay the balance in full or in instalments. In some instances the team accepts repayment instalments of as little as one or two pounds a week.

The Satsuma Loans collection process utilises the excellent collections capabilities of Vanquis Bank, which are engaged at the earliest stage to optimise collections performance. This includes contacting customers through the contact centre and via text message, using trace activity for customers where no contact can be made, and utilising a range of forbearance measures for those customers whose circumstances have changed adversely.

If correspondence has been sent and payments have not been made or maintained, the Consumer Credit Division will take legal action, providing several criteria have been met. Examples of such criteria are that suitable employment or residency information has been confirmed.

Using debt collection agencies

If, having used our internal processes to engage with a customer who we believe has the capacity to repay us, it is still not possible to secure payments from them, both our operating businesses will appoint a debt collection agency (DCA) to pursue the debt.

During 2013, **88%** and **93%** of customers stated that they were satisfied with the service they have been given by Vanquis Bank and our home credit business, respectively.

When this occurs, our subsidiary businesses retain the title and responsibility for the actions of the DCA.

DCAs only receive commission on the payments they collect. Both Vanquis Bank and the Consumer Credit Division place accounts with a DCA. If they have not been able to make an arrangement for repayment, the accounts are passed to a second DCA for further recovery action.

Our operating businesses only use DCAs whose track record is known to them and who are members of the DCA trade body, the Credit Services Association. The activity DCAs undertake on our behalf is contractually based. Also, their performance is reviewed and scrutinised on an ongoing basis and we formally audit their activity every six months. These audits focus on all aspects of work that the DCAs undertake on our behalf, including ensuring that their activities are responsible and comply with our processes and procedures.

Debt agreement plans

In the course of engaging with customers to collect debt, we find out which customers have entered into debt agreement plans with leading debt charities such as StepChange Debt Charity (StepChange) and Christians Against Poverty (CAP).

It is our policy to accept the offers of payment made after the customer has 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 into a debt agreement plan with them, to the charities.

By making Fairshare contributions to StepChange and CAP, we ensure that our subsidiary businesses, rather than the debtor, pay for the debt advice, thus helping the charities to continue to provide free, independent advice to people in financial difficulty and to operate independently of taxpayer support.

During 2013, the Consumer Credit Division paid £199,872.70 (2012: £153,192) to StepChange and £19,208.04 (2011: £26,486) to CAP in Fairshare contributions.

Our regulatory framework

During 2013, Vanquis Bank, by virtue of it holding a banking licence, continued to be regulated by the Financial Services Authority (FSA). The Consumer Credit Division business activities were regulated by the Office of Fair Trading (OFT) under the Consumer Credit Act 1974 (CCA). Both businesses held consumer credit licences, issued by the OFT, which also ensures compliance with the CCA.

Provident Financial plc, as Vanquis Bank's parent company, was also the subject of consolidated supervision by the FSA and was subject to regulatory capital requirements and half-yearly reporting to the FSA.

The Consumer Credit Division's home credit operations in the Republic of Ireland are regulated by the Central Bank of Ireland, the licensing authority for consumer credit. The legislation applicable in the Republic of Ireland includes the Consumer Credit Act 1995, the European Communities (Consumer Credit Agreements) Regulations 2010, the provisions of the Consumer Protection Code for Licensed Moneylenders, and the Central Bank Reform Act 2010.

In last year's CR report, we reported that, on 1 April 2014, responsibility for the regulation of consumer credit companies would be transferred from the OFT to the Financial Conduct Authority (FCA). This meant that from 1 April 2014, the FCA would regulate consumer credit companies such as payday loan companies, pawnbrokers, debt management firms and providers of debt advice, as well as our group of businesses.

The ultimate goal of the FCA is to make sure customers get treated fairly, but also to improve the reputation of the financial services sector in the UK. To achieve this goal, the FCA has developed five key areas that apply to all financial companies under FCA regulation, regardless of the sector they operate in. These areas are:

- **Regulate**

The FCA will supervise the conduct of over 50,000 firms in the UK. The way they do this will depend on the size and complexity of the business. Supervision includes continuous assessment for large firms like Provident Financial, monitoring products, responding to events

that threaten the integrity of the industry, and ensuring customers are compensated when necessary.

- **Protect**

The FCA wants to prevent customers becoming the victim of scams or unfair contracts, and it will be our responsibility to protect ourselves against fraud, to prevent money laundering, and understand what the penalties are for unethical methods and corrupt practice.

- **Championing**

The FCA wants customers to have a varied choice of products to suit their needs. They want advice to be unbiased and firms to have properly trained staff who can explain products knowledgeably and behave ethically.

- **Promote competition**

The FCA wants to promote competition which will lead to lower prices, more innovation, wider choice and better quality of products, which ultimately supports the stability and resilience of the financial services industry.

- **Enforce**

The FCA will be more active in monitoring companies and acting on breaches when they find them. Its aim is to change behaviour by making it clear that there are real and meaningful consequences for firms or individuals who don't play by the rules.

As OFT licence holders, our subsidiary businesses registered for 'interim permissions' phase with the FCA during 2013. This phase enables our businesses to continue to operate ahead of the FCA telling us to apply for full authorisation.

As of 1 April 2014, our businesses are subject to the FCA's 11 Principles for Business, and six Treating Customer Fairly (TCF) consumer outcomes.

Ensuring compliance

The following measures are in place to ensure that we comply with supervisory and regulatory regimes:

- A central in-house legal team to monitor legislative changes and support divisional compliance functions. We take expert third-party legal advice where necessary.
- Divisional compliance functions which monitor compliance and report to divisional boards.

The FCA's Principles for Business

1. **Integrity** – A firm must conduct its business with integrity.
2. **Skill, care and diligence** – A firm must conduct its business with due skill, care and diligence.
3. **Management and control** – A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
4. **Financial prudence** – A firm must maintain adequate financial resources.
5. **Market conduct** – A firm must observe proper standards of market conduct.
6. **Customers' interests** – A firm must pay due regard to the interests of its customers and treat them fairly.
7. **Communications with clients** – A firm must pay due regard to the information needs of its clients and communicate information to them in a way which is clear, fair and not misleading.
8. **Conflicts of interest** – A firm must manage conflicts of interest fairly, both between itself and its customers, and between a customer and other clients.
9. **Customers: relationships of trust** – A firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgement.
10. **Clients' assets** – A firm must arrange adequate protection for clients' assets when it is responsible for them.
11. **Relations with regulators** – A firm must deal with its regulators in an open and co-operative way and must disclose to the FCA anything relating to the firm of which the FCA would reasonably expect notice.

- Long relationships and developed credibility with key regulators who recognise the different dynamics of the home credit and credit card sectors compared with the payday lending model.
- Constructive dialogue with regulators.
- Full and active participation in all relevant regulatory review and consultation processes in the UK and EU.
- All relevant employees receive compliance training on a range of regulatory issues. This ensures that our marketing and lending practices are conducted in a responsible manner. This training is delivered to employees via our intranet-based learning management system or formal training sessions.

Preventing money laundering and fraud

We are committed to guarding against the risk of financial crime within our operations.

We train our employees and have policies, controls and procedures to anticipate and prevent money laundering or the financing of other criminal activities.

Both subsidiary businesses have a nominated Money Laundering Reporting Officer (MLRO) who receives and considers internal disclosures of suspicious activity from within the business. They deliver activity reports to the Serious Organised Crime Agency.

MLROs continually monitor transactions to ensure they are

The FCA's Treating Customers Fairly (TCF) consumer outcomes

1. Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture.
2. Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.
3. Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.
4. Where customers receive advice, the advice is suitable and takes account of their circumstances.
5. Consumers are provided with products that perform as firms have led them to expect, and the associated service is both of an acceptable standard and as they have been led to expect.
6. Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

consistent with their knowledge of the customer and their business. Training in money laundering awareness is regularly provided to employees and other business stakeholders, including agents.

The MLROs produce an annual report setting out our procedures, reporting on compliance, and highlighting any areas of concern.

Both businesses also have teams who deal with first/third-party fraud, financial crime, and disputed transactions. Each has systems and procedures to identify and block unusual transaction patterns.

Supporting the money advice sector

We continue to support a wide range of free and voluntary money advice organisations to help consumers who may have problems repaying their debts to us and others.

Money advice organisations supported during 2013:

Organisation	Nature of support
<p>AdviceUK</p>	<p>Our funding continues to cover the shortfall in AdviceUK 's budget for the post of National Money Advice Co-ordinator. This Co-ordinator has responsibility for money advice policy and strategy at AdviceUK, as well as providing practical support to the 400+ money advice members of the AdviceUK network. Specifically, the funding enabled the postholder to:</p> <ul style="list-style-type: none"> • Participate in a wide range of money advice fora, including the Money Advice Trust's Partnership Board, the Money Advice Service's Debt Advisory Forum, the Financial Conduct Authority's Consumer Network and the Money Advice Liaison Group. • Deal with over 500 consultancy enquiries from AdviceUK members and approve members as intermediaries under the Debt Relief Orders scheme. • Manage AdviceUK's Group Debt Licence with the Office of Fair Trading and liaise with the Financial Conduct Authority over arrangements for AdviceUK members relating to the transfer of consumer credit regulation. • Have executive responsibility for AdviceUK's Sustainable Debt Advice Project, which won the Best New Initiative Award at the Institute of Money Advisers' 2013 Performance Awards.
<p>Christians Against Poverty (CAP)</p>	<p>Our funding supports the work of CAP's Insolvency Team and their insolvency bursary. The bursary is used by its clients towards their bankruptcy or Debt Relief Order. In October 2013, CAP's Insolvency Team won Insolvency Team of the Year 2013 at the Insolvency & Rescue Awards.</p>
<p>Institute of Money Advisers</p>	<p>In 2013, our funding contributed to the costs of the Institute of Money Advisers' annual conference which was held in Manchester. The event was attended by debt advisers and those working in related disciplines, largely in the not-for-profit sector. The conference contributed towards advisers' continuing professional development through a range of interactive workshops relating to issues impacting on clients with problem debts. Workshop topics included welfare reform, Debt Relief Orders, housing benefit changes, pensioner debt, policy work with creditors and working with MPs.</p> <p>As well as learning events, the conference provided an opportunity for attendees to network with advisers from across England and Wales, and also with professionals from the credit industry, whose organisations supported the event. Over the two day event, there were 248 attendees.</p>
<p>Money Advice Liaison Group (MALG)</p>	<p>With our funding, MALG run regional meetings to improve communication, understanding and good practice between advisers and creditors.</p>

<p>Money Advice Scotland (MAS)</p>	<p>Our funding supported MAS's annual conference in Glasgow. The conference, which was entitled "Revolutionary reforms – are the benefits universal?", was attended by 186 delegates and is the largest training event of the year for the credit industry, money advice and insolvency sectors. During the conference, workshops were delivered on a number of topics including bankruptcy and welfare reform, and the Financial Conduct Authority's proposals for the regulation of debt advice.</p> <p>In addition, our funding enabled MAS to promote a new qualification – the Certificate in Money Advice Practice – to over 200 member organisations and individuals. The first cohort of individuals completed the qualification in January 2014, with 15 passes. Another group is taking the qualification in June 2014.</p>
<p>Money Advice Trust (including National Debtline)</p>	<p>In 2013, the funding we provided to the Money Advice Trust was used carry out research on demand and capacity for debt advice with a specific focus on MAT's own services. The findings of this research, which is being carried out by Professor John Gathergood from Nottingham University, will help inform the Trust's three-year planning.</p> <p>Part of the funding we provided to the Trust was used to support Citizens Advice Specialist Support, which provides a free telephone and online consultancy service for advisers. The service can help advisers/managers with tricky cases where people cannot find a solution or need a second opinion. The service advises on all issues relating to debt such as bankruptcy, consumer credit, Debt Relief Orders, mortgages and secured loans, and County Court issues. In 2013, there were 3,643 new cases, with over 20% of these coming from outside the Citizens Advice network.</p> <p>The funding we provide to National Debtline continues to cover the cost of its Triage Adviser. Essentially, simpler money advice cases can be managed by the Triage Adviser, while more complex debt problems can be referred to specialist advisers, allowing National Debtline to help more clients at the same cost. Typically, a Triage Adviser will deal with 3,500 clients per annum.</p>

We also continue to support publicly available, independent research to help understand the financial behaviour of those on modest incomes and increase the quality and availability of free, independent money advice in the UK.

For example, we supported research undertaken by the Social Market Foundation which led to the publication of the report 'Family Fortunes: The bank of mum and dad in low-income families' in 2013. This research, carried out under the guidance of an expert steering group, explored a third source of welfare for low-income families (after the

state and the market): that is the wider family, and specifically the support from the 'bank of mum and dad'. The report examines in detail the prevalence, nature and impact of intergenerational transfers in low-income families. The research found that such financial support generally generates positive financial and emotional benefits for both donors and recipients. It goes on to conclude that new, imaginative policies are needed to help low-income families provide support for one another, and to better help those who cannot rely on familial support. Go to the following link for more information: www.smf.co.uk



Our people

Our 3,833 employees enable us to continually meet the needs of our 2.6 million customers. They are behind the development and delivery of our products, and are a key stakeholder.

The success of our business relies on attracting and retaining talented individuals. We aim to provide a working environment that encourages employees to reach their potential, and trains and develops them to meet their own goals. Through this, we continue to respond to the needs of our customers, which means our business will flourish.

Through our HR departments, we provide training and development to our employees and implement policies on issues such as diversity and health and safety. HR are also integral in the implementation of our CR strategy across our businesses.

Organisational change

In 2013, the Consumer Credit Division announced proposals to reduce 520 roles across its network of branch offices and at head office. This was a consequence of the ongoing tough trading environment, with reduced demand and fewer customers within our home credit business.

Whilst these job losses were regrettable, we sought to ensure that the restructuring was undertaken in a responsible manner and followed our redundancy policy.

Collective consultation took place with representative employees from the Division's Colleague Forum (one of our formal employee representation groups), as well as Unite and USDAW (the Union of Shops, Distributive and Allied Workers), the two trade unions that we formally recognise. This covered:

- The job roles that would be reduced in number
- A pay freeze in 2014
- Removal of the length of service bonus and the 2013 Christmas bonus and
- Reduction of the maximum sick pay entitlement to 6 months.

Also, we consulted with the Division's Colleague Forum, alongside the Employee Forum that has been established within Vanquis Bank, on other matters. These groups are made up of elected representatives who ensure employees' voices are heard through discussing a wide range of important business decisions with senior management.

Employees affected by redundancy received financial compensation that exceeded the statutory minimum level and, where appropriate, were offered early retirement. They also received the following support:

- Paid time off, if needed, to search for alternative positions or undertake additional training
- Outplacement support, including personal and 1:1 coaching, and a suite of online tools and resources, and
- Access to an Employee Assistance Programme which offered support in matters relating to finances, work, health and family. The service, which is provided by a third party, is totally confidential and available 24 hours a day, 365 days a year.

2013 targets

Review recruitment practices to attract a more diverse mix of applicants – in particular, to include Black, Asian and Minority Ethnic (BAME) candidates, younger candidates, and also more women into senior roles.

Partial progress – Initial work focused on ensuring that senior management roles were filled by women. Further work will be undertaken throughout 2014 in terms of the other areas of diversity.

Finalise diversity training content and update existing training programmes for new starters and employees in the Consumer Credit Division who have had a promotion.

Not achieved – This is now part of a wider project to develop the Consumer Credit Division's training and development programme.

Ensure that 25% of the wider senior management group are women by 2015.

Achieved – Currently, 34% of senior management roles across the group are filled by women.

2014 targets

Undertake a colleague survey across the Consumer Credit Division and disclose key findings.

Continue to develop and deliver leadership and development training programmes to employees across Vanquis Bank and the Consumer Credit Division.

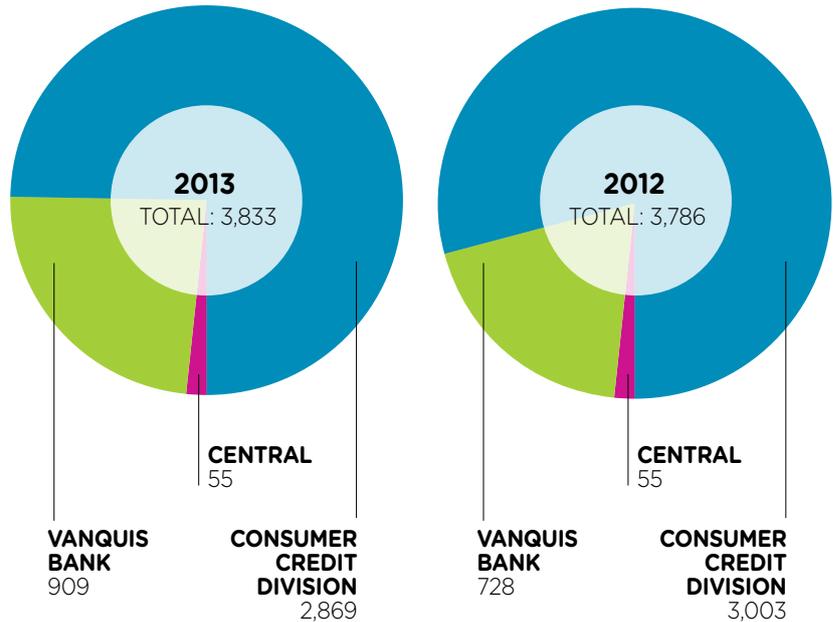
Ensure that the mechanisms that are used to communicate and engage staff continue to evolve and improve.

Maintain a minimum of 25% of wider senior management roles filled by women by 2015.

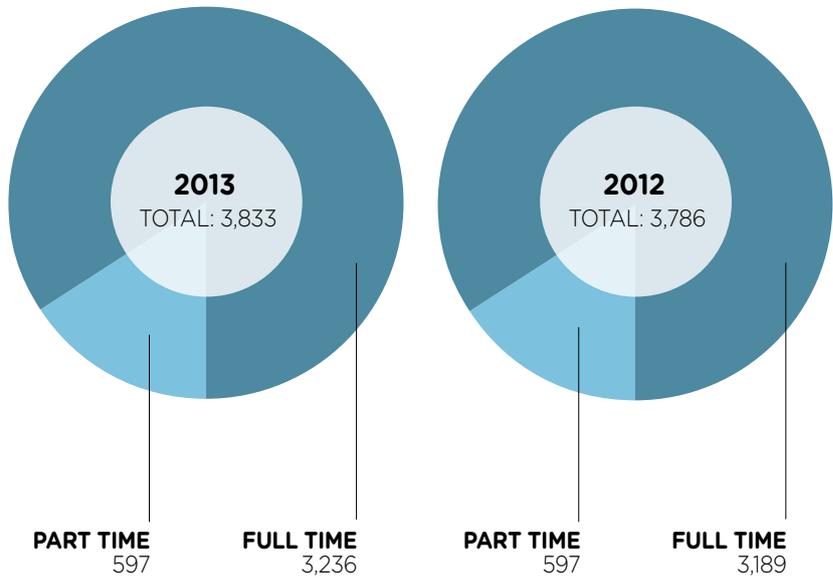
Develop and launch a new careers website within the Consumer Credit Division.

Employee information

Employees by division*



Employees by employment type*



*Based on the average monthly number of persons employed by the group.

Year	% of female employees
2013	52
2012	51
2011	51
2010	54
2009	50

Managing diversity

We recognise the importance of valuing diversity and creating a workplace culture where all our people can contribute to our success based on their merits and abilities. We are also keen to ensure that our workforce is representative of the many communities we serve across the UK and Ireland.

Both our operating divisions have diversity policies and processes which reflect the Equalities Act 2010.

The gender profile of our workforce is 52% (2012: 51%) women to 48% (2012: 49%) men. The proportion of women within our workforce is higher than in the UK's overall workforce. According to the Office of National Statistics (ONS), the gender split of those in full-time and part-time employment in the UK during the period November 2013 to January 2014 was 54% men to 46% women.

In 2012, we set ourselves a target to ensure that 25% of our board members are women by 2015. This target was set to ensure that we met the recommendations of the 2011 Davies Report, which sought to increase the representation of women on boards. This target has now been met as 28% of our board members are women.

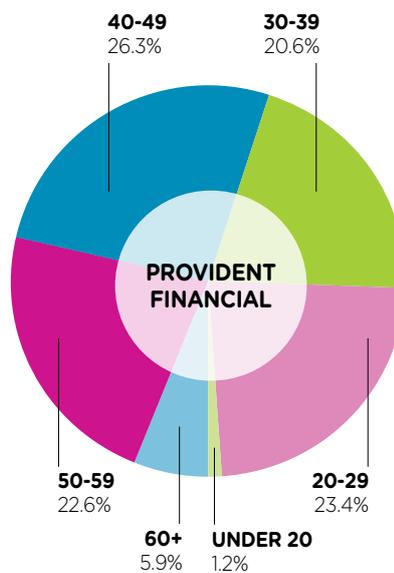
We also extended the above target to ensure that 25% of the wider senior management group members are women by 2015 - a target we have already exceeded as 34% of these roles are now filled by women.

According to the Grant Thornton International Business Report 2013, only 19% of the UK's senior management are women.

It's also important that our workforce is representative of the range of different age groups and ethnic groups that exist in the UK and Ireland.

The age profile of our workforce is as follows:

Proportion of employees in each age band



The proportion of employees from Black, Asian and Minority Ethnic (BAME) groups currently stands at 10.0% (2012: 9.3%). This is close to the figure for the proportion of the UK's population that are aged between 16 and 64, economically active and from BAME communities which, according to the ONS (October to December 2013), stands at 11.2%.

Year	% of ethnic minority staff
2013	10.0
2012	9.3
2011	9.5
2010	7.4
2009	5.2

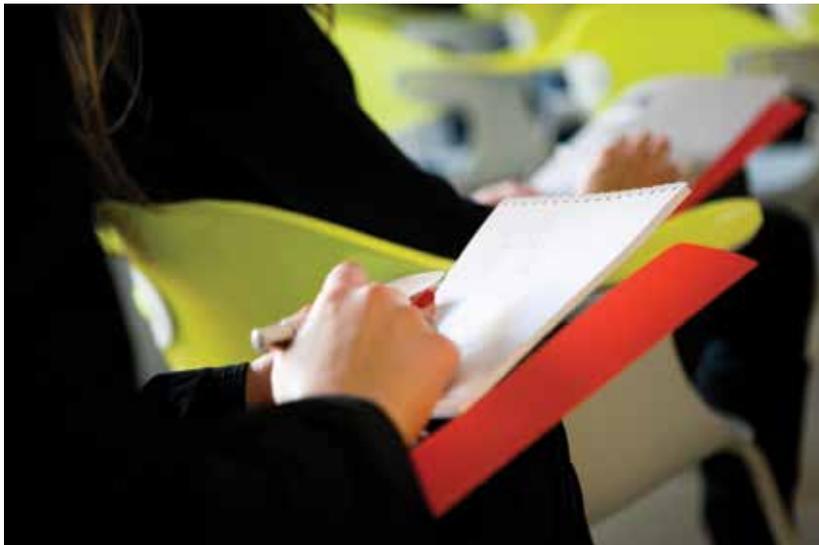
1.8% (2012: 1.9%) of our employees have declared a disability.

We strive to be an accessible, inclusive employer. Our employees with a disability are encouraged to discuss their requirements for reasonable adjustments to their working environment with their line manager and our HR officers.

Non-discrimination

We have grievance and harassment policies and procedures in both our operating divisions which enable employees to raise concerns about discrimination and harassment, should it occur. Both our businesses take disciplinary action, which may lead to dismissal, against employees if a breach of policy occurs as a result of their actions or omissions.

We also have 'Safecall', a whistleblowing policy and procedure. Safecall provides employees with a mechanism to raise concerns or complaints in relation to any matters of business conduct or malpractice. It



is a last resort for employees who feel they are unable to raise concerns via the normal channels. Safecall is a 24-hour whistleblowing helpline operated by an independent third party to ensure impartiality and confidentiality. Details relating to Safecall are communicated to staff via our intranet sites and on posters positioned on notice boards. All calls received via Safecall are reported to the board's Audit Committee.

During 2013, four issues were raised through this system (2012: seven issues), all of which were appropriately responded to through our HR functions.

Developing our people

A wide range of training helps us meet our customers' needs and expectations - from compliance and role-specific training to development opportunities and training on new technology.

During 2013, employees across our group received 64,706 (2012: 74,484) hours of training. This equates to 17.8 (2012: 20.6) hours of training per employee.

This is currently below the median figure for the UK which, according to the 2013 Chartered Institute of Personnel and Development (CIPD) survey of learning and talent development, stands at 25 hours per employee per year.

Professional development

Our businesses also have policies and processes in place which enable employees to pursue professional qualifications and continue their professional development.

We have performance management and career development processes in both our businesses which enable employees to identify and discuss training and development needs. These processes identify development opportunities in line with the individual employee's current role, future business requirements and future roles. These processes are supported

by comprehensive learning and development programmes which enable employees to understand our businesses, do their jobs and develop new skills.

Leadership development

Both operating divisions continue to deliver leadership and management programmes to employees. The Consumer Credit Division programmes are accredited to the Chartered Management Institute. Vanquis Bank delivers programmes approved by the Institute of Leadership and Management.

Role-specific development

Both our operating divisions have learning programmes and processes to enable staff to do their jobs better. At Vanquis Bank we have a range of programmes, including the University of Collections programme; this focuses on providing employees with a suite of skills they need to do their job.

At the Consumer Credit Division, we have a different programme: our Management Learning Academy is a comprehensive training programme which ensures that standardised best-practice processes are in place across the whole field network.

Learning management systems are used in both operating divisions, with modules covering compliance issues such as personal safety, data protection and anti-money laundering.

Induction programmes

Vanquis Bank and the Consumer Credit Division deliver detailed induction programmes to their new starters. These programmes introduce them to the business, their legal responsibilities and our CR activities.

During 2013, the Consumer Credit Division launched 'Company Best Welcome', a new induction programme. It provides new starters with training and development opportunities so that they are equipped with the skills to carry out their role within the business.

Rewards and recognition

The salary, benefits and rewards packages that are offered to employees across our businesses help us to attract and retain the right people for our company.

These packages are aligned with the performance management and appraisal processes that we have in place.

The average salaries paid across the different job grades during 2013 in our operating businesses are set out in the table (right).

In addition to the salaries we pay, we also provide our employees with a range of benefits. These include: childcare vouchers, holidays over the statutory requirement, discounted public transport season tickets, and bonus and incentive schemes.

We also provide employees with the opportunity to participate in the Provident Financial Savings Related Share Option Scheme. Under this Scheme, employees save a fixed sum each month for three or five years and may choose to use these funds to purchase shares after three or five years. 1,216 employees (2013: 1,393) are currently saving money through this scheme.

In addition, a HMRC-approved Share Incentive Plan (SIP) was approved by shareholders at the 2013 annual general meeting. Through the SIP, employees are able to acquire Provident Financial shares in a tax-approved manner and benefit from the company's offer to match that investment on the basis of one share for every four shares purchased by the employee. Currently, 233 employees are participating in the SIP.

Salary, rewards and benefits are linked to appraisals and performance management and we offer non-financial rewards too. Both operating divisions recognise contributions that have had a positive impact on the business through reward and recognition schemes.

We have two main pension schemes: the Provident Financial Workplace Pension Scheme, and the PFG Retirement Plan.

Employees are automatically enrolled into the Provident Financial Workplace Pension Scheme on the first of the month following the completion of two months service.

Job Grade	Average salary paid
Director and senior executive	£179,547
Senior managers	£84,405
Other managers	£40,912
Other employees	£20,816
All employees	£27,666

Employees are also invited to join the PFG Retirement Plan. Under the plan, employees contribute 3-8% of their pensionable salary while the company contributes 5-10%. The plan allows employees to incorporate social, ethical and environmental considerations into their pension arrangements by choosing to invest in an ethical fund.

Employee turnover

We are keen to ensure that our employee turnover rates are kept to a minimum. A low turnover enables us to reduce the costs associated with a loss of skills and knowledge and the consequent reduction in productivity, as well as the costs of replacing leavers.

During 2013, overall employee turnover across the group rose to 20.6% (2012: 16.9%). One of the reasons for this increase was the organisational change which resulted in 520 redundancies.



The median labour turnover rate for the private sector, as reported by the CIPD in its 2013 'Resourcing and Talent Planning' survey, was 16.3% (2012: 16.1%).

Health, safety and well-being of our people

We want our employees to have a healthy and safe working environment. We do this through our group-wide health and safety policy and through our compliance with health and safety legislation.

Our operating divisions also have additional policies on a range of health, safety and well-being issues. These policies are made available to all employees via our intranet sites, employee handbooks and through our induction programmes.

We manage health and safety through division-specific steering groups. Each divisional board regularly considers health and safety and produces an annual report on compliance with the group-wide health and safety policy which is reviewed by the group board. Health and safety representatives work across our businesses to implement initiatives and manage impacts.

The steering groups plan a range of health and safety activities and initiatives which include:

- producing health and safety guides for employees and agents
- producing Current Best Approach documents which recommend the best ways of dealing with health and safety issues at work and
- delivering biannual personal safety campaigns which include a programme of computer-based training for both employees and agents.

We have a programme of health and safety risk assessments to

ensure that all risks to employees, agents, contractors and visitors are assessed and then eliminated, or reduced to acceptable levels. This is supported by a comprehensive programme of training and awareness raising, covering issues including general health and safety, hazardous substances, manual handling, display screen equipment and personal safety. We have not sought formal, external certification of our health and safety management programme to OHSAS 18001. Rather, our insurers carry out an annual audit of our health and safety policies and standards, which draws on the requirements of OHSAS 18001.

We have an annual programme of workstation assessments to assess the risks associated with using computer and display screen equipment and any special needs of individual staff.

Both operating divisions have policies and processes to identify, manage and reduce workplace stress. Among other things, these provide line managers with a suggested course of action to reduce stress for their staff, which includes:

- Obtaining a medical report from the individual's medical adviser/GP
- Suggesting an examination by an independent medical practitioner
- Involving our occupational health provider
- Carrying out stress risk assessments
- Making temporary or permanent changes to the individual's work pattern or responsibilities
- Suggesting a confidential and impartial counselling service to help employees and their immediate family members resolve difficulties which may affect health, well-being or work performance
- Providing training to improve capability to fulfil role requirements and

Our accident rates:

	2013	2012	2011	2010
Total number of reportable accidents*	1	4	6	7
Number of reportable accidents, scaled up to per 100,000 employees	27.5	110.6	172.3	205.0
Total number of non-reportable accidents	583	166	120	141
Number of non-reportable accidents, scaled up to per 100,000 employees	16,026.6	4,591.0	3,446.1	4,128.7

* The reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) define a reportable accident as either: an injury that is not 'major' but results in the injured person being away from work or unable to do their full range of normal duties for more than three consecutive days; or a major injury or a fatality.

- Undertaking regular reviews of progress with the individual.

We also have an Employee Assistance Programme open to all employees and their family members, run by an external company. It provides support on matters relating to bereavement, legal matters, medical information and stress, via a helpline.

Staff at our main offices have access to a range of opportunities which contribute to improving their health and well-being. These include subsidised membership of local gyms and exercise classes held during lunch breaks and at the end of the working day.

Managing absence

We have policies and procedures in both Vanquis Bank and the Consumer Credit Division to monitor rates of absenteeism. These are supported by guidelines and training provided to all line managers to enable them to manage absence and monitor the underlying causes.

The average number of days lost to absence per employee across the group was 8.6 days. The CIPD, in its 2013 absence management survey, estimates that, in the private services sector, the average absence level stands at 7.6 days per employee per year.

Trade union recognition

Two trade unions are recognised by the Consumer Credit Division: Unite and USDAW (the Union of Shops, Distributive and Allied Workers). We have two agreements with Unite: a recognition agreement for Area Managers, and a consultation and negotiation agreement for Development Managers. We also have a consultation and negotiation agreement in place with USDAW.

The trade union representatives are responsible for overseeing all trade union membership and we consult and negotiate with them where applicable.

8.6

The average number of days lost to absence per employee.

Consumer Credit Division,
corporate office and Vanquis Bank.

Details about trade union membership and rights are provided to employees during the induction process, in a clause in their contracts of employment, and in employee handbooks.

Employee communications

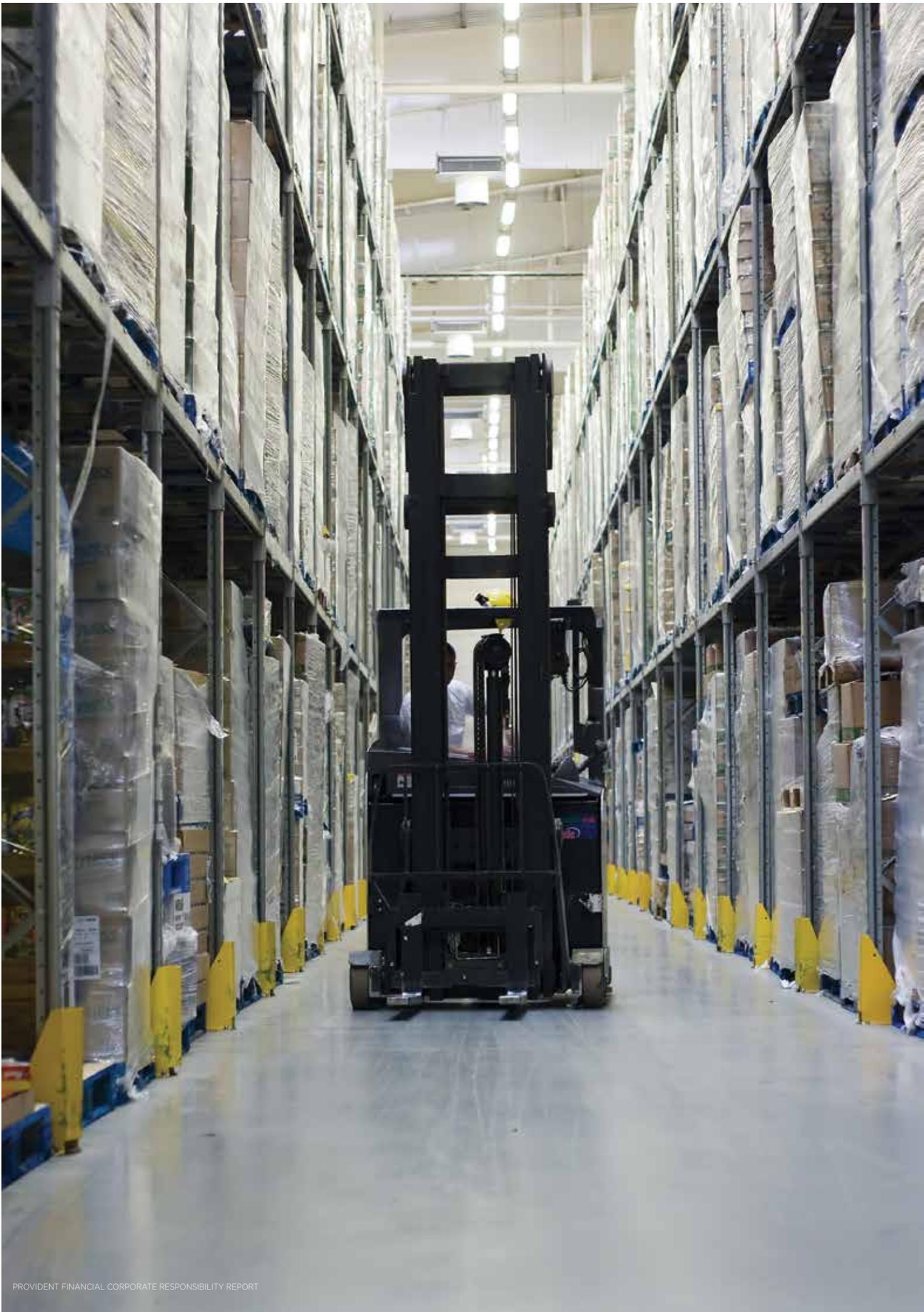
Communications play a key role in ensuring that our employees are engaged and informed about what the business is doing, and are committed and motivated to do their best.

During 2013 and into 2014, both our businesses evolved the way they communicate with their employees. This has involved developing intranet sites, using on-line newsletters, delivering interactive conferences and seminars, and using social media.

Both subsidiary businesses have in place formal employee representation groups and trade unions which enable employees' views to be provided to management and included in decision-making processes.

Communications play a key role in ensuring that our employees are engaged and informed about what the business is doing, and are committed and motivated to do their best.





Our suppliers

Part of our corporate responsibility involves treating our suppliers fairly and using our purchasing power to make sustainable procurement decisions. In 2013, our annual spend on products and services remained the same, at £118 million (2012: £118 million). This level of spend gives us the potential to encourage and support our suppliers to become more sustainable.

Our supply chain

Compared with companies in other sectors, our supply chain is relatively straightforward. We do not have the same challenges as companies that source products and materials that they then go on to sell to consumers or that operate in more challenging economic markets.

Despite this, we have a robust corporate procurement and outsourcing policy. This covers ethical management processes, environmental policies and other CR practices of the supplier, thus ensuring that our suppliers complement our culture and core values and adhere to

our policies. These policies apply to all our operations and are reviewed on an annual basis.

Our group code of ethics states our commitment to human rights; we use the UN's Universal Declaration of Human Rights and the International Labour Organisation (ILO) core standards to guide how we do business.

To ensure social, environmental and economic considerations are included in procurement processes and decisions in our subsidiary businesses, representatives from procurement functions sit on our CR and Environmental Working Groups.

2013 targets

Reduce total annual third-party courier mileage by 5% by the end of 2013 through location analysis and the use of combined collection points.

Not achieved - Work to progress this target was overtaken during 2013, as the use of third-party couriers were greatly reduced by default. The introduction of technology in the Consumer Credit Division has started to lessen the amount of paperwork that is generated by our branch offices and therefore reduced the need to use third-party couriers.

Work with Bradford Chamber of Commerce and other partners to develop an initiative which encourages the district's businesses to get involved in activities which support the local economy and community.

Achieved - During 2013, we worked with the Bradford Chamber of Commerce to develop and launch the Raising the Bar initiative (see page 47 for more information).



2014 targets

Explore monitoring and reporting the average percentage of suppliers who are paid on time according to their agreed terms of payment.

Continue to work with Bradford Chamber of Commerce and other partners to encourage small businesses in West Yorkshire to get involved with activities which support the local economy and community.

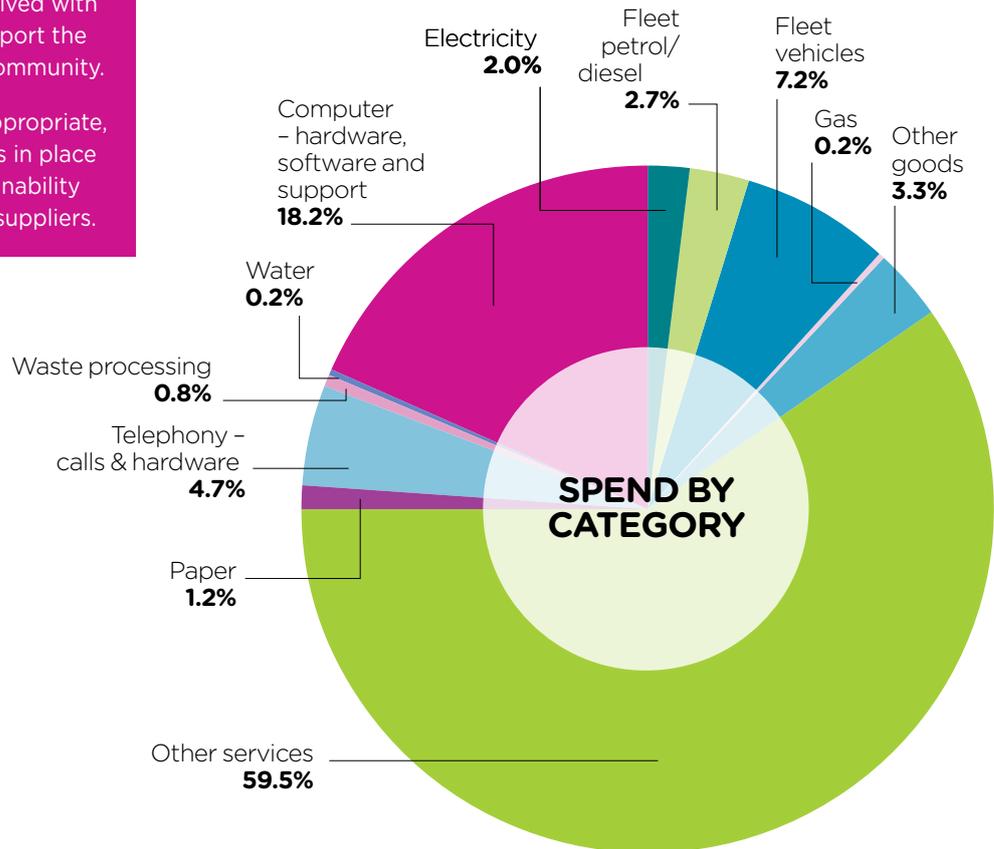
Review and, where appropriate, amend the processes in place to assess the sustainability performance of our suppliers.

Supply chain analysis

During 2013, we analysed the procurement spend of both Vanquis Bank and the Consumer Credit Division by supplier type.

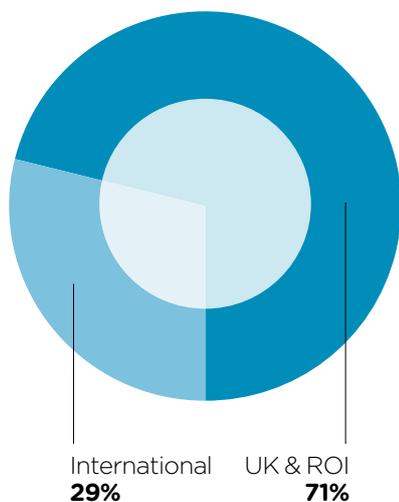
The Consumer Credit Division's spend is split into suitable categories for their top 100 suppliers, showing that 59.5% of spending was on "other services". It is not currently possible to break down this figure, but includes mailing, couriers, marketing, security services and debt recovery. Our analysis shows that 71% of the Division's first tier suppliers are based in the UK and Republic of Ireland.

Consumer Credit Division's top 100 suppliers spend by category



We are committed to paying our suppliers promptly as we recognise that late payment can cause serious cash flow problems, especially for small businesses.

Consumer Credit Division's spend by supplier parent company of origin



Supplier CR performance assessments

Both our subsidiary businesses assess CR performance of suppliers at the pre-qualification or invitation to tender stages of the procurement process.

Vanquis Bank includes CR considerations in their vendor vetting guidelines, while the Consumer Credit Division uses a self-assessment CR questionnaire. These processes collect background information on the economic, social and environmental performance of prospective suppliers. This enables us to assess suppliers' CR performance to identify best practice examples and suppliers that we view as a higher risk in terms of the management of social and environmental issues.

Where necessary, we undertake more detailed audits which enable us to examine further a supplier's CR practices and performances. We will also factor CR questions into the interview stage for suppliers who pitch for work with us.

Prompt payment

We are committed to paying our suppliers promptly as we recognise that late payment can cause serious cash flow problems, especially for small businesses.

Our subsidiary businesses do not have standard payment terms for suppliers. Rather, we have individually negotiated payment terms with each of our suppliers, although the terms are typical of the wider market. We endeavour to ensure that suppliers are paid in accordance with the agreed payment terms.

During 2014, we plan to monitor and report the percentage of suppliers who are paid on time according to their agreed terms of payment.

Continuing to support local businesses

Throughout 2013, we continued to provide financial support to Bradford Chamber's Eco-Network.

The Eco-Network, the steering group of which is chaired by Provident's CR Manager, offers a wide range of products and services to help companies in the West Yorkshire district, many of which are part of our supply chain, to improve their eco-performance. This includes advice, training events and on-site support.

The Eco-Network's annual environmental expo, Eco-Fair, aims to inspire businesses to change and to help them find green business solutions to everyday problems. In 2013, it attracted over 1,000 visitors and is the only event of this type in the north of England.

During 2013, we worked with the Bradford Chamber of Commerce to develop and deliver an initiative called Raising the Bar. This aims to engage small- and medium-sized enterprises in West Yorkshire on the wider CR agenda, helping them develop, measure and gain external recognition of their efforts.

In November 2013, we celebrated the success of the scheme at an inaugural awards event. Successes included:

- More than 30 companies took part in the Raising the Bar initiative
- Sixteen firms have, between them, raised more than £500,000 for local good causes
- 954 staff at 11 firms helped local projects, which between them donated more than 10,000 volunteer hours
- Six firms gave staff time out of work to be volunteer mentors - helping young people in education or mentoring on enterprise challenges - totalling 1,700 volunteer hours
- More than £300,000 has been given to charities and voluntary groups. Firms have also donated £17,000 worth of products, materials, furniture and other resources to local projects and
- 14 firms hosted more than 1,200 pupils, either on work placements or company visits.

Saltaire-based architects firm, Rance Booth Smith, was named overall winner for its pro bono work on projects that promote and advance carbon reduction, sustainable green spaces and flood risk management. The firm also supports local community initiatives and has taught local students about sustainable architecture.

By supporting Bradford Chamber's Eco-Network and Raising the Bar initiative, we are able to engage small businesses in the West Yorkshire district, some of whom will be our local suppliers, in a way that enables them to improve their own sustainability performance.



Community

Our approach to community involvement is guided by our belief that we have a duty to be a model corporate citizen and a positive force in people's lives. We serve customers in communities right across the UK and Ireland and we seek to work with local partners to address a wide range of issues that affect our customers. We also look further afield and recognise that there are opportunities to support projects overseas. We especially seek to: address the social inclusion needs of people who live in deprived communities; support the money advice sector; address issues such as financial education; and to carry out research into issues that affect our customers.

Our community involvement

Our community outreach activities are delivered through the Good Neighbour programme and The Vanquis Bank Active Community Programme.

Good Neighbour delivers support to local projects in the UK and Ireland, and provides volunteering opportunities for our employees. It also offers employees matched-giving opportunities.

The Vanquis Bank Active Community Programme encourages employee volunteering and provides support to local charities in London and Chatham, and also in Nairobi, Kenya, through the international charity Hatua.

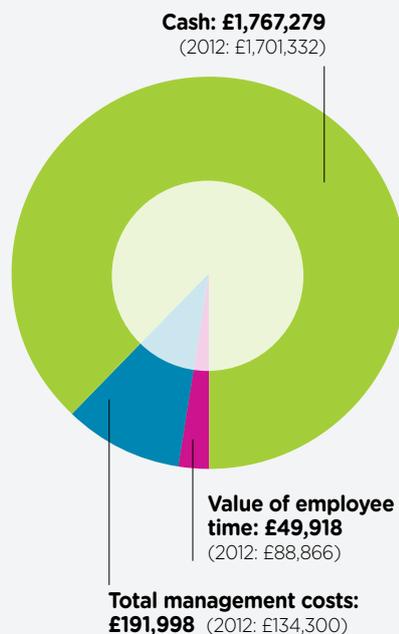
Investing in our communities

During 2013, the company made donations for charitable purposes of £1,374,675 (2012: £1,385,928). The group invested a further £634,520 (2012: £538,570) in support of

community programmes (based on the London Benchmarking Group's guidelines).



2013 Community involvement in numbers



Provident is an active member of the London Benchmarking Group (LBG) which we use to quantify our contribution to the community on an annual basis. The LBG framework helps businesses to improve the management, measurement and reporting of their corporate community involvement programmes. It moves beyond charitable donations to include the full range of contributions (in time, in kind and in cash) made to community causes, and assesses the actual results for the community and for the business. Visit www.lbg-online.net for further information.

Good Neighbour

At the end of 2013, we had 39 funding partnerships in place through our Good Neighbour programme. Over the year, we entered into new partnerships with the following projects:

Immanuel Project in Bradford

The Immanuel Project, based at St Mary's Church in East Parade, Bradford, provides a safe environment for vulnerable and homeless people.

2013 targets

Maintain a minimum investment of 1% of profit before tax in community programmes, money advice programmes and social research.

Achieved – During 2013, 1.02% of profit before tax (£2.0 million) was invested in these various areas.

Get at least 25% of our people engaged in volunteering and fundraising activities.

Not achieved – During 2013, 9.1% (327) of our employees took part in volunteering and fundraising activities.

Continue to provide, and encourage opportunities for, collaborative working across our community partners.

Achieved – During 2013, we enabled linkages between several of our community partners.

This included:

- The One in a Million and Scholemoor Beacon projects in Bradford working together to share resources. One in a Million also joined with 'MADE4U in ML2' in Motherwell to provide football resources for the young people using the centre.
- The Lyceum Youth Theatre Discover Programme continuing to work with Venchie, another Good Neighbour-supported project in Edinburgh, to achieve even greater reach through the programme.
- The Edge in Bradford meeting with The Door in Stroud to share insights and learnings.
- The 'Give Us A Break' scheme linking with the Irish and Scottish Youth Hostel Associations, enabling these projects to connect with several of our partners and provide activity breaks.
- Leveraging our support of Bradford City FC's Community Stand to provide trips to matches for some of our Good Neighbour partners in Bradford.

They have around 120 regular service users served by over 20 volunteers including Provident employees, teachers, nurses and counsellors, who provide food, activities, support, and talks.

Our funding will be used to help the project with ongoing costs and to introduce a new programme to help service users to deal with issues in their lives and build their self-confidence.

Bradford City Football Club Community Stand

In 2013, we agreed to support Bradford City's Community Stand to bring in extra supporters from schools, youth clubs and local groups.

Our funding will allow Bradford City FC's Community Foundation to offer heavily-discounted tickets to attract people who have not been to a game before and would otherwise be excluded for social or financial reasons.

The Bradford City FC Community Foundation is a registered charity which operates as a separate entity to the Club. It engages 30,000 primary and secondary school children in sport, education and healthy lifestyle projects. It also runs a highly successful disability programme.

Bradford City Women's Football Club

Bradford City Women's Football Club is an all-amateur organisation that runs a girls' development programme, independent of Bradford City FC. As girls' football is one of the fastest growing participation sports in the UK, this is an ideal opportunity to support grassroots sports and complements our support of the professional club.

Our funding will buy training equipment and kit, and pay for hire of training facilities. It will also help to bring in specialist coaches to work with the club's volunteer coaches to ensure the right development for each young person.

Young People Cornwall, Truro

Young People Cornwall supports young people aged 11 to 25 through projects including health education, youth clubs and the arts. Cornwall has one of the highest youth suicide rates in the UK. The project also works with

young people who are experiencing, or likely to experience, mental health issues.

We are funding a professional trainer for the Heads Up programme, part of the Hear Our Voice project. Hear Our Voice works with young people who have, or are at risk of developing, mental health issues, to help increase their resilience and battle the stigma attached to mental illness.

The Vanquis Bank Active Community Programme

At Vanquis Bank, we play a positive role in our community through our Active Community Programme. Our Active Community Programme has been running since 2008; it was set up to enable our employees to help community projects in the UK and overseas.

Over the years, we have developed partnerships with local charities for children and young people in London, Chatham and Bradford. We also work with an educational charity in Kenya and, in the future, plan to identify community partners to work with in Poland. The Vanquis Active Community Programme is based on three main principles:

1. Employee involvement – We do not simply "write a cheque" for causes, however worthy they may be. We offer opportunities for personal development which enrich our working lives.
2. Activities are significant to the charity – Some charities are simply too big for us to make a real difference, so we carefully select community projects where we can make a significant impact.
3. We see the results of our efforts – Active involvement is at the heart of the programme. We support charities where our employees have direct involvement.

Chatham: In and around the Chatham area, our employees regularly help with initiatives at Glencoe Junior School, including hosting Christmas parties for the local Sure Start Children's centre.

We also support the Breaks for Kids programme. Our support provides children from financially disadvantaged backgrounds in the Chatham area the opportunity to take part in a short Youth Hostel

OUR GOOD NEIGHBOUR THREE-YEAR PROJECTS

- 1 Aberlour, Elgin
- 2 Boomerang, Dundee
- 3 Scottish Youth Hostel Association, Stirling
- 4 Venchie Children and Young People's Project, Edinburgh
- 5 The Royal Lyceum, Edinburgh
- 6 Made4U in ML2, Wishaw
- 7 Sycamore Project (Zac's Bar), Bolton
- 8 Scholemoor Beacon, Bradford
- 9 Joshua Project, Bradford
- 10 Holmewood Executive, Bradford
- 11 Sedbergh Youth and Community Centre, Bradford
- 12 Bradford and District Senior Power, Bradford
- 13 Participate Projects, Bradford
- 14 One in a Million, Bradford
- 15 Immanuel Project, Bradford
- 16 Bradford City Women's Football Club, Bradford
- 17 Bradford City Football Club Community Stand, Bradford
- 18 Northfield Sports Association, Bootle
- 19 Yorkshire Dance, Rotherham
- 20 Harvey Girls, Burton on Trent
- 21 Sycamore Adventure, Dudley
- 22 Mowmacre Young People's Play and Development Association, Leicester
- 23 Project for the Regeneration of Druids Heath, Birmingham
- 24 Youth Network MK CIC, Milton Keynes
- 25 Riverfront Theatre, Newport
- 26 The Door, Stroud
- 27 Battersea Arts Centre, London
- 28 Ahoy Centre, Deptford
- 29 CEN8, New Cross
- 30 Baggator, Bristol
- 31 St Petrock's, Exeter
- 32 Young People Cornwall, Truro
- 33 REACH Across, Londonderry
- 34 Hostelling International Northern Ireland, Belfast
- 35 Early Focus Project, Dublin
- 36 Solas Project, Dublin
- 37 Ballymun Music Programme, Dublin
- 38 Laois Partnership, Portlaoise
- 39 An Oige, County Wicklow



39
The number of three-year Good Neighbour projects

£2.0m
The amount invested in community programmes, money advice and social research

2014 targets

Maintain a minimum investment of 1% of profit before tax in community programmes, money advice programmes and social research.

Develop and launch an employee engagement strategy to encourage more participation by employees in the group's community investment activities.

Engage with the directors and other senior managers of Vanquis Bank and the Consumer Credit Division to raise awareness of the Vanquis Active Community Programme and Good Neighbour programmes, respectively.

Identify new community partners to work with in London and Bradford as part of the Vanquis Bank Active Community Programme.

Association break. These provide life-enhancing experiences through adventurous educational stays that they would be excluded from without the support provided.

London and Bradford: Staff from the London office volunteer to take part in Tower Hamlets Education Business Partnership's reading programme to read with children in a local school.

We identify partners to work with in London and Bradford to ensure that there are sufficient opportunities for employees at both locations to get involved in our community programme. We are currently developing links with:

- Kids Company, a charity providing practical, emotional and educational support to vulnerable inner-city children in London
- The Bradford Youth Development Partnership, a charity working with young people aged 8-30 years, across the Bradford District and north of England and
- The Outward Bound Trust, an educational charity which, among other activities, runs a bursary scheme which helps disadvantaged young people participate outdoor learning experiences.

International: We continue to support the UK-registered charity, Hatua, which means "the next step" in Kiswahili. Hatua helps talented children from Nairobi's slums to access education by providing money for secondary school fees, uniforms, books and equipment. Without this financial support, the cost of education is prohibitive for families with children living in Nairobi's slums. To date, Hatua has helped 66 talented children from Nairobi's slums get secondary school places.

"Visiting Nairobi's slums and meeting the children gave me a different perspective on life. My everyday problems are nothing compared with what they had to go through. Being there and seeing their everyday challenges to secure an education makes me feel both fortunate and humble."

MARIFEL GRAHAM, Management Accountant, Vanquis Bank

Employee volunteering

We continue to encourage employees from across our businesses to participate in their communities through volunteering and matched-giving.

9.1%

The percentage of employees who took part in volunteering and fundraising activities during 2013.

97%

The percentage who felt that team challenges improved employee morale.

96%

The percentage of volunteers who felt that team challenges made a positive contribution to the community.

In August 2013, a team of volunteers from the Consumer Credit Division's catering and distribution teams took part in a team challenge at One in a Million, a free school with charitable status. One in a Million works in partnership with Bradford City Football Club to provide alternative education to children and young people, many of whom are from disadvantaged communities, who are at risk of exclusion or are already excluded from education. Over two days, volunteers built terraced raised beds and installed paths on a small plot of land between the school and football club. This area will be used for both outdoor learning and quiet outdoor recreation.

Our staff also raise money for causes that are close to their hearts by taking part in volunteering and fundraising activities for national campaigns. These include campaigns such as Comic Relief and Children in Need, as well as initiatives in their own communities. Under the community programmes in place across our businesses, we provide funding that can be matched against the money that staff raise. We also provide an

annual volunteering grant to the organisation that an employee is working with.

There is more that we can do to encourage staff to take advantage of the employee volunteering opportunities that arise out of our community involvement programmes. This is why we plan to launch a new employee engagement strategy across the Consumer Credit Division and have set targets to raise awareness of Vanquis Bank's Active Community Programme.

Supporting the delivery of financial education

Our community involvement programme continues to support a number of specialist organisations to deliver financial education initiatives. During 2013, this included providing financial support to The Money Charity (formerly Credit Action).

Over the course of the year, staff within Vanquis Bank's training department worked with The Money Charity to deliver a Key Stage 3/4 money workshop to 11 to 16 year old secondary school pupils in Chatham, Kent.

The aim of the workshop was to improve students' confidence and skills in managing their finances and covered topics such as: why being responsible with money matters; the importance of saving to achieve life goals; understanding credit, and using it sensibly. The feedback from the pupils that attended the workshop was positive:

- Prior to the workshop, the majority of attendees (58%) said they 'sort of agreed' that money is absolutely necessary to achieve their life goals. After the workshop the same majority (58%) 'definitely agreed'.
- Prior to the workshop, 33% pupils were confident they could create a budget. This increased dramatically after the workshop to 72%.
- Before the workshop, 67% felt they'd be able to have a go at explaining the pros and cons of different types of credit, but they were not confident in doing so. After the workshop 58% were confident enough to do this.

Community involvement in numbers



The number of people who, in 2013, benefited directly from the support provided by the projects we funded through our Good Neighbour programme.



The number of people who accessed new services and activities delivered through our Good Neighbour-funded projects during 2013.



The number of people who developed new skills during 2013 as a result of their involvement in the programmes supported by Good Neighbour.



The number of employees across the Provident Financial group that took part in volunteering activities during 2013.



The number of children from Nairobi's deprived communities who have been helped by Hatua to get secondary school places.





The environment

We recognise the importance of using resources responsibly and prudently. As such, we are committed to keeping waste to a minimum and to reducing the amount of environmentally-damaging emissions we are responsible for, both directly and indirectly. By doing this, we are able to minimise the environmental impacts of our business activities and meet the expectations of our stakeholders. This also generates cost savings from using resources more efficiently and ensures we comply with the increasing body of environmental legislation.

Environmental management

Our environmental management system (EMS) has been in operation across our business for over ten years. Our EMS allows us to manage systematically our impacts on the environment by:

- **Identifying and understanding the environmental impacts of our activities**

Our EMS has helped us to determine that our main environmental impacts stem from the energy we use to power our buildings, business travel, the waste we generate, and the greenhouse gas emissions associated with all of these.

- **Defining environmental responsibilities for our staff**

Environmental working groups in place across both our subsidiary businesses are made up of representatives from across our businesses. They oversee the ongoing maintenance of our EMS, help set targets, and monitor our environmental management performance.

- **Measuring and monitoring our environmental management performance and setting targets**

For many years we have measured the energy we use, the waste we generate and recycle, and the distances travelled by staff for business purposes. This enables us to monitor and reduce the impact that our businesses have on the environment.

- **Identifying opportunities to continually improve our environmental management performance**

Our EMS is externally audited each year to help ensure both compliance and continual improvement in our environmental management performance. The scope of the 2013 audit covered the business activities of our Bradford-based head office, a small sample of the Consumer Credit Division's branch offices, and Vanquis Bank's operations in Chatham, Kent. It is carried out in the context of environmental legislation and the international standard ISO 14001: 2004.

Our 2013 audits revealed no non-conformances and enabled our head office in Bradford to continue to be formally certified to ISO 14001: 2004.



2013 targets

Energy

Reduce energy consumption by 15% by 2013, based on 2008 levels.

Achieved – Details on energy use can be found on page 56.

Greenhouse gas emissions

Continue to identify opportunities to offset the carbon dioxide emissions associated with our transport activities.

Achieved – The 4,322 tonnes of CO₂e emissions associated with business travel in 2013 have been offset. Go to page 56 for more information.

Continue to disclose information to stakeholders on the carbon intensity of our business activities.

Achieved – This was done via our Carbon Disclosure Project submission. Go to the following link for more information: www.cdp.net

Reduce total annual third-party courier mileage by 5% through location analysis and combined collection points.

Not achieved – Work to progress this target was overtaken during 2013, as the use of third-party couriers were greatly reduced by default. The introduction of technology in the Consumer Credit Division has started to lessen the amount of paperwork that is generated by our branch offices and therefore reduced the need to use third-party couriers.

Monitoring and reporting greenhouse gas emissions

New UK legislation on mandatory GHG emission reporting requires us to disclose the GHG emissions for which we are directly responsible, such as combustion of fuel (scope 1 emissions), and also those for which we are indirectly responsible, such as the electricity we purchase (scope 2 emissions).

The scope 1 emissions reported relate to our fleet of company cars and the gas used in our offices, and the scope 2 emissions are associated with the electricity we purchased during 2013. We have also reported the GHG emissions which we are indirectly responsible for, but occur from sources we do not own or control, which are associated with our scope 1 and 2 emissions. These are referred to as scope 3 emissions and relate to GHG emissions associated with the extraction, refining, distribution, storage, transport and retail of the fuel we use.

Measuring and reporting on our GHG emissions helps us to minimise our contribution to climate change. It gives us the information we need to justify the implementation of yet more energy-efficient measures.

Energy-efficient measures currently in place include using energy efficient fixtures and fittings, as well as offering more fuel-efficient vehicles in our company car fleet (including those that use hybrid technology). In addition, we purchase electricity from renewable sources and offset our business travel GHG emissions so that we can reduce the carbon intensity of our activities.

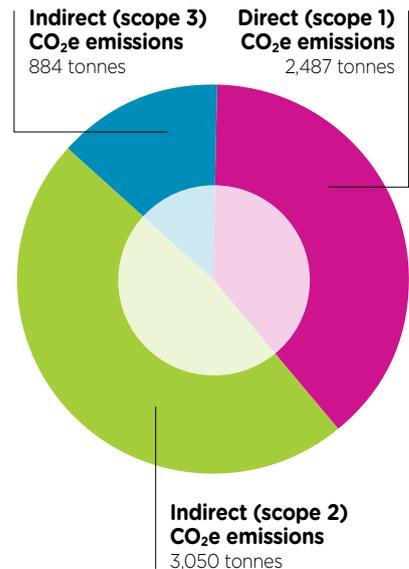
We report on our carbon emissions and how we manage them not only in our annual CR report, but also to the Dow Jones Sustainability Indices and the Carbon Disclosure Project (CDP). Details of our CDP submissions can be found at: www.cdp.net

Energy use

Ensuring that we are as energy efficient as possible is just good business practice; it enables us to reduce our contribution to global and local environmental impacts and provides us with cost savings too.

During 2013, energy use across the group decreased to 10,436 MWh (2012: 12,105 MWh).

GHG emissions (tonnes of CO₂e)



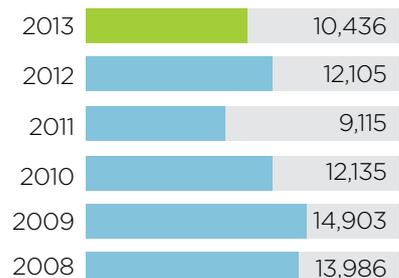
Our emissions are reported in accordance with the WRI/WBCSD Greenhouse Gas (GHG) Protocol. We use an operational control consolidation approach to account for our GHG emissions and use emission conversion factors from Defra/DECC's GHG Conversion Factors for Company Reporting 2013.

Our GHG emissions are calculated using energy use data accessed via meters and energy suppliers, and from records of fuel use.

The emissions associated with Vanquis Bank's pilot credit card operation in Poland are excluded from the data disclosed above.

Energy consumption

Head office, CCD branch and Vanquis Bank energy consumption (MWh)



Travel and transport

Travel continues to be an important part of how our businesses operate. We measure and monitor journeys our staff make by plane, train and car and the fuel used by company drivers. We aspire to keep business travel to a minimum.

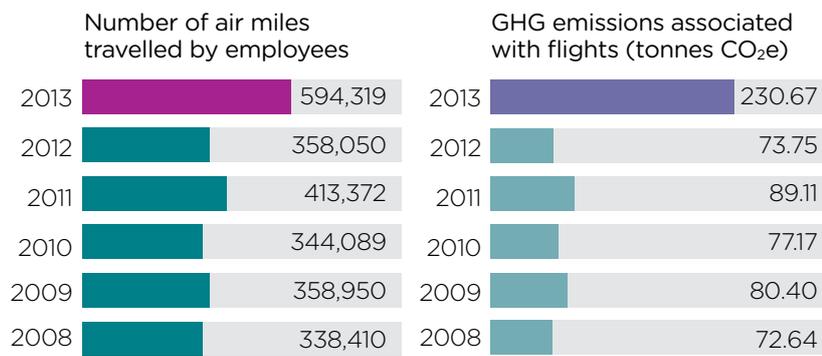
The data we capture relates solely to the business-related activities of employees. It does not include data that relates to the network of 9,000 self-employed agents. We will look into ways of measuring this impact in 2014.

Overall, the GHG emissions associated with our business-related travel during 2013 were 4,322 tonnes CO₂e (2012:

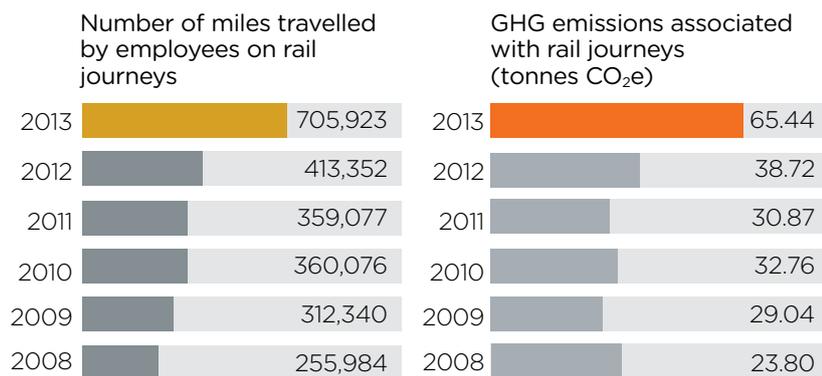
3,870). The majority of this increase is due to a change in the guidance published by the UK Government on environmental reporting that in addition to accounting for the GHG emissions that occur as a result of the fuel that they use, companies can also voluntarily account for the GHG emissions associated with the production, transportation and distribution of fuels used by transport and utilities providers. Provident has decided to include these emissions which are referred to as "well to tank" emissions and, during 2013, amounted to 740 tonnes CO₂e.

Comparing like-for-like data - excluding the 740 tonnes CO₂e of "well to tank" emissions - our overall emissions decreased by 288 tonnes CO₂e.

Air travel and GHG emissions



Rail journeys and GHG emissions



5,537 Total scope 1 and 2 emissions in tonnes of CO₂e

2013 targets

Transport

Undertake an annual survey of head office staff to understand how they travel to and from work and what the company can do to encourage the use of more sustainable forms of transport.

Achieved - A travel plan survey was undertaken at our head office in May 2013.

Continue to offer a subsidised annual season ticket for public transport to staff at our Bradford head office.

Achieved - An annual season ticket for public transport, which is subsidised by 30%, is available to staff at this location.

Waste

Reduce Consumer Credit Division branch office waste to landfill by 20% by the end of 2013, through implementation of dry mixed recycling (DMR) processes.

Not achieved - The process of implementing new waste management arrangements across the Consumer Credit Division's network of branch offices was delayed until late 2013. Go to page 59 for more information.

Communications and stewardship

Ensure that our head office continues to attain formal certification to ISO 14001: 2004.

Achieved - Following a surveillance audit that was conducted in April 2013, the environmental management system in place at our Bradford head office continued to be formally certified to ISO 14001: 2004.

2014 targets

Greenhouse gas emissions

Continue to identify opportunities to offset the greenhouse gas (GHG) emissions associated with employees' business travel activities.

Continue to disclose information to stakeholders on the GHG intensity of our business activities.

Explore how viable it is to estimate the GHG emissions that are associated with the activities of the self-employed agents while they are on home credit business.

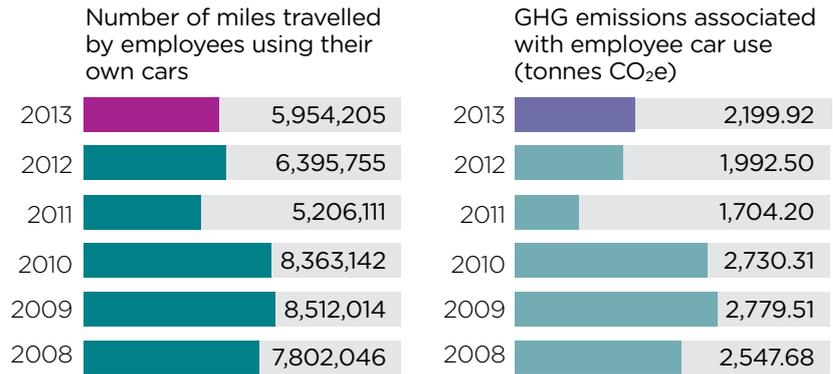
Develop systems and processes to enable the calculation of the GHG emissions that are associated with the waste that is collected and managed from across our business.

Transport

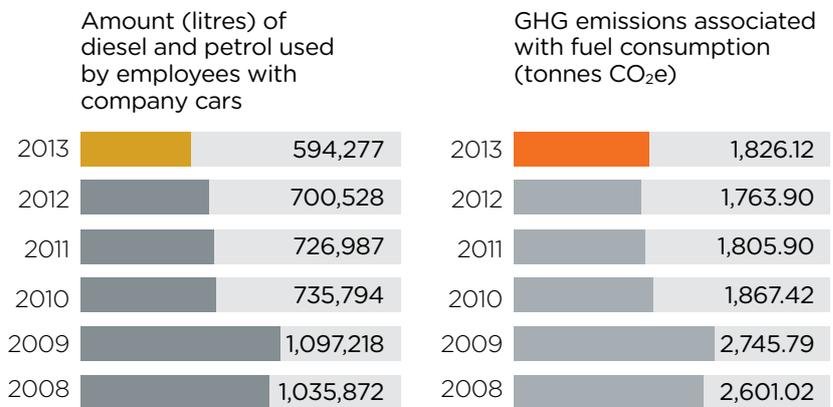
Undertake an annual survey of head office staff to understand how they travel to and from work and what the company can do to encourage the use of more sustainable forms of transport.

Continue to offer a subsidised annual season ticket for public transport to staff at our Bradford head office.

Car mileage and GHG emissions



Fuel consumption and GHG emissions



The 60% increase in air miles travelled by our employees is due to the launch of our pilot credit card operation in Poland which necessitates more flights between the UK and Poland.

Our train travel has also increased considerably due to the increase in travel between our offices in Bradford and those in the south east where much of our activity is located. The number of miles travelled by employees by train increased by 70% compared to 2012 figures.

We have successfully reduced our car travel. Miles travelled by employees in their own cars has reduced by 7%, and the amount of diesel and petrol used in company cars decreased by 15%.

Our travel plan management group continued to oversee the implementation of our travel plan, which we developed for our head office in Bradford city centre in 2010.

Through our membership of the West Yorkshire Travel Plan Network, our employees are already entitled to a 15% discount on public transport. On top of this, we provide a further subsidy of 30% to encourage our employees to use public transport for their commute. We also prioritise car sharers in the Bradford head office car park.

Carbon offsetting

Throughout 2013, the GHG emissions from our business-related travel was 4,322 tonnes of CO₂e. While we try to reduce these emissions, we also recognise that travel is an essential part of our business. To ensure our environmental management programme continues to follow best practice, we offset these emissions. This provides tangible evidence to our stakeholders of our commitment to reduce the carbon intensity of our operations.

We offset these carbon emissions by buying Gold Standard credits in the Datça Aegean Wind Project in the Mugla Province of Turkey. This is a renewable energy project which consists of 36 wind turbines. The wind farm reduces GHG emissions by displacing traditional sources of energy, such as coal, which produce large quantities of carbon emissions as well as air-borne pollutants. The project is expected to generate 99,000 MWh of electricity per year, resulting in a total reduction of over 444,000 tonnes of carbon emissions during the first seven years of the project's operation.

Waste and paper use

As with all companies, we generate waste. We follow the waste hierarchy - trying to reduce the waste we generate and then recycling and reusing what we can. This reduces the waste sent to landfill and our costs.

Paper continues to be our biggest waste stream (used for photocopying, printing and for marketing activities). We make sure that the paper we use either contains a high recycled content or is manufactured from trees grown on sustainability managed plantations.

In late 2013, we appointed a new company to handle the waste from the Consumer Credit Division's network of branch offices. This will result in new waste management arrangements being rolled out across our branch office network during 2014, which should help these offices to increase the amount of waste they recycle. In addition, the introduction of technologies such as tablets and their associated apps in our home credit business - which has historically been very paper-based - will contribute to reducing the amount of waste we generate in the coming years.

2014 targets

Waste

Reduce the amount of office paper used across the Provident Financial group of businesses by 20% compared with 2012.

Develop systems and processes to enable data to be collected on the amounts of general waste generated at Vanquis Bank's London and Chatham offices.

Environmental stewardship

Ensure environmental improvement measures are integrated into Vanquis Bank's new head office.

Ensure that the environmental management system at the Provident Financial head office is reaccredited to the international standard ISO 14001: 2004.

Absolute waste arising (tonnes)

Year	Head office ¹	CCD branch network ²	Vanquis Bank ³	Total
2013	199	1,214	45	1,458
2012	200	1,126	40	1,366
2011	148	1,053	39	1,240
2010	227	1,222	39	1,488
2009	201	1,562	28	1,791

¹ This includes the confidential, food and mixed waste generated at our Bradford head office, all of which is recycled or composted.

² This includes the confidential, mixed and trade waste that is generated by the Consumer Credit Division's network of branch offices. The confidential and mixed waste is recycled, while the trade waste is sent to landfill.

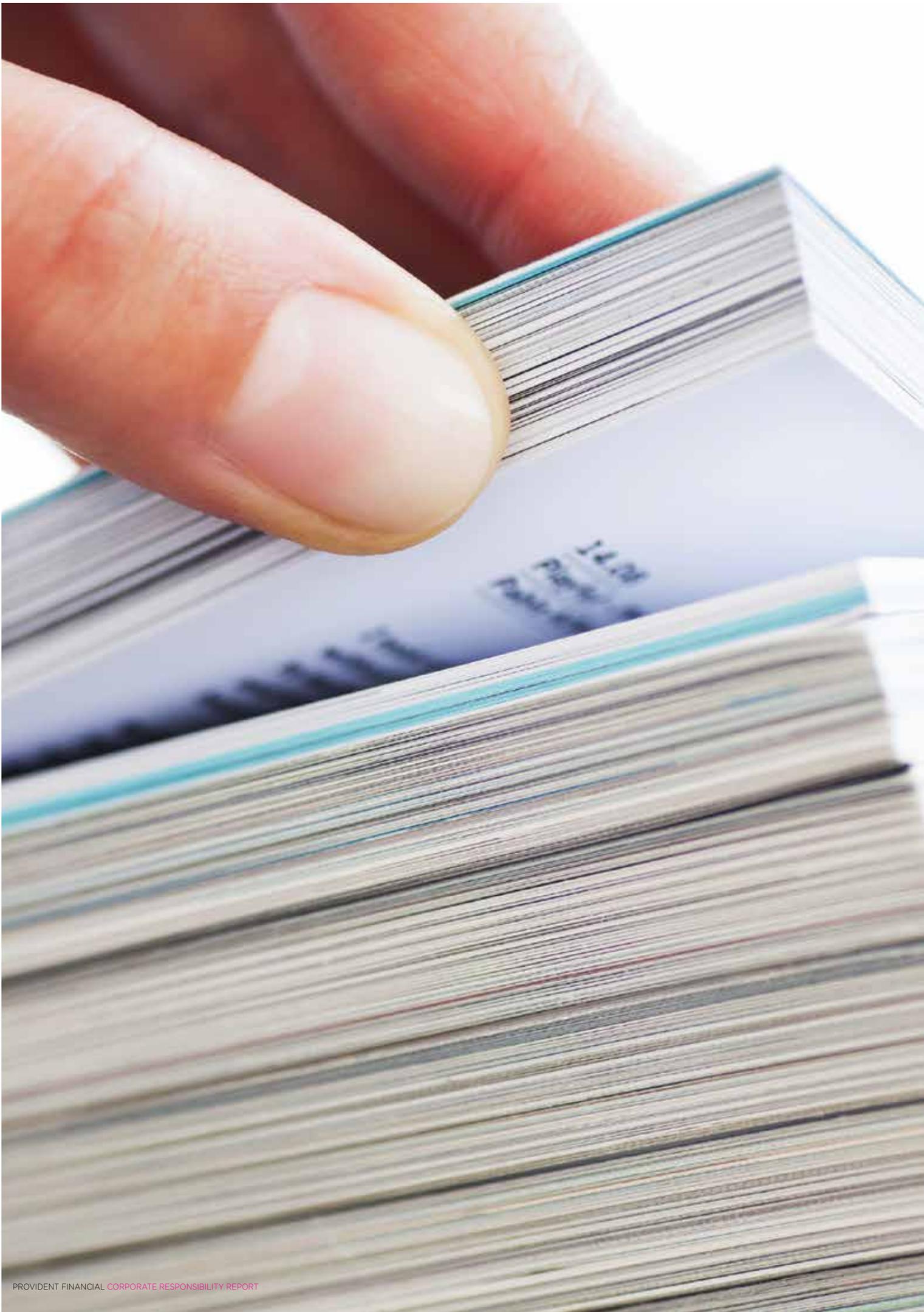
³ This includes the confidential waste that is generated by Vanquis Bank, all of which is recycled.

Absolute waste recycled (tonnes)

2013	1,083
2012	1,130
2011	977
2010	1,258
2009	1,308

Group paper use (tonnes)

2013	1,654
2012	1,798
2011	1,434
2010	1,138
2009	1,022



Assurance statement and commentary



The Provident Financial Group (PFG) has commissioned Corporate Citizenship to provide external assurance and a commentary on its Corporate Responsibility Report 2013.

The scope of our assurance

The assurance provides the reader with an independent, external assessment of the report and, in particular, with how it corresponds with the AA1000 standard. It is intended for the general reader and for more specialist audiences who have a professional interest in Provident Financial's corporate responsibility (CR) performance.

Provident Financial has chosen to use AA1000AS (2008) as the standard against which to assure the report. Our assurance is a Type 2 assurance as defined by the standard, in that it evaluates the nature and extent of adherence to the AA1000AS principles of inclusivity, materiality and responsiveness and assures the behaviour of the organisation as reported here. Our assurance used disclosed information as its starting point and then investigated the underlying systems, processes and sustainability performance information to arrive at its conclusions.

We have also assured the agreed performance information in the report. The criteria used are the GRI G3 Reporting Principles for Defining Quality; Balance; Comparability; Accuracy; Timelines; Clarity; and Reliability.

The level of assurance offered is moderate as defined by AA1000AS (2008). That is to say, our work obtained sufficient evidence to support the statement that the risk of our conclusion being in error is reduced. Our assurance does not cover Provident Financial's obligations to government codes, guidelines and regulations covering the financial services sector.

Provident Financial is entirely and solely responsible for the contents of the report, Corporate Citizenship for its assurance. A detailed note of our assurance methodology appears at the end of this statement.

Opinion and conclusions

In our opinion the Provident Financial Corporate Responsibility Report 2013 reflects the principles of AA1000 (2008): inclusivity, materiality and responsiveness.

Inclusivity relates to a company's commitment to be accountable to those on whom it has an impact and whether stakeholders are involved in developing a strategic approach. Provident Financial recognises that it operates in an environment where the demand for accountability by its stakeholders is extremely high. This report addresses those demands by providing a very detailed account of the company's business practices, its strategy and its approach to responsible lending. The company also actively engages with a variety of stakeholder groups, as articulated in this report, to help inform the company's approach to corporate responsibility reporting and management.

Materiality relates to the issues that really matter to an organisation's corporate responsibility performance and how these are identified by a company. Provident Financial has, over the years, engaged with key stakeholder audiences, including regulators, customers, employees, peers and charitable partners in order to help it identify the issues that are material to the business. Additional comments on materiality are given in the section below.

Responsiveness relates to how an organisation responds to stakeholder concerns. Provident Financial's approach to CR continues to evolve in response to changes in the business context, the changing stakeholder expectations of the company and the sector as whole and, indeed, the report assurance process itself. This report demonstrates the company's commitment to respond to key issues by addressing significant areas of concern in great detail, particularly its

customer relationships and responsible lending practices.

Based on the work we have done, nothing has come to our attention to suggest that the agreed performance information is not in accordance with the GRI G3 Reporting Principles for Defining Quality.

Commentary

This year's report builds on the strengths of previous year's reports in its detailed account of the company's customer base, main products, and CR practices. The company's treatment of issues such as tax, the regulatory context and the benefit of its community investment activities (in the Consumer Credit Division (CCD) and Vanquis Bank) are also noteworthy strengths of its reporting. These aspects of reporting not only address recommendations identified in last year's assurance process, but also help to provide useful context for understanding and interpreting the company's CR commitments and performance as a whole.

Notwithstanding the above, we highlight a number of specific recommendations below that would help improve the overall quality of reporting going forward.

Materiality

Provident Financial has based the current structure and content of its reporting on extensive stakeholder engagement conducted in previous years. Future reporting would benefit from formal disclosure of a materiality matrix that identifies the top priority issues for the group based on internal and external stakeholder engagement. This would allow readers to understand the full range of issues considered by the company in assessing its material issues, and the relative importance placed on these issues by internal and external stakeholder groups.

We acknowledge that greater coverage

of materiality is likely to occur in next year's report in line with the company's 2014 target to: *"Convene a stakeholder roundtable session with peers from across the financial services sector to discuss and explore the CR issues that are material to our sector."* This is already being acted upon as Corporate Citizenship has been involved in facilitating a roundtable session with sector peers to discuss the relevant issues. We look forward to seeing how the outcome of that session will inform the company's future reporting and strategy development.

Geographic expansion

The expansion of Vanquis Bank's operations into Poland during the last reporting year will have implications for Provident's scope of reporting going forward. We welcome greater disclosure regarding the business prospects in this new market and the associated CR considerations and imperatives. This expansion may also have relevance for the company's wider stakeholder engagement activity and the assessment of materiality going forward, as well as the expansion of existing CR programmes within Vanquis Bank.

Remote non-standard credit

The growth of the online market for non-standard credit has presented new challenges for the sector. Some of the associated risks are being addressed through tighter regulation as described in this report. In last year's assurance statement we highlighted the need to discuss in greater detail how Provident Financial is responding to the challenges of offering its products to a remote, online customer base. This year's report does cover these issues. However, given the scale and transformative impact of this growth area, we would welcome even more detailed discussion of the implications of an increasingly digital customer base in future reports.

Debt management

Debt management remains an important issue for many of Provident Financial's stakeholders. As in previous years assurance statements, we recommend the disclosure of the percentage of accounts that are handed over to the debt collection agencies at the end of the arrears process, as a way of demonstrating the extent to which debt collection agencies form part of the debt collection process.

Scope 3 GHG reporting

Provident continues to improve the extent of its greenhouse gas (GHG) reporting. As identified previously, we also recommend moving towards recording the Scope 3 emissions arising from self-employed agents as well. We recognise that there may be challenges with capturing this data, however, an estimate of the amount of GHG emissions associated with this aspect would help improve the completeness of Scope 3 GHG reporting.

**Corporate Citizenship
London
05 September 2014**

Methodological notes

The assurance work was commissioned in January 2014 and was completed on 05 September 2014. Detailed records were kept of meetings, assurance visits and correspondence relating to inclusivity, materiality and responsiveness, as well as to technical matters relating to the accuracy and presentation of data. A team of three, led by a Director, undertook the assurance and commentary process. The team has a variety of professional and technical competencies and experience. For further information please refer to our website www.corporate-citizenship.com.

Our external assurance and commentary process for Provident Financial's Corporate Responsibility Report has involved, but not been limited to, the following elements:

- Understanding Provident Financial and its value chain, its own culture and the broader social contexts in which it operates; its approach to and understanding of CR; and how it identifies issues material to its operations.
- Organising and facilitating a roundtable discussion of peer companies in the financial services sector, to discuss best practice and important challenges within the sector, and to help identify material issues for reporting.
- Analysis of Provident Financial's stakeholder engagement activity, including findings from employee and customer opinion research.
- Review of national and international published sources of information about the views and opinions of external stakeholders.
- Examination of the report at set stages in its development and testing of the assertions throughout, drawing from evidence and

supporting documentation, reporting mechanisms, frameworks and processes.

- Examination of management and reporting systems, notably for environmental management and community investment.
- Interviews of members of staff including: Corporate Responsibility Manager (PFG), Head of Tax (PFG), Community Affairs Manager (PFG), Community Affairs Manager (PFG), Head of Public Affairs (PFG), Business Risk Manager and Money Laundering Reporting Officer (CCD), Head of Central Debt Recovery (CCD), Head of Customer Contact (CCD), HR Director (Vanquis Bank), Head of Communications and CR (Vanquis Bank), Business Support Manager (Vanquis Bank), Head of Training and Competence (Vanquis Bank), Customer Relations Manager (Vanquis Bank). We also convened an Employee Forum at Vanquis Bank's Chatham offices attended by six employees from across the division.
- Site visits to Provident Financial's three main offices in Bradford, London and Chatham, and three of the Consumer Credit Division's branches in Barking, Finsbury Park, and Wood Green in London.
- Accompanying a Consumer Credit Division agent at work in Wood Green, London, observing interactions with customers and collection of money in homes.
- Checks on an agreed sample basis of elements of the report's contents to underlying records, particularly of the numerical data within the report.

Our work did not extend to a complete audit of the report's contents. We have not been responsible for the preparation of the 2013 report nor in devising the internal management and reporting systems that yielded the data contained therein.

The opinions expressed in this external assurance statement and commentary are intended to give an understanding of Provident Financial's non-financial performance and should not be used or relied upon to form any judgments, or take any decisions, of a financial nature.

Corporate Citizenship is a leading assessor of corporate responsibility reports and an AA1000 licenced assurance provider.

In addition to our work on assurance and stakeholder engagement, Provident Financial is a member of the LBG (www.lbg-online.net), an evaluation framework for corporate community involvement which we manage on behalf of its members and adherents.

Paper and print specification

This report is printed on Revive 100 offset, which is made from 100% recycled waste and the pulp used is bleached using a Totally Chlorine Free process (TCF). The printing process was Waterless, alcohol and alcohol substitute free and used vegetable oil-based inks. The report has been printed by Seacourt, an award winning, EMAS, FSC and ISO14001 certified printer.

Seacourt are carbon neutral, use only renewable energy and send zero waste to landfill. They were awarded the Queen's Award for Excellence: Sustainable Development in 2007 and 2011; the Waste Reduction Award at the Environmental Pioneer Awards 2010; the UK Sustainable Business Award at the Environment and Energy Awards 2010; and were winners in the continuous improvement category at the BCE Environmental Leadership Awards 2010.

Designed and produced by www.m4c-sustainability.co.uk

Feedback

Your feedback is important to us. If you have any questions about Provident Financial and corporate responsibility, do not hesitate to contact us at corporateresponsibility@providentfinancial.com and we will be happy to help.

You can also telephone us on +44(0)1274 351351 or write to the corporate responsibility manager at: Provident Financial, No.1 Godwin Street, Bradford BD1 2SU.

You can find out more about Provident Financial by visiting www.providentfinancial.com

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