



Provident Financial

2004 CORPORATE RESPONSIBILITY REPORT

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Finance Director's overview



Companies are now assessed on far more than their financial performance. Increasingly, we are judged on the way our operations and products impact upon society and the environment. We must be progressively more aware of the fact that the company interacts with society and the environment in a multitude of ways and that these impacts are just as intrinsic to the business as our profit and loss.

This is our 2004 corporate responsibility (CR) report: an account of how we have tried to achieve a balance in responding to the social, environmental and economic interests of all of our stakeholders including employees, customers, shareholders, suppliers and the community. The report looks at topics of particular relevance to Provident and highlights our achievements against some of our key performance indicators. The report also uses the Global Reporting Initiative as a guide to measure our progress in reporting. The statistics and case studies reflect a great deal of effort at all levels in the group, with some

showing good progress, while others highlight areas where we are seeking to improve further. The report covers our activities in our UK home credit business, motor insurance division and our home credit operations in central Europe. We have only been able to include Yes Car Credit, Vanquis Bank and our operation in Mexico in terms of their marketplace performance, as they have not yet been fully integrated into our corporate responsibility programme. For Yes Car Credit, this is due to changes to the management of the company. For Vanquis Bank and Mexico, this is because they have only recently completed their pilot stages. We intend to begin full implementation of our CR programme in these operations during 2005 and 2006.

The purpose behind CR is to understand the concerns of the stakeholders in our business and make sure that we act appropriately in everything our business does in order to ensure that we respond to the needs of all these groups.

Our customers

First and foremost, CR is about offering our customers the products and services they want. We design our home credit products to be simple, transparent and affordable and make them available in a responsible, well-managed way to many people who might otherwise be excluded from such products. We believe this to be an important social benefit in itself. The same principles of fairness and value apply to our motor insurance business and the newer operations - Yes Car Credit and the Vanquis Bank credit card business.

Our employees

We rely heavily on the skills of our employees and aim to provide an environment in which they are well rewarded and able to achieve their full potential. It is also important that we treat our whole workforce with respect and that we operate in a way which allows us to attract the best people, regardless of their background. Therefore, much of our

attention this year has focused on diversity - reviewing the make-up of our workforce in terms of gender, age and ethnic background and considering how we can ensure that all groups enjoy equal opportunities to succeed within the business.

Our community

We have a well-structured programme for helping the communities in which we operate. For maximum benefit, both to the community and to the business, we work hand-in-hand with local partners and seek to involve our employees as much as possible. Projects focus on education and the arts, and provide support for organisations that help people in debt. In 2004 our donations and sponsorships across the group increased by 32%, showing our strong commitment in this area.

Our environment

Even though our impact on the environment is low compared to other business sectors, our policy is to try

to minimise the environmental effects of our operations in every way we can. We have recently been concentrating on recycling and energy consumption, whilst helping our suppliers to improve their own environmental performance. We were extremely pleased to improve our score in the annual Business in the Environment index, increasing our score from 84% in 2003 to 90% in 2004.

Our performance

Our efforts are increasingly being recognised in independent indices of CR performance. Among other achievements in 2004, Provident was included for the first time in the Dow Jones Sustainability index and has been included again in the FTSE4Good index. We were named as one of the 'Top 100 Companies that Count' by the Sunday Times and have improved our performance considerably in the Business in the Community CR index, increasing our score from 74% in 2003 to 81% in 2004.

Although we have come a long way in recent years, we are not complacent and realise there is still much to do. In our international division, the rapid growth of our business presents different but no less testing issues in terms of how we meet our responsibilities in new cultures. We remain committed to the aspirations outlined in this report - to be transparent and open about our performance - our failures as well as our successes; and to keep listening and responding to our stakeholders.

Welcome to our fourth corporate responsibility report. We value your feedback and any comments you may have on our performance and the way we report it.

John Harnett
Finance Director

About us



A FTSE 250 company listed on the London Stock Exchange, Provident Financial is an international financial services group specialising in personal credit and motor insurance.

The business was started in Bradford in 1880 by Sir Joshua Waddilove, a Victorian philanthropist who sought to provide affordable credit to working class households in industrial West Yorkshire. We have since grown to become the UK's leading provider of home credit - small, short-term, unsecured personal loans with payments collected from the home. The family-owned business became a public company in 1962.

In recent years the business has grown considerably. Since 1997 we have expanded out of our traditional markets in the United Kingdom and Republic of Ireland, and have developed thriving home credit businesses in Poland, the Czech Republic, Hungary, Slovakia and Mexico. We serve 1.5 million home credit customers in the UK and Ireland and 1.6 million in our international markets.

Our motor insurance business specialises in underwriting non-comprehensive policies for women and drivers of older cars and the second car in a household. We have more than half a million policyholders.

We have also started to expand the group by adding new businesses and moving into other credit products. In 2002 we acquired Yes Car Credit, a leading provider of car finance. Yes Car Credit sells good quality cars with finance and optional related insurance in one package. We have also developed Vanquis Bank which specialises in credit cards for those on moderate incomes or those with little or no credit history.

Our corporate responsibility

In all that we do, we aim to take full account of the social and environmental impact of our operations, within a risk management and governance system, and to make a positive contribution to our business and society. We have a comprehensive system of clear corporate policies to guide us.

These are managed and implemented throughout the organisation. The policies cover the main areas where corporate responsibility is likely to be an issue, such as providing the best for our employees, protecting our environment, managing our relationships with local communities and acting responsibly in the marketplace. In essence, CR touches upon every area of our

business and plays a fully integrated role within our company strategy.

Policies are made available to everyone within the company through a corporate policy manual, with some policies also being placed in the public domain. All policies include a strategy for implementation with clearly defined responsibilities at every level of the organisation and each division reviews the policies and develops its own version where appropriate. That said, every division must certify its compliance with the main corporate policies each year. We review our policies every year with a strict sign-off procedure for every area of the business. Our own compliance is checked, in turn, by an independent auditor.

Because our policies are broad in nature, we need to focus on specific issues in order to put them into practice. One way we have done this is through key performance indicators (KPIs) which quantify and illustrate progress in different areas of corporate responsibility. These indicators then help determine business strategy and develop objectives for particular areas of interest and then targets to meet those objectives. The KPIs help our stakeholders to judge how well the business is performing, allow our progress to be checked against benchmarks, and enable year-on-year comparisons.



How others see our CR performance

Provident Financial is represented in some of the main sustainability indices and funds. For the third year running we have been included in the FTSE4Good index. This index has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies. Also, for the first time, we were included in the Dow Jones EUROSTOXX Sustainability index which acts as a benchmark for the performance of leading European sustainability driven companies.

We have been named as one of the 'Top 100 Companies that Count' by the Sunday Times for our CR performance in 2004. This was

judged by the UK based Business in the Community (BitC) index on CR, which looks at the extent to which responsible business practice is integrated into corporate strategy throughout an organisation. It provides a benchmark for companies to compare their management practice across the four areas of community, environment, workplace and the marketplace, as well as their performance in a range of social and environmental impact areas which are material for the business. We were 97th in the ranking in 2003 and moved up to 69th in 2004. The score for the CR index was 81%, a 7% increase on last year, and for the Business in the Environment index (BiE - part of the BitC CR index)

we scored 90%, a 6% increase on last year. You can see BitC's detailed feedback on our website at www.providentfinancial.com.

Achieving good scores in these indices was an important accomplishment, but the same process also highlighted areas that need improvement in 2005. These include more CR training for employees, the inclusion of social and environmental criteria in product development, focusing on measurement and reporting of diversity, enhancing our supply chain work and improving our reporting on waste. We are proud of what we have achieved already but are determined to strive for further improvements over the coming years.

How is CR managed at Provident Financial?

Sound governance of the company is an integral part of CR. We have a set of governance structures and practices designed to ensure that our company is run responsibly.

Our Finance Director, John Harnett, is accountable to the Provident Financial board for our CR performance across the group. CR issues are addressed through the CR working group, which is made up of directors representing

different parts of the business. This group takes into account the operational and strategic interests of the business divisions when we implement different policies and projects across the organisation, ensuring the integration of CR with the other interests of the business.

In addition, a human resources CR working group deals with employee issues such as diversity, recruitment

and retention. A community working group advises on, and supports, the implementation of community programmes and an environment strategy group ensures that we integrate environmental initiatives into everyday business. By engaging our divisions in CR issues, these groups help to ensure that initiatives are successful and encourage continuous improvement in the CR programme.

Table 1: Board member responsibility for CR issues

CR Issue	Board member with responsibility	When reported
Community	John Harnett Finance Director	Frequently reported to board
Environment	John Harnett Finance Director	Reported annually to board
Suppliers	John Harnett Finance Director	Frequently reported to board
Human rights	John Harnett Finance Director	Reported to board when necessary
Employees	Chris Johnstone Managing Director, UK home credit	Frequently reported to board
	Mark Collier Motor insurance	
	David Swann Managing Director, International	
Customers	Chris Johnstone Managing Director, UK home credit	Frequently reported to board
	Gary Owen Motor insurance	
	David Swann Managing Director, International	

Corporate governance

Risk management

We operate a risk management framework that applies across the group and deals with issues relating to risk, including those of an economic, regulatory, social, and environmental nature. The process for identifying, evaluating and managing risks is in accordance with the guidance of the Turnbull Committee which, in 1999, made recommendations on the internal control of UK companies. Where appropriate, external stakeholders

are also involved in the risk management process. All risks are reviewed by the appropriate divisional boards at least twice a year and are presented annually to the risk advisory committee, a board sub-committee. The terms of reference of this committee can be seen on the Provident Financial website. The group's independent external auditor annually verifies compliance with the guidelines in the Turnbull report.

The social disclosure guidelines of the Association of British Insurers (ABI) and the Turnbull Internal Control Guidance on the Combined Code make specific demands on companies as to how they should manage risk. Provident Financial fully supports these guidelines and our procedures comply with, or exceed, their requirements.

Table 2: Information ABI expects companies to disclose and Provident Financial's response

Association of British Insurers (ABI): Disclosure guidelines on social responsibility	Provident Financial's response
The board regularly assesses the significance of social, environmental and ethical (SEE) matters to the business of the company.	SEE risks are dealt with via the company's risk management process. The risk advisory committee formally reports to the board twice a year and the risk register is constantly under review by divisional boards.
The board received adequate information to make this assessment.	A corporate affairs activity report dealing with relevant matters is presented at each board meeting. Health and safety and environmental reports are presented at board meetings at least once a year.
The board identified and assessed the significant risks and opportunities to the company's short and long-term value, and how they might impact on the business.	SEE risks are dealt with via the company's risk management process.
The training of directors takes account of SEE matters.	Training for directors is reviewed annually and covers SEE matters.
The company remuneration scheme includes incentives for handling SEE risks.	Not specifically. However, the annual bonus scheme for executive directors takes account of specific objectives, including SEE matters where appropriate.
Systems are in place for managing SEE risks.	The environment strategy group has established new working groups within the subsidiary companies. There are a CR working group and human resources CR working group which regularly consider SEE risks.
The company's policies and procedures for managing risks to short and long-term value arising from SEE matters are described.	SEE matters have been fully reviewed and targets are now in place to achieve SEE objectives.
The procedures for verifying the company's disclosure on SEE matters are described.	Our SEE programme is verified externally.

Stakeholders

We define our stakeholders as all those who affect, are affected by or have a legitimate interest in our company's performance.

These include not just customers and employees, but also suppliers, investors, regulators, community leaders, money advice organisations,

opinion formers such as MPs and the media. We see engaging these stakeholders as an essential part of corporate responsibility.

Table 3: Our stakeholders and their issues

Who are our stakeholders?	What are their issues and where are they covered in this CR report?	Page number
Customers	Our customers are the reason we exist, so it's vital that we pay serious attention to the issues that matter to them. In the marketplace section of this report you can read more about our products and some of the issues that have arisen regarding our loans. There are also reports on our customer satisfaction levels. Customers may also be interested in our community section which covers a variety of our community investment projects in 2004.	See p13 and p31
Employees	We can only succeed as an organisation through the efforts of our people. Employees are therefore critical to our competitive advantage. Thus it is essential that we ensure that our workforce is well treated and that we attract the best people. The workplace section of the report shows how we are trying to provide a supportive working environment including how we are addressing diversity issues and some of our health and safety work in 2004. The community and environment sections of the report describe how they have helped us improve our performance in this area.	See p24, p31 and p41
Shareholders	We are focused on maximising long-term shareholder value and are committed to leadership in corporate governance. The marketplace section covers our financial performance and shows where we add value. Additionally, the 'How others see our CR performance' section shows how we have been rated in various socially responsible investment indices.	See p8 and p13
Society	Making contributions that have a lasting, positive impact is the driving force for Provident's community programme. During 2004 we have been trying to benefit the communities where our customers and employees live and work. You can read more about this in the community section of the report.	See p31 and p41
Suppliers	All successful companies build strong relationships with their suppliers. It is important that suppliers receive prompt payment, fair treatment and effective communication in their dealings with us. It's also important that suppliers understand our workplace and environmental standards and our expectation that they too will implement such policies/programmes in their own company. In this way we can magnify the positive impact that our systems have on the environment and the community. We have a huge network of suppliers varying from 31,900 agents to stationery suppliers. Suppliers can read more about our supply chain work in the marketplace and environment sections of the report.	See p13 and p41
Regulators	An essential part of conducting our business responsibly involves meeting and exceeding regulatory and legislative requirements locally, nationally and internationally. Provident has had to address a number of regulatory issues this year and our response is outlined in the marketplace section of the report.	See p17

Stakeholders

Provident Financial engages its stakeholders in a variety of ways, including surveys, formal consultations and informal or ad-hoc feedback, as well as interactions that arise in the course of business. In 2004 we recognised the value of engaging our stakeholders in preparing our CR report, so this year we have taken forward the stakeholder

dialogue programme initiated by The Corporate Citizenship Company, an independent organisation with expertise in facilitating stakeholder dialogue. We face a similar issue to other companies when putting together a report like this - exactly how and what should we report? The stakeholder engagement round-table meeting involved 15 people from

various stakeholder groups. It helped answer these questions. There were a number of suggestions, the main ones, and our responses are set out below:

Table 4: **Provident's response to suggestions from stakeholders on previous CR reporting**

Suggestion from stakeholder engagement group	Response in reporting
To provide further data on the household economics of a typical customer using Provident Financial's services.	This year we have included information on the socio-economic background of our customers in comparison with national averages.
To clarify how Provident Financial is going to extend and adapt its CR strategies to encompass its international markets.	We have included an international snapshot at the end of each section which clarifies how our CR strategy is being integrated into our international markets.
To provide more meaningful performance data and targets and/or clear signposting to sources of in-depth information.	Throughout the report we have informed the reader where we have more information available, whether it be on the website, in the Annual Report and Accounts or commissioned research.
To describe the role the company intends to play in the sector strategy for providing debt advice and to clarify the reasoning behind its actions, the hoped outcomes and how it measures success.	The debt advice section this year is much more informative with a detailed analysis of where money is going and how it is being used, and what we hope to achieve from partnerships with the debt advice sector.
To provide evidence that the company has assessed both CR risks and opportunities, has aligned its CR strategy and is proactively managing them, both in the UK and internationally.	There is a more informative section covering how risks are managed throughout the company and how they are being addressed.
To provide greater detail on the company's approach to stakeholder dialogue, clearer definition of targets and further reporting of performance - to summarise, less 'tell me', more 'show me'.	This section should address this suggestion to some degree. Also this year, performance is shown over a number of years so the reader can see continued improvement, or otherwise, in the report.
To make clearer the link between stakeholder consultation and the company's value and provide more information on the business context.	The marketplace section shows our performance in terms of long-term value for all of our stakeholders.
To make the corporate responsibility report more concise.	We have tried to cut down on the size of the report this year. Last year it was 65 pages, this year it is 60 pages.



Our products

Home credit

By providing credit in a responsible, well-managed way, we aim to make life easier for customers who might otherwise be excluded from such products. Our home credit loans provide extra cash for a multitude of uses, from paying for a wedding to buying school uniforms. Agents deliver small, unsecured cash loans – typically between £50 and £500 – direct to the door and collect the repayments every week at a time convenient to the customer. The service is simple, flexible and transparent, with a one-off fixed charge and no hidden penalty charges. As a result, our customers always know exactly how much they owe.

Insurance

Our motor insurance division offers competitive motor insurance policies with the emphasis on non-comprehensive insurance and policies for women and drivers of older cars or

the second car in a household. It distributes its policies through a network of over 4,000 brokers. We succeed by tailoring our products to the needs of our market and processing low-value transactions cost effectively. The consequent savings can then be passed to our customers.

Vanquis Bank

As part of our strategy to broaden our product range in the UK, we formed Vanquis Bank in 2003 to test whether a different type of credit card could win new customers for Provident in a market sector we already know very well through our home credit business. It is increasingly difficult to get by without a credit card in today's society. Nevertheless, there are many people – those with limited or no credit history, those who may have had credit card problems in the past but are now over them and those on modest incomes – who do not qualify for a traditional credit card or who do not apply because they

do not want to take the risk of incurring penalty charges for missed or late payments. In making credit cards available to more people in a controlled and affordable way, Vanquis Bank is helping expand what Provident can offer in the UK. Rather than replicating existing credit cards, the Vanquis Bank credit card has a number of unique features that make it suitable for our target customers. Cards are available both with and without normal default charges. We also offer fixed or variable repayments, the possibility of paying weekly, fortnightly or monthly and guaranteed reductions in interest rates for customers who demonstrate a good payment record.

Yes Car Credit

Our car finance business, Yes Car Credit, was acquired at the end of 2002. It has a distinct, credit-led integrated business model under which it sells its customers a package of a car, financing and related optional insurance products.

Financial performance

Just as social and environmental performance is important for us to measure, so is the impact of our economic performance. Another year of good financial

progress was achieved in 2004, with group turnover increasing by 2.9% to £1.2 billion while group profit before taxation and goodwill amortisation was up by 7% to £220.7 million.

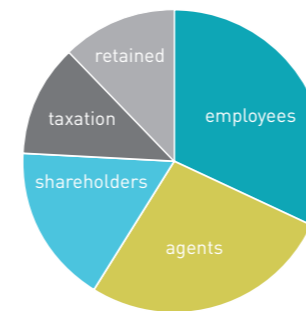
More detailed information about our financial results, performance and activities during 2004 can be found in our 2004 Annual Report and Accounts.

Table 5: Group financial performance

	2004 £m	2003 £m	Change (0.3m)
UK home credit	152.3	152.6	(0.3)
Yes Car Credit	4.4	11.2	(6.8)
Vanquis Bank	(8.7)	(6.7)	(2.0)
UK consumer credit	148.0	157.1	(9.1)
International	49.2	29.3	19.9
Motor insurance	34.6	28.6	6.0
Group central costs	(11.1)	(8.8)	(2.3)
Profit before taxation and goodwill amortisation	220.7	206.2	14.5
Goodwill amortisation	(4.6)	(4.3)	(0.3)
Profit before taxation	216.1	201.9	14.2

Table 6: International division - profit before taxation

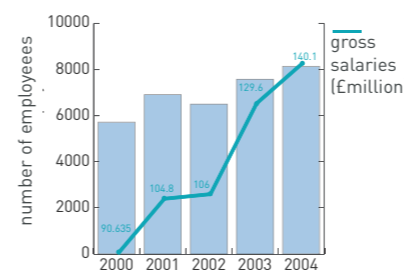
	2004 £m	2003 £m	Change (0.3m)
Poland	44.4	33.1	11.3
Czech Republic	10.0	8.8	1.2
Hungary	6.4	((1.9)	8.3
Slovakia	(0.5)	(1.6)	1.1
Mexico	(2.2)	(1.2)	(1.0)
International central costs	(8.9)	(7.9)	(1.0)
Profit before taxation	49.2	29.3	19.9



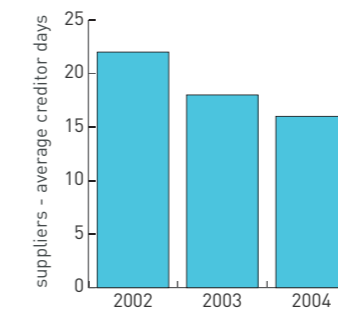
Distribution of added value (2004)

Wealth creation

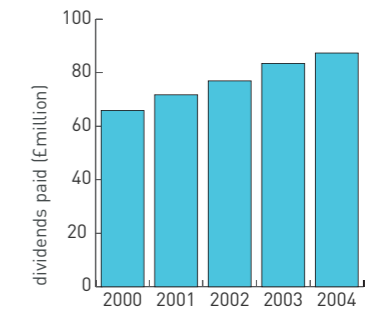
Our business contributes to the economic well-being of large numbers of stakeholders. The economic value that we create is disbursed in various ways - to our thousands of employees in the form of salaries and benefits; to governments in the form of taxes which help fund public services; and to community partners in the form of donations, to mention just a few.



Aggregate gross salaries paid to employees (2000-2004)



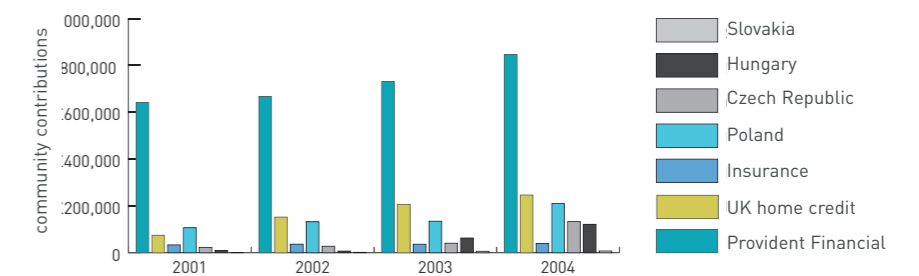
Suppliers - average creditor days (2002-2004)



Dividend paid (2000-2004)

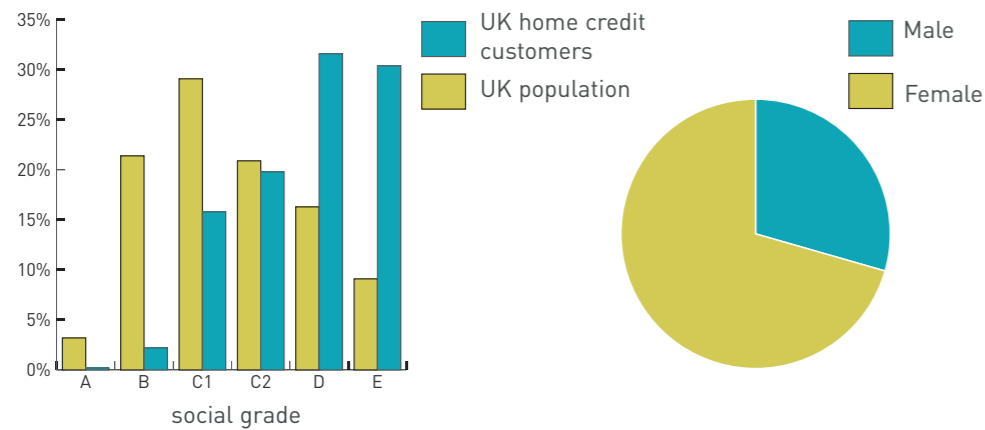
During 2004 the net income from sales was £1,167 million. We paid £600 million to policyholders, brokers and suppliers of goods and services. The remaining £567 million is added value created by Provident Financial in 2004, £170 million (30%) was distributed to employees, £144 million (30%) to self-employed agents, £87 million (15%) to our shareholders and £100 million (18%) to governments in the form of taxes.

A further £2 million was donated to our community partners and £64 million (11%) was retained by the business and invested for future growth, so benefiting tomorrow's stakeholders.



Community contributions by country (2001-2004)

Marketplace



Socio-economic breakdown of UK home credit customers

Gender breakdown of UK home credit customers

Our customers

We believe that corporate responsibility starts with understanding our customers, identifying their needs and offering them the best possible products and service. Our customers are from a number of different backgrounds, but are mainly people on moderate incomes. Thirty six percent of UK home credit customers are in socio-economic grades C1 and C2, a figure

quite close to that of the UK population as a whole. Some 30% of our UK home credit customers work full time, which compares with 38% of the UK population. We aim to provide a service that respects their circumstances and helps them to stay in control of their finances. We also believe in building long-term relationships with the people we serve. These principles have paid

off in consistently high customer satisfaction ratings, with the 2004 figure for home credit being 93% satisfied. We listen to what our customers tell us as a means of improving our service and we conduct detailed market research including face to face interviews and postal satisfaction surveys.

How we are regulated

Our home credit business holds a consumer credit licence and is a member of the home credit industry's trade body in the UK, the Consumer Credit Association (CCA). The CCA publishes a Code of Practice and a Business Conduct Pledge to which we subscribe. These voluntary codes are underpinned by the licensing powers of the Office of Fair Trading (OFT). We trade under the terms of the Consumer Credit Act 1974. The activities of home credit companies are supervised at a local level by local authority trading standards departments.

In the summer of 2004, the National Consumer Council (NCC) submitted a 'super-complaint' to the OFT under the 2002 Enterprise Act to the effect that the UK home credit industry is not sufficiently competitive. After carrying out research, the OFT said that there could be features of the market that prevent, restrict or distort competition and took the decision to refer the home credit industry to the Competition Commission for further investigation. We disagree with the OFT's conclusion and believe that we can demonstrate to the Competition Commission the extensive competition for home credit customers, the high degree of

customers switching between products, low barriers to entry and vigorous and ongoing competition both within the home credit sector and the wider small sum credit market. You can see our initial submission to the Competition Commission online (www.providentfinancial.com). Throughout the investigation, Provident will assist the Competition Commission in an active manner. The inquiry is expected to conclude in May 2006.

Provident Insurance plc is authorised and regulated by the Financial Services Authority.

Marketplace

Product transparency

Understanding APR (annual percentage rate)

The UK government recently considered the issue of transparency and the ability of consumers to compare the costs of different forms of credit. Following extensive consultation, a number of new regulations dealing with matters such as pre-contract disclosure, format of agreements and advertisements were laid down in June 2004. These will improve the ability of the consumer to compare credit products. Provident complies fully with the Consumer Credit Act regulations on informing customers of APR.

Provident's APR can appear high compared to some banks and credit card companies who offer lower headline APRs. In the case of bank overdrafts, for example, charges other than the pure interest charge can, quite legally, be omitted from the APR. When charges for administration and

late or missed payments are imposed on the customer, they can add quite substantially to the cost of credit. By contrast, all charges in relation to Provident's home credit loans are included in the APR and the customer never pays more than he or she has agreed to at the outset of the loan. The APR calculation is highly sensitive for short-term products and especially so for small amounts of short-term credit. This is a view also supported by the NCC and the Department of Trade and Industry (DTI).

Understanding the cost

Home collected loans can appear to cost more than those of most mainstream credit providers. However, the cost of the loan also includes the services of an agent who collects the repayment each week from the customer's home. As well as being convenient, this system allows borrowers to establish a relationship with an agent who

understands their circumstances. This is a feature much valued by our customers. The Policis research commissioned by the Department of Trade and Industry supports the concept that low income consumer choices appear "rational on both cost and utility grounds" and that "borrowers appear to be willing to pay a premium for convenience, for avoidance of harsh sanctions for default and availability" (Policis – "The effect of interest rate control in other countries", page 11). Customers also have cancellation rights which are contained in the agreement and then confirmed to the customer by a letter shortly after they have taken out a loan.

We comply with the Data Protection Act 1998. All field employees are trained in data protection and customer privacy as part of their induction and are regularly reminded of their obligations in frequent training sessions.

Money advice

Managing day-to-day finances requires a certain level of budgeting skill and basic financial knowledge. Our customers, just like everyone else, can benefit from education and advice in order to make the best financial decisions. This is not always available and consumers are often far from confident when making decisions about their financial future.

We recognise these issues and are working to address them. Provident has established a firm relationship with the non-fee paying money advice sector. The financial support we provide and the relationships we maintain with this sector arise from our belief that it is important for individuals with genuine financial difficulties to have access to free, quality assured advice.

The fact that we provide small sum loans to our customers in a completely personal way, via an agent, gives us an ongoing knowledge, week on week, of

the financial position of our customers. An individual agent is well-placed to understand how a household's financial circumstances can suddenly change. On their own initiative, or in consultation with a Provident manager, the agent can arrange reductions to a customer's weekly payment where there is a genuine reason for the customer being unable to pay. It reassures customers to know that their agent understands their individual situation, that they are likely to receive a sympathetic and tolerant response if they approach their agent and, most importantly, that they can agree to an amendment to their payment regime at no extra cost, even if this means that they will take longer than contracted to repay the amount they owe. In our latest customer survey, when asked 'How sympathetic is your agent when you have difficulty paying?' 80% of customers were very or quite satisfied that their agent was sympathetic.

We accept that it is inevitable that on some occasions customers may have more significant or multiple debt problems which they may not feel able or willing to communicate to their agent. On such occasions it is more appropriate that they seek third party advice.

Following consultation with the non-fee paying money advice sector, we have also established a central unit within our head office in Bradford to deal with all cases where a customer has sought advice from a non-fee paying third party advisor. This helps us to ensure that we deal with all such cases in a consistent and timely way. It also enables us to adhere to common standards in accepting advisors' proposals for reduced payment amounts from customers and in ensuring that advisors are aware of the fact that payments to us can be made by a number of ways, free of charge.

Money advice continued

We consider that it is just as important to develop relationships with, and an understanding of, money advice agencies as it is to supply them with funding. We regularly meet our contacts in these organisations and attend regional meetings and their national conferences. We have also arranged for a number of key officials in these organisations to accompany home credit agents on their weekly rounds to help them to understand the way the home credit service works.

In 2004 we substantially increased the overall level of our financial support to money advice agencies. This will help the sector deliver more frontline support to those with financial problems - either face to face, by telephone or on the internet. It will also help money advisors in these agencies to access professional support and development. Our

support is intended to boost the capacity of the money advice sector to contribute to the UK government's plans for 'joined up' money advice services accessed via a single national telephone service 'Gateway'. We also support a number of organisations which specialise in financial education.

Here are some specific examples of the relationships we have developed with the advice sector:

Citizens Advice

Our support will boost its capacity to train and develop money advisors and debt counsellors.

Advice UK

(formerly the Federation of Independent Advice Centres) is the UK's largest support network for free, independent advice centres and has more than 1,000 members.

Its member organisations are a major component of the UK's face to face advice provision. Our funding supports the training and development of frontline advisors.

Money Advice Association (MAA)

We have supported this organisation for some time. Our current funding will support the Association's plan to transform itself into the Institute of Money Advisors (IMA). The Institute will establish common, externally assessed, professional standards for money advisors. Previously our funding for the MAA supported the post of Development Officer, an employee dedicated to developing relationships between the money advice sector and creditor organisations.

Money Advice Support Unit

We support this Leeds-based advice service for money advisors based in the north of England.

National Debtline

National Debtline began as a pilot. We provided funding for the pilot stage and are an advisory group member. Our involvement with National Debtline means we have a good grasp of the benefits and challenges that may arise as this pilot is rolled out nationally to deliver the UK government's current money advice 'Gateway' proposals. The 'Gateway' proposal aims to deliver a 'joined up' money advice service for the benefit of consumers.

Consumer Credit Counselling Service (CCCS) and Payplan

We make 'fair share' contributions to both these debt management plan providers. A proportion of any

payment we receive from a customer who has entered into an agreed debt repayment with these organisations is paid to CCCS or Payplan.

Money Advice Scotland

Our support helps to fund the ongoing professional training and assessment of advisors in Scotland.

Credit Action and Debt Cred

Both of these organisations provide personal financial education for school children, school leavers and young adults. Our support for Credit Action supports the financial education and budget planning work it provides, whilst our support for Debt Cred has paid for personal financial training sessions it offers in schools. The trainers who run these sessions are Personal Finance Education Group (pfeg) approved.

Christians Against Poverty

This is a highly regarded charity with headquarters in Bradford. It offers a range of services to those with financial problems ranging from one to one counselling and guidance on money management to access to debt payment programmes and saving schemes. It now has centres in 29 locations across England run in partnership with local churches.

Money Advice Liaison Group

We were a founding member and Vice-Chair of this group and regularly attend regional and national meetings. The group is a useful vehicle for the money advice sector, consumer credit sector, financial services organisations and utility providers to discuss issues of mutual interest, promote good practice and encourage informal problem solving.

Contributing to public policy

When policy is formulated, Provident is keen to contribute its expertise and insight. We contribute to the policy making process both in our own right and in partnership with the rest of the UK home credit industry through our trade body, the Consumer Credit Association (CCA). We are cooperating with the government in a number of areas. When the Department of Trade and Industry (DTI) launched a task force to look at over-indebtedness, the CCA was one of ten organisations tasked with helping the Government to study the issue and provide recommendations.

In December 2003 the government published a White Paper on consumer credit in order to produce a Consumer Credit Bill. This proposed legislation was intended to update the 1974 UK Consumer Credit Act with particular attention given to fair lending and transparent credit products. We were involved in the consultation process that preceded the Bill via the Consumer Credit Association and welcomed its proposals. The Bill fell as it had not completed all its parliamentary stages before the 2005 general election was announced. The newly elected government announced in the Queen's Speech of May 2005 that it intended to reintroduce a Consumer Credit Bill in the 2005-2006 parliamentary session.

The EU Consumer Credit Directive is now making its way through various stages of consultation. We are working closely with the relevant officials to make sure that any new proposals take due account of the value and qualities of home credit.

Provident Financial does not donate any money to political parties and institutions whose function is to fund political parties or their candidates.



Suppliers

Influencing the environmental and social impact of supply chains is a crucial part of any CR programme. Provident Financial is committed to working with our suppliers, who share our high environmental and social standards. Managing a large number of suppliers is vital for the smooth running of the group and there are responsibilities on both sides. For our part we try to ensure fair terms and a good payment record. In 2004 the average creditor time was only 16 days, two days fewer than 2003.

In offering a good deal to our suppliers, we expect a quality service and competitive pricing and we are extending our CR programme to make sure that more suppliers operate in a way which complements our own environmental standards. We started

in 2004 by rolling out our environment programme. We graded all our suppliers into four categories of risk depending on their function and the environmental management systems they already had in place. Those classified as high risk were given training to deepen their understanding of the environment and their impact on it. This training was well received and, as a consequence, some suppliers have implemented extensive environmental management systems. During 2005 we shall try and extend this good practice to cover other corporate responsibility issues such as workplace practices.

We also have a widespread network of self-employed agents and their long-term relationship with our customers is key to business success.

Research carried out by MORI on behalf of the National Consumer Council backs this up and confirms that there is no pressure felt by customers using home credit – “none of the customers in the sample felt they had been pressurised into taking out a loan” (MORI research for NCC, page 10). It should be noted that the way in which agents are paid works towards responsible lending and minimising bad debt. An agent receives commission only for payments that he or she collects, not for what they lend, so it is not in the interest of an agent to lend to a customer who cannot afford to repay a loan.

Marketplace



International snapshot- the marketplace

Poland

Our largest international business, Poland, performed exceptionally well in 2004. Customer numbers increased by 16% to 941,000, credit issued by 11% to £241.1 million, collections by 12% to £326.0 million and turnover by 13% to £138.6 million. Profit before tax also increased strongly, up 34% to £44.4 million.

Czech Republic

The Czech business is growing more slowly than its Polish counterpart but still produced a good increase in profits. Customer numbers rose by 3% to 230,000 and credit issued was up 6% at £77.4 million. Turnover was 7% higher at £41.2 million. Profit before tax increased by 13.6% to £10.0 million.

Hungary

The business in Hungary grew rapidly in 2004 and reported its first full year profit of £6.4 million, a year ahead of plan. Customer numbers rose by 76% to 251,000 and turnover increased by 133% to £42.7 million.

Slovakia

Slovakia also produced strong growth during 2004. Following a £0.9 million loss in the first half of the year, it went on to make its maiden second half profit of £0.4 million. Customer numbers rose by 64% to 102,000 and turnover increased by 86% to £11.0 million.



At the end of 2004 we employed over 8000 people across the UK and internationally. This flexible, skilled and motivated workforce is essential for us to meet our business objectives and we're committed to creating a supportive working environment in which every one of these employees is encouraged to contribute and succeed. In this section we describe some of the key issues in the workplace and how we have responded to them. This section focuses primarily on UK activities, for more specific examples of our international activities please see the international section.

Employee development

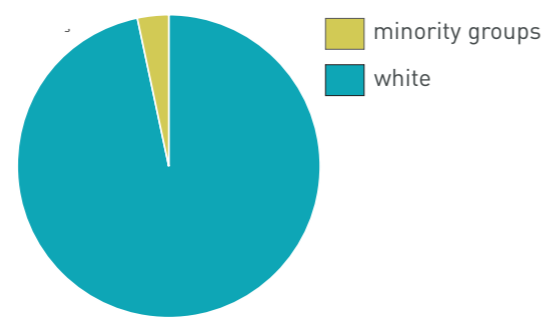
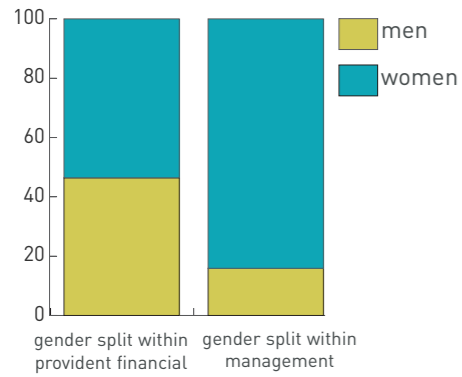
We aim to ensure that all of our employees have the training and development they need to perform their roles effectively and fulfil their potential within the business. Most employees benefit from regular performance appraisals with their managers and have training and development

opportunities ranging from comprehensive induction courses for all employees to MBA courses in some divisions. For the past 3 years, Provident and the Bradford University School of Management have joined forces in a unique programme of study intended to develop many of Provident's managers and equip them to tackle the wide range of new roles opening up within the company. The UK home credit business also implemented a manager development programme for first line managers looking to move up to area management level in 2004. Training opportunities are communicated to employees via a human resources intranet site.

During 2004 we collected data on the number of people undergoing training but realised that different divisions define training in different ways. In 2005 we aim to standardise this key performance indicator across all divisions.

Employee involvement

Provident's success depends on effective communications and good working relationships with our employees. To make sure we listen to what our employees have to say, we have introduced employee communication forums in our UK home credit division, the representatives of which are elected by fellow employees. The aim here was to break away from traditional, one way, top down, corporate communication and adopt a more consultative approach. Forum members canvass their colleagues and collect comments and opinions to discuss at forum meetings. They then feed back responses and ideas to senior management, who respond accordingly. Other divisions handle internal communications in different ways through regular business updates, team briefings, feedback forums, newsletters and the intranet.



Gender breakdown of Provident Financial employees

Ethnic breakdown of Provident staff

Diversity

Provident Financial is committed to employing a diverse workforce. Both the group and its individual employees stand to benefit from a workplace in which talented people can thrive and where a mix of backgrounds, cultures and outlooks means we're better able to understand the needs of our customers around the world.

We aim to create an inclusive work environment free from discrimination. To this end, we now have a diversity policy and managing diversity is included in the objectives or job descriptions of a growing number of managers. Their performance in this area forms part of their assessment and contributes to their performance related benefits.

Gender

There are slightly more men (53.6%) than women (46.4%) working for

Provident Financial in the UK. Given that men comprise 54.4% of the general workforce (UK Labour Force Survey, Summer 2004), we appear to be more or less in line with national statistics.

Our key performance indicator on gender has shown that only 15.9% of senior manager posts in the UK are filled by women, even though they make up 46.4% of Provident's total employees. While this figure has increased since 2003, we feel this under-representation should be further investigated during 2005.

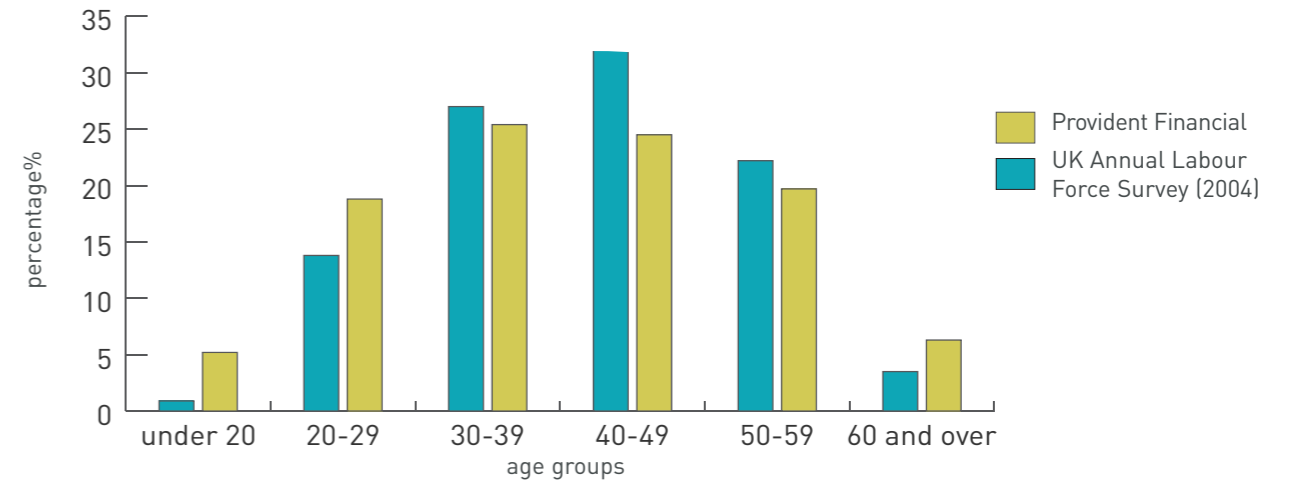
Ethnic origin

Of our UK workforce, 96.9% are white and 3.1% come from minority ethnic communities according to available data. In contrast, minority ethnic communities make up 8.4% of the working age population across the country (Annual Local Labour Force Survey 2004). Although new employees are invited to disclose their ethnic

origin when they join Provident, this is voluntary and some employees choose not to do so. As a result, we believe our 2004 figures for ethnic origin are not fully accurate and so do not reflect our true ethnic profile. We plan to improve the quality of this data by collecting it in our 2005 UK employee survey. We are also working with Race for Opportunity in order to improve our performance in this area and will continue to refine our recruitment, selection and promotion practices to eliminate any unintentional barriers to under-represented groups.

Age

Overall we have a similar age range to the economically active population in the UK. However, employees aged under 30 are under-represented and those over 30 are over-represented. Provident currently operates a normal retirement age of 65. Some of our employees have served over 40 years with the company and many have received long service awards.



Age breakdown of Provident financial employees

Disability

In 2004 Provident became a member of the Employers' Forum on Disability, which provides advice and guidance on employing people with disabilities. Provident recognises its responsibility to make reasonable adjustments for new employees with disabilities and for people who develop disabilities during their employment. We believe that employing and promoting individuals on the basis of their abilities, skills and suitability for roles without reference to any discriminatory factors will ensure both that employees experience a successful and enjoyable career within the company and that it will make full use of the different talents, experiences and skills that individuals possess. Currently, disability is only voluntarily recorded during recruitment, therefore in 2005 we shall collect information on levels of disability within the organisation as part of our UK employee survey.

Focus: Diversity

Figures from the DTI show that by 2010 only a third of the UK workforce will be male and under 45. In future, far more of the working population will consist of women, older people and those from minority ethnic groups. It's right that businesses should recognise these changes and ensure that their workforces reflect the communities in which they operate. As part of the long association between Provident and the West Yorkshire Playhouse in Leeds, Provident Insurance and the Playhouse arranged for 80 managers from both organisations to take part in a two-day training course to encourage greater awareness of cultural diversity, disability, race and gender. Funded by Art and Business Yorkshire through its New Partners programme, the course used role-play to help managers understand the issues and develop plans to recruit and manage a more diverse workforce. As a result of this course, we won the 2004 Arts,

Business and Employees Award from Arts and Business Yorkshire.

Human rights

Provident Financial respects the right of our employees to join trades unions. We comply with the fundamental International Labour Organisation (ILO) conventions, including freedom of association and elimination of child labour, and respect for human rights.

Employee turnover

High employee turnover is a big concern for any business and clearly affects performance. As well as the direct financial cost of replacing an employee, there are other repercussions such as potentially losing key skills, knowledge and experience, disruption to operations and a negative effect on morale. In the UK, Provident's employee turnover is 23% in comparison to the UK average of 16% (Labour Force Survey, 2004).

Grievance and whistle-blowing procedures

Provident seeks to deal responsibly, openly and professionally with any genuine concern that employees may have about malpractice. Grievance and whistle-blowing procedures are in place throughout the group. In UK home credit, employees can make use of a confidential telephone line to discuss anything that concerns them about the business. The line was first made available to conform to regulations on whistle-blowing, but its use has been extended to cover any employment issues that employees want to raise. Our motor insurance division also has a comprehensive set of grievance and whistle-blowing procedures.

Remuneration

Our remuneration and benefits practices reflect the needs of our employees and workplace. We have a remuneration committee that meets five times per year and a remuneration policy to fix the remuneration of the Provident Financial board of directors. Further information on the remuneration framework for the Provident Financial board of directors can be found in the 2004 Annual Report and Accounts and on the website at www.providentfinancial.com.

Pensions

Today, one of the most significant issues in the workplace is the approach to long-term pension provision. The decline in the stock

market over the last few years combined with increased life expectancy has left many companies that have traditionally provided a final salary scheme (where the pension payment is based on an employee's salary at retirement and length of service) with concerns about the increased risks they face, including funding obligations. Provident is no exception. We recognise that pensions are an important part of the total compensation package that we provide for our employees, and are increasingly aware that prospective employees take pensions into account when deciding upon a future employer. In 1999 we carried out an extensive review of the final salary schemes that were in place. With markets doing well, we kept the contributions at the same levels – the company paying 9%

and members 6%. In 2000, however, stock markets began to decline. To compensate, the company increased its contribution to 16.6% in 2002 and to 31% in 2003. Even so, the pension fund faced a deficit. To control its costs, therefore, Provident introduced a stakeholder pension plan in January 2003 for new employees. Here the company contributes 8% and members 6% with the option of investing more if they choose. The scheme also includes benefits such as life assurance and long-term disability income protection. The new pension arrangement meets the group's objective of minimising risk and also provides a strong framework for the future. Employees in this scheme receive newsletters and have access to a dedicated web site, which provides information on their funds.

Health and safety

The group attaches great importance to the health and safety of its employees and other people who may be affected by its activities. The board has approved a group health and safety policy and a framework for health and safety. We have a group-wide health and safety strategy which is agreed at board level and then integrated into the business via the health and safety steering group. All new employees working in our head office attend a mandatory health and safety course that covers safety at work and staying safe on the way to and from work.

Most of our employees work in office-based jobs where one of the greatest risks to health is the improper use of display screen equipment. This can lead to ailments such as postural

problems, headaches and strained vision. Whenever a new employee joins Provident, their work space is assessed by a trained member of staff and reasonable adjustments are made if required.

In 2005 we intend to try to standardise our accident and incident reporting across all divisions. The aim is to foster a safety culture in which people report and investigate all incidents and take appropriate action to prevent their recurrence.





International snapshot- the workplace

Poland

Poland is our biggest operation outside the UK with 1,739 employees – 61.7% male; 38.3% female. Women make up exactly the same percentage at management level – a welcome confirmation that Provident’s diversity policy is working. Poland was the first country to set up an employee communication forum. This served both to strengthen communication between employees and to establish a two-way communication channel between employees and the board at a time when the organisation was new and good communication was crucial. Employees in Provident Polska feel the company’s success owes much to the fact that they’ve all had a chance to contribute to its development. The popular Provident Forum magazine contains information on community events, employee volunteering, marketing ventures and company social events. In 2004 the Polish head office launched a new intranet site with branch information, financial results, procedures, appointments, private adverts,

‘after work’ pages and an online chat function. This was extremely well received with over 70,000 hits in its first month.

Czech Republic

Provident in the Czech Republic has 545 employees, split 54.5% male and 45.5% female. All management levels include both men and women and 30% of senior managers are female. An internal survey in 2004 looked at aspects of the workplace that affect employee satisfaction, particularly issues such as remuneration and opportunities for training and development. The results were positive and indicate that employees generally enjoy working for Provident. During 2004, the Czech business established an employee roundtable to improve communication between its employees. This played an important role when it came to decisions such as the implementation of the Czech insurance scheme.

Hungary

Hungary has 645 employees of whom 48.7% are male and 51.3% are female. Women in this case make up 45.7% of management. The business runs a successful employee magazine that details activities both inside and outside the company. Once a year it also holds a ‘Provident Day’ – a family sports day for all employees and agents. Over 6,000 people attended in 2004, enjoying a colourful programme of sports and entertainment. Hungary also has an effective employee roundtable.

Slovakia

Slovakia has 276 employees, so is relatively small in comparison to Provident’s other central European businesses. The workforce is 49.6% male and 50.4% female. Women, however, make up 52.8% of management. This shows that all employees have an equal opportunity to thrive and develop in the business, regardless of gender. Employees can raise issues that are addressed by senior management at the employee communication forum.



Our approach

Wherever Provident operates, we aim to behave responsibly and to play an active part in benefiting the communities in which our customers, employees and agents live and work. In so doing, we seek to create an environment in which our business can flourish.

Our community programme contributes to this aim by addressing needs and opportunities that we know to be important through consultation with our stakeholders. By focusing on a small number of well chosen projects, we seek to make a real difference in every case.

We aim to establish long-term partnerships with community organisations and to contribute not just money but ideas, resources in kind and

the expertise and enthusiasm of our employees. We believe it's vital that our own people get involved, not least to enhance their own skills and motivation.

While activities vary from country to country, we're taking an increasingly integrated approach to community involvement across the group. In their different ways, all our businesses now pursue the theme of providing opportunities for young people.

During 2004 we continued to take a more structured approach to our community work with targets and objectives for the programme and a system of external evaluation to gauge our progress. We also joined the London Benchmarking Group (LBG) to ensure that we are measuring our community impacts effectively.

We are aiming for greater consistency across our subsidiaries and continuing our research into which activities are of most value to our communities. You can see a breakdown of two of our projects using LBG methodology on pages 34 and 37.

Communicating our progress is essential. In helping local communities, we have clear business objectives – to create conditions for the company to flourish, to raise awareness of our community programme, and to enhance the group's reputation. By making our contribution more effective from year to year, we intend to reap increasing benefits for the business.

Community

Community programme: objectives and targets for 2005

Table 7: Provident Financial community objectives and targets for 2005

Objective	Targets
Objective 1 To provide new opportunities for young people to take part in, and benefit from, activities that they may not otherwise have had the chance to experience.	<ul style="list-style-type: none"> ■ Through our UK projects to involve at least 10,000 people in new experiences. ■ To obtain evidence from community partners that most of those helped by our community projects are young people from disadvantaged communities.
Objective 2 To ensure greater positive awareness of Provident's community programme, both internally and externally, and so enhance our reputation.	<ul style="list-style-type: none"> ■ To place case studies of all major community projects on our website.
Objective 3 To create opportunities to engage employees in the community programme and so improve their motivation.	<ul style="list-style-type: none"> ■ To get employees more involved in community projects.
Objective 4 To ensure an integrated approach to the community programme across Provident's subsidiaries.	<ul style="list-style-type: none"> ■ To implement a new community strategy across all subsidiaries by the end of 2005.
Objective 5 To monitor, evaluate and continuously improve the community programme.	<ul style="list-style-type: none"> ■ To implement a regular review by the community programme working group to monitor the progress of the community programme. ■ To introduce our evaluation process across all our major community projects and either plan or carry out an evaluation of each one.



Community



We now explain a little more about some of the projects that have taken place during 2004 in the UK.

Partners in Art

Provident began supporting the arts over 30 years ago, long before corporate sponsorship of the arts was commonplace. As well as supporting individual artists through purchasing works to form part of our own extensive collection, we are increasingly using the arts as a route to social inclusion. To this end, we've developed a number of art education projects for school children.

Our biggest such programme is 'Partners in Art'. This helps children from disadvantaged communities to develop their creativity and confidence by coming face to face with paintings, artists and performers and then

putting what they've learned into practice. With most primary and secondary schools struggling to manage on tiny budgets for art education, Partners in Art opens opportunities that many children would never otherwise discover. The programme has three main parts:

'Making an Impression' is designed for primary school pupils at Key Stages 1 and 2 and meets a number of National Curriculum requirements in fields such as literacy and art. In this project, a storyteller and an artist spend three days in each school, stimulating the pupils' creativity with tales of their local area and inspiring them to produce their own art through print-making workshops. Each event culminates in an exhibition of the children's work and a 'celebration of creativity' tea party attended by the children, their parents, teaching staff and other guests.

Our own employees are involved as classroom assistants during the programme and also help to organise the final celebration.

Under 'Take Art', a selection of 20 paintings from Provident's own collection are loaned out to secondary schools to be used as an educational resource. They hang in the school for six weeks while an art curator and artist lead workshops to help students to understand the pictures they are seeing and then to create their own work in media ranging from painting and sculpture to textiles and creative writing. Provident donates art materials to each school along with reusable frames for displaying the students' own work. During 2004, 'Take Art' ran in schools in London, Bradford and Glasgow.

Community

Launched in 2002, 'Talking Pictures' enables children at inner-city secondary schools to study paintings in their local galleries and use the experience to produce their own paintings. The programme takes place over two days. On day one, an artist and an art curator talk to students in the gallery, explaining how and why particular paintings were produced and helping them to interpret and understand great works of art. Day two is spent back at school with the artist and curator encouraging students to create their own oil paintings on the theme of

'My World' – a required 'scheme of work' in the National Curriculum. Again, Provident supplies oil paints, canvasses, frames and other equipment to each pupil. In schools where 'Talking Pictures' has previously taken place, teachers have noted not just a better knowledge of art, but an improvement in other skills such as literacy, visual awareness and critical reasoning.

Partners in Art continues in 2005 with activities across all three projects.

PACK

Another programme offering opportunities for children is 'PACK' (Provident Action for Creative Kids). Run in conjunction with the Youth Hostels Association in England and Wales and the Scottish Youth Hostel Association, PACK enables young people to take a two-day break at a youth hostel with educational activities linked to the National Curriculum or outdoor pursuits such as caving and canoeing.

Most of the children come from areas that have more than their fair share of

Table 8: London Benchmarking Group: analysis of 'PACK' (Provident Action for Creative Kids)

London Benchmarking Group: analysis of 'PACK' (Provident Action for Creative Kids)	
About the activity	The aim of 'PACK' is to provide new opportunities for young people to take part in outdoor activities linked to the National Curriculum. The breaks take the form of a two-day stay in a youth hostel with a focus on activities which complement subjects such as geography, history and science as well as activity-based breaks involving canoeing, caving and museum visits.
Contribution by the company	<p>Cash contribution: £225,000</p> <p>Employee time (in cash): £3000</p> <p>Total cash value of contribution: £228,000</p>
Outputs	<p>Leverage: £70,000</p> <p>Benefits to the community:</p> <ul style="list-style-type: none"> ■ Over 4,000 school children have taken part in 'PACK' between 2001 and 2004. ■ A majority of participants are from schools in Education Action Zones. ■ Provident's funding has allowed participating schools to generate matched funding through Government funds. ■ The project also fostered self-esteem and helped to improve the educational attainment of primary school children, by re-engaging some pupils. <p>Benefits to the business:</p> <ul style="list-style-type: none"> ■ Improved reputation amongst local communities. ■ Feel good factor amongst employees. ■ Improved reputation of company amongst schools. ■ Local and regional press coverage.
Impacts	<p>Long-term impacts of activity:</p> <ul style="list-style-type: none"> ■ Children with increased awareness/interest in the activities. ■ Improved reputation of company schools and community groups. ■ Greater awareness of what youth hostel organisations can offer.

Community



crime, poverty and low academic achievement. As well as helping them to enjoy the countryside, 'PACK' also develops their self-confidence and encourages them to explore new ways of learning. Provident's employees have joined in many of the breaks with the business providing useful extras such as back packs, cameras, pens, T-shirts and caps for the children.

Over the last three years, 'PACK' has enabled over 3,500 children from 120 schools to take more than 100 youth hostel breaks. Because most of these schools are in Education Action Zones, they've been able to reclaim at least 25% over and above Provident's contribution in terms of matched funds from the government. In 2005, the programme will be extended to children and youth hostels in Ireland.

West Yorkshire Playhouse

Another major project in the UK is our long-standing partnership with the West Yorkshire Playhouse whose Arts Development programme offers opportunities to local people by taking the arts into the community. Through its various activities,

it reaches about 10,000 West Yorkshire residents every year.

For the last five years we've sponsored the Unit's 'SPARK' (Sport and Art towards Knowledge) programme of after school clubs for primary and secondary school children in inner-city Leeds. Over this period, 'SPARK' has enabled children in over 40 schools to take part in gospel singing, street dance, basketball, screen printing, puppet making and much more.

We're now funding a two-year project called 'Sound Play' that nurtures children's self-confidence by giving them the chance to compose music and learn to play instruments. The beneficiaries will be children from two secondary schools and six of their feeder primary schools, along with young musicians from Leeds College of Music who are being trained to lead workshops and develop community projects. 'Sound Play' runs for two terms in each school. The children work with a music teacher in term one and are joined in term two by a dancer or drama worker. At the end of the second term, all schools come together to share their work and celebrate their achievements.

Youth TV

A new partnership with the National Museum of Photography, Film and Television in Bradford introduces young people at risk of social exclusion to the disciplines of TV production.

The museum is the most visited national museum outside London, attracting around 750,000 visitors a year. In 2001, museum staff identified a group of young people persistently causing trouble on the premises. In an imaginative move, they introduced them to the museum's broadcast production facilities, gave them free training in media production and invited them to produce a TV programme. The result was a 45-minute magazine programme airing their concerns and enthusiasms. Six of the participants later found jobs with the museum, the city library and the police.

Building on this success, the 'Youth TV' programme will offer TV workshops over the next three years to disadvantaged young people. The aim is to equip them with accredited and marketable media production skills while helping them to build their confidence and self-esteem. An outreach worker will recruit appropriate candidates via schools, youth services and other agencies. The programme will also create links with local media companies to develop opportunities for work experience.

L'Ouverture

'L'Ouverture' is a London-based project that helps children to explore all aspects of the arts — from drama, dance and singing to design and creative writing. Provident has supported 'L'Ouverture' for over five years, focusing particularly on its summer holiday project for disadvantaged teenagers.

In 2004, around 75 young people from South and East London put together a production that was then staged at

Goldsmiths College in New Cross. Working with professional artists and technicians, they took responsibility for all aspects of the show – not just the performance, but set design and building, costume making, publicity, lighting and sound. The experience helped them to grow in confidence and to gain more general skills such as teamwork and meeting deadlines. Provident's support continues and the project will be expanded in 2005.

Scholemoor project

In addition to centrally co-ordinated projects such as those described above, all our subsidiaries have their own locally based community programmes. One recent example was the work undertaken by employees at our head office to help regenerate the Scholemoor estate in Bradford.

The work concentrated on a community centre and recreation ground that had deteriorated. Over one week in September 2004, 250 volunteers from Provident's head

office in Bradford gave a day each to get rid of rubbish, clear the overgrown areas, replace paving stones, put up fencing and redecorate the community centre, as part of a wider project to regenerate the estate.

The week was organised in partnership with Business in the Community's 'Bradford Cares' programme, an employee volunteering initiative that links businesses with community programmes that need their support.

Big Tick

Provident Financial's UK and Ireland home credit business won a 'Big Tick' award from Business in the Community for its involvement in the Scholemoor project. The Big Tick is awarded to companies that are able to demonstrate a high standard of excellence in the way they organise and integrate their responsible business practices, and can show a positive impact both on society and on the business.

Table 9: London Benchmarking Group: analysis of Scholemoor project

London Benchmarking Group: analysis of Scholemoor project	
About the activity	A week long transformation of a derelict Bradford recreation ground and surrounding area.
Contribution by the company	<p>Cash contribution: £34,791</p> <p>Employee time (in cash): £18,568</p> <p>In-kind contributions: Over 250 employees worked on the project, volunteering 1,750 hours at a total costs to the company of £18,568.</p> <p>Total cash value of contribution: £53,359</p>
Outputs	<p>Leverage: £15,000</p> <p>Benefits to the community:</p> <ul style="list-style-type: none"> ■ The community centre was revamped with a new sign; a play area was built for toddlers to play; paving flags re-laid to make a safe environment; the lounge turned into an IT suite; the office re-decorated; an external wall painted to become a graffiti wall for local youngsters; and cleared rubbish to improve the safety and attraction of the area. <p>Benefits to the business:</p> <ul style="list-style-type: none"> ■ 9% reduction in absence due to sickness in the three months after the challenge. Volunteering is now seen as an ideal opportunity to develop staff.
Impacts	<p>Long-term impacts of activity:</p> <ul style="list-style-type: none"> ■ The community is on the brink of gaining funding for a top class sports and leisure facility at the heart of the estate. ■ Employees at our head office in Bradford enthusiastically volunteered for this project, and Provident has also committed to supporting the scheme in the long-term.

Community



International snapshot- the community

Poland

Community investment at Provident Polska includes both one-off charity events and long-term community programmes.

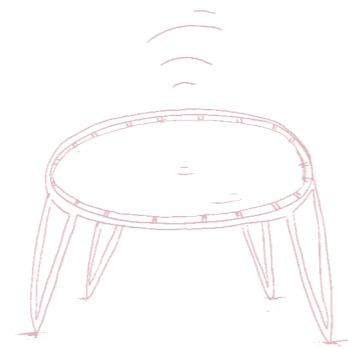
The main long-term project is 'Trampolina', launched in 2003 to provide sports equipment for under-funded Polish schools. Whenever equipment is handed over, Provident and the school organise a sports day for the children with a visiting sports celebrity who encourages the children to try new challenges. Since the launch, some 20,000 children have benefited from new equipment. At the start of each year, Provident Polska organises an event in Warsaw for all Trampolina participants. Known as the Trampolina Olympic Games, this involves sports and movie celebrities and pupils from all over Poland. But the aim of Trampolina goes beyond providing equipment. Provident hopes the programme will instil an

enthusiasm for physical education among Poland's school children and improve the fitness and health of the younger generation.

Provident also supports the 'Stay with Us' project organised by Polityka magazine. This provides scholarships for young Polish scientists to enable them to continue their research in Poland rather than going abroad. The company was nominated for the prestigious Benefactor of the Year award by Polityka Weekly for consistent and long-term support of Polish science.

Czech Republic

As in Poland, community investment in the Czech Republic extends across the arts, education and sports for younger people. During 2004 the business supported over 70 projects in these fields.



Community



One example was an exhibition at Provident's Prague head office in aid of an art school in the city. Provident employees had the chance to buy the paintings with Provident doubling the proceeds. Other support went to sporting tournaments across the range from judo and female junior football to watersports, junior ice hockey and bowling. The business also backed the prestigious Grand Prix international gymnastic competition in Brno.

Elsewhere, Provident sponsored the construction of a rehabilitation room at a centre for disabled children and provided funds to buy medical instruments for a school for children with respiratory problems. Support from Provident also enabled a special school in Breclav to welcome back some of its ex-pupils for a year's course to help them become more socially integrated.

Hungary

Our operation in Hungary works closely with a number of organisations dedicated to children. A long list of recent projects includes cheering up children's wards in hospitals by painting cartoon characters on the walls, providing toys, play houses and climbing frames for children's playgrounds on housing estates, organising day trips to Budapest for children from disadvantaged communities and laying on Easter and Christmas events for children from large families living in difficult circumstances.

University students have also benefited from Provident's activities. The business ran a competition for editors of student magazines and helped to organise a management competition in which students competed to run the best virtual company. Some of the winners were

treated to a one week management shadowing programme at Provident. Other beneficiaries in the field of education include schools of economics in ten towns where Provident has branches and the renowned Peto Andras Institute that educates children with damage to the central nervous system.

In March the business was named 'Corporate Donor of the Year' by the United Way Hungary Foundation. Its internal campaign to encourage employees to give 1% of their personal income tax to good causes was named by the Foundation as 'Best 1% campaign'.

To promote the principles of corporate responsibility, Provident recently sponsored a conference on the subject and featured in a British Embassy brochure detailing the best examples of corporate involvement by British companies in Hungary.

Community

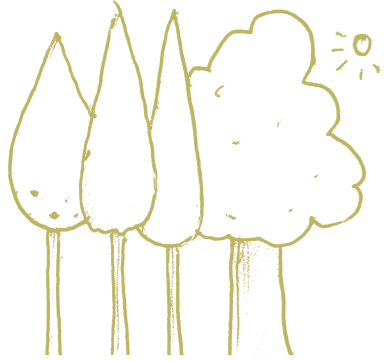


Slovakia

For the second year, Provident Financial in Slovakia sponsored the International Indoor Soccer Tournament for hearing-impaired students. The event attracted teams from as far afield as Japan, Algeria and Brazil with much of the communication conducted in sign language. The Provident businesses in Hungary and the Czech Republic joined in by supporting their own national teams – making this the first cross-border project in the international division.

The Slovakian 'Smile as a gift' foundation runs a programme to prepare young people in children's homes for life in the adult world. As well as helping the programme financially, Provident has fielded employees from its own training and personnel departments to take part in the training itself. Lectures from Provident employees covered aspects of adult life such as communication skills, finding employment, writing a CV and managing finances – all part of helping young people to fulfil their goals.

Other projects in Slovakia included helping to build a children's football ground, supporting an international summer soccer school for boys and assisting the League Against Cancer and the Slovak Association of Disabled People.



Managing our environment

As a provider of financial services, Provident Financial affects the environment directly through its own operations and indirectly through the activities of its customers and suppliers. Recognising our responsibilities, we have developed a systematic plan to improve our environmental performance. Our long-term aim is to reduce our environmental impact and to bring our operations increasingly into line with the principles of sustainable development. You can find a full statement of our corporate environment policy at www.providentfinancial.com/plc/Corporate_Responsibility/Environment.aspx

Provident has an environment strategy group chaired by our Finance Director, John Harnett. This group develops our environmental strategy and objectives and makes recommendations to the

board. An environment working group then implements the objectives and associated targets with the help of volunteering 'environment champions' throughout the company.

Our environmental management system (EMS)

Provident's environmental management system (EMS) accords with international environmental standard ISO 14001 and continues to demonstrate that a good environmental management system saves money and improves business efficiency. Our performance in Business in the Community's 'Business in the Environment' survey showed an excellent improvement this year with an increase from 84% in 2003 to 90% in 2004, placing us among the top companies in the UK for environmental management.

During 2004 we continued to update our register of environmental legislation. This is updated every quarter and communicated to senior management at environment strategy group meetings and to the risk advisory committee to ensure that we are fully aware of, and compliant with, any new or updated legislative requirements. Provident Financial has never been prosecuted by the Environment Agency and we intend to maintain this record.

Environment

Looking back on 2004

We have developed a set of key performance indicators (KPIs) to measure and help us reduce the environmental impacts we have identified. We've also set a number of performance targets to help us achieve the desired improvements. We measure our performance both internally and through external audits and inspections and publish details of our progress at least once a year in a corporate responsibility report and on the corporate website.

Energy

Energy consumption is a major contributor to pollution and other environmental problems. For this reason, we've been measuring our use of energy since the year 2000 whilst also addressing the impact of our activities. During 2004 energy consumption across the UK business increased by 11.7% against 2003 levels. There are a number of reasons for this. Primarily the increase was due to the growth in our

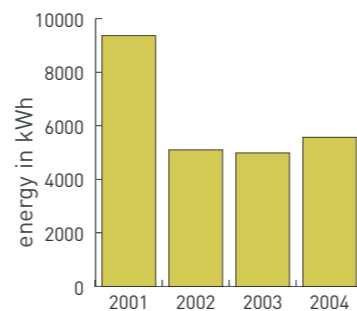
international business has meant that computer facilities required by the business has increased. Another reason was that when comparing energy use with the daily outside temperature (degree-day analysis) it revealed that we used more energy for heating during a long winter.

One of our targets in 2004 was to use renewable sources for more of our energy. We exceeded this target and managed to source all our supplies from environmentally active suppliers. We have also successfully run 'switch it off' campaigns to improve employee awareness of energy efficiency. When we upgrade computers we use more efficient models and we have reduced the number of individual employees' desktop printers in favour of level networked printers.

This year we have been able to calculate the savings we have made over the past few years with our energy saving initiatives. For instance, electricity

consumption has decreased by 6,894,107 kWh in our head office which has contributed to a £3,576 saving between 2001 and 2004. Our gas consumption has decreased by 2,672,339 kWh which has led to savings of £3,907 between 2001 and 2004 in our head office.

Good energy management needs accurate data and we have realised that our energy data could be better. This will be a particular focus in 2005. We will also make some of our activities



Energy usage, combined gas and electricity (2001-2004)

Environment

Table 10: Energy

Energy Objective	Targets	Achieved?
Conserve energy including electricity, fuels used for heating and motor fuels.	Start measuring energy used in the field, where possible; monitor and include in energy usage reports.	Partially, ongoing
	Ensure that energy efficiency is a key consideration in the purchase of new hardware and infrastructure.	Yes
	Reduce absolute energy consumption by 1% over 2003 levels.	No
	Investigate more environmentally-friendly methods of providing energy for head office buildings	Yes
	Increase the proportion of energy from environmentally active suppliers over 2003 levels.	Yes

carbon neutral (offsetting the carbon dioxide we produce by investing in tree planting and clean technologies). We will also have an energy audit undertaken for our head office in Bradford to identify inefficient energy practices.

Transport

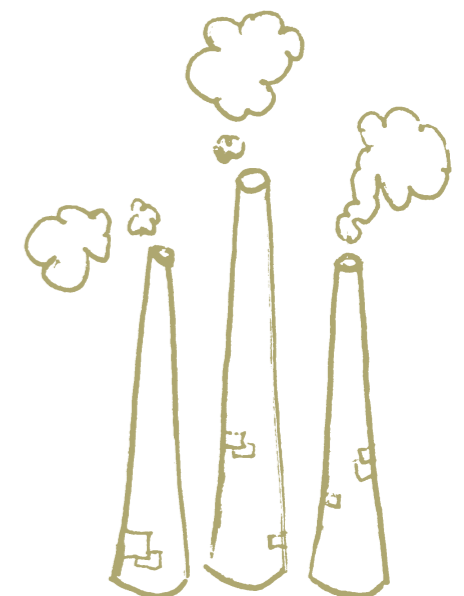
In the UK, air pollution causes between 12,000 and 24,000 deaths every year. In urban areas, one of the main sources of this pollution is road transport. Business mileage plays a large part,

as well as contributing to congestion and other traffic-related problems. At Provident we're committed to encouraging people to find ways to travel other than by car. One of the ways we've improved our environmental performance in the past year is by introducing a green travel working group which undertook a company wide transport survey and then devised a number of schemes to reduce our travel impact. All of this information will be collated on a green travel intranet site which will go live in 2005.

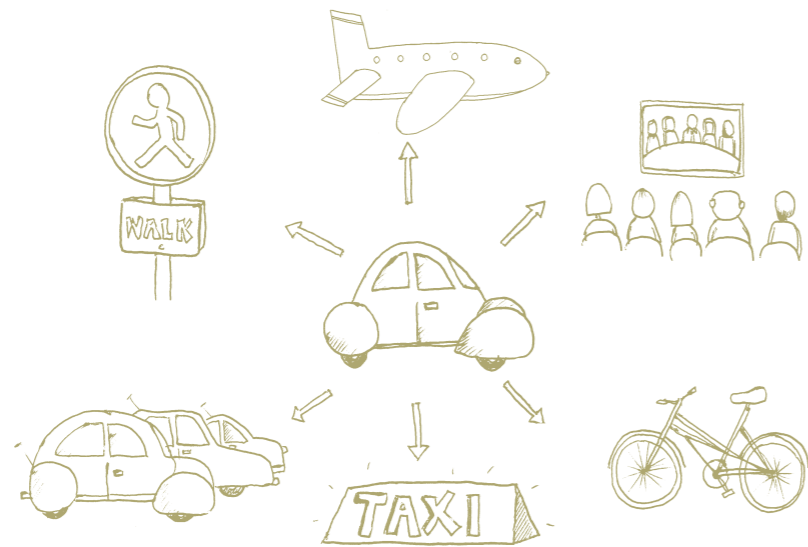
Here just a few of the initiatives we are using to encourage people to use greener methods of transport:

Walking – All employees in our Bradford head office have been offered a personal safety alarm and received training on personal safety awareness.

Cycling – We now provide secure, covered cycle parking areas in our car park. We have also built male and female shower and changing facilities for those wishing to ride their bike to work.



Environment



Taxis – A free taxi service is available in the evening for those travelling to the city centre, train and bus stations.

Company car fleet - Provident has a fleet of 686 cars. In 2004 we managed to reduce the fleet by 17%. Originally, the fleet primarily comprised petrol fuelled cars, but we've moved in recent years to more environmentally efficient diesel options. We've also been trialling a new, more environmentally efficient car (the Toyota Prius petrol electric hybrid) and have provided information on how to drive efficiently and conserve fuel to fleet users.

Air travel – For most of our international travel, there is no option but to fly. However, for travel within countries, we now have a travel coordinator who encourages employees to go by train.

Tele/video conferencing - One way to save energy is to make more use of technology such as email or audio and video-conferencing to communicate with colleagues and partners. Video-conferencing facilities are now available to all employees at our head office and our international offices.

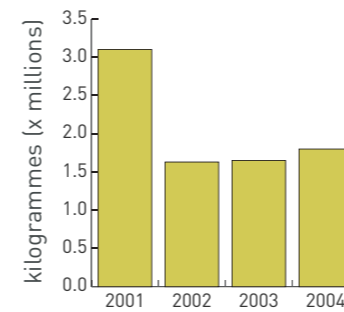
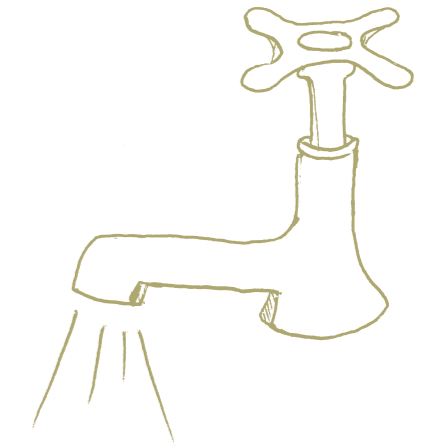
Climate change

Many of our activities generate greenhouse gas emissions. These include heating, lighting, the powering of office equipment and business travel as discussed in the previous sections. Carbon dioxide emissions from the energy we use on site – electricity and natural gas – are easier to measure and report than corresponding emissions from car and air travel. Transport accounts for 14% of our total carbon dioxide emissions and this figure increased during 2004.

Table 11: Transport

Transport Objective	Targets	Achieved?
Manage business related travel and minimise unnecessary travel.	Identify types of meeting where tele/video-conferencing could be an option; develop guidance and policy and communicate to the relevant people.	Yes
	Compile a list of major suppliers with tele/video-conferencing facilities and use as a basis for encouraging greater use of such facilities.	Yes
	Liaise with IT department to simplify the tele/video-conferencing process and increase functionality.	Yes
	Implement green travel plan across UK.	Partially, ongoing

Environment



Carbon dioxide emissions from head office building

Water

The way we use water has a direct impact on the environment. Although water may not seem to be a scarce resource in Europe, the picture is very different around the globe. For this reason, we need a plan for managing water that protects the long-term future of the environment whilst encouraging sustainable development.

This year, because of a major leak in our head office, we did not achieve our target of reducing our water use by 3% over normalised 2003 levels. Thanks to our monitoring, the leak was quickly

identified and the water company was able to fix it. In the process, they spotted a problem with our water meter which meant that previous years' figures have been understated. A new benchmark will therefore be set during 2005.

Even though we failed to meet our target this year, we did introduce more water saving appliances across the business. Measures taken include reducing the capacity of toilet cisterns, installing self-closing push taps and waterless urinals, and investing in a new, water efficient dishwasher for the restaurant in our head office.

Table 12: Water

Water Objective	Targets	Achieved?
Encourage the careful use of water.	Reduce water consumption in head office locations by 3% over normalised 2003 levels.	No

Environment

Waste

With the UK producing a staggering 434 million tonnes of waste each year

(Environment Agency, 2004), we are trying to reduce our contribution by using resources as efficiently as possible. The UK government has

developed a waste hierarchy that sets out different options for reducing waste. This provides the basis for our waste reduction initiatives during 2004.



Table 13: Waste

Waste Objective	Targets	Achieved?
Successfully manage our waste stream and minimise where possible.	Devise and implement an action plan to reduce absolute waste levels over 2003 figures.	Partially, ongoing
	Increase the combined recycling of paper and cardboard by 5% over 2003 figures.	Yes
	Review existing waste management practices and identify areas for improvement.	Partially, ongoing

Environment

Suppliers

We realised that the best way to integrate environmental considerations into our supply chain was by raising awareness among our suppliers. We have a vast array of such suppliers from stationery companies to repair garages. This group is important because, in contrast to larger organisations, their resources are often limited, their operating and profit margins are smaller and the cumulative effect of new environmental legislation is more oppressive. For these reasons, we believe we have a role in promoting best practice and helping such organisations to do better environmentally.

In 2004 we launched our group-wide environmental supply chain policy to help us source products in the most responsible way and to spread best practice in our supply chain. Our target was to engage with key suppliers to satisfy ourselves of their environmental performance. To raise awareness, we sent letters to our suppliers asking them about their environmental management. We then split the responses into four categories, ranging from those suppliers with excellent environmental management systems already in place, to those who have nothing in place but are taking appropriate action. We've provided our suppliers with information on our own

environmental management system and have sent a number of suppliers on courses arranged with Business in the Community.

During 2005 we intend to work closely with these suppliers to help us implement our environmental supply chain policy. We'll focus in particular on those that we've identified as posing the greatest risk. We've also set up a project with Bradford Business in the Environment Forum to obtain government funds to help these companies to implement an environmental management system.

Table 14: Suppliers

Supplier Objective	Targets	Achieved?
	Start to implement the Environment Supply Chain Management (ESCM) strategy within corporate office and the insurance division and demonstrate progress.	Yes
	Identify who in Provident is involved with purchasing with a view to extending the ESCM strategy.	Yes

Environment

In addition to the detailed targets on the previous pages, we also had some softer targets including stewardship, where we have worked to include environmental audits in field locations and started including Provident's environmental message in external material being sent to stakeholders. We have also tried to extend our dialogue to all stakeholders. During 2004 we made good progress towards achieving this target by communicating with our suppliers and by engaging with stakeholders on our reporting techniques. We will continue to expand this area of work in 2005.

Focus: Environment Day

We held a dedicated Environment Day at our UK head office in October 2004. As part of the event we developed an 'ecological footprint' for each member of staff to show how much land it takes to sustain our current lifestyle. There was also a raffle for organic goods in aid of a local organic farm charity and our restaurant made use of organic produce from local suppliers. All employees were invited to wear 'recycled' clothes in the form of hand-me-downs or items from charity shops to show just how smart it's possible to look while doing your bit for the environment.

Focus: Setting targets

Our Environment Away Day in November 2004 was a chance to set targets for our environment programme in 2005. It involved key players from our UK and international environment programme getting together to discuss ways of reducing our environmental impact. The day included a speaker from the Royal Society for the Protection of Birds who explained how environmental issues damage bird life in the UK. At the end of the day we had a good set of targets for 2004 and these were then sent to numerous experts on environmental issues for comment.

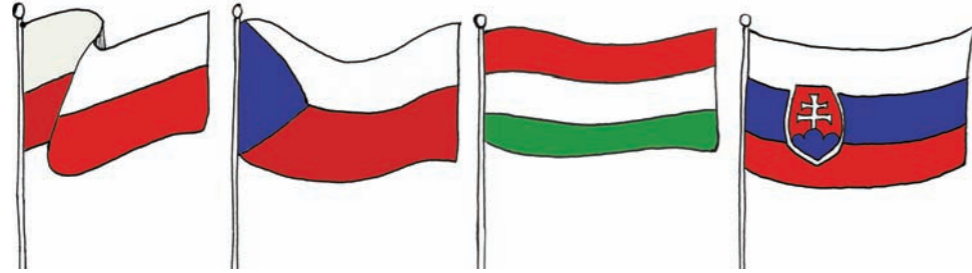
Environment

Looking forward in 2005 - targets

Table 15: Provident Financial environment objectives and targets for 2005

Objective	Targets
TRAVEL Reduce the volume and environmental impact (especially carbon dioxide emissions) of business related travel for UK activities.	<ul style="list-style-type: none"> ■ Continue to develop and implement the green travel plan. ■ Maintain the downward trend of carbon dioxide and other emissions related to the operation of Provident's vehicle fleet.
ENERGY Increase energy efficiency across the business.	<ul style="list-style-type: none"> ■ Keep energy consumption constant at 2004 levels (normalised against floor area) - excluding Vanquis Bank and Yes Car Credit. ■ Introduce energy efficient lighting on 2 floors of our UK head office space. Start to measure energy usage for Vanquis Bank and Mexico operations.
STEWARDSHIP Reduce the overall impact of Provident's activities by embedding environmentally responsible behaviour into the corporate culture.	<ul style="list-style-type: none"> ■ Incorporate environmental messages into appropriate Provident Internet sites/other media. ■ Include an environmental presentation in at least one communications/results announcement. ■ Get environment strategy group input for 2005 objectives and targets workshop. Invite Managing Directors to nominate a director from each division to attend the 2005 objectives and targets workshop. ■ Invite an external speaker from another financial services company to present to the environment strategy group on a successful environment programme (focusing on resources and cost-savings).
PURCHASING Continue to implement ESCM policies and procedures throughout the whole organisation.	<ul style="list-style-type: none"> ■ Continue to develop and implement the environment supply chain management (ESCM) strategy in the UK. ■ Develop Provident Financial ESCM newsletter.
PAPER Continue to reduce reliance on paper	<ul style="list-style-type: none"> ■ Reduce paper usage by 2% (based on paper purchased normalised against customer numbers) by using web-based reporting.
WATER Continue to monitor and reduce water consumption.	<ul style="list-style-type: none"> ■ Establish new baseline for total water consumption. ■ Ensure that Provident meets the Environment Agency benchmark of 18,250 litres per person per year.
WASTE Identify all areas of waste and apply a programme of reduction/re-use/recycle/repair.	<ul style="list-style-type: none"> ■ Increase amount of paper and cardboard recycled as a proportion of paper purchased by 2%. ■ Research new methods of measuring waste disposal.
STAKEHOLDERS Develop dialogue with an extended range of stakeholders to help improve Provident's environmental performance.	<ul style="list-style-type: none"> ■ Incorporate environmental issues into CR stakeholder engagement plan.

Environment



International snapshot- the environment

Poland

During 2004, Poland focused on communication as a means of reducing its environmental impact and integrating environmentally responsible behaviour into its corporate culture. Activities included articles in the internal magazine, regular emails to all external offices and an environment section on the intranet site.

The business reduced its paper consumption in 2004 by printing both sides, increasing its electronic communications and stepping up its recycling.

All our businesses now have annual environmental targets in areas such as cutting carbon dioxide emissions, recycling paper and using less energy and water. Out of 14 targets for 2004, Poland achieved two, partially met five, deferred five and deleted two.

Czech Republic

For more than four years, our Czech business has worked in partnership with the Suchopr Association that encourages ecological education for young people and the renewal of woods in the Jizerské Mountains. The company's support includes helping to fund an ecological education centre run by the association.

In another project, over 60 employees worked as volunteers to renew a nature trail in Moravia with further financial support coming from the business. The company has also supported the setting up of a waste sorting site.

At the same time, the business has made progress with its internal environmental programme with initiatives to save water and cut consumption of paper. Of its 21 environment targets in 2004, eight were achieved while seven were partially completed and six were deferred.

Environment

Hungary

Hungary focused on different environmental issues throughout the year. One month the emphasis was on saving paper and the company's environmental champions came up with a number of ideas to cut consumption. They also mounted an awareness campaign to ensure that employees were reducing their use of paper wherever possible. Other topics of focus included pollution and hazardous waste. In addition, employees volunteered to clean up a forest in Szombathely while a number of tree-planting programmes helped to offset the production of carbon dioxide.

Hungary had 14 environmental targets during 2004. It achieved nine, partially completed four and deferred one.

Slovakia

Employees in the Slovakian head office have undergone training in how to manage their day-to-day work in an environmentally sound way. The business also reduced its environmental impact by changing its car policy and extending its recycling programme. It now uses recycled envelopes and paper throughout the business.

Provident in Slovakia has integrated environmental considerations into its

purchasing policy effectively. It has also included environmental matters in its facilities team's job objectives.

Like Poland and Hungary, Slovakia was working towards 14 environmental targets during the year. Eight were completed successfully, two were partially completed and four were deferred.

Assurance and verification

The future

This report has detailed the first steps in Provident's corporate responsibility journey. This is the very beginning of our journey and in the final section of the report you will see the verification and assurance statements which will give us direction for our activities in 2005.

The verification statement below demonstrates that the progress reported

in this report is accurate. It provides assurance as to the reliability and credibility of the information being reported. This report has been verified by external parties as a correct account of our activities in 2004. The report takes into account not only what we have achieved, but considers whether this meets reasonable expectations. The environment section has been verified separately as a true record of our

progress with all the data used also checked for accuracy. Internal audits have been carried out in the UK, Czech Republic, Poland, Slovakia and Hungary during 2004. An external verifier has carried out verification of performance against targets for the last three years, and last year the KPIs were also verified externally.

Safety, Environment and Quality Management Ltd (SEQM) verification of environmental targets statement

"I confirm that the performance reported against published targets in the environmental statement in 2004 has been assessed and that each target has been verified against information provided by the organisation, through internal audit or by external bodies.

Thirty of the 2004 programme items have been completed in full, of which one has exceeded expectations. Of those remaining, two have been converted into projects for completion in 2005; a further three were impractical and therefore have been deleted; four were not achieved.

Twenty-four of the programme items are still in progress of which ten have more than one project owner, however in three of those cases at least one project owner has completed the target in full.

Performance for the motor insurance division, where environmental considerations have been fully integrated within the business process is truly best in class and an example of how environmental issues could and should be part of everyday business.

Documented environmental management systems for Poland, Czech Republic, Hungary and Slovakia have been established, however implementation in Poland and Czech Republic has been influenced by the lack of availability of resources and therefore progress has not been as planned.

There are established procedures for the periodic evaluation of compliance with relevant environmental legislation and regulations and updates are maintained in the UK, Hungary and Slovakia. Confirmation of periodic evaluation of legal compliance in the Czech Republic was not available.

A programme of environmental audits has been conducted in the UK in May and October, in the Czech Republic and Poland in August, in Hungary in November and in Slovakia in December. These audits raised a number of important issues and have been conducted in a thorough manner by competent auditors.

Progress has been attempted in all cases and a small number have been found to be impractical. Performance improvement against published targets continues to be exceptional in selected areas, however performance in some areas is comparatively modest and should be addressed as a matter of urgency if the momentum established is to be maintained".

Julian Ringer
Managing Director, SEQM Ltd
January 2005

Assurance and verification

Casella Stanger verification statement for environmental data used in BiE submission

"Casella Stanger was commissioned by Provident Financial to conduct an independent external verification of the data to be used to inform the content of its 2003/2004 BiE submission.

The objective of the commission was to carry out an independent external verification of the data collection mechanisms used during the production of the BiE submission and provide comment on the robustness of the processes and hence assurance that the information and data provided in the BiE submission is accurate, reliable and objective.

Casella Stanger is satisfied that Provident Financial's data collection mechanisms ensure that factual statements and data contained within the BiE submission are accurate and reliable.

Of note in the verification process was that where gaps in performance data have been previously identified in the 2003 submission, such as transport CO2 emissions, innovative approaches have been used to quantify these levels.

However, we did identify the following priority recommendation (as detailed in independent verification statement):

Provident Financial continues to have in place a thorough, systematic approach to the collection of environmental performance data. It is noted, however, that over 2004 there have been instances where there has been a significant increase in the values of certain performance indicators over 2003 levels. This has stemmed from a variety of sources and the reasons for these increases should be considered as part of the process for setting the 2005 performance targets".

Rob Turk
Casella Stanger
November 2004

Assurance and verification

Peter Wilkinson Associates assurance statement for community programme

"This report provides an assurance statement for the Provident Financial community programme for the year up to 11 November 2004. The statement is based on the knowledge gained by the assessor through having been associated with the community programme as an adviser during the period. The assessor has attended review meetings and met most of the community partners for the key projects, participated in project definition meetings as a facilitator, attended review meetings, advised on strategy and project development. The assessor has seen documentation and statistical evidence related to the community programme. The assurance process is based on the Provident Financial Evaluation Framework and this has been modified for the community programme.

The Provident Financial community programme has made substantial progress over the last year. This has included defining the strategy for the group, developing tools and continuing to develop the focus of the community programme in the UK on providing new opportunities for young people from disadvantaged communities.

The Provident Financial evaluation framework provides a guide to the

strengths of the community programme and where areas need improvement. The scoring system used in the framework provides a methodology to identify the key indicators of the community programme that should be evaluated, but any scoring against the indicators must include some subjective element. The scoring of the indicators was made by the assessor and then reviewed with the community affairs manager and the community affairs executive. Some scores were then adjusted by the assessor following the discussion and provision of further evidence.

The Provident Financial evaluation framework was designed for community projects undertaken with community partners. It therefore included a section evaluating the management of the project. For this assurance process, the framework has been modified to first evaluate Provident Financial's strategic framework and approach to the community programme and then for the section that would have evaluated a project, it has reviewed the detailed management of the community programme with focus on the performance of the key projects.

The overall score for the community programme in the framework is 59.6%. This is a good score. Some of the developments in the community programme took place during the year and therefore the marking does not reflect a full year's achievement. The marking was pulled down, as was expected, by the scoring of the results section of the framework. The framework scoring is constructed to place a high weighting on results, both for beneficial impact on the community and for business results for Provident Financial. Measuring impact is commonly acknowledged as the most difficult aspect of managing a community programme. The Provident Financial evaluation framework sets a challenge in this area and thus the 59.6% score should be viewed favourably in the context of the weighting given for this challenge."

Peter Wilkinson
Peter Wilkinson Associates
November 2004

Assurance and verification

The Corporate Citizenship Company assurance statement and commentary

Introduction

"Provident Financial has commissioned The Corporate Citizenship Company to provide it with external assurance and commentary on its 2004 Corporate Responsibility Report. Provident Financial's management has prepared this report and is responsible for its contents. Our objectives were to review and advise on the report's contents and presentation, to conduct checks of selected data to underlying documentation and corporate systems, to probe for evidence behind key assertions and then to provide this statement for which we have sole responsibility. As there are no statutory guidelines for social reporting, we have formed our judgements based on emerging best practice among other companies, the principles of the assurance standard AA1000, the approach of the Global Reporting Initiative (GRI), the views of principal stakeholders and our own professional expertise and experience.

The Corporate Citizenship Company is a specialist management consultancy advising corporations who seek to improve their economic, social and environmental performance around the world. A detailed note describing our relationship with Provident Financial and the assurance process we have adopted is included in the on-line version of this assurance statement, available at: <http://www.providentfinancial.com/crreport/assurance/>

Our opinion

In our opinion, the report provides a fair and balanced representation of the progress Provident Financial is making in living out its commitments to corporate responsibility. Where significant gaps in available performance data and stakeholder views exist, they are generally identified in the report or commented on by us below. The reporting period is the year to 31 December 2004, with some additional contextualisation, trend data and further developments up to final pre-publication approval on July 8, 2005.

Our work has not extended to a complete audit of the report's contents nor independent verification of data. The opinions expressed here are intended to extend understanding of Provident Financial's non-financial performance and should not be used or relied upon to form any judgements, or take any decisions, of a financial nature.

Commentary

Approach to corporate responsibility

We believe that this report marks a significant step forward in Provident Financial's accountability and transparency on corporate responsibility matters, with a more balanced presentation that acknowledges where challenges remain. The types of business undertaken and the geographical spread are clearly explained, with the corporate responsibility risks and

opportunities well presented. More key performance data is provided, with benchmarks to allow a judgement about progress achieved on several indicators. Crucially, the views and expectations of stakeholders are set out, and the results of the structured consultation on reporting are clearly reflected in the report's contents. Inclusion of a GRI Index for the first time helps stakeholders to see if their concerns are being addressed, allowing them to respond accordingly.

This progress is reflected in Provident Financial's inclusion for the first time in the Dow Jones Sustainability Indexes and in an improved rating in Business in the Community's Corporate Responsibility Index. Looking forward, however, some important challenges remain. The business is growing strongly outside the UK and coverage of those activities needs to be integrated more fully, with cross-references made to issues addressed in detail in the local language reports that are now being prepared. The new business divisions (Vanquis Bank and Yes Car Credit) also need to be fully included. We believe that Provident Financial needs to articulate more clearly its business mission and corporate values, and use the corporate responsibility report to demonstrate how these are being lived out. As we highlighted last year, the company's management arrangements for corporate responsibility need to be reviewed and fully integrated with the main

Assurance and verification

External assurance statement and commentary continued

Executive Committee and other governance structures, so that social, economic and environmental issues are more systematically considered. We also believe that the presentation of future commitments currently evident on environmental issues should be extended to the other impact areas too.

Marketplace

In our view, this section of the report is considerably improved compared to previous years, both through greater factual information and with more discussion of the social responsibility issues relevant to customers.

The nature of the company's financial service products are explained, along with its approach to pricing and consumer protection, details of extensive government regulation and an account of engagement on the crucial issues of competition and financial inclusion. The report sets out more information about the company's customers; this could be strengthened by including a discussion about the needs of low income households in particular and of the differing context in the various international operations.

Some stakeholders have expressed concerns about comparative costs of borrowing and the choices that customers can exercise. At the time this assurance was conducted the UK Competition Commission's enquiry was continuing and the company had published its initial submission. The outcome of the enquiry will, we believe, help to clarify some of the issues raised by stakeholders about the home credit market sector. In future reports the company should continue

to report on the results of its engagement with stakeholders on these and other topics of interest.

This section of the report also addresses suppliers. Provident Financial is already engaging with them on environmental issues and is now planning to extend the scope to social issues. In future, we believe reporting would be strengthened by explaining the main types and amounts of its purchasing, the corporate responsibility risks and opportunities that arise, and the results of engagement undertaken such as changes to contracts and new suppliers included.

One significant and distinctive element in Provident Financial's supply chain is the role of self-employed agents. We believe it is an omission that the report does not fully review the social responsibilities relevant to this important supplier group and report on action being taken on issues such as agent safety.

Workplace

Issues relevant to employees are well addressed, with significantly improved data on various key performance areas along with contextual benchmarks. Going forward, the need is to improve the quality and scope of KPIs, by including issues such as health and safety, training and disability and by reporting full international data. By reporting on the same indicators next year, trends can be shown. Here the need is to set appropriate targets so as to drive future progress.

Community

During the year Provident Financial has implemented a new approach to objective setting and evaluation of its major community projects. This has been externally assessed and commented upon separately. In our view, the priority here is to demonstrate how the company is meeting stakeholder expectations by focusing activity on issues that are linked to strategic business objectives and to report on the results achieved for company and community. This approach should be extended to the new business divisions and international operations too.

Environment

The company's ongoing commitment to reducing its direct environmental impacts is well demonstrated, with progress on targets achieved and future plans set out. International operations are already included here. This year actual KPI data is published for the first time on energy, transport and carbon dioxide, in addition to trends as in previous years. Going forward, the opportunity exists to extend the data set to include the full range of global warming indicators and wastes generated and disposed of. We believe the company should present its direct impacts in context – for example the extent to which it is helping achieve national greenhouse gas reduction targets under the Kyoto Protocol – and start to consider its indirect impacts."

[The Corporate Citizenship Company](#)

www.corporate-citizenship.co.uk

Glossary

If you can't find a glossary item to help you, please get in touch. We'll do our best to answer your questions.

Association of British Insurers or ABI

The Association of British Insurers provides information and advice on a wide range of risks.

Business in the Environment or BiE

Business in the Environment is a non-governmental organisation which aims to inspire businesses to work towards environmentally sustainable development as a strategic, mainstream business issue.

Business in the Community or BitC

Business in the Community is an organisation in the UK which aims to inspire, challenge, engage and support business in continually improving its positive impact on society.

Carbon dioxide

A naturally occurring gas. Human activities are increasing the concentrations of carbon dioxide in the atmosphere, primarily from the burning of fossil fuels. It is the main greenhouse gas on account of the volumes released.

Compliance

Conformance on legislation, corporate policy or regulatory emission/discharge levels.

Corporate policy

A collection of approved principles in key administrative areas. In each case they set out the corporate philosophy and its scope, the means by which it is achieved and controlled, and the relevant responsibilities and limits of authority.

Corporate responsibility or CR

Corporate responsibility is the management of a company's impact on society and the environment so as to add value to the company and increase wider economic and social

well being now and over the longer term. This impact may be through operations, products or services and through interaction with key stakeholders such as employees, customers, investors, local communities, suppliers and others.

Corporate responsibility group

A group of senior managers drawn from each business division with overall guidance from the Director for corporate responsibility. Meeting bi-monthly, this group manages and implements the corporate responsibility programme.

Director with responsibility for CR

Leads and directs the development of the corporate responsibility programme at Provident Financial. Responsibilities include developing expertise in this area; identifying and leading discussion of CR issues at board level; providing overall guidance to the corporate responsibility group; approving related policies; and sponsoring director level briefings.

Ecological footprint

The size and impact of the “footprints” on the earth’s ecosystems made by companies, communities, or individuals reflect a number of interlinked factors, including human population numbers, consumption patterns, and technologies used.

Environment champions

Employee volunteers from all parts of Provident Financial who want to get involved in implementing the environment programme. Meeting quarterly, environment champions also contribute environment initiatives to improve environmental performance.

Environment Management System or EMS

A management tool to help an organisation to manage the environmental effects of its operations.

Environment Supply Chain Management or ESCM

Managing the environmental effects of suppliers and products to support sustainable development. This includes

purchasing to environmentally sound specifications, monitoring the commitment and performance of suppliers in environmental management and working in partnership with suppliers to improve environmental performance and make the supply chain more cost-effective.

Environment strategy group or ESG

A group of directors drawn from each business division, chaired by the Director with responsibility for CR. Meeting three times a year, this group provides strategic direction for the environment programme.

Environment working group or EWG

A group of managers drawn from the facilities, marketing and the training departments of each business division, chaired by the environment management representative. Meeting bi-monthly, this group is responsible for the implementation and general co-ordination of the environment programme.

FTSE4Good

FTSE4Good is an index series for socially responsible investment designed by FTSE – a global index provider.

Global Reporting Index (GRI)

An international effort to create a common framework for voluntary reporting of economic, environmental and social impact of organisational level activity. The GRI mission is to elevate the comparability and credibility of reporting practices worldwide.

Green travel plan

Organisation or site specific plans to reduce employee car dependency on journeys to and from the workplace, via the promotion of alternatives such as cycling and public transport.

ISO 14001

An international standard on environmental management. It specifies the requirements of an environment management system and drives improvements in performance.

Key performance indicator (KPI)

Specific key issues against which performance is measured against. Can be used in conjunction with targets for reduction/improvements.

kWh

Kilowatt hour. One thousand watt hours, or 1 kW supplied for one hour, the normal unit of electricity supplied for domestic purposes.

London Benchmarking Group Model

A methodology for companies to measure their corporate community investment.

Recycling

Reducing waste generation by recovering and reprocessing usable products that might otherwise become waste.

Renewable energy

Energy resource that is replaced rapidly by natural processes. Sources include wind power, solar energy and hydroelectric power.

Shareholders

Individuals, companies and institutions that buy a share of the company in return for a share of the profit in the form of dividends.

Stakeholders

Any party which is affected by the activities of a company. For example, members of the public, employees, shareholders and regulatory bodies.

Sustainability or sustainable development

Meeting the needs of the current generation, without compromising the ability of future generations to meet theirs.

Stewardship

Stewardship means taking responsibility for our environment and working with stakeholders to protect it. This involves taking responsible action, not only on our own behalf but for the benefit of future generations. For example, by integrating environmental issues

into our decision making and by encouraging employees to take responsibility for reducing their impact on the environment wherever they are.

Turnbull Report

Report published by the Institute of Chartered Accountants in England and Wales on the implementation of the internal control requirements of the Combined Code on Corporate Governance.

Verification statement, Verifier

Checking the evidence of a company’s progress in relation to a specific target by an independent party. It provides assurance as to the reliability and credibility of the information being reported and whether it represents a fair picture of performance.

GRI Index

● Reported ◐ Partially reported ○ Not reported ⊗ Not applicable

Indicator	Section covered in
Vision and strategy	
1.1 Statement of the organisation's vision and strategy regarding its contribution to sustainable development.	● Finance director's overview
1.2 Statement from the CEO (or equivalent senior manager) describing key elements of the report.	● Finance director's overview
Provident's organisational profile	
2.1 Name of the reporting organisation.	● About us
2.2 Major products and/or services, including brands if appropriate.	● About us Our products
2.3 Operational structure of the organisation.	● Corporate governance, ARA pp 3-4
2.4 Description of major divisions, operating companies, subsidiaries and joint ventures.	● About us
2.5 Countries in which the organisation's are located.	● About us
2.6 Nature of ownership; legal form.	● About us
2.7 Nature of markets served.	● Our marketplace
2.8 Scale of reporting organisation.	● About us, our products, wealth creation
2.9 List of stakeholders, key attributes of each, and relationship to the reporting organisation.	● Our stakeholders
2.10 Contact person(s) for the report, including email and web addresses.	● Final page
2.11 Reporting period for information provided.	● Title page and Finance director's overview
2.12 Date of most recent previous report.	● Final page
2.13 Boundaries of report and any specific limitations of the scope.	● Finance director's overview
2.14 Significant changes in size, structure, ownership, or products/services that have occurred since the previous report.	○ No significant changes to report in 2004
2.15 Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, outsourced operations, and other situations that can significantly affect comparability from period to period and/or between reporting organisation.	⊗
2.16 Explanation of the nature and effect of any re-statements of information provided in earlier reports, and the reasons for such restatement.	⊗
2.17 Decisions not to apply GRI principles in the preparation of the report.	◐ Finance director's overview
Report profile	
2.18 Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits.	⊗
2.19 Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information.	⊗
2.20 Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report.	● Assurance and verification
2.21 Policy and current practice with regard to providing independent assurance for the full report.	● Assurance and verification
2.22 Means by which report users can obtain additional information and reports about economic, environmental, and social aspects of the organisation's activities, including facility-specific information (if available).	● Inside back cover
Structure and governance	
3.1 Governance structure of the organisation, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organisation.	● Corporate governance ARA pp48-52
3.2 Percentage of board directors that are independent, non-executive directors.	● ARA pp42, 48-52
3.3 Process for determining the expertise board members need to guide the strategic direction of the organisation, including issues related to environmental and social risks and opportunities.	● Risk management

Indicator	Section covered in
3.4 Board-level processes for overseeing the organisation's identification and management of economic, environmental, and social risks and opportunities.	● Risk management
3.5 Linkage between executive compensation and achievement of the organisation's financial and non-financial goals.	● ARA pp53-60
3.6 Organisational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social and related policies.	◐ ARA pp42-52
3.7 Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance and the status of implementation.	◐ Our corporate responsibility*
3.8 Mechanisms for shareholders to provide recommendation or direction to the board of directors.	● ARA p52
3.9 Basis for identification and selection of major stakeholders.	● Our stakeholders
3.10 Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group.	● Our stakeholders
3.11 Type of information generated by stakeholder consultations.	● Our stakeholders
3.12 Use of information resulting from stakeholder engagements.	● Our stakeholders
3.13 Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	● Website**
3.14 Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses.	●
3.15 Principal memberships in industry and business associations, and/or national/international advocacy organisations.	●
3.16 Policies and/or systems for managing upstream and downstream impacts including supply chain management as it pertains to outsourcing and supplier environmental and social performance; and product service stewardship initiatives.	◐ Environment: Suppliers
3.17 Reporting organisation's approach to managing indirect economic, environmental, and social impacts resulting from its activities.	◐ Financial inclusion, Contributing to public policy
3.18 Major decisions during the reporting period regarding the location of, or changes in, operations.	⊗
3.19 Programmes and procedures pertaining to economic, environmental, and social performance. Include discussion of: priority and target setting; major programmes to improve performance; internal communication and training; performance monitoring; internal and external auditing; and senior management review.	● Environment
3.20 Status of certification pertaining to economic, environmental, and social management systems.	● Our EMS
GRI content index	
4.1 A table identifying location of each element of the GRI report content, by section and indicator.	● This page
Economic performance indicators	
EC1 Net sales.	● Wealth creation
EC2 Geographic breakdown of markets.	◐ Financial performance***
EC3 Cost of all goods, materials, and services purchased resulting from its activities.	● Wealth creation
EC4 Percentage of contracts that were paid in accordance with agreed terms, excluding agreed penalty arrangements.	◐ Suppliers†
EC5 Total payroll and benefits broken down by country or region.	◐ Wealth creation: but required breakdown by country not given
EC6 Distribution to providers of capital broken down by interest on debt and borrowings, and dividends on all classes of shares, with any arrears of preferred dividends to be disclosed.	● Wealth creation: headline figure given, detailed breakdown required by GRI available at notes 4 and 12 of ARA 2004
EC7 Increase/decrease in retained earnings at end of period.	● ARA including note 23
EC8 Total sum of taxes of all types broken down country by country.	◐ Environment
EC9 Subsidies received broken down by country or region.	⊗
EC10 Donations to community, civil society, and other groups broken down in terms of cash and in-kind donations per type of group.	◐ Wealth creation: breakdown into cash and in kind not given

* Existence of company wide policies referred to but no indication as to where they may be accessed

** www.providentfinancial.com/plc/Corporate_Responsibility/Environment.aspx

*** Does not state country market share where this is greater than 25% or where national sales represent 5% or more of turnover

† This deals with the subject but does not do so in the prescribed form which is percentage of contracts paid according to terms, regardless of the detail of the terms

Indicator	Section covered in
Environmental performance indicators	
EN1 Total material use other than by water, by type.	Environment
EN2 Percentage of materials used that are wastes from sources external to the reporting organisation.	
EN3 Direct energy use segmented by primary source.	Energy*
EN4 Indirect energy usage.	Not recorded
EN5 Total water use.	Water**
EN6 Location and size of land owned, leased, or managed in biodiversity-rich habitats.	
EN7 Description of the major impacts on biodiversity associated with activities and/or products and services in terrestrial, freshwater, and marine environments.	
EN8 Greenhouse gas emissions.	Climate change gives CO2 emissions***
EN9 Use and emissions of ozone-depleting substances.	No such materials used
EN10 NOx, SOx, and other significant air emissions by type.	Collection of this data begins in 2005
EN11 Total amount of waste by type and destination.	Data not collected by current waste contractor
EN12 Significant discharges to water by type.	
EN13 Significant spills of chemicals, oils, and fuels in terms of total number and total volume.	
EN14 Significant environmental impacts of products and services.	Not currently recorded
EN15 Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed.	
EN16 Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties and national, sub-national, regional and local regulations associated with environmental issues.	Environment
EN17 Initiatives to use renewable energy sources and to increase energy efficiency.	Energy
EN19 Other indirect energy use and implications, such as organisational travel, product lifestyle management, and the use of energy-intensive materials.	Transport
EN33 Performance of suppliers relative to environmental components of programmes and procedures described in response to Governance Structure and Management Systems section.	Environment, Suppliers describes environmental supply chain management but not product and service stewardship
EN34 Significant environmental impacts of transportation used for logistical purposes.	Transport
Social performance indicators	
LA1 Breakdown of workforce, where possible by region/country, status (employee/non-employee), employee type (full-time/part-time), and by employment contract (indefinite or permanent/fixed term or temporary). Also identify workforce retained in conjunction with other employers, segmented by region/country.	Workplace
LA2 Net employment creation and average turnover segmented by region/country.	Employee turnover†
LA3 Percentage of employees represented by independent trade union organisations or other bona fide employee representatives broken down geographically OR percentage of employees covered by collective bargaining agreements broken down by region/countries.	Data not recorded
LA4 Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organisation's operations.	No major changes in 2004.
LA5 Practices on recording and notification of occupational accidents and diseases, and how they relate to ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.	Health and safety††
LA6 Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees.	Annual Report and Accounts 2004 Page 46
LA7 Standard injury, lost day, and absentee rates and number of work-related fatalities (including sub-contracted workers).	Locally managed issue†††
LA8 Description of policies or programmes on HIV/AIDS.	No current policy or programme

* Some information given about segmentation by primary source but that information incomplete

** Reduction given but overall consumption not given

*** Climate change gives CO2 emissions but emissions of CH4, N2O, HFCs, PFCs, SF6 not given

† Employment creation not given, turnover for countries other than UK not given

†† Not made clear how system lines up against ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases

††† Locally managed issue with locally defined indicators, not aggregated.

Indicator	Section covered in
LA9 Average hours of training per year per employee by category of employee.	○ Provident Financial does not have the systems currently in place*
LA10 Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring.	◐ Our workplace includes comprehensive coverage of equality issues**
LA11 Composition of senior management and corporate governance bodies, including female/male ratio and other indicators of diversity as culturally appropriate.	● ARA p42 Our Directors and Board Committees
LA12 Employee benefits beyond those legally mandated.	◐ Pensions: detail given for UK but not for non-UK staff
HR1 Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results. State how policies relate to existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the ILO.	● Human rights
HR2 Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors.	○
HR3 Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and results of monitoring.	○
HR4 Description of global policy and procedures/programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring.	◐ Workplace
HR5 Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programmes to address this issue.	◐ Human rights
HR6 Description of policy excluding child labour as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	◐ Human rights
HR7 Description of policy to prevent forced and compulsory labour and extent to which this policy is visibly stated and applied as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	◐ Human rights
HR10 Description of non-retaliation policy and effective, confidential employee grievance system.	● Workplace: grievance and whistleblowing procedures
S01 Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	● Product transparency, Financial inclusion, Contributing to public policy
S02 Description of the policy, procedures/management systems, and compliance mechanisms for organisations and employees addressing bribery and corruption.	◐ Workplace: grievance and whistleblowing procedures
S03 Description of policy, procedures/management systems and compliance mechanisms for managing political lobbying and contributions.	● Contribution to Public Policy, Annual Report and Accounts 2004 Page 46
PR1 Description of policy for preserving customer health and safety during use of products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	⊗
PR2 Description of policy, procedures/management systems, and compliance mechanisms related to product information and labelling.	◐ Product transparency
PR3 Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy.	○
PR8 Description of policy, procedures/management systems, and compliance mechanisms related to customer satisfaction, including results of surveys measuring customer satisfaction.	● Customers
PR9 Description of policies, procedures/management systems, and compliance mechanisms for adherence to standards and voluntary codes relating to advertising. Discussion of: priority and target setting; major programmes to improve performance; internal communication and training; performance monitoring; internal and external auditing; and senior management review.	◐

* Provident Financial does not have the systems currently in place to collect this data but aims to standardise collection of performance indicators in 2005

** Our workplace includes comprehensive coverage of equality issues but does not set out policies or monitoring systems clearly

A better choice of paper – in printing this report we have been careful to use only paper and printing techniques that are in keeping with our environment policy. Using recycled, de-inked post consumer waste, and processes that are managed to prevent pollution.

Further information

Contact us

Your feedback is important to us. If you have any questions at all about Provident Financial and corporate responsibility, do not hesitate to contact us on corporateresponsibility@providentfinancial.com and we will be happy to help. You can also telephone us at +44 (0)1274 731111 or write to the corporate responsibility manager at Provident Financial, Colonnade, Sunbridge Road, Bradford, UK, BD1 2LQ.

Corporate Responsibility Report 2004 website

This year the entire report has been made into an easy to use, fully accessible website for your convenience. You can browse around the report quickly and easily, or find what you're looking for right away using the search bar. You can also download a PDF of the printed report from the website. Go to: www.providentfinancial.com/CRreport

Other publications

2004 Annual Report and Accounts
2004 Annual Review and Summary Financial Statement
2003 Corporate Responsibility Report