

# 2008

**Provident Financial**  
Corporate  
Responsibility Report





*Our mission is to be the UK's leading non-standard lender, acting responsibly and playing a positive role in the communities we serve.*

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# *introduction*

*why we manage  
corporate responsibility*

**Every week**

**11,500**

**local agents visit 1.8 million  
home credit customers**

# CEO statement



Welcome to our 2008 corporate responsibility (CR) report, our eighth such report. I wrote in the introductory statement to last year's report that there were a number of key factors that should give our stakeholders confidence that Provident Financial ('Provident') was unlikely to be affected adversely by the world economic events that were unfolding. Since then, the global economic climate has deteriorated further, leaving a wide range of markets and sectors having to face the most serious financial crisis of

our times.

The reason Provident has not been affected by these global events to the extent that others in the financial services sector have is because of our business strategy. Our straightforward approach to financial management, allied with our commitment to provide our customers with simple products which meet their needs, means that we are not exposed to many of the risks that others in the sector are. In addition, our responsible and personal approach to lending gives us an

unparalleled understanding of the needs of customers in the non-standard credit market – a market we have served for 129 years. As such, we are able to offer products that are straightforward to understand with high levels of customer service. We achieve this by granting small loans over relatively short periods of time or low credit limit credit cards via a service that is personal, friendly and flexible.

Over the past year or so, many companies will have started to question the true worth of their

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CR programmes, and maybe even looked upon them as being a drain on resources and distraction from the day-to-day pressures of running their businesses. Indeed, some businesses manage their CR programmes on a 'nice to have' basis, rather than something that is integrated into every aspect of their operations. This is not the approach to CR management we take at Provident. When asked, as I often am, about how we manage our CR programme, I say it's part of Provident's DNA. It's a fundamental part of our business strategy and plays a key role in our long-term success. It enables us to demonstrate to our stakeholders that we are a responsible, well-managed provider of credit, that operates in a sustainable manner.

To further underline our commitment to high standards in CR management, we undertook an exercise during 2008 to formalise and articulate the core values that have, for many years now, underpinned what we do and how we do it. The values of being fair, responsible, accessible, straightforward and progressive provide our stakeholders with a basis for understanding what Provident stands for and how we will operate. They will also provide a base against which our performance and behaviours will be assessed.

Whilst it is still not clear where the tumultuous economic events of the past 18 months will lead, it is clear that we need to ensure that sustainability is built into how we do things at Provident. By conducting our business in a sustainable and socially responsible manner, we will be able to maintain our position as the leading non-standard lender in the UK and Ireland, while ensuring that we continue to deliver high levels of customer satisfaction, reduce the impacts that our activities have on the environment, act responsibly in all our relationships, and play a positive role in the communities we serve. This will help to grow the long-term value of our company.

As ever, we welcome feedback from stakeholders on the content of our CR report and, more generally, on our approach to CR management. Please email these to us at [corporateresponsibility@providentfinancial.com](mailto:corporateresponsibility@providentfinancial.com).



**Peter Crook**  
Chief Executive

*'When asked, as I often am, about how we manage our CR programme, I say it's part of Provident's DNA.'*

## Our company

Established in 1880, Provident Financial is a financial services organisation which specialises in the provision of personal credit products for consumers in the UK and Ireland non-standard lending markets. Provident Financial is a FTSE mid-shares 250 company listed on the London Stock Exchange. We have 3,400 employees serving over two million customers in the UK and Ireland.

## What is non-standard lending?

It is estimated that over 10 million people in the UK fall within the definition of 'non-standard lending'. This market is defined as those individuals who are sometimes refused credit from mainstream lenders (banks, building societies and large finance houses), whatever the size and nature of their loan application. These will be people who have difficulty proving their income and those with an impaired credit history, across all secured and unsecured lending.

## Our products

Our products are designed to meet the needs of people living on modest incomes. They are built on a high level of customer service and personal relationships, chiefly because most of our business is conducted within people's homes or on the telephone. Our products are delivered through two business divisions: the Consumer Credit Division and Vanquis Bank.

Division	Consumer Credit Division
Products	<b>Home credit and direct repayment loans</b>
Brands	<b>Provident Personal Credit (PPC), Greenwood Personal Credit (GPC), Real Personal Finance (RPF)</b>
Operating since	<b>1880</b>
Number of customers	<b>1.8 million (2007: 1.65 million)</b>
Typical loan	<b>Typical home credit loan: £400</b>
Average loan	<b>Average RPF loan: £1,800</b>
APR	<b>Typical APR of a PPC loan: 254.5%</b> <b>Typical APR of a GPC loan: 433.4%</b> <b>Typical APR of an RPF loan: 72.9%</b>
Details	<p>Our home credit products are delivered by self-employed agents who arrange the loan at the customer's home and then call every week to collect the repayments. PPC and GPC brands have 11,500 local agents visiting 1.8 million customers (around one in 20 UK households) to issue loans and collect payments every week. Home credit includes all the costs up front. Even if the customer misses a payment the amount to be repaid will never go up. Our customers can choose to receive their loan in cash, as shopping vouchers, loaded onto a Visa card, or directly into their bank account. Our company's brands represent the largest home credit business in the UK and Ireland.</p> <p>RPF offers customers larger, longer term loans than traditional weekly-collected home credit. RPF has been set up to test whether we can profitably extend our reach into the remotely collected non-standard market. It is a logical extension of the home credit model into a much larger market sector, adjacent to the weekly-collected home credit sector. It capitalises on the strengths of our home credit business, not least of which is conducting the initial assessment interview in the customer's home. Payments are then collected through monthly direct debit. It has been set up within the Consumer Credit Division so it can share the home credit business's resources – in particular its 300-strong network of branch offices – thereby keeping the overheads to a minimum.</p> <p>A large number of RPF customers come from our home credit businesses, having recently paid up their loan, or are those we judge would inevitably move away from us as their circumstances changed. In addition, we have established relationships with a number of credit brokers who provide us with business. We have also developed other means of marketing the product: from direct mailings to past home credit customers, to various forms of internet activity including leads from the RPF website and other group company websites.</p>

Division	Vanquis Bank
Brand	<b>Vanquis Bank</b>
Product	<b>Visa credit card</b>
Operating since	<b>2003</b>
Number of customers	<b>404,000 (2007: 316,000)</b>
Credit limit	<b>£250 - £2,000</b>
Average loan/balance	<b>£540</b>
APR	Two-thirds of our customers are taken on at our typical interest rate of 39.9% APR. The remaining third are on the interest rate of 59.9% APR.
Collection method	Customers can pay by a variety of means: by direct debit, debit card, cash or cheque, at a bank or post office, over the phone or by post.
Details	<p>Vanquis Bank offers credit cards designed for people who present a higher credit risk than the norm, but still an acceptable risk.</p> <p>Around half of our accounts start with a credit limit of £250 with the rest starting on £500, and £2,000 would normally be the maximum limit (credit lines for mainstream card issues would be much higher than this). We then look at the payment performance on the account with a view to giving controlled increases in credit limit when it is appropriate to do so. We have higher default rates than the norm in the UK credit card market but our revenues are higher because our interest rates reflect that risk.</p> <p>Significant investment was made in the Vanquis Bank infrastructure in 2008. In September, the Bank's call-centre moved to new, larger premises in Chatham which give the business the operating capacity to support significant further growth. The call centre takes 160,000 calls a month. The company has also refreshed the core technology that runs the business by installing new hardware and software. This has allowed the business to manage all aspects of its systems more efficiently and make better credit decisions, while delivering better customer service. One particular improvement is the ability to assess a customer's creditworthiness instantly as they give us details of their financial circumstances.</p> <p>Customer recruitment channels continued to evolve during 2008, with 60% of customers coming from the internet. We also use direct mail, have partnerships with other issuers of credit, and have arrangements to consider applicants who have been declined by some of the more mainstream credit issuers, which is another important source of business for Vanquis.</p>

## Financial highlights

	2008 (£m)	2007 (£m)	Change (£m)
Consumer Credit Division	126.1	123.5	2.6
Vanquis Bank	8.0	(0.9)	8.9
Yes Car Credit (collect-out)	(2.9)	(2.9)	–
Central			
– Costs	(5.5)	(6.5)	1.0
– Interest receivable	3.1	2.0	1.1
Total central	(2.4)	(4.5)	2.1
Group profit before tax	128.8	115.2	13.6
Earnings per share	70.9p	63.5p	7.4p

### Group highlights

During 2008, revenue, less impairment, was £514 million. Of this, £251 million was paid to brokers and suppliers of goods and services (including agents). The remaining £263 million is value added by Provident Financial which was distributed to employees (£114 million), shareholders (£83million) and Government in the form of taxes (£56 million). A further £1 million was donated to our community partners and a profit of £9 million was retained by the business.

A more detailed account of Provident's financial performance is published in our Annual Report and Financial Statements 2008 (go to [www.providentfinancial.com](http://www.providentfinancial.com) for more information).

*'Our CR programme enables us to manage effectively and understand the social, environmental and economic impact of our operations.'*

### Why we manage corporate responsibility

At a time when the world is experiencing an unprecedented economic downturn, and all the uncertainty that brings with it, our corporate responsibility (CR) programme remains a cornerstone of our business strategy, and is integrated into all areas of our business activities and operations. We have been developing our CR programme for the last 8 years and it is at the heart of our mission to be the leading non-standard lender in the UK, acting responsibly in all our relationships and playing a positive role in the communities we serve.

Our CR programme enables us to manage effectively and understand the social, environmental and economic impact of our operations. But it also enables us to maintain effectively our relationships with the people that matter to the business – whether they are customers, employees, suppliers, local communities or investors. At the centre of our business

and our CR programme are our customers; in particular our commitment to lend responsibly and provide products which meet our customers' needs. In practice this means providing straightforward and clear information on our products and their charges, and not lending more than our customers can afford. This allows them to make informed choices and ensure they are not overstretched with their repayments.

CR management is embedded within the fabric of our business. This enables us to differentiate ourselves from other companies in our sector, secure business advantage, deliver long-term value to our shareholders, and contribute to the sustainability of our businesses.

Management of our material CR impacts also provides us with the opportunity to achieve bottom-line benefits. These result from managing material environmental, social and governance (ESG) risks; reducing costs associated with energy use; reducing staff turnover and enhancing our reputation.



## About this report

This is Provident Financial's eighth CR report – past reports are available at [www.providentfinancial.com](http://www.providentfinancial.com)

The report relates to Provident Financial plc and its subsidiary businesses (ie Consumer Credit Division and Vanquis Bank).

The purpose of this report is to give an account to our stakeholders and the general public of the activities, progress and goals of our company in relation to business, social and environmental issues.

The data reported covers the calendar year 2008.

The data and accompanying commentary is externally assured by the management consultancy Corporate Citizenship. This assurance process is carried out in accordance with the AA1000 assurance standard which means that Corporate Citizenship has had regard to the principles of materiality, inclusivity and responsiveness (see the assurance statement on pages 74 to76 for more information)

Any queries in relation to this Report should be directed to Rob Lawson, Provident Financial's Corporate Responsibility Manager, at [corporateresponsibility@providentfinancial.com](mailto:corporateresponsibility@providentfinancial.com)





# *governance and management*

*embedding corporate responsibility  
within our business*

**Our performance on the  
BitC Index overall was:**

**94%**

# governance and management

*By ensuring that we continue to be organised and committed to managing our impacts through our CR programme, we can differentiate ourselves from other companies in our sector and secure business advantage, deliver long-term value to our shareholders, and contribute to the sustainability of our businesses.*

## Targets

<p><b>2008</b> Review the corporate policies that relate to the Provident Financial CR programme.</p>	<p><b>Achieved:</b> A range of CR related policies were reviewed and amended during 2008.</p>
<p>Improve Provident's rating on the sustainability indices (ie BITC CR Index, Dow Jones Sustainability Indices, FTSE4Good).</p>	<p><b>Not achieved:</b> Provident's score on the overall BITC CR Index in 2008 fell slightly to 94% (2007: 94.5%).</p>
<p><b>2009</b> Develop a work programme to embed Provident's core values within the policies, processes and procedures of the business.</p> <hr/> <p>Maintain or improve Provident's rating on the mainstream sustainability indices (ie BITC CR Index, Dow Jones Sustainability Indices, FTSE4Good, etc).</p> <hr/> <p>Continue to engage with stakeholders on the Provident Financial CR programme.</p>	

*'At a time when the world is experiencing an unprecedented economic downturn, with all the uncertainty that brings, these structures guarantee that CR remains a core part of our business.'*

## Why is governance and management important?

The governance and management structures that we have in place ensure that Provident's CR programme is a cornerstone of our business.

At a time when the world is experiencing an unprecedented economic downturn, with the uncertainty that brings, these structures guarantee that CR remains a core part of our business. This makes it possible for us to continue to develop straightforward products which are delivered in a responsible manner to our customers, and, at the same time, ensure that the social, environmental and economic impacts associated with our business activities are the best they can be.

These structures also provide us with the opportunity to achieve the bottom-line benefits that result from managing material ESG (environmental, social and governance) risks: reducing costs associated with energy use, reducing staff turnover, and enhancing our reputation.

## How we manage CR

### Governance

For our CR programme to be effective it is important that it is integrated across the whole business and has management support, from the board of directors and throughout the whole company. The Provident Financial board is accountable for the way we manage the CR issues that are material to our business activities; of the board members, Provident's Chief Executive has responsibility for our overall, group-wide CR programme. Reports,

which include CR and community affairs sections, are presented at every board meeting and enable the board to take account of the significance of ESG matters to the group.

**The Provident Financial management committee** oversees the group's CR programme on behalf of the board. The committee comprises the executive directors of the Provident Financial board (the Chief Executive, Finance Director and Managing Director of the Consumer Credit Division), the

Managing Director of Vanquis Bank, the Directors of Corporate Affairs and Corporate Strategy, and the Company Secretary and General Counsel.

Since its formation in July 2007, the committee's role has been to ensure that within day-to-day operations our businesses manage the risks and respond to the opportunities which are presented by a group-wide issue such as CR.

In addition to the management committee, there are three key working groups which have been established to address the social, environmental and economic issues that are material to our operations, products and services. These working groups feed into the Provident Financial board either directly, or via the management committee.

The purpose of the **Responsible Lending Group** is to put in place a framework to manage the issue of responsible lending for both the Consumer Credit Division and Vanquis Bank. As such, it includes representation from the two operating divisions and the corporate office. The group is chaired by Chris Gillespie, Managing Director of the Consumer Credit Division.

The **Corporate Responsibility Working Group** guarantees that human resources and supply chain management issues are factored into Provident's CR programme. This allows us to continue addressing workplace issues such as diversity, improved opportunities for our employees to get involved in our community projects, and improved supply chain relationships. The working group includes representation from all business divisions.

**Environmental Working Groups** have been established within both the Consumer Credit Division and Vanquis Bank. These groups contribute to the development and delivery of the Provident environmental management programme. The groups include representation from the facilities management, HR and IT functions.



### CR management

The CR manager and community affairs manager, who are both based at Provident's Bradford headquarters, have overall responsibility for co-ordinating the management of the group's CR programme. In addition, they work with key personnel, who are often members of the key working groups described above, to embed CR within our operating divisions at a range of management levels. These managers are also members of the three key working groups described above which helps ensure that initiatives are delivered across our business to continually improve our CR programme. They also produce CR updates which are submitted to the Provident Financial board ahead of each board meeting.

### Policies

Provident's commitment to high standards in CR management is enshrined in a number of overarching corporate policies. These include policies which relate to environmental management, diversity, health and safety, responsible supply chain management, ethics, community involvement and human rights.

Our operating divisions have a number of additional policies which further underline our commitment to CR management. These include policies to address health and well-being, stress, flexible working, training and development, equal opportunities, and harassment.

Information on Provident's policy commitments in these areas is communicated to all staff via our induction and training processes, employee handbooks, and intranet sites.

*'Our mission is to be the UK's leading non-standard lender, acting responsibly and playing a positive role in the communities we serve.'*

### Mission and values

During 2008, we continued to develop our corporate governance structures to ensure that sustainability is at the heart of how we operate, and that social, environmental and economic considerations are aligned with our business objectives.

Following consultation with Provident Financial staff, our group mission and values statement was created which provides the basis for understanding the aims and activities of our business. Our mission and values shape what we do and how we do it, and provide a benchmark against which our business performance can be assessed.

Our mission is to be the UK's leading non-standard lender, acting responsibly and playing a positive role in the communities we serve.

The values will help drive our commitment to CR management, including maintaining high levels of customer satisfaction and investment in the local communities in which our customers, agents and staff live and work. In 2009, our focus will be to embed Provident's values within the business.



### Our stakeholders

Provident has identified six key groups who affect, or are affected by, our activities and therefore play an integral part in the success of the business.

These stakeholder groups are customers, communities, suppliers, employees, shareholders and regulators.

### Stakeholder dialogue

Our CR programme is constantly developing and evolving. In order to make sure it is developing in the right direction and deals with the right issues, we need to understand the needs, expectations and concerns of

### Our values:

**We are fair** – We are fair and reasonable in our dealings with our customers, employees, agents and other stakeholders, and will promote a diverse culture and an environment of mutual respect.

**We are responsible** – We will conduct our business dealings in a responsible manner. This means lending to customers responsibly, acting with integrity in all our stakeholder relationships, and ensuring that we have positive impacts on the environment and the communities we serve.

**We are accessible** – We will provide our customers with access to financial products that meet their needs, and will deliver a service that is convenient, friendly and responsive.

**We are straightforward** – We will be straightforward, open and honest in all our dealings and ensure that we provide clear information on our products, their charges and the expectations we have of our customers, employees, agents and other stakeholders.

**We are progressive** – We anticipate and respond to the challenges of a changing world and are open to new ideas that will enable us to provide innovative products for our customers, improve business processes, and create opportunities for our people to develop and progress.

the people that matter to our business. We engage in dialogue with both internal and external stakeholders using employee opinion surveys, focus groups, and customer satisfaction surveys to gain their feedback and opinions.

In December 2008, we carried on the tradition of consulting with our stakeholders to obtain feedback on the efficacy of our 2007 CR report and the performance of our CR programme. A roundtable meeting was facilitated by the management consultancy, Corporate Citizenship, and was attended by twelve representatives from a range of organisations including the Association of British Insurers, Citizens Advice, Jupiter Asset Management, Henderson Global Investors, Social Market Foundation, and Volunteering England.

The aim of the session was to obtain feedback from stakeholders on the quality and materiality of our CR report and the programme that underpins it. The 2007 report was regarded in a positive light and participants said it showed Provident to be a company committed to taking its environmental and social responsibilities seriously. The participants thought the focus of future reports should be on how Provident aims to become sustainable in the long-term by mitigating risks and embedding CR practices across its operations. It was also noted that there could be more of a link made between CR and investor communications.

More information on the feedback generated by the session and Provident's response to the feedback can be seen in the stakeholder feedback section at the end of this report.

We also engage with Government and regulators to understand how changes to legislation will impact

on our business activities. We do this by responding to consultations, participating in Government-sponsored projects, and attending meetings with representatives from Government and regulatory authorities. We do not make any political donations.

### Membership

To keep in line with best practice and obtain advice and support on CR and business issues, Provident Financial is a member of a number of organisations and groups. Provident's Chief Executive is a member of Business in the Community's Leadership Network and Regional Advisory Board in the Yorkshire and Humber region. Provident is also a member of Business in the Community, the Employers' Forum on Disability, and Race for Opportunity, which enables us to receive advice and support on a range of CR issues.

We are also members of the Bradford Chamber of Commerce 'Better Business Environment Forum' which works to assist the Chamber's members in maximising environmental business opportunities whilst at the same time contributing to the sustainable development of West Yorkshire.

### Sustainability assessments

In order to provide our stakeholders with demonstrable evidence that we conduct our business in a responsible way, and are well organised to manage the social, environmental and economic issues that are material to our activities, we remain committed to maintaining a presence on the world's main sustainability indices and responding to requests for information from socially responsible investors and CR rating agencies. To this end, we continued to be included in the

FTSE4Good index and have been selected as members of both the Dow Jones World Sustainability Index and Dow Jones STOXX Sustainability Index.

We also continue to make an annual submission to the Business in the Community Corporate Responsibility Index, which enables us to benchmark our CR management performance against that of our peers, other public and private sector organisations, and CR best practice. The results of our most recent submission to the index were announced in May 2009. Our performance on the overall CR index was 94% (2007: 94.5%).

### Risk management

Provident has a rigorous risk management framework. This is designed to identify risks that could impact the delivery of the group's strategic aims and to ensure that adequate controls and procedures are in place to mitigate these risks. The risk management framework enables Provident to manage a range of material risks, including those that relate to environmental and social issues.

The Provident board is responsible for the group's overall system of internal control and for reviewing its effectiveness. The board delegates authority to a number of formal sub-committees and groups including the Audit Committee, Risk Advisory Committee and the Executive Committee.

Our performance on the BitC CR index was

94%



Sub-committees and groups	Members	Meeting frequency	Responsibilities
<b>Executive Committee</b>	Three executive directors; chaired by the Chief Executive	At least once a week, and more frequently as required	Deals with matters relating to the general running of the group, including: <ul style="list-style-type: none"> <li>• monitoring the weekly performance of the group's businesses</li> <li>• approving capital expenditure projects and long-term contracts subject to certain limits</li> <li>• approving treasury-related transactions</li> <li>• annually reviewing corporate and accounting policies</li> </ul>
<b>Audit Committee</b>	Non-executive directors	Three times a year	Monitors group-wide financial controls Appoints and appraises external auditors Agrees the internal audit plan each year Reviews the internal risk audit reports Reviews the group's whistle blowing policy Reviews the financial statements, interim reports and preliminary announcements of the group
<b>Risk Advisory Committee (RAC)</b>	Three non-executive directors and the Finance Director.	Twice a year	Manages the risk management framework on behalf of the board Keeps the group's risk registers under review Considers the most important risks facing the group Approves the group's Internal Capital Adequacy Assessment Process (ICAAP) prior to submission to the board (Provident is required to produce an ICAAP because the business is subject to consolidated supervision by the Financial Services Authority) The RAC delegates a number of responsibilities to the Risk Advisory Group (RAG)
<b>Risk Advisory Group (RAG)</b>	Executive directors, Company Secretary, the Head of Audit and Risk, and the Group Financial Controller	Twice a year	Considers: <ul style="list-style-type: none"> <li>• the extent and nature of the risks facing the group</li> <li>• the extent and categories of risk which are acceptable to bear</li> <li>• the likelihood of the risk materialising</li> <li>• the company's ability to mitigate any risk</li> <li>• the costs of operating particular controls relative to the benefits obtained</li> </ul> Reviews the risk registers prepared by the two divisional risk committees Conducts the annual ICAAP Submits a schedule of key risks, divisional key risk registers and the ICAAP to the RAC for review and approval

We conduct an internal audit of our risks annually. The output of this audit forms an annual programme of work which targets and reports on the higher risk areas identified by the group's key risk registers. This is approved by the audit committee. Board, and audit committee papers include a summary of the results and recommendations from each internal audit review, and a follow-up of previously reported recommendations. For more information on our risk management processes, please refer to the Directors' report in our 2008 Annual Report and Financial Statements or go to [www.providentfinancial.com](http://www.providentfinancial.com).

**Cash bonuses**

The board's remuneration committee considers corporate performance on ESG issues when setting the performance conditions for cash bonuses and will use its discretion to ensure that, where appropriate, the management of ESG risks are reflected in the rewards granted to directors and senior management.

*Assurance and audit processes*

Provident remains committed to subjecting our CR programme to processes of independent audit and assurance in order to reassure stakeholders that our CR management systems, processes and procedures are well managed and in accordance with legislation and best practice. This also provides reassurance that our reports and any data we disclose are accurate, complete and material.

**CR reporting**

The commentary and data contained within this report have been independently assured by Corporate Citizenship, a specialist management consultancy that advises corporations that seek to improve their economic, social and environmental performance. In forming an opinion and making comments about our

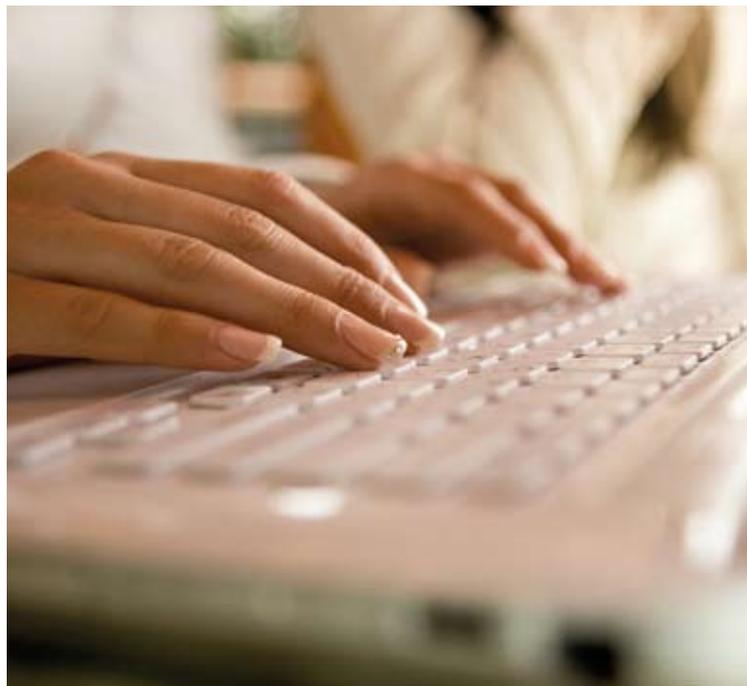
CR reports, Corporate Citizenship has considered the principles of materiality, completeness and responsiveness which underpin the international assurance standard AccountAbility 1000. In addition, Corporate Citizenship checked the CR report to determine whether it is aligned with the Global Reporting Initiative's G3 sustainability reporting guidelines.

**Community assurance and environmental audit**

Our community involvement programme has been subject to an external assurance review since 2006.

This process assesses our application of the London Benchmarking Group (LBG) model and the effectiveness of the implementation of our community strategy. The LBG model is used as the basis for collecting and reporting our community involvement data. This work is also undertaken by Corporate Citizenship.

Finally, our environmental management system is audited against the requirements of the international environmental standard ISO 14001. This audit work has been carried out by the consultancy firm SEQM since 2006.



*'Provident remains committed to subjecting our corporate responsibility programme to processes of independent audit and assurance.'*





# *our customers*

*delivering products and  
services to meet their needs*

**95%**

**of home credit customers  
either very or quite satisfied**

## our customers

*It is good CR practice, and good business practice, to build and maintain long-term relationships with new and existing customers, to deliver products which are well-suited to their needs, and to provide a high level of customer service in a personal, friendly and flexible manner.*

### Targets

<b>2008</b>	Ensure that at least 80% of customers are either 'very satisfied' or 'quite satisfied' with the Consumer Credit Division and Vanquis Bank.	<b>Achieved:</b> 95% and 88% 'very satisfied' or 'quite satisfied' respectively.
	Implement a new agent commission scheme.	<b>Achieved:</b> New scheme implemented throughout the home credit business in November 2008.
<b>2009</b>	Continue to ensure that at least 80% of customers are either 'very satisfied' or 'quite satisfied' with the Consumer Credit Division and Vanquis Bank	

*'The relationships we develop with our customers, and the outstanding service we provide, are central to the success of Provident. It is this that makes us a sustainable financial services organisation.'*

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### Why our customers are important to us

With over two million customers, Provident has more customers in the non-standard credit market than any other lender. Our customers are not only central to the success of our business but are also central to our CR agenda. We are committed to delivering high quality products and services which meet the needs of our customers and are delivered with high levels of customer service.

Understanding our customers is vital to providing products that meet their needs. Although our customers come from a range of socio-economic backgrounds, within the home credit division most come from the C, D and E groups. Almost 70% are women and most have access to other financial products such as bank accounts, credit cards etc. Our Vanquis Bank customers are on average to below average incomes; typically between £12,000 and £25,000 per year. They use their Vanquis Bank cards for the same kinds of things that mainstream card users use their cards for – such as shopping at the major supermarkets and internet shopping.

It is clear that many of our customers live on modest incomes; it is therefore important that we lend to them in a responsible way. This means not lending more than they can afford to pay back and providing enough information for them to make an informed decision about their loan.

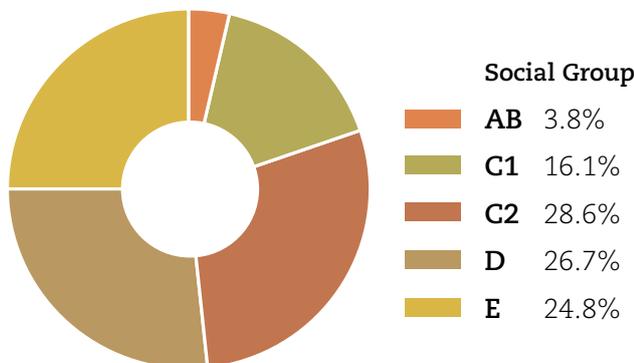
With 129 years of experience in the non-standard credit market, we have acquired a huge amount of knowledge. This has enabled us to develop home credit, credit cards and direct repayment loan products which are tailored to meet the needs of our customers, along with high levels of personal customer service and affordable repayments.

### Socio-economic groups of the UK population

Group	% of UK population	Occupation description
A	Approximately 3%	Higher managerial, administrative or professional.
B	Approximately 20%	Intermediate managerial, administrative or professional.
C1	Approximately 28%	Supervisory or clerical and junior managerial, administrative or professional.
C2	Approximately 21%	Skilled manual workers.
D	Approximately 18%	Semi and unskilled manual workers.
E	Approximately 10%	Casual or lowest grade workers, pensioners who depend upon the state for their income.

### Socio-economic breakdown

Home Credit customers



Based on current & paid up tracker survey, September 2008, PPC and GPC customers. Monthly annual average data. Research conducted by Quaestor on behalf of the Consumer Credit Division.

*‘With over two million customers, Provident has more customers in the non-standard credit market than any other lender.’*

**Customers' usership of other financial products**

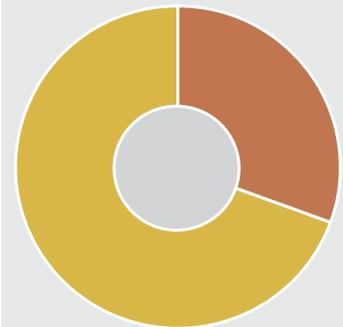
Product	Home Credit customers
Have a bank account	81.3%
Have an overdraft facility	27.3%
Have a credit card	20.6%
Have a store card	5.1%
Have a mortgage	12.4%
Have a savings account	37.1%

Based on current & paid up tracker survey, September 2008, PPC and GPC customers. Monthly annual average data. Research conducted by Quaestor on behalf of the Consumer Credit Division.

*'With 129 years of experience in the non-standard credit market, we have acquired a huge amount of knowledge.'*



**Gender breakdown**  
Home Credit customers



**Gender**

- Men 30.8%
- Women 69.2%

Based on current & paid up tracker survey, September 2008, PPC and GPC customers. Monthly annual average data. Research conducted by Quaestor on behalf of the Consumer Credit Division.

## Our products and services

<p><b>Provident Personal Credit</b></p> <p><b>Greenwood Personal Credit</b></p>	<p>Home credit</p>	<p>Our home credit business succeeds by offering simple, transparent financial services to customers on average or below average incomes, some of whom may find it difficult to obtain or manage other forms of credit.</p> <p>Unlike other forms of lending, all home credit costs are included up front. There are no extra charges whatsoever, even if the customer misses a payment. For those managing on a tight budget, it's important to know that the amount to be repaid is fixed at the start and will never go up.</p> <p>Home credit loans are arranged in the customer's home by self-employed agents who then call every week to collect the repayments.</p>
<p><b>Real Personal Finance</b></p>	<p>Direct repayment loans</p>	<p>RPF loans have been designed to respond to our customers' preference for personal contact. RPF maintains Provident's high levels of customer service and is well-suited to those customers who need larger loans and have the capacity to pay by direct debit.</p> <p>A large number of customers come from our home credit businesses. Generally these customers have either recently paid up their loan or, because of changed circumstances, find that the home credit model no longer meets their needs.</p> <p>Personal Finance Managers (PFMs) are at the heart of RPF. They work from the existing home credit branch network and are part of the home credit area sales team. The PFM writes the loan at the customer's home and also handles any early arrears. This differentiates us from our competitors and allows us to convert leads quickly and to take decisions more effectively as to whether, and how much, to lend.</p>
<p><b>Vanquis Bank</b></p>	<p>Credit card</p>	<p>In the modern world it is difficult to operate without a credit card. Credit cards allow people to shop conveniently in the high street, by telephone or on the internet, to manage emergencies, and are useful when travelling abroad. Vanquis Bank brings the benefits of credit cards, in a responsible way, to people who can find themselves excluded by mainstream card issuers.</p> <p>We're different from other issuers in that our product is designed for people that most other credit card providers do not see as viable customers. Vanquis Bank is willing to lend to this market sector but does so with risk in mind. The Bank operates a 'low and grow' strategy. This means that we set a much lower credit card limit than the mainstream card issuers and maintain a high level of contact with customers to help them stay in control. Only when we are comfortable that a higher credit limit is appropriate will we approve an increase.</p> <p>Vanquis Bank customers are on average to below average incomes; typically earning between £12,000 and £25,000 per year. They use their cards for the same things as mainstream card users use their cards for, such as supermarket shopping and making on-line purchases.</p>

See pages 6 & 7 in the introduction for more information on our products

## Delivering products and services which meet the needs of our customers

### High levels of personal customer service

Provident is unique in terms of the personal approach we take to lending. Both the company and our customers benefit from more personal, face-to-face or telephone interaction.

The wealth of experience we have amassed over the past 129 years means we are well placed to decide to whom we will lend, and to whom we will not. We currently turn down around 60% of home credit applicants and around 80% of applications to Vanquis Bank.

Each of the group's businesses offer small loans to customers over relatively short terms. The typical home credit loan is £400 over about a year. The average Real Personal Finance loan is £1,800 over 24 – 36 months. The average Vanquis Bank credit card balance is around £540.

Our customers do not all have the same needs; consequently our products are delivered in different ways to best meet those different needs. Although this does not mean our high level of customer service differs.

Home credit and RPF customers have their loans arranged in their homes. This gives us a much higher level of confidence to make loans than would the remote arrangement procedures used by most other lenders.

We aim to have a telephone conversation with every new Vanquis Bank customer prior to activating their credit card account. This provides us with a final check against fraud before authorising the card and lets us see if the customer would like any other service at the beginning of our relationship with them. Customers are also contacted before their first payment is due, before their credit limit is increased, and at any time they appear to be struggling to make payments. This helps our customers stay in control and

means any problems are resolved quickly.

### Affordable repayments

Our approach to collecting repayments from customers is both practical for us and helpful for them. From our experience of lending to customers in the non-standard credit market, we know that those on modest incomes have particular needs and our approach to collecting repayments addresses those needs.

The home credit business includes a weekly visit from a local agent to customers' homes to collect repayments. This weekly routine helps customers to keep their account in order and means they do not need to worry about having the money in their bank account on a particular date with the consequent danger of incurring default charges. There are occasions when our home credit customers miss repayments or make reduced repayments; they incur no extra charge for this.

Vanquis Bank and RPF customers who sign up for our Repayment Option Plan can also choose to



miss one repayment every six months. We find that allowing customers to miss occasional repayments within the terms and conditions of their credit agreement helps keep them as good customers in the longer term and fits with their needs.

Vanquis Bank sets a high minimum monthly repayment level of 5% for customers with lower credit limits compared with most other credit card providers who set minimum repayments at 2% to 3%. This enables customers to pay off their balance more quickly. To make repayments as flexible as possible, Vanquis Bank customers can choose to make payments fortnightly or monthly and pay by a variety of means.

Our ongoing dialogue with customers means that difficulties can be identified early, discussed with the customer, and actions agreed.

### Customers who do not keep up with their repayments

Within our home credit business, customers who do not keep up with their repayments fall into two groups.

The majority are those who genuinely cannot make their repayments because of a change in circumstances; for instance, their family income may have decreased due to the loss of an income stream. For these customers, the home credit product's terms and conditions allow for non-payment of the weekly repayment for an indefinite period without any extra charge to the customer whatsoever.

The other, much smaller group, is made up of those who have the money to make their repayment but, for whatever reason, choose not to make that repayment.

With this group, an agent will call each week to request the

due payment until it becomes obvious that, despite having the funds to make the repayments, the customer has no intention of doing so. Our loans are unsecured and so are issued in good faith without any security. In these cases the company will refer the case to the County Court system and allow the Court to decide what should be done. In most cases the Court will instruct the customer to make a payment of a pound or two a week to the company. These payments, however, are not always forthcoming. In some cases we will appoint a debt collection agency to try to recover the money owed to us. We only ever appoint agencies operating strictly within the law. If this course of action does not work we would then write off the debt.

### Agents

The agents we engage are the customer-facing part of our home credit business. Every week 11,500 local agents visit 1.8 million customers (around 1 in 20 UK households) to issue loans and collect payments.

The weekly, face-to-face service in customers' homes allows the agent to assess their character, capacity and conditions, and judge how much they can afford to borrow. In this context, character refers to the customer's willingness to repay the debt, capacity refers to the customer's ability to meet the loan repayments, and conditions refers to the environment (eg is the customer employed in an industry which is vulnerable to the current economic climate) and the stability of the customer's own circumstances (eg has the customer recently become self-employed). Understanding the customer's circumstances enables the agent to respond flexibly to any change in circumstances. If a customer has a problem, the

Every week  
**11,500**  
local agents visit  
**1.8m**  
customers

agent can agree to accept missed or reduced repayments, at no extra cost to the customer.

Around 70% of our customers are women and around 70% of agents are women too. Agents typically have previously been home credit customers and they often live in the same communities as their customers. This ensures empathetic treatment of customers and means the agents better understand their customers' circumstances.

The agents are self-employed, which enables them to develop their agency in line with any other commitments they might have. Agents are paid commission on what they collect, not what they lend, so they have no reason to lend more than their customers can afford to repay.

During 2008, a new commission scheme was rolled out to agents that encourages them to take decisions that are in line with the business strategy. The new scheme continues to pay agents in line with collections performance but further rewards them for developing a strong repayment discipline early in their relationship with a customer and for working closely with customers who fall into arrears. The scheme is also much easier to understand and therefore makes it easier for agents to maximise their commission.

## Responsible lending

The concept of responsible lending is built into the products and services we offer our customers.

To make sure we are lending responsibly, it is imperative that we provide support in making the right lending decisions. The business has continued to refine and use its credit scoring systems to help decide whether to accept new customers or extend further credit to existing ones. There are two programmes we use to do this: The System Enhanced Lending programme and the Single View of Customer system.

The System Enhanced Lending (SEL) programme is used to assess the loan applications made by existing customers on the basis of their previous payment history. Following this assessment, a credit score is assigned to the customer, which is in turn used to inform the lending decision. If an unacceptable credit score or 'do not issue' message is generated as a result of the assessment, the customer will not be offered an additional loan. The SEL programme enables us to issue loans to existing or previous customers of the right size and at the right time.

The Single View of Customer (SVC) system is applied to customers that come to us directly, via our website or contact centre, or are introduced to us by agents. SVC is used to create a risk profile of new customers using a bespoke risk index scorecard. The system is used to inform lending decisions and ensures we lend customers the right amount at the right time.

As well as filtering out higher credit risks, the systems can also help agents to spot good payers earlier in their relationship, providing opportunities to offer more credit sooner, when that is appropriate for the customer.

In addition, all new home credit, RPF and Vanquis Bank customers undergo a credit bureau check prior to being taken on. Bureau data is then used to inform our decisions whether to accept or reject customers, and how much to advance at any particular time.

A business-wide responsible lending group has been established which is chaired by Chris Gillespie, Managing Director of the Consumer Credit Division. The group includes representation from both Provident divisions and from the corporate office. The principal objectives of the responsible lending group is to ensure that Consumer Credit Division and Vanquis Bank operate at, or above, the standards expected of Consumer Credit Licence holders and that the businesses contribute to the recent consultation initiated by the Office of Fair Trading in relation to 'irresponsible lending' practices.

## Customer satisfaction

By developing and delivering products and services which are tailored to meet the needs of our customers, we are able to achieve customer satisfaction rates that are consistently high.

Year	% of customers either very or quite satisfied with PPC/GPC
2004	93
2005	94
2006	93
2007	94
2008	95

*Based on current & paid up tracker survey, September 2008, PPC and GPC customers. Monthly annual average data. Research conducted by Quaestor on behalf of the Consumer Credit Division.*

The table (left) shows overall customer satisfaction with PPC and GPC for the period 2004-2008.

In addition, in 2008 at Vanquis Bank, 88% of customers rated the service they receive as being satisfactory or extremely satisfactory. This compares with 85% in 2006 and 81% in 2007.

## Customer complaints

Provident aims to provide high levels of customer service and achieve high levels of customer satisfaction scores so we take customer complaints very seriously. We aim to provide the same levels of customer service to our complaints procedure as in the rest of our business and so try to resolve issues quickly and professionally.

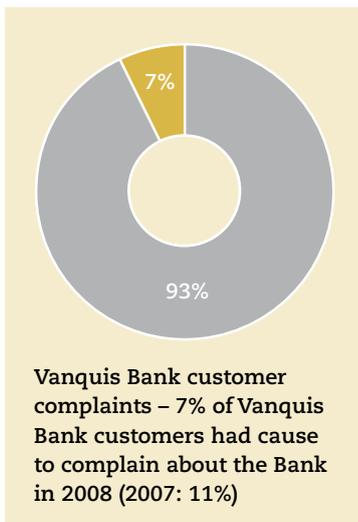
Complaint levels are relatively low within both our subsidiary companies, however, occasionally we fail to meet our customers' needs and expectations. On these occasions we have clear complaints processes and procedures to ensure complaints are dealt with in an effective and timely fashion.

For instance, in our home credit businesses, the first step involves intervention from the agent and then a company representative who responds to the complaint. If, on receipt of the company's response, the customer is still dissatisfied, they have the option of referring the complaint to the Financial Ombudsman Service.

The nature of home credit complaints include those that relate to products not being delivered on time, incorrect or inaccurate information being sent to customers, and agents failing to visit customers.

Had cause to complain about PPC/GPC	Home Credit customer complaints		
	2006	2007	2008
Yes	5.8%	5.2%	4.3%
No	94.2%	94.7%	95.6%
Don't know	0.1%	0.2%	0.1%

Based on current & paid up tracker survey, September 2008, PPC and GPC customers. Monthly annual average data. Research conducted by Quaestor on behalf of the Consumer Credit Division.



## How our businesses are regulated

### The Provident Financial group of companies

Provident Financial plc is supervised by the Financial Services Authority and is regulated under the Consumer Credit Acts 1974 and 2006, and the regulations and guidance made under them.

At the end of 2008, all major parts of the 2006 Consumer Credit Act were in force. One of the outstanding pieces of work is an OFT project on 'irresponsible lending'. 'Irresponsible lending' is a business practice that the OFT may consider when judging the fitness of a lender to hold a credit licence. A likely outcome of the project is Office of Fair Trading guidance on the types of behaviour which might contribute to 'irresponsible lending'.

In addition, the 2008 EU Consumer Credit Directive will introduce

new rules to which the Provident Financial group will be subject. The Directive was adopted by the European Parliament in January 2008; it must now be implemented into Member State law by mid-2010. In April, the then Department for Business, Enterprise & Regulatory Reform (now known as the Department for Business, Innovation and Skills [BIS]) published a consultation paper containing proposals for implementing the Directive.

These new rules include provisions on pre-contract information, providing adequate explanations to consumers, obligation to assess creditworthiness, database use, right of withdrawal and changes to the early settlement rebate scheme. However, in places, the meaning of the Directive's text is not clear. As part of the implementation process and to gain clarification, BIS is engaging with the Commission and with other Member States.

To oversee compliance issues, Provident has in-house legal teams in place at our head office in Bradford and at our Vanquis Bank credit card business in London. These teams are responsible for reviewing all marketing, consumer documentation, and lending processes and procedures to ensure that they comply with all relevant legislation.

Employees from a number of functions across our subsidiary businesses receive compliance training on a range of issues to ensure that marketing and

lending practices are conducted in a responsible manner. This includes training on: the Consumer Protection from Unfair Trading Regulations 2008, the Consumer Credit Act 1974 and 2006, the Treating Customers Fairly principle as set out by the Financial Services Authority, and the Data Protection Act 1998.

This training, which includes an on-going programme of refresher training for employees, is delivered via an intranet-based learning management system. This system is in place within all our subsidiary businesses. It enables all recipients to be tested on what they have been taught and allows the businesses to monitor who has received the training.

### Provident's Consumer Credit Division

In the UK, the provision of credit is governed by the terms of the Consumer Credit Act 1974 and 2006, and the regulations and guidance made under them (The Consumer Credit Act) which lays out detailed requirements covering all aspects of the provision of credit from marketing to debt recovery. Compliance is monitored nationally by the Office of Fair Trading (OFT) and, at a local level, by local authority trading standards departments.

Complaints can be taken to the OFT or trading standards departments or to the Financial Ombudsman Service. In addition, our home credit and direct repayment loans businesses must be licensed by the OFT.

PPC and GPC are also members of the home credit industry's trade association, the Consumer Credit Association (CCA), and are subject to the CCA's Code of Practice and Business Conduct Pledge. These are voluntary codes which reinforce the statutory requirements contained in the Consumer Credit Act.

The Competition Commission remedies, which resulted from the 2006 inquiry, have now been implemented. In early autumn 2008, an independent website setting out price data was posted at [www.lenderscompared.org.uk](http://www.lenderscompared.org.uk). In Ireland, Provident is regulated under the Consumer Credit Act 1995 as well as the Consumer Protection Code for Moneylenders. The Irish Financial Regulator has published a new Consumer Protection Code that will apply to home credit traders. The Code includes new provisions on knowing the customer, suitability, complaint handling, and consumer records. General principles in the Code came into force on 1 January 2009. The more detailed provisions will come into effect in September 2009.

#### **Vanquis Bank**

Like the home credit businesses, Vanquis Bank holds a licence from the OFT to operate its credit card business and must also comply with PPC and GPC, compliance is monitored by the OFT and local trading standards departments and complaints can be dealt with by the Financial Services Ombudsman.

As a bank, Vanquis is also authorised and regulated by the Financial Services Authority (FSA). As such, it is required to carry out its business activities within the framework of the FSA's guidance on Treating Customers Fairly (TCF). This guidance is based around six outcomes:

1. Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture.
2. Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.

3. Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.
4. Where consumers receive advice, the advice is suitable and takes account of their circumstances.
5. Consumers are provided with products that perform as firms have led them to expect, and the associated service is both of an acceptable standard and as they have been led to expect.
6. Consumers do not face unreasonable post-sales barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

During 2008, Vanquis Bank carried out a number of activities to further embed the principles of TCF within its operations, products and service.

A TCF management framework has been introduced that will allow the Bank to demonstrate that its customers are being treated fairly. This includes the implementation of a business-wide TCF policy, creation of a TCF forum which is chaired by a member of the Bank's executive committee and has representation from all business areas, and ongoing oversight provided by the Vanquis Bank TCF committee which is chaired by a non-executive director and convenes on a quarterly basis. Systems have also been implemented that will enable TCF considerations to be factored into the Bank's projects and departmental processes. In addition, a scorecard has been developed which will enable TCF management information to be collected, analysed and reviewed by the Bank's TCF forum and committee.

## Understanding the APR of our products

A perennial criticism of our businesses is that, compared with many other bank or credit card products, our APRs are high.

Examples of the APR of our products:

#### **Provident Personal Credit**

50-week loan: APR 254.4%  
A PPC loan of £100 over 50 weeks would incur £75 of charges and would be repayable at £3.50 per week.

#### **Greenwood Personal Credit**

33-week loan: APR 433.4%  
A GPC loan of £100 over a 33 week period would incur £65 of charges and would be repayable at £5 per week.

#### **Real Personal Finance**

2-year loan: APR 72.9%  
An RPF loan of £2,500 over a 2-year period would be repayable at £184.72 per month.

#### **Vanquis Bank**

Typical APR 39.9%  
A Vanquis Bank Credit Card balance of £250 if repaid at £50 per month would incur £27 of interest charges.

The APR formula was introduced to enable customers to compare the cost of different credit products. In practice, however, the APR formula is flawed. The relative size of the loan, the amount of time over which the loan is repaid, and charges levied in addition to the interest charge, can make comparison between costs of loans meaningless. This view is shared by BIS, Citizens Advice and the Competition Commission among others.

*‘We consider APR alone to be a poor measure of a home credit loan. Because of the relatively short period of some home credit loans, the reinvestment assumptions inherent in the APR calculation can give rise to some very high figures, and magnify differences between similar products.’*

Competition Commission home credit investigation (final report), 2006

The terms, typical loan size and payment periods of Provident home credit loans mean that APR is not a useful tool to compare the cost. Our charging structure is fundamentally different to that of other lenders because Provident home credit includes all its charges in its APR. This means that all our home credit charges are included in a single, transparent, fixed charge which includes the interest on the loan, the cost of the agent’s weekly collections at the customer’s home, and the cost of providing an absolute guarantee that customers will not face extra charges – even if they miss repayments and are late in repaying their loan. This is important to our customers because they can see from the start the cost of the loan and know they will not face any nasty surprises. To ensure the costs of Provident’s loans are fully transparent and well known to customers, the full information on charges feature in every loan agreement.

In contrast, many other lenders, by law, only include the interest charge in their APR. They leave out administration charges, insurance, and default charges

that customers may have to pay if they default on the terms of their loan.

Provident’s APRs are proportionate. They are set at a level which means the company can provide the service to the level required by customers, recover its costs, including the cost of bad debt, and make a profit.

This year the results from a research project, funded by the Joseph Rowntree Foundation, to test the commercial feasibility of a not-for-profit home credit service were published. The research found that even with a substantial subsidy and without including the cost of capital in the model, the cost of home credit would be high if the service were to be financially sustainable.

The study established that home credit could be provided on a not-for-profit basis at an APR of 123%, but that this figure would have to be increased substantially if it

were to reflect accurately the true cost of providing the service. On this basis, it would take ten years for the not-for-profit operation to achieve overall break-even, without allowing for interest on initial capital or the cost of loan capital.

“It should be noted that the assumption of 123% APR being needed for overall break-even over a ten year period does not allow for the cost of any funding required to reach a cash positive position nor of the cost of lending capital over that period. We have made the assumption that such an operation would be funded by some form of public subsidy or social business investment. If these costs were included, clearly the APR would need to be significantly higher”.

*Is a not-for-profit home credit business feasible?*, Elaine Kempson, Anna Ellison, Claire Whyley and Paul A. Jones, March 2009

Provident welcomes the JRF report and the contribution it makes to understanding the credit requirements of people on low to moderate incomes. Its starting premise is an acknowledgement that the home credit model meets the needs of lower income customers and is extremely popular. The report states that:

*“For many users it [home credit] is far from the last resort. People on low incomes welcome its ready access, the flexibility over repayments, the certainty of cost (there are no separate default charges), as well as the fact that payments are collected on the doorstep”.*

*“A flexible approach to payment difficulties is also crucial in making payments affordable for people on low incomes with missed or late payments not incurring a default charge or interest penalty, which would further disrupt already very tight budgets. A high proportion of home credit customers rely on this flexibility to help them make ends meet and manage the peaks and troughs in their income”.*

*“Good agents are critical to a successful home credit business in a number of important ways. They are the best method of recruiting new customers and a key source of repeat business. The detailed knowledge they have of their customers is an important input to lending decisions, including whether to lend at all and, if so, how much to lend. They build a rapport and personal commitment with customers that is reflected in a commitment to pay. And the discipline of their weekly collection visits makes borrowing manageable for many borrowers and without persistent visits from agents to people in default a significant proportion of the money lent would not be collectable”.*





*our people*

*helping our employees  
reach their full potential*

**15,302**

**training days delivered  
to Provident Financial  
employees in 2008**

# our people

*When it comes to delivering our business objectives, we recognise that our employees are our single most important asset. With nearly 3,400 people across the UK and Ireland, we are committed to providing a motivating and safe working environment.*

## Targets

<p><b>2008</b> Progress work with Race for Opportunity and the Employers' Forum on Disability to improve workplace diversity across the Provident Financial group.</p>	<p><b>Achieved:</b> During 2008, processes were established to enable diversity related information to be shared and disseminated to Provident's HR managers.</p>
<p>Deliver a campaign to raise awareness amongst all line managers of disability issues.</p>	<p><b>Achieved:</b> A disability-awareness workshop was developed and delivered to HR managers.</p>
<p><b>2009</b> Undertake a review of all HR-related policies and ensure that they are 'diversity proofed'. Develop a group-wide 'improving diversity' action plan. Undertake an employee opinion survey and report levels of employee engagement.</p>	

*'Our people are vital to Provident's success and investing in them will help our businesses to flourish. As such, we are committed to helping each of our employees reach their full potential.'*

## Why our people are important to us

Our people are vital to Provident's success and investing in them will help our businesses to flourish. As such, we are committed to helping each of our employees reach their full potential.

It follows that if we are to continue to have a workforce of the right calibre we need to engage our people and provide a working environment that is safe, inclusive and diverse, where behaviours that are aligned with our core values are recognised and rewarded.

## Attracting and retaining the right people for the right roles

Attracting and retaining the right people in the right roles across our businesses is strategically important. Having the right people in place to deliver our products and services to customers drives business growth. It also plays an important role in terms of reducing the costs associated with high rates of employee turnover. With this in mind both our operating businesses have implemented a range of measures which are aimed at both attracting new people and retaining those that already work for us. These include: career development tools, training and development programmes, and appraisal systems.

The result is that we have reduced staff turnover in 2008 to 15.9% (2007: 17.1%) across the Provident Financial group. This compares favourably with the figures reported by the Chartered Institute of Personnel and Development (CIPD) in 2008. According to the CIPD's annual survey the average labour turnover rate for all sectors was 17.3% (2007: 18.1%), and for the

private service sector this rose to 20.4% (2007: 22.6%).

In addition, despite the current economic climate, Provident Financial saw customer demand increase during 2008. This created the opportunity to expand our workforce to maintain current performance and enable the business to grow.

### % of staff leaving Provident

Year	% leaving
2008	15.9
2007	17.1
2006	19.5
2005	20.0
2004	22.0

## Employee engagement

In late 2007, we conducted our annual employee engagement surveys across the Provident group. The surveys measure our employees' overall satisfaction and engagement with all aspects of their working life: from company practices and work-life balance, to rewards and opportunities. Engaged employees have a positive work experience, enjoy being part of the company and contribute to business success. The overall engagement score in the Consumer Credit Division rose to 42% compared with 36% in 2005. At Vanquis Bank, the mean employee satisfaction score was 6.8 out of 10.



	<b>Engaged employees consistently speak positively to colleagues, potential employees and customers</b>
	<b>Engaged employees have an intense desire to be part of the company</b>
	<b>Engaged employees volunteer extra effort and engage in behaviour that contribute to the company's business success</b>

As a result of the engagement surveys carried out with employees, a number of work streams were identified that would, if delivered, improve levels of employee engagement. These related to:

- Improving the way in which we reward people whose performance is outstanding and recognise those who make an exceptional effort.
- Providing our people with more opportunities to contribute to decision-making processes.
- Creating more opportunities for our people to develop their careers.

### Trade union recognition

The Consumer Credit Division recognises two trade unions: Unite and USDAW (the Union of Shop, Distributive and Allied Workers). Details of trade union membership and rights are promoted to employees through a range of mechanisms, including: the employee induction process, a clause in contracts of

employment, and in employee handbooks. The Division's trade unions' representatives have overall responsibility for promoting trade unions' rights and overseeing trade unions' membership issues.

We have employee representation structures which cover all our sites. The Consumer Credit Division has a consultation group made up of 25 representatives from across the business which convenes on a quarterly basis to consult on a range of employee-related issues. At Vanquis Bank, employee forums are held on a quarterly basis and are attended by elected representatives from all business areas to discuss issues raised by employees.

### Occupational Health and Safety

We work in a proactive manner to ensure the management of the health, safety and well-being issues that are material to our employees, agents and contractors. We recognise that it is our corporate responsibility to

ensure not only that our people are safe and secure at work, but also that we look after their health and well-being.

In 2007/08, the Health and Safety Executive estimated that 34 million days, or 1.4 days per worker, were lost due to health and safety issues in the UK. Of these, 28 million were due to work-related ill health and 6 million to workplace injury. In addition, estimates from the Labour Force Survey indicate that self-reported work-related stress, depression or anxiety alone accounted for an estimated 13.5 million lost working days in the UK in 2007/08.

We have health and safety working and steering groups in place within both operating divisions which cover 100% of the Provident group. These groups report directly to the Provident board and oversee the implementation of corporate health and safety policy and practices within our subsidiary businesses, and provide strategic direction to their management.

A range of policies are in place within our businesses which commit us to take reasonable steps to look after the health, safety and well-being of our people. Health and safety, personal safety, stress, and positive health policies exist at the corporate level, or at the operating company level. Details of our policy commitments, along with any initiatives we deliver, are made available to employees via our comprehensive manual, intranet sites and employee handbooks.

It is important that we continue to raise awareness of health and safety issues, such as personal safety, among our staff. One of the primary vehicles we use to do

this is through training. All line managers receive training which enables them to identify and manage a wide range of health, safety and well-being issues. The Consumer Credit Division also delivers two personal safety weeks during the course of the year to further raise awareness of the personal safety issues that might arise from being in a customer's home, driving, or carrying sums of money.

Our businesses also recognise the importance of addressing health and well-being issues that go beyond regulatory requirements, for example, workplace stress and absenteeism. Both operating divisions have processes in place to identify, manage and reduce workplace causes of stress. The stress policies in place include a monitoring form and a course of actions that can be taken by line managers in order to reduce the occurrence of workplace stress.

Flexible working policies are in place within both operating divisions which commit the businesses to consider requests for flexible working patterns in order to assist employees in reconciling their work and home life responsibilities. There are also guidelines surrounding the flexible working practices on offer and requests for flexible working are evaluated against business impact to determine whether or not the request can be accommodated.

The flexible working practices covered by these policies include:

- unpaid leave (compassionate situations) – employees are entitled to a reasonable amount of time off during working hours in order to deal with a family/dependant situation
- compassionate leave – there

### Health safety performance data 2008

Category	No. of accidents/incidents affecting group employees
Accident: Death/major injury	0
Accident: Reportable major injury	0
Accident: Reportable >3 day absence	10
Incident: Death/major injury	0
Incident: Reportable major injury	0
Incident: Reportable >3 day absence	9

may be situations where employees need to take time off work for compassionate reasons, for example the death of a close relative, to look after a sick partner/child/parent, to attend a funeral, and may continue to receive full pay

- job share – two or more employees may request to share the duties and responsibilities of a single full time job
- remote working – support will be provided for requests from employees to work from home

### Training and developing our people

Our people are at the heart of what we do as a business. We therefore have a duty to continually develop our people to ensure that they maximise their career potential and contribute to the long-term success of our business. We aspire to create a culture where everyone is supported, developed and encouraged at every level and where everyone strives to achieve the highest quality standards in meeting our business objectives

and their personal goals.

A range of policies are in place within both the Consumer Credit Division and Vanquis Bank which underline Provident's commitment to enable employees to access a range of qualifications and work towards their full potential. The training policy in place at Vanquis Bank and the further education policy at the Consumer Credit Division both encourage employees to identify their development needs and state that our operating businesses will encourage and support employees to become professionally qualified in their technical field.

Throughout 2008, both the Consumer Credit Division and Vanquis Bank introduced new systems which will improve the way in which training is delivered to staff and subsequently recorded.

Within the Consumer Credit Division, the main career development tool is the effective performance management process (EPM). The purpose of the EPM process is to identify development opportunities to improve individual performance in line with the individual's current role, future business

requirements and future roles. The process includes quarterly performance reviews and annual career reviews. Both of these reviews are used to highlight an individual's development needs, which are in turn documented and monitored using a personal development plan (PDP). PDPs are updated each time a formal review takes place, with newly identified development needs and progress reviewed against existing development needs.

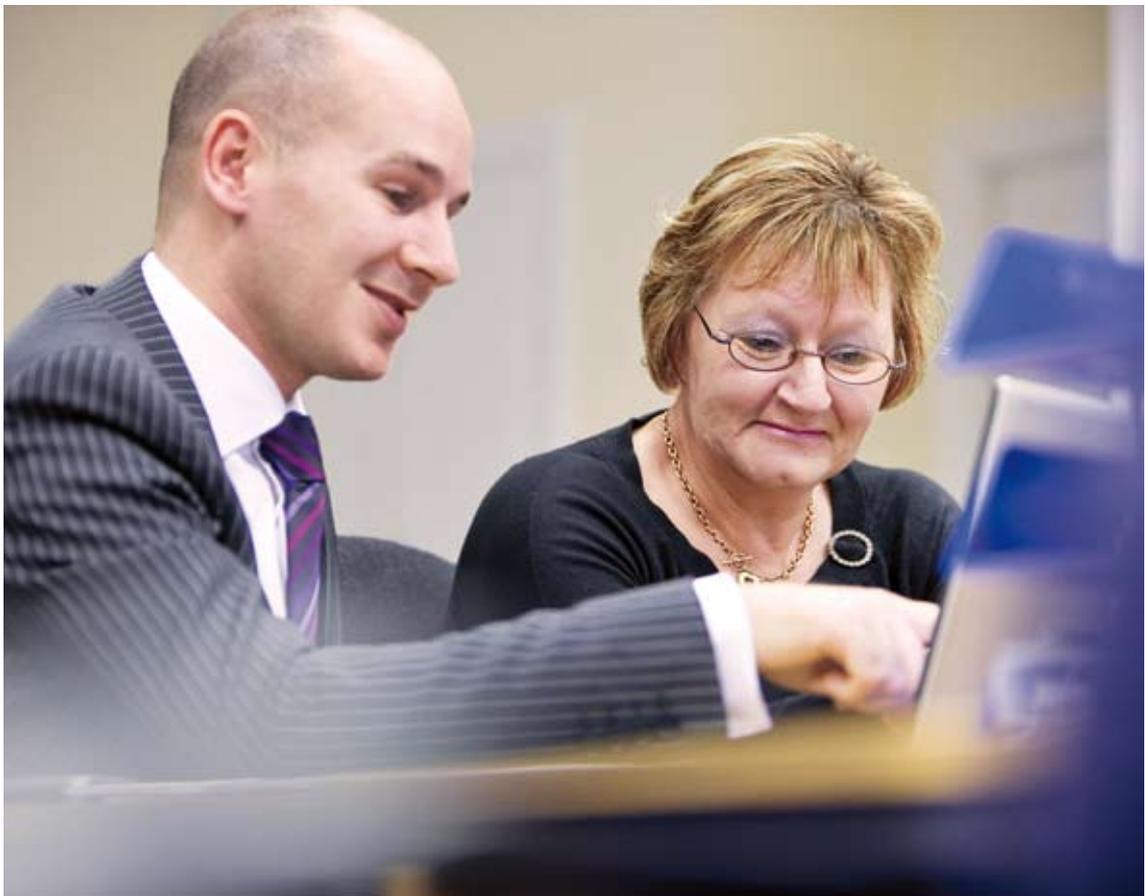
Within Vanquis Bank, two different career development tools are in place. Annual performance reviews are used for all non-call-centre staff and all managers. Six-monthly performance reviews are used for all call-centre staff who are not managers. Personal development plans are used

to complement and link to the annual performance reviews and the objective setting process. In addition, an annual process is in place to identify and support employees with high potential or who are rising stars.

To aid our staff development, both the Consumer Credit Division and Vanquis Bank have learning management systems in place which enable all employees to access a range of role-related computer-based training (CBT) courses that can be accessed via an intranet. CBT courses are delivered to staff on a range of topics, including the Consumer Credit Act 2006, the 'Treating Customers Fairly' regulatory regime, the Data Protection Act, complaint handling processes, and personal safety.

A wide range of training programmes are also offered to employees (managers and non-managers alike) within both the Consumer Credit Division and Vanquis Bank. These include team leader development programmes, people management development courses, and role specific training (eg on issues such as call-centre skills, collection techniques, complaint handling, etc). We also help our people fulfil their professional development goals, for example through the Institute of Credit Management, Chartered Institute of Personnel and Development and Chartered Institute of Management Accountants.

During 2008, 15,302 training days were delivered to employees across the Provident group.



*'No job applicant, member of staff or agent will receive less favourable treatment because of race, colour, nationality, gender, sexual orientation, marital status, age, disability or religion.'*

Therefore, on average, each employee received 4.6 days training during 2008 (2007: 2.7 days). Although demonstrating a considerable increase on previous years, this figure is below the UK average for a private sector organisation of Provident's size which, according to the CIPD's 2008 annual training and development survey, stands at 5.2 training days per employee.

### Equal opportunities

We realise that it is of strategic importance and benefit to Provident to attract and retain a diverse workforce and ensure that equal opportunities underpin our recruitment, employment, training and remuneration practices. Having a diverse workforce will help to draw more customers from different communities, help us to better understand the needs of existing and future customers, improve productivity by enhancing job satisfaction, show us to be fully inclusive, and reduce exposure to risks associated with legislative compliance.

There are a number of risks and opportunities associated with diversity. The Employers' Forum on Disability (EFD) estimate that one in five disabled people in the UK are unemployed but want to work; this compares to one in 15 non-disabled people and leaves a huge amount of talent wasted. Disabled people also have enormous spending power as customers - around £80bn a year in the UK alone.

The Department for Work and Pensions estimate that by 2020,

half the population of the UK will be aged 50 and over. The Employers' Forum on Age state that as the workforce ages and contracts, skilled workers will increasingly come at a premium. Companies that fail to respond to the threat will put their future growth and profitability at risk, while missing out on the benefits of greater age diversity.

Provident has a corporate policy on diversity which states that 'no job applicant or member of staff will receive less favourable treatment because of race, colour, nationality, gender, sexual orientation, marital status, age, disability or religion'. The same policy applies to the agents we engage. Equal opportunities policies in place within both the Consumer Credit Division and Vanquis Bank commit our operating subsidiaries to uphold these standards. Provident will not discriminate on the basis of any of these factors in recruitment, training, development, promotion or the provision of goods, facilities, services and education.

We continue to be a member of both the EFD and Race for Opportunity which enables us to obtain best practice advice and support on the management of a range of diversity issues. Regular bulletins and newsletters from these organisations are shared with the HR functions within both the Consumer Credit Division and Vanquis Bank.

The gender split of our workforce is 50% men to 50% women (2007: 51% men to 49% women). The proportion of women within the

Provident workforce is slightly higher than that of the UK overall workforce. According to the Office of National Statistics, the gender split of the UK working population in February 2009 was 54% men to 46% women.

Year	% of female staff at Provident
2008	50
2007	49
2006	49
2005	48
2004	46

During 2008, we saw an increase in the number of female managers employed across the Provident group, with 28% (2007: 27%) of these roles now occupied by women.

Year	% of female staff in management at Provident
2008	28
2007	27
2006	24
2005	21
2004	15

During 2008, the proportion of our employees from black and minority ethnic (BME) groups increased slightly to 5.2% (2007: 3.8%).

Year	% of ethnic minority staff at Provident
2008	5.2
2007	3.8
2006	4.2
2005	3.8
2004	3.1

This contrasts with the proportion of the UK economically active population from black and minority ethnic (BME) communities which, according to the Office of National Statistics, stands at 9.5%.

The age profile of the people employed across the Provident Financial group is broadly similar to the profile of economically active people in the UK as a whole.

### Age breakdown of Provident employees

	Under 20	20-29	30-39	40-49	50-59	60 +
Provident Financial	2.4%	19.91%	20.51%	32.71%	21.16%	3.31%
UK benchmark	5.56%	20.89%	22.48%	24.91%	18.57%	7.62%

*‘Having pension arrangements in place for employees represents an important part of their salary and benefits package.’*

We continue to be committed to ensuring that disabled people are not discriminated from accessing recruitment, employment, retention, and training and development opportunities.

During 2008, 0.06% (2007: 0.03%) of Provident Financial group employees declared that they have a disability.

We recognise that there is scope to improve performance and disclosure in this area. During 2008, a disability-awareness workshop, which was developed and delivered by the EFD, was delivered to HR managers in both the Consumer Credit Division and Vanquis Bank. The objective of this training was to give HR managers an in-depth understanding of the employment obligations under the Disability Discrimination Act, whilst giving them practical knowledge of reasonable adjustments that can be made to help disabled people, and monitoring and managing sickness absence in the workplace.

### Employee communications

Internal communications play an important role in ensuring that our people are engaged and understand our CR commitments.

During 2008, we introduced a range of communication and consultative mechanisms across our businesses. These include monthly leadership briefings, team talk bulletins, intranet sites, and employee newsletters. We also have a number of dialogue mechanisms in place to enable staff to raise and address issues of concern. Both the Consumer Credit Division and Vanquis Bank have employee forums which are made up of elected representatives. These forums meet on a quarterly basis and enable employees from across our business to propose ideas, make suggestions or raise concerns.

During 2008, a new whistle blowing policy service was launched for all Provident Financial employees. This service, which works in tandem with internal reporting processes, includes a 24 hour confidential reporting line which is operated independently by Safecall. Safecall provides an independent, entirely confidential service which enables employees to report instances of wrongdoing. During 2008, four calls were received via the Safecall confidential reporting line. All four calls were of a low level of concern and have been dealt with.

### Employee benefits

Provident operates three savings-related share option schemes which are aimed at encouraging employees' involvement and interest in the business's financial performance and success through share ownership. 2,463 employees are currently saving to buy shares in the company under these schemes.

Both the Consumer Credit Division and Vanquis Bank have Employee Assistance Programmes (EAPs) which are available to all colleagues and their immediate family. These programmes are a confidential and impartial counselling advice service to help employees and their immediate family members resolve difficulties which may affect health, well-being or work performance. The EAPs include a free telephone information, advice and counselling service at no cost to the employee or family member.

Having pension arrangements in place for employees represents an important part of their salary and benefits package. We recognise that adequate pension arrangements can play a key role in attracting and retaining high calibre employees.



As with the majority of companies, the pensions we offer reflect the general trend of moving away from final salary pension schemes. These have declined in popularity in recent years for a range of reasons, including the higher costs of such pensions, increasing regulation and the financial risk they present to the organisations providing them.

Since January 2003, all new employees have had the option to join the Provident Financial Stakeholder Pension Plan. Provident contributes 8% to the plan and members 6%, with the option of contributing more if they choose. The plan also

includes a range of other benefits including life assurance and long-term disability cover. Under the plan, employees can choose to incorporate social, ethical and environmental considerations into their pension arrangements. The plan's ethical fund has been established to reflect the performance of those FTSE 350 Index companies that adhere to a range of social, ethical and environmental criteria.

Employees are kept informed on their pensions via a range of mechanisms including newsletters and benefit statements.





# *our supply chain*

*working responsibly  
with our suppliers*

**The average time taken to  
pay our suppliers is:**

**25 DAYS**

# our supply chain

*Our supply chain has a large and far reaching effect on our local communities, our people and the environment. As such it is important that we manage it effectively.*

## Targets

<b>2008</b> Continue to review the social and environmental performance of our suppliers.	<b>Achieved:</b> <i>Provident's responsible supply chain management self-assessment questionnaire continues to be used as part of the tendering process.</i>
Develop a 'green branch office' guidance and specification document for use when refitting/refurbishing our branch network.	<b>Achieved:</b> <i>Following the running of an environmental workshop in 2008, refurbishment and green lease guidance documents were developed for the Consumer Credit Division's property department.</i>
<b>2009</b> Build CR requirements into invitation to tender documents and new/renewed supplier contracts.	

*'We remain committed to ensuring that we treat our suppliers in a fair and reasonable manner.'*

## Why supply chain management is important

Ensuring that we purchase products and services that have minimal impacts on the environment and are socially responsible and ethical is a key component of our CR programme.

In 2008, the annual procurement spend of the Provident Financial group was £96.9 million, making our supply chain a significant part of our CR footprint. This means it is vital that we work to ensure our suppliers are aware of our commitments to manage the social, environmental and economic impact of our operations. Furthermore, it is important that we seek to improve the sustainability credentials of the products and services we buy for our businesses.

By factoring environmental, social and ethical considerations into our procurement processes, we can not only minimise the risks that might arise in our supply chain, but also identify opportunities in terms of savings and innovation.

## Prompt payment

We remain committed to ensuring that we treat our suppliers in a fair and reasonable manner. This means paying our suppliers in accordance with their agreed terms and conditions. This is particularly important to small and medium sized enterprises (SMEs). Late payment is an important issue that can severely affect an SME's cash flow. In the Department for Business and Regulatory Reform's Annual Small Business Survey 2007/08, late payment from businesses was mentioned by 56% as a cause of cash flow problems.

In 2008, research by the information services company Experian showed that UK businesses are now settling their bills an average of 25 days after their agreed payment dates, so if the agreed payment time is 30 days this would mean the business would receive payment after 55 days. This is an increase of nine days compared with the 2007 data. With businesses already using extended payment terms as a form of short-term funding, this trend means that some smaller businesses are waiting as long as five months for

payment from the point of invoice for goods and services.

With the average time taken to pay our suppliers of products and services during 2008 at 25 days, Provident is performing significantly better than this national average.

### Provident group-wide average creditor days

Year	Days
2008	25
2007	24
2006	14
2005	17
2004	22
2003	18

## Supplier assessments

During 2006, we assessed the performance of a selection of the Consumer Credit Division's top suppliers. The purpose of the assessment was to enable us to understand better the social, environmental and ethical issues that are relevant to the products and services we procure.

The findings of the assessment gave us confidence that many of our suppliers are proactively managing the social, environmental and ethical issues that are material to the products



and services we use. For example, many of the suppliers included in the assessment provided evidence of a wide range of policies, processes and procedures that are in place to manage their impacts on the environment, and social and ethical issues which relate to labour standards, trade union membership, health and safety, and diversity.

The information that was generated as a result of the assessment is being used to identify best practice examples in terms of supply-chain management and to enable us to prioritise those suppliers that we view as a higher risk in terms of the management of social and environmental issues.

To follow up on this work, during 2008 a new policy and new procedures were introduced aimed at anyone working on company premises who is not employed by Provident, such as window and office cleaning contractors. The policy and procedures clarify the general health and safety and environmental protection responsibilities of Provident and the contractors so both parties can protect each other, their workforces and other affected people such as visitors, people living nearby, other members of the public, and the environment. The processes now in place ensure that the health and safety and environmental performance of contractors is evaluated as part of the tender process before any work commences.

*'All suppliers must meet relevant local and national legal requirements regarding the environment, employment, and health and safety.'*

## Greening our office network

One group of suppliers that we have been working particularly closely with over the last year are those who supply our branch offices and buildings. It has long been acknowledged that there is huge scope to improve the environmental performance of the 300-plus branch offices that support the Consumer Credit Division's home credit businesses and Real Personal Finance, particularly in terms of reducing the energy consumed and the waste generated by the branches.

However, the landlord-tenant relationship often creates barriers which can prevent environmental measures from being implemented. This has given rise to the development of 'green leases' which are seen as a way of overcoming these obstacles by setting out each party's obligations with regard to energy and sustainability issues, and supporting them with financial incentives or penalties.

During 2008, a briefing note was developed for the Consumer Credit Division's property department which set out a range of provisions which potentially can be included in commercial property leases whether they are new or are being renewed. The provisions relate to a range of issues, including energy efficiency, waste management and resource efficiency, water and waste water, and fit-out and refurbishments.

In addition, a sustainable office refurbishment checklist was developed to highlight the environmental considerations that can be taken into account when any of our offices are refurbished.

It is hoped that both these pieces of guidance will help us to engage with our landlords to deliver environmental improvements within the offices we lease.

## Responsible procurement

Our responsible supply chain management policy (see box below) which was introduced in 2006, underlines our commitment to ensure that we take account of the compliance, legal, environmental protection, and social and ethical issues that are material to the products and services we buy.

### Responsible supply chain management policy

- All suppliers must meet relevant local and national legal requirements regarding the environment, employment, and health and safety.
- We expect suppliers to have social, environmental and ethical policies.
- For those of our suppliers with particular exposure to high-risk sourcing countries, we would also expect them to have in place adequate measures to manage their own supplier base.
- We will seek to work with those suppliers we consider exemplary in ethical standards and progressive in addressing their social and environmental impacts.
- We will ensure that suppliers and employees are aware of our commitments and targets to improve our social and environmental impacts.
- We will support employees acting to secure compliance with this corporate policy and giving appropriate training as required.
- We will consider social, environmental and ethical issues when making decisions on suppliers or sourcing products or services.

Following on from the supplier assessment work carried in 2006 and 2007, a number of processes have been developed to enable our operating businesses to evaluate the social, environmental and ethical performance of new suppliers and when contracts are being renewed.

Our invitation to tender documentation requires suppliers to complete a responsible supply chain management self-assessment questionnaire as part of the tendering process.

This enables us to prioritise those suppliers we view as having a higher CR risk, and work with them to ensure that they have mechanisms in place to manage environmental, labour, and health and safety standards in their operations.

The average time taken to pay our suppliers was

**25 days**  
in 2008

*'We will consider social, environmental and ethical issues when making decisions on suppliers or sourcing products or services.'*





***Provident  
in the  
community***

# *community*

*playing a positive role in  
the communities we serve*

**More than**

**5,300**

**children from 52 schools  
participated in Spark  
courses during 2008**

# community

*Provident's mission is to be the leading non-standard lender in the UK, acting responsibly in all our relationships and playing a positive role in the communities we serve. With this mission statement it is imperative that we conduct our business dealings responsibly and ensure that we have a positive impact on the communities where our customers, employees and agents live and work.*



# Targets

**2008**

Strive to introduce additional new experiences for young people participating in our arts education project.

**Achieved:** During 2008, the Spark project worked with 66 artists who delivered workshops in 36 different art experiences from rap and street dance to drama and toy theatre. Around two-thirds of the more than 5,000 children who took part in Spark in year two were doing so for a second time, enabling them to encounter new art forms and further develop skills.

Ensure that the majority of young people participating in the project are from inner-city communities.

**Achieved:** All schools taking part in the Spark project are from inner-city communities.

Carry out an independent interim research project to monitor the progress of our Spark arts education programme in its second year.

**Achieved:** An evaluation report was produced during 2008, the results of which will feed in to a year three final report.

Each partner venue to receive venue specific reports which will include feedback from participants, parents and schools.

**Achieved:** Each venue was given individual feedback on year two and they will receive a final printed report at the end of year three.

To hold a minimum of six feedback sessions within the Spark communities.

**Achieved:** Six sessions were held during 2008: two for employees and agents in Birmingham and Dublin, and four for local residents in Edinburgh, Manchester, Newport and London.

Use feedback sessions to identify problem areas faced by inner-city communities and help us formulate selection criteria for a pilot project in 2009.

**Achieved:** Feedback from all sessions will be used to formulate our new programme to be launched in 2009.

*'Having a positive impact on our local communities is central to maintaining our 'licence to operate' while, at the same time, providing sustainable benefits to those communities.'*

**2009** Produce an independent research report covering the three years of our Spark arts education project.

Each Spark partner venue to receive venue specific reports which will include feedback from participants, parents and schools.

Establish a process whereby non-head office staff can take part in company-led community activities.

Establish a new community involvement programme in each of our operating divisions by the end of 2009.

Integrate a number of our existing community activities within the new programme, as a way of continuing support to these projects and provide enhancements to the new programme.

## Why we get involved in the communities we serve

As a lender, we have a presence in every town and city in the UK and Ireland, as well as in many rural areas. In fact, our home credit business lends to around one in 20 households in the UK and Ireland. This means our customers, agents and employees are present in almost every community in the UK and Ireland. As such, ensuring that we are a model corporate citizen is a material issue for our business. Having a positive impact on our local communities is central to maintaining our 'licence to operate' while, at the same time, providing sustainable benefits to those communities.

Our community involvement programme has two main strands: Helping to address the education and social inclusion needs of young people who live in less privileged communities, and working with the money advice sector on issues such as financial education. Provident's community involvement policy aims to benefit those who live and work in the areas in which we operate, as well as helping to create an environment in which our business can flourish.

The main objectives of Spark are:

- To provide young people from disadvantaged communities with opportunities to learn and develop through experiencing a creative activity at school.
- To fill gaps in provision both in terms of art education funding and opportunities for young people.
- To share best practice in arts education provision.
- To create sustainable opportunities for community cohesion, specifically between schools, arts venues and artists.

## Supporting schoolchildren and young people from underprivileged communities

### Spark

Spark, which started in 2006, continues to be Provident's flagship community project. It links theatres with primary schools in their local areas and encourages children to succeed through stimulating arts activities.

The focus of the Spark programme was identified following independent research carried out in 2005. To make sure the programme reflected the needs of our customers and the communities they live in, customer focus groups were conducted in Birmingham, Glasgow, Leeds and London. In

line with the research findings, Spark is targeted at addressing the education and social inclusion needs of children who live in less privileged communities through involvement in creative activity at school.

Spark is managed throughout the UK and Ireland in partnership with the West Yorkshire Playhouse (WYP), the Leeds-based repertory theatre which has an excellent reputation for community outreach work. In addition, Provident and WYP work in partnership with seven other theatres across the UK.

A project manager is employed within the WYP to support project delivery, with an additional seven coordinators based in the seven regional arts venues. Their role is to supervise the delivery of Spark in their area.

Each partner has agreed to work

with a minimum of six primary schools in their area, delivering a series of five-week courses to children aged 7 to 12, covering Key Stage 2. Criteria have been developed for project partners to ensure that the schools selected to participate in Spark are from areas of disadvantage. For example, schools are selected from former Education Action Zones or Excellence in Cities schemes.

During 2008, more than 5,300 children from 52 schools participated in Spark courses. This means that, to date, the Spark project has delivered more than 3,000 arts-education workshops to over 15,000 schoolchildren from many disadvantaged communities in the UK and Ireland.

To ensure that Spark delivers against its stated objectives and targets, it is subject to an annual evaluation. This work, which is undertaken by a third party, is designed to capture the effects of Spark on pupils and how access to the arts affects their educational and personal development. It also measures the effect of Spark on teacher development, relationships between schools, arts venues and artists, and Provident employee involvement. Our evaluation over the past three years has shown that Spark also had the following outcomes and benefits:

- Increasing the confidence of schoolchildren – In addition to the knowledge and experience of new creative

**Spark is delivered in partnership with:**

- **Axis Arts Centre in Ireland**
- **Battersea Arts Centre**
- **Birmingham Repertory**
- **Dundee Repertory**
- **Octagon Theatre in Bolton**
- **Royal Lyceum in Edinburgh**
- **Riverfront in Newport**

forms, Spark has helped advance personal and social skills among children. The most important outcome has been the project's ability to improve self-esteem among participants. In 2008, 82% of the children (2007: 80%, 2006: 75%) told us Spark has helped boost their confidence.

*"I learned not to be shy in front of people. It made me feel a lot more confident."*

Pupil, Holy Spirit Girls School, Ballymun

*"I learned how to speak loud and have more confidence saying things in front of people."*

Pupil, Millbrook Junior and Infants School, Newport

*"I learned that we can all work as a group."*

Pupil, Lochee Primary School, Dundee

- Enabling schoolchildren to develop a sense of enjoyment and achievement and have new experiences – Children enjoy taking part in Spark. The project makes them feel happy, confident and proud. In 2008, 82% (2007: 89%, 2006: 91%) of the children told us that Spark helps them have fun at school.

*"I felt special and proud because some schools might not get to do this."*

Pupil, St Catherine of Sienna Primary School, Birmingham

*"The best part was it was enjoyable, funny and fun."*

Pupil, St Josephs Primary School, Bolton

*"It just made me feel enjoyable and proud of myself."*

Pupil, Ardler Primary School, Dundee

- Enriching the lives of schoolchildren and their curriculum – Schools have built Spark into their plans

to support cross-curricula teaching in subjects in addition to art. Teachers have used Spark to encourage learning in maths, science, geography, and other subjects.

*"It's so important and this [Spark] has proven that it doesn't just help emotional and artistic development. With our planning and linking the work to literacy, the children have developed writing skills far beyond what I would ever have expected. Spark has been a great stimulus."*

Teacher, Shaftesbury Park Primary School, Battersea

*"Spark fitted in very well with the curriculum. We were doing myths and legends as part of literacy and to have that greater prior knowledge of characters was really helpful. Last year we did clay tiles and I think that was linked to fables."*

Teacher, Buttershaw Primary School, Bradford

- Improving teachers' skills to sustain the delivery of arts education in schools – Skill transfer to teachers is key to sustaining the delivery of arts education teaching in Spark schools. Most teachers felt they had learned from their experience and liaison with Spark's professional artists. To strengthen this skills foundation and develop a strategic and sustainable element to the project, some venues have integrated continuing professional development sessions into their Spark model.

*"I have learned to have more confidence to let pupils develop their own scripts from improvisation and experimentation. I plan to use more drama in my English schemes of work with pupils collaborating in small groups."*

Teacher, Millbrook Junior School, Newport

*“There are tangible benefits in the way teachers can pick up playwright strategies that they can use again in school. We have left a legacy in each school. It was good continuing professional development for the teachers and we have exploited the links we have with the schools which is welcomed by them.”*

Education Director, Birmingham Repertory Theatre

Spark also meets the requirements of key Government initiatives in the UK and Ireland. The then Minister for Culture, the Rt Hon Margaret Hodge MBE MP, visited a Spark celebration at Battersea Arts Centre in 2008. Taking place shortly after the Government’s announcement of the ‘Find Your Talent’ initiative, the Minister met Spark coordinators and spoke to the children for whom the project is designed.

*“Spark is an excellent example of how an arts organisation can enrich the lives of children and expand their learning...Spark does exactly what [The Department for Culture, Media and Sport] is aiming to achieve from the ‘Find your Talent’ initiative*

**3,000**  
arts-education  
workshops delivered  
to over  
**15,000**  
schoolchildren from  
disadvantaged  
communities in the  
UK and Ireland

*announced in February, which commits the Government to providing school-age children with access to five hours of high quality culture a week”*

Former Minister for Culture, the Rt Hon Margaret Hodge MBE MP

**Supporting residential breaks for schoolchildren and young people**

We continue to support the delivery of projects which provide opportunities for children and

young people from inner-city communities in England, Wales, Scotland and Ireland to take part in outdoor activities and contribute to improving their confidence and self-esteem.

We support the ‘Give Us A Break’ project which is delivered in partnership with, and managed by, An Óige (the Irish youth hostel association) and the Scottish Youth Hostels Association, and ‘Breaks 4 Kids’ managed by the English and Welsh Youth Hostel Association.

The support we provide to these associations enables children and young people, the majority of whom are from low income families, to be included on trips and activities that they would otherwise be excluded from. In particular, the support provided to the ‘Breaks 4 Kids’ project enables

*‘We continue to support the delivery of projects which provide opportunities for children and young people.’*



children from schools in Chatham, where our Vanquis Bank call-centre is based, to access a wide range of activities and outward bound adventures which provide them with opportunities for personal development and active citizenship.

During 2008, 12 groups comprising 200 children and leaders in Scotland, 7 groups comprising 118 children and leaders in Ireland, and 5 groups comprising 140 children and leaders in England and Wales participated in the projects we support with the youth hostel associations.

## Money advice and financial education

We continue to support, through financial contributions and other means, a programme of financial advice and education across the UK and Ireland.

We believe that people who have difficulty managing their personal finances should have access to free, independent and quality-assured financial advice to help them make educated choices and improve their circumstances.

Provident employees regularly participate in regional and local forums, such as those delivered

by the Money Advice Liaison Group, which are attended by money advice and consumer representatives. This enables our staff to understand the issues that are being experienced by customers within the wider financial services sector.

Throughout the year, Provident continued to support mainstream money advice organisations such as: Citizens Advice, Money Advice Trust, and National Debtline. We are also working with more specialised providers, including Credit Action, DebtCred, and Christians Against Poverty.

### Money advice organisations supported by Provident Financial

Organisation	Nature of support
<b>AdviceUK</b>	AdviceUK is the UK's largest support network for free, independent advice centres. During 2008, our funding of AdviceUK was used to support two related strategic objectives: workforce development, and extending the geographic coverage of the services provided to members. The funding enables AdviceUK to be involved in the process to develop National Occupational Standards for money advice, the free advice sector on the Skills for Justice Sector Skills Council, the Money Advice Quality Model working group, and the Money Advice Trust's Training Strategy Group.  Funding also enabled AdviceUK to run a series of four workshops (on Advice Work Skills, Supervision Skills, Managing Advice Services, and Managing Quality in Advice) at the three-day National Association of Student Money Advisers Conference in York in June 2008. As a result of the delivery of these workshops over 70 advisers received training.
<b>Citizens Advice</b>	During 2008, we continued to provide funding to support the second tier advisors of Citizens Advice. These are the people who are contacted by front-line advisors in those instances where more specialist advice is required to resolve complex cases. The second tier advisors are essential at a time where there has been a large number of new advisors and the current economic situation brings clients with different and complex issues.
<b>Consumer Credit Counselling Service (CCCS)</b>	The CCCS is a registered charity whose purpose is to assist people who are in financial difficulty by providing free, independent, impartial and realistic advice. We make 'fair share' contributions of around 12% of any payment we receive from a customer who has entered into a debt agreement plan with CCCS. In 2008, we made fair share contributions of £123,514 to the CCCS.
<b>Institute of Money Advisors (IMA)</b>	The IMA is the professional body which acts solely for money advisers in England, Wales and Northern Ireland. During 2008, we provided funding to support the costs of the Institute's annual conference in Blackpool.
<b>Money Advice Liaison Group (MALG)</b>	MALG is a non-policy making forum for creditors, debt collecting agencies, money advisors and other organisations wishing to promote greater communication, understanding and professionalism between organisations with an interest in personal credit and debt issues. Our funding helps to support MALG regional conferences and meetings.

<b>Money Advice Trust (MAT)</b>	<p>The MAT is a charity whose mission is to increase the quality and availability of free, independent money advice. During 2008, Provident part-funded research commissioned by MAT and undertaken by the Personal Finance Research Centre at Bristol University into the fee-charging debt management sector in the UK. The research sought to ascertain the experiences of both customers of fee-charging debt management companies (DMCs) and creditors who engage with fee-charging DMCs in debt repayment negotiation. Highlights of the research findings include:</p> <ul style="list-style-type: none"><li>• An estimate that there are between 320,000-375,000 people currently repaying debts on a fee-charging debt management plan (DMP).</li><li>• Significant differences exist between the projected and actual duration of DMPs, with the former typically being between five and ten years and the latter three years or less.</li><li>• Mixed responses from creditors when dealing with fee-charging DMCs. Their experiences ranged from good working relationships with the larger, established DMCs to concerns about the practices and transparency of smaller, newer entrants to the DMP market.</li><li>• Concerns from the creditors regarding the charges levied by fee-charging DMCs, which tended to vary widely and often included high set-up fees.</li></ul>
<b>National Debtline</b>	<p>National Debtline is a free, confidential and independent national telephone helpline for people with debt problems in England, Wales and Scotland. Our funding helps them to provide free telephone and internet based debt counselling to clients. During 2008, National Debtline dealt with 170,000 calls.</p>



## Specialist providers supported by Provident Financial

Organisation	Nature of support
<b>Christians Against Poverty</b>	Christians Against Poverty is a national debt counselling charity with a network of 102 centres based in local churches. It offers hope and a solution to anyone in debt through its unique, in-depth service. During 2008, our funding supported the team in CAP which liaises with creditors and aims to get them to accept the debt management programmes and payment regimes that CAP sets up for indebted clients.
<b>Credit Action</b>	<p>Credit Action is a national money education charity that we have supported for the past 10 years. During 2008, our funding supported Credit Action in three key areas:</p> <ul style="list-style-type: none"> <li>• Development of new money advice resources – In response to the changing nature of personal finance problems being experienced by those Credit Action works with, our support has helped the development of resources which will help address issues relating to redundancy, mortgage repayment and house repossessions.</li> <li>• Provision of training and help sessions – During 2008, our support enabled Credit Action to continue to deliver free training, seminars and one-to-one help and advice sessions to a range of groups including schools, community centres and charities. As a result, these groups are able to support people in their communities on money management issues.</li> <li>• Development of free, self-help material – Credit Action produces a range of ‘money manuals’, including its two main titles, ‘Thinking about Money’ and ‘Dealing with Debt’. In 2008, our funding enabled these manuals to be provided free of charge to individuals and organisations.</li> </ul> <p>Throughout 2008, the support we provided to Credit Action enabled around 22,000 people to receive money advice.</p>
<b>DebtCred</b>	The primary aim of DebtCred is to prepare school students for university life or employment by educating them about the sensible use of credit, personal financial management and the hazards of overindebtedness. Our funding in 2008 enabled DebtCred to provide free financial education sessions for schools, particularly those in areas where we are likely to have customers. This included supporting the delivery of four workshops to over 600 schoolchildren from a range of schools in the West Midlands.

## Employee volunteering

We recognise the important role our employees can play in working towards our mission statement. By investing their time, our employees can provide sustainable benefits to their local communities. We therefore encourage our employees to play an active role in the areas where they, our customers and agents live and work.

Employee volunteering benefits our business as well as the organisations our people support because it contributes to job satisfaction, motivates our people and provides them with new skills.

Both of Provident’s subsidiary businesses have employee volunteering policies. These policies support employees engaged in fundraising and volunteering activities for charity or a cause supported by the business. The policies grant members of staff up to two additional days paid leave to fulfil their volunteering activities.

A range of mechanisms are used to raise awareness of our community involvement programme and to encourage employees to participate in particular projects and fundraising activities. These include DVDs which are distributed to staff, articles in internal newsletters and bulletins,

and periodic campaigns on the achievements of our community involvement activities. As well as in our CR report, details of our community programme are also included in our annual report; both reports are distributed to all office locations.

During 2008, our people raised funding for a number of causes, including Sheffield Children’s Hospital and Guide Dogs. In addition, 28 employees volunteered to deliver over 700 sessions in the BITC ‘Right to Read’ scheme, and 167 employees took part in team challenges. Through our team challenges, we encourage employees to volunteer to take part in gardening, painting and decorating projects in the

communities we serve. Working on these community projects not only provides valuable community benefits, it also benefits our businesses by creating opportunities for team building within an engaging environment, leadership development, raising Provident's profile in the communities we serve, and enhancing employee morale and motivation. Throughout the year, 220 employees volunteered to take part in our community involvement activities, which equates to almost 7% of our workforce.

During 2008, employees within the Consumer Credit Division took part in challenges at Scholemoor Community Centre, Sedbergh Youth and Community Centre, Reevy Hill Primary School and Macmillan Adventure Playground Association (MAPA) in Bradford. Over 160 people ranging from clerical employees to directors took part in the challenges.

Volunteers helped MAPA to finish a much needed refurbishment project which was needed before the Association could reopen to the public. By providing volunteers and sourcing decorating materials, Provident enabled MAPA to open as planned.

*"The large numbers of enthusiastic and lively volunteers Provident organised for us the week before Christmas really gave us something to celebrate. The challenge was fun, the building is looking fantastic and we are finally able to invite people in to enjoy it with us."*

Rob Morrow, Project Manager, MAPA.

Provident employees gave the Sedbergh Community Centre in Odsal, Bradford a fresh new look, which provided local residents with access to a hugely improved facility for a range of activities including, mother and toddler groups and holiday clubs. Two employees from the Consumer

Credit Division's marketing team are now also working with the centre to devise a campaign to advertise the new activities to local residents.

*"I'm delighted with the marvellous job the team have done and I can honestly say that the community centre has not looked this good since 1968. It will make a tremendous difference to the children's lives."*

Arnie Butterfield, Centre Manager, Sedbergh Community Centre

The relationship between Provident Financial and the Scholemoor community in the Lidget Green area of Bradford is a good example of how long-lasting commitments can have enormous tangible community benefits. Provident's involvement has been substantial and has seen a wide range of activities from team challenges to mentoring and one member of staff becoming a trustee. This involvement has been clearly focussed on the identified needs of the residents and the delivery of their neighbourhood priorities.

*"Without the help we have had from Provident I don't think we would be anywhere near completing the Scholemoor project. It's great to know that when we need somebody to help us we only have to pick up the phone. We get a lot of support from different agencies but the relationship with Provident has remained constant for five years. For people giving up their*

*time as volunteers it is great to be supported in this way."*

Matthew Milnes – Scholemoor resident and Chair of the Sport and Recreation group for Scholemoor Beacon

## Evaluating our community programme

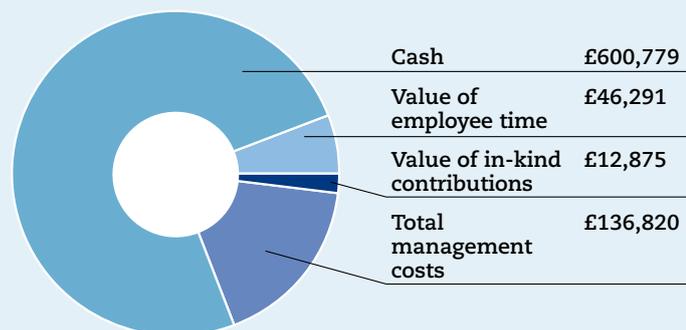
During the year, the company made donations for charitable purposes of £506,602 (2007: £566,723). The group invested a further £290,163 (2007:£413,531) in support of community programmes.

As London Benchmarking Group (LBG) members, we provide annual submissions of our community involvement performance data. This enables us to benchmark our programme against other organisations, and evaluate how much we contribute and how effective these contributions are in achieving our community objectives.

Our community involvement programme has been subject to external assurance review since 2006. This process assesses our application of the LBG model and the effectiveness of the implementation of our community strategy. The LBG model is used as the basis for collecting and reporting our community involvement data.

### £796,765 in donations to charities and in support of community programmes.

This figure can be broken down as follows:



The most recent LBG review reported that:

- We have robust systems in place for assessing the amounts we invest in our community programme through cash and in-kind contributions.
- We have extended our stakeholder consultation beyond the assessment of current activities to ensuring that the key concerns of customers, agents and employees are reflected in future community activity.
- Further improvements could be made to our systems to collect more detailed information from our operating divisions on all the activities and organisations that receive funding.
- We should continue to explore ways to increase the overall level of engagement in community activity.

## Developing Provident's future community programme

During 2008, we carried out initial research on the focus for our community involvement programme from 2009 onwards. The work involved consulting with residents in the communities we serve in Edinburgh, London, Manchester and Newport. The aim of the consultation was to understand the types of issues our community involvement activities should focus on in the future and to identify potential community partners.

In 2009, we aim to develop a major new strand for our community programme. We will work with community leaders in our local communities to identify projects that will benefit each particular area. Our local management will then work with the community organisations in their areas to deliver a series of projects and provide people, expertise and funding. Our aim will be to deliver projects to communities throughout the UK and Ireland. We will also work with our Spark partners so that they can continue to deliver community benefits long after our funding has come to an end.

The main conclusions of the research included:

- Although many groups of people were identified as being in need of assistance, projects for youths (aged 11-18) and the elderly were perceived to be most important.
- Provident should liaise with the local communities to assess specific requirements – this would further engage the communities we serve in terms of the support provided.
- Support should be provided to assist both existing projects and established activities within communities.

*'The large numbers of enthusiastic and lively volunteers Provident organised for us the week before Christmas really gave us something to celebrate. The challenge was fun, the building is looking fantastic and we are finally able to invite people in to enjoy it with us.'* Rob Morrow, Project Manager, MAPA.





# *environment*

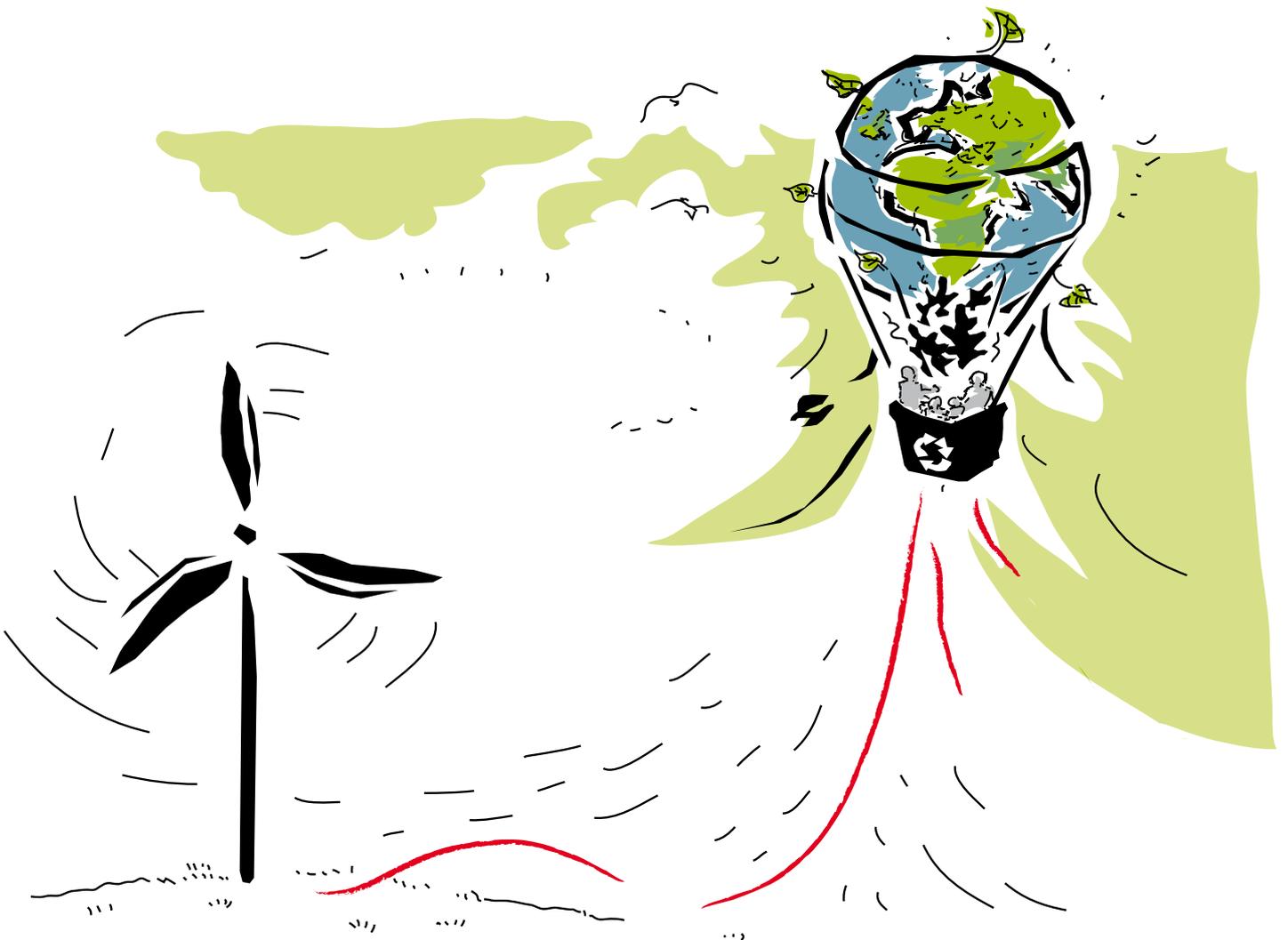
*managing our impacts  
on the environment*

**2,720**

**tonnes of carbon  
dioxide offset**

# *environment*

*Our values state that we will conduct our business in a responsible manner and this includes ensuring that we manage our impacts on the environment. Making sure our operations, products and services are environmentally responsible means we can grow our business in a sustainable way.*



# Targets

## Energy

2008

Establish an energy consumption baseline for the Consumer Credit Division branch network.

**Achieved:** During 2008, the energy use baseline for the Consumer Credit Division branch network was estimated to be 5,633 MWh.

Identify opportunities to embed consideration of energy efficiency measures into the group IT infrastructure.

**Achieved:** The full roll out of a new accounting and processing system within the Consumer Credit Division in September 2008 will enable saving measures to be implemented.

Continue to identify opportunities to offset carbon dioxide emissions associated with our operations, products and services.

**Not achieved:** This will be progressed once the full extent of Provident's carbon footprint has been established.

Explore the feasibility of commissioning the Carbon Trust, Energy Saving Trust, London Remade etc, to undertake reviews at Vanquis Bank.

**Achieved:** It was established that Vanquis Bank was eligible to receive a Carbon Trust energy efficiency audit. This will be pursued in 2009.

## Transport

2008

Establish the number of business miles travelled by Consumer Credit Division and Vanquis Bank staff in their own vehicles.

**Achieved:** During 2008, staff in our operating divisions travelled 7,802,046 business miles in their own vehicles.

Encourage the use of telephone conferencing as an alternative to business travel.

**Acceptable progress:** Green travel guides have been introduced within both our operating divisions which promote the teleconferencing facilities that are available.

*'Green travel guides have been introduced within both our operating divisions which promote the teleconferencing facilities that are available.'*

Paper		
2008	Establish paper use baselines associated with Consumer Credit Division and Vanquis Bank marketing activities.	<b>Achieved:</b> During 2008, the Provident Group used 1,852 tonnes of paper for marketing activities.
	Increase the use of recycled/Forest Stewardship Council paper in marketing activities throughout the group.	<b>Achieved:</b> During 2008, all paper used in marketing activities derived from sustainable sources.
	Increase paper recycling across the Consumer Credit Division branch network.	<b>Achieved:</b> During 2008, a nationwide contract was introduced across the Consumer Credit Division to shred securely and recycle confidential paper waste.
	Pilot the introduction of a 'no personal waste paper bin' policy in the Provident Financial head office.	<b>Not achieved:</b> This target was not pursued during 2008 because new recycling facilities were introduced at Provident's head office instead.
Water		
2008	Reduce water consumption across Provident's head offices to 9,000 litres per employee per year by 2009.	<b>Achieved:</b> During 2008, 5,580,000 litres (8,585 litres per employee per year) were used at our Bradford head office.
	Liaise with Yorkshire Water to identify opportunities to further reduce levels of water consumption at our main offices.	<b>Not achieved:</b> Throughout 2008, the water metering issue reported in last year's CR report continued but has now been resolved. However, because of this issue it was not possible to reduce levels of water consumption in 2008.

Waste		
2008	Continue to maintain a downward trend in total waste arising at head office (excluding one-off events such as office refurbishment/closure).	<b>Achieved:</b> During 2008, the total waste arising at Provident's head office was 294 tonnes (2007: 346 tonnes).
	Continue to identify opportunities to increase recycling/reuse rates across the Provident Financial group.	<b>Achieved:</b> During 2008, new facilities were introduced to improve the recycling of confidential waste and mixed waste.
	Undertake a review to determine the feasibility of establishing recycling rates at Vanquis Bank.	<b>Achieved:</b> Following consultation with the landlords of Vanquis Bank's properties, it has been determined that is not currently possible to establish recycling rates at the Bank.

Communication and stewardship		
2008	Continue to encourage individual employees to reduce their environmental impacts via an ongoing employee engagement programme.	<b>Acceptable progress:</b> Throughout 2008, employees were engaged in a range of environmental improvement measures using a number of mechanisms such as staff bulletins, intranet sites, etc.
	Develop and disseminate an environmental improvement best practice guide to the Consumer Credit Division branch network.	<b>Acceptable progress:</b> During 2008, initial work was undertaken to identify the environmental improvements that can be made within the Consumer Credit Division branch network. These will be disseminated to the branch offices during 2009.
	Develop a strategy to engage with customers on relevant environmental issues such as energy efficiency.	<b>Achieved:</b> During 2008, almost two million leaflets were sent to customers which advised them of ways to save money by using energy at home in a more efficient manner.

*'During 2008, new facilities were introduced to improve the recycling of confidential waste and mixed waste.'*

# Targets

## Energy

**2009**

Reduce energy consumption by 10% by 2011 and by 15% by 2013 based on 2008 levels.

Pilot the introduction of automatic meter reading ('smart meter') systems in a sample of the Consumer Credit Division's branch offices.

Continue to identify opportunities to offset carbon dioxide emissions associated with our operations, products and services.

Undertake a Carbon Trust energy efficiency audit at Vanquis Bank's contact centre.

## Transport

**2009**

Develop and implement a revised sustainable travel plan for Vanquis Bank.

Investigate sustainable travel options that can be factored into the proposed relocation of the Provident Financial head office.

## Waste

**2009**

Increase the amount of mixed waste recycled within the Consumer Credit Division branch network.

Pilot the introduction of a new waste management contract within the Consumer Credit Division branch network.

Continue to identify opportunities to determine the feasibility of establishing recycling rates at Vanquis Bank.

## Paper

**2009**

Increase the amount of paper recycled across the Provident Financial group by 20% by 2011 based on 2008 levels.

## Water

**2009**

Progress work to liaise with Yorkshire Water to identify opportunities to reduce levels of water consumption at Provident's head office.

## Communication and stewardship

**2009**

Continue to engage with customers on relevant environmental issues (eg energy efficiency).

Continue to encourage individual employees to reduce their environmental impacts via an ongoing employee engagement programme.

Progress the development and dissemination of environmental management best practice within the Consumer Credit Division branch network.

Ensure that environmental considerations are factored into the proposed relocation of the Provident Financial head office.

### *Why we manage our impacts on the environment*

As a business with operations spread across many towns and cities in the UK and Ireland, Provident has a number of impacts on the environment. These impacts relate to a wide range of issues, including energy use and transport, water consumption, waste management, and the use of materials such as paper.

The pressure and reasons for tackling these issues are increasing considerably. In November 2008, the pioneering Climate Change Act became law in the UK. Part of the act means that in the future, large, non-energy intensive companies will have to pay for their carbon emissions in a cap-and-trade scheme.

In addition, the rising cost of electricity and gas, taxes associated with waste disposal and increased regulatory and customer pressure all mean that it makes good business sense to improve energy and resource efficiency.

As well as the direct financial cost to our business, we have a responsibility to reduce our environmental impact, and in particular our CO<sub>2</sub> emissions, in order to reduce our effect on climate change.

We also recognise that we are ideally placed to engage with our customers, employees and suppliers to encourage them to reduce their environmental impacts and think about the opportunities they have to save money by using energy and resources in a more efficient manner.

While our impacts on the environment are small compared to businesses in some other sectors, we recognise that by actively managing our

environmental impacts we can contribute to the long-term sustainability of our business. This means ensuring that we identify opportunities to reduce levels of energy and resource use and being accountable for our impact on global environmental issues such as climate change.

### *How we manage our environmental impacts*

To help us protect the environment and reduce our environmental impacts, we have an environmental policy which has been in place since 2000.

The purpose of the policy is to limit the impact that our business operations, products and services have on the environment, and to effectively manage all material



environmental risks. The policy focuses on our direct impacts such as energy, waste and resource management, greenhouse gas emissions and awareness-raising amongst our employees and other key stakeholders. The policy also focuses on our indirect impacts resulting from our procurement activities and lending processes.

Our environmental management system (EMS) was introduced to ensure that we deliver against the commitments set out in our environmental policy. The EMS, which mirrors the requirements of the international environmental standard ISO 14001, enables our people to identify opportunities to improve our environmental performance.

The EMS also ensures compliance with environmental legislation and comprises a register of legislation which is updated on an annual basis. In addition, regular briefings are provided to key personnel within the business (eg the General Counsel) to update them on regulatory and legislative developments which relate to environmental management.

Management of the environmental policy and the EMS is carried out by the environmental working groups (EWGs) based within our operating businesses. These groups are also responsible for establishing environmental objectives and targets, and evaluating performance against them. In order to increase their effectiveness, the EWGs include representatives from across the divisions including members from central services and facilities management, marketing, HR, communications, branch offices, procurement, compliance and IT.

To make sure we are on top of best practice and legislation, Provident's compliance with ISO 14001 requirements and environmental legislation is evaluated on an annual basis through an independent, internal audit.



### Climate change

Climate change represents the single largest environmental challenge confronting humankind; its effects are already being felt in the UK and around the world. Not only will climate change have serious environmental impacts but the estimates of the future costs of climate change dwarf even the current economic downturn.

In 2007, we published our low carbon strategy to help minimise our contribution to climate change. By managing our impact on climate change, we are able to do our bit to minimise occasions when our business operations will be interrupted by incidents of adverse weather. The strategy introduced measures to improve our energy efficiency and reduce the carbon intensity of our operations, products and services. Throughout 2008, we undertook a range of activities which focused on two of the objectives. As part of this we continued to measure and benchmark our energy usage and carbon dioxide emissions. We also engaged our customers in the Consumer Credit Division on a range of money-saving tips. This included a leaflet specifically concerned with energy efficiency in the home, which was distributed to the Division's customers. Almost two million leaflets were sent to customers advising them of ways to save money and be more environmentally friendly.

### Energy use

The business case for energy efficiency is clear; it reduces energy costs, reduces vulnerability to increasing energy prices and reduces CO<sub>2</sub> emissions.

During 2008, energy consumption across Provident, based on the data we reported last year, was 6,677 MWh. This is an increase of 0.75% on 2007.

In addition, for the first time in 2008 we were able to establish an energy use baseline for the Consumer Credit Division. Throughout the year, 5,633 MWh of energy were consumed by the Consumer Credit Division's 300 strong network of branch offices. Now we have this information, we will be able to implement measures to improve energy efficiency in this area of our business.

Provident's total CO<sub>2</sub> emissions associated with energy use in 2008 were 3,522 tonnes compared with 2,080 tonnes in 2007. The apparent increase in these emissions is due to the inclusion, for the first time, of the energy use for the Consumer Credit Division's network of branch offices.

A significant proportion (over 88% by revenue) of the electricity supplied to Provident, was purchased from 'Good Quality Combined Heat and Power (CHP)' schemes. This enables us to reduce the carbon intensity of the electricity we use.

To achieve reductions in our energy use we continued to adopt energy efficiency measures within our office infrastructure, for example installing motion sensors and energy efficient lighting during office refurbishments. This is something we intend to continue over the next 12 months.

### Business mileage and emissions

Travelling is an integral part of the way we do business. We provide financial products and services to customers across the UK and Ireland; maintaining regular face-to-face contact with these customers is extremely important to us. We employ over 3,400 people across every town and city in the UK and Ireland, and the travel of our staff between locations is a characteristic of how we do things at Provident.

We recognise that business travel has a direct impact on the environment, particularly through the emission of pollutants from vehicles, and the consumption of finite resources. In particular, the emissions associated with business travel are a significant contributor to climate change. In addition, the emission of other transport-related pollutants, such as oxides of nitrogen and particulates, can cause health problems. Business travel is also costly with the CBI estimating that traffic congestion costs the UK economy as much as £20 billion per year in lost time and resources.

We continue to monitor the amount of business travel that employees across the Provident Financial group undertake by air, rail and road. In 2008, employees with company cars used 1,305,872 litres of diesel and petrol; this compares with 840,356 litres in 2007 or a 55% increase. This accounts for 2,600 tonnes of carbon dioxide (2007: 2,128 tonnes). In addition to this, employees who use their own

vehicles for business-related activities clocked up 7,802,046 miles (2007: 6,842,345 miles) – this accounts for 2,606 tonnes of carbon dioxide (2007: 2,285 tonnes).

Throughout the year, the total number of miles travelled by employees on train journeys was 255,984 (2007: 150,998 miles); this accounted for 24.7 tonnes of carbon dioxide (2007: 14.6 tonnes). The number of air miles travelled by employees was 338,410, (2007: 122,984 miles) which accounted for 89 tonnes of carbon dioxide (2007: 25.7 tonnes).

The overall increase in the business travel data that is reported this year has occurred

for two main reasons. Firstly, the systems we have developed over past 18 months to capture travel-related data have now been fully embedded across our businesses and therefore allows us to monitor the business travel activities of all employees. This has, for the first time, enabled us to report all travel-related data for the full year for the Consumer Credit Division. Secondly, the growth in customer numbers during 2008, particularly in the Consumer Credit Division, meant that our employees have undertaken more business-related journeys.

Over the next year, we will engage with our people to promote more sustainable forms of transport and to reduce non-essential travel.

### Absolute energy consumption

Year	Head office and Vanquis Bank energy use (MWh)	CDD branch network energy consumption (MWh)
2008	6,677	5,633
2007	6,627	Not available
2006	5,224	Not available
2005	3,844	Not available
2004	3,572	Not available

Energy use = gas and electricity

### Energy consumption per £m turnover

Year	MWh/£m turnover
2008	16.10
2007	10.13
2006	8.55
2005	6.44
2004	6.33

As part of our low carbon strategy we try to encourage our employees to travel in a responsible way. During the year, we published a green travel guide for our Vanquis Bank premises in London and Chatham, Kent. The guide provides practical measures on how to tackle unsustainable patterns of business travel, including the promotion of car sharing, use of public transport, walking and cycling, and the use of teleconferencing facilities. The guide also offers advice produced by the Energy Saving Trust for safer, greener car travel.

In addition Provident continues to offer more fuel efficient cars as company cars, including those using hybrid technology, to reduce CO<sub>2</sub> emissions relating to business travel.

**Offsetting business-related carbon emissions**

In 2008, we took the decision to offset the carbon dioxide emissions associated with the business-related journeys made by employees using their own vehicles, trains and flights. These journeys account for 2,720 tonnes of carbon dioxide. The emissions were offset by an investment in the Santa Edwiges II small hydropower project in Midwest Brazil. This project will result in the installation of a small hydroelectric power station that will improve the supply of clean, renewable electricity while contributing to local economic development. The project reduces the emission of greenhouse gases by avoiding electricity generated by fossil fuel sources.

By offsetting emissions, we can ensure that our environmental programme continues to follow best practice in terms of carbon management, provide tangible evidence to our stakeholders of the measures we have introduced to reduce the carbon intensity of our operations, and further underline the relevance of our core values to the business.



**Waste management and paper use**

Like all businesses, Provident's business activities result in the generation of waste. However, our environmental policy commits us to reduce, reuse and recycle as much waste as is practical. The way that waste is managed can have significant environmental impacts. Disposal of waste to landfill, for instance, can cause pollution of water courses and land contamination, as well as generating methane, a potent greenhouse gas.

Environmental reasons are not the sole purpose for waste minimisation. The cost of waste disposal continues to increase,

with landfill tax at £32 per tonne in April 2008 and set to increase by £8 per tonne per year until at least 2010/11. Waste minimisation and resource efficiency are key business issues and can enable us to achieve cost savings as well as reducing our impact on the environment.

During 2008, the amount of waste generated by the Consumer Credit Division and head office combined was 1,217 tonnes (2007: 379 tonnes). Of this 86% (1,055 tonnes) was recycled. The increase reported here is due to the development of better systems which enable us to account for the waste that was recycled by the Division's branch offices.

Paper continues to be Provident's most significant waste stream. Paper use across the Provident Financial group in 2008 was 2,412 tonnes (2007: 1,663 tonnes). This accounted for 560 tonnes of paper used in printers and photocopiers, and 1,852 tonnes in marketing activities. We recognise that the provenance of the paper we use is also important and so continue to use recycled paper in photocopiers and printers, with all paper used in marketing activities coming from sustainable sources. For example, the paper used within the Consumer Credit Division is approved under the Programme for the Endorsement of Forest Certification schemes.

### Absolute waste production

Year	Head office waste production	GCD branch network waste production
2008	293.7	923.06
2007	379.1	Not available
2006	260.8	Not available
2005	261.5	Not available
2004	263.4	Not available

### Water use

We continue to monitor rates of water consumption in those areas of our business where we can access data on water use. During 2008, 5,580,000 litres of water were used at our Bradford head office which equates to 8.585 litres per employee per year.

### Waste production per £m turnover

Year	Tonnes/£m turnover
2008	1.63
2007	0.58
2006	0.43
2005	0.44
2004	0.47

### Communicating with our stakeholders

Stakeholder communications are not a one way street. At Provident we have enormous potential to engage our stakeholders in environmental issues. Communicating with our employees to ask that they switch off office equipment when not in use is a good, common sense business practice, and one which they may well take home with them. Raising awareness of energy efficiency with our customers helps them to reduce their environmental impact and save money.

### Absolute waste recycled

Year	Tonnes
2008	1,054.9
2007	146.8
2006	147.9
2005	109.2
2004	117.3

To reduce the environmental impacts of our offices it is crucial that we engage our employees; they work in our offices day-to-day and they have the opportunity to reduce costs and environmental impacts by improving the use of office resources such as paper and electricity. Many of the ways to reduce impacts on the environment cost little or nothing to implement but result in significant cost and resource savings. Throughout 2008, a range of internal communication activities were carried out across Provident to raise awareness amongst employees of the steps that can be taken to minimise our environmental impacts. These included use of posters, emails and internal briefings, as well as the delivery of environmental improvement campaigns to staff.

### Group paper use

Year	Paper use GCD (tonnes)	Paper use Vanquis Bank (tonnes)
2008	1045.5	1366.4
2007	1219.9	442.8
2006	565.9	Not available
2005	578.8	Not available
2004	599.8	Not available

*'To reduce the environmental impacts of our offices it is crucial that we engage our employees; they work in our offices day-to-day and they have the opportunity to reduce costs and environmental impacts.'*

## KPI Table

Measure	2008	2007	Tonnes CO <sub>2</sub> 2007	Tonnes CO <sub>2</sub> 2008
Energy consumption across Provident Financial, based on the data we reported last year.	6,677 MWh	6,627 MWh		
Energy consumption for the Consumer Credit Division branch network	5,633 MWh	Not available		
Energy consumption per £m turnover	16.10 MWh	10.13 MWh		
CO <sub>2</sub> emissions associated with energy use			3,522	2,080
Litres of diesel and petrol used by employees with company cars	1,035,872 litres	840,356 litres	2600	2,128
Miles travelled by employees who use their own vehicles for business-related activities	7,802,046 miles	6,842,345 miles	2,606	2,285
Train miles travelled	255,984 miles	150,998 miles	24.7	14.6
Air miles travelled	338,410 miles	122,984 miles	89	25.7
Waste generated	1,217 tonnes	379 tonnes		
Waste recycled	1,055 tonnes / 86% recycled	147 tonnes / 39% recycled		
Waste production per £m turnover	1.63 Tonnes	0.58 Tonnes		
Paper use across the Provident Financial group	2,412 tonnes	1,663 tonnes		
Paper used in printers and photocopiers	560 tonnes	619 tonnes		
Paper used in marketing activities	1,852 tonnes	1,044 tonnes		
Litres of water used at our Bradford head office	5,580,000 litres	5,451,000 litres		



### *Head office relocation*

During the summer of 2008, we announced our intention to relocate our head office to a new site in Bradford city centre. The move, which is scheduled to take place in 2010, will give us the opportunity to implement measures to reduce our impact on the environment at the design and procurement stages of this development. To this end, we will use the Building Research Establishment Environmental Assessment Methodology (BREEAM) for Offices in the development of the new offices. This methodology is the world's

most widely used means of reviewing and improving the environmental performance of office buildings. Buildings are assessed and awarded credits according to their level of performance within a range of environmental categories including energy use, health and well being, transport, materials and water. The credits are then added together using a set of environmental weightings to produce a single overall score. The building is then rated as either Outstanding, Excellent, Very Good, Good or Pass. It is anticipated that Provident's new offices will achieve a rating of Very Good.

**Over  
88%**  
of the electricity supplied to Provident was purchased from 'Good Quality Combined Heat and Power (CHP)' schemes.





*assurance statement*

*GRI index*

*stakeholder feedback*

# assurance statement

## External assurance statement and commentary

### Assurance statement

Provident Financial has commissioned Corporate Citizenship to provide external assurance and a commentary on its *Corporate Responsibility Report 2008*.

### The scope of our assurance

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

Provident Financial has chosen to use the new iteration of the AA1000 standard, AA1000AS (2008). Our assurance is a Type 2 assurance as defined by the standard, in that it evaluates the nature and extent of adherence to the AA1000AS principles of inclusivity, materiality and responsiveness and assures the behaviour of the organisation as reported here.

Our assurance used disclosed information as its starting point and then investigated the

underlying systems, processes and sustainability performance information to arrive at its conclusions. It has verified the reliability of selected reported sustainability performance information. We have had regard to GRI's G3 sustainability reporting guidelines for content and the quality of information ([www.globalreporting.org](http://www.globalreporting.org)).

The level of assurance offered is moderate as defined by AA1000AS (2008). That is to say, our work obtained sufficient evidence to support the statement that the risk of our conclusion being in error is reduced.

Provident Financial is entirely and solely responsible for the contents of the report, *Corporate Citizenship* for its assurance. Our assurance is confined to the printed *Corporate Responsibility Report 2008*. It does not cover Provident Financial's other reports or on-line material and coverage. A detailed note of our assurance methodology appears at the end of this statement.

### Opinion and conclusions

In our opinion the *Provident Financial Corporate Responsibility Report 2008* reflects the principles of AA1000 (2008), namely

inclusivity, materiality and responsiveness. The specified sustainability performance information is reliable and accurate. The level of assurance is that defined by AA1000 as moderate.

Provident Financial engages with key stakeholder groups, gives balanced consideration to their views and issues, assesses which are material, and responds by altering practice and innovating as appropriate.

### Commentary

Provident Financial has made a number of positive steps forward in its reporting this year, taking into account feedback received on its *Corporate Responsibility Report 2007*. We single out the following instances for special note:

- Five corporate values were identified in 2008, following internal consultation. The inclusion of values in the report for the first time helps stakeholders better understand the basis of policies and form a judgement about corporate behaviours.
- To some stakeholders, the APR (annual percentage rate) of Provident Financial's products appears

comparatively high. Provident Financial tackles this issue in more depth than in previous reports, stating product APRs and explaining the rationale behind rates.

- A lack of internal awareness of the whistle-blowing hotline identified last year has been addressed. A new whistle-blowing service has been successfully launched and details of usage now included for the first time.
- The link between corporate responsibility and the core business is more explicit than in previous reports, giving the reader a clearer understanding of the extent to which responsible practices are embedded within the organisation.

Our detailed commentary below focuses on the three principles of the AA1000 assurance standard.

### Materiality

*Does the report include the issues relevant and significant to Provident Financial and its stakeholders?*

As a non-standard lender, debt collection is a significant issue for Provident Financial's stakeholders. Debt collection is addressed in the report, but there is scope for further details to be included going forward, such as the number of customers passed on to debt collection agencies.

Agents are the main face-to-face contact with customers, making them fundamental to Provident Financial's business model. They do not have a contract of employment with the company but are self-employed. The level of information on agents is greater than in previous reports, most notably on how agents assess customers and judge lending levels. Given the role agents play, we recommend future reports provide even greater detail, particularly on agent recruitment,

turnover, health and safety and training.

As a home credit business, agents and staff are involved in directly handling money. In future reporting, consideration should be given to explaining the systems in place to guard against fraud, with details of any reported allegations, prosecutions and outcomes.

The amount of corporation tax paid and practices to minimise liabilities are of growing concern to some stakeholders.

We recommend that Provident Financial considers including a statement on its stance on tax in future reports.

### Inclusivity

*Does Provident Financial engage with stakeholders and involve them in company decision making?*

Provident Financial engages with a range of stakeholders in a variety of ways. This year's report is enhanced through the inclusion of all the key issues raised at the annual stakeholder roundtable and details of how these have been addressed.

Employee forums and employee engagement surveys provide mechanisms by which employees are engaged. Details of the new work-streams developed following the findings of the engagement survey are reported but greater evidence of employee opinion influencing decision making would strengthen future reports.

The report reveals how feedback from local community groups shaped the development of Provident Financial's new community programme. We recommend this engagement be an on-going process, driving objective setting for projects at a local level and measuring community impact.

### Responsiveness

*Does Provident Financial respond to stakeholder issues and feedback through decisions, actions, performance and communication?*

Information on customer complaints is more thorough than in previous years, principally in relation to details on the number and type of complaints. In future, more could be provided on the response to complaints, especially in relation to those referred to the Financial Ombudsmen Service.

Provident Financial assesses its suppliers against a set of environmental, social and ethical criteria, since many stakeholders are concerned about the impact of companies beyond their direct operations. The next step for Provident Financial is to look to proactively influence supplier performance on corporate responsibility.

Building on current evidence of stakeholder engagement, there is scope for stakeholders to be given greater voice throughout the report. We recommend a clearer link be made between objectives and developments, and stakeholder expectation and feedback.

### Looking forward

As with previous Provident Financial reports, it is positive to see included details of how cash value added is allocated between stakeholder groups. However, to make progress, we recommend Provident Financial assesses the company's wider economic impacts and report on these.

Stakeholder expectation has driven a shift in reporting towards sustainable development over recent years. Given this trend, Provident Financial should give consideration to expanding the focus of its reporting going forward.

**Corporate Citizenship**  
London, 16 June 2009

## Methodological notes

The assurance work was commissioned in November 2008 and was completed on 16 June 2009. Detailed records were kept of meetings, assurance visits and correspondence relating to the inclusivity, materiality and responsiveness of the report, as well as to technical matters relating to the accuracy and presentation of data. A team of three, led by a director, undertook the assurance and commentary process. A second director acted as adviser to the group. The team has extensive relevant professional and technical competencies and experience. For a fuller description please refer to our website.

Our external assurance and commentary process for Provident Financial's Corporate Responsibility Report 2008 has involved, but not been limited to, the following elements:

- Discussion with Provident Financial's management about reporting the company's approach to corporate responsibility, policies, performance measures, benchmarks, stakeholder relations and future plans.
- An analysis of best practice among other companies, the principles of the GRI (G3) and AA1000AS, notably regarding the reliability, materiality, inclusivity and responsiveness of the report's contents.
- Benchmarking against peers, competitors, best practice and internationally recognised standards to identify the basis on which to judge Provident Financial's performance.

- A review of published sources of information about the views and opinions of external stakeholders, including Government agencies, media, academics and special interest groups.
- Conducting a structured stakeholder roundtable involving representatives of key stakeholder groups, looking at how Provident Financial's reporting meets their needs.
- An appraisal of Provident Financial's additional stakeholder engagement activities, principally employee surveys and customer opinion research.
- Interviews of members of staff including: Corporate Responsibility Manager, Public Affairs Manager, Community Affairs Manager, Value Management Director (CCD), HR Director (CCD), Market Research Managers (CCD), HR Director (Vanquis), Compliance Manager (Vanquis).
- Conducting an employee roundtable at Vanquis Bank call centre.
- Site visits to Provident Financial's three main offices in Bradford, London and Chatham, and two Consumer Credit Division branches in Tooting and Croydon.
- Examination of the report at set stages in its development and testing of the assertions throughout on a section-by-section basis, drawing from evidence and supporting documentation, reporting mechanisms, frameworks and processes.

- Checks on a sample basis of elements of the report's contents to underlying records, particularly of the numerical data within the report.

Our work did not extend to a complete audit of the report's contents. We have not been responsible for the preparation of the 2008 report nor in devising the internal management and reporting systems that yielded the data contained therein.

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

Corporate Citizenship is a leading assessor of corporate responsibility reports. The company is a member of AccountAbility (Institute for Social and Ethical AccountAbility).

We have provided report assurance for Provident Financial since 2004. In addition to our work on assurance and stakeholder engagement, Provident Financial is a member of the LBG (London Benchmarking Group [www.lbg-online.net](http://www.lbg-online.net)), an evaluation framework for corporate community involvement which we manage on behalf of its members and adherents.



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# GRI index



Corporate Citizenship has independently checked our 2008 CR report and has determined that it is consistent with an application level of B+. Corporate Citizenship has assessed all additional indicators and has included in this table the indicators that are materially relevant to Provident Financial.

## Colour key

	<b>COMPANY PROFILE DISCLOSURES</b> (Governance + Strategy items)		<b>REPORTED</b>
	<b>MANAGEMENT APPROACH DISCLOSURES</b> (Governance + Strategy items)		<b>PARTIALLY REPORTED</b>
	<b>CORE PERFORMANCE INDICATORS</b> (Compulsory)		<b>NOT REPORTED</b>
	<b>ADDITIONAL PERFORMANCE INDICATORS</b> (Optional)		<b>NOT MATERIAL CONSIDERATION FOR PF</b>

Indicator		Comment/section
<b>Vision and strategy</b>		
1.1	Statement from the CEO.	CEO Statement in Introduction (pages 4-5).
1.2	Description of key risks and opportunities.	CEO Statement (pages 4-5), Why We Manage Corporate Responsibility (page 8), Annual Report 2008: Our Straightforward Approach (pages 4-10), Chief Executive Statement (pages 14-16), Risks (pages 38-39).
<b>Organisational profile</b>		
2.1	Name of reporting organisation.	Provident Financial plc
2.2	Primary brands products and/or services. The reporting organisation should indicate the nature of its role in providing these products and services, and the degree to which it utilises outsourcing.	Our Products (pages 6-7), Our Products and Services (page 23), Annual Report 2008: Consumer Credit Division (pages 18-15), Vanquis Bank (pages 26-31).
2.3	Operating structure of the organisation and major divisions, operating companies, subsidiaries and joint ventures.	Our Company (page 5). PF consists of two main businesses - Consumer Credit Division and Vanquis Bank. Annual Report 2008: Group Business Review (page 17).
2.4	Location of organisation's headquarters.	Back cover.
2.5	Number of countries where the organisation operates or that are specifically relevant to the sustainability issues covered in the report.	Our Company (page 5). PF operates in the UK and Ireland. Annual Report 2008: Where We Operate (inside front cover).
2.6	Nature of ownership and legal form.	UK plc listed on the London Stock Exchange.
2.7	Markets served (including geographical breakdown, sectors served, types of customers/beneficiaries).	Our Products (pages 6-7), Why Our Customers Are Important To Us (page 21). Socio-economic breakdown and financial history of customers. Annual Report 2008: Our Business At A Glance (inside front cover), Group Business Review (pages 17-31). There is fuller data available for CCD compared to Vanquis.
2.8	Scale of the reporting organisation, including: number of employees, net sales/revenues, and total capitalisation broken down.	Our Company, for number of employees (page 5), Our Products, for number of customers and average credit issued to customer (pages 6-7), Annual Report 2008: Financial Statements (pages 74-76) for total revenue, net profit, total assets, total capitalisation.
2.9	Significant changes during the reporting period regarding size, structure or ownership and location.	Vanquis Call Centre relocated to new offices in Chatham as reported in Annual report 2008: Our Strategy and KPIs (pages 12-13).
2.10	Awards received in the reporting period.	In 2008, Provident, along with the Battersea Arts Centre, were named as the 'Corporate Partnership of the Year' at the Charity Times awards for the work on Provident's Spark project. In addition, Provident and the West Yorkshire Playhouse were shortlisted for the A&B 'Young People Award' at the 30th Arts & Business awards. Provident also won the 'Best Annual Report for Investors - FTSE 250' award at the IR Society's best practice awards ceremony.
<b>Report profile</b>		
3.1	Reporting period for information provided.	Calendar year 2008
3.2	Date of most recent report if any.	Provident Financial Corporate Responsibility Report 2007
3.3	Reporting cycle.	Annual
3.4	Contact point for questions regarding the report and its context.	corporateresponsibility@providentfinancial.com
<b>Report scope and boundary</b>		
3.5	Process for defining report content, including determining materiality, prioritising topics within the report and identifying the stakeholders that the organisation expects to use the report. Include an explanation of how the organisation has applied the Guidance on Defining Report Content and the associated principles.	CEO Statement (pages 4-5), Our Stakeholders (pages 14-15). To ensure the report deals with PF's material issues, we engage with key stakeholders to understand their needs, expectations and concerns. Primarily this is achieved through an annual stakeholder roundtable facilitated by an independent third party, which feeds into the development of report content.
3.6	Boundary of the report (eg countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	Our Company (page 5), Our Products (pages 6-7). The report covers all of PF's operations, which are in the UK and Ireland.

3.7	State any specific limitations on the scope of the report. If the report does not address the full range of material impacts of the organisation, state the strategy and timeline for providing complete coverage.	The report fully address material the environmental, social and economic impacts of the organisation.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	About This report (page 9). The report relates to Provident Financial plc and its subsidiary businesses (ie Consumer Credit Division and Vanquis Bank) and covers the calendar year 2008.
3.9	Data measurement techniques and the basis of calculations, including assumptions and estimations applied to the information in the report. Explain any decisions not to apply, or to diverge from, the GRI Indicator Protocols.	The basis of calculations are fully explained in the report.
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (eg mergers/acquisitions, change of base year/periods, nature of business, measurement methods).	There have been no restatements of information.
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	There have been no significant changes from previous reporting periods in the methods applied in the report.
<b>GRI content index</b>		
3.12	GRI context index table identifying the location of the standard disclosures in the report.	This is the GRI Index table.
3.13	Policy and current practice with regard to seeking independent assurance for the report.	Assurance and Audit Processes (page 17). CR Report assured by Corporate Citizenship, community data by Corporate Citizenship, environmental data audited by SEQM.
<b>Governance, commitments and engagement</b>		
4.1	Governance structure of the organisation including committees under the highest governance body responsible for specific tasks such as setting strategy or oversight for the organisation. Describe the mandate and composition of such committees and indicate any direct responsibility for economic, social and environmental performance.	Governance and Management (pages 12-17). Annual Report 2008: Our Directors, Officers and Board Committees (pages 48-54).
4.2	Indicate if the Chair of the highest governance body is also an executive officer and if so their function within the organisation's management and the reasons for this arrangement.	Annual Report 2008: Our Directors, Officers and Board Committees (pages 48).
4.3	For organisations that have a unitary board structure state: the number of members of the highest governance body that are independent and/or non-executive directors and how the organisation defines 'independent' and 'non-executive'.	Annual Report 2008: Our Directors, Officers and Board Committees (pages 48-49).
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. Include references to processes regarding: the use of shareholder resolutions or other mechanisms for enabling minority shareholders to express opinions to the highest governance body; and informing and consulting employees about working relationships with formal representation bodies such as organisation level works councils and representation of employees in the highest governance body.	How We Manage CR (page 13), Stakeholder Dialogue (pages 14-15). Annual Report 2008: Employee Involvement (page 54), Relationship with Shareholders (page 61). Members of the board meet with institutional shareholders on a regular basis. The Chairman is responsible for ensuring that appropriate channels of communication are established between directors and shareholders and ensuring that the views of the shareholders are made known to the board. An investor relations report is considered by the board at each meeting and independent reviews of shareholder views are commissioned.
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives and the organisation's performance.	Cash Bonuses (page 17). Annual Report 2008: Remuneration Report (page 63-73).
4.6	Processes of the highest governance body to ensure conflicts of interest are avoided.	Annual Report 2008: Governance Framework (page 56-57), Conflicts of Interest (page 58).
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental and social topics.	Annual Report 2008: Training (page 58). Directors are trained on environmental, social and governance issues.
4.8	Internally developed mission and values statements, codes of conduct, and principles relevant to economic, environmental and social performance, the status of their implementation and the degree to which these are applied across the organisation.	Mission and Values (page 14). Our corporate values were identified in 2008. Our aim is to focus on embedding the values across the business in 2009. We will report on the status of their implementation in future reports.
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence/compliance with internationally agreed standards, codes of conduct and principles.	Why We Manage CR (page 13), Risk Management (page 15-17), Assurance & Audit Processes (page 19). Annual Report 2008: Environmental, Social & Governance Matters (page 17).
4.10	Processes for evaluating the performance of the highest governance body, particularly with respect to economic, environmental and social performance.	Annual Report 2008: Environmental, Social & Governance Matters (page 54). The groups performance against ESG objectives/targets is assessed by annual process of external verification. Annual Report 2008: Performance & Evaluation (page 57-58). The Chairman evaluates directors performance and an independent director evaluates the Chairman's performance.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation (Article 15 of the Rio Principles).	The precautionary principles are accepted.
4.12	Externally developed economic, environmental and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses.	PF is not signed up to any external charters.
4.13	Significant memberships in associations and/or national/international advocacy organisations in which the organisation has positions on governance bodies, participates in projects or committees, provides substantive funding beyond routine membership dues or views membership as strategic.	Membership (page 15), Money Advice and Financial Education (pages 53-55).
<b>Stakeholder engagement</b>		
4.14	List of stakeholder groups engaged by organisations.	Our Stakeholders (pages 14-15).
4.15	Basis for identification and selection of stakeholders to engage, including the organisation's process for defining its stakeholder groups, and for determining the groups with which to engage and not to engage.	Stakeholder Dialogue (pages 14-15).

4.16	Approaches to stakeholder engagement, including frequency of engagement. The organisation should indicate whether any of the engagement was undertaken specifically as part of the report preparation process.	Our Stakeholders (pages 14-15), Customer Satisfaction & Complaints (pages 26-27), Employee Engagement (pages 33-35), Developing Provident's Future Community Programme (page 57), How We Manage Our Environmental Impacts (pages 65-66), Communicating With Our Stakeholders (page 69).
4.17	Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded to those key issues and concerns.	Our Stakeholders (pages 14-15), Customer Satisfaction & Complaints (pages 26-27), Employee Engagement (pages 33-34), Developing Provident's Future Community Programme (page 57), How We Manage Our Environmental Impacts (pages 65-66), Stakeholder Feedback (page 82).
<b>Economic performance indicators</b>		
	Economic management approach.	Group Highlights (page 8).
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and Governments.	Group Highlights (page 8).
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Why We Manage Corporate Responsibility (page 8), Why We Manage Our Impacts On The Environment (page 65).
EC3	Coverage of organisations defined benefit plan obligations.	Annual Report 2008: Retirement Benefits (page 83), Capital Risk Management (page 88), Discounted Operations (page 94), Retirement Benefit Asset (page 114-117).
EC4	Significant financial assistance received from Government.	Not a material issue. No significant financial assistance received from Government.
EC5	Range of ratios of standard entry level wage compared to the local minimum wage at significant locations of operation.	We have not reported on our standard entry level wage in relation to the local minimum wage.
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation.	Supply Chain (pages 42-46) for policy and practices. Our total procurement spend is £96.9 million. The majority of supplies are sourced domestically.
EC7	Procedures for local hiring, and proportion of senior management in locations of significant operation from local community.	Our approach to recruitment is based on equality. We operate in the UK & Ireland, with the majority of staff from local communities.
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro-bono engagement.	Not a material issue for PF due to the size and nature of the company.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Not a material issue for PF as our indirect economic impacts are widespread.
<b>Environmental performance indicators</b>		
	Environmental management approach.	How We Manage Our Environmental Impacts (pages 68-69).
EN1	Materials used by weight or volume.	Waste Management and Paper Use (pages 68-69).
EN2	Percentage of materials used that are re-cycled input materials.	Waste Management and Paper Use (pages 62-63).
EN3	Direct energy consumption by primary energy source.	Not a material issue for PF as the business does not produce its own energy.
EN4	Indirect energy consumption by primary source.	Energy Use (pages 66-67).
EN5	Energy saved due to conservation and efficiency improvements.	Climate Change (page 66). We provide details on energy efficiency initiatives and hope to be able to report on energy saved in future years.
EN6	Initiatives to provide energy-efficient or renewable energy based products and services.	Not material for PF as our business provides small sum loans.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Business Mileage and Emissions (pages 67-68).
EN8	Total water withdrawn by source.	Water Use (page 69).
EN9	Water sources significantly affected by withdrawal of water.	Water Use (page 69). The majority of water is provided by Yorkshire Water.
EN10	Percentage and total volume of water recycled and reused.	The nature of our business means we are not in a position to recycle or reuse water so our goal is instead to reduce water use. Water recycling and reuse will be considered in all new buildings, such as the new head office due to be completed in 2010.
EN11	Location and size of land owned, leased or managed in, or adjacent to, protected areas and areas of high biodiversity value.	Not material for PF as all office locations are in urban settings.
EN12	Description of significant impact of activities, products and services on biodiversity in protected areas and areas of high biodiversity value.	Not material for PF as our business provides small sum loans.
EN13	Habitats protected or restored.	Not material for PF as all office locations are in urban settings.
EN14	Strategies, current actions, and future plans for managing impacts on diversity.	Head Office Relocation (page 71). Our intention is to move our head office to new premises in Bradford City Centre in 2010. The new site is being developed using BREEAM (the most widely used means of reviewing and improving the environmental performance of office buildings). All new PF buildings will be built using the BREEAM framework.
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations.	Not material for PF as all office locations are in urban settings.
EN16	Total direct and indirect greenhouse gas emissions by weight.	KPI table (page 70).
EN17	Other relevant indirect greenhouse gas emissions by weight.	KPI table (page 70).
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Climate Change (page 66), KPI Table (page 70). We hope to be able to report on reduction achieved from these initiatives in future years.
EN19	Emissions of ozone depleting substances by weight.	Not material for PF as the business does not emit ozone depleting substances in its business process.

EN20	NOx, SO <sub>2</sub> and other significant air emissions by type and weight.	Not material for PF as the business does not emit significant amounts of NO <sub>x</sub> , SO <sub>2</sub> or other air emissions in its business processes.
EN21	Total water discharge by quality and destination.	Not material for PF as the business is office based and without significant volumes of water discharge.
EN22	Total amount of waste by type and disposal method.	Waste Management and Paper Use (pages 68-69). Not a material issue for PF. All our waste is non-hazardous and removed through standard municipal waste disposal.
EN23	Total number and volume of significant spills.	Not material for PF as the business is office based and without significant volumes of water discharge.
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III or VIII, and percentage of transported waste shipped internationally.	This is not a material issue for PF. All our waste is non-hazardous.
EN25	Identity, size and protected status and biodiversity value of water bodies and related habitats significantly affected by reporting organisation's discharges of water and runoff.	This is not a material issue for PF as we do not produce significant discharges of water or runoff.
EN26	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation.	This is not a material issue as we are a supplier of credit rather than materials or manufactured items.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not material for PF as our products - small sum loans - do not have packaging.
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	PF is compliant with current environmental laws and regulations.
EN29	Significant environmental impacts of transporting goods, materials and members of the workforce.	Business Mileage and Emissions (pages 67-68).
EN30	Total environmental protection expenditure and investments by type.	We do not report on expenditure on environmental mitigation and protection.
<b>Social performance indicators</b>		
	Management approach to labour practices and decent work.	Why Our People Are Important To Us (page 33), Employee Engagement (pages 33-34), Training and Developing Our People (pages 35-37), Occupational Health & Safety (pages 34-35), Equal Opportunities (pages 37-38), Agents (page 25).
LA1	Total workforce by employment type, employment contract and region.	Our Company (page 5), Agents (page 25). Annual Report 2008: Where We Operate (inside page), Group Business Review (17-31). We intend to provide breakdown on workforce by region in future reports.
LA2	Total number and rate of employee turnover broken down by age, gender and region.	Attracting and Retaining Right People For Right Roles (page 33) for employee turnover, Equal Opportunities (pages 37-38) for age, gender, female managers, ethnicity and disability. Rate of turnover in different segments not reported, but we intend to do so in future reports.
LA3	Benefits provided to full time employees that are not provided to temporary or part time employees, by major operations.	Benefits are received by both part-time and full-time employees. We do not employ significant numbers of temporary workers.
LA4	Percentage of employees covered by collective bargaining agreements.	Trade Union Recognition (page 34). Pay conditions are negotiated with associated unions (ie Unite and USDAW).
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Notice periods vary but are generally one to six months dependant on level of seniority and length of service.
LA6	Percentage of workforce represented in joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Occupational Health & Safety (pages 34-35). We have health and safety working/steering groups in place within both operating divisions which cover 100% of the Provident Financial group.
LA7	Rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities.	Occupational Health & Safety (pages 34-35). There were 19 occasions where there was greater than a three day absence due to work related accident/incidents. No occupational diseases or fatalities occurred in 2008.
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases.	Training and Developing Our People (pages 35-37), Employee Benefits (pages 38-39). The Employee Assistance Programme offers counselling and advice to employees and their families.
LA9	Health and safety topics covered in formal agreements with trade unions.	Health & safety is covered in agreements with trade unions at PF.
LA10	Average hours of training per year per employee by employee category.	Training and Developing Our People (pages 35-37). During 2008, 15,302 training days were delivered to employees across the PF group equating to 4.6 training days per employee on average.
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Training and Developing Our People (pages 35-37), Employee Benefits (pages 38-39).
LA12	Percentage of employees receiving regular performance and career development reviews.	Training and Developing Our People (pages 35-37). CCD staff have quarterly performance reviews and annual career reviews. Vanquis staff have six-monthly performance reviews and annual career reviews.
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	How We Manage CR (page 13), Equal Opportunities (pages 37-38).
LA14	Ratio of average remuneration of men and women broken down by employee category.	Percentage of men and women employees (page 37), but breakdown of gender remuneration by employee category not reported.
	Management approach to human rights.	How We Manage CR (page 13). We support human rights and our approach to managing this is outlined in our human rights policy.
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Not material for PF because we do not have any significant investment agreements.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and action taken.	Supplier Assessments (pages 43-44). We assess this risk to be relatively low due to the nature of our business, but we do assess our suppliers to see how they manage their impacts on social, environmental and ethical issues.

HR3	Hours of employee training on policies and procedures relating to aspects of human rights that are relevant to operations, including the percentage of employees trained.	Training and Developing Our People (pages 35-37). During 2008, 15,302 training days were delivered to employees across the PF group equating to 4.6 days training per employee on average. Policies and procedures relating to human rights are included in the employee training programme.
HR4	Number of incidents of discrimination and actions taken.	There have been no incidents in 2008.
HR5	Operations identified in which the right to exercise of freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	We operate in the UK and Ireland in compliance with law, and take the view that these are not of significant risk of infringement in our industry.
HR6	Operations identified as having significant risk for incidents of child labour and measures taken to contribute to the elimination of child labour.	We operate in the UK and Ireland in compliance with law, and take the view that these are not of significant risk of infringement in our industry.
HR7	Operations identified as having significant risk of forced or compulsory labour and measures taken to contribute to the elimination of child labour.	We operate in the UK and Ireland in compliance with law, and take the view that these are not of significant risk of infringement in our industry.
HR8	Percentage of security personnel trained in organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	Not material for PF because we operate only in the UK and Ireland. All security personnel employed by PF are trained as part of the group's training programmes, which covers policies and procedures relating to human rights.
HR9	Number of incidents of violations involving rights of indigenous people and actions taken.	Not material as there are no indigenous communities.
	Society management approach	Understanding the APR of Our Products (pages 28-29), Community intro (page 48), Why We Get Involved In The Communities We Serve (page 50). Annual report 2008: Community Involvement (page 44-46).
SO1	Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.	Support Children & Young People From Underprivileged Communities (pages 50-53), Evaluating Our Community Programme (pages 56-57).
SO2	Percentage and number of business units analysed for risks related to corruption.	High Levels of Personal Customer Service (page 24). Annual Report 2008: Operational Risk (page 38). All business units are analysed for risks related to corruption and fraud.
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Policies (page 14). All employees are familiarised with our ethics policy, which covers corruption and fraud, as part of their induction.
SO4	Actions taken in response to incidents of corruption.	There were no incidents of corruption in 2008.
SO5	Public policy positions and participation in public policy development and lobbying.	Stakeholder Dialogue (pages 14-15). We proactively engage with Government and regulators to make our views known and to understand how changes to legislation will impact our business activities.
SO6	Value of financial and in-kind contributions to political parties, politicians and related institutions.	Stakeholder Dialogue (pages 14-15). We make no political donations.
SO7	Number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes.	How Our Businesses Are Regulated (pages 27-28). No legal actions in 2008. We do outline our continued response to the Competition Commission Inquiry of 2006.
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	PF received no fines or sanctions in 2008.
	Management approach to product responsibility.	Affordable Repayments (pages 24-25), Responsible Lending (page 26).
PR1	Life cycle stages. Health and safety impacts of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures.	This is not a material issue as we are a supplier of credit rather than manufactured items.
PR2	Number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their lifecycle.	This is not a material issue as we are a supplier of credit rather than manufactured items.
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	This is not a material issue as we are a supplier of credit rather than manufactured items.
PR4	Number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling.	How Our Businesses Are Regulated (pages 27-28).
PR5	Practices related to customer satisfaction.	Customer Satisfaction (page 26).
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications.	How Our Businesses Are Regulated (pages 27-28). In-house legal teams are responsible for reviewing all marketing communications in relation to relevant legislation.
PR7	Number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications.	How Our Businesses Are Regulated (pages 27-28). There were no incidents of non-compliance with regulations for marketing communications in 2008.
PR8	Number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Customer Complaints (pages 27-28). Number of complaints reported, although not broken down into those related to customer privacy or losses of customer data.
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	How Our Businesses Are Regulated (pages 27-28). PF received no fines for non-compliance with laws or regulations concerning products and services in 2008.

# stakeholder feedback

## Summary of stakeholder feedback on the 2007 report and our response

Feedback	Our response
<p><b>Overarching messages</b></p> <ul style="list-style-type: none"> <li>• The report should explain how Provident aims to become sustainable by mitigating risks and embedding CR practices.</li> <li>• A clearer link should be made between CR policies and performance and investor relations.</li> <li>• The report should explain the term 'non standard' with regard to market and customer type.</li> <li>• The report should consider including stakeholder comments to help put the content of the report into further context for the reader.</li> </ul>	<ul style="list-style-type: none"> <li>• The introductory section sets out how our CR programme is a key part of our business strategy (see pages 4 to 9 for more information).</li> <li>• The sustainability assessment section on page 15 explains how our CR programme enables us to provide investors and other stakeholders with demonstrable evidence that we conduct our business in a responsible way and are well organised to manage the social, environmental and economic issues that are material to our activities.</li> <li>• A definition of non-standard lending is provided on page 50.</li> <li>• Quotes and comments from a range of community partners are included on pages 50 to 57.</li> </ul>
<p><b>Chief executive statement</b></p> <ul style="list-style-type: none"> <li>• Details of Provident's mission statement and core values should be provided.</li> <li>• Information on how the CR programme is part of Provident's business strategy and how it directly leads to business success should be provided.</li> </ul>	<ul style="list-style-type: none"> <li>• The CEO's introductory statement and governance section provide information on Provident's mission statement and core values (see pages 4 to 5 and 14 for more detail).</li> <li>• The introductory statement articulates how CR enables us to demonstrate to our stakeholders that we are a responsible, well-managed provider of credit that operates in a sustainable manner (see pages 4 and 5 for more detail).</li> </ul>
<p><b>Our company at a glance</b></p> <ul style="list-style-type: none"> <li>• This section should explain how CR is integrated into the business</li> </ul>	<ul style="list-style-type: none"> <li>• This part of the report includes a 'why we manage CR' section (see page 8 for more information).</li> </ul>
<p><b>Governance and management</b></p> <ul style="list-style-type: none"> <li>• Details should be provided of the linkage between the CR working groups and the Management Committee, and who on the Board is ultimately responsible for each area of corporate responsibility.</li> <li>• Information should be provided on whether bonuses are linked to environmental and social performance.</li> <li>• This section should set out Provident Financial's position on lobbying.</li> </ul>	<ul style="list-style-type: none"> <li>• Details of Provident's CR governance and management structures are set out on pages 13 to 17.</li> <li>• Page 17 of the governance and management section provides further detail on cash bonuses.</li> <li>• Information on Provident's position on lobbying is set on page 15 of the report.</li> </ul>

Feedback	Our response
<p><b>Our customers</b></p> <ul style="list-style-type: none"> <li>• The report should cover how Provident's responsible lending systems have been developed and refined in response to the economic crisis during the year.</li> <li>• This part of the report should make clearer the different regulatory frameworks that Provident Financial and its subsidiary businesses operate within.</li> <li>• The report should include more information on the APRs of Provident's products.</li> <li>• Information should be provided to enable the reader to fully understand typical Provident customers.</li> <li>• The report should explain why the company uses agents for home credit collection rather than employees.</li> <li>• More information should be provided to explain what happens when a customer 'can't pay' and when they 'won't pay'.</li> <li>• More information on the nature of customer complaints should be included in the report.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Information on how Provident's products and services meet the needs of our customers and our approach to responsible lending is included on pages 24 to 26 of the report.</b></li> <li>• <b>Details of how the Provident Financial group, our home credit companies and Vanquis Bank are regulated are set out on pages 27 to 28.</b></li> <li>• <b>The 'understanding the APR of our products' section includes information on our typical APRs (see page 28 for more detail).</b></li> <li>• <b>Background information on our customers is set out on pages 21 to 22.</b></li> <li>• <b>Information on the role played by agents is provided on page 25.</b></li> <li>• <b>A 'customers who do not keep up with their repayments' section is included in this year's report (see page 25 for more detail).</b></li> <li>• <b>Examples of customers' complaints are featured on pages 26 to 27 of the report.</b></li> </ul>
<p><b>Our people</b></p> <ul style="list-style-type: none"> <li>• This section should provide more contextual information on why Provident Financial values a diverse workforce, trained employees etc.</li> <li>• The report should explain how the company plans to build a more diverse workforce.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>A 'why our people are important to us' section is included in this year's report (see page 33 for more detail).</b></li> <li>• <b>We recognise that more could be done to improve the diversity of our workforce. The 'our people' section of the report explains what has been done throughout 2008 and what is planned for 2009 to improve performance in this area.</b></li> </ul>
<p><b>Our supply chain</b></p> <ul style="list-style-type: none"> <li>• More information should be provided on how supply chain surveys have fed into process improvements.</li> <li>• The report should provide contextual data on how much is spent on suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Page 43 and 44 of the report sets out information on how our supply chain assessments have led to process improvements.</b></li> <li>• <b>Details of Provident's annual procurement spend is shown on page 43 of the report.</b></li> </ul>

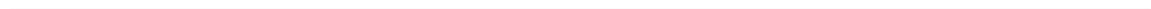
Feedback	Our response
<p><b>Community</b></p> <ul style="list-style-type: none"> <li>• More information could be provided on the company’s employee volunteering policy, the business benefits of volunteering, and what systems are in place for encouraging volunteering.</li> <li>• Information should be provided on whether agents are involved in the community programme.</li> <li>• This section of future reports should include customer feedback on the community programme.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>An explanation of the employee volunteering policies in place within our operating divisions is shown on page 55 and 57 of the report.</b></li> <li>• <b>The community section of the report explains that our policies support employees engaged in fundraising and volunteering activities for charity or a cause supported by the business.</b></li> <li>• <b>Page 57 explains how, during 2008, we consulted with residents in the communities we serve in Edinburgh, London, Manchester and Newport to aid the development of our community programme for 2009 onwards.</b></li> </ul>
<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>• Future reports should include more quantitative environmental targets.</li> <li>• Provident should explain why it wants to measure and understand its carbon footprint.</li> <li>• Information should be provided to explain whether Provident is engaging with its customers to lessen their impact on the environment.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>A number of quantitative environmental targets are include in this year’s report (see pages 64 and 65 for more detail).</b></li> <li>• <b>A rationale for why we manage our impacts on the environment, including our contribution to climate change, is included on page 65 of the report.</b></li> <li>• <b>Details of how we engaged with our Consumer Credit Division customers to improve their energy efficiency are set out on pages 66 and 67 of the report.</b></li> </ul>



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## **Feedback**

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

You can also telephone us on +44(0)1274 731111 or write to the corporate responsibility manager at: Provident Financial, Colonnade, Sunbridge Road, Bradford BD1 2LQ, UK.

You can find out more about Provident Financial by visiting [www.providentfinancial.com](http://www.providentfinancial.com)

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