

Communication on Progress

Implementing UN Global Compact Principles in International Personal Finance



International Personal Finance has been a signatory to the United Nations Global Compact (UNGC) since December 2008. Over the last year we have continued to align our business with the ten Global Compact principles. To inform our stakeholders about how we are advancing those principles within our sphere of influence, we have developed our 2019 Communication on Progress. Our Communication on Progress (COP) submission can also be downloaded from the sustainability section on our public corporate website. I welcome this opportunity to express IPF's continued support for the work that the Global Compact does to challenge businesses around the world to operate in ways that meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. I am pleased to confirm that we will continue aligning our business with these principles.

Gerard Ryan
Chief Executive Officer – International Personal Finance PLC

International Personal Finance PLC ("IPF") is a London Stock Exchange listed company headquartered in Leeds, West Yorkshire. It is the ultimate holding company of a number of overseas subsidiaries ("the IPF Group") which provide straightforward consumer finance across 11 markets. The IPF Group operates in two divisions: Home Credit (in Poland, Czech Republic, Hungary, Romania, Mexico) and Digital (in Finland, Estonia, Latvia, Lithuania, Australia, Poland, Spain and Mexico). IPF is dedicated to making a difference in the lives of our customers by providing simple, personalised financial solutions. We lend responsibly to more than 2 million customers and play an important role in providing fair and transparent finance to those who might otherwise be financially excluded.

The following table is structured according to the COP minimum requirements and is compiled from our 2019 Annual Report and the ipfin.co.uk website. This report covers the period January 2019 – December 2019.

Principles

What we do

HUMAN RIGHTS

Principle 1 Support and respect the protection of international human rights within their sphere of influence.

Principle 2 Make sure their own corporations are not complicit in human rights abuses.

IPF works to promote a culture that supports internationally recognised human rights and seeks to avoid complicity in human rights abuses. Our [Code of Ethics](#) and Group policies reflect our commitment to act ethically in all our business dealings and to follow leading international standards in relation to employment, human rights, and core labour standards. We actively encourage our employees and agents to raise concerns on unethical business practices and offer an independently operated whistleblowing hotline for those who, for whatever reason, choose not to use internal reporting methods.

We have a zero-tolerance approach to modern forms of slavery. In 2019, 96% of our employees completed our awareness module on modern slavery which covers our standards and processes, how to spot modern slavery issues and how to react. We have undertaken a risk assessment of all existing suppliers to the IPF Group based on a number of risk-factors including the nature of services and spend. All new suppliers are assessed following the same methodology.

LABOUR STANDARDS

Principle 3 Freedom of association and the effective recognition of the right to collective bargaining.

Principle 4 The elimination of all forms of forced and compulsory labour.

Principle 5 The effective abolition of child labour.

Principle 6 The elimination of discrimination in respect of employment and occupation.

Our Group policies cover core labour standards and recognise employee rights including the right for collective bargaining and freedom of association. Membership of trade unions is not common within the consumer credit industry; however, a number of our office personnel are members of unions in Poland and in Mexico, where we engage in dialogue with the unions to discuss the company's progress in addressing labour standards. In Poland, our Social Dialogue Manager ensures that company policies affecting labour standards are discussed and agreed with the unions; additionally, trade unions are invited to cooperate with the local Health and Safety Committee. In Mexico, we annually review the wage conditions in the collective bargaining agreement as stipulated by law; additionally, we review the general working conditions every two years.

As a financial services provider, the businesses within the IPF Group have relatively straightforward supply chains compared with those of other sectors. Forced, compulsory, or child labour is not a direct issue for the business as we are office-based and employ mainly skilled staff. Agents need to be over 18 years old (21 in Mexico). Nonetheless, we have communicated our commitment to oppose slavery and human trafficking in our direct operations and in the indirect operations of our supply chains and have provided employees in human resources, agent support and procurement with training on our standards and processes, how to spot forced labour and how to react.

We consider our workforce, including self-employed agents in those markets where agents are not directly employed, to be valued members and stakeholders of our business and treat them with care and respect. We are committed to promoting equality of opportunity for all our workforce and work to create an environment free from discrimination and harassment in which cultural diversity and individual differences are positively valued and where decisions are based on merit. Our Code of Ethics and annual business ethics training covers the duty of all our employees to treat colleagues with dignity and respect at all times as well as the procedures to raise any concerns about discrimination.

To support our workforce we operate an independently verified safety management system compliant with ISO 45001 in our European Home Credit markets and regularly review our safety strategy for our Mexico home credit business where inherent risks are greater than those in Europe both in terms of likelihood and impact. This ensures all employees and self-employed agents are provided with the highest standards of safety supervision, training, education and advice.

Additionally, we operate help lines and whistleblowing services, available to all employees and self-employed agents, to ensure that they have access to appropriate advice and support for their safety and wellbeing and can raise concerns directly to senior management.

ENVIRONMENTAL PROTECTION

Principle 7 Support a precautionary approach to environmental challenges.

Climate change is one of the greatest challenges facing the world today. We recognise that climate change has an impact on our business, our customers and our communities and, as such, we are taking action to reduce our environmental footprint including carbon emissions. Our direct operations have an impact on the climate through car travel and building emissions. We seek to minimise these

Principle 8 Undertake initiatives to promote greater environmental responsibility.

Principle 9 Encourage the development and diffusion of environmentally friendly technologies.

impacts where possible by regularly reviewing our car fleet and adopting new technologies to improve IT energy efficiency. In 2019, all our European home credit businesses successfully completed the migration to e-receipting resulting in a saving of around 148 tonnes of paper. We started retrofitting LED lighting in our Mexico branch network and digitising paper-intensive processes such as field risk assessments and route logging in the Czech Republic. We encourage our employees to minimise energy, water and paper use and offer guidance to our colleagues who drive cars to conduct their work, to adopt fuel-efficient driving techniques.

ANTI-CORRUPTION

Principle 10 Work against corruption in all its forms, including extortion and bribery.

Our Anti-Bribery and Corruption policy sets our commitment to conducting our affairs so as to combat bribery and corruption. The Group's trading activities must be conducted with honesty and integrity and in accordance with the law, ensuring that the Group is compliant with the anti-bribery and/or anti-corruption legislation of any jurisdiction applicable from time to time to any Group company. The Group operates controls and procedures to minimise the risk that any employee or agent acting on its behalf:

- offers, promises or gives a bribe;
- requests, agrees to accept or receives a bribe; nor
- bribes a public official to obtain or retain business or an advantage.

All companies, employees and agents are required to comply with the relevant anti-bribery and corruption legislation in their markets. In addition, because of the extra-territorial application of the UK Bribery Act 2010 to overseas subsidiaries, all employees and agents are also required to comply with the provisions of this Act.

We have a group wide methodology for undertaking annual bribery risk assessments in each of our markets which includes a review of the strength of our controls around the six principles of the UK Bribery Act 2010. These assessments are performed locally and identify any control weaknesses that are then addressed as part of our work against corruption. These assessments are independently reviewed by our Group anti-bribery specialist, and any common issues are addressed at a group-wide level.

Bribery is considered as part of each market's fraud and corruption risk management process and key safeguards are detailed in the local risk registers. These registers are scrutinised and independently challenged at both a local and group level.

Anti-bribery training has been provided by the Group to each of our market fraud specialist and was rolled out to the wider teams in 2019.

We have internal reporting procedures in place for those employees who have concerns regarding any aspect of bribery or corruption by themselves or by others, as well as the external whistle-blowing service.