

# 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, which we believe every responsible business should follow.*

*Our strategy aims to address our stakeholders' expectations and create long-term value beyond financial performance by lending responsibly while managing the business effectively. Our credit offering and approach to doing business optimises value for our customers, colleagues, investors and society at large. This fits with our purpose to build a better world through financial inclusion.*

*The Communication on Progress (COP) document that we have submitted keeps our stakeholders well-informed about how we advanced the UNGC principles in the areas of human rights, labour standards, environment and anticorruption in 2021. I am pleased to confirm that we are progressing fast and we will continue to run our business in a responsible and sustainable manner.*

Gerard Ryan  
Chief Executive Officer, International Personal Finance PLC

International Personal Finance PLC ("IPF") is a London Stock Exchange listed company headquartered in the UK. It is the holding company of a number of overseas subsidiaries ("the IPF Group") which provide simple, convenient and affordable consumer finance products across 9 markets in a responsible and sustainable way. The IPF Group serves people who are often financially excluded through its two business models: Home Credit (in Poland, Czech Republic, Hungary, Romania, Mexico); and Digital (in Estonia, Latvia, Lithuania, Poland, Australia, and Mexico). It also offers home, medical and life insurances to protect customers and their families. IPF plays an important and necessary role in society by helping underserved consumers who have low to medium incomes and a limited credit history access the financial mainstream. Its unsecured financial products and services are tailored specifically to meet customers' needs and financial circumstances.

IPF wants each of our 1,7 million customers to feel they are treated as a partner in a fair and transparent way by a company they can trust and rely on. Giving access to affordable credit helps customers not only buy the things they need, but also to build a credit history.

The following table is structured according to the COP minimum requirements and is compiled from our 2021 Annual Report and the [ipfin.co.uk](http://ipfin.co.uk) website. This report covers the period January 2021 – December 2021.

### Principles

### What we do

#### HUMAN RIGHTS

Principle 1	Support and respect the protection of international human rights within their sphere of influence.	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 labor standards. Each year we organise an Ethics Week event in all our markets, which includes ethics training for colleagues. In 2021, 96% of our employees and 95% of customer representatives successfully completed the e-learning module.
Principle 2	Make sure their own corporations are not complicit in human rights abuses.	<p>We have a zero-tolerance approach to modern forms of slavery. 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.</p> <p>In 2021 the Group's Responsible Procurement Policy, which consolidates the processes and standards that must be followed when choosing and working with suppliers, was refreshed to ensure that all IPF Group companies only collaborate with responsible suppliers.</p>

## LABOUR STANDARDS

Principle 3	Freedom of association and the effective recognition of the right to collective bargaining.	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 review the wage conditions in the collective bargaining agreement annually as stipulated by law; additionally, we review the general working conditions every two years.
Principle 4	The elimination of all forms of forced and compulsory labour.	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 people. Customer representatives 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, customer representative support and procurement with regular training on our standards and processes, how to spot forced labour and how to react.
Principle 5	The effective abolition of child labour.	We consider our workforce, including self-employed customer representatives in those markets where they are not directly employed, to be valued 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.
Principle 6	The elimination of discrimination in respect of employment and occupation.	To support our workforce, we operate an independently verified safety management system compliant with ISO 45001 in our European Home Credit markets and Mexico (from Q1 2022). This ensures all employees and customer representatives are provided with the highest standards of safety supervision, training, education and advice.  Additionally, we operate help lines and anonymous whistleblowing services, available to all employees and customer representatives, to ensure that they have access to appropriate advice and support for their safety and wellbeing and can raise concerns anonymously or directly to senior management.

## ENVIRONMENTAL PROTECTION

Principle 7	Support a precautionary approach to environmental challenges.	<p>The Board is committed to managing the Group's environmental impact through responsible resource use and education for our people, recognising that the direct environmental impact through the use of transport, energy and natural resources should be conducted in a way that creates the least possible harm to the planet.</p> <p>In 2021, we embarked upon a process to develop our climate-related strategy and identify the key opportunities and risks posed by climate change that relate to IPF. Our aim was to better understand where the business is in terms of climate-related challenges and how our strategy should be developed in response to these.</p> <p>The aim in 2022 is to produce an impact assessment scale to measure the impact of climate-related risks on the Group's strategy, business model and financial planning. This will include products and services, value chain and access to capital, and will be undertaken as part of the Group's regular risk assessments.</p> <p>In 2021 we started to report under Taskforce on Climate-related Financial Disclosures recommendations. The information on our progress is available in the Group 2021 Annual Report.</p>
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Principle 8	Undertake initiatives to promote greater environmental responsibility.	We designed a global education programme for all colleagues to improve environmental awareness. In collaboration with one of Poland's leading climate experts, Sylwia Majchrzak, the campaign advised colleagues how they can reduce their carbon footprint and be more environmentally conscious. Our colleagues in Hungary launched a long-term programme aimed at raising environmental awareness and introducing climate change risk and opportunities in making business decisions.
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	Our IT strategy now includes green computing initiatives to reduce the environmental effect of our operations. The leading light has been the introduction of MyProvi – our agent mobile app that has digitised the sales and collections service to home credit customers and reduced paper consumption significantly. Switching our data centres to the public cloud, has not only improved data security, it will deliver environmental benefits due to lower carbon emissions and electricity consumption. The use of the public cloud means that we can flex the amount of computing power we use by scaling up and down based on the required performance.

## ANTI-CORRUPTION

Principle 10	Work against corruption in all its forms, including extortion and bribery.	<p>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 customer representative acting on its behalf:</p> <ul style="list-style-type: none"> <li>• offers, promises or gives a bribe;</li> <li>• requests, agrees to accept or receives a bribe; nor</li> <li>• bribes a public official to obtain or retain business or an advantage.</li> </ul> <p>All companies, employees and customer representatives 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.</p> <p>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.</p> <p>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.</p> <p>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 and anonymous whistle-blowing service.</p>
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