

The importance of telling an authentic story

Q&A with Gary Thompson, Group FC and Head of IR at Provident Financial

December 2015



Building Public Trust 2015

'Excellence in reporting' awards

This year marked the 13th successive year in which PwC has presented these annual awards for outstanding corporate reporting in both the private and public sectors. Each of the hard-earned awards recognises the achievement of organisations that have differentiated themselves through the clarity and transparency of their reporting – in short, showing the way forward on the journey towards 'telling it how it is'. As well as applauding their efforts, we urge others to emulate them in striving for ever more open, accessible, honest and integrated disclosure of their objectives, actions and impact.

Excellence in reporting in the FTSE 250

Provident Financial

Last year's winner retains top spot with reporting that is clear, well-presented, and tells a compelling story. The bedrock is a comprehensive strategic report underpinned by strong market analysis and detailed segmental coverage. The corporate governance disclosures are equally strong, including a very clear introduction from the Chairman, and one of the most detailed explanations of the board evaluation process that the judges had ever seen. Tax strategy and total tax contribution are also discussed accessibly. "It takes a complicated business and describes it very well," commented one judge. Another added: "In terms of clarity, this reporting bears comparison with anything in the FTSE 100."

For more information on the award criteria, [click here](#).



As two-time winners of our Building Public Trust Award for Excellence in Reporting in the FTSE 250 we caught up with Gary Thompson, Group Financial Controller and Head of Investor Relations of Provident Financial to better understand why they think reporting matters and what they do to stand out with their annual report.



Provident Financial is the leading non-standard lender in the UK. PF has delivered a total shareholder return of over 20% per annum over the last eight years and entered the FTSE 100 as part of the December 2015 reshuffle. Gary is responsible for all aspects of financial reporting and control, including preparing the annual report and accounts, as well as all communications with analysts, shareholders and the city in general.

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Why is it important to present a holistic, transparent and authentic picture of Provident Financial?

Provident Financial ('PF') operate in an industry that is often misunderstood. Our demerger from International Personal Finance in 2007 provided us with an opportunity to set out and develop our brand identity that differentiated ourselves from our peers.

A key component of this was to be clear in the way we reported. To educate our investors and wider stakeholders it was key that we ensure our communications were clear and transparent, telling our story in our own words and by being authentic about who we were as a business and what we stood for.

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What role does the annual report play in supporting such a picture of your business?

The annual report is often seen by others as a year-end compliance exercise that is historic and arrives too late to be of use. But we see it presenting one of a number of excellent opportunities to promote the group and engage with/educate a wide range of stakeholders. Besides if you are going to have to put a lot of effort in to produce an annual report why not take pride in what you do and create something that is user-friendly and informative?

Q

How hard is it to develop a more holistic picture of the business for your annual report?

We see the annual report as being part of a year-round process rather than a separate, and self-contained, year-end exercise. Yes we have to take stock at the end of the year of any new regulatory requirements but when it comes to presenting an authentic picture of our business, markets, strategy and performance this is something we have been developing, evolving, and communicating throughout the year as part of our ongoing interactions with both internal and external stakeholders.

“If you are going to have to put a lot of effort in to produce an annual report why not take pride in what you do and create something that is user-friendly and informative?”



Q

How engaged is the executive/board with the annual report?

They see the value in the report as part of a year-round suite of communications and therefore they have been engaged in the process throughout the year. Our CEO/CFO are in regular contact with investors, the business press and other stakeholders whilst the board are clearly actively involved in strategic, risk and performance discussions throughout the year. These interactions help shape our communication externally and put us in a strong position to continue that narrative in our annual report.

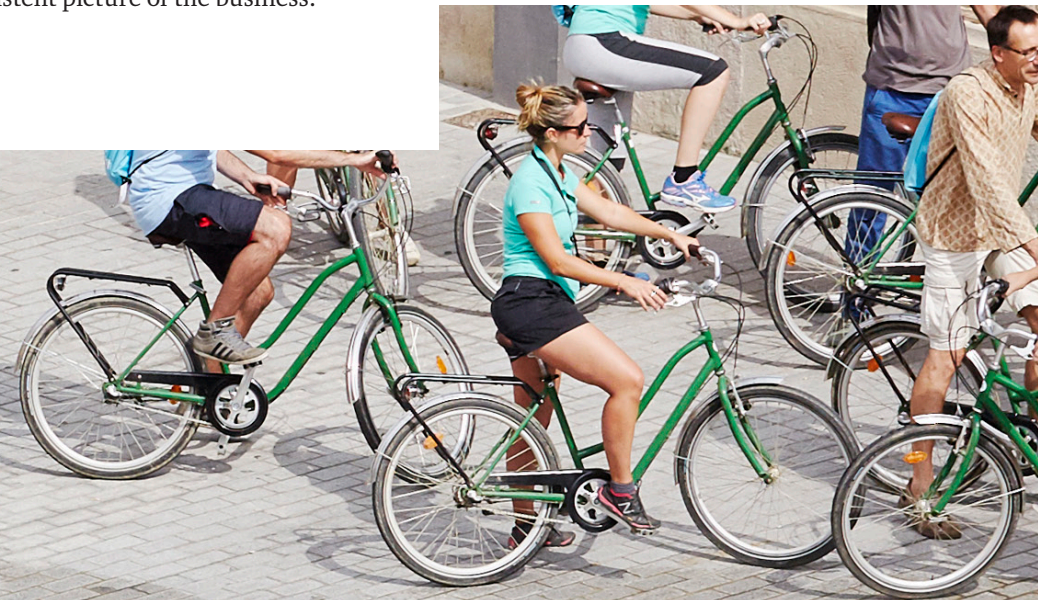
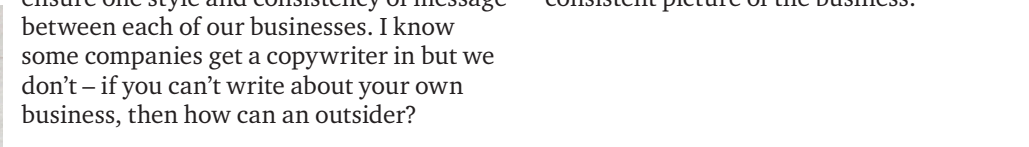
My role as Financial Controller and Head of Investor Relations also helps in that I understand what our shareholders are interested in, I have been communicating to them and other stakeholders throughout the year through investor roadshows/presentations/results announcements and I am able to create cohesion between the messages and the numbers.

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Who is involved in the report's development?

Our annual report is a real team effort and we have a core project team pulled from finance, investor relations, strategy and governance who manage the process and take contributions from different parts of the business. However, we think it is important to have one individual (myself) who is responsible for holding the pen to ensure one style and consistency of message between each of our businesses. I know some companies get a copywriter in but we don't – if you can't write about your own business, then how can an outsider?

Instead my team and I meet with the management team of each business, agree the key themes and messages which, along with our year-round experiences, frequent interactions (the project team meets monthly) and clear goals for the annual report, ensures that we are able to speak with one voice and create an authentic and consistent picture of the business.



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What are you most proud of?

I'm really proud that our effort is rewarded in the various accolades we have received given the time we have put in and how it is recognised for presenting a clear and authentic picture of our market, strategy and relationships with customers. I believe it tells our story, rather than copying others or being driven by regulation, and communicates the culture of our business – it's not just an annual report, it actually means something to us.

More specifically we work hard at ensuring consistency – both through the annual report as a whole and between various communications made by the business throughout the year. All the segments share the same ethos and characteristics and I am proud that we are able to make that clear through our communications.

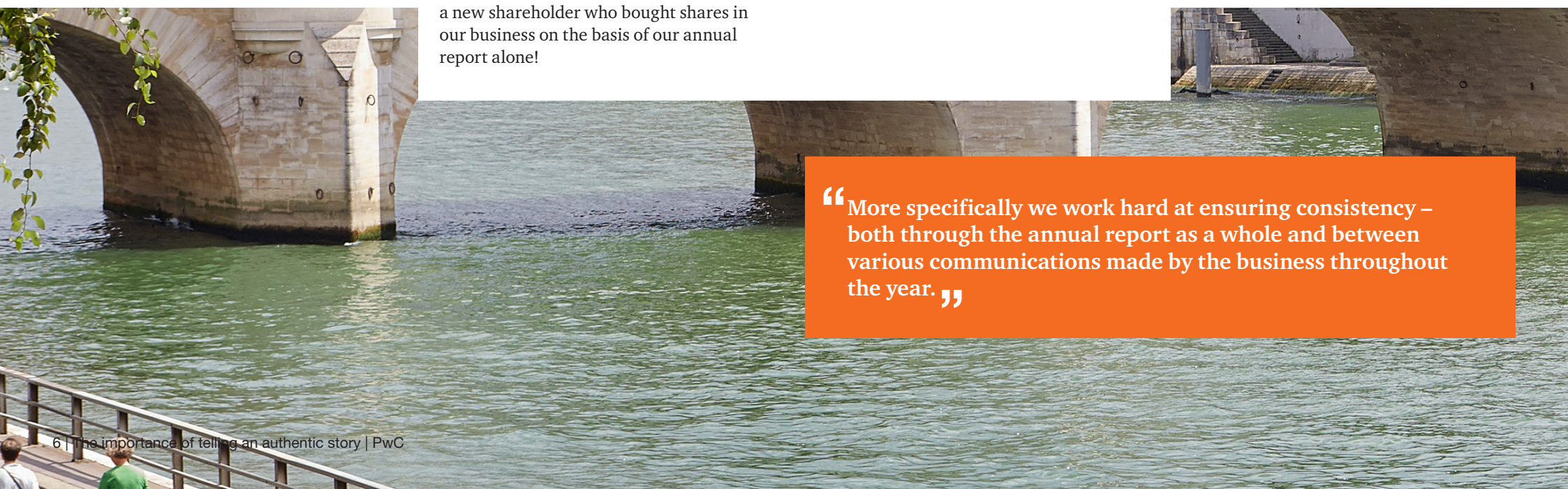
Q

What have been the benefits?

One of the greatest challenges we face is obtaining tangible evidence of the benefits greater transparency in our annual report has on our reputation and performance. Beyond the awards we have won the response anecdotally to our annual report has been very good. Indeed I am aware of a new shareholder who bought shares in our business on the basis of our annual report alone!

But as I have said before the annual report is part of a year-round process and I am confident that our approach has meant that a wide range of stakeholders know what we do and have a greater perception of our business and the management team.

“More specifically we work hard at ensuring consistency – both through the annual report as a whole and between various communications made by the business throughout the year.”



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What do you have planned next?

We are never satisfied with the end project and see the development of our annual report as a process of continual improvement. We seek to make improvements every year through continual challenge and the identification of 2/3 things to look at each year. In the year ahead we have identified the following opportunities for improvement:

- Segment perspective – there is even more we can do to develop the right balance and consistency of messaging between each of our business segments.
- Risks – with the 2014 Governance Code this is a hot topic for this reporting year and like many companies there is an opportunity to streamline the content, provide more insight in to risk profile and consider its location in the annual report.
- KPIs – as our reporting on strategy and business model has evolved so should our reporting on performance and there is more we can do to provide greater evidence of our customer performance to support our strategic priorities.

Q

What advice would you give to others?

Every situation is different and no one size fits all but from my experience I would offer the following pieces of advice:

- Start the process early.
- Create a common ambition for what you want to achieve and why.
- Don't try and climb a mountain overnight – just focus on one or two areas of improvement.
- What you want to say comes first – then compliance with regulation is checked and added if needed.
- Do your own thing – be true to yourself, don't copy others – but avoid jargon.
- Make it a year-round communication and an extension of daily activities and ongoing dialogue.

“Don't try and climb a mountain overnight – just focus on one or two areas of improvement.”

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For more on how you can tell an authentic story in your reporting, download our corporate reporting survey below or visit our website

Searching for buried treasure

A review of 2015 strategic reporting practices in the FTSE 350



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