

# Introduction to the Corporate Governance Report



"We remain committed to the highest standards of corporate governance, believing it is a critical enabler to delivering long-term, sustainable value to our stakeholders."

**Stuart Sinclair**  
Chair

I am delighted to present this Corporate Governance Report to our shareholders covering the year ended 31 December 2023, which sets out the key areas considered by the Board and its Committees during the year.

As outlined in my Chair's statement on page 7, 2023 has been a strong year for IPF, both in terms of customer outcomes and operating results. Despite continued inflationary pressures and cost-of-living challenges impacting our customers and the business more widely, the Group has managed to deliver strong results through excellent operational execution, tight cost control and other initiatives to increase profitability.

## Board composition and changes

The composition and size of the Board is reviewed regularly, and the skills and experience our directors bring to the business are summarised on pages 86 to 87 and 89. Our Board is well balanced and diverse, with a good mix of business knowledge, board experience, international exposure and awareness of risk management matters. In 2023, the composition of the Board remained consistent following the appointment of Katrina Cliffe and Aileen Wallace to the Board in 2022. Aileen underwent a detailed induction plan throughout the first half of 2023, more details of which can be found on page 99.

During the year, the Board's composition met the requirements set out in the 2018 UK Corporate Governance Code, with more than half of our directors (excluding myself) deemed to be independent non-executive directors and met the target set out in Listing Rule 9.8.6(9)R for 40% female representation on the Board. At the end of 2023, the Board comprised four men and three women. For a Company such as ours, with a diverse workforce and a global outlook, we believe this level of diversity is key to ensuring that the Board can appropriately oversee the success of the Group. Further detail on the diversity of the Board and executive management can be found on page 101.

In December 2023, Katrina Cliffe succeeded Richard Holmes as senior independent director. I am confident that Katrina's previous experience as a Senior Independent Director will allow her to continue Richard's excellent work. This change also supports the Board's commitment to meeting the diversity targets set out in Listing Rule 9.8.6(9). I would like to thank Richard for his support as Senior Independent Director and his continuing commitment to his role as Non-Executive Director and Chair of the Audit and Risk Committee. Katrina will also continue her excellent work as Board Workforce Engagement Director alongside her new role as Senior Independent Director.

## Enhancing board processes

As a Board, we are committed to the highest standards of corporate governance, believing it is a critical enabler to delivering long-term, sustainable value to our stakeholders. As Chair of the Board, I have ultimate responsibility for ensuring that the Board and its Committees continue to remain effective and operate to a high standard. We also recognise that in order to maintain our effectiveness, we need to continually review and evaluate our processes to ensure that they remain in line with best practice and continue to support effective decision-making by the Board. As such, with the assistance of the Company Secretariat, I have focused in 2023 on enhancing our board processes throughout the year. Further information on the improvements made to our Board processes can be found on page 93.

## Engaging with our stakeholders

We have a diverse and global community of stakeholders which includes our customers, employees and customer representatives, communities, investors and rating agencies, suppliers, and the regulators, politicians and NGOs relevant to our businesses. The Board recognises the importance of gaining insights into the views of our stakeholders in order to understand better their needs and to inform decision-making.

The Board actively seeks opportunities to understand the views of stakeholders. Further details of how the Board engages with each of our key stakeholders and examples of how they have been considered in the decisions made during the year are included on pages 43 to 45 and 94. The Directors' duties under s172 of the Companies Act 2006 underpin the sound governance at the centre of our decision-making and further information regarding our s172(1) statement is on page 44.

In 2023, the Board sought to increase oversight of engagement with stakeholders through the introduction of a biannual update that sets out engagement activities that have taken place during the previous six-month period for each stakeholder group and any actions that were taken by the Group following engagement with each of these groups. The Board has also put stakeholders at the forefront of decision-making by ensuring that every Board paper refers to how any decisions made may impact our stakeholders.

During the year, we responded to stakeholder feedback in respect of remuneration, following a vote of 77.05% votes in favour of the advisory vote to approve the 2022 Directors' Remuneration Report (excluding the Directors' Remuneration Policy) at the 2023 Annual General Meeting (AGM).

We released an update on this matter following the AGM and six months later in accordance with the UK Corporate Governance Code. A further update on engagement with shareholders on remuneration can be found on page 111.

A materiality assessment was also completed during the year, which engaged with stakeholders to identify the issues that they believe are most relevant to our business. Further information on the materiality assessment can be found on page 47.

Whilst the Board strives to achieve the best outcome for all our stakeholders, we recognise that it is not always practicable to please all stakeholders all of the time. Therefore, a key part of the Board process is to balance the sometimes conflicting needs of our stakeholders to ensure all are treated consistently and fairly.

### **Purpose, culture and values**

Our purpose is to build a better world through financial inclusion and our culture of doing the right thing for our customers, colleagues and communities is integral to this. As a Board, we set our purpose, culture and values as well as ensuring these are aligned to our strategy and embedded across the Group.

Further information on purpose, culture and values can be found on page 95.

### **Board effectiveness**

An important requirement of good governance is for an annual Board effectiveness review to be carried out to assess whether the Board continues to operate and perform effectively.

At the end of 2023, an internal board effectiveness review was conducted. The overall conclusions were that the Board, its committees and each director continued to be effective in their roles, and further details on the review findings, recommendations and the actions agreed can be found on pages 102 and 103.

### **Stuart Sinclair**

Chair

## **2023 highlights**

Made progress on enhancing our product propositions and distribution channels for the next generation of customers.

Responded to changing consumer preferences and the evolving regulatory landscape in Poland by adapting our strategy and products to meet customer needs, comply with new regulations and mitigate impact on financial performance.

Successfully expanded into new geographies in Mexico.

Grew profitability across IPF Digital's six territories reflecting strong product innovation and cost control.

Continued progress on the Group's purpose journey, helping colleagues to understand how they contribute to our purpose on a day-to-day basis.

# Our Board and Committees

**Stuart Sinclair**  
Chair



**Length of service:** 4 years

**Responsibilities:** Good corporate governance and best practice, leading an effective Board with a focus on strategic planning and implementation. Chair of Nominations and Governance Committee.

**Key skills:** Highly experienced Chair, non-executive director and CEO with a background in consumer financial services.

**Contributions:** A strong and effective leader of the Board, his extensive experience in retail banking, insurance and consumer finance ensures a good balance of strategic and operational oversight. His insightful and inclusive style encourages a culture of openness and debate within the Board with an appropriate level of challenge to management.

**Current directorships:** Chair of Willis Ltd and member of advisory board at the Bradford Literature Festival.

**Former roles:** Non-executive director and chair of remuneration committee for Lloyds Banking Group plc and council member of the Royal Institute of International Affairs. Non-executive director roles at QBE Insurance (Europe) Ltd, Provident Financial Group plc, Swinton Group Ltd, PruHealth/Vitality Ltd and Platinum Bank Ukraine. President and COO at Aspen, President and CEO at GE Capital, UK and China, Chief Executive of Tesco Personal Finance and director of UK Retail Banking at Royal Bank of Scotland Group plc.

**Qualifications:** Master's degree in Economics and Master in Business Administration from University of California (UCLA).

**International expertise:** EMEAs, Americas, Africa, Asia Pacific.

**Gerard Ryan**  
Executive director and Chief Executive Officer



**Length of service:** 12 years

**Responsibilities:** Group strategy, operational management, leadership of the executive and senior leadership team. Ensuring good relations with employees, customer representatives, customers, regulators and investors.

**Key skills:** Inspirational leadership and effective, objective implementation of strategy; over 30 years' multi-country experience in consumer financial services.

**Contributions:** Acute market insight which provides a real advantage in driving the implementation of the strategy, and identifying and pursuing growth opportunities.

**Former roles:** CEO for Citigroup's consumer finance businesses in Western Europe, Middle East and Africa region, a director of Citi International plc, Egg plc and Morgan Stanley Smith Barney UK, CFO of Garanti Bank, Turkey and CEO of GE Money Bank, Prague.

**Qualifications:** Fellow of the Institute of Chartered Accountants in Ireland.

**International expertise:** EMEAs, Americas

**Deborah Davis**  
Independent non-executive director



**Length of service:** 5 years

**Responsibilities:** Chair of the Remuneration Committee.

**Key skills:** Experience in fintech, consumer and technology businesses undergoing digital transformation, growth and geographic expansion. Digital technology expertise including omni-channel payments; over 25 years' senior leadership experience in high-growth companies in international markets.

**Contributions:** Valuable strategic and operational insights on growth and expansion of digital capabilities as well as customer experience, innovation and governance throughout the Company.

**Current directorships:** Non-executive director of Lloyds Banking Group/ Scottish Widows Insurance Board, non-executive Chair of Diaceutics plc,

non-executive director of The Institute of Directors in the UK (until April 2024), IDEX Biometrics ASA in Norway (until May 2024), and a Trustee of Southern African Conservation Trust in South Africa.

**Former roles:** Vice President of Global Partnerships and Global Risk Operations at PayPal, London, and Vice President of European Operations for eBay Marketplaces, Germany. Member of The Digital Banking Club Advisory Panel and non-executive director of Which? and IE Digital.

**Qualifications:** Chartered Director (CDir), Diploma in Company Direction, MSc in Management, BAppSc in Electronics, and a fellow of the Institute of Directors UK.

**International expertise:** EMEAs, Americas, Asia Pacific

**Richard Holmes**  
Independent non-executive director



**Length of service:** 4 years

**Responsibilities:** Chair of the Audit and Risk Committee

**Key skills:** A former senior executive with over 40 years of broad international financial services experience, including 20 years as CEO and board member in private banking, wholesale banking, capital markets, trading operations, strategy and finance.

**Contributions:** Risk management and how this interacts with strategy and operations with technical expertise valued in Board discussions.

**Current directorships:** Advisor to Revolut UK Ltd, non-executive director of Itau BBA International plc and a trustee of the Barry and Peggy High Charitable Foundation.

**Former roles:** Non-executive director and member of the audit, risk and sustainability committees for Ulster Bank Ireland DAC Ltd; non-executive director for Business Growth Fund and British Bankers Association; Chair of Financial Services Council at CBI; CEO, Europe at Standard Chartered plc, Chair and CEO of American Express Bank at American Express Company and executive vice president of private bank at Bank of America Corporation.

**Qualifications:** Degree and Master's degree in Economics and a fellow of the Institute of Chartered Accountants.

**International expertise:** EMEAs, Americas

**Gary Thompson**  
Executive director  
and Chief Financial Officer

D



**Length of service:** 2 years

**Responsibilities:** Financial performance and reporting; group funding and debt investor relations, equity investor relations; Board accountability for internal audit and taxation; the executive relationship with the external auditor; leadership of the Group finance team and other corporate functions; and Chair of the Disclosure Committee.

**Key skills:** Strong financial leadership with over 20 years' financial experience spent in both the accounting and corporate sectors.

**Contributions:** Establishment and owner of the Group's financial model; effectively supporting the Board, the CEO and executive management in driving optimum financial performance;

diversifying the funding base; and developing a more proactive investor relations programme to increase confidence and shareholder value.

**Former roles:** Finance Director of Vanquis Bank Limited, the major subsidiary of Vanquis Banking Group, following a number of finance roles, including Director of Group Finance and Investor Relations, at Vanquis Banking Group. Qualified as a Chartered Accountant at PricewaterhouseCoopers and spent 10 years working in professional practice.

**Qualifications:** Fellow of the Institute of Chartered Accountants in England and Wales.

**International expertise:** EMEAs

**Katrina Cliffe**  
Senior independent  
non-executive director

A



**Length of service:** 2 years

**Responsibilities:** Workforce Engagement Director and SID.

**Key skills:** Extensive experience of financial services with a breadth of executive experience in retail financial services, credit cards, customer service and marketing.

**Contributions:** Expertise in retail financial services, credit cards, customer service and marketing.

**Current directorships:** Non-executive director of DCC plc, acting Chair of the Board and Chair of the Remuneration Committee of Vue International.

**Former roles:** Senior Independent non-executive director of Homeserve plc until January 2023. Senior roles at American Express, Lloyds TSB Group plc, Goldfish Bank Ltd and MBNA International Bank, and has been a non-executive director at London and County Mortgages Limited, Shop Direct Finance Company Limited, Cembra Money Bank AG and Naked Wines plc.

**Qualifications:** Degree in Archaeology and Anthropology from the University of Cambridge.

**International expertise:** EMEAs

**Aileen Wallace**  
Independent  
non-executive director

N



**Length of service:** 1 year

**Key skills:** Experienced non-executive with a wealth of transformational experience including business build-out and digitally enabled growth.

**Contributions:** Enhancing Board discussions focused on technology, innovation and change.

**Current directorships:** Non-executive director of Hodge Group Board and Hodge Bank, and Chair of the Innovation and the Remuneration Committees and non-executive director of Target Group Ltd, a Tech Mahindra business, and Chair of the Group Risk Committee and non-executive director of Tandem Bank.

**Former roles:** Executive director of Co-operative Bank and Chair of ESG Committee; executive director of Yorkshire Bank Home Loans Board; executive director of National Australia Bank; and head of and director roles at CYBG plc.

**Qualifications:** Chartered Banker (MCB), and various qualifications from the Institute of Risk Management, the Institute of Directors and the British Computer Society.

**International expertise:** EMEAs, Asia Pacific

- A Audit and Risk Committee
- D Disclosure Committee
- N Nominations and Governance Committee
- R Remuneration Committee
- Committee Chair

## Compliance with the UK Corporate Governance Code 2018 (the Code)

The Company complied with the relevant provisions set out in the 2018 version of the Code, which applied throughout the financial year ended 31 December 2023. In our 2022 Annual Report and Financial Statements, we reported that we had not undertaken activity to engage with employees in relation to remuneration in 2022. We are pleased to confirm that we have complied with this provision in 2023.

The Code is available on the FRC's website: [www.frc.org.uk](http://www.frc.org.uk). The table below sets out how the Code principles have been applied.

Principle	Board leadership and company purpose	Pages
A	A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	12 to 13, 20 to 21 and 89 to 94
B	The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	4, 20, 29, 85 and 95
C	The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	78 to 83
D	In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	42 to 45 and 47
E	The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.	51 to 55 and 60
Principle	Division of responsibilities	Pages
F	The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.	93, 98 and 106
G	The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.	86 to 87 and 92
H	Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.	97 and 105
I	The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	93, 98 and 106
Principle	Composition, succession, evaluation	Pages
J	Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	97, 102 and 104
K	The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.	86 to 87 and 89 to 90
L	Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	98 and 106
Principle	Audit, risk and internal control	Pages
M	The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions, and satisfy itself as to the integrity of financial and narrative statements.	104 to 109
N	The board should present a fair, balanced and understandable assessment of the company's position and prospects.	109
O	The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	78 to 83 and 109
Principle	Remuneration	Pages
P	Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.	113 to 116
Q	A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.	117
R	Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	112 and 118 to 119

# Governance at a glance

## Key priorities for 2024

To build products, channels and territories to ensure our offers are attractive to the next generation of customers.

To become a smarter and more efficient organisation that makes a positive impact on society.

To invest in the capabilities required to become a data driven and technology-enabled partner for our customers.

## Our Next Gen strategy

Three strategic pillars

1. Next Gen financial inclusion

2. Next Gen organisation

3. Next Gen technology and data

For more information see page 20.

## Board skills matrix

Our board skills matrix outlines the topics which we believe every director must be familiar with to be effective in their role and the specific areas of expertise each director contributes to the Board.

	Gerard Ryan	Gary Thompson	Stuart Sinclair	Richard Holmes	Deborah Davis	Katrina Cliffe	Aileen Wallace
Strategy <b>FI O TD</b>	●	●	●	●	●	●	●
Financial services <b>FI</b>	●	●	●	●	●	●	●
Corporate Finance and Treasury <b>FI</b>	●	●		●			
Audit and financial reporting <b>FI</b>	●	●		●			
Risk management <b>FI O TD</b>	●	●	●	●	●	●	●
Technology, data and cyber security <b>TD</b>			●		●		●
Customer operations and engagement <b>FI O TD</b>	●		●	●	●	●	●
Regulatory <b>FI O TD</b>	●	●	●			●	●
Sustainability <b>O</b>		●			●		
International <b>O TD</b>	●		●	●	●	●	●
Remuneration <b>O TD</b>			●	●	●	●	●

● = extensive experience

### Strategic pillars key



Financial inclusion



Organisation



Technology and data

**Board attendance 2023**

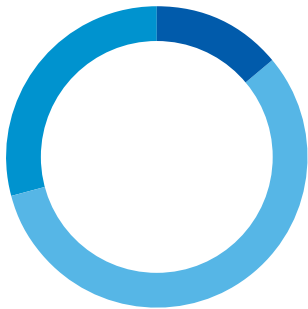
There were seven scheduled Board meetings during the year, with details of attendance set out in the table below. There were two board strategy sessions.

Director	Meetings <sup>1</sup>	No. of meetings attended	% of meetings attended
Stuart Sinclair	7	7	100%
Gerard Ryan	7	7	100%
Katrina Cliffe	7	7	100%
Deborah Davis	7	7	100%
Richard Holmes	7	7	100%
Gary Thompson	7	7	100%
Aileen Wallace <sup>2</sup>	7	6	85%

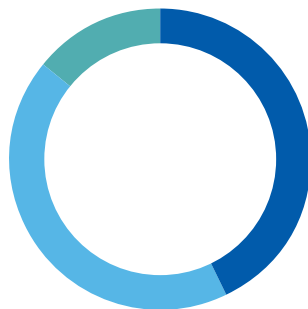
1. The meetings that each individual was entitled to and had the opportunity to attend.  
 2. Aileen Wallace was unable to attend one meeting due to a schedule conflict which the Board was made aware of prior to her appointment.

**Board**

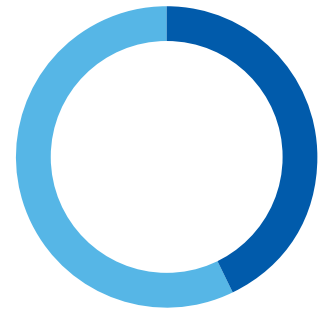
**Composition**



**Tenure**

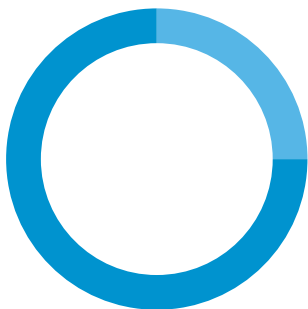


**Gender Diversity**

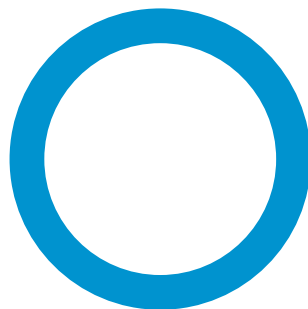


**Committee compositions**

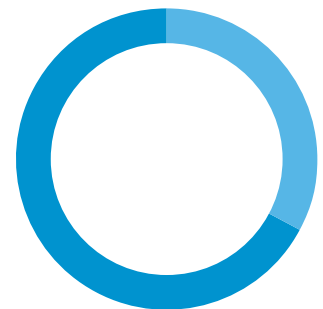
**Nominations and Governance Committee**



**Audit and Risk Committee**



**Remuneration Committee**



# Role of the Board and its Committees

## The Board

The role of the Board is to represent shareholders and promote and protect the interests of the Group in the short and long term.

The Board considers the interests of the Group's shareholders as a whole and the interests of other relevant stakeholders. It is responsible for approving Group strategy consistent with the purpose of the business and for overseeing its implementation.

The Chief Executive Officer ("CEO") is responsible for preparing and recommending the strategy and for the day-to-day management of the Group. The Group's senior management team implements the Group's strategy and provides the CEO and the Board as a whole with the information needed to make decisions that will determine the long-term success of the Group.

In carrying out their duties as a Board, the directors are fully aware of, and comply with, their responsibilities and duties under Section 172(1) of the Companies Act 2006 (see page 44 for our s172(1) statement).

The Board controls the business but delegates day-to-day responsibility to the CEO. There are, however, a number of matters which are required to be, or, in the best interests of the Group should be, decided by the Board of Directors.

These are known as the matters reserved for decision by the Board. The formal schedule can be found on our website at [www.ipfin.co.uk](http://www.ipfin.co.uk) and includes: approval of strategy and determining the nature and extent of significant risks the Group is willing to take; Board and Committee composition and Committee terms of reference; annual budgets, significant project expenditure and funding strategy; and approval of the Annual Report and Financial Statements and regulatory announcements.

Any matters which are not set out in this schedule, nor in the terms of reference of a relevant Committee of the Board, are deemed to have been delegated to the CEO. The CEO may delegate powers relating to these matters to such persons or Committees, by such means and on such terms and conditions as he or she thinks fit.

The Board has established certain principal Committees to assist it in fulfilling its oversight responsibilities, providing dedicated focus on particular areas, as set out below. Each Committee chair reports to the Board on the Committee's activities after each meeting.

**More information on the work of the Committees throughout the year can be found on pages 97 to 126.**

## Board Committees and their reserved matters

The Board delegates authority to the Board Committees which are responsible for maintaining effective governance. The specific responsibilities of the Board's Committees are set out in their terms of reference available on our website at [www.ipfin.co.uk](http://www.ipfin.co.uk).

### Audit and Risk Committee

Oversee and provide assurance to the Board on the integrity of the Company's financial reporting and statements.

Oversee and provide assurance to the Board on the effectiveness of the Group's internal controls and risk management systems.

Oversee and provide assurance to the Board on the internal and external audit processes.

Provide oversight of risk management across the Group including overseeing and advising the Board in relation to current and future risk exposures.

**Read more on page 105.**

### Remuneration Committee

Establish formal and transparent remuneration policy and practices on executive remuneration.

Design and determine remuneration and benefits for the Chair, Executive Directors and other senior management as required by the 2018 UK Corporate Governance Code.

Review workforce remuneration and related policies to ensure alignment of incentives and rewards with culture; oversee the design and terms of executive and all employee share-based incentive plans.

Review the performance evaluations undertaken of the Executive.

**Read more on page 110.**

### Nominations and Governance Committee

Review the composition of the Board and lead the process on proposed appointments to the Board and senior management.

Ensure that the Board, its Committees and the senior leadership team consist of individuals with the appropriate balance of skills, experience, diversity, independence and knowledge to enable it to discharge its duties and responsibilities effectively.

Keep the Board's governance arrangements under review and make appropriate recommendations to the Board to ensure that its arrangements are consistent with relevant corporate governance standards and best practice.

**Read more on page 97.**

### Disclosure Committee

Assist in the design and evaluation of disclosure controls and procedures.

Monitor compliance with disclosure controls and procedures.

Review requirements for, and content of, regulatory announcements.



## Division of responsibilities

The roles of the Chair and Chief Executive Officer are defined clearly and the division of responsibilities is established and set out in writing in the Board role profiles which were approved by the Board in 2023 and can be found at [www.ipfin.co.uk](http://www.ipfin.co.uk). The principal responsibilities of each role can be found below.

As well as these responsibilities, it is the responsibility of every director to lead the business in accordance with the Company's purpose – *building a better world through financial inclusion*.

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### Chief Executive Officer Gerard Ryan

- To create and update, with approval of the Board, the Group purpose, values and strategy ensuring that responsibilities to shareholders, employees, other stakeholders and legislative and regulatory bodies are met.
- To lead and develop the senior management group to develop and implement the overall Group strategy and plans that deliver strong performance and sustainable growth in shareholder value.
- Implement and uphold the Group's purpose and values, whilst ensuring appropriate plans are in place to identify, anticipate, manage and mitigate risks to the business.

### Chief Financial Officer Gary Thompson

- Partner with the Chief Executive Officer in setting the future direction of the Company, enhancing business performance and delivering increased shareholder value.
  - Ensure that the Group's ambition for strong sustainable growth and excellence in customer service is achieved through partnering with senior management and providing constructive challenge to our operational management teams.
  - Ensure that business decisions are grounded in financial criteria and market insight.
  - Understand and manage risk through a commercial, as well as a financial lens; enabling the business to execute on its strategy and manage business complexity whilst minimising risk.
  - Maintain a strong internal control environment and robust financial reporting processes and provide assurance to the Board through management of the Internal Audit function.
- 

### Chair Stuart Sinclair

- Manage and provide leadership to the Board.
- Safeguard and promote the long-term success and sustainability of the Company to the benefit of its shareholders and the Company's other stakeholders.

### Senior Independent Director Katrina Cliffe

- Serve as a sounding board for the Chair, to act as an intermediary for the other directors.
- Lead the process for Chair succession as required.
- Safeguard and promote the long-term success and sustainability of the Company for the benefit of its shareholders and the Company's other stakeholders.

### Non executive director Deborah Davis, Richard Holmes, Aileen Wallace

- Safeguard and promote the long-term success and sustainability of the Company for the benefit of its shareholders and the Company's other stakeholders.
-

## Board activities during 2023

The Board has ultimate responsibility for the overall leadership of the Group, overseeing the development and delivery of a clear Group strategy and ensuring the long-term sustainable success of the Company for all stakeholders. It monitors operational and financial performance against agreed goals and objectives, and challenges the executive directors on its proposals relating to the management of the business. The Board ensures that appropriate controls and systems exist to manage risk and that there are the financial resources and people with the required skills to achieve the strategic goals the Board has set. The information in this section summarises the Board's activities during 2023 and the discussions that took place in the discharge of its duties to the Company. Our s172(1) statement is on page 44.

The Chair sets the annual Board programme and agenda, with support from the Chief Executive Officer and the Company Secretary. The Chair also determines the number of meetings to be held during the year, with this kept under review, and ensures that enough time is devoted, during meetings and throughout the year, to discuss all material matters including strategic, financial, operational, business, risk, ESG and human resource. The Board agendas are structured to ensure there is an appropriate balance of time allocated to strategic matters, management reporting and governance-related items.

At each scheduled Board meeting, the Chief Executive Officer and Chief Financial Officer present separate reports, detailing business performance and progress against strategy. These are supplemented by performance updates from each of the divisional heads of the Group.

Other presentations and reports are given by the relevant business or functional head on matters which are scheduled to be presented in accordance with the annual board planner, which is aligned to the Matters Reserved to the Board. This provides the opportunity for a range of senior and manager-level colleagues to gain experience of attending and presenting to the Board.

In addition to the routine Board meetings, the Board participated in an annual and mid-year strategy review. During these sessions, the Board considered re-articulation of the strategy, changes to the external environment, strategic progress, and a vision statement which aligned with the Group's strategy. Additionally, the Board discussed key topics affecting the Group including technology, expanding our customer offering and growing our customer base, and climate risks and opportunities.

The majority of the Board meetings were held in the Group's head office in Leeds, with a market-based Board meeting held in Warsaw in October 2023. During their visit to Warsaw, the Board attended presentations with our IPF Digital and Provident teams, as well as visiting branches and joining customer representatives on customer visits.

An overview of the range of matters that the Board considered, discussed or approved where appropriate and the stakeholders considered at its meetings during the year are outlined on page 94.

## Board processes

Throughout the year, there has been a focus on improving our Board processes to ensure that the Board remains effective and operates to a high standard at all times. Although there have been a number of enhancements throughout the year, the key improvements are set out below.

Firstly, the annual planners for the Board and its Committees were reviewed and mapped against the Matters Reserved for the Board and the Terms of Reference. This provided assurance to the Board and its Committees that they would be discharging all their responsibilities throughout the year and that there would be sufficient time to discuss all the required matters.

Secondly, work was undertaken to improve Board paper structure and to ensure that the purpose of each Board paper is clear. This has included developing a template for all presenters to use. This incorporates a cover sheet providing an executive summary and the purpose of the paper, along with any previous and future considerations and the next steps following the Board discussion. The cover sheet also includes a section on stakeholder impact, which assists the Board when considering how its decision-making may affect key stakeholders. As well as improving the overall Board paper template, updates have also been made to the Chief Executive Officer and Chief Financial Officer reports. In collaboration with the Chief Executive Officer, a new template for the report has been developed which covers the Chief Executive Officer's insights into the reporting month, an overview of stakeholder engagement, updates on key strategic projects, market reports, macroeconomic and regulatory updates, and Group management information. On a quarterly basis, the Chief Executive Officer's report also includes the change dashboard, which provides insight into the risks and opportunities related to IT and change projects, as well as ESG metrics. Additionally, the Chief Financial Officer's report has been updated to include more charts and signposting, which allows the Board to spot trends in the data and challenge appropriately.

Finally, improvements were made to the internal Board effectiveness review process to ensure that this now includes an analysis of the Matters Reserved for the Board/Terms of Reference. This allows the Board and its Committees to be satisfied that they have discharged their responsibilities during the year as part of reviewing their overall effectiveness. Further information on the Board and Committee effectiveness reviews can be found on page 102.

Matters considered	Outcome	Our stakeholders	Links to strategic pillars
<b>Strategy and management</b>	<ul style="list-style-type: none"> <li>Reviewed and approved the Group's Next Gen strategy at the annual and mid-year review meetings and received updates at intervals during the year.</li> <li>Reviewed the Group's operational and financial performance with regular presentations from the Chief Executive Officer and Chief Financial Officer enabling oversight of business performance against targets, budget and strategy.</li> <li>Supported the continuation of the strategic retail partnership initiative with the long-term aim of strengthening our market position.</li> <li>Reviewed and approved the Responsible Business Framework (ESG Strategy). For more information, see page 46.</li> <li>Received an update from the Chief Human Resources Officer on the human resources strategy.</li> <li>Received an update from the Chief Information Officer on the technology strategy.</li> <li>Considered the culture of the Group and how the Board sets the culture and maintains oversight.</li> <li>Considered the key themes of the 2023 Annual Report and Financial Statements.</li> <li>Approved the Group's purpose, values and vision statement.</li> </ul>		
<b>Board composition and effectiveness</b>	<ul style="list-style-type: none"> <li>Reviewed Board composition regularly to ensure the right mix of skills, knowledge, experience and diversity for the Board to continue to be effective.</li> <li>Reviewed and considered conflicts of interest, independence and time commitments of the directors.</li> <li>Participated in a Board effectiveness review process and agreed key priorities following a review of findings.</li> <li>Received training including an annual session on the product roadmap and mobile wallet.</li> </ul>		
<b>Financial reporting</b>	<ul style="list-style-type: none"> <li>Approved the 2022 Annual Report and Financial Statements including the long-term viability and going concern statements.</li> <li>Reviewed and approved the half- and full-year results announcements, quarterly trading updates and presentations to investors and analysts.</li> <li>Approved the progressive dividend policy for 2023 and future years.</li> <li>Monitored the Group's funding position and compliance with the Group's financial covenants.</li> <li>Reviewed and approved Group treasury policies.</li> <li>Approved the update to the Euro Medium Term Note prospectus in August 2023.</li> <li>Approved the 2024 Group budget and business plan for 2024 to 2028, reviewing key assumptions, inputs and risks, and monitored performance and variances against the 2023 budget and business plan.</li> </ul>		
<b>Risk management and internal controls</b>	<ul style="list-style-type: none"> <li>Reviewed and approved risk appetite proposals and the updated risk management policy.</li> <li>Reviewed and approved the assessment of principal risks, including climate risk and emerging risks.</li> <li>Received reports from the Audit and Risk Committee of the Group's systems of risk management and internal controls, and confirmed their effectiveness.</li> <li>Received regular updates through the Audit and Risk Committee in respect of internal and external audit reviews, and agreed the internal audit programme for the year.</li> <li>Approved the reappointment of Deloitte LLP as auditor on the recommendation of the Audit and Risk Committee.</li> <li>Received and considered updates on the tender process for the Group's auditor.</li> </ul>		
<b>Governance</b>	<ul style="list-style-type: none"> <li>Approved the resolutions to be put to shareholders at the 2023 AGM.</li> <li>Reviewed and approved the proposed rules of the Restricted Share Plan to be put to shareholders at the 2023 AGM.</li> <li>Approved the appointment of Katrina Cliffe as Senior Independent Director.</li> <li>Approved updated Matters Reserved to the Board and Board Committees' Terms of Reference.</li> <li>Reviewed and approved the Group's tax strategy.</li> <li>Reviewed and approved the Modern Slavery Statement and Policy.</li> <li>Reviewed and approved the Group Capital Management Policy.</li> <li>Reviewed and approved the Human Rights Policy.</li> <li>Reviewed and approved the Corporate Sustainability Policy.</li> </ul>		
<b>Stakeholder engagement</b>	<ul style="list-style-type: none"> <li>Received bi-annual updates on engagement activities with all stakeholders undertaken throughout the year.</li> <li>Received updates on the general wellbeing and health and safety of colleagues, as part of routine reports from the executive directors and management.</li> <li>Received an annual health and safety update from the Health and Safety Manager.</li> <li>Received updates on equity and debt investor sentiment in response to financial results and from bondholders and potential bondholders as part of the Chief Executive Officer and Chief Financial Officer reports.</li> </ul>		

**Our stakeholders key**

- Customers
- Regulators and legislators
- Communities
- Employees and customer representatives
- Suppliers
- Investors and ratings agencies

**Strategic pillars key**

- Financial inclusion
- Organisation
- Technology and data

## Board overview of purpose

### Company purpose

The Board has overall responsibility for the Company's purpose, values and strategy to deliver long-term sustainable success and generate value for its shareholders and other stakeholders. It places great importance on ensuring that these continue to be appropriate for the business and the markets in which we operate, while continuing to be aligned with our culture.

Having a clear purpose guides the Board and the executive directors in managing the business and provides a common goal. The Board reviews and approves the purpose, values and vision statement annually to ensure that these remain appropriate for the Group. By delivering on our purpose, we serve and create value for our stakeholders. This supports a strong culture which drives performance across the business both in terms of financial and non-financial value. The Board sets the strategy for the Group and throughout the year it receives regular updates to ensure it is delivered in line with our purpose.

Our purpose of building a better world through financial inclusion explains why we exist and reminds us of who we serve and why. We help consumers, who have lower to medium incomes and often a limited credit history, access the financial system. We are a responsible lender, well positioned to provide an entry point to mainstream consumer finance, serving customers with regulated credit products.

We continue to deliver on our purpose by removing barriers that exclude the underserved from the financial sector by:

- responsibly serving more customers;
- providing appropriate products and services;
- offering solutions to underserved people;
- expanding our geographic reach; and
- supporting our customers who have financial difficulties.

During 2023, the Board focused on ensuring that purpose was embedded in the strategic planning process, which included approving the purpose and values of the Group following the Board strategy day and giving consideration to our purpose as part of the Group's annual budget and business plan process. The Board also refreshed the articulation of the Group's strategy to ensure that it was consistent with our purpose and this was communicated to the Group as part of a strategy roadshow by the Chief Executive Officer and the Chief Strategy and Planning Officer.

### Culture and values

The Board understands that the cultural tone of our business comes from the top. The benefits of a strong culture are seen in the success of delivering the strategy and in the engagement, retention and productivity of our employees and customer representatives. The Board monitors and assesses the Group's culture along with its purpose and values through receiving regular updates from members of the senior leadership team. The Board also assesses cultural indicators such as management's attitude to risk, behaviours and compliance within the Group's policies and procedures as well as reviewing the results of employee surveys. The Board specifically discusses its oversight of culture annually as a checkpoint to ensure that it taking sufficient steps to ensure its duty to oversee culture has been properly discharged.

In addition to the annual culture review, the Board also reviewed the results of the 2023 Global People Survey, which provides a real insight into the culture of the Group. The Chief Human Resources Officer presented the findings to the Board and identified follow up actions which included focus groups and action plans to ensure that any areas of improvement were followed up. Further information on the Global People Survey can be found on page 54.

The Board also recognises that it is accountable to stakeholders for ensuring that the Group is managed appropriately and achieves its objectives in a way that is supported by the right culture and behaviours. Our values, responsible, respectful and straightforward, are regularly reviewed and approved by the Board. They support our culture and help colleagues understand the importance of how we work together as a team and how we place customers at the centre of what we do.

### How does the Board oversee culture?

- Board reporting
- Workforce Engagement Director
- Branch/market visits
- Skip level meetings
- Board dinners with attendees from various levels of management
- Business plan approval
- Purpose approval
- Values approval
- Risk appetite
- Internal audit reports
- Whistleblowing updates
- Key recruitment
- Executive director objectives and rewards

# Building a better world through financial inclusion



## Employee engagement

The Board routinely interacts directly with colleagues through a programme of Board visits and dinners and indirectly through the work of the Workforce Engagement Director, Katrina Cliffe. These activities are designed to enable the Board to develop a strong understanding of the Group and the different matters which are important to colleagues globally. As part of this activity, the Board is able to gain assurance that the Group's policies, practices and behaviour throughout the business is aligned with the Company's purpose, vision and desired culture. The Workforce Engagement Director champions the workforce voice within the Boardroom to strengthen the link between the Board and colleagues. Throughout 2023, Katrina undertook a number of engagement activities as part of the workforce engagement programme as explained in more

detail above. Following this engagement with employees and customer representatives, Katrina regularly provided feedback to the Board including as part of regular updates on stakeholder engagement on the insights she had developed from her work in this area.

The Board also undertakes engagement activities as a whole, including branch and market visits, presentations, dinners and other ad-hoc interactions. This allows the Board to meet a broad spectrum of individuals from different areas of the Group including sales, marketing, IT, legal, compliance, data protection, corporate affairs, human resources, finance, health and safety, internal audit and risk.

**More information on how the Group engaged with colleagues can be found on page 42 and pages 51 to 55.**

# Nominations and Governance Committee Report



**Stuart Sinclair**  
Chair of the Nominations and Governance Committee

“During 2023, the Committee sought to broaden its areas of focus to ensure that the Group remained well governed.”

## Committee members

**Stuart Sinclair**, Chair

**Deborah Davis**, Independent non-executive director

**Richard Holmes**, Independent non-executive director

**Aileen Wallace**, Independent non-executive director

The table below shows the number of meetings held and the directors' attendance during 2023.

Committee member	Scheduled meetings <sup>1</sup>	No. of meetings attended	% of meetings attended
Stuart Sinclair	5	5	100%
Deborah Davis	5	5	100%
Richard Holmes	5	5	100%
Aileen Wallace <sup>2</sup>	5	4	80%
Gerard Ryan <sup>3</sup>	3	3	100%

### Notes

1. The scheduled meetings that each individual was entitled to and had the opportunity to attend.
2. Aileen Wallace was unable to attend one meeting due to a schedule conflict which the Board was made aware of prior to her appointment.
3. Gerard Ryan resigned as a member of the Committee in April 2023 but still attends meetings, in line with best practice.

## Dear shareholder,

I am delighted to introduce this report for the year ended 31 December 2023, covering the vital part the Committee played in ensuring that the Board is effective and the Group is well governed.

## Key responsibilities of the Committee

Details on the Committee's key responsibilities can be found below and in our Terms of Reference at [www.ipfin.co.uk](http://www.ipfin.co.uk).

The Committee's purpose is to:

- review the composition of the Board and lead the process on proposed appointments to the Board and senior leadership team. The Committee shall make recommendations to the Board on this topic ensuring that both appointments and succession plans are based on merit and objective criteria and, within this context, promote diversity of gender, social and ethnic background, cognitive and personal strengths;
- ensure that the Board and its Committees consist of directors with the appropriate balance of skills, experience, diversity, independence and knowledge to enable it to discharge its duties and responsibilities effectively; and
- keep the Board's governance arrangements under review and make appropriate recommendations to the Board to ensure that its arrangements are consistent with relevant corporate governance standards and best practice.

## Committee composition and changes

I chair the Committee and was regarded as independent on appointment. I will not chair the Committee when it is dealing with matters of succession to the Chair of the Board. The Committee also comprises three other independent non-executive directors, Deborah Davis, Richard Holmes and Aileen Wallace. During the year, Gerard Ryan stepped down from the Committee, but he continues to attend each meeting of the Committee meetings.

## Key areas of focus during the year

During 2023, the Committee sought to broaden its areas of focus to ensure that the Group remained well governed.

Firstly, the Committee focused on ensuring that succession arrangements will enable the Board to continue to lead the Group effectively. This work included reviewing succession plans to ensure that the Board has the right balance of skills, expertise and knowledge, and to determine what actions would be taken in the event of a planned or unplanned departure from the Board. This activity was underpinned by an assessment of the Board's skills, knowledge and tenure in terms of the Company's Next Gen strategy overseen by the Chair. The skills matrix on page 89 sets out the attributes we consider to be key for the long-term success of the business as well as how these attributes link to our strategy. The Committee also reviewed in detail the skills and potential of the wider senior leadership team as part of the broader talent management process led by the human resources function.

The second area of focus was on ensuring that the Board continues to operate with a high degree of effectiveness. This is a broad area of responsibility and in 2023 meant the Committee reviewed detailed topics including the 2023 Board training programme, membership of the Board committees and role profiles for Board members. The Committee has also had the opportunity to review external developments in corporate governance to assess whether such developments required changes in the Group's Board governance arrangements. Furthermore, the Committee reviewed the structure, size and ways of working of the Board and oversaw the Group's compliance with the Corporate Code. Additionally, the Committee oversaw the implementation of the recommendations from the external Board evaluation review that took place in 2022 and I am pleased to confirm that all recommendations were implemented in 2023.

The Committee also focused on oversight of key policies dealing with matters relevant to our Responsible Business Framework such as Board diversity, political donations, access to independent advice and conflicts of interest. The Committee has welcomed the opportunity to oversee these important policies.

Finally, the Committee continued to review the external appointments of the current directors. This work considered the time commitments arising from current roles to ensure directors are not over boarded and ensuring directors meet required standards concerning independence as well as determining whether new appointments would affect a director's ability to discharge their duties as a director of the Company effectively.

## Committee effectiveness review

An internal effectiveness review of the Board and its Committees was undertaken in 2023, which consisted of a questionnaire completed by the Committee and its regular attendees, and an analysis of compliance with the Committee's Terms of Reference. Overall, the Committee concluded that it had operated effectively and complied with the Committee's Terms of Reference throughout the year.

Feedback from this process indicated that the Committee's main areas of focus in 2024 should be on succession planning, including oversight of executive director performance and ensuring development of key talent.

## Annual re-election of directors

As in previous years, Board members will stand for re-election by shareholders at the 2024 AGM. All non-executive directors are considered independent in accordance with the requirements detailed in the Code, and they continue to make effective contributions, constructively challenge management and devote sufficient time to their role. Accordingly, all directors are proposed for re-election. Further details are contained in the Notice of Meeting circulated to shareholders.

## Progress in 2023

- Reviewed Board composition and succession planning.
- Reviewed the governance framework and made recommendations for improvement where appropriate.
- Oversaw the induction of Aileen Wallace.
- Reviewed key policies relating to the Responsible Business Framework.
- Reviewed and updated the Committee's Terms of Reference.
- Oversaw the implementation of the recommendations from the external Board effectiveness review.

## Key priorities for 2024

- Focus on succession planning in light of the Group's Next Gen strategy.
- Oversee the implementation of the recommendations from the external Board effectiveness review.
- Keep under review the governance framework and make recommendations for improvement where appropriate.

## Recruitment and succession planning

The Committee recognises the importance of the Board to anticipate and prepare for the future, and ensuring that the skills, experience, knowledge and perspectives of the directors and members of the senior leadership team reflect the changing demands of the business. When considering succession plans, the Committee and the Board are cognisant of the need to ensure that a diverse range of individuals is included and the Board's diversity objectives, as set out in the Board Diversity Policy on page 100, reflect how the Board ensures that diversity is considered when recruiting new directors to the Board and considering succession planning. The Committee's approach to succession includes anticipating departures and allowing sufficient time for orderly succession, ensuring appointments are made on merit against objective criteria and taking into account the Company's strategic priorities and the main trends and factors affecting the long-term success and future viability of the Company. Succession plans are in place for the Chief Executive Officer, Chief Financial Officer, Chair and Non-executive directors for contingency, medium-term and long-term horizons.

On behalf of the Board, the Committee also leads on oversight of executive talent and succession planning. As part of the broader talent management process, the Committee receives an annual and mid-year update from the Chief Human Resources Officer on talent and succession planning, considering the skills and potential of those in the central management team.

During 2023, the Board also created and approved a Board skills matrix, which sets out the skills of each Board member and allows the Committee to identify skill gaps which will be reviewed as part of the Board's succession planning process. The Board skills matrix can be found on page 89.

## Induction of new directors

**Aileen Wallace**  
Independent  
non-executive  
director



All directors receive a comprehensive induction programme, designed to ensure that they receive the information, support and guidance, consistent with their own experience and background, required to be able to discharge their role as director.

Aileen Wallace was appointed to the Board in December 2022 and underwent a detailed induction programme facilitated by the Company Secretary, details of which can be found to the right and below.

### Aileen Wallace induction programme

In the first six months of 2023, Aileen's induction plan focused on knowledge-based sessions with internal functions and external advisors that covered:

- IPF's culture, products, customers, colleagues, business model, governance of the Group and the markets in which we operate;
- the regulatory context in which each market operates;
- the role of the non-executive director at IPF;
- the processes for managing risk; and
- IPF's stakeholders.

Following discussions with Aileen, these sessions were supplemented by a site visit in Poland and additional sessions with the Chief Information Officer and Chief Marketing Officer when they joined the Group.

Following completion of the induction programme, the Company Secretariat followed up with Aileen to check whether she had any additional requirements to conclude her induction. No further requests were made and the induction was deemed complete. Further detail on Aileen's induction programme have been included below.

Desired outcome	Topics covered	Sessions with
<b>About the Board</b> – the incoming director has a clear understanding of how the Group operates and the current key topics for the Board.	<ul style="list-style-type: none"> <li>- Key Board discussion points</li> <li>- The roles of the Committees and key discussion points</li> <li>- Board succession planning</li> <li>- Board effectiveness</li> <li>- Board workforce engagement</li> <li>- Governance</li> </ul>	<ul style="list-style-type: none"> <li>- Chair of the Board</li> <li>- Chief Executive Officer</li> <li>- Committee chairs</li> <li>- Workforce Engagement Director</li> <li>- Deputy Company Secretary</li> </ul>
<b>About the business</b> – the incoming director gains the required level of understanding of the Group's performance, culture and processes to be able to discharge the role of director successfully.	<ul style="list-style-type: none"> <li>- Purpose, culture, values</li> <li>- Current strategy and strategic planning process</li> <li>- Strategic partnerships and data science</li> <li>- Employee engagement, human resources strategy, and performance management and succession planning</li> <li>- Key legal, compliance and privacy matters</li> <li>- Key regulatory matters, external trends and risks in the markets</li> <li>- Credit risk performance and Group Risk Framework and reporting</li> </ul>	<ul style="list-style-type: none"> <li>- Chief Executive Officer</li> <li>- Chief Strategy Officer</li> <li>- Corporate Development Director</li> <li>- Chief Human Resources Officer</li> <li>- Chief Legal Officer and Company Secretary</li> <li>- Corporate Affairs Director</li> <li>- Credit Director</li> </ul>
<b>About our markets</b> – the incoming director develops a strong understanding of our different markets.	<ul style="list-style-type: none"> <li>- Overview of the divisions and markets</li> </ul>	<ul style="list-style-type: none"> <li>- Divisional directors</li> <li>- Country Managers</li> </ul>
<b>About our IT and change activities</b> – the incoming director has an overview of the Group's IT and information security position and key future priorities.	<ul style="list-style-type: none"> <li>- IT estate and service</li> <li>- Information security and privacy</li> <li>- Key change projects</li> </ul>	<ul style="list-style-type: none"> <li>- Data Protection Officer</li> <li>- Group Head of Information Security</li> <li>- Chief Strategy Officer</li> </ul>
<b>Finance</b> – the incoming director learns about the recent and forecast financial performance of the Group and its external funding activities.	<ul style="list-style-type: none"> <li>- Current financial position and historic performance including KPIs, current challenges and future opportunities</li> <li>- Financial reporting</li> <li>- Funding, treasury and wholesale activity including funding plans</li> </ul>	<ul style="list-style-type: none"> <li>- Chief Financial Officer</li> <li>- Group Treasurer</li> </ul>
<b>Audit</b> – the incoming director learns about internal and external audit processes.	<ul style="list-style-type: none"> <li>- External audit</li> <li>- Internal audit</li> </ul>	<ul style="list-style-type: none"> <li>- External auditors</li> <li>- Group Head of Internal Audit</li> </ul>



## Board diversity and policy

Diversity is built into the Group's policies as appropriate and, as a business operating in different countries, collaboration between our international operations is a central dynamic of our culture. Diversity and inclusion is about treating people fairly, equitably and without bias, creating conditions that encourage and promote respect, dignity and belonging. This is embedded in our culture and values.

The Board Diversity Policy formalises its approach to this topic and it can be accessed in the policies section of our website. The purpose of the policy is to set out the Group's approach to diversity of the Board and its Committees. The policy aims to drive balance and alignment with our purpose, strategy and values, through measurable objectives which reflect the actions the Board will take when considering membership of the Board and its Committees. The Committee reviews the policy, including objectives and progress, at least annually.

In setting the principles and objectives of the policy, the Committee and Board acknowledge the external expectations of stakeholders and the opportunities to drive change through succession planning. The Parker Review, Hampton-Alexander Review and the new requirements of Listing Rule 9.8.6(9)R are supported fully by the Board.

The percentage of female representation for the senior leadership team and their direct reports was 27%.

## Annual statement on Board diversity targets

On behalf of the Board, the Committee is pleased to confirm that as at 31 December 2023, all three of the targets set out in Listing Rule 9.8.6(9)R, and also included in the Board Diversity Policy objectives, have been met. Further detail on how these targets have been achieved can be found below.

As required by Listing Rule 9.8.6(10)R, detailed numerical information on the gender and ethnicity representation on the Board and our executive management as at 31 December 2023 is set out on page 101. There have been no changes between 31 December 2023 and the date of this report.

Data concerning gender and ethnicity representation was collected directly from all the individual Board and senior leadership team members through a Diversity and Inclusion Monitoring Form (the "Form"). The Form asks the individuals to disclose their gender and ethnicity using the options included on the Form, which align with the detail in the left-hand column of the tables on page 101 and therefore includes the option to not specify an answer. The data was collected on an anonymous basis by the Company Secretariat and this process will be completed annually going forward.

Board Diversity Policy objectives	Implementation	Progress against objectives
Consider candidates for appointment as non-executive directors from a wider pool including those with little or no listed company board experience. Ensure non-executive director 'long lists' include 50% female candidates.	The Board and the Committee recognise the importance and benefits of greater diversity, including gender, age, nationality, ethnic origin, socio-economic background, educational and professional background, sexual orientation and disability.  On instruction of an executive search firm, the specification will ensure that candidates with no listed company Board experience are fully considered.	The Board actively seeks diverse candidates. Over the past two years, the Board has appointed two female Board members, Katrina Cliffe and Aileen Wallace. The Board will continue to consider candidates from a wide pool when completing future recruitment.
Engage only with executive search firms which have signed up to the Standard Voluntary Code of Conduct on both gender and ethnic diversity and best practice.	The Board will continue to engage executive search firms that have signed up to the Standard Voluntary Code of Conduct.	When recruiting Katrina Cliffe, the Board engaged with Ridgeway Partners. At the time of engagement, Ridgeway Partners were, and continue to be, a signatory of the Standard Voluntary Code of Conduct.
Maintain a continuous level of at least 40% female directors on the Board.	The Board will continue to ensure that recruitment and succession planning for the Board take consideration of these objectives, whilst also ensuring that any succession plans and appointments are made based on merit and objective criteria.	As set out in the annual statement on board diversity targets above, 43% of individuals on the Board are women.
A female director is appointed to at least one of the senior Board positions (Chair, Chief Executive Officer, Senior Independent Director, Chief Financial Officer).		In December 2023, Katrina Cliffe was appointed Senior Independent Director for the Board.
At least one director from an ethnic minority background is appointed to the Board.		As set out in the annual statement on board diversity targets above, one member of the Board is from an ethnic minority background.

## Gender representation as at 31 December 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management <sup>1</sup>	Percentage of executive management <sup>1</sup>
Men	4	57.1%	3	11	78.6%
Women	3	42.9%	1	3	21.4%
Not specified/prefer not to say	0	0%	0	0	0%

## Ethnic representation as at 31 December 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management <sup>1</sup>	Percentage of executive management <sup>1</sup>
White British or other White (including minority-white groups)	6	85.7%	4	14	100%
Mixed/Multiple ethnic groups	0	0%	0	0	0%
Asian/Asian British	1	14.3%	0	0	0%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group, including Arab	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

1. Per the definition within the Listing Rules, executive management at IPF is the senior leadership team, which includes the Company Secretary. The Chief Executive Officer and Chief Financial Officer have not been included in the executive management data as they are included in the data for the Board.

## Independence and external commitments

The Committee reviews requests for external appointments carefully, taking into account the directors other commitments and their role on the Board. An executive director will be permitted to hold one non-executive directorship (and to retain the fees from that appointment) provided that the Board considers this will not affect their executive responsibilities adversely. The executive directors currently do not hold any external directorships. A non-executive director should not hold more than four other material non-executive directorships. If they hold an executive role in a FTSE 350 company, they should not hold more than two other material non-executive directorships.

In line with the Code, non-executive directors are required to seek Board approval prior to taking on any additional appointments. In January 2023, the Committee recommended to the Board the approval of Katrina Cliffe's appointment as a non-executive director of DCC plc, which took effect from 1 May 2023. In October 2023, the Committee also recommended the approval of Aileen Wallace's appointment as a non-executive director of Tandem Bank Limited and Tandem Money Limited. In making these decisions the Committee were assured that both Katrina and Aileen would continue to be able to devote the appropriate time to their roles as non-executive directors of the Company and the new roles would not give rise to any conflict of interests. The external commitments of the Chair and the other non-executive directors were also reviewed and the Board is satisfied that these do not conflict with their required commitment to the Company.

The independent non-executive directors are appointed for an period of three years initially, subject to annual re-election by shareholders at the AGM. This period may be extended, following recommendation by the Nominations and Governance Committee, for two further three-year periods. The Board will not normally extend the aggregate period of service of any independent non-executive director beyond nine years. Their letters of appointment may be inspected at our registered office and copies are available from the Company Secretary.

Each of the non-executive directors has been formally determined by the Board to be independent for the purposes of the Code and the Chair was considered to be independent on appointment. Katrina Cliffe was appointed as the Senior Independent Director on 1 December 2023. She will be available to shareholders should they have concerns which contact through the normal channels of Chair and Chief Executive Officer has failed to address or for which such contact is inappropriate. The Senior Independent Director will review the performance of the Chair on an annual basis and will consult with other Board members as part of the review. They will also consider the relationship between the Chair and the Chief Executive Officer.

## Board effectiveness review

The Board undertakes a formal and rigorous evaluation of the performance of the Board, its Committees, the Chair and individual directors on an annual basis. This process follows a three-year cycle, with the 2022 Board effectiveness review being facilitated externally and the next externally facilitated effectiveness review being due to be undertaken in 2025.



<b>Stage 1</b> September 2023	Proposals for the 2023 Board and Committee effectiveness review processes were reviewed and approved by the Committee, following consultation with the Chairs of the Board and its Committees.
<b>Stage 2</b> October 2023	Each director completed a questionnaire for the Board and the Committees of which they were a member of. Regular attendees of each Board Committee were also invited to complete the questionnaire.
<b>Stage 3</b> October 2023	The Chair and the non-executive directors met without the executive directors being present and provided feedback on their performance throughout the year for the Chair to feed into their performance reviews.
<b>Stage 4</b> December 2023	The Committees reviewed the results from the committee effectiveness questionnaire and the Terms of Reference analysis. All Committees confirmed that they continue to operate effectively.
<b>Stage 5</b> December 2023	The Chair completed performance reviews for all the non-executive directors. It was confirmed that all non-executive directors continue to be effective in their roles. Following discussion and feedback from the other non-executive directors, the Senior Independent Director, Katrina Cliffe, completed the Chair's performance review. It was confirmed that the Chair continues to be effective in his role.
<b>Stage 6</b> January 2024	The Board reviewed the results from the Board effectiveness review, along with the Matters Reserved analysis, and the confirmation from the Committees that they continue to operate effectively. They also received confirmation from the Chair and the Senior Independent Director that all directors continue to be effective in their roles. The conclusion of the Board effectiveness review was positive, and confirmed that the Board as a whole continues to operate effectively. The composition of the Board was considered to be effective and it continued to provide successful leadership to the Group, comprising the appropriate balance of experience, skills, knowledge and diversity of background to implement the Group's strategy. The Board places significant reliance on its Committees by delegating a broad range of responsibilities and issues to them, and receives verbal updates from the Chairs of each of the Committees at the Board. Following discussions, it was agreed that the performance of the Board, its Committees, the Chair and each of the directors continues to be effective. Following consideration of the results of the review, the Nominations and Governance Committee approved an action plan to be implemented and monitored during 2024. The action plan addresses the main feedback received during the effectiveness review process.

The Committee ensured that the following actions were taken during 2023, following on from the 2022 Board Evaluation. As part of the overall Board effectiveness process, the Committee reviewed progress against the actions during the year.

**Recommendations from 2022 Board effectiveness review**

**Actions taken during 2023**

Consider how Board discussions are better able to contribute to the development of strategy.	Throughout the year, the Chief Strategy Officer and the Chief Executive Officer engaged with the Chair to develop the strategy process and ensure that strategic discussions were effective. This included making sure strategy documents were provided to members in sufficient time.
New Chief Information Officer to present regular updates to the Board to provide clarity on the Group's technology strategy and to consider the resource and capability required.	In December 2022, the Matters Reserved for the Board were amended to include updates from the Chief Information Officer on the Group technology strategy. Following his appointment, the Chief Information Officer will now present to the Board twice annually, which in 2023 included a presentation to the Board in July providing oversight of the development of the strategic plan for technology across the Group.
Understand the risks and opportunities relating to technology projects.	The risks and opportunities of technology projects are covered as part of the regular Chief Information Officer updates. A change dashboard is also provided to the Board on a quarterly basis as part of the Chief Executive Officer's report which provides further insight into these risks over the year.
Review the information the Board receives in order to monitor ESG performance and how it is incorporated into strategic discussions.	Throughout the year, the Board received several papers on ESG matters including approving the Responsible Business Framework. Additionally, the Board receives ESG metrics on a quarterly basis as part of the Chief Executive Officer's report which allows the Board to monitor ESG performance. As part of the Strategy day in December, the Board also considered climate risks and opportunities for the business and how this external force effects the Company's strategy.
Spend more time considering the wider stakeholder base including communities, regulators and politicians.	The Board now considers stakeholders in detail on a twice-yearly basis as part of a dedicated stakeholder update. This covers how the Board and the Group have engaged with each particular stakeholder group throughout the year and what actions have been taken since the previous update. Additionally, stakeholders are also considered as part of every paper following the introduction of a template for board papers. More information about our improvement to Board processes can be found on page 93.
Seek shareholder views to inform Board decision-making.	The Board continues to consider shareholder views to inform decision-making. At every Board meeting, the Chief Executive Officer's report includes an update on investor relations and the Chief Financial Officer's report also includes a more detailed update on shareholder engagement throughout the period. Additionally, the Board's new cover sheet template includes consideration of all stakeholders for every paper.
Gain greater understanding around IT and cyber risks through regular deep-dive discussions.	In December 2022, the Matters Reserved for the Board were amended to include updates from the Chief Information Officer on the Group technology strategy. The Chief Information Officer now attends the Board bi-annually and covers IT and cyber risk in these regular updates. He has also been invited to attend all Audit and Risk Committee meetings where internal audit actions, and IT and cyber risk are discussed regularly.
A dedicated training session on cyber risks will be arranged during the year.	The Chief Information Officer update which goes to the Board bi-annually covers cyber risk and will continue to do so going forward.
Review board paper structure and ensure the purpose of each paper is clear.	In 2023, a template for board papers was introduced to assist with the structure of papers and to ensure that the Board is clear on the purpose of each paper. More information about our improvement to Board processes can be found on page 93.

**Stuart Sinclair**

Chair of the Committee

14 March 2024

# Audit and Risk Committee Report

**Richard Holmes**  
Chair of the Audit  
and Risk Committee



**“Throughout the year, we continued to monitor the effectiveness of the Group’s systems of internal control and risk management, and provided effective oversight and independent scrutiny to ensure the presentation of a balanced, true and fair view of the Group’s performance during 2023.”**

## Committee members

**Richard Holmes**, Chair and non-executive director

**Deborah Davis**, Independent non-executive director

**Katrina Cliffe**, Senior independent non-executive director

The table below shows the number of meetings held and the directors’ attendance during 2023.

Committee member <sup>2</sup>	Scheduled meetings <sup>1</sup>	No. of meetings attended	% of meetings attended
Richard Holmes <sup>3</sup>	6	6	100%
Deborah Davis	6	6	100%
Katrina Cliffe <sup>3</sup>	6	6	100%

### Notes

- The scheduled meetings that each individual was entitled to, and had the opportunity to, attend.
- The Committee members’ expertise, qualifications and relevant experience is set out in each of their biographies on pages 86 to 87.
- Richard Holmes stepped down as Senior independent director on 1 December 2023 and on the same date was succeeded in that role by Katrina Cliffe.

## Dear shareholder,

On behalf of the Committee, I am pleased to present the Audit and Risk Committee’s Report for the year ended 31 December 2023, which explains our work and how we met our audit, risk management and internal control responsibilities.

## The year in review

This section of the Annual Report and Financial Statements sets out how the Committee has addressed both routine and emerging issues during the year. As mentioned elsewhere in this Annual Report, the key challenges for the business and for the Committee continued to be the uncertain global macroeconomic environment and cost-of-living crisis which impacted our customers and our own cost-base, driven in part by the wars in Ukraine and more recently the Middle East; continuing regulatory challenge; and our approach to ESG through the development of our Responsible Business Framework strategy.

The Committee monitored the consequent impacts on the Group’s Financial Statements closely and, despite continuing uncertainty, was pleased to see the delivery of a very good operational and financial performance.

The Committee also addressed a range of routine matters, receiving regular updates from the internal audit team on internal control matters, including the management of cyber threat, information security and business continuity, and the continuing development of the Group’s framework for internal non-financial control. Where the Committee identified areas requiring improvement, processes were put in place to ensure that the necessary action was being taken and that progress was being monitored. The Committee also dedicated time to approving Deloitte LLP’s plan for the 2023 external audit, and for the 2024 internal audit plan. A final focus for the Committee this year was our oversight of the ongoing external auditor tender process.

Since receiving a letter from the Polish financial supervision authority, KNF, in late February 2024, the Committee has provided oversight on this matter including disclosures in this Annual Report and Financial Statements. See page 30 for more information.

## The year ahead

Although macroeconomic uncertainty continues to have a significant impact on the sector in which we operate, we will respond to the challenges and opportunities this brings. The Committee will continue to oversee the development of the Group’s systems of risk management and internal control, and monitor developments in relation to the UK Government’s internal control systems reforms. We will follow and respond to the new requirements and the resulting impacts on the Committee’s annual cycle of work. We are well placed to discharge our duties in the year ahead.

## Committee effectiveness

An effectiveness review of the Board and its Committees was undertaken internally at the end of 2023, which comprised a questionnaire completed by the Committee and its regular attendees together with an analysis of compliance with the Committee's Terms of Reference. Overall, the Committee concluded that it had operated effectively and that the Committee's Terms of Reference had been complied with throughout the year.

Feedback from this process indicated that the Committee's main areas of focus for 2024 should be on:

- ensuring the risks arising from credit are appropriately managed, including ensuring any judgements made on credit card receivables are appropriate;
- oversight of plans to address technology-related risks and plans to address new EU regulatory requirements such as DORA and CCD 2;
- ensuring an appropriate balance between reviewing risk frameworks and policies and reviewing specific risks; and
- enhancing the integration of risk management and strategic planning.

## Progress against 2023 key objectives

- Regularly received and reviewed reports on regulatory developments.
- Continued to focus on the development and execution of the Group's ESG strategy.
- Kept under close review the Group's responses to developments in the macroeconomy and cost-of-living crisis.
- Continued to monitor the ongoing alignment of the Company's purpose, values, strategy and culture.
- Provided oversight to the audit tender process.

## Key objectives for 2024

- Respond to the impact of changes resulting from the Audit Reform debate on assessments by the Committee of the effectiveness of the risk management and internal control systems.
- Receive and challenge as necessary regular reports on the continuing development of a three lines of defence model.
- Review progress on the development of a control framework for managing technology, change management and inherent information security risks for the Group.
- Continue to provide oversight to the audit tender process.

## Composition, role and responsibilities

The Committee consists of independent non-executive directors and met six times during the year. Members and their attendance at meetings can be found on page 104.

The external auditor, Deloitte LLP, the Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Group Financial Controller, and the Head of Internal Audit are invited to attend all meetings. Periodically, senior management from across the Group are invited to present on specific aspects of the business. The members of the Committee meet on a regular basis outside scheduled Committee meetings, and the Committee also meets from time to time with the external auditor, without an executive director or another member of the senior leadership team being present.

Functionally, the Head of Internal Audit reports directly to the Chair of the Committee. For routine administrative matters, the Head of Internal Audit's principal contact is the Chief Financial Officer. The Head of Internal Audit operates within a clearly defined remit and has good linkage to the Chief Executive Officer and to the rest of the organisation.

The Committee ensures shareholders' interests are protected and long-term value is created. The Committee supports the Board in fulfilling its responsibilities in relation to financial reporting, monitoring the integrity of the Financial Statements and reviewing and challenging any significant financial reporting issues and judgements in relation to the Financial Statements. The Committee's responsibilities are explained fully in its Terms of Reference which are available on our website at [www.ipfin.co.uk](http://www.ipfin.co.uk). The Committee works to a structured programme of activities and meetings to coincide with key events around our financial calendar. Its main responsibilities are to:

- monitor the Group's systems of internal control, including financial, operational and compliance controls and risk management systems, and to perform an annual review of their effectiveness;
- monitor the integrity of the Financial Statements of the Company and the formal announcements relating to the Company's financial performance, reviewing the significant financial reporting judgements contained in them;
- provide advice to the Board on whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- make recommendations to the Board, for the Board to put to shareholders in general meeting, relating to the appointment, reappointment and removal of the external auditor, and to approve its terms of appointment; review and monitor the objectivity and independence of the external auditor and the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- review and approve the internal audit programme for the year and monitor the effectiveness of the internal audit function in the delivery of its plan;
- keep under review the work of the Risk Advisory Group, in particular the Group schedule of key and emerging risks, and consider the principal and emerging risks stated on pages 78 to 83 facing the Group and their mitigation; and
- review and approve risk appetite proposals, together with the mechanisms that will be used for monitoring adherence to them.

## Activities in 2023

### Financial reporting

The Committee reviewed and considered the following areas in respect of the preparation of the half-year and full-year Financial Statements:

- the appropriateness of accounting policies used;
- compliance with external and internal financial reporting standards and policies;
- significant judgements made by management regarding areas of uncertainty;
- disclosures and presentations; and
- whether the Annual Report and Financial Statements is fair, balanced and understandable.

In carrying out this review, the Committee considered the work and recommendations of management, and received reports from the external auditor setting out its view on the accounting treatments and judgements underpinning the Financial Statements.

The significant accounting judgements considered by the Committee were:

- **Impairment of receivables:** the application of IFRS 9 to the issues arising from the impact of the rising costs of living had a significant impact on the impairment charge and the calculation of provisions. The key areas of judgement in respect of impairment provisions made against amounts receivable from customers are the parameters used in the expected loss models, the expected timing of future cash flows and post-model overlays. The expected loss models are driven by historical data in respect of probability of default and exposure at default, together with loss given default for each portfolio. At both the half-year and full-year results, the Committee considered a paper prepared by management summarising the work performed to update parameters used in the expected loss and the cash flow timing models, and the judgements applied in this process. This paper also addressed the use of post-model overlays in instances where the most recent trends in the data were felt to be more relevant than some of the more historical information. This was still relevant in 2023 due to the use of rising costs-of-living post-model overlays arising from a full assessment of expected repayment cash flows in order to calculate the expected impact of these issues on the Group's impairment provisions. Further detail on the post-model overlays considered is given in the key sources of estimation uncertainty section of this Annual Report on page 153. The external auditor performed audit procedures on

impairment provisioning, challenging management on its approach to the Group's cost-of-living crisis provision and on its planned accounting treatment for the Group's new credit card product. The external auditor reported its findings to the Committee. The Committee concluded that the receivables impairment provisioning in the Financial Statements was appropriate.

- **Revenue recognition:** the judgement in respect of revenue recognition is the methodology used to calculate the effective interest rate. The calculation takes into account all the contractual terms together with the extent and timing of customer early settlement behaviour. The external auditor performed procedures to assess management's calculations and assumptions used to calculate the effective interest rate and reported its findings to the Committee. The Committee concluded that revenue recognition in the Financial Statements was appropriate.
- **Accounting for credit card receivables:** the Company does not yet have sufficient historical credit card data in order to calculate an expected loss provision for the credit card receivables portfolio. At both the half-year and the full-year results, the Committee considered a paper produced by management summarising the approach taken to determine the most appropriate expected loss parameters for this portfolio, and the judgements applied in this process. Further detail on the credit card valuation methodology is given in the key sources of estimation uncertainty section of this Annual Report and Financial Statements on page 154. The external auditor performed audit procedures on the credit card receivables valuation and reported its findings to the Committee, who concluded that the credit card receivables valuation in the Financial Statements was appropriate.
- **Taxation:** IPF operates in multiple jurisdictions where the taxation treatment of transactions is not always certain. Management is therefore required to make judgements, based on internal expertise and external advice, on the methodology to be adopted for accounting for uncertain tax positions. Key areas of focus in 2023 included justification of the Group's deferred tax asset. The external auditor performed procedures to assess management's judgement and reported its findings to the Committee. The Committee concluded that the provision for uncertain tax risks included in the Financial Statements was appropriate.
- **Regulation:** the business is subject to regulatory scrutiny in multiple jurisdictions and at times it is appropriate to make provisions for potentially adverse rulings by regulatory authorities. The Board was advised by the Chief Legal Officer in relation to any enquiry it had on this area.

## Internal control and risk management

While the Board is responsible for overseeing the Group's systems of internal control, including risk management, the review of its effectiveness is delegated to the Committee. The Group recognises the importance of strong systems of internal control in the achievement of its strategy and objectives. It is also recognised that any system can provide only reasonable and not absolute assurance against material misstatement or loss.

The Committee reviews and approves the Group schedule of key risks, which describes the principal risks and uncertainties facing the business. The Board considers the schedule formally on a six-monthly basis and approves risk appetite at least annually. The Committee is supported in its work by the Risk Advisory Group, which in 2023 comprised the Chief Executive Officer, Chief Financial Officer, Group Credit Director and Chief Legal Officer, together with other members of the senior leadership team. The Risk Advisory Group meets four times a year. It reports to the Audit and Risk Committee and considers the risk assessments and risk registers produced in each country and updates the Group schedule of key risks. It also considers emerging risks, areas of specific risk, and particular issues. For further details, see pages 78 to 83.

The Committee challenged robustly the identification, assessment and planned mitigation of the principal risks facing the business, notably in the light of the cost-of-living crisis.

The Committee also continued to pay close attention to the heightened information security and cyber risk of hybrid working and to the threat of fraud, given the changed working environment. The rapid rollout and uptake of Generative AI and its utilisation by those with malicious intent has increased the cyber threat, as well as the risk of inadvertent data loss from colleagues and customers using these new tools. A new AI Adoption Policy has been introduced and this will continue to be an area of focus for the Committee. The implications of the new Digital Operational Resiliency Act (DORA), which comes into full force in January 2025, is also being monitored closely.

Regulatory developments in 2023 were in three important areas. Firstly, market-specific regulatory changes driven by political environments. These included a lower total cost of credit cap and new affordability regulations which came into force in Poland in December 2022 and May 2023 respectively, following seven years of debate and discussion; changes in the areas of responsibility of the Romanian Consumer Protection Office and tightening of the price and affordability rules in the Baltics. There were also positive changes such as an opportunity to dedicate a part of tax paid to NGOs in Romania; and the abolition of the personal identification system in the Czech Republic.

Secondly, regulatory change was driven by high inflation and low economic growth environments, which took the form of increasing personal tax payments and minimum wages.

Finally, an increasingly important third area of regulatory change was emerging regulation from the European Union, including the conclusion of its review of the Consumer Credit Directive, and a series of changes in the areas of distance marketing of financial products, IT, business continuity and information security, sustainability reporting, and open banking. See pages 30 and 80 for more information on the Consumer Credit Directive.

To ensure we are prepared sufficiently for regulatory developments, we reviewed and refreshed the regulatory change management framework which governs our responses, from monitoring and appropriately influencing to implementation and compliance.

Additionally, the Committee received regular updates on key tax issues and ongoing tax audits within the Group, together with OECD and European Union international tax initiatives that could potentially impact the Group in the future. Details of the current status of tax audits are included in our principal risks and uncertainties on page 81.

The Committee will continue to assess the impact of these matters on the business and will monitor management's response throughout 2024.

The internal control environments in place to manage the impact of each risk are monitored by the Committee on a regular basis, as are the principal actions being taken to mitigate them. The Committee requests additional presentations on key business areas, as necessary, to supplement its understanding of control environments in place. The areas covered by these in 2023 are referred to in the 'Training' section on page 109.

Through the Committee, the internal audit function provides independent assurance to the Board on the effectiveness of the systems of internal control. The Committee provides oversight and direction to the internal audit plan, which is developed using an inherent risk-based approach, to ensure that it provides independent assurance over the integrity of internal controls and the operational governance framework. The Committee monitors the resolution of outstanding actions from internal audits, with a focus on action-owner accountability, and was pleased to note the solid rate of completed actions during the year. In addition, the external auditor communicates to the Committee any deficiencies in the internal control environment it observes as part of its audit procedures. Deloitte LLP, identified a number of IT deficiencies in the Company's control environment. Despite these deficiencies, the Committee remains confident that the overall control environment remains sufficiently robust.



## Internal audit

The internal audit function's purpose, authority and responsibilities are defined in its Charter, which is reviewed and approved annually by the Committee. Internal audit is an independent assurance function within the Group providing services to the Committee and all levels of management. It has no responsibility for operational business management and its remit is to provide objective assurance over the design and operating effectiveness of the system of internal control, through a risk-based approach. It also provides insight, delivers value, and helps the organisation to achieve its priorities. The internal audit function does this by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

The Head of Internal Audit reports into the Chair of the Committee with administrative oversight from the Chief Financial Officer.

The internal audit function comprises teams across our markets and at the Group head office in the UK, and has a high level of qualified personnel with a wide range of professional skills and experience. Co-sourcing agreements with the largest professional services firms ensure access to additional specialist skills and an advanced knowledge base.

The Committee has a permanent agenda item to cover internal audit-related topics. Prior to the start of each financial year, and at the half year, having considered the principal areas of risk within the business, the Committee reviews and approves an inherent risk-based internal audit plan, assesses the adequacy of the available internal audit resources and considers the team's operational initiatives for its continuous improvement.

The Committee reviews progress against the approved internal audit plan and the results of audit activities, with a focus on unsatisfactory audit results which require timely attention. During the year, the internal audit function focused on the Group's efforts to control its principal inherent risks which included regulation, reputation, information security and cyber threat, and the execution of projects and initiatives of strategic importance. The Committee monitors progress on the implementation of any action plans arising on significant audit findings to ensure they are completed satisfactorily.

Internal audit activities are based on a robust methodology and are subject to an ongoing programme of internal quality assurance reviews. The function has invested in several initiatives to continuously improve its effectiveness, including a third-party quality assessment which last reported in early 2019 and concluded positively on the effectiveness of the function. The aim is for a similar exercise to be undertaken in 2024. The team measures its operational effectiveness and efficiency via a set of key performance indicators which are reported at each meeting of the Committee, and via individual post-audit quality assessments by auditees, the results of which are also reported to the Committee.

The Committee is satisfied that the quality, experience and expertise of the function are appropriate for the business.

## External auditor effectiveness and independence

The Committee considered the external auditor's assessment of the significant risks in the Group's Financial Statements set out in its audit plan and approved the scope of the external audit that addressed these risks. The Committee considered these risks and the associated work undertaken by the external auditor when forming its judgement on the Financial statements.

In line with its established practice, the Committee monitored the effectiveness and conduct of the external auditor by reviewing:

- the experience and capabilities of the auditor and the calibre of the audit firm;
- provision of non-audit services;
- robustness and perceptiveness of the external auditor in its handling of key accounting and audit judgements;
- the interaction between management and the external auditor;
- the delivery of its audit work in accordance with the agreed plan; and
- the quality of its report and communications to the Committee.

The effectiveness of the external audit process continues to be evaluated via a questionnaire which was completed by the Committee members and attendees, and by business unit finance directors across the Group. The results of the evaluation were reviewed and considered by the Committee which concluded that with the timely resolution of an identified opportunity for improvement in one of the markets, the external audit process is effective.

In order to confirm its independence and objectivity, the external auditor issued a formal statement of independence to the Committee. In addition, the Committee ensured compliance with the Group's policy on the use of the external auditor for non-audit services.

The key requirements of this policy are:

- the external auditor is prohibited from providing certain services which include the following: tax services; payroll services; designing and implementing internal controls or risk management procedures; legal services; internal audit services; human resource services; valuation services; or general management consultancy; and
- the Committee Chair must approve any individual non-audit service over a specific fee level.

The policy of the Committee in respect of non-audit services is that the external auditor is only appointed to perform a non-audit service when doing so would be consistent with both the requirements and overarching principles of the Financial Reporting Council's Revised Ethical Standard (2019), and when its skills and experience make it the most suitable supplier.

The Committee believes that the Group receives a particular benefit from certain non-audit services where a detailed knowledge of its operations is important or where the auditor has very specific skills and experience. Other large accountancy practices are also used to provide services where appropriate. Consequently the Committee is satisfied that Deloitte LLP were independent throughout 2023.

Non-audit services carried out by Deloitte LLP in 2023	Fee £000
Other assurance services	140

## Audit tender and auditor rotation

The Statutory Auditors and Third Country Auditors Regulations 2016 requires public interest entities to undertake a tender exercise at least every 10 years and rotate auditors after at least 20 years. The Company last went out to tender in 2010 when Deloitte LLP was appointed as Group auditor. In 2020, however, the Group requested and received the approval of the Financial Reporting Council to defer the tender process for up to two years due to the challenges associated with the process in the context of Covid-19 and other competing priorities for management time arising from the pandemic. This deferral period ended, and therefore the Company was required to undertake a tender and audit rotation process for the 2023 financial year. The Company sought to run a tender process in 2022 and contacted nine firms to ascertain if they would participate. All firms contacted indicated that they did not wish to participate, due primarily to the volume of auditing activity they were undertaking for other clients or because of other non-audit activity they had undertaken for the Group. In January 2023, the Company notified the Financial Reporting Council and the Registrar of Companies of this position and its intention to run a tender process in 2023 for the 2024 financial year.

During 2023, a formal and competitive audit tender process was overseen by the Audit and Risk Committee. The objective of the process was to ensure a fair and transparent tender process and to appoint the audit firm that will provide the highest quality in the most effective and efficient manner. An invitation to tender was sent to a number of firms, following which two firms, Deloitte LLP and PKF Littlejohn LLP, elected to submit a proposal for providing audit services to the Group.

A selection committee, chaired by the Chair of the Audit and Risk Committee, was established to run the audit tender process and provide a recommendation to the Audit and Risk Committee. The firms were assessed against detailed criteria which considered audit approach, audit quality, capacity and capability, understanding of the Group and our market, independence and team and cultural fit. The process was as follows:

- management meetings were held between the firms and various members of Group management.
- formal tender proposal documents were issued in line with the requirements set out in the invitation to tender.
- both firms presented to the selection committee, followed by a meeting of the selection committee to discuss both tender proposals.
- follow-up questions were issued to both firms.
- formal responses on the follow-up questions were submitted by both firms.
- a final meeting of the selection committee was held to discuss the results of the tender process and conclude on which firm best met the detailed selection criteria.
- the selection committee submitted a proposal paper to the Audit and Risk Committee which was discussed and approved at the Committee meeting in February 2024.

Following this process, the Board agreed its intention to recommend to shareholders for approval at the Company's 2024 AGM the appointment of PKF Littlejohn LLP as external auditor of the statutory audits of the Company for the financial year ending 31 December 2024 and beyond.

## Training

The Committee, with the Board, undertook a significant amount of training during 2023. This included presentations on the following key business areas:

- an update on licensing application progress in our Polish home credit market;
- a clarification of arrangements in the Group in respect of the three lines of defence model;
- an internal control update regarding the Group's whistleblowing arrangements;
- explanation of oversight arrangements in place in respect of bribery, compliance and privacy;
- an assessment of the level of technology, information security and change management risk to the Company was presented by the new Chief Information Officer;
- the management of climate change risk;
- a European regulatory update;
- a recap by the external auditor on Audit and Risk Committee responsibilities, focus areas and best practice; and
- calculation and oversight of revenue and impairment under IFRS 9 in the continuing uncertain economic environment.

This training was complemented by discussions directly with management teams in connection with specific focus areas in the Group.

## Review of the effectiveness of the internal control and risk management systems

On behalf of the Board, with the assistance of the internal audit function, the Committee monitored the Group's internal control and risk management systems, and its processes for managing principal and emerging risks throughout 2023, and on the basis of the work performed by the management team throughout the year and reported to the Committee at each meeting, has assessed that these are effective. In addition, the Committee, where appropriate, ensures that necessary actions have been or are being taken to remedy identified failings or weaknesses in the internal control framework. These processes were in place throughout 2023 and up to 14 March 2024.

## Annual Report and Financial Statements

The Committee has reviewed and considered the Annual Report and Financial Statements, in line with other information the Committee has considered throughout the course of the year. It concluded, and recommended to the Board, that the Annual Report and Financial Statements 2023, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

### Richard Holmes

Chair of the Committee

14 March 2024

# Directors' Remuneration Report

**Deborah Davis**  
Chair of the  
Remuneration  
Committee



"We place paramount importance on aligning executive remuneration with the Company's purpose and values, rewarding strong performance against a backdrop of external challenges and ensuring fair and competitive compensation structures across the organisation. I would like to thank our investors for their feedback and support in implementing our remuneration policy which is designed to underpin the long-term success of the business"

## Committee members

**Deborah Davis**, Chair and independent non-executive director

**Richard Holmes**, Non-executive director

**Stuart Sinclair**, Chair of the Board

The table below shows the number of meetings held and the directors' attendance during 2023.

Committee member	Scheduled meetings <sup>1</sup>	No. of meetings attended	% of meetings attended
Deborah Davis	4	4	100%
Richard Holmes	4	4	100%
Stuart Sinclair	4	4	100%

### Notes

1. The scheduled meetings that each individual was entitled to and had the opportunity to attend.

## Dear shareholder,

On behalf of the Board and as Chair of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2023. The report explains how the Committee carried out its duties during the year and the rationale behind the decisions that were taken. The report is divided into three sections:

1. Remuneration at a glance, illustrating the link between the business strategy and our Remuneration Policy, and the link between pay and performance;
2. A summary of the Directors' Remuneration Policy (the 2023 Remuneration Policy), the full detail of which can be found on pages 100-109 of the 2022 Annual Report and Financial Statements; and
3. The 2023 Annual Remuneration Report, providing detail of amounts paid during the reporting year, including incentive outcomes and the planned implementation of the 2023 Remuneration Policy in 2024.

## Overview

### Role and composition

The Committee comprises two independent non-executive directors and the Chair of the Board. Full biographical details can be found on pages 86 and 87.

The Committee's responsibilities include:

- approving the Remuneration Policy for executive directors and the senior leadership team, and making recommendations to the Board. The Committee takes account of the remuneration of the wider workforce when setting policy for, and making remuneration decisions in respect of, the executive directors;
- determining appropriate performance targets and incentive outcomes; and
- engaging with shareholders on matters relating to remuneration.

The Committee's responsibilities are explained fully in its Terms of Reference which are available on our website at [www.ipfin.co.uk](http://www.ipfin.co.uk).

Our Remuneration Framework is intended to strike an appropriate balance between fixed and variable pay components, and to provide a clear link between pay and our key strategic priorities. For example:

- profitable growth is recognised via the structure and operation of our annual bonus plan, which carries an 80% weighting on financial metrics;
- delivery of sustainable organisational performance and shareholder value is reflected in a progressive dividend policy, which underpins our Restricted Share Plan (see page 116); and
- our commitment to building a better world through financial inclusion is reflected in the adoption of appropriate ESG metrics in 2023, which align clearly to our purpose and reflect issues of direct importance to our key stakeholders, including our shareholders.

## Progress in 2023

The Committee's principal goals for 2023, in addition to the effective implementation of the 2023 Remuneration Policy, were to:

- ensure the adoption of appropriate ESG metrics in the 2023 annual bonus;
- consult with our major shareholders on the 77.05% vote in favour of the 2022 Directors' Remuneration Report; and
- continue to monitor broader market and governance trends, paying particular attention to the ongoing cost-of-living challenges faced by our colleagues in all markets. See employee and customer representative context section for more details.

For 2023, a number of specific ESG targets were included in the executive directors' personal objectives under the purpose heading. These were weighted independently within the 20% strategic leadership element of the bonus construct. In respect of the 2024 annual bonus, the Committee will focus on refining those measures further and ensure consistency between the executive directors' bonus priorities in this area, and those of the senior management team below the Board.

At the Company's AGM on 27 April 2023, the Board and Remuneration Committee were pleased to note the strong support given by shareholders to the 2023 Remuneration Policy, with 99.33% of votes in favour. However, we recognise that with respect to the 2022 Directors' Remuneration Report (excluding the Directors' Remuneration Policy), 77.05% of votes were received in favour of Resolution 2, the advisory vote to approve the Directors' Remuneration Report. Therefore, and in accordance with the provisions of the UK Corporate Governance Code, the Company consulted further with shareholders on the vote, and published within six months of the AGM an update detailing the engagement that was undertaken. The Committee and the Board recognise that the use of upward discretion in respect of annual bonus outcomes will always raise concerns, and would emphasise that the decisions made by the Committee and the Board reflect the strong underlying performance of the Company in 2022. Having considered the feedback from shareholders and with the support of the majority, the Committee is satisfied that it acted in the best interests of the Company and all of its stakeholders. The Committee will maintain a regular dialogue with shareholders to ensure continued alignment with their interests and will continue to action the matters detailed in the Remuneration Policy approved at the 2023 AGM.

### Business context

The Committee's remuneration decisions in 2023 were made within the context of the business delivering a very strong operational and financial performance which included:

- strong demand for our broad range of financial products;
- excellent operational execution delivering further growth and continued good credit quality;

- robust customer repayments and impairment rates in line with our expectations;
- significant progress made in executing our strategy to take advantage of substantial and sustainable long-term growth opportunities; and
- diversifying our funding position and generating significant headroom on facilities to fund growth.

### Shareholder context

In line with the Group's progressive dividend policy, and as a consequence of the executive directors' successful execution of our growth strategy and continued growth potential, a full-year dividend of 10.3 pence per share is proposed, representing a year-on-year increase of 12%.

### Employee and customer representative context

In making its executive remuneration decisions, the Committee continued to take into account wider workforce remuneration and related policies, and the alignment of incentives and rewards throughout the organisation. In line with Provision 41 of the UK Code, the Committee supported the Workforce Engagement Director to engage with a representative group of the workforce to explain how executive remuneration aligns with the wider company pay policy.

The significant cost-of-living challenges that we see in the UK have also been felt in many of our markets, with high inflation often coupled with skills shortages. Whilst it would be impossible and counter-productive economically to respond to a high consumer price index with equally high salary increases, the Committee has noted the proportionate action taken to protect earnings as far as possible and retain our people, whilst maintaining an appropriate cost base.

The business continues to work hard to reward and recognise our employees and customer representatives, and to provide the best possible opportunities for learning and development. This has been reflected in:

- continued building of our established learning academies, providing structured development pathways for the Group's 16,000 customer representatives;
- partnering with world class organisations, to build dedicated leadership development pathways for our sales leaders through our 'MyBusiness' programme;
- partnering with LinkedIn Learning, Pluralsight and Harvard Business School to provide best-in-class virtual development materials and experiences for colleagues throughout the Group;
- holding our third annual Learning Festival, a week-long global event which attracted over 11,500 participations to more than 100 sessions and hosted by 120 speakers (see page 52 for more information); and
- the outcomes of the bi-annual Global People Survey which were presented to the Committee as part of the wider workforce annual update. The Committee was pleased to see a participation rate of 95% of all colleagues with a very positive response rate as described on page 54.

## Remuneration decisions made in 2023

As noted in the 2022 Directors' Remuneration Report, remuneration decisions included:

- a 5% increase in base salary was awarded to the Chief Executive Officer and Chief Financial Officer in line with the typical annual salary increase for the wider UK workforce and less than the planned wider workforce pay budget of 7%, with salaries increasing to £587,633 and £341,250 respectively.
- Financial year 2022 bonus awards of 98% of maximum for both the Chief Executive Officer and for the Chief Financial Officer (the explanation of which can be found on pages 111 to 114 of the 2022 Annual Report and Financial Statements).
- 2023 Restricted Share Plan awards of 80% of salary each for the Chief Executive Officer and Chief Financial Officer. These awards were in line with the normal level expected under the 2023 Policy and are set at half the normal level of the former LTIP.

## Implementation of Remuneration Policy in 2024

The Committee approved:

- an increase in base salary of 4.5% each for the Chief Executive Officer and Chief Financial Officer, in line with the typical annual salary increase for the wider UK workforce and less than the planned wider workforce pay budget of 5.5%, with salaries increasing to £614,076 and £356,606 respectively.
- Financial year 2023 bonus awards of 100% of maximum for the Chief Executive Officer and 100% for the Chief Financial Officer within the context of the business delivering a strong operational and financial performance (see page 111), and each executive director performing exceptionally well against their personal objectives (see pages 120 and 121);
- legacy 2021 PSP awards that have vested at 100% reflecting strong TSR performance over the life of the scheme and maximum achievement on both EPS and net revenue growth.
- 2024 Restricted Share Plan awards of 80% of salary for each of the Chief Executive Officer and Chief Financial Officer.

Similar to last year, the Committee considered base salary increases in the context of the macroeconomic environment, including the impact of cost-of-living increases on our people. Base salary increases have been tailored in each market to address these issues; this has resulted in salary increases in most markets being above the 4.5% award made to each of the executive directors, and in particular, high increases to many of our lower-paid employees, who have been especially hard hit by economic circumstances. On that basis, the Committee is comfortable that the 4.5% awards made to our executive directors are fair and proportionate.

## Other priorities in 2024

In addition to continuing to monitor broader market and governance trends, the priorities for the Committee will include:

- Prioritising the successful embedding of ESG considerations into remuneration.
- Ensuring appropriate focus on remuneration trends in each of our markets.
- Working to continue to enhance oversight of workforce-related policies and practices as part of the Group's broader purpose agenda.

As Chair of the Committee I have greatly appreciated the constructive feedback provided by shareholders throughout 2023, and am committed to maintaining this open dialogue with you. I look forward to reporting on further positive progress in 2024.

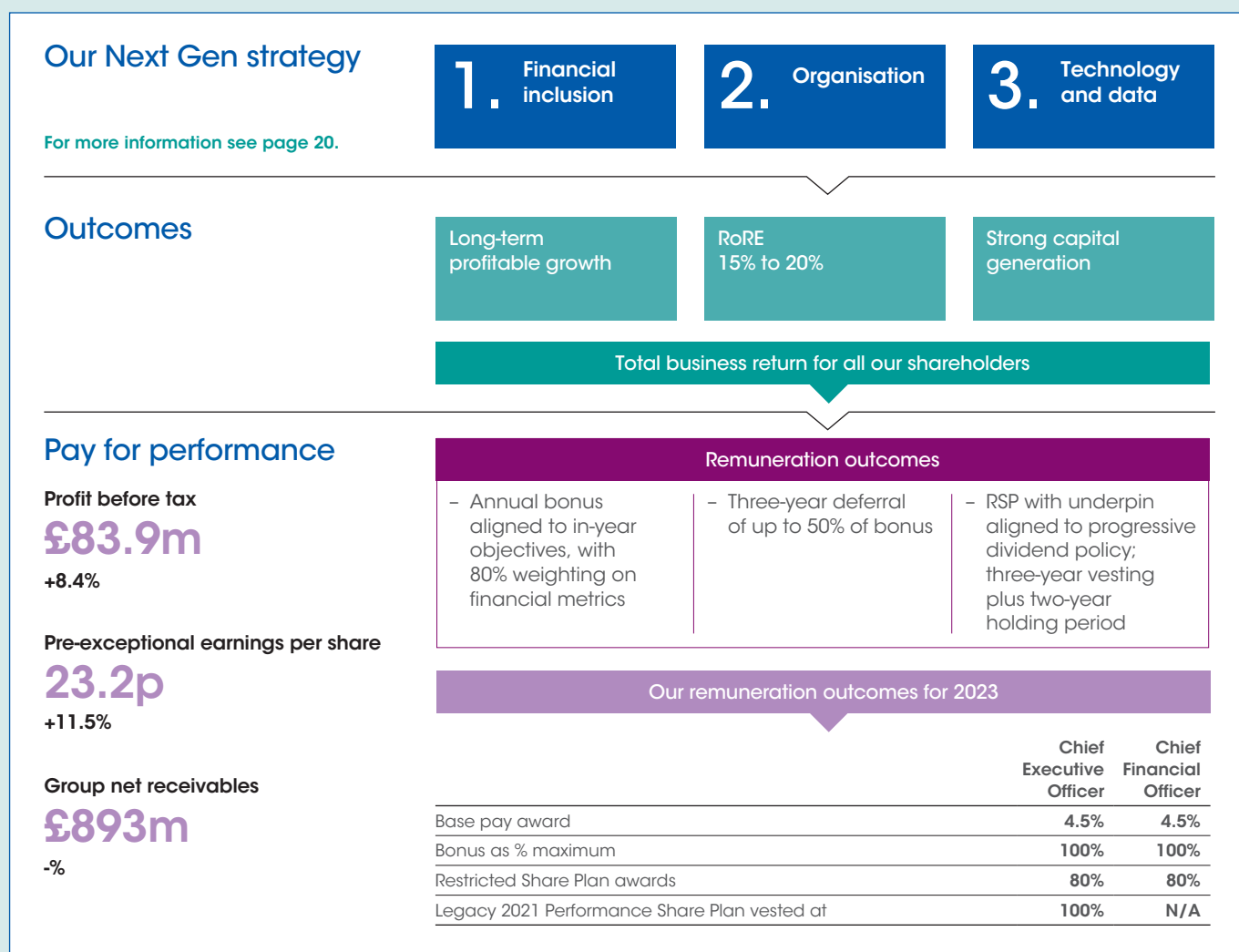
### Deborah Davis

Chair of the Committee

14 March 2024

# Remuneration at a glance

Our Remuneration Framework is intended to strike an appropriate balance between fixed and variable pay components, and to provide a clear link between pay and our key strategic priorities. Executive director and senior leadership remuneration are structured, so that individuals are rewarded only for the successful delivery of the strategy over both the short and long term.



## Our 2023 Remuneration Policy at a glance

Our Remuneration Policy	Links to strategy	Key features
2023	2024	2025
2026	2027	2028
<b>Salary, pension and benefits</b>		
<b>Annual bonus</b>	Deferral of 50% to 25%	Malus on deferral
	Clawback on cash	
<b>Long-term incentive plan</b>	Vest period	Two-year post-vest holding
	Clawback period	

## Directors' Remuneration Policy 2023

The 2023 Remuneration Policy is included on pages 100-109 of the 2022 Annual Report and Financial Statements. A copy of the Report can be found on our website in the Investors section at [www.ipfin.co.uk](http://www.ipfin.co.uk) together with all notes to the Policy. The 2023 Remuneration Policy was approved by shareholders at the 2023 AGM and took effect from 27 April 2023.

The Remuneration Policy table for the executive directors has been reproduced below:

Purpose and link to strategy	Operation	Maximum opportunity	Metrics, weightings and period
<p><b>Base salary</b></p> <p>To attract and retain talent capable of delivering the Group's strategy. Rewards executives for their performance in the role.</p>	<p>Base salary is paid in 12 equal monthly instalments during the year. Salaries are normally reviewed annually; generally, any changes are effective from 1 April.</p> <p>Salary levels are set considering role, experience, responsibility and performance, of both the individual and the Company, and also taking into account market conditions and the salaries for comparable roles in other companies.</p>	<p>Salary increases take into account salary reviews across the Group and are usually in line with increases awarded to UK employees. Additionally, due regard is given to any specific external factors or events relevant to the setting and review of executive salaries. By exception, higher awards may be made at the Committee's discretion to reflect individual circumstances. For example:</p> <ul style="list-style-type: none"> <li>- changes to role which increase scope and/or responsibility;</li> <li>- development and performance in the role; and</li> <li>- responding to competitive market pressures.</li> </ul> <p>There is no prescribed maximum increase.</p>	<p>None, although overall performance of the individual is considered by the Committee when setting and reviewing salaries annually.</p>
<p><b>Pension</b></p> <p>To provide retirement funding.</p>	<p>The Company operates a stakeholder scheme; at the discretion of the Committee, this may be paid as a cash allowance.</p> <p>The Company has closed its defined benefit scheme to new members and future accrual.</p>	<p>Company contribution is set at the most common rate for the wider workforce, currently 12%. Cash allowance is paid net of employer's NIC and other employment taxes.</p>	<p>None.</p>
<p><b>Benefits</b></p> <p>To provide market-competitive benefits that support the executive directors to undertake their role.</p>	<p>The Company pays the cost of providing the benefits on a monthly, annual or one-off basis.</p> <p>All benefits are non-pensionable.</p>	<p>The standard benefits package includes:</p> <ul style="list-style-type: none"> <li>- life assurance of 4x salary;</li> <li>- car allowance;</li> <li>- long-term disability cover;</li> <li>- private medical cover for executive director and immediate family;</li> <li>- annual medical; and</li> <li>- ability to participate in the IPF Save As You Earn Plan (SAYE) and any other all-employee share plans on the same terms as other employees.</li> </ul> <p>Additional benefits may also be provided in certain circumstances, and may include relocation expenses, housing allowance and school fees. Other benefits may be offered if considered appropriate and reasonable by the Committee.</p>	<p>None.</p>

Purpose and link to strategy	Operation	Maximum opportunity	Metrics, weightings and period
<p><b>Annual bonus</b></p> <p>To motivate and reward the generation of sustainable Group profit before tax and the achievement of specific personal objectives linked to the Company's strategy.</p>	<p>Measures and targets are set annually, and payout levels are determined by the Committee after the year end, based on performance against those targets. The Committee may, in exceptional circumstances, amend the bonus payout should this not, in the view of the Committee, reflect overall business performance or individual contribution. 50% of the total amount is deferred for three years in Company shares through the Deferred Share Plan (DSP) until the executive director has achieved the shareholding requirement of 200%, at which point 25% of the total is deferred on the same basis. The remaining bonus (50% or 75% depending on shareholding) is paid in cash. Payments are made around three months after the end of the financial year to which they relate.</p> <p>There are provisions for clawback adjustments on the occurrence of certain events.</p> <p>Executive directors remain eligible to participate in, and receive pro rata payment under, the terms of the annual bonus during notice, until their date of leaving.</p>	<p>On target bonus: 50% of maximum.</p> <p>Maximum opportunity: 130% of base salary.</p>	<p>Performance is measured over the financial year and is assessed using the following criteria:</p> <ul style="list-style-type: none"> <li>- typically 80% is based on achievement of financial measures; and</li> <li>- typically 20% is based on achievement of personal objectives linked to achievement of Company strategy.</li> </ul> <p>Although each of the annual bonus metrics could pay out independently, the Committee will set a minimum threshold profit target before any other metrics are assessed.</p>
<p><b>Deferred Share Plan (DSP)</b></p> <p>To strengthen the link between short- and longer-term incentives and the creation of sustainable long-term value.</p>	<p>50% of the total bonus amount is subject to compulsory deferral for three years in Company shares without any matching, until the executive director has achieved the shareholding requirement of 200%, at which point 25% of the total is deferred on the same basis.</p> <p>Following the vesting of awards, executive directors receive an amount (in cash or shares) in respect of the dividends paid or payable between the date of grant and the vesting of the award on the number of shares that have vested.</p> <p>The DSP has provision for malus and clawback adjustments on the occurrence of certain events.</p> <p>Awards may also be adjusted in the event of a variation of capital, in accordance with the plan rules.</p>	<p>50% of the total bonus amount received (or 25% once the shareholding requirement has been achieved) during the year.</p>	<p>None.</p>



Purpose and link to strategy	Operation	Maximum opportunity	Metrics, weightings and period
<p><b>Restricted Share Plan (RSP)</b> Awards are designed to incentivise executive directors to successfully and sustainably deliver the Company's strategy.</p>	<p>Annual grant of awards, made generally as conditional awards or options. Awards vest at the end of the three-year period subject to:</p> <ul style="list-style-type: none"> <li>- the executive directors' continued employment at the date of vesting; and</li> <li>- the satisfaction of an underpin as determined by the Committee, whereby the Committee can adjust vesting for Company or individual performance.</li> </ul> <p>Executive directors will be required to hold any shares acquired on vesting (net of any shares that may need to be sold to cover taxes) for a two-year period starting on the date of vesting.</p> <p>The RSP has provisions for malus and clawback adjustments on the occurrence of certain events.</p> <p>Awards granted under the RSP may incorporate the right to receive an amount (in cash or shares) equal to the dividends which would have been paid or payable on the shares that vest in the period up to vesting.</p>	<p>In normal circumstances, award levels for executive directors equivalent to 80% of base salary at the time of grant.</p> <p>Rules permit annual grants up to individual limit of 125%.</p> <p>There are no performance conditions on grant, however the Committee will consider prior year business and personal performance to determine whether the level of grant remains appropriate.</p>	<p>Central, quantifiable financial RSP underpin will be adherence to the Group's dividend policy throughout the three-year vesting period of each annual RSP grant. A further basket of underpin factors will be considered at the end of the relevant three-year vesting period. For 2024 awards, these will be as follows:</p> <ol style="list-style-type: none"> <li>1. the extent to which any windfall gains have arisen as a result of any marked appreciation in share price;</li> <li>2. whether there have been any material sanctions or fines issued by a regulatory body (which may give rise to allocation of individual or collective responsibility);</li> <li>3. any material damage to the reputation of individual Group Companies, or the Group itself (which may give rise to allocation of individual or collective responsibility);</li> <li>4. the level of employee and customer representative engagement over the vesting period; and</li> <li>5. the level of customer engagement (as measured by net promoter scores, Rep Track or such other means as determined by the Committee).</li> </ol>
<p><b>Shareholding requirement</b> Aligns executive and shareholder interests.</p>	<p>Executive directors expected to acquire a beneficial shareholding over time.</p> <p>Shares which have vested unconditionally under the Company's share plans will be taken into account with effect from the date of vesting (but not before).</p> <p>50% of all share awards vesting under any of the Company's share incentive plans (net of exercise costs, income tax and social security contributions) must be retained until the shareholding requirement is met.</p>	<p>The shareholding requirement for executive directors is 200% of base salary.</p>	<p>None.</p>
<p><b>Post-cessation shareholding</b> Aligns executive and shareholder interests.</p>	<p>Post-cessation shareholding policy is set at 1x the shareholding requirement (200%), or the number of shares actually held, at leaving, whichever is lower, for two years. Requirement applies to any shares held, including shares acquired from the executive director's own funds, and any vested shares subject to a holding period.</p> <p>The policy applies only to shares acquired after the date on which the 2020 Remuneration Policy was introduced (30 April 2020).</p>	<p>Not applicable.</p>	<p>Two-year post-cessation holding period.</p>

## Annual Directors' Remuneration Report 2023

### Remuneration principles and alignment with strategy

As explained in the Chair's opening statement on page 110, our Remuneration Framework is intended to strike an appropriate balance between fixed and variable pay components, and to provide a clear link between pay and key strategic priorities. For example:

- profitable growth is recognised via the structure and operation of our annual bonus plan, which carries an 80% weighting on financial metrics;

- delivery of sustainable organisational performance and shareholder value is reflected in a progressive dividend policy, which underpins our Restricted Share Plan (see page 116), and has a three-year vesting period coupled with two-year post-vesting holding requirements; and
- our commitment to building a better world through financial inclusion is reflected in the adoption of appropriate ESG metrics in the 2023 annual bonus, and reflects issues of direct importance to our key stakeholders, including our shareholders.

### Remuneration governance

The Committee met four times in 2023, with consideration given to a range of issues as illustrated below:

	Governance		Annual bonus		Share plan			Wider Workforce	Shareholder
	Policy	Directors' Remuneration Report	Design	Performance	Grant	Performance	Salary		
January		●					●		
February		●	●	●	●	●	●	●	●
April									●
December		●	●				●	●	

The Chief Executive Officer, Chief Human Resources Officer and Group Head of Reward attended meetings by invitation, to provide advice and respond to questions. Other members of management may attend by invitation. All such attendees are excluded when any matter concerning their own remuneration and performance is under discussion.

### Advisor to the Committee

Willis Towers Watson, appointed in April 2016, provides independent remuneration advice to the Committee. During 2023, total fees in respect of advice to the Committee (based on time and materials) totalled £40,500 (excluding VAT), (2022: £48,071). Willis Towers Watson is a founding member of the Remuneration Consultants Group and is a signatory to, and abides by, the Remuneration Consultants Group Code of Conduct. Further details can be found at [www.remunerationconsultantsgroup.com](http://www.remunerationconsultantsgroup.com). The Committee is satisfied that the advice it receives is objective and independent, and that Willis Towers Watson does not have any connections with the Company or any of the directors that may impair its independence.

### Service agreements for executive directors

Copies of the service agreements of the Executive Directors and the Letters of Appointment of the Non-Executive Directors are available for inspection at the Company's registered office during normal business hours. All directors will retire at this year's AGM and submit themselves for re-election by shareholders at the AGM on 2 May 2024. Gerard Ryan and Gary Thompson have service agreements which provide for a notice period of 12 months and 6 months respectively. Non-executive Directors do not have service agreements as they have Letters of Appointment instead.

Executive director	Date of service agreement	Duration of service agreement
Gerald Ryan	January 2012	No fixed term
Gary Thompson	April 2022	No fixed term

## Single figure of total remuneration (audited information)

The following table sets out the single figure of total remuneration for directors for the financial years 2022 and 2023.

	A. Salary/Fees £000		B. Benefits £000		C. Bonus <sup>1</sup> £000		D. LTIP £000		E. Pension £000		Total £000 (A, B, C, D, E)		Total fixed remuneration £000 (A, B, E)		Total variable remuneration £000 (C, D)	
	2023	2022	2023	2022	2023	2022	2023 <sup>2</sup>	2022 <sup>3</sup>	2023	2022	2023	2022	2023	2022	2023	2022
<b>Executive directors</b>																
Gerard Ryan <sup>4</sup>	581	560	53	25	755	713	967	13	61	98	2,417	1,409	695	683	1,722	726
Gary Thompson <sup>5</sup>	337	242	23	15	438	309	-	-	37	18	835	584	397	275	438	309
<b>Non-executive directors</b>																
Stuart Sinclair	200	200	-	-	-	-	-	-	-	-	200	200	200	200	-	-
Deborah Davis <sup>6</sup>	65	65	-	-	-	-	-	-	-	-	65	65	65	65	-	-
Richard Holmes <sup>7</sup>	88	90	-	-	-	-	-	-	-	-	88	90	88	90	-	-
Katrina Cliffe <sup>8</sup>	57	23	-	-	-	-	-	-	-	-	57	23	57	23	-	-
Aileen Wallace <sup>9</sup>	57	-	-	-	-	-	-	-	-	-	57	-	57	-	-	-

1. Bonus payable in respect of the financial year including any deferral element at face value, at date of award.

2. The value of the awards included in the table for 2023 relates to the PSP award granted in 2021, the performance period for which is the three financial years ending 31 December 2023. The awards have been valued according to an estimate based on expected vesting and the 1-month average share price to 31 January 2024.

3. The value of the awards included in the table for 2022 has been reviewed to reflect the actual value of awards at date of vesting and any dividend equivalents received in 2023 when the awards became exercisable. Due to rounding, the revised value has not resulted in a change to the total for 2022.

4. In accordance with Company policy, the benefits for Gerard Ryan in 2023 include additional costs of £27,000 related to expenses associated with an extended period of business travel for which the Board agreed it was appropriate for his wife to accompany him. All costs associated with her travel were borne by the Company.

5. Amounts shown for 2022 reflect the fact that Gary Thompson joined the Company with effect from 4 April 2022.

6. Deborah Davis was paid a fee of £10,000 in her capacity as Chair of the Remuneration Committee, in addition to her base fee of £55,000.

7. Richard Holmes stood down as Senior Independent Director on 1 December 2023 and received pro rata fees of £18,000, in addition to fees of £15,000 in his capacity as Chair of the Audit and Risk Committee and his basic fee of £55,000.

8. Katrina Cliffe was appointed to the role of Senior Independent Director on 1 December 2023 and received pro rata fees in respect of the additional role, in addition to her base fee of £55,000.

9. Aileen Wallace was paid a base fee of £55,000, in addition to pro rata fees from December 2022 when she was appointed, as non-executive directors are paid in arrears, no payment was made during 2022.

## Additional disclosures for the single figure of total remuneration

### Base salary

The base salary of the Chief Executive Officer increased by 5% in 2023 to £587,633, in line with the typical annual salary increase of the wider UK workforce.

The base salary of the Chief Financial Officer increased by 5% in 2023 to £341,250, in line with the typical annual salary increase of the wider UK workforce.

### Benefits

The benefits provided to the executive directors in 2023 included: private healthcare, life assurance, annual medical cover, long-term disability cover, and a cash allowance in lieu of a company car. Gerard Ryan's benefits in 2023 also include additional costs of £27,000 related to expenses associated with an extended period of business travel for which the Board agreed it was appropriate for his wife to accompany him. All costs associated with her travel were borne by the Company.

### Determination of 2023 annual bonus

The maximum bonus opportunity for the Chief Executive Officer and Chief Financial Officer was 130% of salary, with 50% of the maximum for on-target performance. During 2023, a balanced scorecard approach was used to ascertain annual bonus outcomes whereby:

- 80% of total bonus opportunity was subject to achieving the profit before tax (PBT) element; and
- the remaining 20% of the bonus opportunity was subject to the achievement of personal objectives.

### Qualifiers for the 2023 annual bonus were:

- for any bonus to be payable, the Group must first achieve the PBT threshold figure.

### Group bonus targets

Group bonus targets were set considering the Company's operating budget. Targets were designed to be stretching in support of the Company's strategic objectives, and to focus on metrics and personal targets that would deliver in line with this strategy, as well as stretching and motivating participants. Bonus targets for the executive directors for 2023 were as follows:

	Metric	Weighting in Scheme	Threshold	Target	Stretch	Achievement	Bonus payment % of bonusable base salary
Financial <sup>1</sup>	Group PBT	80%	£75.6m	£78.4m	£83.9m	£83.9m	104%

1. Straight line between each point.

The Committee uses the annual bonus to focus on short-term targets that the Board agrees each year consistent with the Group's strategy and on individual performance against personal targets. Performance is assessed over each calendar year and at the start of the following year. The Committee retains the right to exercise its judgement to adjust the formulaic bonus outcomes, to ensure the final bonus outcome for executive directors reflects the broader performance of the Group and the experience of our employees and shareholders over the reported year.

In 2023, the Group delivered a strong financial performance, with profit before tax up 8.4% year on year to £83.9m. In addition to this improvement in profit before tax, each executive director performed exceptionally well against their personal objectives as summarised on pages 120 and 121. As a result the Committee did not apply any discretion to the formulaic bonus outcomes.




## Personal objectives

The following tables explain the objectives that were set for each executive director in 2023 and achievement against them.

### Gerard Ryan – Chief Executive Officer

Category	Objective	Weighting	Results	Achievement
<b>Continue to embed our purpose within the Group</b>	<ul style="list-style-type: none"> <li>– Ensure inclusion is at the heart of our purpose.</li> <li>– Align our ESG aspirations to our purpose.</li> </ul>	25%	<ul style="list-style-type: none"> <li>– Building a better world through financial inclusion has become part of the fabric of our business and is evident in what we do on a day-to-day basis.</li> <li>– The Global People Survey results confirmed that purpose has been cascaded successfully throughout the organisation.</li> <li>– The Board approved our Responsible Business Framework and ESG strategy - including short-, medium- and long-term goals. ESG management information was established and produced quarterly enabling regular updates to the Board on ESG strategy progress.</li> <li>– We revised guidelines and standards across a range of key ESG issues including climate change, sustainability, human rights, anti-corruption, and modern slavery.</li> <li>– Purpose and ESG objectives have been created for all senior management in 2024.</li> </ul>	
<b>Evolve the Group strategy</b>	<ul style="list-style-type: none"> <li>– Evolve the next iteration of the Group's strategy, ensuring it is clearly aligned to our purpose.</li> </ul>	25%	<ul style="list-style-type: none"> <li>– Our strategy has been articulated to reflect the Group's advancement to a more modern, multi-product, multi-channel and digitally enabled business. It is captured through our Next Gen strategy which sets out a clear plan to become the leading provider of financial services to underserved communities around the world. Our Next Gen strategy has been communicated to colleagues and is resonating well.</li> <li>– We have created an operating rhythm to track the progress of strategy delivery.</li> </ul>	
<b>Develop better choices and experiences for our customers</b>	<ul style="list-style-type: none"> <li>– Focus on innovation to drive increased choice and improved experiences for our customers.</li> <li>– Execute the rollout of credit cards in Poland.</li> <li>– Develop a thriving retail partnership model.</li> </ul>	25%	<ul style="list-style-type: none"> <li>– Our Think Customer programme is established and driving product and service innovation.</li> <li>– The rollout of our Polish credit card has progressed very well and is proving to be very popular with customers.</li> <li>– Our retail partnerships model is now established, and we are providing access to finance for consumers at the point of sale in Romania and Mexico.</li> </ul>	
<b>Develop our people and organisational capability</b>	<ul style="list-style-type: none"> <li>– Determine a new vision and strategy for IT and marketing.</li> <li>– Ensure that we have the required capability to take the business forward and that colleagues are fully engaged in our purpose and strategy.</li> </ul>	25%	<ul style="list-style-type: none"> <li>– New Group Chief Marketing Officer and Group Chief Information Officer recruited successfully, and delivering very positive impacts across the business.</li> <li>– A Group-wide IT strategy was approved by the Board and execution is underway – including strategic adoption of AI in value-adding areas.</li> <li>– Exceptional results from our Global People Survey demonstrate clear engagement from colleagues around our purpose and IPF being a great place to work.</li> </ul>	

## Key

-  Criteria met
-  Criteria partially met
-  Criteria not met

## Gary Thompson – Chief Financial Officer

Category	Objective	Weighting	Results	Achievement
<b>Ensure that the business operates with strong financial discipline</b>	<ul style="list-style-type: none"> <li>– Ensure the long-term financial health of the Group through rigorous application of the financial model.</li> <li>– Diversify funding sources for the Group.</li> <li>– Maximise the value of the Group's strategic investments and demonstrate use of data in decision-making.</li> <li>– Ensure delivery of cost efficiencies in 2023.</li> </ul>	25%	<ul style="list-style-type: none"> <li>– Our financial model continues to be a central pillar of our operations and is considered in all investment decisions and budgets. All KPIs progressed towards our target ranges in 2023.</li> <li>– We successfully extended the Group's debt facilities in 2023 by £50m more than our original target and have significant headroom to fund growth.</li> <li>– We deployed a refreshed commercial approach to pricing that balances business performance, customer outcomes, competitiveness, and relevant regulations.</li> <li>– We improved our cost-income ratio by 3.9 ppts to 57%.</li> <li>– We delivered a tax rate of 38% for the year, down from 40%.</li> </ul>	●
<b>Develop a clear strategy for shareholder value creation</b>	<ul style="list-style-type: none"> <li>– Develop and embed a framework for linking business performance to the creation of shareholder value.</li> <li>– Enhance investor communication to attract new shareholders and retain existing major shareholders.</li> </ul>	25%	<ul style="list-style-type: none"> <li>– We developed and rolled out a robust capital expenditure framework to ensure that capital is deployed only when it meets minimum returns criteria.</li> <li>– We upgraded our approach to communication with investors, to enable a better understanding of the Group.</li> <li>– We have established one new entrant in our top ten shareholder register.</li> <li>– IPF was one of the top performing shares in the FTSE in 2023.</li> </ul>	●
<b>Continue to embed our purpose within the Group</b>	<ul style="list-style-type: none"> <li>– Continue to embed purpose into business interactions, decisions, and our internal and external dialogue.</li> <li>– Enhance ESG reporting and transparency in the Group's disclosures.</li> <li>– Ensure responsible and sustainable practices throughout the supply chain.</li> </ul>	25%	<ul style="list-style-type: none"> <li>– We enhanced reporting of ESG matters, including TCFD disclosures, and embedded ESG considerations into our investor communications.</li> <li>– We ensured the creation and delivery of our strategy for sustainable procurement and focus on combatting modern slavery, and we have ensured that supply chain practices reflect ethical requirements.</li> <li>– We created and obtained Board approval for our Responsible Business Framework including short-, medium- and long-term goals.</li> </ul>	●
<b>Develop our people and organisational capability</b>	<ul style="list-style-type: none"> <li>– Invest in our people, build a talented successor pipeline, and improve our finance function capability.</li> </ul>	25%	<ul style="list-style-type: none"> <li>– We upgraded the talent pipeline in the finance function through targeted acquisition, organisation design and internal development.</li> <li>– We developed a new operating rhythm around customer representative effectiveness to drive top and bottom-line performance.</li> <li>– We ensured the requisite budget was put in place to enable 500+ training programmes to be delivered to over 21,000 colleagues.</li> </ul>	●

Having reviewed the executive directors' performance against their personal objectives, and in the context of the progress made by the Group in 2023, the Committee determined that each executive director met all of his objectives. Consequently, the bonus payout in respect of personal objectives is 26% for both the Chief Executive Officer and the Chief Financial Officer.

## Key

- Criteria met
- Criteria partially met
- Criteria not met

## Bonus outcomes for 2023

For the year ending 31 December 2023, the Committee awarded bonuses to the executive directors as follows.

Name	Financial objectives – achievement as % of bonusable base salary	Personal objectives – achievement as % of bonusable base salary	Cash bonus £000	DSP – face value of shares due to vest in 2027 £000	Total value of 2023 annual bonus £000	Cash and DSP shares awarded as a % of maximum available bonus
Gerard Ryan <sup>1</sup>	104%	26%	£566.12	£188.70	£754.82	100%
Gary Thompson	104%	26%	£219.17	£219.17	£438.34	100%

1. Gerard Ryan has met the executive director shareholding requirement in 2023, therefore 25%, rather than 50%, of bonus is deferred in line with policy.

In accordance with the 2023 Policy, bonus is payable 50% in cash and up to 50% in deferred shares until the executive director has met the shareholding requirement of 200% of salary at which time 25% of the total bonus is deferred on the same basis. The deferred element will vest at the end of a three-year period, subject to the executive director not being dismissed for misconduct. There are also provisions for clawback with respect to the cash element of the bonus, and malus and clawback with respect to the deferred element of bonus.

### Pension

The Company has two pension schemes, the International Personal Finance plc Pension Scheme (the pension scheme), closed to future accrual, and the International Personal Finance Workplace Pension Scheme (the WPP).

The Company contribution rate for the Chief Executive Officer and the Chief Financial Officer is 12% of base salary (10.5% net). These contribution rates are in line with the wider workforce. At the discretion of the Committee, this may be paid wholly, or in part, as a cash allowance, net of employer's NI contributions.

The Company's contributions in respect of Gerard Ryan during 2023 amounted to £61,245, all of which was paid as a cash allowance. The Company's contributions in respect of Gary Thompson during 2023 amounted to £36,869, of which £26,036 was paid as a cash allowance.

## Long-term incentives

### Awards estimated to vest during 2024 (included in 2023 single figure)

The LTIP amount included in the 2023 single figure table relates to the PSP awards granted in March 2021. The performance achieved against the performance targets is shown below:

#### PSP

Performance Condition	Weighting	Threshold	Maximum	Achieved	Projected vesting
Absolute TSR performance <sup>1</sup>	50%	30%	60%	116%	100%
Cumulative EPS growth	25%	45.1 pence	54.8 pence	59.0 pence	100%
Net revenue growth	25%	11.60%	14.10%	14.20%	100%
Total					100%

1. Based on TSR from 1 January 2021 and 31 December 2023.

### Awards granted in 2023

Executive directors were granted long-term incentive plan awards structured as RSP conditional awards in May 2023, in line with the 2023 Remuneration Policy. The resulting number of RSP conditional awards and associated performance underpins are set out below.

Name	Number of RSP conditional awards	Face value <sup>1</sup> £	Percentage of base salary	End of performance period	Performance underpin
Gerard Ryan	481,338	£470,106	80%	31 December 2025	Adherence to the Group's dividend policy and a further basket of underpin factors for the relevant three-year vesting period (see page 116)
Gary Thompson	279,523	£273,000	80%	31 December 2025	Adherence to the Group's dividend policy and a further basket of underpin factors for the relevant three-year vesting period (see page 116)

1. The face value was calculated using the mid-market closing price for the day preceding the date of grant, being 98 pence per share.

## DSP

In 2023, half the annual bonus award earned by the Chief Executive Officer and Chief Financial Officer in respect of 2022 was deferred into shares. There are no further performance conditions attached to the vesting of the deferred shares. The following table sets out details of awards of nil-cost options made in the year under the DSP:

	Date of award	Face value <sup>1</sup> £
Gerard Ryan	3 April 2023	£356,600
Gary Thompson	3 April 2023	£154,276

1. The face value was calculated using the mid-market closing price for the day preceding the date of grant, being 98 pence per share.

## Save As You Earn (SAYE)

UK-based executive directors are entitled to participate in the Company's all-employee SAYE plan. The executive directors did not participate in the plan, therefore no options were granted to them under the plan in 2023.

## Loss of office payments

No loss of office payments were made in 2023.

## Payments to past directors

As previously disclosed in the 2021 Annual Report and Financial Statements, the Committee determined Justin Lockwood a good leaver at the time he ceased employment as Chief Financial Officer on 23 July 2021. Mr Lockwood's 2021 PSP award was subject to achievement of the performance targets outlined on page 122 and pro rated for time served during the performance period. As the performance targets were achieved in full, the pro rated number of shares vesting is 51,513. The shares will be subject to a two-year holding period.

## Annual percentage change in the remuneration of directors and employees

The table below shows how the percentage change in each director's salary, benefits and bonus compared with the average percentage change in each of those components for employees, on a full-time equivalent basis. The table will build over time to show five years' data. Leavers during the year are excluded.

Percentage change in the relevant period	2020 vs. 2019			2021 vs. 2020			2022 vs. 2021			2023 vs. 2022		
	Base salary	Benefits <sup>1</sup>	Bonus <sup>2</sup>	Base salary	Benefits <sup>1</sup>	Bonus <sup>2</sup>	Base salary	Benefits <sup>1</sup>	Bonus <sup>2</sup>	Base salary	Benefits <sup>1</sup>	Bonus <sup>2</sup>
<b>Executive directors</b>												
Gerard Ryan <sup>3</sup>	1%	0%	-100%	0%	0%	100%	5%	-1%	5%	5%	110%	6%
Gary Thompson <sup>4</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Non-executive directors</b>												
Deborah Davis	0%	N/A	N/A	12%	N/A	N/A	5%	N/A	N/A	0%	N/A	N/A
Richard Holmes <sup>5</sup>	N/A	N/A	N/A	N/A	N/A	N/A	15%	N/A	N/A	-2%	N/A	N/A
Stuart Sinclair	N/A	N/A	N/A	N/A	N/A	N/A	0%	N/A	N/A	0%	N/A	N/A
Katrina Cliffe <sup>6</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Aileen Wallace <sup>7</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Employees</b>	1%	3%	-100%	-2%	-2%	100%	15%	3%	1%	8%	0%	-16%

1. Non-executive directors are ineligible for any benefits.

2. Non-executive directors are ineligible for any bonus.

3. Gerard Ryan's benefits in 2023 include additional costs of £27,000 related to expenses associated with an extended period of business travel for which the Board agreed it was appropriate for his wife to accompany him. All costs associated with her travel were borne by the Company.

4. Gary Thompson joined in April 2022 and received pro rata salary benefits and bonus in that year; therefore the percentage change is not reflective of a normal year-on-year comparison.

5. Richard Holmes stood down from the role of Senior Independent Director on 1 December 2023 and received pro rata fees for the year in respect of that role. As such, the percentage change is not reflective of a normal year-on-year comparison.

6. Katrina Cliffe was appointed to the Board with effect from 1 August 2022, receiving pro rata fees in 2022, and was subsequently appointed to Senior Independent Director from 1 December 2023. As such, the percentage change is not reflective of a normal year-on-year comparison.

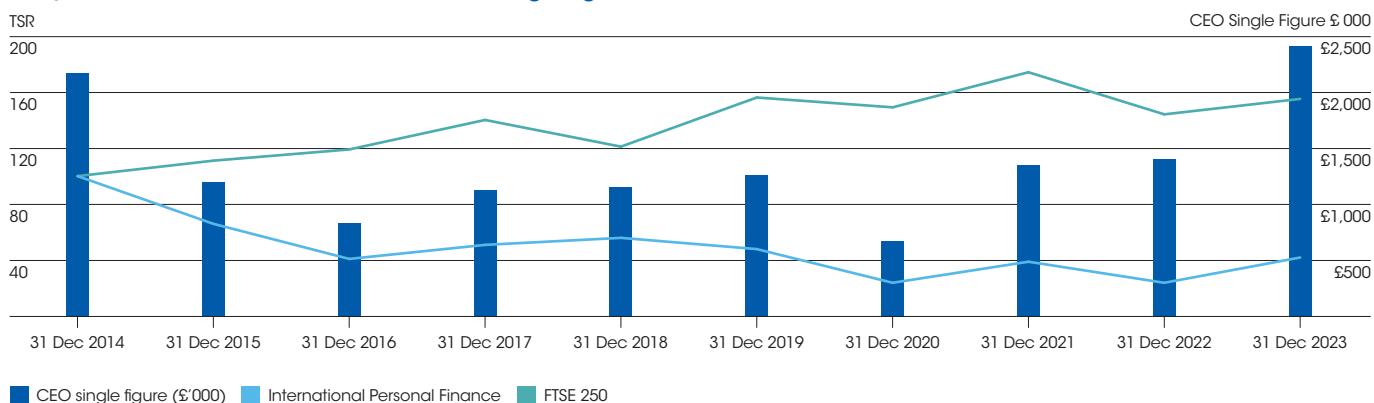
7. Aileen Wallace was appointed to the Board on 20 December 2022 but received no payment in 2022. As such, the percentage change is not reflective of a normal year-on-year comparison.



## TSR performance

The graph below compares the TSR of the Company with the companies comprising the FTSE 250 Index for the 10-year period ended 31 December 2023. This index was chosen for comparison because it is the index in which IPF was listed originally, and to which it continues to compare itself. TSR data is presented in tandem with Chief Executive Officer single figure total remuneration for the same period to highlight the relationship between remuneration and shareholder returns.

### TSR performance vs Chief Executive Officer single figure of total remuneration



The table below shows the corresponding Chief Executive Officer remuneration, as well as the annual variable element award rates and long-term vesting rates against maximum over the same period:

Year	Chief Executive Officer	Chief Executive Officer single figure of remuneration £000	Annual bonus payout (as % of maximum opportunity)	LTIP vesting (as % of maximum opportunity)
2023	Gerard Ryan	2,417	100.0%	100.0%
2022	Gerard Ryan	1,409	98.0%	-
2021	Gerard Ryan	1,353	98.3%	-
2020	Gerard Ryan	677	-	-
2019	Gerard Ryan	1,260	72.3%	33.0%
2018	Gerard Ryan	1,158	98.0%	-
2017	Gerard Ryan	1,130	96.6%	-
2016	Gerard Ryan	838	16.0%	23.3%
2015	Gerard Ryan	1,197	45.0%	58.8%
2014	Gerard Ryan	2,172	74.2%	100.0%

## Relative spend on pay

The table below shows the expenditure and percentage change in overall spend on employee remuneration and dividend:

	2023 £m	2022 £m	Percentage change
Overall expenditure on pay	198.4	168.4	18% <sup>1</sup>
Dividend paid in the year	21.5	18.9	14%

1. The percentage change at a constant exchange rate is 12.7%.

## Other directorships

Neither executive director currently holds any external directorships or external appointments.

### Directors' shareholdings and share interests (audited information)

The interests of each person who has served as a director of the Company during the year as at 31 December 2023 (together with interests held by his or her persons closely associated) are shown in the table below. Katrina Cliffe and Aileen Wallace are currently within the three-year period to build their shareholding. Stuart Sinclair, however, has served the Company for more than three years and his shareholding is therefore currently below the required quantum. This will be rectified as soon as practicable. Executive directors are required to retain half of any vested Company share plan options until the shareholding requirement is met.

	Shares held Owned outright	Executive directors' interests in Company share plans				Shareholding required (% salary/fee)	Shareholding (% salary/fee) <sup>1</sup>	Requirement met
		Unvested and subject to performance conditions	Unvested and subject to deferral only	Unvested and subject to continued employment	Vested but not yet exercisable and subject to continued employment			
<b>Executive directors<sup>2</sup></b>								
Gerard Ryan	1,549,411	2,470,387	741,579	-	-	200	314	Y
Gary Thompson	150,000	662,628	157,425	24,000	-	200	52	N
<b>Non-executive directors<sup>3</sup></b>								
Katrina Cliffe	40,000	-	-	-	-	100	63	N
Deborah Davis	60,000	-	-	-	-	100	110	Y
Richard Holmes	275,133	-	-	-	-	100	468	Y
Stuart Sinclair	86,944	-	-	-	-	100	52	N
Aileen Wallace	21,443	-	-	-	-	100	46	N

1. Based on a share price of 119 pence, being the closing price on 29 December 2023 and using the non-executive directors' base fee. Any vested but unexercised shares are included in the shareholding requirement calculation net of tax and national insurance.

2. Executive directors are expected to acquire a beneficial shareholding over time, with 50% of all share awards vesting to be retained until the requirement is met. Of the 1.5 million shares held by Gerard Ryan, 0.9 million were purchased outright by him using his own funds.

3. Non-executive directors are expected to acquire a beneficial shareholding equivalent to 100% of their director fee within three years of appointment.

There were no changes to these interests between 31 December 2023 and 14 March 2024, with the exception of Stuart Sinclair who purchased 21,553 shares on 1 February 2024, and an additional 21,553 shares on 2 February 2024. Following these purchases, Stuart's total shareholding in the Company was 130,050 shares.

No director has notified the Company of an interest in any other shares, transactions or arrangements which requires disclosure.

The current shareholding requirements for executive and non-executive directors are described in the 2023 Remuneration Policy which can be found on pages 100 to 109 of the 2022 Annual Report and Financial Statements, available in the Investor section of the Company website at [www.ipfin.co.uk](http://www.ipfin.co.uk).

### Executive directors' interests in Company share plans (audited information)

	Date of award	Awards held at 31 December 2022	Awarded in 2023	Exercised in 2023	Lapsed / Surrendered in 2023	Awards held at 31 December 2023	Performance condition period	Market price at date of grant (p)	Exercise price (p)	Exercise period
<b>Gerard Ryan</b>										
PSP	23 Mar 21	810,185	-	-	-	<b>810,185</b>	01 Jan 2021 - 31 Dec 2023	104	-	23 Mar 2024 - 22 Mar 2031
	10 Mar 22	1,178,864	-	-	-	<b>1,178,864</b>	01 Jan 2022 - 31 Dec 2024	97	-	10 Mar 2025 - 9 May 2032
RSP	10 May 23	-	481,338	-	-	<b>481,338</b>	01 Jan 2023 - 31 Dec 2025	99	-	10 May 2026 - 09 May 2033
Deferred	28 Feb 20	119,608	-	(119,608)	-	-	-	146	1.1	-
Deferred	10 Mar 22	377,701	-	-	-	<b>377,701</b>	-	97	-	-
Deferred	3 Apr 23	-	363,878	-	-	<b>363,878</b>	-	103	-	-
SAYE	30 Aug 19	20,930	-	(20,930)	-	-	-	-	86	1 Nov 2022 - 31 May 2023
<b>Total</b>		<b>2,507,288</b>	<b>845,216</b>	<b>(140,538)</b>	-	<b>3,211,966</b>				

	Date of award	Awards held at 31 December 2022	Awarded in 2023	Exercised in 2023	Lapsed / Surrendered in 2023	Awards held at 31 December 2023	Performance condition period	Market price at date of grant (p)	Exercise price (p)	Exercise period
<b>Gary Thompson</b>										
PSP	05 Apr 22	383,105	-	-	-	383,105	01 Jan 2022 – 31 Dec 2024	106	-	05 Apr 2025 – 04 Apr 2032
RSP	10 May 23	-	279,523	-	-	279,523	01 Jan 2023 – 31 Dec 2025	99	-	10 May 2026 – 09 May 2033
Deferred	03 Apr 23	-	157,425	-	-	157,425	-	103	-	-
SAYE	26 Aug 22	24,000	-	-	-	24,000	-	-	75	01 Nov 2025 – 31 May 2026
<b>Total</b>		<b>407,105</b>	<b>436,948</b>	<b>-</b>	<b>-</b>	<b>844,053</b>				

### Share dilution

The Company manages dilution rates within the standard guidelines of 10% of issued ordinary share capital in respect of the all-employee share plan and 5% in respect of discretionary plans.

### Shareholder voting

The table below summarises the total voting outcomes at the 2023 AGM, including the percentage of total votes cast and number of votes withheld:

AGM		Votes for		Votes against		Withheld <sup>1</sup>
2023	Annual Remuneration Report	143,779,893	77.05%	42,827,128	22.95%	247,993
2023	Directors' Remuneration Policy	185,597,585	99.33%	1,246,936	0.67%	10,493

1. Votes withheld are not counted in the votes for or against a resolution but would be considered by the Committee in the event of a significant number of votes being withheld.

### Statement of Remuneration Policy implementation for 2024

The base salary for the Chief Executive Officer will increase by 4.5% to £614,076.

The base salary for the Chief Financial Officer will increase by 4.5% to £356,606.

Maximum bonus opportunity will be 130% of base salary (on target 50% of maximum), in line with the 2023 Policy, with performance measures weighted 80% financial and strategic and 20% personal, also in line with the 2023 Policy. Annual bonus targets are not disclosed on a forward-looking basis because they are considered by the Board to be commercially sensitive but will continue to be disclosed retrospectively to ensure transparency.

The Committee expects to make 2024 RSP awards prior to the 2024 AGM in accordance with the 2023 Remuneration Policy; awards will be at 80% of base salary for the Chief Executive Officer and 80% for the Chief Financial Officer, in line with the 2023 Remuneration Policy.

The central, quantifiable financial underpin for 2024 RSP awards will be adherence to IPF's dividend policy throughout the vesting period of the RSP grant. To ensure a robust assessment, the Committee will consider a further basket of underpin factors at the end of the three-year vesting period, as follows:

1. the extent to which any windfall gains have arisen as a result of any marked appreciation in share price;
2. whether there have been any material sanctions or fines issued by a regulatory body (which may give rise to allocation of individual or collective responsibility);
3. any material damage to the reputation of individual Group Companies, or the Group itself (which may give rise to allocation of individual or collective responsibility);
4. the level of employee and customer representative engagement over the vesting period; and
5. the level of customer engagement (as measured by Net Promoter Score, our Rep Track survey or other such means as determined by the Committee).

Approved by the Board

#### Deborah Davis

Chair of the Committee

14 March 2024

# Statutory information

The Directors' Report for the year ended 31 December 2023 comprises pages 84 to 130 of this report, together with the sections of the Annual Report incorporated by reference.

In addition to the Code, we are required to comply with the Companies Act 2006 (the Act), the Disclosure Guidance and Transparency Rules (DTR) and the Listing Rules (LR). Where not covered elsewhere, these requirements are included in this section.

In accordance with DTR 4.1.5R, the Strategic Report and the Directors' Report together are the management report for the purposes of DTR 4.1.8R.

The Board has taken advantage of section 414C(11) of the Companies Act 2006 to include disclosures in the Strategic Report including:

- An indication of likely future development in the business of the Company (see pages 1 to 83).
- The financial position of the Group (see pages 39 to 41).
- Greenhouse gas emissions (see pages 65 to 66).
- Employee engagement and involvement (see page 96 and 42).
- Engagement with suppliers, customers and others in a business relationship with the Company (see pages 42 to 43).
- A summary of the principal risks facing the Company (see pages 78 to 83).
- The S172(1) statement (see pages 44).
- Information on Political Donations (see page 64).

Disclosures required under Listing Rule 9.8.4R can be found on the following pages:

Listing Rule	Topic	Page
Sub-para (1)	Interest capitalised	Not applicable
Sub-para (2)	Publication of unaudited financial information	Not applicable
Sub-para (4)	Details of long-term incentive schemes	Not applicable
Sub-para (5) and (6)	Waiver of emoluments and future emoluments by a director	Not applicable.
Sub-para (7) and (8)	Non pre-emptive issues of equity for cash	Not applicable.
Sub-para (9)	Parent participation in a placing by a listed subsidiary	Not applicable.
Sub-para (10)	Contracts of significance	Not applicable.
Sub-para (11)	Provision of services by a controlling shareholder	Not applicable.
Sub-para (12)	Shareholder waiver of dividends and future dividends	Statutory information, page 129
Sub-para (14)	Agreements with controlling shareholders	Not applicable.

## Articles of Association (Articles)

The Articles may only be amended by a special resolution at a general meeting of the shareholders. The Articles are available on our website at [www.ipfin.co.uk](http://www.ipfin.co.uk) or direct from Companies House, UK.

At the 2024 annual general meeting ("AGM"), we will propose to shareholders to amend the current Articles. The Articles have not been updated since 2014 and to ensure that they continue to reflect current and best practice a number of amendments are being proposed to shareholders. Further details on the proposed amendments can be found in the separate notice of meeting.

## Appointment and replacement of directors

The Articles provide that the Company may, by ordinary resolution at a general meeting, appoint any person to act as a director, provided that written notice is given of the intention to propose such person and that the Company receives written confirmation of that person's willingness to act as director if he or she has not been recommended by the Board. The Articles also empower the Board to appoint as a director any person who is willing to act as such. The maximum number of directors under the Articles is fifteen.

The Articles provide that, at every annual general meeting, the following directors must retire: (i) any director appointed by the Board since the Company's previous annual general meeting; (ii) any director who has held office at the time of the Company's two preceding annual general meetings and who did not retire at either of them; and (iii) any director who has held office with the Company (other than employment or executive office) for a continuous period of nine years or more at the date of the meeting.

The Articles further provide that the Company may, in addition to any powers of removal conferred by law, by special resolution remove any director before the expiration of his or her period of office. The Articles also set out the circumstances in which a director shall vacate office.

## Commitment

The Chair and the non-executive directors should have sufficient time to fulfil their duties and directors' other commitments are kept under review to ensure that they have sufficient time to dedicate to the business.

As part of our annual review of responsibilities, the Nominations and Governance Committee considered the time non-executive directors are required to give to their roles. The Committee was satisfied that each director continues to contribute the time required to fulfil their duties to the Company and its shareholders. Based upon the evaluation of the Board, its Committees and the continued effective performance of individual directors, the Nominations and Governance Committee reported to the Board that, in the Committee's view, each of the individuals putting themselves forward for re-election met the required standard for their appointment to be recommended at the 2024 AGM.

In line with the Code, non-executive directors are required to seek Board approval prior to taking on any additional appointments following recommendation from the Nominations and Governance Committee. Further details on additional appointments can be found on page 101. In reviewing such appointments the Committee reviews the total time commitment which an additional time commitment would create and whether the proposed appointment would create conflict of interest.

## Development

The Board recognises the importance of ongoing training for the directors. As well as a dedicated annual Board training session, all directors are given the opportunity to update their skills and knowledge on a regular basis and new directors are provided with a tailored induction programme. See page 99 for a case study of Aileen Wallace's induction. The non-executive directors also undertake to keep themselves briefed and informed about current issues and to deepen their understanding of the business. Any individual development needs are discussed with the directors on an ad-hoc basis and at their annual performance evaluation. Board training received during the year included:

- an overview of the product innovation roadmap in the context of external developments;
- an overview of the mobile wallet product in IPF Digital;
- an overview of purchase finance, lending process automation and digital marketing in IPF Digital; and
- an explanation of political and regulatory developments in the markets in which the Group operates.

The Board visited Warsaw in Poland for its October Board meeting, which included visiting a branch and attending customer visits. Further detail on Board training can be found on page 109.

All directors are able to consult with the Company Secretary, who also updates the Board on corporate governance developments. The appointment and removal of the Company Secretary is a matter for the Board. The Company Secretary acts as Secretary to the Board and its Committees. Any director may take independent professional advice at the Company's expense relating to the performance of their duties in line with the access to independent advice policy overseen by the Nominations and Governance Committee.

If directors have concerns about the running of the Company, which cannot be resolved, their concerns are recorded in the Board minutes. No such concerns were raised during the period under review.

## Effectiveness review

Towards the end of 2023, an effectiveness assessment of the performance of the Board, its Committees and the directors was carried out. The Board directors and Committee attendees completed a questionnaire, the results of which were collated, reviewed and presented for discussion at the January 2024 Board meeting. An analysis of compliance with the Matters Reserved to the Board and Terms of Reference was also completed as part of the effectiveness review. Further details on the board effectiveness review process and the principal outcomes of the review can be found in the Nominations and Governance Committee report on page 102.

## Election or re-election of directors

All directors are subject to election or re-election at the AGM, in accordance with the Code. All directors will seek re-election at our AGM on 2 May 2024. Details of the directors can be found on pages 86 and 87.

## Shares in issue

As at 31 December 2023, the issued share capital was 234,244,437 ordinary shares of 10 pence each of which 10,094,838 are held as treasury shares for the purpose of satisfying options under the Group's share option plans. Details of share capital are shown in note 29 to the Financial Statements.

## Share class rights

The share class rights, which are set out in the Company's Articles, are summarised as follows. The ordinary shares are listed on the London Stock Exchange.

## Restrictions on shareholders' rights

Any share may have rights attached to it as the Company may decide by ordinary resolution or the Board may decide, if no such resolution has been passed. Such rights and restrictions shall apply to the relevant shares as if the same were set out in the Articles.

## Restrictions on transfer of shares and limitations on holdings

There are no restrictions on the transfer or limitations on the holding of ordinary shares other than under the Articles or under restrictions imposed by law or regulation. The Articles set out the directors' rights of refusal to effect a transfer of any share.

## Interest in voting rights

As at 31 December 2023, we had been notified, pursuant to DTR 5.1.2, of the following interests in voting rights in our issued share capital. The information provided below was correct at the date of notification; however, the date of receipt may not have been within the current financial year. It should be noted that these holdings are likely to have changed since the Company was notified. A notification of any change is not required until the next notifiable threshold is crossed.

Name	Date notified	% of issued share capital <sup>1</sup>
Aberforth Partners LLP	21/12/2023	13.61
abrdrn (Standard Life)/ Standard Life Aberdeen plc	17/11/2023	10.00
Marathon Asset Management LLP	23/08/2021	8.41
Schroder Investment Mgt/ Schroders plc	08/09/2022	7.36
Pendal Group Limited	27/02/2022	6.20
FMR LLC	10/01/2018	5.28
Janus Henderson Group plc	24/03/2023	5.20
Artemis Investment Management LLP	12/10/2021	5.04
Old Mutual Asset Managers (UK) LTD	12/04/2010	4.88
Blackrock, Inc.	16/07/2009	4.54
BNP Paribas Investment Partners	08/07/2015	3.02
Mr Hendrik Marius van Heyst	09/11/2020	3.02
Oppenheimer Funds Inc/Baring Asset Management Limited	20/06/2009	2.02

1. The percentage of issued share capital in the table above is based on the Company's issued share capital at the point of notification.

There have been no further notifications since the year end.

## Voting rights

There are no restrictions on voting rights except as set out in the Articles. Electronic and paper proxy appointments, and voting instructions must be received by the Company's registrar not less than 48 hours before a general meeting (or such shorter time as the Board may determine) and the Board may exclude non-working days in its calculation. The Company is not permitted to exercise any right in respect of treasury shares, including any right to attend or vote at meetings.

## Variation of rights

This covers the rights attached to any class of shares that from time to time may be varied either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares.

## Authority to purchase own shares

At the 2023 AGM, we received shareholder authority to buy back up to 22,274,916 of the Company's shares until the earlier of the conclusion of the 2024 AGM or 28 June 2024. Shares purchased can be cancelled or held in treasury. This authority was not exercised in 2023. A further authority to purchase our own shares will be sought at the 2024 AGM.

## Authority to issue shares

At the 2023 AGM, an ordinary resolution was passed authorising the directors to issue new shares up to an aggregate nominal amount of £7,424,972, representing approximately one-third of the issued share capital of the Company (excluding treasury shares) and allot further new shares in the case of a rights issue only up to an aggregate nominal amount of £7,424,972 representing approximately a further one-third of the issued share capital. Further special resolutions were passed to effect a disapplication of pre-emption rights in certain circumstances.

Resolutions to renew these authorities will be proposed at the 2024 AGM. Further details can be found in the separate notice of meeting.

## Directors

Details of all persons who were directors of the Company at any time during the financial year can be found on pages 86 to 87.

## Indemnities

Our Articles permit us to indemnify our directors (or those of any associated company) in accordance with the Act. However, no qualifying indemnity provisions were in force in 2023 or at any time up to the date of this report. We have appropriate directors' and officers' liability insurance and this was in force when the Directors' Report was approved.

## Directors' conflicts of interest

To take account of the Act, the directors adopted a policy on conflicts of interest and established a register of conflicts. The directors consider that these procedures have operated effectively in 2023 and up to the date of this report.

## Powers and proceedings of directors

The directors are responsible for the management of the Company and may exercise all the powers of the Company, subject to the provisions of the relevant statutes and the

Articles. The Articles contain specific provisions and restrictions regarding the following: the Company's powers to borrow money; provisions relating to the appointment of directors (subject to subsequent shareholder approval); and delegation of powers to a director or Committees. They also provide that, subject to certain exceptions, a director shall not vote on or be counted in a quorum in relation to any resolution of the Board in respect of any contract in which they have an interest which they know is material.

## Agreements on change of control

We do not have any agreements with any director or employee that would provide compensation for loss of office or employment resulting from a takeover.

We are not party to any significant agreements that would take effect, alter or terminate upon a change of control following a takeover bid, apart from:

- our bank facility agreements, which provide for a negotiation period following a change of control and the ability of a lender to cancel its commitment and for outstanding amounts to become due and payable;
- our Euro Medium Term Note<sup>1</sup> programme, which entitles any holder of a note to require us to redeem such holder's notes if there is a change of control<sup>2</sup> and, following such change of control, the notes are downgraded; and
- provisions in our equity share incentive plans may cause awards granted to directors and employees to vest on a takeover.

1. The Euro Medium Term Note programme was established in 2010. The following notes (listed on the London, Euronext Dublin or Nasdaq Stockholm stock exchanges) have been issued under the programme and are outstanding as at the date of this report: €341.2m with a 2025 maturity and a 9.75% coupon; £80m with a 2027 maturity and a 12.00% coupon; SEK450m Swedish krona bond with a 2024 maturity and a coupon of three-month STIBOR plus a margin of 7.00%; PLN72m with a 2026 maturity and a coupon of six-month WIBOR plus a margin of 8.50%; and €11.6m with a 2026 maturity and a 11.50% coupon.
2. This provision is not applicable to the €11.6m notes with a 2026 maturity and a 11.50% coupon.

## Related party transactions

Related party transactions are set out in note 33 to the Financial Statements.

## Financial instruments

Details of the Group's financial instruments are set out in note 22 to the Financial Statements. The information in note 22 is incorporated by reference into, and forms part of, this Directors' Report.

## Dividends

A final dividend of 7.2 pence per share has been proposed bringing the full year dividend to 10.3 pence per share. Subject to approval by shareholders at the 2024 AGM, the final dividend will be payable on 10 May 2024 to shareholders on the register of members on 12 April 2024. The deadline to elect for the Dividend Reinvestment Plan (DRIP) is 19 April 2024.

## Branches

The Company has a UK branch (registered number: BR021979) of its Irish subsidiary, IPF Management Unlimited Company (registered number: FC036891). Further information on the Company's subsidiaries can be found in note 13.

### Employee benefit trust

We operate a Jersey resident employee benefit trust with an independent trustee, Apex Financial Services (Trust Company) Limited, to hold shares on behalf of employees pending entitlement to them under our equity share incentive plans. All withdrawals from the trust to UK resident employees are subject to employee income tax and social security on vesting. As at 31 December 2023, the trustees held 114,994 shares in International Personal Finance plc. The trust waives its dividend entitlement and abstains from voting at general meetings. Any shares to be acquired through our share plans do not have special rights and rank *pari passu* with the shares already in issue.

### Employee equity incentive plans

UK eligible employees are able to participate in our equity share incentive plans, details of which are shown below.

Awards granted to the executive directors in 2023 are set out in the Directors' Remuneration Report on page 125 to 126.

Plan	Abbreviated name	Eligible participants
The IPF Deferred Share Plan	DSP	Executive directors and senior managers
The International Personal Finance plc Approved Company Share Option Plan	CSOP	Executive directors and senior managers
The IPF Performance Share Plan	PSP	Executive directors and senior managers
The IPF Save As You Earn Plan	SAYE	Executive directors and UK employees
The International Personal Finance plc Discretionary Award Plan	DAP	Employees other than executive directors
The International Personal Finance plc Restricted Share Plan	RSP	Executive directors and senior managers

Details of outstanding awards are included in note 28 to the Financial Statements.

### External oversight

The Group's activities in Mexico are subject to general trade licences and under the supervision of the Consumer Protection Agency.

Our other operations in Europe and Australia are subject to certain licensing provisions or supervision by a financial authority as detailed below.

#### European home credit

Czech Republic – operates under the supervision of the Czech National Bank and subject to an operating licence issued by the Czech National Bank.

Hungary – operates under the supervision of the National Bank of Hungary and subject to an operating licence issued by the Hungarian National Bank.

Poland – (i) as a loan institution: registered in the special registry of the Komisja Nadzoru Finansowego (KNF), the Polish Financial Supervision Authority, and operating under the supervision of this body; and (ii) as a payment institution: licensed and registered in the Small Payment Institutions Register of the KNF.

Romania – (i) as a non-banking financial institution: holding a lending licence and registered in the Special Registry of Credit Providers maintained and subject to supervision by the National Bank of Romania; and (ii) as an insurance intermediary: overseen by the Romanian Financial Supervisory Authority.

#### IPF Digital

Australia – holds a credit licence issued by the Australia Securities and Investment Commission.

Estonia – holds an e-money licence and creditor licence issued by the Estonian Financial Supervision Authority.

Finland – in a register of credit providers maintained by the Finnish Financial Supervision Authority.

Latvia – operates under a licence from the Consumer Rights Protection Centre.

Lithuania – in a register of credit providers maintained by the Bank of Lithuania.

Poland – registered in the special register of Loan Institutions maintained by the KNF, and supervised in relation to loans by the KNF; registered in the Payment Institutions register kept and supervised of the KNF.

### Budgetary process and financial reporting

The Board approves annually a detailed budget for the year ahead. Actual performance against budget is monitored regularly and reported monthly for review by the Board. The Board requires the Group's subsidiaries to operate in accordance with corporate policies.

The Financial Statements for the Group are prepared by aggregating submissions from each statutory entity. Prior to submission to the Group finance reporting team, each country submission is reviewed and approved by the finance director of the relevant business. When the submissions have been aggregated and consolidation adjustments made to remove inter-company transactions, the consolidated result is reviewed by the Group Financial Controller and the Chief Financial Officer. The results are compared with the budget and prior year figures, and any significant variances are explained. Checklists are completed by each statutory entity and by the Group finance reporting team to confirm that all required controls, such as key reconciliations, have been performed and reviewed.

The Financial Statements, which are agreed directly to the consolidation of the Group results, are prepared by the Group finance reporting team and reviewed by the Group Financial Controller and the Chief Financial Officer. The supporting notes to the Financial Statements are prepared by aggregating submission templates from each market and combining them with central information where applicable. The Financial Statements and all supporting notes are reviewed, approved and signed by the Chief Financial Officer. For further details on our risk and internal control processes, see page 107.

### Research and development activities

In accordance with The Accounts Regulations (Sch 7, para 7(1)(c)) and DTR 4.1.11 the Company undertakes certain research and development activities, including strategic planning, new geographic markets and M&A activity, product development and competitor analysis and IT development.