



ESG REPORT

2020

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CHIEF EXECUTIVE OFFICER'S MESSAGE

Responsible finance, digital empowerment and financial inclusion are woven into our DNA. They are central to our Environmental, Social and Governance (ESG) efforts at Home Credit and underpin our support for customers, communities, staff and stakeholders.

The Covid-19 pandemic showed how strong these commitments are – and how much we can achieve when extraordinary people drive innovation. Everyone at Home Credit rose to the many challenges, building on our ESG foundation and transforming the business so we could better help others.

Technology enabled all this. Through digitalisation, we transformed operational processes and embraced virtual collaboration. The Home Credit App underwent a rapid evolution into a self-service hub and ecosystem, making it easier for customers to access services and for retailers to thrive in an increasingly online-to-offline (O2O) economy. We also made great strides in eliminating paper from Home Credit operations, with 80% of our business now done through mobile.

Creative use of AI, Big Data and data science – alongside our app and omnichannel presence – meant we could support customers and partners in new ways. Recognising that people's financial circumstances changed during the pandemic, we quickly rolled out payment holidays and deferred payments for our customers – while protecting their credit scores. I am particularly touched by stories of our customers in India, where our payment relaxation programme helped them to finance hospital treatment for their loved ones and focus on caring for their families.

At the same time, we collaborated with more than 332,000 physical stores, guiding retailers through essential digital transformation and helping them embrace

“
Thanks to the generosity, creativity and dedication of Home Credit staff, we truly came together as a company with a stronger culture and greater flexibility. And that meant we could more effectively support our customers and communities.
”



CHIEF EXECUTIVE OFFICER'S MESSAGE CONTINUED

e-commerce when shops closed during lockdowns. Customers can make payments in millions of locations through the evolution of the QR code. In addition, we worked with government agencies and financial industry stakeholders to share our global experiences of data protection, fraud prevention and cybersecurity best practices.

Technology is also helping us drive financial inclusion at scale. In our emerging markets, 22% of our customers are first-time borrowers who are underserved by traditional banks. Through Home Credit, people are purchasing their first mobile phone, living more sustainably, accessing essential healthcare for their families and building successful businesses. For many years, Home Credit's award-winning education programmes have increased financial and digital literacy within communities, so people can benefit from financial services safely and confidently. In 2020, our campaigns went digital, reaching a record 65 million people through videos, webinars, gamification and social media.

While technology is a crucial enabler, our people are at the heart of our success. I'd like to extend my sincere gratitude and appreciation to all Home Credit employees, who worked tirelessly during challenging circumstances. Throughout the pandemic, we enabled staff to work from home flexibly. Wellbeing initiatives engaged and motivated people as well as helping them safeguard their physical and mental health. Rich learning and development programmes promoted a more inclusive working environment and new career opportunities. Thanks to the generosity, creativity and dedication of Home Credit staff, we truly came together as a company with a stronger culture and greater flexibility. And that meant we could more effectively support our customers and communities.

With that unity of purpose, strong culture and technology-enabled flexibility, we are building on the lessons and achievements of 2020 – forging new partnerships, developing new customer-centric products, digitalising more of the customer experience and engaging with communities. To give you an idea of this momentum, in 2021 we have already donated medical refrigerators for the Covid-19 vaccine roll-out in the Chinese city of Tianjin, which has a population of 15 million. We delivered 30,000 meals to frontline workers and the elderly in Vietnam, and we reskilled 500 unemployed women in India. We continue to pride ourselves on providing top-notch financial literacy programmes in all our markets, which are all now available digitally.

You will learn more about our initiatives in our first comprehensive ESG report. You will see how embedded ESG principles have always been in the business – and how we are continuing to formalise and evolve our efforts to benefit all our stakeholders. We have been through many challenging times in our history and always emerged stronger. Not only have the past months demonstrated the agility and resilience of our business model; they have also showcased our ability to leverage technology for the greater good. We will continue this proud tradition as we adapt and improve our ESG efforts throughout the pandemic and beyond.



Jean-Pascal Duvieusart,
Chief Executive Officer,
Home Credit Group

“ I am particularly touched by stories of our customers in India, where our payment relaxation programme helped them to finance hospital treatment for their loved ones and focus on caring for their families. ”



2020 ESG HIGHLIGHTS

Serving the underserved

22%

of our customers are first-time borrowers

Zero interest

44%

of our consumer loans have 0% interest, thanks to our partnerships with retailers and manufacturers

Payment holidays

4.4m

customers were given the option of payment holidays and deferred payments to help them better cope with the pandemic

Digitalisation

80%

of our business is done through mobile

Financial literacy

25m people

visited our financial literacy websites and 64 million people were reached through our social media financial education campaigns

Covid-19 support

USD 4.2m

of PPE and associated logistics services were donated worldwide

Helping communities

USD 648k

dedicated to other pandemic-related support and disaster relief initiatives

Employee development

215k

total participation in one of Home Credit's employee training sessions

A diverse workforce

75

nationalities work at Home Credit

WHO WE ARE

Our purpose and mission are clear: We responsibly deliver trusted financial services that customers and business partners access via their channel of choice. We continuously meet evolving needs, both directly and through innovative ecosystems – helping to build a more resilient world. We empower people to live the life they want now.

At Home Credit, we deliver a broad range of innovative financial products and services in a responsible way. Whether it is helping our customers save for the future, enabling our business partners to develop closer relationships with their customers or financing purchases, we have been making it happen for over 20 years.

Our financial services are designed to fit seamlessly into the daily lives of our customers. They are powered by a dynamic and scalable technology platform, itself driven by extensive and proprietary data-led insights that deliver a frictionless experience for our customers.

Historically, Home Credit has been successful in developing and delivering innovative financial services. From family banking in Russia and Kazakhstan, dynamic revolving loan products in the Philippines to integration with powerful partner retail platforms in India

– we are consistently evolving the way we do business, adapting to our customers and partners.

When it comes to our business partners, we have a strong track record of integrating with their ecosystems, which has delivered value and created connections across a range of financial and banking services. This has enabled us to create a stronger bond with our customers.

Our responsible approach to business is underpinned by a robust operating model and a disciplined focus on risk management, coupled with a deep understanding of the diverse markets where we are present. This has allowed us to serve nearly 140 million customers and partner with 332,000 partner retail stores worldwide. This strong foundation means Home Credit is well positioned for future growth.

We know Home Credit has the power to have a positive and transformative effect in shaping better societies and stronger economies. That is why we continue to heavily invest in improving financial inclusion and literacy. We offer accessible, responsible and affordable products and services, while giving our customers the know-how to properly use them. In addition, Home Credit is often an integral part of the communities that we operate in and the environment that surrounds them. That is why being an environmentally sensitive operator is part of our DNA. We have a responsibility to the planet to minimise our negative environmental impact, operate as an accountable corporate citizen and positively develop the communities in which we operate. It is a responsibility that we embrace.



AT A GLANCE

OVERVIEW

139 million approved borrowers in the database (as of 31 December 2020) – 7 million more year-on-year

49,700 loans approved per day (during H2 2020), which is one loan every two seconds

52% online volume (during Q4 2020)

EUR 18.5 billion total assets (as of 31 December 2020)

NETWORK

332,000 partner stores

60% of partner points-of-sale (POS) are small, family-owned businesses

>90 product partners

Payments accepted in millions of locations via QR codes

CUSTOMER EXPERIENCE

91 million registered Home Credit App users (+21 million from 2019)

14.9 million monthly active users of our apps globally (as of 31 December 2020)

38 seconds – median time needed to underwrite a client after receiving their information

73% volume with repeat customers (during Q4 2020)

4.5 and 4.4 average app rating in App Store and Google Play Store

36 NPS across the Group (weighted average of four waves of measurement in 2020)



“

Our customers' needs are always evolving, so we adapt to that by developing financial products they ask for. For example, we are boosting our 'buy now, pay later' products across Asian markets. By offering interest-free instalments, we make the shopping experience smoother for customers. At the same time, these products help retailers and manufacturers get uplifts in their sales volumes.

”

Frederic Tardy,
Group Strategy and Customer Officer,
Home Credit Group

CÔNG BỐ & VINH DANH TOP 10 DOANH NGHIỆP FDI PHÁT TRIỂN VÀ TOP 10 DOANH NGHIỆP FDI TIÊU BIỂU

AWARDS CEREMONY TO SUSTAINABLE DEVELOPMENT TOP 10 FDI COMPANIES IN VIETNAM



Hanoi 2021

ĐƠN
SPONSOR

GAMUDA LAND



AWARDS

Social Responsibility Industry Influence Award – CSR Summit Forum (China)

Best Digital Bank 2020 – AsiaMoney (Kazakhstan)

3rd in the list of Top 30 Mobile Apps in Kazakhstan 2020 – Forbes.kz

Our brands won gold, silver and bronze in the Index of Most Responsible Lenders – People in Need, an NGO (Czech Republic)

Most Innovative Consumer Finance Company – International Finance Magazine (Vietnam)

Most Innovative Consumer Finance Company and Best CSR Initiative (Non-Banking) – International Finance Awards

Best CSR Company & Fastest-growing Online Finance Company – Global Banking and Finance Review (Philippines)

Technology Excellence Awards 2020 – Hong Kong Business Magazine (China)

How India Borrows Sabre Awards South Asia (India)

2nd in the Most Resilient Banks in Russia ranking by The Banker

ESG AT HOME CREDIT

ESG has always been integral to Home Credit's approach, even when it wasn't formalised under an ESG framework. Since the beginning of our operations, we have always served customers in emerging markets, fulfilling our duty as a socially responsible lender. The Covid-19 pandemic proved that our commitment to ESG is more than words – it is intrinsic to the way we operate.

Since 2012, we have had a Customer Charter, which is based on Treating Customers Fairly regulations and the EU Consumer Credit Directive. These best practices were designed to prevent overleveraging customers, strengthen consumer rights and help our clients make informed financial decisions. To systematise and codify ESG at Home Credit, we brought all existing policies and commitments together in a holistic policy, which was adopted in 2020.

The ESG Policy was therefore built on our existing principles and best practices to ensure everyone is treated fairly and protected. It is an evolution rather than a revolution; it better structures and improves what we were already doing, so ESG is consciously and consistently embedded in operations.

Yet how does this work in practice? The ESG Policy now provides a systematic governance framework, applied across our business. ESG management is conducted in working groups at an executive level as a group and within Home Credit subsidiaries. To embed ESG principles within our strategic management, we have identified 146 metrics in 13 areas to allow for internal monitoring of our ESG performance. Formal monitoring began in 2021, with the results helping departments set their individual ESG priorities. From 2022, the CEO of each subsidiary will approve the company's annual ESG plan.



ESG AT HOME CREDIT CONTINUED



“

ESG has always been at the heart of what Home Credit does, even before it was known as ‘ESG’. It is a strategic imperative for us, with the Board and Executive Committees leading from the top and ensuring we are converting good environmental, social and governance intentions into practical and measurable action.

”

Jiri Smej,
Chairman of the Board,
Home Credit Group



“

Our ESG Policy, approved in 2020, is an evolution rather than a revolution. It codifies, better structures and improves what we were already doing for our customers, employees and the communities we live in. Thus, ESG is consciously and consistently embedded in all our operations.

”

Jan Ruzicka,
Chief External Affairs Officer,
Home Credit Group

SIX PILLARS OF OUR ESG APPROACH

Our ESG approach focuses on six pillars: responsible finance, economic growth, digital empowerment, financial inclusion, sustainable communities and diverse workforce.

This helps us focus our efforts where we have the greatest impact – at local, regional and international levels.

1

RESPONSIBLE FINANCE

To be a responsible financier is in our DNA: we are fair and inclusive, and we always have been. Our approach is about offering customers the right products based on their needs and financial capacities – we are empowering people. We have been repeatedly recognised for these commitments. For example, for several years, our Czech subsidiaries have been top ranked in the well-known Responsible Lending Index published by the Czech human rights NGO, People in Need.

We are committed to fairness and transparency in line with the principles of the EU Consumer Credit Directive. This includes ensuring customers fully understand our products. We write all documentation in clear, jargon-free language and double check that customers clearly understand all essential information related to the service they are using. Our credit risk management approach helps prevent people from overleveraging and ensures they can repay loans in a sustainable way. Cooling-off periods are also a critical part of the focus on responsible finance. We build these into our customer journey, facilitating the cancellation of loans without penalty if people change their mind.

We also have a long tradition of promoting financial literacy among customers and communities, helping raise standards in the markets we operate in. This year, we expanded our online forms of education to make essential financial and digital knowledge more easily accessible to a wide audience.

2

ECONOMIC GROWTH

Consumer finance drives economic growth by facilitating consumption, a major component of GDP. Because it gives people access to credit, it helps raise living standards and supports businesses that are the cornerstone of any successful economy. In other words, a person's ability to borrow money easily and responsibly allows a well-managed economy to grow and function more efficiently.

Importantly, Home Credit's approach encourages responsible and sustainable consumption. Not only do we make credit more accessible, but we also help our retail partners grow. Of our 332,000-strong retail partner network, 60% are small, independent shops that focus on serving local communities. Home Credit helps them reach new customers because their products become more affordable, and we also drive traffic to their business by displaying their goods in our app. Via the Home Credit Marketplace, embedded in our app, small and medium-sized retailers can embrace e-commerce, giving them a simple way to reach customers online and thrive in an increasingly online-to-offline (O2O) market.

SIX PILLARS OF OUR ESG APPROACH CONTINUED

3

DIGITAL EMPOWERMENT

Cutting-edge analytics. Big Data. AI. Advanced algorithms. We use all of them and more. Innovation is opening new opportunities for people to access financial services – and new opportunities for retailers to drive revenue. We conduct continuous research and development to incorporate innovation into financial services. And it is all about empowering consumers and partners with everything digitalisation has to offer – while protecting their privacy and security.

We have also added digital literacy topics to our existing financial education, helping people keep on top of the safe use of digital financial services and online shopping, as well as helping them avoid online fraud. In addition, we collaborate with governmental and financial industry stakeholders worldwide, helping to promote robust consumer protection regulations.

Our app has become a self-service hub, making it easy for customers to access personalised content and tailored products. The Home Credit Marketplace is evolving into a vibrant ecosystem where customers can easily research products, compare prices and buy from local retailers. Our retail and manufacturer partners are even using the Marketplace to foster sustainable consumption by promoting energy-efficient products and encouraging people to participate in the circular economy.

Digitalisation is also driving green operations: we are almost entirely paperless. We are also reducing our carbon footprint by constantly optimising the energy efficiency of our offices and data centres.

4

FINANCIAL INCLUSION

In many of our markets, there are people who are underserved by other regulated financial services organisations. Therefore, throughout our history, we have had a major focus on promoting financial inclusion – helping those who are underserved and new to credit. As a result, we have helped shape the consumer lending industry in many of the countries we operate in and helped to push back against unregulated shadow lenders. For example, we were among the first in China, Indonesia and the Philippines to be granted the consumer finance licence and to provide regulated financial services to the underbanked population.

One way in which we have a big impact is in bringing people with no credit history into financial services for the first time. We can assess credit risk based on the available data and help customers generate a positive credit record. Having this record is a crucial gateway to accessing more financial services that, in turn, improve livelihoods and foster economic growth. Access to credit also transforms day-to-day lives – for individuals, their families and their businesses. For example, we make it affordable for people to purchase their first mobile phone, which – in some developing markets in particular – means also having internet access. By being able to afford that phone, a whole new world of connectivity and opportunity is at their fingertips.

As part of our continued financial inclusion efforts, we have partnerships with organisations like the Alliance for Financial Inclusion (AFI) and the Asian Financial Cooperation Association (AFCA), which aim to improve standards and educate the educators. We also work with governments and regulators to strengthen governance of financial services to better support people new to credit.



“

Home Credit has been a strategic knowledge partner of the Alliance for Financial Inclusion (AFI) since 2020, providing important insights in areas of shared priority such as financial education and digital financial literacy. In conjunction, AFI is scaling public-private cooperation in inclusive green finance, where our members in over 40 countries are working together and with partners to advance policies and regulations that optimise linkages between financial inclusion and a more sustainable financial system. Together, we are strengthening efforts to meet the targets set out by the 2030 Sustainable Development Agenda to alleviate poverty through climate action and building partnerships. Public-private cooperation will continue to be instrumental in the period ahead as we work towards an inclusive and sustainable economic recovery.

”

Ilya Sverdlov,
Director for Europe and Global Partnerships,
Alliance for Financial Inclusion (AFI)

SIX PILLARS OF OUR ESG APPROACH CONTINUED

5

SUSTAINABLE COMMUNITIES

We help make our communities more inclusive and resilient – when there are emergencies and over the long term. This includes supporting those living in poverty, people with disabilities, women and migrants. It involves promoting entrepreneurship, employment and education for people from underprivileged backgrounds or from under-represented groups. And it extends to improving health and wellbeing. For example, in 2020, we dedicated USD 4.8 million in direct aid and services to Covid-19 relief efforts, including a major initiative to source and distribute masks and other essential equipment.

We also provide aid in times of need. Many of our markets are bearing the brunt of climate change, from flooding to typhoons. We partner with organisations like the Don Bosco Network in India, World Vision in the Philippines and Mitra Netra in Indonesia to support first response efforts and rebuilding after natural disasters or delivering aid where it is most needed.

6

DIVERSE WORKFORCE

Home Credit understands the importance of and value in promoting and encouraging diverse workplaces. Where women are under-represented in markets, particularly in South and Southeast Asia, we have taken concrete steps to promote gender diversity. Nearly half of our top executives in the Philippines and Vietnam are female. Cultural diversity is also celebrated, with more than 75 nationalities represented across the business; we recognise the value this can also bring to the diversity of thought across our employee group.

We have formally embedded diversity and inclusion efforts into our Group ESG Policy. The importance that we attach to recruiting, training and developing our employees is underlined by our commitment to fostering a motivating and enriching working environment. Recent efforts include a suite of training programmes rolled out to identify unconscious biases during talent acquisition phases, alongside de-stigmatisation campaigns on cultural diversity. We are proud of the strides we have made in this space; 74% of our employees told us that their Home Credit experience led to professional growth. These are encouraging signs; however, we are not complacent and remain focused on going further with our efforts.



“

The pandemic demonstrated the importance of community and helping those around us. The employee blood drives we conducted in Indonesia, India and the Czech Republic were a way we could provide that help at a time when hospitals were experiencing shortages.

”

Stephanus Wisnu Kumarajati,
Head of Operations,
Home Credit Indonesia
Blood Donor

146 metrics

for monitoring ESG performance
across 13 areas are set out in
Home Credit's ESG Policy

140m

customers and partners

ALIGNING WITH THE SUSTAINABLE DEVELOPMENT GOALS

In formulating Home Credit's ESG priorities and roadmap, we have been guided by the 17 United Nations Sustainable Development Goals (SDGs), which provide a blueprint for a sustainable future. Our products, services, operations and community programmes most directly contribute to eight of those goals:



NO POVERTY (SDG1):

By giving everyone the opportunity to access financial services, including those underserved by traditional banks, we help people improve their quality of life. Being able to buy a first smartphone often means gaining access to the internet – and with it, access to a plethora of new opportunities. We also support charities fighting poverty in underdeveloped regions.



GOOD HEALTH AND WELLBEING (SDG3):

We help informal workers access medical insurance and give customers access to affordable telemedicine. This is especially important in remote areas that lack traditional medical facilities. During the Covid-19 pandemic, we stood with our communities, donating masks, test kits, gloves and coveralls to frontline workers and sanitary packages to people in deprived areas. Before Covid-19, we ran other healthcare initiatives, such as supporting air emergency training, spreading first aid knowledge and organising blood drives.



QUALITY EDUCATION (SDG4):

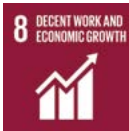
In many markets where we operate, education is not always affordable. Thanks to our financial services, customers can access vocational training and gain the skills necessary to move up the social ladder. We also provide university scholarships to talented children from underprivileged backgrounds and we help people with disabilities who want to learn IT skills.



GENDER EQUALITY (SDG5):

We are mass market and inclusive. Not only do we provide services that empower all people to attain financial freedom, we also spearhead initiatives that help women launch and grow businesses. We promote gender diversity across Home Credit, particularly in markets where women are under-represented in financial services generally. We support women across recruitment and professional development, helping them build careers and take on leading roles in the business.

ALIGNING WITH THE SUSTAINABLE DEVELOPMENT GOALS CONTINUED



DECENT WORK AND ECONOMIC GROWTH (SDG8):

As a consumer finance provider, we enable economic growth. And by giving people access to credit, we make them more financially resilient. We facilitate consumption, which is an important component of GDP. We also help our retail and manufacturing partners uplift sales, which indirectly contributes to job creation and growth. We pride ourselves on being an employer of choice in our markets. We protect our employees' rights and take care of their wellbeing. We offer fair and competitive remuneration and provide development opportunities. And we nurture a meritocratic culture that helps people advance.



INDUSTRY, INNOVATION AND INFRASTRUCTURE (SDG9):

Constant innovation is at the heart of the Home Credit business. Technology helps us drive financial inclusion at scale, making responsible financial services accessible even to people living in remote, underdeveloped areas. Through our innovation across analytics, advanced algorithms, Big Data and AI, we are helping develop a digital infrastructure that empowers consumers, businesses and industry stakeholders while protecting privacy and safeguarding data. Not only are we at the cutting edge when it comes to using technology for mass market financial services, we also share our expertise with universities, start-ups, regulators and organisations – contributing to further industry-wide development.



RESPONSIBLE CONSUMPTION AND PRODUCTION (SDG12):

Living a greener lifestyle is all about making small choices that together have a big impact. We develop products that promote sustainable consumption, like our green debit card in Russia. Through the card, we incentivise purchases of sustainable and healthy products by giving reward points that can be turned into cash or donated to environmental charities. We also support the circular economy by offering second-hand phones in our Marketplace.



CLIMATE ACTION (SDG13):

As a responsible corporate citizen, we strive to reduce our carbon footprint wherever possible. And as a global business, we recognise the cumulative impact of our efforts. These efforts include major strategic decisions, like going paperless and aiming for carbon neutrality in some markets. They also include everyday behavioural decisions, like reducing travel, promoting recycling in offices and using energy-efficient IT equipment and LED lights.

COVID-19 RESPONSE

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AN EXTRAORDINARY YEAR

The Covid-19 pandemic dominated 2020. We swiftly adapted to these unusual circumstances, supporting our customers, communities, staff and stakeholders during crisis points and as the situation evolved.

From the beginning of 2020 when Covid-19 was spreading across China, we accelerated our ongoing business transformation plans, driving rapid digitalisation and operational changes. In other countries, we did the same and reacted swiftly. This agility allowed us to help customers who found themselves in difficult financial circumstances. It ensured our staff had the technology, processes and encouragement to work from home while looking after their wellbeing. And it meant

we could easily collaborate with industry stakeholders and government agencies as they developed pandemic response policies. Throughout the year, we also mobilised our people and resources to support hard-hit communities – donating time, money and equipment essential to the Covid-19 response.

8.5m

respirators and
masks

300k

test kits

650k

pairs of gloves

donated by
Home Credit





Katerina Jiraskova,
Executive Committee Member,
PPF Group and Board Member,
Home Credit Group

“

The last two years have shown the importance of remaining resilient and sticking together to fight Covid. Therefore, all of us at PPF Group, the parent company of Home Credit, have done our best to meet this simple but crucial goal. When the pandemic broke out, the first reaction of PPF and Home Credit was to help protect lives and health. We delivered medical equipment to 14 countries when our customers, people, and communities where we operate needed our help the most. We then focused on making lockdowns work. Among many different initiatives, we ensured our telco networks across Europe could withstand the sudden surge in data traffic as millions of people began working from home and children took online classes. And we will keep doing our best even when this pandemic is over. It is our responsibility, our culture, and our DNA.

”

HELPING OUR CUSTOMERS

Home Credit is a strong, trusted and established brand in all our markets, and we lived up to that reputation in how we supported our customers during the pandemic.

Due to lockdowns, many of our customers lost their jobs or had their wages reduced. They suddenly found themselves unable to repay loans as their remaining earnings and savings went towards daily needs and caring for their families. We worked quickly in all of our markets to support customers in need, arranging payment holidays, deferred payments, payment restructuring and even amnesties – all while protecting customers' credit scores.

In total, we offered some form of repayment support to 4.4 million customers globally during 2020. In countries that had government-mandated payment holidays, we worked in line with – and in many cases exceeded – the requirements. In China, the first country affected by Covid-19, we rolled out payment holidays within just two weeks,

and hundreds of thousands of customers benefited over the course of the year. In Indonesia, 65% of the working population are daily wage earners, meaning there was huge disruption during lockdowns. We proactively identified customers who were temporarily on low incomes, providing USD 58 million of payment relief to help them through the crisis. The Vietnamese government did not mandate payment holidays; however, we worked with customers on an individual basis to offer restructuring and fee reductions based on their personal circumstances. Throughout the pandemic, our focus was on transparency and communication, ensuring everyone understood their options and could make informed choices.

By acting quickly to digitalise our operations and the customer experience, we helped people adapt to new ways of living, working and learning. We were truly there for our customers – providing uninterrupted services and enhancing our app with new features. As a result, we made it possible and affordable for people who needed a new mobile phone because they were working from home, a new bicycle or electric two-wheeler because it wasn't safe to use public transport or a new laptop for children to support their remote learning needs. In India, our customers could access affordable health insurance and telemedicine via our app. This was important, especially as many migrant workers had to return to villages that are usually very far from a hospital.



SERVING COMMUNITIES

We acted quickly to help our communities with the many challenges posed by the pandemic.

We donated USD 4.8 million worth of products and services to support Covid-19 responses in our markets. Our efforts included assisting people displaced by lockdowns, supporting foodbanks, distributing vaccines and conducting blood drives.

A major initiative was sourcing, delivering and donating personal protective equipment (PPE) to the markets we operate in. Thanks to our efforts during PPE shortages, 8.5 million respirators and masks, 300,000 test kits, 650,000 pairs of gloves and tens of thousands of coveralls, protective goggles and thermometers were distributed to communities, hospitals, government agencies and volunteers.

This support is ongoing during 2021 in all our markets, as the pandemic continues to affect daily life. We distributed sanitary kits and free meals to people stranded in the streets of locked-down cities. When there were shortages of oxygen and hospital beds, we donated oxygen generators, which volunteers delivered to patients' homes. We donated money for purchasing vaccines and turned our head offices into vaccination centres for our employees as well as the general public. We are also helping children in poor areas study online while they cannot attend school. We will help fight Covid-19 and its consequences until the battle is won.

3.7k

homeless and poor people in India received sanitary kits to help prevent the infection

20k

food ration packs for migrant workers stuck in the streets due to lockdown in India



SUPPORTING OUR PEOPLE

From health and wellbeing to flexible working, we implemented initiatives to keep staff safe and engaged.

Employee health and wellbeing were top priorities. From delivering ICT equipment to people's homes to fast-tracking digitalisation, we made it as easy as possible for people to work from home while managing their family commitments. Home Credit always wants to be a market leader when it comes to the support we provide to our employees. Therefore, we augmented existing healthcare benefits – extending insurance coverage, offering free Covid-19 testing and PPE and providing both telehealth and mental health support. We also matched our employees' solidarity donations supporting colleagues badly affected by the pandemic.

At the beginning of the pandemic when there were PPE shortages, we worked tirelessly to source and distribute masks for staff. We also provided free Covid-19 testing and, later, made it easier for our employees to get vaccinated by turning our

head offices into vaccination centres in some countries.

As the pandemic spread to different countries, we helped people work remotely and flexibly from their chosen location – giving people peace of mind about their health and livelihood. This also made it easier for people to care for family members, home-school children and manage the stress caused by lockdowns. Not only did we supply ICT equipment, we also looked creatively at how to adapt staff roles. For example, in the Philippines, we redeployed sales agents as customer support advocates when shopping malls were closed. We also supported staff experiencing financial difficulties, setting up hardship funds and helping people register for government assistance schemes.

We acted swiftly to support staff wellbeing, augmenting our existing services to support

employees' physical and mental health during this unusual year. Across our markets, we had a busy calendar of programmes. Organised at Group and local levels, these workshops, competitions, webinars, sports challenges, quizzes and resource hubs helped staff manage stress, stay motivated and engage with colleagues. There were Group-wide wellbeing campaigns, with each month dedicated to themes like joy, health awareness, movement, relaxation, mindfulness, exercise, optimism and support. We developed an intranet portal with self-care advice and inspirational content on working from home, mindfulness and supporting children during the pandemic. And we provided training and support for leaders, so they, in turn, could support their staff effectively. It was a truly collaborative effort, where colleagues came together and demonstrated the strength of Home Credit's compassionate culture.



WORKING WITH OUR PARTNERS

We supported regulators, financial industry stakeholders and businesses grappling with the pandemic – providing tangible support and best-practice expertise.

As regulators across our markets considered various Covid-19 support policies, we shared private-sector perspectives in areas like payment holidays and liquidity issues. In addition, we wrote advisory papers leveraging our cross-country experiences and served as thought leaders to support policymakers in making more informed decisions.

We also supported our vast retail partner network, facilitating their digitalisation and transition to e-commerce when lockdowns

forced them to shut their physical stores and they needed to bolster their online presence immediately and without warning. At the same time, we served as a guarantor of trustworthiness for vendors, especially in markets where customers are often hesitant to purchase things online from less known e-shops due to widespread fraud. In this regard, we helped our retail partners expand their online sales.

90+

brands in our network

60%

of our retail partner network are local, independent and family-owned shops



OUR CUSTOMERS

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PAYMENT HOLIDAYS

Home Credit is a strong, trusted and established brand in all our markets, and we lived up to that reputation in how we supported customers during the pandemic. You can read more about how we did this, for example through payment holidays, in the previous chapter. The customer testimonials below speak for themselves.

CUSTOMER TESTIMONIALS



Kavita Sharma,
New Delhi,
India

Kavita Sharma used to work in an export house in New Delhi. Covid-19 was a disaster for her. Not only did she lose her job, but the pandemic also meant that her family had dramatically rising health costs.

“Home Credit supported me when I was jobless and had to manage my family’s medical expenses. The payment relaxation programme was a saviour.”

With Home Credit’s payment relaxation programme, Kavita was able to focus on caring for her family and pay her instalments when the crisis eased.



Rio Andi Pradana,
Bogor,
Indonesia

Rio had worked for six years as a chauffeur in Bogor, Indonesia, but the pandemic changed everything. He had to stay at home on a reduced income, which meant he could no longer afford to pay his instalments on time as he always had.

Rio had relied on Home Credit to buy a mobile phone and to finance his wife’s hospital bills, children’s tuition and house renovation.

“I couldn’t go to work, and my income decreased. It was no longer possible to pay my instalments on time.”

Thanks to our payment relaxation programme, it has been easier for him to navigate this difficult period and repay his loan later.



“

Thinking about the daily customer experience is bread and butter for everyone at Home Credit; it is an integral part of our culture. We listen to our customers, collect feedback immediately and respond quickly by turning the smallest issues into opportunities for improvement. This ensures we are always fulfilling our commitments to customers. I am truly proud of that.

”

Irina Ilchovska,
Customer Care Director,
Home Credit Bank Kazakhstan

4.4m

customers given the option of payment holidays and deferred payments during Covid-19

RESPONSIBLE LENDING

We have always been committed to responsible lending, and the pandemic reinforced the importance of this commitment. We adapted to the financial consequences of Covid-19 by adjusting our underwriting criteria. This ensured we continued to work responsibly as people's financial circumstances changed.

ORIGINATION

We use cutting-edge data science to help us make responsible lending decisions. We assess customers' overall credit capacity using advanced algorithms, Big Data and AI to analyse complex factors common in our markets, for example daily wage earnings, unpredictable incomes and a lack of credit history. Then, we provide products based on customers' true capability to repay. In light of the Covid-19 pandemic, we tightened our underwriting schemes to protect people from overleveraging.

Our approach is never about pushing products; it is about ensuring that customers understand their options and are helped to make informed decisions. The Home Credit affordable loan calculator makes it easy for customers to check whether the loan amount they are considering is reasonable given their household income. Our product mix also reinforces our responsible lending approach; for example, we offer 0% options where customers can schedule instalments over six to 24 months to suit their needs. We write all product documentation in a way that is clear and easy to understand, without jargon or fine print.

In the days after customers take out a product, we make welcome calls to ensure they are happy with their decision and fully understand essential terms and conditions of their service. We also provide a 14- or 15-day cooling-off period (depending on the market), during which people can cancel their loan free of charge. This feature is unique in the industry in China, and we were the first in Indonesia to offer it. Cancellation rates are very low, demonstrating that people understand the products and are satisfied with them.

REPAYMENTS

Our repayment approach is designed to be as simple and transparent as possible. We make it easy for customers to understand the monthly payments that are required. We do this by calculating the equal instalments over the entire loan lifespan until its scheduled maturity. If a customer struggles with repayments, we are proactive in trying to help them find a suitable solution.

We also aim to make it as convenient as possible for people to repay – customers can make payments through the Home Credit App, other popular payment apps, nearby convenience stores and many other channels. Our collections model is technology- and data-driven to enable the right degree of reminders and interaction, and robust quality assurance processes ensure our high standards are implemented on the ground.

CUSTOMER EXPERIENCE

We take a customer-centric approach to everything we do at Home Credit, and our commitment to responsible lending helps us deliver a superior customer experience. We have a list of requirements for different touchpoints, and we have processes in place for managing any complaints and tracking customer satisfaction data such as Net Promoter Score (NPS). Executive boards in each of our markets review data on a monthly basis, conducting root-cause analyses of any changes. By adopting this approach, we ensure our standards are upheld and we can quickly rectify any customer issues.



“

We pride ourselves on always listening to customers, and this means we take customer dissatisfaction seriously. We conduct root-cause analyses to address any issues. This feedback loop drives continuous improvement, which benefits both customers and the sustainability of our business. It also strengthens the profile of our company with external stakeholders. Seeing customer feedback being turned into concrete actions and improvements drives me and our teams across geographies to do a better job every day.

”

Umut Deniz,
Head of Customer Engagement
and Value Management,
Home Credit Group

36

NPS across the Group (weighted average of four waves of measurement in 2020)

FINANCIAL LITERACY

In emerging markets, many people have never accessed formal financial services before, and they often lack essential financial knowledge. Financial literacy has therefore been central to our ESG efforts, and for many years, we have delivered projects to educate our customers, their families and potential customers across the general public.

We have always had big aspirations when it comes to financial education, scaling our efforts so we can have a broad, positive impact upon financial literacy levels. We are meeting this challenge through digitalisation and gamification, which are in turn expanding access to financial education while helping boost engagement with initiatives. Our countless activities across markets have included workshops and comprehensive online portals, as well as social media campaigns, animated videos, TV shows and even mobile games. To maximise our influence, we also work with athletes, celebrities and academics.

The Covid-19 pandemic had a significant impact on our ongoing financial literacy programmes because we couldn't hold in-person grassroots community events. Therefore, we accelerated digital efforts from April 2020, turning all physical modules into easily digestible content for the Home Credit App, as well as websites, webinars, social media and other channels.

In total, 347,000 people actively participated in Home Credit financial literacy activities in 2020. Factoring in the reach of our online activity, more than 65 million people viewed our educational content during the year.



“

Financial literacy is increasingly important as people are asked to take more responsibility for their finances and as accessibility to new products grows. We hope that our work will both protect our communities and help them thrive.

”

Mel Carvill,
Non-executive Director,
Home Credit Group

INDONESIA

Our financial literacy efforts focused on helping people facing pandemic-related challenges such as dealing with a sudden loss of income or starting a new business. Home Credit Indonesia created a video series featuring engaging speakers from among our employees as well as external influencers.

INDIA

Our Paise Ki Paathshala (School of Money) online portal educates people on smart money management, using engaging videos, quizzes and mantras. We also launched a video series that advised hundreds of thousands of people on how to enhance their financial security during Covid-19 lockdowns.

VIETNAM

We conducted a series of events called What Freshmen Need to Know, covering personal finance basics. Thousands of students from five universities in Ho Chi Minh City participated. As part of the initiative, we also presented 25 scholarships to underprivileged students.

FINANCIAL LITERACY CONTINUED

CHINA

We focused on the integration of financial literacy education into the national school curriculum. We sponsored a foundation under the People's Bank of China that is developing a series of training materials and textbooks designed for children in grades one to 12. The system was then officially adopted in school curriculums across 14 provinces. Additionally, we produced TV shows, animated videos and infographics to raise consumers' awareness of the common pitfalls associated with digital financial services. Customer protection advocacy is an essential part of our job.

CZECH REPUBLIC

Home Credit is a long-term partner of the Financial Distress Assistance Centre, an NGO operated by the Czech Consumer Association and the University of Economics of Prague. We provide financial assistance that helps the Centre give free help to people having trouble repaying debts, so they can plan their finances and avoid falling into a debt trap.

KAZAKHSTAN

We created Financial Forest, a Monopoly-style board game that teaches financial concepts in an engaging way. We also launched Finclass, an online portal that provides practical advice to young people starting families. Being a family bank, our top priority is making sure our customers know how to manage their family finances effectively.

PHILIPPINES

Our flagship initiative Juan, Two, Three teaches people in rural areas and underdeveloped suburbs the basics of budgeting and saving. It includes a specially developed educational programme with engaging content and games, and Home Credit employee volunteers act as financial literacy ambassadors. Due to Covid-19, physical events had to be transformed into online workshops, which we delivered in partnership with the National Department of Social Welfare so we could work with harder-to-reach audiences. Juan, Two, Three has been widely praised, including receiving the Global Banking & Finance Award for the Best CSR initiative in the financial industry. 🏆

RUSSIA

Home Credit Bank Russia has launched financial literacy programmes since 2000. By the end of 2020, we had provided financial education to more than 50,000 children and parents in Russia. Our Kids and Money online portal offers entertaining content for different ages, and lessons vary in complexity. Young children engage with questions such as: 'What is money?', 'How can we make a budget together?' and 'How do we save for toys?'. It goes right through to advanced topics like inflation, interest and deposits for older teenagers. The Kids and Money initiative has been so successful that we developed it into a book, which we produced in cooperation with financial literacy experts. So far, we have distributed 18,000 copies of the book in Russia, and have also translated it into Chinese and Filipino. 📖

In addition, our Useful Money board game is helping schools deliver financial education. Typically, we offer fun workshops run by Home Credit volunteers, who show everyone how to play the game. Now, we are turning Useful Money into a digital game.



DIGITAL EMPOWERMENT

Digital channels are making finance more accessible. Two years ago, 80% of loan origination came from bricks-and-mortar stores. Last year, it was 52% online, and in 2021 it continues to grow rapidly with about 80% of business happening through mobile. In 2020, with shopping malls and other point-of-sale (POS) locations closed due to lockdowns, we accelerated digitalisation efforts, which helped many more people access services more easily. Now, our online business is evolving further.

We have always offered customers a range of payment channels both in-person and online, and previously the Home Credit App has provided a way for customers to service their loans. In 2020, we pioneered the app as a self-service hub and ecosystem to deliver an end-to-end customer journey. It now draws on cutting-edge data capabilities, using smart decision-making systems to give people personalised content in real time. As a result, customers receive relevant information that makes it easier for them to make informed financial decisions. We have also introduced Optical Character Recognition (OCR) technology that reduces the amount of information people have to input manually to access their services, which simplifies the user experience and reduces the risk of unintentional errors.

Another evolving digital feature is the Home Credit Marketplace, which sits in our app. The Marketplace brings together products from local retailers in a unified hub, so customers can research, find the best price, see store availability and reserve the product for in-store pick-up – all within the app. Then, they can pay for it outright or with a Home Credit plan. Through the Marketplace, customers can access competitive discounts and financing

options. Our retail, manufacturing and service partners are benefiting too, because the Marketplace gives them an easy way to go digital; many of our partners used it to continue trading during lockdowns.

Retailers plugged into our Marketplace ecosystem range from major national retail chains – such as Suning in China, Robinsons and SM Appliances in Philippines, and Technodom and Sulpakin in Kazakhstan – to small, family-run corner shops. Among users in China, the Marketplace was one of the app's most popular functions in 2020. Home Credit India launched the new app in 2020. A popular feature was its ability to offer a broad range of contextually related products and services, like telehealth. This made it easier for customers to access products and services during the pandemic.

Russia is one of Home Credit's most evolved markets from a digital perspective. At the end of 2020, over 500,000 customers logged into the app every day, translating to a monthly active usage rate of 17%. In the prestigious Marksw Webb Russian mobile bank league table, we showed a significant breakthrough in the Daily Banking rankings, rising 10 positions to take third and fourth place in the Digital Office and Ecosystem Core categories.



“2020 marked a huge leap forward in the digital customer experience, and I'm proud to say it was truly seamless. The Home Credit App has a new 'wow factor' in terms of what both customers and retailers can do. There's personalisation, convenience, user-friendliness and cutting-edge security – so we are empowering and protecting people at the same time.”

”

Susanna Ong,
Chief Information Officer, Home
Credit Philippines

500k

customers in Russia log into the Home
Credit App every day

PROTECTING CUSTOMERS' DATA AND PRIVACY

Digital solutions boost efficiency and accessibility, but they also carry risks to privacy because of cyberthreats and data breaches. Cyberattack volumes have dramatically increased over the last decade, and finance is one of the most targeted industries. Data security and customer privacy are therefore key priorities at Home Credit.

Not only do we maintain robust information security systems, we also spearhead initiatives that educate customers about safe online behaviour.

CYBERSECURITY

As information and communication technology (ICT) becomes increasingly complex, so do the associated security risks. For financial institutions, these risks can have a significant adverse effect on both operations and customers. We therefore take a proactive and data-driven approach to safeguard our customers' data and our systems.

ICT and information security risk mitigation was a major focus in 2020, and we saw a 15% improvement in attack vector identification compared with 2019. We also made progress towards our long-term ambition of maximising automation and optimising and standardising processes and technology across the Group. This will give us the foundation for self-managed (autonomous) cybersecurity. One aspect of this strategy involves unifying our IT security teams in a 'One Security' approach, with Group-wide teams using Group-wide technology and capacity so we benefit from economies of scale while improving the way we protect customers.

CUSTOMER DATA PRIVACY

Protecting customer privacy is a major focus in the financial services industry globally and in all our markets. Although regulations vary by country, we have implemented a Group-wide rule focused on compliance, transparency, security and data

integrity. This ensures our customers' data is protected by the highest possible standards, and that all our customers worldwide always know how their data is being processed and used.

In 2020, we adopted the Group Personal Data Protection Framework (GPDPF), a policy that reflects current data protection best practices and unifies data protection principles and rules in all the countries we operate in. We have implemented the GPDPF in all Group entities, and it serves as an umbrella for additional policies aligned with local regulations.

DIGITAL LITERACY

Covid-19 lockdowns exposed a digital gap as more services went online and physical shops closed. This shift increased the risk of customers falling victim to online fraud, which rose dramatically in 2020, particularly in Southeast Asian countries. For example, in Indonesia, online transactions are 12 times more likely to be fraudulent than the global average.

Therefore, in 2020, we increased activity aimed at improving customers' digital literacy. Our anti-fraud teams identified the greatest risks our customers face online, and we used that as the basis for creating engaging content that promoted safe online financial behaviour. Our 2020 initiatives focused on teaching people how to avoid scams, covering topics like spotting fraud, the safe use of digital financial services and the importance of using secure websites and wireless networks.



“

We created and fully adopted the Group Personal Data Protection Framework and implemented it across all our markets. The GPDPF reflects best-practice principles and ensures customers always know what is going to happen with their data.

”

Lukas Frohlich,
Data Protection Officer,
Home Credit Group

15%

**year-on-year improvement in
cyberattack vector identification**

OUR PEOPLE

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CULTURE, LEARNING AND DEVELOPMENT

Home Credit is regularly recognised as an employer of choice. We have earned the Great Place to Work certificate in India, won a prize in the 2020 HR Brand Awards in Kazakhstan and there are many more examples. Our culture is the key to this success, ensuring staff feel they are making a difference and developing professionally. Because of Covid-19, we had to make rapid changes to ways of working and learning. We made those changes in line with the Home Credit way – while strengthening the culture we are all so proud of.

Our culture is based on four values: being fair, focused on results, innovative and entrepreneurial. These values underpin the responsible way we work with our customers, communities and colleagues. We further strengthened our focus on our values and culture after the pandemic struck, because we believe a strong culture is key to maintaining our strength and resilience as we get through Covid-19-related volatility. That is why we embedded these values directly into Home Credit's DNA and looked at better ways of incorporating them into our learning and development efforts. As part of these strategic efforts, we translated the values into eight leadership and functional qualities: customer obsession, operational excellence, thinking big, entrepreneurship, digital savviness, risk in mind, people centricity and integrity.

LEARNING AND DEVELOPMENT

We reframed our learning and development approach to nurture these eight qualities – helping teams develop capabilities in strategy, implementation and organisation-building. The improved approach is helping us support both newer staff and those who have been with Home Credit for years.



“

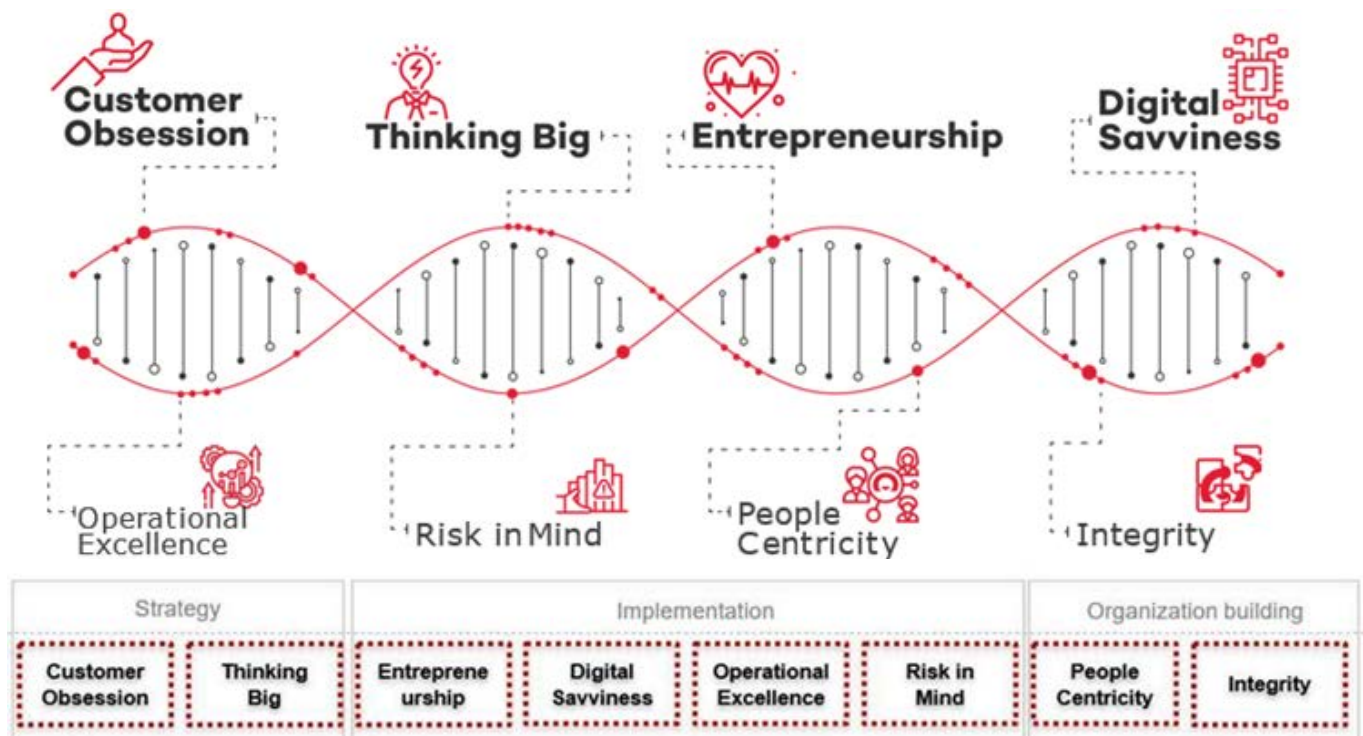
When we talk about Home Credit DNA, it is not just an empty tagline. There is a really strong sense of culture at Home Credit – you can tell people truly feel what Home Credit stands for and that everyone wants to do their best for customers, employees and other important stakeholders. It is a reason people want to join us and a reason why people stay with us. We are very proud of it.

”

Renata Mrazova,
Chief People Officer,
Home Credit Group

EMBEDDING HOME CREDIT VALUES IN OUR DNA

Learning and development that nurtures eight leadership and functional qualities



We used the new learning and development approach to enhance our broad training portfolio across Home Credit Academies, which we operate in areas like marketing, digital, hiring and customer relationship management. We also piloted a new Leadership Academy focused on people centricity, helping experienced managers build capabilities to help them excel in our changing market. To facilitate effective talent management, we launched an initiative that identifies top leadership roles and helps staff develop new skills as they progress within the organisation.

When the pandemic made in-person learning and development impossible, we quickly went digital. Not only did we digitalise existing training programmes, we also launched a new online university with regular webinars. An additional benefit was that we could easily connect senior leaders with talent in other parts of the Group; many leaders, including our CEO Jean-Pascal Duvieusart, conducted virtual sessions. Across the Group, we held 4,070 management training sessions with total participation of 214,930 in 2020. To complement digital learning, we also created a global success centre, which

214,930
of total participation to one
of Home Credit employee
training sessions

4,070
management training
sessions held in 2020

EMBEDDING HOME CREDIT VALUES IN OUR DNA CONTINUED

serves as a central knowledge base and information repository for staff in all our markets. On top of this, we also offered external online courses to people who needed to upskill in particular areas.

To help staff translate training into day-to-day work – and better embed our eight leadership and functional qualities – we designed a new performance management process. As part of this process, staff receive individual development plans, with twice-yearly meetings to reflect on their development. Managers were trained on how to manage performance effectively in line with the new approach. We also started new recognition schemes called Home Credit DNA Stars and #OneHomeCreditHeroes, which celebrate employees who champion our values.

INDONESIA

In Indonesia, 96% of our employees are aged between 20 and 30 years old, so we created enhanced development and mentoring programmes to support this young workforce. These include a series of academies centred on leadership, data science, IT and sales skills. Our approach is helping tackle the steep learning curve associated with starting a first job – and this approach is making us one of the most attractive employers in the region. 🎉

KAZAKHSTAN

We launched a series of training webinars to help sales agents adapt to new, digital ways of working when standard point-of-sale (POS) channels were closed during lockdowns. The programme had extremely high engagement, with 75% of sales agents participating in every webinar. 🧑‍💻

RUSSIA

Many of our employees have worked for Home Credit for a decade or more. To help us to engage and energise people who have been with us for years, we run popular training programmes aimed at continuous development. That way, people are not just building skills, they are building life-long careers. In 2020, 90% of employees who regularly participated in leadership development programmes had been with Home Credit for 10 to 15 years.

EMPLOYEE SURVEYS

To ensure we are living up to our aspiration of making Home Credit a great place to work and develop, we conduct a deep-dive annual employee survey. We have done this for the past five years, and the survey helps us gauge general satisfaction among our employee base, identify challenges and direct improvement efforts. Staff are asked about the extent to which they'd recommend Home Credit, their team and their line manager. We also ask about what people find motivating and demotivating.

Using the survey data, we measure employee Net Promoter Score (eNPS)¹ every year at a Group level and for each country operation. In 2020, the average Group eNPS was 33 for Home Credit as a place to work, 43 for teams and 46 for line managers, while 74% of employees said their Home Credit experience led to professional growth, and 89% said they had good relationships at work. We are proud of these results, particularly given the challenges of remote working and new processes implemented due to Covid-19.

In addition to the annual employee survey, we conducted two corporate culture surveys in partnership with global executive search specialists Spencer Stuart. The first survey was undertaken in the first quarter of 2020, and staff described Home Credit as 'results driven', 'entrepreneurial' and 'innovative'. The second survey, in the autumn, showed that the 'caring' element of our approach to business had started to be recognised – and was one of our employees' top descriptors of the company. This reflected our efforts to engage people and develop leadership approaches in response to the pandemic, including our greater focus on mental health and wellbeing.

¹Employee Net Promoter Score (eNPS) is an industry standard for measuring employee loyalty. Survey participants are asked the question: 'To what extent would you recommend Home Credit as a place to work?'

They must answer using a scale of 0 to 10, where 0 is 'not at all likely' and 10 is 'extremely likely'. Promoters are people who score the business at 9 or 10, passives choose 7 or 8 and detractors choose 0 to 6. eNPS is calculated as the difference between the percentage of people who are promoters and the percentage of people who are detractors.



“

Our employee surveys show how much support leaders and managers gave to our people during a challenging year. So many new tools (such as JIRA, Launchpad and Office 365) and processes (like self-service reports and support requests) were rolled out quickly to help people adapt to remote working and rapid digitalisation. At the same time, professional development continued so people could still progress and grow.

”

Alpha Omega Aquino,
Chief People Officer,
Home Credit Philippines

89%

of staff said they have good relationships at work

82%

of employees would choose Home Credit again if they had a job choice to make

74%

of employees said they experienced professional growth from working at Home Credit

DIVERSITY AND INCLUSION

More than 75 nationalities work for Home Credit, and our staff speak many languages and follow many religions. We embrace a wide range of cultures and outlooks across the variety of markets where we operate. This requires us to take a multi-faceted approach to diversity and inclusion.

We focus on peoples' strengths, not weaknesses. One element of our diversity and inclusion approach is culture – we are active in our localisation efforts, hiring primarily local managers in our subsidiaries. Generational diversity is also a key focus area, especially in Southeast Asia where demographics skew towards younger people; we offer mentoring and reverse mentoring to support people of different ages. Diversity in leadership is part of our culture too, with different styles and capabilities driving performance across the Group.

We have devoted substantial energy to promoting gender diversity across Home Credit, particularly in markets like India, Indonesia, the Philippines and Vietnam where women are under-represented in the sector's workforce generally. For example, the top management of Home Credit Philippines and Home Credit Vietnam is 46% female. And when it comes to people with disabilities, Home Credit Indonesia is a market leader with its dedicated training and hiring programmes. We also run de-stigmatisation campaigns.

In 2020, diversity and inclusion was embedded into our Group ESG Policy. To support talent acquisition, we launched SmartHire, a programme that provides training on a range of hiring skills. Our most popular module was on recognising unconscious biases during interviewing and candidate selection; attendees provided fantastic feedback, saying it had changed their recruitment approach.

To promote gender diversity, we implemented a recommendation that at least one female candidate be shortlisted for every leadership position. Performance management and mentoring processes were adjusted to better support women. And we made concerted efforts to tackle the gender pay gap, analysing and documenting salaries to accelerate progress and make it easier for managers to align their pay reviews with our aspirations in this area.

INDIA

Home Credit India has a significant focus on promoting gender diversity. Women do not typically work in sales in India, and we want to change that! In March 2020, we hired 22 female sales managers and inducted them into a dedicated training and mentoring programme. We also provided training for male colleagues to help foster a more inclusive work environment. Another new initiative was Take Two, which recruits women who have had a career break to raise children or care for family members, for example.

Home Credit India also launched programmes that celebrate efforts to promote diversity and inclusion, including recognising women for their determination in overcoming adversities.

RUSSIA

We are the only private company in Russia licensed to manage a kindergarten. In Obninsk and Tomsk, where our biggest call centres are located, we run kindergartens for employees' children, making it easier for parents to juggle work and family life. 🧑👧👦



“

The unconscious bias training gave me a really interesting perspective on the hiring process. It gave practical advice on analysing applications and conducting interviews, which is helping us 'walk the walk' when it comes to the company's diversity and inclusion aspirations. After all, 75 nationalities work at Home Credit, so it is great to have these opportunities.

”

Yating Wang,
HR Manager,
Home Credit Group

A DIVERSE WORKFORCE

75

nationalities work at Home Credit

20%+

of the workforce of Home Credit Indonesia is Gen Z

70%+

of employees at Home Credit Philippines are millennials

46%

of top executives are women in Home Credit Philippines and Home Credit Vietnam

31

ethnic minority groups are represented in Home Credit China

68%

of Home Credit Bank Kazakhstan's workforce is female, with 34 nationalities represented

101

staff with disabilities in Russia

3,247

Home Credit Indonesia employees completed mandatory unconscious bias prevention training

73%

of employees promoted in 2020 in Home Credit Bank Russia were women



WELLBEING

We acted swiftly to support staff as the pandemic spread, augmenting our existing wellbeing services to support employees' physical and mental health during this unusual year. Read more about how we adapted to the pandemic in the Covid-19 section. Here are some highlight figures:

CHINA

We made sure employees were able to work safely and effectively wherever they were. This supported many people stuck away from their main home after travel bans were implemented during the Chinese New Year holidays. Our efforts included delivering more than 2,000 computers to employees' homes. We also launched an Employee Assistance Programme to help people adjust to and cope with the 'new normal'.

KAZAKHSTAN

Among the many ways in which Home Credit Bank Kazakhstan supported employees during the pandemic, the #HCB_Stay_Home_Cup was very popular. This online chess championship, overseen by a professional judge, brought out the inner grandmaster among our staff. 😊

INDONESIA

When the government initiated a financial support scheme for citizens, Home Credit Indonesia set up a function to help staff register successfully. We also continued to provide employees with all their benefits, despite the government allowing companies to suspend or delay them during the pandemic.

INDIA

We established a fund to support staff experiencing financial hardship due to the pandemic. Colleagues contributed, with Home Credit India matching those donations. We also ensured staff had the medical support they needed, providing everyone with extended insurance coverage including for Covid-19. Partnering with a leading telehealth provider, we offered free doctor consultations, and we set up a dedicated helpline offering real-time support for people experiencing distress. A popular initiative was the Employee Care Call. Across Home Credit India's workforce of 10,000, people called a designated colleague each week to ask how they and their families were coping.

VIETNAM

Home Credit Vietnam had a busy programme of wellbeing initiatives throughout 2020. Nearly 200 staff attended our doctor-led mental health workshop. Homelympics encouraged exercise to boost physical and mental wellbeing. 🏆 And in our Stay Connected contest, approximately 50 employees shared their feelings around coping with Covid-19, helping normalise mental health support.



“

It is amazing how quickly the company transformed to support employees. Being able to have people working from home safely and efficiently – and to support those who couldn't work for whatever reason – was a major achievement in Home Credit's Covid-19 response. And we continue doing that even now, wherever it is needed because Covid is still with us.

”

Zharkyn Bekzhanov,
Chief People Officer,
Home Credit Bank Kazakhstan

Learn more on page 19

GRIEVANCE MANAGEMENT

Home Credit is committed to providing a comfortable work environment. If staff have concerns, they can report them using our robust grievance management processes, which help managers resolve issues fairly.

Employee grievances are concerns, complaints, violations or problems related to tasks, processes or ways of working which staff think are unacceptable or cause dissatisfaction. In 2019, we introduced a Grievance Channel Framework to manage grievances effectively. This starts with employees submitting a grievance, which they can do through various channels. Then, a dedicated team assesses the complaint, sends an initial response and escalates it, if required. Standard resolution time is a

maximum of 18 business days; whistle-blower processes can take up to 26 days. The Grievance Committee oversees these processes.

In 2020, we added rigour and systemisation. Achievements included revamping procedures, defining grievance categories and creating a sanction matrix. The Grievance Committee started meeting regularly in June 2020, and we created a real-time management dashboard so they could track complaints and resolutions.

18

days = our internal deadline to resolve any grievance

120

grievance cases were resolved in Home Credit Indonesia



COMMUNITIES

LEARN MORE ABOUT

37 Direct aid

39 Social inclusion



DIRECT AID

For Home Credit, being a responsible member of the community is as important as doing business in a responsible way. During challenging times – like a natural disaster or a pandemic – we provide direct aid to support those affected. We have been active in this space for many years, organising our own projects and cooperating with local NGOs, government agencies and business partners on relief initiatives.

In 2020, our major focus was on pandemic responses and those affected by Covid-19 and lockdowns. From donating personal protective equipment (PPE) to supporting frontline workers and helping people maintain their livelihoods – we worked to help support the hardest hit.

When there were PPE scarcities at the beginning of the pandemic, Home Credit used huge amounts of business capacity to secure equipment and transport it where it was most needed. We leveraged our extensive networks across markets and acted efficiently and quickly to assist governments. In total, we donated PPE and logistic services worth USD 4.2 million in 2020. These included 8.5 million respirators and masks, 300,000 test kits, 650,000 pairs of gloves and tens of thousands of coveralls, protective goggles and thermometers.

We also dedicated USD 600,000 to other Covid-19 relief activities. These included initiatives to help people displaced by lockdowns, unable to work in their normal jobs or facing reduced incomes. We also helped with activities to support healthcare services.

Although the pandemic dominated the whole of 2020, it wasn't the only disaster our communities faced. In January and February, the Philippines grappled with a devastating volcano eruption. We supported on-the-ground relief efforts and coordinated fundraising to help colleagues and customers in the area. We also provided payment holidays and extra support for affected customers. We carried out similar activities in November, when typhoons Rolly and Ulysses ravaged parts of the Philippines.

Employees were also involved in relief efforts, too. In India, Indonesia, Vietnam and the Czech Republic, we held employee blood drives to help hospitals experiencing shortages. Staff organised fundraisers to support colleagues experiencing difficulties due to natural disasters and the pandemic, with Home Credit matching their donations. For example, when Covid-19 first struck in China, we matched staff donations to support colleagues in Wuhan, raising a total of USD 150,000.



“

When there was a PPE crisis early in the pandemic, we turned the whole company into a sourcing machine. We helped purchase masks and other essential equipment, creating a huge logistics operation to get them to governments, communities, hospitals and our staff worldwide.

”

Will Yi,
Head of Procurement,
Home Credit China

DIRECT AID CONTINUED

CHINA

We donated 100 ultra-low temperature freezers for distributing Covid-19 vaccines across Tianjin City. 🧊

INDIA

When lockdowns were put in place, many migrant workers found themselves stuck in the city and essentially homeless. Working with Don Bosco Network, we provided food and sanitary kits for 20,000 people.

VIETNAM

At the end of 2020, severe floods in central Vietnam made many families homeless. By matching employee donations, we raised USD 16,591 within one week to support people whose homes were swept away by floodwaters.

CZECH REPUBLIC

We donated logistics and warehousing services to the Czech Republic Ministry of Interior to help with PPE distribution, handling more than 1,500 tonnes of equipment. 🚚

PHILIPPINES

We donated USD 24,905 to local NGOs providing immediate relief to victims of typhoons Rolly and Ulysses. Home Credit employees raised a further USD 9,381.

USD 4.2m

of PPE and associated logistics services donated worldwide

USD 648k

dedicated to other pandemic-related support and disaster relief efforts



SOCIAL INCLUSION

Social inclusion is a major challenge in our markets, where many people struggle to access opportunities to improve their lives. We have a long tradition of championing projects that foster social inclusion – promoting employment for women and people with disabilities, broadening access to education and helping people develop essential skills.

Our commitment to supporting communities is part of the Home Credit culture. We are not only involved as a company – we also encourage employees to be active in initiatives through volunteering and fundraising.

EDUCATION, TRAINING AND EMPLOYMENT

Education opens new employment opportunities, which boosts social inclusion. In 2020, we focused on helping people affected by Covid-19, offering support with reskilling to help them maintain their livelihoods in new ways. We also continued ongoing programmes that promote entrepreneurship and help under-represented groups.

Where possible, we continued with grassroots activity despite the pandemic, rapidly shifting programmes to digital channels as needed so people could still benefit.

RUSSIA

Through the Blue Bird programme, Home Credit Bank Russia grants university scholarships to talented students from underprivileged families. Over 11 years, more than 200 recipients have graduated. In total, we have donated over USD 260,000 to Blue Bird and other programmes that foster social inclusion, like Orandereya Children's Centre and the Starost v Radost (Fun Getting Old) Foundation.

INDONESIA

Home Credit Indonesia has a long-standing training programme for people with disabilities. When in-person classes weren't possible, we shifted to webinars, which covered topics like budgeting, financial planning and goal setting. A cohort of approximately 50 people attended. Not only does the programme teach skills that promote entrepreneurship, it also provides a talent pool for Home Credit Indonesia. In 2020, we hired 40 people who went through the training.

VIETNAM

Since 2014, we have supported women living in poor, mountainous regions who have unstable jobs. We provide interest-free loans so they can start a small business, for example raising livestock, tailoring or running a grocery store. In 2020, 10 households participated. Over eight years, we have supported more than 80 families.

KAZAKHSTAN

Home Credit Bank Kazakhstan's IT Hub offers free IT classes and subsidises participants' living costs. In 2020, we trained 200 people, 40% of whom were women. The project was a winner in the HR-brand Central Asia 2020 Awards. 🏆



“

At Home Credit, the idea is to have a positive influence on those around us, so we are always thinking about how we can serve communities better and empower people with new opportunities. This fosters a great feeling of solidarity and teamwork, whether it is colleagues fundraising for local charities or volunteering on training programmes.

”

Lien Pham Thi Bich,
Sustainability Manager,
Home Credit Vietnam

SOCIAL INCLUSION CONTINUED

VOLUNTEERING

Our staff were involved in a wide range of activities this year, raising money for worthy causes and sharing their expertise with young people, entrepreneurs and communities with low digital and financial literacy.

Whether our volunteers are acting as ambassadors at local schools or appearing as guest speakers at lectures, our work with partner organisations and universities helps them reach a broader audience.

INDONESIA AND VIETNAM

Home Credit Indonesia and Home Credit Vietnam worked together to create She Loves Data workshops, where our experts introduce young women to data science and encourage them to pursue careers in analytics.

CZECH REPUBLIC

Home Credit Czech Republic matches donations for projects employees choose and volunteer for. Recently, staff have volunteered in care homes and hospices, as well as planting trees. 🌳

CHINA

Home Credit China staff volunteered as ambassadors teaching essential finance skills to schoolchildren, the elderly, factory workers and those in rural areas.

We also organised a module for MBA students at Hong Kong University of Science and Technology on how new technology is disrupting traditional financial services.

INDIA

We helped 500 women become nano-entrepreneurs selling handicrafts online after losing their jobs due to Covid-19. Our support included providing raw materials as well as training in areas like digital skills and marketing.

We also launched a volunteer project where employees train young people in savings and investment basics. We worked with 35 students in the successful pilot and are developing the project on a larger scale in 2021.

PHILIPPINES

In the Cyber Classes initiative, Home Credit staff led incubators for local start-ups. Sessions covered topics like business analysis and agile management.



“

After joining the programme, I didn't have to waste time on part-time jobs – I could devote myself entirely to studying. I am grateful to the people who developed this programme because it gives people outside large cities more chances to get an excellent higher education.

”

Vladimir Leonov,
First-year student,
Plekhanov Russian University
of Economics in Moscow



“

The Covid-19 pandemic affected everyone and disrupted every segment of life. But rather than brooding over the devastating impact on life, health and the economy as the infection and death curves were spiking, real changemakers jumped into action to contain and alleviate the suffering of vulnerable people. Don Bosco Network (Bosconet), along with its committed partners, reached out to six million people in need across India. Home Credit India was one of the first partners who promptly joined hands with us to extend vital humanitarian support. It was really heart-warming to know that Jean-Pascal Duvieusart, the CEO of Home Credit, went the extra mile to make a personal contribution. Bosconet will fondly recall this act of solidarity.

”

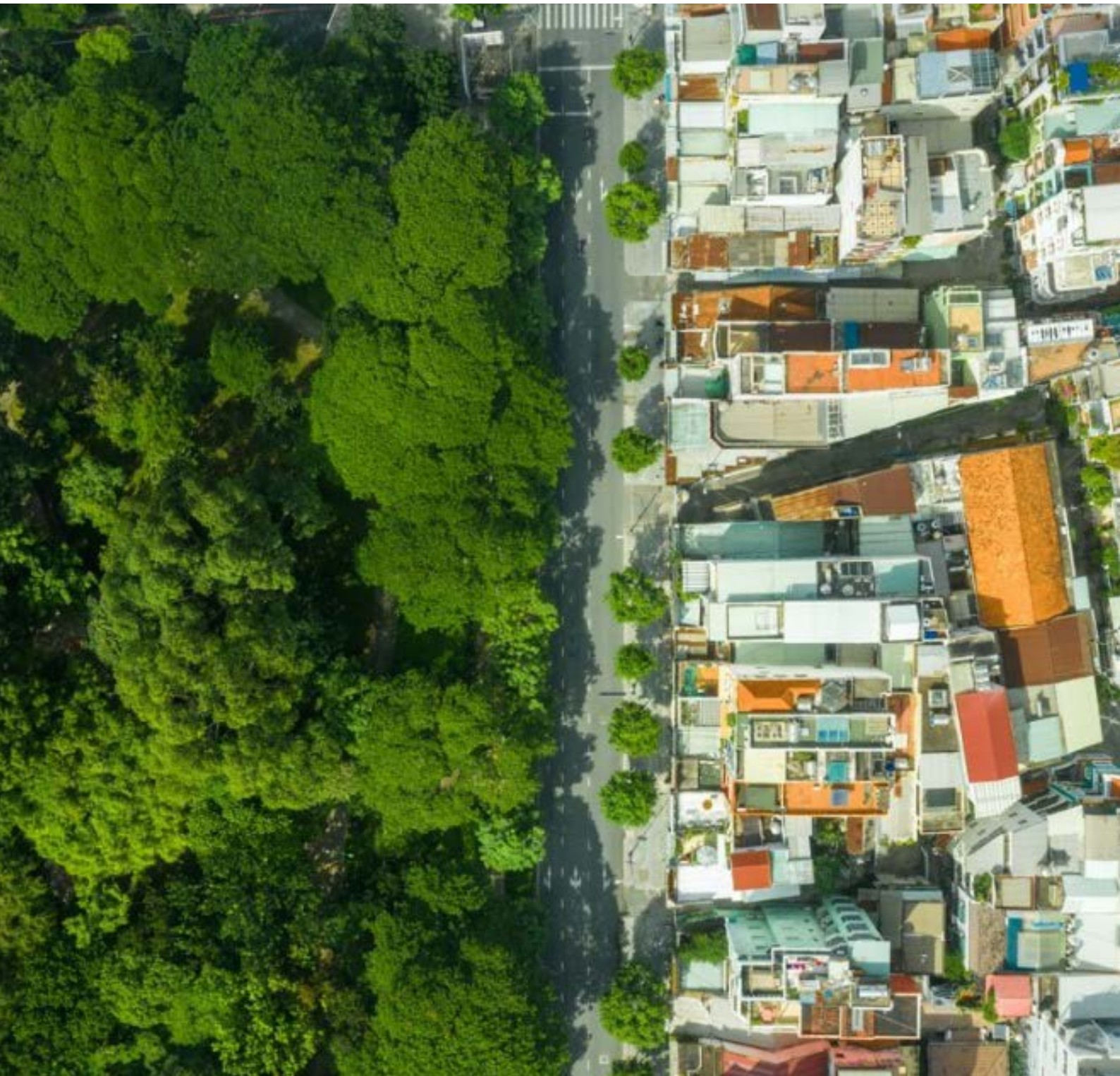
Father Noel Maddhichetty,
Director,
Don Bosco Network (Bosconet)

PLANET

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GREEN OPERATIONS

Home Credit aims to be an environmentally responsible citizen, and we are working to reduce our carbon footprint by promoting greener operations.

A key pillar of our approach is reducing paper use across the Group. Due to digitalisation, the whole application process is paperless. We have achieved this by using electronic 'know your customer' checks (e-KYC). Now, we are looking at ways to eradicate the remaining paper from our processes where regulation allows, for example by using e-receipts. Our efforts include fostering an environmentally conscious culture at Home Credit offices, such as encouraging employees not to print or to print double-sided. Where possible, we are also introducing digital HR files, replacing physical files which were a substantial source of paper use.

Another way we are reducing our carbon footprint is by minimising air travel. The pandemic was a catalyst for re-evaluating this, and our success with virtual meetings and digital collaboration tools has laid a foundation for a more environmentally conscious approach to travel. In China, we are also looking at ways to evolve into a carbon-neutral enterprise.

CHINA

Home Credit China has made substantial progress in its efforts to promote green operations. We reduced use of paper in the office from 6.5 million sheets in 2019 to 1.8 million in 2020. We continued our popular IT equipment recycling scheme, with 3,320 unneeded items sold to employees via auctions. And cloud migration is boosting our IT infrastructure's energy efficiency by 20 to 30%. Home Credit China has ambitious plans to be carbon neutral in terms of electricity usage by 2025, and we are in the process of developing carbon offsetting plans.

INDONESIA

Indonesia is a market that traditionally relies more heavily on paper-based processes. In 2020, we made substantial progress in reducing this consumption by transitioning to e-receipts for collections, which eliminated 90% of paper used in the field.

RUSSIA

Home Credit Bank Russia saved 830,000 kWh of electricity in 2020 by upgrading older IT equipment to more energy-efficient options, replacing all lamps with LED bulbs and improving server cooling. We also had successful initiatives promoting recycling, included installing containers for used clothing at offices and successfully recycling 30 kg of batteries. ♻️



“

Home Credit China aims to be carbon neutral for electricity use by 2025. It is an ambitious plan, but we are an ambitious company.

”

Paul Hu,
Head of Product Marketing
and Operations,
Home Credit China

20%+

boost in IT energy efficiency thanks to cloud migration at Home Credit China

830k kWh

of electricity saved across Home Credit Bank Russia alone through a range of energy-saving measures

ENCOURAGING SUSTAINABLE CONSUMPTION

Living a greener lifestyle is all about making small choices that together have a big impact. We make it easier for customers to make those choices.

The Home Credit Marketplace is a hub for encouraging sustainable consumption. In addition to educating customers about the environmental credentials of different products, we offer rewards and discounts for eco-friendly purchasing choices. For example, in the Marketplace, customers can easily see green certifications, compare the energy efficiency of different appliances and access products that help them live a more sustainable lifestyle.

We also promote the circular economy, with initiatives encouraging customers to buy second-hand and recycle.

RUSSIA

Home Credit Bank Russia offers a green debit card, which is made of biodegradable plastic. To encourage responsible consumption, eco-conscious purchases made using the card accumulate donations for environmental charities.

CHINA

The Home Credit Marketplace promotes products like electric bicycles for green travel, low-energy appliances to help save energy and green fitness equipment to help people live healthier lives. It also showcases products with the Earth Protection Mark. Over the past three years, we have financed over 300,000 energy-efficient air conditioning units and over 1.5 million electric bicycles. 🚲

In 2020, we also drove a circular economy initiative in cooperation with Guma Company to promote mobile phone recycling. Customers sell us their old phones, which are then refurbished and put back on our Marketplace. Second-hand mobiles accounted for 3.9% of phones sold through the Marketplace.



“

We are making it easier for people to choose eco-friendly products and live more sustainably in their daily lives. For example, the green debit card in Russia, made of biodegradable plastic, encourages people to choose the environmentally friendly option when deciding what to buy. The card reward programme with our partners makes it so much easier for people to lead a healthy lifestyle and take care of the world around us.

”

Igor Krivonos,
Debit Card Product Director,
Home Credit Bank Russia

1.5m

electric two-wheelers financed by Home Credit China over the past three years



PARTNERS AND STAKEHOLDERS

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OUR RETAIL PARTNERS

Home Credit helps finance an online-to-offline (O2O) economy by connecting customers to retailers. Our approach focuses on encouraging responsible and sustainable consumption – while helping our partners thrive in an increasingly digital market.

For decades, we have helped retailers reach new customers because our loans make their products more affordable. However, this year marked a step-change in our long-standing relationships with partners, who range from big stores to corner shops. In 2020, we had a major focus on helping them digitalise to adapt to Covid-19 conditions, so they could reach customers where they were. We supported retailers through the digital transformation that became essential due to the pandemic.

We made significant upgrades to the Home Credit Marketplace, which brings retailer products into the Home Credit App. The improved app gave partners an easy way to embrace e-commerce and omnichannel shopping; customers can research, find the best prices and offers, see store availability and reserve the product for in-store pick-up – all within the app. We supported retailers with tools to upload their products and offers into the Marketplace and to target people near their stores. And because the Home Credit App integrates with popular e-commerce sites and third-party payment channels, retailers can offer an even more convenient customer experience.

We also helped our partners capitalise on opportunities to open new revenue streams. For instance, we gave electronics retailers

the ability to offer financing for accessories and extended warranties that bring them higher margins.

Through our 2020 efforts and initiatives, our retailer partners enjoyed significant sales uplifts despite the challenging pandemic environment.

PHILIPPINES

In the Philippines, 88% of our retail partners are 'mom and pop' stores. To support these businesses, we ran a successful marketing campaign, showing people exclusive offers from these partners in our app. We helped many retailers go online through our Marketplace, serving as a guarantor of their trustworthiness. This is very important in the Philippines, where people generally do not trust lesser-known e-commerce players due to a high incidence of fraud.

RUSSIA

In Russia, 5% of our retailer partners' sales are made with Home Credit loans. We also offer affiliate programmes which are unique in the market. For example, a joint project with Samsung allows customers to upgrade their mobile phone and recycle their old one. The project accounts for 15% of Samsung's Russian sales in the premium segment. This is a win-win collaboration for customers, Samsung and Home Credit.



“

Covid changed business big time! That is why we focused on helping retailers with digital transformation so they could adapt to the pandemic. We provide plug-and-play solutions that help them reach new customers and drive growth, and we do it in a way that encourages responsible and sustainable consumption.

”

Stanislav Tyan,
Head of Digital,
Home Credit Bank Kazakhstan

332k

strong retail partner network

20%

of our partner retail stores are located in areas with the lowest access to financial services in China

GOVERNMENTAL AND FINANCIAL INDUSTRY STAKEHOLDERS

Working with a range of stakeholders globally, we help set standards for responsible lending practices, data protection, fraud prevention, anti-money laundering and cybersecurity.

With increasing digitalisation in financial services and across economies, we have worked closely with regulators and financial industry stakeholders to ensure consumers reap the benefits of technology while being protected by strong regulation. Cybersecurity, responsible lending, data protection and customer privacy have always been key to Home Credit's innovation approach, and we have been pioneers in the way we ensure high universal standards in all our markets. We also try to leverage our cross-country presence to work up best-practice summaries and share private-sector perspectives to support regulators.

In 2020, much of our stakeholder collaboration related to Covid-19 responses. We participated in Alliance for Financial Inclusion (AFI) conferences, discussing the best ways to provide pandemic support. And we helped regulators and government agencies formulate policies to ensure liquidity and protect consumers, for example payment holidays.

INDIA

To support the Covid-19 response, we submitted papers to the prime minister's advisory body and provided thought leadership to regulators on liquidity issues and payment holidays. These leveraged our cross-country experience and helped shape policy responses. We also collaborated with the Reserve Bank of India (RBI) on 'know your customer' (KYC) and digital privacy best practices.

PHILIPPINES

We participated in a forum with the Bangko Sentral ng Pilipinas (BSP) to discuss digitalisation in financial services. This was a key priority because government Covid-19 support was paid via online banking and e-wallets.

VIETNAM

We conducted workshops to demonstrate best practices to different stakeholders. These included a session on data privacy and data security for the Ministry of Information and a session about anti-money laundering for the State Bank of Vietnam (SBV).



“

I am proud that we are a trusted partner for multiple regulatory stakeholders internationally and within our respective countries. We share expertise and know-how, connect people and maintain our sterling reputation, which is integral to our continued success as a business. I am pleased that our proactive, engaging and robust approaches have been held up as exemplars on how to protect consumers and enhance access to financial services.

”

Jude Romano,
Chief Government Relations Officer,
Home Credit Philippines

INVESTOR COMMUNITY

ESG-linked funding is a developing area in our markets. We are looking at how we can embrace it to maximise benefits to our shareholders, customers, stakeholders and communities.

The impact brought by green, social and other ESG financing is a trend which will continue to grow in importance and influence the future development of the financial industry. Globally, the trend is broadening with greater investor and funding partners interest on social or ESG-linked financing. Innovative ESG funding opportunities are increasing across Asia and across the world.

Home Credit will work with our funding partners to promote ESG financing - with support from our partners, we can broaden our reach to provide financial services to more customers, to further help improve their quality of life, and to support the sustainable development of our economies. Ongoing joint efforts from the community, customers, partners, investors and regulators will allow us to fulfil our social responsibility.

As a leading promoter of responsible lending, we are strong believers that social bonds and loans will also gain traction, in addition to the fast growth in green bonds we have seen. Home Credit is at an early stage of exploring sustainable financing options such as ESG-linked funding opportunities. In 2020, we were in active dialogue with local and international funding partners, and we are continuing that process into 2021.

Our efforts include dialogue with funding partners on calibrating ESG-related KPIs for sustainability-linked loans in South Asia. In China, where we are on our way to achieving carbon-neutral operations by 2025, we have partnered with Minmetals International Trust to establish a charitable trust. In Vietnam, we are seeking partners to deliver interest-free loans to people in need, promoting financial inclusion. In Russia, we are incentivising sustainable consumption through our green debit card, and there is a strong pipeline of future projects planned in other markets.



“The investment community is recognising our ESG commitments and achievements. There has not been a single meeting with partners where ESG, CSR and giving back are not topics of interest, given our position in the markets where we operate.”

Jean Lafontaine,
Head of Funding, M&A and Investor Relations,
Home Credit Group

150+

**lenders support Home Credit globally
as of December 2020**

GOVERNANCE AT HOME CREDIT

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GOVERNANCE

Our governance approach involves decision making and oversight that promote Home Credit's long-term success. This benefits our shareholders as well as our customers, colleagues, partners, communities and other stakeholders.

Home Credit's robust corporate governance provides a sustainable foundation for our success and growth. Therefore, our Board of Directors develops our governance approach to support our strategic aims and performance as we evolve.

The Group holds equity stakes in consumer finance companies located in nine countries across five regions:

- Central and Eastern Europe, which includes our businesses in the Czech Republic and Slovakia
- Commonwealth of Independent States, which includes our businesses in Russia and Kazakhstan
- China
- South and Southeast Asia, which includes our businesses and projects in India, Indonesia, the Philippines and Vietnam

Home Credit operating entities are regulated companies – fully licensed by a national regulator and compliant with local laws. We hold banking licences in Russia, Kazakhstan and the Czech Republic and an insurance licence in Russia.

OUR GOVERNANCE FRAMEWORK

Home Credit is a diverse organisation, and our governance framework is designed to enable effective management across the Group. It allows the Group CEO and senior management to challenge and oversee Home Credit subsidiaries in line with each market's legal and regulatory requirements – and in compliance with PPF Financial Holdings' Czech regulatory requirements. The framework comprises a robust suite of central policies that are implemented globally. These include, among others:

- ESG Policy
- Code of Business Conduct and Ethics
- Anti-bribery and Corruption Policy
- Anti-money Laundering and Counter-terrorism Financing Policy
- Group Compliance Charter
- Personal Data Protection Framework
- Risk Management Framework
- Group Remuneration Policy

The Board of Directors is responsible for setting Home Credit's strategic direction and risk appetite – and is the ultimate decision-making body for matters of Group-wide strategic, risk, financial, regulatory and reputational significance. There are Operational Risk and Asset and Liability Committees, which provide support to the Board of Directors in the areas of operational risk and liquidity risk management. All our operating companies are regulated in their own countries and have their own boards and committees (and, in certain cases, supervisory boards as well).

The Board strives to evaluate all stakeholder views to assess our impact on customers, colleagues, suppliers, communities and society more broadly. On an ongoing basis, it monitors key indicators in areas such as culture, citizenship, conduct and customer satisfaction. This helps ensure we're converting good environmental, social and governance intentions into practical and measurable action.

In 2020, the Board placed considerable emphasis on supporting customers, colleagues and communities during Covid-19 and lockdowns. They also continued our ongoing focus on responsible lending through risk management and financial literacy, as well on driving diversity and inclusion.

The Board promotes an inclusive approach to director appointments; as of 31 December 2020, the Board of Home Credit N.V. comprised six members – one-third were women, and five nationalities were represented. In 2020, the Board discussed how diversity and inclusion could be better embedded in succession planning and talent development.



“

We are a large, diverse organisation, and therefore well-run governance is not only our obligation – it is essential. It is part of our DNA. Our strong governance framework helps us measure and improve our efforts across culture, citizenship, conduct and customer satisfaction, as well as ESG.

”

Pavel Rozehnal,
Chief Legal and Compliance Officer,
Home Credit Group

RISK MANAGEMENT

ESG is closely linked to business sustainability and financial performance. Home Credit has a rigorous approach to addressing risks arising from environmental, social and governance factors – and to managing their effect on broader credit, market, reputational and operational risks.

Home Credit is committed to building a sustainable business for all our stakeholders, customers and communities. By effectively managing uncertainty, risks and opportunities, we enhance our capacity to deliver value.

ENTERPRISE RISK MANAGEMENT

Our Enterprise Risk Management Framework (ERMF) is designed to identify, measure, manage, monitor and report risks that could affect Home Credit's ability to achieve our business objectives. At Group level, the ERMF is split between market, liquidity, capital and operational risk management, together with reporting and reserving and business continuity management.

The ERMF is embedded throughout the Group and is codified through risk policies and business standards. These set out the risk strategy, appetite, framework and minimum requirements for our worldwide operations. Compliance is managed by risk oversight committees. The Board sets the Group's risk appetite and establishes and operates controls to assess and manage risks. We then have three lines of defence: the Group CEO, executives and line managers. Each line of defence has delegated authority and is accountable for

risk management. As licensed entities, we are also subject to regulatory review.

The Group has a strong focus on operational risk management. Central and local teams oversee processes and serve as quality assurance, supported by centralised, tailor-made methodologies and IT tools. Our operational risk management approach, which was recently validated by a Czech National Bank inspection, is based on four pillars:

- Risk identification
- Risk and control self-assessment, consolidated at Group level
- Ongoing risk exposure monitoring through key indicators
- Collection of loss data events, together with proper root-cause analysis and action plan set-up

Conduct risk management is another priority. We are committed to delivering a superior customer experience, and our conduct risk management approach helps set the right tone from the top. The ERMF therefore helps embed a customer-centric mindset and culture across the Group, which strengthens customer relationships and enables more effective control management.



“

We have a strong focus on enterprise risk management, balancing a best-practice, group-wide approach with the nuances of our local markets.

”

Radek Pluhar,
Chief Risk Officer,
Home Credit Group

38s

median time needed to underwrite a client after receiving their information

265

big data sources used in underwriting process globally, as of December 2020

RISK MANAGEMENT CONTINUED

CREDIT RISK MANAGEMENT

For Home Credit, credit risk management is a competitive advantage. We are a mature operator when it comes to using data science to assess credit risk, examining customer information related to geography, transactions and behaviour as well as metadata. For example, in China, we tested 124 new data sources and added 25 more to our processes this year. This boosts our underwriting capability and allows us to customise our services based on customers' needs and repayment ability. Our ongoing research and development also improves our approach to areas such as 'know your customer' (KYC) and identity checks. Thanks to advanced technologies including liveness checks and biometrics, we have effective ways of verifying identities – which means we can make it even safer for customers to use digital services.

As a result, we have the agility to approve a loan every two seconds, optimising size and pricing to empower people in a responsible way. Our ability to deliver this level of rigour and service quality while serving underbanked people is unique in our markets.

We conduct regular, systematic and rigorous risk management processes, including maintaining contact with customers to ensure they are treated fairly and are not at risk of fraud. Our early warning system flags irregularities in customer behaviour, meaning we can mitigate fraud risks with high efficiency. Thanks to these systems and processes, we can quickly identify fraud cases and act on them. For example, in 2020, Home Credit China saw a double-digit level of improvement in fraud management, while Home Credit Bank Russia reduced the number of fraud cases during transactions by 64% over the year.



“

We have the agility to approve a loan every two seconds thanks to our rigorous and data-led credit risk management approach, which uses Big Data and AI to develop precise underwriting models.

”

Kiryl Odintsov,
Head of Data Science,
Home Credit Indonesia



Home Credit N.V.
World Trade Center
Strawinskylaan 933
1077 XX Amsterdam
Netherlands

**HOME
CREDIT**

