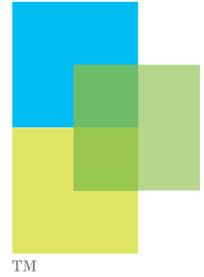




PRA  
Group



TM

Celebrating 25 years of  
redefining the debt industry

2020

Environmental,  
Social and  
Governance  
Tear Sheet

## PRA Group, Inc. 2020 ESG Tear Sheet

This tear sheet contains disclosure by PRA Group, Inc. (“PRA Group,” “we,” “us,” or “our”) of ESG (environmental, social, and governance) metrics that we consider to be relevant to our business, as well as those included in the Sustainability Accounting Standards Board (“SASB”) standards for the Professional & Commercial Services sector. The disclosures in this report are also aligned with the United Nations Sustainable Development Goals (“UN SDGs”). This tear sheet discloses ESG data for PRA Group for the period January 1, 2020 through December 31, 2020, unless otherwise noted.

PRA Group was founded on the belief that doing the right things for the right reasons for the long-term will generate sustainable success and shareholder value. That approach is one of the driving forces behind our ESG initiatives, which have become an integral part of the Company’s strategy and culture and help to drive our corporate responsibility. As a result of our founding principles, we are focused on creating rewarding careers for our employees and aiding in their development, treating our customer with respect and empathy, and giving back to the communities in which we live. In addition, we monitor and implement best practices in corporate governance. We also track energy saving and waste reduction options and utilize them where possible. We believe these initiatives support our employees, customers, local communities, and other stakeholders.

## About Us

We are a global financial and business services company with operations in the Americas, Europe and Australia. Our primary business is the purchase, collection and management of portfolios of nonperforming loans. The accounts we purchase are primarily the unpaid obligations of individuals owed to credit originators, which include banks and other types of consumer, retail and auto finance companies. We purchase portfolios of nonperforming loans at a discount in two broad categories: Core and Insolvency. Our Core operation specializes in purchasing and collecting nonperforming loans, which we purchased since either the credit originator and/or other third-party collection agencies have been unsuccessful in collecting the full balance owed. Our Insolvency operation consists primarily of purchasing and collecting on nonperforming loan accounts where the customer is involved in a bankruptcy proceeding or the equivalent in some European countries. We also provide fee-based services on class action claims recoveries and by servicing consumer bankruptcy accounts in the United States (“U.S.”).



# Activity Metrics

KEY BUSINESS METRICS	2020	2019	2018
Total Revenues (in USD millions)	\$1,065.4	\$1,017.1	\$908.3
Income from Operations (in USD millions)	\$349.7	\$247.7	\$185.3
Cash Receipts (in USD millions)	\$2,015.5	\$1,857.0	\$1,640.1
Estimated Remaining Collections (in USD millions)	\$6,455.4	\$6,754.3	\$6,143.2
Cash Efficiency Ratio	64.5%	59.9%	58.0%
Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract SASB-SV-PS-000.A			
Full-time	3,657	4,254	5,231
Part-time	268	261	292
Temporary	60	48	101
Contractors	39	49	22
Total	4,024	4,612	5,646
Full-time employees by region			
U.S.	2,761	3,384	4,410
Canada	73	71	53
UK	311	306	280
Europe	479	467	467
Other	33	26	21
Total	3,657	4,254	5,231

# Social



## Human Capital Management

### METRIC

#### Employee Engagement

SASB-SV-PS-330a.3

PRA Group leverages and promotes a broad array of forums and activities throughout the year to foster a high performing and highly engaged workforce. We have determined that this approach provides current and real-time feedback and insights from our employees. Our engagement activities reflect PRA Group's international footprint with several activities being global in nature, while others are defined regionally. PRA Group's use of centralized employee engagement activities along with autonomy to choose region-specific activities is a nod to the diversity of our organization and respect for how different solutions can reinforce our core values through engaged and committed leaders and employees across our global footprint. Engagement activities include:

- New hire onboarding surveys to gauge our success in providing employees with the support, guidance and tools they need to be successful at the start of their employment.
- Exit interviews to understand the employee experience and obtain input and feedback for improvement opportunities.
- One-hour, interactive sessions conducted by our Chief Executive Officer Kevin Stevenson ("Connect with Kevin"), which include up to 20 PRA employees and cover topics determined by the attending employees during the session or submitted anonymously beforehand.
- Town Hall sessions with the CEO that include up to 100 employees at a time.
- Interactive sessions in the U.S. with PRA Group leaders and teammates to encourage conversations and drive engagement.
- An on-line portal ("Ask PRA") through which employees can ask questions, submit concerns and suggest innovative ideas and solutions to a stakeholder group comprised of PRA Group leadership that meets regularly to review and respond to submissions.
- Sessions with Steve Roberts, Global Operations Officer, and Laura White, Chief Risk & Compliance Officer, modeled after Connect with Kevin, which are directed primarily to Operations employees.
- An annual employee engagement survey in Europe, which had a 95% response rate and overall engagement index score of 79/100 in 2020.

## METRIC

Employee Turnover  
SASB-SV-PS-330a.2

Year	Voluntary	Involuntary	Total
2020	23.4%	6.0%	29.4%

PRA Group's 2020 workforce turnover rate is aligned with that of the financial services industry as reported by the Bureau of Labor Statistics.

Talent Development

Our talent development and performance management programs are focused on expanding the skills and capabilities of PRA Group employees. We provide tools to encourage optimal performance in current roles as well as for career growth and to support workforce planning.

PRA Group leverages virtual learning technology to reach employees across the globe, with course offerings in eight languages taught by certified instructors. E-Learning offerings extends the reach of our development programs. In 2020 over 57,000 E-Learning courses were completed. Below are recent statistics.

Course Type	2020 Completions	2020 Training Hours	Avg hrs. Per Learner	2019 Completions	2019 Training Hours
Instructor-Led Training	1,455	61,600	42.34	2,797	82,303
eLearning	57,053	23,215	0.41	45,369	19,016
Total Learning	58,508	84,815	1.45	48,166	101,319

In addition to stand alone learning, PRA Group provides leaders with individual and cohort leadership development including a Management Development Program ("MDP") for corporate frontline and mid-level managers and Leadership Exploration and Discovery ("LEAD") for operations frontline managers. We also offer \$5,250 annually in tuition assistance to support employees completing degree programs at accredited institutions.

As a part of our commitment to coaching and developing employees, PRA Group's larger Talent Management strategy includes a global performance management process that entails goal setting, feedback and coaching, a mid-year and annual formal review, and development and career interest discussions between the manager and employee.

## Diversity, Equity, and Inclusion

### METRIC

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#### Equal Employment Policy

Globally, PRA Group has a [Code of Conduct](#) that describes PRA's commitment to a fair, equitable and kind workplace. The Code is based upon the following key themes that are consistent with PRA Group CARES values:

- **COMMITTED** to the Code and to complying with governing laws and regulations.
- **ACCOUNTABLE** with our assets, record-keeping, and information entrusted to us.
- **RESPECTFUL** of each other and our workplace.
- **ETHICAL** to avoid conflicts of interest.
- **SUCCESSFUL** in conducting our business in an ethical and compliant manner.

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The Code of Conduct states the following as it relates to mutual respect and being respectful of the work environment:

*At PRA Group, we value each and every teammate. All employees are entitled to be treated with respect and be free of conduct that is offensive, hostile, intimidating or inconsistent with their personal rights. PRA promotes a productive work environment by supporting diversity in its workforce and valuing our differences. Employees are treated without regard to race, color, religion, sex, national origin, age, sexual orientation or gender identity, marital or veteran status, medical condition or disability or any legally protected status. PRA does not discriminate based on any characteristic protected by applicable federal, state or local law where an employee works and will not tolerate harassment or unlawful discrimination of any kind.*

*Any employee who feels that he or she has been the subject of discrimination or who has been subject to any offensive behavior or conduct is encouraged to report their concerns to their manager. Additionally, employees may contact Human Resources or submit a confidential complaint using the company's Ethics Point Hotline. When a matter is reported to or observed by a manager, it is the manager's responsibility to report such incidents to Human Resources so that a timely investigation can be conducted and disciplinary action taken, if necessary. All such matters will be investigated promptly and handled as confidentially as possible. PRA encourages employees to bring to the attention of management and Human Resources any conduct by superiors, co-workers, clients, business partners, suppliers or any person or persons associated with the Company that is discriminatory or disrespectful of their dignity.*

*PRA strives to provide each employee with a safe and healthy work environment and to provide a comfortable and secure atmosphere for customers and others with whom we do business. PRA is committed to providing a workplace free of all types of harassment and will not tolerate harassment of employees by managers or co-workers. PRA also provides a work environment designed to protect employees from harassment by non-employees in the workplace.*

*Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. The Company does not permit violence and threatening behavior. PRA expects all employees to conduct themselves in a non-threatening, non-abusive manner at all times.*

## METRIC

Workforce Diversity Metrics  
SASB-SV-PS-330a.1

### GENDER

Data as of December 31 for each year provided.

#### EXECUTIVE MANAGEMENT

Year	Female	Male	Decline to Indentify
2018	28.57%	71.43%	0.00%
2019	34.92%	65.08%	0.00%
2020	31.03%	68.97%	0.00%

#### ALL OTHER EMPLOYEES

Year	Female	Male	Decline to Indentify
2018	74.39%	24.69%	0.91%
2019	71.18%	27.40%	1.42%
2020	68.74%	29.66%	1.60%

### ETHNICITY

Data as of December 31 for each year provided.

#### EXECUTIVE MANAGEMENT

Year	White	Black/ African American	Native Hawaiian / Pacific Islander	Asian	Native American / Alaskan Native	Two or More Races	Hispanic / Latino	Not Specified
2018	78.57%	5.36%	0.00%	1.79%	0.00%	1.79%	1.79%	10.71%
2019	80.95%	4.76%	0.00%	1.59%	0.00%	1.59%	1.59%	9.52%
2020	79.31%	3.45%	0.00%	1.72%	0.00%	1.72%	3.45%	10.34%

#### ALL OTHER EMPLOYEES

Year	White	Black/ African American	Native Hawaiian / Pacific Islander	Asian	Native American / Alaskan Native	Two or More Races	Hispanic / Latino	Not Specified
2018	21.02%	48.22%	0.29%	2.21%	0.40%	3.55%	6.93%	17.38%
2019	24.62%	40.45%	0.22%	2.49%	0.34%	2.94%	7.50%	21.43%
2020	25.81%	37.94%	0.13%	2.97%	0.31%	2.41%	5.95%	24.49%

## Diversity, Equity and Inclusion Efforts



Beginning as an outgrowth of our foundational CARES values, diversity, equity and inclusion (“DEI”) programs, policies and related activities have evolved into an enterprise commitment. We have a full-time Diversity and Inclusion Leader who oversees our comprehensive D&I global strategy and related programs across the organization. We have a D&I brand, which is shown to the left. We have also adopted the following DEI Commitment Statement:

“At PRA Group, we value our employees’ diverse experiences, perspectives, and abilities. We continue to foster a sense of belonging by working together to build an equitable and inclusive culture— where you are free to be yourself and be your best.”

**Diversity and Inclusion Steering Committee:** To ensure ongoing strategic integration of diversity and inclusion principles, members of our D&I Steering Committee serve as cross functional champions for the adoption and implementation of D&I initiatives through recommendations, feedback to proposals, programs, and processes.

**Affinity Groups:** PRA is actively engaged in growing its D&I programs, leveraging home grown, local interest, such as the Women’s Affinity Network (“WAN”) in the United Kingdom. The balance of organic and regional programs with senior leader and global support help to ensure that our D&I initiatives continue to nourish employees as well as help to build and sustain the communities where we serve.

**Diversity and Talent Processes:** PRA has taken intentional steps towards adopting and implementing D&I best practices in our talent processes of recruitment, engagement, development, and total rewards. Reports are developed and monitored continually to identify where there are gaps and where clear diversification is attained. This includes performance rating stratification and representation in senior management roles as part of succession planning and High Potential Identification.

In addition, PRA Group requires all hiring managers to complete an “Art of Behavioral Interviewing” course to avoid biases in the interview process. All newly hired and promoted managers are automatically enrolled as part of their onboarding.

**Diversity Development:** PRA offers a range of opportunities for education and empowerment on D&I topics. In 2020, PRA offered nine courses, both in person and virtual that align with our D&I strategy, including the following:

- Unconscious Bias
- Embracing Change
- Closing the Confidence Gap
- Valuing Differences
- Leveraging Diversity
- Women in Leadership: Radiate Confidence
- Women in Leadership: Superpower Your Network
- Embracing Change Women in Leadership: Declare Your Brand

## METRIC

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### Equitable Compensation

PRA Group is committed to ensuring teammates are paid competitively, equitably, and in alignment with market pay practices and company practices. Compensation and Total Rewards for our employees are based on objective factors, regardless of gender or ethnicity.

The Total Rewards Programs are reviewed regularly, ensuring alignment with PRA Group's Core Values and strategic priority of fostering a high performing workforce. Our performance management process is designed to recognize and reward performance, contributions, and results in a true pay for performance application.

PRA Group regularly monitors its compensation processes and practices. In 2020, we engaged a third-party firm to conduct an evaluation focusing on subsets of our global population, including the U.S. As a testament to our robust pay practices, this comprehensive analysis showed that pay differences are related to job category, education and experience, tenure, and performance.

A 2020 internal study of PRA's highest populated 10 job titles, representing 46% of the total global population, found that females on average earned higher pay in 8 of the 10 jobs. In the same positions, racially diverse employees earned on average higher pay than non-diverse employees in 9 of those positions. In the same study, non-diverse employees were found to earn 0.4% more in average base pay than diverse employees in the same pay category.

## Professional Integrity

### METRIC

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Approach to Ensuring Professional Integrity  
SASB-SV-PS-510a.1

Included within PRA CARES is the Company's Commitment to the Code of Conduct and to complying with governing laws and regulations. The Code of Conduct instructs employees to ask the following questions before making a business decision:

- Is the contemplated course of conduct consistent with PRA's core values and the Code?
- Is it ethical?
- Is it legal?
- Will reflect well on the employee and PRA?
- Is the employee comfortable with the decision becoming public?

If an employee cannot answer "yes" to all of these questions, the Code instructs the employee to not take action or make a decision until receiving additional guidance.

The Code of Conduct instructs employees to promptly report any knowledge or information about conduct by another PRA Group employee or agent that the employee reasonably believes to be a violation of the Code.

The Code of Conduct discusses the Company's non-retaliation policy, management's responsibility to promote an ethical and compliant culture, and the anti-bribery and anti-corruption policies.

Regarding our data, the Code of Conduct addresses employees' responsibility for PRA's property and assets, include data (both PRA's and customers' data) and information technology. The Code notes there is a zero-tolerance policy regarding fraud.

The Code of Conduct also includes guidelines for employees to avoid conflicts of interest. For example, employees are instructed to:

- disclose to their manager and PRA's Office of General Counsel any outside activities, interest or relationships that may present an actual or perceived conflict of interest;
- not divert for the employee a business or financial opportunity that PRA could have an interest in when the opportunity was discovered in connection with the employee's position at PRA or using PRA's information or property;
- obtain approvals before accepting outside officer or director positions while employed by PRA; and
- consult PRA's policies regarding the provision or receipt of gifts or entertainment.

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Legal Proceedings  
SASB-SV-PS-510a.2

Information on legal proceedings can be found in our most recent Annual Report on Form 10-K for the year ended December 31, 2020 filed with the U.S. Securities and Exchange Commission which can be viewed [here](#).

## METRIC

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### Responsible Administration of Services & Customer Welfare

As noted above, the Code of Conduct addresses employees' responsibilities for customers' information. One of the core values of PRA CARES focuses on relating to customers. PRA fosters this core value through annual training for employees that interact directly with customers.

PRA has a hardship policy designed to protect the elderly, sick, and those experiencing temporary or permanent financial difficulties that allows us to respond quickly to ever-changing circumstances, such as the novel coronavirus ("COVID-19") pandemic. Once notified of a hardship event impacting a customer, the customer is eligible for suspension of collection efforts for 90 days with continuation of such hardship status, up to and including the waiver of applicable debts, as circumstances dictate. In the U.S., PRA does not charge interest or fees on unsecured accounts.

See [Webpage](#) dated October 5, 2020.

During the COVID-19 pandemic, we temporarily suspended the initiation of new involuntary collections efforts such as garnishments and identified geographic areas that were particularly impacted by COVID and proactively temporarily suspended collection efforts in such areas.

## Community Engagement

### METRIC

#### Community Engagement Strategy & Efforts

PRA Group's primary focus is to give back to the communities in which our employees live and work. Our community engagement strategy supports five areas:

- human services,
- health,
- education,
- arts/culture, and
- civic/environment.

We allocate charitable funds in advance of each year and donate additional, unbudgeted funds in times of crisis. For example, in 2020, as the COVID-19 pandemic negatively impacted many communities, PRA donated \$50,000 to COVID-19 relief efforts. As we engage with local, national, and international charities such as Hampton Roads' Junior Achievement, United Way or the American Red Cross, we prioritize telling the stories of these organizations on our intranet, social media, and corporate website. We have a matching gift program whereby we match, at employee request, all charitable contributions of \$25 to \$2,500 made by U.S. employees to 501(c)(3) organizations.

In addition to financial contributions, we encourage employee volunteerism through paid volunteer time: each employee receives eight hours annually to volunteer in their community. To support this effort, we proactively organize multiple volunteer opportunities (including donation drives, mentoring initiatives, clean-up activities, etc). Our volunteerism and charitable contribution efforts directly support our focus to give back to the communities where we live and work.

#### Total charitable spend

Since 2004, PRA has donated a total of \$10,244,034 to charity. This amount includes all U.S. and International contributions in USD.

2020	2019	2018
\$1,211,965	\$1,064,961	\$1,103,343

# Governance

## Management and Oversight of ESG

The Nominating and Corporate Governance (“NCG”) Committee has oversight responsibility for environmental, social and governance matters pursuant to the terms of its Charter. Management provides an ESG update on significant ESG matters at each NCG Committee meeting and the Chair of the NCG Committee reports on the same to the full Board. The NCG Committee and Board meet at least quarterly. The members of the Board of Directors have varying degrees of ESG-related experience ranging from a director who currently oversees cybersecurity, data privacy and data governance matters to a director who was a trailblazer for women’s leadership roles in the private and public sectors. With respect to management oversight of ESG matters, the executive sponsor for ESG is Executive Vice President, General Counsel who is also a member of the DEI Steering Committee and reports directly to our CEO.

## Business Ethics

### METRIC

#### Business Ethics

Currently, the Board of Directors has a dedicated Risk Committee, to which our Chief Risk and Compliance Officer reports. The CRCO oversees our Compliance department and programs, including the annual training for all employees and directors. Oversight responsibility for investigations depends on the nature of the incident. Any complaint or allegation related to fraud or illegal acts that are accounting, internal controls or audit-related are overseen by the Audit Committee. Certain other matters are overseen by our Office of General Counsel. We maintain an ethics hotline that is prominent internally - on the Company’s internal website and other communication channels.

#### Anti-Bribery & Corruption Policy

Our Code of Conduct, which is available on our [Corporate Governance website](#), governs these matters. 100% of employees and directors receive annual compliance and ethics training.

## Data Security & Privacy

### METRIC

#### Description of approach to identifying and addressing data security risks

SASB-SV-PS-230a.1

We are committed to protecting the security of our customer and corporate information. Our Information Security Program is built upon internationally recognized data protection frameworks including, but not limited to, ISO 27001:2013, NIST Cybersecurity Framework, NIST SP 800-53, Payment Card Industry Data Security Standard (“PCI DSS”), and applicable laws and regulations. We leverage a variety of security technologies and procedures to protect customer and corporate information. We deploy and leverage innovative security solutions at a global scale.

#### IDENTIFYING DATA SECURITY THREATS AND VULNERABILITIES

PRA Group uses a Threat and Vulnerability Management and Penetration Testing program to detect new vulnerabilities and assign priority for remediation. This program leverages a combination of cloud-based and software agent-based scanners to detect vulnerabilities across our operations. We have defined remediation periods based on the severity of findings and the actual real-world threats, which in turn drives prioritization and the implementation of remediation actions.

PRA Group contracts with leading global security firms to provide penetration testing services for our applications and underlying network and infrastructure. In addition, we deploy continuous penetration testing and vulnerability scanning for our high-risk external-facing applications. We also conduct targeted penetration testing exercises, utilizing third-party vendors and internal teams, to test the security of our environment holistically and ensure the safety of our applications and data.

We operate a Security Operations Center to respond to malicious behavior and identify incidents through monitoring, alerts and analysis of network activity, as well as through cyber intelligence findings. Where possible, automation is leveraged to provide near real-time threat remediation.

We continue to invest in technology and enhanced processes to assist us to stay on top of threats facing our environment. Continual improvement of these capabilities includes periodic Red Team testing conducted by a third party. This testing provides visibility to improve technology capabilities, processes, and procedures within our Security Operations Center.

#### ADDRESSING DATA SECURITY THREATS AND VULNERABILITIES

**Policy and governance:** PRA Group uses a risk-based, threat-driven approach to deliver specific control requirements within the PRA Group Information Security Policy and standards. This policy, and related standards, defines the minimum set of controls that are necessary to uphold the company's reputation and protect sensitive information. The policy and standards are reviewed annually to ensure appropriate controls and implementation across PRA Group. Controls within the policy are risk-based and threat-driven, to ensure that appropriate protection is provided for every level of information classification. PRA Group's information classifications are public, internal, confidential and restricted.

Governance for this policy includes:

- an annual review of implementation;
- annual approval from the Chief Information Security Officer;
- regular updates as indicated by changes in technology, business requirements, regulations or industry practices; and
- emergency releases as required.

We have a defined exception risk process in place for deviation from information security controls. The process requires a review of business justifications and impacts while considering additional or alternative mitigating controls before approval is considered.

**Risk management:** The Information Security Risk and Governance team focuses on identifying cyber security risks throughout business streams, educating the business owners of risks and providing consultation regarding requirements for alternative mitigations. Risk assessments are completed to determine how implementation has occurred across specific services, products or business processes and to determine any potential coverage gaps. The Information Security Risk and Governance team maintains a constant feedback loop with our Chief Compliance and Risk Officer and other members of our senior leadership team to ensure we are continually testing the security of our environment and addressing any potential issues in a timely manner. We also undertake additional risk management procedures in the following circumstances:

- **Contracts:** In coordination with Procurement and General Counsel, the Information Security team regularly reviews and provides recommended information security language for client and third-party contracts to include specific security control requirements where applicable, specialized reporting and response procedures in the event of an incident, self-certification procedures, and audit rights definitions.
- **Application development:** The Information Security team employs engineers and security architects who work side by side with infrastructure, networking and software engineering teams to embed security into the design of new software that are either purchased or built in-house. This coordinated approach allows teams to more easily identify risks based on the capabilities, features and use cases of the new products brought into our secure environment.
- **Acquisitions:** The Cyber Security team engages with acquisitions to ensure that security is established alongside the integration of acquired technologies and networks. The acquisition process includes due diligence measures, integration requirements and other processes that ensure compliance with the PRA Group Information Security Policy. In the case of joint venture partners, we work with each partner to develop an internal Information Security Program based on our control framework, utilizing our policies, practices and procedures to satisfy information security requirements to our expected standards.

**Assessments of third parties who collect, process or store PRA Group confidential or restricted information:** The Enterprise Risk Management, Information Security, Legal and Procurement teams perform information security assessments on third-party security implementations and technology prior to adopting third-party solutions. Reassessments are conducted on a recurring basis.

## METRIC

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Description of policies and practices relating to collection, usage, and retention of customer information

SASB-SV-PS-230a.2

At PRA Group, we take seriously our commitment to keeping all personal and confidential information private and secure. PRA Group has implemented an information security management program designed to meet the protection needs of our global customers. Our program includes an information security policy, controls framework, standards, and procedures, all of which are designed to establish clear requirements to protect PRA Group's customer personally identifiable information.

Our program includes rigorous controls on:

- customer data classification and protection;
- access to confidential customer information;
- communications and operations management, including security audit logs and monitoring, protection from malicious software and computer, network and communication security;
- access control, including user identification, authentication and authorization;
- systems acquisition, development and maintenance; and
- security monitoring and incident response.

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Data Breaches

SASB-SV-PS-230a.3

PRA Group is committed to maintaining a culture that is focused on risk management, compliance, and best practices to address information security and privacy that protects the confidential information of our customers and employees. We continuously strive to improve our technical and process controls to minimize risks for PRA Group and our customers. There may be occasions when unauthorized parties gain access to PRA Group's customer information. The details associated with any such events are handled with the highest priority and upmost privacy. PRA Group is committed to safeguarding all customer information and in the rare event of unauthorized access, immediate investigation and remediation actions will be taken as well as the swift notification to impacted customers, governance bodies, law enforcement, regulatory bodies, and shareholders. In 2020, no such unauthorized events took place.

PRA Group's annual reporting will include (1) Number of data breaches, (2) percentage involving customer personally identifiable information ("PII"), and (3) number of customers affected.

## Corporate Governance Best Practices

### METRIC

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#### Independent Oversight

- Our Board Committees are comprised solely of independent directors.
- A substantial majority of our Board is independent (9 of 11 directors).
- We have a Lead Independent Director who, among other responsibilities, presides over executive sessions of our independent directors, which occur at each in-person Board meeting.
- The roles of Chairman of the Board and Chief Executive Officer (“CEO”) are separate.
- Our Compensation Committee engages an independent compensation consultant to advise and support the Committee’s work.

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#### Board Refreshment

- Our Board and all Board Committees conduct annual performance evaluations.
- Our directors cannot stand for re-election after they reach the age of 75.

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#### Stockholder Rights and Alignment

- Our stockholders have the right to call special meetings.
- Our directors are elected annually.
- Our directors must be elected by a majority of the votes cast in uncontested elections.
- We have stock ownership guidelines that apply to our directors and executive officers in order to align their interests with the interests of our stockholders.
- All incentive compensation for our executive officers is subject to recoupment (or clawback) in the event of a restatement, to comply with applicable law or if the executive officer violates restrictive covenants included in the officer’s equity award or employment agreement.

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#### ESG

- We have formally assigned oversight for significant environmental, social and governance matters to the Nominating and Corporate Governance Committee.

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#### Hedging/Pledging

- Our directors, executive officers and employees are prohibited from engaging in short sales and hedging transactions and may not pledge our common stock.

# Environment

As a global leader in acquiring and collecting nonperforming loans, our primary impacts on the environment derive from energy consumption and waste generation at our offices and business travel. Despite our relatively narrow environmental impacts, we have the responsibility to manage our operations and resources in a manner that promotes sustainable practices to minimize our environmental footprint. To this end, we focus our initiatives on minimizing energy consumption and waste generation.

## Environmental Initiatives

### METRIC

#### Energy Efficiency Efforts

PRA implemented an Energy Management system, which is used in several facilities, including our corporate office, and contains a solar system that provides energy credits for the facility.

Wherever possible, we have done the following:

- installed economizers on HVAC units to allow use of outside air during colder weather;
- chosen white reflective roofing material over darker heat absorbing to help during warmer weather;
- installed airlocks on door entrances to reduce the need for air conditioning; and
- retrofitted or replaced lighting with LEDs where possible and installed motion sensor lighting.

Additionally, we have focused on aiding our employees' ability to reduce carbon emissions. Our site selection process includes evaluating proximity to public transportation. For example, our corporate headquarters has bus and light rail accessibility and we provide passes for all staff members. One of our newest sites located in Burlington, North Carolina has a bus stop located at the front door. Vehicle charging stations are available in San Diego and additional stations are being installed at other sites.

#### Waste Reduction Efforts

Since 2007, our waste reduction efforts have included inviting facility managers to attend recycling events and offering volunteers to support recycling events, among other activities. Today, wherever possible, we have done the following:

- standardized drinking fountains to encourage use of reusable water bottles to help reduce the number of plastic bottles disposed;
- retained recycling services for trash removal where we have control over that function; and
- established secure printing that monitors individual usage.

PRA  
Group



150 Corporate Boulevard  
Norfolk, VA 23502  
darby.schoenfeld@PRAGroup.com  
757-431-7913  
[pragroup.com](http://pragroup.com)