

ENCORE CAPITAL GROUP

2021

**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE
REPORT**

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About Encore Capital Group

We are an international specialty finance company that provides debt recovery solutions by purchasing and servicing portfolios of receivables from major banks and consumer finance companies. We are a publicly traded NASDAQ Global Select company (ticker symbol: ECPG) and a component stock of the Russell 2000, the S&P Small Cap 600 and the Wilshire 4500.

Through Midland Credit Management (“MCM”), we’re a market leader in portfolio purchasing and recovery in the United States. Through Cabot Credit Management and its

subsidiaries and European affiliates (“Cabot”), we’re one of the largest credit management services providers in Europe and a market leader in the United Kingdom.

Customer service and regulatory compliance are at the heart of our business. For more than 25 years, and with more than 6,600 global colleagues in nine countries across North America, Europe and Asia, we have partnered with individuals as they repay their debt obligations, helping them on the road to financial recovery and ultimately improving their economic well-being.

Encore’s Mission, Vision and Values



OUR MISSION

Creating pathways to economic freedom



OUR VISION

We help make credit accessible by partnering with consumers to restore their financial health



OUR VALUES



WE CARE

We put people first and engage with honesty, empathy and respect



WE FIND A BETTER WAY

We deliver our best in everything we do, find ways to make a positive difference and achieve impactful results



WE ARE INCLUSIVE AND COLLABORATIVE

We embrace our differences and work together to ensure every individual can thrive

Our ESG Approach

Our **Mission, Vision and Values** guide us as we set out to enhance our corporate Environmental, Social and Governance (ESG) performance and promote a more sustainable future for our consumers, colleagues, clients and investors.

We approach ESG with a strong commitment to transparency, and our ESG strategy reflects the issues that matter most to our stakeholders. Guided by our Mission to create pathways to economic freedom and our Values, we are committed to creating an opportunity-rich work environment for our people, ensuring responsible resource use and consumption, giving back to the communities where we live and work and operating effectively and ethically with a focus on the overall consumer experience and outcomes.

Our ESG approach has been several years in the making. In 2020, we performed a comprehensive materiality assessment to identify the social and governance issues that are most material to our business. Next, we developed an operating model for ESG management and reporting based on primary and secondary research, interviews with subject-matter experts, insights on the current state of ESG reporting, and the broader financial industry and peer comparison. Based on findings from our research and

stakeholder engagement activities, we defined five key ESG pillars to lead our efforts (below).

In line with our ESG pillars, we are taking action to ensure meaningful progress. We expanded our cross functional ESG Steering Committee, formalized our CEO and Board Governance oversight structure and increased our ESG communications.

We also established internal procedures for environmental data collection across our global operations and further developed our community impact measurement and management framework. Lastly, we finalized and implemented enterprise-wide policies demonstrating our commitment to key governance areas, including our **Standards of Business Conduct, Global Human Rights Policy** and **Vendor Code of Conduct**.

This report provides an update regarding our progress and includes information on significant developments and policies, as well as planned initiatives to further engrain ESG across our organization. This report also provides sustainability-related disclosures aligned with the Sustainability Accounting Standards Board (SASB).

ENCORE'S ESG PILLARS



Consumers

Our consumers are at the heart of our business



Colleagues

We support and value our people



Environment

We make a positive impact on the environment



Community

We work together to strengthen our community



Operating Responsibly

We operate responsibly

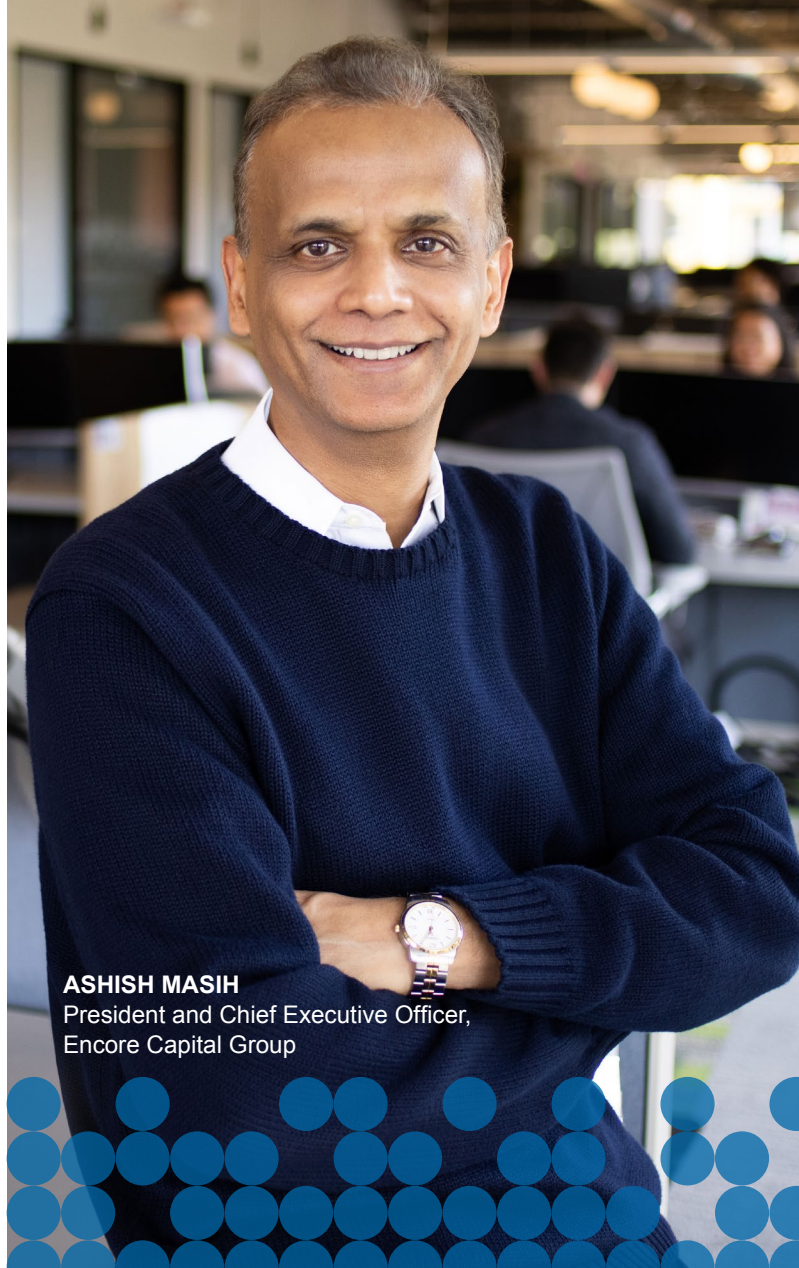
A Message from Our CEO

At Encore Capital Group, ESG is critical to our business strategy and core to our Mission of helping consumers regain economic freedom. It influences many of our day-to-day practices and operations and guides our work with consumers to resolve their debt challenges respectfully, fairly and collaboratively. We value building strong and transparent relationships with our key stakeholders: consumers, colleagues, clients, investors and the communities in which we operate.

That's why I am pleased to introduce you to Encore's inaugural ESG report, which highlights our environmental, social and governance efforts during this past year.

While this is our first-ever report, ESG principles are not new to our global organization. What you'll find throughout these pages is an introduction to the numerous programs, initiatives and approaches we've implemented for years, all guided by our Mission, Vision and Values. Last year, we took a deeper look into the topics that matter most to our key stakeholders and built the foundation and governance structure necessary to help us deliver meaningful progress on those topics. We also defined the five key ESG pillars that will lead our efforts, developed a roadmap to address them and assigned designated teams responsible for moving the work forward.

Despite the dynamic challenges associated with the COVID-19 pandemic, our teams have remained committed to helping consumers solve their debt problems, consistent with our Mission, Vision and Values. As one of our team members said recently, "I tell consumers, 'You've got one of the best companies in the world calling to help you. I don't have a canned plan or answer. I customize everything. The more you open up to me, the better solution we can find together.'" Showing empathy and respect to consumers is who we are as a company and is part of how we serve communities and drive results.



ASHISH MASIH
President and Chief Executive Officer,
Encore Capital Group

At Encore, we recognize our responsibility to be a positive force in society. We will continue to be committed corporate stewards, manage our impact on the environment, contribute to economic and social equality and leverage our talented team and resources to drive meaningful impact. I take great pride in where we are today on our ESG priorities, and we are committed to forging ahead on this important work.

Sincerely,

Ashish Masih
President and Chief Executive Officer
Encore Capital Group

Thoughts from Our ESG Steering Committee Chair

TRACY TING

Senior Vice President and Chief Human Resources Officer,
Chair of ESG Steering Committee
Encore Capital Group



We are pleased to share with you our inaugural ESG report, providing an overview of our global efforts to drive progress on the issues that matter most to our people and business.

The success of our Mission and Vision, to create pathways to economic freedom for our consumers and partner with them to help restore their financial health, is dependent on our highly skilled, collaborative, motivated and diverse workforce. Our teams demonstrate their care for consumers every day, working with compassion and fairness to help people solve their debt challenges.

As the COVID-19 pandemic continued to disrupt societies and markets around the world in 2021, we were determined to support all of Encore's stakeholders. By enhancing our employee benefits, providing hardship relief to consumers and launching new and innovative community involvement programs, we took tangible steps to benefit our most important constituencies.

We are delivering on our commitment to strong and transparent ESG practices. Inspired by our Mission, Vision

and Values, we have strengthened and scaled our ESG efforts globally, further engrained ESG into our business imperatives, established controls for measuring and maintaining our success and introduced new enterprise-wide governance to ensure accurate and timely data collection and oversight of our ESG initiatives. For instance, 40% of the funding of the 2021 bonus plan for our executive officers was based on ESG-related metrics and we also published a new Global Human Rights Policy and Vendor Code of Conduct to ensure responsibility and accountability throughout our entire value chain.

I'm particularly proud that when reading this report, you'll see that at our core we are people helping people. I am gratified with what we have accomplished in our ESG program and excited to be driving a more sustainable future for Encore's stakeholders.

Sincerely,

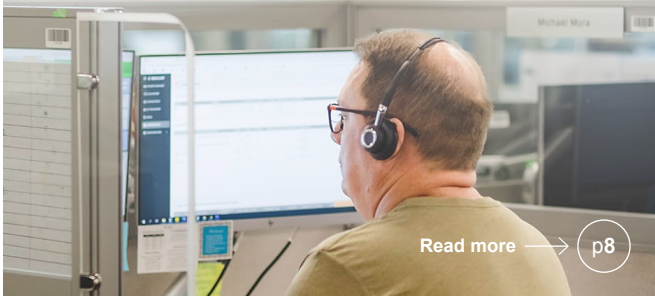
Tracy Ting

Senior Vice President, Chief Human Resources Officer
Encore Capital Group

ESG Highlights

CONSUMERS

Took critical actions to support our consumers most impacted by the COVID-19 pandemic and conducted our first Economic Freedom Study.



Read more → p8



OPERATING RESPONSIBLY

Developed an operating model for ESG management and reporting and published a new Vendor Code of Conduct and Global Human Rights Policy.

Read more → p22



COMMUNITY

Continued to support the communities in which we operate and took proactive action to champion and strengthen financial literacy in our communities.

Read more → p17



COLLEAGUES

Offered close to 380,000 hours of training to our global colleagues and established our employee-led D&I Councils.



Read more → p12



ENVIRONMENT

Conducted a Greenhouse Gas (GHG) inventory, in accordance with the World Resources Institute (WRI)'s GHG Protocol, and partnered with local NGOs to restore biodiversity.

Read more → p20

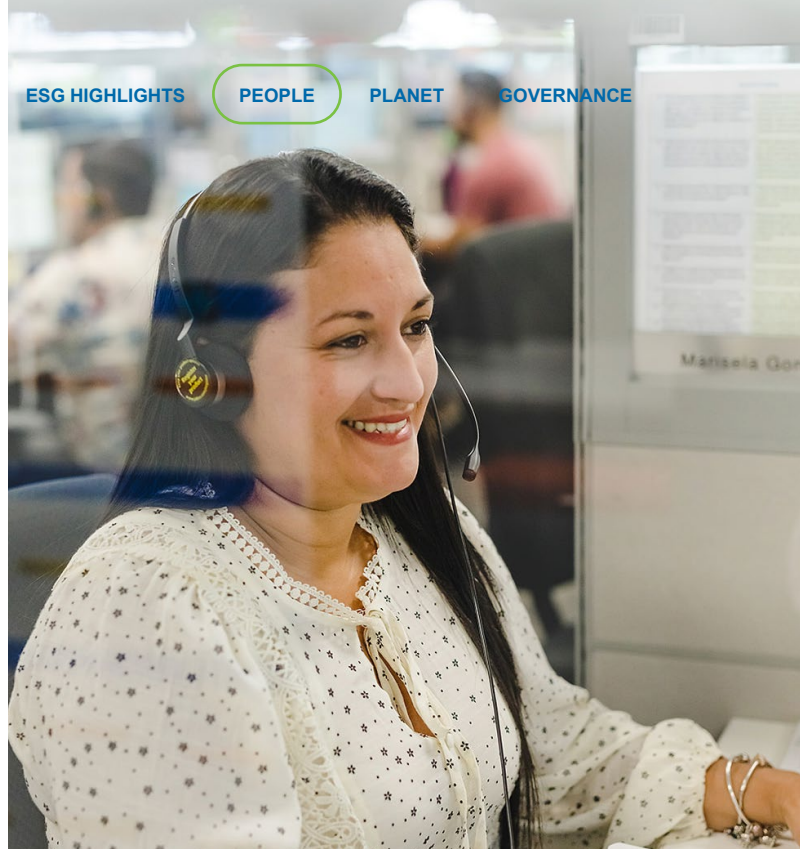
People

The social dimension of ESG covers some of the most important and material areas for our company. In alignment with our Mission, Vision and Values, we identified three key stakeholders with which we engage and support: our consumers, colleagues and communities.

Consumers

With consumers at the heart of our business, we are committed to helping them resolve their debts, so they can regain economic freedom. A decade ago, Encore's subsidiary MCM became the first and only U.S company in our industry to operate with a **Consumer Bill of Rights**, which focuses on conducting business ethically and treating consumers with respect and integrity. Today, we incorporate these principles throughout the entire Encore business. These principles guide every interaction we have with consumers, from providing hardship and forgiveness guidelines to protecting the security and confidentiality of consumers' information.

We are committed to engaging in dialogue that is respectful and constructive, creating solutions for our consumers that resolve their obligations and ensuring that those who work on our behalf adhere to these same standards. Our consumer-facing colleagues are trained in and are expected to comply with applicable country, state and local laws and regulations concerning fair and ethical collection practices. We actively monitor employee compliance with these expectations. When interacting with consumers, our employees listen and work hard to understand consumers' needs.



KEY HIGHLIGHTS



Hall of Fame, **100 Best Companies for Women** – 2021
(Avtar and Seramount's Sixth Annual Study, India)



Conducted our **first Economic Freedom Study** in the U.K. and U.S. – 2021



85% of consumers in the U.K. and **89%** of our consumers in the U.S. **rated our service as "WOW"**
(8-9 on a 0-9 scale)

“Vulnerability affects many people in many different ways. At Encore, we understand we have a responsibility to protect the financial stability and well-being of all our consumers, especially those who may be considered vulnerable due to their circumstances.”

– **Emma Bantges**, Customer Operation Enhancement Manager and Group Vulnerable Champion, U.K. Operations

Ethical Debt Collection

In line with our Mission to create pathways to economic freedom, strengthening and protecting our consumers' financial health is a top priority. We pride ourselves on our consumer-centric collection approach, which is centered around transparency and honesty. We provide robust disclosures, hardship guidelines, credit reporting grace periods, among others. By listening to and understanding each individual situation, we are able to offer our consumers affordable and sustainable payment solutions, individualized to meet their needs.

Our collection activities may also be suspended when consumers experience significant financial hardship due to medical issues, natural disasters, job loss or other issues. For example, our U.K. operations have a Sensitive Support Team, which can offer account holds for various lengths of time while consumers get the support they need to work on their financial, mental, or physical health.

In response to the COVID-19 pandemic, we took critical actions to support our most-impacted consumers around the globe. We suspended collections for many consumers directly impacted by the pandemic and enabled consumers to defer or reduce previously scheduled payments without any negative impact to their accounts. Lastly, to ease consumers going through the debt resolution process, we digitized many of the processing documents and adopted robotic process automation for document services to help make the process of identifying and sorting documents more effective and efficient while reducing health risks and waste.



“We knew how critical documents management and processing is to serve our consumers, so we saw enhancing our internal processes as an opportunity to further support our colleagues so they could continue delivering great experiences for our consumers.”

– **Jenelle Vinci**, Operations Manager of Document Services Operations., U.S Operations

Economic Freedom Study

To learn more about our consumers, and as part of our Mission to create pathways to economic freedom, in 2021 we conducted our first **Economic Freedom Study** that asked 2,600 people in Encore's largest markets, the U.S. and the U.K., how they feel about their finances, what causes them the most financial stress and the best ways to address these challenges. The report also explored the impacts the COVID-19 pandemic had on consumers' financial outlooks and what economic freedom means to people.

For the survey respondents, having economic freedom meant less worry and less stress and the ability to save for children's education and make financial choices. And while the majority of respondents in the U.S. (57%) and the U.K. (55%) felt positive about their personal financial future, 33% of U.S. respondents and 50% of U.K. respondents ranked credit card debt as their most significant source of stress. Credit card debt is an area where Encore has built deep expertise, and we strive to continually look for ways to relieve the stresses our consumers face and provide them with the tools they need to address these issues.

“The 2021 Encore Economic Freedom Study was an opportunity for us to more deeply understand consumer perspectives and preferences related to their personal finances two years into the global pandemic. It was also a chance to hear how they defined ‘economic freedom.’ What we found was that despite varying financial situations, economic freedom is a true goal for all, and it largely meant less worry and stress.”

– Faryar Borhani, VP, Chief Communications Officer





Consumer Satisfaction

We constantly monitor consumer satisfaction and collect valuable feedback through surveys and interviews. Following a call, consumers are given the option to provide feedback, which is then reviewed by our customer satisfaction team to generate insights and improvement recommendations.

In 2021, 89% of U.S. consumers and 85% of U.K. consumers rated their call with a positive score of 8 or 9 (on a 0-9 scale). Additionally, the U.K. Institute of Customer Service (ICS) that analyzes interactions and experiences between consumers and our U.K. operations annually, provides an objective, third-party score benchmarked against financial peers. In 2021, ICS's analysis resulted in an 80.6 satisfaction score, which is several points higher than our industry average (78.3) and that of all companies monitored countrywide (76.8).

To promote a strong culture of treating consumers with respect, honesty and empathy, and to keep customer service and compliance at the core of our business strategy, in 2021 15% of the funding of the executive bonus plan was based on certain customer satisfaction and call quality scores (a total of 40% of the funding of the executive bonus plan was based on ESG-related metrics).

Consumers' Data Security and Privacy

Keeping our consumers' data private is integral to how we conduct our business. We follow regional, national and local government requirements related to consumer privacy laws and incorporate sound data protection standards to protect our consumers.

In our initial communications with consumers, we are clear and transparent about the scope of information we receive and how we use that data. The only information we share with third parties is related to the servicing of the account. We do not sell consumer lists or data for marketing purposes. In addition, accurate and up-to-date policies are publicly available on our websites and are tailored to each market.

To ensure we maintain the highest standards for consumer data security, we employ a wide range of controls to ensure any personal data handled by our company is appropriately protected. We also conduct our own audits of third parties to ensure policies are followed.

Complaints Management

We have a formalized process for handling complaints, from receipt to analysis to resolution. We receive consumer complaints directly from consumers as well as through indirect channels (e.g., regulatory bodies).

For instance, all complaints, regardless of the channel received, are logged into our complaint database. We then initiate a full investigation and root cause analysis. Then, complaints are managed and resolved by our dedicated complaint response and quality assurance teams throughout the enterprise. Complaint reporting is reviewed periodically to ensure adherence to regulations and internal service-level agreements.

Colleagues

Our strength and competitive advantage in helping people restore their financial health lie in the quality of our employees. At Encore, we take care of our people and foster a culture of respect and inclusion through genuine employee engagement, diversity and inclusion training and global cultural appreciation initiatives. We attract and retain talent by creating opportunities for professional growth through competitive benefits, wellness incentives and more.

Employee Engagement

At Encore, we collaborate across business units to develop and launch initiatives and policies in support of employee satisfaction and engagement. We monitor employee engagement and satisfaction through various surveys and frequent interviews with selected colleagues.

Benefits and Compensation

We take a holistic approach to employee well-being as we strive to attract and retain talent while also creating a culture

where people can thrive. Our approach encompasses financial, physical and mental health as well as personal and professional development. Encore's competitive compensation and benefits include a base salary, short-term incentives, opportunities for long-term incentives, retirement and financial support and recognition programs as part of our financial well-being offerings.

We also provide comprehensive health and welfare insurance, generous time off and leaves, support programs such as our Employee Assistance Program, paid time off for volunteering activities and wellness incentives to support the health and mental well-being of our colleagues.

In response to the global COVID-19 pandemic, we implemented programs and services to assist our colleagues and their families. These included work-from-home arrangements for our eligible colleagues, reimbursement of certain home office related expenses, enhanced information technology (IT) support, backup childcare, enhanced medical insurance coverage, activities and programs supporting mental health and regular communications and frequent updates to colleagues.



Growth and Personal Development

We are committed to actively fostering a learning culture and investing in ongoing professional and career development for our colleagues. We empower managers and colleagues with collective accountability for developing themselves and others, and promote ongoing dialogue, coaching, feedback and improvement through our performance management practices.

We offer colleagues an extensive number of programs and tools for their personal and professional development

including instructor-led training courses, leadership development programs, on-demand virtual learning, individual development planning, mentoring, roles-based functional and technical training, compliance training, peer learning opportunities and tuition reimbursement programs. We also conduct talent and succession planning at a global level to support the development of our internal talent pipeline for current and future organizational needs and to evaluate the overall health of our global talent pool.

Talent Development and Training

Our talent development and training programs are focused on helping our colleagues acquire skills and knowledge to perform in their roles while providing them with opportunities to pursue their personal interests. In 2021, we provided close to 380,000 hours of training to our global colleagues with an average of 60 hours of training per employee. This number is comprised of a combination of instructor-led courses,

company-administered online courses and self-directed online courses through third-party organizations. In addition, we provide solutions that enable our leaders and managers to drive the desired cultural and performance outcomes for our business while also delivering a proper performance framework and trusted review process to achieve positive change.

	Hours	Average Hours of Training per Employee
Online Learning	266,662	42
Instructor-led Training	112,890	18
Total Hours of Training Provided	379,552	60

Selected Programs

Happiness Curriculum – Beginning in 2021, we provided our U.S., India and Costa Rica colleagues with a “happiness curriculum.” The curriculum promotes a holistic sense of well-being and aligns with “We Care,” one of our company’s core Values, and participants have shown growing interest and satisfaction with the program.

“(The Happiness Curriculum) gave me a deeper understanding of my thought process and how committing to a few simple techniques was able to help me turn many things around for the best outcome I could have in all aspects of my life.”

– **Yhanique B.**, Account Manager – U.S. Operations



Adelante – Since 2013, we have offered our colleagues in Costa Rica a unique benefit that rewards those who give back to their community with an investment in their future. Since its launch, the Adelante program (Spanish for “go forward”) has provided educational reimbursement to eligible employees for completing projects that positively impact our community. Project examples included providing financial literacy training to youth or helping local communities develop sustainable practices for cooking, waste disposal and hygiene. Employees become eligible for Adelante after their first six months with the company and can receive reimbursement for up to 90% of tuition costs depending on their tenure with the company.



Diversity and Inclusion (D&I)

We are committed to cultivating an inclusive, thriving culture that reflects the consumers we serve and the communities we live in. We value diverse viewpoints and inclusive experiences

and strive for balanced representation in our organization. D&I is a journey that requires commitment, measurement and accountability.

D&I Initiatives

D&I Councils – In 2021, we continued our D&I journey to ensure Encore is a place where every person can thrive. We established employee-led D&I Councils to formalize our commitment and ensure longterm sustainment of our D&I efforts. The councils focus on creating development opportunities at the individual and team levels. In addition, they encourage conversations around topics such as enhancements to performance feedback to promote transparency and fairness, reducing bias in decision-making and reverse mentoring. Members of these D&I Councils lead committees responsible for promoting inclusivity across six areas: performance, hiring process, development and training, engagement and celebrations, speaker series and additional support. In 2021, our D&I Councils achieved several main D&I goals:

- Established a foundational diversity metrics baseline
- Delivered six speaker series events for employees to learn and engage in a dialogue around D&I topics
- Delivered D&I improvements in hiring, development, performance, engagement and celebrations



“As a council member, I have learned a lot about the perspectives of different groups that have not often felt included. I’ve been able to better put myself in their shoes and understand how difficult it is for different groups to fully participate in the workplace and have a sense of true belonging.”

– Tamar Yudenfreund, Senior Director Public Policy, U.S. Operations

Blueprint for All Partnership – During 2021, our Cabot U.K. and European teams launched a partnership with Blueprint for All, an organization working with young people, communities and other organizations to create an inclusive society in which everyone, regardless of race, ethnicity, or background, is provided with tangible opportunities to thrive.

As part of this partnership, Cabot's leaders worked with Blueprint for All's mentoring program and Community Leadership Academy, helping people from underprivileged backgrounds realize self-confidence, fulfillment and career progression. In addition, Encore provided monetary resources for the organization's operations and expansion efforts.



Community

Community Involvement and Impact

Encore has a long history of supporting the communities in which we operate and encouraging employee community service and support through corporate matching programs, financial literacy and responsible finance programs, company-sponsored volunteer

opportunities and corporate giving and partnerships. In alignment with our Mission to create pathways to economic freedom, we take proactive action to champion and strengthen financial literacy in our communities.

Money Matters – Through this program, in the U.S. and Costa Rica, we promote financial literacy in schools by having employee volunteers teach high school and college students credit and financial basics.



Skills-4-Bills – In the U.K., we provide an experiential way of teaching youth money skills in schools. Through an interactive game, employee volunteers help students learn how financial decisions may impact their lives.



Apprenticeship Program – Our colleagues in France partner with a local employment agency to train individuals in customer relationship management and teach the skills needed to work in a call center. At the end of the two-month Customer Relationship Management (CRM) training, participants earn an official certificate they can use in their job search process, with some being offered employment at the company.

“By participating in the CRM training, participants can have an opportunity for permanent employment with Cabot. This creates a win-win situation for us – we hire qualified staff, and at the same time, we play a valuable role in the community.”

– César Paiva, Commercial Leader, France Operations



Educational Support – We partner with Rainbow Homes, a local non-governmental organization (NGO) in India, to sponsor holistic care for dozens of underprivileged children, provide educational support for hundreds of children, and contribute toward pandemic relief and infrastructure development benefiting hundreds more children.

Using Encore's five ESG pillars as our guide, and based on our history of existing community engagement efforts and investments, we are establishing a global community impact framework with focused issue areas that can be tailored to our local communities. As part of this process, we are developing our strategy to evolve, align and advance our community involvement efforts while putting the organizational infrastructure in place to maximize our impact.



Support During COVID-19

In March 2021, an outbreak of COVID-19 advanced across India and the country’s hospitals and medical resources were stretched to their limits. In response, Encore’s India operations opened its office in Gurugram, located close to New Delhi, to host a drive-in testing facility for colleagues and members of the local community.

The team also launched a COVID-19 Employee Assistance Center, which provided employees and their dependents with critical medicines, oxygen support and information to find resources such as available intensive care hospital beds. In addition, we sponsored online video consultations with doctors and webinars hosted by COVID-19 experts, and contributed \$70,000 to the Haryana Corona Relief Fund, which helped local authorities’ efforts to control the disease.

We are constantly exploring new avenues for positive change in our communities and working to expand existing relationships to drive impact.

Policy and Advocacy

Encore believes that responsible corporate citizenship demands engagement in the political process. Our industry is subject to extensive laws and regulations, and changes to such laws could significantly impact how we support consumers and the way we operate. Our Government Affairs team actively engages in matters of public policy and monitors, comments on and engages with policymakers on a range of issues – including financial services, licensing, labor and employment, cybersecurity and privacy, among others – to help shape strong public policy that protects the long-term interests of our company, colleagues and consumers. We have policies and procedures in place, including our Political Activities Policy, designed to ensure that we comply with applicable laws regarding political contributions.



Planet

We understand our responsibility to have sustainable business operations. We are committed to continuously evaluating and improving how we manage our resources and operations, increasing efficiency across our business. Since most of our environmental footprint comes from our offices' electricity consumption and our employees' commuting and business travel, we continue to look for ways to minimize our energy consumption while partnering with our colleagues and suppliers to reduce our carbon footprint across the value chain.

In this report, we outline initial findings from our recent greenhouse gas (GHG) inventory and share updates on select environmental programs.

Environmental Footprint

Greenhouse Gas Emissions

As part of our commitment to assessing our environmental impact, we conducted an initial GHG inventory, in accordance with the World Resource Institute (WRI)'s GHG Protocol. According to our analysis, our primary impacts on the environment come from indirect emissions generated through purchased electricity, employee commuting and purchased goods and services. This report provides preliminary findings from a GHG inventory regarding Scope 1 and Scope 2 emissions (see table to the right).

KEY HIGHLIGHTS



Conducted a Global **GHG Inventory**



Partnering with **iamgurgaon** in India to restore Gurugram's green habitat



Recognized by the Costa Rica Ministry of Environment and Energy: **Blue Flag Ecological Certification**

2021 GREENHOUSE GAS EMISSIONS BY SCOPE (MT CO2e)

Scope	MT CO2e
Scope 1	1,236
Scope 2	2,855
Total	4,091

- **Scope 1** - Direct GHG emissions that occur from sources that are owned or controlled by Encore. At Encore, these emissions mainly come from stationary combustion - on-site generators and heaters in some of our locations.
- **Scope 2** - Indirect GHG emissions from the generation of purchased electricity consumed by Encore. This category represents emissions from the electricity we purchase for our offices.

Data from our GHG inventory was collected from our offices in the U.S., India, U.K., Spain, France, Portugal and Costa Rica, and excludes smaller sites where complete data was not available.

Environmental Initiatives: Spotlight on Haryana State, India

Our environmental efforts are closely aligned with our community engagement programs, reinforcing our integrated approach toward environmental, social and economic development in the communities in which we serve and operate.

In 2021, we partnered with local NGOs and funded the revitalization of a 14-acre patch of wasteland with multiple bodies of water, whose flow has been clogged by debris, manufacturing waste and deforestation which prevented water from properly percolating down to underground reservoirs and channeling to nearby communities. In addition, volunteers from both our India team and *iamgurgaon* a citizens' initiative to restore Gurugram's green habitat, are working on converting the area into a natural attraction by creating walkways, seating

areas and picnic spots that are accessible for all. The goal is to give local communities a much-needed green space in the urban heart of Gurugram.

“Our green efforts are not only designed to clean up the scars left by pollution and deforestation, but to convert this into a space where residents of Gurugram can get out of their urban center for a few hours to enjoy clean air, green living and thriving wildlife in its natural habitat.”

– Jaison Thomas, Managing Director, India Operations.



Governance

We hold ourselves to the highest standard for ethical practices and decision-making as guided by our policies and procedures. All directors and colleagues of Encore and its wholly owned subsidiaries are held to our **Standards of Business Conduct**, which guides how we interact with our colleagues, consumers, business partners, clients and other stakeholders.

Every Encore employee is responsible for reading, understanding and complying with our Standards of Business Conduct, and managers are required to ensure that colleagues who report to them adhere to the standards.

Responsible Operations

Encore is committed to responsible business operations and operating in full compliance with the applicable laws and regulations governing our global business activities. We maintain high ethical standards, in adherence with regulatory compliance, that apply to all colleagues, directors and officers.

ESG Management and Accountability

Our ESG activities are an integral part of our culture and business operations and are prioritized and executed at the highest levels of the company. Oversight responsibility is embedded in the Nominating & Corporate Governance Committee (NCG Committee), which reports to the full Board of Directors, and oversees Encore's ESG practices, policies and activities.

At the executive level, we formed an ESG Steering Committee, comprised of senior leaders across businesses

KEY HIGHLIGHTS



Established **ESG Oversight and Accountability structure**



New **Global Human Rights Policy and Vendor Code of Conduct**



Best Use of Technology Award by the Collections and Customer Service – 2021

and geographies who provide guidance and direction, ensure alignment with our Mission, Vision and Values, champion ESG efforts and consider the perspectives of and impact on our stakeholders. As part of our commitment to ESG and in alignment with our Values, 40% of the funding of the 2021 bonus plan for our executive officers was based on the achievement of certain ESG-related metrics related to consumer experience, employee engagement and cybersecurity.

To support the ESG Steering Committee, we organized designated ESG Working Teams with representatives from relevant departments such as Corporate Social Responsibility, Human Resources, Investor Relations and Compliance. Lastly, we see our employees as agents of change and ambassadors of our ESG efforts, who help to further execute our strategy by leading our community engagement and environmental programs.

Oversight responsibility is embedded in the **NCG Committee**. The NCG Committee reports to the full **Board of Directors** on on-going ESG-related activities



Compliance and Enterprise Risk Management

Encore’s established compliance and enterprise risk management framework includes operational procedures and governance structures that enable us to conduct business in accordance with applicable rules, regulations and guidelines. Our philosophy rests on well-established risk management principles including a model leveraging three lines of defense:

First Line of Defense – Business lines or other operating units that own and manage risks and associated mitigating controls.

Second Line of Defense – Encore has an established second line of defense risk and compliance function that partners with the business to ensure compliance with applicable laws and regulations. It also provides oversight by implementing a robust company-wide risk management framework to identify, assess, monitor, manage and report on risks that affect the business. The second line works with management and the Risk Committee of our Board of Directors to promote

a strong risk and compliance program and culture.

Third Line of Defense – Our internal audit function provides independent assurance that both first and second-line functions are performing their roles appropriately within the context of our framework.

We believe in treating all consumers with the highest standards of integrity. We have strict policies and our **Standards of Business Conduct** that guide all dealings with our consumers. In addition, and beyond written policies, one of our core business principles is the adherence to principled intent as it pertains to all consumer interactions.

Our employees undergo comprehensive training in legal and regulatory compliance, and we engage in regular call monitoring checks, data checks, performance reviews and other operational reviews to ensure compliance with company guidelines.

Vendor Code of Conduct

As part of our commitment to conduct our business with integrity and in full compliance with the applicable laws and regulations, we engage with our suppliers and vendors to ensure they also observe the highest commercial standards of fair dealing, while avoiding any conflicts of interest or unlawful activities. To do so, we published our **Vendor Code of Conduct**, and expect all vendors to adhere to the standards set forth in this policy.

Human Rights

We are committed to ensuring fundamental human rights across our business and in each region, our operations are guided by international human rights treaties and norms encompassed by the Universal Declaration of Human Rights.

We recently published a new **Global Human Rights Policy** that outlines our commitment to respect and promote human rights in accordance with internationally recognized human rights standards. This policy details our actions concerning human rights, such as providing fair and competitive compensation, benefits and hours to our colleagues, freedom of association and collective bargaining and our zero-tolerance policy for harassment and discrimination.

Anti-Bribery, Corruption & Conflict of Interest

Our employees have the freedom to participate in civic, charitable or professional activities outside of their duties at Encore. However, we hold all our colleagues to the highest standards and take critical actions to ensure they avoid activity, investment, interest, association or relationship that conflicts with the independent exercise of judgment in connection with their work and that would lead to unethical, corrupt or illegal dealings.

Encore's **Standards of Business Conduct** outline the guidelines and limitations for employees interested in accepting any position as an officer or director of an outside business to ensure there is not a conflict of interest. In addition, we require all colleagues to disclose outside activities, financial interests or relationships that may present a possible conflict of interest or the appearance of a conflict of interest to Encore's General Counsel.

Lastly, anti-bribery and anti-corruption training is mandatory across our business units and covers local regulations, definitions, examples and employee responsibilities regarding the topic. All new hires have designated training as part of onboarding and all existing employees are required to complete compliance courses annually.

Whistleblowing

Encore is committed to an "open door" policy for reporting complaints and encourages open lines of communication, feedback and discussion about any matter of importance to an employee. We do not tolerate retaliation against colleagues who report complaints or potential violations of any law, regulation or company policy.

We have a whistleblowing forum that convenes periodically to assess all reports, determines how they will be investigated and provides recommended actions to the audit committee each quarter. For our global colleagues, we implemented a "Speak Up" button on our internal home page to assist with reporting concerns, which may be made anonymously. Our company-wide and local whistleblowing policies and procedures are reviewed annually and updated as required.

Data and Information Security

Policies

Safeguarding our data, information systems and technological assets is critical to our business. We constantly monitor our activities to ensure that only authorized users have access to sensitive information. We also have comprehensive information and data security policies that are enforced company wide. These policies maintain data protection in accordance with local regulatory and legal requirements as well as international frameworks and standards, such as the General Data Protection Regulation 2016/679, Payment Card Industry security standards and the ISO 27001:2013 information security management certification. In addition, we comply with the Payment Card Industry Data Security Standard and are aligned with the National Institute of Standards and Technology guidelines. Compliance with these standards is supported by third-party audits that cover all of Encore's business units.

Training

We emphasize the responsibility of each employee to protect the company's data security through regular data and information security training. Each year, we conduct mandatory security awareness training, phishing simulations for all employees and role-based training for Information Security and Engineering personnel. Additionally, we partner with external training parties to provide supplemental training deemed informative and beneficial for our colleagues.

Oversight

The Risk Committee of the Board of Directors is the governing body of data and information security issues. The Executive Risk and Compliance Team frequently meets to review data vulnerabilities and potential threats, breaches, or related

complaints. The team also maintains the administrative, technical and physical safeguards appropriate to the size and complexity of operations, the nature and scope of activities and the sensitivity of consumer information.

We divide our information security program into the three core tenets that we believe result in a solid information security practice:

1. Governance Risk and Compliance
2. Security Operations
3. Security Engineering and Architecture

We invest in technologies to protect our organization, consumer and proprietary data throughout its life cycle. We believe that our adoption and implementation of leading security frameworks and certifications demonstrate our commitment to protecting consumer information and our enterprise. To ensure the integrity and reliability of our environment, we periodically engage outside specialists to examine and test our systems' technical posture as well as our detection and response capabilities, including our disaster recovery plans. Through this work, we are able to adopt recommendations and adjust our information and cyber security posture to the constantly changing threat landscape.

Our enterprise's security objectives are to ensure the security and confidentiality of such information, to protect against anticipated threats to the security or integrity of such information and to prevent unauthorized access or use of such information. These objectives are achieved by the ongoing training and maintenance of the highest information security standards and controls.

SASB Index

Topic	Metric	Code	Disclosure
Data Security	Description of approach to identifying and addressing data security risks	SV-PS-230a.1	See: Data and Information Security Section
	Description of policies and practices relating to collection, usage and retention of customer information	SV-PS-230a.1	See: Consumers' Data Security and Privacy Section
	(1) Number of data breaches, (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII), (3) number of customers affected	SV-PS-230a.1	As of this reporting period, data breaches or incidents have not had a material impact on our operations. For further information, see our Consumers' Data Security and Privacy section.
Workforce Diversity & Engagement	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees	SV-PS-330a.1	See: Diversity & Inclusion Section
	Employee engagement as a percentage	SV-PS-230a.1	See: Employee Engagement Section
Professional Integrity	Description of approach to ensuring professional integrity	SV-PS-510a.1	See: Responsible Operations Section
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	SV-PS-510a.2	Information on legal proceedings can be found in our Form 10-K.