

New Day

Sustainability *Report*

2021



# Welcome to NewDay's first sustainability report.

*NewDay exists to help people responsibly move forward with credit. We are a purpose-led business and believe in credit as a force for good. Acting responsibly and sustainably means we can look after our customers, protect the environment, and help support our communities.*

Our ESG strategy is aligned with our purpose to help people move forward with credit. Responsible and accessible credit expands possibilities, it powers up life and business. We focus on being a responsible lender – understanding our customers’ needs and providing them with tools to help stay in control of their finances, providing a level of care and service that is appropriate to each individual customer, treating them fairly, protecting people’s data, acting ethically and reporting openly.

Our social responsibility goes beyond our customer agenda. We aim to create an exceptional experience for our colleagues by creating a fair, inclusive and diverse workplace with opportunities for growth and development. We support the communities we serve and we take our charity partnership with Family Action very seriously.

We are also committed to reducing our impact on the environment with a focus on decarbonisation, water use reduction and waste management. Notably, we plan to achieve Net Zero Greenhouse Gas emissions by 2040.

All of this is built on the foundations of a well-established governance framework comprising robust controls and compliance procedures, and which fosters a culture of ethical and responsible business practices. We aim to ensure growth is delivered in a controlled and compliant manner whilst protecting the interests of our stakeholders.

This report explains more about our approach to ESG and the progress we’ve made so far.



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## Our purpose, manifesto and values

*We believe in credit as a force for good.*

NewDay is a leading consumer credit company serving almost five million customers through our diverse and highly digital business. We are powered by state-of-the-art technology and we partner with some of the UK's most exciting brands.

We aim to be the UK's leading digitally enabled consumer finance provider, responsibly saying "yes" to more people. We develop innovative ways to help customers stay in control of their finances and access appropriate credit seamlessly.

By understanding the varying needs of our customers, building long-lasting relationships and rewarding customers for responsibly managing their credit, we continue to be one of the most inclusive lenders in the UK. This enables us to fulfil our purpose to help people move forward with credit.

- ▶ **Guided by our purpose.**
- ▶ **Powered by our people.**
- ▶ **Motivated by our ability to create impact.**

# 82%

Purpose and Values Index in our 2021 colleague engagement survey indicating we are successfully building a culture centered around our purpose and values

Our purpose and manifesto sit at the heart of our business.

### Our purpose

At NewDay, our business is focused on a single, clear and defining purpose:

*to help people move forward with credit.*

#### Who we move forward



#### Consumers

We create more convenient ways to access and manage credit with simple tools to help our customers improve credit scores and earn rewards. All of this is underpinned by seamless customer journeys.



#### Partners

Our products enable our partners to offer a range of financing options to their customers, improving engagement and helping move their businesses forward.

### Our manifesto

*Everyone wants to move forward – to progress their lives.*

We believe in credit as a force for good. Because responsible and accessible credit expands possibilities. It powers up life and business.

We know that credit itself should move forward too. People want the right credit for them – credit that supports, rewards and adapts to life's changes. We make this happen through expert insight, data and technology.

People want to shop with the brands they love. We help businesses offer these experiences through seamless credit and loyalty.

Credit helps us move forward.

[Where next?](#)

### Our values



#### Do the right thing

We're guided by our responsibility towards our customers and to each other.



#### Pull together

We take collective accountability. We support one another. We are stronger together.



#### Aspire to extraordinary

We aim high. We have the courage to challenge ourselves and each other.



#### Create tomorrow

We build for the future. We push to create, adapt and change.

## Our business model

*NewDay offers consumer finance, both direct to consumers and through merchant partners.*

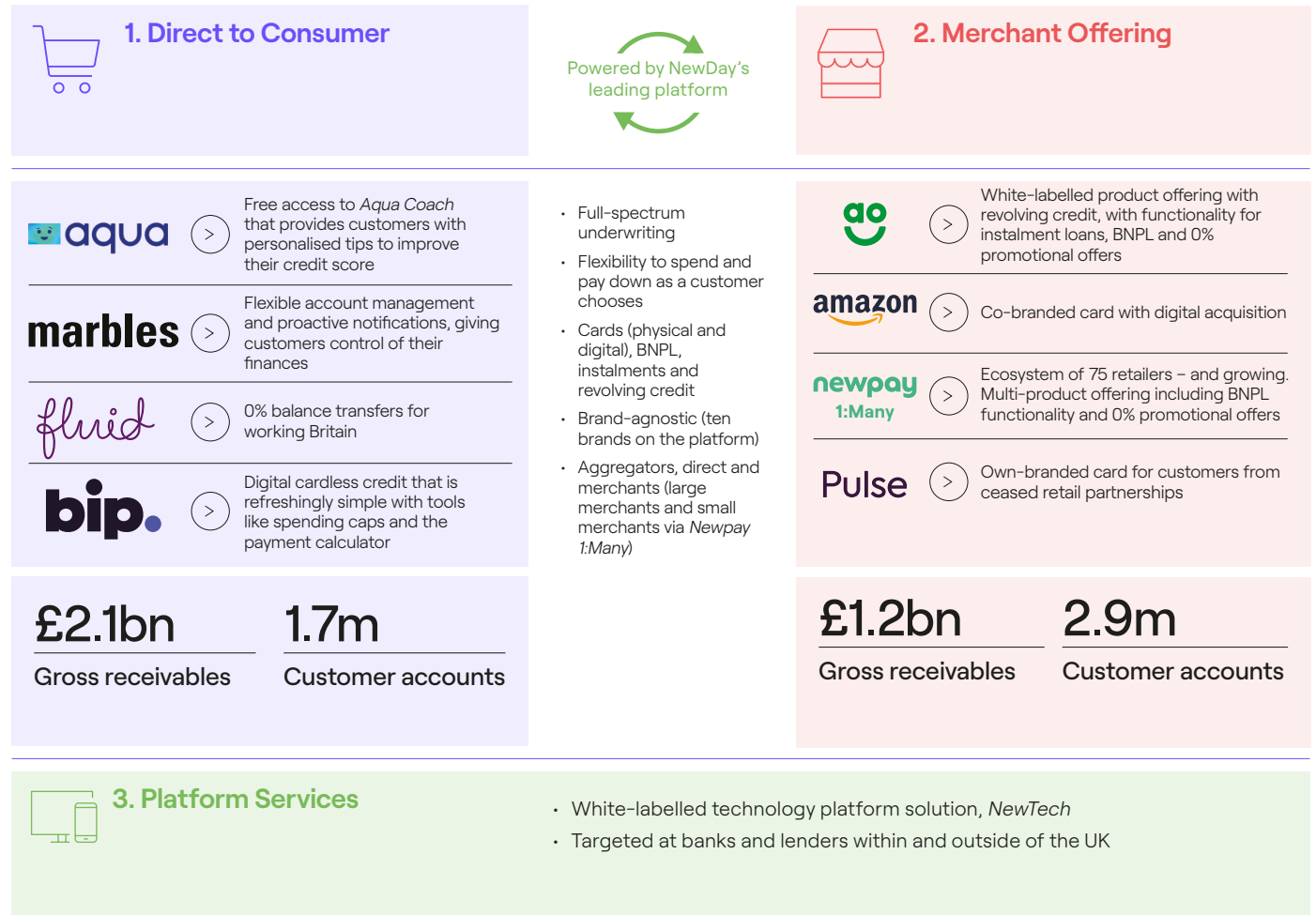
We are powered by our leading digital, highly flexible technology platform with full-spectrum underwriting capabilities.

We have proven through the credit risk cycle capabilities in full-spectrum<sup>1</sup> credit underwriting across a range of products including cards (both physical and digital), Buy Now Pay Later (BNPL), 0% promotional periods, instalment plans and revolving credit. Through our Direct to Consumer business, we offer revolving credit to a broad range of customers including those who may not have easy access to mainstream lenders. In our Merchant Offering business, we partner with retailers and online e-tailers, including smaller merchants through *Newpay*, to offer credit to their customers together with loyalty and other reward programmes to build customer loyalty, sales momentum and profitability.

Our business is built on an advanced front end digital platform that allows us to innovate and respond rapidly to changing customer and retail partner needs. Our access to and understanding of data enables us to generate in-depth customer insights. In 2021, we launched our Platform Services business which aims to generate a new revenue stream by providing a white-labelled digital platform solution for end-to-end servicing of third party credit products.

### Our portfolio

We have a customer-centric ethos and our portfolio is designed to meet a variety of consumer credit needs in underserved sectors of the market, helping more people move forward with credit.



<sup>1</sup> Excluding sub-prime.

Note: Our Direct to Consumer business also has an *Opus*-branded portfolio. Our Merchant Offering business also has partnerships with high street retailers including new agreements signed with John Lewis & Partners and Currys as well as closed portfolios.

# NewDay at a glance

## Proportion of UK credit cards issued by NewDay in 2021<sup>1</sup>

**17%**

(2020: 19%)

<sup>1</sup> Estimated based on eBenchmarkers data and inclusive of Newpay volumes.

## Transactional Net Promoter Score (NPS)

**+70**

(2020: +67)

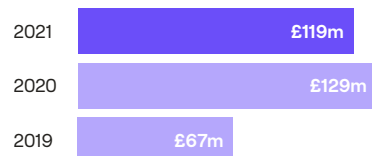


Average customer feedback score when rating their experience on an interaction with us.

## Free cash flow for Senior Secured Debt interest

**£119M**

(2020: £129m)



Cash generation driven by underlying business performance to fund future growth activity and servicing of debt.

## Customer spend

**£6.0BN**

(2020: £5.0bn)

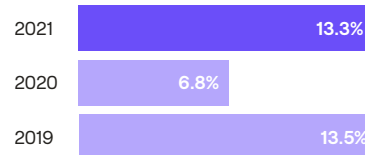


The amount of customer spend through our products in the period, including balance transfers, money transfers and cash advances.

## Underlying risk-adjusted margin

**13.3%**

(2020: 6.8%)

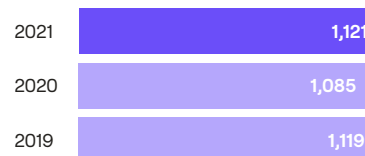


The ratio of underlying risk-adjusted income (net revenue less impairment losses) to Average Gross Receivables. Underlying risk-adjusted margin is used by the Directors as a measure of returns from customers after impairment charges.

## Number of colleagues (FTE)

**1,121**

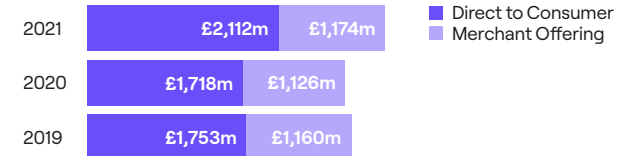
(2020: 1,085)



## Receivables

**£3.3BN**

(2020: £2.8bn)

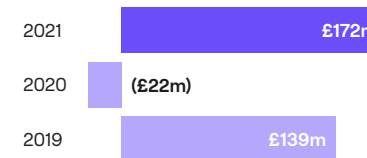


Gross customer balances outstanding at the year end.

## Group underlying profit before tax from continuing operations

**£172M**

(2020: normalised loss before tax of £(22)m)



The profit/loss after tax from continuing operations, adjusted for tax, amortisation and impairment of intangible assets arising on the acquisition by current shareholders, goodwill impairment charges, interest expense and related costs from Senior Secured Debt and Exceptional and Non-Operating Costs.

You can read more about our business, strategy and performance in our 2021 Annual Report and Financial Statements available at [Results centre | NewDay](#).

# Credit as a force for good

Our focus on ESG is embedded across our business. Our progress in 2021 includes:

## We help people move forward with credit

**0.9M**

new customers welcomed that we responsibly said "yes" to (2020: 0.9m)

**1.8M**

customers improved their credit score (2020: 1.9m)

**270K**

customers supported with our collections toolkit (2020: 433k including COVID-19 support packages)

**336K**

customers registered for *Aqua Coach*, our financial education tool (2020: 75k)

**bip.**

Introduced *Bip* – the UK's first fully digital credit card

## We strive to create an exceptional experience for our colleagues and support advancement in our communities

**80%**

Employee engagement (2020: 80%) against a target of >75%

**83%**

Inclusion and Diversity Index in our employee engagement survey (2020: 82%) against a target of >75%



Across our six year partnership we've donated over £1m to our charity partner Family Action

**DEMOS**

Supported the third annual Demos Good Credit Index

## We are an environmentally conscious and highly digital business

**0.5**

tonnes of CO<sub>2</sub>e per average FTE employee across Scope 1, 2 and 3 within our own operations (2020: 0.4 tonnes of CO<sub>2</sub>e per average FTE employee) against a target of 0.9 tonnes



Greenhouse Gas inventory completed, enabling us to expand our Scope 3 emissions reporting and assess our impact across the value chain

**2040**

Net Zero target set

**53%**

renewable energy tariffs across our operations. Remainder to transition to renewables in 2022

NewWork, our flexible working policy reduces environmental impact and enhances colleague wellbeing

## Underpinned by strong and established corporate governance

Signatory to UN Global Compact



EcoVadis Silver Sustainability Rating (2020: Bronze)

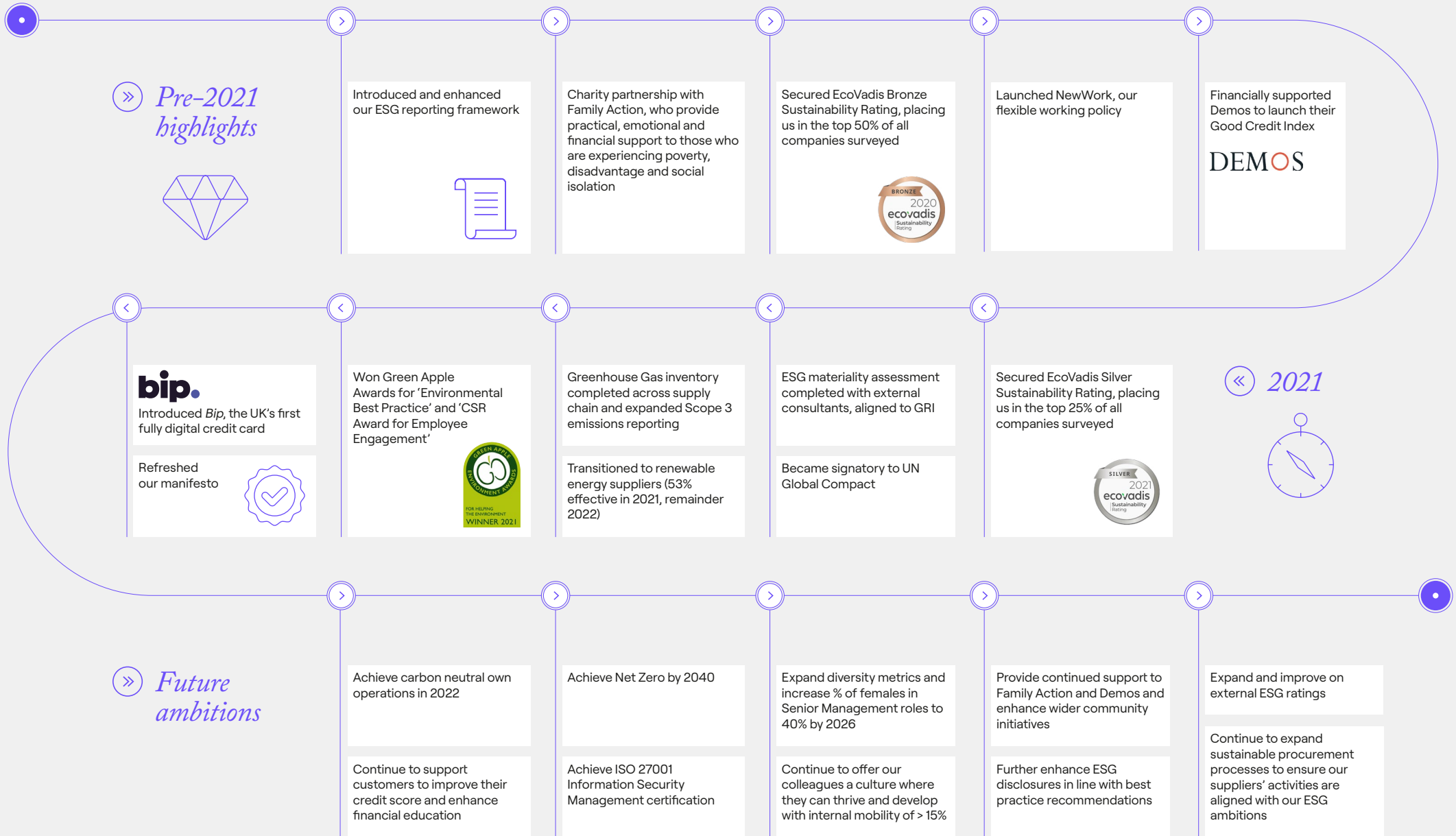


Targets set for each ESG metric and regularly monitored within the business

Mandatory ethics training for all colleagues annually

Won two Green Apple Gold Awards: 'Environmental Best Practice' and 'CSR Award for Employee Engagement'.


# Our ESG progress



» *Pre-2021 highlights*



Introduced and enhanced our ESG reporting framework




Charity partnership with Family Action, who provide practical, emotional and financial support to those who are experiencing poverty, disadvantage and social isolation

Secured EcoVadis Bronze Sustainability Rating, placing us in the top 50% of all companies surveyed




Launched NewWork, our flexible working policy

Financially supported Demos to launch their Good Credit Index



**bip.**  
Introduced *Bip*, the UK's first fully digital credit card

Refreshed our manifesto



Won Green Apple Awards for 'Environmental Best Practice' and 'CSR Award for Employee Engagement'



Greenhouse Gas inventory completed across supply chain and expanded Scope 3 emissions reporting

Transitioned to renewable energy suppliers (53% effective in 2021, remainder 2022)

ESG materiality assessment completed with external consultants, aligned to GRI

Became signatory to UN Global Compact

Secured EcoVadis Silver Sustainability Rating, placing us in the top 25% of all companies surveyed



« *2021*



» *Future ambitions*

Achieve carbon neutral own operations in 2022

Continue to support customers to improve their credit score and enhance financial education

Achieve Net Zero by 2040

Achieve ISO 27001 Information Security Management certification

Expand diversity metrics and increase % of females in Senior Management roles to 40% by 2026

Continue to offer our colleagues a culture where they can thrive and develop with internal mobility of > 15%

Provide continued support to Family Action and Demos and enhance wider community initiatives

Further enhance ESG disclosures in line with best practice recommendations

Expand and improve on external ESG ratings

Continue to expand sustainable procurement processes to ensure our suppliers' activities are aligned with our ESG ambitions

## Chairman's statement



*Sir Michael Rake*

Chairman and Non-Executive Director

I am pleased to present NewDay's first standalone sustainability report. 2021 was a year where we delivered positive momentum in our ESG agenda. We are a purpose-led business and believe in credit as a force for good. Responsible and accessible credit expands possibilities for our customers.

### **Making progress during challenging times**

We recognise the important role that our products play in society. Responsibly saying "yes" to more customers is our mission and, in 2021, we welcomed 0.9m new customer accounts and broadened our product offering. Promoting financial inclusion and good credit behaviours is key to helping people move forward with credit. 336k customers are now registered for our financial education tool, *Aqua Coach*, with over 60% of customers re-engaging with the feature every month. In 2021, we supported 1.8m customers to improve their credit score.

While our business has become more resilient following COVID-19, we remain mindful of the impact that the pandemic and subsequent macroeconomic environment has on our customers. Our contact centre colleagues are highly skilled and our technology provides them access to detailed customer insight to be able to identify potentially vulnerable customers. In 2021, we supported 270k customers with our collections toolkit which remains key in providing support to customers who experience 'bumps in the road'.

Helping people move forward with credit is underpinned by our focus on delivering positive customer outcomes. Our ongoing commitment to serving our customers is evident in our transactional Net Promoter Score (NPS) which remains high at +70. We recently benchmarked our *Aqua* card against the UK Customer Satisfaction Index (run by the Institute of Customer Service) and the results were extremely positive; our score of 85.5 was one point behind the leading company, seven points above sector average, and we obtained the highest score for Relationship NPS and Effort. We also won a silver award at the UK National Contact Centre Awards for the 'Most Positive Impact on the Community'.

We continue to invest in our leading-edge technology to provide effortless customer journeys and adapt to changing consumer credit behaviour. Our truly agile customer-centric technology platform allows us to carefully pursue brand and product expansion (including BNPL) in an increasingly digital world. Through *Newpay* and *Bip* 338k of our customers now have a digital product (2020: 198k). Alongside this, we continue to enhance our e-servicing capability to allow customers to more easily self-serve. Our digital e-servicing and mobile application platforms are proving highly effective for our customers with 91% of active customers registered for e-servicing (2020: 84%). 76% of customer statements are now delivered digitally (2020: 55%) which also supports a reduction in our carbon footprint.

### **2021 Highlights**

We became a signatory to the UN Global Compact (UNGC), the world's largest corporate sustainability initiative. We have aligned our approach to the UNGC's Ten Principles covering human rights, labour, environment and anti-corruption. As a signatory, we are demonstrating our commitment to taking action to advance broader societal goals, including the UN Sustainable Development Goals (SDGs). We identified the SDGs where we can make the most impact and made good progress against each of these in 2021.

Our continued enhancements in our ESG strategy and outcomes led to an improvement in our EcoVadis Sustainability Rating from Bronze in 2020 to Silver in 2021, meaning we now rank in the top 25% of all companies rated by EcoVadis globally on sustainability. Our score was 17% above industry average. EcoVadis also assessed our carbon management practices for which we were rated Intermediate on their carbon scorecard.

We reached an important milestone with our charity partner, Family Action, having donated over £1m over our six year partnership. We also supported a third annual Good Credit Index through Demos which maps access to 'good credit' across the UK and informs policy-making at local level.

We made good progress on our environmental agenda. We undertook a project with external

consultants to assess our wider carbon footprint, enabling us to set a baseline upon which to develop our longer-term strategy. We made significant progress on our aim for carbon neutral own operations, transitioning to renewables for 53% of our energy needs, with remaining contracts re-negotiated and to become effective in 2022. We were also recognised at the Green Apple Awards winning gold in the categories 'Environmental Best Practice' and 'CSR Award for Employee Engagement'.

### **Powered by our People**

Our social responsibility goes beyond our customer agenda; we aim to create an exceptional experience for our colleagues. We have a strong culture which is guided by our purpose to help people move forward with credit. While we are guided by our purpose, we are powered by our people and driven by our values: 'do the right thing', 'pull together', 'aspire to extraordinary' and 'create tomorrow'. We believe colleagues should feel valued, inspired and empowered to do the right thing for our customers in a diverse and inclusive business.

Our bi-annual, externally managed employee survey demonstrates high levels of engagement with a score of 80% in our most recent survey (2020: 80%). Our inclusion and diversity agenda remains at the forefront of the Board's thinking and we ran a rich events programme throughout the year, including our Inspirational Speaker Series, to continue to promote a culture that celebrates diversity in all its guises. Our engagement survey results showed an Inclusion and Diversity Index of 83% (2020: 82%) reflecting our belief that everyone should be able to be themselves at NewDay.

Our colleagues are our greatest asset which is why we are committed to their long-term wellbeing and development. We know that we have high-potential talent across NewDay and we are tapping into that to deliver our strategy. In 2021, colleagues completed an average of 32 hours of structured learning and development. 21% of colleagues moved into new opportunities internally in the year, against our target of 15%. Of these internal moves, 50% were made by women.



## Chairman's statement continued



### EcoVadis silver medal for sustainability



### Green Apple Environment awards for Environmental Best Practice



### CSR Award for Employee Engagement

#### Governance

We have a well-established governance framework designed to ensure high standards of corporate governance and appropriate oversight by the Board. This aims to ensure growth is delivered in a controlled and compliant manner whilst protecting the interests of our stakeholders.

Whilst no significant changes have been made to our strong governance framework during 2021, the Directors continue to monitor governance arrangements to ensure they remain fit for purpose and reflect the size and ambition of the Group.

#### Regulatory developments

Consumer credit activities are subject to extensive regulation in the United Kingdom. We continue to work with regulators to ensure that as an industry we deliver fair outcomes for customers.

In 2021, the Financial Conduct Authority (FCA) commissioned a review of the unsecured credit market. The Woolard Review recommended that BNPL lending should “urgently” be brought within scope of existing regulations. We have carefully assessed the findings of the Woolard Review and as a responsible lender we welcome the proposals to level the playing field between regulated BNPL providers like ourselves and unregulated providers. We view our FCA-regulated *Newpay* product as a clear differentiator in the marketplace. We believe we are ahead of our peer group in addressing a number of recent and upcoming regulatory areas, in particular the FCA’s Credit Card Market Study, affordability, vulnerability and the Woolard Review.

Although the FCA’s deadline for a customer to raise a complaint directly with a Payment Protection Insurance (PPI) provider passed in August 2019, the Group still incurs some PPI-related costs primarily on claims processed by third parties. Additionally, claims management companies (CMCs) continue to test firms on their affordability review processes and PPI claims continue to be received from CMC-style solicitors. We are working closely with industry trade associations on the matter and the

risk continues to be monitored. Further details on our PPI provision can be found in our 2021 Annual Report and Financial Statements available at [Results centre | NewDay](#).

#### Longer-term ambitions

Delivering long-term sustainability is a fundamental objective at Board level. Whilst I am proud of the progress we have made on our ESG journey over the last year, there is more to be done.

Short-term targets are set for all our ESG metrics, however as part of our strategy enhancement we are now developing medium and longer-term targets.

Having completed our Greenhouse Gas inventory and baselined our Scope 3 emissions across our supply chain, we set ourselves a Net Zero target of 2040. As third parties contribute the significant proportion of our carbon footprint we recognise that it is crucial to engage with our supply chain in order to deliver our Net Zero ambitions.

The increased representation and development of women in our company remains a priority to us and our medium-term gender diversity target is to increase the proportion of colleagues that identify as female in Management Committee, Director or Head of function level roles to 40% by the end of 2026. This compares to 30% in 2021.

We are also progressing certification against the ISO 27001 best practice security standard. Our programme of security testing activity will continue to provide assurance on the security of our services.

#### Enhanced reporting

During 2022, we will continue to monitor the publications of the International Sustainability Standards Board as well as working to develop enhanced external reporting in line with the Task Force on Climate-related Financial Disclosures, SASB and the Global Reporting Initiative (GRI).

We will continue to undertake independent assessments of our sustainability practices and, where relevant, seek to further expand our ESG memberships.

#### Board update

I was pleased to welcome Dr Javed Khan OBE to the Board in February 2022. Javed is a leading figure in the UK public and voluntary sectors. He was chief executive officer of the children’s charity Barnardo’s from 2014 to 2021, and of the charity Victim Support from 2010 to 2014. He is currently the chair of the Buckinghamshire, Oxfordshire & Berkshire West Integrated Care Board and a commissioner on the Law Family Commission on Civil Society. Javed is a Companion of the Chartered Management Institute and a former member of the Independent Grenfell Recovery Taskforce. He was also a Specialist Advisor to the Justice Select Committee’s inquiry into prison reform. Javed was appointed an Officer of the Order of the British Empire (OBE) in the Queen’s Birthday Honours for 2021 for services to young people and to education. Javed’s considerable leadership expertise and background will also help drive forward NewDay’s ESG agenda as well as furthering our goal of being a force for good in responsible lending.

Finally, I would like to thank the Board and all colleagues across the business for their hard work and commitment to delivering on our ESG strategy. We could not have achieved the progress we made this year across each of our ESG objectives without them.

**Sir Michael Rake**

Chairman and Non-Executive Director

# Our ESG approach

## Materiality assessment

In 2021, we engaged external consultants to support us in completing a materiality assessment aligned with the principles of GRI, to identify key Environmental, Social and Governance factors to be considered in our ongoing ESG strategy development.

Importance to stakeholders ↑	<ul style="list-style-type: none"> <li>Financial wellbeing and education</li> <li>Accountability and transparency</li> </ul>	<ul style="list-style-type: none"> <li>Financial inclusion</li> <li>Responsible lending</li> <li>Customer service and experience</li> <li>Vulnerable customers</li> <li>Ethical conduct</li> <li>Employment practices</li> </ul>	
	<ul style="list-style-type: none"> <li>Community investment</li> </ul>	<ul style="list-style-type: none"> <li>Environmental impact</li> <li>Charitable partnerships</li> <li>Sustainable innovation</li> </ul>	<ul style="list-style-type: none"> <li>Strong governance and management</li> <li>Digitalisation</li> <li>Colleague engagement and development</li> <li>Diversity and inclusion</li> <li>Regulatory change</li> </ul>
	<ul style="list-style-type: none"> <li>Taxation</li> </ul>	<ul style="list-style-type: none"> <li>Responsible supply chain management</li> </ul>	
	Influence on business success →		

Our materiality assessment helps us define our ESG priorities, shape our strategy, guides our targets, and defines our resource allocation and reporting. Following expansion of our ESG metrics in 2021, desk research of industry peers and review of reporting standards and guidelines such as the GRI and UN SDGs, an initial list of over 60 potential issues was created. Following discussion with the internal ESG working group, which includes representatives covering each area of ESG, a shortlist was created. Using a range of methods to gather insight from different stakeholders, including interviews and questionnaires with material suppliers and colleagues, the results were collated to determine the material issues that our ESG strategy should be focused on addressing.



## ESG strategy

Our ESG strategy is aligned with our purpose to help people move forward with credit. We focus on:

**Being a responsible lender** – providing customers, some of whom, are underserved by mainstream lenders, with credit products tailored to their needs. We aim to offer appropriate credit limits, deliver fair outcomes, offer assistance in times of difficulty and help them move forward with credit.

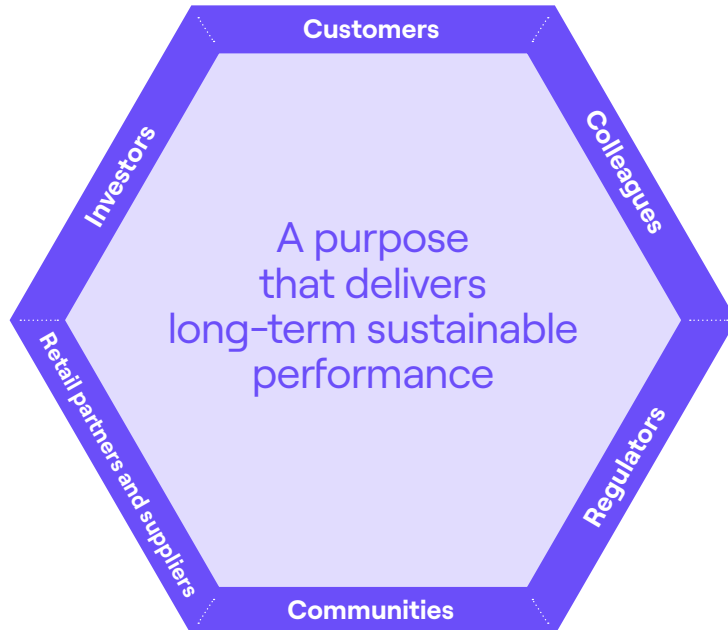
**Acting ethically, responsibly and sustainably in our stakeholder relationships** – we consider the interest of various stakeholders in our decision-making, create a fair, inclusive and diverse workplace, support our local communities, assess and reduce our environmental impact and treat suppliers and partners fairly.

In addition, we align our strategy with the Ten Principles of the United Nations Global Compact and its Sustainable Development Goals (see page 13 for further details).

# Stakeholder engagement

Stakeholder engagement is at the heart of our sustainability activity. Our ESG strategy must be based on the issues that matter to our stakeholders and reflect important social priorities.

We are committed to building long-term relationships and balancing the interests of our different stakeholders in order to maximise the success of our business. By understanding the differing needs and concerns of our stakeholders through proactive engagement, the Board can then ensure careful consideration of the potential impact of their decision-making on each stakeholder group. Detailed on the following page are the Group's key stakeholders, their material interests, how we engage with them and key outcomes delivered for each group in 2021.



Our Board and its committees consider the needs and concerns of all stakeholders regularly. Examples of decisions taken and how the views of stakeholders are considered are:

### Strategy review

We reviewed our strategy in the context of changing macroeconomic conditions (including those associated with the COVID-19 pandemic and Brexit) to ensure our strategy remained fit for purpose. This included a particular focus on ensuring appropriate support for our customers and minimal disruption to operations and service levels. We considered the FCA's COVID-19 support guidance and ensured that our broadened range of payment relief concessions for customers, including payment freezes, remained in place up to the FCA deadline of Q3 2021.

We balanced the needs of our customers and requirements of our regulators against the interests of our shareholders and debt investors. We tightened credit underwriting and maintained appropriate levels of funding to ensure we were well positioned for appropriate growth in 2022 and beyond.

### Launch of Bip

We approved the launch of *Bip*, the UK's first completely digital credit card. *Bip* is at the forefront of credit product innovation, which creates strong development opportunities for our colleagues involved in its creation.

In developing *Bip*, we considered the changing needs of our customers. Customers no longer need to wait to receive plastic cards before they can spend; they instantly receive a virtual card with real-time authentication, instant decisioning and spend caps. We also stripped back the terms – one interest rate with no fees.

*Bip* was also developed with consideration of our impact on the environment. As cardless credit which is fully serviced digitally there is no associated plastic or paper or the carbon footprint involved in transporting these.

### Launch of our Platform Services business

At our Board Strategy Day, we assessed our strategic priorities and identified an opportunity to deploy our technology platform to establish a new revenue stream from white-labelling the platform. It is intended that the Platform Services business will drive additional, capital-light revenues designed to provide additional returns for our shareholders as well as increasing cash flows to service our Senior Secured Debt.

This new business line provides a fresh and exciting challenge for our colleagues. At the same time, we have been cognisant that it is important to ensure that the Platform Services business does not detract from our ability to continue to service our customers and ensure regulatory compliance. Our platform-as-a-service proposition has been deliberately structured to meet these aims with clear legal separation between the two businesses.

### Support for Family Action

We recognised that the pandemic had a significant impact on the charity sector at a time when their services were most sought after. Our charity partner, Family Action, was no exception. Throughout the COVID-19 pandemic Family Action's services, providing practical, emotional and financial support to those who are experiencing poverty, disadvantage and social isolation, were needed more than ever. In order to enable Family Action to support more vulnerable families with Open Doors grants and ensure that more families could access direct emergency grants in areas affected by local lockdowns, we increased our donation to £372k in 2021.

## Stakeholder engagement continued

Detailed below are the Group's key stakeholders, their material interests, how we engage with them and key outcomes delivered for each group in 2021.

### Stakeholder and their material interests

### How we engage

### 2021 key deliverables

#### Customers

Responsibly saying “yes” to more customers, delivering easy-to-use products and supporting our customers to move forward with credit whilst adapting our product offering and providing appropriate financial support throughout their credit journeys.



- Our manifesto is at the heart of our decision-making
- Feedback through transactional NPS and NES metrics to track customer satisfaction
- Customer issue resolution programmes using customer and colleague feedback to improve processes
- Collections toolkit to support customers who encounter difficulties
- Credit education tools to support improving credit scores
- Servicing messages and alerts
- Customer KPIs in monthly Board reporting
- Digital engagement through new channels

- Refreshed our manifesto
- Launched next generation credit models allowing us to say “yes” to more customers
- Launched *Bip* which is our completely digital credit card solution aimed at meeting the evolving needs of our customers
- Migrated certain customers from ceased co-branded programmes to our *Pulse* card which has exciting new benefits
- Transactional NPS increased to +70 and NES increased to +73
- Supported 1.8m customers to improve their credit score
- Chatbot increased sophistication

#### Colleagues

Providing an engaging and highly motivated environment, attractive career paths and empowerment to make an individual contribution to delivering on our vision.



- Our purpose and values are at the heart of employee engagement
- Bi-annual employee surveys with follow-up actions
- Programme of activities throughout the year covering inclusion and diversity, mental health and wellbeing
- Continuous all-colleague communication programme
- Online learning and development tool
- Independent whistleblowing helpline

- Engagement score of 80%
- Inclusion and diversity index score of 83%
- Held our second hackathon, giving colleagues the opportunity to solve eight challenges faced in our business
- Inspirational Speaker Series of events and promoted discussions of important emerging matters
- Provided colleagues with a care package and benefits to support health and wellbeing
- Launched a green car scheme available for all employees

#### Retail partners





Seamless integration into our partners' customer experiences. Using our data analytics to generate in-depth customer insights, supporting brand loyalty to drive higher sales, increased basket size and repeat business.



- Responsibly saying “yes” and rewarding their customers is core to partner engagement
- Regular performance meetings with our partners
- Provision of data insight and performance analytics
- Working with our partners to develop marketing strategies and offers

- Launched next generation credit models allowing us to say “yes” to more customers
- Worked with partners to develop credit solutions that meet the needs of their customers, including regulated BNPL, interest-free promotional periods and instalment plans
- Expanded our *Newpay* offering by launching a multiple retailer proposition, *Newpay 1:Many*, with our sister company Deko

## Stakeholder engagement continued

Stakeholder and their material interests	How we engage	2021 key deliverables
<p><b>Shareholders</b></p> <p>Building a valuable sustainable, ethical, strong, customer-centric and viable business. Lending responsibly alongside leveraging our technology platform and credit expertise to deliver predictable, sustainable and attractive returns.</p> 	<ul style="list-style-type: none"> <li>• Well-informed Board meetings and strategy days</li> <li>• Ongoing investor dialogue through their Board representatives' investor meetings</li> <li>• Monthly performance reporting – both financial and non-financial</li> </ul>	<ul style="list-style-type: none"> <li>• Record profitability with underlying profit before tax of £172m and a statutory profit before tax from continuing operations of £79m</li> <li>• 16% receivables growth and an Expected Credit Loss allowance representing 17.3% of gross receivables</li> <li>• Generated £119m of free cash flow available for Senior Secured Debt interest</li> <li>• Raised £1.4bn of new asset-backed funding for future growth</li> <li>• Reported in line with our shareholders' ESG quarterly reporting framework</li> </ul>
<p><b>Investors (asset-backed securities and high yield bond)</b></p> <p>Delivering sustainable and safe returns on their financial investments.</p> 	<ul style="list-style-type: none"> <li>• Monthly securitisation investor reporting</li> <li>• Quarterly HYB investor reporting and presentations</li> <li>• Investor roadshows and open investor relations dialogue</li> </ul>	<ul style="list-style-type: none"> <li>• Repaid £100m of Senior Secured Debt and the £30m Revolving Credit Facility, including the early repayment of our floating rate bonds</li> <li>• Generated £119m of free cash flow available for Senior Secured Debt interest</li> <li>• Raised £1.4bn of new asset-backed funding for future growth</li> <li>• Diversified funding partners by adding a new large international bank to our lending panel</li> </ul>
<p><b>Regulators</b></p> <p>Active engagement and alignment of our approach to meet regulatory requirements and delivering on our manifesto.</p> 	<ul style="list-style-type: none"> <li>• We believe credit is a force for good and we believe good regulation reinforces this</li> <li>• Member of industry bodies to ensure active engagement in industry-wide discussions</li> <li>• Open and transparent reporting</li> <li>• Proactive engagement and collaborative approach with regulators and Government</li> </ul>	<ul style="list-style-type: none"> <li>• Implemented guidance issued by the FCA aimed at helping customers in financial difficulties during COVID-19</li> <li>• Implemented all planned persistent debt guidance</li> <li>• Considered the findings of the Woolard Review to assess its impact on our business</li> </ul>
<p><b>Community</b></p> <p>Socially responsible management including promoting financial inclusion and good credit behaviours. Delivering environmentally friendly practices.</p> 	<ul style="list-style-type: none"> <li>• Partner directly with Family Action and Demos</li> <li>• Member of environmental organisations to share best practice</li> </ul>	<ul style="list-style-type: none"> <li>• Became a signatory to the UN Global Compact and our business supports their Ten Principles on human rights, labour, environment and anti-corruption</li> <li>• Awarded a Silver Sustainability Rating by EcoVadis, placing our business in the top 25% of all businesses surveyed</li> <li>• Net zero by 2040 target set</li> <li>• Donated £372k in our ongoing partnership with Family Action, our charity partner</li> <li>• Our colleagues donated over 2,300 toys to Family Action for their Christmas Toy Appeal</li> </ul>

# Committed to the UN Sustainable Development Goals

In 2021, we signed up to the UN Global Compact (UNGC), and we reaffirm our support of its Ten Principles in the areas of human rights, labour, environment and anti-corruption.

We recognise the United Nations Sustainable Development Goals (SDGs) as shared global priorities to be achieved by 2030 and are committed to taking strategic action to support their achievement. Whilst we align to all of the SDGs, we focus on the goals where we can make the most impact.

## Ten Principles:

### Human Rights

- Principle 1 – Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2 – Make sure they are not complicit in human rights abuses.



SDG supported by these principles:

### Labour

- Principle 3 – Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4 – The elimination of all forms of forced and compulsory labour;
- Principle 5 – The effective abolition of child labour; and
- Principle 6 – The elimination of discrimination in respect of employment and occupation.



SDG supported by these principles:

### Environment

- Principle 7 – Businesses should support a precautionary approach to environmental challenges;
- Principle 8 – Undertake initiatives to promote greater environmental responsibility; and
- Principle 9 – Encourage the development and diffusion of environmentally friendly technologies.



SDG supported by these principles:

### Anti-corruption

- Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery.



SDG supported by these principles:

## The UN Sustainable Development Goals

NewDay focus



## Communication on progress

We are proud to support the United Nations Global Compact and I am pleased to confirm that NewDay reaffirms its support of the Ten Principles of the UNGC in the areas of Human Rights, Labour, Environment and Anti-Corruption.

This report acts as our first annual Communication on Progress, as we take action to integrate the principles into our business strategy, culture and daily operations. We describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders by making it available on our website.

*John Hourican*

Chief Executive Officer

## SDG



End poverty in all its forms everywhere

## SDG Targets for the Goal

- **Target 1.4** – By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
- **Target 1.5** – By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters



Ensure healthy lives and promote wellbeing for all at all ages

- **Target 3.8** – Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all



Achieve gender equality and empower all women and girls

- **Target 5.1** – End all forms of discrimination against all women and girls everywhere
- **Target 5.5** – Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life



Ensure access to affordable, reliable, sustainable and modern energy for all

- **Target 7.2** – By 2030, increase substantially the share of renewable energy in the global energy mix
- **Target 7.3** – By 2030, double the global rate of improvement in energy efficiency

## NewDay progress in 2021

- Responsibly said “yes” to 530k new customers in our near-prime portfolio
  - Supported 270k customers with our collections toolkit
  - Helped 1.8m customers improve their credit score
  - Provided 336k customers with *Aqua Coach*, our financial education tool
  - Supported over 44k vulnerable customers with tailored services to support their needs
- 
- NewDay care package provided to colleagues to support health and wellbeing
  - Calm app subscription offered to all colleagues to support mental health
  - Offered colleagues enhanced benefits including income protection and employer pension contributions to support saving for the future
  - Flu vaccination programme offered to colleagues
  - Free healthy breakfast and lunches offered to colleagues when working in the office
- 
- 48% of colleagues are female
  - Increased Board gender diversity in the year to 18%
  - Gender pay gap monitored and priority actions defined
  - 50% of internal moves into new roles were female
  - New partnership with Women in Data – a networking group which aims to increase female representation in the data, technology and analytics professions
  - Promotion of Women in Credit, with different colleagues winning Team Player of the Year for the last two years at the Women in Credit Awards
- 
- Transitioned to renewable energy provider for electricity – 53% is now generated from renewable sources with remaining energy sources being transitioned during 2022 making significant progress towards carbon neutral own operations
  - Our London office is part of the wider King’s Cross Estate that, in 2021, achieved carbon neutral status
  - BREAM accredited energy-efficient London Head office
  - Updated our building management system enabling more energy-efficient heating and transitioned to LED lighting

## SDG



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

## SDG Targets for the Goal

- **Target 8.2** – Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
- **Target 8.3** – Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services
- **Target 8.5** – By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- **Target 8.7** – Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
- **Target 8.8** – Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
- **Target 8.10** – Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all



To reduce inequalities within and among countries

- **Target 10.1** – By 2030, progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average
- **Target 10.2** – By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
- **Target 10.4** – Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality
- **Target 10.5** – Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations

## NewDay progress in 2021

- Continued to innovate and develop our leading digital platform
  - Responsibly said “yes” to 0.9m new customers across the business, expanding access to financial services and delivered receivables growth of 16%
  - Introduced *Bip*, the UK’s first digital cardless credit product, as part of our ongoing product innovation
  - Annual colleague Hackathon to stimulate creativity and innovation as well as colleague engagement
  - High colleague engagement results (80%) including our inclusion and diversity index (83%)
  - Gender pay gap monitored and priority actions defined (see page 25)
  - Modern Slavery Statement and Supplier Code of Conduct in place, with supplier attestations and monitoring
  - Robust Health and Safety policies and procedures in place with no accidents reportable under Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013
- 
- Continued to support our charity partner, Family Action, who provide practical, emotional and financial support to those who are experiencing poverty, disadvantage and social isolation
  - Supported Demos in developing their Good Credit Index which provides a granular and comprehensive credit map of the UK to identify credit havens and deserts and provides location-based strategies for building better credit around the country
  - Colleague engagement survey Inclusion and Diversity Index of 83% with 85% of colleagues telling us they feel they can be themselves at work
  - Aim to maintain good relationships with regulators and supportive of legislation that protects consumers and ensures that only reputable businesses are permitted to provide financial products and services
  - Procedures implemented to support customers who are in or near to persistent debt and supportive of the recommendations of the Woolard Review with regards to affordability assessments on customers who access credit on Buy Now Pay Later products



## SDG



**Ensure sustainable consumption and production patterns**

### SDG Targets for the Goal

- **Target 12.2** – By 2030, achieve the sustainable management and efficient use of natural resources
- **Target 12.4** – By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment
- **Target 12.5** – By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
- **Target 12.6** – Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle



**Take urgent action to combat climate change and its impacts**

- **Target 13.2** – Integrate climate change measures into national policies, strategies and planning
- **Target 13.3** – Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning



**Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

- **Target 16.5** – Substantially reduce corruption and bribery in all their forms
- **Target 16.6** – Develop effective, accountable and transparent institutions at all levels
- **Target 16.7** – Ensure responsive, inclusive, participatory and representative decision-making at all levels

### NewDay progress in 2021

- Transitioned to renewable energy provider for electricity – 53% is now generated from renewable sources with remaining energy sources being transitioned during 2022 making significant progress towards carbon neutral own operations
- 0% of waste to landfill
- 24% of waste recycled
- 76% of waste to energy recovery
- 76% of customers statements sent digitally

- Set our Net Zero target at 2040
- Transitioned to renewable energy provider for electricity – 53% is now generated from renewable sources with remaining energy sources being transitioned during 2022 making significant progress towards carbon neutral own operations
- Education driven by our colleague-led Green forum which promotes engagement in recycling, reuse and repurpose across the business

- Systems and controls in place designed to achieve ongoing compliance with the Financial Conduct Authority's rules and guidance
- Operation of a three lines of defence governance structure to support the delivery of effective risk management outcomes
- Financial Crime team monitors effective operation of preventative systems, processes and controls in line with our defined policies with regards to corruption and bribery
- All colleagues trained annually in anti-bribery and corruption, anti-fraud, anti-money laundering and data protection with 100% completion rate
- No anti-bribery and corruption related incidents
- 2 calls to our confidential whistleblowing hotline which is available to all colleagues
- Modern Slavery Statement and Supplier Code of Conduct in place

**Helping our customers**  
 move forward with credit  
 and delivering high-quality  
 customer service



## Our *focus*

Aligned to SDGs



*Our purpose ‘to help people move forward with credit’ and our customer-centric ethos sits at the core of the business. We are committed to providing a level of care and service that is appropriate to each individual customer, and work proactively with them, providing the necessary tools to stay in control of their finances.*

**1.8<sub>M</sub>**

customers improved their credit score  
 (2020: 1.9m)

**336<sub>K</sub>**

customers registered for our financial  
 education tool *Aqua Coach*  
 (2020: 75k) against a target of 240k

**270<sub>K</sub>**

customers supported with our  
 collections toolkit  
 (2020: 433k including COVID-19  
 support packages)

**+70**

transactional NPS  
 (2020: +67) against a target of > +64

**+73**

Net Easy Score (NES)  
 (2020: +72) against a target of > +68

**0.72**

complaints per 1,000 active accounts  
 (2020: 0.79) against a target of < 1.2

# Responsible *lending*

## Being a responsible lender

Our manifesto is at the heart of everything we do. We believe in credit as a force for good. Responsible and accessible credit expands possibilities, it powers up life and business. This focus ensures we continue to strive to provide excellent customer service and develop products and services that evolve in line with our customers' rapidly changing needs. This helps us build long-term relationships.

### Responsibly saying "yes"

We lend responsibly through the deployment of our 'low and grow' strategy, offering our near-prime customers a low initial credit limit until they demonstrate that they can actively manage and afford further credit in a responsible and sustainable manner.

Our credit underwriting strategies are designed to offer borrowing across a broad risk spectrum of applicants, from those customers that want instant spend to enable digital purchases online, to those who may have either limited credit bureau information or that may have experienced a form of financial difficulty in the past. In order to lend responsibly we utilise over 20 years of data and lending across the credit spectrum. We use a combination of this history and very rich, up-to-date information from external sources in our credit decisioning.

We ensure that we combine analytical skills that evolve our credit scoring capability with robust affordability calculations which aim to ensure the credit limits offered are sustainable for our customers and that we address expectations from our regulators. We continue to develop and enhance our credit scoring capabilities and in 2021 implemented new machine learning based models.

Our policies and strategies are monitored regularly; NewDay's credit infrastructure resides in-house, enabling us to react quickly to changes in performance, customer and retailer needs and the macroeconomic conditions around us.

Aligned to SDG



## Our responsible approach

### Affordability

We assess affordability using a variety of methods, considering up to 51 different data points at application and offer credit limits tailored to individual customer circumstances. For our near-prime customers, we operate a 'low and grow' strategy for credit limits. This is designed to help customers improve their credit files and build financial resilience; the strategy helps customers transition to lower-cost credit and enables them to access a wider range of credit products.

### Product suitability

We offer a suite of credit card products designed to meet the diverse needs of the prime and near-prime market segments, identified through regular customer research and development. We regularly update and adapt products to suit customers' changing needs.

### Pricing

We regularly review interest rates to ensure they keep pace with customers' changing financial status. Interest rates move both upward and downward and are supplemented with occasional promotional rates for a select group of customers. We also offer the *Aqua Advance* product which guarantees rate reductions in six-monthly intervals, subject to good credit management behaviours.

### Collections support

We have a series of early intervention tools to identify signs of potential financial difficulty, we contact customers through a range of channels and have a collections toolkit of offers to provide the appropriate level of help and support to our customers. We also operate Recommended Extra Payment or boosted payments to encourage customers to paydown their balance in a reasonable time period.

### Marketing and communications

Marketing and communications aligned to consumer needs and insights. Communications are fair and clear to guide customers towards positive credit outcomes.

### Colleague remuneration

No colleagues are directly engaged in selling products to customers and no colleagues are incentivised on how much they collect ensuring their focus is on providing a level of care and service tailored to customers' individual circumstances.

# Helping our customers *move forward with credit*

## Supporting customers as their credit needs change

We recognise the importance within NewDay of ensuring vulnerable customers<sup>1</sup> receive the right service. All colleagues undertake annual vulnerable customer awareness training to enable us to proactively identify potentially vulnerable customers. We have a specialised and dedicated team who are specifically trained to support vulnerable customers to ensure we are able to support their needs and ensure the best outcome and level of care on their credit journey.

We understand that customers' credit needs change over time and that sometimes this means they need additional support. Our arrears management processes are designed to help and support our customers to get back on track. We utilise a series of early intervention tools where we identify signs of potential financial difficulties which range from softer measures (e.g. health check emails and text alerts) through to campaign-based activities (e.g. credit limit decreases).

We contact customers experiencing financial difficulties through a range of channels including outbound dialling, chat, SMS, email and dedicated collections journeys in our mobile app and eServicing sites. These channels provide access to a collections toolkit of offers, including payment holidays, short-term no fee arrangements and repayment plans, to provide the appropriate level of support to customers whose personal circumstances change and support them if they fall into arrears. Where customers are showing signs of financial difficulty our agents will signpost external companies who offer free debt advice and this is included in all collections communications and on our digital channels. In 2021, we supported 270k customers with our collections toolkit.

As part of our collections toolkit, we continued to provide payment holidays (ongoing) and payment freezes (up until August 2021) to support customers who found themselves in financial difficulties due to a change in their circumstances driven by COVID-19. 104k customers benefited from these solutions in 2021 where we suspended payments and, where appropriate for each individual customer, interest and fees for a period of time.

We also worked with the FCA to implement industry guidance aimed at helping customers whose accounts are defined as being in or near to persistent debt and implemented all planned interventions in the year aimed at supporting customers who have been in persistent debt for 36 months. We introduced measures to ensure that customers paydown their balance in a reasonable period in line with the findings of the Credit Card Market Study by recommending a "boosted payment amount" directing customers away from the minimum payment for manual payers and a Recommended Extra Payment for Direct Debit payers who are paying less than two times interest and fees over a prolonged period.

## Supporting customers to move forward with credit

Financial education and inclusion is pivotal in helping people move forward with credit.

We continue to invest in our free-of-charge financial education tool, *Aqua Coach*, designed to help customers improve their credit score and gain access to better financial products. We partner with TransUnion to provide customers their TransUnion credit score inside the *Aqua* mobile app alongside budgeting tools, repayment calculators, and a body of searchable credit building content. Once signed up, customers can see tips from TransUnion on how to improve their score alongside their full report, score history, and a score simulator. As at December 2021, 336k customers have registered for this functionality, with over 60% of customers re-engaging with the feature every month. In 2021, 1.8m customers improved their credit score (2020: 1.9m).

4.6m customers are also registered for alerts on their accounts, for example spend alerts, payment due date and nearing credit limit alerts to support them in managing their account responsibly.

We also offer card freeze optionality giving customers more control of their unused credit. In addition we have controls in place prohibiting the use of gambling services on our accounts.

## Inclusive lending

We offer revolving credit to customers who may not have easy access to mainstream lenders:

- New to credit – customers with a 'thin' credit history because they are a first time credit user
- Second chance – customers who have had a negative credit event in the past and are seeking to rebuild their credit history
- People managing credit – customers who use credit to balance their monthly or annual budget
- Sole traders – customers working for themselves

## Principles driving our approach to vulnerability

- Inclusive design of our products
- Ease and usability of our experiences
- Identification of vulnerable customers
- Clear and transparent communications
- Support customers during their credit journey

Supported over

**44,000** vulnerable customers with tailored services to support their needs.

Aligned to SDGs



1. NewDay adopts the well-established definition of a vulnerable customer, articulated by the FCA in 2015 and reiterated in 2021 in their Guidance for firms on the Fair Treatment of Vulnerable Customers; "A vulnerable customer is someone who due to their personal circumstances is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care". We consider harm to include both, financial and non-financial harm, and equally recognise that vulnerable customers are at greater risk of experiencing harm.

# Helping our customers *move forward with credit*

## Our operating strategic principles to help customers move forward with brilliant service

- > Use customer insight from our Transactional Net Easy Score surveys, Speech Analytics, Brand Ambassador programme and through bi-annual CSI benchmarking to fix and improve our customer service journeys and support dynamic FAQs
- > Offer channels of choice enabling customers to interact and self serve wherever possible, including expanding our chat options
- > Use voice as a channel to support vulnerable customers, complex queries and provide digital assistance
- > Continue to improve our digital offering to create a frictionless journey
- > Continue to create seamless governance across our processes and improve our Coordinators' knowledge
- > Measures that are focused on customer experience – Quality Assurance, Net Promoter Score, Net Easy Score and Associate Satisfaction
- > Undertake robust root cause analysis of complaints to ensure we continuously learn from our customer experiences and reduce their need to complain



*“Feeling trusted again means so much to me because I can look forward to building my future.”*

Claire, Aqua customer



*“The best digital card I have had the pleasure of using and would highly recommend.”*

Ashad, Bip Trustpilot Review



*“It’s nice to know I have it for emergencies, it came just at the right time.”*

Sarah, Fluid customer

# Delivering *for our customers*

## Focused on providing brilliant customer service

Our objective as a responsible lender is always to do the right thing by our customers. This is monitored through a number of KPIs that are reported to the Board monthly.

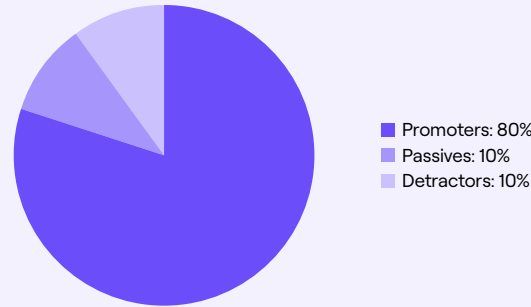
Customer satisfaction is measured through transactional NPS, which for 2021 was +70 (2020: +67), and transactional Net Easy Score, of +73 (2020: +72). These measure customer responses on all our customer touchpoints. We also recently benchmarked our *Aqua* card against the UK Customer Satisfaction Index (run by the Institute of Customer Service) and the results were extremely positive; we achieved a score of 85.5 falling one point behind the leading company, seven points above sector average, as well as obtaining the highest score against Relationship NPS and Effort. This evidences that customers value the service they receive from us as we continually evolve our digital offering and ensure we use insight to fix things that matter to our customers to ensure a seamless customer experience.

We gather customer insight from a number of sources including our monthly customer survey verbatim, our Digital Coordinator's ability to triage customer issues on calls, complaints analysis and App reviews. This feeds into our Customer Issue Resolution Programme which we use to deliver improvements in our service offering based on customer feedback.

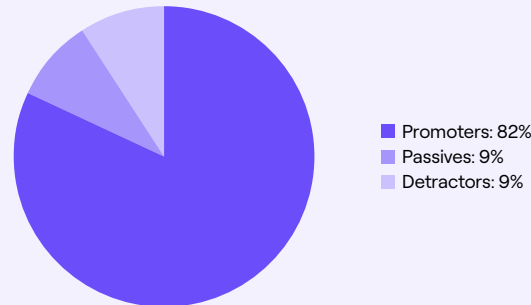
We aim to treat customers fairly and ensure the products we offer meet their credit needs. We comply with the FCA's complaint handling rules ensuring clear, simple information about how to make a complaint is accessible on our websites, applications and written communications. We have a dedicated customer complaints team and well-established complaint handling processes to resolve issues in a responsible, timely manner. Customer complaints decreased in the year ended 31 December 2021 to 0.72 per 1,000 active accounts (2020: 0.79) against our target of < 1.2 per 1,000. We aim to resolve complaints to a satisfactory level internally, however customers can refer their complaint to the Financial Ombudsman Service (FOS) should they not be satisfied with the resolution and we notify them of this option. In 2021, 1,488 complaints were referred to the FOS and FOS upheld 33% of complaints in the customers' favour demonstrating that we provide fair customer outcomes.

### We have very high customer satisfaction

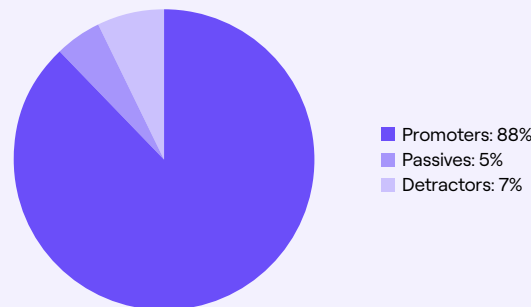
Net Promoter Score: +70



Net Easy Score: +73



Associate Satisfaction: 9.3



**Key:**

Customer feedback scores from 0-10  
Detractors: 0-6 Passives: 7-8 Promoters: 9-10

### Case study

## Digital Adoption programme

At NewDay we have driven a successful Digital Adoption programme where we have achieved 99.2% of all customer service transactions being serviced in a digital solution. This level of digital capability requires a new type of service offering in the form of digital assistance.

We introduced a new team of service agents into the contact centre in 2021, our Digital Coordinators. We specifically recruited them for their technical skills, which included knowledge of Connectivity, Apps, Devices and Cyber Security, to enable them to better assist our customers and get them back online to get the most out of their mobile App or online on the Web.

Following the success of this new team, where we have seen transactional NPS scores rise to as high as +82 and Associate Satisfaction scores of 9.6 out of 10, we have changed our overall recruitment strategy to both upskill our current agent population to the Digital Coordinator level and only to recruit Digital Coordinators moving forward.

We have also better enabled this team with monitoring capability and digital links to support help videos and we believe this will lead the way in giving our customers a great omni-channel experience with NewDay.

This team also feeds in to our overall Customer Issue Resolution programme by providing Triage and Root Cause Analysis which enables us to fix things that matter to our customers.



**Our colleagues** are our greatest asset. We are committed to their long-term wellbeing and development



## Our *focus*

Aligned to SDGs



*NewDay's social responsibility goes beyond the customer agenda. Our vision is to create an exceptional experience for our colleagues.*

80%

employee engagement  
(2020: 80%) against a target of >75%

83%

Inclusion and Diversity Index in our employee engagement survey  
(2020: 82%) against a target of >75%

82%

Purpose and Values Index in our employee engagement survey  
(2020: 85%) against a target of >75%

32

learning and development hours per colleague

21%

internal mobility  
(2020: 25%) against a target of 15%



Calm app subscription offered to colleagues to support wellbeing

# Highly engaged colleagues

## Our people and culture

We have a strong culture guided by our purpose to help people move forward with credit. While we are guided by our purpose, we are powered by our people and driven by our values: ‘do the right thing’, ‘pull together’, ‘aspire to extraordinary’ and ‘create tomorrow’. We believe that we can create exceptional experiences for our customers, our partners and our colleagues.

## Engaging and inspiring our colleagues

The dedication and hard work of our colleagues is key to delivering innovative credit solutions and high-quality customer experiences, which ultimately ensures the long-term success of the business. It is vital that we engage them and support them to deliver their best, which in turn leads to improved productivity and lower turnover rates.

Our bi-annual company-wide employee engagement surveys are a key part of how we track engagement and gather feedback on what we are doing well and where we may need to focus our attentions further. We engage an external company to conduct our engagement surveys. Questions cover a wide range of topics including engagement, inclusion and diversity, purpose and values, wellbeing, reward and recognition, leadership and risk and control. Following a response rate of 85%, our year end survey continued to show high levels of employee engagement at 80% (2020: 80%).

We believe that everyone should be able to be themselves at NewDay. Personal wellbeing and performance are intrinsically linked. Our engagement survey results showed an Inclusion and Diversity Index of 83% (2020: 82%).

Having refreshed our values in 2020, this year we undertook a review of our purpose and manifesto. The success of our customers, partners and business is underpinned by strong colleague engagement and motivation to help customers move forward with credit and therefore it is key that our colleagues are engaged and motivated to deliver this. Our engagement survey results showed a Purpose and Values Index of 82% (2020: 85%).

It is important not just what we deliver but how we go about it too. Our colleagues believe that we have a strong risk and control mindset which is evidenced through our Risk and Control Engagement Index of 86% (2020: 87%).

Strong internal communication, particularly during continued periods of lockdown, was essential to ensure continued access and visibility to our Management Committee, allowing messaging to be in the moment and personal. Our focus on effective communication kept colleagues connected and we listened and acted on our colleagues’ feedback throughout the year.

We use a variety of communication tools to keep our colleagues up to date. NewDay weekly round-up, our weekly all-colleague newsletter, is used to summarise key developments and celebrates successes for teams and their leaders. In addition, we have ExCo vlogs covering key topics or business developments and townhalls and ExCo Q&As give colleagues the opportunity to ask questions that are important to them.

During the year our turnover rate was 25% for servicing and 18% for non-servicing roles. Against a backdrop of stalled career mobility in 2020, this was within our predicted range. Our ability to retain and develop key talent helps us to keep moving our business forward.

### Case study

## Hackathon

We engage, listen and use the skills of our colleagues to deliver improved outcomes for our customers.

One way we do this is through our fully immersive five-day annual hackathon where colleagues are encouraged to design, code and build solutions collaboratively to solve challenges faced in our business.

NewDay innovation came powerfully to life during HackEight. Eight teams, including developer talent and design specialists, competed to solve eight business challenges to a production-ready standard. This immersive experience gave 60 colleagues an opportunity to hone and prove their innovation skills, supported by a range of specialist innovation coaches. Back in the office, the teams had a unique career opportunity to pitch their work to a panel of experienced judges, including our CEO. These solutions are now being impact assessed and implemented within the business.

*“It was a great opportunity to work very closely with colleagues from across the business with a single focus; to be creative and create something innovative to help our customers. My team’s challenge was how could our products promote more sustainable behaviours, which is very aligned to my values. The team really enjoyed working on potential solutions, especially given the global climate crisis we are all facing.”*

Emma Foley, Product Strategy Senior Manager





# We value our differences together

## Inclusion and diversity (I&D) powers our performance

We know that having a diverse and inclusive team is key to our success and that it is important to make everyone feel welcome, valued and respected. We are proud that we have a culture where everyone is able to be themselves. Our I&D agenda continues to build and diversify with a focus across gender, faith, sexual orientation and race.

This is measured through our I&D Index in our employee engagement survey, which for 2021 improved to 83% (2020: 82%). This is a positive score representing the energy and commitment of highly engaged colleagues active in our Inclusion Network, which is representative of all our minority communities, driving our I&D agenda. Importantly, in our colleague engagement survey 85% of colleagues told us they feel they can be themselves at work and 88% felt the culture at NewDay is one in which people with diverse personal styles, experiences and backgrounds can contribute and thrive.

We provide opportunities for colleagues to learn about the importance of I&D through our annual mandatory inclusion awareness e-learning module, which had a 100% completion rate across all colleagues, and through our rich events programme throughout the year focusing on sexual orientation, faith, gender and race.

Our Inspirational Speaker Series is now a regular part of life at NewDay and tackles a number of issues head on and increases awareness throughout the business. During the year, our Inclusion Network invited external speakers to address subjects as broad as mental health, recovery from domestic abuse, empathy and pride in diversity. We ran panel discussions

for International Women's day, LGBT+ Pride and Black History Month, and hosted a Discussion Club, open to all.

We also started an exciting new partnership with Women in Data – a 17k strong networking group which aims to increase female representation in the data, technology and analytics professions.

## Our policies

Our people policies are designed to provide equal opportunities and ensure an inclusive culture.

We have comprehensive people policies in place that all colleagues are expected to adhere to. These policies are refreshed annually and are published on our intranet so colleagues have a clear understanding of what is expected of them, as well as what they can expect from NewDay.

We are committed to enabling equality of opportunity and a culture that promotes inclusion and diversity. Our Code of Ethics and Integrity details the expected behaviour and conduct of colleagues, whilst our People Policy and Anti-Harassment Policy emphasises NewDay's stance on anti-discrimination and our goal to create and maintain an equal workplace for all. Our Grievance Policy details the processes available for colleagues to escalate issues or concerns. Where there are allegations of discrimination we have strict policies in place to ensure they are appropriately investigated and disciplinary action is taken, where appropriate.

We strive to offer a wide-ranging, competitive benefits package for our colleagues. Our Employee Rewards Policy provides details covering salary, bonus, pension, holiday allowances, flexible working arrangements, enhanced parental leave, health and life insurance, income protection as well as a number of other benefits that support health and wellbeing. Our Overtime, Time Off In Lieu, standby and call out policy details out of hours allowances and compensation for colleagues in circumstances where atypical hours were unavoidable.

We also pride ourselves in the development and retention of great talent. As such we have comprehensive performance and career management policies and procedures in place. This includes a Learning and Development Policy, Performance Management policy which states all colleagues must receive a performance review bi-annually, a Talent Acquisition Policy and Procedure to ensure fair, unbiased candidate selection and an Internal Recruitment Policy to promote internal mobility and promotions.

## 2021 colleague activity

- > NewWork – our flexible hybrid working model supports work/life balance
- > Complimentary healthy breakfasts, lunches, fruit smoothies and barista coffees in our staff restaurants to promote wellbeing and connection in our offices
- > Colleagues invited to attend our Inspirational Speaker Series covering a range of topics. In 2021, these included:
  - Inspirational Speaker: Katie Beasley (female pilot)
  - Inspirational Speaker: Ed Kirwan (Empathy Week)
  - Inspirational Speaker: Erin Hallett (focus on anxiety)
  - Inspirational Speaker: Nii Clelland (founder of Flair)
  - Internal panel: Out in the workplace
  - Inspirational Speaker: Deanna Oppenheimer
  - Internal panel: International Women's Day
  - Moving forward from domestic abuse panel
  - Black History Month
    - Inspirational Speaker: Omotayo Adebisi
    - External panel
- > Women in Data partnership
  - Inspirational Speakers: Roisin McCarthy and Payal Jain
- > Women in Credit Awards winners
  - Different colleagues winning Team Player of the Year for the last two years at the awards



# Supporting gender equity

## Gender equality

We continue to monitor and take action towards reducing our gender pay gap, which for 2021 is at 37% (2020: 35%). The concept of 'moving forward' drives our business. It is therefore disappointing to us that over the last two years our gender pay gap has increased.

Our hiring in the last two years has been heavily focused on digital, technology and, data-based roles. Whilst our recruitment process and reward policy do not discriminate on the basis of any protected characteristic, the candidate pool for these roles tends to be predominantly male. Coupled with an already lower representation of women at the leadership level than in our entry positions this creates a gender pay gap which we would like to improve.

### Our mean gender pay gap is 37%

Pay difference between men and woman

	Mean	Median
Pay gap	37%	52%
Bonus gap	51%	57%

With over 1,100 colleagues working at NewDay, we're always looking at ways to encourage internal moves and provide the best development opportunities across our organisation. In 2021, 50% of internal moves into new roles were made by women. While the number of available senior roles is small, we seek our talent from a large pool of potential talent, actively making sure we have female candidates on our shortlist for each vacancy.



Full details of our gender pay gap reporting can be found at [www.newday.co.uk/gpgreport](http://www.newday.co.uk/gpgreport).

### Gender diversity

As at 31 December 2021, the proportion of our 1,183 colleagues (2020: 1,163) that identified as female was as follows:

	2021 females	2020 females
Colleagues	48%	49%
Management Committee	13%	13%
Board	18%	10%

We were pleased to welcome Rebecca Abrey as an Investor Director on the Board in 2021, which increased our Board gender diversity from 10% to 18%. However, we acknowledge that we have a way to go to increase the number of females in senior roles.

## Priorities

The increased representation and development of women in our company remains a priority to us and we remain committed to reducing the pay gap between men and women, especially as we hire into leadership roles.

### Our actions include:

- Mandatory Inclusion Awareness training for all colleagues
- The continued promotion of our flexible, hybrid working model – NewWork. Giving all colleagues the flexibility to work half their time in the office and the rest at home
- We invest in engagement and I&D programmes for all colleagues to participate – Our Inclusion Network continues to drive meaningful engagement and dialogue through an events programme
- We are continuing to improve our recruitment processes to encourage more diverse shortlists for all roles, but also making sure the interview panel is diverse too
- We introduced new software to create balanced role profiles which are gender neutral in tone, and reduce bias
- We are working to encourage our colleagues to provide us with Inclusion & Diversity data – so we can better understand the make-up of our workforce

## Gender diversity target

Our medium-term gender diversity target is to increase the proportion of colleagues that identify as female in Management Committee, Director or Head of function level roles to 40% by the end of 2026. In 2021, we achieved 30%.



# Supporting our colleagues *to deliver their best*

## Training and development

We know that we have high-potential talent across NewDay and we are tapping into that to deliver our strategy. We support colleagues to develop themselves and direct their own learning and growth, with the support of their manager, whatever career stage they are starting from. Our approach is to deliver learning experiences with an in-house team of learning experts, increasingly through innovative e-learning, as well as leveraging external subject matter expertise as we support external qualifications and partner with business teams to develop specialist technical subject matter skills.

We provide technical training to relevant teams and Learning Pool, our e-learning portal, offers all colleagues direct access to a catalogue of soft and functional skills which they can access any time as 'always-on' training. This also includes sessions on staying well and healthy covering physical, mental and financial health. If colleagues have a development need that is not catered for on Learning Pool they can submit a request and this will be assessed to ensure we offer a tailored approach. In 2021, to build our leadership pipeline strength we launched a bespoke leadership development programme 'Leader100' for 100 of our senior managers at NewDay. In 2021, colleagues spent an average of 32 hours each undertaking learning and development.

We actively encourage our colleagues to think about lateral moves that will help them develop in their career and where possible we promote internally. As a result, 21% of colleagues moved into new opportunities internally in the year (2020: 25%) against a target of 15%.

In support of continuing to develop our leading digital platform, we have continued to expand our digital teams in 2021 and have created new Leader and Expert career pathways within our digital technology team, empowering colleagues to satisfy their aspirations and form their own development plans.

## Health, safety and wellbeing

We have comprehensive Health and Safety policies and practices in place and no accidents occurred during the year which required reporting in accordance with the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (2020: none).

We are committed to supporting the wellbeing of our colleagues, which has been particularly important given the challenges everyone has faced as a result of COVID-19. We monitor the wellbeing of our colleagues in our bi-annual surveys, with 83% agreeing their manager checks on their health and wellbeing and 83% saying that NewDay supports their health and wellbeing.

In support of wellbeing we continue to provide our NewDay care package, which provides a range of resources should colleagues need support. Our Employee Assistance Programme offers independent help and advice from qualified counsellors where colleagues need support on health, finances, personal or work life matters. We offer Bupa private healthcare to colleagues, with additional pathways for mental health concerns and musculoskeletal pains meaning no GP referral is needed. Additionally, colleagues have access to Babylon Virtual GP providing 24/7 access to video appointments with GPs, nurses and pharmacists. We also offer flu vaccinations to colleagues each year in advance of the flu season.

In addition, we have six mental health first aiders, split across both our sites, who are valuable in providing early support for anyone experiencing emotional distress or mental health problems. In September 2021, we ran a mental health awareness week with a wide range of external speakers who discussed anxiety and advice on wellbeing. We also offered all colleagues full access to the mindfulness and wellness app, Calm, and this is now a benefit given to every colleague who joins the NewDay team.



# Supporting our colleagues *to deliver their best*

## Flexible working

After listening to colleague feedback, in 2020 we introduced NewWork, our flexible working approach encouraging colleagues to share their time between remote working and the office. This became fully operational in September 2021 after COVID-19 restrictions had been lifted. We believe that our offices are an essential part of the heartbeat of our culture and that our office space sparks the collaboration and networking that powers our business. Our flexible approach to office and remote working is well received with 90% of colleagues saying that they value the work-life balance that it helps them to create.

During January 2022, we then introduced a NewWork Overseas policy, allowing eligible colleagues to book flexible working in permitted overseas locations. Again, this is in response to colleague feedback. Given the complex tax and legal implications of working overseas, we consulted external legal experts to get the right solution in place – and deliver even more flexibility for our colleagues.

We continue to provide all colleagues with the opportunity to get equipment and furniture to make sure their workspaces as comfortable as possible whilst at home. In order to ensure colleagues felt comfortable returning to the office we installed extra safety measures, including temperature checks at reception, deep cleaning and provided free lateral flow tests on site. We also offer every colleague in our offices complimentary healthy breakfasts, lunches, fresh smoothies and barista coffees encouraging colleagues to take the opportunity to connect and work together.

## Reward

In recognition of the dedication and hard work of our colleagues, we offer a comprehensive rewards package including enhanced benefits covering medical cover, life insurance, sick pay, additional holiday purchase, cycle to work and an electric car scheme.

We offer a discretionary bonus scheme which is based upon a balanced scorecard of corporate outcomes, including a number of targets related to our ESG strategy. There are no colleagues directly engaged in selling products to customers and no colleagues are incentivised on how much they collect.

We also support our colleagues in saving for their future with our generous pension scheme which encourages them to save for a secure retirement. We offer double matching providing employer contributions of up to 14%, in line with their chosen employee contributions, which is a competitive and highly attractive element of our employee value proposition. We also provide information sessions to encourage more colleagues to consider increasing their pension scheme savings, if this is right for them.

Our enhanced maternity, adoption and shared parental leave benefits ensure we support colleagues with young families.

## Employee grievances

We aim to do the right thing by our colleagues, but our Grievance Policy and procedures ensure that colleagues can raise issues should they arise and know they will be investigated and dealt with appropriately. In 2021, 1.0% of employees raised a grievance (2020: 1.4%) of which 8% were upheld (2020: 12%).

## Case study

### *Enhanced shared parental leave (ESPL)*

NewDay is proud to support our colleagues with young families through our ESPL where eligible colleagues are able to take advantage of up to 16 weeks enhanced shared parental pay. Alex Cook, our Head of Product and Customer Strategy, shares his experience with ESPL.

My eldest, Lewis, was born three and a half years ago, before ESPL was introduced, so I took my two weeks statutory paternity leave. When we were pregnant with our second child, ESPL was a great opportunity for us as a family so I applied. In total, I had nine weeks ESPL in addition to my accrued holiday.

ESPL is flexible so I was able to take it in two stints – the first alongside my statutory paternity leave, meaning we were together for the first month as a family of four. The remainder I took in a seven week block when Olivia was six months old. I was able to spend two days a week with Olivia and two days with both Lewis and Olivia.

The additional time spent with Olivia meant I was better able to create a bond, understand her routine and importantly her tiredness and hunger cues in a way I'd not had the opportunity with Lewis. It also meant Lewis and I grew closer as we did an activity each day ensuring we created lasting memories.

Although I'd applied before the pandemic hit, I was worried about taking time off work given how busy everyone already was and wasn't sure how I'd feel being absent from the business. I needn't have worried. I still felt connected to the business throughout – both my Director and my team kept me updated (at my request) on key events. It was also great for my team's development as it gave team members the opportunity to step up and take on more responsibility.

I really valued the quality time I was able to spend with my family as a result of ESPL and would recommend it to anyone else considering it. At the same time, it felt good returning to my role, ready to continue to enhance our product offering.



## Committed

to reducing our environmental impact



## Our focus

Aligned to SDGs



*We are an environmentally conscious and highly digital business. We actively monitor and manage our carbon footprint and are committed to delivering carbon neutral own operations and longer-term Net Zero targets.*

# 2040<sub>TARGET</sub>

set for Net Zero including Scope 3 emissions

# 0.5<sub>TONNES</sub>

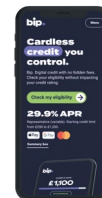
of CO<sub>2</sub>e per average FTE employee across Scope 1, 2 and 3 within our own operations (2020: 0.4 tonnes)

# 53%

of energy usage met by renewables (2020: 24%)

# 0%

of waste to landfill (2020: 0%)



Introduced *Bip*, the UK's first fully digital credit card

# Green car

scheme launched

# Committed to *decarbonisation*

## Protecting the environment

Minimising our impact on the environment is important to us which is why we are proud to have made significant progress towards carbon neutral own operations this year. We continue to challenge ourselves to deliver more, and therefore following completion of our Greenhouse Gas inventory, set our Net Zero commitment for 2040.

### Carbon footprint

As a digitally oriented financial services business, our carbon footprint from our own operations is low. In 2021, we consumed 0.5 tonnes of CO<sub>2</sub> emissions per average FTE employee (2020: 0.4 tonnes of CO<sub>2</sub> emissions per average FTE employee) across Scope 1, 2 and 3 emissions within our own operations. Owing to the nature of our business, our Scope 1 emissions are low so we focus on managing general energy consumption across our Leeds and London sites (Scope 2 emissions). Our Scope 1 and 2 emissions are verified externally on an annual basis as part of our Streamlined Energy and Carbon Reporting compliance assessment.

In addition, we undertook environmental risk assessments at both sites in 2021.

Up until July 2021 when COVID-19 restrictions were lifted, there was limited travel between our Leeds and London sites and our buildings had been less occupied. Although energy usage did increase post restrictions lifting, our NewWork flexible working policy means that we do not expect to return to previous levels of overall energy needs. Additionally, we have continued with our programme of reviewing and reducing overall consumption and replaced lighting (with LEDs), IT equipment and updated our building management system to ensure more efficient temperature management. Our waste methods were also selected to ensure that 100% of our waste avoids landfill with 24% recycled and 76% of waste sent for energy recovery. We do not have any hazardous waste.

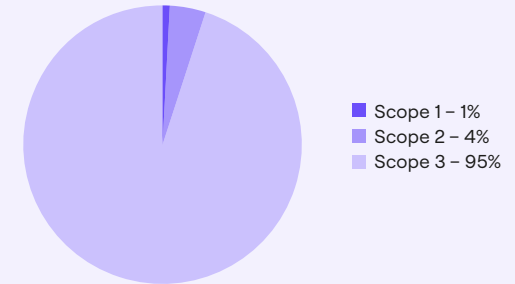
As part of our ambition to achieve carbon neutral own operations, in 2021 we transitioned to renewable energy tariffs, further reducing our emissions. 53% of our 2021 energy usage was sourced with renewables. Our remaining energy contracts have been renegotiated and will become effective in 2022. All of these contracts are REGO (Renewable Energy Guarantee of Origin) certified.

In addition to our Sustainability Rating, in 2021 EcoVadis also assessed our carbon management practices for which we were rated Intermediate on their carbon scorecard. We have reviewed their proposed areas for improvement as we strive for Advanced and, where appropriate, are incorporating these into our strategy. These were largely focused around developing our longer-term emissions reduction targets and engaging our suppliers in climate action.

### Enhanced reporting

During 2022, we will continue to monitor the publications of the International Sustainability Standards Board as well as working to develop enhanced external reporting in line with the Task Force on Climate-related Financial Disclosures, SASB and the Global Reporting Initiative (GRI).

## 2019 baseline emissions



We recognise that our carbon footprint is wider than our Scope 1 and 2 impact. In 2021, we engaged external consultants to undertake a materiality assessment and value chain analysis to enable us to determine our baseline carbon footprint and set our longer-term decarbonisation goals. As part of this project, we completed a detailed Greenhouse Gas inventory across our value chain, in line with the Greenhouse Gas Protocol. We applied the World Input-Output Database industry coding to assess the CO<sub>2</sub>e impact of our spend with third parties.

Given the impact of the pandemic on both 2020 and 2021 emissions, we selected 2019 as our baseline year for carbon emissions.

In addition to targeting carbon neutral own operations in 2022, following completion of our Greenhouse Gas inventory, we have assessed our longer-term carbon reduction strategy and have set a commitment to Net Zero, including Scope 3 emissions, by 2040. A cross-function ESG working group has been set up to deliver on our environmental and other ESG strategic priorities. We have also implemented new environmental policies and enhanced existing sustainable procurement policies to reflect our updated strategy and ambitions.



# Committed to reducing our *environmental impact*

	2021	2020	2019
Scope 1 emissions (tonnes CO <sub>2</sub> E)	148.9	58.7	71.6
Scope 2 emissions, location based – Electricity use (tonnes CO <sub>2</sub> E)	376.2	364.5	692.1
Scope 2 emissions, market based – Electricity use (tonnes CO <sub>2</sub> E)	100.7	338.5	838.4
Scope 3 emissions – Own operations (tonnes CO <sub>2</sub> E)	67.5	90.4	215.9
– Scope 3 emissions – Employee rail travel (tonnes CO <sub>2</sub> E)	9.1	1.1	96.1
– Scope 3 emissions – Employee air travel (tonnes CO <sub>2</sub> E)	0.1		
Scope 3 emissions – Third party suppliers (tonnes CO <sub>2</sub> E)*	13,322	12,144	13,231
Tonnes of CO <sub>2</sub> e per average FTE employee, location based (Own operations – Scope 1, 2 and 3)	0.5	0.4	0.9
% of energy usage met by renewables	53%	24%	8%
Waste produced (kg) <sup>1</sup>	2.6k	4.2k	4.4k
% of waste recycled <sup>1</sup>	24%	12%	11%
% of waste to energy <sup>1</sup>	76%	88%	89%
% of waste to landfill <sup>1</sup>	0%	0%	0%
Water usage (litres)	2.4m	4.2m	5.4m
Paper usage in our offices (printer/photocopiers) (volume)	479k	490k	
No. of customers on a cardless product	338k	198k	54k
% of active customers registered for online account management	91%	84%	72%
% of customer statements delivered digitally	76%	55%	41%

\* 2019 completed with the support of external consultants. 2021 and 2020 Scope 3 emissions will be externally verified along with our 2022 emissions reporting.

Our Scope 3 emissions do not include financed emissions under Category 15: Investments of the Greenhouse Gas Protocol.

<sup>1</sup> Note coverage of Leeds office only as London office waste is managed by Kings Cross Estate, which from 2021 is carbon neutral.

## Aligned to SDGs



## Environmental accreditations

We are a member of The Green Organisation, an independent international, non-profit, non-political environmental group dedicated to recognising, rewarding and promoting environmental best practice around the world. In 2021, we were successful in their Green Apple Environment Awards, winning gold in the categories ‘Environmental Best Practice’ and ‘CSR Award for Employee Engagement’.



**Gold Apple Environmental Best Practice award** – presented for our energy saving initiatives, transitioning to green energy tariffs, NewWork flexible working policy and colleague engagement.

**Gold CSR Award for Employee Engagement** presented for our work to engage with colleagues on environmental issues through our colleague-led Green Forum, and driving multiple Green projects both in our internal and wider community.

Our London office is part of the wider King’s Cross Estate that, in 2021, achieved carbon neutral status. Our London office also has the Building Research Establishment’s BREEAM accreditation, the world’s leading sustainability assessment method for buildings. In order to achieve the BREEAM rating the standard sets out over 100 environmental impact reducing requirements that must be met. These measures reduce the carbon footprint of the building which reduce running costs, but also ensure the building becomes a more healthy and productive place for its occupants. Both the Leeds and London offices have dedicated facilities management teams ensuring that they are managed efficiently and in compliance with applicable laws and regulations.

# Engaging stakeholders in our *environmental actions*

## Promoting green issues with our customers and colleagues

As well as taking our own environmental action, we encourage our customers and colleagues to do the same. We continue to encourage our customers to manage their account online, with 91% of active customers now registered (2020: 84%). Additionally, we have introduced *Bip*, the UK's first fully digital credit card, reducing both plastic and paper usage as well as the environmental impact of transporting credit cards, pins and statements to customers. 338k customers are currently on a cardless product (2020: 198k), however we intend this to grow in future years.

Our colleagues engage with our environmental strategy through the Green forum, a colleague-led forum which provides a platform for colleagues to raise ideas and concerns and promote recycling, reuse and repurpose across the business. Previously a Leeds site forum, in 2021 the forum has also now been expanded to our London site too. As a result of the initiatives of the forum, our deli became plastic free, we introduced a Wellbeing Garden which is made up of a bug hotel and planters with flowers and herbs which our restaurants use, all made from recycled materials. We also enhanced our indoor areas by repurposing furniture from storage creating a Garden Room with a 'Moss Living Wall' and re-designed various collaboration areas to introduce natural light and open areas. The changes helped create more collaborative spaces to support colleagues to re-engage with each other when returning to the office whilst continuing to build a Company-wide consideration of green issues.

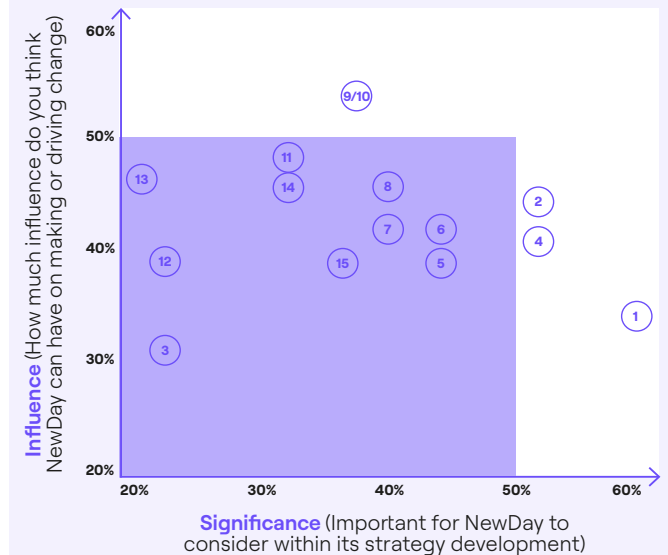
In 2021, the forum also supported the Back to School campaign to tackle the issue of textile waste. The forum teamed up with our charity partner, Family Action, and asked colleagues to donate school uniforms that they no longer required and passed these on to families across the country who were unable to afford new uniforms. In total, 514 families were supported through the initiative.

The forum also supported the 'Keep Britain Tidy' initiative to clear litter from streets, parks and beaches with the 'Million Mile Challenge'. Colleagues were encouraged to submit pledges for how much litter they could pick up, whilst NewDay supported by providing litter pickers. In total colleagues covered 71 miles as part of the challenge, supporting an improvement in their local environment.

To support colleagues who want to help drive a reduction in their own carbon footprint, at the end of 2021 we launched a new Green Car Scheme. This allows colleagues to lease an electric car under a salary sacrifice arrangement. Our selected lease company ensures each car is carbon neutral.

## Engaging our colleagues in defining our environmental strategy

As part of our ESG materiality assessment conducted with external consultants, a selection of colleagues from across the business were asked to complete a questionnaire to provide colleague insight on what they believed our environmental priorities should be. We reflected on these in developing our environmental strategy. The results are shown below:



- |                                       |  |
|---------------------------------------|--|
| <b>Item</b>                           | <b>8</b> Waste to landfill                   |
| <b>1</b> Carbon emissions             | <b>9</b> Reusable products                   |
| <b>2</b> Emissions from commuting     | <b>10</b> Use of paper for delivery services |
| <b>3</b> Waste from physical products | <b>11</b> Operational energy efficiency      |
| <b>4</b> Single use plastics          | <b>12</b> Waste reporting                    |
| <b>5</b> Offsetting                   | <b>13</b> Environmental training             |
| <b>6</b> Sustainable supply           | <b>14</b> Energy efficient equipment         |
| <b>7</b> Green building certification | <b>15</b> Environmental impact of products   |





## Working with suppliers to assess their environmental action

Across both offices, we continue to work in partnership with our landlords, facilities and catering partners to deliver activities to reduce our environmental impact. We worked with our on-site contractors to monitor and review our energy consumption via enhanced real-time monitoring and continued to focus on reducing our overall waste production, with our Leeds site sending 0% to landfill.

As third parties contribute the significant proportion of our carbon footprint we recognise that it is crucial to engage with our supply chain in order to deliver our Net Zero ambitions.

Our Supplier Code of Conduct outlines all the areas we expect our suppliers to adhere to in regards to protecting the environment. This includes, but is not limited to, complying with all applicable current and future environmental laws, regulations and standards, encouraging the use of environmentally friendly technologies and practices throughout their supply chain, and setting environmental policies and targets.

We are working with our suppliers to understand their current status and commitments to reducing emissions and for new suppliers our onboarding process requests details of their environmental credentials. However, our Net Zero roadmap requires greater monitoring and ongoing engagement of both new and existing suppliers.

Aligned to SDGs



## Our commitment

to moving communities forward in 2021



## Our focus

Aligned to SDG



*We believe that we have a responsibility to local communities and society in general. We know that our purpose extends beyond our products and that we have a role to play in supporting the communities we serve.*

£372K

donated to Family Action in 2021 through colleague and corporate fundraising

£1M

donated to Family Action across our six-year partnership

2,300+

toys donated to the Family Action Christmas Toy Appeal

514

families given access to school uniforms through our Back to School scheme

DEMOS

Continued support of the 2021 Good Credit Index

£23K

Supported charities promoted by our colleagues with matched funding donations of £23k

# Supporting our communities

We are focused on delivering our purpose to strengthen the communities where our employees, partners and customers live and work. We work side by side with community partners to deliver a lasting positive impact.

## Our charity partner, Family Action

We are proud to have partnered with Family Action for over six years and we are energised by the impact we are creating together, having donated over £1m during the course of our partnership.

Throughout the COVID-19 pandemic Family Action's services, providing practical, emotional and financial support to those who are experiencing poverty, disadvantage and social isolation, were needed more than ever. During 2021, we supported vulnerable families with Open Doors grants and provided funding to ensure that more families could access direct emergency grants in areas affected by local lockdowns. We also provided support to HeadStart, who partner with young people preparing for interviews, supporting them with CV writing, interview practice and internships at leading companies.

Our colleagues also value our partnership with Family Action. Throughout the year our colleagues engaged in numerous fundraising activities to support our charity partner and donated over 2,300 toys through Family Action's Christmas toy appeal and purchased items on Family Action's gift list, providing essentials to vulnerable families.










For more information about the support that Family Action provides, visit their website at [www.family-action.org.uk](http://www.family-action.org.uk).

## A word from Family Action

In 2021, NewDay and Family Action continued to work together towards our shared goal of helping families in financial hardship. NewDay has generously donated an incredible £372k to support Family Action's work.

Highlights for 2021 include:

- 
 disbursed over 250 Open Doors grants of up to £320 alongside intensive support to vulnerable individuals experiencing domestic abuse, homelessness, mental health concerns and financial hardship;
- 
 equipped over 100 front line staff with refreshed Domestic Violence and Abuse Training so they have the skills and knowledge that will enable them to provide a proactive, responsive and safe service to families experiencing domestic violence and abuse;
- 
 inspired over 100 young people through the Head Start scheme by building their confidence through employability workshops and interview experience;
- 
 brought positive change through quality, long-term mentoring to ten children and young adults who have experienced childhood trauma – providing them with engaging adult role models through our Friendship Works service;
- 
 provided additional resources for our Social Prescribing service that has seen an increasing level of need over the past 12 months and increased complexity and severity in the cases handled. This has allowed us to help vulnerable individuals through a mixture of face-to-face sessions, telephone and online support;
- 
 provided 70 luxury food hampers to vulnerable families facing food insecurity over the Christmas period, giving some much needed joy and cheer; and
- 
 as well as these fantastic corporate donations, NewDay colleagues have donated over 2,300 toys for vulnerable children who may not otherwise have received a present at Christmas.

In 2021, Family Action was awarded Charity of The Year at the Third Sector Awards. This would not have been possible without the support of generous and loyal corporate supporters like NewDay. Thank you.

# Our wider community support

## The Good Credit Index

In 2021, we supported a third annual Good Credit Index through Demos, a leading UK think tank. The latest report centred around the impacts of the COVID-19 pandemic and found that the financial support provided by the Government during the pandemic, such as furlough, eviction bans and payment deferrals, has provided many households with a vital lifeline. It also shows an average increase in access to credit in the UK alongside slightly improved credit scores at a national level, driven largely by lockdown interventions.

The Good Credit Index maps access to 'good credit' measured at a local level and provides location-based strategies for building better credit around the country. By bringing together data variables, the Demos team have pioneered a granular and comprehensive credit map of the UK to identify credit havens and deserts.

Since the launch of the original Demos index, we have continued to provide financial support to help the team refresh the Good Credit Index with new data. The data has been used to inform policy-making across the UK, encouraging metro mayors and local authorities to take positive steps to improve financial resilience in the communities they serve.

## Charity committee

Our Charity Committee promotes and organises fundraising initiatives throughout the year and oversees the matched funding scheme to which all colleagues are invited to apply. The matched funding scheme provides funding for colleague-led charity activities. As a result of the pandemic, colleague fundraising activities were lower than normal, however we continued to support charities promoted by our colleagues with matched funding donations of £23k. We anticipate colleague matched funding requests to normalise back to pre-pandemic levels going forward.

## Colleague-led initiatives

Our colleagues are also committed to making a positive and meaningful contribution to their communities and have engaged in a number of initiatives throughout the year including:

- > we launched Bookmark, a school children reading programme enabling colleagues to volunteer one hour per week to read with school children given low literacy rates across the UK;
- > we ran a 'Back to School' campaign to tackle the issue of textile waste by donating unwanted school uniform to Family Action to support those in need;
- > we supported the 'Keep Britain Tidy' initiative with the 'Million Mile Challenge';
- > we donated over 2,300 Christmas presents to families supported by Family Action;
- > in aid of Mental Health Awareness Week our colleagues walked over nine million steps in support of Family Action, raising over £15,000; and
- > we gifted 70 Christmas food hampers to vulnerable families facing food insecurity over the Christmas period.

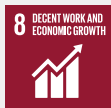


**Behaving ethically**  
and responsibly  
supported by strong  
governance and controls



## Our *focus*

Aligned to SDGs



Signatory to UN Global Compact



EcoVadis **Silver** accreditation placing us in top 25% of rated companies (2020: Bronze)

# 48%

of suppliers who attested code of conduct compliance (2022 target: 75%)

# 0

Data security breaches (2020: 0)

# 0

Anti-bribery and corruption related incidents (2020: 0)

# 2

Calls made to whistleblowing hotline (2020: 3)

# Training

All colleagues trained annually in anti-bribery and corruption, anti-fraud, anti-money laundering, data protection, cyber security, health and safety and inclusion and diversity

# 1.0%

of employees raised a grievance (2020: 1.4%) of which 8% were upheld (2020: 12%)

# Strong governance *and controls*

The Board is responsible for overseeing the Group’s activities. The Directors are apprised of, debate and challenge strategy, mergers and acquisitions, operational performance metrics, risk matters, customer and conduct-related matters and receive reports on current strategic initiatives.

## Role of the Board

The Board is responsible for creating a foundation for growth and attractive shareholder returns. It determines the vision, strategy and high-level policies of the Group, striking an appropriate balance between risk and reward, whilst ensuring positive customer outcomes. It sets out the guidelines within which the business, including those parts of the business that are outsourced, is managed and controlled. It monitors business performance against agreed targets, within an agreed budget, to support the strategic objectives of the business. It also provides oversight and independent challenge, particularly with regard to the business’ culture and values.

The Board executes these responsibilities through its own decision-making and by delegating responsibility to Board committees and to the Chief Executive Officer, with support from the Management Committee. The Board has three sub-committees: (i) the Board Audit Committee; (ii) the Board Risk Committee; and (iii) the Board Remuneration and Nomination Committee. The roles and responsibilities of each committee are documented in Board-approved terms of reference. However, some matters are reserved for consideration by the Board. These include matters relating to: (i) strategy and management; (ii) structure, capital and funding; (iii) financial reporting and controls; (iv) internal controls and risk management; (v) material contracts; (vi) external communications requiring Board approval; (vii) changes to the Board’s structure and remuneration and senior management arrangements; (viii) delegation of authority; and (ix) corporate governance matters.

Aligned to SDGs



### Board governance

## Board

### Board Audit Committee, Board Risk Committee and Board Remuneration and Nomination Committee

### Our committees provide ongoing governance

#### Management Committee

Day-to-day management of the business is the responsibility of the Management Committee, chaired by our Chief Executive Officer. The Management Committee has delegated authority from the Board to make decisions on risk matters within the agreed risk management framework. The Chief Executive Officer also implements the decisions made and policies approved by the Board and deals with matters arising within the ordinary course of business.

#### Enterprise Risk Management Committee

This committee is responsible for reviewing and reporting on key internal and external risks faced by NewDay, and when necessary, make recommendations to Board Risk Committee for ratification. Reporting to the Chief Executive Officer and Board Risk Committee, the Chief Risk Officer leads the Enterprise Risk function and chairs the Enterprise Risk Management Committee.

#### Business Committees

Business level risk committees provide management with a structure to ensure appropriate focus is applied to the oversight and management of specific risk types: macroeconomic risk; credit risk; regulatory risk; operational risk; conduct risk; financial risk; and market risk. Strategic risk is managed by the Management Committee.

### Our four risk pillars underpin the delivery of our strategic objectives

#### Credit risk

Our credit appetite ensures we originate and manage customer receivables with a risk and reward balance in line with the Group’s financial and strategic objectives, whilst also ensuring an appropriate expected credit loss allowance is recorded.

#### Financial strength

We aim to maintain a strong financial position by managing profitability and cash generation. This is achieved by ensuring that financial strength and liquidity are maintained at levels that reflect our desired financial profile, whilst complying with funding covenants and regulatory requirements. This will apply for planned growth in normal conditions and navigating stressed environments.

#### Operational performance (includes operational risk)

We fulfil our business commitments through systems and processes that are appropriately controlled, scalable, cost-effective and comply with applicable external and internal rules, laws and regulations. This includes having the right number of skilled, motivated people in place and developing and retaining talent. We seek to have appropriate oversight, challenge and governance in place over planned changes.

#### Business conduct (includes legal, regulatory and conduct risk)

We treat our customers fairly and ensure that they remain at the heart of everything we do. We work to ensure that our customers do not suffer detrimental outcomes as a result of our product design, sales or post-sales processes, correcting identified errors. Our customer-focused ethos is embedded within the governance and culture of the organisation.

# Strong governance *and controls*

## Board experience

Our Board and Executive team bring many skills and a breadth of experience, including strategic experience, commercial knowledge, retail and investment banking experience, UK regulatory knowledge, customer management and conduct expertise, treasury and funding experience, risk management expertise and operational, IT and accounting experience. This enables Board members to make informed decisions on key issues facing the business.



*Dr Javed Khan OBE*

Independent Non-Executive Director

In February 2022, we welcomed Dr Javed Khan OBE to the Board. Javed is a leading figure in the UK public and voluntary sectors. He was Chief Executive Officer of the children’s charity Barnardo’s from 2014 to 2021, and of the charity Victim Support from 2010 to 2014. He is currently the chair of the Buckinghamshire, Oxfordshire & Berkshire West Integrated Care Board and a commissioner on the Law Family Commission on Civil Society. Javed is a Companion of the Chartered Management Institute and a former member of the Independent Grenfell Recovery Taskforce. He was also a Specialist Advisor to the Justice Select Committee’s inquiry into prison reform. Javed was appointed an Officer of the Order of the British Empire (OBE) in the Queen’s Birthday Honours for 2021 for services to young people and to education. He has a degree in mathematics and an honorary doctorate degree from the University of Salford, and an honorary doctorate degree from Birmingham City University.

Javed’s considerable leadership expertise and his background in the UK public and voluntary sectors will also help drive forward NewDay’s ESG agenda as well as furthering our goal of being a force for good in responsible lending.

## ESG governance

ESG matters are discussed at Board meetings at least quarterly. ESG regularly features on the Management Committee’s agenda, and individual members of the Management Committee sponsor each of our ESG targets. Following the appointment of Dr Javed Khan in 2022, he will be the appointed Board member responsible for ESG.

## Corporate Governance principles

The Group applies the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council (FRC) and available on the FRC’s website) (the ‘Wates Principles’). In addition, the Group complies with: (i) the FRC’s UK Corporate Governance Code (which can also be found on the FRC’s website) where deemed appropriate taking account of the size, nature and share ownership structure of the Group; and (ii) the Guidelines for Disclosure and Transparency in Private Equity, which can be found online at [www.privateequityreportinggroup.co.uk](http://www.privateequityreportinggroup.co.uk).

## Executive Director remuneration

The Remuneration and Nomination Committee oversees the implementation of the Company’s remuneration policy and, in particular, seeks to ensure that the Executive Directors are appropriately rewarded for the Group’s performance and the delivery of the Group’s strategy in a manner consistent with its values and the promotion of a strong environmental, social and corporate governance culture.

# Strong governance *and controls*

## Managing conduct risk

Conduct risk can arise through the design of products that do not meet customers' needs, mishandling complaints where the Group has behaved inappropriately towards its customers, inappropriate sale processes and exhibiting behaviour that does not meet market or regulatory standards. Avoiding poor customer outcomes requires focus on treating customers fairly including assessing affordability and sustainability of lending and handling vulnerable customers sensitively. We manage and mitigate conduct risk by ensuring colleagues have appropriate training, monitoring various operational metrics through our customer outcomes radar and by tracking activities which affect customers, monitoring customer complaints, implementing process improvements and adhering to service standards. The outcomes of this reporting are monitored by the Board and the Board Risk Committee.

You can read more about our governance structure and principal risks in our 2021 Annual Report and Financial Statements available at [Results centre | NewDay](#).

Aligned to SDGs



### Principal risk

## Conduct risk

*(Responsibility: Chief Commercial Officer)*

Customer harm arising from inappropriate culture, products, governance and processes.

### Example

NewDay or its strategic partners experiencing issues with poorly defined and managed controls, culture and/or governance could cause customer detriment and in turn this could lead to financial loss, affect reputation and give rise to regulatory censure.

### Link to our values



### 2021 performance

- Implemented an enhanced conduct risk management framework and dashboard
- Creation of vulnerable customer champion and programme
- Training and awareness improved across the business
- Managed incidents and remediated to avoid any customer detriment
- We reviewed and enhanced our complaints management model
- New products successfully launched that meet customers' needs (e.g. *Bip*)
- PPI mis-selling remediation and closure of policies

### How we are mitigating this risk

- Our Conduct and Complaints Risk Committee oversees our conduct risk management framework
- Our manifesto, values, and investment in colleague training, together with key management communications support company standards and the customer outcomes we aim to achieve
- New product approval committee
- Retail partner monitoring and relationship management
- Increased focus on agent recruitment, retention, training and performance management and reward in light of changed ways of working
- Monitoring of effectiveness of policies and processes for vulnerable customers
- Review of responsible lending and affordability across the Group and a review of past and current affordability processes undertaken in order to determine any systemic issues and/or adversely impacted customers
- Monitoring emerging new sources of complaints from individuals and claims management companies and continuing to enhance processes and management of complaints

### Where next?

- Continue to progress our remedies for customers considered in persistent debt
- Monitor customer affordability
- Stay abreast of the regulatory environment. Our focus on responsible lending and customer outcomes will remain high and we will continue to ensure that our marketing and complaints processes deliver effectively for our customers
- We will look at customer behaviour patterns and in particular how credit is accessed
- Introduce further support to customers to help them be better with credit by introducing more early intervention strategies



# Strong ethics *and governance*



## UN Global Compact signatory

Our commitment to being a responsible business, our policies and procedures align to the Ten Principles of the UNGC across human rights, labour, environment and anti-corruption. In 2021, we committed to making the Ten Principles part of our strategy, culture and day-to-day operations by becoming a signatory to the UNGC and we reconfirm our ongoing commitment. We are also supportive of advancing broader development goals, particularly the SDGs, and made good progress towards the goals we focused on, being those where we could make the most impact.



## Sustainability rating

Our progression in our ESG strategy and activity has been recognised by EcoVadis who accredited us with their Silver Sustainability rating in 2021. This puts us in the top 25% of companies they have rated (2020: bronze, top 50% of companies) and our score was 17% above industry average.

EcoVadis' business sustainability ratings are based on international sustainability standards such as the Ten Principles of the UNGC, the International Labour Organization conventions, the Global Reporting Initiative standards and the ISO 26000 standard. EcoVadis evaluate 21 sustainability criteria across four core themes: Environment, Labour and Human Rights, Ethics and Sustainable Procurement.

Our top performing sustainability assessment themes were Labour and Human Rights and Environment. Our key area for improvement was in Sustainable Procurement, which is being incorporated into our operational roadmap to achieve Net Zero.

EcoVadis also assessed our carbon management practices for which we were rated Intermediate on their carbon scorecard.

The EcoVadis assessment process validates our sustainability commitments, practices and performance and offers a clear roadmap for continuous improvement. We continue to undertake feasibility studies to implement EcoVadis improvement recommendations to continue on our ESG journey.

## Acting with integrity

We expect all colleagues to act responsibly and with integrity in line with the requirements of our Code of Conduct. All colleagues undertake mandatory training annually, with a 100% completion rate, defining the behaviours expected of them. Training covers the following topics:

- > Anti-bribery and corruption
- > Information security
- > Data protection
- > Inclusion awareness
- > Vulnerable customer awareness
- > Anti-money laundering
- > Senior Managers and Certification Regime – Conduct in Financial Services
- > Data management
- > Anti-fraud
- > Health and safety



# Strong ethics *and governance*

## Working with our regulators

We are regulated by the Financial Conduct Authority (FCA), the financial services conduct regulator which supervises relevant consumer credit activities in the UK. The FCA also acts as NewDay's prudential regulator. We maintain good relationships with our regulators and are supportive of legislation that protects consumers and ensures that only reputable businesses are permitted to provide financial products and services.

In relation to conduct matters, the Legal & Conduct Advisory team (LCA) provides day-to-day support on applicable core laws and regulations including the Consumer Credit Act, Payment Services Regulation and the FCA Consumer Credit Sourcebook. This experienced team engages across all business areas supporting such matters as the implementation of regulatory change, product design, customer journeys, financial promotions, customer communications and system changes.

The Group is in good regulatory standing. NewDay's engagement with the FCA is close and interactive, typically on topics such as thematic reviews and ad hoc information requests.

## Trade associations

As we operate in a regulated sector, we work alongside leading associations in the Financial Services industry to ensure we keep up to date with regulatory matters and industry best practice. As active members, we attend and contribute to policy discussions, contributing subject matter expertise to support leading industry working groups. Our main relationships are with:

- UK Finance – a trade association for the UK banking and financial services industry. Representing circa 300 firms, UK Finance seeks to offer a single voice for its members, engaging on firms' behalf with regulators, the media and HM Government
- Finance and Leasing Association (FLA) – a trade body for the asset, consumer and motor finance sectors in the UK. FLA member companies, which include banks, finance subsidiaries of major manufacturers and independent finance firms, provided £113bn of new finance to businesses and households in 2020 – a third of all new consumer credit written in the UK. The FLA oversees the Lending Code, to which NewDay adheres.
- Confederation of British Industry (CBI) – a not-for-profit membership organisation, founded by Royal Charter, the CBI represents 190k UK businesses with a total of 7m employees.
- Direct Marketing Association (DMA) – a trade organisation for marketers. Representing over 1000 corporate members, the DMA is Europe's largest community of data-driven marketers. The DMA oversees the DMA Code, to which NewDay adheres.

All colleagues who attend industry events, round-tables and working groups are provided guidance on competition law to ensure there is no conduct which could infringe relevant legislation. Awareness training on anti-competitive practices is also included in the induction process for all new starters.

## Working with our auditors

Our external auditors, KPMG LLP, have been in place since 2012 (including predecessor groups). Our Board and the external auditor have safeguards in place to protect the independence and objectivity of the external auditor. The external auditor is not permitted to perform any work that might impact its objectivity and independence or create a conflict of interest with respect to the Group. We have internal procedures in place to determine the use of the external auditor for non-audit services.

We are open and cooperative with our external auditors and provide all the information and explanations requested by them to complete their audit. Each year KPMG have issued an unqualified audit opinion on our Financial Statements.

## Working with trade unions

We support colleagues' rights to exercise collective bargaining and freedom of association. We have a recognition agreement with Advance for statutory consultation for colleagues who TUPE transferred from another organisation. Approximately 100 of our colleagues are members of a collective bargaining group.



# Strong ethics *and governance*

## Data protection and information security

As a Financial Services provider, data protection and information security are critical to the success of our operations and as such are captured within our principal risks.

We have robust policies and processes in place to protect customer data and ensure it is used in an appropriate manner. Information security, data protection, cyber-security and data governance are mandatory annual training courses required to be completed by all colleagues to ensure they are aware of their responsibilities in this area.

### Data protection

Our Data Protection Officer (DPO) oversees the creation of appropriate assurance processes and documentation to ensure ongoing compliance with data protection legislation. The DPO works in conjunction with our data governance, cyber and information security specialists to ensure the security of NewDay systems.

We process large volumes of personal information on a daily basis and we take our data protection responsibilities seriously. As a credit provider we follow the security requirements mandated under the Payment Card Industry Data Security Standard (PCI) to protect cardholder data. In 2021, we were assessed to be fully compliant following our annual PCI compliance audit.

### Information security

During 2021, we implemented a new threat protection solution on our laptops and servers to further enhance protection against advanced cyber threats. This solution leverages the capabilities of the Microsoft Azure cloud platform, enables detailed visibility of suspicious activity, and integrates seamlessly with our security monitoring solution. We have also maintained our focus on access management, and deployed a new solution to manage privileged access on our digital platform.

We have implemented a regular programme of security testing and assessment activity to validate our security posture. 'Red Team' security testing, which simulates real world cyber threat activity, is carried out throughout the year to check our detection, blocking and incident response capabilities. We also actively use the SecurityScorecard service to provide an independent and objective view of our external cyber security risk posture. This assessment activity enables us to continually optimise our defences, and address any identified gaps.

Looking forward, we are focused on enhancing access management practices, and deploying a security posture management capability for our cloud platforms to maintain a secure configuration. We are also progressing certification against the ISO 27001 best practice security standard. The programme of security testing activity will continue to provide assurance on the security of our services.

## Financial crime

The FCA has responsibility for taking regulatory action to counter financial crime and sets out requirements for regulated companies to put in place adequate systems and controls to monitor, detect and prevent financial crime.

Our Prevention of Financial Crime policy explains the various legislation in relation to financial crime, documents the framework in place to ensure that we comply with the relevant laws and highlights the responsibilities of colleagues. This over-arching policy is supplemented with more detailed policies which provide an understanding of the following areas, along with expected levels of employee conduct:

- Anti-bribery and corruption
- Anti-money laundering
- Sanctions and politically exposed persons
- Prevention of internal fraud
- Know your customer and identification
- Conflict of interest

These policies are supported by mandatory annual training completed by all colleagues.

We have a dedicated Financial Crime team, reporting to the Chief Risk Officer, which monitors the effective operation of our preventative systems, processes and controls. Our Financial Crime team also maintains a Gifts and Hospitality register and colleagues seek approval from or escalate to the Financial Crime team if sensitive transactions happen, as required by our anti-bribery and corruption policy.



# Behaving ethically *and responsibly*

## Whistleblowing

We are committed to being a transparent and accountable business and offering colleagues channels to speak up confidentially about concerns is an important part of our culture. Our whistleblowing policy sets out our commitment to the highest standards of ethics and explains to colleagues what whistleblowing means. Colleagues undertake annual training on anti-money laundering and anti-bribery and corruption which include details on our whistleblowing policies. We have an internal whistleblowing email address or an external call line provided by independent company Safecall so that people can call anonymously should they wish to.

In 2021, two colleagues contacted our confidential whistleblowing helpline (2020: three). All calls were thoroughly investigated and dealt with according to the appropriate internal policies and procedures. We had no anti-bribery and corruption related incidents in 2021 (2020: none).

## Governance in our supply chain

Responsibility is at the heart of our business. We consider the needs of all of our stakeholders so that we make informed, fair decisions that benefit our customers, colleagues, shareholders and partners, as well as our local communities.

Our Procurement Policy details the principles that must be followed in sourcing and managing suppliers to ensure that procurement activities support our sustainability practices and objectives.

Our Supplier Code of Conduct outlines our expectations for suppliers we do business with across Economic, Environment, Human Rights, Diversity and Inclusion. We are committed to supporting our suppliers in this respect, including working together to improve the supplier's ability to meet these expectations. Our Code of Conduct applies to suppliers that are providing services to or on behalf of NewDay and third parties sub-contracted by a supplier. We welcome open, honest discussions with suppliers where they feel they might not be able to fully adhere to our Code and the opportunity to explore solutions to these challenges. However, if suppliers continue not to be in compliance with the Code, we may take steps to review the terms of the contract, including reduction in the order and exiting of the relationship.

As part of our onboarding procedures, all new suppliers are referred to our Enterprise Risk Assurance team which runs assurance with targeted suppliers covering the topics referenced in the Supplier Code of Conduct. We also request prospective suppliers submit responses and supporting documents on their approach to a number of ethics and sustainability topics including policies related to Diversity and Inclusion, Modern Slavery, Health and Safety, Whistleblowing, holding ISO 14001 (Environmental) and ISO 45001 (Health and Safety) Standards, Environmental practices and compliance with regulation, Employment Contracts and People management controls. Prior to onboarding suppliers, we perform supplier risk assessments based on geographic risk segmentation to identify supplies from high-risk countries, particularly in relation to Modern Slavery and Human Trafficking. All suppliers are requested to attest their compliance to the Supplier Code of Conduct as part of their onboarding.

In line with internal supplier qualification and ongoing monitoring processes, we ask new and existing suppliers to self-attest their compliance against key principles relating to corporate social responsibility. 48% of our suppliers have attested to our Supplier Code of Conduct and we target increasing this to 75% by the end of 2022.

Suppliers should have good management and governance processes in place to ensure the requirements of the Code can be demonstrated at all times. Furthermore, suppliers must make reasonable efforts to monitor their supply chain, ensuring their suppliers are also aware of the aims of the Code. Our Enterprise Risk Assurance team carries out annual reviews to ensure that our critical suppliers continue to adhere to our standards using a combination of annual supplier attestations, desktop assurance and on-site assurance visits.

 *Our full Supplier Code of Conduct is available on our website at [www.newday.co.uk/codeofconduct](http://www.newday.co.uk/codeofconduct)*

# Behaving ethically *and responsibly*

## Treating our suppliers fairly

As a Financial Services organisation, NewDay recognises the importance of bringing economic benefit to our colleagues, investors and local communities. Commercial transactions should be beneficial to all parties and based on the principles of fair and honest dealings.

Our suppliers play a critical role in delivering high-quality service to our customers, so it is vital that we treat them fairly. We use a large number of suppliers that range from small enterprises to large multinational corporations and we continually evolve our procurement processes to ensure we only use suppliers who operate in a responsible manner.

Every supplier is assigned an Accountable Executive and a Supplier Manager who will be responsible for ensuring both parties deliver in accordance with contractual obligations. The supplier's classification in accordance with our Supplier Management Framework (ranging from material supplier to transactional supplier) determines the minimum frequency of which strategic and performance reviews are completed.

We understand that many of our small suppliers may have cash flow issues if we do not pay them on time and therefore aim to settle invoices promptly. In 2021, 85% of the Group's invoices were paid in line with contractual terms, of which 69% were paid within 30 days and a further 29% were paid within 60 days.

## Modern slavery

We aim to act fairly, ethically and openly in everything that we do. We support the protection of Human Rights around the world and are guided by the fundamental principles such as the International Labour Organisation (ILO) core conventions. We comply with all applicable law and regulation, including the UK Modern Slavery Act 2015 and we expect our suppliers to do the same.

We are committed to carrying out our business responsibly, and this includes ensuring that slavery and human trafficking are not taking place in any part of our business or supply chain. Our commitment to combating modern slavery and human trafficking is embedded into our policies. We have put in place robust processes that aim to ensure we only work with appropriate suppliers who can meet the standards expected of them. Our primary supply chain focus is on areas of supply which potentially carry a higher risk, for example our sub-contracted workforce. Our general supplier risk assessment also allows us to understand and focus on our suppliers with operations in higher-risk locations, particularly emerging economies and less developed countries.

Our supplier attestations specifically reference the Act and its requirements. Any risks identified will be escalated, reported and managed in accordance with our supplier risk management procedures.


We provide ongoing training to our Procurement team and key stakeholders involved in supplier management to ensure competence in monitoring our adherence to the Act.

 *Our full Modern Slavery and Human Trafficking Statement is available on our website at [www.newday.co.uk/modernslavery](http://www.newday.co.uk/modernslavery)*

## Tax strategy

We are committed to: (i) ensuring we meet our obligations to pay the correct amount of UK tax at the right time; and (ii) complying with all applicable laws, rules, regulations and disclosure requirements in relation to taxation in the UK. We will seek to interpret the UK Tax Rules consistently with both the spirit and intention of the law and will not seek to exploit ambiguity.

We are committed to being open, transparent and proactive. Accordingly, we actively engage with HMRC, where appropriate, and disclose all relevant facts and circumstances. This includes in relation to current, future and past tax events and any queries we may have in relation to the interpretation of the UK Tax Rules (as deemed appropriate).

 *Our Board-approved tax strategy is available on our website [www.newday.co.uk](http://www.newday.co.uk)*

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