

New Day



Sustainability *Report*

2022

Welcome to NewDay's Sustainability Report 2022

NewDay exists to help people 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. Providing people with access to responsible credit is what we do, ensuring the right outcomes and protection for consumers.

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 believe that our purpose extends beyond our products, and we have a responsibility to local communities and society in general. In doing so, we seek to partner with

organisations that share our vision for helping people move forward in their lives. We take our charity partnership with Family Action very seriously.

We are committed to reducing our impact on the environment with a focus on decarbonisation, water use reduction and waste management. We have achieved carbon neutral across Scope 1 and Scope 2 emissions and plan to achieve Net Zero Greenhouse Gas emissions by 2040.

Our business is built on the foundations of a well-established governance framework comprising robust controls and compliance procedures, fostering 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, the progress we’ve made so far, and our ambitions for the future.

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Sir Michael Rake
Chairman and Non-Executive Director

“Acting ethically, responsibly and sustainably is intrinsic to the way we operate. I am proud of the positive impact we have made in supporting our customers, colleagues and communities, and protecting the environment in 2022. It’s pleasing that this has also been recognised through external award wins and ratings.”

Our ESG approach



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 a 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. Providing people with access to responsible, regulated credit is what we do, ensuring the right outcomes and protection for customers. 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**.

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 experiences through seamless credit and loyalty.

Credit helps us move forward.



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.

81%

Purpose and Values Index in our 2022 colleague engagement survey (2021: 82%) indicating we are successfully building a culture centred around our purpose and values.

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-spectrum¹ underwriting capabilities.

We have proven through the credit risk cycle capabilities in full-spectrum¹ 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, both in the UK and internationally.

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.

Direct to Consumer	Merchant Offering	Platform services
<p> Our revolving credit offering.</p> <p> Free access to <i>Aqua Coach</i> that provides customers with personalised tips to improve their credit score</p> <p> Flexible account management and proactive notifications, giving customers control of their finances</p> <p> 0% balance transfers for working Britain</p> <p> Digital cardless credit that is refreshingly simple with tools like spending caps and the payment calculator</p>	<p> Innovative e-commerce offering, business-to-business-to-consumer.</p> <p> White-labelled product offering with revolving credit, with functionality for instalment loans, BNPL and 0% promotional offers</p> <p> Co-branded card with digital acquisition</p> <p></p> <p> Ecosystem of over 100 retailers – and growing. Multi-product offering including BNPL functionality and 0% promotional offers</p> <p></p> <p> Reward rich own-branded card for customers from ceased merchant partnerships</p>	<p> White-labelled technology platform solution.</p> <ul style="list-style-type: none"> White-labelled technology platform solution which powers NewDay's business Targeted at banks and lenders within and outside of the UK Multi-product offering including cards, BNPL, 0% offers, instalments and revolving credit Unsecured personal loan origination product
<p>Powered by NewDay's leading platform</p> <ul style="list-style-type: none"> Focused consumer credit provider Flexibility to spend and pay down as a customer chooses Cards (physical and digital), BNPL, instalments and revolving credit Brand-agnostic Aggregators, direct and merchants (large merchants and small merchants via <i>Newpay 1:Many</i>) 		
<p>£2.4_{BN} 2.0_M</p> <p>Gross receivables Customer accounts</p>	<p>£1.8_{BN} 2.9_M</p> <p>Gross receivables Customer accounts</p>	

¹ Excluding sub-prime.

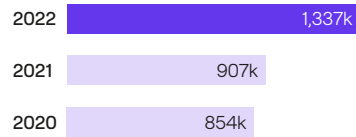
Note: Our Direct to Consumer business also has an *Opus*-branded portfolio. Our Merchant Offering business also has closed portfolios from previous merchant partnerships.

NewDay at a glance

New customer accounts

1.3M
(2021: 0.9m)

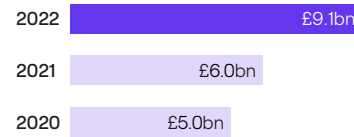
The number of new customer accounts originated in the period.



Customer spend

£9.1BN
(2021: £6.0bn)

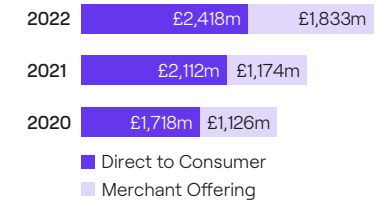
The amount of customer spend through our products in the period, including balance transfers, money transfers and cash advances.



Receivables

£4.3BN
(2021: £3.3bn)

Gross customer balances outstanding at the year end.



Transactional Net Promoter Score (NPS)

+64
(2021: +70)

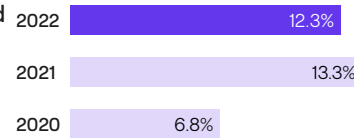
Average customer feedback score when rating their experience on an interaction with us.



Underlying risk-adjusted margin

12.3%
(2021: 13.3%)

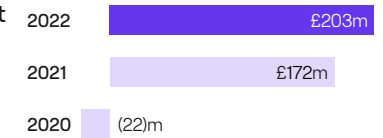
The ratio of underlying risk-adjusted income (net revenue less impairment losses) to Average Gross Receivables. Underlying risk-adjusted margin is used by the Directors as a measure of returns from customers after impairment charges.



Group underlying profit before tax from continuing operations

£203M
(2021: £172m)

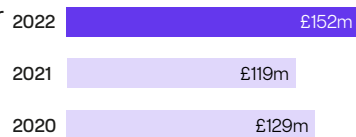
The profit/loss after tax from continuing operations, adjusted for tax, amortisation and impairment of intangible assets arising on the acquisition by current shareholders, goodwill impairment charges, interest expense and related costs from Senior Secured Debt and Exceptional and Non-Operating Costs.



Free cash flow for Senior Secured Debt servicing

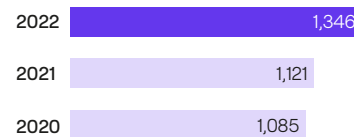
£152M
(2021: £119m)

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



Number of colleagues (FTE)

1,346
(2021: 1,121)



You can read more about our business, strategy and performance in our 2022 Annual Report and Financial Statements available at newday.co.uk/investors/results-centre

Credit as a force for good

Our focus on ESG is embedded across our business. Our progress in 2022 includes:

We help people move forward with credit

1.3M

new customers welcomed that we responsibly said "yes" to (2021: 0.9m)

2.1M

customers improved their credit score (2021: 2.2m)¹

390K

collections toolkit offers agreed with our customers (2021: 270k)

592K

customers registered for *Aqua Coach* and *Credit Score*, our financial education tools (2021: 336k)



'Best Credit Card Provider' winner at the British Bank Awards



'Best Credit Building Product Provider' winner at the Consumer Credit Awards

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

78%

employee engagement (2021: 80%) against a target of >75%

82%

Inclusion and Diversity Index in our employee engagement survey (2021: 83%) against a target of >75%

30%

internal mobility (2021: 21%) against a target of 10%

82%

Wellbeing Index in our employee engagement survey (2021: 82%) against a target of >75%



Across our seven-year partnership we've donated over £1.4m to our charity partner Family Action



Supported the fourth annual Demos Good Credit Index

We are an environmentally conscious and highly digital business

0.3

tonnes of CO₂e per average FTE employee across Scope 1, 2 and 3 within our own operations (2021: 0.4 tonnes² of CO₂e per average FTE employee) against a target of 1.0 tonnes



Carbon neutral own operations across Scope 1 and 2 CO₂ emissions

100%

renewable energy tariffs across our operations (2021: 53%)

0%

of waste to landfill (2021: 0%)



customer carbon footprint tracking launched

2040

Net Zero target set

Underpinned by strong and established corporate governance



Signatory to UN Global Compact



EcoVadis Gold Sustainability Rating (2021: Silver)



ISO 27001 Information Security Management certification

Targets set for each ESG metric and regularly monitored by the Board


Mandatory ethics training for all colleagues annually

¹ In 2022, we revised the definition of this metric to include accounts that closed during the year.
² Following review of our waste data, 2021 emissions data has been updated.


Our ESG progress

2022 highlights


▶




Full credit report, credit score simulations and history available at a single click through *Aqua Coach*, with offering extended to all D2C brands and declined applicants




Launched *Aqua Gold*, a credit card rewarding customers for good credit management



Personalised collections journeys for customers in need of financial assistance and signed up to The Support Hub run by Experian, providing targeted support




Bip won 'Best Credit Card Provider' at the British Bank Awards




Aqua won 'Best Credit Building Product Provider' at the Consumer Credit Awards

▶


▶




Continued to support Family Action's core work and innovative projects through both donations and volunteering activities




Achieved ISO 27001 Information Security Management certification



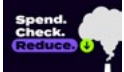
Secured EcoVadis Gold Sustainability Rating, placing us in the top 5% of all Financial Services companies rated (2021: top 25%)



leader100 training programme launched for all Directors and Heads of function to support development of our future leaders



Achieved carbon neutral own operations across Scope 1 and 2 CO₂ emissions.
100% of energy tariffs now renewable



Bip and *Aqua* customer carbon footprint tracking launched and John Lewis partnership launched with recyclable plastic card

▶

Future ambitions

▶

Introduction of *Aqua Coach Steps* to support customers to improve their credit score and enhance financial education

Monitor customer engagement with carbon footprint tracking and customer reaction to inform future strategy

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

Introduce supplier performance tracking against sustainability metrics to ensure suppliers' activities are aligned with our ESG ambitions

Achieve Net Zero by

2040

▶

ESG Director’s statement



“ I am pleased to present my first report as ESG Director at NewDay. Since joining in February 2022, I have been impressed by the purpose-driven culture, customer focus and commitment to delivering against our sustainability goals, alongside disciplined governance. We have made progress across all areas of our ESG strategy, and I am proud of the positive momentum we have created in our ESG journey, though we know there is much more to do.”

Dr Javed Khan OBE
ESG Non-Executive Director

Helping customers move forward with credit

Upon joining the Board it was clear that the Group’s purpose to help people move forward with credit and its customer-centric ethos sit at the core of the business. With the backdrop of the cost of living crisis it was critical that we remained focused on promoting financial inclusion and good credit behaviours, and providing high-quality customer service tailored to the changing needs of each customer to drive positive customer outcomes.

We welcomed 1.3m new customer accounts and broadened our product offering including the launch of *Aqua Gold* which rewards customers with cashback and other exciting benefits when they have had their card for at least two years, managed credit well and improved their credit score. Our financial education tools, *Aqua Coach* and *Credit Score*, support customers to improve their credit score. 592k customers are now registered, with over 300k customers actively using the feature every month. We also expanded this offering to declined applicants in 2022 to support them in developing good credit behaviours, enabling greater financial inclusion. In 2022, we supported 2.1m customers to improve their credit score.

We are proud of the products and features offered to our customers and were pleased that *Aqua* won ‘Best Credit Building Product Provider’ at the Consumer Credit Awards and *Bip* won ‘Best Credit Card Provider’ at the British Bank Awards.

300k
customers actively use *Aqua Coach* every month

We welcomed the FCA’s guidance aimed at helping customers experiencing financial difficulties prompted by the rising cost of living, including the continued application of Tailored Support Guidance. In 2022, we agreed 390k (2021: 270k) collections toolkit offers, which remain key in providing support to customers who experience ‘bumps in the road’. This included 166k payment holiday support plans (2021: 109k).

Our ongoing commitment to serving our customers is evident in our transactional Net Promoter Score (NPS) which, excluding the impact of the John Lewis portfolio migration, remains high at +66. 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 2022, we joined the industry-wide initiative run by Experian, The Support Hub, enabling consumers to share their support needs once to facilitate more targeted support and reduce the emotional burden of them having to inform numerous service providers of the same needs.

As well as supporting customers to move forward with credit, we promote sustainable behaviours with them. Following the launch of our digital product *Bip* in 2021, this year we are proud to be one of the first credit providers to offer carbon footprint insights to our *Bip* and *Aqua* customers in partnership with carbon management experts, Cogo. Customers can see the carbon impact of their spending to help build carbon literacy and create positive change for our climate.

Through *Newpay* and *Bip* 453k customers have a cardless product (2021: 338k) and for our new partnership with John Lewis & Partners we issued customers with recyclable plastic cards. 639k customers have now been issued with recyclable plastic cards and we intend to grow this in future years. Our digital e-servicing and mobile application platforms are proving highly effective with 94% of active customers registered for e-servicing (2021: 91%). 81% of customer statements are now delivered digitally (2021: 76%) which also supports a reduction in our carbon footprint.

Powered by our People

We couldn’t achieve any of this without the dedication of our colleagues. Whilst we are guided by our purpose, we are powered by our people who live our values in their everyday work: ‘do the right thing’, ‘pull together’, ‘aspire to extraordinary’ and ‘create tomorrow’. We have developed a strong culture that aims to ensure colleagues feel valued, inspired and empowered to do the right thing for our customers in a fully inclusive environment where they can reach their potential. Our bi-annual, externally managed employee survey reflects this with ongoing high levels of engagement with a score of 78% in our most recent survey (2021: 80%).

Our inclusion and diversity agenda remains a key priority for the Board. Our engagement survey results showed an Inclusion and Diversity Index of 82% (2021: 83%) reflecting our belief that we have created a culture where colleagues feel comfortable to be themselves. Our rich events programme, including our Inspirational Speaker Series, continue to promote a culture that celebrates diversity.



‘Best Credit Card Provider’ winner at the British Bank Awards



‘Best Credit Building Product Provider’ winner at the Consumer Credit Awards

ESG Director's statement continued

Our colleagues are our greatest asset, which is why we are committed to their long-term wellbeing and development. Our ability to retain and develop key talent is a competitive advantage that helps us to keep moving our business forward. In 2022, we engaged The Chemistry Group to develop a bespoke leadership training programme tailored to our senior managers to ensure they acquire the necessary skills to develop as our future leaders. We are proud that, where possible, we look to promote or provide secondment opportunities internally. This led to 30% of colleagues moving into new opportunities internally in the year, against our target of 10%. Of these internal moves, 60% were made by women.

Environmental action

As a result of our focus on minimising our impact on the environment, this year we achieved carbon neutral own operations, an important step in our journey towards Net Zero by 2040.

We are committed to conserving energy and giving preference to renewable sources of energy wherever reasonably practicable and therefore we are pleased to have transitioned to 100% renewable energy tariffs by the end of 2022. For our residual emissions we have purchased Verra approved carbon offsets covering both 2021 and 2022 Scope 1 and 2 emissions to achieve carbon neutral own operations.

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. We made progress this year, working with our suppliers to understand their current status and commitments to reducing emissions and our refreshed Supplier Code of Conduct requires suppliers to actively reduce their carbon emissions and other negative environmental impacts and provide updates on their progress.

Community partnerships

We are proud to have partnered with Family Action for over seven years and we are energised by the impact we are creating together, having donated over £1.4m during the course of our partnership. Our colleagues also value our partnership with Family Action and engaged in numerous fundraising and volunteering activities to support the important work of our charity partner in providing practical, emotional and financial support to those who are experiencing poverty, disadvantage and social isolation.

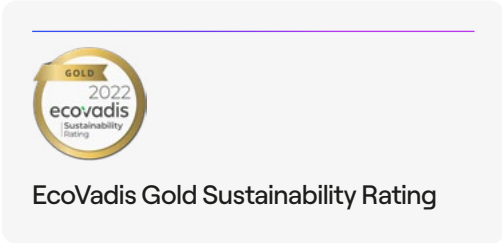
We also supported a fourth annual Good Credit Index through Demos which maps access to 'good credit' across the UK and informs policy-making at local level. With the impact of the cost of living crisis, this year's report is an invaluable source of data to inform and enact real change reflecting the critical role access to responsible lending plays.

Governance

We have a well-established governance framework designed to ensure high standards of corporate governance and appropriate oversight by our Board. This aims to ensure growth is delivered in a controlled and compliant manner whilst protecting the interests of our stakeholders, ensuring governance arrangements remain fit for purpose and reflect the size and ambition of the Group.

Cyber security is very important to our customers, Board and stakeholders. In 2022, relevant entities in the Group achieved certification against the ISO 27001 best practice security standard demonstrating our commitment to managing information safely and securely as a trusted partner.

We continue to support the United Nations Global Compact and integrate its principles into our business strategy, culture and daily operations. We recognise the United Nations Sustainable Development Goals (SDGs) as shared global priorities and are committed to taking strategic action to support their achievement.



EcoVadis Gold Sustainability Rating

EcoVadis continue to independently assess our sustainability credentials and they upgraded us from Silver to a Gold Sustainability Rating in 2022, ranking us in the top 5% of all Financial Services companies (except insurance and pension funding) rated by them globally (2021: top 25%). EcoVadis also assessed our carbon management practices for which we were rated Intermediate on their carbon scorecard.

Where next?

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

Our objective is to make *Aqua Coach* the UK's best credit building tool. In December 2022, we rolled out the functionality to our other Direct to Consumer brands and we have also developed *Aqua Coach Steps* which provides personalised monthly actions to further support customers to improve their credit scores. We also extended the carbon tracking functionality to *Aqua* customers at the end of 2022 and are now monitoring customer engagement across both brands to inform our strategy for developing the feature across our other brands.

Our sustainable procurement roadmap is key to deliver our Net Zero ambitions. We plan to establish new supplier performance tracking against sustainability metrics to enable the effective ongoing management of our supply chain with respect to ESG matters and to drive further engagement with our most impactful suppliers.

The increased representation and development of women remains a priority and our medium-term gender diversity target is to increase the proportion of colleagues that identify as female in senior management roles to 40% by the end of 2026. This compares to 27% in 2022. In order to be fully inclusive we are also aiming to capture data across a wider set of diversity characteristics in order to develop our baseline before setting appropriate targets. We have an ambition to ensure our colleagues reflect the communities we serve.

During 2023, 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).

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. I believe we can be proud of our ESG achievements in 2022 and look forward to building on this progress in 2023.

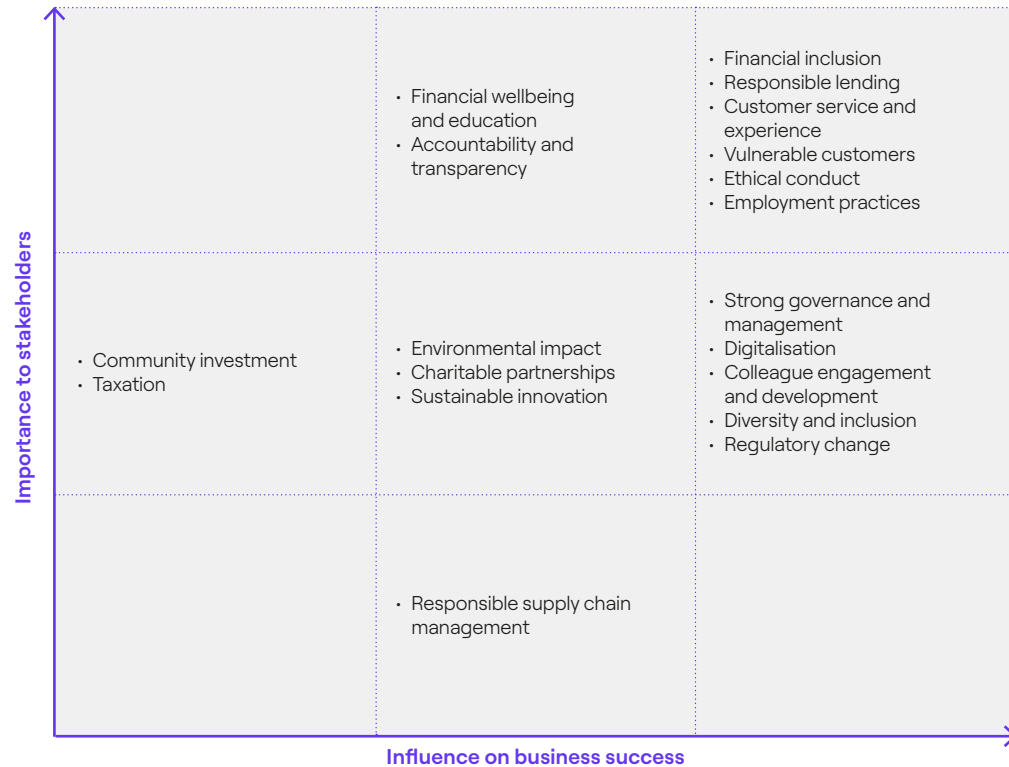
Dr Javed Khan OBE

ESG 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 (Global Reporting Initiative), to identify key Environmental, Social and Governance factors to be considered in our ongoing ESG strategy development.



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, 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 included 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 interests 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 44 for further details).

Customers

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

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.

2.1M

customers improved their credit score (2021: 2.2m¹)

390K

collections toolkit offers agreed with our customers (2021: 270k)

592K

customers registered for our financial education tools *Aqua Coach* and *Credit Score* (2021: 336k) against a target of 500k

+67

Net Easy Score (NES) (2021: +73) against a target of +68

+64

transactional NPS (2021: +70) against a target of +64

1.3

complaints per 1,000 active accounts (2021: 0.7) against a target of < 1.2



Our focus

Aligned to SDGs



➤ [Read more about SDGs on page 44](#)

¹ In 2022, we revised the definition of this metric to include accounts that closed during the year.

Customers continued

Case study

Aqua Coach

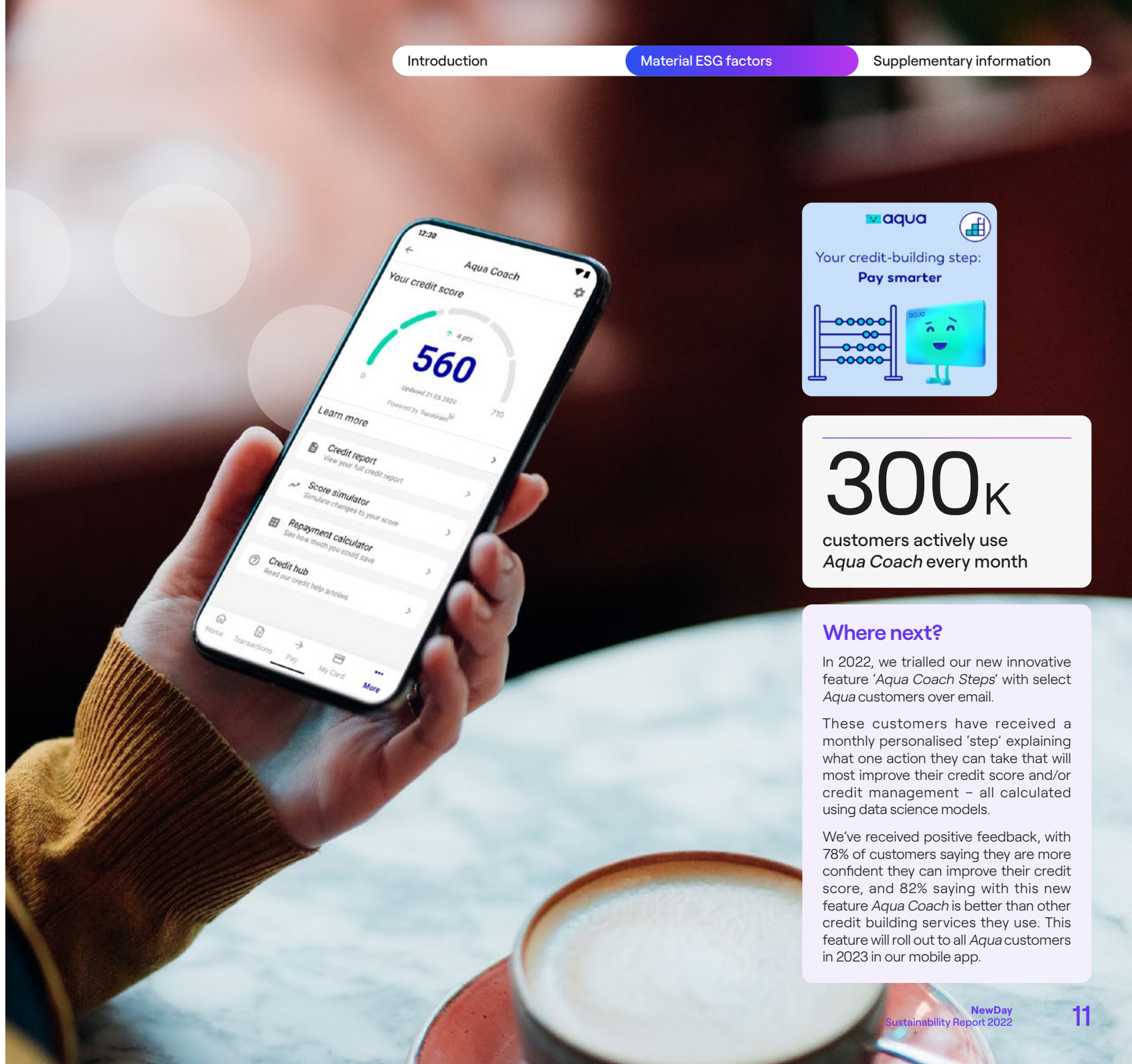
Since we launched in December 2020, we now have 532k customers signed up to *Aqua Coach*. *Aqua* is all about building better credit. *Aqua Coach* helps customers track their TransUnion credit score and understand how to improve it with tips, a score simulator and access to their full credit report, alongside budgeting tools and a body of searchable credit building content.


The repayment calculator also helps customers understand how making higher repayments can help save on interest and the time it will take to pay down their balance.

We have also recently extended our *Aqua Coach* offering for free to people who apply for an *Aqua* card but are declined. Such individuals now benefit from two co-branded services with LOQBOX, a credit building advice service, and TransUnion designed to help them move forward on their journey towards accessing credit. This support is focused on tips, simulations, monitoring and education on credit scores, and also provides regular, refundable savings that are reported as loan repayments to credit rating agencies to help build credit scores. Our objective is to make *Aqua Coach* the UK's best credit building tool.

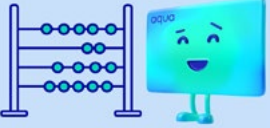
The support we offer customers through *Aqua* was recognised at the Consumer Credit Awards as the Best Credit Building Product Provider.

Following the success of *Aqua Coach*, we launched the TransUnion features (credit score and score factors) across our other Direct to Consumer brands at the end of 2022.



aqua 

Your credit-building step:
Pay smarter



300k
customers actively use
Aqua Coach every month

Where next?

In 2022, we trialled our new innovative feature '*Aqua Coach Steps*' with select *Aqua* customers over email.

These customers have received a monthly personalised 'step' explaining what one action they can take that will most improve their credit score and/or credit management – all calculated using data science models.

We've received positive feedback, with 78% of customers saying they are more confident they can improve their credit score, and 82% saying with this new feature *Aqua Coach* is better than other credit building services they use. This feature will roll out to all *Aqua* customers in 2023 in our mobile app.

Customers continued

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 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 *Aqua Gold* which rewards customers with cashback and other exciting benefits for good credit management.

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 are 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.

“

We've partnered with Experian to help consumers access more favourable credit options and increase their chances of acceptance by boosting their credit scores through open banking.

NewDay's purpose is to help people move forward with credit. Experian Boost supports this through its innovative use of open banking to provide us with a real-world view of affordability. This means we can offer applicants more favourable rates than they otherwise might have had access to, without increasing any lender risks. It's a win-win for both consumers and lenders, and we're proud to include it as part of our approach to credit decisioning and responsible lending.”

Rob Holt

Chief Credit & Collections Officer

Customers continued

Helping our customers *move forward with credit*

Supporting customers as their credit needs change

We recognise the importance within NewDay of ensuring vulnerable customers 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 e-servicing 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 2022, we introduced personalised collections journeys for customers in need of financial assistance and agreed 390k collections toolkit offers with our customers.

As part of our collections toolkit, we continued to provide payment holidays to support customers who found themselves in financial difficulties due to a change in their circumstances. 166k payment holiday support plans were offered in 2022 where we suspended payments and, where appropriate for each individual customer, interest and fees for a period of time.

We also operate interventions aimed at helping customers whose accounts are defined as being in or near to persistent debt in line with FCA industry guidance. We implement 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. In 2022, we expanded this offering to our other Direct to Consumer brands and also to declined applicants, supporting a wider population of people to improve their credit score. As at December 2022, 592k customers have registered for *Aqua Coach*, or *Credit Score* on our other Direct to Consumer brands, with over 300k customers actively using the feature every month. In 2022, 2.1m customers improved their credit score (2021: 2.2m¹).

99% of 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 and, from 2023, cryptocurrency on our accounts.

We have also collaborated with Experian and other firms on the Support Hub, a service that allows consumers to share their support needs with multiple firms in a standardised, transparent, and permissioned manner. This allows consumers to take control of the way firms interact with them so that they receive the support they deserve.

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

- 1 Inclusive design of our products
- 2 Ease and usability of our customer experiences
- 3 Improvements in the early identification of vulnerable customers
- 4 Clear and transparent communications
- 5 Support during customers' credit journey lifecycle

86K
vulnerable customers supported with tailored services in 2022

Aligned to SDGs



¹ In 2022, we revised the definition of this metric to include accounts that closed during the year.

Customers continued

Delivering *for our customers*

Focused on providing high-quality 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.

Customer satisfaction is measured through transactional surveys completed at every customer touchpoint. We assess Net Easy, Net Promoter and Associate Satisfaction scores and gather insight from our monthly customer survey verbatim, our Digital Coordinators who triage customer issues on calls, complaints analysis and App reviews. This feeds into our Customer Issue Resolution Programme which we use in the design of products and features, to deliver customer experience journey improvements and to improve any confusion that may have been caused through communications.

We also benchmark our performance against the UK Customer Satisfaction index (run by the Institute of Customer Service) with very encouraging results; within the Banking and Building Society sector we were 7 points above average and scored just one point behind the leading company at 85.5. We also performed the best on the Effort Score. 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 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 increased in 2022 to 1.3 per 1,000 active accounts (2021: 0.7) driven by the assisted transfer of 583k John Lewis customers into our portfolio. Unfortunately we were not able to undergo a traditional customer migration upon launch of our John Lewis partnership. This meant that existing JLP customers had to reapply for their card requiring all the necessary credit checks that entails. This created significant disruption to customers as they had to re-set up their accounts.

The majority of customers were happy with the transfer, however a small proportion of customers raised complaints over the process. We actively monitored complaints during the transition and identified three key drivers: customers who were unhappy with their credit limit; customers who were not happy that their application was declined (for example living overseas or lack of internet access); and customers who were not happy they had to re-apply for the card or re-set up their account.

From a credit perspective, a number of themes were identified as the driver of customer outcomes: some customers were misinterpreting or miss-keying information in the application form; data returned by the credit reference agency was incorrect; and there were areas where our credit policies didn’t reflect the customer demographic of the JLP portfolio.

Having identified key drivers, we put in place remedy activity to ensure we responded to customers quickly and to their satisfaction. We implemented multiple treatment strategies so that we could apply the right outcome and treat each case on its own merits.

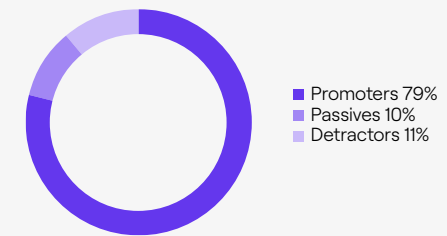
Having deployed additional resource to promptly address complaints, we are encouraged with the low levels of FOS referrals to date. We have seen an escalation rate of 1.6% of all complaints actioned and closed compared to an industry average of 5.3%. For FOS adjudications, 7% are currently upheld in the customer’s favour compared to the industry average of 37%, demonstrating the effectiveness of our complaints handling.

Complaint volumes peaked during the three-month window of September to November when we welcomed the majority of customers, but post migration they are now settling to levels previously anticipated and we are encouraged by the low complaint volumes from new JLP customers. Encouragingly, our app rating is already over 4.0, out of 5.0, evidencing that once customers had transitioned across to our product and servicing they now view it positively. Excluding the John Lewis impact, complaints were 0.8 per 1,000 active accounts against our target of <1.2.

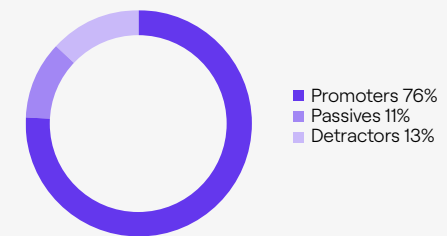
We aim to resolve complaints to a satisfactory level internally and were proud to win the award for Best Complaint Handling at the UK Customer Experience Awards. Customers can refer their complaint to the Financial Ombudsman Service (FOS) should they not be satisfied with the resolution and we notify them of this option. In 2022, 1,443 complaints were referred to the FOS and FOS upheld 29% of complaints in the customers’ favour demonstrating that we provide fair customer outcomes.

We have high customer satisfaction

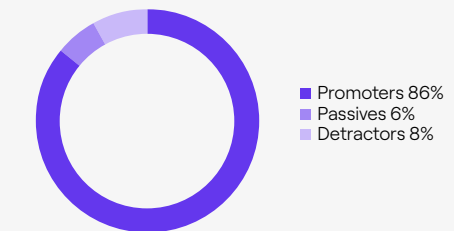
Net Easy Score: +67



Net Promoter Score: +64



Associate Satisfaction 9.2



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

Customers continued

Case study

Supporting customers on their environmental journey with *Bip* and *Aqua* carbon footprint tracker

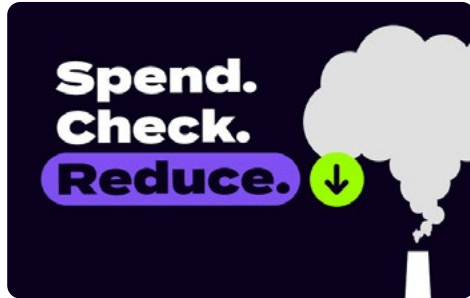
Our colleague-led Hackathon team ‘the Planeteers’ achieved their goal to drive sustainable behaviours by empowering our customers to make changes to their spending that helps protect our planet.

As the UK’s first and only cardless credit card, *Bip* has already cut out plastic and paper. In partnership with Cogo, the carbon management experts, we are proud to also be one of the first credit providers to offer carbon footprint insights to our customers.

The tracker allows customers to see the carbon footprint of each transaction they make on their account. Cogo’s algorithm gives users an estimate of the CO₂ emissions linked to their spending. Purchases are classified into different categories such as ‘travel’ and ‘fashion’, which the algorithm then uses to calculate the emissions of each purchase, based on the carbon-intensity of the particular retailer, or the broader operations of the relevant industry and the transaction value.

Cogo’s carbon footprint feature in the *Bip* app shows customers the impact of their spending to help build carbon literacy and in turn, create positive change. In addition to the carbon footprint, we provide customers with email and in-app prompts that provide information on carbon footprint misconceptions, and advice on how to lower their carbon footprint.

In November 2022, we also extended the feature to our *Aqua* customers.



“

The Hackathon 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. It feels great to now see the feature live for *Bip* and *Aqua* customers and see the product promote more sustainable behaviours, which is very aligned to my values.”

Emma Foley
Product Strategy Senior Manager

Where next?

Now carbon tracking is live across two brands, we plan to monitor customer engagement and reaction to the feature using KPIs with the following focus areas:

- ① Customers are using the feature
- ② Customers enjoy learning about the impact of their spending on the environment
- ③ Customers would like to see more personalised insights on their spending and tips to reduce their impact
- ④ Customers are more likely to stay and spend more with *Bip* or *Aqua* because we offer the feature

The output of the above will be used to inform our strategy for developing the feature across our other brands.



Customers continued

Promoting *environmental action* with our customers

Promoting green issues with our customers

As well as taking our own environmental action, we encourage our customers to do the same. We continue to encourage our customers to manage their account online, with 94% of active customers now registered (2021: 91%).

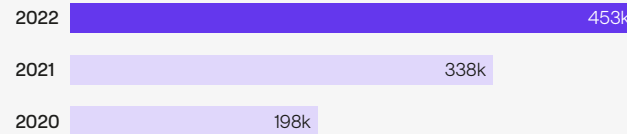
Additionally, in 2021 we introduced *Bip*, the UK's first fully digital credit card, reducing both plastic and paper usage as well as the environmental impact of transporting credit cards, pins and statements to customers. 453k customers are currently on a cardless product (2021: 338k), and we intend this to grow in future years.

As well as the carbon tracking functionality provided to *Bip* and *Aqua* customers in the app which highlights to customers the environment impact of their spending, we also ran initiatives in collaboration with Mastercard's Priceless Planet Coalition Project. As a result of this promotion our customers supported in restoring 7k trees as part of a forest restoration model which also focuses on regrowing forests in geographies that represent the greatest global needs.

We continue to consider the impact on the environment as part of our new product launches and customer research is conducted as part of this. In 2022, we launched a new partnership with John Lewis & Partners. When developing the proposition, we agreed that the plastic card issued to customers should be recyclable to reduce waste at the end of the card's life. We have also encouraged customers to sign up to our e-servicing offerings as part of our ongoing focus on reducing paper usages and associated emissions in transporting these to customers.

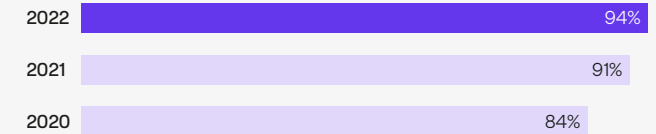
Number of customers on a cardless product

453K



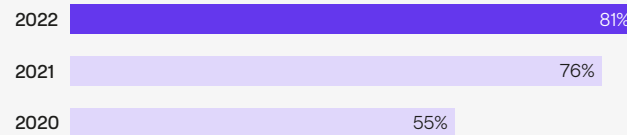
% of active customers registered for e-servicing

94%



% of statements sent digitally

81%



% of recyclable plastic cards issued

31%



Colleagues

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



Our focus

Aligned to SDGs



➤ [Read more about SDGs on page 44](#)

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

78%

employee engagement
(2021: 80%) against a target of >75%

82%

Inclusion and Diversity Index in our employee engagement survey
(2021: 83%) against a target of >75%

81%

Purpose and Values Index in our employee engagement survey
(2021: 82%) against a target of >75%

82%

Wellbeing Index in our employee engagement survey
(2021: 82%) against a target of >75%

30%

internal mobility
(2021: 21%) against a target of 10%

leader100

leader100 programme launched to support development of our future leaders

Colleagues continued

Case study

Developing leaders for the future

In 2022, to build our leadership pipeline strength we launched a bespoke leadership development programme 'leader100' for 100 of our senior managers at NewDay.

We engaged with experts, The Chemistry Group, to develop a bespoke development programme to help our senior managers and their teams unlock their potential. Our senior manager population all undertook psychometric testing and had 1:1 sessions with organisational psychologists. Using a combination of science, data and consulting expertise, The Chemistry Group analysed the outputs to identify common development areas. These were then used to design a bespoke leadership programme.

The leader100 development programme launched in September 2022 and is sponsored by our Management Committee. Interactions throughout the course are supported with an app with additional content to reinforce learning and access to the leader100 faculty for questions.

Each leader was debriefed on their psychometric data in a 1:1 coaching session with a Chemistry psychologist and a development plan was created based on their own strengths and opportunities to build leadership capability.

Chemistry coaches delivered learning modules in Leadership Effectiveness, Influencing Others and Inspirational Communication. These were identified as critical skills for NewDay leaders to enhance. Blended study groups (mixing expertise, experience, functions, locations and gender) were set up to create peer-to-peer challenge and deeper learning experiences.

NewDay hosted networking events to bring the leader100 community together, including a seminar from Craig Boundy (Chief Operating Officer of Experian). The invitation was extended to managers, alongside our leader100 group, to give our future leaders exposure to executive leadership experience.

“

The Chemistry Group's analysis pinpointed some exceptional and differentiated strengths in our leadership population.

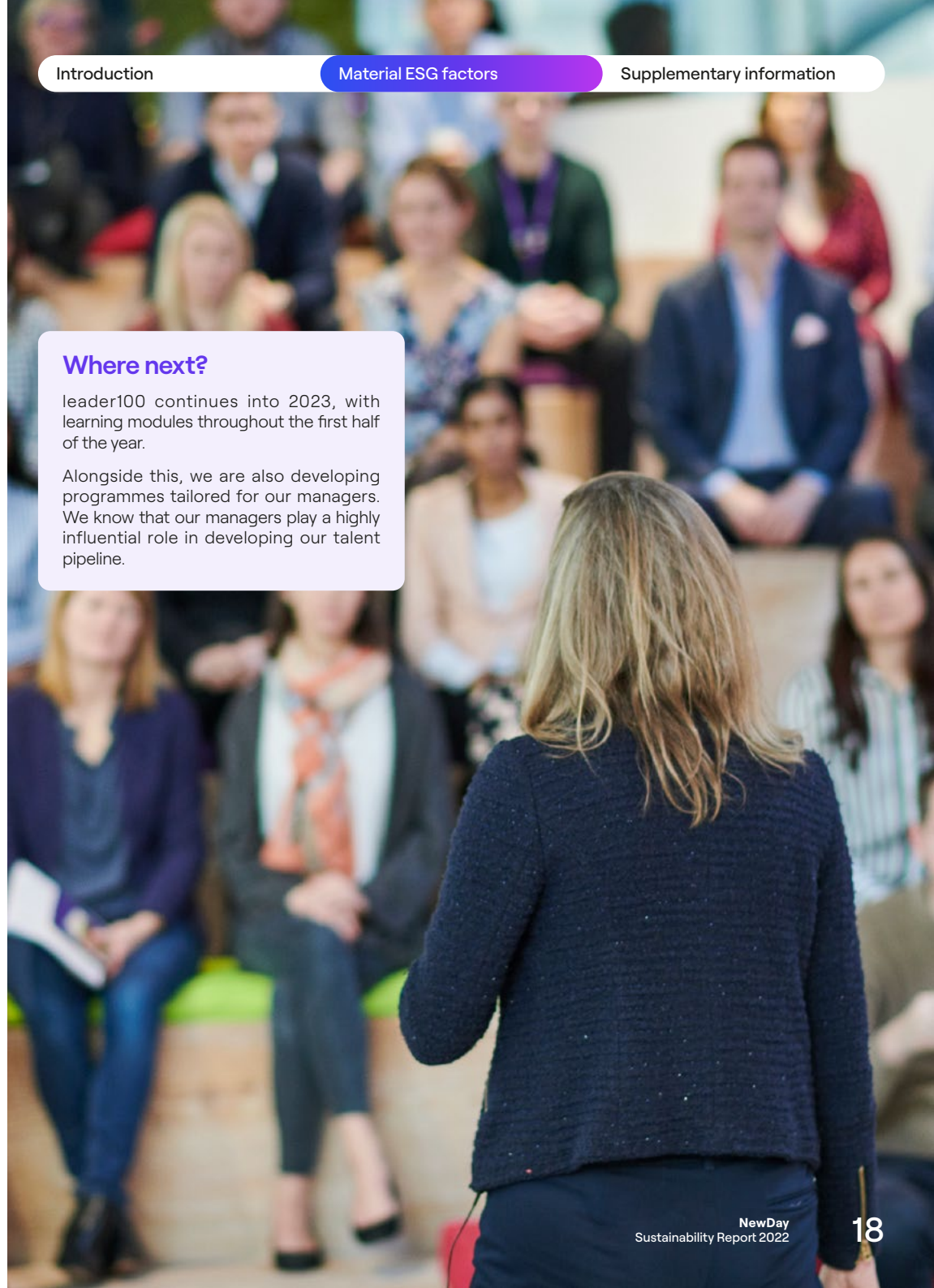
We are investing to understand and amplify our leaders' strengths.”

Damaris Anderson-Supple
Chief People Officer

Where next?

leader100 continues into 2023, with learning modules throughout the first half of the year.

Alongside this, we are also developing programmes tailored for our managers. We know that our managers play a highly influential role in developing our talent pipeline.



Colleagues continued

Highly engaged colleagues

Our people and culture

We have a strong culture guided by our purpose to help people move forward with credit. Whilst 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, Qualtrics, 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, development and risk and control. These are a mix of standardised questions which allow us to benchmark our performance against other Financial Services companies, and questions tailored to our focus areas at NewDay allowing us to gauge progress made. Following a response rate of 84%, our year-end survey continued to show high levels of employee engagement at 78% (2021: 80%).

Aligned to SDG



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 82% (2021: 83%).

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 through our Manifesto and Values. Our engagement survey results showed a Purpose and Values Index of 81% (2021: 82%).

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% (2021: 86%).

Strong internal communication is 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. Step into the Circle: Your Weekly Wrap-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. In 2022, we also relaunched our colleague intranet, The Circle, making it more accessible with refreshed content.

Our turnover rate was consistent year on year at 27% for servicing (2021: 25%) and 18% for non-servicing roles (2021: 18%). Our ability to retain and develop key talent helps us to keep moving our business forward.

“

My manager is very open to ideas from his team. We started talking about progression into a data science role, based on my development goals and the skills that NewDay was investing in. Support like this really helps when you're stretching yourself to grow.”

Alina Podkovkina
Data Scientist

Learning 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. This includes providing time and financial support for external qualifications where relevant to a colleague's role.

In 2022, to build our leadership pipeline strength we launched a bespoke leadership development programme 'leader100' for 100 of our senior managers at NewDay. We intend to further build on our training suite in 2023 with the development of a programme aimed at our manager population.

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, we were pleased that 30% of colleagues moved into new opportunities internally in the year (2021: 21%) against a target of 10%. Of our 2022 movers, half were driven by role changes in our contact centre which we would not expect to occur each year.

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

Colleagues continued

Rewarding colleagues *for their contribution*

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. NewDay is proud to support our colleagues with young families through our enhanced parental leave benefits, including adoption leave where

eligible colleagues are able to take advantage of up to 26 weeks' enhanced family leave pay.

In recognition of the cost of living crisis in the UK and reflecting on households' differing abilities to cope with the ongoing inflation, energy and interest rate rises, in October 2022 all colleagues earning £50k or less were paid an additional cost of living award of £500 to support them in planning for and coping with rising costs. We also continued to provide complimentary healthy breakfasts, lunches, freshly squeezed fruit juices and barista coffees in our staff restaurants to promote wellbeing.

To help colleagues cope with rising costs, we also re-launched our retail discounts offer via the Smart Spending app, with a video to explain the user journey and highlight some of the discounts available from over 750 retailers, including supermarkets and gym memberships.

In 2022, following colleague feedback on the benefits package we offered, we also introduced a new Dental Insurance benefit at preferential rates which colleagues can choose to sign up to. Take up has been very strong.

NewDay colleagues feel valued and rewarded, with 82% saying that they are satisfied with the benefit package we offer as part of our colleague engagement survey.

Enhanced parental leave

Interview with Gary Steers, Supplier Management Senior Manager

Q Gary, what is your role at NewDay?

I'm a Senior Manager in Supplier Management, leading a team of relationship managers who oversee suppliers partnering with our Credit Operations team.

Q Have you seen many changes since joining us?

NewDay is ever evolving. Change happens on a weekly basis, which keeps things interesting! I find it to be very employee focused, which is one of the reasons I'm still here.

Q What's your biggest work highlight so far?

I've helped develop some key people who have moved forward in the organisation. People development is key and seeing people move forward with their careers really helps us create tomorrow.

Q Last year, you returned to work after becoming a first-time parent - congratulations! You were also the first colleague to take up adoption leave within our family leave policy. What's it like to balance work and caring responsibilities?

Our journey to parenthood was quite unique. We fostered to adopt our daughter, who arrived earlier than expected. This meant that I left NewDay a lot quicker than expected, and I must say that NewDay was so supportive during that time.

We were also preparing to welcome our son through adoption. So it has been a busy time for me and my partner! I've taken the first six months of parental leave, and my partner is doing the second six months.

Coming back to work, I used annual leave allowing me to phase back in part time. Finding a routine is the key thing, with organisation a must. It really helped my transition back to work.

Q What's your focus for 2023?

It's about finding and keeping a balance. I've always been career minded, but I have two roles now. I need to be able to go home for my family, while staying just as ambitious and focused when I'm at work.

Q Finally, do you have any top tips for anyone thinking about adoption or family leave?

I recommend getting familiar with our family leave policy. The support from leaders in my team and the People team was fantastic. I didn't realise that I was the first person to take up adoption leave but I'm sure I won't be the last!

The satisfaction of combining a happy work life and a contented (if busy) home life is enormous.



Colleagues continued

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 2022 was stable at 82% (2021: 83%). 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 83% of colleagues told us they feel they can be themselves at work (2021: 85%) and 86% felt the culture at NewDay is one in which people with diverse personal styles, experiences and backgrounds can contribute and thrive (2021: 88%).

We provide opportunities for colleagues to learn about the importance of I&D through our annual mandatory inclusion awareness e-learning module, which includes unconscious bias awareness and 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 digital accessibility, mid-life working (menopause and andropause), disability awareness and the history of Notting Hill steel bands.

Aligned to SDG



We ran panel discussions for International Women's day and Black History Month, and hosted a Discussion Club, open to all.

We continued our 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.

2022 colleague activity

- ◁ Colleagues invited to attend our Inspirational Speaker Series covering a range of topics. In 2022, these included:
 - Inspirational Speaker: Graeme Whippy MBE (disability consultant and campaigner)
 - Inspirational Speaker: Therese Procter (Breaking the Bias – mid-life working and the 'pauses')
 - Inspirational Speaker: Michael Vermeersch (Accessibility Lead at Microsoft)
 - Meditation with Management Committee member, Sanjay Sharma
 - World Mental Health Day – internal panel
 - International Women's Day including Inspirational Speaker: CEO at Nationwide
- ▷ Black History Month
 - 'Finding success at NewDay' – colleague discussion panel
 - Meet the Artist - Mangrove Steel Band
- ▷ Neurodiversity awareness training for managers
- ▷ Pride in London and Leeds
- ▷ Women in Data partnership
- ▷ Wellbeing weeks
- ▷ Earth Day

“ I told NewDay about my disability as soon as I joined. I'd like everyone to find it easy to disclose a need. I feel very welcome here.”

Suman Roy
Senior Android Developer

Colleagues continued

Supporting gender equity

Gender equality

The concept of ‘moving forward’ drives our business and we are committed to improving our gender pay gap. In 2022, our gap was 35%, a small improvement from 2021 at 37%.

Our hiring in the last two years has been heavily focused on specialist 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 and market salaries are higher than the norm. 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 35%

Pay difference between men and woman

	Mean	Median
Pay gap	35%	47%
Bonus gap	66%	61%

Full details of our gender pay gap reporting can be found at newday.co.uk/gpgreport

Aligned to SDG



With almost 1,400 colleagues working at NewDay, we’re always looking at ways to encourage internal moves and provide the best development opportunities across our organisation. In 2022, 60% of internal moves into new roles were made by women. Whilst the number of available senior roles is small, we seek our colleagues from a large pool of potential talent, actively making sure we have female candidates on our shortlist for each vacancy.

Gender diversity

As at 31 December 2022, the proportion of our 1,397 colleagues (2021: 1,183) that identified as female was as follows:

	2022	2021
Colleagues	47%	48%
Management Committee, Directors and Head of function	27%	30%
Management Committee	13%	13%
Board	17%	18%

Priorities

Increasing the 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, which includes unconscious bias awareness;
- the continued promotion of our flexible, hybrid working model – NewWork. This offers all colleagues the flexibility to work half their time in the office and the rest at home;
- investing 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;
- continuing to improve our recruitment processes to encourage more diverse shortlists for all roles, but also making sure the interview panel is diverse too. All recruiters undertake our Inclusion Awareness training which covers unconscious bias and we use software to create balanced role profiles which are gender neutral in tone, and reduce bias; and
- offering a competitive family leave package that is attractive to women who are parents or planning to be parents.

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 2022, we achieved 27% (2021: 30%). The decrease was driven by hiring being heavily focused on specialist digital, technology and data-based roles where the candidate pool tends to be predominantly male.

Colleagues continued

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 93% of colleagues saying that they value the work-life balance that it helps them to create in our engagement survey.

In January 2022, we introduced a NewWork Overseas policy, allowing eligible colleagues to book up to ten days per year 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.



Aligned to SDGs



We continue to provide all colleagues with the opportunity to receive equipment and furniture to make sure their workspaces are as comfortable as possible whilst at home. 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.

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 (2021: none).

We are committed to supporting the wellbeing of our colleagues. We monitor the wellbeing of our colleagues in our bi-annual surveys, with 82% 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 eye test vouchers and flu vaccinations each year in advance of the flu season. In 2022, following colleague feedback on the benefits package we offered, we also introduced a new Dental Insurance benefit at preferential rates which colleagues could choose to sign up to.

In addition, we have a team of 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 2022, we ran a mental health awareness week with a wide range of external speakers who discussed anxiety and advice on wellbeing, as well as personal trainer sessions and massages. We also offer all colleagues full access to the mindfulness and wellness app, Calm, and this is a benefit given to every colleague who joins the NewDay team.

In order to further support colleague wellbeing, in 2022 we purchased health booths for both of our offices. This allows colleagues to track their health scores across a range of physical variables and also offers mental wellbeing tools. As they are always on site, this also enables colleagues to set goals and track their progress over periods of time should they wish to.

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.

Environment

Committed
to reducing our
environmental impact



Our focus

Aligned to SDGs



▶ Read more about SDGs on page 44

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.



Carbon neutral own operations across Scope 1 and 2 achieved

0.3 TONNES

of CO₂e per average FTE employee across Scope 1, 2 and 3 within our own operations
(2021: 0.4¹ tonnes)

100%

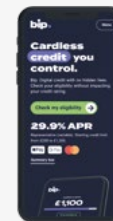
of energy usage met by renewables
(2021: 53%)

0%

of waste to landfill
(2021: 0%)

453K

customers on a cardless product
(2021: 338k)



2040 TARGET

set for Net Zero including Scope 3 emissions

¹ Following review of our waste data, 2021 emissions data has been updated.

Environment continued

Committed to *reducing our environmental impact*

Protecting the environment

Minimising our impact on the environment is important to us, which is why we are proud to have achieved carbon neutral own operations this year, an important step in our journey towards Net Zero by 2040.

Carbon footprint

We are committed to conserving energy and giving preference to renewable sources of energy wherever reasonably practicable. We endeavour to reduce our energy consumption year-on-year through minimising energy consumed in the course of our day-to-day activities and maintaining and operating our buildings and assets as efficiently as possible.

As a digitally oriented financial services business, our carbon footprint from our own operations is low. In 2022, we consumed 0.3 tonnes of CO₂ emissions per average FTE employee (2021: 0.4¹ tonnes of CO₂ 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 by a third party on an annual basis as part of our Streamlined Energy and Carbon Reporting compliance assessment to ensure they have been calculated in accordance with the principles of the Greenhouse Gas (GHG) Reporting Protocols.

In addition, we undertook environmental risk assessments at both sites at the end of 2021 and have implemented improvements in colleague communications and enhanced oversight across our document management in 2022 to address the findings.

Our London office is part of the wider King's Cross Estate that, from 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 reduces running costs, but also ensures 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.

We continue to focus on reducing emissions in our operations, although we have seen increases in some categories, such as travel, compared to 2020 and 2021 which were COVID impacted years. In order to reduce overall energy consumption, we introduced our flexible working policy, NewWork; all lighting is now LED (2021: 78%); and we have upgraded IT equipment and transitioned to the Cloud using Microsoft Azure which, as part of Microsoft, is carbon neutral. Our building management system has also been upgraded to ensure more efficient temperature management. Our waste methods are selected to ensure that 100% of our waste avoids landfill with 25% recycled and 75% of waste sent for energy recovery. We do not have any hazardous waste.

In order to achieve carbon neutral own operations, effective from Q4 2022 we have transitioned to 100% renewable energy tariffs, further reducing our emissions (2021: 53%). All of these contracts are REGO (Renewable Energy Guarantee of Origin) certified.

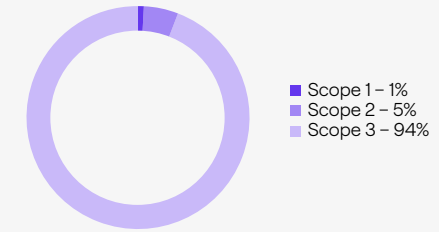
In addition to our Sustainability Rating, in 2022 EcoVadis also assessed our carbon management practices for which we were rated Intermediate on their carbon scorecard. We have reviewed their proposed areas for improvement as we strive for Advanced and, where appropriate, are incorporating these into our strategy. These were largely focused around setting absolute Scope 3 emissions reductions targets, considering third party verification of data disclosed and continuing to enhance supplier engagement in climate action.

¹ Following review of our waste data, 2021 emissions data has been updated.

Aligned to SDGs



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 GHG 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 achieving carbon neutral own operations in 2022, following completion of our Greenhouse Gas inventory, we 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 is focused on delivering on our environmental and other ESG strategic priorities. We have also enhanced our environmental policies and sustainable procurement policies to reflect our updated strategy and ambitions.

Environment continued

Our environmental *impact*

	2022	2021	2020	2019
Scope 1 emissions (tonnes CO ₂ E)	92.8	148.9	58.7	71.6
Scope 2 emissions, location based – Electricity use (tonnes CO ₂ E)	231.0	376.2	364.5	838.4**
Scope 2 emissions, market based – Electricity use (tonnes CO ₂ E)	29.7	100.7	338.5	692.1**
Scope 3 emissions – Own operations (tonnes CO ₂ E)	127.2	21.5**	20.9**	152.1**
– Scope 3 emissions – Employee rail travel (tonnes CO ₂ E)	23.6	9.1	1.1	96.1
– Scope 3 emissions – Employee air travel (tonnes CO ₂ E)	74.4	0.1		
Scope 3 emissions – Third party suppliers (tonnes CO ₂ E)*	10,432	10,393	10,394	13,231
Tonnes of CO ₂ e per average FTE employee, location based (Own operations – Scope 1, 2 and 3)	0.3	0.4**	0.3**	0.9
% of energy usage met by renewables	100%	53%	24%	8%
Waste produced (kg) ¹	78k	43k**	39k**	70k**
% of waste recycled ¹	25%	25%**	32%**	18%**
% of waste to energy ¹	75%	75%**	68%**	82%**
% of waste to landfill ¹	0%	0%	0%	0%
Water usage (litres)	4.2m	2.5m**	4.2m	5.4m
Paper usage in our offices (printer/photocopiers) (volume)	596k	479k	490k	
Number of customers on a cardless product	453k	338k	198k	54k
% of active customers registered for online account management	94%	91%	84%	72%
% of customer statements delivered digitally	81%	76%	55%	41%

* Our Scope 3 emissions do not include financed emissions under Category 15: Investments of the Greenhouse Gas Protocol. Prior years have been updated to reflect refinements to our Scope 3 emissions model.

** Emissions data has been restated following review of waste outputs at our Leeds site.

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

Carbon offsets

We have implemented strategies to reduce our carbon emissions across our own operations and have achieved 100% renewable energy sources across Scope 1 and 2 by Q4 2022.

For our residual emissions we have purchased Verra approved carbon offsets covering both 2021 and 2022 Scope 1 and 2 emissions to achieve carbon neutral own operations.

The offsets we have purchased, through ClearBlue Markets, contribute to the construction and operation of a greenfield 20 MW solar photovoltaic power plant in Madagascar. The photovoltaic panels capture solar energy and produce electricity for the national grid. Electricity in Madagascar is currently heavily reliant on imported fossil fuels currently consumed by thermal power stations. The project's climate impact is equivalent to preventing the combustion of nearly 12m kg of coal each year.

In choosing the appropriate offsets to purchase, we considered the SDGs that the project contributes to:



Madagascar predominantly relies of imported fossil fuel sources to meet its electricity needs. The solar project provides a native energy source from a zero-cost fuel source.



The project is contributing to new employment opportunities in Madagascar with the employment of up to 80 people during the construction stage and ten ongoing operational positions.



The project is the first large-scale solar project in Madagascar providing the transfer of technology and capacity building that will enable Madagascar to expand the deployment of renewable energy throughout the country.

Environment continued

Engaging stakeholders in our *environmental actions*

Promoting green issues with our colleagues

Our colleagues engage with our environmental strategy through The Green Forum, a multi-site colleague-led forum which provides a platform to educate colleagues, raise ideas and concerns and promote recycling, reuse and repurpose across the business. As a result of the initiatives of the forum, our dell became plastic free and 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 2022, five colleagues were also trained by the local Bradford Beekeepers Association to become qualified beekeepers. This allowed us to introduce two hives in our Leeds office to support biodiversity, for which we won a bronze International Green Apple Environment award and were promoted to Green World Ambassadors. We intend to install an apiary at our London site in 2023.

The forum continued to support 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, over 1,300 items were donated.

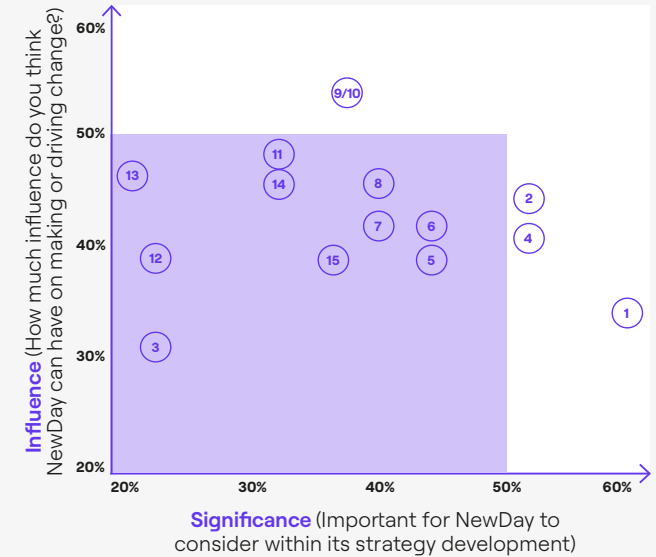
To support colleagues who want to help drive a reduction in their own carbon footprint, at the end of 2021 we launched a new Green Car Scheme. This allows colleagues to lease an electric car under a salary sacrifice arrangement. Our selected lease company ensures each car is carbon neutral.



Bronze International Green Apple Environment award for our bee apiary

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:



Item

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



Case study

Interview with our Green Forum member and beekeeper

Who are 'The Green Forum' and why is your role an important one?

We are a group of like-minded colleagues who meet at least monthly to discuss the environmental issues affecting the planet, and to devise creative initiatives to tackle them.

The problem of climate change can feel overwhelming when faced alone, but when we collaborate as 'The Green Forum', our strength as a team makes positive change feel possible.

Tell us about a some of the key initiatives you've delivered

We ran a nature photography competition for our colleagues, to highlight the correlation between the reduction in human activity and the blossoming of nature. We had over 200 entries, and some amazing feedback from colleagues whose mental health significantly improved through engaging with nature.

We also run an annual 'Back to School scheme' which we are very proud of. We were concerned about textile waste, with around 1m tonnes going to landfill in the UK every year. At the same time, our Charity partner, Family Action, told us of the struggles families were facing to buy school uniform, so we began to collect good condition second-hand school uniform from colleagues each year, to then distribute to local families. In 2022, over 1,300 items of school uniform were redistributed to families in need, thus preventing unnecessarily landfill.

What was your biggest achievement in 2022?

Five colleagues undertook training to become beekeepers and following the completion of our qualifications we installed an apiary and two hives with colonies on our Leeds site. Ensuring a healthy population of bees is imperative for the survival of life on earth, as around 80% of all pollination is performed by them. With continual depletion of their natural habitat, setting up apiaries like ours is key to protecting biodiversity and keeping the planet sustainable.

What does The Green Forum have planned in 2023?

With the ongoing cost of living crisis, we will focus on various activities that support colleagues during challenging times. These include energy awareness, pre-loved clothes swaps, recycling and upcycling education.

We also plan to tackle the issue of food waste and will collaborate with our caterers to provide colleagues with cooking workshops detailing how to use leftovers and become less wasteful.

We intend to train colleagues and install another apiary at our London site. Then we educate colleagues through regular information sessions, sharing the annual cycle of the bee, and the work involved in caring for them.

Through continual engagement of this kind with our colleagues, we endeavour to keep the plight of the planet firmly on everyone's radar.

Amanda Foster-Wall
Senior Facilities Manager and beekeeper



Environment continued

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.

100% of our Procurement team undertake annual bespoke Sustainable Procurement training delivered by a third party provider, covering: (i) Overview of Sustainable Procurement; (ii) Four elements to Procurement; (iii) How Procurement impacts the environment and society; (iv) Drivers for Sustainable Procurement; (v) Creating a Sustainable Procurement Strategy; and (vi) Refresher on the NewDay Sustainable Procurement Strategy including our Policy and Supplier Code of Conduct. The training will be rolled out to key supplier managers in 2023. In addition to formal training, representatives from the Procurement team join the bi-weekly ESG working group. This creates awareness and furthers the understanding of ESG progress and opportunity in the supply chain to other committee members.

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.

In 2022, we updated our Supplier Code of Conduct which outlines all the areas we expect our suppliers to adhere to across all aspects of ESG, including protecting the environment. Suppliers are required to actively reduce their carbon emissions and other negative environmental impacts and provide visibility of progress toward this requirement. All suppliers must encourage the use of technologies and practices with reduced environmental impact. Beyond that, suppliers must work towards the reduction of negative environmental impacts throughout their supply chain. In addition, suppliers must engage in proactive environmental management by developing environmental policies, setting environmental objectives and targets that, as a minimum, include commitments to identify, measure and reduce significant environmental impacts. Finally, suppliers must collaborate with NewDay to innovate and develop practices that help to improve environmental performance and reduce carbon emissions. A sample of suppliers is selected each year to be audited against our sustainability criteria.

We are working with our suppliers to understand their current status and commitments to reducing emissions. For new suppliers our onboarding process requests details of their environmental credentials, including whether they have an environmental policy, KPIs and defined carbon neutral or net zero ambitions. However, our Net Zero roadmap requires greater monitoring and ongoing engagement of both new and existing suppliers.

Sustainable procurement roadmap

On our roadmap for 2023, we plan to further enhance the sustainability questions asked of our suppliers as part of the assurance process and establish new supplier performance tracking against sustainability metrics. The intended outcome of this is not just to improve the questions we ask of our suppliers, but to also implement and monitor meaningful metrics and KPIs to enable the effective ongoing management of our supply chain in terms of sustainability performance.

We also created a new 'Sustainability Schedule' which expands on our supplier requirements in relation to ESG issues. In doing so, we intend to see a positive outcome with improved visibility of sustainability performance within our current supply chain and drive further engagement with our most impactful suppliers. The new terms are being built into our standard contracts. They include, for example (but not limited to), additional requirements to reduce negative environmental impact across the supply chain, an increased emphasis on contributing to social goals as well as greater requirements for transparency in relation to diversity and inclusion. We aim to start amending service agreements with our material/critical suppliers to reflect this in 2023.

Our medium-term roadmap also includes capture of CO₂ emissions data of our suppliers which will inform us of areas to focus our attention and support our progression towards Net Zero by 2040.

Aligned to SDGs



Communities

Our commitment
to moving communities
forward in 2022



Our focus

Aligned to SDG



➤ [Read more about SDGs on page 44](#)

We believe that our purpose extends beyond our products. We have a responsibility to support the communities we serve and society in general. In doing so, we seek to partner with organisations that share our vision for helping people move forward in their lives.

£342_K

donated to Family Action in 2022 through corporate donations

£1.4_M

donated to Family Action across our seven-year partnership

c.100

hours volunteered by NewDay colleagues at Family Acton FOOD Club sites

2,350₊

toys donated to the Family Action Christmas Toy Appeal and over 1,300 school uniforms donated through Family Action's Back to School scheme

DEMOS

Continued support of the 2022 Good Credit Index

£47_K

of individual and matched funding donations given to charities promoted by our colleagues

Communities continued

Supporting our communities

NewDay helps people move forward in their lives. We are committed to finding ways for our purpose to drive impact beyond our products, including how we can support communities.

Our charity partner, Family Action

Family Action closely shares NewDay’s vision to help create forward progression in people’s lives, providing practical, emotional and financial support to strengthen communities and improve opportunities. Selected by our colleague-driven Charity Committee and sponsored by our Management Committee, we are proud to be entering the seventh year of our partnership.

This year, families have faced more unprecedented challenges with the cost of living crisis following the hardship of the COVID-19 pandemic. In 2022, we continued to support Family Action, reaching extremely vulnerable people when it’s needed most, removing financial barriers and helping them to move forward. We also organised events to support Friendship Works, a long-term mentoring programme, helping disadvantaged young people create forward momentum in their lives.

Our colleagues are also highly engaged with Family Action’s mission, offering both their time and fundraising efforts to support key activities. Colleagues and members of our Management Committee volunteered around 100 hours at Family Action’s FOOD (Food on our Doorstop) clubs, which have rapidly expanded since the COVID-19 pandemic. In addition, NewDay colleagues raised £37k in individual and match-funded donations.

For the first time, we are now also actively engaging our supply chain in support of Family Action fundraising initiatives.

A word from Family Action



“

NewDay is Family Action’s longest standing corporate partner, helping us innovate projects as well as supporting our core work. NewDay has generously donated £1.4m across our seven-year partnership. In 2022, NewDay continued to work towards our shared goal of helping families in financial hardship.

Family Action



For more information about the support that Family Action provides, visit their website at family-action.org.uk

Highlights for 2022 include:

Open Doors Grants

Since NewDay started supporting Family Action in 2016, a total of £405k has been given in cash grants to 1,481 disadvantaged families. These are people who are not only living in extreme poverty, but who are also struggling with a range of other issues including severe mental health issues, homelessness and domestic abuse.

Friendship Works Mentoring Service

This service transforms the lives of disadvantaged children and young people through long-term mentoring. Friendship Works has been creating positive friendships for young people for over 40 years, and currently supports up to 100 young people. Alongside NewDay’s core support, NewDay organised and generously paid for ten young people and their mentors to attend a Waitrose cookery lesson, helping with bonding as well as learning new cooking skills, and hosted the Friendship Works annual Celebration Evening in July, celebrating friendships formed over the past year.

Back to School

Due to the cost of living crisis, there have been more families struggling and the need for uniforms is felt more than ever. NewDay colleagues supported us to fulfil the additional need, and donated over 1,300 items of school uniforms to families in financial hardship.

Make Theirs Magic

Family Action believes that every family deserves a magical Christmas. We want to make sure no child or family goes without essentials such as food and warmth, or things that can make Christmas magic, like a gift under the tree. To support this, NewDay colleagues have collected over 2,350 toys for vulnerable children who may otherwise not have received a present at Christmas.

Taking on 2022 together has added up to an amazing year of generous and successfully targeted support across Family Action’s work. It is why we love to partner with NewDay. Thank you.”



Communities continued

Our wider *community support*

Our Charity Committee and colleague-led initiatives

Our colleagues are driven to make an impact in our communities. Our Charity Committee consists of inspired and motivated colleagues who promote and organise fundraising initiatives throughout the year.

Our Committee inspired a range of activities in 2022, including overseeing our matched funding scheme for colleague-led charity initiatives:

- we ran fundraising initiatives to support those impacted by the war in Ukraine, raising over £8k;
- we partnered with Stemettes, who work to inspire and support young women and non-binary people in Science, Technology, Engineering and Maths careers, donating £38k;
- a team of colleagues competed in Street League's Challenge Victory Cup. We donated £8k to support Street League's work with young people facing personal barriers to employment to improve their wellbeing, secure employment and have a brighter future;
- the London to Paris Bike Ride and Tough Mudder saw ten colleagues get active to support Family Action, raising over £20k from individual donations;
- in conjunction with our Mental Health Awareness Week, our colleagues walked 2,387 miles whilst fundraising for Family Action's Steps Challenge; and
- we donated over 2,350 Christmas presents to vulnerable families and supported Family Action's 'Make Theirs Magic' Christmas appeal.

Aligned to SDG



The Good Credit Index

Our support of the Demos Good Credit Index, led by the UK's leading cross-party think tank Demos, helps to ignite an important nationwide conversation around access to credit. NewDay's investment in this programme highlights the value of access to quality credit, providing a valuable platform for local and national players to act on and ensuring this is part of an active dialogue in society.

In 2022, we supported the Good Credit Index for the fourth year running. The latest report is the first to be issued since the end of lockdowns and other restrictions arising from the COVID-19 pandemic, and highlights the new challenges we face as a country given the cost of living crisis.

The Good Credit Index maps access to 'good credit' (fair and affordable) measured at a local level and provides location-based strategies for building better credit around the country. By bringing together data variables (across credit need, credit scores and credit availability), 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, as well as ensuring that access to responsible credit is part of an active dialogue.

This year's report notes the rising cost of basic goods and services, indicating that pressure on households is set to continue, with an increase in the number of households struggling with a heavy debt burden. The report finds geographic disparities in the cost of living crisis, highlighting how access to credit across all regions is critical as people affected by the crisis are likely to turn to credit as a safety net.

Case study

Volunteering at Family Action's FOOD Clubs

Almost 30 NewDay colleagues volunteered at Family Action's London FOOD Clubs throughout November and December. Each volunteer worked to pack food and distribute it to families, giving almost 100 hours of time to support the programme. Family Action's FOOD Clubs are an innovative way of addressing issues of food insecurity, enabling low-income families to access good quality food at an exceptionally low cost. Today, Family Action support 3,000 low-income families through 60 FOOD Clubs around the UK.

“

Not only was it amazing to be involved in such a good cause but it really humbled me. I've become a lot more appreciative and thankful for 'basic' living needs; access to food, hot water, accommodation.

During my volunteering experience we met some interesting people and it was amazing to hear how the food bank service was positively contributing to their lives, especially in this financial climate.

Participating has had a longer-term impact on me, which I hope will be a small way that I can help give back to the community.”

Toreja Curic

Senior Digital Product Manager and FOOD Club Volunteer



Governance

Behaving ethically and responsibly, supported by strong governance and controls



Our focus

Aligned to SDGs



➔ Read more about SDGs on page 44



Achieved ISO 27001 Information Security Management certification



EcoVadis Gold accreditation placing us in the top 5% of Financial Services rated companies (excluding insurance and pension funding) (2021: Silver, top 25%)

84%

of suppliers who attested code of conduct compliance (2021: 48%) against a target of 75%

0

data security breaches (2021: 0)

0

anti-bribery and corruption related incidents (2021: 0)

1

call made to whistleblowing hotline (2021: 2)

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

0.1%

of employees raised a grievance (2021: 1.0%) of which 13% were upheld (2021: 8%)

Governance continued

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

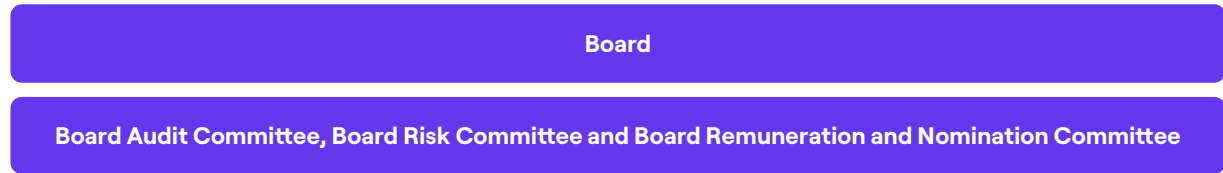
The Board is responsible for creating a foundation for growth and attractive shareholder returns. It determines the vision, strategy and high-level policies of the Group, striking an appropriate balance between risk and reward, whilst ensuring positive customer outcomes. It sets out the guidelines within 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



Our committees provide ongoing governance



Our four risk pillars underpin the delivery of our strategic objectives



Governance continued

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.

Following his appointment in February 2022, Dr Javed Khan was formally appointed as the Board member responsible for ESG. 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.

In 2022, we replaced our previous Corporate Social Responsibility and Environmental policies with our Board-approved ESG Policy. The policy articulates the ethos of our customer focus and commitment, and intention to contribute positively towards society by being a responsible lender, outlines our commitment to minimise our environmental impact and operate an inclusive and diverse workplace. The policy is intended to also improve transparency, reporting and compliance and provides a framework for setting targets to improve our ESG performance.

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.

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 [privateequityreportinggroup.co.uk](https://www.privateequityreportinggroup.co.uk)

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

Governance continued

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 2022 Annual Report and Financial Statements available at newday.co.uk/investors/results-centre

Principal risk

Conduct risk

(Responsibility: Chief Commercial Officer)

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

Link to our values



2022 performance

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.

- Refreshed vulnerable customer policy and training
- Signed-up to The Support Hub run by Experian and developed vulnerability inclusion playbook
- Concluded PPI annual statement remediation, receiving CMA confirmation that they were content with the actions taken
- Implemented an enhanced conduct risk management framework and dashboard
- Improved training and awareness across the Company
- Managed incidents and remediated, where necessary, to avoid any customer detriment

How we are mitigating this risk

- Conduct and Complaints Risk Committee overseeing our conduct risk management framework.
- Our company purpose, helping people move forward with credit.
- 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.
- Continuing to focus on agent recruitment, retention, training and performance management and reward in light of changing ways of working.
- Monitoring the effectiveness of policies and processes for vulnerable customers.
- Reviewing responsible lending and affordability across the Group and reviewing 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, continuing to enhance processes and management of complaints.

Where next?

- Maintain our high focus on responsible lending and customer outcomes and continue to ensure that our marketing and complaints processes deliver effectively for the customer and are aligned with the expectations of Consumer Duty.
- Review regularly affordability.
- Look at customers' behaviour patterns and in particular how they access credit and their understanding of how to manage their credit account.
- Deliver ongoing enhancements in the support of vulnerable customers.
- Introduce further support to customers to help them be better with credit by giving them greater visibility of the impacts of their credit behaviour, including the rollout of more features in *Aqua Coach* and carbon tracking.



Governance continued

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.

Regulatory developments

In 2022, we welcomed the guidance issued by the FCA aimed at helping customers experiencing financial difficulties prompted by the rising cost of living, including the continued application of Tailored Support Guidance. We offered 166k payment holiday support plans in the year (2021: 109k).

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 over 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 £132bn of new finance to UK businesses and households in 2021. £101bn of this was consumer credit, accounting for over 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, which employ almost 7m people.
- Direct Marketing Association (DMA) – a trade organisation for marketers. Representing over 700 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.

Governance continued

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 2022, we were assessed to be fully compliant following our annual PCI compliance audit.

We also undertake processes to assess data security when onboarding third parties through our Supplier Self-Assessment process, to ensure those we partner with also have the appropriate controls in place.



Information security

Cyber security is of high importance to our customers, Board and stakeholders. In 2022, relevant entities in the Group achieved certification against the ISO 27001 best practice security standard demonstrating our commitment to managing information safely and securely as a trusted partner. Certification evidences that we have identified risks and put in place appropriate measures to protect the organisation from information security breaches. Our Information Security Management System is designed to protect the confidentiality, availability and integrity of data held via a centrally managed framework, that helps us secure our information, and respond to evolving security threats. To ensure an ongoing focus on information security and boost awareness, we have regular internal communication campaigns and a dedicated cyber awareness month.

Our business and our customers are protected by robust information security capabilities. We partner with specialist third parties to provide a best-in-class cyber-security capability to manage our risks, and secure our systems. We use our cloud platform provider's security technologies to protect data and services running on the Digital and Data platforms. These technologies leverage advanced analytics and threat intelligence capabilities that provide detailed visibility of suspicious activity, and integrate seamlessly with our security monitoring solution. Our Security Operations Centre operates 24/7 to centrally monitor and respond to events and alerts.

We operate a regular programme of security testing and assessment activity to validate our security posture. Security penetration testing is performed against our internal systems and customer-facing services. 'Red Team' security testing, which simulates real world cyber threat activity, is also carried out to check our detection, blocking and incident response capabilities. This assessment activity enables us to continually optimise our defences, and address any identified gaps. We also actively use the SecurityScorecard cyber-security risk rating platform to provide an independent and objective view of our external security risk posture. Our 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.

Awarded 'Highly Commended' for Cloud Innovation Provider of the Year at the UK IT Industry Awards

Aligned to SDGs



Governance continued

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 includes 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 2022, one colleague contacted our confidential whistleblowing helpline (2021: two). 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 2022 (2021: none).

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 2022, 0.1% of employees raised a grievance (2021: 1.0%) of which 13% were upheld (2021: 8%).

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 Environment management and compliance, Social standards, Human Rights, and 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 suppliers 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. 84% of our suppliers have attested to our Supplier Code of Conduct (2021: 48%) against a 2022 target of 75%.

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 newday.co.uk/codeofconduct

Governance continued

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 2022, 80% of the Group's invoices were paid in line with contractual terms, of which 66% were paid within 30 days and a further 34% 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 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 newday.co.uk/site-services/tax-strategy

Stakeholder engagement

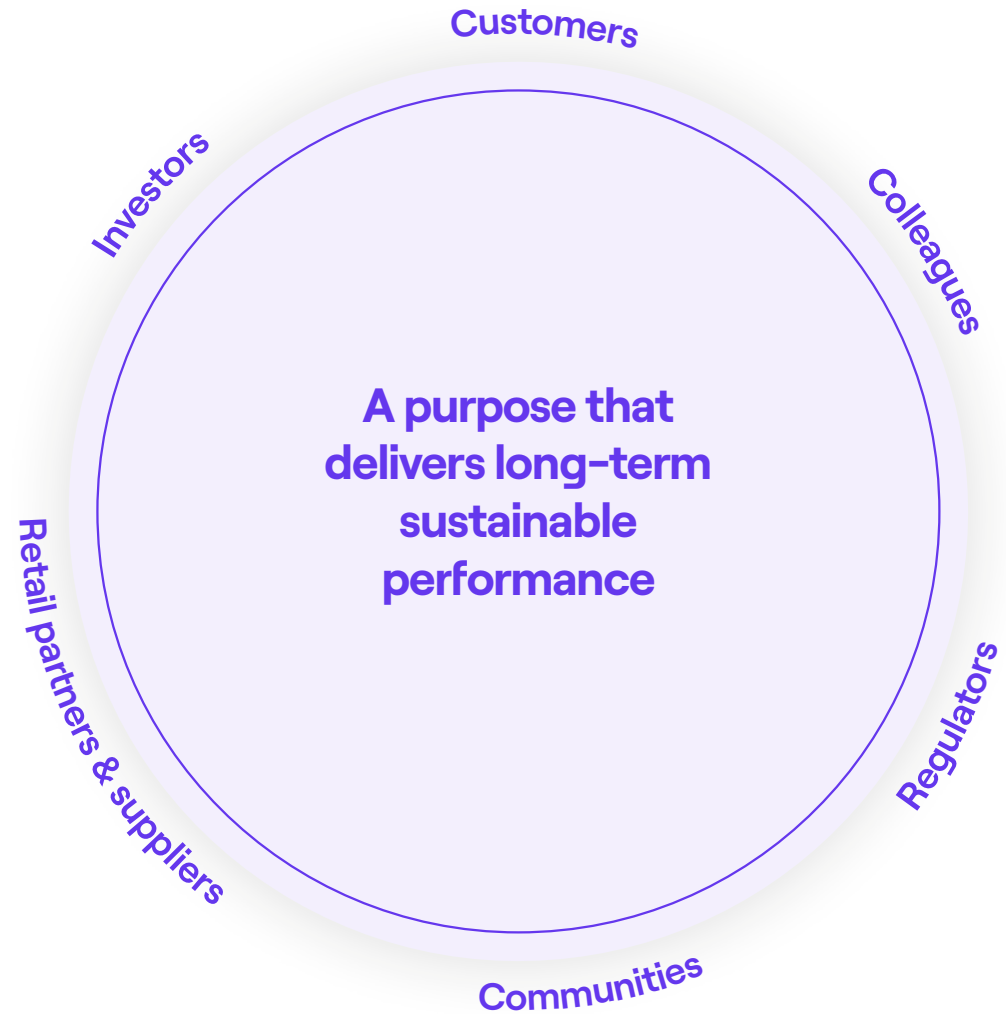
Stakeholder engagement is at the heart of our sustainability activity. Our ESG strategy must be based on the issues that matter to our stakeholders and reflect important social priorities.

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 2022.

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

Unsecured Personal Loans origination business in partnership with Antelope Loans. We identified an opportunity to deploy our lending expertise and bring a compelling consumer loans product to market which is intended to 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 to ensure this does not detract from our ability to continue to service our existing customers and ensure regulatory compliance.



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 2022.

Stakeholder and their material interests	How we engage	2022 key deliverables
<p>Customers</p> <p>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.</p>	<ul style="list-style-type: none"> • 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 • Customer focus groups 	<ul style="list-style-type: none"> • Transactional NPS of +64 and NES of +67. Listened to and acted on customer feedback from the John Lewis & Partners launch • Listened to customer feedback and launched <i>Aqua Gold</i>, a credit card rewarding customers for good credit management • 166k payment holiday support plans offered • 592k customers registered for <i>Aqua Coach</i> and <i>Credit Score</i> at the year end • Supported 2.1m customers to improve their credit score • Introduced carbon footprint tracking and insights for our <i>Aqua</i> and <i>Bip</i> customers
<p>Colleagues</p> <p>Providing an engaging and highly motivated environment, attractive career paths and empowerment to make an individual contribution to delivering on our vision.</p>	<ul style="list-style-type: none"> • 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, including townhalls • Online learning and development tool • Independent whistleblowing helpline 	<ul style="list-style-type: none"> • Engagement score of 78% • Inclusion and Diversity Index score of 82% • Inspirational Speaker Series of events and promoted discussions of important emerging matters • Progressed our leader100 programme, tailored coaching to our top 100 managers • Cost of living award provided to all colleagues earning £50k or less, supporting them through the current economic environment • Provided colleagues with a care package and benefits to support health and wellbeing
<p>Retail partners</p> <p>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.</p>	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Launched a partnership with John Lewis & Partners • Listened to and acted on customer and partner feedback to enhance customer journeys • £0.9bn of Merchant Offering spend directly with our partners • Introduced digital loyalty programmes

Stakeholder engagement continued

Stakeholder and their material interests	How we engage	2022 key deliverables
<p>Shareholders</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"> Well-informed Board meetings and strategy days Ongoing investor dialogue through their Board representatives' investor meetings Monthly performance reporting – both financial and non-financial 	<ul style="list-style-type: none"> Strong profitability with a statutory profit before tax of £110m and underlying profit before tax of £203m 29% gross receivables growth and 52% spend growth Committed to Net Zero Greenhouse Gas emissions by 2040 Generated £152m of free cash flow available for Senior Secured Debt servicing Completed an Exchange Offer reducing the outstanding Senior Secured Notes to £299m, of which £238m will not mature until December 2026
<p>Investors (asset-backed securities and high yield bond)</p> <p>Delivering sustainable and safe returns on their financial investments.</p>	<ul style="list-style-type: none"> Monthly securitisation investor reporting Quarterly HYB investor reporting and presentations Investor roadshows and open investor relations dialogue 	<ul style="list-style-type: none"> Generated £152m of free cash flow available for Senior Secured Debt servicing Refinanced all maturing debt Executed hedges to reduce our exposure to base rate increases Completed an Exchange Offer in relation to the Senior Secured Notes providing investors with the opportunity to exchange their notes for new notes maturing in 2026 together with cash consideration
<p>Regulators</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"> We believe credit is a force for good and we believe good regulation reinforces this Member of industry bodies to ensure active engagement in industry-wide discussions Open and transparent reporting Proactive engagement and collaborative approach with regulators and Government 	<ul style="list-style-type: none"> Commenced our preparations for the implementation of the FCA's Consumer Duty Continued application of the FCA's Tailored Support Guidance aimed at helping customers experiencing financial difficulties Reviewed regulatory publications and consultation papers, responding where appropriate
<p>Community</p> <p>Socially responsible management including promoting financial inclusion and good credit behaviours. Delivering environmentally friendly practices.</p>	<ul style="list-style-type: none"> Attendance at industry-wide meetings Long-term support of Family Action, our charity partner, and continuation of support for Demos ESG KPIs in Board reporting Member of environmental organisations to share best practice 	<ul style="list-style-type: none"> Awarded a Gold medal from EcoVadis for sustainability Issued our first Sustainability Report Extended <i>Aqua Coach</i> support to certain applicants who were declined or ineligible Donated £342k in our ongoing partnership with Family Action, our charity partner Our colleagues donated over 2,350 toys to Family Action for their Christmas toy appeal Ongoing support of Demos' Good Credit Index Net Zero by 2040 target set

Committed to the UN Sustainable Development Goals

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 United Nations Global Compact (UNGC) and we reconfirm our ongoing commitment. 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.



SDGs 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.



SDGs 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.



SDGs supported by these principles:

Anti-corruption

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



SDGs supported by these principles:



The UN Sustainable Development Goals

NewDay focus



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.

We continue to 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

EcoVadis accreditation



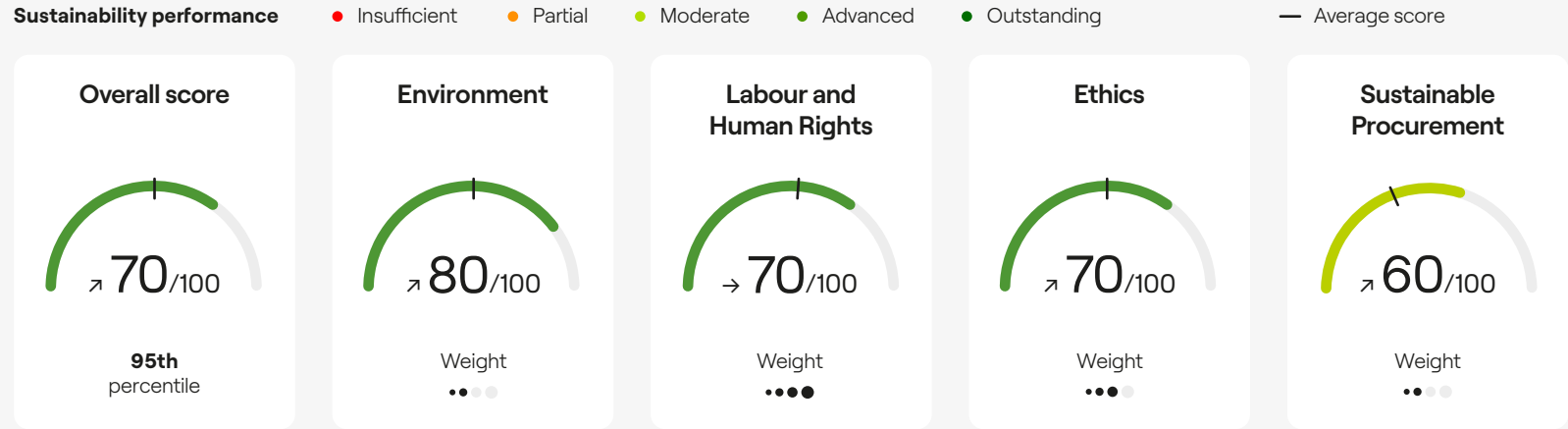
Our progression in our ESG strategy and activity has been recognised by EcoVadis who accredited us with their Gold Sustainability rating in 2022 (2021: Silver) placing us in the top 5% of Financial Services companies (excluding insurance and pension funding) they have rated (2021: top 25%). Our overall score of 70 compares to an average of 50 for the Financial Services industry.

EcoVadis' business sustainability ratings are based on international sustainability standards including the Global Compact Principles, the International Labour Organization conventions, the Global Reporting Initiative standard, the ISO26000 standard, and the CERES principles.

EcoVadis is supervised by a scientific committee of sustainability and supply chain experts, to ensure reliable third party sustainability assessments.

EcoVadis evaluates 21 sustainability criteria across four core themes: Environment, Labour and Human Rights, Ethics and Sustainable Procurement.

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.



Since our first EcoVadis assessment in 2020, we have improved from a Bronze rating, ranking in the top 50% to a Gold rating, ranking in the top 5% of Financial Services companies (excluding insurance and pension funding) they have rated, evidencing the progression in our ESG strategy and implementation.

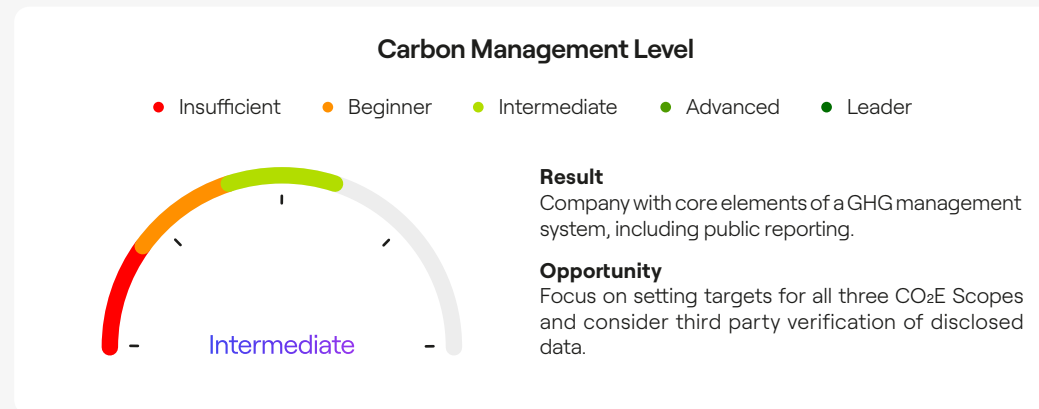
Our 2022 overall score is defined as Advanced on EcoVadis' rating scale. This means they have assessed that we have a 'structured and proactive sustainability

approach. Engagements/policies and tangible actions on major issues with detailed implementation information. Significant sustainability reporting on actions and Key Performance Indicators.'

Our top-performing sustainability assessment themes were Environment and Labour and Human Rights, although we scored above average in all categories.

In 2021, our key area for improvement was Sustainable Procurement and we are pleased that the advancements we have implemented in this area improved our score to 60 (2021: 40).

Sustainable procurement and engaging our supply chain with our ESG strategy remains a key area of focus as part of our operational roadmap to achieve Net Zero.



EcoVadis also assessed our carbon management practices for which we were rated Intermediate on their carbon scorecard (2021: Intermediate).

We have reviewed EcoVadis' proposed areas for improvement as we strive for Advanced and, where appropriate, are incorporating these into our strategy. These were largely focused around setting absolute Scope 3 emissions reductions targets, considering third party verification of data disclosed and continuing to enhance supplier engagement in climate action.

Task Force on Climate-related Financial Disclosures (TCFD)

We recognise that the long-term success of our business depends on the resilience of our operations, supply chains, and the communities where our customers and colleagues live and work. This means that it is essential that we minimise our environmental impacts and work with others to take action on the global issue of climate change.

We have embarked upon a process to develop our climate-related strategy and identify the key opportunities and risks posed by climate change. We recognise that we still have further work to do to meet our commitments and support customers to meet their individual responsibilities and aspirations.

TCFD recommendation

FY22 progress

Future focus

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

- Preliminary view of climate-related risks and opportunities identified and used to inform our ESG strategy including Net Zero commitment

- Completion of initial scenario analysis exercise, with integration of outputs into the strategic and financial planning process
- Establishing detailed climate strategy to deliver our Net Zero ambitions
- Continue to develop approach to customer engagement on climate-related risks and opportunities
- Further embedding climate considerations into our supply chain and procurement processes

Governance

Describe the Board's oversight of climate-related risks and opportunities

Describe management's role in assessing and managing climate-related risks and opportunities

- Our governance structure provides clear oversight and ownership of the Group's ESG strategy
- Quarterly Board-level reviews of ESG-related topics
- Management Committee and Director ownership of individual ESG targets
- Overseeing target setting and tracking progress against our climate-related goals and aspirations

TCFD continued

TCFD recommendation

FY22 progress

Future focus

Risk management

Describe the organisation's processes for identifying and assessing climate-related risks

Describe the organisation's processes for managing climate-related risks

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

- The Risk Committee continued to closely monitor the effectiveness of the risk management framework in order to ensure that the principal and emerging risks identified by the business remained relevant and appropriately managed within the parameters of the Board's agreed risk appetite
- Updated ESG policy approved by the Board

- Development of climate risk assessment tools and methodologies to assess physical and transition risk exposure
- Evolving risk appetite in relation to climate risk
- Continued focus on supporting customers adapting to transition risks
- Continue to develop and enhance climate-related disclosures

Metrics and targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

- Disclosed our Scope 1, 2 and 3 emissions for our own operations and supply chain
- Achieved carbon neutral own operations
- Reduction in CO₂e per average FTE employee
- Operational targets met for reducing energy including transition to renewables across all energy contracts

- Continue to improve data availability and accuracy to refine and expand our emissions reporting
- Enhance metrics to monitor our progress against our long-term targets

TCFD continued

The timing and potential impacts of climate-related risks and opportunities have been initially assessed, as detailed below. We will continue to assess and evolve these risks and opportunities as we develop our detailed climate strategy to deliver our Net Zero ambitions.

Climate-related risks

Risk	Description	Potential financial impact	Time horizon
Transition	The imposition of new climate-related regulations, policies and taxes could add to NewDay's operational and compliance costs. They could also discourage customers from accessing our products and services through their impact on levels of disposable income. Finally, failure to respond to changing consumer preferences could reduce demand for products and services.	Increased expenses or reduced revenues	Short, medium and long term
Physical	Adverse climate-related events (e.g. floods, droughts, storms, etc.) could impact NewDay's operations as well as key stakeholders such as customers, colleagues and suppliers.	Increased expenses	Long term
Reputational	Failure to respond to legislative requirements and the needs of stakeholders could lead to regulatory or financial censure and/or reduced customer loyalty and shareholder divestment.	Reduced revenues	Short, medium and long term

Climate-related opportunities

Risk	Description	Potential financial impact	Time horizon
Resource efficiency	We aim to operate in a way that has minimal impacts on the environment and improves operational efficiencies. This provides opportunities to implement initiatives and programmes that support our journey to Net Zero (e.g. by using 100% renewable energy and reducing waste and greenhouse gas emissions).	Reduced expenses	Short, medium and long term
New products and services	There will be increased demand amongst consumers for financial products and services that align with their climate-related needs. This could present revenue-generating opportunities.	Increased revenues	Short, medium and long term
Market opportunity	Competitive advantage (including talent attraction and retention) by effectively communicating our approach and progress on climate-related issues.	Increased profit through increased productivity	Medium term

Glossary

Term	Explanation
BNPL	Buy Now, Pay Later product offering.
Carbon offsetting	The investment in environmental projects that generate a reduction in GHG emissions to compensate for emissions of the business. Whilst we have implemented carbon reduction strategies, for our residual emissions we have purchased Verra approved carbon offsets from ClearBlue Markets.
Collections toolkit	A range of payment support options, including payment holidays, short-term no fee arrangements and repayment plans. These enable us to offer the appropriate level of support to customers whose personal circumstances change and they fall into arrears on their payments.
D2C	Direct to Consumer – our revolving credit offering.
Engagement survey	Our bi-annual company-wide colleague engagement surveys, administered by Qualtrics, cover a wide range of topics including engagement, inclusion and diversity, purpose and values, wellbeing, reward and recognition, leadership, development, and risk and control. The surveys include a mix of standardised questions which allow us to benchmark our performance against other Financial Services companies, and questions tailored to our focus areas at NewDay allowing us to gauge progress made. All responses are anonymous.
FCA	Financial Conduct Authority – the financial services conduct regulator, which supervises relevant consumer credit activities in the UK.
FOS	Financial Ombudsman Service – an independent organisation that settles complaints between consumers and businesses that provide financial services.
Greenhouse Gas (GHG)	The GHG protocol defines GHGs as the six gases listed in the Kyoto Protocol: carbon dioxide (CO ₂); methane (CH ₄); nitrous oxide (N ₂ O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF ₆).
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 Hackathon where colleagues are encouraged to design, code and build solutions collaboratively to solve challenges faced in our business. The teams then pitch their ideas to a panel of experienced judges including our CEO and, where approved, implemented within the business.
Net Easy Score	The average customer feedback score when rating how easy it is to navigate through our services, apps or websites.
Net Zero	Net Zero means cutting GHG emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere, by oceans and forests, for instance.
Renewables	Energy taken from sources that are inexhaustible, e.g. wind, water, solar, geothermal energy, and biofuels.
Sustainable Development Goals (SDGs)	The United Nations' 17 SDGs are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including poverty, inequality, climate change, environmental degradation, peace and justice. They are an urgent call for action by all countries in a global partnership.
Transactional Net Promoter Score (NPS)	The average customer feedback score when rating their experience on an interaction with us.
Vulnerable customer	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.

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