

2023

Sustainability Report

New Day





Welcome to NewDay's Sustainability Report 2023

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, supported by our 'Be Brilliant' philosophy.

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 are proud of our long-standing relationship with our charity partner, Family Action, and enthusiastic about the contribution we can make in the new community partnerships we've created this year.

We are committed to reducing our impact on the environment with a focus on decarbonisation. We have achieved carbon neutral across Scope 1 and Scope 2 emissions, are making progress on reducing Scope 3 emissions in our supply chain and plan to achieve Net Zero Greenhouse Gas emissions including Scope 3 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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We recognise that integrating environmental, social and governance principles into all decision making is a strategic necessity. Acting ethically, responsibly and sustainably is intrinsic to the way we operate. Credit is a force for good and I am pleased to report further progress in our sustainability journey.

Sir Michael Rake
Chairman and Non-Executive Director



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Our purpose, manifesto and values

We believe in credit as a force for good

NewDay is a leading consumer credit provider in the UK. We are powered by a digital and highly flexible technology platform 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

85%

Purpose Index in our 2023 colleague engagement survey

Our purpose

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

To help people move *forward with credit*

Who we help 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.

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.



Business overview

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. We offer revolving credit targeted at near-prime customers, including those who may not have easy access to mainstream lenders, and support them on their journey towards prime. We also 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. Through our Platform Services business we offer banks and lenders 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.

¹ Excluding sub-prime.

² A significant embedded finance partnership with Lloyds Banking Group covering both lending and technology, which will proliferate our *Newpay* product.



Credit

A range of revolving credit, innovative e-commerce and digital in-store product offerings



Free access to *Aqua Coach* that provides customers with personalised tips to improve their credit score

JOHN LEWIS
& PARTNERS



Co-branded card with digital acquisition

marbles

Flexible account management and proactive notifications, giving customers control of their finances



² **newpay** **DEKO**

Embedded finance, multi-product offering including BNPL functionality and 0% promotional offers



0% balance transfers for working Britain



White-labelled product offering with revolving credit, with functionality for instalment loans, BNPL and 0% promotional offers

bip.

Digital cardless credit that is refreshingly simple with tools like spending caps and a payment calculator

Pulse

Reward rich own-branded card for customers from ceased merchant partnerships

£4.3BN

Gross receivables

3.7M

Customer accounts



Platform Services

White-labelled technology platform solution

- End-to-end financial technology product covering full product lifecycle from acquisition to servicing and collections
- Solutions adaptable to multiple lending products such as credit cards, embedded finance and personal loans
- Targeted at banks and lenders within and outside the UK
- Multiple partner wins in 2023



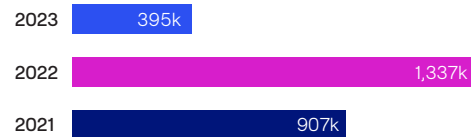
boohoo
group plc



- 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 *Newpay 1:Many*)



NewDay at a glance

0.4_MNew customer accounts
2022: 1.3m

The number of new customer accounts originated in the period.

£15.0_{BN}Customer spend
2022: £9.1bn

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

£4.3_{BN}Gross receivables
2022: £4.3bn

Gross customer balances outstanding at the year end.

+72

Transactional Net Promoter Score (NPS)
2022: +64

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

10.8%

Underlying risk-adjusted margin
2022: 12.3%

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.

£207_MGroup underlying profit before tax
2022: £203m

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

£128_MFree cash flow available for growth and debt servicing
2022: £136m

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

1,312

Number of colleagues (FTE)
2022: 1,346



Credit as a force for good

Our focus on ESG is embedded across our business. Our progress in 2023 includes:

We help people move forward with credit

395k

new customers welcomed that we responsibly said "yes" to (2022: 1.3m)

2.4M

customers improved their credit score (2022: 2.1m)

441k

customers extended payment support (2022: 390k)

824k

customers registered for *Aqua Coach* and *Credit Score*, our financial education tools (2022: 592k)



'Alternative Payments Solution' winner for *Newpay* at the Retail Systems Awards



'Team Player of the Year' and 'Innovator of the Year' winners at the Women in Credit Awards

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

76%

employee engagement survey (2022: 78%) against a target of >75%

79%

Inclusion and Diversity Index in our employee engagement survey (2022: 82%) against a target of >75%

79%

Wellbeing Index in our employee engagement survey (2022: 82%) against a target of >75%



'Investing in You' development programme launched to colleagues



Across our eight-year partnership we've donated over £1.6m in corporate donations to our charity partner Family Action



Supported the fifth annual Demos Good Credit Index and partnered with Stemettes

We are an environmentally conscious and highly digital business

0.5

tonnes of CO₂e per average FTE employee across Scope 1, 2 and 3 within our own operations (2022: 0.4¹ tonnes of CO₂e per average FTE employee) against a target of 0.4 tonnes



Carbon neutral own operations across Scope 1 and 2 CO₂ emissions

100%

renewable energy tariffs across our operations (2022: 100%)

0%

of waste to landfill (2022: 0%)



carbon footprint tracking to help customers build carbon literacy

2040

Net Zero target set

¹ Estimates included within 2022 emissions data have been updated to actuals where further information was received after the publication date.

Underpinned by strong and established corporate governance

WE SUPPORT



Signatory to UN Global Compact



EcoVadis Gold Sustainability Rating



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



Our ESG progress

2023
highlights

Consumer Understanding Forum launched along with Consumer Duty dashboard to support delivery of good consumer outcomes



Partnered with Plain Numbers to improve customer understanding of communications, using insights from behavioural science and in-depth knowledge of adult numeracy issues



Collaborated with Experian and other firms on the launch of Support Hub, which allows consumers to share their support needs to multiple organisations in a single, consented, transparent and standardised manner



Introduced additional early intervention support for customers in need of financial assistance, including further measures temporarily reducing interest should it be appropriate for the customer



Continued to support customers to build carbon literacy and awareness through Aqua and Bjp customer carbon footprint tracking



'Investing in You' launched to colleagues providing insights on personality, motivations and behaviours to guide development pathways



'Best Employee Experience' winner at the UK Customer Experience Awards



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



Partnership with Stemettes, including mentoring programme, to inspire and support young women and non-binary people into Science, Technology, Engineering and Maths careers



Secured EcoVadis Gold Sustainability Rating, placing us in the top 3% (2022: top 5%) of all financial services companies rated



Future
ambitions

Continuously seek to embed Consumer Duty further into our processes and challenge our outcomes to ensure customers remain at the heart of everything we do

Expand Aqua Coach Steps to support customers to improve their credit score and enhance financial education

Expand diversity metrics monitored and increase percentage 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



Chief Executive Officer's statement

"

Embracing sustainability is a responsibility we take seriously. We continue to deliver positive momentum in our ESG agenda creating value for all stakeholders; helping customers move forward with credit, making a positive impact on our colleagues and communities and taking action to protect the environment.

John Hourican
Group Chief Executive Officer



Helping customers move forward with credit

Our purpose to help people move forward with credit and customer-centric ethos remain key to our commitment to deliver positive customer outcomes. The ongoing challenges customers face, driven by the macroeconomic environment, means our role in promoting financial inclusion and good credit behaviours, and providing high-quality customer service tailored to the changing needs of each customer is even more vital.

We continued on our mission to support financial inclusion, welcoming 0.4m new customer accounts in the year. The use of our financial education tools, *Aqua Coach* and *Credit Score*, continues to grow, supporting customers to improve their credit score. 824k customers are now registered, with over 40% of customers actively using the feature every month. In 2023, we supported 2.4m customers to improve their credit score.

We further expanded our early intervention support for customers in need of financial assistance. 441k customers received payment support in 2023 (2022: 390k). We also collaborated with Experian and other firms on the launch of Support Hub. Providing the ability for customers to communicate their support needs with multiple businesses in one communication reduces the emotional burden on consumers and ensures we can take appropriate steps to address those needs.

40%

of customers actively check their credit score using *Aqua Coach* or *Credit Score* every month

The Financial Conduct Authority (FCA) Consumer Duty, which came into effect in July, aligns extremely well to our purpose and we continue to challenge ourselves to enhance our customer proposition in the spirit of its requirements. Our Consumer Understanding Forum and Consumer Duty dashboard allow us to monitor performance and drive continuous improvement. We have partnered with Plain Numbers, utilising its in-depth knowledge of adult numeracy issues to ensure our customer communications are clear, to guide customers towards positive outcomes.

Our investment in developing leading-edge technology allows us to provide effortless customer journeys and support colleagues in providing high-quality customer service, deploying AI to improve knowledge retention and improve Quality Assurance scores. Our transactional Net Promoter Score (NPS) and Net Easy Score (NES) remain high at +72 (2022: +64) and +75 (2022: +67) respectively. Our contact centre colleagues are highly skilled and our technology provides them with access to detailed customer insight to identify potentially vulnerable customers and ensure they are provided with support tailored to their needs.

The carbon tracking functionality in our *Aqua* and *Bip* apps support in building carbon literacy and promote sustainable behaviours in our customers alongside supporting their credit needs. 491k customers now have a cardless product (2022: 453k) and 22% of the credit cards we issued in 2023 are recyclable. Our digital e-servicing and mobile application platforms are highly effective with 95% of active customers registered for e-servicing (2022: 94%), further reducing our environmental impacts.

Powered by our people

Our colleagues are integral to our sustainability journey, embodying our values of 'do the right thing', 'pull together', 'aspire to extraordinary' and 'create tomorrow' and they embody our 'Be Brilliant' philosophy. Their innovative ideas and dedication to high-quality customer service drive positive customer outcomes. We were proud that two of our colleagues were recognised for their achievements at the Women in Credit Awards.

WOMEN IN CREDIT
AWARDS

**Team Player of the Year
Winner**
**Innovator of the Year
Winner**
Women in Credit Awards



**Best Employee Experience
Winner**
**Best Use of Customer Insight
and Feedback**
Bronze
**Best Measurement in Customer
Experience**
Bronze
UK Customer Experience Awards

Our inclusion and diversity agenda remains a key priority for the Board. Our engagement survey results showed an Inclusion and Diversity Index of 79% (2022: 82%), 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, continues to promote a culture that celebrates diversity.

We have a strong culture that promotes collaboration, innovation and continuous improvement. We aim to ensure colleagues are engaged and feel valued, inspired and empowered to do the right thing for our customers in a fully inclusive environment where they can reach their potential. Building on the success of our leader100 programme, in 2023 we launched 'Investing in You' to over 750 colleagues. Colleagues were provided with tailored psychometric and behavioural insights reports to support them and their managers to have quality conversations around career aspirations and to create development plans to support delivery.



Chief Executive Officer's statement continued

Our ability to retain and develop key talent is a competitive advantage. We are proud that, where possible, we look to promote or provide secondment opportunities internally. This led to 11% of colleagues moving into new opportunities internally in the year. Of these internal moves, 41% were made by women.

In response to evolving market conditions and our commitment to delivering positive outcomes for our customers, in December 2023 we completed a corporate restructure to realign our operating structure. This resulted in 90 colleagues being made redundant. Throughout the process we aimed to be clear, transparent and provide support to colleagues affected.

Environmental progress

In 2023, we reported an increase in CO₂ emissions per average FTE employee across Scope 1, 2 and 3 within our own operations from 0.4¹ tonnes to 0.5 tonnes. We continue to focus on reducing emissions in our operations. However this has been offset by increased travel emissions from long-haul flights to launch our platform-as-a-service business, and support international clients. We continue to monitor this closely.

Having transitioned to 100% renewable energy sources and achieved carbon neutral own operations in 2022, we focused our attention on sustainable procurement and reducing Scope 3 emissions, critical aspects of our journey towards Net Zero by 2040. As a result, Scope 3 emissions from third party suppliers reduced by 17% year-on-year.¹

We also commenced a baselining exercise as part of our sustainable procurement roadmap, covering material and highest emitting suppliers, to establish their sustainability credentials. Our revised processes will allow for greater reporting of key supplier metrics from 2024, which will enable us to more effectively manage the sustainability performance of our supply chain and highlight areas that need further attention.

Community partnerships

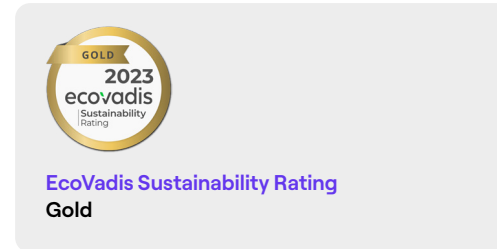
We are proud to have partnered with Family Action for more than eight years and we are energised by the impact we are creating together, having donated over £1.6m during the course of our partnership. Our colleagues also value this partnership and engaged in numerous fundraising and volunteering activities to support their important work in providing practical, emotional and financial support to those who are experiencing poverty, disadvantage and social isolation.

In 2023, we also launched a partnership with Stemette Futures, an award-winning social enterprise working to inspire and support young women and non-binary people in Science, Technology, Engineering and Maths (STEM) careers at companies like ours. We know from our own hiring that the candidate pool for technology and data-based roles is predominantly male. This collaboration aligns with our Inclusion and Diversity ambitions and supports in developing a stronger future pipeline of female and non-binary candidates pursuing STEM careers.

We continued to support a fifth annual Good Credit Index through Demos which maps access to 'good credit' across the UK, helps ignite an active dialogue with metro mayors and local authorities and provides location-based strategies for building better credit.

Governance

A well-established governance framework designed to ensure high standards of corporate governance and appropriate oversight by our Board forms the foundation of our sustainability efforts. This ensures growth is delivered in a controlled and compliant manner, considering the interests of all stakeholders. We regularly assess our governance arrangements to ensure they remain fit for purpose and reflect the size and ambition of the Group.



EcoVadis continues to independently assess our sustainability credentials and awarded us a Gold Sustainability Rating in 2023, ranking us in the top 3% of all financial services companies (except insurance and pension funding) rated by it globally (2022: top 5%). We were pleased that EcoVadis reinforced the progress we made on our sustainable procurement journey, rating us advanced, as this is key to our Net Zero journey.

Where next?

Delivering long-term sustainability is a strategic necessity. The Board continues to assess our ESG roadmap, ensuring we are making appropriate progress on existing initiatives and identifying areas which require further attention. Whilst I am pleased with the progress we have made to date, there is more to be done.

Our ambition remains that *Aqua Coach* becomes the UK's best credit building tool. We continue to develop and enhance *Aqua Coach Steps*, which provides personalised monthly actions to further support customers to improve their credit scores.

We have made positive progress this year against our sustainable procurement roadmap; developing performance tracking against sustainability metrics is key to the delivery of our Net Zero strategy, enabling us 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 2023. In order to be fully inclusive, we are also aiming to capture data across a wider set of diversity characteristics and will develop our baseline before setting appropriate targets. We have an ambition to ensure our colleagues reflect the communities we serve.

I would like to thank Javed Khan for his contribution to our progress during his position as the Board's ESG Director. We are well positioned to build on this in the future.

Finally, I would like to thank the Board and all colleagues for their continued support in delivering on our ESG strategy. I believe we can be proud of the progress we are making and look forward to delivering against our roadmap for 2024.

John Hourican
Group Chief Executive Officer

¹ Estimates included within 2022 emissions data have been updated to actuals where further information was received after the publication date.



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, guide our targets, and define 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 topics 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 topics that our ESG strategy should be focused on addressing.





Our ESG approach continued

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 and offer assistance in times of difficulty.
- **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 (UNGC) and its Sustainable Development Goals.

[Read more about the UNGC on page 46](#)

ESG strategy



Financial inclusion
Removing barriers to credit and rewarding good credit management



Climate action
Net Zero by 2040



Learning
Financial education for customers and colleague development

Our purpose

To help people move *forward with credit*



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.

Areas of focus



Being a responsible lender
 [Read more on page 12](#)



Minimise our environmental impact
 [Read more on page 25](#)



Inclusive and diverse workplace
 [Read more on page 22](#)



Customers

Our focus

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.

Alignment to SDGs



[Read more about SDGs on page 46](#)

2.4M

customers improved their credit score
(2022: 2.1m)

+75

NES against a target of +68
(2022: +67)

441K

customers extended payment support
(2022: 390k)

824K

customers registered for our financial education tools and *Credit Score* against a target of 770k
(2022: 592k)

+72

transactional NPS against a target of +62
(2022: +64)

1.2

complaints per 1,000 active accounts against a target of < 1.1
(2022: 1.3)



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, 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 who want instant spend to enable digital purchases online, to those who may have either limited credit bureau information or 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.

In line with our manifesto to help people move forward with credit, we tested a new early intervention treatment for customers likely to benefit from help through temporary lower interest. By inviting customers to opt in to a short period of no new spend, we were able to provide some relief through halving any interest incurred. Customers are then able to either pay off more of their debt than usual, or simply provide short term relief to some of their credit commitments.

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.

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



"

The Bip app makes me feel really financially in control. I know exactly what I've spent because the notification comes up straight away and I just feel more financially responsible.

Carly*Bip customer*

"

NewDay are always looking for ways to improve our ability to responsibly say "yes" to our customers and see Open Banking as a key to comprehensively understand our customers financial situation.

We've partnered with D.One (part of the ClearScore group) to deliver an Open Banking solution across all lending journeys which will enable customers to more easily demonstrate that lending is affordable and responsible for them.

Rob Holt*Chief Executive Officer, Credit***Alignment
to SDG**



Customers continued

Consumer Duty – Our responsible approach

The FCA Consumer Duty came into force in July and introduced a new overarching principle requiring firms to act to deliver good outcomes. The Consumer Duty aligns extremely well to our purpose of helping customers move forward with credit and our areas of focus, being fair

treatment of customers with characteristics of vulnerability and supporting customers in financial difficulty. We will continuously seek to embed the Duty further into our processes and challenge our outcomes to ensure customers remain at the heart of everything we do.

Products and services

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.

We assess affordability using a variety of methods and offer credit limits tailored to a customer's 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. We are constantly enhancing our affordability toolkit and have plans to launch Open Finance options through 2024.

85%

of near-prime customers who took the product to build credit say NewDay has helped improve their score

Price and value

We regularly review interest rates to ensure they keep pace with customers' changing financial status. We ensure pricing transparency in our customer research and development. We regularly update and adapt products to suit customers' changing needs.

Interest rates move both up and down 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.

185k

customers had their APRs reduced and over £900k of cashback given to *Aqua Gold* customers in 2023

Consumer understanding

Helping people more forward with credit starts with clear, transparent, and easy-to-understand communications.

We have partnered with Plain Numbers to help further improve the way we communicate financial information to our customers using its insights from behavioural science and in-depth knowledge of adult numeracy issues.

Communications are aligned to consumer needs, fair and clear, to guide customers towards positive credit outcomes. Customers can make decisions that are effective, timely and informed and are clear on action (if any) required from the communication.

88%

of customers stated that they found our communications easy to understand in H2 2023

Consumer 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 discuss our short-term payment solutions 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 pay down their balance in a reasonable time period.

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.

c.100k

vulnerable customers supported with tailored services in 2023

Culture

Policy owners have become NewDay's 'Consumer Duty champions', monitoring metrics, providing counsel and challenging whether we are delivering good customer outcomes.

All colleagues have undergone mandatory Consumer Duty e-learning and this will be refreshed annually. A Consumer Duty overview has been incorporated into our new colleague induction processes.

Sessions have been conducted with all Committee Secretariats and Chairs to ensure Consumer Duty is being considered in all proposals and decisions.

100%

of colleagues completed Consumer Duty e-learning

Distributor & co-manufacturers

We have a proactive and robust engagement model with partners.

Our Supplier Governance Framework continues to support our engagement and oversight of the embeddedness of Consumer Duty with our key suppliers, ensuring this remains a topic we engage on regularly.

Partners who interact directly with customers on our behalf are included in our customer outcome testing and our second line of defence teams actively assess the partners' approach and testing to both Consumer Duty and operational resilience as part of cyclical assurance processes.

93%

of our near-prime customers said their card met their needs extremely well/very well/well

Governance

→ Our Consumer Understanding Forum reviews all new or materially altered communications that are sent to customers to ensure they deliver on good consumer outcomes

→ Consumer Duty dashboard introduced to monitor key outcomes across the different areas of the Consumer Duty – 39 metrics with relevant outcomes reported to the Board quarterly

→ Consumer Duty is considered as part of all decision-making forums and reflected in principal risk reviews

→ All policies updated to include Consumer Duty requirements



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 range of collections solutions, 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. We offer personalised collections journeys for customers in need of financial assistance and, in 2023, 441k customers were extended payment support.

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 pay down 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 tools, *Aqua Coach* and *Credit Score*, designed to help customers improve their credit score and gain access to better financial products. We also offer this to declined applicants, supporting a wider population of people to improve their credit score. As at December 2023, 824k customers have registered for *Aqua Coach*, or *Credit Score* on our other near-prime brands, with 40% of customers actively checking their credit score using the feature every month.

441k

customers extended payment support

We continue to trial our new innovative feature *Aqua Coach Steps* with select *Aqua* customers. Knowing how to build a better credit score can be a challenge. Each month *Aqua Coach Steps* helps signpost the actions customers can take for the best chance of boosting their credit score. Customers can measure progress as they move through five different levels in *Aqua Coach*, improving their ability to access lower interest rates or higher credit limits. In 2023, 2.4m customers improved their credit score (2022: 2.1m).

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.

“

Aqua helped me build my credit score. I can now think about the longer term; I really want to get a house and establish roots here.

Mark
Aqua customer



Alignment
to SDGs





Customers continued

Supporting vulnerable customers and enhancing support across service providers

Vulnerable working group (VWG)

The objective of our VWG is to review and ensure that existing measures to support vulnerable customers are effective and any gaps or improvement opportunities are identified and prioritised.

The VWG is made up of representatives from several teams across the business who have worked together to review and discuss existing processes in place for supporting all of our customers and additional support for those who may find themselves in need of a bit of extra help.

In 2023, this group focused on vulnerable customer initiatives across key themes and business processes including policy, customer journey improvements, data, innovation, and marketing, culture and communications.

The group also led a Vulnerable Customer Awareness week to ensure all colleagues were well informed and to provide opportunities to get involved or access more information about the support provided in this area. This included events at both our offices with external partners and internal teams showcasing how they support customers and the wider community.

Support Hub launched

We have collaborated with Experian and other firms on an innovative, easy and customer-friendly solution designed for customer support.

Support Hub is 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.

This support includes how firms communicate with customers when they simply need to speak to someone about managing their account during a tough period in their lives.

At NewDay, we want to ensure that we know what customers' support needs are so that we can take appropriate steps to address them. Support Hub enables customers to tell us and other participating firms working with Experian in one easy process. By 2030, Support Hub aims to help 7 million consumers connect to over 200 organisations to get the support they need.

Where next?

We will continue to review and improve our services for all of our customers to ensure continuous:

- inclusive design of our products;
- ease and usability of our customer experiences;
- improvements in the early identification of vulnerable customers;
- clear and transparent communications; and
- support during customers' credit journey lifecycle.

Initiatives on our vulnerable customer agenda for 2024 include focus on enhancing our existing data recording to align with our customers' support needs and further collaboration on Support Hub.

"

Our purpose is to help all of our customers move forward with credit including those with characteristics of vulnerability. It is important that customers know that they can contact us at any point in their credit journey to make us aware of their individual support needs, not just if they are heading towards financial difficulty. Working with Experian has meant we have helped to shape this exciting new initiative, working alongside industry experts to enable customers to 'tell us once'. I am proud that NewDay is involved in this important initiative and excited to see it develop further.

Danielle Fisher

Head of Customer Outcomes,
Risk and Governance

c.100k

vulnerable customers supported
with tailored services in 2023

Vulnerability awareness week partners

SupportHub
powered by experian



R N I B

See differently

Money Wellness

Live more. Stress less.

StepChange
Debt Charity

STAMMA
IT'S HOW WE TALK.

[cowry consulting]

GamCare
Gambling Support Starts Here

PayPlan
live again

University of
BRISTOL

christians
against
poverty
CAP



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 touch point. 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 4.3 points above average with a score of 84.3. 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.

Our operating strategic principles

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



The customer service I received was outstanding. Firstly, my call was answered immediately. Secondly, he was patient, pleasant, and professional whilst dealing with my query. He took his time to help me solve my issue and made sure I was happy before finishing the call. I generally try to avoid phoning call centres, but this time, the help I received was absolutely first class. Thank you.

Pulse customer

Case study

Clever Nelly

Using AI to improve knowledge retention and raise Quality Assurance scores

We invested in a knowledge retention tool called 'Clever Nelly' which uses self-learning, repetition and artificial intelligence to embed and improve knowledge.

Through a process of spaced learning, repetition and continual assessment Nelly helps our colleagues to retain key information they need to do their roles. It regularly tests colleagues' competence in role, celebrates top performers and highlights individuals that require additional support. Nelly highlights recurring themes where support is required and this helps us shape our colleague development programmes.

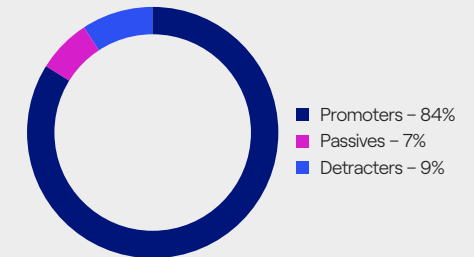
The use of the tool has contributed to a decrease in call hold times and after-call work, along with improvements in quality assurance and Net Promoter Scores.



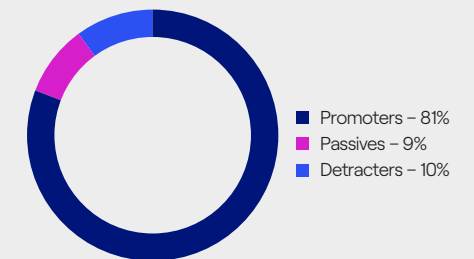
We have high customer satisfaction

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

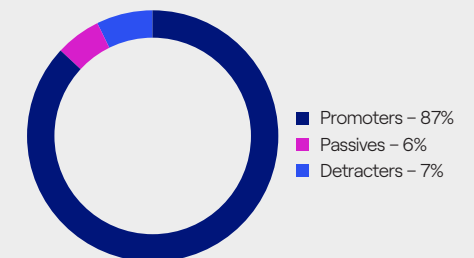
Net Easy Score: +75



Net Promoter Score: +72



Associate Satisfaction: 9.3





Customers continued

Delivering for our customers

Addressing complaints and driving continuous improvement

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 reduced in 2023 to 1.2 per 1,000 active accounts (2022: 1.3). Our customer issue resolution programme drives continuous assessment of the root cause of complaints and a programme of actions are implemented to address key drivers. Whilst complaint volumes reduced by 6% in 2023, we continued to see high levels of claims management company activity, meaning complaint volumes that were slightly higher than our 1.1 per 1,000 active accounts target. We have deployed additional resources to support processing of these complaints to manage response times.

We aim to resolve complaints to a satisfactory level internally. 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 2023, 2,476 complaints were referred to the FOS and the FOS upheld 38% of complaints in the customers' favour.



Customer Issue Resolution Programme

Our Customer Issue Resolution Programme is dedicated to driving improvement. We engage and learn from our customers to ensure that we adapt, evolve and continue to deliver a service that meets their needs.



Voice of the customer

We gain **valuable customer insight** across all of our channels to identify pain points in our journeys through analysing NPS/NES results.



CSI benchmarking

We benchmark ourselves against our sector in the UK CSI bi-annually.

This enables us to track trends and performance on customer satisfaction, relationship NPS and effort. We use the feedback to drive improvements across the business.



Speech/text analytics

We continuously **analyse customer conversations at scale**, monitoring trends in call chats. This enables richer deep dives to understand the root cause of common pain points.



Voice of our people

Our colleagues provide valuable feedback and insight through our issue reporting process, 'Bug Board', Roadshows and bi-annual colleague surveys to help drive continuous improvement both for them and our customers.



Complaints

We turn complaints from valuable feedback into actions. We analyse the root causes and act upon these to reduce friction and pain points for customers. Insight is shared across the business to drive action.



Colleagues

Our focus

Knowledge powers our business, which is why colleagues play such a key role in our success. We are committed to their long-term wellbeing and development

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

Alignment to SDGs



[Read more about SDGs on page 46](#)

76%

employee engagement (2022: 78%) against a target of >75%

85%

Purpose Index in our employee engagement survey (2022: 81%) against a target of >75%

11%

internal mobility (2022: 30%) against a target of 10%

79%

Inclusion and Diversity Index in our employee engagement survey (2022: 82%) against a target of >75%

79%

Wellbeing Index in our employee engagement survey (2022: 82%) against a target of >75%



'Investing in You' development programme launched to colleagues



Colleagues continued

Highly engaged colleagues

Our people and culture

We have a strong culture 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 are key to delivering innovative credit solutions and high-quality customer experiences, which ultimately ensure the long-term success of the business. It is vital that we engage our colleagues and support them to deliver their best, which in turn leads to improved productivity and lower turnover rates.



Our 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 use an external platform, Qualtrics, to deliver 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 83%, our 2023 survey continued to show high levels of employee engagement at 76%¹ (2022: 78%).

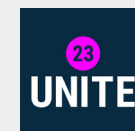
We believe that everyone should be able to be themselves at NewDay. Personal wellbeing and performance are intrinsically linked. Our engagement survey results showed an Inclusion and Diversity Index of 79% (2022: 82%).

The success of our customers, partners and business is underpinned by strong colleague engagement and motivation to support our customers 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 Index of 85% (2022: 81%).

Strong internal communication is essential to allow 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. Our weekly all-colleague newsletter is used to summarise key developments and celebrates successes for teams and their leaders. In addition, we have Executive Committee (ExCo) vlogs covering key topics or business developments, podcasts and townhalls, and ExCo Q&As give colleagues the opportunity to ask questions that are important to them. At the end of 2022, we also relaunched our colleague intranet, The Circle, to provide a personalised, interactive and connected digital workspace. Based upon the impact The Circle has had since its relaunch, including significantly improved Net Promoter Scores and higher engagement rates, The Circle was awarded 'Best Launch of Platform' at the Unite 23 Awards.

Our turnover rate was consistent year on year at 27% for servicing (2022: 27%) and reduced to 9% for non-servicing roles (2022: 18%). Our ability to retain and develop key talent helps us to keep moving our business forward.



Best Launch of Platform
The Circle
Unite 23 Awards

Alignment
to SDG



¹ 2023 employee engagement was taken from our mid-year survey. An end-of-year survey was not performed due to operational reasons.



Colleagues continued

Highly engaged colleagues

Learning and development

We have high-potential talent across NewDay and we are leveraging this 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.

11%

of colleagues moved
into new opportunities
internally in the year

We provide technical training to relevant teams and NewLearn, 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 NewLearn 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.

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 11% of colleagues moved into new opportunities internally in the year against a target of 10%.

We also operate a graduate scheme within our Credit and Data Platforms teams, supporting graduates to grow and develop new capabilities in their specialist area.

Case study

'Investing in You': helping you make your mark

We have an ongoing commitment to strengthen our talent and leadership development. In 2022, to build our leadership pipeline we launched a bespoke leadership development programme 'leader100' for 100 of our senior managers.

In 2023, we built on the success of this programme engaging our external partner, The Chemistry Group, to produce individual profiles for over 750 colleagues. This provided tailored psychometric and behavioural insights covering 30 personality traits, eight motivations and 12 behaviours. The programme has supported colleagues and their managers to have quality conversations using the insights as a tool for growth, ensuring the right dialogue around colleague career aspirations and creating development plans to support this.

We intend to further build on our training suite in 2024 with the development of online learning targeted at addressing key development themes identified through leader100 and 'Investing in You'.



Insights is a great self-awareness tool as the more we understand ourselves, how we operate and how others see us show up, the more potential we have to grow. Development doesn't always mean getting a promotion or moving roles, it's about looking for opportunities in everything we do, challenging ourselves and being bold enough to acknowledge our blind spots and push ourselves even further.

Rebecca Binnion
People Partner





Colleagues continued

Rewarding colleagues for their contribution

Reward

To recognise the dedication and hard work of our colleagues, we offer a comprehensive rewards package including enhanced benefits covering medical cover, life insurance, generous holiday, and cycle to work and an electric car schemes.

We offer a discretionary bonus scheme which is based upon individual performance and 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%, a competitive and highly attractive element of our total reward package. We

also provide information sessions to encourage more colleagues to take advantage of the benefits available to them.

We are proud to support our colleagues with young families and further enhanced our family leave benefits in 2023, covering maternity, adoption and shared parental leave. Eligible colleagues are able to take advantage of up to 26 weeks' enhanced family leave pay. As a family friendly employer, dedicated to supporting colleagues through their parenthood journey we also launched our partnership with Babbu in 2023, offering colleagues free access to Babbu's learning platform tailored for parents and carers of children aged five and under. For every subscription taken up by a colleague, we also gave one to our charity partner, Family Action.

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, our Pay Award for 2023 and 2024 reflected these day-to-day pressures and was skewed to provide a higher salary increase to those who earned less. 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 offer the Smart Spending app, which provides discounts across over 750 retailers, including supermarkets and gym memberships. We also offer a Dental Insurance benefit at preferential rates and access to Toothfairy, the UK's first health-regulated smart dental app.

83% of colleagues told us they feel valued at NewDay (2022: 78%) in our 2023 colleague engagement survey.

Interview with Damaris Anderson-Supple, Group Chief People Officer



Q Reflecting on 2023, what do you feel were the key highlights of the year?

Our colleagues are our most valuable asset and we continued to invest in personal development programmes to support career progression. Following the success of our leader100 programme in 2022, we launched 'Investing in You'. This provided over 750 colleagues and their managers with insights to drive quality discussions around career progression and support in creating development plans. I was also pleased that we supported 11% of colleagues to move into new roles internally in 2023, achieving the target we set ourselves.

It is also great to see the achievements of our colleagues recognised externally, with two colleagues winning 'Team Player of the Year' and 'Innovator of the Year' at the Women in Credit Awards.

We work tirelessly to foster an inclusive workplace culture where all colleagues can thrive. We operate a rich events programme, which helps create awareness across a wide variety of topics and ensures every individual feels valued. We offer a comprehensive care package to support colleague wellbeing and we remain committed to being a family friendly employer, further enhancing benefits and support tools offered to colleagues with young families.

Q What challenges have you encountered during the year?

We had to navigate the complexities of a corporate restructure to ensure our long-term sustainability and delivery of the best outcomes for our customers. Whilst these decisions are never easy, they are sometimes necessary to adapt to changing business environments.

We prioritised transparency throughout the process, ensuring open and honest communication, and provided support for those affected by the restructure.

Q Looking forward to 2024, what are your key areas of focus?

Diversity and Inclusion remains high on my agenda. A lot of our growth at NewDay is around tech and we are increasingly trying to bring in new talent to tech and develop the talent we have. We know that young women and girls are less likely to pursue STEM subjects at school. It's important that we diversify tomorrow's talent pipeline, so I'm really proud of our partnership with Stemettes. Our NewDay team have mentored and supported more young people to pursue STEM pathways, by persuading them that it is possible and can lead to a rewarding career in tech.

We also plan to further expand the diversity metrics we monitor as part of our ongoing Diversity and Inclusion initiatives.



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, ethnicity, disability and sexual orientation.



I feel that I belong here. NewDay is an inclusive company where people feel valued and encouraged to do a brilliant job.

Shabana Akhtar
Digital Co-ordinator

This is measured through our I&D Index in our employee engagement survey, which for 2023 was 79% (2022: 82%). This is a positive score representing the energy and commitment of highly engaged colleagues active in our Inclusion Network, which represents all minority communities, driving our I&D agenda. Importantly, in our colleague engagement survey 81% of colleagues told us they feel they can be themselves at work (2022: 83%) and 83% felt the culture at NewDay is one in which people with diverse personal styles, experiences and backgrounds can contribute and thrive (2022: 86%).

We provide opportunities for colleagues to learn about the importance of inclusive and diverse teams through events and training. This includes a rich events programme throughout the year and our mandatory inclusion awareness e-learning module. In 2023, we also ran courageous conversations training to give colleagues another toolkit to spot and offer constructive challenge to micro-inequities.

Our Inspirational Speaker Series is now a regular part of life at NewDay and tackles a number of issues head-on to increase awareness throughout the business. We ran events and panel discussions to celebrate LGBTQ+ History Month, International Women's Day, Global Accessibility Awareness Day, Black History Month and International Men's Day.

Our Sustainable Procurement Policy also reflects our commitment to I&D. We favour, where possible, suppliers that contribute towards addressing social inequality and diversity issues. As part of our supplier assurance process, we ask suppliers whether they have a policy on diversity and equal opportunities, and they must provide evidence of this. Our Supplier Code of Conduct outlines our requirements on I&D setting expectations that suppliers create an inclusive environment, utilising diverse businesses themselves and taking measures to address unconscious bias. In doing so, we are setting a high minimum standard for becoming a supplier to NewDay when it comes to I&D.

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 emphasise 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 or any other policy violations, we have strict policies and procedures 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; a 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.

2023 colleague activity

- Colleagues invited to attend our Inspirational Speaker Series covering a range of topics
- Black History Month
- Vulnerability Week
- Neurodiversity Celebration Week
- National Inclusion Week
- Pride in Leeds
- Wellbeing weeks including World Mental Health Day, menopause and fertility awareness
- Stemettes mentoring programme and events
- Earth Day
- Debt Awareness Week



Colleagues continued

Supporting gender balance

Gender equality

The concept of ‘moving forward’ drives our business and we are committed to improving our gender pay gap. In 2023, our gap was 32%, a small improvement from 2022 at 35%.

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.

At NewDay, we are always looking at ways to encourage internal moves and provide the best development opportunities across our organisation. In 2023, 41% 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 aiming to have female candidates on our shortlist for each vacancy.

Our mean gender pay gap is 32%
Pay difference between men and woman

	Mean	Median
Pay gap	32%	47%
Bonus gap	59%	52%

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

Gender diversity target

Our medium-term gender diversity target is to increase the proportion of female colleagues in Executive Committee, Director or Head of Function roles to 40% by the end of 2026. In 2023, we achieved 27% (2022: 27%). Following the corporate restructure, which became effective in January 2024, this increased to 30% and we remain committed to our 40% goal.

Gender diversity

As at 31 December 2023, the proportion of women among our 1,354 colleagues (2022: 1,397) was as follows:

	2023	2022
Colleagues	45%	47%
Executive Committee, Directors and Heads of Function	27%	27%
Executive Committee	13%	13%
Board	18%	17%

Priorities

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

Our actions include:

- essential 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 – 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 anyone who is a parent or is planning a family.





Colleagues continued

Supporting our colleagues to deliver their best

Hybrid working

We continued to adopt our hybrid working approach, NewWork, encouraging colleagues to share their time between remote working and the office. We believe that our office space sparks the collaboration and networking that powers our business. Our flexible approach to office and remote working is well received by colleagues.

In 2022, in response to colleague feedback we introduced a NewWork Overseas arrangement, allowing eligible colleagues to book up to ten days per year working in permitted overseas locations. 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.

80%

of colleagues feel that NewDay supports their health and wellbeing at work

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 (2022: none).

We are committed to supporting the wellbeing of our colleagues. We monitor wellbeing in our engagement surveys, with 80% saying that NewDay supports their health and wellbeing (2022: 82%).

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. We also offer a new Dental Insurance benefit at preferential rates which colleagues can choose to sign up 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 80 of our colleagues are members of a collective bargaining group.

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 2023, 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.

In order to further support colleague wellbeing, we provide health booths in 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.

Alignment
to SDGs





Environment

Our focus

Committed to reducing our environmental impact

We are an environmentally conscious and highly digital business. We actively monitor and manage our carbon footprint and are committed to delivering carbon neutrality across our own operations and hitting our longer-term Net Zero target.

Alignment to SDGs



[Read more about SDGs on page 46](#)



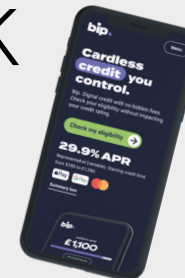
Carbon neutral own operations across Scope 1 and 2 achieved

100%

of energy usage met by renewables
(2022: 100%)

491k

customers on a cardless product
(2022: 453k)



0.5_T

of CO₂e per average FTE employee across Scope 1, 2 and 3 within our own operations against a target of 0.4 tonnes
(2022: 0.4 tonnes¹)

0%

of waste to landfill
(2022: 0%)

2040

Target set for Net Zero including Scope 3 emissions

¹ Estimates included within 2022 emissions data have been updated to actuals where further information was received after the publication date.



Environment continued

Committed to reducing our environmental impact

Protecting the environment

Environmental sustainability remains a key focus of our ESG strategy. We are committed to conserving energy and giving preference to renewable energy sources wherever reasonably practicable, whilst maintaining operational efficiency and meeting the needs of our customers. In 2022, we achieved carbon neutral own operations, an important step in our journey towards Net Zero by 2040. However, we recognise we have much more to do, particularly within our supply chain.

Carbon footprint

As a digitally oriented financial services business, our carbon footprint from our own operations is low. In 2023, we consumed 0.5 tonnes of CO₂ emissions per average FTE employee (2022: 0.4¹ tonnes of CO₂ emissions per average FTE employee) across Scope 1, 2 and 3 emissions within our own operations. We continue to focus on reducing emissions in our operations, although we have seen increases in some categories, such as travel. More long-haul flights to launch our platform-as-a-service business, and support international clients led to higher carbon usage within our own operations in the year. We remain committed to our Net Zero target and the increased volume of flights to deliver a quality service

to our Platform Services customers will be reflected as we refine our decarbonisation plan in 2024.

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. We track our energy consumption and GHG emissions in a dashboard, enabling us to monitor volumes, highlight focus areas and implement energy saving initiatives.

In order to reduce overall energy consumption all lighting is LED and we upgraded IT equipment and transitioned to the Cloud using Microsoft Azure which, as part of Microsoft, is carbon neutral. Our building management systems have been upgraded, implementing real-time monitoring to regulate heating, cooling and lighting, ensuring more efficient energy consumption. Our waste methods are selected to ensure that 100% of our waste avoids landfill with 33% recycled and 67% of waste sent for energy recovery. All end-of-life IT hardware is recycled. We do not have any hazardous waste.

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.

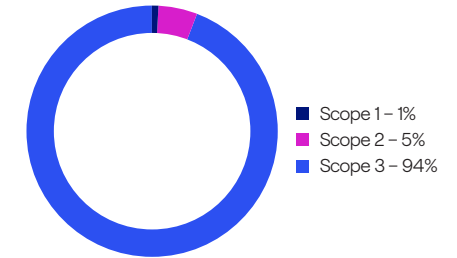
In order to achieve carbon neutral own operations, effective from Q4 2022 we transitioned to 100% renewable energy tariffs, further reducing our emissions. All of these contracts are REGO (Renewable Energy Guarantee of Origin) certified.

Whilst our emissions increased across Scope 1, 2 and 3 own operations, we were pleased that the ongoing focus on sustainability in our supply chain led to a continued reduction in Scope 3 emissions generated from third parties. Further progress in this area is key to achieving our Net Zero ambition. EcoVadis also recognised the progress we made on sustainable procurement and it now assesses us as Advanced in this area (see page 47 for further details).

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

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 Protocol.

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 transitioning to 100% renewable energy sources and 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.

Alignment to SDGs



¹ Estimates included within 2022 emissions data have been updated to actuals where further information was received after the publication date.



Environment continued

Our environmental
impact

	2023	2022 ²	2021	2020	Baseline 2019
Scope 1 emissions (tonnes CO ₂ E)	101.8	90.0	148.9	58.7	71.6
Scope 2 emissions, location based – Electricity use (tonnes CO ₂ E)	247.3	259.0	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)	308.1	136.2	21.5	20.9	152.1
– Scope 3 emissions – Employee rail travel (tonnes CO ₂ E)	28.9	24.3	9.1	1.1	96.1
– Scope 3 emissions – Employee air travel (tonnes CO ₂ E)	238.9	80.3	0.1		
Scope 3 emissions – Third party suppliers (tonnes CO ₂ E) ¹	6,521	7,812	10,393	10,394	13,231
Tonnes of CO ₂ e per average FTE employee, location based (Own operations – Scope 1, 2 and 3)	0.5	0.4	0.4	0.3	0.9
Tonnes of CO ₂ e per average FTE employee, location based (Scope 1, 2 and 3 including third party suppliers)	5.3	6.5	9.8	9.5	12.1
% of energy usage met by renewables	100%	100%	53%	24%	8%
Waste produced (kg)	134k ⁴	75k ³	43k ³	39k ³	70k ³
% of waste recycled ³	33%	28%	25%	32%	18%
% of waste to energy ³	67%	72%	75%	68%	82%
% of waste to landfill ³	0%	0%	0%	0%	0%
Water usage (litres)	5.0m	4.3m	2.5m	4.2m	5.4m
Paper usage in our offices (printer/photocopiers) (volume)	724k	596k	479k	490k	
Number of customers on a cardless product	491k	453k	338k	198k	54k
% of cards issued in the year that are recyclable	22%	31%	0%	0%	0%
% of active customers registered for online account management	95%	94%	91%	84%	72%
% of customer statements delivered digitally	78%	81%	76%	55%	41%

¹ Our Scope 3 emissions include Category 1: Purchased Goods and Services, Category 3: Fuel and Energy Related Activities, Category 4: Upstream Transportation and Distribution, Category 5: Waste Generated in Operations and Category 6: Business Travel. We do not include financed emissions under Category 15: Investments of the Greenhouse Gas Protocol.

² Estimates included within 2022 emissions data have been updated to actuals where further information was received after the publication date. Third party supplier emissions were also updated following refinement of World Input-Output Database conversion factors used as part of our ongoing commitment to enhance and improve our measurement of emissions.

³ Note coverage of Leeds office only as London office waste is managed by Kings Cross Estate, which from 2021 is carbon neutral.

⁴ 2023 waste produced covers the Leeds and London offices, prior periods are Leeds office only.

Carbon offsets

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

For our residual emissions we have purchased Verra-approved carbon offsets covering Scope 1 and 2 emissions since 2021 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 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 on 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 colleagues in our environmental actions



We have supported 17 colleagues to qualify as beekeepers. Our beekeepers oversee two hives in our Leeds office to support biodiversity. We are also assessing the viability of introducing hives in our London offices.

The forum continued to support the annual 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.

To support colleagues who want to help drive a reduction in their own carbon footprint, we offer a 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.

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.

In celebration of Earth Day, we hosted an event for all colleagues with our partners, Cogo, the carbon management experts to help raise awareness of environmental issues and promote sustainability. This helped colleagues reflect on their impact on the environment, raised awareness across a number of topics including food, transport and finance, and suggested actions that could be built into daily routines that would have a positive impact on carbon footprint.

As a result of the initiatives of the forum, our deli 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.

Alignment to SDG

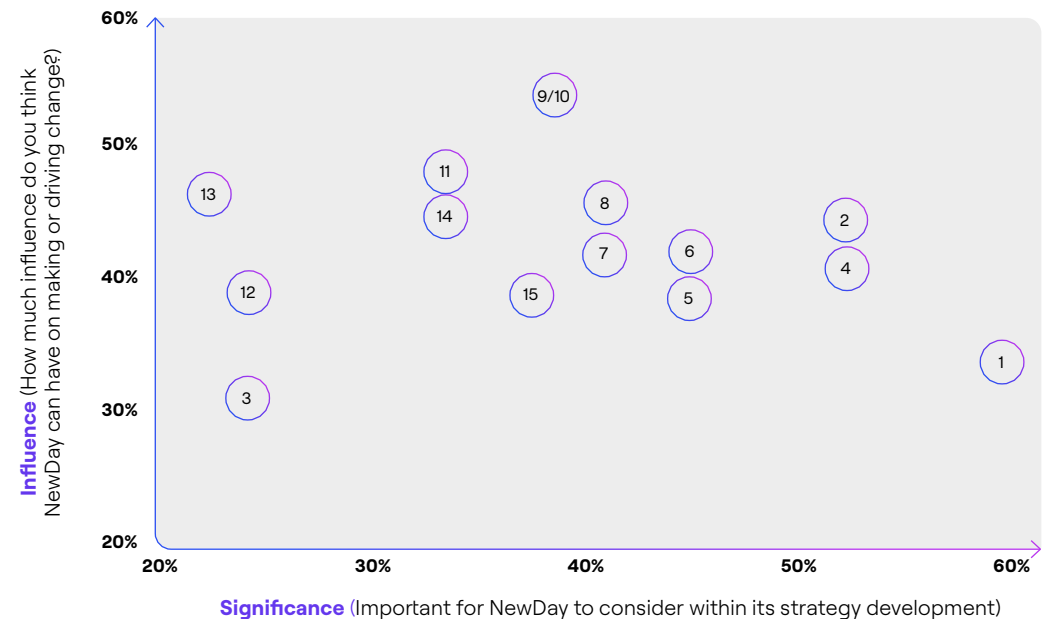


Engaging our colleagues in defining our environmental strategy

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





Environment 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 95% of active customers now registered (2022: 94%).

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. Our award-winning digital revolving credit product, *Newpay*, is also cardless. 491k customers are currently on a cardless product (2022: 453k), and we intend this to grow in future years.

In partnership with Cogo, the carbon management experts, we are proud to offer carbon footprint insights to our *Aqua* and *Bip* customers. The tracker allows customers to see the carbon footprint of each transaction they make on their account, 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 *Aqua* and *Bip* apps 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.

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.

Alignment to SDG



491k

customers on a cardless product



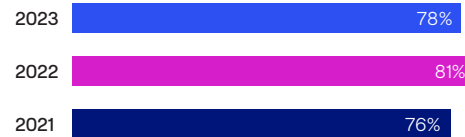
95%

of active customers registered for e-servicing



78%

of statements sent digitally



22%

of plastic cards issued are recyclable





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.

Our Procurement team undertake annual Sustainable Procurement training delivered by a third party provider. 100% of the Procurement team passed the annual Chartered Institute of Procurement and Supply Ethical Procurement and Supply exam, enabling them to be champions in Human Rights, Environmental Procurement, and Fraud, Bribery and Corruption. In addition, members of the team have completed EcoVadis training courses covering Sustainability and Sustainable Procurement Reporting to validate and enhance activities in these areas.

In addition to formal training, representatives from the Procurement team join the ESG working group. This creates awareness and furthers the understanding of ESG progress and opportunity in the supply chain to other members.

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

Our Supplier Code of Conduct outlines all the areas we expect our suppliers to adhere to 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 towards 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 committed to supporting both our customers and suppliers in their sustainability and low-carbon efforts. 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.



In 2023, we launched a baselining exercise to targeted suppliers with the aim of establishing their sustainability credentials. This was made up of 40 suppliers, comprising our material suppliers, along with those suppliers deemed to be the greatest carbon emitters based on World Input-Output Database calculations. This baselining exercise required suppliers to complete an environmental questionnaire aimed at understanding activities relating to carbon reduction. We also revised our ESG assurance onboarding questionnaires to allow for

greater reporting of key metrics from 2024, including assessment of ESG ratings of our suppliers. 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. This will also include 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.

Alignment
to SDGs





Communities

Our focus

Our commitment to moving communities forward in 2023

We strongly believe that our purpose to help people move forward in their lives doesn't stop with our products. We have a broader responsibility to support the communities we serve and society in general.

Alignment to SDG



[Read more about SDGs on page 46](#)

£0.3M

donated to Family Action in 2023 through corporate donations

c.250

hours volunteered by NewDay colleagues at Family Action FOOD club sites

DEMOS

Continued support of the Good Credit Index

£1.6M

donated to Family Action across our eight-year partnership

c.480

toys and a further £4k donated to the Family Action Christmas Toy Appeal

STEMettes

♥ ★ # +

Partnership with Stemettes to inspire and support young women and non-binary people in STEM careers



Communities continued

Supporting our communities

We are committed to finding ways for our purpose to drive impact beyond our products. This includes partnering with organisations that share our vision for helping people move forward in their lives.

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 Executive Committee, we are proud to be entering the eighth year of our partnership.

Family Action works with over 60,000 families to help manage their mental health and wellbeing, working with them to reduce the impact of social isolation, poverty, addiction and other significant sources of stress and pressure. In 2023, 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 achieved a milestone of 2,000 Open Doors grants issued to disadvantaged families and individuals in 2023. These cash grants provide funding for essential items that can make a positive difference in helping individuals and families move forward out of difficult situations.



We also organised events to support Friendship Works, a long-term mentoring programme, and colleagues volunteered their time and skills at HeadStart Workplace Insight Days, 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 volunteered over 250 hours at Family Action's FOOD (Food On Our Doorstep) clubs, which have rapidly expanded since the COVID-19 pandemic and the cost of living crisis that followed. 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. In addition, NewDay colleagues raised £60k in individual and match-funded donations, including completing personal challenges such as the London Marathon and the Three Peaks Challenge.

We also continue to actively engage our supply chain in support of Family Action fundraising initiatives.

A word from Family Action

“

Thank you, NewDay, our longest standing official partner, for your support of our Open Doors Grants programme.

To date, 2,000 grants have been distributed. 75% of Open Doors Grants applicants are female and are simply seeking support for the most basic of needs like flooring, beds and bedding, and clothing. The grants have helped families by reducing financial pressure, improving their living conditions and lowering anxiety and stress levels. Single mum Josie, who escaped a domestic abuse situation, told us, "I am now able to spend time with my son instead of having to hand wash clothes every day. This has given me hope."

NewDay staff have also very generously given their time by volunteering in our various services and programmes around the country.

Our FOOD clubs have welcomed NewDay volunteers, while NewDay employees have also supported post-secondary young people through our HeadStart Workplace Insight Days. Our mentoring programme, Friendship Works, has also been able to celebrate with its mentors and mentees thanks to NewDay. In 2023, teams from NewDay took on physical challenges like the London Marathon and Three Peaks Challenge to raise funds for Family Action. The support of the NewDay staff has enabled us to support more families who are struggling at this challenging time. Learn more about our Open Doors Grants partnership with NewDay: <https://bit.ly/47iI81>



Alignment
to SDG





Communities continued

Our wider community support

Impact powered by our people

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 2023, including overseeing our match-funding scheme for colleague-led charity initiatives:

- we partnered with Stemettes, who work to inspire and support young women and non-binary people in Science, Technology, Engineering and Maths careers, hosting events in both offices and introducing mentoring schemes;
- the London Marathon and Three Peaks Challenge saw colleagues get active to support Family Action, raising over £29k from individual donations which were match funded by NewDay;
- 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; and

- we donated around 480 Christmas presents and a further £4k to young carers, aged between five and 24, who selflessly dedicate themselves to caring for their parents or loved ones in support of Family Action's Christmas Toy Appeal.

The Good Credit Index

Our support of the Demos Good Credit Index, led by one of the UK's leading cross-party think tanks, 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, ensuring this is part of an active dialogue in society.

In 2023, we supported the Good Credit Index for the fifth consecutive year. The Index maps access to 'good credit' (fair, responsible 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.

The latest report highlights new challenges as a result of the cost of living crisis and that for people in credit deserts, access to responsible and fair credit has never been more important. High inflation, wage stagnation and higher interest rates has changed credit need. For those unable to access good sources of credit, this has increasingly led to people turning to 'bad credit', which can begin a 'bad credit cycle' that perpetuates. This year's report highlighted the significant stress, financial difficulty and anxiety a lack of access can create, painting a clear picture of emotional and mental strain in the backdrop of the cost of living crisis.

The report notes that the cost of living crisis increases the value good credit can provide households and the damage that poor access to credit, or access to irresponsible credit can do. The report finds geographic disparities in the cost of living crisis, highlighting how access to good credit across all regions and incomes is critical as people affected by the crisis are likely to turn to credit as an important short-term solution.

Our owners, CVC Capital Partners, awarded us one of its 'Planet and People' grants in 2023. This allowed us to further support the work Demos does and helped it run additional research and industry engagement activity to amplify its programme and the impact it has in driving change.

Case study

HeadStart Workplace Insight Days

During the year, volunteers from both our offices hosted groups of young people in support of Family Action's HeadStart programme. HeadStart aims to bridge the gap between education and employment by supporting disadvantaged young people to develop the skills, experiences and confidence needed to secure and stay in employment.

Research indicates that when a young person experiences four or more quality encounters with employers they will be five times less likely to become NEET (not in education, employment or training) than their peers. The aim of Workplace Insights Days is to build the confidence and aid the development of interpersonal skills of the young people, preparing them for their future career. This is achieved through a series of activities including a speed networking exercise, mock interviews, a problem-solving task and a team building activity.



I loved spending time with the young people and helping them to learn and gain new skills. I felt I could relate to them and was able to help them come out of their shell.

Katie Eggleton

Brand Manager and Volunteer

Alignment
to SDG





Communities continued

Case study

Stemettes

Stemettes Futures is an award-winning social enterprise working to inspire and support young women and non-binary people in STEM careers at companies like ours. During the past year, we've proudly partnered with Stemettes to support this aim.

Stemettes' and NewDay's goals align perfectly. We are committed to delivering equality, diversity, and inclusion and we know supporting more young women and non-binary people into STEM careers is the way to make this a reality. Only 16% of all tech roles in the UK are filled by women. Although we achieve a slightly higher outcome at NewDay, we know we need to do more.

It was a pleasure to host STEM Goals events across both our offices, offering opportunities to take part in group tasks, learn more about STEM careers and network with our colleagues. Stemettes came from a wide range of backgrounds: aged 7-25; speaking over 12 different languages; and with various starting points in coding skill and experience. In London, we hosted a Hackathon where Stemettes worked together on design and coding projects to create and present some innovative solutions to the brief 'Using tech to help people move forward in their lives'. In Leeds, we hosted pupils from four local schools, helping them to get hands-on experience of working with chatbots.



NewDay women working in STEM roles have also directly mentored young women and non-binary people to consider a rewarding role in tech and finance. This programme has supported the development of young students but has been equally rewarding for the NewDay volunteers who supported the partnership.

STEMettes
♥ ★ # +

“

We know that women are currently under-represented, particularly in some of the tech careers we have at NewDay, and this is a wonderful opportunity to work with schools, communities and young people to talk about how rewarding STEM careers can be. It was fantastic to watch the students grow in confidence as they accomplished new things. Plus we can measure the impact! Before STEM Goals, only 1 in 10 wanted to follow a STEM career. Over half had said they weren't sure. 8 in 10 of those Stemettes are now open to working in STEM, and have a broader idea of different roles.

Anouski Roberts

Head of Engagement and Inclusion
and Diversity

“

My daughter loves Hackathons and wishes to have it run longer. She absolutely enjoyed the NewDay event. It's a great company and we could sense inspiring women present all around us. It is so encouraging for the girls. She is all the more motivated to pursue a STEM career.

Stemettes parent



Governance

Our focus

Behaving ethically and responsibly, supported by strong governance and controls

Alignment to SDGs



[Read more about SDGs on page 46](#)



ISO 27001 Information Security Management certified

83%

of suppliers who attested code of conduct compliance (2022: 84%) against a target of 80%

0

anti-bribery and corruption related incidents (2022: 0)



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



EcoVadis Gold accreditation placing us in the top 3% of financial services rated companies (excluding insurance and pension funding) (2022: Gold, top 5%)

0

data security breaches (2022: 0)

0

calls made to whistleblowing hotline (2022: 1)

0.4%

of employees raised a grievance (2022: 0.1%), none of which were upheld (2022: 13%)



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 Executive 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.

Alignment to SDGs



Board governance

Board

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

Our committees provide ongoing governance

Executive Committee

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

Business Committees

The Operating and Finance Committee, Credit Committee and Platform Committee provide management with a structure to ensure appropriate focus is applied to the oversight and management of key activities within the business. These Committees report to the Executive Committee.

Our four risk pillars underpin the delivery of our strategic objectives

Credit risk

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

Financial strength

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

Operational performance (includes operational risk)

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

Business conduct (includes legal, regulatory and conduct risk)

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



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.

Dr Javed Khan was the Board member responsible for ESG during 2023. Javed's considerable leadership expertise and his background in the UK public and voluntary sectors has helped 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 Executive Committee's agenda, and individual members of the Executive Committee sponsor each of our ESG targets.

Our Board-approved ESG 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

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:

- Consumer Duty
- 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

Alignment
to SDGs





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 2023 Annual Report and Financial Statements available at \[newday.co.uk/investors/results-centre\]\(https://www.newday.co.uk/investors/results-centre\)](https://www.newday.co.uk/investors/results-centre)

Climate risk

Climate risk has been incorporated into the Group's risk management framework. The risk and potential impacts have been assessed as part of our principal risk reviews. Executive governance of climate-related matters is undertaken through reporting to the Board and Executive Committee with both Executive Committee member and Director level responsibility assigned for progress on climate-related issues. The Board Risk Committee considers current and potential future risk exposures, which includes climate risk, as part of its remit.

Principal risk	Link to our values	2023 performance
<p>Conduct risk</p> <p>Customer harm arising from inappropriate culture, products, governance and processes.</p> <hr/> <p>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.</p>		<ul style="list-style-type: none"> → Embedded Consumer Duty into our processes and culture → Embedded Experian's Support Hub to aid vulnerable customers → Introduced additional early intervention support including further measures temporarily reducing interest should it be appropriate for the customer → Delivered further optimisations to <i>Aqua Coach</i> to help more customers move forward with credit → Enhancements to the conduct risk management framework → Improved training and awareness across the Company → Managed incidents and remediated where necessary to avoid any customer detriment
How we are mitigating this risk	Where next?	
<ul style="list-style-type: none"> → Credit 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 business 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 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 	<ul style="list-style-type: none"> → Maintain our 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 Consumer Duty → Regularly review affordability → Review 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, including the launch of an improved platform that will enable agents to offer better support → Introduce further support to customers to help them be better with credit by giving them greater visibility of the impacts of their credit behaviour 	





Governance continued

Strong ethics and governance

Working with our regulators

We are regulated by the 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, our Legal team provides day-to-day support on applicable core laws and regulations including the Consumer Credit Act, Payment Services Regulations 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

The FCA Consumer Duty came into force in July 2023 and introduced a new overarching principle requiring firms to act to deliver good outcomes. The Consumer Duty aligns well to our purpose of helping customers move forward with credit and our areas of focus, being fair treatment of customers with characteristics of vulnerability and supporting customers in financial difficulty. Our Consumer Understanding Forum and Consumer Duty dashboard have been launched to ensure delivery and monitoring of good customer outcomes.

Working with our auditors

Our external auditor, KPMG LLP, has 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 KPMG to complete its audit. Each year KPMG has issued an unqualified audit opinion on our Financial Statements.

Our main trade association relationships

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.

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. We are committed to competing fairly and promoting healthy competition in the market. Awareness training on anti-competitive practices is also included in the induction process for all new starters.



→ 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.



→ 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.



→ 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 £150bn of new finance to UK businesses and households in 2022. £116bn 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.

Alignment
to SDGs





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 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 DSS) to protect cardholder data. In 2023, we were assessed to be fully compliant following our annual PCI DSS compliance audits.

We also undertake processes to assess data security when onboarding third parties through our supplier due diligence 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. Since 2022, relevant entities in the Group are certified 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 validate 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 Director of Risk, 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.





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 policy. 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 2023, no colleagues contacted our confidential whistleblowing helpline (2022: one). All emails were thoroughly investigated and dealt with according to the appropriate internal policies and procedures. We had no anti-bribery and corruption related incidents in 2023 (2022: 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 2023, 0.4% of employees raised a grievance (2022: 0.1%), none of which were upheld (2022: 13%).

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 suppliers' 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.



All suppliers are requested to attest their compliance to our Supplier Code of Conduct as part of their onboarding. During onboarding all new suppliers are assessed for inherent risks and, where appropriate, are referred to our Enterprise Risk Assurance team, which runs assurance with targeted suppliers covering the topics referenced in our Supplier Code of Conduct. When conducting assurance, we also request that 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. 83% of our suppliers have attested to our Supplier Code of Conduct (2022: 84%).

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 \[newday.co.uk/codeofconduct\]\(https://www.newday.co.uk/codeofconduct\)](https://www.newday.co.uk/codeofconduct)

Alignment
to SDGs





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 2023, 82% of the Group's invoices were paid in line with contractual terms, of which 63% were paid within 30 days and a further 37% 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 Organization (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 endeavour to prevent any negative impact on the human rights of external stakeholders.

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 at newday.co.uk/site-services/tax-strategy*

Alignment
to SDGs





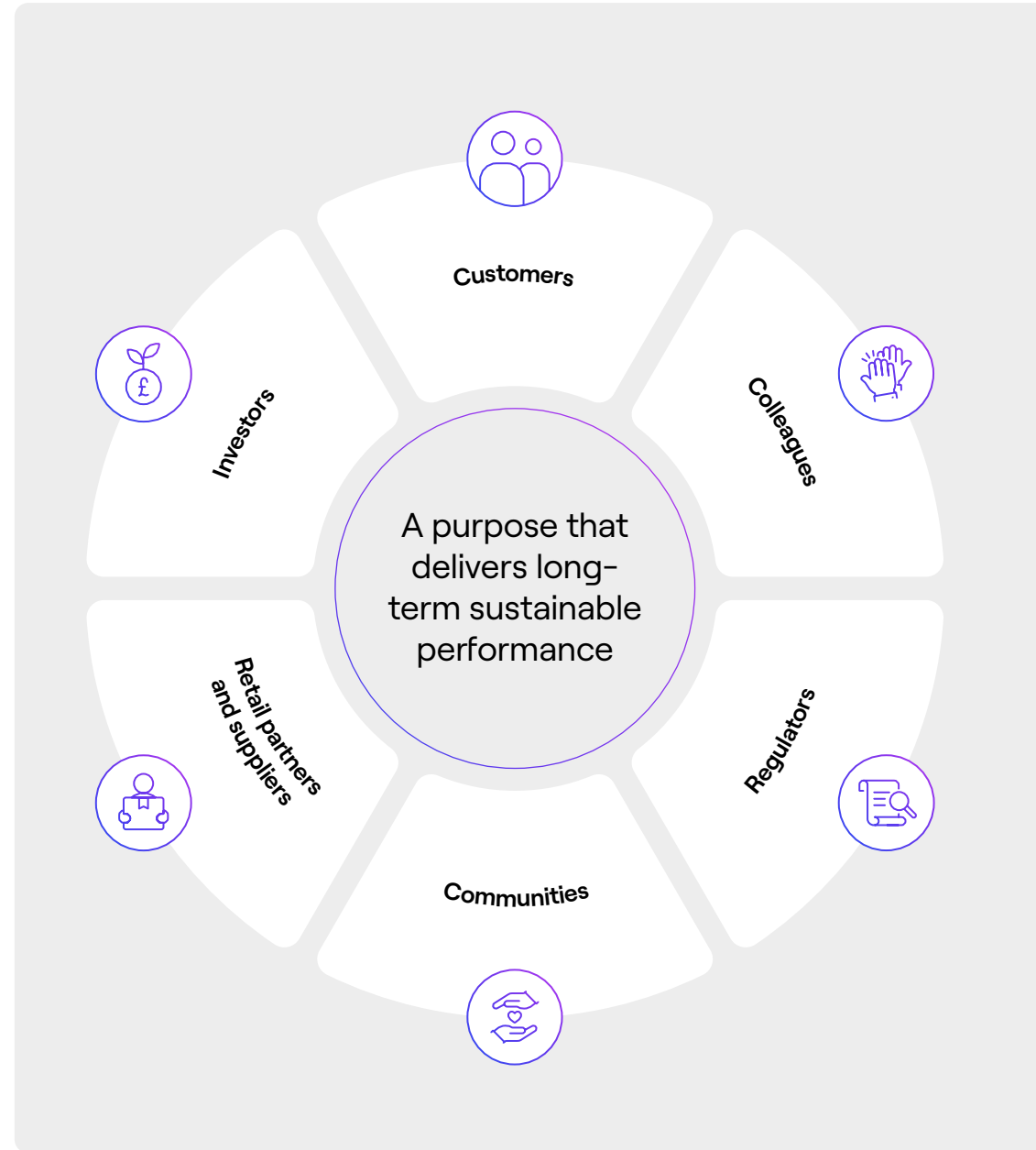
Stakeholder engagement

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 2023.

Our Board and its committees consider the needs and concerns of all stakeholders regularly. An example of a decision taken and how the interests of our stakeholders were considered is our technology and embedded finance partnership with Lloyds Banking Group.

We identified an opportunity to deploy our technology and lending expertise to build embedded finance products across Lloyds Banking Group’s merchant network, launching in 2024. This has been designed to allow prime customers to take a product backed by Lloyds Banking Group whilst those not eligible will be offered the opportunity to apply for a NewDay product. This provides good outcomes for customers by providing compelling products which are designed to allow access to credit to a broad range of both prime and near-prime applicants. This is delivered in a regulatory compliant manner whilst addressing the FCA’s concerns regarding financial inclusion. At the same time, it broadens the scope of the Group’s relationships with merchants and aims to drive additional, capital-light revenues from our platform-as-a-service business, thereby providing additional returns for our shareholders as well as increasing cash flows to service our Senior Secured Debt.





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 2023.

Stakeholder and their material interests

How we engage

2023 key deliverables

Customers

What matters most to them

- Responsible access to credit
- Financial inclusion
- Building credit scores and rewards for positive behaviours
- Easy-to-use products
- Appropriate financial support when or if needed

- Our manifesto is at the heart of our decision making
- Apps and web interfaces
- Feedback through transactional NPS and NES metrics to track customer satisfaction
- Customer issue resolution programmes using customer and colleague feedback to improve processes
- Payment support options for customers who encounter difficulties
- Credit education tools to support improving credit scores
- Servicing and transaction messages and alerts
- Customer KPIs in monthly Board reporting
- Customer focus groups

- Improved transactional NPS of +72. NES of +75
- Supported 2.4m customers to improve their credit score
- Provided 441k customers payment support including payment holidays
- 824k customers registered for *Aqua Coach* or *Credit Score* at the year end
- 6% reduction in complaints per 1,000 active customers

Colleagues

What matters most to them

- Being part of an engaging and highly motivated environment
- Attractive career paths
- Enhancing skills
- Competitive and balanced rewards and remuneration
- Empowerment to make an individual contribution to delivering on our vision

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

- Engagement score of 76%
- Delivered our 'Investing in You' programme to over 750 colleagues, providing tailored psychometric and behavioural insights aimed at driving career development
- Inspirational Speaker Series of events and promoted discussions of important emerging matters
- Continued provision of care packages and benefits to support health and wellbeing

Retail partners

What matters most to them

- Their customers receiving responsible access to credit
- Easy-to-use and market-leading products with seamless integration
- Best-in-class customer journeys
- Building brand loyalty to drive higher sales
- In-depth data-driven customer insights

- 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, online integrations and offers

- 193k new Merchant Offering customers
- £1.4bn of Merchant Offering spend directly with our partners
- Signed agreement with Lloyds Banking Group for a technology and embedded finance partnership due to launch in 2024, enabling us to engage with and support many more retailers
- Signed agreement with Boohoo Group to utilise our end-to-end technology proposition to underpin a brand new digital financial product due to launch in 2024



Stakeholder engagement continued

Stakeholder and their material interests

How we engage

2023 key deliverables

Shareholders

What matters most to them

- Building a sustainable, ethical, strong, customer-centric and valuable business
- Responsible lending and promoting financial inclusion
- Building market-leading technologies
- Ensuring NewDay makes a positive impact where all stakeholders benefit
- Predictable, sustainable and attractive returns

- Well-informed Board meetings and strategy days
- Ongoing investor dialogue through their Board representatives' investor meetings
- Monthly performance reporting – both financial and non-financial

- Statutory profit before tax of £98m and underlying profit before tax of £207m
- Deleveraged the business by repaying £61m of Senior Secured Debt
- Generated £128m of free cash flow available for growth and debt service
- Multiple new partner wins from our platform-as-a-service business
- Progressed the delivery of our ESG strategy

Investors (asset-backed securities and high yield bond)

What matters most to them

- Payment of interest and principal on their investments when they fall due
- Sustainable and safe returns

- Monthly securitisation investor reporting
- Quarterly HYB investor reporting and presentations
- Investor roadshows and open investor relations dialogue

- Generated £128m of free cash flow available for growth and debt service
- Refinanced all maturing asset-backed securities
- Executed hedges to reduce our exposure to further base rate increases
- Repaid remaining £61m of Senior Secured Debt due to mature in 2024
- Converted our first master trust Variable Funding Notes to achieve STS (simple, transparent, standardised) status, with associated funding cost benefits

Regulators

What matters most to them

- Responsible and compliant lending
- Proactive engagement on industry and regulatory matters
- Sustainable business practises
- Appropriate governance and Board-level oversight

- 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 policymakers, regulators and Government

- Embedded the FCA's Consumer Duty into the business, including the necessary processes and governance to consider the regulations on an ongoing basis
- Continued application of the FCA's Tailored Support Guidance aimed at helping customers experiencing financial difficulties, including as a result of rising living costs
- Reviewed regulatory publications and consultation papers, responding where appropriate with Board oversight

Community

What matters most to them

- Socially responsible business practices benefiting all stakeholders
- Widening financial inclusion and promoting good credit behaviours
- Environmentally friendly and sustainable practices

- Attendance at industry-wide meetings
- Long-term support of Family Action, our charity partner
- ESG KPIs in Board reporting
- Member of environmental organisations to share best practice

- Donated £0.3m in our ongoing partnership with Family Action
- Our colleagues donated over 400 toys and a further £4k for Family Action's Christmas Toy Appeal
- Hosted Family Action's HeadStart programme, helping disadvantaged young people to develop the skills, experiences and confidence needed to secure and stay in employment
- Partnered with Stemettes to help young women to develop tech skills and promote STEM careers



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 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



We are proud to support the UNGC 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 UNGC 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 which accredited us with its Gold Sustainability Rating in 2023, placing us in the top 3% of financial services companies (excluding insurance and pension funding) EcoVadis has rated (2022: top 5%). Our overall score of 74 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 ISO 26000 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.



Sustainability performance

● Insufficient ● Partial ● Moderate ● Advanced ● Outstanding — Average score



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 3% of financial services companies (excluding insurance and pension funding) they have rated, evidencing the progression in our ESG strategy and implementation.

Our 2023 overall score is defined as Advanced on EcoVadis' rating scale. This means it has 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 Sustainable procurement, although we scored above average in all categories. In 2022, 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 80 (2022: 60), which is now significantly above average.

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 its carbon scorecard (2022: 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 and continuing to enhance supplier engagement in climate action.

Carbon Management Level

● Insufficient ● Beginner ● Intermediate ● Advanced ● Leader



Result

Company with core elements of a GHG management system, including public reporting.

Opportunity

Focus on setting targets for all three CO₂ emissions Scopes and consider third party verification of disclosed data.



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.

We will continue to enhance our risk management processes in respect of climate and develop climate impact scenario analysis as part of our future priorities.

TCFD recommendation

2023 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 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
- Executive Committee and Director ownership of individual ESG targets

- Enhance reporting to the Board Risk Committee on climate-related risks
- Overseeing target setting and tracking progress against our climate-related goals and aspirations



TCFD continued

TCFD recommendation

2023 progress

Future focus

Risk management

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

→ 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

→ Development of climate risk assessment tools and methodologies to assess physical and transition risk exposure

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

→ Updated ESG policy approved by the Board

→ Evolving risk appetite in relation to climate risk

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

→ 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

→ Disclosed our Scope 1, 2 and 3 emissions for our own operations and supply chain

→ Update of decarbonisation plan reflecting the corporate restructure and ambitions of our Platform business, still aligning to our Net Zero by 2040 ambition

→ Continued to achieve carbon neutral own operations

→ Reduction in Scope 3 third party emissions and achieved full year of 100% renewables across all energy contracts

→ Continue to improve data availability and accuracy to refine and expand our emissions reporting

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

→ Enhance metrics to monitor our progress against our long-term targets

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

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 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



ESG metrics

A summary of our performance across key ESG metrics is presented below:

Measure	2023	2022	2021
Customers			
New Customers	0.4m	1.3m	0.9m
Improved Credit Score	2.4m	2.1m	2.2m
Customers extended short-term payment support	441k	390k	270k
Customers registered for our financial education tools and Credit Score	824k	592k	336k
Associate satisfaction	9.3	9.2	9.3
Net Promoter Score	72	64	70
Net Easy Score	75	67	73
UK Customer Satisfaction index	84.3	85.5	85.5
Complaints per 1,000 active accounts	1.2	1.3	0.7
Complaints referred to FOS	2,476	1,443	1,488
Upheld by FOS	38%	29%	33%
Communities			
Charity donations	£0.3m	£0.3m	£0.4m
Toys donated to Family Action	480	2,350	2,300
Volunteering hours	250	100	

Measure	2023	2022	2021
Colleagues			
Employee engagement	76%	78%	80%
Inclusion and Diversity Index	79%	82%	83%
Purpose Index	85%	81%	82%
Internal mobility	11%	30%	21%
Servicing turnover	27%	27%	25%
Non-servicing turnover	9%	18%	18%
Gender diversity – Colleagues	45%	47%	48%
Gender diversity – Board	18%	17%	18%
Gender diversity – Executive Committee	13%	13%	13%
Gender diversity – Executive Committee, Directors and Head of function	27%	27%	30%
Pay gap – mean	32%	35%	37%
Pay gap – median	47%	47%	52%
Bonus gap – mean	59%	66%	51%
Bonus gap – median	52%	61%	57%
Governance			
% of colleagues trained annually in anti-bribery and corruption, anti-fraud, anti-money laundering and data protection	100%	100%	100%
Calls to our confidential whistleblowing hotline	0	1	2
% of employees raised a grievance	0.4%	0.1%	1.0%
Grievances upheld	0%	13%	8%
Data security breaches	0	0	0
Anti-bribery and corruption related incidents	0	0	0
Suppliers attested to code of compliance	83%	84%	48%
Invoices paid on time	82%	80%	85%

Our review of environment performance is presented on page 27.



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.
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; nitrous oxide; hydrofluorocarbons; perfluorocarbons; and sulphur hexafluoride.
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 the ideas are implemented within the business.
Net Easy Score (NES)	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.
Payment support	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.
Renewables	Energy taken from sources that are inexhaustible, e.g. wind, water, solar, geothermal energy and biofuels.
STEM	Science, Technology, Engineering and Maths.
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 its 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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